

Acquisitions will be completed

Following the completion of its due diligence analyses, the Latvian Forest Company AB has decided to complete the previously announced acquisitions. As part of this decision, it has signed a share purchase agreement with Bockasjö Skogar AB regarding the acquisition of Forest Holding Latvia AB. In addition, a share purchase agreement is to be signed shortly with the regarding the purchase of the Latvian company SIA Zaveria. The acquisitions cover a total of 3,835 hectares of forest and agricultural land, with an estimated standing timber volume of some 290,000 cubic meters. According to the agreements, the preliminary purchase price totals some SEK 53.7 M with take-over and payment expected to take place in mid-April, provided that sufficient financing has been raised by then.

The total financing requirement is estimated to be a minimum of approximately SEK 57 M. The objective, however, is that the total financing not only will provide the required funds to complete the acquisitions, but that after the transactions, net cash resources of about SEK 5-10 M will be available for continued expansion and purchase of individual properties during 2014.

Consequently, total financing is anticipated to amount to some SEK 66 M, to which sellers and a limited group of investors plan to contribute about SEK 36 M through a targeted share issue. In addition, it is expected that about SEK 15 M will be added by means of bank financing, as well as SEK 15 M through a partially guaranteed preferential rights issue on the same terms offered to sellers and investors in the targeted share issue. More details on the terms underlying the issues and so forth will be communicated as soon as possible.

The acquisitions more than double Latvian Forest Company's total land holdings and timber volumes. The assessment is that the above moves will strengthen cash flow and provide for substantial economies of scale in forest management. Meanwhile, the property portfolio's new composition and age structure create conditions for substantial volume growth in the future.

For more information contact:

Latvian Forest Company AB (publ)
Fredrik Zetterström, VD
+46 735 44 97 30
info@latvianforest.se
www.latvianforest.se

***Latvian Forest Company AB (publ)** offers the possibility to invest in favorably valued forest holdings in Latvia via a Swedish listed company. In addition to forestland being an attractive real asset that grows naturally, the three core foundations for operations are an anticipated price increase for Latvian forest and agricultural holdings, the creation of value through active forest management, and the creation of value by building up a larger property portfolio. Expansion is financed through successive share issues in pace with the acquisition of properties and the development of operations. Consequently, via the Latvian Forest Company, shareholders become part owners in many properties rather than in a single plot of land – thereby gaining favorable risk diversification.*