

Letters of Intent more than double forest holdings in Latvia

Latvian Forest Company AB has concluded two Letters of Intent regarding the acquisition of a total of 3,835 hectares of forest and agricultural land in Latvia with a growing stock of some 290,000 cubic meters. The overall holdings following the acquisitions are expected to amount to 6,688 hectares and the growing stock to about 501,000 cubic meters.

The acquisitions more than double the Latvian Forest Company's total land holdings and growing stock. It is expected that cash flow will be strengthened, in addition to the achievement of considerable economies of scale in forest management. Meanwhile, the new composition and age structure of the growing stock provide for substantial volume growth in the future. The acquisitions are part of the company's explicit strategy of participating in structural transactions in which payment in shares represent part of the financing.

One Letter of Intent has been concluded with **Bockasjö Skogar AB** in respect of the acquisition of **Baltic Forest Holding AB**, covering a total of 2,885 hectares of forest and agricultural land with a growing stock of approximately 205,000 cubic meters. The purchase price is estimated to be about SEK 41.5 M and it is planned that the acquisition will be financed through a combination of bank financing, targeted new share issues and a preferential rights issue. Preliminary subscription commitments of approximately SEK 17 M have been received, whereby the seller has pledged to subscribe to shares corresponding to SEK 5.6 M. The definitive purchase price will be determined in connection with occupancy, which is planned to take place no later than March 31, 2014.

The other agreement has been concluded with **Zaveria Lettland AB** covering the acquisition of the Latvian company **SIA Zaveria**, whose holdings amount to a total of 950 hectares, with a timber volume of about 85,000 cubic meters. The purchase price is estimated to be approximately SEK 12.4 M and it is planned that the acquisition will be financed through the takeover of existing bank financing of about SEK 5 M, a targeted non-cash share issue with contribution in kind to the seller in the amount of some SEK 4.9 M and a new share issue of approximately SEK 2.5 M. The volume of the new issue is planned to be part of the scheduled preferential rights issue as noted above.

More details of the time schedule, financing structure, terms and conditions, etc. in connection with the acquisitions will be provided before the end of January 2014. The transactions are independent of each other but are dependent on final inspections of the property holdings, a due diligence and that the Latvian Forest Company can ensure the requisite financing.

Following the completion of the transactions and based on the planned financing structure, it is estimated that the seller of Baltic Forest Holding AB will own approximately 6.7% of the capital and some 6.4% of the voting rights in the Latvian Forest Company and the seller of SIA Zaveria is expected to hold about 5.8% of capital and approximately 5.5% of the votes.

For further information, contact

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

Bockasjö AB
Joakim Hedin, CEO
+46 705 21 53 00
joakim@bsgr.se
www.bockasjo.se

Zaveria Lettland AB
Anders Nilsson, CEO
+46 709 99 02 23
anders.nilsson@zaveria.com
www.zaveria.com

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.

Bockasjö Skogar AB is part of the Bockasjö Group, which builds, owns and manages properties focused on warehousing and logistics. Bockasjö's property holdings amount to about 200,000 m², with the majority of properties in Stockholm (Arlanda), Gothenburg (Landvetter) and Helsingborg. The Bockasjö Group is in a strong expansionary phase and is currently constructing three properties with a total space of 98,000 m².

Zaveria Lettland AB is a privately owned company focusing on investments in and the management of Latvian forest assets.