

LATVIA, 1 989 hectares



General information

Euroforest AB (publ) is selling a portfolio of 74 forest properties amounting to 1 989 hectares with a total standing volume of 210 000 cubic meters. All properties except two are located in the region of Vidzeme, northeast of Riga.

Forest land and volumes

The proportion of woodland amounts to 1 448 hectares with a standing timber volume of 145 m³ per hectare. Birch is the dominant tree species representing 52 % of the standing volume. The annual growth is approximately 9 700 m³ which is equivalent to 4,6 % return per year.

The portfolio is growth oriented, with a high level of continuous growth where most of the volume is in highly productive middle-aged forest. The harvesting volumes for the next 10-year period amounts to approximately 82 000 m³ of which 68 000 m³ is clear cutting and the remaining 14 000 m³ is thinning. For 2016 approximately 50 hectares of pre-commercial thinning is granted EU funding.

For additional information FMP:s or taxation inventory documents are available upon request.

Agricultural land

Arable land amounts to 346 hectares and currently is approximately 95 hectares leased out and gives an annual rental income of 35 EUR / ha. Approximately 144 ha of the open arable land receives, or could receive, EU contribution of 55 Euro per hectare and year (2015).

Other land (appr. 195 hectares) consists of non-productive forest land as fallow land or bushland as well as roads and ditches, etc. The uncultivated arable land and the bushland may be converted to forest land with funding support from the EU.

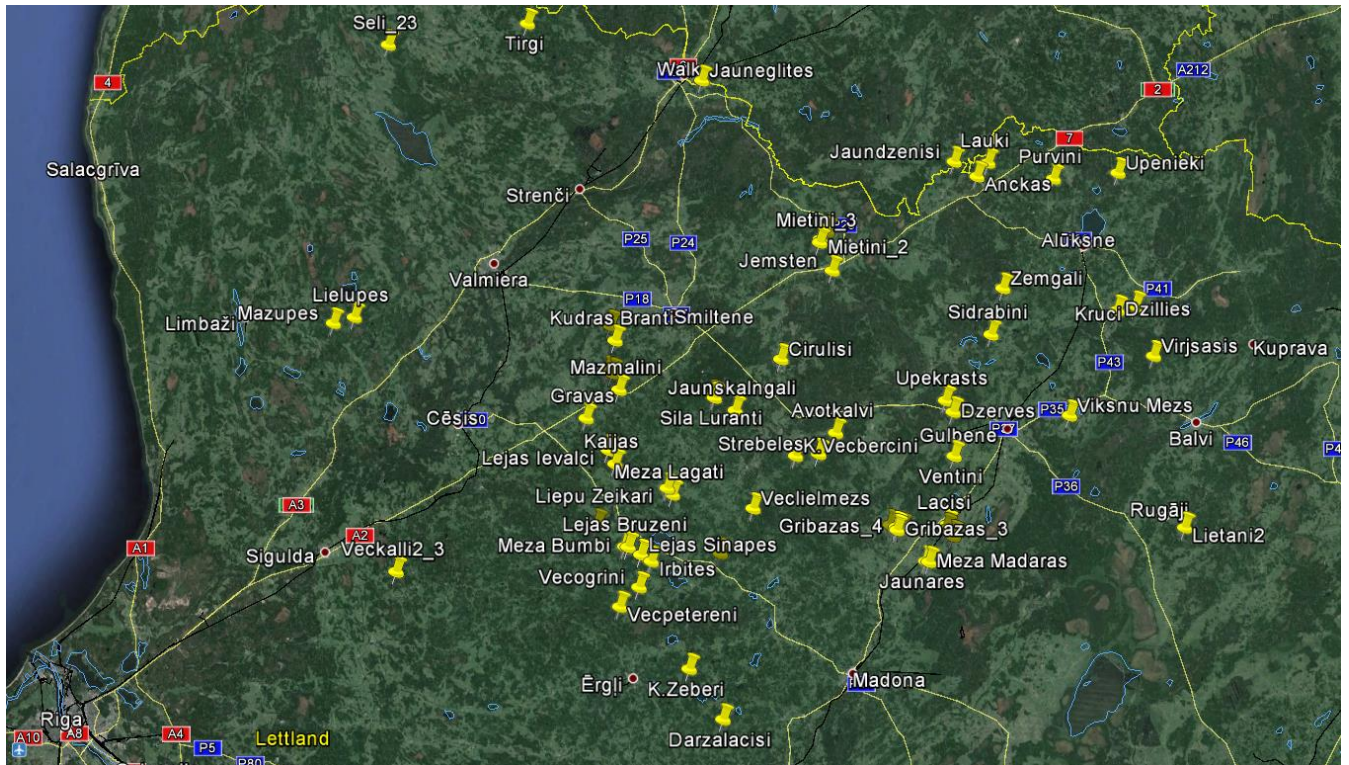
Hunting

Permit to hunt licensed wildlife such as elk, wolves and bears are held by existing hunting clubs. By applying for club membership the landowner may become a member and participate in the hunt, which also includes the landowners land. The right to hunt small game follows the landowner and is available immediately. Revenue from hunting leases are becoming more and more common and amounts, where applicable, to about 1 EUR / ha and year.

Location

The property portfolio consists of 74 properties in which all but two are located in the region of Vidzeme. One of the two properties outside Vidzeme are located just south of the city of Balvi and the other one in the region Zemgale close to Aknīste.





Owner and sales process

The properties are owned by three Latvian companies, which in turn is 100% owned by the Swedish company Euroforest AB (publ). These Latvian companies were established to invest in and manage forest properties in Latvia and has never been engaged in any other activity.

The properties are sold either by transfer of 100% of the shares in the companies or through the transfer of all forest properties. The companies or properties may be acquired without any special permit.

Written offers shall be send to Euroforest AB (publ) Snickaregatan 22, 582 26 Linköping, SWEDEN or mailed to patrik.lingaardh@euroforest.se no later than May, 2016.

The seller can freely choose to directly adopt any of the submitted bids or offer one or more of the bidders the opportunity to participate in a subsequent negotiation or open bidding. The seller reserves the discretionary right and the right to at any time during the process, close the sale without notice to bidders. The purchase is binding only when the buyer and the seller have signed the contract of sale.

Terms

The conditions for the sale appears from this description, cover letters, and any additional information. 10 percent of the purchase price is paid as down payment at the contract signing and the remaining amount is paid on the completion date.

Inspection

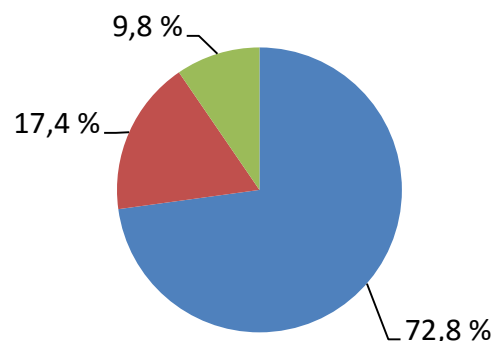
The buyer has a far reaching responsibility to investigate the properties and ascertain its condition. The potential buyers are therefore given the opportunity to pre-purchase inspection of the properties. Information in this prospectus is only provided to inform and facilitate the buyer's own investigation. The description cannot be used as a basis for legal action in case of defects in the property. Regarding the company, the seller will provide customary warranties and disclaimers, and buyers will also have the opportunity to conduct a due diligence.

Forest management plans and/or taxation documents are only an estimation of forest volume, age, species distribution etc. and it is therefore in the choice of the buyer to additionally control the status of the properties.

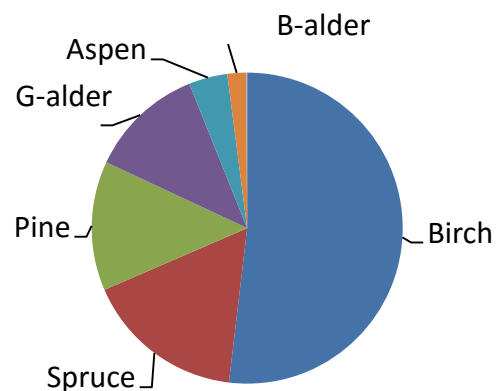
Summary

Standing volume, m3f	209 955
Annual growth, m3f	9 700
Cuttings within 10 years, m3f	82 000 incl. 14 000 thinning

Area	Ha	%
Forest land	1 448	72,8
Agricultural land	346	17,4
Other land	195	9,8
Total	1 989	100



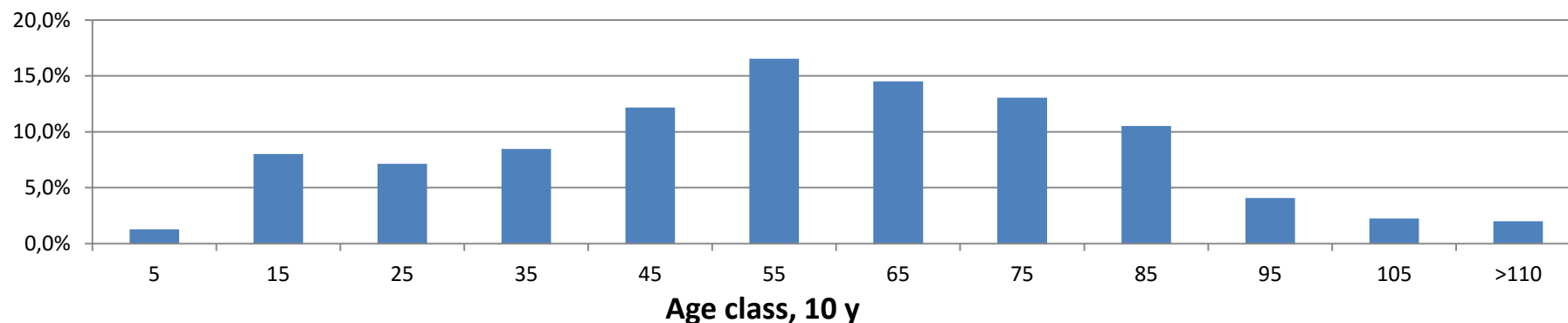
Species distribution	M3f	%
Birch	108 503	51,7
Spruce	34 775	16,6
Pine	28 148	13,4
Grey alder	25 040	11,9
Aspen	8 404	4,0
Black alder	4 067	1,9
Other	1 018	0,5
Total	209 955	100



Distribution, Age Classes

Age Class	Age- and species distribution (m3f)							Total (m3f)	Part (%)
	Birch	Aspen	Spruce	G-alder	Pine	B-alder	Other		
0- 9 y	508	497	388	535	252	454		2 624	1,3
10 - 19 y	9 938	2 268	2 195	1 396	723	309	45	16 884	8,0
20 - 29 y	7 484	392	4 639	2 419				14 934	7,1
30 - 39 y	6 884	401	5 721	4 439	314		38	17 797	8,5
40 - 49 y	10 181	533	5 965	7 106	568	1 307		25 660	12,2
50 - 59 y	23 081	371	5 632	4 067	1 291	241		34 683	16,5
60 - 69 y	23 943	904	2 653	1 005	1 508	519		30 532	14,6
70 - 79 y	14 898	1 203	1 891		8 609	733	48	27 382	13,0
80 - 89 y	9 895	1 104	1 562		8 875	504	87	22 027	10,5
90 - 99 y	1 840	731	1 885	4 073				8 529	4,1
100 - 109 y	651		801		3 248			4 700	2,2
> 110 y			1 443		2 760			4 203	2,0
Total	108 503	8 404	34 775	25 040	28 148	4 067	218	209 955	100
Part %	52 %	4 %	17 %	12 %	13 %	2 %	0 %	100 %	

Age distribution, m3



Cuttings within 10 years from 2016

Species	M3f	(%)	Within 5 years		5-10 years	
			Thinning, m3f	Clear cutting, m3f	Thinning, m3f	Clear cutting, m3f
G-alder	25 040	12,0 %	0	11 915	0	559
Birch	108 503	51,9 %	8 474	23 722	156	14 580
Pine	28 148	13,5 %	6 09	7 861	0	1 347
Spruce	34 778	16,6 %	2 959	3 599	536	566
B-alder	4 067	1,9 %	17	1 871	0	57
Aspen	8 404	4,0 %	0	2 832	0	52
Other	218	0,1 %	0	28	0	0
Total	209 155	100 %	12 059	51 829	692	17 161

Information regarding cuttings come from existing forest management plans, taxation documents and field inventory. Lowest permitted felling age and diameter limit for felling varies depending on bonitet.