



SALES PROSPECT

LATFOLDE AB



TABLE OF CONTENT

- *Introduction*
- *Background*
- *Summary*
- *Sales process*
- *Preliminary time table*
- *Forest data*
- *Agricultural land*
- *Other land*
- *Management activities to improve value of land*
- *Taxes*
- *EU subsidies*
- *Nature protection*





INTRODUCTION

Latfolde AB, a Swedish limited liability company, owns 100 % of the shares of Latfolde One SIA, a Latvian limited liability company.

Latfolde One SIA owns 961,22 ha of forest, agricultural and other land in Latvia ("the Portfolio").

Latfolde AB ("the Seller") has decided to start a process to sell all its shares in Latfolde One SIA ("Latfolde SIA").

This Sales Prospect (the "Prospect") will be presented to a selected number of potential purchasers of the Portfolio.

The Prospect has been prepared to make it possible for potential purchasers to make their evaluation of the Portfolio and to present an offer for the Portfolio.

The Seller has no obligation to consider or to accept any offer or proposal in respect of the Portfolio.

The Seller reserves the right to negotiate with one or more potential purchasers the sale of the Portfolio and to terminate the sale process at any point in time.

BACKGROUND

Latfolde SIA was set up in 2010 to acquire, own and add value to land in Latvia. Latfolde SIA is a fully owned subsidiary of the Swedish limited liability company Latfolde AB ("the Seller"), which was also established in 2010. The Seller in its turn is owned by ten Swedish entities, private and corporate.

The aim with Latfolde SIA has been to acquire, develop and add value to mismanaged forest land and disused agriculture land in Latvia.

The geographical focus for the acquisitions has been locations south of Rezekne in eastern Latvia.

In order to improve a fragmented land structure Latfolde SIA in October 2014 agreed with Bergvik Skog AB to mutually sell and buy properties. For Latfolde SIA this transaction resulted in an improvement of the configuration of the Portfolio with all land within or bordering to the Luznava parish located 30 km south of Rezekne.

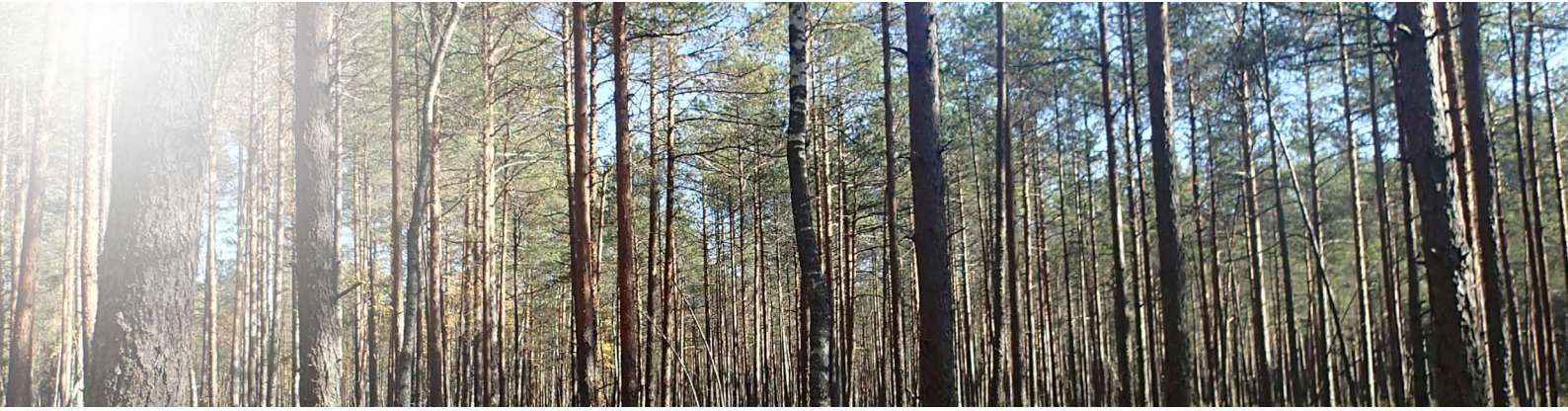
The Maps, attachments 1-3, show the locations of the properties of the portfolio.

The Forest management of Latfolde SIA was conducted by Skogssällskapet SIA the years 2010 - 2016. From year 2017 the forest management is run by SUSAB.



SUMMARY

- Latfolde SIA is owned 100 % by the Seller.
- The Seller has decided to sell 100 % of its shares in Latfolde SIA.
- Latfolde SIA owns 961,22 ha land in Latvia.
- The Portfolio consists of 83 properties concentrated in Latgale region in eastern Latvia as shown on maps, attachments 1-3.
- The 961,22 ha are categorized as described in the paragraph "Forest data" in table 1.
- Growing stock of 113 153 m³ or about 160 m³/ha of registered forest land according to year 2018 information of the Latvian State Forest Service.
- The Growth of the forest stock is estimated at approximately 3360 m³/year or 3 %.
- The disposition of inventory by specie, age classes, land quality and area by land type is indicated in the paragraph "Forest data".
- Agriculture land is 149 ha out of which 79,57 ha is rented out for an average fee of € 60/ha and year.
- The Portfolio has been actively managed and consolidated during the current ownership



SALES PROCESS

Potential buyers are invited to present an offer for the Portfolio to the Seller.

The transfer of the Portfolio will take place as a sale of shares in Latfolde SIA.

The offers shall be presented as if it were sold directly by way of an asset sale.

Based on the offers, the Seller is open to discuss with potential buyers to find the optimal transaction structure.

The potential purchasers will be given the opportunity to carry out due diligence of the Portfolio, the Seller and Latfolde SIA and to inspect the properties of the Portfolio

The offers shall include the following:

- Potential purchaser and contact information
- Price expressed in EURO to be paid in cash on the day of closing
- Conditions and other assumptions

The Seller is not obliged to accept any offers and reserves the right to discontinue the sale process or modify the guidelines of the sales process at any time prior to the signing of a sale and purchase agreement.

Each potential purchaser shall carry all his own costs incurred in connection with the sales process.

PRELIMINARY TIMETABLE

Distribution of Sales Prospect:	May 2019
Property visits:	June - July 2019
Offers:	August 2019
Due diligence and negotiations:	September - October 2019
Signing and closing:	November 2019



FOREST DATA

Forest data is presented below via tables and diagrams.

The presentation is divided into the following areas:

- Area by land type – The total Latfolde area divided into various types of land.
- Divisions by specie – The volume and area, in m³, ha and %, of the main species in the registered forest land.
- Age structure – The area, volume and volume/ha divided in 10-year age classes for the forest inventory.
- Land quality – The forest area divided into the different land quality classes used in Latvia.

The information in the tables and diagrams are solely based on information from LVM (Latvian State Forest Service).

Area by landtype

TABLE I

Category	Area (ha)	% of total area
Registered forest land	706	73,4 %
Agriculture land leased out	80	8,30%
Agriculture land unleased	69	7,2 %
Other land	106	11,1 %
Total	961	

Division by specie

TABLE II

Specie	Area (ha)	Volume (m ³)	Area %	Volume %
Pine	164	32970	23,2%	29,1%
Spruce	103	13960	14,6%	12,3%
Birch	358	53319	50,7%	47,1%
Aspen	28	5856	4,0%	5,2%
White Alder	34	3548	4,8%	3,1%
Black Alder	7	3406	1,0%	3,0%
Other	12	94	1,7%	0,1%
Total	706	113153	100,0%	100,0%

DIAGRAM I: AREA / MAIN SPECIE

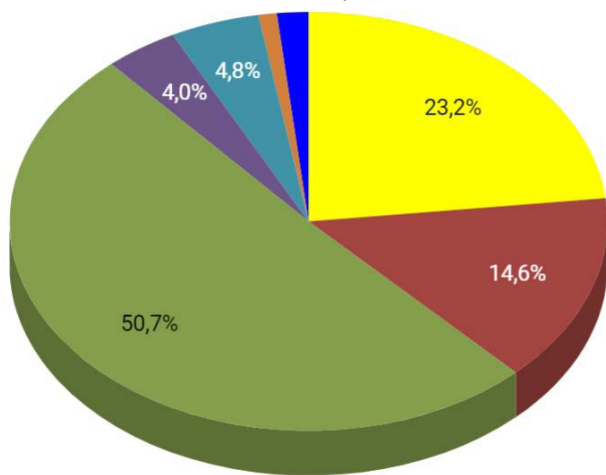
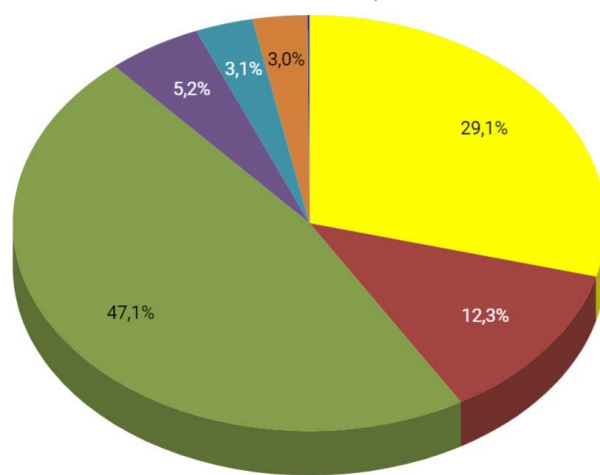


DIAGRAM II: VOLUME / MAIN SPECIE



● Pine
 ● Spruce
 ● Birch
 ● Aspen
 ● White Alder
 ● Black Alder
 ● Other

Age Structure

TABLE III

Age class	Area (ha)	Volume (m ³)	Volume/ha
0-10	85	617	7
11-20	50	2725	55
21-30	37	4195	113
31-40	28	4162	149
41-50	84	13228	157
51-60	171	29083	170
61-70	128	27463	215
71-80	76	18594	245
81-90	39	10566	271
91-	8	2520	315

DIAGRAM III: VOLUME / AGE CLASS

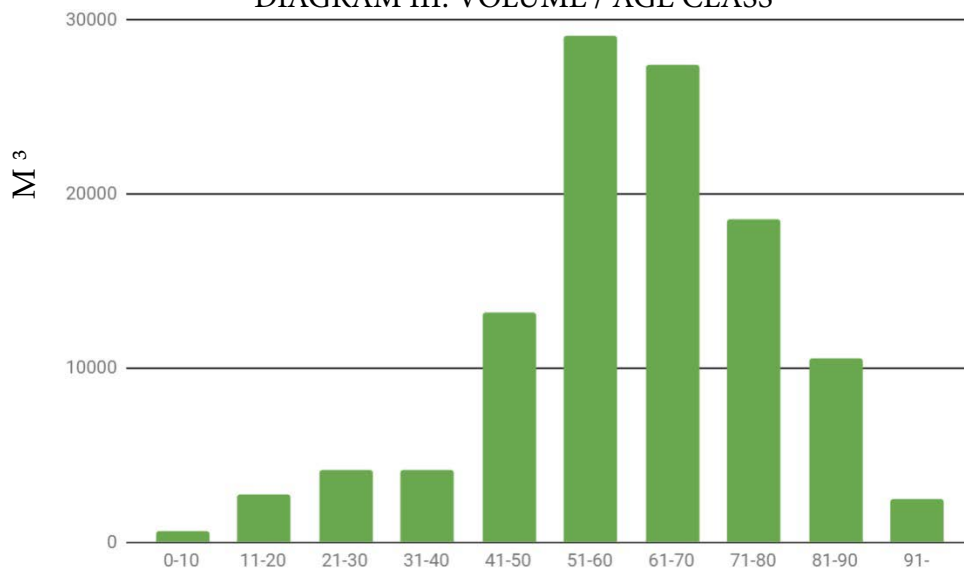


DIAGRAM IV: AREA / AGE CLASS

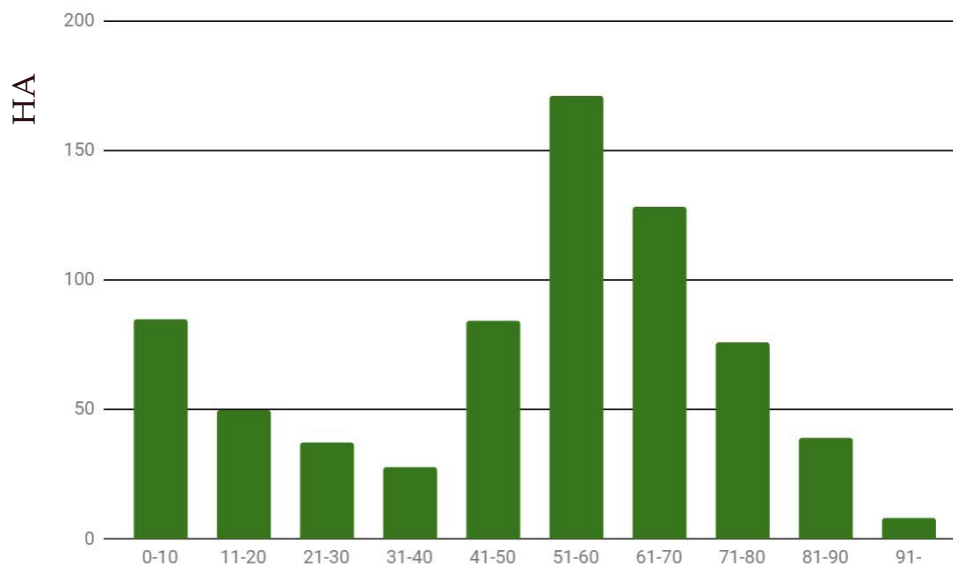
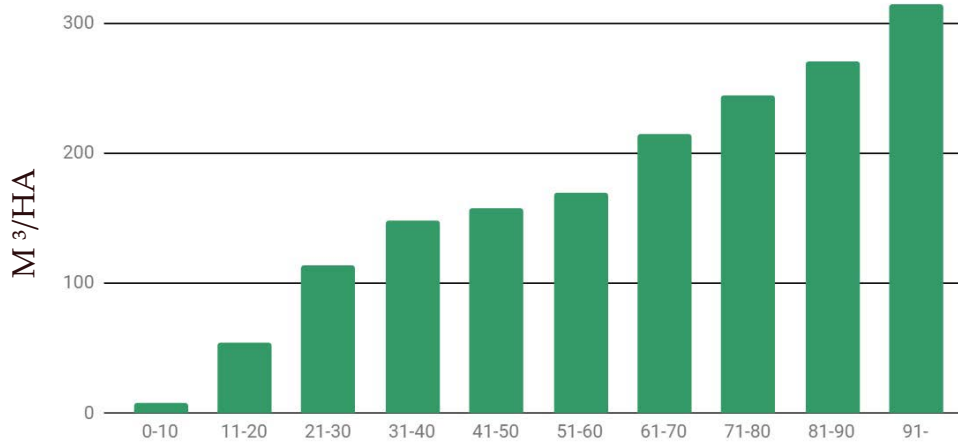
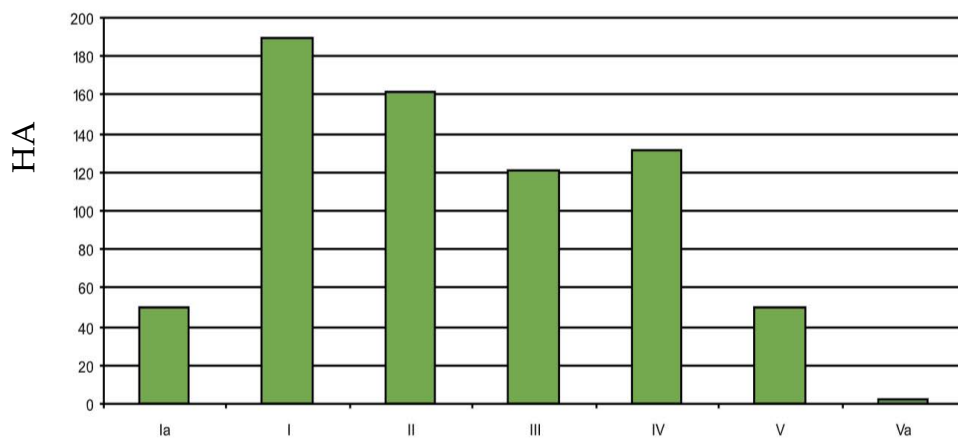


DIAGRAM V: VOLUME / HA OVER AGE



Land Quality

DIAGRAM VI: LAND QUALITY





AGRICULTURAL LAND

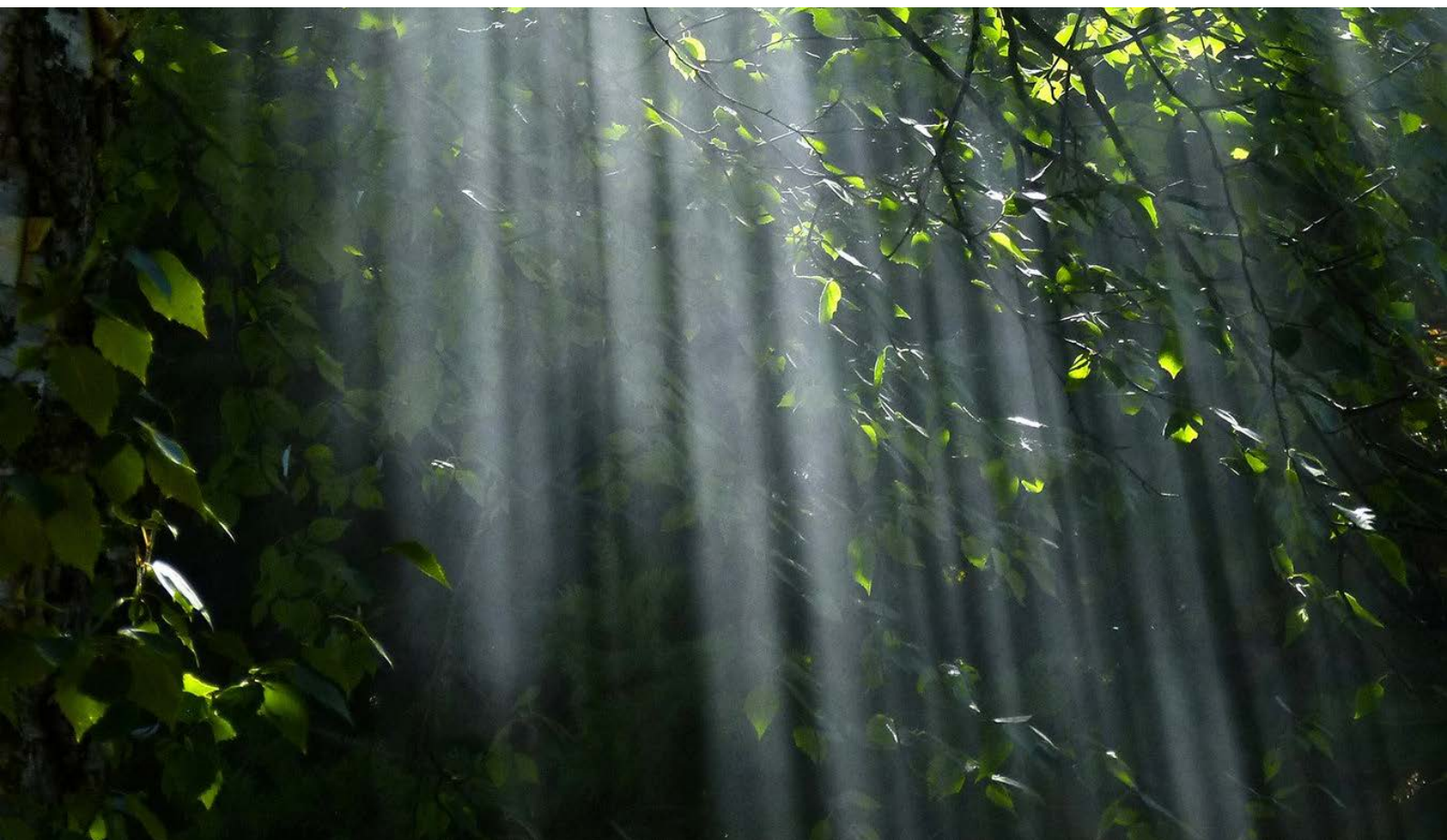
Total area of agriculture land in the Portfolio is 149 ha. The majority or 80 ha is generating income through lease contracts with local farmers.

Rental rate is at an average of € 60/ha. Rental rates are expected to increase following increase in levels of EU subsidies.

The Rest of the agricultural land 69 ha is either unusable (in need of drainage, swamp, under electric lines, under houses, farms, roads etc.) or 8 – 10 ha potentially afforestable after removal of overgrowth.

OTHER LAND

Other land is land not classified in either the forest or the agriculture register. Typical categories are wet land and land under roads, houses and powerlines. The Portfolio has 106 ha of such land.





MANAGEMENT ACTIVITIES TO IMPROVE VALUE OF LAND

The focus for the management of the land of Latfolde SIA has been to develop and add value to mismanaged forest land and disused agriculture land.

By different activities such as restoration of boundary marks, cleaning of border lines, soil preparation, planting and pre-commercial thinning the forest land has been given necessary qualities to shape a better future for a profitable forestry.

During the years 2015 - 2018 Latfolde SIA has planted 72,8 ha with spruce, pine and birch. Pre commercial thinning has been done on an area of about 150 ha

In addition to these activities the wood sales from clear cuts and commercial thinning amount to 8 128 m³ for the years 2015 – 2019.

As part of the development of Latfolde SIA and its fragmented land structure an agreement was made in October 2014 with Bergvik Skog AB about a mutual sale and purchase of properties.

This agreement resulted in an improvement of the configuration of the property structure of the Portfolio. Today all properties of the Portfolio is located within or at the border of the Luznava parish, some 30 km south of Rezekne.



NATURE PROTECTION

There are different types of nature protection areas in Latvia with different restrictions on commercial activities in the forest, starting from restrictions of clear cuts to full ban of any commercial activities.

Most of the nature protection areas are also part of European Natura 2000 protection areas for which forest owners may receive compensations. More than half of forests in Latvia are FS Cand/ or PESC certified, proving that forest management practices are increasingly in line with international standards.

There are different levels of compensation for different types of restrictions. The compensation varies from 160 EUR/ha for areas with fully restricted activities to 45 EUR/ha for areas with restricted clear cuts.

The Portfolio consists of about 43 land properties of restricted Natura 2000 protected areas with a total area of 747 ha out of which 606 ha is forest land.

There are 22,05 ha under highest protection and fully restricted to perform cuttings. This area gives a yearly compensation of € 160 ha and year or total of € 3 528 if certain conditions are met.

For the rest of the protected area clear cuts can be made in areas of 1 ha.

TAXES

Yearly tax on forest properties is 1.5% of the taxation value but some small variations between communities can apply depending forest types etc. No property tax is imposed on young forest up to 40 years for pine and spruce and up to 20 years for deciduous species.

Additional property taxes, 1,5 %, are imposed on unused agriculture land and can be avoided by leasing land to farmers, grasscutting or reclassifying agriculture land into forest land.

Property taxes for the Portfolio was 2.789 EUR for 2018 and the same amount will apply for year 2019.

EU-SUBSIDIES

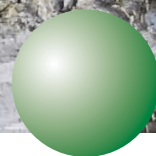
The forest sector of EU-subsidies entered into a new period 2016 - 2021 and reserved funding for forest activities are 9.9 MEUR for planting of forest, 5.5 MEUR for restoration of fire and storm damages, and 21.3 MEUR for quality and eco-system improvements.

Latfolde SIA has received EU-subsidies in the amount of EUR 18 612 in years 2018-2019 for precommercial thinning, change from grey alder to better quality species and planting.



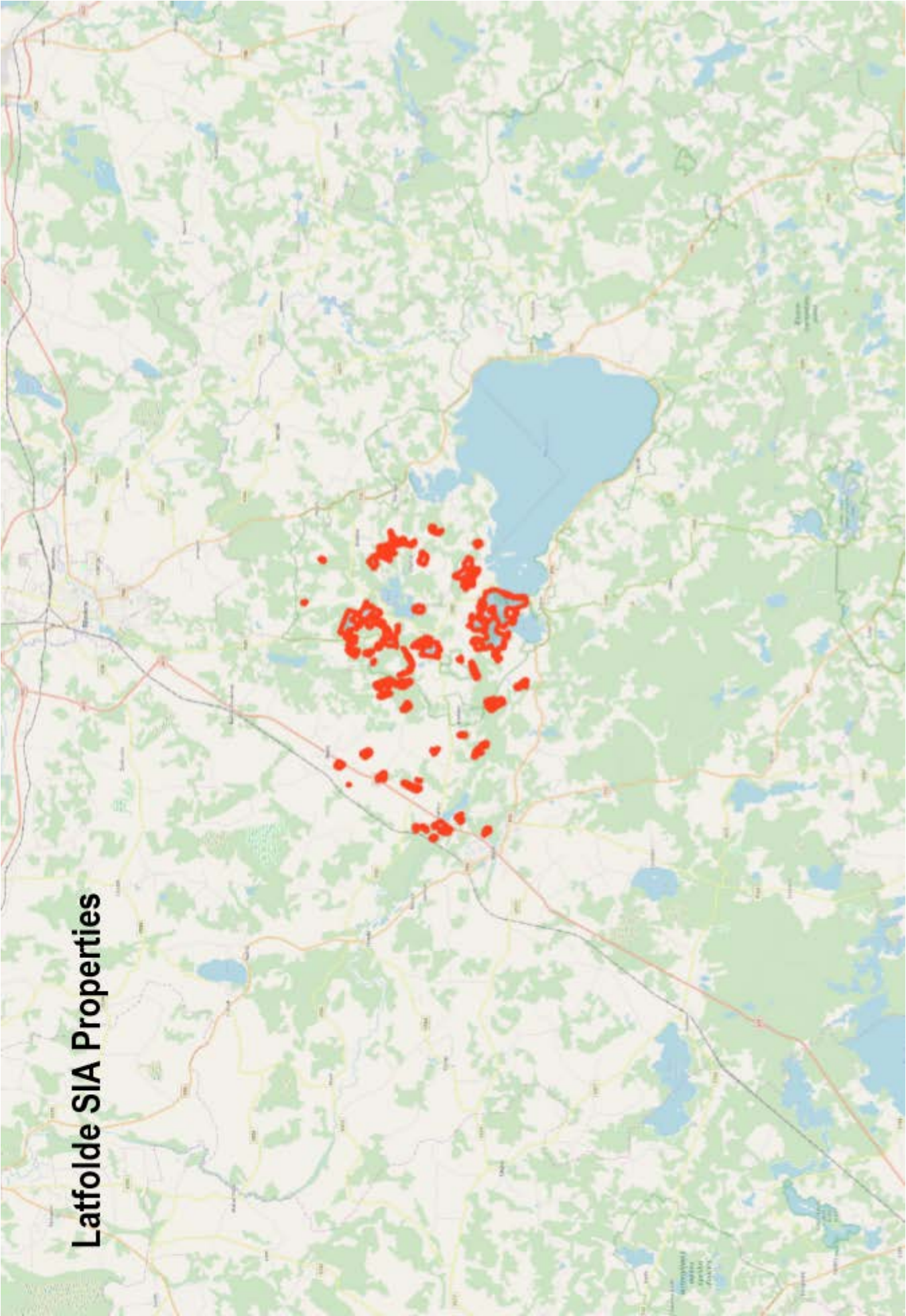


LATFOLDE AB



2019





Latfolde SIA Properties

