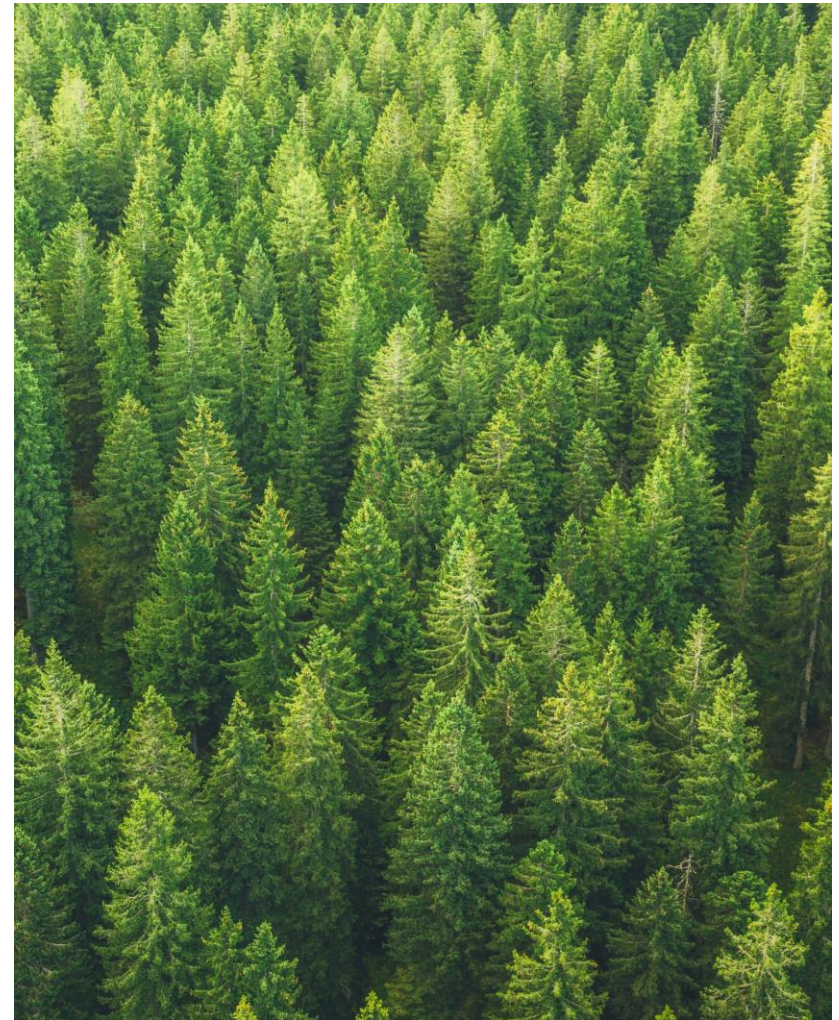


Land portfolio
LATVIA and LITHUANIA
September 2023

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Farm & Forest

Summary

- This Teaser is based on public information about Skogsfond Baltikum AB (publ) and its assets.
- The property portfolio consists of 9 157 ha land of which more than 80% is productive forest land.
- About 84% of the productive forest is of the best growth classes, site index Ia-II.
- The portfolio has well managed young stands with very good growth potential the coming decades. Over 10% of the forest land has been pre-commercially thinned the last years.
- Afforestation programme of 650 ha is estimated to produce 140 000 carbon credits during the next 20 years.
- The current average standing volume is 115 m³/ha.
- For more information, please contact Karl Danielsson Farm & Forest, contact information available on last page.



Overview portfolio



Table overview of properties

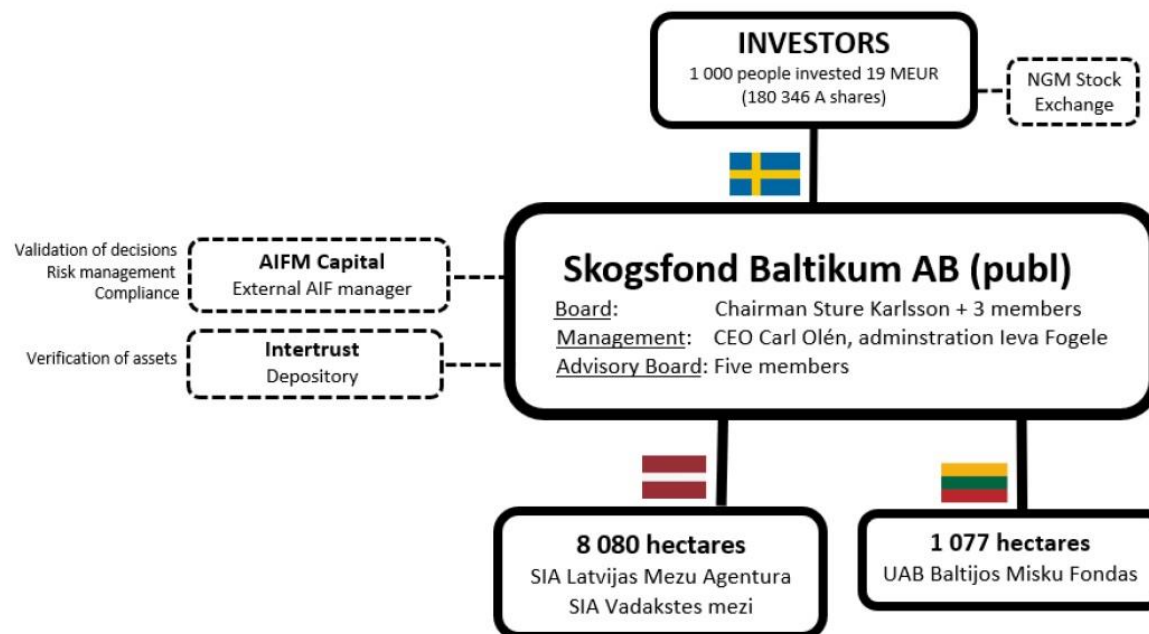
9 157 hectares		
Forestland 2023-06-30	7 282 hectares	80%
- Whereof afforested spring 2023	196 hectares	
Volume standing forest	835 000 qubic meters	
- Estimated annual volume growth	5% per year*	
- Average standing volume	115 m³/ha	
Agriculture land	957 hectares	10%
- Leased out	192 hectares	
- Not leased	765 hectares	
- Planned to be afforested fall 2023	250 hectares	
Other land	918 hectares	10%
Forestland end of 2023 (plan)	7 532 hectares	82%
Planned to be afforested in 2024	~200 hectares (other land)	
*based on today’s areas, site index classes, volumes, tree types and age. Long term growth can be increased with continued active forest management.		

Structure

Description

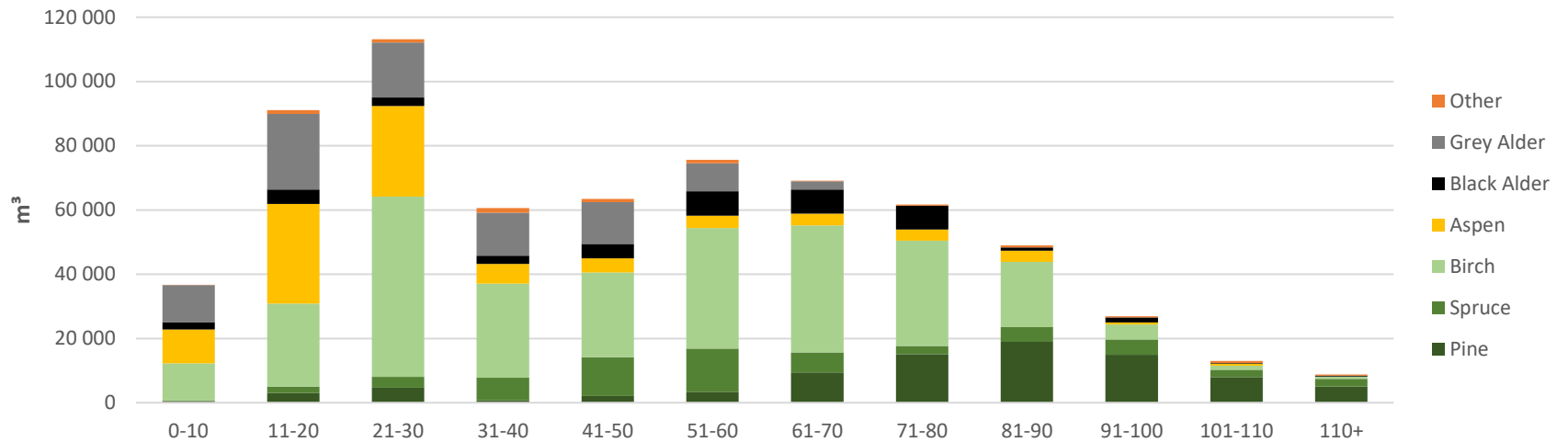
Company owned real estate portfolio with a total area of about 9 157 ha land in Latvia and Lithuania and about 835 000 m³ standing forest, according to register data. 619 properties in Latvia owned by 2 local subsidiaries and 108 properties in Lithuania owned by 1 local subsidiary. Current structure below.

Skogsfond Baltikum AB (publ) is a listed alternative investment fund, AIF, with a licensed AIF manager and formal Depositary. Skogsfond Baltikum owns and develops three wholly owned local forest property companies in the Baltics. The forest management organization is regionally divided into three regions in Latvia and one in Lithuania, where each regional forest manager is a contracted external supplier. The company's operational management employees are based in Stockholm (CEO) and Valmiera (administration).

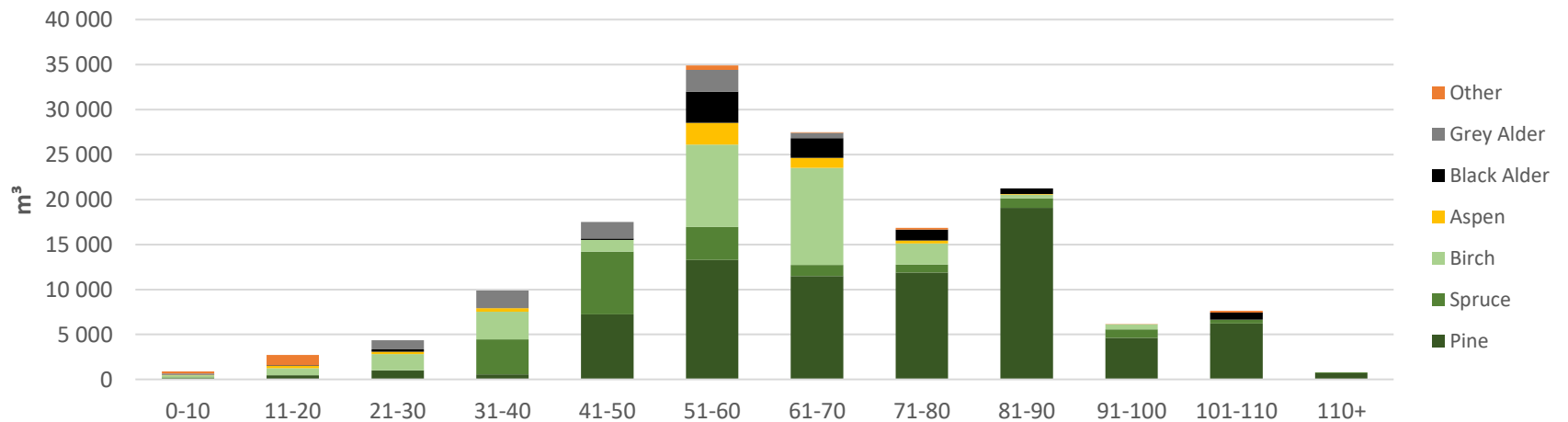


Standing Forest

Standing forest volume by age group, Latvia

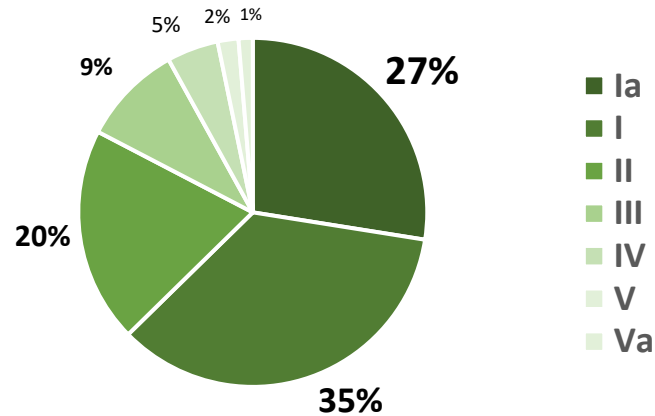


Standing forest volume by age group, Lithuania

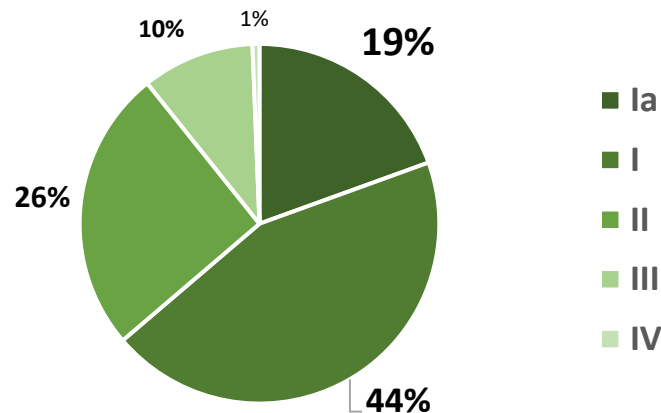


Forest land attributes

Site index by area, Latvia



Site index by area, Lithuania



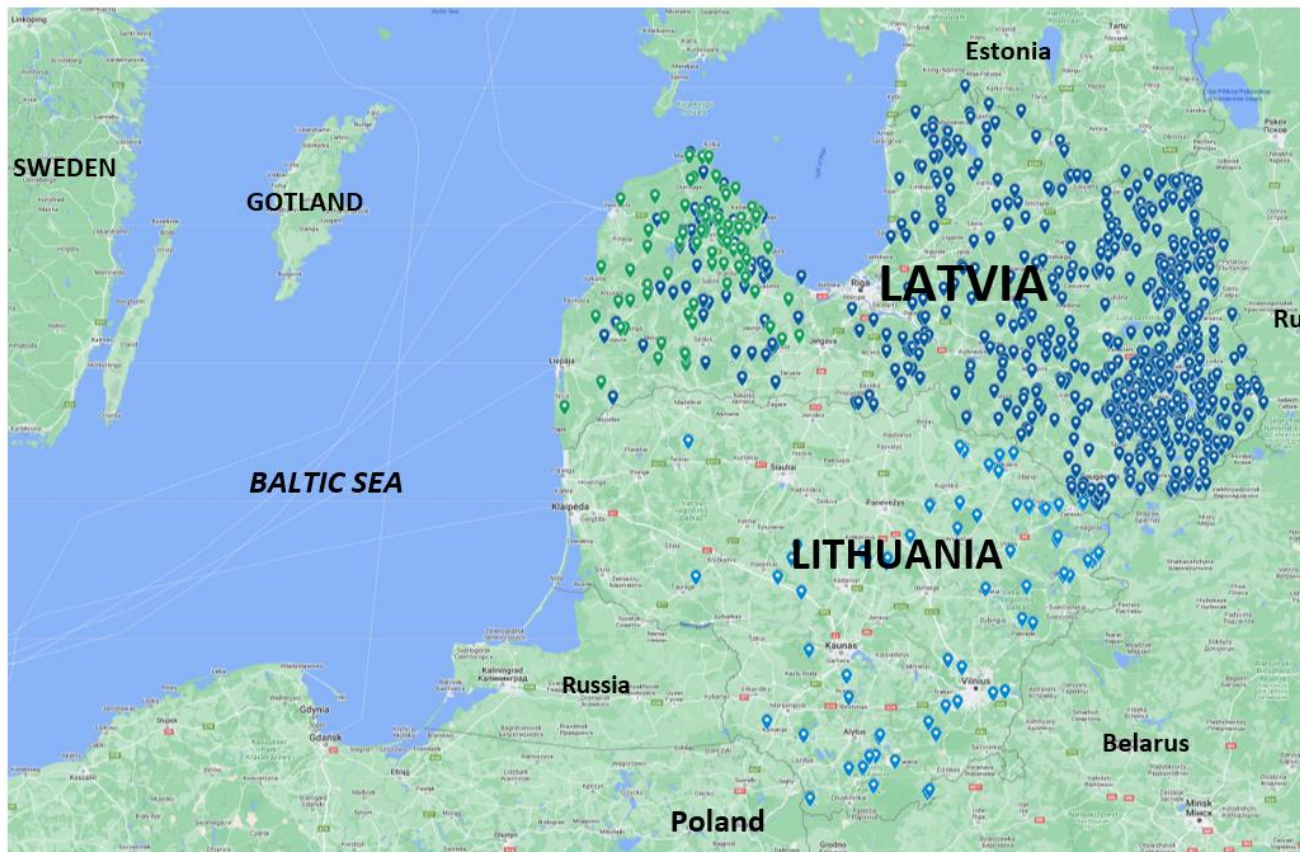
Growth

Baltic land is in many cases old seabed and comprise of rich sedimentary soils. Generally speaking, the soil is therefore very fertile, largely stone-free and has very good growth potential. More than half of the private forest land in Latvia was previously used as agricultural land that now has been transformed into forest.




Apart from the already existing growth potential in the Baltics, the acquisition of the properties has been made according to set criteria and management activities are focused on future growth. This has made it possible for Skogsfond Baltikum to create a premium forestland portfolio with great growth potential.

83% of the forest land in Latvia and 89% of forest land in Lithuania are classified as site index 1a – 2 (in the scale of 1a – 5a). Given the relatively young forest in Latvia and ongoing afforestation programme with improved seedlings on fertile land as well as PCT programme, growth in the portfolio is expected to increase over the coming years.

Map – Position of properties



Land holdings 2023-06-30

-  SIA Latvijas Mezu Agentura
-  SIA Vadaskstes mezi (acquired summer 2022)
-  UAB Baltijos misku fondas

LATVIA

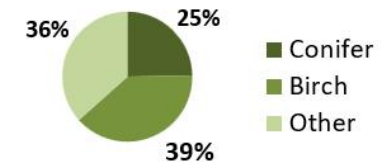
8 080 hectares

6 371 productive forest (80 %)

879 agriland

830 other land

675 000 m³ (106 m³/ha)



LITHUANIA

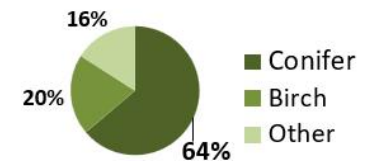
1077 hectares

911 productive forest (85 %)

78 agriland

88 other land

160 000 m³ (176 m³/ha)



Management

Growth enhancing activities

As the fund has entered a development phase, the management of the portfolio has been gradually raised to a level of high intensity and focused on value creating measures such as pre-commercial thinning (PCT) and cleaning of bushland to promote growth for the best suited tree species.

During the first half of 2023, PCT was performed on 211 hectares of young forest, an increased rate from previous years as seen in the table below. Additional areas of at least 200 hectares are planned to be PCT in the autumn of 2023. Systematic PCT plays a crucial role in good long-term growth of desirable tree species and trunks in both planted and naturally regenerated stands. By performing these measures, a substantial amount of areas will grow into commercial thinning in the coming years and volume growth is expected to increase significantly.

A lot of effort has been made to update the forest data through new taxations and borderlines to get a better view and understanding of the standing forest.

Reforestation and afforestation programme

Natural regeneration is the most common way to regenerate forest areas after regeneration cuttings. During the first half of 2023, 48 hectares was reforested (after previous regeneration cuttings) by planting of spruce, pine and birch. Other regeneration areas have been reforested through natural regeneration in accordance with current authority requirements.

Afforestation is made mainly on unused or overgrown agriculture land and other land suitable for forest. These measures adds to the amount of forest land in the portfolio as plantation forest with very good growth and with fewer cutting restrictions, as well as lowers the land tax (unused agriculture land has a higher land tax than used agriculture land or forest).

196 hectares have been afforested during April to June 2023 with over 400 000 seedlings of birch, spruce, pine and poplar, i.e., land preparation and planting have taken place on previously unused land. Another 250 ha are planned to be afforested in the autumn of 2023. Further, about 200 ha are planned for afforestation in 2024. This means that the total area within the framework of the 2023-2024 afforestation programme will reach an area of 650 hectares.

In summary, the afforestation programme aims to increase growth and carbon storage in order to create shareholder value and climate benefits.

Table summary of silviculture activities

Activity	2021	2022	23H1	23H2 rate
Reforestation, ha	6	22	48	Continued
Afforestation, ha	-	18	196	Increased
- whereof poplar		18	50	Stopped
Pre-commercial Thinning (PCT), ha	104	324	211	Continued
New taxations, ha		2 800	1 000	Reduced
Cleaning bushland, loose m3	500	1 250	1 850	Increased
Harvesting volume, m ³ sk	5 500	14 400	9 900	Continued

Carbon credits and renewable energy

Steps taken to create carbon credits

The goal of the afforestation programme is to increase growth and annual carbon storage. When real climate benefit through increased carbon storage is created, it can qualify for the creation of carbon credits. The fund follows the development of verification and trading of carbon credits in Europe. All afforestation areas in Skogsfond Baltikum is registered and verified before planting, which makes it possible to obtain verified carbon credits when growth and carbon storage takes place.

The current afforestation programme of 650 ha has an estimated average annual growth of over 6 500 cubic meters. It is estimated to store more than 7 000 tons of carbon dioxide per year and thus create the same number of carbon credits per year for the first 20 years (half of the estimated average cycle time). An interdependent third party is working on an analysis report to show the estimated benefits. The report may be available later in the process.

Potential for renewable energy

The portfolio consists of several hundred forest properties in large parts of the Baltics and there is potential to create building permits and lease agreements for production of renewable electricity. Feasibility studies are now carried out by an independent third party to confirm locations suitable for solar and wind farms to better understand the potential. More information about the study may be available later in the process.



Preliminary sale process

Teaser – this teaser is based on public information about the structure and the properties. It's purpose is to describe the assets and prepare the recipient for necessary internal decisions.

Memorandum and dataroom – An in-depth memorandum about the assets and the market as well as an updated dataroom containing data about the assets (properties, forest, leases, cuttings etc.) shall be made available to interested parties.

DD report forest – A vendor DD report of the forest made by an independent third party will be available for interested parties as base for further decisions. The report shall be made by industry standard methodology and reflect the actual situation in the forest.

Bid process – A date will be set for when written bids shall be submitted.

LOI, DD and transaction – After signing of LOI between the seller and a buyer, a dataroom will be organised where the buyer will be able to perform legal and financial due diligence before a transaction takes place.



The timeline is preliminary and the Seller reserves the right to alter the process.

Disclaimer

Skogsfond Baltikum AB (publ) (the "Seller") has appointed Karl Danielsson Farm & Forest AB (the "Advisor") to act as its financial advisor in connection with the sale of the portfolio described in this Teaser.

The information contained in the Teaser does not purport to be complete and exhaustive in terms of the information that the recipient may desire in order to decide whether or not to make an indicative offer. Interested recipients undertake to conduct their own investigation and analysis of the statements and data set forth in this Teaser and are advised to seek their own professional advice on legal, financial and taxation matters. The content of the Teaser does not constitute investment advice, or any other kind of advice.

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