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## Press Release

Stockholm, 8 March 2012

### RusForest carries out a rights issue

**The Board of Directors of RusForest AB (publ) ("RusForest" or the "Company") has, with support of the authorisation from the extraordinary general meeting held on 1 March 2012, resolved to carry out a new share issue amounting to maximum SEK 452.2 million with preferential rights for the existing shareholders of RusForest (the "Rights Issue").**

#### Summary

- One (1) existing share will entitle the holder to subscribe for four (4) new shares
- The subscription price is SEK 1.18 per share
- The subscription period will be 21 March - 4 April 2012
- Record date for participation in the Rights Issue is 19 March 2012
- RusForest has received subscription undertakings from shareholders representing in the aggregate 52.6 per cent of the rights issue, including Vostok Nafta, East Capital, Alecta and Lillevrå Såg AB as well as all members of the board and senior management who currently hold shares in the Company
- At full subscription maximum 383,230,776 new shares will be issued, which represents a share capital increase of maximum SEK 383,230,776 and a total issue amount of maximum SEK 452.2 million before issue expenses<sup>1</sup>
- The proceeds of the Rights Issue will be used to finalize ongoing investments and to strengthen the Company's working capital

#### Background and reasons

The year 2011 has been characterized by supplementary investments in order to lay the foundation for a well balanced forestry operation with self sufficiency in raw material supply. The Annual Allowable Cut has increased through acquisitions by 1.8 million m<sup>3</sup>, in fact doubling, and investments have been made in new and existing sawmills and infrastructure. The development of the Company's operations has, however, required more time – and more expenses – than initially thought, although things are beginning to come into place and RusForest should be able to deliver a considerably improved financial result during 2012.

Several of the measures taken during 2011 will give effect in the form of increased efficiency during 2012. Considerable work has been done on road construction. Harvesting capacity is now markedly increased and Swedish operators are acting as instructors to raise competence in harvesting. In order to complete ongoing construction of sawmills, remove remaining bottlenecks and cover the need for working capital

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<sup>1</sup> The issue expenses are estimated to amount to approximately SEK 15 million.



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needed until the measures have full effect, additional capital is needed, and in the Board's judgment, the existing working capital is not sufficient to cover the Company's needs during the coming twelve months.

For this reason, the Board of RusForest has resolved to conduct a rights issue with a preferential right for existing shareholders in a total amount of approximately SEK 452 million before issue expenses<sup>2</sup>. Out of these, SEK 132 million will be used to transform shareholder loans from Vostok Nafta into equity by way of set-off. Out of the remaining proceeds, the Company will use SEK 175 million for investments and SEK 130 million for working capital.

*"We are behind plan due to delays in getting the necessary investments in place, within harvesting as well as sawmilling. However, the mid- to long term investment case presented by RusForest remains intact and I am convinced that the rights issue that is now about to be undertaken will provide RusForest with the capital needed to crystalize the significant value in all of our assets. I look forward to a year where we will start to see major improvements in our financial results - and would like to thank our shareholders for the strong commitment that they have showed RusForest"*, comments Kenneth Eriksson, Chairman of the Board of Directors of RusForest.

## The Rights Issue

At the extraordinary general meeting held on 1 March 2012 the Board of Directors received authorisation to resolve on a new share issue with preferential rights for existing shareholders in RusForest. In the Rights Issue one (1) existing share will entitle the holder to subscribe for four (4) new shares. The Rights Issue will increase the Company's share capital by a maximum of SEK 383,230,776, from SEK 95,807,694 to a maximum of SEK 479,038,470 through the subscription of a maximum of 383,230,776 new shares, each with a quota value of SEK 1. The subscription price has been set to SEK 1.18 per share. The total issue amount will amount to a maximum of SEK 452.2 million before issue expenses.

The shareholder Vostok Komi (Cyprus) Limited ("Vostok Nafta") has the right to make payment for subscribed shares by way of set-off against claims that Vostok Nafta has towards the Company. In total Vostok Nafta has two claims towards the Company, where the first claim amounts to SEK 67,836,667 including accrued interest and the second claim amounts to SEK 75,775,000 including accrued interest.

## Prospectus

Detailed information regarding the Rights Issue will be presented in the prospectus that will be prepared and published for the Rights Issue. The prospectus is expected to be published on or around 12 March 2012 and will be made available on the Company's website.

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<sup>2</sup> The issue expenses are estimated to amount to approximately SEK 15 million.



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### **Subscription undertakings**

Vostok Nafta and East Capital as well as all members of the board and senior management who currently hold shares in the Company have undertaken to subscribe for their respective pro rata share in the Rights Issue. Alecta has undertaken to subscribe for its pro rata share of the subscribed shares in the Rights Issue. Lillevrå Såg AB has undertaken to subscribe for shares to a value of at least SEK 6 million, and the Company's CEO Martin Hermansson has undertaken to subscribe for shares to a value of at least SEK 2 million.

The total value of the subscription undertakings received by the Company amounts to SEK 238 million, which corresponds to 52.6 per cent of the issue amount.

### **Preliminary time table for the Rights Issue**

12 March 2012	Estimated date for publication of the prospectus
15 March 2012	First day of trading excluding subscription rights
19 March 2012	Record date for participation in the Rights Issue
21 March – 30 March 2012	Trading in subscription rights
21 March – 4 April 2012	Subscription period
Around 5 April 2012	Announcement of the outcome of the Rights Issue

### **Advisors**

Pareto Öhman AB is financial advisor and Advokatfirman Vinge KB is legal advisor to RusForest in connection with the Rights Issue.

### **For further information, please contact:**

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### **About RusForest AB (publ)**

RusForest is a forestry and sawmilling company operating in Eastern Siberia and the Arkhangelsk region of Russia. The Company controls long term forest leases with an annual allowable cut of approximately 3.6 million m<sup>3</sup>, and utilizes these resources to produce a wide range of sawnwood products. Eastern Siberia is renowned for its pine and larch of exceptional quality, while the Arkhangelsk Region in northwest Russia has high quality spruce and pine forests similar to those found in northern Sweden.



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RusForest's goal is to develop into a leading independent integrated forestry and sawmilling company in Russia with an annual harvesting of 2.7 to 2.9 million m<sup>3</sup>. The Group's total sawmilling capacity, which is currently approximately 415,000 m<sup>3</sup>, is expected to, following completion of on-going investments; gradually increase to 500,000 to 550,000 m<sup>3</sup> of sawnwood. There is significant potential (of up to 800,000 to 850,000 m<sup>3</sup> of sawnwood) within the maximum allowable harvesting.

RusForest AB's Certified Adviser on First North is Pareto Öhman AB.

#### **IMPORTANT INFORMATION**

*This press release is not an offer for subscription for shares in RusForest. A prospectus relating to the Rights Issue referred to in this press release will be filed with the Swedish Financial Supervisory Authority. After approval and registration of the prospectus by the Swedish Financial Supervisory Authority, the prospectus will be published and made available on inter alia RusForest's website.*

*The distribution of this press release in certain jurisdictions may be restricted. This press release does not constitute an offer of, or an invitation to purchase, any securities of RusForest in any jurisdiction.*

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