



## **PRESS RELEASE**

### **RusForest Announces Bondholder Meeting Notice and Indufor Appointment for Independent Liquidation Analysis**

January 7, 2013, Stockholm, Sweden – RusForest AB (publ) (“RusForest” or the “Company”) (NASDAQ OMX: RUSF), a Swedish forestry company with operations in Russia, announces the appointment of Indufor Oy (“Indufor”) to conduct an independent liquidation analysis of RusForest. In addition, RusForest’s bond agent, CorpNordic Sweden AB (“CorpNordic”), has today issued the notice to the bondholders’ meeting scheduled for January 25, 2013.

In August 2012, RusForest began a broad strategic and financial review that resulted in the restructuring proposal announced on December 12, 2012. The Board of Directors believes that the proposal delivers maximum value to all stakeholders. The proposal also has the support of Vostok Nafta, the Company’s largest shareholder. In order to provide bondholders with more comprehensive information, CorpNordic and the Company have agreed to engage Indufor to perform an independent liquidation analysis. The final report is expected to be available on or around January 15, 2013, in advance of the bondholders’ meeting. The analysis will assist bondholders in their decision of whether to support the proposed restructuring.

Under the restructuring proposal, the Company’s bondholders are being asked to reduce the bond’s nominal amount including accrued interest by approximately 50 percent and to convert the reduced bond into newly issued shares in RusForest at SEK 0.04 per share. The debt reduction and the conversion to shares would give bondholders approximately 93 percent ownership of RusForest if all bondholders convert to shares. Given that RusForest has limited cash and that operations are still cash flow negative, shareholders are then asked to inject approximately SEK 86 million (\$13 million) in a guaranteed rights issue, and Nova Capital LLC, a Russian strategic investor, is asked to inject approximately SEK 100 million (\$15 million) in a directed issue at SEK 0.03 per share. Following the injection of new capital, previous bondholders would own approximately 50 percent of RusForest. The pro forma market capitalization of RusForest at SEK 0.03 per share is approximately SEK 400 million (\$60 million).

The proposal is the outcome of discussions among various parties lasting several months. It is the Board of Directors’ firm belief that the proposal is reasonable and is the best way to protect the fundamental value of RusForest, both for shareholders and bondholders. Should the proposal be rejected, it is the Board of Directors’ assessment that the Company will face an insolvency situation in Q1 2013.

It is clear to the RusForest Board of Directors and management that the value of RusForest’s assets in case of insolvency is minimal and that bondholders will find it challenging to recover any net proceeds in a bankruptcy process.

As previously disclosed, RusForest’s balance sheet is under review and an impairment of up to SEK 500 million (\$75 million) is expected in the year-end financials to be released March 15, 2013. The values on the balance sheet, even after impairment, are based on going concern assumptions. The balance sheet values are likely to be significantly higher than what can be expected to be recovered after a bankruptcy for several reasons.



The Company reported an EBITDA loss of SEK 32 million (\$5 million) in Q3 2012. RusForest has minimal cash remaining and has not been able to sell any assets since new management joined in August 2012.

Moreover, RusForest has approximately SEK 186 million (\$28 million) of secured debt in addition to the unsecured corporate bonds of SEK 500 million (\$75 million). The Company will likely require additional secured credit facilities in Q1 2013.

Furthermore, the Company's forestry lease payments amount to approximately SEK 32 million (\$5 million) per year. An insolvency situation could jeopardize these leases, which are the most valuable part of RusForest's balance sheet. The forestry leases are regulated by Russian regional authorities and are subject to cancellation if the monthly dues are not paid in a timely manner or if the forestry maintenance requirements are not fulfilled.

In conclusion, it is the Board of Directors' assessment that there is still significant value in RusForest's assets after the expected impairment, but this value is mainly from creating a profitable going concern. The Board of Directors' believes its proposal creates the highest probability of maintaining this potential value and creating upside for all stakeholders.

More details about the restructuring proposal are available in the road show presentation and other investor materials available on the Company's website at: [www.rusforest.com](http://www.rusforest.com)

### **About Indufor**

Indufor is a global forestry and forest industry consulting company providing independent advisory services throughout the value chain and to all stakeholders. Indufor works with private and public sector clients such as forest industry companies, energy companies, private equity investors, banks, landowner associations, bilateral agencies, international cooperation organizations, development banks, public sector agencies and others. Indufor has offices in Helsinki, Finland with 33 experts and in Auckland, New Zealand with 15 experts. For additional information, please visit Indufor's website at: [www.indufor.fi](http://www.indufor.fi)

### **About RusForest**

RusForest is a Swedish forestry company operating in eastern Siberia and the Arkhangelsk region of Russia. The Company controls approximately 3 million hectares of timber through long-term leases with an annual allowable cut ("AAC") of approximately 3.6 million cubic meters. RusForest owns five sawmills in close proximity to its forest leases and is self-sufficient in raw material to produce more than 400,000 cubic meters per year of sawnwood products. The Company is listed on NASDAQ OMX Stockholm First North (ticker symbol "RUSF"). RusForest's largest shareholder is Vostok Nafta, which owns approximately 29 percent of the Company's shares. For additional information, please visit the Company's website at: [www.rusforest.com](http://www.rusforest.com)

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

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

Robert Eriksson, RusForest Investor Relations, telephone: +46 (701) 11 26 15



#### **IMPORTANT INFORMATION**

*This press release is not an offer for subscription for shares in RusForest. A prospectus relating to the transactions further described in previous press releases 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 RusForest's webpage.*

*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.*

*This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended. RusForest does not intend to register any portion of the offering of the securities in the United States or to conduct a public offering of the securities in the United States. Copies of this announcement should not be made in and may not be distributed or sent into the United States, Canada, Australia, Singapore, South Africa, Switzerland, Japan or Hong Kong.*