

# Frequently asked questions – HD Forest – the leader in Baltic Forestry

## **Q) What is the minimum and maximum funds required to develop a viable forestland portfolio in the Baltics?**

A) The minimum investment level is € 300,000, (portfolios, which are lower in value do not present a viable investment). Investments of up to € 30 million are achievable, if the investor takes advantage of larger property groups, which are marketed. Investments of over € 50 million are difficult to achieve in the Baltics, because the forestland area is not large enough to support this investment level.

## **Q) How long does it take to build a Baltic forestland portfolio?**

A) Of course, this depends on your funds and investment strategy. Baltic forest properties are small; the average forest size under HD Forest's management is approximately 20 hectares. However, property groups of various sizes are present on the market, which can make building a substantial portfolio quicker. Many clients choose to invest by steadily purchasing individual or small property groups, establishing a sizeable portfolio within 6-9 months. HD Forest recommends that clients consider purchasing properties across all three Baltic States to maximise their exposure to the best that the Baltics have to offer. However, some clients prefer to focus on one or two states and we totally understand and service this approach. Every investor, institutional or personal, has different expectations, and HD Forest's service is as individual as each of our clients.

## **Q) What internal rate of return can I expect to achieve?**

A) As above, funds and strategy significantly affect the IRR (Internal Rate of Return) achieved. However, it is reasonable to expect a rate of return between 5-7 % per annum over a period of at least ten years. This is a conservative estimate and there are multiple upside potentials as well as potential downsides. Existing clients have achieved rates of return between 6-25 % per annum since the start of their investment, (which in some cases date back to 2001). HD Forest conducts a yearly desktop valuation of each client's portfolio and a yearly investment summary, which provides a detailed breakdown of the investment to date.

## **Q) How do I exit the investment and how easy is this?**

A) At HD Forest, we pride ourselves on providing an outstanding service for clients for the lifespan of their Baltic forestland investment. To this end, we have managed smooth exits for a number of clients. At the heart of the exit, strategy is always the client's desired outcome. We undertake all aspects of the exit from valuation through to marketing (Baltic forestland is a dynamic market place) and sourcing buyers. Our services also include leading negotiations and liaising with lawyers to finalise the deal.

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## **Q) What if I want to liquidate some of my assets?**

A) The small size of forest properties in the Baltics makes liquidating assets more viable, in comparison with other forestland investments. HD Forest regularly receives offers from neighbours who wish to buy HD Forest's client's properties. Neighbours are often willing to pay a price, which greatly exceeds the market value, enabling clients to release some cash.

## **Q) Is it possible for Danes to use 'VSO' (Virksomhedsskatteordning) funds?**

A) Yes, then you establish yourself as 'Individual Merchant'. Our first clients did this in 2016.

## **Q) Can I buy directly or do I need to establish a company?**

A) Historically, all clients had to establish a local company; this is still the most common setup. However, as an EU citizen you can buy directly from your home country without establishing a local company. Then typically, a branch is established in the Baltics instead.

## **Q) Do I need to travel to the Baltics in order to be established?**

A) Rules differ among the countries; however it is more smooth and fast to travel to the Baltics. Power of Attorney can be signed, notarized and apostilled in your home country. Contact us to hear about country specific rules and current possibilities.

**For more information, please visit our website: [www.hdforest.com](http://www.hdforest.com) or contact International Business Development Manager, Lars Krog, [lakr@hededanmark.dk](mailto:lakr@hededanmark.dk) or mobile: +45 40 89 02 09.**