PROSPECTUS **15 October 2020**

TORNATOR OYJ

Listing of EUR 350,000,000 Senior Secured Fixed Rate Green Notes Due 2026

The Notes were issued in denominations of EUR 100,000

On 14 October 2020, Tornator Oyj (the "**Issuer**" or the "**Company**") issued senior secured green notes with an aggregate principal amount of EUR 350,000,000 (the "**Notes**") mainly to certain institutional investors based on an authorization given by the Issuer's Board of Directors on 14 September 2020. The Notes were issued in denominations of EUR 100,000. The Notes were offered for subscription through a book-building procedure that was carried out on 7 October 2020 (the "**Offering**"). The rate of interest of the Notes is 1.250 per cent. per annum. The maturity of the Notes is on 14 October 2026, unless the Issuer prepays the Notes in accordance with the terms and conditions of the Notes.

This listing prospectus (the "**Prospectus**") contains information on the Offering and the Notes. The Prospectus has been prepared solely for the purpose of admission to listing of the Notes on the sustainable bond list of Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**") and does not constitute any offering of the Notes.

Application has been made for the Notes to be admitted to trading on the official list of the Helsinki Stock Exchange (the "**Listing**"), and the Listing is expected to take place on or about 19 October 2020 under the trading code "TORJ125026".

The validity of this Prospectus expires when the Notes have been admitted to trading on the Helsinki Stock Exchange. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Prospectus is no longer valid.

Besides filing this Prospectus with the Finnish Financial Supervisory Authority (the "**FIN-FSA**") and the application to the Helsinki Stock Exchange, neither the Issuer nor the Joint Lead Managers (as defined hereafter) have taken any action, nor will they take any action to render the public offer of the Notes in any jurisdiction or their possession, or the distribution of this Prospectus or any other documents relating to the Notes admissible in any other jurisdiction than Finland requiring special measures to be taken for the purpose of public offer.

The Notes have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state of the United States. The Notes may not be offered, sold, pledged or otherwise transferred directly or indirectly within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act ("**Regulation S**")), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

Neither the Issuer nor the Notes have been assigned any credit ratings at the request or with the co-operation of the Issuer in the rating process.

Investment in the Notes involves certain risks. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Notes are discussed under "Risk Factors" below.

Joint Lead Managers:

IMPORTANT INFORMATION

This Prospectus has been drawn up in accordance with the Regulation (EU) 2017/1129 of the European Parliament and of the Council, as amended (the "**Prospectus Regulation**"), the Commission Delegated Regulation (EU) 2019/979, the Commission Delegated Regulation (EU) 2019/980, in application of the Annexes 7 and 15 thereof, the Finnish Securities Markets Act (14.12.2012/746, as amended) (the "**Finnish Securities Markets Act**") and the regulations and guidelines of the FIN-FSA. The FIN-FSA, which is the competent authority for the purposes of the Prospectus Regulation and relevant implementing measures in Finland, has approved the Prospectus (journal number FIVA 47/02.05.04/2020) but assumes no responsibility for the correctness of the information contained herein. The FIN-FSA has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval shall not be considered as an endorsement of the qualities of the Notes nor the Issuer.

In this Prospectus, "**Tornator**" and the "**Group**" refer to Tornator Oyj and its subsidiaries and associated companies, on a consolidated basis, except where the context may otherwise require. All references to the "**Issuer**" and the "**Company**" refer to Tornator Oyj.

This Prospectus should be read in conjunction with all documents which are deemed to be incorporated herein by reference and shall be read and construed on the basis that such documents are incorporated and form part of this Prospectus. See "*Information Incorporated by Reference*".

Danske Bank A/S, OP Corporate Bank plc and Skandinaviska Enskilda Banken AB (publ) (jointly the "**Joint Lead Managers**") have acted exclusively for Tornator as the arrangers and lead managers of the Offering. The Joint Lead Managers are not acting for anyone else in connection with the Offering or the Listing and will not be responsible to anyone other than Tornator for providing the protections afforded to their respective clients nor for providing any advice in relation to the Listing or the contents of this Prospectus.

Potential investors should rely only on the information contained in this Prospectus, including information incorporated by reference into this Prospectus. Neither Tornator nor the Joint Lead Managers have authorized any person to provide any information or to give any statements not contained in or not consistent with this Prospectus and, if given or made, such information or representation should not be relied upon as having been authorized by the Issuer and the Joint Lead Managers. The Joint Lead Managers have not independently verified information contained herein. The Joint Lead Managers assume no responsibility, except for statutory liability, for the accuracy or completeness of the information in this Prospectus and, accordingly, disclaim to the fullest extent permitted by law, any and all liability which they might otherwise be found to have in respect of this Prospectus or any such statement. Delivery of this Prospectus nor any sale made hereunder, shall not, under any circumstances, create any implication that there has been no change in the affairs of Tornator since the date of this Prospectus or that the information herein is correct as of any time subsequent to the date of this Prospectus and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by Tornator or the Joint Lead Managers as to the future. However, if a fault or omission is discovered in this Prospectus before the Listing and such fault or omission may be of material importance to investors, this Prospectus shall be supplemented in accordance with the Prospectus Regulation. Unless otherwise stated, any estimates with respect to market development relating to the Group or its industry are based upon the reasonable estimates of the Company's management.

In making an investment decision, each investor must rely on their examination, analysis and enquiry of Tornator and the terms and conditions of the Notes, including the risks and merits involved. Neither Tornator, nor the Joint Lead Managers, nor any of their respective affiliated parties or representatives, is making any representation to any offeree or subscriber of the Notes regarding the legality of the investment by such person. Investors are required to make their independent assessment of the legal, tax, business, financial and other consequences of an investment in the Notes.

This Prospectus has been prepared solely in connection with the Listing. It does not constitute an offer of securities for sale, or a solicitation of an offer to buy any securities, anywhere in the world.

The distribution of this Prospectus may, in certain jurisdictions, be restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. No actions have been taken to register or qualify the Notes, or otherwise to permit a public offering of the Notes, in any jurisdiction outside of Finland. Tornator and the Joint Lead Managers expect persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. Neither Tornator nor the Joint Lead Managers accept any legal responsibility for any violation by any person, whether or not a prospective purchaser of Notes is aware of such restrictions. In particular the Notes may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa or any other jurisdiction in which it would not be permissible to offer the Notes and this Prospectus may not be sent to any person in the beforementioned jurisdictions.

This Prospectus has been prepared in English only. In accordance with an exemption set out in Article 7(1) of the Prospectus Regulation, no summary has been prepared. Save for the Company's audited consolidated financial statements as at and for the financial year ended 31 December 2019 and 31 December 2018 incorporated by reference into this Prospectus, no part of this Prospectus has been audited.

The Offering and the Notes are governed by Finnish law and any dispute arising in relation to the Offering and the Notes shall be settled exclusively by Finnish courts in accordance with Finnish law.

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in point (e) of Article 2 of Regulation (EU) 2017/1129. No key information document is required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") as the Notes are not considered to be in the scope of the PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

CONTENTS

RISK FACTORS

Investors considering investment in the Notes should carefully review the information contained in this Prospectus and, in particular, the risk factors described below. Factors possibly affecting an investment decision are also discussed elsewhere in this Prospectus. Each of the risk factors described herein are specific to Tornator and/or the Issuer, as applicable, and should one or more of the risk factors materialize, it may have a material adverse effect on Tornator's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes, the market price and value of the Notes as well as, as applicable, the sufficiency of the security Tornator has granted in accordance with the Terms and Conditions of the Notes. As a result, investors may lose part or all of their investments despite the security granted by Issuer. This description is based on information and values known and assessed at the time of preparing this Prospectus, and, therefore, the description of the risk factors is not necessarily exhaustive. The risks involved in an investment in the Notes are not limited to the factors identified below and in addition, Tornator faces many of the risks inherent to sustainable forestry, forestland purchasing and silvicultural service industries and additional risks and uncertainty factors that are unknown or regarded as minor at the present time may have a material adverse effect on Tornator's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Notes as well as the market price and value of the Notes. All investors should make their own evaluations of the risks associated with an investment in the Notes and consult their own professional advisers if they consider it necessary.

The risk factors are presented below in the following five (5) categories:

A. *Risks Relating to Tornator's Business Environment;*
B. *Risks Relating to Tornator's Operations;*
C. *Risks Relating to Tornator's Financing;*
D. *Risks Relating to the Notes as Debt Instrument; and*
E. *Risks Relating to the Transaction Security.*

While the categories are not presented in any order of materiality, within each risk category the most material risks, in the assessment of the Company, taking into account the negative impact on the Company and the probability of their occurrence, are presented first. However, the order in which the risk factors are presented after the first risk factor in each category is not intended to reflect either the relative probability or the potential impact of their materialization.

The capitalized words and expressions in this section shall have the meanings defined in "Terms and Conditions of the Notes".

A. Risks Related to Tornator's Business Environment

Wood prices as well as volume and demand for wood are cyclical

Prices for wood are cyclical and affected by changes in capacity and production and by demand for wood, which is influenced by, among other things, general economic conditions (see section "*Market Overview – Finnish wood markets and demand*"). In addition to the general economic situation within the global wood markets, unforeseeable events resulting in large-scale damage to forests, such as forest fires or insect epidemics, may cause cyclical fluctuations in capacity and demand of wood in the markets Tornator operates in. Such changes in capacity, production and demand may result in periods of imbalance between supply and demand. During such periods, such as the period of imbalance of supply and demand which resulted from severe forest damage (a combination of drought, storms and insects) in Central Europe in 2019, wood prices and their supply and demand can fluctuate significantly. As a result, the Issuer may not be able to maintain its current price levels, or increase the wood prices. Even though Tornator's management does not expect any major changes in Tornator's break of sales (see section *"Market overview – Finnish wood markets and demand"*), a sustained period of weak demand, excess supply or deflation of Tornator's customers' product prices would likely adversely affect prices applied by Tornator.

The coronavirus ("**COVID-19**") pandemic has substantially affected and continues to affect people's lives and companies' operations globally. As at the date of this Prospectus, it has resulted in a number of restrictive and preventive measures imposed by public authorities as well as private organizations around the world to manage and prevent the spread of the virus. As at the date of this Prospectus, the business of Tornator has not been adversely affected by COVID-19 (see section “*Recent Events – COVID-19 pandemic*”). However, since the duration of the COVID-19 pandemic and its future impact on the forest industry cannot be accurately predicted, there can be no assurance that the business of Tornator could not be adversely affected by the COVID-19 pandemic in the future through, for example, a weakened demand for Tornator’s services due to closing of paper mills or pulp factories.

In addition, as discussed in section “*Business of Tornator – Business operations*”, forest industry and business of Tornator is subject to seasonal changes. The sales resulting from forest related services as well as timber deliveries vary with seasons. Lowest sales are usually in the beginning of the year whereas highest sales are achieved in the end of the year. Combination of imbalance between supply and demand with seasonal price cycles, or materialization of any of the above risks related to the wood price fluctuation may have a material adverse effect on Tornator’s business as well as its financial condition, results of operations and on the value of the Transaction Security.

There is a limited number of customers for wood raw material in Finland

The forest products industry has consolidated substantially in Finland during the past decades. Three companies, Stora Enso Oyj, UPM-Kymmene Oyj and Metsä Group, together with their subsidiaries and affiliates, account for most of the plywood production and paper and paper board production capacity in Finland. Sawn wood production is more decentralized in Finland. As a result, the Finnish forestry is largely dependent on the wood demand by these companies. Any significant downturn in the business, financial condition or prospects of any of these companies could result in decreased demand for wood in Finland and in the inability of Tornator to sell wood at current volume levels which may have a material adverse effect on Tornator’s business, results of operations or financial condition. Such effect would result in a decrease of value of the Transaction Security and the Issuer’s inability to repay the Notes.

In addition, as most of the major producers of forest products in Finland are large, multi-national companies, which maintain significant operations outside of Finland, these companies may choose to make investments or shift operations to other countries that may benefit from lower production costs, such as labour and material costs, energy prices or more beneficial exchange rates. For example, wood prices in Finland are currently higher than in some of the other pulp and paper producing countries, reducing the competitiveness of the Finnish pulp and paper companies (see section “*Market Overview – Wood Price Outlook*”). Although the management of the Issuer expects no significant capacity outflow from Finland for the foreseeable future, the Finnish pulp and paper industry’s capacity may change and result in decreasing demand for the Issuer’s wood.

Changes in the forest industry and adoption of substitutes and innovative technologies could have a material adverse effect on Tornator’s business

The forms of utilizing wood are undergoing a major change (see section “*Business of Tornator – Tornator’s Business Environment and Growth Opportunities*”). The previously important paper industry and its demand for wood is under a downturn especially in Europe and in North America, but increased demand is expected for example in the packaging and construction industries as well as in bio energy production. The development of new technologies to replace paper goods, such as increased use of electronic media to replace newsprint and increased use of web catalogues and web advertising decreasing magazine paper consumption, could result in decreased demand for paper products and lower demand for the Issuer’s wood by producers in the pulp and paper industry. Although the large actors in the industry have taken initiative to respond to this development (see section “*Market Overview – Wood Price Outlook – Forest Industry Investments*”), these structural changes in the forest industry could affect the wood price and demand for wood, and thus have a material adverse effect on Tornator’s business. Although the management of Tornator believes that many of the new technologies, together with the increased general consumption, rather serve to increase the demand for wood-based products than replace it, increased use of wood substitutes could adversely affect the wood demand and result in an adverse effect on Tornator’s business, results of operations or financial condition.

Changes in climate may have a negative impact on the quality of wood, and extreme weather conditions may become more common

Changes in climate and ecological balance may impose new kinds of risks of natural damage to Tornator’s forests (see section “*Business of Tornator – Tornator’s Business Environment and Growth Opportunities*”). Climate change could potentially enhance forest growth at least in the short-term, but it may also increase the risks related to biotic damages, such as insects and fungi. In addition, extreme weather conditions such as storms and extreme drought as a result of climate change may inflict substantial forest damages to Tornator's forests and subsequently, to the Issuer's financial condition, as discussed in more detail in "*A fire, accident or other calamity could have a material adverse effect on Tornator's business, financial condition or results of operations*" below. Tornator believes that the implications of climatic change on the forests are uncertain and unclear. Any biotic damages as a result of changes in the climate and any long-term disruptions in Tornator's forests would have a material adverse effect on Tornator's business, results of operations and financial condition. Such effect would further result in a decrease of the value of the Transaction Security.

B. Risks Relating to Tornator's Operations

The Issuer is dependent upon its largest customer

Stora Enso Oyj is the largest customer of Tornator accounting for, on average, approximately 75 per cent. (in 2019, 74 per cent.) of Tornator's annual timber sales in Finland and over 70 per cent. of the Group's total annual timber sales. Tornator and Stora Enso Oyj have entered into a long-term wood sale agreement intended to lock-in a stable customer for Tornator and guarantee a certain quantity of wood for Stora Enso Oyj (see section "*Business of Tornator – Business operations – Wood Sale Agreement with Stora Enso Oyj*").

Even though Tornator has other long-term wood sale agreements in force, a material breach by either party of any of the terms and conditions of the wood sale agreement with Stora Enso Oyj resulting in the termination of the same would significantly decrease Tornator's sales and lead to excess supply of wood and thus, force Tornator to find alternative buyers for the cutting rights. Further, the potential inability of the Issuer to satisfy the needs of its key customer leading to decreasing demand for wood and services from such key customer could have a material adverse effect on the Issuer's business, financial condition or results of operations. Correspondingly, changes in its key customer's business environment and behaviour, as a result of increasing competition or uncertain economy, for example, could have a material adverse effect on the Issuer's business, results of operations and financial condition.

A storm, fire, accident or other calamity could have a material adverse effect on Tornator's business, financial condition or results of operations

A storm, fire, accident or other calamity resulting in significant damage to Tornator's forestland could have a material adverse effect on Tornator's business, financial condition or results of operations. Such incidents could result in loss of assets, delayed delivery timetables and additional costs to Tornator. There can be no assurance that Tornator's insurance coverage would adequately cover all such costs. As disclosed in section "*Business of Tornator – Insurances*", the Issuer has protected its forestland in Finland by insurance, but the forest holdings abroad are not insured for reasons of profitability, because Estonia and Romania presently lack an operational forest insurance market. Even though the Issuer is able to liquify a certain amount of capital on a short notice (see section "*Financial Information and Other Information – Tornator's Financing Structure*"), there can be no assurance that the released cash would be sufficient or other funding would be available in such circumstances to repair any unforeseen damage caused to its forestland.

In addition, the ability to harvest timber is subject to natural events such as forest fires, insect infestation, disease and prolonged drought. The occurrence of any of these events could adversely affect Tornator's customers' ability to harvest purchased timber, which could have a material adverse effect on Tornator's business and results of operations, but only to minor extent on cash flows, as sales of cutting rights to customers, such as Stora Enso Oyj, include advance payments which are paid regardless of the harvesting schedule (see section "*Financial Information and Other Information – Tornator's Financing Structure*"). The ability to efficiently harvest wood is also susceptible to changes in weather conditions and, therefore, the impact of the seasonal variations and any long-term disruptions in Tornator's customers' harvesting operations caused by unfavourable weather conditions could have a material effect on the results of Tornator's business operations.

Tornator is dependent upon authorities in relation to its operations

The Issuer has development and redevelopment projects such as planning of holiday sites and wind mill development (see section "*Business of Tornator*"). Authorities, such as municipalities, are empowered to develop plans for the use of land and Tornator's development projects require close contacts with such authorities. Tornator's business depends on cooperation with authorities empowered with regulatory responsibility relating to Tornator's business. In addition, as discussed in section "*Business of Tornator – Environmental Matters*", forest owners in Finland are required by Finnish legislation to comply with authorities' decisions to establish nature conservation and nature protection programs on privately owned land. Even though the land owners are to be compensated for their economic losses, there is no quarantee that the compensation will be sufficient to compensate the whole economic impact to Tornator. Adverse proceedings with authorities could have a material adverse effect on the progress of the development projects and therefore on the Issuer's business.

Changes or non-compliance with regulation and regulatory requirements concerning Tornator's business operations could increase its costs and require Tornator to take additional compliance measures

Tornator's operations are subject to various regional and supraregional, such as EU related, environmental laws, regulations and regulatory requirements. The risk of substantial environmental costs and liabilities is inherent in the forest industry, and there can be no assurance that the Issuer will not incur significant costs and liabilities in the future in connection with its operations, or that the adoption of increasingly strict environmental laws, regulations and enforcement policies will not result in substantially increased costs and liabilities in the future which would reduce profit margins and earnings and have an adverse effect on the Issuer's ability to repay the Notes. There can be no assurance that Tornator's capital expenditure and costs for compliance would not significantly increase as a result of any new or amended environmental related laws or regulations that may be adopted, or as a result of stricter interpretations or stricter enforcement of existing laws and regulations in the future. In addition, there can be no assurance that Tornator will not incur other material costs or liabilities affecting the profitability of its operations in relation to possible violations of environmental laws or regulations. Tornator's failure to comply with any applicable laws and regulations could also give rise to damage to Tornator's reputation, which together with all the other risks mentioned above may have a material adverse effect on Tornator's business, financial condition, results of operations and future prospects. According to the Issuer's management, FSC certification gives Tornator a competitive advantage and secures demand for wood. Loss of the FSC certificate for any reason could have an adverse effect on demand for company's wood, and thus have a material adverse effect on Tornator's business, financial condition, results of operations and future prospects.

The Issuer may face economic, legal and political risks in Estonia and Romania

As discussed in section "*Business of Tornator* – Overview", Tornator has operations in Finland, Estonia, and Romania. The Eastern European countries are, to some extent, still emerging markets undergoing rapid economic, political and social development. Tornator's operations in such countries are and will continue to be exposed to risks common to regions undergoing political, economic and social change, including economic recession, inflation, tax regime changes, local market disruption and labour unrest. Laws and regulations affecting businesses operating in Estonia and Romania are also subject to rapid changes and Tornator's assets could be at risk in the event of negative changes in the legal framework. These risks entail in particular expropriation, nationalisation, confiscation of assets and legislative changes relating to the level of foreign ownership.

Failure in recruiting qualified persons, loss of key persons with specific knowledge of the business or adverse employee disruptions could disturb Tornator's business and implementation of its strategy

Tornator's ability to continue to maintain and grow its business and to provide high-quality forestry services will depend, to a large extent, upon its ability to recruit, retain, develop and motivate the management and other competent employees in its service as well as to hire qualified and experienced new personnel. Furthermore, Tornator's successful performance in business depends also on the continuous contributions of its executive management and key personnel who are essential in implementing its business strategy and strengthening a culture aligned with Tornator's values. Loss of such managers or key employees with special expertise could undermine the efficiency, financial position and profitability of Tornator's operations. Also, there can be no assurance that Tornator will be able to recruit or retain the personnel required to operate and develop the Group's activities. Hence, Tornator may become unable to compete effectively in its current business and the successful implementation of the Group's strategies may be limited or prevented.

In case the majority of Tornator's management or individuals in key positions would be infected by COVID-19, this could have a material adverse effect on the Issuer's business, financial condition or results of operations.

In addition, a significant portion of the Issuer's employees are members of labor unions and the Issuer is subject to the risk of labor disputes and adverse employee relations, which could disrupt its business operations and adversely affect its business, financial condition or results of operations. The majority of the Issuer employees are represented by labor unions under several collective bargaining agreements in the countries in which it operates, but organizations collectively representing the Issuer and other employers in the Issuer's industry may not be able to renegotiate satisfactory collective labor agreements when they expire. Furthermore, the existing collective bargaining agreements may not prevent a strike or work stoppage at the Issuer's facilities in the future, and any such work stoppage could have a material adverse effect on the Issuer's business, financial condition or results of operations. The Issuer has experienced work stoppages in the past. There can be no assurance that there will not be labor disputes and/or adverse employee relations in the future.

Forest and harvesting data provided by third parties may be inaccurate and IT systems may be subject to security risks

Tornator uses a variety of IT systems for purposes of monitoring the forest assets and planning the silvicultural activities and harvesting. Due to digitalization, Tornator's business relies increasingly in the data provided by IT systems. Tornator actively improves its understanding on new operational logics of digital systems, such as use of artificial intelligence, robotics and automation, and actively seeks new business opportunities based on utilization of digital data (see section "*Business of Tornator – Tornator's Business Environment and Growth Opportunities*"). Along with such digitalization, comes also an increase in security risks and significance of data protection. Many of the IT programs used by Tornator are also largely based on data from third parties, such as the Finnish Governmental organisations, including data on topography and growth estimates. Should any of this third-party data used in Tornator's planning and monitoring operations be false or inaccurate or subject to data breaches, this could adversely affect Tornator's business forecasts and on Tornator's ability to plan its forest management and business.

Wood imports from Russia may increase in the future and lower market prices

The Issuer faces competition with imported wood fibre, particularly birch, from Russia and some other countries where the costs of obtaining and felling wood can be lower than in Finland. Even though, at the date of this Prospectus, the economical sanctions imposed against Russia decrease the amount of imported wood from Russia significantly, a change in the political field and sanction regime could lead to increased wood imports from Russia and may lower the market prices for wood in Finland. This would put downward pressure on the wood prices charged by Tornator. Historically, the demand for wood has exceeded the domestic supply in Finland, and therefore, wood imports have been a necessity to run the forest industry capacity efficiently. Should the cost of imported wood decrease for any reason, the Issuer may be unable to effectively compete with the lower-cost wood and may be forced to reduce its prices. Although the management of the Issuer believes that the infrastructure, harvesting and the transportation processes in Russia currently do not support substantial increases in Russian wood exports to Finland, a change in these conditions could allow for larger deliveries of Russian wood to Finland. Such change could result in the market becoming over-supplied, which could potentially depress the prices for the Issuer's products and impact the Issuer's competitiveness relative to imported wood, and thus, have a material adverse effect on Tornator's business, results of operations and, subsequently, on the Issuer's financial condition.

C. Risks relating to the Issuer's financing

The Issuer could face higher costs of financing its operations

The Issuer's financing arrangements may from time to time bear interest at floating rates which leads to Tornator being subject to the effects of interest rate fluctuation (see section "*Financial and Other Information – Financing Agreements*"). The Issuer's current indebtedness in the form of interest-bearing debt exposes the Issuer to interest rate risk, namely re-pricing and price risk caused by interest rate movements. Despite the Issuer's active measures, as discussed in section "*Financial and Other Information – Tornator's Financial Structure*", mainly through hedging, to mitigate the effects of market rate changes, a material increase in interest rate level and increased credit margins could especially in the long term have a material adverse effect on the Issuer's business, results of operations and financial condition.

Changes in the value of the Issuer's interest rate derivatives

The Issuer has entered into interest rate derivative agreements, currently interest rate swaps, with Danske Bank and OP Corporate Bank to hedge interest rate risk and thereby stabilize the actual interest payments, i.e. cash flow (see section "*Financial and Other Information – Tornator's Financing Structure*"). The interest rate derivatives are reported at fair value in the balance sheet and with changes in fair value in the profit and loss account. As the market interest rate changes, a theoretical over or under value on the interest rate derivatives occur which, however, does not affect the cash flow. The derivatives constitute a hedge against changes in interest rates. The fair value of the Issuer's interest rate derivatives decreases if the market interest rates decrease, which in turn has a negative impact on the Issuer's result and shareholders' equity and vice versa.

Changes in the market interest rate affect the valuation of forest assets

Valuation of forest assets is affected by changes in the market interest rate. The interest rate risk related to forest assets is attributable to the valuation model of forests where long-term cash-flows are discounted to present value. Changes in discount rate has a considerable effect on the fair value of forests and could have a material effect in the Issuer's ability to fulfill its Loan to Security Asset Value covenant obligations under the Notes.

The Issuer's possible extensive indebtedness may have an adverse effect on the Issuer's ability to fulfill its obligations under the Notes

The Issuer requires, and expects to continue to require, a significant amount of liquidity and capital resources to finance its business. Possible extensive indebtedness, whether secured or unsecured, may have a significant effect on the operations of the Issuer, such as (i) limit the Issuer's ability to raise additional finance on corresponding or more favorable terms than currently in force in order to finance its future working capital needs, investments, acquisitions or other general operative needs; (ii) require that a considerable part of the cash flow from Tornator's operating activities be used for payments of the principle and interests of the debts, which would reduce the assets and cash flows available for operating activities and investments; (iii) make the Issuer more exposed to unfavorable financial conditions than its competitors, which could weaken the Issuer's competitiveness and (iv) expose the Issuer to increases in interest rate levels. Although the Issuer currently generates sufficient funds from operating cash flows to satisfy its debt service requirements and its capacity to obtain new financing is adequate, there can be no assurance that it will maintain such cash flows and adequate financial structure in the future. Additionally, should the financing markets be further adversely affected by the COVID-19 pandemic, there can be no assurance that the Issuer would continue to have sufficient funding available from the markets on corresponding or more favorable terms than currently in force. Breach of any of the debt covenants included in the Issuer's financing documents or the inability to comply with the required financial ratios could result in a default under the Issuer's debt obligations. This could result in the need to renegotiate the Issuer's financing as a result of which the terms of financing may weaken.

If, for example, a payment default occurs, the Issuer's lenders may elect to declare all of the Issuer's outstanding borrowings, together with accrued interest and fees, to be immediately due and payable. In such circumstances, the lenders under the Issuer's credit agreements also have the right to terminate any commitments to provide further financing. If the Issuer is unable to repay outstanding borrowings when due, the lenders under the credit agreements, as discussed in section "*Financial and Other Information – Financing Agreements*"), will have the right to proceed against the Transaction Security granted to them and the Noteholders to secure the debt in accordance with the Intercreditor Agreement. If the payment of debt under the Issuer's credit agreements was accelerated, there can be no assurance that the Transaction Security would be sufficient to repay the Issuer's debt.

Should any of the above factors materialize, this could have a material adverse effect on the Issuer's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfill its obligations under the Notes.

D. Risks Relating to the Notes as Debt Instrument

The Notes do not, as a principal rule, contain covenants governing the Issuer's financial standing or operations and do not limit its ability to incur additional debt, grant security, effect asset sales or otherwise effect significant transactions that could have a material adverse effect on the Notes and the Noteholders

The Notes do not, in addition to the rights of creditors in general, contain any covenants concerning the Issuer's financial standing or operations or other provisions designed to protect Noteholders from a reduction in the creditworthiness of the Issuer, other than the Loan to Security Asset Value covenant. In particular, the Terms and Conditions of the Notes do not, except for (i) the conditions relating to change of Control event (see Condition 8 (*Mandatory redemption due to change of Control*) of the Terms and Conditions of the Notes) which grant the Noteholders the right to request prepayment of the Notes in certain limited circumstances and (ii) certain restrictions on disposals, restrict the Issuer's ability to enter into an asset sale or other significant transaction, that could materially alter its existence, legal structure of organization or regulatory regime and/or its composition and business. In the event the Issuer was to enter into such a transaction, Noteholders could be materially and adversely affected. Furthermore, the change of Control condition does not restrict any of the current shareholders of the

Issuer from disposing any or all of their shareholdings. Except for the limitation set out in the Terms and Conditions of the Notes for the conditions for adding secured debt to be secured by the Transaction Security, there is no restriction on the amount of secured or unsecured debt which the Issuer and its Subsidiaries may raise or issue after issuing of the Notes. Any further indebtedness, whether secured or unsecured, may reduce the amount recoverable by the Noteholders upon winding-up or insolvency of the Issuer, or may worsen the position and priority of the Noteholders in such winding-up or insolvency procedure.

The Issuer has a right to redeem and purchase the Notes prior to maturity

As specified in the Terms and Conditions of the Notes, in case at least 75 per cent. of the aggregate principal amount of the Notes has been redeemed or purchased and cancelled by the Issuer pursuant to a demand by the Noteholders based on a Change of Control event or otherwise, the Issuer is entitled to redeem also the remaining outstanding Notes at a price per Note equal to its nominal amount together with accrued but unpaid interest by notifying the Noteholders of such prepayment. Such early repayment initiated by the Issuer may incur financial losses or damage, among other things, to such Noteholders who had prepared themselves to have the amount of the Notes invested until the contractual final maturity of the Notes.

Furthermore, the Issuer is entitled to redeem the Notes at any time prior to maturity in whole but not in part (see Condition 9 (*Voluntary Total Redemption*)). In case the date of the voluntary total redemption is on or after the date falling three (3) months prior to the Final Maturity Date, the redemption price is the principal amount of the Notes plus accrued but unpaid interest. In case the date of the voluntary total redemption is before the date falling three (3) months prior to the Final Maturity Date, the redemption price is the Make-Whole Redemption Amount calculated in accordance with the Condition 9 (*Voluntary Total Redemption*) plus accrued but unpaid interest. Although the Make-Whole Redemption Amount payable in case the date of the voluntary total redemption is before the date falling three (3) months prior to the Final Maturity Date is designated to avoid the incurrence of losses by the Noteholders, any such early redemption in particular on or after the date falling three (3) months prior to the Final Maturity Date initiated by the Issuer may incur financial losses or damage, among other things, to such Noteholders who had prepared themselves to have the amount of the Notes invested until the contractual final maturity of the Notes and may be incapable of reinvesting the redemption amount at a yield comparable to that offered by the Notes.

The Terms and Conditions of the Notes may be subject to amendments and decisions by the Noteholders may be made with requisite majority

Pursuant to Condition 23 (*Noteholders' Meeting and Procedure in Writing*) of the Terms and Conditions of the Notes, the Terms and Conditions of the Notes may be amended in certain circumstances with the required consent of a defined majority of the Noteholders. The Terms and Conditions of the Notes contain provisions for the Issuer to convene meetings or procedure in writing of the Noteholders to consider and vote upon matters affecting the interests of the Noteholders generally. Resolutions passed at such Noteholders' meetings and in such procedures in writing will bind all Noteholders, including Noteholders who did not attend and vote at the relevant Noteholders' meeting or participate in the relevant procedure in writing and Noteholders who voted in a manner contrary to the requisite majority. This may incur financial losses, among other things, to all Noteholders, including such Noteholders who did not attend and vote at the relevant Noteholders' meeting or participate in the relevant procedure in writing and Noteholders who voted in a manner contrary to the requisite majority.

Rights to payments that have not been claimed within three (3) years are prescribed

Under the Terms and Conditions of the Notes, if any payment under the Notes has not been claimed by the respective Noteholder within three (3) years from the original due date thereof, the right to such payment shall become permanently forfeited (see Condition 27 (*Prescription*) of the Terms and Conditions of the Notes). Such forfeiture to receive payment causes financial losses to such Noteholders who have not claimed payment under the Notes within the time limit of three (3) years.

The Issuer is not obliged to compensate for withholding tax or similar on the Notes

In the event of any withholding tax, public levy or similar is imposed in respect of payments to the Noteholders on amounts due pursuant to the Notes, the Issuer is not obliged to gross-up or otherwise compensate the Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of withholding tax or similar. Furthermore, the Noteholders are not entitled to a premature redemption of the Notes based on the same (see Condition 22 (*Taxation*) of the Terms and Conditions of the Notes).

The purpose of the use of proceeds from Offering may not be suitable for the investment criteria of all investors seeking exposure to green assets

Pursuant to the Terms and Conditions of the Notes, the proceeds from the issue of the Notes shall be applied for the purposes of refinancing and financing projects or assets that promote the transition to low carbon and climate resilient growth (see section "*Green Bond – Green Finance Framework*"). There is a risk that the use of proceeds will not satisfy any and all present or future investors as regards any investment criteria or guidelines which such investor or its investments are required to comply with.

In addition, no market consensus exists as to what constitutes a "green" labelled project or asset, nor is there any clearly defined legal, regulatory or other similar standardised definition for a "green" labelled project or asset. It is also possible that no such clear definition or market consensus will develop in the future. Consequently, there is a risk that any eligible projects or assets described in the Green Finance Framework will not meet any or all present or future investor expectations as regards such "green" performance objectives, nor can any assurance be given that there will be no adverse environmental or other impacts during the implementation of, or otherwise attributable to, any eligible projects or assets described in the Green Finance Framework.

Further, there can be no assurance that the eligible projects and assets described in the Green Finance Framework will be capable of being implemented in the manner set out in the Green Finance Framework and that the proceeds from the issue of the Notes will be totally or partially disbursed for such eligible projects and assets. Nor can there be any assurance that any eligible projects and assets described in the Green Finance Framework will be completed within any specified period or at all or with the results or outcome as originally expected or anticipated by the Issuer, and there is a risk that the Noteholders will not have appropriate or timely remedies, or any remedies at all, available in any such event or failure.

The third-party opinions on the Green Finance Framework may not be deemed reliable on an ongoing basis

Center for International Climate Research (CICERO, "**Cicero**") has provided the Issuer with a third-party second opinion on the Green Finance Framework. Based on its review, Cicero rated the Issuer's Green Finance Framework with its highest standard of green financing, Cicero Dark Green (see section "*Green Bond – Green Finance Framework*"). In addition, Tornator is expected to publish annually a Green Finance Investor Letter, which is expected to be reviewed annually by the Issuer's external auditor. Neither the external auditor nor Cicero are responsible for the implementation of the Green Finance Framework, nor following up on the investments made under the Green Finance Framework and thus, the opinion and the reviews may be misleading on an ongoing basis. Further, the opinion and reviews will only be current on the date of issue and could be deemed irrelevant at a later stage. The providers of such reviews and opinions might not be subject to any supervision or regulatory regime and there is a risk that they will be deemed as not being reliable or objective in the future. There is a risk that the Green Finance Framework or the use of proceeds of the Issue will not satisfy any and all present or future investors as regards any investment criteria or guidelines which such investor or its investments are required to comply with.

The rights of the Noteholders depend on the Noteholders' Agent's and Common Security Agent's actions and financial standing

By subscribing for, or accepting the assignment of, any Note, each Noteholder will accept the appointment of the Noteholders' Agent (being on the Issue Date Nordic Trustee Oy) to act on its behalf and to perform administrative functions relating to the Notes, the Intercreditor Agreement and the Transaction Security. The Noteholders' Agent (for and on behalf of the Noteholders) will, in turn, accede to the Intercreditor Agreement appointing the Common Security Agent as the agent and representative of certain secured parties (Finnish: *vakuusagentti*), to represent and act for such secured parties, including the Noteholders (acting through the Noteholders' Agent), in relation to the Transaction Security in accordance with the Intercreditor Agreement.

The Noteholders' Agent has, among other things, the right to represent the Noteholders in all court and administrative proceedings in respect of the Notes and the sole right and legal authority to represent the Noteholders vis-à-vis the Common Security Agent. Only the Common Security Agent is entitled to exercise the rights under the Transaction Security and enforce the same. The roles of the Noteholders' Agent and the Common Security Agent are governed by the Finnish Act on Noteholders' Agent (574/2017). Any failure by an agent to perform its duties and obligations properly, or at all, may adversely affect the enforcement of the rights of the Noteholders due to, for example, inability to enforce the security and/or receive any or all amounts payable from the security in a timely and effective manner.

Funds collected by the Noteholders' Agent as the representative of the Noteholders must be held separately from the funds of the Noteholders' Agent and be treated as escrow funds to ensure that in the event of the Noteholders' Agent's bankruptcy, such funds can be separated for the benefit of the Noteholders. In the event the Noteholders' Agent would fail to separate the funds in an appropriate manner, the funds could be included in the Noteholders' Agent's bankruptcy estate.

The Noteholders' Agent may be replaced by a successor Noteholders' Agent in accordance with the Terms and Conditions. Generally, the successor Noteholders' Agent has the same rights and obligations as the retired Noteholders' Agent. It may be difficult to find a successor Noteholders' Agent with commercially acceptable terms or at all. Further, it cannot be excluded that the successor Noteholders' Agent would not breach its obligations under the above documents or that insolvency proceedings would not be initiated against it.

Other creditors may become parties to the Intercreditor Agreement in the future. Among other things, the Intercreditor Agreement governs the enforcement of the Transaction Security, the sharing in any recoveries from such enforcement and the release of the Transaction Security by the Common Security Agent, and provides that, to the extent permitted by applicable law, only the Common Security Agent has the right to enforce the Transaction Security on behalf of the secured parties. As a consequence, the Noteholders will not be entitled to take enforcement action in respect of the Transaction Security, except through the Common Security Agent, who will follow instructions set forth in the Intercreditor Agreement. For more information, see section "*Additional Information on the Transaction Security and Intercreditor Agreement*".

Materialisation of any of the above risks may have a material adverse effect on the enforcement of the rights of the Noteholders and the rights of the Noteholders to receive payments under the Notes.

The Notes are not guaranteed

The Notes will not be obligations of anyone other than the Issuer and they will not be guaranteed by any other person or entity. No one other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes. Should the Issuer become financially distressed, insolvent or bankrupt during the maturity of the Notes, a Noteholder may forfeit interest payable on, and the principal amount of, the Notes in whole or in part to the extent enforcement proceeds obtainable from the Transaction Security are not sufficient.

E. Risks related to the Transaction Security

The Transaction Security may be insufficient to cover all the obligations secured thereby as the Approved Value of the Finnish Properties may be inaccurate

There is no assurance that the Transaction Security, benefiting, among others, the Noteholders, will be sufficient to cover all the Senior Secured Obligations and, therefore, all the Issuer's payment obligations under the Notes may not be secured. For example, the Intercreditor Agreement includes a right, under certain conditions, for additional creditors to accede to the Intercreditor Agreement (either as a result of refinancing of the liabilities to the original secured parties or as a result of incurrence of additional indebtedness) which may increase the amount of Senior Secured Obligations and accordingly reduce the proportionate share of the Noteholders of the Transaction Security. The receivables of the Noteholders rank pari passu with the receivables of the other parties benefitting from the Transaction Security, except for certain hedging liabilities that have second ranking security and certain liabilities owed to the Common Security Agent, Paying Agent and the Creditor Representatives and certain enforcement costs of the secured parties, which will have priority to the enforcement proceeds of the Transaction Security.

The Issuer has undertaken to ensure that the total outstanding principal amount of the Notes in issue at any time together with other debt instruments that would share the first priority security interest under the Transaction Security shall not exceed 70 per cent. of the Security Asset Value and may not add further debt to be so secured if the aggregate amount of such debts exceeds 65 per cent. of the Security Asset Value. Despite these conditions, the security may prove to be insufficient to cover the Issuer's payment obligations under the Secured Obligations, and thus an investor may forfeit interest payable on, and the principal amount of, the Notes in whole or in part.

The security may prove to be insufficient, for example, in the event the valuation of the property on the basis of which the security pool value is determined or the determination method applied, is inaccurate and does not properly reflect the actual market value of Tornator's property from time to time or the actual market value of properties that are covered by the Transaction Security. The periodical valuation of Tornator's properties located in Finland (including the properties provided as Transaction Security) is undertaken by an Approved Valuer, however, without valuating separately the properties covered by the Transaction Security. The Original Finnish Valuation is based on the income approach where future cash flows into perpetuity are forecasted and discounted to present value. With a Valuation based on projected cash flows there is a risk that the Approved Value of the Finnish Pledged Properties does not accurately reflect the actual fair market value of the Transaction Security from time to time. The value set out in the Original Finnish Valuation is allocated to the properties covered by the Transaction Security merely on the basis of hectares wherefore the Security Asset Value takes into account also the statistical values of the Finnish Pledged Properties. The valuation is also subject to various uncertainties, which may be for example, price volatility and compliance with the harvesting plan (see section "*Business of Tornator – Forest Management Strategy – Harvesting Plan*"). Further, the assumptions and the underlying assessments used as the basis for the valuations may prove to be inaccurate or erroneous. Also, if the current valuer Indufor Oy is replaced with a new valuer, it cannot be ruled out that such new valuer would base its valuation on somewhat different assumptions and assessments although the valuation method would remain substantially the same.

Further, it cannot be excluded that the Loan to Security Asset Value would be challenged if the Approved Value of the Finnish Properties temporarily falls due to, for example, an adverse change in the cash flows generated by, or costs relating to silvicultural measures of the forestland subject to Transaction Security since the date of valuation. Although the Issuer must, in accordance with the Terms and Conditions of the Notes, ensure that sufficient additional security is provided to ensure compliance with the Loan to Security Asset Value, there is no assurance that properties qualifying for such purpose are available, that such properties may be granted as Transaction Security or that the Issuer is capable of making a cash deposit to a Blocked Account in the place of such additional security.

Assets subject to the Transaction Security may vary and may be subject to other rights than the security interest of the Secured Parties

Many of the Pledged Properties are (and may further be) subject to rights of third parties that may rank above or below the Transaction Security, such as tenancy rights or other rights of use, including but not limited to right to take gravel, hunting rights as well as rights to electricity power, gas, water and sewage pipes. Such rights may have an impact on the enforcement of security and either increase or decrease the proceeds obtaineable in case of enforcement of the Transaction Security.

While as the general rule security granted at the time when a debt is issued is not subject to a recovery risk under the Finnish Act on Recovery to a Bankruptcy Estate (758/1991, as amended), a security interest may be revoked if it is established within three months prior to the commencement of insolvency proceedings, if the security interest has not been agreed upon in connection with the granting of the relevant debt or the perfection thereof has not been effected without undue delay. Pursuant to the terms of the Finnish Security Agreement further properties and/or further mortgages over properties may be granted by the Issuer as Transaction Security at any time. To the extent such granting of further Transaction Security is not required for the compliance of the Loan to Security Asset Value whether in connection with an acquisition of further secured debt or otherwise, additional properties and/or mortgages so granted are to be taken into consideration in the covenant calculation only as of a date falling three months after such further Transaction Security is perfected. As the Transaction Security consists of a pool of assets where the assets may vary during the term of the Notes, there is a risk despite the application of the above referred conditions and the three-month rule that the mandatory Finnish bankruptcy laws would require under certain circumstances that the Transaction Security granted within a critical time be recovered to the bankruptcy estate of the Issuer, should the Issuer be subject to formal insolvency proceedings in Finland. In such case, there can be no assurance that any remaining security is sufficient to cover the Issuer's obligations in full or in part.

The enforcement of security will be subject to the procedures and limitations set out in the Intercreditor Agreement

Even when the Transaction Security is enforceable, the enforcement is subject to the procedures and limitations agreed in the Intercreditor Agreement. As there are other secured party groups than the Noteholders, there can be no assurance as to the ability of the Noteholders without the support of the other creditor groups to (through the Noteholders' Agent) instruct the Common Security Agent to initiate any enforcement procedures. The Intercreditor Agreement also contains limitations on the ability of different creditor groups to take action under the Intercreditor Agreement and, therefore, any enforcement of security may be delayed due to the provisions of the Intercreditor Agreement.

According to the Intercreditor Agreement, the Common Security Agent shall enforce the Transaction Security as instructed by the Instructing Group. At any time when the aggregate Credit Facility Liabilities and undrawn Credit Facility Commitments represent more than 35 per cent. of the total amount of the Liabilities and undrawn Commitments, the Instruction Group consists of the credit facility agents, meaning that they may give enforcement instructions to the Common Security Agent. If the Notes have been accelerated in accordance with the Terms and Conditions of the Notes or if an insolvency event has occurred and is continuing, but the relevant Instructing Group with the power to give enforcement instructions has not done so or has given instructions not to enforce the Transaction Security, the Noteholders' Agent may instruct the Common Security Agent to take enforcement action following the expiration of a standstill period defined in the Intercreditor Agreement. For more information on the Intercreditor Agreement, please see section "*Additional Information on the Transaction Security and Intercreditor Agreement*".

Insolvency administrator may not respect the Intercreditor Agreement

The Intercreditor Agreement contains provisions for the sharing between the secured parties of the proceeds received from the enforcement of the Transaction Security. If a secured party receives enforcement proceeds or other payments in excess of what is stipulated by the Intercreditor Agreement, such secured party is obligated to share such proceeds or payments with the other secured parties. However, it is not certain that a secured party or a bankruptcy administrator of such secured party would respect the Intercreditor Agreement which potentially could adversely affect the other secured parties.

The shorter tenor of and possible prepayment requirements under the other obligations secured by the Transaction Security may have an adverse effect on the interests of the Noteholders

The Notes and the other Secured Obligations (existing at the time of issuance of the Notes under the Initial Credit Facility Agreement and the secured hedging transactions) do not have the same tenor and the Issuer may repay such or any other Secured Obligations existing from time to time without having to make corresponding payments under the Notes. The shorter tenor of any other Secured Obligations, and the possible prepayment obligations thereunder could have an adverse effect on the interests of the Noteholders.

The Intercreditor Agreement and the documents governing the Transaction Security may be amended without the consent of the Noteholders

The Terms and Conditions of the Notes provide for the Noteholders' Agent to agree to amendments of, and grant waivers and consents in respect of, the Intercreditor Agreement and the Transaction Security Documents without consulting the Noteholders in certain events provided that such amendments or waiver is (i) not detrimental to the interest of the Noteholders in any material respect, or is made solely for the purpose of rectifying obvious errors and mistakes, (ii) is required by applicable law, a court ruling or a decision by a relevant authority or (iii) has been duly approved by the Noteholders. Any of the before-mentioned actions may result in less beneficial rights and more cumbersome obligations for the Noteholders under the Intercreditor Agreement and the Common Transaction Security Documents.

Rights in the Transaction Security may be adversely affected by the failure to perfect it or to ensure its proper maintenance

The Noteholders and the other secured parties are represented by the Common Security Agent in all matters relating to the Transaction Security. There is a risk that the Common Security Agent, or anyone appointed by it, does not properly fulfil its obligations in terms of perfecting, maintaining, enforcing or taking other necessary actions in relation to the Transaction Security.

According to Finnish and Estonian law a security interest in certain assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party or the security provider. The Transaction Security may not be perfected if the Common Security Agent or the relevant security provider is not able to or does not take the actions necessary to perfect or maintain the perfection of any such security. Such failure may result in the ineffectiveness of the relevant Transaction Security or adversely affect the priority of such security interest in favour of third parties, including a bankruptcy administrator and other creditors who claim a security interest in the same Transaction Security.

The enforcement of the security may be delayed and the ability of the Common Security Agent to enforce certain of the Transaction Security may be restricted by local law

Due to the liquidity constraints, the enforceability of the Transaction Security may be subject to uncertainty. As the Transaction Security consists of a pool of assets where the assets may vary during the term of the Notes, it cannot be excluded that the quality of the security pool deteriorates during the term of the Notes. Assets which could be more attractive to the Noteholders as security, for example, due to their efficient realisation in an enforcement situation may be replaced by Tornator with other assets which are more difficult to realise. For instance, realisation of real estate mortgages in certain geographic areas can typically be implemented more rapidly than realisation of real estate mortgages in other areas. In addition, as forest assets are typically illiquid assets, if the properties subject to the Transaction Security must be realized in a particular area, this may result in an excess supply of properties in that area which in turn may considerably delay the realisation process and/or materially adversely affect the price for which the properties are realised. Properties in certain geographic areas may even over a longer period be difficult to dispose of due to a low or complete lack of demand for such properties. For these reasons, the realisation process may take more time than expected, and the Noteholders may not receive the invested principal and the accrued interest when due under the Terms and Conditions of the Notes.

The ability of the Common Security Agent to enforce the Transaction Security is subject to mandatory provisions of the laws of each jurisdiction in which the Transaction Security is taken. For example, the laws of certain jurisdictions may not allow for an appropriation of certain pledged assets, but require a sale through a public bailiff and certain waiting periods may apply. Enforcement of a Finnish law property mortgage is required to be carried out by a public bailiff upon the creditor obtaining an enforceable execution title (e.g. a non-appealable court judgment). In addition, any enforcement may be delayed due to any inability to sell the security assets in a timely and efficient manner.

RESPONSIBILITY REGARDING THE PROSPECTUS

This Prospectus has been prepared by Tornator Oyj and Tornator Oyj accepts responsibility regarding the information contained in this Prospectus. Tornator Oyj declares that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

Tornator Oyj

Imatra, Finland

INFORMATION ABOUT THE ISSUER

The business name of the Issuer is Tornator Oyj. The Issuer is a public limited liability company incorporated in Finland, established on 24 April 1903, and it is organized under the laws of Finland. The Issuer is registered in the Finnish Trade Register under the business identity code 0162807-8. The Issuer's legal entity identifier code (LEI) is 743700HAOL35VNKK1711. The registered address of the Issuer is Napinkuja 3 C, FI-55100 Imatra, Finland, and its telephone number is +358 40 773 0975 (investor relations). The Issuer is the parent company of the Group.

INFORMATION DERIVED FROM THIRD PARTY SOURCES

This Prospectus contains information about Tornator's markets and estimates regarding Tornator's competitive position therein. Such information is prepared by Tornator based on third-party sources and Tornator's own internal estimates. In many cases, there is no publicly available information on such market data. Tornator believes that its estimates of market data and information derived therefrom are helpful in order to give investors a better understanding of the industry in which it operates as well as its position within this industry. Although Tornator believes that its internal market observations are fair estimates, they have not been reviewed or verified by any external experts and Tornator cannot guarantee that a third-party expert using different methods would obtain or generate the same results. Further, Tornator or the Joint Lead Managers have not independently verified, and cannot give any assurances as to the appropriateness of, such information. Should this Prospectus contain market data or market estimates in connection with no source has been presented, such market data or market estimate is based on Tornator's management's estimates.

Where certain market data and market estimates contained in this Prospectus have been derived from third party sources, such as industry publications by the Natural Resources Institute Finland (Luke) and AFRY (previously Pöyry) and the valuation statement by Indufor Oy (attached as Annex 1 in this Prospectus), the name of the source is given therein. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but the correctness and completeness of such information is not guaranteed. The Issuer confirms that any information derived from third-party sources has been accurately reproduced herein and that, as far as the Issuer is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

AVAILABILITY OF THE PROSPECTUS

This Prospectus will be available as of 15 October 2020 on the website of the Issuer at www.tornator.fi/en/investors. In addition, this Prospectus is available at the premises of Danske Bank A/S at c/o Danske Bank A/S, Finland Branch at Kasarmikatu 21 B, FI-00130 Helsinki, Finland, and at the premises of Skandinaviska Enskilda Banken AB (publ) at c/o Skandinaviska Enskilda Banken AB (publ) Helsinki Branch at Eteläesplanadi 18, FI-00130 Helsinki, Finland.

NO CREDIT RATING

The Issuer or the Notes have not been assigned any credit ratings at the request or with the co-operation of the Issuer in any rating process. The Company does not intend to seek rating for the Notes in the future.

NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements about Tornator's business that are not historical facts, but statements about future expectations. Such forward-looking statements are based on Tornator's present plans, estimates, projections and expectations. They are based on certain expectations, which, even though they seem to be reasonable at present, may turn out to be incorrect. Such forward-looking statements are based on assumptions and are subject to various risks and uncertainties. The words such as "aims", "assumes", "believes", "estimates", "expects", "will", "intends", "may", "plans", "should" and similar expressions or negative of such terms identify certain of such forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements are set forth in a number of places in this Prospectus regarding the future results, plans and expectations with regard to Tornator's business, and on growth, profitability and the general economic conditions to which Tornator is exposed.

The forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Tornator, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among other things, risks described in section "Risk Factors", but are not limited to those discussed therein. Should one or more of these or other risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, the actual results of operations or financial condition of the Issuer or its ability to fulfil its obligations under the Notes could differ materially from those described herein as anticipated, believed, estimated or expected. Prospective investors should not unduly rely on these forward-looking statements. Numerous factors may cause actual results, realized revenues or performance to differ materially from the results, revenues and performance expressed or implied in the forward-looking statements of Tornator. Tornator does not intend and does not assume any obligation to update any forward-looking statements contained herein or to adjust them in the light of future events or developments unless required by applicable legislation. For additional information on factors that could case Tornator's actual results of operations, performance or achievements of Tornator to differ materially, see "*Risk Factors*".

NO INCORPORATION OF WEBSITE INFORMATION

This Prospectus together with the documents incorporated by reference herein are available on Tornator's website at www.tornator.fi/en/investors. However, any other information presented on Tornator's website or any other website does not form a part of this Prospectus (except for any supplement to the Prospectus and information which has been incorporated by reference into the Prospectus or any supplement thereto, see section "*Information Incorporated by Reference*"), and the information on such websites has not been scrutinized or approved by the FIN-FSA. Prospective investors should not rely on such information in making their decision to invest in Tornator's securities.

NO CONTROLLING SHAREHOLDERS

To the extent known to the Issuer, the Issuer is not directly or indirectly owned or controlled by any person for the purposes of Chapter 2, Section 4 of the Finnish Securities Markets Act and the Issuer is not aware of any arrangement related to the Issuer's ownership the operation of which may result in a change of control of the Issuer.

OTHER INFORMATION

Financial information set forth in a number of tables in this Prospectus has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

In this Prospectus, references to "euro" or "EUR" are to the currency of the member states of the EU participating in the European Economic and Monetary Union.

TERMS AND CONDITIONS OF THE NOTES

TORNATOR EUR 350,000,000 1.250 PER CENT SENIOR SECURED GREEN NOTES DUE 2026

ISIN FI4000442108

The Board of Directors of Tornator Oyj (the "**Issuer**") has in its meeting on 14 September 2020 authorised the Issuer's management to decide on the issue of notes referred to in Paragraph 1 of Section 34 of the Act on Promissory Notes (622/1947, as amended in 746/1993, Finnish: *velkakirjalaki*).

Based on the authorization, the Issuer has decided to issue senior secured green notes (the "**Notes**") on the terms and conditions specified below (the "**Terms and Conditions**").

Danske Bank A/S, OP Corporate Bank plc and Skandinaviska Enskilda Banken AB (publ) will act as Lead Managers in connection with the offer and issue of the Notes (the "**Lead Managers**").

Capitalised terms used below in the Terms and Conditions shall have the meanings ascribed to them in Condition 35 (*Definitions*) below.

1. AMOUNT AND ISSUANCE OF THE NOTES

1.1. The maximum principal amount of the Notes is 350 million euros (EUR 350,000,000).

1.2. The Notes will be issued in dematerialised form in the Infinity book-entry securities system of the CSD in accordance with the Book-Entry System Act as well as the regulations and decisions of the CSD, and cannot be physically delivered.

1.3. The issue date of the Notes is 14 October 2020 (the "**Issue Date**").

1.4. The Notes will be offered for subscription in a minimum amount of one hundred thousand euros (EUR 100,000). The principal amount of each book-entry unit (Finnish: *arvo-osuuden yksikkökoko*) is one hundred thousand euros (EUR 100,000).

1.5. The maximum number of outstanding Notes is three thousand five hundred (3,500).

1.6. Each Note will be freely transferable after it has been registered into the respective book-entry account.

1.7. The Issuer Agent will act as issuer agent (Finnish: *liikkeeseenlaskijan asiamies*) of the Notes referred to in the regulations of the CSD.

2. STATUS OF THE NOTES

2.1. The Notes constitute direct, unsubordinated, unconditional and unguaranteed obligations of the Issuer.

2.2. The Notes shall at all times rank pari passu among themselves and at least pari passu with all the present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

2.3. The Notes will be secured pursuant to the Transaction Security Documents and subject to the terms of the Intercreditor Agreement.

2.4. By subscribing Notes, each initial Noteholder, and, by acquiring Notes, each subsequent Noteholder:

a) agrees that the Notes shall benefit from and be subject to the Notes Documents; and

b) agrees to be bound by these Terms and Conditions, the Intercreditor Agreement and the other Notes Documents.

2.5. These Terms and Conditions are subject to the Intercreditor Agreement. In the event any discrepancy between these Terms and Conditions and the Intercreditor Agreement, the Intercreditor Agreement shall prevail.

3. SUBSCRIPTION OF THE NOTES

3.1. The Notes shall be offered for subscription through a book-building procedure (private placement). The subscription period shall commence and end on the Subscription Date.

3.2. Bids for subscription shall be submitted during regular business hours to: (i) Danske Bank A/S, c/o Danske Bank A/S, Finland Branch, Fixed Income Sales, Kasarmikatu 21 B, Helsinki, FI-00075 DANSKE BANK, Finland, telephone +358 10 513 8756 or +358 10 513 8750, (ii) OP Corporate Bank plc, Gebhardinaukio 1, FI-00510 Helsinki, tel. +358 10 252 7970 or (iii) Skandinaviska Enskilda Banken AB (publ) c/o Skandinaviska Enskilda Banken AB (publ) Helsinki Branch, Eteläesplanadi 18, FI-00130 Helsinki, tel. +358 9 616 28000.

3.3. Subscriptions made are irrevocable. All subscriptions remain subject to the final acceptance by the Issuer. The Issuer may, in its sole discretion, reject a subscription in part or in whole. The Issuer shall decide on the procedure in the event of over-subscription.

3.4. After the final allocation and acceptance of the subscriptions by the Issuer, each investor that has submitted a subscription shall be notified by the Issuer whether and, where applicable, to what extent such subscription is accepted. Subscriptions notified by the Issuer as having been accepted shall be paid for as instructed in connection with the subscription.

3.5. Notes subscribed and paid for shall be delivered by the Issuer Agent to the book-entry accounts of the subscribers (via the relevant account operators) on a date advised in connection with the issuance of the Notes in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as regulations and decisions of the CSD.

4. USE OF PROCEEDS

The Issuer shall use the proceeds from the issue of the Notes, less the costs and expenses incurred by the Issuer in connection with the issue of the Notes, for refinancing and financing, in accordance with the Issuer's Green Finance Framework.

5. ISSUE PRICE

The issue price of the Notes is 99.914 per cent.

6. INTEREST

6.1. The Notes bear fixed interest at the rate of 1.250 per cent. per annum.

6.2. Accrued interest shall be payable annually in arrears on each Interest Payment Date.

6.3. Interest shall accrue for each interest period from (and including) the first day of the interest period to (but excluding) the last day of such interest period on the principal amount of Notes outstanding from time to time.

6.4. The first interest period commences on the Issue Date and ends on the first Interest Payment Date. Each consecutive interest period begins on the previous Interest Payment Date and ends on the following Interest Payment Date. The last interest period ends on the relevant Redemption Date or the Final Maturity Date.

6.5. Interest in respect of the Notes shall be calculated on the "actual/actual ICMA" basis as specified by the International Capital Market Association.

7. REDEMPTION AND REPURCHASE OF NOTES

7.1. The Issuer shall redeem all outstanding Notes in full on the Final Maturity Date for their nominal amount together with accrued and unpaid interest. Any Notes held by the Issuer on the Final Maturity Date will be cancelled.

7.2. The Issuer may at any time and at any price purchase any Notes on the market or in any other manner, provided that if purchases are made through a tender offer, the possibility to tender must be made available to all Noteholders on equal terms.

7.3. The Notes held by the Issuer may at the Issuer's discretion be retained, sold or cancelled by the Issuer.

8. MANDATORY REDEMPTION DUE TO CHANGE OF CONTROL

8.1. If, after the Issue Date, any person or a group of persons acting in concert (as defined below), directly or indirectly, gains Control (as defined below) of the Issuer, the Issuer shall promptly, upon having become aware thereof, notify the Noteholders, the Common Security Agent and the Issuer Agent of such event in accordance with Condition 28 (*Notices*).

8.2. Upon the occurrence of a change of Control, the Issuer shall on the Repurchase Date (as defined below) redeem the nominal principal amount of and accrued interest on the Notes (but without premium of penalty) as well as any other amount payable in respect of the Notes held by Noteholders who have required redemption of Notes held by them by a written notice to be given to the Issuer no later than forty (40) days before the Repurchase Date.

8.3. For the purposes of this Condition 8:

a) "**Control**" means (i) the direct or indirect ownership of more than fifty (50) per cent. of the total voting rights represented by the shares of the Issuer (being votes which are capable of being cast at general meetings of shareholders) or (ii) the power to appoint or remove the majority of the members of the board of directors of the Issuer.

b) "**acting in concert**" means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them, either directly or indirectly, of shares in the Issuer, to obtain or consolidate control of the Issuer.

c) "**Repurchase Date**" means the date falling at the latest sixty (60) days after the publication of the notice referred to in the first paragraph of this Condition 8.

9. VOLUNTARY TOTAL REDEMPTION

9.1. The Issuer may, at any time having given, not less than thirty (30) nor more than sixty (60) days' notice (an "**Optional Redemption Notice**") to the Issuer Agent and to the Noteholders, in accordance with Condition 28 (*Notices*), (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all, but not part, of the aggregate principal amount of the Notes on the relevant date (the "**Optional Redemption Date**") specified for redemption in the relevant Optional Redemption Notice at a redemption price equal to:

a) in the case of an Optional Redemption Date occurring before the date falling three (3) months prior to the Final Maturity Date, the Make-Whole Redemption Amount; or

b) in the case of an Optional Redemption Date occurring on or after the date falling three (3) months prior to the Final Maturity Date, 100 per cent. of their outstanding principal amount,

in each case together with accrued but unpaid interest up to (but excluding) the relevant Optional Redemption Date.

9.2. For the purposes of this Condition 9 (*Voluntary Total Redemption*):

(i) "**Make-Whole Redemption Amount**" shall be calculated by the Issuer or on behalf of the Issuer by such a person as the Issuer shall designate and will be the greater of (a) 100 per cent. of the principal amount of the Notes to be redeemed and (b) the sum of the then present values of each remaining scheduled payment of principal and interest up to, but excluding, the Final Maturity Date (for the avoidance of doubt, not including any interest accrued on the Notes to, but excluding, the relevant Optional Redemption Date) discounted to the relevant Optional Redemption Date on an annual basis at the sum of the Make-Whole Redemption Rate and the Make-Whole Redemption Margin;

(ii) "**Make-Whole Redemption Margin**" means 30 bps;

(iii) "**Make-Whole Redemption Rate**" means, with respect to the relevant Optional Redemption Date, the rate per annum equal to the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for the Reference Date;

(iv) "**Reference Bond**" means DBR 0% 08/15/26;

(v) "**Reference Bond Dealer**" means each of the banks selected by the Issuer, or their affiliates, which are (a) primary government securities dealers, and their respective successors, or (b) market makers in pricing corporate bond issues;

(vi) "**Reference Bond Dealer Quotations**" mean, with respect to each Reference Bond Dealer and the relevant Optional Redemption Date, the arithmetic average, as determined by the Issuer or on behalf of the Issuer by such person as the Issuer shall designate, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at 11.00 a.m. (Brussels time) on the Reference Date quoted by such Reference Bond Dealer;

(vii) "**Reference Bond Price**" means (a) the average of five (5) Reference Bond Dealer Quotations, after excluding the highest and lowest of such Reference Bond Dealer Quotations; or (b) if the Issuer obtains fewer than five (5) such Reference Bond Dealer Quotations, the average of all such Reference Bond Dealer Quotations; and

(viii) "**Reference Date**" means the third (3^{rd}) Business Day prior to the Optional Redemption Date.

The calculations and determinations related to the Make-Whole Redemption Amount made by the Issuer or any party on behalf of the Issuer shall (save for manifest error) be final and binding upon all Noteholders.

10. CLEAN-UP CALL OPTION

If the outstanding aggregate principal amount of the Notes is twenty-five (25) per cent. or less of the initial aggregate principal amount of the Notes, the Issuer may, at its option, at any time, redeem all of the outstanding Notes (but not some only) at their principal amount together with any accrued interest to, but excluding, the date fixed for redemption, subject to the Issuer having given the Noteholders not less than thirty (30) nor more than forty-five (45) calendar days' prior notice (which notice shall be irrevocable) in accordance with Condition 28 (*Notices*).

11. PAYMENTS

11.1. Any payments under or in respect of the Notes pursuant to these Terms and Conditions shall be made to the person who is registered as a Noteholder at the Record Time prior to an Interest Payment Date or other relevant due date in accordance with the Finnish legislation governing the Book-Entry Securities System and book-entry accounts as well as the regulations of the CSD.

11.2. Should the payment date of interest or principal fall on a date which is not a Business Day, the payment of the amount due will be postponed to the next following Business Day. The postponement of the payment date shall not have an impact on the amount payable.

11.3. All payments to be made by the Issuer pursuant to these Terms and Conditions shall be made without (and free and clear of any deduction for) set-off or counterclaim.

12. UNDERTAKINGS

12.1. Financial undertaking

For as long as any of the Notes is outstanding, the Loan to Security Asset Value shall not at any time exceed seventy (70) per cent.

12.2. Disposals

The Issuer shall not (and it shall ensure that no other member of the Group will), enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset that is subject to the Transaction Security other than as a result of:

a) a Permitted Property Transaction; or

b) lease of land and sale of cutting rights, and disposal of other rights in relation to the Finnish Pledged Properties or Estonian Pledged Properties, made for fair market value; or

c) granting of Permitted First Priority Rights over the Pledged Properties.

12.3. Insurances

The Issuer shall ensure that:

a) all Finnish Pledged Properties; and

b) if applicable, all Estonian Pledged Properties, to the extent insurances are available in the Estonian forest insurance market on substantially same terms and insurance premium as obtained for the Finnish Pledged Properties in the Finnish forest insurance market,

are insured by at least a market practice storm and tempest insurance (Finnish: *myrskyvakuutus*) and fire insurance (Finnish: *palovakuutus*) with a maximum own risk (Finnish: *omavastuu*) of EUR 20,000,000.

13. INFORMATION UNDERTAKINGS

13.1. Valuations

The Issuer shall supply (at its own expense) to the Noteholders' Agent a Valuation (including, for the avoidance of doubt, a valuation report) in respect of Finnish Properties (and if any Estonian Properties are included in the Transaction Security, of such Estonian Properties):

a) annually no later than 31 December each year, first time after the Issue Date by 31 December 2021;

b) at any other time desired by the Issuer;

c) following the occurrence of a damage of at least EUR 20,000,000 to the Finnish Pledged Properties and/or Estonian Pledged Properties, as applicable;

d) at any other time requested by the Noteholders' Agent (acting reasonably and provided that the Noteholders' Agent has justifiable reason to assume that at the time an Event of Default may have occurred and may be continuing); and

e) in respect of any Estonian Properties proposed to be subject to Transaction Security, two (2) months prior to proposed date of granting such Transaction Security.

13.2. Compliance certificate

Each Valuation to be delivered by the Issuer to the Noteholders' Agent in accordance with Condition 13.1 shall be delivered together with a Compliance Certificate:

a) setting forth the Loan to Security Asset Value as per the date of the Valuation and the factors for the calculation of the same; and

b) confirming that:

(i) that the Loan to Security Asset Value is not more than seventy (70) per cent.; and

(ii) no Event of Default is continuing (or, if one is continuing, the steps (if any) taken to remedy it).

Each Compliance Certificate shall be signed by the CEO or the CFO of the Issuer.

13.3. Financial statements

a) The Issuer shall make the following information available in English language (or as a translation into English) to the Noteholders by publication on its website:

(i) as soon as the same become available, but in any event within four (4) months after the end of each financial year, its audited consolidated financial statements for that financial year, each including a profit and loss account, a balance sheet, a cash flow statement and a management commentary or report from the Issuer's board of directors (Finnish: *toimintakertomus*);

(ii) as soon as the same become available, but in any event within three (3) months after the end of each financial half year period for each of its financial years, its unaudited consolidated semi-annual financial statements, each including a profit and loss account, a balance sheet, a cash flow statement and a management commentary or report from the Issuer's board of directors (Finnish: *puolivuosikatsauksen selostusosa*); and

(iii) any other information required to be disclosed under the Finnish Securities Markets Act (Finnish: *Arvopaperimarkkinalaki 746/2012*, as amended) and the rules and regulations of the Helsinki Stock Exchange (as amended from time to time).

b) After the Notes have been listed, the reports and information referred to in Conditions 13.3(a)(i), 13.3(a)(ii) and 13.3(a)(iii) shall be made available in accordance with the regulations of the Helsinki Stock Exchange (as amended from time to time) and the Finnish Securities Markets Act (Finnish; *Arvopaperimarkkinalaki 746/2012*, as amended).

13.4. Green Finance Framework

The Issuer shall promptly after making any changes or amendments to the Green Finance Framework in force on the Issue Date and/or after obtaining a revised or new second opinion in relation to the Green Finance Framework, make available to the Noteholders by publication on its website a copy of the updated Green Finance Framework and/or the second opinion.

14. EVENTS OF DEFAULT

14.1. If an Event of Default (as defined below) occurs, the Noteholders' Agent at its discretion may, and shall, if so directed by one or more Noteholders holding more than twenty-five (25) per cent. of the principal amount of the Notes outstanding or by a resolution of the Noteholders' Meeting, by a written notice to the Issuer, declare the principal amount of the Notes together with the interest and any other amounts then accrued on the Notes to be prematurely due and payable at the earliest on the tenth (10th) calendar day from the date such notice was received by the Issuer provided that an Event of Default is continuing on the date of receipt of the notice and on the specified early repayment date.

14.2. An Event of Default is continuing if it has not been remedied or waived.

14.3. Interest accrues until the early repayment date (excluding the early repayment date).

14.4. The Issuer shall notify the Noteholders' Agent, the Common Security Agent and the Issuer Agent of any Event of Default (and the steps, if any, taken to remedy it) promptly upon becoming aware of its occurrence.

14.5. The Noteholders' Agent shall notify the Noteholders of an Event of Default within five (5) Business Days of the date on which the Noteholders' Agent received actual knowledge of that an Event of Default has occurred and is continuing, except if the Event of Default does not relate to a payment failure in respect of the Notes and the Noteholders' Agent considers that withholding the notice is not detrimental to the interests of the Noteholders. The Noteholders' Agent shall, within twenty (20) Business Days of the date on which the Noteholders' Agent received actual knowledge of that an Event of Default has occurred and is continuing (and if the Event of Default does not relate to a payment failure in respect of the Notes, within sixty (60) Business Days), decide if the Notes shall be so accelerated. If the Noteholders' Agent decides not to accelerate the Notes, the Noteholders' Agent shall promptly seek instructions from the Noteholders in accordance with Condition 26 (*Noteholders' meeting and procedure in writing*). The Noteholders' Agent shall always be entitled to take the time necessary to consider carefully whether an occurred event or circumstance constitutes an Event of Default.

14.6. Each of the following events shall constitute an "**Event of Default**":

a) **Non-payment**: Any amount of interest on or principal of the Notes has not been paid on the relevant due date, unless the failure to pay:

   (i) is caused by by technical or administrative error; and

   (ii) is remedied within three (3) Business Days from the due date.

b) **Loan to Security Asset Value**: The Loan to Security Asset Value exceeds seventy (70) per cent. and such excess is not remedied (by granting of Transaction Security over further Properties pursuant to the Transaction Security Documents and/or by making a payment to the Blocked Account) within ten (10) Business Days from the Issuer receiving a request from the Common Security Agent to remedy such excess;

c) **Non-compliance with other undertakings**: The Issuer does not comply with its undertakings under Condition 12 (*Undertakings*) and such failure, if capable of remedy, is not remedied within ten (10) Business Days from the Issuer receiving a request from the Noteholders' Agent to remedy such non-compliance;

d) **Cross-default**: Any indebtedness (including guarantees given by the Issuer) of the Issuer of at least fifteen million euros (EUR 15,000,000) or its equivalent in any other currency is accelerated prematurely because of a default, howsoever described, or if any such indebtedness is not repaid on the due date thereof or within any applicable grace period after the due date;

e) **Pari passu**: The Notes no longer rank at least pari passu with all other present and future unsecured unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application;

f) **Cessation of business**: The Issuer ceases or threatens to cease to carry on all or substantially all of its business;

g) **Insolvency**: The Issuer is deemed for the purposes of any applicable law to be, Insolvent;

h) **Transaction Security**: Enforcement or realisation of all or any part of the Transaction Security by the Common Security Agent; or

i) **Wood Sale Agreement**: The Wood Sale Agreement ceases to be effective prior to 31 December 2025.

15. TRANSACTION SECURITY

15.1. As continuing Security for the due and punctual fulfilment of the Secured Obligations, Transaction Security has been provided in accordance with the terms of the Transaction Security Document(s) entered into or to be entered into by and between the Issuer and the Common Security Agent as agent acting on behalf of the Secured Parties.

15.2. The Transaction Security will be held and administered by the Common Security Agent.

15.3. The Transaction Security Documents evidencing such Transaction Security have been and in the future will be executed, by the Common Security Agent for and on behalf of all the Secured Parties in accordance with the Intercreditor Agreement to which the Noteholders' Agent is a party as an agent and representative of the Noteholders.

15.4. The Common Security Agent shall (without first having to obtain the consent of Noteholders) be entitled to enter into agreements with the Issuer or a third party or take any other actions, if it is, in the Common Security Agent's opinion, necessary for the purpose of maintaining, releasing or enforcing the Transaction Security or for any other purposes in accordance with the terms of the Intercreditor Agreement.

15.5. The Noteholders' Agent shall be entitled to give instructions (on behalf of the Noteholders) relating to the Transaction Security to the Common Security Agent in accordance with the Intercreditor Agreement.

15.6. Transaction Security is shared among the Secured Parties in accordance with the terms of the Intercreditor Agreement.

15.7. All the Senior Secured Obligations secured by the Transaction Security shall rank first in right and priority of payment and the Transaction Security shall secure the Senior Secured Obligations, *pari passu* and *pro rata* without preference between them, except for liabilities owed to the Common Security Agent and certain costs incurred by the certain creditor representatives (including the Noteholders' Agent) which have priority to enforcement proceeds relating to Transaction Security in accordance with Condition 18 (*Distribution of Proceeds*).

15.8. All the Hedging Liabilities secured by the Transaction Security shall rank second in right and priority of payment and the Transaction Security shall secure the Hedging Liabilities, *pari passu* and *pro rata* without preference between them and after the Senior Secured Obligations and liabilities owed to the Common Security Agent and certain costs incurred by the certain creditor representatives (including the Noteholders' Agent) which have priority to enforcement proceeds relating to Transaction Security in accordance with Condition 18 (*Distribution of Proceeds*).

15.9. A creditor, that receives or recovers (including by way of set-off) any amount in excess of what it is permitted to receive pursuant to the Intercreditor Agreement, shall not be entitled to retain such amount and shall promptly pay such amount to the Common Security Agent for application in accordance with Condition 18 (*Distribution of Proceeds*).

16. RELEASE OF TRANSACTION SECURITY

16.1. Upon the occurrence of a Permitted Property Transaction, the Common Security Agent is irrevocably authorised (at the request and cost of the Issuer and without any consent, sanction, authority or further confirmation from any Secured Party or the Issuer) to:

(a) release the Transaction Security over the relevant Pledged Property; and

(b) execute and deliver or enter into any release of the Transaction Security and issue any consent to dealing that may, in the discretion of the Common Security Agent, be considered necessary or desirable.

16.2. Any amounts credited to the Blocked Account may provided that:

(a)

1. no default under a Credit Facility Document or Notes Document is continuing: and

2. the Loan to Security Asset Value covenant (when disregarding insurance proceeds or other amounts standing to the credit of the Blocked Account) is complied with based on the most recent Valuation in respect of Finnish Properties prepared after the damages resulting in insurance proceeds (or another event resulting in a payment to the Blocked Account, as applicable) having taken place,

at the request of the Issuer, be released to the Issuer; and

(b)

1. no default under a Credit Facility Document or Notes Document is continuing: and

2. the Loan to Security Asset Value covenant (when disregarding insurance proceeds or other amounts standing to the credit of the Blocked Account) is not complied with based on the most recent Valuation in respect of Finnish Properties prepared after the damages resulting in insurance proceeds (or another event resulting in a payment to the Blocked Account, as applicable) having taken place,

be used for payment of interest, fees and any other outstanding amounts under and/or the prepayment of any amount secured by the Transaction Security to the extent required to be in compliance with the Loan to Security Asset Value covenant (when disregarding amounts standing to the credit of the Blocked Account) and thereafter the remaining amounts may be applied in accordance with paragraph (a) above. The application of funds on the Blocked Account in accordance with this paragraph (b) shall not constitute a realisation of enforcement of Transaction Security for the purposes of any Secured Document.

16.3. The Issuer shall be permitted to grant Permitted First Priority Rights over the Finnish Pledged Properties. The Common Security Agent shall at the request and cost of the Issuer take all actions reasonably necessary to enable the registration of the Permitted First Priority Rights with first priority and shall be authorised by each Secured Creditor (including the Noteholders) and Hedge Counterparty to do so without any further consent by them.

17. ENFORCEMENT OF TRANSACTION SECURITY

17.1. Only the Common Security Agent may exercise the rights under the Transaction Security Documents and only the Common Security Agent has the right to enforce the Transaction Security.

17.2. The Noteholders shall not be entitled, individually or collectively, to take any direct action to enforce any rights in their favour under the Transaction Security Documents.

17.3. The Common Security Agent shall enforce the Transaction Security in accordance with the terms of the Transaction Security Documents and the Intercreditor Agreement.

17.4. If the Instructing Group wishes to issue Enforcement Instructions, the Creditor Representative(s) representing the Secured Parties comprising the Instructing Group shall deliver Enforcement Instructions (a "**Primary Enforcement Notice**") to the Common Security Agent and the Common Security Agent shall promptly forward such Primary Enforcement Notice to each Creditor Representative and each Hedge Counterparty which did not deliver such Primary Enforcement Notice.

17.5. If the Transaction Security has become enforceable in accordance with its terms but:

(a) the Instructing Group has refrained from giving instructions to the Common Security Agent to enforce the Transaction Security;

(b) the Instructing Group has instructed the Common Security Agent not to enforce the Transaction Security; or

(c) otherwise no Enforcement in relation to the Transaction Security has been initiated,

then if:

(i) an Insolvency Event has occurred and is continuing; or

(ii) in case of any instruction by the Noteholders' Agent or a Pari Passu Noteholders' Agent, a Notes Acceleration Event or a Pari Passu Notes Acceleration Event, as applicable, has occurred and:

(A) that Noteholders' Agent or Pari Passu Noteholders' Agent has delivered to each other Creditor Representative and the Common Security Agent a copy of an Acceleration Notice by that Noteholders' Agent or Pari Passu Noteholders' Agent, as applicable, to the Issuer concerning such Note Acceleration Event or Pari Passu Notes Acceleration Event, as applicable; and

B) the Notes Standstill Period has expired and at the end of the Notes Standstill Period, the Event of Default giving rise to that Notes Acceleration Event or Pari Passu Notes Acceleration Event, as applicable, is continuing; or

(iii) in case of any instruction by a Credit Facility Agent, a Credit Facility Acceleration Event has occurred and:

(A) that Credit Facility Agent has delivered to each other Creditor Representative and the Common Security Agent a copy of an Acceleration Notice by that Credit Facility Agent to the Issuer concerning such Credit Facility Acceleration Event; and

(B) the Credit Facility Standstill Period has expired and at the end of the Credit Facility Standstill Period, the Credit Facility Event of Default giving rise to that Credit Facility Acceleration Event is continuing,

the Creditor Representative representing the Noteholders, the Pari Passu Noteholders or the Credit Facility Lenders on behalf of which such Acceleration Notice has been delivered, may deliver Enforcement Instructions (a "**Secondary Enforcement Notice**") to the Common Security Agent and the Common Security Agent shall promptly forward such Secondary Enforcement Notice to each Creditor Representative and each Hedge Counterparty which did not deliver such Secondary Enforcement Notice and the Common Security Agent shall give effect to any instructions to enforce the Transaction Security which such Creditor Representative (acting upon the instructions of the requisite majority of Noteholders, Pari Passu Noteholders or Credit Facility Lenders determined in accordance with relevant Secured Document in respect of which it is the Creditor Representative), is then entitled to give to the Common Security Agent in accordance with this Condition 17.5.

In the event that the Common Security Agent receives Secondary Enforcement Notices from several Creditor Representatives in accordance with this Condition 17.5, it shall act in accordance with the Secondary Enforcement Notice delivered first or, if several Secondary Enforcement Notices are delivered simultaneously, in accordance with the Secondary Enforcement Notices delivered by the Creditor

Representative(s) representing the Majority Noteholders and the Creditor Representative(s) representing the Majority Credit Facility Lenders, as applicable.

17.6. The Common Security Agent may refrain from enforcing the Transaction Security or taking any other action as to Enforcement unless instructed otherwise by:

(a) the Instructing Group; or

(b) to the extent permitted to require the enforcement of the Transaction Security in accordance with Condition 17.5, the Noteholders, the Pari Passu Noteholders or the Credit Facility Lenders, as applicable, on behalf of which the Secondary Enforcement Notice has been delivered.

17.7. Subject to the Transaction Security having become enforceable in accordance with its terms:

(a) the Instructing Group; or

(b) to the extent permitted to require the enforcement of the Transaction Security in accordance with Condition 17.5, the relevant Creditor Representative(s),

may give or refrain from giving instructions to the Common Security Agent to take action as to Enforcement as they see fit by way of the issuance of Enforcement Instructions.

17.8. If the Transaction Security is being enforced or other action as to Enforcement is being taken pursuant to Conditions 17.4 or 17.5, the Common Security Agent shall enforce the Transaction Security or take other action as to the Enforcement in such manner (including, without limitation, the selection of any administrator or any analogous officer in any jurisdiction of the Issuer to be appointed by the Common Security Agent) as:

(a) the Instructing Group; or

(b) if:

(A) the Common Security Agent has, pursuant to Condition 17.5, given effect to instructions given by any Creditor Representative to enforce the Transaction Security; and

(B) the Instructing Group has not given instructions as to the manner of enforcement of the Transaction Security,

that or those Creditor Representative(s),

shall instruct or, in the absence of any such instructions, as the Common Security Agent considers in its discretion to be appropriate.

17.9. The Common Security Agent is entitled to rely on and comply with instructions given in accordance with Conditions 17.6, 17.7 and 17.8.

18. DISTRIBUTION OF PROCEEDS

18.1. All amounts from time to time following a Distress Event received or recovered by the Common Security Agent pursuant to the terms of the Intercreditor Agreement or in connection with the realisation or enforcement of all or any part of the Transaction Security shall be held by the Common Security Agent as agent in escrow to apply them at any time as the Common Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of the Intercreditor Agreement), and any proceeds received from an enforcement of the Transaction Security shall be distributed as set out in the Intercreditor Agreement in the following order of priority towards satisfaction of the Secured Obligations:

(a) *firstly*, to the Common Security Agent or any Delegate towards the discharge of the Common Security Agent Amounts;

(b) *secondly*, on a *pro rata* and *pari passu* basis, to each Creditor Representative and Paying Agent towards discharge of the Creditor Representative Amounts and Paying Agent Amounts;

(c) *thirdly*, in payment or distribution to:

(i) each Creditor Representative in respect of a Credit Facility on behalf of the Credit Facility Creditors for which it is the Creditor Representative; and

(ii) the Noteholders' Agent on behalf of the Noteholders and each Pari Passu Noteholders' Agent on behalf of the Pari Passu Noteholders for which it is the Creditor Representative,

for application towards the discharge of:

(A) the Credit Facility Liabilities (in accordance with the terms of the Credit Facility Documents) on a *pro rata* basis between Credit Facility Liabilities incurred under separate Credit Facility Agreements (excluding any amounts owing to any Credit Facility Agent and discharged under paragraph (b) above); and

(B) the Note Liabilities (in accordance with these Terms and Conditions) and the Pari Passu Note Liabilities on a *pro rata* basis between the Note Liabilities and the Pari Passu Note Liabilities (excluding any amounts owing to any Paying Agent and any Noteholders' Agent and discharged under paragraph (b) above),

on a *pro rata* basis and ranking *pari passu* between paragraphs (A) and (B) above;

(d) *fourthly*, after the Final Discharge Date, in payment or distribution to the Hedge Counterparties, for application towards the discharge of the Hedging Liabilities on a *pro rata* basis between the Hedging Liabilities of each Hedge Counterparty; and

(e) *fifthly*, the balance, if any, in payment to the Issuer,

provided that the above order of priority between (c) and (d) above shall not apply after the aggregate amount of realisation proceeds obtained from the enforcement of the Transaction Security have been applied in accordance with the above. As regards any funds other than received as realisation proceeds obtained from the enforcement of the Transaction Security, items (c) and (d) shall be treated on a *pari passu* basis.

18.2. Funds that the Common Security Agent receives (directly or indirectly) in connection with the acceleration of the Notes or the enforcement of the Transaction Security constitute escrow funds and must be held on a separate account on behalf of the Secured Parties and the other interested parties.

18.3. The Common Security Agent shall arrange for payments of such funds in accordance with this Condition 18 and the terms of the Intercreditor Agreement as soon as reasonably practicable.

18.4. If the Issuer or the Common Security Agent shall make any payment under this Condition 18, the Issuer or the Noteholders' Agent, as applicable, shall notify the Noteholders of any such payment at least fifteen (15) Business Days before the payment is made. Such notice shall specify the Record Time, the payment date and the amount to be paid. Notwithstanding the foregoing, for any interest due but unpaid the Record Time specified in Condition 11 (*Payments*) shall apply.

19. APPOINTMENT OF NOTEHOLDERS' AGENT

19.1. By subscribing for Notes, each initial Noteholder, and, by acquiring Notes, each subsequent Noteholder:

(a) agrees to and accepts the appointment of the Noteholders' Agent to act as its agent and representative under the Act on Noteholders' Agent in all matters relating to the Notes and the Notes Documents (including, for the avoidance of doubt, under the Intercreditor Agreement), and authorises the Noteholders' Agent to act on its behalf (without first having to obtain its consent, unless such consent is specifically required by these Terms and Conditions) in all matters set out in the Act on

Noteholders' Agent and particularly in any legal or arbitration proceedings relating to the Notes held by such Noteholder (including any legal or arbitration proceeding relating to the enforcement of the Transaction Security (to the extent included in the role of the Noteholders' Agent)) and to exercise such rights, powers, authorities and discretions as are specifically delegated to the Noteholders' Agent by the Act on Noteholders' Agent, these Terms and Conditions or the Intercreditor Agreement together with all such rights, powers, authorities and discretions as are incidental thereto; and

(b) agrees and accepts that the Noteholders' Agent shall have the rights, protections and benefits of the Intercreditor Agreement.

19.2. Each Noteholder shall immediately upon request provide the Noteholders' Agent with any such documents (in form and substance satisfactory to the Noteholders' Agent) that the Noteholders' Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Notes Documents. The Noteholders' Agent is under no obligation to represent a Noteholder which does not comply with such request if due to such failure the Noteholders' Agent is unable to represent such Noteholder.

19.3. The Issuer shall promptly upon request provide the Noteholders' Agent with any documents and other assistance (in form and substance satisfactory to the Noteholders' Agent), that the Noteholders' Agent deems necessary for the purpose of exercising its rights and/or carrying out its duties under the Notes Documents.

19.4. The Noteholders' Agent is entitled to fees for its work and to be indemnified for costs, losses and liabilities on the terms set out in the Notes Documents and the Agency Agreement and the Noteholders' Agent's obligations as Noteholders' Agent under the Notes Documents are conditioned upon the due payment of such fees and indemnifications.

19.5. The Noteholders' Agent may act as agent or other representative for several issues of securities issued by or relating to the Issuer notwithstanding potential conflicts of interest.

20. DUTIES OF THE NOTEHOLDERS' AGENT

20.1. The Noteholders' Agent shall represent the Noteholders in accordance with the Notes Documents. Except as specified in Condition 24 (*Conditions for Disbursement*), the Noteholders' Agent is not responsible for the content, valid execution, perfection, legal validity or enforceability of the Notes Documents.

20.2. The Noteholders' Agent shall have only those duties, obligations and responsibilities expressly specified in the Notes Documents (and no others shall be implied).

20.3. The Noteholders' Agent is not obligated to assess or monitor the financial condition of the Issuer or compliance by the Issuer of the terms of the Notes Documents unless to the extent expressly set out in the Terms and Conditions and the other Notes Documents, or to take any steps to ascertain whether any Event of Default has occurred.

20.4. When acting in accordance with the Notes Documents, the Noteholders' Agent is always acting with binding effect on behalf of the Noteholders. The Noteholders' Agent shall carry out its duties under the Notes Documents in a reasonable, proficient and professional manner, with reasonable care and skill.

20.5. The Noteholders' Agent is entitled to delegate its duties to other professional parties, but the Noteholders' Agent shall remain liable for the actions of such parties under the Notes Documents.

20.6. The Noteholders' Agent shall treat all Noteholders equally and, when acting pursuant to the Notes Documents, act with regard only to the interests of the Noteholders and shall not be required to have regard to the interests or to act upon or comply with any direction or request of any other person, other than as explicitly stated in the Notes Documents.

20.7. The Noteholders' Agent is entitled to engage external experts when carrying out its duties under the Notes Documents and/or related documents. The Issuer shall on demand by the Noteholders' Agent pay all costs for external experts engaged after the occurrence of an Event of Default, or for the purpose of investigating or considering (i) an event which the Noteholders' Agent reasonably believes is or may lead to an Event of

Default or (ii) a matter relating to the Issuer which the Noteholders' Agent reasonably believes may be detrimental to the interests of the Noteholders under the Notes Documents. Any compensation for damages or other recoveries received by the Noteholders' Agent from external experts engaged by it for the purpose of carrying out its duties under the Notes Documents shall be distributed in accordance with Condition 18 (*Distribution of Proceeds*).

20.8. Notwithstanding any other provision of the Notes Documents to the contrary, the Noteholders' Agent is not obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation.

20.9. If in the Noteholders' Agent's reasonable opinion the cost, loss or liability which it may incur (including reasonable fees to the Noteholders' Agent) in complying with instructions of the Noteholders, or taking any action at its own initiative, will not be covered by the Issuer, the Noteholders' Agent may refrain from acting in accordance with such instructions, or taking such action, until it has received such funding or indemnities (or adequate security has been provided therefore) as it may reasonably require.

20.10. The Noteholders' Agent shall give a notice to the Noteholders (i) before it ceases to perform its obligations under the Notes Documents by reason of the non-payment by the Issuer of any fee or indemnity due to the Noteholders' Agent under the Notes Documents or the Agency Agreement or (ii) if it refrains from acting for any reason described in Condition 20.9.

21. LIMITED LIABILITY FOR THE NOTEHOLDERS' AGENT

21.1. The Noteholders' Agent will not be liable to the Noteholders for damage or loss caused by any action taken or omitted by it under or in connection with any Notes Document, unless directly caused by its negligence or wilful misconduct. The Noteholders' Agent shall never be responsible for indirect loss.

21.2. The Noteholders' Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Noteholders' Agent, by the Issuer Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.

21.3. The Noteholders' Agent shall not be considered to have acted negligently if it has acted with reasonable care in a situation when the Noteholders' Agent considers that it is detrimental to the interests of the Noteholders to delay the action in order to first obtain instructions from the Noteholders.

21.4. The Noteholders' Agent shall not be liable for any delay (or any related consequences) in crediting an account with an amount required pursuant to the Notes Documents to be paid by the Noteholders' Agent to the Noteholders, provided that the Noteholders' Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Noteholders' Agent for that purpose.

21.5. The Noteholders' Agent shall have no liability to the Noteholders for damage caused by the Noteholders' Agent acting in accordance with instructions of the Noteholders given in accordance with the Notes Documents or a demand by Noteholders given pursuant to Condition 17 (*Enforcement of Transaction Security*).

21.6. Any liability towards the Issuer which is incurred by the Noteholders' Agent in acting under, or in relation to, the Notes Documents shall not be subject to set-off against the obligations of the Issuer to the Noteholders under the Notes Documents.

22. REPLACEMENT OF NOTEHOLDERS' AGENT

22.1. Subject to Condition 22.7, the Noteholders' Agent may resign by giving notice to the Issuer and the Noteholders, in which case the Noteholders shall in consultation with the Issuer appoint a successor Noteholders' Agent at a Noteholders' Meeting convened by the retiring Noteholders' Agent or by way of a procedure in writing initiated by the retiring Noteholders' Agent.

22.2. Subject to Condition 22.7, if the Noteholders' Agent is Insolvent, removed by the Finnish Financial Supervisory Authority from the public register of noteholders' agents referred to in the Act on Noteholders'

Agent or is no longer independent of the Issuer, the Noteholders' Agent shall be deemed to resign as Noteholders' Agent and the Issuer shall within ten (10) Business Days appoint a successor Noteholders' Agent.

22.3. Any successor Noteholders' Agent appointed pursuant to this Condition 22 must be an independent financial institution or other independent reputable company which regularly acts as agent under debt issuances and which is registered (if required to be so registered by the Act on Noteholders' Agent) in the public register of noteholders' agents referred to in the Act on Noteholders' Agent.

22.4. A Noteholder (or Noteholders) representing at least ten (10) per cent. of the nominal amount of the outstanding Notes may, by notice to the Issuer (such notice may only be validly given by a person who is a Noteholder at the end of the Business Day on which the notice is received by the Issuer and shall, if given by several Noteholders, be given by them jointly), require that a Noteholders' Meeting is held for the purpose of dismissing the Noteholders' Agent and appointing a new Noteholders' Agent. The Issuer may, at a Noteholders' Meeting convened by it or by way of a procedure in writing initiated by it, propose to the Noteholders that the Noteholders' Agent be dismissed and a new Noteholders' Agent appointed.

22.5. If the Noteholders have not appointed a successor Noteholders' Agent within ninety (90) days after (i) the earlier of the notice of resignation was given or the resignation otherwise took place or (ii) the Noteholders' Agent was dismissed through a decision by the Noteholders, the Issuer shall appoint a successor Noteholders' Agent.

22.6. The retiring Noteholders' Agent shall, at its own cost, make available to the successor Noteholders' Agent such documents and records and provide such assistance as the successor Noteholders' Agent may reasonably request for the purposes of performing its functions as Noteholders' Agent under the Notes Documents.

22.7. The resignation or dismissal of the Noteholders' Agent shall only take effect upon the appointment of a successor Noteholders' Agent and acceptance by such successor Noteholders' Agent of such appointment and the execution of all necessary documentation to effectively substitute the retiring Noteholders' Agent.

22.8. Upon the appointment of a successor, the retiring Noteholders' Agent shall be discharged from any further obligation in respect of the Notes Documents but shall, in respect of any action which it took or failed to take whilst acting as Noteholders' Agent, (a) remain entitled to the benefit of the Notes Documents and (b) remain liable under the Notes Documents. Its successor, the Issuer and each of the Noteholders shall have the same rights and obligations amongst themselves under the Notes Documents as they would have had if such successor had been the original Noteholders' Agent.

22.9. In the event that there is a change of the Noteholders' Agent in accordance with this Condition 22, the Issuer shall execute such documents and take such actions as the new Noteholders' Agent may reasonably require for the purpose of vesting in such new Noteholders' Agent the rights, powers and obligation of the Noteholders' Agent and releasing the retiring Noteholders' Agent from its further obligations under the Notes Documents and the Agency Agreement. Unless the Issuer and the new Noteholders' Agent agree otherwise, the new Noteholders' Agent shall be entitled to the same fees and the same indemnities as the retiring Noteholders' Agent

23. AMENDMENTS AND WAIVERS

23.1. Subject to the terms of the Intercreditor Agreement, the Issuer and the Noteholders' Agent (acting on behalf of the Noteholders) may agree to amend the Notes Documents or waive a past default or anticipated failure to comply with any provision in the Notes Documents, provided that:

(a) such amendment or waiver is not detrimental to the interest of the Noteholders in any material respect, or is made solely for the purpose of rectifying obvious errors and mistakes;

(b) such amendment or waiver is required by applicable law, a court ruling or a decision by a relevant authority; or

(c) such amendment or waiver has been duly approved by the Noteholders in accordance with Condition 26 (*Noteholders' meeting and procedure in writing*).

23.2. The consent of the Noteholders is not necessary to approve the particular form of any amendment to the Notes Documents. It is sufficient if such consent approves the substance of the amendment.

23.3. The Noteholders' Agent shall promptly notify the Noteholders of any amendments or waivers made in accordance with Condition 23.1, setting out the date from which the amendment or waiver will be effective, and ensure that any amendments to the Notes Documents are published in the manner stipulated in Condition 33 (*Information*). The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the CSD and each other relevant organisation or authority.

23.4. An amendment to the Notes Documents shall take effect on the date determined by the Noteholders' meeting and procedure in writing or by the Noteholders' Agent, as the case may be.

24. CONDITIONS FOR DISBURSEMENT

24.1. The Issuer Agent shall pay the net proceeds from the issuance of the Notes to the Issuer on the later of (i) the Issue Date and (ii) the day on which the Noteholders' Agent notifies the Issuer Agent as agreed in the Agency Agreement that it has received the following:

(a) the Issuer Agent Agreement, the Agency Agreement, the Transaction Security Documents and the Intercreditor Agreement duly executed by the parties thereto;

(b) an accession undertaking whereby the Noteholders' Agent agrees to accede to the Intercreditor Agreement duly executed by the parties thereto;

(c) an accession undertaking whereby the Issuer Agent agrees to accede to the Intercreditor Agreement duly executed by the parties thereto;

(d) an extract of a resolution from the board of directors of the Issuer, approving (or authorising the approval of) the issue of the Notes and authorising specified person(s) to approve and execute any documents and take any other action necessary to consummate such issue; and

(e) a legal opinion issued by Roschier Attorneys Ltd as the counsel to the Issuer regarding the issue of the Notes, the Transaction Security Documents and the Intercreditor Agreement, addressed to the Issuer Agent, the Noteholders' Agent, the Common Security Agent and the Lead Managers.

24.2. The Noteholders' Agent shall confirm to the Issuer Agent when it has received the documents and evidence referred to in Condition 24.1.

25. TAXATION

25.1. All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of Finland or any political subdivision or authority of Finland having power to tax, unless the withholding or deduction of the Taxes is required by law. In such case, the Issuer shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. The Issuer will not be obligated to make any additional payments to Noteholders in respect of such withholding or deduction.

26. NOTEHOLDERS' MEETING AND PROCEDURE IN WRITING

26.1. The Issuer and/or the Noteholders' Agent may, and the Noteholders' Agent shall, if so requested by two or more Noteholders holding more than twenty-five (25) per cent. of the principal amount of the Notes outstanding, convene a meeting of the Noteholders (a "**Noteholders' Meeting**") or request a procedure in writing among the Noteholders to decide on amendments of these Terms and Conditions or other matters as specified below. Such request by Noteholders shall be made in writing to the Noteholders' Agent and the Issuer and shall include information regarding the matters that shall be decided upon at the Noteholders' Meeting or in a procedure in writing.

26.2. If the Noteholders' Agent establishes that a request for a Noteholders' Meeting or a procedure in writing has been made in compliance with Condition 26.1, the Noteholders' Agent shall, within ten (10) Business Days from receipt of such request, convene a Noteholders' Meeting or initiate a procedure in writing. The Noteholders' Agent may convene a Noteholders' Meeting or initiate a procedure in writing to seek directions from the Noteholders in respect of potential action under these Terms and Conditions.

26.3. Notice of a Noteholders' Meeting and the initiation of a procedure in writing shall be published in accordance with Condition 28 (*Notices*) no later than ten (10) Business Days prior to the meeting or the last day for replies in the procedure in writing. The notice shall specify the time, place and agenda of the meeting or the last day and address for replies in the procedure in writing as well as any action required on the part of a Noteholder to attend the meeting or to participate in the procedure in writing.

26.4. Only those who, according to the register kept by the CSD in respect of the Notes, were registered as Noteholders on the Record Time or proxies authorised by such Noteholders, shall, if holding any of the principal amount of the Notes at the time of the meeting (or the last day for replies in the procedure in writing), be entitled to vote at the meeting (or in the procedure in writing) and shall be recorded in the list of the Noteholders present in the Noteholders' Meeting (or participating in the procedure in writing).

26.5. A Noteholders' Meeting shall be held in Helsinki and its chairman shall be appointed by the Issuer. If the Issuer fails to appoint such a chairman no later than five (5) days prior to the Noteholders' Meeting, he or she shall be appointed by the Noteholders' Agent.

26.6. A Noteholders' Meeting or a procedure in writing shall constitute a quorum only if two (2) or more Noteholders holding in aggregate fifty (50) per cent. or more of the principal amount of the Notes outstanding attend the meeting (or provide replies in the procedure in writing).

26.7. If, within thirty (30) minutes after the time specified for the start of the Noteholders' Meeting, a quorum is not present (or in the procedure in writing through receipt of replies by the last day to reply), any consideration of the matters to be dealt with at the meeting may, at the request of the Issuer, be adjourned (or, in the procedure in writing, the time for replies shall be extended) for consideration at a meeting to be convened on a date no earlier than fourteen (14) calendar days and no later than twenty-eight (28) calendar days after the original meeting at a place to be determined by the Issuer. The adjourned Noteholders' Meeting (or in the extended procedure in writing) shall constitute a quorum if two (2) or more Noteholders holding ten (10) per cent. or more of the principal amount of the Notes outstanding are present (or provide replies in the procedure in writing).

26.8. Notice of an adjourned Noteholders' Meeting (or in the procedure in writing, information regarding the extended time for replies) shall be given in the same manner as notice of the original meeting (or the procedure in writing). The notice shall also state the conditions for the constitution of a quorum.

26.9. Voting rights of Noteholders shall be determined according to the principal of the Notes held. The Issuer and any companies belonging to the Group shall not hold voting rights at the Noteholders' Meeting (or in the procedure in writing).

26.10. Subject to Condition 26.12 below, resolutions shall be carried by a majority of fifty (50) per cent. of the votes cast. In the event of a tied vote, the chairman of the meeting shall have the casting vote.

26.11. A representative of the Issuer, the Noteholders' Agent and a person authorised to act for the Issuer and/or the Noteholders' Agent may attend and speak at a Noteholders' Meeting.

26.12. When a Noteholders' Meeting is convened (or a procedure in writing initiated) by the Issuer, a Noteholders' Meeting (or a procedure in writing) is entitled to make the following decisions that are binding on all the Noteholders:

a) to change the Terms and Conditions of the Notes;

b) to grant a temporary waiver on the Terms and Conditions of the Notes;

However, consent of seventy-five (75) per cent. of the aggregate principal amount of the outstanding Notes is required to:

a) decrease the principal of or interest on the Notes;

b) extend the maturity of the Notes;

c) amend the conditions for the constitution of a quorum at a Noteholders' Meeting;

d) amend the majority requirements of the Noteholders' Meeting;

e) amend the level of Loan to Security Asset Value under Condition 14.5 (*Events of Default)* or Condition 12.1 (*Financial undertaking*) or amend, to the detriment of the Noteholders, any other provision of these Terms and Conditions of the Notes in respect of the Transaction Security; or

f) amend, to the detriment of the Noteholders, any provision of the Transaction Security Documents.

26.13. The consents can be given at a Noteholders' Meeting (or in the procedure in writing) or by other verifiable means.

26.14. The Noteholders' Meeting (and the procedure in writing) can authorise a named person to take necessary action to enforce the decisions of the Noteholders' Meeting (or of the procedure in writing).

26.15. When a Noteholders' Meeting is convened (or a procedure in writing initiated) by the Noteholders' Agent, a Noteholders' Meeting (or a procedure in writing) is entitled to make the decisions that are binding on all the Noteholders on matters listed in Condition 26.12 above, provided that the Issuer has given its prior approval to such decision.

26.16. Resolutions passed at a Noteholders' Meeting (or in the procedure in writing) shall be binding on all Noteholders irrespective of whether they have been present at the Noteholders' Meeting (or participated in the procedure in writing).

26.17. Resolutions passed at a Noteholders' Meeting (or in the procedure in writing) shall be deemed to have been notified to the Noteholders once they have been entered into the issue account of the Notes maintained by the CSD. In addition, Noteholders are obliged to notify subsequent transferees of the Notes of the resolutions of the Noteholders' Meeting (or procedure in writing).

27. RIGHT TO INFORMATION

27.1. Each Noteholder consents to the Issuer having a right to obtain information on the Noteholders, their contact details and their holdings of the Notes registered in the Book-Entry Securities System, such as information recorded in the lists referred to in paragraphs 2 and 3 of Section 3 of Chapter 4 of the Book-Entry System Act kept by the CSD in respect of the Notes and the CSD shall be entitled to provide such information upon request. At the request of the Noteholders' Agent or the Issuer Agent, the Issuer shall (and shall be entitled to do so) promptly obtain such information and provide it to the Noteholders' Agent or the Issuer Agent, as applicable.

27.2. The Noteholders' Agent and the Issuer Agent shall have the right to obtain information referred to in Condition 27.1 from the CSD in respect of the Notes if so permitted under the regulation of the CSD. The Issuer agrees that each of the Noteholders' Agent and the Issuer Agent is at any time on its behalf entitled to obtain information referred to in Condition 27.1 from the CSD in respect of the Notes.

27.3. The Issuer shall issue any necessary power of attorney to such persons employed by the Noteholders' Agent as are notified by the Noteholders' Agent, in order for such individuals to independently obtain information referred to in Condition 27.1 directly from the CSD in respect of the Notes. The Issuer may not revoke any such power of attorney unless directed by the Noteholders' Agent or unless consent thereto is given by the Noteholders.

27.4. The Issuer, the Noteholders' Agent and the Issuer Agent may use the information referred to in Condition 27.1 only for the purposes of carrying out their duties and exercising their rights in accordance with these Terms and Conditions with respect to the Notes or to fulfil any requirement of law or regulation and shall not disclose such information to any Noteholder or third party unless necessary for the before-mentioned purposes.

28. NOTICES

28.1. Any notice or other communication to be made under or in connection with the Notes Documents:

a) if to the Noteholders' Agent, shall be given at the address registered with the Finnish Trade Register, in each case on the Business Day prior to dispatch;

b) if to the Issuer Agent, shall be given at the following address: OP Custody Ltd, Gebhardinaukio 1, 00510 Helsinki, Finland;

c) if to the Common Security Agent, shall be given at the address registered with the Finnish Trade Register, in each case on the Business Day prior to dispatch;

d) if to the Issuer, shall be given at the address registered with the Finnish Trade Register on the Business Day prior to dispatch and designated "To the attention of CFO"; and

e) if to the Noteholders, shall be published on the websites of the Issuer and the Noteholders' Agent.

28.2. Any notice or other communication made by one person to another under or in connection with the Notes Documents shall be in English and sent by way of courier, e-mail, personal delivery or letter and will become effective, in the case of courier or personal delivery, when it has been left at the address specified in Condition 28.1 or, in the case of letter, three (3) Business Days after being deposited postage prepaid in an envelope addressed to the address specified in Condition 28.1 or, in the case of e-mail, when actually received in a readable form.

28.3. Failure to send a notice or other communication to a Noteholder or any defect in it shall not affect its sufficiency with respect to other Noteholders.

29. RELEASES

29.1. Any notice that the Issuer or the Noteholders' Agent shall send to the Noteholders under these Terms and Conditions shall also be published by way of a stock exchange release by the Issuer. Any such notice shall be deemed to have been received by the Noteholders when published in the manner specified in this Condition 29.1.

29.2. In addition to Condition 29.1, if any information relating to the Notes or the Issuer contained in a notice the Noteholders' Agent may send to the Noteholders under these Terms and Conditions has not already been made public in accordance with these Terms and Conditions, the Noteholders' Agent shall before it sends such information to the Noteholders give the Issuer the opportunity to make public such information in accordance with these Terms and Conditions.

29.3. If the Issuer does not promptly make public such information and the Noteholders' Agent considers it necessary to make such information public in accordance with Condition 29.1 before it can lawfully send a notice containing such information to the Noteholders, the Noteholders' Agent shall be entitled to do so.

30. PRESCRIPTION

30.1. In case any payment under the Notes has not been claimed within three (3) years from the original due date thereof, the right to such payment shall be prescribed.

31. LISTING

31.1. Following the subscription of the Notes, an application will be made to have the Notes listed on the sustainable bond list maintained by Helsinki Stock Exchange.

32. FORCE MAJEURE AND LIMITATION OF LIABILITY

32.1. Neither the Noteholders' Agent nor the Issuer Agent shall be held responsible for any damage arising out of any legal enactment, or any measure taken by a public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance (a "**Force Majeure Event**"). The reservation in respect of strikes, lockouts, boycotts and blockades applies even if the Noteholders' Agent or the Issuer Agent itself takes such measures, or is subject to such measures.

32.2. The Issuer Agent shall have no liability to the Noteholders if it has observed reasonable care. The Issuer Agent shall never be responsible for indirect damage with exception of gross negligence and wilful misconduct on the part of the Issuer Agent.

32.3. Should a Force Majeure Event arise which prevents the Noteholders' Agent or the Issuer Agent from taking any action required to comply with these Terms and Conditions, such action may be postponed until the obstacle has been removed.

32.4. The provisions in this Condition 32 apply unless they are inconsistent with the provisions of the Book-Entry System Act which provisions shall take precedence.

33. INFORMATION

33.1. The latest version of these Terms and Conditions (including any document amending these Terms and Conditions) shall be available on the websites of the Issuer and the Noteholders' Agent.

33.2. The latest versions of the Intercreditor Agreement, the Transaction Security Documents and the Agency Agreement (with certain commercial details redacted) shall be on the websites of the Issuer and the Noteholders' Agent.

34. APPLICABLE LAW AND JURISDICTION

34.1. The Notes shall be governed by and construed in accordance with Finnish law.

34.2. The courts of Finland shall have jurisdiction to settle any disputes relating to the Notes.

34.3. The District Court of Helsinki (Finnish: *Helsingin käräjäoikeus*) shall be the court of first instance.

35. ISIN

35.1. ISIN of the Notes is FI4000442108.

36. DEFINITIONS

36.1. The following terms shall have the following meaning in these Terms and Conditions:

"**Acceleration Event**" means a Notes Acceleration Event, a Pari Passu Notes Acceleration Event or a Credit Facility Acceleration Event.

"**Acceleration Notice**" means an acceleration notice issued pursuant to these Terms and Conditions, Pari Passu Notes Terms and Conditions or a Credit Facility Agreement.

"**Act on Noteholders' Agent**" means the Finnish Act on Noteholders' Agent (Finnish: *Laki joukkolainanhaltijoiden edustajasta* 574/2017, as amended).

"**Agency Agreement**" means the agency agreement entered into on or before the Issue Date, between the Issuer and the Noteholders' Agent, or any replacement agency agreement entered into after the Issue Date between the Issuer and a replacing Noteholders' Agent.

"**Approved Value**" means:

a) with respect to any Finnish Property, the value of the Finnish Properties in accordance with the latest Finnish Valuation divided by the aggregate land area (in hectares) of the Finnish Properties at the time of that Valuation and multiplied by the aggregate land area (in hectares) of that Finnish Property, each time excluding any and all areas reserved for conservation area purposes (Finnish: *luonnonsuojelualue*); and

b) with respect to any Estonian Pledged Property, 80 per cent. of the value of that Estonian Pledged Property in accordance with the latest Estonian Valuation.

"**Approved Valuer**" means Indufor Oy or any other independent valuer:

a) providing valuation of the Properties as required under the Initial Credit Facility Agreement; or

b) approved by the Common Security Agent.

"**Blocked Account**" means a bank account held by the Issuer with the Common Security Agent as further specified in the Finnish Security Agreement.

"**Book-Entry Securities System**" means the Infinity system being part of the book-entry register maintained by the CSD or any other replacing book-entry securities system.

"**Book-Entry System Act**" means the Finnish Act on Book-Entry System and Clearing Operations (Finnish: *Laki arvo-osuusjärjestelmästä ja selvitystoiminnasta* 348/2017, as amended).

"**Business Day**" means a day on which banks in Helsinki are open for general business.

"**Cash Equivalent Investments**" means at any time:

a) certificates of deposit maturing within one year after the relevant date of calculation; or

b) any other debt security approved by the Common Security Agent,

in each case, to which any member of the Group is beneficially entitled at that time and which is convertible to cash on thirty (30) days' notice.

"**Committed Loans**" means the aggregate amount of:

a) the aggregate amount of the Credit Facility Commitments;

b) the nominal value of any outstanding Notes; and

c) the nominal value of any outstanding Pari Passu Notes,

however, in each case, so that in connection with a refinancing of any Committed Loan only the higher of:

(i) the amount the existing Committed Loan to be refinanced; and

(ii) the amount of the new Committed Loan to be applied for such refinancing,

will be considered until any such new Committed Loan has been utilised.

"**Common Security Agent**" means OP Corporate Bank plc or any successor, transferee, replacement or assignee thereof, which has become the Common Security Agent in accordance with the Intercreditor Agreement.

"**Common Security Agent Amounts**" means any sums (including but not limited to any fees, remuneration, costs, charges, liabilities, indemnity payments and expenses (and including any taxes (including value added tax) required to be paid)) owing by the Issuer to the Common Security Agent under or in relation to any Secured Documents (in each case excluding any amounts owed to the Common Security Agent set out in the Intercreditor Agreement).

"**Compliance Certificate**" means a certificate in a form agreed between the Issuer and the Noteholders' Agent.

"**Credit Facility**" means:

a) the credit facilities provided under the Initial Credit Facility Agreement; and

b) any other credit facility made available to the Issuer where:

(i) the Loan to Security Asset Value ratio does not exceed sixty-five (65) per cent. after assuming any additional indebtedness under such credit facility made available to the Issuer;

(ii) the Issuer designates that credit facility as a Credit Facility and confirms in writing to each Creditor Representative that the establishment of that credit facility will not breach the terms of any of its existing Notes Documents or Credit Facility Documents;

(iii) any agent of the lenders in respect of the credit facility becomes a Party as a Creditor Representative;

(iv) any arranger of the credit facility becomes a Party as a Credit Facility Arranger; and

(v) any lender in respect of the credit facility becomes a Party as a Credit Facility Lender,

in accordance with the Intercreditor Agreement.

"**Credit Facility Acceleration Event**" means:

a) the Initial Credit Facility Agent exercising any of its rights under clause 22.16 of the Initial Credit Facility Agreement; and

b) the Creditor Representative in relation to any Credit Facility exercising any of its rights under any Equivalent Provision(s) of the relevant Credit Facility Agreement.

"**Credit Facility Agent**" means:

a) the Initial Credit Facility Agent; and

b) any facility agent of any other Credit Facility which becomes a Party pursuant to the Intercreditor Agreement.

"**Credit Facility Agreement**" means:

a) the Initial Credit Facility Agreement; and

b) in relation to a Credit Facility, the facility agreement documenting that Credit Facility.

"**Credit Facility Arranger**" means:

a) the Initial Credit Facility Arrangers; and

b) any arranger of any other Credit Facility which becomes a Party pursuant to the Intercreditor Agreement.

"**Credit Facility Commitment**" means "**Commitment**" (each time including the aggregate amount of all Commitments, if several made available) under and as defined in:

a) the Initial Credit Facility Agreement; and

b) the relevant other Credit Facility Agreement.

"**Credit Facility Creditors**" means each Credit Facility Agent, each Credit Facility Arranger and each Credit Facility Lender.

"**Credit Facility Discharge Date**" means the first date on which all Credit Facility Liabilities have been fully and finally discharged to the satisfaction of the relevant Creditor Representative(s), whether or not as the result of an enforcement, and the relevant Credit Facility Lenders are under no further obligation to provide financial accommodation to the Issuer under the relevant Credit Facility Documents.

"**Credit Facility Documents**" means:

a) the “Finance Documents” under and as defined in the Initial Credit Facility Agreement; and

b) the “Finance Documents” under and as defined in any other Credit Facility Agreement,

in each case other than Hedging Agreements.

“**Credit Facility Event of Default**” means an “Event of Default” as defined under any Credit Facility Documents.

“**Credit Facility Lenders**” means:

a) the Initial Credit Facility Lenders; and

b) each “Lender” and “Ancillary Lender” (under, and as defined in the relevant Credit Facility Agreement).

“**Credit Facility Liabilities**” means the Liabilities owed by the Issuer as the borrower to the Credit Facility Creditors under or in connection with the Credit Facility Documents.

“**Credit Facility Participation**” means, in relation to a Credit Facility Lender, its aggregate Credit Facility Commitments, if any.

“**Credit Facility Standstill Period**” means:

a) a period of sixty (60) days in respect of any Credit Facility Acceleration Event arising due to non-payment under any Credit Facility Documents; and

b) a period of one hundred twenty (120) days in respect of any other Credit Facility Acceleration Event.

“**Creditor Representative**” means:

a) in relation to the Initial Credit Facility Lenders, the Initial Credit Facility Agent;

b) in relation to the Credit Facility Lenders under any other Credit Facility, the facility agent in respect of that Credit Facility which has acceded to the Intercreditor Agreement as the Creditor Representative of those Credit Facility Lenders pursuant to the Intercreditor Agreement;

c) in relation to the Noteholders, the Noteholders’ Agent; and

d) in relation to any Pari Passu Noteholders under the Pari Passu Notes, each person(s) which has acceded to the Intercreditor Agreement as the Creditor Representative of those Pari Passu Noteholders pursuant to the Intercreditor Agreement.

“**Creditor Representative Amounts**” means fees, costs and expenses of a Creditor Representative payable by the Issuer to a Creditor Representative for its own account pursuant to the relevant Secured Debt Documents or any engagement letter between a Creditor Representative and the Issuer (including any amount payable by the Issuer to a Creditor Representative by way of indemnity, remuneration or reimbursement for expenses incurred), and the costs incurred by a Creditor Representative in connection with any actual or attempted Enforcement Action (as defined in the Intercreditor Agreement) which is permitted by the Intercreditor Agreement which are recoverable from the Issuer pursuant to the terms of the Secured Debt Documents.

“**CSD**” means Euroclear Finland Oy, business identity code 1061446-0, Urho Kekkosen katu 5 C, P.O. Box 1110, FI-00101 Helsinki, Finland or any entity replacing the same as a central securities depository.

“**CSD Business Day**” means a day on which the Book-Entry Securities System is open in accordance with the regulations of the CSD.

“**Delegate**” means any delegate, agent, attorney or co-agent appointed by the Common Security Agent.

“**Distress Event**” means any of:

a) an Acceleration Event;

b) an Insolvency Event; or

c) the enforcement of any Transaction Security.

"**Distressed Disposal**" means a disposal of any assets which from time to time are, or are expressed to be, the subject of the Transaction Security which is:

a) being effected at the consent of the Instructing Group (or, in circumstances set out in Condition 17.5 (*Enforcement of Transaction Security*), the relevant Creditor Representative representing the relevant Noteholders, Pari Passu Noteholders or Credit Facility Creditors, as applicable) in circumstances where the Transaction Security has become enforceable; or

b) being effected by enforcement of the Transaction Security.

"**Enforcement**" means:

a) the enforcement of the Transaction Security;

b) the requesting of a Distressed Disposal and/or the release or disposal of Transaction Security on a Distressed Disposal under the Intercreditor Agreement,

c) the giving of instructions as to actions with respect to the Transaction Security following an Insolvency Event under the Intercreditor Agreement and the taking of any other actions consequential on (or necessary to effect) any of those actions (but excluding the delivery of a Primary Enforcement Notice or a Secondary Enforcement Notice).

"**Enforcement Instructions**" means instructions as to Enforcement (including the manner and timing of Enforcement) given by the Instructing Group (or, in circumstances set out in Condition 17.5 (*Enforcement of Transaction Security*), the relevant Noteholders' Agent, Pari Passu Noteholders' Agent(s) or Credit Facility Agent(s), as applicable) to the Common Security Agent provided that instructions not to undertake Enforcement or an absence of instructions as to Enforcement shall not constitute "Enforcement Instructions".

"**Equivalent Provision**" means:

a) with respect to a Credit Facility Agreement, in relation to a provision or term of the Initial Credit Facility Agreement, any equivalent provision or term in the Credit Facility Agreement which is similar in meaning and effect; and

b) in relation to a provision or term of the Pari Passu Notes, any equivalent provision or term in the Notes which is similar in meaning and effect.

"**Estonian Pledged Properties**" means the Estonian Properties from time to time subject to Transaction Security under any Estonian Security Agreement.

"**Estonian Properties**" means all immovables (Estonian: *kinnisasjad*) located and registered in Estonia, owned either by the Issuer or Tornator Eesti OÜ (registered in Estonia, registry code 10013860) at the Issue Date or acquired by it at any time thereafter. A reference to an "**Estonian Property**" is a reference to any of the Estonian Properties.

"**Estonian Security Agreement**" means any Estonian law governed security agreement(s) entered into after the Issue Date, whereby:

(a) Tornator Eesti Oü or the Issuer (as applicable) grants first priority security interest over Estonian Properties of its selection and, to the extent possible, thereto related insurances (if any); and

(b) the Issuer grants first priority security interest over shares and voting rights in Tornator Eesti Oü.

"**Estonian Valuation**" means:

a) the Original Estonian Valuation; or

b) the latest valuation of the Estonian Pledged Properties as provided for in Condition 13.1 (*Valuations*) and performed by an Approved Valuer substantially in the form of the Original Estonian Valuation.

"**Event of Default**" shall have the meaning given to it in Condition 14 (*Events of Default*).

"**Final Discharge Date**" means the later to occur of the Credit Facility Discharge Date and the Notes Discharge Date, each time provided that there are no outstanding Common Security Agent Amounts or Paying Agent Amounts.

"**Final Maturity Date**" shall mean 14 October 2026.

"**Finnish Pledged Properties**" means the Finnish Properties from time to time subject to Transaction Security under the Finnish Security Agreement by the pledging of mortgage notes.

"**Finnish Properties**" means all immovable property or leasehold with respect to immovable property (including forest and other land properties) located in Finland and any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on and forming part of the leasehold or immovable property, whether owned by the Issuer at the Issue Date or at any time thereafter acquired by the Issuer. A reference to a "**Finnish Property**" is a reference to any of the Finnish Properties.

"**Finnish Security Agreement**" means the Finnish law security agreement entered into by and between the Issuer and the Common Security Agent on 6 March 2020, creating a first and second ranking security interests over:

a) mortgage notes relating to the Finnish Pledged Properties;

b) insurance proceeds relating to the Finnish Pledged Properties; and

c) the Blocked Account,

as supplemented from time to time in accordance with the terms thereof.

"**Finnish Valuation**" means:

a) the Original Finnish Valuation; or

b) the latest valuation of the Finnish Properties as provided for in Condition 13.1 (*Valuations*) and performed by an Approved Valuer substantially in the form of the Original Finnish Valuation.

"**Green Finance Framework**" means the Issuer's green finance framework dated 29 August 2019 (which is published on the website of the Issuer) (as amended from time to time).

"**Group**" means the Issuer and its Subsidiaries from time to time.

"**Hedge Counterparty**" means:

a) the Initial Hedge Counterparties; and

b) any entity which becomes a party to the Intercreditor Agreement as a Hedge Counterparty pursuant to the terms of the Intercreditor Agreement.

"**Hedging Agreement**" means any agreement entered into by and between a Hedge Counterparty and the Issuer for the purpose of hedging interest rate risk (but not for speculative purposes) which, at the time such Hedging Agreement is entered into, is not prohibited under the terms of any Secured Debt Document.

"**Hedging Liabilities**" means the Liabilities owed by the Issuer to the Hedge Counterparties under or in connection with the Hedging Agreements.

"**Helsinki Stock Exchange**" means Nasdaq Helsinki Ltd.

"**Initial Credit Facility**" means a Facility as defined in the Initial Credit Facility Agreement.

"**Initial Credit Facility Agent**" means OP Corporate Bank plc.

"**Initial Credit Facility Agreement**" means the EUR 450,000,000 term and revolving credit facilities agreement made between, *inter alia*, the Issuer as borrower and the Initial Credit Facility Lenders as lenders, originally dated 5 March 2020 and as amended and restated on 8 April 2020.

"**Initial Credit Facility Lenders**" means each Lender (as defined in the Initial Credit Facility Agreement).

"**Initial Hedge Counterparties**" means Danske Bank A/S, Finland Branch and OP Corporate Bank plc.

"**Intercreditor Agreement**" means the intercreditor agreement dated 6 March 2020 and made between, among others, the Issuer, the Initial Credit Facility Agent, the Common Security Agent, the Initial Credit Facility Lenders, the Initial Credit Facility Arrangers and the Initial Hedge Counterparties, to which the Noteholders' Agent has acceded on or prior to the Issue Date.

"**Interest Payment Date**" shall mean 14 October annually. The first Interest Payment Date shall be 14 October 2021 and the last Interest Payment Date shall be the relevant Redemption Date or the Final Maturity Date.

"**Insolvency Event**" means in relation to the Issuer,

a) any resolution is passed or order made for the winding up, dissolution, administration, bankruptcy or reorganisation of the Issuer, a moratorium is declared in relation to any indebtedness of the Issuer or an administrator is appointed to the Issuer;

b) any composition, compromise, assignment or arrangement is made with its creditors generally;

c) the appointment of any liquidator, administrator or other similar officer in respect of the Issuer or any of its assets; or

d) any analogous procedure or step analogous to any of those set out under paragraphs (a), (b) and (c) above is taken in respect of the Issuer in any jurisdiction.

"**Insolvent**" means, in respect of a relevant person, that it:

a) is deemed to be insolvent within the meaning of Section 1 of Chapter 2 of the Finnish Bankruptcy Act (Finnish: *Konkurssilaki* 120/2004, as amended) (or its equivalent in any other jurisdiction);

b) admits inability to pay its debts as they fall due;

c) suspends making payments on any of its debts;

d) by reason of actual financial difficulties commences negotiations with its creditors (other than the Noteholders in their capacity as such) with a view to rescheduling and conversion to equity (or any other unusual discharge) of any of its indebtedness (including company reorganisation under the Finnish Act on Company Reorganisation (Finnish: *Laki yrityksen saneerauksesta* 47/1993, as amended) (or its equivalent in any other jurisdiction)); or

e) is subject to involuntary winding-up, dissolution or liquidation.

"**Instructing Group**" means at any time:

a) when the aggregate Credit Facility Participations represent thirty-five (35) per cent. or more of the Total Debt Participations, the Credit Facility Agent(s) representing the Majority Credit Facility Lenders (each Credit Facility Agent acting upon the instructions of the requisite majority of Credit Facility Lenders determined in accordance with the Credit Facility Agreement in respect of which it is the Creditor Representative); and

b) when the aggregate Credit Facility Participations represent less than thirty-five (35) per cent. of the Total Debt Participations:

(i) the Credit Facility Agent(s) (each Credit Facility Agent acting upon the instructions of the requisite majority of Credit Facility Lenders determined in accordance with the Credit Facility Agreement in respect of which it is the Creditor Representative); together with

(ii) the Noteholders' Agent(s) (each Noteholders' Agent acting upon the instructions of the requisite majority of Noteholders determined in accordance with these Terms and Conditions and any other Pari Passu Notes Terms and Conditions in respect of which it is the Creditor Representative).

At any time, if the Instructing Group consist of more than one Creditor Representative, decision making in the Instructing Group shall always be through simple majority (meaning, for the avoidance of doubt, in respect of any decision or action, if more than fifty (50) per cent. of the represented Total Debt Participations in the Instructing Group support that decision or action).

"**Issue Date**" shall have the meaning given to it in Condition 1 (*Amount and issuance of Notes*).

"**Issuer Agent**" means OP Custody Ltd or any other party replacing the same as Issuer Agent in accordance with the regulations of the CSD.

"**Issuer Agent Agreement**" means an agreement regarding services related to the Notes entered into by and between the Issuer and the Issuer Agent in connection with the issuance of the Notes.

"**Liabilities**" means all present and future liabilities and obligations of the Issuer at any time, both actual and contingent and whether incurred solely or jointly or as principal or surety or in any other capacity together with any of the following matters relating to or arising in respect of those liabilities and obligations:

a) any refinancing, deferral or extension;

b) any claim for breach of representation, warranty or undertaking or on an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within this definition;

c) any claim for damages or restitution; and

d) any claim as a result of any recovery by the Issuer of a Payment on the grounds of preference or otherwise,

and any amounts which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowance of those amounts in any insolvency or other proceedings.

"**Loan and Hedging Liabilities to Security Asset Value**" means at any time the aggregate amount of the Committed Loans and the Hedging Liabilities (on a mark-to-market basis) divided by the Security Asset Value.

"**Loan to Security Asset Value**" means at any time Committed Loans divided by the Security Asset Value.

"**Majority Credit Facility Lenders**" means, at any time, those Credit Facility Lenders whose Credit Facility Participations at that time aggregate more than fifty (50) per cent. of the total Credit Facility Participations of all Credit Facility Lenders at that time.

"**Majority Noteholders**" means, at any time, those Noteholders and Pari Passu Noteholders whose Notes Debt Participations at that time aggregate more than fifty (50) per cent. of the total Notes Debt Participations of all Noteholders and Pari Passu Noteholders at that time.

"**Noteholder**" means the person who is registered in the register maintained by the CSD pursuant to the Book-Entry System Act as direct registered owner (Finnish: *omistaja*) or nominee (Finnish: *hallintarekisteröinnin hoitaja*) with respect to a Note.

“**Noteholders’ Agent**” means Nordic Trustee Oy, incorporated under the laws of Finland with business identity code 2488240-7, acting for and on behalf of the Noteholders in accordance with these Terms and Conditions, or another party replacing it, as Noteholders’ Agent, in accordance with these Terms and Conditions.

“**Noteholders’ Meeting**” shall have the meaning given to it in Condition 26 (*Noteholders’ meeting and procedure in writing*).

“**Notes Acceleration Event**” means the Noteholders’ Agent (or the requisite Noteholders) exercising any of its or their rights under Condition 14 (*Events of Default*).

“**Notes Creditors**” means each of the Noteholders, each Noteholders’ Agent and each Paying Agent as regards the Paying Agent Amounts.

“**Notes Debt Participation**” means the aggregate outstanding principal amount of the Notes and Pari Passu Notes held by a Noteholder or Pari Passu Noteholders, as applicable.

“**Notes Discharge Date**” means the first date on which all Notes Liabilities have been fully and finally discharged to the satisfaction of the relevant Creditor Representative(s), whether or not as the result of an enforcement, and the Notes Creditors are under no further obligation to provide financial accommodation to the Issuer under any Notes Documents.

“**Notes Documents**” means these Terms and Conditions, the Transaction Security Documents, the Intercreditor Agreement, the Agency Agreement and the Paying Agent Agreement.

“**Notes Event of Default**” means an “Event of Default” as defined under any Notes Documents.

“**Notes Liabilities**” means the Liabilities owed by the Issuer to the Notes Creditors under or in connection with the Notes Documents.

“**Notes Standstill Period**” means:

a) a period of 90 days in respect of any Notes Acceleration Event arising due to non-payment under these Notes or Pari Passu Notes Acceleration Event arising due to non-payment under the Pari Passu Notes; and

b) a period of 180 days in respect of any other Notes Acceleration Event or Pari Passu Notes Acceleration Event.

“**Original Estonian Valuation**” means the original valuation of the Estonian Pledged Properties in a form and substance approved by the Common Security Agent.

“**Original Finnish Valuation**” means the original valuation of the Finnish Properties based on the valuation report dated 1 September 2020 and prepared by Indufor Oy and setting out the aggregate of:

a) the valuation of the discounted perpetual cash flows generated by the Finnish Properties, and

b) the bare land value of the Finnish Properties.

“**Pari Passu Notes**” means any other secured notes issued by the Issuer where:

a) the Issuer designates those secured notes as Pari Passu Notes and confirms in writing that the issuance of those notes will not breach the terms of any of its existing Credit Facility Documents, these Terms and Conditions or any other Pari Passu Notes Terms and Conditions; and

b) the noteholders’ agent in respect of such notes becomes a Party as a Creditor Representative

in accordance with the Intercreditor Agreement.

“**Pari Passu Notes Acceleration Event**” means a Pari Passu Noteholders’ Agent (or the requisite Pari Passu Noteholders under the Pari Passu Notes Terms and Conditions) exercising any of its or their rights or any acceleration provisions being automatically invoked in each case under an Equivalent Provision of the relevant Pari Passu Notes Terms and Conditions.

"**Pari Passu Notes Creditors**" means the Pari Passu Noteholders and the Pari Passu Noteholders' Agent.

"**Pari Passu Notes Documents**" means the relevant Pari Passu Notes Terms and Conditions, the Transaction Security Documents, the Intercreditor Agreement, the Pari Passu Noteholders' Agency Agreement and any related Paying Agent Agreement.

"**Pari Passu Notes Liabilities**" means the Liabilities owed by the Issuer to the Pari Passu Notes Creditors under or in connection with the Pari Passu Notes Documents.

"**Pari Passu Notes Terms and Conditions**" means the terms and conditions governing any Pari Passu Notes.

"**Pari Passu Noteholders**" means the holders from time to time of any Pari Passu Notes.

"**Pari Passu Noteholders' Agency Agreement**" means an agency agreement entered into between the Issuer and a Pari Passu Noteholders' Agent regarding issuance of Pari Passu Notes.

"**Pari Passu Noteholders' Agent**" means any noteholders' agent in respect of any Pari Passu Notes which has acceded to the Intercreditor Agreement as a Creditor Representative pursuant to the Intercreditor Agreement.

"**Party**" means a party to the Intercreditor Agreement.

"**Paying Agent**" means:

a) the Issuer Agent, or any other party replacing it as Issuer Agent; and

b) each party appointed as paying agent in respect of any Pari Passu Notes, acting as issuer agent (Finnish: *liikkeeseenlaskijan asiamies*) and paying agent of Pari Passu Notes for and on behalf of the Issuer, or any other party replacing it as Paying Agent in accordance with the relevant Pari Passu Notes Documents, in each case, only if it has acceded to the Intercreditor Agreement, as a Paying Agent pursuant to the Intercreditor Agreement.

"**Paying Agent Agreement**" means:

a) the "Issuer Agent Agreement" as defined in these Terms and Conditions; and

b) any equivalent document as defined in any other Pari Passu Notes Terms and Conditions.

"**Paying Agent Amounts**" means all unpaid fees, costs, expenses and indemnities payable by the Issuer to a Paying Agent in accordance with any Paying Agent Agreement.

"**Payment**" means, in respect of any Liabilities (or any other liabilities or obligations), a payment, prepayment, repayment, redemption, repurchase, defeasance or discharge of those Liabilities (or other liabilities or obligations).

"**Permitted First Priority Rights**" means:

a) any right of tenancy (or similar) related to a wind power project or other similar project and belonging to a third party and not materially harmful to the value or use of the relevant Pledged Property for art and practice of planting and growing trees; and

b) with the prior consent of the Common Security Agent any other right belonging to a third party, registered or to be registered as a first priority right over the relevant Pledged Property and not materially harmful to the value or use of the relevant Pledged Property for art and practice of planting and growing trees.

"**Permitted Property Transaction**" means the release or disposal of a Pledged Property, provided that:

a) no Event of Default is outstanding or would result from the release or disposal;

b) in case of disposal of Transaction Security, that disposal is made at fair market value;

c) the Loan to Security Asset Value will immediately after such release or disposal of any Pledged Properties be no more than sixty-five (65) per cent;

d) the Issuer has delivered less than eleven requests to the Common Security Agent in that calendar year for the release of Transaction Security over any Pledged Property (or a part thereof) due to a Permitted Property Transaction; and

e) the Common Security Agent consents to such release or disposal, such consent not to be unreasonably withheld or delayed.

”**Pledged Properties**” means the Properties from time to time subject to Transation Security. A reference to a ”**Pledged Property**” is a reference to any of the Pledged Properties.

“**Primary Enforcement Notice**” has the meaning given to such term in Condition 17 (*Enforcement of Transaction Security*).

”**Properties**” means the Estonian Properties and the Finnish Properties together. A reference to a ”**Property**” is a reference to any of the Properties.

“**Record Time**” means:

a) in relation to a payment of interest, default interest and/or redemption of the Notes when such payment is made through the Book-Entry Securities System, the end of the first CSD Business Day prior to, as applicable, (i) an Interest Payment Date, (ii) the day on which default interest is paid, (iii) a Redemption Date or (iv) a date on which a payment to the Noteholders is to be made under Condition 18 (*Distribution of Proceeds*);

b) in relation to a Noteholders’ Meeting, the end of the CSD Business Day specified in the communication pursuant to Condition 26 (*Noteholders’ meeting and procedure in writing*); and

c) otherwise, the end of the fifth CSD Business Day prior to another relevant date.

“**Redemption Date**” means the date on which the relevant Notes are to be redeemed or repurchased in accordance with Conditions 7 (*Redemption and Repurchase of Notes*), 8 (*Mandatory Redemption due to Change of Control*) and 9 (*Voluntary total redemption*).

“**Secured Debt Documents**” means each of the Credit Facility Documents and the Notes Documents.

“**Secured Documents**” means each of the Secured Debt Documents and the Hedging Agreements.

“**Secured Obligations**” means the Senior Secured Obligations and the Hedging Liabilities.

“**Secured Parties**” means the Senior Secured Parties and the Hedge Counterparties, each from time to time represented by the Common Security Agent and “**Secured Party**” means each of them individually.

“**Security Asset Value**” means the aggregate amount of:

a) the latest Approved Value of the Finnish Properties multiplied by the lower of the following:

    (i) the percentage that the aggregate land area (in hectares) of the Finnish Pledged Properties represent of the aggregate land area (in hectares) of the Finnish Properties; and

    (ii) the percentage that the aggregate Statistical Value of the Finnish Pledged Properties represent of the aggregate Statistical Value of the Finnish Properties,

    in each case excluding conservation areas and;

(iii) deducting the aggregate land area (in hectares) and the aggregate Statistical Value of the Finnish Pledged Properties that have been disposed of pursuant to a Permitted Property Transaction after the date of the latest Finnish Valuation; and

(iv) each time disregarding:

a. any new Finnish Properties that have been acquired after the latest Finnish Valuation;

b. any new Pledged Property included in the Transaction Security for the first three (3) months of such inclusion unless (A) such new Pledged Properties have been granted as security in connection the Issuer acquiring any additional debt as allowed under the Credit Facility Documents, the Notes or the Pari Passu Notes each time to the maximum amount that has been prerequisite for assuming that debt, or (B) not more than twice in a financial year or with the prior consent of the Common Security Agent, such inclusion has been made by the Issuer in order to avoid breach of any financial covenant calculating the Security Asset Value under any Secured Document (or to cure the same to the extent permitted by its terms);

b) the amount of cash on the Blocked Account; and

c) the Approved Value of the Estonian Pledged Properties,

provided that the amount under (c), above, shall be taken into account up to an amount not exceeding 10 per cent. of the aggregate amount of (a) – (c).

"**Senior Secured Obligations**" means the Credit Facility Liabilities (including, for the avoidance of doubt, the Creditor Representative Amounts owing to any Credit Facility Agent), the Notes Liabilities (including, for the avoidance doubt, the Creditor Representative Amounts owing to any Noteholders' Agent), the Common Security Agent Amounts and the Paying Agent Amounts.

"**Senior Secured Parties**" means the Common Security Agent, any Delegate and each of the Credit Facility Creditors, Notes Creditors, the Credit Facility Agents and Paying Agents from time to time.

"**Statistical Value**" means, with respect to any Finnish Property, the value of that Finnish Property calculated on the basis of:

a) the applicable regional average of the last three calendar years' median purchase prices (per hectare) of forest land sales (involving at least 10 hectares) in the public register maintained by the National Land Survey of Finland, as available in January for the purposes of preparing the annual accounts for the Issuer (e.g. information from the forest land sales made during the last month of the latest calendar year may be missing); and

b) the land area of that Finnish Property in hectares (for the avoidance of doubt excluding any water area and conservation area in that Finnish Property).

"**Subscription Date**" means 7 October 2020.

"**Subsidiary**" means a subsidiary within the meaning of the Finnish Companies Act (Finnish: *Osakeyhtiölaki*, 624/2006, as amended).

"**Taxes**" shall have the meaning given to it in Condition 25 (*Taxation*).

"**Total Debt Participations**" means the aggregate of the Credit Facility Participations and the Notes Debt Participations.

"**Transaction Security**" means the Security created or evidenced or expressed to be created or evidenced under or pursuant to the Transaction Security Documents,

a) in the case of Finnish Security Agreement created in favour of:

(i) the Secured Parties (other than any Hedge Counterparty) represented by the Common Security Agent with first priority in respect to the Senior Secured Obligations owed to them under the Secured Debt Documents; and

(ii) the Hedge Counterparties represented by the Common Security Agent with second priority in respect of Hedging Liabilities owed to them under the Hedging Agreements; or

b) in the case of any Estonian Security Agreement is created in favour of:

(i) the Common Security Agent under a parallel debt, joint and several creditorship, acknowledgement of debt and/or equivalent structure with first priority in respect of the Senior Secured Obligations and the obligation to pay parallel debt related to the Senior Secured Obligations, whereby the Common Security Agent will act in the interest of and for the benefit of all the Secured Parties (other than any Hedge Counterparty), under or pursuant to the Transaction Security Documents; and

(ii) the Common Security Agent under a parallel debt, joint and several creditorship, acknowledgement of debt and/or equivalent structure with second priority in respect of Hedging Liabilities and the obligation to pay the parallel debt related to the Hedging Liabilities, whereby the Common Security Agent will act in the interest of and for the benefit of the Hedge Counterparties, under or pursuant to the Transaction Security Documents.

"**Transaction Security Documents**" means the Finnish Security Agreement and any Estonian Security Agreement.

"**Valuation**" means, as applicable:

a) an Estonian Valuation; and/or

b) a Finnish Valuation.

"**Wood Sale Agreement**" means the wood sale agreement dated 15 November 2012 and as amended on 1 April 2014 and 1 January 2017 between the Issuer and Stora Enso Oyj (as amended from time to time).

OVERVIEW OF THE OFFERING AND THE NOTES

This overview is an overview of certain key features of the Offering and the Notes. Any decision by an investor to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the information incorporated by reference herein.

Words and expressions in this section shall have the meanings defined in the Terms and Conditions of the Notes.

Issuer:	Tornator Oyj, a public limited liability company incorporated in Finland.
Risk Factors:	Investing in the Notes involves risks. The principal risk factors relating to the Issuer and the Notes are discussed in the section "*Risk Factors*" of this Prospectus.
Joint Lead Managers:	Danske Bank A/S, OP Corporate Bank plc and Skandinaviska Enskilda Banken AB (publ).
Type and class of the Notes:	Senior secured green notes with an aggregate principal amount of EUR 350,000,000.
Transaction Security:	On the date of this Prospectus the Transaction Security consists of (i) mortgages over Finnish forest properties, (ii) insurance proceeds relating to such forest properties and (iii) a blocked bank account to which such insurance proceeds are to be paid. The Issuer has an option to include also Estonian forest properties to Transaction Security in which case the Estonian subsidiary would grant mortgages over such properties and also shares in that subsidiary would be included in the Transaction Security. The Transaction Security is a dynamic pool of assets allowing changes to be made to the forest properties on conditions discussed in the section "*Additional information on the Transaction Security and Intercreditor Agreement*". The Transaction Security is shared with certain credit facilities, and certain hedging liabilities are secured with second priority security over the assets forming the Transaction Security. The sharing of security is governed by an intercreditor agreement. Please see section "*Additional information on the Transaction Security and Intercreditor Agreement* ".
Ranking of the Notes:	The Notes constitute direct and secured obligations of the Issuer ranking *pari passu* among themselves and at least *pari passu* with the unsecured obligations of the Issuer, save for obligations which are preferred by mandatory provisions of law.
Form of the Notes:	Securities in dematerialized, book-entry form issued in the Infinity-book-entry securities system maintained by Euroclear Finland Oy.
ISIN Code of the Notes:	FI4000442108.
Depository and settlement system:	Euroclear Finland Oy, Urho Kekkosen katu 5 C, FI-00100, Helsinki, Infinity book-entry securities system of Euroclear Finland Oy.
Issue Price and Effective yield of the Notes:	Issue price of 99.914 per cent., resulting in effective yield of 1.265 per cent. per annum.
Minimum subscription amount:	EUR 100,000.
Denomination of a book-entry unit:	EUR 100,000.

Issue Date:	14 October 2020.
Redemption Date:	14 October 2026.
Interest on the Notes:	Fixed interest at the rate of 1.250 per cent. p.a.
Redemption:	Mandatory redemption upon the change of control of the Issuer if Noteholder so requests. The Issuer is entitled to redeem the Notes in full at any time by way of a make-whole redemption. The Issuer is entitled to redeem all Notes in full if the outstanding aggregate principal amount of the Notes is twenty-five (25) per cent. or less of the initial aggregate principal amount of the Notes.
Covenants, mandatory repurchase and Events of Default:	Loan to Security Asset Value 70 per cent., restrictions on disposals, undertaking relating to insurances, information duties relating to valuations, financial statements and green finance framework, non-payment, cross-default, pari passu status, cessation of business, insolvency, enforcement of transaction security and wood sale agreement.
Issuer Agent and Paying Agent:	OP Custody Ltd.
Noteholders' Agent:	Nordic Trustee Oy.
Common Security Agent:	OP Corporate Bank plc.
Publication date and investors:	The result of the Offering was announced on 7 October 2020 and the Notes were allocated mainly to institutional investors.
Applicable law:	Finnish law.
Description of restrictions on free transferability of the Notes:	Each Note will be freely transferable after it has been registered into the respective book-entry account.
Listing:	Application has been made to have the Notes listed on the list of sustainable bonds of the Helsinki Stock Exchange. The Notes are expected to be listed on the list of sustainable bonds of the Helsinki Stock Exchange on or about 19 October 2020.
Interests of the participants of the Offering:	Interests of the Joint Lead Managers: Business interest normal in the financial markets. In addition, the Joint Lead Managers and/or companies belonging to the same consolidated groups with the Joint Lead Managers are lenders under the Initial Credit Facility Agreement originally dated 5 March 2020 and as amended and restated on 8 April 2020 relating to EUR 450 million facilities. The proceeds from the Offering were used, inter alia, for the refinancing of the EUR 250 million term loan provided by OP Corporate Bank plc as well as refinancing of the Initial Credit Facility Agreement in the amount of EUR 25 million and will be used for the refinancing of approximately EUR 50 million of commercial paper arranged by the Joint Lead Managers and their respective affiliates. The Joint Lead Managers and other entities within the same group and/or their affiliates may have performed and may in the future perform investment or other banking services for the Group in the ordinary course of business for which they may have received and may continue to receive customary fees and commissions and may also hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of customers, in debt securities of the Issuer and arrange issuance of commercial papers by the Issuer. Also, some of the Joint Lead Managers

	are currently the Issuer's counterparties in certain hedging transactions which share the Transaction Security with second ranking.
Estimated total expenses and net proceeds related to the Offering and Listing:	The estimated total expenses incurred in connection with the Offering and Listing amount in aggregate to approximately EUR 1.2 million and the estimated net amount of proceeds of the Offering amount to approximately EUR 348.8 million.
Reason for the issuance of the Notes:	The Issuer's reason for the issuance of the Notes is to use the net proceeds for refinancing and financing, in accordance with the Issuer's Green Finance Framework. The net proceeds of the Offering have been used for refinancing of the EUR 250 million term loan provided by OP Corporate Bank plc as well as refinancing of the Initial Credit Facility Agreement in the amount of EUR 25 million and will be used for the refinancing of commercial paper in the aggregate amount of EUR 50 million.
Date of the entry of the Notes to the book-entry system:	Notes subscribed and paid for have been entered by the Issuer Agent to the respective book-entry accounts of the subscribers on 14 October 2020 in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as regulations and decisions of Euroclear Finland Oy.
Interests of the Common Security Agent:	OP Corporate Bank plc that acts as the Common Security Agent is also a Joint Lead Manager, a lender under the Initial Credit Facility Agreement and a counterparty to certain of the Issuer's hedging arrangements benefiting from the second ranking interest to the Transaction Security in addition to possible other investment and banking services referred to above.

ADDITIONAL INFORMATION ON THE TRANSACTION SECURITY AND INTERCREDITOR AGREEMENT

The following description is partly based on and must be read in conjunction with the Terms and Conditions of the Notes. To the extent there is any discrepancy between the Terms and Conditions of the Notes or the Intercreditor Agreement and the following description, the Terms and Conditions of the Notes and the Intercerditor Agreement will prevail. Capitalized terms used have the same meaning as defined in the Terms and Conditions of the Notes.

Additional Information on the Transaction Security

Transaction Security providers

A description of the Issuer is presented under "*Information about the Issuer*". According to Clause 2 of its articles of association, the Issuer owns and administers properties and exercises forestry and any related activities on its own or through its subsidiary. Further, pursuant to Clause 2 of the articles of association, the Company may also own shares and securities.

The Terms and Conditions of the Notes allow additional Transaction Security to be granted by the Estonian subsidiary of the Issuer, Tornator Eesti OÜ. Tornator Eesti OÜ is a limited liability company established in 2007 under Estonian law with its domicile in Tallinn, Estonia with a commercial register code 10013860. Tornator Eesti OÜ is a wholly-owned subsidiary of the Issuer. Tornator Eesti OÜ's objective is silviculture and other forestry activities, and its business activities are based on forestland ownership and sustainable utilization of forest resources. The forests owned by Tornator Eesti OÜ are located across Estonia. As at the date of this Prospectus, Tornator Eesti OÜ owns approximately 66,000 hectares of forestland.

As at the date of this Prospectus, the Board of Directors of Tornator Eesti OÜ consists of the following persons: Henrik Nieminen, Riido Rosin and Antti Siirtola and the auditor is Deloitte Estonia with Erki Usin as the principal auditor. As at the date of this Prospectus, the paid-in share capital of Tornator Eesti OÜ is EUR 109,415,000 and it comprises one share. As booked at 31 December 2019 on Group's IFRS consolidated financial statements, Tornator Eesti OÜ's total assets were EUR 182,0 million, total equity was EUR 180,3 million and net of debt, loan receivables and cash was an asset of EUR 4,7 million. In 2019, Tornator Eesti OÜ's sales were EUR 8,8 million. As booked at 30 June 2020 on Tornator's IFRS consolidated financial statements, Tornator Eesti OÜ's total assets were EUR 181.5 million, total equity was EUR 180.0 million and net of debt, loan receivables and cash was an asset of EUR 5.7 million. For the six months ended on 30 June 2020, Tornator Eesti OÜ's sales were EUR 3.0 million.

Transaction Security

The Transaction Security consists on the date of this Prospectus of certain forest properties of the Issuer located in Finland, insurance proceeds relating to the same and a blocked bank account to which such proceeds are directed. The Finnish Security Agreement governing the security interest over the above-mentioned forest properties and the Blocked Account is governed by the laws of Finland.

The Blocked Account is a bank account of the Issuer which is subject to a perfected pledge and in relation to which the Common Security Agent has the sole signing rights. Insurance claims that may arise in relation to forest properties pledged under the Finnish Security Agreement are directed to the Blocked Account. Information on the forest properties subject to the Transaction Security as at the date of this Prospectus is below under "*Determination of the value of Tornator's forest assets subject to Transaction Security*".

The Terms and Conditions of the Notes and the Intercreditor Agreement provide that the Common Security Agent may in certain circumstances take actions necessary to release the Transaction Security. The Security Agent may release Transaction Security over a property or a part thereof provided that no default is outstanding or would result from such release, the Loan to Security Asset Value ratio does not exceed 65 per cent. and the Loan and Hedging Liabilities to Security Asset Value ratio does not exceed 90 per cent. immediately after such release and the Common Security Agent consents to such release (such consent not to be unreasonably withheld or delayed). The Common Security Agent is authorised to release such assets subject to the Transaction Security in case the conditions are fulfilled.

Amounts on the Blocked Account may pursuant to Terms and Conditions of the Notes be requested by the Issuer to be released to it if following the occurrence of the damage resulting in the insurance proceeds (or another event resulting in a payment to the Blocked Account) a new valuation is made and pursuant to that valuation the Loan to Security Asset Value ratio does not exceed 70 per cent. (without regard to any such insurance proceeds or other amounts on the Blocked Account) and further provided that no default is outstanding. If the Loan to Security Asset Value covenant is not met (when disregarding any amount on the Blocked Account), such amounts may be used for payment of interest, fees and any other outstanding amounts under and/or prepayment of the Secured Obligations (where prepayment is allowed under the terms of such Secured Obligations) to the extent required to be in compliance with the Loan to Security Asset Value covenant (when disregarding such amount standing to the credit of the Blocked Account) after which the remaining insurance proceeds would be capable of being released on the before-mentioned conditions.

During the security period the Issuer may grant a third party a right of tenancy (or similar right) related to a wind power project or other similar project in relation to which the third party would need to have such right registered with first priority and provided that such right of tenancy (or similar right) is not materially harmful to the value or use of the relevant Pledged Property for art and practice of planting and growing trees. The Intercreditor Agreement contains an authorization to and an undertaking by the Common Security Agent to take such actions as are necessary to enable such first priority registration to rank ahead of the Transaction Security.

The Transaction Security is shared by the Common Security Agent (and any delegate), each credit facility agent, each credit facility arranger and each credit facility lender, the Noteholders and the Noteholders' Agent, the holders of pari passu notes and the pari passu noteholders' agent and the hedge counterparties from time to time. OP Corporate Bank plc as the Common Security Agent (Finnish: *vakuusagentti*) holds the Transaction Security on behalf of each of the secured parties. The Transaction Security shall secure all Senior Secured Obligations with first priority and with second priority (Finnish: *jälkipantti*) all Hedging Liabilities.

The Intercreditor Ageement and the Terms and Conditions of the Notes allow additional Transaction Security to be granted by the Estonian subsidiary of the Issuer, Tornator Eesti OÜ. Such Transaction Security would be granted in the form of mortgages over forest properties located in Estonia and potentially any insurance proceeds related to such assets. It is a condition for granting such additional Transaction Security that also shares in Tornator Eesti OÜ would be granted as security.

Determination of the value of Tornator's forest assets subject to Transaction Security

At the date of this Prospectus, Tornator's forest assets located in Finland comprise a total of approximately 3,847 properties. The fair values of Tornator's forest assets are presented in the notes to the financial statements and are determined based on the Company's in-house assessment made semi-annually in conjunction with the preparation of the financial statements and the interim reports. The acquisition cost of the forest assets located in Finland was as at 31 December 2019 approximately EUR 730 million and as at 30 June 2020 EUR 751 million.

The Company's forest assets located in Finland are also appraised annually by an external valuer. At the date of this Prospectus, Indufor Oy acts as external valuer to the Company. Indufor Oy has no material interests in Tornator.

Based on a valuation report by Indufor Oy[1], the balance sheet value (IFRS) of Tornator's forests in Finland as at 30 September 2020 was estimated to amount to EUR 1,664 million (in 2019, EUR 1,473 million) and the value based on perpetual cash flows was estimated to amount to EUR 1,694 million (in 2019, EUR 1,635 million). The valuation report by Indufor Oy has been incorporated as Annex 1 to this Prospectus. The value of Tornator's Finnish forests (i.e. biological assets) is calculated using income approach where future cash flows from currently standing trees have been forecasted and discounted to present for IFRS purposes whereas the financial covenant calculations are based on perpetual cash flows. The value is based on an assumption that the forests are harvested according to the wood flow projections by Tornator. Main factors affecting forest values include: harvesting possibilities, discount rate (WACC) and price levels for wood. According to the property report calculation as of 30 September 2020, the total value of Tornator's forest assets located in Finland, including bare land value, for the covenant calculation is EUR 1,772.0 million. This value is the sum of Indufor's forest valuation based on perpetual cash flows EUR 1,694.0 million and bare land value of EUR 78,0 million which represents the bare land value of Tornator's forest properties in Finland as of 30 June 2020. Bare land value is based on the acquisition

[1] Valuation of Forest Resources in Finland, Indufor Oy, dated 1 September 2020 (Annex 1).

cost of forest properties. 11 per cent. of the acquisition cost is addressed to bare land value (not revalued) and 89 per cent. of the acquisition cost is addressed to bioasset which is revalued annually.

A value for the Company's forest assets located in Finland can also be calculated on the basis of the real estate purchase price statistics issued by The National Land Survey of Finland (National Land Survey, Finnish: *Maanmittauslaitos*). The statistics are produced on the basis of the purchase price register maintained by the National Land Survey. The data is based on messages provided by notary publics and supplemented by municipalities and District Survey Offices. The register is public and contains all conveyances of real estate from the entire country since 1990. The statistics are based on regional and municipal categorization and comprise only sales that are representative. A representative sale means according to the National Land Survey a sale of a real estate property or a parcel of land between parties that are not relatives, a sale that does not provide for retention of a right encumbering the property following the sale and a sale that does not cover movable assets. The statistics present both average and median purchase prices. The National Land Survey updates the statistics in retrospect and in a way which may result in slight changes in the reported statistics.

The below table sets out regional statistics from 2017, 2018 and 2019 (as available in January, i.e. sales from December may be missing) as to the number of representative forest land sales and median purchase prices of forest land in each case with regard only to sales of at least 10 hectares.

	Median							
Region	**2017**		**2018**		**2019**		**Average**	**Total number of**
	eur/hectare	number	eur/hectare	number	eur/hectare	number	eur/hectare	**deals 2017-2019**
Uusimaa	4 221	29	4 455	29	5 104	45	**4 593**	103
Varsinais-Suomi	3 660	44	4 229	52	4 855	74	**4 248**	170
Satakunta	3 712	79	3 874	79	3 700	87	**3 762**	245
Kanta-Häme	4 213	38	5 055	36	4 319	36	**4 529**	110
Pirkanmaa	3 959	107	4 119	122	4 266	142	**4 115**	371
Päijät-Häme	4 853	46	4 721	48	4 305	41	**4 626**	135
Kymenlaakso	3 577	71	3 226	87	3 574	71	**3 459**	229
South Karelia	3 847	68	4 140	74	3 932	82	**3 973**	224
Etelä-Savo	3 568	177	3 836	143	3 933	232	**3 779**	552
Pohjois-Savo	2 800	188	2 800	158	3 198	210	**2 933**	556
North Karelia	2 675	218	2 756	263	3 184	253	**2 872**	734
Central Finland	3 525	142	3 405	172	3 561	177	**3 497**	491
South Ostrobothnia	2 121	170	2 413	196	2 363	210	**2 299**	576
Ostrobothnia	2 717	84	2 418	112	2 658	100	**2 598**	296
Central Ostrobothnia	1 959	45	2 074	46	2 053	76	**2 029**	167
North Ostrobothnia	1 358	399	1 502	371	1 407	481	**1 422**	1 251
Kainuu	1 468	165	1 433	102	1 524	204	**1 475**	471
Lapland	707	88	827	117	770	238	**768**	443
Åland		0		0		0		0

Source: https://www.maanmittauslaitos.fi/en/e-services/statistical-information-real-estate-transactions; three years' average calculated by the Issuer.

Calculated on the basis of the above regional three years' averages of the median purchase prices the value for the Company's forest assets located in Finland (when excluding water areas and nature conservation areas), as at the date of this Prospectus, was approximately EUR 1,714 million. The statistical values that are available in January for the purposes of preparing the annual accounts for the Issuer are applied for the purposes of the Transaction Security and therefore also for the purposes of the Notes.

As at the date of this Prospectus, the forest properties covered by the Transaction Security consisted of approximately 2,271 units of real estate which are subject to a number of separate collective mortgages. The nominal amount of mortgages registered or to be registered against each of the properties covered by the Transaction Security is required pursuant to the Finnish Security Agreement to be in aggregate at least 200 per cent. of the higher of the Approved Value and the Statistical Value of each such property. If for any reason the nominal amount of the mortgages ceases to represent at least 200 per cent. of the higher of the Approved Value and the Statistical Value of each such property, the Issuer has under the Finnish Security Agreement undertaken to apply for further mortgages to reach that level.

The Security Asset Value of Tornator's forest properties covered by the Transaction Security is calculated by multiplying the value of Tornator's Finnish forest properties based on the third-party valuation by the lower of the following:

(i) the percentage that the aggregate land area (in hectares) of the Finnish Pledged Properties represent of the aggregate land area (in hectares) of the Finnish Properties; and

(ii) the percentage that the aggregate Statistical Value of the Finnish Pledged Properties represent of the aggregate Statistical Value of the Finnish Properties,

disregarding nature conservation areas and units that have been acquired after the latest Valuation and/or certain units included in the Transaction Security within the last three (3) months, save for assets belonging to the Transaction Security on the Issue Date or for the purpose of ensuring compliance with covenants under the Intercreditor Agreement in certain limited events. The Statistical Value is taken into account in the calculation for the purpose of avoiding a situation where the pledged properties could be selected geographically so as to leave more valuable properties outside the Transaction Security without this affecting the Security Asset Value.

The Security Asset Value of properties covered by the Transaction Security as at 30 September 2020 was EUR 1,612.1 million which equals the value based on the third-party valuation EUR 1,612.1 million. Security Asset Value based on Statistical Values was as at 30 September 2020 EUR 1,566.9 million. The Issuer may, however, at any time request release of properties or parts thereof as described above in section "*Transaction Security*".

Approved Valuer

The Issuer has engaged an external valuer to provide a revised valuation on its properties located in Finland annually. At the date of this Prospectus, Indufor Oy acts as the Approved Valuer. However, during the maturity of the Notes, the Approved Valuer may be replaced by another independent valuer providing valuation of Tornator's properties and appointed by the Company and approved by the Common Security Agent.

Description of Finnish law property mortgage

A mortgage on real property may under the Finnish Land Code (540/1995, as amended) be registered upon a unit of land or against a fixed share of a unit or against separate parcels of land (each, a freehold). A real property mortgage may also be registered against a registered leasehold interest, where the lease is assignable without the prior consent of the owner of the property (a leasehold).

Security over real property is created by the owner of the property pledging to the secured party one or more electronic mortgage deeds, each registered in the Finnish title and mortgage register (Finnish: *lainhuuto- ja kiinnitysrekisteri*) as a mortgage against the relevant property. The priority of the security is determined by (i) the relative priority of the pledged mortgage deed (as compared to other mortgage deeds registered against the same property - normally this priority is based on the time of filing of the application for registration) and (ii) the priority of the pledge (as compared to other pledges, if any, of the same mortgage deed).

The mortgage deed is electronically registered by the National Land Survey of Finland upon application by the owner of the property and is following the application registered to the owner of the property unless instructed by the owner to be registered directly to the secured party or its reperesentative acting as security agent. The mortgage deed contains no information other than the mortgage amount, the date of issue and the details of the property in question. The actual securing of debt, such as a loan, is then achieved by the pledge and registration of the mortgage deed in the name of the secured party pursuant to a separate pledge agreement. The effectiveness in relation to third parties, such as competing creditors, of a pledge of real property requires perfection through the electronic registration of the mortgage deed to the secured party or its reperesentative acting as security agent.

A mortgage on real property can be registered for any euro amount and several mortgages can be registered against one property. A mortgage can also be registered against more than one property (a collective mortgage).

Additional information on the Intercreditor Agreement

The Issuer has entered into the Intercreditor Agreement on 6 March 2020, which regulates the relationship between the following parties:

- the Issuer;
- the bilateral lender under the EUR 250 million bridge loan facility agreement (the "**EUR 250 Bilateral Loan Facility Agreement**" which loan facility has been refinanced in full by the Notes);
- the credit facility agent under the Initial Credit Facility Agreement and any future credit facilities agreements that have acceded to the Intercreditor Agreement in accordance therewith;
- certain hedge counterparties and any future hedge counterparties that have acceded to the Intercreditor Agreement in accordance therewith;
- the Common Security Agent (on behalf of the secured parties);
- the lenders under the Initial Credit Facility Agreement and any future credit facilities agreements that have acceded to the Intercreditor Agreement in accordance therewith;
- the arrangers under the Initial Credit Facility Agreement and any future credit facilities agreements that have acceded to the Intercreditor Agreement in accordance therewith;
- the Noteholders' Agent (on behalf of the Noteholders), which will accede to the Intercreditor Agreement in connection with the issue of the Notes, and any noteholders' agents under any future notes that have acceded to the Intercreditor Agreement in accordance therewith; and
- the Paying Agent, which will accede to the Intercreditor Agreement in connection with the issue of the Notes, and any paying agents with respect to any future notes that have acceded to the Intercreditor in accordance therewith.

Ranking and priority

Pursuant to the terms of the Intercreditor Agreement, the Transaction Security shall secure all Senior Secured Obligations with first priority, pari passu and without any preference between them, except for certain liabilities that have priority to the enforcement proceeds from the Transaction Security, and the Transaction Security shall secure with second priority all Hedging Liabilities.

Pursuant to the Intercreditor Agreement, the enforcement proceeds from Transaction Security are subject to the waterfall set out in the Intercreditor Agreement providing for a priority before the Notes (or other Secured Obligations) for liabilities owed to the Common Security Agent (or any delegate) and, on a pro rata and pari passu basis, to each credit facility agent, the Noteholders' Agent, the pari passu noteholder's agent and the paying agent towards discharge of any amounts payable to such agents pursuant to the relevant secured debt documents or any engagement letter between such agent and the Issuer and pursuant to any paying agent agreement together with certain enforcement costs of such agents, in this order. Furthermore, the waterfall provides for a priority for the Notes before any Hedging Liabilities owed to any Hedge Counterparties. The before mentioned priority of payments applies also to all payments under the Secured Obligations out of the Transaction Security in other distressed situations, including in any insolvency of the Issuer. The ranking and priority apply to the Transaction Security and in particular to the distribution of the realisation proceeds obtained from the enforcement of the same. In all other aspects the Secured Obligations rank pari passu among themselves and with unsecured creditors.

Additional secured indebtedness

Pursuant to the Intercreditor Agreement, the Issuer may obtain additional secured indebtedness, by entering into any other secured credit facility than the Initial Credit Facility or any other secured notes than the Notes, that will rank pari passu with the Initial Credit Facility Agreement and the Notes, provided that the Loan to Security Asset Value will immediately after issuing such other secured notes or entering into any other credit facility be more than 65 per cent. and that any agent of the lenders, arrangers or lenders in respect of such credit facility and the noteholders' agent in respect of such notes, as applicable, becomes a party to the Intercreditor Agreement.

Order of application

Amounts received or recovered by the Common Security Agent following an insolvency event, an acceleration event and/or as a result of the realisation or enforcement of the Transaction Security will be applied in the following order:

(i) first, to the Common Security Agent (or any delegate) in or towards payment of unpaid fees, costs, expenses and indemnities payable by the Issuer to the Common Security Agent;

(ii) secondly, on a pro rata and pari passu basis, to each credit facility agent, the Noteholders' Agent, the pari passu noteholder's agent and the paying agent in or towards payment of unpaid fees, costs, expenses and indemnities payable by the Issuer to such agents together with certain enforcement costs accrued by such agents;

(iii) thirdly, on a pro rata and pari passu basis, towards payment of outstanding amounts owed to the credit facility agent and the lenders under the Initial Credit Facility Agreement, any other credit facility agent and lenders under such credit facility (on a pro rata basis between liabilities owed under separate credit facility agreements), the Noteholders' Agent, the Noteholders, each pari passu noteholders' agent and the holders of pari passu notes (on a pro rata basis between the liabilities under the Notes and pari passu notes),

(iv) fourthly, on a pro rata and pari passu basis, towards payment of outstanding amounts owed to the hedge counterparties under or in connection with the Hedging Agreements;

(v) fifthly, the balance, if any, in payment to the Issuer.

As a consequence of the order of application set out above, the Noteholders will in certain situations, for example in case of an enforcement of the Transaction Security, receive payment only after certain fees and costs.

As the priority among the Secured Creditors only relates to the Transaction Security, the above order of application also only applies up to an aggregate amount of realization proceeds from the enforcement of the Transaction Security.

The Common Security Agent may, furthermore, hold any amount in respect of any sum to any Common Security Agent, or any delegate and any part of the Liabilities (as defined in the Intercreditor Agreement) that the Common Security Agent reasonably considers, in each case, might become due or owing at any time in the future.

Permitted payments and enforcement

Secured Obligations may be paid in accordance with their terms until an acceleration or an insolvency event occurs or any Transaction Security is being enforced. Thereafter the waterfall referred to above applies as regards realisation proceeds obtained from the Transaction Security.

The secured parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any right, power, authority or discretion arising under the Transaction Security Documents except through the Common Security Agent. The Common Security Agent shall enforce the Transaction Security in such manner as the Instructing Group shall instruct. Each creditor is obliged to vote in any official insolvency or rehabilitation proceeding relating to a group company as instructed by the Common Security Agent.

At any time when the aggregate Credit Facility Liabilities and undrawn Credit Facility Commitments represent more than 35 per cent. of the total amount of the Liabilities and undrawn Commitments, the credit facility agents under the Initial Credit Facility Agreement and any other outstanding credit facilities agreements may give enforcement instructions to the Common Security Agent. If the above liabilities and Commitments represent less than 35 per cent. of the total amount of the Liabilities and undrawn Commitments, but the bank loan discharge date has not yet occurred, the Noteholders' Agent together with any pari passu noteholders' agents and credit facility agents may give enforcement instructions to the Common Security Agent. After the bank loan discharge date, the Noteholders' Agent may give enforcement instructions to the Common Security Agent.

If the Notes have been accelerated in accordance with the Terms and Conditions of the Notes or if an insolvency event has occurred and is continuing, but the relevant Instructing Group with the power to give enforcement instructions has not done so or has given instructions not to enforce the Transaction Security, the Noteholders' Agent may instruct the Common Security Agent to take enforcement action following the expiration of a standstill period defined in the Intercreditor Agreement. Respectively, in the event of acceleration under the Credit Facilities or if an insolvency event has occurred and is continuing, the credit facility agent may give enforcement instructions if the relevant Instructing Group with the power to give enforcement instructions has not done so, or has given instructions not to enforce the Transaction Security and the relevant standstill period has expired.

Turnover

The Intercreditor Agreement includes provisions for turnover of funds in the event of any creditor receiving payment in conflict with the intercreditor principles.

Common Security Agent

Under the Intercreditor Agreement, the secured parties appoint and authorise the Common Security Agent to hold and to act as their agent and representative with respect to the Transaction Security Documents. The existing Common Security Agent may resign and a new common security agent may be appointed in accordance with the procedures set out in the Intercreditor Agreement.

Property transactions

In accordance with the Intercreditor Agreement, any property which is subject to the Transaction Security may be released or disposed of, provided that no default is outstanding or would result from such release or disposal, the Loan to Security Asset Value ratio does not exceed 65 per cent. immediately after such release or disposal and the Common Security Agent consents to such release (with such consent not to be unreasonably withheld or delayed). The Common Security Agent is authorised to release such assets subject to the Transaction Security in case of such release, disposal or replacement.

Changes to the parties

The Intercreditor Agreement contains mechanisms for further creditors (bank lenders, new noteholders' agent representing holders of new notes and new hedging counterparties) acceding thereto. By acceding to the Intercreditor Agreement in accordance with its terms further creditors may become secured parties benefiting from the Transaction Security in accordance with the agreed priority.

Permitted Amendments

The Intercreditor Agreement contains conditions on the requirements for effecting amendments to the terms of the Intercreditor Agreement and the debt documents secured by the Transaction Security. The Intercreditor Agreement restricts amendments that conflict with the Intercreditor Agreement or create a default under another debt document with respect to any action or event that is permitted under the Intercreditor Agreement. Otherwise the Intercreditor Agreement does not restrict amendments that can be made to the terms of the debt documents in accordance with their terms. The Intercreditor Agreement prohibits changes to the Transaction Security Documents, except where such amendments are to cure defects or omissions, resolve ambiguities or inconsistencies or reflect changes of a minor, technical or administrative nature, to reflect a change that has taken place in accordance with the Intercreditor Agreement, or for the benefit of all the Secured Creditors and as authorised by the relevant secured party groups and with the consent of the Issuer.

Automatic Acceleration

The Intercreditor Agreement contains provisions according to which if the Common Security Agent enforces, or takes formal steps to enforce, all or any part of the Transaction Security, all Secured Obligations shall immediately become due and payable, unless notified to the Common Security Agent otherwise by the Noteholders' Agent or any other Creditor Representative in respect of the Secured Obligations which it represents.

BUSINESS OF TORNATOR

Overview

Tornator Group is a unique company specialized in sustainable forestry in Finland, Estonia and Romania. Tornator's core businesses are timber production and the sale of cutting rights to stands market for harvesting, which means that Tornator does not cut the wood it grows, but instead, sells the right to cut its forests to others. The stands include regular cutting methods and timber types. Tornator also provides forest management and silvicultural services, sells land for recreational use, sells soil resources and buys forestland. Tornator's main market is Finland, but it also owns forestland in Estonia and Romania. Forestland owned by Tornator is split between countries as follows: Finland 635,000, Estonia 66,000 and Romania 12,000 hectares. Tornator's operating model is based on responsible use of forests as well as strong environmental expertise and utilization of digital technologies. The Group's objective is to ensure that environmental values, biodiversity and people's well-being are promoted according to legislation and stakeholders' expectations in the entire sphere of influence.

For the six months ended 30 June 2020, the total net sales of the Group amounted to EUR 51.2 million (EUR 38.9 million for the six months ended 30 June 2019). Average number of personnel during the six-month period ended 30 June 2020 was 183 (175 during the six-month period ended 30 June 2019. The average number of personnel during 2019 was 183 (182 in 2018). Tornator's mission is to generate sustainable well-being from forests and its vision is to be the forerunner in responsible use of forests. In its business, Tornator reflects the following values: *Responsibility* – for quality of work, the environment and relationships with stakeholders; *Expertise* – willingness to develop and improve; *Partnership* – ability and will to work together.

History

Tornator's forest business in its current form dates back to July 2002, when Stora Enso Oyj and Tornator entered into an agreement whereby Stora Enso Oyj transferred its Finnish forestry business to Tornator against new shares in Tornator. The assets transferred to Tornator included substantially all of Stora Enso Oyj's Finnish forestland holdings acquired by it through purchases and other transactions over a period of more than 100 years. During 2007 and 2008, Tornator enlarged its business and forest ownership to Estonia and Romania. In 2011, the value of Tornator's forests exceeded EUR 1 billion. In 2014, Tornator became the largest private forest owner in Estonia and in 2017, the largest private forest owner in Finland.

Group Structure

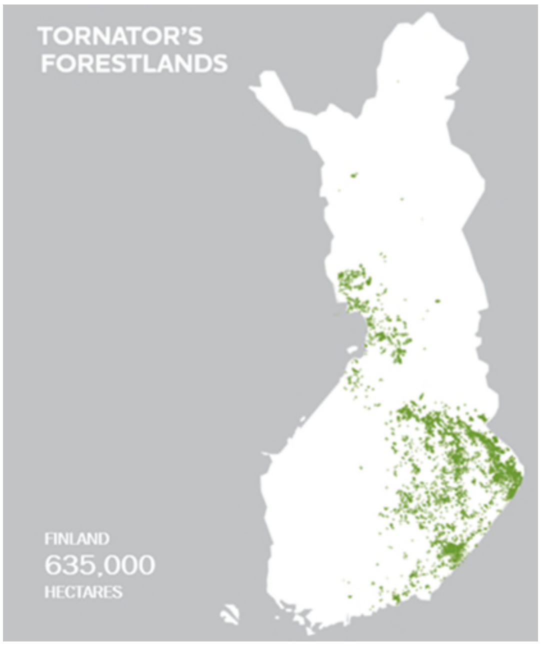
The Group includes, besides the parent company Tornator Oyj in Finland, Tornator Eesti Oü in Estonia and SC Tornator SRL in Romania. The latter two companies are 100.0 per cent. owned by the Issuer and both of them own forestland and practice operational forestry. In addition, the Issuer is the sole owner of five wind power development companies in Finland: Lavakorven Tuulipuisto Oy, Maaselän Tuulipuisto Oy, Martimon Tuulipuisto Oy, Niinimäen Tuulipuisto Oy and Pahkavaaran Tuulipuisto Oy. However, there are currently no wind mills in place, and Tornator's aim is to divest the wind power companies after each development phase. Further, the Romanian subsidiary SC Tornator SRL owns 99.0 per cent. of the shares in Oituz Private Forest District SRL in which the Issuer has the ownership of 1.0 per cent.

Tornator's operational activities are arranged as a process organisation. The core processes are planning, timber sales, real estate, silviculture and environment, which are supported by internal service processes such as HR, ICT, finance and communications. The processes perform tasks set with the company management to meet strategic goals. Abroad, Country Managers are responsible for organising operational activities and reporting on them to the parent company. The subsidiaries also receive assistance from the parent company's support functions.

Description of Forest Assets

At the date of this Prospectus, Tornator owns a total of 713,000 hectares of forestland in Finland, Estonia and Romania. The total forestland of Tornator in Finland is 635,000 hectares in total, which represents approximately 3 per cent. of the total forestland in Finland. This makes Tornator the largest private forest owner in the country. Tornator's forests in Finland consist mainly of pine (70 per cent.) and spruce (20 per cent.).

Almost all of the forests of Tornator in Finland are located in Eastern and Central Finland in close proximity to wood, pulp and paper production facilities, particularly Stora Enso Oyj's production facilities. Stora Enso Oyj is currently Tornator's largest customer under the long-term wood sale agreement originally entered into between the parties in 2002 (see also "*Timber Deliveries – Wood Sale Agreement with Stora Enso Oyj*"). According to the Company's management, Stora Enso Oyj's wood demand, in 2020, is expected to amount to approximately 20 million cubic meters annually divided between Stora Enso Oyj's paperboard, paper, packaging, pulp and sawmill production facilities located in Imatra, Veitsiluoto, Oulu, Enocell, Honkalahti, Uimaharju and Varkaus, to which Tornator provides both pulpwood and sawlogs. The graph below demonstrates the location of Tornator's forest assets in Finland:



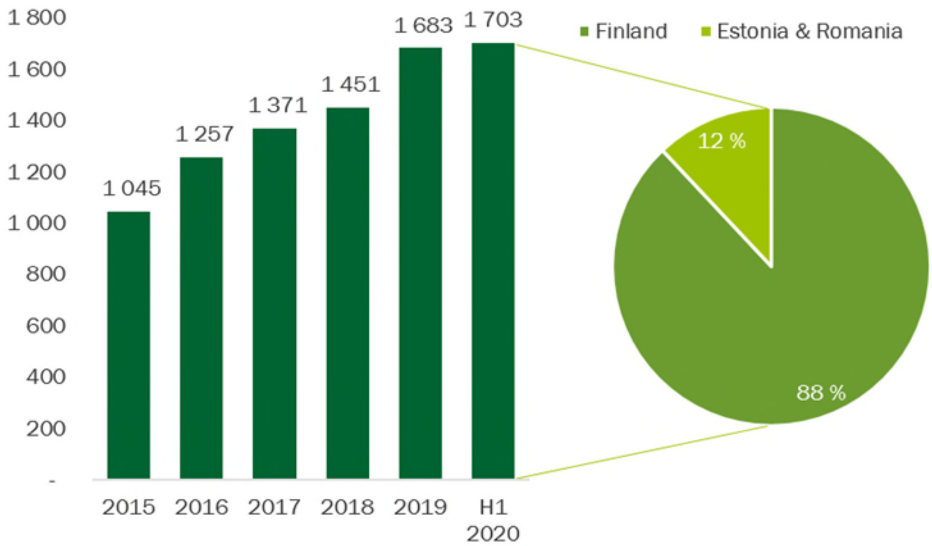
Determination of Value of Forest Assets

Tornator's forest assets located in Finland are appraised annually by an external valuator. At the date of this Prospectus, Indufor Oy acts as an external valuator to the Company. Indufor Oy's global staff comprises persons with advanced university degrees and Indufor Oy has close to 40 years' experience serving more than 300 clients in over 1,000 projects all over the world including forest industry companies and associations. Indufor Oy has no material interests in Tornator. Indufor Oy's business address is Esterinportti 2, FI-00240 Helsinki, Finland.

Based on a valuation report by Indufor Oy[2], the value of Tornator's forests in Finland as at 30 September 2020 was estimated to amount to EUR 1,664 million with cash flows from currently standing trees and to EUR 1,694 million with perpetual cash flows methods. The valuation report by Indufor Oy has been incorporated as Annex 1 to this Prospectus. The value of Tornator's Finnish forests (i.e. biological assets) is calculated using income approach where future cash flows from currently standing trees have been forecasted and discounted to present for IFRS purposes whereas the financial covenant calculations are based on perpetual cash flows. The value is based on an assumption that the forests are harvested according to the wood flow projections by Tornator. Main factors affecting forest values include: harvesting possibilities, discount rate (WACC[3]) and price levels for wood. According to audited consolidated financial reports as of and for the financial year ended 31 December 2019, the bare land value of Tornator's forest assets located in Finland is EUR 75.66 million and as at 30 June EUR 78.01 million. The following graph sets out the changes in Tornator's biological assets' value from 2015 to 2019 (EUR million, IFRS):

[2] Valuation of Forest Resources in Finland, Indufor Oy, dated 1 September 2020 (Annex 1).
[3] WACC used in 2020 was 3.25 per cent. (in 2018, 3.25 per cent.) and calculated by Alexander Corporate Finance Oy.

The assets in Estonia and Romania represent jointly approximately 12 per cent. of the total forestland owned by the Group. The forest assets in Estonia and Romania are not subject to external valuation. In 2019, they generated approximately 12 per cent. of the total revenues of the Group, whereas the Finnish parent company generated the rest of the revenues, i.e. approximately 88 per cent. The graph below illustrates Tornator's biological asset values in years indicated as well as the forest ownership distribution in Finland, Estonia and Romania in the first half of 2020 (EUR million, IFRS). According to Tornator's management, the presented forest values in Estonia and Romania below are based on a long-term cash flow analysis, and due to long interest rate swaps, forest value is not especially sensitive to changes in interest rate levels.



After including only cash flows from currently standing trees in the Finnish valuation model in 2020, Tornator will book a reforestation provision into the balance sheet at 30 September 2020. This provision is required by Finnish law to ensure that new tree generation will be planted to clear cut areas. The amount of the provision depends on the clear-cut area and as a result it changes from time to time. Current estimate is that the euro amount of the provision varies between EUR 5 million and EUR 10 million. Provision booked at 30 September was EUR 6.6 million.

Forestland as an Asset Class

Key characteristics

Forest as an investment is a sustainable non-depreciating asset class. On the contrary, forests appreciate over time due to natural growth of forests and value for forests is expected to naturally increase over time. In addition, forestland requires very limited capital expenditures and administrative expenses.

Investor demand

Forests fit well into diversified portfolios as forests have weak correlation with other asset classes. Forests provide steady returns for forest owners and risk profile of the investment is rather low. Usually, investors' appetite for forestland is higher than the availability of large forestland entities.

Industrial demand

Forests are a scarce resource and provide critical raw materials for forest industry companies. According to Tornator's management, focus to virgin fiber products is a competitive advantage for Nordic forest industry companies but with it comes an increased need to secure fiber sourcing. Major forest industry companies, such as Stora Enso Oyj, acquire a large part of their fiber needs from private owners and from long term partners like Tornator but forest industry companies also have an interest for strategic forest holdings as well.

Financing forestland

Forests' book values are most often based on future discounted cash flows. Transaction values, especially recent large-scale forest acquisitions, have been seen to exceed book values notably which indicates that book values are conservative estimates of forests' value. Thus, loan-to-value levels based on book values are on a conservative side. Another way to evaluate debt repayment capacity is to compare debt-to-value of annual forest growth. For example, in case of Tornator, current debt amount of EUR 648 million is approximately 6.0 times its annual forest growth value.

Strategic Direction

Profitably growing

Tornator reformed its strategy for the strategy period of 2019–2021. In 2019, Tornator defined its three strategy focus areas as profitably growing, competitively developing and responsibly influencing. Tornator actively seeks new opportunities to generate added value from forests and to expand their activities in strategic core areas by seeking synergies with selected partners. Tornator aims to generate sustainable well-being from the forest and to be a strong forerunner in responsible use of forests by utilizing their forest resources and land effectively and diversely and by complying with the principles of sustainability. Tornator develops and creates business by intensifying digitalization, acquiring forestland, utilizing its forests' sustainability and enhancing its employees' skills. According to Tornator's management's view, due to higher demand in wood and an increase in Tornator's felling potential, Tornator's growth is expected to remain stable.

In 2019, Tornator implemented its growth strategy by acquiring new forestland in Finland in total of 13,000 hectares which, according to Tornator's management, is a positive result in the current market as the low interest rates have resulted in a rising demand for forests. Tornator's investments related to forest purchasing amounted to EUR 49 million in 2019 (47 in 2018). In 2019, Tornator also continued its multi-annual fertilization programme and fertilized a total forestland area of approximately 7,000 hectares, which has made a positive contribution to increasing forest growth. In Estonia, the competitive forest market resulted in a challenging environment for forest acquirements.

In addition, as a new business activity, Tornator launched a service which offers forest owners the opportunity to lease forest to Tornator on the basis of long-term lease contracts. The forest lease service is the first of its kind in Finland. The amount Tornator pays to the customer varies with different types of forestland. With the forest lease service, Tornator aims to increase the amount of sustainably utilized forests and to provide forest owners, especially who have inherited forest assets, with an easy and reliable source of steady rental income. According to Tornator's management, the most significant growth opportunities are presented in the service business.

Competitively developing

Tornator develops its processes, systems and expertise proactively in order to strengthen responsibility, people's well-being and in order to promote its competitiveness. According to Tornator's management's view, Tornator's competitiveness is based on its extensive forestlands, providing a wide selection of felling sites for customers' needs at any time, employees' skills, efficiency-improving technologies as well as a customer focus that is present in all of its activities. According to Tornator's management's views, responsible operations give Tornator a competitive advantage through sustainable forestry and partnerships founded on trust. The cornerstones of Tornator's success include outstanding expertise as well as extensive forest road network and efficient work systems and tools that support the business. Professional planning and access to comprehensive electronic forest resource information enable the implementation of not only efficient but also sustainable harvests and silvicultural treatments. Digital tools also support employees to work independently and provide solutions to customers' changing needs. Tornator's goal is to be an attractive choice for contractors and other partners, and it has strived to make contractor co-operation closer, thereby helping to build a better business for its partners. In addition, according to Tornator's management, Tornator's flexible and dynamic organization with a focus on digitalized solutions brings a competitive advantage to Tornator. According to an annual employee satisfaction survey, the level of employee satisfaction remained high in 2019. Further, according to Tornator's management, Tornator's operations contribute to the safety and well-being of its employees as evidenced by low sickness absenteeism in 2019.

Responsibly influencing

By acting in a socially, economically and ecologically sustainable manner, Tornator secures the continuity of profitable business. Tornator has ethical principles, good governance and open communication and dialogue with stakeholders. Tornator works sustainably, considering the ecological values of commercial forests, protects valuable habitats and promotes biodiversity by minimizing the environmental impacts of its operations and aiming for energy and resource efficiency. In addition, Tornator improves water quality by ensuring water protection and by restoring small waters and demonstrates sustainability through independently verified forest certification along with maintaining the carbon sequestration capacity of forests with good forest management and sustainable harvest planning. Tornator cares for the safety and well-being of its employees and contractors and aims to keep employee satisfaction high and strives for good leadership and transparent decision making while investing in the training and development of its employees and contractors. Tornator collaborates locally, nationally and internationally with an extensive group of stakeholders and helps its partners to develop their business by being a long-term responsible partner. In addition, Tornator's business creates economic value for its stakeholders and partners. The economic impacts of Tornator's operations include: dividents and appreciation for shareholders, pay and benefits to its employees, employment to sparsely populated areas, taxed paid to public sector, local cooperation, support and sponsorship and payments to financial institutions and to Tornator's contractors and other partners.

For 2019, Tornator set a goal of strengthening and increasing the awareness of its brand. Tornator focused on improving its external communications and Tornator was more present in media, public discussions and events than the years before. The focus on its awareness resulted in an increased amount of direct inquiries from forest owners. Tornator is expected to continue improving its brand awareness in the future. Tornator's brand and reputation, together with its corporate culture and research information, comprise Tornator's intellectual capital.

The following graph sets out Tornator's sustainability goals and targets as well as their outcomes in 2018 and 2019:

	Material topic	Indicator	Target	Outcome 2018	Outcome 2019
AN EXPERT IN SUSTAINABLE FORESTRY	Sustainable utilisation of natural resources	Annual cut vs. growth	Make cutting plans sustainably	Cut some 3.2 mill. m^3/yr Growth some 3.4 mill. m^3/yr	CUT some 2.8 mill. m^3/yr GROWTH some 3.4 mill. m^3/yr
	Certified products	No major non-compliances	Comply with FSC and PEFC certification criteria	No major non-compliances	NO MAJOR NON-COMPLIANCES
	Carbon capture and storage	Maintenance of carbon capture and storage capacity	Increase carbon sequestration by caring for the health and vigour of forests. Maintain carbon stores of forests with sustainable harvesting.	Forest growth 5.5 m^3/ha/yr	FOREST GROWTH 5.5 M^3/HA/YR
A PROGRESSIVE AND SAFE WORKPLACE	Employee satisfaction, health and safety	Result of employee well-being survey, number of accidents at work	Satisfied employees, healthy and safe work environment	4/5 4	4.1/5 8
	Employee and contractor training	Days of training per person	Secure necessary expertise for the company	7.5 days	5.5 DAYS
A PRODUCTIVE PROMOTER OF WELL-BEING	Economic responsibility and profitability	Return on equity at fair value	Steady dividends and increasing forest value for shareholders	11.6%	21.5%
	Local economic impacts	Net value retained	High net value retained	€ 29.5 million	€ 7.7 MILLION
	Responsible management of contractor and partner relationships	Completed supplier assessments	Monitor suppliers' sustainability systematically	135	90
	Open communication and stakeholder relationships	Updating of the materiality analysis (core/comprehensive) at three years' intervals in co-operation with stakeholders	Identify sustainability themes important to the company and stakeholders	We shall update the materiality analysis next time in 2020	We shall update the materiality analysis next time in 2020

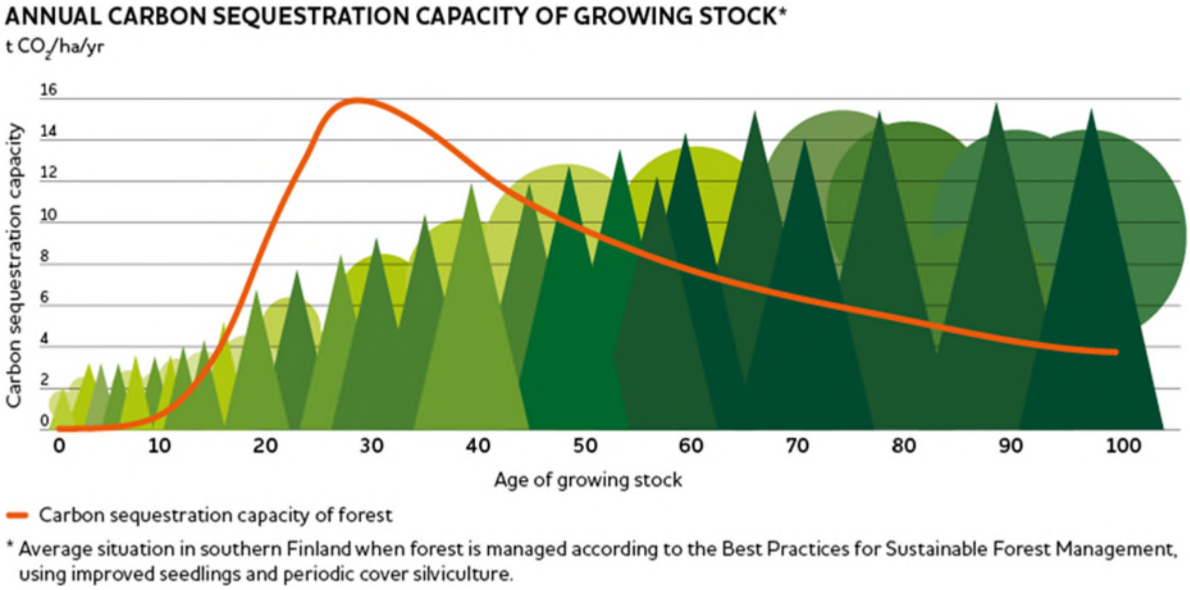
Tornator's Business Environment and Growth Opportunities

Climate change

Global megatrends such as climate change, population growth and digitalization highlight responsibility throughout Tornator's supply chain. As a result of climate change, forests are expected to be more important as carbon sinks and carbon stores, which is expected to increasingly influence Tornator's opportunities to utilize its forests. For information on Tornator's actions towards mitigating the effects of climate change, see sections "*Forest Management Strategy – Forest Management*" and "*Environmental Matters*". In addition, according to Tornator's management, forests are expected to grow faster, which potentially allows Tornator to utilize additional growth of forest sustainability. Climate change and the resulting shift from fossil to renewable raw materials also create new business opportunities for Tornator's customers and Tornator's large-scale customers have responded to the growing demand for, and importance of, textiles made from wood fibres and long-lived wood-based products. The intensifying debate around climate change offers an opportunity to openly communicate about Tornator's operations and responsibilities and presents a chance to strive to make Tornator better known.

According to Tornator's management's view, global trends enable growth in certain areas of Tornator's business. According to Tornator's management, it is estimated that carbon dioxide emissions generated by cement production are high compared to the price of the product and when prices of emission rights increase, the competitiveness of wood as a construction material increases when compared to concrete. Consequently, the demand for technical wood products is expected to increase. Use of plastic as packaging material has increased and is now approximately 150 million tonnes and one-time use plastic packages create a wide share of plastic waste that ends into oceans. As a result, regulations have started to limit use of plastic packaging and products and fiber-based products can substitute many plastic solutions in packaging. Since it is hard to increase cotton production due to its environmental problems and there are also problems with growing synthetical fibers, wood-based textiles have new opportunities and the demand of wood-based textiles is expected to grow globally approximately 40 million tonnes by 2030. With global warming, there exists an increasing demand to decrease greenhouse effect emissions which in turn creates demand for developed bio fuels and side products generated by forest industry. According to an estimate for the global demand for wood-based products prepared by AFRY (previously Pöyry)[4], the global demand for bio fuel is estimated to increase to over 10 million tonnes by 2030, and further, it is estimated that the combined effects of the growth enablers described above are expected to result in an increase in the forest related product market in the aggregate value of EUR 200 billion in 2017–2030.

The following graph sets out the annual carbon sequestration capacity of growing stock throughout the age of growing stock:



Population growth

Due to population growth, material needs, consumer demand and wood prices are expected to rise. More diverse utilization of forests and importance of bioeconomy and circular economy as well as demand for renewable raw materials are also expected to increase. Tornator aims to increase its forestland area, intensify wood production

[4] Source: Pöyry: The global markets and growth potential for foresty industry products in 2030 (2018).

and diversify its business. Increasing demand for renewable raw materials provides Tornator an opportunity to provide markets with raw material for high-grade bio-based products to replace fossil ones. As urbanization grows and people become estranged from nature and forest management, Tornator responses by communicating to the public about forestry and provides professional forest ownership as an alternative along with ensuring attractiveness of its jobs also in sparsely populated areas. With population growth comes an increasing need for recreational and other forest-related services and Tornator aims at continuous development of its forests' multiple use and actively provides them for recreation.

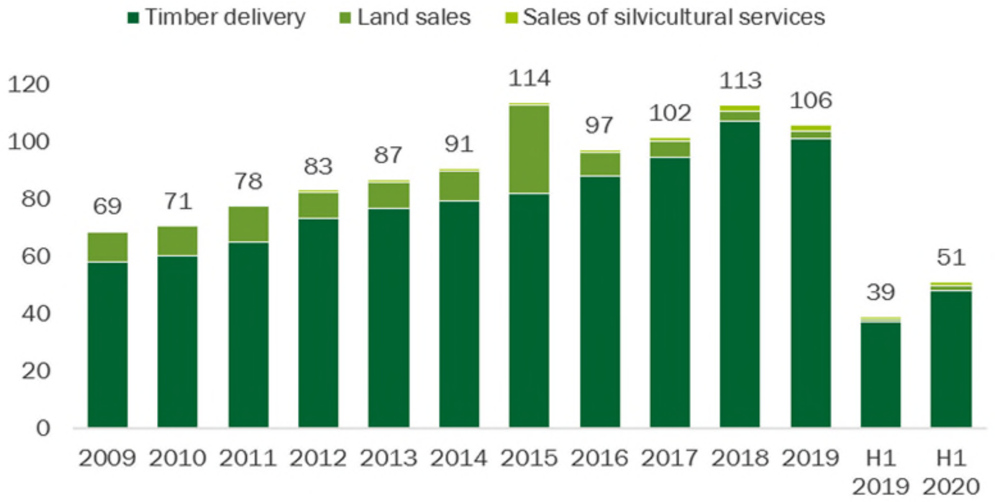
Digitalization

Digitalization and the increasing significance of digital systems for forest and multisource data allows Tornator to develop its own systems and intensify their utilization. Tornator actively improves its understanding on new operational logics of digital systems, such as use of artificial intelligence, robotics and automation, and actively seeks new business opportunities based on utilization of digital data. The volumes of forest-related information are expected to grow and its quality and accuracy are expected to improve. As information security risks and significance of data protection increases, Tornator utilizes advanced security technologies and provides instructions and training to users of information systems. Overall, as digital revolution changes operating and working practices, Tornator aims to be agile in adopting new practices and secure future expertise by training and developing its employees. In 2019, Tornator launched an initiative to develop the Digital Twin program. The Digital Twin is a modeling program of Tornator's forests which gathers information on, among others, the tree and soil types prevalent in Tornator's forestlands. The program is expected to improve the efficiency of forestland utilization. During 2019, Tornator successfully piloted drone and satellite technologies for the program. The Digital Twin program is expected to be finalized by the year 2023 but the first results from the program are expected to become visible during the course of 2020. In addition, Tornator uses its TornaApps Enterprise resource planning (ERP) system in its operations.

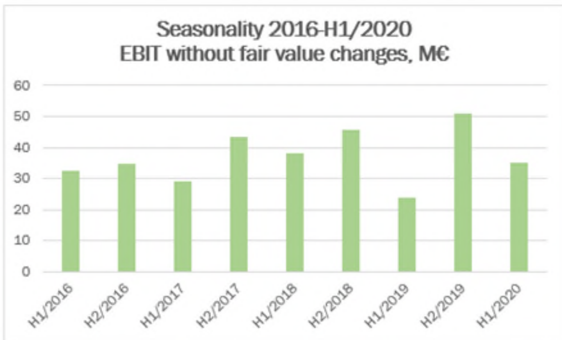
Business Operations

Overview

By large, the biggest share of Tornator's income originates from timber deliveries. For the six months ended 30 June 2020, approximately EUR 48.2 million (EUR 37.1 million for the six months ended 30 June 2019) and approximately 94.1 per cent. (95.5 for the six months ended 30 June 2019) of the total income came from sale of cutting rights. For the six months ended 30 June 2020, real estate sales generated approximately EUR 1.6 million (EUR 1.0 million for the six months ended 30 June 2019) and approximately 3.2 per cent. (2.5 for the six months ended 30 June 2019) of the total income. In 2019, approximately EUR 101 million (107 in 2018) and approximately 90 per cent. (95 in 2018) of the total income came from sale of cutting rights. In 2019, real estate generated approximately EUR 2.7 million (3.6 in 2018) and approximately 8 per cent. (3.1 in 2018) of the total income. Historically, land sales have accounted approximately 10–15 per cent. of total sales. Share of silvicultural services sales has increased from under 0.1 per cent. in 2008–2016 to 2.0 per cent. in 2019. The management does not expect any major changes in the breakdown of total sales, and the sale of cutting rights is expected to continue to play a major role in total sales volumes. The following graph illustrates the revenues generated by Tornator's business operations during the periods indicated (EUR million):



The business of Tornator is subject to seasonal changes. The sales resulting of timber deliveries, land sales and sales of silvicultural services varies with the seasons. The graphs below demonstrate the seasonality of Tornator's business for the periods indicated (EUR million):



Timber deliveries

The principal business of Tornator is production of wood and the sale of cutting rights to harvest wood on defined stands of Tornator's land. The wood is mainly sold through so-called standing sales, which means that the right to fell and collect the wood is sold to the customer. The area to be felled is physically marked out and the customer undertakes to fell and collect the wood within an agreed period. Customers typically hire independent contractors, on a location-specific basis, to carry out the harvesting process. Majority of timber buyers are forest industry companies, such as Stora Enso Oyj, UPM and Metsä Group, wood products companies, such as Versowood and Kuhmo, biomass buyers, such as Graanul Invest, and special timber buyers, such as ScanPole.

According to Tornator's management, Tornator has a competitive advantage as a large-scale seller of wood, as major clients require continuous and predictable volumes and pricing. The wide dispersion of ownership of forest holdings generally in Finland has led to more sporadic behavior in regards to selling wood. The sale of Tornator's cutting rights has been rather stable at the level of approximately 3.0 million cubic meters during the last years. Tornator set a record in its core business, i.e. timber sales and delivery, in all three operating countries in 2018 and sales stabilized to normal level in 2019. In 2018, extensive forest damages in Central Europe resulted in an oversupply of timber. For the six months ended 30 June 2020, timber deliveries to the main customer, Stora Enso Oyj, totaled approximately EUR 34.1 million (EUR 26.9 million for the six months ended 30 June 2019), or approximately 70.7 per cent. (72.6 for the six months ended 30 June 2019) of Tornator's net timber sales. In 2019, timber deliveries to the main customer, Stora Enso Oyj, totaled approximately EUR 66.6 million (79.5 in 2018), or approximately 65.9 per cent. (74.2 in 2018) of Tornator's net timber sales.

Wood Sale Agreement with Stora Enso Oyj

Tornator and Stora Enso Oyj entered in 2002 for the first time into a long-term wood sale agreement to lock-in a stable customer for Tornator and to guarantee a certain quantity of wood for Stora Enso Oyj, in each case at market prices. The agreement has been in force since 2002. It has been renewed during the years and currently it is in force at least until the end of the year 2025. Under the agreement, Tornator shall during the period sell to Stora Enso Oyj and Stora Enso Oyj shall purchase from Tornator cutting rights and the annual volume may fluctuate between 1.8 and 2.2 million cubic meters provided that the average annual volume of 2 million cubic meters will be met. This represents approximately 10 per cent. of Stora Enso Oyj's annual wood procurement needs in Finland based on its production volumes in 2019. Stora Enso Oyj has also in the agreement undertaken to purchase, according to its best capacity, wood fallen or damaged in storms on conditions applied to the most favored class of private forest owners. The wood sale agreement will after 31 December 2025 continue in force for additional five years unless either party has given notice of termination of the agreement at least two years before the expiration of the relevant contract period.

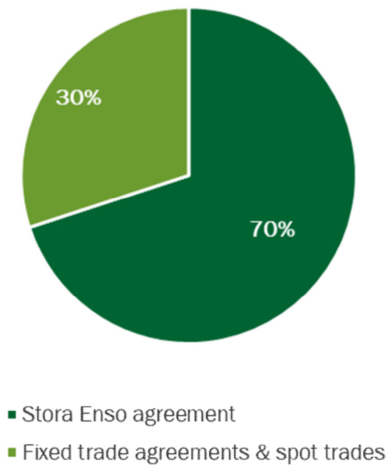
Under the terms of the wood sale agreement, Tornator and Stora Enso Oyj shall three times per year enter into separate felling contracts for the concrete sale and purchase of wood from identified felling sites. The harvesting of the wood on each felling site shall take place during a felling period of two to three years (depending on the nature of the felling site) from the consummation of the relevant felling contract. The negotiation of each felling contract shall be based on a proposal delivered by Tornator to Stora Enso Oyj no later than one month before the deadline referred to above for concluding the contract. The proposal shall comply with the long-term harvesting plan and shall strive to take into account Stora Enso Oyj's needs by wood assortments, as well as seasonal felling and transportation conditions.

The price payable by Stora Enso Oyj for the deliveries of wood under the wood sale agreement shall be established separately for each wood assortment, harvesting method and felling site in the relevant felling contract so as to reflect prevailing market prices in each relevant forest centre area as evidenced by areal statistics provided by the National Resources Institute Finland (Finnish: *Luonnonvarakeskus*, Luke) for the three calendar months immediately preceding Tornator's proposal. If the parties do not reach agreement on the price or other terms of a felling contract by the agreed deadline, they shall continue the negotiations for an additional period of two months, during which the price (and the prepayments) shall be based on Tornator's proposal. If no agreement is reached during the two months' period, an independent expert will determine the terms. If the parties cannot agree on the identity of the independent expert, this will be nominated by the National Resources Institute Finland. Stora Enso Oyj shall, in addition to the agreed pricing referred to above, pay EUR 1.10 per cubic meter as a volume bonus for wood in felling sites qualifying as summer felling sites.

To secure Tornator's cash flow, the terms of the wood sale contract include a prepayment condition. Based on that condition, Tornator is entitled to receive 90 per cent. of the value of each wood trade within one year from signing the wood trade, even if Stora Enso Oyj did not harvest any wood. This arrangement secures Tornator's ability to meet loan and other obligations even during challenging harvesting periods. In addition to wood purchased, Stora Enso Oyj buys silviculture services from Tornator for approximately EUR 2.0 million per annum.

Other wood sale agreements

Although the wood sale agreement with Stora Enso Oyj does not restrict the right of Tornator to enter into wood sale agreements with other parties and Tornator has other long-term sale agreements, the management estimates that at least 75 per cent. of the harvesting volume of Tornator will continue to be purchased by Stora Enso Oyj. Approximately 5 per cent. of total wood sales derive currently from wood trade agreements that have been established with, for example, UPM and Metsä Group (in Estonia). Historically, approximately 5–25 per cent. of the harvested volumes from Tornator forests have been purchased by customers other than Stora Enso Oyj, either in accordance with fixed trade agreements or as spot trade. The following graph sets out the average annual allocation of Tornator's wood sales during 2015–2019:



Sale of land and extractable soil resources and lease of land

Tornator aims at diverse economic utilization of its land. It develops the value of its forest property with the aid of land use planning and zoning and Tornator sells plots, for various purposes such as building holiday homes. Tornator also actively develops wind power projects in co-operation with its partners. Tornator markets its plots mainly through the company website, but forestland is also sold with the assistance of real estate agents. Tornator also sells extractable soil resources, such as gravel and sand, as well as small quantities of rock materials and leases land for various purposes such as hunting. Large part of sold waterfront plots are sold to private customers and majority of the land leases, access rights and conservation areas are formed with Centre's for Economic Development, Transport and the Environment (Finnish: *ELY-keskus*), electricity companies, wind power companies and hunting clubs. In addition, Tornator's forests are widely used for recreational use, free of charge.

Silvicultural services

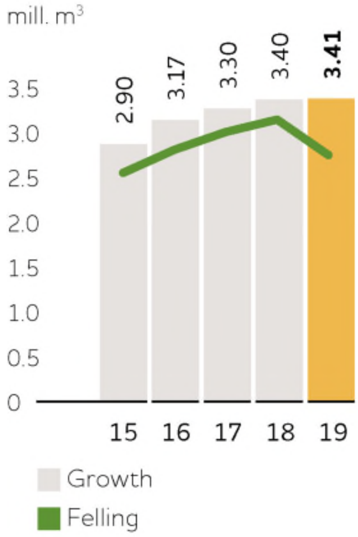
Tornator has a strong track record in forest management and it offers its forest management expertise to selected partners for a fee. Tornator offers silvicultural services, such as forest regeneration and tending of seedling stands, to its service agreement customers. Tornator aims to offer best possible working conditions for contractors in a successful co-operation resulting in well-growing forests.

Forest Management Strategy

Harvesting plan

Tornator's annual harvesting plan in Finland has been around 2.6 million cubic meters, which equals to approximately 3.5 per cent. of the annual fellings in Finland. Incorporating the harvesting possibilities from new forest acquisitions in 2019, Tornator assumes the sustainable target for annual sales of cutting rights to be close to 2.7 million cubic metres in Finland for the next 10-year period. Harvesting volumes in Estonia and Romania are expected to remain at current levels. The aggregate projected harvesting volume in Estonia and Romania is 0.3 million cubic meters, which increases the total estimated annual fellings to 3.0 million cubic meters. The harvesting plan of Tornator is based on the forest inventory analysis and harvesting simulation carried out by the Natural Resources Institute Finland (Luke), the governmental forest research center operating under the Ministry of Agriculture and Forestry of Finland. According to Tornator's management, the annual growth of Tornator's forests has been at a stable level of over 3 million m^3, which equals to approximately EUR 100 million in value. The following graph demonstrates Tornator's forests' growth and felling (million m^3) during the years indicated:

Growth and felling in Tornator Group's forests



Tornator's current harvesting plan covers the years from 2016 to 2045 and is updated with 5 years' intervals so as to cover 2021–2050. According to the latest Finnish forest inventory performed by Natural Resources Institute Finland (Luke), the growing stock of Tornator's forests was 60.8 million cubic meters (113 cubic meters per hectare). The growth estimate made by the Natural Resources Institute Finland for Tornator's forests was 2.9 million cubic meters per annum if no harvesting takes place. After the 2016 forest inventory Tornator has purchased almost 50 thousand hectares of new forestland in Finland which has increased the current growing stock and total annual growth by more than 10 per cent. from the 2016 inventory. The actual growing stock development will change based on the volume of wood harvested. The planned harvesting volume in Finland is expected to remain at the stable level of 2.7 million cubic meters per annum and the portion of final cuttings is expected to increase during the next 20 years.

Forest Management

Tornator manages its forests sustainably with the aim of a good and steady yield, which enables it to provide customers with responsibly produced, certified wood. Tornator manages the forests with full respect for nature, using the right treatments at the right time. In this way, Tornator can ensure that its forest assets remain diverse and in good condition. According to Tornator's management, Tornator has a strong track record in first class forest management and the yield generated by Tornator's forests has been increasing over the years due to systematic forest management practices.

The management of Tornator believes that Tornator can enhance the natural, biological growth of its forests through active forest management practices. Each tract of land is individually managed so that it may reach its highest potential at the time of the harvest. The forest owners may generally select the method of forest management, as long as the minimum requirements to ensure the regeneration of forests set forth by law are met. This flexibility allows for Tornator to reduce the level of forest management expenditure in the event of declining wood prices. The main forest management activities include forest regeneration, tending and thinning. Forest regeneration is an integral part of the sustainable use of forests. In forest regeneration, growing stock is removed with the idea of replacing it with a new generation - either naturally or artificially, by planting or seeding. Stands are recommended for regeneration at an age of 90 years in Northern Finland, depending on the growing site, and in Southern Finland at the age of 70 years. According to Tornator's management, Tornator's forest management has added value on the price of sold forests compared to price acquired by some other exemplary sellers of forest.

Vigorous forests also effectively capture carbon dioxide (CO_2) from the atmosphere. Through good forest management and sustainable forest utilization, Tornator can achieve significant positive climate impacts. After final felling, the logging areas are always regenerated according to national regulations for sustainable forest management. That is why Tornator's forests can provide a sustainable solution in the fight against climate change: responsible forestry does not cause deforestation, the raw material is truly renewable and can replace non-renewable, harmful materials. Tornator is also committed to reforest treeless areas, such as old peatlands, lands below electricity lines, non-productive fields. This way Tornator creates new carbon sinks which again help to absorb more CO_2 from the atmosphere. Tornator has calculated that the carbon sequestration capacity of its forests is about 4 million tons of CO_2 per year, equaling emissions of 667,000 average EU citizens. The carbon sequestration capacity of one hectare of forest is about 6 tons of CO_2 per year. In the 21st century, Tornator's carbon storage increment totals to 10 million tons in Finland. The positive climate impacts of its forests surpass the emissions from Tornator's own operations by a thousand times. By fully utilizing its forest resources, Tornator is expected to be able to produce more and more wood products and bioenergy that replace fossil raw materials to prevent the release of additional CO_2 into the atmosphere.

Forest management also includes soil preparation, which is of critical importance to the success of the regeneration. Ensuring an appropriate level of mineral soil is essential to the growth of the planted seedlings and the success of the natural restocking. In the early stages of a forest life cycle, young stands need to be tended. The clearing and tending of young stands allow the species' balance to be regulated at the early growing stages. Vegetation that may impede the growth of dominant species, as well as trees determined to be superfluous to the requirements of future forest growth are removed. Tending of young stands is generally carried out once or twice during the first 35–45 years of the young stand stage. At a later stage, thinning attempts to replicate the forest's natural development, the aim normally being to achieve a uniform age composition. Thinning is used to ensure growing space for the forest's best trees by harvesting those with retarded growth and those which are diseased or of poor quality.

Environmental Matters

Sustainable utilization of forests is at the core of Tornator's business. Tornator wants to increase the value of its forest assets in the long term, with full respect for environmental values. Tornator's operations are guided by its own environmental principles, the legislation of the respective countries of operation as well as the FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification) certification criteria. Tornator's environmental principles (Code of Conduct) is common to all countries where the Group operates. As testimony to Tornator's sustainable approach to forestry, Tornator has been awarded both of the most recognised forest certificates internationally, the PEFC and FSC[5] certificates. Tornator's forests in Finland, Estonia and Romania hold the FSC certificate, which is awarded to forest managers and owners whose management practices meet the requirements of the FSC principles and criteria. Compliance with the certification criteria is audited annually by an external evaluator. In addition, Tornator's forests in Finland and Estonia are certified to the PEFC standard, which combines ecologically, economically and socially sustainable forestry. When acquiring additional forestland, which is not already FSC or PEFC certified, Tornator aims to have such forestland FSC and/or PEFC certified, as applicable, in accordance to the latest standards.

Programme for Endorsement of Forest Certification's key components include field inspections by an independent auditor. PEFC's goal is to endorse national forest certification systems developed through multi-stakeholder processes and tailored to local priorities and conditions. Forest certification is at its core. PEFC provides forest owners, from the large to the small, with a tool to demonstrate their responsible practices, while empowering consumers and companies to buy sustainably. PEFC includes four different document types: international standards, which are applied directly in the field, benchmark standards to develop national standards, procedural documents to govern the functioning of the PEFC system itself and guidance documents, which provide additional guidance for users of some of the other standards. PEFC certification is currently applied in 53 countries, covering an area of more than 300 million hectares worldwide (approximately 8 per cent. of all forests worldwide). 18 million hectares of Finnish forests are PEFC certified (approximately 92 per cent. of all Finnish forests).

Forest Stewardship Council promotes environmentally appropriate, socially beneficial, and economically viable management of the world's forests. FSC's vision is that the true value of forests is recognized and fully incorporated into society worldwide. FSC is the leading catalyst and defining force for improved forest management and market transformation, shifting the global forest trend toward sustainable use, conservation, restoration, and respect for all. In order to achive its mission and vision, the FSC has developed a set of ten principles and 70 criteria that apply to FSC-certified forests around the world. FSC certification is currently applied in 81 countries, covering an area of more than 200 million hectares (approximately 5 per cent. of all forests worldwide) and 2.1 million hectares of Finnish forests are FSC certified (approximately 10 per cent. of all Finnish forests).

[5] Tornator's FSC certificate codes: Finland FSC-C123368, Estonia FSC-C132610 and Romania FSC-C132426.

According to Tornator's management, Tornator has a significant role in the fight against climate change due to high carbon capture and storage capacity of its forests. Tornator's forests capture about four million tons of CO_2 from the atmosphere per year. Carbon sequestration is enhanced through regular silvicultural treatments, for example thinning and regeneration felling, the use of improved regeneration materials as well as fertilization. Tornator is also involved in wind power development in co-operation with its partners. Wind power and wood production can easily be combined in practice, thereby mitigating climate change simultaneously in two ways in the same forests. Tornator Oyj is the sole owner of five wind power development companies in Finland. The calculated substitution effect of fossil fuels by all Tornator's renewable wind power development projects is 0.5–0.8 million tons of CO_2 per year (when completed), compared to coal-fired power plants.

Pursuant to the provisions of the Finnish Forest Act (1093/1996, as amended), Tornator is obliged, among other things, to safeguard the future growth of their forests by leaving sufficient volumes of trees to the harvesting site after improvement fellings. Regeneration harvesting may be carried out only after the trees have reached sufficient age or diameter and after the regeneration harvesting a viable stapling stand must be created within reasonable time. Management believes that Tornator complies in all material respects with all the environmental regulations applicable to their operations.

One of the major implications of environmental legislation is nature conservation. The share of strictly protected natural forests in Finland, i.e., forests where generally all forestry activities are prohibited, is among the highest in the world: according to the Natural Resources Institute Finland (Luke), approximately 9 per cent. or over 2,400,000 hectares, of the Finnish forests are legally protected against human disturbance. In addition, almost 500,000 hectares of forest is classified as being subject to restricted commercial use. In total, these almost 2,900,000 hectares constitute about 13 per cent. of the forest area in Finland. Several of these protection programs apply also to Tornator's forests. The concrete impact of most of these protection programs is, however, limited, as the programs often restrict harvesting only on certain special areas of the protected plot of land (such as close to the waterside), limit constructing such as building of summer houses or alternatively allow harvesting according to certain guidelines. The management of Tornator does therefore not consider the impact of the current nature protection programs to be significant on Tornator's forests. In 2019, Tornator established approximately 700 hectares of protection areas and restored swamp areas within its forestlands in total area of 180 hectares in co-operation with its partners. As at the date of this Prospectus, Tornator has a total of 17,000 hectares of private nature conservation areas in its forests and 50,000 pieces of protected valuable habitats in commercial forests. In addition, 30 000 hectares of Tornator's forest land is protected in Finland. In 2019, Tornator established or carried out 830 hectares of new convervation areas, mire restoration and presctibed burnings in Finland. Tornator planted 9,500,000 trees in Group forests in 2019.

When protection areas are established on private land, Finnish legislation requires that the landowner be compensated for his economic losses. The establishment of strict conservation areas requires that the relevant area is redeemed by the Finnish State at its fair market value. In case of other protection programs, the forest owner is compensated for the economic loss caused by the restrictions. No assurance can, however, be given that the compensation will be sufficient to compensate the whole economic impact of the protection measures on Tornator, that the compensation will be paid in a timely manner or that the principle of full compensation will be applied in the future.

Insurances

Tornator has a Finnish forest insurance policy that covers damage in case of a major disaster. However, Tornator has deemed it unprofitable to insure its forest holdings abroad, mostly because the target countries presently lack an operational forest insurance market. Tornator's Finnish forest insurance policy covers damage resulting from, among others, unforeseeable and abrupt forest fires and storms. Pursuant to the Finnish insurance policy, Tornator has a personal liability for damages up to EUR 5 million and the insurance policy covers damages up to EUR 50 million. According to Tornator's management, the most material risk of substantial damage to forest assets in Finland relates to damage caused by storms. However, given the geographical spread of Tornator's forest assets, the damage would have to be unprecedented in Finland for the damages to exceed the maximum indemnity of EUR 50 million. Further, for the past 17 years, there has been only one case of forest damage, in respect of which, the damages exceeded the EUR 5 million liability threshold. The damage resulted from snow damage in 2018 and in 2019, Tornator received a compensation of approximately EUR 3.8 million from the insurance company.

Legal and Regulatory Proceedings

The Group may become involved from time to time in claims and legal proceeding arising in the ordinary course of its business. At the date of this Prospectus, there are no governmental, legal, arbitration or administrative proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) against or affecting the Issuer or any of its subsidiaries which may have or may have had in the past 12 months a significant effect on the Issuer and/or on the financial position or profitability of the Group, as a whole.

Material Agreements

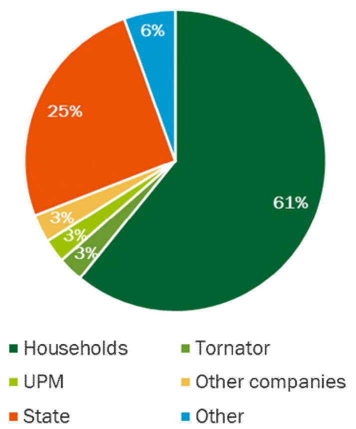
There are no contracts (other than the agreements discussed in section "*Financial and Other Information – Financing Agreements*" and contracts entered into in the ordinary course of business) that have been entered into by any member of the Group that are, or may be, material or which contain any provision under which any member or the Group has any obligation or entitlement that is material to the Issuer's ability to fulfil its obligations under the Notes.

MARKET OVERVIEW

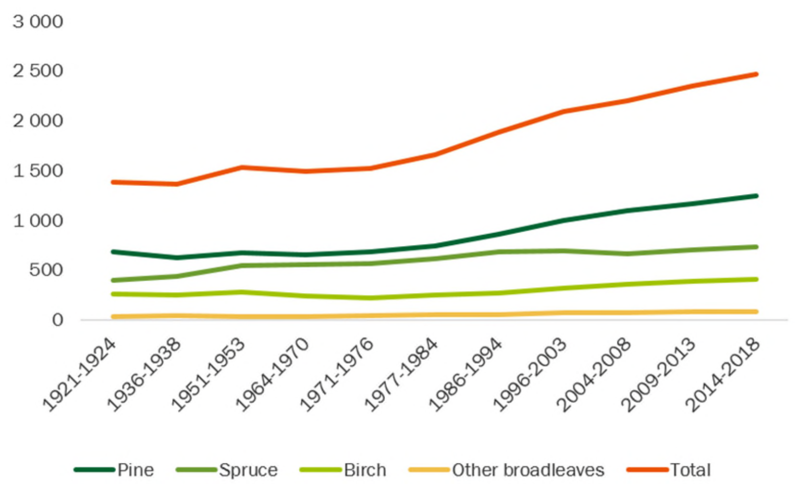
Overview

According to Tornator's management, the demand and prices of wood remained at a good level in all operating countries in 2019, with no collapse following the previous year's strong growth. In the recent years the need for raw materials in Finland has focused more on domestic wood. The increased wood consumption of the forest and energy industries is also seen as positive development on the Estonian roundwood market. The change is especially obvious on export-oriented pulpwood markets where both demand and prices have risen considerably. Also, in Romania, wood demand is expected to remain stable.

According to the Natural Resources Institute Finland (Luke)[6], approximately 22.8 million hectares (75 per cent.) of Finland is under forests and forests in Finland represent approximately 10 per cent. of the forest area in Europe. The area of strictly protected area accounts for approximately nine per cent. of Finland's total forest area. Private individuals and families own over a half of the Finnish forests (approximately 61 per cent.) and approximately one fourth of all forestland is owned by the state of Finland. There are over 600,000 private forest land owners but an ongoing trend is that financial investors have increasingly acquired forestland holdings in Finland. According to Tornator's management, the following graph sets out the forestland ownership in Finland as at the date of this Prospectus:



The graph below[7] demonstrates the increase in growing forest stock (million m^3) by tree types in Finland throughout the last century:



[6] Source: Natural Resources Institute Finland (Luke): Finland's forests 2019: Based on FOREST EUROPE Criteria and Indicators of Sustainable Forest Management.

[7] Source: Natural Resources Institute Finland (Luke): Forest Resources.

Finnish wood markets and demand

According to Tornator's management, the wood demand in Finland has been steadily increasing over the last decades, whereas the amount of imported wood decreased heavily in the beginning of the last decade. However, the wood imports have been relatively steady for the last years and Tornator's management believes that demand for wood will reach 68 million m^3 in 2023. According to the Natural Resources Institute Finland (Luke), the majority of the wood demand in Finland in 2018 was attributed to pulp industries (58 per cent. i.e. 43 million m^3), and the remaining 42 per cent. (31 million m^3) to wood product industry[8]. According to Tornator's management, in 2019, majority of the wood demand in Finland was attributed to pulp industries, and further, the use of wood in pulp industries is expected to increase in future due to global megatrends (see section "*Business of Tornator – Tornator's Business Environment and Growth Opportunities*").

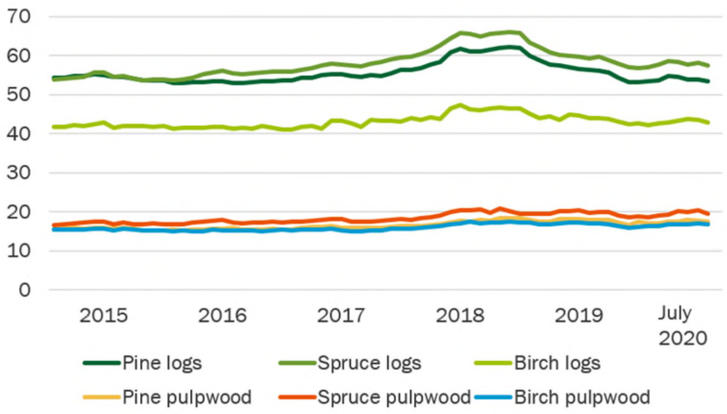
According to Tornator's management, the volume, price and demand of wood in Finland and in other markets Tornator operates in, are cyclical in nature and remain subject to the effects of global economic situation and to the cyclical variations in the global wood market. Even as the global megatrends, such as the expected shift from fossil to renewable materials, support the long-term demand and price stability of wood-based products, unforeseeable short-term events, such as insects or forest fires damaging forests, have caused, and may cause, a sudden negative impact in the international wood market and adversely affect the demand and prices of wood. However, according to Tornator's management, the demand outlook for renewable forest industry products is strong and replacement of fossil raw materials with wood-based materials is continuing, especially since wood products lead to lower greenhouse gas emissions compared to many functionally equivalent alternatives. According to Tornator's management, the large-scale forest damage (a combination of damage resulting from drought, storms and insects) in Central Europe in 2019, resulted in an imbalance between supply and demand, which subsequently caused a surplus of wood in the markets. The surplus of wood resulted in a significant drop in the price of wood. However, given the record high price level of wood in 2018, the imbalance between supply and demand did not result in as significant adverse effect on the price level of wood as initially estimated.

Wood Price Outlook

General

According to Tornator's management's views, the current wood price level represents a solid floor and no significant increase nor decrease in the wood price is expected in coming years. However, the wood prices in Finland have increased during the past five years. As described in the graph below, the price of pine and spruce logs have increased by 4 per cent. and 10 per cent. respectively since 2015 and pulpwood prices even more. Further, Tornator can temporarily increase the volume of cutting right sales or plot and forestland sales to compensate for temporary decline in wood prices. Fluctuation in wood demand is naturally a risk for a forestry company, but, according to Tornator's management, the demand risk has decreased as the uses of wood have diversified, and many new innovations are as yet unknown. Tornator has also secured a high demand for wood by certifying all of its forests. However, Tornator aims to follow a sustainable annual cut rate, thereby trying to optimize annual cash flows in the long term. The following graph, which is based on wood price statistics published by the Natural Resources Institute Finland (Luke), sets out the stumpage prices in Finland (EUR/m^3) during recent years:

[8] Source: Natural Resources Institute Finland (Luke): Kotimaisen raakapuun käyttö uuteen ennätykseen 2018.



The following sections describe the wood price development estimate as set out in the valuation report by Indufor Oy (Annex 1) in 2020.

Logs

Stumpage prices of logs are forecasted to decrease year-on-year in 2020 and 2021. Log prices are a key driver of wood supply in Finland. In order to secure pulpwood availability for pulp and paper mills, log prices cannot remain at depressed levels in the long term but, on the other hand, log prices cannot rise unchecked without a risk of running sawmill out of business. Therefore, they are expected to reach the levels of the second half of 2018 by 2025.

Pulpwood

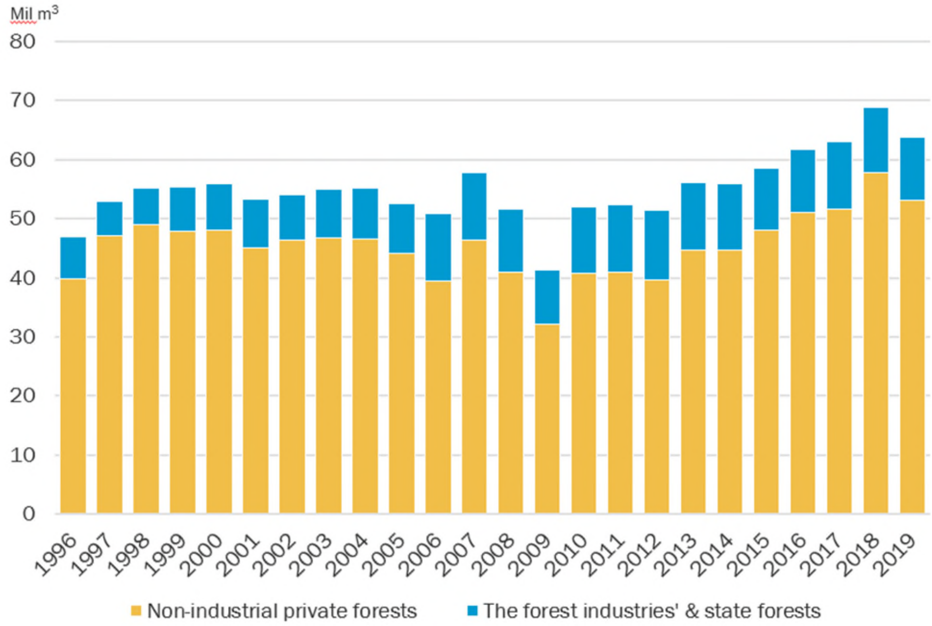
With the recent increase in pulpwood demand and materialization of some of the planned capacity increases, the pulpwood demand in the future is expected to considerably increase compared to pre-2018 levels. In order to fulfill the demand, the pulpwood prices are to be increased by 15 per cent. (in nominal terms) by 2025 and to follow inflation after that.

Forest Industry Investments

According to Tornator's management, investments in the forest industry usually increase the domestic demand for wood. During the years 2015–2017 completed investments resulted in an increase of 2.4 million m^3 in the annual demand for roundwood. The investments made during the period included e.g. change in packaging board and pulp mill reform at Stora Enso's facility in Varkaus and UPM, Kymi completed the expansion of its pulp mill. Investments during 2018–2019 resulted in an increase of 1.1 million m^3 to the total annual demand of roundwood, and such investments included, among others, investments of Metsä Group, Äänekoski with relation to its bio-technology and pulp factories, UPM, Kymi with relation to a reformation of its pulp mill and JPJ Wood, Juupajoki with relation to an improvement of production of its sawmill. Overall, investments in 2015–2018 increased the use of wood by a total of 8.5 million m^3. According to the valuation report prepared by Indufor Oy (Annex 1), there are several potential future investments in the forest industry totalling an increase of over 20 million m^3 in the demand for wood. On the other hand, Stora Enso closed Kitee sawmill in 2019 and UPM closed a plywood plant in Jyväskylä in 2020. Pölkky Oy, an independent sawmill company, has postponed investment in Kajaani sawmill for the time being. In August 2020, UPM decided to close its Kaipola paper mill by the end of the year.

The following graph describes commercial roundwood removals in Finland during the years indicated[9]:

[9] Source: Natural Resources Institute Finland (Luke): Commercial roundwood removals by forest ownership category, 1991–2018.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Non-industrial private forests
The forest industries' & state forests

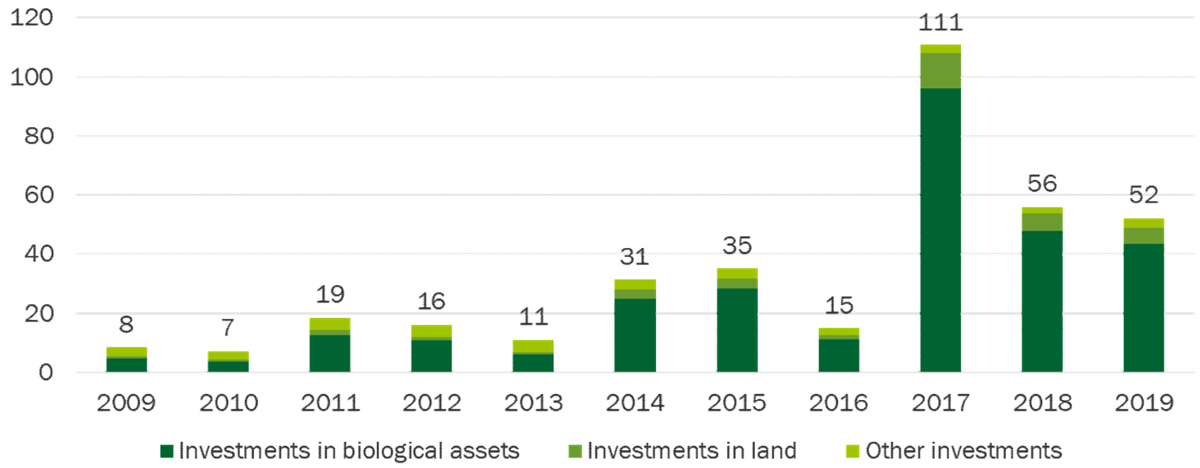
RECENT EVENTS

COVID-19 pandemic

Tornator's operations continued, and are expected to continue, normally under the exceptional circumstances, and the COVID-19 pandemic had no significant negative impacts on the results, balance sheet or cash flows of Tornator. Tornator's net sales, operating profit and cash flow from operating activities for the six months ended 30 June 2020 improved compared to those of the comparison period. Tornator's credit losses have not increased due to the COVID-19 pandemic, and Tornator does not envisage higher financial risks or a decrease in asset value. Further, in 2020, Tornator launched a campaign called "Torna-meininki", which facilitated proactive forest management work for Finnish contractors in the year affected by the COVID-19 pandemic. According to Tornator's management, this built faith in the idea that cooperation is the key to tackling the economic challenges posed by the COVID-19 pandemic.

Tornator's Investments

During the first six months of 2020, Tornator purchased more than 5,000 hectares of new forestland in Finland with a total investment of more than EUR 20 million. In 2019, Tornator acquired a total of approximately 13,000 hectares of new forests with a total investment of almost EUR 50 million. Compared to 2018, the number of forestland acquisitions increased but the average size of the acquired forests decreased. According to Tornator's management, Tornator's reputation as a reliable, competitive and responsible buyer increased the number of direct contacts from forest owners, which led to an increasing number of forestland purchases. According to Tornator's management, land is expected to keep its acquisition value on balance sheet while fair value of biological assets is used in Tornator's business. Tornator's investments are divided into biological assets (89 per cent.) and land (11 per cent.). In 2018, Tornator acquired a total of approximately 15,000 hectares of forests on approximately 90 estates and parcels. In 2017, Tornator bought approximately 22,000 hectares of forest from UPM and private forest owners. Investments in Estonia have amounted to approximately EUR 10 million yearly. Forest investments include investments in biological assets and land. The following graph sets out Tornator's investments (EUR million) during the indicated years:



Refinancing

The Issuer entered on 5 March 2020 into a EUR 350 million secured term and revolving credit facilities agreement whereby the Issuer refinanced on 6 March 2020 its in aggregate EUR 200 million secured bilateral credit facilities. Danske Bank A/S, Finland Branch, OP Corporate Bank plc and Skandinaviska Enskilda Banken AB (publ) act as lenders under the Initial Credit Facility Agreement. In connection with the refinancing under the Initial Credit Facility Agreement, the Issuer issued commercial paper under its existing commercial paper program in the aggregate amount of EUR 27.5 million for its refinancing needs. The Initial Credit Facility Agreement was on 8 April 2020 amended so as to include a new EUR 100 million term loan facility, which increased the aggregate commitments under the Initial Credit Facility Agreement from EUR 350 million to EUR 450 million. In connection with such amendment also the maturity of the EUR 250 Million Bilateral Loan Facility Agreement with OP Corporate Bank plc was prolonged.

The Issuer has granted security for its obligations under the Initial Credit Facility Agreement and the EUR 250 Million Bilateral Loan Facility Agreement with first priority and with second priority for certain hedging arrangements, which security on the date of this Prospectus secures the Issuer's obligation under the Initial Credit Facility Agreement and the Notes and with second priority certain hedging arrangements. The Issuer has granted security over certain of its forest properties, insurance proceeds relating to the same and a blocked bank account to which such insurance proceeds would be directed. Furthermore, among others, the lenders under the Initial Credit Facility Agreement and the Issuer have on 6 March 2020 entered into the Intercreditor Agreement to establish the relative rights of the creditors with respect to sharing the Transaction Security. The representative of the Noteholders has on 14 October 2020 acceded to the Intercreditor Agreement. For further information about the agreements related to the refinancing and the granted security, see "*Additional Information on the Transaction Security and the Intercreditor Agreement*" and "*Business overview – Key financial agreements*".

FINANCIAL AND OTHER INFORMATION

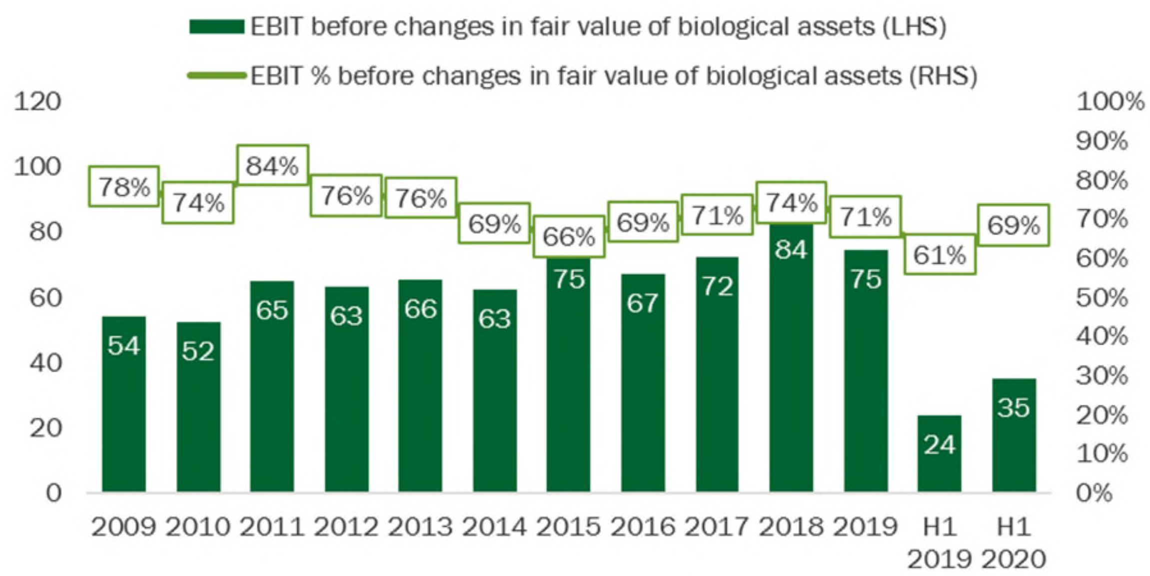
Historical Financial Information

The Company prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union. The Company's half-year report for the six months ended 30 June 2020, audited consolidated financial statements as at and for the financial years ended 31 December 2019 and 31 December 2018 have been incorporated into this Prospectus by reference. Save for the Company's audited consolidated financial statements as at and for the financial year ended 31 December 2019 and 31 December 2018, no part of this Prospectus has been audited.

Financial Performance of Tornator

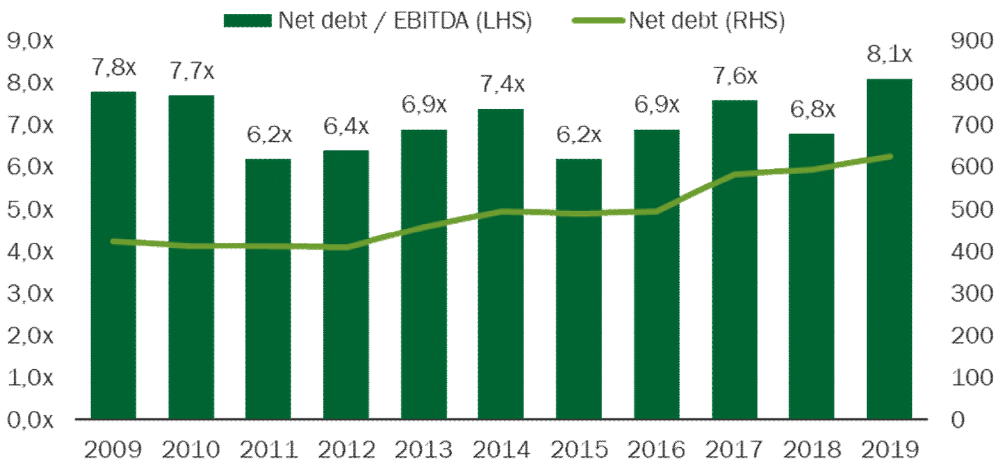
During the six months ended 30 June 2020, Tornator managed to deliver wood according to its plan despite COVID-19 pandemic and to keep up the profitable growth by acquiring new forestland mainly in Finland. During the financial year ended 31 December 2019, Tornator experienced stabilized sales and profitability after having exceptionally high wood deliveries in 2018 due to minimizing the negative effects of snow damages in the Company's Finnish forests. Tornator has continued its sustainable growth in the recent years. Tornator's sales and income has been growing steadily since 2014 and the value of its biological assets have increased due to effective forestry operations and profitable growth strategy.

Snow damage had EUR 7 million positive EBIT effect in 2018 and a one-time compensation for nature conservation of EUR 3 million was booked in 2018 as well. Tornator has maintained a rather stable EBIT margin over the last five-year period. The following graph sets out Tornator's EBIT value (EUR million) and EBIT (%) during the periods indicated:



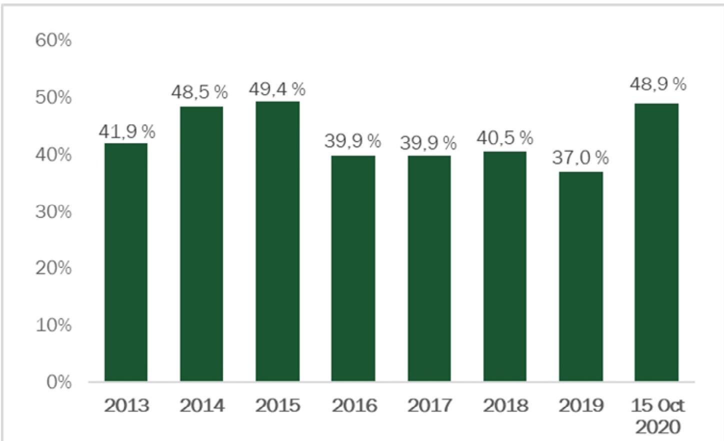
Tornator's Financing Structure

Tornator maintains a healthy financing profile with various financing arrangements with different maturities. Tornator minimizes its financing related risks through credit agreements with different maturities, a broad base of financiers and revolving credit facilities and by maintaining the Company's reputation as reliable debtor. For more details on the financing agreements, please see section "*–Key Financial Agreements*". In addition, Tornator is prepared for market rate changes with derivative contracts. Tornator protects itself and its creditors against financing risks through hedging. Hedging is applied to mitigate the interest rate risk related to its financing and to reduce the overall volatility of Tornator's balance sheet. With such hedging, it will be easier to predict the development of Tornator's value in long term, since the value of Tornator's forests' is not especially sensitive to changes in interest rate levels. Tornator mitigates the risk of interest rate changes related to its financing through interest rate swaps and interest rate option agreements. The following graph sets forth Tornator's net debt (RHS, right hand side) and net debt/EBITDA (LHS, left hand side) (x) throughout the last decade:



1) Includes forest value plus value of land.

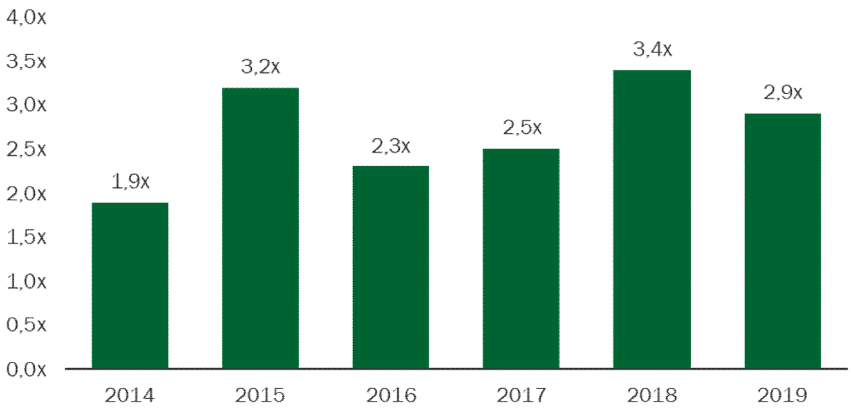
Tornator's secured loans to value of pledged properties ratio has steadily decreased in recent years, as forest value has increased more than the increase in the amount of secured loans. The following graph sets out the ratio of Tornator's secured loans to value of pledged properties (%) at the end of the year indicated below (unless otherwise indicated):



The calculation of the above ratios differs from, and is simpler than, the calculation of the Loan to Security Asset Value covenant defined in the "Terms and Conditions". As at the date of this Prospectus, the ratio of Tornator's Loan to Security Assets Value covenant is 48.1 per cent.

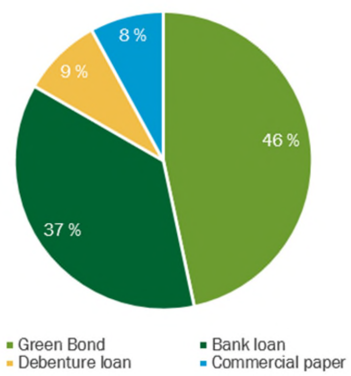
According to Tornator's management, Tornator has concrete ways to release up to EUR 100 million in case of a sudden liquidity need. Additional cash sources for liquidity needs consists of cash release options, such as extra felling of forests and sale of wood (EUR 15–20 million) and possible divestments (EUR 40 million). In addition to cash release options, Tornator has an option to save cash in paid dividends (EUR 20–30 million) and in forest management and investments (EUR 10 million). Annual binding cash flows from Stora Enso Oyj will alone cover interest expenses at least twice fold. The following graph sets out Tornator's FCF/debt service (x) [10] in the years indicated:

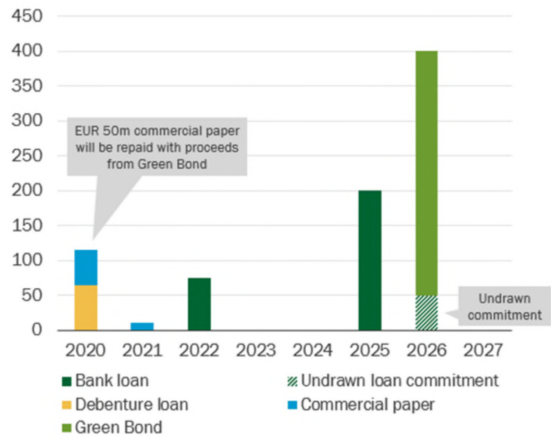
[10] Includes debt amortization from old amortizing debt. New term loan is a bullet loan.



Key Financial Agreements

According to Tornator's management, Tornator's debt profile will, post bond issuance, be a more diversified mix between bank loan, bonds and commercial papers than before. The following graphs set out Tornator's debt profile and debts' maturity profile as at the date of this Prospectus (EUR million):





Debenture

In November 2012, the Issuer issued a non-rated debenture in the principal amount of EUR 65 million for the purpose of replacing its existing EUR 65 million debenture. The interest payable under the debenture is 6 months EURIBOR plus a margin of 4.75 per cent. The maturity date of the debenture is 4 December 2020. The debenture constitutes an unsecured obligation of Tornator ranking behind all unsubordinated indebtedness of the Company.

Derivatives

The Issuer has entered into long-term interest rate derivative agreements, currently interest rate swaps, with Danske Bank A/S and OP Corporate Bank plc in aggregate for the principal amount of approximately EUR 338.6 million to hedge interest rate risk related to the balance sheet, i.e. loans and forest value (discount rate) (see section "*Financial and Other Information – Tornator's Financing Structure*").

Term and Revolving Credit Facilities Agreement

On 5 March 2020, the Issuer entered into a term and revolving credit facilities agreement under which Danske Bank A/S, Finland Branch, OP Corporate Bank plc and Skandinaviska Enskilda Banken AB (publ) as original lenders and in other capacities have agreed to provide in aggregate EUR 350 million term and revolving credit facilities to the Issuer. Facility A (EUR 200 million term loan facility) and facility B (EUR 100 million revolving loan facility) mature on 5 March 2025, whereas facility C (EUR 50 million term loan facility) matures in five years and six months from the date of its first utilisation. The purpose of facility A was the refinancing of existing term loans under certain bilateral debt facilities of the Issuer, the purpose of facility B is the financing of general corporate purposes and acquisitions of forest land, forest land leases or felling rights on forest as well as refinancing the revolving credit facilities under the earlier bilateral debt facilities of the Issuer, and the purpose of facility C is the refinancing of the EUR 65 million debenture maturing in December 2020. Furthermore, the Initial Credit Facility Agreement was on 8 April 2020 amended so as to include a new Facility D (EUR 100 million term loan facility), which matures on 8 April 2022. The purpose of facility D is the financing of general corporate purposes including, but not limited to, payment of dividends and the refinancing of the EUR 65 million debenture maturing in December 2020 and commercial paper. The increase of the commitments made available under the Initial Credit Facility Agreement was required in order to secure the short-term financing of the Issuer, as it could not rely on receiving such financing from the debt capital markets that were not functioning properly after the outbreak of the COVID-19 pandemic in the spring 2020.

The Initial Credit Facility Agreement contains the same financial covenant as the Notes, *i.e*. the Loan to Security Asset Value ratio. The Initial Credit Facility Agreement contains customary representations and undertakings relating to, inter alia, the business activities of the Issuer and, where applicable, of the Tornator Group. Further, the Initial Credit Facility Agreement contains mandatory prepayment clauses applying, *inter alia,* in case of illegality, change of control and sanction events. The Initial Credit Facility Agreement also contains customary events of default.

Intercreditor Agreement

The Issuer has entered into an Intercreditor Agreement, inter alia, with OP Corporate Bank plc as security agent, OP Corporate Bank plc as initial credit facility agent and Danske Bank A/S, Finland Branch and OP Corporate Bank plc as initial hedge counterparties. Nordic Trustee Oy as agent to the Noteholders has acceded to the Intercreditor Agreement on 14 October 2020. The Intercreditor Agreement establishes the relative rights of the creditors under various financing arrangements, including the Notes and the Initial Credit Facility Agreement with respect to sharing the Transaction Security. For further information, please see "*Additional Information on the Transaction Security and Intercreditor Agreement*".

Agency Agreement

In connection with the Offering, the Issuer has entered into an Agency Agreement with Nordic Trustee Oy, under which Nordic Trustee Oy has undertaken to act as an agent and representative of the Noteholders and perform custodial and administrative functions relating to the Notes.

Finnish Security Agreement

To secure the due and punctual fulfilment of the Secured Obligations, the Issuer has entered into a security agreement with OP Corporate Bank plc as the Common Security Agent. For further information, please see "*Additional Information on the Transaction Security and Intercreditor Agreement*".

Alternative Performance Measures

Tornator uses, and this Prospectus includes, certain financial measures, which, in accordance with the "*Alternative Performance Measures*" guidelines of the European Securities and Markets Authority (ESMA), are not financial measures of historical or future financial performance, financial position, or cash flows, defined or specified in IFRS and are, therefore, considered alternative performance measures. Tornator uses alternative figures that are comparable between the years, thus better describing the success of operations. The alternative performance measures are not accounting measures defined or specified in IFRS and, therefore, they are considered non-IFRS measures that do not replace performance measures in accordance with IFRS nor should they be viewed in isolation or as a substitute to the performance measures reported in accordance with IFRS.

For detailed calculation formulas of comparable performance indicators used in the financial statements incorporated to this Prospectus by reference, see page 3 of the audited consolidated financial statements of Tornator as at and for the financial year ended 31 December 2019 incorporated by reference into this Prospectus and page 3 of the consolidated financial statements as at and for the financial year ended 31 December 2018 incorporated by reference into this Prospectus. In addition to the alternative performance measures used in Tornator's financial statements, there are additional alternative performance measures used in this Prospectus. Alternative performance indicators used in this Prospectus and their calculation formulas are specified below in section "*Calculation of Performance Indicators*". Numbers and measures used for calculating the alternative performance measures presented in this Prospectus and as specified in "*Calculation of Performance Indicators*" below, are available, for the financial years 2018 and 2019, in the corresponding financial statements incorporated into this Prospectus by reference. Reconciliations for certain alternative performance measures for the financial years 2018 and 2019 are set out in section "*Reconciliation of Certain Alternative Performance Measures*".

Alternative performance measures used by companies may differ from company to company and the calculation formulas used by companies may not be uniform. Therefore, the alternative performance measures presented in this Prospectus may not be comparable with similarly titled measures presented by other companies. Furthermore, these alternative performance measures may not be indicative of Tornator's historical results of operations and are not meant to be predictive of potential future results. Based on the above, no undue reliance should be placed on the alternative performance measures presented in this Prospectus.

Calculation of Performance Measures

The values used for the calculation of the performance measures set out below are included in the audited financial statements incorporated into this Prospectus by reference, unless otherwise indicated. The performance measures not included in the audited financial statements are unaudited.

Interest-bearing net debt =	Interest-bearing debt less cash and cash equivalents
EBITDA =	EBIT plus depreciation and amortization
EBIT before changes in fair value of biological assets =	EBIT less change in fair value of biological assets
Value of pledged properties[1] =	Land area in ha multiplied by value per ha
Value per ha[1] =	Value of Finnish forest properties (perpetual cash flows + bare land value) as set out in the applicable valuation divided by the number of total ha used in that valuation

EBITDA (%) = $\dfrac{\text{EBITDA}}{\text{Net Sales}} \times 100$

EBIT (%) before changes in fair value of biological assets = $\dfrac{\text{EBIT before changes in fair value of biological assets}}{\text{Net Sales}} \times 100$

Secured loans to value of pledged properties (%)[2] = $\dfrac{\text{Loans secured by pledged properties}}{\text{Value of pledged properties}} \times 100$

Net debt / EBITDA (%) = $\dfrac{\text{Interest-bearing net debt}}{\text{EBITDA}} \times 100$

FCF/debt service (x) = $\dfrac{\text{Free cash flow}}{\text{Debt service}}$

Free cash flow (FCF)[3] =	Cash flow from operating activities before financial items and taxes less taxes paid less cash flow from investments in other tangible and intangible assets (excluding investments in real estate properties and shares in forest real estate companies) plus financial income from bank account interest and money market funds
Debt service[4] =	all interest expenses and other financial expenses of any member of the Group, whether paid, accrued or capitalised, less all interest income of any member of the Group, whether received, accrued or capitalised, in each case during the relevant period

Discount rate (WACC) =	The discount rate after taxes used in the valuation of parent company's forests in Finland. Discount rate includes equity and debt interest rate components. Effect of inflation (assumption 2.0%) is included in cash flows. In calculating the discount rate, the equity interest component has a weight of 40%, and the 5-year sliding average of the 50-year euro swap interest rate is used as the risk-free interest rate. The equity risk premium is calculated by an external assessor. In calculating the discount rate, the liability interest rate component has a weight of 60% on the basis of the targeted financing structure as determined in the strategy. This corresponds with the hedged interest rate of the non-current interest-bearing liabilities. Fluctuation range of +/- 0.25%-point is applied to discount rate, i.e. it will be changed only if the change is outside the +/- 0.25%-point range

1) Not available in the financial statements. "Land area" is the area of the pledged properties and "value per ha" is derived from Indufor's valuation report. The total value of pledged properties as calculated according to the Loan to Security Asset Value covenant applicable at each year-end is presented in the notes of the financial statements but its calculation is more advanced and differs from this calculation method.

2) Not available in the financial statements.

3) Included in the financial statements apart from the last item "financial income from bank account interest and money market funds". In the financial statements "financial income" includes also other interest income. In 2019, financial income in the financial statements was EUR 199,000 of which EUR 56,000 was attributable to "financial income from bank account interest and money market funds" used in calculating this performance measure.

4) "Financial expenses" in the financial statements include also other items than what is included in "Debt service" according to the performance measure calculation. In 2019, "financial expenses" were EUR 22.6 million and "debt repayment" was EUR 4.5 million, so in total EUR 27.1 million, whereas "Debt Service" was EUR 25.1 million. Difference was thus EUR 2.0 million consisting mainly of other financial expenses EUR 1.1 million, accrual of loan arrangement fees EUR 0.5 million and interest expenses associated with interest income EUR 0.2 million.

Reconciliation of Certain Alternative Performance Measures

EBITDA

(EUR in millions)	2019	2018
EBIT	264.6	116.5
Change in fair value of biological assets	-189.9	-32.6
Depreciation and amortization	3.2	3.1
EBITDA	**77.9**	**87.0**

Free cash flow (FCF)

(EUR in millions)	2019	2018
Cash flow from operating activities before financial items and taxes	84.4	82.3
Taxes paid	-9.0	7.5[1]
Cash flow from investments in other tangible and intangible assets (excluding investments in real estate properties and shares in forest real estate companies)	-3.2	-2.1
Financial income from bank accounts and funds	0.1	0.0[2]
Free Cash Flow	**72.2**	**87.7**

1) Received taxes in 2018.
2) Financial income in income statement and cash flow statement includes also other items than what is included in this figure

Secured loans to value of pledged properties

	2013	2014	2015	2016	2017	2018	2019	Sep 2020	15 Oct 2020
Loans secured by pledged properties (EUR million)	435.5	500.0	495.5	491.0	526.5	547.0	577.5	700.0	775.0
Value of pledged properties (EUR million)	1,039.1	1,031.3	1,003.3	1,231.9	1,320.6	1,351.3	1,560.1	1,583.8	1,583.8
Secured loans to value of pledged properties (%)	**41.9**	**48.5**	**49.4**	**39.9**	**39.9**	**40.5**	**37.0**	**44.2**	**48.9**
Value per ha (EUR)	1,891	1,887	1,867	2,312	2,382	2,440	2,756	2,798	2,798

No Material Adverse Change in the Prospects

Since 31 December 2019, the last day of the financial period in respect of which the most recently audited financial statements of the Company have been prepared, there has been no material adverse change in the prospects of the Company or of the Group.

No Significant Change in the Financial Performance or Financial Position

There has been no significant change in the financial performance or the financial position of the Company or the Group since 31 December 2019, which is the end of the last financial period for which an audited financial report has been published.

Share Capital and Ownership Structure

As at the date of this Prospectus, the Company has issued a total of 5,000,000 ordinary shares and has a registered share capital of EUR 51,836,213.00, which is fully paid.

The main shareholders of the Company are Finnish pension insurance companies and Stora Enso Oyj. The Company has a total of 10 shareholders, six largest of which are listed below with their respective ownership participation percentage as at 30 June 2020:

Shareholders of Tornator Oyj

Stora Enso Oyj	41.00 %
Ilmarinen Mutual Pension Insurance Company	23.125 %
Varma Mutual Pension Insurance Company	15.325 %
OP Life Assurance Company Ltd	5.21 %
OP Forest Owner Fund	5.00 %
OP Bank Group Pension Fund	4.16 %
Other shareholders	6.18 %
Total	**100.00 %**

Article 11 of the Articles of Association of the Company stipulates that a shareholder can only vote with a maximum of 20 per cent. of the total amount of votes of issued by the Company. Upon counting of the maximum amount of votes for the aforementioned purpose, the votes vested by any member of the group or any pension foundations and pension funds belonging to the same group as the relevant shareholder shall be taken into account.

GREEN BOND

Green Finance Framework

In August 2019, Tornator launched a Green Finance Framework in order to highlight corporate responsibility in its financing as well as in its operational activities. In the future, Tornator intends to seek the majority of its debt financing through the Green Finance Framework. As Tornator's vision includes being a forerunner in responsible forestry, the Green Finance Framework is a natural way of demonstrating Tornator's commitment to developing the relationship between forestry and the financial markets. On the basis of the Green Finance Framework, it is possible for Tornator to issue sustainable debt instruments, such as green bonds and green commercial papers, and to raise green loans for the purposes of refinancing of its existing forest investments, financing of new forest acquisitions as well as related infrastructure investments in sustainable silviculture and research and development projects with a positive environmental impact. The Green Finance Framework also covers green financing for the purposes of conservation and development of forest nature as well as environmental preservation, which promote, for example, biodiversity investments in processes that improve resource efficiency and reforestation in, for example, disused peat production areas, agricultural lands and under power lines. The Green Finance Framework is expected to reinforce Tornator's position as a responsible forestry company with a long business perspective. In addition to Tornator's own corporate responsibility principles, the sustainable development principles of the United Nations and the ICMA Green Bond Principles 2018 served as a basis for the Green Finance Framework. The Green Finance Framework offers a transparent opportunity for Tornator's investors to evaluate and compare their investments in light of combating climate change and other environmental challenges. Tornator is expected to provide on an annual basis a Green Finance Investor Letter on its website detailing all the projects financed under the Green Finance Framework including their expected impacts as well as information about the allocation of Green Finance proceeds between new projects and refinancing. The Green Finance Investor Letter will be reviewed annually by Tornator's external auditor. The external auditor issues a statement on the correctness of the Green Finance Investor Letter and whether the Green Finance Investor Letter gives an accurate and sufficient description of how the proceeds under the Green Finance Framework are applied.

Tornator's Green Finance Framework was reviewed by the Centre for International Climate Research (CICERO) in September 2019. CICERO is a widely used provider of second opinions on green bond frameworks. CICERO's Shades of Green second opinons are built on renowned climate research, drawing on competence from CICERO Center for International Climate Research, which is an established institute for interdisciplinary climate research. CICERO's researchers and experts have been providing second opinions to issuers worldwide since 2008. CICERO ratings include Light Green, Medium Green and Dark Green ratings. According to CICERO, the highest rating, Dark Green rating, is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future. Fossil-fueled technologies that lock in long-term emissions do not qualify for such rating. Ideally, exposure to transitional and physical climate risk is considered or mitigated. Examples of Dark Green rated projects include wind energy projects with a strong governance structure that integrates environmental concerns. Based on the review carried out by CICERO on Tornator's Green Finance Framework in September 2019, the Green Finance Framework was given CICERO Dark Green rating. Further, CICERO rated Tornator's governance structure and processes with a "Good" rating (on a scale of "Fair"-"Good"-"Excellent"). CICERO stated that Tornator lists its environmental principles and objectives in its annual report, and they are updated annually, but they do not currently include what might be considered numerical 'stretch goals'. The CICERO second opinion remains relevant to all green bonds and loans issued under the Green Finance Framework for the duration of three years from publication of the second opinion, as long as the Green Finance Framework remains unchanged. Any amendments or updates to the Green Finance Framework require a revised second opinion. Tornator's operations are in large part driven by FSC and PEFC certification, in addition to Finnish regulation on forestry.

The Notes are issued as part of the Green Finance Framework. In addition to the Notes, Tornator may also issue other sustainable debt instruments, such as other green bonds and green commercial papers or take up green loans in the future.

Use of Proceeds

The Issuer shall use the proceeds from the issue of the Notes, less the costs and expenses incurred by the Issuer in connection with the issue of the Notes, for refinancing and financing, in accordance with the Issuer's Green Finance Framework. According to the Green Finance Framework the net proceeds can exclusively be used for financing new Eligible Assets and refinancing existing Eligible Assets (as defined herein). "**Eligible Assets**" means a selected pool of assets that are funded, in whole or in part, by Tornator and that promote the transition to low carbon and climate resilient growth as determined by Tornator and in line with Tornator's Sustainability Policy and Strategy. Eligible Asset categories are as follows:

New or existing investments in sustainable forestry:

- FSC or PEFC certified sustainable forests
- Investments in infrastructure needed for sustainable silviculture
- Research and development projects with a positive environmental impact

Environmental preservation of nature:

- Biodiversity, eg. drained mire restoration back to carbon storage
- Investments in processes that improve resourse efficiency
- Reforestation (eg. disused peat production areas, agricultural lands or power lines)

Tornator's Green Finance Framework will not finance fossil fuel generation projects. Tornator will not use the proceeds for energy peat production but for example, reforestation of disused peat production areas back to carbon sinks.

Process for Project Evaluation and Selection

Eligible Assets are evaluated and selected by Tornator's Green Finance Committee. The Green Finance Committee consists of the Chief Financial Officer, the Environmental Manager and the Head of Corporate and Social Responsibility. The Green Finance Committee approves Eligible Assets in consensus (i.e. all members have a veto). The Green Finance Committee will keep record of meetings held and decision made. If, for any reason, a financed Eligible Asset no longer meets the eligibility criteria, it will be removed from the pool of projects financed with proceeds from Tornator's Green Finance sources. If any Eligible Asset no longer meets the eligibility criteria and is consequently removed from the pool of projects financed under the Green Finance Framework, Tornator will evaluate if such project should be continued under "non-green" financing. Removal of any Eligible Asset from the pool of projects financed with proceeds from Tornator's Green Finance sources will be reported in the annual Green Finance Investor Letter.

An amount equal to the net proceeds of the issue of green financing will be credited to a special account that will support Tornator's Eligible Assets. Proceeds yet to be allocated towards Eligible Assets will be placed in liquidity reserves and managed accordingly.

Reporting

To enable investors to follow the development and provide insight to prioritised areas, Tornator will provide an annual Green Finance Investor Letter to investors. The annual Green Finance Investor Letter includes a list of all projects financed including allocated amounts, a brief description and expected impact and information about the division of the allocation of Green Finance proceeds between new projects and refinancing. The Green Finance Investor Letter also includes information about the division of the allocation of Green Finance proceeds between new projects and refinancing.

Tornator recognises the importance of transparency and impact reporting. Tornator's ambition is to include information in the Green Finance Investor Letter about the land area certified by FSC and PEFC, established conservation areas, forest growth, as well as other environmental benefits when available.

External Reviews

The internal tracking method, the allocation of funds from the Green Finance proceeds and the Green Finance Investor Letter will be reviewed annually by Tornator's external auditor.

Available Documents

The Green Finance Framework, the Green Finance Investor Letter and the opinion of the external auditor are and will be from time to time published publicly on Tornator's web page (http://www.tornator.fi/en/investors/green+finance). CICERO's Green Finance Second Opinion issued in September 2019, is also available for inspection on Tornator's web page, www.tornator.fi/en/investors/green+finance/.

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

General

Pursuant to the provisions of the Finnish Companies Act (624/2006, as amended) ("**Finnish Companies Act**") and the Issuer's Articles of Association, responsibility for the control and management of Tornator is divided between the governing bodies of the Issuer, including the General Meeting of Shareholders, the Board of Directors, the Chief Executive Officer (CEO) and the Management Group. Shareholders of the Issuer participate in the control and management of the Issuer through resolutions passed at General Meetings of Shareholders. General Meetings of Shareholders are generally convened upon notice given by the Board of Directors. In addition, General Meetings of Shareholders are held when requested in writing by an auditor of the Issuer or by shareholders representing at least one-tenth of all the outstanding shares in the Issuer.

In its corporate governance, decision making and administration, Tornator complies with the Finnish Companies Act, the Finnish Securities Markets Act (746/2012, as amended) and other laws and regulations applicable to listed bonds as well as the Issuer's Articles of Association. Tornator also complies, as applicable, with the Finnish Corporate Governance Code 2020 adopted by the Securities Market Association effective as of 1 January 2020.

The business address of the members of the Board of Directors, the Chief Executive Officer and the other members of the Management Group is Äyritie 8d, FI-01510, Vantaa, Finland.

Board of Directors

The Board of Directors supervises Tornator's operations and management, deciding on significant matters concerning the company strategy, investments, organisation and finance. The Board of Directors convenes at least four times a year.

At the date of this Prospectus, the Board of Directors of the Issuer consists of the following persons:

Name:	**Background:**
Mikko Koivusalo Born 1961, MSc (Econ) **Chairman 2016–** **Deputy Chairman 2010–2015** **Member 2006–2010**	*Varma Mutual Pension Insurance Company*, Director, Investments, Unlisted Securities 1997– *Postipankki Oy* (Danske Bank), Business Analyst, Porfolio Manager 1991–1997 *Salmi, Virkkunen & Helenius Oy* (PwC), Auditor 1988–1991 **Memberships in other Boards of Directors:** *The Finnish Literature Society*
Mikko Mursula Born 1966, MSc (Econ) **Deputy Chairman 2017-**	*Ilmarinen Mutual Pension Insurance Company*, Deputy Chief Executive Officer, Investments 2018– *Ilmarinen Mutual Pension Insurance Company*, Chief Investment Officer 2015–2018 *FIM Oyj*, Chief Executive Officer 2013–2015 *S-Bank*, Head of Asset Management and Securities Broking Business 2013–2015 *FIM Asset Management*, Managing Director 2010–2015 *Ilmarinen Mutual Pension Insurance Company*, Head of Listed Securities 2007–2010 *Ilmarinen Mutual Pension Insurance Company*, Head of Equities 2002–2007 *Ilmarinen Mutual Pension Insurance Company*, Portfolio Manager, Equities 2000–2002 **Membership in other Boards of Directors:** *Kojamo Oyj* *Jane and Aatos Erkko Foundation sr*

Erkko Ryynänen Born 1971, MSc (Econ) **Member 2010–**	*OP Asset Management,* Director, Investment solutions *OP Group,* Investment and Portfolio management positions 1999– **Membership in other Boards of Directors:** *OP Property Management Ltd*
Jorma Länsitalo Born 1963, MSc (For) **Member 2020–**	*Stora Enso Oyj*, Senior Vice President, Head of Forest Assets 2020– *Enso Oy / Stora Enso Oyj,* Several positions 1989– **Membership in other Boards of Directors:** *Stora Enso Guanxi Forest JV*

Deputy members:
Markus Aho, Varma Mutual Pension Insurance Company
Ilja Ripatti, Ilmarinen Mutual Pension Insurance Company
Tomi Viia, OP Financial Group
Jari Suvanto, Stora Enso Oyj

Board Committees

At the date of this Prospectus, the Board of Directors has two committees; the Oversight Committee and the Remuneration Committee. Each of the committees consists of three members of the Board of Directors elected by the Board of Directors for a one-year term at a time. The responsibility of the Oversight Committee is to oversee significant agreements between the Company and its shareholders. The Oversight Committee convenes and reports to the Board of Directors at least twice a year. The Remuneration Committee convenes and reports to the Board of Directors when necessary.

In its organizing meeting held on 9 March 2020, the Board of Directors elected Mikko Koivusalo, Mikko Mursula and Erkko Ryynänen as members of the Oversight Committee. Jorma Länsitalo was elected as a deputy member of the Oversight Committee. Mikko Koivusalo, Mikko Mursula and Erkko Ryynänen were elected as members of the Remuneration Committee.The Board of Directors has decided not to establish a separate audit committee, but instead to perform these duties as part of the normal work conducted by the Board of Directors.

Chief Executive Officer and Management Group

The Issuer's Board of Directors appoints the Chief Executive Officer. The Chief Executive Officer is responsible for the Company's financial performance, for organizing the business operations as well as administration in accordance with applicable legislations and instructions and orders given by the Company's Board of Directors. The Chief Executive Officer provides information to the Board of Directors in respect of, among others, the Company's financial situation and changes in its business environment. The Chief Executive Officer is also responsible for the Company's key customer relationships.

At the date of this Prospectus, the CEO of the Company is Henrik Nieminen.

The Chief Executive Officer acts as the chairman of the Company's Management Group, which supports the Chief Executive Officer in the management of the Company and is responsible for the practical implementation of the Company's strategy determined by the Board of Directors. The Management Group convenes at about one month's intervals.

At the date of this Prospectus, the Management Group consists of the following persons:

Name:	**Background:**
Henrik Nieminen	*Tornator Oyj*, Deputy Chief Executive Officer 2007–2019

Born 1970, MSc (Econ), EMBA **Chief Executive Officer 2019–**	*Tornator Oyj*, Chief Financial Officer 2002–2019 *Stora Enso Ab*, Project Director 2001–2002 *Stora Enso Financial Services SA*, Director, Finance 2000–2001 *Enso Oyj*, Treasury Manager 1998–2000 *Enso Oyj*, Accounting Analyst 1997–1998
Ari Karhapää Born 1967, BSc (For) **Deputy Chief Executive Officer 2014–** **Director, Forestry 2012–**	*Forest Owners' Union of North Karelia*, Director 2009–2011 *Forest Management Association of North Karelia*, Director 2009–2011 *Karjalan Metsätilat Oy LKV*, Managing Director 2004–2009 *Forest Management Association of Border Karelia*, Director 2004–2008 *Forest Management Association of Upper Karelia*, Director 2002–2004
Outi Nevalainen Born 1968, MSc (Econ), MBA **Director, HR, Communications and Responsibility 2017–**	*Microsoft Oy*, HR Director 2015–2017 *Microsoft Mobile Oy*, Head of HR 2014–2015 *Nokia Oyj*, several HR managerial positions 1998–2014 *United Parcel Service Finland Oy*, HR Manager 1994–1998
Heikki Penttinen Born 1977, MSc (Eng) **Director, Development 2019–**	*CGI*, Director, Consulting Service 2018–2019 *CGI*, Lead Consultant 2017–2018 *OlapCon Oy*, Chief Executive Officer 2009–2017 *OlapCon Oy*, Management Consultant 2008–2009 *Hay Group*, Consultant 2004–2008
Antti Siirtola Born 1982, MSc (Econ) **Chief Financial Officer 2019–**	*Tornator Oyj*, Financial Controller 2013–2019 *Ernst & Young Oy*, Manager (APA) 2008–2013 *Fortum Oyj*, Treasury Manager 2006–2008

Absence of Conflicts of Interest

To the knowledge of the Company, the members of the Board of Directors, the Chief Executive Officer or the other members of the Management Group do not have any conflicts of interest between their duties relating to the Company and their private interests and/or their other duties.

Auditors

The Annual General Meeting of Shareholders of the Company held on 9 March 2020 elected Deloitte Oy as the Company's auditor. Marika Nevalainen, Authorised Public Accountant, is the Company's auditor with principal responsibility. The audited consolidated financial statements of the Company as at end for the financial year ended 31 December 2018 incorporated in this Prospectus by reference have been audited by Deloitte Oy under the supervision of principal auditor Jukka Vattulainen, Authorised Public Accountant and the audited consolidated financial statements of the Company as at end for the financial year ended 31 December 2019 incorporated in this Prospectus by reference have been audited by Deloitte Oy under the supervision of principal auditor Marika Nevalainen, Authorised Public Accountant.

The registered address of Deloitte Oy is Porkkalankatu 24, FI-00180 Helsinki, Finland.

ARRANGEMENTS WITH THE JOINT LEAD MANAGERS

Danske Bank A/S, OP Corporate Bank plc and Skandinaviska Enskilda Banken AB (publ) are acting as Joint Lead Managers of the Offering. The Company has entered into agreements with the Joint Lead Managers with respect to certain services provided by the Joint Lead Managers in connection with the Offering.

The Joint Lead Managers and companies belonging to the same consolidated groups with the Joint Lead Managers and/or their affiliates may have performed and may in the future perform investment or other banking services for Tornator in the ordinary course of business. In addition, the Joint Lead Managers and/or companies belonging to the same consolidated groups with the Joint Lead Managers are lenders under the Initial Credit Facility Agreement originally dated 5 March 2020 and as amended and restated on 8 April 2020 relating to EUR 450 million facilities. The proceeds from the Offering were used, inter alia, for the refinancing of the EUR 250 million term loan provided by OP Corporate Bank plc as well as refinancing of the Initial Credit Facility Agreement in the amount of EUR 25 million and will be used for the refinancing of approximately EUR 50 million of commercial paper arranged by the Joint Lead Managers and their respective affiliates. The Joint Lead Managers and their respective affiliates may also hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of customers, in debt securities of the Issuer and arrange issuance of commercial paper by the Issuer. Also, some of the Joint Lead Managers are currently the Issuer's counterparties in certain hedging transactions which share the Transaction Security with second ranking.

LEGAL MATTERS

Certain legal matters in connection with the Offering have been passed upon for Tornator by Roschier, Attorneys Ltd.

INFORMATION INCORPORATED BY REFERENCE

The Company's half-year report for the six months ended 30 June 2020, the Company's consolidated financial results for the financial years ended 31 December 2019 and 31 December 2018 are incorporated into and form part of the Prospectus by reference. The non-incorporated information in the documents incorporated by reference is not relevant for investors or can be found elsewhere in the Prospectus. The referenced documents are available for inspection at the offices of the Company at Napinkuja 3 C, FI-55100 Imatra, Finland, as well as on the Company's website at, www.tornator.fi/en. The valuation statement by Indufor Oy dated 1 September 2020 is incorporated as Annex 1 in this Prospectus in such form and context that Indufor has agreed to the publication of the statement.

Document	Information by reference
Half-year report for the six months ended 30 June 2020	Unaudited interim report of Tornator as at and for the six months ended 30 June 2020.
Financial Statements and Board of Directors' Report 2019	Auditors report for the financial year ended 31 December 2019, pages 96 to 100.
Financial Statements and Board of Directors' Report 2019	Audited financial statements of Tornator as at and for the financial year ended 31 December 2019 including Directors' report for the financial year 2019 and certain other financial information, pages 2 to 53.
Financial Statements and Board of Directors' Report 2018	Auditors report for the financial year ended 31 December 2018, pages 95 to 102.
Financial Statements and Board of Directors' Report 2018	Audited financial statements of Tornator as at and for the financial year ended 31 December 2018 including Directors' report for the financial year 2018 and certain other financial information, pages 2 to 52.

DOCUMENTS ON DISPLAY AND AVAILABLE INFORMATION

In addition to the documents incorporated by reference, the Company's (i) Finnish language articles of association and extract from the Finnish Trade Register, (ii) the English language Intercreditor Agreement (as defined in the Terms and Conditions of the Notes), (iii) the English language Security Agreement (as defined in the Terms and Conditions of the Notes) and (iv) the Agency Agreement (with certain commercial details redacted) may be inspected at the Company's website at, www.tornator.fi/en.

The Company publishes annual reports, including audited consolidated financial statements, interim financial statements for the six months periods ending 30 June each year and other information as required by the Finnish Securities Markets Act and the rules of the Helsinki Stock Exchange. As at the date of this Prospectus, all annual reports, interim reports and stock exchange releases are published in Finnish and English. Such information will be available on the Company's website at www.tornator.fi/en.The Company does not publish quarterly interim financial statements.

ANNEX 1

Valuation of Forest Resources in Finland

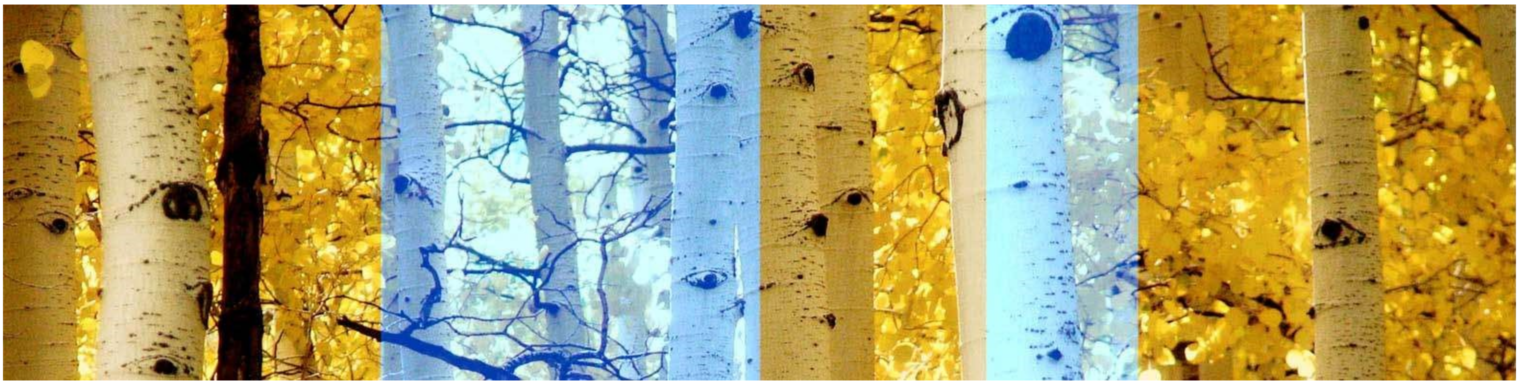
Tornator Oyj

Valuation of Forest Resources in Finland

Confidential

Helsinki, Finland
September 1, 2020

8632
ID 137364



ASSUMPTIONS AND LIMITING CONDITIONS

This report was prepared at the request of the Client, Tornator Oyj. The intended users of this appraisal are the Client, and the Client's auditors and accountants, the security agent appointed at each time to represent the holders of the senior secured notes to be issued by Tornator Oyj, the facility and security agent appointed at each time to represent the lenders that provide senior secured loans to Tornator Oyj, each such lender and each entity that considers participation in the senior secured loan facilities as a lender. No other third party shall have any right to use or rely upon this appraisal for any purpose.

This report may not be used for any purpose other than the purpose for which it was prepared. Its use is restricted to consideration of its entire contents.

Details concerning the basic physical characteristics, discount rate, silviculture and fixed costs, and capital expenditure of the subject property have been taken from data provided by the Client.

Indufor has not surveyed the forest property. Maps, diagrams and pictures presented in this report are intended merely to assist the reader.

Legal matters are beyond the scope of this report, and value estimates for the fee lands are predicated on fee title. Any existing liens and encumbrances have been disregarded, and the property has been appraised as though free and clear, under responsible ownership and competent management.

Unless otherwise stated in this report, the existence of hazardous materials or other adverse environmental conditions, which may or may not be present on the property, were neither called to the attention of Indufor.

Neither all nor any part of the contents of this report (especially any conclusion as to value), the identities of the consultants or Indufor shall be disseminated to the public through advertising media or any other means of public communication without the prior written consent and approval of Indufor. This report may, however, be attached to and published in the listing prospectus to be prepared by Tornator Oyj for the purposes of listing the senior secured notes referred to above on Nasdaq OMX Helsinki Ltd.

Indufor recognizes the possibility that any valuation can eventually become the subject of audit or court testimony. If such audit or testimony becomes necessary as a result of this valuation, it will be a new assignment subject to fees then in effect.

Any liability on the part of Indufor is limited to the amount of fee actually collected for work conducted by Indufor.

TABLE OF CONTENTS

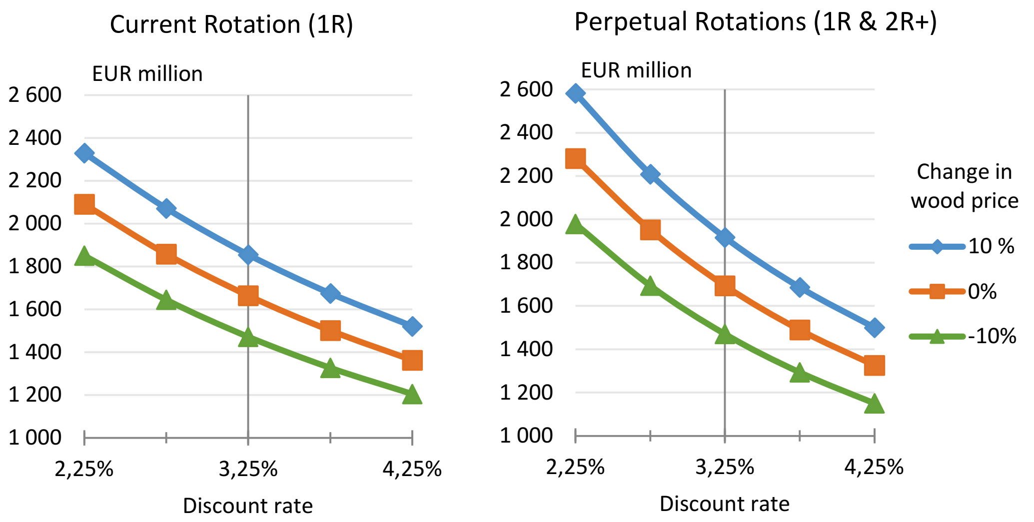
LIST OF APPENDIXES

EXECUTIVE SUMMARY

The value of Tornator's Finnish forests (biological assets) is estimated as follows:

	Sept. 30, 2020	Sept. 30, 2019
	EUR million	
70-year cash flows	–	1 473
Perpetual cash flows (1R & 2R+)	**1 694**	1 635
Current rotation cash flows (1R)	**1 664**	1 626
Subsequent rotations (2R+)	**30**	9

Sensitivity of Value to Changes in Discount Rate and Stumpage Price



The value was calculated using the income approach where the future cash flows during the above-mentioned calculation horizons were forecasted and discounted to present. The current rotation cash flows (1R) include only the revenues and costs related to the current biological assets (i.e., the present generation of living trees). The investment outlay in the regeneration as well as the revenues and costs related to the subsequent tree generations are shown separately as 2R+ and included in the perpetual cash flows.

The values presented above are based on real cash flow projections discounted with a real 3.25% post-tax WACC (2019: 3.25%). The WACC was calculated by Alexander Corporate Finance Oy.

The values are based on Tornator's wood flow projections. Data on harvest volumes, silvicultural and fixed costs, capital expenditure, and discount rate were made available by Tornator. Indufor made stumpage price projections for the next ten years, after which prices were kept constant in real terms. The value was calculated using Indufor's DCF model.

According to an unaudited consolidated interim report as of and for the six months ended June 30, 2020, the bare-land value of Tornator's forest assets in Finland is EUR 78.01 million (2019: EUR 72.41 million).

This report is intended for use only by Tornator Oyj and Tornator's auditors and accountants. Use of this report by others is not intended by the appraisers. This report is intended only for the determination of the value of future wood flows as collateral for corporate bonds to be issued. This report is not intended for any other use.

1. INTRODUCTION

1.1 Background

Tornator Oyj (the Company) is a timberland company with 633 238 ha (2019: 620 095 ha) of total area in Finland. Indufor has carried out valuations of Tornator's forests in Finland in October 2012, September 2013, September 2014, September 2015, September 2016, September 2017, September 2018, and September 2019. This is the ninth annual valuation that Indufor has carried out on Tornator's Finnish forest assets.

1.2 Scope

The valuation was done for wood flows from Tornator's forests in Finland. No other assets are included.

The valuation is mainly based on data provided by the Company. These include silvicultural and overhead costs, capital expenditure, wood flows, and discount rate. Indufor made stumpage price projections for the main wood assortments by harvesting type (final felling, thinning and first thinning).

This is a desktop valuation.

1.3 Intended Use

This report is intended for use only by Tornator Oyj, Tornator's auditors and accountants, the security agent appointed at each time to represent the holders of the senior secured notes to be issued by Tornator Oyj, the facility and security agent appointed at each time to represent the lenders that provide senior secured loans to Tornator Oyj, each such lender and each entity that considers participation in the senior secured loan facilities as a lender. Use of this report by others is not intended by the appraisers.

This report is intended only for the determination of the value of future wood flows as collateral for the senior secured notes and the senior secured loan facilities to be issued. This report is not intended for any other use.

1.4 Effective Date

The effective date of the appraisal is September 30, 2020.

2. TECHNICAL APPROACH

2.1 Approach

The main appraisal approaches, in their general order of preference, are:

- Sales comparison approach
- Income approach
- Cost approach

The fair value of an asset is the amount at which that asset could be bought or sold in a current transaction between willing parties, other than in liquidation. The best evidence of the fair value is the quoted prices in an active market. When market quotations cannot be used, the best practice accounting standards recommend using a valuation technique to establish what the transaction price would have been on the measurement date in an arm's-length exchange motivated by normal business considerations. The income approach using the discounted cash flow (DCF) analysis is considered to fulfill that criterion.

2.2 Valuation Method

The DCF analysis is a valuation technique commonly used by market participants to provide a reliable proxy for the fair value. Importantly, it incorporates all factors that market participants would commonly consider in setting a price in a potential transaction. The DCF analysis is an appropriate method for estimating the fair value of the Company's forest asset because potential purchasers would be expected to apply their own DCF analysis in assessing the value of the Company as a going concern.

The discounted cash flows of the forests are calculated for:

- Perpetual calculation horizon (perpetual rotations, 1R & 2R+)
- Current rotation (1R)
- Subsequent rotations (2R+)

In the current rotation cash flow model, no notional land rent or decommissioning cost are included.

The terminal value shows the net present value of future cash flows at the end of the thirtieth year. In the current rotation model, the future cash flows include only the remaining cash flows until the end of the current rotation and in the perpetual model, the terminal value includes cash flows from year 31 into infinity.

The annual cash flows are calculated as follows:

+	**Sales revenue from wood**
–	Silviculture costs
–	Fixed costs
=	**Operating profit (EBITDA)**
–	Depreciation
=	**Profit after depreciation (EBIT)**
–	Profit tax on EBIT
=	**Profit after taxes (EBIAT)**
+	Addback: Depreciation
=	**Cash flow from operations**
–	Capex
=	**Free cash flow for 30-year horizon**
+	Terminal value
=	**Free cash flow**

The net present value is calculated by discounting annual revenues to the effective date of the valuation. The end-of-year discounting method is used.

All prices and costs are expressed in constant prices (i.e., in real terms). The corporate income tax is included, but the value-added (VAT) tax is excluded.

2.3 Data

For this assignment, the Client provided Indufor with the following data:

- Harvest projections for the current rotation (1R) and perpetual rotations (1R & 2R+) during 2020-2095
- Silvicultural cost, fixed cost, and capital expenditure projections for the current rotation and perpetual rotations during 2020-2095
- Development of planted area of the current rotation (1R)
- Annual wood deliveries (volumes and prices) from 2003 to June 2020
- Annual silvicultural and fixed costs and capital expenditure from 2003 to June 2020
- Alexander Corporate Finance Oy. *WACC:n päivitys 2020* (“Update of WACC 2020”). August 2020. 21 p.

For the previous valuations, the Client has provided Indufor with the following documents:

- Natural Resources Institute Finland (Luke). *Tornator Oy:n metsien puuston tilavuus ja kasvu vuosina 2009-2013 mitatun VMI11-aineiston perusteella* (“The tree volume and growth of Tornator Oy’s forests according measurements done in 2009-2013 for the national forest inventory VMI11”). Report. February 2, 2016. 7 p.
- Metsäteho. *FSC-sertifioinnin vaikutukset puuntuotantoon ja hakkuumahdollisuuksiin Tornator Oy:n metsissä* (“Impacts of FSC certification on wood production and harvesting potential in the forests of Tornator Oy”). Report No. 216. Helsinki, May 19, 2011. 14 p.
- Finnish Forest Research Institute. Suurin kestävä ainespuun hakkuukertymäarvio Tornator Oyj:n metsille valtakunnan metsien inventoinnin vuosina 2006-2010 mitattujen koealojen perusteella (“Maximum sustainable removal in Tornator’s forests based on sample plots measured in 2006-2010 for the national forest inventory”). Report. June 20, 2011. 11 p.
- The report and calculation of the 2010 valuation by MTT Agrigood Research Finland.

In addition, for the 2014 valuation Indufor was shown the agreement in which the wood sales agreement was amended to compensate the expected impacts of the FSC certification.

2.4 Discount Rate

The discount rate (WACC) used in this valuation is 3.25% (2019: 3.25%). This is valid for real post-tax cash flows. The WACC was calculated by Alexander Corporate Finance Oy.

2.5 Sensitivity Analysis

Even though calculation of the value is performed to one's best knowledge, it is always based upon uncertain, or imperfect, information and even speculation of future events. The sensitivity to changes in the assumptions can be estimated with a sensitivity analysis.

In this report, one- and two-factor sensitivity analyses of the value was done for ±1% changes in the discount rate and ±10% changes in the stumpage prices and the terminal value.

The terminal value is based on assumptions on events that occur after 30 years and, therefore, contains a significant element of uncertainty. It represents about 34% (perpetual cash flows) of the total value. To test the sensitivity of the biological asset value to the terminal value, it was included in the sensitivity analysis.

3. PRICE FORECAST

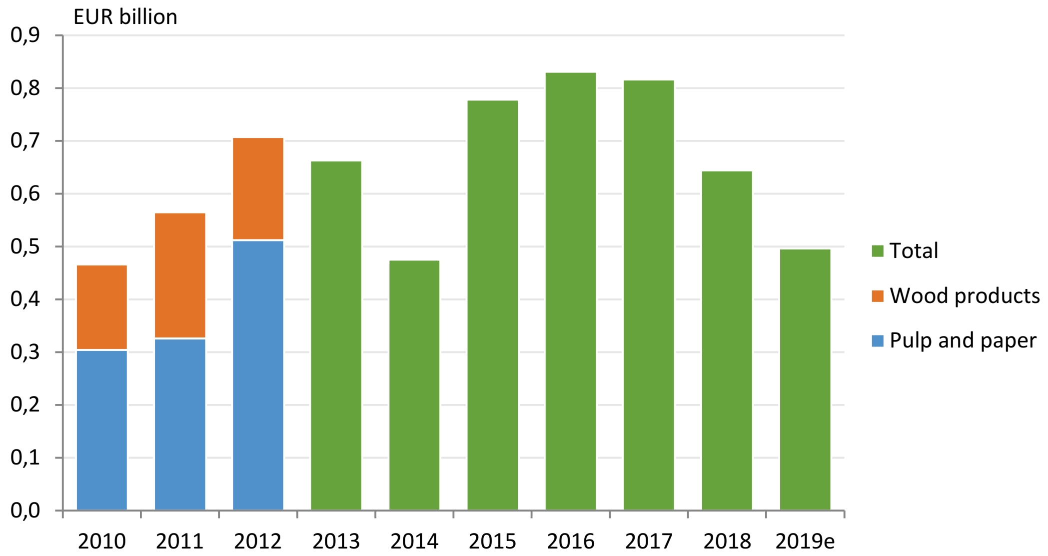
3.1 Background

3.1.1 Investment Landscape

After 2010, the forest industries have invested between EUR 0.46 and 0.83 billion per year in Finland. New mills have been built, and old ones have been modernized or converted into making different or new products. The total investment almost doubled after 2014 sustaining at a high level for three years (Figure 3.1). In 2018, total investment decreased as the previous years' large projects came fully on stream, and the total investment is expected to decrease further in 2019.

The single biggest impact on wood market in Finland was the startup of the new pulp mill in Äänekoski, which reached its design capacity in August 2018.

Figure 3.1 Forest industry investments in Finland in 2010-2019e



Sources: 2010-2012, Natural Resources Institute Finland (Luke); 2013-2019, Confederation of Finnish Industries (EK). e – estimate.

There are no major planned investments to increase wood demand in 2020. Medium-sized investments will moderately increase the wood demand in 2020 (Table 3.1). Stora Enso is converting the paper mill in Oulu into a packaging board mill will start to increase coniferous pulpwood demand in 2021. On the other hand, Stora Enso closed Kitee Sawmill and UPM closed a plywood plant in Jyväskylä. Pölkky Oy, an independent sawmill company, has postponed investment in Kajaani Sawmill for the time being. In August 2020, UPM decided to close its Kaipola Paper Mill by the end of the year.

Table 3.1 Forest industry investments in Finland increasing roundwood use, 2015-2020

Company	Project	Increase in wood use	Timing
Pölkky, Kajaani	Sawnwood increase	1st phase 200 000 m³/a coniferous logs 2nd phase 200 000 m³/a coniferous logs	n.a. n.a.
Stora Enso, Oulu	Conversion of paper mill into packaging board mill	500 000 m³/a coniferous pulpwood	Q4 2020
Metsä Wood, Punkaharju	LVL	ca. 160 000 m³/a coniferous logs	Q1-Q2 2019
Riga Wood Finland, Sastamala	Birch veneer, increase	ca. 40 000 m³/a birch plywood logs. Current use 55 000 m³/a	Q3-Q4 2018
Keitele Group, Alajärvi	Sawnwood, increase	300 000 m³/a pine logs. Current use 300 000 m³/a pine logs	Q3 2018
UPM, Kaukaa	Softwood pulp, increase	150 000 m³/a softwood pulpwood	Q3 2018
Metsä Group, Äänekoski	1 300 000 t/a of pulp and other bioproducts, greenfield	4 000 000 m³/a coniferous pulpwood. Current use 2 300 000 m³/a birch and coniferous pulpwood	Q3 2017
UPM, Kymi	170 000 t/a of pulp, increase	600 000 m³/a coniferous and birch pulpwood	Q4 2017
UPM Kaukas, Lappeenranta	Modernization of pulp mill	200 000 m³/a coniferous and birch pulpwood	Q4 2016
Kotkamills	Kotka, conversion from paper to packaging materials	200 000 m³/a of coniferous and birch pulpwood	Q2 2016
Stora Enso, Varkaus	100 000 m³/a of LVL	250 000 m³/a coniferous logs	Q2 2016
Stora Enso, Varkaus	310 000 t/a of pulp (+390 000 t/a of kraftliner)	1 100 000 m³/a more coniferous pulpwood. 800 000 m³/a reduction in birch pulpwood	Q4 2015
UPM Kymi	170 000 t/a of pulp, increase	600 000 m³/a coniferous and birch pulpwood	Q3 2015
Keitele Group, Kemijärvi	Lappi Timber 150 000 m³/a sawnwood / glulam	300 000 m³/a coniferous logs	Q1 2015
Metsä Group, Rauma	Sawmill 750 000 m³/a of sawnwood	1 500 000 m³/a of pine sawlogs	Startup in Q3 2022

There are several construction, capacity expansion and modernization projects in various stages of investment pipeline in Finland (Table 3.2). Some of the final investment decisions on that were expected for early 2020 have been postponed.

Table 3.2 Announced investments pending final investment decision

Company	Project	Increase in wood use	Status
Metsä Group, Kemi	Modernization of pulp mill or conversion into bioproducts 1 500 000 t/a pulp and other bioproducts	Increase 4 500 000 m³/a of pulpwood, total use 7 600 000 m³/a of pulpwood (mainly coniferous)	Announced in Q2 2018. Investment decision expected earliest in Q3 2020.
KaiCell Fibers, Paltamo	Pulp mill 600 000 t/a of pulp	ca. 3 500 000 m³/a of coniferous pulpwood	Announced in Q2 2015. Received environmental and water usage permit in July 2020.
Boreal Bioref, Kemijärvi	Pulp mill 400 000 t/a of pulp and other bioproducts	ca. 2 800 000 m³/a of pulpwood	Announced in Q1 2015. Received an environmental, water management and commencement permit decision in June 2019.
Kaidi Finland, Kemi	Biofuel refinery 200 000 t/a of biofuels	2 000 000 m³/a of energy wood	Announced in Q1 2016. Received environmental and water usage permit in April 2018.
Finnpulp, Kuopio (other unannounced location?)	Pulp mill 1 200 000 t/a pulp and other bioproducts	ca. 6 700 000 m³/a of pulpwood (mainly coniferous)	Announced in Q1 2015. Environmental permit for Kuopio site was rejected in the Supreme Administrative Court in December 2019. The Company is now considering other locations.
NordFuel, Haapavesi	65 000 t/a of ethanol, 230 000 t/a of lignin, 250 GWh/a of biogas, 64 000 t/a of sludge	700 000 m³/a of wood	Received environmental permit in July 2020
Koskisen Oy, Kärkölä	Investment in Järvelä Sawmill 365 000 m³/a of sawnwood	Increase 100 000-200 000 m³/a of coniferous sawlogs	Announced in Q2 2020, Planned startup in 2022

3.1.2 End-product Markets

The coronavirus (Covid-19) pandemic is causing widespread concern and economic hardship for consumers, businesses, and communities around the world. Manufacturers face unique challenges caused by the crisis, and forest, paper and packaging producers are no exception. However, so far forest industry has performed better than many other industry sectors because of high demand of tissue paper and packaging. On the other hand, consumption and demand of printing paper has decreased.

Sweden, one of Finland's main competitor countries in wood products, has benefited from the continued weakening of the krona, which has limited exports from Finland to some of the most competed markets. The krona's six-year decreasing trend against euro ended in March 2020. The U.S. dollar, a major trade currency especially in the pulp and paper business, has weakened against the euro during the summer of 2020.

Extensive forest damage in Central Europe and consequent harvesting have resulted in oversupply of roundwood, especially spruce sawlogs, which also shows in sawnwood markets.

The United Kingdom is one of the main export destinations of wood products from Finland, and the markets are overshadowed by the uncertainty revolving around Brexit and a possible weakening of the pound sterling, which may follow.

The escalation of China–U.S. trade dispute is increasing uncertainty in the global markets. This has already resulted in the Chinese paper and paperboard manufacturers to decrease their production and has simultaneously decreased the pulp import price in China.

In Europe, following increase in both paper and paperboard production and consumption in 2017, both production and consumption stagnated in 2018 to the same levels as in the previous year. However, in 2019 production decreased 3% compared to 2018. During the same time, the European paper and paperboard exports grew by 1% in comparison to 2018. According to the Confederation of European Paper Industries (CEPI), the operating rate of paper mills was 88.2% (down by 3.1% since 2018). Lower operating rate and decreasing consumption may indicate new paper mill shutdowns in the future. Paper exports from Finland decreased 7.3 % during year 2019. Based on the first five months information of 2020, the paper exports will decrease heavily in 2020.

Pulp exports from Finland increased by 10% in 2019 in comparison to the previous year. The first five months of 2020 shows that volume might decrease few percent in the whole year. The pulp price started a strong increase in the second half of 2017, and it continued until the end of 2018. During 2019, the price strongly decreased to about same level where it was before increasing in 2017. After that price has stabilized.

Total construction output in Euroconstruct area increased by 2.7% during 2019. Euroconstruct forecasts construction output will decrease -11,5 in 2020, and increase 6% in 2021.Especially hard decline of construction output is expected in the United Kingdom in 2020. Together with the Central European oversupply of sawnwood this would mean slowdown in sawnwood export opportunities from Finland.

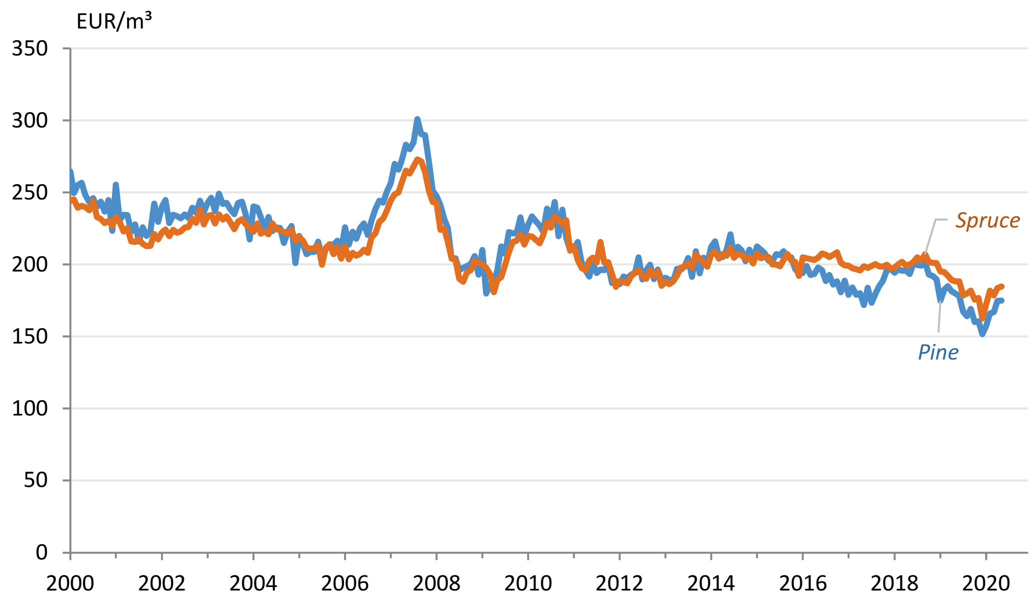
3.2 Price Forecast

With the recent increase in pulpwood demand and materialization of some of the planned capacity increases, the pulpwood demand in the future is expected to increase compared to pre-2018 levels. To fulfill the demand, the pulpwood prices are assumed to increase between 2021 and 2025 by about 15% (in nominal terms) and to follow inflation after that.

Stumpage prices of coniferous logs are forecast to decrease year on year in 2020 and 2021. Log prices are a key driver of wood supply in Finland. To secure pulpwood availability for pulp and paper mills, log prices cannot remain at depressed levels in the long term but, on the other hand, log prices cannot rise unchecked without a risk of running sawmill out of business. Therefore, they are expected to reach the levels of the second half of 2018 by 2025.

A possible oversupply of birch logs and recent closure of Jyväskylä plywood plant negatively affect to stumpage prices forecast of birch logs. After 2021, price is forecast to return to 2019 levels by 2025 and to follow inflation after that.

Figure 3.2 Export price of coniferous sawnwood from Finland, January 2000 to May 2020, in real terms



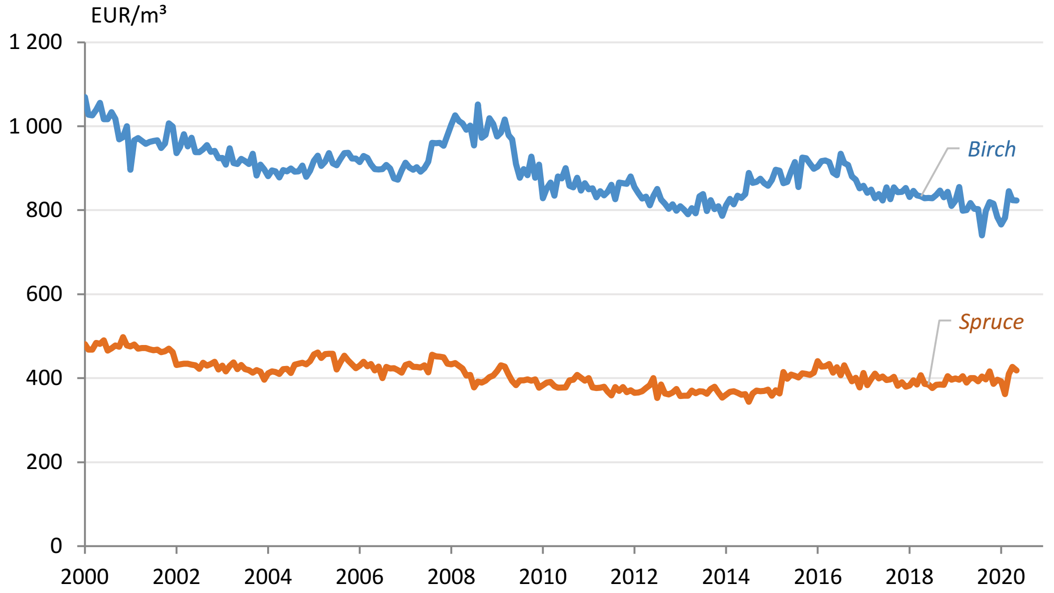
Source: Natural Resources Institute Finland (Luke).
Note. Prices were converted using the producer price index (THI, year to date June 2020 = 100).

Indufor developed a view on the short-term supply and demand balance and a price outlook, which considered:

- outlook for end-product demand
- supply of each wood assortment relative to the maximum sustainable removal
- recent and announced future industry investments in and shutdowns of processing capacity
- available market forecast information

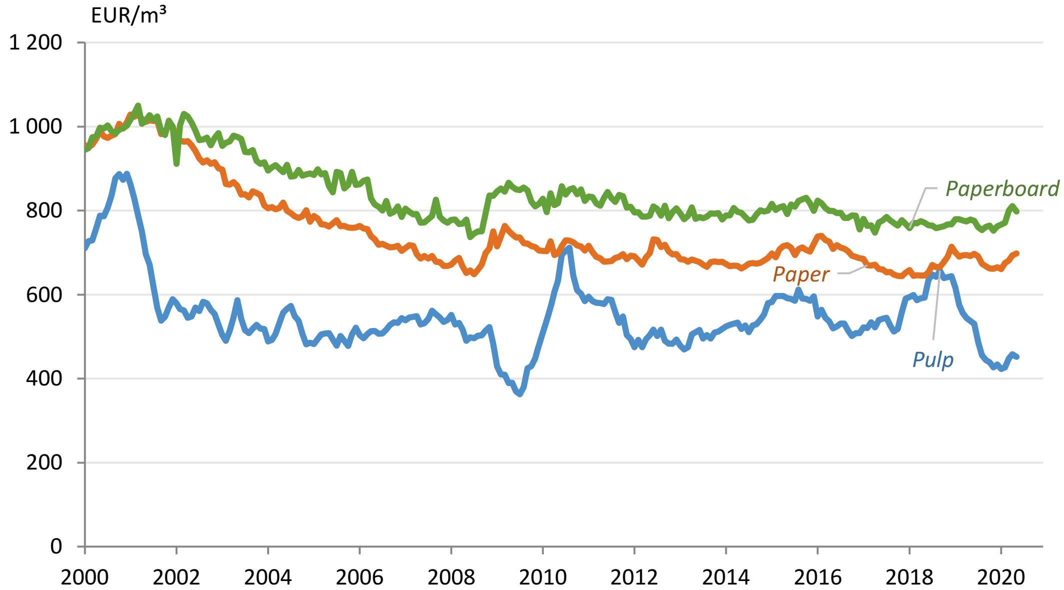
The price forecast was made for the average stumpage prices of six main wood assortments in Finland for the next ten years (Figure 3.17). The year-on-year changes of these forecasts were applied to the Company's current stumpage prices in order to predict future harvesting type specific price development of each wood assortment (Table 3.3).

Figure 3.3 Export price of birch and spruce plywood from Finland, January 2000 to May 2020, in real terms



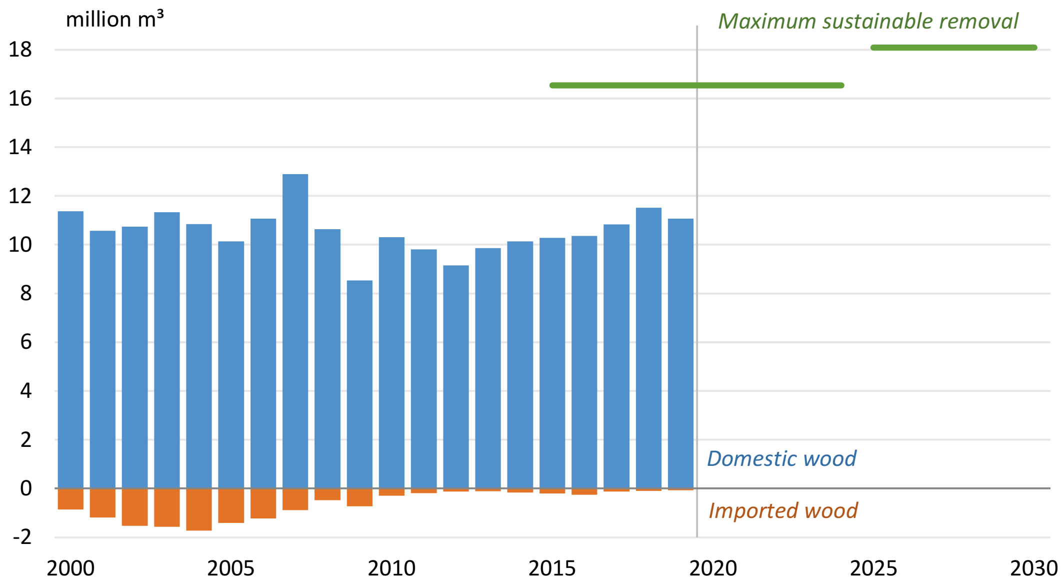
Source: Natural Resources Institute Finland (Luke) and the Finnish Customs.
Note. Prices were converted using the producer price index (THI, year to date June 2020 = 100).

Figure 3.4 Export price of pulp, paper and paperboard from Finland, January 2000 to May 2020, in real terms



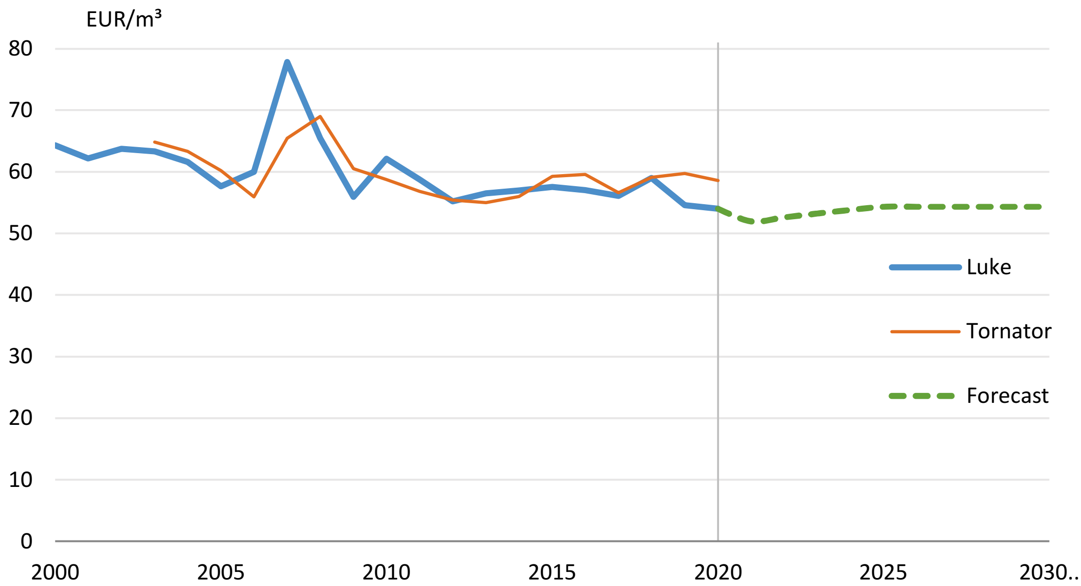
Source: Natural Resources Institute Finland (Luke).
Note. Prices were converted using the producer price index (THI, year to date June 2020 = 100).

Figure 3.5 Use of industrial wood and maximum sustainable removal of pine logs



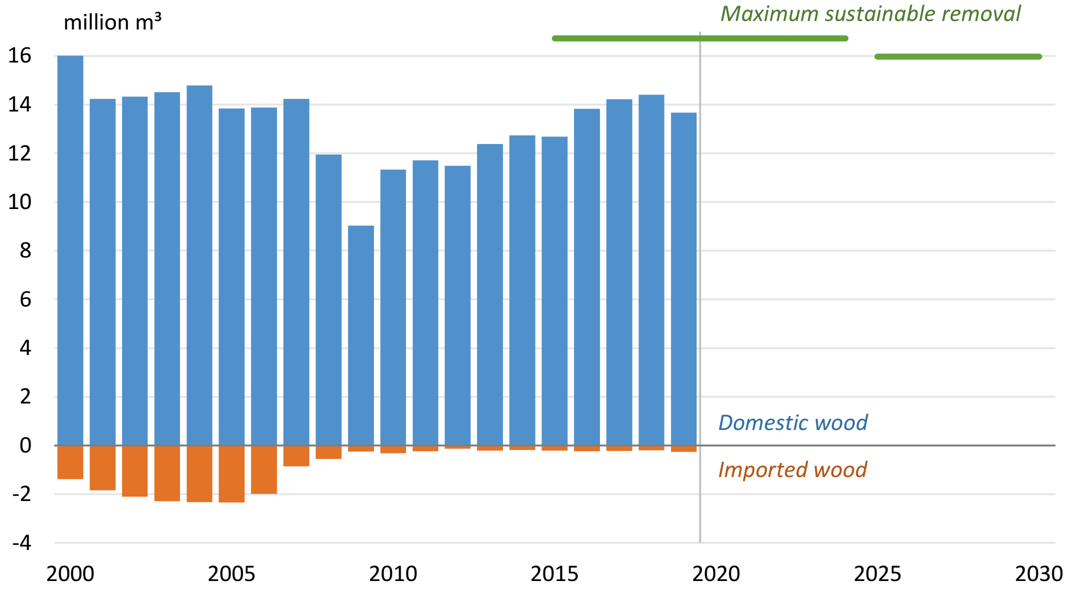
Source: Natural Resources Institute Finland (Luke).

Figure 3.6 Stumpage price of pine logs, in real terms



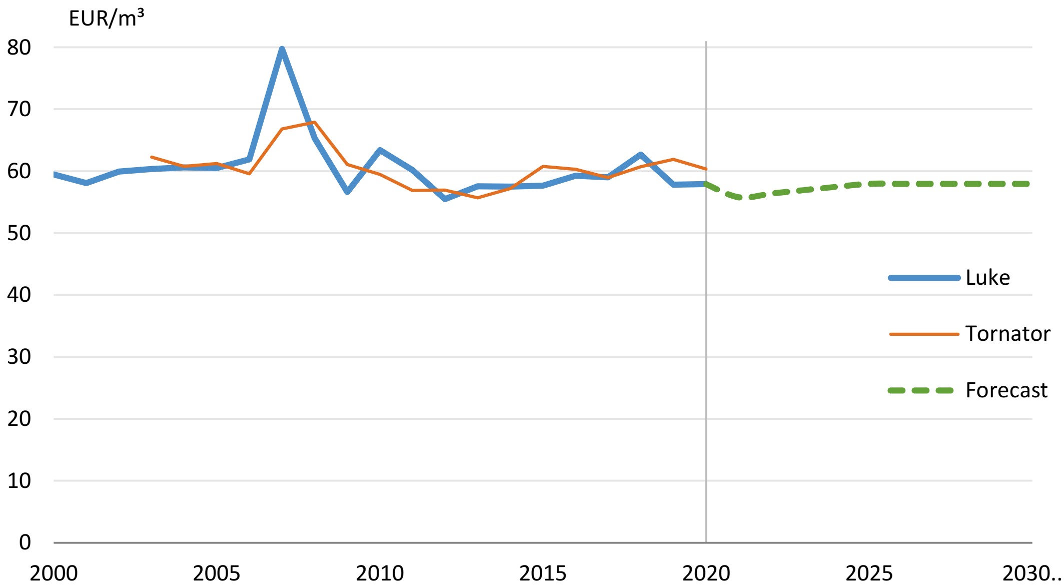
Source: Historical prices, Natural Resources Institute Finland (Luke) and Tornator; forecast, Indufor.
Note. Prices were converted using the producer price index (THI, year to date June 2020 = 100).

Figure 3.7 Use of industrial wood and maximum sustainable removal of spruce logs



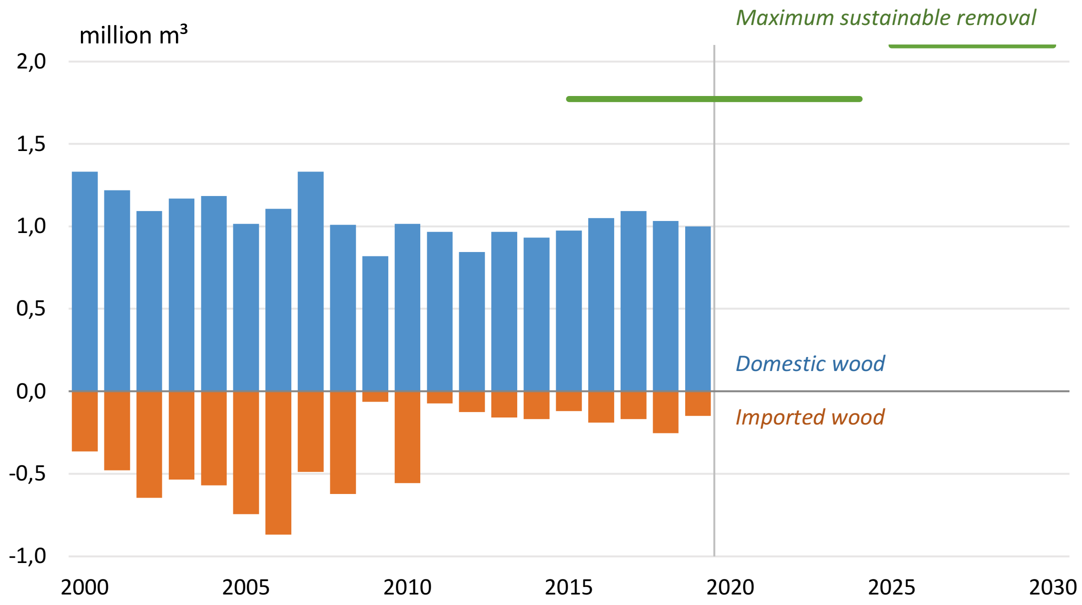
Source: Natural Resources Institute Finland (Luke).

Figure 3.8 Stumpage price of spruce logs, in real terms



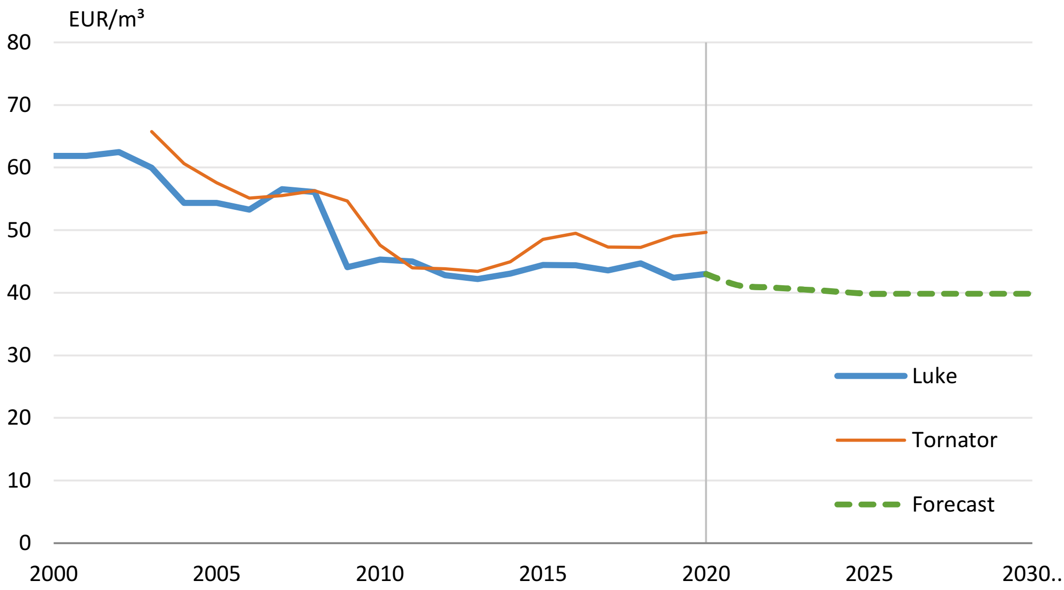
Source: Historical prices, Natural Resources Institute Finland (Luke) and Tornator; forecast, Indufor.
Note. Prices were converted using the producer price index (THI, year to date June 2020 = 100).

Figure 3.9 Use of industrial wood and maximum sustainable removal of birch logs



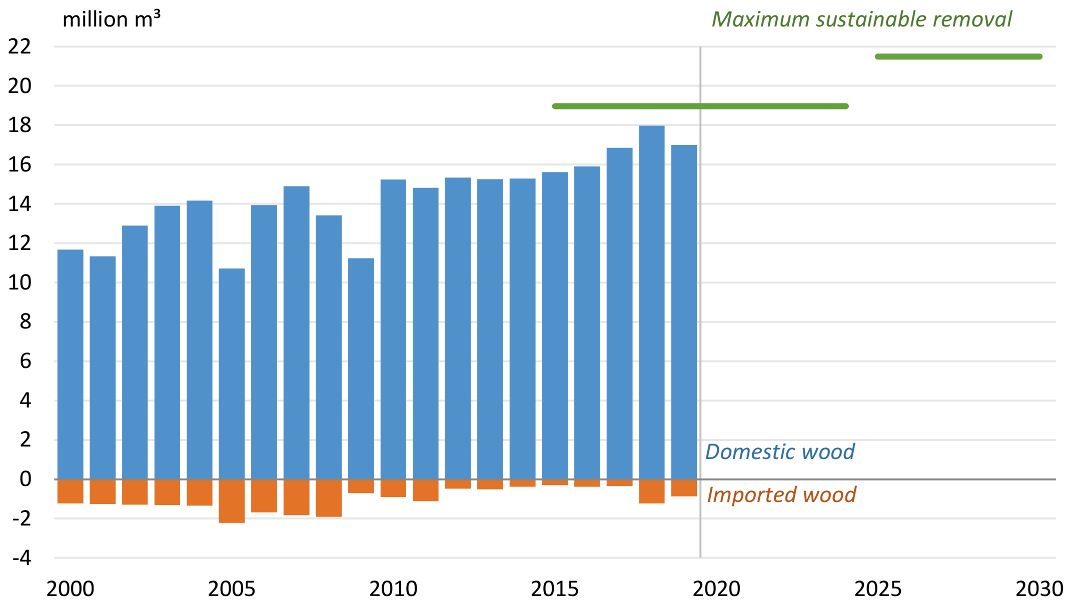
Source: Natural Resources Institute Finland (Luke).

Figure 3.10 Stumpage price of birch logs, in real terms



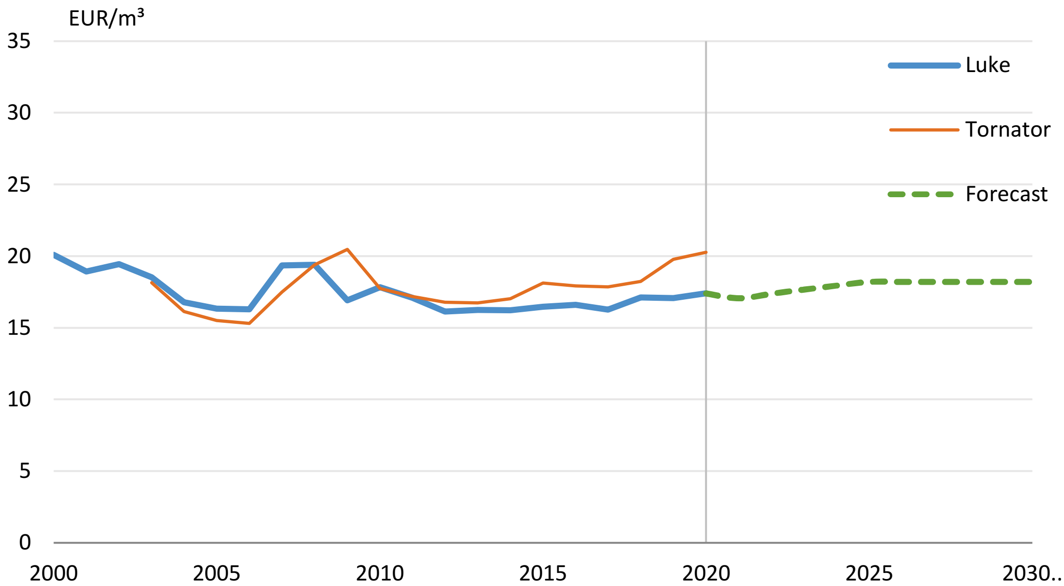
Source: Historical prices, Natural Resources Institute Finland (Luke) and Tornator; forecast, Indufor.
Note. Prices were converted using the producer price index (THI, year to date June 2020 = 100).

Figure 3.11 Use of industrial wood and maximum sustainable removal of pine pulpwood



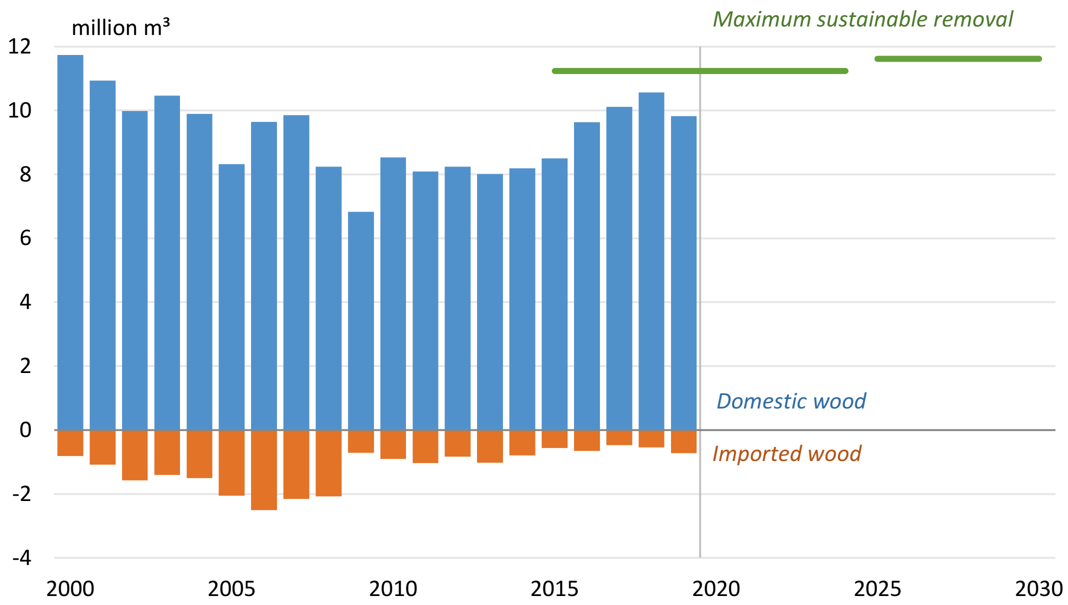
Source: Natural Resources Institute Finland (Luke).

Figure 3.12 Stumpage price of pine pulpwood, in real terms



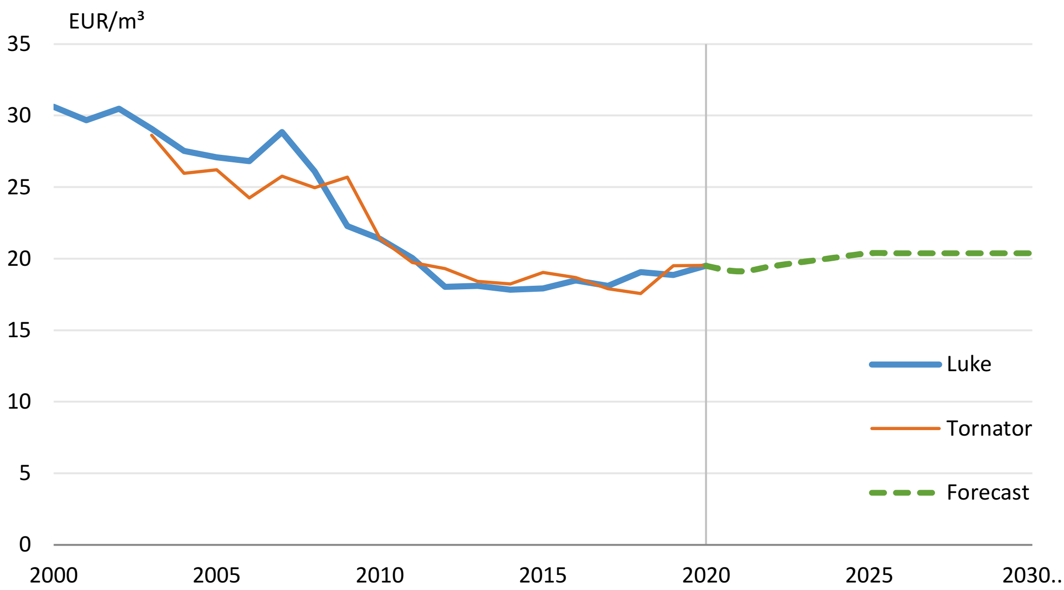
Source: Historical prices, Natural Resources Institute Finland (Luke) and Tornator; forecast, Indufor.
Note. Prices were converted using the producer price index (THI, year to date June 2020 = 100).

Figure 3.13 Use of industrial wood and maximum sustainable removal of spruce pulpwood



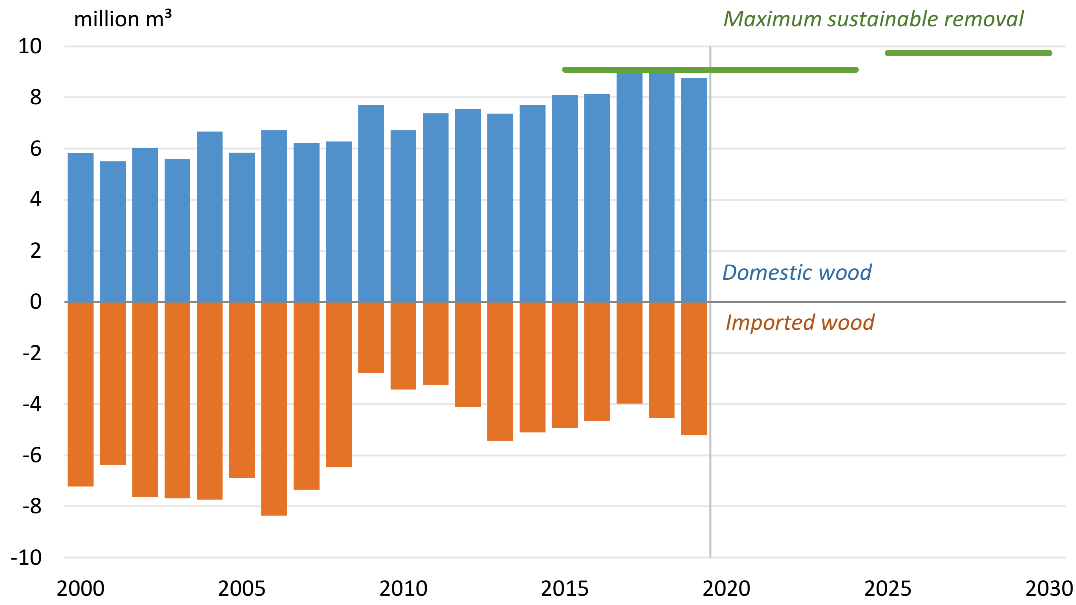
Source: Natural Resources Institute Finland (Luke).

Figure 3.14 Stumpage price of spruce pulpwood, in real terms



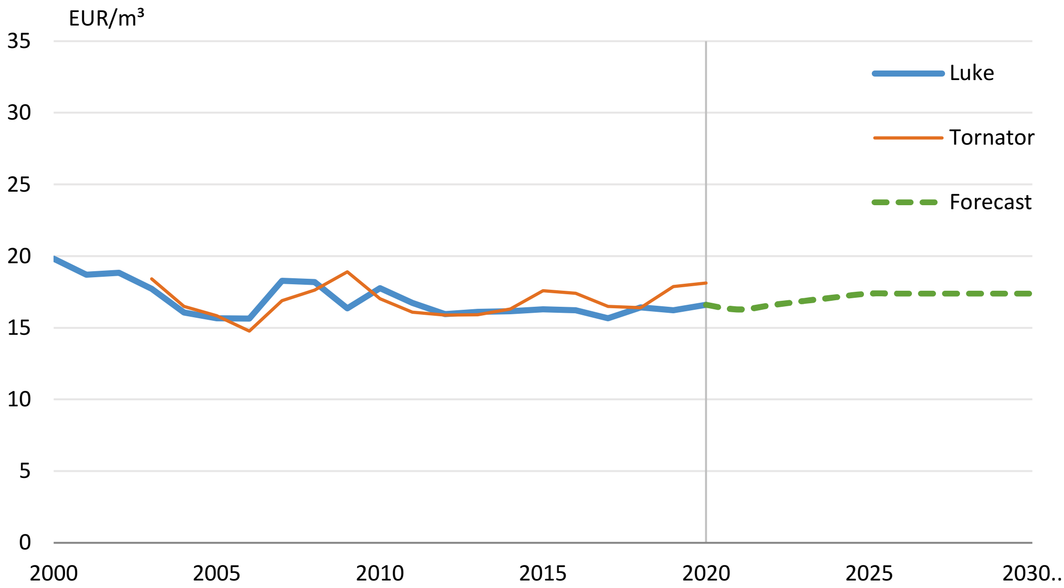
Source: Historical prices, Natural Resources Institute Finland (Luke) and Tornator; forecast, Indufor.
Note. Prices were converted using the producer price index (THI, year to date June 2020 = 100).

Figure 3.15 Use of industrial wood and maximum sustainable removal of birch pulpwood



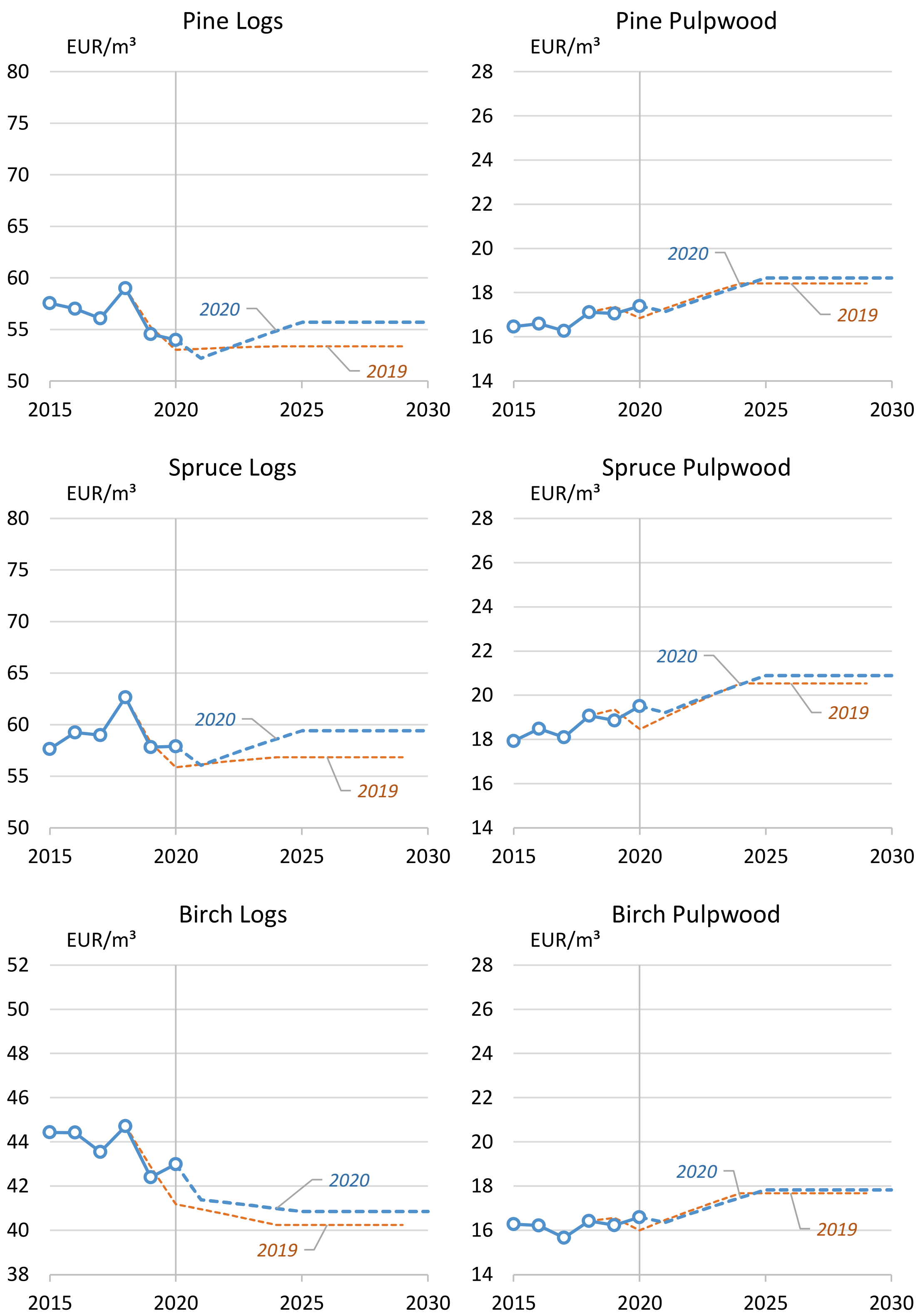
Source: Natural Resources Institute Finland (Luke).

Figure 3.16 Stumpage price of birch pulpwood, in real terms



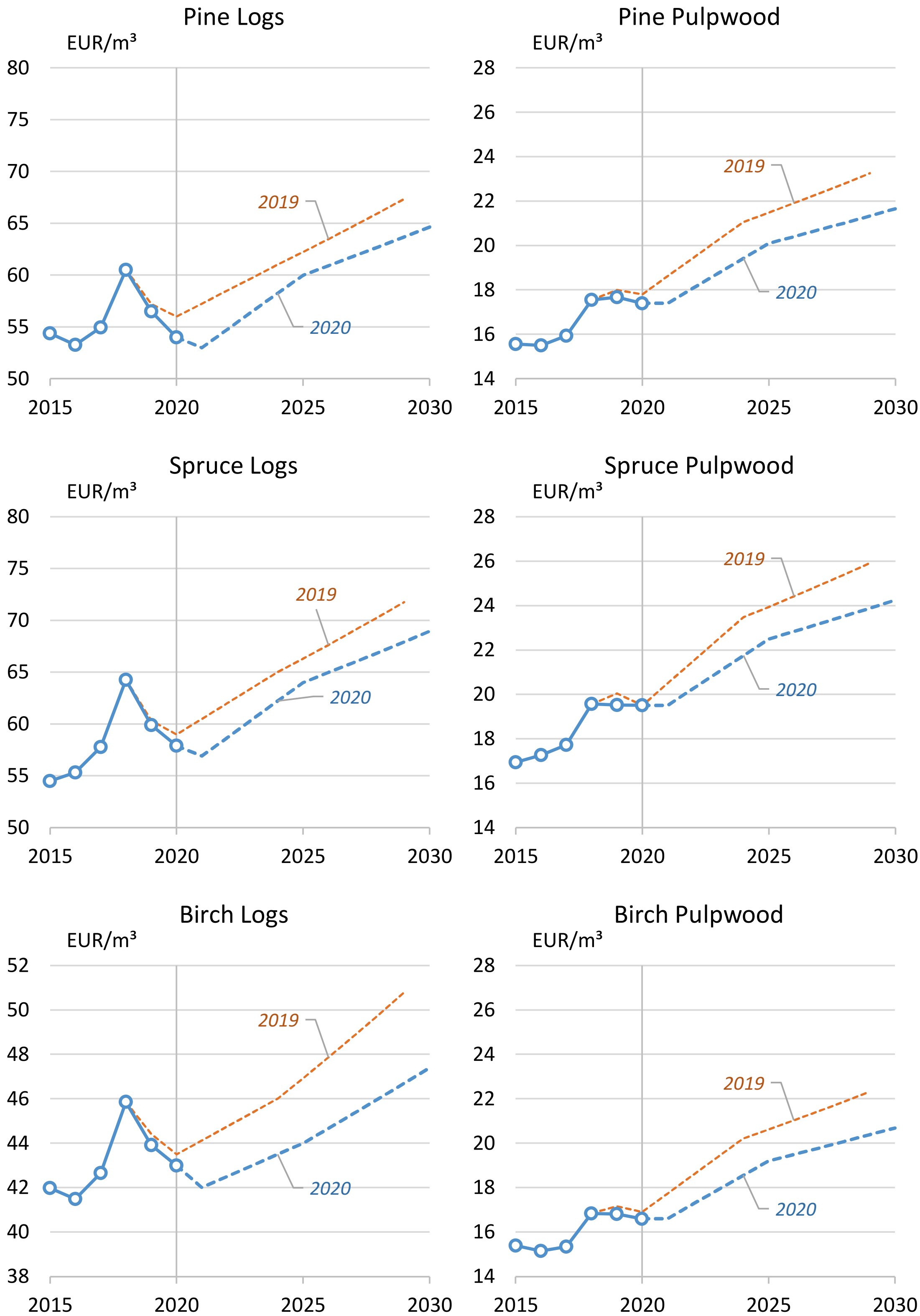
Source: Historical prices, Natural Resources Institute Finland (Luke) and Tornator; forecast, Indufor.
Note. Prices were converted using the producer price index (THI, year to date June 2020 = 100).

Figure 3.17 **Comparison of forecasted wood prices in 2019 and 2020 valuations, in real terms (THI, year to date June 2020 = 100)**



Note. Forecast is based on a 1.5% inflation consistent with the discount rate assumptions.

Figure 3.18 Comparison of forecasted wood prices in 2019 and 2020 valuations, in nominal terms assuming 1.5% annual future inflation



Note. Forecast is based on a 1.5% inflation consistent with the discount rate assumptions.

Table 3.3 **Stumpage price forecast for different felling types in 2021-2030, in real terms**

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
	EUR/m³									
Final felling										
Pine log	57.50	58.40	59.30	60.20	61.00	61.00	61.00	61.00	61.00	61.00
Spruce log	59.30	60.20	61.00	61.80	62.60	62.60	62.60	62.60	62.60	62.60
Birch log	49.30	49.20	49.10	49.00	48.80	48.80	48.80	48.80	48.80	48.80
Pine pulpwood	21.90	22.30	22.60	23.00	23.40	23.40	23.40	23.40	23.40	23.40
Spruce pulpwood	21.10	21.60	22.00	22.40	22.80	22.80	22.80	22.80	22.80	22.80
Birch pulpwood	19.80	20.20	20.50	20.90	21.20	21.20	21.20	21.20	21.20	21.20
Thinning										
Pine log	50.60	51.50	52.40	53.30	54.10	54.10	54.10	54.10	54.10	54.10
Spruce log	52.10	53.00	53.90	54.70	55.50	55.50	55.50	55.50	55.50	55.50
Birch log	39.80	39.70	39.50	39.40	39.30	39.30	39.30	39.30	39.30	39.30
Pine pulpwood	18.20	18.60	19.00	19.40	19.70	19.70	19.70	19.70	19.70	19.70
Spruce pulpwood	17.70	18.20	18.60	19.00	19.40	19.40	19.40	19.40	19.40	19.40
Birch pulpwood	16.70	17.10	17.40	17.80	18.10	18.10	18.10	18.10	18.10	18.10
First thinning										
Pine log	38.10	39.10	40.00	40.80	41.60	41.60	41.60	41.60	41.60	41.60
Spruce log	39.90	40.80	41.70	42.50	43.30	43.30	43.30	43.30	43.30	43.30
Birch log	32.60	32.40	32.30	32.20	32.00	32.00	32.00	32.00	32.00	32.00
Pine pulpwood	14.20	14.60	15.00	15.30	15.70	15.70	15.70	15.70	15.70	15.70
Spruce pulpwood	13.40	13.80	14.30	14.70	15.10	15.10	15.10	15.10	15.10	15.10
Birch pulpwood	13.30	13.70	14.00	14.40	14.80	14.80	14.80	14.80	14.80	14.80

Note. Tornator prices, inclusive of the FSC premium.

4. ASSUMPTIONS

4.1 Wood Flow

The assumed wood flow of the perpetual rotations (1R & 2R+) is based on the Company's harvest plan for the next 30 years. The harvest plan has been made using TornaSimo, which is a wood flow simulation and optimization software by Simosol Oy. TornaSimo uses the Company's forest stand database as the basis for the simulation and optimization. The forest database contains the status (wood volume and other parameters) of all forests stands. The status is derived by simulating forest inventory data [1] to the present and entering all operational changes into the database as they occur. These include harvesting operations, regeneration, fertilization, and known damage.

The wood flows are simulated using the latest forest growth models made by National Resource Institute Finland (Luke). The models have been calibrated to account for actual measurement data of the Company's forests. The wood flow calculation takes various restrictions and forest management activities into account. These include maximum harvesting volume, harvesting ban or restriction on protected areas and valuable habitats, and the earliest possible harvesting time after fertilization. The simulation maximizes the net present value of stands by using the value increment as the decisive criteria for the timing of the final felling and regeneration.

The first 30 years is considered the explicit value period, for which wood and cash flows have been forecasted. During the terminal value period (i.e., after the explicit period), the wood and cash flows are assumed to remain constant at the average level of the last 5 years of the explicit period.

The assumed wood flow and the change in the planted area of the current rotation (1R) is based on the Company's forecast. The wood flow of the subsequent rotations is derived by deducting the current rotation wood flows from the perpetual wood flows.

The past and forecasted wood flows by felling type and wood assortment are shown in Figures 4.1 through 4.4. In the last few years, the Company has been able to increase wood production and has now reached that it expects to sustain into the future. In the coming years, the age structure of the forests is moving from young into middle-aged, which increases the log volume and the share of final felling in the removals.

The volume of wood flows slightly increases from the previous year's forecast due to a larger net forest area (new acquisitions). Since the Company's wood flow assumptions do not exceed the total growth and the use of the value increment maximizes the value, the Company's harvest plan seems a plausible scenario.

[1] Inventory data is based on the national forest inventories and inventories carried out by the Company.

Figure 4.1 **Actual deliveries in 2010-2019 and wood flow forecast until 2090 by felling type and estimated total growth, perpetual rotations**

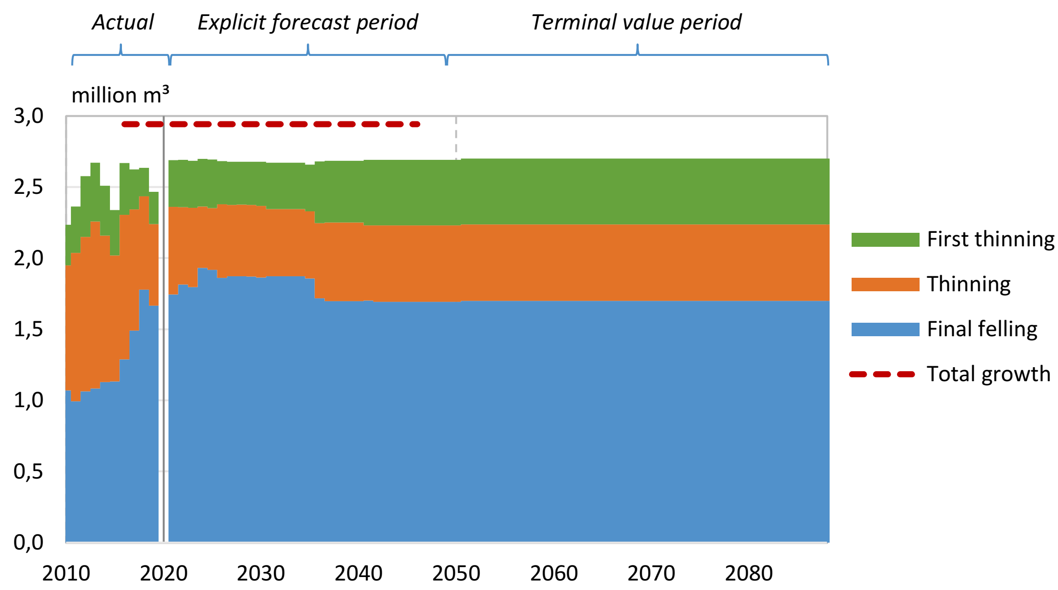


Figure 4.2 **Wood assortment breakdown of actual deliveries in 2009-2018 and forecast until 2089, perpetual rotations**

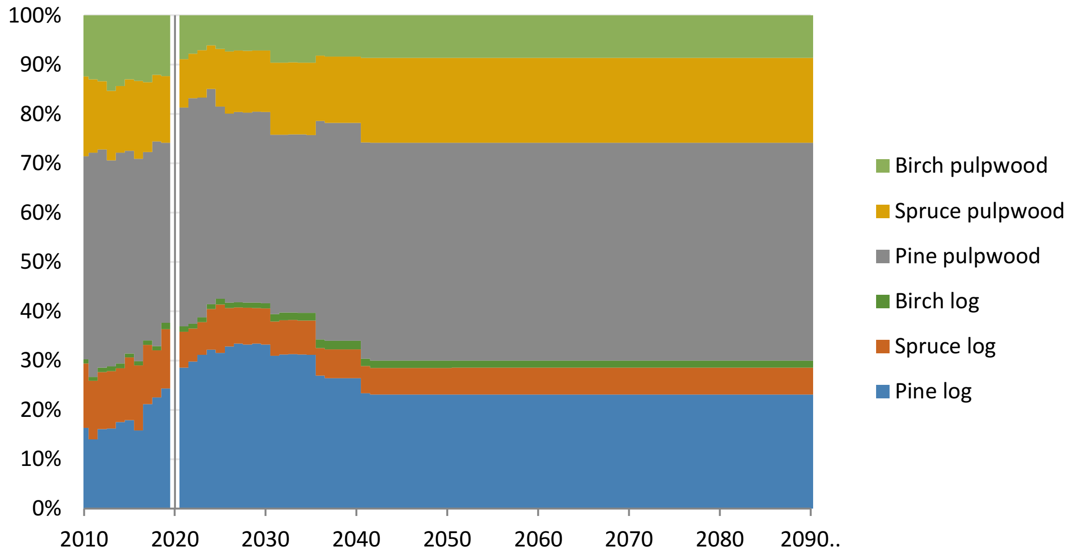
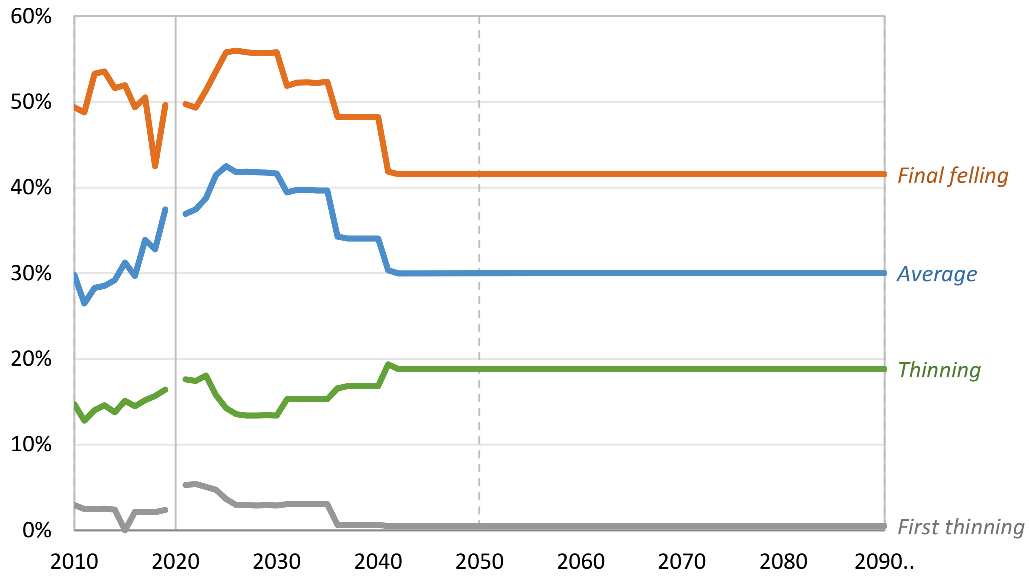
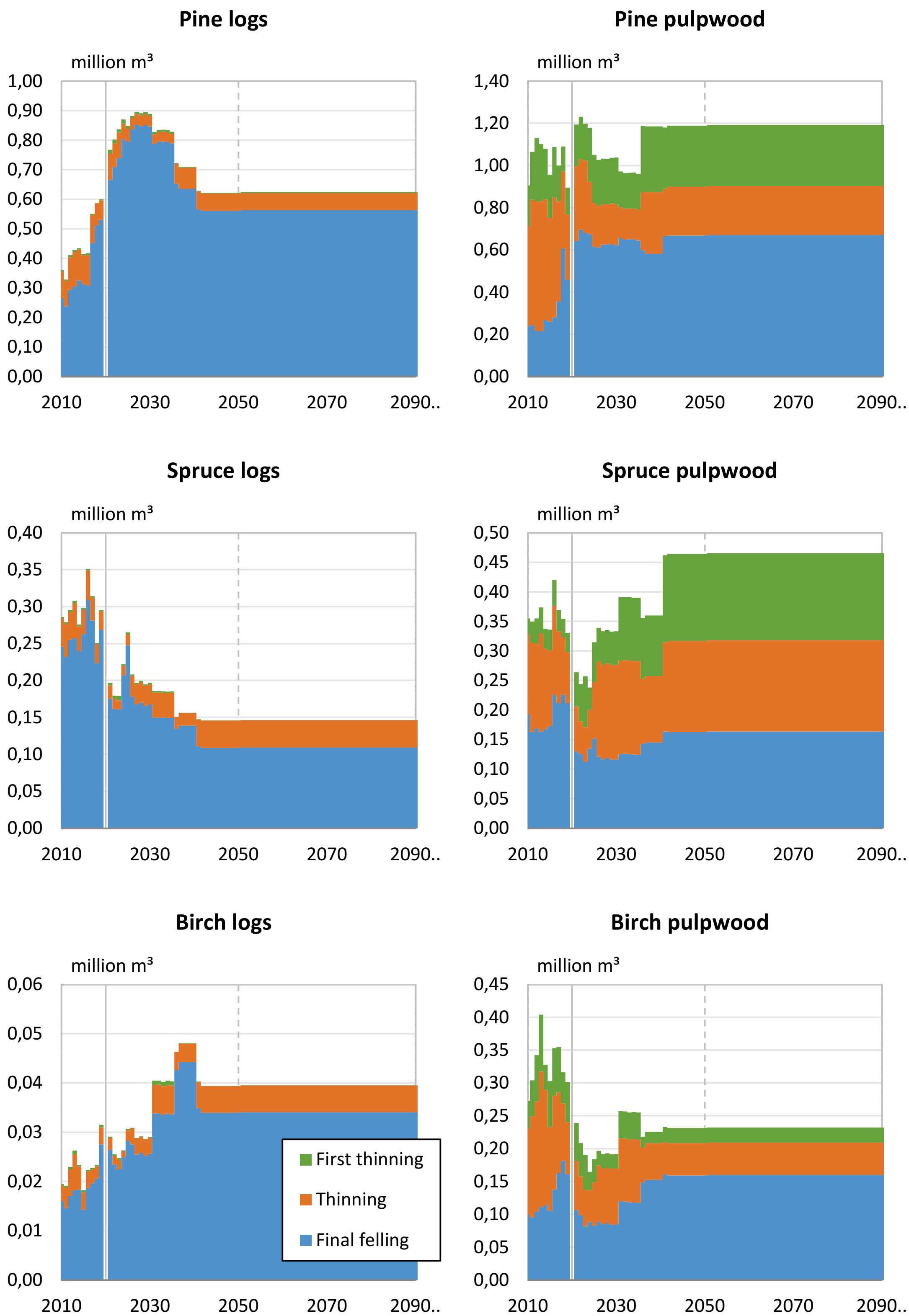


Figure 4.3 Log share in harvesting in 2010 to 2090, perpetual rotations



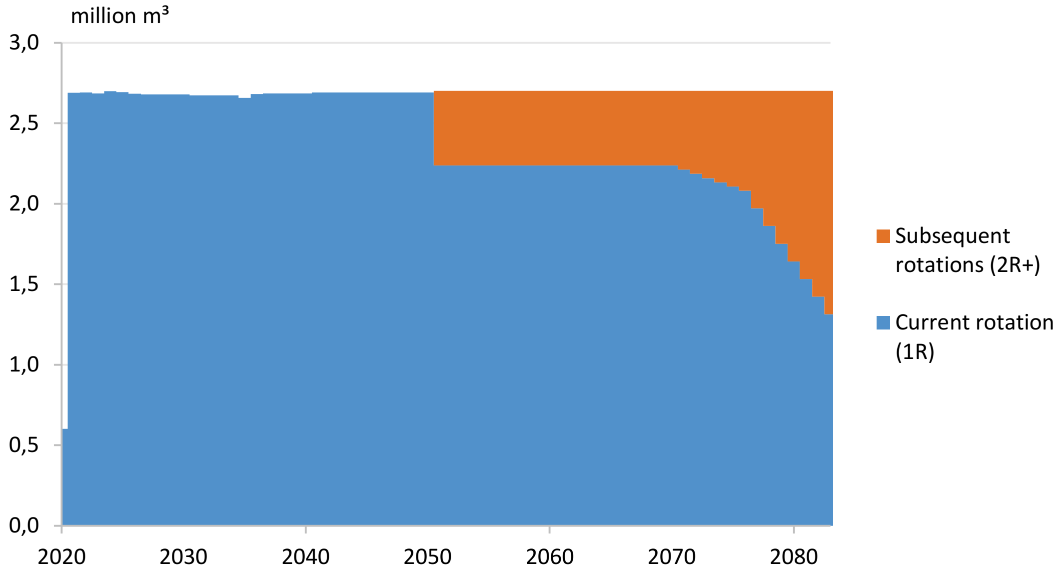
Note. The low log share in 2018-2019 is an outlier in final felling; it is caused by salvage logging of snow-damaged stands. According to Tornator, the decline in log share from 2030 onward is theoretical, because the impact of the 2017 acquisitions on the wood assortment breakdown is not accounted for in the harvesting plan that is based on a forest inventory calculation made prior to the acquisitions. The Company will update the assortment breakdown when a new forest inventory calculation will be provided by the Natural Resources Institute Finland.

Figure 4.4 Actual deliveries in 2010-2019 and wood flow forecast until 2090 by felling type and wood assortment, perpetual rotations



The wood flows split between the current and subsequent rotations is demonstrated in Figure 4.5.

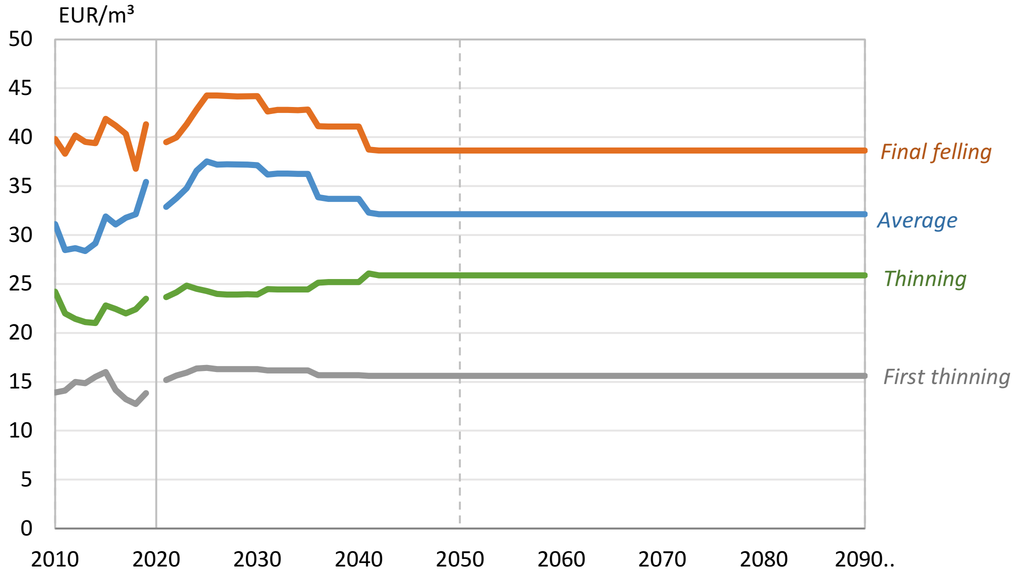
Figure 4.5 Wood flows of current rotation (1R) and subsequent rotations (2R+)



4.2 Stumpage Prices

The average stumpage price increases until 2025 when it reaches about EUR 37 per m³. The average price stabilizes for five years before starting a decline to about EUR 32 per m³, which is reached in 2042 (Figure 4.6). The development of the average prices follows changes in the share of final felling (cf. Figure 4.1). The movements in the average stumpage prices in the three harvesting types match the movements in the log share in harvesting (cf. Figure 4.3).

Figure 4.6 Average stumpage price by felling type in 2010 to 2090, perpetual rotations

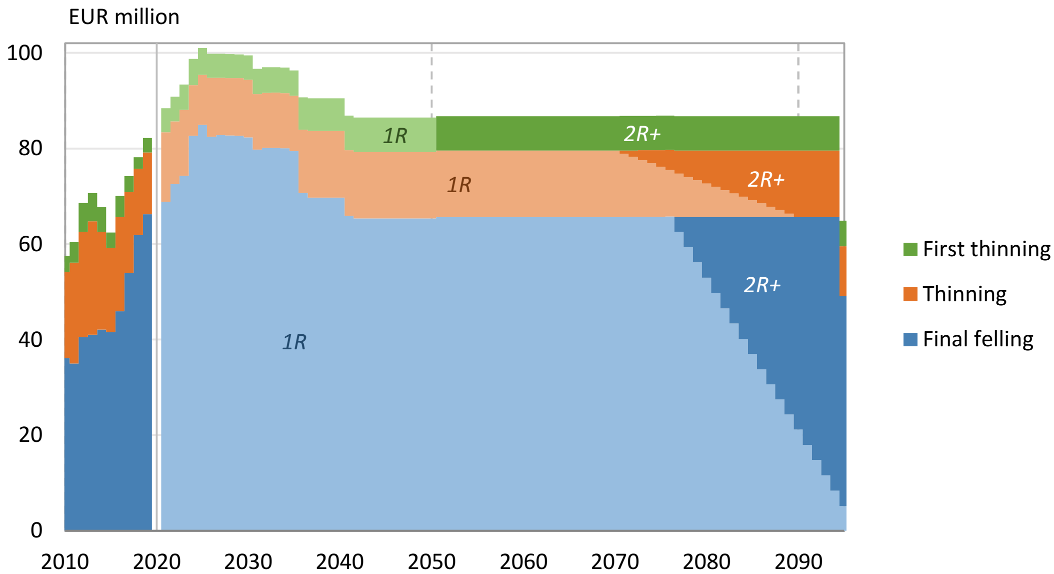


Source: Historical prices, Tornator; forecast, Indufor. Note. In real terms- The 2010-2019 prices have been converted using the producer price index (THI, year to date June 2020 = 100).

4.3 Revenue

The expected annual revenue increases to about EUR 100 million by 2024, where it remains for seven years. After that the revenues decline until 2042 to a level where they stabilize at about EUR 86 million (Figure 4.7). The revenue is directly related to the annual wood sales volume and the changes the in average stumpage price.

Figure 4.7 Revenue from wood sales in 2010 to 2095



Note. In nominal terms during 2010-2019, in real terms from 2021 onward. The lighter shade shows revenues attributed to the current rotation (1R).

4.4 Operational and Capital Expenditure

4.4.1 Silvicultural Costs

The silvicultural costs include clearing, harrowing, plowing and mounding, pine seeds, seedlings, weeding, cleaning of sapling stands, and ditch maintenance.

The Company estimates these at around EUR 13.2 million per year during 2020, at around EUR 12.2 million in 2020-2023, at around EUR 12.15 million per year during 2024-2035, and at EUR 11.55 million per year from 2036 onward (Table 4.1). The costs in 2020-2023 increased from the previous year's forecast partly due to tending of young stands reestablished after the 2018 snow damage and partly due to catching up of forest management backlog in recently acquired properties.

The Company provided the allocation of silvicultural cost between the current rotation (1R) and the subsequent rotations (2R+). Annual silvicultural costs of the current rotation are shown in Appendix 2.

Table 4.1 Company estimate of future silvicultural costs, perpetual rotations

Year	In 2020 valuation	In 2019 valuation
	EUR '000 per year	
2020	13 200	11 550
2021-2023	12 200	11 550
2024-2035	12 150	12 150
2036 onward	11 550	11 550

4.4.2 Fixed Costs

Fixed costs include the salaries of forestry supervisors and other fixed costs of planning and silviculture. The other fixed costs include IT, sales, marketing, training, and travel costs related to forest management and wood sales.

The Company estimates them at EUR 6.67 million per year. The fixed costs increased from the previous year's forecast due to the growth of the company and recruiting of new people.

The costs are allocated to the current rotation (1R) and the subsequent rotations (2R+) based on their share of the planted area in the beginning of each fiscal period. Annual fixed costs of the current rotation are shown in Appendix 2.

Table 4.2 Company estimate of future silvicultural costs, perpetual rotations

Year	In 2020 valuation	In 2019 valuation
	EUR '000 per year	
2020 onward	6 667	6 090

4.4.3 Capital Expenditure

The capital expenditure includes building and maintaining of forest roads and ditches, fertilization, and the purchase of computers and other office equipment.

The Company estimates an annual capital expenditure of EUR 4.4 million for 2020, EUR 4.0 million for 2021-2030 and EUR 3.4 million after that. The capital expenditure estimate increases first and then decreases from the previous year's forecast, because the timing of road construction and fertilization have been changed.

The expenditure is allocated to the current rotation (1R) and the subsequent rotations (2R+) based on the Company estimate. Annual capital expenditure of the current rotation are shown in Appendix 2.

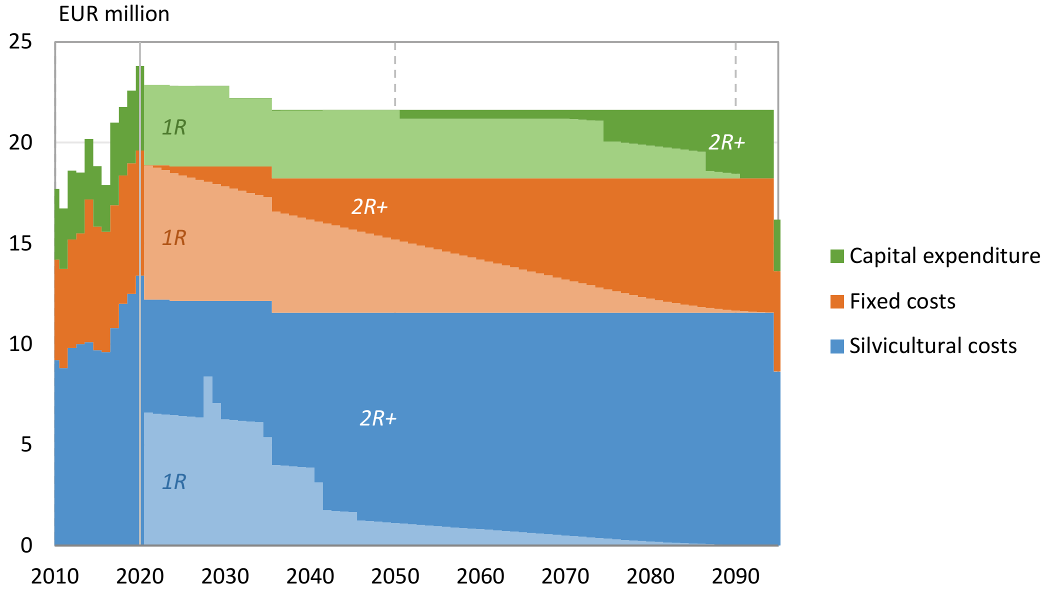
Table 4.3 Company estimate of future capex, perpetual rotations

Year	In 2020 valuation	In 2019 valuation
	EUR '000 per year	
2020	4 400	4 100
2021	4 000	4 100
2022-2030	4 000	3 900
2031 onward	3 400	3 900

4.4.4 Summary of Costs

The costs and their allocation between rotations in shown in Figure 4.8.

Figure 4.8 Forest management costs in 2010 to 2095



Note. In nominal terms during 2010-2020, in real terms from 2021 onward. The lighter shade shows costs attributed to the current rotation (1R).

4.5 Other Assumptions

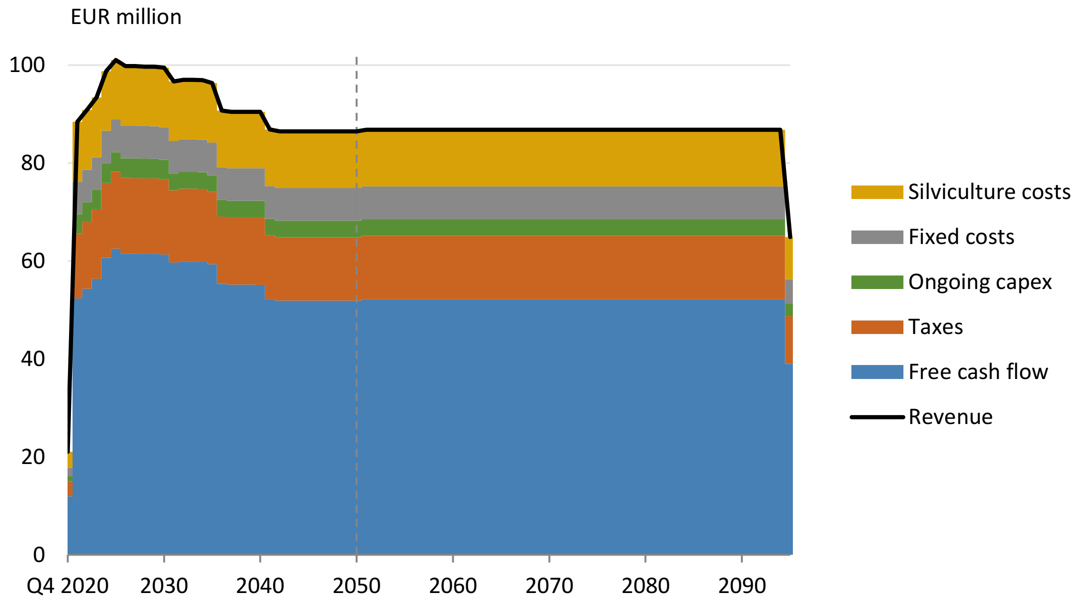
The corporate income tax rate used in this valuation is 20% on EBIT (2019: 20%).

5. VALUE

5.1 Perpetual Cash Flows

The free cash flow is expected to increase to about EUR 61 million by 2024 for about seven years. After that, the log share gradually decreases, and the cash flows stabilize to EUR 52 million in 2041. The annual cash flows during the terminal value period are assumed to remain at the average level of the last five years of the explicit value period (Figure 5.1).

Figure 5.1 Revenue, costs, and free cash flow into perpetuity



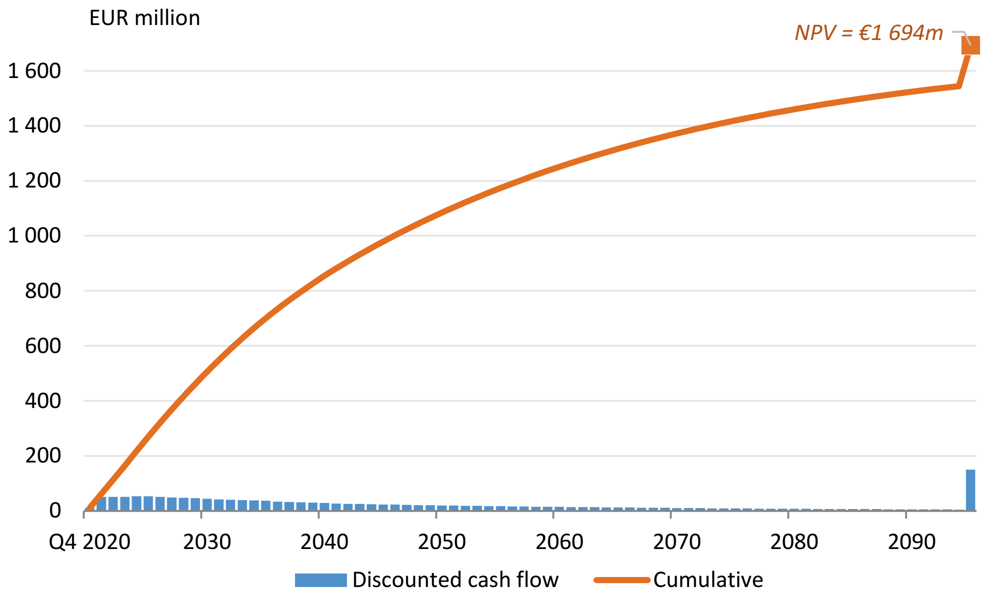
The value, on September 30, 2020, is estimated at EUR 1 694 million (2019: EUR 1 635 million) (Figure 5.2) or EUR 2 675 per hectare. The value is based on a discounted real post-tax cash flow projection into perpetuity. The free cash flow table is shown in Appendix 1.

The value is EUR 59 million higher than in 2019 (Figure 5.3). The change in the average price of wood deliveries increased the value by EUR 76 million. The change in wood flows increased the value by EUR 42 million. The change in silvicultural costs decreased the value by EUR 53 million. The change in fixed costs decreased the value by EUR 15 million and the change in capital expenditure increased the value by EUR 8 million.

The movements were calculated using the 2020 calculation and introducing, one by one, the respective 2019 inputs. The difference between the 2020 value with the alternative values represents the itemized movements.

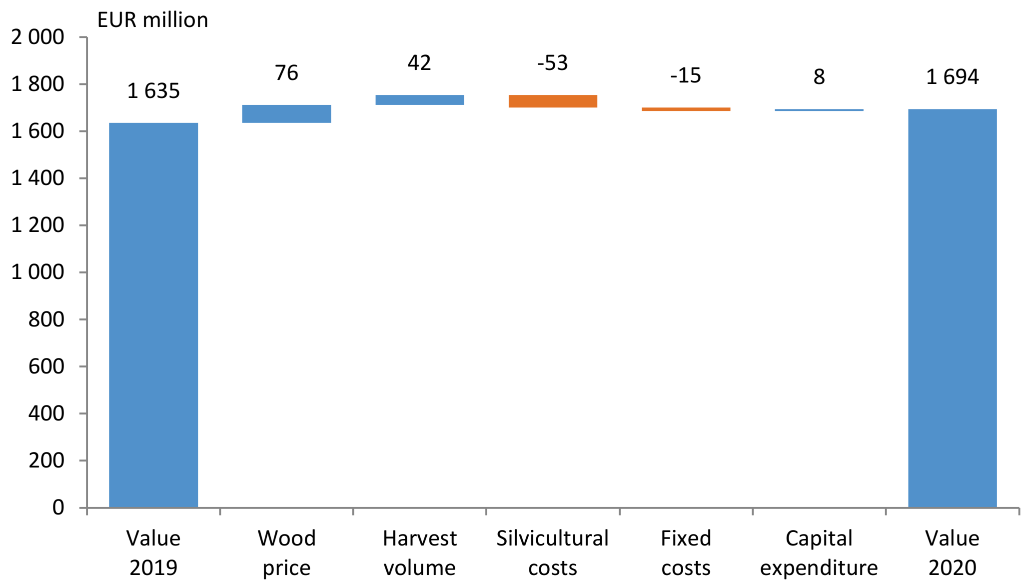
It should be noted that the analysis does not differentiate the impact of change in land area. Between June 2019 and June 2020, the total forestland area increased by 12 471 ha or 2.15%.

Figure 5.2 Discounted cash flow from October 2020 into perpetuity



Note: The last year's cash flow includes the terminal value of wood flows into perpetuity.

Figure 5.3 Movements in value between 2019 and 2020, perpetual cash flows



Note. The analysis does not differentiate the impact of change in land area.

The sensitivity of the value to changes in stumpage prices, terminal value and discount rate is shown in Figure 5.4, Figure 5.5 and Figure 5.6.

Figure 5.4 Sensitivity of value to changes in stumpage prices and terminal value, perpetual cash flows

Figure 5.5 Sensitivity of value to discount rate, perpetual cash flows

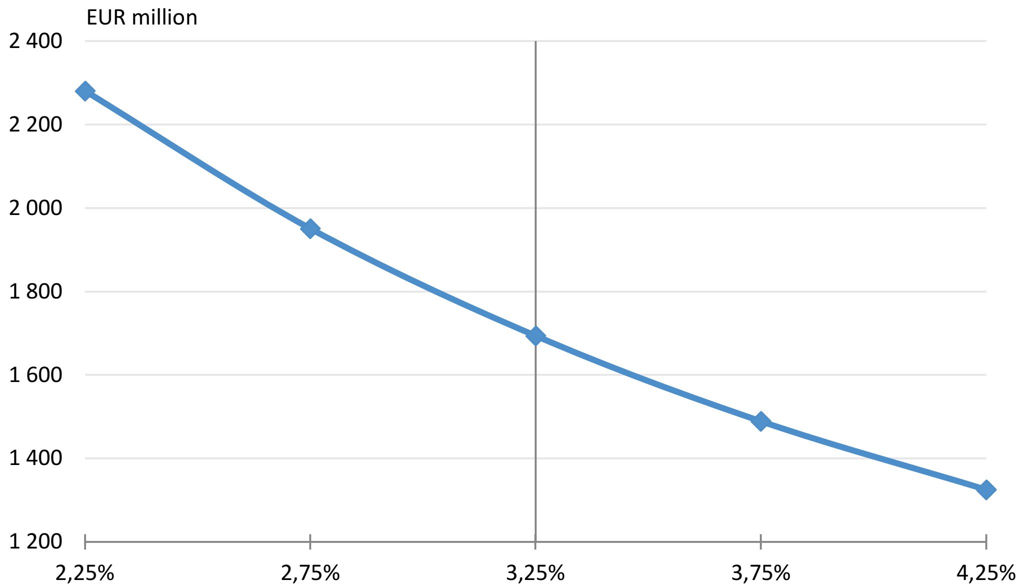
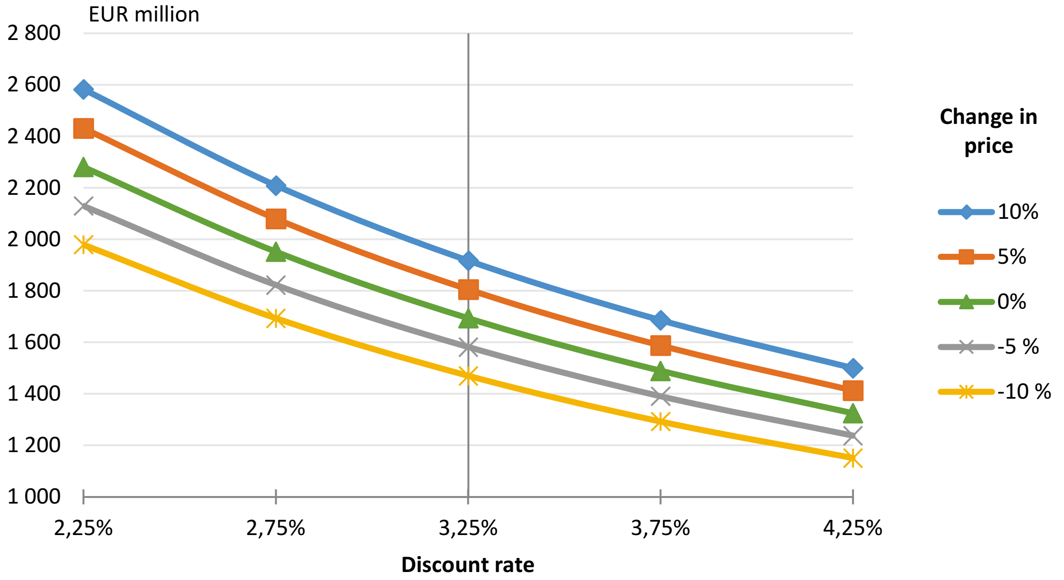


Figure 5.6 Sensitivity of value to changes in stumpage price and discount rate, perpetual cash flows



5.2 Current Rotation Cash Flows

The value of the current rotation (1R) is estimated at EUR 1 664 million (2019: EUR 1 626 million) (Figure 5.7) or EUR 2 627 per hectare. The value is based on discounted real post-tax cash flows. The free cash flow table is shown in Appendix 2.

Figure 5.7 Discounted cash flow from October 2020 to 2095

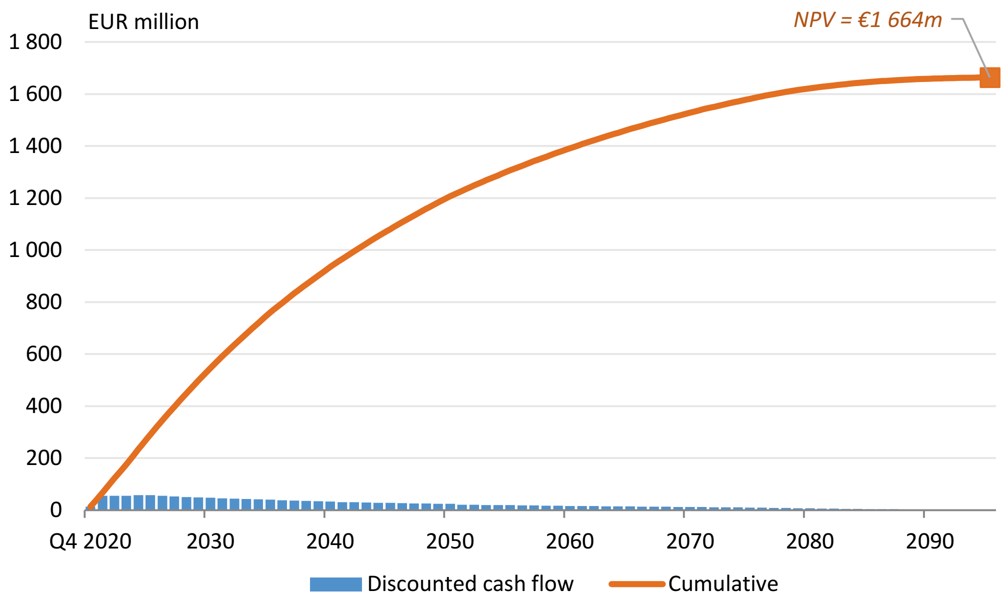
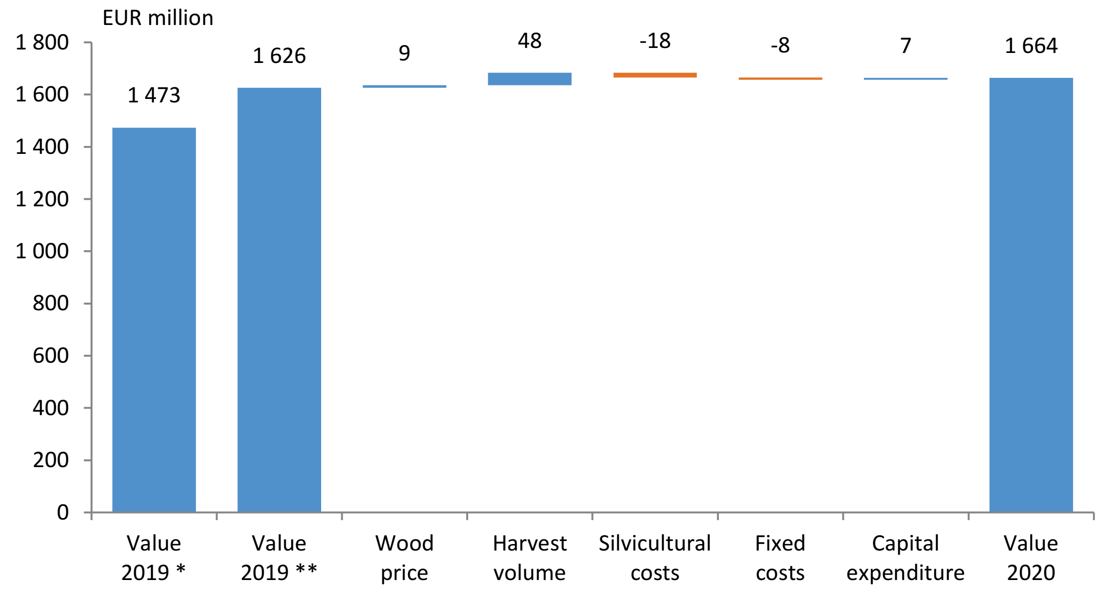


Figure 5.8 Movements in value between 2019 and 2020, current rotation cash flows



(*) Value of 70-year cash flows. (**) Value of current rotation cash flows. Note. The analysis does not differentiate the impact of change in land area.

The sensitivity of the value to changes in stumpage prices and discount rate is shown in Figure 5.9, Figure 5.10 and Figure 5.11.

Figure 5.9 Sensitivity of value to changes in stumpage prices, current rotation (1R)

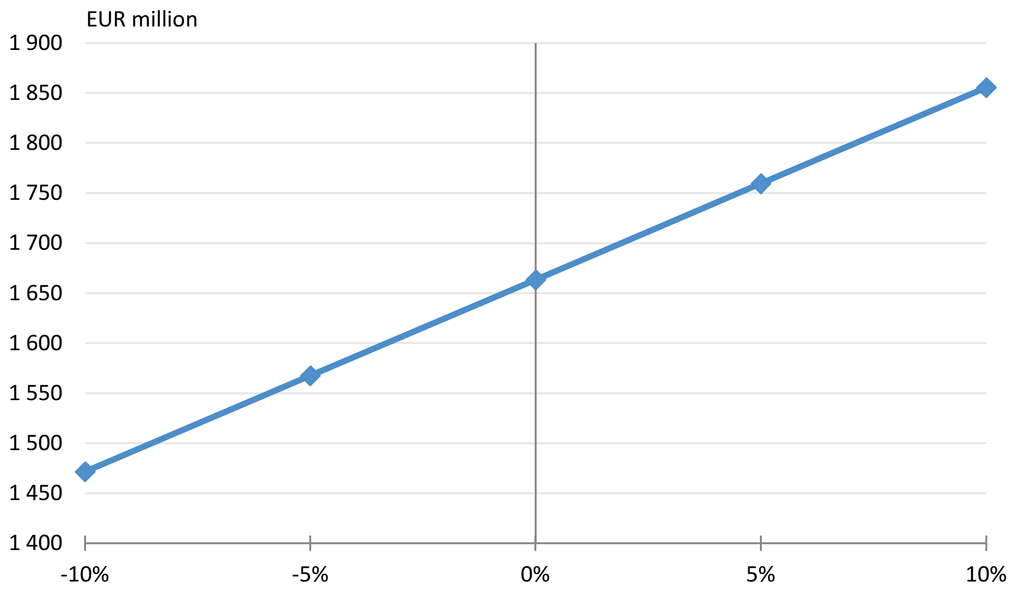


Figure 5.10 Sensitivity of value to discount rate, current rotation (1R)

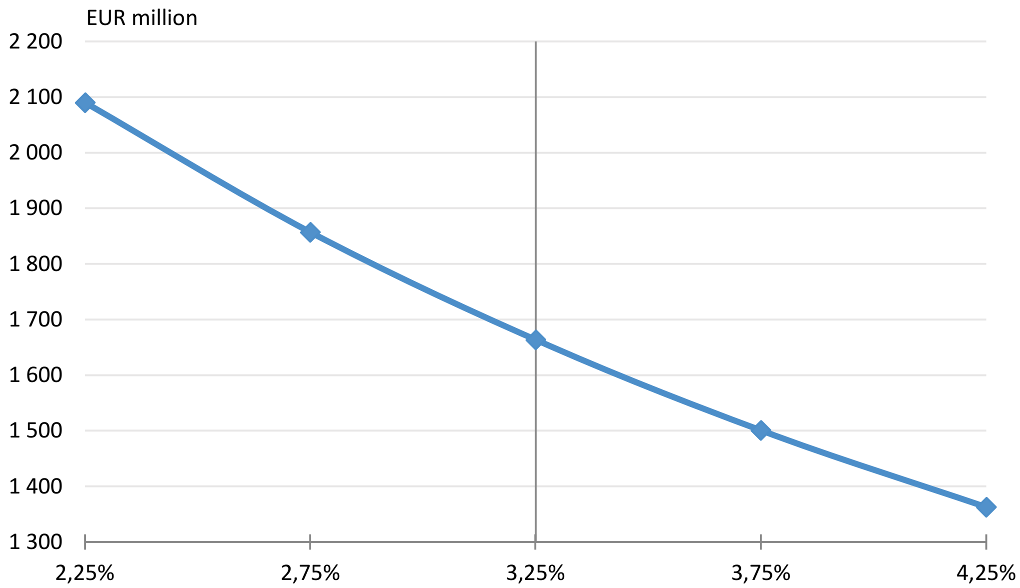
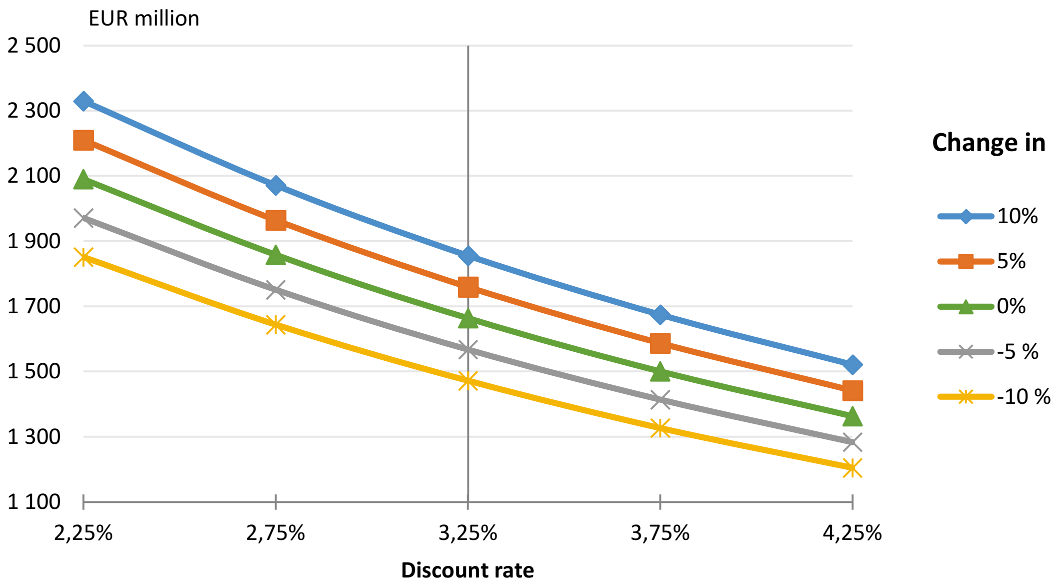


Figure 5.11 Sensitivity of value to changes in stumpage price and discount rate, current rotation (1R)



5.3 Land

According to unaudited consolidated interim report as of and for the six months ended June 30, 2020, the land value of Tornator's forest assets in Finland was EUR 78.01 million (2019: EUR 72.41 million).

6. COMPARISON OF FORECASTED AND ACTUAL 2019 FIGURES

6.1 Revenues

The total revenue in 2019 was EUR 88.88 million, which is about 3.2% higher than what was forecast in the 2018 valuation (Table 6.1).

Table 6.1 Comparison of forecast and actual revenues in 2019

Harvest type	Forecast (*)	Actual	Difference
	EUR million		%
Final felling	67.49	66.20	-1.9
Thinning	13.78	12.97	-5.9
First thinning	4.87	3.02	-38.0
Other	..	2.46	..
FSC premium (*)	..	4.23	..
Total	**86.14**	**88.88**	**3.2**

(*) In the 2018 valuation, the FSC price premium was included in the wood prices.

6.2 Deliveries

The total deliveries were 2.48 million m³, whereas the 2018 valuation forecasted 2.66 million m³ for 2019; the actual deliveries were about 6.8% lower than predicted (Table 6.2).

Table 6.2 Comparison of forecasted and actual wood deliveries in 2019

Harvest type	Forecast (*)	Actual	Difference
	m³		%
Final felling	1 700 410	1 665 923	-2.0
Thinning	612 092	574 195	-6.2
First thinning	352 398	226 913	-35.6
Other (*)	..	17 849	..
Total	**2 664 901**	**2 484 880**	**-6.8**

(*) In the 2018 valuation, the "other" deliveries were included in final felling, thinning and first thinning volumes.

6.3 Prices

The average price of 2019 deliveries was EUR 35.77 per m³, which is 9.4% higher than the EUR 32.69 per m³ forecasted in the 2018 valuation (Table 6.3).

Table 6.3 Comparison of forecasted and actual wood prices in 2019

Harvest type	Forecast (*)	Actual	Difference
	m³		%
Final felling	40.02	39.74	-0.7
Thinning	22.85	22.59	-1.1
First thinning	14.07	13.31	-5.4
FSC premium (*)	..	1.70	..
Total	**32.69**	**35.77**	**9.4**

(*) In the 2018 valuation, the FSC price premium was included in the wood prices.

6.4 Costs

The silvicultural costs in 2019 were EUR 12.5 million, which was 4.6% higher than forecasted in the 2018 valuation (Table 6.4). The main cause was regeneration work continued on sites that suffered snow damage during 2018. The fixed costs in 2019 were 6% higher than budgeted due to the growth of the company and recruiting of new people. The capital expenditure was about 7.7% lower than estimated due to postponing some of the planned road construction to year 2020.

Table 6.4 Comparison of forecasted and actual forest management costs in 2019

Cost item	Forecast (*)	Actual	Difference
	EUR million		%
Silvicultural costs	11.95	12.50	4.6
Fixed costs	6.10	6.47	6.0
Capital expenditure	3.90	3.60	-7.7
Total	**21.95**	**22.57**	**2.8**

(*) In the 2018 valuation.

	9/30/2020	Q4 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Wood sales ('000 m³)		602	2 690	2 691	2 685	2 699	2 693	2 684	2 679	2 679	2 679
Revenue											
Wood sales		21 072	88 438	90 857	93 396	98 756	101 033	99 803	99 772	99 701	99 657
Total		**21 072**	**88 438**	**90 857**	**93 396**	**98 756**	**101 033**	**99 803**	**99 772**	**99 701**	**99 657**
Operating costs											
Silvicultural costs		(3 300)	(12 200)	(12 200)	(12 200)	(12 150)	(12 150)	(12 150)	(12 150)	(12 150)	(12 150)
Fixed costs		(1 667)	(6 667)	(6 667)	(6 667)	(6 667)	(6 667)	(6 667)	(6 667)	(6 667)	(6 667)
Operating profit (EBITDA)		**16 105**	**69 571**	**71 990**	**74 529**	**79 939**	**82 216**	**80 986**	**80 955**	**80 884**	**80 840**
% margin		76,4%	78,7%	79,2%	79,8%	80,9%	81,4%	81,1%	81,1%	81,1%	81,1%
Depreciation		(870)	(3 504)	(3 554)	(3 598)	(3 638)	(3 675)	(3 707)	(3 736)	(3 763)	(3 787)
Profit after depreciation (EBIT)		**15 235**	**66 066**	**68 437**	**70 930**	**76 300**	**78 542**	**77 279**	**77 218**	**77 121**	**77 053**
% margin		72,3%	74,7%	75,3%	75,9%	77,3%	77,7%	77,4%	77,4%	77,4%	77,3%
Profit tax on EBIT		(3 047)	(13 213)	(13 687)	(14 186)	(15 260)	(15 708)	(15 456)	(15 444)	(15 424)	(15 411)
Profit after taxes (EBIAT)		**12 188**	**52 853**	**54 749**	**56 744**	**61 040**	**62 833**	**61 823**	**61 775**	**61 697**	**61 643**
Addback: Depreciation		870	3 504	3 554	3 598	3 638	3 675	3 707	3 736	3 763	3 787
Cash flow from operations		**13 058**	**56 357**	**58 303**	**60 342**	**64 679**	**66 508**	**65 530**	**65 511**	**65 460**	**65 429**
Ongoing capex		(1 100)	(4 000)	(4 000)	(4 000)	(4 000)	(4 000)	(4 000)	(4 000)	(4 000)	(4 000)
Terminal value (into perpetuity)											
Free cash flow (perpetual)		**11 958**	**52 357**	**54 303**	**56 342**	**60 679**	**62 508**	**61 530**	**61 511**	**61 460**	**61 429**
Net present value (EUR million)	**1 694**	**(perpetual cash flows)**									
Discount rate	3,25%										

Tornator Oyj
Valuation of forests in Finland
Free cash flow (EUR '000), Perpetual Rotations
Indufor/JVL

	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Wood sales ('000 m³)	2 679	2 672	2 672	2 672	2 672	2 657	2 681	2 685	2 685	2 685	2 685
Revenue											
Wood sales	99 494	96 660	96 959	96 975	96 902	96 329	90 723	90 486	90 486	90 486	90 486
Total	**99 494**	**96 660**	**96 959**	**96 975**	**96 902**	**96 329**	**90 723**	**90 486**	**90 486**	**90 486**	**90 486**
Operating costs											
Silvicultural costs	(12 150)	(12 150)	(12 150)	(12 150)	(12 150)	(12 150)	(11 550)	(11 550)	(11 550)	(11 550)	(11 550)
Fixed costs	(6 667)	(6 667)	(6 667)	(6 667)	(6 667)	(6 667)	(6 667)	(6 667)	(6 667)	(6 667)	(6 667)
Operating profit (EBITDA)	**80 677**	**77 843**	**78 142**	**78 158**	**78 085**	**77 512**	**72 506**	**72 269**	**72 269**	**72 269**	**72 269**
% margin	81,1%	80,5%	80,6%	80,6%	80,6%	80,5%	79,9%	79,9%	79,9%	79,9%	79,9%
Depreciation	(3 808)	(3 827)	(3 784)	(3 746)	(3 711)	(3 680)	(3 652)	(3 627)	(3 604)	(3 584)	(3 565)
Profit after depreciation (EBIT)	**76 869**	**74 016**	**74 358**	**74 412**	**74 374**	**73 832**	**68 854**	**68 642**	**68 664**	**68 685**	**68 703**
% margin	77,3%	76,6%	76,7%	76,7%	76,8%	76,6%	75,9%	75,9%	75,9%	75,9%	75,9%
Profit tax on EBIT	(15 374)	(14 803)	(14 872)	(14 882)	(14 875)	(14 766)	(13 771)	(13 728)	(13 733)	(13 737)	(13 741)
Profit after taxes (EBIAT)	**61 495**	**59 213**	**59 486**	**59 530**	**59 499**	**59 066**	**55 083**	**54 913**	**54 931**	**54 948**	**54 963**
Addback: Depreciation	3 808	3 827	3 784	3 746	3 711	3 680	3 652	3 627	3 604	3 584	3 565
Cash flow from operations	**65 303**	**63 040**	**63 271**	**63 276**	**63 211**	**62 746**	**58 736**	**58 540**	**58 536**	**58 532**	**58 528**
Ongoing capex	(4 000)	(3 400)	(3 400)	(3 400)	(3 400)	(3 400)	(3 400)	(3 400)	(3 400)	(3 400)	(3 400)
Terminal value (into perpetuity)											
Free cash flow (perpetual)	**61 303**	**59 640**	**59 871**	**59 876**	**59 811**	**59 346**	**55 336**	**55 140**	**55 136**	**55 132**	**55 128**
Net present value (EUR million)											
Discount rate											

	2041	2042	2043	2044	2045	2046	2047	2048	2049
Wood sales ('000 m³)	2 691	2 692	2 692	2 692	2 692	2 692	2 692	2 692	2 692
Revenue									
Wood sales	86 867	86 475	86 475	86 475	86 475	86 475	86 475	86 475	86 475
Total	**86 867**	**86 475**	**86 475**	**86 475**	**86 475**	**86 475**	**86 475**	**86 475**	**86 475**
Operating costs									
Silvicultural costs	(11 550)	(11 550)	(11 550)	(11 550)	(11 550)	(11 550)	(11 550)	(11 550)	(11 550)
Fixed costs	(6 667)	(6 667)	(6 667)	(6 667)	(6 667)	(6 667)	(6 667)	(6 667)	(6 667)
Operating profit (EBITDA)	**68 650**	**68 258**	**68 258**	**68 258**	**68 258**	**68 258**	**68 258**	**68 258**	**68 258**
% margin	79,0%	78,9%	78,9%	78,9%	78,9%	78,9%	78,9%	78,9%	78,9%
Depreciation	(3 549)	(3 534)	(3 521)	(3 509)	(3 498)	(3 488)	(3 479)	(3 471)	(3 464)
Profit after depreciation (EBIT)	**65 101**	**64 724**	**64 738**	**64 750**	**64 760**	**64 770**	**64 779**	**64 787**	**64 794**
% margin	74,9%	74,8%	74,9%	74,9%	74,9%	74,9%	74,9%	74,9%	74,9%
Profit tax on EBIT	(13 020)	(12 945)	(12 948)	(12 950)	(12 952)	(12 954)	(12 956)	(12 957)	(12 959)
Profit after taxes (EBIAT)	**52 081**	**51 779**	**51 790**	**51 800**	**51 808**	**51 816**	**51 823**	**51 830**	**51 835**
Addback: Depreciation	3 549	3 534	3 521	3 509	3 498	3 488	3 479	3 471	3 464
Cash flow from operations	**55 630**	**55 313**	**55 311**	**55 308**	**55 306**	**55 304**	**55 302**	**55 301**	**55 299**
Ongoing capex	(3 400)	(3 400)	(3 400)	(3 400)	(3 400)	(3 400)	(3 400)	(3 400)	(3 400)
Terminal value (into perpetuity)									1 603 781
Free cash flow (perpetual)	**52 230**	**51 913**	**51 911**	**51 908**	**51 906**	**51 904**	**51 902**	**51 901**	**1 655 681**
Net present value (EUR million)									
Discount rate									

Tornator Oyj
Valuation of forests in Finland
Free cash flow (EUR '000) – Current Rotation
Indufor/JVL

Appendix 2
1 (3)
1.9.2020

	9/30/2020	Q4 2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Wood sales ('000 m³)		602	2 690	2 691	2 685	2 699	2 693	2 684	2 679	2 679	2 679
Revenue											
Wood sales		21 072	88 438	90 857	93 396	98 756	101 033	99 803	99 772	99 701	99 657
Total		**21 072**	**88 438**	**90 857**	**93 396**	**98 756**	**101 033**	**99 803**	**99 772**	**99 701**	**99 657**
Operating costs											
Silvicultural costs		(1 875)	(6 600)	(6 535)	(6 502)	(6 466)	(6 431)	(6 397)	(6 362)	(8 390)	(7 077)
Fixed costs		(1 667)	(6 642)	(6 541)	(6 436)	(6 331)	(6 219)	(6 107)	(5 999)	(5 890)	(5 781)
Operating profit (EBITDA)		**17 530**	**75 195**	**77 781**	**80 458**	**85 959**	**88 384**	**87 299**	**87 411**	**85 421**	**86 799**
% margin		83,2%	85,0%	85,6%	86,1%	87,0%	87,5%	87,5%	87,6%	85,7%	87,1%
Depreciation		(870)	(3 491)	(3 486)	(3 473)	(3 455)	(3 427)	(3 396)	(3 362)	(3 324)	(3 283)
Profit after depreciation (EBIT)		**16 660**	**71 704**	**74 295**	**76 985**	**82 504**	**84 956**	**83 903**	**84 049**	**82 097**	**83 515**
% margin		79,1%	81,1%	81,8%	82,4%	83,5%	84,1%	84,1%	84,2%	82,3%	83,8%
Profit tax on EBIT		(3 332)	(14 341)	(14 859)	(15 397)	(16 501)	(16 991)	(16 781)	(16 810)	(16 419)	(16 703)
Profit after taxes (EBIAT)		**13 328**	**57 364**	**59 436**	**61 588**	**66 003**	**67 965**	**67 122**	**67 239**	**65 677**	**66 812**
Addback: Depreciation		870	3 491	3 486	3 473	3 455	3 427	3 396	3 362	3 324	3 283
Cash flow from operations		**14 198**	**60 855**	**62 922**	**65 061**	**69 458**	**71 392**	**70 518**	**70 601**	**69 002**	**70 095**
Ongoing capex		(1 088)	(4 000)	(3 990)	(3 989)	(3 988)	(3 995)	(3 991)	(3 981)	(3 977)	(3 977)
Terminal value (remaining current rotation)											
Free cash flow (current rotation)		**13 111**	**56 855**	**58 932**	**61 072**	**65 470**	**67 397**	**66 527**	**66 620**	**65 025**	**66 118**
Net present value (EUR million)	**1 664**	**(current rotation cash flows)**									
Discount rate	3,25%										

	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Wood sales ('000 m³)	2 679	2 672	2 672	2 672	2 672	2 657	2 681	2 685	2 685	2 685	2 685
Revenue											
Wood sales	99 494	96 660	96 959	96 975	96 902	96 329	90 723	90 486	90 486	90 486	90 486
Total	**99 494**	**96 660**	**96 959**	**96 975**	**96 902**	**96 329**	**90 723**	**90 486**	**90 486**	**90 486**	**90 486**
Operating costs											
Silvicultural costs	(6 259)	(6 225)	(6 190)	(6 156)	(6 122)	(5 379)	(3 993)	(3 962)	(3 931)	(3 900)	(3 869)
Fixed costs	(5 673)	(5 564)	(5 456)	(5 347)	(5 238)	(5 129)	(5 021)	(4 921)	(4 822)	(4 724)	(4 625)
Operating profit (EBITDA)	**87 562**	**84 870**	**85 314**	**85 472**	**85 543**	**85 821**	**81 709**	**81 602**	**81 732**	**81 862**	**81 992**
% margin	88,0%	87,8%	88,0%	88,1%	88,3%	89,1%	90,1%	90,2%	90,3%	90,5%	90,6%
Depreciation	(3 240)	(3 194)	(3 097)	(3 004)	(2 916)	(2 831)	(2 751)	(2 677)	(2 607)	(2 539)	(2 473)
Profit after depreciation (EBIT)	**84 322**	**81 676**	**82 217**	**82 468**	**82 627**	**82 990**	**78 959**	**78 925**	**79 125**	**79 323**	**79 518**
% margin	84,8%	84,5%	84,8%	85,0%	85,3%	86,2%	87,0%	87,2%	87,4%	87,7%	87,9%
Profit tax on EBIT	(16 864)	(16 335)	(16 443)	(16 494)	(16 525)	(16 598)	(15 792)	(15 785)	(15 825)	(15 865)	(15 904)
Profit after taxes (EBIAT)	**67 458**	**65 341**	**65 774**	**65 975**	**66 101**	**66 392**	**63 167**	**63 140**	**63 300**	**63 458**	**63 615**
Addback: Depreciation	3 240	3 194	3 097	3 004	2 916	2 831	2 751	2 677	2 607	2 539	2 473
Cash flow from operations	**70 698**	**68 535**	**68 870**	**68 979**	**69 017**	**69 223**	**65 917**	**65 817**	**65 907**	**65 997**	**66 088**
Ongoing capex	(3 977)	(3 377)	(3 375)	(3 375)	(3 375)	(3 375)	(3 361)	(3 375)	(3 379)	(3 379)	(3 379)
Terminal value (remaining current rotation)											
Free cash flow (current rotation)	**66 721**	**65 158**	**65 495**	**65 604**	**65 642**	**65 848**	**62 556**	**62 442**	**62 528**	**62 618**	**62 709**
Net present value (EUR million)											
Discount rate											

Tornator Oyj
Valuation of forests in Finland
Free cash flow (EUR '000) – Current Rotation
Indufor/JVL

	2041	2042	2043	2044	2045	2046	2047	2048	2049
Wood sales ('000 m³)	2 691	2 692	2 692	2 692	2 692	2 692	2 692	2 692	2 692
Revenue									
Wood sales	86 867	86 475	86 475	86 475	86 475	86 475	86 475	86 475	86 475
Total	**86 867**	**86 475**	**86 475**	**86 475**	**86 475**	**86 475**	**86 475**	**86 475**	**86 475**
Operating costs									
Silvicultural costs	(3 128)	(1 744)	(1 712)	(1 681)	(1 650)	(1 244)	(1 213)	(1 182)	(1 151)
Fixed costs	(4 526)	(4 427)	(4 329)	(4 230)	(4 132)	(4 033)	(3 935)	(3 836)	(3 737)
Operating profit (EBITDA)	**79 213**	**80 304**	**80 435**	**80 564**	**80 694**	**81 198**	**81 328**	**81 457**	**81 587**
% margin	91,2%	92,9%	93,0%	93,2%	93,3%	93,9%	94,0%	94,2%	94,3%
Depreciation	(2 409)	(2 347)	(2 286)	(2 226)	(2 168)	(2 110)	(2 053)	(1 997)	(1 942)
Profit after depreciation (EBIT)	**76 804**	**77 957**	**78 149**	**78 338**	**78 526**	**79 088**	**79 274**	**79 460**	**79 645**
% margin	88,4%	90,1%	90,4%	90,6%	90,8%	91,5%	91,7%	91,9%	92,1%
Profit tax on EBIT	(15 361)	(15 591)	(15 630)	(15 668)	(15 705)	(15 818)	(15 855)	(15 892)	(15 929)
Profit after taxes (EBIAT)	**61 443**	**62 366**	**62 519**	**62 670**	**62 821**	**63 271**	**63 420**	**63 568**	**63 716**
Addback: Depreciation	2 409	2 347	2 286	2 226	2 168	2 110	2 053	1 997	1 942
Cash flow from operations	**63 852**	**64 713**	**64 805**	**64 896**	**64 988**	**65 380**	**65 473**	**65 565**	**65 658**
Ongoing capex	(3 379)	(3 388)	(3 388)	(3 388)	(3 388)	(3 388)	(3 388)	(3 388)	(3 388)
Terminal value (remaining current rotation)									1 223 044
Free cash flow (current rotation)	**60 473**	**61 325**	**61 417**	**61 508**	**61 600**	**61 992**	**62 085**	**62 177**	**1 285 313**
Net present value (EUR million)									
Discount rate									

Indufor
Celebrating 40 years

Indufor Oy

Esterinportti 2
FI-00240 Helsinki
FINLAND
Tel. +358 9 684 0110
Fax +358 9 135 2552
indufor@induforgroup.com
www.induforgroup.com

Indufor Asia Pacific Ltd

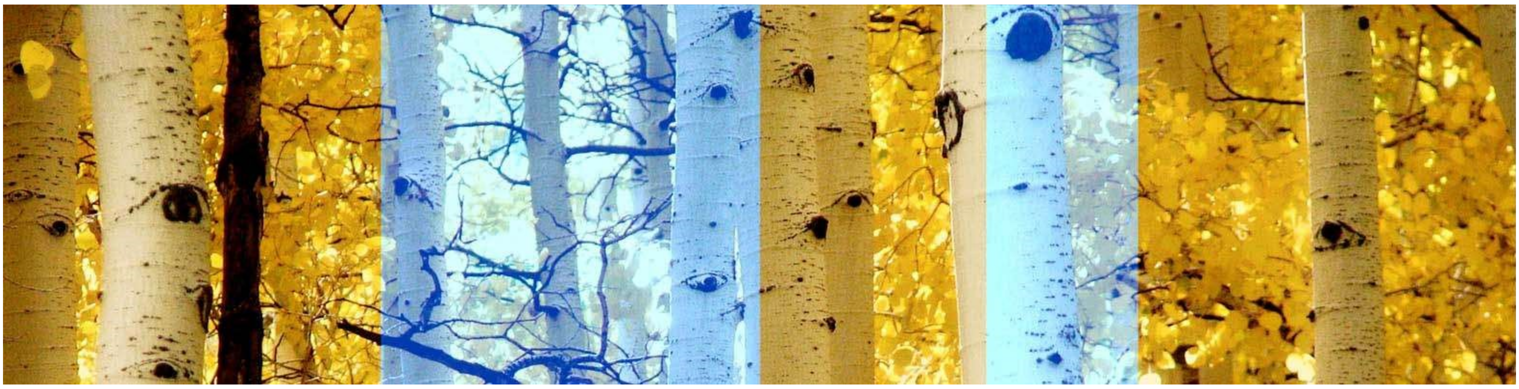
7th Floor, 55 Shortland St.
P.O. Box 105 039
Auckland City 1143
NEW ZEALAND
Tel. +64 9 281 4750
Fax +64 9 281 4789
www.induforgroup.com

Indufor Asia Pacific (Australia) Pty Ltd

P.O. Box 425
Flinders Lane
Melbourne VIC 8009
AUSTRALIA
Tel. + 61 3 9639 1472
www.induforgroup.com

Indufor North America LLC

810 7th Street, NE
Washington, DC 20002
USA
www.induforgroup.com



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THE COMPANY

Tornator Oyj
Napinkuja 3 C
FI-55100 Imatra
Finland

JOINT LEAD MANAGERS

Danske Bank A/S
c/o Danske Bank, Finland Branch
Kasarmikatu 21 B
FI-00130 Helsinki
Finland

OP Corporate Bank plc
Gebhardinaukio 1
FI-00510 Helsinki
Finland

Skandinaviska Enskilda Banken AB (publ)
c/o Skandinaviska Enskilda Banken AB (publ) Helsinki Branch
Eteläesplanadi 18
FI-00130 Helsinki
Finland

LEGAL ADVISER TO THE COMPANY

Roschier, Attorneys Ltd.
Kasarmikatu 21A
FI-00130 Helsinki
Finland

LEGAL ADVISER TO THE JOINT LEAD MANAGERS

Hannes Snellman Attorneys Ltd
Eteläesplanadi 20
FI-00130 Helsinki
Finland