

Memorandum  
Comments on supply of  
sales comparison statistics



## General information about the sales comparison database

Property transactions are used as a basis for property valuation using the sales comparison approach. Svefa has maintained a nationwide local price database of completed forest land transactions that includes high-quality documentation for more than 10 years. Svefa's agricultural valuers record completed transactions that come to their attention in the database, which then forms the basis of calculations for valuation requests. Svefa also sells statistical compilations and customised calculation data to customers, including SCA.

Svefa's database is one of the most comprehensive regarding transfers of forest land in Sweden. However, it is extremely important to bear in mind that no database includes all transactions.

Typical examples of transactions that appear less frequently in the database include various forms of targeted sales processes where parties settle the terms of a transaction individually and entirely off market. The forest-related component of such transactions is usually not made public, and it is not possible to calculate key figures regarding valuations with a reasonable degree of reliability.

Another example of transactions that are underrepresented in the database are transfers that are completed through property reallocation. In the event of a property reallocation, the buyer does not apply for property deeds. Rather, the sales property is usually regulated together with a previously owned and neighbouring property. The purchase price for some of these transactions may be obtained from the Swedish Land Survey authority, although extended processing times for documentation often results in delays and dropouts. Another example of property transactions that are typically difficult to record and register are company transactions, i.e., when a property or properties are owned by a limited company whose shares are transferred. Generally, the probability of property reallocation or company transfer increases with the size of the transaction.

## Sampling frame

Svefa's supply of statistical data to SCA is determined by a sampling frame to exclude transactions that are unsuitable as calculation data. In addition to geographical delimitation, the sampling frame consists of the following three criteria:

### 1. Minimum 10 hectares of forest land area

This criterion is intended to exclude transactions involving small forest properties that may contain non-market transfer levels.

### 2. At least 75% of a transaction value must consist of forest land value

The purpose of this criterion is to exclude transactions in which more than 25% of the value is attributable to ownership types or partial values other than forest land. It is not relevant to study transactions with many other types of ownership such as arable land or with significant building value. Value distribution assessments are conducted by Svefa's agricultural valuers in conjunction with the registration of transactions in Svefa's comparable sales database.

### 3. The transaction is not classified by Svefa's agricultural valuers as "special objects" or "legal entities"

The purpose of this criterion is to exclude transactions where there may be value-affecting factors other than the pricing of forest land that influence the sale price. Examples include the possible establishment of wind farms, the potential to divide plots of land, or transfers between legal entities. The latter are typically made at significantly higher value levels than other property transfers.

In addition to the three criteria above, additional selection is done of the material that falls outside of the above to remove outliers. Examples include properties with exceptionally low levels of standing volume per hectare.

## SCA's participation in the sales comparison database

As described above in the *General information about the sales comparison database*, large-scale property owners often carry out property transactions through property reallocation and targeted transactions. Typically, this means that the database contains fewer transactions in which forest companies such as SCA are involved than is the case on the market in general. Furthermore, Svefa's believes that there is no reason to exclude transactions in which SCA participates from the sales comparison database unless they meet any of the criteria specified above. Forestry companies such as SCA, Holmen and Sveaskog have large ownership stakes in northern Sweden and their market activities in the form of acquisitions and sales contribute to market activity.

In 2022 and 2023, SCA's share of the number of transactions in the sales comparison database amounted to around 2%. As a share of transaction value, SCA's share corresponds to approximately 8% of the total traded value in the local price database for 2022 and 2023.

Svefa does not consider that key figures regarding market levels for each transaction in which SCA was involved deviate from what was typical for the applicable areas at the time in question.

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