



# Forest Enterprises

## Secondary Market

### *A guide for prospective sellers*

### Selling your Forest Enterprises investment

Should you wish to sell your Forest Enterprises forestry investment you have the choice of doing so privately or via Forest Enterprises.

Should you sell privately, our involvement is only as the Share Registrar. We provide the necessary documentation and on the payment of a Transfer Fee of \$75 per parcel of 200 shares, will process the transfer actioning the sale.

If you wish Forest Enterprises to assist find a buyer, we operate a market specifically for the sale and purchase of existing forest investments called our Secondary Market. The market operates essentially under a willing buyer willing seller open tender process.

### The steps involved in selling on our secondary market

- Contact Forest Enterprises to discuss your sales requirements. We will indicate the current state of the market and discuss the price you may be able to realise. The actual extent of buyer interest and the price finally realised will depend entirely upon the market at the time and cannot be predicted by Forest Enterprises.
- If you decide to pursue a possible sale via our Secondary Market, we will send you the two forms to be completed – a Sales Form and a Share Transfer Form.
- The Sales Form is the agreement to list your investment for sale. The Share Transfer Form is required to process a sale. The partially completed Transfer Form is held in safekeeping by Forest Enterprises and only used should a sale eventuate.
- The completed Sales Form, Transfer Form (with the Seller sections completed), plus the original Share Certificate(s) in respect of the shares to be sold are returned to Forest Enterprises together with a cheque for the Listing Fee (see ‘The costs involved’ over the page).
- Following the return of this documentation, your investment is then listed for sale. The date and time of receipt of the correctly completed Sales Form is recorded, as this is important if there are other Sellers of the same investment (explained below). The date also determines the Expiry Date of the listing (if unsold) following which a further Listing Fee is payable or the listing lapses.
- Concurrently with listing, Forest Enterprises updates the comprehensive Investment Report to reflect the current status of the investment, ready to send out in response to Buyer inquiry.
- The details of investments for sale, including your investment, are available from our website and in printed form.

### How the Tender process works

- When an Offer is received, the price is communicated to you by fax or email (whichever you nominate in the Sales Form) plus we will endeavour to contact you by telephone.
- In this communication you will also be advised an Expiry Date that will be approximately three days from the date and time of the communication. This is the period within which you have first refusal of the Offer.

- If there is more than one Seller, the Offer is sent to the first Seller as determined by the time and date of receipt of a correctly completed Sales Form. If the first Seller declines the Offer (or the Expiry Date reached after three days) the Offer is then communicated to the second Seller and so on until all Sellers have had the opportunity to consider it.
- If you accept the Offer, a binding contract then exists between yourself and the Buyer. See below for further details of the settlement process (payment etc).
- If you decline the Offer (and subsequent Sellers have also declined the Offer), we will endeavour to contact you by telephone to discuss the options available, including any indications from you of a price you may be prepared to accept.
- Forest Enterprises will then communicate with the Buyer to see if they are prepared to increase the price offered. Should they decide to do, this will constitute a new Offer and the Tender process will be repeated.
- There is no restriction on the number of times the price in an Offer can be increased other than if Forest Enterprises deems that the new price is not materially different to the previous price(s).

## What happens after acceptance of an Offer

- As noted above, once an Offer is accepted a binding contract exists between yourself and the Buyer.
- As soon as possible following your acceptance, we forward the transfer documentation to the Buyer to execute and return together with payment of the price agreed plus a Transfer Fee. At this point you are asked to provide details of how you wish to be paid.
- The due date for return of the documentation and payment by the Buyer is specified in the letter and is seven working days from formal notice of acceptance of their Offer.
- The payment received from the Buyer is lodged in our special purpose trust account until cleared. Following clearance (usually one week from receipt) the amount received, less the Transfer Fee and the brokerage is forwarded to you in the manner you have requested.

## The costs involved

A Listing Fee of \$375 per parcel of 200 shares is payable for each term of 4 months that your investment is listed for sale.

Following a successful sale, brokerage for each parcel of 200 shares of \$350 plus 2% of the sale price above \$10,000 is deducted.

The Buyer pays a Transfer Fee of \$75 per parcel of 200 shares.

## Forest Enterprises role

Forest Enterprises role is a coordination one specifically to –

- Operate the market to provide the opportunity for willing buyers to be matched with willing sellers.
- Maintain up to date information for inclusion in the comprehensive Investment Reports.
- Act as the communication agent between the Buyers and Sellers.
- Process the associated documentation.
- Forest Enterprises provides and operates the market. We do not guarantee that you will sell your investment nor do we accept any liability should the Buyer default in its obligations to complete the sale and transfer.