



Forest Enterprises Secondary Market

An opportunity to buy an investment in an existing forest



‘With Investors’ forests now spanning the full forest life cycle, we know forestry from planting to harvest.’



**FOREST
ENTERPRISES LTD**
Since 1972
Creating wealth. Naturally.

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What other information is available?

Further information available on our secondary market includes -

- Forestry Investment Opportunities - overview information on investments currently for sale (refer to our website or request printed document).
- Comprehensive Investment Reports on all investments for sale – refer to our website or request printed document.

Other useful printed information includes our publications entitled –

- ‘The Impact of the Emissions Trading Scheme on your Forestry Investment’.

Visit our website at www.forestenterprises.co.nz for further information on all aspects of forestry investment with Forest Enterprises.

Contact Details

If you require further information, or have any questions please contact our Customer Services Manager Merv Jones on -

- **Freephone** 0800 PINEGOLD (0800 746 346)
 - **Email** mjones@forestenterprises.co.nz
 - **Mail** P O Box 128, Masterton, 5840 New Zealand
- International callers please use telephone +64 6 370 6360 and fax +64 6 370 6369



Forest Enterprises Secondary Market

Forest Enterprises operates a market for the sale and purchase of existing forest investments called our secondary market. It is called a ‘secondary market’ in keeping with the convention that new issues are sold on a ‘primary market’ and existing on a ‘secondary market’.

Our secondary market enables existing investors to liquidate their investment and prospective or repeat investors to buy into one of our existing investments, as distinct from investing in a new issue investment (primary market investment) that typically comprises a recently planted forest or a replanted forest, following the harvest of an existing tree crop.

What is the difference?

An investment purchased on our secondary market has the same industry leading forest management and administration characteristics that are the hallmark of all Forest Enterprises investments, dating back over the last 37 years.

Secondary market investments differ in only two respects –

- the investment is in an established forest; and
- you nominate the price you are prepared to pay.

Sometimes there will be investment(s) for sale at a fixed price e.g. newly replanted forests following harvest, and these will be clearly identifiable.

The steps to investment

- Study the list of current forestry investment opportunities. This list is available in printed form from Forest Enterprises or alternatively can be viewed at our website www.forestenterprises.co.nz and go to the ‘Investment Opportunities’ page.
- Select the investment (or investments) that interest you and either request a hardcopy of the comprehensive Investment Report or download a pdf file from the website.
- After studying the Investment Report, if you wish to invest decide on the price you are prepared to offer the Seller based upon the Initial Cost and other information set out in the Investment Report.
- Complete and return the Tender Form by mail, fax or email (after scanning) to Forest Enterprises. One separate Tender Form is included with the Investment Report, a second is an example found on page 13, to be used as a record of the full Terms and Conditions of your Offer or can be copied and used to submit another Offer.

The Investment Report for a fixed price investment will contain an Application or Share Transfer Form instead of a Tender Form plus clear instructions on how to invest.

How the Tender process works

- Your Offer is dated on receipt and is valid for 10 working days to allow time for it to be considered by the Seller or Sellers (sometimes there may be multiple Sellers of the same investment you wish to purchase).
- We communicate your Offer price by fax or email to the Seller (first Seller if more than one) who has a maximum of three days to respond. We will also endeavour to contact the Seller by telephone to discuss your Offer.
- If there is more than one Seller and the first Seller declines (or the three days elapse) your Offer is then communicated to the second Seller and so on until all Sellers have had the opportunity to consider it.
- If your Offer is accepted, a binding contract then exists between yourself and the Seller. You will be formally advised of the acceptance of your Offer by either fax or email (whichever you nominate in the Tender Form) plus we will endeavour to

contact you by telephone. See below for further details of the settlement process (payment etc).

- If your Offer is declined, you will be formally advised by either fax or email (whichever you nominate) plus we will endeavour to contact you by telephone to discuss the options available, including any indications received from the Seller(s) of a price they may be prepared to accept.
- You may choose to increase your price, and do so by communicating this by fax or email to Forest Enterprises. Increasing your price has the same effect as submitting a new Offer. There is no restriction on the number of times you may increase your price other than if Forest Enterprises deems that your new price is not materially different to your previous price(s).
- If not accepted, your Offer lapses after 10 working days.

What happens after acceptance of your Offer

- As noted above, once your Offer is accepted a binding contract exists between yourself and the Seller with serious legal consequences should you subsequently default.
- As soon as possible following the acceptance of your Offer, we will notify you by either fax or email (whichever you nominate) plus we will endeavour to contact you by telephone. Following shortly after this communication will be a letter enclosing the documentation to execute and return together with your payment of the amount of your Offer plus a Transfer Fee of \$75.
- The due date for return of the documentation and payment is nominated as 7 working days from acceptance of your Offer. Payment is made to our special purpose trust account.
- We process the documentation and a new Share Certificate is issued in the name of the Offer and mailed back within approximately 2 weeks.
- In addition, we process payment to the Seller who receives your Offer price less our brokerage fee for the transaction.

The costs involved

The only cost to you at time of purchase (in addition to your Offer price) is a \$75 Transfer Fee per investment unit of 200 shares paid to cover the cost of updating the Share Register and the associated records in Forest Enterprises systems.

The Seller is responsible for payment of our brokerage fee for the transaction. The Seller will have paid Forest Enterprises a Listing Fee at the time the investment was listed for sale.

Having purchased an investment, you are then responsible for the projected future payments as set out in detail in the Investment Report.

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 has no liability to the Buyer should the Seller default in its obligations to complete the sale and transfer.



Who can invest?

There are some restrictions on who can invest in Forest Enterprises investments (primary or secondary market) as a consequence of the operation of the New Zealand Income Tax Act.

The following may invest –

- Individuals who have attained the age of 20.
- Couples can invest jointly provided they have attained the age of 20 and are either married, in a de facto relationship or have entered into a civil union.
- Parents (jointly if a couple) can invest with their children, provided all have attained the age of 20.
- Family Trusts may invest provided some of the beneficiaries are related in the first degree (as above).

If you do not appear to meet one of these qualifying criteria, please contact us to discuss the alternatives that may be available.



Tender Form

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I/We: Full Name(s) _____

Address: _____

Phone: day _____ night _____ fax _____

Email: _____

hereby offer and agree to purchase (1,2,etc) _____ **Investment Unit(s)** (each) comprising 200 Shares

in the (Forest Name) _____ **Forest Investment** ('Investment')

at the purchase price of \$ _____ (in figures) per unit

_____ (in words)

plus the Forest Enterprises Ltd ('FEL') transfer fee of \$75.00 per unit.

I/We accept and agree to be bound by the terms and conditions set out overleaf in submitting this offer.

I/We acknowledge that I/We are at the date of submitting this offer aged at least 20 years and are of full legal capacity.

I/We agree to pay future calls as generally provided for in the constitution of the company partners in the Investment.

I/We acknowledge that this offer shall be irrevocable until acceptance by the Seller, or for 10 (ten) working days following the receipt by FEL of the offer (or renewed offer) in terms of clause 2, whichever is sooner.

I/We request that notification of acceptance of this offer (or renewed offer) be communicated by _____ (please enter either fax or email and check that the fax and/or email details above are correct).

Signed by (print name) _____

(Signature)

If joint purchasers

Signed by (print name) _____

(Signature)

Date: ____ / ____ / ____

Please tick if you intend investing
in the name of a Family Trust.



Terms and Conditions

1. Definitions and Interpretation

In this Contract words and phrases shall have the following meaning unless the context otherwise requires:

'Contract' means collectively this Tender Form (including these terms and conditions) and an acceptance by the Seller.

'Investment' means the commonly used name of the partnership of companies, shares in one or more of which are the subject of this Offer.

'Investment Unit' means a group of 200 shares in a company partner in the Investment that is the subject of this Offer.

'Purchase Price' means the price shown on this Tender Form.

'Seller' means the seller of the Shares as more particularly described in the 'Sales Form - Agreement to list on FEL Secondary Market', a document held by Forest Enterprises Ltd.

'Shares' means the shares that are for sale in a company partner in the Investment.

'Working Day' means a day when registered banks are open for business in Wellington.

Words importing the plural shall include the singular and vice versa. Words importing one gender shall include the other. Persons include corporations, partnerships and similar legal entities and vice versa. If at any time any provision of this Contract is or becomes illegal; invalid or unenforceable in any respect under the law of New Zealand; neither the legal validity or enforceability of the remaining provisions shall in any way be affected or impaired to the intent that this Contract should be construed as if the provision or part thereof in question had been deleted.

2. Offers

Every person desiring to purchase ('Buyer') shall make an offer to the Seller in writing using this form duly signed and delivered to FEL by mail, fax or email. Offers received by FEL shall be irrevocable until acceptance by the Seller or 5.00 pm 10 (ten) working days from the date of receipt by FEL. The price contained in this offer can be increased by notice to FEL. An increase in price shall constitute a new offer for the purposes of this clause.

The Buyer acknowledges that the Seller shall be under no obligation to accept the highest or any offer for the investment and may withdraw the investment from sale at any time without notice.

3. Acceptance of Offer

The Buyer's offer shall be deemed to be accepted upon instruction to FEL by the Seller. The Buyer shall be informed of the acceptance of his/her offer in the manner nominated in this Tender Form and will be sent the transfer documentation by FEL.

4. Payment Of Purchase Price

If the Buyer's offer is accepted, the Buyer agrees to pay the Purchase Price (plus \$75 transfer fee) and to complete and return the transfer documentation not later than 3.00 pm on the 7th (seventh) working day following the date notice is given under Clause 3 (time being of the essence).

The Buyer shall pay the Purchase Price and transfer fee net of all bank or credit card charges to FEL. If paid by cheque, the cheque shall be payable to **'Forest Enterprises Secondary Market Trust Account'**. If paid by Visa or Mastercard the Buyer must provide card details to FEL.

FEL are irrevocably authorised by the Buyer to pay the Purchase Price to the Seller, less any authorised sales costs and brokerage. If the Buyer does not pay all money payable in respect of this Contract on the due date, then the Seller may require the Buyer to pay default interest at the Bank of New Zealand commercial overdraft rate plus 5% for such unpaid money from the due date of payment until full payment thereof. This remedy is without prejudice to all other rights, powers and remedies of the Seller or FEL under this Contract or otherwise.

5. Transfer Documentation

Following acceptance in terms of clause 3 the Buyer shall forthwith execute, complete and return to FEL all documentation necessary to effect the transfer of the Shares. The transfer documentation comprises the transfer form plus qualifying company shareholder election and a limited power of attorney.

6. Default

If the Buyer defaults in payment of the Purchase Price or any other money hereby agreed to be paid or in the performance or observance or any other stipulation or agreement to be performed on the part of the Buyer herein contained in this Contract, and such default shall continue for the space of 7 (seven) days (time being of the essence), then in such case the Seller may without prejudice to its other remedies at law or howsoever arising, exercise all or any of the following remedies namely:

- (a) to cancel the Contract;
- (b) to sue the Buyer for specific performance;
- (c) to sue the Buyer for damages.

7. Representations

The Buyer agrees and acknowledges that it has entered into this Contract in reliance upon its own judgement and assessment of the current or future value of the Investment or the prospects of the Company's business activities and not upon any warranty or representation made or said to have been made by the Seller or FEL.

8. Indemnity

The Buyer agrees and acknowledges that its offer for the purchase of the Shares and any subsequent contract of sale is between the Seller and the Buyer and whilst FEL will co-ordinate the process FEL has no responsibility or liability to the Buyer should the Seller default in its obligations to complete the sale and transfer. The Buyer shall indemnify FEL, its officers, agents and employees against any cost, claim, expense or damage incurred by FEL howsoever arising from the offer and/or any agreement to sell/purchase the Investment.

9. Notices

A notice to be given under the Contract shall be deemed to have been duly given when delivered by hand or 3 (three) days after being posted with postage prepaid or upon completion of transmission when sent by fax or by email.

10. Payment to Forest Enterprises Ltd

In consideration for co-ordinating and facilitating the sale of the Investment, the Buyer shall pay FEL a Transfer Fee of \$75.00 per unit at the time of payment of the Purchase Price for the Shares.

11. Privity of Contract

The Buyer acknowledges that in terms of the Contracts (Privity) Act 1982 the obligations of the Buyer in terms of the Contract are enforceable at the suit of FEL.

