



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.'



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What other information is available?

Further information available on our secondary market includes -

- 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 –

- ‘Forest Enterprises creating wealth naturally since 1972’.
- ‘Forestry Investment with Forest Enterprises’.

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)
- **Freefax** 0800 PINEFAX (0800 746 332)
- **Email** mjones@forestenterprises.co.nz
- **Mail** P O Box 128, Masterton, New Zealand

International callers please use telephone number 64 6 370 5060 and fax number 64 6 370 5069.



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 (or about to be) planted forest.

What is the difference?

An investment purchased on our secondary market is a Forest Enterprises investment and therefore has the same industry leading forest management and administration characteristics that are the hallmark of all our investments dating back over the last 30 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 - these will be clearly identifiable.

The steps to investment

- Study the list of investments Forest Enterprises currently has for sale. This list is available in printed form from Forest Enterprises or alternatively can be view at our website www.forestenterprises.co.nz.
- Select the investment (or investments) that attract your attention and request a copy of the comprehensive Investment Report.
- Carefully study the Investment Report.
- If you wish to invest, decide on the price you are prepared to Offer the Seller based upon the indicative 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. Two Tender Forms are included with the Investment Report, the second as a spare and also as a record of the full Terms and Conditions of your Offer.

The Investment Report for a fixed price investment will contain an Application or 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 more than one Seller of the investment you wish to purchase).
- Your Offer price is communicated 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 7 working days from acceptance of your Offer. Payment is made to our special purpose trust account.
- We process the documentation and a Share Certificate is issued in your name and mailed back to you within approximately 2 weeks.
- In addition, we process payment to the Seller who receives your Offer price less our brokerage 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 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.
- Married couples can invest jointly, provided both have attained the age of 20. Current legislation does not allow unmarried couples to invest jointly.
- Parents (jointly if married) 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 i.e. husband and wife together, or parents and children together.

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



