



New Zealand's electronic forest market is a universal, easily accessed place for buying and selling forests. It provides transparency in terms of the range of lots that are available and how a transaction for any one lot will take place.

Sellers can be confident that they are reaching a wide range of domestic and overseas buyers. Buyers can be confident that the rules by which their bid will be received and processed are clear and fair.

Buying forests

Mills like to buy forests to ensure they can maintain continuity of production.

Traders like to buy forests when they are close to harvest so that they can help mills, both here and overseas, maintain continuity of supply.

Investment funds are open to buying forests from when they are first planted. The funds can create a return for their investors, provided they are able to on-sell their holdings to mills and traders as the forests mature. Overseas the auditors of superannuation funds will generally look for 3-10 percent of funds under management to be held in forestry assets. Forests are seen as a source of steady returns that do not necessarily move with other asset classes.

Stage by stage

Follow these five stages to make a bid on a forest. We suggest you read through these stages before you make a start so you will know what to expect.

www.forestx.com BUYERS GUIDE



1. REGISTER, AGREEING TO THE TERMS AND CONDITIONS

- Select *Create an account* in the main menu

- Fill out the required details
- For an auction bidding limit in excess of NZD4m, nominate the amount in *Auction bidding limit requested*. Then in support of your nomination attach either your credit rating report from Standard and Poors or Moodys credit rating agencies, a letter of credit for 60 percent of the nominated amount, or your latest set of audited accounts for review
- Read and agree to the terms and conditions as a prerequisite to the account being created
- When you are satisfied that the information you have provided is correct and you have agreed to the terms and conditions, please submit the information by pressing the *Create account* button

- Your request for an account will be checked by one of our staff and an email sent to you confirming that the account has been opened

2. SEARCH THROUGH THE LISTINGS FOR WHAT YOU WISH TO PURCHASE

- Select *View listings* in the main menu
- The listings can be scrolled. Alternatively, use the *Search* options to specify what you are looking for. Press *Search* and the listings will update to match your criteria

Sale type	Species	Silviculture	Location	Price	Date
Pinus Radiata	Unimixed	Trunks and land	East Coast	\$99,000	1/01/2017
Pinus Radiata	Pruned and thinned	Trunks and land	East Coast	\$70,000	1/01/2017
Mixed	Unimixed	Trunks and land	Canterbury	\$60,000	1/07/2017
Mixed	Pruned and thinned	Trunks and land	Canterbury	\$54,000	1/07/2017
Pinus Radiata	Unimixed	Trunks and land	Tairāwhiti	\$350,000	1/08/2017
Pinus Radiata	Unimixed	Trunks and land	Central North Island	\$50,000	1/08/2017

- Click on the listing you wish to review
- *Log in* when prompted
- Full details will display. In most cases the details will include the proposed form of sale and purchase agreement to enable you to arrange due diligence in accordance with the proposed form of agreement

3. REVIEW THE INFORMATION PROVIDED INCLUDING THE PROPOSED AGREEMENT, ASKING QUESTIONS OF THE SELLER WHERE YOU ARE UNSURE. COMPLETE YOUR DUE DILIGENCE AND DECIDE THE LEVEL YOU ARE PREPARED TO BID AT.

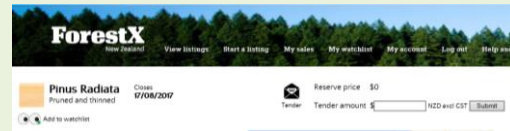
4. BID ACCORDING TO THE RULES SET OUT IN THE TERMS AND CONDITIONS FOR THE TYPE OF SALE YOU ARE ENTERING, BE IT FIXED PRICE, TENDER OR AUCTION

- Begin by logging in
- Click on the item you wish to bid for in *View listings*
- For a *Fixed Price* bid select *Buy*
- In the next screen you will be given the option to indicate conditions you wish to impose. These should be entered as you propose they be written into the contract

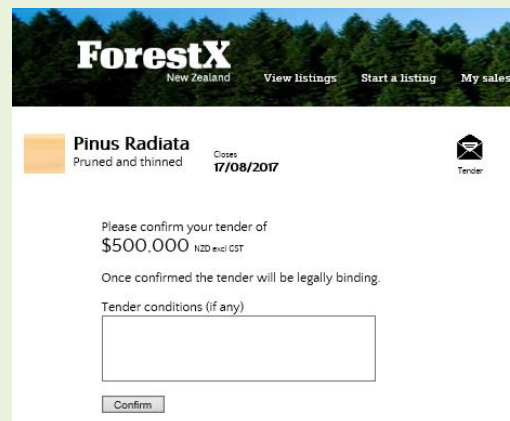


- When you are satisfied with what you are committing to press the *Confirm* button to confirm your bid

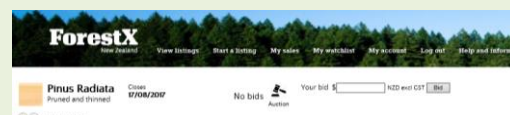
- For a *Tender* bid enter the amount of your bid in the box provided and press the *Submit* button



- In the next screen you will be given the option to indicate conditions you wish to impose. These should be entered as you propose they be written into the contract



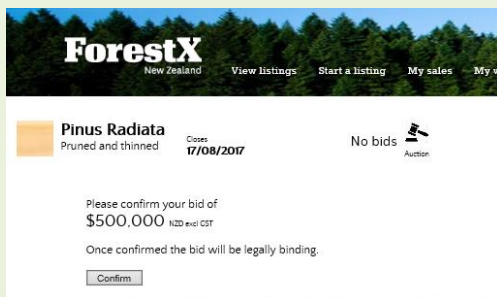
- Press the *Confirm* button to confirm your bid
- For an *Auction* bid enter the amount of your bid in the box provided and press the *Bid* button. The amount you enter will need to be consistent with any bidding increment levels set by the vendor



- Please note that for auction bids over NZD4m you will need to have pre-arranged a higher bidding limit. You will

be asked to substantiate your ability to settle at this higher level prior to making a bid. Proof is by way of credit rating report from Standard and Poors or Moodys credit rating agencies, provision of a letter of credit for 60 percent of your bidding limit provided to ANZ Bank, or business review completed by PricewaterhouseCoopers. Business reviews are at your own cost. An estimate will be provided on receipt of your most recent audited accounts

- On pressing *Bid* you will then be asked to confirm the amount you have submitted.



- Press the *Confirm* button to confirm your bid
- Multiple bids can be made. To make a further bid repeat the above process
- If sale of land is part of the sale the nominated real estate agent will assist the seller in their assessment of your offer and in completing final sale

and purchase documentation. These arrangements are to ensure that regulations relating to the sale of land are met and only relate to fixed price and tender sales.

- Note that all bids made are to be in NZD and are excluding GST
5. SIGN AND RETURN THE CONTRACT THAT WILL BE SENT TO YOU ON YOUR SUCCESSFUL PURCHASE. RETURN IT TO THE SELLER WHO WILL THEN ALSO SIGN IT AND INITIATE SETTLEMENT.

Getting it right

Buying a forest is a technical exercise that requires many assumptions about uncertain future events. By consulting professionals, including a registered forestry consultant, your accountant and your solicitor you can take a systematic approach to the decisions you will have to make.

Help is at hand

If you need assistance, please email us at help@forestx.com or call us during New Zealand business hours on +64 4 390 1700. We will be pleased to assist you.