

supplementary forest information

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Forest Valuation

Evergreen's forests were independently valued at 30 June 2001 by Jaakko Pöyry Consulting (Asia-Pacific) Limited. The net present value, or "expectation value", approach was used, whereby projected future net cash flows were discounted to provide a current market value of the collective forest and land resource. An estimate of the land value was then subtracted to provide a value of the tree crop. The following process was adopted in the valuation methodology:

- A stand-based approach was employed whereby stands are scheduled to be harvested at or near their optimum economic rotation age.
- The cash flows are those arising from the current rotation of trees only. No account was taken of revenues or costs from re-establishment following harvest, or of land not yet planted.
- The cash flows do not take into account income taxation.
- No allowance for inflation was provided. Future revenues and costs were expressed in current dollar values.

EFFECT OF REAL PRICE INCREASE AND DISCOUNT RATE ASSUMPTIONS

Forest crop valuations assuming three annual real price increase scenarios: In \$NZ millions

Discount Rate	Nil% Per Annum Real Price Increase*	One % Per Annum Real Price Increase*	Two % Per Annum Real Price Increase*
Eight per cent	179.2	203.4	229.5
Nine per cent	157.4	178.0	200.3
Ten per cent	139.0	156.6	175.7

*Over the ten-year period 2006 to 2016.

LOG PRICES ADOPTED IN THE 2001 VALUATION

In \$NZ per m³ at wharf gate/at mill gate

	2002	2003	2004	2005	2006+
Pruned – P1 Sawlog	174.00	174.00	174.00	174.00	174.00
Pruned – Small Pruned & High Quality Structural	136.00	136.00	136.00	136.00	136.00
Export – A Grade Longs	114.00	113.00	115.00	115.00	114.00
Export – A Grade Shorts	92.00	92.00	94.00	94.00	93.00
Export – K Grade Longs	72.00	74.00	76.00	79.00	81.00
Export – K Grade Shorts	50.00	53.00	55.00	58.00	60.00
Domestic – S1/S2	94.00	92.00	94.00	95.00	97.00
Domestic – Packaging	73.00	72.00	71.00	71.00	71.00
Domestic – Pulpwood	50.00	50.00	50.00	50.00	50.00

Note: Prices from 2007 onwards are the same as those shown for 2006.

PROJECTED AVAILABLE HARVEST VOLUMES IN 000M³

Period	Pruned Logs	Sawlogs	Pulp Logs	Total
2002-2006	314	916	402	1,632
2007-2011	239	1,111	447	1,797
2012-2016	247	978	418	1,643
2017-2021	370	1,480	491	2,341
2022-2026	909	3,163	870	4,942
2027-2030	220	380	99	699
Total	2,299	8,028	2,727	13,054

VALUE DISTRIBUTION BY AGE CLASS \$NZ MILLIONS USING 9% DISCOUNT RATE

Age	Area in Hectares	Value	%
0 to 4 years	2,884	\$1.8	1%
5 to 9 years	6,958	\$26.2	16%
10 to 14 years	2,672	\$20.1	13%
15 to 19 years	2,890	\$28.1	18%
20 to 24 years	3,110	\$37.0	24%
25 years and over	2,686	\$44.2	28%
Total	21,200	\$157.4	100%

The tables on this page are sourced from the Jaakko Pöyry Consulting forest valuation as at 30 June 2001.