

Supplementary Forest Information



Forest Valuation

Evergreen's forests were independently valued at 30 June 2002 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% REAL PRICE INCREASE*	ONE% REAL PRICE INCREASE*	TWO% REAL PRICE INCREASE*
Eight per cent	184.3	206.1	229.4
Nine per cent	162.4	180.0	201.0
Ten per cent	143.9	159.8	176.9

*Per annum, over the ten-year period 2007 to 2017.

LOG PRICES ADOPTED IN THE 2002 VALUATION

IN \$NZ PER M ³ AT WHARF GATE/AT MILL GATE					
	2003	2004	2005	2006	2007+
Pruned – P1 Sawlog	175	178	179	180	180
Pruned – Small Pruned & High Quality Structural	132	134	136	138	139
Export – A	97	96	95	96	98
Export – K	83	82	82	83	84
Domestic – S1/S2	92	94	95	96	97
Domestic – Packaging	70	71	72	73	74
Domestic – Pulpwood	50	50	50	50	50

Note: Prices from 2008 onwards are the same as those shown for 2007.

PROJECTED AVAILABLE HARVEST VOLUMES

IN 000m ³ PERIOD	PRUNED LOGS	SAWLOGS	PULP LOGS	TOTAL
2003-2007	313	1,032	391	1,736
2008-2012	250	1,057	425	1,732
2013-2017	287	1,054	428	1,769
2018-2022	509	1,954	615	3,078
2023-2027	670	2,480	645	3,795
2028-2031	317	620	157	1,094
Total	2,346	8,197	2,661	13,204

VALUE DISTRIBUTION BY AGE CLASS

\$NZ MILLIONS USING 9% DISCOUNT RATE AGE	AREA IN HECTARES	VALUE	%
0 to 4 years	1,961	\$1.5	1%
5 to 9 years	7,463	\$26.6	16%
10 to 14 years	3,086	\$22.0	14%
15 to 19 years	2,803	\$26.7	16%
20 to 24 years	3,008	\$39.2	24%
25 years and over	2,752	\$46.4	29%
Total	21,073	\$162.4	100%

The tables on this page are sourced from the Jaakko Pöyry Consulting forest valuation as at 30 June 2002.