Forestry Valuation: Audit Committee Perspective

Forestry Is Unique

Comprehensive Annual Review

Annual review of business health

Every decision has long term impact

Valuation not a technical afterthought

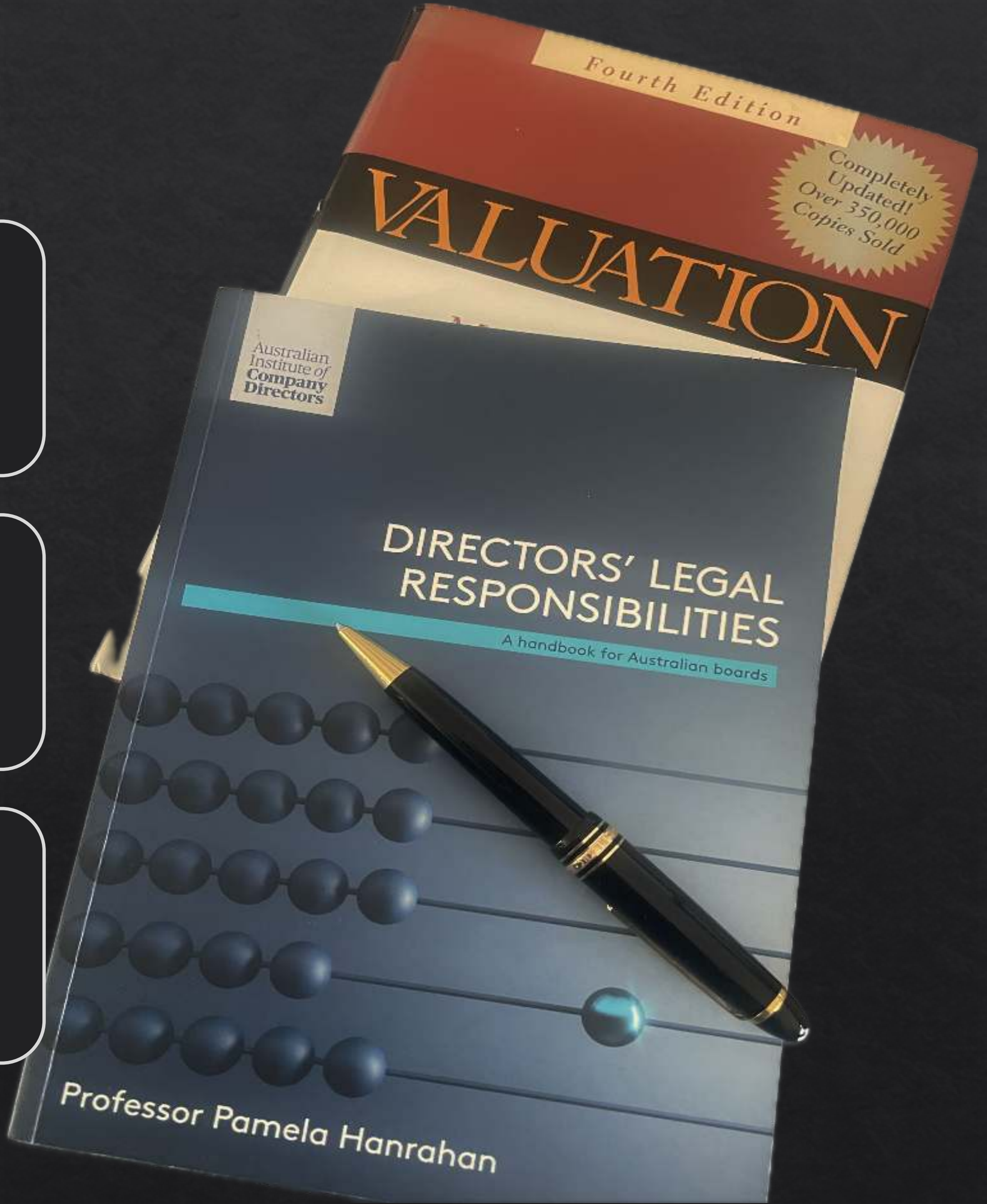
Deserves Full Governance Scrutiny.

Governance Reality: True & Fair View

Directors' Statutory Obligation

Cannot simply accept expert report

Interrogate the findings



Key Valuation Challenges

Competent Valuers Disagree

Greatest value changes come with change of valuer

Two valuers disagreed by over 30%

Uncertainty is a feature of Biological valuation

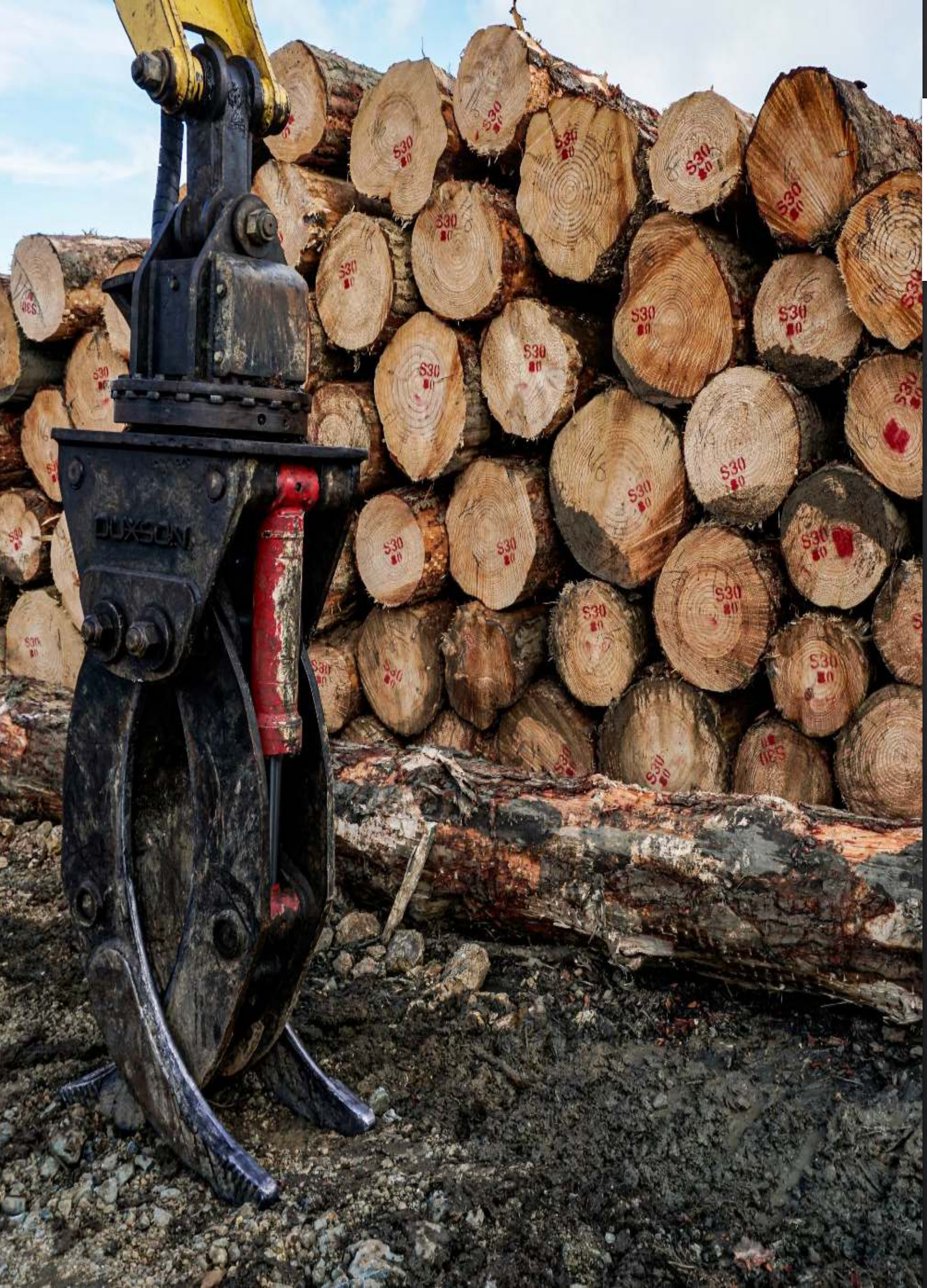
Your assumptions produce your value.

Quoting a single number without a range is misleading.

And that leaves me exposed.

Uncertainty is structural

- Biological Variability
- Market Volatility
- Physical and Environmental Risks
- Macroeconomic Influence
- Everything happens in 60 years



The Illusion of Precision

- False Sense of Accuracy
- Risks and Uncertainty
- Stakeholder Misinterpretation
- Communicating Uncertainty

Discount Rates

Discount Rate Selection

- Discount Rate has biggest impact
- Relying on old transactions
- Ignoring WACC
- Non-independent data sets

Discount Rate Accuracy

Overstated Accuracy

Methodology Variability

Selective Method Reliance

Governance Risk

What Audit Committees Need

- Honest Accuracy ranges
- Forward-Looking Discount Rates based on current economic data
- Clear assumptions and supporting evidence
- Data providence
- Sound statistical analysis

Trust the work – not the expertise

Embracing Uncertainty

- A Unified Approach to Communicating Valuation Uncertainty
- Probabilistic Metrics Adoption - P50 and P90.
- Structured scenario analysis and Monte Carlo simulations
- Valuers understand uncertainty – communicate it!

Your job and mine is to tell the truth about uncertainty