

The Cost of Capital Report

As at 31 December 2008

Welcome to our Cost of Capital Report for the December 2008 quarter

This document supplements our full analysis of the cost of capital in New Zealand, which can be found on our website www.pwc.com/nz



The Cost of Capital Report

As at 31 December 2008

Input Assumptions:

Market Risk Premium	7.5%	Marginal Tax Rate On Debt	30.0%
Risk Free Rate Of Return	4.5%	Investor Tax Rate On Equity	30.0%

Company	NZSE Code	EBIT Multiple	NPAT Multiple	Equity Beta	D / (D + E) Ratio	WACC
Agriculture						
Affco Holdings Ltd	AFF	3.6	3.1	0.75	24%	8.1%
PGG Wrightson Ltd	PGW	9.8	5.3	0.97	69%	7.6%
Sanford Ltd	SAN	17.0	59.3	0.56	15%	7.1%
Turners and Growers	TUR	7.8	14.8	0.65	15%	7.6%
						7.5%
Building Materials & Construction						
Fletcher Building Ltd	FBU	7.4	7.2	1.49	45%	10.8%
Nuplex Industries Ltd	NPX	6.7	5.2	1.43	61%	9.3%
Steel & Tube Holdings Ltd	STU	10.7	16.9	1.09	23%	10.0%
						10.6%
Consumer						
Briscoe Group Ltd	BGR	5.1	7.7	0.75	0%	8.8%
The Colonial Motor Co Ltd	CMO	6.8	9.7	0.47	36%	6.3%
Hallenstein Glasson Holdings Ltd	HLG	5.2	8.1	0.90	0%	9.9%
Kirkcaldie & Stains Ltd	KRK	12.5	20.0	0.50	39%	6.6%
Michael Hill International Ltd	MHI	6.3	7.7	1.14	28%	10.0%
Restaurant Brands New Zealand Ltd	RBD	6.7	7.0	0.58	45%	6.7%
Turners Auctions Ltd	TUA	4.8	4.2	0.76	51%	7.6%
Wakefield Health Ltd	WFD	10.5	15.6	0.54	13%	7.0%
The Warehouse Group Ltd	WHS	9.2	12.5	0.34	13%	5.6%
Postie Plus Group Ltd	PPG	-3.5	-1.2	0.65	42%	7.3%
Pumpkin Patch Ltd	PPL	4.5	5.8	1.49	23%	12.4%
Smiths City Group Ltd	SCY	9.1	3.5	2.54	88%	8.5%
Seeka Kiwifruit Industries Ltd	SEK	15.1	14.1	0.72	59%	7.1%
						7.4%
Energy						
Contact Energy Limited	CEN	12.7	18.0	1.02	19%	10.0%
Horizon Energy Distribution Ltd	HED	10.5	15.7	0.40	24%	5.9%
Infratil Ltd	IFT	15.9	30.5	1.30	58%	9.3%
The New Zealand Refining Co Ltd	NZR	9.3	12.5	0.97	0%	10.4%
Trustpower Ltd	TPW	17.7	23.8	0.90	25%	8.8%
Vector Ltd	VCT	13.0	13.6	0.80	62%	7.0%
						8.8%
Forestry & Forest Products						
Tenon Ltd	TEN	7.3	4.8	1.11	73%	7.8%
						7.8%
Intermediate & Durables						
EBOS Group Ltd	EBO	9.6	12.3	0.87	31%	8.4%
Fisher & Paykel Appliances Holdings Ltd	FPA	10.6	6.4	1.22	68%	7.5%
Fisher & Paykel Healthcare Corporation Ltd	FPH	28.2	45.5	0.66	5%	7.9%
ProvencoCadmus Ltd	PVO	-3.4	-0.4	1.89	84%	8.2%
Scott Technology Ltd	SCT	-32.7	-30.7	1.05	21%	10.1%
						7.8%
Investment						
Genesis Research & Development Corp Ltd	GEN	-0.5	-0.5	1.38	0%	13.5%
Hellaby Holdings Ltd	HBY	5.0	3.3	0.98	69%	12.8%
Sealegs Corporation	SLG	-5.0	-4.3	2.43	14%	19.5%
						13.0%

The Cost of Capital Report

As at 31 December 2008

Company	NZSE Code	EBIT Multiple	NPAT Multiple	Equity Beta	D / (D + E) Ratio	WACC
Leisure & Tourism						
MCK Hotels New Zealand Ltd	MCK	6.5	8.2	0.62	17%	7.4%
Sky City Entertainment Ltd	SKC	14.9	33.6	1.22	41%	10.1%
Tourism Holdings Ltd	THL	9.2	8.7	1.57	60%	9.6%
						9.8%
Media & Telecommunications						
Sky Network Television Ltd	SKT	10.7	14.7	0.91	29%	8.5%
Telecom Corp of New Zealand Ltd	TEL	5.9	5.9	1.04	43%	8.2%
Teamtalk Ltd	TTK	8.4	9.6	0.52	43%	6.4%
						8.2%
Mining						
New Zealand Oil & Gas Ltd	NZO	4.1	5.0	0.97	17%	9.6%
						9.6%
Ports						
Auckland International Airport Ltd	AIA	13.1	17.7	0.98	35%	8.2%
Lyttelton Port Co Ltd	LPC	16.6	25.5	0.38	20%	5.8%
Northland Port Corporation (NZ) Ltd	NTH	14.1	14.5	0.59	0%	7.6%
Port of Tauranga Ltd	POT	16.1	23.1	0.74	19%	8.2%
South Port New Zealand Ltd	SPN	13.7	22.5	0.42	0%	6.3%
						8.0%
Property						
AMP NZ Office Trust	APT	6.0	5.8	0.49	37%	6.1%
CDL Investments New Zealand Ltd	CDI	2.4	3.5	0.51	0%	7.0%
ING Medical Properties Trust	IMP	15.5	17.7	0.51	41%	6.4%
Kiwi Income Property Trust	KIP	8.1	5.9	0.59	50%	6.2%
Goodman Property Trust	GMT	10.1	8.0	0.55	35%	6.5%
National Property Trust	NAP	6.9	4.1	0.72	59%	6.5%
Property for Industry Ltd	PFI	6.5	5.2	0.48	35%	6.2%
						6.3%
Finance & Other Services						
Abano Healthcare Group Ltd	ABA	13.2	13.9	1.19	44%	9.3%
Metlifecare Ltd	MET	9.2	7.1	0.76	31%	7.8%
Ryman Healthcare Ltd	RYM	19.2	16.6	1.04	14%	10.1%
Taylors Group Ltd	TAY	9.8	12.3	0.65	32%	7.4%
New Zealand Exchange Ltd	NZX	10.4	15.6	1.08	3%	11.1%
Pyne Gould Corporation Ltd	PGC	9.6	8.8	1.80	83%	7.3%
						8.4%
Textiles & Apparel						
Cavalier Corporation Ltd	CAV	7.9	10.5	0.96	44%	8.3%
						8.3%
Transport						
Air New Zealand Ltd	AIR	7.2	4.7	1.14	70%	8.0%
Mainfreight Ltd	MFT	4.5	11.8	1.39	19%	12.1%
Freightways Ltd	FRE	10.6	12.8	1.06	36%	9.0%
						8.7%
Overseas						
Guinness Peat Group Plc	GPG	5.8	4.8	1.19	48%	9.0%
GuocoLeisure Ltd	GLL	8.7	6.3	0.83	64%	6.5%
Lion Nathan Ltd	LNN	12.3	16.2	0.43	30%	6.3%
						7.0%
Market Weighted Average						8.3%

For further information

Auckland
Private Bag 92162
Ph 09 355 8000
Fax 09 355 8001

David Bridgman
david.bridgman@nz.pwc.com

Eric Lucas
eric.lucas@nz.pwc.com

Justin Liddell
justin.g.liddell@nz.pwc.com

Richard Souter
richard.souter@nz.pwc.com

Wellington
P O Box 243
Ph 04 462 7000
Fax 04 462 7001

Bruce Wattie
bruce.wattie@nz.pwc.com

John Redmayne
john.redmayne@nz.pwc.com

Christchurch
P O Box 13244
Ph 03 374 3000
Fax 03 374 3001

Craig Armitage
craig.armitage@nz.pwc.com

www.pwc.com/nz

Disclaimer: The Cost of Capital Report is intended as an overview of WACC as at 31 December 2008. Readers are advised that before acting on any matter arising in this report, they should consult PricewaterhouseCoopers Corporate Finance.

© 2009 PricewaterhouseCoopers. PricewaterhouseCoopers refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity. All rights reserved.