

The Cost of Capital Report

As at 31 December 2005



Welcome to our Cost of Capital Report for the December 2005 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 2005

PRICEWATERHOUSECOOPERS

Input Assumptions:

| | | | |
|--------------------------|------|-----------------------------|-------|
| Market Risk Premium | 7.5% | Marginal Tax Rate On Debt | 33.0% |
| Risk Free Rate Of Return | 5.8% | Investor Tax Rate On Equity | 28.0% |

| Company | NZSE Code | EBIT Multiple | NPAT Multiple | Equity Beta | D / (D + E) Ratio | WACC |
|--|-----------|---------------|---------------|-------------|-------------------|--------------|
| Agriculture | | | | | | |
| Affco Holdings Ltd | AFF | 8.8 | 9.6 | 1.02 | 5% | 11.6% |
| PGG Wrightson Ltd | PGW | 21.9 | 35.8 | 0.87 | 26% | 9.3% |
| Sanford Ltd | SAN | 9.9 | 13.6 | 0.52 | 29% | 7.3% |
| | | | | | | 8.9% |
| Building Materials & Construction | | | | | | |
| Fletcher Building Ltd | FBU | 8.4 | 10.8 | 0.84 | 28% | 8.9% |
| Nuplex Industries Ltd | NPX | 11.0 | 12.5 | 1.16 | 49% | 9.1% |
| Steel & Tube Holdings Ltd | STU | 7.0 | 10.1 | 1.09 | 11% | 11.7% |
| | | | | | | 9.1% |
| Consumer | | | | | | |
| Briscoe Group Ltd | BGR | 9.0 | 14.0 | 0.53 | 0% | 8.2% |
| The Colonial Motor Co Ltd | CMO | 5.8 | 6.9 | 0.39 | 24% | 6.8% |
| Hallenstein Glasson Holdings Ltd | HLG | 11.3 | 16.4 | 0.82 | 1% | 10.3% |
| Kirkcaldie & Stains Ltd | KRK | 12.8 | 20.2 | 0.50 | 39% | 7.2% |
| Michael Hill International Ltd | MHI | 12.8 | 18.5 | 0.46 | 12% | 7.4% |
| Pacific Retail Group Ltd | PRG | 8.7 | 2.4 | 1.95 | 85% | 8.2% |
| Restaurant Brands New Zealand Ltd | RBD | 8.0 | 11.6 | 1.12 | 18% | 11.4% |
| Turners Auctions Ltd | TUA | 6.2 | 8.3 | 1.51 | 9% | 14.8% |
| VTL Group Ltd | VTL | 168.2 | -2.4 | 2.20 | 86% | 8.8% |
| Wakefield Health Ltd | WFD | 11.9 | 18.5 | 0.37 | 18% | 6.8% |
| The Warehouse Group Ltd | WHS | 14.5 | 27.8 | 0.69 | 23% | 8.4% |
| | | | | | | 8.6% |
| Energy | | | | | | |
| Contact Energy Limited | CEN | 15.2 | 26.5 | 0.76 | 23% | 8.7% |
| Horizon Energy Distribution Ltd | HED | 12.5 | 13.6 | 0.55 | 21% | 7.8% |
| Infratil Ltd | IFT | 16.9 | 19.5 | 0.97 | 31% | 9.7% |
| The New Zealand Refining Co Ltd | NZR | 9.6 | 14.6 | 0.84 | 3% | 10.3% |
| Trustpower Ltd | TPW | 15.8 | 26.5 | 0.72 | 16% | 8.9% |
| | | | | | | 9.1% |
| Forestry & Forest Products | | | | | | |
| Carter Holt Harvey Ltd | CAH | 6.4 | 7.6 | 1.38 | 25% | 12.1% |
| Evergreen Forests Ltd | EVF | -3.6 | -0.5 | 2.46 | 88% | 9.3% |
| Tenon Ltd | TEN | 6.8 | 9.0 | 1.47 | 9% | 14.5% |
| | | | | | | 12.2% |
| Intermediate & Durables | | | | | | |
| EBOS Group Ltd | EBO | 9.6 | 14.1 | 0.68 | 22% | 8.6% |
| Fisher & Paykel Appliances Holdings Ltd | FPA | 15.2 | 13.4 | 0.98 | 44% | 8.8% |
| Fisher & Paykel Healthcare Corporation Ltd | FPH | 21.2 | 31.5 | 0.81 | 1% | 10.2% |
| Provenco Group Ltd | PVO | 13.2 | 10.1 | 2.15 | 26% | 16.9% |
| Scott Technology Ltd | SCT | 67.2 | 152.2 | 1.09 | 6% | 12.0% |
| | | | | | | 9.8% |
| Investment | | | | | | |
| Genesis Research & Development Corp Ltd | GEN | -0.4 | -0.4 | 1.31 | 1% | 13.9% |
| Hellaby Holdings Ltd | HBY | 10.0 | 11.3 | 0.96 | 28% | 9.9% |
| Sealegs Corporation | SLG | -9.3 | -9.3 | 2.17 | 1% | 20.4% |
| | | | | | | 10.2% |

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PRICEWATERHOUSECOOPERS PwC

| Company | NZSE Code | EBIT Multiple | NPAT Multiple | Equity Beta | D / (D + E) Ratio | WACC |
|---------------------------------------|-----------|---------------|---------------|-------------|-------------------|-------------|
| Leisure & Tourism | | | | | | |
| CDL Hotels New Zealand Ltd | CDL | 7.5 | 12.7 | 0.84 | 13% | 9.9% |
| Sky City Entertainment Ltd | SKC | 14.1 | 18.9 | 0.87 | 37% | 8.7% |
| Tourism Holdings Ltd | THL | 9.9 | 14.7 | 1.55 | 36% | 12.4% |
| 9.0% | | | | | | |
| Media & Telecommunications | | | | | | |
| GDC Communications Ltd | GDC | -0.8 | -0.6 | 1.63 | 26% | 14.1% |
| Sky Network Television Ltd | SKT | * | * | * | * | 12.5% |
| Telecom Corp of New Zealand Ltd | TEL | 9.8 | 12.9 | 1.33 | 25% | 11.8% |
| 11.9% | | | | | | |
| Mining | | | | | | |
| New Zealand Oil & Gas Ltd | NZO | -79.6 | -76.7 | 1.12 | 0% | 12.6% |
| 12.6% | | | | | | |
| Ports | | | | | | |
| Auckland International Airport Ltd | AIA | 16.2 | 22.9 | 0.96 | 21% | 10.0% |
| Lyttelton Port Co Ltd | LPC | 11.3 | 15.5 | 0.64 | 22% | 8.2% |
| Northland Port Corporation (NZ) Ltd | NTH | 15.7 | 16.0 | 0.92 | 1% | 11.0% |
| Port of Tauranga Ltd | POT | 13.0 | 17.5 | 0.46 | 26% | 6.9% |
| South Port New Zealand Ltd | SPN | 11.4 | 16.3 | 0.34 | 13% | 6.7% |
| 9.3% | | | | | | |
| Property | | | | | | |
| AMP NZ Office Trust | APT | 7.4 | 5.3 | 0.53 | 43% | 6.9% |
| CDL Investments New Zealand Ltd | CDI | 6.7 | 9.4 | 1.06 | 0% | 12.2% |
| Calan Healthcare Properties Trust | CHP | 14.4 | 15.4 | 0.41 | 23% | 6.9% |
| Capital Properties New Zealand Ltd | CNZ | 22.7 | 19.8 | 0.51 | 41% | 6.9% |
| Kiwi Income Property Trust | KIP | 15.3 | 17.1 | 0.41 | 28% | 6.7% |
| Macquarie Goodman Property Trust | MGP | 19.5 | 17.4 | 0.41 | 27% | 6.7% |
| National Property Trust | NAP | 17.1 | 19.1 | 0.65 | 54% | 7.5% |
| Property for Industry Ltd | PFI | 6.2 | 5.7 | 0.39 | 23% | 6.7% |
| Trans Tasman Properties Ltd | TTP | 10.9 | 9.8 | 0.70 | 44% | 8.3% |
| 7.1% | | | | | | |
| Finance & Other Services | | | | | | |
| Abano Healthcare Group Ltd | ABA | 24.9 | -1011.7 | 1.93 | 48% | 13.0% |
| Metlifecare Ltd | MET | 21.4 | 19.8 | 0.53 | 17% | 7.7% |
| Ryman Healthcare Ltd | RYM | 22.6 | 22.1 | 0.43 | 9% | 7.3% |
| Taylors Group Ltd | TAY | 8.5 | 12.1 | 0.59 | 12% | 8.3% |
| Waste Management NZ Ltd | WAM | 15.6 | 24.5 | 0.94 | 14% | 10.5% |
| 8.9% | | | | | | |
| Textiles & Apparel | | | | | | |
| Cavalier Corporation Ltd | CAV | 11.3 | 13.1 | 0.79 | 25% | 9.0% |
| Pod Ltd | POD | 4.4 | 5.9 | 1.24 | 33% | 11.3% |
| 9.3% | | | | | | |
| Transport | | | | | | |
| Air New Zealand Ltd | AIR | 10.0 | 7.1 | 1.87 | 52% | 11.8% |
| Mainfreight Ltd | MFT | 17.5 | 31.3 | 1.22 | 15% | 12.2% |
| Toll NZ Ltd | TRH | 14.9 | 15.8 | 1.24 | 26% | 11.4% |
| 11.7% | | | | | | |
| Overseas | | | | | | |
| Guinness Peat Group Plc | GPG | 18.3 | 28.7 | 0.73 | 10% | 9.2% |
| BIL International Ltd | BRY | 16.0 | 18.9 | 0.93 | 24% | 9.8% |
| Lion Nathan Ltd | LNN | 10.1 | 18.9 | 0.30 | 0% | 6.5% |
| 8.0% | | | | | | |
| Market Weighted Average | | | | | | 9.9% |

* Annual report not available for SKY / INL merged entity

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Disclaimer: The Cost of Capital Report is intended as an overview of WACC as at 31 December 2005. Readers are advised that before acting on any matter arising in this report, they should consult PricewaterhouseCoopers Corporate Finance.

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