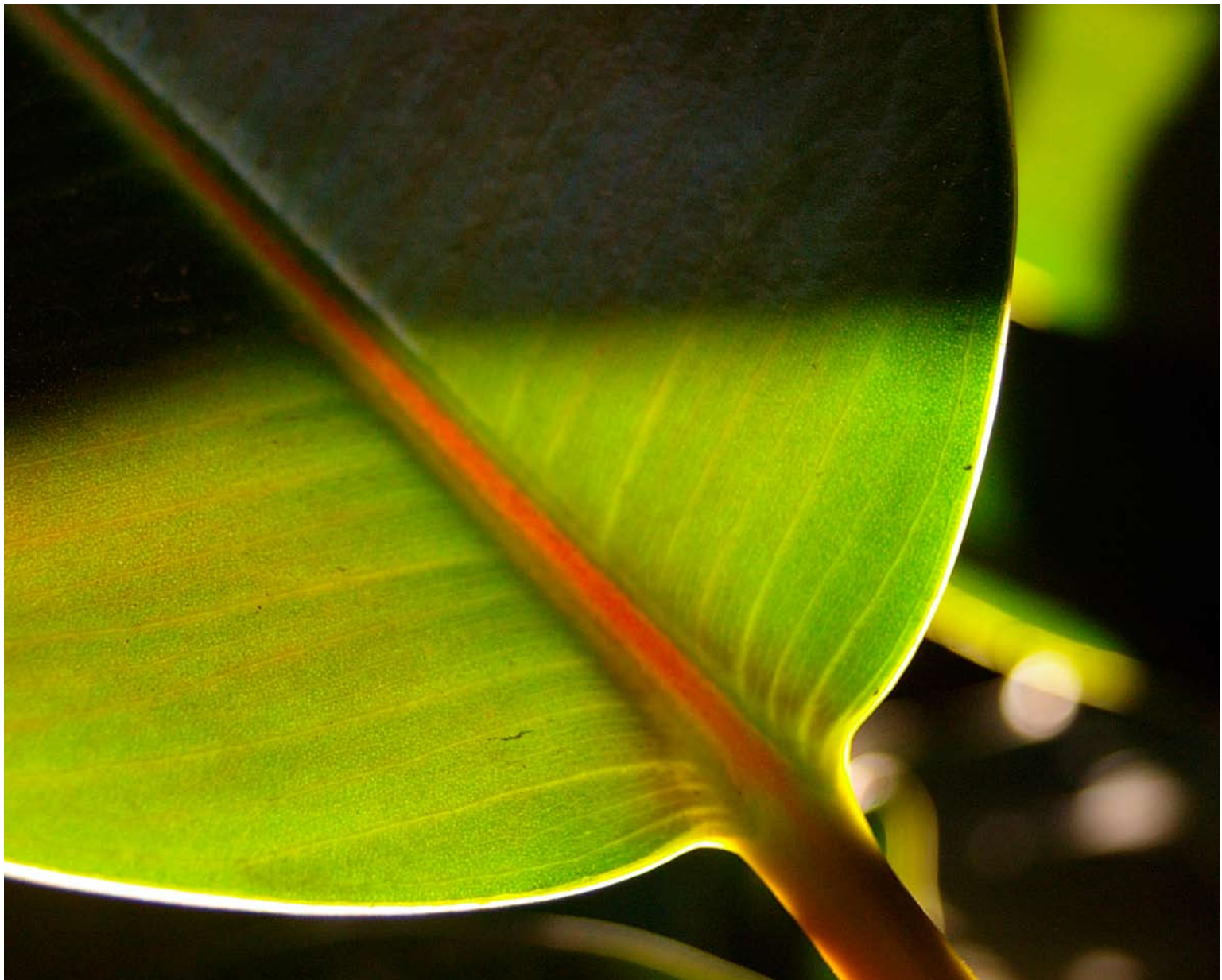


The Cost of Capital Report

As at 31 December 2007

Welcome to our Cost of Capital Report for the December 2007 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 2007

Input Assumptions:

Market Risk Premium	7.5%	Marginal Tax Rate On Debt	33.0%
Risk Free Rate Of Return	7.0%	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	26.2	100.9	0.99	32%	10.7%
PGG Wrightson Ltd	PGW	18.6	24.7	0.77	48%	8.7%
Sanford Ltd	SAN	13.7	19.4	0.67	28%	9.1%
Turners and Growers	TUR	9.9	15.8	0.77	11%	10.4%
						9.2%
Building Materials & Construction						
Fletcher Building Ltd	FBU	11.0	12.7	1.33	20%	13.3%
Nuplex Industries Ltd	NPX	12.9	21.1	1.33	38%	11.9%
Steel & Tube Holdings Ltd	STU	8.6	11.9	1.15	17%	12.4%
						13.1%
Consumer						
Briscoe Group Ltd	BGR	7.7	11.6	0.64	0%	9.8%
The Colonial Motor Co Ltd	CMO	9.1	14.6	0.37	18%	7.6%
Hallenstein Glasson Holdings Ltd	HLG	7.2	10.9	0.85	0%	11.4%
Kirkcaldie & Stains Ltd	KRK	15.8	28.7	0.44	31%	7.9%
Michael Hill International Ltd	MHI	14.4	22.1	0.53	10%	8.8%
Postie Plus Group Ltd	PPG	8.5	10.8	0.83	36%	9.8%
Pumpkin Patch Ltd	PPL	10.5	15.9	1.30	10%	14.0%
Restaurant Brands New Zealand Ltd	RBD	10.7	14.0	0.86	41%	9.6%
Smiths City Group Ltd	SCY	10.3	7.5	1.35	78%	8.8%
Seeka Kiwifruit Industries Ltd	SEK	11.9	15.2	0.77	52%	8.8%
Turners Auctions Ltd	TUA	11.7	9.7	1.09	27%	11.6%
Wakefield Health Ltd	WFD	41.1	87.3	0.54	7%	8.9%
The Warehouse Group Ltd	WHS	1.2	0.8	0.75	60%	8.2%
						10.1%
Energy						
Contact Energy Limited	CEN	12.9	19.9	0.88	18%	10.6%
Horizon Energy Distribution Ltd	HED	10.8	16.3	0.50	24%	8.2%
Infratil Ltd	IFT	36.1	115.8	1.26	47%	10.8%
The New Zealand Refining Co Ltd	NZR	9.6	14.3	0.75	0%	10.7%
Trustpower Ltd	TPW	19.5	28.0	0.78	17%	10.2%
Vector Ltd	VCT	14.5	21.0	0.82	59%	7.6%
						9.8%
Forestry & Forest Products						
Tenon Ltd	TEN	11.2	14.3	1.20	47%	10.7%
						10.7%
Intermediate & Durables						
EBOS Group Ltd	EBO	14.6	23.2	0.88	4%	11.4%
Fisher & Paykel Appliances Holdings Ltd	FPA	15.7	16.0	1.10	45%	10.0%
Fisher & Paykel Healthcare Corporation Ltd	FPH	20.2	30.8	0.63	3%	9.6%
Provenco Group Ltd	PVO	-47.5	-14.3	0.99	35%	10.5%
Scott Technology Ltd	SCT	9.8	14.9	1.09	0%	13.2%
						10.0%
Investment						
Genesis Research & Development Corp Ltd	GEN	2.1	2.0	1.03	1%	12.7%
Hellaby Holdings Ltd	HBY	51.3	-12.5	0.92	58%	9.5%
Sealegs Corporation	SLG	-36.9	-38.4	2.25	1%	21.7%
						11.0%

The Cost of Capital Report

As at 31 December 2007

Company	NZSE Code	EBIT Multiple	NPAT Multiple	Equity Beta	D / (D + E) Ratio	WACC
Leisure & Tourism						
MCK Hotels New Zealand Ltd	MCK	8.3	9.9	0.62	11%	9.3%
Sky City Entertainment Ltd	SKC	14.6	22.7	1.19	34%	11.5%
Tourism Holdings Ltd	THL	12.1	17.3	1.48	27%	13.6%
						11.4%
Media & Telecommunications						
Sky Network Television Ltd	SKT	18.0	29.9	0.86	21%	10.4%
Telecom Corp of New Zealand Ltd	TEL	8.6	9.4	1.17	31%	11.3%
Teamtalk Ltd	TTK	10.5	11.5	0.63	40%	8.5%
						11.1%
Mining						
New Zealand Oil & Gas Ltd	NZO	268.3	337.6	1.42	14%	14.5%
						14.5%
Ports						
Auckland International Airport Ltd	AIA	22.6	39.1	0.88	21%	10.4%
Lyttelton Port Co Ltd	LPC	18.9	27.2	0.57	21%	8.6%
Northland Port Corporation (NZ) Ltd	NTH	119.1	169.6	0.66	4%	9.9%
Port of Tauranga Ltd	POT	19.0	27.3	0.84	17%	10.5%
South Port New Zealand Ltd	SPN	20.4	31.1	0.37	2%	7.8%
						10.3%
Property						
AMP NZ Office Trust	APT	3.5	3.6	0.46	28%	7.8%
CDL Investments New Zealand Ltd	CDI	5.8	8.7	0.54	0%	9.1%
ING Medical Properties Trust	IMP	13.5	16.0	0.40	25%	7.7%
Kiwi Income Property Trust	KIP	17.9	16.3	0.50	39%	7.7%
Goodman Property Trust	GMT	11.1	10.4	0.39	24%	7.5%
National Property Trust	NAP	15.1	11.2	0.94	68%	8.2%
Property for Industry Ltd	PFI	7.0	6.4	0.41	26%	7.6%
						7.7%
Finance & Other Services						
Abano Healthcare Group Ltd	ABA	16.5	24.8	1.48	31%	13.2%
Metlifecare Ltd	MET	21.5	21.0	0.56	13%	8.8%
Ryman Healthcare Ltd	RYM	27.3	24.8	0.81	10%	10.6%
Taylor's Group Ltd	TAY	8.6	11.3	0.74	18%	9.9%
Dominion Finance Holdings Ltd	DFH	8.6	6.0	1.56	81%	10.4%
New Zealand Exchange Ltd	NZX	20.6	31.5	0.79	2%	10.9%
Pyne Gould Corporation Ltd	PGC	12.2	14.8	1.26	76%	8.2%
New Zealand Finance Holdings Ltd	NZF	10.5	7.4	1.32	77%	8.7%
						10.0%
Textiles & Apparel						
Cavalier Corporation Ltd	CAV	9.2	12.1	0.94	28%	10.5%
						10.5%
Transport						
Air New Zealand Ltd	AIR	11.8	9.3	1.37	51%	10.8%
Mainfreight Ltd	MFT	9.6	11.8	1.14	12%	12.8%
Freightways Ltd	FRE	13.0	19.2	1.21	27%	12.0%
						11.2%
Overseas						
Guinness Peat Group Plc	GPG	31.8	62.3	0.83	19%	10.4%
GuocoLeisure Ltd	GLL	22.5	68.3	0.55	46%	7.9%
Lion Nathan Ltd	LNN	11.5	18.6	0.45	20%	8.0%
						8.5%
Market Weighted Average						10.3%

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
Craig Rice
craig.rice@nz.pwc.com

Wellington
PO Box 243
Ph 04 462 7000
Fax 04 462 7001

Murray Coppersmith
murray.coppersmith@nz.pwc.com
John Redmayne
john.redmayne@nz.pwc.com
Suzanne Snively
suzanne.snively@nz.pwc.com
Bruce Wattie
bruce.wattie@nz.pwc.com

Christchurch
PO 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 2007. Readers are advised that before acting on any matter arising in this report, they should consult PricewaterhouseCoopers Corporate Finance.

© 2008 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.