



Media Release  
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### **Changes to NZ Farming Systems Uruguay Ltd (NZZ) Management Agreements with PGG Wrightson (PGW)**

PGG Wrightson Limited (PGW) and NZ Farming Systems Uruguay Ltd (NZZ) announced today that changes had been made to its Fund Management and Farm Management Agreements with PGG Wrightson Ltd subsidiary PGG Wrightson Funds Management Ltd (PGW).

Keith Smith, Chairman of NZZ, said discussions between the two companies in respect of proposed changes to the Fund Management and Farm Management Agreements were initiated by NZZ Independent Directors, and following a full review process various changes had been agreed.

“The discussions between the NZZ Independent Directors and PGW were initiated within the terms of the original agreements, and following feedback from institutional investors and the Uruguayan bond-holders on some key terms,” said Mr Smith.

“The review considered changes in capital markets and their impacts on investors’ expectations and perceptions, and the components and structure of the current agreements. We believe the changes to the agreements will be to the benefit of all stakeholders,” said Mr Smith.

With the support of the Independent Directors the following changes have been made:

1. The Fund and Farm Management Agreements have been merged;
2. The management fee percentage has been reduced from 1% to 0.75% for gross asset value above \$US400 million (gross asset value at 30 June 2009 was approximately \$US215 million);
3. PGW will at NZZ’s request accept shares rather than cash for any future performance fee payments, subject to compliance with relevant law and listing rules;
4. PGW’s right to charge a margin for the provision of Farm Management services (although it has not been exercised) has been waived by PGW;
5. A management performance review clause has been inserted to implement a formal annual review process; and
6. Any agreed farms sold and managed under any sale and leaseback arrangement would incur a reduced 0.5% management fee.



In exchange for these amendments, NZS has agreed to extend the Farm Management Agreement term to align with the Fund Management Agreement<sup>1</sup>.

NZX Regulation has indicated that it will grant a waiver of the application of Listing Rule 9.2.1 in respect of the requirement to obtain approval from shareholders to the variation of the Farm and Fund Management contracts. The variations to the Farm and Fund Management contracts remain subject to receipt of the formal waiver which is expected to be received today. Following receipt of the waiver, a copy of the amended agreement will be posted on the NZS website: [www.nzfsu.co.nz](http://www.nzfsu.co.nz).

**For further information:**

Michael Thomas  
0274 161 316.

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<sup>1</sup> The Fund Management Agreement is for a five year period to 15 December 2011, and thereafter may be terminated upon three years' notice. This will now incorporate the Farm Management Agreement. The original Farm Management Agreement term was for a three year period to 3 November 2009, with a one year notice period thereafter.