

**Market Update**  
**29 March 2010**

**NZ Farming Systems Uruguay continues consolidation of dairy platform**

NZ Farming Systems Uruguay (NZS) advises that in line with its previously stated intention to selectively sell less-developed and less suitable portions of its farmland, it has settled the sale of a 2,500 hectare parcel of its Tobay farm in the East of Uruguay.

Chairman John Parker said “In line with comments in our half year results announcement, we have sold an \$US 8.5 million parcel of the Tobay farm, to dedicate resources to dairy development and towards the loan amount due relating to the performance fee incurred in the 2007/08 year”.

The sale was for a price of \$US 3,400 per hectare, for a total of \$US 8.5 million prior to sale commission. The sale price achieved is consistent with the current valuation and above the original purchase price.

Most of the investment made on the farm since acquisition is in the retained portion, where two milking sheds are currently operating. The 1,500 hectares retained will have a carrying value in NZS’ books consistent with the June 2009 independent valuation for our neighbour farms with similar levels of development.

The lowland part of the Tobay farm sold, was bought for and has until now been used for dry stock. NZS’ intention is to graze off dry animals on farms of selected producers under contract, and dedicate all possible resources to increasing dairy production on the land which is more suitable for such purpose. This strategy also includes the purchase of land adjacent to existing dairy platforms where it makes sense to do so.

The new milking sheds already constructed this year will allow NZS to have 31 milking sheds in production during the upcoming autumn calving season, which is about to commence. Following the sale of part of Tobay, NZS has 31,000 hectares of farmland, with approximately 13,000 hectares in dairy operation once the new sheds are in production. This sale is part of the strategy of obtaining further funding which includes a second bond issue and other funding sources.

NZS will make a payment of \$US5 million to PGW towards the loan amount due relating to the performance fee incurred in the 2007/08 year.

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