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**Media Release**

### **NZ Farming Systems Uruguay successfully raises US\$30m in Uruguayan bond issue**

NZ Farming Systems Uruguay Limited (**NZFSU**) announces the successful completion of its public offer of US\$30 million of bonds in Uruguay. The offer was made overnight NZ time and closed substantially over-subscribed with US\$47.7 million of bids received. It is expected the US\$30 million of bonds will be issued on 31 July, at an average price of 99.28% of face value.

As previously announced, the proceeds of the offer are intended to provide NZFSU with long term debt financing to permit continuing development of intensive dairy production on the company's farms in Uruguay, including further irrigation and milking sheds.

Chairman Keith Smith said "raising debt via a Uruguayan bond issue has been a key funding objective for a number of months and we are now very pleased to successfully conclude this first tranche. The bond issue has had extremely strong support from Uruguayan investors, in the context of a difficult credit environment globally."

NZFSU raised approximately US\$200 million in equity in 2006 and 2007 for the purchase and development of dairy farms in Uruguay. Prior to the bond issue, the company had minimal debt, with US\$16 million of long-term funding obtained in late 2008 from Uruguayan banks and US\$1.5 million of short-term funding obtained recently. NZFSU intends to raise further debt for farm development in due course.

The non-convertible bonds have an expected maturity of approximately fifteen years, with a fixed interest rate of 5% until 30 September 2010, and thereafter a variable interest rate of between 5% and 15% calculated using a formula incorporating gross milk revenue and certain key input costs. The bonds have an interest only period until 30 March 2016, and repayments of principal thereafter are linked to gross milk revenue. The intention of the repayment and interest rate mechanism is to provide NZFSU with debt servicing costs linked to profitability, and to provide investors with an opportunity to benefit from both the successful completion of the NZFSU dairy farm model, and expected long term strength in international dairy markets.

The prospectus for the offer is in Spanish. An English translation of the prospectus has been prepared by NZFSU and a summary of the material information relevant to the Offer has been filed with NZX.

**For further information:**

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