



**NEWS RELEASE**  
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**NZ Farming Systems Uruguay - Institutional placement and non-renounceable rights issue to shareholders**

NZ Farming Systems Uruguay announced today that it will seek to raise a minimum of \$50 million of new equity capital to expand its operations in Uruguay. The company is planning an institutional placement and considering making a non-renounceable rights offer to its shareholders. (See note below.)

The shares will be issued at \$1.50, which is a substantial premium to the \$1.00 per share pricing of the company's Initial Public Offer, which closed oversubscribed in December 2006.

The decision to raise additional capital follows a year in which the company has acquired 30,980 hectares of farms and farmland in Uruguay and has made significant progress in its development into New Zealand style intensive dairying. The capital raising will allow the company to expand its land holdings and farming operations, yielding administrative and operational economies that will benefit shareholders, and will deepen the company's share register.

Asked to comment on the \$1.50 price at which shares will be issued, Keith Smith, the Chairman of NZ Farming Systems Uruguay, said;

"The price for the institutional placement was set on the basis of a Discounted Cash Flow analysis of the company's forecast revenues, discounted for country risk, and allowing for the placement occurring prior to listing. It was confirmed at the end of an investor roadshow to Uruguay last week, when more than 70 existing and potential shareholders and institutions visited the company's farms and met with Uruguayan bankers and lawyers and the directors of the company.

"The Board is considering making the same offer to existing shareholders shares at the \$1.50 price, in the form of a non-renounceable rights issue in the ratio of one share for every two held. The Board considered this was the most appropriate way to give shareholders who wish to increase their participation in the company the opportunity to do so.

"\$1.50 represents a significant uplift in value compared to the \$1.00 per share the original shareholders subscribed in December 2006. It reflects the inherent value at that time, the progress the company has made in acquiring and developing

land over the past year and the potential for a sustained increase in milk prices at levels above those prevailing last year.”

Mr Smith said the institutional placement and any non-renounceable rights issue were expected to raise a minimum of \$50 million, but oversubscriptions may be accepted by the company. NZ Farming Systems Uruguay will be writing to its shareholders with more information later this week.

PGG Wrightson has a 10.57% shareholding in NZ Farming Systems Uruguay and manages the company under contract.

Note – No money is currently being sought in respect of the rights issue and no applications for securities will be accepted or money received until the company’s shareholders have received an Investment Statement and Short-form Prospectus.

For any further comment:

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