

NZ Farming Systems Uruguay Internalises Management Contract

NZ Farming Systems Uruguay (Nzs) has agreed with PGG Wrightson (PGW) to buy out the PGW Management Contract for the sum of \$NZ4m, subject to bank/bondholder agreement and any necessary shareholder approval. PGW and Nzs have further agreed to enter into a new contract that provides PGW with a preferred supplier agreement until at least 2019 and advice and consultation from PGW's most senior Uruguayan management until 2015.

"This agreement is a sensible and pragmatic evolution in the relationship between our companies," said John Parker, Chairman of Nzs. "We are now at a stage where we need our top management to be directly employed by Nzs and domiciled in Uruguay. At the same time an ongoing relationship with PGW is essential. PGW is an efficient supplier of farm inputs and services required by Nzs. On top of a cost reduction, the combination of direct management in Uruguay and ongoing strong relationship with senior PGW Uruguay management will be very positive for Nzs."

Nzs is already in the process of identifying suitable candidates to take up the CEO role in Uruguay, and will make further announcements in due course.

Tim Miles, Managing Director of PGW endorsed the change and said due to changes in global financial conditions, the fund management business started by PGW has also evolved, becoming more a farm management business. "For this reason we believe the decision to internalise the management will assist the success of Nzs, with the business driven more locally, combined with strong ongoing support from PGW Uruguay top management. PGW is very committed to its core business in Uruguay, and will use that to maintain an ongoing supply and advisory relationship for Nzs."

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