



20 November 2009

### **Impact of PGG Wrightson capital raising on PGG Wrightson Finance**

PGG Wrightson and Agria Corporation have agreed a funding package of approximately \$32.5 million to be targeted to PGG Wrightson Finance. The agreement, announced today along with a rights issue by PGG Wrightson, follows the establishment of a Co-operation Agreement between PGG Wrightson and Agria last month.

PGG Wrightson Finance is New Zealand's leading specialist rural finance company, with a total loan book value of approximately \$560 million at 30 June 2009. It provides a comprehensive range of financial services, including various forms of specialised farm finance and transactional banking services.

Under the agreement announced today PGG Wrightson will issue Convertible Redeemable Notes (CRNs) to a value equivalent to US\$25 million (approximately \$32.5 million) to Agria. The proceeds from the CRNs will be invested as new capital into PGG Wrightson Finance, to enhance regulatory capital and provide greater liquidity and capacity for growth in that business.

"PGG Wrightson Finance already has a diversified funding base that includes deposits, bonds, parent company equity and the support of three major banks," PGG Wrightson Managing Director Tim Miles said today. "This additional funding will supplement the existing capital base, and this will assist PGG Wrightson Finance to pursue its business plan in a changing commercial and regulatory environment."

Under the new regulatory regime for non-bank deposit taking institutions (NBDTs), PGG Wrightson Finance is subject to regulation by the Reserve Bank of New Zealand (RBNZ). A new capital adequacy framework is expected to be implemented under the new regulations from September 2010. On the basis of information published by the RBNZ, and after the investment referred to in this announcement, PGG Wrightson Finance expects to comfortably meet the minimum capital ratio requirements of the proposed NBDT framework.

It is also expected that PGG Wrightson Finance will have met the requirement under NBDT regulations to obtain and disclose a credit rating from an approved credit rating agency by March 2010. PGG Wrightson Finance is in the process of applying for a credit rating. It is assumed that it will have received a credit rating of at least BB from Fitch or Standard & Poor's, or at least Ba2 from Moody's, by 1 March 2010.

On 18 November 2009, Treasury announced that it was modifying the Deed to the Retail Deposit Guarantee Scheme. PGG Wrightson Finance has entered into the modified Deed, which will come into effect from 1 January 2010.

It is also expected that PGG Wrightson Finance will remain an eligible institution in accordance with the requirements of the Retail Deposit Guarantee Scheme, as the scheme applies up to 12 October 2010 and as it is proposed to apply from 13 October 2010 (the Extended Retail Deposit Guarantee Scheme).

Further details on the CRNs are contained in the Simplified Disclosure Prospectus issued for the rights issue by PGG Wrightson. The Simplified Disclosure Prospectus has been registered with the Companies Office and is available on the company's website [www.pggwrightson.co.nz](http://www.pggwrightson.co.nz). Copies will be mailed to eligible shareholders from 27-30 November 2009.



Terms have been agreed with the Bank of New Zealand and Commonwealth Bank of Australia to refinance PGG Wrightson Finance's \$180 million of wholesale bank lines, which expire on 24 March 2010. The \$180 million facility will reduce in two steps, to \$150 million in November 2009 and then to \$120 million in June 2010. The reduction in the facility is supported by a forecast reduction in loan assets of approximately \$84 million in the 2010 financial year.

**Contact details for further information**

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**Agria Corporation Safe Harbor Statement:**

This announcement contains forward-looking statements. These statements, including the anticipated progress and benefits of Agria's investment in PGG Wrightson, are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates," "confident" and similar statements. Agria may also make written or oral forward-looking statements in its periodic reports to the U.S. Securities and Exchange Commission on Forms 20-F and 6-K, etc., in its annual report to shareholders, in press releases and other written materials and in oral statements made by its officers, directors or employees to third parties. Statements that are not historical facts, including statements about Agria's beliefs and expectations, are forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. Potential risks and uncertainties include, but are not limited to, those risks outlined in Agria's filings with the U.S. Securities and Exchange Commission. All information provided in this press release is as of the date of this announcement unless otherwise stated, and Agria does not undertake any obligation to update any forward-looking statement, except as required under applicable law.