

**Market Update**  
**21 December 2010**

## **NZ Farming Systems Uruguay (NZZ) Shareholder Loan**

NZZ advises that it has arranged a short term shareholder loan of up to \$US 50 million (Loan) with Olam International Limited (Olam), NZZ's controlling shareholder, to provide funding for immediate capital expenditure requirements, working capital, and to re-pay the outstanding balances owing to PGG Wrightson Limited (PGW).

Olam has previously signaled its intention to support NZZ's short term funding requirements. NZZ Chairman John Parker said "the Loan is a strong sign of Olam's commitment and will allow NZZ to move forward immediately with key farm development such as electricity infrastructure improvement and irrigation pivots on our farms in the Centre of Uruguay, and planned autumn application of capital fertilizer."

The initial drawdown of the Loan will be used for capital expenditure and working capital, and to pay PGW the remaining outstanding performance fee, management fees, and buyout of the management agreement as previously advised in NZZ's market announcement dated 14 December 2010. Under the terms of the management internalization agreed with PGW, NZZ was to pay all outstanding balances due by 31 December 2010.

A further drawdown on the Loan is anticipated in Q1 of 2011, to provide further funding for capital expenditure and working capital. The Loan carries an interest rate (including withholding taxes) of approximately 9% per annum and is repayable by NZZ on the earlier of 31 December 2011 or a capital raising sufficient to repay the Loan.

NZZ has granted a waiver on 20 December 2010 in respect of the requirement to obtain shareholder approval for the Loan as a material related party transaction. The waiver was granted on the basis that:

- 1 The terms of the Loan facility are arms' length and commercial and were negotiated with Olam on an arm's length and commercial basis.
- 2 Entry into the Loan facility is in the best interests of NZZ and shareholders not Associated with Olam.
- 3 The need for the funding provided by the Loan facility is sufficiently critical that funding is required before NZZ is able to convene a shareholders' meeting.
- 4 The Directors of NZZ have investigated alternative funding arrangements to the Loan facility, and in their opinion there are no alternative funding arrangements that NZZ could enter into on terms that are more favourable for NZZ shareholders than the Loan facility.

**For further information please contact:**

Andrew Clark  
Chief Financial Officer  
+64 21 471 953