

Guardians appoint first manager and make first farm purchase under Rural Land Strategy

Auckland (2 February 2011) – The Guardians of New Zealand Superannuation have today announced the appointment of FarmRight as an investment manager and the acquisition of a dairy property in West Otago as the first concrete steps in executing their Rural Land strategy.

The dairy property is in West Otago – approximately 100km west of Dunedin – and the Guardians are the sole, 100% purchaser.

FarmRight is an independent dairy-farming management and consultancy company with offices in Lumsden, Lincoln and Otorohanga. FarmRight's portfolio contains 42 dairy farms covering more than 12,000ha and 34,000 cows.

The Guardians' General Manager, Investments, Matt Whineray, said that FarmRight had been appointed as a manager under the Rural Land Strategy because of its experience, track record; and its strengths in risk management and in adding investment value through making operational improvements to dairy farms.

"We have appointed FarmRight after an extensive due diligence process, which included assessments of their ability to manage, among other things, profitable pasture-based farming systems, costs, health and safety, animal welfare, environmental compliance, and financial budgeting and reporting to the standard we require," Mr Whineray said.

The Chief Executive Officer of FarmRight, Jim Lee, said that FarmRight was pleased to be working with the Guardians. "The Guardians' long-term investment approach is well suited to dairy farming and to our own long-term investment approach. The Guardians' first purchase is a quality farm, it was acquired for a good price and we believe there is considerable potential for us to work together to add value.

"For FarmRight it is also particularly pleasing to be assisting a local institutional investor to purchase substantial pieces of New Zealand rural land, the returns from which will ultimately assist in meeting the future cost of New Zealand Superannuation," Mr Lee said.

FarmRight's mandate will eventually see the Guardians own or part-own a portfolio of New Zealand farms, as part of the globally focused Rural Land Strategy. Details about the strategy can be found in the 2010 Annual Report and at http://www.nzsuperfund.co.nz/files/NZ_investment_strategies_summary.pdf.

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About the New Zealand Superannuation Fund:

The New Zealand Superannuation Fund, which commenced investing at the end of September 2003, is designed to reduce the tax burden on future New Zealand taxpayers of the cost of New Zealand superannuation. An ageing population means the cost of providing New Zealand superannuation is expected to double over the next 50 years. To prepare for this, the Government has made contributions to the Fund while the cost of superannuation is relatively low. The Fund will invest the money on a prudent but commercial basis and the Government will begin to make withdrawals from 2031, when the cost of superannuation has increased. As at 31 November 2010 the value of the Fund was NZ\$17.4 billion. For more information visit www.nzsuperfund.co.nz

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