

Decision required under the Overseas Investment Act 2005: Te Waihou Plantations Limited

Date	11 February 2011	Priority	High
Security Level	Commercial: In Confidence	Report/Case Number	1027/201020106

Instructions

	Action Sought	Deadline
Associate Minister of Finance	<ol style="list-style-type: none"> 1. Sign the attached memorandum 2. Forward the memorandum and annexure to the Minister for Land Information 	18 February 2011
Minister for Land Information	<ol style="list-style-type: none"> 1. Sign the attached memorandum 2. Forward the memorandum and annexure to the Overseas Investment Office 	25 February 2011

Contact for Telephone Discussion

Name	Position	Telephone	First Contact
Annelies McClure	Manager	462-4461 (wk)	✓

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MEMORANDUM

Executive Summary:

1. The Applicant is Te Waihou Plantations Limited, an overseas person under the Overseas Investment Act 2005.

The Applicant is applying for consent to acquire sensitive land under the Act.

The relevant land comprises approximately 17,200 hectares of forestry land located in the central North Island (comprised in around fifty computer registers/titles).

The registered proprietor of the sensitive land is Carter Holt Harvey HBU Limited.

The benefits of the overall development include the creation of jobs, investment for development, enhanced market competition, increased efficiencies and productivity, enhancement of ecological factors, the offer of several areas of special land and various other factors under the Act.

The Overseas Investment Office is satisfied that the benefits of this overseas investment will be substantial and identifiable.

Ministerial consent is required under the "Designation and Delegation Letter" of 22 April 2009 as Ministers have not delegated their power to the Overseas Investment Office to make decisions where the relevant land is sensitive for the reasons listed in Appendix Two.

The Overseas Investment Office recommends that consent be granted to this Application.

Annexure:

1. Report of the Overseas Investment Office on the proposed overseas investment (Report).
2. Application for consent with supporting material (Application for Consent).

Instructions:

3. In considering whether or not to grant consent, you must grant consent if satisfied that all of the criteria in section 16 are met.
4. You must decline to grant consent if not satisfied that all of the criteria in section 16 are met.
5. For a transaction that is more than 1 category of overseas investment, you must have regard to the criteria that apply to all of the relevant categories. However, if the criteria are the same, you need only consider the same criteria once (and not consider them under each relevant category).
6. If section 16(1)(e)(ii) applies, you must consider all of the factors in section 17(2) and regulation 28, and determine which of the factors (or parts of them) are relevant to the overseas investment.
7. Having determined which factors (or parts of them) are relevant, you must determine the relative importance to be given to each relevant factor (or parts of them).
8. The economic benefit factors (sections 17(2)(a)(i) to 17(2)(b)(i) and regulations 28(i) and 28(j)) are of high relative importance where a transaction involves large areas of farm land, being where it would result in the relevant overseas person(s) owning or controlling an area of land that is more than ten times the average farm size for the principal proposed farming activity.

9. You must then determine whether section 16(1)(e)(ii) has been met, with regard to the relevant factors (or parts of them), weighted for importance.
10. If you wish to make any changes to the conditions of consent, those changes should be discussed with the Overseas Investment Office, and the other Minister, before being finalised.
11. If you propose to disagree with the decision of the other Minister, you should discuss your decision with the Overseas Investment Office and the other Minister.

Recommendations:

I recommend that you

12. determine that:
 - (a) the relevant overseas person has, or (if that person is not an individual) the individuals with control of the relevant overseas person collectively have, business experience and acumen relevant to the overseas investment; and
 - (b) the relevant overseas person has demonstrated financial commitment to the overseas investment; and
 - (c) the relevant overseas person is, or (if that person is not an individual) all the individuals with control of the relevant overseas person are, of good character; and
 - (d) the relevant overseas person is not, or (if that person is not an individual) each individual with control of the relevant overseas person is not, an individual of the kind referred to in section 15 or 16 of the Immigration Act 2009; and
 - (e) the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders); and
 - (f) the benefit will be, or is likely to be, substantial and identifiable; and

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13. accordingly you:

(g) are satisfied that the criteria for consent in section 16 have been met; and

Associate Minister of Finance:

Satisfied

Not Satisfied

Minister for Land Information:

Satisfied

Not Satisfied

(h) grant consent to the overseas investment subject to the conditions in appendix 1 of the Report.

Associate Minister of Finance:


Consent Granted

Consent Declined

Minister for Land Information:

Consent Granted


Consent Declined



Associate Minister of Finance

Date

23/2/11



Minister for Land Information

Date

25/2/2011



Annelies McClure

Manager

Overseas Investment Office

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Report of the Overseas Investment Office on the application for consent by Te Waihou Plantations Limited

Case 201020106

Summary

1. Summary of key information:

Applicant	Te Waihou Plantations Limited (United States of America 34.8%, Saudi Arabia 22.1%, Liechtenstein 12.4%, Denmark 12.4%, Germany 5.7%, Sweden 5.3%, New Zealand 4.4%, Canada 2.6%, Australia 0.2%, Singapore 0.1%)
Vendor	Carter Holt Harvey HBU Limited (New Zealand 100.0%)
Consideration	\$34,500,000
Recommendation	Grant Consent

Application

2. For consent for the Applicant to give effect to:

- a. An overseas investment in sensitive land, being the Applicant's acquisition of a freehold interest in approximately 17,200 hectares of land contained in approximately fifty Computer Registers (some of these are currently in the process of being subdivided and replaced) comprising eighteen forestry blocks in the Central North Island.

(the Investment)

Applicant

3. The Applicant is Te Waihou Plantations Limited, an overseas person under the Overseas Investment Act. The Applicant is an exempted company incorporated with limited liability in the Cayman Islands and is registered on the New Zealand Companies Register as an overseas company carrying on business in New Zealand. The Applicant has been formed specifically for this investment transaction. The Applicant intends to be a long term investor in New Zealand forestry.
4. The Applicant is an indirect subsidiary of GTI 9 Investments Acquisition Company Limited (GTI 9) which is an exempted company incorporated in the Cayman Islands.
5. GTI 9 is a closed end investment fund (not open to investors freely coming in and out). The Investors are non-US institutional investors, US tax exempt institutional investors such as pension and profit sharing plans and trust, endowment funds and charitable foundations. More than one third of the beneficial owners are from the United States (34%) whilst a further 22% are from Saudi Arabia. § 9(2)(b)(ii) 1

6. Global Forest Partners Limited (GFP) is the United States based investment adviser to both the Applicant and GTI 9. GFP client investors are international pension and endowment funds. GFP currently manages over \$US3 billion in timberland investments. GFP was the first investment adviser specialising in the structuring and management of sustainable international forestry investments in New Zealand in 1992 and currently manages approximately 235,000 hectares in Australasia, 101,000 hectares in New Zealand. [s 9(2)(b)(ii)]

Background to the Investment

7. The Vendor is Carter Holt Harvey HBU Limited (CHH). CHH wishes to sell the sensitive land which constitutes the balance of its remaining forestry interests. The sale of the land is consistent with CHH's strategy of divesting its forestry interests and focusing on its manufacturing businesses.

Outline of the Investment

8. The transaction constitutes the acquisition of sensitive land under the Act.
9. The relevant sensitive land is comprised of approximately 17,200 hectares contained in approximately fifty computer registers/titles. The land is located in the central North Island and is divided into eighteen separate forestry blocks. The consideration for the purchase is \$34.5 million.
10. Ministerial consent is required under the "Designation and Delegation Letter" of 22 April 2009 as Ministers have not delegated their power to the Overseas Investment Office to make decisions where the relevant land is sensitive for the reasons listed in Appendix Two.

Rationale for the Investment

11. The Applicant intends to nurture, enhance and develop this forestry estate as a sustainable high performing business, consistent with the manner in which GFP has overseen the development of other funds investments in New Zealand. As the existing trees are harvested under the Forestry Rights held by a third party, the land will be returned progressively to the Applicant. The Applicant intends to replant these areas with plantation species that are in demand by the Kineith pulp and paper mill and other customers. Similarly the areas which are presently cleared and which the Vendor has not replanted are intended to be replanted by the Applicant as soon as practicable. Through this replanting program, the Applicant will bring economic benefits to New Zealand in the form of maintaining and growing employment and export volumes through supporting the currently installed value added processing in the Central North Island forest industry region.
12. The Applicant believes that its acquisition will create strategic business opportunities which will expand and strengthen the Forest Estate (and consequently the New Zealand Forestry Sector) through GFP's proven forestry management practices, its ability to enter stable supply contracts (in particular to commit logs to manufacturers and exporters with greater certainty than is currently possible given it does not own processing facilities of its own), its ability to develop offshore markets through GFP's offshore market relationships and by growing tree species specifically suited for the existing Kineith Mill.

Sensitive Land

13. The Applicant is acquiring sensitive land. See Appendix 2.

Assessment Process

14. We have sought sufficient information from the Applicant for us to be assured about the accuracy of the information supplied and have sought sufficient evidence from the Applicant for us to be able to judge whether the criteria and factors that apply to the relevant category of overseas investment are likely to eventuate.
15. We did not consider it necessary to seek input from third parties in order to verify the information or evidence gathered. A condition of consent requires the Applicant to consult with the Department of Conservation and to provide reasonable public access.

16. We have determined that the relevant overseas person in relation to this overseas investment is GTI 9 Investments Acquisition Company Limited (and its underlying beneficial owners), being the sole indirect shareholder of the Applicant.

Criteria set out in section 16 of the Overseas Investment Act 2005

17. s16(1)(a) or 18(1)(a) Overseas Investment Act 2005

Does the relevant overseas person, or do the individuals with control of the relevant overseas person have business experience and acumen relevant to that overseas investment?	✓
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Applicant's Claims:

The persons who have control of the Applicant are the members of the board of the Applicant. Following settlement, the board will consist of 3 directors and each of these directors brings extensive and relevant experience to the proposed investment (international forestry investment). Each director has been involved in previous GFP investments in New Zealand.

The Applicant will also be advised by the very experienced, reliable and well resourced player in the New Zealand forestry sector, GFP. Each member of the GFP Management Team has considerable prior experience in the forestry industry, both in New Zealand and globally. Since 1995, GFP has conducted over US\$2.5 billion of forestry acquisitions plus over US\$1 billion in divestments and has raised over US\$3 billion for strategies focused on sustainable plantation forestry. GFP currently manages over 101,000 hectares of New Zealand forestry land.

As a significant investor in GTI 9 (the underlying owner of the Applicant), the [s 9(2)(b)(ii)] is entitled to appoint a representative to sit on GTI 9's Shareholders Advisory Committee. This Committee is responsible for reviewing any potential material conflict of interest between GFP and its affiliates. Currently, [redacted] is serving in this capacity.

OIO Assessment:

The Overseas Investment Office is satisfied that the individuals with control of the relevant overseas person have business experience and acumen relevant to the overseas investment.

18. s16(1)(b) or 18(1)(b) Overseas Investment Act 2005

Has the relevant overseas person demonstrated financial commitment to the overseas investment?	✓
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Applicant's Claims:

The Applicant has committed significant financial resources to date in relation to the proposed acquisition (management time, research, due diligence expenditures, investment modelling and adviser fees). GFP has previously demonstrated its ability to source funding for investment in the New Zealand forestry sector through previous forestry investments made by its other funds.

OIO Assessment:

The Overseas Investment Office is satisfied that the relevant overseas person has demonstrated financial commitment to the overseas investment.

19. s16(1)(c) or 18(1)(c) Overseas Investment Act 2005

Is the relevant overseas person, or are all the individuals with control of the relevant overseas person, of good character?	✓
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OIO Assessment:

The Overseas Investment Office is satisfied from statutory declarations supplied (and its own investigations) that the individuals with control of the Applicant are of good character.

20. s16(1)(d) or 18(1)(d) Overseas Investment Act 2005

Is the relevant overseas person, or is each individual with control of the relevant overseas person, not an individual of the kind referred to in section 15 or 16 of the Immigration Act 2009?	✓
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DIO Assessment:

The Overseas Investment Office is satisfied from statutory declarations supplied that the individuals with control of the Applicant are not individuals of the kind referred to in section 7(1) of the Immigration Act 1987.

21. s16(1)(e)(ii) Overseas Investment Act 2005

Will the overseas investment benefit, or is it likely to benefit, New Zealand (or any part of it or group of New Zealanders)?	✓
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DIO Assessment:

Overseas Investment Act 2005

s17(2)(a)(i) – Creation/retention of job opportunities;

s17(2)(a)(iv) - Increased market competition, productivity and efficiencies;

s17(2)(a)(v) – Additional investment for development purposes;

s17(2)(a)(vi) - Increased processing of primary products;

s17(2)(b) - Enhanced areas of significant indigenous vegetation and habitats of indigenous fauna;

s17(2)(f) - Offer of special land to the Crown.

Overseas Investment Regulations 2005

r28(c) - Refusal will affect New Zealand's image abroad

r28(f) - Advance significant government policy.

22. s16(1)(e)(iii) Overseas Investment Act 2005

Will the benefit be, or is the benefit likely to be, substantial and identifiable?	✓
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Applicant's Claims:

The benefits of the investment are likely to be substantial and identifiable due to the Applicant's long term commitment to replant and use the land for forestry purposes, its ability to access committed funds for capital expenditure to fund its business and GFP's access to international knowledge of the forestry industry.

It is intended that a significant amount of area shall be specifically planted to provide long term future wood supply feedstock for the regionally significant Kinleith Mill, thus supporting its future viability (given its reduced local economic wood supply due to the recent removal/conversion of some forest into pastoral uses). The replanting will also assist in New Zealand meeting its Kyoto Protocol commitments.

DIO Assessment:

The Overseas Investment Office is satisfied that the benefits of this overseas investment are likely to be substantial and identifiable.

Factors Set Out in section 17 of the Overseas Investment Act 2005

23. s17(2)(a)(i) Overseas Investment Act 2005

Will the overseas investment result in, or is it likely to result in, the creation of new job opportunities in New Zealand or the retention of existing jobs in New Zealand that would or might otherwise be lost?	✓
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Applicant's Claims:

The majority of existing Full Time Equivalent employees (FTEs) on the existing forestry estate are employees of the holders of Forestry Rights and all these existing jobs will be retained. As the land is replanted, the Applicant intends to create 152 FTEs over the first 10 years which are in addition to the current FTEs employed by the current Forestry Right holders.

OIO Assessment:

The Overseas Investment Office is satisfied that the overseas investment is likely to result in the creation of new job opportunities in New Zealand.

24. s17(2)(a)(ii) Overseas Investment Act 2005

Will the overseas investment result in, or is it likely to result in, the introduction into New Zealand of new technology or business skills?	Unknown
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Applicant's Claims:

New Zealand will benefit from the introduction of new technology and business skills through GFP enabling the best manufacturers and exporters of value added forestry products located in New Zealand (or attracted by GFP to New Zealand) to expand in the Central North Island by entering into stable contracted supply arrangements with them. New Zealand will also benefit from the forestry management, operational and technical practices developed to a high standard in other offshore investments managed by GFP.

OIO Assessment:

The Overseas Investment Office is not certain that the investment will result in the introduction of new technology or business skills as GFP is already operating in New Zealand.

25. s17(2)(a)(iii) Overseas Investment Act 2005

Will the overseas investment result in, or is it likely to result in, increased export receipts for New Zealand exporters?	Unknown
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Applicant's Claims:

From GFP facilitating the introduction to the Central North Island of new "best in class" forestry processors, or the expansion of existing processor firms, the export receipts received by New Zealand will be increased. GFP is also constantly seeking new off shore markets and the Applicant will benefit from the many market relationships existing in other international forestry investments managed by GFP.

OIO Assessment:

The Overseas Investment Office is not certain that the overseas investment is likely to result in increased export receipts for New Zealand exporters.

26. s17(2)(a)(iv) Overseas Investment Act 2005

Will the overseas investment result in, or is it likely to result in, added market competition, greater efficiency or productivity, or enhanced domestic services, in New Zealand?	✓
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Applicant's Claims:

From GFP facilitating the introduction to the Central North Island of new "best in class" forestry processors (or the expansion of existing processor firms), market competition and efficiency will be increased. It is intended that a significant amount of area shall be specifically planted to provide long term future wood supply feedstock for the regionally significant Kinleith Mill thus supporting its future viability (given its reduced local economic wood supply basket due to the recent removal/conversion of some forest into pastoral uses).

The transaction will also result in a more rapid development of the Central North Island forestry region through GFP being an independent specialist forestry investment manager without any ownership of processing facilities, therefore being able to commit sufficient sustainable log supply from the estate to new and existing manufacturers and exporters (which will enable regional development strategies to proceed with much greater certainty than is currently possible).

OIO Assessment:

The Overseas Investment Office is satisfied that the investment is likely to result in added market competition, efficiency and productivity.

27. s17(2)(a)(v) Overseas Investment Act 2005

Will the overseas investment result in, or is it likely to result in, the introduction into New Zealand of additional investment for development purposes?	✓
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Applicant's Claims:

\$13.4 million of direct silviculture investment (forest establishment and tending) is intended to be invested during the first ten years of the Investment (plus additional management costs (\$2.9 million) for a total investment of \$16.3m). Further investment is intended to be made each year after the initial ten years as the Applicant continues to replant the land as it is progressively harvested. It is the general practice of GFP to ensure its fund investments (in this case, the Applicant) continue to progressively invest further development capital through scoping the opportunities and working to attract "best in class" international processors to the region.

OIO Assessment:

The Overseas Investment Office is satisfied that the overseas investment is likely to result in the introduction into New Zealand of additional investment for development purposes.

28. s17(2)(a)(vi) Overseas Investment Act 2005

Will the overseas investment result in, or is it likely to result in, increased processing in New Zealand of New Zealand's primary products?	✓
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Applicant's Claims:

Increased processing of primary products in New Zealand will occur in the longer term through the Applicant's strategy of facilitating further development in the Central North Island region by being willing to commit sustainable log supply to new and existing manufacturers and exporters on a longer term contractual basis and through the Applicant investing development capital to scope the opportunities and to attract "best in class" international processors to the region.

OIO Assessment:

The Overseas Investment Office is satisfied that the overseas investment is likely to result in increased processing in New Zealand of New Zealand's primary products.

29. s17(2)(b) Overseas Investment Act 2005

Are there, or will there be, adequate mechanisms in place for protecting or enhancing existing areas of significant indigenous vegetation and significant habitats of indigenous fauna?	✓
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Applicant's Claims:

Wildlands Consultants prepared an extensive report on the relevant land in September 2010. This identified various areas of ecological significance. The Applicant confirms that it will ensure there will be adequate mechanisms in place for protecting or enhancing existing areas of significant indigenous vegetation and significant habitats of indigenous fauna identified through various measures being applied. These measures include weed and pest control programmes, fencing, fire control, erosion control and riparian planting with \$35,000 on average committed annually in part to these activities. Additional protection is gained through the commitment of the Applicant to the Tasman Accord 1991 (a joint agreement between the NZ Forest Owners Association and multiple New Zealand environmental organisations) and the application of the GFP Global Environmental Stewardship Policy applied to all GFP fund investments. The capital expenditure required in relation to these mechanisms is not material and is provided for in the operating budgets and the Applicant has the financial resources to meet these costs.

OIO Assessment:

The Overseas Investment Office is satisfied that adequate mechanisms are in place for protecting or enhancing existing areas of significant indigenous vegetation and the habitats of indigenous fauna.

30. s17(2)(c) Overseas Investment Act 2005

Are there, or will there be, adequate mechanisms in place for protecting or enhancing existing areas of significant habitats of trout, salmon, protected wildlife and game, and providing, protecting or improving walking access to those habitats?	Not Relevant
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Applicant's Claims:

The Applicant's commitment to replant will ensure protection of all freshwater waterways and its environmental stewardship policy for control of pests will ensure any wildlife is not endangered by pests.

OIO Assessment:

The Overseas Investment Office is satisfied that adequate mechanisms are already in place for protecting or enhancing significant habitats of trout, salmon or wildlife.

31. s17(2)(d) Overseas Investment Act 2005

Are there, or will there be, adequate mechanisms in place for protecting or enhancing historic heritage within the relevant land?	Not Relevant
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Applicant's Claims:

Through the application of the GFP Environmental Stewardship policies, there will be adequate mechanisms in place for protecting or enhancing historic heritage within the relevant land (in addition to undertaking the registration of any historic place, historic area, wahi tapu, or wahi tapu area, under the Historic Places Act 1993). Further the Applicant agrees to comply with existing covenants and to positively consider the execution of heritage covenants if relevant to the forest estate.

OIO Assessment:

The Overseas Investment Office is satisfied that there are already adequate mechanisms in place for protecting or enhancing historic heritage within the relevant land.

32. s17(2)(e) Overseas Investment Act 2005

Are there, or will there be, adequate mechanisms in place for providing, protecting, or improving walking access over the relevant land, or a relevant part of that land, by the public or any section of the public?	Not Relevant
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Applicant's Claims:

Through the application of the GFP Environmental Stewardship policies, there will be adequate mechanisms in place for providing walking access over the relevant land by the Public. The forestry owners do receive requests for access for tramping, horse riding, hunting, mountain and trail bike riding and fishing and the Applicant will willingly continue to provide access for these events subject to these being managed appropriately for health and safety issues. At present, the majority of the land is subject to various registered Forestry Rights and the holder also has the right and obligation to manage public access over land to which it has legal right. The Applicant will coordinate access management with the manager of those Forestry Rights. The Public will be notified who they can contact by phone and email to seek access by way of suitable prominent signage at all main access points into each forest.

OIO Assessment:

The Overseas Investment Office is satisfied that adequate public walking access currently exists.

33. s17(2)(f) Overseas Investment Act 2005

Has any foreshore, seabed, riverbed, or lakebed has been offered to the Crown?	✓
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OIO Assessment:

The Vendor has offered several areas of special land stream bed to the Crown for nil consideration. The special land offer will be the subject of a separate recommendation report in due course.

34. r28(a) Overseas Investment Regulations 2005

Will the overseas investment result in, or is it likely to result in, other consequential benefits to New Zealand (whether tangible or intangible benefits (such as, for example, additional investments in New Zealand or sponsorship of community projects))?	Unknown
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Applicant's Claims:

The Investment is likely to result in consequential benefits as the Applicant will make additional investments of \$16.3 million over the next 10 years.

OIO Assessment:

The Overseas Investment Office is not certain that the overseas investment is likely to result in consequential benefits to New Zealand.

35. r28(b) Overseas Investment Regulations 2005

Is the overseas person a key person in a key industry of a country with which New Zealand will, or is likely to, benefit from having improved relations?	Unknown
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Applicant's Claims:

The Applicant and its associates include numerous specialist directors who are members of globally recognized institutes, including Peter Mertz (Chief Executive Officer and General Partner of GFP and director of the Applicant) who is a member of the World Business Council for Sustainable Development, and the American Forest and Paper Association.

OIO Assessment:

The Overseas Investment Office is not certain that the relevant overseas person is a key person in a key industry of a country with which New Zealand is likely to benefit from having improved relations.

36. r28(c) Overseas Investment Regulations 2005

Will refusal adversely affect, or likely adversely affect, New Zealand's image overseas or its trade or international relations, or result in New Zealand breaching any of its international obligations?	✓
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Applicant's Claims:

Refusing this application for consent is likely to adversely affect New Zealand's image overseas or its trade or international relations. The Applicant, and potentially other funds managed by GFP, is likely to continue to wish to invest in forestry related assets in New Zealand. It is submitted that investors of the size, scope and calibre of the Applicant add significant value to the New Zealand business environment. Further, GFP, which exemplifies good corporate citizenship in North America and elsewhere in the world where it operates, should continue to be welcome to invest in New Zealand. Refusal of consent may adversely affect the likelihood of attracting investment from GFP or inward investment from other investors of that calibre, both in the forestry sector and generally.

The Applicant's investment objective and GFP's management practices for the Forest Estate will significantly assist the New Zealand Government in not breaching its Kyoto commitments. The investment objectives and management principles are consistent with the New Zealand Government's "Pillar 2: policy options to reduce emissions and enhance carbon sinks" as outlined in the New Zealand Government discussion document issued "Sustainable land management and climate change – Option for a Plan of Action".

OIO Assessment:

The Overseas Investment Office is satisfied that refusing this application for consent is likely to adversely affect New Zealand's image overseas.

37. r28(d) Overseas Investment Regulations 2005

Will granting the application for consent result in, or is it likely to result in, the owner of the relevant land undertaking other significant investment in New Zealand?	Unknown
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38. r28(e) Overseas Investment Regulations 2005

Has the relevant overseas person previously undertaken investments that have been, or are, of benefit to New Zealand?	Unknown
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Applicant's Claims:

GFP or its predecessor companies, has successfully executed more than ten transactions over the past 18 years in New Zealand relating to significant forestry investments. These include two previous GTI related investments by GTI 6 (2002) and GTI 8 (November 2007).

OIO Assessment:

The Overseas Investment Office is not certain that this factor has been satisfied (though it notes that GTI 8 and the Applicant share common directors, very similar structures and the investment funds behind each comprise similar investor groups).

39. r28(f) Overseas Investment Regulations 2005

Will the overseas investment give effect to or advance, or is it likely to give effect to or advance, a significant Government policy or strategy?	✓
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Applicant's Claims:

The Kyoto Protocol sets out binding emission targets for developed countries to achieve between 2008 and 2012. The impact of this in New Zealand is that greenhouse emissions must reduce to 1990 levels. It is intended that all of the plantable land will be replanted. Continued afforestation of this land is important to New Zealand's compliance to the Kyoto Protocol.

OIO Assessment:

The Overseas Investment Office is satisfied that the investment is likely to give effect to or advance a significant Government policy or strategy.

40. r28(g) Overseas Investment Regulations 2005

Will the overseas investment enhance, or is it likely to enhance, the ongoing viability of other overseas investments undertaken by the relevant overseas person?	Unknown
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Applicant's Claims:

While this proposed investment by the Applicant does not directly impact on the ongoing viability of most of the current investments in New Zealand by funds advised by GFP, such funds are likely to continue to wish to invest in assets in New Zealand, including potentially other infrastructure assets. Naturally, funds advised by GFP will be more willing (and likely) to invest in sensitive New Zealand assets if the OIO grants consent to the Applicant in this instance.

OIO Assessment:

The Overseas Investment Office is not certain that the overseas investment will be likely to enhance the ongoing viability of other overseas investments undertaken by the relevant overseas person.

41. r28(h) Overseas Investment Regulations 2005

Will the overseas investment assist, or is it likely to assist, New Zealand to maintain New Zealand control of strategically important infrastructure on sensitive land?	Not Relevant
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Third Party Submissions

42. No third party submissions were received.

Appendix 1 – Conditions of Consent

Consent is granted subject to the following conditions:

1. The consent will lapse if the Investment has not been acquired by and transferred to the Applicant within three years of the date of consent.
2. The Applicant must notify the Overseas Investment Office in writing as soon as practicable, and no later than twelve months from the date of consent, whether settlement of the acquisition of the Investment took place. If settlement of the acquisition of the Investment did take place, the notice must include:
 - (a) the date of settlement;
 - (b) final consideration paid (plus GST, if any);
 - (c) the structure by which the acquisition was made, and whether an associate of the Applicant acquired the Investment;
 - (d) where applicable, copies of transfer documents and settlement statements; and
 - (e) any other information that would aid the Overseas Investment Office in its function to monitor conditions of consent.
3. The Applicant, or the individuals with control of the Applicant, must:
 - (a) continue to be of good character; and
 - (b) not become an individual of the kind referred to in section 7(1) of the Immigration Act 1987.
4. The Applicant must notify the Overseas Investment Office within 28 working days if the Applicant:
 - (a) or any person in which the Applicant has, or had at the time of the offence or contravention, a 25% or more ownership or control interest, commits an offence or contravenes the law (whether convicted or not); or
 - (b) ceases to be an overseas person; or
 - (c) sells the Investment.
5. The Applicant must report in writing to the Overseas Investment Office providing evidence of compliance with condition 3 no earlier than six months from the date of consent and no later than twelve months from the date of consent.
6. The Applicant shall ensure that the development as set out in paragraph 7.12 and Schedule 10 of the Application is undertaken. The Applicant must provide a written report as to any such development expenditure on the first anniversary of the date of consent.
7. The Applicant shall grant any reasonable request from the public for access over the land where the proposed access is by foot and no operational, safety or fire considerations arise; and:
 - (a) the Applicant shall instruct its Forest Managers to act as a point of reference for any public walking access requests; and

- (b) the Applicant shall erect a notice or sign containing contact details of the Forest Managers for the public to request public walking access on the land in a manner that ensures, as far as reasonably practicable, that it attracts the attention of persons who may request public walking access.
 - (c) the Applicant shall coordinate any such access with the manager of any forestry right over the relevant land.
8. The Applicant shall consult with the Department of Conservation (DOC) within six months of consent being granted to this Application, with regard to the protection of ecological values. If required, the Applicant shall (at its cost) register a covenant or other suitable instrument as negotiated with DOC. The Applicant shall also implement the measures as set out in the Wildlands Report attached to the Application (as Schedule 7A) and otherwise abide by the Tasman Accord 1991 and the GFP Global Environmental Stewardship Policy. The Applicant must report in writing to the Overseas Investment Office as to the outcome of the DOC consultation and progress with the implementation of the Wildlands Report on the first anniversary date on which consent is granted to this Application.
9. The Applicant must take appropriate steps to preserve any historic, wahi tapu or archaeological sites on the land and comply with the provisions of the Historic Places Act 1993 and any other relevant legislation in relation to such sites.
10. The Applicant (as purchaser) must:
- (a) be bound by any arrangement that the vendor reached or entered into with the Crown in relation to the special land;
 - (i) if so required by the Crown, enter into a deed of covenant, encumbrance or other instrument with the Crown to be so bound;
 - (ii) deal with the Crown in accordance with the Overseas Investment Regulations 2005 as if the vendor were the party making the initial offer of the special land to the Crown.

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Appendix 2 – Sensitive Land

(a) Computer Registers comprising eighteen forestry blocks in the Central North Island

Land Interest	Freehold Interest (17289.4785 hectares)
CTs	333032, 333033, 432254, 449671, 455763, 455768, 471701, 492036, 495858, 499513, 499514, 504464, 504466, 504467, 511216, 511217, 511220, 511233, 514565, 515182, 517652, 517678, 517679, 517680, 517711, 529219, 529224, 530605, SA1430/92, SA14A/368, SA1C/471, SA237/264, SA25B/1051, SA25B/1052, SA25B/374, SA27D/1012, SA30B/786, SA690/282, SA6B/296, SA818/175 (South Auckland)
Sensitivity	Is more than 5 hectares of non-urban land
	Includes special land being the beds of several streams
	Adjoins land held for conservation purposes under the Conservation Act 1987 (if that conservation land exceeds 0.4 hectares in area)

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