

OI Assessment Report 202300933 – Ingka Investments Forest Assets NZ Limited and Ingka Investments Management NZ Limited

Ki / To: Murray Young – Acting Chief Executive
Mai / From: Anneke Turton – Leader Assessment
 Eva Hansen – Customer Regulatory Specialist
 – Assessment
Rā / Date: 12 April 2024
Rā Mutunga/ Deadline: 19 April 2024

Pūtake/Purpose

We seek your decision on an application for consent to acquire an interest in sensitive land under the Overseas Investment Act 2005 (**Act**).

Summary

Applicants	Ingka Investments Forest Assets NZ Limited and Ingka Investments Management NZ Limited Netherlands 100%
Vendor	Hodgins Land Company Limited New Zealand 100%
Investment	Acquisition of sensitive land
Land	A freehold interest in approximately 506 hectares of sensitive land known as Te Mai Forest located at 2164 Tinui Valley Road, Wairarapa.
Forestry Right	A forestry right to be granted to Ingka Investments Management NZ Limited by Ingka Investments Forest Assets NZ Limited to establish, maintain and harvest trees on the Land.
Consideration	Approximately \$4,300,000.00
Sensitivity	Is more than 5 hectares of non-urban land
Pathway	Benefit to NZ - Farm to Forestry conversion

Relevant tests	Investor test ¹ Benefit to NZ test ² Farm land offer criterion ³ National interest criterion ⁴
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The Applicants are ultimately owned by Dutch company Ingka Investments B.V. which owns IKEA.

The Applicants are acquiring land in the Wairarapa, currently largely used for pastoral farming, to further develop the existing commercial forestry operations currently taking place on approximately 1/5 of the land.

Timing

The Applicants have requested a decision by **19 April 2024** to give the Applicants time to take over the management of the Land.

A decision is required by **3 May 2024** to enable the decision to be communicated to the Applicant in compliance with the prescribed assessment timeframe of 70 working days.

Tohutohu/Recommendations

After considering the application, our assessment is that:

- the investor test has been met;
- the farm land offer test has been met -
- the transaction is not considered to be a transaction of national interest; and
- while finely balanced, the benefit test has been met.

We refer you to page 3 of this assessment report to record your decision.

[s 9(2)(a)]

Anneke Turton

Leader Assessment

Rā/date: 12 April 2024

¹ Section 18A of the Act.

² Section 16(1)(c)(ii), 16A(1A) and 16A(2) of the Act.

³ Section 16(1)(f) of the Act.

⁴ Section 16(1)(g) of the Act.

Decision

Core tests

2. I am satisfied that, for the reasons set out in this report:

- the investor test has been met;
 Agree X Disagree
- the benefit test has been met; and
 Agree X Disagree
- the farm land offer test has been met.
 Agree X Disagree

National interest assessment

3. I note that the overseas investment in sensitive land is not a transaction of national interest under section 20A of the Act and the Minister of Finance has not notified it is a transaction of national interest under section 20B of the Act.

Noted X

Decision about whether to grant or decline consent

4. My ultimate decision is to:

Grant consent subject to the conditions in the Proposed Decision in **Attachment 1** X

Decline consent

[s 9(2)(a)]

Murray Young [s 9(2)(a)]

Acting Chief Executive, LINZ

Date: 16/04/2024

A. Background and proposed transaction

5. Ingka Investments Forest Assets NZ Limited and Ingka Investments Management NZ Limited (together, the **Applicants**) are forestry investment companies ultimately owned by Dutch company, Ingka Investments B.V. The Applicants are buying approximately 506 hectares of farm land to convert to a predominantly *Pinus radiata* commercial forest (**Investment**).
6. The Applicants operate a structure whereby one entity (Ingka Investments Forest Assets NZ Limited) acquires land and then grants a forestry right over the acquired land to another entity (Ingka Investments Management NZ Limited). This business model has been used several times previously for land acquired under the Special Forestry Test.

Land

7. The acquisition involves a freehold interest in approximately 506 hectares⁵ of land known as Te Mai Forest located at 2164 Tinui Valley Road, Wairarapa, Masterton District (**Land**). The Land is shown in Figure 1 below:

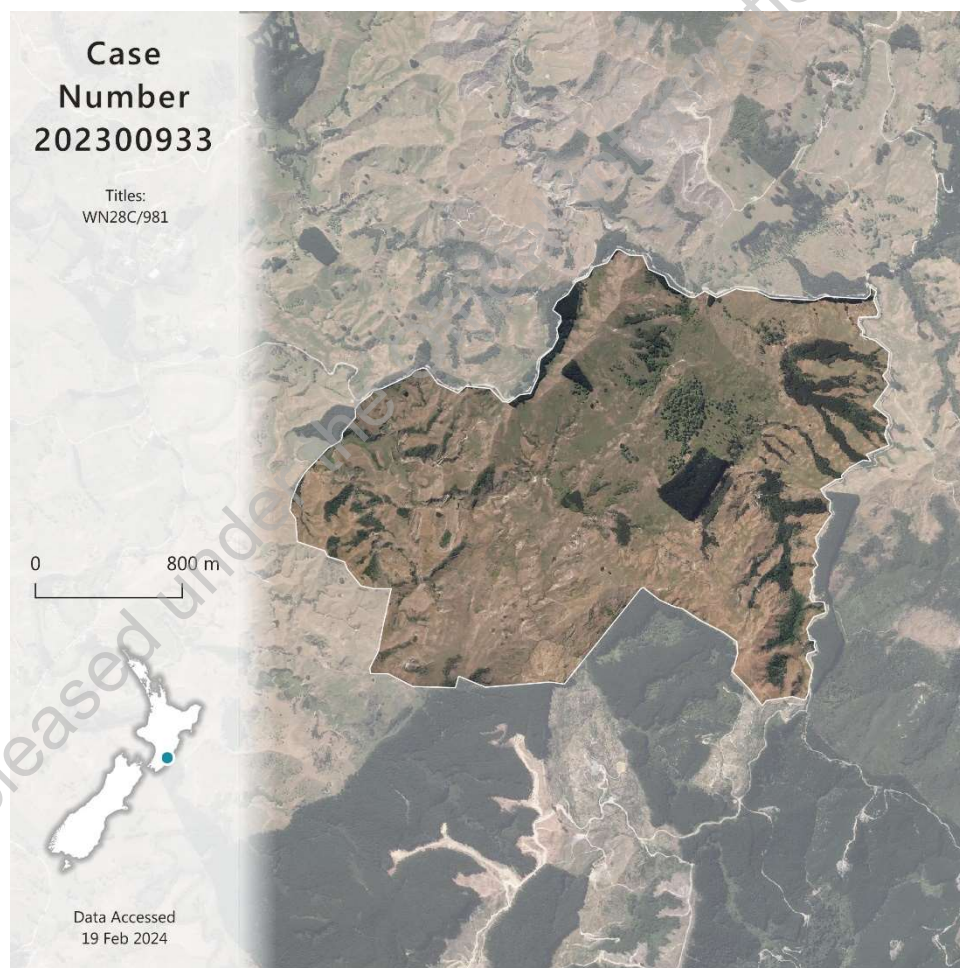


Figure 1: Aerial Map of Land

⁵ There is a discrepancy between satellite imagery (502 hectares) and the LINZ survey area (506 hectares).

8. The Land is all LUC 6.⁶ Approximately 94 hectares of the Land is already planted in pine trees.
9. The Land has a suitable erosion profile for forestry and is predominately yellow “moderate” risk, with an area of approximately 50 hectares of green “low” erosion risk.
10. The Land has rugged terrain, but its ridge tops have easy contour. The Land rises from a low point of 152 metres above sea level to the highest point of 392 metres above sea level. The highest point is the summit of Mount Mangahoe near the south-eastern corner of the Land.
11. There are no historic heritage, wahi tapu, Māori reservation land or archaeological sites on the Land.⁷

Vendor

12. The Land is currently owned by Hodgins Land Company Limited (Vendor), which is a New Zealand company ultimately owned by three New Zealand citizens.
13. The Vendor wishes to sell the Land as it is no longer a financially viable investment for them without having to invest further capital.

B. Application of the Act

14. The Land is sensitive because it is non-urban land over 5 hectares in size,⁸ so consent is required.⁹ The following criteria for an investment in sensitive land apply to this application:¹⁰
 - The investor test must be met.¹¹
 - The benefit to New Zealand test must be met.¹²
 - The farm land must have been offered for sale on the open market,¹³ unless exempt.¹⁴
 - You must also note whether the Investment is a transaction of national interest and, if so, whether the Minister of Finance has decided that the Investment is contrary to New Zealand’s national interest.¹⁵

⁶ The Land Use Capability (LUC) classification system is a system in which land is categorised into eight classes based on a broad assessment of the land’s capability and versatility for different types of agricultural production. Generally speaking, lower numbered classes (classes 1-5) are more productive and lend themselves to a broader range of activities (e.g. quality and versatile soils for farming, whereas classes 6-8 have greater limitations on what they can support and may be more appropriate for forestry).

⁷ Section 6(1) of the Act.

⁸ Table 1, Part 1, Schedule 1 of the Act.

⁹ Sections 10(1)(a) and 12(1)(a) of the Act.

¹⁰ Set out in section 16(1) of the Act.

¹¹ Sections 18A and 16(1)(a) of the Act.

¹² Section 16(1) of the Act.

¹³ Section 16(1)(f) of the Act.

¹⁴ Section 20(1)(a) or (b) of the Act.

¹⁵ Section 16(1)(g) of the Act.

15. In order to satisfy the benefit to New Zealand test, the decision-maker must:
- Determine that the overseas investment will, or is likely to, benefit NZ (or any part of it or group of New Zealanders);¹⁶ and
 - Determine that benefit will be, or is likely to be, substantial in relation to one of more of the factors of high relative importance for farm land¹⁷ (unless the farm land benefit test is disapplied¹⁸).
16. We assess the investor test in **Part C**, the benefit to New Zealand test in **Part D**, the farm land offer test in **Part E**, and discuss national interest matters in **Part F**.

C. Applicant and investor test

17. This section describes the Applicant and assesses whether the investor test is met.

Business Activities

18. The Applicants are part of the Ingka group (**Ingka Group**) which had a total revenue of EUR 42 billion in its 2022 financial year. As of 2022, it has over 170,000 employees.
19. Ingka Group is the largest franchisee of IKEA stores internationally. Ingka Group has three business areas, each with its own management and corporate structure, which sit under the Ingka Group Corporate Structure.
20. The three business areas of Ingka Group are:
- *Ingka Investments Business* – the investment arm of Ingka Group. This is the relevant part of Ingka Group for the proposed transaction and is described in more detail below.
 - *IKEA Retail Business* – Ingka Group’s core business is IKEA Retail, which is the world’s largest home furnishing retailer, operating 392 IKEA stores in 32 countries under franchise agreements.
 - *Ingka Centres Business* – develops shopping centres, with each anchored by an IKEA retail store. Currently there are 47 shopping centres across 16 countries.
21. The Applicants’ parent company, Ingka Investments B.V. (**Ingka Investments**), is a repeat investor in forestry having had 20 previous consents granted under the special forestry test to acquire land for forestry purposes.¹⁹ The Applicants act as the investment arm of Ingka group.
22. Ingka Investments owns approximately 270,000 hectares of forestry land around the world and submits that its commitment is to be a responsible forest manager. Ingka Investments’ strategy is to invest in forestry in countries relevant for the IKEA supply chain. All the

¹⁶ Section 16A(1)(a) of the Act.

¹⁷ Section 16A(1C)(a)&(b) of the Act. This criterion applies because the Land is farm land over 5 hectares in size.

¹⁸ Section 16A(1D) of the Act.

¹⁹ This is in addition to the three applications currently under review as at 2 February 2024.

Applicants' New Zealand forests are FSC²⁰ certified. The Applicants do not use their forests for carbon offsetting. Their forestry portfolio's business model is based on timber sales.

23. In April 2022, LINZ granted consent to IKEA New Zealand Limited for an investment in significant business assets, being the establishment of an IKEA store and distribution business, to be located in Auckland, with an opening date in December 2024.

Ownership and control

24. The Applicants are ultimately owned by Stichting Ingka Foundation (**Ingka Foundation**), also registered in the Netherlands (see Figure 2 below). Ingka Foundation cannot have any

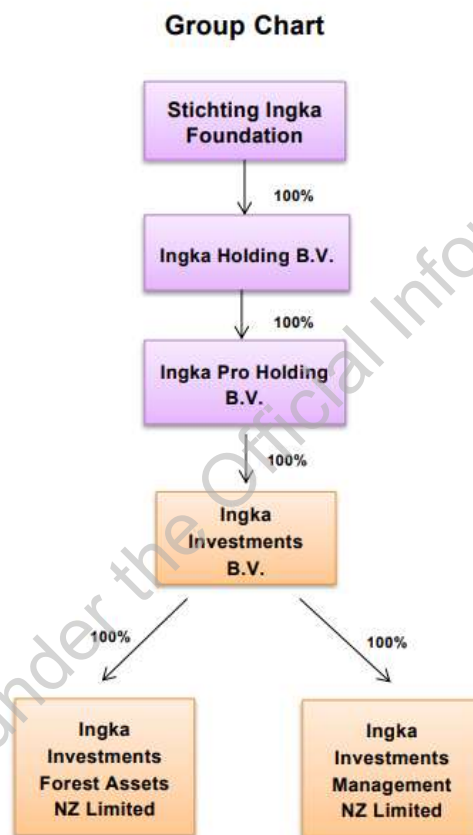


Figure 2 - Ownership Chart

²⁰ Forest Stewardship Council.

shareholders or other types of legal owners but holds its assets only on its own behalf. It has a charitable purpose which is achieved by making funds available to Ingka Holding B.V.

25. Decisions on purchases of forestry land in New Zealand are made by the Applicants, with Ingka Investments approving more substantial investment decisions.
26. Ingka Investments has a New Zealand forestry project team that is responsible for advising the board of the Applicants on the Investment, ongoing day-to-day oversight, and any recommendations to dispose of the Investment.

Relevant overseas person and individuals with control

27. We recommend that the '**relevant overseas person**' is (collectively):

Relevant overseas person	Reason
Ingka Investments B.V.	100% shareholder of both Applicants being Ingka Investment Forest Assets NZ Limited and Ingka Investments Management NZ Limited
Ingka Investments Forest Assets NZ Limited	Co-applicant and proposed Purchaser of the Land
Ingka Investments Management NZ Limited	Co-applicant and proposed Forestry Right Owner

28. We recommend that the '**individuals with control of the relevant overseas person**'²¹ are:

Individuals with control	Reason
Jesper Mattias Brodin	Director of Ingka Investments B.V.
Juvenicio Pablo Maeztu Herrera	Director of Ingka Investments B.V.
Andriy Oleksand Rovych Hrytsyuk	Director of: <ul style="list-style-type: none"> • Ingka Investments Forest Assets NZ Limited • Ingka Investments Management NZ Limited
Peter Alexander Van Der Poel	Director of Ingka Investments B.V.
Kelvin Hunter Meredith	Director of: <ul style="list-style-type: none"> • Ingka Investments Forest Assets NZ Limited

²¹ Section 15 of the Act.

	<ul style="list-style-type: none"> Ingka Investments Management NZ Limited the Applicants New Zealand Forestland Country Manager, Ingka Investments B.V.
Simon Ashley Honour	New Zealand Forestland Acquisition Manager, Ingka Investments B.V.

Summary of investor test

29. The relevant overseas persons and individuals with control established none of the factors contained in section 18A(4) of the Act, therefore we consider the **investor test has been met**.

D. Investment plan and benefit to NZ test

30. This section describes the Investment and our assessment of whether it is likely to meet the benefit to NZ test in the Act.

Current state (counterfactual)

31. Approximately 331 hectares of the Land is currently used for low value pastoral farming, predominately for grazing sheep. The remaining land area is made up of approximately:
- 94 hectares of commercial forest;
 - 66 hectares of native bush; and
 - 11 hectares of unplatable or buffer land.
32. The Vendor has approximately 2,000 Romney ewes which graze the Land and 165 breeding cows.
33. The Vendor advises the current farming activities support:
- Jobs:** 1 FTE (farming manager).
 - Annual Revenue:** After expenses is \$59,000²² from lamb, Romney ewe and wool sales.
34. The Vendor has planted approximately 81.4 hectares of *Pinus radiata*²³ (**Planted Area**) and it intended to harvest 6.9 hectares of 25-year-old pine trees and 1.1 hectares of 50-year-old pine trees already on the Land but was unable to due to timing, weather and fluctuating markets.

Investment plan

35. The Applicants intend to establish a commercial production forest by planting a further 305 hectares of the Land in *Pinus radiata* trees (New Trees) along with continuing the existing

²² This decreased from \$167,000 the year prior.

²³ In 2022, when they purchased the Land.

forestry operations in the Planted Area. The Applicants have engaged Forest360²⁴ to ensure that the Investment is managed in accordance with best practice.

36. The Applicants will also engage ThinkSafe to oversee their work safe programme.²⁵

Planting and Silviculture Regime

37. The Land will be planted with 1,000 stems per hectare which will be thinned to between 330 and 250 stems per hectare. A pruning and thinning regime will take place between five to eleven years after planting.

Planted Area

38. The Applicants intend to harvest the 8 hectares of pine trees located in the Planted Area in 2025, and replant 7.5 hectares of that same area in 2026/2027. The slight reduction in plantable area is due to expected reductions for roading, skids, and potential riparian areas. The Applicants will harvest the Planted Area between ages 27 and 32.

Harvesting, domestic processing, export and timber revenue

39. The Applicants intend to harvest the trees between 27 and 32 years after planting. No resource consent for harvesting is expected to be required.
40. Once harvested, the majority of the trees will likely be sold to export markets via Centre Port, Wellington (located approximately 170km from the Land). 25% of the trees will be processed domestically at [REDACTED] s9(2)(b)(ii).
41. The Applicant expects total timber revenues over the first rotation to be approximately \$ [REDACTED] s9(2)(b)(ii) (approximately \$ [REDACTED] s9(2)(b)(ii) a year averaged over a 35-year period).
42. Converting the Land to a larger production forest will result in a net increase in export receipts of approximately \$ [REDACTED] s9(2)(b)(ii) over a 35-year period.²⁶

Development expenditure

43. The Applicants plan to spend \$ [REDACTED] s9(2)(b)(ii) in 2024/2025 to establish the new *Pinus radiata* forest.
44. The Applicants intend to spend an additional \$ [REDACTED] s9(2)(b)(ii) (an average of \$ [REDACTED] s9(2)(b)(ii) per annum over 35 years) through to 2058 on tending, maintenance/protection, and management of the Land.
45. The total capital expenditure and operating expenses for the Applicant through to 2058 will exceed \$ [REDACTED] s9(2)(b)(ii).

²⁴ A special forestry manager and advisor with over 30 years of New Zealand experience. The Applicants have previously worked with Forest360.

²⁵ ThinkSafe engage a number of health and safety professionals who have expertise and experience to help the Applicants assess their health and safety risks.

²⁶ Net annual export receipts increase of approximately \$ [REDACTED] s9(2)(b)(ii) per 100 hectares.

Employment

46. The Applicants estimate it will create the equivalent of 2.3 direct FTE per annum over a 30-year period²⁷, as a result of the Investment.
47. Forestry typically generates cyclical employment (peaking at harvest), and it is highly likely FTE will exceed the numbers provided by the Applicant.

Carbon Sequestration

48. The Investment will result in net reduction of CO₂ in New Zealand. Given the Applicants plan to register the Land in the ETS, the carbon reductions may be on-sold to other emitters²⁸, meaning the total net carbon emissions in New Zealand may not decrease. The Vendor has indicated the livestock on the Land will be moved to another farm.

Environmental initiatives

49. The Applicants agreed to establish fire, pest, and weed control programmes. In addition to this they will engage a local ecological consultant and commit to spend approximately \$ s9(2) (b)(ii) a year on pest control.
50. The Applicants will also improve erosion rates by planting more trees and decrease slash risk by undertaking wider riparian setbacks than usual, use of latest technology for harvesting and compartment harvesting.

Public Access Benefit

51. There are currently no formal or informal public access arrangements across the Land. The Applicants are engaging with David Barnes, regional field adviser for Outdoor Access Commission (**OAC**) to determine interest in public access across the Land and will engage other local stakeholders for consultation.
52. Tracks across the Land would offer the public the ability to climb to the peak of Mount Mangahoeka, a peak of 392m above sea level. This is the highest peak in the area.

Potential site of cultural value

53. While there are no *registered* archaeological sites on the Land, the Applicants intend to liaise with relevant stakeholders and iwi, to determine the cultural value of Mount Mangahoeka²⁹. This will be managed as part of the Applicants' usual stakeholder engagement plans.

²⁷ Total net increase of 0.26 per 100 hectares (excluding harvest).

²⁸ The Applicants have no intention of trading carbon credits, we appreciate this could change in the future.

²⁹ The Applicants are open to supporting entry and engagement with local iwi subject to operational requirements.

Assessment of benefits

54. The benefits to New Zealand that are likely to result from this Investment and our assessment of the relative weight to be given to each are set out in the table below.³⁰

Farmland benefit test does not apply

55. The Investment involves the acquisition of farm land over 5 hectares which would ordinarily need to meet the modified farm land benefit test. In this case, the test has not been applied because the land will be used for forestry activities.³¹

Benefit claims

56. We have analysed the benefits that are likely to occur as a result of the Investment, compared to the current state of the Land, in the table below. This may include benefits that the Applicants have not specifically claimed, but that we have identified may occur.

57. Carbon and climate related claims are assessed under their own heading to prevent double counting as they relate to more than one benefit factor.

58. Factors that we considered were either not relevant to the Investment, or the benefit to New Zealand was not sufficient to be relied on, are noted in **Attachment 3**.

Benefit		Analysis
Economic Moderate	Capital Expenditure	Additional spending of approximately \$ s9(2)(b)(ii) per annum on average over 35 years to establish and maintain the Investment.
	Revenue and Export Receipts	Revenue is likely to increase by approximately \$ s9(2)(b)(i) per annum (including additional export receipts of approximately \$ s9(2)(b)(ii) per annum) on average over 35 years.

³⁰ In applying the benefit to NZ test, you are required to consider each of the benefit factors, decide which of them are relevant and determine the relative importance of those relevant factors. The weight and relative importance to be given to each factor is a matter to be determined by you as the decision-maker (except where the farm land benefit test requires a factor to be given high relative importance). This report sets out our assessment to guide your consideration, however it is not determinative.

³¹ Section 16A(2) of the Act states the modified farm land benefit test does not apply if the decision maker is satisfied that:

- the farm land will, or is likely to, be used exclusively, or nearly exclusively, for forestry activities; and
- whenever a crop of trees is harvested on the farm land, a new crop will be, or is likely to be, established on the farm land to replace the crop that is harvested; and
- the non-occupation outcome will, or is likely to, occur in relation to the farm land.²²

We consider that all three of these requirements are met in this case.

	Creation of jobs	The creation of the equivalent of approximately 1.3 additional FTE per annum fluctuating over the life of the forest (excluding harvest). ³²
	Domestic Processing	The Applicants have committed to provide at least 25% of the timber harvested to domestic processing.
<u>Carbon & Climate Change</u>³³ Moderate	Reduction in net carbon emissions	The conversion to forestry and removal of the stock is likely to result in a net decrease in CO ₂ emissions by approximately 12,665 tonnes.
	Support Government Emissions Reduction Plan - 2022 ³⁴	The net emission reduction is likely to advance this Government policy. LINZ notes that the Plan acknowledges the importance of afforestation initiatives and growing the forestry industry.
<u>Environmental</u> Weak	Protect indigenous flora and fauna	Creation of fire, pest, and weed control programmes. ³⁵ Engage a local ecological consultant and commit to spending approximately \$ §9(2)(b)(ii) year on pest control.

Consultation and submissions about the investment

59. No third-party submissions were sought or received in relation to this application.

Proposed conditions and rationale

60. The Applicants' afforestation proposal is the primary action from which all the specific benefit claims flow. The proposed conditions require the Applicants to use the Land for forestry activities (including planting, maintaining, harvesting, and replanting a crop of trees) and undertake other initiatives referred to above.

Conclusion – benefit to NZ test

Key benefits

61. After considering the application, we are satisfied that the Investment is likely to result in the benefits considered above. In particular, it is likely to result in economic benefits such as

³² This is a net increase of approximately 0.26 FTE per 100 hectares (excluding harvest).

³³ Carbon and climate related claims are assessed under their own heading to prevent double counting as they relate to more than one benefit factor,

³⁴ The relevant chapter within the Plan relating to forestry is Chapter 14 -

<https://environment.govt.nz/publications/aotearoa-new-zealands-first-emissions-reduction-plan/forestry/>.

³⁵ The FSC certification will hold the Applicants to these commitments.

additional expenditure and increased export receipts. The Investment is also likely to result in environmental benefits, primarily due to the sequestration of carbon.

Proportionality

62. We have undertaken our assessment having regard to the sensitivity of the Land and the nature of the overseas investment transaction, reflecting the proportional nature of the benefit to NZ test.
63. Matters which were considered to raise the proportionality include:
- The Land being acquired is 506 hectares which is of medium size;
 - The majority of the Land is currently used for farming;
 - The Land will be converted to an alternative (non-farming) use;
 - The Applicants are acquiring a freehold interest;
 - The Applicants are entirely overseas owned.
64. Mitigation factors include:
- Approximately 94.3 hectares of the Land is already planted in forest;
 - The farming being undertaken on the Land is of lower value;
 - The Land is entirely LUC 6.
65. We consider that the Land is **low** on the spectrum of "sensitivity" for farm land. This is because the Land has limited economic viability due to its size, which is limited by its LUC classification and topography. Applicant submits the Land is not good quality farm land and is therefore, less sensitive than very productive areas.

Conclusion

66. After considering the application, we are satisfied that the Investment is likely to result in moderate economic benefits as well as moderate environmental benefits.
67. While finely balanced, the benefit test has been met. Our assessment has been informed by recent Ministerial decisions on farm-to-forestry conversion applications under the benefit test.

E. Farm land offer test

68. Because the Land is farm land, we note that it was advertised for sale on the open market with the required information for a period exceeding 30 working days³⁶ on bayleys.co.nz, realestate.co.nz, homes.co.nz, trademe.co.nz and through "Wairarapa Property Guide"³⁷ "Friday off Cuts".³⁸

³⁶ Advertised from 6 October 2023 to present (at the date of the application submitted to LINZ).

³⁷ Separately on 31 May 2023 and 14 June 2023.

³⁸ A digital newsletter amongst the forestry industry, published 2 June 2023, 9 June 2023 and 16 June 2023.

69. We are therefore satisfied the regulations requiring the farm land to be offered for acquisition on the open market have been complied with.

F. Not a transaction of national interest

70. The Investment does not involve a transaction of national interest under the mandatory criteria of the Act.³⁹ This is because the Investment does not involve a non-NZ government investor, or an investment in a strategically important business (as defined in the Act).
71. The Minister of Finance has not called the Investment in for a national interest assessment.⁴⁰

G. Conclusion

72. For the reasons set out in this report, we consider that the criteria for consent have been met and our recommendation is to grant consent.
73. We refer you to **Attachment 1** to review the Proposed Decision (including consent conditions), and from page 3 of this Assessment Report to record your decision.

H. Attachments

1. Proposed Decision
2. Other benefit factors

³⁹ Under s 20A of the Act.

⁴⁰ Section 20B of the Act

ATTACHMENT 1 PROPOSED DECISION

Consent for Overseas Person to Acquire Sensitive New Zealand Land

Read this consent carefully - you must comply with all the conditions. If you do not, you may be required to dispose of the land and/or be subject to fines or other penalties.

Consent

Decision date: [Date]

The following people have been given the following consent:

Case	202300933
Consent	Ingka Investments Forest Assets NZ Limited may acquire the Land and Ingka Investments Management NZ Limited may acquire the Forestry Right subject to the Conditions set out below.
Consent holder/s	Ingka Investments Forest Assets NZ Limited and Ingka Investments Management NZ Limited (Company numbers: 8148262 and 8148260). We will also refer to each Consent holder and the Consent holders together as you .
Land	A freehold interest in approximately 506.00 hectares of sensitive land located at Te Mai Forest, 2164 Tinui Valley Road, Wairarapa, contained in Records of Title WN28C/981 (Wellington).
Forestry Right	Means the forestry right to be granted to Ingka Investments Management NZ Limited by Ingka Investments Forest Assets NZ Limited to establish, maintain and harvest trees on the Land and associated activities.
Timeframe	You have until 30 April 2025 to acquire the Land and until 30 April 2025 to acquire the Forestry Right.

Conditions

Your Consent is subject to the Special conditions, Standard conditions and Reporting conditions (**Conditions**) set out below. You must comply with them all. Be aware that if you do not comply with the Conditions you may be subject to fines or other penalties, and you may also be required to dispose of the Land.

Definitions

In the Consent and the Conditions, we refer to Toitū Te Whenua Land Information New Zealand as **LINZ, us or we**.

Act means the Overseas Investment Act 2005.

Crop of trees means:

- the **new crop of trees** that will be established under special condition 1,
- any **existing crop of trees** already established on the Land;
- any **replanted crop of trees** replanted in accordance with special condition 5,

but for the avoidance of doubt excludes trees that were not planted with the intention of being harvested to provide wood, such as native species planted in riparian margins.

Existing Trees means the commercial trees planted on the Land at the time of acquisition by the Consent Holder.

Forestry Activities has the same meaning as in the Act and, for the avoidance of doubt, excludes permanent forestry.

Forestry Land means the parts of the Land which you intend to use exclusively, or nearly exclusively, for Forestry Activities (which, for the avoidance of doubt, may include areas of native bush, and reasonable allowances for roads, setbacks, buffer areas, riparian planting and other land reasonably deemed "non-productive").

NES-CF means the National Environmental Standards for Commercial Forestry.

New Trees means the *Pinus radiata* or other commercial species of trees to be planted by the Applicants which are not the Existing Trees.

Regulations means the Overseas Investment Regulations 2005.

Any term or expression that is defined in the Act or Regulations and used, but not defined, in this consent has the same meaning as in the Act or Regulations.

Special conditions

You must comply with the following **special conditions**. These apply specifically to this Consent and were considerations that particularly influenced us to give consent:

Details	Required date
Special condition 1: Land must be planted with trees	
You must establish a new crop of trees on the Land covering at least 275 hectares.	By 31 December 2027
If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.	
Special condition 2: Forestry Land must be used for forestry activities	
The Forestry Land must be used exclusively, or nearly exclusively, for Forestry Activities except as otherwise permitted by these Conditions.	At all times
If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.	
Special condition 3: Minimum silvicultural practices	
You must maintain the crop of trees in accordance with minimum silvicultural practices applicable to the relevant species, which will be pruning and thinning regimes undertaken approximately between years five to eleven for <i>Pinus radiata</i> .	At all times
If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.	
Special Condition 4: Crop of trees must be harvested	
You must ensure that no more than 5% (by area) of the crop of trees on the Land is older than the species age limit.	At all times

Details	Required date
<p>For <u>Pinus radiata</u>, species age limit is 35 years.</p> <p>For <u>all other species</u>, the species age limit is as determined by LINZ.</p>	
<p>If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.</p>	
<p>Special condition 5: Trees must be replanted after harvest</p>	
<p>You must replace each crop of trees (Existing Trees and New Trees) which you harvest with a new crop of trees (Replant). You may Replant on a like-for-like basis or on any similar basis.</p> <p>This condition does not require you to:</p> <ul style="list-style-type: none"> (a) replant the Land with the same species of tree or use the same silvicultural regime; or (b) do anything in breach of any other Act, regulation, rule, bylaw, or that is otherwise contrary to law. <p>This condition does not limit Special Condition 2 (Forestry Land must be used for forestry activities) or Special Condition 3 (Minimum silvicultural practices).</p>	<p>Within 3 years of harvest (or as otherwise permitted by this condition).</p>
<p>If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.</p>	
<p>Special condition 6: ETS registration</p>	
<p>You must not register the crop of New Trees or any replacement trees on the Land as "permanent forestry" (or in any category similar to permanent forestry) in the Emissions Trading Scheme established under the Climate Change Response Act 2002 (or any replacement for that scheme or enactment).</p>	<p>At all times</p>
<p>If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.</p>	

Details	Required date
Special condition 7: Non-occupation outcome	
<p>None of the following people may occupy the Land acquired under this consent for residential purposes or as otherwise permitted by Special Condition 10 (Permitted temporary activities):</p> <p>You;</p> <p>Any overseas person with a more than 25% ownership or control interest in any of the people in (a);</p> <p>Any overseas person who occupies the Land other than on arm's length terms⁴¹;</p> <p>Any overseas person who has a beneficial interest in, or beneficial entitlement to, the relevant interest in the Land;</p> <p>If (a) is a trust, any beneficiary (direct or indirect) who may benefit under the trust at the trustees' discretion.</p> <p>This condition does not apply to the extent that accommodation is being provided for the purpose only of supporting forestry activities (as defined in section 16A(9)) being carried out on the Land.</p>	At all times
If you do not comply with this condition, Standard Condition 6 will apply, and we may require you to dispose of the Land.	
Special condition 8: Comply with NES-CF	
You must comply with the NES-CF in respect of the Land.	At all times
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	

⁴¹ 'At arms length terms' has the meaning in clause 17, Part 5, Schedule 2 of the Act. In summary it means terms, for example under a lease (or other contract), that are on a reasonable commercial basis.

Details	Required date
Special condition 9: Domestic Processing supply	
You must offer for sale a minimum of 25% of all trees harvested on the Land to domestic processors based in New Zealand.	Upon harvest of an trees on the Land
If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.	

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Standard conditions

You must also comply with the **standard conditions** set out below. These apply to all overseas people who are given consent to acquire sensitive New Zealand land, including you:

Details	Required date
Standard condition 1: Acquire the Land	
<p>You must acquire the Land:</p> <ol style="list-style-type: none"> 1. by the date stated in the Consent. If you do not, your Consent will lapse or become invalid and you must not acquire the Land; and 2. using the acquisition, ownership, and control structure you described in your application. <p>Note, only you – the named Consent Holder – may acquire the Land, not your subsidiary, trust, or other entity.</p>	As stated in the Consent
Standard condition 2: Tell us when you acquire the Land	
<p>You must tell us in writing when you have acquired the Land. Include details of:</p> <ol style="list-style-type: none"> 1. the date you acquired the Land (Settlement); 2. consideration paid (plus GST if any); 3. the structure by which the acquisition was made and who acquired the Land; and 4. copies of any transfer documents and settlement statements. 	As soon as you can, and no later than two months after settlement
Standard condition 3: Allow us to inspect the Land	
<p>Sometimes it will be helpful for us to visit the Land so we can monitor your compliance with the Conditions.</p> <p>We will give you at least two weeks' written notice if we want to do this.</p> <p>You must then:</p> <ol style="list-style-type: none"> 1. allow a person we appoint (Inspector) to: 	At all times

<ul style="list-style-type: none"> a. enter onto the Land, including any building on it, other than a dwelling, for the purpose of monitoring your compliance with the Conditions (Inspection); b. remain there as long as is reasonably required to conduct the Inspection; c. gather information; d. conduct surveys, inquiries, tests, and measurements; e. take photographs and video records; and f. do all other things reasonably necessary to carry out the Inspection; and <p>2. take all reasonable steps to facilitate an Inspection including:</p> <ul style="list-style-type: none"> a. directing your employees, agents, tenants, or other occupiers to permit an Inspector to conduct an Inspection; and b. being available, or requiring your employees, agents, tenants, or other occupiers to be available, at all reasonable times, during an Inspection to facilitate access onto and across the Land. This includes providing transport across the Land if reasonably required. <p>3. During an Inspection:</p> <ul style="list-style-type: none"> a. we will not compel you and your employees, agents, tenants, or other occupiers to answer our questions or to let us look at, copy, or take away documents; and b. our Inspector will comply with any reasonable instruction and co-operate with any reasonable health and safety policy or procedure you notify to us before the Inspection. 	
Standard condition 4: Remain not unsuitable to invest in New Zealand	
<p>You, and to the extent that you are not an individual, the Individuals Who Control You must remain not unsuitable to own or control the assets in accordance with section 18A(1) of the Act.</p> <p>The Individuals Who Control You are individuals who:</p>	<p>At all times</p>

<p>(a) are members of your governing body;</p> <p>(b) directly or indirectly, own or control more than 25% of you or of a person who itself owns or controls more than 25% of you; and</p> <p>(c) are members of the governing body of the people referred to in paragraph (b) above.</p>	
<p>Standard condition 5: Tell us about changes that affect you, the people who control you, or people you control</p>	
<p>You must tell us in writing if any of the following events happen to the Consent Holder:</p> <ol style="list-style-type: none"> 1. You become aware that you and/or any Individual Who Controls You establishes any of the investor test factors listed in section 18A(4) of the Act. 2. You cease to be an overseas person or dispose of all or any part of the Land. 3. Your New Zealand Service Address changes. This is the address you provided us in your application as the address which we will send any legal document we need to serve on you. 	<p>At all times</p>
<p>Standard condition 6: Dispose of the Land if you do not comply with key special conditions</p>	
<p>Some of the special conditions were key to the decision to give consent. If we consider you have failed to comply with one of those special conditions in a material way, we may require you to dispose of the Land.</p> <p>If all or part of this standard condition 6 applies to a special condition, we have said so in that condition.</p> <p>We will give you written notice if we require you to dispose of the Land. After we have given you notice, you must:</p>	
<p>Value the Land: obtain and send us a copy of a market valuation of the Land from a New Zealand registered valuer.</p>	<p>Within six weeks of the date of our notice</p>
<p>Market the Land: instruct a licensed real estate agent to actively market the Land for sale on the open market.</p>	<p>Within six weeks of the date of our notice</p>
<p>Dispose of the Land: dispose of the Land to a third party who is not your associate.</p>	<p>Within six months of our notice</p>

<p>Offer without reserve: if you have not disposed of the Land within six months of our notice, offer the Land for sale by auction or tender without a reserve price or minimum bid and dispose of the Land.</p>	<p>Within nine months of our notice</p>
<p>Report to us about marketing: tell us in writing about marketing activities undertaken and offers received for the Land.</p>	<p>By the last day of every March, June, September and December after our notice or at any other time we require</p>
<p>Report disposal to us: send us, in writing, evidence of the following:</p> <ol style="list-style-type: none"> 1. that you have disposed of the Land (including copies of sale and purchase agreements, settlement statements and titles showing the purchaser as registered proprietor); and 2. that the purchaser is not your associate. 	<p>Within one month after the Land has been disposed of</p>

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Reporting conditions

We need information from you about how your investment plan is tracking so we can monitor your progress against the Conditions.

In addition to Settlement reporting (as set out in Standard Condition 2), you must provide LINZ with reports detailing the progress of the investment. The reports must:

1. be submitted via our Webform by these dates:
 - (a) 30 November 2025
2. contain information about:
 - a. your progress in implementing the special conditions (which can include photographs, maps or aerial imagery as evidence of compliance with relevant conditions), and
 - b. your most current forecast or schedule for harvesting and replanting of various areas of the Land (including maps indicating the particular areas and likely schedules).
3. follow the format of the template annual report published on our website.
4. If requested in writing by LINZ, the Consent Holder(s) must provide a written report within 20 working days (or such other timeframe as specified) on any matter relating to its compliance with:
 - a. the representations and plans made or submitted in support of the application and notified by the regulator as having been taken into account when the Consent was granted, or
 - b. the conditions of this Consent.

Power to vary reporting date

The dates on which reports are due to be provided may be changed by agreement between the regulator and the consent holder, provided that this power may not be used to give a time extension for an individual report.

Power to narrow scope of reports

The regulator may temporarily or permanently waive the requirement to report on a particular matter.

Power not to require further reporting

The regulator may waive the requirement to submit a report and may waive the requirement for future reporting.

ATTACHMENT 2 OTHER BENEFIT FACTORS

The table **below** lists other factors in the Act for assessing the benefit of overseas investments.

We considered that the factors below were either not relevant to the Investment, or the benefit to New Zealand was not likely or sufficient to be relied on for the purposes of our assessment.

Factor	Reason not relevant or insufficient
Public access	Insufficient benefit – there is no public access on the Land. While the Applicants have committed to creating public access should there be any interest, they are only consulting with OAC at this stage. Therefore, we are not confident any benefit will eventuate.
Historic heritage	Not relevant – No historic heritage sites have been identified on the Land.
Oversight or participation by New Zealanders	Not relevant – the Land is currently owned by New Zealanders.
Consequential benefits	Not relevant
Extraction of water for human consumption / bottling	Not relevant

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