**Notice of Decision**

**Case: 202200148**

Decision Date

1. 6 May 2022

Duration of the Exemption

1. This Exemption comes into force on 6 May 2022 and expires at the close of 31 May 2023.

Interpretation

1. In this notice, unless the context otherwise requires—

**Act** means the Overseas Investment Act 2005.

**Drylandcarbon** means Drylandcarbon One Limited Partnership.

**Exemption** means the exemption in paragraph (5).

**Exemption Holder** means Drylandcarbon One Limited Partnership.

**OIO** means the Overseas Investment Office.

**Otahu Transaction** means the transaction entered into on 26 January 2022 between DrylandCarbon One Limited Partnership and Samuel Werder, Laura Jean Werder and Werder Family Trustee Company Limited as to a half share, and Laura Jean Werder, Samuel Werder and Downs Family Trustee Company Limited as to a half share concerning the acquisition of a freehold interest in approximately 947.3551 hectares at 270 & 855 Okahukura Saddle Road, Matiere, Taumarunui, contained in Records of Title TNJ2/446, TNF2/876, TN264/22, TN196/57, TN196/56, 380814, 328504, 328503.

**Regulations** means the Overseas Investment Regulations 2005.

**Ridge Road Transaction** means the transaction entered into on 10 December 2021 between DrylandCarbon One Limited Partnership and Graham David Young as to a half share, and Graham David Young, David Clifford Young and Jane Alison Signal as to a half share as executors concerning the acquisition of a freehold interest in approximately 329.0498 hectares at 480 Ridge Road, Pohangina, Manawatū, contained in Records of Title WN100/245, WN100/18, WN127/2 and WN121/183.

**Transactions** means the Ridge Road Transaction and the Otahu Transaction.

1. Any term or expression that is defined in the Act or the Regulations and used, but not defined, in this Exemption has the same meaning as in the Act or the Regulations (as the case may be).

Exemption from farm land offer criterion

1. The requirement in section 16(1)(f) of the Act does not apply to the Transactions.

Conditions of the Exemption

1. The exemption in paragraph (5) only applies to transactions entered into on or before 31 May 2023.
2. If requested in writing by the OIO, the Exemption Holder must provide a written report within 20 working days (or such other timeframe as specified) on any matter relating to its compliance with:
   1. the representations and plans made or submitted in support of the application for the Exemption; or
   2. the conditions of the Exemption.

Amendment or revocation of the Exemption

1. The Exemption and conditions of the Exemption may at any time be amended or revoked by the Overseas Investment Office.

Sanctions

1. The Act provides for civil and criminal sanctions for breaching the Act, failing to comply with conditions of exemption and failing to provide information required by the Overseas Investment Office. The Overseas Investment Office has an obligation to investigate and act upon alleged and suspected breaches of the Act.

**Reasons for Exemption**

The farm land advertising requirements are directed at ensuring that New Zealanders have the opportunity to acquire farm land. However, the existence of a power to exempt investors from the need to comply with that requirement reflects that in some circumstances, compliance with the Act is not necessary to meet the purpose. Those circumstances exist in this case.

Drylandcarbon intends to acquire the Land (which is farm land under the Act) for conversion to forestry.

When the Transactions were entered, Drylandcarbon was not an overseas person under the Act and the Transactions were entered into in good faith. Drylandcarbon has since become an overseas person due to a change in the underlying ownership of one of its limited partners (a change which it could not control).

Each overseas investment was entered into by Drylandcarbon as a non-overseas person, in compliance with the law. A failure to grant an exemption would have the unusual effect of requiring transactions validly entered into to be cancelled.

Further, the Land was advertised for sale by tender and, although not strictly meeting the farm land advertising criteria under the Act, alternative New Zealand purchasers had an opportunity to acquire the Land. In addition, Drylandcarbon is itself approximately 64% owned by New Zealanders with the majority shareholder in two of the largest limited partners being the New Zealand Government.

The Exemption is limited to just two transactions that are affected by the change in Drylandcarbon's overseas person status.