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Toitū Te Whenua
Land Information
New Zealand

To: Hon Damien O'Connor, Minister for Land Information
Hon Barbara Edmonds, Associate Minister of Finance

ASSESSMENT REPORT: Totara Forestry Services Limited

Special Forestry Test – Application for Standing Consent

Date	21 September 2023	Classification	IN CONFIDENCE: Commercially sensitive
LINZ reference	202200134 BRF 24-140	Deadline	2 October 2023

Purpose

LINZ seeks your decision on an application for standing consent to acquire sensitive land for forestry purposes under the Overseas Investment Act 2005 (the Act).

Action sought

1. Review this report and consult with each other if desired.
2. Determine whether to grant consent and, if so, on what conditions.
3. Indicate your decision from page 3.

Toitū Te Whenua Land Information New Zealand (LINZ) contact

Name	Position	Contact	First contact
Pedro Morgan	Lead Advisor	04 460 2785	<input checked="" type="checkbox"/>

Released under the Official Information Act 1982

A. Summary

1. The Applicant (Totara Forestry Services Limited – **Totara**) is seeking a standing consent to acquire sensitive land for forestry purposes.¹
2. Totara is newly established entity that has received three previous consents under the Act². Totara is part of the Craigmores Sustainables group, being a subsidiary of Craigmores Sustainables LLP (**Craigmores**) managing over 13,000 hectares (net stocked area) of forestry estate. Through its subsidiaries, Craigmores has received an additional 39 consents³. Notably, this includes Kauri Forestry LP, which was granted a forestry standing consent in 2021.
3. Totara seeks the standing consent to purchase and amalgamate small to mid-sized forestry assets, which will enable it to develop a more efficient and sustainable long term forestry business which is able to provide stability of wood flow to local processors.
4. For the reasons set out in this report, LINZ's recommendation is to **grant consent**.

Key Information

Applicant	Totara Forestry Services Limited (Germany 73.49%, Finland 18.66%, United Kingdom 3.43%, United States 2.51%, Hong Kong 0.79%, Australia 0.64%, New Zealand 0.48%)	
Application type	Standing consent (forestry activities) for overseas investments in sensitive land	
Requested scope of standing consent	Interest types	Forestry Rights, Crown forestry licences, leasehold or freehold
	Land types	Forestry land and Fresh and Seawater Areas ⁴
	Location	North Island
	Max transactions	Maximum of 20 transactions (but within the maximum total land area limit listed below)
	Max total area	Maximum total of 20,000 ha of sensitive land
	Max area per transaction	Existing forest – 2,500 ha per transaction involving an acquisition of interests in land that is already used exclusively or nearly exclusively for forestry activities
	Requested duration	Three years from the Consent date

¹ Under Schedule 4, clause 3 of the Act.

² Under the special forestry test.

³ Under the benefits to New Zealand, special forestry and non-residential use tests, and significant business assets.

⁴ Fresh or seawater areas are marine or coastal areas, lakebeds and riverbeds (schedule 5, clause 2 of the Act).

Timing

5. The Overseas Investment Regulations 2005 specify the total assessment timeframe for this application is 100 working days. This application is now outside of the statutory timeframe, after being delayed while LINZ waited for the report of the Ministerial Inquiry into Land Use and the Government's response.

B. Decision

Core tests

6. I determine that:

- (a) The 'relevant overseas person' (ROP) is (collectively):

Relevant overseas person	Role
Totara Forestry Services Limited	The Applicant and acquiring entity
Totara Forestry LP	The parent of the Applicant
Totara Forestry GP Limited	The general partner of Totara Forestry LP
S9(2)(b)(ii)	The investment manager of Totara Forestry LP

- (b) The 'individuals with control of the relevant overseas person' (IWC) are:

Individuals with control	Role
Leslie Che Charteris	Director of the Applicant and Totara Forestry GP Limited, and a member of the Investment Committee for Craigmore Sustainables LLP
Reuben James Casey	Director of Totara Forestry Services Limited
John William Donkers	Directors of Totara Forestry GP Limited
Andrew Brian Gibbs	
John Lindsay Holland	
Mark William Cox	
Forbes Herbert Elworthy	Members of the Investment Committee for Craigmore Sustainables LLP
William Robert Nicholas Tapp	
Josef Johann Nagel	

- (c) The ROP and IWC were all recently considered for recent applications in 2022⁵. None of the ROP and IWC have established any of the factors contained in section 18A(4) of the Act.

⁵ Josef Johann Nagel was considered in application 202100790 which was decided in Feb 2020. All remaining entities and individuals were considered in application 202200042 which was decided in April 2022.

7. I am satisfied that the investor test in section 18A has been met.

Hon Damien O'Connor

Hon Barbara Edmonds

Agree

Agree

Disagree

Disagree

8. I am satisfied, in relation to the remaining criteria for a forestry activities standing consent set out in clause 3 of Schedule 4 of the Act, that:

(a) The following conditions will be, or are likely to be, met:

- (i) conditions that must be imposed for the purpose of ensuring that the special test relating to forestry activities (the **Special Forestry Test**) is met for each overseas investment under the standing consent;
- (ii) conditions that must be imposed requiring farm land / farm land securities to be offered for acquisition on the open market to non-overseas persons;⁶
- (iii) conditions that must be imposed requiring that LINZ be notified of each transaction settled under the standing consent; and
- (iv) additional conditions that may be imposed including conditions limiting the land that can be acquired under the standing consent.

(b) The Applicant has adequate processes in place for meeting the requirements of Regulation 29 (that is – the continuation of existing arrangements, existing conditions of consent, and log supply obligations).

(c) The Applicant has a strong track record of compliance with the Act (or corresponding laws overseas) and with conditions and other requirements imposed under it.

Hon Damien O'Connor

Hon Barbara Edmonds

Agree

Agree

Disagree

Disagree

Limits

9. The consent is to be limited as set out in the attached schedule of limits.

National interest

10. I note that a national interest assessment is not required under section 20A of the Act and the Minister of Finance has not notified a transaction of national interest under section 20B of the Act.

⁶ This condition is not applicable - the scope of the standing consent requested only includes the acquisition of forestry land (i.e. the acquisition of farm land will not be permitted under the consent).

Decision

11. My ultimate decision is to:

Hon Damien O'Connor

Grant consent subject to the conditions in the Proposed Decision in **Attachment 1** (reflecting the limits sought by the Applicant)

Grant consent subject to the conditions in the Proposed Decision in **Attachment 1**, modified in accordance with the limits in the schedule of limits

Grant consent with amended conditions provided on:

Decline consent


Hon Damien O'Connor
Date: 17/2/23


Hon Barbara Edmonds

Grant consent subject to the conditions in the Proposed Decision in **Attachment 1** (reflecting the limits sought by the Applicant)

Grant consent subject to the conditions in the Proposed Decision in **Attachment 1**, modified in accordance with the limits in the schedule of limits

Grant consent with amended conditions provided on:

Decline consent


Hon Barbara Edmonds
Date: 11/2/23

Released under the Official Information Act 1982

C. Background

12. The 'special test relating to forestry activities' (or 'special forestry test') was introduced in 2018 as an alternative pathway to the Benefit to New Zealand test (**Benefit test**).
13. The Government created the special forestry test as a more permissive pathway in recognition of the significant role of the forestry sector for New Zealand and its reliance on foreign direct investment, and to support other Government priorities including the One Billion Trees Programme. This change was made in response to the Benefit test being administratively challenging for forestry investors, as well as the importance of the forestry sector to New Zealand.
14. The special forestry test is a lighter touch way to screen forestry investment. It is an objective, checklist-style test that focuses on:
 - (a) ensuring the relevant land will be used for forestry purposes, and
 - (b) maintaining the status quo in relation to such things as environmental protection, public access and log supply contracts.
15. The special forestry test does not consider the benefits or detriments of a particular investment and provides limited room for the exercise of ministerial discretion.
16. 'Standing consents' for investments under the special forestry test allow an investor to apply for consent before identifying the land they want to acquire (a form of 'pre-approval' or 'advance consent').
17. Standing consents avoid the need to make an application for consent for each transaction, providing:
 - (a) certainty for both purchaser and vendor
 - (b) reducing settlement times, and
 - (c) reducing costs.
18. Six forestry standing consents were granted since they became available in 2018. A summary of these standing consents is set out in **Attachment 4**.

D. Criteria for granting a standing consent

19. Ordinarily, Ministers must be satisfied that either the special forestry test or the benefit test is met before granting consent to a forestry investment. However, the standing consent regime allows Ministers to grant consent in advance of a transaction in certain circumstances.
20. Ministers may grant a standing consent if satisfied that the statutory criteria are met. At a high level, investors seeking a standing consent must satisfy Ministers of four criteria:
 - (a) they meet the investor test
 - (b) that the conditions imposed on the standing consent will, or are likely to be, met
 - (c) they have adequate processes in place for meeting the requirements set out in Overseas Investment Regulations 2005 (e.g. continuing existing arrangements, existing consent conditions, and log supply obligations), and
 - (d) they have a strong record of compliance with the Act and with conditions and other requirements imposed under it.

21. The criteria for a standing consent do not allow for the consideration of the broader impacts of an investment (for example, the impact on local communities or the environment).
22. LINZ assesses the investor test in **Section E**, the Applicant's reasons for seeking a standing consent and proposed scope in **Section F** and the requirements for a forestry standing consent in **Section G**, standing consent conditions in **Section H**, the residual discretion to decline a standing consent in **Section I**, and national interest matters in **Part J**.

E. Applicant and investor test

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

Business Activities

24. Totara Forestry Services Limited (**Totara** or the **Applicant**) is a New Zealand registered company (number 8173465) incorporated in 2021.
25. The Applicant entered the New Zealand forestry industry in 2022 when it obtained consent under the Act for three acquisitions:
 - (a) approximately 702 hectares at 1758 Omana Road, Kalpara, Northland in March 2022;⁷
 - (b) approximately 849 hectares at 229 Rangikohua Road, Tolaga Bay, Gisborne (Glentui Station) in April 2022;⁸ and
 - (c) approximately 942 hectares at 460 Tora Road, Tora, Wellington in June 2022.⁹
26. Totara's investments under the standing consent will be managed by **S9(2)(b)(ii)** (Craigmore Sustainables).

Craigmore Sustainables

27. Across its NZ farming and forestry funds, Craigmore Sustainables is currently managing 51 farms and forestry blocks covering over 24,000 ha. Of which approximately 13,784 ha is forestry, valued at approximately \$176m¹⁰.
28. Craigmore Sustainables has significant experience with applications under the Act and investment in New Zealand farmland and forestry assets. This is shown through its managed investment funds, Craigmore Forestry Limited, Kauri Forestry LP, Craigmore Farming NZ LP, Craigmore Dairy II LP, and Craigmore Permanent Crop LP. Details of consents held by the Craigmore Group are detailed in **Section G**.
29. A map showing the location of Craigmore Sustainables' investments across New Zealand as of October 2022 is included in **Attachment 2**.

⁷ Consent 202200023

⁸ Consent 202200042

⁹ Consent 202200110

¹⁰ According to Craigmore's Impact and Sustainability Report 2022 <https://www.craigmore.com/reporting/>

Ownership

30. Totara is a wholly owned subsidiary of Totara Forestry Limited Partnership (TFLP). TFLP is a forestry specific investment vehicle established in New Zealand in December 2020.¹¹
31. The Partnership is owned by its limited partners who are professional investors including high-net-worth individuals, family offices and institutional investors, largely domiciled in European Union member states.
32. The largest shareholders in TFLP (via holding companies) are S9(2)(a) [REDACTED]:
- S9(2)(a) [REDACTED] (18.96% each),
 - S9(2)(a) [REDACTED] (9.48%), and
 - S9(2)(a) [REDACTED] (6.36%),
33. No other individual has a greater than 5% beneficial or legal interest in Totara.
34. A diagram of Totara's ownership structure is included at Attachment 3.

Control

35. Totara Forestry GP Limited (the **General Partner**) manages the Applicant. The General Partner has delegated its management duties, power and control to Craigmore Sustainables.

The General Partner

36. The General Partner is controlled and ultimately owned by its fourteen limited partners¹². The limited partners include S9(2)(b)(ii) [REDACTED], high-net worth individuals and family offices. The ownership and control breakdown is approximately 77% non-overseas persons.
37. The Partnership's investment mandate is discretionary and does not need to be ratified by the limited partners. This is the case even if a single limited partner has a significant level of equity in the Partnership.

Craigmore Sustainables

38. S9(2)(b)(ii) [REDACTED]
39. Craigmore Sustainables makes decisions regarding investments and assets on behalf of the Partnership. Therefore, Totara Forestry LP and its subsidiaries including the Applicant may not make or dispose of any investment without prior approval from Craigmore Sustainables.
40. Craigmore Sustainables makes decisions through an Investment Committee comprised of Forbes Herbert Elworthy, Mark William Cox, Leslie Che Charteris, William Robert Nicholas Tapp and Josef Johann Nagel.

¹¹ S9(2)(b)(ii) [REDACTED]

¹² S9(2)(b)(ii) [REDACTED]

41. The Partnership and the General Partner have limited control over the actions of Craigmore Sustainables. The General Partner remains responsible and liable for the performance of its obligations under the Limited Partnership Agreement and the Limited Partnerships Act. The General Partner must monitor and review the actions of Craigmore Sustainables, and is responsible for the acts of Craigmore Sustainables. The General Partner remains responsible and liable for the performance of its obligations under the Limited Partnership Agreement and the Limited Partnerships Act.
42. The Partnership may terminate the appointment of Craigmore Sustainables in certain limited circumstances S9(2)(b)(ii)

Relevant overseas person and individuals with control

43. LINZ recommends that the 'relevant overseas person' (ROP) is (collectively):

Relevant overseas person	Role
Totara Forestry Services Limited	The Applicant and acquiring entity
Totara Forestry LP	The parent of the Applicant
Totara Forestry GP Limited	The general partner of Totara Forestry LP
S9(2)(b)(ii)	The investment manager of Totara Forestry LP

44. LINZ recommends that the 'individuals with control of the relevant overseas person' (IWC)¹³ are:

Individuals with control	Role
Leslie Che Charteris	Director of the Applicant and Totara Forestry GP Limited, and a member of the Investment Committee for Craigmore Sustainables LLP
Reuben James Casey	Director of Totara Forestry Services Limited
John William Donkers	Directors of Totara Forestry GP Limited
Andrew Brian Gibbs	
John Lindsay Holland	
Mark William Cox	
Forbes Herbert Elworthy	Members of the Investment Committee for Craigmore Sustainables LLP
William Robert Nicholas Tapp	
Josef Johann Nagel	

¹³ Section 15.

Summary of investor test

45. The ROP and IWC established none of the factors contained in section 18A(4) of the Act. Totara is a repeat investor. The ROP and IWC were all recently considered for recent applications in 2022¹⁴.
46. For the reasons set out above, LINZ's conclusion is that the investor test has been met.

F. Requested standing consent

47. In this section LINZ describes the Applicant's reasons for seeking a standing consent and the scope of the standing consent requested. LINZ also briefly examines the Applicant's existing business including historic log quality and volumes, as these provide context for the scope of the requested standing consent.

Requested scope of the standing consent

48. The following table outlines the scope of the standing consent requested. This scope of explored further in LINZ's advice on the proposed limits of the standing consent in Section H.

Limit	Requested
Interest type(s)	Forestry Rights, Crown Forestry Licences, Leasehold or Freehold
Location	Nationwide
Maximum area	20,000 hectares total Up to 2,500 hectares per transaction
Max transactions	20 transactions
Duration	3 years

Applicant's investment strategy

49. Totara seeks a standing consent to continue to acquire forestry assets mainly in the S9(2)(b)(ii) and the S9(2)(b)(iii) regions to take advantage of the operational efficiencies that it already has in these regions.
50. Totara intends to acquire and combine:
- (a) small to midsize forestry assets (generally 10-1,000 hectares) and combine them for forestry management and harvesting purposes; and
 - (b) larger forestry assets (generally 1,000-2,500 hectares) in existing or new regions.
51. By amalgamating small to midsize woodlots Totara will develop a more efficient and sustainable long term forestry business which is able to provide stability of wood flow to local processors.
52. The Totara estate is currently made up of three properties: Titirangi (Northland), Glen Tui (East Coast), and Tora (Southern Wairarapa).

¹⁴ Josef Johann Nagel was considered in application 202100790 which was decided in Feb 2020. All remaining entities and individuals were considered in application 202200042 which was decided in April 2022.

53. S9(2)(b)(ii) [REDACTED] The Applicant is also focussed on ensuring that the right tree is planted in the right place.
54. For existing trees, the focus of Totara is on acquiring trees across of spread of ages, from young to semi/near mature trees, to create a smoother harvest profile across its forestry investments.

Intended silvicultural practices

55. Totara has told LINZ that it intends to invest in predominantly Radiata Pine species in a framing regime¹⁵. However, a clearwood regime¹⁶ may be implemented for sites which Totara is confident won't produce good quality stock under a framing regime.
56. As part of this management regime, Totara will plant between 900–1,100 stems per hectare, and dependant on the site, thin to 500-550 stems per hectare. Totara submits that knowledge of optimal final crop stocking has, and will continue to, evolve over time, which may affect their future thinning rates.
57. Totara typically harvests at 25-30 years old. It will replant the land after harvest where possible.
58. The forestry assets acquired will mostly be managed by regional operators. Totara will enter into a forestry management agreement with the following operators to undertake forest management services:
- (a) S9(2)(b)(ii) [REDACTED]
 - (b) S9(2)(b)(ii) [REDACTED]
 - (c) S9(2)(b)(ii) [REDACTED]
59. Totara's silvicultural program is covered in its forest management plans which are submitted to and have been accepted by the internationally recognised sustainability Forestry Stewardship Council (FSC) certification body.¹⁷
60. Due to FSC certification requirements Totara requires its business systems/processes are used by its forest managers. This allows the trees to be FSC certified even if the forest managers are not.

Historic log quality and sales

61. To date, Totara has harvested S9(2)(b)(ii) Tonnes from 5 hectares of fragmented stands. These were harvested from existing mature pines planted and maintained by prior landowners at Titirangi. Totara submits that the existing stock was of poor quality,
62. From this stock, on a grade category breakdown, S9(2)(b)(ii) was sawlog, S9(2)(b)(ii) small sawlog, S9(2)(b)(ii) industrial sawlog and S9(2)(b)(ii) pulp wood. On a grade breakdown, S9(2)(b)(ii) S40, S9(2)(b)(ii) A grade, S9(2)(b)(ii) K, S9(2)(b)(ii) KI, S9(2)(b)(ii) pulp/ binwood. Of the stock, S9(2)(b)(ii) of the logs were exported, with S9(2)(b)(ii) sold to S9(2)(b)(ii) and S9(2)(b)(ii) to S9(2)(b)(ii)

¹⁵ A regime where the crop is thinned but not pruned before harvest.

¹⁶ A regime where the crop is thinned and pruned before harvest.

¹⁷ FSC forest management certification confirms that the forest is being managed in a way that preserves biological diversity and benefits the lives of local people and workers, while ensuring it sustains economic viability. FSC certified forests are managed to strict environmental, social and economic standards.

63. Forests that have recently been harvested at Craigmores-managed properties were also planted and tended by prior landowners. Totara submits that these mainly followed a clearwood regime, whereas Totara's future forests will largely follow a framing regime. Accordingly, Totara believes the grade of logs they will produce in the future will be different from those harvested from Craigmores properties in the past. As a result, Totara has not submitted historic log quality and sales for the other Craigmores-managed properties.

Intended future log quality

64. A high-level estimate from Totara of total recoverable volume (TRV) by grade for the three properties owned by Totara, once they have been afforested:

	TRV (Tonnes/ha)	%
Pruned	S9(2)	2%
S grade	S9(2)(b)	18%
Export A	S9(2)(b)	29%
Export K	S9(2)	12%
Export KI	S9(2)(b)	16%
Export KIS	S9(2)(b)	18%
Dom pulp	S9(2)	4%
Total	S9(2)(b)	100%

G. Requirements for a forestry standing consent

65. This section addresses the remaining criteria for a forestry standing consent:

- the conditions that will be imposed on the consent (both mandatory and discretionary) are likely to be met;¹⁸
- the Applicant has adequate processes in place for meeting the requirements set out in regulations (continuing existing arrangements, existing consent conditions and log supply obligations);¹⁹
- the Applicant has a strong record of compliance with the Act or corresponding laws overseas, and with conditions and other requirements imposed under the Act or the relevant laws.²⁰

66. This section first describes the processes and systems the Applicant will use to meet the above criteria. It then addresses whether these criteria have been met.

67. Various mandatory and discretionary conditions of consent will be imposed which will ensure that all standing consent (forestry activities) requirements will be met. These consent conditions are included in **Attachment 1**.

¹⁸ Schedule 4, clause 3(2)(b) of the Act.

¹⁹ Schedule 4, clause 3(2)(c) of the Act. The relevant regulations are set out in reg 29 of the Overseas Investment Regulations 2005.

²⁰ Schedule 4, clause 3(2)(d) of the Act.

Processes for complying with requirements

68. Another Craigmore Sustainables managed entity, Kauri Forestry Limited, was granted a forestry standing consent in March 2021. As part of Kauri Forestry's application, Craigmore Sustainables worked closely with LINZ to develop a clear and robust process for ensuring the requirements of the Act, Regulations and consent are met²¹.

Pre-acquisition legal and operations review and post-acquisition implementation

69. The Applicant's process for identifying the relevance of criteria and to ensure those criteria are complied with include the following:

- (a) engaging law firms Duncan Cotterill and Lefever Law (which are experienced in overseas investment matters) to review each proposed investment under the standing consent to ensure that it is within the scope of the consent and conditions can be complied with;
- (b) engaging an experienced land certificate provider (Land Agent) to confirm whether the Land contains residential land, fresh or seawater area before acquisition;
- (c) request that the vendors of a proposed transaction disclose:
 - (i) all existing arrangements in place over the land relating to existing arrangements, farm land advertising, consent conditions and log supply obligations; and
 - (ii) any existing conditions of an overseas investment consent relating to the land.
- (d) making any transaction conditional on due diligence by Totara;
- (e) appointing an individual within Totara's staff to:
 - (i) ensure the investment fits within Totara's investment criteria;
 - (ii) ensure the investment is economically viable;
 - (iii) ensure all potential issues and risks associated with the legal title have been identified;
 - (iv) ensure all relevant resource management matters have been considered, to ensure that Totara will, or is likely to, have the right to carry out its intended activity on the land;
 - (v) ensure the investment can be operated within the Craigmore Sustainables Group's sustainability principles; and
 - (vi) be required to give an internal sign-off before the transaction proceeds to settlement.

Compliance with conditions of consent

70. The Act requires that standing consents include mandatory conditions to ensure that, for each investment the consent will apply to:²²

- the requirements of the Special Forestry Test are met;

²¹ Paragraphs 80 to 84 of [the assessment report in case 201810211 \(A3800829\)](#)

²² Schedule 4, clause 3(3) of the Act.

- the farm land advertising requirements are met;²³ and
 - LINZ is notified of the transaction and how the requirements of the regulations will be met in respect of it.
71. The Act also provides for additional, discretionary conditions to be imposed.²⁴ This may include conditions limiting the scope of the standing consent.
72. For a standing consent to be granted, the conditions that will be imposed on the consent must be likely to be met. The table in **Attachment 3** sets out why LINZ consider those conditions will likely be complied with.
73. LINZ is satisfied that the conditions that will be imposed on the standing consent are likely to be met having regard to:
- (a) the nature of Totara's business – which is entirely production forestry related;
 - (b) Totara's reasons for acquiring the land under the standing consent – to grow its forestry estate;
 - (c) the due diligence processes set up by Totara;
 - (d) the pre-acquisition legal review imposed under the conditions of consent; and
 - (e) Totara's track record of compliance.

Processes for meeting requirements in regulations

74. The second criterion for a standing consent is that the Applicant has adequate processes in place for meeting the requirements set out in regulations. These requirements are that:²⁵
- existing arrangements in respect of the land for certain purposes must be continued. This includes arrangements for public access, and for protecting indigenous flora and fauna, trout, salmon, wildlife and game, historic places or areas and wāhi tapu, and Māori reservation land;
 - existing conditions of consent relating to the same purposes referred to above must be complied with; and
 - existing log supply obligations will be met.
75. The existence of these arrangements, conditions and obligations will be identified through Totara's normal due diligence processes, as outlined above.
76. LINZ is satisfied that Totara has adequate process in place for meeting requirements in the regulations.
77. **Special Condition 2** will require Totara to undertake certain due diligence steps which will identify whether any qualifying existing arrangements, prior consent conditions or log supply obligations exist.

Compliance record

78. The final criterion for the issue of a standing consent is that the Applicant has a strong record of compliance with the Act or corresponding overseas laws.

²³ This condition is not applicable - the scope of the standing consent requested only includes the acquisition of forestry land (i.e., the acquisition of farm land will not be permitted under the consent).

²⁴ Schedule 4, clause 3(4) of the Act.

²⁵ Overseas Investment Regulations 2005, regulation 29(2) and 29(5) (definition of "specified purpose").

Previous consents

79. Consents obtained since 2012 by entities within the Craigmore group include:
- (a) 18 consents for farming activities (mainly in Canterbury and Otago),
 - (b) 13 consents for forestry activities (Northland, Wairarapa, Hawkes Bay, and Gisborne),
 - (c) a forestry standing consent,
 - (d) 9 consents for predominantly horticultural activities (Hawkes Bay, Bay of Plenty, Gisborne and Northland), and
 - (e) a consent for a residential development (staff accommodation) in Gisborne.
80. The following table lists previous special forestry consents held by the Applicant and Craigmore entities:

Consent (decision date)	Consent Holder	Investment
202200023 Mar-22	Totara Forestry Services Limited	702 ha at 1758 Omana Road, Kaipara
202200042 Apr-22		849 ha at 229 Rangikohua Road, Tolaga Bay (Glentui Station)
202200110 Jun-22		942 hectares at 460 Tora Road, Tora
201810211 Mar-21		Standing consent to acquire a maximum of 6,000 hectares nationwide, within 20 transactions, over a three year period ²⁶
201900004 Jun-19		1,876 ha of farm land in Moerewa, Northland
201900040 Jul-19		4,273 ha of mixed farm/forestry land at Lagoon Hill Road, Wairarapa
201900387 Sep-19	Kauri Forestry LP	309 ha of farm land at 471 Moore Road, Piiwai
201900388 Oct-19		487 ha of mixed farm/forestry land at 481 Moore Road, Piiwai
202000195 Oct-20		326 ha of farm land at 26 Baker Road, Maungatapere, Whangarei
202000372 Nov-20		624 ha of farm land at Boyd Road, Waipu
202100232 Sep-21		S9(2)(b)(ii) acquiring a 100% limited partnership interest in Kauri Forestry LP
202100790		708 ha at 373 Broadwood Road, Kohukohu

²⁶ Kauri Forestry LP has settled seven transactions under this standing consent, all of which located in the North Island.

Consent (decision date)	Consent Holder	Investment
Feb-20		
202100799		1,275 ha at 783 Glenroy Road, Whangara, Gisborne District
Mar-20		
202300002		632.5 ha at 426 Mangarata Block Road, Pukehuia, Whangarei, Northland.
May-23		

Totara and Craigmores compliance history

81. LINZ has reviewed its records relating to Totara's consents and compliance history, its findings are summarised below.
82. Totara has received three consents under the Act to date, all of which were granted in 2022. Accordingly, insufficient time has elapsed for LINZ to be able to comment on the Applicant's compliance with the conditions of these recent consents.
83. LINZ has therefore undertaken a wider review of consents granted to other entities within the Craigmores Group. LINZ has identified a small number of breaches of the Act by entities connected with Craigmores Sustainables:

Investment	Investigation details
Craigmores Farming NZ LP's acquisition of 4 hectares of land in Waitaki, Otago. (Consent 201410084)	<p>Craigmores neglected to make the agreement for sale and purchase of the land (which was associated land surrounded by other land it owned) subject to overseas investment consent and therefore gave effect before consent granted.</p> <p>Craigmores's legal advisors later discovered the issue and alerted LINZ prior to Craigmores acquiring the legal interest.</p> <p>The investigation concluded that this was a technical mistake.</p> <p>A retrospective application was lodged in January 2014 and granted, with a \$2,000 penalty imposed.</p>
Craigmores Permanent Crop Limited Partnership's acquisition of 479 hectares in the Hawkes Bay (Consent 201810010)	<p>Craigmores was unable to complete the required planting by the conditioned date.</p> <p>LINZ issued a compliance letter in August 2020. By September 2020 LINZ was satisfied that the condition had been met and the investigation was closed with no further action taken.</p>

Investment	Investigation details
<p>Kauri Forestry LP's acquisition of Moerewa Station (Consent 201900004)</p>	<p>In December 2020 LINZ undertook an investigation relating to a potential breach of consent condition to undertake a subdivision.</p> <p>Kauri advised the delay in completing this condition was caused by an unexpected setback in receiving a response by another entity (partly due to Covid-19).</p> <p>No enforcement action was taken on agreement that the subdivision would be completed by September 2021. The subdivision was completed by this date.</p>
<p>Kauri Forestry LP's acquisition of Lagoon Hill Station (Consent 201900040)</p>	<p>In May 2022 Kauri self-reported that they were in breach of the required deadline for the subdivision. No enforcement action was taken on agreement that the subdivision would be completed by the end of August.</p> <p>In July Kauri provided an update, setting out reasons for further delays. LINZ reviewed the matters and informed Kauri that a formal variation was not required at that time, and LINZ would not take any enforcement action if Kauri completed the subdivision and sale by the end of November 2022.</p> <p>In November Kauri contacted LINZ again setting out the reasons for further delay (relating to council requirements for an easement in the subdivision). Kauri estimated that the subdivision and sale may not be completed until March 2023 and queried whether a formal variation would be required given the further delays.</p> <p>LINZ decided that a formal variation is not required and has extended the deadline to 31 March 2023. The deadline was met.</p>
<p>Kauri Forestry LP's acquisition of 1,275 hectares of land in Whangara, Gisborne (Consent 202100799)</p>	<p>In April 2022 LINZ undertook investigations as the Water Area Acquisition Notices were sent to LINZ after settlement, breaching Regulation 14(1)(c) of the Overseas Investment Regulations 2005.</p> <p>The investigations concluded that this was an administrative mistake by Kauri. The Fresh and Seawater regime was newly implemented, and overall risk of the delay was low. No enforcement action was taken.</p>
<p>Kauri Forestry LP's acquisition of 708 hectares of land in Kohukohu (Consent 202100790)</p>	<p>LINZ also updated its approach to more effectively communicate consent holders' obligations to them.</p>

84. LINZ considers that these matters are minor in nature, are relatively insignificant given the number of acquisitions Craigmore has undertaken, and the consent conditions which it has complied with since 2012.
85. Craigmore has generally complied with the conditions of its consents and has given LINZ no cause for concern about future compliance. Craigmore's management are responsive, engage willingly with LINZ, and have facilitated visits to their properties when requested.

Conclusion

86. On balance, LINZ's view is that the Applicant has a sufficiently strong record of compliance with the Act and consent conditions to be recommended for a standing consent.

H. Standing consent conditions

87. This section sets out how the requirements for the mandatory conditions will be met, and proposes other conditions, including possible limits on the scope of the standing consent.

Limits on the standing consent

88. The Act *permits* Ministers to grant a standing consent subject to **other conditions**, including:
- (a) conditions about the land in relation to which the consent may apply (for example, limits by total land area, location of land, and geographic type of land); and
 - (b) limits on the number of overseas investments for which the standing consent can be relied on.
89. The Act does not expressly prescribe what you can and cannot take into account when deciding what (if any) additional conditions or limits should be imposed. In the absence of such express direction, LINZ considers that you should take into account the purpose of the Act generally, along with the purpose of the special forestry test pathway and standing consent regime specifically.
90. The purpose of the Act is set out in section 3:

3 Purpose

- (1) *The purpose of this Act is to acknowledge that it is a privilege for overseas persons to own or control sensitive New Zealand assets by—*
 - (a) *requiring overseas investments in those assets, before being made, to meet criteria for consent; and*
 - (b) *imposing conditions on those overseas investments.*
 - (2) *This Act also has the purpose of managing certain risks, such as national security and public order risks, associated with transactions by overseas persons.*
91. The Act does not expressly state the purpose of the special forestry test (or the related standing consent). However, the purpose of the special forestry test emerges clearly from the language of the test itself and from the Parliamentary materials dating to the time of its enactment and recent amendment.
- (a) The purpose of the changes introduced by the Overseas Investment Amendment Act 2018 (as they related to forestry) was to encourage investment in forestry by improving the coherency and simplicity of the overseas investment regime. Further investment in forestry would support the Government's goal to see one billion trees planted.
 - (b) The special forestry test was a key element of simplifying the screening of forestry investments.

- (c) Standing consents under the special forestry test were for investors who could demonstrate a strong record of compliance with the Overseas Investment Act or similar rules overseas, further simplifying the regime for this class of investors.
92. Changes to the special forestry test in 2022 made one material change: limiting the test to existing forestry assets only (meaning that the test can no longer be used for farm land being converted to forestry).
93. The more the limits depart from those imposed previously (whether the effect is to make a standing consent more permissive or less permissive), the greater the likelihood that you will be required to give reasons for imposing those additional conditions or limits.
94. A number of standing consents have recently expired or will expire over the next two years and six forestry standing consents are all being processed with decisions to be made in the coming months. In light of this, and in light of recent changes to the Overseas Investment Act as it relates to forestry, LINZ understands that the Minister for Land Information wishes that the conditions and limits imposed on standing consents be reviewed to ensure that they remain appropriate.
95. In light of the range of options set out below and the Minister for Land Information's wish that the limits be reviewed, LINZ proposes to separately document your decisions on limits once you have had an opportunity to review this report.
96. The proposed conditions of consent at **Attachment 1** reflect the scope sought by Totara, and would be modified to give effect to any other limits that you might choose to impose.

Limits on type on acquisition of farm land

97. While Totara seeks a standing consent to acquire farm land for conversion to forestry, LINZ recommends limiting the standing consent to existing forestry only. Totara is aware that a standing consent is unlikely to permit the acquisition of farm land for conversion to forestry.
98. Totara's application was made before the 16 August 2022 changes to the Act and could lawfully be granted in respect of farm land for conversion to forestry. However, LINZ considers that Parliament's clear intention was that transactions entered into after 16 August should meet the benefit to New Zealand test, and allowing a standing consent for farm land would be contrary to that clear intention.
99. LINZ therefore recommends that the standing consent be limited to existing forestry land only.

Limits on land tenure

100. Totara seeks a standing consent for forestry rights, Crown forestry licences, and for leasehold or freehold interests in land.
101. LINZ considers that Crown forestry licences are not interests in land and no consent is required to acquire them. The remaining forms of tenure are all consistent with Totara's investment plan and are all common ways to invest in forestry assets.
102. LINZ recommends that the standing consent allow for investments in forestry rights, leasehold interests, and freehold interests in land.

Limits on location of land

103. Totara seeks a standing consent for land across New Zealand. LINZ considers that the scope of the standing consent should be limited to the North Island.

104. Totara is targeting the following as its key areas for investment if a standing consent was granted:

(a) S9(2)(b)(ii)

(b) S9(2)(b)(ii)

(c) S9(2)(b)(ii)

105. Totara submits that the S9(2)(b)(ii) would be considered a secondary location. LINZ notes that neither Totara, nor any Craigmore entity currently has any forestry activities in S9(2)(b)(ii).

106. LINZ has identified two models for limiting the location of land beyond the boundaries of the North Island:

(a) You might reasonably conclude that investments are more likely to be successful (for both Totara and for New Zealand) if they are near to existing Totara assets. If you were inclined to this approach, you might consider limiting the standing consent to existing forests in the Northland Region, Gisborne Region, Hawkes Bay Region, and Wellington Region.

(b) You might also reasonably conclude that investments nearer to processing facilities or export ports are more likely to be successful (again, for both Totara and for New Zealand). If you were inclined to this approach, you might consider limiting the standing consent to existing forests within:

(i) 125km (or some other distance) of an export port, or

(ii) 125km (or some other distance) of at least two facilities capable of processing all logs from the land.²⁷

107. In addition to these limits, LINZ recommends *excluding* land in the *Gisborne Region* and *Wairoa District* from the standing consent. The Government's response to the Ministerial Inquiry into Land Use aims to achieve sustainable land use that meets the current and future needs of the environment, communities and iwi, hapū and landowners.

108. The Government's response will be in two phases:

(a) first, reducing risk in the near term, and

(b) second, strengthening resilience to future severe weather events and supporting the transition to more sustainable, lower risk, land uses and practices at a district and national scale.

109. Some of the changes required to deliver the second stage may take many years, and granting a standing consent (which necessarily will be subject to generic conditions suitable for any property) would deny you the ability to impose conditions in future cases in order to support the Government's response.

Limits on number of transactions and size of land

110. Totara seeks a standing consent for up to:

(a) 20 transactions,

(b) 2,500 ha per transaction, and

(c) 20,000 ha in total.

²⁷ 100km is the average distance from forest to port or processing plant, although the average varies by region.

111. LINZ recommends that you consider the following options:

- (a) One option is to grant the standing consent as requested by the Applicant, with no further limits on transaction numbers or land area.
- (b) Alternatively, you could impose lower limits. For comparison, the earlier standing consent granted to Kauri Forestry (which is also managed by Craigmore Sustainables) was for 20 transactions, up to 6,000 ha in total, and up to 4,500 ha per transaction.

112. Note that the consent has been drafted to make it clear that transactions may include the acquisition of multiple parcels of land (having contiguous boundaries) within the same forest from multiple registered owners where each sale and purchase agreement (SPA) is conditional on the completion of all other SPAs and is a single transaction for the purposes of the Act. This is consistent with the treatment of those transactions under one-off consents under the special forestry test.

Limits on the duration of the standing consent

113. Totara seeks a three-year standing consent.

114. LINZ's standard approach to limiting the duration of standing consents is to define two dates, by which the transaction can be:

- (a) entered into, and
- (b) completed.

115. LINZ recommends that Totara be given three years from the date of the standing consent to enter into a transaction, and 12 months from the date the transaction is entered into to complete the transaction. LINZ considers that this duration appropriately balances the need for the Applicant to have sufficient time to make use of the standing consent with the need for the consenting framework to keep pace with future legislative and policy changes.

Mandatory conditions

116. The Act requires that Ministers grant consent subject to certain **mandatory conditions**:

- (a) ensuring that the special forestry test is met,
- (b) ensuring that the consent holder does not acquire farm land without it first being advertised, and
- (c) ensuring that LINZ is notified of transactions.

117. Special condition 3, 5 and 6 will ensure that the special forestry test is met, by:

- (a) ensuring that the relevant land will be, or is likely to be, used exclusively, or nearly exclusively, for forestry activities; and
- (b) ensuring that land will not be, or is not likely to be, used, or held for future use, for any residential purposes, except in permitted circumstances
- (c) ensuring that any 'existing arrangements' will continue to be implemented and maintained
- (d) ensuring that existing consent conditions in respect of the land are complied with
- (e) ensuring that any log supply obligations are honoured, and

(f) ensuring that whenever a crop of trees is harvested on the relevant land, a new crop will be established to replace it.

118. LINZ considers that a special condition ensuring that Totara does not acquire farm land without it first being advertised is unnecessary, as the proposed standing consent is limited to existing forestry assets only.

119. Special condition 3 will ensure that LINZ is notified of transactions.

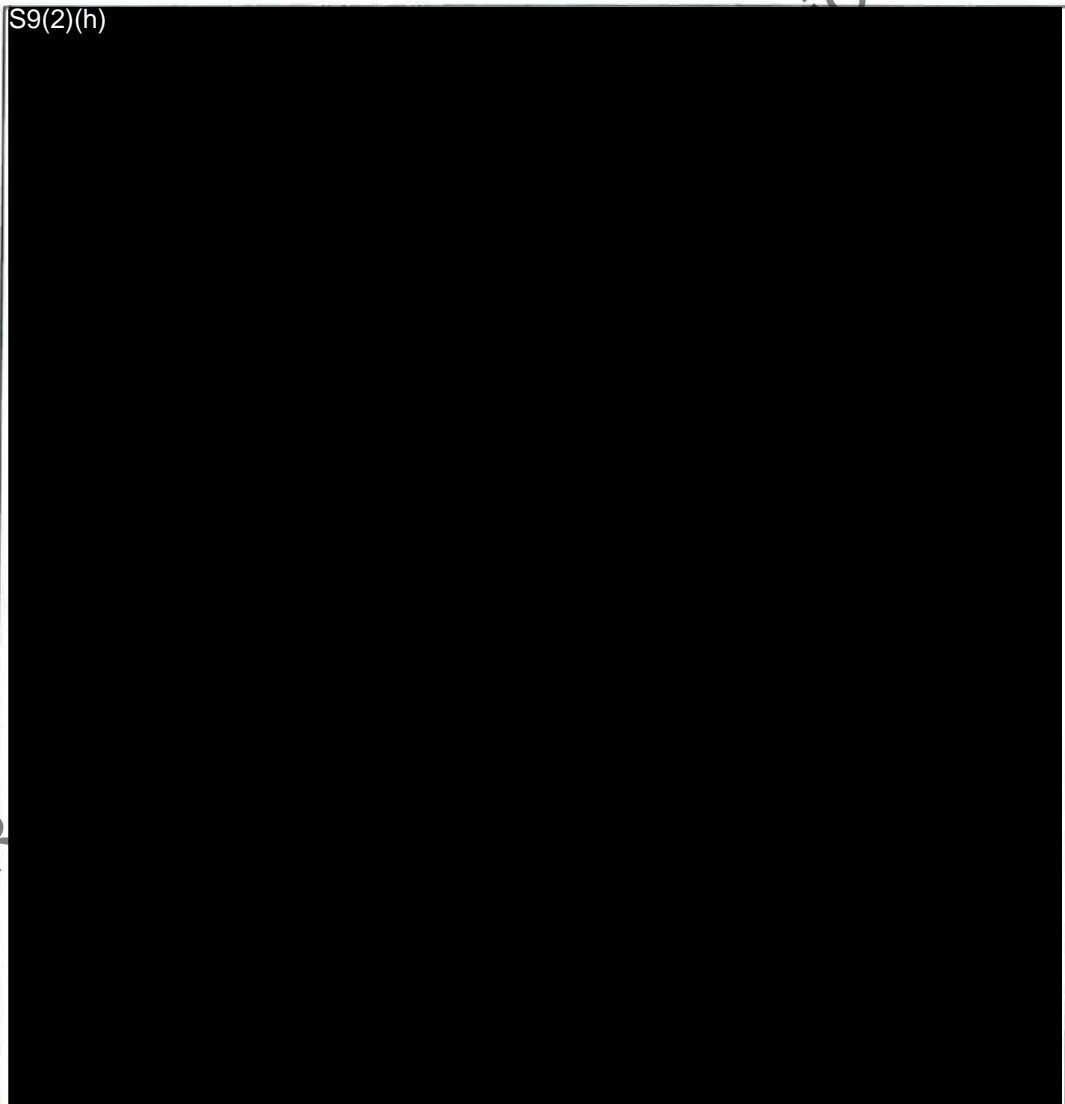
Other conditions

120. The Act *permits* Ministers to grant a standing consent subject to other conditions. LINZ does not recommend imposing other conditions.

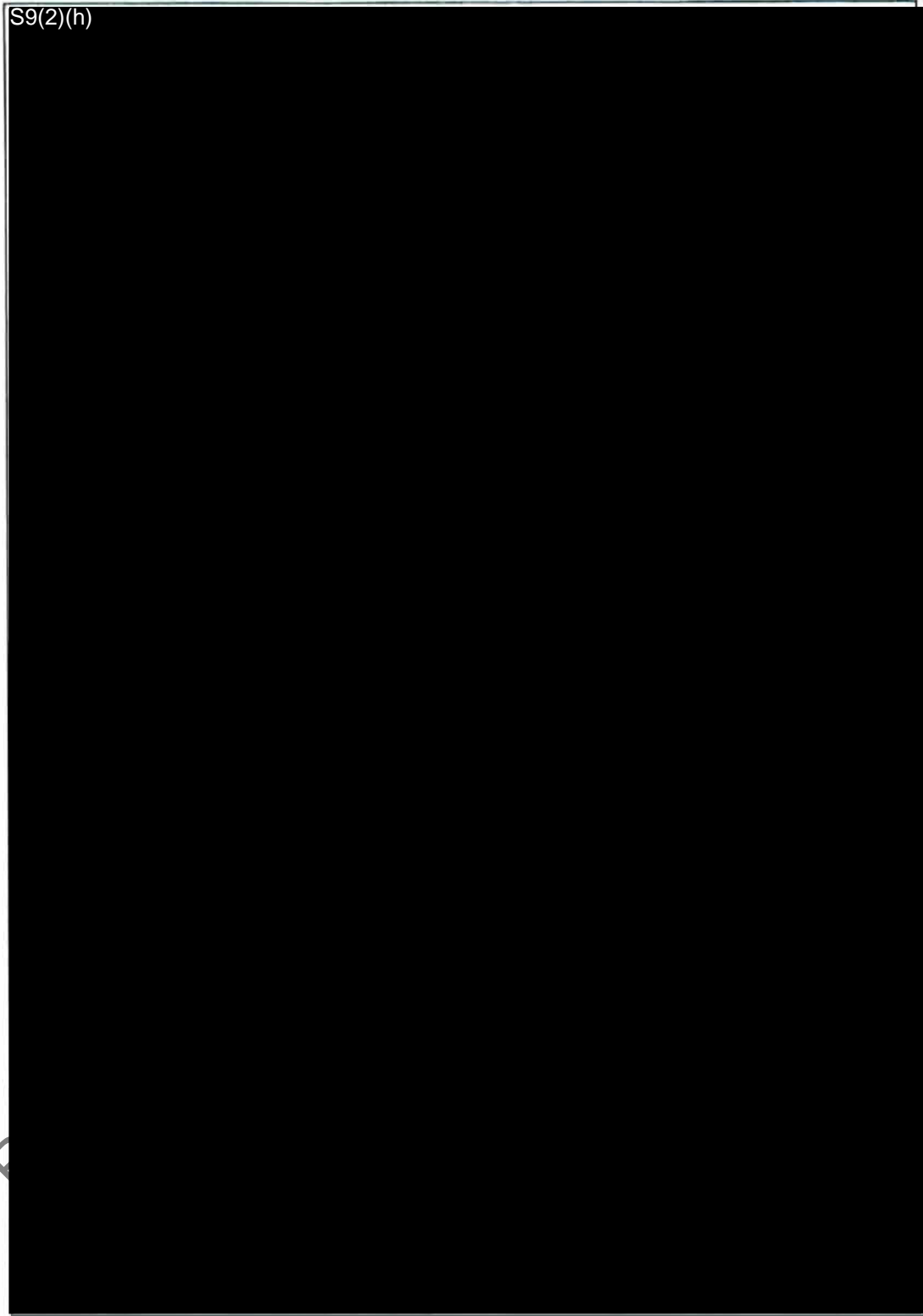
l. Residual discretion to decline a standing consent

121. There is a residual discretion to decline to grant a standing consent, even if the criteria for consent are otherwise met.

S9(2)(h)



S9(2)(h)



32



J. Not a transaction of national interest

136. The National Interest test does not apply to applications for a standing consent. LINZ has therefore not referred this application to the Minister of Finance, and he has not declined consent.
137. Even if the national interest *did* apply, LINZ does not consider that this application engages any of these risk factors.
138. Again, even if the national interest test *did* apply, the application would not involve any transactions of national interest under the mandatory criteria of s20A of the Act. This is because the investor is not a non-NZ government investor and does not permit investments in strategically important businesses (as defined in section 20A).
139. Even if the national interest *did* apply, LINZ does not consider that this application engages any of the risk factors usually considered for calling in an application for a national interest assessment on a discretionary basis.
140. LINZ is directed that the starting point is the assumption that overseas investment is in New Zealand's national interest, and that LINZ should only recommend the Minister of Finance exercise his discretion for a national interest assessment if the proposed investment:²⁸
- could pose risks to New Zealand's national security or public order
 - would grant an investor significant market power within an industry or result in vertical integration of a supply chain
 - has foreign government or associated involvement that was below the more than 25 per cent ownership or control interest threshold for automatic application of the national interest test, but granted that government (and/or its associates) disproportionate levels of access to or control of sensitive New Zealand assets
 - would have outcomes that were significantly inconsistent with or would hinder the delivery of other Government objectives
 - raises significant Treaty of Waitangi issues, or
 - relates to a site of national significance (e.g. significant historic heritage).
141. Even if the national interest *did* apply, LINZ does not consider that this investment engages any of these risk factors.

K. Conclusion and recommendation

142. After considering the Application, LINZ's view is that:
- a) the investor test has been met, and
 - b) all other requirements for a forestry standing consent have been met:
 - i) the conditions imposed on the consent are likely to be met
 - ii) the Applicant has adequate processes in place for meeting requirements of the Special Forestry Test in the regulations, and
 - iii) the Applicant has a strong record of compliance with the Act.


²⁸ Ministerial Directive Letter (24 November 2021) at 46 and Annex at 11.

143. LINZ's recommendation is therefore to:

- (a) grant the standing consent
- (b) exclude land in the Gisborne Region and Waioa District, and
- (c) impose the limits that you deem appropriate.

144. If you agree, LINZ refers you to **Attachment 1** to review the Proposed Decision (including consent conditions), and to **paragraphs 6-11** of this Assessment Report to record your decision.

S9(2)(a)



Pedro Morgan

Lead Advisor Overseas Investment

Date: 21-Sep-2023

L. List of Attachments

Attachment 1	Proposed decision
Attachment 2	Map of Craigmores Operations
Attachment 3	Ownership Structure
Attachment 4	Compliance with conditions of consent
Attachment 5	Forestry standing consents

Attachment 1: Proposed decision

Standing 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 land acquired under this consent and/or be subject to fines or other penalties. We may also vary or revoke this standing consent.

Consent

Decision date: **THIS APPLICATION HAS NOT BEEN DECIDED**

The following people have been given the following consent:

Case	202200124
Consent type	Standing Consent (forestry activities) for overseas investments in sensitive land.
Consent	The Consent Holder may give effect to overseas investments in sensitive land, subject to the limits and conditions set out below.
Consent Holder/s	Totara Forestry Services Limited (company number 8173465) (You or the Consent Holder)
Limits	<ul style="list-style-type: none">(a) You may complete no more than 20 overseas investment Transactions;(b) You may acquire interests in no more than 20,000 hectares of sensitive land in total;(c) the sensitive land must already be used exclusively or nearly exclusively for Forestry Activities, and must not include farm land or residential land;(d) the maximum land area per Transaction is 2,500 hectares;(e) You may only acquire interests in land that is located in the North Island, but excluding land in the Gisborne Region and Wairoa District;(f) this Standing Consent cannot be used to acquire an investment in a strategically important business as described in section 20A(1)(c) or (d) of the Act.
Entry Date	[date] being three years from the Consent date
Completion Date	[date] being 12 months from the Entry date

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 the Consent may be revoked or varied, you may be subject to fines or other penalties, and you may also be required to dispose of land acquired under this Consent.

We may vary the Conditions after you notify us of a Transaction to record any existing arrangements, conditions of consent, or log supply obligations you must comply with. We may also vary the conditions for other purposes with your agreement. We may do so by adding schedules to this consent (one for each investment Transaction requiring variation).

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

Definitions

Act means the Overseas Investment Act 2005.

A transaction is **complete** when:

- you become the registered owner of an interest in land
- an unregistered interest in land commences
- you are recorded in the issuer's security register as the holder of securities, or
- you have substantially paid the purchase price and are treated by the vendor as the owner of assets other than those described above.

Crop of trees means

- any **new crop of trees** that will be established on the land;
- any **existing crop of trees** that had already been established on the land; and
- any **replanted crop of trees** replanted in accordance with Special Condition 7;

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.

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

Fresh or Seawater Areas has the same meaning as in the Act.

Grouped Transaction means the acquisition of multiple parcels of land within the same forest from one or more registered owners where each sale and purchase agreement (**SPA**) is conditional on the completion of all other SPAs and is a single transaction for the purposes of the Act.

Land means the relevant land in relation to an overseas investment in sensitive land acquired under this Standing Consent.

Legal Review means a review by either a New Zealand lawyer who has experience with the Act or by the Consent Holder/Sumitomo Australia Pty Ltd's in-house legal department, to confirm a Transaction is covered by this Consent and what the Consent Holder must do to comply with the Conditions.

Notification Template means the notification template for Transactions settled under a standing consent published on our website and updated from time to time.

Regulations means Overseas Investment Regulations 2005.

Relevant investment means, in respect of a failure to comply with a condition, all of the assets acquired in the same transaction as the interest in land in respect of which the condition was not complied with.

Sensitive Land Certificate means a certificate for the purposes of Schedule 1 of the Overseas Investment Act 2005 (as published on our website and updated from time to time) completed by a land professional or lawyer experienced in providing such certificates.

Standing Consent Checklist means the pre-investment checklist for standing consents published on our website and updated from time to time.

Termination Period means the period during which the Consent Holders may terminate a Transaction, on grounds which include that the Transaction is not covered by the Consent or the Consent Holders cannot comply with the Conditions.

Transaction has the same meaning as in the Act and for the avoidance of doubt includes a Grouped Transaction.

WAAN means water areas acquisition notice.

Worker Accommodation means forestry worker accommodation that complies with section 16A(4)(c) of the Act.

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 include conditions that we must impose under the Act.

Details	Required date
Automatic Condition: Fresh and Seawater Areas	
You must, in relation to the Fresh or Seawater Area(s), comply with all provisions of Schedule 5 of the Act.	By the times set out in schedule 5.
You must provide a draft WAAN to FSAapplications@linz.govt.nz .	At least 15 working days before settlement of any transaction entered into under this consent.
You must lodge the WAAN on the title.	Immediately following the transfer and before registering any other interests on the title of Land acquired pursuant to this consent.

Details	Required date
Special Condition 1: when transactions may be entered into and completed	
You may enter into transactions.	Until the Entry Date.
You may complete up to 20 transactions.	By the Completion Date.
Special Condition 2: due diligence	
<p>You must do the following for each Transaction:</p> <ol style="list-style-type: none"> 1. complete a Standing Consent Checklist (if we have published one); 2. obtain a Sensitive Land Certificate; 3. obtain confirmation from the Vendor as to whether there are any requirements that must be met under regulation 29(2) (e.g. any existing arrangements, conditions of consent, or log supply obligations); and 4. obtain a Legal Review. 	Before entering into a Transaction or during the Termination Period.
You must not settle a Transaction in reliance on this Standing Consent unless that Transaction is covered by this Standing Consent and you can comply with the Conditions.	At all times.
<p>If you do not comply with this condition,</p> <ul style="list-style-type: none"> • this Standing Consent will cease to apply and you will not be able to enter into or complete further transactions; and • Standard Condition 6 will apply and we may require you to dispose of the relevant investment. 	
Special Condition 3: notice of individual acquisitions	
You must notify us of each Transaction settled under this Standing Consent using LINZ's Notification Template (Notification).	As soon as you can, and no later than 2 months after you complete the transaction.
Special Condition 4: land must be used for Forestry Activities	
The Land must be used exclusively, or nearly exclusively, for Forestry Activities.	At all times.
<p>You must ensure that no more than 5% (by area) of each crop of trees on the land is older than the species age limit.</p> <p>For <u>Pinus Radiata</u>, the species age limit is 35 years.</p> <p>For <u>all other species</u>, the species age limit is as determined by the regulator.</p>	At all times.

Details	Required date
<p>You must replace each crop of trees you harvest on the Land 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> <ol style="list-style-type: none"> replant with the same species of tree or use the same silvicultural regime, or replant land held under a forestry right that expires upon the completion of harvesting or within two years of harvesting. 	<p>Within 2 years of harvest, unless an alternative period or arrangement is agreed in writing with LINZ.</p>
<p>You must comply with the Resource Management (National Environmental Standards for Plantation Forestry) Regulations 2017 (as amended), or any replacement to the regulations.</p>	<p>At all times.</p>
<p>You must not register more than 5% (by area) of the crop of 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>For the avoidance of doubt, this condition does not require you to do anything in breach of any other Act, regulation, rule, bylaw, or that is otherwise contrary to law.</p>	
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the relevant investment. If we require you to dispose of the relevant investment, this Standing Consent will cease to apply and you will not be able to enter into or complete further transactions.</p>	
<p>Special Condition 5: residential use restrictions</p>	
<p>The Land must not be used, or held for future use, for any residential purposes except for Worker Accommodation.</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 relevant investment. If we require you to dispose of the relevant investment, this Standing Consent will cease to apply and you will not be able to enter into or complete further transactions.</p>	
<p>Special Condition 6: existing arrangements, consent conditions, and log supply obligations</p>	
<p>You must ensure all requirements set out in regulation 29(2) are met, including:</p> <ol style="list-style-type: none"> specific obligations identified in a Notification and included in a schedule to this Consent; and obligations that are not identified in a Notification. <p>In summary, the above requirements are to:</p>	<p>At all times</p>

Details	Required date
<ol style="list-style-type: none"> 1. maintain and implement any existing arrangements for specified purposes; 2. to do, or not do, things as required by any existing conditions of consent that are for a specified purpose; and 3. supply logs as required by any existing log supply obligations. <p>(together, the Obligations).</p>	
<p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the relevant investment. If we require you to dispose of the relevant investment, this Standing Consent will cease to apply and you will not be able to enter into or complete further transactions.</p>	

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
<p>Standard Condition 1: acquire the interest in Land</p>	
<p>If you acquire an interest in land under this Consent, you must do so by the Completion Date stated in the Consent, using the acquisition, ownership and control structure you described in your application.</p> <p>Note, only you – the named Consent Holder - may acquire the interest in Land, not your subsidiary, trust or other entity.</p>	<p>As stated in the Consent.</p>
<p>Standard Condition 2: Tell us when you acquire the Land</p>	
<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. 	<p>As soon as you can, and no later than two months after Settlement</p>

Details	Required date
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: <ol 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. 2. Take all reasonable steps to facilitate an Inspection including: <ol style="list-style-type: none"> (a) directing your employees, agents, tenants or other occupiers to permit an Inspector to conduct an Inspection, (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. 3. During an Inspection: <ol 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, (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. 	<p>At all times.</p>

Details	Required date
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> <ul style="list-style-type: none"> (a) are members of your governing body, (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/or (c) are members of the governing body of the people referred to in paragraph (b) above. 	At all times.
Standard Condition 5: tell us about changes that affect you, the people who control you, or people you control	
<p>You must tell us in writing if any of the following events happens to any of the Consent Holders:</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 interest in 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. 	Within 20 working days after the change.
Standard Condition 6: dispose of the interest(s) in Land if you do not comply with Special Conditions	
<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 these 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 interest in Land: obtain and send us a copy of a market valuation of the relevant interest in Land from a New Zealand registered valuer.</p>	Within six weeks of the date of our notice.

Details	Required date
Market the Land: instruct a licensed real estate agent to actively market the relevant interest in Land for sale on the open market.	Within six weeks of the date of our notice.
Dispose of the Land: dispose of the relevant interest in Land to a third party who is not your associate.	Within six months of our notice.
Offer without reserve: if you have not disposed of the relevant interest in Land within six months of our notice, offer the interest in Land for sale by auction or tender without a reserve price or minimum bid and dispose of the interest in Land.	Within nine months of our notice.
Report to us about marketing: tell us in writing about marketing activities undertaken and offers received for the relevant interest in Land.	By the last day of every March, June, September and December after our notice or at any other time we require.
Report disposal to us; send us, in writing, evidence: (a) that you have disposed of the relevant interest in Land, (b) of disposal (including copies of sale and purchase agreements, settlement statements and titles showing the purchaser as registered proprietor), (c) the purchaser is not your associate.	Within one month after the Land has been disposed of.

Reporting Conditions

We need information from you so we can monitor your progress against the Conditions.

You must notify us of **each Transaction** settled under this Standing Consent as set out in Special Condition 3.

In addition, you must lodge an **annual report** by **1 April each year** until LINZ confirms in writing that annual reporting is no longer required.

Each annual report must:

1. be sent to oiomonitoring@linz.govt.nz (or otherwise submitted using LINZ's webform);
2. contain information about your progress in implementing the Special Conditions, including those set out in a schedule to this Standing Consent; and
3. follow the format of, and provide any additional information required by, the relevant annual report template published on our website.

If requested in writing by LINZ, the Consent 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 (or related transactions) and notified by the regulator as having been taken into account when the Consent was granted; or
2. 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.

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Attachment 2: Map of Craigmore's Operations as of October 2022

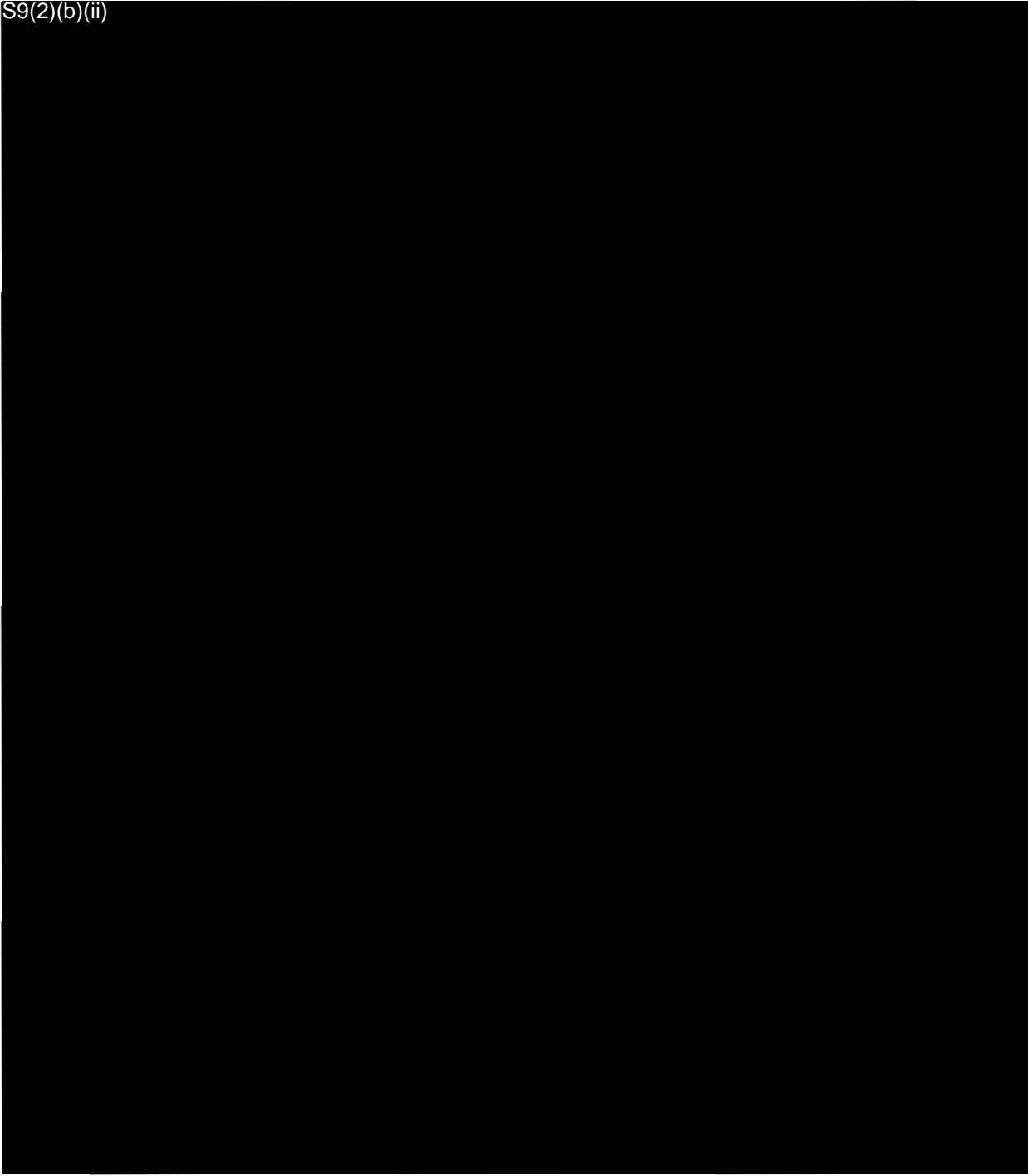
Map of Craigmore Operations

● Horticulture
 ● Forestry
 ● Dairy
 (X) = Number of milking platforms
 * = Minority Interests
 Total land area: 24,166ha
 (including leases and forestry right areas)



Attachment 3: Ownership Structure

S9(2)(b)(ii)



Attachment 4: Compliance with conditions of consent

Requirement	LINZ Analysis
<p>Forestry activities</p> <p>The land will be, or will likely be, used exclusively, or nearly exclusively, for forestry activities (section 16A(4)(a))</p>	<p>LINZ is satisfied that this condition is likely to be met.</p> <p>The investment criteria of the Applicant specify that its investments must be used substantially for growing commercial forests.</p> <p>The scope of the standing consent will not cover the acquisition of farm land.</p> <p>Special Condition 4 expressly requires any land to be used exclusively, or nearly exclusively, for forestry activities, and supports this by:</p> <ul style="list-style-type: none"> • requiring the crop of trees to be harvested and replanted (as would be expected of production forestry) • placing a limit on species age to ensure that harvesting occurs in line with the intention to operate a rotational forest • limiting registration in the ETS to 'standard forestry' (making permanent forestry less attractive', and • requiring compliance with the National Environmental Standards for Production Forestry.
<p>Residential land</p> <p>Any residential land adjoins non-residential land that also forms part of the relevant land (section 16A(4)(b))</p>	<p>LINZ is satisfied that this condition is likely to be met.</p> <p>The Applicant has not asked that the standing extend to residential land, and so LINZ recommends that the standing consent exclude such land.</p> <p>The Applicant will obtain a Sensitive Land Certificate as part of its pre-acquisition legal review confirming whether the land contains residential land and will not proceed with a transaction if the certificate indicates the land contains residential land.</p> <p>Special Condition 2 requires the Applicant to undertake various due diligence steps which will identify any residential land.</p>
<p>Residential purposes</p> <p>Relevant land will not be used, or held for future use, for any residential purposes other than for a permitted purpose (i.e. worker accommodation supporting forestry activities on the relevant land) (section 16A(4)(c))</p>	<p>LINZ is satisfied that this condition is likely to be met having regard to:</p> <ul style="list-style-type: none"> • the Applicants track record of compliance; and • the Applicant due diligence process. <p>The Pre-acquisition Legal Review will help ensure that the applicant does not proceed with a transaction if due diligence indicates that any accommodation on the Land will be used for, or held for future use, for any residential purposes other than a permitted purpose under the Act (i.e., worker accommodation supporting forestry activities on the relevant land).</p> <p>Special Condition 5 provides that the land must not be used for residential purposes except for forestry worker accommodation.</p>

Requirement	LINZ Analysis
<p>Regulations</p> <p>Requirements set out in Regulations will be, or are likely to be, met (section 16A(4)(d)). In summary - continuing existing arrangements, existing consent conditions, and log supply obligations.</p>	<p>LINZ is satisfied that this condition is likely to be met having regard to:</p> <ul style="list-style-type: none"> • the Applicants track record of compliance; • the pre-acquisition Legal Review; and • the Applicants due diligence process. <p>Special Condition 2 requires the Applicant to undertake various due diligence steps which will identify existing arrangements, existing consent conditions, and log supply obligations.</p> <p>Special Condition 6 requires the Applicant existing arrangements, consent conditions, and log supply obligations to continue.</p>
<p>Replanting</p> <p>Crops of trees will be, or will likely be, replaced with a new crop of trees after harvest (section 16A(4)(e))</p>	<p>LINZ is satisfied that this condition is likely to be met having regards to the Applicant's track record of compliance.</p> <p>The Applicant is committed to long term investment in the New Zealand forestry industry.</p> <p>After harvesting each section of Land, the Applicant will (and the Forest Management Plan will record that it will) replant those areas with radiata pine (some alternative species (e.g. Redwoods) may be planted in high environmental risk areas).</p> <p>Special Condition 4 requires trees to be replanted after harvest.</p> <p>As permitted by section 3(5) of Schedule 4 of the Act, the conditions that provide that the requirement in section 16A(4)(e) does not have to be met in relation to a crop of trees that is harvested under the forestry right if the forestry right expires on completion of the harvesting or after a short period following the completion of the harvesting.</p>
<p>Fresh and Seawater Area(s)</p> <p>Any fresh or seawater area(s) to be notified to LINZ in accordance with the Regulations prior to a transaction being entered into or before a transaction is settled and section 25D to be complied with.</p>	<p>LINZ is satisfied that this condition is likely to be met having regard to the Applicants track record of compliance and:</p> <ul style="list-style-type: none"> • the due diligence processes set up by the Applicant; • the Sensitive Land Certificate confirming whether the land contains fresh or seawater area(s); • by requiring the Applicant to comply with the provisions of Schedule 5 of the Act and lodge a water areas acquisition notice immediately on receiving the title to the land acquired. A separate decision whether to acquire the fresh or seawater area(s) will be made subsequently by decision-making Ministers. <p>Special Condition 2 requires the Applicant to undertake various due diligence steps which will identify any Fresh and Seawater areas.</p> <p>An automatic condition of consent requires the Applicant to comply with the provisions of Schedule 5 of the Act.</p>

Requirement	LINZ Analysis
<p>Farm land advertising</p> <p>Farm land to be offered for acquisition on the open market to non-overseas persons in accordance with the Regulations (clause 3(3)(b) of Schedule 4, and section 16(1)(f)).</p>	<p>This condition is not applicable as the scope of the standing consent will not cover the acquisition of farm land.</p>
<p>Notification conditions</p> <p>The regulator will be, or will likely be, notified of each transaction entered into under the standing consent in accordance with the requirements of the consent (clause 3(3)(c) of Schedule 4)</p>	<p>LINZ is satisfied that this condition is likely to be met having regard to the Applicants record of compliance.</p> <p>The Applicants acquisitions team and legal advisors will be aware of the notification requirements and will ensure that they form part of their legal due diligence work plan.</p> <p>Special Condition 3 requires the Applicant to notify LINZ of each transaction settled under the standing consent using the notification template published on our website.</p>
<p>Other conditions</p> <p>Additional conditions, including conditions limiting the scope of the standing consent, will be, or are likely to be, complied with (clause 3(4) of Schedule 4).</p>	<p>The proposed standing consent is subject to several limits and other conditions.</p> <p>The Pre-acquisition Legal Review will help ensure that the Applicant identifies each transaction entered into under the standing consent. The Forest Management Plan will record any conditions of an ongoing nature relating to the Land.</p> <p>LINZ is satisfied that these conditions are likely to be met having regard to the Applicants track record of compliance and the pre-acquisition Legal Review.</p>

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Attachment 5: Forestry standing consents

	Pan Pac Forest Products	NZ Redwood Company	Nelson Forests	Oji Fibre Solutions	Matariki Forests	Kauri Forestry LP
Granted	September 2019	October 2019	September 2020	September 2020	March 2021	March 2021
Maximum total land area granted <i>(compared with max area requested by Applicant)</i>	20,000 ha granted <i>(requested 30,000 ha)</i>	4,000 ha granted <i>(requested 4,000 ha)</i>	15,000 ha granted <i>(requested 67,303 ha)</i>	15,000 ha granted <i>(requested 30,000 ha)</i>	10,000 ha granted <i>(requested 20,000 ha)</i>	6,000 ha granted <i>(same as requested)</i>
Maximum number of transactions	25	10	25	25	12	20
Maximum land area per transaction <i>(compared with area requested by Applicant)</i>	10,000 ha granted <i>(requested 25,000 ha)</i>	2,000 ha granted <i>(requested 2,000 ha)</i>	- 2,500 ha for land already used for forestry; and - 500 ha for non-forest land (e.g. farm conversions).			
Duration of standing consent granted <i>(compared with duration requested by Applicant)</i>	3 years granted <i>(same as requested)</i>	4 years granted <i>(9 years requested)</i>	3 years granted <i>(3 or 5 years requested)</i>	3 years granted <i>(same as requested)</i>		
Any regional limitations imposed	Nationwide	Manawatu-Wanganui	Nationwide	Central North Island area - shown in map	North Auckland, South Auckland, Hawkes Bay, Gisborne, Wellington, Canterbury, Westland, Otago and Southland Land Registration Districts.	Nationwide

SCHEDULE OF LIMITS: Totara Forestry Services Limited

The standing consent granted to Totara Forestry Services Limited is granted subject to the following limits under schedule 5, clause 3(4) of the Act:

Interest types	Freehold, leasehold and forestry rights
Land types	Land already used exclusively or nearly exclusively for forestry activities
Location	North Island, excluding Gisborne Region and Wairoa District
Number of transactions	No more than 20 transactions
Total area	No more than 10,000 ha
Area per transaction	No more than 2,500 ha per transaction
Entry Date	Three years from the Consent date
Completion Date	12 months from the Entry date



Hon Damien O'Connor

Date: 2/18/23



Hon Barbara Edmonds

Date: 9/10/23

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