

OI Assessment Report 202400405 – Accolade Wines New Zealand Limited

Ki / To:	Emma Kelly, Principal Customer Regulatory Specialist	Rā / Date:	7 November 2024
Mai / From	Ed Atienza, Senior Customer Regulatory Specialist	Rā Mutunga/ Deadline	26 November 2024

Pūtake/Purpose

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

Summary

Applicant	Accolade Wines New Zealand Limited North America Region 38% Asia Pacific Region 35% Europe Region 14% Middle East Region 10% Various 3%
Vendor	Pernod Ricard Winemakers New Zealand Limited United States of America 31% France 28% United Kingdom 9% Belgium 8% Various 24%
Asset	Wine business and assets owned by the Vendor in relation to its wine business in New Zealand.
Land	The Freehold Land, the Leasehold Land and the Sale and Leaseback Land

Freehold Land	<p>Freehold interests in approximately:</p> <ol style="list-style-type: none"> 1. 6.7409 hectares of land located at 12 Tironui Drive and 150 Church Road, Taradale, Hawke's Bay 2. 25.2529 hectares of land located at Liverpool Street, Riverlands, Marlborough 3. 47.6491 hectares of land located at 482-518 Tuki Tuki Road, Haumoana, Hawke's Bay 4. 153.6666 hectares of land located at Roy Hills Road, Ngatarawa, Hawke's Bay.
Leasehold Land	<p>Leasehold interests in approximately:</p> <ol style="list-style-type: none"> 1. 217.5145 hectares of land located at Conders Bend Road and State Highway, Renwick, Marlborough 2. 29.4560 hectares of land located at 38 Giffords Creek Lane, Rapaura, Marlborough 3. 60.3200 hectares of land located at 368 Te Mata Maungateretere Road, Havelock North, Hawke's Bay 4. 96.0321 hectares of land located at Conders Bend, Marlborough. 5. 149.8090 hectares of land at Conders Bend Road and State Highway 6, Conders Bend, Marlborough 6. 87.7103 hectares of land located at Conders Bend, Marlborough.
Sale and Leaseback Land	<p>Freehold or leasehold interests in approximately</p> <ol style="list-style-type: none"> 1. 361.4252 hectares of land located at 110 & 327 Brancott Road, Fairhall, Marlborough. 2. 213.2844 hectares of land located at 412 Rapaura Road and 299 Jacksons Road, Rapaura, Marlborough. 3. 127.0170 hectares of land located at 91 Lanark Lane, 117 Bedford Road, and Conders Bend Road, Renwick, Marlborough. 4. 79.7750 hectares of land located at 787 Seaview Road, Seddon, Marlborough (Triple Bank McKee Vineyard). 5. 362.6198 hectares of land located at 787 Seaview Road, Seddon, Marlborough (Awatere Marfell Vineyard).

¹ Properties the Applicant intends to acquire the freehold interest but then on-sell the freehold to a third party, subject to a leaseback to the Applicant. If the freehold is not able to be sold, then the Applicant will retain the freehold interest.

	6. 106.0089 hectares of land located at 106 Steam Wharf Road, Stanford Street, 179 Vickerman Street, 91 Jones Road, and 92 Lower Wairau Road, Grovetown, Marlborough. 7. 41.8260 hectares of land located at 149 Omarunui Road, Waiohiki, Hawke's Bay. 8. 214.8800 hectares of land located at 1905 Matapiro Road, Crownthorpe, Hawke's Bay. 9. 78.4208 hectares of land located at 28 Kings Road, Waipara, North Canterbury. 10. 161.8742 hectares of land located at 460 Glasnevin Road, Waipara, North Canterbury.
Consideration	[s 9(2)(b)(ii)]
Sensitivity	Is more than 5 hectares of non-urban land Includes residential land Includes land subject to a heritage order, or a requirement for a heritage order, by Heritage New Zealand Pouhere Taonga under the Heritage New Zealand Pouhere Taonga Act 2014
Pathway	Benefit to NZ - Farm land benefit test
Relevant tests	Investor test ³ Benefit to NZ test ⁴ Farm land offer criterion ⁵ National interest criterion ⁶

The Applicant is part of Accolade Group, an Australian-based global premium wine company.

The Applicant is acquiring Pernod Ricard's wine business and assets in New Zealand which includes freehold interests in approximately 1,980 hectares of land and leasehold interests in approximately 641 hectares of land. The land is currently used as part of the Vendor's NZ wine business.

The key benefits that will likely result from this investment are economic benefits in the form of new and retained jobs, and increased capital investment, production and export receipts. Since the acquisition of the New Zealand assets is part of a global transaction for the sale of the vendor's wine

² The Australian and Spanish wine businesses of the Vendor are also being acquired by the Applicant. The global value of the wider transaction is [s 9(2)(b)(ii)]

³ Sections 16(1)(a) and 18A of the Act.

⁴ Sections 16(1)(e), 16A(1), 16A(1A), 16A(1C) and 16B of the Act.

⁵ Section 16(1)(f) of the Act.

⁶ Section 16(1)(g) of the Act.

business including Spain and Australia, there is a genuine risk that New Zealand's image overseas and trade would be adversely affected if the application is declined.

Timing

A decision is required by **26 November 2024** to comply with the expectation in the Ministerial Directive Letter⁷ that the majority of consent decisions are made within half the prescribed assessment timeframe.⁸

Decision

1. I have determined that, for the reasons set out in this report:
 - the relevant overseas person and individuals with control are as set out in the report;
 - the investor test has been met;
 - the benefit test is met;
 - the farm land offer test has been met;
2. I note that the transaction is not considered to be a transaction of national interest.
3. I therefore **grant consent** subject to the conditions in **Attachment 1**.

[s 9(2)(a)]

Emma Kelly

Principal Customer Regulatory Specialist

Overseas Investment - LINZ

Date: 7 November 2024

⁷ Dated 6 June 2024.

⁸ The assessment timeframe for this application is 100 working days.

A. Background and proposed transaction

4. Accolade Wines New Zealand Limited (**Applicant**) is a NZ company which is part of the Accolade Group which operates a global wine business.
5. The Applicant is buying the Vendor's NZ wine businesses and assets as part of a wider transaction involving Accolade Groups' purchase of the Vendor's New Zealand, Australian and Spanish wine assets (**Global Transaction**). The Applicant was selected as the purchaser of the NZ business and some of its NZ assets after a formal sales process that had 30 parties invited to participate.
6. The purchase of the Vendor's NZ business and assets includes:
 - The Vendor's NZ wine business
 - Freehold interests in approximately 1,980.4408 hectares of land used as part of the wine business
 - Leasehold interests in approximately 640.8419 hectares of land used as part of the wine businesstogether, the **Investment**.
12. The Investment does not include the Vendor's assets related to its Mumm sparkling wine products,⁹ and its interests in approximately 333 hectares of land where three of its vineyards¹⁰ are located (**Retained Land**).

Vendor

13. The vendor is Pernod Ricard Winemakers New Zealand Limited (**Vendor**), part of the Pernod Ricard Group, an international wine and spirits producer and wholesaler. The Pernod Ricard Group has entered into the Global Transaction in order to focus on its global spirits business.
14. The Vendor's New Zealand business is comprised of wine business,¹¹ champagne and spirit business,¹² ready-to-drink products,¹³ and supply of products.¹⁴ The Vendor owns or leases approximately 3,040 hectares of wineries and vineyards in New Zealand.

Land

15. The Investment involves the acquisition of freehold interests in approximately 1,980 hectares of land and leasehold interests in approximately 641 hectares of land (a total of approximately

⁹ Mumm, Marlborough, Mumm Central Otago, and Mumm Terroir wine products.

¹⁰ The Fairhall, Omaka and Renwick Estate vineyards in Marlborough.

¹¹ Growing grapes, producing, bottling, importing, marketing, distributing and selling wine and sparkling wine products both domestically and internationally, including importing, marketing, distributing and selling the wine products produced by other entities in the PR Group.

¹² Marketing, importing, distributing and selling champagne and spirit products produced by other entities in the PR Group.

¹³ Marketing, importing, distributing and selling ready to drink products.

¹⁴ Supplying wine, champagne and spirits products to Pernod Ricard Group's global travel retail business.

2,621 hectares of sensitive land) located in various areas in Napier, Hastings, Marlborough and Waipara used to support the Vendor's wine business.

16. The Land includes freehold interests in the following:

- approximately 7 hectares of land in Taradale, Napier used for the operation of the Church Road Winery
- approximately 25 hectares of land in Riverlands, Marlborough used for operation of the Riverlands Winery
- approximately 48 hectares of land in Haumoana, Hastings used for operation of the Tuki Tuki Vineyard
- approximately 154 hectares in Hastings used for operation of the Redstone Vineyard

together, the **Freehold Land**.

17. The Applicant intends to acquire the freehold interest in certain properties and then, if possible, on sell the freehold subject to the land being leased back to it. If this cannot be achieved, the Applicant will retain the freehold interests. The land that may be subject to this sale and leaseback involves the following:

- approximately 361 hectares of land in Fairhall, Marlborough used for operation of the Brancott Vineyard
- approximately 213 hectares of land in Marlborough used for the operation of the Stoneleigh Vineyard
- approximately 127 hectares of land in Renwick, Marlborough used for the operation of the Kaituna Vineyard
- approximately 80 hectares of land in Seddon, Marlborough used for the operation of the Triplebank-McKee Vineyard
- approximately 363 hectares of land in Seddon, Marlborough used for operation of the Awatere Marfell Vineyard
- approximately 106 hectares of land in Grovetown, Marlborough used for the operation of the Lower Wairau Vineyard
- approximately 42 hectares of land in Waiohiki, Hastings used for the operation of the Omarunui Vineyard
- approximately 215 hectares of land in Crownthorpe, Hastings used for the operation of the Matapiro Vineyard
- approximately 78 hectares of land in Waipara used for the operation of the Omihi Vineyard
- approximately 162 hectares of land in Waipara used for the operation of the Camshorn Vineyard

together, the **Sale and Leaseback Land**.

18. The land includes the following approximate leasehold interests:

- 218 hectares of land in Conders Bend, Marlborough, used for operation of the Conders Forest Vineyard¹⁵
 - 29 hectares of land in Rapaura, Marlborough used for operation of the Giffords Creek/Squire Croudin Vineyard
 - 60 hectares of land in Havelock North, Hawke's Bay used for operation of the Te Mata/Montana Terraces Vineyard
 - 96 hectares of land in Conders Bend, Marlborough used for operation of the Clintondale Vineyard
 - 150 hectares of land in Conders Bend, Marlborough used for the operation of the Conders Bend/Kaituna Vineyard
 - 88 hectares of land near Seddon, Marlborough referred to as Redwood Leases
- together, the **Leasehold Land**

19. The Freehold Land, Leasehold Land and Sale and Leaseback Land are together called the **Land**.

20. The Land Use Capability (**LUC**)¹⁶ class of the Land is as follows:

LUC class	Size (hectares)	Percentage of Land
1	150	6.05%
2	630	25.41%
3	1,418	57.20%
4	66	2.66%
6	183	7.38%
7	32	1.23%
Total	2,479¹⁷	100%

Figure 1: LUC Table

Retained Land

21. While the Retained Land is not part of the Investment, the Applicant will manage the vineyards on the Retained Land and will purchase the grapes produced by the vineyards on the Retained Land.

¹⁵ While the area of the leasehold record of title is 217.5145 hectares, only part of this land is leased as the bed of the Wairau River is excluded from the lease. Despite this, the Applicant used the entire area for purposes of the application for consent.

¹⁶ LUC classification system categorises land into eight classes, based on a broad assessment of the land's capability and versatility for different types of agricultural production. 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.

¹⁷ The difference between the total area to be acquired and the total area for LUCs is due to some land including fresh or seawater areas which have no LUC classification. There is also a 104ha difference in the land where the Conders Forest Vineyards is located because while the leasehold title shows 217.5104 hectares, the area actually leased is only part of that because the bed of Wairau River is excluded from the leased area.

22. The map below shows the locations of the Land:



Figure 2: Map showing locations of the Land

23. There are four freshwater areas on the Land, as discussed in **Part G**.

B. Application of the Act

24. The Land is sensitive because it is non-urban land over 5 hectares in size; includes land subject to a heritage order, or a requirement for a heritage order, by Heritage New Zealand Pouhere Taonga under the Heritage New Zealand Pouhere Taonga Act 2014; and because it includes residential land,¹⁸ so consent is required.¹⁹ The Asset is sensitive because the value of the consideration exceeds \$100 million²⁰.
25. The following criteria for an investment in significant business assets and sensitive land apply to this application:²¹
- The investor test must be met.²²
 - The benefit to New Zealand test must be met.²³

¹⁸ Table 1, Part 1, Schedule 1 of the Act.

¹⁹ Sections 10(1)(a) and 12(1)(a) of the Act.

²⁰ Section 13 of the Act.

²¹ Set out in section 16(1) of the Act.

²² Sections 18A and 16(1)(a) of the Act.

²³ Sections 16(1)(e), 16A(1), 16A(1A), 16A(1C) and 16B of the Act.

- The farm land must have been offered for sale on the open market,²⁴ unless exempt.²⁵
- 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.²⁶

26. 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);²⁷ and
- Determine that benefit will be, or is likely to be, substantial in relation to one or more of the factors of high relative importance for farm land²⁸ (unless the farm land benefit test is disapplied²⁹); and
- because part of the Land is residential:
 - determine a residential land outcome;³⁰
 - apply conditions of consent for the residential land outcome; and
 - be satisfied that those conditions are likely to be met.³¹

27. 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**, discuss national interest matters in **Part F**, and the fresh and seawater areas in **Part G**.

C. Applicant and investor test

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

Ownership and control

29. The Applicant is wholly owned by Accolade Wines Australia Limited³² (**Accolade Australia**), which is part of the Accolade Group.
30. The Applicant's ultimate holding company is Australian Wine Topco Limited (**ATWL**), a Jersey incorporated entity. ATWL is owned by several investment funds.

²⁴ Section 16(1)(f) of the Act.

²⁵ Section 20(1)(a) or (b) of the Act.

²⁶ Section 16(1)(g) of the Act.

²⁷ Section 16A(1)(a) of the Act.

²⁸ Section 16A(1C)(a)&(b) of the Act. This criterion applies because the Land is farm land over 5 hectares in size.

²⁹ Section 16A(1D) of the Act.

³⁰ Section 16B(3)(a). The Act specifies a range of outcomes to choose from in clause 19, Schedule 2 of the Act.

³¹ Section 16A(1)(b) of the Act.

³² ACN 008 273 907.

31. [s 9(2)(b)(ii)]
[REDACTED]
[REDACTED]
[REDACTED]³³
32. [s 9(2)(b)(ii)]
[REDACTED]
[REDACTED]
33. A high-level diagram of the intended ownership structure is in **Attachment 2**.

Business Activities

34. Accolade Group is an Australian-based global premium wine company. Its operations span from wine supply and production to sales, marketing and distribution. Its grape and bulk wine supply comes from Australia, Europe, South Africa, South America, United States and New Zealand. It supplies around 140 countries.
35. Accolade Group first invested in New Zealand in 2013 when the Applicant acquired New Zealand wine business Mud House Wines and acquired leasehold interest in five vineyards covering approximately 593 hectares.³⁴ It sources its grapes from leased vineyards and from independent growers for its New Zealand business. Accolade Group does not currently own any New Zealand freehold property assets. The Applicant and AWTL hold several consents under the Act, all related to the wine business.³⁵

Relevant overseas person and individuals with control

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

Relevant overseas person	Reason
Accolade Wines New Zealand Limited (Applicant)	Applicant and acquiring entity
Accolade Wine Topco Limited (AWTL)	Ultimate holding company of the Applicant

³³ [s 9(2)(b)(ii)]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

³⁴ Case number 201320093.

³⁵ Case number 201420067 (Accolade Wines New Zealand Limited's acquisition of freehold interest in approximately 30 hectares of land in Renwick, which the Applicant has since divested); case number 201510080 (Applicant's acquisition of a leasehold interest in approximately 3.2687 hectares of land in Marlborough) and case number 201810141 (Accolade Wines Australia Limited's acquisition of 100% of the shares in the Applicant).

Relevant overseas person	Reason
[s 9(2)(b)(ii)] [REDACTED]	Ultimate beneficial owner of the Applicant holding a more than 25% interest

37. We recommend that the '**individuals with control of the relevant overseas person**'³⁶ are:

Individuals with control	Reason
Tejvir Singh	Director of the Applicant
Guiseppe Russo	
Benedict Robert Clarke	Director of AWTL
Neil Jonathan Robson	
Mark Anthony Derwin	
[s 9(2)(b)(ii)]	[s 9(2)(b)(ii)]
[s 9(2)(b)(ii)]	

Summary of investor test

38. 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**.
39. For this reason, our conclusion is that **the investor test has been met**.

D. Investment plan and benefit to NZ test

40. 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)

41. The Land is located across Napier, Hastings, Marlborough and Waipara.
42. The Vendor currently uses the Land for its wine business. On the Land are two wineries and production sites,³⁷ a visitor centre,³⁸ and 18 vineyards. The grape varieties planted on the Land include Sparkling, Pinot Noir Rosé, Sauvignon Blanc, and Pinot Gris.
43. The Land generates:

³⁶ Section 15 of the Act.

³⁷ Church Road Winery in Napier and Riverlands Winery in Marlborough.

³⁸ Church Road Cellar Door.

- **Exports:** approximately [s 9(2)(b)(ii)] in 2023.³⁹
- **Jobs:** [s 9(2)(b)(ii)]⁴⁰
- **Production:** grapes grown were harvested for wine production with [s 9(2)(b)(ii)] tonnes of grapes produced, resulting in a volume of [s 9(2)(b)(ii)] of wine in 2023.
- **Sales:** pro-forma volume of product sold through both domestic and export sales was [s 9(2)(b)(ii)] with an aggregate pro-forma net sales value of [s 9(2)(b)(ii)]⁴¹

44. On part of the Land is a listed heritage site, the Te Mata Woolshed.⁴² There is an area of 4.9356 hectares of wetlands protected by an open space covenant pursuant to section 22 of the Queen Elizabeth the Second National Trust Act 1977.⁴³
45. A portion of the Land is leased to the Marlborough Falcon Conservation Trust to house and operate an aviary and a flying demonstration area, and to aid in the rescue and rehabilitation of native kārearea.⁴⁴
46. There are some access arrangements on the Land, including access to a river,⁴⁵ streams,⁴⁶ a trail⁴⁷ and reserves.⁴⁸ There are also rights of way easements in favour of neighbouring properties⁴⁹ and the Crown.⁵⁰ There are additional easements registered over other parcels of land for the purposes of conveying electricity, telecommunications and water which include limited rights of access. The arrangements identified in paragraphs 44-45 are together referred to as **Existing Arrangements**.

³⁹ The Vendor exported its products to Australia, the United Kingdom, North America, Europe and Asia.

⁴⁰ This figure only relates to the part of the business being purchased by the Applicant. The Vendor has a total of [s 9(2)(b)(ii)]

⁴¹ From from 1 July 2022 to 30 June 2023.

⁴² <https://www.heritage.org.nz/list-details/1034/Te-Mata-Woolshed>.

⁴³ Contained in record of title MB6A/1306.

⁴⁴ Records of title MB6B/58 and MB6A/965.

⁴⁵ In respect of parcels of land MB4D/82 Lot 5 DP 7699, MB4D/83 Lot 6 DP 7699 and MB5B/1240 Lot 1 DP 9179 access to the Opawa River is available at the Jacksons Road bridge near the south-east corner of the property.

⁴⁶ With respect of record of title CB35D/532, both Omihi Stream and Home Creek are accessible where each crosses State Highway One.

⁴⁷ In respect of records of title 792817 and MB3B/107 (the Riverlands Winery), there is a right of way easement in favour of Marlborough District Council to allow pedestrians and cyclists to access a trail.

⁴⁸ Two right of way easements in favour of Napier City Council over the land contained in records of title 22273 and HBY3/11 for the respective purposes of water supply and access to an adjoining reserve. A portion of the Land with records of title MB6C/424 and MB6C/425 is also classified as a reserve (a local purpose (access) reserve) pursuant to the Reserves Act 1977.

⁴⁹ With respect of records of title MB5D/32, MB6B/733, 253254, MB4D/82, MB4D/83, MB4D/84, MB5C/822, MB5B/1240, MB5B/1241, MB5C/874, HBW1/668, 85636, MB4C/1430, MB6B/1086, MB4C/747, MB4D/82, MB4D/83, MB4D/84, MB5B/1241, MB6A/543, MB6B/1162, MB5C/874, MB6B/966 and MB28/89.

⁵⁰ With respect of record of title 22273 to access a UHF/VHF repeater station located on an adjoining property.

Investment plan

47. The Applicant intends to continue to operate the winery business and continue to utilise the Land as vineyards and wineries.
48. The Applicant intends to renew and replace, in [s 9(2)(b)(ii)] vineyards that are nearing their productive life. It anticipates incurring a capital expenditure of [s 9(2)(b)(ii)] on plant and machinery and irrigation for the vineyards and redevelopment and replanting of approximately [s 9(2)(b)(ii)] of the vineyards.
49. The expenditure is comprised of the following:

	Freehold Land and Leasehold Land (\$million)	Sale and Leaseback Land (\$million)	Total (\$million)
Redevelopment and renovation	[s 9(2)(b)(ii)]	[s 9(2)(b)(ii)]	[s 9(2)(b)(ii)]
Plant, machinery and irrigation	[s 9(2)(b)(ii)]	[s 9(2)(b)(ii)]	[s 9(2)(b)(ii)]
Total	[s 9(2)(b)(ii)]	[s 9(2)(b)(ii)]	[s 9(2)(b)(ii)]

Figure 3: Planned Capital Expenditure Table

50. Key information about the Applicant's investment plan is summarised below:
- **Capital expenditure:** spend approximately [s 9(2)(b)(ii)] for redevelopment, replanting, irrigation, and plant and machinery over a period of [s 9(2)(b)(ii)]
 - **Timeframe:** [s 9(2)(b)(ii)]
 - **Retention of jobs:** retain [s 9(2)(b)(ii)] and additionally, make permanent [s 9(2)(b)(ii)]
 - **Export receipts:** Export receipts are expected to increase by [s 9(2)(b)(ii)]
51. The Applicant also intends to continue the Existing Arrangements⁵¹ on the Land.

Assessment of benefits

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

⁵¹ Identified under Current State section above.

Farm Land benefit test

53. The Investment involves the acquisition of farm land exceeding 5 hectares in area. As a result, the farm land benefit test applies unless you decide it need not be met for one of the reasons set out in the Act.⁵²
54. For the farm land benefit test to be met, the Applicant must demonstrate, in relation to either the economic or New Zealand participation factors, that the benefits of the Investment are of a size or nature that represent a substantial benefit to New Zealand.
55. 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 Applicant did not specifically claim, but that we have identified may occur.
56. LINZ is directed⁵³ that where an investment demonstrates strong benefits under one or two key benefit factors, other factors may require less consideration if the threshold for meeting the benefit test is clearly met without reference to them. Therefore, benefits that were not considered to be key have not been considered as part of our assessment.
57. 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	New Zealand's international image and trade	The Investment is part of a larger international transaction. We consider that there is a genuine risk that New Zealand's image overseas and trade would be adversely affected if the application is declined.
	Capital Expenditure	[s 9(2)(b)(ii)] for redevelopment and replanting of vineyards, and for irrigation, and plant and machinery over a period of [s 9(2)(b)(ii)]
	Retention of Jobs	Retention of [s 9(2)(b)(ii)] and plus [s 9(2)(b)(ii)]

⁵² Section 16A(1C)–(1D). You may decide not to apply the farm land benefit test if: the transaction is minor or technical; the transaction does not materially change the level of ownership or control that the relevant overseas person has over the asset; or the farm land has no or limited productive capacity as farm land and will, or is likely to, be used promptly, as a result of the overseas investment, for industrial or commercial development (for example, a supermarket) or for the construction of 1 or more buildings that, taken together, will consist of 20 or more new residential dwellings.

⁵³ Ministerial directive letter 6 June 2024.

Benefit		Analysis
	Increased production	Increase production by [s 9(2)(b)(ii)] from the current [s 9(2)(b)(ii)] to an estimated [s 9(2)(b)(ii)] once the replanted vines reach maturity [s 9(2)(b)(ii)]
	Increased export receipts	Increase export receipts by approximately [s 9(2)(b)(ii)] This is equal to a total of additional [s 9(2)(b)(ii)] the expected period the increased yield would be sustained.

58. We have also considered whether there is a benefit arising from the Investment by reducing real risk of illiquidity. While the Land is relatively large and mature, the Land is highly severable such that each vineyard *could* be sold to other investors, including to New Zealand investors. We have assessed that there is no real risk of illiquidity, and therefore no benefit would arise.

Consultation and submissions about the investment

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

Residential land outcome

60. As part of the Land is residential land, one or more of the residential land outcomes must apply. The most appropriate residential land outcome to require is use for non-residential purposes,⁵⁴ for which conditions must be imposed that require the residential land is not used, nor held for future use, for residential dwellings or long-term accommodation facilities.
61. Special condition 2 will ensure this outcome. (See **Attachment 1** for the proposed conditions.)

Proposed conditions and rationale

62. We propose conditioning the Applicant to continue to use the Land in support of its winery business.
63. The Act also requires adding a condition where the residential land be used for non-residential purposes only.
64. If the Applicant is granted consent for this Investment, the Applicant must lodge a water areas acquisition notice immediately on receiving the interest in the Land. A separate decision will be made by decision-making Ministers subsequently. We have included the automatic condition that the Applicant must comply with the provisions of Schedule 5 of the Act.

⁵⁴ Clause 19(2), row 2, Schedule 2 of the Act.

Conclusion – benefit to NZ test

Key benefits

65. 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 increased capital expenditure, creation and retention of jobs, and increased productivity and export receipts.
66. More importantly, declining this application could adversely affect New Zealand's international reputation and affect the desire of large global players to make inbound investment into New Zealand or engage in transactions where a New Zealand component may be involved.

Proportionality

67. 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.
68. We consider the matters relevant to the sensitivity of the Land are its relatively large size (that is, approximately 2,621 hectares), it being farm land with some residential land, inclusion of fresh or seawater interests, and its current overseas ownership.
69. We consider the matter relevant to the nature of the Investment is that the Land will continue to be used in its current state, but with improvements that would not occur without the Investment.

Conclusion

70. After considering the application, we are satisfied that the Investment is likely to result in economic benefits in proportion to the sensitivity of the Land and the nature of the Investment.
71. In relation to the farm land benefit test, we consider that preventing the potential damage to New Zealand's image and international trade, the additional capital expenditure, jobs, productivity and exports, that will occur as a result of the Investment, while moderate, are of sufficient benefit to New Zealand to be substantial in relation to the economic factor.

E. Farm land offer test

72. The Investment belongs to a class of transactions that is exempted from the farmland offer criterion. Specifically, the Investment is part of a wider acquisition or merger covered under paragraph 4.1(h) of the Notice of Exemptions From Farm Land Offer Criterion 2024.⁵⁵
73. We are therefore satisfied the transaction is exempt from the farm land offer requirement.

⁵⁵ Notice of Exemptions From Farm Land Offer Criterion (Pursuant to Section 20 of the Overseas Investment Act 2005) 2024 dated 30 July 2024.

F. Transaction of national interest

74. The Investment does not involve a transaction of national interest under the mandatory criteria of the Act.⁵⁶ 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).
75. The Minister of Finance has not called the Investment in for a national interest assessment.⁵⁷

G. Fresh or seawater areas

76. This Investment includes fresh or seawater interests associated with Opawa River⁵⁸, Upokohina Stream,⁵⁹ and Omihi Stream and Home Creek⁶⁰.
77. LINZ is still determining whether the interests in Awatere River⁶¹ and Ngaruroro River⁶² are fresh or seawater interests under the Act. In case they are, the mandatory condition on lodgement of a water areas acquisition notice⁶³ will apply.

H. Conclusion

78. 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.
79. We refer you to **Attachment 1** to review the Proposed Decision (including consent conditions), and from page 4 of this Assessment Report to record your decision.

I. Attachments

1. Proposed Decision
2. Intended ownership structure
3. Other benefit factors

⁵⁶ Under s 20A of the Act.

⁵⁷ Section 20B of the Act

⁵⁸ Associated with the Stoneleigh Vineyard.

⁵⁹ Associated with the Omarunui Vineyard.

⁶⁰ Both associated with the Camshorn Vineyard.

⁶¹ Associated with Triplebank McKee Vineyard.

⁶² Associated with Matapiro Vineyard.

⁶³ Discussed in paragraph 64 above.

ATTACHMENT 1 PROPOSED DECISION

Consent for Overseas Person to Acquire Significant Business Assets and 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: 7 November 2024

The following people have been given the following consent:

Case	202400405
Consent holder	Accolade Wines New Zealand Limited (Company number 4661159) We will also refer to the Consent holder as you .
Consent	The Consent holder may acquire: a) the Asset; and b) the Freehold Land and the Leasehold Land; and c) Sale and Leaseback Land subject to the Conditions set out below.
Asset	The New Zealand winery business and associated assets of Pernod Ricard Winemakers New Zealand Limited (Company number 86020)
Land	The Freehold Land, the Leasehold Land and the Sale and Leaseback Land
Freehold Land	Freehold interests in approximately 233.3095 hectares of land, comprising: 1. approximately 6.7409 hectares of land located at 12 Tironui Drive and 150 Church Road, Taradale, Hawke's Bay, comprised in Records of Title 22273, HBV2/769, HBV3/1370, HBV3/696 and HBY3/11 (Hawke's Bay).

	<ol style="list-style-type: none"> 2. approximately 25.2529 hectares of land located at Liverpool Street, Riverlands, Marlborough, comprised in Records of Title 792817, MB3B/106 and MB3B/107 (Marlborough). 3. approximately 47.6491 hectares of land located at 482-518 Tuki Tuki Road, Haumoana, Hawke's Bay, comprised in Record of Title HBW4/194 (Hawke's Bay). 4. approximately 153.6666 hectares of land located at Roy Hills Road, Ngatarawa, Hawke's Bay, comprised in Records of Title 170945, HBP1/124, HBP1/733, HBP1/734 and HBW1/668 (Hawke's Bay).
Leasehold Land	<p>Leasehold interests in approximately 640.8419 hectares of land, comprising:</p> <ol style="list-style-type: none"> 1. approximately 217.5145 hectares of land located at Conders Bend Road and State Highway, Renwick, Marlborough, comprised in Record of Title 136645 (Marlborough). 2. approximately 29.4560 hectares of land located at 38 Giffords Creek Lane, Rapaura, Marlborough, comprised in Records of Title 186284, 186285 and 186286 (Marlborough). 3. approximately 60.3200 hectares of land located at 368 Te Mata Maungateretere Road, Havelock North, Hawke's Bay, comprised in Record of Title 186482 (Hawke's Bay). 4. approximately 96.0321 hectares of land located at Conders Bend, Marlborough, comprised in Records of Title 18992 and 18993 (Marlborough). 5. approximately 149.8090 hectares of land located at Conders Bend Road and State Highway 6, Conders Bend, Marlborough, comprised in Record of Title 252260 (Marlborough). 6. approximately 87.7103 hectares of land at 671-673 Seaview Road, near Seddon, Marlborough, comprised in Part MB4C/1043 (Marlborough).
Sale and Leaseback Land	<p>Freehold and/or leasehold interests in approximately 1,747.1313 hectares of land comprising:</p> <ol style="list-style-type: none"> 1. approximately 361.4252 hectares of land located at 110 & 327 Brancott Road, Fairhall, Marlborough, comprised in Records of Title 56799, MB6A/965, MB6B/58, MB6B/59 and MB6B/908 (Marlborough).

	<p>2. approximately 213.2844 hectares of land located at 412 Rapaura Road and 299 Jacksons Road, Rapaura, Marlborough in Records of Title 253254, 311907, MB4C/747, MB4D/82, MB4D/83, MB4D/84, MB5B/1240, MB5B/1241, MB5C/822, MB6A/543 and MB6B/1162 (Marlborough).</p> <p>3. approximately 127.0170 hectares of land located at 91 Lanark Lane, 117 Bedford Road, and Conders Bend Road, Renwick, Marlborough, comprised in Records of Title MB5C/874, MB6B/966 and MB6A/1306 (Marlborough).</p> <p>4. approximately 79.7750 hectares of land located at 787 Seaview Road, Seddon, Marlborough, comprised in Record of Title MB6B/1086 (Marlborough).</p> <p>5. approximately 362.6198 hectares of land located at 787 Seaview Road, Seddon, Marlborough, comprised in Records of Title Records of Title 115625, MB4D/1401, MB5A/1058, MB5D/32 and MB6B/733 (Marlborough).</p> <p>6. approximately 106.0089 hectares of land located at 106 Steam Wharf Road, Stanford Street, 179 Vickerman Street, 91 Jones Road, and 92 Lower Wairau Road, Grovetown, Marlborough, comprised in Records of Title MB40/260, MB28/140, MB28/89, MB1C/329, MB4C/1430, 85636, MB30/130 and MB2A/674 (Marlborough).</p> <p>7. approximately 41.8260 hectares of land located at 149 Omarunui Road, Waiohiki, Hawke's Bay, comprised in Records of Title HBJ1/413 and HBJ1/414 (Hawke's Bay).</p> <p>8. approximately 214.8800 hectares of land located at 1905 Matapiro Road, Crownthorpe, Hawke's Bay, comprised in Records of Title HBH2/1075 and HBY2/990 (Hawke's Bay).</p> <p>9. approximately 78.4208 hectares of land located at 28 Kings Road, Waipara, North Canterbury, comprised in Record of Title CB35D/532 (Canterbury).</p> <p>10. approximately 161.8742 hectares of land located at 460 Glasnevin Road, Waipara, North Canterbury, comprised in Record of Title CB20A/112 (Canterbury).</p>
Timeframe	<p>You have until [s 9(2)(b)(ii)] to acquire the Asset, Freehold Land and Leasehold Land.</p> <p>You have until [s 9(2)(b)(ii)] to acquire the Sale and Leaseback Land.</p>

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.

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

Definitions

Act means Overseas Investment Act 2005.

Business and Asset Sale Agreement means the Business and Asset Sale Agreement dated 17 July 2024 between Pernod Ricard Winemakers Pty Ltd and Pernod Ricard Winemakers New Zealand Limited (as vendors), and Accolade Wines Australia Limited and Accolade Wines New Zealand Limited (as purchasers), and Australian Wine TopCo Limited (as guarantor).

Regulations means Overseas Investment Regulations 2005.

Residential Land means that part of the Land situated at 12 Ihonui Drive, Taradale, Napier being Lot 1 Deposited Plan 27598 and Lot 1 Deposited Plan 305573 contained in Record of Title 22273 (Hawke's Bay).

WAAN means water areas acquisition notice.

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 1: Fresh or seawater areas	
<p>You must, in relation to the fresh or seawater area(s) on the Land:</p> <ul style="list-style-type: none"> i. comply with provisions of Schedule 5 of the Act; ii. provide a draft WAAN to FSApplications@linz.govt.nz iii. lodge the WAAN on the record of title. 	<ul style="list-style-type: none"> i) By the times set out in Schedule 5 of the Act ii) At least 15 working days before Settlement iii) Immediately following the transfer and before registering any other interests in the title.
Special condition 1: Use of the Land	
You must use the Land for the operation, and/or in support of the operation a winery business.	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 Asset and Land.	
Special condition 2: Use the Residential Land for Non-Residential Purposes only	
You must not use, nor hold for future use, the Residential Land for residential dwellings or long term accommodation facilities.	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 Asset and Land.	

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 asset or land, including you:

Details	Required date:
Standard condition 1: Acquire the Asset and/or Land	
<p>You must acquire the Asset and/or Land:</p> <ul style="list-style-type: none"> i. By the date stated in the Consent. If you do not, your Consent will lapse or become invalid and you must not acquire the Asset and/or Land, and ii. Using the acquisitions, ownership and control structure you described in your application. Note, 	As stated in the Consent

only you-the named Consent Holder may acquire the Asset and/or Land, not your subsidiary, trust or other entity.	
Standard condition 2: Tell us when you acquire the Asset and/or Land	
<p>You must tell us in writing when you have acquired the Asset and/or Land.</p> <p>Include details of:</p> <ul style="list-style-type: none"> i. The date you acquired the Asset and/or Land (Settlement) ii. Consideration paid (plus GST if any) iii. The structure by which the acquisition was made and who acquired the Asset and/or Land, and iv. Copies of any transfer documents and Settlement statements. 	<p>As soon as you can, and no later than 2 months after Settlement</p>
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. We will give you at least 2 weeks written notice if we want to do this.</p> <p>A. You must then:</p> <ul style="list-style-type: none"> i. Allow a person we appoint (Inspector) to: <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 recordings and f. do all other things reasonably necessary to carry out the Inspection ii. Take all reasonable steps to facilitate an Inspection including: <ul style="list-style-type: none"> a. directing your employees, agents, tenants, or other occupiers to permit an Inspector to conduct an Inspection 	<p>At all times</p>

<p>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> <p>B. During an Inspection:</p> <p>i. 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</p> <p>ii. Our Inspector will comply with any reasonable instruction and cooperate with any reasonable health and safety policy or procedure you notify to us before the Inspection.</p>	
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 Asset and /or Land in accordance with section 18A(1) of the Act</p> <p>The Individuals Who Control You are individuals who:</p> <p>i. Are members of your governing body</p> <p>ii. Directly or indirectly, own or control more than 25% of you or a person who itself owns or controls more than 25% of you, and</p> <p>iii. Are members of the governing body of the people referred to in ii above.</p>	<p>At all times</p>
Standard condition 5: Tell us about the 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 happen to any of the Consent Holders:</p> <p>i. 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.</p> <p>ii. You cease to be an overseas person or dispose of all or any part of the Asset and/or Land.</p> <p>iii. Your New Zealand service address changes. This is the address you provided us in your application as</p>	<p>Within 20 working days after the change</p>

the address which we will send any legal document we need to serve on you.	
Standard condition 6: Dispose of the Asset and Land if you do not comply with key special conditions	
<p>If all or part of this Standard Condition 6 applies to a special condition, we have said so in that special condition. 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 Asset and Land.</p> <p>We will give you written notice if we require you to dispose of the Asset and Land. After we have given you notice, you must:</p> <ul style="list-style-type: none"> i. Value the Land: obtain and send us a copy of a market valuation of the Land from a New Zealand registered valuer. ii. Market the Asset and Land: instruct a licensed real estate agent to actively market the Land for sale on the open market. iii. Dispose of the Asset and Land: dispose of the Asset and Land to a third party who is not your associate. iv. Offer the Land without reserve: if you have not disposed of the Land within 6 month of our notice, offer the Land for sale by auction or tender without a reserve price or minimum bid and dispose of the Land. v. Report to us about marketing: tell us in writing about marketing activities undertaken and offers received for the Asset and Land. vi. Report disposal to us: send us, in writing, evidence of the following: <ul style="list-style-type: none"> a. That you have disposed of the Asset and Land (including copies of sale and purchase agreements, settlement statements and titles showing the purchaser as registered proprietor) and b. That the purchaser is not your associate. 	<p>Within 6 weeks of the date of our notice</p> <p>Within 6 weeks of the date of our notice.</p> <p>Within 6 months of our notice</p> <p>Within 9 months of our notice</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>Within 1 month after the Asset and Land has been disposed of</p>

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:

- i. be submitted via our [Webform](#) by these dates:
 - a. 30 November 2027
 - b. 30 November 2034
- ii. contain information about your progress in implementing the special conditions (which can include photographs, maps or aerial imagery as evidence of compliance with relevant conditions.
- iii. Follow the format of the template annual report published on our website.

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:

- i. 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
- ii. 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 LINZ and the Consent Holder(s), provided that this power may not be used to give a time extension for an individual report.

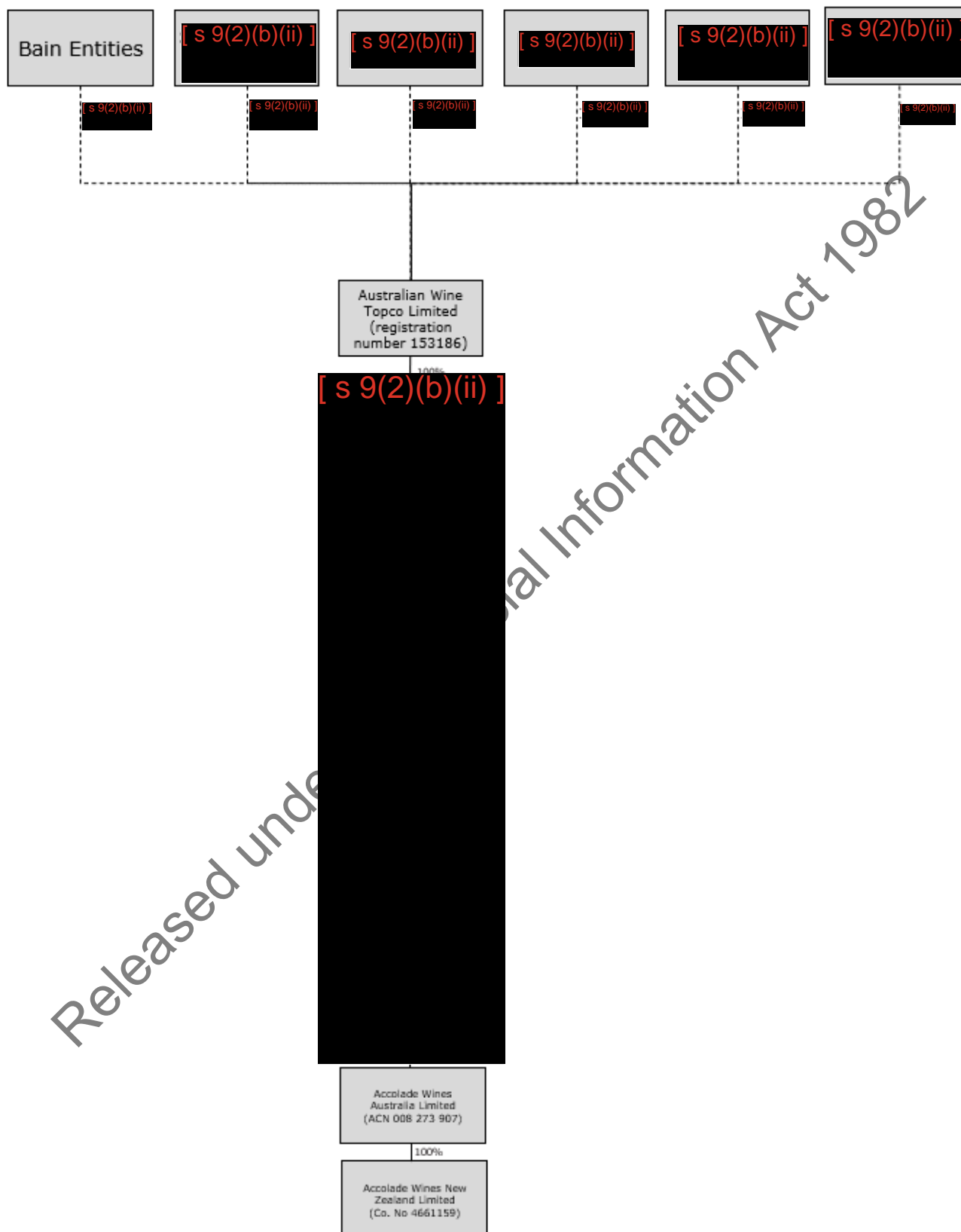
Power to narrow scope of reports

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

Power not to require further reporting

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

ATTACHMENT 2 INTENDED OWNERSHIP STRUCTURE



ATTACHMENT 3 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
Environmental benefits	Insufficient. The Applicant does not have any additional plans in relation to natural environment. It is only continuing the initiatives of the Vendor.
Public access	Insufficient. There is no additional public access proposed to be established.
Historic heritage	Insufficient. The Applicant is only intending to continue the existing arrangements in relation to the listed heritage site, the Te Mata Woolshed.
Significant government policy	Insufficient. The claimed benefits are already covered under the Economic Factor.
Oversight or participation by New Zealanders	Insufficient/not relevant. The ownership will remain 100% overseas owned.
Consequential benefits	Not relevant. The Applicant claims as a consequential benefit the requirement to offer beds of certain rivers to the Crown. This cannot be considered a benefit as this is a requirement in the Act. The Applicant also claims as a consequential benefit to the regional economies as a result of the capital expenditure. This benefit is already considered under the Economic Factor.
Extraction of water for human consumption / bottling	Not relevant. The Investment does not concern extraction of water.