

To: Kirsty Hulena, Principal Advisor

ASSESSMENT REPORT: **GRP III Regional Holdings Ltd**

Date	3 November 2022	Classification	IN CONFIDENCE: Commercially sensitive
LINZ reference	202200407	Deadline	As soon as possible (but no later than 9 November 2022)

Purpose

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

Action sought

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

Key information

4. For the reasons set out in this report, our recommendation is to **grant consent**.

Applicant	GRP III Regional Holdings Ltd (United Kingdom 28.44%; United States of America 16.33%; Germany 14%; Luxembourg 9.25%; Japan 6.68%; Various 6.59%; South Korea 4.26%; China, 3.14%; Cayman Islands 2.83%; Netherlands 2.3%; Bermuda 1.99%; Canada 1.62%; France 1.54%; Italy 1.03%)
Vendor	solarZero Limited (New Zealand 100%)
Assets / Investment	Acquisition of 100% of the shares in solarZero Limited
Consideration	\$110,000,000 (subject to possible adjustments)
Relevant tests	Investor test: s18A National interest test: s18(b)

Timing

5. The Overseas Investment Regulations 2005 specify the total assessment timeframe for this application is 35 working days. This application is currently on day 31, therefore a decision is due to the Applicant by 9 November 2022.

A. Decision

Core tests

6. I determine that:

6.1 The 'relevant overseas person' (ROP) is (collectively):

ROP	Role
GRP III Regional Holdings Ltd	Applicant
GRP III NZ Bidco Limited (NZ Bidco)	Nominated acquiring entity
[s 9(2)(b)(ii)]	[s 9(2)(b)(ii)]
[s 9(2)(b)(ii)]	[s 9(2)(b)(ii)]

6.2 The 'individuals with control of the relevant overseas person' (IWCs) are:

IWC	Role
Patrick Jude O'Kane	Director of GRP III Regional Holdings Ltd
Julia Katherine Rhodes-Journeyay	
Peter George Rafferty	Director of GRP III Regional Holdings Ltd [s 9(2)(b)(ii)]
Charles Desmond Kyrle Reid	Director of GRP III NZ Bidco Limited [s 9(2)(b)(ii)]
[s 9(2)(b)(ii)]	[s 9(2)(b)(ii)]
[s 9(2)(b)(ii)]	
[s 9(2)(b)(ii)]	
[s 9(2)(b)(ii)]	
[s 9(2)(b)(ii)]	
[s 9(2)(b)(ii)]	
[s 9(2)(b)(ii)]	
[s 9(2)(b)(ii)]	
[s 9(2)(b)(ii)]	

¹ See paragraph 34 below.

6.3 None of the ROP or IWCs have established any of the factors contained in section 18A(4) of the Act.

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

National interest assessment

8. I note that the overseas investment in significant business assets is not a transaction of national interest under section 20A of the Act and the Minister of Finance has not notified it is a transaction of national interest under section 20B of the Act.

Decision about whether to grant or decline consent

9. My ultimate decision is to grant consent subject to the conditions in the Proposed Decision in **Attachment 1**.

[s 9(2)(a)]

Kirsty Hulena
Principal Advisor
Date: 03/11/22

Released under the Official Information Act 1982

B. Background and proposed transaction

10. GRP III Regional Holdings Ltd (**Applicant**) is seeking consent under the Act for its wholly owned subsidiary, GRP III NZ Bidco Limited (**NZ Bidco**),² to acquire 100% of the shares in solarZero Limited (**Investment**).
11. The Applicant is a limited liability company that was incorporated in the United Kingdom.³ It is part of the BlackRock Group⁴ and provides investment into renewable power assets, focusing on acquiring solar, wind, EV charging and other renewable power projects.
12. solarZero Limited is a limited liability company incorporated in New Zealand⁵. Its core business is installing solar energy systems into residential, commercial and educational premises.⁶
13. The Investment will take place via a scheme of arrangement under Part 15 of the Companies Act 1993 (**Scheme**).
14. The Applicant entered into a scheme implementation agreement with solarZero Limited on 29 August 2022. The Applicant nominated NZ Bidco to be the acquiring entity under that agreement by a deed of nomination dated 9 September 2022.
15. The parties are using the Scheme to force all of the shareholders in solarZero Limited to sell their shares to NZ Bidco (because there are a minority of shareholders who have not agreed to sell their shares to NZ Bidco and the Applicant wishes to acquire the entire company).

C. Application of the Act

16. The Assets are sensitive because the value of the business is more than \$100 million,⁷ so consent is required.⁸ The following criteria for an investment in significant business assets apply to this application:⁹
 - The investor test must be met.¹⁰
 - 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.¹¹
17. We assess the investor test in Part D, and discuss national interest matters in Part E.

D. Applicant and investor test

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

² NZ Bidco is a limited liability company incorporated in New Zealand on 6 September 2022 with NZ company number 8466583.

³ In 2020 with UK company number 12411178.

⁴ The BlackRock Group is well-known to Toitū Te Whenua Land Information New Zealand. It provides a broad range of investment and technology services to institutional and retail clients in over 100 countries. BlackRock, Inc. is the parent company of the BlackRock Group and is listed on the New York Stock Exchange. It is the world's largest asset manager with US\$8.5 trillion of assets under management.

⁵ In 2008 with NZ company number 2147325.

⁶ solarZero Limited was initially set up as a solar water heating company. It launched its solar energy as a service product in 2017 with a business model based on providing residential customers with savings on their current household power costs and increased energy independence through the provision of financed roof-top solar installations. Since 2017, solarZero Limited has integrated battery storage and added broadband and grid energy services.

⁷ Section 13(1)(a)(iii) of the Act.

⁸ Under sections 10(1)(b) and 13(1)(a) of the Act.

⁹ Set out in section 18 of the Act.

¹⁰ Section 18A(4) of the Act.

¹¹ Section 18(1)(e) of the Act.

Business Activities

19. The Applicant was established as part of the BlackRock Group to provide investment into renewable power assets, focusing on acquiring wind, solar and EV charging power projects primarily in Japan, Taiwan, South Korea, Australia and New Zealand.
20. The Applicant does not have any past or present business operations in New Zealand.

Ownership

Nominated Acquiring Entity

21. The nominated acquiring entity, NZ Bidco, is 100% owned by the Applicant.

Applicant

22. [s 9(2)(b)(ii)]
[REDACTED]
23. [s 9(2)(b)(ii)]
[REDACTED]
[REDACTED]
[REDACTED]
[s 9(2)(b)(ii)]
[REDACTED]
[s 9(2)(b)(ii)]
[REDACTED]
[s 9(2)(b)(ii)]
[REDACTED]
[s 9(2)(b)(ii)]
[REDACTED]
[s 9(2)(b)(ii)]
[REDACTED]
[s 9(2)(b)(ii)]
[REDACTED]
24. [s 9(2)(b)(ii)]
[REDACTED]
[REDACTED]
[REDACTED]
25. [s 9(2)(b)(ii)]
[REDACTED]
[REDACTED]
26. [s 9(2)(b)(ii)]
[REDACTED]
[REDACTED]
27. [s 9(2)(b)(ii)]
[REDACTED]
[REDACTED]
28. [s 9(2)(b)(ii)]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
29. A diagram of the intended ownership structure is in **Attachment 2**.

■ [s 9(2)(b)(ii)]

Control

Nominated Acquiring Entity

30. The sole director of NZ Bidco is Charles Desmond Kyrle Reid.

Applicant

31. The three directors of the Applicant are Patrick Jude O’Kane, Julia Katherine Rhodes-Journey and Peter George Raftery.

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

32. [s 9(2)(b)(ii)]

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

34. [s 9(2)(b)(ii)]

35. [s 9(2)(b)(ii)]

36. [s 9(2)(b)(ii)]

37. [s 9(2)(b)(ii)]

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

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

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

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

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

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

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

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

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

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

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

38. [s 9(2)(b)(ii)]

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

39. [s 9(2)(b)(ii)]

40. For completeness, the existing day-to-day management of solarZero Limited will remain in place following implementation. This means that day-to-day decisions will be made by solarZero Limited’s Board and management team. Decisions relating to significant capital and operating expenditure will also be determined by the Board.

Relevant overseas person and individuals with control

41. For the reasons above, we recommend that the ROP is (collectively):

ROP	Role
GRP III Regional Holdings Ltd	Applicant
GRP III NZ Bidco Limited (NZ Bidco)	Nominated acquiring entity
[s 9(2)(b)(ii)]	[s 9(2)(b)(ii)]

42. We recommend that the IWCs¹³ are:

IWC	Role
Patrick Jude O'Kane	Director of GRP III Regional Holdings Ltd
Julia Katherine Rhodes-Journeyay	
Peter George Raftery	Director of GRP III Regional Holdings Ltd [s 9(2)(b)(ii)]
Charles Desmond Kyrle Reid	Director of GRP III NZ Bidco Limited [s 9(2)(b)(ii)]
[s 9(2)(b)(ii)]	[s 9(2)(b)(ii)]
[s 9(2)(b)(ii)]	
[s 9(2)(b)(ii)]	
[s 9(2)(b)(ii)]	
[s 9(2)(b)(ii)]	
[s 9(2)(b)(ii)]	
[s 9(2)(b)(ii)]	
[s 9(2)(b)(ii)]	
[s 9(2)(b)(ii)]	

Summary of investor test

43. The ROP and IWCs established none of the factors contained in section 18A(4) of the Act.
44. For the reasons set out above, our conclusion is that **the investor test has been met.**

¹³ Section 15 of the Act.

E. Not a transaction of national interest

45. The Investment does not involve a transaction of national interest under the mandatory criteria of the Act.¹⁴ This is because the Investment does not involve a non-NZ government investor having more than a 25% ownership or control interest,¹⁵ or an investment in a strategically important business (as defined in the Act).¹⁶
46. We have not referred this transaction to the Minister of Finance for him to call it in for a national interest assessment on a discretionary basis.¹⁷ He has therefore not declined consent to the transaction.
47. We are directed¹⁸ that the starting point is the assumption that overseas investment is in New Zealand's national interest and that we should only seek the Minister of Finance to exercise his discretion for a national interest assessment if the proposed investment:
- 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;¹⁹
 - has foreign government or associated involvement that was below the 10 per cent 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;²⁰
 - 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).
48. We do not consider that the Investment engages any of these risk factors.

F. Conclusion

49. After considering the application, our view is that:
- the investor test has been met; and
 - the transaction is not considered to be a transaction of national interest.

If you agree, we refer you to **Attachment 1** to review the Proposed Decision (including consent conditions), and from page 2 of this Assessment Report to record your decision.

[s 9(2)(a)]

Claire Sweetman
Senior Solicitor
Date: 03/11/22

¹⁴ Under section 20A of the Act.

¹⁵ [s 9(2)(b)(ii)]

¹⁶ While solarZero Limited is an electricity generator within the meaning of section 5 of the Electricity Industry Act 2010, the Applicant has stated that it is not a generator with a total capacity exceeding 250MW. Similarly, while solarZero Limited is technically a "telecommunication service" within the meaning of section 3 of the Telecommunications (Interception Capability and Security) Act 2013, any broadband services offered are actually supplied by 2Degrees.

¹⁷ Section 20B of the Act.

¹⁸ Ministerial Directive Letter (24 November 2021).

¹⁹ New Zealand's solar adoption sits at around 1.3% of the country's total electricity connections, so solar power is still a niche market in New Zealand. Accordingly, while solarZero Limited maintains about 35-40% of the market share in residential solar installations in New Zealand, that share is just a subset of what is already a very small market.

²⁰ See footnote 15.

G. List of Attachments

1. Proposed Decision and Conditions
2. Intended Ownership Structure

Released under the Official Information Act 1982

ATTACHMENT 1 – PROPOSED DECISION AND CONDITIONS

Consent for Overseas Person to Acquire Significant New Zealand Business Assets

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

Consent

Decision date: 3 November 2022

The following people have been given the following **consent**:

Case	202200407
Consent	The Consent Holders may acquire the Assets subject to the Conditions set out below.
Consent Holders	GRP III Regional Holdings Ltd (UK company number 12411178) and GRP III NZ Bidco Ltd (NZ company number 8466583) We will also refer to each Consent Holder and the Consent Holders together as you .
Assets	Acquisition of 100% of the shares in solarZero Limited (NZ company number 2147325).
Timeframe	You have until 30 November 2023 to acquire the Assets.

Conditions

Your Consent is subject to the conditions set out below. These apply to all overseas people who are given consent to acquire significant business assets, including you.

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.

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

Definitions

Act means Overseas Investment Act 2005.

Regulations means Overseas Investment Regulations 2005.

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

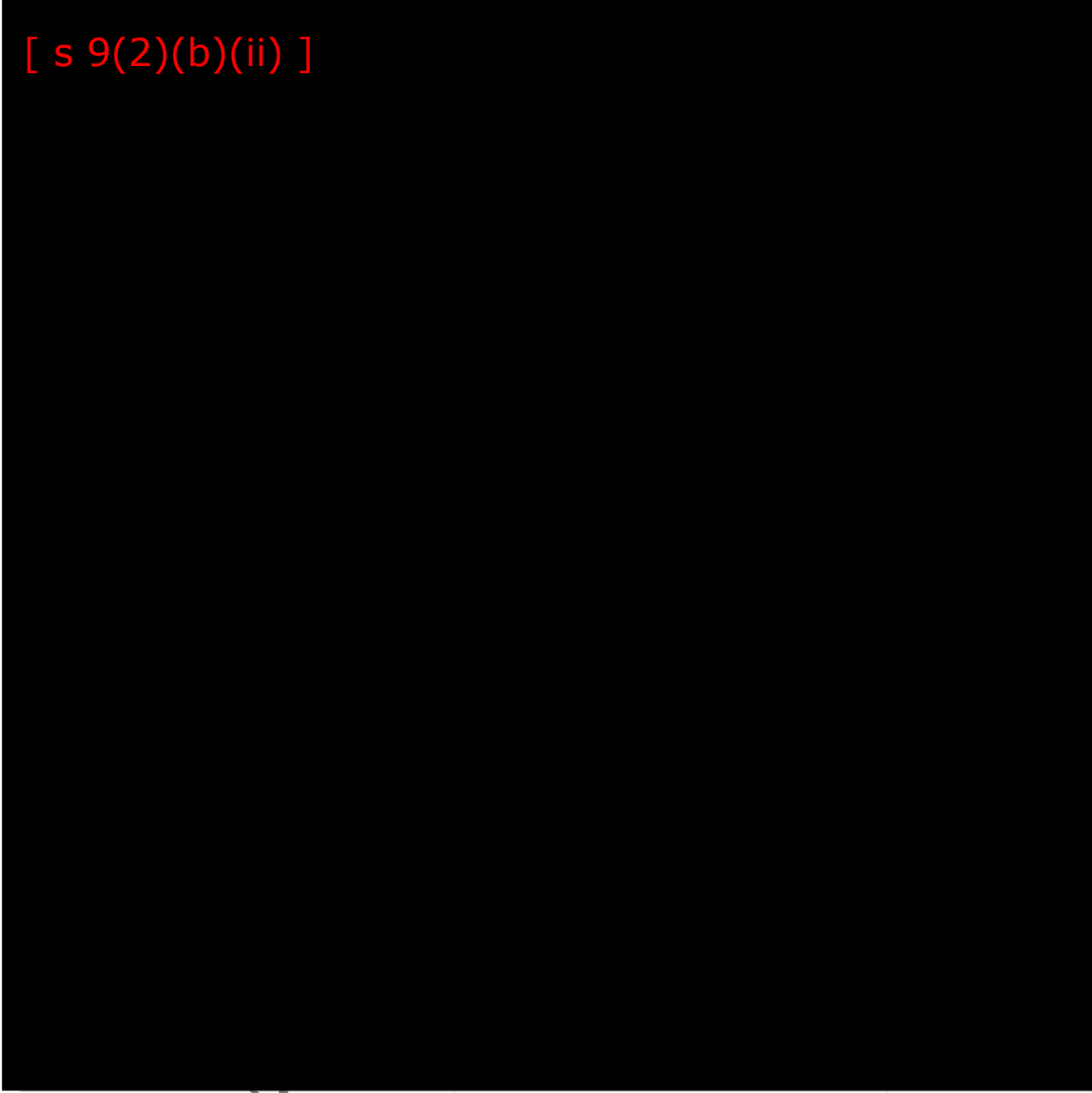
Standard conditions

Details	Required date
Standard condition 1: Acquire the Assets	
<p>You must acquire the Assets</p> <ul style="list-style-type: none">a. by the date stated in the Consent. If you do not, your Consent will lapse and you must not acquire the Assets; andb. using the acquisition, ownership, and control structure you described in your application. <p>Note, only you - the named Consent Holders - may acquire the Assets, not your subsidiary, trust, or other entity.</p>	As stated in the Consent
Standard condition 2: Tell us when you acquire the Assets	
<p>You must tell us in writing when you have acquired the Assets. Include details of:</p> <ul style="list-style-type: none">1. the date you acquired the Assets (settlement);2. consideration paid (plus GST if any);3. the structure by which the acquisition was made and who acquired the Assets; and4. copies of any transfer documents and settlement statements.	As soon as you can, and no later than two months after settlement

Details	Required date
Standard condition 3: 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> <ol style="list-style-type: none"> are members of your governing body; 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 are members of the governing body of the people referred to in paragraph (b) above. 	At all times
Standard condition 4: 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"> 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. You cease to be an overseas person or dispose of all or any part of the Assets. 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

ATTACHMENT 2 – INTENDED OWNERSHIP STRUCTURE

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



Released under
the Access to Information Act