

To: Hon Dr Megan Woods, Associate Minister of Finance
 Hon Damien O'Connor, Minister for Land Information

ASSESSMENT REPORT: Gresham House Forest Carbon (NZ) Limited and Gresham House Forest Carbon (NZ) LP

Date	12 August 2021	Classification	IN CONFIDENCE: Commercially sensitive
OIO reference (Report reference)	202000593 (ref # BRF 22-049)	Suggested deadline	30 September 2021

Purpose

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

Commercial deadline

The deadline date for satisfaction of the Overseas Investment Office (**OIO**) consent condition in the agreement for sale and purchase is 15 December 2021. However, the Applicant requests a decision as soon as possible. If Ministers disagree with the recommendation in this report (to **decline** consent), time will be required to seek a national interest assessment determination from the Minister of Finance and to recommend appropriate consent conditions to Ministers.

OIO Contacts

Name	Position	Contact	First contact
[s 9(2)(g)(ii)]	Manager Applications	[s 9(2)(g)(ii)]	<input checked="" type="checkbox"/>
[s 9(2)(g)(ii)]	Senior Solicitor	[s 9(2)(g)(ii)]	<input type="checkbox"/>

A. Summary

1. The Applicants are part of an investment fund established for the purpose of investing in New Zealand forestry.
2. The Applicants intend to acquire 100% of the shares in a company that owns a freehold interest in approximately 12,356 hectares of existing forest land across New Zealand that they intend to continue operating as permanent carbon forestry.
3. For the reasons set out in this report, our recommendation is to **decline consent**.
4. In coming to this recommendation, we made an assessment as to the weighting and importance of each benefit that is likely to occur. Your decision on this application is likely to depend on whether you agree with the weighting and importance placed on each benefit and the overall assessment as to whether the benefits collectively are likely to be substantial and identifiable.

Key information

Applicants	Gresham House Forest Carbon (NZ) Limited and Gresham House Forest Carbon (NZ) LP United Kingdom (100%)
Vendors	NZCF (Invest Holdings) Limited New Zealand (100%)
Target	NZCF (Invest1) Limited New Zealand (100%)
Land	A freehold interest in a total of 12,356.4732 hectares of forestry land that encompasses 40 records of title across eight different regions in New Zealand. Further details of the Land, its location, legal descriptions, and sensitivities are set out in Attachment 2 .
Consideration	[s 9(2)(b)(ii)]
Sensitivities	Is more than 5 hectares of non-urban land. Adjoins land that is over 0.4 hectares and is held for conservation purposes under the Conservation Act 1987. Adjoins land that is over 0.4 hectares and is a scientific, scenic, historic, or nature reserve under the Reserves Act 1977 that is administered by the Department of Conservation.
Relevant tests	Investor test: s16(1)(a) & (2) ¹ Benefit to New Zealand test – substantial and identifiable benefit (s16(1)(c)(ii) and s16A(1)(a) & (b)) National interest test: s16(1)(g)

Timing

5. Processing days for the application are set out in the table below. The processing time for this application has included significant time assessing the substantial land parcels and consulting with third parties.

¹ This application was received before the new investor test came into force on 22 March 2021, so the investor test in place immediately prior to 22 March 2021 applies.

Quality Assurance	OIO Processing	Waiting for Applicant / Vendor	Third party consultation
6	47	2	93

B. Decision

Core tests

6. I determine that:

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

Relevant overseas person	Role
Gresham House Forest Carbon (NZ) Limited	Acquiring entity
Gresham House Forest Carbon (NZ) LP	Ultimate owner of Gresham House Forest Carbon (NZ) Limited
Gresham House GP LLP	General partner of Gresham House Forest Carbon (NZ) LP
Gresham House Asset Management Limited	Asset manager of the investment

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

Individuals with control	Role
David Neil Amphlett Gardner	Director of Gresham House Forest Carbon (NZ) Limited and member of the Forestry Division Investment Committee of Gresham House Asset Management Limited
Angela McNeish Behrens	Director of Gresham House Forest Carbon (NZ) Limited
Angeline Louise Webb	Director of Gresham House Forest Carbon (NZ) Limited
Kevin John Acton	Director of Gresham House (General Partner) Limited and Gresham House Capital Partners Limited (corporate members of Gresham House GP LLP)
Stephen James Beck	Director of Gresham House (General Partner) Limited and Gresham House Capital Partners Limited (corporate members of Gresham House GP LLP)
Rupert Guy Robinson	Director of Gresham House (General Partner) Limited (a corporate member of Gresham House GP LLP) and a member of the Forestry Division Investment Committee of Gresham House Asset Management Limited

Anthony Lionel Dalwood	Director of Gresham House Capital Partners Limited (a corporate member of Gresham House GP LLP)
Oliver Gordon Hughes	Member of the Forestry Division Investment Committee of Gresham House Asset Management Limited
Rob Lindsay Carlow	Member of the Forestry Division Investment Committee of Gresham House Asset Management Limited

- 6.3 The individuals with control of the relevant overseas person collectively have business experience and acumen relevant to the overseas investment.
- 6.4 The relevant overseas person has demonstrated financial commitment to the overseas investment.
- 6.5 All the individuals with control of the relevant overseas person are of good character.
- 6.6 Each individual with control of the relevant overseas person is not an individual of the kind referred to in sections 15 or 16 of the Immigration Act 2009 (which list certain persons not eligible for visas or entry permission under that Act).
7. I am satisfied that the investor test in section 16(2)(a)-(d), as outlined in paragraphs 6.3 to 6.6 above, has been met.

Hon Dr Megan Woods

Agree

☒

Disagree

☐

Hon Damien O'Connor

Agree

☒

Disagree

☐

8. I am satisfied, in relation to the benefit to New Zealand test, that:

- 8.1 the criteria for consent in sections 16 and 16A have been met; and
- 8.2 the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders)

Hon Dr Megan Woods

Agree

☒

Disagree

☐

Hon Damien O'Connor

Agree

☒

Disagree

☐

9. I am not satisfied, in relation to the benefit to New Zealand test, that the benefit will be, or is likely to be, substantial and identifiable.

Hon Dr Megan Woods

Agree (benefits unlikely to be substantial and identifiable)

☒

Disagree (benefits likely to be substantial and identifiable)

☐

Hon Damien O'Connor

Agree (benefits unlikely to be substantial and identifiable)

☒

Disagree (benefits likely to be substantial and identifiable)

☐

Decision about whether to grant or decline consent

10. My ultimate decision is to:

Hon Dr Megan Woods

Decline consent (in accordance with the Proposed Decision in Attachment 1)

☒

Request the OIO provide advice on potential conditions of consent and a draft letter to the Minister of Finance referring application for national interest assessment.

☐

Hon Damien O'Connor

Decline consent (in accordance with the Proposed Decision in Attachment 1)

☒

Request the OIO provide advice on potential conditions of consent and a draft letter to the Minister of Finance referring application for national interest assessment.

☐

Hon Dr Megan Woods

Date: 16 / 09 / 21



Hon Damien O'Connor

Date: 11 / 09 / 2021

Released under the Official Information Act 1982

C. Background and proposed transaction

11. The Applicants intend to acquire 100% of the shares in NZCF (Invest1) Limited (**Target**), which owns approximately 12,356 hectares of forestry land that encompasses 40 records of title across eight different regions in New Zealand (**Land**).² A map showing the general locations of the forestry land is below in Figure 1.

Overview of by Invest 1 permanent carbon forests

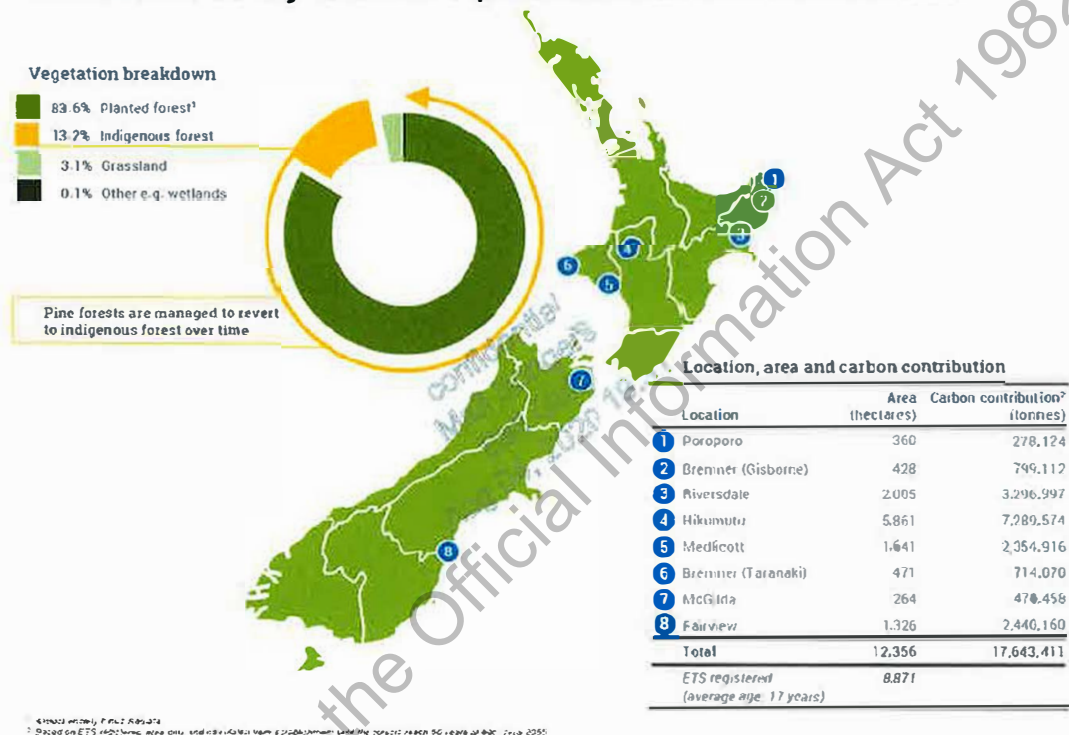


Figure 1 (Map provided by the Applicants) – Map of New Zealand showing the location of the forests that comprise the Land

12. The Land includes approximately 8,870.88 hectares planted in permanent carbon forest and approximately 1,600 hectares of indigenous tree species.
13. The Applicants intend to retain the Land long-term as permanent forestry for the purposes of carbon sequestration (**Investment**) as well as carry out some additional tree planting in suitable locations. The Applicants will generate returns from the carbon credits produced from the trees already growing on the Land, known as New Zealand Units (**NZUs**), as well as from the additional trees the Applicants intend to plant on the Land.

D. Application of the Act

14. The Land is sensitive, and consent is required for the acquisition of shares in the Target,³ because it comprises land that variously:
- is non-urban land over 5 hectares in size,⁴

² Further details of the land, its location, legal descriptions, and sensitivities are set out in Attachment 2.

³ Under sections 10(1)(a) and 12(b)(i) of the Act.

⁴ Table 1, Part 1, Schedule 1 of the Act.

- adjoins land that is over 0.4 hectares and is held for conservation purposes under the Conservation Act 1987,⁵ and
 - adjoins land that is over 0.4 hectares and is a scientific, scenic, historic, or nature reserve under the Reserves Act 1977 that is administered by the Department of Conservation.⁶
15. The following criteria for an investment in sensitive land apply to this application:⁷
- The investor test must be met.⁸
 - The benefit to New Zealand test must be met.⁹
 - 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.¹⁰
16. 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 New Zealand;¹¹ and
 - determine that benefit will be, or is likely to be, substantial and identifiable.¹²
17. We assess the investor test in Part E, the benefit to New Zealand test in Part F, and discuss national interest matters in Part H.

E. Applicant and investor test

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

Relevant overseas person

Ownership

19. The Applicants are overseas persons because more than 25% of their respective securities are owned by overseas persons¹³.
20. Gresham House Forest Carbon (NZ) Limited (**Gresham**) is a New Zealand incorporated company that is wholly-owned by Gresham House Forest Carbon (NZ) LP (**Fund**). The Fund is a limited partnership formed and registered in Scotland.
21. As detailed further in paragraphs 26-28 below, the Fund is controlled by Gresham House GP LLP (**General Partner**) the general partner of the Fund. The General Partner is ultimately owned by Gresham House plc, [s 9(2)(b)(ii)] Gresham House Asset Management Limited (**Asset Manager**), a specialist forestry investment manager, will be the fund manager of the Fund and will make management decisions relating to the Investment.
22. A detailed diagram of the proposed ownership structure is in **Attachment 3**.
23. The Fund is owned by five limited partners as shown in the table in Figure 2 below.

⁵ Table 2, Part 1, Schedule 1 of the Act.

⁶ Table 2, Part 1, Schedule 1 of the Act.

⁷ Set out in section 16(1) of the Act.

⁸ Section 16(1)(a) of the Act. As this application was received prior to 22 March 2021 when the new investor test came into force, the investor test in place immediately prior to 22 March 2021 applies.

⁹ Section 16(1)(c)(ii) of the Act.

¹⁰ Section 16(1)(g) of the Act.

¹¹ Section 16A(1)(a) of the Act.

¹² Section 16A(1)(b) of the Act. This criterion applies because the Land is non-urban land over 5 hectares in size.

¹³ Section 7(2)(c)(i) of the Act.

Name of Limited Partner	Partnership Interest
Lothian Pension Fund (acting through its administering authority the City of Edinburgh Council)	[s 9(2)(b)(ii)]
Falkirk Council Pension Fund (acting through its administering authority the Falkirk Council)	
Fife Council Pension Fund (acting through its administering authority the Fife Council)	
Scottish Borders Council Pension Fund (acting through its administering authority the Scottish Borders Council)	
[s 9(2)(a)]	

Figure 2 (Table provided by the Applicants) – Table showing the identity and ownership interests of the limited partners of the Fund

24. Four of the five limited partners (comprising [REDACTED] ownership of the Fund) are Scottish local government pension funds administered by local Councils. The remaining limited partner is [REDACTED] a British citizen who holds his share as [REDACTED] owner of Brenig Wind Holdings Limited (a company incorporated in Guernsey).⁹⁽²⁾
25. For these reasons, we recommend that the 'relevant overseas person' is (collectively):

Relevant overseas person	Role
Gresham House Forest Carbon (NZ) Limited	Acquiring entity
Gresham House Forest Carbon (NZ) LP	Ultimate owner of Gresham House Forest Carbon (NZ) Limited
Gresham House GP LLP	General partner of Gresham House Forest Carbon (NZ) LP
Gresham House Asset Management Limited	Asset manager of the investment

Control and experience

26. Gresham is controlled by its three directors. Gresham is also wholly-owned by the Fund, which is controlled by the General Partner. The General Partner is controlled by the directors of its two member/partner companies.

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

28. A simplified ownership and control structure of the Applicants is shown in the diagram in Figure 3 below.

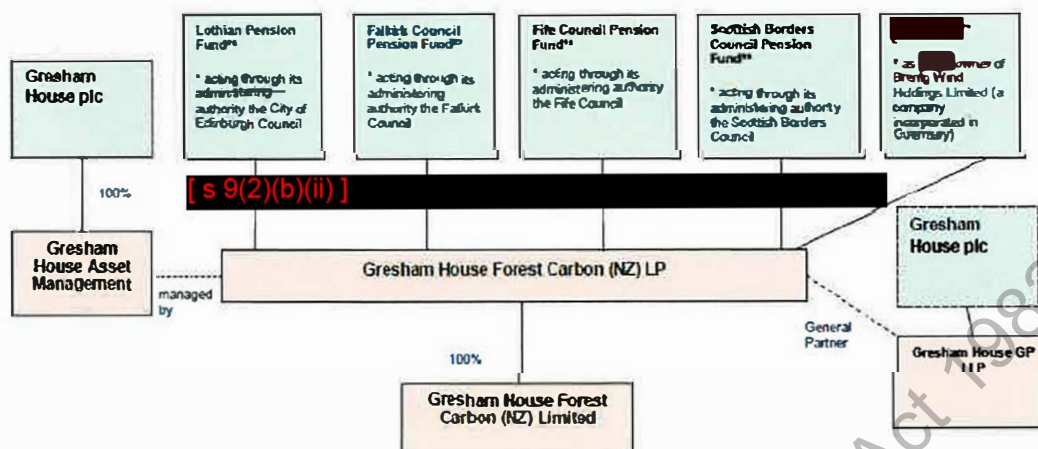


Figure 3 (Diagram provided by the Applicants) – A simplified ownership and control structure diagram of the Applicants

29. We recommend that the 'individuals with control of the relevant overseas person' (IWC)¹⁴ are:

Individuals with control	Role
David Neil Amphlett Gardner	Director of Gresham House Forest Carbon (NZ) Limited and member of the Forestry Division Investment Committee of Gresham House Asset Management Limited
Angela McNeish Behrens	Director of Gresham House Forest Carbon (NZ) Limited
Angeline Louise Webb	Director of Gresham House Forest Carbon (NZ) Limited
Kevin John Acton	Director of Gresham House (General Partner) Limited and Gresham House Capital Partners Limited (corporate members of Gresham House GP LLP)
Stephen James Beck	Director of Gresham House (General Partner) Limited and Gresham House Capital Partners Limited (corporate members of Gresham House GP LLP)
Rupert Guy Robinson	Director of Gresham House (General Partner) Limited (a corporate member of Gresham House GP LLP) and a member of the Forestry Division Investment Committee of Gresham House Asset Management Limited
Anthony Lionel Dalwood	Director of Gresham House Capital Partners Limited (a corporate member of Gresham House GP LLP)

¹⁴ Section 15.

Individuals with control	Role
Oliver Gordon Hughes	Member of the Forestry Division Investment Committee of Gresham House Asset Management Limited
Rob Lindsay Carlow	Member of the Forestry Division Investment Committee of Gresham House Asset Management Limited

30. We are satisfied the IWCs collectively have business experience and acumen relevant to the Investment. We consider the IWCs collectively have extensive experience in forestry investment and alternative asset management.

Good character

31. We undertook an open-source search of the relevant overseas persons and individuals with control and found no matters of concern. We are satisfied that the individuals with control are of good character; and that the statutory declaration as to good character can be relied on.

Summary of investor test

32. For the reasons set out above and summarised in the table below, our conclusion is that the investor test has been met.

Investor test criteria	OIO assessment	
	Risk	Summary
Collectively have business experience and acumen relevant to the investment. Section 16(2)(a)	Test met	Extensive experience in specialist alternative asset management and forestry investment.
Relevant overseas person demonstrated financial commitment. Section 16(2)(b)	Test met	Applicants have entered into a binding sale and purchase agreement and engaged professional advisors in relation to due diligence and completion of this application.
Is of good character. Section 16(2)(c)	No concerns	We are satisfied the IWCs are of good character.
Not an individual of the kind ineligible for a visa or entry permission under ss 15 or 16 of the Immigration Act 2009. Section 16(2)(d)	Test met	Statutory declarations have been provided confirming that each IWC is not of the kind referred to in ss 15 or 16 of the Immigration Act 2009.

F. Investment plan and benefit to New Zealand test

33. This section describes the proposed investment and our assessment of whether it is likely to meet the benefit criteria in the Act.

Investment plan

34. The Applicants intend to acquire 100% of the shares in the Target which owns the Land. The Land comprises approximately 12,356 hectares of forestry land including approximately 8,870.88 hectares planted in permanent carbon forest and approximately 1,600 hectares of indigenous tree species. Due to the large area of land involved, we have not provided aerial photographs of the respective forests that comprise the Land. However, we can provide further information (including maps and photographs) if you would find this helpful.

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

36. The Target is registered under the New Zealand Emissions Trading Scheme (ETS) which earns carbon credits based on a 50 year New Zealand government certified yield table, supporting long-term cash flows from the sale of carbon credits.
37. The average age of the forests (via ETS registration) is 17 years. The age of the forests is shown in the graph in Figure 4 below.

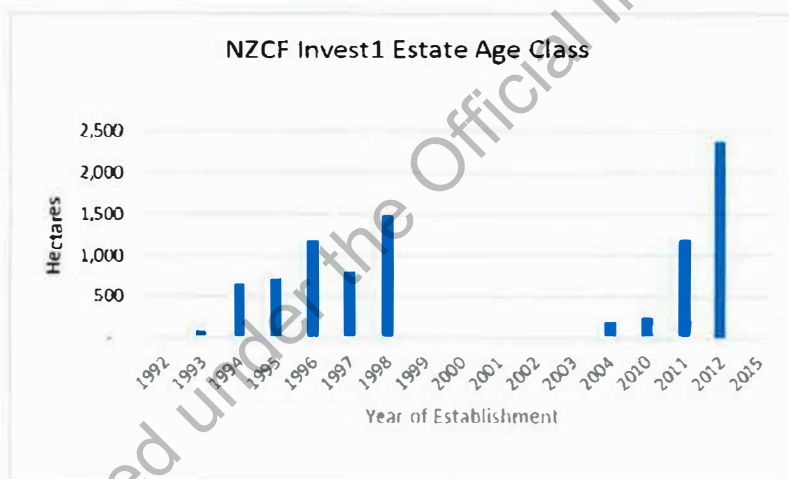


Figure 4 (Graph provided by the Applicants) – A graph showing the age and size of the forests comprising the Land

38. The forests on the Land are currently managed by NZ Carbon Farming (Forest Management) Limited (**NZ Forest Management**). The forests on the Land are intended to be permanent carbon sinks that will store significantly more carbon than traditional production/rotational forests.
39. The Applicants intend to undertake activities on the Land (such as planting native trees and clearing lightwells) that will accelerate the process of regenerating indigenous forests over time. We have not rigorously tested the Applicant's submissions on the feasibility of regeneration and we understand that the process of effectively regenerating indigenous forests over time requires further research to satisfactorily prove its efficacy. However, some forestry publications suggest native regeneration in permanent pine forests is feasible if conditions are suitable (maturity of exotic plants, sufficient native plants, sufficient rain and warmth, native birds to spread seeds, and adequate pest control).

40. If this transaction proceeds, [s 9(2)(b)(ii)]
[s 9(2)(b)(ii)]

Additional planting

41. The Applicants have identified a further 78 hectares that they intend to plant in *pinus radiata*. The new trees will be incorporated into the permanent carbon forest.

Other mechanisms

42. The Applicants have identified the following environmental protection mechanisms which they intend to undertake on the land:
- Pest control, wilding pines [s 9(2)(b)(ii)]
 - Plant and animal surveys [s 9(2)(b)(ii)]
 - Fulfil Wildlands recommendations ([s 9(2)(b)(ii)] over five years)
 - Animal eradication programme ([s 9(2)(b)(ii)] over five years)
 - QEII covenants over four forests totalling 630 ha of indigenous forest (QEII costs and survey costs of [s 9(2)(b)(ii)] and [s 9(2)(b)(ii)] for electrified fencing and pest control).

Vendor's reinvestment

43. The Vendor intends to invest [s 9(2)(b)(ii)] of the sale proceeds into planting approximately [s 9(2)(b)(ii)] ETS-registered hectares of forest to create additional permanent carbon forestry.

What is likely to happen without the investment (Counterfactual)

44. We consider that if the Investment does not proceed, the Land would likely be retained by the Vendor and continue to be used for permanent carbon forestry. There are a number of reasons that have informed our assessment of the counterfactual:

- [s 9(2)(b)(ii)]
- [s 9(2)(b)(ii)]
- It is likely that the only potential purchasers of the Land will be overseas persons and therefore require consent under the Act. It can be difficult for applicants to demonstrate substantial and identifiable benefits with an investment in large, mature assets, where there is no significant change in the operation or development of the assets (this may lead to illiquidity in the markets for this type of asset);
- [s 9(2)(b)(ii)]
- The operation of the forests is profitable, such that if the Vendor is unable to sell the Land to the Applicant it has confirmed it will retain the Land.

45. In the longer term, we consider the Vendor is likely to sell the Land to a New Zealand purchaser if a purchaser can be found that makes an offer acceptable to the Vendor.

Assessment of key benefits

46. This Investment involves large, mature assets (the respective forests), and there is no proposal for any significant change in the operation or development of the asset. It can

be difficult for the Applicants to demonstrate substantial and identifiable benefit in these cases.

47. The key benefits likely to occur are set out in the table below.

Summary of benefits

48. The benefits to New Zealand that are likely to result from this investment and our assessment of the relative weight to be given to each are set out in the table below.
49. 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 4**.
50. In applying the benefit to New Zealand criteria, you are required to consider each of the benefit factors and determine which of them are relevant. The weight and relative importance to be given to each factor is a matter to be determined by you as the decision-maker. This report sets out our assessment to guide your consideration, however it is not determinative.
51. Under the terms of the Ministerial directive letter,¹⁵ the 'forest land directive' applies to this investment.¹⁶ The benefit factors Ministers have directed should be given high relative importance are noted in the table below.
52. We discuss consultation undertaken in support of the benefit assessment after the table.

¹⁵ Dated 28 November 2017, paragraphs 18-20.

¹⁶ Because the Investment involves the acquisition of non-urban land over 5 hectares in size (excluding any associated land) that is used for forestry.

Summary assessment: benefit to New Zealand test

53. This table assesses the benefits to New Zealand likely to result from the investment and the relative weight to be given to each.

Relevant benefit factors	Applicant's claims: what they intend to do	Without the investment (Counterfactual)	OIO analysis: strength/weakness		Proposed special conditions
			Indicative strength	Summary	
Owner to undertake other significant investment	Vendor has committed to reinvesting [REDACTED] of the sale proceeds to acquire and plant [REDACTED] ETS-registered hectares of exotic forest (to regenerate into indigenous forest) over [REDACTED] years. Vendor planting will produce [REDACTED] NZUs by 2050 (valued at [REDACTED] by 2050) and generate an average of 5 FTE jobs per year over [REDACTED] years (to establish, manage, and maintain the forest).	Would not occur without the sale proceeds from the investment.	Moderate	The Investment is likely to result in a significant amount of Vendor reinvestment ([REDACTED] ha being around [REDACTED] the size of the 8,878 ha of permanent forests being acquired) that supports permanent carbon forestry, the production of NZUs, and the creation of jobs to develop and manage the new forest.	If you decide to grant consent, we can seek a signed agreement (to show commitment to the reinvestment) and annual reporting from the Vendor to monitor its progress with reinvestment.
Significant indigenous vege & fauna	<ul style="list-style-type: none"> • Pest control, wilding pines [REDACTED] • Plant and animal surveys [REDACTED] • Fulfil Wildlands recommendations ([REDACTED] over five years) [REDACTED] 9(2)(b) • Animal eradication programme ([REDACTED] over five years). 	No measures undertaken.	Moderate	The Investment is likely to result in protection for indigenous vegetation and fauna, including QEII covenant protection for 630 ha of indigenous forest, protective fencing, plant and animal surveys, and pest control programmes.	If you decide to grant consent, we can provide you with draft conditions to ensure the Applicants' compliance with the promised protections and covenants.

Relevant benefit factors	Applicant's claims: what they intend to do	Without the investment (Counterfactual)	OIO analysis: strength/weakness		Proposed special conditions
			Indicative strength	Summary	
	<ul style="list-style-type: none"> QEI covenants over four forests totalling 630 ha of indigenous forest (QEI costs and survey costs of [s] and [s 9(2)(b)(ii)] for electrified fencing and pest control). 				
Advance significant government policy or strategy (high relative importance)	Additional planting by the Applicants (78 ha) aligns with the government's climate change policies, One Billion Trees strategy, and the Land Use policy.	No advancement of the Government's Climate Change policy and One Billion Trees strategy.	Weak	The Investment is likely to advance a number of government policies such as those focused on addressing climate change, the One Billion Trees strategy, the Land Use policy, and Predator Free 2050, but given the small scale of the Applicant's proposed planting we have given this a weak weighting. We have not given weight to advancement of these government policies by the Vendor's proposed additional planting. We do not consider that to be directly attributable to the Investment and have already given weight to the Vendor's plans under the reinvestment factor above.	Not applicable.

Relevant benefit factors	Applicant's claims: what they intend to do	Without the investment (Counterfactual)	OIO analysis: strength/weakness		Proposed special conditions
			Indicative strength	Summary	
Job opportunities	<ul style="list-style-type: none"> • [REDACTED] for one year [REDACTED] for five years, then [REDACTED] ongoing after five years (for 78 hectares additional planting) • [REDACTED] for one year, [REDACTED] for nine years (for QEII fencing and pest control) • [REDACTED] ongoing to manage the Investment on permanent basis ([REDACTED] per year) • [REDACTED] for five years for enhancement regeneration • [REDACTED] with forest management company. 	[REDACTED] with forest management company.	Weak	The Investment is likely to result in jobs for the Applicants' additional tree planting, enhanced regeneration, QEII covenant area fencing and pest control, and the appointment of a manager for the Investment. We note that we have not given weight to any jobs that would result from the Vendor's reinvestment as that benefit has already been assessed above.	If you decide to grant consent, we can provide you with draft conditions requiring the Applicants to report on the number of FTE employees and contractors.
Market competition, efficiency, productivity, or domestic services	Additional planting (approx. 78 hectares) will result in greater productivity by producing additional NZUs (an extra 67,472 NZUs over the next 20 years – approx. 400 NZUs per year).	No additional planting on the Land (so no additional NZUs).	Weak	The Investment is likely to result in the production of a small number of NZUs following the additional planting.	If you decide to grant consent, we can provide you with draft conditions requiring the Applicants to conduct the additional planting.
Additional investment for development purposes	<ul style="list-style-type: none"> • Applicants replanting and fencing 78 hectares [REDACTED] • Enhance forest regeneration activities, such as planting native trees and clearing light wells ([REDACTED] over five years). 	No additional planting or forest regeneration activities.	Weak	The Investment is likely to result in additional investment of just over [REDACTED] for 78 ha of additional planting and forest regeneration activities.	If you decide to grant consent, we can provide you with draft conditions requiring the Applicants to commit to spending these funds.

Relevant benefit factors	Applicant's claims: what they intend to do	Without the investment (Counterfactual)	OIO analysis: strength/weakness		Proposed special conditions
			Indicative strength	Summary	
Offer to sell riverbed to the Crown	The Otonui Forest, Makahiwi Forest, Wairoa Forestry Block, and Kaitieke Forest includes and/or adjoins parcels of special land.	Special land would remain in the ownership of New Zealanders, being the Vendor.	Weak	Due to this application being a shares acquisition, the Applicants do not have to offer special land to the Crown, but has voluntarily offered to do so.	If you decide to grant consent, we can provide you with draft conditions requiring the Applicant to deal with the Crown in relation to the Special Land.
Consequential	<ul style="list-style-type: none"> Research grant into native forest regeneration (b)(2)(b) over five years) Enhance forest regeneration activities, such as planting native trees and clearing light wells (b)(2)(b) over five years) Forestry Stewardship Council (FSC) certification for all of the Land (b)(2)(b). 	No research grants or FSC certification would occur.	Weak	The Investment is likely to result in over (b)(2)(b) in additional research, activities in native forest regeneration, and FSC certification.	If you decide to grant consent, we can provide you with draft conditions requiring expenditure of research and regeneration funds and FSC certification.

Relevant benefit factors	Applicant's claims: what they intend to do	Without the investment (Counterfactual)	OIO analysis: strength/weakness		Proposed special conditions
			Indicative strength	Summary	
Walking access	The Applicant will create an easement on Hikumutu Forest to allow enduring public access to Wall Scenic Reserve and Hunua Conservation Area. This will be done in consultation with the Department of Conservation (DOC) and the Walking Access Commission (WAC).	The Vendor does not and will not permit walking access over Hikumutu Forest.	Weak	Public access would not be realised if the Applicants do not acquire the Land. However, taking into consideration the total size of the Land being acquired, the Applicant is only creating one public access. We, therefore, attribute a weak benefit rating.	If you decide to grant consent, we can provide you with draft conditions requiring that the Applicant consult with DOC and WAC and create an easement on Hikumutu Forest to allow enduring public access to Wall Scenic Reserve and Hunua Conservation Area.

Consultation and submissions about the investment

Applicant's further submissions

Vendor reinvestment

54. The Applicants and the Vendor have made substantial submissions on this benefit factor as they submit that this factor should be considered to be highly relevant due to the nature of the Investment.
55. The Applicants and the Vendor have submitted that the Vendor's reinvestment of:
- [REDACTED] of the sale proceeds; and
 - planting approximately [REDACTED] ETS-registered hectares of forest to create additional permanent carbon forestry
- is a significant level of benefit under this factor.

Advance significant government policy or strategy

56. The Applicants have made substantial submissions on this benefit factor as they submit that this factor should be considered to be highly relevant due to the nature of the Investment.
57. The Applicants and the Vendor have submitted that the Investment would significantly advance a number of government policies or strategies. Their submissions, based predominantly on the Vendor's reinvestment to create additional permanent carbon forestry, are as follows:
- 2015 Paris Agreement (ratified by New Zealand in 2016) to limit global temperature rise – as New Zealand will need to rely on afforestation, the Investment is likely to result in more than [REDACTED] additional hectares of ETS-registered permanent carbon forest 9(2)(b)
 - Climate Change Response (Zero Carbon) Amendment Act 2019 to reduce net emissions of most greenhouse gases to zero by 2050 - the Investment is likely to result in the production of [REDACTED] tonnes of NZU carbon credits by 2050
 - Climate Change Response (Emissions Trading Reform) Amendment Act 2019 to reconfirm the ETS as the major tool for delivering emissions reduction commitments – the Investment is likely to result in the production of 1 NZU carbon credits (at an estimated value of [REDACTED] at 2050) that will be sold into the ETS
 - One Billion Trees Program to support a sustainable transition to a low emission economy – the Investment is likely to result in [REDACTED] hectares of additional permanent exotic forests contributing [REDACTED] million trees (at a density of 1,200 trees per hectare) 9(2)(b)
 - Land Use Policy focusing on supporting the right use of land by category (ie 'the right tree in the right place') – the Investment is likely to result in the additional planting of [REDACTED] hectares occurring on marginal, unproductive land, that is also erosion prone and/or steep, and is also LUC class 6-8
 - Hill Country Erosion Program that encourages council land landowners to take steps to reduce erosion – the Investment is likely to result in additional tree planting on erosion prone land that reduces the risk of erosion
58. The Applicants submitted that the Climate Change Commission Report dated 31 May 2021 stated that New Zealand needs to plant around 380,000 hectares of new exotic forestry from 2021-2035 (approximately 27,000 hectares each year) as part of its

efforts to address climate change. According to the Ministry of Primary Industries forestry statistics, approximately 19,000 were planted in 2019, whereas from 2015-2018 only an average of 4,500 hectares was planted. The Investment, specifically and predominantly the Vendor's reinvestment of some of the sale proceeds in a new carbon forest, would contribute towards the new planting targets.

59. The Applicants have also noted that one of New Zealand's objectives in the New Zealand – United Kingdom Free Trade Agreement currently being negotiated is "*sustainable development (including environmental, climate change)*", for which the Investment would be consistent with this objective.
60. We note that if consent was to be granted we would be unable to condition the Vendor to undertake these actions as we do not have a mechanism to ensure compliance by the Vendor with its reinvestment plans. The Vendor has asserted its commitment to undertaking the proposed action and has proposed annual reporting to the OIO for five years on its land acquisitions and tree planting progress. We can take steps to explore how such reporting by the Vendor might be implemented and whether there are any other ways in which we can ensure this commitment, if you consider consent should be granted for the Investment.

Consultation

61. In undertaking our assessment, we consulted with the Walking Access Commission, the Department of Conservation, and the QEII National Trust.

Walking Access Commission

62. The Walking Access Commission (**WAC**) has provided recommendations for the following forestry blocks:
 - Fairview Forest – the Applicant creates a public access along the Awamoko Stream as it sits within the subject land.
 - Hikumutu Forest – the Applicant provides enduring public access to provide access to the neighbouring Wall Scenic Reserve and Hunua Conservation Area.
 - Kaitieke Forest – the Applicant creates public access along the Mangamaire Stream as it flows within the subject land.
 - Makahiwi Forest – the Applicant creates public access along the Kawautahi Stream as it sits within the subject land. WAC also recommends consultation with iwi about Kawautahi Stream as there maybe cultural significance for Māori. Public access is also to be created along an existing formed road that runs alongside Ohuha Stream. This forestry block adjoins the Te Ruahine Scenic Reserve. WAC recommends that the Applicant work with the Department of Conservation (**DOC**) to establish a suitable purpose if desire by DOC.
 - Makiri Station Forest – the Applicant creates public access along the Waihora River as it flows within the subject land.
 - McGilda Forest – the Applicant creates public access through the property to Wards Peak. Although the summit of Wards Peak appears to be outside this forestry block, WAC submits that there is strong recreational value and the establishment of formalised access will increase the connectivity for recreation by decreasing gaps in public access that exist in this area. WAC recommends the Applicant consults with the Marlborough Tramping Club, who appear to regularly have club tramps to Wards Peak to determine whether the track visible through satellite imagery is the most practical.
 - Otonui Forest – the Applicant creates public access along the Whakamaro Stream and Otuhirakau Stream that flow within the forestry block.

- Waihora Forest – the Applicant creates public access along the Waihora River and the Urumatai Stream as it flows within the forestry block.
 - Wairoa Forest – the Applicant creates public access along Mangaone Stream as it flows within the subject land. WAC submits that the Wairoa District Council has identified two archaeological sites within the forestry block, one being a pa site with pits, and recommends that the Applicant consult with Te Arawhiti and iwi.
63. The above public access arrangements that WAC has recommended are to be created by way of registrable instruments.
64. We put these recommendations to the Applicants who do not consider that any public access is appropriate for the following reasons:
- Public access creates an increased fire risk.
 - Given the trees are not harvested, there is a risk of injury over time from falling trees, particularly when the nurse crop ages and dies.
 - There may be use of firearms on the land for pest control purposes and unfortunately despite management efforts by the owner, often by poachers, which creates a health and safety risk.
 - Trees are initially planted at a heavy stocking rate in a carbon sink forest. Creation of walkways may require clearance of a significant number of trees in order to create a passable route.
65. However, the Applicants have indicated they will work with WAC and DOC to create an easement on Hikumutu Forest to allow enduring public access to the neighbouring Wall Scenic Reserve and Hunua Conservation Area. Should you decide to grant consent, we would look to condition this.
66. For Makahiwi Forest, while we acknowledge that Kawautahi Stream may be of significance to iwi, the parcel where Kawautahi Stream flows is subject to Part 4A of Conservation Act 1987 (**Part 4A**). Part 4A creates marginal strips along the boundaries of Kawautahi Stream, rebutting the landowner's right to the riverbed. The management of Kawautahi Stream is likely to sit with DOC and local council.
67. Should you decide to grant consent, we would, however, recommend a condition that the Applicant consult with Heritage New Zealand Pouhere Taonga, Te Arawhiti, and iwi regarding the pa site on Wairoa Forest.

Department of Conservation

68. As part of the Application, the Applicants commissioned an ecological assessment report from Wildlands Consultants Limited (**Wildlands Report**) for the Land. From the Wildlands Report, the Applicants have agreed to undertake bat surveys across Otunui Forest, Hikumutu Forest, Makahiwi Forest and Fairview Forestry Block. The Applicants have agreed to undertake plant and animal survey for all the forestry blocks, as well as pest control and eradication.
69. The Wildlands Report was shared with DOC for their consideration. DOC has recommended that the Applicant consult with DOC to identify any significant or threatened species of flora and fauna on the Land and that the Applicants work with DOC to implement suitable protection measures where these species of flora and fauna have been identified. The Applicants are also to consult with DOC to identify any threatened species contained in the waterways on the Land and to work with DOC to implement suitable protection measures.
70. The Applicants submit that they have committed to undertake bat, plant, and animal surveys for the forestry blocks, which aligns with DOC's recommendations to identify

significant or threatened species of flora and fauna. For the waterways on the Land, the Applicant reiterates that the Wildlands Report has not identified any significant habitats of trout, salmon, wildlife, or game.

71. The Applicants will instruct Wildlands Consultants Limited (**Wildlands**), in the first 12 months following completion of the proposed transaction to carry out the priority surveys to identify vegetation and ecological threats in the forests on the Land. Following completion of the priority surveys, the Applicants will commit up to \$50,000 per year, for five years to fulfil the recommendations made by Wildlands focusing on the five high priority forests identified by Wildlands (being Medlicott, Otunui, Kaitieke, Makahiwi and Bremner-Riverbank).
72. We are satisfied that the Applicants will be undertaking bat, animal, and plant surveys and that the Applicant will be fulfilling the recommendations made by Wildlands. However, these recommendations would only focus on five forestry blocks. Should you decide to grant consent, we can recommend a condition that the Applicants must undertake the bat, animal, and plant surveys and that the Applicants commit to the recommendations made by Wildlands after the priority survey. In addition, we would also recommend that the Applicants consult with DOC regarding the other forestry blocks and that the Applicants implement protection measures for the other forestry blocks after the consultation with DOC.

QEII National Trust

73. The Wildlands Report identified three high-priority areas that could benefit from the registration of protective QEII National Trust (**QEII**) Covenants. These are:
 - Riverbank Road Forestry Block - 22.7 hectares of podocarp-tawa forest and indigenous broadleaved species scrub which adjoins Waitiri Conservation Area to the south.
 - Kaitieke Forest - 291.8 hectares of tawa-kāmahi-rewarewa forest and indigenous broadleaved species-mānuka forest.
 - Medlicott Forest - 390.0 of podocarp-tawa-kāmahi/indigenous broadleaved species- mānuka-tree fern forest which is bordered by DOC administered reserves.
74. The Applicants began consultation with QEII prior to submitting their application to confirm if QEII would be interested in covenanting the three forestry blocks, and QEII has agreed that they are interested.
75. As part of the OIO's consultation with QEII, QEII has recommended fencing for the three forestry blocks. However, QEII would need to visit the property and assess the topography to give specific details for the fencing. This is likely to be done after a consent has been granted, should consent be granted.
76. The Applicants submit that they would support QEII covenants with the establishment of a deer fence with a full height of 1.9 metres. Once the fence perimeter is established there would be an initial ungulate eradication programme, followed by ongoing ungulate control and fence maintenance in case of breaches. This would be followed by a continuous targeted pest control programme focusing on regular predator and possum trapping and trap maintenance to benefit any potential "At Risk" or "Threatened" flora and fauna in the areas.
77. While we acknowledge that the Applicants would establish a deer fence for the QEII covenanted areas, if you decide to grant consent we would recommend a condition that the Applicants consult with QEII and allow QEII on site to assess the topography as there would be no certainty that the deer fence proposed by the Applicants would meet

the requirements of QEII for covenanted areas. We would also recommend that the Applicants work with QEII to establish suitable fences around covenanted areas.

Proposed conditions and rationale

78. We have not provided recommended conditions of consent with this report. If you consider the criteria for consent have been met for this application, we will consult with the Applicants on appropriate conditions to ensure the proposed benefits are realised.

Conclusion – benefit to New Zealand test

79. We have undertaken our assessment having regard to the characteristics of the Land and the nature of the interest being acquired, reflecting the proportional nature of the benefit to New Zealand test. The Land comprises approximately 12,356 hectares of forestry land and is worth approximately [REDACTED]. The Land includes approximately 8,870.88 hectares planted in permanent carbon forest and approximately 1,600 hectares of indigenous tree species.
80. The Investment is likely to result in increased protection for indigenous vegetation and fauna, with around 600 hectares of indigenous plants to be protected with a QEII covenant and extensive protective fencing (costing [REDACTED]) as well as plant and animal surveys (to identify high priority areas for protection) and pest control programmes. The Investment will also result in the offer back of eight separate parcels of special land, which the Crown has the ability to acquire.
81. The Applicants also intend to plant a further 78 hectares of forest which is likely to result in some small benefits such as additional job opportunities, introduction of additional investment and increased generation of NZUs. However these benefits are very small in the context of the 12,356 hectares being acquired.
82. The Investment is also likely to result in a significant level of Vendor reinvestment. The Vendor has committed to spend approximately [REDACTED] (around 11%) of the sale proceeds to plant approximately [REDACTED] ETS-registered hectares of forest land (around [REDACTED] the size of the existing permanent forestry area on the Land). This additional planting will lead to the creation of additional NZUs (which will contribute towards New Zealand's emission reduction targets) and will also contribute towards government policies that support New Zealand's tree planting targets to address climate change.
83. While the vendor reinvestment is one of the strongest benefits likely to occur, it arises from actions promised by the Vendor and therefore there is more uncertainty associated with this benefit.

Impact of the proportional nature of the assessment

84. As the Investment involves large, mature assets (the respective forests), where there is no proposal for any significant change in the operation or development of the assets it is difficult for the Applicants to demonstrate substantial and identifiable benefit in this case.
85. While the Investment demonstrates some additional net benefits when compared to what is likely to occur without the Investment, these are not significant when taking into account the size and value of the assets being acquired.
86. After considering the application, we are satisfied that the Investment is likely to result in the benefits discussed above. Taking into account the size of the Land and value of the permanent carbon forests, we consider the overseas investment is likely to benefit New Zealand but we are not satisfied that the level of benefit meets the threshold of being substantial and identifiable.
87. However, if you consider the weighting of particular benefit factors or the high relative importance should be altered in the circumstances, this may impact the overall

assessment of the benefits such that you consider the Investment is likely to result in substantial and identifiable benefit. If so, please advise us so we can provide you with further advice on conditions and seek a determination on the national interest from the Minister of Finance.

G. A transaction of national interest

88. The proposed overseas investment is a transaction of national interest under the mandatory criteria in the Act.¹⁷ This is because the investment involves a non-New Zealand government investor.¹⁸
89. As our recommendation is to decline this application, we have not yet prepared a national interest assessment for the Minister of Finance.
90. If you decide you wish to grant consent to this application, you will need to refer the Investment to the Minister of Finance for a decision about whether the transaction is contrary to New Zealand's national interests. We can provide you with a letter of referral to the Minister of Finance for this. In that case, we will complete the national interest assessment and provide a separate report on this to the Minister of Finance for determination. If a national interest determination is required, once the Minister of Finance has made this decision, you will be able to make the final decision about whether to grant or decline consent.
91. If the Minister of Finance determines that the Investment:
- is contrary to New Zealand's national interest, then consent has been declined;
 - is not contrary to New Zealand's national interests, then you must grant consent if the other tests are satisfied.
92. If the Minister of Finance determines the transaction is not contrary to the national interest, we will then provide you with draft consent conditions and ask you to finalise your decision on this application.

H. Conclusion

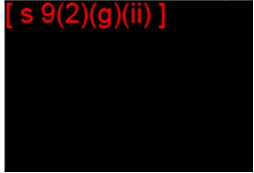
93. After considering the application, our view is that:
- the investor test has been met; and
 - the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders); but
 - the benefit will not be, or is not likely to be, substantial and identifiable;
94. Therefore, we consider that not all of the criteria for consent in section 16 have been met and our recommendation is to **decline consent**.
95. Whether or not this transaction is considered to be a transaction of national interest has not yet been determined (as noted above).

¹⁷ Section 20A of the Act.

¹⁸ As defined in section 6 of the Act.

96. If you agree, we refer you to **Attachment 1** to review the Proposed Decision (including consent conditions), and from page 3 of this Assessment Report to record your decision.

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



Manager, Applications
Overseas Investment Office

Date: 12 August 2021

I. List of Attachments

1. Proposed Decision and Conditions
2. Sensitive land details
3. Intended ownership structure
4. Other benefit factors

Released under the Official Information Act 1982

ATTACHMENT 1 - PROPOSED DECISION

Decision

Decision date: [REDACTED]

Decision

Consent is **declined** under the Overseas Investment Act 2005 to the Applicants to give effect to an overseas investment in the Land

Case number	202000593
Applicants	Gresham House Forest Carbon (NZ) Limited (NZ Company number 8144827) Gresham House Forest Carbon (NZ) LP (Scottish Limited Partnership Number SL34647)
Land	<p>A Freehold Interest in 1,325.9222 hectares of land located at Fairview Forestry Block contained in Records of Title OT14C/269 and OT399/188 (Otago).</p> <p>A Freehold Interest in 427.73 hectares of land located at Bremner/Mangatarata Forestry Block contained in Record of Title 582228 (Gisborne).</p> <p>A Freehold Interest in 1,762.8628 hectares of land located at Hikumutu Forest (Hancocks) contained in Records of Title WN50B/161, WN40D/811, WN275/132, WN40D/813, WN40D/812, WN54D/393, WN30C/827, WN5D/1188, and WN35A/126 (Wellington).</p> <p>A Freehold Interest in 2,172.0344 hectares of land located at Kaitieke Road and Oio Road, contained in Records of Title WN52A/217, WN650/36, 173092, WN20D/131, and WN53D/298 (Wellington).</p> <p>A Freehold Interest in 1,196.8297 hectares of land located at Makahiwi Forest (Hancocks) contained in Records of Title WN54D/74, WN46B/506, WN56B/91, and WN56B/92 (Wellington).</p> <p>A Freehold Interest in 437.33 hectares of land located at Makiri Station (Riversdale) contained in Record of Title 592427 (Gisborne).</p> <p>A Freehold Interest in 264.1462 hectares of land located at McGilda Forestry Block contained in Record of Title MB3E/1299 (Marlborough).</p> <p>A Freehold Interest in 1,641.4399 hectares of land located at Medlicott Forestry Block contained in Record of Title 879701, 879700, and 103894 (Wellington).</p>

	<p>A Freehold Interest in 729.67 hectares of land located at Otunui Forest (Hancocks) contained in Record of Title TNK3/316, TNK2/964, TNK2/1069, TNK2/646, and TNK1/1011 (Taranaki).</p> <p>A Freehold Interest in 343.9829 hectares of land located at Owendale Forest (Bremner) , contained in Record of Title WN191/64, WN191/65, WN258/120, and WNC2/202 (Wellington).</p> <p>A Freehold Interest in 359.5933 hectares of land located at Poroporo Forestry Block contained in Record of Title GS5C/566 and GS5C/466 (Gisborne).</p> <p>A Freehold Interest in 126.6705 hectares of land located at Riverbank Road Forestry Block (Bremner) contained in Record of Title 596755 (Taranaki).</p> <p>A Freehold Interest in 585.198 hectares of land located at Waihora Forest (Riversdale) contained in Record of Title 578949 (Gisborne).</p> <p>A Freehold Interest in 983.0633 hectares of land located at Wairoa Forestry block (Riversdale) contained in Record of Title 704221 (Gisborne).</p>
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Associate Minister Woods and Minister O'Connor were not satisfied that all of the criteria in section 16(2) of the Overseas Investment Act 2005 were met.

ATTACHMENT 2 - SENSITIVE LAND DETAILS

1. 1072 Poroporo Road, Tikitiki, East Cape (Poroporo Forestry Block)

Land Interest	Freehold Interest (approximately 359.5933 hectares)
Record(s) of Title	GS5C/466 and GS5C/566 (Gisborne Registry)
Sensitivities	More than five hectares of non-urban land Adjoins land held for conservation purposes under the Conservation Act 1987 and that exceeds 0.4 hectares in area Special land (the Poroporo River runs through part of the Land)

2. Mata Road, Raukumara, Ruatoria (Bremner / Mangatarata Forestry Block)

Land Interest	Freehold Interest (approximately 427.7300 hectares)
Record(s) of Title	582228 (Gisborne Registry)
Sensitivities	More than five hectares of non-urban land Adjoins land held for conservation purposes under the Conservation Act 1987 and that exceeds 0.4 hectares in area Special land (the Land adjoins the Ruakaka River)

3. 1293 Tiniroto Road, Ruakituri, Wairoa (Wairoa Forestry Block), Bruce Road, Te Karaka, Gisborne (Waihora Forest – Riversdale), and Waimata Road, Te Karaka, Gisborne (Makiri Station – Riversdale)

Land Interest	Freehold Interest (approximately 2,005.5913 hectares)
Record(s) of Title	704221, 578949, and 592427 (Gisborne Registry)
Sensitivities	More than five hectares of non-urban land Special land (the Mangaone Stream and the Waihora River run through part of the Land)

4. Kururau Road, Whakamaro Road and Okaihe Road, Taumarunui (Otunui Forest – Hancocks), Hikumutu Road, Hikumutu, Taumarunui (Hikumutu Forest – Hancocks), and Hikumutu Road, Hikumutu, Taumarunui (Makahiwi Forest – Hancocks)

Land Interest	Freehold Interest (approximately 5,861.3969 hectares)
Record(s) of Title	TNK1/1011, TNK2/646, TNL2/1069, TNK2/964, and TNK3/316 (Taranaki Registry) WN35A/126, WN5D/1188, WN30C/827, WN50B/161, WN54D/393, WN40D/812, WN40D/813, WN275/132, and WN40D/811 (Wellington Registry) WN56B/92, WN54D/74, WN46B/506, and WN56B/91 (Wellington Registry) WN52A/217, WN650/36, 173092, WN20D/131, and WN53D/298 (Wellington Registry)

Sensitivities	<p>More than five hectares of non-urban land</p> <p>Adjoins land held for conservation purposes under the Conservation Act 1987 and that exceeds 0.4 hectares in area</p> <p>Adjoins land held for a scenic reserve under the Reserves Act 1977 that is administered by the Department of Conservation and that exceeds 0.4 hectares in area</p> <p>Adjoins land which is one of the types listed in the Regulator's List under section 37 of the Overseas Investment Act 2005 and that exceeds 0.4 hectares in area</p> <p>Special land (the Whakamaro Stream, the Otuhirikau Stream, the Kawautahi Stream, the Oio Stream, and the Mangahoe Stream run through part of the Land)</p>
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5. Watershed Road, Taunoka, Wanganui (Medlicott Forestry Block)

Land Interest	Freehold Interest (approximately 1,641.4399 hectares)
Record(s) of Title	103894, 879700, and 879701 (Wellington Registry)
Sensitivities	<p>More than five hectares of non-urban land</p> <p>Adjoins land held for conservation purposes under the Conservation Act 1987 and that exceeds 0.4 hectares in area</p> <p>Adjoins land held for a scenic reserve under the Reserves Act 1977 that is administered by the Department of Conservation and that exceeds 0.4 hectares in area</p>

6. Saunders Road, Tiraumea, Eketahuna (Owendale Forest - Bremner) and 132 Mangaehu Road, Tututawa, Stratford (Riverbank Road Forestry Block – Bremner)

Land Interest	Freehold Interest (approximately 470.6534 hectares)
Record(s) of Title	WNC2/202, WN258/120, WN191/64, and WN191/65 (Wellington Registry) 596755 (Taranaki Registry)
Sensitivities	<p>More than five hectares of non-urban land</p> <p>Adjoins land held for conservation purposes under the Conservation Act 1987 and that exceeds 0.4 hectares in area</p>

7. Barracks Road, Hawkesbury, Renwick (McGilda Forestry Block)

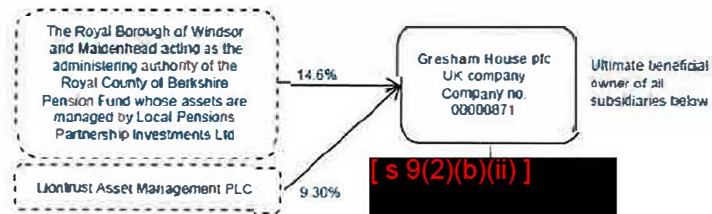
Land Interest	Freehold Interest (approximately 264.1462 hectares)
Record(s) of Title	MB3E/1299 (Marlborough Registry)
Sensitivities	More than five hectares of non-urban land

8. 757 Smith Road, Livingstone, Oamaru (Fairview Forestry Block)

Land Interest	Freehold Interest (approximately 1,325.9222 hectares)
Record(s) of Title	OT14C/269 and OT14C/269 (Otago Registry)
Sensitivities	<p>More than five hectares of non-urban land</p> <p>Adjoins land held for conservation purposes under the Conservation Act 1987 and that exceeds 0.4 hectares in area</p>

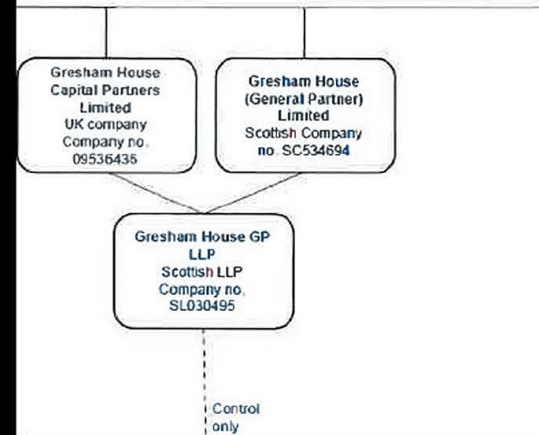
ATTACHMENT 3 – INTENDED OWNERSHIP STRUCTURE

Gresham House Group Ownership Structure



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

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



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

• Gresham House Forest Carbon (NZ) LP

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

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

ATTACHMENT 4 – OTHER BENEFIT FACTORS

The table **below** lists other factors in the Act and regulations 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
New technology or business skills – s17(2)(a)(ii)	Not relevant – The Investment will not involve the introduction to New Zealand of new technology or business skills
Increased export receipts – s17(2)(a)(iii)	Not relevant – The Investment will not involve any export receipts
Increased processing of primary products – s17(2)(a)(vi) (high relative importance)	Not relevant – The Investment will not involve any processing of primary products
Trout, salmon, wildlife and game – s17(2)(c)	Not relevant – No significant habitats of trout, salmon, wildlife, and game have been identified on the Land
Historic heritage – 17(2)(d)	Not relevant – No areas of historic significance have been identified on the Land
Key person in a key industry – reg 28(b)	Not relevant – The Investment will not involve a key person in a key industry
Affect image, trade or international relations – reg 28(c)	Not relevant – New Zealand's image would not be affected by a well-reasoned decision
Previous investments – reg 28(e)	Not relevant – The Applicants have no previous investments in New Zealand
Enhance the viability of other investments – reg 28(g)	Not relevant – The Applicants have no other investments in New Zealand
Strategically important infrastructure – reg 28(h)	Not relevant – The Investment does not involve strategically important infrastructure
Economic interests – reg 28(i)	Not relevant – The Investment is unlikely to have any material effect on New Zealand's economic interests
Oversight and participation by New Zealanders – reg 28(j)	Not relevant – The Investment will not involve any significant oversight or participation by New Zealanders