

To: Louise Hornabrook, Manager Applications, Overseas Investment Office

ASSESSMENT REPORT: AP SG 17 Pte Limited and Stride Industrial Property Limited

Date	3/6/2020	Classification	IN CONFIDENCE: Commercially sensitive
OIO reference	201900521	Priority	High

Action Sought

Decision Maker	Action	Suggested Deadline
Louise Hornabrook, Manager Applications, Overseas Investment Office	<ol style="list-style-type: none">1. Review the attached report and decide whether to grant consent to the application2. Forward the report and attachments to the Primary Assessor	4/06/2020

LINZ Contacts

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

ASSESSMENT REPORT: AP SG 17 Pte Limited and Stride Industrial Property Limited

Overview

Purpose

1. We seek your decision on an application by AP SG 17 Pte Limited and Stride Industrial Property Limited under the Overseas Investment Act 2005 (“**Act**”) to acquire approximately 15.9 hectares of land in Auckland comprised of five separate properties that include sensitive land.
2. This transaction requires consent because it will involve the acquisition of sensitive land by an overseas person. Consent is also required because the total value of the business assets held by the joint venture will exceed \$100 million.
3. This decision is delegated to the Overseas Investment Office (“**OIO**”) because:
 - the application for consent is under the benefit to New Zealand test and the 'substantial and identifiable' criterion does not apply, and so the decision is delegated under Table A section C Paragraph 6 of the Ministerial delegation letter dated 17 October 2018; and
 - it relates to a business decision that is delegated under Table A section A of the Ministerial delegation letter dated 17 October 2018.

Key information

Applicants	AP SG 17 Pte Limited [s 9(2)(b)(ii)] Stride Industrial Property Limited (New Zealand 69.73%; Australia 24.27%; United States of America 3.16%; Japan 1.78%; Hong Kong (SAR) 0.55%; United Kingdom 0.21%; Various 0.2%; Czech Republic 0.1%)
Vendor	Stride Property Limited (New Zealand 69.73%; Australia 24.27%; United States of America 3.16%; Japan 1.78%; Hong Kong (SAR) 0.55%; United Kingdom 0.21%; Various 0.2%; Czech Republic 0.1%)
Consideration	\$256,930,000 (value of assets)
Application type	Benefit to New Zealand (Benefit to New Zealand) and significant business assets
Relevant tests	Investor test (s16(1)(a)-(2) and s18(1)(a)-(d) of the Act) Benefits test – benefit to New Zealand s16(1)(c)(ii) and s16A(1)(a) of the Act)

4. Please refer to the **A3 in Attachment 5** for overview tables summarising the application and the assessment of the OIO.

Recommendation

5. Our recommendation is to **grant consent**.
6. If you agree to grant consent, we recommend that you make the determinations set out in paragraphs 7 to 10 below.

[s 9(2)(a)]

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

Senior Solicitor

Date: 3 / 6 / 2020

Decision

7. I determine that:

7.1 the 'relevant overseas person' is (collectively):

Entity	Relationship
Stride Industrial Property Limited ("Stride Industrial")	Applicant and joint venture partner
Stride Property Limited ("Stride Property")	100% owner of Stride Industrial Property Limited
Stride Investment Management Limited ("Stride Management")	Manager of the joint venture
Industre Property Nominee Limited ("Industre Nominee")	Acquiring entity
AP SG 17 Pte Limited ("APSG")	Applicant and joint venture partner
Strategic Property Fund Asia SCSp ("SPF Asia")	100% owner of AP SG 17 Pte Limited

7.2 the 'individuals with control of the relevant overseas person' are:

Individual	Role
Hugh Gordon Thompson	Director of APSG
Yip Ming Fai	Director of APSG
Elizabeth Mingfang Eng	Director of APSG
Daniel McDonald	Member of the Management Committee
James Aaron Santi	Member of the Management Committee
Philippa Lambert Smith	Member of the Approval Committee
Philip Michael Littlewood	Director of Stride Industrial and Industre Nominee and member of the Management Committee
Timothy Ian Mackenzie Storey	Director of Stride Industrial, Stride Property, Stride Management, and Industre Nominee and member of the Approval Committee
Edward John Harvey	Director of Stride Property and Stride Management

Individual	Role
Philip Ling	Director of Stride Property and Stride Management
Jacqueline Margaret Robertson Cheyne	Director of Stride Property and Stride Management
Michelle Patricia Tierney	Director of Stride Property and Stride Management
Nicholas Simon Jacobson	Director of Stride Property and Stride Management
Steven Edward Penney	Member of the Management Committee

- 7.3 the individuals with control of the relevant overseas person collectively have business experience and acumen relevant to the overseas investment;
- 7.4 the relevant overseas person has demonstrated financial commitment to the overseas investment;
- 7.5 all the individuals with control of the relevant overseas person are of good character; and
- 7.6 each individual with control of the relevant overseas person is not an individual of the kind referred to in section 15 or 16 of the Immigration Act 2009 (which sections list certain persons not eligible for visas or entry permission under the Immigration Act); and
8. I am satisfied that the investor test in sections 16(2)(a)-(d) and 18(1)(a)-(d), as outlined in paragraph 7 above, has been met; and
9. I am satisfied, in relation to the benefits test, that:
- 9.1 the criteria for consent in sections 16 and 18 have been met; and
- 9.2 the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders).
10. Consent is granted to the investment in the form of the Proposed Decision in **Attachment 1**.

[s 9(2)(a)]

Louise Hornabrook

Manager Applications (Overseas Investment Office)

Date: 3 / 06 / 2020

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Executive summary

11. AP SG 17 Pte Ltd (“**APSG**”) and Stride Industrial Property Limited (“**Stride Industrial**”) seek consent as joint venture partners in an unincorporated joint venture named ‘Industre Property’ (“**JV**”) to acquire certain properties that include sensitive land (“**Land**”) as part of a portfolio of industrial properties in New Zealand, particularly Auckland (“**Investment**”).
12. The JV intends to initially acquire 13 properties in total, five of which are sensitive land as defined in the Overseas Investment Act 2005. The five sensitive land properties (comprising a total land area of approximately 15.9 hectares) are:

Address	Area	Records of Title
11 Springs Road, East Tamaki, Auckland	5.2452 ha	NA129B/131
6-8 and 10-12 The Concourse & 1-3, 5-9, and 11 Selwood Road, Henderson, Auckland	3.9950 ha	NA49D/666, NA49D/667, NA124C/167, NA35B/1190, NA35B/1191, NA42C/1135
439 Rosebank Road, Avondale, Auckland	2.6050 ha (Part)	NA112B/243 (Part)
460 Rosebank Road, Avondale, Auckland	2.3811 ha	NA54C/484
20 Rockridge Avenue, Penrose, Auckland	1.6635 ha	NA127D/395

Figure 1 (table prepared by OIO using details provided by Applicants) – Details of the Land

13. All of the properties that comprise the Land are located in Auckland as marked with a blue pin in the map below left in Figure 2. The locations of respective properties in Auckland are marked with red pins in the Figure 1 map below right in Figure 2.

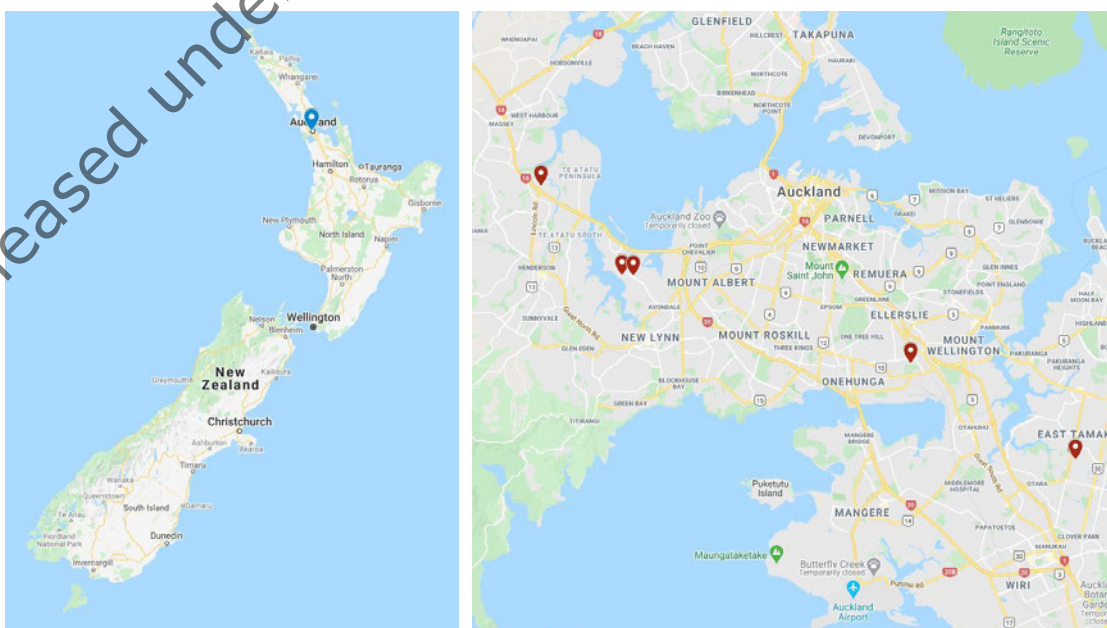


Figure 2 (maps obtained from publicly available images) – Location of the Land

14. None of the properties that comprise the Land include any farm land, residential land, or special land.
15. APSG is a special purpose company incorporated to hold the New Zealand investments of Strategic Property Fund Asia SCSp ("**SPF Asia**"), a listed Asia-Pacific real estate investment fund.
16. Stride Industrial is a special purpose company, part of the New Zealand commercial property investor Stride Property Group ("**Stride Group**"), incorporated to participate in the JV.
17. APSG and SIPL have entered into the JV in order to acquire, develop, lease, and manage a portfolio of industrial properties in New Zealand (particularly Auckland).
18. The JV will be investing in existing industrial properties (such as those used primarily for production, manufacturing, assembly, warehousing, research, and distribution) as well as acquiring additional property for development. [s 9(2)(b)(ii)]
[REDACTED]
[REDACTED]
19. Stride Property is the vendor of four of the five properties that comprise the Land and will be sold to the JV. Stride Property is also the committed purchaser of 439 Rosebank Road under an agreement for sale and purchase dated 15 August 2018 with Allegion (New Zealand) Limited as vendor.
20. The benefits to New Zealand that may result from this investment include:

Moderate weighting		New Zealand oversight and participation Added market competition, greater efficiency or productivity, or enhanced domestic services in New Zealand Previous investments
Weak weighting		Jobs Additional investment for development purposes

21. Guidance for applying the Act is set out in **Attachment 2**.

Timing

22. The application was accepted on 7 November 2019. [s 9(2)(b)(ii)]
[REDACTED]
[REDACTED]
[REDACTED]
23. We asked the Applicants if the Investment is likely to be affected by the COVID-19 pandemic. The Applicants advised that they are still able to engage with the OIO, and that the Investment (including the proposed benefits and timeframes) is expected to proceed as anticipated. We have taken possible delays due to COVID-19 into account in formulating recommended special conditions of consent.
24. The OIO processing days for this application were within the specific performance expectation of 65 OIO processing days. The processing days for the application to date are:

Quality Assurance	OIO Processing	Waiting for Applicant / Vendor	Third party consultation
7	63	66	0

Applicant and investor test

25. This section describes the Applicants, and whether the investor test criteria in the Act are likely to be met.

Who is making the investment

26. The investment is being made by APSG and Stride Industrial ("**Applicants**") as joint venture partners.

APSG

27. APSG is a private company incorporated in Singapore on 25 May 2018. APSG is a special purpose company wholly-owned by SPF Asia and incorporated to hold SPF Asia's investments in New Zealand.
28. SPF Asia is a limited partnership incorporated in Luxembourg in 2016. SPF Asia is a listed real estate investment fund that seeks to construct a diversified portfolio of real estate assets across the Asia-Pacific region.

Stride Industrial

29. Stride Industrial is a company incorporated in New Zealand on 22 July 2019. Stride Industrial is a special purpose company that is part of the Stride Group and incorporated to participate in the JV.
30. Stride Group is an investor in New Zealand commercial property that is listed on the New Zealand Stock Exchange ("**NZX**") and owns (as at 31 March 2019) approximately \$262.5 million of industrial properties, \$128.9 million of large format retail centres, \$338 million of retail shopping centres, and \$236.9 million of office properties.

Overview of assessment: investor test

Element of investor test	OIO assessment of strengths and weaknesses		Cross-references
	Risk Barometer	Summary	
Relevant overseas person (" ROP ") and individuals with control (" IWCs ") confirmed	ROP/IWC identified	ROP and IWCs identified	Paras 43-44. Section 15 of the Act.
Collectively have business experience and acumen relevant to the investment	Test met	ROP and IWCs have relevant business experience and acumen in operating and developing logistics and industrial property in New Zealand	Paras 45-47. Sections 16(2)(a) and 18(1)(a) of the Act.
ROP demonstrated financial commitment	Test met	ROP has undertaken due diligence, engaged professional advisors in relation to the JV, and established funding arrangements for the transaction	Sections 16(2)(b) and 18(1)(b) of the Act.

Element of investor test	OIO assessment of strengths and weaknesses		Cross-references
	Risk Barometer	Summary	
Good character	Test met	We consider that all of the IWCs are of good character.	Paras 48-50. Sections 16(2)(c) and 18(1)(c) of the Act.
Not an individual of the kind ineligible for a visa or entry permission under ss 15 or 16 of the Immigration Act 2009	Test met	We are satisfied the IWCs are not ineligible for a visa or entry permit into New Zealand	Sections 16(2)(d) and 18(1)(d) of the Act.

Ownership and control of the Applicant

Ownership of APSG

31. APSG is ultimately wholly-owned by SPF Asia [s 9(2)(b)(ii)]

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

32. There are five limited partners who hold a 5% or more share in SPF Asia as set out in the table below in Figure 4:

Individual / Entity	Percentage of ownership by commitment
[s 9(2)(b)(ii)]	

Individual / Entity	Percentage of ownership by commitment
[s 9(2)(b)(ii)]	■
■	
■	
■	■
■	
■	■
■	■

Figure 4 (table obtained from the Applicants) – Owners with a 5% or more share in SPF Asia

Control of APSG

33. APSG is controlled by its board of directors. [s 9(2)(b)(ii)]
34. [s 9(2)(b)(ii)]

Ownership of Stride Industrial

35. As noted in paragraph 29 Stride Industrial is part of the Stride Group. The ownership of the Stride Group is shown the corporate structure diagram below in Figure 5:

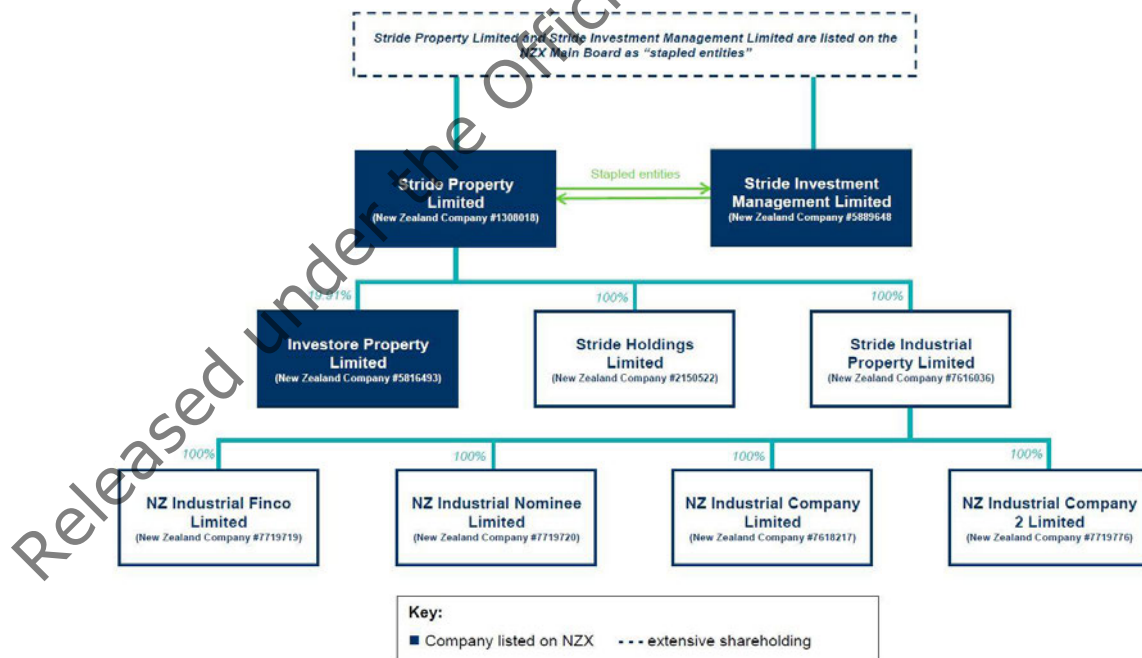


Figure 5 (diagram obtained from the Applicants) – SIPL corporate structure

36. The shares in the Stride Group are widely held and (as at 28 August 2019) there are three shareholders who hold a 5% or more shares in SPL as set out in the table below in Figure 6:

Individual / Entity	Percentage of ownership
ANZ New Zealand Investments Limited	11.7%
Accident Compensation Corporation	9.1%

Individual / Entity	Percentage of ownership
JB Were NZ Limited	5.2%
Others	74%
Total	100%

Figure 6 (table obtained from the Applicants) – Owners with a 5% or more share in SPL

Control of Stride Industrial

37. Stride Industrial is controlled by its board of directors. Stride Industrial is wholly-owned by Stride Property, which is controlled by its board of directors.

Control of the JV

Management Committee:

38. Under the JV agreement, a Management Committee will be established to direct and oversee the performance of the JV. The composition of the Management Committee depends on the number of JV participants and the size of their participating interests.

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

Approval Committee:

40. [s 9(2)(b)(ii)]
[Redacted]
[Redacted]
41. [Redacted]
[Redacted]
[Redacted]
[Redacted]
42. [Redacted]
[Redacted]
43. Taking the above information about ownership and control of the Applicants and the JV into account, we have determined that the ‘**relevant overseas person**’ (“ROP”) is (collectively):

Entity	Relationship
Stride Industrial Property Limited (“ Stride Industrial ”)	Applicant and joint venture partner
Stride Property Limited (“ Stride Property ”)	100% owner of Stride Industrial Property Limited
Stride Investment Management Limited (“ Stride Management ”)	Manager of the joint venture
Industre Property Nominee Limited (“ Industre Nominee ”)	Property-acquiring entity
Industre Property Tahiti Limited	Property-acquiring entity
Industre Property Rua Limited	Property-acquiring entity
AP SG 17 Pte Limited (“ APSG ”)	Applicant and joint venture partner
Strategic Property Fund Asia SCSp (“ SPF Asia ”)	100% owner of AP SG 17 Pte Limited

44. We have determined that the ‘**individuals with control of the relevant overseas person**’ (“IWCs”) are:

Individual	Role
Hugh Gordon Thompson	Director of APSG
Yip Ming Fai	Director of APSG
Elizabeth Mingfang Eng	Director of APSG
Daniel McDonald	Member of the Management Committee
James Aaron Santi	Member of the Management Committee
Philippa Lambert Smith	Member of the Approval Committee
Philip Michael Littlewood	Director of Stride Industrial and Industrie Nominee and member of the Management Committee
Timothy Ian Mackenzie Storey	Director of Stride Industrial, Stride Property, Stride Management, and Industrie Nominee and member of the Approval Committee
Edward John Harvey	Director of Stride Property and Stride Management
Philip Ling	Director of Stride Property and Stride Management
Jacqueline Margaret Robertson Cheyne	Director of Stride Property and Stride Management
Michelle Patricia Tierney	Director of Stride Property and Stride Management
Nicholas Simon Jacobson	Director of Stride Property and Stride Management
Steven Edward Penney	Member of the Management Committee

Business experience and acumen

s16(2)(a) and 18(1)(a) of the Act. The relevant overseas person, or the individuals with control of the relevant overseas person, must have business experience and acumen relevant to the overseas investment. There is considerable flexibility in determining what is relevant and more or less specific expertise may be required depending on the nature of the investment. Business experience and acumen that contributes to an investment’s success may be treated as relevant even though the investor may have to supplement its experience and acumen by utilising the experience and acumen of others to ensure the investment succeeds.

45. The Investment is a joint venture that will acquire, develop, lease, and manage logistics and industrial properties in New Zealand (particularly Auckland).
46. We have reviewed the biographical information provided by the Applicants for each of the individuals with control and note that they collectively have qualifications and extensive business experience in accountancy, auditing, asset management, banking, corporate governance, economics, finance, law, risk management, and property investment management as well as experience in the real estate and asset investment industries. As a result, the individuals with control of the relevant overseas persons collectively have business experience and acumen relevant to the Investment.
47. As a result, we are satisfied that the IWCs collectively have business experience and acumen relevant to the Investment.

Good character assessment

s16(2)(c) and 18(1)(c) of the Act.

The decision maker must be satisfied that the individuals with control are of good character. Section 19 of the Act specifies that the decision maker must take the following factors into account (without limitation):

- offences or contraventions of the law by A, or by any person in which A has, or had at the time of the offence or contravention, a 25% or more ownership or control interest (whether convicted or not);
- any other matter that reflects adversely on the person's fitness to have the particular overseas investment.

48. In light of the physical distancing rules surrounding the COVID-19 pandemic, the Applicants were unable to provide statutory declarations, but have provided signed statements in lieu of statutory declarations, stating that the individuals with control are of good character, have not committed an offence or contravened the law, and know of no other matter that reflects adversely on their fitness to have the Investment. We waived the requirement for the Applicants to provide statutory declarations in the circumstances. We are satisfied that the signed statements can be relied on.
49. We also conducted open source background checks on the IWCs, in addition to information disclosed by the Applicant. We found no matters of concern and so consider that all of the IWCs are of good character.
50. As a result, we are satisfied that the IWCs are of good character.

Conclusion – Investor test

51. Our conclusion is that the investor test is met.

Investment and benefits test

52. This section describes the proposed investment, and our assessment of whether it is likely to meet the benefit criteria in the Act. We note that our assessment has been based on the information given by the Applicants with the application, and their responses to our queries regarding the impact of COVID-19.
53. The Applicants have informed us that they intend to proceed with the Investment and that the Investment is expected to proceed as anticipated. The Applicants have advised that they have no reason to expect the Investment will be negatively impacted by the COVID-19 pandemic. We therefore consider the special conditions of consent are adequate.
54. Due to ongoing uncertainty regarding the future economic impacts of COVID-19, there is insufficient data available to calculate with any accuracy how some of the benefit claims might be impacted by COVID-19 restrictions. Because of this uncertainty the benefit claims made in this assessment report are not adjusted to account for the future economic impacts of COVID-19.

Summary of the proposed transaction and the Investment Plan

The proposed transaction

55. APSG and Stride Industrial intend to enter into the JV to acquire, develop, lease, and manage a portfolio of industrial properties in New Zealand (particularly Auckland).
56. The JV will invest in existing industrial properties (such as those used primarily for production, manufacturing, assembly, warehousing, research, and distribution) and

acquire additional property for development. [s 9(2)(b)(ii)]

57.

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

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

58.

The JV will acquire a number of properties ("**Existing Properties**"), currently owned by a Stride Group company, that are detailed in the table below in Figure 8:

#	Address	Record of title	Value \$
1.	30 Airpark Drive	526949	29,000,000
2.	22 Ha Crescent	141356	15,000,000
3.	8 Reg Savory Place	NA114A/776	8,800,000
4.	20 Rockridge Avenue	NA127D/395	16,200,000
5.	460 Rosebank Road	NA54C/484	18,900,000
6.	15 Rockridge Avenue	NA127D/394	25,300,000
7.	25 O'Rorke Road	NA127D/398	68,950,000
8.	415 East Tamaki Drive	NA103C/184	18,600,000
9.	15 Ride Way	NA123A/206	12,250,000
10.	34 Airpark Drive	92739	8,250,000
11.	6-8 and 10-12 The Concourse, and 1-3, 5-9 and 11 Selwood Road, Henderson (being the Concourse)	NA49D/667, NA49D/666, NA124C/167, NA35B/1190, NA35B/1191, and NA42C/1185	35,680,000

Figure 8 (table obtained from the Applicants) – List of the Existing Properties

59. The properties at 20 Rockridge Avenue, 460 Rosebank Road, and the Concourse are sensitive land as defined in the Act.
60. The Applicants also have an interest in the following properties that are sensitive land as defined in the Act and set out in the table below in Figure 9:

#	Address	Record of Title	Current Interest
12.	11 Springs Road, East Tamaki, Auckland ("Springs Road Property")	NA129B/131	Stride Property (as vendor of the freehold interest)
13.	439 Rosebank Road, Avondale, Auckland ("Rosebank Road Property")	NA112B/243 (part)	Stride Property (as vendor of its interest as purchaser under a sale and purchase agreement)

Figure 9 (table prepared by OIO using details provided by Applicants) – Details of sensitive land the Applicants intend to acquire through the JV

61. The Rosebank Road Property is subject to a sale and purchase agreement dated 15 August 2018 between Allegion (New Zealand) Limited as vendor and Stride Property as purchaser. Under this agreement Stride Property is contracted to acquire a part of the land that will be subdivided from the existing property. The Applicants have advised that resource consent for the subdivision has been obtained.
62. The Applicants submit that the part of the property Stride Property has contracted to acquire (after the subdivision is completed) will not be sensitive land (although it will adjoin the parcel of sensitive land being retained by the vendor).
63. Under the JV, each of APSG and Stride Industrial will own 50% of the shares in Industrie Nominee, a company specifically created to hold legal title to the assets of the JV assets including:
- some of the Existing Properties;

- the Springs Road Property; and
 - all of the shares in the wholly-owned JV subsidiary companies Industrie Property Tahiti Limited and Industrie Property Rua Limited (“**JV Subsidiaries**”) that will each be used to hold the remaining Existing Properties, the Rosebank Road Property, and to acquire additional properties over time.
64. The Applicants will require consent for the JV to acquire any additional properties that comprise sensitive land as defined in the Act.
65. APSG and Stride industrial will each have a participating beneficial interest in the assets of the JV (“**Participating Interest**”) based on their respective financial contributions to the JV. Each party’s Participating Interest is likely to change throughout the term of the JV as a result of their respective contributions towards the funding of future capital transactions.
66. [s 9(2)(b)(ii)]
67. Stride Management will be appointed to manage the JV portfolio of assets, including identifying and executing future acquisitions and development opportunities. Stride Management is a specialist real estate investment manager and currently manages the property portfolios and businesses of Stride Property, Diversified NZ Property Trust (a New Zealand wholesale property fund), and Investore Property Limited (an NZX-listed entity which owns large format retail assets).

Investment plan summary

68. The Applicants intend to enter into the JV in order to acquire, develop, lease, and manage a portfolio of industrial properties in New Zealand (particularly Auckland).

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

Farmland advertising

s16(1)(f) of the Act.

The Regulations require farm land or farm land securities to be offered for acquisition on the open market to non-overseas persons for at least 20 working days (or longer if the advertisement states or implies that offers will be accepted for that longer period). The purpose of such advertising is to ensure non-overseas persons have reasonable notice that they are available for acquisition. The Regulations do not require that the vendor accept any alternative offer made by a non-overseas person.

69. The Land is not (and does not contain) any farm land and was not publicly advertised. The Land is not (and does not contain) any residential land or special land.

What is likely to happen without the investment (Counterfactual)

70. We consider that without the Investment the most likely outcome is that the properties currently owned by (or under contract to be acquired by) Stride Group companies (“**Stride Properties**”), comprising the Existing Properties, the Spring Road Property, and the Rosebank Road Property would be owned Stride Group companies and operated as industrial properties.

71. There are two key questions to determine what is likely to occur without the Investment:

- who is likely to own the Land?, and
- what is the likely use of the Land?

Who is likely to own the Land?

72. The Stride Properties would most likely continue to be owned by Stride Group companies.

What is the likely use of the Land?

73. [s 9(2)(b)(ii)]
[REDACTED]
[REDACTED] The Springs Road Property is subject to an agreement to lease under which it has contracted to build a head office for Waste Management New Zealand.

74. [s 9(2)(b)(ii)]
[REDACTED]
[REDACTED]
[REDACTED]

Consultation and submissions about the Investment

75. Due to the nature of the proposed Investment standard OIO practise was for no consultation to be undertaken with any third parties, and no third party submissions were sought or received about the proposed Investment.

Released under the Official Information Act 1982

Overview of assessment: investment and benefit test

Relevant benefit factors	Applicant's claims: what they intend to do	Without the investment (Counterfactual)	OIO analysis: strength/weakness		Proposed special conditions and reporting requirements	Cross refs
			Indicative strength	Summary		
Oversight and participation by New Zealanders	The Stride Group is at least 69% owned by New Zealanders (as at 28 August 2019), the NZX listed shares allow New Zealanders to participate in ownership of the Stride Group	Not applicable under this factor	Moderate	The Stride Group has significant New Zealand ownership and participation	N/A	Paras 123-129 reg28(j)
Added market competition, increased productivity, efficiency, and enhanced domestic services	Developments are likely to increase the size and specification of new and existing industrial properties	[s 9(2)(b)(ii)]	Moderate	Developments are likely to increase the size and specification of industrial properties	Report on developments from 2021-2027 (including details of capital expenditure, size of tenable premises, premises specification details)	Paras 108-118 s17(2)(a)(iv)
Previous investments	Stride Property has undertaken previous investments that benefit New Zealand	Not applicable under this factor	Moderate	Stride Property has undertaken previous investments that benefit New Zealand	N/A	Paras 119-122 reg28(e)
Additional investment for development purposes	[s 9(2)(b)(ii)]	[s 9(2)(b)(ii)]	Weak	Additional investment will allow development of industrial properties	for paras 82-95 [s 9(2)(b)(ii)]	Paras 96-107 s17(2)(a)(v)
Job opportunities	Create one new FTE accountancy role and retain one existing FTE investment manager role (created in anticipation of the Investment)	The investment manager and accountancy roles would not be required	Weak	The Investment will create one new FTE job and retain one existing FTE job	Create one new accountancy role and retain the existing investment manager role by 30 June 2021	

Impact of COVID-19

76. We have been in regular contact with the Applicants' advisors, and have discussed whether an economic downturn due to COVID-19 might affect some of the benefit claims or the conditions we will impose if consent is granted. As noted in paragraph 54, we concluded that there was insufficient data available to calculate with any accuracy how the economic benefit claims might be impacted by COVID-19. Because of this uncertainty the benefit claims made in this assessment report have not been adjusted to account for the future economic impacts of COVID-19.
77. We note that COVID-19 will affect market conditions in the short to medium term, but that longer term effects remain unclear. It is likely to approach normal in time. For this reason, conditions in the draft consent with long timeframes (such as the requirement to invest a minimum amount of capital expenditure [s 9(2)(b)(ii)]) have not been adjusted to account for Covid-19.
78. After the lockdown came into force we contacted the Applicants and asked whether they were able to continue with the OIO assessment process. The Applicants indicated that they were able to continue, they intended to proceed with the Investment, and that they did not have any revised commercial timeframes as a result of the lockdown.
79. Under the proposed conditions the Applicants will have until 30 June 2021 to employ an accountant and confirm retention of its existing investment manager. [s 9(2)(b)(ii)]
[REDACTED]
[REDACTED]
[REDACTED] The timeframes provided with these condition dates should give the Applicants sufficient time to satisfy these conditions during (or after) the recovery from the current economic downturn.
80. The section below sets out our discussion in relation to factors under which we consider the proposed investment is likely to result in benefit to New Zealand.
81. Factors that we considered were either not relevant to the investment, or the benefit to New Zealand was not sufficient enough to be relied on, are discussed in **Attachment 3**.

Job opportunities

There are three key elements to this factor (s17(2)(a)(i) of the Act):

- The "new job opportunities" must be **new**, or if existing jobs are being "retained", the existing jobs **would** or **might** otherwise be lost if the investment does not proceed;
- The new job opportunities or retained jobs must be **in New Zealand**;
- The new job opportunities or retained jobs that are **likely to result** from the overseas investment must be **additional** to those which are likely to occur **without the overseas investment**.

82. Subject to the ongoing uncertainty around future economic impacts of COVID-19, we consider that the Investment is likely to result in the creation of new jobs relating to management of the properties owned by the JV.

Investment

83. The Applicants submit that Stride Management (who will be appointed as the manager of the JV) will need to increase its employees by at least two full-time equivalent ("**FTE**") jobs to support the JV's acquisition and development of new properties and development of the Stride Properties.
84. The likely new direct FTE jobs would be:

- an investment manager (already employed) to manager the JV transaction relating to management of the JV assets (but whose role could be surplus if the JV did not proceed); and
 - an accountant to support the growth of the new JV fund.
85. The Applicants submit there is also likely to be indirect job creation resulting from:
- the design, consulting, and construction for each new development; and
 - the creation of new industrial premises (from which new businesses can be established or grow, requiring new or additional staff).
86. The Applicants submit that the investment manager was not hired until the parties were confident that the JV documents would be signed, as significant work is required before the commencement of the JV (such as preparation of the first business plan and assessment of development opportunities). This position was created as a result of the proposed transactions and the establishment of the JV (and would not occur under the counterfactual).
87. If the Investment did not proceed, the investment manager role would be surplus to requirements and possibly redeployed. However, this deployment would be in lieu of recruiting another employee into a similar role.
88. Stride Management manages accounting for Stride Property, which would continue under the JV. External advisors are used for tax and auditing requirements and this would continue under the JV.
89. Stride Management expects that additional accounting and reporting will be needed under the JV as a result of APSG's requirements and for reporting to the Stride Property board. The JV will require additional accounting obligations for the preparation of special purpose accounts as a separate entity rather than being part of Stride Group (which will continue to undertake its own accounting and reporting).

Likely counterfactual

90. Under the counterfactual, we consider the Stride Properties would continue to be operated as industrial properties with the same number of FTE employees used to manage and operate these properties.

Assessment

91. The existing investment manager role was created as a result of the Investment and was required as significant work needed to be completed before the commencement of the JV. Accordingly, if the Investment did not proceed the role would be surplus to requirements and possibly deployed or not retained. The possible deployment would purportedly be in lieu of an additional similar role. On balance, the investment manager role would be either a new or retained job
92. The additional accountant role would be created due to the additional accounting and reporting requirements resulting from the Investment. The Investment would require special purpose accounts for the incorporated entities and the unincorporated JV, as well as reporting requirements to the Stride Property board (as Stride Property would hold an interest in the JV). This accounting work would be separate to Stride Group's own accounting and reporting requirements.
93. The Investment appears likely to result in indirect job creation as it is likely to lead to (or at least, expedite) the development of new properties and the Stride Properties. The development is likely to lead to more consulting, design, and construction jobs over a period of years – that are more likely to occur earlier and with a greater degree of certainty than under the counterfactual.

The Investment is likely to result in two new jobs (one already created as a result of the Investment and one to follow the completion of the Investment) that would not occur under the counterfactual. We consider this factor has been met and should be given weak weight in the context of the Investment given the number of new jobs is not substantially higher than would occur under the counterfactual (and appears minor relative to the amount of the Investment in dollar values).

94. *Recommended condition*

95. We recommend conditions are imposed requiring the Applicants to employ at least one new FTE employee for accounting purposes and retain the current investment manager as part of the Investment.

Additional investment for development purposes

There are four key elements to this factor (s17(2)(a)(v) of the Act):

- The investment must be **additional investment**.
- The additional investment must be **introduced into New Zealand**.
- The additional investment must be **for development purposes**.
- The additional investment that is **likely to result** from the overseas investment must be **additional** to that which is likely to occur **without the overseas investment**.

96. Subject to the ongoing uncertainty around future economic impacts of COVID-19, we consider that the Investment is likely to result in additional investment for development purposes relating to development of the Stride Properties and new properties acquired by the JV.

Investment

97. Under the JV, the Applicants will undertake development projects including construction of buildings and associated infrastructure for industrial purposes. The developed properties will be leased to tenants with industrial, manufacturing, distributing, and logistics requirements that require warehouse and office facilities.

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

[REDACTED]

[REDACTED]

[REDACTED]

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

99. [s 9(2)(b)(ii)]
100. [s 9(2)(b)(ii)]
- However, due to the uncertainty surrounding the impacts of the COVID-19 pandemic on the financial and property industries and the availability of suitable properties for acquisition it is possible that this amount of development funds is expended over a longer period of time than anticipated.

Likely counterfactual

101. Under the counterfactual, we consider the Stride Properties and Rosebank Road Property are likely to be redeveloped at some stage. [s 9(2)(b)(ii)]

Assessment

102. The proportion of APSG's investment that is allocated towards developing the Stride Properties and new properties can be considered 'additional investment for development purposes', although the proportion that is used towards acquiring new properties cannot. [s 9(2)(b)(ii)]

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

104. [s 9(2)(b)(ii)]
Both [s 9(2)(b)(ii)] [s 9(2)(b)(ii)] This amount
would apply to the Stride Properties regardless of whether the JV proceeds so
cannot be said to result from the Investment.

105. The Investment is likely to result in additional investment for development purposes,
as developing industrial property is a core part of the JV's business plan. [s 9(2)(b)(ii)]
[s 9(2)(b)(ii)]
[s 9(2)(b)(ii)]
[s 9(2)(b)(ii)]

106. We are satisfied the Investment is likely to result in additional investment for
development purposes. We consider this factor has been met and should be given
weak weight in the context of the Investment given the proportion of additional
investment relative to the total capital investment [s 9(2)(b)(ii)].

Recommended condition

107. We recommend conditions are imposed requiring the Applicants to invest at least
[s 9(2)(b)(ii)]
[s 9(2)(b)(ii)]
[s 9(2)(b)(ii)]
[s 9(2)(b)(ii)]. This takes into account the uncertainty surrounding the impacts of
the COVID-19 pandemic and the availability of suitable properties for acquisition
over this period.

Added market competition, greater efficiency or productivity, enhanced domestic services

There are three key elements to this factor (s17(2)(a)(iv) of the Act):

- The overseas investment must be likely to result in one or more of:
 - (i) **added market competition;**
 - (ii) **greater efficiency or productivity;** or
 - (iii) **enhanced domestic services.**
- The added market competition, greater efficiency or productivity, or enhanced domestic services must occur **in NZ.**
- The added market competition, greater efficiency or productivity, or enhanced domestic services that **is likely to result** from the overseas investment must be **additional** to that which is likely to occur without the overseas investment.

108. Subject to the ongoing uncertainty around future economic impacts of COVID-19, we consider that the Investment is likely to result in added market competition, greater efficiency or productivity, and enhanced domestic services.

Added market competition

109. The Investment is likely to increase market competition between landlords by adding additional premises to the industrial property market (predominantly in Auckland) through development of new properties and redevelopment of obsolete premises.

110. The Applicants submit the Investment is likely to increase the availability of industrial property premises in Auckland. [s 9(2)(b)(ii)]

111. Under the counterfactual some level of redevelopment is likely to happen anyway.

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

As a result, the Investment is likely to result in the development of newer and higher specification properties that is likely to occur earlier than under the counterfactual.

Greater efficiency or productivity

112. The Investment is likely to result in efficiencies for the businesses of industrial

113. The Applicants submit that market data suggests future industrial projects will range from 10,000 sqm to 30,000 sqm in size which is larger than the current average of 6,000 sqm.

114. Under the counterfactual some level of redevelopment is likely to happen anyway.

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

Enhanced domestic services

115. The Investment is likely to enhance domestic services by increasing the quality of industrial premises in Auckland.

116. The Applicants submit the JV will support the logistics sector to provide quicker delivery of online orders to customers, by providing better quality facilities in this sector that will enhance competitiveness of suppliers in New Zealand.

117. As noted above in paragraphs 111 and 114 under the counterfactual some level of redevelopment is likely to happen anyway. [s 9(2)(b)(ii)]

Overall assessment

118. We consider that the Investment is likely to result in some benefit under the added market competition, greater efficiency or productivity, and enhanced domestic services categories that appears sufficient to meet this factor. As the level of benefit under each category is moderate compared with the counterfactual, we consider it appropriate that the overall weighting is moderate in relation to this factor.

Previous investments

There are two key elements to this factor (reg28(e) of the Regulations):

- The **relevant overseas person** must have **previously undertaken investments**;
- The previous investments must have been, or are, of **benefit to New Zealand**.

119. We consider the ROP has undertaken previous investments that have resulted in benefit to New Zealand.
120. Stride Property (part of the ROP) has completed a number of developments that have resulted in benefits to New Zealand:
- (a) NorthWest Two: A development in the Westgate Town Centre that comprises four separate buildings with dining, retail, and office space in a purpose-built main street retail environment. This development resulted in \$35 million of capital investment, 4,442 sqm of new office space, and capacity for 300 office workers.
 - (b) Springs Road Property: A development for a new head office and truck depot for Waste Management NZ Limited. This development resulted in \$60.3 million of capital investment, and greater efficiency, co-ordination, and delivery of domestic services for Waste Management as tenant.
121. APSG has no previous investments in New Zealand.
122. We are satisfied the ROP has previously undertaken investments that have resulted in benefit to New Zealand. We consider this factor has been met and should be given moderate weight in the context of the Investment.

Oversight and participation by New Zealanders

There are three key elements to this factor (reg28(j) of the Regulations):

- There must be persons who are not overseas persons (**New Zealanders**);
 - The New Zealanders must be **likely** to be able to **oversee or participate in** the overseas investment or any relevant overseas person;
 - The overseeing or participation must be in the **overseas investment** or **any relevant overseas** person.
- This factor is relevant to all overseas investments in sensitive land.

123. We consider that there is oversight and participation by New Zealanders in the ROP through Stride Group companies.
124. The Stride Group companies are all New Zealand incorporated and registered companies, so at least one director must be resident in New Zealand (or in an 'enforcement country') as required under section 10(d) of the Companies Act 1993.
125. As the Stride Group is listed on the NZX at least two directors must be ordinarily resident in New Zealand as required under Listing Rule 3.3.1 (b) of the NZX Main Board Rules. Three out of six directors of Stride Property and Stride Management (and both directors of Stride Industrial) are New Zealand citizens.

126. As at 28 August 2019 approximately 69.71% of shares in the Stride Group are New Zealand owned, and the availability of Stride Group shares on the NZX allows New Zealand participation through acquiring shares. The shares in Stride Group are widely held, with only three shareholders holding more than 5% (ANZ New Zealand Investments Ltd with 11.7%, the Accident Compensation Corporation with 9.1%, and JBWere NZ Limited with 5.2%). As some of the 30.29% of overseas ownership is held by investment fund managers that may be overseas persons (even though they may hold the shares on behalf of New Zealand investors) the number of shares beneficially owned by New Zealanders may be higher.
127. APSG has no significant oversight of participation by New Zealanders.
128. The relative beneficial ownership proportion of the JV assets by APSG and SPL respectively may vary over time depending on the level of investment. As APSG increases its investment (and therefore its interest in the JV), SPL's interest will decline. Accordingly, the amount of New Zealand ownership is likely to decline over time.
129. We are satisfied the Investment is likely to result in oversight and participation by New Zealanders through the involvement of the Stride Group companies. We consider this factor has been met and should be given moderate weight in the context of the Investment given the overall proportion of New Zealand owners (although this proportion is likely to decline over time).

Conclusion – benefits test

130. In order for consent to be granted, the Applicants must demonstrate that the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders). As the Land does not contain five hectares or more of non-urban land the benefit is not required to be substantial and identifiable.
131. Subject to the ongoing uncertainty around future impacts of the Covid-19 restrictions, we consider the investment is likely to benefit New Zealand through:
- **New Zealand oversight and participation** with New Zealand directors in Stride Industrial, Stride Property, Stride Management, and Industrie Nominee and at least 69% New Zealand ownership of the Stride Group (strong weighting);
 - **added market competition, greater efficiency or productivity, and enhanced domestic services** relating to the development of industrial properties resulting in an increase in the size, specification, and availability of industrial premises;
 - **previous investments** that have resulted in benefit to New Zealand (moderate weighting);
 - **additional investment** of [s 9(2)(b)(ii)] to develop commercial properties and increase tenantable area and specifications (weak weighting);
 - **creating and retaining new jobs** relating to one retained investment management job and one new accounting services job (weak weighting).
132. 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 test). In this case the Applicants are seeking consent to acquire a freehold interest in five separate properties (with a total size of approximately 15.9 hectares) that comprise sensitive land.

133. Subject to the ongoing uncertainty around future impacts of the COVID-19 restrictions, we are satisfied that the benefits resulting from the Investment are likely to be greater than under the counterfactual scenario for the reasons set out above in the report.
134. The rural land directive contained in the Ministerial Directive Letter dated 28 November 2017 does not apply to this application because the Land does not contain five hectares or more of non-urban land.
135. Further guidance regarding the benefits test as set out in the Act is included in paragraphs 19-25 in **Attachment 2**.

Conclusion

136. After careful consideration of the application, we are satisfied that the Investment is likely to result in the benefits outlined in the table at paragraph 20 of the executive summary, with further details in the table following paragraph 75, and in **Attachment 5**.
137. Subject to the ongoing uncertainty around future impacts of the COVID-19 restrictions, our view is that the Applicants have met the benefits test.

Recommendation

138. Our recommendation is to **grant consent**, as we consider that the investor test and the benefits test have been met.
139. If you agree, we refer you to **Attachment 1** to review the Proposed Decision (including consent conditions), and to paragraphs 7 to 10 of this Assessment Report to record your decision.

List of Attachments

1. Proposed Decision
2. Guidance for applying the Act
3. Other Benefit Factors
4. Sensitive land Details
5. Overview Tables

List of other documents in the Bundle

- A. Application
- B. Investment Plan (Appendix 1 of the Application)

ATTACHMENT 1 - PROPOSED DECISION

Consent for Overseas Person to Acquire Sensitive New Zealand Land

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

Consent

Decision date: [date]

The following people have been given the following consent:

Case	201900521
Consent	<p>Consent is granted for the following transactions which comprise investments in sensitive land and significant business assets relating to the establishment and operation of the unincorporated joint venture to be called Industre Property ("Industre Property"):</p> <ol style="list-style-type: none">1. AP SG 17 Pte Limited and Stride Industrial Property Limited may each acquire 50% of the shares in Industre Property Nominee Limited by 30 June 2021;2. AP SG 17 Pte Limited and Stride Industrial Property Limited may each acquire 50% of the shares in Industre Property Finance Limited by 30 June 2021;3. AP SG 17 Pte Limited may acquire up to [s 9(2)(b)(iii)] in the assets of Industre Property by 30 June 2030;4. Stride Industrial Property Limited may acquire up to [s 9(2)(b)(iii)] in the assets of Industre Property by 30 June 2030; and5. any of the Industre Companies may acquire the Land (or any record of title that comprises part of the Land) as legal and beneficial owner or as bare trustee for AP SG 17 Pte Limited and Stride Industrial Property Limited by 30 June 2021.
Consent holders	<p>AP SG 17 Pte Limited (Unique Entity Number 201817930N) Stride Industrial Property Limited (Company number 7616036)</p> <p>The "Industre Companies", being Industre Property Nominee Limited (Company number 7719720), Industre Property Tahī Limited (Company number 7618217), and Industre Property Rua Limited (Company number 7719776)</p> <p>We will also refer to each Consent holder and the Consent holders together as you.</p>

Land	<p>A freehold interest in:</p> <ol style="list-style-type: none"> 1. approximately 5.2452 hectares of land at 11 Springs Road, East Tamaki, Auckland comprised of the land in record of title NA129B/131 (North Auckland); 2. approximately 3.9950 hectares of land at 6-8 and 10-12 The Concourse & 1-3, 5-9, and 11 Selwood Road, Henderson, Auckland comprised of the land in records of title NA49D/666, NA49D/667, NA124C/167, NA35B/1190, NA35B/1191, NA42C/1135 (North Auckland); 3. approximately 2.6050 hectares of land at 439 Rosebank Road, Avondale, Auckland comprised of the land in record of title NA112B/243 (North Auckland); 4. approximately 2.3811 hectares of land at 460 Rosebank Road, Avondale, Auckland comprised of the land in record of title NA54C/484 (North Auckland); and 5. approximately 1.6635 hectares of land at 20 Rockridge Avenue, Penrose, Auckland comprised of part of the land in record of title NA127D/395 (North Auckland).
Timeframe	As stated in the Consent.

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 the Overseas Investment Office as OIO, us or we.

Special conditions

You must comply with the following **Special conditions**. These apply specifically to this Consent and were considerations that particularly influenced us to give consent:

Details	Required date
Special condition 1: Minimum investment	
<p>You must introduce into New Zealand [s 9(2)(b)(ii)] [REDACTED] [REDACTED] [REDACTED].</p> <p>If you do not, standard condition 6 will apply and we may require you to dispose of the Land.</p>	By 30 June 2027

Special condition 2: Create and retain jobs

You must create at least one new permanent full-time equivalent accountancy job, and confirm the retention of one permanent full-time equivalent investment manager job, with Stride Industrial Management Limited.

If you do not, standard condition 6 will apply and we may require you to dispose of the Land.

By 30 June 2021

Released under the Official Information Act 1982

Standard conditions

You must also comply with the **Standard conditions** set out below. These apply to all overseas people who are given consent to acquire sensitive New Zealand land, including you:

Details	Required date
Standard condition 1: acquire the Land	
<p>You must acquire the Land:</p> <ol style="list-style-type: none"> by the date stated in the Consent. If you do not, your Consent will lapse or become invalid and you must not acquire the Land, and using the acquisition, ownership and control structure you described in your application. <p>Note, only you – the named Consent holder - may acquire the Land, not your subsidiary, trust or other entity.</p>	As stated in the Consent
Standard condition 2: tell us when you acquire the Land	
<p>You must tell us in writing when you have acquired the Land. Include details of:</p> <ol style="list-style-type: none"> the date you acquired the Land (“Settlement”), consideration paid (plus GST if any), the structure by which the acquisition was made and who acquired the Land, and copies of any transfer documents and Settlement statements. 	As soon as you can, and no later than two months after Settlement
Standard condition 3: allow us to inspect the Land	
<p>Sometimes it will be helpful for us to visit the Land so we can monitor your compliance with the Conditions.</p> <p>We will give you at least two weeks’ written notice if we want to do this.</p> <p>You must then:</p> <ol style="list-style-type: none"> Allow a person we appoint (“Inspector”) to: <ol style="list-style-type: none"> enter onto the Land, including any building on it, other than a dwelling, for the purpose of monitoring your compliance with the Conditions (“Inspection”), remain there as long as is reasonably required to 	At all times

<p>conduct the inspection,</p> <ul style="list-style-type: none"> (c) gather information, (d) conduct surveys, inquiries, tests and measurements, (e) take photographs and video records, and (f) do all other things reasonably necessary to carry out the Inspection. <p>2. Take all reasonable steps to facilitate an Inspection including:</p> <ul style="list-style-type: none"> (a) directing your employees, agents, tenants or other occupiers to permit an Inspector to conduct an Inspection, (b) being available, or requiring your employees, agents, tenants or other occupiers to be available, at all reasonable times during an Inspection to facilitate access onto and across the Land. This includes providing transport across the Land if reasonably required. <p>3. During an Inspection:</p> <ul style="list-style-type: none"> (a) we will not compel you and your employees, agents, tenants or other occupiers to answer our questions or to let us look at, copy or take away documents, (b) our Inspector will comply with any reasonable instruction and co-operate with any reasonable health and safety policy or procedure you notify to us before the Inspection. 	
Standard condition 4: remain of good character	
<p>You and the Individuals Who Control You:</p> <ul style="list-style-type: none"> 1. must continue to be of good character, and 2. must not become an individual of the kind referred to in section 15 or section 16 of the Immigration Act 2009. In summary, these sections describe convicted or deported people who are not eligible for visa or entry permission to enter or be in New Zealand and people who are considered likely to commit an offence or to be a threat or risk to security, public order or the public interest. <p>The Individuals Who Control You are individuals who:</p> <ul style="list-style-type: none"> (a) are members of your governing body, (b) directly or indirectly, own or control 25% or more of you or of a person who itself owns or controls 25% or more of you, and 	<p>At all times</p>

(c) are members of the governing body of the people referred to in paragraph (b) above.	
Standard condition 5: tell us about changes that affect you, the people who control you, or people you control	
<p>You must tell us in writing if any of the following events happens to any of the Consent holders:</p> <ol style="list-style-type: none"> 1. You, any Individual Who Controls You, or any person in which you or any individual who controls you hold (or at the time of the offence held) a 25% or more ownership or control interest commits an offence or contravenes the law anywhere in the world. This applies whether or not you or they were convicted of the offence. In particular, please tell us about any offences or contraventions that you are charged with or sued over and any investigation by enforcement or regulatory agencies or professional standard bodies. 2. An Individual Who Controls You ceases to be of good character; commits an offence or contravenes the law (whether they were convicted or not); becomes aware of any other matter that reflects adversely on their fitness to have the Land; or becomes an individual of the kind referred to in section 15 or 16 of the Immigration Act 2009 (see standard condition 4). 3. You cease to be an overseas person or dispose of all or any part of the Land. 4. You, any Individual Who Controls You, or any person in which you or any Individual Who Controls You hold (or at the time of the event held) a 25% or more ownership or control interest: <ol style="list-style-type: none"> (a) becomes bankrupt or insolvent (b) has an administrator, receiver, liquidator, statutory manager, mortgagee's or chargee's agent appointed, or (c) becomes subject to any form of external administration. 	<p>Within 20 working days after the change</p>
Standard condition 6: dispose of the Land if you do not comply with key special conditions	
<p>Some of the Special conditions were key to the decision to give consent. If we consider you have failed to comply with one of those Special conditions in a material way we may require you to dispose of the Land.</p> <p>If all or part of this standard condition 6 applies to a Special condition, we have said so in that condition.</p>	

We will give you written notice if we require you to dispose of the Land. After we have given you notice, you must:	
Value the Land: obtain and send us a copy of a market valuation of the Land from a New Zealand registered valuer.	Within six weeks of the date of our notice.
Market the Land: instruct a licensed real estate agent to actively market the Land for sale on the open market.	Within six weeks of the date of our notice.
Dispose of the Land: dispose of the Land to a third party who is not your associate.	Within six months of our notice.
Offer without reserve: if you have not disposed of the Land within six months of our notice, offer the Land for sale by auction or tender without a reserve price or minimum bid and dispose of the Land.	Within nine months of our notice.
Report to us about marketing: tell us in writing about marketing activities undertaken and offers received for the Land.	By the last day of every March, June, September and December after our notice or at any other time we require.
Report disposal to us: send us, in writing, evidence: <ul style="list-style-type: none"> (a) that you have disposed of the Land, (b) of disposal (including copies of sale and purchase agreements, settlement statements and titles showing the purchaser as registered proprietor), (c) the purchaser is not your associate. 	Within one month after the Land has been disposed of.

Reporting conditions

We need information from you about how your Investment Plan is tracking so we can monitor your progress against the Conditions and so we can measure the benefits you have brought to New Zealand through your investment.

You must lodge an **annual report** when required. It must:

1. be sent to **oiomonitoring@linz.govt.nz** by these dates:
 - (a) 31 July 2021;
 - (b) 31 July 2023;
 - (c) 31 July 2025; and
 - (d) 31 July 2027
2. contain information about:
 - (a) your progress in implementing the special conditions, and
 - (b) any developments of commercial property owned by the Industrie Property joint venture (including details of capital expenditure, size of tenatable premises, and premises specification details);
3. follow the format of the template annual report published on our website at <https://www.linz.govt.nz/overseas-investment/enforcement/how-we-take-action>; and
4. if requested in writing by the OIO, 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:
 - (a) 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 content was granted or
 - (b) the conditions of this consent.

ATTACHMENT 2 - GUIDANCE FOR APPLYING THE ACT

1. You¹ must grant consent to this overseas investment if you are satisfied that all of the applicable criteria in the Overseas Investment Act 2005 (“**Act**”) and the Overseas Investment Regulations 2005 (“**Regs**”) are met. You must decline to grant consent if you are not satisfied that all of the applicable criteria are met. You must not take into account any criteria or factors other than those identified as applying to this application in the table below.
2. The type of application you are considering is an application under the Benefit to New Zealand (Benefit to New Zealand) and significant business assets pathway.
3. The following table sets out the criteria and factors that apply to this application:

Pathway	Criteria and factors (post-October 2018)
Significant business assets	Investor test – s 18
Benefit only	Investor test – s16(1)(a) and 16(2)(a)-(d) and Benefit test – s16(1)(c)(ii) and 16A(1)(a) and Benefit factors – s17 and Reg 28

4. Where the criteria under sections 16 and 18 are the same, you need only consider each criterion once.
5. In the attached report the Overseas Investment Office identifies each of the relevant criteria and factors under sections 16, 17, and 18, and regulation 28 that you are required to consider in this case.
6. Following is guidance in relation only to the criteria and factors that apply to this application.

Investor test – good character criterion

7. You must be satisfied that the relevant overseas person or (if that person is not an individual) all the individuals with control of the relevant overseas persons are of good character.
8. The term “good character” is not defined in the Act. The majority of the Select Committee reporting back on the Bill in 2005 confirmed that the “good character” test was needed as it is important to ensure that all persons investing in New Zealand are people unlikely to act inappropriately and bring New Zealand into disrepute.
9. When undertaking the good character assessment, you must be satisfied that the character of all the individuals with control of the relevant overseas person is sufficient so that they should be granted the privilege of owning or controlling sensitive New Zealand assets.
10. The good character test is applicable to individuals, not entities such as body corporates. However, where the investment is to be carried out by a body corporate, the character of the relevant individuals who control the body corporate will need to be considered. Where an offence or contravention is committed by a body corporate to which an individual had a 25% or more ownership or control interest, this is a mandatory consideration. Where the individual’s interest in the body corporate is less than this, there generally must be other grounds to reasonably infer participation by the individual in the alleged wrongdoing.

¹ ‘You’ here refers either to the decision-maker, being the relevant Minister(s) for a Ministerial application or the delegated decision-maker for a delegated application

11. Section 19(1) of the Act states that the following factors must be taken into account (without limitation) in assessing whether or not a person is of good character:
- (a) offences or contraventions of the law by the person, or by any person in which the individual has, or had at the time of the offence or contravention, a 25% or more ownership or control interest (whether convicted or not);
 - (b) any other matter that reflects adversely on the person's fitness to have the particular overseas investment.
12. All relevant matters must be weighed up before you make a decision that an individual is of good character. If you wish to rely on a matter to which the applicant has not had an opportunity to respond, then such an opportunity to respond needs to be given in order to meet the requirements of natural justice.
13. How much weight should be given to a particular matter depends on a number of factors, including how closely linked the particular matter is with the investment being made. While submissions on weighting given by the relevant overseas person or individual with control may be considered, the ultimate decision as to the weighting to be given to relevant matters is for you.
14. Matters which might be relevant include:
- (a) credible allegations of offending or contraventions of the law (assessing whether the allegation is sufficiently linked to an individual with control or relevant overseas person);
 - (b) investigations, prosecutions or other enforcement action by regulatory or professional bodies;
 - (c) track record in New Zealand.
15. Matters which are unlikely to be relevant include:
- (a) adverse information that does not relate to an individual with control (for example, offences or contraventions by a relevant overseas person which occurred before the particular individual became involved with the relevant overseas person);
 - (b) where the decision maker is satisfied that allegations about a relevant overseas person or individual with control have been fully investigated by the relevant regulatory or other authority and the person or individual has been cleared of any wrongdoing;
 - (c) adverse information that does not impact on the character of a relevant overseas person or individual with control.
16. Briefly, some of the things we consider when weighing up "good character" include:
- (a) the seriousness of the matter, which may include considerations of: what the matter was and the level of actual or potential harm; whether the matter was established by a relevant regulator or the Court and attributed to an Individual with Control ("**IWC**") or Relevant Overseas Person ("**ROP**"); what the penalty or other sanction was (if any); whether the matter was a one-off event or repeated breaches, including a pattern of non-compliance across a range of regulatory regimes; whether what occurred was inadvertent, negligent, reckless or deliberate; whether what occurred was legal in New Zealand but illegal in the jurisdiction in which it occurred, in which case we consider the culture and context of that country;

- (b) relevance to this investment: we assess how relevant the particular matter is to the nature of this particular investment. For example, a dangerous driving conviction by an IWC would have low relevance in connection with the acquisition of a dairy farm, whereas a conviction for discharging farm effluent into a waterway would have a high relevance to the acquisition of a dairy farm;
 - (c) if a matter is an allegation, the credibility of the allegation including the reliability of the source and credibility of the information raised. Generally, if an allegation is reported in a number of sources and is not simply 'copy and pasted' it is likely to be regarded as having credibility;
 - (d) connection to the Individuals with Control ("IWCs") or Relevant Overseas Person ("ROP"): we assess the level of control between any of the IWCs of the ROP and the particular matter. For example, a breach of safety rules by an employee of subsidiary company where the company was fined would likely have a low (or no) connection with an IWC who was an executive director of the parent company, whereas an executive decision by a company to illegally collude with a competitor would likely have a high connection with that IWC;
 - (e) what actions, if any, were taken to remedy the situation and reduce the chances of it reoccurring.
17. The onus is on the applicant to satisfy the decision maker that all the individuals with control are of good character.
 18. If you have doubts about the character of an individual with control which result in it not being satisfied that the test for good character has been met, then the application for consent must be declined.

Benefit to New Zealand criteria

19. In this case, section 16 and 16A require you to decide, among other things, whether you are satisfied in relation to the following "benefit to New Zealand" criteria the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders), as determined under section 17.
20. The application of the benefit to New Zealand criteria involves the exercise of judgement. The fact that responsibility for making this decision has been conferred on Ministers and their delegates confirms that this is a high-level decision with significant policy content. That is also apparent from the language and content of the factors that must be considered, many of which require a high degree of evaluative judgement, and are not capable of quantification or calculation.
21. In applying the benefit to New Zealand criteria, you are required to consider each of the factors in section 17(2), determine which of the factors are relevant to the investment, and have regard to the relevant section 17(2) factors. The relative importance to be given to each factor is a matter to be determined by you as the decision-maker. In particular, the Act does not require economic factors to be given more weight than non-economic factors, or vice versa. It is a matter for you, in carrying out your overall evaluation, to decide what weight to give to each factor.

Justice Miller's "with and without test"

Economic factors

22. The High Court in *Tiroa E and Te Hape B Trusts v Chief Executive of Land Information* [2012] NZHC 147 ("*Tiroa E*") requires the "economic benefit" factors in section 17(2)(a) to be assessed on the basis of a "counterfactual test". That is, you must consider with respect to each section 17(2)(a) factor whether the overseas investment is likely to result in a benefit to New Zealand over and above any benefit that will or is likely to result even if the investment does not proceed. It is only the additional benefit from the overseas investment that is relevant when applying the "benefit to New Zealand" criteria.

Non-economic factors

23. Although the position is not free from doubt, the better view is that the same question – will this benefit be achieved even if the overseas investment does not occur – should be asked in relation to the other "non-economic" factors listed in section 17(2)(b)-(e). The High Court judgment suggested² that there could be a benefit in respect of the non-economic factors even if the same benefit would be achieved in the absence of the investment. But as the Court noted³, it is not easy to see how a benefit that will happen anyway could be regarded as substantial for the purposes of section 16(1)(b). We consider that you should not treat benefits that are likely to be achieved in any event as contributing to the "substantial and identifiable benefit" criterion.

Regulation 28 factors

24. With regard to the factors in regulation 28 of the Overseas Investment Regulations 2005, Miller J noted that:

The criteria listed in reg 28 deal, for the most part, with benefits that only an overseas buyer could provide or what may be loosely described as strategic considerations, so they do not require a counterfactual analysis.⁴

25. Many of the factors in regulation 28 are incapable of having a counterfactual analysis applied to them. However, as recognised by Miller J, there are some factors that may require a counterfactual analysis. The Overseas Investment Office has applied a counterfactual analysis where appropriate.

Conditions

26. Conditions may be imposed on any consent that is granted, under section 25(A) of the Act⁵. The attached Report recommends some conditions that you may wish to consider imposing in this case.

Decision

27. The decision that you are required to make should be based on information available to you that you consider is sufficiently reliable for that purpose. The information that the Overseas Investment Office has taken into account in making its recommendation is summarised in the attached Report.

² *Tiroa E* at [36].

³ *Tiroa E* at [38].

⁴ *Tiroa E* at [36].

⁵ Section 25 of the Act prior to the Amendment Act.

ATTACHMENT 3 - OTHER BENEFIT FACTORS

1. The table **below** lists other factors in the Act and regulations for assessing the benefit of overseas investments.
2. 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 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 of new technology or business skills.
Increased export receipts – s17(2)(a)(iii)	Not relevant. The Investment will not involve increased export receipts.
Increased processing of primary products – s17(2)(a)(vi)	Not relevant. The Investment will not involve increased processing of primary products.
Indigenous vegetation/fauna – s17(2)(b)	Not relevant. The Investment will not involve increased processing of primary products.
Trout, salmon, wildlife and game – s17(2)(c)	Not relevant. There are no areas of significant habitats of trout, salmon, or wildlife on the Land.
Historic heritage – 17(2)(d)	Not relevant. There is no historic heritage on the Land.
Walking access – s17(2)(e)	Not relevant. There is currently no walking access over the Land (as it is leased industrial property) and the Applicants has not offered any walking access over the Land.
Offer to sell seabed/foreshore/riverbed to the Crown – s17(2)(f)	Not relevant. The Land does not include special land.
Consequential benefits – reg 28(a)	Not met. The Investment is unlikely to result in any consequential benefits.
Key person in a key industry – reg 28(b)	Not relevant. The Investment does not involve a key person in a key industry.
Affect image, trade or international relations – reg 28(c)	Not met. Declining the Investment is unlikely to affect trade, image, or international relations.
Owner to undertake other significant investment – reg 28(d)	Not met. The vendor's use of the sale proceeds is a key part of the Investment.
Advance significant government policy or strategy – reg 28(f)	Not met. The Investment is unlikely to advance a significant Government policy or strategy.
Enhance the viability of other investments – r28(g)	Not relevant. The Investment is unlikely to enhance the ongoing viability of other investments.
Strategically important infrastructure – reg 28(h)	Not relevant. The Investment does not involve strategically important infrastructure.
Economic interests – reg 28(i)	Not met. The Investment is unlikely to adequately promote New Zealand's economic interests.

ATTACHMENT 4 - SENSITIVE LAND DETAILS

- 11 Springs Road, East Tamaki, Auckland

Land Interest	Freehold Interest (approximately 5.2452 hectares)
Record(s) of Title	NA129B/131 (North Auckland)
Sensitivity	Adjoins land that is over 0.4 hectares and is listed, or in a class listed, as a reserve, a public park, or other sensitive area by the regulator under s37

- 6-8 and 10-12 The Concourse & 1-3, 5-9, and 11 Selwood Road, Henderson, Auckland

Land Interest	Freehold Interest (approximately 3.9950 hectares)
Record(s) of Title	NA35B/1190, NA124C/167, NA49D/667, NA49D/666, NA42C/1135, NA35B/1191 (North Auckland)
Sensitivity	Adjoins land that is over 0.4 hectares and is listed, or in a class listed, as a reserve, a public park, or other sensitive area by the regulator under s37 Adjoins land that is over 0.4 hectares that adjoins the sea or a lake and is an esplanade reserve or esplanade strip (within the meaning of s2(1) of the Resource Management Act 1991)

- 437-439 Rosebank Road, Avondale, Auckland

Land Interest	Freehold Interest (approximately 2.605 hectares)
Record(s) of Title	RT NA112B/243 (North Auckland)
Sensitivity	Adjoins land that is over 0.4 hectares and is listed, or in a class listed, as a reserve, a public park, or other sensitive area by the regulator under s37 Adjoins land that is over 0.4 hectares that adjoins the sea or a lake and is a recreation reserve under the Reserves Act 1977


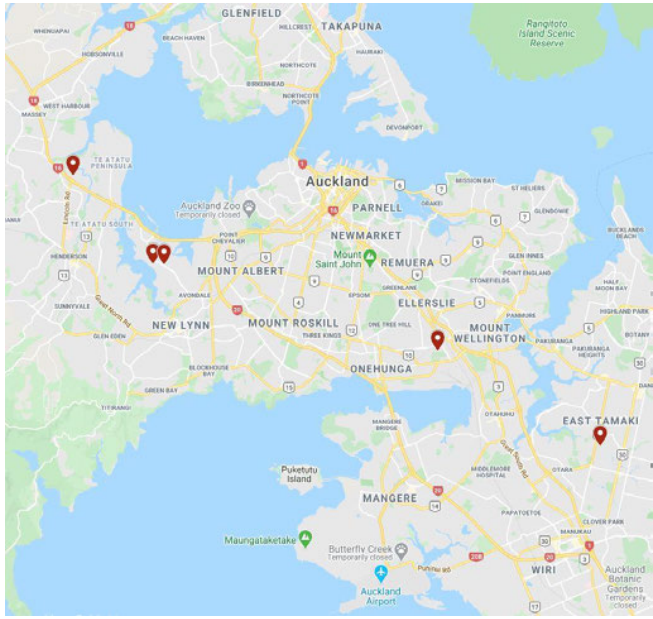
- 460 Rosebank Road, Avondale, Auckland

Land Interest	Freehold Interest (approximately 2.3811 hectares)
Record(s) of Title	RT NA54C/484 (North Auckland)
Sensitivity	Adjoins land that is over 0.4 hectares and is listed, or in a class listed, as a reserve, a public park, or other sensitive area by the regulator under s37 Adjoins land that is over 0.4 hectares that adjoins the sea or a lake and is an esplanade reserve or esplanade strip (within the meaning of s2(1) of the Resource Management Act 1991)

- 20 Rockridge Avenue, Penrose, Auckland

Land Interest	Freehold Interest (approximately 1.6635 hectares)
Record(s) of Title	RT NA127D/395 (North Auckland)
Sensitivity	Adjoins land that is over 0.4 hectares and is listed, or in a class listed, as a reserve, a public park, or other sensitive area by the regulator under s37

ATTACHMENT 5 - OVERVIEW TABLES FOR AP SG 17 PTE LIMITED AND STRIDE INDUSTRIAL PROPERTY LIMITED 201900521

Location of the Land in New Zealand		Location of the respective properties in Auckland	Application	Recommendation
		Both	<ul style="list-style-type: none">AP SG 17 Pte Limited (“APSG”) and Stride Industrial Property Limited (“Stride Industrial”) seek consent as joint venture partners to acquire five parcels of sensitive land totalling approximately 15.9 hectares in Auckland (“Land”).APSG and Stride Industrial intend to enter into the joint venture to acquire, develop, and lease a portfolio of industrial properties in Auckland (including other land that is not sensitive).[s 9(2)(b)(ii)]APSG is a special purpose company incorporated to hold the New Zealand investments of a listed real estate investment fund that invests in real estate assets across the Asia-Pacific region.Stride Industrial is part of the NZX-listed Stride Property Group (“Stride Group”), a New Zealand commercial property investor that owns (as at 31 March 2019) approximately \$999 million of commercial properties.A Stride Group company is the vendor of four of the five properties and is also the committed purchaser of the fifth property under an agreement with Allegion (New Zealand) Limited as vendor.The Applicants have requested a decision by 4 June 2020.	<ul style="list-style-type: none">Our recommendation is to grant consent.Relevant tests for this transaction:<ul style="list-style-type: none">Investor Test (s16(1)(a) and s16(2)(a)-(d) of the Act)Benefit test – s16(1)(c)(ii) and 16A(1)(a)The Land is not farm land and the rural land directive does not apply (as the Land is not greater than five hectares of non-urban land) <p>Factors for the decision-maker to particularly consider:</p> <ul style="list-style-type: none">Many of the benefits relate to the likelihood that the developments under the investment will occur sooner, to a greater size and higher specifications, and with greater certainty than under the counterfactual scenario.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 assessment). In this case the Applicants are seeking consent to acquire freehold interests in approximately five parcels of sensitive land totalling approximately 15.9 hectares. The sensitive land is industrial land that is only sensitive as it adjoins other sensitive land.

Overview of assessment: Investor test

Element of investor test	OIO assessment of strengths and weaknesses		Cross-references
	Risk Barometer	Summary	
Relevant overseas person (“ROP”) and individuals with control (“IWCs”) confirmed	ROP/IWC identified	ROP and IWCs identified	Paras 43-44. Section 15 of the Act.
Collectively have business experience and acumen relevant to the investment	Test met	ROP and IWCs have relevant business experience and acumen in operating and developing logistics and industrial property in New Zealand	Paras 45-47. Sections 16(2)(a) and 18(1)(a) of the Act.
ROP demonstrated financial commitment	Test met	ROP has undertaken due diligence, engaged professional advisors in relation to the JV, and established funding arrangements for the transaction	Sections 16(2)(b) and 18(1)(b) of the Act.
Good character	Test met	We consider that all of the IWCs are of good character.	Paras 48-50. Sections 16(2)(c) and 18(1)(c) of the Act.
Not an individual of the kind ineligible for a visa or entry permission under ss 15 or 16 of the Immigration Act 2009	Test met	We are satisfied the IWCs are not ineligible for a visa or entry permit into New Zealand	Sections 16(2)(d) and 18(1)(d) of the Act.

Overview of assessment: Investment and benefit test

Relevant benefit factors	Applicant's claims: what they intend to do	Without the investment (Counterfactual)	OIO analysis: strength/weakness		Proposed special conditions and reporting requirements	Cross refs
			Indicative strength	Summary		
Oversight and participation by New Zealanders	The Stride Group is at least 69% owned by New Zealanders (as at 28 August 2019), the NZX listed shares allow New Zealanders to participate in ownership of the Stride Group	Not applicable under this factor Stride only	Moderate	The Stride Group has significant New Zealand ownership and participation	N/A	Paras 123-129 reg28(j)
Added market competition, increased productivity, efficiency, and enhanced domestic services	Developments are likely to increase the size and specification of new and existing industrial properties	[s 9(2)(b)(ii)] [REDACTED] [REDACTED] [REDACTED] [REDACTED]	Moderate	Developments are likely to increase the size and specification of industrial properties	Report on developments from 2021-2027 (including details of capital expenditure, size of tenable premises, specification details)	Paras 108-118 s17(2)(a)(iv)
Previous investments	Stride Property has undertaken previous investments that benefit New Zealand	Not applicable under this factor	Moderate	Stride Property has undertaken previous investments that benefit New Zealand	N/A	Paras 119-122 reg28(e)
Additional investment for development purposes	[s 9(2)(b)(ii)] [REDACTED] [REDACTED]	[REDACTED] [REDACTED]	Weak	Additional investment will allow development of industrial properties Both	[s 9(2)(b)(ii)] [REDACTED]	Paras 96-107 s17(2)(a)(v)
Job opportunities	Create one new FTE accountancy role and retain one existing FTE investment manager role (created in anticipation of the Investment)	The investment manager and accountancy roles would not be required	Weak	The Investment will create one new FTE job and retain one existing FTE job	Create one new accountancy role and retain the existing investment manager role by 30 June 2021	Paras 82-95 s17(2)(a)(i)