
Exemption

Read this exemption carefully - you must comply with all the conditions.

Decision date	28 January 2026
Case	202500718
Exemption	<p>The NGC Property Funds are exempt from the definition of overseas person for the purpose of Community Housing provided the eligibility requirements are met.</p> <p>The eligibility requirements are:</p> <ol style="list-style-type: none">1. <u>Ownership of the NGC Property Funds</u> Less than 50% of the value of the managed investment products in the NGC Property Funds are ultimately invested on behalf of overseas persons.2. <u>Control of the NGC Property Funds</u> 25% or less of the managed investment products in the NGC Property Funds that entitle holders to vote are ultimately invested on behalf of overseas persons each of whom have 10% or less of those products.3. <u>Involvement of foreign governments</u> No foreign government (or its associates) holds 10% or more of value of the managed investment products in the NGC Property Funds.4. <u>Management of the NGC Property Funds</u> The manager of each of the NGC Property Funds is New Ground Capital Limited (NZ company number 4904799).5. <u>Suitability of the investors</u> Every Relevant Person is not unsuitable to own or control New Zealand assets in accordance with section 18A(1) of the Act.
Exemption from the requirement of consent	<p>Every Mercer NZ Fund is exempt from the requirement for consent for a direct or indirect acquisition of securities or rights or interests in securities in NGC Property Funds provided that each NGC Property Fund will continue to meet the eligibility requirements.</p>

Expiry	This exemption expires on 28 January 2031.
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Definitions

Act means Overseas Investment Act 2005.

Community Housing means leasing the residential properties acquired to New Zealand Government agencies and community housing providers for onward provision to New Zealanders in need as social or affordable housing solutions.

LINZ means Toitū Te Whenua Land Information New Zealand. LINZ is also referred to as 'us'.

Mercer NZ Fund/s means any MIS managed by Mercer (N.Z.) Limited (FSP42742 / NZ company number 24600) or its wholly owned subsidiary that is a New Zealand company.

MIS means a Managed Investment Scheme, as defined in section 9 of the Financial Markets Conduct Act 2013.

NGC Property Funds means any or all of the following:

- (i) Housing Equity Fund Limited (NZ company number 9376298),
- (ii) Residential Property Fund Limited (NZ company number 9375961), and
- (iii) Homes for Tamariki Limited (NZ company number 8253834).

Regulations means Overseas Investment Regulations 2005.

Relevant Person means an Overseas Person that:

- (i) is a director of the NGC Property Funds or New Ground Capital Limited; or
- (ii) (alone or together with its associates) can exercise or control the exercise of more than 10% of the voting power at a meeting of the NGC Property Funds or New Ground Capital Limited; or
- (iii) is a member of the governing body of the people referred to in paragraphs (i) – (ii)

Any term or expression that is defined in the Act or the Regulations and used, but not defined, in this Exemption has the same meaning as in the Act or the Regulations (as the case may be).

Conditions

This Exemption is subject to the conditions set out below that must be complied with. The Overseas Investment Act 2005 (**Act**) provides for civil and criminal sanctions for breaching the Act, failing to comply with conditions of exemption and failing to provide information required by LINZ. LINZ has an obligation to investigate and act upon alleged and suspected breaches of the Act.

Details	Required date
Condition 1: Not unsuitable to invest in New Zealand	
Every Relevant Person must remain not unsuitable to own or control New Zealand assets in accordance with section 18A(1) of the Act.	At all times.
The Applicant will notify LINZ in writing if any Relevant Person establishes any of the investor test factors listed in section 18A(4) of the Act.	Within 20 working days after the factor is established
Condition 2: Reporting Conditions	
If requested in writing by LINZ, New Ground Capital Limited must provide a written report on any matter relating to the NGC Property Funds' compliance with: <ol style="list-style-type: none"> the Exemption the conditions of the Exemption the ownership and control of the NGC Property Funds 	Within 20 working days after the request is made by LINZ.

Amendment or revocation of exemption

This Exemption and conditions of the Exemption may at any time be amended or revoked by LINZ in the same way as it may be made.

Reasons for exemption

New Ground Capital Limited (**New Ground**) is a New Zealand incorporated company that is licensed with the Financial Markets Authority as a Managed Investment Scheme Manager (FSP358706). New Ground recently established a funding structure intended to purchase homes around New Zealand to lease to government agencies and to community housing providers to use as accommodation of those in need of housing (**Community Housing Fund**).

New Ground manages the three managed investment schemes within the Community Housing Fund (collectively, the **NGC Property Funds**). The Mercer NZ Funds will invest up to 100% of the capital required for the NGC Property Funds to purchase the properties for the Community Housing Fund. The NGC Property Funds are overseas persons under the Overseas Investment Act 2005 (the **Act**) because Mercer NZ Funds are managed by a New Zealand entity, Mercer (N.Z.) Limited, that is ultimately owned by an overseas person.

A discretionary exemption for the definition of overseas person under the Act is warranted because the NGC Property Funds will be majority owned and substantively controlled by New Zealanders, as defined in the Ministerial Directive Letter.

The Mercer managed funds directly or indirectly acquiring shares and interests in NGC Property Funds are exempt from the requirement of consent for so long as the NGC Property Funds remain exempt from the definition of overseas person.

Section 61D provides for exemptions from the definition of overseas person. There are two criteria for exemption in section 61E(1), namely:

- whether there are circumstances that mean that it is necessary, appropriate, or desirable to provide an exemption for any of the matters referred to in section 61B(a) to (c), and
- that the extent of any exemption granted is not broader than reasonably necessary to address the circumstances referred to in the first criterion.

The specific matter applicable in this exemption is set out in section 61(b)(c)(viii), which refers to an exemption in respect of persons considered to be majority owned and substantively controlled by New Zealanders.

The criteria are met in this case.

- it is necessary, appropriate, or desirable to provide an exemption because NGC Property Funds are majority owned by New Zealanders and are substantively controlled by New Zealanders.
- the exemption is no broader than is reasonably necessary as only the NGC Property Funds (and persons directly or indirectly acquiring shares and interests in NGC Property Funds) are to be exempted, the period is limited to five years from the date of the exemption, and limited only to Community Housing.

It is also reasonable to grant the Exemption having regard to the purpose of the Act and the considerations included in the Ministerial Directive Letter dated 6 June 2024. In particular, the Exemption has conditions to ensure that the NGC Property Funds will not be majority owned or substantively controlled by overseas persons, not open to access or control by a foreign government, and is suitable to own sensitive New Zealand assets.