



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

ASSESSMENT REPORT: Horizon Flowers NZ Limited

| | | | |
|----------------------|-------------------------|-----------------------|--|
| Date | 1 July 2022 | Classification | IN CONFIDENCE: Commercially sensitive |
| OIO reference | 202200141 BRF 22-385 | Deadline | 15 September 2022 |

Purpose

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

Action sought

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

Assessment timeframe requirements

A decision is required by 15 September 2022 to enable the decision to be communicated to the Applicant in compliance with the prescribed assessment timeframe. Please note the Applicant has requested a decision date of 29 July 2022 for commercial reasons.

OIO Contacts

| Name | Position | Contact | First contact |
|--------------|------------------------------|-------------|-------------------------------------|
| Daniel White | Applications Manager | +6444600147 | <input type="checkbox"/> |
| Luke Hilton | Solicitor, Applications Team | +6444600100 | <input checked="" type="checkbox"/> |

A. Summary

1. Horizon Flowers NZ Limited (the **Applicant**) is a Dutch family owned company involved in the entire production chain of growing tulip bulbs in New Zealand for export. The Applicant's shareholders are also the owners of a tulip bulb and flower growing business that has been operating in the Netherlands since 1945.
2. The Applicant seeks consent to acquire approximately 115.0239 hectares of freehold land located at 1596, 1581 and 1440 Lorne-Dacre Road, Mabel Bush, Southland from Douglas John Sinclair and Karen Jeanette Sinclair (New Zealand citizens) as trustees of the Sinclair Family Trust (**Vendor**). The land is sensitive land comprised mostly of farm land, and partly of residential land.
3. The Applicant plans to grow bulbs on one-sixth of the land in rotation over six years. The balance of the land would be leased to a neighbouring dairy farmer (under a swap arrangement), in exchange for the Applicant's use of that farmer's land.

4. If swap arrangements can be secured the Application will likely result in planting of up to 50 hectares of tulips resulting in:
 - Job retention and creation of 0.3 seasonal FTE for every hectare planted from the 2023/24 season (16 FTE for the 50 hectares planted).
 - Increased export receipts of \$65,000 per annum for every additional hectare planted (\$3.25 million for the 50 hectares planted).
 - Greater productivity from the Land and from the Applicant's existing processing and drying plant. The addition of 50 hectares per annum will fully utilise the plant's capacity (i.e. more bulbs will be processed and exported from the same plant).
 - Additional investment of \$1 million in the form of increasing processing and drying capacity in the plant over the period 2023 to 2025. This investment will mostly fund additional bulb storage and drying walls and associated infrastructure, but also new tractors and other required assets needed for the cultivation, planting and harvest of the bulbs.
 - Annual investment of at least \$6500 per hectare in converting grazing land to tulip bulb production which is split between the costs of planting (\$1500 per hectare) and the purchase and application of bulb fertiliser (\$5000 per hectare) making a total of \$325,000 per annum for the 50 hectares.
5. Despite the uncertainty associated with finalising swap arrangements, we consider the benefits to New Zealand will be substantial.
6. The Applicants also triggered one factor under the Investor Test. However, we do not consider this makes them unsuitable to invest in New Zealand.
7. For the reasons set out in this report, our recommendation is to **grant consent**.

Key information

| | |
|-----------------------|--|
| Applicant | Horizon Flowers NZ Limited Netherlands (100.00%) |
| Vendors | Douglas John Sinclair and Karen Jeanette Sinclair as trustees Sinclair Family Trust (New Zealand 100%) |
| Land | Approximately 115.0239 ha of land located at 1596, 1581 and 1440 Lorne-Dacre Road, Mabel Bush, Southland. |
| Consideration | NZ \$5,406,123 |
| Sensitivity | Is more than 5 ha of non-urban land Includes residential land |
| Relevant tests | Investor test: s18A Benefit to NZ test – residential land outcome s16B(3), s16B(4); farm land benefit test s16(1)(e), s16A(1)(a) & s16A(1C) Farm land offer test: s16(1)(f) National interest test: s16(1)(g) |

Timing

8. The Overseas Investment Regulations 2005 specify the total assessment timeframe for this application is 100 working days. However, we recommend a decision is made by 29 July 2022, being 20 working days from the date of this report.

B. Decision

Core tests

9. I determine that:

- 9.1 The 'relevant overseas person' is (collectively):

| Relevant overseas person | Role |
|----------------------------------|--------------------------|
| Horizon Flower Family NZ Limited | 100% parent of Applicant |
| Horizon Flowers NZ Limited | Applicant |

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

| Individuals with control | Role |
|----------------------------------|---|
| Petrus Jacobus Stellenpool | Ultimate beneficial owner of 32.79% of Horizon Flower Family NZ Limited |
| Theodorus Antonius Jozef Karsten | Ultimate beneficial owner of 44.26% of Horizon Flower Family NZ Limited |
| Antonius Adrianus Joseph Karsten | Sole director of Horizon Flowers NZ Limited and sole director and ultimate beneficial owner of 22.95% of Horizon Flower Family NZ Limited |

- 9.3 The Applicant has established one of the factors contained in section 18A(4) of the Act (namely, section 18A(4)(a)(iii)), however, we consider that the factor does not make any of the relevant overseas persons or individuals with control unsuitable to invest in New Zealand.

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

Hon Dr Megan Woods

Hon Damien O'Connor

Agree

Agree

Disagree

Disagree

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

- 11.1 the criteria for consent in sections 16 and 16A have been met;
- 11.2 the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders);
- 11.3 the benefit is proportionate to the sensitivity of the land and the nature of the transaction;

11.4 the benefit will be, or is likely to be, substantial in relation to one of more of the factors of high relative importance for farm land; and

11.5

Hon Dr Megan Woods

Hon Damien O'Connor

Agree

Agree

Disagree

Disagree

National interest assessment

12. I note that the overseas investment in sensitive land is not a transaction of national interest under section 20A of the Act and the Minister of Finance has not notified it is a transaction of national interest under section 20B of the Act.

Hon Dr Megan Woods

Hon Damien O'Connor

Noted

Noted

Decision about whether to grant or decline consent

13. My ultimate decision is to:

Hon Dr Megan Woods

Hon Damien O'Connor

Grant consent subject to the conditions in the Proposed Decision in **Attachment 1**

Grant consent subject to the conditions in the Proposed Decision in **Attachment 1**

Grant consent with amended conditions provided on:

Grant consent with amended conditions provided on:

Decline consent

Decline consent

Hon Dr Megan Woods

Date: / /

Hon Damien O'Connor

Date: 10/7/22

Timing

8. The Overseas Investment Regulations 2005 specify the total assessment timeframe for this application is 100 working days. However, we recommend a decision is made by 29 July 2022, being 20 working days from the date of this report.

B. Decision

Core tests

9. I determine that:

- 9.1 The 'relevant overseas person' is (collectively):

| Relevant overseas person | Role |
|----------------------------------|--------------------------|
| Horizon Flower Family NZ Limited | 100% parent of Applicant |
| Horizon Flowers NZ Limited | Applicant |

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

| Individuals with control | Role |
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| Petrus Jacobus Steltenpool | Ultimate beneficial owner of 32.79% of Horizon Flower Family NZ Limited |
| Theodorus Antonius Jozef Karsten | Ultimate beneficial owner of 44.26% of Horizon Flower Family NZ Limited |
| Antonius Adrianus Joseph Karsten | Sole director of Horizon Flowers NZ Limited and sole director and ultimate beneficial owner of 22.95% of Horizon Flower Family NZ Limited |

- 9.3 The Applicant has established one of the factors contained in section 18A(4) of the Act (namely, section 18A(4)(a)(iii)), however, we consider that the factor does not make any of the relevant overseas persons or individuals with control unsuitable to invest in New Zealand.
10. I am satisfied that the investor test in section 18A has been met.

Hon Dr Megan Woods

Agree

Disagree



Hon Damien O'Connor

Agree

Disagree



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

- 11.1 the criteria for consent in sections 16 and 16A have been met;
- 11.2 the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders);
- 11.3 the benefit is proportionate to the sensitivity of the land and the nature of the transaction;

11.4 the benefit will be, or is likely to be, substantial in relation to one of more of the factors of high relative importance for farm land; and

11.5

Hon Dr Megan Woods

Agree

Disagree

Hon Damien O'Connor

Agree

Disagree

National interest assessment

12. I note that the overseas investment in sensitive land is not a transaction of national interest under section 20A of the Act and the Minister of Finance has not notified it is a transaction of national interest under section 20B of the Act.

Hon Dr Megan Woods

Noted

Hon Damien O'Connor

Noted

Decision about whether to grant or decline consent

13. My ultimate decision is to:

Hon Dr Megan Woods

Grant consent subject to the conditions in the Proposed Decision in **Attachment 1**

Grant consent with amended conditions provided on:

Decline consent

Hon Damien O'Connor

Grant consent subject to the conditions in the Proposed Decision in **Attachment 1**

Grant consent with amended conditions provided on:

Decline consent

Hon Dr Megan Woods

Date: 21/07/22

Hon Damien O'Connor

Date: / /

C. Background and proposed transaction

14. Horizon Flowers NZ Limited (**Applicant**) is a New Zealand incorporated company, ultimately owned by a Dutch family. It plants and processes tulip bulbs in New Zealand for export. The Applicant seeks consent under the Act to acquire approximately 115.0239 hectares of freehold land located at 1596, 1581 and 1440 Lorne-Dacre Road, Mabel Bush, Southland (**Land**) on the terms agreed between the Vendor and the Applicant¹ (**Agreement**) for the Land (**Proposed Transaction**).
15. The Land adjoins the Applicants tulip bulb factory and is connected to their existing irrigation network².
16. Under the Agreement the dwelling and curtilage on the Land will be leased back to the Vendor so they may continue to live there post-settlement (photos of the dwelling can be seen in **Attachment 4**). The reason for the sale is that the Vendor is retiring from farming.

Pressures on availability of land for tulip growing

17. The Applicant carries on a tulip farming business in Southland which it has operated since 2014. Originally it operated by entering into short term lease agreements with farmers who have suitable land for tulip growing.
18. The Applicant submits that it faces business contraction because the Applicant's total planted land (including the Applicant's existing freehold land obtained under previous OIO consent³) has reduced from 88 hectares in the 2020/2021 year to 85 hectares in the 2022/2023 year. This contraction is occurring when demand is increasing for the Applicant's bulbs. The Applicant has invested in its existing processing and drying plant to increase its capacity to process over 100 hectares of bulbs.
19. Securing appropriate land for tulip growing is difficult due to a number of factors including soil limitations, climate restrictions and water availability issues. Additionally, the Applicant claims that farmers are increasingly unwilling to lease land without a swap arrangements as a result of improved dairy payouts and increasing regulatory restrictions on cow herd numbers.
20. To address the shortage of suitable growing land, the Applicant plans to increase its freehold land ownership, to enable **Swap Leases** with its neighbouring dairy farmers.
21. Tulip bulbs can only be grown in the same ground every 6 years (at a minimum). Swap Leases are therefore required to enable adequate crop rotation. A swap lease is an arrangement where the Applicant leases for a period of one year an area of its land to a neighbouring dairy farmer in return for a lease from that farmer of an equivalent area on which the Applicant grows tulip bulbs.
22. Without new land it can offer to farmers, the Applicant will not be able to structure any new lease arrangements. The Applicant estimates that this could result in a loss of most of its leased land. This loss could see it with a planted area of 50 hectares (including its freehold land) for 2023 and beyond.
23. The advantage of a Swap Lease is that it provides the Applicant with additional effective land for growing bulbs, without the dairy farmer losing farmable land or having to reduce its herd size (which leads to reduced milk price pay-outs). Additionally, Swap Leases provides soil nutrient benefits by resting the land from dairy grazing, resulting in a stronger more fertile condition, upon return of the land.

¹ In sale and purchase agreement dated 15 November 2021.

² Developed on land obtained under case number 201420052.

³ Case number 201720087.

Land

24. The Land is flat and consists of Waikiwi soils. The Applicant engaged an agribusiness consultant (the **Agri Consultant**) who has advised that these soils “are some of the best and most versatile soils in Southland. They are ideally suitable for cropping and tulip/vegetable production and have excellent drainage. More cropping of these soils will mean less cropping of less desirable soils – meaning improved environmental outcomes.”

While all the Land is used for farming purposes (dairying, winter cow grazing and crop/feed production) it comprises three titles which are separated by Lorne-Dacre Road and do not adjoin each other. The Land can be seen in the aerial photo below with each title indicated by colour.

Figure 1-Aerial photo of the Land



25. The land seen in **Figure 1**:

- In orange was used as the Vendor’s dairying platform until 2021; and

- in purple and in yellow is used for winter grazing and feed crop production.
26. Since 2019 the Applicant has had a series of one-year leases of between 15 to 20 hectares of the Land which they have used to grow tulips (on the area in orange in Figure 1). The most recent unwritten lease of 20 ha ran from March 2021 to March 2022⁴.
27. Further aerial photos of the Land can be found in **Attachment 4**.

D. Application of the Act

28. The Land is sensitive because it is non-urban land over 5 hectares in size and contains residential land,⁵ so consent is required.⁶ The following criteria for an investment in sensitive land apply to this application:⁷
- The investor test must be met.⁸
 - The benefit to New Zealand test must be met.⁹
 - The farm land offer test must be met.¹⁰
 - You must also note whether the investment is a transaction of national interest and, if so, whether the Minister of Finance has decided that the investment is contrary to New Zealand's national interest.¹¹
29. In order to satisfy the benefit to New Zealand test, the decision-maker must:
- determine that the overseas investment will, or is likely to, benefit NZ;¹² and
 - determine that benefit will be, or is likely to be, substantial in relation to one of more of the factors of high relative importance for farm land¹³ (unless the farm land benefit test is disapplied¹⁴); and
 - because the Land is residential:
 - determine a residential land outcome;¹⁵
 - apply conditions of consent for the residential land outcome; and
 - be satisfied that those conditions are likely to be met.¹⁶
30. We assess the investor test in Part E, the modified benefit to New Zealand test for farm land in Part F, discuss national interest matters in Part G, and assess the farm land offer test in Part H.

E. Applicant and investor test

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

⁴ At a rental of NZ \$5,000 per hectare.

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

⁶ Under sections 10(1)(a) and 12(a)(i) of the Act.

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

⁸ Section 18A /16(1)(a) of the Act.

⁹ Section 16(1)(e). The alternative is the relevant overseas person or each of the individuals with control is a NZ citizen or resident, which is not applicable to the proposed investment.

¹⁰ Section 16(1)(f) of the Act.

¹¹ Section 16(1)(g) of the Act.

¹² Section 16A(1)(a) of the Act.

¹³ Section 16A(1C)(b) of the Act. This criterion applies because the Land is farm land over 5 ha in size.

¹⁴ Section 16A(1D) of the Act.

¹⁵ Section 16B(3)(a). The Act specifies a range of outcomes to choose from in clause 19, Schedule 2 of the Act.

¹⁶ Section 16B(3)(b) of the Act.

Business Activities

32. The Applicant was incorporated in 2013 specifically to acquire land in New Zealand to operate a tulip bulb propagation business. It submits it is now a major player in the New Zealand tulip industry, with 20-25% market share as at September 2021.
33. The Applicant is a family owned company involved in the entire production chain of growing and exporting tulip bulbs and flowers. The Applicant's shareholders are also the owners of Tussenholding Horizon Flowers B.V. (THF), a tulip bulb and flower growing business that has been operating in the Netherlands from 1945. Accordingly, the owners of the Applicant are all experienced in the tulip growing industry. As the growth of tulips is seasonal, the business requires both southern and northern hemisphere farms.
34. The Applicant's business is familiar to the OIO having been considered under three previous consents between 2014 and 2021:
 - 13.1 hectares of non-urban land at 1482 Lorneville-Dacre Road, Woodlands, Southland on which the Applicant has built and recently expanded its refrigerated tulip bulb processing facility.¹⁷ This property was the subject of an OIO site visit in 2021.
 - 162.4 hectares of non-urban land at 86 Forbes Road, Mabel Bush, Southland.¹⁸ The Applicant uses part of this land to grow tulip bulbs, and part is leased back to the previous owner of the property for dairy farming on a rotation basis.
 - 41.5344 hectares of non-urban land at 1430 Lorne Dacre Road, Mabel Bush, Southland.¹⁹ Seven hectares is used for rotational planting with the balance leased to a neighbouring dairy farmer²⁰ in return for the lease of a smaller area (14 hectares for 2021/2022 tulip growing season).

Ownership

35. Since their last consent²¹ the Applicant's ownership has been restructured to remove THF as its direct holding company and replaced with a New Zealand holding company called Horizon Flower Family NZ Limited (HFFNZL).
36. HFFNZL is owned by Antonius Karsten (**Ton**), Theodorus Karsten (**Ted**) and Petrus Steltenpool (**Peter**) (all Dutch citizens) in the same proportions as they own THF. These ownership proportions are:
 - Ton – 22.95%.
 - Ted – 44.26%.
 - Peter – 32.79%.
37. The restructure has **not** changed the ultimate ownership and control of the Applicant, but has created an Immigration New Zealand compliant structure, through which Ton, Ted and Peter are all pursuing residence class visas.²²
38. In summary, ultimate ownership of the Applicant sits with Ton, Ted, and Peter as the direct owners of the Applicant's 100% parent HFFNZL.
39. A diagram of the ownership structure is in **Attachment 2**.

¹⁷ Case 201420052.

¹⁸ Case 201720087.

¹⁹ Case 202100181.

²⁰ Mr Peter Clinton.

²¹ Case 202100181.

²² through the Investor 1 Resident Visa program.

Control

40. Ton is the sole director of the Applicant and HFFNZL. There are no decision-making delegations in place. The shareholders of HFFNZL being Ton, Ted, and Peter acting jointly can approve:
- the acquisition of the investment as well as divestment of the investment;
 - significant capital and operating expenditure.
41. The Applicant has submitted that Roy Smak, a New Zealand citizen, is the manager responsible for day-to-day operations. According to the Applicant, Roy reports to Ton, Ted and Peter and works with Ton over the growing season (spring to autumn), which is when Ton spends time in New Zealand through his residence class visa.

Relevant overseas person and individuals with control

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

| Relevant overseas person | Role |
|----------------------------------|--------------------------|
| Horizon Flower Family NZ Limited | 100% parent of Applicant |
| Horizon Flowers NZ Limited | Applicant |

43. We recommend that the 'individuals with control of the relevant overseas person' (IWC)²³ are:

| Individuals with control | Role |
|----------------------------------|---|
| Petrus Jacobus Steltenpool | Ultimate beneficial owner of 32.79% of Horizon Flower Family NZ Limited |
| Theodorus Antonius Jozef Karsten | Ultimate beneficial owner of 44.26% of Horizon Flower Family NZ Limited |
| Antonius Adrianus Joseph Karsten | Sole director of Horizon Flowers NZ Limited and sole director and ultimate beneficial owner of 22.95% of Horizon Flower Family NZ Limited |

Summary of investor test

44. The Applicant established one factor contained in section 18A(4)(a)(iii) of the Act. In November 2018, the Applicant and a manager of the Applicant were sentenced and fined in the Invercargill District Court for unlawfully taking water and contravening an abatement notice.
45. Following the fine, we consider that the Applicant and its manager have a stronger understanding of their obligations and New Zealand's regulatory context, and that they are likely to comply with the law, and consents granted by regulators in future. We have no information to suggest that the Applicant has not complied with regulations and consents conditions since this incident.
46. We note that the above established factor was dealt with in our ministerial briefing dated 11 March 2019 under case 201720087. Consent was granted in April 2019. The relevant Ministers accepted the OIO's recommendation and were satisfied that the good character test had been met. We note that the good character test is stricter than

²³ Section 15.

the current investor test, which came into effect in March 2021. If the Applicant met the previous stricter test, then we recommend it pass the new investor test too.

47. We consider that the factor does not make the Applicant or any of the other relevant overseas persons or individuals with control unsuitable to invest in New Zealand.
48. For the reasons set out above, our conclusion is that **the investor test has been met.**

F. Investment plan and benefit to NZ test

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

Investment plan

50. The Applicant intends to use the Land to grow tulip bulbs for export. Bulbs produced from the Applicant's New Zealand operations are exported to Horizon Flowers in the Netherlands (approximately 60% of production) or to other offshore tulip growers (approximately 40% of production). The Applicant will continue to export the tulips grown as result of this application in the same 60/40 split.

Advantages of the Land

51. The Land is on the boundary of the Applicant's existing factory. The Applicant submits this allows for greater efficiency in operations and requires less travelling time between blocks, as well as fewer biosecurity issues.

Rotational tulip bulb growing

52. To preserve crop health and soil fertility, tulips require a crop rotation that ensures the bulbs are not planted in the same soil more frequently than once every six years. A ten-year crop rotation is optimal. The Applicant intends to plant approximately one sixth of the Land (approximately 20 hectare) in tulips per annum, as part of a six-year crop rotation plan. The Applicant plans to use the balance of the Land to lease out to neighbouring dairy farmers.

Plans for the Land from 2023

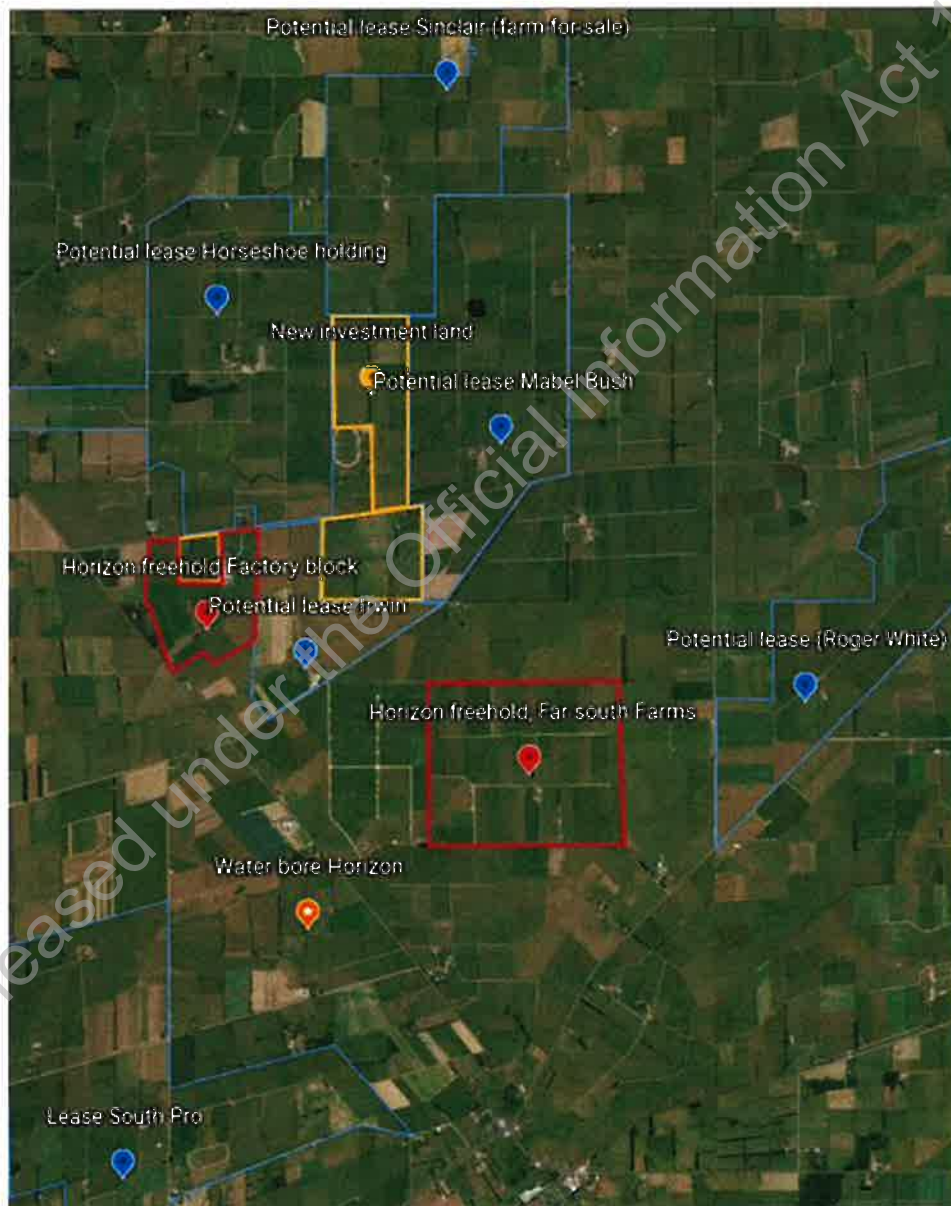
53. From 2023 in addition to the 20 hectares currently being used for bulb growing on the Land, new or expanded Swap Leases with neighbouring properties will be entered into for approximately 30 hectares of additional land used for bulb growing:
 - **Horseshoe Holding** (increase in Swap Lease land from 2022 of approximately 20 hectares);
 - **Irwin** (increase in Swap Lease land from 2022 of approximately 3 hectares); and
 - **Mabel Bush** (increase in Swap Lease land from 2022 of approximately 6 hectares)taking the total to approximately 50 hectares.
54. The Applicant claims that without the Swap Lease model, the Land would only result in 20 hectares of planted bulbs (ie 1/6th of the Land).

Swap Leases

55. As stated above, the Applicant claims that it is facing a contraction of its business as a result of unavailability of tulip growing land. The Agri Consultant has advised that the tulip industry is having difficulty attracting leasehold property which are discussed in more detail at paragraphs 17 – 23 above.

56. We understand that the outcome of this for businesses like those of the Applicant is that it adds significant risk and uncertainty to their business operations - one year they might be able to lease sufficient land, the next not.
57. The Applicant has prepared a Swap Lease map, which identifies neighbouring farmers who may enter into Swap Leases with the Applicant.²⁴ The map and accompanying table disclose possible lease arrangements which have not been available to the Applicant previously (such as Horseshoe Holding). It also shows the recalibration of existing arrangements to 1 hectare for 1 hectare Swap Leases, which are more favourable to the Applicant, (such as Clinton and Irwin). See Figure 2 below.

Figure 2-Swap Lease proposal map



²⁴ This has been prepared based on actual conversations that have taken place with these farmers albeit in a non-committed, subject to OIO consent basis.

58. The Applicant notes that the 50 hectares is additional to the 85 hectares planted in the current season, giving the Applicant the ability to sustainably grow its business to exceed 130 hectares of planted areas of bulbs per annum and avoid the alternative scenario of a contraction of its business to 50 hectares of planted areas per annum.
59. The Applicant submits they have had positive initial responses to the proposed Swap Leases shown in Figure 2. This is due to the Lands proximity to the farmers existing milking sheds, which reduces the distance their herd would need to move. The Applicant submits Swap Leases would not be feasible if the land was too far from the farmers milking sheds.
60. We acknowledge that Swap Leases for the additional 50 hectares have not yet been confirmed and as such we have taken a conservative approach when assessing the benefits claims. These are:
- Job retention and creation of 0.3 seasonal FTE for every hectare planted from the 2023/24 season (16 FTE for the 50 hectares planted).
 - Increased export receipts of \$65,000 per annum for every additional hectare planted (\$3.25 million for the 50 hectares planted).
 - Greater productivity from the Land and from the Applicant's existing processing and drying plant. The addition of 50 hectares per annum will fully utilise the plant's capacity (i.e. more bulbs will be processed and exported from the same plant).
 - Additional investment of \$1 million in the form of increasing processing and drying capacity in the plant over the period 2023 to 2025. This investment will mostly fund additional bulb storage and drying walls and associated infrastructure, but also new tractors and other required assets needed for the cultivation, planting and harvest of the bulbs.
 - Annual investment of at least \$6500 per hectare in converting grazing land to tulip bulb production which is split between the costs of planting (\$1500 per hectare) and the purchase and application of bulb fertiliser (\$5000 per hectare) making a total of \$325,000 per annum for the 50 hectares.

Current state (counterfactual)

61. The Land is currently used for a mix of uses, discussed at paragraph 24 above. These uses support approximately 4 FTE and there is no record of any combined annual export receipts.

Farm land benefit test

62. For the farm land benefit test to be met, the Applicants must demonstrate, in relation to one or more of those factors of high relative importance, that the benefits of the investment are of a size or nature that represent a substantial benefit to New Zealand.
63. This investment involves the acquisition of farm land exceeding 5 hectares in area. As a result, the farm land benefit test applies, unless you decide it need not be met for one of the reasons set out in the Act. We consider there are no grounds for disapplying the farm land benefit test in section 16A(1D).
64. Accordingly, as required by the Act, we have treated the following factors as having high relative importance:²⁵

²⁵ Section 16A(1C)(a).

- the economic benefits factor (section 17(1)(a)) and, in particular the creation or retention of jobs, introduction of technology or business skills, increased export receipts, and increased processing of primary products; and
 - the oversight or participation factor (section 17(1)(f)).
65. For the farm land benefit test to be met, the applicant must demonstrate, in relation to one or more of those factors of high relative importance, that the benefits of the investment are of a size or nature that represent a substantial benefit to New Zealand.

Summary of benefits

66. The benefits to New Zealand that are likely to result from this investment and our assessment of the relative weight to be given to each are set out in the table below.
67. Factors that we considered were either not relevant to the investment, or the benefit to New Zealand was not sufficient to be relied on, are noted in **Attachment 3**.
68. In applying the benefit to New Zealand criteria, you are required to consider each of the benefit factors, decide which of them are relevant and determine the relative importance of those relevant factors. The weight and relative importance to be given to each factor is a matter to be determined by you as the decision-maker (except where the farm land benefit test requires a factor to be given high relative importance). This report sets out our assessment to guide your consideration, however it is not determinative.
69. Consultation undertaken in our assessment is discussed following the table.

Released under the Official Information Act 1982

Summary assessment: benefit to NZ test

70. This table assesses the benefits to NZ likely to result from the investment and the relative weight to be given to each.

| TABLE A – Relevant Factors (and sub-factor examples) | | | | | | |
|---|---|---|---|--|--|---|
| Relevant benefit factors | | Applicant's claims: what they intend to do | Current state counterfactual | OIO analysis: strength/weakness | | Proposed special conditions and reporting requirements |
| | | | | Overall Indicative strength | Summary | |
| Economic benefits s17(1)(a) | Creation / retention of jobs <i>(high relative importance)</i> | 16 new FTE seasonal jobs will be created from 2023/2024 growing and harvesting season onwards. | <ul style="list-style-type: none"> 2 owners of the Land 2 sharemilkers operating on the Land However, the Applicant submits these are unlikely to equate to 4 FTE | Moderate | Existing sharemilker jobs are likely to be retained. The Applicant intends to create a substantial number of new jobs given the size of the Land, although they are not permanent. The Applicant's plan is still offering more than the current state. | No special condition recommended. Report on number of jobs and the roles created. |
| | Increased export receipts | The addition of 50 hectares of bulb growing land will likely increase export receipts by \$3,250,000 per annum by May 2023 and ongoing. | No evidence has been submitted regarding whether any of the dairy products and stock units are exported. | | The Applicant is offering more than the current state. MPI advised that the level of income is possible given that it contains the value added component of drying, storage, and packing infrastructure. | No special conditions recommended. Report on volume of exports and countries exported to. |

TABLE A – Relevant Factors (and sub-factor examples)

| Relevant benefit factors | Applicant's claims: what they intend to do | Current state counterfactual | OIO analysis: strength/weakness | | Proposed special conditions and reporting requirements |
|--------------------------|--|--|--|--|--|
| | | | Overall Indicative strength | Summary | |
| Capital Expenditure | <p>Investment of approximately \$1million into its processing and drying plant during the period 2023 to 2025. This investment will mostly fund additional bulb storage and drying walls and associated infrastructure at the Applicant's existing plant.</p> <p>Annual investment in the conversion of dairy pasture to bulb growing land. Applicant estimates this to be \$6,500 per hectare creating an annual investment of \$325,000 for the 50 hectares.</p> | <p>The only capital expenditure in the year ending 30/6/2021 was \$129,030 for a tractor and leveller.</p> | <p>Spending approx. \$1million on its processing and drying plant over the period 2023 to 2025 is a substantial sum.</p> <p>Spending \$325,000 p.a. to convert dairy pasture land to bulb growing is also a substantial sum but must be seen in the context of the 6 year crop rotation for tulip bulbs and the most recent previous consent, which evidenced an equivalent level of spending.²⁶</p> <p>We consider this benefit claim to offer more than the current state given the limited capital expenditure on offer under the current state.</p> | <p>Introduce at least \$1million into New Zealand by 31 December 2025 to be spent on developments on the Land or at the factory.</p> <p>Spend at least \$325,000 per annum commencing 31 August 2023 on converting dairy pasture to bulb growing land.</p> | |

²⁶ Under case number 202100181 the claim of spending \$45,500 p.a. to convert 7 ha from permanent pasture to tulip growing was rated as a weak benefit. The equivalent under the present application (202200141) would be the same (ie \$6,500 x 7 = \$45,500).

TABLE A – Relevant Factors (and sub-factor examples)

| Relevant benefit factors | Applicant's claims: what they intend to do | Current state counterfactual | OIO analysis: strength/weakness | | Proposed special conditions and reporting requirements |
|--|---|---|---------------------------------|---|---|
| | | | Overall Indicative strength | Summary | |
| Increased productivity | <p>Excess capacity in the processing and drying plant can be utilised.</p> <p>The addition of 50 hectares per annum of bulbs will mean more bulbs will be processed and exported from the same plant.</p> | <p>Milk solids and winter grazing and feed production as well as lease revenue but this was produced from all the Vendor's dairy farm, not just the Land being acquired by Horizon.</p> | Strong | <p>The acquisition of the Land will allow the Applicant to grow more tulips for export with certainty of production at its enhanced factory from 2025.</p> | <p>No recommended special condition. Report on productivity levels.</p> |
| <p>Consequential benefits (s17(1)(g))</p> <p>Enhanced viability of existing investments</p> | <p>Secure viability of existing significant investments²⁷, the efficient and productive use of assets, and the consequential downstream economic benefits from existing investments.</p> | <p>Different farming uses on each title (diary and winter grazing and winter feed crop) with varying levels of productivity.</p> | Weak | <p>The Land is near other existing Applicant land contributing to the use of the Applicant's assets. However, the extent of any consequential benefits is too uncertain at this stage, and we have already credited the Applicant under the other benefit claims.</p> | <p>No recommended special condition</p> |

²⁷ The Applicant has had three consents granted since 2014. The McCulloch and Partners valuation attached to the Application gives a combined value of Horizon's investment in bulbs, land and buildings, and plant and equipment at \$28,375,706 (page 6 of the valuation). Goodwill, which includes the people capability developed by Horizon, is additional to this amount.

Consultation and submissions about the investment

71. In undertaking our assessment, we consulted with the Ministry of Primary Industries (MPI) on some of the Applicant's benefit claims.
72. MPI confirmed that it is common practice for tulip bulbs to be grown on a rotational basis to control soil-borne diseases. It also confirmed that it is possible for tulip bulb export revenue to reach \$65,000 per hectare, per season, if the value chain includes drying, grading storage and packing of the bulbs for export, which the Applicant's business does.
73. MPI also confirmed that bulb production would represent an increase in the productive value of the Land over using it to grow supplemental feed, or for grazing. MPI stated that the proposal to use Swap Lease arrangements provides a sustainable system that benefits both parties.
74. For the neighbouring dairy farms this will allow them to reduce overall pressure on winter grazing land by alternating locations, reducing stock density and obtaining the advantage of crop rotation for greenfeed crops.
75. For the Applicant it will provide some guarantee of access to a wider range of land, to expand production, and reduce overall disease risk and pressure, to maintaining crop rotations. The bulb production needs to be planned several seasons in advance to obtain sufficient planting stock and meet client expectations.
76. As a result of this consultation, we are satisfied that the claimed economic benefits, as shown on the table above, are feasible.

Submissions

49. No third-party submissions were sought or received.

Residential land outcome

77. The part of the Land contained in Record of Title SL 10D/653 is residential land. The dwelling and curtilage area to be leased back to the Vendor (100% New Zealand) from settlement²⁸ is situated on 1440 Lorne-Dacre Road comprising approximately 5578m² outlined in yellow frame in Figure 3 below (**Dwelling and Curtilage Area 1**). Figure 3 also appears as Appendix A to the conditions contained in **Attachment 1**.

²⁸ Clause 22 of the Agreement provides for the dwelling and curtilage to be leased back to the Vendor from settlement.

Figure 3-Dwelling and Curtilage Area 1 to be leased back to Vendor



78. We note that there is another residential dwelling on a part of the Land contained in RT SL7A/504 comprising approximately 2099m² (**Dwelling and Curtilage Area 2**) but this dwelling does not appear on residential land, so the residential land outcomes do not apply. A map of that part of the Land appears as Appendix B in the conditions in **Attachment 1**.

79. Consent may be granted on the basis of different residential land outcomes applying for different parts of the residential land (with different sets of conditions imposed for different parts).²⁹
80. The most appropriate residential land outcomes to require are:
- (a) 'Use for non-residential purposes' in respect of the Land *except for* Dwelling and Curtilage Area 1 (Vendor to lease) and Area 2 (appears on non-residential land), and
 - (b) 'Any other case' (ie non-occupation outcome) in respect of Dwelling and Curtilage Area 1. We do not recommend imposing an outcome on Area 2 because it is not on residential land.
81. Conditions must be imposed that require: (a) the residential land is not used, nor held for future use, for residential dwellings or long-term accommodation facilities, and (b) the non-occupation outcome respectively. We reiterate that condition (a) applies to the Land except for Dwelling and Curtilage Area 1 and 2. Condition (b) applies to Dwelling and Curtilage Area 1 (See **Attachment 1** for the proposed conditions.)

Conclusion – benefit to NZ test

Key benefits

82. After considering the application, we are satisfied that the investment is likely to result in the benefits considered above. In particular, the investment is likely to result in economic benefits arising directly or indirectly from the investment, including:
- Job creation of 16 seasonal FTE for the 50 hectares planted.
 - Increased export receipts of \$3.25 million for the 50 hectares planted.
 - Greater productivity from the Land and from the Applicant's existing processing and drying plant.
 - Additional investment of \$1 million in the form of increasing processing and drying capacity in the plant over the period 2023 to 2025.
 - Annual investment of \$325,000 per annum for the 50 hectares in converting grazing land to tulip bulb.

Proportionality

83. We have undertaken our assessment having regard to the sensitivity of the Land and the nature of the overseas investment transaction, reflecting the proportional nature of the benefit to NZ test.
84. The Land is currently used for winter grazing and feed crop production. The Vendor is converting the Land to rotational tulip production and as part of the Swap Leases the Land will also continue to be used for grazing. The Applicants' plans would result in job creation, increased export receipts, greater productivity from the Land, additional investment in processing and drying capacity, and annual investment in converting grazing land to tulip bulbs.
85. Taking into account the size and the current land use of the Land, we consider the overseas investment is likely to benefit New Zealand.

Farm land benefit test

86. We acknowledge that Swap Leases for the additional 50 hectares have not yet been confirmed and as such we have taken a conservative approach when assessing the benefits claims. In relation to the farm land benefit test, the benefits are likely to be

²⁹ Section 16B(4) of the Act.

substantial in relation to one or more factors of high relative importance, namely economic factors.

G. Not a transaction of national interest

87. The investment does not involve a transaction of national interest under the mandatory criteria of the Act.³⁰ This is because the investment does not involve a non-NZ government investor, or an investment in a strategically important business (as defined in the Act).
88. We have not referred this transaction to the Minister of Finance for him to call it in for a national interest assessment on a discretionary basis.³¹ He has therefore not declined consent to the transaction.
89. We are directed³² that the starting point is the assumption that overseas investment is in NZ's national interest and that we should only seek the Minister of Finance to exercise his discretion for a national interest assessment if the proposed investment:
- could pose risks to NZ's national security or public order,
 - would grant an investor significant market power within an industry or result in vertical integration of a supply chain,
 - has foreign government or associated involvement that was below the more than 25 per cent ownership or control interest threshold for automatic application of the national interest test, but granted that government (and/or its associates) disproportionate levels of access to or control of sensitive NZ assets,
 - would have outcomes that were significantly inconsistent with or would hinder the delivery of other Government objectives,
 - raises significant Treaty of Waitangi issues, or
 - relates to a site of national significance (e.g. significant historic heritage).
90. We do not consider that this investment engages any of these risk factors.

H. Farm land offer test

91. The Land is farm land.³³ The Agreement was entered into on 15 November 2021, which is prior to the new requirements entering into force on 24 November 2021. The Vendor completed advertising consistent with the regulations as of 15 November 2021.
92. The Land was advertised for sale on the open market (via online³⁴ and print advertising³⁵) from 26 October 2021 to 5 January 2022, a total period of 44 working days. Country and Co's advertising report notes that 15 direct calls and one internet enquiry over the period of advertising were received. This resulted in four inspections of the Land. No formal offers were received.
93. We note that the advertising period only finished after the Agreement was entered into. However, the Agreement contains an alternative offer provision whereby the Vendor

³⁰ Under s 20A of the Act.

³¹ Section 20B of the Act

³² Ministerial Directive Letter (24 November 2021).

³³ Currently the Land is used for farming purposes: dairying, winter cow grazing, and crop/feed production. See definition of farm land in section 6 of the Act.

³⁴ Digital advertising of usual prominence on realestate.co.nz, countryandco.nz, trademe.co.nz and oneroof.co.nz (all being sites generally used for advertising acquisition of land on the open market) commenced on 26 October 2021 and continued until 5 January 2022.

³⁵ Property section of The Southland Times on 30 October 2021 and 6 November 2021. In addition, a placard advertisement was placed at the entrance to the Land for the period of the digital advertising.

could accept an alternative offer for the Land, presented to them from a person who is not an overseas person or an associate of an overseas person under the Act³⁶ (in which case the Vendor could cancel the Agreement³⁷).

94. We are satisfied that the advertisements contained a general description of the relevant land, stated that the Land was available for acquisition, sought offers from potential purchasers and stated the contact details of the Vendor's real estate agent. The advertisements were published from November 2021 to January 2022 which is within 12 months of this Application being lodged.
95. We are therefore satisfied the regulations requiring the farm land to be offered for acquisition on the open market have been complied with.

I. Conclusion

96. After considering the application, our view is that:
- the investor test has been met; and
 - the overseas investment will, or is likely to, benefit New Zealand (or any part of it or group of New Zealanders); and
 - the benefit is proportionate to the sensitivity of the land and the nature of the transaction; and
 - the benefit will be, or is likely to be, substantial and identifiable; and
 - the conditions relating to residential land to be imposed on the consent will be, or are likely to be, met; and
 - the transaction is not considered to be a transaction of national interest.
97. Therefore, we consider that the criteria for consent in section 16 have been met and our recommendation is to **grant consent**.
98. If you agree, we refer you to **Attachment 1** to review the Proposed Decision (including consent conditions), and from page 3 of this Assessment Report to record your decision.



Daniel White
Manager, Applications
Overseas Investment Office

Date: 01 / 07 / 2022

³⁶ Clauses 21.3 – 21.6 of the Agreement.

³⁷ Clause 21.5 of the Agreement.

J. List of Attachments

1. Proposed Decision
2. Ownership structure
3. Other benefit factors
4. Photos

Released under the Official Information Act 1982

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 | 202200141 |
| Consent | The Consent holder may acquire the Land subject to the Conditions set out below. |
| Consent holder | Horizon Flowers NZ Limited (New Zealand company number 4465158) We will also refer to the Consent holder as you . |
| Land | A freehold interest in approximately 115.0239 hectares of land located at 1596, 1581 and 1440 Lorne-Dacre Road, Mabel Bush, Southland, contained in Record of Title SL10D/653, SL7A/504, SL11C/500 (Southland). |
| Timeframe | You have until 31 July 2023 to acquire the Land. |

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**.

Act means the Overseas Investment Act 2005.

Dwelling and Curtilage Area 1 means part of the Land contained in RT SL10D/653 comprising approximately 5578m² outlined in yellow frame in the map in Appendix A.

Dwelling and Curtilage Area 2 means part of the Land contained in RT SL7A/504 comprising approximately 2099m² outlined in yellow frame in the map in Appendix B.

Factory Site means the land comprised within Record of Title 647566 located at 1482 Lorne- Dacre Road, Southland containing Horizon's processing facility, water bore and other infrastructure associated with the harvesting, drying, sorting and export of its tulip bulbs.

Regulations means Overseas Investment Regulations 2005

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

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: Increase in planting | |
| You must plant an average of 18 hectares per annum of the Land in tulips over six years so that no less than 108 hectares of the Land will have been planted in tulips at least once. If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land. | By 30 June 2028 |
| Special condition 2: Introduce capital into New Zealand | |
| (a) You must introduce at least \$500,000 of additional investment to be spent on additional bulb storage | (a) By 31 December 2025. |

| | |
|---|--|
| <p>and drying walls and associated infrastructure on the Land or at the Factory Site; and</p> <p>(b) You must introduce at least \$500,000 of additional investment to be spent on additional bulb storage and drying walls and associated infrastructure on the Land or at the Factory Site;</p> <p>(c) You must spend at least \$325,000 p.a. commencing 31 August 2022 on converting dairy pasture to bulb growing land;</p> <p>(d) You must spend at least \$325,000 on converting dairy pasture to bulb growing land;</p> <p>(e) You must spend at least \$325,000 on converting dairy pasture to bulb growing land;</p> <p>(f) You must spend at least \$325,000 on converting dairy pasture to bulb growing land; and</p> <p>(g) You must spend at least \$325,000 on converting dairy pasture to bulb growing land.</p> <p>If you do not comply with this condition, Standard Condition 6 will apply and we may require you to dispose of the Land.</p> | <p>(b) By 31 December 2027</p> <p>(c) By 31 August 2023.</p> <p>(d) By 31 August 2024.</p> <p>(e) By 31 August 2025.</p> <p>(f) By 31 August 2026.</p> <p>(g) By 31 August 2027.</p> |
| Special condition 3 - Non-occupation outcome | |
| <p>None of the following people may occupy the Dwelling and Curtilage 1 part of the Land for residential purposes:</p> <p>a) You (and any of your subsidiaries);</p> <p>b) Any overseas person with a more than 25% ownership or control interest in any of the people in (a);</p> <p>c) Any overseas person who occupies the Land other than on arm's length terms;</p> <p>d) Any overseas person who has a beneficial interest in, or beneficial entitlement to, the relevant interest in the Land; and</p> <p>e) If (a) is a trust, any beneficiary (direct or indirect) who may benefit under the trust at the trustees' discretion.</p> <p>If any such persons do occupy the Land for residential purposes, Standard Condition 6 will apply and we may require you to dispose of the Land.</p> | <p>At all times</p> |
| Special condition 4 - Use for non-residential purposes | |
| <p>You must ensure that the Land is not used, nor held for future use, for residential dwellings or long-term accommodation facilities except for those parts of the Land being:</p> <p>(a) Dwelling and Curtilage Area 1; and</p> <p>(b) Dwelling and Curtilage Area 2.</p> | <p>At all times</p> |

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, andusing 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, andcopies 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. We will give you at least two weeks' written notice if we want to do this. You must then:</p> <ol style="list-style-type: none">Allow a person we appoint (Inspector) to: | At all times |

| | |
|--|---------------------|
| <ul style="list-style-type: none"> (a) enter onto the Land, including any building on it, other than a dwelling, for the purpose of monitoring your compliance with the Conditions (Inspection), (b) remain there as long as is reasonably required to conduct the inspection, (c) gather information, (d) conduct surveys, inquiries, tests and measurements, (e) take photographs and video 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 not unsuitable to invest in New Zealand | |
| <p>You, and to the extent that you are not an individual, the Individuals Who Control You must remain not unsuitable to own or control the Assets in accordance with section 18A(1) of the Act.</p> <p>The Individuals Who Control You are individuals who:</p> <ul style="list-style-type: none"> (a) are members of your governing body, (b) directly or indirectly, own or control more than 25% of you or of a person who itself owns or controls more than 25% of you, and | <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 become aware that you and/or any Individual Who Controls you establishes any of the investor test factors listed in section 18A(4) of the Act. 2. You cease to be an overseas person or dispose of all or any part of the Land. 3. Your New Zealand Service Address changes. This is the address you provided us in your application as the address which we will send any legal document we need to serve on you. | <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> <p>We will give you written notice if we require you to dispose of the Land. After we have given you notice, you must:</p> | |
| <p>Value the Land: obtain and send us a copy of a market valuation of the Land from a New Zealand registered valuer.</p> | <p>Within six weeks of the date of our notice.</p> |
| <p>Market the Land: instruct a licensed real estate agent to actively market the Land for sale on the open market.</p> | <p>Within six weeks of the date of our notice.</p> |
| <p>Dispose of the Land: dispose of the Land to a third party who is not your associate.</p> | <p>Within six months of our notice.</p> |
| <p>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.</p> | <p>Within nine months of our notice.</p> |

| | |
|---|---|
| <p>Report to us about marketing: tell us in writing about marketing activities undertaken and offers received for the Land.</p> | <p>By the last day of every March, June, September and December after our notice or at any other time we require.</p> |
| <p>Report disposal to us: send us, in writing, evidence:</p> <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. | <p>Within one month after the Land has been disposed of.</p> |

Reporting conditions

We need information from you about how your investment plan is tracking so we can monitor your progress against the Conditions.

In addition to Settlement reporting (as set out in Standard Condition 2), you must provide the OIO with reports detailing the progress of the investment. The reports must:

1. be submitted via our [Webform](#) by these dates:
 - a. 30 September 2023
 - b. 30 September 2026
 - c. 30 September 2028
2. contain information about:
 - a. your progress in implementing the special conditions (which can include photographs, maps or aerial imagery as evidence of compliance with relevant conditions),
 - b. the total amount of the Land the Applicant planted in tulips for the reporting period;
 - c. the amount spent on growing tulips on the Land for the reporting period; and
 - d. export receipts generated from the Land for the reporting period.
3. follow the format of the template report published on our website.

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 Consent was granted, or
- b. the conditions of this Consent.

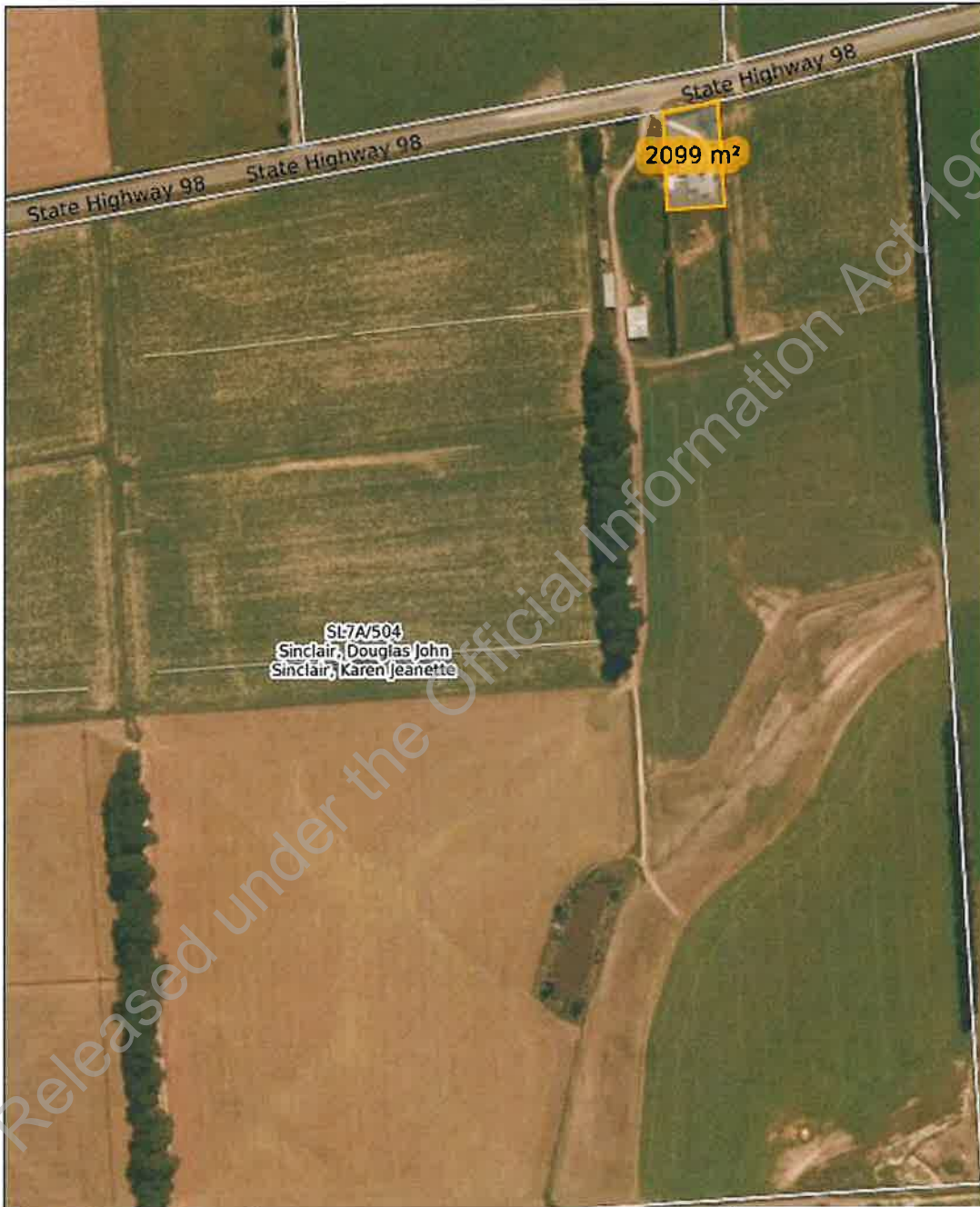
APPENDIX A



Dwelling and Curtilage Area 1 means part of the Land contained in RT SL10D/653 comprising approximately 5578m² outlined in yellow frame.



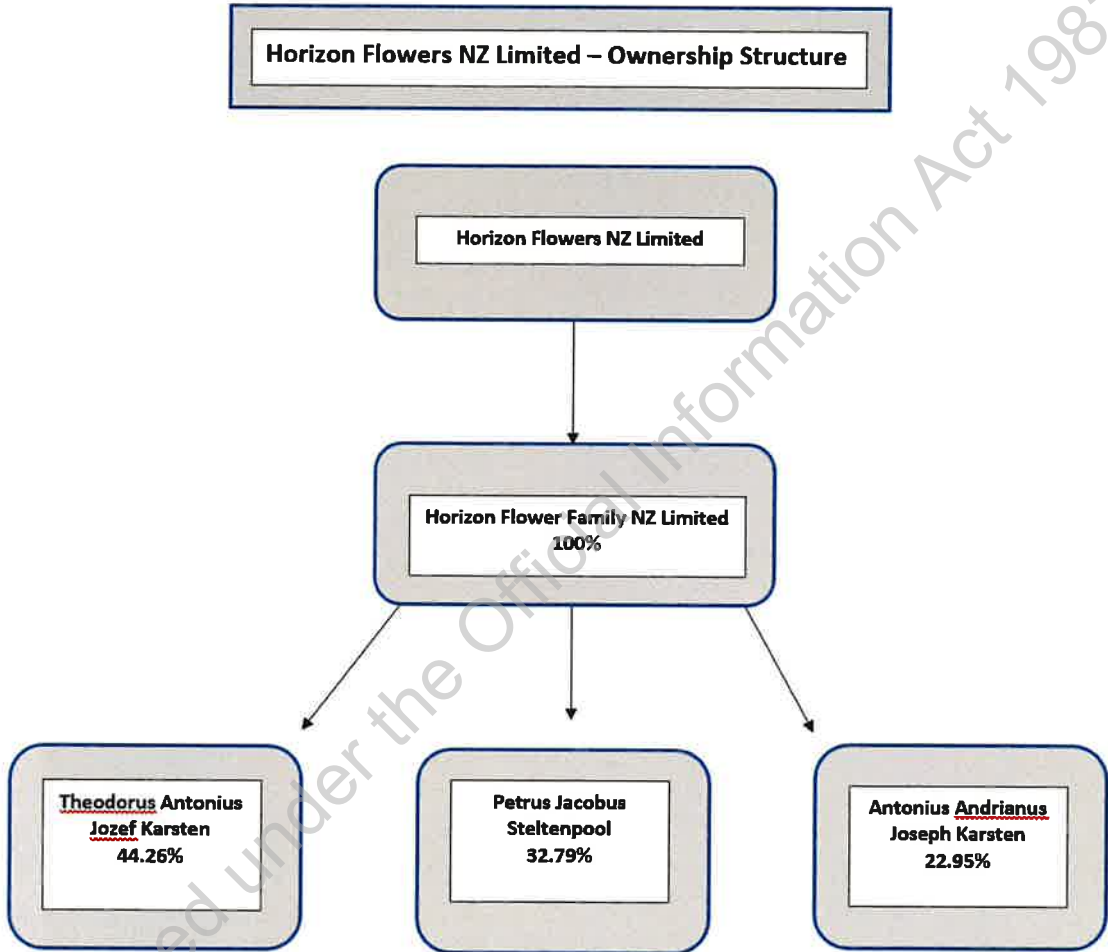
APPENDIX B

Dwelling and Curtilage Area 2 means part of the Land contained in RT SL7A/504 comprising approximately 2099m² outlined in yellow frame.



| | | |
|--------------|---|---|
| Map Prepared |  Dwelling and Curtilage Area 2 | Contains data sourced from the LINZ Data Service licensed for reuse under CC BY 4.0. Survey and Title Data reflect the content of Landonline at 24/08/2022 Copyright © Grip Limited |
| 1:3000 @ A4 | June 29, 2022 |  |

ATTACHMENT 2 – OWNERSHIP STRUCTURE



ATTACHMENT 3 – OTHER BENEFIT FACTORS

The table **below** lists other factors in the Act for assessing the benefit of overseas investments.

We considered that the factors below were either not relevant to the investment, or the benefit to New Zealand was not likely or sufficient to be relied on for the purposes of our assessment.

| Factor | Reason not relevant or insufficient |
|---|---|
| Benefits to the natural environment | Not relevant - The Land has no particular environmental attributes that require increased protection or enhancement from Horizon. |
| Continued or enhanced public access (s17(1)(c)) | Not relevant - No areas of the Land are suitable for or attractive to public access. |
| Protection of historic heritage (s17(1)(d)) | Not relevant - There are no areas of historic heritage on the Land which require new or enhanced protection. |
| Advance a significant government policy (s17(1)(e)) | Not relevant – The Applicant is not claiming this benefit. |
| Oversight or participation by New Zealanders (s17(1)(f)) | Insufficient – The Land goes from 100% New Zealand owned and controlled to 100% overseas owned and controlled. The Investment will not result in any increased oversight or participation. |
| Negative impact of bulk water extraction (s17(3)) | Not relevant - the investment will not involve the extraction of water for bottling, or other extraction of water in bulk for human consumption |

ATTACHMENT 4 – PHOTOS

Image from Country & Co's advertising report dated 22 February 2022 with advertising information erased.

