



To: Daniel White, Manager, Applications

ASSESSMENT REPORT: I-MED New Zealand Bidco Limited

Date	22 February 2022	Classification	IN CONFIDENCE: Commercially sensitive
OIO reference	202100727	Deadline	14 March 2022 (Commercial Deadline)

Purpose

We seek your decision on an application for consent to acquire significant business assets 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 2.

Key information

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

Applicant	I-MED New Zealand Bidco Limited [s 9(2)(b)(ii)]
Vendors	Shareholders of Hamilton Radiology Limited (HRL) and of Midland MRI Limited (MML) New Zealand (100%)
Asset	100% of the shares in Hamilton Radiology Ltd ("HRL") and in Midland MRI Ltd ("MML")
Consideration	[s 9(2)(b)(ii)]
Relevant tests	Investor test: s18A National interest test: s18(b)

Timing

5. Processing days for the application are set out in the table below. The OIO's processing time has been met.

Quality Assurance	OIO Processing	Waiting for Applicant / Vendor	Third party consultation
4	37	23	0

A. Decision

Core tests

6. I determine that:

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

Relevant overseas person	Role
I-MED New Zealand Bidco Limited (Applicant)	Applicant and acquiring entity
Image Holdco Pty Ltd (Aus Holdco)	Upstream owner with control of the investment

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

Individuals with control	Role
Clare Louise Battellino	Director of Applicant and of Aus Holdco
Shrey Balaguru Viranna	
Eric Paul McClintock	Director of Aus Holdco
Silvia Oteri	
Ronald Cecil Shnier	
Sebastian Hoffman	

6.3 None of the relevant overseas persons and individuals with control of the relevant overseas person have established any of the factors contained in section 18A(4) of the Act.

7. I am satisfied that the investor test in section 18A, as outlined in paragraphs 18 to 41 below, has been met.

National interest assessment

8. The investment includes a transaction of national interest under section 20A because the transaction involves an investment [s 9(2)(b)(ii)]

The next steps depend on whether you are satisfied that the core tests above have been met.

8.1 **If satisfied** that the investor test at paragraphs 6 to 7 above is met, then advise the Minister of Finance that consideration under section 20C is necessary using the letter in **Attachment 3**.

8.2 **If not satisfied** that the investor test at paragraphs 6 to 7 is met, then record your decision below and at para 10.

9. In response to advice from you that the core tests have been met, the Minister of Finance advised by letter dated 20 February 2022 that the investment is:

Not contrary to New Zealand's national interests.

- You must grant the application. If the Minister of Finance has not advised that actions to mitigate risks are desirable, proceed to paragraph 11.
- If the Minister of Finance has advised that actions to mitigate risks to New Zealand's national interests are desirable, proceed to paragraph 11 and consider the conditions proposed in the new Attachment.

Contrary to New Zealand's national interests.

- Consent has been declined by the Minister of Finance.

Decision about whether to grant or decline consent

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



Daniel White

Manager, Applications (Overseas Investment Office)

Date: 22 / 02 / 2022

B. Background and proposed transaction

11. The Applicant is seeking consent to acquire 100% of the shares in Hamilton Radiology Limited (**HRI**) and in Midland MRI Limited (**MRL**) (collectively, **the Target**) for [s 9(2) (b)(ii)] (Proposed Transaction).
12. The Applicant is a newly incorporated investment vehicle for the purpose of this Proposed Transaction. It is part of I-MED Group, Australia's leading diagnostic imaging group that offers services such as x-rays, ultrasounds, CT scan MRI, and nuclear medicine.
13. The Target, along with their subsidiaries,¹ provide medical imaging services including x-ray, computer tomography (CT) scan, magnetic resonance imaging (MRI), ultrasound, fluoroscopy, digital mammography, and bone density. The Target provides services mainly in Hamilton, Tauranga and Rotorua. [s 9(2)(b)(ii)]
14. The Proposed Transaction is a transaction of national interest under section 20A of the Act because the Applicant is ultimately owned by several non-New Zealand government investors that will, in aggregate, have a more than 25% ownership interest in the significant business assets.

C. Application of the Act

15. Consent is required because the consideration is more than \$100 million.² The following criteria for an investment in significant business assets apply to this application:³
 - The investor test must be met.⁴
 - 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.⁵
16. We assess the investor test in Part D, and discuss national interest matters in Part E.

D. Applicant and investor test

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

Business Activities

18. As mentioned above, the Applicant is a special purpose vehicle for the Proposed Transaction.
19. As discussed in detail below, it is part of I-MED Group. I-MED Group operates more than 240 clinics in Australia. It has approximately 350 radiologists, 50 nuclear medicine specialists, and more than 4,000 staff. They perform around 7 million patient

¹ HRL has five subsidiaries: Midland Osteoporosis Group Limited, Anglesea Imaging Limited, Anglesea Women's Health Limited, Midland PETCT Limited, and Mokoia Radiology Limited; and three investment companies: Midland Cardio Vascular Services Limited, Anglesea Medical Properties Limited, and Waikato Escalated Care GP Limited. MML is also a shareholder in Waikato Escalated Care GP Limited.

² Under sections 10(1)(b) and 13(1)(a)(ii) of the Act.

³ Set out in section 18 of the Act.

⁴ Section 18(a) of the Act.

⁵ Section 18(b) of the Act.

procedures each year. I-MED Group also provides teleradiology services⁶ in Australia, the United Kingdom, India and New Zealand. Its teleradiology services in New Zealand is provided through its New Zealand subsidiary I-MED New Zealand Limited.

20. I-MED Group believes that this investment will help achieve its vision of becoming the most respected and trusted medical imaging specialists in the world. It sees significant opportunities combining its diagnostic imaging platforms in Australia and New Zealand, including having a platform for knowledge sharing and driving clinical excellence across both businesses. The combined business would make I-MED Group the leading employer of radiologists in the Australasian region.

Ownership

21. The Applicant is indirectly wholly owned, via intermediary companies outlined in paragraph 28 of this report, by Image Holdco Pty Ltd (**Aus Holdco**), a company registered in Australia and acts as the holding company of I-MED Group.
22. Aus Holdco is owned by:
- a. Image UK Holdco 2 Limited, a limited liability company incorporated in the United Kingdom (**UK Holdco 2**) (~91% interest⁷); and
 - b. I-Med Group Australian senior management and specialist radiologists (~9% interest).
23. UK Holdco 2 is owned by:
- a. Image UK Holdco 1 Ltd, a limited liability company incorporated in the United Kingdom (**UK Holdco 1**) [s 9(2)(b)(ii)] and
 - b. [s 9(2)(b)(ii)]
24. UK Holdco 1's shareholding is held by Permira Fund VI, an investment fund managed by Permira, a global private equity firm founded in Europe. Permira has expertise in various sectors with a particular focus in technology, consumer, services and healthcare.
25. Permira Fund VI is comprised of the following entities which invest in parallel:

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

26.

⁶ The electronic transmission of radiological images in digital form from one location (acquisition site) to another (reporting site) using a data communication link provided by a third-party carrier(s). This usually implies sending images from a primary acquisition site to a secondary location where they are interpreted and reported for the purpose of either official diagnosis or consultation. <The Royal Australian and New Zealand College of Radiologists>

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

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

27.

28. The following are the intermediary companies between the Applicant and Aus Holdco:

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

29. These intermediary companies are holding companies and will not have any control in respect of the Proposed Transaction, nor the day-to-day management of the Applicant or the Target.

30. The Applicant is therefore ultimately owned by:

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

b.

c.

31. A diagram of the Applicant's ownership structure is in **Attachment 2**.

¹² A separate National Interest Assessment Report to the Minister of Finance has been prepared and submitted to the Minister of Finance.

Control

32. The Applicant and Aus Holdco are controlled by their respective directors. Their directors ultimately approved the entry into the Proposed Transaction and can approve the divestment.
33. Once the Proposed Transaction is completed, Aus Holdco will be responsible for approving significant capital and operating expenditure decisions in respect of the Target. Its officers will be ultimately responsible for material decisions in respect of Target's day-to-day management.
34. Therefore, we consider the directors of the Applicant and of Aus Holdco should be considered individuals with control of the entities that are included as the relevant overseas person.
35. None of the intermediary entities will have any material role or decision-making power or authority over the Target once the Proposed Transaction is completed. They were established for structuring purposes only.
36. Except for the board of Permira VI GP, [s 9(2)(b)(ii)] which will be consulted in case of the divestment of the Target, the entities above Aus Holdco do not have any material role or decision-making power or authority over the Target once the Proposed Transaction is completed. These entities have invested on a purely passive basis only.

Relevant overseas person and individuals with control

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

Relevant overseas person	Role
I-MED New Zealand Bidco Limited	Applicant and acquiring entity
Image Holdco Pty Ltd (Aus Holdco)	Upstream owner with control of the investment

38. We recommend that the 'individuals with control of the relevant overseas person' (IWC)¹³ are:

Individuals with control	Role
Clare Louise Battellino	Director of Applicant and of Aus Holdco
Shrey Balaguru Viranna	
Eric Paul McClintock	Director of Aus Holdco
Silvia Oteri	
Ronald Cecil Shnier	
Sebastian Hoffman	

Summary of investor test

39. The relevant overseas persons and individuals with control established none of the factors contained in section 18A(4) of the Act.
40. For this reason, our conclusion is that **the investor test has been met**.

¹³ Section 15.

E. Transaction of national interest

41. The proposed overseas investment is a transaction of national interest under the mandatory criteria in the Act.¹⁴ This is because the investment [s 9(2)(b)(i)]
[REDACTED]
[REDACTED]
42. The first step is for you to determine whether all of the other criteria for granting consent are met. If you are satisfied that they are, you must then refer the investment to the Minister of Finance for a decision about whether the transaction is contrary to New Zealand's national interests. We will prepare a separate report to the Minister of Finance for the national interest assessment.
43. Once the Minister of Finance has made this decision, you will be able to make the final decision about whether to grant or decline consent.
44. If the Minister of Finance determines that the investment:
- is contrary to New Zealand's national interest, then consent has been declined;
 - is not contrary to New Zealand's national interests, then you must grant consent if the other tests are satisfied;
 - is not contrary to New Zealand's national interests but that actions are desirable to manage the risks posed by the investment, then you may consider what conditions are necessary to mitigate the risks posed by the investment.

F. Conclusion

45. After considering the application, our view is that the investor test has been met.
46. Subject to the Minister of Finance's decision whether the investment is contrary to New Zealand's national interest our recommendation is to **grant consent**.
47. If you agree, we refer you to **Attachment 1** to review the Proposed Decision (including consent conditions), and from page 2 of this Assessment Report to record your decision.



Ed Atienza
Solicitor
Overseas Investment Office
Date: 21 / February / 2022

G. List of Attachments

1. Proposed Decision
2. Applicant's ownership structure
3. Letter to the Minister of Finance seeking decision on whether the investment is contrary to New Zealand's national interest.

¹⁴ Section 20A of the Act.

¹⁵ As defined in section 6 of the Act.

¹⁶ Section [s 9(2)(b)] of the Act.

ATTACHMENT 1 PROPOSED DECISION

Consent for Overseas Person to Acquire Significant New Zealand Business Assets

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

Consent

Decision date: 22 February 2022

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

Case	202100727
Consent	I-MED New Zealand Bidco Limited may acquire the Assets subject to the Conditions set out below.
Consent holder/s	I-MED New Zealand Bidco Limited (company number 8253036) We will also refer to each Consent holder and the Consent holders together as you .
Assets	100% shares in Hamilton Radiology Ltd ("HRL") (company number 951597) and in Midland MRI Ltd ("MML") (company number 831239)
Timeframe	You have until 22 February 2023 to acquire the Assets.

Conditions

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

You must comply with them all. Be aware that if you do not comply with the conditions you may be subject to fines or other penalties.

In the Consent and the Conditions, we refer to the Overseas Investment Office as **OIO, us or we**.

Act means the Overseas Investment Act 2005.

Details	Required date
Automatic condition: National Interest	
You must not, in relation to the Asset, act or omit to act with a purpose or an intention of adversely affecting national security or public order.	At all times
Standard condition 1: acquire the Assets	
<p>You must acquire the Assets</p> <ol style="list-style-type: none"> by the date stated in the Consent. If you do not, your Consent will lapse and you must not acquire the Assets, and Using the acquisition, ownership and control structure you described in your application. Note, only you – the named Consent holder – may acquire the Assets, not your subsidiary, trust or other entity. 	As stated in the Consent
Standard condition 2: tell us when you acquire the Assets	
<p>You must tell us in writing when you have acquired the Assets.</p> <p>Include details of:</p> <ol style="list-style-type: none"> the date you acquired the Assets (settlement), consideration paid (plus GST if any), the structure by which the acquisition was made and who acquired the Assets, 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: remain not unsuitable to invest in New Zealand

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.

The **Individuals Who Control You** are individuals who:

- (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
- (c) are members of the governing body of the people referred to in paragraph (b) above. To avoid doubt, this includes the members of your governing body.

At all times

Standard condition 4: tell us about changes that affect you, the people who control you, or people you control

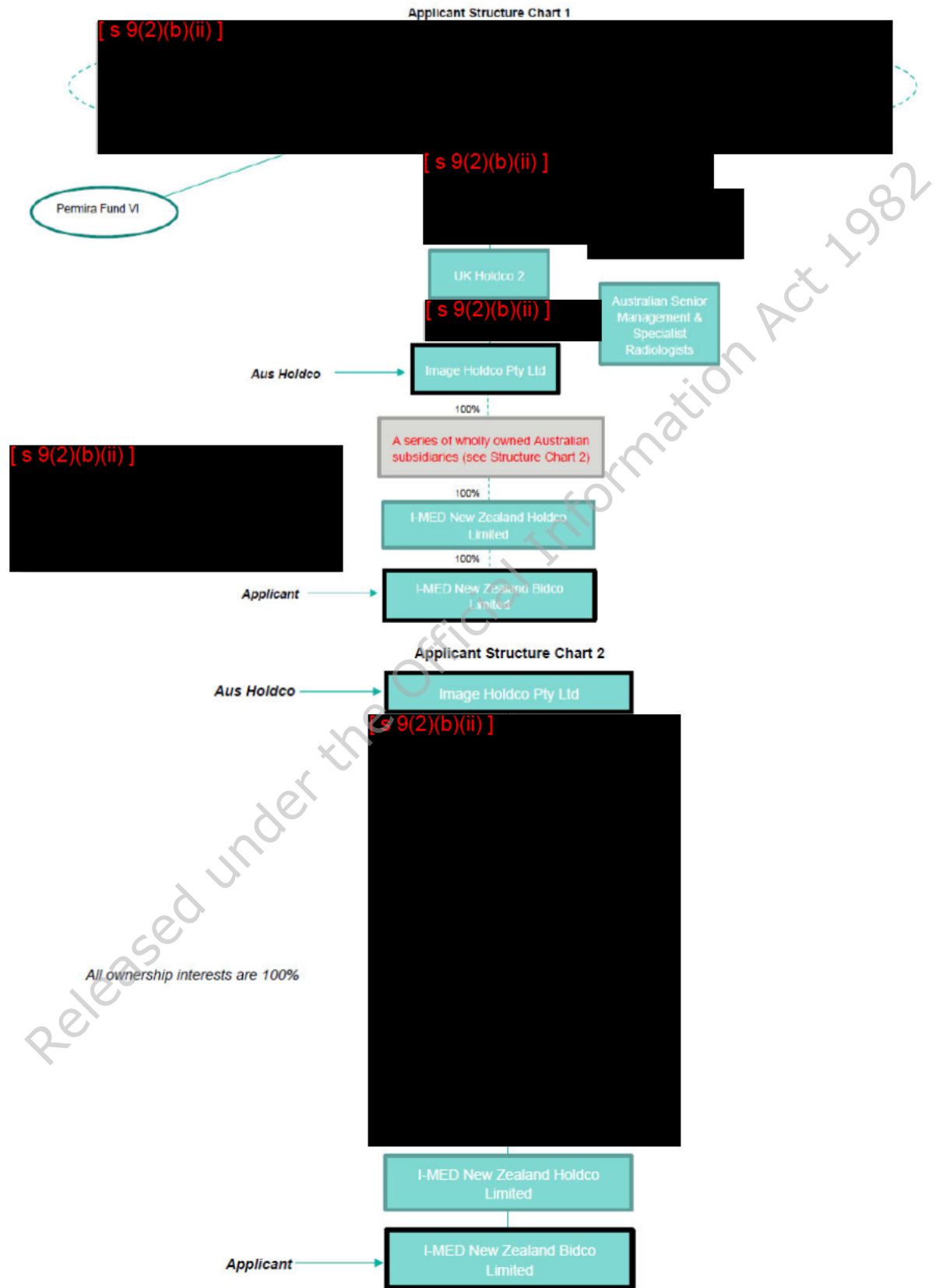
You must tell us in writing if any of the following events happens to any of the Consent holders:

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 Asset.
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.

Within 20 working days after the change

Released under the Official Information Act 1982

ATTACHMENT 2 – APPLICANT’S OWNERSHIP STRUCTURE



ATTACHMENT 3 LETTER TO THE MINISTER OF FINANCE

OVERSEAS INVESTMENT OFFICE



Toitū Te Whenua
Land Information
New Zealand

Case ref: 202100727

16 February 2022

Hon Grant Robertson
Minister of Finance
PARLIAMENT BUILDINGS

cc Rebecca McAtamney, Head of Regulatory Practice and Delivery (Overseas Investment),
rmcatamney@linz.govt.nz

Dear Minister

National interest assessment under the Overseas Investment Act 2005

I seek your decision on whether the following investment is contrary to New Zealand's national interests.

I-MED New Zealand Bidco Limited seeks consent under the Overseas Investment Act 2005 (the Act) to acquire 100% of the shares in Hamilton Radiology Limited and in Midland MRI Limited (collectively, the Target).

This investment requires consent because this investment in significant business assets will result in an overseas person having more than 25% ownership or control in the Target (section 13(1)(a)(i) of the Act) and the value of the consideration exceeds \$100 million (section 13(1)(a)(ii) of the Act). The investment requires a national interest assessment because [s 9(2)(b)(ii)]

I have made an assessment that the investor test is met.

All decisions regarding investments in significant business assets have been delegated to the OIO pursuant to the Ministerial Delegation Letter dated 24 November 2021 (see Table A, Row A). Before I can determine whether to grant or decline the application, you need to decide whether the investment is contrary to New Zealand's national interest (section 20C of the Act). To assist with your consideration of the national interest assessment, I attach the Proposed Consent Decision that outlines the standard conditions that would apply if consent is granted. This includes the automatic condition that each consent holder must not, in relation to sensitive assets in which the relevant investment is made, act or omit to act with a purpose or an intention of adversely affecting national security or public order (section 25C of the Act.)

The Overseas Investment Office will separately provide you with a report addressing the national interest assessment.

Yours sincerely

Daniel White
Manager, Applications
Overseas Investment Office