Expanding Horizons

Offshore perspectives on investment into New Zealand

September 2023

In collaboration with

Mergermarket

Introduction

Offshore investor interest still strong despite global uncertainty

Welcome to the latest edition of *'Expanding Horizons'*, our report on offshore investment into Aotearoa New Zealand.

Shift to near-term investment focus amid global challenges

Since 2022, we have observed an increase in near-term investor interest, with nearly half of our respondents, predominantly offshore Private Equity (PE) funds and corporates, expressing their intention to invest in New Zealand over the next 12 months. This demonstrates New Zealand's ongoing attraction as an investment destination right now, despite the economic slowdown.

Balancing that was a decline in those considering a medium to long-term horizon for making investments, which may be a reflection of investors weighing the ongoing global economic and political challenges and the consequential uncertainty arising – the picture further out is less clear.

Investors see investment opportunities in New Zealand

Investors place a high value on New Zealand's strong fundamentals in the context of a challenging global economic outlook, and continue to see investment opportunities. Uncertainty around the upcoming election has led to a decline in investor perception of New Zealand's political and regulatory stability, but a majority of investors told us that a change of government will not impact their intentions to invest – New Zealand is still seen as one of the easiest markets in which to invest in Asia Pacific.

Renewable energy is one of the standout areas that investors are most interested in, likely due to continuing demand for "green" investments and the sheer scale of development needed in order to meet New Zealand's energy targets.

ESG here to stay

Investors overwhelmingly recognised the importance of Environment, Social and Governance (**ESG**) factors in making investment decisions. Both international and domestic investors and businesses have recognised that strong ESG credentials are essential to building long-term sustainability and profitability and, as noted above, this is reflected in continuing interest in renewable energy.

A time of higher volatility

Thematically, we see the results as echoing the old adage "change is the only constant in life". Near-term investor sentiment remains positive, as investors seek to execute on current opportunities and respond to immediate events. But, at the same time, they are conscious of the greater uncertainty and are looking for the political and regulatory landscape to settle before committing to anything beyond the near-term.

We hope you find the data and comments shared by surveyed overseas investors insightful.

Andrew Matthews
Head of Corporate/Commercial
Simpson Grierson

Contents

Key findings

44% are considering an investment in New Zealand in the next 12 months

New Zealand is seen as the top market in Asia-Pacific for ease of doing business and quality of investment opportunities

Positive economic outlook (relative to global conditions) and good investment opportunities are the main reasons New Zealand is attractive

60% expect M&A in New Zealand to increase moderately in the next 12 months

87% say that ESG factors are important to their M&A decision-making

31% say a change in Government in the October 2023 election will increase their intention to invest in New Zealand

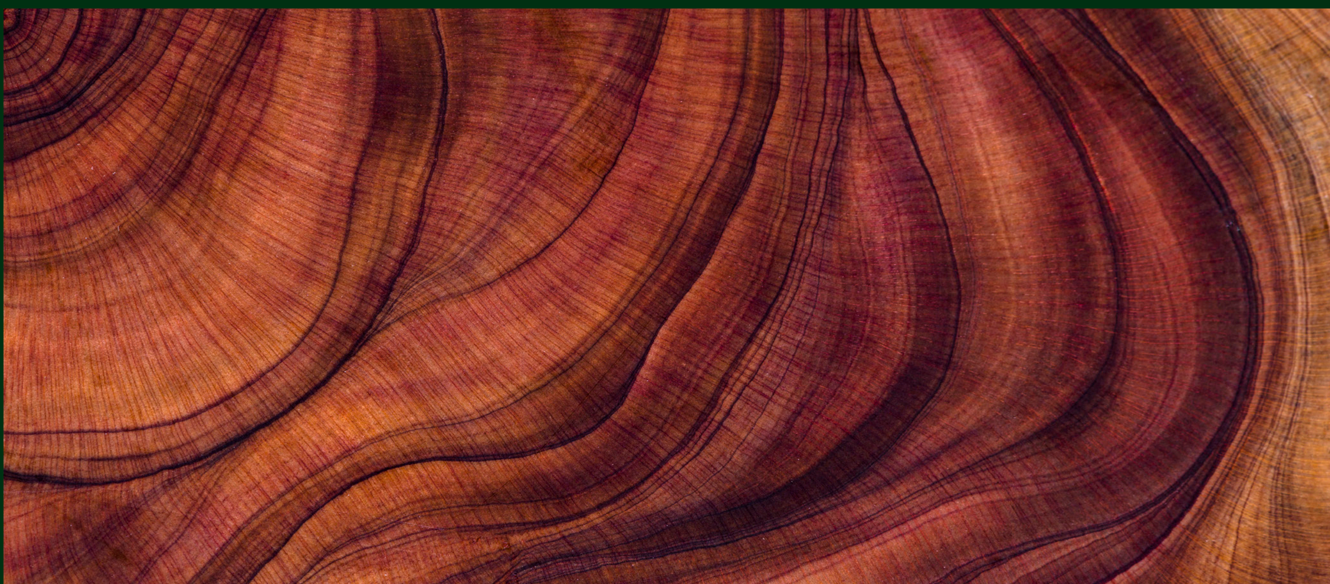
42% consider Government policies as being supportive of foreign investment, down from 78% in 2022

Solidity of customer demand is the most important factor for acquisition strategy in New Zealand

58% have walked away from a deal in New Zealand in the last three years because of valuation gaps

Consumer and TMT remain the most attractive sectors to offshore investors

Methodology: In July 2023, Simpson Grierson commissioned Mergermarket to undertake a survey of opinions of offshore investors about the investment opportunities, trends and challenges in New Zealand. There were 90 survey respondents split between Asia-Pacific, North America and Europe. All respondents had completed at least one investment into New Zealand in the past five years, or been an adviser to a deal in this period, and/or indicated they intend to invest in New Zealand in future.



Section 1

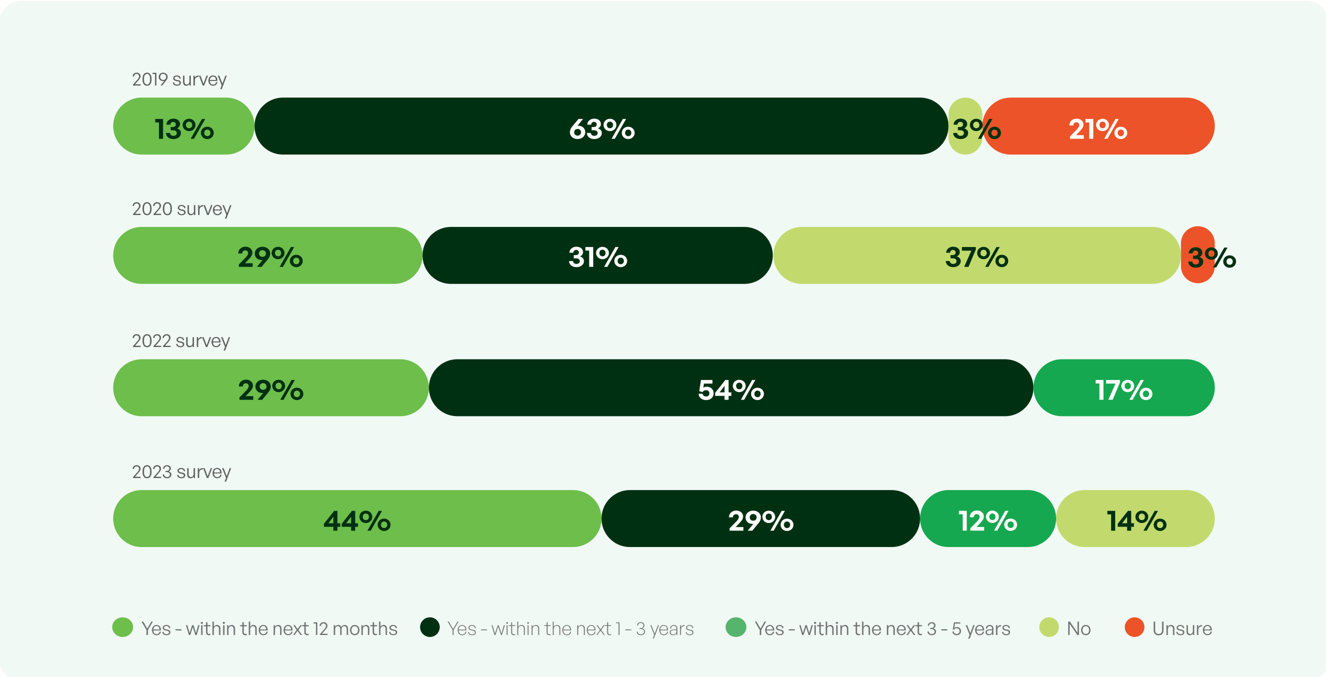
Mixed messages: New Zealand seen as a safe investment, but the shine of recent years has gone

Our survey revealed a definite increase in the number of investors showing near-term appetite for New Zealand with close to half of investors surveyed (44%) saying they are planning to invest in New Zealand within the next 12 months (a 51% increase from 2022).

However, this positive message was balanced by far fewer of our respondents saying that they are considering investments in the medium to longer term.

Investors who say they are considering an acquisition in New Zealand within the next one to three years declined from 54% in 2022 to 29% this year. Meanwhile 14% say they wouldn't consider New Zealand as an investment destination, up from 0% last year.

Figure 1: Are you considering or would you consider an acquisition in New Zealand?



According to Simpson Grierson Corporate Partner James Hawes, offshore appetites for investing in New Zealand appear to be a mixed bag this year.

"On the one hand, investors are absolutely still seeing opportunities in New Zealand. On the other hand, it's volatile and there's a skew towards short-termism. That's to be expected in this environment.

"There is definitely some capital that investors say they are looking to deploy in the next 12 months, possibly to support existing operations with post-Covid expansion - however, fewer will commit to considering longer-term investments.

"As asset value expectations from owners become more realistic, I believe we're seeing two sources of possible short-term investment from offshore investors," explains James.

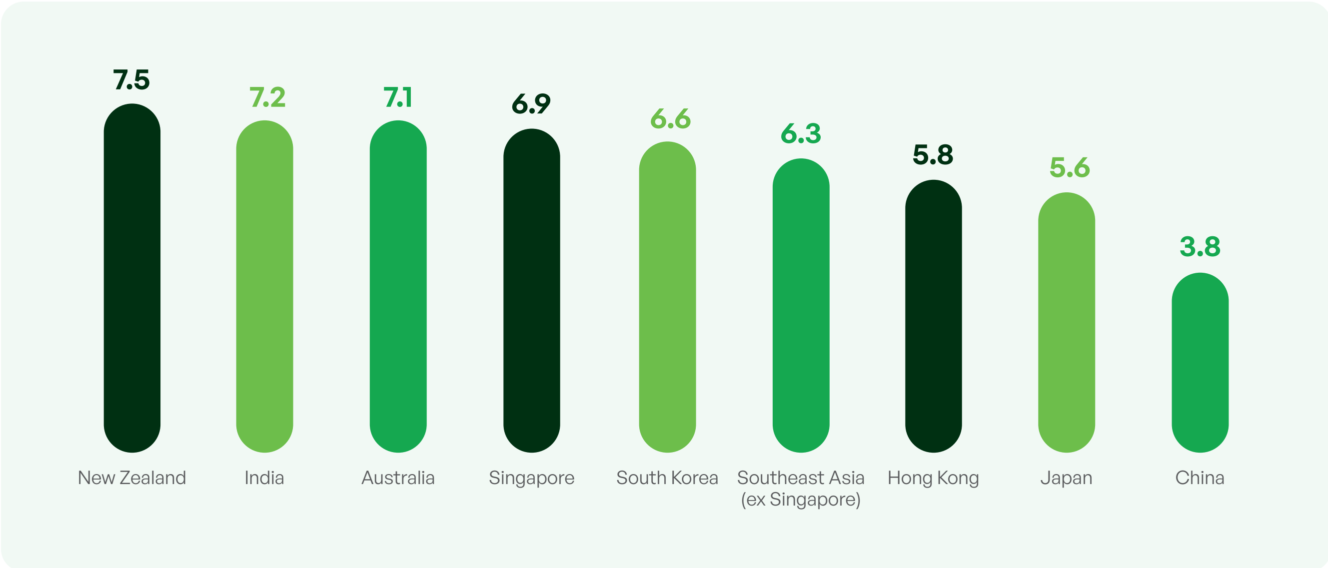
"There are people with expansion capital who already have New Zealand investments, and there are those seeing near-term opportunities as valuations come down.

"In the global context, I think investors do still see New Zealand as being a relatively settled and stable investment destination, however they're also being more cautious about where they invest, and they're taking their time with due diligence," says James.

The case for New Zealand – a regional standout with quality investment potential

Notwithstanding the volatility, respondents ranked New Zealand as the top market in Asia Pacific out of nine countries (including India, Australia, Singapore and South Korea) when it comes to ease of doing business and the quality of investment opportunities.

Figure 2: In terms of ease of doing business and quality of investment opportunities, please rate each of the following markets from 10 (less difficult and better opportunities) to 1 (more difficult and worse opportunities).

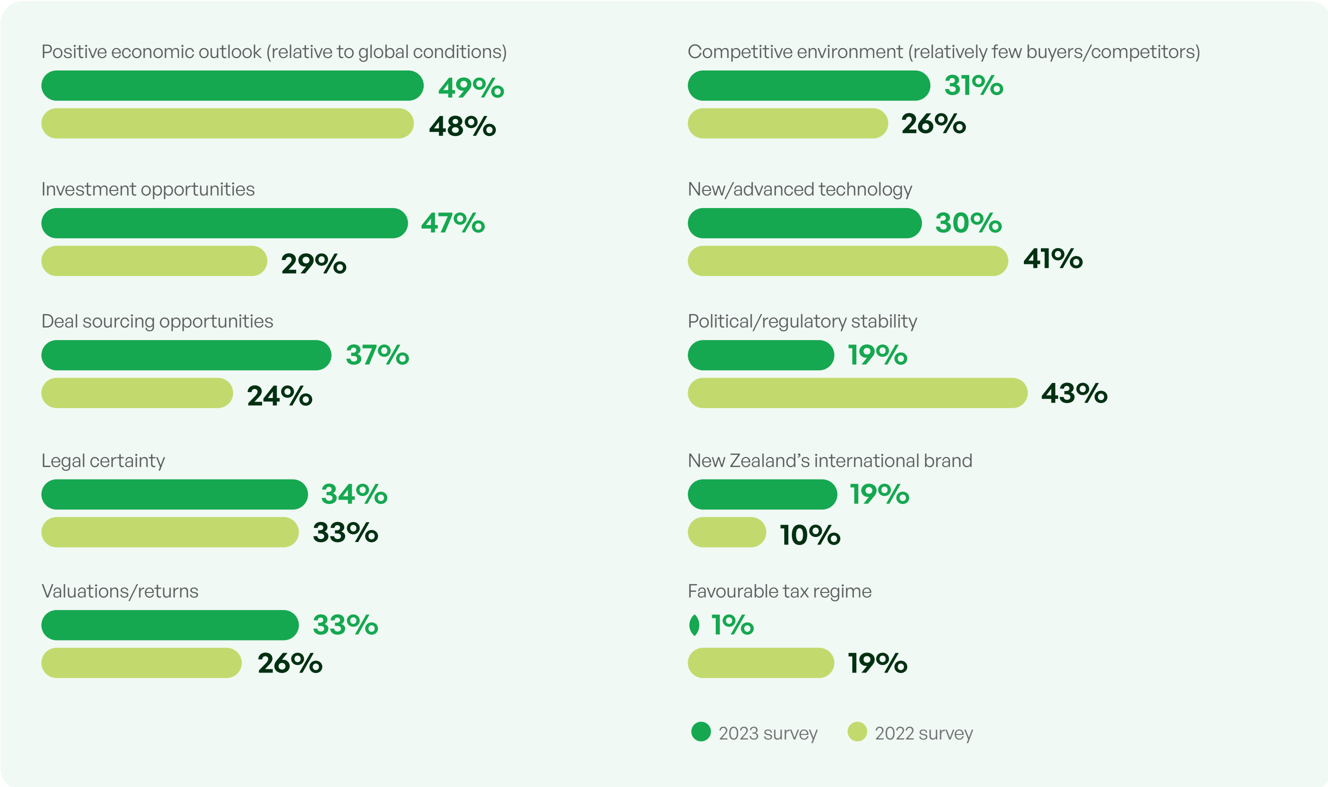


According to James, this comes down to the country's solid fundamentals: "New Zealand is seen as having political and economic stability, a quality digital infrastructure and a mature investment landscape; a foundation that is increasingly assisted by valuations coming off the peaks they hit in recent years."

This view is supported by our data which showed that New Zealand's positive economic outlook, relative to other markets, stands out as a reason to invest (being cited by 49% of respondents).

Moreover, a far greater proportion of respondents see greater investment opportunities today (47%) than in 2022 (29%). Likewise, deal sourcing opportunities ranked higher as a drawcard at 37% this year, in comparison to 24% in 2022.

Figure 3: What makes New Zealand attractive as an investment destination for you? Please choose up to three.



Relevantly, in context, our respondents noted that:

> "New Zealand is attractive because of the positive economic outlook. Although there are economic concerns including poor quality of life and cost of living issues, it is still better than the global economic outlook at present."
>
> **Partner**, Foreign PE/VC Firm, Australia

> "Since the region has a good digital infrastructure, with financial and business services companies flourishing in the region, I feel that it would offer good acquisition prospects."
>
> **VP Business Development**, Foreign Corporation, USA

> "Singapore and New Zealand have good quality investment opportunities. We can conduct the deal making process more confidently. The availability of external advisers for valuation and due diligence, and investment advisory firms makes it easier to complete deals."
>
> **Managing Director**, Foreign Investment Bank, France

Caution needed – a return to previous heights unlikely in the short-term

However, with difficult global economic conditions, the frothiness has come out of the New Zealand market, according to Corporate Partner Andrew Matthews.

"Off the back of a couple of very buoyant deal making years, we're returning to a more normal environment post-Covid, as highlighted in Section 3 of this report. It's notable in Figure 1 that more respondents this year have no intention to invest in New Zealand (having previously invested).

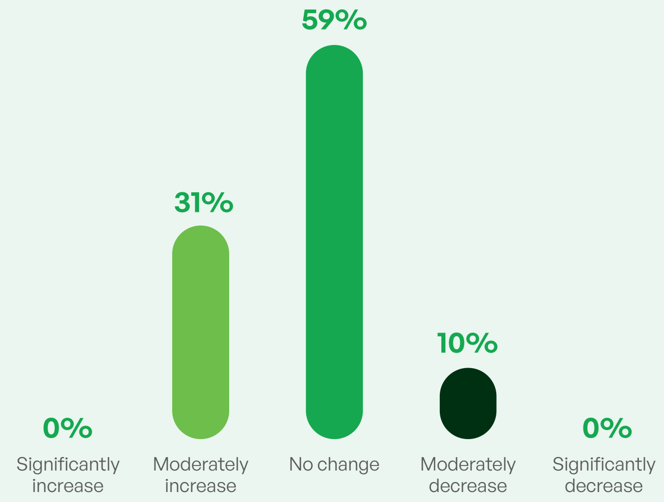
"As discussed further in Section 4, the 'value gap' is still a significant source of failed transactions albeit we have seen both vendors and investors increasingly willing to take a pragmatic approach to get deals done with vendors, in particular, prepared to look at lower valuations or alternative mechanisms to bridge the gap."

Section 2
Election year uncertainties reveal decline in positive sentiment

With the impending elections on 14 October, we were keen to understand whether a change of Government would alter the investment intentions of our respondents.

Whilst the majority say it will have no impact on their intentions, nearly a third (31%) told us that they will likely increase investment into New Zealand if there is a change of Government.

Figure 4: Would a change in New Zealand's Government at the October 2023 election change your intentions to invest in New Zealand?



In particular, our respondents commented that:

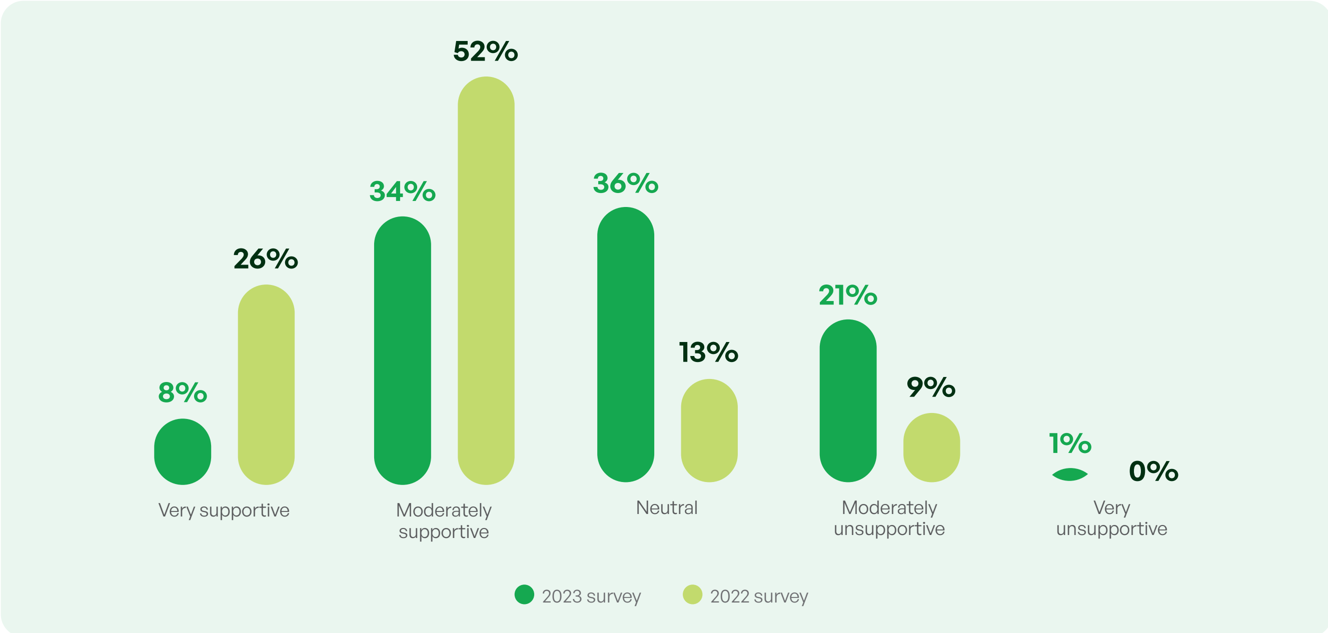
> "A change in New Zealand's Government will be better suited to our investment plans. There will be effective changes in the economic development plans. Foreign investors will be invited to invest in sectors that are critical for economic growth."
>
> **Partner**, Foreign PE/VC Firm, UK

> "I expect a moderate increase in deal intentions overall. After the elections in October 2023, the investment policies and taxation norms might be relaxed to drive economic growth. I expect these changes to be favourable for the deal making environment overall."
>
> **Head of Strategy**, Foreign Corporation, India

Drop in support for Government foreign investment policies

In contrast to our 2022 survey, where 78% of respondents viewed New Zealand Government policies as being very or moderately supportive of foreign investment, this year we see a sharp drop in positive sentiment to 42%.

Figure 5: How supportive do you think New Zealand Government policies are toward foreign investment at present?



Anecdotal comments from investors reveal a drop in positive sentiment. However, this appears to be driven by perception, as there have been no significant adverse policy changes in the last 12 months specifically targeting foreign investors.

James Hawes says: “As we enter election year, survey results reflect a drop in sentiment around political stability. This is, however, quite common in an election year. Respondents are voicing some concern about regulatory stability; however, in the global context, most OECD countries have become more regulated over the last few years. New Zealand is no different.”

However, given New Zealand’s well documented infrastructure deficit and the role which overseas capital is likely to play in plugging it, it will be important for the Government to closely consider whether or not the current foreign direct investment regime (and, in particular, the “national interest test” which will apply to many of these investments) is appropriately calibrated to streamline the introduction of this private finance.

Section 3
M&A activity softens in New Zealand and globally, moderate bounce back expected

Mergermarket data shows that New Zealand deal volumes have trended downward across the past 18 months, as investors reckoned with ongoing geopolitical and macroeconomic uncertainties.

Michael Pollard, Simpson Grierson Corporate Partner, noted that the "New Zealand M&A market has tracked global trends, as these downward results are in line with what we have seen across APAC and globally".

The same macro economic factors that affected deal values and volumes in Asia-Pacific and around the world have influenced New Zealand's M&A market – with high inflationary pressures, high interest rates, and ongoing supply chain issues lessening appetite for M&A from financial investors and trade buyers alike.

Although annual GDP grew by 2.9% for the year to 31 March 2023, the New Zealand economy shrank by a larger-than-anticipated 0.7% in the last quarter of 2022, followed by a further contraction of 0.1% in the first quarter of 2023.

As specific examples of this downward trend, GDP in the transport and logistics sector experienced a sharp decline during the December and March quarters, dropping by over 5% in aggregate. The manufacturing, retail, and healthcare sectors also dropped.

However, as these tightening economic conditions lead to a reset in the previously overheated (and sometimes overpriced) market, investors should be on the lookout for opportunities.

Figure 6: New Zealand M&A deal volumes and values

Source: Mergermarket data

Deal volume in New Zealand in the first half of 2023 slipped to 46, compared to 67 in the previous six months and 70 in the first half of 2022.

Likewise, deal value dived to under US$1.5bn from USD$5.1bn and US$4.8bn in the two previous six month periods.

Figure 7: APAC M&A deal volumes and values

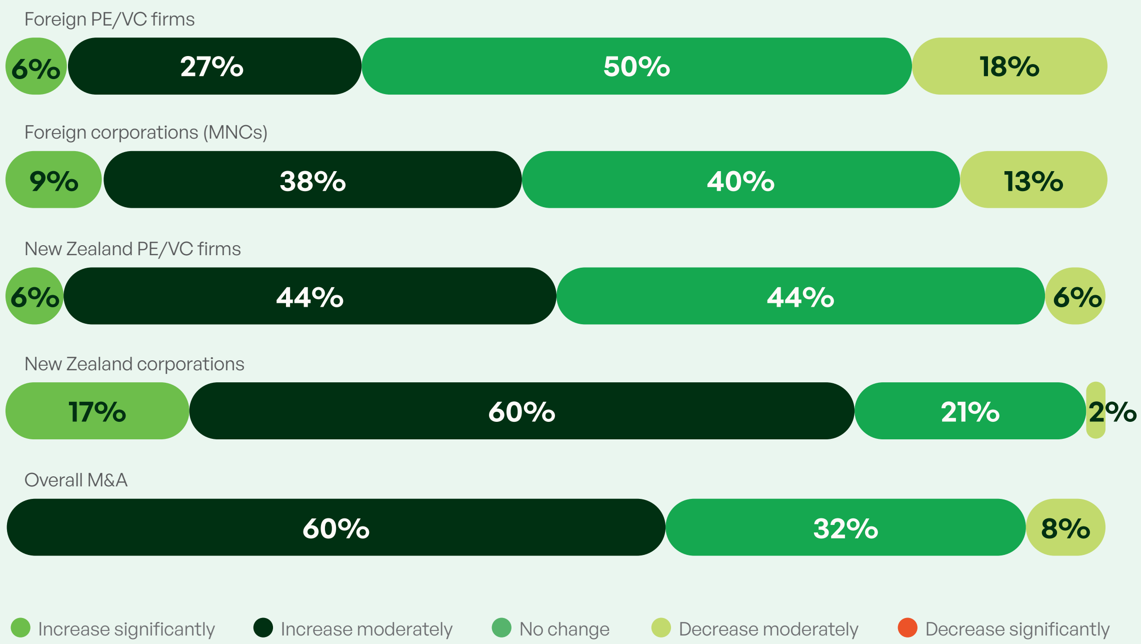
Source: Mergermarket data

Figure 8: Global M&A deal volumes and values

Source: Mergermarket data

Anastasiya Gamble, Simpson Grierson Corporate Partner, described investor mood as "cautiously optimistic" despite the headwinds: "We expect to see stronger appetite for NZ assets in the next 12 months. This is consistent with the survey results which showed that 60% of respondents anticipate M&A opportunities in New Zealand will improve moderately, primarily driven by New Zealand corporates."

Figure 9: What do you expect to happen to M&A in New Zealand regarding the level of activity from the following acquirers/investors in the next 12 months?



Furthermore, the challenges of the last three years have meant that New Zealand businesses have placed a greater emphasis on cost management and efficiency, through lean processes and resource optimisation. Businesses which have implemented positive changes will have opportunities over the next 12 months to leverage their new market position, driving deal activity.

Comments from survey respondents anticipate a moderate pick-up in deal activity over the next few years.

> "I expect a moderate increase in overall M&A activity in New Zealand. New Zealand has a good business culture, infrastructure and emphasis on technology developments. With these aspects in mind, there will be many investors willing to invest in the region."
>
> **Director Strategy,**
> Foreign Corporation/MNC, Australia

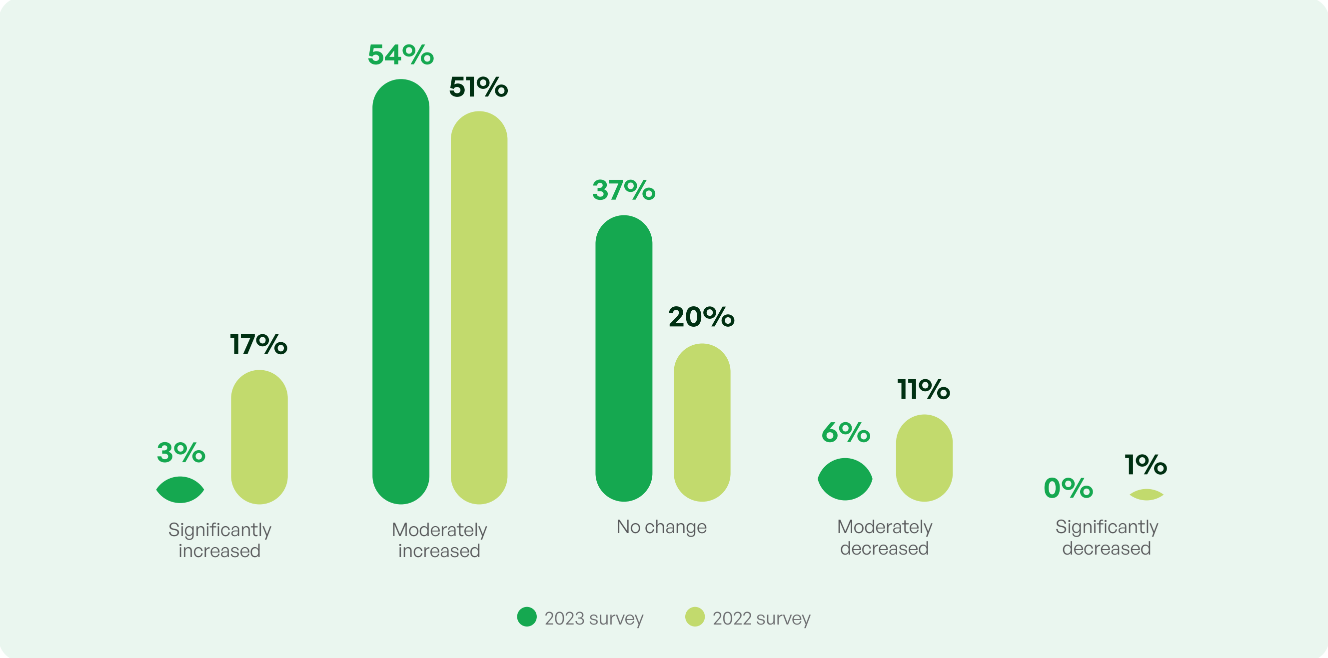
> "In the next 12 months, M&A activity will increase moderately. I feel the prospects available in the industrials and consumer sectors are better. Companies have dealt well with the supply chain inconsistencies after the pandemic."
>
> **Chief Strategy Officer,**
> Foreign Corporation, Canada

> "Acquisitions will be higher overall. Venture capital firms will invest in high-growth sectors in the next 12 months. There are start-ups in the technology sector that promise to deliver strong value in the next five years."
>
> **Director Corporate Development**, Foreign Corporation, Belgium

Section 4
Investor deal strategies adapt to macro challenges

Looking at the macro picture, 57% of survey respondents say current global economic and political challenges have increased their plans to invest in New Zealand.

Figure 10: Have current global economic and geopolitical challenges changed your intention to invest in New Zealand?



Comments from survey respondents indicate that this positive intention to invest reflects New Zealand's relative attractiveness as a destination, as set out in Figure 2 of this report.

> "We intend to complete more deals in New Zealand because investment opportunities have shrunk in other markets. The supply chain, and geopolitical threats in Europe did impact our opportunities. New Zealand is a less risky market to invest."
>
> **VP Strategy**, Foreign Corporation, Canada

> "There will be a moderate increase in dealmaking activity. Since there are very few other regions that remain attractive for investing, we will be focusing more on New Zealand. The quality of targets will be better because of political and regulatory stability."
>
> **VP Business Development**, Foreign Corporation, USA

> "It's driving us to seek better markets to invest. We cannot invest in regions where the economic growth potential is low. It will take time for the governments to implement development plans and see positive results. We want to invest in regions like New Zealand having more growth potential."
>
> **Managing Director**, Foreign Investment Bank, China

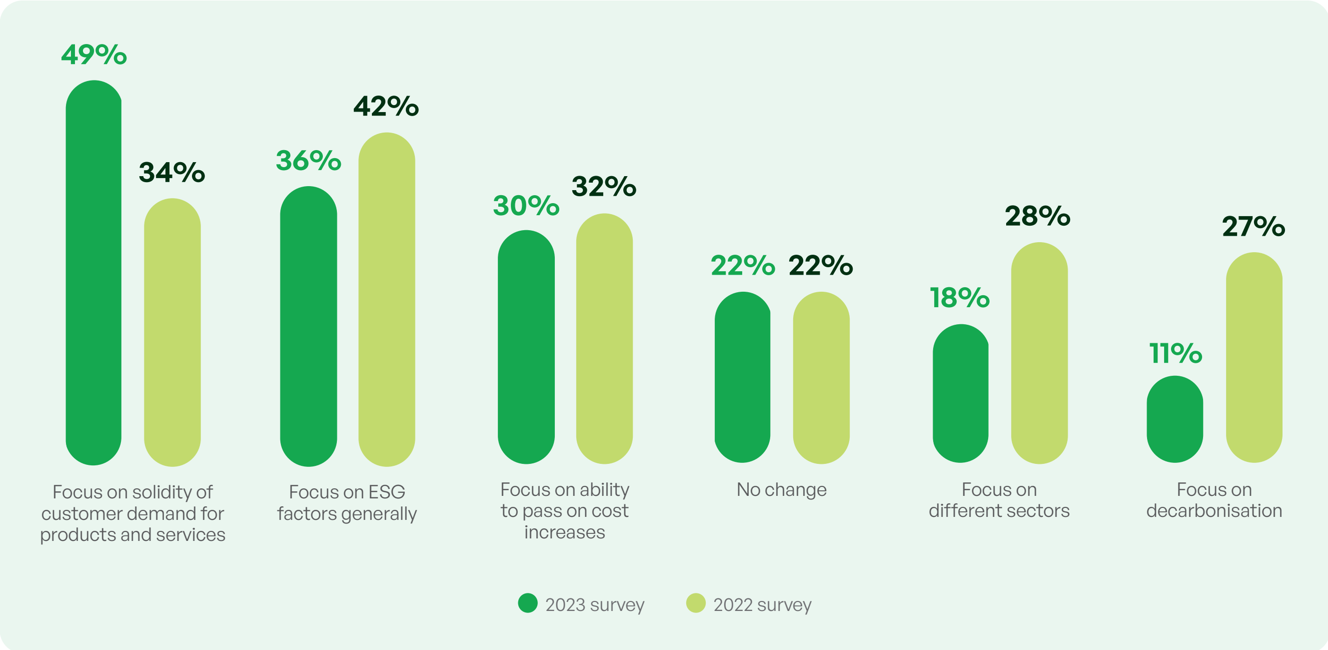
Solidity of customer demand key to target selection

Global challenges are also causing international investors to reassess their M&A strategies, and more are now focusing on the solidity of customer demand for products and services (49%) as their top priority. Meanwhile ESG has slipped from the top priority last year at 42% down to second place this year at 36%.

Anastasiya Gamble comments that "in a challenging economic environment investors will naturally resort back to the fundamentals – businesses with demonstrated customer demand and an assured pipeline will always rise to the top.

"That said (and as we discuss later in our report), ESG remains an important consideration for investors. Given New Zealand's commitment to carbon zero, it is seen as a place where green investment can be seen to make a difference. As discussed later in our report, this is being picked up by investors including BlackRock in the form of their Net Zero New Zealand Fund."

Figure 11: Have the current global economic and geopolitical challenges changed your acquisition strategy for New Zealand? Select all that apply.



> "The acquisition strategy has changed to deal with the economic crisis effectively. We do not want to take on the complete pressure of increasing costs. It is important to think about the cash flow challenges practically, and ensure changes in the strategy to mitigate these challenges."
>
> **Managing Director**, Foreign Investment Bank, Japan

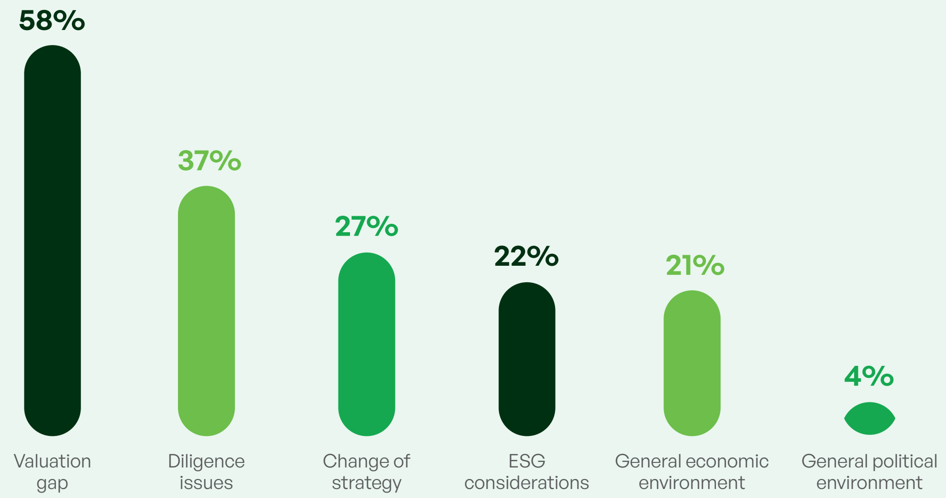
> "Solidity of customer demand for products and services will be emphasised. This can be quite challenging in the current economic environment. Buying habits have changed, so the selection of sectors to invest will also be altered slightly."
>
> **Partner**, Foreign PE/VC Firm, United Kingdom

> "The focus on ESG factors has driven us to invest more in New Zealand. There are investment opportunities in renewable projects and we want to invest in the sector in the next 12 months."
>
> **CEO**, Foreign Corporation, France

Valuation gaps main cause for deals failing

Valuation gaps are cited in the survey as the main reason investors have walked away from New Zealand deals.

Figure 12: Have you walked away from a deal in New Zealand in the past three years because of the following issues. Please select all that apply.



“The causes of valuation gaps are often deal specific, but can be endemic during turbulent times. As described above, the last 12 months have seen macro level uncertainty, both in New Zealand and globally,” says Anastasiya Gamble.

“In a valuation context, high interest rates lead to higher borrowing costs, and high inflation decreases the purchasing power of each dollar. These factors can influence each party’s expectations regarding purchase price and can often prove an insurmountable hurdle to overcome.

"However, these dynamics have also driven a resurgence of mechanisms designed to bridge the value gap including earn outs and partnership deals where vendors retain a minority shareholding, the value of which remains contingent on the performance of the business under new ownership.”

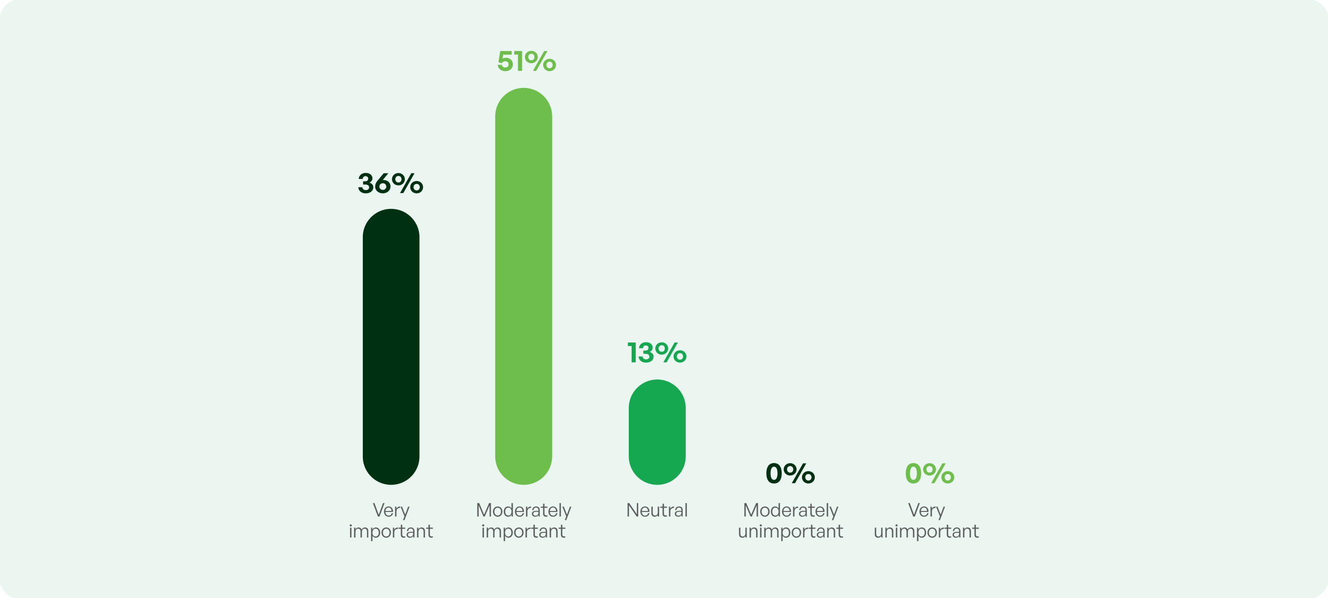
> “We walked away from two deals because of valuation issues mainly. Targets in fast-growth sectors are over-valued in New Zealand. I do agree that these sectors are resilient, but the valuations should not exceed a certain threshold. It's not feasible completing these deals.”
>
> **Managing Partner**, Foreign PE/VC Firm, Australia

> “We did walk away from a deal due to valuation issues. The valuation gap was too much to bridge using a simple earn out structure. We decided that it would not be feasible to continue with the deal at the valuation expected by the seller.”
>
> **CEO**, Foreign Corporation, Italy

ESG factors remain important to dealmakers

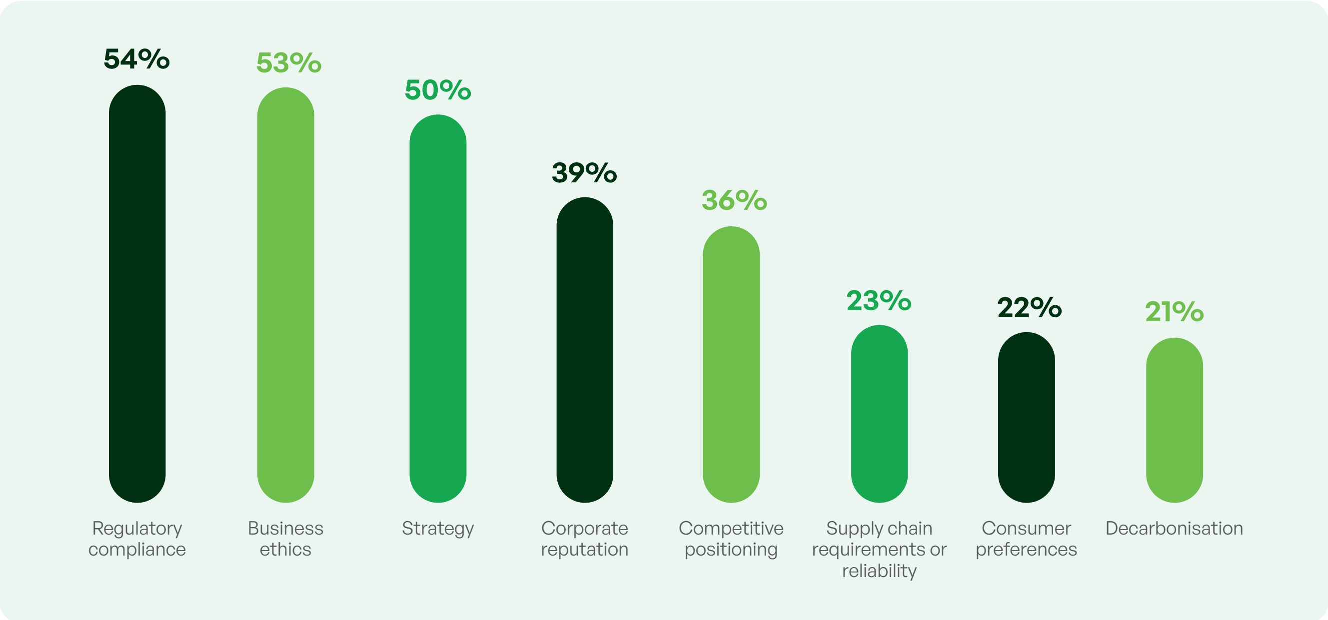
Although ESG has slipped to second place in investment ranking priority, a large majority of investors (87%) still see ESG factors as important to M&A decision-making.

Figure 13: How important are ESG factors to your organisation's M&A decision-making (regarding value, risk, pricing)?



Regulatory compliance, business ethics and strategy are the three key reasons investors consider ESG in a proposed transaction.

Figure 14: What are the main reasons you consider ESG factors in relation to a proposed transaction? Please select up to three.



The high proportion of investors who see ESG factors as important in M&A decision-making (87%) underscores the growing recognition of ESG's role in enhancing business resilience.

Michael Pollard says: "Strong ESG credentials not only help businesses to remain competitive but also make it easier to navigate regulatory challenges.

Failure to consider ESG factors can lead to elevated risks for directors and compromise the long-term viability of businesses. By considering ESG factors, directors' decisions will support sustainable growth and long-term value creation for their shareholders and build stronger stakeholder relationships, contributing to the company's overall success."

> "We give very high value to ESG factors. We need to be critical when evaluating the ESG strategies and practicality of these strategies. M&A values can be gauged using financial and ESG information."
>
> **Managing Director**, Foreign PE/VC Firm, Hong Kong

> "Our ESG priorities have changed in the past five years. We want to invest in companies that are more sustainable. The external guidelines, including the sustainable development goals, are being understood and incorporated in our decisions."
>
> **Head of Strategy**, Foreign Corporation, Denmark

> "We walked away from the deal because of ESG considerations. The energy consumption levels were high. Considering the lack of a strong ESG framework within the company, we decided it was not worth the risk investing in the company."
>
> **Managing Director**, Foreign PE/VC Firm, USA

> "Our corporate reputation depends on many factors, including our ESG priorities. Following a strong set of business ethics and creating a positive example for others in the industry are critical factors. Moreover, a greener supply chain is needed to meet future needs of the company."
>
> **Director Corporate Development**, Foreign Corporation, USA

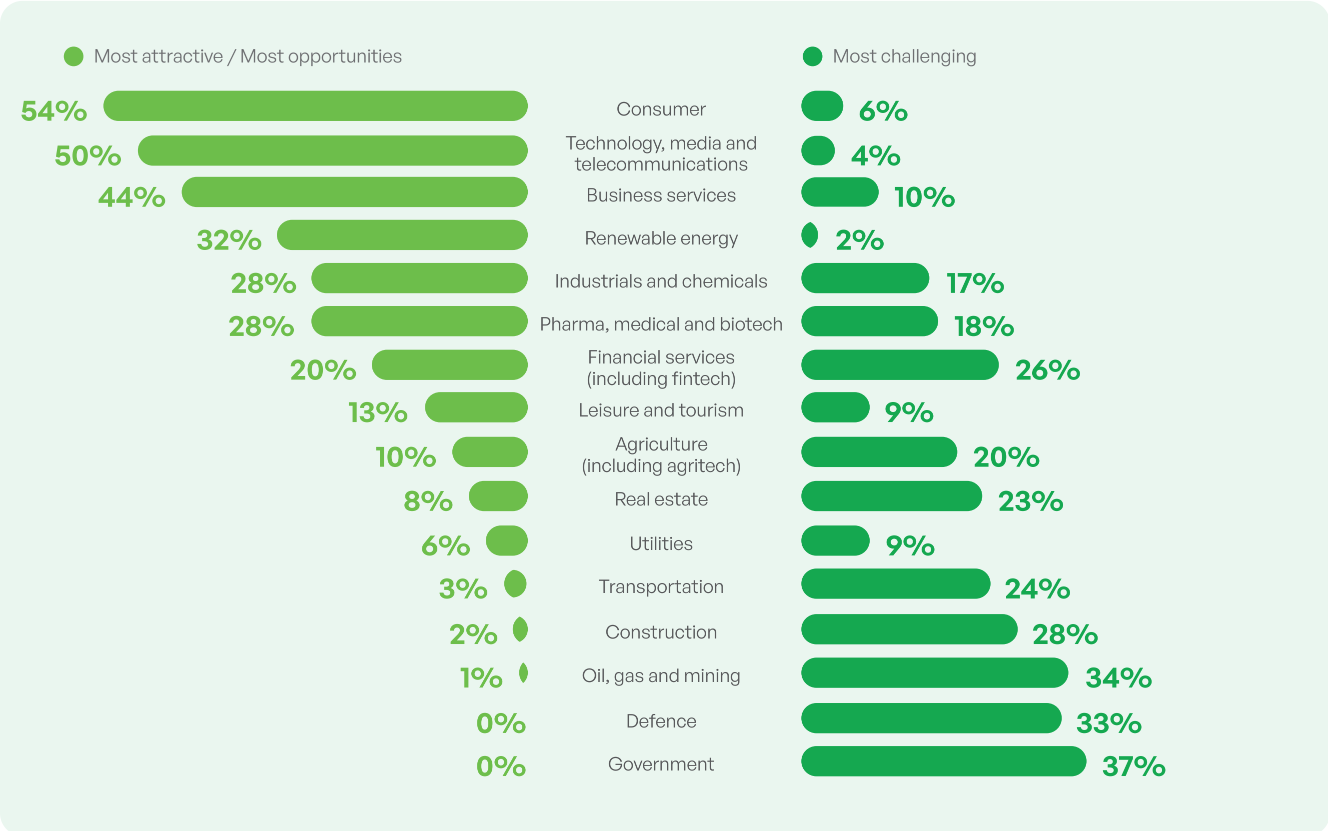
Section 5

Consumer and TMT remain highly attractive, meanwhile renewable energy becomes new area of focus

We asked offshore investors which sectors they think will be most attractive over the next one to two years and which would be the most challenging to invest in.

Consistent with previous surveys, consumer and TMT remain highly attractive sectors for investors. Renewable energy is a notable new area of focus for investors.

Figure 15: Which of the following sectors do you think will be most attractive over the next 12-24 months? Which are most challenging to invest in? Please select up to three for each.



Partner Michael Sage, who co-leads Simpson Grierson's Energy Group, says that "the sheer scale of investment needed in order to meet New Zealand's demand for new electricity generation, the scope to construct a pipeline of projects over a 10-20 year timeframe, and the lack of any major regulatory barriers, have together led to a significant surge in interest from offshore parties – including investors, developers and technology/equipment providers.

"The perception that there are few challenges to investing in the NZ renewables sector is a bit surprising – the greenfield projects in particular tend to be complex and many of them encounter the same issues of limited specialist contracting resource, a general unwillingness by government to underwrite long-term electricity prices as a way of de-risking new investment, transmission constraints and slow consenting processes.

"However, these issues are not unique to New Zealand, so perhaps these numbers indicate that, in a relative sense, investment in this sector is no more challenging than in other markets," says Michael.

> " There are sectors ready for growth, no matter the election results. Transformational acquisitions in sectors like renewables will be seen. Countries are competing silently to meet net zero goals."
>
> **Chief Strategy Officer**, Foreign Corporation, USA

> "The transition to net zero will ensure enough opportunities in the renewable sector. Future government officials would also prefer to increase the scope of renewable energy generation and access to grids in order to transition on time."
>
> **Strategy Director**, Foreign Corporation, Australia

> "Technology and telecom have been driving productivity in many sectors. As new and advanced technology solutions emerge, it will create more dealmaking opportunities because the need for funding will be higher. These conditions will not change after the elections."
>
> **Partner**, Senior Managing Director, Switzerland

New Zealand renewables sector ripe for investment

The New Zealand Government has committed to significant international and domestic climate targets, including legislated goals of net zero emissions by 2050 and 50% of total energy consumption from renewable sources by 2035, as well as an aspirational goal of 100% renewable electricity by 2030.

Despite a highly renewable (around 85%) electricity system, only 28% of New Zealand's total energy consumption is from renewable sources, and a massive build-out of new renewable generation capacity is needed to reach our climate goals. Transpower, New Zealand's grid operator, estimates that electricity generation will need to increase by 68% to meet demand by 2050, and one leading consulting firm has reported that delivering on our emissions goals is expected to require investment of around $42 billion during the 2020s.

There have been a number of significant recent policy and regulatory developments, which appears to have provided some impetus for investment decisions by local and international sector participants.

Increasing levels of interest and commitments from overseas investors are a key feature of the current market, and joint venture structures (particularly between established developers and gen-tailers) are leading the early investment stages. Significant investment has already been made in new renewable generation projects which are in the existing pipeline, with around 2,600 GWh per year of new generation expected between 2023 and 2026.

In August 2023, the Government and US investment firm BlackRock jointly announced the formation of a $2 billion climate investment fund, the Net Zero New Zealand Fund, for the purpose of accelerating emissions reductions and achieving the transition to 100% renewable electricity. The NZNZ Fund will provide capital for investment into renewable generation, storage and technology.

While the market for acquisitions is relatively nascent in 2023, we expect to see higher levels of activity as the project pipeline consolidates through to 2030, with experienced and well-funded developers purchasing viable projects from less experienced participants at various project stages (from pre-feasibility stage through to fully consented and/or developed generation assets). In particular, we expect that developers with high quality site portfolios will be particularly attractive.

There are also a number of potential and actual constraints on project development which are outside the scope of this report, but include (in brief summary) the availability of offtake arrangements, access to equity and debt capital, the resource consenting and environmental permitting regimes, grid transmission capacity and connections.

The Government's Energy Strategy is due for release in late 2024, along with the second Emissions Reduction Plan and offshore wind regulations — all of which are expected to provide further policy clarity and drive further investment activity in the sector.

Section 6
New Zealand's tax system viewed favourably by offshore investors

This year, we wanted to understand how New Zealand's tax system impacted on our relative attractiveness as an investment destination.

The overall picture was positive, particularly in relation to the reputation of Inland Revenue and the absence of a capital gains tax.

However, the perception of a high comparative corporate tax rate (28%) is the negative for foreign investors.

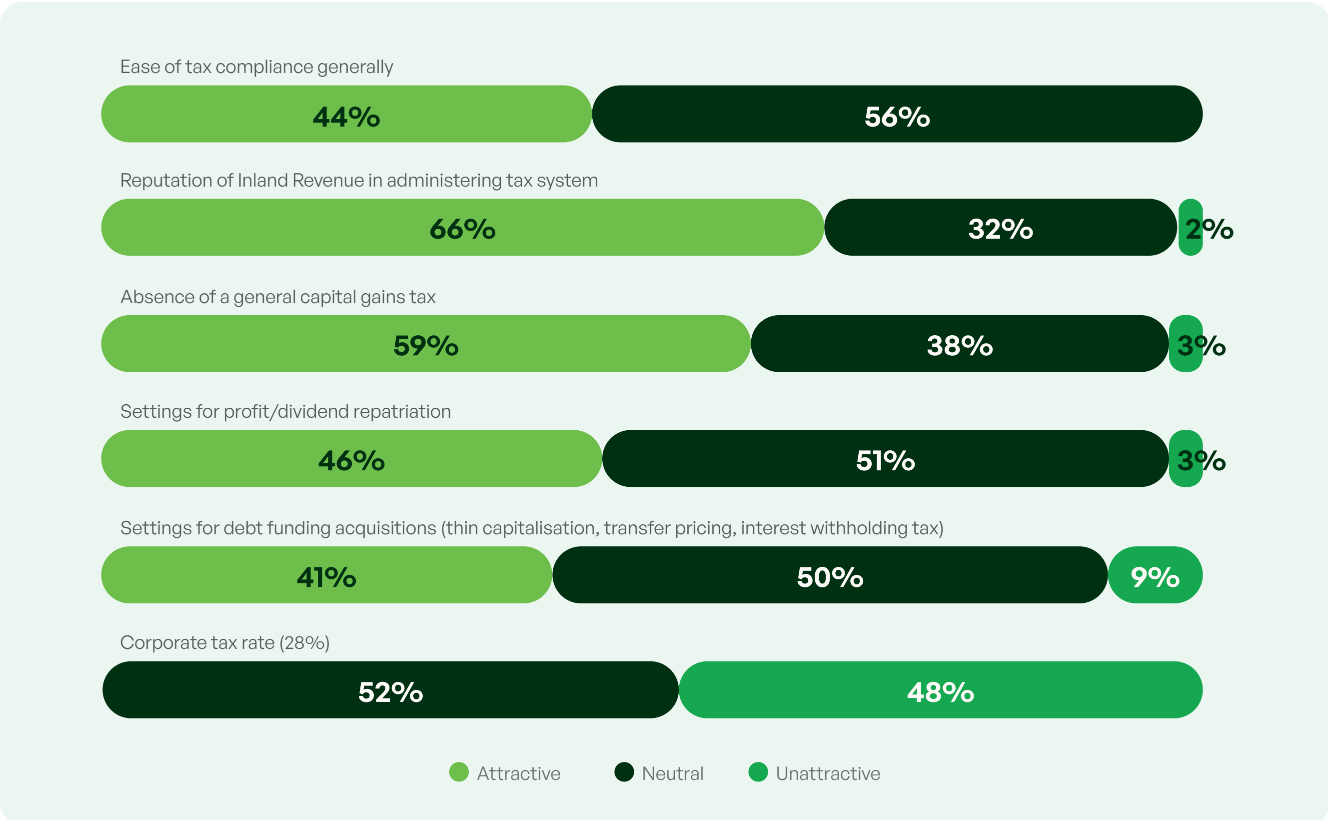
Simpson Grierson Tax Partner Barney Cumberland says: "New Zealand's corporate tax rate still compares favourably to that of Australia. The Australian corporate tax rate is 30%, or 27.5% for small, active companies.

However, Barney notes: "The New Zealand rate does look a little high against the US at 25.81% and the UK at 25%, which recently hiked its rate from 19%. New Zealand's corporate tax rate is also materially higher than the EU at 21.16% and Asian averages of 19.52%.[1]

Barney continues: "Of course, when assessing relativities, we need to look at the broader picture in each jurisdiction. For example, most comparable jurisdictions have a capital gains tax and (Australia excepted) do not have an imputation system to pass a credit for corporate tax through to investors (including offshore investors) through the removal of withholding tax when they receive dividends.

"While a small, capital-hungry jurisdiction like New Zealand should be sensitive to any tax or other factor identified as potentially deterring offshore investment, that broader picture, together with prevailing fiscal and political realities and the positive perception of New Zealand's tax settings more generally, means any reduction in the corporate tax rate is unlikely in the foreseeable future."

Figure 16: How do you assess the following features of the New Zealand tax system in relation to New Zealand's relative attractiveness as an investment destination?



1. https://taxfoundation.org/data/all/global/corporate-tax-rates-by-country-2022/

“After looking at these features of the tax system, I feel that the corporate tax alone is quite exorbitant. It should be within the acceptable 20% range to allow corporate companies better earnings. They might venture to other regions if the tax rate is high.”

Partner, Foreign PE/VC Firm, Australia

“Absence of a general capital gains tax is effective to manage our financial position better during exits. Ideally, it's good for creating more room to support future investments. The corporate tax rate is high, and it cuts into the overall profits.”

Director of Strategy, Foreign Corporation, Japan

“Most of the features are attractive. The reputation of Inland Revenue department is good. They have a good outlook about what taxation system changes are required to drive economic growth. Advice has been quite effective for all parties.”

Head of Strategy, Foreign Corporation, Australia

“Only the corporate tax rate is an unattractive feature. The percentage is higher than one would expect. Apart from this, the reputation of Inland Revenue in terms of acts and regulations managed, is strong.”

Director of Strategy,
Foreign Corporation, Sweden

“There are attractive and unattractive features. The corporate taxation rate is high. I feel that any taxation percentage more than 20% leaves us with limited earning on our investments in the region. This is a factor to note before finalising investment decisions.”

Managing Director, Foreign PE/VC Firm, USA

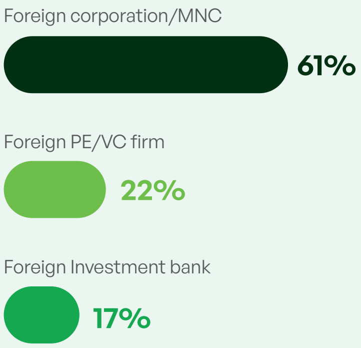
Methodology

In July 2023, Simpson Grierson commissioned Mergermarket to canvass the opinions of foreign investors on the investment opportunities, trends and challenges in New Zealand.

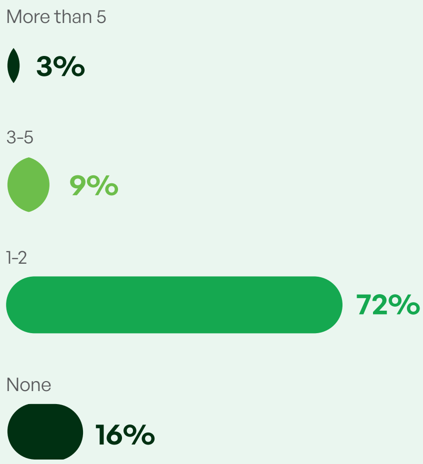
There were 90 respondents to the survey, split between Asia-Pacific, North America and Europe. Respondents had completed at least one investment into New Zealand in the past five years, or been an adviser to a deal in this period, and/or indicated they intend to invest in New Zealand in future.

Within the graphed survey results, percentages may not sum to 100% due to rounding, or when respondents were allowed to choose more than one answer.

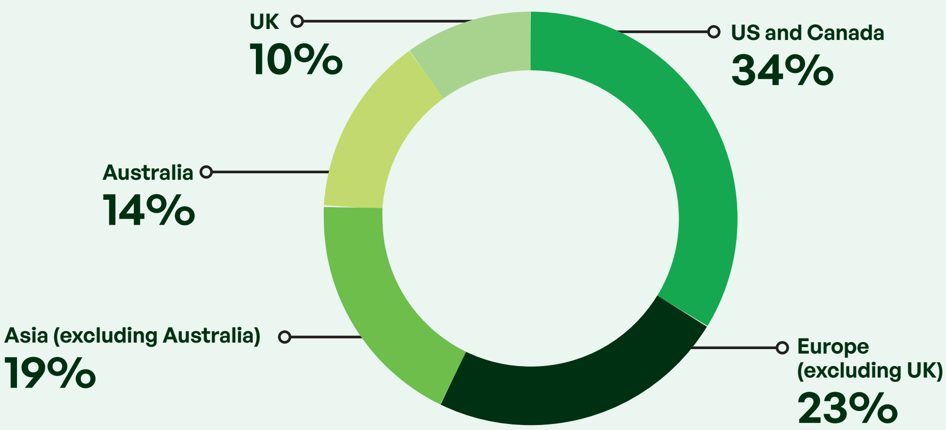
How would you categorise your company?

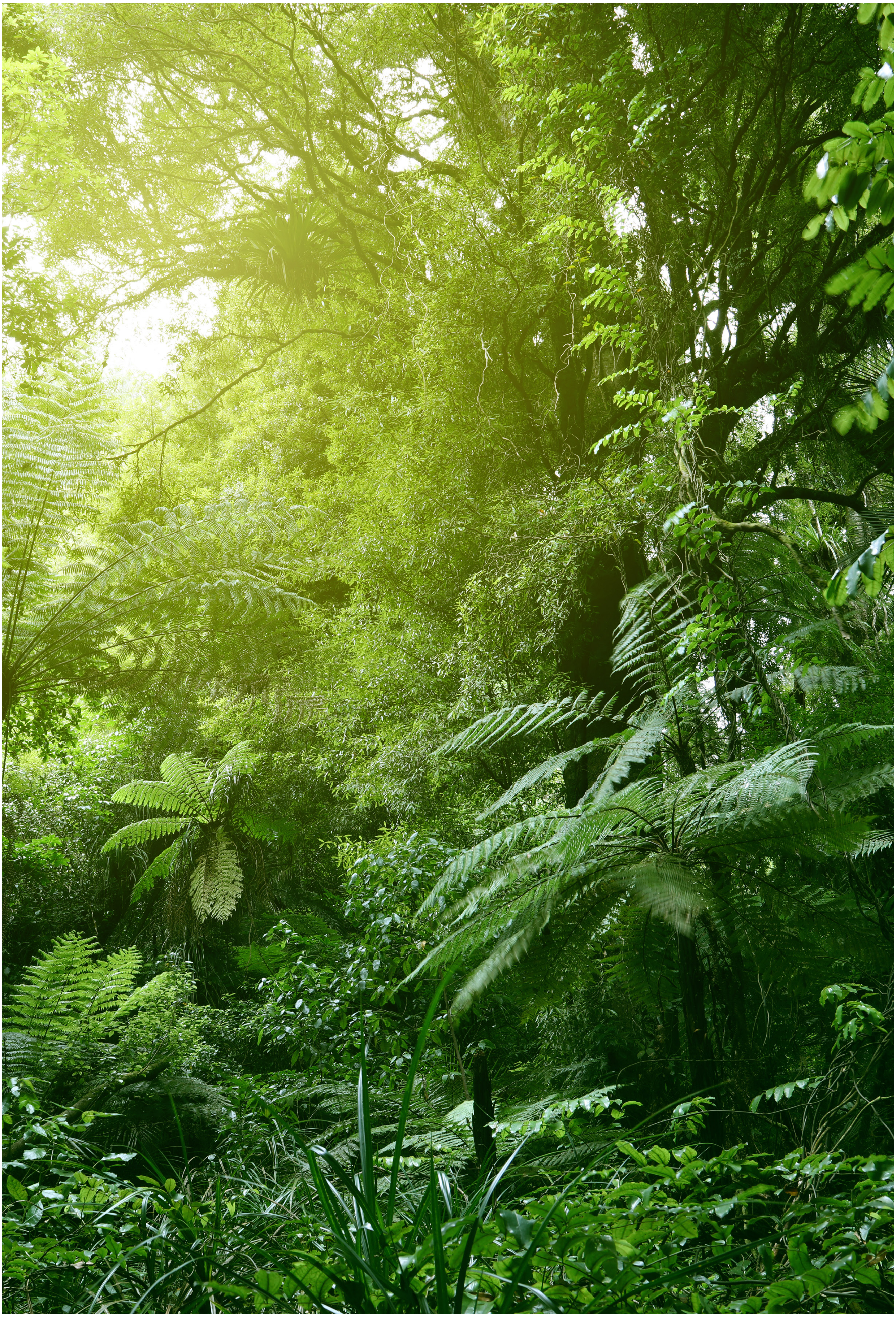


How many deals have you considered, made or advised on in New Zealand in the last five years?



Where is your company based?





Mergermarket

Mergermarket is an independent M&A proprietary intelligence tool. Unlike any other service of its kind, Mergermarket provides a complete overview of the M&A market by offering both a forward-looking intelligence database and a historical deals database, achieving real revenues for Mergermarket clients. To find out more, please visit www.mergermarket.com.

Simpson Grierson

We are one of New Zealand's largest law firms, but that's not what sets us apart.

It is our team of experts, market-leading reputation, and absolute commitment to achieving the right outcome for each client that makes us different.

By involving us early on, our clients and their advisers benefit from access to an unsurpassed understanding of New Zealand's business and regulatory environments.

You will have the advantage of leading specialists delivering timely advice, solving problems and anticipating issues. Having us in your corner means making decisions with confidence.

Please contact any of our experts for advice on the New Zealand market and investment opportunities, or to discuss any aspect of this report.

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