

## **MIGRANT INVESTMENT POLICY**

### **ACCEPTABLE INVESTMENTS**

An “acceptable investment” means an investment that:

- is capable of a commercial return under normal circumstances; and
- is not for the personal use of the applicant(s), which includes investment in assets such as a personal residence, car, boat or similar; and
- is invested in New Zealand in New Zealand currency; and
- is invested in lawful business enterprises or managed funds that comply with New Zealand law; and
- has the potential to contribute to New Zealand's economy; and
- is invested in one or more of the following:
  - ◇ bonds issued by the NZ government or local authorities
  - ◇ bonds issued by NZ firms traded on the NZ Debt Securities Market (NZDX)
  - ◇ bonds issued by NZ firms with at least a BBB- or equivalent rating from internationally recognised credit rating agencies (e.g., Standard and Poors)
  - ◇ equity in publicly- or privately-held NZ firms, including managed funds and venture capital funds
  - ◇ bonds issued by New Zealand registered banks
  - ◇ equities in New Zealand registered banks, including convertible notes
  - ◇ residential property developments
  - ◇ commercial property
  - ◇ bonds in finance companies
  - ◇ New Zealand venture capital funds put into a defined, fixed contract investment in a start-up business
  - ◇ philanthropic investment
  - ◇ ‘angel’ funds or networks

Notes:

1. New Zealand registered banks are defined by the Reserve Bank of New Zealand Act 1989. Before investing, check that the bank or institution is registered.
2. For equity investments in privately-owned firms to be acceptable, you must demonstrate that the company will actively use the funds for, say, funding company growth, clearing debt or buying capital items.

#### GROWTH INVESTMENTS

Bonus points are available for putting funds into 'growth investments'. These are defined as being all classes of acceptable investments listed above except:

- bonds, which includes convertible notes
- philanthropic investments

Depending on how much is invested, there are additional benefits for both Investor 1 and 2 applicants including reductions in the time you are required to be in New Zealand during the investment period, and the ability to withdraw some of the investment sum upon application.

#### MANAGED FUNDS

Managed funds are either:

- a managed fund investment product offered by a financial institution; or
- funds invested in equities that are managed on an investor's behalf by a fund manager or broker.

In order to be acceptable as a form of investment a managed investment scheme must be invested only in New Zealand companies. Managed fund investments in New Zealand with international exposure are acceptable only for the percentage of the investment that is invested in New Zealand companies.

#### RESIDENTIAL PROPERTY DEVELOPMENT

For the purposes of these instructions, residential property development is defined as property in which people live and is subject to the following conditions:

- the residential property must be in the form of new developments on either new or existing sites; and
- the residential property cannot include renovation or extension to existing developments; and
- the new developments must have been approved and gained any required consents by any relevant regulatory authorities including local Councils – or, at the very least, such consents have already been requested; and
- the purpose of the residential property investment must be to make a commercial return on the open market; and
- neither the family, relatives, nor anyone associated with the Investor may live in the development; and
- the costs associated with obtaining Resource or Building Consents etc. are not part of the acceptable investment.

## COMMERCIAL PROPERTY

In order for commercial property to be an acceptable investment it must:

- not be residential property, or for domestic use
- be used for business purposes – i.e., it is capable of producing a commercial return and is not used for ‘land banking’ (that is, not merely a ‘buy and hold’ scheme in order to profit on the increase in land values)
- be for the purpose of making a commercial return on the open market
- not be a residence for the family, relatives, or anyone associated with the principal applicant
- (if a new development) have the necessary approvals and consents from any relevant regulatory authorities (including local authorities)

Commercial property can include empty land if plans for development are submitted to regulatory authorities and/or work has commenced.

## PHILANTHROPIC INVESTMENT

The permits investment in:

- a registered charity with at least two years annual returns and Inland Revenue donee status
- a not-for-profit organisation that provides ‘social, cultural or economic benefits’.

Immigration must be satisfied the investment is genuine, and it can do so by considering the following in respect of the entity which will benefit from the investment (which is not an exhaustive list):

- the length of time it has been operating
- its constitutional arrangements, such as its Object declared in its founding documents
- its past track record of delivering services or assistance in the community, or (for instance) investigations into whether it conducts its business ethically or legitimately.