

## Financial Markets Conduct (Foodstuffs Provident Fund) Exemption Notice 2026

This exemption is granted by the Financial Markets Authority under section 556 of the Financial Markets Conduct Act 2013, after being satisfied of the matters set out in section 557 of that Act.

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### Notice

#### 1 Title

This notice is the Financial Markets Conduct (Foodstuffs Provident Fund) Exemption Notice 2026.

#### 2 Commencement

This notice comes into force on 1 July 2026.

#### 3 Revocation

This notice is revoked on the close of 30 June 2031.

#### 4 Interpretation

(1) In this notice, unless the context otherwise requires—

**Act** means the Financial Markets Conduct Act 2013

**effective date** means the date that this exemption notice comes into force

**Foodstuffs** means Foodstuffs North Island Limited

**Fund** means the Foodstuffs Provident Fund

**permitted in-house asset** means land leased to shareholders of Foodstuffs.

(2) Any term or expression that is defined in the Act and used, but not defined, in this notice has the same meaning as in the Act.

## 5 Exemption

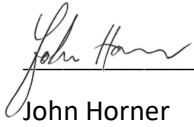
The manager of the Fund is exempted, in respect of the Fund and permitted in-house assets, from section 176 of the Act.

## 6 Conditions

The exemption in clause 5 is subject to the following conditions:

- (a) the statement of investment policy and objectives for the Fund must include—
  - (i) the rationale for the focus of the Fund on investment in permitted in-house assets, and the considerations the manager must take into account to monitor and manage the governance risks that presents, including steps to be taken to ensure that transactions are on arms' length terms and at fair value; and
  - (ii) a minimum limit, as a percentage interest, that Foodstuffs or one of its land owning subsidiaries must hold in each permitted in-house asset which the Fund has an ownership interest in; and
  - (iii) a maximum limit on the Fund's investment in permitted in-house assets as a percentage by value of Foodstuffs' total land portfolio; and
  - (iv) a maximum limit on the proportion of the Fund's assets invested in permitted in-house assets.
- (b) the manager of the Fund must send existing scheme participants in the Fund a written notice within one month after the effective date informing them—
  - (i) that the Fund is relying on this exemption notice; and
  - (ii) that under this exemption notice, in respect of the Fund and permitted in-house assets, the manager of the Fund continues to be exempted from the usual legal requirement that prohibits the acquisition of any new in-house asset if, as a result of the acquisition, the restricted scheme would have, or increase, an in-house assets ratio of 5% or more in relation to any related party or scheme participant; and
  - (iii) of the risks associated with investing retirement savings through the Fund in permitted in-house assets; and
- (c) the manager of the Fund must provide prospective investors in the Fund with a written notice before they invest in the Fund informing them—
  - (i) that the Fund is relying on this exemption notice; and
  - (ii) that under this exemption notice, in respect of the Fund and permitted in-house assets, the manager of the Fund is exempted from the usual legal requirement that prohibits the acquisition of any new in-house asset if, as a result of the acquisition, the restricted scheme would have, or increase, an in-house assets ratio of 5% or more in relation to any related party or scheme participant; and
  - (iii) of the risks associated with investing retirement savings through the Fund in the permitted in-house assets.

Dated at Wellington this 12th day of June 2026



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John Horner

Director – Markets, Investors and Reporting

Financial Markets Authority

## Statement of Reasons

This notice, which comes into force on 1 July 2026 and expires on 30 June 2031, exempts the manager of the Foodstuffs Provident Fund (**Fund**), in relation to land leased to shareholders of the investors' employer (**permitted in-house assets**), from compliance with section 176 of the Financial Markets Conduct Act (**Act**) which prohibits the acquisition of any new in-house asset where the result of the acquisition would be that the Fund would have, or increase, an in-house assets ratio of not more than 5%.

The Financial Markets Authority (**FMA**), after satisfying itself as to the matters set out in section 557 of the Act, considers it appropriate to grant the exemption because—

- Foodstuffs is a cooperative, with its shareholders owning and operating supermarkets. The Fund has been operating for a long time as a superannuation scheme that has as its core focus the investment in land leased back to shareholders of the investors' employer, Foodstuffs.
- the Fund is unique in that it has been set up to provide for employees' retirement benefits by expressly investing into in-house assets of the particular kind, designed to provide employees with an interest in the underlying businesses of the cooperative shareholders on the same terms as the cooperative itself:
- the permitted in-house assets are not directly or solely related to the overall fortunes and success of Foodstuffs - the key drivers of value are the value of the Fund which is particular land leased to shareholders, the value of the leases, and the fortunes of the shareholder lessees (in contrast to, for example, an investment in an employer's equity). The Fund also has an interest in a small percentage of the Foodstuffs' total land portfolio. As such there is only limited alignment of employment risk and risk to investors' retirement savings:
- appropriate governance arrangements are in place that provide for effective monitoring and to reduce governance risks (including through the proper performance of the manager's role and duties under the Act, combined with policies and limits in the Fund's statement of investment policy and objectives that are required under conditions to the exemption):
- conditions require appropriate disclosure about the exemption and related risks to be made to current and prospective investors.

The FMA is therefore satisfied that granting the exemption is necessary or desirable in order to promote one or more of the main or additional purposes of the Act.

In particular, the continuation of the Fund pursuant to the exemption —

- promotes the confident and informed participation of businesses, investors and consumers in the financial markets;
- ensures that appropriate governance arrangements apply to financial products and certain financial services that allow for effective monitoring and reduced governance risks;
- avoids unnecessary compliance costs; and
- promotes innovation and flexibility in the financial markets.

Furthermore, the conditions to the exemption—

- ensures that appropriate governance arrangements apply to the Fund that allow for effective monitoring and reduce governance risks; and
- provides for timely, accurate, and understandable information to be provided to existing and prospective investors in the Fund to assist them to make decisions relating to the Fund.

The FMA is further satisfied that the exemption is not broader than is reasonably necessary to address the matters that give rise to the exemption because it only applies in relation to land leased to shareholders of Foodstuffs rather than in relation to in-house assets more generally.