

Procedural Notes

Annual Meeting and Voting

The resolutions required for agenda items 2, 3, 4 and 5 are ordinary resolutions, requiring a simple majority of the votes of those shareholders entitled to vote and voting.

If your name is entered in the share register as at 5pm on the record date, Wednesday 29 October 2014, you are entitled to one vote for each resolution put to the Meeting. If a vote is held by way of a poll, you will be entitled to one vote for every fully paid share in the Company held as at the record date. You will be advised at the Meeting if a vote is to be held by way of poll.

Your right to vote may be exercised by:

- (a) Attending and voting in person
- (b) Submitting a postal vote
- (c) Appointing a Proxy (or representative) to attend in person and vote in your place

If you intend to attend and vote in person at the Meeting, please bring the enclosed form, which will act as your admission card, to the Meeting.

How to cast your Postal Vote or appoint a Proxy

If you are entitled to vote at the Meeting, you may cast your postal vote or appoint a Proxy to attend the Meeting and vote on your behalf either online or by completing and returning the enclosed form. Further details on how to cast your postal vote or appoint your Proxy (and give that Proxy your voting instructions) are set out below.

Postal Voting

If you are entitled to attend and vote at the Meeting, you may cast a postal vote instead of attending in person or appointing a Proxy to attend on your behalf. Anna-Lisa Strain, as the Company Secretary, has been authorised by the Board to receive and count postal votes at the Meeting. A postal vote must be received by the Company's share registrar, Link Market Services Limited, no later than **4pm on Wednesday 29 October 2014**, 48 hours before the Meeting. Details on how to return your postal vote are given overleaf.

Proxies and Representatives

If you are entitled to attend and vote at the Meeting, you may appoint a Proxy to attend in person and vote on your behalf. You should instruct your Proxy how to vote on the enclosed form or, if appointing a Proxy online, by completing the online voting instructions. A body corporate may appoint a representative to attend the Meeting on its behalf in the same manner as it would appoint a Proxy (including giving instructions as to how the representative should vote). Your Proxy does not need to be a shareholder of the Company. Your Proxy appointment must be received by the Company's share registrar, Link Market Services Limited, no later than **4pm on Wednesday 29 October 2014**, 48 hours before the Meeting.

You can return your completed form in any of the following ways.

- Post to Link Market Services Limited, PO Box 91976, Victoria Street West, Auckland 1142, New Zealand
- Hand deliver to Link Market Services Limited, Level 7, Zurich House, 21 Queen Street, Auckland 1010
- Fax to +64 9 375 5990
- Scan and email to meetings@linkmarketservices.co.nz (Please put the words "HNZ shareholder meeting" in the subject line)

Online Postal Voting or Appointing a Proxy

You can submit your postal vote or appoint a Proxy (and give that Proxy your voting instructions) online at <https://investorcentre.linkmarketservices.co.nz/voting/HNZ.aspx>

You will be required for security purposes to enter your CSN/Holder Number and FIN to complete your online postal vote or Proxy appointment.

Voting Restrictions

In accordance with the NZX Main Board Listing Rules, the Company will disregard any votes cast on resolution 4 by any director of the Company and any of their associates, except where any such vote is cast by a director or one of their associates as proxy for a person who is entitled to vote and that director or associate votes in accordance with express instructions to vote for or against a particular resolution on the proxy form.

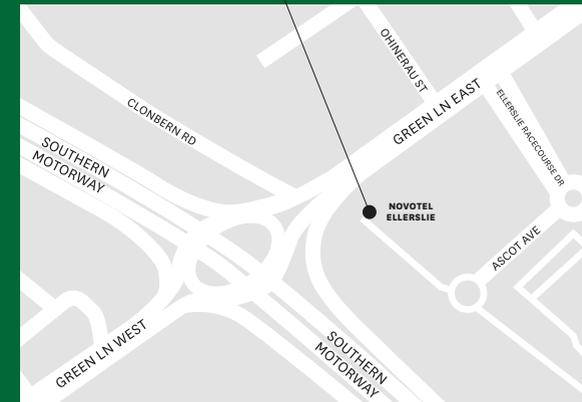
HEARTLAND

New Zealand Limited

Venue Details

The Annual Meeting of Heartland New Zealand Limited will be held at Novotel Ellerslie, 72-112 Greenlane Road East, on Friday 31 October 2014 commencing at 4pm.

HEARTLAND NEW ZEALAND LIMITED
ANNUAL MEETING



www.heartland.co.nz

Notice of Annual Meeting

Friday 31 October 2014

Novotel Ellerslie, 72-112 Greenlane Road East, Auckland
commencing at 4pm.



HEARTLAND

New Zealand Limited

Agenda

1. Addresses

By the Chairman and Managing Director.

2. Annual Report

To receive and consider the Annual Report for the year ended 30 June 2014 and, if agreed, pass the following resolution as an ordinary resolution:

That the Annual Report for the year ended 30 June 2014 be received.

3. Election of Directors

To consider and, if agreed, pass the following resolutions as ordinary resolutions (each as a separate ordinary resolution):

That Geoffrey Ricketts be re-elected as a director of the Company.

That Graham Kennedy be re-elected as a director of the Company.

(See Explanatory Notes for profiles and Board recommendations.)

4. Directors' Remuneration

To consider and, if agreed, pass the following resolution as an ordinary resolution:

That the maximum total amount of annual directors' remuneration be increased from \$917,500 to \$1,000,000, an increase of \$82,500, until such time as this amount may be altered by a further ordinary resolution of shareholders.

5. Auditor

To record the automatic reappointment of KPMG as the Company's auditor and, if agreed, pass the following resolution as an ordinary resolution:

That the Directors are authorised to fix the auditor's remuneration.

6. Other Business

To consider any other matters that may properly be brought before the Meeting.

Following the formal part of the Meeting, the Directors invite shareholders to join them for light refreshments.

By order of the Board

Anna-Lisa Strain
Company Secretary
Auckland, New Zealand

14 October 2014

Explanatory Notes

3. Election of Directors – Explanatory Notes

In accordance with the Company's Constitution, Geoffrey Ricketts and Graham Kennedy retire by rotation and, being eligible, offer themselves for re-election.

The Board has determined that Geoffrey Ricketts and Graham Kennedy would qualify as independent directors. The Board unanimously recommends shareholders vote in favour of the re-election of Geoffrey Ricketts and Graham Kennedy to the Board.

Geoffrey Ricketts CNZM, LLB (Hons), F Inst D



Geoff is a commercial lawyer, company director and investor with wide experience in the New Zealand and Australian business environments. He holds a number of directorships and was Chairman of Southern Cross Building Society leading up to the merger with MARAC Finance Limited and CBS Canterbury.

Graham Kennedy J.P., BCom, FCA, ACIS, ACIM, AF Inst D



Graham has 40 years' experience as a chartered accountant and business advisor and is now an independent professional director and Chairman of a number of private companies providing him with Governance experience across a diverse range of business sectors including, Property, Tourism, Agribusiness, Transport, Construction and Professional services. Graham was a director of CBS Canterbury for 24 years, holding the position of Chairman from 2002 – 2008. Graham has also been actively involved in a number of community-based charitable organisations for many years.

Gary Leech has indicated to the Board that after conclusion of the Annual Meeting, he will offer his resignation to the Board in light of his recent appointment to the board of City Care Limited and his other commitments. Accordingly, a vacancy on the Board will arise following the Annual Meeting.

In accordance with good corporate governance practice, the Company has a formal and transparent method for the nomination and appointment of directors to the Board. Recommendations to the Board for nominations of new directors are made by the Governance and Remuneration Committee (Committee) taking into account such factors as it considers appropriate, including background, experience,

professional skills and personal qualities of each candidate and whether their skills and experience will enhance the existing Board.

The Committee has commenced a thorough search process to ensure the best candidate is identified and appointed to the Board following Mr Leech's resignation becoming effective.

4. Directors' Remuneration Explanatory Notes

The Board recommends to shareholders that the maximum annual directors' remuneration payable to all directors of the Heartland group be increased by \$82,500 from the present level of a total of \$917,500 to a total of \$1,000,000. The current limit of \$917,500 has not been increased since it was approved prior to the Company's listing on the NZX Main Board in 2011.

The Board considers that a fee pool of \$1,000,000 is appropriate for the Company and its subsidiaries given their combined size, operations and the growth strategy on which the Company is embarking and will help enable the Company and its subsidiaries to attract and retain high calibre non-executive directors. The Board also notes the NZX Listing Rules and Reserve Bank of New Zealand requirements for the Company and its operating subsidiary, Heartland Bank Limited, to have a specified number of independent directors, resulting in a higher number of directors and the need for a higher fee pool.

The proposed increase to the fee pool does not mean that existing non-executive directors will receive immediate fee increases, that any increase in the number of directors is imminent or that the whole amount of the fee pool will be used. An increase in the fee pool will provide scope to retain and appoint additional suitably qualified and experienced non-executive directors in the future and to pay fees which are consistent with market benchmarks.

The proposed fee pool covers all fees for services as a non-executive director including committee fees. The remuneration of each director of the Company and its subsidiaries for the year ended 30 June 2014 is detailed in the Company's 2014 Annual Report.

5. Auditor – Explanatory Notes

It is intended that KPMG will be automatically reappointed as the Company's auditor under section 207T of the Companies Act 1993. The Company proposes that the Directors be authorised by way of ordinary resolution to fix KPMG's remuneration as auditor for the following year for the purposes of section 207S of the Companies Act 1993.