

HEARTLAND

New Zealand Limited

NZX Release

Notification of allotment of securities

26 August 2013

For the purposes of NZSX Listing Rule 7.12.1, Heartland New Zealand Limited (NZX: HNZ) (**Heartland**) advises the issue of net share settled options (**Options**) under the Heartland LTI Net Share Settled Option Plan (the **Plan**) to certain eligible employees of Heartland.

Subject to their continued employment by the Heartland Group, it is expected that optionholders will be able to exercise the Options in the period beginning in September 2015 and ending 1 July 2017.

On exercise, optionholders will be entitled to a settlement amount per Option. This settlement amount will be equal to the amount (if any) by which the market price of Heartland ordinary shares at the time of exercise exceeds an opening price. This opening price is a 5% premium over the volume weighted average price of Heartland ordinary shares for the 20 business days following 26 August 2013, less cash dividends paid after issue of the Options.

The total settlement amount due to an optionholder will be satisfied by the transfer or issue of Heartland ordinary shares with a total market value (at the time of exercise) equal to that settlement amount. Heartland may elect to issue new shares, or satisfy out of treasury stock.

As the settlement amount (if any) per Option is not known, the number of Heartland ordinary shares to be transferred or issued upon the exercise of the Options cannot be determined at this time. For illustrative purposes only, attached as an Appendix is a worked example showing the number of Heartland ordinary shares which would issue in one particular scenario.

a	Class of security ISIN	Net share settled options issued under the Plan. N/A. The options will not be quoted.
b	Number issued	5,136,183 options.
c	Nominal value & Issue Price	Nil.
d	Payment terms	Nil.
e	Amount paid up	Not applicable.
f	Percentage of class of securities	This is the first issue of options under the Plan. Accordingly, the options in respect of which this notice is given represent 100% of the options on issue.

g	Reason for issue	The board of Heartland has resolved to offer the Plan to selected employees in order to: (a) incentivise and motivate participants to continue in employment with the Heartland Group for the "Service Period" (as defined in the Plan rules); (b) incentivise and motivate participants to exercise long-term thinking to contribute to the long-term success of the Heartland Group; and (c) align the interests of participants with those of the Heartland and its shareholders.
h	Authority for issue	Directors' resolution dated 22 August 2013.
i	Terms of issue	The options are issued on the terms set out in the Plan Rules (which are attached to the Prospectus in respect of the options dated 28 June 2013).
j	Number of securities of the class in existence after issue	5,136,183 options.
k	Treasury stock	Not applicable.
l	Date of Issue	26 August 2013.

- Ends -

For further information please contact:

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APPENDIX 1: WORKED EXAMPLE

Set out below is a worked example provided for illustrative purposes only. All amounts below (other than the number of Options) are mere examples, and not indicative of any expectations.

Assumptions:

- Opening price (i.e. 5% premium over VWAP for 20 business period following 26/8/2103 less cash dividends paid) = \$0.80 (**X**).
- Market value of Heartland ordinary shares at time of exercise = \$1.20 (**Y**).
- All Options exercised on same day.

Outcomes:

The settlement amount per Option is \$0.40 (**Y-X**), resulting in a total settlement amount for all Options of \$2,054,473.20 (**5,136,183 x \$0.40**)

This would be satisfied by the issue or transfer of **1,712,061** Heartland ordinary shares (i.e. at a market price of \$1.20 each).