

HEARTLAND

New Zealand Limited

NZX Release

Sell down of non-core property exceeding forecasts

17 June 2014

Non-core property

Heartland New Zealand Limited (“Heartland”) (NZX: HNZ) advises that the sell down of non-core property assets is progressing ahead of expectations. Non-core property assets have reduced by 51% from \$87.1m to \$43.0m in the five months ending 31 May 2014. Heartland had previously forecast non-core property assets to be \$57.9m as at 30 June 2014.

As at 31 May 2014 non-core property assets comprised of net receivables of \$16.9m (22 receivables with an average balance of <\$0.8m) and investments properties of \$26.1m (13 properties with an average balance of <\$2.0m). Heartland retains \$9.7m of provisions against these assets and does not expect earnings to be affected by these assets.

Home equity release mortgages

Heartland’s acquisition of the New Zealand and Australian Home Equity Release (“HER”) mortgage businesses of Seniors Money International Limited was completed on 1 April 2014. The loan book, which historically repays at around 10% pa, has been declining since 2012. To date, Heartland has integrated the businesses and is conducting a marketing campaign in New Zealand for the HER product, including TV advertising that started in May 2014. This has produced higher numbers in the sales pipeline than anticipated. The New Zealand book is expected to turn around and grow in July or August 2014, ahead of expectations.

In Australia, where sales are largely through distribution partners, 47 sales people have been accredited across 4 key partners. A TV campaign will be launched in Australia, starting in July 2014. Growth expectations remain on track.

– Ends –

For further information please contact:

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