

HEARTLAND

New Zealand Limited

NZX and Media Release

HEARTLAND EARNINGS UPDATE

7 August 2014

Heartland New Zealand Limited (Heartland) (NZX: HNZ) intends to announce its Full Year Results for the year ending 30 June 2014 on Monday, 25 August 2014. Heartland advises that it expects its Net Profit after Tax (NPAT) for the year ended 30 June 2014 to be approximately \$36m. This result is preliminary and subject to finalisation and is at the upper end of the NPAT range of \$34m - \$37m previously advised.

The improved earnings (NPAT up approximately \$29m or 421% on the prior year) are partially due to the one off charges made in the previous period but also are a result of the growth of operating income and continued management of operating expenses and impairment levels.

The recently acquired New Zealand and Australian home equity release mortgage businesses of Seniors Money International Limited contributed approximately \$1m of the NPAT, this was net of acquisition costs, and were at expected levels.

The indicative earnings for 2014 equates to a Return On average Equity (ROE) of approximately 9.0% for the full year, however this has improved during the year with an ROE of approximately 9.7% being achieved in the last quarter.

The ROE of 9.0% for the current year has improved when compared to ROE of 2.0% and Adjusted ROE of 6.5% for the prior year. Adjusted ROE is calculated by excluding the one-off expenses of \$24.3m (pre tax) incurred as a result of the change in strategy with respect to the non-core legacy property asset portfolio (which included termination of a management contract announced 5 June 2013)¹.

Heartland is focused on continuing the earnings momentum achieved in 2014 with a specific focus on improving ROE. We will continue our product centric strategy focusing on higher yielding products where a leading market position can be achieved. In addition, Heartland will continue to investigate potential acquisition opportunities that are ROE accretive as well as assessing possible capital management options to improve ROE.

- Ends -

¹ For details of the Change in Strategy, see Heartland's market announcement of 5 June 2013

For further information, please contact:

Jeff Greenslade
Chief Executive Officer
Heartland New Zealand Limited
DDI 09 927 9149
M 021 563 593

Simon Owen
Chief Financial Officer
Heartland New Zealand Limited
DDI 09 927 9195
M 027 629 4602