

Heart land

HEARTLAND
— BANK —

**Heartland Bank Limited
Share Sale Plan Document**

9 June 2016

This is an important document. You should read the whole document before making any decisions. If you have any doubts as to what you should do, please consult your broker, financial, investment or other professional advisor.

Heartland Bank Limited Share Sale Plan

Terms And Conditions

1 Introduction

This document (“Plan Document”) contains the terms and conditions of the Heartland Bank Limited (“HBL”) Share Sale Plan (the “Plan”) and has been prepared as at 9 June 2016. You should read this Plan Document together with the personalised Share Sale Plan Notice (“Plan Notice”), which sets out important information about the Plan, including important dates in relation to the Plan.

The Plan is available to you (“you”) if, subject to clauses 3 and 4, you are the holder of not more than 10,000 ordinary shares in HBL (“Shares”) on the record date set out in your Plan Notice (“Record Date”).

You may elect to participate in the Plan, pursuant to which the broker(s) as set out in your Plan Notice (“Broker”), on behalf of HBL, will arrange for all of the Shares you held on the Record Date to be sold. Your proceeds will be based on the market price of the Shares, calculated in accordance with clause 7, and HBL will pay the brokerage fees and other costs involved.

Your Plan Notice, together with this Plan Document, is your “disclosure document” for the purposes of the Financial Markets Conduct Regulations 2014 (as modified by the Financial Markets Conduct (Heartland Bank Limited Share Sale Plan) Exemption Notice 2016).

2 Plan Participation

If you choose to participate in the Plan, you must participate in respect of all of your Shares specified in your Plan Notice (“Participating Shares”).

If you do not wish to participate in the Plan and instead wish to retain your Shares you do not need to do anything.

3 Overseas Shareholders

HBL may, in its absolute discretion, elect not to offer participation in the Plan to shareholders whose address is outside New Zealand if HBL considers that to do so would risk breaching the laws of any other jurisdiction. As at the date of this Plan Document, the Plan is only available to shareholders who have an address on HBL’s share register in New Zealand. However, the board of HBL (“Board”) may amend this policy at any time, in its sole discretion.

4 Exclusion where Liens or Charges over Shares

If you hold any Shares over which HBL has a lien or charge or over which there is a Court order or lien, those Shares will not be eligible to participate in the Plan.

5 Participation Election

5.1 To participate in the Plan you must make a “Participation Election” in one of the following ways:

- (a) **Online Election** – by visiting www.linkissuers.co.nz/HBLsharesaleplan. You will be required to enter your CSN/holder number and FIN before you can make your Participation Election. If you make an Online Election, you will be required to confirm that you have read, understood and complied with the terms and conditions of the Plan; or
- (b) **Participation Notice** – by completing the enclosed participation notice which accompanies this Plan Document (the “Participation Notice”) and returning it to HBL’s Share Registrar in one of the following ways:

Online: www.linkissuers.co.nz/HBLsharesaleplan

Email: operations@linkmarketservices.co.nz (*Please put HBL Share Sale Plan in the subject line for easy identification*)

Mail: Link Market Services Limited, PO Box 91976, Auckland 1142

Facsimile: +64 9 375 5990,

or such other person or address as HBL may determine from time to time.

- 5.2 You must make your Participation Election before 5.00pm on the closing date set out in your Plan Notice (“Closing Date”) by following one of the steps in clause 5.1.
- 5.3 You will be deemed to have accepted the offer to participate in the Plan:
 - (a) in the case of an Online Election, when the Online Election is made; or
 - (b) in the case of a Participation Notice, when the Participation Notice is received by HBL’s Share Registrar Link Market Services Limited.

6 Right to cancel

- 6.1 If you choose to participate in the Plan but then change your mind, you have the right to cancel your participation in the Plan.

6.2 You can cancel the sale of your Shares under the Plan by contacting HBL's Share Registrar Link Market Services Limited with your name and CSN, stating you wish to cancel, using one of the following methods:

(a) Online: www.linkissuers.co.nz/HBLsharesaleplan

(b) Email: operations@linkmarketservices.co.nz

(c) Mail: Link Market Services Limited, PO Box 91976, Auckland 1142

(d) Facsimile: +64 9 375 5990

6.3 Your cancellation must be received by Link Market Services Limited within 10 working days after the date on which you make your Online Election or HBL's Share Registrar Link Market Services Limited receives your Participation Notice.

6.4 For the purposes of the Plan, a working day is a day of the week other than:

(a) a Saturday, a Sunday, Waitangi Day, Good Friday, Easter Monday, Anzac Day, Sovereign's Birthday and Labour Day;

(b) a day in the period commencing with 25 December in a year and ending with 2 January in the following year;

(c) if 1 January falls on a Friday, the following Monday or, if 1 January falls on a Saturday or a Sunday, the following Monday and Tuesday; and

(d) if Waitangi Day or Anzac Day falls on a Saturday or a Sunday, the following Monday.

6.5 No Shares will be sold during the cancellation period, being 10 working days after the date on which you make your Online Election or HBL's Share Registrar Link Market Services Limited receives your Participation Notice.

7 Proceeds of Participation

7.1 If you choose to participate in the Plan, the proceeds you will receive for the sale of your Participating Shares will be calculated in accordance with the following formula:

Where:

$$N = PS \times MP$$

N is the proceeds of sale you will receive (with fractional amounts to be rounded down to the nearest cent)

PS is the number of your Participating Shares

MP is the Market Price, calculated in accordance with clause 7.2

- 7.2 The Market Price will be calculated in accordance with the following formula:

$$MP = \frac{TP}{TS}$$

Where:

TP is the total proceeds of sale of Shares sold under the Plan on the day on which your Participating Shares are sold

TS is the total number of Shares sold under the Plan on the day on which your Participating Shares are sold

The determination of the Market Price of Participating Shares by the Board, or by some other person nominated by the Board, will be binding on all participants in the Plan.

8 Sale of Shares and Pooling

- 8.1 The Broker, on behalf of HBL, will arrange for your Participating Shares to be sold:
- (a) in the ordinary course of trading on the NZX Main Board; or
 - (b) in an off market trade (as defined in the NZX Participant Rules) during a normal trading session (as defined in the NZX Participant Rules) and executed within the current quotations for the Shares,
- after receipt of your Participation Election, as market conditions allow, in the Broker's sole discretion.
- 8.2 There is no guarantee that the Broker will be able to sell your Participating Shares on your behalf.
- 8.3 The Broker may, in its sole discretion, pool some or all of the Participating Shares to be sold under the Plan into one or more Share parcels.

9 Payment of Proceeds

- 9.1 You will receive the proceeds of sale of any Participating Shares sold under the Plan as soon as practicable after your Participating Shares are sold and, in any event, within 28 days after the date on which the cancellation period for your Participating Shares ends.
- 9.2 Your proceeds will be paid by way of direct credit to your bank account if HBL's Share Registrar Link Market Services Limited holds your bank account details or by way of cheque posted to your address listed in the share register as at the date of sale of your Participating Shares if Link Market Services Limited does not hold your bank account details.

10 Compliance with Laws, Listing Rules and Constitution

- 10.1 The Plan will not operate to the extent that it would breach any applicable law, the NZX Main Board Listing Rules or any provision of HBL's constitution.
- 10.2 The Plan is operated in reliance upon the Financial Markets Conduct (Heartland Bank Limited Share Sale Plan) Exemption Notice 2016.

11 Statements

If you choose to participate in the Plan, HBL will send a statement to your address or electronic mail address (if you have elected to receive communications electronically) as set out in HBL's share register within 5 trading days of the sale of your Participating Shares detailing:

- (a) your nil holding of Shares;
- (b) the Market Price and the number of your Participating Shares that were sold under the Plan;
- (c) the total proceeds for your Participating Shares that were sold under the Plan; and
- (d) such other matters required by law with respect to the sale of Shares.

12 Termination, Suspension and Modification

The Board may, in its sole discretion, at any time terminate, suspend or modify the Plan. However, the Plan will not be terminated, suspended or modified while an invitation to participate in the Plan set out in a Plan Notice is open for participation to shareholders.

13 Effect of Participation

Your election to participate in the Plan only applies in relation to the offer detailed in your Plan Notice. HBL may issue further Plan Notices in respect of which you will need to complete a further Participation Election should you wish to participate.

14 Costs

You will not be charged for participating (or cancelling your participation) in the Plan. You will not incur any brokerage costs on the sale of your Participating Shares. HBL will pay brokerage fees and registry costs on all share transactions in connection with the sale of Shares under the Plan. HBL will not pay for any other costs incurred by you in connection with the Plan, including financial adviser fees or legal fees.

15 Listing Rules

The Plan is subject to the NZX Main Board Listing Rules and to any rules for clearing and/or settlement which apply to the NZX Main Board from time to time (together, the “Rules”) and in the event of any inconsistency between the Plan and the Rules, the Rules will apply.

16 Governing Law

The Plan and its operation will be governed by the laws of New Zealand.

Directory

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SHARE REGISTRAR

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