

# HEARTLAND

## SHARE PURCHASE PLAN

21 FEBRUARY 2017



HEARTLAND  
— BANK —

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



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This offer of Shares is made to Eligible Shareholders under the exclusion in clause 19 of Schedule 1 of the Financial Markets Conduct Act 2013. This document is not a product disclosure statement or prospectus and does not contain all of the information which may be required in order to make an informed investment decision about the offer or Heartland.

Capitalised terms used in this Share Purchase Plan (SPP) booklet have the specific meaning given to them in the Glossary at the back of this booklet or in the relevant section of this booklet.



# CHAIRMAN'S LETTER

21 February 2017

Dear Heartland shareholder,

## HEARTLAND SHARE PURCHASE PLAN

On behalf of the directors of Heartland Bank Limited (**Heartland**), I am pleased to offer you the opportunity to acquire new Shares through this Share Purchase Plan (**SPP**), without incurring brokerage or other transaction costs.

Heartland announced on 12 December 2016 that it intended to raise up to \$30 million of new capital to ensure it continues to have sufficient capital to support its growth and to further invest in its digital strategy. The first stage of the capital raising was a \$20 million equity placement to existing and new investors under which 13,698,630 new Shares were issued on 15 December 2016 at \$1.46 per Share. The second stage of the capital raising is this SPP, which enables each Heartland shareholder in New Zealand to subscribe for up to \$15,000 of Shares at a discounted price. The price Heartland shareholders will pay for each new Share under the SPP will not be more than the price paid by investors in the equity placement. We had initially intended to raise up to \$10 million under this SPP but, given the strong interest that investors have shown in the SPP and our desire to provide our loyal retail shareholder base with an opportunity to make a meaningful further investment, we have decided to increase the size of the SPP and we now intend to offer up to \$20 million of Shares.

## SHARE PURCHASE PLAN

The SPP is available to all Heartland shareholders in New Zealand on equal terms. Each eligible shareholder (big or small) has the right to acquire the same dollar amount of new Shares under the SPP.

The SPP gives you the opportunity to invest up to \$15,000 in new Heartland Shares. The minimum application amount is \$2,500. If we receive applications for Shares in excess of \$20 million, your application will be scaled on a proportionate basis with regard to the size of your application and you will receive less than the amount you applied for. The price per Share will be the **lower** of:

- a 4.6% discount to the average end of day market price of Heartland Shares on the NZX Main Board over the 5 day trading period from 6 March to 10 March 2017 (being the approximate percentage discount received by investors in the equity placement); and
- \$1.46 per Share (being the price paid by investors in the equity placement).

If you do not participate in the SPP, your shareholding in Heartland will be diluted. By way of example, a Shareholder owning 5% of the issued Shares before the SPP who does not participate in the SPP will own approximately 4.866% of the issued Shares after the SPP (assuming the SPP is fully subscribed and the shares are issued at \$1.46 per Share).

The SPP is not underwritten. The board of Heartland recommends this offer to you. Further details about the SPP are included in this document.

**The SPP is scheduled to close at 5.00pm on 10 March 2017.** To apply for your new Heartland Shares, you should complete your application online at [www.heartlandshareoffer.co.nz](http://www.heartlandshareoffer.co.nz) or return the enclosed Application Form with a cheque or direct debit instruction for the application monies in plenty of time to be received by 10 March 2017. Instructions on how to apply are set out on the Application Form that accompanies the SPP booklet.

Thank you for your support in advance.

Yours sincerely



**Geoffrey Ricketts**  
Chairman

# HIGHLIGHTS

<b>Equal participation</b>	Each Eligible Shareholder, big or small, has the right to apply for the same dollar amount of Shares.
<b>Application amount</b>	You can apply for a minimum of \$2,500 and up to \$15,000 of Shares.
<b>Discounted pricing</b>	Shares will be priced at a discount to the average market price on the NZX Main Board over the 5 trading day period from 6 March to 10 March 2017 or, if lower, at \$1.46 per Share.
<b>When to apply</b>	Applications must be received by 5.00pm on the Closing Date (10 March 2017, unless extended).
<b>How to apply</b>	Applications can be made online at <a href="http://www.heartlandshareoffer.co.nz">www.heartlandshareoffer.co.nz</a> . Alternatively, complete and return your personalised Application Form accompanying this booklet in accordance with its instructions.
<b>Receiving your Shares</b>	You will receive your Shares on the Allotment Date (15 March 2017, unless extended).

## KEY DATES\*

Date	Event	
20 February 2017	Record Date	The date on which Eligible Shareholders are determined.
21 February 2017	Opening Date	The Share Purchase Plan opens.
10 March 2017	Closing Date	The Share Purchase Plan closes. Application Forms and payment must be received by 5.00pm.
10 March 2017	Issue Price fixed	After market close, the Issue Price is fixed and announced upon market open on the following trading day.
15 March 2017	Allotment Date	Shares are allotted. Trading of the Shares is expected to commence on the NZX Main Board.
No later than 22 March 2017	Allotment statements mailed	Allotment statements are despatched to shareholders within 5 business days of the Allotment Date.

\* Subject to the Listing Rules, Heartland reserves the right to alter the key dates.

### No investment advice

The information contained in this SPP booklet and Application Form does not take into account the investment objectives, financial situation, tax position or particular needs of individuals. If you are in doubt as to the course of action you should follow, you should consult your broker, financial, investment or other professional advisor before participating in the SPP.

### Price movements

The market price of Shares may rise or fall between the date of this offer, the date on which the Issue Price is fixed and the date when Shares are allotted to you. As a result, the Issue Price you pay for the Shares allotted to you pursuant to the SPP or the value of those Shares may be either higher or lower than the price of the Shares trading on the NZX Main Board.

### Foreign jurisdictions

The SPP is only available to shareholders of Heartland with a registered address in New Zealand at 5.00pm on the Record Date.

# QUESTIONS AND ANSWERS

## 1 What is the Share Purchase Plan (SPP)?

The SPP allows Eligible Shareholders to purchase additional Shares in Heartland without incurring brokerage or other transaction costs.

All Shares issued under the SPP will be of the same class as, and rank equally with, all Shares in Heartland currently on issue.

## 2 Why is Heartland offering the SPP?

Heartland announced on 12 December 2016 that it intended to raise up to \$30 million of new capital to ensure it continues to have sufficient capital to support its growth and to further invest in its digital strategy. The first stage of the capital raising was a \$20 million equity placement to existing and new investors under which 13,698,630 new shares were issued on 15 December 2016 at \$1.46 per Share.

The second stage of the capital raising is this SPP, which will raise up to \$20 million and enables each New Zealand resident shareholder to subscribe for up to \$15,000 of Shares at a discounted price. The price shareholders will pay for each new Heartland Share under the SPP will not be more than the price paid by investors in the equity placement. We had initially intended to raise up to \$10 million under this SPP but, given the strong interest that investors have shown in the SPP and our desire to provide our loyal retail shareholder base with an opportunity to make a meaningful further investment, we have decided to increase the size of the SPP and we now intend to offer up to \$20 million.

## 3 Am I eligible to participate?

You are eligible to participate in the SPP if you were registered as a holder of Heartland Shares at 5.00pm on 20 February 2017 (being the Record

Date) and your address recorded on the share register is in New Zealand.

## 4 How many Shares can I purchase?

If you apply for Shares under the SPP, you will apply for a dollar amount rather than a number of Shares. Eligible Shareholders may apply for up to \$15,000 of Shares under the SPP, in parcels of \$2,500, \$5,000, \$7,500, \$10,000, \$12,500 or \$15,000. Applications which are not for one of these denominations may not be accepted by Heartland.

The dollar amount of Shares you receive will be less than the dollar amount you apply for if scaling is required. Please read paragraph 9 of the terms and conditions for more information.

## 5 What is the Issue Price of the Shares?

The price of the Shares to be issued under the SPP will be fixed after market close on 13 March 2017 as the lesser of:

- (a) a 4.6% discount to the average end of day market price of Shares on the NZX Main Board over the 5 day trading period from 6 March to 10 March 2017 (being the approximate percentage discount received by investors in the equity placement); and
- (b) \$1.46 per Share (being the price paid by investors in the equity placement).

The Issue Price will be announced to the NZX upon market open on 13 March 2017.

If, subject to the Listing Rules, Heartland elects to extend the Closing Date for the SPP, the Issue Price will be calculated as the lesser of:

- (a) a 4.6% discount to the average end of day market price of Shares on the NZX Main Board over the 5 day

trading period up to and including the extended Closing Date (being the approximate percentage discount received by investors in the equity placement); and

- (b) \$1.46 per Share (being the price paid by investors in the equity placement).

In this case, the Issue Price will be announced upon market open on the trading day following the extended Closing Date.

## 6 Are there any conditions to the SPP?

No. However, if the SPP is cancelled for whatever reason, all application monies will be returned to applicants and no Shares will be allotted under the SPP. No interest will be payable on any monies returned to applicants.

## 7 What if I own Shares through a trustee or custodian or own Shares in more than one capacity?

If you own Shares through a trustee or custodian, then, subject to certain certification requirements and other conditions, you may instruct the trustee or custodian to purchase Shares on your behalf, up to the \$15,000 limit. If you own Shares through a trustee or custodian and also own Shares in your own name, then you may either purchase Shares yourself or instruct your trustee or custodian to purchase Shares on your behalf. You may not do both.

If you receive more than one copy of this SPP booklet, or if you hold Shares in more than one capacity (e.g. because you are both a sole and joint holder of Shares) you may only purchase Shares in all capacities up to the \$15,000 limit. By applying to purchase Shares under the SPP, you certify and represent that you have not exceeded that limit.

## 8 Is this offer transferable to another person?

No. This offer is personal to you. Participation in the SPP is entirely voluntary, but if you elect not to purchase any Shares under the SPP, you may not transfer your right to purchase Shares under the SPP to anyone else; that is, it is non-renounceable.

## 9 What are the risks to investing in the SPP?

The market price of Shares may rise or fall between the date of this offer and the date when Shares are allotted to you. As a result, the price to be paid for the Shares to be issued under the SPP may be higher or lower than the price at which Shares are trading on the NZX Main Board.

There is no certainty that Shares will trade at or above the Issue Price following the issue of Shares under the SPP. Therefore, you should seek your own financial advice in relation to this offer and your participation under the SPP.

Further information about Heartland, including the most recent financial statements of Heartland, can be obtained from Heartland's website: [www.heartland.co.nz](http://www.heartland.co.nz). You are also recommended to monitor Heartland's market announcements through the NZX website: [www.nzx.com](http://www.nzx.com).

## 10 What is the current Share price?

The Share price is quoted in the financial pages of most major metropolitan newspapers and on the NZX website: [www.nzx.com](http://www.nzx.com).

## 11 How do I apply for Shares under the SPP?

If you wish to participate in the SPP, you can apply online at [www.heartlandshareoffer.co.nz](http://www.heartlandshareoffer.co.nz) or follow the step-by-step instructions set out on

the enclosed personalised Application Form. If you apply by using the enclosed personalised Application Form, send your completed Application Form with your payment by cheque or direct debit instruction, for the Shares you wish to apply for made payable to "Heartland Share Purchase Plan" to the Share Registrar, as set out in the instructions on the Application Form. If the exact amount of money is not tendered, Heartland reserves the right not to accept all or part of your payment. In those circumstances, Heartland will return your application and cheque or refund all or part of your payment (without interest). Online application payments can only be made by direct debit instruction.

**You will not be able to withdraw or revoke your application once you have sent it in.**

## 12 How long is the SPP open and when will I receive my Shares?

The SPP opens on 21 February 2017 and is expected to close at 5.00pm on 10 March 2017, unless extended. If you want to participate you should ensure your Application Form and payment (by cheque or direct debit instruction) is received by 5.00pm on the Closing Date.

**Please allow adequate time for mail deliveries. Applications received after this time may not be accepted.**

You will receive Shares issued to you under the SPP on the Allotment Date, which is currently expected to be 15 March 2017. A statement confirming the number of Shares issued to you under the SPP will be sent to you no later than 5 business days after the Allotment Date.

**The Allotment Date is currently expected to be 15 March 2017. Heartland may, subject to the Listing Rules, extend the Closing Date and the Allotment Date.**

## 13 How many Shares will I receive?

Subject to scaling, you will receive the number of Shares equal to the dollar amount of Shares you have applied for divided by the Issue Price. If, once divided by the Issue Price, the dollar amount of Shares you have applied for does not equal a whole number of Shares the number of Shares allotted to you will be rounded up to the nearest Share.

If Heartland receives applications for Shares in excess of \$20 million, it will scale back the number of Shares to be allotted under the SPP by reference to the size of each application (see paragraph 9 of the terms and conditions).

## 14 Will the Shares be quoted?

The Shares will be quoted on the NZX Main Board, a licenced market operated by NZX which is a licenced market operator under the Financial Markets Conduct Act 2013. However, NZX accepts no responsibility for any statement in this SPP booklet.

It is expected that you will be able to commence trading the Shares allotted to you under the SPP on the NZX Main Board on the Allotment Date.

## 15 Why is there a maximum application amount?

The offer under the SPP needs to comply with the conditions imposed by Listing Rule 7.3.4(c) which caps the maximum application amount of each Eligible Shareholder at \$15,000.

## 16 What is Heartland's dividend policy?

Heartland will determine dividends (both interim and final) based on its net profit after tax, subject to maintaining a prudent level of capital for its needs. Heartland's capital needs will vary

from time to time, depending on the range of factors (including regulatory and credit rating requirements, general economic conditions, current and expected growth and the mix of business). A key objective is to ensure an appropriate balance between maximising shareholder returns and protecting the interests of depositors through prudent capital management.

## **17 What is the dilutionary effect of the SPP?**

If you do not participate in the SPP, your shareholding in Heartland will be diluted. By way of example, a Shareholder owning 5% of the issued Shares before the SPP who does not participate in the SPP will own approximately 4.866% of the issued Shares after the SPP (assuming the SPP is fully subscribed and the Shares are issued at \$1.46 per Share).

## **18 Further assistance**

If you have any further questions, please contact your broker, financial, investment or other professional advisor before making your investment decision.

# TERMS AND CONDITIONS

## IMPORTANT NOTICE

If you apply to participate in the SPP by completing and returning the Application Form you are accepting the risk that the market price of Shares may change between now and the Allotment Date. This means that it is possible that up to or after the Allotment Date, you may be able to buy Shares at a lower price than the Issue Price.

We encourage you to seek your own financial advice regarding your participation in the SPP.

## 1 Offer Timetable

Date	Event
Record Date	Any person registered as a holder of one or more Heartland Shares at 5.00pm on 20 February 2017 with a New Zealand address recorded in the share register may participate in the SPP.
Opening Date	The offer opens on 21 February 2017.
Closing Date	The offer closes at 5.00pm on 10 March 2017, unless extended. Application Forms must be received by this time. Application Forms may not be processed or held to be valid if they have not been received by this time.
Issue Price fixed	After market close on 10 March 2017, unless the Closing Date is extended. This will be announced to the market upon market open on the following trading day.
Allotment Date	The Shares will be allotted on 15 March 2017, unless the Allotment Date is extended.
Commencement of trading	Heartland expects the Shares will commence trading on the NZX Main Board on the Allotment Date.
Holding statements mailed	A holding statement will be despatched to you no later than 5 business days after the Allotment Date.

Subject to the Listing Rules, Heartland has a discretion to change, at any time, the offer timetable (notwithstanding that the offer has opened, or Application Forms have been received).

## 2 Eligible Shareholders

- 2.1 You may participate in the SPP if you are an Eligible Shareholder.
- 2.2 Joint holders of Shares are taken to be a single registered holder of Shares for the purposes of determining whether they are an Eligible Shareholder and the certification on the Application Form is taken to have been given by all of them.
- 2.3 If you are an Eligible Shareholder, your rights under this offer are personal to you and non-renounceable, so you may not transfer them.

## 3 Issue Price and Number of Shares

- 3.1 The price of the Shares to be issued under the SPP will be fixed

after market close on 13 March 2017 as the lesser of:

- (a) a 4.6% discount to the average end of day market price of Shares on the NZX Main Board over the 5 day trading period from 6 March to 10 March 2017; and
- (b) \$1.46 per Share.

- 3.2 The Issue Price will be announced to the NZX upon market open on 13 March 2017.

- 3.3 If, in accordance with the Listing Rules, Heartland elects to extend the Closing Date for the SPP, the Issue Price will be calculated as the lesser of:

- (a) a 4.6% discount to the average end of day market price

of Shares on the NZX Main Board over the 5 day trading period up to and including the extended Closing Date; and

- (b) \$1.46 per Share.

- 3.4 In this case, the Issue Price will be announced upon market open on the trading day following the extended Closing Date.

- 3.5 Subject to clause 4.2, if you are an Eligible Shareholder you may apply to purchase \$2,500, \$5,000, \$7,500, \$10,000, \$12,500 or \$15,000 of Shares under the SPP by selecting the applicable amount of Shares on the Application Form. Applications which are not for one of these denominations may not be accepted by Heartland.

3.6 Subject to clause 6.1(e), any application in excess of \$15,000 will be deemed to be an application for \$15,000.

3.7 Eligible Shareholders may only apply for a maximum of \$15,000 under the SPP and may only make one application. This applies to all Eligible Shareholders, including those who receive more than one offer under the SPP (for example, because they hold Shares in more than one capacity) and including whether the Eligible Shareholder is applying through a Custodian or on his or her own behalf.

## 4 Custodians

4.1 Any Eligible Shareholder that:

- (a) is a trustee corporation or a nominee company and holds Shares in Heartland by reason only of acting for another person in the ordinary course of business of that trustee corporation or nominee company; or
- (b) holds Shares in Heartland by reason only of being a bare trustee of a trust to which the Shares are subject, is a custodian (**Custodian**) under the SPP.

4.2 Custodians may apply to purchase Shares for greater than \$15,000 but only up to the total value of Shares applied for on behalf of each beneficial owner for whom the Custodian acts as a Custodian. Custodians must confirm to Heartland that they are holding Shares as a Custodian for beneficial owners by providing the written certification to Heartland described in clause 4.3 below. Each beneficial owner may only direct the Custodian to apply on behalf of that beneficial owner for one of the parcels described in clause 3.5.

4.3 If a Custodian applies to purchase Shares on behalf of one or more beneficial owners, the Custodian

must certify to Heartland in writing by validly completing the Application Form that:

- (a) the Custodian holds Shares directly or indirectly as a Custodian for beneficial owners;
- (b) each beneficial owner (or the beneficial owner's agent) has instructed me to apply for, and accept, under the SPP the dollar amount of Shares set out on the Application Form (or in a schedule attached to the Application Form);
- (c) no other Custodian is submitting an application under the SPP for that beneficial owner; and
- (d) the Custodian is not applying for Shares with an aggregate application amount which is more than \$15,000 in respect of any beneficial owner for whom the Custodian acts as a Custodian.

## 5 Completing the Application Form and paying for Shares

If you wish to participate in the SPP, you must complete the Application Form and provide a cheque, or nominate a bank account for direct debit, for the parcel of Shares you have selected in accordance with the instructions on the Application Form. Cheques must be drawn on a New Zealand bank account.

## 6 Heartland's discretion to accept or reject applications

6.1 Heartland has complete discretion to accept or reject your application to purchase Shares under the SPP, including (without limitation) if:

- (a) your Application Form is incorrectly completed, incomplete

or otherwise determined by Heartland to be invalid;

- (b) your cheque or direct debit is dishonoured or has not been completed correctly;
- (c) you enclosed a cheque with your Application Form that is not made out in New Zealand dollars for the exact amount of the parcel that you have selected on the Application Form;
- (d) you chose the direct debit option and:
  - (i) you did not tick the box authorising the Share Registrar to direct debit the bank account nominated on the Application Form on any day after the Application Form is received by the Share Registrar for the amount of Shares applied for on the Application form;
  - (ii) your bank account details are incorrect;
  - (iii) you do not have sufficient funds in the bank account for direct debit available on the day the Share Registrar receives the Application Form (note that you cannot specify a direct debit payment date);
  - (iv) the person(s) giving the direct debit instruction does not have the authority to operate the account solely/jointly; or
  - (v) the bank account you nominate is not a transactional account eligible for direct debit transactions;
- (e) it appears that you are applying to buy more than \$15,000 (in aggregate) of Shares (except if you are a Custodian applying on behalf of more than one beneficial owner in

accordance with clause 4.2), including where clause 3.6 applies;

(f) your Application Form is received after the Closing Date. While Heartland has discretion to accept late Application Forms and cheques, there is no assurance that it will do so. Late Application Forms and cheques, if not processed, will be returned to you at your registered address within 5 business days of the Allotment Date or within 5 business days of the date of receipt in respect of any late applications received after the Allotment Date;

(g) Heartland believes that you are not an Eligible Shareholder or Custodian; or

(h) Heartland considers that your application does not otherwise comply with these terms and conditions.

6.2 No interest will be paid on any application monies returned to you. Any refunds for whatever reason will be paid to you either by direct credit to your bank account (if those details are held by the Share Registrar) or by cheque mailed within 5 business days of the Allotment Date.

## 7 Significance of sending in an application

7.1 If you apply to purchase Shares under the SPP by completing and returning the Application Form:

(a) your application, on these terms and conditions, will be irrevocable and unconditional (i.e. it cannot be withdrawn);

(b) you certify to Heartland that you are an Eligible Shareholder entitled to apply for Shares under these terms and conditions;

(c) you acknowledge that the SPP may not proceed;

(d) you certify that your acceptance of the SPP will not be, or cause, a breach of any law in any jurisdiction;

(e) you agree to be bound by the constitution of Heartland, which you may download for free from the Heartland website: <https://shareholders.heartland.co.nz/media/1289/hbl-constitution.pdf>;

(f) you certify to Heartland that you are not applying for Shares under the SPP with an aggregate application price in excess of \$15,000 (including any application made through a Custodian) even though you may have received more than one offer under the SPP or received offers in more than one capacity under the SPP;

(g) you authorise Heartland (and its officers or agents) to correct any error in, or omission from, your Application Form and to complete the Application Form by the insertion of any missing details;

(h) you acknowledge that Heartland may at any time irrevocably determine that your Application Form is valid, in accordance with these terms and conditions, even if the Application Form is incomplete, contains errors or is otherwise defective;

(i) you accept the risk associated with any refund that may be despatched to you by cheque to your address shown on Heartland's share register;

(j) you agree to indemnify Heartland for, and to pay to Heartland within 5 business days of demand, any dishonour fees or other costs Heartland may incur in presenting a cheque for payment which is dishonoured;

(k) you acknowledge that none of Heartland, its advisors or agents has provided you with investment advice or financial product advice, and that none of them has an obligation to provide advice concerning your decision to apply for and purchase Shares under the SPP;

(l) you acknowledge the risk that the market price for the Shares may change between the date of this offer and the Allotment Date. A change in market price during this period may affect the value of the Shares you receive under the SPP;

(m) you acknowledge that Heartland is not liable for any exercise of its discretions referred to in these terms and conditions; and

(n) you irrevocably and unconditionally agree to these terms and conditions and agree not to do any act or thing which would be contrary to the spirit, intention or purpose of the SPP.

7.2 If a Custodian applies to purchase Shares under the SPP for a beneficial owner pursuant to clause 4.2, the certification referred to in clause 7.1(f) will be taken to be given by the beneficial owner on whose behalf the Custodian is applying to purchase Shares.

## 8 Issue Price

You agree to pay the Issue Price per Share up to a maximum of the amount you have selected on the Application Form.

## 9 Scaling

9.1 If you apply for Shares under the SPP, you will apply for a dollar amount rather than a number of Shares. The number of Shares

you will receive will be determined by dividing the dollar amount of Shares you have applied for by the Issue Price, unless your application has been scaled back in accordance with clause 9.2, in which case the number of Shares you receive will be determined by dividing the dollar amount of the Shares you have been allocated (following scaling) by the Issue Price. If this calculation produces a fractional number, the number of Shares you will be allotted will be rounded up to the nearest whole number of Shares.

9.2 If Heartland receives applications in excess of \$20 million, it will scale back all applications on a proportionate basis by reference to the size of each application. In this case your application monies will be greater than the value of the Shares you will be allotted. The difference between the value of the Shares you are allotted and your application monies will be refunded to you either by direct credit to your bank account (if those details are held by the Share Registrar) or by cheque mailed within 5 business days of the Allotment Date. No interest will be paid on any application monies returned to you.

## 10 The Shares

10.1 Shares issued under the SPP will rank equally with, and have the same voting rights, dividend rights and other entitlements as, existing fully paid Shares in Heartland quoted on the NZX Main Board.

10.2 The Shares will be quoted on the NZX Main Board, a licenced market operated by NZX which is a licenced market operator under the Financial Markets Conduct Act 2013. However, NZX accepts no responsibility for any statement in this SPP booklet.

10.3 You cannot trade in any Shares issued to you pursuant to the SPP, either as principal or agent, until

official quotation on the NZX Main Board in accordance with the Listing Rules. Heartland expects that the Shares will commence trading on the NZX Main Board on the Allotment Date.

## 11 Financial Statements

You may download the most recent annual report and financial statements of Heartland for free from the Heartland website: <https://shareholders.heartland.co.nz>.

## 12 Shortfall Shares

To the extent that Heartland receives, in aggregate, valid applications for less than \$20 million of Shares under the SPP, Heartland may allot those shortfall Shares in accordance with Listing Rule 7.3.4(d). However, the SPP is not underwritten.

## 13 Amendments to the SPP and waiver of compliance

13.1 Notwithstanding any other term or condition of the SPP and/or the Application Form, Heartland may, at its discretion:

(a) make non-material modifications to the SPP on such terms and conditions it thinks fit (in which event applications for Shares under the SPP will remain binding on the applicant notwithstanding such modification and irrespective of whether an Application Form was received by the Share Registrar before or after such modification is made); and/or

(b) suspend or terminate the SPP at any time prior to the issue of the Shares under the SPP (including by amending the timetable for the SPP). If the SPP is terminated, application monies will be refunded to applicants without interest within 5 business days of termination.

13.2 Subject to the Listing Rules, Heartland reserves the right to waive compliance with any provision of these terms and conditions.

13.3 Heartland will notify NZX of any waiver, amendment, variation, suspension, withdrawal or termination of the SPP.

## 14 Governing Law

These terms and conditions shall be governed by and construed in accordance with the laws of New Zealand.

## 15 Dispute Resolution

If any dispute arises in connection with the SPP, Heartland may settle it in any manner it thinks fit. It may do so generally or in relation to any particular shareholder, applicant, application or Share. Heartland's decision will be final and binding.

## 16 Inconsistency

Unless otherwise determined by the directors of Heartland, in the event of any inconsistency between the terms and conditions of the SPP and:

(a) the letter from the Chairman of Heartland and Questions and Answers, the terms and conditions take precedence;

(b) Heartland's constitution, Heartland's constitution shall prevail.

# GLOSSARY

<b>A\$</b>	Australian dollars.
<b>Allotment Date</b>	15 March 2017, unless extended.
<b>Application Form</b>	The personalised application form relating to the SPP that you received with this SPP booklet.
<b>Closing Date</b>	10 March 2017, unless extended.
<b>Custodian</b>	See clause 4.1 for the definition of “Custodian”.
<b>Eligible Shareholder</b>	A person who, at 5.00pm on the Record Date, was recorded in Heartland’s share register as being a registered holder of Shares and having an address in New Zealand recorded in the share register.
<b>Heartland</b>	Heartland Bank Limited.
<b>Issue Price</b>	The lesser of:  (a) a 4.6% discount to the average end of day market price of Shares on the NZX Main Board over the 5 day trading period from 6 March to 10 March 2017; and  (b) \$1.46 per Share,  or if Heartland elects to extend the Closing Date the lesser of:  (c) a 4.6% discount to the average end of day market price of Shares on the NZX Main Board over the 5 day trading period up to and including the extended Closing Date; and  (d) \$1.46 per Share.
<b>Listing Rules</b>	The listing rules of NZX in relation to the NZX Main Board (or any market in substitution for that market) in force from time to time, read subject to any applicable rulings or waivers.
<b>NZ\$</b>	New Zealand dollars.
<b>NZX</b>	NZX Limited.
<b>NZX Main Board</b>	The main board equity security market operated by NZX.
<b>Opening Date</b>	21 February 2017.
<b>Record Date</b>	20 February 2017.
<b>Share Registrar</b>	Link Market Services Limited.
<b>Share</b>	An ordinary share of Heartland.
<b>SPP</b>	The share purchase plan detailed in this SPP booklet.

# DIRECTORY

## ISSUER

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## LEGAL ADVISORS

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## SHARE REGISTRAR

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HEARTLAND  
— BANK —