



NZX Release

Heartland announces Corporate Restructure and ASX Listing

1 August 2018

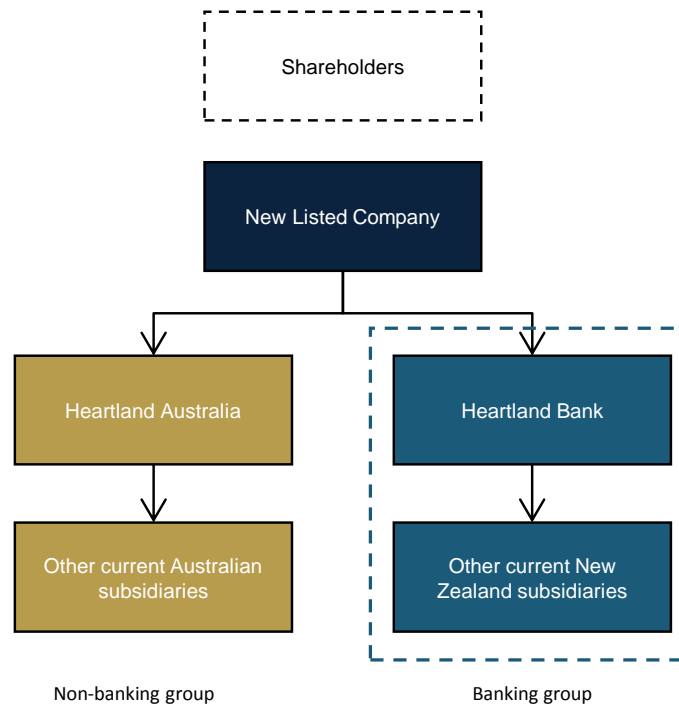
Heartland Bank Limited (NZX: HBL) announces its intention to conduct a corporate restructure and to seek a Foreign Exempt Listing on the ASX as part of the restructure.

Corporate restructure

The restructure will result in Heartland Bank Limited (**Heartland Bank**) becoming a wholly-owned subsidiary of a new listed parent company, called “Heartland Group Holdings Limited” (**New Listed Parent**).

Existing shareholders’ shares in Heartland Bank will be exchanged with new shares in the New Listed Parent on a 1-for-1 basis, and the Australian group companies will be transferred from Heartland Bank to the New Listed Parent (so that they become “sister” companies of Heartland Bank, rather than subsidiaries).

Below is a simplified diagram that shows the proposed new structure.



The restructure will be undertaken by way of a scheme of arrangement that must be approved by shareholders and the High Court of New Zealand. Heartland will be asking shareholders to consider and vote on the restructure at its Annual Shareholder Meeting, which will take place on Wednesday 19 September 2018 at the Waipuna Hotel & Conference Centre, Mt Wellington, Auckland, commencing at 10am. Heartland strongly encourages shareholders to participate in the Annual Shareholder Meeting and vote on the restructure.

Rationale for the restructure

The restructure will remove constraints on the growth of Group's business currently arising from Reserve Bank regulations, and will provide greater flexibility for the Group to explore and take advantage of future growth opportunities in New Zealand and Australia outside the banking group regulated by the Reserve Bank. In addition, the restructure will facilitate a Foreign Exempt Listing on the ASX, which will expand the capital sources available to the Group in order to fund growth.

ASX listing

Heartland has been considering a Foreign Exempt Listing on the ASX for some time, as it believes this will provide access to additional sources of capital for future growth opportunities. The restructure facilitates an ASX listing by the New Listed Parent, so Heartland intends for this to occur at the same time as the restructure takes effect. The New Listed Parent will have its primary listing on the NZX Main Board, with a foreign exempt listing on the ASX.

Additional details

Heartland will shortly file an application with the High Court of New Zealand seeking initial orders that, if granted, will allow the restructure to be voted on by shareholders at the Annual Shareholder Meeting.

In addition to shareholder approval, the restructure is subject to formal non-objection from the Reserve Bank, which Heartland has received.

Heartland has engaged Cameron Partners to prepare an Independent Adviser's Report on the restructure. The purpose of the report is to provide an independent assessment of the merits of the restructure for Heartland's shareholders. Cameron Partners' appointment has been approved by the Takeovers Panel and its report will be included in the Scheme Booklet.

Further information about the proposed restructure will be provided to shareholders in a Scheme Booklet which is expected to be released, along with the Notice of Meeting for the Annual Shareholder Meeting, in mid-August 2018.

In preparation for the restructure, the board of Heartland Bank has resolved to cancel 440,677 shares held as treasury stock. This reduces Heartland's total number of shares on issue to 560,147,250.

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For further information please contact:

Jeff Greenslade
Chief Executive Officer
Heartland Bank Limited
+64 21 563 593

David Mackrell
Chief Financial Officer
Heartland Bank Limited
+64 21 311 911