

Directory

ISSUER

Heartland Group Holdings Limited

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LEGAL ADVISORS

Chapman Tripp

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Phone +64 9 357 9000

Email info@chapmantripp.com

SHARE REGISTRAR

Link Market Services Limited

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80 Queen Street, Auckland 1010
PO Box 91976, Auckland 1142

Phone +64 9 375 5998

Email enquiries@linkmarketservices.co.nz

Website www.linkmarketservices.co.nz

Heartland includes Heartland Group Holdings Limited.

10 December 2018

Dividend Reinvestment Plan Offer Document

PARTICIPATION NOTICE

Heartland Group Holdings Limited -
Dividend Reinvestment Plan

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

C-DF520.1220v2

HEARTLAND

Heartland Group Holdings Limited Dividend Reinvestment Plan

TERMS AND CONDITIONS

1 Introduction

This document ("Offer Document") contains the terms and conditions of the Heartland Group Holdings Limited ("Heartland") Dividend Reinvestment Plan (the "Plan").

The Plan is available to you ("you") if, subject to clauses 3 and 4, you are the holder of ordinary shares in Heartland ("Shares").

Under the Plan, you may elect to reinvest the net proceeds of cash dividends payable or credited on all or some of your fully paid Shares by acquiring further Shares ("Additional Shares").

The record date for determining your entitlement to Additional Shares under the Plan is 5:00pm on the date fixed by Heartland for determining entitlements to dividends payable or credited on Shares ("Record Date").

This Offer Document has been prepared as at 10 December 2018.

2 Available Options

You may elect to participate in the Plan by exercising one of the following options:

(a) **Full Participation** – If you choose full participation, the Plan will apply to the cash dividends payable or credited from time to time in respect of all Shares registered in your name.

(b) **Partial Participation** – If you choose partial participation, the Plan will only apply to the cash dividends payable or credited from time to time in respect of your nominated percentage of Shares registered in your name.

The Shares, if any, which you have chosen to participate in the Plan at each Record Date will be your "Participating Shares".

If you do not wish to participate in the Plan and instead wish to receive any dividends payable or credited in respect of your Shares from time to time in cash you do not need to do anything.

PARTICIPATION NOTICE Heartland Group Holdings Limited - Dividend Reinvestment Plan

YOU SHOULD NOT COMPLETE THIS FORM IF YOU WISH TO RECEIVE ANY DIVIDENDS DECLARED IN CASH

The Dividend Reinvestment Plan Offer Document which this Participation Notice accompanies is important. Terms used in this Participation Notice have the meaning given to them in the Offer Document. If you have any questions in relation to the Plan, please consult your broker, financial, investment or other professional advisor. Please see instructions in the Offer Document on how to complete this Participation Notice and where to send it.

Heartland offers its shareholders the ability to participate in the Plan on the terms set out in the Offer Document dated 10 December 2018. If you wish to participate in the Plan or to vary your participation in the Plan, you should make a Participation Election by completing this form and sending it to Heartland's Share Registrar.

Alternatively, you may make your Participation Election, or vary an existing Participation Election, online by visiting <https://investorcentre.linkmarketservices.co.nz>, (refer to clause 5.1 of the Offer Document for further details).

Shareholder Name: _____

(Please provide the exact registered name(s) as it appears on your Security Transaction Statement that your Heartland shares are held in)

Shareholder's Address: _____

CSN / Holder Number: _____

I wish to participate in the Plan and request:

Option 1: Full participation (including any future Heartland Shares acquired)

OR

Option 2: Partial participation (state percentage of Heartland Shares to participate in the Plan: _____%)

CERTIFICATION

By accepting this offer and participating in the Plan, you are agreeing to the Terms and Conditions set out in the Offer Document and you are providing the certification set out in the Offer Document, under the heading "Certification". Read that section carefully.

EXECUTION*

Holder/Director/Authorised Person

Holder/Director/Authorised Person

Holder/Authorised Person

Date: _____

* If a joint holding all holders must sign.

* If a company is signing, it must be signed on behalf of the company by a person duly authorised for that purpose.

* If this Participation Notice is signed under a power of attorney, a certificate of non-revocation of power of attorney in the usual form must also be submitted with this Participation Notice.

Participation in the Plan will commence on the first Record Date after receipt by Heartland's Share Registrar of your correctly completed Participation Election. Your participation in the Plan will continue to apply until you vary or terminate it by written notice in accordance with the terms and conditions of the Plan.

Contact Details: Please provide your contact details below

Contact name

Mobile or Daytime telephone number

3 Overseas Shareholders

- 3.1** Heartland may, in its absolute discretion, elect not to offer participation in the Plan to shareholders whose address is outside New Zealand if Heartland considers that to do so would risk breaching the laws of any other jurisdiction and it would be unduly onerous to ensure that the laws of those jurisdictions are complied with. As at the date of this Offer Document, the Plan is only available to holders of Shares who have an address in New Zealand or Australia. However, the Board may amend this policy at any time, in its sole discretion.
- 3.2** If you do not reside in New Zealand, Australia or any other jurisdiction in respect of which the Plan is made available and you participate in the Plan through a nominee resident in New Zealand, Australia or any other such jurisdiction you will be deemed to represent and warrant to Heartland that you can lawfully participate through your nominee. Heartland accepts no responsibility for determining whether any person is able to participate in the Plan under laws applicable outside of New Zealand, Australia or any other jurisdiction in respect of which the Plan is made available.

4 Exclusion where Liens or Charges over Shares

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

5 Exclusion where Liens or Charges over Shares

- 5.1** To participate in the Plan you must make a "Participation Election" in one of the following ways:

- (a) **Online Election** – by visiting the website of Heartland's Share Registrar, Link Market Services: <https://investorcentre.linkmarketservices.co.nz>.

Once you have logged in, you should click "Payment and Tax", then "Reinvestment Plans", and then "Edit Instruction" to participate in the Plan. 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 Offer Document (the "Participation Notice") and mailing it to Heartland's Share Registrar at:

Link Market Services Limited

PO Box 91976, Auckland 1142

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

- 5.2** You can make your Participation Election at any time while this Plan is in effect by following one of the steps in clause 5.1. Participation Notices can be obtained from Heartland's Share Registrar at any time.
- 5.3** If your Participation Election does not specify your degree of participation in the Plan, you will be deemed to have chosen full participation if your Participation Election is otherwise correctly completed and signed.

6 Timing for receipt of Participation Election

Each Participation Election that is correctly completed and received by Heartland's Share Registrar by 5.00pm on the first trading day immediately following the Record Date (or such later date as determined by Heartland and advised to the market) will apply to the dividend payment for that Record Date and, unless varied or terminated in accordance with clause 16, will apply to all subsequent dividend payments. On the dividend payment date, the net proceeds of cash dividends payable or credited on your Participating Shares will be reinvested in Additional Shares.

7 Formula for Calculation of Additional Shares and Strike Price

- 7.1** If you choose to participate in the Plan, the number of Additional Shares you will be allotted will be calculated in accordance with the following formula:

$$N = \frac{PS \times D}{SP}$$

Where:

N is the number of Additional Shares you will receive (with fractional entitlements to be rounded to the nearest whole number)

PS is the number of your Participating Shares

D is the net proceeds of cash dividends paid or credited per Share by Heartland (expressed in cents and fractions of cents, including any applicable supplementary dividends in respect of Participating Shares payable to non-resident shareholders but excluding any tax credits and after deduction of any withholding or other taxes, if any)

SP is the Strike Price, calculated in accordance with clause 7.2

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

$$SP = P \times E$$

Where:

P is the volume weighted average sale price in New Zealand dollars (expressed in cents and fractions of cents) for a Share calculated on all trades of Shares which took place through the NZX Main Board over the period of 5 trading days immediately following the Record Date. If no sales of Shares occur during those 5 trading days, then the volume weighted average sale price will be deemed to be the sale price for a Share on the last trade of Shares which took place prior to such trading days as determined by NZX Limited. The price "P" may be reasonably adjusted by Heartland to allow for any bonus issue or dividend or other distribution expectation. If, in the opinion of the Board, any exceptional or unusual circumstances (including any unusual or irregular trades) have artificially affected the price "P", Heartland may make such adjustment to that price as it considers reasonable.

E is the percentage determined by the Board from time to time, in its absolute discretion, provided that such percentage discount (if any) shall not be less than 95 per cent. As at the date of this Offer Document, the percentage is 100 per cent. Any change to this percentage shall be notified to NZX Limited not later than 10 trading days prior to the relevant Record Date.

The price at which your Additional Shares will be allotted will be the Strike Price. The determination of the Strike Price of the Additional Shares by the Board, or by some other person nominated by the Board, will be binding on all participants in the Plan.

8 Compliance with Laws, Listing Rules and Constitution

- 8.1** The Plan will not operate to the extent that the allotment of Additional Shares under the Plan would breach any applicable law, the NZX Main Board Listing Rules or any provision of Heartland's constitution.
- 8.2** If, for any reason, Heartland cannot allot your Additional Shares, the relevant dividend on your Participating Shares will be paid or distributed to you in the same manner as to shareholders not participating in the Plan. You will not be paid interest on any such payment.

9 Issue of Additional Shares

Heartland will allot your Additional Shares in accordance with clauses 7 to 8 on the day that you would otherwise have been paid a dividend.

10 Share Price Information Publicly Available

Heartland will ensure that at the time the Strike Price is set under clause 7.1 it will have no information that is not publicly available that would, or would be likely to, have a material adverse effect on the realisable price of the Shares if it was publicly available.

11 Terms of Issue and Ranking of Additional Shares

Your Additional Shares will be allotted on the terms set out in this Plan, subject to the rights of termination, suspension and modification set out in clause 14. Your Additional Shares will, from the date of allotment, rank equally in all respects with each other and with all other Shares of Heartland on issue as at that date.

12 Source of Additional Shares

Your Additional Shares may, at the Board's discretion, be:

- (a) new Shares issued by Heartland;
- (b) existing Shares acquired by Heartland or a nominee or agent of Heartland; or
- (c) any combination of (a) and (b) above.

13 Statements

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

- (a) the number of your Participating Shares as at the Record Date;
- (b) the amount of your cash dividend reinvested in Additional Shares and the amount paid in respect of any of your Shares that are not participating in the Plan (if applicable);
- (c) the Strike Price and number of Additional Shares you were allotted under the Plan;
- (d) the amount of any tax deductions or withholdings, imputations or other taxation credits in respect of the cash dividend; and
- (e) such other matters required by law with respect to dividends and/or reinvestment.

14 Termination, Suspension and Modification

The Board may, in its sole discretion, at any time:

- (a) terminate, suspend or modify the Plan. If the Plan is modified, your Participation Election will be deemed to be a Participation Election under the

modified Plan unless you withdraw or modify your Participation Election in accordance with clause 16;

- (b) resolve that some or all of a dividend will be paid in cash only instead of the Plan applying;
- (c) resolve that in the event of the subdivision, consolidation or reclassification of the Shares into one or more new classes of shares, your Participation Election will be deemed to be a Participation Election in respect of the shares as subdivided, consolidated or reclassified unless you withdraw or modify your Participation Election in accordance with clause 16;
- (d) resolve that your Participation Election will cease to be of any effect; or
- (e) determine that Additional Shares may be issued at a discount to the market price of Shares and the amount of any such discount.

15 Prior Notice

You will be sent written notice by Heartland of any modification or termination to the Plan at your address or electronic mail address (if you have elected to receive communications electronically) as set out in Heartland's share register prior to the Record Date on which any modification or termination will take effect, unless Heartland:

- (a) modifies or terminates the Plan to comply with any applicable law, the listing rules of any stock exchange on which the Shares are quoted or any provision of the constitution; or
- (b) makes minor amendments to the Plan where such amendments are of an administrative or procedural nature, in which case no notice need be given.

16 Variation or Termination

You may at any time:

- (a) increase or decrease the number of your Participating Shares by making a new Participation Election in accordance with clause 5.1; or
- (b) terminate your participation in the Plan by revoking your Online Election at <https://investorcentre.linkmarketservices.co.nz> or by written notice to Heartland's Share Registrar at the address set out in clause 5.1. Such variation or termination will take effect in accordance with clause 6 as if it were a Participation Election.

17 Partial Dispositions

If you dispose of any of your Participating Shares, you will be deemed to have terminated your participation in the Plan with respect to the Participating Shares you disposed of from the date Heartland's Share Registrar registers a transfer of those Participating Shares.

18 Dispositions of all of your Participating Shares

If you dispose of all of your Participating Shares, you will be deemed to have terminated your participation in the Plan from the date Heartland's Share Registrar registers a transfer of those Shares.

19 Taxation

For New Zealand tax purposes, if you reinvest the net proceeds of your cash dividends to acquire Additional Shares, you should be treated in the same way as if you had not participated in the Plan. This means that if you participate in the Plan, you should derive dividend income of the same amount that you would have derived had you not participated in the Plan. The taxation summary above is based on New Zealand taxation laws as at the date of this Offer Document and is, of necessity, general. It does not take into account your individual circumstances and the specific tax consequences of your participation or non-participation in the Plan, which may vary considerably. You should not rely on this general summary but should seek your own tax advice. Heartland does not accept any responsibility for the financial or taxation effects of your participation or non-participation in the Plan.

20 Costs

You will not be charged for participation or withdrawal from the Plan. You will not incur any brokerage costs on the allotment of your Additional Shares.

21 Quotation of Additional Shares

The Shares have been accepted for quotation by NZX Limited and it is expected that the Additional Shares will be quoted upon completion of allotment procedures. However, NZX Limited accepts no responsibility for any statement in this Offer Document.

You cannot trade in any Additional Shares allotted to you pursuant to the Plan, either as principal or agent, until official quotation of the Additional Shares on the NZX Main Board in accordance with the NZX Main Board Listing Rules. Heartland expects that the Additional Shares will commence trading on the NZX Main Board on the trading day immediately after their allotment.

22 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.

23 Governing Law

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

24 Dividend Policy

Heartland's current dividend policy can be found on its website at shareholders.heartland.co.nz.

25 Other Information

You can download an electronic copy of Heartland's most recent Annual Report and Heartland's most recent financial statements (and any auditor's report on those financial statements) from Heartland's website at shareholders.heartland.co.nz

Alternatively, you can request a copy of these documents free of charge by writing to Heartland's registered office at: **Heartland Bank Limited**
35 Teed Street, Newmarket, Auckland 1023

INSTRUCTIONS

You may make your Participation Election, or vary an existing Participation Election, online by visiting: <https://investorcentre.linkmarketservices.co.nz>, instead of completing the Participation Notice attached to this Offer Document (refer to clause 5.1 for further details).

How to complete the Participation Notice:

Read carefully the Terms and Conditions contained in the Offer Document. In the Participation Notice, where the context requires, a reference to "I" includes a reference to "we". If you do not understand the Terms and Conditions, the Participation Notice or if you have any questions about what to do in relation to the Plan, please consult your broker, financial, investment or other professional advisor.

1 Your Details

You should enter the name of the shareholder who wishes to participate in the Plan as recorded in Heartland's share register. For example, if you are a joint shareholder, you should enter the name of all joint shareholders or if you are applying on behalf of a company, you should enter the name of that company.

You must also enter the address and CSN for the relevant shareholder. In some cases, the form you receive may already be personalised, in which case you will only need to complete those details which have not been personalised (such as your Participation Election).

2 Participation

- Choose full participation or partial participation in the Plan by ticking the corresponding box.
- If you choose partial participation in the Plan, you must also state the percentage of your Shares that you wish to participate in the Plan.
- Make one application only, whether personally or through a custodian or other nominee shareholder.

3 Certification

I confirm that I wish to apply for the amount of my Shares indicated in the Participation Notice to participate in the Plan, and agree that:

- By applying for participation in the Plan, I acknowledge that I have received the Offer Document containing the Terms and Conditions dated 10 December 2018, and confirm that I have read the Participation Notice and the Offer Document in their entirety. I irrevocably and unconditionally agree to the Terms and Conditions.
- If I am not applying through a New Zealand or Australian resident nominee, I certify that my registered address is in New Zealand or Australia and I currently hold Shares.
- If I am applying through a New Zealand or Australian resident nominee, I represent and warrant to Heartland that I can lawfully participate in the Plan through my nominee and I currently hold Shares through my nominee.

4 Execution

You should sign the Participation Notice where indicated.

5 Contact Details

Fill in your daytime telephone number and contact name, as we may need to contact you, for example, if you have not filled in the Participation Notice correctly.

Once complete, you should post your Participation Notice to Heartland's Share Registrar at the following address: Link Market Services Limited, PO Box 91976, Auckland 1142.