

HEARTLAND GROUP

[Name]

[Address]

29 August 2023

Dear shareholder,

Proposed Buyback of Shares from Long Term Incentive Scheme Participants

Heartland Group Holdings Limited (**Heartland** or the **Company**) gives notice to its shareholders that it intends to make an offer to acquire certain shares to be issued or transferred by the Company as part of its executive long term incentive scheme from the participants in that scheme in order to fund the tax liability that will arise for those participants upon receipt of shares under that scheme (**Buyback Offer**). This disclosure document is for your information only and is given pursuant to section 61(5) of the Companies Act 1993.

The Company operates a long term incentive scheme under which selected executives of Heartland, Heartland Bank Limited and Australian Seniors Finance Pty Limited (**Participants**) were issued performance share rights (**Performance Rights**), which are eligible to be converted to ordinary shares in the Company (**Shares**) for nil consideration, subject to certain vesting conditions being met (**Scheme**). Vesting conditions for a number of Performance Rights issued under the Scheme in FY21 will be assessed on 30 August 2023, being the business day after Heartland releases its full year results for the year ended 30 June 2023.

The Company has determined that it will assist Participants meet the tax obligations that will arise if the Performance Rights vest and Shares are issued or transferred to them by offering to apply the PAYE rules on the Participants' behalf in respect of the Shares issued or transferred to them and to make the Buyback Offer in order for Participants to fund the corresponding liability to the Company. The terms of the Buyback Offer are as follows:

- The Company will pay PAYE on each Participant's behalf in relation to the Shares issued or transferred to that Participant and the Participant shall be required to make a payment to the Company that is equal to the PAYE paid on their behalf in respect of their Shares.
- The Company shall offer to buyback such number of Shares as is equal in value to the Participant's PAYE liability which the Company has agreed to meet on their behalf (rounded to the nearest whole share), with the purchase price for those Shares to be retained by Heartland in satisfaction of the payment the Participant is required to make to the Company in respect of their PAYE liability. At a marginal tax rate of 39%, this means that 39% of a Participant's Shares would be bought back by the Company.
- The price at which Shares will be bought back from Participants will be the market value of the Shares on issue, calculated as the volume weighted average price of Heartland's ordinary shares traded on market on the NZX for the five days prior to the issue of Shares.
- The Buyback Offer will be made on 13 September 2023 and must be accepted by Participants by no later than 5pm on 18 September 2023. It is intended that the Shares will be issued or transferred and acquired by the Company under the Buyback Offer by 19 September 2023.

The Participants to whom the Buyback Offer will be made are as follows:

| <i>Participant Name</i> | <i>Participant Title</i> |
|--------------------------------|---|
| Andrew Dixon | Group Chief Financial Officer, Heartland Group Holdings Limited |
| Michael Drumm | Group Chief Operating Officer, Heartland Group Holdings Limited |
| Peter Griffin | General Manager, Business, Heartland Bank Limited |
| Darryl Harnett | General Manager, Consumer, Heartland Bank Limited |
| Keira Billot | General Manager, Retail & Reverse Mortgages New Zealand, Heartland Bank Limited |
| Chris Fletcher | Head of Customer Care, Heartland Bank Limited |
| Sharon Yardley | General Manager, Reverse Mortgages, Australian Seniors Finance Pty Limited |

To give effect to the Buyback Offer, the Board resolved on 28 August 2023:

1. To make the Buyback Offer;
2. That the acquisition of the Shares under the Buyback Offer is in the best interests of the Company and of benefit to the remaining shareholders;
3. That the terms of the Buyback Offer and the consideration offered for the Shares are fair and reasonable to both the Company and the remaining shareholders;
4. That it is not aware of any information that will not be disclosed to shareholders:
 - 4.1 which is material to an assessment of the value of the Shares; and
 - 4.2 as a result of which the terms of the Buyback Offer and consideration offered for the Shares are unfair to shareholders accepting the Buyback Offer;
5. That the Board is satisfied that the Company will, immediately after acquiring the Shares, satisfy the solvency test applied under section 52 of the Companies Act 1993;
6. That, for the purposes of section 67A of the Companies Act 1993, the Shares shall not be cancelled on acquisition; and
7. To authorise Greg Tomlinson to sign such documents and do such other things as may be necessary or appropriate to complete the Buyback Offer.

Yours faithfully



Greg Tomlinson
For the Board of Directors