

[Name]
[Address]

23 August 2022

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 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 and Heartland Bank 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 2017, 2018 and 2019 will be assessed on 24 August 2022, being the business day after Heartland releases its full year results for the year ended 30 June 2022.

The Company has determined that it will assist Participants to meet the tax obligations that will arise when Performance Rights vest and Shares are issued to them by offering to apply the PAYE rules on the Participants' behalf in respect of the Shares issued 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 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 7 September 2022 and must be accepted by Participants by no later than 5pm on 14 September 2022. It is intended that the Shares will be issued and acquired by the Company under the Buyback Offer by 21 September 2022.

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

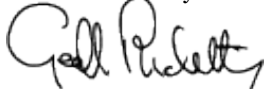
Participant Name	Participant Title
Jeffrey Greenslade	Chief Executive Officer, Heartland Group Holdings
Chris Flood	Group Deputy Chief Executive Officer, Heartland Group Holdings
Andrew Dixon	Group Chief Financial Officer, Heartland Group Holdings
Michael Drumm	Group Chief Operating Officer, Heartland Group Holdings
Andrew Ford	General Manager, Retail & Reverse Mortgages New Zealand, Heartland Bank
Peter Griffin	General Manager, Business, Heartland Bank
Darryl Hartnett	General Manager, Consumer, Heartland Bank
Keira Billot	Chief People & Brand Experience Officer, Heartland Bank

Jeffrey Greenslade is a Participant in his capacity as the Chief Executive Officer of the Company. Mr Greenslade is also a director of the Company. Mr Greenslade will have a relevant interest in up to 1,064,774 Shares to be issued to him under the Scheme if all vesting conditions are met, 415,262 of which will be subject to the Buyback Offer (subject to rounding).

To give effect to the Buyback Offer, the Board resolved on 22 August 2022 that:

1. The Company make the Buyback Offer.
2. 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. 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. 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. 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. For the purposes of section 67A of the Companies Act 1993, the Shares shall not be cancelled on acquisition.

Yours faithfully



Geoffrey Ricketts

For the Board of Directors