

Hui Ā-tāu Annual Meeting 2022



HEARTLAND
GROUP

Notice of 2022 Annual Meeting Hui Ā-tau



Heartland Group Holdings Limited invites you, our shareholders, to join us at our online annual meeting, being held at 2pm (New Zealand time) on Tuesday 8 November 2022.

Dear Shareholders,

On behalf of the board, I am pleased to invite you to the 2022 annual meeting of Heartland Group Holdings Limited (**Heartland**) which is to be held online at www.virtualmeeting.co.nz/hgh22 on Tuesday 8 November 2022, commencing at 2pm (New Zealand time).

Due to the continuing COVID-19 situation and prevalence of other illnesses, Heartland advises that its Annual Meeting will be held virtually.

Jeff Greenslade and I will be retiring by rotation and standing for re-election at the annual meeting. Shareholders will be asked to vote on our re-elections as directors. The board unanimously supports our re-election. You can read about my and Jeff's background in the explanatory notes to this notice of meeting.

Shareholders will also be asked to vote on an increase to the pool available for directors' remuneration and to refresh Heartland's placement and share purchase plan capacity.

If you are unable to attend the annual meeting, I encourage you to cast a postal vote or appoint a proxy to attend and vote at the annual meeting on your behalf. Your personalised voting form accompanies this notice of meeting.

Yours sincerely

A handwritten signature in black ink that reads "Geoffrey Ricketts". The signature is written in a cursive, flowing style.

Geoffrey Ricketts
Chair of the Board

Agenda for the Annual Meeting

A. Chair's welcome and address

B. Chief Executive Officer's review

C. Shareholder discussion

D. Formal business

To consider, and if thought fit, to pass the following resolutions:

Resolution 1: Re-election of Geoffrey Ricketts

That Geoffrey Ricketts, who retires by rotation and is eligible for re-election, be re-elected as a director of Heartland Group.

Resolution 1 is an ordinary resolution, requiring approval by a majority (being more than 50%) of the votes of those shareholders entitled to vote and voting.

Resolution 2: Re-election of Jeff Greenslade

That Jeff Greenslade, who retires by rotation and is eligible for re-election, be re-elected as a director of Heartland Group.

Resolution 2 is an ordinary resolution, requiring approval by a majority (being more than 50%) of the votes of those shareholders entitled to vote and voting.

Resolution 3: Directors' remuneration

That the total annual remuneration available to all non-executive directors be increased from NZ\$1,200,000 to NZ\$1,600,000 or AUD\$1,400,000 (whichever is the greater amount from time to time), an increase of NZ\$400,000 (33%) effective for the financial year ending 30 June 2023 and onwards, with such sum to be divided amongst the non-executive directors as the Board may from time-to-time determine.

Resolution 3 is an ordinary resolution, requiring approval by a majority (being more than 50%) of the votes of those shareholders entitled to vote and voting.

Resolution 4: Ratification of Placement

That the shareholders of Heartland approve and ratify for all purposes, including NZX Listing Rule 4.5.1(c), the previous issue under NZX Listing Rule 4.5.1 of 72,222,222 fully paid ordinary shares in Heartland to investors at an issue price of NZ\$1.80 per share on 29 August 2022.

Resolution 4 is an ordinary resolution, requiring approval by a majority (being more than 50%) of the votes of those shareholders entitled to vote and voting.

Resolution 5: Ratification of Share Purchase Plan

That the shareholders of Heartland approve and ratify for all purposes, including NZX Listing Rule 4.5.1(c), the Share Purchase Plan announced by Heartland on 23 August 2022, including the issue under NZX Listing Rule 4.5.1 of 14,989,825 fully paid ordinary shares, and the issue under NZX Listing Rule 4.3.1(c) of 23,832,633 fully paid ordinary shares, in Heartland to investors at an issue price of NZ\$1.7674 (A\$1.5857 in respect of eligible shareholders who applied in Australian dollars) per share on 9 September 2022.

Resolution 5 is an ordinary resolution, requiring approval by a majority (being more than 50%) of the votes of those shareholders entitled to vote and voting.

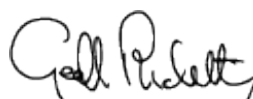
Resolution 6: Auditor's remuneration

That the board be authorised to fix the remuneration of Heartland's auditor, KPMG, for the financial year ending 30 June 2023.

Resolution 6 is an ordinary resolution, requiring approval by a majority (being more than 50%) of the votes of those shareholders entitled to vote and voting.

A brief description of each resolution is included in the explanatory notes. The board unanimously supports each resolution.

On behalf of the board,



Geoffrey Ricketts
Chair of the board
28 September 2022

Explanatory notes

Resolutions 1 and 2:

Re-election of Geoffrey Ricketts (Chair and Independent Non-Executive Director) & Jeff Greenslade (Non-Independent Executive Director and Chief Executive Officer)

Heartland Group's constitution and the NZX Listing Rules require each director to retire by rotation at least every three years. This year Geoffrey Ricketts and Jeff Greenslade are retiring and standing for re-election.

Biographies for Geoffrey Ricketts and Jeff Greenslade are set out on page 6, together with a list of their current directorships.

Resolution 3: Directors' remuneration

The board is proposing to increase the total annual remuneration available to all non-executive directors from NZ\$1,200,000 to NZ\$1,600,000 or AUD\$1,400,000 (whichever is the greater amount from time to time), an increase of NZ\$400,000 (33%). If approved, the increase in remuneration would be effective for the financial year ending 30 June 2023 and onwards, with such sum to be divided amongst the non-executive directors as the Board may from time-to-time determine. Shareholder approval is required under NZX Listing Rule 2.11.1.

The fees payable to Heartland's non-executive directors have not been increased since they were fixed at Heartland's Annual Shareholders Meeting on 22 November 2016.¹

Since that time, the Heartland Group has undergone considerable growth, becoming the Australasian financial services group it is today. In addition, Heartland Group has also become subject to an increasing degree of regulation, both in New Zealand and Australia, and continues to monitor and prepare for a significant volume of regulatory change.

Heartland's strategic vision has involved expansion in Australia for some time. This includes exploring options to acquire an authorised deposit-taking institution (ADI), an update in respect of which was provided together with Heartland's FY22 results announcement.

To support progress towards the achievement of this goal, Heartland identified during FY2022 the need to engage the assistance of an Australian based independent, non-executive director who knows that industry well, would be able to assist Heartland to achieve its desired outcome and (subject to the completion of an acquisition) would ultimately Chair Heartland's banking business in Australia. This resulted

in the appointment of Geoff Summerhayes to the boards of Heartland (on 1 October 2021) and HAH (on 21 March 2022). In engaging Mr Summerhayes, Heartland needed to meet the market for remuneration of Australian independent, non-executive directors of financial services groups. In setting Mr Summerhayes' remuneration, Heartland obtained independent advice around market rates, and took that advice into account when setting Mr Summerhayes' fee at A\$320,000 per annum. Payment of AUD\$21,390 (plus GST, if any) of this fee was held back, subject to shareholder approval at the Annual Meeting, so as not to breach the existing directors' fee cap which applied during FY2022..

In addition, Heartland Bank Limited intends to appoint an additional independent non-executive director in or about November 2022, following the Annual Meeting. The appointment is intended to expand the capability of the Board, strengthening Heartland Bank's governance in the face of ongoing and significant regulatory change, and as Heartland Bank continues to pursue business as usual growth and its focus on providing frictionless service at the lowest cost. To enable this appointment, the director fee pool needs to be increased to provide for that director's remuneration, currently set at NZ\$100,000.

At the conclusion of the meeting, Heartland Group will have nine non-executive directors in office. As noted above, it is intended that an additional non-executive director will be appointed to the board of Heartland Bank Limited in or about November 2022, following the conclusion of the Annual Meeting. The size and composition of the Heartland Group boards (following the appointment described above) is considered appropriate with reference to both their business and regulatory obligations. This includes (amongst other things) the independence requirements prescribed by the NZX Corporate Governance Code and Reserve Bank of New Zealand Corporate Governance standard, which apply to Heartland and Heartland Bank, respectively.

The updated total remuneration will apply to these directors (in the case of the new Heartland Bank Limited non-executive director, from appointment), assuming all directors seeking re-election at the meeting are re-elected.

Given the continued expansion of Heartland into Australia, and the need to therefore attract and retain directors with experience within the Australian market, the Board proposes that the fees payable to the Board be fixed in both New Zealand and Australian dollars, with whichever is the greater amount from time-to-time being the limit. This will minimise the risk of unfavourable

¹ On 4 October 2018, NZX granted Heartland a waiver from Rule 3.5.1, to the extent that this Rule required Heartland's directors' remuneration pool to be authorised by an Ordinary Resolution of Heartland Group Holdings Limited (as opposed to Heartland Bank Limited) so that the directors' remuneration pool approved at Heartland Bank Limited's annual shareholders' meeting on 22 November 2016 would continue as the directors' remuneration pool for Heartland as if it had been approved by the shareholders of Heartland Group Holdings Limited.

currency movements which may adversely impact the ability to continue to pay Board fees at a level that will enable Heartland to attract and retain directors with the necessary experience.

Whilst the Board retains discretion to determine how fees are allocated amongst non-executive directors, no change is proposed for the financial year ending 30 June 2023 to the current fee allocations as summarised in the following table.

Table 1: Current Board fees²

| Role | Current Fee |
|---|-------------|
| Board Chair | NZ\$150,000 |
| Board Member | NZ\$100,000 |
| Chair Heartland Audit and Risk Committee | NZ\$15,000 |
| Member Heartland Audit and Risk Committee | Nil |
| Chair Heartland Bank Audit Committee | NZ\$15,000 |
| Member Heartland Bank Audit Committee | Nil |
| Chair Heartland Bank Risk Committee | NZ\$15,000 |
| Member Heartland Bank Risk Committee | Nil |
| Chair Corporate Governance, People, Remuneration and Nominations Committee | NZ\$15,000 |
| Member Corporate Governance, People, Remuneration and Nominations Committee | Nil |

The proposed increase in directors' remuneration has the unanimous support of the Board.

The NZX Listing Rules require that remuneration of directors be authorised by an ordinary resolution. In accordance with NZX Listing Rule 6.3.1, Heartland will disregard any votes cast in favour of Resolution 3 (Directors' Remuneration) by any director who is intended to receive directors' fees (and their respective Associated Persons), unless such shareholder is casting a vote under an expressly directed proxy of a person who is not disqualified from voting.

Resolution 4: Ratification of Placement

Under the placement announced on 23 August 2022 (**Placement**), Heartland issued 72,222,222 fully paid ordinary shares to new and existing investors who were invited to participate in the Placement at a price of NZ\$1.80 per share.

The Placement raised gross proceeds of approximately NZ\$130 million, with net proceeds from the Placement, together with the share purchase plan undertaken in connection with the Placement, used to provide funding to repay a A\$158 million acquisition finance facility outstanding in relation to the recent acquisition

of StockCo Australia, and to provide additional growth capital for Heartland's existing businesses both in Australia and New Zealand.

All the shares issued under the Placement were issued under NZX Listing Rule 4.5.1. In broad terms, that Listing Rule permits an issue of shares up to 15% of the issued shares of Heartland in any 12 month period without prior shareholder approval. The shares issued under the Placement were equal to approximately 12.18% of the issued shares of Heartland as at the date on which the shares were issued, being 29 August 2022.

This resolution is being proposed by the Directors in accordance with NZX Listing Rule 4.5.1(c), which allows shareholders to ratify a prior issue of shares under NZX Listing Rule 4.5.1. If shareholders pass the resolution, and ratify the issue of 72,222,222 shares under the Placement, the capacity to issue equity securities under NZX Listing Rule 4.5.1 up to the 15% limit will be refreshed by that number of shares.

This would preserve the ability of Heartland to issue further equity securities up to the 15% threshold in accordance with NZX Listing Rule 4.5.1, should Heartland wish to undertake a further placement of equity securities in the next 12 month period.

Failure to pass this resolution will not affect the validity of the shares issued under the Placement but will reduce the number of equity securities that can be issued by Heartland under NZX Listing Rule 4.5.1 for a period of twelve months from 29 August 2022.

The Board recommends to shareholders that they vote in favour of this resolution, as it will provide Heartland with flexibility to raise money through the issue of further equity securities.

The anticipated rationale for the issue of further shares would be to fund additional growth of Heartland's businesses in New Zealand and Australia. There is no guarantee that any such further issue will be undertaken or as to the terms of, and timing for, any such issue.

In accordance with NZX Listing Rule 6.3.1, Heartland will disregard any votes cast in favour of Resolution 4 (Ratification of Placement) by any shareholder who acquired shares under the Placement (and their respective Associated Persons), unless such shareholder is casting a vote under an expressly directed proxy of a person who is not disqualified from voting.

Resolution 5: Ratification of Share Purchase Plan

Under the Share Purchase Plan announced on 23 August 2022 (**SPP**), Heartland issued:

- 14,989,825 fully paid ordinary shares to existing shareholders under NZX Listing Rule 4.5.1; and

² See the explanation above regarding the director's fees payable to Mr Summerhayes, which are in addition to those referenced in this table.

- 23,832,633 fully paid ordinary shares to existing shareholders under NZX Listing Rule 4.3.1(c),

at a price of NZ\$1.7674 (A\$1.5857 in respect of eligible shareholders who applied in Australian dollars) per share.

Ratification for the purposes of NZX Listing Rule 4.5.1(c)

As noted above, 14,989,825 shares issued under the SPP were issued under NZX Listing Rule 4.5.1. In broad terms, that Listing Rule permits an issue of shares up to 15% of the issued shares of Heartland in any 12 month period without prior shareholder approval. The shares issued under the SPP in reliance upon NZX Listing Rule 4.5.1 were equal to approximately 2.25% of the issued shares of Heartland as at the date on which the shares were issued, being 9 September 2022.

This resolution is being proposed by the Directors to ratify the SPP for all purposes, including in accordance with NZX Listing Rule 4.5.1(c), which allows shareholders to ratify a prior issue of shares under NZX Listing Rule 4.5.1. If shareholders pass the resolution, and ratify the issue of 14,989,825 shares under the SPP, the capacity to issue equity securities under NZX Listing Rule 4.5.1 up to the 15% limit will be refreshed by that number of shares.

This would preserve the ability of Heartland to issue further equity securities up to the 15% threshold in accordance with NZX Listing Rule 4.5.1, should Heartland wish to undertake a further placement of equity securities in the next 12 month period.

Failure to pass this resolution will not affect the validity of the shares issued under the SPP but will reduce the number of equity securities that can be issued by Heartland under NZX Listing Rule 4.5.1 for a period of twelve months from 9 September 2022.

Ratification for the purposes of NZX Listing Rule 4.3.1(c)

A further 23,832,633 shares issued under the SPP were issued under NZX Listing Rule 4.3.1(c). In broad terms, that Listing Rule permits an issue of shares up to \$15,000 to each Heartland shareholder in any 12 month period without prior shareholder approval.

On 27 July 2022, NZX released a consultation paper on capital raising settings and listing options (the **Consultation Paper**). The Consultation Paper proposes that the NZX Listing Rules be amended so that shareholders are permitted to ratify a prior share purchase plan. The Consultation Paper also proposes that the \$15,000 per shareholder limit is increased to \$50,000 per shareholder in any 12 month period.

This resolution has been drafted in anticipation of the NZX Listing Rules being amended as outlined in the Consultation Paper. If shareholders pass the resolution, and thereby ratify the SPP, Heartland will be able to offer shares under a share purchase plan under NZX Listing

Rule 4.3.1(c) up to the limit per shareholder permitted by the rule. This would preserve the ability of Heartland to issue further equity securities up to the limit per shareholder in accordance with NZX Listing Rule 4.3.1(c), should Heartland wish to undertake a further share purchase plan in the next 12 month period.

Failure to pass this resolution will not affect the validity of the shares issued under the SPP but will reduce the dollar amount of shares that can be issued by Heartland under NZX Listing Rule 4.3.1(c) to a shareholder who has participated in the SPP for a period of twelve months from 9 September 2022. If the proposed amendments outlined in the Consultation Paper do not take effect or do not permit Heartland to ratify the SPP as a whole, the resolution will still be effective for the purposes of NZX Listing Rule 4.5.1(c).

Recommendation and rationale

The Board recommends to shareholders that they vote in favour of this resolution, as it will provide Heartland with flexibility to raise money through the issue of further equity securities.

As with Resolution 4, the anticipated rationale for the issue of further shares would be to fund additional growth of Heartland's businesses in New Zealand and Australia. There is no guarantee that any such further issue will be undertaken or as to the terms of, and timing for, any such issue.

In accordance with NZX Listing Rule 6.3.1, Heartland will disregard any votes cast in favour of Resolution 5 (Ratification of Share Purchase Plan) by any shareholder who acquired shares under the SPP (and their respective Associated Persons), unless such shareholder is casting a vote under an expressly directed proxy of a person who is not disqualified from voting.

Resolution 6:

Auditor's remuneration

KPMG will be automatically reappointed as Heartland Group's auditor under section 207T of the Companies Act 1993. It is proposed that the board be authorised to fix KPMG's remuneration for the year ending 30 June 2023 in accordance with section 207S of the Companies Act 1993.



Geoffrey Ricketts

CNZM, LLB (Hons), LLD (honoris causa), CFInstD
Chair and Independent Non-Executive Director

Term of office

Appointed 30 September 2010³

Board committees

Chair of the Heartland Corporate Governance, People, Remuneration and Nominations Committee, and member of the Heartland Audit and Risk Committee.

Geoff is a company director and investor with wide experience in the New Zealand and Australian business environments. His past roles include directorships of Suncorp Group New Zealand, Todd Corporation, Spotless Group, Oceania & Eastern Limited and Lion Nathan, as well as numerous other private companies. His current roles include directorships of Heartland Group Holdings Limited, Mercury Capital Limited and Oceania and Eastern Group.

Geoff has extensive experience in New Zealand and Australia as a commercial lawyer and partner at Russell McVeagh. In 2008, Geoff was named the Deloitte/New Zealand Management Magazine Chairperson of the Year. He is a strong supporter of community and philanthropic activities and is Chair of the University of Auckland Foundation. In 2013 he received the insignia of a Companion of the New Zealand Order of Merit for services to Education, the Arts and Business.

Current directorships

Heartland Group Holdings Limited, Heartland Bank Limited, Janmac Capital Limited, Maisemore Enterprises Limited, MCF2 Message4U Limited, MCF3 Amplify Limited, MCF3 Green Limited, MCF3 E&P Holdco Limited, MCF3 Re. Group Limited, MCF3 Architectus Limited, MCF 10 Limited, MCF2 (Fund 1) Limited, MCF 11 Limited, MCF2A General Partner Limited, MCF2 GP Limited, MCF3 GP Limited, MCF3B General Partner Limited, MCF3A General Partner Limited, MCF2 FFF-GK Limited, MCF3 Cook Limited, MCF3 TEG Limited, MCF3 Resourceco Limited, MCF3 Squiz Limited, MC Medical Properties Limited, Mercury Capital No.1 Fund Limited, Mercury Capital No. 1Trustee Limited, New Zealand Catholic Education Office Limited, NZCEO Finance Limited, O & E Group Services Limited, Oceania and Eastern Finance Limited, Oceania and Eastern Group Funds Limited, Oceania and Eastern Holdings Limited, Oceania and Eastern Limited, Oceania and Eastern Securities Limited, Oceania North Limited, Oceania Securities Limited, Quartet Equities Limited.



Jeff Greenslade

LLB
Non-Independent Executive Director and Chief Executive Officer

Term of office

Appointed 30 September 2010⁴

Board committees

N/A

Jeff Greenslade joined Heartland in 2009 as Chief Executive Officer of Marac Finance Limited – one of the four New Zealand entities that merged in 2011 to become what is now known as Heartland.

Led by Jeff as Group CEO, Heartland provides banking and financial products in New Zealand (where it operates Heartland Bank Limited) and Australia (where it operates Heartland Finance, Australia's leading reverse mortgage provider, and StockCo Australia, a specialist provider of livestock finance).

Jeff has over 20 years' experience as a senior banking executive, including with the ANZ National Banking Group, where he last held the position of Managing Director of Corporate and Commercial Banking for ANZ National Bank. From February 2006 until February 2008 he spent time on the board of UDC Finance Limited. Jeff has also held a number of senior positions in the Institutional and Capital Markets areas of The National Bank of New Zealand and its subsidiary, Southpac.

Current directorships

Heartland Group Holdings Limited, Heartland Bank Limited, Heartland PIE Fund Limited, Henley Family Investments Limited.

³ Geoffrey Ricketts was first appointed as a director of Heartland Bank Limited on 30 September 2010 and then as a director of Heartland Group Holdings Limited on 31 October 2018 in connection with the corporate restructure completed on that date by Heartland.

⁴ Jeff Greenslade was first appointed as a director of Heartland Bank Limited on 30 September 2010 and reappointed as a director of Heartland Group Holdings Limited on 31 October 2018 in connection with the corporate restructure completed on that date by Heartland.

Procedural Notes

Voting

Each shareholder will be entitled to one vote for every share held as at 7pm (New Zealand time) on 4 November 2022.

Your right to vote may be exercised by:

- attending the online meeting and voting online
- submitting a postal vote
- appointing a proxy (or representative) to attend the meeting and vote in your place (**Proxy**).

How to submit a postal vote or appoint a proxy

If you are not able to attend the online annual meeting but wish to submit a postal vote or appoint a Proxy to attend the online meeting and vote on your behalf, you can:

- lodge your postal vote or appoint a Proxy online at <https://vote.linkmarketservices.com/HGH>. You will be required to enter your CSN/Holder Number and Authorisation Code (**FIN**). If you do not have a FIN number, please contact Link Market Services at 09 375 5998 or enquiries@linkmarketservices.co.nz.
- complete and return your voting form in accordance with the instructions on the voting form.

Your completed voting form must be received by Link Market Services, or your postal vote or your Proxy appointment lodged online, by no later than 2pm (New Zealand time) on 6 November 2022.

If you wish, you may appoint the Chair of the meeting as your proxy. To do so, please write "Chair of the meeting" in the relevant section. The Chair will vote according to your instructions. If the Chair is not instructed how to vote, the Chair will vote as he thinks fit.

How to attend the online meeting

To attend the online meeting, please go to www.virtualmeeting.co.nz/hgh22. Shareholders attending online will be able to vote during the annual meeting. **Shareholders who will be attending the online meeting and wish to ask a question are encouraged to submit their question(s) prior to the annual meeting in accordance with the instructions below.** More information regarding virtual attendance at the annual meeting (including how to vote during the meeting) is available in the Virtual Annual Meeting Online Portal Guide available at bcast.linkinvestorservices.co.nz/generic/docs/OnlinePortalGuide.pdf.

Shareholder questions prior to the annual meeting

Shareholders present at the annual meeting will have the opportunity to ask questions during the meeting. If you cannot attend the annual meeting but would like to ask a question, you can submit a question by going to vote.linkmarketservices.com/HGH or emailing your proxy form with your question to meetings@linkmarketservices.com (please put the words *Heartland Group Holdings Proxy Form* in the subject line for easy identification), or New Zealand-based shareholders may fax the form to (09) 375 5990 and overseas shareholders may fax it to +64 9 375 5990.

Shareholder questions will need to be submitted by 2pm (New Zealand time) on 4 November 2022. Questions should relate to matters being addressed at the annual meeting.

