

Decision Date

1. 7 July 2022

Duration of the Exemption

2. This Exemption comes into force on the Decision Date and expires on 30 June 2023.

Interpretation

3. In this notice, unless the context otherwise requires—

Act means the Overseas Investment Act 2005.

Exemption means the exemption in paragraph 5.

Exemption Holder means:

- Heartland Australia Holdings Pty Limited (Australian company number 604 183 646) or
- a wholly-owned subsidiary of Heartland Australia Holdings Pty Limited.

OIO means the Overseas Investment Office.

Regulations means the Overseas Investment Regulations 2005.

Target means Heartland Bank Limited (Company number 3152425).

Transaction means the acquisition by the Exemption Holder of 100% of the shares in the Target owned by the Vendor, either by direct acquisition of the shares or by amalgamation of the Target with a wholly-owned subsidiary of the Exemption Holder.

Vendor means Heartland Group Holdings Limited (Company number 6937955).

4. Any term or expression that is defined in the Act or the Regulations and used, but not defined, in this Exemption has the same meaning as in the Act or the Regulations (as the case may be).

Exemption from the requirement for consent provisions of the Act

5. The requirements in sections 10(1)(a) and (b) of the Act to apply for consent do not apply to the Transaction.

Conditions of the Exemption

6. The exemption in paragraph 5 only applies to transactions entered into on or before 30 June 2023.
7. The Exemption Holder must notify the OIO in writing as soon as practicable, and no later than 30 June 2023, whether the transaction in paragraph 5 took place. If the transaction did take place, the notice must include:
 - (a) the date upon which settlement of the transaction occurred;
 - (b) final consideration paid (plus GST, if any);
 - (c) the structure by which the acquisition was made, and who acquired the shares;
 - (d) where applicable, copies of transfer documents and settlement statements; and
 - (e) any other information that would aid the OIO in its function to monitor the conditions of the Exemption.
8. If requested in writing by the OIO, the Exemption Holder must provide a written report within 20 working days (or such other timeframe as specified) on any matter relating to its compliance with:
 - (a) the representations and plans made or submitted in support of the application for the Exemption; or
 - (b) the conditions of the Exemption.

Amendment or revocation of the Exemption

9. The Exemption and conditions of the Exemption may at any time be amended or revoked by the OIO.

Sanctions

10. The Act provides for civil and criminal sanctions for breaching the Act, failing to comply with conditions of exemption and failing to provide information required by the OIO. The OIO has an obligation to investigate and act upon alleged and suspected breaches of the Act.

Reasons for Exemption

The purpose of this Exemption is to exempt the proposed Transaction from the requirement for consent as an overseas investment in significant business assets and sensitive land.

The Exemption Holder and the Target are part of the 'Heartland Group' of companies, and are both wholly-owned by Heartland Group Holdings Limited ("**Heartland Holdings**"), which is listed on both the NZX and ASX. The proposed Transaction is part of a corporate reorganisation and will result in the Target becoming wholly-owned by the Exemption Holder, which will remain wholly-owned by Heartland Holdings.

The proposed Transaction is motivated by the Applicant's desire to establish or acquire an authorised deposit taking institution (the equivalent of a New Zealand registered bank) in Australia, which is a key growth market for Heartland Group. The Exemption Holder advises that the Australian regulator expects that all banking business of the Heartland Group is held under the Exemption Holder. The proposed Transaction will give effect to this expectation, which is a de facto requirement for Australian regulatory approvals.

Without the Exemption, the reorganisation would require consent under the Act because it would involve an overseas person acquiring an interest in significant business assets and sensitive land.

The Exemption is broadly consistent with the purpose of the Act because the proposed Transaction:

- (a) will not involve any change to the ultimate ownership or control of sensitive New Zealand assets;
- (b) is also analogous to intra-group transactions for which class exemptions apply in respect of corporate dealings in regulation 37 of the Regulations; and
- (c) involves minor and technical changes to the Heartland Group of companies.

The exemption is also not inconsistent with guidance to the OIO in a directive letter issued under section 34 of the Act regarding how overseas incorporated non-listed companies are assessed to consider the degree of New Zealand ownership and control that determines whether an entity is an overseas person.

Acquisitions of any other sensitive New Zealand assets by the Exemption Holder will remain subject to any applicable requirement for consent under the Act.