

NZ RegCo

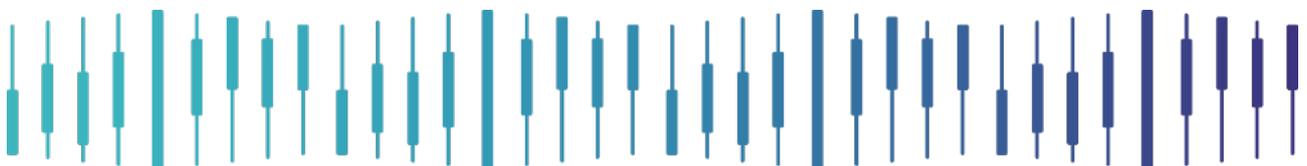
NZ'S LISTED
MARKET REGULATOR

22 August 2022

NZ RegCo Decision

Heartland Group Holdings Limited ("HGH")

Application for waiver under NZX Listing Rule
4.14.1(b)(ii)(A)



Background

1. The information on which this decision is based is set out in Appendix One to this decision. This waiver will not apply if that information is not or ceases to be full and accurate in all material respects.
2. The Rules to which this decision relates are set out in Appendix Two to this decision.
3. Capitalised terms that are not defined in this decision have the meanings given to them in the Rules.

Waiver from Listing Rule 4.14.1(b)(ii)(A)

Decision

4. On the basis that the information provided by Heartland Group Holdings Limited (**HGH**) is complete and accurate in all material aspects, NZX Regulation Limited (**NZ RegCo**) grants HGH a waiver from NZX Listing Rule (**Rule**) 4.14.1(b)(ii)(A), to permit HGH's acquisition of its Equity Securities from an employee who is also a Director or Associated Person of a Director (**Waiver**).

Reasons

5. In coming to the decision to provide the waiver set out in paragraph 1 above, NZ RegCo has considered that:
 - a. the details of the buyback offer, its participants and the nature and extent of any relevant interest of any Director in the Equity Securities which are the subject of the buyback offer will be fully disclosed to HGH's Equity Security holders via a disclosure document before the buyback offer is made in the course of HGH's compliance with section 61 of the Companies Act 1993;
 - b. the Waiver is consistent with the underlying policy of Rule 4.14.1(b)(ii)(A) in that:
 - i. Equity Securities are not acquired from Directors or their Associated Persons on terms which are unfairly preferential or advantageous to them, given that HGH submits, and NZ RegCo has no reason not to accept, that this concern does not arise in the particular circumstances;
 - ii. the Waiver allows HGH to undertake buybacks from employees who may also be a Director or an Associated Person of a Director, as the Equity Securities will be acquired on the same terms as from other HGH employees participating in the Scheme; and
 - c. a number of waivers to Rule 4.14.1 have been granted previously in circumstances materially similar to HGH's.

Confidentiality

6. HGH has requested this application and any decision be kept confidential until such time as HGH releases a statement to NZX through MAP stating that the waiver has been granted.
7. In accordance with Rule 9.7.2, NZ RegCo grants HGH's request.

Appendix One

1. Heartland Group Holdings Limited (**HGH**) is a Listed Issuer with ordinary shares Quoted on the NZX Main Board and is admitted to the official list of ASX as a foreign exempt listing.
2. HGH operates a long term incentive scheme under which selected employees of HGH are offered performance share rights (**PSRs**) to be converted to ordinary shares in HGH (**Shares**), for nil consideration, subject to certain performance hurdles being met (**Scheme**). The PSRs were issued by HGH under Rule 4.6, and the Shares will be issued under Rule 4.9.1(b)(i).
3. HGH is approaching the vesting phase of the Scheme for certain grants and intends to make further grants under the Scheme in the future.
4. HGH proposes to assist the participants of the Scheme to meet the tax obligations that will arise when the PSRs vest and Shares are issued to them by offering to pay PAYE on the participants' behalf in respect of the same.
5. In order to fund the participants' corresponding liability to HGH, HGH will offer to acquire certain of the Shares to be issued by HGH as is equal in value (rounded to the nearest whole share) to the participants' PAYE liability which HGH has agreed to meet on their behalf (**Buyback Offer**). The Buyback Offer will be made to the participants under section 60(1)(b)(ii) of the Companies Act 1993 and accordingly Rule 4.14.1(b)(ii)(A) prevents HGH from buying back Shares from any participant who is also a Director, or an Associated Person of a Director, of HGH.
6. HGH sought a waiver from Rule 4.14.1(b)(ii)(A) to permit HGH's acquisition of its Equity Securities from a Director or Associated Person of a Director.

Appendix Two

4.6 3% Issues to Employees and Executive Directors

4.6.1 An Issuer may issue Equity Securities if:

- (a) the issue is made to, or to a trustee to hold for the benefit of, Employees and may include Employees that are Directors or Associated Persons of Directors only if their participation satisfies the allocation criteria applying to Employees generally,
- (b) the issue is of a Class of Equity Securities already on issue, and
- (c) the number to be issued, together with all other Equity Securities of the same Class issued under this Rule 4.6.1 over the shorter of the previous 12 months or the period since the Issuer was Listed, will not exceed 3% of the aggregate of:
 - (i) the total number of Equity Securities of that Class on issue at the commencement of that period, and
 - (ii) the total number of Equity Securities of that Class issued during that period under Rules 4.2.1, 4.3, 4.5.1, 4.8 and 4.9,

provided that for the purposes of this Rule 4.6.1:

- (d) Financial Products which may Convert to Quoted Equity Securities are deemed to correspond in number to, and be deemed to be of the same Class as, the Quoted Equity Securities into which they may Convert, and
- (e) if the conversion ratio is fixed by reference to the market price of the underlying Equity Securities, unless otherwise specified in the issue terms, this is the Average Market Price.

4.9 Issues relating to takeovers, conversions, minimum holdings and amalgamations

4.9.1 An Issuer may issue Equity Securities if:

- (a) the issue is in consideration of an offer made by the Issuer in accordance with:
 - (i) the Takeovers Code or a scheme of arrangement under Part 15 of the Companies Act 1993, or
 - (ii) the takeover regime of a jurisdiction other than New Zealand which NZX considers provides a similar or greater level of protection to the recipients of the offer as the Takeovers Code or Appendix 3, and

the offer is made to all holders (other than the Issuer) of any Equity Securities in any other entities Listed on the Main Board or on another stock exchange, except if the other entity is an Associated Person of the Issuer or of any Director of the Issuer,

- (b) the issue of Equity Securities (**Security B**) is made on Conversion of any Financial Product (**Security A**), and
 - (i) the terms of issue of Security A provided for the Conversion to Security B and the issue of Security A was approved in the manner set out in

Rule 4.2.1 or Security A was issued in accordance with any of Rules 4.3, 4.5.1, 4.6, 4.8 or 4.9.1(a) (whether or not any of the Rules quoted applied to the issue of Security A), or

- (ii) the issue of Security B is approved in the manner set out in Rule 4.2.1, or Security B is issued in accordance with Rule 4.5.1 or Rule 4.6,

[...]

4.14 Buy Backs and Redemption of Equity Securities

4.14.1 An Issuer may only acquire or redeem Equity Securities of that Issuer by:

- (a) an acquisition effected through NZX's order matching market or through the order matching market of an Issuer's Home Exchange,
- (b) an acquisition effected in compliance with:
 - (i) section 60(1)(a) (read together with section 60(2)) of the Companies Act 1993,
 - (ii) section 60(1)(b)(ii) (read together with section 61) of the Companies Act 1993, and:
 - (A) not made from a Director, or an Associated Person of a Director, of the Issuer, and
 - (B) not of a size which would cause the number of Equity Securities of the same Class acquired under this Rule 4.14.1(b)(ii) either in the 12 months preceding the date of the acquisition or since the issuer was listed, whichever is earlier, to exceed 15% of the total number of Equity Securities of the same Class on issue at the commencement of that period,
 - (iii) section 61(7) of the Companies Act 1993, or
 - (iv) sections 110 or 118 of the Companies Act 1993, or other applicable legislation, if required by a shareholder pursuant to such sections or legislation,
- (c) a redemption in compliance with section 69(1)(a) of the Companies Act 1993,
- (d) an acquisition or redemption:
 - (i) approved in accordance with Rule 4.16.1,
 - (ii) of Equity Securities that were issued under Rule 4.6, or
 - (iii) from a holder who holds less than a Minimum Holding, or
- (e) a redemption of Equity Securities issued in compliance with Rule 4.2.1 or 4.3, where the Issuer is bound or entitled to redeem those Equity Securities pursuant to their terms of issue,

provided that for the purposes of Rule 4.14.1(b)(ii)(B):

- (f) Financial Products which may convert to Quoted Equity Securities are deemed to be of the same Class as the Quoted Equity Securities into which they may convert, and

- (g) the Financial Products referred to in paragraph (f) are deemed to be of the same number as the Quoted Equity Securities to which they may Convert, except that for the purpose of this calculation:
- (i) in relation to the conversion ratio or conversion price, any reference to the market price (however described) of the underlying Quoted Equity Securities will instead be to the Average Market Price, and
 - (ii) any provisions for early Conversion at the option of a holder exercisable in limited circumstances (such as due to an event of default or change of control or similar) using a different formula or method will be disregarded.