

HEARTLAND GROUP

NZX/ASX Release

Heartland secures significant new funding for continued growth of its Australian reverse mortgage business

15 September 2020

Heartland Group Holdings Limited (NZX/ASX:HGH) (**Heartland**), through its Australian subsidiary, is very pleased to announce the completion of an innovative, long-term A\$142 million Australian reverse mortgage backed syndicated loan securitisation transaction funded by offshore institutional investors.

The first-of-its-kind transaction provides Heartland funding with a 30-year final maturity and increases its access to committed Australian reverse mortgage loan funding to A\$1 billion in aggregate to support the continued strong growth and increasing demand for its product. The transaction achieves another milestone in executing Heartland's strategy to diversify type, source and tenor of its Australian funding and importantly evidences market liquidity to existing warehouse funders.

The financing structure matches Heartland's reverse mortgage assets with the Solvency II¹ requirements of European insurers and provides Heartland access to deep pools of efficient, long-dated funding that is typically unavailable to most Australian non-bank financial institutions. Heartland's high-quality reverse mortgage asset portfolio has enabled the structure to achieve leverage² of 98%.

Macquarie Bank's Structured Lending team arranged the transaction which was supported by several offshore institutions including pension fund and insurance investors. M&G Investment Management Limited played an important role as cornerstone investor.

Australian retirees are estimated to own around A\$1.5 trillion³ in home equity – by far their largest pool of wealth in retirement. Accessing a global base of offshore investors will assist Heartland to continue to enable thousands of Australian retirees to unlock this wealth while continuing to live in their own home.

Heartland is Australia's leading reverse mortgage provider with a market share of approximately 26%.⁴ Its award-winning product has now helped over 20,000 Australians live a more comfortable retirement.

- Ends -

¹ "Solvency II" is the regulatory capital regime governing European life insurers.

² Being total senior debt divided by total reverse mortgages funded.

³ Based on Australian Bureau of Statistics households owned by those aged 65 and older, and the median sale price for Australian residential properties.

⁴ Based on APRA ADI Property Exposure combined with Heartland Seniors Finance data as at 31 March 2020.

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