HMCapital

HMC Capital Partners Fund 1

MONTHLY NAV UPDATE – APRIL 2026

SUMMARY

- The Fund reported a Net Asset Value (NAV) of $0.8606/unit at the end of April, returning ~1.0% during the month
- Following a thorough review of the Fund's strategy, and with the best interests of unitholders in mind, the Trustees of Trust A and Trust C, being the trusts through which non-HMC investors have invested in the fund, have resolved to return capital to their unitholders
- While the Investment Team believes the strategy is effective, it has concluded that the traditional fund structure is no longer the optimal vehicle through which to execute it
- The Fund has generated an IRR of 17.5% for unitholders who invested at inception[1], with over 80% of their original investment being returned via the distribution paid in April 2025
- The portfolio comprises three high-conviction holdings in Lendlease (ASX: LLC), Ingenia Communities (ASX: INA), and Baby Bunting (ASX: BBN), alongside approximately $100m in cash, and we remain confident in the standalone investment merits of each holding
- For additional information, please refer to the investor letter or contact HMC Capital at invest@hmccapital.com.au.

Key Fund Statistics[2]

NAV	$0.8606 / unit
Entry price	$0.8632 / unit
Exit price	$0.8580 / unit
Inception Date	31 August 2022
Status	No longer accepting applications or redemptions.

Fund Performance – 30 April 2026[3]

Returns (Net) (%)	Fund	vs. Index[4]
1 month	1.0%	(1.3%)
3 months	(25.3%)	(23.8%)
6 months	(33.7%)	(32.6%)
12 months	(27.0%)	(37.2%)
2 years (annualised)	(1.7%)	(13.6%)
3 years (annualised)	10.4%	(1.8%)
Since inception (annualised)	10.6%	0.7%
Since inception (aggregate)	44.8%	3.2%

[1] Inception date 31 August 2022. IRR calculated based on NAV of Trust A and C as at 30 April 2026, and including the $0.805/unit distribution paid in April 2025. IRR is net of fees but prior to the impact of any tax. Past performance should not be taken as an indicator of future performance

[2] Entry and Exit prices reflect the Net Unit Value as of 30 April 2026, adjusted by the buy-sell spread (currently 0.30%).

[3] Performance net of fees and costs, and assuming distributions are reinvested. Inception date 31 August 2022. Past performance should not be taken as an indicator of future performance.

[4] Fund outperformance / underperformance (net of fees and costs) vs. S&P/ASX 300 Accumulation Index.

HMCapital

HMC Capital Partners Fund 1

MONTHLY NAV UPDATE – APRIL 2026

Market and Macro Update

April remained a volatile month for equity markets, with the S&P/ASX 200 finishing modestly higher (~3%). This headline masks a choppy intra-month backdrop characterised by sharp rotations and short-lived rallies across market sectors as risk sentiment continued to be heavily influenced by daily geopolitical headlines out of the Middle East.

The March CPI release showed a clear step up in headline inflation, rising to 4.6% YoY, driven largely by higher fuel prices (up 32.8% in March, the largest monthly increase on record). While underlying inflation remains more contained at 3.3%, second round inflationary impacts are yet to flow through to official data. Markets continue to price in a higher risk of further policy tightening with one eye open to a potential resolution to the Middle East conflict that could see an easing of the supply chain and inflationary pressures observed since the onset of the conflict in late February / early March.

Key Investment Updates

Portfolio performance during April was modestly positive (+1.0%), with all three positions participating in the rally through mid-April, reflecting improving sentiment as energy prices stabilised. While some of these gains unwound into month-end as macro risks re-emerged, Baby Bunting ended the month +3.2%, with Lendlease +1.8% and Ingenia -0.3%.

While macro volatility has driven share price dislocation over the recent months, the sharp rallies observed amid (brief) geopolitical respites, highlight the potential for portfolio positions to respond positively once conditions stabilise. An update on our current position with respect to the three positions in the Fund is presented below.

Lendlease (LLC)

At Lendlease, value is underpinned by a clear pathway to simplification with the monetisation of the non-core, Capital Release Unit (CRU) to allow focus on the higher quality core Investment, Development and Construction (IDC) business. We continue to believe the IDC business to be worth significantly more than the current trading price.

While near-term performance has been impacted by the overhang from the non-core CRU segment and recent management changes, underlying progress in IDC remains positive. The Construction division has recovered from cyclical lows whilst Development continues to rebuild its Australian pipeline with two major project wins in 1H26 with an end value of $4.7bn. ~$4bn of apartment settlements at One Sydney Harbour in Sydney and Victoria Harbour in Melbourne underpin a recovery in development segment earnings into FY27.

The key to unlocking this value remains the exit and recycling of CRU capital, which we expect to reset the balance sheet, remove a material drag on group returns and cash flow and free up significant management time and focus to drive value creation in the core IDC business. With ~$500m of sales executed in 1H26, ~$700m contracted but not yet settled in the Crown Estates and TRX transactions, and a further ~$1.5bn targeted for recycling in the second half, there is a clear path to progress this simplification.

We maintain our conviction that LLC is positioned for a meaningful re-rating as the simplification strategy is executed and the balance sheet de-levers. In addition to continued CRU capital recycling progress, the appointment of a capable external CEO is a key near-term catalyst we are watching.

Baby Bunting (BBN)

Baby Bunting has experienced a significant share price retracement over the last few months as rising interest rates, compounded by increased cost of living pressures as a result of the Middle East conflict has driven negative sentiment towards the short-term operating environment the company faces. Whilst BBN is not immune from the broader macro environment, we remain pleased by the significant progress to date and see meaningful upside to the current share price through continued execution as the operating environment stabilises.

BBN continues to dominate the baby and maternity space, with the 9 refurbed stores experiencing a +25% uplift in sales. The sales uplifts driven by the new store format, combined with continued success in securing exclusive brands / lines (e.g. Stokke, Nuna, Bugaboo NZ, Edwards & Co) further cements BBN's position as the market leader in an otherwise highly fragmented industry.

CEO Mark Teperson has added capability to the broader executive team and successfully repositioned the strategy with record sales performance and a significant improvement in gross margin (from 37.2% at the time of our initial investment to 41.4% in Q2 FY26, now targeting ~42% by FY27).

Whilst current cost of living pressures (incl. interest rates) pose some short-term risk to the operating environment, we continue to see a significant opportunity for BBN to continue to grow earnings via further store refurbishments across the 76 large format store network, further private label and exclusive partnership penetration and a significant large format rollout opportunity. This is heightened by the recent sell off, with the stock trading at ~4.5x next twelve months consensus EBITDA vs it's long-term average since IPO of closer to 11x.

Ingenia (INA)

At Ingenia, we continue to see a clear disconnect between operating performance and market valuation, with the business continuing to deliver growth while the stock has retraced to the value of its net tangible assets. This does not reflect any value for the embedded development pipeline which is backed by the structural megatrends of an ageing population and baby boomer downsizing.

CEO John Carfi is executing on a 5-year plan and has refocused the business on improving development returns, supported by a refreshed Board with relevant property expertise. The cost base has been rationalised with an initial corporate headcount reduction resulting in $6m p.a. in savings and an ongoing focus on delivering operating efficiencies to help drive margin over time.

1H26 results were strong (EBIT $85.0m, EPS 15.2c), and the development platform has scaled to ~5,000 sites across 16 projects, providing clear visibility on future settlements and earnings. Despite this (and similar to BBN), the stock has experienced a significant de-rate over recent months on the back of concerns around the impact of rising interest rates on the short-term operating outlook. This sees the stock now trading back at NTA – a level last seen at the very depths of the 2022/2023 tightening cycle and one that has historically represented a compelling entry point.

We maintain our conviction in the business' long-term fundamentals and ability to deliver on its 10-15% settlement growth target over the next five years.

HMC Capital Partners Fund 1

MONTHLY NAV UPDATE – APRIL 2026

Victoria Hardie

Head of Private Equity and Group COO, HMC Capital

Joshua Gal

Portfolio Manager, HMC Capital Partners

Contact Details

Website: www.hmccapital.com.au
Email: invest@hmccapital.com.au
Phone: 1300 466 326

Fund Strategy

HMC Capital Partners Fund I (Fund) is an Australian-domiciled open-ended unlisted fund providing exposure to a high-conviction investment strategy seeking to generate superior risk-adjusted returns.

The Manager primarily invests across a concentrated portfolio of high-conviction stakes in listed Australian and New Zealand companies with real asset backing where there is potential to unlock 'trapped' value through improved capital allocation and portfolio management. The Manager also has the flexibility to invest in private companies exposed to long term structural tailwinds.

IMPORTANT NOTICE