

SUMMARY

- The Fund reported a Net Asset Value (NAV) of \$0.8009/unit at the end of May 2026
- Based on the end of May NAV, the Fund has generated an IRR of 16.0% for unitholders who invested at inception¹, with ~80% of their original investment being returned via the distribution paid in April 2025
- As previously communicated, while we continue to see meaningful upside in the Fund’s underlying holdings, the Fund Trustees² have concluded that a traditional fund structure is no longer the optimal vehicle through which to execute the investment strategy. The Fund is accordingly progressing the return of capital to Trust A and Trust C unitholders
- With the capital return election deadline now passed, the Fund confirms that all share sales required to satisfy cash elections (Option B) have now been completed. This provides us with execution certainty as the Fund transitions to the final distribution of capital, which is targeted for the week of 15 June
- For additional information, please refer to the [investor letter](#) or contact HMC Capital at invest@hmccapital.com.au.

Key Fund Statistics³

| | |
|----------------|--|
| NAV | \$0.8009 / unit |
| Entry price | \$0.8033 / unit |
| Exit price | \$0.7985 / unit |
| Inception Date | 31 August 2022 |
| Status | No longer accepting applications or redemptions. |

Fund Performance – 31 May 2026⁴

| Returns (Net) (%) | Fund | vs. Index ⁵ |
|------------------------|---------|------------------------|
| 1 month | (6.9%) | (8.2%) |
| 3 months | (21.3%) | (17.3%) |
| 6 months | (36.5%) | (39.3%) |
| 12 months | (36.9%) | (43.9%) |
| 2 years (annualised) | (3.9%) | (16.0%) |
| 3 years (annualised) | 8.0% | (4.3%) |
| Since inception (p.a.) | 8.3% | (1.8%) |

Capital Return Update

The due date for the capital return election forms has now passed, with a majority of unitholders electing Option A (cash and shares). All share sales pursuant to Option B (all cash) elections have now been completed. We are now finalising distribution allocations, targeting completion of the capital return during the week of 15 June. Unitholders will receive a confirmation of their capital return cash and shares amounts following completion of the capital return.

Market and Macro Update

May equity markets remained volatile, influenced by geopolitical developments, macro data, the RBA’s third consecutive rate hike to 4.35% and Federal Budget changes. While early-month weakness reflected tightening concerns, sentiment improved into month-end as softer retail data and easing energy prices reduced expectations of further near-term hikes, supporting a recovery across most sectors.

¹ Inception date 31 August 2022. IRR calculated based on NAV of Trust A and C as at 31 May 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 The Trustees of Trust A and Trust C, being the trusts via which non-HMC Capital investors have invested into the Fund

³ Entry and Exit prices reflect the Net Unit Value as of 31 May 2026, adjusted by the buy-sell spread (currently 0.30%).

⁴ 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.

⁵ Fund outperformance / underperformance (net of fees and costs) vs. S&P/ASX 300 Accumulation Index.

Short-term performance of the Fund remains impacted by mark-to-market movements in a concentrated portfolio, with Lendlease the key detractor in recent months; however, since inception returns and realised capital outcomes remain strongly positive⁶. Post month end, both Lendlease and Ingenia Communities have performed strongly, up 5.9% and 10.2% respectively⁶.

Key Investment Updates

While the Fund is progressing the capital return, we continue believe there is meaningful upside across the underlying portfolio positions. Each holding is supported by clear, company-specific value drivers and remains consistent with our high-conviction investment framework. Following completion of the capital return, HMC will hold its residual share in the Fund's assets, being the shareholdings in Baby Bunting, Ingenia Communities and Lendlease, and will seek to maximise value in these holdings over time, in line with the Fund's existing strategy.

Baby Bunting (BBN)

Baby Bunting rallied 10.4% during May, with capital rotating back into discounted retail equities as projected household energy costs eased and immediate interest rate anxieties softened. The company remains the clear national leader in a fragmented category, underpinned by scale advantages and a portfolio of exclusive and private label brands that reinforce its competitive moat.

Execution of the turnaround strategy continues to drive improving margins, with refurbishment initiatives delivering ~25% comparable sales uplift across completed sites, alongside progress across private label expansion, retail media and supplier terms.

With a clear rollout pathway toward ~110 large format stores, the business is well positioned to unlock operating leverage as scale benefits are realised. Trading at ~4.5x NTM EBITDA (well below the ~11x long-term average), we see material re-rating potential as earnings recover and margins normalise toward ~10%.

While near-term consumer headwinds remain, with a strong management team in place and a clear strategy in execution, we maintain strong conviction in a multi-year earnings recovery and valuation uplift.

Ingenia (INA)

Ingenia continues to be supported by strong structural tailwinds, with current valuation levels presenting an attractive entry point. The stock declined 3.8% in May, reflecting continued sensitivity to interest rate expectations and housing-related sentiment.

Operationally, execution remains disciplined under CEO John Carfi, with a sharpened focus on higher-return development activity. This is evidenced by the expansion of the development pipeline to over 8,000 sites, supporting a targeted 10–15% settlements CAGR to FY29.

Cost discipline is also improving, with initial headcount reductions delivering \$6m p.a. savings and further efficiencies underway. Management reaffirmed FY26 guidance at the top end of the range in early June, demonstrating the resilience of its business model across both land lease communities and holiday parks.

Trading below its historical premium to NTA, we see significant upside as development delivery scales, capital is recycled from lower growth assets into higher returning development, and the stock re-rates toward its long-term average (~43% premium to NTA).

Lendlease (LLC)

Lendlease continues to progress its simplification strategy, focused on monetising non-core assets and repositioning around its higher-quality Investment, Development and Construction (IDC) platform. The share price declined 18.8% in May, reflecting ongoing market focus on its balance sheet and the timing of Capital Release Unit (CRU) asset sales and despite management refuting press speculation around an equity raise.

Notwithstanding slower than anticipated progress on CRU asset sales, the underlying IDC platform remains well supported by improving construction performance and a pipeline of major Australian development projects, including upcoming settlements across One Sydney Harbour and Victoria Harbour.

⁶ Based on closing prices as at 15 June 2026

Recent progress on de-leveraging, including the divestment of Milano Santa Giulia (MSG North) which removes a long-dated international exposure, reinforces momentum toward balance sheet simplification. With ~\$700m of contracted but unsettled transactions and a further ~\$1.5bn targeted for recycling, there is a clear pathway to continued progress. The stock has asset backing significantly in excess of the current share price, with scope to meet the market on asset sales to reset the balance sheet and allow the market to focus on the core IDC business.

We maintain conviction in a medium-term re-rating as the portfolio simplifies and a more focused domestic business emerges. We were pleased to see a strong external appointment to the CEO role at Lendlease, and look forward to engaging with Nick O'Neil in the coming months to help unlock value for Lendlease shareholders.



Victoria Hardie

Head of Private Equity and Group COO, HMC Capital

Contact Details

Website:

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.

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