

HMC Capital Partners Fund 1 - New Capital Raising Campaign

- HMC Capital Partners Fund 1 (“Fund”) continues to perform strongly, delivering a 24% annualised return to 31 May 2024¹
- The Fund is currently holding five investments, across a diverse range of sectors and all with identified opportunities for value add
- In order to grow Fund capacity to take advantage of further opportunities, HMC Capital is seeking to undertake a new capital raising campaign for the Fund through June 2024
- First \$50m in capital raised to be eligible for an Investment Incentive in the form of a "bonus 2% contribution" where HMC Capital² will pay 2% of the issue price for subscribing investors – meaning that they only pay 98%³

Completed applications, together with cleared application monies, must be received by the trustee of the Fund on or before **5pm AEDT on Wednesday 26th June 2024**.

Investors

This investor letter is addressed to existing and prospective investors in the Fund. As described in further detail in the Information Memorandum of the Fund dated 18 March 2024, the Fund is designed for institutional and wholesale investors only. This letter should not be distributed, nor should any units in the Fund be offered or sold, to any person who is not a wholesale client (as defined in the *Corporations Act 2001* (Cth)) (or equivalent under applicable foreign laws).

Fund Update

As at 31 May 2024, the Fund had a Net Asset Value (NAV) of \$1.46¹ and has delivered a 24% annualised return since inception, outperforming the S&P/ASX300 Accumulation Index by 28% over the period¹. Further details regarding the Fund's performance and outlook is set out in the Fund's March quarter update and most recent NAV statement⁴, available at <https://www.hmccapital.com.au/our-funds/hmc-capital-partners-fund-1/>.

The Investment Team has been focused on deploying into new investments and pursuing opportunities to unlock latent value in each of our investee companies. The Fund's disclosed positions as at 31 May 2024 were as follows:



¹ As at 31 May 2024, based on estimated NAV which remains subject to finalization by external fund administrator. Performance figures are calculated net of fees and costs. Past performance is not a reliable indicator of future performance.

² HMC Capital Limited (ASX:HMC) has agreed to pay or procure the payment of the Investment Incentive.

³ Represents an incentive for the subscribing investor, with HMC Capital to fund the 2% subscription amount as described in more detail under the 'Investment Incentive' section below. The payment of the Investment Incentive will not result in any dilution for existing Fund investors.

⁴ May 2024 NAV statement is expected to be available on or around 7 May 2024

We see potential catalysts to deliver further upside in each of our holdings, with our highly active engagement strategy designed to deliver value for Fund unitholders.

Holding	Potential catalysts
Sigma Healthcare	<ul style="list-style-type: none"> ACCC outcome & Chemist Warehouse merger completion (subject to satisfaction of other conditions) Possible S&P/ASX100 index inclusion
Lendlease	<ul style="list-style-type: none"> Execution of new strategy Board renewal Capital management
Ingenia Communities	<ul style="list-style-type: none"> Strategic reset under new CEO Board renewal Commenced significant review of costs and asset optimisation
GrainCorp	<ul style="list-style-type: none"> Near term: buyback & La Niña watch late 2024 Longer term: unlocking value of infrastructure & biofuels optionality
Baby Bunting	<ul style="list-style-type: none"> Early active engagement has commenced re: strategy and capital review

Capital Raising Campaign

As we approach the 2-year anniversary of the Fund, we are excited about the opportunities in front of us. To provide the Fund with further capacity to invest in new and existing positions we are undertaking a new capital raising campaign for each of HMC Capital Partners Trust A, HMC Capital Partners Trust C and HMC Capital High Conviction Alternatives Fund (ARSN: 666 525 677)⁵ (the "Capital Raising Trusts").

The first \$50m of applications received in aggregate into the Capital Raising Trusts in June 2024 will be eligible for an Investment Incentive on the terms outlined below. Existing investors in the Capital Raising Trusts will be prioritised over new investors for the Investment Incentive.

⁵ HMC Capital Investments Limited (ABN 34 606 555 480) (AFSL 478061), as responsible entity of HMC Capital High Conviction Alternatives Fund (ARSN: 666 525 677), will utilise substantially all of the proceeds it receives in connection with the capital raising to subscribe for units in HMC Capital Partners Trust C (as described further in the further in the Product Disclosure Statement for HMC Capital High Conviction Alternatives Fund (ARSN: 666 525 677) issued 27 March 2023) For the avoidance of doubt, HMC Capital High Conviction Alternatives Fund (ARSN: 666 525 677) will not be eligible for the Investment Incentive in respect of such subscription for units in HMC Capital Partners Trust C.

Investment Incentive

- A "bonus 2% contribution" will be provided with respect to units subscribed for in the Capital Raising Trusts, where an eligible investor will have HMC Capital pay 2% of the issue price for units in the relevant Capital Raising Trust.
- The issue price of all units issued in HMC Capital Partners Trust A and HMC Capital Partners Trust C pursuant to this capital raising shall be equal to the aggregate of the Net Unit Value plus the Buy Spread, as described further in Section 7 of the Fund Information Memorandum.
- The Investment Incentive will be paid by HMC Capital Limited (ASX: HMC), or one of its affiliates, on behalf of the relevant subscribing investor.
- The aggregate amount of the Investment Incentive is capped at \$1 million, although HMC will retain the ability to increase the aggregate amount of the Investment Incentive at its discretion.
- Refer to the appendix for an illustrative worked example.

How to Apply

Refer to Information Memorandum at <https://www.hmccapital.com.au/our-funds/hmc-capital-partners-fund-i/>. Wholesale Clients only may apply for Units at: <https://investor.automic.com.au/#/w/hmccp>. Existing investors can login to their Automic online investor portal at <https://investor.automic.com.au/> to apply for additional units.

Completed applications, together with cleared application monies, must be received by the trustee of the Fund on or before **5pm AEDT on Wednesday 26th June 2024**.

Investors will subsequently be issued new units in the relevant Capital Raising Trust in mid-July, based on the Net Unit Value plus the Buy Spread as at 30 June 2024.

Further Information

If you have any questions about the capital raising, please do not hesitate to contact the HMC Capital investor relations team.

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We thank you for your ongoing interest in the Fund and look forward to providing further updates on our investment progress and the Fund's performance.

Yours Sincerely,



Victoria Hardie
Managing Director
HMC Capital Partners



David Di Pilla
Managing Director and Group CEO
HMC Capital

IMPORTANT NOTICE

This letter has been prepared and issued by HMC Capital Funds Management Pty Limited (ACN 154 055 446, AFSL 513 625) (**Licensee**). The Licensee has been authorised by the trustees of the Fund to make offers to persons to arrange for the issue of interests in the Fund. Each trustee of HMC Capital Partners Trust A, HMC Capital Partners Trust B and HMC Capital Partners Trust C is a subsidiary of HMC and is a corporate authorised representative of the Licensee. Each trustee has appointed HMC Investment Management Pty Ltd (ACN 644 510 583) as Investment Manager for each Trust. The trustees are HMC Capital Partners No. 1 Pty Ltd (ACN 658 946 117) (in respect of HMC Capital Partners Trust A), HMC Capital Partners No. 2 Pty Ltd (ACN 658 946 288) (in respect of HMC Capital Partners Trust B) and HMC Capital Partners No. 3 Pty Ltd (ACN 658 946 484) (in respect of HMC Capital Partners Trust C). The information contained herein is general information only and does not take into account the objectives, financial situation or particular needs of any person. You should obtain and read a copy of the Information Memorandum relating to the Fund before making a decision to invest. Investment in the Fund is subject to risk including possible delays in payment or loss of income and principal invested.

Certain information in this letter may constitute forward-looking statements. All statements of opinion or belief, all views expressed and all projections, forecasts or statements relating to expectations regarding future events or the possible future performance of the Fund, any prior fund or any portfolio company (including Sigma), represent the Investment Manager's assessment and interpretation of information available as at the date of this letter. No representation is made or assurance given that such statements, views, projections or forecasts are reasonable or correct or that the objectives or prospective returns of the Fund, any prior fund or any portfolio company will be achieved.

Appendix: Illustrative worked example

Application exclusive of Investment Incentive

Application amount = \$100,000

*To be input via Automatic application form.
This is the dollar amount the investor will contribute.*

Issue price (illustrative) = \$1.46/unit

Issue price will be set at the 30 June 2024 NAV plus the Buy Spread.

Number of units issued = 68,493.15 (rounded to 2 d.p.)

$\$100,000 / \1.46

Application inclusive of Investment Incentive

Application amount = \$100,000

*To be input via Automatic application form.
This is the dollar amount the investor will contribute.*

Amount contributed by HMC Capital = \$2,040.82

Total value of units issued = \$102,040.82

Results in investor contributing 98% of total \$102,040.82 subscription monies.

Issue price (illustrative) = \$1.46/unit

Issue price will be set at the 30 June 2024 NAV plus the Buy Spread.

Number of units issued = 69,890.97 (rounded to 2 d.p.)

$\$102,040.82 / \1.46
i.e. Incentive is equal to an additional 1,397.82 units