AUSTRALIAN

RESEARCH

INDEPENDENT INVESTMENT RESEARCH

HMC Capital Partners Fund I

Research Report

29 June 2022

This Report Is For Wholesale Investors Only

INDEPENDENT
INVESTMENT RESEARCH

WHO IS IIR?

Independent Investment Research, "IIR", is an independent investment research house based in Australia and the United States. IIR specialises in the analysis of high quality commissioned research for Brokers, Family Offices and Fund Managers. IIR distributes its research in Asia, United States and the Americas. IIR does not participate in any corporate or capital raising activity and therefore it does not have any inherent bias that may result from research that is linked to any corporate/ capital raising activity.

IIR was established in 2004 under Aegis Equities Research Group of companies to provide investment research to a select group of retail and wholesale clients. Since March 2010, IIR (the Aegis Equities business was sold to Morningstar) has operated independently from Aegis by former Aegis senior executives/shareholders to provide clients with unparalleled research that covers listed and unlisted managed investments, listed companies, structured products, and IPOs.

IIR takes great pride in the quality and independence of our analysis, underpinned by high caliber staff and a transparent, proven and rigorous research methodology.

INDEPENDENCE OF RESEARCH ANALYSTS

Research analysts are not directly supervised by personnel from other areas of the Firm whose interests or functions may conflict with those of the research analysts. The evaluation and appraisal of research analysts for purposes of career advancement, remuneration and promotion is structured so that non-research personnel do not exert inappropriate influence over analysts.

Supervision and reporting lines: Analysts who publish research reports are supervised by, and report to, Research Management. Research analysts do not report to, and are not supervised by, any sales personnel nor do they have dealings with Sales personnel

Evaluation and remuneration: The remuneration of research analysts is determined on the basis of a number of factors, including quality, accuracy and value of research, productivity, experience, individual reputation, and evaluations by investor clients.

INDEPENDENCE – ACTIVITIES OF ANALYSTS

IIR restricts research analysts from performing roles that could prejudice, or appear to prejudice, the independence of their research.

Pitches: Research analysts are not permitted to participate in sales pitches for corporate mandates on behalf of a Broker and are not permitted to prepare or review materials for those pitches. Pitch materials by investor clients may not contain the promise of research coverage by IIR.

No promotion of issuers' transactions: Research analysts may not be involved in promotional or marketing activities of an issuer of a relevant investment that would reasonably be construed as representing the issuer. For this reason, analysts are not permitted to attend "road show" presentations by issuers that are corporate clients of the Firm relating to offerings of securities or any other investment banking transaction from that our clients may undertake from time to time. Analysts may, however, observe road shows remotely, without asking questions, by video link or telephone in order to help ensure that they have access to the same information as their investor clients.

Widely-attended conferences: Analysts are permitted to attend and speak at widely-attended conferences at which our firm has been invited to present our views. These widely-attended conferences may include investor presentations by corporate clients of the Firm.

Other permitted activities: Analysts may be consulted by Firm sales personnel on matters such as market and industry trends, conditions and developments and the structuring, pricing and expected market reception of securities offerings or other market operations. Analysts may also carry out preliminary due diligence and vetting of issuers that may be prospective research clients of ours.

INDUCEMENTS AND INAPPROPRIATE INFLUENCES

IIR prohibits research analysts from soliciting or receiving any inducement in respect of their publication of research and restricts certain communications between research analysts and personnel from other business areas within the Firm including management, which might be perceived to result in inappropriate influence on analysts' views.

Remuneration and other benefits: IIR procedures prohibit analysts from accepting any remuneration or other benefit from an issuer or any other party in respect of the publication of research and from offering or accepting any inducement (including the selective disclosure by an issuer of material information not generally available) for the publication of favourable research. These restrictions do not preclude the acceptance of reasonable hospitality in accordance with the Firm's general policies on entertainment, gifts and corporate hospitality.

DISCLAIMER

THIS IS A COMMISSIONED RESEARCH REPORT.

The research process includes the following protocols to ensure independence is maintained at all times:

1) The research process has complete editorial independence from the company and this is included in the contract with the company;
2) Our analyst has independence from the firm's management, as in, management/ sales team cannot influence the research in any way;
3) Our research does not provide a recommendation, in that, we do not provide a "Buy, Sell or Hold" on any stocks. This is left to the Adviser who knows their client and the individual portfolio of the client.
4) Our research process for valuation is usually more conservative than what is adopted in Broking firms in general sense. Our firm has a conservative bias on assumptions provided by management as compared to Broking firms.
5) All research mandates are settled upfront so as to remove any influence on ultimate report conclusion;
6) All staff are not allowed to trade in any stock or accept stock options before, during and after (for a period of 6 weeks) the research process.

For more information regarding our services please refer to our website www.independentresearch.com.au.

Contents

HMC Capital Partners Fund I

Research Report

Note: This report is based on information provided in the Information Memorandum dated 22 June 2022. This report is for Wholesale Investors Only.

Key Fund Details

Trustee	HMC Capital Funds Management Pty Limited*
Manager	HMC Investment Management Pty Ltd
Issue Price	$1.00 per unit
Structure	Unlisted Unit Trust
Investor Type	Wholesale
Minimum Investment Amount	$50,000
First Close Date	31 July 2022 or such other date determined by the Manager
Subsequent Close Dates	Monthly applications post the First Close
Target Fund Size	$500m-$1.5b#
Target Return	15%+ net IRR per annum (after management fees and costs but before performance fees) over a 3-5 year period
Target Distribution Yield	2%-4%p.a (post the second anniversary of the First Close)
Distribution Frequency	Annual (target)
Term	Open-ended, however the Manager may determine to stop taking applications at its discretion
Lock-Up Period	Capital will be locked-up for 2 years from the First Close date.
Redemptions	After the lock-up period investors may apply to redeem units on a quarterly basis capped at 5% for the Redemption Period.
Fees:	
Management Fee	1.00%p.a**
Performance Fee	20%
Performance Fee Hurdle	7%p.a. of NAV, subject to a High Water Mark

*Each Trust will have a special purpose Trustee which is a subsidiary of HMC Capital and an authorised representative of HMC Capital Funds Management Pty Limited.
**First Close investors will be rebated management fees for the first 6 months post the First Close.
#The Fund may proceed on a smaller or larger amount.

CONCENTRATED PORTFOLIO OF LISTED AND UNLISTED COMPANIES BACKED BY REAL ASSETS

The HMC Capital Partners Fund I (the "Fund") is a newly established unlisted unit trust available to wholesale investors that seeks to provide exposure to a concentrated portfolio of high conviction stakes in Australian and New Zealand listed companies with the flexibility to invest in unlisted companies. The Fund will have a focus on companies backed by real assets and exposed to identified megatrends. The Fund is seeking to raise $500m with a target fund size of $500m-$1.5b. The Fund will be managed by HMC Investment Management Pty Limited, a wholly owned subsidiary of HMC Consortium Limited (ASX HMC), trading as HMC Capital, an ASX-listed alternatives asset manager.

KEY POINTS

High Conviction Portfolio of Listed and Unlisted Alternative Assets: The Fund seeks to provide exposure to a high conviction portfolio of alternative assets. The Manager will seek to take strategic stakes in Australian and New Zealand listed companies combined with exposure to unlisted companies with a focus on companies backed by real assets. The Manager will seek to use its experience and extensive network to identify what it considers to be mispriced companies and take an active role in unlocking the value in the companies or accelerate growth to achieve the Fund's investment objectives.

The Fund is Seeking to Deliver Attractive Returns: The Fund is seeking to deliver a return of 15%+p.a. (after management fees and costs but before tax and performance fees) over a three to five year period with a distribution yield of 2%-4%p.a. Distributions are expected to be paid annually and are forecast to commence after the second anniversary of the First Close. We note that these returns are targets and may not be achieved. The Manager has a pipeline of target investments which they have based these targets on, however at this stage the investments of the Fund are largely unknown. On 27 June 2022, HMC Capital announced it had acquired an ~11% stake in Sigma Healthcare Limited (ASX: SIG) as a seed investment for the Fund.

Experienced Manager with Strong Alignment of Interest: The Fund will be managed by the same investment team and use the same processes as HMC Capital and be supported by additional dedicated and highly experienced investment professionals. HMC has delivered strong returns through its investment vehicles and has experience in complex transactions and unlocking value. HMC Capital has committed to invest $150m in the Fund via one or more vehicles. Following the Lock-Up Period, HMC Capital will continue to hold at least 5% of the units in the Fund, for as long as HMC Capital is the Manager of the Fund, subject to a maximum of $150m. The commitment strongly aligns the interest of the Manager with investors. We view this alignment to be particularly important given the underlying investments are largely unknown at this stage.

Early Commitment Incentive Program: Investors who make a commitment to the Fund on or before the First Close date will be rebated the management fees for the units issued at First Close for the first six months of the Fund. Further to this, investors who make a commitment on or before the First Close date and 30 September 2022 will be eligible to subscribe for options in HMC Capital. Investors will be eligible to subscribe for 1 option for every 50 units allocated. The options have an exercise price of $7 with an exercise date of 30 November 2025. At 23 June 2022, HMC was trading at $4.36 per share and therefore the options will likely be out-of-the-money at the time the options are issued and there is no guarantee that the options will be in-the-money prior to the exercise date. Option holders will have no voting or dividend rights unless the options are exercised.

IIR Comments: The Fund provides the opportunity for investors to invest alongside HMC Capital in a concentrated portfolio of companies expected to be predominantly backed by real assets. The Fund is seeking to deliver attractive returns and offers the potential for a hedge against inflation and the potential to diversify an investors portfolio with the potential for low correlation with traditional asset classes. The investment team has a proven track record of adding value for investors, which bodes well for investors. Given the underlying investments of the Fund are largely yet to be disclosed, investors should have confidence in the investment capabilities of the Manager in the asset class. The commitment by the Manager provides a level of confidence as the Manager will have a substantial exposure to the performance of the Fund. The Fund provides a unique opportunity to gain exposure to a high conviction portfolio of listed and unlisted companies back by real assets that are expected to benefit from the active involvement of the Manager in unlocking the value in the assets.

SWOT ANALYSIS

Strengths

- Fees will be rebated for the first six months for investors that commit capital on or before 31 July 2022 (or such other date determined by the Manager). We view this as a positive given there has been no guidance regarding the expected time to deploy the capital raised. Further to this, investors that commit capital on or before the First Close and 30 September 2022 will be eligible for 1 option in HMC Capital for every 50 units allocated. At the time of the issue of options, the options will likely be out-of-the-money, however in the event they trade in-the-money, this may provide additional value for early investors.
- Alignment of interest of the Manager with investors will be strong, with HMC Capital committing $150m to the Fund.
- The investment team has significant experience in executing complex transactions and adding value through engagement with management teams, boards and other stakeholders.
- The Manager is well resourced with the investment team supported by more than 70 funds management professionals.
- There will be independent representation on the Trustee Boards, Advisory Panel and the Investment Committee (IC).
- The Fund is targeting attractive returns of 15%p.a. over a three to five year period with a distribution yield of 2%-4%p.a, with distributions expected to commence after the second anniversary of the First Close date.
- The establishment costs of the Fund will be paid by the Manager.

Weaknesses

- The underlying investments are largely unknown at this stage, therefore it is difficult to know if the Fund will meet its investment objectives. However, we note that the HMC Capital has delivered strong returns in its vehicles to date and has been successful at sourcing opportunities across its platform.
- Investors capital will be locked-up for two years from the First Close date. The Manager may accept applications by investors to redeem units during the Lock-Up Period at its discretion. The Manager may apply a discount of up to 5% on the redemption price for redemption applications during the Lock-Up Period. Beyond the Lock-Up Period, liquidity will be limited with redemptions capped at 5% at the Fund level in a quarterly redemption period.
- While we do not view the fees as high given the resource intensive nature of the investment strategy, given the target return of 15%+ p.a and the performance fee hurdle of 7%p.a, there is the potential for high levels of fee leakage.

Opportunities

- An investment in the Fund provides the opportunity to invest alongside the Manager and its associated entities with HMC Capital committing $150m to the Fund.
- The Fund is unique in its approach and provides investors the opportunity to gain exposure to a high conviction portfolio of real assets. Alternative real assets have historically provided a hedge against inflation and have the potential to provide diversification benefits to an investors broader portfolio given the historical low correlation with traditional asset classes.

Threats

- The Fund will consist of different vehicles for different classes of investors with the Manager having the ability to establish feeder funds to meet the needs of various investors. Different investors may have different objectives to the broader Fund which could impact the return profile of the Fund.
- The Fund has the ability to leverage its investment with the objective of enhancing returns. While leverage may enhance returns it can also magnify losses. The amount of leverage the Fund is able to use is not disclosed.
- The portfolio will be highly concentrated and as such investors will be exposed to the risks associated with concentrated portfolios. Concentration risk will be elevated in the initial stages of the Fund and will likely be reduced as additional capital is raised.
- The performance of the Fund will be reliant on the Manager being able to find attractive investment opportunities. The Fund may experience cash drag in the event investment opportunities cannot be identified.
- There is related party risk associated with the Fund given the Trustee Boards are being appointed by HMC Capital and will comprise HMC Capital Directors. Each of the Trustee Boards will have a majority independent director representation, which reduces the related party risk and we view the strong alignment of interest with investors to further offset the related party risks.

FUND OVERVIEW

The HMC Capital Partners Fund I (the "Fund") is a newly established unlisted unit trust that is seeking to provide investors access to a high conviction portfolio of companies backed by real assets and exposed to identified megatrends. The Fund is available to wholesale investors only with a minimum investment amount of $50,000 unless otherwise approved by the Manager.

The Fund is seeking to raise $500m with a target fund size of $500m-$1.5b. The Fund may proceed on a smaller or larger amount. Units in the Fund will be issued at $1.00 per unit for First Close units and thereafter will be based on the Net Asset Value (NAV) plus transaction costs. The Fund will be open-ended, however the Manager may determine to stop taking applications at its discretion.

The Fund will be managed by HMC Investment Management Pty Ltd, a wholly owned subsidiary of HMC Consortium Limited (ASX: HMC), trading as "HMC Capital". HMC Capital is an ASX-listed alternative asset manager that invests in scalable real asset strategies on behalf of individuals, institutions and super funds. As at 31 May 2022, HMC Capital had $5.6b in external AUM across its two listed investment vehicles.

HMC Capital will commit $150m to the Fund via one or more vehicles. The commitment will be paid down to the Fund as capital is raised, subject to HMC Capital's interest not exceeding 30% of units in the Fund. The commitment may be made by way of an in-specie contribution of assets. Following the Lock-Up Period, HMC Capital will, for so long as it is the Manager of the Fund, continue to hold at least 5% of the units in the Fund, subject to a maximum of $150m.

The Fund will seek to provide exposure to a portfolio of alternative assets, with a real asset focus, targeting medium-to-long term capital growth and income by investing in Strategic Stakes in Australian and New Zealand listed companies and Private Equity. The Fund will focus on unlocking value inherent within mispriced real-asset backed companies through its High Conviction Strategic Stakes investments and supplement this with Private Equity investments that provide exposure to megatrends. (See Investment Strategy section below for further details). The Manager may access opportunities through equity, credit and/or hybrid instruments. The investment mandate is intentionally flexible to provide the Manager the ability to invest across the capital structure to access the opportunities identified and meet the investment objectives of the Fund. The portfolio is expected to be concentrated with 75%-100% of the capital raised expected to be invested in Strategic Stakes in listed entities and 0%-25% of the capital raised to be invested in Private Equity opportunities.

The Fund is targeting a 15%+ net IRR p.a, after management fees and costs but before tax and performance fees, over a three to five year holding period and a distribution yield of 2%-4% (post the second anniversary of the First Close date). The Fund will target an annual distribution, however distributions may be made at any time at the discretion of the Trustee. Investors will be provided with the ability to reinvest distributions.

Investors capital will be locked-up for two years from the First Close date. As such investors should be confident to commit the capital invested for at least this period of time. The Manager may accept redemption applications at its discretion during the Lock-Up Period, however may apply a discount of up to 5% of the redemption price. After the Lock-Up Period, redemptions will be available on a quarterly basis. Redemption/withdrawal applications will be available at the end of each calendar quarter (Redemption Period) with 90 days prior notice to the last business day of each calendar period, or at such other time determined by the Trustee. Redemptions will be capped at 5% of the Fund units in a Redemption Period. The Trustee will use reasonable endeavours to satisfy redemption requests by the last day of the relevant Redemption Period. Where there is insufficient cash to meet redemption requests, redemption requests will be met on a pro rata basis. The Trustee may permit redemptions in excess of 5% in its discretion where the Fund has sufficient spare cash and liquidity and where the Trustee believes it is in the best interests of the Fund as a whole. The Trustee may accept or reject a redemption request (in whole or in part) at its discretion. Where a redemption request would result in an investor holding less than 10,000 units, the Trustee may elect to redeem all of the investors units.

All assets will be realised when the Manager believes it is in the best interests of the unitholders and in accordance with the investment strategy of the Fund.

The Manager will receive a management fee of 1.00% p.a. (excluding GST) of the NAV of the Fund, calculated and accrued monthly and payable quarterly in arrears. The Manager will also be eligible for a performance fee of 20% of the returns in excess of the hurdle return of 7%p.a. of NAV, subject to a High Water Mark. The performance fee will be calculated and accrued monthly and paid to the Manager on the following calculation dates as if the investments of the Fund was disposed of at the relevant calculation date and in accordance with the Valuation Policy:

- The first performance fee will be payable on the second anniversary of the First Close;

- Each 30 June thereafter;
- Redemption of units (applies to the redeeming investor only); and
- As otherwise set out in the Trust Deed.

The Manager may change the management or performance fee payable by investors at any time, provided that where the change is an increase in the fee, such change will be subject to approval by all unitholders of the Fund to which the fee increase would apply.

Early Commitment Incentive Program

The Fund is offering incentives for investors who make a commitment to invest in the Fund on or before 31 July 2022 (or such other date determined by the Manager). These are:

(1) Investors who make a commitment on or before the First Close date and 30 September 2022 will be eligible for options in HMC Consortium Limited (ASX: HMC), the owner of the Manager. Investors will be eligible for 1 option for every 50 units allocated, subject to receiving a prospectus in respect of such options and relevant law. No additional consideration is payable for the options. The options will be issued following HMC Capital's AGM which is expected to be held in November 2022.

The key terms of the options include:

- Exercise Price - $7 per option;
- Maturity Date - 30 November 2025;
- HMC Capital intends to apply for quotation of the Options on the ASX within seven days of the Prospectus. There is no guarantee the options will be quoted by the ASX;
- One option will acquire one HMC share;
- No dividend entitlement rights for dividends paid by HMC;
- No voting rights in HMC; and
- No participation in HMC.

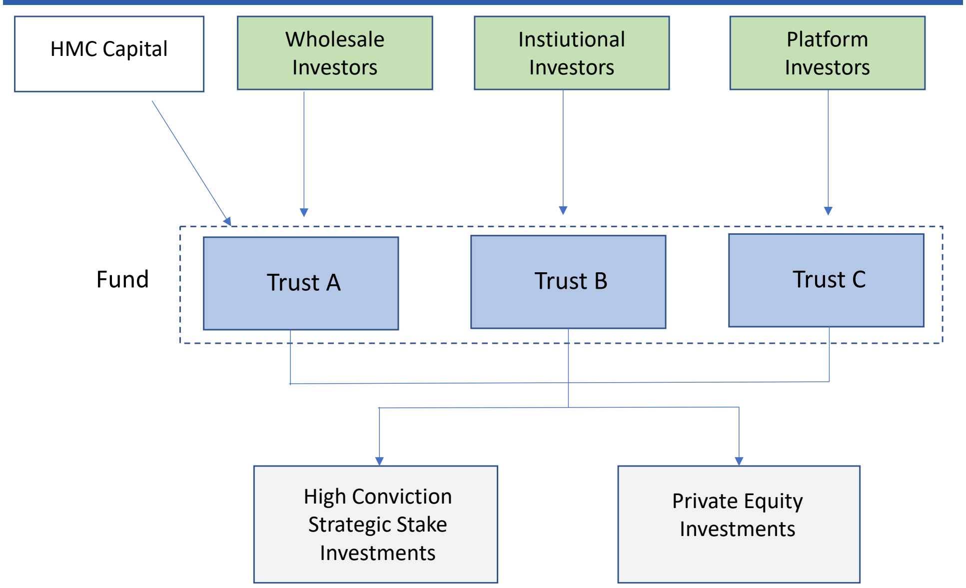
(2) Investors who make a commitment on or before the First Close date will be rebated the management fees for units issued at the First Close for six months following the First Close date. The rebate period will end on 31 January 2023, subject to the First Close date being 31 July 2022.

Trust Structure

There will be three Australian domiciled unregistered unit trusts that will be available for different classes of investors, as detailed in the Trust Structure chart below. Each Trust will have a special purpose Trustee which is a subsidiary of HMC Capital and are authorised representatives of HMC Capital Funds Management Pty Limited.

The Manager may establish feeder vehicles or vehicles to invest in parallel with the Fund to accommodate the needs of various investors.

Trust Structure



Seed Investment for the Fund

On 27 June 2022, HMC Capital released via the ASX a substantial holding notice in Sigma Healthcare Limited (ASX: SIG), a full line wholesale and distribution business to community and hospital pharmacy. As disclosed in the market announcement, the ~11% stake in SIG has been built on HMC Capital's balance sheet as a seed investment for HMC Capital Partners Fund I.

The investment represents a high conviction strategic stake in an ASX-listed entity which is 'asset rich' and HMC Capital believes is significantly undervalued. SIG is exposed to Healthcare sector megatrends which is one of the three key megatrends the Fund is targeting.

Consistent with the Fund's strategy, HMC Capital Fund I invests in situations where it can help companies unlock value and accelerate growth. HMC Capital has identified the following areas in which it believes it can assist SIG:

- SIG has invested ~$400m into its national distribution network in recent years which is currently significantly under utilised resulting in much lower profit margins versus peers; and
- In 2018, SIG lost a major contract with Chemist Warehouse to its rival EBOS Group Limited (ASX: EBO). Chemist Warehouse is a foundation investor in HMC Capital.

Peer Comparison

There are limited, if any, direct peer comparisons for the Fund. The Fund provides access to a unique strategy. While there are private equity focused funds that invest in real assets we have not identified any funds with an approach that has a real asset focus that invests predominantly in listed companies in such a high conviction, concentrated manner.

INVESTMENT STRATEGY

Investment Mandate

The Fund will target two core investment strategies: (1) High Conviction Strategic Stakes in Australian and New Zealand listed entities; and (2) Private Equity. The portfolio will predominantly be allocated to High Conviction Strategic Stakes in listed companies with the Fund focused on taking a meaningful position in company's to unlock value inherent within mispriced real-asset backed companies and supplement this with Private Equity investments that provide exposure to mega trends. The Fund has the flexibility to invest across the capital structure, including equity, credit and/or hybrid securities.

The Fund will target returns of 15%+ net IRR p.a. (after management fees and costs but before tax and performance fees) over a three to five year period and a distribution yield of 2%-4%p.a, paid annually after the second anniversary of the First Close.

Investment Mandate

1. High Conviction Strategic Stakes	2. Private Equity
✓ Listed Australian and New Zealand entities with the opportunity to take a medium to long term strategic stake and influence change	✓ Private companies exposed to megatrends (e.g. healthcare, energy/renewables) or where a value dislocation presents opportunity
✓ Research-led approach to identify undervalued 'asset rich' businesses trading below fundamental value due to: • Conglomerate discount • Cyclical factors • Suboptimal capital allocation	✓ Full or partial stakes in portfolio companies that require: • Capital to accelerate growth • Access to HMC Capital's Advisory Panel and broader network
✓ Assist boards and management teams unlock 'trapped' value through improved capital allocation & operational performance	✓ Focused on high quality businesses with: • Genuine barriers to entry • Strong recurring earnings • Attractive growth runway
✓ Ability to target large scale opportunities via leveraged positions as well as structured credit	
75 – 100% Invested Capital	**0 – 25% Invested Capital**

Source: HMC Capital Partners Fund I Information Memorandum

1) High Conviction Strategic Stakes

The Manager will invest in Australian and New Zealand listed entities, seeking to take a long-term strategic stake and influence change by taking a research-led approach to identify what are in the Manager's view undervalued 'asset rich' businesses trading below fundamental value due to a range of factors which may include:

- Conglomerate discount;
- Cyclical factors causing valuation discount;

- Poor capital allocation and/or execution; and
- Boards and management teams needing assistance to unlock 'trapped' value through improved capital allocation and operational performance.

The Manager also expects to partner with major institutional investors regarding large-scale co-investment opportunities in order to expand its opportunity set. The Manager will have the ability to leverage the Fund's assets with the objective of enhancing returns including derivative instruments.

The Manager will engage with portfolio companies to influence change through:

- Identifying factors suppressing market confidence and valuation;
- Driving operational improvement;
- Optimising capital allocation – demerge or sell non-core businesses/assets;
- Improving investor engagement and communication; and
- Articulate a clear strategy to restore investor confidence.

2) Private Equity

The Manager may invest in private companies exposed to megatrends (including but not limited to healthcare, infrastructure, telecommunications and energy/renewables) as well as private companies where the Manager believes a value dislocation exists. These opportunities will typically involve businesses which are in the Manager's view high quality with:

- Genuine barriers to entry;
- Strong recurring earnings;
- Attractive growth runway; or
- Unrealised value.

The Manager aims to add value through:

- Provision of capital to accelerate growth;
- Unlocking trapped value through recapitalisation, demergers, divestments; and
- Leveraging the experience of HMC Capital's Advisory Panel and broader network to harness sector expertise to identify value creation opportunities.

Investment Process

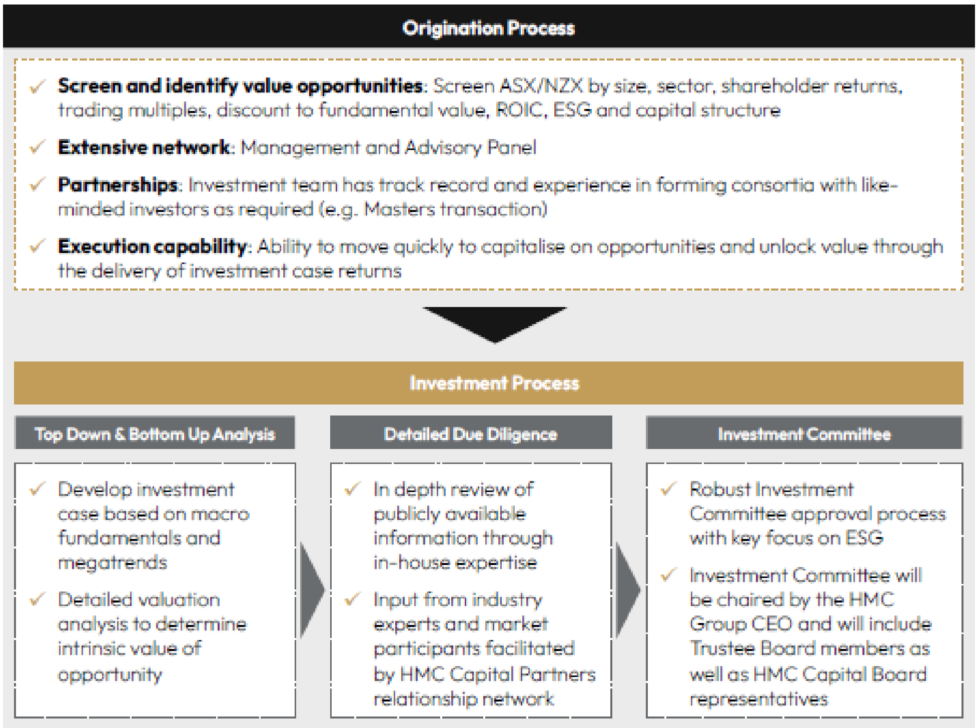
The underlying philosophy of the Fund is that opportunities exist to bring a long-term and more proactive strategic investor mindset to identifying and acquiring stakes in quality companies. The Manager seeks to use its experience in executing complex transactions and unlocking value through engagement with management teams, boards and other stakeholders.

The Manager may participate in control transactions, either by divesting its stake as part of a takeover offer, rolling its stake into an unlisted holding as part of a takeover or taking an active role in proposing a takeover offer either alone or as part of a consortium.

The Manager will have a focus on value-oriented investing in companies with real asset backing, where recurring earnings are underpinned by tangible assets.

The Manager has a clearly defined investment process which is driven by a combination of top-down and bottom-up analysis underpinned by the Manager's broader ESG policy. As detailed in the below chart, the investment process can be broken down into four stages: (1) Origination; (2) Top-down and bottom-up analysis; (3) Due diligence; and (4) Investment Committee. We take a look at each of these stages below.

Investment Process



Source: HMC Capital Partners Fund I Information Memorandum

1) Origination

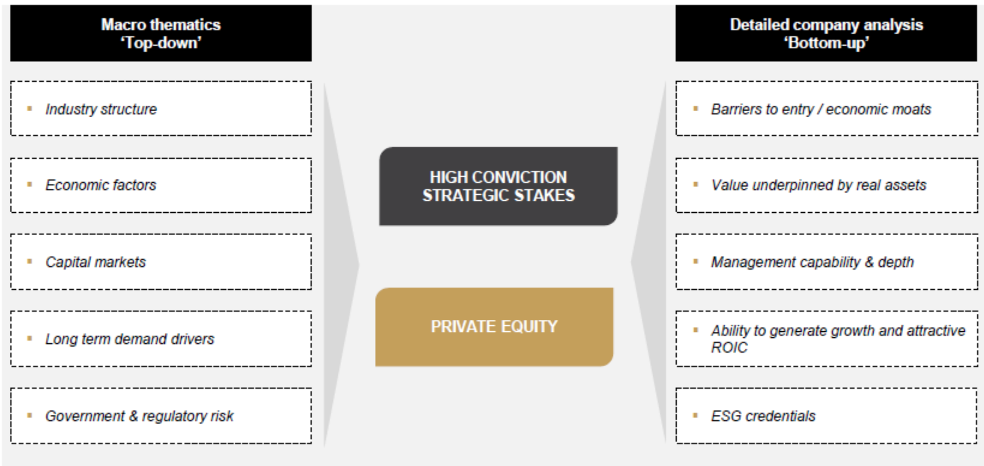
Investment opportunities in the listed strategy will be identified using a screening process to identify value opportunities. Investments will be screened by size, sector, shareholder returns, trading multiples, discount to fundamental value, ROIC, ESG and capital structure.

The Manager will also leverage its extensive network to identify opportunities (both listed and unlisted), which provides access to key executives and board members across corporate Australia as well as investment banks, industry consultants and research analysts.

2) Top-down & Bottom-up Analysis

For the investment opportunities identified from the Origination process, the Manager then undertakes detailed analysis from both a top-down and bottom-up basis. The key areas of focus are detailed in the below chart. Through the analysis the Manager will seek to develop an investment case based on macro fundamentals and megatrends as well a complete a detailed valuation analysis to determine the intrinsic value of the opportunity.

Detailed Analysis



Source: HMC Capital Partners Fund I Information Memorandum

Each opportunity will be assessed against the Manager's target criteria, which includes:

- Potential to contribute to the target return while limiting downside risk;
- Opportunity for operational improvement;
- Identifiable factors suppressing market confidence and valuation;
- Sub-optimal capital allocation;
- Potential to demerge or sell non-core businesses/assets;
- Opportunity to improve investor engagement and communication;
- Opportunity to articulate clear strategy to restore investor confidence;
- Shareholder register that presents opportunity for meaningful engagement; and
- Sufficient liquidity to adjust holding position as required in respect of listed stakes.

3) Due Diligence

Those opportunities that are determined to warrant further review then go through a detailed due diligence process which involves an in-depth review of publicly available information and leveraging the network of HMC Capital to facilitate meetings with target management and other stakeholders.

4) Investment Committee (IC)

Investments will follow an IC approval process. The approval process will focus on ESG as well as the above mentioned investment criteria. The IC will be chaired by the CEO of HMC Capital, David Di Pilla, and will comprise three independent directors from the HMC Capital platform entities and at least two members of the investment team. The IC will be responsible for reviewing and providing approval for all material investments and divestments of the Fund.

Key Megatrends

The Fund will seek to provide exposure to what the Manager has identified as key megatrends. These trends include: (1) Health & Wellness; (2) Clean Energy Transition; and (3) Infrastructure & Telecommunications. The below details the Manager's investment thesis for the key megatrends as detailed in the Information Memorandum.

Health & Wellness

- Long-term demand for healthcare is underpinned by demographic tailwinds, technological advancements and increased consumer focus and expenditure on quality of care and outcomes:
  - Australians 65+ are set to grow by 1.3 million to 5.6 million by 2030;
  - The 85+ aged group is expected to grow 45% by 2030;
  - In the last 20 years household consumption on heath & wellness has increased by 50% as a proportion of total.
- Recurring expenditure across target sectors reached $194 billion in FY19 and is growing at twice the rate of GDP growth.
- The current value of real assets across these sectors is estimated at ~$220 billion with hospitals accounting for ~$86 billion, residential aged care ~$39 billion, childcare ~$37 billion, innovation precincts ~$35 billion and primary and speciality care including pharmacies ~$22 billion. Existing assets are held across a range of public, not for profit and private sector balance sheets, as well as a small ecosystem of property investors. These assets represent critical distribution infrastructure to support the long term health needs of the Australian population and are expected to continue attracting both public and private capital.
- Over the longer term, it is estimated that $87 billion+ of new investment will be required in the hospital, residential aged care, primary medical and childcare sectors over the next 20 years to meet future demand needs (at current utilisation levels). Further investment will also be required to ensure aging and end of life assets are refreshed to meet modern standards, service needs and patient expectation. With Commonwealth Government net debt expected to increase from 25% to 41% of GDP by FY25, greater private sector engagement and capital investment will be important to addressing demand growth.

Clean Energy Transition

- Global energy consumption continues to be supported by demand driven investment, rapid technological progression, government policy and cultural thematics;
- Total global energy investment is expected to increase from US$2 trillion p.a. currently to US$5 trillion p.a. by 2030 in order to reach Net Zero by 2050;
- Progress towards a clean energy transition in Australia is estimated to attract $165bn spend over the next 8 years if Australia is to put itself on a pathway to net zero emissions by 2050;
- Global renewable capacity growth continues to outperform, growing 10% in 2020 to 2.8GW globally - Oceania remains the fastest growing region at 18% in 2020, tripling Europe (6%) and more than doubling North America (8%);
- Australia is expected to generate an estimated US$40 billion in power generation investment opportunities over the decade to 2030 as renewables' share in the NEM power mix increases from 21% to 41% by 2030;
- As the global economy and the energy sector in particular transitions from fossil-fuel and high levels of CO2 emissions towards zero-carbon over the coming decades, substantial investment will be required across the economy in renewable energy, energy efficiency technologies and related infrastructure.
- In 2021, global investment in the low-carbon energy transition reached $755 billion, up from $595 billion in 2020 and just $264 billion in 2011. IRENA estimates that US$5.7trn of investment will be required globally each year to 2030 to reach the 1.5°C climate goal.
- Opportunities for investment to support energy transition may include:
  - Energy supply and distribution: renewable power generation, extension and upgrading of transmission and distribution networks, installation and connection of battery storage;
  - Energy efficient buildings: energy efficiency initiatives in the real estate and building sectors (heat pumps, on-site solar, energy management systems);
  - Transport: charging infrastructure for electric vehicles;
  - Alternative Fuels: electrolysers and hydrogen supply infrastructure, bioenergy infrastructure to support production, storage and distribution of biofuels.
- The Manager will seek opportunities to invest in companies that have a commitment to energy transition and where the Manager can support the company in fast-tracking its carbon-reduction targets.

Infrastructure & Telecommunications

- Infrastructure investment underpins the delivery of essential facilities and services for the broader economy creating a highly defensive alternative asset class that is well positioned to capitalise on global megatrends, including:
  - Digitisation and technological advancement: Australia has 22 million active internet users (91% of the population) with 45% of all internet traffic coming from mobile devices. In 2021, Australian's downloaded 9.8 million terabytes of data in the June quarter vs 8.2 million in 2018 and 2.2 million in 2016, representing a 35% 5-year CAGR which is anticipated to continue. To deliver the required infrastructure networks to support contemporary data consumption as well as the roll out of novel technologies, substantial ongoing investment by both private ISP's/ Telecommunications companies as well as the public sector will be required. E.G. additional $4.5 billion NBN investment forecast by 2037
  - Urbanisation: ~75% of population growth is occurring in capital cities, resulting in need for investment in affordable housing, transport, telecommunications and other infrastructure. Major public infrastructure investment in Australia is forecast to double over the next three years under a variety of programs including a $120 billion 10-year infrastructure investment pipeline.
- Large total addressable market with an estimated $2 trillion of infrastructure investment need by 2040 in Australia.
- Demonstrated low correlation with other asset classes and public markets, particularly over the long term, and has historically demonstrated reduced volatility vs traditional asset classes as less exposure to short-term market sentiment.
- Often inflation linked through regulation, concession agreements or contracts with rates set to rise in line with, or above, inflation. Assets without an explicit link often have pricing power to deliver a similar outcome reflecting their monopolistic position.

INVESTMENT MANAGER

The Fund will be managed by HMC Capital Investment Management Pty Ltd, a wholly owned subsidiary of HMC Consortium Limited (ASX: HMC), trading as HMC Capital. HMC listed on the ASX in October 2019 and has performed strongly since listing, as highlighted in the below chart. HMC has outperformed the S&P/ASX 200 A-REIT Accumulation Index and the S&P/ASX 200 Accumulation Index and has been the best performer in the S&P/ASX 200 REIT Index for the period since listing to 31 May 2022, delivering a total securityholder return of 100.3%. This compares to a return of 1.4% for the S&P/ASX 200 A-REIT Accumulation Index and 19.6% for the S&P/ASX 200 Accumulation Index for the period. HMC has a value-add focused management approach and is always a significant investor in its vehicles, aligning interests with investors.

Upon listing, HMC had a portfolio of freehold real estate assets worth $0.9b. HMC has completed over $400m in developments since the masters acquisition and has a further $1b+ pipeline across the two listed vehicles, HDN and HCW. HMC has grown to have $5.6b in external AUM as at 31 May 2022.

The investment team has a track record of delivering strong returns with the investment team orchestrating a number of transactions. The key transactions orchestrated by members of the investment team are detailed below.

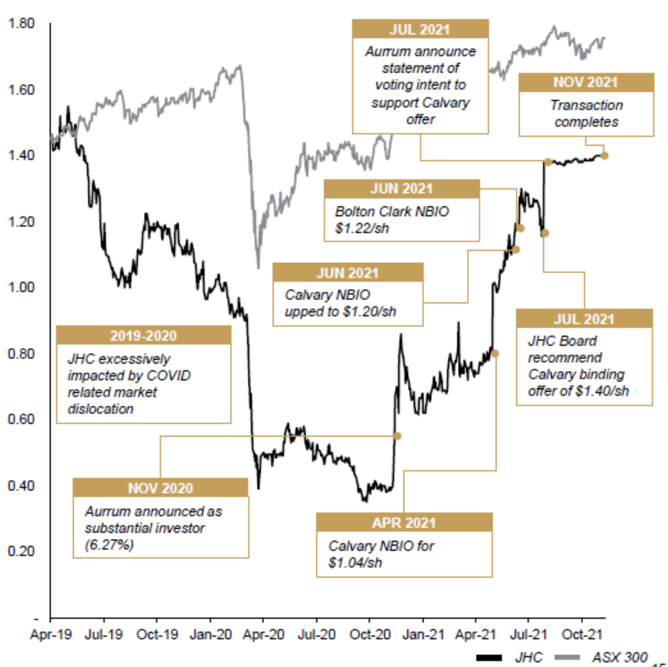
1) Aurrum Group

Aurrum Group ("Aurrum") was formed in July 2014 and has since established aged care and childcare businesses. Aurrum was the foundation sponsor and investor in the HMC Capital IPO. David Di Pilla, the HMC Capital CEO, is the founder, a Director and the major shareholder of the Aurrum Aged Care Group.

Aurrum was an investor in ASX-listed Japara Healthcare Ltd ("Japara"). The investment in Japara provides a good example of the strategy being implemented by the Fund, with Aurrum taking a strategic stake in Japara and took an active role in realising the value within the business through portfolio rationalisation and management of competitive bidder dynamics.

The below graphic provides the timeline and outcomes for Aurrum's investment in Japara. Aurrum became a substantial shareholder in Japara in November 2020, taking a 6.27% stake in the Company. Aurrum acquired the stake in Japara after the share price had declined dramatically. Aurrum recognised that the company had favourable medium-term company specific demographics overlooked by short-term market dislocation resulting from COVID-19 and the company was trading at a substantial discount to fundamental valuation with an asset rich balance sheet. Aurrum engaged with Japara's management on strategy and portfolio management, including sale and leaseback opportunities and asset divestments. Japara ultimately ran a process to realise the share price discount to NAV, which resulted in the acquisition of the company by Calvary via a scheme of arrangement for $1.40 per share in late 2021. This was a substantial return on investment with Aurrum acquiring its initial stake in November 2020 over a three day period, in which the share price ranged from $0.405 to $0.55.

Timeline of Aurrum Group's Investment in Japara Healthcare Ltd



Source: HMC Capital Partners Fund I Teaser

2) Masters Acquisition

HMC Capital was established in 2017 on the back of the acquisition of the former Masters Home Improvement property portfolio from Woolworths. David Di Pilla, the CEO of HMC Capital, led the team that founded and established the consortium to acquire the portfolio, which involved a highly competitive bidding process.

Since the acquisition, over 50 properties have been successfully repurposed/leased into convenience focused neighbourhood, large format retial (LFR) and health focused centres. The redeveloped properties formed the basis portfolios for the HMC, HDN and HCW IPOs.

3) HMC Capital IPO

HMC Capital listed on the ASX in October 2019 with a $0.9b portfolio of freehold real estate assets. Since listing, HMC Capital has transitioned to a capital light asset manager with external assets under management of $5.6b as at 31 May 2022.

HMC Capital has completed over $400m in developments since the Masters acquisition and has a further $1b+ across the two listed vehicles, HDN and HCW. HMC Capital has delivered strong returns to securityholders since listing as detailed above.

4) HomeCo Daily Needs REIT IPO (ASX: HDN)

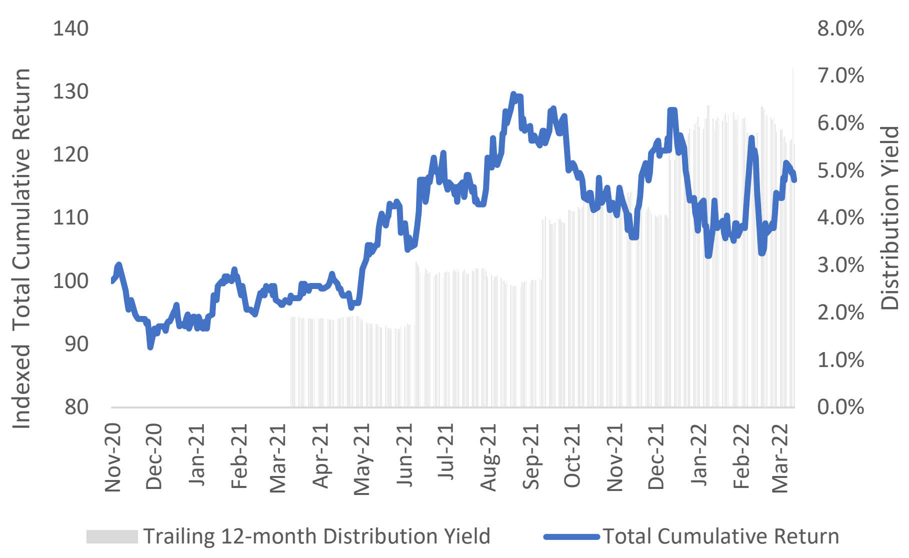
HDN listed in November 2020 via an in-specie distribution from HMC Capital combined with $300m raised as part of the IPO. HDN has a portfolio focused on daily needs and services that was valued at $0.8b at IPO. At 31 December 2021, the portfolio value had grown to $4.4b, with growth driven by acquisitions, developments and valuation gains.

In March 2022, HDN completed the acquisition of Aventus Group (ASX: AVN) which has contributed substantially to the portfolio growth. Aventus Group owned a LFR portfolio comprising 19 properties independently valued at $2.5b as at 31 December 2021 which was transferred to HDN as a result of the acquisition.

HDN is managed by HMC and HMC has a 14% stake in the REIT.

HDN has delivered a total securityholder return of 16.0% since listing to 31 March 2022. The REIT offers an attractive distribution yield, with distributions paid quarterly. As at 31 December 2021, the REIT had a NTA of $1.49 per share. .

HDN Total Securityholder Return (to 31 March 2022)



Source: Iress, IIR

5) HealthCo Healthcare & Wellness REIT IPO (ASX: HCW)

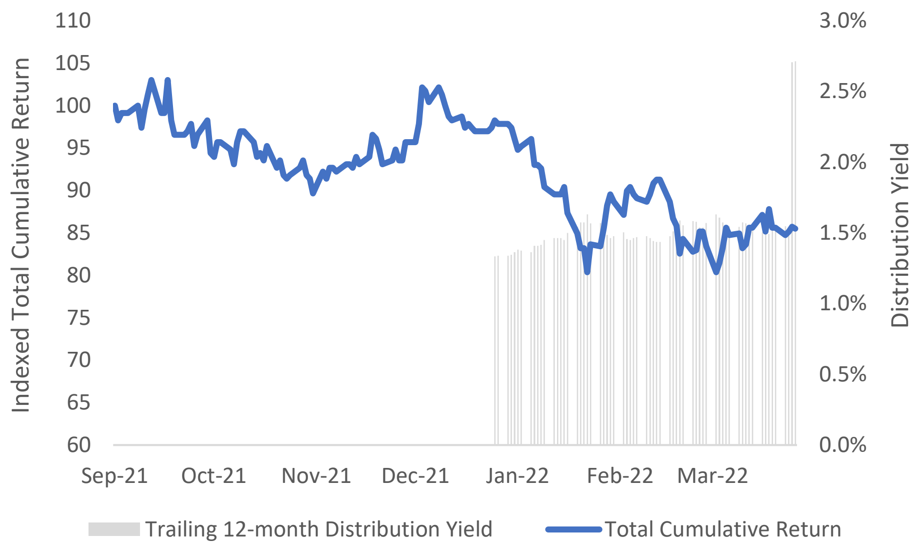
HCW listed in September 2021 and was the first ASX-listed Healthcare REIT. The portfolio provides exposure to a portfolio of 40 real estate assets across five key sub sectors including aged care, childcare, government/life sciences/research, hospitals and primary care and wellness.

HMC views HCW as a highly scalable investment opportunity with an investment universe of $128b across the target subsectors. HCW has a development pipeline of $500m+.

HCW is managed HMC and HMC has a 20% co-investment in the REIT.

HDN has delivered a total securityholder return of -14.5% since listing to 31 March. HCW has paid two distributions to date with distributions paid on a quarterly basis. As at 31 December 2021, the REIT had a NTA of $1.94 per security.

HCW Total Securityholder Return (to 31 March 2022)



Source: Iress, IIR

Investment Team

The HMC Capital platform comprises an experienced investment team supported by more than 70 funds management professionals across key functions of asset management, finance, tax and risk management.

The investment team will be led by the same management team and use the same investment process and philosophy as HMC Capital. The team has recently been strengthened with the addition of a number of key strategic hires including Victoria Hardie, Gavin Mullett and Nicholas Harris. The investment team will be supported by the Investment Committee and as well as directors and advisors from the HMC Capital platform entities.

Each Trustee Board will maintain a majority of independent directors and will include one or more directors from HMC Capital. Each Trustee Board will initially comprise four directors and this may be expanded to five directors in future, subject to retaining a majority of independent directors.

The Manager will be responsible for appointing an Investment Committee (IC) which will be chaired by the HMC Capital CEO, David Di Pilla, and will comprise members of the Trustee Board as well as two directors from the HMC Capital Board. The IC will also draw on the experience of directors and advisors from the HMC Capital platform entities. The IC will be responsible for considering material investments and divestments of the Fund.

In addition to the below, the Manager will establish a Risk Committee to monitor and manage the portfolio risk of the Fund. The Risk Committee will comprise members of the investment team (with specialist risk management input) as well as an Independent Trustee Director and a member of the HMC Capital Board.

Investment Team		
Name	**Position**	**Experience**
David Di Pilla	Group Managing Director & CEO	David has over 20 years experience in investment banking. From 2004 to 2015, David was Managing Director and Senior Adviser at UBS, Australia and during this time he advised some of Australia's largest corporations on mergers and acquisitions, debt and equity capital market transactions. David led the team that founded and established the consortium to acquire the Masters Home Improvement Portfolio from Woolworths to create HMC Capital in 2017. David is the founder, a Director and the major shareholder of the Aurrum Aged Care Group. From 2014 to 2016, David was also a strategic advisor and Director to operating subsidiaries of the Tenix Group of Companies.
Victoria Hardie	Managing Director - HMC Capital Partners	Victoria is a new addition to HMC Capital. Prior to joining HMC Capital, Victoria was Managing Director and co-head of real estate investment banking at UBS. Victoria has over 15 years of experience in investment banking with UBS. Victoria has broad sector experience across infrastructure, natural resources and real estate M&A. Victoria spent 3 years in New York with UBS as a senior M&A advisor working on a range of transactions. Victoria holds a Bachelor of Commerce majoring in Finance and Chinese Studies qualification from University of New South Wales.
Gavin Mullett	Managing Director - HMC Capital Partners	Gavin joined HMC Capital in January 2022. Gavin has over 20 years of experience spanning investment management and corporate advisory. Gavin was previously Head of Infrastructure for Challenger Group, responsible for the origination and asset management of alternative investments including private equity and both direct and listed infrastructure investments. Prior to Challenger Gavin worked at JP Morgan in natural resources and energy M&A and at Natwest Markets in London as part of the Project and Structured Finance team. Gavin holds a Bachelor of Business and Law and a Master of Business Studies qualifications from University College Dublin as well as postgraduate qualifications in finance and I.T. Gavin is a member of the Australian Institute of Company Directors.
Nicholas Harris	Head of Funds Management	Nicholas joined HMC Capital in April 2022 from GPT where he was responsible for GPT's funds management activities, including the development of GPT's funds management platform and the creation of new products. He played a key role in the development of GPT Group Strategy and was also responsible for the GPT Group's Capital and Corporate Transactions function. During his career, Nicholas' roles have included property and asset management, portfolio management, capital transactions and business development. Nicholas has been involved in the Australian property and property funds management industry for over 30 years, including roles at BT Funds Management Limited and Lend Lease Corporation.
Will McMicking	Group Chief Financial Officer	Will is a Member of the Institute of Chartered Accountants and has over 15 years investment banking and corporate finance experience having previously held roles at UBS Australia and EY. Will was a part of the team that established HMC Capital and is responsible for overseeing the Finance function across the business.
Misha Mohl	Group Head of Strategy, IR & Research	Misha joined HMC Capital in 2021 from Goldman Sachs where he was an executive director in the investment banking division. During his time at Goldman Sachs, Misha worked closely with HMC Capital on all of its M&A and capital markets transactions since IPO. Misha has over 12 years of experience across investment banking, equities research and corporate strategy roles. Prior to Goldman Sachs, Misha was a senior equity research analyst at Credit Suisse. Prior to that, he held roles at Colonial First State Global Asset Management (CFSGAM) and Stockland Group.
Jamie Sun	Group Corporate Finance Manager	Jamie joined HMC Capital in 2019. Jamie has 8 years investment banking and corporate finance experience having previously worked at UBS Australia.
Jourdon Whitfield-Horesh	Senior Associate	Jourdon joined HMC Capital in 2020. Jourdon has 5 years investment banking and corporate finance experience having previously worked at UBS Australia.
Priya Kumar	Senior Legal Counsel	Priya is the Senior Legal Counsel and Assistant Company Secretary at HMC Capital. Prior to joining HMC Capital, Priya held roles including, Senior Legal Counsel at AMP Capital, Head of Legal Advisory at M&G Investments in London, Senior Associate at Baker & McKenzie and a Lawyer in Financial Services and Funds Management at Allens Linklaters.
Vaughan Anderson	Risk Management	Vaughan is a consultant to HMC Capital. Vaughan was previously a Director at Deutsche Bank, working as a corporate equity derivatives head trader. Vaughan has also held roles at KPMG and Dresdner Kleinwort Wasserstein.

Trustee Board		
Name	**Position**	**Experience**
Dr. Chris Roberts	Independent Director of Trustee	Dr. Roberts has worked in the medical device industry for over 40 years in a number of senior management positions. He was formerly the CEO of Cochlear from 2004 to 2015, and was the Founding Director and Executive Vice President of ResMed from 1992 to 2003, and a director until November 2017. Dr. Roberts is a Member of the Cochlear Foundation Board, Chair of TEDI London and non-executive director of Clarity Pharmaceuticals Limited and Atmo Biosciences Pty Ltd.
Fiona Pak-Poy	Independent Director of Trustee	Fiona is a professional non-executive director with deep experience helping organisations manage growth, business transformation and development through innovation and strategic insight. Fiona is currently Non-Executive Director of Tyro Payments Limited, Booktopia Group Limited and Kain Lawyers Pty Ltd and is a committee member of the Biomedical Translational Fund (part of the Governments “National Science and Innovation Agenda”). Previous Non-Executive roles include Sydney School of Entrepreneurship, iSentia Group Ltd, Novotech Aus Holdings Pty Ltd, MYOB Group Limited, StatePlus, Innovation Australia: Clean Technology Investment Committee, Audinate Pty Ltd. Fiona has an Honours Degree in Civil & Structural Engineering from the University of Adelaide and a Masters Degree in Business Administration from Harvard Business School. Fiona is a Fellow of the Australian Institute of Company Directors.
Jingmin Qian	Independent Director of Trustee	Jingmin is a Non-Executive Director (NED) of Abacus Property Group (ABP.AX) and IPH Limited (IPH.AX), a trustee director of Club Plus Super, a member of Macquarie University Council, a director of the Australia China Business Council (ACBC), and the Chair of the Foundation for Australian Studies in China (FASIC). Jingmin has held executive roles with L.E.K. Consulting, Boral Limited and Leighton Holdings, with responsibilities covering strategy, operational improvement, mergers and acquisitions, capital planning, investment review and Asia expansion. Jingmin holds a bachelor’s degree of Economics from University of International Business and Economics in Beijing and an MBA from Australian Graduate School of Management (AGSM) in Sydney. Jingmin is a CFA Charterholder, a Fellow of the Australian Institute of Company Directors (AICD) and a member of Chief Executive Women Australia.
David Di Pilla	Executive Director	See above.

Investment Committee		
Name	**Position**	**Experience**
Dr. Chris Roberts	Independent Director of Trustee	See above.
Fiona Pak-Poy	Independent Director of Trustee	See above.
Jingmin Qian	Independent Director of Trustee	See above.
Chris Saxon	Chair HMC Capital	See below.
Greg Hayes	Non-Eexecutive Director HMC Capital	See below.
David Di Pilla	Executive Director	See above.

HMC Capital Board

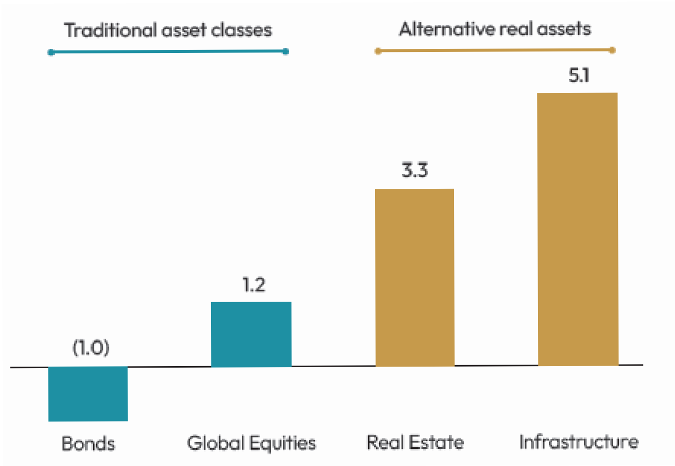
Name	Position	Experience
Chris Saxon	Chairman	Chris is a leading Australian lawyer and was, until 2019, a partner with Baker McKenzie. Chris's practice included large-scale mergers and acquisition ('M&A') transactions across a range of sectors, notably energy (gas, electricity, renewable), industrials, infrastructure and mining. Chris has consistently been ranked as one of Australia's foremost project and M&A lawyers and has been lead adviser on government restructuring transactions and privatisations, major trade sales and infrastructure projects. Chris served as Chair of Baker McKenzie Australia for five years (2012-2017) and has held numerous leadership roles within the firm.
Jane McAloon	Non-Executive Director	Jane is a Non-Executive Director of Energy Australia, United Malt Group, Newcrest Mining, Allianz Australia and is a member of the Advisory Board of Allens Linklaters. Jane is also Chairman of Monash University Foundation and has worked in the natural resources, energy, infrastructure and utility industries for over 25 years. Jane was President Governance and Group Company Secretary at BHP Billiton for nine years during which she worked on key strategic issues, corporate transactions, as well as market, regulatory and reputational matters. Prior to this, Jane was a senior executive at AGL Energy Limited. Jane worked in executive leadership roles with the NSW Government Cabinet Office and the Energy, Rail and Natural Resources Departments. Jane's previous appointments include Viva Energy, Port of Melbourne, Civil Aviation Safety Authority, Cogstate Limited, Healthscope Limited, Bravery Trust, Defence Reserves Services Council, Referendum Council on Constitutional Recognition for Aboriginal and Torres Strait Islander Peoples and the Australian War Memorial.
Brendon Gale	Non-Executive Director	Brendon is a sporting administrator and is the current Chief Executive Officer and Executive Director of the Richmond Football Club, one of the largest and most diversified sports businesses in Australia. Brendan is also an experienced company director, having previously served on the board of the Victorian Equal Opportunity and Human Rights Commission and is a current director of the Richmond Football Club Ltd and Aligned Leisure Pty Ltd. Brendon is experienced in leading high performing and profitable consumer businesses, operating in multi stakeholder environments, involving significant public investment. He has a proven track record in shaping positive corporate culture and setting the tone from the top through the alignment of purpose, values and strategy.
Kelly O'Dwyer	Non-Executive Director	Kelly is a Non-Executive Director of HCW Funds Management Limited, EQT Holdings Limited and Barrenjoey Capital Partners Group Holdings Pty Ltd. Kelly previously served in the Australian Parliament as a Senior Cabinet Minister holding a number of key economic portfolios including Minister for Jobs and Industrial Relations; Minister for Revenue and Financial Services; Minister for Small Business; and Assistant Treasurer. She also served on the Cabinet's Budget Committee (the Expenditure Review Committee) and held the portfolios of Minister for Women; as well as Minister Assisting the Prime Minister with the Public Service. Prior to entering Parliament, Kelly worked in law, government and finance and brings insights across a range of sectors including funds management, superannuation, workplace relations, foreign investment, law and banking. Kelly is a member of the School Council at Caulfield Grammar School and a member of the Hospice Rebuild Capital Fundraising Committee for Very Special Kids.
Zac Fried	Non-Executive Director	Zac worked closely with David Di Pilla and the team who founded and established the consortium to acquire the Masters Home Improvement Portfolio in 2016. Zac is the Executive Deputy Chair of the Spotlight Group ('SGH'). Established in 1973, SGH owns a number of major and iconic Australian retail brands: Spotlight, Anaconda, Mountain Designs and Harris Scarfe. He has almost 30 years of retail and property industry experience and a demonstrable track record of successful site identification, property value creation, and the fostering of many long standing and close lessee relationships. Zac is President of the Large Format Retail Association ('LFRA'). LFRA is the preeminent industry association responsible for representing the Australian retail industry interests of operators, investors, property owners, developers and service providers that collectively generate approximately $80 billion or 25% of all retail sales in Australia.
Greg Hayes	Non-Executive Director	Greg is currently a Non-Executive Director of HomeCo Daily Needs REIT (ASX: HDN); Non-Executive Director of Ingenia Communities (ASX:INA) and Non-Executive Director of Aurrum Holdings Pty Ltd. Greg has worked across a range of industries including property, infrastructure, energy and logistics and his skills and experience include strategy, finance, mergers and acquisitions and strategic risk management, in particular in listed companies with global operations. Greg was previously CFO and executive director of Brambles Limited, CEO and Group MD of Tenix Pty Ltd, CFO and later interim CEO of AGL, CFO Australia and New Zealand of Westfield Holdings, Executive General Manager, Finance of Southcorp Limited. Greg has also held non-executive director roles at Incitec Pivot Limited and The Star Entertainment Group Ltd.

RATIONALE FOR ALTERNATIVE ASSETS EXPOSURE

The Manager believes that there is a gap in the Australian market for a specialist alternative asset manager that can provide investors with exposure to portfolios of real assets that provide downside protection and uncorrelated returns to the broader equity market in the medium-term. The Manager believes that the current environment and outlook makes alternative assets an attractive hedge against rising inflation, interest rates and potential market volatility.

Alternatives as an asset class have historically delivered superior risk-adjusted returns while providing protection in inflationary environments, due to their inflation-linked characteristics. The below chart details the degree of over/underperformance compared to long-term average returns of different asset classes for every 1% inflation surprise. Alternative real asset classes of real estate and infrastructure have outperformed bonds and global equities in inflationary environments.

Inflation Beta[1]

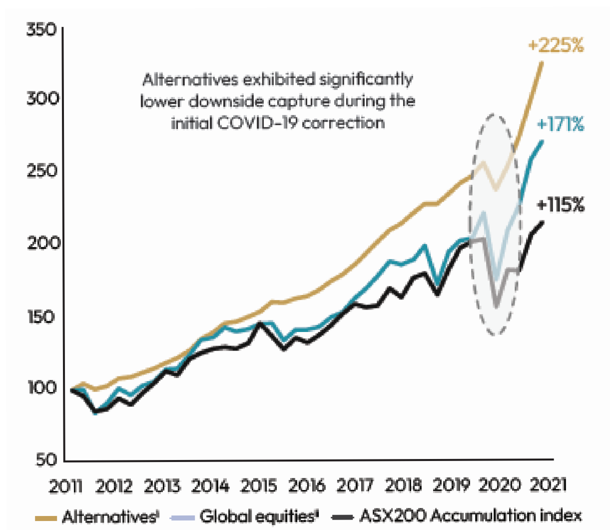


Source: HMC Capital Partners Fund I Information Memorandum

1. Inflation beta calculates the linear regression beta of 1 year real returns to the difference between the between the year-over-year realised inflation rate and lagged 1-year-ahead expected inflation, including the level of the lagged expected inflation rate. For example, an inflation beta of 5.1 means that a diversified real assets portfolio has typically outperformed its long-term average return by 5.1% for every 1% that inflation exceeded the prior year's consensus expectation.

Alternatives have outperformed listed equities over the 10-years to 31 March 2022, as is shown in the below chart. We note that the Alteratives returns below represents all alternative asset classes including private equity, venture capital, real estate, infrastructure, private debt and natural resources. The Fund will not likely be exposed to all these sectors of alternative assets and therefore should not be viewed as a forecast of the returns of the Fund. During the COVID-19 market shock in 2020, alternatives as an asset class provided downside protection when compared to equities. Alternative assets often benefit from not being publicly traded and therefore not marked to market. This can result in the asset class exhibiting lower volatility, particularly during periods of heightened market volatility.

Alternative Assets Performance vs. Global and Domestic Equities[1]



Source: HMC Capital Partners Fund I Information Memorandum

1. Historical 10 year returns commencing March 2011, rebased to 100.
2. Alternatives comprises Private Equity, Venture Capital, Real Estate, Infrastructure, Private Debt and Natural Resources.
3. Global equities refers to MSCI World Index Total Return.

RISKS

An investment in the Fund entails a number of risks and is suitable for wholesale investors only. Investors should be aware and comfortable with the risks involved in an investment in the Fund before committing capital. The below provides a list of what IIR determines to be the key risks of the Fund. A detailed list of the risks of the Fund can be found in the Information Memorandum.

Liquidity: Investing in the Fund requires a long-term commitment from investors with limited liquidity provided and the risk that investors may not be able to redeem their investment at a time of their choosing. In addition to this, some of the Fund's investment will be highly illiquid. As such, the investments may not be able to realised in a timely manner. There is a risk that the market conditions may change before the realisation of investments can occur.

Inability to Source Investment Opportunities: The success of the Fund will be depend on the identification and availability of suitable investment opportunities. There is a risk that there may be a lack of suitable investment opportunities available for the Fund.

Concentration: The Fund's portfolio will highly concentrated. In the event one or several of the Fund's investments suffer financial hardship or fail, this may lead to a loss of some or all of investor's capital.

Leverage: The Fund may use leverage to, among other things, enhance fund returns, bridge an acquisition in the short term or to provide liquidity. Leverage involves a degree of financial risk and may increase the exposure of the Fund to factors such as rising interest rates, downturns in the economy or deterioration in the conditions of the assets underlying its investments. The assets of the Fund, may be, in whole or in part, offered as security for such leverage. To the extent that the Fund is unable to meet obligations under the leverage facility, there is therefore a risk that Fund capital may be used to repay leverage.

No Performance History: The Fund is newly established and has no performance history. There is no guarantee that the Fund will meet its investment objectives.

Distribution Volatility: Distributions will vary from time to time depending on distributions received from underlying investments and whether exits can be achieved.

DISCLAIMER

(a) Disclaimer

The information, reports, financial models, forecasts, strategies, audio broadcasts and other media (referred to as "Content" throughout this Legal Notice), provided on this web site has been prepared and issued by Altavista Research Pty Ltd trading as Independent Investment Research "IIR", Independent Investment Research Holdings Pty Ltd (ACN 155 226 074), as authorised to publish research under an Australian Financial Securities Licence (AFSL No 420170) which allows Independent Investment Research to offer financial service advice to retail and wholesale clients. Users of this web site should not act on any Content without first seeking professional advice. Whilst the Content contained on this web site has been prepared with all reasonable care from sources which we believe are reliable, no responsibility or liability is accepted by Independent Investment Research, for any errors or omissions or misstatements however caused. Any opinions, forecasts or recommendations reflect our judgement and assumptions at the date of publication or broadcast and may change without notice. Content on this web site is not and should not be construed as an offer to sell or the solicitation of an offer to purchase or subscribe for any investment. We are not aware that any user intends to rely on the Content provided or of the manner in which a user intends to use it. In preparing our Content it is not possible to take into consideration the investment objectives, financial situation or particular needs of any individual user.

Access by any user to this website does not create a client relationship between Independent Investment Research and the user. Users seeking to invest must obtain individual financial advice to determine whether recommendations are appropriate to their investment objectives, personal financial situation or particular needs, before acting on any recommendations. Any Content is not for public circulation or reproduction, whether in whole or in part and is not to be disclosed to any person other than the intended user, without the prior written consent of Independent Investment Research.

(b) Disclosure of Interest

General

Independent Investment Research, its officers, employees, consultants and its related bodies corporate have not and will not receive, whether directly or indirectly: any commission; fee; benefit; or advantage, whether pecuniary or otherwise, in connection with making any recommendation contained on this web site. Independent Investment Research, discloses that from time to time, it or its officers, employees and its related bodies corporate: may have an interest in the securities, directly or indirectly, which are the subject of these recommendations; may buy or sell securities in the companies mentioned in the Content; may effect transactions which may not be consistent with the recommendations in the Content; may have directorships in the companies mentioned in the Content; and/or perform paid services for the companies that are the subject of such recommendations.

However, under no circumstances, has Independent Investment Research been influenced, either directly or indirectly, in making any recommendations contained on this web site.

Corporate Research

Independent Investment Research has or may have, received a fee either directly by a company itself or by a third party, to provide coverage and/or corporate research (the "Fee"). Where a Fee has been received, Independent Investment Research does not publish:

Buy / Hold / Sell recommendations for the security or managed investment schemes.

(c) Copyright Protection

All Content at this web site is protected by copyright. Apart from any use permitted under the Copyright Act (Cth) 1968, you must not copy, frame, modify, transmit or distribute the material at this web site, without seeking the prior written consent of the copyright owner. Content on this web site is owned by the business Independent Investment Research. Users are prohibited from copying, distributing, transmitting, displaying, publishing, selling, licensing, creating derivative works or using any content on the web site for commercial or public purposes

(d) Trade Marks

The trade marks and logos displayed on this web site belong to Independent Investment Research or other parties. Such trade marks include registered trade marks and trade marks pending registration. Users are prohibited from using any of these trade marks, without seeking the prior written consent of IIR or such third party, which may own the trade mark content on this web site.

(e) Limitation of Liability

To the fullest extent permitted by the law, Independent Investment Research and any of its officers, employees, agents, consultants or related bodies corporate disclaim any liability, whether based in contract, tort, strict liability or otherwise, for any direct, indirect, incidental, consequential or special damages arising out of or in any way connected with the use of any Content made available on this web site by any person or entity.

(f) No Warranties

Independent Investment Research does not make any claims, promises, guarantees, representations or warranties regarding the accuracy, completeness or fitness for purpose of the Content made available on this web site. All information on this web site is provided to you on an as is basis, without warranty of any kind either express or implied. To the extent that research can be provided by third parties, Independent Investment Research makes no warranty or representation as to the accuracy or completeness of such information displayed on this site, and accepts no liability for errors or omissions arising from such third party information. To the fullest extent permitted by law, under no circumstances will Independent Investment Research be liable for any loss or damage caused by users reliance upon information obtained through this web site. It is the responsibility of the user to evaluate the accuracy, completeness or usefulness of any information, opinion, general advice or other content made available through this web site. Furthermore, Independent Investment Research does not warrant or represent that this web site is error free or free from viruses or defects. A user must do all that is necessary (including using virus checking software) to satisfy itself that accessing this website will not adversely affect its system.

For further information, please contact IIR at: client.services@independentresearch.com.au

Independent Investment Research (Aust.) Pty Limited

SYDNEY OFFICE
Level 1, 350 George Street
Sydney NSW 2000
Phone: +61 2 8001 6693
Main Fax: +61 2 8072 2170
ABN 11 152 172 079

MELBOURNE OFFICE
Level 7, 20–22 Albert Road
South Melbourne VIC 3205
Phone: +61 3 8678 1766
Main Fax: +61 3 8678 1826

HONG KONG OFFICE
1303 COFCO Tower
262 Gloucester Road
Causeway Bay, Hong Kong

DENVER OFFICE
200 Quebec Street
300-111, Denver Colorado USA
Phone: +1 161 412 444 724

MAILING ADDRESS
PO Box H297 Australia Square
NSW 1215