

## HMC Capital Partners Fund I – Interim Distribution Declared and Proposed Change to Fund Strategy and Terms

- HMC Capital Partners Fund I (“Fund I”) has performed strongly, delivering a 32% annualised return since inception to 31 March 2025<sup>1</sup>
- Fund I has today declared an interim distribution of \$0.805/unit, which will be paid on or around 15 April 2025 to investors who hold Fund I units on the record date<sup>2</sup>
- Following a review, HMC Capital has today announced an intention to pivot the fund investment strategy towards unlisted opportunities and our best and highest conviction listed stakes, and that it will seek unitholder approval for associated changes to the trust deed and fund terms

Dear Investor,

HMC Capital is writing to inform you of a number of important updates to the HMC Capital Partners Fund I that have been announced today.

### Declaration of inaugural distribution

Following the successful exit from its Sigma Healthcare (Sigma) stake and the partial realisation of gains from our investment in Ingenia Communities (Ingenia), Fund I has declared an interim FY25 distribution of ~\$300m. This equates to a distribution per unit of \$0.805 for investors in Trust A and C who hold units on the record date (being 7 April 2025).

Sigma was the seed investment for Fund I and has generated exceptional returns – delivering an unlevered IRR for Fund I in excess of 100% and 3.4x money multiple. Given the strong performance of Ingenia over the period of our investment, we have also elected to undertake a partial sell-down of this holding to realise gains. We continue to have high conviction in the long-term megatrends supporting land lease communities and the strategic plan currently being executed on by Ingenia. We therefore continue to hold a c.5% stake in Ingenia alongside our ~9% holding in Lifestyle Communities.

The distribution declared today delivers the realised gains from these investments directly into the hands of Fund I investors and is testament to the effectiveness of the investment team’s highly active investment approach. Following payment of the distribution, Fund I will have a cash balance in excess of \$100m to fund future investment opportunities.

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<sup>1</sup> As at 31 March 2025, based on estimated NAV which remains subject to finalisation by external fund administrator. Performance figures are calculated net of fees and costs. Past performance is not a reliable indicator of future performance

<sup>2</sup> Distribution per unit for Trust A and Trust C. Record date of 7 April 2025

For those investors who supported the initial HMC Capital Partners Fund I fund-raising in August 2022, the interim distribution represents a dividend of c. 80% of their initial investment in less than 3 years, while retaining their ongoing Fund I investment valued at ~\$1.24/unit<sup>3</sup>.

The distribution is expected to be paid on or around 15 April 2025. Please check your bank account details are updated in the Automic portal at <https://investor.automic.com.au/> to ensure no delay in receiving the distribution.

A Distribution Reinvestment Plan (DRP) is available for investors who wish to reinvest all or part of their distribution in additional Fund I units. Units issued under the DRP will be subject to a **5% discount** to the 31 March 2025 NAV adjusted for the interim distribution. This discount will be funded by HMC Capital and will not result in any dilution for non-participating investors.

Unitholders wishing to participate in the DRP should update their election via the Automic portal by **5pm Sydney time on Wednesday 9<sup>th</sup> April 2025<sup>4</sup>**.

Please contact the unit registry Automic by email at [hmc@automicgroup.com.au](mailto:hmc@automicgroup.com.au) if you require assistance with the investor portal.

### Review of the HMC Capital Partners Fund I strategy

Following the realisation of Fund I's investment in Sigma, HMC Capital, in consultation with the Fund Trustees, has undertaken a review of Fund I and the optimal strategy to deliver repeatable and strong investment performance for investors.

The review has concluded that, having regard to HMC Capital's unique skills and competitive advantages:

- the fund should target a concentrated portfolio of our highest conviction opportunities rather than seeking to diversify into 8 – 10 positions;
- the fund will continue to invest in strategic stakes in ASX-listed entities, however the focus will now be a smaller number of opportunities; and
- expanding the fund's mandate to invest in unlisted assets materially increases the fund's investment universe and ability to arbitrage public and private markets.

Reflecting the change in future investment focus, unitholder approval is being sought to amend the trust deed and certain fund terms to reflect a more traditional private equity fund structure including:

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<sup>3</sup> Based on estimated 31-Mar-25 NAV for Trust A and C (subject to finalisation by external fund administrator), adjusted for declared interim distribution. Past performance is not a reliable indicator of future performance

<sup>4</sup> Update your election via the "Reinvestment Plans" button on the investor portal at <https://investor.automic.com.au/>

- increasing the performance fee hurdle from 7% to 9%;
- changing from an open-ended structure with limited quarterly liquidity to a closed-end structure with a 5-year term<sup>5</sup> to reflect the changing nature of the underlying investments over time; and
- changing the fund name to HMC Capital Partners Fund II (Fund II).

A comparison of the key changes to fund terms is set out in the appendix. HMCCP Fund I unitholder approval for the proposed changes to fund terms will be sought in May 2025.

### **HMC Capital Partners Fund II Represents a Compelling Investment Proposition**

HMC Capital's point of difference is our ability to execute large, complex transactions as evidenced by our track record, including the Sigma/Chemist Warehouse merger and the acquisition of the Masters Home Improvement real estate portfolio from Woolworths. We believe the proposed changes and relaunch of the strategy as Fund II would provide a greater opportunity to capitalise on these skills, and to deliver and exceed targeted returns for Fund II investors.

An investment in Fund II (subject to HMCCP Fund I unitholder approval for the proposed changes to the trust deed and fund terms) will be a truly differentiated offering that will allow wholesale investors the opportunity to participate directly in our best ideas:

- ✓ Leverages HMC Capital's unique skill set and capability to generate returns via true value add investment approach
- ✓ Flexible mandate that allows the manager to execute on highest conviction opportunities across both listed and unlisted assets
- ✓ Deep network via broader HMC Capital platform provides access to a range of transactions across buyouts (including public-to-private), corporate carve-outs and the provision of capital to fund growth or deleveraging
- ✓ Pipeline of unlisted opportunities under review, including participating in the potential opportunity to acquire and recapitalise Healthscope alongside co-investors
- ✓ True alignment between manager and fund investors, with HMC Capital maintaining a significant ~\$230m ongoing investment in Fund II

### **Transition from Fund I to Fund II**

Fund I unitholder approval will be sought for the proposed changes to the trust deed and certain fund terms – the approval will be a special resolution, meaning that the changes will require at least 75% of total votes cast across all of the trusts comprising Fund I in favour in order for the resolutions to be passed. A Notice of Meeting and Explanatory Memorandum will

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<sup>5</sup> With 2 x 12-month extension options

be sent to unitholders in the coming weeks in advance of a Meeting of Unitholders in May. These documents will provide further detail on the proposed changes as well as instructions on how to participate in the Unitholder meeting and lodge your proxy online.

Subject to this Fund I unitholder approval, the proposed changes to strategy and fund terms are intended to come into effect from 1 July 2025.

Recognising that not all existing Fund I investors may wish to remain invested in Fund II, the Fund I trustees have determined to allow redemptions in excess of the 5% quarterly cap for the 30 June 2025 redemption window. Subject to unitholder approval for the proposed changes to the trust deed and certain fund terms, the redemption request deadline will be extended to 31 May 2025 (from 31 March 2025) and the cap will be increased to 30% of Trust A and C units on issue..

Existing HMCCP Fund I investors will be offered an incentive to maintain their investment, by way of **2% bonus units** to be issued to Unitholders who remain invested in Fund II. Further detail on the bonus unit offer will be provided with the Notice of Meeting.

Wholesale client investors will also be offered the opportunity to invest in Fund II over the next ~6 months. Once Fund II reaches final close, it will be closed for any further applications.

If you wish to discuss the proposed changes or have any questions, please reach out to [invest@hmccapital.com.au](mailto:invest@hmccapital.com.au)

Thank you again for your trust and partnership.

Yours Sincerely,



Victoria Hardie  
Head of Private Equity  
HMC Capital



David Di Pilla  
Managing Director and Group CEO  
HMC Capital

**Appendix: Summary of proposed changes to fund terms**

Please note, further detail on the proposed changes will be provided in the Notice of Meeting and Explanatory Memorandum to be provided to unitholders in the coming weeks.

HMCCP Fund Overview	Fund I	Fund II
<b>Structure</b>	Open ended (evergreen)	Closed (5 years) <sup>6</sup>
<b>Target assets</b>	Listed (25% unlisted cap)	Listed and unlisted
<b>Management fee</b>	1.0% p.a of NAV	1.0% p.a of NAV
<b>Performance fee</b>	7% hurdle over 20% <sup>7</sup>	9% hurdle over 20% <sup>8</sup>
<b>Liquidity</b>	Quarterly (5% cap)	As investments are realised

<sup>6</sup> 5-year term with 2 x 12-month extension options

<sup>7</sup> Paid annually

<sup>8</sup> Paid at end of fund term