

ASX RELEASE

23 June 2023

HMC CAPITAL REACHES FIRST CLOSE ON LAST MILE LOGISTICS FUND AND ON-TRACK TO ESTABLISH OVER \$2 BILLION OF UNLISTED FUNDS

KEY HIGHLIGHTS

- Successful first close of ~\$800m¹ for Last Mile Logistics (**LML**) Fund 1
 - Secured \$400m of equity commitments including \$350m from a major Australian institutional investor and \$50m from HomeCo Daily Needs REIT (ASX: HDN)
 - Major new growth strategy which leverages HMC Capital's track record and existing market leading daily needs platform
- As announced in March at time of Healthscope hospital portfolio acquisition, on-track to reach first close for ~\$1bn Unlisted Healthcare & Life Sciences fund (**UHF**) in Sep-23
 - UHF successfully settled on \$474m of Healthscope hospitals (**Tranche 2**) in May-23 with upfront equity funding support from HealthCo (**ASX: HCW**)
 - UHF to settle remaining \$470m (**Tranche 3**) in Sep-23 with third party institutional capital
 - Institutional fund raising well progressed with domestic and global institutional investors undertaking advanced due-diligence following EOI process
- HMC Capital Partners Fund I (**HMCCP**) successfully executing strategy and outperforming
 - Recently announced major contract win for portfolio investment company Sigma Healthcare (ASX: SIG) is supporting the fund's significant outperformance since inception
- On track to achieve \$10bn committed AUM target by year end 2023 (12 months ahead of schedule)
- Reaffirming FY23 DPS guidance of 12 cents

¹ Indicative gross asset value including debt.

LAST MILE LOGISTICS FUND UPDATE

HMC Capital (**ASX: HMC**) is pleased to announce that it has secured a major Australian institutional investor for the LML investment strategy.

LML Fund 1 has now reached first close with ~\$800m of investment capacity following \$400m of equity commitments from an institutional investor (\$350m) and HDN (\$50m). This represents the first of a series of funds which can scale into a multi-billion-dollar strategy over time. HMC is in active discussions with additional institutional investors for future LML fund series.

Fund strategy

The LML Fund series will target traditional retail properties which can be repositioned to provide last mile omni-channel solutions for Australia's leading daily needs retailers. The strategy aims to capitalise on a significant megatrend shaping the future of retail. The Covid-19 pandemic has profoundly changed consumer expectations, and retailers are responding through strategically located omni-channel stores which can facilitate both in-store and online fulfilment in a cost-effective and timely manner.

HMC Capital will leverage its existing ~\$5bn daily needs real estate platform and tenant relationships. The LML Fund's first acquisition at Menai Marketplace in Sydney was independently valued at \$175m in Jun-23, 17% above the Mar-23 acquisition price after HMC successfully negotiated major lease renewals and rental uplift post-acquisition.

As previously outlined, HDN as an investor in the LML Fund will have a right of first offer, but not an obligation, to acquire assets in the future from the LML Fund once they have been repositioned into core daily needs assets. HMC believes the establishment of the LML Fund will significantly benefit HDN by providing a future pipeline of potential acquisition opportunities. Importantly, the investment mandates of both vehicles ensure they will not compete for the same assets.

HMC Head of Funds Management, Nicholas Harris, said *"We are delighted to reach first close and welcome a major new strategic capital partner for the first last mile logistics unlisted fund. This is a high conviction strategy which we believe is unique, leverages our track record in this sector, and can be significantly grown in the future through further LML fund series"*.

HEALTHCARE & LIFE SCIENCES FUND UPDATE

As previously flagged, the acquisition of the Healthscope hospital portfolio accelerated HMC's plans to establish a \$2bn+ healthcare and life sciences institutional unlisted fund.

The unlisted fund will initially own ~\$1bn of Healthscope hospitals following settlement of Tranche 2 and Tranche 3 of the Healthscope transaction with HCW and new unlisted institutional investors owning approximately 50% equity ownership each.

The unlisted fund recently completed settlement of Tranche 2 (\$474m) which was funded with HCW's initial equity commitment and debt. The remaining four hospitals comprising Tranche 3 are expected to settle in September 2023 with funding sourced from third party institutional investors².

HMC recently completed a formal EOI process which demonstrated strong indicative interest from multiple domestic and global institutional investors. A short list of institutional investors are currently in advanced due-diligence, with the aim of providing capital commitments and funding by financial close in Sep-23.

HMC CAPITAL PARTNERS FUND I UPDATE

HMCCP investee company, Sigma Healthcare (ASX: SIG) announced on 6 June 2023 it had been awarded a major supply contract from Chemist Warehouse for a period of five years from 1 July 2024.

Post the contract coming into effect, Sigma will become Chemist Warehouse's major supply partner for both Pharmaceutical Benefits Scheme (PBS) medicines and Fast-Moving-Consumer-Goods (FMCG). The contract is expected to generate a minimum of \$3bn in revenue for Sigma in the first full year of the contract.

The contract win for Sigma was a key first step in HMCCP's investment thesis to realise significant upside from Sigma's underutilised and undervalued distribution infrastructure.

Since announcing the contract win, Sigma's share price is up 35%³ and has contributed to HMCCP's strong investment performance. Since inception, the fund has generated a ~16% return³ for unit holders, outperforming the S&P/ASX 300 accumulation index by 750bps⁴ and the 7% performance fee hurdle rate.

HMC Capital Partners Managing Director, Victoria Hardie, said *"We are delighted with the strong investment performance to date which is a testament to the fund's unique investment process and ability to work proactively with our investee companies such as Sigma to unlock value. HMCCP is actively deploying into two other high conviction opportunities where we see material upside potential"*.

HMCCP is open for investment for wholesale investors and a retail feeder fund was launched in Mar-23.

This announcement is approved for release by the HMC Capital Board.

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² HMC will backstop the Tranche 3 equity requirement using its balance sheet liquidity and debt facilities.

³ As at 21 June 2023.

⁴ Based on management estimated NAV as at 21 June 2023. HMCCP performance is calculated net of fees and costs.

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About HMC Capital

HMC Capital is a leading ASX-listed alternative asset manager which specialises in real assets and private equity. We manage approximately \$8bn on behalf of institutional, high net worth and retail investors. We have a highly experienced and aligned team of over 100 professionals with deep investment and operational expertise. Our point of difference is our ability to execute large, complex transactions. This has underpinned our rapid growth in funds under management since listing in October 2019 and track record of generating outsized returns for our investors. Our investment strategies are exposed to sectors benefitting from powerful megatrends such as healthcare, life sciences and last mile retail logistics. We are well positioned to grow our funds under management to over \$20bn in the medium term by scaling our existing platform and expanding into new alternative sectors such as energy transition, infrastructure, and private credit.

Important Notice - Forward-Looking Statements

This announcement contains certain forward-looking statements, which may include indications of, and guidance on, future earnings, financial position and performance. Forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies that are subject to change without notice and involve known and unknown risks, uncertainties, assumptions, contingencies and other factors, many of which are beyond the control of HMC Capital. Actual results, performance or achievements may differ materially from those expressed or implied in those statements and any projections and assumptions on which these statements are based.

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