

ASX RELEASE

24 October 2024

HMC CAPITAL ANNOUNCES STRATEGIC ACQUISITIONS TO SEED GLOBAL DigiCo PLATFORM AND EQUITY RAISING

HMC Capital Limited (**ASX: HMC**) today announces key initiatives to establish a global digital infrastructure platform (**Global DigiCo Platform**) comprising the global DigiCo Infrastructure REIT (**DigiCo REIT**)¹ intended to be listed on the ASX alongside a new institutional Unlisted Fund (**Unlisted Fund**). HMC has agreed terms to acquire Global Switch Australia (**Acquisition**) for \$1.937bn² as a seed asset for the Global DigiCo Platform³. To underwrite the Acquisition, HMC is undertaking a \$300m fully underwritten institutional placement (**Placement**). This is consistent with HMC's strategy to maintain a strong and flexible balance sheet and actively recycle capital to over time achieve group wide ROE of 20%+.

KEY HIGHLIGHTS

- Acquisition of Global Switch Australia
 - HMC is acquiring Global Switch Australia, a highly strategic 26MW colocation data centre located in the Sydney CBD, for \$1.937bn as a seed asset for the Global DigiCo Platform
 - Significant growth opportunity with large scale development pipeline identified within existing Global Switch campus to expand the existing IT capacity to 88MW⁴
- HMC to establish Global DigiCo Platform across ASX listed and unlisted funds
 - DigiCo REIT intended to be listed on the ASX alongside a new institutional Unlisted Fund
 - HMC has assembled a best-in-class global management team with an average of >20 years' experience in the data centre sector
 - HMC has received positive early feedback from potential third-party investors seeking exposure to high quality digital infrastructure assets at scale
- Additional assets secured or under exclusive due diligence
 - HMC has identified multiple seed assets, predominately based in the United States, which are currently under exclusive due diligence
 - These assets include Tier 1 hyperscale and enterprise data centres, colocation facilities and higher returning development opportunities
- Equity raising to underwrite the Global Switch Australia acquisition
 - To underwrite the Global Switch acquisition, HMC is undertaking a \$300m fully underwritten institutional placement (**Placement**) at an issue price of \$8.75 (**Issue price**)
 - Immediately following the equity raising, HMC will have ~\$3bn⁵ of balance sheet underwriting capacity to support the Acquisition and establishment of DigiCo REIT⁶

TRADING UPDATE

- Based on HMC performance YTD, annualised FY25 Operating EPS (pre-tax) is 46 cents, representing growth of 24% on FY24⁷
- FY25 DPS guidance of 12 cents is reaffirmed
- Placement proceeds are intended to deliver 20%+ ROIC target from new funds management and co-investment income in the medium term

¹ Once it is established, it is proposed that DigiCo REIT will be a stapled entity consisting of a company and a registered managed investment scheme. Shares in the company will be stapled to units in the managed investment scheme on a one for one basis to form stapled securities.

² Net of \$184m cash as at 18-Oct-24.

³ HMC may nominate another entity (such as DigiCo REIT) to acquire Global Switch Australia.

⁴ Target IT power and utility power supply post completion of densification & optimisation program.

⁵ Comprising \$1.1bn DigiCo REIT asset debt facilities, \$535m HMC debt facilities (upsized), \$1.1bn net tangible assets and \$300m equity raising proceeds.

⁶ Proceeds from the proposed IPO of DigiCo REIT, capital from the Unlisted Fund and proceeds from the DigiCo REIT Acquisition debt facilities are expected to be used to fund the Acquisition. If this occurs, then proceeds from the Placement will be applied to cash at bank and continue to be used for funds management establishment.

⁷ Adopts the gross fair value movement of HMCCP and financial assets as at 23-Oct-24 plus the annualised operating earnings YTD Oct-24 (excl. HMCCP / Equity investment fair value movements). 44 cents on a diluted basis for the Placement and assuming Placement proceeds are placed in an interest-bearing account.

HMC Managing Director and CEO, David Di Pilla, said “We are excited to today announce a major acquisition to seed our global digital infrastructure platform. Global Switch Australia is a strategically located Tier 1 asset with significant repositioning and expansion upside. This is consistent with our strategy to build a world-class global platform providing investors with exposure to institutional grade digital infrastructure assets underpinned by attractive megatrends”.

“Digital infrastructure represents a major funds management growth opportunity for HMC and we believe the establishment of both a listed and unlisted vehicle will enable HMC to take advantage of high quality acquisition opportunities across the value chain to generate attractive risk adjusted returns. We have a number of additional exciting and complementary acquisition opportunities under advanced exclusive due diligence which are predominantly based in the United States”.

GLOBAL SWITCH AUSTRALIA ACQUISITION

HMC has agreed terms to acquire 100% of Global Switch Australia for upfront consideration of \$1.937bn. Subject to the satisfaction of certain conditions precedent, the transaction is expected to reach financial close in 1Q CY25 with Global Switch Australia being acquired by DigiCo REIT.

Global Switch Australia currently comprises two adjoining data centre sites in Sydney, representing the only large-scale data centre campus in the densely-connected Sydney CBD and one of the largest data centre campuses in Australia.

The Sydney campus’ CBD location, in close proximity to telecommunications exchanges, submarine cable Points of Presence (**PoPs**) and Sydney’s financial and commercial districts, has enabled it to establish a position as one of the premier carrier hotels in Sydney. The connectivity ecosystem, which includes 110 Tier 1 and Tier 2 service providers, 3 cloud on-ramps and access to key inter and intra city fibre networks is highly attractive to connectivity and latency-sensitive customers.

Description	Two data centre sites with significant densification opportunity and represents the only large-scale data centre campus within the Sydney CBD
Location	Sydney, Australia <1km from the centre of the Sydney CBD
Gross Floor Area (GFA)	72,800 sqm
Current Capacity & Planned Development	26MW existing with scope to increase to 88MW post densification and optimisation capex project
Type	Hyperscale, Enterprise, Connectivity
Tenants	86 unique customers
EBITDA	A\$86m (CY23)
WALE	3.4 years
Utility Power Supply	120MVA confirmed electrical capacity via Ausgrid
Connectivity	Direct access to intracity and intercity fibre networks

GLOBAL DigiCo PLATFORM

HMC Capital is establishing a Global Digital Infrastructure Platform. The platform will comprise of the DigiCo REIT, which is intended to be listed on the ASX, as well as a new institutional Unlisted Fund which will be managed by HMC Capital. HMC has also assembled a best-in-class global management team assembled with >20 years' average experience in the data centre sector.

The Acquisition of Global Switch Australia, a highly strategic colocation data centre located in the Sydney CBD represents the first seed as set for DigiCo. HMC is also currently in exclusive due diligence on a further 3 triple-net lease North American seed DigiCo assets, comprising hyperscale & enterprise facilities and development assets. In addition to the seed portfolio, HMC has identified further longer dated growth opportunities across brownfield value-add and greenfield development projects.

DigiCo investment highlights include:

- ***Differentiated investment strategy***
 - Investment strategy comprising a model portfolio of stabilised assets, lease-up/value-add assets and value accretive developments
- ***Unique listed investment proposition***
 - Targeting a distribution yield with earnings growth being driven through lease-up and development pipeline
 - Lease-up potential across existing assets driving mid-teens EBITDA growth
- ***High quality, diversified tenant base***
 - Well diversified tenant portfolio with high quality credit counterparties and low churn rates
 - Contracted annual escalations across portfolio
 - Global portfolio of assets under exclusive due diligence
- ***Highly credentialed management team***
 - Global management team across Australia and North America with average >20 years' experience in data centre sector
 - Track record of operational excellence, delivering 99.999% uptime over past 10 years
- ***Significant growth pipeline***
 - Significant growth pipeline through exposure to value-add and development assets

TRANSACTION UNDERWRITING & EQUITY RAISING

To underwrite the Global Switch Acquisition⁸, HMC is undertaking a \$300m fully underwritten institutional placement (**Placement**).

The Offer will be conducted at an issue price of \$8.75 per share which represents a:

- 5.0% discount to the last traded price of \$9.21 on Wednesday, 23 October 2024

The Placement will result in the issue of approximately 34m new fully paid ordinary shares (**New Shares**) representing approximately 9.07% of HMC's existing shares on issue. New Shares will rank equally in all

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respects with HMC's existing ordinary shares and will be entitled to the interim FY25 dividend. No shareholder approval is required given the Placement is within existing placement capacity under the ASX Listing Rules.

The Placement is fully underwritten by Goldman Sachs Australia Pty Ltd (**Goldman Sachs**), UBS Securities Australia Limited (**UBS**), Macquarie Capital (Australia) Limited (**Macquarie**), and J.P. Morgan Australia Limited (**JP Morgan**) (**Joint Lead Managers**).

Event	Date
Trading halt and announcement of Placement	Thursday, 24 October 2024
Shares recommence trading on ASX (trading halt lifted and announcement of completion of Placement)	Friday, 25 October 2024
Settlement of New Shares issued under the Placement	Tuesday, 29 October 2024
Allotment and normal trading of New Shares issued under the Placement	Wednesday, 30 October 2024

All dates and times in the timetable are indicative and HMC reserves the right to amend any or all of these events, dates and times subject to the Corporations Act 2001 (Cth), ASX Listing Rules and other applicable laws. All times and dates are in reference to Australian Eastern Daylight Time (AEDT).

TRADING UPDATE

Based on HMC performance YTD, annualised FY25 Operating EPS (pre-tax) is 46 cents, representing growth of 24%⁹. FY25 DPS guidance of 12 cents is reaffirmed.

Market Briefing

HMC will be hosting an investor briefing call on **Thursday, 24 October 2024 at 10:30am (AEDT)**. Investors and analysts wishing to participate can preregister for the call at: <https://s1.c-conf.com/diamondpass/10043021-hg76t5.html>

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

⁹ Adopts the gross fair value movement of HMCCP and financial assets as at 23-Oct-24 plus the annualised operating earnings YTD Oct-24 (excl. HMCCP / Equity investment fair value movements). 44 cents on a diluted basis for the Placement and assuming Placement proceeds are placed in an interest-bearing account.

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About HMC Capital

HMC Capital is a leading ASX-listed diversified alternative asset manager focused on real estate, private equity, energy transition, digital infrastructure and private credit. We manage approximately \$15.4bn on behalf of institutional, high net worth and retail investors. We have a highly experienced and aligned team with deep investment and operational expertise. Our point of difference is our ability to execute large, complex transactions. This has underpinned our rapid FUM growth and track record of generating outsized returns for our investors. We are well positioned to grow our FUM to over \$20bn in the medium term.

Important Notice

DIGICO REIT IPO

To the extent that this announcement relates to DigiCo REIT, it is provided by HMC as corporate authorised representative of the holder of AFSL 291466.

*This announcement refers to the DigiCo REIT IPO. Once it is established, it is proposed that DigiCo REIT will be a stapled entity consisting of a company and a registered managed investment scheme. Shares in the company will be stapled to units in the managed investment scheme on a one for one basis to form stapled securities (**Stapled Securities**). The issuer of the shares in DigiCo REIT is intended to be a company named HMC Digital Infrastructure Ltd (once it has been incorporated). The issuer of the units in DigiCo REIT (which has yet been established as a managed investment scheme for the purposes of the Corporations Act) will be Equity Trustees Limited. The target market for the Stapled Securities is consumers seeking income and capital growth who have a very high risk and return profile, who have a minimum investment timeframe of 5 years and who are seeking to allocate less than 10% of their total investable assets in Stapled Securities. A disclosure document, comprising a prospectus under Chapter 6D of the Corporations Act and a product disclosure statement under Part 7.9 of the Corporations Act (**PDS**) (the prospectus and PDS together the **Disclosure Document**) will be made available on the website of the responsible entity of DigiCo REIT when the Stapled Securities become available for issue and distribution. The Disclosure Document is expected to be made available in December 2024 at www.asx.com.au. Investors should consider the Disclosure Document in deciding whether or not to acquire, or continue to hold, the Stapled Securities.*

FORWARD-LOOKING STATEMENTS

This announcement contains certain “forward-looking statements”. The words “expect”, “anticipate”, “estimate”, “intend”, “believe”, “guidance”, “should”, “could”, “may”, “will”, “predict”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance of HMC, Global Switch Australia and the proposed IPO of DigiCo REIT are also forward-looking statements. 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 and uncertainties and other factors that are beyond the control of HMC, its directors and management. This includes statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Actual results, performance or achievements may differ materially from those expressed or implied in such statements and any projections and assumptions on which these statements are based. These statements may assume the success of HMC’s business strategies. The success of any of those strategies will be realised in the period for which the forward-looking statement may have been prepared or otherwise. Readers are cautioned not to place undue reliance on forward-looking statements and except as required by law or regulation, none of HMC, its representatives or advisers assumes any obligation to update these forward-looking statements. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this announcement. The forward-looking statements are based on information available to HMC as at the date of this announcement. Except as required by law or regulation (including the ASX Listing Rules), none of HMC, its representatives or advisers undertakes any obligation to provide any additional or updated information whether as a result of a change in expectations or assumptions, new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements.

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