

**Form 603**Corporations Act 2001  
Section 671B**Notice of initial substantial holder**

To Company Name/Scheme Hills Limited

ABN 35 007 573 417

**1. Details of substantial holder (1)**

Name Merchant Funds Management Pty Ltd (ACN 154 493 277) as manager of the Merchant Opportunities Fund (ARSN 111 456 387) (**Merchant**) and CIP Licensing Limited (ABN 63 603 558 658) as the responsible entity of the Merchant Opportunities Fund (ARSN 111 456 387) (the **Merchant Opportunities Fund**)

ACN / ARSN (if applicable) See above

The holder became a substantial holder on 28 / 02 / 2019.**2. Details of voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Persons' votes (5)	Voting power (6)
Fully paid ordinary	11,883,625	11,883,625	5.12%

**3. Details of relevant interests**

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Merchant Opportunities Fund	Relevant interest under s608(1)(b) and (c) of the Corporations Act 2001 as the beneficial holder of securities	5,901,569 fully paid ordinary shares
Merchant	Relevant interest under s608(1)(b) and (c) Corporations Act 2001 (Cth) as the manager of the Merchant Opportunities Fund (see Annexure A)	5,901,569 fully paid ordinary shares
JMID Pty Ltd <JAM Superfund>	Relevant interest under s608 (1)(a) of the Corporations Act 2001.	3,200,000 fully paid ordinary shares
Hart Capital Partners Ltd	Relevant interest under s608(1)(b) and (c) Corporations Act 2001 (Cth) as Discretionary Investment Manager (see Annexure C)	2,782,056 fully paid ordinary shares

**4. Details of present registered holders**

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Merchant Opportunities Fund	The Trust Company Ltd (Trust Co) (ABN 33 106 768 012) as custodian for Merchant Opportunities Fund	Trust Co as custodian for Merchant Opportunities Fund	5,901,569 fully paid ordinary shares
Merchant	Trust Co as custodian for Merchant Opportunities Fund	Trust Co as custodian for Merchant Opportunities Fund	5,901,569 fully paid ordinary shares
JMID Pty Ltd <JAM Superfund>	JMID Pty Ltd <JAM Superfund>	JMID PTY Ltd < JAM Superfund>	3,200,000, fully paid ordinary shares
Hart Capital Partners Ltd Discretionary Investment Management Service	BNP Paribas Security Services as custodian for Hart Capital Partners Ltd Discretionary Investment Management Service	BNP Paribas Security Services as custodian for Hart Capital Partners Ltd Discretionary Investment Management Service	2,782,056 fully paid ordinary shares

**5. Consideration**

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
Merchant and Merchant Opportunities Fund	See Annexure A	See Annexure A	N/A	5,901,569 fully paid ordinary shares
JMID Pty Ltd < JAM Superfund>	See Annexure B	See Annexure B	N/A	3,200,000 fully paid ordinary shares
Hart Capital Partners Ltd Discretionary Investment Management Service	See Annexure C	See Annexure C	N/A	2,782,056 fully paid ordinary shares

**6. Associates**

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
	By virtue of section 12(2) of the Corporations Act 2001 each of the persons named in paragraph 3 are associates by virtue of them reaching a relevant agreement as to influencing the composition of the Hills Board.

**7. Addresses**

The addresses of persons named in this form are as follows:

Name	Address
Merchant Funds Management Pty Ltd	Level 3, 101 St Georges Tce PERTH WA 6000
CIP Licensing Limited	Suite 1B, 103 Bolsover St, Rockhampton QLD 4700
Merchant Opportunities Fund	Level 3, 101 St Georges Tce PERTH WA 6000
The Trust Company Ltd	Level 15, 20 Bond Street, Sydney NSW 2001
JMID Pty Ltd < JAM Superfund >	1 Columba Place, Peppermint Grove, WA 6011
Hart Capital Partners Ltd	Level 1/919 Victoria Street, Hamilton, New Zealand 3240
BNP Paribas Securities Services Pty Ltd	Level 6, 60 Castlereagh Street, Sydney, NSW, 2000

**Signature**

print name **ANDREW CHAPMAN** capacity **MANAGING DIRECTOR**

sign here



date **05/03/2019**

**DIRECTIONS**

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations A.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
  - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. If the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

**Annexure A – Consideration Paid for the Relevant Interest**

<b>Holder of Relevant Interest</b>	<b>Transaction</b>	<b>Date</b>	<b>Number of Shares</b>	<b>Total Cost</b>
Merchant Opportunities Fund	Buy	21/01/2019	3,625,612	\$663,858
Merchant Opportunities Fund	Buy	29/01/2019	2,284	\$412
Merchant Opportunities Fund	Buy	30/01/2019	11,452	\$2,068
Merchant Opportunities Fund	Buy	31/01/2019	228,731	\$41,307
Merchant Opportunities Fund	Buy	1/02/2019	83,942	\$15,159
Merchant Opportunities Fund	Buy	4/02/2019	121,347	\$21,915
Merchant Opportunities Fund	Buy	5/02/2019	98,675	\$17,820
Merchant Opportunities Fund	Buy	6/02/2019	13,989	\$2,526
Merchant Opportunities Fund	Buy	7/02/2019	115,861	\$21,368
Merchant Opportunities Fund	Buy	8/02/2019	20,754	\$3,852
Merchant Opportunities Fund	Buy	11/02/2019	1,407	\$261
Merchant Opportunities Fund	Buy	12/02/2019	19,003	\$3,527
Merchant Opportunities Fund	Buy	13/02/2019	20,023	\$3,716
Merchant Opportunities Fund	Buy	14/02/2019	193,622	\$35,932
Merchant Opportunities Fund	Buy	15/02/2019	66,332	\$12,312
Merchant Opportunities Fund	Buy	18/02/2019	134,752	\$25,011
Merchant Opportunities Fund	Buy	19/02/2019	75,090	\$13,937
Merchant Opportunities Fund	Buy	20/02/2019	15,238	\$2,828
Merchant Opportunities Fund	Buy	22/02/2019	52,245	\$9,697
Merchant Opportunities Fund	Buy	25/02/2019	6,000	\$1,114
Merchant Opportunities Fund	Buy	26/02/2019	669,185	\$123,398
Merchant Opportunities Fund	Buy	27/02/2019	227,841	\$42,185
Merchant Opportunities Fund	Buy	28/02/2019	75,268	\$13,971
Merchant Opportunities Fund	Buy	28/02/2019	22,916	\$4,253

**Annexure B – Consideration Paid for the Relevant Interest**

Holder of Relevant Interest	Transaction	Date	Number of Shares	Total Cost
JMID Pty Ltd < JAM Superfund>	Internal Transfer NCBO	22/02/2019	3,200,000	\$592,000

**Annexure C – Consideration Paid for the Relevant Interest**

Holder of Relevant Interest	Transaction	Date	Number of Shares	Total Cost
Hart Capital Partners Ltd under DIMS Contract	Buy	19-Apr-17	1,680,000	\$ 285,885.60
Hart Capital Partners Ltd under DIMS Contract	Buy	20-Apr-17	391515	\$ 72,385.13
Hart Capital Partners Ltd under DIMS Contract	Buy	3-May-17	291,434	\$ 58,228.40
Hart Capital Partners Ltd under DIMS Contract	Buy	17-May-17	129,711	\$ 25,929.19
Hart Capital Partners Ltd under DIMS Contract	Buy	18-May-17	94,014	\$ 18,746.32
Hart Capital Partners Ltd under DIMS Contract	Buy	19-May-17	76,275	\$ 15,270.26
Hart Capital Partners Ltd under DIMS Contract	Buy	1-Nov-17	237,207	\$ 41,552.74
Hart Capital Partners Ltd under DIMS Contract	Buy	6-Nov-17	230,231	\$ 50,998.63
Hart Capital Partners Ltd under DIMS Contract	Buy	7-Nov-17	300,000	\$ 67,263.62
Hart Capital Partners Ltd under DIMS Contract	Buy	10-Nov-17	121,642	\$ 24,352.73
Hart Capital Partners Ltd under DIMS Contract	Sell	1-Feb-18	-82,831	\$ 21,106.91
Hart Capital Partners Ltd under DIMS Contract	Sell	19-Jun-18	-35,000	\$ 7,675.00
Hart Capital Partners Ltd under DIMS Contract	Sell	31-Oct-18	-104,019	\$ 18,698.42
Hart Capital Partners Ltd under DIMS Contract	Sell	12-Nov-18	-300,000	\$ 53,946.00
Hart Capital Partners Ltd under DIMS Contract	Sell	17-Dec-18	-30,000	\$ 5,420.00
Hart Capital Partners Ltd under DIMS Contract	Sell	21-Dec-18	-336,519	\$ 59,941.34
Hart Capital Partners Ltd under DIMS Contract	Cancellation of DIMS agreement with client.	25-Mar-19	-181,608	NCBO
Hart Capital Partners Ltd under DIMS Contract	Buy	28-Feb-19	116,086	\$ 21,500.91
Hart Capital Partners Ltd under DIMS Contract	Buy	4-Mar-19	183,918	\$ 34,058.85