



HEARTS AND MINDS INVESTMENTS LIMITED

ACN 628 753 220

Entitlement and Information Booklet

1 for 8 pro-rata renounceable Entitlement Offer at \$2.50 per Share to raise up to \$62.5 million before Offer Costs

Entitlement Offer closes: 5.00pm (Sydney time) on
Monday 16 December 2019

This is an important document which is accompanied by an Entitlement and Acceptance Form. If you are an Eligible Shareholder, you should read both in full. This document is not a prospectus under the Corporations Act and has not been lodged with the Australian Securities and Investments Commission.

If, after reading this document, you have any questions about whether you should invest in the Entitlement Offer, or any other matter, you should seek professional advice before making any investment decision. You can also contact the HM1 Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday (excluding public holidays) during the Offer Period if you have any questions about the details of the Entitlement Offer.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

IMPORTANT NOTICES

This Information Booklet is dated 27 November 2019. There may be additional announcements that have been made by HM1 after 27 November 2019 and throughout the Offer Period that may be relevant in your consideration of whether to take part in the Entitlement Offer. Therefore, it is prudent that you check whether any further announcements have been made by HM1 before submitting an Application. Announcements made by HM1 can be found at www.heartsandmindsinvestments.com.au.

The Entitlement Offer is made pursuant to Section 708AA of the *Corporations Act* (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73). This Information Booklet does not contain all the information which an investor may require to make an informed investment decision. The information in this Information Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Information Booklet is important and should be read in its entirety before deciding whether to participate in the Entitlement Offer. This Information Booklet is not a prospectus under the *Corporations Act* and has not been lodged with ASIC.

By returning an Entitlement and Acceptance Form together with the requisite Application Monies or otherwise paying for your New Shares through BPAY, in each case in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Information Booklet and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Information Booklet.

This Information Booklet remains subject to change without notice, and HM1 is not responsible for updating this Information Booklet.

Taxation

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares. Section 7 provides a general summary of the Australian income tax, GST and stamp duty implications of the Entitlement Offer for Eligible Shareholders. The summary does not take account of the individual circumstances of particular Eligible Shareholders and does not constitute tax advice. HM1 recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

No overseas offering

This Information Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Information Booklet does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Information Booklet is not to be distributed in, and no offer of New Shares is to be made in, countries other than Australia and New Zealand. The distribution of this Information Booklet in other jurisdictions may be restricted by law and therefore persons who come into possession of this Information Booklet should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction outside Australia or New Zealand.

The distribution of this Information Booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of the information in this Information Booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for HM1 to lawfully receive your Application Monies.

New Zealand

The Entitlements and New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses (as recorded in the Company's share register) in New Zealand or persons in whose favour Entitlements are renounced. The offer of Entitlements and New Shares is being made in New Zealand in reliance on the *Financial Markets Conduct Act 2013* (New Zealand) and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* (New Zealand) (as amended).

This Information Booklet has been prepared in compliance with Australian law and has not been registered with, filed with or approved by a New Zealand regulatory authority. This Information Booklet is not an investment statement, prospectus, or product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that those documents under New Zealand law are required to contain.

Definitions, currency and time

Defined terms used in this Information Booklet are contained in Section 8 of this Information Booklet. All references to currency are to Australian dollars and all references to time are to Sydney time, unless otherwise indicated.

Privacy

HM1 collects information about each Applicant provided in an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in HM1.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to HM1 (directly or through the Share Registry). HM1 collects, holds and will use that information to assess your Application. HM1 collects your personal information to process and administer your shareholding in HM1 and to provide related services to you. HM1 may disclose your personal information for purposes related to your shareholding in HM1, including to the Share Registry, HM1's related bodies corporate, agents, contractors and third-party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies.

HM1 aims to ensure that the personal information HM1 retains about you is accurate, complete and up to date. To assist with this please contact HM1 if any of the details you have provided change. If you have concerns about the completeness or accuracy of the information HM1 has about you, HM1 will take steps to correct it. You can obtain access to personal information that HM1 holds about you. To make a request for access to your personal information held by (or on behalf of) HM1, please contact HM1 through the Share Registry.

If you do not provide the information in the Entitlement and Acceptance Form, HM1 will not be able to issue New Shares in accordance with your instructions.

No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been accepted.

Governing law

This Information Booklet, the Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law applicable in New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

No representations

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Information Booklet. Any information or representation in connection with the Entitlement Offer not contained in the Information Booklet may not be relied upon as having been authorised by HM1 or any of its officers.

Past performance

Investors should note that HM1's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) HM1's future performance including HM1's future financial position or share price performance. The historical information in this Information Booklet is, or is based upon, information that has been released to ASX.

Future performance

This Information Booklet contains certain forward-looking statements with respect to the financial condition and business of HM1 and certain plans and objectives of the Directors and management of HM1. Forward-looking statements can generally be identified by the use of forward-looking words such as "may", "should", "will", "expect", "intend", "plan", "estimate", "anticipate", "believe", "continue", "objectives", "outlook", "guidance" or other similar words, and include statements in this Information Booklet regarding certain plans, strategies and objectives of management of HM1 and expected financial performance, the conduct and outcome of the Entitlement Offer and the use of proceeds.

These forward-looking statements involve known and unknown risks, uncertainties and other factors which are subject to change, without notice, and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct.

These forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. In particular, such forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of HM1. A number of important factors could cause actual results or performance to differ materially from the forward-looking statements. Investors should consider the forward-looking statements contained in this Information Booklet in light of those disclosures

Neither HM1 or any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. HM1 disclaims any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise. HM1 disclaims any responsibility to update or revise any forward-looking statement to reflect any change in HM1's financial condition, status or affairs or any change in events, conditions or circumstances on which a statement is based, except as required by law.

Risks

An investment in New Shares is subject to investment and other known and unknown risks, some of which are beyond the control of HM1, including possible loss of income and principal invested. HM1 does not guarantee any particular rate of return or the performance of HM1, nor does it guarantee the repayment of capital from HM1 or any particular tax treatment.

Shareholders should refer to Section 4 of this Information Booklet for a summary of general and specific risk factors that may affect HM1.



Not for distribution outside Australia and New Zealand

This Information Booklet, any accompanying ASX announcements and the accompanying Entitlement and Acceptance Form do not constitute an offer to sell, or a solicitation of an offer to buy any securities in the United State or to any person who is acting for the account or benefit of any person in the United States (to the extent such person holds HM1 Shares and is acting for the account or benefit of a person in the United States), or any other jurisdiction in which, or to any person to whom, such offer would be illegal. The New Shares have not been, and will not be, registered under the *US Securities Act* or the securities laws of any state or other jurisdiction of the United States.

The Entitlements may not be taken up, and the New Shares may not be offered or sold to, any person in the United States or any person that is, or is acting for the account or benefit of a person in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

This Information Booklet may not be released or distributed in the United States. The distribution of this Information Booklet in other jurisdictions outside Australia and New Zealand may also be restricted by law and any such restrictions should be observed. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

ASX disclosure

HM1 has lodged notices with ASX in compliance with its continuous disclosure obligations under the *Corporations Act* and the Listing Rules. You can view HM1's recent announcements on the ASX website www.asx.com.au or at the HM1 website www.heartsandmindsinvestments.com.au.

When considering whether you should accept all or part of your Entitlement Offer, you should consider HM1's ASX announcements and any risks associated with your personal circumstances. You should also seek professional advice from your stockbroker, financial adviser, accountant or other professional adviser in relation to whether to subscribe for New Shares.

Additional Information

Please read Section 6 of this Information Booklet carefully for other important notices, disclaimers and acknowledgements.

Table of Contents

1	Details of Entitlement Offer	8
2	Key dates	13
3	Actions Required by Shareholders	14
4	Risk factors	20
5	ASX Announcement	22
6	Additional Information	25
7	Tax disclosures	28
8	Definitions	31
9	Corporate information	34

Chairman's letter

27 November 2019

Dear Fellow Shareholder

Yesterday at our Annual General Meeting, our Shareholders supported the resolution to bring TDM Growth Partners on as our sixth Core Fund Manager.

As I said in the AGM Notice of Meeting, your Directors believe that TDM Growth Partners will be a great addition to our suite of Core Fund Managers. They have a strong track record of past performance and importantly focus on holding a concentrated portfolio of companies that are run by passionate management teams and which operate in markets or segments that have long growth runways.

As we also outlined in the Notice of Meeting, to fund HM1's allocation to TDM Growth Partners, your Directors have decided to undertake a fully renounceable Entitlement Offer. The Entitlement Offer provides our Shareholders with the opportunity to acquire 1 New Share for every 8 currently held at the original IPO price of \$2.50 per share.

Due to the strong performance of HM1 since listing just over a year ago, this offer price of \$2.50 per share represents a discount of 20% to HM1's closing price of \$3.13 on 22 November 2019¹, a 19% discount to our most recently announced Post Current Tax NTA of \$3.09 per share and a 18% discount to TERP of \$3.06.²

Entitlement Offer Fully Renounceable

Your Directors have decided to make the Entitlement Offer fully renounceable. Accordingly, as a Shareholder you have a number of choices. You can:

- take up your Entitlement in full or in part;
- sell your Entitlement (in full or part) on the ASX;
- transfer your Entitlement to another party; or
- if you do nothing, HM1 will endeavour to sell your Entitlement on your behalf and the proceeds (if any) will be forwarded to you.

Your Directors commend the Entitlement Offer to you and I confirm that each Director will be taking up their Entitlements in full.

¹ Being the last practicable Trading Day prior to the date of this Information Booklet.

² TERP is the theoretical price at which HM1 Shares trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer and having regard to the Entitlement Offer ratio and New Shares issued under the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which HM1 Shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to HM1's closing price of \$3.13 on 22 November 2019, being the last practicable Trading Day prior to the date of this Information Booklet.

Full details of the Entitlement Offer as well as the key dates are set out in this Information Booklet and I urge you to read it carefully.

Accompanying this Information Booklet is your personalised Entitlement and Acceptance Form.

Please note that the Offer closes at 5.00pm (Sydney time) on Monday 16 December 2019 and that Entitlement trading will cease at close of trading on Monday 9 December 2019.

For further information regarding the Entitlement Offer, please call the HM1 Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday (excluding public holidays). Section 4 of this Information Booklet identifies some of the major risks associated with an investment in HM1. You should also consult your stockbroker, financial adviser, accountant or other professional adviser with any questions or to evaluate whether to participate in the Entitlement Offer.

On behalf of the Board of HM1, I encourage you to consider this investment opportunity and thank you for your ongoing support.



Chris Cuffe AO
Chairman
Hearts and Minds Investments Limited

1 Details of Entitlement Offer

HM1 is offering all Eligible Shareholders the opportunity to buy 1 New Share for every 8 Existing Shares you held on the Record Date.

The New Shares are being offered at a subscription price of \$2.50 per New Share. The subscription price of \$2.50 per New Share represents a discount of 20% to HM1's closing price of \$3.13 on 22 November 2019³, a 19% discount to our most recently announced Post Current Tax NTA of \$3.09 per share and a 18% discount to TERP of \$3.06.

Your Entitlement is set out in the accompanying personalised Entitlement and Acceptance Form.

The Entitlement Offer is renounceable. Accordingly, if you do not wish to take up your Entitlement, you may sell all or part of your Entitlement on ASX between Friday 29 November and Monday 9 December (inclusive) or sell or transfer all or part of your Entitlement directly to another person (please refer to Section 3 of this Information Booklet for more information).

If you take no action, your Entitlement will be sold on your behalf (as set out in Section 3.5 of this Information Booklet) and net proceeds (if any) received from sale of your Entitlement will be paid to you.

There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact the ability to sell Entitlements on ASX and the price able to be achieved for those Entitlements.

Some major risks of an investment in HM1 are identified in Section 4 of this Information Booklet.

When considering whether you should accept all or part of your Entitlement Offer, you should consider HM1's ASX announcements (see ASX website www.asx.com.au or the HM1 website www.heartsandmindsinvestments.com.au) and any risks associated with your personal circumstances. You should also seek professional advice from your stockbroker, financial adviser, accountant or other professional adviser in relation to whether to subscribe for New Shares.

³ Being the last practicable Trading Day prior to the date of this Information Booklet.

1.1 Purpose of the Entitlement Offer

The Entitlement Offer will raise proceeds of up to \$62.5 million (before Offer Costs). The net proceeds raised will be used by HM1 to allocate funds to our new Core Fund Manager, TDM Growth Partners. As with our other Core Fund Managers, the allocation will be invested in the three highest conviction investment ideas of TDM.

As a result of adding TDM as a Core Fund Manager, the investment allocations made by HM1 will change from the initial allocations set out in the IPO Prospectus. Specifically:

- The allocation made to Conference Fund Managers will reduce from approximately 40% of the Portfolio to approximately 35% of the Portfolio; and
- The allocation to Core Fund Managers will increase from approximately 60% of the Portfolio to approximately 65% of the Portfolio.

1.2 Background on TDM Growth Partners

TDM is a global investment firm with offices in Sydney and New York, with a 10 member investment team spread across both offices throughout the year.

TDM’s objective is to invest in fast growing companies run by passionate management teams. TDM operates a highly focused and concentrated portfolio with typically no more than 15 investments globally. TDM operates on long-term time horizons and has held many of its core positions for multi-year periods.

TDM currently manages money on behalf of approximately 20 high net worth clients and family offices and has achieved impressive results since it was founded over 14 years ago. It should be noted that this performance has included contributions from both listed investments as well as unlisted or private investments (typically approximately 20% of the fund).

HM1 will be receiving recommendations from TDM with respect to their highest conviction listed company ideas only.

1.3 Impact on the HM1 Capital structure

Subject to rounding up of fractional Entitlements, the capital structure of HM1 following the issue of New Shares is expected to be as follows:

Impact on HM1 Capital Structure	Number of Issued Shares
Issued Shares (pre-Entitlement Offer)	200,000,000
Maximum number of New Shares to be issued under the Entitlement Offer	25,000,000
Maximum Issued Shares (post-Entitlement Offer)	225,000,000

1.4 Impact on the HM1 Net Tangible Assets per share

The Entitlement Offer is being completed at a discount to the most recently reported Post Current Tax NTA per share of \$3.09. On the basis that the Entitlement Offer is fully subscribed and that the underlying Post Current Tax NTA of HM1 remains stable during the Offer Period, the impact of the Entitlement offer will be to reduce the Post Current Tax NTA per share by 2% from \$3.09 to \$3.02.

Impact on HM1 NTA per share	No. of Issued Shares	Post Current Tax NTA ¹ per share	NTA ² per share
Issued Shares (pre-Entitlement Offer)	200,000,000	\$3.09	\$3.00
Maximum number of New Shares to be issued under the Entitlement Offer	25,000,000	\$2.50	\$2.50
Maximum number of Shares on issue post the Entitlement Offer	225,000,000	\$3.02	\$2.94

1 Post Current Tax NTA is calculated after the provision for tax on operating profits, realised gains and losses on the total investment portfolio and a provision for tax on unrealised gains and losses on the Conference investment portfolio.

2 NTA is calculated after the provision for tax on operating profits and realised and unrealised gains and losses on the total investment portfolio.

1.5 No Underwriting

The Entitlement Offer is not underwritten.

1.6 Eligibility of Shareholders

The Entitlement Offer is being offered to all Eligible Shareholders.

Eligible Shareholders are Shareholders who:

- are registered as a holder of Existing Shares as at 7.00pm (Sydney time) on the Record Date, Monday 2 December 2019;
- have a registered address on the HM1 share register in Australia or New Zealand;
- are not in the United States and are not acting (including as nominee or custodian) for the account or benefit of a person in the United States (to the extent such persons hold Shares for the account or benefit of a person in the United States); and
- are eligible under all applicable securities laws to receive an Entitlement under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

The Company has determined that on this occasion it is unreasonable to make an offer of New Shares to Shareholders with registered addresses outside Australia or New Zealand (**Ineligible Shareholders**). This decision was made having regard to the legal and regulatory requirements in countries other than Australia or New Zealand and the potential costs to HM1 of complying with these legal and regulatory requirements compared with the relatively small number of Shareholders in those countries, the relatively small number of Existing

Shares they hold and the relatively low value of New Shares to which those Shareholders would otherwise be entitled.

The Company may in its absolute discretion extend the Entitlement Offer to Shareholders who have registered addresses outside Australia and New Zealand (except the United States) in accordance with applicable laws.

1.7 Nominee for Ineligible Shareholders

The Company will appoint a nominee (**Nominee**) for the Ineligible Shareholders to arrange for the sale of the Entitlements which would have been offered to them had they been eligible to participate in the Entitlement Offer.

If there is a viable market for Entitlements and a premium over the expenses of their sale can be made, the Nominee will arrange the sale of the Entitlements which would have been attributable to Ineligible Shareholders. The Nominee will distribute to the Ineligible Shareholders the net proceeds (if any) of the sale of Entitlements in proportion to each Ineligible Shareholder's Entitlements at the Record Date by arranging for a cheque, bank draft or money order in Australian dollars to be sent to the address of the Ineligible Shareholder as it appears in the records of HM1's Share Registry.

The Nominee will have absolute and sole discretion to determine the price for which the Entitlements of Ineligible Shareholders may be sold so that a premium over the expenses of their sale can be made, as well as the timing and manner of such sale. Neither HM1 nor the Nominee will be subject to any liability to Ineligible Shareholders for failure to sell the Ineligible Shareholder Entitlements or to sell them at a particular price.

1.8 Directors' intentions

Each of the Directors have confirmed to HM1 that they will take up their Entitlements in full.

1.9 Allotment

HM1 has made an application for quotation of the New Shares on ASX. Trading of New Shares will occur, subject to ASX approval, shortly after allotment. It is expected that allotment of the New Shares under the Entitlement Offer will take place no more than 5 Business Days after the close of the Entitlement Offer.

Application Monies will be held by HM1 on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them prior to trading in the New Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk.

1.10 Information availability

Eligible Shareholders can obtain a copy of this Information Booklet from the ASX website www.asx.com.au and the HM1 website www.heartsandmindsinvestments.com.au or by calling the HM1 Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) at any time from 8.30am to 5.30pm (Sydney time) Monday to Friday (excluding public holidays) during the Offer Period. Persons who access the electronic version of this Information Booklet should ensure that they download and read the entire Information Booklet. The electronic version of this Information Booklet will not include an Entitlement and Acceptance Form. A replacement Entitlement and Acceptance Form can be requested by calling the HM1 Offer Information Line on the above numbers.

1.11 Enquiries

For further information on the Entitlement Offer, please call the HM1 Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia), from 8.30 am to 5.30pm (Sydney time) Monday to Friday (excluding public holidays) and read the Information Booklet. If you have any further questions, you should contact your stockbroker, financial adviser, accountant or other professional adviser.

If you have lost your Entitlement and Acceptance Form and would like a replacement form, you should contact the HM1 Offer Information Line on the above telephone numbers.

2 Key dates

The below table sets out the key dates in respect of the Entitlement Offer.

Announcement of Entitlement Offer	Wednesday, 27 November 2019
Entitlements trading on ASX begins on deferred settlement basis	Friday, 29 November 2019
"Ex" date	Friday, 29 November 2019
Record date for eligibility in the Entitlement Offer	Monday, 2 December 2019
Entitlement Offer opens	Thursday, 5 December 2019
Entitlement Offer and Information Booklet despatched, and Entitlements allotted	Thursday, 5 December 2019
Entitlement trading on ASX on normal settlement basis begins	Friday, 6 December 2019
Entitlements trading on ASX ends	Monday, 9 December 2019
New Shares under the Entitlement Offer commence trading on ASX on deferred settlement basis	Tuesday, 10 December 2019
Entitlement Offer closes	Monday, 16 December 2019
Notification of Shortfall to ASX	Thursday, 19 December 2019
Issue of New Shares under the Entitlement Offer	Monday, 23 December 2019
Despatch of holding statements for New Shares under the Entitlement Offer	Monday, 23 December 2019
New Shares under the Entitlement Offer commence trading on ASX on a normal settlement basis	Tuesday, 24 December 2019

The above timetable is indicative only and subject to change.

All time references are to Sydney time. HM1 reserves the right to amend any or all these events, dates and times without notice subject to the *Corporations Act 2001* (Cth), the ASX Listing Rules and other applicable laws. In particular, HM1 reserves the right to extend the Closing Date of the Entitlement Offer (subject to the Corporations Act and Listing Rules), to accept late applications under the Entitlement Offer (either generally or in particular cases), and to withdraw the Entitlement Offer without prior notice. Any extension of the Closing Date will have a consequential effect on the issue of New Shares.

HM1 also reserves the right not to proceed with the whole or part of the Entitlement Offer any time prior to issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants.

3 Actions Required by Shareholders

What you may do – choices available

If you are an Eligible Shareholder, you may:

- (a) take up your Entitlement in full (refer Section 3.1)
- (b) sell your Entitlement on ASX (refer Section 3.2);
- (c) sell part of your Entitlement on ASX and take up the balance (refer Section 3.3);
- (d) transfer all or part of your Entitlement to another person (refer Section 3.4); or
- (e) do nothing (refer Section 3.5).

3.1 If you wish to take up your Entitlement

If you wish to take up your Entitlement in full, follow the instructions set out in your personalised Entitlement and Acceptance Form.

Please return your completed Entitlement and Acceptance Form together with your Application Monies in accordance with the instructions on the Entitlement and Acceptance Form to the Share Registry so that it is received no later than 5.00pm (Sydney time) on Monday 16 December 2019 at the address set out below.

By hand delivery (not to be used if mailing)

Hearts and Minds Investments Limited
c/-Boardroom Pty Limited
Level 12, 225 George Street SYDNEY NSW 2000

By post

Hearts and Minds Investments Limited
c/-Boardroom Pty Limited
PO Box 3993
SYDNEY NSW 2001

Payment by BPAY

You may also take up all your Entitlement by paying the requisite amount of Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form (which includes the Biller Code and your unique Customer Reference Number). If you receive more than one personalised Entitlement and Acceptance Form, you will need to complete individual BPAY transactions using the Customer Reference Number specific to each individual personalised Entitlement and Acceptance Form that you receive.

You can only make a payment via BPAY if you are the holder of an account with an Australian branch of a financial institution that supports BPAY transactions.

If payment is being made by BPAY, you do not need to return the Entitlement and Acceptance Form and you will be deemed to have made the declarations set out in this

Information Booklet and on the Entitlement and Acceptance Form. Your payment must be received by no later than 5.00pm (Sydney time) on Monday 16 December 2019.

You should be aware that your financial institution may implement earlier cut off times with regards to electronic payment and you should therefore take this into consideration when making payment. You may also have your own limit on the amount that you can pay via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit.

If you take up and pay for all your Entitlement before the close of the Entitlement Offer, it is expected that you will be issued New Shares on Monday 23 December 2019.

HM1 reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Entitlement Offer is **5.00pm (Sydney time) on Monday 16 December 2019** (however, that date may be varied by HM1, in accordance with the Corporations Act and the Listing Rules).

3.2 If you wish to sell your Entitlement on ASX

If you wish to sell your Entitlement on ASX, you should instruct your stockbroker personally and provide them with details they request as set out in your personalised Entitlement and Acceptance Form.

You can sell your Entitlements on ASX from Friday 29 November 2019 (on a deferred settlement basis) and from Friday 6 December 2019 (on a normal settlement basis). All sales on ASX must be effected by 4.00pm (Sydney time) on Monday 9 December, when Entitlements trading ends on ASX.

Eligible Shareholders who sell their Entitlement before receiving confirmation of their Entitlement in the Entitlement and Acceptance Form do so at their own risk.

HM1 will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade their Entitlements before they receive their personalised Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by HM1 or the Share Registry or otherwise, or who otherwise trade or purport to trade Entitlements in error which they do not hold or are not entitled to.

HM1 will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by HM1 or the Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error which they do not hold or are not entitled to.

You can ascertain your correct Entitlement by calling your stockbroker or the HM1 Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) from 8.30 am to 5.30 pm (Sydney time) Monday to Friday (excluding public holidays).

3.3 Taking up part of the Entitlement and electing for the balance to be sold

If you wish to take up part of your Entitlement and sell the balance on ASX, you need to:

- (a) complete and return your personalised Entitlement and Acceptance Form for the number of New Shares you wish to take up with the requisite Application Monies (or pay your Application Monies via BPAY by following the instructions set out in the Entitlement and Application Form); and
- (b) in respect of the part of your Entitlement to be sold on ASX, you should instruct your stockbroker personally and provide them with details they request as set out in your personalised Entitlement and Application Form.

If payment is made through BPAY and HM1 receives an amount that is less than the Issue Price multiplied by your Entitlement (**Reduced Amount**), your payment will be treated as an application for as many New Shares as your Reduced Amount will pay for in full.

3.4 Transfer all or part of your Entitlement to another person

If you wish to transfer all or part of your Entitlement to another person or party other than on-market using ASX, then you must do the following:

- (a) Complete a standard renunciation form (which you can obtain from your stockbroker or via the HM1 Offer Information Line);
- (b) Have the transferee complete the Entitlement and Acceptance Form;
- (c) Have the transferee organise a cheque, bank draft or money order for the amount due in respect of the New Shares, payable to 'Hearts and Minds Investments Limited' and crossed 'not negotiable'; and
- (d) Arrange for each of the documents referred to above to be delivered so that they are received by no later than 5.00pm (Sydney time) on Monday 16 December by the Share Registry at:

By hand delivery (not to be used if mailing)

Hearts and Minds Investments Limited
c/-Boardroom Pty Limited
Level 12, 225 George Street SYDNEY NSW 2000

By post

Hearts and Minds Investments Limited
c/-Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Please note you can only transfer or renounce your Entitlement through the Share Registry if they are Issuer Sponsored. You should seek advice from your stockbroker in this regard.

The transferee's address must be an address in Australia or New Zealand (unless HM1 otherwise agrees) and the transferee must not be in the United States or acting for the account or benefit of any person in the United States.

3.5 Entitlement not taken up – if you do nothing

Any Entitlement not taken up or sold by you will be sold after Monday 16 December 2019 in accordance with the following:

- (a) HM1 will appoint a Nominee to sell those Entitlements after the close of trading on ASX on Monday 16 December 2019 (subject to amendment to the timetable);
- (b) Those Entitlements will only be sold to Eligible Shareholders who agree to exercise those Entitlements and pay the subscription price of \$2.50 per New Share; and
- (c) Eligible Shareholders for whose benefit the Entitlements have been sold will receive any premium paid over the subscription price of \$2.50 per New Share after deducting any transfer expenses.

The ability to sell those Entitlements and the price obtained for them are dependent on various factors, including market conditions. Neither HM1 nor the Nominee will be subject to any liability for failure to sell those Entitlements or to sell them at a particular price.

If you do nothing, although you will continue to own the same number of Existing Shares in HM1, the NTA per share will likely be reduced as a result of the Entitlement Offer and, therefore, your shareholding will be diluted.

3.6 Payment

The consideration for the New Shares is payable in full on application by a payment of \$2.50 per New Share. The Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order for the Application Monies. Cheques must be drawn in Australian currency on an Australian bank and made payable to '**Hearts and Minds Investments Limited**' and crossed 'not negotiable'.

Alternatively, you may arrange for payment of the Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Eligible Shareholders must not forward cash by mail. Receipts for payment will not be issued.

HM1 will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement.

Any Application Monies received for more than your final allocation of New Shares, will be refunded as soon as practicable after the close of the Entitlement Offer. No interest will be paid to Applicants on any Application Monies received or refunded.

If HM1 receives an amount that is less than the Issue Price multiplied by your Entitlement (**Reduced Amount**), your payment will be treated as an application for as many New Shares as your Reduced Amount will pay for in full.

3.7 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form accompanied by the requisite Application Monies, or a payment made through BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Information Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. The Directors' (or their delegates') decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies or making a payment by BPAY, you will also be deemed to have acknowledged, represented and warranted for yourself and on behalf of each person on whose account you are acting that you and/or they:

- (a) have read and understood this Information Booklet and your personalised Entitlement and Acceptance Form;
- (b) are an Eligible Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or an issue of New Shares under the Entitlement Offer;
- (c) acknowledge that the New Shares have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside Australia or New Zealand;
- (d) have not and will not send any materials relating to the Entitlement Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States;
- (e) agree to be bound by the terms of the Entitlement Offer set out in this Information Booklet;
- (f) represent and warrant that all details and statements in the Entitlement and Acceptance Form are completed and accurate;
- (g) are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (h) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's Share Registry using the contact details set out in the Entitlement and Acceptance Form;
- (i) authorise HM1 to register you as the holder(s) of New Shares allotted to you;
- (j) were the registered owner(s) at the Record Date of the Shares indicated on your personalised Entitlement and Acceptance Form as being held by you on the Record Date;

- (k) acknowledge that this Information Booklet is not a prospectus, does not contain all the information that you may require to assess an investment in HM1 and is given in the context of HM1's past and ongoing continuous disclosure announcements to ASX;
- (l) acknowledge the major risks contained or referenced in Section 4 of this Information Booklet;
- (m) acknowledge that HM1 or its related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, do not guarantee the performance of HM1, nor do they guarantee the repayment of capital;
- (n) agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- (o) represent and warrant that the law of any place does not prohibit you from being given this Information Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an Application for New Shares and that you are otherwise eligible to participate in the Entitlement Offer;
- (p) acknowledge that once HM1 receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY, you may not withdraw your Application or funds provided except as allowed by law;
- (q) agree to apply for and be issued up to the number of New Shares specified in your personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY, at the Issue Price per New Share; and
- (r) acknowledge that the information contained in, or accompanying, this Information Booklet is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs.

3.8 Brokerage and stamp duty

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for New Shares under the Entitlement Offer. Please note you may incur brokerage if you choose to sell your Entitlement on ASX.

4 Risk factors

4.1 Introduction

This Section describes the key risks of investing in HM1 together with the risk relating to participation in the Entitlement Offer. You should consult your own professional, financial, legal and tax advisers about the risks and suitability of investing in light of your particular circumstances.

This is not an exhaustive list of the relevant risks and the risks set out below are not in order of importance. The risks set out below and other risks not specifically referred to may in the future materially adversely affect the value of the New Shares and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by HM1 in respect of the New Shares.

In deciding whether to participate in the Entitlement Offer, you should read this Information Booklet in its entirety and carefully consider the risks outlined in this Section. You should also consider publicly available information on HM1 and examine the full content of this Information Booklet.

4.2 Previously disclosed risks

At the time of the IPO of HM1, the IPO Prospectus outlined a range of risks that were associated with investing in HM1. A copy of the IPO Prospectus can be found at www.heartsandmindsinvestments.com.au and it is recommended that Shareholders read the risk disclosure contained in the IPO Prospectus.

In summary, the risks include investment strategy risks including fund manager risk, fund manager selection risk and stock selection risk. Further, there are risks associated with investing in listed securities including foreign issuer and market risk, currency risk, market risk, equity risk, interest rate risk, default risk, liquidity risk, portfolio turnover risk, counterparty risk, regulatory risk, concentration risk and company risk.

4.3 New Risks arising from the Entitlement Offer

Fund manager risk and share selection risk for TDM Growth Partners

In addition to the continuing risks that have previously been disclosed, the addition of TDM as a Core Fund Manager introduces the risk that they will be unable to provide recommendations which generate a return for HM1. Should TDM become unable to provide recommendations for HM1 or should there be significant key personnel changes at TDM, HM1's investment activities may be disrupted and its performance negatively impacted.

It should be noted that this risk already exists for HM1 with respect to each of its Core Fund Managers.

Renouncement risk

If you are an Eligible Shareholder, and you do not take up or sell your Entitlement under the Entitlement Offer, then your Entitlement will be treated as renounced and will be sold on your behalf and any net proceeds of sale of your Entitlement will be paid to you. However, there is no guarantee that any value will be received for your renounced Entitlement.

The Nominee's ability to sell Entitlements and the ability to obtain any premium will be dependent upon various factors, including market conditions.

To the maximum extent permitted by law, HM1, the Nominees and the respective related bodies corporate, affiliates or the directors, officers, employees or advisors of any of them, will not be liable, including for negligence, for any failure to procure applications at a price in excess of the Issue Price.

You should also note that if you do not take up all of your Entitlement, then your percentage security holding in HM1 will be diluted by not participating to the full extent in the Entitlement Offer.

Risk of selling or transferring Entitlements

If you are an Eligible Shareholder and do not wish to take up your Entitlement, you can sell it on ASX or transfer it to another person or entity other than on ASX.

Prices obtained for Entitlements may rise and fall over the Offer Period and liquidity may vary. If you sell or transfer your Entitlement at one stage in the Offer Period, you may receive a higher or lower price than an Eligible Shareholder who sells or transfers their Entitlement at a different stage in the Offer Period.

5 ASX Announcement

The enclosed ASX announcement is current as of 27 November 2019. There may be other announcements that may be made by HM1 after 27 November 2019 and throughout the Offer Period that may be relevant in your consideration of whether to take up, sell or transfer all or some of your Entitlement. Those announcements will be available on www.asx.com.au and you should check those announcements before submitting an Application or selling or transferring your Entitlement.

HM1 ANNOUNCES RENOUNCEABLE ENTITLEMENT OFFER

Overview

Hearts and Minds Investments Limited (ASX:HM1) (the “Company”) today announced a renounceable pro-rata entitlement offer at \$2.50 per share to raise up to \$62,500,000 (before costs) (“Entitlement Offer”). Eligible shareholders have the opportunity to buy 1 new share for every 8 existing shares (“New Shares”) held on the record date (“Entitlement”).

Due to the strong performance of HM1 since listing just over a year ago, this offer price of \$2.50 per New Share represents a discount of 20% to HM1’s closing price of \$3.13 on 22 November 2019, a 19% discount to our most recently announced Post Current Tax NTA of \$3.09 per share and a 18% discount to TERP of \$3.06.¹

Each New Share issued under the Entitlement Offer will rank equally with existing HM1 shares.

Each of the Directors have confirmed to HM1 that they will take up their Entitlements in full.

The Entitlement Offer is renounceable. Accordingly, if you do not wish to take up your Entitlement, you may sell all or part of your Entitlement on ASX between Friday 29 November 2019 and Monday 9 December 2019 (inclusive) or sell or transfer all or part of your Entitlement directly to another person.

Purpose for Entitlement Offer

The net proceeds raised from the Entitlement Offer will be used by HM1 to allocate funds to our new Core Fund Manager, TDM Growth Partners (“TDM”). As with our other Core Fund Managers, the allocation will be invested in the three highest conviction investment ideas of TDM.

As a result of adding TDM as a Core Fund Manager, the investment allocations made by HM1 will change from the initial allocations set out in the IPO Prospectus. Specifically:

- The allocation made to Conference Fund Managers will reduce from approximately 40% of the Portfolio to approximately 35% of the Portfolio; and
- The allocation to Core Fund Managers will increase from approximately 60% of the Portfolio to approximately 65% of the Portfolio.

TDM Growth Partners – overview

TDM is a global investment firm with offices in Sydney and New York, with a 10 member investment team spread across both offices throughout the year.

TDM’s objective is to invest in fast growing companies run by passionate management teams. TDM operates a highly focused and concentrated portfolio with typically no more than 15 investments globally. TDM operates on long-term time horizons and has held many of its core positions for multi-year periods.

TDM currently manages money on behalf of approximately 20 high net worth clients and family offices and has achieved impressive results for over 14 years. It should be noted that this performance has included contributions from both listed investments as well as unlisted or private investments (typically approximately 20% of the fund).

HM1 will be receiving recommendations from TDM with respect to their highest conviction listed company ideas only.

Timeline of Entitlement offer²

Launch of Entitlement Offer	Wednesday, 27 November 2019
"Ex" date	Friday, 29 November 2019
Entitlements trading on ASX begins on deferred settlement basis	Friday, 29 November 2019
Record date for eligibility in the Entitlement Offer	Monday, 2 December 2019
Entitlement Offer opens	Thursday, 5 December 2019
Entitlement Offer and Information Booklet despatched and Entitlements allotted	Thursday, 5 December 2019
Entitlement trading on ASX on normal settlement basis begins	Friday, 6 December 2019
Entitlements trading on ASX ends	Monday, 9 December 2019
New Shares under the Entitlement Offer commence trading on ASX on deferred settlement basis	Tuesday, 10 December 2019
Entitlement Offer closes	Monday, 16 December 2019
Notification of Shortfall to ASX	Thursday, 19 December 2019
Issue of New Shares under the Entitlement Offer	Monday, 23 December 2019
Despatch of holding statements for New Shares under the Entitlement Offer	Monday, 23 December 2019
New Shares under the Entitlement Offer commence trading on ASX on a normal settlement basis	Tuesday, 24 December 2019

Other information

For further information regarding the Entitlement Offer, please call the HM1 Offer Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) from 8:30am to 5:30pm (Sydney time) Monday to Friday (excluding public holidays).

Section 4 of the Entitlement and Information Booklet identifies some of the major risks associated with an investment in HM1. You should also consult your stockbroker, financial adviser, accountant or other professional adviser with any questions or to evaluate whether to participate in the Entitlement Offer.

¹ TERP is the theoretical price at which HM1 shares trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer and having regard to the Entitlement Offer ratio and New Shares issued under the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which HM1 shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to HM1's closing price of \$3.13 on 22 November 2019, being the last practicable Trading Day prior to the date of the Entitlement and Information Booklet.

² All dates and times are indicative and subject to change without notice.

6 Additional Information

6.1 Notice to nominees and custodians

The Entitlement Offer is being made to all Eligible Shareholders. Nominees with registered addresses in Australia or New Zealand, may also be able to participate in the Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold Existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Shareholder.

Nominees and custodians which hold Existing Shares as nominees or custodians will have received, or will shortly receive, a letter from HM1. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Entitlement Offer is not available to beneficiaries on whose behalf they hold Existing Shares who would not satisfy the criteria for an Eligible Shareholder.

Due to legal restrictions, nominees and custodians must not:

- (a) distribute any part of this Information Booklet or any Entitlement and Acceptance Form in any country outside Australia, except to beneficial holders of Existing Shares in New Zealand; or
- (b) take up any Entitlements on behalf or, or send any documents related to the Entitlement Offer to, any person in the United States.

HM1 is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of Existing Shares or Entitlements.

6.2 Ranking of New Shares

The New Shares issued under the Entitlement Offer will be fully paid and rank equally with Existing Shares.

The rights attaching to the New Shares are set out in HM1's constitution and are regulated by the Corporations Act, the Listing Rules and general law.

6.3 Rounding of New Shares

Where fractions arise in the calculation of Entitlements, they will be rounded up to the next whole number of New Shares.

6.4 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been accepted.

6.5 Not financial product advice

This Information Booklet is not a prospectus, product disclosure statement or other offering document under Australian law or any other law (and will not be lodged with ASIC or any foreign regulator). This Information Booklet is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction. Any Eligible Shareholder who wishes to participate in the Entitlement Offer should consider this Information Booklet in full. Any Eligible Shareholder who wishes to subscribe for and purchase New Shares will need to follow the instructions contained in this Information Booklet and the Entitlement and Acceptance Form which accompanies it. This Information Booklet does not constitute investment or financial product advice or any recommendation to acquire Shares or New Shares and does not and will not form any part of any contract for the acquisition of New Shares.

Each recipient of this Information Booklet should make their own enquiries and investigations regarding all information in this Information Booklet, including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of HM1 and the impact that different future outcomes may have on HM1. This Information Booklet has been prepared without taking account of any person's investment objectives, financial situation or particular needs.

Before making an investment decision, Eligible Shareholders should consider the appropriateness of the information having regard to their own objectives, financial situation and needs, make their own assessment of the information and seek advice appropriate to their jurisdiction in relation to the information and any action taken on the basis of the information. Any reference to, or explanations of legislation, regulatory issues or any other legal commentary (if any) are indicative only, and do not summarise all relevant issues and are not intended to be a full explanation of a particular matter. HM1 is not licensed to provide financial product advice in respect of the New Shares.

If, after reading this Information Booklet, you have any questions about whether you should invest in the Entitlement Offer, you should seek professional advice from a licensed advisor before making any investment decision.

6.6 Continuous Disclosure

HM1 is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules, including the preparation of annual reports and half yearly reports.

HM1 is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, HM1 has an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of

Shares. That information is available to the public from ASX or on the HM1 website at www.heartsandmindsinvestments.com.au.

6.7 Financial Data

All financial data is presented as at the date of this Information Booklet unless otherwise stated.

6.8 Foreign jurisdictions

This Information Booklet has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

This Information Booklet, any accompanying ASX announcements and the Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person holds Existing Shares and is acting for the account or benefit of a person in the United States) or in any jurisdiction in which, or to any person to whom it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer or the New Shares, or otherwise permit the offering of the New Shares, in any jurisdiction other than Australia and New Zealand. Return of the personalised Entitlement and Acceptance Form will be taken by HM1 to constitute a representation by you that there has been no breach of any such laws. Eligible Shareholders who are nominees or custodians should see Section 6.1.

The distribution of this document (including in electronic format) outside Australia and New Zealand may be restricted by law. If you come into possession of this Information Booklet, you must observe such restrictions. In particular, this document or any copy of it must not be distributed in the United States. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

6.9 Governing law

This Information Booklet, the Entitlement Offer and the contracts formed on acceptance of Applications made pursuant to the Entitlement Offer are governed by the law applicable in New South Wales, Australia. Each Shareholder who applies for New Shares submits to the non-exclusive jurisdiction of the courts of that place.

6.10 Offer Costs

King & Wood Mallesons have agreed to forego fees that they would normally charge in relation to services provided to the Company in respect of this Entitlement Offer.

7 Tax disclosures

Introduction

This Section is a general summary of some key Australian income tax, goods and services tax (GST) and stamp duty implications of the Entitlement Offer for Eligible Shareholders.

The taxation implications of the Entitlement Offer will vary depending upon your particular circumstances. Accordingly, you should seek and rely upon your own professional advice before concluding on the taxation treatment that will apply to you.

Neither HM1, nor any of its officers or employees, nor its taxation and other advisers, accepts any liability or responsibility in respect of any statement concerning taxation consequences or in respect of the taxation consequences.

The comments in this Section deal only with the Australian taxation implications of the Entitlement Offer if you:

- (a) are a resident for Australian income tax purposes; and
- (b) hold your Shares on capital account.

The comments in this Section **do not** apply to you if you:

- (a) are not a resident of Australia for Australian income tax purposes; or
- (b) hold your Shares as revenue assets or trading stock (which will generally be the case if you are a bank, insurance company or carry on a business of share trading); or
- (c) are subject to the 'taxation of financial arrangement rules' (commonly referred to as TOFA rules) in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in relation to your holding of Existing Shares, Entitlements or New Shares; or
- (d) acquired the Existing Shares in respect of which Entitlements are issued under any employee share scheme or where the New Shares are acquired pursuant to any employee share scheme; or
- (e) acquired Entitlements otherwise than because you are an Eligible Shareholder.

This taxation summary is necessarily general in nature and is based on the Australian tax legislation and administrative practice in force as at the date of this Information Booklet. It does not take into account any financial objectives, tax positions, or investment needs of Eligible Shareholders. It is strongly recommended that each Eligible Shareholder seek their own independent professional tax advice applicable to their particular circumstances.

Issue of Entitlements

The issue of Entitlements should not, of itself, result in any amount being included in your assessable income.

Sale of Entitlements

If you sell your Entitlement on ASX or otherwise, you should derive a capital gain for capital gains tax (CGT) purposes equal to the sale proceeds less certain non-deductible costs of disposal.

You will be treated as having acquired your Entitlement on the same day on which you acquired your Existing Shares which gave rise to your Entitlement. Accordingly, individuals, trustees or complying superannuation entities that have held their Existing Shares for at least 12 months prior to the date they sell their Entitlements should be entitled to discount the amount of a capital gain resulting from the sale of their Entitlements. The CGT discount is discussed below.

Entitlements sold by Nominee

Any Entitlements not taken up by you will be sold on your behalf by a Nominee and any premium received in respect of the Entitlements (being an amount paid over the subscription price of \$2.50 per New Share after deducting any transfer expenses) will be remitted as a cash payment to you.

The Commissioner of Taxation (Commissioner) has released Taxation Ruling TR 2017/4 “Income tax: taxation of rights and retail premiums under renounceable rights offers where shares held on capital account” in which the Commissioner ruled that shareholders do not need to include any amount in their assessable income upon the grant of the entitlement, and that any premium received on entitlements will be treated as capital proceeds from the realisation of a CGT asset. Accordingly:

- a. Eligible Shareholders whose Entitlements are sold by a Nominee should derive a capital gain for CGT purposes equal to the amount of any cash payment received; and
- b. Eligible Shareholders who are individuals, complying superannuation entities or trustees that have held their Existing Shares for at least 12 months prior to the date of sale, should be entitled to the CGT discount in respect of any capital gain resulting from the sale of the Entitlements by the Nominee (after the application of any current year or carry forward capital losses).

The Commissioner has also confirmed that premiums paid to Eligible Shareholders are not ordinary income, or a dividend, for income tax purposes.

Exercise of Entitlement

Neither an income tax nor a capital gains tax liability will arise for you on the exercise (i.e. taking up) of your Entitlement.

If you take up all or part of your Entitlement, you will acquire New Shares with a cost base for CGT purposes equal to the Issue Price payable by you for those New Shares plus certain non-deductible incidental costs you may incur in acquiring them.

New Shares will be taken to have been acquired for CGT purposes on the day you exercise the Entitlement.

Dividends on New Shares as a result of Entitlements taken up

Any future dividends or other distributions made in respect of New Shares will generally be subject to the same income tax treatment as dividends or other distributions made on existing Shares held in the same circumstance.

Disposal of New Shares

The disposal of a New Share will constitute a disposal for CGT purposes.

On disposal of a New Share, you will make a net capital gain if the capital proceeds on disposal exceed the total cost base of the New Share. You will make a capital loss if the capital proceeds are less than the total reduced cost base of the New Share. The cost base of New Shares is described above.

Individuals, trustees or complying superannuation entities that have held New Shares for at least 12 months or more at the time of disposal should be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting any current year or carry forward capital losses). The CGT discount factor is 50% for individuals and trustees and 33 1/3% for superannuation entities.

New Shares will be treated for the purposes of the capital gains tax discount as having been acquired when you exercise your Entitlement. Accordingly, to be eligible for the CGT discount, the New Shares must have been held for at least 12 months after the date that you exercised your Entitlement.

If you make a capital loss, you can only use that loss to offset other capital gains from other sources; i.e. the capital loss cannot be used against taxable income on revenue account. However, if the capital loss cannot be used in an income year it can be carried forward to use in future income years, providing certain tests are satisfied.

Provision of TFN and/or ABN

HM1 may be required to withhold tax from you on payments of dividends that are not fully franked, at the specified rate, and remit such amounts to the ATO, unless you have provided an Australian Business Number (**ABN**), Tax File Number (**TFN**), or you have informed us that you are exempt from quoting your TFN or ABN.

You are not required to provide your TFN or ABN to HM1, however you may choose to do so. If you have previously quoted your ABN, TFN, or have notified us that an exemption from quoting your TFN/ABN exists, that quotation or exemption will also apply in respect of any New Shares acquired by you.

Other Australian taxes

No GST or stamp duty will be payable by you in respect of the issue, sale or taking up of your Entitlement or the acquisition of New Shares.

8 Definitions

These definitions are provided to assist persons in understanding some of the expressions used in this Information Booklet.

Applicant means a person who has applied to subscribe for New Shares by submitting an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Application means the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies or arranging for payment through BPAY in accordance with the instructions on the Entitlement and Acceptance Form.

Application Monies means the aggregate amount of money payable for the New Shares applied for in a duly completed Entitlement and Acceptance Form or through BPAY.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ACN 628 753 220 or the securities exchange operated by it (as the case requires).

Board means the board of Directors of HM1.

Business Day has the same meaning as in the Listing Rules.

Closing Date means the day the Entitlement Offer closes, being 5.00pm (Sydney time) on Monday 16 December 2019 or such other day as determined by the Directors in accordance with the Listing Rules.

Company or HM1 means Hearts and Minds Investments Limited ACN 628 753 220.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Director Interests means the relevant direct and indirect interest of each Director in the Shares of the Company.

Directors means the directors of the Company.

Eligible Shareholder means a Shareholder who:

- (a) is registered as a holder of Shares at 7.00pm (Sydney time) on the Record Date Monday 2 December 2019;
- (b) has a registered address on the HM1 share register in Australia or New Zealand;
- (c) is not in the United States and is not a person (including a nominee or custodian) acting for the account or benefit of a person in the United States (to the extent

such persons hold Shares for the account or benefit of a person in the United States); and

- (d) is eligible under all applicable securities laws to receive an Entitlement under the Entitlement Offer without any requirement for a prospectus to be lodged or registered.

Entitlement means the right to subscribe for 1 New Share for every 8 Existing Shares held on the Record Date pursuant to the Entitlement Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this Information Booklet.

Entitlement Offer means a pro rata renounceable offer to Eligible Shareholders to subscribe for New Shares on the basis of 1 Share for every 8 Existing Shares of which the Eligible Shareholder is the registered holder on the Record Date at an Issue Price of \$2.50 per New Share.

Existing Shares means the Shares already on issue in the Company as at the Record Date.

Ineligible Shareholder means a Shareholder (or beneficial holder of Shares) who is not an Eligible Shareholder.

Information Booklet means this document.

IPO Prospectus means the prospectus dated 28 September 2018 in relation to the initial public offering of Shares in HM1.

Issue Price means \$2.50 per New Share.

Listing Rules means the official listing rules of ASX.

Nominee means the nominee appointed by HM1 to arrange for the sale of the Entitlements not taken up by the Closing Date or which would have been offered to Ineligible Shareholders had they been eligible to participate in the Entitlement Offer.

New Shares means Shares to be allotted and issued under the Entitlement Offer.

NTA means the value of the Company's total assets less the value of its intangible assets and the value of its liabilities divided by the number of Shares on issue.

Offer Costs means direct costs of the Entitlement Offer including fees paid to the Nominee, advisers and to providers of specific services to cover Share Registry, printing and postage costs.

Offer Period means the period commencing on Thursday 5 December 2019 and ending on Monday 16 December 2019.



Record Date means 7.00pm (Sydney time) on Monday 2 December 2019.

Shareholders means holders of Shares.

Shares means fully paid ordinary shares in the capital of the Company.

Share Registry means Boardroom Pty Limited ABN 14 003 209 836.

Shortfall means, as the context requires, those New Shares not taken up under the Entitlement Offer or the equivalent value of those New Shares based on the Issue Price.

Trading Day has the meaning given in the Listing Rules.

TDM means TDM Growth Partners.

US Securities Act means the *US Securities Act* of 1933, as amended.



Corporate information

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