



Thursday, 28 November 2019

Dear Shareholder,

Renounceable Entitlement Offer – Letter to Shareholders

As announced on 27 November 2019, Hearts and Minds Investments Limited (ACN 628 753 220) (**HM1**) is seeking to raise up to \$62,500,000 (before costs) by way of a renounceable pro rata entitlement offer (**Entitlement Offer**).

Under the Entitlement Offer, HM1 will offer new fully paid ordinary shares (**New Shares**) to Eligible Shareholders (as defined below) at an issue price of \$2.50 each on the basis of 1 new share for every 8 shares (**Entitlement**) held at 7.00pm (Sydney time) on Monday, 2 December 2019 (**Record Date**).

The Entitlement Offer is being made to all shareholders of HM1 on the Record Date whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

Entitlement and Information Booklet

This letter is not an offer, but rather an advance notice of some key terms and conditions of the Entitlement Offer. Full details of the Entitlement Offer will be set out in the Entitlement and Information Booklet to be mailed to Eligible Shareholders on or about Thursday, 5 December 2019, together with a personalised Entitlement and Acceptance Form.

The Entitlement and Information Booklet is also available on ASX's website and the Company's website at www.heartsandmindsinvestments.com.au.

Purpose of the Entitlement Offer

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 Growth Partners. Your Directors believe that TDM Growth Partners will be a great addition to our suite of Core Fund Managers. TDM Growth Partners have a strong 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 that have long growth runways.

The Entitlement Offer provides our shareholders with the opportunity to acquire 1 new share, for every 8 shares currently held, at the original listing price of \$2.50 per share. Due to the strong performance of HM1 since listing just over a year ago, the offer price of \$2.50 represents a discount of 20% to HM1's closing price of \$3.13 on 22 November 2019.

If you wish to take up your Entitlements



If you wish to take up your Entitlement in full, you will need to follow the instructions which will be set out in your personalised Entitlement and Acceptance Form accompanying the Entitlement Offer Booklet.

Acceptances under the Entitlement Offer will close at 5.00pm (Sydney time) on Monday, 16 December 2019.

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.

All ASX sales of entitlements must be effected by close of the entitlement trading period (9 December 2019).

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 together with the aggregate amount of money payable for those New Shares (or pay the requisite amount via BPAY by following the instructions set out in the Entitlement and Application Form); and
- (b) in respect of Entitlements 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.

All ASX sales of entitlements must be effected by close of the entitlement trading period (9 December 2019).

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 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 Boardroom Pty Limited ABN 14 003 209 836.



Entitlements not taken up – if you do nothing

Any Entitlements 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); and
- (b) you will receive any premium paid over the subscription price of \$2.50 per New Share after deducting any transfer expenses.

Indicative Timetable

The indicative timetable for the Entitlement Offer is as follows:

Event	Date
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



Please note that the above timetable is subject to change. The Company reserves the right to vary the timetable for the Entitlement Offer without notice, subject to the *Corporations Act 2001 (Cth)*, ASX Listing Rules and other applicable laws. The commencement of quotation of new securities is subject to confirmation from the ASX.

Generally, shares purchased on market on or after the “Ex Date” for the Entitlement Offer (ie. Friday, 29 November 2019) are not entitled to participate in the Entitlement Offer. If you have any doubt, please consult your stock broker or other professional adviser.

Shareholders should read the Entitlement and Information Booklet carefully. If you have any questions about the Entitlement Offer that are not answered in the Entitlement and Information Booklet, you should consult your accountant, stockbroker, lawyer or other professional adviser before deciding whether to participate in the Entitlement Offer.

Yours sincerely

A handwritten signature in black ink, appearing to read "Chris Cuffe". The signature is fluid and cursive, with a large initial 'C'.

Chris Cuffe AO

Chairman
Hearts and Minds Investments Limited