

FOR IMMEDIATE RELEASE

28 June 2017

ACQUISITION OF REDCAPE HOTEL GROUP FOR \$677 million

and

UPGRADED EARNINGS GUIDANCE

REDCAPE HOTEL GROUP ACQUISITION

- **A Moelis Australia managed fund (“Fund”) has agreed to acquire the Redcape Hotel Group (“Redcape”) for \$677 million (excluding transaction costs).**
- The Redcape portfolio consists of 25 gaming focused hotels in NSW and Queensland.
- Redcape is the second largest gaming hotel operator in NSW.
- Moelis Australia will invest \$40 million in the Fund as a strategic investment.
- Moelis Australia plans a future IPO of the Fund on the ASX.

EARNINGS UPDATE – INCREASED GUIDANCE

- **Moelis Australia is increasing its forecast Underlying EBITDA¹ for the year ending 31 December 2017 (“FY17”) to \$29 million a 25% increase on its IPO Prospectus forecast of \$23.2 million.**
- On an annualised basis, assuming the acquisition of Redcape and Armada Funds Management¹ (“Armada”) had been completed on 1 January 2017, forecast Underlying EBITDA² for FY17 would have been \$36 million (a 55% increase on the Prospectus forecast of \$23.2 million).
- Moelis Australia expects to have in excess of \$2.5 billion of assets under management by 31 December 2017, significantly exceeding its IPO prospectus forecast of \$1.5 billion.
- Reflecting the strong growth in assets under management driven by Redcape and Armada, 66% of annualised FY17 Underlying EBITDA would have been derived from Asset Management compared to the IPO prospectus forecast of 48%.
- Each of Moelis Australia’s business segments is performing strongly.

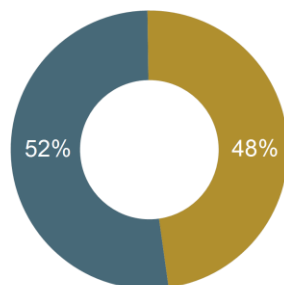
¹ See Moelis Australia Limited’s ASX announcement dated 3 May 2017 regarding acquisition of Armada.

² Underlying EBITDA is a key profit measure used by Moelis Australia to assess performance. Underlying EBITDA is profit before depreciation, amortisation, interest and tax, adjusted for various items which are either non-cash or non-recurring in nature. Underlying EBITDA will not correspond to the disclosures in Moelis Australia Limited’s financial statements as it relates to a management reporting definition. Please note the Moelis Australia Limited Prospectus only disclosed pro-forma EBIT, and not EBITDA, as the two measurements were materially the same.

MOELIS AUSTRALIA FORECAST KEY FINANCIAL METRICS (FY17)

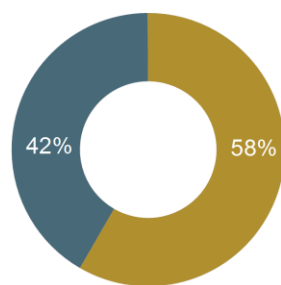
Financial Metrics	IPO Forecast	Revised Forecast ³	% increase on IPO	Annualised Forecast ⁴	% increase on IPO
BUSINESS SEGMENT UNDERLYING EBITDA					
Corporate Advisory & Equities	\$12.1m	\$12.1m	-	\$12.1m	-
Asset Management	\$11.1m	\$17m	+53%	\$24m	+116%
MOELIS AUSTRALIA					
Underlying EBITDA	\$23.2m	\$29m	+25%	\$36m	+55%
Underlying NPAT ⁵	\$16.8m	\$21m	+25%	\$26m	+55%
Underlying EPS ⁶ (cents)	13.4¢	16.5¢	+23%	19.5¢	+45%

IPO FORECAST EBITDA



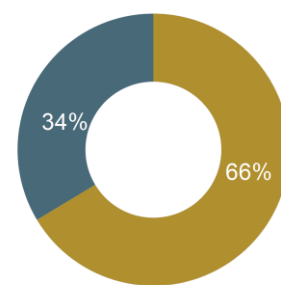
\$23.2 million

REVISED FORECAST EBITDA



\$29 million

ANNUALISED FORECAST EBITDA



\$36 million

■ Corporate Advisory & Equities ■ Asset Management

MOELIS AUSTRALIA REDCAPE HOTEL GROUP

A Moelis Australia managed fund, the Moelis Australia Redcape Hotel Group, has today entered into an agreement to acquire the Redcape Hotel Group for approximately \$677 million.

The Redcape portfolio consists of 25 gaming focused hotels, 22 of which are located in NSW and three in Queensland. In NSW, the Redcape portfolio has a strong market position benefitting from the population and gaming growth corridors of Sydney. The portfolio contains 18 of the top 200 gaming hotels in NSW.

³ Revised Forecast has been prepared on a basis that assumes the Redcape transaction completes on 10 July 2017 and the acquisition of Armada completed on 1 June 2017.

⁴ Annualised Forecast assumes the Redcape and Armada acquisitions completed on 1 January 2017 and therefore contributed a full 12 months to the financial metric.

⁵ Underlying NPAT is profit after tax adjusted for various items which are either non-cash or non-recurring in nature. Underlying NPAT will not correspond to the disclosures in Moelis Australia's financial statements as it relates to a management reporting definition.

⁶ Underlying EPS is Underlying NPAT / weighted average shares on issue over the relevant period.

On completion of the acquisition, the majority of Redcape's existing head office staff will be employed directly by Moelis Australia Asset Management and will continue to operate the Redcape portfolio of gaming hotels pursuant to a hotel operating agreement. Certain Redcape senior executives will be issued up to 426,797⁷ ordinary shares in Moelis Australia as part of the transaction.

Equity funding for the acquisition has been sourced from a combination of existing Moelis Australia managed funds, high net worth investors, family offices and Moelis Australia directors and executives. In addition Moelis Australia will invest \$40 million in Moelis Australia Redcape Hotel Group, representing a 10% interest in the Fund, as a strategic investment. Following this announcement, Moelis Australia Asset Management will provide eligible investors an opportunity to invest in the Fund.

The Moelis Australia Redcape Hotel Group is forecast to deliver an initial cash yield to investors of 8.75% per annum (paid quarterly) with anticipated earnings growth of 3% - 5% per annum. The gaming hotels are being acquired on a portfolio capitalisation rate of 9.6%.

Andrew Pridham, Chief Executive Officer of Moelis Australia said "We are delighted to have facilitated the acquisition of Redcape on behalf of our managed funds and co-investors. Moelis Australia managed funds have invested in the Sydney gaming hotel market since 2014 and have experienced outstanding returns for our investors. We believe that Redcape represents a leading and unique portfolio managed by a very strong and experienced team at both the executive and operational level."

K&L Gates was the legal advisor to Moelis Australia in relation to the establishment of the Moelis Australia Redcape Hotel Group and the acquisition of Redcape. The acquisition is expected to complete in July 2017.

MOELIS AUSTRALIA UPDATE

Since its IPO in April 2017, Moelis Australia has entered into agreements to acquire Redcape Hotel Group and Armada Funds Management. In aggregate, these two acquisitions represent management of assets of approximately \$1.5 billion which will result in Moelis Australia having in excess of \$2.5 billion of assets under management by 31 December 2017, a significant increase in the \$1.5 billion of assets under management forecast in Moelis Australia's recent IPO prospectus.

The acquisition of Redcape and Armada, and the confidence derived from the strong underlying performance of the broader Moelis Australia business, has resulted in the Board of Moelis Australia increasing its forecast FY17 Underlying NPAT to \$21 million, an increase of 25% on its IPO prospectus forecast.

Post completion of the Redcape acquisition in July 2017, Moelis Australia will have approximately \$15 million in cash in addition to its \$40 million investment in Redcape and other investments with a carrying value of approximately \$9 million. Moelis Australia expects to generate strong cash flow in

⁷ Moelis Australia proposes to issue up to 426,797 new ordinary shares to certain Redcape senior executives who transfer their employment to Moelis Australia Asset Management. 296,079 of these shares will be restricted on issue with 20% vesting each year for the five years following completion and subject to the beneficiaries remaining employed by the Moelis Australia Group. The shares will be issued at \$3.06 per share (being the last trading price of Moelis Australia shares immediately prior to this announcement) and are within Moelis Australia's 15% placement capacity and will rank equally with all other ordinary shares on issue.

the second half of FY17 supported by the strong performance of its underlying business, investment portfolio and the earnings contribution from Redcape and Armada.

Mr. Pridham commented, “We are very pleased with the overall direction and performance of the entire Moelis Australia business and consider our capacity to increase the forecast FY17 Underlying NPAT by 25% as a reflection of the hard work of our staff and strong business model.

It is important to recognise that the earnings benefit from the Redcape and Armada acquisitions only contribute approximately six months and seven months respectively to the revised FY17 forecast. The full benefit of these acquisitions should be realised in FY18 and beyond.”

Mr Pridham said “Aside from the positive impact of the Redcape and Armada acquisitions we are benefiting from the strong performance of our underlying Corporate Advisory & Equities business. Moelis Australia experienced strong client activity in the first half of FY17 across a variety of mandates. Some transactions, which are public, where Moelis Australia has advised include:

- Hitachi Construction Machinery on its takeover of Bradken Limited;
- Slater & Gordon on its corporate debt restructuring;
- BlueScope Steel on its sale of New Zealand Steel Mining Limited;
- Hunter Hall International on its merger with Pengana Capital Group;
- Centuria Metropolitan REIT on its merger with Centuria Urban REIT;
- ROKT as lead investor on its successful Series “B” financing round; and
- Grays eCommerce Group on its sale to Eclipx Group.

The change in our revenue composition is significant in that contracted revenue, derived from assets under management, strongly compliments transactional based revenue. On an annualised basis, 66% of our Underlying EBITDA in FY17 would be derived from our Asset Management division, up from a forecast of 48% at the time of our IPO in April 2017, which is a significant increase in a relatively short period of time.”

ENDS