MOELIS AUSTRALIA

19 February 2020

ASX ANNOUNCEMENT

2019 – Strong Business Growth & Increased Dividend

Moelis Australia is pleased to present its financial performance for 2019 (“FY19”), provide commentary on our outlook for 2020 & beyond and detail changes to our Board and management structure.

In 2019 Moelis Australia celebrated its tenth year of operation and pleasingly delivered a strong financial performance – highlighted by record Statutory and Underlying Revenue. Over the course of FY19 we achieved an appropriate balance of delivering strong Underlying financial results while investing for future growth.

Highlights of FY19

- Growth in net Assets Under Management (“AUM”) of $1.2 billion, taking total AUM to $4.9 billion (+32% on FY18). Underlying Revenue in Asset Management increased 14% to $96.7 million[1]

- Strong growth in revenue. Statutory Revenue up 7% to $153.7 million and Underlying Revenue up 16% to $158.3 million[1,2]

- Acceleration of investment in people. Key strategic hires in all areas of the business represents an investment for future growth. In total, we hired 24 team members across the Group in FY19

- Declaration of a fully franked Dividend of 10.0 cents per share, an increase of 25% on FY18. The dividend record date is 27 February 2020 with payment expected on 4 March 2020

- Prudent capital management. Our average cash balance in FY19 was $109.5 million. Our strong cash balance provides flexibility and assists future growth. At 31 December 2019 our cash balance was $128.8 million, and this is after investing $27.2 million in a successful buy-back of 8 million shares at $3.40 per share. The impact of the share buy-back increases future earnings per share (“EPS”) by approximately 5%, all else being equal.

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[1] Underlying Revenue, EBITDA, NPAT and EPS and other measures of underlying performance are not prepared in accordance with International Financial Reporting Standards (“IFRS”) and are not audited. Detailed reconciliations between the Underlying and IFRS measures are provided in Moelis Australia’s 2019 Results presentation and note 3 of the Directors Report of its 31 December 2019 Consolidated Financial Report (“2019 Results”)

[2] Statutory Revenue refers to Total income on the Consolidated Statement of Profit or Loss and Other Comprehensive Income

Key financial metrics for FY19 relative to the prior corresponding period of FY18:

- Statutory Revenue up 7% ($153.7 million up from $143.2 million)[3]
- Statutory EBITDA down 8% ($52.0 million down from $56.2 million)[4]
- Statutory Net Profit after Tax down 23% ($23.5 million down from $30.5 million)
- Statutory EPS down 23% (15.5 cents down from 20.0 cents)

- Cash and cash equivalents up 49% ($128.8 million up from $86.7 million)
- Net Tangible Assets per share of $1.36 (down ~5% from $1.43)
- Fully franked Dividend of 10.0 cents per share (up 25% from 8.0 cents per share)
- Shares on Issue at 31 Dec 2019 ~146.6 million (down ~5% on 31 Dec 2018 following buy-back)

- Underlying Revenue up 16% ($158.3 million up from $136.3 million)[5]
- Underlying EBITDA up 6% ($63.5 up from $59.8 million)[1,6]
- Underlying Net Profit after Tax up 2% ($40.2 million up from $39.3 million)[1]
- Underlying EPS up 3% (26.5 cents up from 25.7 cents)[1]

When reading our Statutory and Underlying results, the most significant adjustments are:

- The addition of a $6.4 million performance fee relating to our management of Redcape Hotel Group. This fee was included in the FY18 Statutory result but not recorded as Underlying Revenue until FY19. This reflects our conservative view on the timing of the recognition of performance fees

- The removal of a non-cash $5.0 million share of an accounting loss associated with accounting for developments in Infinite Care, a Fund managed by Moelis Australia. This accounting treatment does not relate to the valuation of the Fund or our co-investment

- The $2.2 million gain on the sale of our 50% interest in a boutique asset management business. This gain was recorded in our FY18 Statutory result but not recorded as Underlying Revenue until FY19 following completion of the sale and receipt of cash proceeds which occurred in early 2019

- For further information on adjustments between Statutory and Underlying results, please refer to the detailed reconciliation provided in the FY19 Investor Presentation and Annual Report

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[3] Statutory Revenue refers to Total income on the Consolidated Statement of Profit or Loss and Other Comprehensive Income

[4] Statutory EBITDA is not a recognised IFRS measure but has been presented to provide a comparable measure to the Underlying Result

[5] Underlying Revenue, EBITDA, NPAT and EPS and other measures of underlying performance are not prepared in accordance with International Financial Reporting Standards ("IFRS") and are not audited. Detailed reconciliations between the Underlying and IFRS measures are provided in Moelis Australia's 2019 Results presentation and in note 3 of the Directors Report of its 31 December 2019 Consolidated Financial Report ("2019 Results")

[6] The previously reported FY18 Underlying EBITDA result of $57.5 million has been adjusted by $2.3 million to reflect the estimated impact of AASB 16 Leases should it have been applied in 2018.

MOELIS AUSTRALIA

Performance Review of Core Business Activities

Asset Management

The Asset Management division produced approximately 77% of Moelis Australia's Underlying EBITDA before corporate overheads in FY19. This result was derived from Underlying Revenue of $96.7 million (up 14% from $84.8m in FY18). Importantly, base management fee income grew by 21% in FY19. Overall, Asset Management Revenue which is recurring in nature, represented 74% of total Underlying Revenue for our Asset Management activities.

At 31 December 2019 we had approximately $4.9 billion in AUM (up 32% on 31 Dec 2018). Our pipeline of client inflows and transaction opportunities is strong. Total AUM is one metric that indicates overall scale and growth in Asset Management. However, we note that fee outcomes differ between Funds and that our principal focus remains the performance of each Fund and the overall revenue earned across our portfolio of AUM.

We manage assets for an increasingly diverse portfolio of Institutional, High Net Worth ("HNW") and Retail investors. Key areas of focus are:

- Core Real Estate (~$2.2 billion of AUM primarily across shopping centres and commercial assets);
- Operating Real Estate (largely Hospitality) (~$1.2 billion of AUM);
- Credit Strategies (~$0.9 billion of AUM); and
- Private Equity, Venture Capital and ASX Listed Equities (~$600 million of AUM)

Net AUM growth was $1.2 billion which reflects client inflows less client redemptions and the sale and purchase of some managed assets.

As we have previously stated, we believe Real Estate and Credit assets continue to be sought by our clients. Investor demand for cash yielding assets is being driven by low interest rates and we anticipate this environment to persist for an extended period.

Our initiatives in the Credit space have increased significantly over the past 12 months. Over this time frame, we have continued to focus on refining proprietary systems and overall product development. We maintain our view that the current opportunity in Credit is significant. Tailwinds exist owing to the low interest rate environment coupled with contractionary lending dynamics within the Australian banking system. The current market is presenting us with many opportunities.

Where possible we look to control the origination and underwriting standards of the credit assets we manage. We believe that this allows us to better control their credit characteristics, pricing and volume. We are actively exploring opportunities to grow our credit origination platform. This includes seeking opportunities to increase our activities in originating and managing residential mortgages. The size of the residential mortgage market in Australia is in excess of $1.8 trillion. We see it is a significant opportunity.

Inflows into our **Secured Loan Series Fund** have been strong. This Fund has ~$250 million of AUM (up ~$130 million in FY19). The underlying assets of this Fund are first mortgages secured against Australian real estate. The Fund pays monthly distributions and investor demand for this product remains high.

Our **Fixed Income Fund** also had strong capital inflows during FY19 and has ~$110 million of AUM (up ~$100m in FY19). The Fixed Income Fund has been particularly attractive to investors in today's low interest rate environment. It targets monthly distributions of 4% over the RBA cash rate. Investors in the Fund benefit from Moelis Australia's credit enhancement structure. The underlying assets of this Fund include consumer, commercial and accounts receivable backed loans.

In December, we raised capital into our newest credit Fund, **The Moelis Australia Private Credit Fund.** This Fund provides loans to small and medium sized enterprises backed by a combination of real estate, equipment and receivable assets. The Fund is positioned to benefit from market dynamics which are positive for non-bank lenders. We believe this dynamic will persist over the medium to long-term in the Australian market and we are focused on increasing our presence in credit. Promising inflows into this new Fund have continued in 2020.

Moelis Australia is now the market leader in Australian **legal disbursement funding**. Our lending platform in this credit vertical today manages a loan book comprising approximately 17,000 borrowers. This business continues to show strong growth and attractive returns. A growing portion of our disbursement loan book is financed via the Fixed Income Fund. As previously stated, we continue to review the potential application of our disbursement funding expertise and technology in much larger markets outside of Australia.

We are pleased with the continued growth of our Asset Management business and overall our funds' investment performance has been pleasing. However, we remain disappointed with the performance of our strategic investment in Japara Healthcare Limited (ASX:JHC) and our funds invested in the childcare space. Both the aged care and childcare sectors continue to experience difficult market dynamics. However, we continue to work hard to maximise outcomes for all stakeholders in these asset classes.

Foreign High Net Worth Investors

Capital inflows from foreign HNW clients, the majority of who emanate from China, were strong in FY19. The fourth quarter of FY19 was particularly encouraging and this strength has carried over into FY20. We have had pleasing results in attracting investment from foreign HNW clients into funds not related to the Significant Investor Visa ("SIV") programme. We remain focused on increasing these initiatives.

Many of our early SIV investors have now reached their prescribed investment horizons and are eligible for residency. This has resulted in some redemptions. However, we have been successful in retaining the investment funds of many SIV clients within our portfolio of available funds. Overall, the net flow of SIV capital to our funds continued to grow in FY19.

Our market leading position in the SIV programme and service to Chinese clients was recognised by winning the 2019 AUSTCHAM Westpac Business Excellence Award for Professional and Business Services.

Growing our presence in China remains an ongoing priority. Our office in Shanghai serves as a headquarters for our China team that now also has an ongoing presence in Beijing. Our expansion into China is fundamental to positioning ourselves within the world's fastest growing HNW market. Our growing network of Chinese clients continues to demonstrate the benefits of this expansion. The situation relating to the Novel Coronavirus does not, at this point, show signs of having a significant impact on the growth of our China focused activities although we will continue to monitor it.

The Commonwealth Government is undertaking a review of the Terms of the business and investment visa programme which poses the question *"can Australia get a better deal?"*. We are supportive of the review which is the third review of the terms of the SIV program since its commencement in 2012.

Demand from potential SIV investors remains strong and this is reflected in our pipeline of future investors.

Hotel Management

Moelis Australia Hotel Management ("MAHM") is our wholly owned hospitality management business.

MAHM is an active manager of hotel assets with industry leading expertise in hotel venue management, acquiring & disposing assets and undertaking venue refurbishments.

The largest activity for MAHM is managing and operating the hotels assets owned by ASX listed **Redcape Hotel Group** (ASX:RDC) being 32 venues with a gross asset value of approximately $1.2 billion.

While Redcape faced difficult trading conditions over its six months to 30 June 2019 (Redcape has a 30June financial year end) it has today announced a strong 1H20 result including a 10.9% increase in distributable earnings per security and life-for-like revenue growth of 6.2%.

Moelis Australia has a co-investment in Redcape Hotel Group of approximately $60 million. This investment delivers strong alignment with Redcape's security holders. It also delivers a cash yield of approximately 8% per annum and potential for capital growth. We believe this is attractive in the current low interest rate environment.

In November 2019, a single asset Fund managed by MAHM contracted to acquire the iconic **Beach Hotel in Byron Bay** for $104m (before-costs) with settlement occurring on 10 February 2020. Bryon Bay is widely recognised as a premier destination and the Beach Hotel is an iconic venue located on prime real estate in the heart of the local community. **The Beach Hotel Fund** was closed for subscription early in FY20 with client demand for this investment Fund being extremely strong.

Asset Management Branding

Moelis Australia has a long-standing strategic partnership with its largest shareholder, global Investment Bank Moelis & Company. This partnership is principally focused on the provision of Corporate Advisory and Equity services in Australia and New Zealand. Prior to our Initial Public Offering ("IPO") in early 2017, Moelis Australia operated under the single trading name of Moelis & Company. At the time of listing the name was changed to Moelis Australia to reflect the independent listing of the Australian business and introduction of third party shareholders.

Since listing, the proportion of Moelis Australia's business relating to asset management has grown materially (AUM of $1.2 billion at IPO has grown to approximately $5 billion today). In order to better reflect our evolving focus and business activities, Moelis Australia will progressively change the branding of its Asset Management division to MA Asset Management. The new branding aims to clearly distinguish between our Asset Management and Corporate Advisory activities while maintaining links to our heritage.

The Corporate Advisory & Equities business branding will remain unchanged as Moelis Australia, reflecting the strong ongoing strategic partnership with Moelis & Company.

Corporate Advisory & Equities

Underlying Revenue for FY19 in Corporate Advisory & Equities was $61.7 million (up 20% on FY18). This was primarily driven by advising on an increased number of transactions compared with FY18. Equities commissions were slightly lower (-$300k) in FY19 than FY18 but the division made a significant contribution in the facilitation of Equity Capital Market ("ECM") transactions throughout the year.

Our ECM business is performing strongly. We continue to grow our reputation and capability in ECM services in Australia. In the second half of 2019 we were involved in raising over $2.2 billion in equity for clients across 18 transactions. This included acting on eight IPOs, which includes three of Australia's largest 10 IPOs. Highlighting our growing strength in the technology sector we acted on two of the five largest IPO's involving technology companies.

Corporate Advisory activity in the second half of FY19 was strong. This positive earnings momentum, together with a promising transaction pipeline, gives us confidence for the first half of FY20. This is in part due to transactions which commenced in FY19 but will not close until FY20.

Corporate Advisory revenue has typically been seasonal with a clear skew to the second half. This seasonality was particularly evident in 2019 with 70% of revenue achieved in the second half. We believe that the seasonality in FY19 showed a larger second half skew as a result of the challenging capital markets in the fourth quarter of 2018 and first quarter of 2019.

In 2019 we welcomed three new Managing Directors and associated teams. These hires reflect an important long-term investment in growing our capability in Corporate Advisory & Equitiess. In total our average Corporate Advisory headcount increased 34%. We flagged in our 1H19 results that our experience when hiring new teams is that it can take 18+ months for them to reach full productivity. This investment can, for a period, have a dilutive impact on our revenue productivity. Despite this we are delighted with the positive influence of our newest team members.

It is worth noting that over our first decade of operation our Corporate Advisory business has remained very consistent in terms of performance. We have averaged approximately $1.4 million of revenue per executive over this time having grown our average executive headcount progressively from 6 in 2010 to 46 in 2019.7 Our strategy has been to progressively grow our advisory headcount but with a clear focus on maintaining acceptable productivity per executive as we do so. In FY2019 productivity was $1.2 million per executive, the same as in FY18 despite adding 12 new executives.[7]

[7] Average full time FTEs at 31 December 2019

2020 Year to Date and Outlook

The nature of our business means that it is complex to forecast expected revenue performance with precision so early in our financial year. That said, we are well positioned for the year ahead.

- Net increase in AUM since the end of FY19 has been approximately $150m. This increase includes the impact of the February 2020 settlement of the Beach Hotel Byron Bay (+$104 million) and the disposal of the Grand Hotel, Rockdale (-$30.2m). The realisation of the Grand Hotel Fund saw its investors enjoy an IRR of 20% over its ~5-year life. Moelis Australia will recognise a performance fee of $2.4 million in 1Q20 because of this transaction.

- Corporate Advisory & Equities revenue recognised thus far in FY20 is above that at the comparable time in FY19. The transaction pipeline remains strong with momentum continuing from a strong second half in FY19. We continue to guide to a revenue range of $1.1 million - $1.3 million per executive, noting that revenue is transactional in nature.

- We have made significant investment in people (24 hires in 2019), technology and offices to assist in growing our capacity to raise and manage third-party funds in our various investment strategies. We are confident that this investment will deliver quantifiable results in terms of capital inflows, retention of clients and investment returns.

- Our large cash balance provides capacity for ongoing investment in growth. Capital capacity added to our growing footprint of experienced executives, diverse business activities and capital raising capability should assist us in identifying new business opportunities. We are reviewing numerous commercial growth opportunities with a focus on expanding our activities in credit and real estate.

- Moelis Australia has approximately $57 million of core borrowings.[8] Of this approximately $32 million is due for repayment in the second half of FY20. We have been reviewing for some time the most cost-effective means to refinance or extend the maturity of this debt facility.

[8] Excludes Mater Credit Trust and Redeemable Preference Shares, for more information please see Note 23 of the FY19 Annual Report

Changes to Moelis Australia Management Structure and Board

Moelis Australia believes that carefully considered succession and strategic management planning is fundamental to delivering strong and sustained long-term performance.

With that in mind, Moelis Australia today announces the following key changes to its management structure and Board:

- Andrew Pridham appointed Moelis Australia Group Vice Chairman; and
- Julian Biggins and Chris Wyke appointed Joint Chief Executive Officers of Moelis Australia

Mr Andrew Pridham, as a co-founder has been CEO of Moelis Australia since 2009. He will now move to the position of Group Vice Chairman effective 2nd March 2020. His new executive role remains his sole commercial activity and Mr Pridham's position as an Executive Director of Moelis Australia Limited and Director of the Moelis Australia Foundation remains unchanged.

Mr Julian Biggins and Mr Chris Wyke, both co-founders of the Company will become joint CEOs. Mr Wyke will be appointed to the Moelis Australia Board and his employment terms remain unchanged as set out in the 2019 Annual Report. Mr Biggins has been on the Board since IPO.

Moelis Australia Independent Chairman Mr Jeffrey Browne said "Andrew is an outstanding leader, proven business builder and deal maker. It demonstrates the shared view of the Board and Andrew that strong businesses need to continue to evolve. Andrew's transition to a new role has been carefully planned and thoughtfully timed to allow Chris Wyke and Julian Biggins, who co-founded the business with Andrew and Moelis & Company in 2009, to lead the business through its next phase of growth. It is important for me to emphasise that Andrew will continue an active involvement in the business as an Executive Director, major shareholder and Group Vice Chairman. His increased client focused role will, I believe, contribute significantly to the ongoing growth of the business."

Mr Pridham said "Having worked so closely with Julian and Chris for almost 20 years I have complete confidence that each has the experience and skills necessary to drive the ongoing growth of the Company. I am excited to continue our close working and personal relationship for many years to come in our respective new roles.

I am proud of the business we have built at Moelis Australia and am confident of what can be achieved in the future. New senior executive leadership will bring renewed energy combined with a consistency of approach. As co-founders of Moelis Australia, Chris and Julian have a deep understanding of its strategy, culture and business platform. I believe that their leadership will deliver great results in the years ahead.

I am a strong advocate of orderly succession planning. After 10 years as Managing Director and CEO of Moelis Australia, I believe that now is an appropriate time for me to transition the significant managerial aspects of the role to Julian and Chris.

I remain passionate about and fully committed to the business. I am a significant shareholder in Moelis Australia Limited and the majority of my shareholding remains subject to ongoing voluntary escrow. I look forward to having greater time to focus my professional efforts on clients, revenue generation, identifying strategic growth opportunities, and developing our executives. These are roles I have enjoyed over my 30 years working in the investment banking industry.

I am particularly passionate about our plans to establish “The Moelis Academy”. This initiative will materially increase our already significant efforts in developing the skills and capability of our talented team members. The Moelis Academy will involve intensive formal in-house practical education in disciplines highly relevant to today’s professionals. Our formal programmes will be largely developed and lead by our own highly experienced senior executives. By actively investing in the development of our people I believe we can continue to grow our reputation as a Company people are proud and excited to work for – a benefit in recruitment, retention and achievement of career satisfaction. I plan to personally drive this initiative as part of my new role. “

Summary

Overall 2019 was a very pleasing year for Moelis Australia. We believe we achieved an appropriate balance of delivering attractive short-term results while investing for future growth.

Continuing to grow Moelis Australia, as we have done over the past decade, requires a careful balance of investment, innovation and risk management.

We believe that we are well placed to continue our growth. The business platform we manage today has an attractive portfolio of quality businesses. We continue to believe that the combination of our Corporate Advisory & Equities business with that of our Asset Management platform enables us to hire, develop and retain high quality people who deliver great results for our clients and investors. The depth of talent of our people when combined with our strong capital position and culture of optimism and innovation positions Moelis Australia well for the future.

Mr Andrew Pridham said "Our business is in great shape. In 2019 we achieved a record Underlying financial result and today we manage $5 billion in assets for client. Our balance sheet is strong, and we continue to identify and review exciting growth opportunities. Importantly, our senior executive team is motivated, experienced and has genuine depth. I believe that the outlook for the business is better than it has ever been."

ENDS

Authorised for release by the Board of Directors, Moelis Australia Limited.

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