

## TRADING UPDATE

### Earnings Upgrade

**Sydney, 15 November 2017** – Moelis Australia Limited (“Moelis Australia”) (ASX:MOE) provides the following trading update:

Moelis Australia is experiencing strong trading levels in all business segments. Continuous disclosure obligations require an updating of the prior forecast.

- **Underlying FY17 EBITDA upgraded to at least \$38 million (an increase of at least 15% on the prior guidance of \$33 million)**
- **Underlying FY17 revenue forecast to exceed \$100 million**
- **Moelis Australia has approximately \$165 million in cash and liquid securities**
- **Moelis Australia Redcape Hotel Group (“Redcape”) has entered into contracts to acquire two hotels (including the previously announced Andergrove Tavern). Further, it has entered into a Heads of Agreement to acquire a third hotel located in Sydney. Subject to final documentation it expects to shortly enter into a binding contract for this hotel. Should all three acquisitions proceed the combined purchase price is approximately \$100 million**
- **Raising up to \$60 million of new equity in Redcape at a forecast FY18 distribution yield of 8.3% with priority participation given to existing Redcape investors, Moelis Australia Asset Management investors and Moelis Australia shareholders (who satisfy wholesale investor requirements)**

#### **Underlying Earnings Forecast**

On 16 August 2017 Moelis Australia announced an upgraded Underlying FY17 EBITDA outlook of \$33 million. Based on the financial outlook for the balance of FY17 Moelis Australia's Underlying FY17 EBITDA is now expected to be at least \$38 million.

The higher underlying EBITDA outlook is driven by pleasing activity levels across all business segments. The \$142 million in new equity and debt capital recently raised by Moelis Australia has had no direct impact on the improved Underlying FY17 EBITDA outlook announced today. This new capital is held as cash or liquid securities. However, Moelis Australia's balance sheet strength should assist in future growth initiatives.

### **Corporate Advisory & Equities**

Client based activity remains strong. Revenue from Corporate Advisory in FY17 is likely to be approximately \$1.4 million per executive head. This is above our stated baseline productivity target of \$1.1m - \$1.3m per executive head.

Activity remains strong for the remainder of FY17 as is the outlook for the first quarter of FY18.

### **Asset Management**

- Infinite Care acquisition and associated equity raising (~\$70m) has successfully completed.
- Redcape has entered into unconditional contracts to acquire two hotels being:
  - Freehold of Cabramatta Inn, Cabramatta NSW for \$45 million (Redcape is currently the leasehold operator of this hotel); and
  - Freehold going concern of Andergrove Tavern, Mackay QLD for \$13.15 million (previously announced).
- Redcape also anticipates to imminently enter into an unconditional contract to acquire a third asset, a freehold going concern hotel located in Sydney for approximately \$40 million.

Redcape will soon commence marketing to raise up to an additional \$60 million in equity in connection with funding the acquisitions (“Capital Raising”). The equity raised is forecast to deliver a FY18 distribution yield to investors of 8.3% at an issue price of \$1.05 per Redcape unit. Existing investors in Redcape, Moelis Australia Asset Management products and Moelis Australia shareholders who satisfy wholesale investor requirements will be given priority access to invest in the Capital Raising. Moelis Australia Limited will subscribe for at least 10% of the Capital Raising. Following completion of the asset acquisitions Redcape will own and/or operate 27 hotels located in New South Wales and Queensland valued at approximately \$800 million.

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