

13 May 2020

OPERATING UPDATE

Following the success in launching a new unsecured borrowing programme (“**MOE Bond IV**”) Moelis Australia is pleased to provide the details of this financing and comment on its recent trading performance. This update should be read in conjunction with its COVID-19 update released on 3 April 2020.

Balance Sheet and Refinancing

At 30 April 2020, Moelis Australia had Net Assets of \$191.9 million including \$134.3 million cash and over \$155 million of investments.^{1,2,3}

Moelis Australia has borrowings which comprise a \$32.2 million unsecured note tranche repayable in September 2020 (“**MOE Bond I**”) and a \$25.0 million unsecured note tranche repayable in September 2022 (“**MOE Bond II**”). In addition, it has a \$35.0 million limited recourse note series with individual note maturities spread until May 2024 (“**MOE Bond III**”).³

Commitments have now been received for MOE Bond IV totaling \$32.2 million, fully covering the maturing MOE Bond I. Moelis Australia may accept over-subscriptions that increase the MOE Bond IV issuance up to a total of \$40 million.

Key terms of MOE Bond IV:

- Base Note Issuance: \$32.2 million
- Over-Subscription allowance: Up to a further \$7.8 million (\$40 million in aggregate)
- Note Term: 4 years from issuance. Approximately September 2024
- Interest Rate: 5.85% per annum
- Guarantor: Moelis Australia Limited

The Base Note Issuance of MOE Bond IV will be applied to the repayment of MOE Bond I, maturing in September 2020.

MOE Bond IV extends the average maturity profile of Moelis Australia’s guaranteed borrowings. This provides

¹ At 30 April with all listed investments (including Redcape Hotel Group) held at their close price on the ASX at 12 May 2020

² Includes \$12.9 million of cash received for MOE Bond IV which will be applied to the repayment of MOE Bond I

³ Investments and Borrowings per the statutory balance sheet have been adjusted to reflect the total economic exposure to Moelis Australia (predominately removing the consolidation of a Moelis Australia managed credit fund)

considerable flexibility and capacity to continue financing business growth. Importantly, given current market conditions, having availability of long-term financing on attractive terms will assist in pursuing attractive opportunities should they arise.

Trading Update

Overall, Moelis Australia's underlying business has performed well despite the headwinds associated with COVID-19.

Asset Management

- Approximately \$76 million of gross fund inflows across managed funds in the month of April and May to date
- China office is performing well and our team in China is increasingly active as travel restrictions within China continue to ease
- Investor demand for our growing portfolio of credit products continues to be encouraging

Corporate Advisory & Equities

- Advised SCA Property Group, Centuria Industrial REIT and Ingenia Communities Group on equity capital market ("ECM") transactions raising in excess of \$500 million of new capital
- Financial adviser on Scape Student Living's acquisition of Urbanest Australia, a leading Australian student accommodation provider which completed in April 2020
- Engaged on a number of restructuring mandates including Decmil, Speedcast, and significant assignments in the child care and airline industries. Restructuring advisory provides diversity to our Corporate Advisory revenue and contributes materially during difficult economic times
- Headcount in Corporate Advisory has been largely unaffected by COVID-19 impacts. This reflects a strong level of client engagement and our expectations of activity levels for the balance of 2020
- Despite the strong start to the year in Advisory and ECM revenue market uncertainty makes it difficult to guide on a likely full year revenue per head productivity. However, revenue productivity is currently trending ahead of this time last year and the transaction pipeline is strong
- Equities commissions are up year to date on the prior corresponding period and reflecting increased trading volumes

ENDS

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

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