

AGED CARE & ASSET MANAGEMENT UPDATE

Sydney, 24 October 2017 – Moelis Australia Limited (“Moelis Australia”) (ASX:MOE) provides the following update:

- **Moelis Australia managed funds acquire 9.96% interest in listed Aged Care owner/operator Japara Healthcare Limited (ASX:JHC)**
- **Moelis Australia Aged Care Fund (“Infinite Fund”) capital raising up-sized following strong investor demand**
- **Redcape makes asset acquisition and benefits from strong asset revaluations**
- **Moelis Australia AUM at approximately \$2.7 billion (up \$200 million on last update)**

Japara Healthcare Limited (“Japara”)

Japara is an ASX-listed owner and operator of Australian aged care facilities representing over 3,800 operational beds and a development pipeline of an additional ~1,100 new beds. Japara has a market capitalisation of approximately \$490 million¹.

Investment funds managed by Moelis Australia Asset Management (unassociated with the Infinite Fund) have acquired a \$50.4 million strategic interest in Japara inclusive of a \$17.5 million investment by Moelis Australia. The holding represents a 9.96% interest in Japara.

Moelis Australia believes that Aged Care is an attractive sector in which to invest and that Japara has quality assets combined with an outstanding record of management, governance and provision of resident care.

Infinite Fund

On 19 September 2017 Moelis Australia announced that it had entered into an agreement to acquire a controlling interest in aged care operator and developer Infinite Care Pty Limited (“**Infinite Care**”). At the time of announcement Moelis Australia had committed to invest up to \$45.4 million into the Infinite Fund that will acquire a 70% interest in Infinite Care. Moelis Australia also established the Moelis Australia Healthcare REIT (“**Healthcare REIT**”) which will provide funding for two of Infinite Care’s developments on a sale and leaseback basis.

Moelis Australia is pleased that client demand for investment into the Infinite Care business was very strong. As a consequence Moelis Australia has increased the size of the Infinite Fund’s capital raising to \$70 million. The increased capital will allow Infinite Care to accelerate the development of new aged care facilities which is expected to positively impact on the Infinite Fund’s forecast total return of 20%+ per annum. Moelis Australia will retain a 10% (\$7 million) co-investment in the Infinite Fund. Subscriptions for the Infinite Fund closed on 23 October 2017.

¹ Based on Japara’s closing price of \$1.86 on 23 October 2017.

Existing funds managed by Moelis Australia committed to subscribe for 100% of the available equity in the Healthcare REIT which is forecast to deliver investors a distribution yield of 7% per annum.

As a consequence of the Infinite Care initiative a fund managed by Moelis Australia has secured a controlling interest in aged care operating and development assets with an expected fully developed end value in excess of \$450 million.

Moelis Australia Redcape Hotel Group ("Redcape")

Redcape is trading in line with expectations and Moelis Australia remains very pleased with this investment. Redcape recently agreed to acquire an additional hotel, the Andergrove Tavern, located in Mackay QLD, approximately 10km from the Shamrock Hotel which is also owned by Redcape. Following completion of the Andergrove Tavern acquisition, Redcape will have freehold ownership of 24 hotels and leasehold management of an additional two hotels.

Further, as part of its asset revaluation cycle, Redcape had ten (8 freehold properties plus two leasehold) hotels revalued as at September 2017 resulting in a valuation uplift of \$32.6 million. On average, the eight freehold properties increased in value by 16% and the two leasehold properties increased by 2.7% since the previous valuations which were undertaken in May 2016.

Moelis Australia Asset Management Performance

The performance of the Asset Management division remains strong with pleasing transaction activity and overall client investment inflows. Moelis Australia's assets under management now stands at approximately \$2.7 billion, \$200 million higher than that advised at the last market update on 4 September 2017.

Reflecting the positive momentum of the Asset Management business, revenue contribution from Asset Management in the second half of FY17 is expected to be greater than double that of 1H17. There is not expected to be any material disposal or milestone based performance fees recognised in FY17. Based on current fund performance and market conditions, it is likely that performance fees will be realised in future periods but no guidance is provided on the quantum, or timing of recognition, of these fees.

Capital Management Update

In mid-September 2017 Moelis Australia announced that it would raise \$110 million in ordinary equity and that it had raised \$32.15 million in unsecured notes.

The unsecured note issue and unconditional equity placement have been completed with \$91.85 million funds received, and the conditional equity placement (\$50.3 million) is expected to be approved by shareholders at the Moelis Australia EGM to be held on 30 October 2017.

Immediately following settlement of the conditional equity placement, Moelis Australia expects to have approximately \$145 million in cash and liquid investments.² The strong liquidity position provides an outstanding platform to support client related financing activities and continued growth in Moelis Australia's Asset Management division.

ENDS

² This balance is after Moelis Australia's \$40 million co-investment in Redcape, \$7 million co-investment in the Infinite Fund and \$17.5 million investment in Japara.