ASX ANNOUNCEMENT

Moelis Australia releases Notice of General Meeting and Explanatory Memorandum

Moelis Australia Limited (ASX:MOE, "MOE" or "Moelis Australia") announces that it has today released the Notice of General Meeting and Explanatory Memorandum ("Explanatory Memorandum") in relation to the previously announced selective buy-back of 8,000,000 MOE shares from Moelis & Company (NYSE:MC or "M&C").

A copy of the Explanatory Memorandum follows this announcement and will be sent to MOE shareholders in the coming days.

The Explanatory Memorandum contains a report by the Independent Expert, Grant Thornton, which concludes that the selective buy-back is fair and reasonable to MOE shareholders not associated with M&C.

Completion of the selective buy-back is now subject only to MOE shareholder approval at a General Meeting to be held at 10:00am (AEDT) on Thursday, 31 October 2019 at Level 27, Governor Phillip Tower, 1 Farrer Place, Sydney.

The MOE Board recommends that shareholders vote in favour of the selective buy-back for the following reasons:

- The Independent Expert has concluded that the selective buy-back is fair and reasonable to Moelis Australia shareholders not associated with M&C.

- The selective buy-back is expected to deliver earnings per share accretion of approximately 5.1% on an annualised basis.

- The selective buy-back facilitates an orderly reduction in M&C's shareholding in Moelis Australia to below 20% which provides benefits as a result of Moelis Australia no longer being regarded as a foreign corporation under Australian law.

- Moelis Australia is buying back shares from M&C at the same price at which M&C sold down shares in the sell-down on 2 September 2019 which represented a 6.6% discount to the 30 day VWAP of Moelis Australia shares up to and including 2 September 2019.

- The selective buy-back is an efficient and disciplined use of capital that will improve Moelis Australia's ownership structure and provide benefits to all Moelis Australia shareholders.

Further details on the reasons for the Board's recommendation are set out in section 2.3 of the Explanatory Memorandum. Mr Joseph Simon and Mr Kenneth Moelis are senior executives of M&C and both directors abstained from voting when the selective buy-back was considered by the Board.

Shareholders with questions in relation to the selective buy-back can contact the Moelis Australia Shareholder Information Line on 1300 737 760 from within Australia or +61 2 9290 9600 from outside Australia.

ENDS

You should read this document carefully and in its entirety before deciding whether or not to vote in favour of the proposed Selective Buy-back. If you are in any doubt as to what you should do, you should consult your broker, financial adviser or legal adviser.

MOELIS AUSTRALIA

Notice of General Meeting and Explanatory Memorandum

Important information is outlined in this memorandum about the proposed **Selective Buy-back of 8,000,000 shares in Moelis Australia Limited**.

The Board recommends that you **VOTE IN FAVOUR** of the proposed Selective Buy-back at the General Meeting.

The Independent Expert has concluded that the proposed Selective Buy-back of 8.0 million Moelis Australia shares from Moelis & Company is **FAIR AND REASONABLE** to Moelis Australia shareholders not associated with Moelis & Company.

10am (AEDT) Thursday 31 October 2019 | Level 27, Governor Phillip Tower, 1 Farrer Place, Sydney

Shareholders who are unable to attend the meeting are encouraged to complete and return the enclosed Proxy Form by 10am (AEDT) on Tuesday, 29 October 2019, or to submit their proxy online by visiting https://www.votingonline.com.au/moelisaustraliagm2019.

If you have any questions in relation to the proposed Selective Buy-back, please contact the Moelis Australia Shareholder Information Line on **1300 737 760** from within Australia or **+61 2 9290 9600** from outside Australia.

Moelis Australia Limited
A.B.N. 68 142 008 428

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Key Dates

Record date to determine entitlement to vote	7pm (AEDT) Tuesday 29 October 2019
Closing date for lodgement of Proxy Forms	10am (AEDT) Tuesday 29 October 2019
General Meeting	10am (AEDT) Thursday 31 October 2019
Expected payment of Selective Buy-back funds to M&C and cancellation of shares[1]	Monday 4 November 2019

Note: these dates are indicative only and are subject to change

1 Assumes the Selective Buy-back is approved at the General Meeting..

Moelis Australia Shareholder Information Line

The Moelis Australia Shareholder Information Line may be contacted on 1300 737 760 (from within Australia) or +61 2 9290 9600 (from outside Australia) Monday to Friday between 8:30am and 5:30pm (AEDT).

Important notices

This booklet is dated 25 September 2019.

Forward looking statements

This booklet contains forward-looking statements that are subject to uncertainties including risk factors associated with financial services and capital markets businesses.

The forward looking statements may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, loss of market, industry competition, environmental risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions and political risks.

Neither Moelis Australia nor any of its directors, officers or advisers gives any representation, assurance or guarantee that the events expressed or implied by any forward-looking statements in this booklet will actually occur.

Not investment advice

This booklet does not take into account the investment objectives, financial situation, tax position or particular needs of any shareholder of the Company or any other person. This booklet should not be relied upon as the sole basis for any decision in relation to shares in the Company or any other securities. Shareholders should consider seeking independent advice before making any decision regarding the resolution to be put to the Meeting.

Letter from the Chairman

Dear Shareholder

Proposed selective buy-back of Moelis & Company shares

The Directors of Moelis Australia Limited invite you to attend a General Meeting of its shareholders to be held at 10am (AEDT) on Thursday, 31 October at Level 27, Governor Phillip Tower, 1 Farrer Place, Sydney.

The meeting is being convened to give shareholders an opportunity to vote on the selective buy-back of 8 million Moelis Australia shares from Moelis & Company. The total consideration for the proposed selective buy-back is $27.2 million, representing a price of $3.40 per share.

This selective buy-back follows the recent on-market sale of 12.5 million Moelis Australia shares by Moelis & Company. These shares were sold to a range of investors including the Moelis Australia Employee Share Trust.

As a result of the on-market sale, Moelis & Company's shareholding in Moelis Australia decreased from 32.13% to 24.09%. Should the selective buy-back be approved by shareholders, Moelis & Company's ownership in Moelis Australia will further decrease from 24.09% to 19.98%.

Moelis Australia believes that the overall transaction involving the recent on-market share sale and selective buy-back will deliver considerable benefits to shareholders including:

- Improved free float of Moelis Australia shares trading on the ASX. This has the potential to increase the attractiveness and ability for investors to buy and sell Moelis Australia shares;
- The selective buy-back, if approved, will see the cancellation of approximately 5.1% of Moelis Australia shares on issue. This is a prudent use of the Company's capital and, in isolation, will be approximately 5% accretive to earnings per share on an annualised basis; and
- Moelis & Company is a global investment bank headquartered in the United States. While it owns 20% or more of Moelis Australia, the Company is considered, under several Australian laws, to be a foreign corporation. Being considered a foreign corporation adds cost and results in administrative and commercial complexity. Should the selective buy-back be approved (which will see Moelis & Company's interest fall below 20%) Moelis Australia will no longer be treated as a foreign corporation under these laws.

Our relationship with Moelis & Company is in its 10th year and remains strong. While Moelis & Company has reduced its shareholding, it remains Moelis Australia's largest individual shareholder which demonstrates our continued strategic alliance in providing global corporate advisory services. We do not anticipate any immediate changes to the Board of Moelis Australia.

Moelis Australia has the financial capacity to fund this acquisition from cash and we do so with the objective of creating value for all shareholders. It is important to note that the agreed buy back price of $3.40 per share represents a 6.6% discount to the 30 day volume weighted average price of Moelis Australia shares up to the date of announcement, and a 10.3% discount to the closing price of Moelis Australia shares on 24 September 2019.

An Independent Expert, Grant Thornton, has reviewed the terms of the selective buy-back and has concluded that it is fair and reasonable to Moelis Australia shareholders not associated with Moelis & Company.

The Board believes that the selective buy-back is a positive transaction for Moelis Australia shareholders and recommend you vote in favour. Mr Ken Moelis and Mr Joseph Simon abstained from voting on the selective buy-back due to their interest as senior executives of Moelis & Company and, in the case of Mr Moelis, his 68.4% of the combined voting power of Moelis & Company through his ownership of class A and class B common stock.

This document contains important information that is relevant to your decision on how to vote in relation to this transaction. If you would like more information or clarification please contact the Moelis Australia Shareholder Information Line on 1300 737 760 from within Australia or +61 2 9290 9600 from outside Australia.

On behalf of the Board, I look forward to welcoming you to the meeting.

Yours sincerely

Jeffrey Browne
Chairman

The Board recommends that shareholders **VOTE IN FAVOUR** of the Selective Buy-back for the following reasons:

- The Independent Expert has concluded that the Selective Buy-back is **FAIR AND REASONABLE** to Moelis Australia shareholders not associated with Moelis & Company.
- The Selective Buy-back is expected to deliver earnings per share accretion of approximately 5.1% on an annualised basis.
- The Selective Buy-back facilitates an orderly reduction in Moelis & Company's shareholding in Moelis Australia to below 20%:
  - Once Moelis & Company has a shareholding of below 20%, Moelis Australia will cease to be regarded as a foreign corporation under Australian law which provides benefits of reduced costs and reduced administrative and commercial complexity.
- Moelis Australia is buying back shares from Moelis & Company at the same price at which Moelis & Company sold down shares in the Sell-down on 2 September 2019 which represented a 6.6% discount to the volume weighted average price (VWAP) of Moelis Australia shares over the 30 days up to and including 2 September 2019.
- The Selective Buy-back is an efficient and disciplined use of capital that will improve Moelis Australia's ownership structure and provide benefits to all Moelis Australia shareholders.

Other matters that may be relevant for shareholders to consider in relation to the Selective Buy-back are:

- The Selective Buy-back will reduce Moelis Australia's cash holdings by $27.2m, limiting its ability to use this capital for alternative purposes.
- Shareholders should note the disclosed interests of two non-executive directors, Mr Kenneth Moelis and Mr Joseph Simon (both of whom are senior executives of Moelis & Company), in the Selective Buy-back.

Further details of these benefits and other considerations relevant to your vote are provided in sections 2.3 and 2.4 on pages 6 to 8 of this booklet.

1. Notice of General Meeting

1 Notice of General Meeting

Notice is given that a General Meeting of shareholders of Moelis Australia Limited (**Company**) will be held on Thursday, 31 October 2019 at 10am (AEDT) at Level 27, Governor Phillip Tower, 1 Farrer Place, Sydney, New South Wales.

Selective Buy-back of M&C's shares in the Company

To consider and if thought fit to pass as a special resolution:

That, for the purposes of section 257D(1)(a) of the Corporations Act and Listing Rule 10.1 and for all other purposes, approval be given for:

(a) the terms and conditions of the Selective Buy-back Agreement entered into on 3 September 2019 between the Company and M&C, details of which are set out in the Explanatory Memorandum accompanying this Notice of General Meeting; and

(b) the Company to conduct a Selective Buy-back of 8,000,000 fully paid ordinary shares in the capital of the Company from M&C on the terms and conditions set out in the Selective Buy-back Agreement.

Voting exclusion statement

In accordance with the Corporations Act and the Listing Rules, the Company will disregard any votes cast in favour of the proposed resolution by or on behalf of M&C or any of its associates.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- it is cast by the Chair of the General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

By order of the Board

Peter Dixon
Company Secretary

25 September 2019

1. Notice of General Meeting (cont.)

Notes

The accompanying Explanatory Memorandum and Independent Expert's Report form part of this Notice of General Meeting and should be read in conjunction with it. Unless the context otherwise requires, terms which are defined in the Explanatory Memorandum have the same meanings when used in this Notice of General Meeting.

Voting Entitlements

Pursuant to regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), the Board has determined that, for the purposes of voting at the Meeting, shareholders are those persons who are registered holders of shares in the Company at 7pm (AEDT) on Tuesday, 29 October 2019. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

Proxies

All shareholders who are entitled to attend and vote at the Meeting have the right to appoint a proxy to attend and vote for them. The proxy does not have to be a shareholder of the Company.

Shareholders holding two or more shares can appoint either one or two proxies. If two proxies are appointed, the appointing shareholder can specify what proportion of their votes they want each proxy to exercise. If no proportion is specified, each proxy may exercise half the member's votes. Neither proxy may vote on a show of hands.

If the Chairman of the Meeting is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on the resolution, then the Chairman intends to exercise all available votes in favour of the resolution.

If:

- a poll is duly demanded at the meeting in relation to a proposed resolution;
- a shareholder has appointed a proxy (other than the Chairman of the Meeting) and the appointment of the proxy specifies the way the proxy is to vote on the resolution; and
- the shareholder's proxy is either not recorded as attending the meeting or does not vote on the resolution,

the Chairman of the Meeting will, before the voting on the resolution closes, be taken to have been appointed as proxy for the shareholder for the purposes of the resolution and must vote in accordance with the written direction of that shareholder.

Lodgement of Proxy Forms

A proxy form for appointment of a proxy is enclosed with this notice. If you wish to appoint a proxy, please complete the Proxy Form in accordance with the instructions on the back of the Proxy Form and return it to the Share Registry:

Mail: Boardroom Pty Limited, GPO Box 3993, Sydney NSW 2001 Australia

Facsimile: +61 2 9290 9655

Alternatively, you may register your proxy instructions electronically at the Share Registry website: https://www.votingonline.com.au/moelisaustraliagm2019

To be valid, Proxy Forms or electronic instructions must be received no later than 10am (AEDT) on Tuesday, 29 October 2019.

Bodies Corporate

A body corporate may appoint an individual as its representative to attend and vote at the Meeting and exercise any other powers the body corporate can exercise at the Meeting. The appointment may be a standing one. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

2. Overview of the Selective Buy-back

2.1 Background

Please see the Glossary in section 6.1 for an explanation of abbreviations used in this Explanatory Memorandum.

Moelis & Company is Moelis Australia's largest individual shareholder.

On 3 September 2019, Moelis Australia announced that:

(a) M&C had sold 12,500,000 shares in the Company (representing approximately 8.0% of Moelis Australia's issued share capital) (**Sell-down**); and

(b) the Company had entered into a conditional agreement to implement a selective buy-back of 8,000,000 shares in the Company (representing approximately 5.1% of Moelis Australia's issued share capital) from M&C (**Selective Buy-back**).

The result of the Sell-down and Selective Buy-back (if approved by shareholders) will be that M&C's shareholding in Moelis Australia will reduce to approximately 19.98% of the issued capital of the Company.

Prior to the Sell-down, M&C had not sold any shares in Moelis Australia and its holding was 50,000,000 shares (approximately 32.13% of the issued share capital of the Company). The Sell-down was completed on 5 September 2019 at a price of $3.40 per share reducing M&C's shareholding to approximately 24.09% of the issued share capital of the Company.

If the Selective Buy-back is approved by shareholders, upon implementation of the Selective Buy-back, M&C will retain 29,500,000 shares in Moelis Australia, amounting to approximately 19.98% of the issued share capital of the Company.

Moelis Australia and M&C entered into a Selective Buy-back Agreement on 3 September 2019 that governs the implementation of the Selective Buy-back. Under this agreement, the Company has agreed to a Selective Buy-back of 8,000,000 shares (representing approximately 5.1% of the Company's issued share capital prior to cancellation of the Selective Buy-back shares) at a price of $3.40 per share.

The Selective Buy-back price represents a 6.6% discount to the volume weighted average price (**VWAP**) of Moelis Australia shares over the 30 days up to and including 2 September 2019. It also represents a 10.3% discount to the closing price of Moelis Australia shares on 24 September 2019.

The Selective Buy-back is subject to shareholder approval in accordance with section 257D of the Corporations Act and Listing Rule 10.1. The Selective Buy-back Agreement is also conditional on the Independent Expert concluding that the Selective Buy-back is fair and reasonable to the Non-Associated Shareholders of the Company, and this condition has been satisfied by the Independent Expert's Report at Annexure A.

The Board considers that the Selective Buy-back is in the best interests of Non-Associated Shareholders. Mr Joseph Simon and Mr Kenneth Moelis are senior executives of Moelis & Company and Mr Moelis has 68.4% of the combined voting power of Moelis & Company through his ownership of class A and class B common stock. Due to these interests, both Mr Simon and Mr Moelis abstained from voting when the Selective Buy-back was considered by the Board.

2.2 Mechanics and the Selective Buy-back

Following approval of the Selective Buy-back by Non-Associated Shareholders, the following will occur:

- total funds of $27.2 million will be paid to M&C from existing cash; and
- the shares bought back from M&C will be cancelled pursuant to section 257H of the Corporations Act. This will reduce the total shares on issue from 155,641,070 to 147,641,070.

2.3 Benefits of the Selective Buy-back

The Board considers that the Selective Buy-back is in the best interests of Non-Associated Shareholders for the reasons set out below. Mr Joseph Simon and Mr Kenneth Moelis abstained from voting when the Selective Buy-back was considered by the Board, due to their interest as senior executives of Moelis & Company and, in the case of Mr Moelis, his 68.4% of the combined voting power of Moelis & Company through his ownership of class A and class B common stock.

(1) The Independent Expert has concluded that the Selective Buy-back is fair and reasonable to Non-Associated Shareholders

The Selective Buy-back is supported by the Independent Expert, Grant Thornton, who has concluded that the Selective Buy-back is fair and reasonable to Non-Associated Shareholders.

Shareholders are encouraged to read the Independent Expert's Report in full. A copy is attached to this Explanatory Memorandum at Annexure A.

2. Overview of the Selective Buy-back (cont.)

(2) The Selective Buy-back is expected to be accretive to earnings per share

The Selective Buy-back is expected to be accretive to earnings per share (**EPS**) by approximately 5% on an annualised basis.

Based on the historical full-year 2018 earnings and the reduced issued share capital as a result of the Selective Buy-back, the Selective Buy-back would have been accretive to EPS by approximately 5% (as illustrated in the table below).

		12 months 2018 Actual		Post Buy-back 2018 Pro-forma		Post Buy-back Change	
		Statutory	Underlying	Statutory	Underlying	Statutory	Underlying
Net Profit After Tax	$m	30.5	39.3	30.5	39.3	n.a.	n.a.
Earnings per share	cents	20.0	25.7	21.0	27.0	5.1%	5.1%

(3) The Selective Buy-back facilitates an orderly reduction in Moelis & Company's shareholding to below 20%, meaning Moelis Australia will cease to be a foreign corporation under Australian law

On 5 September 2019, M&C completed the sale of 12,500,000 shares in Moelis Australia through the Sell-down, reducing its shareholding in Moelis Australia from 32.13% to 24.09% of the issued share capital of the Company. The Selective Buy-back facilitates a further reduction in M&C's shareholding in the Company to below 20% of the Company's issued share capital at which point, Moelis Australia will cease to be regarded as a foreign corporation under Australian law. This will provide benefits to Moelis Australia including reduced costs and reduced administrative and commercial complexity when acquiring assets directly or on behalf of Moelis Australia's managed funds.

(4) The Selective Buy-back price is the same price as M&C received through the Sell-down

The Selective Buy-back price is $3.40 per share, which is the same price paid for shares sold by M&C under the Sell-down and a discount to a range of pricing benchmarks for Moelis Australia shares including:

- a 5.2% discount to the 5 day VWAP prior to announcement of the Sell-down and Selective Buy-back;
- a 6.6% discount to the 30-day VWAP prior to announcement of the Sell-down and Selective Buy-back; and
- a 11.4% discount to the 90-day VWAP prior to announcement of the Sell-down and Selective Buy-back.

The Board considers the terms of the Selective Buy-back would be reasonable in the circumstances if the Company and M&C were dealing at arm's length.

(5) The Selective Buy-back is an efficient and disciplined use of capital that will improve Moelis Australia's ownership structure

The Selective Buy-back will be funded by existing cash.

Moelis Australia had $105.7 million of cash and cash equivalents as at 30 June 2019 and has approximately $120 million as at the date of this Explanatory Memorandum. It will therefore continue to have the capacity to make additional investments post the Selective Buy-back (as illustrated in the table below).

		30-Jun-19 Actual	Buy-back adjustment	Post Buy-back 30-Jun-19 Pro-forma	Change
Cash	$m	105.7	27.2	78.5	(25.7)%
Net Assets	$m	241.5	27.2	214.3	(11.3)%
Shareholders Equity	$m	241.5	27.2	214.3	(11.3)%

The Board has carefully considered the full range of capital management initiatives available to Moelis Australia and has concluded that the Selective Buy-back is in the best interests of shareholders because it is the only option that facilitates an orderly reduction of M&C's shareholding to below 20% and delivers a number of other benefits for all shareholders.

For example:

- an equal access off-market buy-back would involve less certainty regarding the price and quantum than the proposed Selective Buy-back does. An equal access off-market buy-back would not provide an orderly reduction of M&C's shareholding in Moelis Australia to below 20%;
- an on-market buy-back would involve similar uncertainties to those of an equal access off-market buy-back, would reduce liquidity in the Company's shares, could take considerably longer to implement than the proposed Selective Buy-back and would not provide an orderly reduction of M&C's shareholding in Moelis Australia to below 20%; and

2. Overview of the Selective Buy-back (cont.)

- paying a special dividend or increasing Moelis Australia's dividend payout ratio would not deliver any EPS accretion benefits to shareholders and would also not provide an orderly reduction of M&C's shareholding in Moelis Australia to below 20%.

2.4 Other Considerations

The Board considers that the Selective Buy-back does not pose any material disadvantages to shareholders. However, in making their decision, shareholders should consider the factors set out below.

(1) Moelis Australia will have reduced capacity to make additional investments post the Selective Buy-back

The Selective Buy-back will cost Moelis Australia $27.2m reducing its cash holdings by the same amount and therefore limiting its ability to use this capital for alternative purposes.

(2) Interests of Directors

As previously disclosed, Mr Joseph Simon and Mr Kenneth Moelis (non-executive directors of Moelis Australia nominated by M&C) are senior executives of Moelis & Company and Mr Moelis has 68.4% of the combined voting power of Moelis & Company through his ownership of class A and class B common stock. Mr Simon and Mr Moelis abstained from voting when the Selective Buy-back was considered by the Board.

2.5 What if the Selective Buy-back does not proceed?

If the Selective Buy-back is not approved at the General Meeting, the relevant shares owned by M&C will not be bought back and cancelled and M&C will retain approximately 24.09% of the Company. The Sell-down was not conditional on shareholder approval and completed on 5 September 2019. Implications of the Selective Buy-back not proceeding include:

- Moelis Australia will continue to be considered a foreign corporation as a result of M&C holding more than 20% of its shares resulting in additional costs, time and administrative difficulty when acquiring assets directly or on behalf of Moelis Australia's managed funds;
- the expected EPS accretion will not be realised;
- additional time may need to be spent finding an alternative efficient and disciplined use of capital that will deliver short and long-term benefits to all Moelis Australia shareholders; and
- the Company may wish to re-engage in negotiation with M&C regarding other transactions to complete the objectives intended by the Selective Buy-back. There can be no certainty as to the successful outcome or structure of such negotiation.

2.6 Approvals required to proceed

For the Selective Buy-back to proceed, shareholders must pass the proposed resolution as a special resolution, meaning 75% of votes cast on the resolution (in person or by proxy) are cast in favour.

In accordance with the Corporations Act and the Listing Rules, the Company will disregard any votes cast in favour of the proposed resolution by M&C or any of its associates.

2.7 Independent Expert's Report

As required by the Listing Rules and as recommended in ASIC Regulatory Guide 110, the Company appointed Grant Thornton as the Independent Expert to prepare a report on whether the Selective Buy-back is, in the Independent Expert's opinion, fair and reasonable to Non-Associated Shareholders.

The Independent Expert has concluded that the proposed Selective Buy-back is fair and reasonable to Non-Associated Shareholders.

The Independent Expert's Report is set out in full in Annexure A. The Board encourages you to read the report in full before deciding whether or not to vote in favour of the Selective Buy-back.

2.8 Directors' recommendation

Subject to the Independent Expert continuing to conclude that the Selective Buy-back is fair and reasonable to Non-Associated Shareholders, the Board recommends that shareholders vote in favour of the resolution to approve the Selective Buy-back.

Mr Joseph Simon and Mr Kenneth Moelis abstained from voting when the Selective Buy-back was considered by the Board, due to their interest as senior executives of Moelis & Company and, in the case of Mr Moelis, his 68.4% of the combined voting power of Moelis & Company through his ownership of class A and class B common stock.

3. Other effects of the Selective Buy-back on the Company

3.1 Moelis Australia will retain capacity to fund future growth

The Selective Buy-back does not materially change Moelis Australia's growth prospects, nor its capacity to invest in future growth. Moelis Australia continues to hold an appropriate cash balance to give it the capacity to invest strategically when opportunities arise. Moelis Australia is constantly evaluating ways to deploy this capital.

3.2 Increased proportionate shareholding in the Company for all Non-Associated Shareholders

The Selective Buy-back will result in a meaningful decrease in the holding of the largest shareholder on the Company's share register. Upon completion of the Selective Buy-back and cancellation of the shares bought back, the proportionate shareholding of each Non-Associated Shareholder in the Company will increase by approximately 5.1%. For example, a shareholder holding 1% of the Company's shares prior to the Selective Buy-back would hold approximately 1.05% after completion of the Selective Buy-back. As the increase in the holding of each Non-Associated Shareholder would be relatively small and proportionate to their existing shareholding, the Directors believe that the proposed Selective Buy-back will not have a significant impact on the control of the Company.

3.3 Ongoing relationship with M&C

M&C will remain the largest individual shareholder of Moelis Australia and there will be no change to the Moelis Australia board composition and the strategic alliance in corporate advisory services between Moelis & Company and Moelis Australia.

4. Summary of the Selective Buy-back Agreement

4.1 Number of shares and Selective Buy-back consideration

Under the Selective Buy-back Agreement, the Company has agreed to buy-back 8,000,000 of M&C's shares in the Company, subject to certain conditions. The only outstanding condition is shareholder approval at the General Meeting.

If approved, the shares will be bought back at a price of $3.40 per share.

At the date of this Explanatory Memorandum, the shares proposed to be bought back represent approximately 5.1% of the Company's issued share capital prior to cancellation.

The total consideration payable to M&C is $27.2 million, which the Company will pay in cash upon completion of the Selective Buy-back.

4.2 Conditions precedent

As at the date of this Explanatory Memorandum, completion of the Selective Buy-back Agreement is subject only to shareholder approval of the Selective Buy-back for the purposes of the Corporations Act and the Listing Rules. The resolution to be put to the Meeting must be approved by 75% of the shareholders of the Company who vote on the resolution (excluding M&C and its associates).

If this remaining condition precedent is satisfied, completion of the Selective Buy-back is expected to occur on or around 4 November 2019.

4.3 Effect of the Selective Buy-back Agreement under Corporations Act

Under section 257H of the Corporations Act:

- all rights attaching to the shares subject to the Selective Buy-back Agreement were suspended once the parties entered into the Selective Buy-back Agreement;
- the Company must not dispose of the shares once they are bought back; and
- immediately after the registration of the transfer to the Company of the shares bought back, the shares must be cancelled.

4.4 Other provisions of the Selective Buy-back Agreement

Warranties

Under the Selective Buy-back Agreement, Moelis Australia and M&C have given mutual warranties as to status, authority, solvency and the binding nature of the agreement, and that, as at the date of the agreement, they are not in possession of any "inside information" within the meaning given in Part 7.10, Division 3 of the Corporations Act.

In addition, M&C represents and warrants to the Company that:

- M&C is the legal and beneficial owner of the shares the subject of the Selective Buy-back Agreement and will be able to sell the shares to the Company free from all encumbrances;
- the shares which are the subject of the Selective Buy-back Agreement will be sold free from all encumbrances and together with the rights attaching to them and the shares are not subject to any pre-emptive or similar rights; and
- other than as provided in the Selective Buy-back Agreement, M&C will not deal with the shares in any way until completion of the Selective Buy-back.

Termination

The Selective Buy-back Agreement may be terminated by either party if:

- the condition for Moelis Australia shareholder approval of the Selective Buy-back is not satisfied by 29 November 2019;
- a majority of the Board changes their recommendation that shareholders vote in favour of the Selective Buy-back because of a change in conclusion by the Independent Expert; or
- there is a material breach of warranty by the other party.

4.5 Inspection of the Selective Buy-back Agreement

A copy of the Selective Buy-back Agreement is available for inspection by shareholders upon request at the Share Registry or at the registered office of the Company before the General Meeting.

5. Other Information Relevant to the Selective Buy-back

5.1 Funding of the Selective Buy-back

The Selective Buy-back will be fully funded by Moelis Australia's existing cash reserves. Moelis Australia had $105.7 million of cash and cash equivalents as at 30 June 2019 and approximately $120 million as at the date of this Explanatory Memorandum.

5.2 Legal and regulatory requirements

Financial statements

The Company released reviewed financial statements for the half-year to 30 June 2019 to ASX on 28 August 2019 and audited financial statements for the full year to 31 December 2018 to ASX on 20 February 2019. These financial statements are available to shareholders on Moelis Australia's website at www.moelisaustralia.com.

Requirement for shareholder approval

The Selective Buy-back is a selective buy-back under the Corporations Act.

Under section 257A of the Corporations Act, the Company may only buy back its shares under a buy-back if:

- the buy-back does not materially prejudice the Company's ability to pay its creditors; and
- the Company follows the procedures set out in the Corporations Act for a buy-back.

The Board considers that the Selective Buy-back will not materially prejudice the Company's ability to pay its creditors. Mr Joseph Simon and Mr Kenneth Moelis abstained from voting when the Selective Buy-back was considered by the Board, due to their interest as senior executives of Moelis & Company and, in the case of Mr Moelis, his 68.4% of the combined voting power of Moelis & Company through his ownership of class A and class B common stock.

In relation to the procedures required by the Corporations Act, section 257D requires that the terms of a buy-back agreement for a selective buy-back be approved by a special resolution passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person whose shares are proposed to be bought back or by their associates.

Accordingly, the proposed resolution to approve the Selective Buy-back Agreement is a special resolution and neither M&C (as the party whose shares will be bought back) nor any of its associates are permitted to vote in favour of the proposed resolution.

In addition, Listing Rule 10.1 prohibits the Company from acquiring a substantial asset from a substantial shareholder holding 10% or more of the Company's shares without shareholder approval.

As M&C holds more than 10% of the Company's shares, Listing Rule 10.1 applies to the acquisition by the Company of substantial assets from M&C.

An asset is a 'substantial asset' if its value, or the value of the consideration paid for it, is 5% or more of the equity interests of the Company as set out in its latest accounts given to ASX under the Listing Rules. The consideration to be paid by the Company for M&C's shares under the Selective Buy-back Agreement makes the shares a 'substantial asset' for the purposes of this test.

Accordingly, the proposed resolution also seeks approval for the purposes of Listing Rule 10.1. In accordance with the Listing Rules, the Company must disregard any votes cast in favour of the resolution by M&C or its associates.

5.3 Share price information

The latest recorded sale price of the Company's shares on the ASX before the date on which the Selective Buy-back was announced was $3.82 (as at close of trading on ASX on 2 September 2019).

The VWAP of shares sold on ASX over the 30 days leading up to the announcement date was $3.64.

The latest recorded sale price of the Company's shares on ASX before the date on which this Explanatory Memorandum was finalised was $3.79 (as at close of trading on ASX on 24 September 2019).

Key trading data for the relevant periods are set out below.

Period	High	Low	VWAP
30 days prior to announcement (23 July 2019 to 2 September 2019)	$3.95	$3.35	$3.64
7 trading days prior to the finalisation of this Explanatory Memorandum (16 September 2019 to 24 September 2019)	$3.95	$3.66	$3.79

See the Independent Expert Report for more detailed share price analysis.

5. Other Information Relevant to the Selective Buy-back (cont.)

5.4 Other information

There is no other information known to the Company that it considers material to a shareholder's decision as to how to vote on the proposed resolution.

5.5 Participation and interests of Directors

As disclosed in the Moelis Australia prospectus in April 2017 and in subsequent Annual Reports of the Company, Mr Kenneth Moelis has (based on the most recent information available to the Company as at the date of this Explanatory Memorandum) 68.4% of the combined voting power of Moelis & Company through his ownership of class A and class B common stock.

Mr Joseph Simon and Mr Moelis are senior executives of Moelis & Company.

Both Mr Simon and Mr Moelis are non-executive directors of Moelis Australia nominated by M&C.

Other than these disclosed interests of Mr Simon and Mr Moelis, no other Director or any associate of a Director is participating in, or has an interest in, the Selective Buy-back other than as a shareholder of the Company.

5.6 What to do if you have questions about this Notice of Meeting and Explanatory Memorandum

If you have any doubt about what you should do in relation to the information provided in the Notice of Meeting or this Explanatory Memorandum or the action that you should take, you should consult your financial, taxation or other professional adviser.

5.7. Copies of the Independent Expert's Report

The Independent Expert's Report is attached at Annexure A. Shareholders may request that the Company sends them a hard copy of the Independent Expert's Report, at no cost to the shareholder, by contacting the Moelis Australia Shareholder Information Line on 1300 737 760 (from within Australia) or +61 2 9290 9600 (from outside Australia) Monday to Friday between 8:30am and 5:30pm (AEDT).

6. Glossary and Interpretation

6.1 Glossary

In this Explanatory Memorandum, words have the following meanings, unless the context requires otherwise:

Term	Definition
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Board	means the board of Directors, excluding Mr Joseph Simon and Mr Kenneth Moelis.
Company or Moelis Australia	means Moelis Australia Limited ACN 142 008 428.
Corporations Act	means the *Corporations Act 2001*.
Directors	means the directors of the Company.
EPS	earnings per share.
Explanatory Memorandum	means the explanatory memorandum included in this document, including any annexure to it.
General Meeting or **Meeting**	means the general meeting of shareholders of the Company convened by the notice of meeting.
Grant Thornton	means Grant Thornton Corporate Finance Pty Ltd.
Independent Expert	means Grant Thornton Corporate Finance Pty Ltd.
Independent Expert's Report	means the report by the Independent Expert dated 25 September 2019, included as Annexure A to this Explanatory Memorandum.
Listing Rules	means the official listing rules of the ASX.
Moelis Australia Employee Share Trust	means the Moelis Australia Employee Share Trust established by trust deed dated 15 March 2017.
Moelis & Company or M&C	means as the context requires Moelis & Company Group LP (NYSE:MC) and Moelis & Company International Holdings LLC (being the registered holder of Moelis Australia shares).
Non-Associated Shareholders	means shareholders of the Company other than M&C and its associates.
Notice of Meeting	means the notice convening the General Meeting accompanying this Explanatory Memorandum.
Proxy Form	means the proxy form accompanying this Explanatory Memorandum.
Selective Buy-back	means the selective buy-back by the Company from M&C of 8,000,000 fully paid ordinary shares in the Company (representing approximately 5.1% of the issued share capital of the Company) on the terms and conditions set out in the Selective Buy-back Agreement.
Selective Buy-back Agreement	means the Selective Buy-back agreement dated 3 September 2019 between the Company and M&C.
Sell-down	means the sale by M&C of 12,500,000 Moelis Australia shares, representing an approximate 8% interest, to institutional investors and Moelis Australia Employee Share Trust.
Share Registry	means Boardroom Pty Limited.
VWAP	means volume weighted average price.

6. Glossary and Interpretation

6.2 Interpretation

In this Explanatory Memorandum:

(a) other words and phrases have the same meaning (if any) given to them in the Corporations Act;

(b) words of any gender include all genders;

(c) words importing the singular include the plural and vice versa;

(d) an expression importing a person includes any company, partnership, joint venture, association, corporation or other body corporate and vice versa;

(e) a reference to a section or annexure, is a reference to a section, or annexure, of this Explanatory Memorandum as relevant;

(f) a reference to any legislation includes all delegated legislation made under it and amendment, consolidations, replacements or re-enactments of any of them;

(g) headings and bold type are for convenience only and do not affect the interpretation of this Explanatory Memorandum;

(h) a reference to time is reference to AEDT;

(i) an accounting term is a reference to that term as it is used in accounting standards under the Corporations Act, or, if not inconsistent with those standards, in accounting principles and practices generally accepted in Australia; and

(j) the words 'include', 'including', 'for example' or 'such as' when introducing an example do not limit the meaning of the words to which the example relates to, that example or examples of a similar kind.

Annexure A: Independent Expert's Report

This is a cover page to the Independent Expert's Report.

The Independent Expert has concluded that the Selective Buy-back is fair and reasonable to the Non-Associated Shareholders.

Moelis Australia Limited

Independent Expert's Report and Financial Services Guide

25 September 2019

Grant Thornton Corporate Finance Pty Ltd
Level 17
383 Kent Street
Sydney NSW 2000
Locked Bag Q800
Queen Victoria Building NSW 1230

T +61 2 8297 2400

The Directors
Moelis Australia Limited
Level 27
Governor Philip Tower
Sydney NSW 2000

25 September 2019

Dear Directors

INDEPENDENT EXPERT'S REPORT AND FINANCIAL SERVICES GUIDE

Introduction

Moelis Australia Limited ("MOE", "Moelis Australia" or "the Company") is a diversified financial services group providing asset management, corporate advisory and equity capital market services to its domestic and overseas clients. MOE is listed on the Australian Securities Exchange ("ASX") and had a market capitalisation of approximately A$587 million as at 17 September 2019[1].

Moelis & Company ("M&C") is a global independent investment bank listed on the New York Stock Exchange with a market capitalisation of circa US$2 billion[2].

On 3 September 2019, MOE announced the following transactions:

- *Selective Buyback* – MOE had entered into a binding buyback agreement with M&C to purchase 8 million MOE Shares at a price of A$3.40 ("Buyback Price") per share ("Selective Buyback"). The Buyback Price is at a discount of 6.6% to the 30-day volume weighted average price[3] ("VWAP") of MOE Shares up to and including 2 September 2019. The 8 million of MOE Shares to be bought back from M&C represent circa 5.1% of the issued capital of MOE ("M&C Interest"). The completion of the Selective Buyback is subject to the approval of MOE Shareholders non-associated with M&C ("Non-Associated Shareholders").

- *Share Sale* – In conjunction with entering into the binding buyback agreement, M&C sold 12.5 million MOE Shares at A$3.40 per share ("Share Sale") to public market investors including the Moelis Australia Employee Share Trust ("Employee Trust")[4]. The Share Sale represented circa 8.0% of the issued capital of MOE. As a result of the Share Sale which was executed on 2 September 2019 and before the Selective Buyback, M&C's shareholding in Moelis Australia has reduced from 32.13%[5] to 24.09%[6] of the issued capital.

[1] Based on a closing trading price of AS$3.77 per share as at 17 September 2019.
[2] Based on a closing trading price of US$34.6 per share as at 17 September 2019.
[3] The VWAP is based on 30 trading days.
[4] The Employee Trust acquired 2 million MOE Shares to satisfy prior and future period share grants to Moelis Australia employees.
[5] Calculated as 50 million MOE Shares held by M&C before the Selective Buyback and Share Sale divided by 155,641,070 shares outstanding before the Selective Buyback.
[6] Calculated after the M&C sell down of 12.5 million MOE shares but pre Selective Buyback.

If the Selective Buyback is completed:

- M&C will reduce its interest in MOE from 24.09% of the issued capital after the Share Sale to 19.98% of the issued capital after the Selective Buyback.
- Total funds of approximately A$27.2 million will be drawn down from existing cash resources to finance the Selective Buyback, excluding any associated transaction costs.
- The shares bought back from M&C will be cancelled, reducing the total number of outstanding shares in MOE from 155,641,070 to 147,641,070 after the Selective Buyback.

Subject to an independent expert concluding and continuing to conclude that the Selective Buyback is fair and reasonable to Non-Associated Shareholders, the Directors have unanimously recommended that MOE Shareholders vote in favour of the Selective Buyback.

Mr Joseph Simon and Mr Kenneth Moelis, non-executive directors of MOE nominated by M&C, abstained from voting when the Selective Buyback was considered by the Board or in making recommendations in relation to the Selective Buyback.

Scope of report

The Directors[8] of MOE have engaged Grant Thornton Corporate Finance to prepare an Independent Expert's Report ("IER" or "Report") stating whether, in its opinion, the Selective Buyback is fair and reasonable to the Non-Associated Shareholders for the purposes of satisfying the requirements under Chapter 2J of the Corporations Act and Chapter 10 of the ASX Listing Rules.

Summary of opinion

Grant Thornton Corporate Finance has concluded that the Selective Buyback is FAIR AND REASONABLE to the Non-Associated Shareholders.

Fairness assessment

The substance of the regulatory framework in relation to selective buybacks is to ensure that the Non-Associated Shareholders will not be economically and/or financially disadvantaged by not being able to participate in the Selective Buyback.

In considering whether the Selective Buyback is fair to the Non-Associated Shareholders, Grant Thornton Corporate Finance has compared the Buyback Price of A$3.40 per share to the trading prices before the announcement of the Selective Buyback and by comparing the PE[9] Multiple implied in the Buyback Price with the multiples of listed comparable companies.

We have concluded that the Selective Buyback is fair to the Non-Associated Shareholders and no net financial benefit is provided to M&C due to the following:

[8] All the directors of the Company excluding Mr Joseph Simon and Mr Kenneth Moelis.
[9] Equity value to net profit after tax ("PE Multiples").

- The timing of the Selective Buyback was opportunistic and beneficial for the Non-Associated Shareholders as it occurred when MOE Shares were depressed compared with the trading prices over the last six months.
- The Buyback Price is at a discount between 4.4% and 10.3% to the assessed value per MOE Share based on the trading prices before the announcement of the Selective Buyback.
- Following the announcement of the Selective Buyback, the trading prices of MOE have increased substantially above the Buyback Price.
- We are of the opinion that the FY20 PE Multiple implied in the Buyback Price is conservative compared with the multiples of the listed comparable companies which indicates that the valuation of MOE implied by the Buyback Price does not provide a net benefit to M&C.
- The Buyback Price is the same price paid by institutional investors that participated in the Share Sale.

We note that our valuation assessment of the fair market value of MOE Shares is based on the trading prices on the ASX up to and including 2 September 2019. Given the Buyback Price is fixed at A$3.40, should the trading prices of MOE reduce materially between the date the IER is dispatched to the Non-Associated Shareholders and the date of the Non-Associated Shareholders' meeting, we will consider the requirement to issue a supplementary IER in accordance with ASIC Regulatory Guide ("RG") *Content of Expert Reports* ("RG111").

Reasonableness assessment

ASIC RG111 establishes that an offer is reasonable if it is fair. Given that our assessment of the Selective Buyback is fair, it is also reasonable. However, we have also considered the following advantages, disadvantages and other factors.

Advantages

Earnings per share accretion

The Selective Buyback and cancellation of the M&C Interest is expected to be accretive on the earnings per share ("EPS") of MOE, all other things being the same, as set out in the calculation below.

Pro forma change in the EPS		
Before the Selective Buyback		
Underlying net profit after tax H1 FY19	A$ million	17
Number of shares outstanding	'000	155,641
EPS	**A$/share**	**0.1092**
Pro forma after the Selective Buyback [1]		
Underlying net profit after tax 1HCY19	A$ million	17
Number of shares outstanding	'000	147,641
EPS	**A$/share**	**0.1151**
Change in the EPS	*A$*	*0.006*
Change in the EPS	*%*	*5.4%*

Sources: Moelis semi-annual report, ASX announcement, GTCF analysis

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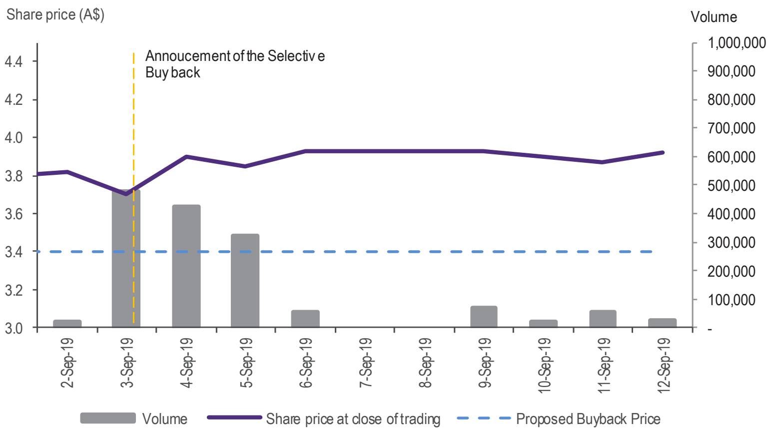
Note 1 – We have assumed that the reduction in the interest received as a consequence of the reduced cash balance for the payment of the Selective Buyback will not affect the NPAT, all other things being the same.

Given that MOE will fund the Selective Buyback with the existing cash resources, MOE will effectively swap shareholders' equity (i.e. the M&C Interest to be bought back) with a reduction of the cash balance which is generating minimal to no return in the current economic environment. The change in EPS is driven by the difference between the cost of equity expected to be generated by the MOE Shares to be bought back and cancelled and the return on the cash balance. We note that the cost of equity funding for a company such as MOE typically ranges between 10% and 12%[10] whilst the return generated by the cash resources is close to nil.

Share price following the announcement of the Selective Buyback

As set out below, following the announcement of the Selective Buyback and Share Sale, the share price has traded above the Buyback price which seems to indicate market support for the Selective Buyback and that the timing of the Buyback Price was beneficial for the Non-Associated Shareholders. As discussed in detail in section 6.1, the Selective Buyback was announced at the time when the trading prices of MOE were depressed compared with the last six months.

MOE trading prices after the announcement



Sources: S&P Global, GTCF analysis

Cost savings and removal of foreign entity status

Before the Selective Buyback but after the Share Sale, M&C owns more than 20% of the issued capital of Moelis Australia, and as a result MOE would continue to be considered a foreign entity under Australian law which brings substantial cost burden and administrative complexity to the day by day operations of the Company. For example, as a foreign entity, MOE is required to seek Foreign Investments Review Board ("FIRB") approval before being able to enter into transactions in relation to certain asset classes. In the real estate sector, which is one of the key asset classes in which MOE operates, the Company is required to obtain FIRB approval for the acquisition of vacant land or residential real estate irrespective of the value. Following completion of the Selective Buyback, the Company will cease to be regarded as a foreign entity under Australia law as a result of M&C's ownership reducing to 19.98%, which is expected to provide benefits in terms of

[10] We note that the broker covering the Company uses a cost of equity of 11.6% and Weighted Average Cost of Capital of 10.3%.

reduced costs, reduced administrative burden and commercial complexity when acquiring assets directly or on behalf of Moelis Australia's managed funds.

Disadvantages

Reduction in net assets

If the Selective Buyback is completed, the pro forma net assets per share as at 30 June 2019 will decrease from A$1.55 to A$1.45. However, given MOE's value resides in the asset management platform and human capital which are not recognised on the balance sheet, the reported net assets per share is not a central measure of value for the Company. The above reduction in the book value per share is unlikely to have an impact on MOE or its creditors given the large cash balance available to the Company following the Selective Buyback of A$78.5[11] million (excluding any other cash effects).

Other factors

Discount to the trading prices

We have reviewed a number of off-market transactions (i.e. block trade, sell down and selective buyback) which have occurred on the ASX over the last three years and the discount agreed between MOE and M&C to the prevailing share price of MOE to determine the Buyback Price is not inconsistent with the discount applied in other similar transactions.

Alternative transactions

The Directors are of the opinion that the Selective Buyback represents the best possible transaction for the Non-Associated Shareholders based on the current market conditions. Alternative methods of disposal could have been pursued by M&C including a block trade or on-market sell-down. However, these alternative methods may not provide the same benefit to Non-associated Shareholders due to the following:

- *Block trade alternative* – M&C could have increased the MOE Shares to be sold under the Share Sale. However, this would not have brought any benefits for the Non-Associated Shareholders given the number of shares on issue would not have reduced and accordingly, the earnings per share would have remained the same.
- *Market sell-down* – if M&C decided to sell its interest on the market over a period of time, it may depress the share price and create an overhang effect if the sale was completed over an extended period of time.

No detriment to the Creditors

In our opinion, the Selective Buyback is not detrimental to the creditors of the Company given the large cash resources available to the Company.

[11] Computed as per following: 105.7 million (MOE cash balance as at 30 June 2019) less A$27.2 million, the total funds to be paid to buy back 8 million of MOE Shares at A$3.40 per share.

Directors' recommendation

As set out in the Notice of Meeting and Explanatory Memorandum, at the date of this report, the Directors of MOE have recommended that Non-Associated Shareholders vote in favour of the Selective Buyback.

Reasonableness conclusion

Based on the qualitative factors identified above, it is our opinion that the Selective Buyback is REASONABLE to the Non-Associated Shareholders.

Overall Conclusion

Based on the above, Grant Thornton Corporate Finance has concluded that the Selective Buyback is FAIR AND REASONABLE to the Non-Associated Shareholders for the purposes of Chapter 2J of the Corporations Act and Chapter 10 of the ASX Listing Rules.

Other matters

Grant Thornton Corporate Finance has prepared a Financial Services Guide in accordance with the Corporations Act. The Financial Services Guide is set out in the following section.

The decision of whether or not to approve the Selective Buyback is a matter for each MOE Shareholder based on their own views of value of MOE and expectations about future market conditions, MOE performance, risk profile and investment strategy. If MOE Shareholders are in doubt about the action they should take in relation to the Selective Buyback, they should seek their own professional advice.

Yours faithfully
GRANT THORNTON CORPORATE FINANCE PTY LTD

ANDREA DE CIAN
Director

JANNAYA JAMES
Director

Contents

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1 Overview of the Selective Buyback

1.1 Selective Buyback

Under the terms of the Selective Buyback Agreement, MOE will purchase and M&C will sell 8 million MOE Shares at a fixed price of A$3.40 per share, which represents a discount of 6.6% to the 30-day VWAP[12] of MOE Shares up to and including 2 September 2019.

The Selective Buyback is subject to:

- The approval of Non-Associated Shareholders by the requisite majorities required under subsection 257D(1) of the Corporations Act and ASX Listing Rule 10.1; and
- The Independent Expert concluding that the Selective Buyback is fair and reasonable to the Non-Associated Shareholders.

If the above conditions are not satisfied by 29 November 2019, then at the option of either party, the Selective Buyback Agreement may be terminated and the Selective Buyback will not be completed. MOE can also terminate the Selective Buyback if a majority of the board of Directors of MOE change their recommendation that Non-Associated Shareholders should vote in favour of the Selective Buyback because of a change in the conclusion by the Independent Expert.

If the conditions are satisfied and the Selective Buyback is completed:

- Total funds of approximately A$27.2 million will be drawn down from the existing cash balance to finance the Selective Buyback, excluding any associated transaction costs; and
- The shares bought back from M&C will be cancelled, reducing the number of outstanding shares in MOE from 155,641,070 to 147,641,070.

[12] VWAP based on 30 trading days.

2 Purpose and Scope of the report

2.1 Purpose

Chapter 2J of the Corporations Act ("Chapter 2J")

Division 2 of Chapter 2J states that a company may buy back its own shares if the buy-back does not materially prejudice the company's ability to pay its creditors and the company follows the procedures laid down in Division 2.

The procedures laid down by Division 2 require that, under Section 257D of the Corporations Act ("Section 257D"), a selective reduction such as the Selective Buyback be approved by either a special resolution passed at a general meeting of the company, with no votes being cast in favour of the resolution by any person who is to receive consideration as part of the reduction, or by their associates; or alternatively a resolution agreed to, at a general meeting, by all ordinary shareholders.

Section 257D further prescribes that the company must include with the notice of meeting, a statement setting out all information known to the company that is material to the decision on how to vote on the resolution unless it is unreasonable to require the company to do so because the company had previously disclosed the information to its shareholders.

ASIC Regulatory Guide 110 – Share buy-backs ("RG110") provides that if a company proposes to buy back a significant percentage of shares or the holdings of a major shareholder, it should consider providing an independent expert's report with a valuation of the shares to satisfy the information requirements.

Chapter 10 of the ASX Listing Rules – Transactions with persons in a position of influence

Chapter 10 of the ASX Listing Rules requires the approval from the non-associated shareholders of a company if the company proposes to acquire or dispose of a substantial asset from a related party or a substantial holder.

ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration, is equal to 5% or more of the equity interest of the entity as set out in the latest financial statement provided to the ASX.

Under the ASX Listing Rule 10.1.3, a person is a substantial holder if the person or person's associates have a relevant interest or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities.

In regards to the Selective Buyback, we note that M&C is a substantial holder and therefore the Selective Buyback constitutes the acquisition of a substantial asset.

ASX Listing Rule 10.10.2 requires that the Notice of Meeting and Explanatory Memorandum be accompanied by a voting exclusion statement and a report from an independent expert stating whether the transaction is fair and reasonable to the Non-Associated Shareholders.

Accordingly, the Directors of MOE have requested Grant Thornton Corporate Finance to prepare an independent expert's report stating, whether in its opinion, the Selective Buyback is fair and reasonable to the Non-Associated Shareholders.

2.2 Basis of assessment

In preparing the Report, Grant Thornton Corporate Finance has had regard to the Regulatory Guides issued by ASIC, particularly Regulatory Guide 111 – Content of expert reports ("RG111") and Regulatory Guide 110 – Share Buy-backs ("RG110").

In considering our approach to the fairness assessment, we note the following:

- The shares bought back from M&C will be cancelled in accordance with the Corporations Act requirements.
- As a result of the Selective Buyback and Share Sale, M&C will reduce its interest from 24.09% (after the Share Sale) to 19.98% in the issued capital of the Company which is below the 20% takeover threshold interest.
- The substance of the regulatory framework in relation to selective buybacks is to ensure that the Non-Associated Shareholders will not be economically and/or financially disadvantaged by not being able to participate in the buyback.
- The buyback and cancellation of the M&C shares will not trigger any of the Non-Associated Shareholders to acquire a controlling interest in MOE.

Accordingly, Grant Thornton Corporate Finance has concluded that the Selective Buyback is not a change of control transaction. In our fairness assessment, we have compared the Buyback Price of A$3.40 per share with the trading prices before the announcement of the Selective Buyback and the multiples of the listed peers.

In considering whether the Selective Buyback is reasonable to the Non-Associated Shareholders, we have considered a number of factors, including:

- Whether the Selective Buyback is fair.
- The financial impact on MOE if the Selective Buyback proceeds.
- The likely impact of the Selective Buyback on creditors.
- The impact of the Selective Buyback on ownership interests and control of MOE.
- The implications to MOE and the Non-Associated Shareholders if the Selective Buyback is not approved.
- Other likely advantages and disadvantages associated with the Selective Buyback as required by RG111.
- Other costs and risks associated with the Selective Buyback that could potentially affect the Non-Associated Shareholders of MOE.

2.3 Independence

Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to the Selective Buyback with reference to the ASIC Regulatory Guide 112 - Independence of Expert's Reports ("RG112").

Grant Thornton Corporate Finance has no involvement with, or interest in, the outcome of the approval of the Selective Buyback other than that of an independent expert. Grant Thornton Corporate Finance is entitled to receive a fee based on commercial rates and including reimbursement of out-of-pocket expenses for the preparation of this report.

Except for these fees, Grant Thornton Corporate Finance will not be entitled to any other pecuniary or other benefit, whether direct or indirect, in connection with the issuing of this report. The payment of this fee is in no way contingent upon the success or failure of the Selective Buyback.

2.4 Consent and other matters

Our report is to be read in conjunction with the Notice of Meeting and Explanatory Memorandum dated on or around 25 September 2019 in which this report is included, and is prepared for the exclusive purpose of assisting the Non-Associated Shareholders in their consideration of the Selective Buyback.

This report should not be used for any other purpose.

Grant Thornton Corporate Finance consents to the issuance of this report in its form and context and consents to its inclusion in the Notice of Meeting and Explanatory Statement.

This report constitutes general financial product advice only and in undertaking our assessment, we have considered the likely impact of the Selective Buyback to the Non-Associated Shareholders as a whole. We have not considered the potential impact of the Selective Buyback on individual shareholders. Individual shareholders have different financial circumstances and it is neither practicable nor possible to consider the implications of the Selective Buyback on individual shareholders.

The decision of whether or not to approve the Selective Buyback is a matter for each MOE Shareholder based on their own views of the value of MOE and expectations about future market conditions, MOE's performance, risk profile and investment strategy. If MOE Shareholders are in doubt about the action they should take in relation to the Selective Buyback, they should seek their own professional advice.

2.5 Compliance with APES 225 Valuation Services

This report has been prepared in accordance with the requirements of the professional standard APES 225 Valuation Services ("APES 225") issued by the Accounting Professional & Ethical Standards Board. In accordance with the requirements of APES 225, we advise that this assignment is a Valuation Engagement as defined by that standard as follows:

"An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Member is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Member at that time."

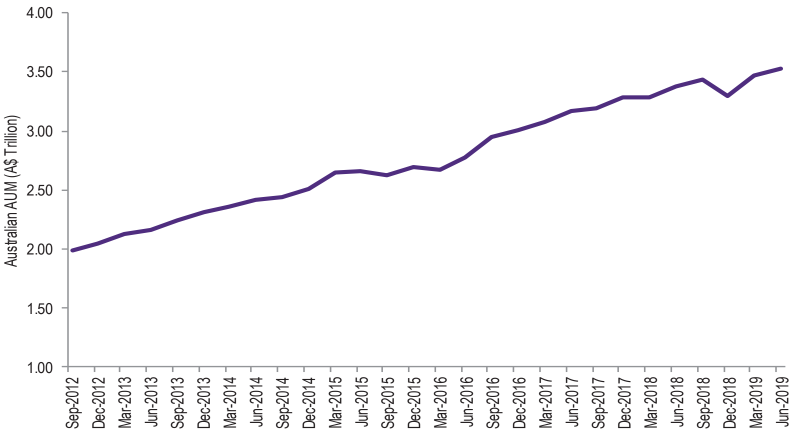
3 Industry Overview

MOE is a diversified financial services company operating in the asset management and corporate advisory sectors in Australia. Accordingly, we have provided below an overview of these sectors.

3.1 Funds Management

The Australian managed funds industry[13] has estimated assets under management ("AUM") of A$3.6 trillion as at 30 June 2019 and the industry has been growing continuously as set out in the graph below.

Managed Funds as at 30 June 2019



Source: Australian Bureau of Statistics, June 2019

Of the total AUM, A$2.3 trillion are placed with resident investment managers and the balance with non-resident managers or directly invested. The drivers for growth within the Australian funds are compulsory superannuation contributions, the high allocation to growth investments such as equities and real estate assets relative to global peers, beneficial demographic profile with the 45-65 age group expected to represent an increasing proportion of the population and continued merger and acquisition activity within the Australian landscape.

Within the managed funds industry, Australia has the fourth largest pension market in the world with US$1.86 trillion in assets as set out in the following graph.

[13] Managed funds include managed funds institutions such as life insurance corporations, superannuation funds and unit trusts which buy assets on their own account and investment/fund managers which provide, on a fee for service basis, professional investment services for the managed funds institutions, as well as others with substantial funds to invest.

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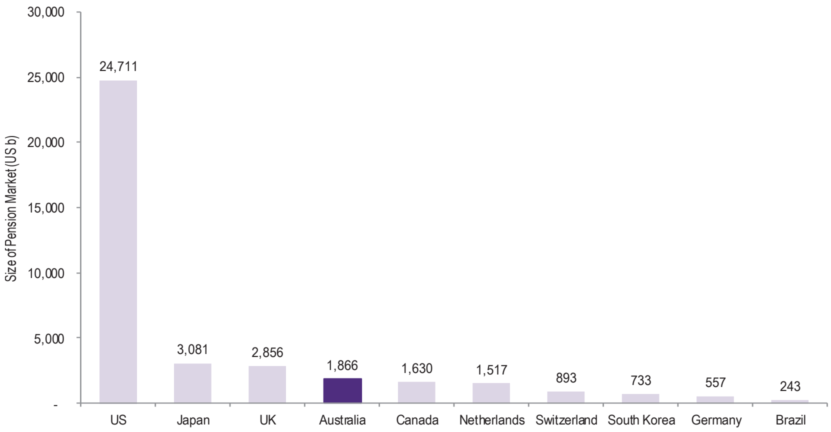
Largest pension markets globally in 2018

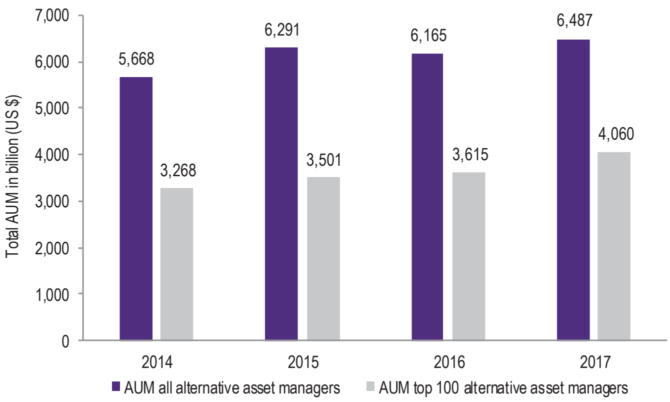


Source: Australian Trade and Investment Commission (Austrade) publication of 2018 global pension fund estimates

MOE operates as an alternative asset manager. Alternative investments refer to direct infrastructure, real estate, hedge fund, private equity, real assets and others ("Alternatives").

Alternatives are well appreciated by institutional investors as they perform well in volatile market conditions and assist to smooth portfolio returns. The graph below shows an increase in assets under management of all (including the top 100) global alternative asset managers over the period 2014-17.

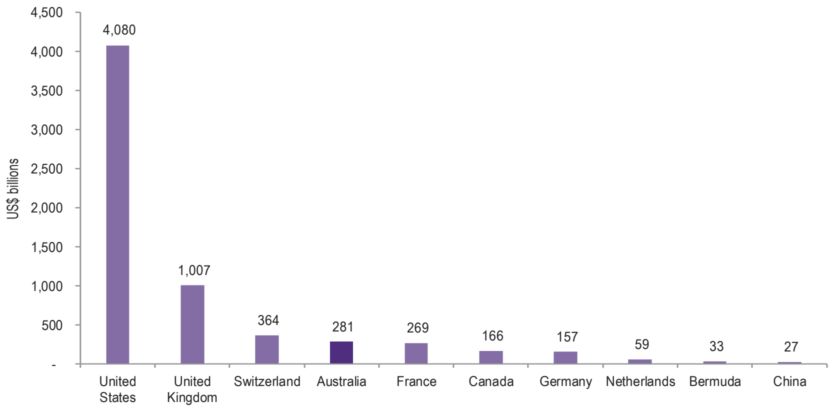
Total AUM top alternative asset managers



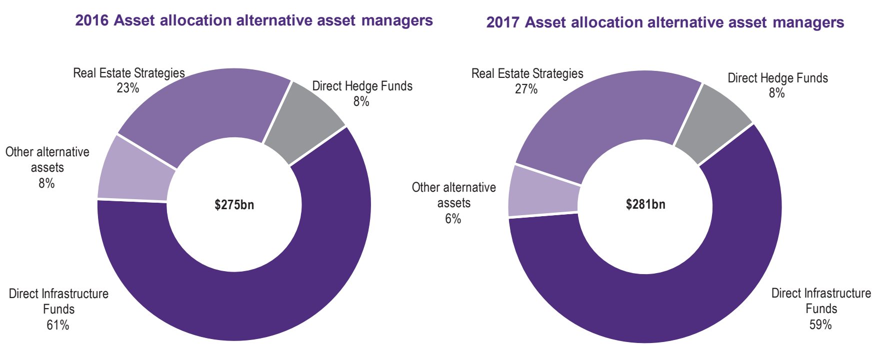
Source: Willis Towers Watson, Global Alternatives Survey 2015-2017
Note: There is no more recent version available of the Willis Towers Watson Global Alternatives Survey report.

Collectively, Australia's alternative investment assets were ranked as the fourth largest in the world totalling US$281 billion at the end of 2017. A breakdown of the Alternative assets allocations by geography and type of assets are outlined in the following graph.

Top alternative asset managing countries - by AUM 2017



Source: *Willis Towers Watson, Global Alternatives Survey 2016 and 2017*



Source: Willis Towers Watson, Global Alternatives Survey 2016 and 2017
Note: Other alternative assets includes: direct private equity (1.0%), illiquid credit (1.8%), natural resources (2.0%) and private equity FOF (1.6%) as of 2017.

The funds management industry includes both large/global institutional fund managers and smaller boutique investment managers. The clients are represented by institutional and retail investors and state and federal governments. A breakdown of the market segmentation is set out in the following graph.

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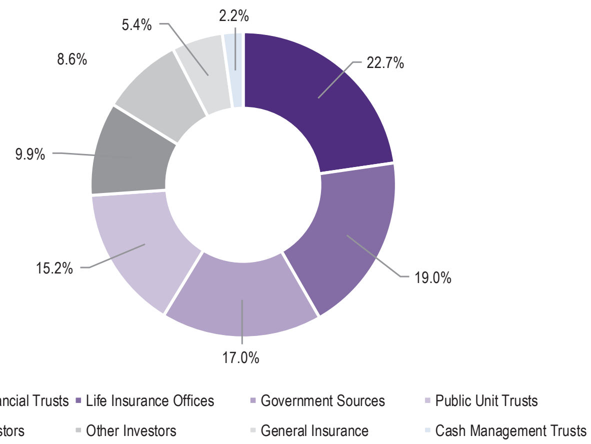
Australian Funds Management Market (Excluding Superannuation)



Source: IBISWorld Funds Management Services in Australia, June 2019

MOE focuses on a niche segment of the wholesale asset management industry comprising high net worth ("HNW") investors in Asia and in Australia. A large component of the Asian investors are sourced via the Significant Investor Visa ("SIV") Program which is part of the Business Innovation and Investment Program ("BIIP") run by the Department of Home Affairs. The SIV is a four-year provisional visa available to HNW investors who invest at least A$5 million into complying investments. The total inbound investment flows from Australia's SIV program since it was launched in 2012 has now topped A$10 billion and as of 30 June 2018, almost 2,100 SIV visas were granted from the commencement of the program. In 2018 Australia was the largest beneficiary of net migration from Chinese HNW immigrants globally. We note that MOE managed A$1.7 billion in HNW AUM for foreign investors as at 30 June 2019.

Investors under the SIV program can only invest in a limited number of complying asset classes as outlined below:

- Minimum A$500,000 be invested in start-ups and growth funds through venture, private capital and other investment options.
- Minimum A$1.5 million in ASX Small Caps/Emerging Companies; and
- Maximum A$3 million in balanced investments including commercial property, equities and bonds.

MOE is a leader in the SIV funds management industry in Australia.

3.2 Real Estate

As set out in the half year accounts for FY19, almost 70% of the net AUM of MOE is invested in core real estate (i.e. shopping centres and commercial assets) and operating real estate (i.e. Redcape Hotel Group). In addition, MOE continues to review how to deploy capital into residential related opportunities given it has a positive view on this segment of the market. Accordingly, we have provided below a brief overview of the key factors affecting the Australian real estate market.

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- *Low interest rates* – Since the Global Financial Crisis ("GFC"), the RBA has supported low interest rates in the belief that the increased liquidity will help the economy recover and increase the real GDP growth rate. While Australia did witness growth in real GDP, the high level of liquidity in the system benefitted the real estate industry since the total value of properties transacted increased between 2014 and 2017 before declining by c. 9% to A$32.8 billion in 2018. In June and July 2019, the RBA further reduced the cash rates from 1.5% to 1% due to continued low inflation and GDP growth rate. The low interest rate environment is expected to continue to support the real estate sector.

- *Compressing yields* – As outlined in the graph below, the yield on properties has closely followed the 10-year bond which in turn is linked to the cash rate. Due to increase in the level of real estate activity since the GFC, property prices have increased which has resulted in a reduction in yields[14]. However, the lower returns provided by other asset classes such as government bonds, have helped maintain the demand for real estate assets.

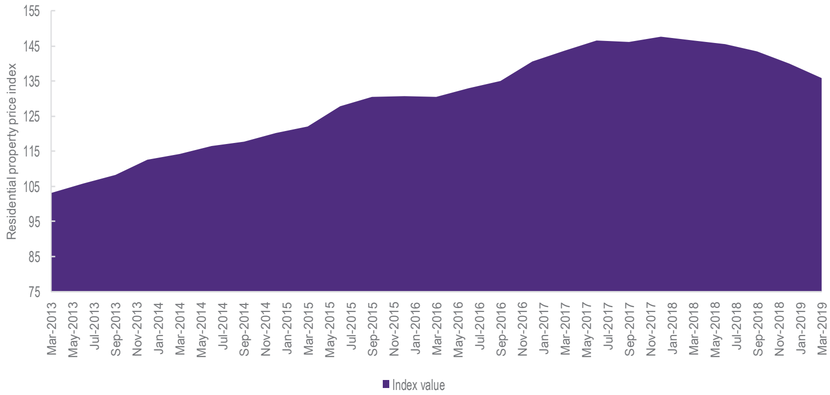
Correlation between yield on 10-year Australian Government Bond and yields on real estate

Source: Reserve Bank of Australia, MOE Investor Day presentation

The low interest rate environment and the high level of liquidity in the system also benefitted the residential housing market as evidenced by the increase in the residential property price index ("RPP Index") published by the Australian Bureau of Statistics ("ABS") which is set out in the following graph.

[14] Yields indicates how much of an annual return an investor is likely to get on an investment. Property yields are calculated as a ratio of the rental income divided by the property value. Accordingly, when demand is high, the cost of purchasing a property increases (i.e. its value) reducing the yield as a result, provided that the rental income does not increase proportionately.

Movements in the RPP Index from March 2013 to March 2019



Source: ABS 6416.0 Residential Property Price Indices

During this period, the cash rate has declined from 2.75% to 1% as the RPP Index increased from approximately 105 in March 2013 to approximately 130 in March 2019. More recently, the RPP Index declined in conjunction with a reduction in the house prices across the country particularly in the Sydney and Melbourne markets.

Market conditions have improved recently following the Federal Election in May 2019, RBA's two consecutive interest rate cuts in June and July 2019 and the Australian Prudential Regulatory Authority ("APRA") reducing the mortgage interest rate serviceability threshold in July 2019. In particular we note that the Sydney and Melbourne markets have both recorded higher auction clearance rates in recent months and the first rises in median house prices since July 2017 were recorded in June 2019. The improved market performance has continued in July and August 2019 when strong home price gains in Sydney and Melbourne resulted in a national increase in dwelling values of 0.8% in the month of August 2019 (Sydney increased by 1.6% and Melbourne by 1.4%).

- *Commercial property sector* – The commercial property sector has grown strongly over the past five years mainly due to demand for office space and investor appetite for higher yields. In particular, over the past five years, office property transaction volumes have been dominated by overseas investors mainly from North America. There are some thematics which may have an adverse impact on the demand for office and commercial properties in the medium term such as the rise of office sharing practices, working from home and the effect of technology on labour and productivity. These thematics may be exacerbated by subdued business confidence and an economy which is currently performing below long term average GDP growth. However, office vacancy rates in Sydney and Melbourne are low and they are expected to continue to support strong pricing.

- *Business confidence* – The NAB Business Confidence Index surged from nil in April 2019 to +7 in May 2019 due to the Federal election results and expectations of the RBA rate cuts, which occurred in June and July 2019. However, the figure dropped to +4 in July 2019 and +1 in August 2019 as a result of sharp deterioration in retail conditions. The weak business conditions persist in the retail, transport & facilities, finance, business & property and mining sectors. Overall, the market conditions and business confidence are below long term averages.

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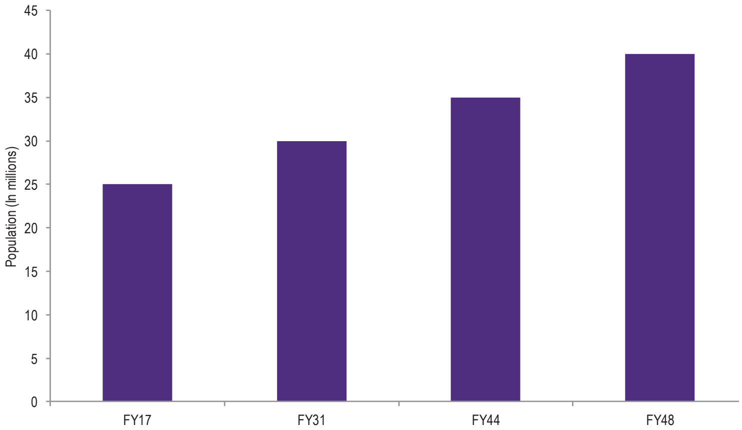
- *Availability of capital* – Another important factor influencing the demand for real estate is the availability of capital, both debt and equity. The APRA recently introduced measures to contain the increasing level of household debt which impacted the lending ability of authorised deposit-taking institutions[15] ("ADIs") and consequently, the overall lending to the commercial and industrial property market. These measures included additional capital requirements in the form of increased ratios for regulatory capital, emphasis on increased oversight by the Board of Directors, setting internal limits on high-risk lending and others.

  This represents a growth opportunity for MOE as it provides credit and alternative equity funding to the property sector in the residential, industrial and commercial segments. We note that the share of non-ADI lending in Australia accounts c. 6% of total financial system assets, which is a relatively small proportion of the 40% to 50% share held by similar institutions in Europe and the United States respectively.

- *Population growth* – Australian population growth has a direct correlation to the long-term demand for residential properties. According to the ABS, Australia's population is expected to increase from 25 million in FY17 to 30 million by FY31 which has been set out in the graph below. The age distribution of the population and the resultant household formation patterns influence long-term demand for residential construction.

Future projected population at different points



Source: ABS 3222.0 Population Projections

Based on the above graph, the population is projected to grow at a CAGR of c. 1.6% until FY48 which is one of the fastest rates in any developed country. This is expected to contribute to the long-term demand for housing.

[15] These are financial institutions that have the necessary approvals to collect deposits from the people and lend it to businesses. Since these financial institutions operate using public funds, they are subject to higher levels of scrutiny and accountability by regulatory bodies such as APRA compared with financial institutions that do not accept deposits from the public ("Non-ADIs')

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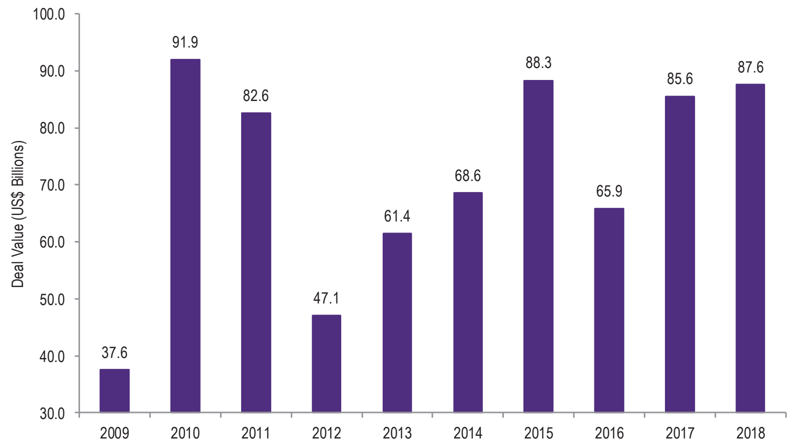
3.3 Corporate advisory and capital market

Australian M&A continued to perform strongly through 2018, with the total value of M&A deals at US$87.6 billion (AU$127.5 billion)[16] slightly ahead of 2017 US$85.6 billion. 2018 was the second-highest total deal value over the past decade as set out in the graph below. Deal volume by number of transactions reduced slightly, from 618 in 2017 to 583 last year.

M&A Last 10 Years Deal Value



Source: Merger Markets, GTCF analysis

The second half of 2018 was particularly strong for Australian M&A, accounting for 71% of the year's total deal value. This trend was driven by large deals announced in the second part of the year like the demerger of Coles Group food and liquor retail operations from Wesfarmers and the US$6.7 billion (AU$9.3 billion) sale of a 51% stake in road project finance and delivery business Sydney Motorway Corporation by the New South Wales government.

Strong offshore interest in Australian assets continued in 2018, with 255 Australian deals announced by overseas buyers, valued at US$37.7 billion (AU$52.4 billion). Whilst this was a significant decrease compared with 2017 (US$61.3 billion), the performance in 2017 was positively affected by the US$24.7 billion (AU$34.4 billion) scrip merger between French group Unibail-Rodamco and shopping mall operator Westfield Corp.

In 2018, US investors were the most acquisitive inbound buyers, which represent a growth opportunity for MOE given the relationship with M&C. Private equity investors were also quite active with 93 deals completed worth US$25.4 billion (AU$35.3 billion) which is expected to continue in 2019 given the large funds available to PE which are yet to be deployed.

From a capital markets perspective, FY19 was also a strong year with total capital raised, both IPO and secondary, of circa A$76 billion, a growth of circa 10% compared with FY18. As set out in the graph below, the capital raised on the ASX has increased continuously since FY17.

[16] Exchange rate used as at 12 September 2019 (US$1 = A$1.45)

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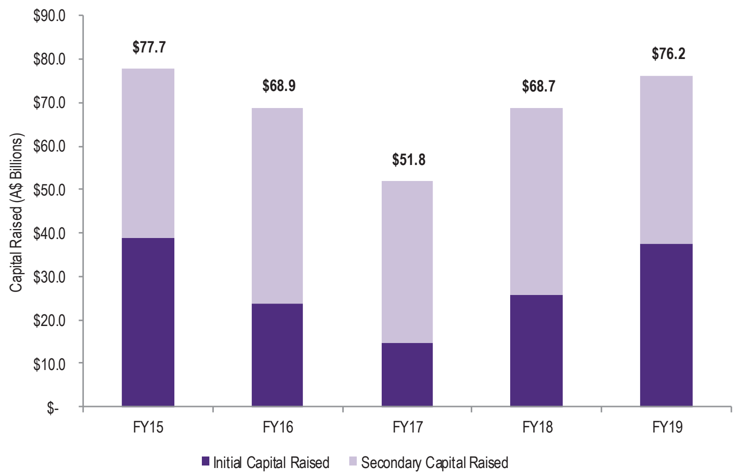
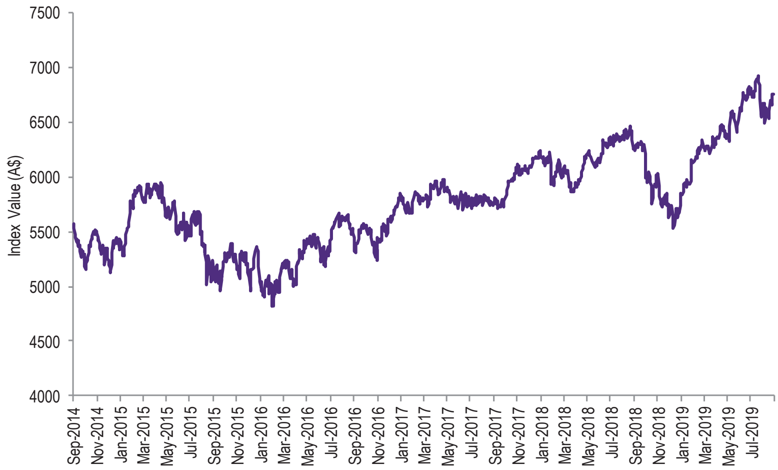
Total Capital Raised in Last 5 Years



Source: ASX Limited full-year results, August 2019

As set out in the graph below, the performance of the S&P/ASX All Ordinaries Index[17] also continued to strengthen creating a conducive market for advisory businesses like MOE. We have set out below the performance of the S&P/ASX All Ordinaries Index over the last five year period.

ASX All Ordinaries Index



Source: ASX, GTCF analysis

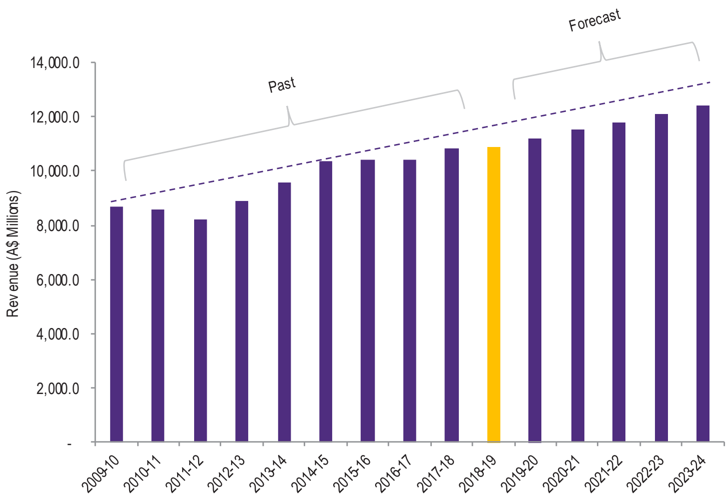
The outlook for the industry remains strong on the back of expectations of improvements in business confidence, the large liquidity in the market and the continued shift of Australia towards a service-based economy. The healthcare, technology and aged care sectors are likely to be areas of growth in terms of

[17] The S&P/ASX All Ordinaries Index consists of 500 common (ordinary) stocks traded on the ASX. The index focuses on all sectors and covers 95% of the value of the ASX market. The S&P/ASX All Ordinaries Index includes the top 500 stocks by market capitalisation and places no liquidity requirements for constituents except for foreign domiciled companies. The index is maintained by the S&P Australian Index Committee and is a part of the S&P Australia Indices family of indices. The S&P/ASX All Ordinaries Index was formed in January 1980 and is rebalanced annually, on the third Friday of March.

M&A and capital market. Over the last several years, several deals have originated from Asian buyers eager to secure minerals for domestic infrastructure investments. As the Chinese economy transitions from an export-led to a consumption-led growth, the focus is likely to shift to agricultural and food production sectors.

Apart from the positive underlying characteristics of the alternative asset management and corporate advisory industries, we also note that the general Australian funds management industry has performed well over the past few years and is expected to continue to do so. The below graphs illustrates the increasing revenues generated by Australian funds management companies.

Revenue in the Corporate Advisory sector



Source: IBISWorld Funds Management Services in Australia, GTCF analysis

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4 Profile of MOE

MOE is an ASX-listed financial services group specialising in asset management, corporate advisory and equities. It commenced operations in 2009 in Sydney as a joint venture with NYSE-listed global investment bank M&C and senior Australian executives. The Company's initial focus was on advisory services, specifically restructuring and real estate.

Since then, the Company has expanded its operations to include an equities business aimed at the institutional investor and a fast growing asset management arm.

The Company operates two distinct business divisions:

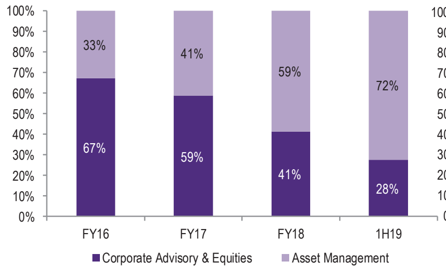
- *Asset Management* – The division provides investment management services to domestic and foreign institutional and wholesale investors. The division had AUM of A$3.9 billion as at 30 June 2019 and it mainly invests in real estate and credit. A key factor for the rapid growth in AUM has been the division's focus on foreign HNW investors seeking to invest in Australia through the SIV program as part of international diversification.

- *Corporate Advisory & Equities* – The division provides strategic and financial advice for mergers and acquisitions, equity capital markets (i.e. IPOs), debt capital markets, restructuring and recapitalisations. MOE also operates an equities business that provides securities research, sales and trading execution services to institutional and HNW clients.

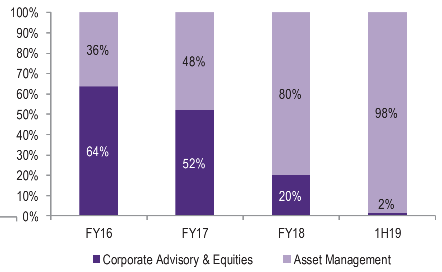
MOE is able to generate significant synergies and cross-fertilisation of opportunities between the two divisions.

As set out in the graph below, the contribution of Asset Management to the financial performance of the Company has increased exponentially over the last four years. However, we note that in H1 FY19 the financial performance of the Corporate Advisory business was affected by timing issues in the delivery of certain mandates which are expected to unravel in H2 FY19.

Underlying Revenue by Division



Underlying EBITDA by Division



Source: MOE annual and semi-annual reports, GTCF analysis

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Annexure A: Independent Expert's Report (cont.)

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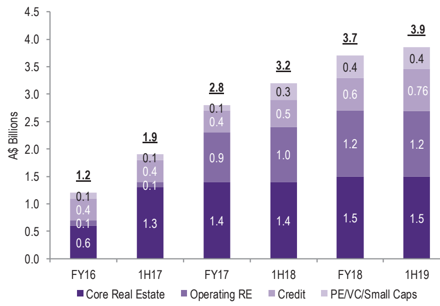
4.1 Asset Management

The Asset Management division provides origination, fund raising and on-going investment management services to its clients. The Company generates four main revenue streams through this division:

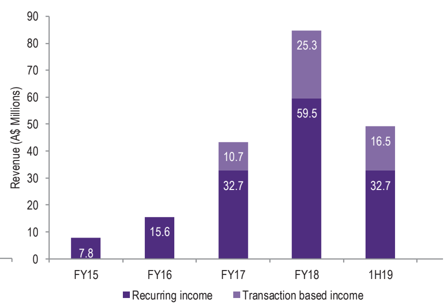
- *Management fees* – calculated as a percentage of the gross or net asset value.
- *Performance fees* – calculated based on the excess return achieved above an agreed performance hurdle.
- *Establishment and acquisition fees* – calculated on the establishment of a new fund or transaction of assets.
- *Principal co-investment income* – MOE's strategy is to establish a strong alignment with its clients by investing principals' cash in many of the funds established or making direct on-balance sheet investments. Co-investment income is obtained through distributions from funds in which MOE has co-invested.

The majority of asset management revenues are realised through recurring management fees and to a lesser extent by transaction and performance fees. The Company has also a strong focus on real estate and an increasing allocation to credit as outlined below:

AUM Growth and Composition



Asset Management Revenue Breakdown



Source: Management, GTCF analysis

In FY18 and FY19, MOE has invested significant resources in growing its assets management platform by increasing the headcount from 29 at the start of FY18 to 47 people at the end of FY18 and the headcount continues to grow. In addition, MOE has opened a permanent office in Shanghai to service existing China based clients.

Core Real Estate

The Company has a significant allocation of A$1.5 billion to core real estate. This includes the AUM acquired as part of the Armada transaction in 2017. Armada was a specialist real estate fund manager with approximately A$800m in AUM across ten unlisted single asset funds. Current funds are in the retail sector, however Armada has previously managed funds across the commercial and hotel sectors.

The increase in the AUM over the last 12 months has been mainly derived from the following:

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- In November 2018, funds managed by MOE bought from Stockland the Bathurst Shopping Centre for circa A$90 million which is a 19,570sqm subregional shopping centre anchored by Target, Big W and Woolworths. The weighted average lease expiry was more than eight years. The acquisition was housed in a single unlisted asset fund.

- In December 2018, MOE partnered with Singaporean real estate firm SPH REIT to buy the Figtree Grove shopping centre in Wollongong for circa A$206 million from private equity player Blackstone. Funds managed by MOE acquired circa 15% with the balance being acquired by SPH REIT. MOE is the manager of this asset.

Operating Real Estate

In July 2017, a MOE managed fund acquired the Redcape Hotel Group ("Redcape") which was listed on the ASX in November 2018.

Redcape owns 32 hotels and pubs distributed across the eastern seaboard of Australia with majority of the assets located in Sydney (22 freehold and 1 leasehold assets). The Redcape portfolio is an attractive and profitable operating business but it also represents a unique real estate footprint in growth suburban infill markets across Sydney and major regional cities in Queensland. In Sydney, only 27% of the total sites are utilised which provides flexibility for future growth or alternative use opportunities. The portfolio value was A$1.1 billion as at 30 June 2019.

Redcape Hotel Group Management Ltd ("RHGM") is the responsible entity of the Redcape Hotel Group and it has appointed Moelis Australia Hotel Management Pty Ltd ("MAHM") to manage and operate the Redcape Hotel Group. Both MAHM and RHGM are wholly owned subsidiaries of MOE.

The responsible entity is entitled to receive a management fee equal to 0.50% of the gross hotel portfolio value and reimbursement of expenses incurred in the management of Redcape. In addition, RHGM is entitled to a performance fee equal to 20% of the outperformance amount above the agreed hurdle of 10% per annum. The responsible entity is entitled to one-off transaction fees in relation to debt arranging, acquisition and disposal transactions.

MAHM as manager and operator of Redcape is entitled to a fee equal to 15.75% of operating profit of the hotel portfolio[18] up to an operating profit of A$66.5 million which is indexed annually at 4%, plus 8% of the operating profit exceeding A$66.5 million. The fee structure covers the costs of MAHM. The IMA has a fixed term of 10 years from November 2018 and will automatically renew for consecutive five-year term until terminated.

In FY18, upon completion of the IPO, MOE recognised in its statutory accounts a performance fee of A$14.4 million[19]. MOE has a co-investment in Redcape of approximately A$60 million equivalent to 9.4% of the issued capital.

Operating real estate also includes a number of investments in the aged care sector both directly and via funds managed by MOE. Those investments include Infinite Care which operates a portfolio of 11 aged care facilities and has a strong pipeline of development opportunities; and Japara Healthcare ("Japara) which funds managed by MOE hold a 9.96% interest in.

[18] Calculated as operating profit of the hotel portfolio less operating expenses of the hotel portfolio.
[19] However A$1.5 million was waived.

Credit

The Company focuses on generating risk-adjusted returns across a number of different asset classes and deploying capital into special situation opportunities. MOE now has circa 15 full time people focussed on growing the credit funds management business. The Company has a number of funds as outlined below:

- *Fixed Income Fund ("FIF")* – This is an open-ended fund which provides investors exposure to a diversified portfolio of credit investments structured to realise stable monthly cash distributions. The FIF currently has over A$70 million AUM across commercial, accounts receivable and consumer lending products and is targeting a return of cash rate plus 4%. The performance has been credit enhanced by MOE which has assumed the first 10% of any loss by co-investing an amount equal to 10% of the capital.

- *Secured Loan Funds ("SLF")* – The SLF was established in April 2018 as an open-ended fund and it aims to provide wholesale investors with a diversified exposure to a portfolio of loans secured by registered first mortgage loans over a mix of commercial and residential properties. Loans are usually for a small period of time up to a maximum of 12 months with a target LVR of 50% to 60%. The SLF had AUM of A$200 million as at 30 June 2019.

- *Construction Financing Partnership* – This is senior secured debt provided in partnership with a global financial institution. These loans usually last for 6 to 24 months and the drawdown is based on percentage of completion.

The Company identified an area of significant growth opportunity in providing disbursement funding for personal injury claims. In order to provide this funding, MOE obtained an Australian Credit Licence in May 2018 and it has since grown to be one of the main national providers of disbursement funding for personal injuries claims.

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4.2 Corporate advisory and equities

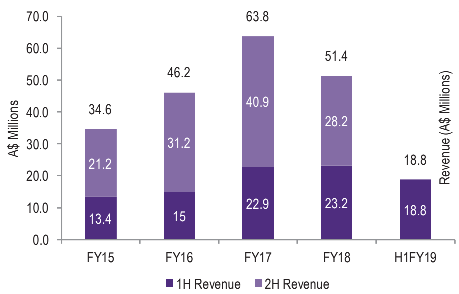
MOE's Corporate Advisory and equities ("CA&E") division provides strategic and financial advice for mergers and acquisitions, equity capital markets, debt capital markets and restructuring and recapitalisations.

This division is transactional in nature and accordingly the financial results are usually affected by volatility in relation to timing of the transactions and market dynamics. Fees charged for corporate advisory engagements are usually monthly fixed retainers plus transaction fees on successful completion. Equity capital market fees are usually a percentage of the amount of funds raised.

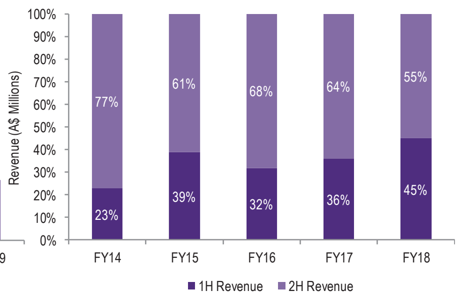
The equities desk provides research, sales and trading execution services to institutional and HNW clients and the ECM team with distribution capabilities to facilitate the execution of equity capital market deals. The equities team employed circa 18 people as at 30 June 2019.

The financial performance of the Corporate Advisory division was subdued in the H1 FY19. However, the Company has indicated that it was mainly due to timing in relation to completion of transactions. The Corporate Advisory generated underlying revenue of A$18.8 million in H1 FY19 and Management has indicated that revenue is expected to be strong for H2 FY19. This is also supported by the fact that historically revenues have been skewed towards the second half as can be observed from the graph below.

Underlying Revenue



Revenue Seasonality



Source: Management, GTCF analysis

MOE and M&C have a Strategic Alliance Agreement ("SAA") in place which is designed to ensure that MOE continues to remain aligned with M&C in the delivery and execution of corporate advisory services in Australia and globally. The SAA provides for the parties to work together on an exclusive basis in relation to cross border corporate advisory opportunities with respect to Australia and New Zealand.

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4.3 Financial information

The table below shows the Company's audited consolidated statements of comprehensive income for the last three financial years and the recent half year FY19 with comparative FY18.

Consolidated statements of financial performance A$'000s	FY16 Audited	FY17 Audited	FY18 Audited	H1 FY18 Reviewed	H1 FY19 Reviewed
Advisory success fees	36,737	53,673	43,714	18,709	15,399
Commission and brokerage income	10,654	10,561	10,140	4,921	3,614
Facilitation and transaction fees	820	16,599	10,848	6,154	3,101
Performance fees	547	-	14,839	-	2,556
Distribution fees	-	5,259	5,996	3,139	3,234
Management fees	21,824	20,797	41,876	20,608	22,801
Total fee and commission income	**70,582**	**106,889**	**127,413**	**53,531**	**50,705**
Share of profits of associates	107	23	446	2,201	2,308
Investment income	453	1,257	19,680	6,385	11,483
Other income	113	3,447	5,514	284	2
Fee and commission expenses	(8,665)	(6,781)	(9,823)	(5,118)	(3,079)
Net revenues	**62,590**	**104,835**	**143,230**	**57,283**	**61,419**
Personnel expenses	(35,130)	(44,925)	(69,405)	(28,820)	(34,668)
Marketing and business development expenses	(1,755)	(3,873)	(3,530)	(1,518)	(1,842)
Communications, data and information technology expenses	(2,224)	(3,377)	(3,042)	(1,563)	(1,926)
Occupancy expenses	(1,658)	(2,436)	(2,940)	(1,454)	(443)
Interest expense	-	(488)	(7,869)	(3,711)	(4,638)
Depreciation and amortisation	(273)	(968)	(2,970)	(1,436)	(2,100)
Other expenses	(7,058)	(6,226)	(8,074)	(2,043)	(4,190)
Profit before tax	**14,492**	**42,542**	**45,400**	**16,738**	**11,612**
Income tax expense	(4,405)	(12,975)	(14,855)	(5,428)	(4,139)
Profit for the period	**10,087**	**29,567**	**30,545**	**11,310**	**7,473**
Net unrealised gain/(loss) on investments	(325)	(1,333)	(9,318)	(1,510)	736
Share of other comprehensive income of associates	-	3,625	5,979	5,240	1,564
Total comprehensive income for the period	**9,762**	**31,859**	**27,206**	**15,040**	**9,773**
Underlying adjustments (Please refer to Appendix E)	4,066	(2,805)	12,077	113	7,265
Underlying results	**13,828**	**29,054**	**39,283**	**15,153**	**17,038**

Source: Company annual and semi-annual reports, GTCF analysis

In relation to the above statement of financial performance, we note the following:

- The Company's increase in reported revenue between FY16 and FY18 is largely attributed to the Asset Management segment. Over H1 FY19 the Asset Management revenues continued to rise by 49% from H1 FY18. On the flip side, the CA&E divisional revenue declined by 19% in the same period. The segments are discussed in detail in the following two points.

- The revenue stream for the CA&E division is to a large extent market driven and based on current Corporate Advisory projects. There has been a sharp drop in EBITDA in H1 FY19 compared to H1 FY18 since projects were deferred. Lower EBITDA reflects lower deal transaction flow as well as an increase in investment in senior executives at the beginning of the year. The new hires are expected to take some time to contribute to the deal pipeline. Nevertheless, Management has indicated the

Corporate Advisory pipeline is strong for H2 FY19, supported by the fact that revenue has historically weighted towards the second half of the year, and that revenue for the full year should be above that of FY18.

- The revenue stream for the Asset Management division is more recurring in nature as it is based on base management fees along with performance fees and transaction fees. Recurring revenue has increased reflecting growth in assets under management and principal investment income. Due to the success of some key managed funds, funds have grown which has resulted in larger and more regular performance and transaction fees.

- The majority of the operating expenses are costs associated with people which includes a fixed and a discretionary component (bonuses). Travel, marketing and business development expenses grow in accordance with the number of people. The increase in interest expense is attributed to the issuance of new unsecured medium term note program.

- The net unrealised gains or losses on investments relate to revaluation results of financial investments. For example, in FY18 there was a loss of A$12 million due to revaluations of investments with a resulting income tax gain arising on revaluation. This is an unrealised loss which is recognised in the Fair Value through Other Comprehensive Income reserve.

- The Company adopted AASB 16 Leases accounting policy effective 1st January 2019 which introduces significant changes to the lessee accounting. It removes the distinction between finance and operating leases and requires the recognition of lease liability and right-of-use asset at the commencement of all leases. However, the accounting for the leases entered or modified before 1st January 2019 will be continued in accordance with AASB 17.

The consolidated Statement of Financial Position is outlined in the table below:

Consolidated statements of financial position A$'000s	FY18 Audited	H1 FY19 Reviewed
Assets		
Cash and cash equivalents	86,652	105,736
Receivables	32,231	31,430
Loans receivable	64,920	55,292
Other financial assets	-	-
Other assets	1,950	6,375
Total current assets	**185,753**	**198,833**
Restricted cash	5,965	5,800
Investments in associates and joint ventures	86,201	88,601
Loans receivables	46,561	66,411
Property, plant and equipment	2,146	2,151
Intangible assets	13,184	12,607
Goodwill	9,827	9,827
Deferred tax assets	-	-
Other non-current assets	25,574	35,973
Total non-current assets	**189,458**	**221,370**
Total assets	**375,211**	**420,203**
Liabilities		
Trade and other payables	16,066	14,163
Income tax payable	4,201	-
Provisions	21,152	12,850
Unsecured notes	-	18,500
Lease liabilities	-	2,186
Total current liabilities	**41,419**	**47,699**
Trade and other payables	5,137	6,506
Unsecured notes and fund preferred units	57,150	57,150
Fund Preferred Units	-	30,814
Deferred tax liability	3,517	2,435
Provisions	1,662	2,003
Lease liability	-	6,570
Redeemable preference share	-	25,500
Total non-current liabilities	**92,966**	**130,978**
Total liabilities	**134,385**	**178,677**
Net assets	**240,826**	**241,526**

Source: Company annual and semi-annual reports, GTCF analysis

In relation to the Company's financial position, we note the following:

- Cash and cash equivalents comprise the majority of total assets of the Company which as at 30 June 2019 stands at A$105.7 million. If the Selective Buyback completes, cash and cash equivalents are expected to reduce by approximately A$27.2 million to A$78.5 million (excluding any other effects on the cash position).

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- The table below details the investments in associates made by MOE:

Investment in Associates A$ '000s	31 Dec 2018	30 June 2019
Redcape Hotel Group	58,547	59,428
Infinite Care Group	4,722	4,434
Moelis Australia Aged Care Fund	6,845	6,418
Moelis Australia Senior Secured Credit Fund II	1,901	2,074
Moelis Australia Kincare Fund	7,738	8,307
Moelis Australia Exchanges Fund	6,448	7,940
Total Investments in Associates	**86,201**	**88,601**

Source: Company annual and semi-annual reports

- Other non-current assets combines the right-of-use assets and other financial assets. The adoption of AASB 16 Leases accounting led to an increase in right-of-use assets by A$8.1 million which was recognised on the balance sheet immediately at the commencement of the lease. Majority of Other Financial assets comprise of financial assets held at Fair value through other comprehensive income ("FVTOCI") which are measured at fair value at the end of each reporting period. The FVTOCI increased in value by A$2.2 million in the current reporting period.

- The table below details the borrowings of the Company:

Borrowings A$ Millions	31 Dec 2018	30 June 2019
Current unsecured notes	-	18.5
Non-current unsecured notes	57.2	57.2
Non current Fund Preferred Units	-	30.8
Total borrowings	**57.2**	**106.5**

Source: Company annual and semi-annual reports

In relation to the Fund Preferred Units, we note that the Company established and manages the Moelis Australia Fixed Income Fund ("MAFIF") as part of a new credit offering to MOE's client base. MAFIF provides investors with exposure to a diversified portfolio of credit investments via an investment in Class A units ("Funds Preferred Units") in the Moelis Australia Master Credit Trust ("Master Credit Trust'). As a co-investment, the Company has subscribed for Class B units in the Master Credit Trust. The Fund Preferred Units of A$30.8 million as at 30 June 2019, are considered a liability from an accounting/financial reporting perspective. The Class A units in the Master Credit Trust have a preferential return, however the Company's commercial exposure is limited to the Class B units only.

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4.4 Capital structure

As at the date of this report, MOE has 155,641,070 fully paid ordinary shares on issue. As at 30 June 2019, there were 5,401,900 options ("MOE Options") and 2,911,189 share rights ("MOE Share Rights") on issue. The terms of the MOE Options and MOE Share Rights are outlined below.

	Number of options at the beginning of year	Acquired by	Grant date share price	Exercise price of option	Issue price	Earliest date of exercise	Expiry date	Options forfeited during the year	Number of options at year end
	1,675,300	Employees	$2.35	$3.00	$0.03	08-Apr-21	07-Apr-22	135,083	1,540,217
	1,675,300	Employees	$2.35	$3.15	$0.03	08-Apr-22	07-Apr-23	135,083	1,540,217
	1,675,300	Employees	$2.35	$3.36	$0.01	08-Apr-23	07-Apr-24	135,084	1,540,216
	390,625	Mr Browne	$2.35	$2.80	$0.02	08-Apr-19	07-Apr-20	-	390,625
	390,625	Mr Browne	$2.35	$3.00	$0.02	08-Apr-20	07-Apr-21	-	390,625
Total	**5,807,150**							**405,250**	**5,401,900**

Source: Company annual and semi-annual reports

The MOE Share Rights are issued to employees as part of their annual bonus or to senior executive commencing employment with MOE as sign-on bonus. The MOE Share Rights entitle the holder to receive MOE Shares for no consideration. Vesting is subject to continuity of employment.

Set out below is the top 10 shareholders of MOE as at 10 September 2019.

Top 10 shareholders of MOE ordinary shares as at 10 September 2019			
Rank	Name	No. of Shares	Interest (%)
1	Magic TT Pty Ltd	41,650,000	26.76%
2	Moelis & Co International Holdings LLC	37,500,000	24.09%
3	HSBC Custody Nominees (Australia) Limited	14,444,743	9.28%
4	J P Morgan Nominees Australia Pty Limited	8,752,028	5.62%
5	UBS Nominees Pty Ltd	6,144,353	3.95%
6	Touchard Pty Ltd < Monaghan Family No. 2. A/C >	4,559,077	2.93%
7	Moelis Australia Share Plan Pty Ltd < Moelis Aust Share Plan A/C >	4,423,792	2.84%
8	Citicorp Nominees Pty Limited	4,340,721	2.79%
9	HSBC Custody Nominees (Australia) Limited - A/C 2	3,110,259	2.00%
10	National Nominees Limited	1,894,047	1.22%
Top 10 Shareholders Total		**126,819,020**	**81.48%**
Remaining Shareholders		28,822,050	18.52%
Total Ordinary Shares Outstanding		**155,641,070**	**100.00%**

Source: Management
Note: The above table includes the sell down of M&C shares of 12.5 million shares in MOE but before the Selective Buyback.

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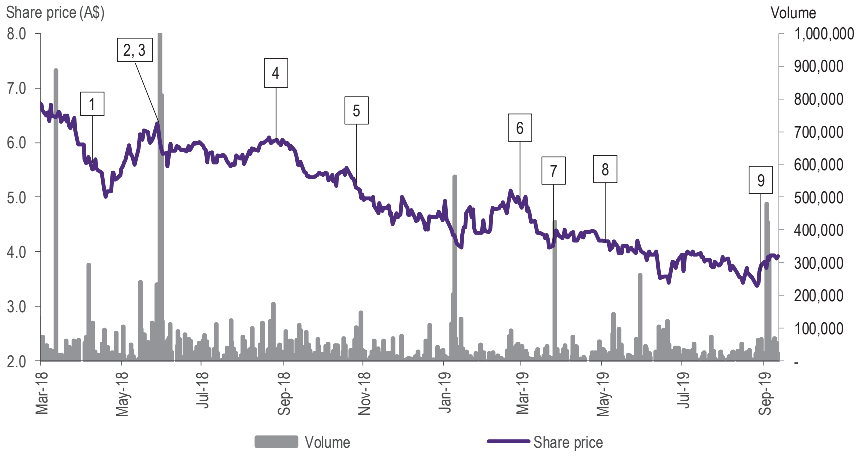
Our analysis of the daily movements in MOE's Share Price and volumes for the period from March 2018 to September 2019 is set out below:

Historical share trading prices and volumes of MOE



Sources: S&P Global, GTCF analysis

The following table illustrates the key events which may have impacted the share price and volume movements shown above:

Events	Date	Comment
1	10-Apr-18	5 million of the 50 million of MOE ordinary shares were released from the voluntary escrow which were placed in connection with the initial public offering of MOE in April 2017. 45 million of MOE shares remain in voluntary escrow.
2	28-May-18	MOE released the 1HFY18 operational update reporting: - Underlying EBITDA guidance of A$22 million for 1HFY18 (an increase of 83% on 1HFY17), on revenue of approximately A$55 million. - Expected underlying earnings per share of 9.4 cents for 1HFY18 (an increase of 27% on 1HFY17). - Obtained a business licence in China, hired two China based Asset Management executives, and finalising grant of an Australian Credit Licence. - AUM growth for the first four months of 2018 of approximately A$250 million leading to AUM as at 1 May 2018 of c. A$3.2 billion.
3	30-May-18	MOE announced that the trustee of the trusts, which hold shares in the Company on behalf of executives, has sold 5 million of MOE shares.
4	22-Aug-18	MOE released the results for 1HFY18: - Underlying revenue and EBITDA of A$56.2 and A$22.2 million, an increase of 54% and 82% on 1HFY17, respectively. - Underlying EPS up by 36% pcp (9.9 cents up from 7.3 cents). - CA&E revenue in line with the strong 1HFY17 performance.
5	1-Nov-18	MOE announced the IPO of Redcape.
6	20-Feb-19	The Company released FY18 results: - Revenue of A$136.3 million, 27% higher than FY17. - A growth in underlying EBITDA of 38% to of A$57.5 million and improved EBITDA margin of 42% from FY17. - Asset under management of A$3.7 billion, an increase of A$800 million. - Net assets of A$240.8 million, including A$86.7 million in cash. - Declared fully franked dividend of 8.0 cents per share, a 14% growth from FY17.
7	20-Mar-19	5 million of the initial 50 million of MOE ordinary shares were released from the voluntary escrow on which were placed in connection with the initial public offering of MOE in April 2017. 40 million of MOE shares remain in voluntary escrow.
8	2-May-19	The CEO addressed the annual general meeting highlighting that the underlying EBITDA was tracking in line with the same period last year with growth in asset management business and revenue of the CA&E business skewered towards the second half of the year bringing some uncertainty.

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Events	Date	Comment
9	28-Aug-19	The Company released the results for 1HFY19: - An increase in underlying revenue and EBITDA of 21% and 15% respectively. - Asset under management totalling A$3.9 billion, an increase of 22% from previous year.

Source: ASX announcements

The monthly share price performance of MOE since August 2018 is summarised below

Moelis Australia	Share Price			Average
	High	Low	Close	weekly volume
	$	$	$	000'
Month ended				
Aug 2018	6.100	5.600	6.050	242
Sep 2018	6.040	5.250	5.450	238
Oct 2018	5.740	4.950	5.050	200
Nov 2018	5.070	4.500	5.000	131
Dec 2018	4.960	4.300	4.570	104
Jan 2019	4.950	4.040	4.580	319
Feb 2019	5.250	4.360	4.880	129
Mar 2019	5.000	4.070	4.300	202
Apr 2019	4.400	4.190	4.200	113
May 2019	4.260	3.830	4.010	224
Jun 2019	4.000	3.430	3.850	210
Jul 2019	4.190	3.620	3.810	110
Aug 2019	3.900	3.350	3.750	127
Week ended				
24 May 2019	4.100	4.000	4.050	63
31 May 2019	4.200	3.970	4.010	406
7 Jun 2019	4.000	3.850	3.950	129
14 Jun 2019	4.000	3.510	3.510	218
21 Jun 2019	3.600	3.430	3.430	352
28 Jun 2019	3.950	3.430	3.850	140
5 Jul 2019	4.190	3.650	4.000	116
12 Jul 2019	4.025	3.950	3.950	133
19 Jul 2019	3.980	3.760	3.850	64
26 Jul 2019	3.850	3.620	3.820	146
2 Aug 2019	3.900	3.650	3.850	58
9 Aug 2019	3.880	3.650	3.720	81
16 Aug 2019	3.660	3.410	3.430	128
23 Aug 2019	3.700	3.430	3.540	86
30 Aug 2019	3.860	3.350	3.750	252
6 Sep 2019	3.950	3.520	3.930	1,303

Sources: S&P Global, GTCF analysis
Note: The above analysis has been calculated as at 12 September 2019.

4.5 Pro forma effect of the Selective Buyback

If the Selective Buyback is completed, total funds of A$27.2 million will be paid to M&C to buy back 8 million Shares in MOE which will subsequently be cancelled. Management estimates that transaction costs of circa A$150,000 will also be incurred in conjunction with the Selective Buyback.

As a result of the Selective Buyback the cash balance as at 30 June 2019 and the net assets per share are expected to reduce as outlined in the table below.

Reduction in cash and net assets	Cash (A$'000s)	NAV (A$'000s)	Shares Outstanding (000s)	NAV/Share (A$)
Before the Selective Buyback	105,736	241,526	155,641	1.55
After the Selective Buyback	78,536	214,326	147,641	1.45

Source: Company semi-annual report, GTCF analysis
Note: The Selective Buyback will involves a cash payment of A$27.2 million (i.e. 8 million of shares acquired at A$3.40 per share)

As a result of the Selective Buyback and subsequent cancellation of the MOE Shares, the top 10 shareholders will change as outlined below.

Top 10 MOE shareholders		Shares outstanding before the Selective Buyback		Shares outstanding after the Selective Buyback	
Rank	Name	No. of Shares	Interest (%)	No. of Shares	Interest (%)
1	Magic TT Pty Ltd	41,650,000	26.76%	41,650,000	28.21%
2	Moelis & Co International Holdings LLC	37,500,000	24.09%	29,500,000	19.98%
3	HSBC Custody Nominees (Australia) Limited	14,444,743	9.28%	14,444,743	9.78%
4	J P Morgan Nominees Australia Pty Limited	8,752,028	5.62%	8,752,028	5.93%
5	UBS Nominees Pty Ltd	6,144,353	3.95%	6,144,353	4.16%
6	Touchard Pty Ltd < Monaghan Family No. 2. A/C >	4,559,077	2.93%	4,559,077	3.09%
7	Moelis Australia Share Plan Pty Ltd < Moelis Aust Share Plan A/C >	4,423,792	2.84%	4,423,792	3.00%
8	Citicorp Nominees Pty Limited	4,340,721	2.79%	4,340,721	2.94%
9	HSBC Custody Nominees (Australia) Limited - A/C 2	3,110,259	2.00%	3,110,259	2.11%
10	National Nominees Limited	1,894,047	1.22%	1,894,047	1.28%
Top 10 Shareholders Total		**126,819,020**	**81.48%**	**118,819,020**	**80.48%**
Remaining Shareholders		28,822,050	18.52%	28,822,050	19.52%
Total Ordinary Shares Outstanding		**155,641,070**	**100.00%**	**147,641,070**	**100.00%**

Source: Management
Note: The above table includes the sell down of M&C shares of 12.5 million shares in MOE.

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5 Valuation methodologies

5.1 Introduction

In accordance with our adopted valuation approach as set out in section 2.1, our fairness assessment involves comparing the Buyback Price to the trading prices before the Selective Buyback and PE Multiple implied in the Buyback Price with the multiples of listed peers.

Fair market value is commonly defined as:

"the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm's length."

Fair market value excludes any special value. Special value is the value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

5.2 Valuation methodologies

RG 111 outlines the appropriate methodologies that a valuer should generally consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, capital reductions, schemes of arrangement, takeovers and prospectuses. The indicated methodologies include:

- The discounted cash flow method and the estimated realisable value of any surplus assets.
- The application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets.
- The amount that would be available for distribution to security holders in an orderly realisation of assets;
- The quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value.
- Any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

Further details on these methodologies are set out in Appendix C to this report. Each of these methodologies is appropriate in certain circumstances.

RG111 does not prescribe the above methodologies as the method(s) that an expert should use in preparing their report. The decision as to which methodology to use lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert would have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

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5.3 Selected valuation methods

With regards to our assessment of the fair market value of MOE Shares on a minority basis, we note that in the absence of a takeover or other share offers, the trading share price represents the value at which minority shareholders could realise their portfolio investment. Accordingly, Grant Thornton Corporate Finance has selected the quoted price of listed securities as the primary approach to assess the fairness of the Buyback Price to the Non-Associated Shareholders.

The quoted price of listed securities method is based on the Efficient Market Hypothesis ("EMH") which states that the share price at any point in time reflects all publicly available information and will change when new information becomes publicly available. With regards to this, we note that MOE complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of MOE.

As a cross-check to our primary valuation methodology, we have assessed the reasonableness of the equity value implied by our assessment of the market value of quoted securities, by comparing the implied PE Multiple to the multiples of the listed peers.

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6 Valuation Assessment of MOE Shares

6.1 Quoted securities

In our assessment of the fairness of the Buyback Price to the Non-Associated Shareholders, we had regard to the trading price of the listed securities on the ASX in the period prior to the announcement of the Selective Buyback and Shares Sale.

The review of the trading price is an exercise of professional judgement that takes into consideration the depth in the market for listed securities, the volatility of the trading price, and whether or not the trading prices are likely to represent the underlying value of MOE. The following sections detail the analysis undertaken in selecting the share price range.

6.1.1 Liquidity analysis

In accordance with the requirements of RG111, we have analysed the liquidity of MOE Shares before relying on them for the purpose of our valuation assessment. The following table sets out the monthly trading volume of MOE Shares since March 2018 as a percentage of the total shares outstanding as well as free float shares outstanding[20].

Moelis - Liquidity analysis Month end	Volume traded ('000)	Monthly VWAP ($)	Total value of shares traded ($'000)	Volume traded as % of total shares	Cumulative volume traded as % of total shares	Volume traded as % of free float shares	Cumulative volume traded as % of free float shares
Mar 2018	1,544	6.4149	9,906	1.0%	1.0%	2.4%	2.4%
Apr 2018	1,100	5.4222	5,962	0.7%	1.7%	1.7%	4.1%
May 2018	7,288	6.0062	43,774	4.8%	6.5%	11.3%	15.4%
Jun 2018	1,094	5.8843	6,436	0.7%	7.2%	1.7%	17.0%
Jul 2018	845	5.7041	4,817	0.6%	7.7%	1.3%	18.4%
Aug 2018	1,112	5.9379	6,605	0.7%	8.5%	1.7%	20.1%
Sep 2018	953	5.6322	5,368	0.6%	9.1%	1.5%	21.5%
Oct 2018	921	5.2926	4,873	0.6%	9.7%	1.4%	23.0%
Nov 2018	578	4.8395	2,798	0.4%	10.1%	0.9%	23.9%
Dec 2018	436	4.5290	1,973	0.3%	10.4%	0.7%	24.5%
Jan 2019	1,402	4.2818	6,002	0.9%	11.3%	2.2%	26.7%
Feb 2019	514	4.9191	2,530	0.3%	11.6%	0.8%	27.5%
Mar 2019	846	4.2857	3,627	0.6%	12.2%	1.3%	28.8%
Apr 2019	498	4.2781	2,130	0.3%	12.5%	0.8%	29.6%
May 2019	1,028	4.0804	4,195	0.7%	13.2%	1.6%	31.2%
Jun 2019	838	3.6807	3,085	0.5%	13.7%	1.3%	32.5%
Jul 2019	505	3.8531	1,945	0.3%	14.0%	0.8%	33.3%
Aug 2019	559	3.5918	2,006	0.4%	14.4%	0.9%	34.1%
Min				**0.28%**		**0.67%**	
Average				**0.80%**		**1.90%**	
Median				**0.58%**		**1.37%**	
Max				**4.76%**		**11.27%**	

Source: S&P Global, GTCF analysis
Note: The analysis is based on the period prior the Selective Buyback

[20] Free float shares are calculated after the Share Sale but before the Selective Buyback.

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With regard to the above analysis, we note that:

- The level of the free float of MOE Shares is c. 42.2%[21] after the Share Sale but before the Selective Buyback. From March 2018 to August 2019, circa 34.1% of the free float shares were traded with an average monthly volume of circa 1.9% of the total free float shares. However, approximately one third of the cumulative volume were traded in the month of May 2018. The above indicates that the liquidity of the stock is somewhat limited.

- A materially higher level of trading occurred in May 2018. This high volume can be attributed to the executives of MOE selling 5 million of MOE Shares (circa 3% of the total issued shares) through a dedicated employee trust. The sale proceeds were used for investment diversification and satisfaction of taxation obligations.

- The Company is recognised as a relevant player in the industry and forms part of the S&P/ASX All Ordinaries Index[22].

- In the absence of a takeover or alternative transactions, the trading price represents the value at which minority shareholders could realise their portfolio investment.

- MOE complies with the full disclosure regime required by the ASX. As a result, the market is fully informed about the performance of MOE.

As part of the liquidity analysis, we have also compared below the free float of MOE Shares with a selection of peers listed on the ASX.

Peers' liquidity analysis Company	Country	Free float (%)	Average volume traded as a % of total shares	Average volume traded as a % of free float shares	Cumulative volume traded as a % of total shares	Cumulative volume traded as a % of free float shares
Moelis Australia Limited	Australia	42.2%	0.8%	1.9%	14.4%	34.1%
Bell Financial Group Limited	Australia	44.0%	1.8%	4.0%	31.6%	71.9%
Euroz Limited	Australia	59.0%	0.9%	1.6%	16.7%	28.3%
Evans Dixon Limited	Australia	54.1%	0.6%	1.2%	9.6%	17.7%
Navigator Global Investments Limited	Australia	72.7%	5.9%	8.2%	106.9%	147.0%
Centuria Capital Group	Australia	69.6%	2.6%	3.7%	46.4%	66.7%
360 Capital Group Limited	Australia	49.8%	1.6%	3.2%	28.8%	57.9%
Low		**44.0%**	**0.6%**	**1.2%**	**9.6%**	**17.7%**
Average		**58.2%**	**2.2%**	**3.6%**	**40.0%**	**64.9%**
Median		**56.6%**	**1.7%**	**3.5%**	**30.2%**	**62.3%**
High		**72.7%**	**5.9%**	**8.2%**	**106.9%**	**147.0%**

Sources: S&P Global, GTCF analysis
The calculation of the free float shares for MOE is after the Share Sale but before the Selective Buyback

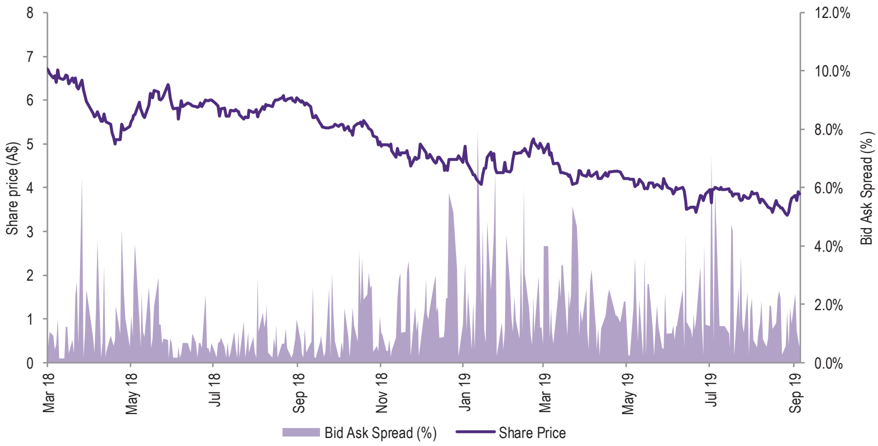
We note that the free float of MOE is lower than the free float of the comparable companies and other liquidity metrics of MOE are at the low end of the peer set. This is due to the relatively more concentrated

[21] This comprises of the total shares outstanding 155,641,070 less 89,936,219 shares held by company employees and strategic investors. The free-float calculation is before the Selective Buyback.
[22] The index consist of the 500 largest companies listed on the ASX.

shareholder structure of the Company where circa 70%[23] of the ordinary shares issued are held by employees or by strategic investors.

In addition to the above, where a company's stock is not heavily traded or relatively illiquid, the market typically observes a difference between the 'bid' and 'ask' price for the stock as there may be a difference in opinion between the buyer and seller on the value of the stock. As set out in the graph below, we note that the historical average bid-ask spread has been minimal (1.5%) in the 18 month period before announcing the Selective Buyback.

MOE: Spread between Bid and Ask Price



Sources: S&P Global, GTCF analysis.

Based on the analysis above, notwithstanding that MOE has a more modest level of liquidity than the selected listed peers, we have concluded that it is not unreasonable to adopt the Quoted Share Price Security method in order to assess the fairness of the Buyback Price for the Non-Associated Shareholders.

[23] Based on the shareholder structure pre buyback.

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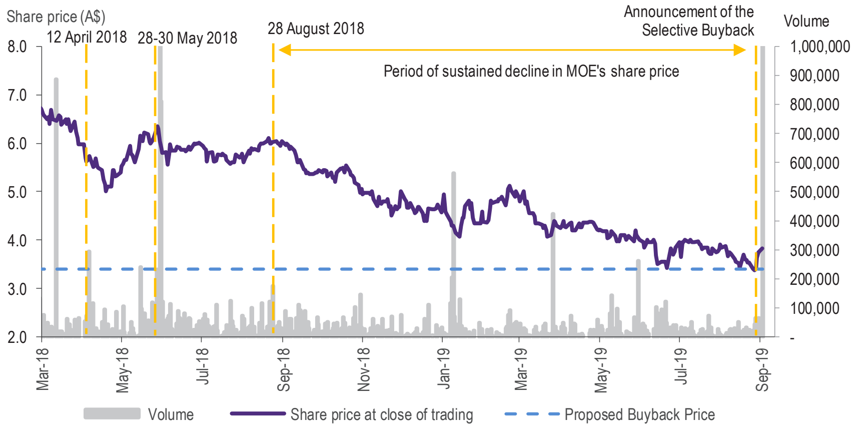
6.1.2 Share price before the Selected Buyback

As a part of our valuation procedures based on the trading price, we have analysed the performance of MOE Shares prices over the last 18 months.

Historical share trading prices and volume for MOE



Source: S&P Global, GTCF analysis.

We make the following observations in relation to the chart above:

- Between April and May 2018, MOE Share prices experienced relatively higher volatility. This could be associated with the following:
  - On 12 April 2018, 5 million of ordinary shares, held by MOE executives through the employee trust, were released from voluntary escrow after MOE IPO in April 2017 and sold on 30 May 2018, which put downward pressure to the trading prices.
  - On 28 May 2018, MOE released an operating update providing guidance for 1HFY18 underlying EBITDA of A$22 million (an increase of 83% on 1HFY17) on revenue of approximately A$55 million resulting in underlying earnings per share for 1HFY18 of 9.4 cents, an increase of 27% on 1HFY17. Furthermore, on 30 May 2018, the Company announced that it was finalising the grant of an Australian Credit Licence.
- On 28 August 2018, the Company released 1HFY18 results reporting a significant growth with underlying EBITDA increasing by circa 83% compared to 1HFY17.

Since September 2018, MOE share prices have experienced a declining trend, falling approximately by circa 40% over the 12 months up to September 2019. We have sought to understand below if this decline was driven by Company's specific factors and/or by broader macroeconomic trends.

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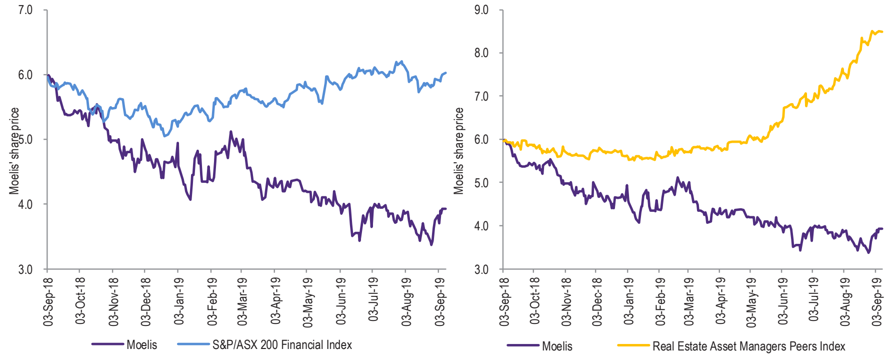
Specifically, we have benchmarked below the Company's trading prices to the S&P/ASX 200 Financial Services Index excluding A-REIT ("ASX 200 Financial Index") and to a peers index comprised of real estate asset managers ("Real Estate Asset Managers Index")[24].

MOE's share price vs ASX 200 Financial Index and Real Estate Asset Managers Peers Index (rebased to MOE's share price)



Source: S&P Global, GTCF analysis.
Note: The Real Estate Asset Managers Peers index included: Centuria Capital Group, Elanor Investors Group, 360 Capital Group Limited and Garda Capital Group.

We note that the ASX 200 Financial Index has moved substantially sideway even if with a period of volatility driven by the prolonged uncertainty in the financial markets generated by, among other things, the fallout from the royal banking commission, a worsening outlook for the domestic economy and uncertainty in the global economy driven by the ramp-up in the trade dispute between the US and China and the looming of Brexit.

Conversely, the Real Estate Asset Managers Peer Index shows a sustained growth form May 2019 driven by external market factors impacting positively on the real estate industry such as the outcome of the Federal Election, RBA's two consecutive rate cuts in June 2019 and July 2019 and APRA reducing the mortgage industry rate serviceability threshold in July 2019. We note that MOE share price, despite having the majority of AUM in the real estate sector, did not experience similar positive growth but instead the share price continued to trend downwards.

Based on the above, we are of the opinion that the reduction in the trading prices of MOE was not driven by market factors. Conversely, the external environment was quite positive on the industry.

In order to further delve into the recent reduction in trading prices, we have set out in the following graph the share price performance since 1 January 2019.

[24] The Real Estate Asset Managers Peers index included: Centuria Capital Group, Elanor Investors Group, 360 Capital Group Limited and Garda Capital Group.

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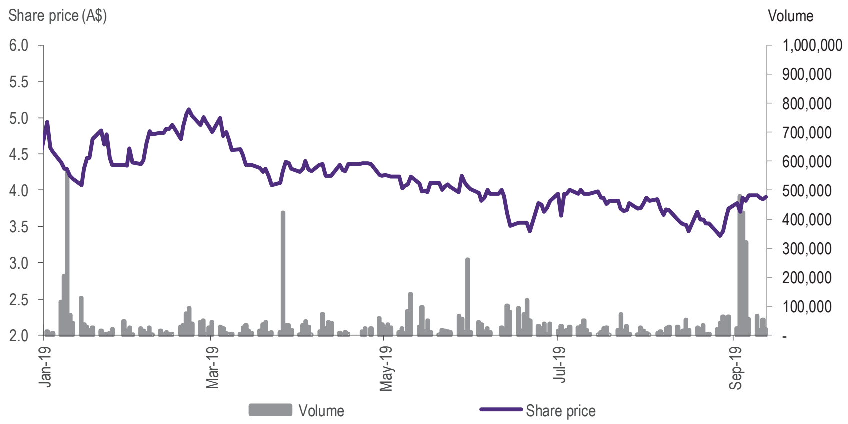
Historical MOE Share price since 1 January 2019



Source: S&P Global, GTCF analysis

In relation to the graph above, we note the following:

- The share price peaked at the end of February 2019 when the Company released the FY18 results reporting underlying revenue of A$136 million and underlying EBITDA of A$57.7 million representing a 27% and 38% increase from FY17 respectively. Among the positive trends in the AUM growth, Management reported the underperformance of investments in the aged care sector.
- In the following one month period up to the end of March 2019, MOE share price reduced by circa 20% from A$5.12 on 21 February 2019 to A$4.07 on 22 March 2019.
- From May 2019, the share price tracked substantially sideway which we are of the opinion that it is not unreasonable due to the following:
  - On 5 May 2019, the CEO addressed the annual general meeting highlighting that the underlying EBITDA was tracking in line with the same period last year with growth in asset management business and revenue of the CA&E business skewed towards the second half of the year.
  - On 28 August 2019, the Company released 1HFY19 results, and provided guidance for FY19 of at least A$60 million underlying EBITDA which was substantially in line with the underlying EBITDA of A$57.5 million achieved in FY18.
  - As at 30 June 2019, the Company had a cash balance of approximately A$105.7 million which was equivalent to circa 43% of net assets which is dilutive to earnings given the low/no return generated by cash in the current economic environment.

In our opinion, the reduction in the share price since the beginning of 2019 was mainly driven by a re-setting of the MOE valuation in line with the revised growth expectations rather than by other factors which may affect the ability to rely on the trading prices for the purpose of assessing the Selective Buyback.

6.1.3 Conclusion on the selected valuation range

Set out below is a summary of the VWAP of the MOE Shares before the announcement of the Selective Buyback on 3 September 2019:

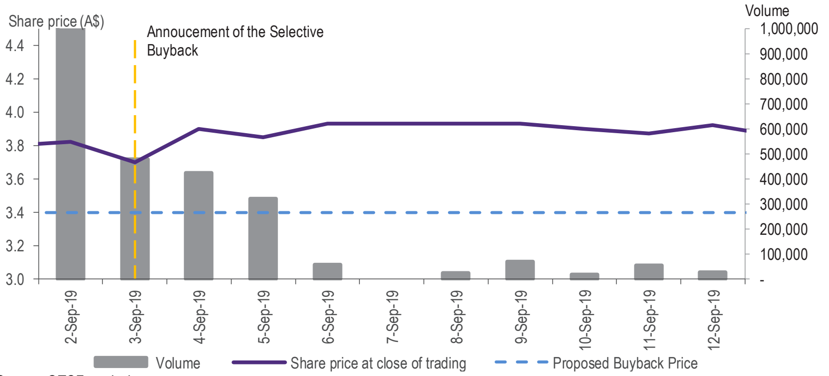
VWAP	Low	High	VWAP
Up to 02 September 2019, the last day before annoucement of the Selective Buy back			
1 day	3.680	3.950	3.792
5 day	3.350	3.950	3.573
10 day	3.350	3.950	3.581
1 month	3.350	3.950	3.600
2 month	3.350	4.190	3.717
3 month	3.350	4.190	3.703
4 month	3.350	4.240	3.831
5 month	3.350	4.400	3.898
6 month	3.350	5.000	3.966
9 month	3.350	5.250	4.149

Source: S&P Global, GTCF analysis
Note: (1) The Selective Buyback was announced on 3 September 2019. However, M&C performed the sell-down 12.5 million shares on 2 September 2019; (2) The time period of the VWAP shown in the table above is based on the number of trading days within each month.

Based on the above, we conclude that the Buyback Price is fair for the Non-Associated Shareholders and no net benefit has been provided to M&C due to the following:

- The timing of Selective Buyback was opportunistic and beneficial for the Non-Associated Shareholders as it occurred when MOE Shares were depressed.
- Based on the VWAP before the announcement of the Selective Buyback, we have assessed the value per MOE Share between A$3.55 and A$3.75 which is at a premium between 4.4% and 10.3% to the Buyback Price.
- Following the announcement of the Selective Buyback, the trading prices of MOE have significantly increased as outlined in the following graph.

MOE share trading prices after the announcement of the Selective Buyback



Source: GTCF analysis

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6.2 Valuation cross-check

In order to assess that no net financial benefits have been provided to M&C in relation to the Selective Buyback and accordingly the Buyback Price is fair for the Non-Associated Shareholders, we have considered below the PE Multiples implied in the Buyback Price and compared them with the multiples of the listed peers.

The analysis undertaken should be taken with caution due to the following:

- Different companies might adopt a different definition of AUM[25] which is used to calculate fees. As a result, there are limitations in the comparability between the definition of AUM for the comparable companies and the definition of AUM as reported by MOE.
- We have adopted underlying earnings which are highly subjective, non-GAAP compliant profit measures which are not necessarily comparable across the firms.
- Different firms may adopt different accounting and reporting policies. For example, MOE has recently adopted the new AASB 16 Leases standard, which may not have been adopted yet by comparable companies. Other possible accounting and reporting differences could relate to AASB 9 Financial Instruments or AASB 15 Revenue from Contracts with Customer. The latter standard may change the way investment managers account for management and performance fees.
- We note that we have also considered the Enterprise Value to EBITDA ("EBITDA Multiple"), however we have not relied on it for the purpose of our analysis due to the following:
  - Several of the comparable companies had non-controlling interests ("NCIs") recorded on their balance sheet using the equity method. In order to properly calculate the EBITDA Multiple, the market value of the NCIs should be added back to the enterprise value of the business before dividing it by the EBITDA (which includes the EBITDA generated by the NCIs). However, the information available in relation to the NCIs did not allow us to calculate their market values. The resulting EBITDA Multiples were showing anomalies and inconsistencies and accordingly, we have not relied on them for the purpose of our assessment.
  - We note that this issue does not affect the PE Multiple given that both the market capitalisation and the net profit after tax are already on a post-NCIs basis.

[25] Sometimes also referred to as funds under management ("FUM") or fee-earning assets under management ("FEAUM").

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6.2.1 Multiples implied in the Buyback Price

Our valuation assessment of MOE based on the market value of quoted securities implies PE multiples as summarised below:

Implied Multiple calculation pre buy back A$ '000 unless stated otherwise	Implied Valuation Multiple
Ordinary shares on issue pre buy-back (units)	155,641,070
Assessed Buyback Price	3.40
Assessed Equity Value (minority basis)	**529,180**
Net debt (cash) as at 30 June 2019[2]	(30,086)
Enterprise Value (EV)	**499,094**
FY18 Underlying NPAT	39,283
FY19E Underlying NPAT[1]	40,390
FY20F Underlying NPAT[1]	43,490
FY18 Implied PE multiple	13.5x
FY19E Implied PE multiple	13.1x
FY20F Implied PE multiple	12.2x

Source: S&P Global, MOE 2018 Annual Report, MOE investor presentation and GTCF calculations
Note: (1) Broker consensus estimates consisting of broker Ord Minnett Limited. (2) In the calculation of the net cash position, we have excluded from the outstanding borrowings the Funds Preferred Units because as discussed in section 4.3, we do not consider them interest bearing liabilities of the Company.

As discussed in section 3, MOE has two different divisions which are subject to different market drivers and relative valuations. In H1 FY19, the Asset Management division accounted for almost all the underlying EBITDA before corporate costs and in H1 FY18 for more than 75%.

Given the above, in our analysis, we have considered two baskets of comparable listed companies. The first basket consists of the global listed corporate advisory and equity capital market firms. The second basket consists of the domestic real estate asset managers and domestic fund managers. A brief description of the selected comparable companies is set out in Appendix D.

6.2.2 Multiples of listed Corporate Advisory firms

The table below summarises the trading multiples of the comparable companies that are engaged in corporate advisory and ECM or Securities.

Trading multiples		PE Multiple		
Corporate Advisory & ECM	Market	Historical	FY19	FY20
Company	Cap (A$m)[1]	A[2]	F[3,4]	F[4]
Corporate Advisory (CA)				
Moelis & Company	3,031	15.3x	13.4x	10.4x
Houlihan Lokey, Inc.	4,472	19.9x	15.2x	14.1x
Evercore Inc.	4,682	8.4x	7.6x	7.5x
Greenhill & Co., Inc.	458	8.0x	NM	7.5x
PJT Partners Inc.	1,467	NM	10.5x	7.9x
GCA Corporation	388	11.7x	NA	NA
Piper Jaffray Companies	1,606	13.0x	12.2x	10.9x
Lazard Ltd	7,350	9.7x	12.2x	11.0x
Jefferies Financial Group Inc.	8,829	23.9x	17.1x	13.7x
Average CA		**13.7x**	**12.6x**	**10.4x**
Median CA		**12.4x**	**12.2x**	**10.7x**
ECM/Securities (ECM or E)				
Bell Financial Group Limited	292	11.8x	NA	NA
Euroz Limited	169	5.4x	NA	NA
Numis Corporation Plc	435	9.1x	16.6x	NA
B. Riley Financial, Inc.	917	25.3x	NA	NA
Canaccord Genuity Group Inc.	578	16.6x	NA	5.2x
JMP Group LLC	101	NM	15.1x	9.9x
Oppenheimer Holdings Inc.	557	13.2x	NA	NA
Stifel Financial Corp.	5,985	10.4x	8.9x	8.5x
Evans Dixon Limited	180	9.9x	NA	NA
Raymond James Financial, Inc.	17,368	12.3x	11.2x	10.5x
Average ECM		**12.7x**	**13.0x**	**8.5x**
Median ECM		**11.8x**	**13.2x**	**9.2x**
Average CA&E		**13.2x**	**12.7x**	**9.8x**
Median CA&E		**11.8x**	**12.2x**	**10.2x**

Source: S&P Global, Company investor presentations and annual reports, broker consensus estimates and GTCF calculations.
Notes: (1) Market capitalisation calculated as at 11 September 2019. (2) Historical multiple is calculated by dividing the current market capitalisation by the most recent net profit excluding the non-controlling interest. We have adopted underlying net profit excluding one-off (transaction) costs, impairment costs etcetera. (3) Houlihan Lokey Inc, Euroz Limited and Evans Dixons Limited FY19 results are actualised so the FY19 forward multiple is based on FY20 forecast earnings and the FY20 forward multiple is based on FY21 forecast earnings. (4) Forward multiples are calculated by dividing the current market capitalisation by the forecast earnings derived from broker consensus estimates. (5) All companies have a 31 December year end except for: Houlihan Lokey Inc. and Canaccord Genuity Group Inc. have a 31 March year end. Euroz Limited and Evans Dixon Limited have a 30 June year end. Numis Corporation Plc and Raymond James Financial Inc. have a 30 September year end.

In relation to the above multiples of the selected listed comparable companies, we note that:

- The trading multiples listed above have been calculated based on the market price for minority or portfolio share holdings and do not include a premium for control, similar to our valuation assessment of MOE Shares.

- The majority of the selected comparable companies are significantly larger in size and more internationally diversified than MOE. Companies with larger scale and more globally diversified operations tend to have less exposure to country specific risks and might be more appealing to certain investors, and will consequently trade at higher multiples.

- We note that the implied valuation multiples are quite volatile as earnings are largely driven by lumpy transaction fees.

- The publicly listed comparable companies provide corporate advisory (i.e. M&A, restructuring et cetera) or ECM services (i.e. IPOs or equity research). We note there were only a few public comparable companies listed in Australia, therefore we have extended our benchmarking to comparable companies listed globally. We have included companies with a high proportion of earnings derived from advisory or investment banking services along with ECM/Securities services.

- We have put limited reliance on the global companies active the ECM/Securities markets as there were only a few companies with forward multiples. Additionally, Corporate Advisory related income represents the majority of CA&E revenues.

- Moelis & Company, Houlihan Lokey Inc. and Evercore Inc. are considered the more closely comparable to the Corporate Advisory and Equities of MOE. The three advisory firms are fully dedicated to providing strategic advisory and investment banking services and have consistently increased their earnings base over the past three years. In addition, Houlihan Lokey has a strong focus on financial restructurings (c. 30% of group revenues) similar to MOE. Moelis & Company and Houlihan Lokey Inc. are trading at an average forward PE multiple of 14.5x. Evercore's forecast valuation multiple is currently quite low as the share price has come down from US$98 as 29 April 2019 to US$81 as at 12 September 2019, reflecting a decline of 17%. This is largely attributed to financial performance, which was down compared to the previous year, mainly as the result of declining advisory fees. If we examine the rolling PE multiple over a longer time period (c. 2 years), the average historical and forward PE multiple is c. 14.5 and 11.0 times net profit, respectively.

- We have put limited reliance on Greenhill, PJT Partners and Jefferies, notwithstanding their strong similarity with MOE, due to their high volatility in earnings and weak recent financial performance which distorted the PE multiples. We have not been able to rely upon the forward multiples of GCA Corporation as there were no forecast earnings projected by brokers nor did Management provide any guidance.

- We have also looked at the rolling forward PE multiples of comparable companies. Below graph demonstrates the major listed Corporate Advisory firms trade at forward PE multiples of c. 9.0 – 11.0 times net profit.

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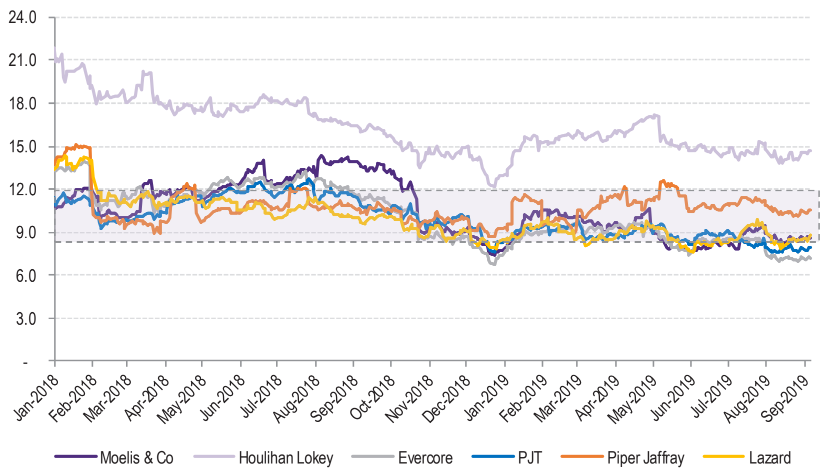
Rolling forward PE Multiple listed Corporate Advisory firms



Source: S&P Global, GT analysis

6.2.3 Multiples of listed property managers

The table below summarises the trading multiples of comparable companies engaged in asset management[26].

Trading multiples		PE Multiple		
Asset Management Company[4,5]	Market Cap (A$m)[1]	Historical A[2]	FY20 F[3]	FY21 F[3]
Domestic Real Estate Asset Management				
Centuria Capital Group	844	23.7x	18.3x	17.1x
Elanor Investors Group	221	12.6x	11.4x	12.3x
360 Capital Group Limited	240	39.9x	25.8x	28.4x
Garda Capital Group	58	7.0x	NA	NA
Domestic Financial Fund Management				
Magellan Financial Group Limited	9,586	24.4x	24.2x	22.4x
Platinum Investment Management Limited	2,367	14.9x	15.1x	15.1x
Perpetual Limited	1,691	14.6x	14.8x	13.6x
Pendal Group Limited	2,029	10.6x	11.2x	9.9x
Navigator Global Investments Limited	522	19.5x	12.1x	11.6x
Pacific Current Group Limited	296	63.5x	11.0x	10.3x
Pinnacle Investment Management Group Limited	822	26.9x	23.0x	19.2x
Average Asset Management		**23.4x**	**16.7x**	**16.0x**
Median Asset Management		**19.5x**	**14.9x**	**14.4x**

Source: S&P Global, Company investor presentations and annual reports, broker consensus estimates and GTCF calculations.
Notes: (1) Market capitalisation calculated as at 11 September 2019. (2) Historical multiple is calculated by dividing the current market capitalisation by the most recent net profit excluding the non-controlling interest. We have adopted underlying net profit excluding one-off (transaction) costs, impairment costs et cetera. (3) Forward multiples are calculated by dividing the current market capitalisation by the forecast earnings derived from broker consensus estimates. (4) The above firms may have different reporting policies with respect to revenues (i.e. when

[26] We have excluded A-REITs which are internally managed and only refer to pure fund managers.

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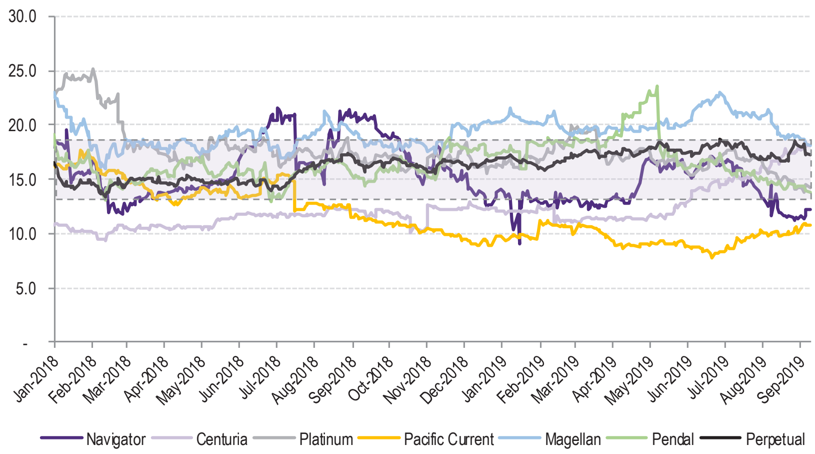
management and performance fees are realised) which could have an effect on the implied valuation multiples. (5) All companies have a 30 June year end with the exception of Pendal Group Limited which has a 30 September year end.

In relation to the above multiples of the selected listed comparable companies, we note that:

- We have excluded large global asset management firms as we do not consider them particularly comparable. We have also excluded A-REITS which are internally managed.
- We note that the public real estate asset management firms experienced strong volatility in earnings which has consequently led to a wide range of valuation multiples. We note that Garda Capital Group and 360 Capital Group are smaller than MOE in terms of market capitalisation.
- We have put limited reliance on 360 Capital Group as its earnings have declined materially, partly as a result of the sale of a significant portion of its assets to Centuria in 2016.
- The majority of the domestic fund managers are significantly larger in size, with more assets under management. Furthermore, these companies focus on investing in highly liquid assets such as global listed equities and bonds whereas MOE invests in Alternatives.
- We have not placed reliance on Magellan due to its size and track-record which drive a premium to the rest of the market.
- We note that Pinnacle Investment Management and Pacific Current Group are slightly different as they both operate under an affiliate structure, where they invest in other asset management firms.
- We have also looked at the rolling forward PE multiples of comparable asset management companies. The graph below demonstrates the major listed domestic asset managers trade at forward PE multiples of c. 12.5x – 16.0x.

Rolling forward PE Multiple listed Domestic Asset Management firms



Source: S&P Global, GTCF analysis

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6.2.4 Cross-check conclusion

Based on the analysis above, we are of the opinion that the FY20 PE multiple of 12.2x implied in the Buyback Price is conservative compared with the benchmark undertaken and accordingly, we have concluded that the Buyback Price is fair for the Non-Associated Shareholders and no net financial benefits is provided to the Non-Associated Shareholders. In forming our conclusion, we have had regard to the following:

- The median forward FY19 and FY20 PE Multiple of the CA&E listed peers[27] is between 12.2x and 10.2x.
- The median forward FY19 and FY20 PE Multiple for listed property fund managers is between 14.9x and 14.4x.
- The majority of MOE earnings are generated by the Asset Management Division and accordingly the multiples applicable to MOE should be more skewed towards asset managers which on average trade at a higher multiple than corporate advisory firms.

[27] These include Moelis & Company, Houlihan Lokey Inc., Evercore Inc., Greenhill & Co. Inc., PJT Partners Inc., GCA Corporation, Piper Jaffray Companies, Lazard Ltd. And Jefferies Financial Group Inc.

7 Sources of information, disclaimer and consents

7.1 Sources of information

In preparing this report Grant Thornton Corporate Finance has used various sources of information, including:

- Draft Notice of Meeting and Explanatory Memorandum
- Final executable Selective Buyback agreement.
- Annual reports/ consolidated accounts of MOE from FY16 to FY19.
- Minutes of Board meetings.
- Management Projections.
- Press releases and announcements by MOE to ASX.
- Management accounts from FY17 to FY18 and for the YTD June 2019.
- Management reports for the last 6 months before the announcement of the Selective Buyback.
- S&P Global.
- IBISWorld reports.
- Various industry and broker reports.
- Other publicly available information.

In preparing this report, Grant Thornton Corporate Finance has also held discussions with, and obtained information from Management of MOE.

7.2 Qualifications and independence

Grant Thornton Corporate Finance Pty Ltd holds Australian Financial Service Licence number 247140 under the Corporations Act and its authorised representatives are qualified to provide this report.

Grant Thornton Corporate Finance provides a full range of corporate finance services and has advised on numerous takeovers, corporate valuations, acquisitions, and restructures. Prior to accepting this engagement, Grant Thornton Corporate Finance considered its independence with respect to MOE and all other parties involved in the Selective Buyback with reference to the ASIC Regulatory Guide 112 "Independence of expert" and APES 110 "Code of Ethics for Professional Accountants" issued by the Accounting Professional and Ethical Standard Board. We have concluded that there are no conflicts of interest with respect to MOE, its shareholders and all other parties involved in the Selective Buyback.

Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with MOE or its associated entities that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Selective Buyback.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Selective Buyback, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Selective Buyback. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

7.3 Limitations and reliance on information

This report and opinion is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

Grant Thornton Corporate Finance has prepared this report on the basis of financial and other information provided by the Company, and publicly available information. Grant Thornton Corporate Finance has considered and relied upon this information. Grant Thornton Corporate Finance has no reason to believe that any information supplied was false or that any material information has been withheld. Grant Thornton Corporate Finance has evaluated the information provided by the Company through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially misstated or would not afford reasonable grounds upon which to base our report. Nothing in this report should be taken to imply that Grant Thornton Corporate Finance has audited any information supplied to us, or has in any way carried out an audit on the books of accounts or other records of the Company.

This report has been prepared to assist the Directors of MOE in advising the MOE Shareholders in relation to the Selective Buyback. This report should not be used for any other purpose. In particular, it is not intended that this report should be used for any purpose other than as an expression of Grant Thornton Corporate Finance's opinion as to whether the Selective Buyback is fair and reasonable to MOE Shareholders.

MOE has indemnified Grant Thornton Corporate Finance, its affiliated companies and their respective officers and employees, who may be involved in or in any way associated with the performance of services contemplated by our engagement letter, against any and all losses, claims, damages and liabilities arising out of or related to the performance of those services whether by reason of their negligence or otherwise, excepting gross negligence and wilful misconduct, and which arise from reliance on information provided by the Company, which the Company knew or should have known to be false and/or reliance on information, which was material information the Company had in its possession and which the Company knew or should have known to be material and which did not provide to Grant Thornton Corporate Finance. The Company will reimburse any indemnified party for all expenses (including without limitation, legal expenses) on a full indemnity basis as they are incurred.

7.4 Consents

Grant Thornton Corporate Finance consents to the issuing of this report in the form and context in which it is included in the Notice of General Meeting and Explanatory Memorandum to be sent to MOE Shareholders. Neither the whole nor part of this report nor any reference thereto may be included in or with or attached to any other document, resolution, letter or statement without the prior written consent of Grant Thornton Corporate Finance as to the form and content in which it appears.

Appendix A – Financial Services Guide

1 Grant Thornton Corporate Finance Pty Ltd

Grant Thornton Corporate Finance carries on a business, and has a registered office, at Level 17, 383 Kent Street, Sydney NSW 2000. Grant Thornton Corporate Finance holds Australian Financial Services Licence No 247140 authorising it to provide financial product advice in relation to securities and superannuation funds to wholesale and retail clients.

Grant Thornton Corporate Finance has been engaged by MOE to provide general financial product advice in the form of an independent valuation of MOE's share for the purpose of the Selective Buyback. This report is included in MOE's Explanatory Memorandum.

2 Financial Services Guide

This Financial Services Guide ("FSG") has been prepared in accordance with the Corporations Act, 2001 and provides important information to help retail clients make a decision as to their use of general financial product advice in a report, the services we offer, information about us, our dispute resolution process and how we are remunerated.

3 General financial product advice

In our report we provide general financial product advice. The advice in a report does not take into account your personal objectives, financial situation or needs.

Grant Thornton Corporate Finance does not accept instructions from retail clients. Grant Thornton Corporate Finance provides no financial services directly to retail clients and receives no remuneration from retail clients for financial services. Grant Thornton Corporate Finance does not provide any personal retail financial product advice directly to retail investors nor does it provide market-related advice directly to retail investors.

4 Remuneration

When providing the Report, Grant Thornton Corporate Finance's client is the Company. Grant Thornton Corporate Finance receives its remuneration from the Company. In respect of the Report, Grant Thornton Corporate Finance will receive from MOE a fee of A$75,000 (plus GST) which is based on commercial rates, plus reimbursement of out-of-pocket expenses for the preparation of the report. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Except for the fees referred to above, no related body corporate of Grant Thornton Corporate Finance, or any of the directors or employees of Grant Thornton Corporate Finance or any of those related bodies or any associate receives any other remuneration or other benefit attributable to the preparation of and provision of this report.

5 Independence

Grant Thornton Corporate Finance is required to be independent of MOE in order to provide this report. The guidelines for independence in the preparation of independent expert's reports are set out in RG 112 *Independence of expert* issued by ASIC. The following information in relation to the independence of Grant Thornton Corporate Finance is stated below.

"Grant Thornton Corporate Finance and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with MOE (and associated entities) that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation the Selective Buyback.

Grant Thornton Corporate Finance has no involvement with, or interest in the outcome of the Selective Buyback, other than the preparation of this report.

Grant Thornton Corporate Finance will receive a fee based on commercial rates for the preparation of this report. This fee is not contingent on the outcome of the Selective Buyback. Grant Thornton Corporate Finance's out of pocket expenses in relation to the preparation of the report will be reimbursed. Grant Thornton Corporate Finance will receive no other benefit for the preparation of this report.

Grant Thornton Corporate Finance considers itself to be independent in terms of RG 112 "Independence of expert" issued by the ASIC."

6 Complaints process

Grant Thornton Corporate Finance has an internal complaint handling mechanism and is a member of the Australian Financial Complaints Authority. All complaints must be in writing and addressed to the Chief Executive Officer at Grant Thornton Corporate Finance. We will endeavour to resolve all complaints within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority who can be contacted at:

Australian Financial Complaints Authority Limited
GPO Box 3
Melbourne, VIC 3001
Telephone: 1800 931 678

Grant Thornton Corporate Finance is only responsible for this report and FSG. Complaints or questions about the Selective Buyback Meeting should not be directed to Grant Thornton Corporate Finance. Grant Thornton Corporate Finance will not respond in any way that might involve any provision of financial product advice to any retail investor.

7 Compensation arrangements

Grant Thornton Corporate Finance has professional indemnity insurance cover under its professional indemnity insurance policy. This policy meets the compensation arrangement requirements of section 912B of the Corporations Act, 2001.

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Appendix B – Glossary

A$	Australian Dollar
ABS	Australian Bureau of Statistics
ADIs	Authorised deposit-taking institutions
Alternatives	Direct infrastructure, real estate, hedge fund, private equity, real assets and others
AM	Asset Management
APES 225	Professional standard APES 225 valuation services
APRA	Australian Prudential Regulatory Authority
ASIC	Australian Securities and Investment Commission
ASX	Australian Securities Exchange
ASX 200 Financial Index	S&P/ASX 200 Financial Services Index excluding A-REIT
BIIP	Business Innovation and Investment Program
Buyback Price	A$ 3.40 per share
CA&E	Corporate Advisory and Equities
Chapter 2J	Chapter 2J of the Corporations Act
Directors	Means the directors of the Company excluding Mr Joseph Simon and Mr Kenneth Moelis
EBITDA	Earnings before interest, tax, depreciation & amortisation
EBITDA Multiple	Enterprise Value to EBITDA
EMH	Efficient Market Hypothesis
Employee Trust	Moelis Australia Employee Share Trust
EPS	Earnings per share
EV	Enterprise Value
FIF	Fixed Income Fund
FIRB	Foreign Investments Review Board
FSG	Financial Services Guide
Fund Preferred Units	Class A units in the Moelis Australia Master Credit Trust
FVTOCI	Fair value through other comprehensive income
FY	Financial Year
GFC	Global Financial Crisis
GTAL	Grant Thornton Australia Limited
GTCF	Grant Thornton Corporate Finance
GTIL	Grant Thornton International Ltd
HNW	High net worth
IER or Report	Independent Expert's Report

Infinite Fund	Moelis Australia Aged Care Fund
Japara	Japara Healthcare Limited
M&C	Moelis & Company
M&C Interest	8 million of MOE Shares corresponding to c.5.1% interest to be acquired as a part of the Selective Buyback
MAFIF	Moelis Australian Fixed Income Fund
MAHM	Moelis Australia Hotel Management Pty Ltd
Management	Management of MOE
MOE Options	5,401,900 options
MOE Share Rights	3,345,652 share rights
MOE Shares	155,641,070 Moelis Australia ordinary shares
MOE, Moelis Australia or the Company	Moelis Australia Limited
Master Credit Trust	Moelis Australia Master Credit Trust
Non-ADIs	Institutions that do not authorize deposits from public
Non-Associated Shareholders	Shareholders of the Company not associated with M&C
PE	Price to Earnings Ratio
Real Estate Asset Managers Index	Peers index made of real estate asset managers
Redcape	Redcape Hotel Group
RG110	ASIC Regulatory Guide 110 - Share buy-backs
RG111	ASIC Regulatory Guide 111 - Content of expert reports
RG112	ASIC Regulatory Guide 112 - Independence of expert's report
RHGM	Redcape Hotel Group Management Ltd
RPP Index	Residential property price index
SAA	Strategic Alliance Agreement
Selective Buyback	MOE had entered into a binding buyback agreement with M&C to purchase 8 million MOE Shares at a price of A$3.40 per share
Section 257D	Section 257D of the Corporations Act
Share Sale	In conjunction with entering into the binding buyback agreement, M&C sold 12.5 million MOE Shares at A$3.40 per share
SIV	Significant Investor Visa
SLF	Secured Loan Fund Property Funds
US$	United States Dollar
VWAP	Volume weighted average price

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Appendix C – Valuation methodologies

Capitalisation of future maintainable earnings

The capitalisation of future maintainable earnings multiplied by appropriate earnings multiple is a suitable valuation method for businesses that are expected to trade profitably into the foreseeable future. Maintainable earnings are the assessed sustainable profits that can be derived by a company's business and excludes any abnormal or "one off" profits or losses.

This approach involves a review of the multiples at which shares in listed companies in the same industry sector trade on the share market. These multiples give an indication of the price payable by portfolio investors for the acquisition of a parcel shareholding in the company.

Discounted future cash flows

An analysis of the net present value of forecast cash flows or DCF is a valuation technique based on the premise that the value of the business is the present value of its future cash flows. This technique is particularly suited to a business with a finite life. In applying this method, the expected level of future cash flows are discounted by an appropriate discount rate based on the weighted average cost of capital. The cost of equity capital, being a component of the WACC, is estimated using the Capital Asset Pricing Model.

Predicting future cash flows is a complex exercise requiring assumptions as to the future direction of the company, growth rates, operating and capital expenditure and numerous other factors. An application of this method generally requires cash flow forecasts for a minimum of five years.

Orderly realisation of assets

The amount that would be distributed to shareholders on an orderly realisation of assets is based on the assumption that a company is liquidated with the funds realised from the sale of its assets, after payment of all liabilities, including realisation costs and taxation charges that arise, being distributed to shareholders.

Market value of quoted securities

Market value is the price per issued share as quoted on the ASX or other recognised securities exchange. The share market price would, prima facie, constitute the market value of the shares of a publicly traded company, although such market price usually reflects the price paid for a minority holding or small parcel of shares, and does not reflect the market value offering control to the acquirer.

Comparable market transactions

The comparable transactions method is the value of similar assets established through comparative transactions to which is added the realisable value of surplus assets. The comparable transactions method uses similar or comparative transactions to establish a value for the current transaction.

Comparable transactions methodology involves applying multiples extracted from the market transaction price of similar assets to the equivalent assets and earnings of the company. The risk attached to this valuation methodology is that in many cases, the relevant transactions contain features that are unique to that transaction and it is often difficult to establish sufficient detail of all the material factors that contributed to the transaction price.

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Appendix D – Comparable companies

Company Corporate Advisory (CA)	Description
Moelis & Company	Moelis & Company, an investment bank, provides strategic and financial advisory services in the United States and internationally. It advises clients in the areas of mergers and acquisitions, recapitalizations and restructurings, capital markets advisory, and other corporate finance matters. The company offers its services to public multinational corporations, governments, financial sponsors, middle market private companies, and individual entrepreneurs. It has strategic alliances with Sumitomo Mitsui Banking Corporation and SMBC Nikko Securities Inc.; and Alfaro, Dávila y Scherer, S.C. Moelis & Company was founded in 2007 and is headquartered in New York, New York.
Houlihan Lokey, Inc.	Houlihan Lokey, Inc., an investment banking company, provides merger and acquisition (M&A), capital market, financial restructuring, and financial advisory services worldwide. It operates in three segments: Corporate Finance, Financial Restructuring, and Financial Advisory Services. The Corporate Finance segment offers general financial advisory services; and advises public and private institutions on buy-side and sell-side transactions, leveraged loans, private mezzanine debt, high-yield debt, initial public offerings, follow-ons, convertibles, equity private placements, private equity, and liability management transactions, as well as financial sponsors on various transactions. It also provides financing solutions and capital-raising advisory services for publicly-held and multinational corporations, financial sponsors, and privately-held companies. The Financial Restructuring segment advises debtors, creditors, and other parties-in-interest related to recapitalization/deleveraging transactions. It also provides a range of advisory services, including structuring, negotiation, and confirmation of plans of reorganization; structuring and analysis of exchange offers; corporate viability assessment; litigation support and expert testimony; and procuring debtor in possession financing. The Financial Advisory Services segment offers valuations of various assets, such as companies, illiquid debt and equity securities, and intellectual property. It also provides fairness opinions in connection with M&A and other transactions, and solvency opinions in connection with corporate spin-offs and dividend recapitalizations; and other types of financial opinions. In addition, this segment offers dispute resolution consulting services. It serves corporations, financial sponsors, and government agencies. The company was founded in 1972 and is headquartered in Los Angeles, California.
Evercore Inc.	Evercore Inc., together with its subsidiaries, operates as an independent investment banking advisory firm in the United States, Europe, Latin America, and internationally. It operates through two segments, Investment Banking and Investment Management. The Investment Banking segment offers advisory services on mergers, acquisitions, divestitures, leveraged buyouts, restructurings, shareholder activism and defense, and related corporate finance matters; and services related to securities underwriting, private placement services, and commissions for agency-based equity trading services and equity research. It also provides restructuring advice to companies in financial transition, as well as to creditors, shareholders, and potential acquirers; and macroeconomic, policy, and fundamental equity research and agency-based equity securities trading for institutional investors. In addition, the company engages in the provision of capital markets advisory services and advisory services focused on secondary transactions for private funds interests; and raising funds for financial sponsors. The Investment Management segment offers investment advisory, wealth management, and fiduciary services for high net-worth individuals and related entities; and institutional asset management services, including financial assets management services for institutional investors. It also holds interests in private equity funds; and provides trust services. The company was formerly known as Evercore Partners Inc. and changed its name to Evercore Inc. in August 2017. Evercore Inc. was founded in 1995 and is headquartered in New York, New York.
Greenhill & Co., Inc.	Greenhill & Co., Inc., an independent investment bank, provides financial and strategic advisory services to corporations, partnerships, institutions, and governments worldwide. The company offers advisory services to clients in relation to mergers, acquisitions, divestitures, spin-offs, and other strategic transactions, as well as various stages of a transaction's life cycle ranging from initial structuring and negotiation to final execution. It also advises clients on strategic matters, including activist response, defensive tactics, special committee projects, licensing deals, and joint ventures; and valuation, negotiation tactics, industry dynamics, structuring alternatives, and timing and pricing of transactions, as well as financing alternatives. In addition, the company provides debt restructuring advisory services to debtors, creditors, governments, pension funds and other stakeholders, and acquirers of distressed companies and assets; and advice on restructuring alternatives, capital structures, and sales or recapitalizations. Further, it assists clients in identifying and capitalizing on incremental sources of value; and who seek court-assisted reorganizations by developing and seeking approval for plans of reorganization, as well as the implementation of such plans. Additionally, the company advises on other financing matters, including debt issuances, equity financings, and exchange offers; and initial public offerings and other equity capital market transactions. It also offers financial advisory services to pension funds, endowments, and other institutional investors on transactions involving alternative assets; and advice to alternative asset fund sponsors for capital raising, financing, liquidity options, and related services. Greenhill & Co., Inc. was founded in 1996 and is headquartered in New York, New York.
PJT Partners Inc.	PJT Partners Inc., an investment bank, provides various strategic advisory, shareholder engagement, restructuring and special situations, and private fund advisory and placement services to corporations, financial sponsors, institutional investors, and governments worldwide. It offers a range of financial advisory and transaction execution capability, including mergers and acquisitions, joint ventures, minority investments, asset swaps, divestitures, takeover defenses, corporate finance advisory, private placements, and distressed sales. The company also advices companies, creditors, and financial sponsors on recapitalizations, reorganizations, exchange offers, debt repurchases, capital raises, and distressed mergers and acquisitions. In addition, it offers private fund advisory and placement services for various investment strategies, including private equity, hedge fund, real estate, and secondary advisory groups. The company was formerly known as Blackstone Advisory Inc. and changed its name to PJT Partners Inc. in March 2015. PJT Partners Inc. was founded in 2014 and is headquartered in New York, New York.
GCA Corporation	GCA Corporation provides investment banking services worldwide. The company offers strategic merger and acquisition, capital market, and private fund advisory services, as well as debt advisory and asset management services. It primarily serves the technology, media and digital media, financial technology and services, healthcare, and industrial and industrial technology sectors, as well as the consumer, retail, e-commerce, and leisure sectors. The company was formerly known as GCA Savvian Corporation and changed its name to GCA Corporation in July 2016. GCA Corporation was founded in 2004 and is based in Tokyo, Japan.

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Company Corporate Advisory (CA)	Description
Piper Jaffray Companies	Piper Jaffray Companies operates as an investment bank and asset management firm that serves corporations, private equity groups, public entities, non-profit entities, and institutional investors in the United States and internationally. The company's Capital Markets segment offers investment banking and institutional sales, trading, and research services for various equity and fixed income products. It raises capital through equity and debt financings; provides advisory services related to mergers and acquisitions, equity private placements, and debt and restructuring advisory for corporate clients; underwrites debt issuances; and offers municipal financial advisory and loan placement services, as well as various over-the-counter derivative products. It also provides public finance investment banking capabilities that focus on state and local governments, and cultural and social service non-profit entities, as well as the education, healthcare, hospitality, senior living, and transportation sectors. In addition, this segment offers equity and fixed income advisory and trade execution services for institutional investors, and government and non-profit entities; and engages in trading activities for customer facilitation and strategic trading purposes. Further, it is involved in the merchant banking activities, which comprise equity investments in late stage private companies, and private equity funds and other firm investments; and operates alternative asset management funds in merchant banking, energy, and senior living to invest firm capital and to manage capital from outside investors. The company's Asset Management segment provides asset management services with product offerings in equity securities and master limited partnerships to institutions and individuals through separately managed accounts, and open-end and closed-end funds. Piper Jaffray Companies was founded in 1895 and is headquartered in Minneapolis, Minnesota.
Lazard Ltd	Lazard Ltd, together with its subsidiaries, operates as a financial advisory and asset management firm worldwide. Its Financial Advisory segment offers various financial advisory services regarding mergers and acquisitions and other strategic matters, restructurings, capital structure, capital raising, shareholder advisory, and various other financial matters. This segment serves corporate, partnership, institutional, government, sovereign, and individual clients. The company's Asset Management segment offers a range of investment solutions and investment management services in equity and fixed income strategies; and alternative investments and private equity funds to corporations, public funds, sovereign entities, endowments and foundations, labor funds, financial intermediaries, and private clients. Lazard Ltd was founded in 1848 and is based in Hamilton, Bermuda.
Jefferies Financial Group Inc.	Jefferies Financial Group Inc., a financial services company, engages in investment banking and capital markets, asset management, and direct investing businesses in the Americas, Europe, and Asia. the company also offers equities research, sales, and trading services; equity finance services comprising financing, securities lending, and other prime brokerage services; and wealth management services to high net worth individuals, their families and businesses, private equity and venture funds, and small institutions. In addition, it provides fixed income sales and trading services for investment grade corporate bonds, U.S. and European government and agency securities, municipal bonds, mortgage- and asset-backed securities, leveraged loans, consumer loans, securities, markets debt, interest rate, and credit derivative products, as well as foreign exchange trade execution and securitization capabilities, as well as manages, invests in, and provides services to a group of alternative asset management platforms in investment strategies and asset classes. The company was formerly known as Leucadia National Corporation and changed its name to Jefferies Financial Group Inc. in May 2018. Jefferies Financial Group Inc. was founded in 1968 and is headquartered in New York, New York.

Company Equity Capital Markets/Securities	Description
Bell Financial Group Limited	Bell Financial Group Limited provides stock broking, investment, and financial advisory services to private, institutional, and corporate clients. It operates through Retail and Wholesale segments. The company provides equities, futures, options and cash currency market, foreign exchange, corporate fee income, portfolio administration, margin lending, and deposit products and services, as well as super lending and cash management services. It also offers online share trading services. The company operates a network of 16 offices in Australia, as well as offices in London, Hong Kong, and Kuala Lumpur. Bell Financial Group Limited was incorporated in 1998 and is based in Melbourne, Australia.
Euroz Limited	Euroz Limited, a diversified financial services company, provides stockbroking, corporate finance, funds management, investing, and wealth management services to institutional and corporate clients, and high net worth individuals primarily in Australia. The company offers equities research, institutional dealing, and private clients dealing services, as well as corporate advisory services, including equity capital raisings and underwriting, merger and acquisitions advisory, strategic planning and review, privatization and reconstruction, and takeover/takeover response services. It also provides portfolio management, strategic financial planning advisory, and portfolio administration services; and raises equity capital through initial public offerings, placements, and rights issues. The company was founded in 1977 and is based in Perth, Australia.
Numis Corporation Plc	Numis Corporation Plc, through its subsidiaries, provides a range of institutional stockbroking and corporate advisory services. The company offers research services with investment perspective; stockbroking services to the United Kingdom, European, the United States, and International investment funds; and research, sales, trading, and corporate broking/finance services focusing on quoted equity, private equity, infrastructure, property, debt, and other alternative assets for a range of institutional investors, family offices, and private client wealth managers. It also provides corporate finance services comprising advice and transaction execution in relation to mergers and acquisitions, IPOs, secondary equity issuance, convertible securities, and bonds for corporate and private equity clients; corporate broking services; suite of services enabling companies to gain access to an international investor base; market intelligence and advice; and arrangement of sector conferences and events, as well as capital markets days and bespoke reverse roadshows for investors. In addition, the company offers private client fund management services in the areas of advice, investor targeting and corporate access, perception audits, retail and intermediary offers, primary and secondary market transactions, sales, trading and origination, retail bonds, and investment companies; The Numis Smaller Companies Index; and asset management services. Numis Corporation Plc was founded in 1989 and is based in London, the United Kingdom.

Company	Description
Equity Capital Markets/Securities	
B. Riley Financial, Inc.	B. Riley Financial, Inc., through its subsidiaries, provides collaborative financial services and solutions in North America, Australia, and Europe. The company operates in four segments: Capital Markets, Auction and Liquidation, Valuation and Appraisal, and Principal Investments - United Online and magicJack. It offers investment banking services, including merger and acquisitions, restructuring advisory, initial and secondary public offerings, and institutional private placements; and corporate finance, research, securities lending, wealth management, and sales and trading services to corporate, institutional, and high net worth clients. The company also provides retail store liquidation, and wholesale and industrial assets disposition services; valuation and appraisal services to financial institutions, lenders, private equity firms, and other providers of capital; and consumer subscription services consisting of Internet access services and devices under the NetZero and Juno brands, as well as voice over IP cloud-based technology and communication services. In addition, it offers advisory services to private funds, and institutional and high net worth investors; multi-family office practice and wealth management services to ultra-high net worth individuals and families; and senior secured and second lien secured loans to middle market public and the private U.S. companies. The company was formerly known as Great American Group, Inc. and changed its name to B. Riley Financial, Inc. in November 2014. B. Riley Financial, Inc. was founded in 1973 and is headquartered in Woodland Hills, California.
Canaccord Genuity Group Inc.	Canaccord Genuity Group Inc., a full-service financial services company, provides investment solutions, and brokerage and investment banking services to individual, institutional, corporate, and government clients. It operates in two segments, Canaccord Genuity Capital Markets and Canaccord Genuity Wealth Management. The Canaccord Genuity Capital Markets segment offers investment banking, advisory, research, and trading services. The Canaccord Genuity Wealth Management segment provides brokerage services and investment advice to retail or institutional clients. The company has operations in Canada, the United Kingdom, Europe, Dubai, Australia, the United States, and internationally. The company was founded in 1950 and is headquartered in Vancouver, Canada.
JMP Group LLC	JMP Group LLC, together with its subsidiaries, provides investment banking, sales and trading, equity research, and asset management products and services in the United States. The company operates through four segments: Broker-Dealer, Asset Management Fee Income, Investment Income, and Corporate costs. It offers various services, such as underwriting and acting as a placement agent for public and private capital markets raising transactions; and financial advisory services in mergers and acquisitions, restructuring, and other strategic transactions, as well as institutional brokerage services and equity research services. The company is also involved in the management of a range of pooled investment vehicles, including the hedge funds, hedge funds of funds, and collateralized loan obligations. In addition, it engages in investing in public and private securities, and investment funds, as well as other investing activities. The company also provides investment advisory services to business development companies. It serves corporates, institutional clients and investors, and high net-worth individuals. JMP Group LLC was incorporated in 2014 and is headquartered in San Francisco, California.
Oppenheimer Holdings Inc.	Oppenheimer Holdings Inc., through its subsidiaries, provides middle-market investment bank and full service broker-dealer products and services. The company offers full-service brokerage services covering exchange-traded and over-the-counter corporate equity and debt securities, money market instruments, exchange-traded options and futures contracts, municipal bonds, mutual funds, and unit investment trusts; financial and wealth planning services; and margin lending services. It also provides asset management services, including separately managed accounts, mutual fund managed accounts, discretionary portfolio management programs, fee-based non-discretionary investment advisory services, alternative investments, portfolio enhancement programs, investment advisory services, and institutional taxable fixed income portfolio management services, as well as taxable and non-taxable fixed income portfolios and strategies. In addition, the company offers investment banking services, such as strategic advisory services and capital markets products; merger and acquisition, equities capital market, and debt capital market products and services; and institutional equity sales and trading, equity research, equity derivatives and index options, convertible bonds, and event driven sales and trading services. Further, it provides institutional fixed income sales and trading, fixed income research, public finance, and municipal trading services; repurchase agreements and securities lending services; and proprietary trading and investment activities. Additionally, the company offers underwritings, market-making, trust, and discount services. It serves high-net-worth individuals and families, corporate executives, public and private businesses, institutions and investment advisers, financial sponsors, and domestic and international investors in the Americas, Europe, the Middle East, and Asia. The company was founded in 1881 and is headquartered in New York, New York.
Stifel Financial Corp.	Stifel Financial Corp., a financial services and bank holding company, provides retail and institutional wealth management, and investment banking services to individual investors, corporations, municipalities, and institutions in the United States, the United Kingdom, rest of Europe, and Asia. The company operates through three segments: Global Wealth Management, Institutional Group, and Other. It provides private client services, including securities transaction and financial planning services; institutional equity and fixed income sales, trading and research, and municipal finance services; investment banking services, such as mergers and acquisitions, public offerings, and private placements; and retail and commercial banking services comprising personal and commercial lending programs, as well as deposit accounts. The company also participates and manages in underwritings for corporate and public finance. Stifel Financial Corp. was founded in 1890 and is headquartered in St. Louis, Missouri.
Evans Dixon Limited	Evans Dixon Limited engages in financial services business in Australia. It operates through three segments: Wealth Advice, Capital Markets, and Funds Management. The Wealth Advice segment offers financial and investment advisory, stock broking, private wealth management, private client portfolio administration and reporting, self-managed superannuation administration, estate planning, and property and insurance advisory services. The Capital Markets segment is involved in the origination and distribution activities in equity and debt capital markets; sale and trading of institutional cash equities and fixed income; and provision of investment research and corporate advisory services. The Funds Management segment offers investment management, responsible entity and administration, performance, design, architectural, and project management services; and executes asset acquisition and disposal, and debt arranging transactions. The company serves private clients, institutional clients, and corporates. Evans Dixon Limited was incorporated in 2015 and is based in North Sydney, Australia.

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Company	Description
Equity Capital Markets/Securities	
Raymond James Financial, Inc.	Raymond James Financial, Inc., through its subsidiaries, engages in the underwriting, distribution, trading, and brokerage of equity and debt securities, and the sale of mutual funds and other investment products in the United States, Canada, Europe, and internationally. It operates in five segments: Private Client Group (PCG), Capital Markets, Asset Management, RJ Bank, and Other. The PCG segment offers securities transaction services, including the sale of equities, mutual funds, fixed income products, and insurance products to individual clients; investment advisory, investment, and margin loan services; custodial, trading, research, and other support services; insurance and annuity products; diversification strategies and alternative investment products; and borrowing and lending of securities to and from other broker-dealers, financial institutions, and other counterparties. The Capital Markets segment engages in the fixed income and equity institutional sales and trading activities; equity research and investment banking activities; and syndication and related management of investments that qualify for tax credits. It also provides debt and equity underwriting, merger and acquisition, advisory, and public finance services. The Asset Management segment offers investment advisory and related administrative, and asset management services to individual and institutional investors through third-party broker-dealers; and administrative support services, such as trade execution, record-keeping, and periodic investor reporting, as well as sponsors a family of mutual funds. The RJ Bank segment provides corporate loans, SBL, tax-exempt loans, and residential loans. The Other segment engages in the private equity activities, including various direct and third-party private equity investments; and private equity funds. The company was founded in 1962 and is headquartered in St. Petersburg, Florida.

Company	Description
Domestic Real Estate Asset Management	
Centuria Capital Group	Centuria Capital Group, a property funds manager, markets and manages investment products primarily in Australia. It operates through Property Funds Management, Investment Bonds Management, and Co-Investments segments. The Property Funds Management segment manages listed and unlisted property funds. The Investment Bonds Management segment manages benefit funds, which include a range of financial products, such as single and multi-premium investments. The Co-Investments segment holds interest in property funds and other liquid investments. The company also manages reverse mortgage lending portfolio. Centuria Capital Group was incorporated in 2000 and is headquartered in Sydney, Australia.
Elanor Investors Group	Elanor Investors Group is a real estate investment firm. The firm seeks to invest in the hospitality and accommodation sector with a focus on hotels and tourism in Australia. Elanor Investors Group is based in Australia.
360 Capital Group Limited	360 Capital Group is an ASX-listed, investment and funds management group, focused on strategic and active investment management of alternative assets. Led by a highly experienced team, the Group operates in Australian and global markets investing across real estate, public and private equity and credit strategies. We partner with our stakeholders to identify, invest and realise on opportunities.
Garda Capital Group	Garda Capital Group is property funds management headquartered in Brisbane, Queensland, Australia.

Company	Description
Domestic Financial Fund Management	
Magellan Financial Group Limited	Magellan Financial Group is a publicly owned investment manager. The firm provide its services to high net worth, retail, and institutional investors. Magellan Financial Group is based in Sydney, Australia.
Platinum Investment Management Limited	Platinum Asset Management is a publicly owned hedge fund sponsor. The firm primarily provides its services to pooled investment vehicles. It also caters to pension and profit sharing plans and corporations. The firm launches and manages equity mutual funds for its clients. It also launches and manages hedge funds for its clients. The firm invests in public equity markets across the globe. It employs value strategy with bottom-up stock picking approach to create its portfolio. The firm employs a combination of in-house and external research to make its investments. Platinum Asset Management was founded in February 1994 and is based in Sydney, Australia.
Perpetual Limited	Perpetual Limited offers a range of financial products and services in Australia. The company provides funds management, portfolio management, financial planning, trustee, responsible entity and compliance services, executor services, investment administration and custody services, and mortgage processing services. It offers investment capabilities across a range of asset classes, including Australian and global equities, mortgages, cash and fixed interest, and Australian listed property. The company also provides specialist direct-to-client financial services for high net worth individuals that include fiduciary services, such as trust advice and services, custodial solutions, estate planning, estate administration, and executorial services; independent financial advice services with specialist and 'do-it-yourself' superannuation offerings; and philanthropic services. In addition, it offers corporate trustee and transaction support services, including trustee services for mortgage backed and other securitization programs for major banks and non-bank financial institutions; mortgage services, including mortgage preparations, variations and discharges; post settlement servicing; regulatory compliance services for fund managers; custody, unit registry, and accounting services for property and mortgage funds; and trusteeships for corporate debt issues and infrastructure projects. The company was founded in 1884 and is based in Sydney, Australia.

Company	Description
Domestic Financial Fund Management	
Pendal Group Limited	Pendal Group Limited is a publicly owned investment manager the firm provides its services to individual and institutional clients. It launches and manages equity, fixed income, multi-assets and balanced mutual funds. The firm invests in the public equity, fixed income, and alternative investment markets across the globe. The firm uses fundamental along with bottom up stock selection process to make its investments. The firm conducts in-house research to make its investments. The firm conducts in-house research to make its investments.
Navigator Global Investments Limited	HFA Holdings Limited operates as a fund management company in Australia. The company, through its subsidiaries, offers open-ended products and structured products to retail, wholesale, and institutional investors. HFA Holdings is based in Sydney, Australia.
Pacific Current Group Limited	Pacific Current Group Limited engages in multi-boutique asset management business worldwide. It manages assets for institutional and individual clients. The company was formerly known as Treasury Group Ltd and changed its name to Pacific Current Group Limited in October 2015. Pacific Current Group Limited is based in Sydney, Australia.
Pinnacle Investment Management Group Limited	Pinnacle Investment Management Group Limited operates as an investment management company in Australia. The company offers third party distribution, and fund infrastructure and support services to its affiliates and various investment managers. It also operates as a corporate trustee and responsible entity for retail and wholesale investment trusts. The company was formerly known as Wilson Group Limited and changed its name to Pinnacle Investment Management Group Limited in August 2016. Pinnacle Investment Management Group Limited was founded in 1895 and is based in Sydney, Australia.

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Appendix E – Reconciliation statutory and underlying results

Underlying results analysis A$'000s	FY16	FY17	FY18	H1 FY18	H1 FY19
Statutory result	9,762	31,859	27,206	15,040	9,773
Adjustments					
Termination of onerous contract	5,727	-	-	-	-
Listing costs	-	989	-	-	-
Business acquisition adjustments	-	3,260	6,571	3,288	2,654
Share rights issued to staff	-	(8,444)	3,514	(841)	(1,717)
Unrealised gains/losses on investments	-	-	13,586	3,322	(75)
Adjustments relating to associates	-	-	220	(6,059)	131
Deferred performance fees	-	-	(6,400)	-	6,400
Profit on sale of joint venture	-	-	(2,221)	-	2,221
Credit investments	-	-	-	468	(171)
Non-controlling interests	-	-	(1,161)	(597)	-
Other	-	189	950	-	-
Tax on adjustments	(1,661)	1,201	(2,982)	532	(2,178)
Total adjustments	4,066	(2,805)	12,077	113	7,265
Underlying results	**13,828**	**29,054**	**39,283**	**15,153**	**17,038**
Underlying results margin	*22.1%*	*27.7%*	*27.4%*	*26.5%*	*27.7%*

Source: MOE annual reports

MOELIS
AUSTRALIA

Sydney

Level 27, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
Phone: +61 2 8288 5555

Melbourne

Level 34, 120 Collins Street
Melbourne VIC 3000
Phone: +61 3 8650 8650

Shanghai

Level 38, Park Place
1601 Nan Jing West Road
Jing An District 200040
Shanghai
T +86 021 6137 3216

MOELIS AUSTRALIA

All Correspondence to:

By Mail Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

By Fax: +61 2 9290 9655

Online: www.boardroomlimited.com.au

By Phone: (within Australia) 1300 737 760
(outside Australia) +61 2 9290 9600

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 10:00am AEDT on Tuesday 29 October 2019.**

TO VOTE ONLINE

STEP 1: VISIT https://www.votingonline.com.au/moelisaustraliagm2019

STEP 2: Enter your Postcode OR Country of Residence (if outside Australia)

STEP 3: Enter your Voting Access Code (VAC):

BY SMARTPHONE

Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a securityholder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

(a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.

(b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore **before 10:00am AEDT on Tuesday 29 October 2019.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

Online	www.votingonline.com.au/moelisaustraliagm2019
By Fax	+ 61 2 9290 9655
By Mail	Boardroom Pty Limited GPO Box 3993, Sydney NSW 2001 Australia
In Person	Boardroom Pty Limited Level 12, 225 George Street, Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Moelis Australia Limited
ABN 68 142 008 428

☐ **Your Address**
This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes.
Please note, you cannot change ownership of your securities using this form.

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Moelis Australia Limited** (Company) and entitled to attend and vote hereby appoint:

☐ the **Chair of the Meeting (mark box)**

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered securityholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the General Meeting of the Company to be held at **Level 27, Governor Phillip Tower, 1 Farrer Place, Sydney NSW 2000 on Thursday 31 October 2019 at 10:00am AEDT** and at any adjournment of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

The Chair of the Meeting will vote all undirected proxies in favour of all items of business. If you wish to appoint the Chair of the Meeting as your proxy with a direction to vote against, or to abstain from voting on an item, you must provide a direction by marking the 'Against' or 'Abstain' box opposite that resolution.

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Resolution	Approval of the Selective Buy-back of Moelis & Company's shares in the Company *(special resolution)*	☐	☐	☐

STEP 3 SIGNATURE OF SECURITYHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

Contact Name……………………………………………... Contact Daytime Telephone……………………….............................. Date / / 2019