

3 May 2017

Moelis Australia to acquire Armada Funds Management

Moelis Australia Limited (ASX:MOE) has agreed to acquire specialist real estate fund manager Armada Funds Management Pty Limited and associated group companies ("Armada") to be operated under the brand Moelis Armada Real Estate Asset Management.

Sydney based Armada was established in 2006 by Chris Monaghan and Richard Germain. Armada has approximately \$800 million in assets under management across ten unlisted single asset funds managed on behalf of a mixture of institutional and high net worth clients. On completion of the acquisition, Moelis Australia will have approximately \$2 billion of assets under management across fixed income, private equity, venture capital, Australian small cap equities, REIT's and real estate.

In its 11 years of operation Armada has acquired assets across the hotel, office and retail real estate sectors. Armada has a strong track record of performance with an average total return to investors of approximately 15% per annum across its various funds¹.

Moelis Australia's Head of Asset Management Mr Andrew Martin said "We are delighted to welcome the team from Armada to Moelis Australia and believe that they bring highly complementary skills and client relationships."

Mr Chris Monaghan said "We are very proud of the business we have built over the past 11 years. Our clients have enjoyed outstanding returns and we believe that joining Moelis Australia will strengthen our capacity to service clients and to acquire and improve real estate assets in the future."

Moelis Australia will acquire 100% of Armada for a total consideration of approximately \$29.5 million, of which \$9.8 million is payable in cash on completion and 6,382,979 fully paid ordinary shares which will be issued by 30 September 2017 at an issue price of \$3.10 per share. The vendors of Armada will enter into voluntary restriction agreements over half of their share consideration for a period up to three years. The consideration shares will be issued within Moelis Australia's 15% placement capacity and will rank equally with all other ordinary shares on issue.

In the year ending 30 June 2017 Armada is expected to generate approximately \$4.7 million of EBIT (excluding costs relating to its sale) of which base management fees account for approximately 65%.

On completion of the acquisition, all of Armada's existing staff will join Moelis Australia and be based in its Sydney asset management office. Mr Chris Monaghan will become a Managing Director and Head of Real Estate Asset Management and Mr Richard Germain will become a Managing Director and Chief Operating Officer of Real Estate Asset Management.

The acquisition is expected to complete in early June 2017.

¹ Total return calculations only applicable to realised retail real estate funds and unrealised retail real estate funds with tenure of over 3 years.