

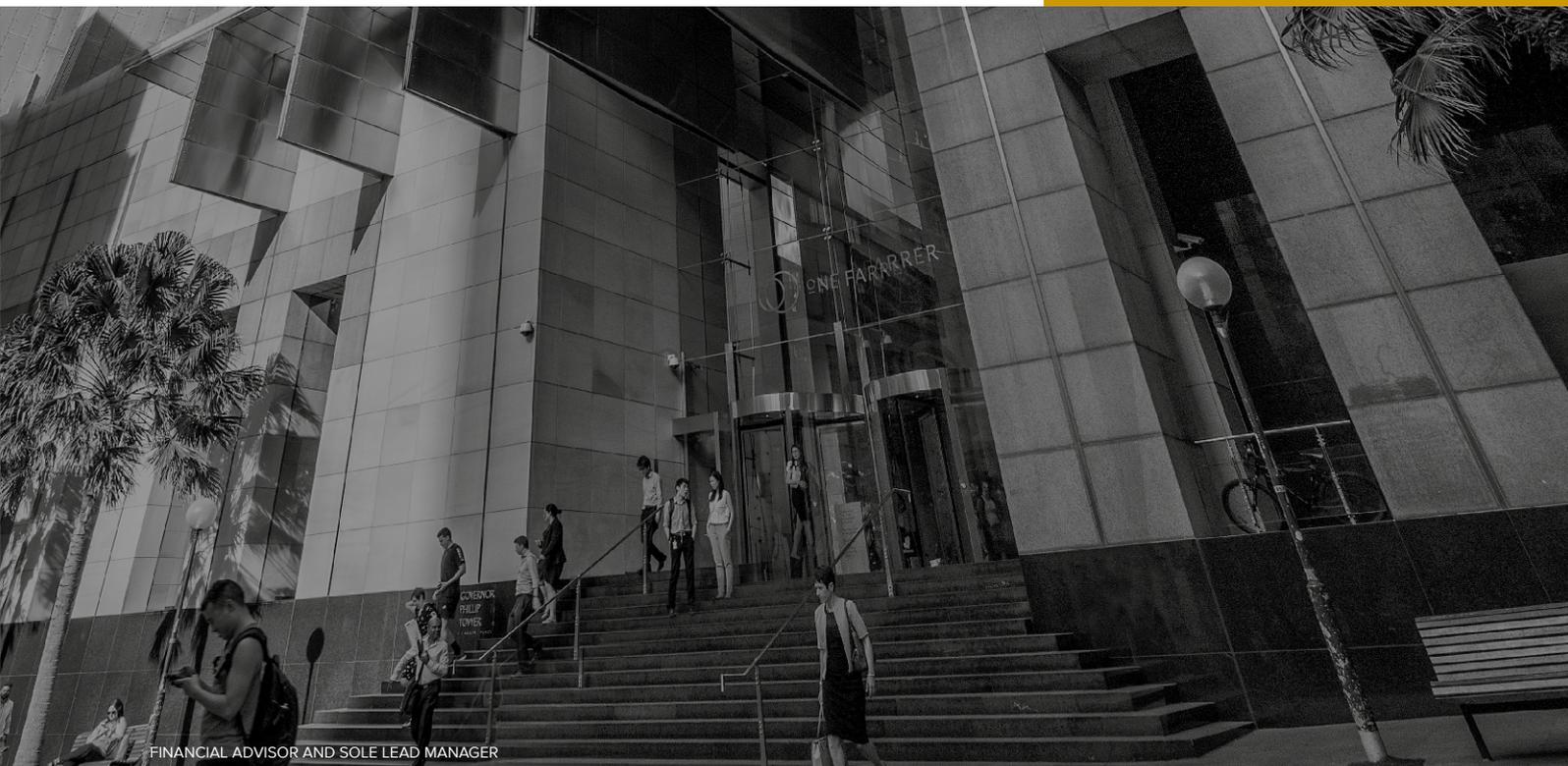


**MOELIS**  
**AUSTRALIA**

MOELIS AUSTRALIA LIMITED ACN 142 008 428

Initial Public Offer of 25 million Shares  
at an Offer Price of \$2.35 per Share

*Prospectus*



FINANCIAL ADVISOR AND SOLE LEAD MANAGER



**MOELIS**  
**AUSTRALIA**

## IMPORTANT NOTICES

### OFFER

This Prospectus is issued by Moelis Australia Pty Ltd to be renamed Moelis Australia Limited. All references to Moelis Australia Limited in this Prospectus are to this entity (ABN 68 142 008 428) (Moelis Australia or the Company). This Prospectus is issued for the purpose of Chapter 6D of the Corporations Act 2001 (Cth) (Corporations Act). The Offer contained in this Prospectus is an initial public offering to acquire fully paid ordinary shares in Moelis Australia (Shares). See Section 7 for further information on the Offer. This Prospectus also contains an offer of options to selected Moelis Australia employees (Options Offer). See Section 6.3 for further information on the Options Offer.

### LODGEMENT AND LISTING

This Prospectus is dated 28 February 2017 (Prospectus Date) and was lodged with the Australian Securities and Investments Commission (ASIC) on that date.

Moelis Australia will apply to the Australian Securities Exchange (ASX) within seven days after the Prospectus Date, for admission of the Company to the Official List and quotation of its Shares on ASX. None of ASIC, ASX or any of their respective officers takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

### MOELIS AUSTRALIA IS CURRENTLY A PROPRIETARY COMPANY

As at the date of lodgement of this Prospectus with ASIC, Moelis Australia is a proprietary company. Under the Corporations Act, the Company must be a public company at the time the Offer is made. The Company has made an application to ASIC to be converted to a public company. No applications will be accepted under this Prospectus until the Company's conversion to a public company has been completed. This conversion is expected to take place on 21 March 2017. Following conversion to a public company, the Offer made under this Prospectus will open and Moelis Australia will be renamed Moelis Australia Limited.

### EXPIRY DATE

This Prospectus expires on the date which is 13 months after the Prospectus Date (Expiry Date). No Shares or Options will be issued on the basis of this Prospectus after the Expiry Date.

### NOT INVESTMENT ADVICE

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in Moelis Australia.

Consult your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in Shares or Options.

In particular, you should consider the assumptions underlying the Pro forma Historical Financial Information and Pro forma Forecast Financial Information (see Section 4) and the risk factors (see Section 5) that could affect the business, financial condition and financial performance of Moelis Australia.

You should carefully consider these risks in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in Shares or Options. There may be risks in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, warrants or guarantees the performance of Moelis Australia, the repayment of capital by Moelis Australia or any return on investment in Shares made pursuant to this Prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by Moelis Australia, the Directors, the Lead Manager or any other person in connection with the Offer. You should rely only on information in this Prospectus.

### EXPOSURE PERIOD

The Corporations Act prohibits Moelis Australia from processing Applications in the seven day period after the Prospectus Date (Exposure Period). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

### NO COOLING-OFF RIGHTS

Cooling-off rights do not apply to an investment in Shares or Options issued under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

### OBTAINING A COPY OF THIS PROSPECTUS

During the Exposure Period, an electronic version of this Prospectus without an Application Form will be available at <http://moelisaustralia.com.au/investor> to persons who are Australian residents only. Application Forms will not be made available until after the Exposure Period has expired.

During the Offer Period, this Prospectus is available in electronic form at <http://moelisaustralia.com.au/investor>. The Offer constituted by this Prospectus in electronic form at <http://moelisaustralia.com.au/investor> is available only to persons within Australia. The Prospectus is not available to persons in other jurisdictions (including the United States) in which it may not be lawful to make such an invitation or offer. If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety.

You may, before the Closing Date, obtain a paper copy of this Prospectus (free of charge) by telephoning the Moelis Australia IPO Offer Information Line on 1300 737 760 (within Australia) from 9.00am to 5.00pm (AEDT), Monday to Friday. If you are eligible to participate in the Offer and are calling from outside Australia, you should call +61 2 9290 9600 from 9.00am to 5.00pm (AEDT), Monday to Friday.

Applications for Shares may only be made during the Offer Period on an Application Form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a paper copy of the Prospectus or the complete and unaltered electronic version of this Prospectus. Refer to Section 7 for further information.

### STATEMENTS OF PAST PERFORMANCE

This Prospectus includes information regarding the past performance of Moelis Australia. Investors should be aware that past performance should not be relied upon as being indicative of future performance.

## FINANCIAL INFORMATION

Section 4 sets out in detail the Financial Information referred to in this Prospectus and the basis of preparation of that Financial Information.

The Historical Financial Information is presented on both an actual and pro forma basis (as described in Section 4) in accordance with the recognition and measurement principles of Australian Accounting Standards (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

This Prospectus also includes Forecast Financial Information based on the best estimate assumptions of the Directors. The basis of preparation and presentation of the Forecast Financial Information is consistent with the basis of preparation and presentation for the Historical Financial Information. The Forecast Financial Information presented in this Prospectus is presented on both a statutory and pro forma basis and is unaudited.

All financial amounts contained in this Prospectus are expressed in Australian dollars, unless otherwise stated. Any discrepancies between totals and sums of components in tables, figures and components contained in this Prospectus are due to rounding.

### FINANCIAL PERIODS

All references to CY2014, CY2015, CY2016 and CY2017 appearing in this Prospectus are to the calendar years ended 31 December 2014, 31 December 2015, 31 December 2016 and the year ending 31 December 2017 respectively, unless otherwise indicated.

### FORWARD LOOKING STATEMENTS

This Prospectus contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties. The Forecast Financial Information included in Section 4 is an example of forward looking statements. These forward looking statements speak only as of the Prospectus Date, and Moelis Australia does not undertake to, and does not intend to, update or revise any forward looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Any forward looking statements are subject to various risks that could cause Moelis Australia's actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 5, the general and specific assumptions as set out in Section 4 and Section 10, and other information in this Prospectus. Such forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the control of Moelis Australia, the Directors and Moelis Australia management. Moelis Australia, the Directors, Moelis Australia management and the Lead Manager cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements.

## INDUSTRY AND MARKET DATA

This Prospectus, including the company overview in Section 2 and the industry overview in Section 3, contains statistics, data and other information (including forecasts and projections) relating to markets, market sizes, market shares, market segments, market positions and other industry data pertaining to Moelis Australia's business and markets. Moelis Australia has obtained significant portions of this information from market research prepared by third parties.

Investors should note that market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. There is no assurance that any of forecasts or projections in the surveys, reports and surveys of any third party that are referred to in this Prospectus will be achieved. Moelis Australia has not independently verified, and cannot give any assurances to the accuracy or completeness of, this market and industry data.

Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

## SELLING RESTRICTIONS

This Prospectus does not constitute an offer or invitation to apply for Shares or Options in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia (including electronically) may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus may not be distributed to, or relied upon by, persons in the United States. Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (US Securities Act) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the Shares have been registered under the US Securities Act or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws. See Section 9.9 for more detail on selling restrictions that apply to the Offer in jurisdictions outside Australia.

## DEFINED TERMS AND TIME

Defined terms and abbreviations used in this Prospectus have the meanings defined in the Glossary or are defined in the context in which they appear. Unless otherwise stated or implied, references to times in this Prospectus are to Sydney time. Unless otherwise stated or implied, references to dates or years are calendar year (CY) references.

## PRIVACY

By completing an Application Form to apply for Shares, you are providing personal information to Moelis Australia through the Share Registry, which is contracted by Moelis Australia to manage Applications. Moelis Australia and the Share Registry on behalf of Moelis Australia, may collect, hold and use that personal information in order to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

If you do not provide the information requested in the Application Form, Moelis Australia and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by Moelis Australia, which it considers may be of interest to you.

Your personal information may also be provided to the Company's members, agents and service providers on the basis that they deal with such information in accordance with Moelis Australia's Privacy Policy and applicable laws. The members, agents and service providers of the Company may be located outside Australia, where your personal information may not receive the same level of protection as that afforded under Australian law. The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- > the Share Registry for ongoing administration of the Shareholder register;
- > printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- > market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- > legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

If an Applicant becomes a Shareholder, the Corporations Act requires Moelis Australia to include information about the Shareholder (including Shares held) in its public Shareholder register. If you do not provide all the information requested, your Application Form may not be able to be processed.

The information contained in the Shareholder register must remain there even if that person ceases to be a Shareholder. Information contained in the Shareholder register is also used to facilitate dividend payments and corporate communications (including Moelis Australia's financial results and annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by Moelis Australia with legal and regulatory requirements. An Applicant has a right to gain access to the information that the Company and the Share Registry hold about that person, subject to certain exemptions under law. A fee may be charged for access subject to law. Access requests must be made in writing or by telephone call to the Company's registered office or the Share Registry's office, details of which are disclosed in the Corporate Directory on the inside back cover of this Prospectus. Applicants can obtain a copy of Moelis Australia's Privacy Policy by visiting Moelis Australia's website <http://moelisaustralia.com.au>.

You may request access to your personal information held by or on behalf of Moelis Australia and you may correct the personal information held by or on behalf of Moelis Australia about you. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows:

Email: [enquiries@boardroomlimited.com.au](mailto:enquiries@boardroomlimited.com.au)

Address: Level 12, Grosvenor Place,  
225 George Street, Sydney NSW 2000

Telephone: 1300 737 760 (in Australia)  
or +61 2 9290 9600 (International)

## PHOTOGRAPHS AND DIAGRAMS

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by Moelis Australia. Diagrams and maps used in this Prospectus are

illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the Prospectus Date.

## COMPANY WEBSITE

Any references to documents included on Moelis Australia's website at [www.moelisaustralia.com.au](http://www.moelisaustralia.com.au) are for convenience only, and none of the documents or other information available on Moelis Australia's website is incorporated into this Prospectus by reference.

## DISCLAIMER

Except as required by law, and only to the extent so required, none of Moelis Australia, the Directors, Moelis Australia management, the Lead Manager or any other person warrants or guarantees the future performance of Moelis Australia, or any return on any investment made pursuant to this Prospectus.

As set out in Section 7.10, it is expected that the Shares will be quoted on ASX initially on a deferred settlement basis. Moelis Australia, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to any person who trades Shares before receiving a holding statement, even if such person received confirmation of allocation from the Moelis Australia Offer Information Line or confirmed their firm allocation through a Broker.

Moelis Australia Advisory Pty Ltd has acted as Lead Manager to the Offer and has not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus and there is no statement in this Prospectus which is based on any statement made by it or by any of its affiliates, officers or employees. To the maximum extent permitted by law, the Lead Manager and each of its respective, officers, employees and advisers expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to its name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

## INVESTIGATING ACCOUNTANT'S REPORT AND FINANCIAL SERVICES GUIDE

The provider of the Investigating Accountant's Report is required to provide Australian retail investors with a financial services guide in relation to the review under the Corporations Act (Financial Services Guides). The Investigating Accountant's Report and accompanying Financial Services Guide is provided in Section 8.

## QUESTIONS

If you have any questions about how to apply for Shares, call your Broker or the Moelis Australia Offer information line on 1300 737 760 (within Australia) between 9.00am and 5.00pm (AEDT), Monday to Friday. Instructions on how to apply for Shares are set out in Section 7 of this Prospectus and on the back of the Application Form.

If you have any questions about whether to invest in Moelis Australia, you should seek professional advice from your accountant, financial advisor, stockbroker, lawyer or other professional advisor before deciding whether to invest in Shares or Options.

## OFFER MANAGEMENT

Moelis Australia Advisory Pty Ltd is managing the Offer for Moelis Australia.

## THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY.

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## Key Offer Details

KEY OFFER DETAILS	
Company	Moelis Australia Limited
Proposed ASX code	MOE
Offer Price	\$2.35 per Share
Gross proceeds from the Offer	\$58.8 million
Total number of Shares to be issued under the Offer	25.0 million
Total number of Shares on issue at Completion of the Offer	125.0 million
Total number of Shares to be held by Existing Owners at Completion of the Offer	100.0 million
Market capitalisation at the Offer Price <sup>1</sup>	\$293.8 million
Pro forma net cash and investments <sup>2</sup>	\$53.8 million
Enterprise value at the Offer Price <sup>3</sup>	\$240.0 million
Enterprise value/pro forma CY2017 forecast EBIT <sup>4</sup>	10.3x
Price to earnings ratio (market capitalisation /pro forma CY2017 forecast NPAT) <sup>5</sup>	17.5x
Price to earnings ratio (adjusted) <sup>6</sup>	14.6x
Forecast CY2017 dividend yield (annualised) <sup>7</sup>	2.2% – 3.6%

1. Equal to the total number of Shares on issue at Completion of the Offer multiplied by the Offer Price.
2. Pro forma net cash and investments of \$53.8 million reflects pro forma net Offer proceeds of \$57.0 million plus the book value of investments of \$9.6 million at 31 December 2016 less the VFM Marketing Services Agreement termination payment of \$12.8 million. See Section 4 for further details.
3. Equal to the indicative market capitalisation less pro forma net cash and investments.
4. EBIT means earnings before interest and tax. The Forecast Financial Information is based on assumptions and accounting policies set out in Sections 4 and 10 and is subject to the key risks set out in Section 5. There is no guarantee that the Forecast Financial Information or any other forecasts will be achieved. Certain financial information included in this Prospectus is described as pro forma for the reasons described in Section 4.
5. Price to earnings ratio is calculated as the indicative market capitalisation divided by pro forma CY2017 forecast NPAT.
6. Price to earnings ratio (adjusted) is calculated as the indicative market capitalisation (adjusted to exclude the impact of net Offer proceeds) divided by pro forma CY2017 forecast NPAT (adjusted to exclude any interest income earned on net Offer proceeds).
7. Dividend yield is calculated based on the low and high payout range of between 30-50% of Net Operating Cash Flow. Net Operating Cash Flow is defined as NPAT excluding material non-cash expenses (i.e. equity based compensation and unrealised gains on investments) and includes the assumed interest earned on net Offer proceeds (at a cash rate of 1.75% per annum). For more information on Moelis Australia's dividend policy, see Section 4.16.

## *Key Offer Dates*

KEY OFFER DATES	
Lodgement of the Prospectus with ASIC	28 February 2017
Broker Firm Offer, Chairman's List Offer and Institutional Offer closing date (Closing Date)	5 April 2017
Expected Allotment Date of Shares	10 April 2017
Expected deferred settlement trading on ASX	10 April 2017
Expected date for dispatch of holding statements	11 April 2017
Expected commencement of trading on ASX (on a normal settlement basis)	12 April 2017

The above timetable is indicative only. Moelis Australia reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable laws. In particular, Moelis Australia reserves the right to close the Offer early, extend the Closing Date or accept late Applications without notifying any recipients of this Prospectus or any Applicants. Investors who wish to submit an Application are encouraged to do so as soon as practicable after the Offer opens, which is expected to be on 21 March 2017.

## Chairman's Letter

28 February 2017

Dear Investor

I am delighted to have the opportunity to invite you to invest in what I believe is a truly exciting business.

Since being established in 2009 Moelis Australia has grown from a small boutique financial advisory business to a financial services group active in two core segments: Corporate Advisory & Equities and Asset Management.

Since its inception, Moelis Australia has enjoyed an alliance with New York Stock Exchange listed global investment bank Moelis & Company. Following its IPO, Moelis Australia will maintain an exclusive strategic alliance with Moelis & Company for providing financial services in Australia. Moelis & Company will continue to be a major shareholder in Moelis Australia, holding a 40% shareholding post Completion of this Offer and will have two Board representatives, including Moelis & Company founder, chairman and CEO Ken Moelis. Moelis & Company is not divesting any Shares in the Offer.

Moelis Australia has an impressive track record of advising on corporate transactions and of growth in its business. From its beginnings in 2009 it has completed in excess of \$72 billion transaction value in advisory mandates including over \$5.7 billion raised for clients through equity capital markets. As at 31 December 2016, Moelis Australia had approximately \$1.1 billion in assets under management, a value that is growing steadily. In 2016 Moelis Australia earned \$61.8 million of net revenue resulting in pro forma earnings before interest and tax of \$18.8 million.

With offices in Sydney and Melbourne, Moelis Australia has 81 staff, 17 of whom are managing directors. The senior executives who drive the business have on average 19 years financial services experience and 11 of the managing directors have been with Moelis Australia for over five years. Upon completion of the Offer, senior executives will beneficially own 40% of Moelis Australia via the Existing Staff Trusts. Senior executives will not be divesting Shares in the Offer.

This Prospectus describes the Company's business and sets out the terms of the Offer. Moelis Australia is raising \$58.8 million for a 20% interest in Moelis Australia. I believe that incoming Shareholders should derive confidence that Existing Owners (including Moelis & Company and Moelis Australia senior executives) will retain their interests, equating to an 80% interest in Moelis Australia. The Staff Trustee has entered into an escrow agreement with Moelis Australia creating alignment between senior executives and new investors.

Detailed information about the Offer and the financial and operating performance of Moelis Australia is also set out in this Prospectus. Like any business, Moelis Australia also faces a number of risks which are set out in Section 5 and include an inability to retain senior executives, changing market conditions, competition, timing differences in Corporate Advisory revenue and changes in regulation.

Moelis Australia has decided to take this major step in listing on ASX for a number of important reasons. Most significantly, the Board believes that the newly raised capital will provide enhanced financial strength and flexibility to the business, facilitating its ongoing growth.

In addition, being listed on ASX provides Moelis Australia with the opportunity to further align interests between staff and shareholders by including a share ownership scheme in the annual remuneration process. Such schemes are more readily available for listed companies than is the case for private companies. I strongly believe that a high level of share ownership amongst staff provides significant alignment with the goal of long term shareholder value creation.

Immediately following Completion, Moelis Australia is expected to have \$54 million in cash and investments. This capital will be available to support the growth of the business both organically and through acquisitions and, in particular, for strategic investment by co-investing in opportunities with its corporate and asset management clients. Being listed will also give Moelis Australia the flexibility to issue shares as consideration for strategic and opportunistic acquisitions.

The Directors of Moelis Australia measure the Company's success by the long-term success of its clients and Shareholders. We pride ourselves in fostering a culture of trust, partnership, passion, innovation and hard work. I am hopeful that new Shareholders share this passion and can benefit by their investment with Moelis Australia.

This Prospectus contains detailed information about the Offer, as well as the key risks associated with an investment in Moelis Australia. I encourage you to read this document carefully and in its entirety before making your investment decision.

As Chairman, I look forward to welcoming you as a Shareholder.

Yours sincerely



**Jeffrey Browne**  
Independent Chairman

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*Investment Overview*



## 01 Investment Overview

The information set out in this Section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. In deciding whether to apply for Shares under the Offer, you should read this Prospectus carefully and in its entirety. If you are in doubt as to the course you should follow, please consult your stockbroker, financial advisor, accountant or other professional advisors.

TOPIC	SUMMARY	FOR MORE INFORMATION
<b>1.1 INTRODUCTION</b>		
<b>Why is the Offer being conducted?</b>	<p>The purpose of the Offer is to:</p> <ul style="list-style-type: none"> <li>&gt; Provide Moelis Australia with an increased capital base, financial flexibility, and improved access to capital markets;</li> <li>&gt; Facilitate an acceleration in growth both organically and through acquisitions;</li> <li>&gt; Broaden Moelis Australia's shareholder base and provide a liquid market for its Shares;</li> <li>&gt; Provide potential for non-cash compensation for executives (existing and new);</li> <li>&gt; Provide an improved capacity to attract and retain quality staff through short and long term employee incentives; and</li> <li>&gt; Fund the termination of the VFM Marketing Services Agreement to enhance future earnings growth in Asset Management.</li> </ul>	<b>Section 7.3</b>
<b>1.2 BUSINESS OVERVIEW</b>		
<b>Who is Moelis Australia?</b>	<p>Moelis Australia is a financial services group that operates through two business segments: Corporate Advisory &amp; Equities and Asset Management.</p> <p>Corporate Advisory &amp; Equities contains two business divisions:</p> <ul style="list-style-type: none"> <li>&gt; Corporate Advisory – Provides advisory and equity capital markets services; and</li> <li>&gt; Equities – Focuses on securities trading, providing broker research and works in collaboration with Corporate Advisory to facilitate equity capital markets transactions.</li> </ul> <p>Asset Management provides asset and investment management services to investors.</p> <p>Moelis Australia employs 81 staff in Australia and operates two offices in Sydney and Melbourne.</p> <p>Moelis Australia aims to create lasting client relationships by providing innovative strategic and financial advice and investment opportunities through a highly collaborative and global approach not limited to specific products or particular regions.</p>	<b>Sections 2.1 and 2.5</b>

## 01 Investment Overview *(cont.)*

TOPIC	SUMMARY	FOR MORE INFORMATION
<p><b>How does Moelis Australia generate revenue?</b></p>	<p>Corporate Advisory &amp; Equities generates advisory fees, equity capital markets fees and securities commissions revenue, as follows:</p> <ul style="list-style-type: none"> <li>&gt; Corporate Advisory provides strategic and financial advice in relation to transactions such as mergers &amp; acquisitions, equity capital markets (IPOs and capital raisings), restructuring &amp; recapitalisations and other corporate matters. Advisory fee revenue is generated by charging transaction fees and monthly retainers. Transaction fees are generally payable only upon completion of a transaction and are typically based on the value of the transaction.</li> <li>&gt; Equity capital markets fees are generated by raising equity capital for listed and unlisted companies. Fees are generally charged as a percentage of capital raised. Capital raised can either be underwritten (by Moelis Australia and/or sub-underwriters) or on an offer management basis, in which case Moelis Australia manages the offer but does not underwrite it; and</li> <li>&gt; Securities commissions are generated both from the value of securities traded by clients through Moelis Australia and cash payments received by Moelis Australia for equities services rendered.</li> </ul> <p>Asset Management generates revenue through charging fees to investors in return for providing asset management and investment services. Fees are generally based on a percentage of value of the assets or equity in the funds and/or the financial performance of the funds.</p>	<p><b>Section 2.5</b></p>
<p><b>Who are Moelis Australia's clients?</b></p>	<p>Advisory revenue is generated from domestic and international clients including listed and privately owned companies, government and financial sponsors (i.e. private equity, hedge funds, alternative investors) and high net worth individuals.</p> <p>Equity capital markets revenue is predominately generated from ASX listed companies and trusts and/or companies seeking to list on ASX.</p> <p>Securities commissions are predominantly generated from domestic and global institutional investors.</p> <p>Asset Management revenue is predominantly generated from funds managed by Moelis Australia on behalf of both domestic and foreign high net worth investors.</p>	<p><b>Sections 2.5.2.3, 2.5.3.3 and 2.5.4.1</b></p>
<p><b>Who are Moelis Australia's competitors?</b></p>	<p>Moelis Australia's key competitors include:</p> <ul style="list-style-type: none"> <li>&gt; Global and domestic investment banks;</li> <li>&gt; Domestic stockbrokers;</li> <li>&gt; Independent financial services groups; and</li> <li>&gt; Global and domestic investment managers.</li> </ul>	<p><b>Section 5.2.3</b></p>

## 01 Investment Overview *(cont.)*

TOPIC	SUMMARY	FOR MORE INFORMATION
<b>1.3 KEY STRENGTHS</b>		
<b>An established financial services platform</b>	<p>Since its establishment in 2009, Moelis Australia's business has grown substantially from five staff members to a current team of 81, located in its Sydney and Melbourne offices.</p> <p>Over this period, Moelis Australia has grown its brand presence, expanded its services offering across Corporate Advisory &amp; Equities and Asset Management whilst fostering the development of its executives.</p> <ul style="list-style-type: none"> <li>&gt; Since inception, Corporate Advisory has advised on over 140 transactions, totaling over \$72 billion by transaction value.</li> <li>&gt; Equities division executed trades for over 225 different client accounts in CY2016.</li> <li>&gt; Corporate Advisory &amp; Equities have worked collaboratively to raise in excess of \$5.7 billion of capital for clients through equity capital markets.</li> <li>&gt; Asset Management has achieved substantial scale since its establishment in 2013 now with a team of 16 staff and assets under management totaling approximately \$1.1 billion as at 31 December 2016.</li> </ul>	<b>Sections 2.2 and 2.5</b>
<b>Robust profitability and track record of growth in revenue and earnings</b>	<p>Moelis Australia's net revenue has grown an average of 15.1% per annum from \$35.2 million in CY2012 to \$61.8 million in CY2016, and its pro forma EBIT has grown from \$6.5 million to \$18.8 million over the same period.</p> <ul style="list-style-type: none"> <li>&gt; Corporate Advisory &amp; Equities has been a consistent contributor to revenue and EBIT over the last five years producing average net revenue of approximately \$38 million per annum and average pro forma EBIT of \$8.0 million per annum.</li> <li>&gt; At the beginning of Asset Management's first full year of operation in CY2014, it managed assets of approximately \$40 million and as at 31 December 2016 it managed assets of approximately \$1.1 billion. In CY2016 Asset Management generated pro forma net revenue of \$15.6 million and pro forma EBIT of approximately \$6.7 million. CY2016 Statutory EBIT was \$1.1 million, \$5.6 million lower than pro forma EBIT (refer to Section 4.6 for a reconciliation of statutory and pro forma historical income statements).</li> </ul>	<b>Section 2.5</b>
<b>Strong focus on building a stable revenue base</b>	<p>Moelis Australia has had a strong focus on increasing the stability of its revenue streams including monthly recurring asset management fee revenue, monthly advisory retainers and monthly securities commissions, which provide relatively predictable cash flows to fund operating expenses. In CY2016 approximately 50% of Moelis Australia revenue was generated by these revenue streams.</p>	<b>Sections 2.5.2.4, 2.5.3.4 and 2.5.4.3</b>
<b>Diverse and counter cyclical advisory revenue</b>	<p>Corporate Advisory revenue is generally correlated with positive business confidence and a strong macro-economic environment.</p> <p>Moelis Australia benefits from its market leading restructuring advisory business, which generates counter cyclical advisory revenue from assignments relating to situations of financial distress.</p>	<b>Section 2.5.2</b>

## 01 Investment Overview *(cont.)*

TOPIC	SUMMARY	FOR MORE INFORMATION
<b>Significant growth opportunities</b>	<p>Moelis Australia has a number of opportunities to increase revenue and cashflow generation over time.</p> <ul style="list-style-type: none"> <li>&gt; Asset Management is expected to deliver the greatest opportunity to grow revenue, underpinned by expanding its presence in the large Chinese wealth management market and focusing on creating Australian investment products to suit both domestic and foreign high net worth investors and by making strategic and opportunistic acquisitions.</li> <li>&gt; The growth opportunities in Corporate Advisory are most likely to be related to the internal promotion and professional development of Moelis Australia's executives, a deepening of their relationships and an associated increase in productivity that is developed over time.</li> </ul>	<b>Section 2.7</b>
<b>Experienced executive team with strong alignment of interests</b>	<p>Senior executives<sup>1</sup> have an average of approximately 19 years of industry experience.</p> <p>Post Completion, Moelis Australia will be 80% owned by the Existing Owners. The Existing Owners are not selling down any Shares under the Offer.</p> <p>The Staff Trustee has entered into an Escrow Agreement with Moelis Australia providing for the release of Shares over a period of six years from Completion providing continued alignment of interests between Moelis Australia senior executives and Shareholders.</p> <p>On-going alignment of interests of Moelis Australia executives will be supported by the adoption of share based employee incentive plans.</p>	<b>Sections 6.2, 6.3 and 9.6</b>
<b>Strategic alliance with Moelis &amp; Company</b>	<p>Moelis Australia will continue to enjoy a collaborative relationship with New York Stock Exchange-listed Moelis &amp; Company via a strategic alliance that provides access to a global network of advisory executives, sharing of intellectual capital and access to client relationships. The Board believes that the alliance will provide both Moelis Australia and Moelis &amp; Company with greater deal flow over time.</p>	<b>Sections 5.2.10 and 9.4.1</b>
<b>1.4 SUMMARY OF KEY RISKS</b>		
<b>Senior executives may be lost</b>	<p>Moelis Australia's success is dependent on the efforts of its senior executives across each of its business divisions. The Australian market for highly skilled finance executives is competitive and may result in the loss of senior executives leading to the loss of certain clients and or other employees. The loss of senior executives and the fact that they may compete with Moelis Australia in subsequent roles could reduce Moelis Australia's ability to generate revenue, adversely impacting financial performance.</p>	<b>Section 5.2.1</b>
<b>Changing market conditions could reduce revenue</b>	<p>As a financial services group, Moelis Australia is affected by conditions in the global financial markets and economic conditions throughout the world. Changing market conditions can adversely affect Moelis Australia by reducing the volume of transactions executed across Corporate Advisory &amp; Equities and by reducing the value of assets under management in Asset Management, both which would result in a reduction in revenue.</p>	<b>Section 5.2.2</b>

1. Senior executives includes managing directors and executive directors.

## 01 Investment Overview *(cont.)*

TOPIC	SUMMARY	FOR MORE INFORMATION
<p><b>Competition may lead to a decrease in business</b></p>	<p>Moelis Australia faces competition from other financial services firms, many of which have the ability to offer clients a wider range of products and services. Increased competition could lead to fewer advisory mandates won, reduced securities trading volumes and pricing pressures that could adversely affect revenue and the financial performance of Moelis Australia.</p>	<p><b>Section 5.2.3</b></p>
<p><b>Timing differences in Corporate Advisory revenue could affect inter-year results</b></p>	<p>Since transaction based fees are generally paid only after a transaction completes, the timing of receipt and recognition of revenue depends on transaction timing and outcomes, many elements of which are outside Moelis Australia's control and may be difficult to predict. A substantial proportion of these fees typically become payable in the last half of the financial year. Short timing differences as to whether transactions complete late one financial year or early the following financial year could materially affect financial performance in each year and relativity between years.</p>	<p><b>Section 5.2.4</b></p>
<p><b>Changes in regulation could increase cost and risk or adversely affect revenue</b></p>	<p>Asset Management generates a portion of revenue from clients who participate in the significant investor visa program. The significant investor visa program is an initiative set up by the Australian government to incentivise foreign investment. Subject to meeting certain minimum criteria, foreign investors are provided with an opportunity to secure permanent residency visas in Australia. If the significant investor visa program is terminated or substantially altered by the government, this would eventually result in the end, or decline, of significant investor visa investor capital inflows and a possible increase in redemptions or withdrawals by existing investors. With a lower value of assets under management, Moelis Australia would suffer a reduction in revenues or expected revenue growth.</p>	<p><b>Section 5.2.5</b></p>
<p><b>Brand and reputation damage could lead to reduced business</b></p>	<p>The success of Moelis Australia is dependent on its reputation. Moelis Australia may damage its professional reputation if its services are not regarded as satisfactory.</p> <p>Corporate Advisory &amp; Equities businesses depend to a large extent on relationships with clients and reputation for integrity and high-calibre professional services to attract and retain clients. As a result, if a client is not satisfied with Moelis Australia's services, it may be damaging to Moelis Australia's business.</p> <p>Asset Management relies on generating sufficient returns for its investors. If it fails to deliver satisfactory performance there is a chance that the business' reputation or attractiveness to investors becomes damaged leading to investors withdrawing their investments or creating challenges in securing new investor funds. Both scenarios would lead to a reduction in assets under management. In addition, pricing pressure may increase leading to reduced fee schedules and asset management revenues.</p> <p>Moelis Australia is party to a Strategic Alliance Agreement with Moelis &amp; Company which will take effect on Completion. If the Strategic Alliance Agreement was to terminate, Moelis Australia would lose the right to use the Moelis name and associated trademarks. Loss of these benefits could lead to increased difficulty in securing new clients and generating revenue resulting in an adverse impact to financial performance.</p>	<p><b>Sections 5.1 and 5.2.13</b></p>

## 01 Investment Overview *(cont.)*

TOPIC	SUMMARY	FOR MORE INFORMATION																																																																																			
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<b>1.6 DIRECTORS AND KEY MANAGEMENT</b>																																																																																					
<b>Who are the Directors of Moelis Australia?</b>	The directors of Moelis Australia are: <ul style="list-style-type: none"> <li>&gt; Jeffrey Browne, Independent Chairman;</li> <li>&gt; Andrew Pridham, Executive Director and Chief Executive Officer;</li> <li>&gt; Ken Moelis, Non-executive Director;</li> <li>&gt; Joseph Simon, Non-executive Director; and</li> <li>&gt; Julian Biggins, Executive Director.</li> </ul>	Section 6.1.1																																																																																			

1. The Forecast Financial Information is based on assumptions and accounting policies set out in Section 4 and is subject to the key risks set out in Section 5. There is no guarantee that the Forecast Financial Information or any other forecasts will be achieved.
2. Price to earnings ratio is calculated as the indicative market capitalisation divided by pro forma CY2017 forecast NPAT.
3. Price to earnings ratio (adjusted) is calculated as the indicative market capitalisation (adjusted to exclude the impact of net Offer proceeds) divided by pro forma CY2017 forecast NPAT (adjusted to exclude any interest income earned on net Offer proceeds).
4. Dividend yield is calculated based on the low and high payout range of between 30-50% of Net Operating Cash Flow is defined as NPAT excluding material non-cash expenses (i.e. equity based compensation and unrealised gains on investments) and includes the assumed interest earned on net Offer proceeds (at a cash rate of 1.75%). For more information on Moelis Australia's dividend policy, see Section 4.16.

## 01 Investment Overview *(cont.)*

TOPIC	SUMMARY	FOR MORE INFORMATION
<b>Who are the key management of Moelis Australia?</b>	<p>The key management of Moelis Australia comprise:</p> <ul style="list-style-type: none"> <li>&gt; Andrew Pridham, Chief Executive Officer;</li> <li>&gt; Julian Biggins, Managing Director Corporate Advisory; and</li> <li>&gt; Hugh Thomson, Chief Operating Officer.</li> </ul>	<b>Section 6.1.2</b>
<b>1.7 SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS</b>		
<b>What significant benefits and interests are payable to Directors?</b>	<p>Jeffrey Browne, Chairman, will receive the Directors' remuneration set out in Section 6.2.2 and will hold 781,250 Options on Completion.</p> <p>The Non-executive Directors will not receive any Directors remuneration and do not hold any Shares or Options. Ken Moelis has 91.4% of the combined voting power of Moelis &amp; Company's class A and class B common stock. On Completion, Moelis &amp; Company will own 40% of the issued Shares in Moelis Australia.</p> <p>Andrew Pridham and Julian Biggins will be entitled to receive the annual remuneration and entitlements outlined in Section 6.2.2.</p> <p>On Completion, Andrew Pridham and Julian Biggins will also have beneficial equity interests through the Existing Staff Trusts equivalent to 17.2% and 5.2% respectively of Moelis Australia Shares on issue.</p>	<b>Sections 6.2 and 6.2.2</b>
<b>Will any Shares be subject to restrictions on disposal following Completion?</b>	<p>The Staff Trustee has entered into a voluntary escrow deed with the Company in respect of the Escrowed Shares, which prevents it from dealing in the Escrowed Shares for the applicable escrow periods.</p>	<b>Sections 9.6 and 9.7</b>
<b>Who are the owners of Moelis Australia and are they retaining their equity interest?</b>	<p>On Completion, the Existing Owners will hold 100 million Shares, representing 80% of the total Shares on issue at Completion.</p> <p>At the time of Listing, Moelis Australia will satisfy the 20% minimum free float requirement.</p> <p>In addition, the Existing Owners will receive a fully franked dividend estimated at \$31 million representing retained profits for periods prior to Completion, adjusted for a significant non-cash expense. See Sections 4.6 and 7.4 for further details.</p> <p>The Staff Trustee has entered into voluntary escrow arrangements in relation to all the Shares it holds. See Section 9.6 for further details.</p>	<b>Sections 4.6, 7.4 and 9.6</b>
<b>1.8 RELATED PARTY ARRANGEMENTS</b>		
<b>What are the details of any related party arrangements?</b>	<p>Moelis Australia has entered into a number of agreements governing its arrangements with Moelis &amp; Company relating to the use of the Moelis name and trademarks, the continuing strategic alliance and the provision of a number of corporate services by Moelis &amp; Company to Moelis Australia. Full details of these arrangements are set out in Section 9.4.</p>	<b>Section 9.4</b>

## 01 Investment Overview *(cont.)*

TOPIC	SUMMARY	FOR MORE INFORMATION										
<b>1.9 OVERVIEW OF THE OFFER</b>												
<b>What is the Offer?</b>	<p>This Prospectus provides investors with the opportunity to participate in the Offer to acquire Shares in Moelis Australia.</p> <p>Moelis Australia is undertaking an Offer of 25 million Shares at \$2.35 per Share to raise \$58.8 million.</p>	<b>Sections 7.1 and 7.6</b>										
<b>What is the Options Offer?</b>	<p>The Options Offer provides the Chairman of Moelis Australia and certain Moelis Australia employees the opportunity to purchase Options in Moelis Australia.</p> <p>See Section 6.3 for further details.</p>	<b>Section 6.3</b>										
<b>Who is the Issuer of the Prospectus?</b>	Moelis Australia Pty Ltd ACN 142 008 428; to be renamed Moelis Australia Limited.	<b>Section 2</b>										
<b>What is the proposed use of funds raised under the Offer?</b>	<p>The Offer is expected to raise \$58.8 million. The funds received under the Offer are expected to be applied as follows:</p> <table border="1"> <thead> <tr> <th>APPLICATION OF FUNDS</th> <th>\$ MILLIONS</th> </tr> </thead> <tbody> <tr> <td>Growth capital</td> <td>44.2</td> </tr> <tr> <td>Termination of VFM Marketing Services Agreement</td> <td>12.8</td> </tr> <tr> <td>Offer costs</td> <td>1.8</td> </tr> <tr> <td><b>Total application of funds</b></td> <td><b>58.8</b></td> </tr> </tbody> </table>	APPLICATION OF FUNDS	\$ MILLIONS	Growth capital	44.2	Termination of VFM Marketing Services Agreement	12.8	Offer costs	1.8	<b>Total application of funds</b>	<b>58.8</b>	<b>Section 7.3</b>
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<b>Total application of funds</b>	<b>58.8</b>											
<b>What is the capital structure of Moelis Australia following the Offer and Options Offer?</b>	<p>On Completion of the Offer, there will be:</p> <ul style="list-style-type: none"> <li>&gt; 125.0 million Shares on issue; and</li> <li>&gt; 6.25 million Options on issue.</li> </ul> <p>For further details on the capital structure see Section 7.4</p>	<b>Section 7.4</b>										
<b>How is the Offer structured and who is eligible to participate?</b>	<p>The Offer comprises:</p> <ul style="list-style-type: none"> <li>&gt; the <b>Broker Firm Offer</b>, which is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia;</li> <li>&gt; the <b>Chairman's List Offer</b>, which is open to persons who have received an invitation to participate in the Chairman's List Offer from Moelis Australia; and</li> <li>&gt; the <b>Institutional Offer</b>, which consists of an invitation to certain Institutional Investors in Australia and other authorised jurisdictions to apply for Shares.</li> </ul> <p>No general public offer of Shares will be made under the Offer.</p>	<b>Sections 6.3 and 7.2</b>										
<b>What rights and liabilities attach to the Shares?</b>	A description of Moelis Australia's Shares, including the rights and liabilities attaching to them, is set out in Section 7.11	<b>Section 7.11</b>										
<b>What rights and liabilities attach to the Options issued under the Options Offer?</b>	A description of Moelis Australia's Options, including the rights and liabilities attaching to them, is set out in Section 6.3.	<b>Section 6.3</b>										

## 01 Investment Overview *(cont.)*

TOPIC	SUMMARY	FOR MORE INFORMATION
<p><b>Will the Shares be quoted on ASX?</b></p>	<p>Moelis Australia will apply no later than seven days after the date of this Prospectus to have the Shares quoted on the Official List of ASX. If permission for quotation of Shares is not granted by ASX, Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>Moelis Australia's expected ASX code is MOE.</p>	<p><b>Section 7.10.3</b></p>
<p><b>What is the allocation policy?</b></p>	<p>The allocation of Shares between the Institutional Offer and the Broker Firm Offer will be determined by the Sole Lead Manager and Moelis Australia, having regard to the allocation policy outlined in Sections 7.6.1.6 and 7.6.3.2. With respect to the Broker Firm Offer, it will be a matter for the Broker to determine how they allocate Shares among their eligible clients. The final allocation of Shares under the Chairman's List Offer will be determined by the Sole Lead Manager and Moelis Australia in their discretion.</p> <p>Moelis Australia has absolute discretion regarding the level of scale-back, and the allocation of Shares under the Offer (if any).</p>	<p><b>Section 7.6</b></p>
<p><b>What are the tax implications of investing in the Shares?</b></p>	<p>Shareholders may be subject to Australian income tax or withholding tax on any future dividends paid. The tax consequences of any investment in the Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.</p>	<p><b>Section 9</b></p>
<p><b>When will I receive confirmation that my Application has been successful and when can I sell my shares?</b></p>	<p>It is expected that trading of the Shares on ASX will commence on or about 10 April 2017, initially on a deferred settlement basis. It is expected that the dispatch of holding statements will occur on or about 11 April 2017 and that Shares will commence trading on ASX on a normal settlement basis on or about 12 April 2017.</p> <p>To the extent that an Application is unsuccessful, refunds to Applicants will be made as soon as possible after settlement of the Offer, which is expected to occur on or about 7 April 2017. No interest will be paid on any refunds.</p>	<p><b>Section 7.6</b></p>
<p><b>How do I apply for Shares?</b></p>	<p>Eligible investors may apply for Shares by completing a valid Application Form attached to or accompanying this Prospectus or available online together with this Prospectus at <a href="http://www.moelisaustralia.com.au/investor">www.moelisaustralia.com.au/investor</a>.</p> <p>Applicants under the Broker Firm Offer should complete a Broker Firm Offer Application Form and follow the instructions of their Broker.</p> <p>Applicants under the Chairman's List Offer should follow application procedures advised by Moelis Australia.</p> <p>To the extent permitted by law, an application by an applicant under the Offer is irrevocable.</p>	<p><b>Section 7.6.1.2</b></p>
<p><b>Can the Offer be withdrawn?</b></p>	<p>Yes, the Offer can be withdrawn by Moelis Australia at any time prior to Completion. Moelis Australia reserves the right not to proceed with the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed or complete, Application Monies will be refunded to Applicants (without interest).</p>	<p><b>Section 7.9</b></p>

*Company Overview*



## 02 Company Overview

### 2.1 OVERVIEW OF MOELIS AUSTRALIA

Moelis Australia is a financial services group that operates two business segments:

- > Corporate Advisory & Equities, which includes two divisions:
  - Corporate Advisory provides corporate advice and equity capital markets services; and
  - Equities provides research, sales and trading execution services and has a key role in facilitating equity capital markets transactions in collaboration with Corporate Advisory
- > Asset Management
  - Asset Management originates investment opportunities and provides investment management services to investors

Moelis Australia employs 81 staff in Australia and operates offices in Sydney and Melbourne.

Moelis Australia was established with a philosophy to offer unbiased advice of the highest quality to its clients. This philosophy is fostered throughout the global strategic alliance between Moelis Australia and Moelis & Company.

Moelis Australia creates lasting client relationships by providing strategic and innovative advice through a highly collaborative and global approach not limited to specific products or particular regions. Moelis Australia also believes in a partnership-style culture, where its momentum and commitment to excellence have created an environment that attracts and retains high quality talent.

Moelis Australia's vision, as embodied by the global "Moelis standard", nurtures a culture of partnership, passion, innovation, optimism and hard work, which inspires the highest level of quality and integrity in every interaction with clients and each other.

**FIGURE 1: GLOBAL MOELIS STANDARD**

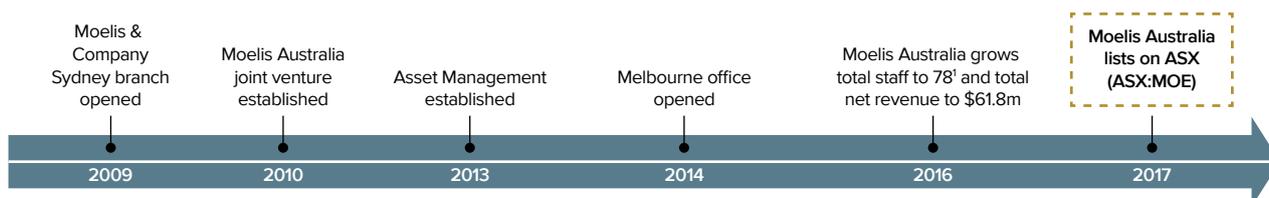


## 02 Company Overview (cont.)

### 2.2 HISTORY OF MOELIS AUSTRALIA

Moelis Australia first began operations in Sydney in August 2009 as Moelis & Company’s sixth global office. The Sydney office served to expand Moelis & Company’s coverage of the Asia-Pacific region by providing financial services in Australia. Following the establishment of the Sydney office by Moelis & Company, Moelis Australia was established in April 2010 as an incorporated joint venture between Moelis & Company and certain senior Moelis Australia executives.

**FIGURE 2: KEY MILESTONES IN MOELIS AUSTRALIA’S HISTORY**



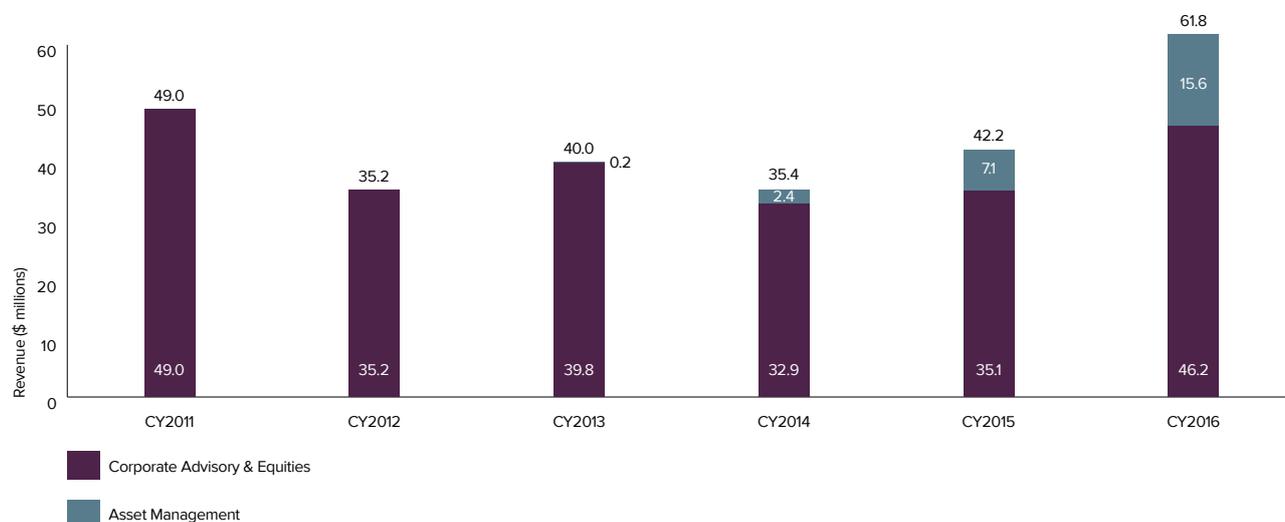
Moelis Australia initially provided financial advisory services with a focus on restructuring and real estate. Over time, Moelis Australia has expanded its areas of sector specialisation to include emerging and technology companies, general industrials and small and mid-capitalisation companies (“small-cap” and “mid-cap” typically refers to companies included in the S&P/ASX Small Ordinaries Index and the S&P/ASX Mid Cap 50 Index respectively). The expansion of specialisations has been a result of both internal promotions of executives and external hires.

During 2010 Moelis Australia acquired an existing ASX market participant business and established an Equities division that provides securities trading and equity research to institutions and high net worth individuals as well as equity capital markets services. Equities provides research sales and research coverage of similar industries to Corporate Advisory where Moelis Australia has a competitive position. Through Equities, Moelis Australia also provides equity capital markets services to clients and both Corporate Advisory & Equities collaborate on these engagements.

In 2013, Moelis Australia Asset Management was established to provide asset and investment management services to domestic and foreign high net worth individual investors. As at 31 December 2016, Moelis Australia had approximately \$1.1 billion of assets under management invested in both traditional asset classes (i.e. bonds and listed equities) and alternative asset classes (i.e. direct real estate and private equity).

Asset Management has contributed substantially to recent revenue growth for Moelis Australia. For the year ended 31 December 2016, Moelis Australia generated \$61.8 million in net revenue (on a pro forma basis) of which \$15.6 million was derived from Asset Management.

**FIGURE 3. MOELIS AUSTRALIA HISTORICAL PRO FORMA NET REVENUE (2011 – 2016)**



1. As at 31 December 2016.

## 02 Company Overview *(cont.)*

### 2.3 OVERVIEW OF MOELIS & COMPANY

Moelis & Company is a leading global independent investment bank listed on the New York Stock Exchange with a market capitalisation as at 31 December 2016 of approximately US\$1.8 billion.

Moelis & Company was founded in 2007 by Ken Moelis and a team of veteran investment bankers to create a global independent investment bank that offers multidisciplinary financial advisory solutions and exceptional transaction execution combined with the highest standard of confidentiality and discretion. Moelis & Company advises clients on their most critical decisions, including mergers & acquisitions, recapitalisations and restructurings, capital markets transactions and other corporate finance matters. Moelis & Company has achieved rapid growth and a consistent track record of performance, reporting revenues of US\$613 million in 2016, its ninth full year of operations. It has advised on almost US\$2 trillion of transactions (by transaction value) since inception. Today, Moelis & Company has approximately 650 employees across 15 offices in North and South America, Europe, the Middle East and Asia.

**TABLE 1: SAMPLE OF MOELIS & COMPANY TRANSACTIONS**

CLIENT	TRANSACTION
Dell	US\$67.0 billion acquisition of EMC Corporation <i>Financial advisor to Dell Inc.</i>
Anheuser-Busch	US\$61.2 billion sale to InBev S.A. <i>Financial advisor to Anheuser-Busch Companies, Inc.</i>
Natixis	€30 billion sale of most of its complex credit derivative portfolio <i>Exclusive financial advisor to Natixis S.A.</i>
Yahoo!	US\$44.6 billion unsolicited proposal from Microsoft Corporation <i>Financial advisor to Yahoo! Inc. and its board of directors</i>
Official Committee of Unsecured Creditors of American Airlines	US\$29.6 billion Chapter 11 Reorganization; US\$17.0 billion merger with US Airways Group Inc. <i>Exclusive investment banker to the official committee of unsecured creditors of AMR Corporation</i>
Heinz	US\$28 billion sale to Berkshire Hathaway Inc. and 3G Capital, Inc. <i>Exclusive financial advisor to the transaction committee of the board of directors of H.J. Heinz Company</i>
Hilton	US\$26.5 billion sale to The Blackstone Group L.P. <i>Financial advisor to Hilton Hotels Corporation</i>
Government of Dubai	US\$24.9 billion restructuring of Dubai World Corporation <i>Financial advisor to the Government of Dubai</i>
RBS	£15.0 billion sale of structured retail investor products and equity derivatives business to BNP Paribas SA <i>Exclusive Financial advisor to The Royal Bank of Scotland Group plc</i>

## 02 Company Overview *(cont.)*

### 2.4 RELATIONSHIP WITH MOELIS & COMPANY

As at the date of this Prospectus, Moelis & Company owns 50% of the issued capital in Moelis Australia. Following Completion, Moelis & Company will continue to own 40% of the issued capital in Moelis Australia.

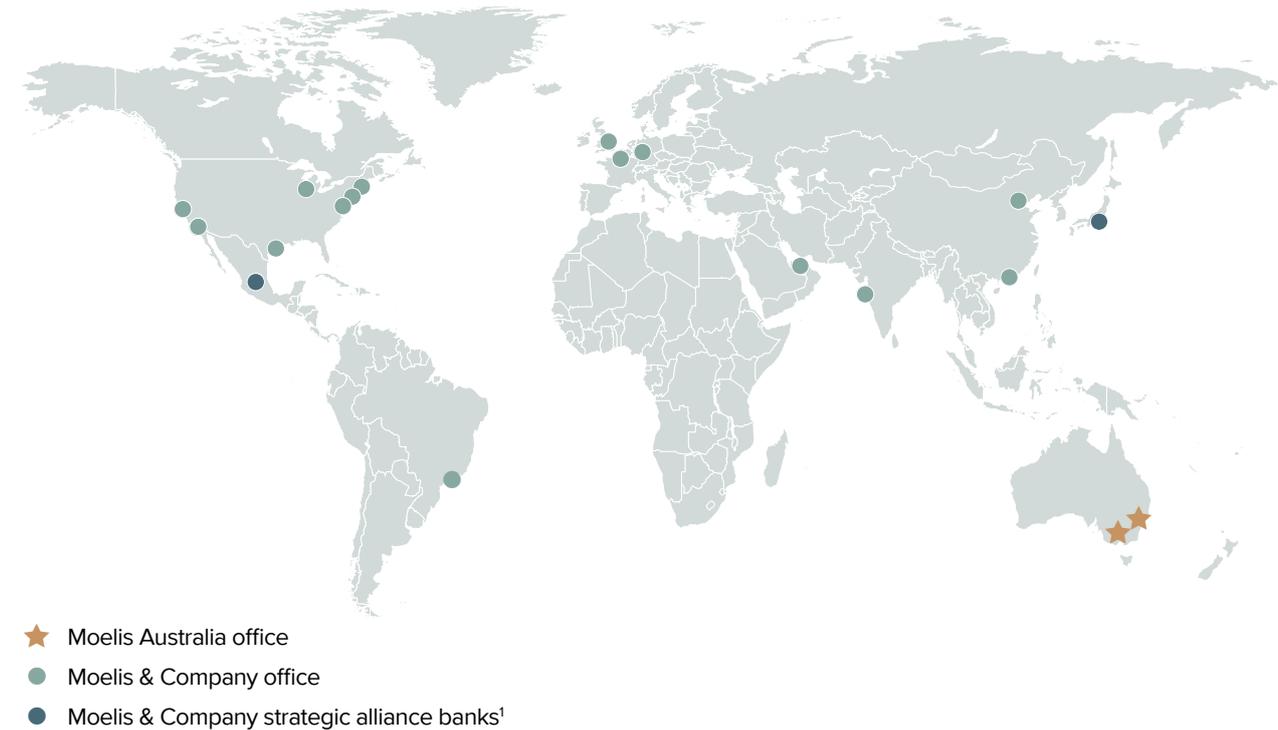
Post Completion, the existing arrangements between Moelis Australia and Moelis & Company will continue under the terms of a Strategic Alliance Agreement. The strategic alliance is designed to ensure that Moelis Australia continues to remain integrated with Moelis & Company in the delivery and execution of corporate advisory services to its Australian and global clients. A summary of the Strategic Alliance Agreement is contained in Section 9.4.1.

The Board believes that the strategic alliance will continue to benefit Moelis Australia through:

- > Access to a global network of advisory executives sharing intellectual capital and access to client relationships;
- > Allowing cooperation on cross-border or industry specific advisory mandates; and
- > Leveraging of a strong recognisable global brand in Moelis & Company.

### FIGURE 4: MOELIS AUSTRALIA STRATEGIC ALLIANCE NETWORK

GLOBAL REACH THROUGH MOELIS & COMPANY STRATEGIC ALLIANCE



1. Represents Moelis & Company strategic alliance banks SMBC Nikko (Japan) and Alfaro, Davila y Rios S.C, (Mexico).

## 02 Company Overview *(cont.)*

### 2.5 MOELIS AUSTRALIA BUSINESS OPERATIONS

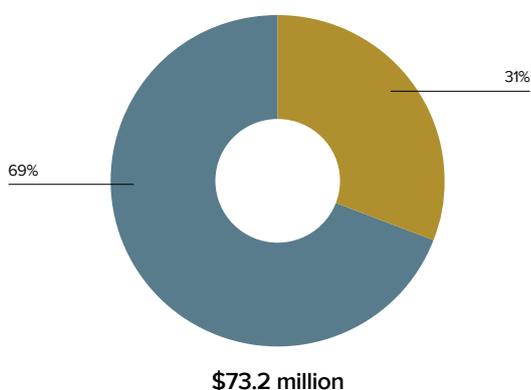
#### 2.5.1 Overview of Moelis Australia

The figure below sets out Moelis Australia’s operating structure including its business divisions, services, key revenue streams by type and the number of full time executives within each business division.

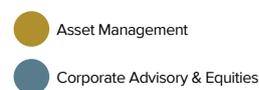
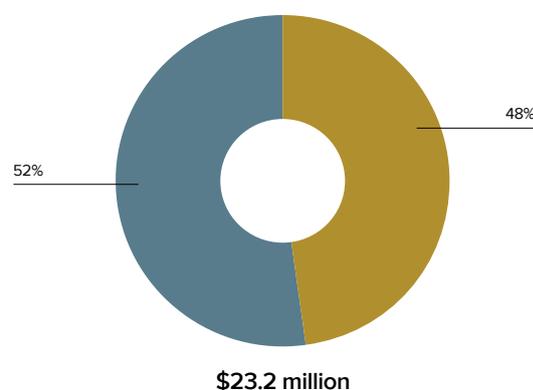
**FIGURE 5: MOELIS AUSTRALIA BUSINESS OVERVIEW**

MOELIS AUSTRALIA				
Business Segment	Corporate Advisory & Equities			Asset Management
Divisions	Corporate Advisory	Equities	Asset Management	
Full time executives <sup>1</sup>	36	20	16	
Services	<ul style="list-style-type: none"> <li>&gt; Mergers &amp; acquisitions advisory</li> <li>&gt; Restructuring &amp; recapitalisation advisory</li> <li>&gt; Special situations advisory</li> <li>&gt; IPO advisory</li> <li>&gt; Capital raising advisory</li> <li>&gt; Equity capital markets advisory</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Security trading (execution)</li> <li>&gt; Equities research</li> <li>&gt; Equity capital markets distribution</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Origination of investment opportunities</li> <li>&gt; Fund raising</li> <li>&gt; Investment management</li> </ul>	
Revenue type	Advisory fees	Equity capital markets fees	Securities commissions	Transaction, management and performances fees

**CY2017F PRO FORMA NET REVENUE BY DIVISION**



**CY2017F PRO FORMA EBIT BY DIVISION**



1. Total full time executives as at 31 January 2017 (excluding 9 support staff).

## 02 Company Overview *(cont.)*

### 2.5.2 Corporate Advisory

#### 2.5.2.1 Overview

Corporate Advisory provides strategic and financial advice and equity capital markets services. Corporate Advisory employs 36 advisory executives who have expertise in a range of areas including mergers & acquisitions, equity capital markets, debt markets and restructuring & recapitalisations and special situations advisory.

Corporate Advisory has a substantial track record in providing innovative financial advisory solutions to clients. Table 2 below sets out a sample of transactions that have contributed to establishing Moelis Australia's reputation in Australia for excellence in transaction execution.

Moelis Australia believes that the Moelis brand and network continues to gain strength and this should result in more growth opportunities for Corporate Advisory.

**TABLE 2: SAMPLE OF CORPORATE ADVISORY TRANSACTIONS**

MERGERS & ACQUISITIONS	
CLIENT	TRANSACTION DESCRIPTION
Centuria Capital Group	\$276 million acquisition of 360 Capital Group's real estate business
SABMiller plc.	\$11.7 billion acquisition of Foster's Group Limited
Burra Foods Pty. Ltd.	Burra Foods Pty. Ltd's sale to Inner Mongolia Fuyuan Farming Co. Ltd. for an undisclosed amount
EQUITY CAPITAL MARKETS	
CLIENT	TRANSACTION DESCRIPTION
Woolworths Limited	\$1.4 billion IPO of SCA Property Group
NEXTDC Limited	\$40 million IPO of NEXTDC Limited
Oneview Healthcare PLC.	\$208 million IPO of Oneview Healthcare PLC.
RESTRUCTURING & RECAPITALISATION	
CLIENT	TRANSACTION DESCRIPTION
Oaktree Capital Management, L.P., Apollo Capital Management, L.P. and a consortium of senior secured lenders of Nine Entertainment Group Limited	\$3.4 billion restructuring and distressed acquisition of Nine Entertainment Group Limited
Alinta Holdings	\$1.6 billion refinancing for Alinta Holdings
Centerbridge Partners, L.P. and Oaktree Capital Management, L.P.	US\$360 million recapitalisation of Billabong International Limited

## 02 Company Overview *(cont.)*

### 2.5.2.2 Services

Moelis Australia provides financial and strategic advisory services in relation to corporate transactions where the focus is on achieving the client's objectives. Moelis Australia prides itself on providing clients with independent financial advice in a discreet and confidential manner.

Clients benefit from a domestic financial services group in Australia while having access to a leading global platform through Moelis Australia's strategic alliance with Moelis & Company.

Moelis Australia seeks to build long term relationships based on trust with its clients, and senior executives are focused on building sustainable business value. One of Moelis Australia's strengths is the stability of its senior Corporate Advisory team which ensures clients are served by the same executive over an extended period. Six of the ten Corporate Advisory managing directors have been with Moelis Australia for over six years.

Moelis Australia has a strong focus on developing talent internally and management believes that the existing Corporate Advisory executives provide a strong base from which to expand Corporate Advisory revenue and increase productivity.

Moelis Australia's advisory expertise is diverse and specialised. The below figure outlines examples of the scope of work that Corporate Advisory provides.

**FIGURE 6: OVERVIEW OF CORPORATE ADVISORY SERVICES**

MERGERS & ACQUISITIONS		EQUITY CAPITAL MARKETS	DEBT CAPITAL MARKETS	RESTRUCTURING & RECAPITALISATION		
Cross-border mergers & acquisitions	Strategic review	IPOs	Term loan issuance	Company advisory	Strategic reviews and options analysis	Private equity/ financial sponsor advisory
Sell-side	Market testing	Pre-IPO raisings	Project financing	Board advisory	Creditor advisory	Distressed capital raising
Buy-side	Independent advisory	Follow-on issuance	Structured solutions	Creditors' schemes	Bank waivers and amendments	Distressed mergers & acquisitions
Defence advisory	Distressed mergers & acquisitions	Private capital raisings	Alternative capital	Debt to equity	Loan refinancing	Deeds of company arrangement

### 2.5.2.3 Clients

Corporate Advisory aims to build long standing, trusted client relationships by providing innovative corporate and strategic advice in a confidential and discreet manner.

Corporate Advisory services a diverse client base that spans domestic and international clients including listed and privately owned companies, government and financial sponsors (i.e. private equity, hedge funds and high net worth individuals).

## 02 Company Overview *(cont.)*

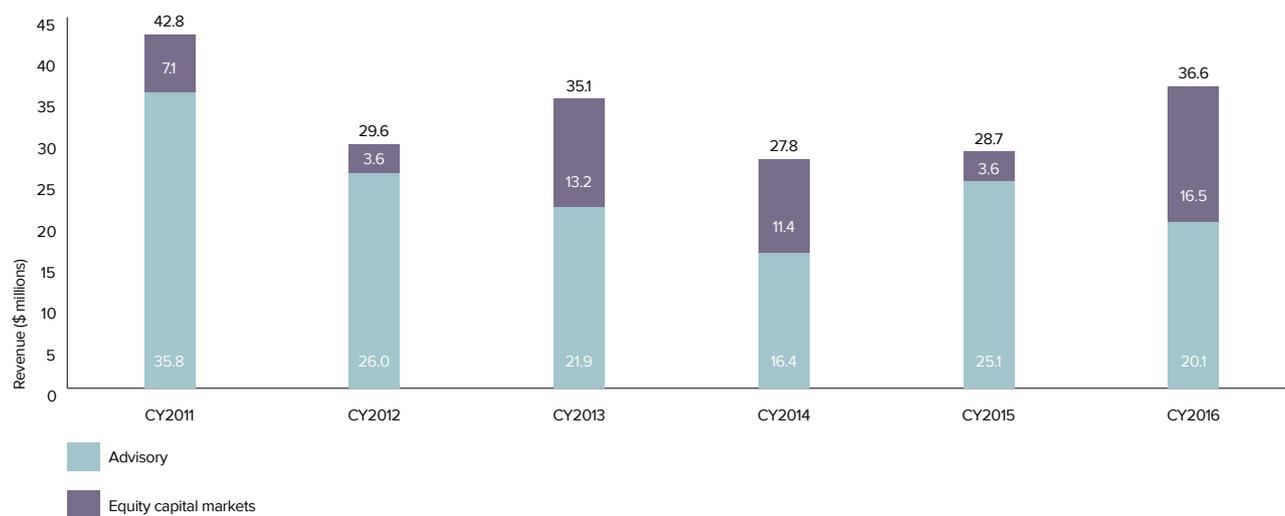
### 2.5.2.4 Revenue model

Corporate Advisory revenue is generated across a broad range of advisory assignments predominantly in relation to either financial or/and strategic advice. Fees charged for Corporate Advisory assignments fall into two main categories: monthly retainers and transaction fees. The combination of fee categories will depend on the nature of the transaction and Moelis Australia's involvement. Generally total fees charged are based on a percentage of total enterprise value or equity value of the transaction.

Equity capital markets revenue is typically earned on raising equity or capital for listed and unlisted companies. Fees payable on equity capital markets assignments are categorised as advisory, management and/or underwriting fees. Equity capital markets fees are associated with the role of advising on and managing the offering (such as an IPO) and underwriting fees are associated with guaranteeing sufficient demand for, or settlement of, a capital raising. Equity capital markets fees are typically based on a percentage of the equity being raised by the client.

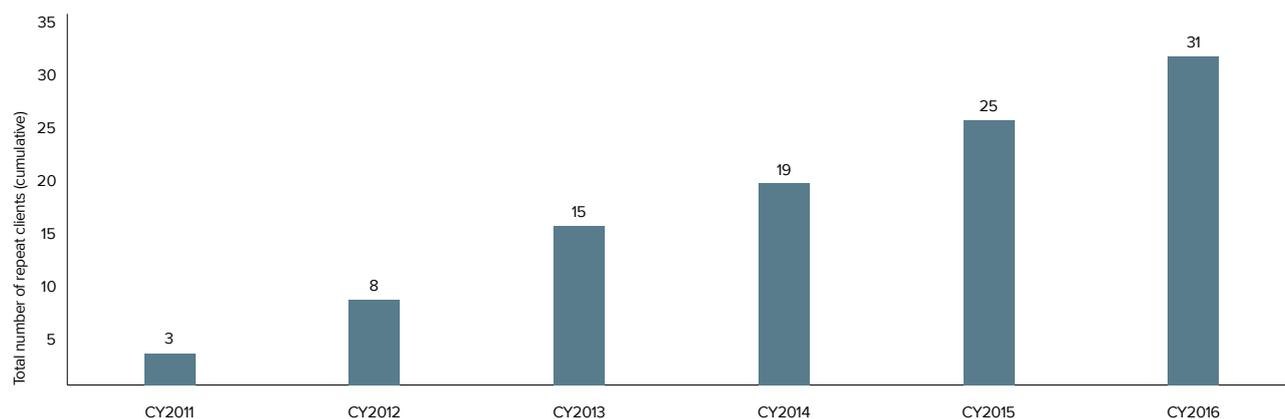
Corporate Advisory has been a consistent contributor to revenue over the last six years from CY2011 onwards producing revenue of approximately \$33 million per annum on average. Contributing to the revenue growth in CY2015 and CY2016 has been a maturing of the advisory professional base which has resulted in higher productivity as client relationships have been developed.

**FIGURE 7: CORPORATE ADVISORY REVENUE BY TYPE (2011 – 2016)**



A key part of Moelis Australia's strategy is a focus on retaining clients and developing long term relationships that lead to subsequent engagements. Since inception, Corporate Advisory has accumulated 31 repeat Corporate Advisory clients (those advised on more than one prior transaction) who have contributed to more than \$125 million of revenue. The chart in figure 8 below shows how the cumulative number of repeat Corporate Advisory clients has grown over time.

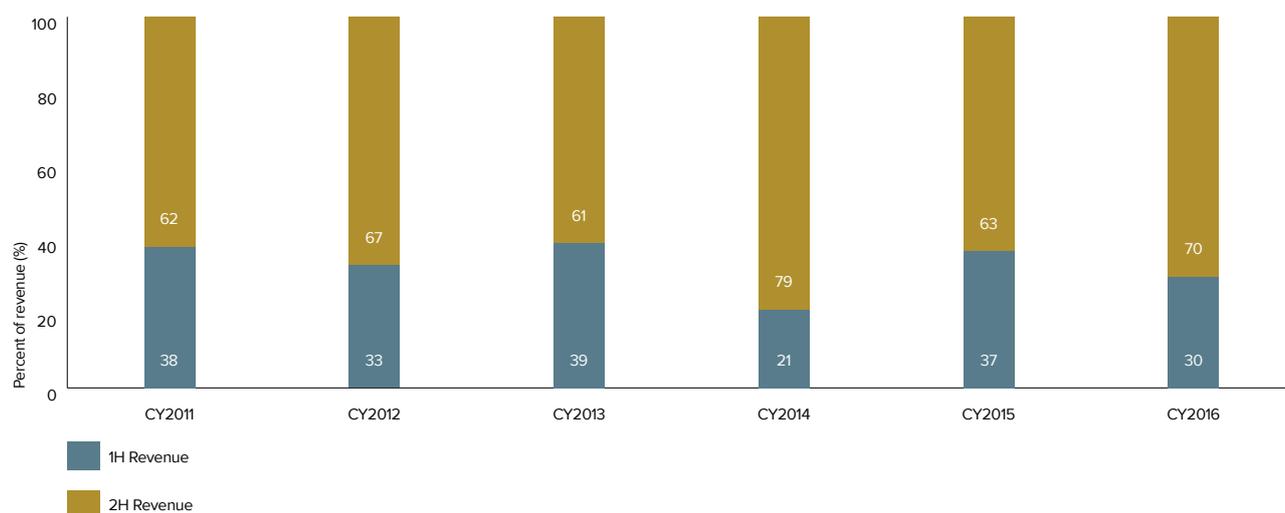
**FIGURE 8: REPEAT CORPORATE ADVISORY CLIENTS OVER TIME**



## 02 Company Overview *(cont.)*

The chart in figure 9 below shows how Corporate Advisory revenue exhibits substantial seasonality with a weighting to the second half of the calendar year. This is predominately due to clients generally targeting to complete transactions before the calendar year end. On average over the last six years, more than two thirds of Corporate Advisory revenue is earned within the second half of Moelis Australia's financial year.

**FIGURE 9: SEASONALITY OF CORPORATE ADVISORY REVENUE**



### 2.5.3 Equities

#### 2.5.3.1 Overview

Equities operates a securities business that provides research, sales and trading execution services to institutional and high net worth clients. Equities also provide equity capital markets and distribution capabilities to facilitate the execution of equity capital markets transactions.

Equities has executed approximately \$28 billion in transaction value of trades on behalf of its institutional clients since April 2010. Based on total commission generated, nine of the top 20 institutional accounts in 2016 have been in Moelis Australia's top 20 institutional accounts for Equities for each of the last five years.

Equities is focused on providing sales and research coverage of industry sectors that are consistent with the specialties of the wider Moelis Australia business. Equities currently cover in excess of 60 ASX-listed companies and trusts, with this number expected to increase to more than 80 over the next twelve months.

Equities employs 20 staff across sales, execution, research and settlements.

#### 2.5.3.2 Services

Equities provides securities trading (execution), sales, equities research and equity capital markets distribution.

##### Securities trading (execution)

Moelis Australia Securities is a direct market participant which allows it to execute buy and sell orders on behalf of clients wishing to trade shares on ASX and Chi-X. Moelis Australia Securities does not conduct any proprietary equities trading (trading on Moelis Australia's own behalf).

##### Sales

The Equities sales team focuses on providing clients with investment ideas and information to facilitate their buying and selling of securities through Moelis Australia's trading platform.

Moelis Australia has an experienced sales team that is primarily dedicated to small-cap and mid-cap companies.

## 02 Company Overview *(cont.)*

The sales team has substantial depth and breadth of relationships. These relationships extend across many of the leading and emerging institutional fund managers in Australia as well as a substantial number of pre-eminent institutional investors in the United States, Asia and New Zealand.

In addition, Moelis Australia has a strategic alliance with Weeden & Co, a United States broker dealer that allows research and capital markets transactions based on Australian companies to be sold into the United States.

### Equities research

Research analysts produce research reports to inform investors in relation to listed companies by providing financial analysis and views on underlying value and financial prospects. Research is provided to clients to assist them in identifying buying and selling opportunities. Moelis Australia's research team of nine analysts cover over 60 listed companies. Three analysts are focused on real estate and the remaining six cover small and mid-cap industrial companies. Other sectors covered include aged care & retirement living, technology, healthcare, education and food & agriculture.

### Equity capital markets distribution

Equities plays an important role in collaborating with Corporate Advisory in the execution of equity capital markets transactions including raising capital in pre-IPOs, IPOs and follow-on issuances.

Through its network of institutional and high net worth investors, Equities is able to facilitate marketing of equity capital markets transactions including road-shows (meetings to present opportunities to investors), book-building (compiling requests for allocations of shares), allocating shares and settlement of trades.

In addition, Equities provides other equity capital markets services including block trades (typically defined as trades in excess of \$10 million), share buy-backs and underwriting of dividend reinvestment plans.

### 2.5.3.3 Clients

Equities' clients predominantly comprise Australian based institutional investors including fund managers who actively trade ASX listed securities. Clients also include foreign and domestic financial sponsors, hedge funds, Corporate Advisory clients and Asset Management. The table below shows the revenue contribution in CY2016 for Moelis Australia's top 10 Equities clients who made up approximately 50% of revenue.

In CY2016, Corporate Advisory clients and Asset Management accounted for approximately 18% of total commissions. Management views the growth in Asset Management products as providing a strong growth opportunity for Equities commissions.

**TABLE 3: MOELIS AUSTRALIA EQUITIES CLIENT REVENUE CONTRIBUTION (CY2016)**

REVENUE GENERATION BY CLIENT			
% TOTAL REVENUE	CY2014	CY2015	CY2016
Top 10	46%	49%	51%
Top 20	65%	64%	65%
Top 30	78%	76%	75%
Top 50	91%	91%	89%

### 2.5.3.4 Revenue model

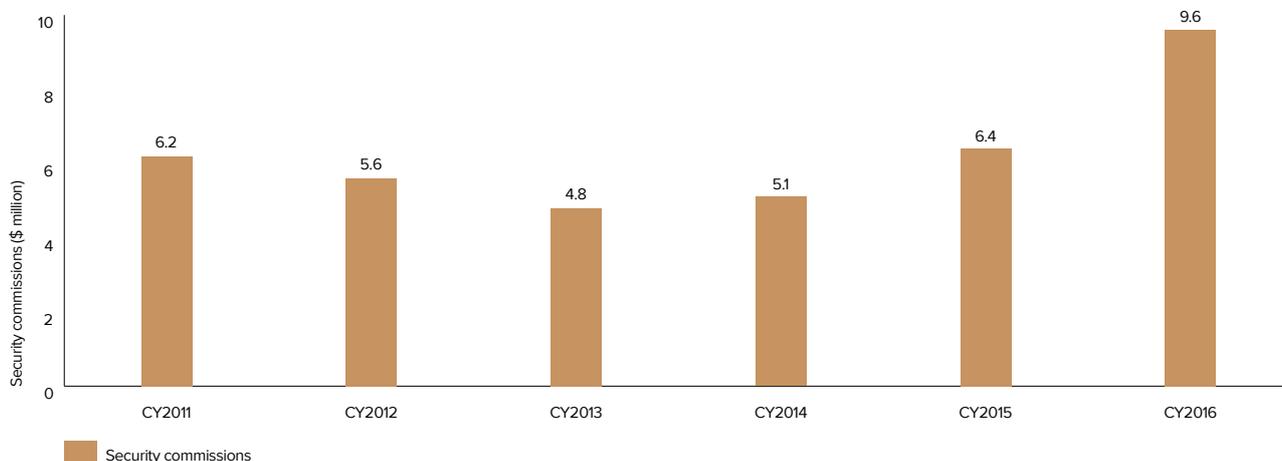
Revenue is generated in the Equities business through three main sources: securities commissions, fees for research and equity capital markets revenue.

- > Securities trading commissions are based on a percentage of value of securities traded by a client through Equities.
- > In some cases, Equities receives revenue directly from clients for providing research and other services.

## 02 Company Overview *(cont.)*

The chart below shows the historical revenue generated by Equities which has grown annual revenue every year since 2013.

**FIGURE 10: NET SECURITIES TRADING COMMISSIONS (2011 – 2016)**



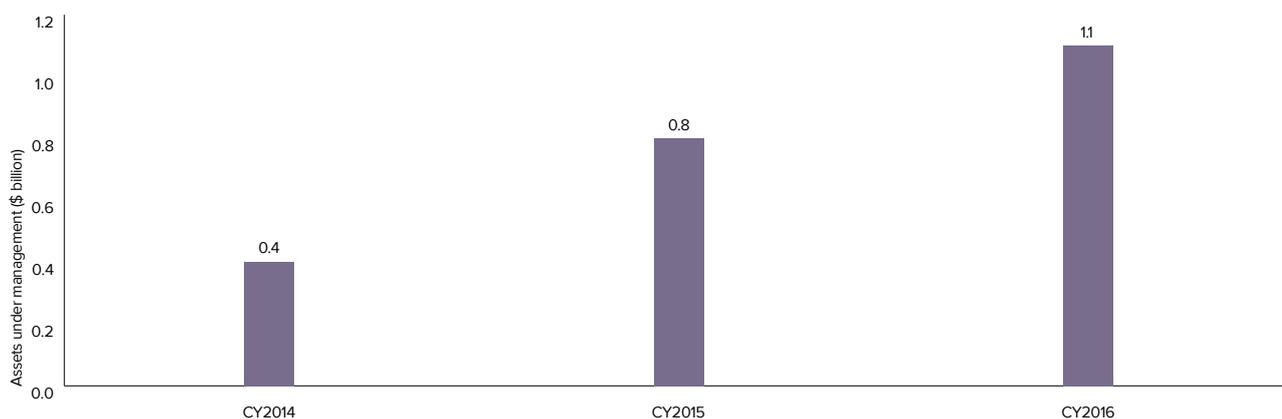
### 2.5.4 Asset Management

#### 2.5.4.1 Overview

Asset Management provides investment management services to domestic and foreign investors with a focus on high net worth individuals.

As at 31 January 2017, Asset Management employed 16 full time executives responsible for the stewardship of approximately \$1.1 billion of assets under management invested in both traditional asset classes (i.e. fixed income and listed equities) and alternative asset classes (i.e. direct real estate, private equity and venture capital).

**FIGURE 11: ASSETS UNDER MANAGEMENT GROWTH (2014 – 2016)**



A key strategy for Asset Management has been to focus on foreign high net worth individuals seeking to invest in Australia as part of their international wealth diversification strategies.

In 2013, Asset Management was one of the first fund managers to offer investment funds complying with the Australian government's significant investor visa program. The significant investor visa program provides foreign investors with an opportunity to obtain residency in Australia by meeting certain criteria including investing a minimum of \$5.0 million in permitted investments for a minimum four year period. Today, Asset Management is one of Australia's leading significant investor visa fund managers.

Asset Management has an established investment and distribution platform that is well placed to capitalise on equity inflows from the large and growing market of high net worth individuals particularly from China. Since establishment, Asset Management has developed a substantial network of Chinese investors and China based marketing channels.

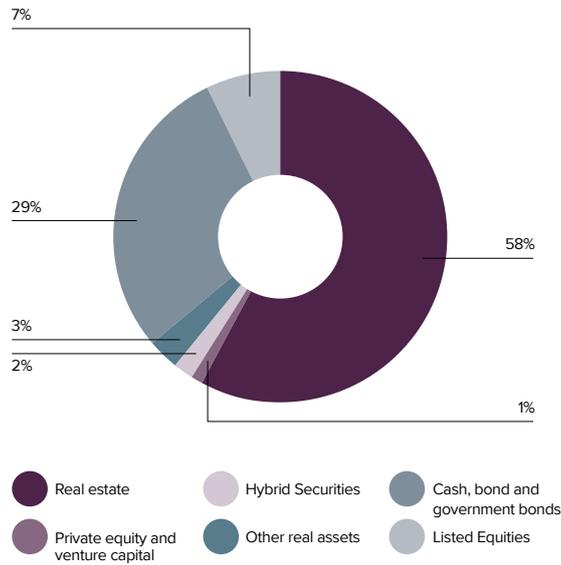
## 02 Company Overview *(cont.)*

The investment management philosophy of Asset Management is based on developing focused and bespoke investment strategies primarily outside of traditional asset classes. This is a key differentiator for the business as it is able to provide investors exposure to alternative asset classes across a range of industry sectors not generally accessible to individual investors. This specialty focus of Asset Management is further supported by its collaboration with Corporate Advisory which provides deal flow and exposure to sophisticated investor opportunities including direct private investments, special situations and debt-equity hybrid or credit opportunities. Asset Management manages funds that invest in the following alternative asset classes:

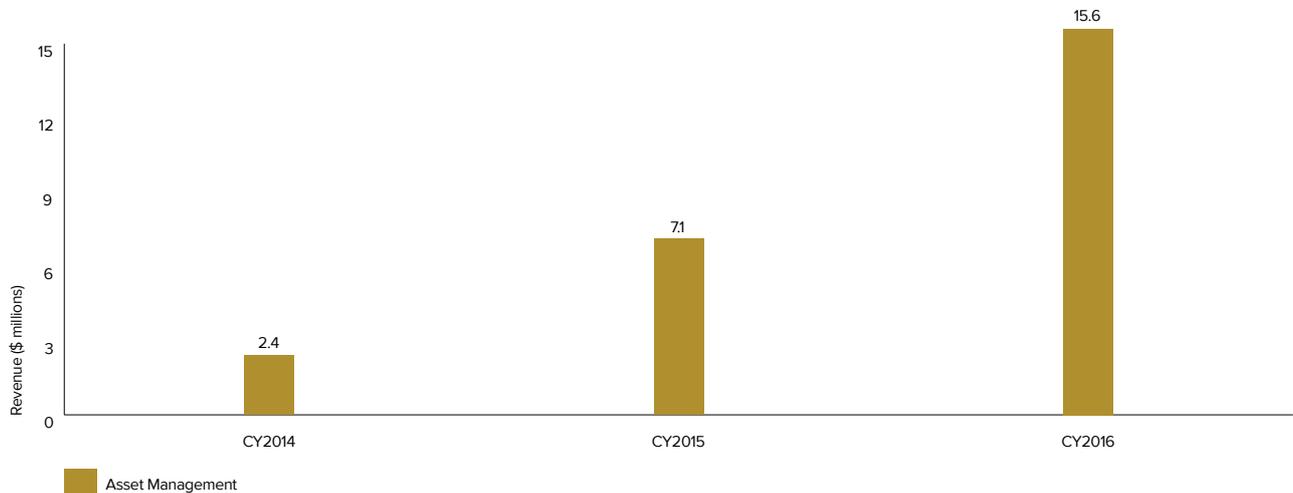
- > Real estate assets (i.e. commercial, hotels, gaming hotels and industrial);
- > Private equity and venture capital;
- > Hybrid securities and structured investments; and
- > Other real assets (in a range of sectors including agriculture, technology, childcare and global hedge funds).

Asset Management also manages traditional asset classes including cash, bonds and listed equities.

**FIGURE 12: ASSETS UNDER MANAGEMENT BY ASSET CLASS (PERCENT OF TOTAL AS AT 31 DECEMBER 2016)**



**FIGURE 13: ASSET MANAGEMENT NET REVENUE (2014 – 2016)**



## 02 *Company Overview* (cont.)

### 2.5.4.2 Services & functions

Asset Management provides the following core services for its clients: origination, fund raising and investment management.

#### Origination of investment opportunities and funds

Asset Management creates new investment opportunities for investors by coordinating the purchase of assets and sourcing co-investment capital to create investment funds. Moelis Australia and its executives regularly co-invest in Asset Management investment products to provide alignment of interest.

A disciplined and rigorous investment process is applied from the evaluation stage through to final investment committee approval. Value creation is targeted through a focus on the management of investment strategy, governance, operations capital, and exits. Critical investment criteria include strong governance and transparent management arrangements.

#### Fund raising

Investment funds are raised from investors and capital is allocated between various “open-ended” and “closed-ended” funds created and managed by Moelis Australia.

#### Investment management

Investment returns are delivered to clients of Asset Management through distributions or capital returns upon redemption or winding up of funds. Investors are provided with a premium, tailored investment management service in addition to regular reporting and performance updates.

Asset Management has a dedicated Chinese speaking investor relations team who provide documentation, fund reports and online investor access in Mandarin. Asset Management is focused on providing a premium service to its multilingual client base with six bilingual investor relations executives.

### 2.5.4.3 Revenue model

Asset Management charges fees to investors in return for providing investment management services.

Revenue is generated by charging the following types of fees:

- > Establishment and acquisition fees
  - Fees calculated on establishment of a new fund or acquisition of assets. These fees are based on gross or net asset value of a new fund or the assets acquired.
- > Base management fees
  - Base management fees are calculated as a percentage of the gross or net asset value of the relevant fund.
- > Performance fees
  - Performance fees are calculated based on the excess return achieved above an agreed performance hurdle.

## 02 Company Overview *(cont.)*

### 2.6 SYNERGIES BETWEEN BUSINESS DIVISIONS

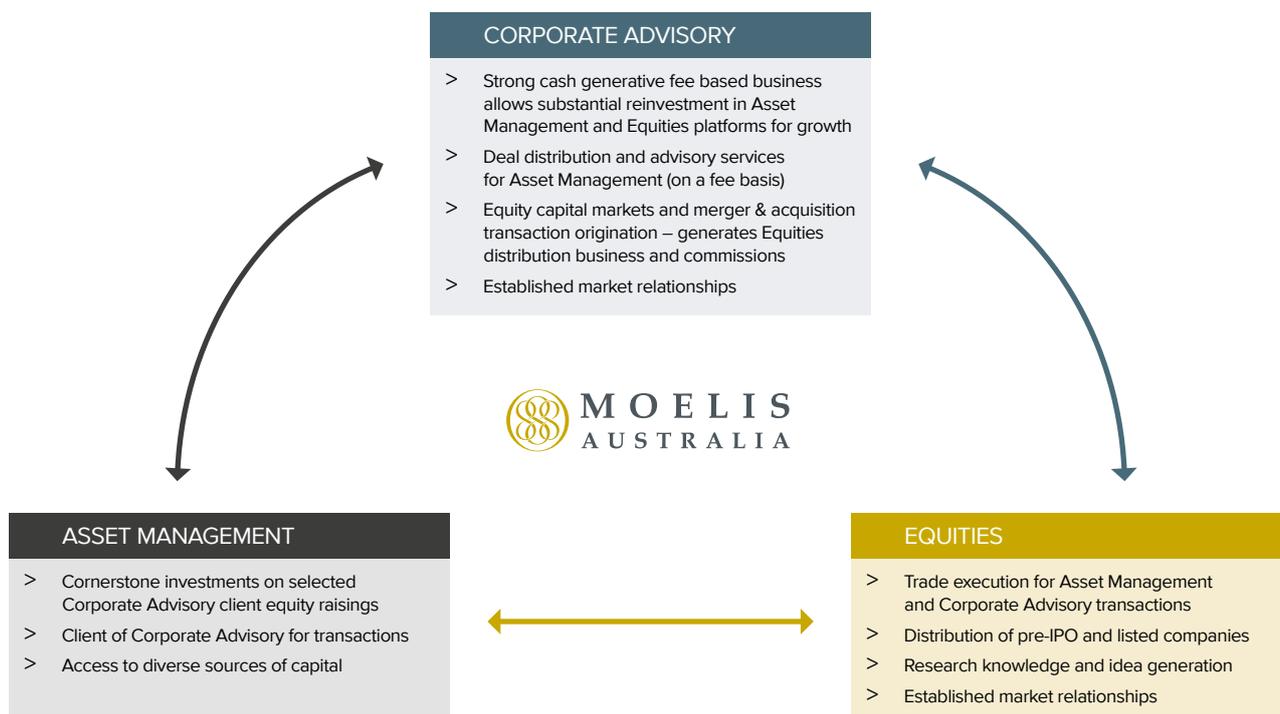
Due to the complementary nature of its business model, Moelis Australia is able to create substantial value through operational and revenue synergies between its various divisions.

For example:

- > Equities facilitates equity capital markets transaction capability for Corporate Advisory;
- > Corporate Advisory facilitates sourcing and execution of investment opportunities for Asset Management;
- > Asset Management provides the Equities business with commission revenue;
- > Asset Management can source and provide capital to Corporate Advisory clients which enhances the advisory service provided to clients;
- > Funds managed by Asset Management can engage Corporate Advisory for strategic and financial advice;
- > Multi-platform marketing of brand; and
- > Shared services.

The diagram below outlines further examples of the benefits flowing between divisions. Moelis Australia has a conflict of interest policy to deal with any perceived or actual conflicts arising from these synergies.

**FIGURE 14: EXAMPLES OF SYNERGIES BETWEEN DIVISIONS OF MOELIS AUSTRALIA**



## 02 Company Overview *(cont.)*

### 2.7 GROWTH OPPORTUNITIES

The Offer is expected to enhance Moelis Australia's growth opportunities, both through opportunities to invest the Offer proceeds to grow the business and increased flexibility to issue Shares as consideration for acquisitions where appropriate.

#### **Asset Management**

Asset Management is focused on strategically increasing its assets under management. This is expected to be achieved through originating new investment opportunities and expanding existing distribution capabilities both domestically and in China.

Moelis Australia may also consider strategic acquisitions that enhance the growth opportunities for Asset Management.

Moelis Australia plans to hire additional executives including a number of senior executives with specialist asset management experience including structuring funds, asset acquisition and fund raising.

The Offer proceeds will assist Asset Management in securing new opportunities prior to syndication through the warehousing of assets or co-investment in new managed funds, which are expected to accelerate the growth options available.

Future growth plans involve establishing a permanent presence in Asia (most likely in China) to service existing and new clients.

Moelis Australia believes that the trend of high net worth individuals in China further diversifying their investment portfolios globally will continue and that this trend represents a substantial opportunity for Asset Management.

Domestically, Asset Management will continue to originate investment funds that it believes will appeal to domestic investors.

The skills and expertise within Moelis Australia (including Corporate Advisory) provide a broad view of investment opportunities within Australia and Asset Management will look to leverage this into developing investment opportunities for Australian investors.

#### **Corporate Advisory**

Moelis Australia will continue to invest in its existing executives and emerging talent and is well placed to continue to expand its coverage and increase productivity.

Moelis Australia will consider external growth options including external hires and mergers or acquisitions on a strategic and opportunistic basis.

In CY2016, Moelis Australia captured less than 2% of total Australian financial advisory revenue and therefore there is considerable opportunity to increase its market share and expand its service offering.

The Offer proceeds will provide increased financial flexibility and support Corporate Advisory's ability to execute transactions. Moelis Australia has experienced many instances where Moelis Australia's Corporate Advisory division would have achieved superior transaction completion rates and therefore higher revenue outcomes if it had greater financial capacity.

### 2.8 PEOPLE

Moelis Australia employs 81 people<sup>1</sup>, of which 17 are managing directors. The senior executives (which includes managing directors and executive directors) have an average of 19 years of industry experience.

Moelis Australia's ability to generate revenue relies largely on the skill and expertise of its employees. The market for high quality finance executives is competitive and attracting and retaining the best employees is paramount to the businesses' success. Moelis Australia has a strong history of retaining and developing talent and the Board of Moelis Australia believes that the listing of Moelis Australia will enhance the Company's ability to more effectively retain and attract talented employees through more flexible remuneration packages, including the availability of equity in Moelis Australia.

1. As at 31 January 2017.

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*Industry Overview*



## 03 *Industry Overview*

### 3.1 INTRODUCTION

Moelis Australia operates in the Australian financial services sector within the following industry segments:

- > Corporate advisory;
- > Securities trading; and
- > Funds management.

This Section provides an overview of these segments, focusing on drivers and industry trends where relevant.

### 3.2 CORPORATE ADVISORY INDUSTRY

#### 3.2.1 Overview

Corporate Advisory generally refers to financial advisory and equity capital markets services provided to corporations, boards of directors, financial sponsors, lenders, governments and individuals. Corporate advisors, such as Moelis Australia through its Corporate Advisory division, are appointed by clients to provide advice and to represent their interests on financial and strategic matters.

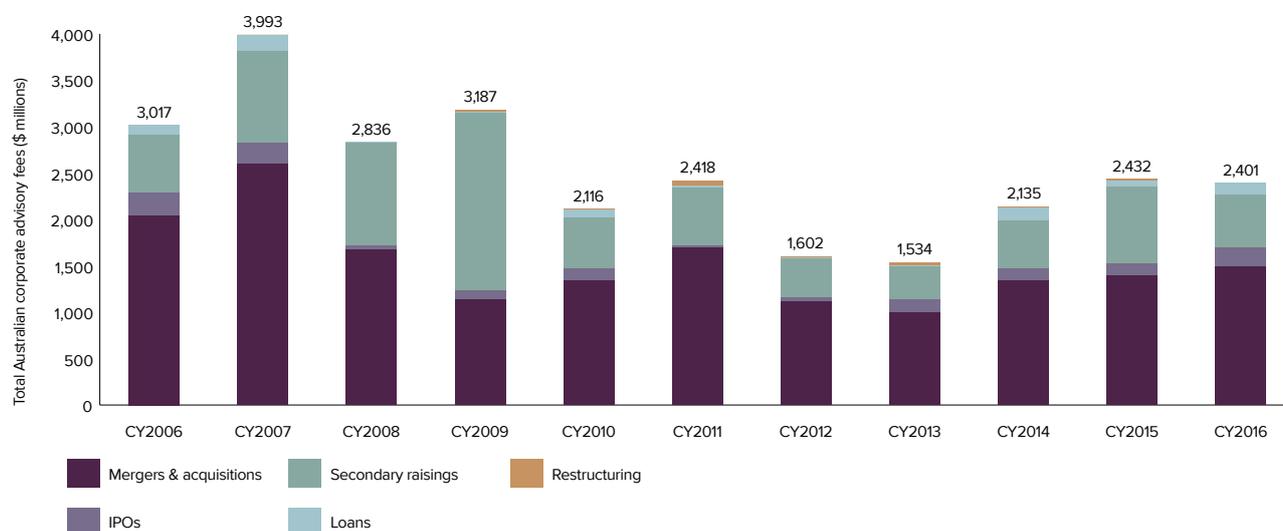
Key types of transactions where financial advisory services are provided include:

- > Mergers & acquisitions
  - Mergers & acquisitions involves clients buying, selling and merging substantial interests in assets or shares in companies. Advice provided is typically in relation to assisting with strategy, financial analysis, negotiations and co-ordinating buyers and sellers.
- > Restructuring & recapitalisations
  - Restructuring & recapitalisations generally involve transactions to address capital structure and financial distress related issues. Advice provided may include reviewing strategic options, assisting with capital raisings, loan refinancing, loan amendments and holistic balance sheet restructures or debt to equity conversions.
- > Equity capital markets
  - Equity capital markets transactions include IPOs, secondary issuances, block trades or dividend reinvestment plans (DRPs). Equity capital markets services generally involve advising clients on the offer structure, market conditions, market positioning and execution of a capital raising. A capital raising can either be underwritten or managed by the corporate advisor without an underwriting commitment.

The Company estimates that total CY2016 corporate advisory fees attributed to Australia (including mergers & acquisitions advisory and capital markets underwriting), totalled \$2.4 billion. This compares to Moelis Australia's Corporate Advisory & Equities net revenue of \$46.2 million CY2016, implying approximately 2% share of total market for corporate advisory revenue.

## 03 Industry Overview *(cont.)*

**FIGURE 15: AUSTRALIAN CORPORATE ADVISORY FEES (2006 – 2016)**



Source: Management estimates.

### 3.2.2 Industry structure

Corporate Advisory services in Australia are provided by:

- > Global and domestic investment banks;
- > Independent financial advisors; and
- > Large accounting firms.

Equity capital markets services in Australia are provided by:

- > Global and domestic investment banks; and
- > Domestic stockbrokers.

In relation to corporate advisory, global and domestic investment banks and independent financial advisors typically focus on larger, institutional transactions. Large accounting firms generally focus on smaller, private transactions.

Moelis Australia's Corporate Advisory competes with global and domestic investment banks and independent financial advisors.

### 3.2.3 Industry drivers

Drivers of corporate advisory revenues include:

- > Business confidence
  - Business confidence is generally associated with mergers & acquisitions and equity capital markets activity.
- > Listed equity market performance
  - A rise in the S&P ASX All Ordinaries index is indicative of a general upward trend in Australian share prices. Rising equity markets typically support increased mergers & acquisitions activity.
  - Increased mergers & acquisitions and equity capital markets activity is also driven by investor confidence and thus tends to be correlated with strong listed equity market performance.
- > Client specific industry performance
  - Industry specific market conditions experienced by clients tend to impact the nature and volume of potential corporate advisory transactions.

## 03 *Industry Overview* (cont.)

- > Availability of financing and cost of funds
  - Increased availability of financing and lower cost of funds may promote mergers & acquisitions activity. On the contrary, reduced availability of financing and higher cost of funds can lead to increased financial distress and potential restructuring activity.

### 3.3 SECURITIES TRADING INDUSTRY

#### 3.3.1 Overview

Securities trading services include execution, distribution and trading of shares or other financial instruments for wholesale clients (institutions, funds and corporates). Commissions are typically charged on a percentage of the total value of the executed trade.

#### 3.3.2 Industry structure

Securities trading services in Australia are provided by:

- > Global and domestic investment banks; and
- > Domestic stockbrokers.

#### 3.3.3 Industry drivers

Drivers of securities trading revenues include:

- > Allocation of capital to equity markets
  - An increasing allocation of capital to equity markets supports higher share prices and increased value of trades.
- > Investor confidence and a strong equity market
  - Higher levels of investor confidence increase the propensity for investors to trade
- > Equity market price volatility
  - Volatility as measured by variations in price movements typically increases trading volumes

### 3.4 FUNDS MANAGEMENT INDUSTRY

#### 3.4.1 Overview

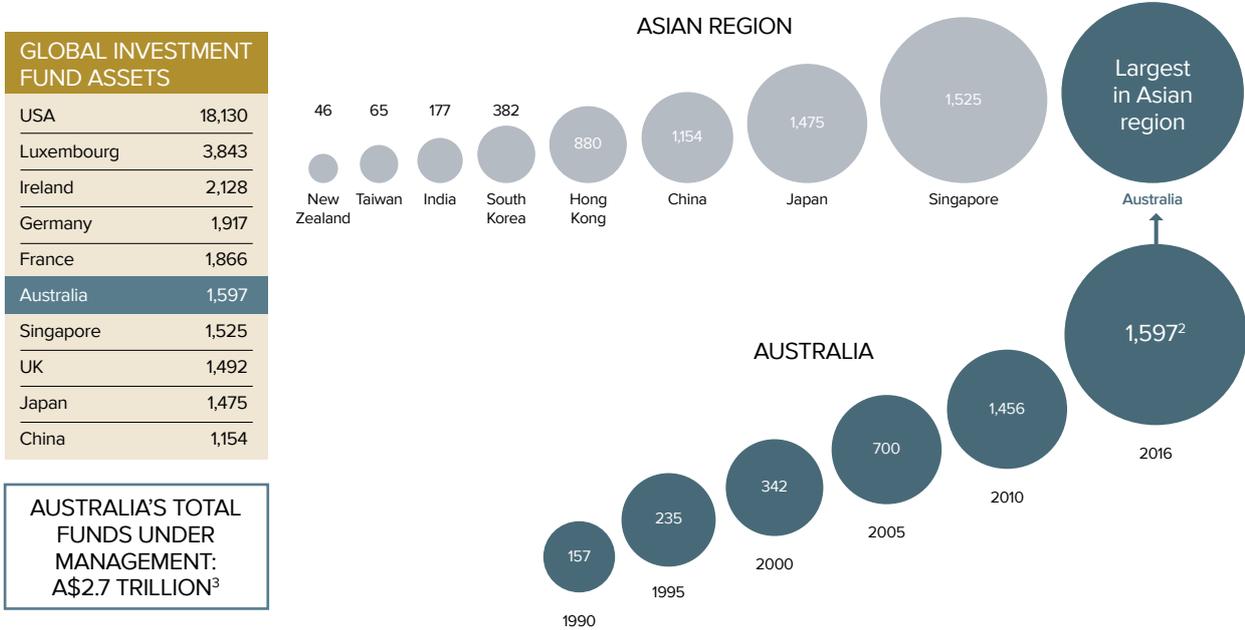
Fund managers offer a variety of products and service levels depending on a client's size and investment preferences. Tailored mandate solutions are available for larger clients while smaller investors may use a registered investment scheme. The amount of money managed by fund managers is commonly referred to as funds under management.

Based on Austrade's Financial Services Benchmark Report (2017), Australia has the world's sixth largest managed fund assets pool making it a leader in the Asian region with approximately US\$1.6 trillion in funds under management. The managed funds sector in Australia is underpinned by a mandated retirement savings scheme (superannuation system) that has resulted in Australia having the fourth largest pension pool in the world.

## 03 Industry Overview (cont.)

**FIGURE 16: AUSTRALIA'S INVESTMENT FUND ASSET POOL (US\$ MILLIONS)**

GLOBAL SIGNIFICANCE OF AUSTRALIA'S INVESTMENT FUND ASSETS POOL  
Investment fund assets excluding funds of funds<sup>1</sup>. US\$ billion, June quarter, 2016



Note:

1. Refers to home domiciled funds, except Hong Kong and New Zealand, which include home and foreign-domiciled funds. Funds of funds are not included, except for France, Ireland, Japan and Luxembourg.
2. Australia's investment funds only include consolidated assets of domestic collective investment institutions.
3. Total assets include funds managed by domestic collective investment institutions, other investors (including funds sourced from governments, charities and other) and overseas investors.

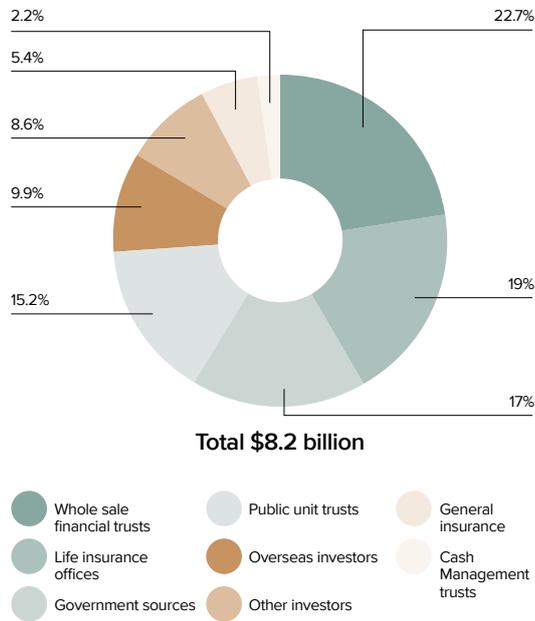
Source: Austrade and Investment Commission (Austrade), Australia: Financial Services Benchmark Report 2017 available at: [www.austrade.gov.au](http://www.austrade.gov.au)

### 3.4.2 Industry structure

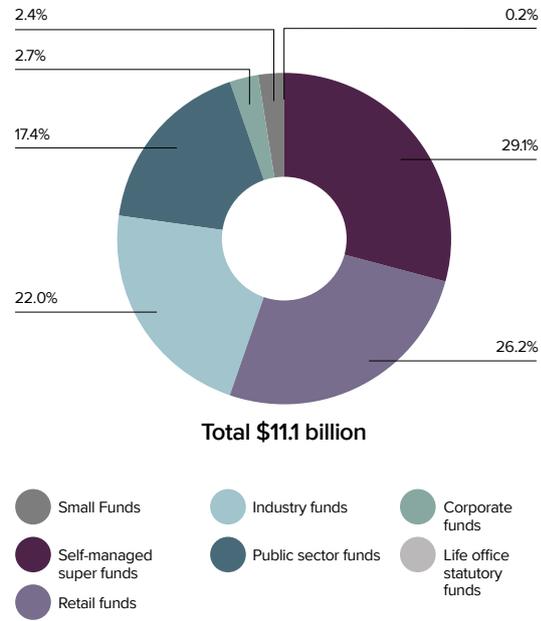
The funds management industry is comprised of large institutional fund managers and smaller boutique investment managers who provide services to a range of clients. These clients include institutional clients, retail investors and state and federal governments. The markets can be segmented according to the value of different types of funds flowing into the industry. See figure 17 below for an indication of market segmentation in Australia.

## 03 Industry Overview *(cont.)*

**FIGURE 17: AUSTRALIAN FUNDS MANAGEMENT MARKET SEGMENTATION BY REVENUE**  
**FUNDS MANAGEMENT (EXCLUDING SUPERANNUATION)**



**SUPERANNUATION FUNDS MANAGEMENT**



Source: IBISWorld “Superannuation Funds Management Services in Australia” (July 2016) and “Funds Management Services in Australia” (September 2016).<sup>1</sup>

Fund managers offer clients the opportunity to invest in a variety of assets, through various investment strategies. These strategies differ depending on the risk and return sought by investors, the investment approach adopted and whether the investment is in domestic, regional or global assets.

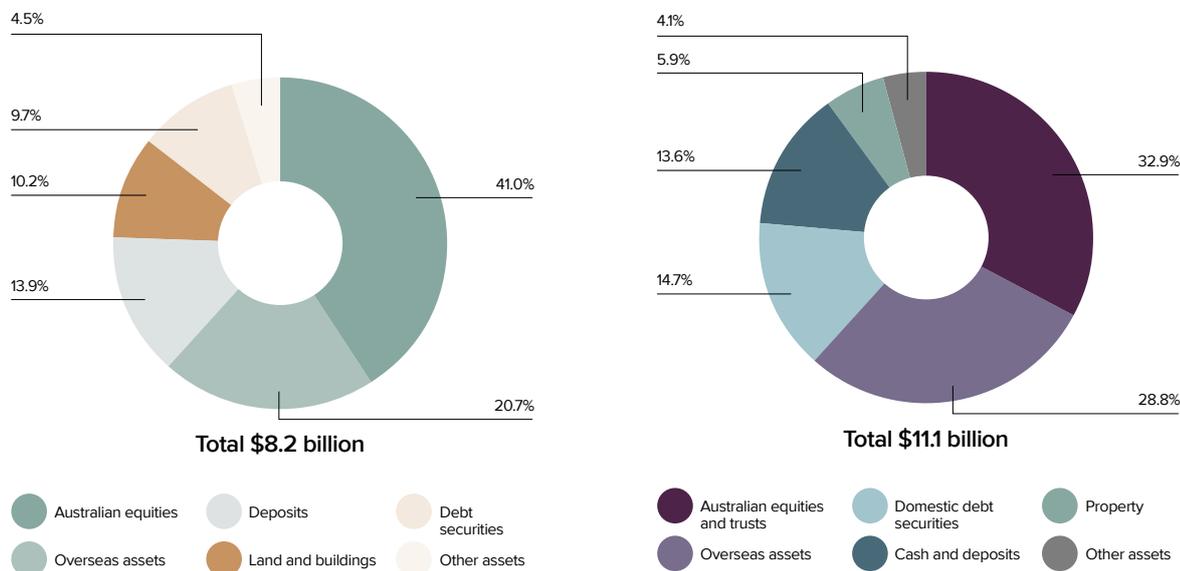
Moelis Australia’s Asset Management business focuses on a niche segment of the wholesale asset management industry focused on managing funds raised primarily from high net worth individuals. Moelis Australia Asset Management has a proven track record in relation to sourcing high net worth investors from Asia. As a result of its funding sources, relative to retail or superannuation asset managers, Moelis Australia has a strong focus on non-traditional asset classes (often referred to as ‘alternative assets’) in addition to managing traditional classes such as cash, bonds, and equities. These alternative assets may include:

- > Direct real estate assets (i.e. commercial and industrial property);
- > Hybrid securities and structured investments;
- > Private equity and venture capital; and
- > Other real assets.

1. The author has not provided consent for the inclusion of this information in the Prospectus.

## 03 Industry Overview (cont.)

**FIGURE 18: AUSTRALIA FUNDS MANAGEMENT PRODUCT SEGMENTATION BY REVENUE**  
**FUNDS MANAGEMENT (EXCLUDING SUPERANNUATION)**      **SUPERANNUATION FUNDS MANAGEMENT**



Source: IBISWorld “Superannuation Funds Management Services in Australia” (July 2016) and “Funds Management Services in Australia” (September 2016).<sup>1</sup>

### 3.4.3 Industry drivers

Through its exposure to the high net worth funds management segment, especially in Asia, Moelis Australia Asset Management stands to benefit from the following drivers of funds management market growth.

- > Increasing numbers of millionaires
  - Globally the number of millionaires grew from approximately 25 million in 2010 to 33 million in 2016, implying a growth rate of more than 30%. Over that same period, Australia saw a 43% increase in millionaires from approximately 740,000 to more than one million. China recorded one of the highest growth rates in millionaire numbers increasing to approximately 1.6 million by 2016. Management expect these trends to continue resulting in further growth in millionaire numbers across Australia, China and globally.
- > Large growth in managed fund assets in Asia
  - According to Austrade<sup>2</sup>, the pool of managed investment funds in Asia has grown substantially from 2012 to 2016. A key driver of this growth was China’s funds under management which grew from US\$437 billion in 2012 to US\$1.15 trillion by 2016 implying a 27% compound annual growth rate over the period.

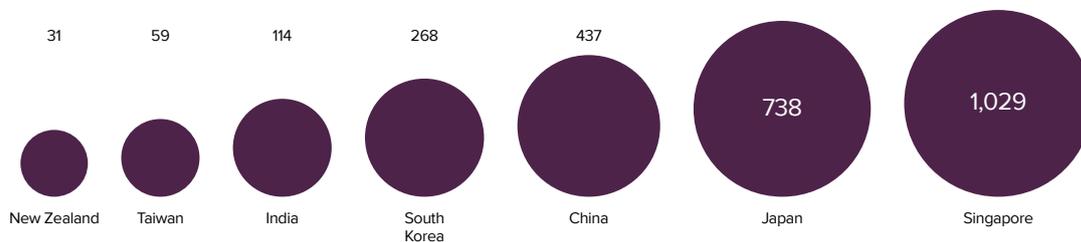
1. The author has not provided consent for the inclusion of this statement in the Prospectus.

2. Austrade “Financial Services Benchmark Report 2012” and Austrade “Why Australia Benchmark Report 2017”.

## 03 Industry Overview *(cont.)*

**FIGURE 19: ASIAN REGION INVESTMENT FUND ASSETS POOL (US\$ BILLION)**

June 2012



June 2016



Note: Diagram not to scale.

Source: Austrade.

- > Increasing foreign demand for managed investments in Australia
  - Flow of funds from foreign investors into Australian managed investment funds has more than doubled over the past five years to \$46.0 billion according to the Financial Services Council and Perpetual “2016 Australian Investment Managers Cross-Border Flows Report”. The proportion of these funds sourced from Asia-Pacific is estimated at 61%.
  - Further support for Chinese investment into Australia is evidenced by Australia’s ranking as the 3rd most popular investment destination for Chinese high net worth individuals in Bain & Company’s report: “The Evolution of China’s Private Wealth Market (2015)”<sup>1</sup>.

1. The author has not provided consent for inclusion of this statement in the Prospectus.

*Financial Information*



## 04 *Financial Information*

### 4.1 INTRODUCTION

Financial information for Moelis Australia contained in this Section 4 is set out below for the historical financial years ended 31 December 2014 (CY2014), 31 December 2015 (CY2015) and 31 December 2016 (CY2016) as well as for the forecast financial year ending 31 December 2017 (CY2017).

This Section contains a summary of the statutory historical financial information, pro forma historical financial information and forecast financial information of Moelis Australia as defined below.

The statutory historical financial information comprises the:

- > Statutory historical consolidated statements of profit or loss and other comprehensive income for CY2014, CY2015 and CY2016 (Statutory Historical Income Statements);
- > Statutory historical consolidated cash flows for CY2014, CY2015 and CY2016 (Statutory Historical Cash Flows); and
- > Statutory historical consolidated statement of financial position as at 31 December 2016 (Statutory Historical Balance Sheet),

(the Statutory Historical Financial Information).

The pro forma historical financial information comprises the:

- > Pro forma historical consolidated statements of profit or loss and other comprehensive income for CY2014, CY2015 and CY2016 (Pro forma Historical Income Statements);
- > Pro forma historical consolidated cash flows for CY2014, CY2015 and CY2016 (Pro forma Historical Cash Flows); and
- > Pro forma historical consolidated statement of financial position as at 31 December 2016 (Pro forma Historical Balance Sheet),

(the Pro forma Historical Financial Information).

The forecast financial information comprises the:

- > Pro forma forecast consolidated statement of profit or loss and other comprehensive income (Pro forma Forecast Income Statement), and the Pro forma forecast consolidated cash flows (Pro forma Forecast Cash Flows) for CY2017 (together, the Pro forma Forecast Financial Information); and
- > Statutory forecast consolidated statement of profit or loss and other comprehensive income (Statutory Forecast Income Statement), and the Statutory forecast consolidated cash flows (Statutory Forecast Cash Flows) for CY2017 (together, the Statutory Forecast Financial Information) (the Forecast Financial Information).

The Statutory Historical Financial Information, the Pro forma Historical Financial Information and the Forecast Financial Information together form the “Financial Information”.

The Financial Information has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Fundraising and/or Prospective Financial Information, by Deloitte Corporate Finance Pty Limited, whose Investigating Accountant’s Report is contained in Section 8. Investors should note the scope and limitations of the report.

Also summarised in this Section are:

- > The basis of preparation and presentation of the Financial Information (Section 4.2);
- > Key financial and operating metrics (Section 4.4);
- > Commentary on the liquidity of, and the sources of capital available to Moelis Australia (Section 4.11);
- > Commentary on absence of indebtedness of Moelis Australia (Section 4.12);
- > Management’s discussion and analysis of the Pro forma Historical Financial Information (Section 4.13);
- > The general and specific material assumptions underlying the Forecast Financial Information (Section 4.14);
- > Management’s discussion and analysis of the Forecast Financial Information (Section 4.14.3);
- > The analysis of the sensitivity of CY2017 pro forma forecast earnings to changes in key assumptions (Section 4.15); and
- > A summary of Moelis Australia’s dividend policy (Section 4.16).

## 04 *Financial Information* (cont.)

The information in this Section 4 should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

All amounts disclosed in the tables are presented in Australian dollars and unless otherwise noted, are rounded to the nearest \$100,000. Rounding of figures provided in the Financial Information may result in some immaterial differences between the sum of components and the totals outlined within tables and percentage calculation.

### 4.2 BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL INFORMATION

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flows and financial position of Moelis Australia, together with its forecast financial performance and cash flows. The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of the Australian Accounting Standards, which are consistent with the International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board. The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by the Australian Accounting Standards (AAS) applicable to annual financial reports prepared in accordance with the Corporations Act.

The significant accounting policies adopted in the preparation of the Financial Information are set out in the Appendix (Section 10) and have been consistently applied throughout the financial periods presented in this Prospectus.

#### 4.2.1 Preparation of the Statutory and Pro forma Historical Financial Information

The Statutory Historical Financial Information has been extracted from the consolidated general purpose financial statements of Moelis Australia for the financial years CY2015 (including the CY2014 comparative) and CY2016. The financial statements were audited by Deloitte Touche Tohmatsu, who issued unmodified audit opinions in respect of each of these financial reports.

The Pro forma Historical Financial Information has been prepared for the purpose of this Prospectus and has been derived from the Statutory Historical Financial Information to illustrate the net income, assets, liabilities and cash flows of Moelis Australia adjusted for certain pro forma adjustments.

The Pro forma Historical Financial Information has been presented on a comparable basis to the Forecast Financial Information and has been adjusted to reflect the impact of:

- > Incremental costs of being a publicly listed entity;
- > The impact of the Offer including capital raised and offer costs and the incremental return assumed relating to the investment earnings on the Offer proceeds;
- > The termination of a marketing services agreement conditional on Completion (see Section 4.6);
- > The elimination of certain items in line with the operating structure of Moelis Australia post Completion; and
- > The income tax effect of the above pro forma adjustments and to record historical tax expense as if the post-Offer structure were in place from 1 January 2014.

Investors should note that past results are not a guarantee of future performance.

## 04 *Financial Information* (cont.)

### 4.2.2 Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared by Moelis Australia based on an assessment of present economic and operating conditions and on a number of assumptions, including the general assumptions and the Directors' best estimate specific assumptions set out in Section 4.14.

The Directors have prepared the Forecast Financial Information with due care and attention, and consider all best estimate assumptions when taken as a whole to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned to not place undue reliance on the Forecast Financial Information.

This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or negative effect on Moelis Australia's actual financial performance or financial position. Investors are advised to review the assumptions set out in Sections 4.14 in conjunction with the sensitivity analysis set out in Section 4.15, the risk factors set out in Section 5 and other information set out in this Prospectus.

The Pro forma Forecast Income Statement and the Pro forma Forecast Cash Flows for Moelis Australia have been derived from the Statutory Forecast Income Statement and the Statutory Forecast Cash Flows, after adjusting for pro forma adjustments to reflect Moelis Australia's operations following Completion of the Offer as set out in Sections 4.6 and 4.9.

The Pro forma Forecast Income Statement, which is set out in Section 4.3, differs from the Statutory Forecast Income Statement because the Pro forma Forecast Income Statement reflects the full year effect of the operating and equity structure that will be in place on Completion of the Offer, but excludes costs directly attributable to the Offer. Refer to Section 4.6 for reconciliations between the Statutory and Pro Forma Forecast Financial Information.

The Directors do not intend to update or revise the Forecast Financial Information or other forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

### 4.2.3 Non-IFRS financial measures

Moelis Australia uses certain measures to manage and report on its business that are neither recognised under AAS, nor under IFRS. These measures are collectively referred to as non-IFRS financial measures. These non-IFRS financial measures do not have a prescribed definition under AAS or IFRS and therefore may not be directly comparable to similarly titled measures presented by other entities. These should not be construed as an indication of, or an alternative to, corresponding financial measures determined in accordance with AAS or IFRS. Although Moelis Australia believes these non-IFRS financial measures provide useful information to users in measuring the financial performance and condition of the business, investors are cautioned not to place undue reliance on any non-IFRS financial measures included in the Prospectus.

In the disclosures in this Prospectus, Moelis Australia uses the following non-IFRS financial measures:

- > Net revenue: Defined as revenue (including investment income reported within Corporate Advisory & Equities) less direct costs associated with generating these revenues, primarily commissions payable to agents and other third-parties;
- > Capital expenditure: Includes investment in property and equipment including leasehold improvements;
- > EBIT: Earnings before interest and tax;
- > EBIT margin: EBIT divided by net revenue (revenue less cost of sales);
- > NPAT: Net profit after tax attributable to Shareholders; and
- > Working capital: Third party receivables, payables and accrued income and expenses.

## 04 Financial Information *(cont.)*

### 4.3 PRO FORMA HISTORICAL AND FORECAST CONSOLIDATED INCOME STATEMENTS

**TABLE 4: SUMMARY OF PRO FORMA HISTORICAL INCOME STATEMENTS AND PRO FORMA AND STATUTORY FORECAST INCOME STATEMENT**

YEAR END 31 DEC (\$ MILLIONS)	NOTES	PRO FORMA HISTORICAL			PRO FORMA	STATUTORY
		CY2014	CY2015	CY2016	FORECAST	FORECAST
					CY2017	CY2017
<b>Gross revenue</b>						
Corporate Advisory & Equities	1	33.7	36.0	47.2	51.5	51.5
Asset Management	2	5.5	14.0	23.2	28.7	28.7
<b>Total gross revenue</b>		<b>39.1</b>	<b>50.0</b>	<b>70.4</b>	<b>80.2</b>	<b>80.2</b>
<b>Net revenue</b>						
Corporate Advisory & Equities	3	32.9	35.1	46.2	50.4	50.4
Asset Management	4	2.4	7.1	15.6	22.8	22.8
<b>Total net revenue</b>		<b>35.4</b>	<b>42.2</b>	<b>61.8</b>	<b>73.2</b>	<b>73.2</b>
<b>Expenses</b>						
Compensation	5	(25.4)	(29.2)	(35.1)	(41.3)	(37.9)
Marketing and business development		(1.2)	(1.3)	(1.8)	(2.1)	(2.1)
Communications, IT & market data		(1.9)	(2.2)	(2.5)	(2.8)	(2.8)
Occupancy		(1.9)	(2.1)	(1.7)	(1.7)	(1.7)
Offer costs		–	–	–	–	(1.4)
Discontinued business initiative	6	(1.1)	–	–	–	–
Other costs		(1.6)	(1.8)	(2.0)	(2.0)	(1.9)
<b>Total Expenses</b>		<b>(33.0)</b>	<b>(36.6)</b>	<b>(43.0)</b>	<b>(50.0)</b>	<b>(48.0)</b>
<b>EBIT</b>	<b>7</b>	<b>2.3</b>	<b>5.5</b>	<b>18.8</b>	<b>23.2</b>	<b>25.2</b>
Interest income (including interest on net Offer proceeds)	8	1.2	1.1	1.1	0.9	0.7
Tax expense		(1.2)	(2.1)	(6.1)	(7.3)	(7.9)
<b>NPAT</b>	<b>7,9</b>	<b>2.3</b>	<b>4.6</b>	<b>13.9</b>	<b>16.8</b>	<b>18.0</b>

Notes:

- Corporate Advisory & Equities reflects income from providing strategic and financial advice, equity capital market services, securities trading (execution) services and equities research. Revenue also includes investment income including realised and unrealised gains and losses on investments, and dividend income as set out in table 8. Refer to significant accounting policies set out in the Appendix (Section 10) which include the revenue recognition policies for the segment.
- Asset Management revenues reflect transaction fees, management fees and performance fees generated from funds managed by Moelis Australia on behalf of high net worth clients.
- Net Corporate Advisory & Equities revenue is net of trade, clearing and broker costs.
- Net Asset Management revenue is net of commissions paid to third parties.
- Compensation expense includes salaries, bonuses and related costs. Note that the CY2017 pro forma forecast compensation expense exceeds the statutory forecast expense due to the statutory accounting treatment applied to a portion of bonus compensation expected to be paid in the form of equity which vests over a five year period. See item 4 in the reconciliation of the Pro forma Forecast Income Statement with the Statutory Forecast Income Statement. Details of the Moelis Australia Employee Incentive Plans are set out in Section 6.2.5.
- Discontinued business initiative reflects \$1.1 million of expenses relating to the launching of a listed investment company, which did not proceed.
- Refer to Section 4.2.3 for definitions of EBIT and NPAT.
- Interest income includes return assumed to be earned on net Offer proceeds (after deducting the VFM Marketing Services Agreement termination payment) of \$44.2 million invested in a cash account at 1.75% per annum. The Forecast Financial Information (and the Pro forma Historical Information prepared on the same basis) assumes these funds are not deployed.
- The reconciliation of the pro forma historical income statements to the statutory historical income statements and the reconciliation of the pro forma forecast income statement to the Statutory forecast income statement are outlined in Section 4.6.

## 04 Financial Information *(cont.)*

### 4.4 KEY FINANCIAL AND OPERATING METRICS

Table 5 provides a summary of Moelis Australia's key pro forma historical financial and operating metrics for CY2014, CY2015 and CY2016 and the key pro forma and statutory forecast operating metrics for CY2017.

**TABLE 5: SUMMARY OF KEY PRO FORMA FINANCIAL AND OPERATING METRICS**

YEAR END 31 DEC	NOTES	PRO FORMA HISTORICAL			PRO FORMA FORECAST	STATUTORY FORECAST
		CY2014	CY2015	CY2016	CY2017	CY2017
<b>Operating metrics</b>						
Average headcount during the year		53	64	72	85	85
Advisory revenue per head (\$ millions)		1.0	0.9	1.1	1.1	1.1
Securities trading commission per trading day (\$000s)		23	29	42	44	44
Average assets under management (\$ millions)		161	624	976	1,214	1,214
<b>Growth metrics</b>						
Net revenue growth (%)		n.a.	19%	46%	19%	19%
– Corporate Advisory & Equities (%)		n.a.	7%	31%	9%	9%
– Asset Management (%)		n.a.	190%	121%	46%	46%
EBIT growth (%)		n.a.	140%	239%	24%	34%
<b>Financial metrics</b>						
EBIT margin (% net revenue)	1	7%	13%	30%	32%	34%
Net asset management fees (% average AUM)	2	1.5%	1.1%	1.6%	1.9%	1.9%
Compensation ratio (% net revenue)		72%	69%	57%	56%	52%
Non-compensation expense per head (\$000s)		124	116	110	102	119

Notes:

1. Refer to Section 4.2.3 for definitions of EBIT Margin.
2. Net asset management fees (% average AUM) reflects net asset management fees as a percentage of average assets under management for the period.

### 4.5. SEGMENT INFORMATION

Moelis Australia groups its various business activities into the following reporting segments:

#### Corporate Advisory & Equities

This includes the corporate advisory, equity capital markets and securities trading activities of Moelis Australia. Equity capital markets activities relate to raising equity for listed and unlisted clients and includes financial advice, offer management services and underwriting.

#### Asset Management

This includes the establishment and management of managed investment schemes, as well as separate mandates for high net worth clients.

## 04 Financial Information *(cont.)*

**TABLE 6: PRO FORMA HISTORICAL AND FORECAST SEGMENT REVENUE AND EBIT**

YEAR END 31 DEC (\$ MILLIONS)	NOTES	PRO FORMA HISTORICAL			PRO FORMA FORECAST	STATUTORY FORECAST
		CY2014	CY2015	CY2016	CY2017	CY2017
<b>Net revenue</b>						
Corporate Advisory & Equities	1	32.9	35.1	46.2	50.4	50.4
Asset Management	2	2.4	7.1	15.6	22.8	22.8
<b>Total net revenue</b>		<b>35.4</b>	<b>42.2</b>	<b>61.8</b>	<b>73.2</b>	<b>73.2</b>
<b>EBIT</b>						
Corporate Advisory & Equities		4.4	5.1	12.1	12.1	14.0
Asset Management		(2.1)	0.4	6.7	11.1	11.2
<b>Total EBIT</b>		<b>2.3</b>	<b>5.5</b>	<b>18.8</b>	<b>23.2</b>	<b>25.2</b>
<b>EBIT margin</b>						
Corporate Advisory & Equities		13%	15%	26%	24%	28%
Asset Management		n.m.	6%	43%	49%	49%
<b>Total EBIT margin</b>		<b>7%</b>	<b>13%</b>	<b>30%</b>	<b>32%</b>	<b>34%</b>
<b>EBIT contribution</b>						
Corporate Advisory & Equities		n.m.	92%	65%	52%	56%
Asset Management		n.m.	8%	35%	48%	44%
<b>Total</b>		<b>n.m.</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Notes:

1. Corporate Advisory & Equities revenue is net of trade, clearing and broker costs.
2. Asset Management revenue is net of commissions paid to third parties.

## 04 Financial Information *(cont.)*

### 4.6 RECONCILIATION OF STATUTORY AND PRO FORMA HISTORICAL AND FORECAST INCOME STATEMENTS

**TABLE 7: RECONCILIATION OF STATUTORY AND PRO FORMA HISTORICAL AND FORECAST INCOME STATEMENTS**

YEAR END 31 DEC (\$ MILLIONS)	NOTES	PRO FORMA HISTORICAL			PRO FORMA FORECAST
		CY2014	CY2015	CY2016	CY2017
<b>Statutory NPAT</b>		<b>1.5</b>	<b>(4.3)</b>	<b>9.8</b>	<b>18.0</b>
Marketing services agreements		–	12.6	5.7	0.2
Offer costs	1	–	–	–	1.4
Interest income on net Offer proceeds	2	0.8	0.8	0.8	0.2
Public company costs	3	(0.6)	(0.6)	(0.6)	(0.2)
Scrip based compensation	4	–	–	–	(3.4)
Melbourne office set up costs	5	1.0	–	–	–
Tax impact of the above adjustments		(0.4)	(3.9)	(1.8)	0.5
<b>Pro forma NPAT</b>		<b>2.3</b>	<b>4.6</b>	<b>13.9</b>	<b>16.8</b>

Notes:

1. Adjustment to remove costs incurred in respect of the Offer including legal, accounting and tax advisor fees, retail distribution costs, share registry fees, prospectus costs and other ASX listing costs. Offer costs are forecast to be \$1.8 million and \$1.4 million of this amount is included as an expense in the CY2017 Statutory NPAT. The remaining \$0.4 million will be capitalised and offset against equity.
2. Interest income includes return assumed to be earned on net Offer proceeds (after deducting the VFM Marketing Services Agreement termination payment) of \$44.2 million invested in a cash account at 1.75% per annum. The Forecast Financial Information assumes these funds are not deployed during CY2017.
3. Pro forma financial information assumes incremental annual costs that will be incurred as a listed public company such as additional directors' fees, directors' and officers' insurance costs, ASX listing fees, share registry costs, additional audit and legal compliance costs and the costs of holding an annual general meeting.
4. A portion of the CY2017 forecast bonus compensation (\$4.5 million) is expected to be delivered in the form of equity which vests over a five year period. The adjustment reflects the payments that will vest post the forecast year.
5. In November 2014, Moelis Australia set up its Melbourne office, acquiring a team of advisory professionals. The costs associated with establishing the office and the third-party costs of identifying the executives have been excluded from the pro forma financial information.

#### Marketing services agreements

A notable pro forma adjustment in table 7 above relates to certain marketing services arrangements of Asset Management. As part of its business, Asset Management manages funds marketed to overseas persons wishing to apply for a significant investor visa (SIV FM Business). Moelis Australia's SIV FM Business was established in 2013 in collaboration with two parties (Service Providers), each of whom were engaged to perform specific services under an agreement (Original Marketing Services Agreement). These services related to the set up and ongoing operation of the business which include liaising with government bodies, immigration agents and other third parties, and marketing and promotion of the funds. The SIV FM Business is conducted within Moelis Australia Visa Fund Management Pty Ltd (MAVFM), a wholly owned subsidiary of Moelis Australia.

In June 2015 MAVFM and the Service Providers agreed to terminate the Original Marketing Services Agreement. As compensation for termination of the Original Marketing Services Agreement, the first Service Provider received a lump sum cash payment and the second Service Provider entered into a new agreement under which it was to provide marketing services to MAVFM (VFM Marketing Services Agreement).

The VFM Marketing Services Agreement entitled the second Service Provider to a fee based on a percentage of the future revenue of the SIV FM Business. The lump sum payment to the first Service Provider and the fair value of the forecast future payments to the second Service Provider under the VFM Marketing Services Agreement (in aggregate \$12.6 million) were expensed in the year ended 31 December 2015. The forecast future payments to the second Service Provider were re-assessed as at 31 December 2016, and a further \$5.7 million was expensed in the year ended 31 December 2016, increasing the liability recorded in respect of the VFM Marketing Services Agreement to \$12.6 million.

In February 2017 MAVFM entered into a binding agreement with the second Service Provider, conditional on Completion, to terminate the VFM Marketing Services Agreement for a lump sum payment of \$12.8 million to be paid on Completion.

The Statutory Forecast Income Statement includes an expense of \$0.2 million representing the implied finance cost of the \$12.8 million settlement amount.

## 04 Financial Information *(cont.)*

The Statutory Forecast Cash Flows includes payments to the second Service Provider of \$13.3 million in CY2017, comprising \$0.5 million for the December CY2016 quarter fees and \$12.8 million for the payment on termination.

The Pro forma Historical and Forecast Income Statements and Cash Flows exclude the amounts expensed in relation to termination of the Original Marketing Services Agreement in CY2015 and the subsequent expense upon revaluation of the VFM Marketing Services Agreement in CY2016, on the basis that Moelis Australia will not be receiving any future or ongoing services pertaining to these agreements.

### 4.7 STATUTORY HISTORICAL INCOME STATEMENTS

The statutory historical income statements set out in the table below have been extracted from the audited financial statements for Moelis Australia. Adjustments have been made to certain line items for presentation purposes, as set out in the footnotes to table 8 below.

**TABLE 8: HISTORICAL INCOME STATEMENTS**

YEAR END 31 DEC (\$ MILLIONS)	NOTES	STATUTORY HISTORICAL		
		CY2014	CY2015	CY2016
Fees and commission income	1	39.0	46.7	70.6
Fees and commission expense	2	(4.0)	(7.8)	(8.7)
<b>Net fee and commission income</b>		<b>35.1</b>	<b>38.9</b>	<b>61.9</b>
Other realised gains and losses	3	0.2	1.2	0.1
Unrealised gains and losses on investments		–	1.8	(0.5)
Investment income (excluding interest)		0.4	0.2	0.2
Bad debt expense		(0.4)	–	–
<b>Net income</b>		<b>35.2</b>	<b>42.2</b>	<b>61.8</b>
Compensation	4	(25.4)	(29.2)	(35.1)
Marketing and business development		(1.2)	(1.3)	(1.8)
Communications, IT & market data		(1.9)	(2.2)	(2.5)
Occupancy		(1.9)	(2.1)	(1.7)
Marketing services agreements	5	–	(12.6)	(5.7)
Melbourne office set up costs	6	(1.0)	–	–
Discontinued business initiative	7	(1.1)	–	–
Other expenses		(0.9)	(1.2)	(1.3)
<b>Total expenses</b>		<b>(33.3)</b>	<b>(48.6)</b>	<b>(48.1)</b>
<b>EBIT</b>	<b>8</b>	<b>2.0</b>	<b>(6.4)</b>	<b>13.7</b>
Interest income		0.3	0.3	0.3
Tax expense		(0.8)	1.8	(4.3)
<b>NPAT</b>	<b>8</b>	<b>1.5</b>	<b>(4.3)</b>	<b>9.8</b>

Notes:

1. Fees and commission income includes Corporate Advisory & Equities revenue.
2. Fees and commission expense includes trade, clearing and broker costs (related to Corporate Advisory and Equities) and commissions paid to third parties (related to Asset Management).
3. Other realised gains and losses includes gains and losses on the sale of investments and on the receipts and payments made in foreign currencies.
4. Compensation expense includes salaries, bonuses and related costs.
5. Item refers to expenses related to the Original Marketing Services Agreement and the VFM Marketing Services Agreement as set out in Section 4.6.
6. Refer to footnote 5 in table 7, Section 4.6.
7. Refer to footnote 6 in table 4, Section 4.3.
8. Refer to Section 4.2.3 and glossary for definitions of EBIT and NPAT.

## 04 Financial Information *(cont.)*

### 4.8 HISTORICAL AND FORECAST CONSOLIDATED CASH FLOWS

**TABLE 9: HISTORICAL AND FORECAST CONSOLIDATED CASH FLOWS**

YEAR END 31 DEC (\$ MILLIONS)	NOTES	PRO FORMA HISTORICAL			PRO FORMA FORECAST	STATUTORY FORECAST
		CY2014	CY2015	CY2016	CY2017	CY2017
EBIT		2.3	5.5	18.8	23.2	25.2
Non-cash movements	1	0.6	(2.3)	0.7	4.8	1.4
Change in working capital	2	(3.7)	(2.1)	0.3	(0.7)	(1.2)
<b>Operating cashflow before interest and tax</b>		<b>(0.8)</b>	<b>1.2</b>	<b>19.7</b>	<b>27.3</b>	<b>25.4</b>
Investments made less capital returns	3	(1.5)	2.5	(4.3)	2.4	2.4
Staff loans repaid/(drawn)	4	(1.5)	0.3	(0.3)	1.6	1.6
Capital expenditure		(0.3)	(0.0)	(0.2)	(0.3)	(0.3)
Interest income (including return on net Offer proceeds)	5	1.3	1.1	1.1	0.9	0.7
Marketing services agreements	6	–	–	–	–	(12.8)
Income taxes paid	7	(2.0)	(1.8)	(0.3)	(11.8)	(7.7)
Offer costs	8	–	–	–	–	(0.4)
<b>Net operating cash flow before dividends</b>		<b>(4.9)</b>	<b>3.3</b>	<b>15.7</b>	<b>20.0</b>	<b>8.9</b>
Offer proceeds						58.8
Dividends	9					(31.0)
<b>Net cash flow</b>						<b>36.6</b>

Notes:

1. Non-cash movements predominantly reflect depreciation and unrealised gains or losses on investments.
2. Working capital includes third party receivables, payables and accrued income and expenses.
3. Investments made less capital returns reflect the investing activities of Moelis Australia where investment positions are taken in securities of public or private companies for the purpose of generating profit.
4. Staff loans reflect loans provided to certain employees for investment in the Existing Staff Trusts.
5. Interest income includes return assumed to be earned on net Offer proceeds (after deducting the VFM Marketing Services Agreement termination payment) of \$44.2 million invested in a cash account at 1.75% per annum. The Forecast Financial Information (and the Pro forma Historical Information prepared on the same basis) assumes these funds are not deployed.
6. Payment reflects amount to be paid on Completion in relation to the termination of the VFM Marketing Services Agreement. Refer to Section 4.6 for further detail.
7. Pro forma income taxes paid reflects historical tax paid and statutory forecast tax payable adjusted for the impact of pro forma adjustments. Statutory forecast tax paid is based on applying the existing effective tax rate to the forecast taxable income (post deductions) for the year.
8. Offer costs of \$1.4 million have been expensed in the statutory forecast. The remaining costs of \$0.4 million will be capitalised against equity on the balance sheet.
9. The Existing Owners will receive a fully franked dividend estimated at \$31 million representing retained profits for periods prior to Completion, adjusted for a significant non-cash expense. See Section 4.6.

## 04 Financial Information *(cont.)*

### 4.9 RECONCILIATION OF STATUTORY AND PRO FORMA HISTORICAL AND FORECAST CASHFLOWS

**TABLE 10: RECONCILIATION OF STATUTORY AND PRO FORMA HISTORICAL AND FORECAST CASHFLOW STATEMENTS**

YEAR END 31 DEC (\$ MILLIONS)	NOTES	HISTORICAL			FORECAST
		CY2014	CY2015	CY2016	CY2017
Statutory net operating cash flow before dividends		(6.2)	2.0	13.2	8.9
Marketing services agreements	1		1.8	3.4	13.5
Melbourne office set up costs		1.5	–	–	–
Offer costs	2	–	–	–	1.8
Interest income on net Offer proceeds	3	0.8	0.8	0.8	0.2
Public company costs	4	(0.6)	(0.6)	(0.6)	(0.2)
Tax payments		(0.4)	(0.6)	(1.1)	(4.2)
<b>Pro forma net operating cash flow before dividends</b>		<b>(4.9)</b>	<b>3.3</b>	<b>15.7</b>	<b>20.0</b>

Notes:

1. Amounts reflect payments related to the Original Marketing Services Agreement and the VFM Marketing Services Agreement. Refer to Section 4.6 for further detail.
2. Adjustment to remove costs incurred in respect of the Offer costs. Total transaction costs associated with the Offer are forecast to be \$1.8 million and \$1.4 million of this amount is included as an expense in the CY2017 Statutory NPAT. The remaining \$0.4 million will be capitalised and offset against equity.
3. Pro forma financial information assumes incremental annual costs that will be incurred as a listed public company such as additional directors' fees, directors' and officers' insurance costs, ASX listing fees, share registry costs, additional audit and legal compliance costs and the costs of holding an annual general meeting.
4. Interest income includes returns assumed to be earned on net Offer proceeds (after deducting the VFM Marketing Services Agreement termination payment) of \$44.2 million invested in a cash account at 1.75% per annum. The Forecast Financial Information assumes these funds are not deployed during CY2017.

## 04 Financial Information *(cont.)*

### 4.10 PRO FORMA HISTORICAL CONSOLIDATED BALANCE SHEET

Table 11 below has been extracted from the audited balance sheet for Moelis Australia as at 31 December 2016 and adjusted to reflect the impact of the Offer and termination of the VFM Marketing Services Agreement as if these had taken place as at 31 December 2016.

The post-Offer pro forma historical consolidated balance sheet is provided for illustrative purposes and is not represented as being indicative of Moelis Australia's view of its potential future financial position.

**TABLE 11: PRO FORMA HISTORICAL CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2016**

31 DECEMBER 2016 (\$ MILLIONS)	NOTES	AUDITED STATUTORY	PRE-IPO DIVIDEND <sup>1</sup>	MARKETING SERVICES AGREEMENT TERMINATION <sup>2</sup>	IMPACT OF THE OFFER <sup>3</sup>	PRO FORMA
<b>Current Assets</b>						
Cash and cash equivalents		37.2	(29.4)	(12.8)	57.0	52.0
Receivables		17.4				17.4
Other financial assets	4	2.7				2.7
Other assets	5	2.1	(1.6)			0.5
<b>Total current assets</b>		<b>59.4</b>				<b>72.6</b>
<b>Non-current assets</b>						
Restricted cash		1.8				1.8
Other financial assets	4	1.6				1.6
Other assets	5	0.2				0.2
Property, plant & equipment		0.7				0.7
Investments in associates	6	5.2				5.2
Deferred tax asset		3.3		(3.8)	0.4	(0.1)
Goodwill		1.3				1.3
<b>Total non-current assets</b>		<b>14.2</b>				<b>10.7</b>
<b>Total assets</b>		<b>73.6</b>				<b>83.3</b>
<b>Current liabilities</b>						
Creditors	7	5.1				5.1
Income tax payable		4.5		(3.8)		0.7
Provisions	8	30.3		(12.8)		17.5
<b>Total current liabilities</b>		<b>39.9</b>				<b>23.2</b>
Deferred rent		0.1				0.1
Provisions		0.6				0.6
Other liabilities		0.2				0.2
<b>Total non-current liabilities</b>		<b>0.9</b>				<b>0.9</b>
<b>Total liabilities</b>		<b>40.8</b>				<b>24.2</b>
<b>Net assets</b>		<b>32.8</b>				<b>59.1</b>
<b>Equity</b>						
Issued capital		9.4			58.3	67.7
Marketing services agreement reserve		(8.6)				(8.6)
Retained profits and capital contributions		31.9	(31.0)		(0.9)	(0.0)
<b>Total Equity</b>		<b>32.8</b>				<b>59.1</b>

## 04 *Financial Information* (cont.)

Notes:

1. The Existing Owners will receive a fully franked dividend estimated at \$31 million representing retained profits for periods prior to Completion, adjusted for the significant non-cash expense relating to termination of the VFM Marketing Services Agreement. See Section 4.6 for further details.
2. Payment of \$12.8 million relates to the termination of the VFM Marketing Services Agreement which is conditional on Completion (see Section 4.6 for more detail).
3. Issued capital increases by \$58.3 million to reflect the equity raised under the Offer net of \$0.4 million costs of the Offer which have been capitalised and offset against equity on a tax effected basis. The remaining costs (\$1.4 million) are expensed and shown against retained earnings net of tax impacts.
4. Current and non-current other financial assets comprise investments in ASX listed entities (\$2.9 million) and unlisted entities (\$1.4 million).
5. Current and non-current other assets are predominantly employee loans. The aggregate loan balance will be paid down to below \$300,000 prior to Completion of the Offer.
6. Investments in associates comprise \$1.5 million in a private company and \$3.7 million in a fund managed by Moelis Australia.
7. Creditors relate to accounts payable and accrued expenses. Accounts payable relates to payroll tax and other accruals.
8. Provisions relate to employee benefits including the CY2016 annual bonus and the onerous contract provision related to the VFM Marketing Services Agreement discussed in Section 4.6.

### 4.11 LIQUIDITY AND CAPITAL SOURCES

Following Completion, Moelis Australia's principal sources of funds will be cash flow from operations and cash held at Completion of the Offer.

Moelis Australia expects that it will have sufficient cash flow from operations to meet its business needs during the forecast period and will have sufficient working capital to carry out its stated objectives.

Moelis Australia expects that its operating cash flow and cash held on balance sheet will position it to pursue business growth opportunities, including underwriting and seeding new asset management products. This cash is not forecast to be deployed, with the Pro forma Forecast Cash Flows assuming a return of 1.75% per annum based on a cash deposit rate. While the Company continually evaluates investment opportunities (see Section 2.7 for more detail on growth opportunities), there is no current transaction under investigation which is of sufficient certainty to permit its investment return to be included in the Pro forma Forecast Financial Information.

### 4.12 INDEBTEDNESS

Moelis Australia does not currently have any loans or borrowings on its balance sheet.

Immediately following Completion, Moelis Australia is expected to have \$54 million in cash and investments.

## 04 Financial Information *(cont.)*

### 4.13 MANAGEMENT DISCUSSION AND ANALYSIS OF PRO FORMA HISTORICAL INFORMATION

#### 4.13.1 Management discussion and analysis: Pro forma CY2015 compared to pro forma CY2014

**TABLE 12: SUMMARY PRO FORMA CONSOLIDATED INCOME STATEMENT CY2015 COMPARED TO CY2014**

YEAR END 31 DEC (\$ MILLIONS)	NOTES	CY2014	CY2015	CHANGE (%)
<b>Net revenue</b>				
Corporate Advisory & Equities		32.9	35.1	7%
Asset Management		2.4	7.1	190%
<b>Total net revenue</b>		<b>35.4</b>	<b>42.2</b>	<b>19%</b>
<b>Expenses</b>				
Compensation		(25.4)	(29.2)	15%
Marketing and business development		(1.2)	(1.3)	10%
Communications, IT & market data		(1.9)	(2.2)	18%
Occupancy		(1.9)	(2.1)	13%
Discontinued business initiative	1	(1.1)	–	(100%)
Other costs		(1.6)	(1.8)	8%
<b>Total expenses</b>		<b>(33.0)</b>	<b>(36.6)</b>	<b>11%</b>
<b>EBIT</b>				
Interest income (including interest on net Offer proceeds)	2	1.2	1.1	(7%)
<b>PBT</b>		<b>3.5</b>	<b>6.6</b>	<b>90%</b>
Tax expense		(1.2)	(2.1)	80%
<b>NPAT</b>		<b>2.3</b>	<b>4.6</b>	<b>95%</b>
<b>Key metrics</b>				
Average headcount		53	64	21%
Advisory revenue per head (\$ millions)		1.0	0.9	(10%)
Securities trading commission per trading day (\$000s)		23.1	28.6	24%
Average assets under management (\$ millions)		161	624	288%
Compensation ratio (% net revenue)		72%	69%	(4%)
Non-compensation expense per head (A\$000s)		124	116	(7%)
EBIT margin (% net revenue)		7%	13%	101%

Notes:

1. See footnote 6 in table 4, Section 4.3.
2. See footnote 8 in table 4, Section 4.3.

## 04 *Financial Information* (cont.)

### Revenue

Between CY2014 and CY2015 net revenue increased by 19% to \$42.2 million from \$35.4 million.

Corporate Advisory & Equities increased revenue from securities trading services driven by a number of factors including improved market conditions. Mergers & acquisitions and equity capital markets revenues increased marginally in CY2015 with a significant increase in mergers & acquisitions deal volumes offsetting a subdued year for Moelis Australia in equity capital markets.

Asset Management experienced strong equity inflows during the second half of CY2014 and throughout CY2015 resulting in increased assets under management and consequently higher asset management revenue. Average assets under management increased from \$161 million at the end of CY2014 to \$624 million at period end CY2015, driven predominantly by the significant investor visa funds program.

### Expenses

Moelis Australia's most substantial expense is staff compensation (salaries and bonuses). Compensation expense, and in particular the salary component, is closely linked to average headcount. Bonuses are linked to the overall performance of Moelis Australia, however bonuses in general tend to be lower as a percentage of revenue and profit as revenues grow and proportionately higher in periods where revenue is not as high, reflecting a less variable nature of bonuses for more junior staff.

The 15% increase in compensation expense was due mainly to the 21% increase in average headcount.

Communications, IT and data expenses are generally correlated to headcount.

The increase in occupancy costs was the result of the first year of lease costs in relation to the Melbourne office established in late 2014.

The CY2014 EBIT includes \$1.1 million of expenses associated with a discontinued business initiative relating to launching of a listed investment company, which did not proceed.

### EBIT

As a result of changes in revenue and expenses discussed above, EBIT increased by \$3.2 million to \$5.5 million in CY2015. The group EBIT margin (% net revenue) increased to 13% in CY2015 from 7% in CY2014, largely as a result of growth in revenue exceeding the growth in expenses.

## 04 Financial Information *(cont.)*

**TABLE 13: SUMMARY PRO FORMA CONSOLIDATED CASH FLOWS CY2015 COMPARED TO CY2014**

YEAR END 31 DEC (\$ MILLIONS)	NOTES	CY2014	CY2015	CHANGE
EBIT		2.3	5.5	3.2
Non-cash movements	1	0.6	(2.3)	(2.9)
Change in working capital		(3.7)	(2.1)	1.6
<b>Operating cashflow before interest and tax</b>		<b>(0.8)</b>	<b>1.2</b>	<b>2.0</b>
Investments made less capital returns	2	(1.5)	2.5	4.1
Staff loans repaid/(drawn)	3	(1.5)	0.3	1.8
Capital expenditure		(0.3)	(0.0)	0.3
Interest income (including return on net Offer proceeds)	4	1.3	1.1	(0.2)
Income taxes paid		(2.0)	(1.8)	0.2
<b>Net operating cash flow before dividends</b>		<b>(4.9)</b>	<b>3.3</b>	<b>8.2</b>

Notes:

1. Non-cash movements predominantly reflect depreciation and unrealised gains or losses on investments.
2. Investments made less capital returns reflects the investing activities of Moelis Australia where investment positions are taken in securities of public or private companies for the purposes of generating profit.
3. Staff loans reflect loans provided to certain employees for investment in the Existing Staff Trusts.
4. Interest income includes return assumed to be earned on net Offer proceeds (after deducting the VFM Marketing Services Agreement termination payment) of \$44.2 million invested in a cash account generating 1.75% per annum. The Forecast Financial Information assumes these funds are not deployed during CY2017.

### Non-cash items

CY2015 includes a \$2.5 million unrealised gain on investments.

### Changes in working capital

CY2014 year end debtor balance was significantly higher than the prior year, as a result of the timing of recognition and receipt of transaction fees.

### Capital expenditure

CY2014 capital expenditure relates to the purchase of IT infrastructure equipment.

## 04 Financial Information *(cont.)*

### 4.13.2 Management discussion and analysis: Pro forma CY2016 compared to pro forma CY2015

**TABLE 14: SUMMARY PRO FORMA CONSOLIDATED INCOME STATEMENT CY2016 COMPARED TO CY2015**

YEAR END 31 DEC (\$ MILLIONS)	NOTES	CY2015	CY2016	CHANGE (%)
<b>Net revenue</b>				
Corporate Advisory & Equities		35.1	46.2	31%
Asset Management		7.1	15.6	121%
<b>Total net revenue</b>		<b>42.2</b>	<b>61.8</b>	<b>46%</b>
<b>Expenses</b>				
Compensation		(29.2)	(35.1)	20%
Marketing and business development		(1.3)	(1.8)	37%
Communications, IT & market data		(2.2)	(2.5)	11%
Occupancy		(2.1)	(1.7)	(20%)
Other		(1.8)	(2.0)	10%
<b>Total Expenses</b>		<b>(36.6)</b>	<b>(43.0)</b>	<b>17%</b>
<b>EBIT</b>				
Interest income (including return on net Offer proceeds)	1	1.1	1.1	3%
<b>PBT</b>		<b>6.6</b>	<b>19.9</b>	<b>200%</b>
Tax expense		(2.1)	(6.1)	192%
<b>NPAT</b>		<b>4.6</b>	<b>13.9</b>	<b>203%</b>
<b>Key metrics</b>				
Average headcount		64	72	12%
Advisory revenue per head (\$ millions)		0.9	1.1	22%
Securities trading commission per trading day (\$000s)		29	42	47%
Average assets under management (\$ millions)		624	976	56%
Compensation ratio (% net revenue)		69%	57%	(18%)
Non-compensation expense per head (\$000s)		116	110	(5%)
EBIT margin (% net revenue)		13%	30%	131%

Notes:

1. See footnote 8 in table 4, Section 4.3.

#### Revenue

Between CY2015 and CY2016 pro forma net revenue increased by 46% to \$61.8 million from \$42.2 million.

Corporate Advisory & Equities contributed \$11.1 million to the increase in Moelis Australia net revenue over CY2016 driven by:

- > Higher level of Corporate Advisory net revenue driven by a higher number of completed deals at higher transaction values, resulting in higher transaction fee revenue. Favorable equity markets resulted in more completed equity capital markets transactions with greater deal volume. Origination of deals by newly promoted managing directors and overall increased deal flow resulting from stronger market positioning also contributed to the result; and
- > Higher revenue from security trading commissions driven by a number of factors including favourable equity markets, the contribution from new hires and increased volume of trading from Asset Management.

Asset Management contributed \$8.5 million of the increase in Moelis Australia net revenue over CY2016. Strong equity inflows continued through to CY2016 with average assets under management growing 56% from \$624 million to \$976 million and consequently resulting in higher asset management revenue. The 2016 result included \$1.2 million from a performance fee on the sale of a fund property and an upfront fee earned on the launch of a new fund.

## 04 Financial Information *(cont.)*

### Expenses

Average number of staff increased 12% over the period. Higher revenue and EBIT resulted in a larger bonus component for 2016. The ratio of compensation to revenue decreased from 69% to 57% reflecting the higher revenue and EBIT in 2016.

Marketing expenses grew strongly mainly due to initiatives aimed at securing new investors for the Asset Management business.

The reduction in occupancy expense was due to a reduction in premises expense following a lease renewal.

### EBIT

As a result of changes in revenue and expenses discussed above, EBIT increased by \$13.3 million to \$18.8 million in CY2016. The group EBIT margin (% net revenue) increased to 30% in CY2016 from 13% in CY2015, largely as a result of growth in revenue exceeding the growth in expenses.

**TABLE 15: SUMMARY PRO FORMA CONSOLIDATED CASH FLOWS CY2016 COMPARED TO CY2015**

YEAR END 31 DEC (\$ MILLIONS)	NOTES	CY2015	CY2016	CHANGE
EBIT		5.5	18.8	13.2
Non-cash movements	1	(2.3)	0.7	2.9
Change in working capital		(2.1)	0.3	2.4
<b>Operating cashflow before interest and tax</b>		<b>1.2</b>	<b>19.7</b>	<b>18.5</b>
Investments made less capital returns	2	2.5	(4.3)	(6.8)
Staff loans repaid/(drawn)	3	0.3	(0.3)	(0.6)
Capital expenditure		(0.0)	(0.2)	(0.2)
Interest income (including return on net Offer proceeds)	4	1.1	1.1	0.0
Income taxes paid		(1.8)	(0.3)	1.5
<b>Net operating cash flow before dividends</b>		<b>3.3</b>	<b>15.7</b>	<b>12.4</b>

Notes:

1. Non-cash movements predominantly reflects depreciation and unrealised gains or losses on investments.
2. Investments made less capital returns reflects the investing activities of Moelis Australia where investment positions are taken in securities or public or private companies for the purposes of generating profit.
3. Staff loans reflect loans provided to certain employees for investment in the Existing Staff Trusts.
4. Interest income includes return assumed to be earned on net Offer proceeds (after deducting the VFM Marketing Services Agreement termination payment) of \$44.2 million invested in a cash account generating 1.75% per annum. The Forecast Financial Information assumes these funds are not deployed during CY2017.

### Non-cash movements

CY2015 non-cash movement includes a \$2.5 million unrealised gain on investments.

### Income taxes paid

Income taxes paid in CY2016 includes a refund of instalment tax paid in 2015.

## 04 *Financial Information* (cont.)

### 4.14 FORECAST FINANCIAL INFORMATION

The basis of preparation for the CY2017 Forecast Financial Information is detailed in this Section 4.14. Section 4.14.1 includes the Directors' best estimate general assumptions adopted in preparing the Forecast Financial Information Period. In addition to these general assumptions, the Directors' best estimate specific material assumptions underlying the Forecast are detailed in Section 4.14.2.

#### 4.14.1 General assumptions

The following general assumptions are relevant to the Forecast Financial Information:

- > There are no material changes in the competitive and operating environment in which Moelis Australia operates;
- > There are no significant deviations from current market expectations of economic and market conditions under which Moelis Australia operates;
- > There are no material changes in government legislation, tax legislation, regulatory requirements or government policy that will have a material impact on the financial performance, cash flows, financial position, accounting policies, financial reporting, disclosures of Moelis Australia or the ability of Moelis Australia to provide corporate advisory, securities trading and investment management services to clients;
- > There are no changes in applicable AAS, IFRS, other mandatory professional reporting requirements or the Corporations Act which could have a material impact on Moelis Australia's reported financial performance or cash flows, financial position, accounting policies, financial reporting or disclosures;
- > There are no material employee relations disputes or other disturbances, contingent liabilities or legal claims that arise or that are settled to the detriment of Moelis Australia; there are no material changes in key personnel, including key management personnel. It is also assumed that Moelis Australia will maintain its ability to recruit and retain the personnel required to support future growth;
- > There are no material losses of clients;
- > There are no material changes to Moelis Australia's corporate and funding structure;
- > There are no significant disruptions to the continuity of operations of Moelis Australia or other material changes in the business; there are no material amendments to any material contract, agreement or arrangement relating to Moelis Australia's business or intellectual property;
- > None of the risks listed in Section 5 has a material adverse impact on the operations of Moelis Australia; and
- > The Offer proceeds are received in accordance with the timetable set out in the Key Offer Dates section of this Prospectus.

#### 4.14.2 Specific material assumptions affecting the Forecast Financial Information and management discussion

The Forecast Financial Information is based on various specific assumptions, of which the key assumptions are set out below. The assumptions below are a summary only and do not represent all factors that will affect Moelis Australia's forecast financial performance. This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur.

The CY2017 forecast revenues have been built up at an individual business segment level follows:

##### Corporate Advisory & Equities revenue

Corporate Advisory & Equities comprises two main revenue components; corporate advisory (including equity capital markets) revenue and securities trading commissions earned on share trading execution services.

## 04 *Financial Information* (cont.)

Specific assumptions include:

- > Advisory revenue
  - Forecast based on an assessment of fees expected to be earned through monthly retainers and transaction fees for CY2017. Management has given consideration to Moelis Australia's deal pipeline of all active and potential transactions, their respective transaction values and expected fee outcomes based on an assessment of probabilities of deals completing. The forecasting process also takes into consideration the pipeline conversion historically.
  - In CY2017 the contribution from the Melbourne office, which is now maturing and experiencing increased transaction volumes, is expected to increase to a level closer to the average for Moelis Australia.
  - Other considerations include the historical revenue generated by managing directors based on their experience and historical performance as well as repeat clients of Moelis Australia and their anticipated levels of corporate activity.
  - Historical performance and measures of targeted and historical productivity (for example revenue per corporate advisory staff member and seasonality of revenue) are also used as a cross-check. Historically, advisory revenue has been consistently stronger in the second half of the year, as shown in Figure 9, Section 2.5.2.4.
- > Equities revenue
  - Securities trading commissions per day are forecast based on an assessment of historical trends including historical run-rates in daily commissions. Gross daily securities trading commissions are forecast to grow by 5.0% in CY2017, which is representative of organic growth through nominal share price growth and levels of equity trading consistent with past experience across listed equity markets. The level of forecast growth is assumed to be significantly lower than the CY2014 – CY2016 period.

### **Asset management revenue**

- > Asset Management revenue is based on forecast recurring monthly management fees (charged as a percentage of assets under management) and for some, but not all funds, half-yearly fees based on a fixed percentage of distributions made to investors (distribution fees).
  - Fee schedules for monthly management fees and half-yearly fees on distributions are based on existing fee arrangements in place
  - The average value of assets under management is forecast to increase from \$976 million during December CY2016 to \$1,214 million for CY2017 based on:
    - An assumed level of monthly equity inflows and outflows in existing funds during CY2017 consistent with historical trends and the current pipeline of interested investors with whom management are in active discussion. Funds under management from significant investor visa fund investors are forecast to grow (net of redemptions) by \$167 million in CY2017, based on three new investors each contributing \$5 million per month, with funds invested assumed to be allocated in line with historical trends.
    - Establishment of unlisted high net worth investor funds with assets under management of approximately \$125 million based on the current pipeline of new funds which are in the process of being established. The new funds are forecast to contribute \$2.4 million in revenue in CY2017.
    - Subsequent deployment of funds through the acquisition of assets with investor equity inflows. Certain funds (for example those with a property focus) also assume a level of debt funding for acquisitions which results in assets under management increasing by more than the amount of assumed new equity inflows.
  - Fund distributions for the purposes of calculating forecast distribution fees are based on targeted distribution yields for each fund.
  - Commissions and other fees relating to funds inflow payable to third parties which net off management fee revenue are based on existing arrangements.
  - Average revenue as a percentage of assets under management is forecast to increase to 1.9% in CY2017 relative to 1.6% in CY2016. No performance fees have been forecast in CY2017.

## 04 *Financial Information* (cont.)

### Other revenue

Interest income includes return assumed to be earned on net Offer proceeds (after deductions the VFM Marketing Services Agreement termination payment) of \$42.4 million assuming a cash deposit rate of 1.75% per annum. Management is targeting to deploy this cash to generate revenue growth across Corporate Advisory and Asset Management segments incremental to the assumptions adopted in the CY2017 forecast. While the Company continually evaluates investment opportunities (see Section 2.7 for more detail on growth opportunities), there is no current transaction under investigation which is of sufficient certainty to permit its investment returns to be included in the Pro forma Forecast Financial Information.

### Expenses

Key assumptions underlying operating expenses in the Forecast period include:

- > Employee compensation is forecast based on salaries and on-costs of the existing headcount of the business with an allowance for planned new hires to support the level of growth in the business. Six new graduate and junior banker hires are included in the forecast during CY2017. The average headcount is expected to increase by 18% from 72 in CY2016 to 85 in CY2017. Staff bonus expense is based on forecast revenue and profitability and to the extent that revenue is lower than forecast, may be reduced to maintain profitability. No key management positions that are critical to achieving the CY2017 forecast remain open at the date of this Prospectus.
- > Marketing and business development expenditure is based on prior levels of expenditure adjusted for anticipated higher level of marketing activities to be undertaken in CY2017.
- > Communications, IT and market data expenditure is based on the increase in average headcount.
- > Occupancy expenses are forecast based on existing property leases taking into account known contractual terms as well as straight-line lease accounting adjustments where applicable.
- > Expenses also include incremental costs that Moelis Australia will expect to incur as a public listed entity (as set out in the pro forma adjustments in table 7) such as additional directors' fees, directors' and officers' insurance costs, ASX listing fees, share registry costs, additional audit and legal compliance costs and the costs of holding an Annual General Meeting.

### Income tax

Income tax is based on an effective tax rate of 30.4%, reflecting the current corporate tax rate in Australia of 30.0%, with an allowance for permanent differences arising from non-deductible expenses.

## 04 Financial Information *(cont.)*

### 4.14.3 Management discussion and analysis of Forecast Financial Information

**TABLE 16: PRO FORMA CONSOLIDATED INCOME STATEMENT – CY2017 COMPARED TO CY2016**

YEAR END 31 DEC (\$ MILLIONS)	NOTES	CY2016	CY2017	CHANGE (%)
<b>Net revenue</b>				
Corporate Advisory & Equities		46.2	50.4	9%
Asset Management		15.6	22.8	46%
<b>Total net revenue</b>		<b>61.8</b>	<b>73.2</b>	<b>19%</b>
<b>Expenses</b>				
Compensation		(35.1)	(41.3)	18%
Marketing and business development		(1.8)	(2.1)	20%
Communications, IT & market data		(2.5)	(2.8)	14%
Occupancy		(1.7)	(1.7)	3%
Other		(2.0)	(2.0)	2%
<b>Total Expenses</b>		<b>(43.0)</b>	<b>(50.0)</b>	<b>16%</b>
<b>EBIT</b>		<b>18.8</b>	<b>23.2</b>	<b>24%</b>
Interest income (including return on net Offer proceeds)	1	1.1	0.9	(22%)
<b>PBT</b>		<b>19.9</b>	<b>24.1</b>	<b>21%</b>
Tax expense		(6.1)	(7.3)	21%
<b>NPAT</b>		<b>13.9</b>	<b>16.8</b>	<b>21%</b>
<b>Key metrics</b>				
Average headcount		72	85	18%
Advisory revenue per head (\$ millions)		1.1	1.1	(2%)
Securities trading commission per trading day (\$000s)		42	44	5%
Average assets under management (\$ millions)		976	1,214	24%
Compensation ratio (% net revenue)		57%	56%	(1%)
Non-compensation expense per head (\$000s)		110	102	(7%)
EBIT Margin (% net revenue)		30%	32%	4%

Notes:

1. See footnote 8 in table 4, Section 4.3.

#### Revenue

Moelis Australia pro forma net revenue is forecast to increase by 19% to \$73.2 million in CY2017. This growth is derived from growth in the following revenue streams:

- > Increase in advisory revenue reflects growth in the market for advisory engagements supported by management views around the level of corporate activity in Australia in CY2017. The increasing productivity of senior employees in line with their growing experience driving transaction origination, the Melbourne office maturing following investment over the previous two years, further development of client relationships and Moelis Australia's overall market position becoming more developed are together expected to drive this level of growth. The increase in revenue is further supported by a robust pipeline of mandated transactions, including a number which have either closed or are anticipated to close in the first half of CY2017.
- > 5.0% increase in gross daily securities trading commissions reflecting moderated levels of growth seen in CY2016 as the market continues to increase in value and Moelis Australia deepens its focus on key sectors and client relationships, including funds managed by Asset Management.
- > 46% increase in Asset Management net revenues reflecting the growth in average assets under management of 24% from \$976 million to \$1,214 million. Approximately half the growth in average assets under management comes through asset acquisitions occurring in CY2016 and CY2017 with equity funds raised from investors during CY2016, with the balance of the growth in average assets under management arising from the investment of new inflows of equity in CY2017. Additional fund inflows relate to new, high net worth individuals in the significant investor visa program, as well as domestic and offshore wholesale investors investing in bespoke unlisted fund opportunities.

## 04 Financial Information *(cont.)*

### Expenses

Expenses are forecast to increase by 16% to \$50.0 million in CY2017. The increase assumes that:

- > Compensation is forecast to increase by 18% to \$41.3 million driven by an increase in salaries due to a 18% increase in average headcount relative to CY2016 and higher bonus expense in line with the forecast increase in revenue and profitability. The forecast compensation ratio is expected to reduce marginally reflective of increased Asset Management revenue and the economies of scale of this business segment.
- > Marketing and business development costs are forecast to increase by 20% to \$2.1 million in-line with increased business development activities supporting the growth in the Asset Management business.
- > Communications, IT & market data costs are forecast to increase by 14% to \$2.8 million reflecting increased equipment, IT support and data service requirements of the increased head count relative to CY2016.

### EBIT

As a result of forecast changes in net revenue and operating net expenses discussed above, EBIT is forecast to increase by 24% to \$23.2 million in CY2017. The group EBIT margin (% net revenue) is forecast to increase to 32% in CY2017 from 30% in CY2016. The increase in EBIT margin is driven by the increase in the EBIT margin of Asset Management which benefits from economies of scale and the increased proportion of that Asset Management EBIT represents of total group EBIT.

### Tax expense

Income tax expense of \$7.3 million has been forecast in CY2017 based on effective tax rate of 30.4%, reflecting the current corporate tax rate in Australia in CY2017, with an allowance for permanent differences arising from non-deductible expenses. Income tax expense has been adjusted to reflect the tax effect of the pro forma adjustments made to the Forecast Financial Information.

**TABLE 17: SUMMARY PRO FORMA CONSOLIDATED CASH FLOWS CY2017 COMPARED TO CY2016**

YEAR END 31 DEC (\$ MILLIONS)	NOTES	CY2016	CY2017	CHANGE
EBIT		18.8	23.2	4.4
Non-cash movements	1	0.7	4.8	4.2
Change in working capital		0.3	(0.7)	(1.0)
<b>Operating cashflow before interest and tax</b>		<b>19.7</b>	<b>27.3</b>	<b>7.6</b>
Investments made less capital returns	2	(4.3)	2.4	6.7
Staff loans repaid/(drawn)	3	(0.3)	1.6	1.9
Capital expenditure		(0.2)	(0.3)	(0.1)
Interest income (including return on net Offer proceeds)	4	1.1	0.9	(0.2)
Income taxes paid		(0.3)	(11.8)	(11.5)
<b>Net operating cash flow before dividends</b>		<b>15.7</b>	<b>20.0</b>	<b>4.4</b>

Notes:

1. Non-cash movements over the historical period have predominantly reflected depreciation charges as well as unrealised gains and losses on investments. Non-cash items in CY2017 include the equity component of the Bonus Scheme, forecast on a pro forma basis at \$4.5 million for the year.
2. Investments made less capital returns reflects the investing activities of Moelis Australia where investment positions are taken in securities of public or private companies for the purposes of generating profit.
3. Staff loans reflect loans provided to employees for investment in the Existing Staff Trusts.
4. Interest income includes return assumed to be earned on net Offer proceeds (after deducting the VFM Marketing Services Agreement termination payment) of \$44.2 million invested in a cash account generating 1.75% per annum. The Forecast Financial Information assumes these funds are not deployed during CY2017.

### Investments

CY2017 Forecast assumes receipt of capital returns from one of the unlisted investments.

## 04 Financial Information *(cont.)*

### Staff loans

Staff loans will be substantially repaid from CY2016 employee bonuses and from distribution of the pre-Completion dividend through the Existing Staff Trusts.

### Income tax

CY2017 Forecast assumes that Moelis Australia pays tax progressively over the year with no refund or additional tax payable after year end.

### 4.15 SENSITIVITY ANALYSIS

The Forecast Financial Information is based on a number of estimates and assumptions as described in Section 4.14. These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Moelis Australia, its Directors and Moelis Australia management. These estimates are also based on assumptions with respect to future business decisions which are subject to change.

Set out below is a summary of the sensitivity of certain CY2017 Forecast Financial Information to changes in a number of key variables. The changes in the key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced. Sensitivity analysis is conducted independently of potentially interrelated effects resultant from a variance in the assumption. Variations in actual performance could exceed the ranges shown.

The effect of the changes in key assumptions on the CY2017 forecast pro forma EBIT of \$23.2 million and pro forma NPAT of \$16.8 million is set out in table 18 below.

**TABLE 18: SENSITIVITY ANALYSIS**

	CY2017 PRO FORMA IMPACT		
	INCREASE / DECREASE	EBIT	NPAT
Change in advisory revenue <sup>1</sup>	20% / (20%)	5.4 / (5.4)	3.8 / (3.8)
Change in securities commissions net revenue <sup>2</sup>	10% / (10%)	0.8 / (0.8)	0.6 / (0.6)
Change in asset management fees (% AUM) <sup>3</sup>	10bps / (10bps)	1.1 / (1.1)	0.8 / (0.8)
Change in asset management equity inflows <sup>4</sup>	20% / (20%)	0.9 / (0.9)	0.6 / (0.6)
Change in total compensation expense <sup>5</sup>	5% / (5%)	(1.2) / 1.2	(0.8) / 0.8

#### Notes:

- Change in advisory revenue – The advisory revenue sensitivity demonstrates the impact of a change in assumed advisory revenue by +/- 20% on Moelis Australia's EBIT and NPAT for CY2017. The calculation is based on sensitising advisory revenue and incorporating related changes in key variable expenses (predominantly bonuses). NPAT movement reflects associated tax impact.
- Change in securities commissions net revenue – The securities commissions sensitivity demonstrates the impact of a change in the assumed securities commissions net revenue by +/- 10% on Moelis Australia's EBIT and NPAT for CY2017. The calculation is based on sensitising net securities commissions revenue and incorporating related changes in key variable expenses (predominantly employee commission expenses and bonuses). NPAT movement reflects associated tax impact.
- Change in asset management fees (% AUM) – The asset management fees (% AUM) sensitivity demonstrates the impact of a change in asset management fees as a percentage of assets under management by +/- 10 basis points on Moelis Australia's EBIT and NPAT for CY2017. The calculation is based on sensitising the asset management fee schedule and incorporating related changes in key variable expenses (predominantly bonuses). NPAT movement reflects associated tax impact.
- Change in asset management equity inflows – The equity inflow sensitivity demonstrates the impact of equity inflow increasing / decreasing by 20% on Moelis Australia's EBIT and NPAT for CY2017. The calculation assumes a proportionate increase or decrease in assets under management, and incorporates related changes in key variable expenses (predominately bonuses). NPAT movement reflects associated tax impact.
- Change in total compensation expense – The total compensation expense sensitivity demonstrates the impact of a change in total compensation expense by +/- 5% on Moelis Australia's EBIT and NPAT for CY2017. NPAT movement reflects associated tax impact.

### 4.16 DIVIDEND POLICY

Moelis Australia will target a dividend pay-out ratio of between 30% and 50% of Net Operating Cash flow. Dividend policy is subject to change and is at the absolute discretion of the Board. Net Operating Cash flow is defined as NPAT excluding material non-cash expenses (i.e. equity based compensation and unrealised gains on investments) and includes the assumed net interest earned on net Offer proceeds (at a cash rate of 1.75%). The Board's intention is to pay dividends on an annual basis, with the first ordinary dividend to be paid in respect of the period from Completion until 31 December 2017.

*Risks*



# 05 Risks

## 5.1 INTRODUCTION

The future performance of Moelis Australia and the future investment performance of Shares may be influenced by a range of factors, many of which are outside the control of Moelis Australia. Any, or a combination of, these factors may have a material adverse impact on Moelis Australia's business, operating and financial performance.

This Section 5 describes what Moelis Australia believes to be the key risks associated with the operations of Moelis Australia, the industry in which Moelis Australia operates and the risks associated with an investment in Moelis Australia. It does not purport to list every risk that may be associated with Moelis Australia's business, the industry in which it operates and the risks associated with an investment in Moelis Australia now or in the future. The occurrence of, or consequences of, some of the risks described in this Section 5 are partially or completely outside of the control of Moelis Australia, its Directors and Moelis Australia management.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk, if it did occur. That assessment is based on the knowledge of the Directors and Moelis Australia management as at the date of this Prospectus, but there is no guarantee or assurance that the importance of different risks will not change or that other risks or matters that may adversely impact Moelis Australia's business will not emerge.

Any of these risks, or any other risks or other matters, may emerge and may have a material adverse effect on the Company and its financial position and performance. There can be no guarantee that Moelis Australia will deliver on its business strategy, or that the forecasts or any forward looking statement contained in this Prospectus will be achieved or realised.

Before applying for Shares, you should satisfy yourself that you have a sufficient understanding of the risks described in this Section 5 and all of the other information set out in this Prospectus, and consider whether the Shares are a suitable investment for you, having regard to your investment objectives, financial situation, taxation position and particular needs.

If investors are unclear in relation to any matter or are uncertain as to whether Moelis Australia is a suitable investment for them, they should seek professional guidance from their solicitor, stockbroker, accountant or other independent and qualified professional advisor before deciding whether to invest in Moelis Australia.

## 5.2 SPECIFIC RISKS OF AN INVESTMENT IN MOELIS AUSTRALIA

### 5.2.1 Inability to retain senior executives

Moelis Australia's success is dependent on the efforts of its senior executives across each of its business divisions. The Australian market for highly skilled finance executives is competitive and may result in the loss of senior executives leading to the loss of certain clients or other employees. The loss of senior executives and the fact that they may compete with Moelis Australia in subsequent roles could reduce Moelis Australia's ability to generate revenue, adversely impacting financial performance.

### 5.2.2 Changing market conditions

As a financial services group, Moelis Australia is affected by conditions in the global financial markets and economic conditions throughout the world. The future market and economic climate may deteriorate because of many factors beyond Moelis Australia's control, including rising interest rates or inflation or political uncertainty. Changing market conditions can adversely affect Moelis Australia by reducing the volume of transactions executed across Corporate Advisory & Equities and by reducing the value of assets under management in Asset Management, both of which would adversely affect Moelis Australia's revenue. Profitability may also be adversely affected if Moelis Australia is unable to sufficiently scale back costs to match any decreases in revenue.

For example, as it relates to Corporate Advisory:

- > During periods of unfavourable market or economic conditions, the volume and value of mergers & acquisitions transactions may decrease, thereby reducing the demand for Moelis Australia mergers & acquisitions advisory services and leading to an adverse impact on the financial performance of Moelis Australia; and
- > During periods of strong market and economic conditions, the volume and value of recapitalisation and restructuring transactions may decrease, thereby reducing the demand for related advisory services leading to an adverse impact on the financial performance of Moelis Australia.

## 05 Risks *(cont.)*

For example, as it relates to Asset Management:

- > During periods of weak market or economic conditions, investors may redeem funds or limit themselves from investing new capital in funds managed by Moelis Australia. A reduction in investor capital inflows would adversely impact revenues and future growth of Asset Management. Furthermore, adverse economic conditions could impact performance and the value of assets under management causing a reduction in management fee revenue which is generally charged as a percentage of the underlying value of assets under management; and
- > During periods of sustained low interest rates and relative market stability, returns on assets generally reduce. This may limit Asset Management's ability to source assets whose income returns are sufficient to meet the distribution expectations of its investors. This may constrain new equity inflow, or put pressure on Asset Management to reduce its fees.

### 5.2.3 Competition

Moelis Australia faces competition from other financial services firms, many of which have the ability to offer clients a wider range of products and services. Competitors include global and domestic investment banks, independent financial services groups, domestic stockbrokers and global and domestic investment managers.

Moelis Australia competes based on a number of factors, including depth of client relationships, industry knowledge, transaction execution skills, range of products and services, innovation, reputation and price. Increased competition could lead to fewer advisory mandates won, a reduction in securities trading volumes, lower than expected assets under management due to investor redemptions or reduced new fund inflow and pricing pressures that could adversely affect revenue and thus financial performance of Moelis Australia.

### 5.2.4 Timing differences and seasonality in Corporate Advisory revenue

Timing differences in Corporate Advisory revenue could affect inter-year results. Since transaction based fees are generally paid only once a transaction completes, the timing of receipt and recognition of revenue depends on transaction timing and outcomes, many elements of which are outside Moelis Australia's control and may be difficult to predict. A substantial proportion of these fees typically become payable in the last half of the financial year. Short timing differences as to whether transactions complete late one financial year or early the following financial year could materially affect financial performance in each year and relativity between years.

For example, Moelis Australia may be engaged by a client in connection with a sale or divestiture, but the transaction may not occur because, among other things, anticipated bidders may not materialise, no bidder is prepared to pay the client's price or because the client's business experiences unexpected financial problems. In these circumstances, despite potentially having the ability to complete the transaction in later periods, significant advisory fees may not be received immediately. Fluctuations in Moelis Australia's inter year financial results could lead to adverse movements in Moelis Australia's share price or increased volatility in the share price generally.

### 5.2.5 Regulation

#### Significant investor visa program

Asset Management generates a portion of revenue from clients who participate in the significant investor visa program. The significant investor visa program is an initiative set up by the Australian government to incentivise foreign investment in Australia. Subject to meeting certain minimum criteria, foreign investors are provided an opportunity to secure permanent residency visas in Australia. If the significant investor visa program is terminated by the government, this would eventually result in the end of significant investor visa investor capital inflows and a possible increase in redemptions or withdrawals by existing investors. Significant investor visa capital inflows may also reduce due to adverse changes in foreign regulations that, for example, may prevent investors from transferring their capital overseas for investment. Reduced significant investor visa capital inflows would likely reduce Moelis Australia's assets under management.

With a lower value of assets under management, Moelis Australia would experience a reduction in revenues or expected revenue growth adversely impacting financial performance and expected growth prospects.

## 05 Risks *(cont.)*

### Compliance with regulation in Australia

Moelis Australia conducts its business in a highly regulated industry and must comply with the requirements of its Australian Financial Services Licences, the Corporations Act, ASIC, ASX, DFAT and other regulators.

Non-compliance with regulatory requirements may result in financial penalties, additional expense or reputation damage to Moelis Australia. In addition, changes to regulation may result in increased costs to Moelis Australia in order to comply with regulatory requirements, and an increased risk of non-compliance with new and complex regulation.

### 5.2.6 Fund returns and management fee rates

Achieving satisfactory investment returns on the funds which Moelis Australia manages is critical to retaining existing investors and attracting new investors. While Moelis Australia's management fees are largely based on a fixed percentage of assets under management, if investor return expectations are not being achieved Asset Management may come under pressure to reduce its fees.

For some funds, Asset Management also earns a portion of its revenue on the basis of a percentage of investor distributions. A reduction in distributions will therefore result in lower Asset Management fees.

Acquiring assets which meet the funds' return hurdle rates is dependent on market prices and competition for assets. Sustained lower interest rates over the last six years has seen asset prices increase and returns fall. Competition for assets has increased with demand from offshore buyers increasing. Higher prices and increased competition could restrict Asset Management's ability to acquire assets, or to acquire them at attractive prices or in a timely manner.

Asset acquisitions by funds managed by Asset Management may not produce the returns expected of them. Poor investment performance may have a negative effect on the ability to charge full fees allowed under the funds' constituent documents, and may result in equity outflows and lower inflows.

Asset Management pays upfront and trailing commissions to third parties for marketing its funds and referring prospective investors. Market dynamics may mean that Asset Management has to pay higher commissions in the future.

### 5.2.7 Underwriting

Moelis Australia makes underwriting commitments in the ordinary course of business by underwriting equity capital raisings. If there is a shortfall in demand for an underwritten offer, Moelis Australia could be required to purchase the shortfall resulting in a demand for cash to fund the purchase. On subsequent sale of these securities Moelis Australia may be subject to losses which would impact financial performance. In certain offerings, the opportunity to sell a shortfall holding may not arise from time to time due to liquidity considerations and consequently, Moelis Australia may be required to fund the purchase without being able to subsequently sell the securities resulting in a reduction in capital availability and opportunity cost adversely impacting financial performance.

### 5.2.8 Investment Risk

In the ordinary course of business, Moelis Australia may make investments in securities of public or private companies for the purposes of generating profit.

There is a risk that Moelis Australia's investments will fall in value over the short or long term leading to an adverse impact on the financial performance of Moelis Australia and potentially a reduction in value of Moelis Australia Shares.

### 5.2.9 Acquisitions and expansion

Moelis Australia may enter into new lines of business which may result in additional risks and uncertainties in the business.

Moelis Australia currently generates substantially all of its revenue from Corporate Advisory & Equities and Asset Management segments. To the extent Moelis Australia enters into new lines of business, it will face numerous risks and uncertainties, which can include risks associated with actual or perceived conflicts of interest, the possibility that it may have insufficient expertise to engage in such activities profitably or without incurring inappropriate amounts of risk, the required investment of capital and other resources and the loss of clients due to the perception that it is no longer focusing on existing or core business.

If a new business generates insufficient revenues or if Moelis Australia is unable to efficiently manage expanded operations, Moelis Australia's financial performance could be adversely affected.

## 05 Risks *(cont.)*

### 5.2.10 Termination of Strategic Alliance with Moelis & Company

Moelis Australia is party to a Strategic Alliance Agreement with Moelis & Company which will take effect on Completion. Under this strategic alliance, the Company agrees to continue to conduct its business in Australia and New Zealand as an integrated part of the global advisory business of Moelis & Company Group (refer to Section 9.4.1 for more detail).

The strategic alliance provides access to a global network of advisory executives, sharing of intellectual capital and access to firm relationships. If the Strategic Alliance Agreement was to terminate, Moelis Australia would lose the right to use the Moelis name and associated trademarks as well as lose access to the benefits of being integrated with Moelis & Company globally. Loss of these benefits could lead to increased difficulty in securing new clients and generating revenue resulting in an adverse impact to financial performance.

### 5.2.11 Concentration of Shareholding

Following Completion of the Offer, the Existing Owners will hold 80% of the Shares.

Accordingly, these parties will continue to be in a position to exert significant influence over the outcome of matters relating to Moelis Australia, including the election of Directors. Although the interests of Moelis Australia, the Existing Owners and other Shareholders are likely to be aligned in most cases, there may be instances where their respective interests diverge. The sale of Shares in the future by the Existing Owners, Non-Executive Directors and/or certain employees, or the perception that such sales might occur, could adversely affect the market price of the Shares. Also, the concentration of ownership may affect the liquidity of the market for Shares on ASX, limiting the likelihood of Moelis Australia's entry into relevant indices in due course (such as the S&P ASX 200).

### 5.2.12 Client credit risk

Moelis Australia accepts credit risk when dealing with clients and counterparties especially as it relates to obligations including the payment of advisory fees and the settlement of share trades. Clients or counterparties may not fulfil their financial obligations in a timely manner resulting in an adverse impact on Moelis Australia's financial performance. This risk is magnified in the case of restructuring & recapitalisation assignments where the client may be in financial stress.

### 5.2.13 Brand and reputation

#### Satisfactory performance of services

The success of Moelis Australia is dependent on its reputation. Moelis Australia may face damage to its professional reputation if its services are not regarded as satisfactory.

Corporate Advisory & Equities businesses depend to a large extent on relationships with clients and a reputation for integrity and high-calibre professional services to attract and retain clients. As a result, if a client is not satisfied with Moelis Australia's services, it may cease to do business with Moelis Australia leading to an adverse impact on financial performance.

Asset Management relies on generating sufficient returns for its investors. If it fails to deliver satisfactory performance, the business' reputation may be damaged leading to investor redemptions or challenges for the business in relation to securing new investor funds. Both scenarios could result in a reduction in assets under management and reduced fee schedules leading to an adverse impact on revenues and financial performance.

#### Conflicts of Interest

Failure to deal appropriately with actual, potential or perceived conflicts of interest could damage Moelis Australia's reputation and materially adversely affect its business.

Potential conflicts include the following:

- > Possibility of an actual, potential or perceived conflict of interest where Moelis Australia represents a client on a transaction in which an existing client is a party. For example, Moelis Australia may be asked by two potential clients to act on their behalf on the same transaction, including two clients as potential buyers in the same acquisition transaction, and Moelis Australia may act for both clients if both clients agree to doing so;

## 05 Risks *(cont.)*

- > Corporate Advisory may advise clients in relation to entities that funds managed by Asset Management holds positions in;
- > Equities may produce research in relation to companies who are also clients of Corporate Advisory; and/or
- > Moelis Australia may from time to time hold proprietary positions in listed equities where clients have a direct or indirect interest for example as competitors, potential acquisition targets, investment opportunities or other contractual arrangements.

Moelis Australia has a conflict of interest policy to try to ensure that any perceived, potential or actual conflicts are managed appropriately. However, it is possible that actual, potential or perceived conflicts could give rise to client dissatisfaction, litigation or regulatory enforcement actions.

If Moelis Australia fails, or appears to fail, to deal appropriately with one or more potential or actual conflicts of interest its reputation could be damaged creating reluctance among potential clients and counterparties to do business with Moelis Australia and leading to an adverse impact on financial performance.

### **Employee misconduct**

Employee misconduct, which is difficult to detect and deter, could harm Moelis Australia by impairing its ability to attract and retain clients and by subjecting it to legal liability and reputational harm. There is a risk that employees could engage in misconduct that would adversely affect the business.

For example, the business often requires Moelis Australia to deal with confidential matters of great significance to its clients. If employees were to improperly use or disclose confidential information provided by clients, Moelis Australia could be subject to regulatory sanctions and suffer serious harm to its reputation, financial position, current client relationships and ability to attract future clients. It is not always possible to deter employee misconduct, and the precautions taken to detect and prevent misconduct may not be effective in all cases.

### **Information technology systems and infrastructure**

Moelis Australia relies on third party software products and services for its management of information systems. Any damage or interruptions from system failures, computer viruses, cyber-attacks or other events, to these systems could impair the ability of Moelis Australia to deliver products and services to its clients, which could have an adverse effect on Moelis Australia's financial performance.

If Moelis Australia was a victim of a cyber-attack which resulted in confidential information being improperly released or disclosed, Moelis Australia could suffer serious harm to its reputation, client relationships and financial position.

## **5.3 GENERAL RISKS OF AN INVESTMENT IN MOELIS AUSTRALIA**

### **5.3.1 Macro economic risks**

Moelis Australia's client bases are spread across numerous industry sectors including general industrial, real estate, household consumables, food and beverage, telecommunications and technology, government higher education, agribusiness, materials and biotechnology. Each of these industries is subject to structural dynamics which could affect the level of corporate transaction activity and the corresponding advisory, securities commissions business. Any adverse structural developments which impact these industry sectors could in turn impact the demand for Moelis Australia's services. Any downturn in the level of corporate activity in these industries could adversely impact the future financial performance of Moelis Australia.

Moelis Australia's ability to generate Asset Management revenue depends on its clients' willingness and ability to invest funds in Australian assets in order to generate returns. Any deterioration or volatility in the state of the Australian global economy may result in clients reducing or suspending investments in Australian managed investments.

Macroeconomic risks therefore could have an adverse impact on Moelis Australia's ability to generate revenues, pay dividends and may result in downward pricing pressure on Moelis Australia's Share price.

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## 05 Risks *(cont.)*

### 5.3.2 Price of Shares

The price of Shares quoted on ASX may rise or fall and the Shares may trade below or above the Offer Price due to a number of factors. There is no assurance that the price of the Shares will increase following quotation on ASX, even if Moelis Australia's earnings meet or exceed forecasts. The factors which may affect the price of the Shares include but are not limited to:

- > General economic conditions, including interest rates, exchange rates, inflation rates and commodity prices;
- > Fluctuations in the domestic and global market for listed stocks;
- > Changes to government policy, legislation or regulation;
- > Inclusion in or removal from market indices (including the various S&P/ASX indices);
- > The nature of markets in which Moelis Australia operates; and
- > General and operational business risks.

Other factors which may negatively affect investor sentiment and influence Moelis Australia specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man made or natural events.

### 5.3.3 Future capital requirements of Moelis Australia

There can be no assurance that Moelis Australia will not need to raise additional capital to fully exploit business opportunities available to it. There can be no assurance that Moelis Australia will be able to raise such capital on favourable terms (or at all) or, if it is able to raise the capital, that it will be able to invest that capital efficiently.

If Moelis Australia is unable to obtain or invest such additional capital, Moelis Australia may be required to reduce the scope of its investment activities or forgo an investment opportunity, which could adversely affect its business, financial condition and results of operation.

### 5.3.4 Exposure to litigation

Moelis Australia may be subject to litigation, claims or disputes in the ordinary course of its business, including employment disputes, contractual disputes, indemnity claims and personal claims. Claims may also be brought by government agencies or regulators. Such litigation, claims and disputes, including the costs of settling claims, could be costly and damaging to Moelis Australia's reputation and business relationships, and may have an adverse effect on the financial performance or position of Moelis Australia and its standing within the industry.

### 5.3.5 Access to equity funding

Volatility in the financial markets could have a material adverse effect on Moelis Australia's ability to equity fund its business operations or future acquisitions. Moelis Australia's ability to raise additional funds will be subject to, among other things, factors beyond the control of Moelis Australia and its Directors, including cyclical factors affecting the economy and share markets generally.

### 5.3.6 Changes in taxation laws and policies

Tax laws are in a continual state of change and reform which may affect Moelis Australia and its Shareholders.

Tax liabilities are the responsibility of each individual investor. There may be tax implications arising from ownership of the Shares, the receipt of franked and unfranked dividends (if any) from Moelis Australia, receiving returns of capital and the disposal of the Shares.

Changes to tax laws may adversely affect Moelis Australia's financial performance and/or the returns achieved by investors.

In addition, an investment in Shares involves tax considerations which may differ for each Shareholder. Each investor is encouraged to obtain professional tax advice in connection with any investment in Moelis Australia.

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## 05 *Risks* (cont.)

### 5.3.7 Liquidity risk

Prior to the Offer, there was no public market for Shares. Once the Shares are quoted on ASX, there can be no guarantee that an active market for the Shares will develop or that the price of the Shares will increase. There may be relatively few potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the price of the Shares. It may also affect the prevailing price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a price for their Shares that is less than the price that Shareholders paid.

### 5.3.8 Inability to pay dividends or make other distributions or to frank dividends

The payment of dividends by Moelis Australia is determined by the Board from time to time at its discretion, depending on the profitability and cash flow of Moelis Australia's business and its financial position at the time. Circumstances may arise where Moelis Australia is required to reduce or cease paying dividends for a period of time.

To the extent that Moelis Australia pays dividends, Moelis Australia may not have sufficient franking credits in the future to frank dividends, or the franking system may be subject to review or reform. The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.

### 5.3.9 Shareholder dilution

In the future, Moelis Australia may elect to engage in various types of capital raisings to, among other things, fund acquisitions.

While Moelis Australia will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders at the time may be diluted as a result of such capital raisings if they do not participate pro rata.

*Key people, interests & benefits*



## 06 Key people, interests & benefits

### 6.1 KEY PEOPLE

#### 6.1.1 Board of Directors

Profiles of each member of the Board are set out below:



**JEFFREY  
BROWNE**  
*Non-Executive  
Director and  
Independent  
Chairman*

Jeffrey Browne is the Chairman of Moelis Australia.

Jeffrey has over 25 years of experience as a commercial lawyer including as principal of Browne & Co Solicitors and Consultants, a practice he founded early in his career.

Jeffrey is currently Chairman of carsales.com Ltd (non-executive director since 2013) and Premoso Pty Ltd (owner of the business of "Holden Special Vehicles"). Jeffrey has been involved with Holden Special Vehicles since 2001 when he joined as a Non-Executive Director.

Between 2010 and 2013 Jeffrey also held the position of Managing Director of Nine Network Australia, where he served as executive director from 2006.

Jeffrey holds a degree in Arts from La Trobe University, Melbourne and a degree in Law from Monash University, Melbourne.



**ANDREW  
PRIDHAM**  
*Executive  
Director and  
Chief Executive  
Officer*

Andrew Pridham is CEO of Moelis Australia.

Andrew has over 25 years of experience in Corporate Advisory and was most recently, before Moelis Australia was formed, Executive Chairman of Investment Banking at JP Morgan Australia, where he completed many major mergers & acquisitions, equity raising and other advisory transactions and played a leading role in the significant growth of JP Morgan's Australian business.

Prior to his six-year tenure at JP Morgan, Andrew spent 12 years at UBS where he held senior roles including Global Head of Real Estate Investment Banking and Head of Investment Banking for Australasia. While at UBS, he was also a member of the UBS Global Investment Banking Management Committee.

Andrew is also the Chairman of the board of directors of Sydney Swans Limited.

Andrew holds a Bachelor of Applied Science (PRM) from the University of South Australia.



**KENNETH  
MOELIS**  
*Non-Executive  
Director*

Ken Moelis is founder and Chairman of Moelis & Company and has served as CEO of that company since 2007.

Ken has over 30 years of investment banking and mergers & acquisitions experience. Prior to founding Moelis & Company, Ken worked at UBS from 2001 to 2007, where he was most recently President of UBS Investment Bank and previously Joint Global Head of Investment Banking. Before joining UBS, Ken was Head of Corporate Finance at Donaldson, Lufkin & Jenrette, where he worked from 1990 through 2000.

Ken began his career as an investment banker with Drexel Burnham Lambert in 1981. Ken serves on the University of Pennsylvania Board of Trustees, the Wharton Board of Overseers, the Board of the Tourette Syndrome Association and the Board of Governors of Cedars Sinai Hospital.

Ken holds a B.S. and an M.B.A. from the Wharton School at the University of Pennsylvania.

## 06 Key people, interests & benefits *(cont.)*



**JOSEPH SIMON**  
Non-Executive  
Director

Joseph Simon is a managing director and has served as Chief Financial Officer of Moelis & Company since 2010.

Prior to joining Moelis & Company, Joe served as Chief Financial Officer of Financial Security Assurance from 2002 to 2010. Prior to joining Financial Security Assurance, Joe served as Chief Financial Officer of IntraLinks and TENTV.com from 2000 to 2002. Prior to that, Joe worked at Cantor Fitzgerald where he served as Chief Financial Officer, Global Controller and Global Head of Operations from 1993 to 1999. Before joining Cantor Fitzgerald, Joe was a Fixed Income Product and Legal Entity Controller at Morgan Stanley from 1986 to 1993. He began his career at Price Waterhouse from 1983 to 1986.

Joe holds a B.S. from Cornell University and an M.B.A. from The University of Michigan. He is a Certified Public Accountant.



**JULIAN BIGGINS**  
Executive Director

Julian Biggins is a founding managing director of Moelis Australia.

Julian has over 15 years of investment banking experience covering the real estate and funds management industry including a senior role within JP Morgan's Investment Banking division and UBS Equities research division.

Throughout his career, Julian has provided mergers & acquisitions, equity raising and other advisory transaction advice to real estate and funds management companies globally.

Julian holds a Bachelor of Business (Real Estate) and a Bachelor of Business (Banking & Finance) from the University of South Australia.

The composition of the Board Committees is set out in Section 6.4.3 and a summary of the Board's key corporate governance policies is set out in Section 6.4.4.

Each Director has confirmed to Moelis Australia that he anticipates being available to perform his duties as a Non-Executive or Executive Director, as the case may be, without constraint from other commitments.

### 6.1.2 Senior management

**ANDREW PRIDHAM**  
Chief Executive  
Officer

See Section 1.6 and 6.1.1.



**HUGH THOMSON**  
Chief Operating  
Officer

Hugh Thomson is Chief Operating Officer of Moelis Australia.

Hugh has over 23 years' experience in investment management, finance and operations in Australia, including 12 years as Chief Financial Officer and CEO of ING Real Estate Investment Management.

Hugh has considerable expertise in managing ASX listed funds, including as an executive Board member and Chairman of investment committees and operational risk management committees.

Hugh is a qualified chartered accountant and member of the Institute of Chartered Accountants in England and Wales.

**JULIAN BIGGINS**  
Managing  
Director  
Corporate  
Advisory

See Section 1.6 and 6.1.1.

## 06 Key people, interests & benefits *(cont.)*

### 6.2 INTERESTS AND BENEFITS

This Section sets out the nature and extent of the interests and fees of certain persons involved in the Offer and other than as set out below or elsewhere in this Prospectus, no:

- > Director of Moelis Australia;
- > person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- > promoter of Moelis Australia; or
- > financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds as at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- > the formation or promotion of Moelis Australia;
- > property acquired or proposed to be acquired by Moelis Australia in connection with its formation or promotion;
- > the Offer; or
- > the Options Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such person for services in connection with the formation or promotion of Moelis Australia, or the Offer or the Options Offer, or to any Director to induce them to become, or qualify as, a Director.

#### 6.2.1 Interests of advisors

Moelis Australia has engaged the following professional advisors in relation to the Offer:

- > Moelis Australia Advisory Pty Ltd (which is a wholly owned subsidiary of Moelis Australia) has acted as Sole Lead Manager to the Offer. Moelis Australia has agreed to pay Moelis Australia Advisory the fees described in Section 9.5 for these services;
- > Herbert Smith Freehills has acted as Australian legal advisor to Moelis Australia in relation to the Offer. Moelis Australia has paid, or agreed to pay, approximately \$300,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Herbert Smith Freehills for other work in accordance with its normal time-based charges;
- > Deloitte Corporate Finance Pty Limited has acted as the Investigating Accountant, and performed work in relation to the Financial Information included in Section 4 and its Investigating Accountant's Report included in Section 8. Moelis Australia has paid, or agreed to pay, approximately \$400,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to other work in accordance with its normal time-based charges; and
- > Deloitte Tax Services Pty Ltd has acted as tax advisor to Moelis Australia in relation to the Offer. Moelis Australia has paid, or agreed to pay, fees of approximately \$60,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid in relation to Deloitte Tax Services Pty Ltd in accordance with its normal time-based charges.

These amounts, and other expenses of the Offer, will be paid by Moelis Australia out of funds raised under the Offer or available cash.

Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.3.

#### 6.2.2 Directors Interests and Remuneration

##### Chief Executive Officer and Executive Director

Moelis Australia has entered into an employment agreement with Andrew Pridham to govern his employment with Moelis Australia as CEO of Moelis Australia. Refer to Section 6.2.3 for further details. Moelis Australia has entered into an employment agreement with Julian Biggins on the terms referred to in Section 6.2.4.

## 06 Key people, interests & benefits *(cont.)*

### Non-Executive Directors' remuneration

Under the Constitution, the Board decides the total amount paid to each Non-Executive Director as remuneration for their services. The total amount provided to all Directors for their services (excluding, for this purpose, the salary of Executive Directors) must not exceed in aggregate in any financial year the amount fixed by the Company at its general meeting.

This amount has been fixed by the Company at \$500,000 per annum. Any change to that aggregate annual sum will need to be approved by Shareholders. The aggregate sum does not include any special and additional remuneration for special exertions and additional services performed by a Director.

The Independent Chairman, Jeffrey Browne, will receive an annual Directors' fee from the Company. He will also participate in a one-off issue of Options in the Company. In the first year of Listing, the Chairman will receive \$150,000 (including superannuation) and 781,250 Options. There will be no performance hurdles attached the Chairman's Options. Further details of the Chairman's Options are set out in the table below and in Section 6.3.

**TABLE 19: INDEPENDENT CHAIRMAN'S OPTION PLAN KEY TERMS**

OPTION PLAN	NUMBER OF OPTIONS	EQUIVALENT NUMBER OF SHARES	FIRST EXERCISE DATE	OFFER PRICE (\$)	EXERCISE PRICE (\$)
Tranche 1	390,625	390,625	2nd anniversary of Completion	0.02	2.80
Tranche 2	390,625	390,625	3rd anniversary of Completion	0.02	3.00
<b>Total</b>	<b>781,250</b>	<b>781,250</b>			

Ken Moelis and Joe Simon will not receive any remuneration from Moelis Australia for services provided as non-executive directors.

### Deeds of indemnity, insurance and access

Moelis Australia has entered into deeds of indemnity, insurance and access with each Director. Each deed contains a right of access to certain books and records of Moelis Australia and its related bodies corporate for a period of seven years after the Director ceases to hold office. This seven year period is extended where certain proceedings or investigations commence during the seven year period but are not resolved until later.

Pursuant to the Constitution and subject to the Corporations Act, Moelis Australia must indemnify Directors, alternate directors and executive officers on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by those individuals as officers of Moelis Australia or a related body corporate. Under the deeds of indemnity, insurance and access, Moelis Australia indemnifies each Director on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of Moelis Australia or of a related body corporate. Pursuant to the Constitution, Moelis Australia may purchase and maintain insurance for each Director, alternate director and executive officer of Moelis Australia to the full extent permitted by law against any liability incurred by those individuals in their capacity as officers of Moelis Australia or a related body corporate.

Under the deeds of indemnity, insurance and access, Moelis Australia must maintain such insurance for each Director until a period of seven years after a Director ceases to hold office. This seven year period is extended where certain proceedings or investigations commence during the seven year period but are not resolved until later.

### Prospectus liability insurance

The Company intends to effect a policy of prospectus liability insurance. It is intended that the policy would insure the Directors and officers in respect of any claims that this document contains untrue or misleading statements or information or omissions and in respect of official investigations in relation to the Offer.

### Other information about Directors' remuneration

Directors and the Chairman may also be reimbursed for expenses reasonably incurred in attending to Moelis Australia's affairs. Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in his or her capacity as a Director of Moelis Australia or a subsidiary. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions. The interests of Directors and senior management are set out in this Section 6.2.

## 06 Key people, interests & benefits *(cont.)*

**TABLE 20: DIRECTORS SHAREHOLDING DETAILS**

DIRECTOR	SHARES HELD IMMEDIATELY PRIOR TO COMPLETION OF THE OFFER	SHAREHOLDING %	NUMBER OF OPTIONS	FULLY DILUTED % INTEREST ON EXERCISE OF OPTIONS
Jeffrey Browne	Nil	Nil	781,250	0.6%
Andrew Pridham <sup>1</sup>	21,535,887	17.2%	Nil	16.4%
Ken Moelis <sup>2</sup>	Nil	Nil	Nil	Nil
Joseph Simon	Nil	Nil	Nil	Nil
Julian Biggins <sup>3</sup>	6,449,457	5.2%	Nil	4.9%

### 6.2.3 Employment arrangements

#### Chief Executive Officer

Andrew Pridham's employment agreement is on substantially the same terms as all other senior executives employed by Moelis Australia. The table below summarises the key terms of the agreement:

**TABLE 21: CEO EMPLOYMENT AGREEMENT**

TERM	DESCRIPTION
Employer	Moelis Australia Operations Pty Ltd (ACN 138 030 289)
Total employment cost	Andrew is entitled to receive a base salary inclusive of superannuation of \$450,000 per annum. In addition, Andrew is entitled to receive other benefits valued at approximately \$36,000 per annum.
Annual Bonus Scheme	Andrew is entitled to participate in Moelis Australia's Bonus Scheme including to receive part of his annual bonus in equity issued under the Equity Plan.  The Board has determined that the proportion of equity issued to Andrew under Moelis Australia's Equity Plan as part of his annual bonus is to be no less than 20% and not more than 100% of his annual bonus.
Termination	Moelis Australia Operations Pty Ltd may terminate Andrew's employment on one month's written notice.  Andrew may terminate his employment on three month's written notice.
Restraints	Andrew is subject to a three month non-compete and six month non-solicitation obligation on termination of his employment.

Andrew has agreed that he will not voluntarily terminate his employment agreement for three years following Completion of the Offer, other than for good reason. Good reason includes a material breach by Moelis Australia of a material provision of his employment agreement, any equity plan or for reasons of ill health or mental incapacity.

### 6.2.4 Other Moelis Australia employees

Moelis Australia has entered into standard employment contracts with all other employees including Julian Biggins and the Chief Operating Officer pursuant to which:

- > Remuneration is expressed as a total package, including the minimum superannuation guarantee charge;
- > Each employee has the right to participate in the annual incentive bonus scheme including to receive part of their bonus in equity issued under the Equity Plan dependent on performance and continuation of employment;

1. Andrew Pridham has a beneficial equity interest in Shares as a result of his holdings in Existing Staff Trusts.
2. Ken Moelis has 91.4% of the combined voting power of Moelis & Company's class A and class B common stock. On Completion, Moelis & Company will own 40% of the issued Shares in Moelis Australia.
3. Julian Biggins has a beneficial equity interest in Shares as a result of his holdings in the Existing Staff Trusts.

## 06 Key people, interests & benefits *(cont.)*

- > Each employee has a notice period for resignation and terminations; and
- > A non-compete and non-solicitation period applies post ceasing employment.

### 6.2.5 Moelis Australia employee incentive plans

The Board believes that the adoption of employee incentive arrangements as part of the Company's overall remuneration framework is critical to the ongoing development of a high performance culture within the Company. Accordingly, to assist in the attraction, motivation and retention of management and employees, the Board has established an annual employee bonus incentive scheme (Bonus Scheme) and an employee equity plan (Equity Plan) that will apply on Listing.

#### 6.2.5.1 Bonus Scheme

All employees, including the Moelis Australia CEO and Executive Directors, are eligible to participate in the annual Bonus Scheme. Under the Bonus Scheme employees may receive an annual bonus in recognition of their individual performance during the calendar year, taking in to account the performance of the Company and of the division or area in which they work. The employee must be employed at the time bonuses are paid in order to receive a bonus. Payment of bonuses may be in cash or in equity (refer 6.2.5.2 below for details of the Equity Plan) or a combination of both. Employees may be required to repay a cash bonus that they receive in a particular year, in full or in part, if they subsequently cease to be employed in the same calendar year, depending on the circumstances of their departure.

The payment of bonuses to individual employees and whether it is delivered in cash and/or equity is determined by the Board. In determining the aggregate bonus amount and the amounts to be paid to individual employees, the Board takes in to account a range of factors including the performance of the Company, market remuneration levels, key metrics such as total compensation as a percentage of revenue, as well as the performance of each individual staff member. In determining what proportion of the aggregate annual bonus is provided in equity, the Board takes into account a number of factors including the need to align employees with the goals of the Company and the use that the Company may have for the cash retained. The Board applies a scale to distribute the total aggregate equity component of the annual bonus amongst the individual employees, with employees who earn a higher total compensation receiving a higher proportion of their bonus in equity.

#### 6.2.5.2 Equity Plan

The Board has adopted an Equity Plan under which the employee can be awarded equity rights. The equity rights may take the form of shares in the Company, rights to receive shares in the Company in the future, or share options (Equity Rights). The Equity Plan is used to deliver Equity Rights determined through annual incentive bonus process (refer to 6.2.5.1 above) and may also be used to deliver Equity Rights to new employees upon commencement of employment.

The Equity Plan is a new initiative made possible by the listing of the Company, in prior years bonuses were paid solely in cash. All employees, including the Moelis Australia CEO and Executive Directors, are eligible to participate in the Equity Plan. Unless the Board determines otherwise, an employee is not required to pay for a grant of Equity Rights.

Equity Rights are subject to vesting conditions as determined by the Board including continuation of employment with the Company. Generally employees who leave before the relevant vesting dates will forfeit their Equity Rights. The Board retains discretion to allow employees to retain their Equity Rights upon ceasing employment, and may do so depending on the particular circumstances of an employee's departure.

The Company may choose to settle vested Equity Rights in cash or by delivering Shares. Prior to vesting, employees are not permitted to transfer, hedge or otherwise deal with their incentives. The Board also has broad clawback powers if, for example, an employee has acted fraudulently or dishonestly or there is a material financial misstatement.

The terms of each annual award of Equity Rights, or ad hoc grants to incoming employees, will be determined by the Board, and may vary from year to year and may vary between employees in any given year. The first annual grant of Equity Rights will be for the 2017 calendar year, with Equity Rights being delivered to employees in the first quarter of 2018. It is the intention of the Board that this first grant of Equity Rights will vest one fifth every year, with one fifth vesting on 1 January 2019, and then each successive year until the last fifth vests on 1 January 2023.

The Company intends to establish a separate trust to fund the acquisition of Shares in order to meet the obligations of the Equity Rights granted to employees.

## 06 Key people, interests & benefits *(cont.)*

The Equity Plan includes specific provisions dealing with adjustments in the event of capital reorganisations. These are intended to ensure that there is no material advantage or disadvantage to employees participating in the scheme as a result of corporate actions including bonus issues and rights issues.

In the event of a takeover or any proposed transaction that the Board in its discretion determines should be treated as a change of control, unvested awards will vest on completion of the transaction to the extent any applicable performance hurdles have been achieved. The Board will have discretion to determine, taking into account the circumstances of the transaction, whether any additional unvested awards held by participants (if any) should also vest.

### 6.3 OPTIONS OFFER

This Prospectus includes an offer to certain Moelis Australia employees (and the Independent Chairman as outlined in Section 6.2.2 above) to participate in the issue of up to 6.25 million Options in the Company (Options Offer). Potential investors in the Options Offer should carefully consider the balance of this Prospectus in addition to the information contained in this section.

#### Key terms of the Options Offer

The key terms of the Options Offer to certain Moelis Australia employees are as follows:

- > Eligible Options investors will receive an invitation from the Company providing details of how many Options they are entitled to apply for. Each eligible Options investor must either accept or decline the Options Offer for all tranches of the Options;
- > There will be three tranches of Options issued under the Options Offer, as set out in the table below;
- > The purchase price for the Options is set out in the table below;
- > Each Option entitles the option holder to acquire one Share in the Company upon exercise and payment of the applicable exercise price;
- > The exercise price for each tranche of Options is set out in the table below;
- > Each Option will be exercisable for a period of one year, commencing on the first exercise date applicable to the relevant Tranche (Exercise Window), as set out in the table below; and
- > Each Option will expire if it is not exercised within the relevant Exercise Window.

**TABLE 21: OPTIONS OFFER KEY TERMS**

OPTION PLAN	NUMBER OF OPTIONS (MILLION)	EQUIVALENT NUMBER OF SHARES (MILLION)	FIRST EXERCISE DATE	OFFER PRICE (\$)	EXERCISE PRICE (\$)
Tranche 1	1.82	1.82	4th anniversary of Completion	0.01	3.00
Tranche 2	1.82	1.82	5th anniversary of Completion	0.03	3.15
Tranche 3	1.82	1.82	6th anniversary of Completion	0.03	3.35
<b>Total</b>	<b>5.47</b>	<b>5.47</b>			

#### Rights and liabilities attaching to the Options Offer

The rights and liabilities attaching to the underlying Moelis Australia Shares are set out in Section 7.11.

The rights and liabilities attaching to the Options are summarised as follows:

- > **Register:** The Company will maintain a register of holders of Options in accordance with Section 168(1) of the Corporations Act.
- > **Transfer/transmission:** Options will only be transferable, at the discretion of the Board.
- > **Exercise:** On exercise, the Company will issue one Share for each Option exercised. An Option may be exercised by delivery to the Company of a duly completed notice of exercise of Options, signed by the registered holder of the Option, together with payment to the Company of the applicable exercise price.

## 06 Key people, interests & benefits *(cont.)*

- > **Restrictions on Exercise:** Unless otherwise determined by the Board, an option holder must continue to be employed by the Company in order to exercise the Option. Options may only be exercised during the relevant Exercise Window as outlined above. The ability to exercise Options is subject to the trading restrictions imposed by the Company's securities dealing policy. This policy is described in Section 6.4.4.3.
- > **Dividend entitlement:** Options do not carry any dividend entitlement. Shares issued on exercise of Options will rank equally with other issued Shares of the Company on and from issue.
- > **Participating rights:** There are no inherent participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during currency of the Options. An Option holder may only participate in new issues of securities to holders of applicable Shares in the Company if the Option has been exercised and Shares issued in respect of the Option before the relevant record date.
- > **Reconstructions and alteration of capital:** Any adjustment to the number of outstanding Options and the exercise price under a reorganisation of the Company's share capital must be made in accordance with the Listing Rules.
- > **ASX Listing Rules:** The Company will make an application for quotation of Shares issued on exercise of the Options on ASX in accordance with the Listing Rules. To the extent that any terms and conditions of the Options Offer are inconsistent with the ASX Listing Rules, the Listing Rules will prevail to the extent of any inconsistency.

### Risks specific to the Options Offer

The risks set out in Section 5 of this Prospectus apply to an investment in Options under the Options Offer. In addition to these risks:

- > There is a risk that the price of the Shares does not exceed the exercise price of the Options during the relevant Exercise Window. As a result, Option holders may choose not to exercise Options before the relevant expiry date;
- > There can be no guarantee that Moelis Australia Shares will trade at or above the total of the purchase and exercise price of the Options. There is a risk that the price at which the option holder is able to sell the new Shares issued on exercise of the Options is less than the exercise price due to changes in market circumstances;
- > Option holders must be employed by Moelis Australia in order to exercise Options. If an Option holder ceases employment with the Company before having an opportunity to exercise Options, his or her Options will be forfeited and the Option holder will have obtained no return on their investment in the Options;
- > Option holders are prohibited from exercising Options or otherwise dealing in the Company's securities during the trading 'blackout' periods specified in the Company's securities dealing policy, including periods before and after the Company's yearly and half-yearly results are announced. This means Option holders may be unable to exercise their Options and have the opportunity to realise Shares at a convenient or optimal time for the Option holder;
- > There may be tax implications arising from participation in the Options Offer. Potential investors should carefully consider these tax obligations and obtain professional advice in relation to the Options Offer; and

This is not an exhaustive summary of risk factors that are specific to the Options Offer.

## 6.4 CORPORATE GOVERNANCE

The Board is responsible for the overall corporate governance of the Company. In conducting the Company's business, the Board's role is to:

- > Represent and serve the interests of Shareholders by overseeing and appraising the Company's strategies, policies and performance;
- > Protect and optimise the performance of the Company and build sustainable value for Shareholders in accordance with any duties and obligations imposed on the Board by law and the Constitution;
- > Set and monitor compliance with the Company's governance framework; and
- > Ensure Shareholders and other stakeholders are kept informed of the Company's performance and major developments.

## 06 Key people, interests & benefits *(cont.)*

Accordingly, the Board has created a framework for managing Moelis Australia, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

Details of Moelis Australia's corporate governance policies, which take effect from Listing, are set out in Section 6.4.4.

### 6.4.1 ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

The Company is seeking a listing on ASX. The ASX Corporate Governance Council has developed Corporate Governance Principles and Recommendations (3rd edition) (ASX Recommendations), which set out recommended corporate governance practices for entities listed on ASX in order to promote investor confidence and to assist companies meet stakeholder expectations.

The ASX Recommendations are not prescriptive, but guidelines against which entities report on an "if not, why not" basis. Under the ASX Listing Rules, the Company must prepare a corporate governance statement that discloses the extent to which the Company has followed the ASX Recommendations during each reporting period. Where the Company does not follow a recommendation in the ASX Recommendations for any part of the reporting period, it must identify that recommendation and the period during which it was not followed and give reasons for not following it. The Company must also explain what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

The Company intends to comply with all of the ASX Recommendations from the time of Listing, with the exception of the following matters:

- > ASX Recommendation 2.4 provides that the Board should be comprised of a majority of Independent Directors. The Company's Board will not comprise a majority of Independent Directors at the time of Listing. Due to the complex and specialised nature of the industry, the Board considers that having a majority of directors with experience working with the Company is appropriate in the circumstances. The Board considers that each Board member will bring objective and independent judgement to make decisions in the best interests of all Shareholders and in accordance with their duties as Directors; and
- > The Company will not meet ASX Recommendations in respect of its Board Committee compositions (2.1, 4.1, 7.1 and 8.1). Recommendations 2.1 and 8.1 provide that the Nomination and Remuneration Committees should comprise at least three members, a majority of whom are independent directors, and be chaired by an independent director. Recommendation 7.1 provides that the Audit Committee should comprise at least three members, a majority of whom are independent directors, and be chaired by an independent director who is not Chair of the Board. Recommendation 4.1 provides that the Risk Committee should comprise at least three members, a majority of whom are independent, and be chaired by an independent director. Details of the Board's proposed Committees are outlined below. The Board considers that its proposed Committee compositions are appropriate in light of the Company's operations and size. The Board recognises the important role of each of these Committees and is dedicated to ensuring that each Committee functions transparently and effectively. All of the Directors believe that they will be able to, individually and collectively, analyse the issues before them objectively in the best interests of all Shareholders and in accordance with their duties as Directors. The Board further considers that the Chair of the Board is the most appropriate person to chair both the Nomination and Remuneration Committee and the Audit and Risk Committee, given his independence, considerable industry experience and expertise.

### Board of Directors

#### 6.4.2 Board appointment and composition

The Board is currently made up of five Directors comprising:

- > An Independent Non-Executive Chairperson;
- > An Executive Director and Chief Executive Officer;
- > One Executive Director; and
- > Two non-Independent Non-Executive Directors.

Detailed biographies of the Board members are provided in Section 6.1.

## 06 Key people, interests & benefits *(cont.)*

The Board considers an Independent Director to be a Non-Executive Director who is not a member of the Company's management and who is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement. The Board will consider the materiality of any given relationship on a case-by-case basis. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time. The assessment of independence will be conducted in accordance with the ASX Recommendations.

### 6.4.3 Board Committees

The Board has also delegated some of its functions to Board Committees to streamline the discharge of its responsibilities. The permanent standing committees of the Board are the Audit and Risk Committee and the Nomination and Remuneration Committee. Other Committees may be established by the Board as and when required.

Each of the Audit and Risk Committee and Nomination and Remuneration Committee has a formal charter setting out the matters relevant to the composition, responsibilities and administration of the Committee.

#### 6.4.3.1 Audit and Risk Committee

The Audit and Risk Committee will be responsible for overseeing the Company's audit functions including its relationship with external auditors, as well as overseeing the Company's financial controls and systems, and the preparation of financial reports. The Committee will also be responsible for evaluating and mitigating risks affecting the Company. This will involve reporting to the Board on the Company's risk management frameworks, policies and process, as well as undertaking a regular program of audits to identify compliance with prescribed policies.

The Audit and Risk Committee will comprise:

- > Jeffrey Browne (Chair);
- > Joseph Simon; and
- > Julian Biggins.

Non-Committee members, including members of management and the external auditor, may attend all or part of a meeting of the Committee at the invitation of the Committee Chair.

#### 6.4.3.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee Charter outlines the composition of the Committee, its responsibilities and its meeting requirements. The Committee's role with respect to nomination includes reviewing and recommending to the Board the size and composition of the Board including reviewing succession planning, performance evaluations and the development of a Board skills matrix. The Committee's role with respect to remuneration includes recommending to the Board arrangements for executives and key management personnel, including annual remuneration and participation in the Company's bonus and incentive schemes.

The Nomination and Remuneration Committee will comprise:

- > Jeffrey Browne (Chair);
- > Andrew Pridham; and
- > Ken Moelis.

Non-Committee members, including members of management and the external auditor, may attend all or part of a meeting of the Committee at the invitation of the Committee Chair.

## 06 Key people, interests & benefits *(cont.)*

### 6.4.4 Corporate Governance Policies

The Board has adopted the following corporate governance policies, each of which has been prepared having regard to the ASX Recommendations.

#### 6.4.4.1 Disclosure policy

Upon Listing, the Company will be required to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act. Subject to the exceptions contained in the ASX Listing Rules, the Company will be required to immediately advise ASX of any information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company has adopted a disclosure policy, which reinforces the Company's commitment to its continuous disclosure obligations, and describes the processes in place that enable the Company to provide Shareholders with timely disclosure in accordance with those obligations. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX.

#### 6.4.4.2 Code of conduct

Moelis Australia is committed to a high level of integrity and ethical standards in all business practices. The Company's Code of Conduct addresses matters relevant to the Company's legal and ethical obligations and standards it expects from its Directors, officers and employees. This policy outlines its requirements with respect to relationships, compliance with laws and ethics, conflicts of interest, confidentiality, use of the Company's assets and competition.

#### 6.4.4.3 Securities dealings policy

The Company has adopted a securities dealing policy that explains the types of conduct in relation to dealings in securities that are prohibited and establishes procedures for the buying and selling of securities that protect the Company, its Directors and employees against the misuse of information, which could materially affect the value of the Company's securities.

The Policy provides that Directors and employees must not deal in the Company's securities if they are aware of confidential information that is materially price sensitive.

In addition, Directors and employees must not deal in the Company's securities during any of the following blackout periods (except in exceptional circumstances with approval):

- > The period from the close of trading on the ASX on 31 December each year, or if that date is not a trading day, the last trading day before that day, until the day following the announcement to ASX of the Company's full year results;
- > The period from the close of trading on 30 June each year, or if that date is not a trading day, the last trading day before that day, until the day following the announcement of the Company's half-yearly results; and
- > Any other period that the Board specifies from time to time.

Outside these periods, Directors and certain restricted employees must receive prior approval for any proposed dealings in the Company's securities, and in all instances, buying or selling securities is not permitted at any time by any person who possesses 'inside' information.

#### 6.4.4.4 Diversity policy

Moelis Australia has adopted a diversity policy which sets out the Company's commitment to increasing workplace diversity across all levels of the Company. Under this policy, the Company will aim to achieve greater diversity by setting objectives at all management and leadership levels, broadening the field of potential candidates for positions and promoting the benefits of workplace diversity to all employees.

*Details of the Offer*



## 07 *Details of the Offer*

### 7.1 DESCRIPTION OF THE OFFER

This Section of the Prospectus relates to the Offer of 25 million Shares at \$2.35 per Share to raise \$58.8 million, and application for admission of Moelis Australia to the Official List of ASX. At Completion there will be a total of 125 million Shares on issue and 6.25 million Options on issue. All Shares will rank equally with each other.

On Completion, 100 million Shares will be held by the Existing Owners. 50 million Shares held by the Staff Trustee will be subject to the escrow arrangements described in Section 9.6.

For details of the separate Options Offer to selected Moelis Australia employees refer to Section 6.3.

### 7.2 THE OFFER STRUCTURE

The Offer consists of:

- > The Institutional Offer, which consists of an invitation to certain Institutional Investors in Australia and other authorised jurisdictions to apply for Shares;
- > The Broker Firm Offer, which is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia; and
- > The Chairman's List Offer, which is open to persons who have received an invitation to participate in the Chairman's List Offer from Moelis Australia.

No general public offer of Shares will be made under the Offer.

A summary of the Offer Management Agreement, including the events which would entitle the Sole Lead Manager to terminate the Offer Management Agreement, is set out in Section 9.5.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

### 7.3 PURPOSE OF THE OFFER AND USE OF PROCEEDS

At the Offer Price, the Offer will raise \$58.8 million.

The purpose of the Offer is to:

- > Provide Moelis Australia with an increased capital base, financial flexibility and the ability to execute its growth strategies through improved access to capital markets;
- > Facilitate an acceleration in growth both organically and through acquisitions;
- > Broaden Moelis Australia's shareholder base and provide a liquid market for its Shares;
- > Provide potential for non-cash compensation for executives (existing and new);
- > Provide an improved capacity to attract and retain quality staff through short and long term employee incentives; and
- > Fund the termination of the VFM Marketing Services Agreement to enhance future earnings growth in Asset Management.

The VFM Marketing Services Agreement relates to an agreement executed in a 2015 between a subsidiary of Moelis Australia and a third party for the provision of marketing services in connection with Asset Management's significant investor visa fund business. In February 2017 Moelis Australia entered into a binding agreement with the third party, conditional on Completion, to terminate the VFM Marketing Services Agreement for a lump sum payment of \$12.8 million (to be paid on Completion). The termination of the VFM Marketing Services Agreement will enhance Asset Management's future earnings by removing the obligation to pay future fees under the agreement.

Moelis Australia is actively assessing a number of strategic asset and business acquisitions. None of these opportunities is certain of proceeding at the date of this Prospectus. Any one of, or a combination of, these acquisitions could result in Moelis Australia applying a substantial part of the Offer proceeds to fund the acquisitions of potential assets or businesses being assessed.

## 07 Details of the Offer *(cont.)*

The Offer is expected to raise \$58.8 million. The funds received under the Offer are expected to be applied as described in the table below.

**TABLE 22: APPLICATION OF NEW MONEY RAISED**

APPLICATION OF FUNDS	\$ MILLIONS
Growth capital	44.2
Termination of VFM Marketing Services Agreement	12.8
Offer costs	1.8
<b>Total application of funds</b>	<b>58.8</b>

The above table is a statement of current intentions as at the date of this Prospectus. Investors should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments and market and general economic conditions. In light of this, the Board reserves the right to alter the way the funds are applied.

The use of further equity funding or share placements will be considered by the Board where it is appropriate to accelerate growth or fund a specific project, transaction or acquisition opportunity.

### 7.4 CAPITAL STRUCTURE

The capital structure of Moelis Australia immediately prior to and following Completion is represented in table 24 below.

**TABLE 23: SHARE OWNERSHIP STRUCTURE ON COMPLETION**

OWNERSHIP	# MILLION SHARES OUTSTANDING		
	PRE-OFFER	ADJ.	POST-OFFER
Moelis & Company	50.0		50.0
Existing Staff Trusts	50.0		50.0
New investors		25.0	25.0
<b>Total</b>	<b>100.0</b>		<b>125.0</b>

In addition to the above share ownership structure, the company will issue 6.25 million Options in aggregate to Moelis Australia employees and the Moelis Australia Chairman. The Option ownership structure on Completion is represented in table 24 below.

**TABLE 24: OPTION OWNERSHIP STRUCTURE ON COMPLETION**

OWNERSHIP	# MILLION OPTIONS OUTSTANDING		
	PRE-OFFER	ADJ.	POST-OFFER
Certain Moelis Australia employees	–	5.47	5.47
Moelis Australia Chairman	–	0.78	0.78
<b>Total</b>	<b>–</b>		<b>6.25</b>

See Section 6.2.2 and 6.3 for further detail.

### 7.5 OTHER INFORMATION ABOUT THE OFFER

Moelis Australia's pro forma balance sheet following Completion, including details of the pro forma adjustments, is set out in Section 4.

Existing Owners will receive a fully franked dividend estimated at \$31 million representing profits for periods prior to Completion, adjusted for a significant non-cash expense relating to the VFM Marketing Services Agreement.

The financial year of Moelis Australia ends on 31 December annually.

A summary of Moelis Australia's capitalisation and indebtedness as at 31 December 2016 and following Completion is set out in Section 4.10.

Except as described in this Prospectus, Moelis Australia has not granted, or proposed to grant any rights to any person, or to any class of person, to participate in an issue of Moelis Australia's securities.

## 07 Details of the Offer *(cont.)*

### 7.6 TERMS AND CONDITIONS OF THE OFFER

TOPIC	SUMMARY
What type of security is being offered?	Ordinary fully paid shares in Moelis Australia.
What are the rights and liabilities attached to the securities?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Sections 7.11.
What is the consideration payable for each security being offered?	\$2.35 per Share.
What is the Offer Period?	The key dates, including details of the Offer Period relating to each component of the Offer, are set out on page 4.  No securities will be issued on the basis of this Prospectus later than the Expiry Date.
What are the cash proceeds to be raised under the Offer?	\$58.8 million will be raised from investors under the Institutional Offer, the Broker Firm Offer and the Chairman's List Offer.
Is the Offer underwritten?	No, the Offer is not underwritten.
What is the minimum and maximum application size under the Broker Firm Offer?	The minimum application under the Broker Firm Offer is \$2,000, as directed by the applicant's Broker.  There is no maximum value of Shares that may be applied for under the Broker Firm Offer.
What is the minimum and maximum application size under the Chairman's List Offer?	The minimum application under the Chairman's List Offer is \$2,000. There is no maximum application.  The Sole Lead Manager and Moelis Australia reserve the right to allocate fewer securities than applied for under the Chairman's List Offer.
What is the allocation policy?	The allocation of Shares between the Institutional Offer and the Broker Firm Offer will be determined by the Sole Lead Manager and Moelis Australia having regard to the allocation policy outlined in Sections 7.6.1.6, 7.6.2.6 and 7.6.3.2.  With respect to the Broker Firm Offer, it will be a matter for the Broker to determine how they allocate Shares among their eligible clients.  The final allocation of Shares under the Chairman's List Offer will be determined by the Sole Lead Manager and Moelis Australia in their discretion.  Moelis Australia has absolute discretion regarding the level of scale-back and the allocation of Shares under the Offer (if any).
When will I receive confirmation that my application has been successful?	It is expected that initial holding statements will be despatched by standard post on or about 11 April 2017.

## 07 Details of the Offer *(cont.)*

TOPIC	SUMMARY
<b>Will the securities be quoted?</b>	<p>Moelis Australia will apply for admission to the official list of ASX and quotation of Shares on ASX under the code “MOE” within seven days from the date of this Prospectus. Completion is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all application monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>Moelis Australia will be required to comply with ASX Listing Rules, subject to any waivers obtained by Moelis Australia.</p> <p>ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit Moelis Australia to the official list is not to be taken as an indication of the merits of Moelis Australia or an investment in Moelis Australia.</p>
<b>When are the securities expected to commence trading?</b>	<p>It is expected that trading of Shares on ASX will commence on or about 10 April 2017, initially on a deferred settlement basis until Moelis Australia has advised ASX that holding statements have been despatched to investors.</p> <p>Normal settlement trading is expected to commence on or about 12 April 2017.</p> <p>It is the responsibility of each applicant to confirm their holding before trading. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk.</p> <p>Moelis Australia, the Share Registry and the Sole Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by the Moelis Australia Offer Information Line, a Broker or otherwise.</p>
<b>Are there any escrow arrangements?</b>	Yes. Details are provided in Section 9.6.
<b>Are there any tax considerations?</b>	Yes. Refer to Section 9.12.
<b>Has any ASIC relief or ASX waiver been sought, obtained or been relied on?</b>	Yes. Refer to Section 9.10.
<b>Is there any brokerage, commission or stamp duty considerations?</b>	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See Section 6.2.1 for details of fees payable by Moelis Australia to the Sole Lead Manager.
<b>What should I do with any enquiries?</b>	<p>All enquiries in relation to this Prospectus should be directed to the Boardroom Pty Limited Information Line on 1 300 737 760 (within Australia) or +61 2 9290 9600 (outside Australia) between 9.00am and 5.00pm (AEDT), Monday to Friday (business days only).</p> <p>If you are unclear in relation to any matter or are uncertain as to whether Moelis Australia is a suitable investment for you, you should seek professional guidance from your stockbroker, solicitor, accountant, financial advisor or other independent professional advisor before deciding whether to invest.</p>

## 07 *Details of the Offer* (cont.)

### **7.6.1 Broker Firm Offer**

#### **7.6.1.1 Who can apply?**

The Broker Firm Offer is open to persons who have received a firm allocation from their Broker and who have a registered address in Australia. If you have been offered a firm allocation by a Broker, you will be treated as an applicant under the Broker Firm Offer in respect of that allocation. You should contact your Broker to determine whether they may allocate Shares to you under the Broker Firm Offer.

#### **7.6.1.2 How to apply**

Applications for Shares may only be made on a Broker Firm Offer Application Form attached to or accompanying this Prospectus which may be downloaded in its entirety from [www.moelisaustralia.com.au/investor](http://www.moelisaustralia.com.au/investor). If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Broker Firm Offer Application Form with the Broker from whom you received your firm allocation. Broker Firm Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the Broker Firm Offer Application Form.

By making an application, you declare that you were given access to this Prospectus (or any replacement Prospectus), together with a Broker Firm Offer Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

The minimum application under the Broker Firm Offer is \$2,000 worth of Shares. There is no maximum value of Shares that may be applied for under the Broker Firm Offer. However, Moelis Australia and the Sole Lead Manager reserve the right to aggregate any applications which they believe may be multiple applications from the same person or reject or scale back any applications in the Broker Firm Offer which are for more than \$250,000. Moelis Australia may determine a person to be eligible to participate in the Broker Firm Offer, and may amend or waive the Broker Firm Offer application procedures or requirements, in its discretion in compliance with applicable laws.

Applicants under the Broker Firm Offer must lodge their Broker Firm Offer Application Form and application monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not send their Broker Firm Offer Application Forms to the Share Registry.

The Broker Firm Offer is expected to close at 5.00pm AEDT on 5 April 2017. Moelis Australia and the Manager may elect to extend the Offer or any part of it, or accept late applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their applications as early as possible.

Please contact your Broker for instructions.

#### **7.6.1.3 How to pay**

Applicants under the Broker Firm Offer must pay their Application Monies in accordance with instructions received from their Broker.

#### **7.6.1.4 Application Monies**

Moelis Australia reserves the right to decline any application in whole or in part, without giving any reason. Applicants under the Broker Firm Offer whose applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose applications are accepted in full will receive the whole number of Shares calculated by dividing the application amount by the Offer Price. Where the Offer Price does not divide evenly into the application amount, the number of Shares to be allocated will be determined by the applicant's Broker.

## 07 *Details of the Offer* (cont.)

### 7.6.1.5 Acceptance of applications

An application in the Broker Firm Offer is an offer by an applicant to Moelis Australia to subscribe for Shares in the amount specified on the Broker Firm Offer Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Broker Firm Offer Application Form. To the extent permitted by law, an application by an applicant under the Offer is irrevocable.

An application may be accepted by Moelis Australia and the Sole Lead Manager in respect of the full number of Shares specified on the Broker Firm Offer Application Form or any of them, without further notice to the applicant. Acceptance of an application will give rise to a binding contract.

### 7.6.1.6 Broker firm offer allocation policy

The allocation of firm stock to Brokers will be determined by the Sole Lead Manager and Moelis Australia. Shares which have been allocated to Brokers for allocation to their Australian resident retail clients will be issued to the Applicants who have received a valid allocation of Shares from those Brokers (subject to the right of Moelis Australia and the Sole Lead Manager to reject or scale back applications which are for more than \$250,000). It will be a matter for those Brokers how they allocate Shares among their retail clients, and they (and not Moelis Australia or the Sole Lead Manager) will be responsible for ensuring that retail clients who have received an allocation from them, receive the relevant Shares.

## 7.6.2 Chairman's List Offer

### 7.6.2.1 Who can apply?

The Chairman's List Offer is open to investors who have received an invitation to participate in the Chairman's List Offer from Moelis Australia. If you have been invited by Moelis Australia to participate in the Chairman's List Offer, you will be treated as an applicant under the Chairman's List Offer in respect of those Shares that are allocated to you.

### 7.6.2.2 How to apply

If you have received an invitation to participate in the Chairman's List Offer from Moelis Australia, you will be separately advised of the application procedures under the Chairman's List Offer.

The Chairman's List Offer is expected to close at 5.00pm AEDT on 5 April 2017. Moelis Australia and the Sole Lead Manager may elect to extend the Offer or any part of it, or accept late applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice (subject to ASX Listing Rules and the Corporations Act). Applicants are therefore encouraged to submit their applications as early as possible.

### 7.6.2.3 How to pay

Applicants under the Chairman's List Offer must pay their Application Monies in accordance with instructions received from Moelis Australia.

### 7.6.2.4 Application monies

Moelis Australia reserves the right to decline any application in whole or in part, without giving any reason. Applicants under the Chairman's List Offer whose applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for will receive a refund of all or part of their application monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose applications are accepted in full will receive the whole number of Shares calculated by dividing the application amount by the Offer Price. Where the Offer Price does not divide evenly into the application amount, the number of Shares to be allocated will be determined by Moelis Australia and the Sole Lead Manager.

## 07 *Details of the Offer* (cont.)

### 7.6.2.5 Acceptance of applications

An application in the Chairman's List Offer is an offer by an applicant to Moelis Australia to subscribe for Shares in the amount specified on the Chairman's List Offer Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Chairman's List Offer Application Form (including the conditions regarding quotation on ASX in Section 7.6.2). To the extent permitted by law, an application is irrevocable.

An application may be accepted by Moelis Australia and the Sole Lead Manager in respect of the full number of Shares specified on the Chairman's List Offer Application Form or any of them, without further notice to the applicant. Acceptance of an application will give rise to a binding contract.

### 7.6.2.6 Chairman's list offer allocation policy

Moelis Australia will consult with the Sole Lead Manager regarding the allocation of Shares within the Chairman's List Offer. Moelis Australia, in consultation with the Sole Lead Manager, will determine the allocation of Shares to Applicants under the Chairman's List Offer and may reject an application, or allocate fewer Shares than applied for.

### 7.6.3 Institutional Offer

#### 7.6.3.1 Invitations to bid

The Institutional Offer consists of an invitation to certain Institutional Investors in Australia and a number of other eligible jurisdictions to apply for Shares. The Sole Lead Manager has separately advised Institutional Investors of the application procedures for the Institutional Offer. Offers and acceptances in the Institutional Offer are made with disclosure and under this Prospectus and are at the Offer Price.

#### 7.6.3.2 Institutional Offer allocation policy

The allocation of Shares among Applicants in the Institutional Offer was determined by the Sole Lead Manager and Moelis Australia. The Sole Lead Manager and Moelis Australia have absolute discretion regarding the basis of allocation of Shares among other Institutional Investors.

## 7.7 OFFER MANAGEMENT AGREEMENT

The Offer is not underwritten. The Sole Lead Manager and Moelis Australia have entered into an Offer Management Agreement under which the Sole Lead Manager has been appointed as manager of the Offer. The Sole Lead Manager agrees, subject to certain conditions and termination events, to manage the Offer. The Offer Management Agreement sets out a number of circumstances under which the Sole Lead Manager may terminate the Offer Management Agreement and its obligations.

A summary of certain terms of the agreement, including the termination provisions, is provided in Section 9.5.

## 7.8 RESTRICTIONS ON DISTRIBUTION

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to subscribe for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of securities, or possession or distribution of this Prospectus in any jurisdiction outside Australia, where action for that purpose may be required or doing so is restricted by law.

This Prospectus may not be released or distributed in the United States, and may only be distributed to persons to outside the United States whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

## 07 *Details of the Offer* (cont.)

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the United States Securities Act or the securities laws of any state of the United States and may not be offered or sold, directly or indirectly, in the United States except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act and any other applicable laws.

Each applicant in the Broker Firm Offer and Chairman's List Offer, and each person to whom the Institutional Offer is made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- > it understands that the Shares have not been, and will not be, registered under the United States Securities Act or the securities law of any state of the United States and may not be offered or sold, directly or indirectly, in the United States;
- > it is not in the United States;
- > it has not and will not send the Prospectus or any other material relating to the Offer to any person in the United States; and
- > it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the United States Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

Any offer, sale or resale of the Shares in the United States by a dealer (whether or not participating in the Offer) may violate the registration requirements of the United States Securities Act if made prior to 40 days after the date on which the Offer Price is determined and the Shares are allocated under the Offer or if such Shares were purchased by a dealer under the Offer.

### **7.9 DISCRETION REGARDING THE OFFER**

Moelis Australia may withdraw the Offer at any time before the issue of Shares to successful Applicants or bidders in the Broker Firm Offer, Chairman's List Offer and Institutional Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest). Moelis Australia and the Sole Lead Manager also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late applications or bids either generally or in particular cases, reject any application or bid, or allocate to any applicant or bidder fewer Shares than applied or bid for.

### **7.10 ASX LISTING, REGISTERS AND HOLDING STATEMENT AND DEFERRED SETTLEMENT TRADING**

#### **7.10.1 Application to ASX for listing and quotation of shares**

Moelis Australia intends to apply for admission to the Official List of ASX and quotation of the Shares on ASX within seven days from the date of this Prospectus. Moelis Australia's expected ASX code will be "MOE".

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit Moelis Australia to the Official List is not to be taken as an indication of the merits of Moelis Australia or the Shares offered for subscription.

If Moelis Australia does not make such an application within seven days after the date of this Prospectus, or permission is not granted for the official quotation of the Shares on ASX within three months after the date of this Prospectus (or any later date permitted by law), all Application Monies received by Moelis Australia will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

## 07 *Details of the Offer* (cont.)

### 7.10.2 CHES and issuer sponsored holdings

Moelis Australia will apply to participate in ASX's Clearing House Electronic Sub-register System (CHES) and will comply with ASX Listing Rules and ASX Settlement Operating Rules. CHES is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form. When the Shares become approved financial products (as defined in ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHES sub-register or an issuer sponsored sub-register.

For all successful Applicants, the Shares of an investor who is a participant in CHES or an investor sponsored by a participant in CHES will be registered on the CHES sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion, investors will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of an investor's Holder Identification Number for CHES holders or, where applicable, the Securityholder Reference Number of issuer sponsored holders. Investors will subsequently receive statements showing any changes to their holding of Shares. Certificates will not be issued. Holders of Shares will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the investor's sponsoring Broker in the case of a holding on the CHES sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. Moelis Australia and the Share Registry may charge a fee for these additional issuer sponsored statements.

### 7.10.3 Deferred settlement trading and selling shares on market

It is expected that trading on ASX (on a deferred basis) will commence on or about 10 April 2017.

It is the responsibility of each person who trades in Shares to confirm their own holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. Moelis Australia, the Share Registry and the Sole Lead Manager disclaim all liability, whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you received confirmation of your allocation from the Moelis Australia Offer Information Line or confirmed your firm allocation through a Broker.

Trading on a normal settlement basis is expected to commence on ASX on 12 April 2017.

## 7.11 SUMMARY OF RIGHTS AND LIABILITIES ATTACHED TO SHARES AND OTHER MATERIAL PROVISIONS OF THE CONSTITUTION

### Introduction

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that Moelis Australia is admitted to the Official List.

### 7.11.1 Voting at a general meeting

At a general meeting of Moelis Australia, every Shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and, on a poll, one vote for each Share held (with adjusted voting rights for partly paid shares).

If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote, in addition to any deliberative vote. The chairperson may determine that any question to be submitted to a general meeting will be determined by a poll without first submitting the question to a show of hands.

## 07 *Details of the Offer* (cont.)

### 7.11.2 Meetings of Shareholders

Each Shareholder is entitled to receive notice of, attend and vote at general meetings of Moelis Australia and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, Corporations Act and ASX Listing Rules. Moelis Australia must give Shareholders at least 28 days' written notice of a general meeting.

### 7.11.3 Dividends

The Board may pay interim and final dividends that, in its judgement, the financial position of Moelis Australia justifies. The Board may also pay any dividend required to be paid under the terms of issue of a share, and fix a record date for a dividend and method of payment.

For further information in respect of Moelis Australia's proposed dividend policy, see Section 4.16.

### 7.11.4 Transfer of Shares

Subject to the Constitution and to any restrictions attached to a Shareholder's Shares, Shares may be transferred by:

- > a proper transfer executed in accordance with the ASX Settlement Operating Rules, Corporations Act and ASX Listing Rules; or
- > a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements.

The Board may decline to register, or prevent registration of, a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the ASX Listing Rules.

### 7.11.5 Issue of further shares

The Board may, subject to the Constitution, Corporations Act and ASX Listing Rules, issue, allot or grant options for, or otherwise dispose of, Shares on such terms as the Board decides.

### 7.11.6 Winding up

If Moelis Australia is wound up, then subject to the Constitution, the Corporations Act and any rights or restrictions attached to any Shares or classes of Shares, Shareholders will be entitled to share in any surplus property of Moelis Australia in proportion to the number of Shares held by them.

If Moelis Australia is wound up, the liquidator may, with the sanction of a special resolution of Shareholders divide the property of Moelis Australia amongst the Shareholders and decide how the property will be divided between the Shareholders.

### 7.11.7 Unmarketable parcels

In accordance with the ASX Listing Rules, the Board may sell Shares that constitute less than a marketable parcel by following the procedure described in the Constitution.

### 7.11.8 Variation of class rights

At present, Moelis Australia's only class of shares on issue is Shares.

The procedure set out in the Constitution must be followed for any variation of rights attached to the Shares. Under the Constitution, and subject to the Corporations Act and the terms of issue of a class of shares, the rights attached to any class of shares may, be varied:

- > with the written consent of the holders of 75% of the shares of the class; or
- > by a special resolution passed at a separate meeting of the holders of shares of the class.

*Investigating Accountant's Report*



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# o8 Investigating Accountant's Report

## Deloitte.

The Directors  
Moelis Australia Limited  
Level 27, Governor Phillip Tower  
One Farrer Place  
Sydney NSW 2000

28 February 2017

Dear Directors

### INVESTIGATING ACCOUNTANT'S REPORT AND FINANCIAL SERVICES GUIDE

#### Introduction

This report has been prepared at the request of the directors of Moelis Australia Limited (ACN 142 008 428) (the Company) (the Directors) for inclusion in the prospectus to be issued by the Company (the Prospectus) in respect of the initial public offering of fully paid ordinary shares in the Company (the Offer) and listing of the Company on the Australian Securities Exchange.

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the Corporations Act 2001 for the issue of this report.

Capitalised terms used in this report have the same meaning as defined in the glossary of the Prospectus.

#### Scope

##### *Statutory Historical Financial Information*

Deloitte Corporate Finance Pty Limited has been engaged by the Directors to review the:

- Statutory historical consolidated statements of profit or loss and other comprehensive income for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016;
- Statutory historical consolidated statement of financial position as at 31 December 2016; and
- Statutory historical consolidated cash flows for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016,

as set out in Tables 8, 11 and 10 respectively of the Prospectus (together, the Statutory Historical Financial Information).

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

The Statutory Historical Financial Information has been extracted from the audited financial report of the Company covering the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016. The audit was undertaken by Deloitte Touche Tohmatsu in accordance with the Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unmodified audit opinion on the annual financial reports.

The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other

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Member of Deloitte Touche Tohmatsu Limited

Deloitte Corporate Finance Pty Limited  
ACN 003 833 127  
AFSL 241457

Grosvenor Place  
225 George Street  
Sydney NSW 2000  
PO Box N250 Grosvenor Place  
Sydney NSW 1220 Australia

DX: 10307SSE  
Tel: +61 (0) 2 9322 7000  
Fax: +61 (0) 2 9322 7001  
[www.deloitte.com.au](http://www.deloitte.com.au)

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28 February 2017

mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

### ***Pro forma Historical Financial Information***

Deloitte Corporate Finance Pty Limited has been engaged by the Directors to review the:

- Pro forma historical consolidated statements of profit or loss and other comprehensive income for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016;
- Pro forma historical consolidated statement of financial position as at 31 December 2016; and
- Pro forma historical consolidated cash flows for the years ended 31 December 2014, 31 December 2015 and 31 December 2016,

as set out in Tables 4, 11 and 9 respectively of the Prospectus (together, the Pro forma Historical Financial Information).

The Pro forma Historical Financial Information has been derived from the Statutory Historical Financial Information, after adjusting for the effects of pro forma adjustments described in Tables 7, 11 and 10 of the Prospectus respectively (the Pro forma Adjustments).

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Historical Financial Information and the events or transactions to which the Pro forma Adjustments relate, as if those events or transactions had occurred as at the date of the Statutory Historical Financial Information. Due to its nature, the Pro forma Historical Financial Information does not represent the Company's actual or prospective financial position, financial performance, or cash flows.

### ***Forecast Financial Information***

Deloitte Corporate Finance Pty Limited has been engaged by the Directors to review the:

- Statutory forecast consolidated statement of profit or loss and other comprehensive income and the Statutory forecast consolidated net cash flow available for distribution of the Company for the financial year ending 31 December 2017 as set out in Table 4 and Table 9 of the Prospectus (the Statutory Forecast Financial Information). The Directors' best estimate assumptions underlying the Statutory Forecast Financial Information are described in Section 4.14 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies; and
- Pro forma forecast consolidated statement of profit or loss and other comprehensive income and the Pro forma forecast consolidated net cash flow of the Company for the financial year ending 31 December 2017 as set out in Table 4 and Table 9 of the Prospectus (the Pro forma Forecast Financial Information). The Pro forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for the effects of the Pro forma Adjustments described in Tables 7 and 10 of the Prospectus. An audit/review has not been conducted on the source from which the unadjusted financial information was prepared. The stated basis of preparation used in the preparation of the Pro forma Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Forecast Financial Information and the events or transactions to which the Pro forma Adjustments relate, as if those events or transactions had occurred prior to 1 January 2017. Due to its nature the Pro forma Forecast Financial Information does not represent the Company's actual prospective financial performance and/or cash flows for the financial year ending 31 December 2017,

(together, the Forecast Financial Information).

## 08 Investigating Accountant's Report (cont.)

# Deloitte.

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The Forecast Financial Information has been prepared by management and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the financial year ending 31 December 2017. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variations may be material.

The Directors' best estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take, and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the assumptions on which the Forecast Financial Information is based, however such evidence is generally future orientated and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best estimate assumptions. We do not express any opinion on the achievability of the results. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties relating to an investment in the Company, which are detailed in Section 5 of the Prospectus, and the inherent uncertainty relating to the prospective financial information. Accordingly, prospective investors should have regard to the investment risks and sensitivities set out in Section 5.2 and Section 4.15 of the Prospectus.

The sensitivity analysis set out in Section 4.15 of the Prospectus demonstrates the impacts on the Forecast Financial Information of changes in key assumptions. The Forecast Financial Information is therefore only indicative of the financial performance which may be achievable. We express no opinion as to whether the Forecast Financial Information will be achieved.

We have assumed, and relied on representations from certain members of management of the Company, that all material information concerning the prospects and proposed operations of the Company has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

### **Directors' Responsibility**

The Directors are responsible for:

- the preparation and presentation of the Statutory Historical Financial Information and the Pro forma Historical Financial Information, including the selection and determination of the Pro forma Adjustments made to the Statutory Historical Financial Information and included in the Pro forma Historical Financial Information;
- the preparation of the Forecast Financial Information, including the best estimate assumptions underlying the Forecast Financial Information and the selection and determination of the Pro forma Adjustments made to the Statutory Forecast Financial Information and included in the Pro forma Forecast Financial Information; and
- the information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of the Statutory Historical Financial Information, the Pro forma Historical Financial Information and the Forecast Financial Information that are free from material misstatement, whether due to fraud or error.

### **Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information, the Pro forma Historical Financial Information, the Statutory Forecast Financial Information and the Pro Forma Forecast Financial Information based on the procedures performed and the evidence we have obtained. We have conducted

## 08 Investigating Accountant's Report *(cont.)*

# Deloitte.

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our engagement in accordance with the Australian Standard on Assurance Engagements (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we will not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

### ***Statutory Historical Financial Information***

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of Statutory Historical Financial Information from the audited financial statements of the Company for the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016;
- analytical procedures on the Statutory Historical Financial Information;
- a consistency check of the application of the stated basis of preparation, as described in the Prospectus, to the Statutory Historical Financial Information;
- a review of the work papers, accounting records and other documents of the Company and its auditors; and
- enquiry of the Directors, management and others in relation to the Statutory Historical Financial Information.

### ***Pro forma Historical Financial Information***

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of Statutory Historical Financial Information from the audited financial statements of the Company for each of the years mentioned above;
- consideration of the appropriateness of the Pro forma Adjustments described in Section 4.6, Section 4.9, and Section 4.10 of the Prospectus;
- enquiry of the Directors, management, personnel and advisors of the Company;
- the performance of analytical procedures applied to the Pro forma Historical Financial Information;
- a review of work papers, accounting records and other documents of the Company and its auditors; and
- a review of the accounting policies for consistency of application.

### ***Forecast Financial Information***

- enquiries, including discussions with management and Directors of the factors considered in determining the assumptions;
- analytical and other review procedures we considered necessary including examination, on a test basis, of evidence supporting the assumptions, amounts and other disclosures in the Forecast Financial Information;
- review of the accounting policies adopted and used in the preparation of the Forecast Financial Information; and
- consideration of the Pro forma Adjustments applied to the Statutory Forecast Financial Information in preparing the Pro forma Forecast Financial Information.

# 08 Investigating Accountant's Report *(cont.)*



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## Conclusions

### *Statutory Historical Financial Information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.2 of the Prospectus.

### *Pro forma Historical Financial Information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro forma Historical Financial Information is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 4.2 of the Prospectus.

### *Statutory Forecast Financial Information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- (i) the Directors' best estimate assumptions used in the preparation of the Statutory Forecast Financial Information do not provide reasonable grounds for the Statutory Forecast Financial Information;
- (ii) in all material respects, the Statutory Forecast Financial Information:
  - a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 4.14 of the Prospectus;
  - b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Company and the recognition and measurement principles contained in Australian Accounting Standards; and
- (iii) the Statutory Forecast Financial Information itself is unreasonable.

### *Pro forma Forecast Financial Information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- (i) the Directors' best estimate assumptions used in the preparation of the Pro forma Forecast Financial Information do not provide reasonable grounds for the Pro forma Forecast Financial Information;
- (ii) in all material respects, the Pro forma Forecast Financial Information:
  - a. is not prepared on the basis of the Directors' best estimate assumptions as described in Section 4.14 of the Prospectus;
  - b. is not presented fairly in accordance with the stated basis of preparation, being the accounting policies adopted and used by the Company and the recognition and measurement principles contained in Australian Accounting Standards, applied to the Statutory Forecast Financial Information and the Pro forma Adjustments as if those adjustments had occurred prior to 1 January 2017; and
- (iii) the Pro forma Forecast Financial Information itself is unreasonable.

## Restrictions on Use

Without modifying our conclusions, we draw attention to Section 4.2 and the 'Important Notices' section of the Prospectus, which describe the purpose of the Financial Information, being for inclusion in the Prospectus. As a result, the Investigating Accountant's Report may not be suitable for use for another purpose.

## 08 Investigating Accountant's Report *(cont.)*

**Deloitte.**

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### **Consent**

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Prospectus in the form and context in which it is included.

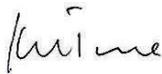
### **Disclosure of Interest**

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of the Company.

Yours faithfully

**DELOITTE CORPORATE FINANCE PTY LIMITED**



**Ian Turner**  
Authorised Representative of  
Deloitte Corporate Finance Pty Limited  
(AFSL Number 241457)  
AR Number 461016



**David Hagger**  
Authorised Representative of  
Deloitte Corporate Finance Pty Limited  
(AFSL Number 241457)  
AR Number 461001

# o8 Investigating Accountant's Report *(cont.)*

# Deloitte.

August 2016

## Financial Services Guide

### What is a Financial Services Guide?

**This Financial Services Guide (FSG) provides important information to assist you in deciding whether to use our services. This FSG includes details of how we are remunerated and deal with complaints.**

Where you have engaged us, we act on your behalf when providing financial services. Where you have not engaged us, we act on behalf of our client when providing these financial services, and are required to give you an FSG because you have received a report or other financial services from us. The person who provides the advice is an Authorised Representative (AR) of Deloitte Corporate Finance Pty Limited (DCF), which authorises the AR to distribute this FSG. Their AR number is included in the report which accompanies this FSG.

### What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

### Our general financial product advice

Where we have issued a report, our report contains only general advice. This advice does not take into account your personal objectives, financial situation or needs. You should consider whether our advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is provided to you in connection with the acquisition of a financial product you should read the relevant offer document carefully before making any decision about whether to acquire that product.

### How are we and all employees remunerated?

Our fees are usually determined on a fixed fee or time cost basis and may include reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us. Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Other than our fees, we, our directors and officers, any related bodies corporate, affiliates or associates and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

### Associations and relationships

We are ultimately controlled by the Deloitte member firm in Australia (Deloitte Touche Tohmatsu). Please see [www.deloitte.com/au/about](http://www.deloitte.com/au/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu. We and other entities related to Deloitte Touche Tohmatsu:

- do not have any formal associations or relationships with any entities that are issuers of financial products
- may provide professional services to issuers of financial products in the ordinary course of business.

### What should you do if you have a complaint?

If you have any concerns regarding our report or service, please contact us. Our complaint handling process is designed to respond to your concerns promptly and equitably. All complaints must be in writing to the address below.

If you are not satisfied with how we respond to your complaint, you may contact the Financial Ombudsman Service (FOS). FOS provides free advice and assistance to consumers to help them resolve complaints relating to the financial services industry. FOS' contact details are also set out below.

The Complaints Officer	Financial Ombudsman Service
PO Box N250	GPO Box 3
Grosvenor Place	Melbourne VIC 3001
Sydney NSW 1220	<a href="mailto:info@fos.org.au">info@fos.org.au</a>
<a href="mailto:complaints@deloitte.com.au">complaints@deloitte.com.au</a>	<a href="http://www.fos.org.au">www.fos.org.au</a>
Fax: +61 2 9255 8434	Tel: 1800 367 287
	Fax: +61 3 9613 6399

### What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services provided by us. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte Corporate Finance Pty Limited, ABN 19 003 883 127, AFSL 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000

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Member of Deloitte Touche Tohmatsu Limited

*Additional Information*



## 09 Additional Information

### 9.1 REGISTRATION

Moelis Australia was incorporated on 12 February 2010 as a proprietary company and is registered in Victoria. On 21 March 2017, Moelis Australia will convert to a public company limited by shares.

### 9.2 COMPANY TAX STATUS AND FINANCIAL YEAR

Moelis Australia is and will be subject to tax at the Australian corporate tax rate on its taxable income. Moelis Australia's financial year ends on 31 December annually.

### 9.3 CORPORATE ENTITIES

A list structure of the Moelis Australia's active entities is set out below. All companies are incorporated in Australia. The list below does not include companies that are currently dormant.

**TABLE 25: MOELIS AUSTRALIA CORPORATE ENTITIES**

NAME	NATURE OF BUSINESS	PERCENTAGE OWNED BY MOELIS AUSTRALIA
Moelis Australia Pty Ltd ACN 142 008 428	Holding company	–
ACN 167 316 109 Pty Ltd ACN 167 316 109	Investment entity	100%
Acure Asset Management Ltd ACN 147 322 861	Joint venture company	50% <sup>1</sup>
Global Wealth Partners Fund Pty Limited ACN 600 190 690	Investment fund	100%
Global Wealth Residential Pty Ltd ACN 607 039 216	Trustee entity	100%
Golden Corridor Management Pty Ltd ACN 602 607 723	Trustee entity	50%
MAAM GP Pty Ltd ACN 164 411 607	General partner of registered venture capital limited partnership	100%
MACDF TT Pty Ltd ACN 169 652 742	Trustee entity	100%
Moelis Australia Advisory Pty Ltd ACN 142 008 446	Corporate Advisory operating subsidiary	100%
Moelis Australia Asset Management Ltd ACN 142 008 535	Trustee entity	100%
Moelis Australia Securities Pty Ltd ACN 122 781 560	Equities operating subsidiary	100%
Moelis Australia Operations Pty Ltd ACN 138 030 289	Operating subsidiary of Moelis Australia	100%
Moelis Australia Share Plan Pty Ltd ACN 610 383 590	Trustee entity	100%
Moelis Australia Visa Fund Manager Pty Ltd ACN 142 008 482	Fund manager	100%
Western Funds Management Pty Ltd ACN 169 019 765	Investment entity	100%

### 9.4 ARRANGEMENTS WITH MOELIS & COMPANY

#### 9.4.1 Strategic Alliance Agreement

Moelis Australia is party to a Strategic Alliance Agreement with Moelis & Company which will take effect on Completion. Under this strategic alliance, Moelis Australia agrees to continue to conduct its business in Australia and New Zealand as an integrated part of the global advisory business of the international Moelis & Company. Key terms of the Strategic Alliance Agreement include:

- > **Exclusivity:** the parties agree to work together on an exclusive basis in relation to Moelis Australia's advisory business. This covers cross border business with respect to Australia and New Zealand. Moelis Australia will continue to operate its securities trading and research business, and its asset management business, on a basis consistent with the Strategic Alliance Agreement and the Trademark License Agreement between the parties. Moelis & Company will not compete with business conducted by Moelis Australia within Australia and New Zealand, and Moelis Australia agrees that it will not compete with business conducted by Moelis & Company outside of Australia and New Zealand, unless mutually agreed between the parties.
- > **Termination events:** the strategic alliance will continue until terminated by one or both parties. The Strategic Alliance Agreement may be terminated by mutual agreement at any time, or by one party giving six months' written notice to the other. The agreement may also terminate in the event of bankruptcy or insolvency of a party.

1. Entity is accounted for pursuant to the equity accounting entity method of accounting.

## 09 *Additional Information* (cont.)

- > **Effect of termination:** Termination by either party will constitute written notice of termination of the Trademark License Agreement.
- > If Moelis & Company terminates the agreement, it agrees not to compete with Moelis Australia's business in Australia and New Zealand for one year following termination of the Trademark License Agreement. The non-compete will not apply if Moelis & Company terminated because Moelis Australia no longer conducts a business substantially consistent with the size, scope and quality of its business at the time of Completion. If Moelis Australia has already changed its name to no longer include "Moelis", the one year non-compete period will commence on the termination of the Strategic Alliance Agreement.
- > If Moelis Australia terminates the Agreement, it agrees not to compete with Moelis & Company advisory business outside Australia and New Zealand for one year following termination of the Trademark License Agreement. The non-compete will not apply if Moelis Australia terminated because Moelis & Company no longer conducts a business substantially consistent with the size, scope and quality of its business at the time of Completion. The non-compete period will not apply if Moelis & Company no longer owns at least 10% of the outstanding ordinary shares of Moelis Australia. If Moelis Australia has already terminated the Trademark License Agreement, the non-compete period will commence on termination of the Strategic Alliance Agreement.
- > **Non-solicitation after termination:** Each party agrees not to solicit, hire or engage any employee or consultant of the other party for a period of 12 months after termination. Each party agrees not to solicit any client introduced by the other party for a period of 12 months after termination.

### 9.4.2 Trademark License Agreement

The Company is party to a Trademark License Agreement with Moelis & Company dated 28 February 2017. Under this agreement, Moelis & Company grants Moelis Australia a license to use the Moelis & Company registered trademarks and the "Moelis Australia" trademark, subject to the terms of the agreement. Key terms of the agreement include:

- > **Trademarks:** The licensed trademarks are for the name and stylised version of "Moelis & Company" and the name "Moelis Australia".
- > **Permitted uses:** Moelis Australia is licensed to use the trademarks solely in Australia and New Zealand in connection with its Corporate Advisory, Equities and Asset Management businesses. Asset Management may also use the "Moelis Australia" trademark to raise funds in certain other jurisdictions. Moelis & Company agrees not to use the trademarks in Australia or New Zealand in connection with these purposes for the duration of the agreement.
- > **Protection of trademarks:** Moelis Australia agrees to fairly typical quality control provisions including to ensure that its use of the trademarks will not damage the image or reputation of Moelis & Company or the value of the trademarks. Moelis Australia also agrees to submit any materials that will bear the licensed trademarks for review and approval by Moelis & Company. The parties agree to cooperate to defend against any third party's infringement of intellectual property rights under the agreement.
- > **Liability:** Moelis & Company agrees to license its intellectual property on an "as is" basis, meaning Moelis Australia will not have any claim against Moelis & Company for any claim, loss or damage arising from any deficiency in the trademarks or that the trademarks infringe any third party rights.
- > **Termination events:** Either party may terminate the Agreement by providing 12 months' written notice to the other party. If the Strategic Alliance Agreement between the parties expires or is terminated, the Trademark License Agreement will automatically terminate, effective from the date of termination of the Strategic Alliance Agreement. Moelis & Company may terminate if Moelis Australia fails to remedy a material breach of the agreement or becomes insolvent. If Moelis Australia does something to harm the brand, reputation or business of Moelis & Company, Moelis & Company may demand action to resolve the issue by written notice. If there is no resolution in 15 days' of the written notice, Moelis & Company may terminate the agreement.
- > **Effect of termination:** Upon termination of the Agreement, Moelis Australia must destroy all materials containing the licensed trademarks and change any corporate or trade names that include the trademarks within 10 days.

## 09 *Additional Information* (cont.)

### 9.4.3 Services agreement

Moelis Australia is party to a services agreement with Moelis & Company dated 30 June 2010 as amended from time to time. Under this agreement, Moelis & Company agrees to provide services to Moelis Australia and its subsidiaries for use in connection with the operation of Moelis Australia's business.

Moelis & Company agrees to provide general business, legal, information technology and media services to Moelis Australia as agreed from time to time between the parties. In consideration for the services, Moelis Australia pay a monthly fee (currently approximately US\$12,500 per month to Moelis & Company). Fees are subject to periodic adjustment based on good faith negotiation between the parties. The services agreement will terminate automatically upon termination of the Strategic Alliance Agreement. Other termination events include failure to remedy a material breach of the agreement or insolvency, receivership or other bankruptcy event of a party. The parties have agreed to establish a joint transitional services committee to oversee a gradual reduction in the services provided by Moelis & Company. This transition will be mutually agreed between the parties over a reasonable period of time.

### 9.4.4 Moelis & Company shareholding

Moelis & Company will hold a 40% shareholding in the Company post Completion of this Offer. As noted in Section 9.6, the escrow deed gives the Company a "relevant interest" in the 40% of issued Shares in the Company which are held by the Staff Trustee. The Corporations Act deems that relevant interest to also be held by Moelis & Company and Ken Moelis. Therefore, as a technical matter, each of Moelis & Company and Ken Moelis will have a 80% "relevant interest" in the Company post Completion.

## 9.5 OFFER MANAGEMENT AGREEMENT

The Offer is managed by the Sole Lead Manager under an offer management agreement dated 28 February 2017 between the Company and the Sole Lead Manager (Offer Management Agreement).

Moelis Australia Advisory Pty Ltd will act on an exclusive basis as financial advisor, bookrunner and Sole Lead Manager to arrange and manage the Offer. This is not an agreement to underwrite any part of the Offer.

### Fees and expenses

No fee is payable by the Company to the Sole Lead Manager. The Company has agreed to reimburse the Sole Lead Manager for certain costs and expenses incurred in connection with the Offer.

### Termination events

The Sole Lead Manager may, at any time before the Allotment date, terminate the Offer Management Agreement if a termination event occurs. These events include, but are not limited to, the following:

- > **Prospectus issues:** ASIC determines that the Prospectus fails to comply with applicable laws, the Company withdraws the Prospectus after it is lodged, a party withdraws its consent to be named in the Prospectus, or the Company receives a notice relating to a defective Prospectus.
- > **Misleading or deceptive information:** a misleading or deceptive statement or an omission of required information in the Prospectus. Misleading or deceptive information in the Due Diligence Report.
- > **Market conditions:** On any business day, the S&P/ASX 300 index closes at a level that is (a) 12.5% or more below the level at market close on the date of the Prospectus, and it remains at 12.5% or more below that level for at least 3 consecutive business days; or that is (b) 15% or more below the level at market close on the date of the Prospectus.
- > **Regulatory issues:** ASX withdraws any of its waivers, refuses to grant the Company's listing application, or imposes conditions that are unacceptable to the Sole Lead Manager. ASIC withdraws any of its relief, or commences an examination or hearing arising out of or in connection with the Offer or a group company.
- > **New circumstances:** a new circumstance arises which the Sole Lead Manager reasonably considers would have required disclosure in the Prospectus if it had arisen before lodgement. Any circumstance arises after lodgement of the Prospectus that results in the Company repaying money received from Applicants or offering refunds to Applicants. The Sole Lead Manager reasonably forms the view that a Supplementary Prospectus is required under the Corporations Act and the Company does not lodge one in an acceptable form.
- > **Judgment or orders:** a judgment or other government order exceeding \$200,000 is obtained against a group company or group assets and it is not satisfied or set aside within 7 days.

## 09 *Additional Information* (cont.)

### **Termination events subject to materiality**

The Sole Lead Manager may also terminate the Offer Management Agreement on the occurrence of certain events if it has reasonable grounds to believe that the event has had or is likely to have a material adverse effect on the success of the Offer, the ability to market or promote the Offer, or has given rise to a contravention or liability of the Sole Lead Manager and its related parties under any applicable law. These events include, but are not limited to:

- > **International events:** hostilities involving any of Australia, New Zealand, USA, United Kingdom or China arise, a national emergency is declared in any of these countries, or there is a major terrorist attack perpetrated anywhere in the world.
- > **Change of law or breach of law:** a change of law or policy that prohibits or regulates the business activities of Moelis Australia, or affects capital raising or the stock markets generally, is introduced or announced in Australia. A contravention by a group company of any law or its constitution.
- > **Contract issues:** the Company defaults in the performance of any of its obligations under the Offer Management Agreement, or a representation or warranty made by the Company is untrue or incorrect, and this is not remedied to the satisfaction of the Sole Lead Manager. The Company defaults under any other material contract, or changes a material contract without the consent of the Sole Lead Manager (not to be unreasonably withheld).

### **Representations, warranties and undertakings**

The Offer Management Agreement contains certain standard representations, warranties and undertakings given by the Company to the Sole Lead Manager (as well as common conditions precedent, including conducting due diligence, lodgement of this Prospectus, and ASIC and ASX granting the waivers and modifications necessary to enable to the Offer to proceed in accordance with the timetable).

Representations and warranties given by the Company include, but are not limited to, matters such as the Company's status, power, authorisation and binding nature of its obligations. The Company represents and warrants that no group company is in default under a material contract, and that all material contracts are valid. Representations and warranties also include matters such as compliance of the Offer and Offer documents with the Corporations Act, Listing Rules, legislative instruments and other applicable rules.

The undertakings given by the Company relate to matters including, but not limited to, notifying the Sole Lead Manager of certain events relating to progress of the Offer, termination events, events that could give rise to material adverse changes to the Company's business or the value of its shares and relevant correspondence with government agencies. The Company also undertakes not to take certain actions, such as agreeing to issue further shares or terminate material contracts, without the consent of the Sole Lead Manager.

### **Indemnity**

The Company has agreed to indemnify the Sole Lead Manager, its related bodies corporate, and each of their respective officers, employees, agents and advisors from and against any liability arising from the Offer. This does not include loss suffered as a result of fraud, gross negligence or wilful misconduct by the indemnified parties.

## 09 *Additional Information* (cont.)

### 9.6 ESCROW ARRANGEMENTS

On Completion, the Staff Trustee will hold 50 million Shares, which is 40% of the Company's issued Shares. The Staff Trustee has entered into a voluntary escrow deed with the Company in respect of the Shares it owns, which prevents it from dealing in the Company's Shares for the applicable escrow period. Following Completion, Shares held by the Staff Trustee will be subject to the following escrow arrangements:

**TABLE 26: STAFF TRUSTEE ESCROW ARRANGEMENT**

NUMBER OF SHARES <sup>1</sup>	RELEASE DATE
5.0 million	One year anniversary of Listing
5.0 million	Two year anniversary of Listing
5.0 million	Three year anniversary of Listing
11.7 million	Four year anniversary of Listing
11.7 million	Five year anniversary of Listing
11.7 million	Six year anniversary of Listing

During the escrow period, the Staff Trustee may deal in the escrowed Shares to the extent required by applicable law. The Staff Trustee may be released by the Company early from the escrow obligations in the event of a takeover bid or merger by scheme of arrangement under the Corporations Act, subject to certain conditions set out in the deed.

The escrow deed gives the Company power over disposal of Shares. Therefore, as a technical matter, the Company has a "relevant interest" in the 40% of issued Shares in the Company which are held by the Staff Trustee.

### 9.7 EXISTING STAFF TRUSTS

The Existing Staff Trust Unitholders indirectly own Shares in Moelis Australia through the ownership of units in the Existing Staff Trusts. The Existing Staff Trusts were established to provide Moelis Australia employees with an indirect economic interest in the business of Moelis Australia. All units held in the Existing Staff Trusts by Existing Staff Trust Unitholders are restricted until the occurrence of certain events that have the effect of reclassifying the units as unrestricted units.

The ability of the Existing Staff Trust Unitholders to deal with their units is limited to the rights under the terms of the Existing Staff Trusts. The terms of the Existing Staff Trusts provide for the release of restrictions attached to units to occur equally over a three year period commencing on the fourth anniversary of Completion. The Staff Trustee has discretion, subject to the Board's approval, to offer an early liquidity option to unitholders for up to the number of unescrowed Shares in each of the first, second and third years following the first anniversary of Completion.

Good leaver and bad leaver provisions apply under the terms of the Existing Staff Trusts which may result in an Existing Staff Trust Unitholder's units being redeemed by the Staff Trustee for a value considerably less than current unit value. The determination of whether a unitholder is a good or bad leaver is determined by the Board.

### 9.8 RELATED PARTY TRANSACTIONS

Other than as set out in this Prospectus, there are no existing agreements or arrangements nor any currently proposed transactions in which Moelis Australia was, or is to be, a participant and in which any related party of Moelis Australia has or will have a direct or indirect interest in Moelis Australia or the Offer.

## 09 *Additional Information* (cont.)

### 9.9 SELLING RESTRICTIONS

#### 9.9.1 International Offer Restrictions

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person and Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

#### 9.9.2 China

The information in this document does not constitute a public offer of the Shares, whether by way of sale or subscription, in the People's Republic of China (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The Shares may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors", sovereign wealth funds and quasi-government investment funds.

#### 9.9.3 Hong Kong

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the SFO). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

#### 9.9.4 Malaysia

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of Shares. The Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act.

#### 9.9.5 New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (FMCA). The Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- > is an investment business within the meaning of clause 37 of Schedule 1 of the FMCA;
- > meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMCA;
- > is large within the meaning of clause 39 of Schedule 1 of the FMCA;
- > is a government agency within the meaning of clause 40 of Schedule 1 of the FMCA; or
- > is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMCA.

## 09 *Additional Information* (cont.)

### 9.9.6 Singapore

This document and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in Section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### 9.10 ASX WAIVERS AND CONFIRMATIONS

Moelis Australia has obtained the following exemptions and waivers from ASIC and ASX in relation to the Offer:

- > a waiver from ASX Listing Rule 10.14 in connection with the proposed offer of employee incentives under the Equity Plan to Directors of Moelis Australia, as described in Section 6.2.5;
- > confirmation that Moelis Australia will be admitted to the Official List under the "profit test" for the purposes of ASX Listing Rule 1.2, subject to certain conditions to be approved by ASX;
- > confirmation that Moelis Australia has a track record of revenue acceptable to ASX such that the restrictions in clauses 1, 2, 3, 4, 7, 8 and 9 of Appendix 9B should not apply; and
- > confirmation that Moelis Australia may undertake deferred settlement trading of the Shares, subject to certain conditions to be approved by ASX.

### 9.11 LITIGATION AND CLAIMS

As at the date of this Prospectus, so far as the Directors are aware, there is no material current, pending or threatened litigation in which Moelis Australia is directly or indirectly involved.

### 9.12 TAXATION CONSIDERATIONS

The following comments provide a general summary of the Australian income tax, capital gains tax (CGT), goods and services tax (GST) and stamp duty issues for investors who acquire Shares under this Prospectus.

The categories of investors considered in this summary are limited to individuals, complying superannuation entities and certain companies, trusts or partnerships, each of whom holds their shares on capital account.

This summary does not consider the consequences for investors who are insurance companies, banks, investors that hold their shares on revenue account or carry on a business of trading in shares, investors who acquired Shares in connection with an employee share scheme, or investors who are exempt from Australian tax. This summary also does not cover the consequences for investors who are subject to Division 230 of the Income Tax Assessment Act 1997.

This summary is based on the tax laws in Australia in force at the time of issue of this Prospectus (together with established interpretations of those laws), which may change. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law.

Given that the precise implications of ownership or disposal of Shares will depend upon each investor's specific circumstances, investors should obtain independent advice on the taxation implications of holding or disposing of Shares, taking into account their specific circumstances (including whether they are an Australian tax resident).

## 09 *Additional Information* (cont.)

### 9.12.1 Acquisition of the Shares

Each Share in the Company should be a separate CGT asset. For CGT purposes, the cost base (and reduced cost base) of each Share held by an Australian tax resident or non-Australian tax resident investor should include the amount the investor paid (or is required to pay) to acquire the Share, plus any incidental costs of acquisition.

### 9.12.2 Dividends by the Company to Australian tax resident investors

An Australian tax resident investor who receives dividends from the Company should be required to include the dividends and any attached franking credits in their assessable income.

A tax offset should generally be available for any franking credits included in assessable income. However, an Australian tax resident investor should not be entitled to a tax offset for franking credits (and should not be required to include this amount in their assessable income) unless the investor is a 'qualified person' in respect of their Shares.

Broadly, the 'qualified person' rule requires an investor to hold Shares in the Company 'at risk' for at least 45 days (excluding the date of acquisition and disposal) subject to certain exceptions. An Australian tax resident investor may wish to seek professional tax advice regarding the application of the 'qualified person' rule to their particular circumstances.

Where an Australian tax resident investor satisfies the 'qualified person' rule and to the extent that the investor's entitlement to franking credits exceeds their tax liability for a relevant income year:

- > If the investor is an Australian tax resident individual or complying superannuation fund, a cash refund of the excess franking credits should be available;
- > If the investor is an Australian tax resident company, excess franking credits may be converted into carried forward tax losses.

### 9.12.3 Dividends by the Company to non-Australian tax resident investors

A non-Australian tax resident investor who receives dividends from the Company should be subject to dividend withholding tax of 30% to the extent that the dividends are unfranked. The dividend withholding tax rate of 30% may be reduced where the non-Australian tax resident investor is a tax resident of a country that has an applicable double tax agreement with Australia, and the agreement specifies a reduced rate of dividend withholding tax. A non-Australian tax resident investor who receives fully franked dividends from the Company should not be subject to dividend withholding tax.

### 9.12.4 Disposal of the Shares held by Australian tax resident investors

The disposal of the Shares by an Australian tax resident investor should constitute a CGT event and may result in a capital gain or capital loss for the investor.

A capital gain should arise to the Australian tax resident investor where the capital proceeds received from the disposal of the Shares is greater than the cost base of the Shares for CGT purposes. Conversely, a capital loss should arise if the capital proceeds from the disposal of the Shares is less than the reduced cost base of the Shares for CGT purposes.

Any capital gain or capital loss realised by an Australian tax resident investor in respect of the Shares should be aggregated with any other capital gains or capital losses of the Australian tax resident investor in that income year to determine the investor's net capital gain or net capital loss for that income year. A net capital gain should be included in the investor's assessable income (reduced by any applicable CGT discount, discussed below). Net capital losses may be carried forward and offset against future taxable capital gains (subject to satisfying any applicable loss recoupment rules).

An Australian tax resident investor may be eligible for the CGT discount to reduce net capital gains in respect of the Shares if those shares have been held for at least 12 months prior to disposal. The CGT discount is one half in the case of an Australian tax resident individual or trust, or one third in the case of a complying superannuation entity. Australian tax resident companies are not entitled to the CGT discount.

An Australian tax resident investor who disposes of their Shares within 12 months of acquisition or enters into an agreement to dispose of the Shares within 12 months of acquisition, should not be eligible for the CGT discount.

## 09 *Additional Information* (cont.)

### 9.12.5 Disposal of Shares held by non-Australian tax resident investors

The disposal of the Shares by a non-Australian tax resident investor should not generally give rise to Australian CGT consequences unless:

- > The Shares are held by the non-Australian tax resident investor in the course of carrying on a business through an Australian permanent establishment; or
- > The Shares are 'indirect Australian real property interests' at the time of disposal by the non-Australian tax resident investor. Broadly, the Shares should be indirect Australian real property interests if the non-Australian tax resident investor has an associate-inclusive interest of at least 10% in the Company, and the Company is 'land rich' for Australian income tax purposes (that is, more than 50% of the market value of the Company's assets comprise real property or rights to explore certain natural resources in Australia).

Where a non-Australian tax resident investor is subject to Australian CGT, the consequences should be similar to those outlined above in relation to an Australian tax resident investor. However, we note that the CGT discount should not generally be available to a non-Australian tax resident investor.

### 9.12.6 Withholding of tax from distributions

The Company is required to deduct Pay-As-You-Go withholding tax from an unfranked dividend paid to an Australian tax resident investor at the highest marginal tax rate plus applicable levies (currently 49%) if the investor has not quoted either their Tax File Number or Australian Business Number and none of the relevant exemptions apply. Investors should generally be entitled to an income tax credit for any such tax withheld.

A non-Australian tax resident investor is generally exempt from quoting their Tax File Number or Australian Business Number in respect of their investment in the Company.

### 9.12.7 GST

The acquisition or disposal of the Shares by investors should not be subject to GST. Similarly, dividends from the Company should not be subject to GST.

### 9.12.8 Stamp Duty

There should be no stamp duty on acquisition of the Shares under the Offer.

## 9.13 CONSENT TO BE NAMED AND STATEMENT OF DISCLAIMERS OF RESPONSIBILITY

Each of the parties listed below in this Section 9.13 (each a Consenting Party), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the Consenting Parties listed below has given and has not, at the time of lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of statements in this Prospectus that are specified below in the form and context in which the statements appear:

- > Boardroom Pty Limited and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Share Registry to Moelis Australia in relation to the Offer in the form and context in which it is named;
- > Deloitte Corporate Finance Pty Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Investigating Accountant to Moelis Australia in relation to the Financial Information in the form and context in which it is named and to the inclusion in this Prospectus of its Investigating Accountant's Report in Section 8 in the form and context in which it is included;
- > Deloitte Tax Services Pty Ltd has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as tax advisor to Moelis Australia in relation to the Offer in the form and context in which it is named;
- > Deloitte Touche Tohmatsu has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as the auditor of Moelis Australia in the form and context in which it is named;
- > Financial Services Council has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus in relation to the form and context in which it is named;

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## 09 *Additional Information* (cont.)

- > Herbert Smith Freehills has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Australian legal advisor (other than in relation to taxation and stamp duty matters) to Moelis Australia in relation to the Offer in the form and context in which it is named;
- > Moelis Australia Advisory Pty Ltd has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus as Sole Lead Manager to the Offer;
- > Perpetual Limited has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus in relation to the form and context in which it is named; and
- > Weeden & Co LP has given, and has not withdrawn prior to the Prospectus Date, its written consent to be named in this Prospectus in relation to the form and context in which it is named.

### **9.14 GOVERNING LAW**

This Prospectus and the contracts that arise from the acceptance of Applications under this Prospectus are governed by the laws applicable in New South Wales, Australia and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

### **9.15 STATEMENT OF DIRECTORS**

This Prospectus has been authorised by each Director of Moelis Australia who has consented to its lodgement with ASIC and its issue and has not withdrawn that consent.

*Appendix*



## 10 Appendix

### SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

Financial Information presented in this Prospectus has been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, Moelis Australia takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use in AASB 136 'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- > Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- > Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- > Level 3 inputs are unobservable inputs for the asset or liability.

#### Basis of consolidation

The Financial Information incorporates the financial results of the Company and entities controlled by the Company (the "Moelis Australia Group" or the "Group"). Control is achieved when the Company:

- > has power over the investee;
- > is exposed to, or has rights, to variable returns from its involvement with the investee; and
- > has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- > the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- > potential voting rights held by the Company, other vote holders or other parties;
- > rights arising from other contractual arrangements; and
- > any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous Shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## 10 Appendix *(cont.)*

### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The recognition of advisory revenue is determined with reference to the stage of completion of the transaction at the end of the reporting period and where the outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent the related expenditure is recoverable.

Commission revenue arising on the Group's securities trading services is recognised in the profit or loss when the commission is due and payable from the third party clearer on the trade date of the transaction which also reflects the period the services are provided.

Asset Management fees are recognised in the period the services are provided.

### Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### Foreign Currency Transactions

The financial statements of Moelis Australia are presented in the currency of the primary economic environment in which Moelis Australia operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of the Group are expressed in Australian dollars ("A\$"), which is the functional currency of the Group and the presentation currency for the consolidated financial statements.

In preparing the consolidated financial statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognised in the profit or loss. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

### Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, bonus, annual leave and long service leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by Moelis Australia in respect of services provided by employees up to reporting date.

### Taxation

Moelis Australia is a tax-consolidated group under Australian taxation law, of which Moelis Australia is the head entity. As a result, Moelis Australia is subject to income tax as the head entity of the Group. The consolidated current and deferred tax amounts for Moelis Australia are allocated to the members of the Group using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in the financial statements of each member entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the head entity, as under Australian taxation law the head entity has the legal obligation (or right) to these amounts.

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## 10 Appendix *(cont.)*

Entities within the tax-consolidated group have entered into a tax funding agreement and a tax sharing agreement with Moelis Australia. Under the terms of the tax funding agreement, Moelis Australia and its subsidiaries have agreed to pay a tax equivalent payment to or from Moelis Australia equal to the tax liability or asset assumed by Moelis Australia for that period as noted above. The amount arising under the tax funding arrangement for each period is equal to the tax liability or asset assumed by Moelis Australia for that period and no contribution from (or distribution to) equity participants arises in relation to income taxes.

The tax sharing agreement entered into between members of the Group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the Group. The effect of the tax sharing agreement is that each company in the tax-consolidated group's liability for tax payable by the Group is limited to the amount payable to Moelis Australia under the tax funding arrangement.

### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Moelis Australia's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

### **Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where Moelis Australia is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which Moelis Australia expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and Moelis Australia intends to settle its current tax assets and liabilities on a net basis.

## 10 Appendix *(cont.)*

### **Current and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### **Property, plant and equipment**

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation periods are: computer and office equipment three years, furniture and fittings seven years and leasehold improvements are amortised over the term of the lease.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

### **Impairment of tangible assets**

At the end of each reporting period, Moelis Australia reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, Moelis Australia estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### **Provisions**

Provisions are recognised when Moelis Australia has a present obligation (legal or constructive) as a result of a past event, it is probable that Moelis Australia will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

## 10 Appendix *(cont.)*

### Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where Moelis Australia has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

### Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- > Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense;
- > For receivables and payables which are recognised inclusive of GST; or
- > The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified within operating cash flows.

### Share-based payments transactions of Moelis Australia

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on Moelis Australia's estimate of equity instruments that will eventually vest.

### Financial instruments

Financial assets and financial liabilities are recognised when Moelis Australia becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

### AFS financial assets

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (i) loans and receivables, (ii) held-to-maturity or (iii) financial assets at fair value through profit or loss.

Listed shares held by Moelis Australia that are traded in an active market are classified as AFS and are stated at fair value. Moelis Australia also has investments in unlisted shares that are not traded in an active market but are also classified as AFS financial assets and are held at cost. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

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## 10 Appendix *(cont.)*

### **Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For AFS equity instruments, including listed or unlisted shares, objective evidence of impairment includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered. A significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment for shares classified as available-for-sale.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on an individual basis. Objective evidence of impairment could include Moelis Australia's past experience of collecting payments, an increase in the number of delayed payments past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

### **Financial liabilities**

#### **Other financial liabilities**

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

### **Critical accounting judgments and key sources of estimation uncertainty**

The preparation of consolidated financial statements requires the use of judgment, estimates and assumptions. Should different assumptions or estimates be applied, the resulting values may change, impacting the net assets and income of Moelis Australia. These estimates and assumptions are reviewed on an ongoing basis. The nature of the significant estimates and judgments made are noted below.

### **Fair value measurements and valuation processes**

Some of Moelis Australia's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, Moelis Australia uses market-observable data to the extent it is available.

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## 10 Appendix *(cont.)*

### **Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill at 31 December 2016 was \$1.3 million (31 December 2015 \$1.3 million).

### **Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of Moelis Australia's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently where there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### **Investments in associates and joint ventures**

An associate is an entity over which Moelis Australia has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to Moelis Australia's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

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# Glossary



## 11 Glossary

The following terms used in this Prospectus have the following meanings unless the context otherwise requires.

TERM	DEFINITION
\$	Australian dollar currency
AEDT	Australian Eastern Daylight Time
Allotment Date	The date Moelis Australia anticipates the Shares will be allotted and issued to Applicants
Applicant	A person who makes an Application for Shares under this Prospectus
Application	An application to subscribe for Shares under this Prospectus
Application Form	The application form attached to or accompanying this Prospectus
Application Monies	The amount of monies accompanying an Application Form submitted by an Applicant
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASX Corporate Governance Principles	The corporate governance principles and recommendations of the ASX Corporate Governance Council as at the date of this Prospectus
ASX or Australian Securities Exchange	ASX Limited (ACN 008 624 691) or the financial market it operates, as the context requires
ASX Listing Rules	The listing rules of the ASX
ASX Recommendations	ASX Corporate Governance Principles and Recommendations (3rd edition) as described in Section 6.4.1
ASX Settlement	ASX Settlement Pty Limited ABN 49 008 504 532
ASX Settlement Operating Rules	The operating rules of ASX Settlement as amended from time to time, except to the extent of any express written waiver by ASX Settlement
AUM	Assets under management
Australian Financial Services Licence	A licence for any Australian business involved in the provision of financial services, issued by ASIC as required by the Corporations Act
Board or Board of Directors	The board of directors of Moelis Australia
Bonus Scheme	Refers to the bonus compensation arrangements outlined in Section 6.2.5.1
Broker	Any ASX participating organisation selected by the Sole Lead Managers in consultation with Moelis Australia to act as a broker to the Offer
Broker Firm Offer	Has the meaning ascribed to that term in Section 7.6.1
Broker Firm Offer Application Form	The application form attached to or accompanying this Prospectus for investors to apply for Shares under the Broker Firm Offer
CEO	Chief Executive Officer

## 11 Glossary (cont.)

TERM	DEFINITION
CGT	Capital gains tax
Chairman or Independent Chairman	The Chairman of the Moelis Australia Board of Directors
Chairman's List Offer	The offer of Shares to parties on the Chairman's list
Chairman's List Offer Application Form	The application form related to the Chairman's List Offer
Chapter 11 Reorganisation	Chapter 11 is a form of bankruptcy in the United States that involves a reorganisation of a debtor's business affairs, debts and assets (in the United States)
CHESS	Clearings House Electronic Sub-register System
Chi-X	A stock exchange and derivatives market operator licensed and regulated by ASIC
Closing Date	The date that the Offer closes, which is at 5.00pm AEDT on 5 April 2017
Company	Moelis Australia Limited (ABN 68 142 008 428)
Completion	The allotment of Shares to the Successful Applicants under this Prospectus
Constitution	The constitution of Moelis Australia
Cooling-off period	The period where an application can be rescinded
Corporations Act	Corporations Act 2001 (Cth)
CY	Calendar year ended 31 December
DFAT	The Department of Foreign Affairs and Trade
Directors	The directors of Moelis Australia
EBIT	Earnings before interest and tax
EBIT Margin	EBIT divided by net revenue (revenue less costs of sales)
Equity Plan	Refers to arrangements to award employees with equity rights as detailed in Section 6.2.5.2
Equity Rights	The right to be awarded Shares in the Company in accordance with the Equity Plan as detailed in Section 6.2.5.2
Escrow Agreement	The voluntary escrow deed between Moelis Australia and the Staff Trustee dated on or about the date of this Prospectus
Escrowed Shares	All of the Shares held by the Staff Trustee as trustee of the Existing Staff Trusts
Executive Directors	Directors who are also employees of Moelis Australia
Exercise Window	The calendar year immediately following an option series exercise date
Existing Owners	Moelis & Company International Holdings LLC (a wholly owned subsidiary of Moelis & Company) and the Staff Trustee
Existing Staff Trusts	The Magic 1 Trust established by trust deed commencing on 28 April 2010 (as amended) and the Magic 2 Trust established by trust deed dated 13 February 2011 (as amended)

## 11 Glossary *(cont.)*

TERM	DEFINITION
Existing Staff Trust Unitholders	Certain current and former Moelis Australia employees holdings units in the Existing Staff Trusts at the date of this Prospectus
Expiry Date	13 months from the date of this Prospectus
Forecast Financial Information	Has the meaning given to in Section 4
GST	Has the meaning given to that term in section 195 – 1 of the A New Tax System (Goods and Services Tax) Act 1999 as amended
Investigating Accountant	Deloitte Corporate Finance Pty Limited
IPO	Initial public offering
Issuer	Moelis Australia Pty Ltd, to be renamed Moelis Australia Limited (ABN 68 142 008 428)
Institutional Investor	<p>An investor:</p> <ul style="list-style-type: none"> <li>&gt; in Australia who is a “wholesale client” for the purpose of section 761G of the Corporations Act and who is either a “professional investor” or “sophisticated investor” under sections 708(11) and 708(8) of the Corporations Act; or</li> <li>&gt; in certain other jurisdictions, as agreed between the Company and the Sole Lead Manager, to whom offers or invitations in respect of securities can be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any governmental agency (except one with which the Company is willing, in its absolute discretion, to comply),</li> </ul> <p>and in either case, provided that such person is not in the United States</p>
Institutional Offer	Has the meaning given to in Section 7.6.3
Listing	The commencement of trading in Shares on the Official List, initially on a deferred settlement basis
Mid-cap	Refers to mid-capitalisation companies, typically those included in the S&P/ASX Mid Cap 50 Index
Moelis Australia	Moelis Australia Pty Ltd, to be renamed Moelis Australia Limited (ABN 68 142 008 428)
Moelis Australia Advisory	Moelis Australia Advisory Pty Ltd (ABN 72 142 008 446)
Moelis Australia Offer Information Line	1 300 737 760 or +61 2 9290 9600
Moelis Australia Securities	Moelis Australia Securities Pty Ltd (ABN 87 122 781 560)
Moelis & Company	Moelis & Company Group LP
NPAT	Net profit after tax attributable to Shareholders
Offer	The IPO under this Prospectus of 25 million Shares to be issued by Moelis Australia
Offer Management Agreement	The agreement between Moelis Australia and Moelis Australia Advisory dated 28 February 2017, a summary of which is included in Section 9.5
Offer Period	The period during which investors may subscribe for Shares under the Offer

## 11 Glossary (cont.)

TERM	DEFINITION
Offer Price	\$2.35 per Share
Official List	The official list of ASX of entities that ASX has admitted and not removed from listing
Official Quotation	Official quotation of Shares by ASX
Option	An outstanding option in Moelis Australia
Options Offer	Options Offer as detailed in Section 6.3
Original Marketing Services Agreement	One of two marketing services agreements referred to in Section 4.6
Prospectus	This document (including the electronic copy of this prospectus) and any supplementary or replacement prospectus in relation to this document
Prospectus Date	The Prospectus issue date of 28 February 2017
Section	A section of this Prospectus
Share	A fully paid ordinary share in the capital of Moelis Australia
Shareholder	A person registered from time to time on Moelis Australia's register of Shares as a holder of one or more Shares
Share Registry	Boardroom Pty Limited (ABN 14 003 209 836)
Small-cap	Refers to small-capitalisation companies, typically those included in the S&P/ASX Small Ordinaries Index
Sole Lead Manager	Moelis Australia Advisory Pty Limited (ABN 72 142 008 446)
Staff Trustee	Magic TT Pty. Ltd. (ACN 143 275 138) as trustee for the Existing Staff Trusts
Statutory EBIT	Earnings before interest and tax as calculated from the Moelis Australia Consolidated Financial Statements
Statutory NPAT	Net profit after tax derived from the profit figure given by statutory financial statements compiled in accord with IFRS Accounting Standards
Strategic Alliance Agreement	The agreement between Moelis Australia and Moelis & Company dated on or about the date of this Prospectus
Successful Applicants	An Applicant who is issued Shares under the Offer
S&P	Standard & Poor's Financial Services LLC
Trademark Licence Agreement	A license granted by Moelis & Company to Moelis Australia to use the Moelis & Company trademarks in Australia and New Zealand, subject to the terms of the agreement
US\$	United States currency
VFM Marketing Services Agreement	One of two marketing services agreements referred to in Section 4.6
Weeden & Co	Weeden & Co LP

[Application Form]

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[Application Form]

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# Directory

## ISSUER

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Level 27, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

## SOLE LEAD MANAGER

### **Moelis Australia Advisory Pty Ltd**

Level 27, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

## LEGAL ADVISOR

### **Herbert Smith Freehills**

Level 34, 161 Castlereagh Street  
Sydney NSW 2000

## INVESTIGATING ACCOUNTANT

### **Deloitte Corporate Finance Pty Limited**

Grosvenor Place, 225 George Street  
Sydney NSW 2000

## TAX ADVISOR

### **Deloitte Tax Services Pty Ltd**

Grosvenor Place, 225 George Street  
Sydney NSW 2000

## AUDITOR

### **Deloitte Touche Tohmatsu**

Grosvenor Place, 225 George Street  
Sydney NSW 2000

## SHARE REGISTRY

### **Boardroom Pty Limited**

Level 12 225 George Street  
Sydney NSW 2000

## MOELIS AUSTRALIA OFFER INFORMATION LINE

Within Australia 1 300 737 760  
Outside Australia +61 2 9290 9600

Between 9.00am and 5.00pm (AEDT),  
Monday to Friday (business days only).



**MOELIS**  
AUSTRALIA

[moelisaustralia.com.au](http://moelisaustralia.com.au)