QUALITAS

PROSPECTUS

Prospectus for the Initial Public Offering of up to 134 million fully paid ordinary shares in Qualitas Limited (ACN 655 057 588) at an offer price of $2.50 per share

Qualitas Limited
ACN 655 057 588

Joint Lead Manager and Underwriter of the Offer

MACQUARIE

Joint Lead Managers of the Offer

Canaccord Genuity

E&P

Co-Lead Manager of the Offer

crestone.

Co-Managers of the Offer

BELL POTTER

TAYLOR COLLISON

IMPORTANT INFORMATION

Offer

The Offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares (**Shares**) in Qualitas Limited ACN 655 057 588 (**Company**). This Prospectus is issued by the Company for the purpose of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**).

This Prospectus also contains an offer of 100 Shares (**Nominal Compliance Offer**) for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Nominal Compliance Offer Closing Date.

This is not an offer to buy shares or units in the investment products that Qualitas manages.

Lodgement and Listing

This Prospectus is dated 29 November 2021 (**Prospectus Date**) and a copy has been lodged with the Australian Securities and Investments Commission (**ASIC**).

The Company has applied to ASX Limited for admission of the Company to the Official List and quotation of its Shares on ASX.

None of ASIC, ASX nor their respective officers take any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates.

Expiry Date

No Shares will be issued or sold on the basis of this Prospectus after 28 December 2022 (**Expiry Date**).

Note to Applicants

No person is authorised to provide any information, or to make any representation, about the Company or the Offer that is not contained in this Prospectus. Potential investors should only rely on the information contained in this Prospectus. Any information or representation which is not contained in the Prospectus may not be relied on as having been authorised by the Company, or any other person in connection with the Offer.

Except as required by law and only to the extent so required, neither the Company nor any person associated with the Company, or the Offer guarantees or warrants the future performance of the Company, the return on an investment made under the Prospectus, the repayment of capital or the payment of dividends on the Shares.

The information in this Prospectus is not investment or financial product advice and has been prepared as general information only, without taking into account your investment objectives, financial situation or particular needs. The Company is not licensed to provide financial product advice in relation to Shares or any other financial products.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company. In particular, you should consider the assumptions underlying the Pro Forma Historical Financial Information and the Forecast Financial Information (see Section 5) and the risk factors that could affect the business, financial condition and financial performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in Shares.

Some of the key risk factors that should be considered by prospective investors are set out in Section 6, including macroeconomic and market condition risks arising from the ongoing global COVID-19 pandemic. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company's or the repayment of capital or any return on investment made pursuant to this Prospectus.

Intermediary Authorisation

The issuer of the Prospectus is the Company. The Company does not hold an Australian Financial Services Licence (**AFSL**) under the Corporations Act. Accordingly, offers under this Prospectus will be made under an arrangement between the Company and Evans & Partners, the holder of an AFSL (**Authorised Intermediary**) under Section 911A(2)(b) of the Corporations Act. The Company will only authorise the Authorised Intermediary to make offers to people to arrange for the issue of Shares by the Company under this Prospectus and the Company will only issue Shares in accordance with such offers if they are accepted.

The Authorised Intermediary's function should not be considered as an endorsement of the Offer, or a recommendation of the suitability of the Offer for any investor. The Authorised Intermediary does not guarantee the success or performance of the Company or the returns (if any) to be received by investors. The Authorised Intermediary is not responsible for, and has not authorised or caused the issue of, this Prospectus.

As a condition of requesting or receiving a copy of this Prospectus (including any electronic version of this Prospectus), each person that is a 'retail client' under Section 761G of the Corporations Act irrevocably and unconditionally agrees, for the purposes of section 940C of the Corporations Act and all other purposes, to appoint the Company as its agent for the receipt of the Authorised Intermediary's financial services guide in accordance with regulation 7.7.01(2)(b) of the *Corporations Regulations 2001* (Cth).

Evans & Partners is a related body corporate of E&P Corporate Advisory which, along with Macquarie Capital and Canaccord, will manage the Offer as Joint Lead Managers.

Target Market Determination

The Company has prepared a target market determination (**TMD**) in relation to the Company as required by law. The TMD is available at the Offer website at https://ipo.qualitas.com.au and contains information concerning the likely objectives, financial situation and needs of retail clients for whom an investment in the Company may be suitable.

No cooling-off

No cooling-off period or cooling-off rights apply to the acquisition of Shares under this Prospectus. This means that, in most circumstances, you cannot withdraw your application once it has been accepted.

No offering where offering would be illegal

This Prospectus does not constitute an offer or invitation 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 the Shares in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia 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 has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States, except in compliance with Regulation S under the US Securities Act of 1933. The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States, except in a transaction exempt from the registration requirements of the US Securities Act of 1933, and applicable United States state securities laws. The Offer is not being extended to any investor outside Australia, other than to Institutional Investors as part of the Institutional Offer. This Prospectus does not constitute an offer or invitation to potential investors to whom it would not be lawful to make such an offer or invitation.

For details of selling restrictions that apply to the Shares in certain jurisdictions outside of Australia, please refer to Annexure 12.5.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company. Investors should be aware that past performance is not indicative of future performance.

Financial information presentation

Section 5 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation of that information is set out in Section 5.2.

All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest $1,000 unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus may be due to rounding.

Forward looking statements and statements from third parties

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 is an example of forward looking statements.

Any forward looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Such statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company and its respective directors and management.

Forward looking statements should therefore be read in conjunction with, and are qualified by reference to, the discussion of the Historical Financial Information and the Forecast Financial Information in Section 5, specific assumptions and general assumptions as set out in Section 5.7 the sensitivities as set out in Section 5.9 and other information in this Prospectus and the risk factors as set out in Section 6.

The Company cannot and does not give any assurances that the results, performance or achievements expressed or implied by the forward looking statements contained in the Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward looking statements. The Company has no intention of updating or revising 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.

Industry and third party market data

This Prospectus, including the overviews of the industry in which the Company operates in Section 3, uses statistics, market data and third party estimates and other information (including industry forecasts and projections).

The Company has obtained portions of this information from databases and research prepared by third parties, including those listed in Section 3 and customer surveys commissioned by the Company and conducted by third parties based on a quantitative online survey and interviews with a limited number of the Company's customers. Certain information contained in the Prospectus has been extracted by the Company from these reports and surveys are based on the Company's analysis of such information. None of the authors of the reports noted in this paragraph have authorised or approved the publication of the Prospectus.

The market and industry data has not been independently prepared or verified and neither the Company nor the Joint Lead Managers can assure you as to its accuracy or the accuracy of the underlying assumptions used to estimate such data. Industry assumptions, estimates and forecasts involve risk and uncertainties and are subject to change based on various factors, including those described in the risk factors set out in Section 6. There is no assurance that any of the third party estimates or projections contained in this Prospectus will be achieved.

Market data and statistics are inherently subject to a range of limitations and possible errors, including errors in data collection and the possibility that relevant data has been omitted. As a result, this data is subject to uncertainty and not necessarily reflective of actual market conditions. Moreover, in choosing what third party sources to reference in the Prospectus, the Company has given due regard to the latest available industry sources that are publicly available, including those that assess the impact of the coronavirus pandemic (**COVID-19**) on market sizes and growth rates. It should be noted, however, that such information is produced at a point in time, and may not reflect the longer term impact of COVID-19 on each of the markets discussed in Section 3 of the Prospectus.

Disclaimer

None of the Company, the Joint Lead Managers nor any other person in connection with the Offer warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

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

As set out in Section 7, it is expected that the Shares will be quoted on the ASX. The Company, the Joint Lead Managers and the Share Registry disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

This disclaimer does not purport to disclaim any warranties or liability which cannot be disclaimed by law.

Exposure Period

The Corporations Act prohibits the Company from processing Applications in the seven days after the Prospectus lodgement 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 the 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. If material deficiencies are detected, the Company may:

- return any Application Monies that the Company has received;
- provide each Applicant with a supplementary or replacement Prospectus that corrects the deficiency and give each Applicant the option to withdraw the Application within one month and be repaid their Application Monies; or
- provide to each Applicant the Shares applied for in the Application, provide each Applicant with a supplementary or replacement Prospectus that corrects the deficiency and give each Applicant the option to withdraw the Application within one month.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

During the Exposure Period, this Prospectus will be made generally available to Australian residents, without the Application Forms, at the Offer website, https://ipo.qualitas.com.au.

Obtaining a copy of this Prospectus

A paper copy of the Prospectus is available free of charge to any person in Australia by calling the Offer Information Line on 1800 628 703 (within Australia) or +61 1800 628 703 (outside Australia) from 8.30am until 5.30pm (Sydney time) Monday to Friday during the Offer Period.

This Prospectus is also available to Australian resident investors in electronic form at the Offer website, https://ipo.qualitas.com.au. The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website within Australia. It is not available to persons in other jurisdictions (including the United States). Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus before deciding whether or not to apply for Shares.

Applications for Shares may only be made on the appropriate Application Form included in, or accompanying, this Prospectus in its paper copy form, or in its electronic form which must be downloaded in its entirety from https://ipo.qualitas.com.au. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing the

Application Form on to another person unless it is included in, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

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 the Company.

Diagrams 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 date of this Prospectus.

Photographs in this Prospectus may be used under licence. The downloading, republication, retransmission, reproduction or other use of those photographs other than in this Prospectus is prohibited.

Logos

This Prospectus may contain trademarks and trade names of third parties, which are the property of their respective owners. Third party trademarks and trade names used in this Prospectus belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with the Company, or the Joint Lead Managers.

Company website

Any references to documents included on the Company's website at www.qualitas.com.au or the Offer website at https://ipo.qualitas.com.au are for convenience only, and none of the documents or other information available on the Company's website is incorporated in this Prospectus by reference.

Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus are explained in the Glossary in Annexure 12.4. Unless otherwise stated or implied, references to times in this Prospectus are to Melbourne, Australia time.

Privacy

By completing an Application Form, you are providing personal information to the Company, and the Share Registry, which is contracted by the Company to manage Applications. The Company and the Share Registry on their behalf, collect, hold and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

Once you become a Shareholder, the Corporations Act and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included in the Company's public register. The information must continue to be included in the Company's public register if you cease to be a Shareholder. If you do not provide all the information requested, your Application Form may not be able to be processed. The Company and the Share Registry on their behalf may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the *Privacy Act 1988* (Cth):

- the Share Registry for ongoing administration of the Shareholder register;
- the Joint Lead Managers and the Company in order to assess your Application;
- the Authorised Intermediary for the purpose of making the Offers;
- and other companies for the purpose of preparation and distribution of documents and for handling mail;
- market research companies for the purpose of analysing the Company's shareholder base and for product development and planning; and
- legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by or on behalf of the Company. You can request access to your personal information or obtain further information about the Company's privacy practices by contacting the Share Registry or the Company. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public. 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 the Company's financial results, annual reports and other information that the Company may wish to communicate to its Shareholders) and compliance by the Company 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. 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.

Applications

By lodging an Application Form, you declare that you were given access to the entire Prospectus, together with an Application Form. The Company will not accept a completed Application Form if it has reason to believe that an Application Form lodged by an Applicant was not accompanied by, or included in, the Prospectus or if it has reason to believe that the Application Form has been altered or tampered with in any way.

Detailed instructions on completing the Application Form can be found on the back of the Application Form. The acceptance of an Application Form and the allocation of Shares are at the sole and absolute discretion of the Company.

No guarantee

The Shares to be issued and sold under this Prospectus carry no guarantee with respect to payment of dividends, returns of capital or the market value of those Shares.

Nominal Compliance Offer

Unless expressly stated otherwise or otherwise where the context requires, references to the Offer Shares or the Share capital does not include the Shares which may be issued under the Nominal Compliance Offer.

Currency

References in this Prospectus to currency are to Australian dollars unless otherwise indicated.

Offer management and underwriting

The financial advisor and Underwriter of the Offer is Macquarie Capital.

The Joint Lead Managers are Macquarie Capital, Canaccord and E&P Corporate Advisory.

The Co-Lead Manager is Crestone and Co-Managers are Bell Potter and Taylor Collison.

Investigating Accountant's Report on the Financial Information and financial services guide

The provider of the Investigating Accountant's Report on the Financial Information is required to provide Australian retail investors with a financial services guide in relation to its independent review under the Corporations Act. The Investigating Accountant's Report and accompanying financial services guide are provided in Section 8.

This document is important and should be read in its entirety.

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KEY INFORMATION

OVERVIEW

Issuer of this Prospectus	**Qualitas Limited ACN 655 057 588**
Proposed ASX Code	**QAL**
Offer Price	**$2.50**

OFFER METRICS

Total number of Shares to be issued under the Offer[1]	**134 million**
Total number of Shares to be held by Existing Shareholders at Completion of the Offer	**160 million**
Total Shares on issue at Completion of the Offer[2]	**294 million**
Gross proceeds of the Offer[3]	**$335 million**
Indicative market capitalisation at the Offer Price[4]	**$735 million**
Pro Forma Forecast FY22 Annualised Dividend Yield[5]	**3.0%**

Note: The numbers of Shares in the table above are approximate and are subject to change. The numbers of Shares have been calculated based on certain assumptions and are subject to a number of variables, including, without limitation, the date of Completion of the Offer. For further information on the indicative capital structure of the Company, see Section 7.

1 On Completion of the Offer, Qualitas will issue 134 million Shares to successful applicants at the Offer Price.
2 Shares on issue at Completion of the Offer include 160 million Shares held by the Existing Shareholders as part of the Restructure (refer to Section 7 for further detail), and 134 million Shares issued by Qualitas (refer to Section 7 for further detail).
3 Gross proceeds of the Offer include $335 million proceeds to be received by Qualitas.
4 Indicative market capitalisation at Completion is determined by multiplying the number of Shares on issue by the Offer Price. Shares may not trade at the Offer Price after Listing. If Shares trade below the Offer Price after Listing, the market capitalisation may be lower.
5 From the Completion of the Offer, Qualitas targets an annualised dividend yield of 3.0% for the period from Completion of the Offer to 30 June 2022. The forecast FY22PF annualised distribution yield is calculated as the forecast annualised FY22PF dividend per Share divided by the Offer Price.

KEY OFFER DATES	2021
Prospectus date	**Monday, 29 November 2021**
Broker Firm Offer, Priority Offer open	**Monday, 6 December 2021**
Broker Firm Offer and Priority Offer close	**Monday, 13 December 2021**
Qualitas commences trading on the ASX on a conditional and deferred settlement basis	**Thursday, 16 December 2021**
Settlement	**Tuesday, 21 December 2021**
Allotment and expected dispatch of holding statements	**Wednesday, 22 December 2021**
Expected commencement of trading on the ASX on a normal settlement basis	**Thursday, 23 December 2021**

Note: The dates above are indicative only and may change without notice. Unless otherwise indicated, all times are stated in Melbourne, Australia time. The Company in consultation with the Joint Lead Managers, reserves the right to vary any and all of the above dates and times without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or Applicants). If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens. No cooling-off rights apply to the acquisition of Shares under the Offer. The admission of the Company to the Official List and the commencement of quotation of the Shares are subject to confirmation from ASX.

HOW TO INVEST

Applicants under the Broker Firm Offer may apply for Shares by completing and lodging a valid Application Form included in or accompanying this Prospectus with the Broker who invited them to participate in the Offer.

Under the Institutional Offer, Institutional Investors have been invited to commit to acquire Shares by the Joint Lead Managers.

Applicants under the Priority Offer will be invited to apply by Qualitas and should follow the personalised instructions provided.

Further instructions on how to apply for the Shares are set out in Section 7 of this Prospectus and on the back of the Application Form.

If you require a replacement Application Form or have any questions relating to the Offer, please contact the Offer Information Line on 1800 628 703 (toll free within Australia) between 8.30 am and 5.30 pm (Sydney time) Monday to Friday (excluding public holidays) during the Offer Period. You should read this Prospectus carefully and in its entirety and seek relevant professional advice before making a decision to invest.

To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

CHAIRMAN'S LETTER

Dear Investor,

On behalf of the Board of Directors, I am pleased to offer you this opportunity to invest in Qualitas Limited (**Qualitas**), an Australian alternative real estate investment manager, with committed funds under management (**FUM**) of $4.2 billion as at 31 October 2021[6] across debt and equity Funds and other mandates. Qualitas specialises in managing funds focused on the real estate private credit and real estate private equity sectors.

Founded in 2008, we have been diligently building and investing into the business over the past 13 years. Since foundation, we have sought to leverage our strong local market knowledge, specialised management skillset, industry contacts and broader investment infrastructure spanning origination, execution and active asset management to deliver on our investment strategies. This investment approach has driven attractive, risk-adjusted returns for our Fund Investors, and in turn enabled Qualitas to grow its underlying FUM and Management Fees.

Today we have over 65 staff members based in our Melbourne and Sydney offices, with a senior executive team that has an average of over 28 years of real estate investment, structured finance and investment management experience.

Qualitas' funds platform consists of 13 active funds, comprising 5 specialist commercial real estate (**CRE**) credit funds, and 8 specialist real estate private equity funds, which, together with other investor and non-fund mandates (**Funds**),[7] manage a total $4.2[7] billion of FUM. Additionally, Qualitas holds interests in its Funds alongside wholesale and retail investors (**Fund Investors**), totalling $28.9 million (**Co-Investments**).

Qualitas is expected to offer Shareholders a number of benefits, providing exposure to:

- one of Australia's pre-eminent alternative real estate investment managers with a strong track record of investment outperformance;
- an established and scalable investment management platform with outstanding FUM growth since foundation (36% CAGR);
- a highly experienced team with a long history of real estate investing in scalable sectors and long tenure with Qualitas;
- a high-quality investor client base comprising 66% institutions, 14% listed (via QRI) and 20% other high net worth and retail investors (as at 31 October 2021);
- a diversified fund offering that appeals to a broad range of investors and delivers strong through-the-cycle returns;
- fund investment strategies underpinned by a robust pipeline of attractive growth opportunities across the capital structure; and
- Australia's first environmental and sustainable focused real estate debt Fund in the growing build to rent (**BTR**)/multifamily sector.

Proceeds from the Offer will be used primarily to fund Co-Investments to grow FUM and to provide balance sheet capacity to underwrite, bridge and warehouse time-sensitive investment opportunities for Qualitas Funds. The proceeds from the Offer will also be used for working capital, to repay existing financial obligations, and to fund the transaction costs associated with the Offer.

Qualitas is forecast to achieve a pro-forma FY22 annualised Dividend Yield per Share (based on the Offer Price) of 3.0% for the period ending 30 June 2022.

Qualitas expects to target a normalised dividend payout ratio of 50% to 95% of Operating Earnings. It is intended those dividends will be paid to Shareholders semi-annually. The first dividend is expected to be a pro rata amount based on the period between Completion of the Offer and 30 June 2022.

6 Represents committed capital and Fund investment committee (IC) approved investor mandates as at 31 October 2021 in which Qualitas provides investment management services to deploy into investments. $4.2bn includes lending platforms Arch Finance and Peer Estate, SMA and other direct commercial real estate investments managed on behalf of investors.

7 Includes Private Separately Managed Accounts (SMA), Arch Finance, Peer Estate and other Direct Real Estate accounts.

An application has been made for Qualitas to be listed, and to have the Shares quoted on the ASX, with a targeted Listing Date of 16 December 2021.

This Prospectus contains important information in relation to Qualitas, the Offer and the key risks associated with an investment in Qualitas. The key risks include failure of Qualitas' investment or asset management processes, failure to attract and/or retain Fund Investor capital, loss of Australian Financial Services Licences and approvals, and other licensing and regulatory risk, key person risk, failure to attract, retain and train Qualitas employees, failure of Qualitas' Growth Strategy, change of control risks, fund termination and removal rights, risk associated with Fund Underwriting Activities and risks related to an inability to deploy or slow deployment of Co-Investment or Fund Underwriting Activities. These and other risks associated with an investment in Qualitas are more fully described in Section 6. We encourage you to read this Prospectus carefully in its entirety and seek relevant professional advice before making a decision to invest.

If eligible investors have any questions about how to apply for Shares, please contact the Offer information line on 1800 628 703 (toll free within Australia).

On behalf of the Board of Directors, I thank you for considering this opportunity to invest in Qualitas and I look forward to welcoming you as a Shareholder.

Yours sincerely,

Andrew Fairley AM
Chairman

Qualitas Limited

CO-FOUNDER'S LETTER

Dear Investor,

Thirteen years ago, my long-term colleague Mark Fischer and I identified a large gap in the Australian commercial real estate market. We saw increasing demand from real estate owners and developers for innovative and alternative forms of debt and equity capital solutions.

One step at a time, we built Qualitas as an alternative real estate investment manager that sought out opportunities to finance and invest in quality real estate both in our own right and partnering with best-of-class property developers and owners. With our experience through numerous economic cycles, our priority was investing our capital in well-considered and risk-mitigated real estate opportunities to establish our track record.

From the start, our aspiration was to establish an institutional-grade firm, with robust processes and systems for managing our investor's capital. We gained substantial early support from external investors who, like us, were able to look through the economic cycle and identify the value in our investment approach.

We have continued to evolve each year by identifying real estate investment themes and opportunities in the market – finding gaps where Qualitas is best placed to work with our investors to meet these needs. Our investing DNA was seeking deep-value through opportunistic equity funds. As we continued to innovate, we saw the substantial opportunity in real estate private credit.

As our real estate private credit funds and our opportunistic equity strategies have grown, we have also consistently innovated and invested around new themes, such as long-dated leased properties (especially around food logistics and manufacturing and consumer staples tenanted assets) and a jointly owned platform focused on build-to-rent (multi-family rental residential dwellings). All of these initiatives have kept us at the forefront of real estate investment trends, and helped us provide our investor clients with quality earnings through cycles.

In recent years, we have secured substantial support from leading global institutional investors for our discretionary funds, whilst always remembering our origins investing for the loyal and innovative high net-worth family groups who have been on this journey with Qualitas for more than a decade.

Since foundation, we have achieved a 13-year compound annual growth rate (**CAGR**) in our funds under management of approximately 36% and now manage a total of $4.2 billion[8] of funds under management. We take none of our success for granted, remembering always that core to our strength is a disciplined approach to robust investment themes, underlying asset quality and risk mitigation.

I believe the success of businesses such as Qualitas revolve around three core ingredients: high-quality sustainable real estate assets; the right capital sources to fund those assets; and, most importantly, the right people. At Qualitas, we believe we have one of the brightest, most highly engaged, energised, diligent and experienced teams in the industry.

We are extremely proud of our Qualitas team, many of whom are well known within the Australian real estate industry and who operate with the highest standards of integrity – a key pillar of our culture. Without these people, this Offer would not be possible. We thank every member of the Qualitas team, for their incredible dedication and for making Qualitas a thriving and exciting business we are growing together.

I also take this opportunity to thank our founding partners Alan and Carol Schwartz, for sharing the vision of Qualitas back in 2008. Alan and Carol formed an important part of the journey and together with other former long-standing advisory board members provided invaluable advice and support along the way. We are delighted that through the Trawalla Group, they will remain shareholders alongside us on the next stage of our journey.

The Offer is principally for the purpose of providing us with the capital to invest in our Funds alongside our Fund Investors and none of the existing shareholders are selling shares into the Offer. It provides an opportunity for shareholders to join us and enjoy the future growth of a company highly respected by our clients and well recognised by peers in Australia and offshore.

Together with Mark, as co-founders we welcome you as investors in our firm. In many ways we are still at the start of our journey and we are presenting this opportunity at a time of strong underlying momentum in our business across all our strategies. We look forward to welcoming you as new shareholders at Qualitas.

Yours sincerely,

A Schwartz

Andrew Schwartz
Co-Founder, Group Managing Director and Chief Investment Officer

8 Represents committed capital and Fund investment committee (IC) approved investor mandates as at 31 October 2021 in which Qualitas provides investment management services to deploy into investments. $4.2bn includes lending platforms Arch Finance and Peer Estate, SMA and other direct commercial real estate investments managed on behalf of investors.

01.
QUESTIONS & ANSWERS (Q&A)

01. QUESTIONS & ANSWERS (Q&A)

1.1. INTRODUCTION

TOPIC	SUMMARY	REFERENCE
Who is Qualitas?	Qualitas is an alternative real estate investment manager focused in private credit and equity across CRE sectors. As at 31 October 2021, Qualitas had approximately $4.2[9] billion in FUM.	Section 2.1.1
When was Qualitas established?	Founded in 2008, Qualitas has a strong track record of delivering attractive risk-adjusted returns for its Fund Investors with a strong focus on preservation of Fund Investor capital. It benefits from support provided by institutional, listed retail and high net worth investors, both internationally and domestically. Consistent performance in the underlying Funds has enabled Qualitas to grow its FUM and Management Fees.	Section 2.1.2
What are the objectives of Qualitas?	Qualitas' vision is to be the leading Australian alternative real estate investment manager. Qualitas' key objective is to grow its underlying FUM to drive long-term, annuity style earnings growth by leveraging its key existing core capabilities across real estate private credit and equity. Qualitas' strategy to deliver these outcomes is to: • continue to develop a deep, global institutional, high net worth and listed retail investor base across private and public markets; • achieve an organisational culture of excellence, innovation, respect, and open communication; • maintain robust risk management and governance structures; • incorporate industry leading ESG considerations into its operational and strategic activities; and • maximise the return on investment to Fund Investors and the Shareholders of Qualitas.	Section 2.1.4
What is Qualitas' funds platform?	Qualitas' funds platform consists of 13 active Funds, comprising 5 specialist commercial real estate credit funds, and 8 specialist commercial real estate equity funds, which together with other investor and non-fund mandates, manage $4.2 billion of FUM.[10] Real Estate Private Credit Funds managed by Qualitas invest in commercial real estate credit on behalf of Fund Investors, including: • senior and mezzanine loans secured by stabilised investment properties, construction projects, completed high-density residential dwellings and pre-development land; and • lending into growing real estate sectors benefitting from strong structural growth, including BTR assets. Qualitas' direct lending segment, Arch Finance and Peer Estate, provide commercial real estate debt to smaller borrowers and a peer-to-peer platform for individual wholesale investors to provide debt financing.	Sections 2.1.3 and 2.1.5 and Annexure 12.3

9 Represents committed capital and Fund investment committee (**IC**) approved investor mandates as at 31 October 2021 in which Qualitas provides investment management services to deploy into investments. $4.2bn includes lending platforms Arch Finance and Peer Estate, SMA and other direct commercial real estate investments managed on behalf of investors.

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TOPIC	SUMMARY	REFERENCE
What is Qualitas' funds platform? continued	Real Estate Private Equity Funds managed by Qualitas invest in real estate assets on behalf of Fund Investors with two key investment strategies across its core equity and opportunistic equity funds. Core equity funds comprise income-based Funds focused on 'needs' sectors, such as BTR, food logistics and manufacturing assets, non-discretionary consumer staples, logistics and convenience retail assets, that display defensive income characteristics. They include attractive rental escalations and resilient cashflows, to provide compelling risk-adjusted returns for Fund Investors. Opportunistic equity funds comprise total return Funds focused on situational and opportunistic real estate investing, including development joint ventures, recapitalisations, distressed situations and structured or preferred equity investments. Co-Investments and Fund Underwriting Activities As part of Qualitas' investment management business, Qualitas utilises its balance sheet capital in support of its Funds, in order to grow its FUM and Management Fees by: • co-investing into Funds alongside Fund Investors; and • warehousing, underwriting or bridging assets or loans for a Fund prior to the completion of a capital raising for a Fund or the launch of a new Fund following which the Fund will take out or refinance the warehousing, underwriting or bridging arrangement (including by repayment or acquiring or directly pursuing the investment opportunity).	Section 2.1.3
What is the Offer?	The Offer is an offering of 134 million Shares to raise proceeds of $335 million. The Offer Price will be $2.50 per Share. Each Share issued under the Offer will rank equally with all other Shares then on issue.	Section 7.1
Is the Offer conditional?	Completion of the Offer is conditional on the ASX approving Qualitas' application for Listing and implementation of the Restructure. If the ASX does not approve Qualitas' application within three months after the Prospectus Date (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.	Section 7.10
What is Qualitas' ASX code?	Qualitas' ASX code will be "QAL".	Section 7.10

TOPIC	SUMMARY	REFERENCE
Why is the Offer being conducted?	The Offer is being conducted to provide: • the ability for Qualitas to increase its Co-Investment stakes across existing Funds and new Funds to align interest with Fund Investors; • capital to warehouse, underwrite or bridge future assets or loans that can be sold down into new or existing Funds; • access to capital markets to fund future growth initiatives; • a liquid market for the Shares and provide liquidity for Existing Shareholders; • a diversified register through the introduction of new institutional and retail investors; and • improved capacity to attract and retain quality staff through short-term and long-term employee incentives, including through employee Share ownership in Qualitas.	Sections 2.2.5 and 7.3
How will Qualitas be structured?	Qualitas currently consists of a number of unit trusts and companies that together run the businesses of Qualitas. Immediately prior to Completion of the Offer, it is intended that the Qualitas group will be restructured so that it will be owned by the Company which will be the listed holding company of the Qualitas group. Following completion of the Restructure, Qualitas will be an ASX-listed public company limited by shares and its capital structure will comprise only Shares listed on the ASX (as well as unlisted securities the subject of the employee incentive arrangements described in Section 4).	Annexure 12.2
What is the difference between an investment in ASX-listed QRI and an investment in Qualitas?	QRI is an ASX-listed fund managed by Qualitas. QRI earns income by directly lending capital to commercial real estate developers and investors, earning interest income and transaction fees. QRI Manager Pty Ltd, a subsidiary of Qualitas, is the fund manager of QRI. Qualitas earns a base management fee based on the Net Asset Value of QRI, a performance fee based on outperformance of monthly net income of the Fund above a Hurdle based on average adjusted Net Asset Value, and a share of transaction fees generated on QRI investments. QRI has direct lending exposure, while Qualitas has a more diversified exposure via its management of a broad range of credit and equity Funds.	–

1.2. KEY FEATURES OF QUALITAS' BUSINESS

TOPIC	SUMMARY	REFERENCE
What does Qualitas do?	Qualitas operates in the alternative real estate investment management sector, managing Funds investing in debt and equity strategies. This involves originating, acquiring, managing and exiting investments for Qualitas Funds on behalf of Fund Investors. Qualitas' Funds are attractive to institutional, high net worth and retail investors because they allow investors to benefit from the specialised skillset and experience of Qualitas. These benefits may not be available if an investor was investing directly.	Section 2.1.1
How does Qualitas generate revenue?	Qualitas primarily generates revenue through fees charged to the Funds managed by Qualitas. These fees include: • base management fees, earned for the managing of Qualitas' Funds; • transaction fees, including arrangement and acquisition fees earned on the acquisition of new assets and the disposal of existing assets, and issuance of new loans by Qualitas' Funds; and • performance fees, earned on returns of the underlying Funds exceeding a pre-determined return hurdle (**Hurdle**). Performance fees are conservatively estimated and recognised when the underlying Funds approach maturity; when the Funds have been performing consistently; and exceeding Hurdle return levels. Co-Investments As part of Qualitas' investment management business, Qualitas undertakes Co-Investments in its managed Funds. These Co-Investments earn a return on the capital invested via a distribution yield and/or capital growth alongside Fund Investors. Qualitas undertakes Co-Investment Activities to ensure alignment of interest with Fund Investors. Fund Underwriting Activities As part of Qualitas' investment management business, Qualitas may engage in Fund Underwriting Activities. These activities may earn a return on the capital invested via fees as well as distributions, returns or interest on the investment for the period of time Qualitas holds the investment prior to the Fund taking out or refinancing the Fund Underwriting Activities (including by repaying, acquiring or directly pursuing the investment opportunity). Qualitas undertakes these activities to assist in the Funds securing assets that will allow for the growth of the Funds which pay Management Fees to Qualitas.	Sections 2.1.5, 5.7.2 and 5.8 and Annexure 12.3
How many Funds does Qualitas have?	Qualitas currently manages 13 active Funds investing across commercial real estate opportunities, including 5 specialist credit funds, and 8 specialist equity funds. Additionally, Qualitas also manages non-fund mandates on behalf of its Fund Investors.	Section 2.1.3

01. QUESTIONS & ANSWERS (Q&A) Continued

TOPIC	SUMMARY	REFERENCE
What is Arch Finance?	Arch Finance is a wholly owned entity of Qualitas acquired in 2009. Arch Finance is a non-bank commercial real estate mortgage originator and lender for loans up to $6 million. Arch Finance manages and originates these loans via the Arch Finance Warehouse Trust, which provides first mortgage loans secured against predominantly established income producing or owner-occupied commercial real estate. Arch Finance provides an exposure to a large and expanding market capitalising on banks reducing their appetite for commercial real estate backed mortgages. Arch Finance operates on a standalone basis with separate management, staff and premises. The Arch Finance Warehouse Trust is considered one of Qualitas' non-fund mandates for the purposes of this Prospectus.	Section 2.3.1
Does Qualitas have any other business activities?	Aside from Qualitas' investment management activities, Qualitas has historically undertaken real estate principal investments, either independently or alongside joint venture partners, utilising its balance sheet rather than investing on behalf of Fund Investors. It currently holds two residual assets which were previously acquired by Qualitas as part of these activities. It is expected that once the legacy principal investments are realised,[11] other than to warehouse, underwrite or bridge assets for its Funds, principal investing activities such as those undertaken historically will make up a minor component of Qualitas' activities.	Section 2.3
Who are Qualitas' Fund Investors?	Qualitas has over 400 Fund Investors in its underlying unlisted Funds, which are a combination of institutional investor mandates and high net worth investors.	Section 2.2.2
Who are Qualitas' competitors?	Qualitas faces competition in primarily two ways: • **competition for investment opportunities:** Qualitas Funds compete to secure attractive investment opportunities. Within its real estate private credit strategies, the Funds compete with other lending institutions, including bank and non-bank lenders; and within its real estate private equity strategies the Funds compete with ASX-listed REITs, other real estate investment managers, institutional investors and high net worth investors; and • **competition for investors:** Qualitas competes for investor capital for its Funds against other specialist real estate investment managers, as well as generalist investment managers investing in a variety of asset classes.	–

11 Current joint venture investments include Digital Harbour, a development asset in Melbourne's Docklands, and a development asset in Marrickville, Sydney with a total value of $11.6 million.

TOPIC	SUMMARY	REFERENCE
What is Qualitas' Growth Strategy?	Qualitas intends to grow its business through targeting opportunities including, but not limited to: • growing the size of Qualitas' existing credit and equity Funds to capture further capital inflows; • expanding the activities of its Funds to take advantage of structural drivers creating opportunity in Qualitas' key areas of expertise; • launching new specialist Funds taking advantage of structural tailwinds in key sectors, including BTR and convenience retail strategies and ESG driven commercial real estate impact investing; • seeking to list Funds on the ASX and retaining management rights; • Co-Investing in Funds alongside Fund Investors; and • exploring consolidation opportunities by way of corporate mergers and acquisitions and/or the acquisition of management rights over other unlisted and listed Funds.	Section 2.2.5

1.3. KEY STRENGTHS

TOPIC	SUMMARY	REFERENCE
An established and diversified investment management platform of scale	The Offer represents an opportunity to invest in Qualitas, one of Australia's pre-eminent alternative real estate investment managers. Qualitas acts as an investment manager with access to diversified investment opportunities across commercial real estate markets, capital structures, fund types and real estate sub-asset classes. As at 31 October 2021, Qualitas had approximately $4.2[12] billion in FUM.	Section 2.1
Strong track record with consistent FUM growth since foundation	Qualitas has exhibited consistent Funds growth and performance, benefitting from a scalable platform that positions Qualitas for future growth. Qualitas' track record includes: • FUM growth to $4.2[12] billion of committed capital (13-year compound annual growth rate (**CAGR**) of approximately 36% since foundation); • outstanding FUM growth despite historically limited balance sheet capacity for underwriting or warehousing assets for new Funds or Co-Investment; and • completed 201 transactions[13] since inception achieving a blended gross internal rate of return (**IRR**) of 15.8% for Fund Investors.	Section 2.2.1

12 Represents committed capital and Fund investment committee (IC) approved investor mandates as at 31 October 2021 in which Qualitas provides investment management services to deploy into investments. $4.2bn includes lending platforms Arch Finance and Peer Estate, SMA and other direct commercial real estate investments managed on behalf of investors.

13 As at 30 June 2021.

01. QUESTIONS & ANSWERS (Q&A) Continued

TOPIC	SUMMARY	REFERENCE
Strong pipeline of growth opportunities	Qualitas' platform is well positioned to pursue its growth strategy for its Funds by taking advantage of: • significant commercial real estate private credit opportunities supported by the ongoing decline in lending by traditional bank channels; • macroeconomic tailwinds underpinned by the global hunt for yield driving demand for assets exhibiting defensive income qualities such as attractive rental escalations and resilient cashflows; and • structural tailwinds driving growth in demand and adoption of alternative real estate assets such as BTR.	Section 2.2.5
Supported by reputable investors	Qualitas is supported by a diverse investor base of wholesale and retail investors. This is underpinned by key institutional relationships, accounting for approximately 66% of total FUM, a listed fund accounting for 14% of total FUM, and 20% attributable to high net worth investors.	Section 2.2.2
Outstanding team with deep experience	Qualitas has an executive team with an average of over 28 years of real estate investment, structured finance and investment management experience overseen by robust governance systems. A number of key executives have worked together at Qualitas for over 10 years. Furthermore, Qualitas benefits from a highly experienced and majority independent Board of Directors, including Directors with extensive experience serving on listed company boards, corporate governance, financial expertise and a strong understanding of the investment management and real estate industries.	Section 4.1.2
Focus on ESG	Qualitas seeks to embed ESG considerations into its governance, culture, operating and investing approaches at a time of increasing scrutiny into ESG considerations by global institutional investors. Qualitas believes that the integration and management of ESG factors throughout its organisation, funds and investment processes will enhance the risk adjusted returns for Qualitas' shareholders and investors in Qualitas funds. Qualitas' organisational values include excellence, innovation, diversity, and integrity, and it is with this lens that Qualitas will be driving ESG initiatives across the business.	Section 2.4

1.4. FINANCIAL INFORMATION

TOPIC	SUMMARY	REFERENCE
What is Qualitas' pro forma historical and forecast financial performance?	The table below summarises selected pro forma financial information for Qualitas. While the data below does not represent statutory results, Qualitas believes it provides meaningful information as it allows investors to examine what Qualitas considers to be the underlying business activities of Qualitas, adjusted to remove the impact of discontinued operations and non-recurring activities. Detailed further information relating to the statutory financial information, and a reconciliation between the statutory and pro forma financial information is included in Section 5.	Section 5.3.1

($ thousands)	FY19	FY20	FY21	FY22
Funds management fees	16,605	22,969	27,580	33,687
Total net revenue	**41,800**	**39,277**	**55,785**	**72,109**
Employee costs	(26,641)	(25,230)	(29,857)	(35,776)
QRI Capital Raising Expenses	(1,298)	(2,955)	(1,103)	(4,908)
Other costs	(7,856)	(7,454)	(7,743)	(6,798)
Depreciation and amortisation	(1,554)	(1,936)	(1,929)	(1,795)
Net profit before tax	**4,451**	**1,703**	**15,154**	**22,833**
Tax	(1,335)	(511)	(4,546)	(6,850)
Net profit after tax	**3,116**	**1,192**	**10,608**	**15,983**

TOPIC	SUMMARY	REFERENCE
Will Qualitas have any debt facilities?	Qualitas has a loan owing to QRI in relation to the QRI IPO and subsequent capital raising costs paid by Qualitas. This loan is broadly matched to the term of QRI Investment Management Agreement between QRI and QRI Manager Pty Ltd. Qualitas will not have any corporate debt at IPO, however may establish a debt facility in the future if appropriate. Arch Finance has a limited recourse debt facility within the Arch Finance Warehouse Trust (**AFWT**) which is the warehouse lending trust that houses the Arch Finance loan portfolio.	Section 5.5

01. QUESTIONS & ANSWERS (Q&A)

TOPIC	SUMMARY	REFERENCE
What is Qualitas' dividend policy?	Qualitas will target a dividend pay-out ratio of between 50% and 95% of Operating Earnings. The dividend policy is subject to change and is at the absolute discretion of the Board. Operating Earnings is defined as statutory net profit after tax, adjusted for certain non-operating items, including: • fair value movements to Qualitas' Co-Investments; • gains or losses on the sale of Co-Investments; • depreciation expenses relating to operating leases with associated cash expenses being added back; • non-operating transaction costs in respect of capital raising costs of Qualitas' Funds; • non-operating tax expenses; • discontinued operations; and • other unrealised one-off items. Qualitas' intention is to pay a dividend on a semi-annual basis with the first dividend expected to be declared in respect of the second half of the financial year ending 2022.	Section 5.11

1.5. SUMMARY OF KEY RISKS

TOPIC	SUMMARY	REFERENCE
Failure of Qualitas' investment or asset management processes	Qualitas' investment process consists of identifying, sourcing, originating, deploying Fund capital in a timely manner, and its Funds' acquiring relative value real estate equity or credit investments. If Qualitas' investment process fails to identify, evaluate and/or successfully price investment risk, or to deploy Fund capital in a timely manner, this could materially impact Qualitas' ability to achieve appropriate risk adjusted returns for its Funds. This could result in a reduction in FUM and therefore Fees earned from its Funds, and also erode returns or positions taken by Qualitas under its Co-Investments. In the case of Arch Finance, it could result in a reduction of income generated by Arch Finance. Qualitas' ability to manage and exit relevant debt and equity investments for the Funds is also important to its success as an investment manager. There is a risk that Qualitas' asset management process fails, for example, from errors, or inadequate internal processes relating to the management of the investments or (despite the adequacy of those processes) a failure to comply with them. This could include a failure of asset monitoring controls, asset risk identification, reporting, or operational errors made by people and systems. This risk is applicable to Arch Finance. A failure of Qualitas' investment or asset management processes could significantly reduce the value of investments held by the Funds, leading to impairments or write downs of asset values of Fund Investments. These occurrences could result in a material reduction in FUM and may have an adverse effect on Qualitas' reputation, business, financial position (including Arch Finance) and the market price of its Shares.	Section 6.1.1

TOPIC	SUMMARY	REFERENCE
Failure to attract and/or retain Fund Investor capital	Qualitas' business relies heavily on attracting new Fund Investor capital, and retaining Fund Investor capital, in order to generate Fees from its Funds. If clients do not continue to invest in Qualitas Funds or if new investors do not choose to invest in Qualitas Funds, the growth in Qualitas' revenue may be slower than expected or may even decline.	Section 6.1.2
Loss of Australian financial services licences and approvals, and other licensing and regulatory risk	Qualitas Securities Pty Ltd operates under AFSL number 343 242. Arch Finance Pty Ltd operates under AFSL number 499 141. Under the Corporations Act, Qualitas Securities Pty Ltd must hold an AFSL to lawfully act as the trustee of the relevant Qualitas Funds and to engage in, and permit other Qualitas entities to engage in, certain activities in relation to the operation of the Qualitas Funds. Arch Finance must hold an AFSL to lawfully act as originator, servicer and investment manager in respect of the AFWT and to operate Peer Estate. Compliance with the obligations of an AFSL is the responsibility of the respective licensee. If Qualitas Securities Pty Ltd or Arch Finance Pty Ltd does not meet the applicable regulatory requirements, Qualitas or Arch Finance may suffer penalties, such as fines, obligations to pay compensation, enforceable undertakings, imposition of (or variations to) licence conditions or, ultimately, the cancellation or suspension of its AFSL. If Qualitas Securities Pty Ltd or Arch Finance Pty Ltd are unable to retain their respective AFSL, it would not be able to continue to engage in the activities in relation to the Qualitas Funds, the AFWT or Peer Estate (as the case may be). If any of the regulatory approvals are amended, cancelled or suspended, there may be an adverse impact on Qualitas' financial performance and position. Changes in legal, tax and regulatory regimes that apply to Qualitas' business may occur which may have an adverse impact on Qualitas' financial performance and position.	Section 6.1.3

01. QUESTIONS & ANSWERS (Q&A) Continued

TOPIC	SUMMARY	REFERENCE
Key person risk	The ability of Qualitas to successfully execute its business strategy is dependent on retaining its key management personnel. The loss of such key persons may have a number of material adverse consequences including: 1. loss of the Australian financial services licences held by Qualitas Securities Pty Ltd or Arch Finance Pty Ltd; 2. triggering a 'key person event' in Qualitas Fund documents (including any underlying financing arrangements provided to the applicable Qualitas Fund) which may constitute an event of default or termination right in respect of that Qualitas Fund or its financing arrangements; 3. a Qualitas Fund being prevented from making additional Fund Investments; 4. an ability for the relevant Qualitas trustee or manager entity to be removed as the trustee or manager of the relevant Qualitas Fund; and 5. the loss of existing Fund Investors and non-fund mandates and an inability to attract new Fund Investors and non-fund mandates leading to reduced FUM and Fee revenue. If this occurs, it may have an adverse impact on Qualitas' financial performance, position and the market price of its Shares. The loss of key persons could also have a material adverse effect on the operations of Qualitas because Qualitas would have a reduced capacity to develop and implement desirable investment strategies, obtain investment opportunities, capitalise upon relationships and structure and execute potential investments for Qualitas and/or Qualitas Funds.	Section 6.1.4
Failure to attract, retain and train Qualitas employees	For Qualitas to succeed as an investment manager, the ability to attract, develop and retain top talent in the industry both locally and globally is critical. Qualitas seeks to differentiate itself based on the unique skill, knowledge and expertise of the Qualitas employees and their commitment and continued service to Qualitas. The financial performance of Qualitas could be materially impacted by a failure to attract, retain and train Qualitas employees. As the success of Qualitas continues it will be critical to monitor competitive pressures and mitigate risk.	Section 6.1.5

TOPIC	SUMMARY	REFERENCE
Failure of Qualitas' Growth Strategy	Execution of Qualitas' Growth Strategy depends on a number of factors, including the establishment and growth of new and existing Qualitas Funds. There are a number of risks in executing this strategy. For example: 1. changes by investors in their portfolio allocations into various asset classes; 2. retaining key staff; 3. failing to design new investment products to respond to or anticipate changes in investor portfolio allocations; 4. inability to grow existing or establish new Qualitas Funds due to the lack of available capital to undertake Co-Investments or engage in Fund Underwriting Activities; 5. any material loss of investor confidence in Qualitas and the Qualitas Funds; 6. any material changes in regulation and law (see Sections 6.1.3 and 6.2.5); 7. any material changes in investor flows due to market conditions (see Section 6.2.6); 8. an increase in competition (see Section 6.1.11); 9. any material changes in investors' expectation of asset returns resulting in a disconnect between those changed expectations and the returns Qualitas and/or Qualitas Funds are able to deliver; and 10. any failure by Qualitas to manage the cost base of its business. The failure of Qualitas to execute its growth strategy (in full or in part) will likely have an adverse impact on Qualitas' financial performance and position and in turn the market price of its Shares.	Section 6.1.6

01. QUESTIONS & ANSWERS (Q&A) Continued

TOPIC	SUMMARY	REFERENCE
Change of control	The relevant Qualitas entity may cease to be the manager of a Qualitas Fund where a change of control provision in the underlying Qualitas Fund documents is triggered (such as the management agreement, third party financing arrangements or constitution or trust deed for a particular fund), for example, as a result of various corporate actions after Listing that directly affect the capital structure of Qualitas. These post-Listing corporate actions include a takeover offer, a scheme of arrangement, a secondary capital raising or a placement of new Shares to new investors. Some of these corporate actions may be initiated by third parties and be outside of Qualitas' control. If a change of control event occurs which constitutes an event of default or termination right in respect of that Qualitas Fund or its financing arrangements, there is a risk that the Qualitas Fund Investors or the relevant financiers to the Qualitas Fund will be entitled to remove the relevant Qualitas entity as the manager of the Fund or terminate the relevant non-fund mandate or financing arrangements (or accelerate repayments under such financing arrangements and enforce any security) if the Qualitas Fund Investors or financiers of the relevant Qualitas Funds do not provide the requisite consent. In addition, certain Qualitas Funds contain provisions whereby a change of control of the relevant trustee or manager may trigger restrictions under the constitutional documents of those funds, including but not limited to calling committed capital and preventing making further investments. Any of the above circumstances in combination or isolation, could result in the termination of Qualitas as the manager, the termination of a Qualitas Fund and/or non-fund mandates. Any such termination events may have a material adverse impact on Co-Investment asset values and Fees generated by Qualitas, and in turn, may have a material adverse impact on Qualitas' financial performance, position and the market price of its Shares.	Section 6.1.7
Fund termination and removal rights	The governing documentation for the Qualitas Funds include rights for the investors in the relevant Qualitas Fund to terminate that Qualitas Fund by way of resolution, or remove the manager or the trustee. Any such action by the investors in a Qualitas Fund may result in a reduction of Management Fee revenue and FUM. In addition, financiers to Qualitas Funds may have the ability to terminate those funds or remove the manager or trustee of such funds under the relevant financing documentation.	Section 6.1.8

TOPIC	SUMMARY	REFERENCE
Fund warehousing, underwriting or bridging risks	Qualitas intends to undertake Fund Underwriting Activities for investment opportunities to establish (seed) new Funds or expand existing Funds. Qualitas may use gearing or incur debt to assist in these activities. Gearing involves a degree of financial risk and may increase the exposure of Qualitas to factors such as rising interest rates, refinancing risk due to changes in credit markets, downturns in the economy or deterioration in the condition of the assets underlying its investments. Qualitas may provide loans (including on a limited recourse basis) to the new Fund or existing Fund as part of its Fund Underwriting Activities. Qualitas is reliant on the new Fund or existing Fund to raise sufficient capital from Fund Investors in order for the Fund to take out or refinance the Fund Underwriting Activities (including by repaying, acquiring or directly pursuing the investment opportunity). There is a risk that the new Fund or existing Fund may be unable to raise the requisite capital in order to do so, which may result in Qualitas holding that investment or being exposed directly or indirectly to risks relating to that investment on a longer term basis. This may have a material adverse impact on Qualitas' financial performance, position and the market price of its Shares.	Section 6.1.9
Inability to deploy or slow deployment of Co-Investment or underwriting or bridging capital risk	Qualitas intends that, subject to market conditions and available investment opportunities, a portion of the proceeds derived from the Offer will be allocated for Co-Investments and Fund Underwriting Activities relating to investment opportunities for new Funds or existing Funds. There is no guarantee that Qualitas will be able to undertake its Co-Investments or engage in these Fund Underwriting Activity opportunities. Once suitable investment opportunities are identified, it may take longer than anticipated for this capital to be allocated and used. An inability to allocate such capital is likely to have an adverse impact on the growth in Qualitas Funds. This may in turn have an adverse impact on the Fees and Co-Investment income generated by Qualitas, and accordingly, may have an adverse impact on Qualitas' financial performance and the market price of its Shares.	Section 6.1.10

01. QUESTIONS & ANSWERS (Q&A) Continued

TOPIC	SUMMARY	REFERENCE
Other risks	A number of other key risks relating specifically to an investment in Qualitas, including Fund risks and Arch Finance business risks, and generally to an investment in the Shares are included in Section 6. Other specific risks include: • changes in the industry environment and increase in competition (refer to Section 6.1.11); • damage to the brand (refer to Section 6.1.12); • cyber risk and network integrity risk (refer to Section 6.1.13); • inability to meet forecast financial performance (refer to Section 6.1.14); • failure to meet Shareholder expectations on ESG (refer to Section 6.1.15); • acquisition and or divestment risk (refer to Section 6.1.16); • risk of underperforming investments (refer to Section 6.2.1); • litigation risks (refer to Section 6.2.2); • change of control risks (refer to Section 6.2.3); • real estate market risk (refer to Section 6.2.4); • regulatory risk (refer to Section 6.2.5); • market, currency and interest rate risk (refer to Section 6.2.6); • hedging risk (refer to Section 6.2.7); • potential environmental liabilities (refer to Section 6.2.8); • contagion and cross default risks (refer to Section 6.2.9); • Arch Finance warehouse facility (refer to Section 6.3.1); and • Arch Finance performance guarantee (refer to Section 6.3.2).	Sections 6.1, 6.2, 6.3 and 6.4

1.6. DIRECTORS AND KEY MANAGEMENT

TOPIC	SUMMARY	REFERENCE
Who are the Directors of Qualitas?	The Board comprises 6 Directors, with 4 Independent Non-Executive Directors: • Andrew Fairley AM, Independent Non-Executive Chairman; • Andrew Schwartz, Co-Founder, Group Managing Director and Chief Investment Officer; • Mary Ploughman, Independent Non-Executive Director; • Michael Schoenfeld, Independent Non-Executive Director; • JoAnne Stephenson, Independent Non-Executive Director; and • Brian Delaney, Non-Executive Director.	Section 4.1.1
Who are the senior management of Qualitas?	Qualitas will be managed by a dedicated and experienced team led by Andrew Schwartz, Co-Founder, Group Managing Director and Chief Investment Officer, and otherwise comprising: • Mark Fischer, Co-Founder and Global Head of Real Estate; • Tim Johansen, Global Head of Capital; • Kathleen Yeung, Global Head of Corporate Development; • Robert McLellan, Chief Risk Officer; • Philip Dowman, Chief Financial Officer; and • Anna Wagner, Head of People and Culture.	Section 4.1.2

1.7. SIGNIFICANT INTERESTS OF KEY PEOPLE AND RELATED PARTY TRANSACTIONS

TOPIC	SUMMARY	REFERENCE
Who are the Existing Shareholders and what will their interest be after Completion of the Offer?	The Existing Shareholders are namely the Trawalla Shareholder, QPP Holdings (an entity controlled by Andrew Schwartz), Founding Qualitas Employees and Qualitas employees who were participants in the Legacy Employee Equity Plan. Together, they own 100% of the Historical Qualitas Group pre IPO. The Existing Shareholders and New Shareholders will own approximately the following Shares in Qualitas following Completion of the Offer:[14] • Trawalla Shareholder: 22.7% • QPP Holdings (an entity controlled by Andrew Schwartz): 22.7% • Entities controlled by founding Qualitas Employees: 7.9% • Entities controlled by Qualitas employees participating in the Legacy Employee Equity Plan: 1.0% • New Shareholders: 45.6%	Section 7.5

14 Representative of the percentage of Qualitas shares on issue.

01. QUESTIONS & ANSWERS (Q&A) Continued

TOPIC	SUMMARY	REFERENCE
What are the Shareholdings of the Directors?	The Non-Executive Directors have been granted Share rights over 170,000 Shares which will vest within 6 months of Listing and be subject to an escrow period of 2 years from the Listing Date.	Section 4.3.2
What benefits and interests are payable to Directors and other persons connected with Qualitas or the Offer, and what interest will that have on Completion of the Offer?	Non-Executive Directors are entitled to fees as described in Section 4.3.2. Executives are entitled to remuneration and incentives as described in Sections 4.5 and 4.6. Advisers and other service providers are entitled to fees for services and have other interests as disclosed in Section 4.2.	Sections 4.2, 4.3.2, 4.5 and 4.6
Interest of Executive Directors in Funds managed by and businesses that provide services to Qualitas	Among Qualitas' Funds, there are 4 Funds in which Andrew Schwartz or his controlled entities have an interest in performance fees accrued. The estimated value of this interest is $8,740,998 across these 4 Funds. This value remains variable based on performance of the Funds and will only be payable to Mr Schwartz in the event that he remains employed by Qualitas as at the date that each relevant Fund matures (and the Fund performance results in the payments being available). These Funds are scheduled to mature between June 2022 and August 2026.	Section 4.5

TOPIC	SUMMARY	REFERENCE
Will any Shares be subject to restrictions on disposal following Completion of the Offer?	Founding Shareholders, namely the Trawalla Shareholder, QPP Holdings (an entity controlled by Andrew Schwartz) and entities controlled by Founding Qualitas Employees will be subject to a voluntary Escrow Arrangement. The Escrow Arrangement is as follows: • none of the Shares that are subject to the Escrow Arrangements can be sold until the release of the Company's FY22 annual results; • up to 33⅓% (with any consequential adjustments necessary for any reorganisation events) of the Shares that are subject to the Escrow Arrangements can be sold following the release of the FY22 results; • up to a further 33⅓% (with any consequential adjustments necessary for any reorganisation events) of the Shares that are subject to the Escrow Arrangements can be sold after the expiry of the 2 year period, following the Listing Date, unless this results in the Shares which are subject to the Escrow Arrangements being greater than 19.99% of the total Shares in the capital of the Company which were on issue immediately after the issue of all of the Shares offered under the Prospectus (**Post-Listing Share Capital**), in which case the number of Shares which can be sold after the expiry of the 2 year period will be increased to the extent necessary such that the Shares which are subject to the Escrow Arrangements are equal to 19.99% of the Post-Listing Share Capital; and • all remaining Shares that are subject to the Escrow Arrangements can be sold following the 5th anniversary of Listing Date. Non-Executive Directors on the Board of Qualitas will be granted Share rights as payment in connection with the Listing. These rights will convert into Shares within 6 months following the Listing Date and will remain subject to a disposal restriction for 2 years from the Listing Date. Select employees will be granted Share rights at Listing under the Employee Equity Award program. These rights will vest in two tranches; 50% on the third anniversary of the Listing Date, and the remaining 50% on the fifth anniversary of the Listing Date, subject to the continued tenure of the participants. Qualitas employees who were participants in the Legacy Employee Equity Plan will receive Shares immediately prior to the IPO. These Shares will be subject to a retention condition and will therefore vest and become available to the employees in two tranches; 50% on the third anniversary of the Listing Date, and the remaining 50% on the fifth anniversary of the Listing Date, subject to the continued tenure of the participants.	Section 7.7

1.8. PROPOSED USE OF FUNDS AND KEY TERMS AND CONDITIONS OF THE OFFER

TOPIC	SUMMARY	REFERENCE
Who is the issuer of this Prospectus?	Qualitas Limited ACN 655 057 588.	–
What is the Offer?	Under the Offer, Qualitas intends to issue 134 million Shares at the Offer Price of $2.50 per Share, raising total proceeds of $335 million. Each Share issued under this Prospectus will, from the time it is issued, rank equally with all other Shares then on issue.	Section 7.1
What is the size of the Offer?	The Offer is seeking to raise $335 million in proceeds: • 134 million Shares are available under the Offer; and • 294 million Shares will be on issue on Completion of the Offer.	Section 7.1
What is the expected free float?	In the opinion of the Company, the free float market capitalisation at Completion of the Offer will be approximately 44% of Shares on issue at that time.	–
What will happen on Completion of the Offer?	On Completion of the Offer, Qualitas will issue, 134 million Shares to successful Applicants at the Offer Price.	Section 7.10
How is the Offer structured?	The Offer comprises: • the Retail Offer, which comprises: » the Broker Firm Offer, which is open to Australian resident retail clients of participating Brokers who have received a firm allocation of Shares from their Broker; and » the Priority Offer, which is open to select investors who have received a personal invitation from Qualitas; and • the Institutional Offer, which consists of an offer to Institutional Investors in Australia, New Zealand and certain other jurisdictions. Members of the public wishing to subscribe for Shares under the Offer must do so through a Broker.	Section 7.2
Is the Offer underwritten?	The Offer is underwritten by Macquarie Capital (Australia) Limited (**Macquarie Capital**) in accordance with the terms of the Underwriting Agreement as further described in Section 10.3.	Section 10.3
Who are the Joint Lead Managers, Co-Lead Manager and Co-Managers to the Offer?	Macquarie Capital is the financial advisor, Joint Lead Manager and Underwriter to the Offer. Canaccord and E&P Corporate Advisory are the Joint Lead Managers of the Offer (together with Macquarie Capital). Crestone is the Co-Lead Manager. Bell Potter and Taylor Collison are the Co-Managers of the Offer (and together with the Joint Lead Managers and Co-Lead Manager, the **Offer Syndicate**).	Section 10.3

TOPIC	SUMMARY	REFERENCE
Who is the Authorised Intermediary?	The Authorised Intermediary is Evans & Partners.	Section 7.21
What is the proposed use of the proceeds from the Offer?	The Offer Proceeds will fund transaction costs and provide working capital for Qualitas to increase its Co-Investments in its Funds and to seed new Fund assets.[15]	Section 7.3

Sources of Funds	
Offer Proceeds received by Qualitas	$335.0 million
Total Offer Sources	**$335.0 million**

Uses of Funds	
Excess working capital, including for Co-Investments and seeding assets for Funds	$297.1 million
Payment of transaction costs relating to the Offer	$16.7 million
Repayment of financing facilities	$21.1 million
Total Offer Uses	**$335.0 million**

1.9. HOW CAN I APPLY?

TOPIC	SUMMARY	REFERENCE
When will I know if my Application has been accepted?	It is expected that initial holding statements will be mailed to successful Applicants by standard post on or about 22 December 2021.	Section 7.10
Is there a cooling-off period?	No. Cooling-off rights do not apply to an investment in Shares pursuant to this Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.	'Important Information' Section
When are the Shares expected to commence trading?	It is expected that the trading of Shares on the ASX will commence on a conditional and deferred settlement basis on 16 December 2021 and on a normal settlement basis on 23 December 2021.	Section 7.10

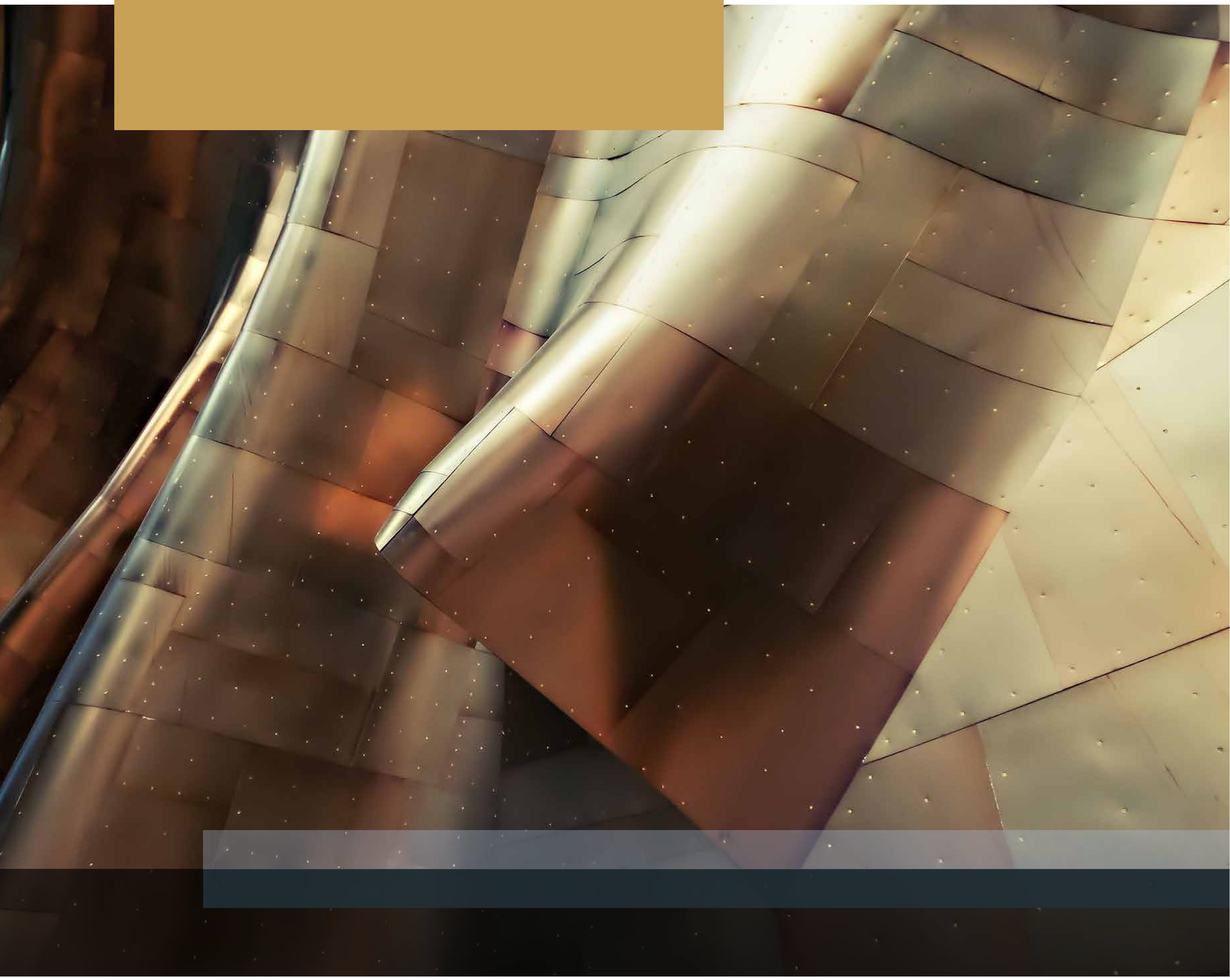
15 For completeness the Priority Offer Proceeds have been included in Table 25. The Priority Offer is not underwritten by Macquarie. A failure to raise the full amount of the Priority Offer will not affect Qualitas' ability to continue as a going concern, nor does Qualitas expect it to materially alter Qualitas' strategy or plans in relation to the use of debt in its business. Due to the relative size of the Priority Offer, there will be no material scale back or change to the priority of the stated activities or use of funds disclosed in this Prospectus if the full amount offered under the Priority Offer is not raised. However, if the full amount under the Priority Offer is not raised, it will reduce the working capital amount shown in Table 25 by the amount of the deficiency.

01. QUESTIONS & ANSWERS (Q&A) Continued

TOPIC	SUMMARY	REFERENCE
What is the minimum and maximum Application amount under the Offer?	The minimum Application under the Broker Firm Offer is $2,000 worth of Shares in aggregate and in increments of at least $500 worth of Shares thereafter. There is no maximum value of Shares that may be applied under the Broker Firm Offer. The minimum Application size under the Priority Offer is $2,000 worth of Shares in aggregate and in increments of at least $500 worth of Shares thereafter. Your personalised invitation will indicate the maximum amount of Shares that you may apply for.	Section 7.10
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer, the Priority Offer and the Institutional Offer was determined by the Company and the Joint Lead Managers. With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among eligible retail investors. The allocation of Shares among Applicants in the Priority Offer will be determined at the absolute discretion of the Company and the Joint Lead Managers, subject to the guaranteed minimum allocations notified to Applicants invited to participate in the Priority Offer. The allocation of Shares among Applicants in the Institutional Offer was determined by the Company in agreement with the Joint Lead Managers. The Company and the Joint Lead Managers reserve the right to reject any Application or to allocate a lesser number of Shares than that applied for. In addition, the Company and the Joint Lead Managers 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 (or aggregation of Applications) in the Broker Firm Offer which are for more than $250,000 worth of Shares.	Section 7.10
Will the Company list on the ASX and will the Shares be quoted on the ASX?	The Company has applied to the ASX for its admission to the Official List of, and quotation of its Shares by, the ASX (under the code 'QAL'). Completion of the Offer is conditional on the ASX approving Qualitas' application for Listing and implementation of the Restructure. 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.	Section 7.20
I am an existing Unitholder of QRI, how can I apply for Shares under this Offer?	Shares issued under this Offer will be made in accordance with the terms of this Prospectus. Please contact your broker to discuss.	–
Is there any stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.	Section 7.10

TOPIC	SUMMARY	REFERENCE
What are the tax implications of investing in the Shares?	A summary of certain Australian tax consequences of participating in the Offer and investing in Shares is set out in Sections 7.10 and 9. The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest in the Offer.	Sections 7.10 and 9
Can the Offer be withdrawn?	The Company reserves the right not to proceed with the Offer at any time before the issue and/or transfer of Shares to successful Applicants. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.	Section 7.19
When can I obtain further information about this Prospectus or the Offer?	If you have further enquiries regarding the Offer, please contact the Offer Information Line on 1800 628 703 (within Australia) and + 61 1800 628 703 (outside Australia) between 8.30am and 5.30pm (Sydney time) Monday to Friday (excluding public holidays) and during the Offer Period.	Section 7.22

02. BUSINESS OVERVIEW



02. BUSINESS OVERVIEW

2.1. OVERVIEW OF QUALITAS

2.1.1. About Qualitas

Qualitas is one of Australia's pre-eminent alternative real estate investment managers, specialising in investing capital and managing its Funds' capital on behalf of Fund Investors. The platform focuses on distinct investment strategies for its Funds across real estate private credit and real estate private equity segments.

Founded in 2008, Qualitas actively invests capital on behalf of its Fund Investors predominantly throughout the major capital cities of Australia, as well as in New Zealand and the United States.

Qualitas has over 65 staff members based in its Melbourne and Sydney offices with a senior executive team that has an average of over 28 years of real estate investment, structured finance and investment management experience.

Qualitas' investment philosophy is to seek relative value real estate opportunities for its Funds across the entire capital structure with a focus on both income based Funds and total return Funds. Qualitas has a strong focus on risk mitigation and management through its robust risk management and governance frameworks, and its operating structure and procedures.

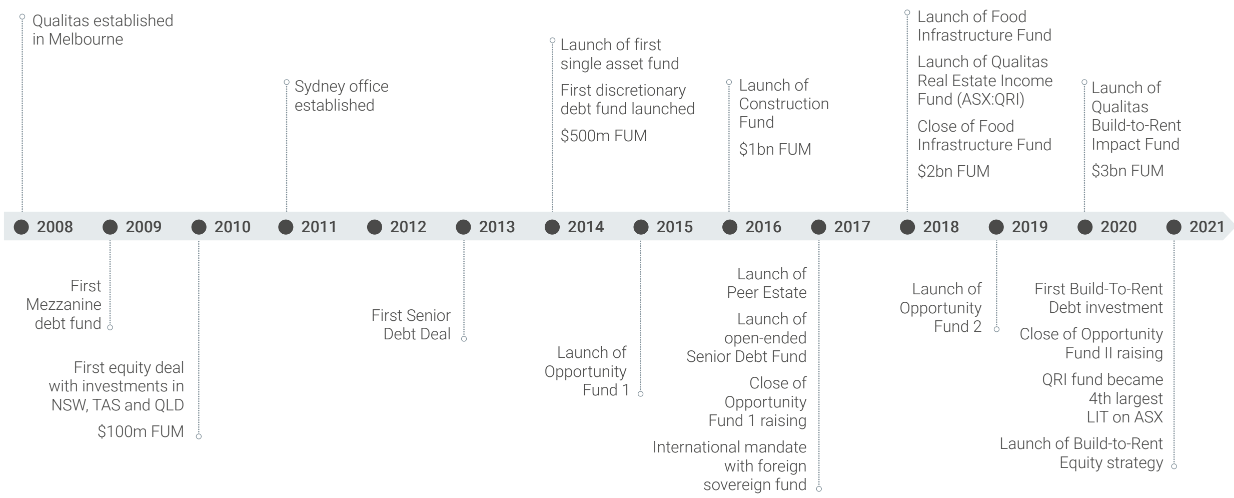
Qualitas believes that it can capitalise on its strong local market knowledge, specialised management skillset, industry contacts and broader investment infrastructure spanning origination, execution and active asset management to deliver on its strategies as detailed in Section 2.1.4.

These factors have historically driven attractive risk-adjusted returns for Fund Investors, and in turn enabled Qualitas to grow its underlying FUM and Management Fees.

2.1.2. History of Qualitas

Qualitas was founded in 2008 with the objective of being Australia's leading alternative real estate investment manager. Qualitas established and invested in its institutional governance framework and focused on building a track record in commercial real estate equity and mezzanine investments before replicating its success in commercial real estate credit. The timeline below sets out various milestones since Qualitas' foundation.

Figure 1: Qualitas' key milestones since foundation (calendar year basis)



2.1.3. Fund structure

As at 31 October 2021, Qualitas entities manage 13 Funds and other non-fund mandates[16] across credit and equity strategies on behalf of Fund Investors.

Real Estate Private Credit Funds

Qualitas entities manage Funds that provide non-bank financing to commercial real estate owners and developers operating across various commercial real estate sub-sectors (**Credit Funds**). Credit Funds currently account for approximately 71% of total FUM.

Real estate private credit relates to debt financing provided by funds and other institutions other than authorised deposit taking institutions (**ADI**), which raise capital from third party investors and lend to commercial real estate developers and investors on a loan to valuation ratio basis.

Commercial real estate lending in Australia has historically been dominated by ADIs, which currently control approximately 90% of the commercial real estate market, however there has been increasing growth in alternative lenders like Qualitas entering the market and increasing their market share. Qualitas has experienced increasing allocations from Fund Investors for its Credit Funds followed by consistent increases in credit FUM deployments.

Credit Funds managed by Qualitas focus on lending to reputable commercial real estate owners and developers, with an increasing focus on senior secured loans (approximately 98% by value of all commercial real estate loans currently held by the Credit Funds) which benefit from a lower risk profile compared to junior debt (i.e. mezzanine) and equity investments.

Real Estate Private Equity Funds

Qualitas manages various Funds on behalf of Fund Investors which make equity investments in underlying real estate assets (**Equity Funds**). Qualitas has two investment strategies for its Equity Funds with a focus on income Funds, through its core equity funds, as well as total return Funds, through its opportunistic equity funds. Equity Funds currently account for approximately 29% of FUM.

In its core equity funds, Qualitas currently manages a number of real estate assets on behalf of Fund Investors with a focus on assets generating defensive and resilient cash flows, such as BTR, food logistics and manufacturing, non-discretionary consumer staples, logistics and convenience retail assets. Qualitas expects that these types of real estate assets display defensive income characteristics, including attractive rental escalations and resilient cashflows, to provide attractive risk-adjusted returns for Fund Investors.

In its opportunistic equity funds, Qualitas currently manages a number of real estate assets on behalf of its Fund Investors with a focus on situational and opportunistic real estate investing, including development joint ventures, recapitalisations and structured preferred equity investments.

Qualitas' Equity Funds acquire assets with a mix of equity and debt financing. The Equity Funds typically finance asset acquisitions with debt financing ranging from 35% to 65% loan-to-value (**LTV**) ratio, with core equity funds at the lower end of the range and opportunistic equity funds at the higher end of the range. The debt at the Equity Funds is secured against the underlying asset and is non-recourse to Qualitas.

Fund Investment amounts

Qualitas typically targets Fund investments of $25 million or greater in size and is able to underwrite large transactions up to $250 million in size. With regard to its Credit Funds, Qualitas' ability to independently provide financing of this size sets it apart from ADIs, which in such instances might need to syndicate a large loan thereby reducing flexibility for the borrower. With regard to its Equity Funds, Qualitas' ability to undertake large Fund investments widens potential investment opportunities, thereby benefitting its Fund Investors.

Qualitas' Funds' ability to make large single investments benefits Qualitas as its Management Fees are largely based on the underlying FUM, which is enhanced as FUM grows. Furthermore, as the level of time and effort required to originate, underwrite and execute a single transaction is largely the same irrespective of the size of the transaction, by undertaking larger single transactions, Qualitas benefits by generating higher Management Fees with only modest incremental costs incurred.

16 Non-fund mandates relate to equity or debt investments which are separately managed on behalf of investors or which are not through a traditional Fund structure, and includes for the purposes of this Prospectus the Arch Finance Warehouse Trust.

Table 1: Qualitas' Funds and other non-fund mandates

Fund name	Investment type	Committed FUM[17]	Strategy	Structure	Fund Term[18]
Qualitas Real Estate Income Fund (ASX: QRI)	Senior debt/ mezzanine	$599 million[19]	Residential commercial, industrial	ASX listed	Perpetual
Qualitas Senior Debt Fund	Senior debt – diverse	$766 million	Residential commercial, industrial	Open ended	Perpetual
Qualitas Construction Debt Fund	Senior debt – construction	$754 million	Construction	Closed ended	5.2 years
Qualitas Build-to-Rent Impact Fund	Senior debt – investment/ construction	$125 million	BTR/Multifamily	Closed ended	10.4 years
Arch Finance	Senior debt – investment	$453 million	Lending platform, warehousing facility	n/a (non-fund mandate)	Perpetual
Other credit	Various mandates[20]	$255 million	Platform/privates	Mandate dependent	Varied
Total Credit Funds		**$2,953 million**			**5.9 years**
Qualitas Real Estate Opportunity Fund 1	Equity opportunistic	$181 million	Residential, commercial, retail	Closed ended	0.7 year
Qualitas Real Estate Opportunity Fund 2	Equity opportunistic[21]	$278 million	Residential, commercial, retail	Closed ended	5.9 years
BTR Equity	Equity core	$270 million[22]	BTR/Multifamily	Open ended[23]	7.0 years
Qualitas Food Infrastructure Fund	Equity core	$205 million	Food logistics and manufacturing	Closed ended	3.5 years
Other equity	Equity core/ opportunistic	$295 million[24]	Diversified	Closed ended	4.1 years
Total Equity Funds		**$1,229 million**			**4.5 years**
Total Qualitas		**$4,182 million**			**5.1 years[25]**

17 Represents committed capital and Fund investment committee approved investor mandates as at 31 October 2021 in which Qualitas provides investment management services, excludes fund commitments from other Qualitas managed funds.
18 Expiry refers to the fund term dates defined by the fund documentation, which may be amended from time to time.
19 Includes $171.6 million of equity raise announced on 26 October 2021.
20 Includes Qualitas Mezzanine Debt Fund, private SMA, Peer Estate and Direct Real Estate accounts.
21 Includes Co-Investments on certain assets.
22 Total Fund size of $1,200 million on a gross basis inclusive of asset recourse debt. Based on this Fund's target leverage, $540 million of total Fund equity is assumed. Management platform for this Fund is a 50/50 joint venture between Qualitas and a development and operating partner, and as such 50% recognition of FUM has been assumed.
23 Open ended however there is a 7-year lock up period after which time the investor can direct an exit of the assets.
24 Includes equity funds with a focus on Australian retirement villages, US BTR/multifamily, US office and Australian convenience retails sector.
25 Weighted average excluding non-fund mandates and open ended/listed funds with no expiry dates.

2.1.4. Objectives and strategy of Qualitas

Qualitas' objective is to provide Shareholders with attractive risk-adjusted returns through a combination of regular and growing dividend income and capital growth. This will be achieved through Management Fees earned on the management of its underlying Funds, and distributions and/or capital growth relating to its Co-Investment activities.

Qualitas intends to achieve its objective by pursuing some or all of the following activities as appropriate:

- grow the size of its existing Funds to capture further capital inflows;
- create new Funds that attract new capital inflows;
- take advantage of structural industry tailwinds to deploy both Funds' capital and Qualitas' balance sheet into investment opportunities with attractive risk-adjusted return profiles for Fund Investors;
- leverage existing relationships with reputable institutional investors to grow existing Funds and set up new Funds;
- use Qualitas' expanded balance sheet capacity to seed new Fund opportunities and make Co-Investments alongside Fund Investors;
- consider potential inorganic growth opportunities, including through acquisitions;
- maintain an appropriate capital structure; and
- as part of its funds management activities, Qualitas may enter into joint ventures or other arrangements with third parties in order to jointly manage Funds.

2.1.5. Co-Investment and Fund Underwriting Activities

As part of its primary funds management activities, Qualitas also:

- invests in its Funds alongside its third-party wholesale and retail investors which it considers drives greater alignment of interests alongside these investors (**Co-Investments**). Qualitas earns distributions and/or capital growth on these Co-Investments pro rata alongside the third-party wholesale and retail investors in these Funds; and
- uses its balance sheet capital to secure investment opportunities for its Funds in the circumstances when a Fund requires additional capital to make that investment. This may occur in respect of new Funds or new non-fund mandates (commonly referred to as 'seeding' a Fund or existing Funds). This may take the form of Qualitas underwriting or bridging investment opportunities or warehousing investments (including by providing loans (including on a limited recourse basis) to the new Fund or existing Fund) pending the relevant Fund securing additional capital. When this occurs, those investment opportunities are able to be acquired or directly pursued by the Fund, the Fund is able to repay the relevant underwriting loans or the investment opportunities are able be transferred into Funds as the case may be (**Fund Underwriting Activities**).

As a result of these Co-Investments and Fund Underwriting Activities, Qualitas will undertake certain intragroup transactions. For example:

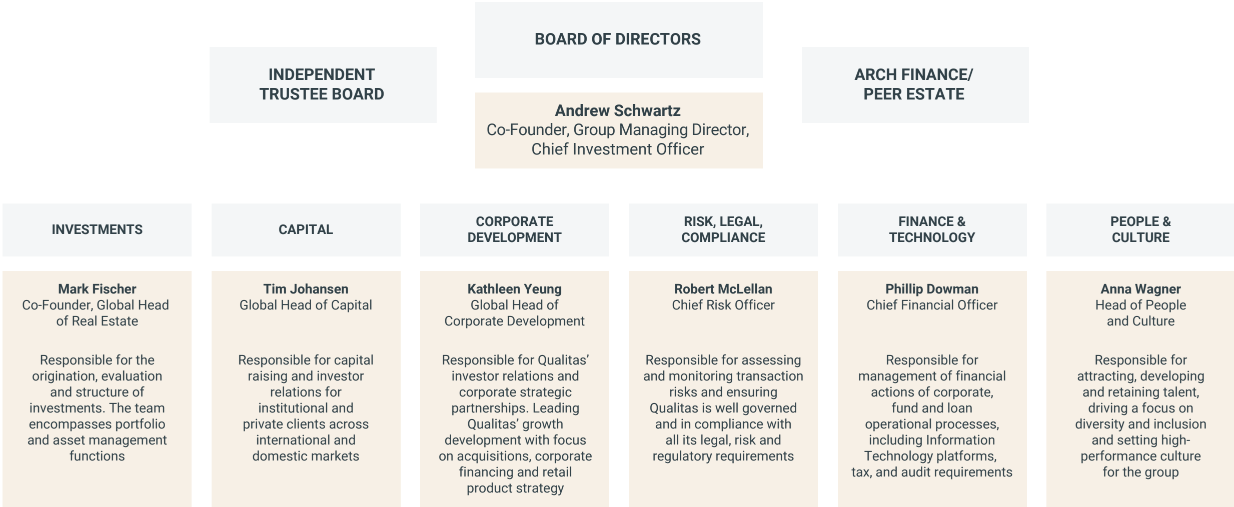
- Qualitas (or a Group Member) may co-invest alongside investors in a Fund including by way of an equity subscription in the underlying Fund, or the provision of financial accommodation to the underlying Fund;
- Qualitas (or a Group Member) may warehouse credit or other investments for Funds pending the Funds securing additional capital following which Qualitas (or a Group Member) may be repaid in respect of such underwrite or transfer that investment to a Fund;
- Qualitas (or a Group Member) may provide underwrite or bridging loans (including on a limited recourse nature) to Funds in order to underwrite the Fund's acquisition of an asset or the making of a credit investment, pending the Fund securing additional capital following which Qualitas (or a Group Member) will be repaid such underwriting or bridging loans);
- a Group Member (acting as trustees of Funds) may transfer assets between themselves (on arm's length terms), for example, as an asset or investment matures to align it with the investment strategy or underlying purpose of the funds which the relevant trustee entity manages; and
- Qualitas (or a Group Member) may 'seed' a new Fund by underwriting (including by providing loans) or transferring an asset (e.g. a property) into the Fund pending the Fund securing additional capital.

Qualitas and Qualitas Securities Pty Ltd (the holder of Australian financial services licence 342 242 for the Qualitas group) have entered into an agreement that regulates the parameters of Co-Investments and Fund Underwriting Activities. For a summary of the key current terms of that agreement, please see Annexure 12.3.

2.1.6. Operating structure

To execute on its key strategic objectives, Qualitas has a highly skilled in-house investment management team with capabilities in real estate, structured finance and investment management across debt and equity investments, strategy, capital sourcing and distribution. Qualitas has an established and robust risk function and support capabilities across legal, compliance, finance, information technology and human resources. Qualitas' well established and resourced in-place team is primed for further growth and is set to benefit from operational leverage as the business continues to scale and grow its FUM.

Figure 2: Qualitas' operating structure



2.1.7. Capabilities

Qualitas aims to generate positive risk adjusted returns for its Fund Investors by leveraging its strong capabilities across the key competencies that span the life cycle of funds management. These capabilities range from fund conception, capital raising and distribution, investor relations, investment origination and deployment, underwriting and credit assessment processes, asset management, fund performance and fund compliance. This allows Qualitas to retain key Fund Investors and continue to attract FUM, thereby growing Qualitas' Management Fees for the benefit of Shareholders.

Fund conception

- Qualitas has a track record of creating fund products that accord with compelling underlying investment thematics.
- Identified thematics are matched with the underlying skillset of Qualitas and the ability to earn appropriate returns for Fund Investors on a scalable basis and also aligned to Fund Investor demand.
- The process considers varying structures of funds and channels of potential investor demand.
- The process also considers whether fund products should be unlisted or listed, institutional wholesale or retail, open ended or closed ended and tailors the fund opportunity set as required.

Capital raising and distribution capabilities

- Qualitas has a full-service distribution team with specialists catering to institutional, high net worth investors, wholesale and retail investors with deep and long-standing relationships.
- Qualitas' strong relationships with key institutional investors is reflected in its track record, with institutional FUM representing 66% of total FUM as at 31 October 2021.
- Qualitas has an established and growing retail distribution channel through its ASX-listed fund QRI (ASX:QRI), which represents 14% of total FUM as at 31 October 2021.
- Growing FUM benefits Shareholders through increased earnings growth and dividends as a result of increasing Management Fees.

Origination and acquisition capabilities

- Qualitas' investment team has identified and executed a large number of investment opportunities on behalf of Fund Investors across sectors such as residential, BTR, industrial, office, convenience retail, food logistics and manufacturing assets, amongst others.
- Qualitas has an established network across key markets built up over 13 years of operations which provides it with regular and proprietary transaction opportunities.
- Qualitas has taken advantage of growing commercial real estate investment opportunities in the past 3 years, with 53% of all Fund investments made since 2018, accounting for 73% of Fund capital invested, exhibiting the scale of opportunity available in the market at present.
- Growing deployment of Fund capital into new acquisitions further drives earnings growth for Qualitas through Management Fees.

Transaction risk, credit assessment and underwriting capabilities

- Qualitas has an established track record in alternative commercial real estate credit and equity investing which is enhanced by an experienced internal transaction risk management team, ensuring Qualitas is able to deploy capital into a variety of opportunities on behalf of Fund Investors, whilst adhering to Qualitas' transaction risk management processes and procedures.
- Internal underwriting capabilities are complemented with oversight by non-executive members of the Fund investment committees, ensuring each Fund investment and underwrite is subject to external and independent scrutiny.
- Prudent risk management and underwriting with the objective of ensuring that Qualitas is able to deliver strong risk-adjusted returns to Fund Investors and has the potential to drive increased capital flows into Funds. This results in increased base management and transaction fees as well as providing potential for Qualitas to earn performance fees in instances where Fund Investor returns exceed Hurdle rates.

Asset management and fund performance capabilities

- Qualitas' investment and risk teams have extensive experience and capabilities in asset management, performing underlying monitoring on an asset-by-asset basis to pre-empt any issues and promptly determining whether any remediation actions are necessary.
- The investment and risk teams adopt a forward looking and active asset management approach undertaken in consultation with the senior executive team. Higher risk investments are reported to the Board.
- The Fund performance process considers overall Fund financial performance, portfolio construction, investment quality, investor reporting and liquidity management.

Risk management and corporate governance structures

- Qualitas has a strong focus on risk mitigation and management through its robust risk management and governance frameworks, and its operating structure and procedures.
- The Board has developed and adopted a framework of corporate governance policies and practices, risk management practices and internal controls that it believes appropriate for the Company's business. The Board does not expect that it will depart from the recommendations of the ASX Recommendations from the Listing Date. However, it may do so in the future if it considers such a departure would be reasonable.
- Experience operating in the listed environment through Qualitas' management of QRI.

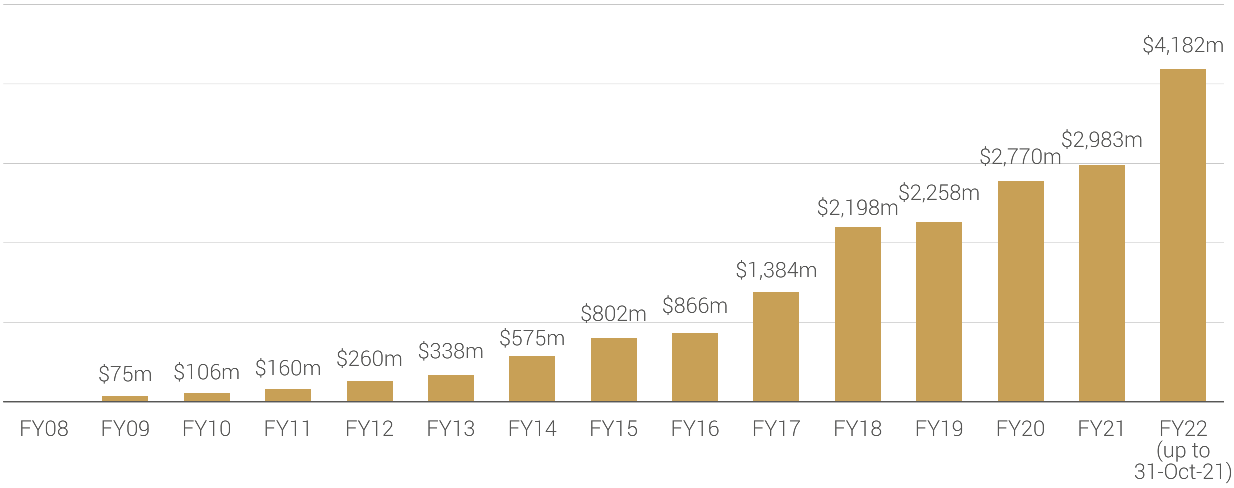
2.2. BENEFITS OF INVESTING IN QUALITAS

2.2.1. FUM growth

Qualitas' Funds consist of 10 fund strategies across 13 Funds and other non-fund mandates totalling FUM of $4.2 billion[26] as at 31 October 2021. Qualitas has exhibited strong growth in FUM, growing at a CAGR of 36.2% since foundation in 2008.

Strong growth in FUM is a key driver of Management Fees and therefore earnings growth for Qualitas.

Figure 3: Qualitas' funds under management growth since foundation in 2008



Qualitas has a track record of successfully deploying Fund capital into attractive commercial real estate opportunities. Since foundation, Qualitas has deployed $4.7 billion[27] of Fund Investors' capital through a range of debt and equity investments across commercial real estate opportunities.

Table 2: Total capital deployed since foundation in 2008

	No. of investments	Total capital deployed[28]
Total investments	**201**	**$4.7 billion**[28]
Debt investments	158	$3.5 billion[28]
Equity investments	43	$1.2 billion[28]

FUM growth and investment deployment has gathered momentum recently, with 53% of all investments since foundation completed since 2018 (representing 73% of total capital invested), and with 26% of total capital invested in FY21 alone. Qualitas' rapid increase in FUM and deployment has been reflective of an increasing emphasis by Qualitas on Funds and investment strategies that are scalable and have longer duration when compared to the early investment strategies of Qualitas. This has occurred in line with the widening market opportunity for private commercial real estate debt and increasing investor portfolio allocations in 'alternatives' sectors, as outlined in Section 2.2.5.

26 Represents committed capital and Fund investment committee (**IC**) approved investor mandates as at 31 October 2021 in which Qualitas provides investment management services to deploy into investments. $4.2bn includes lending platforms Arch Finance and Peer Estate, SMA and other direct commercial real estate investments managed on behalf of investors.

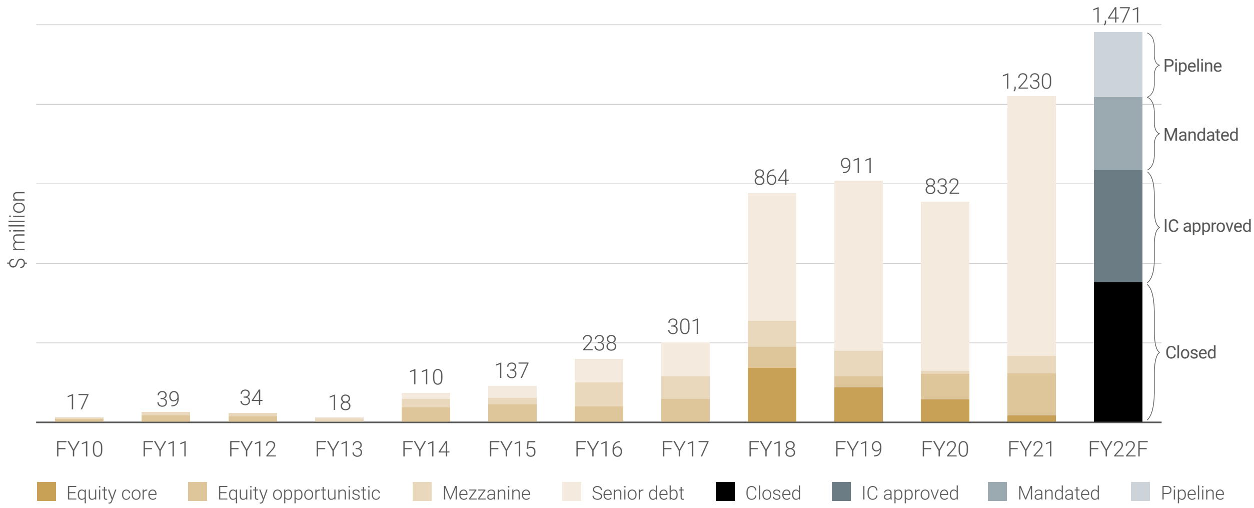
27 As at 30-June-2021. Cumulative capital invested exceeds total FUM due to recycling of funds relating to capital returned to investors from realised investments in closed end funds. Table 2 excludes Arch Finance.

Further, the FUM growth and investment deployment has been achieved despite facing several challenges, including:

- **constrained balance sheet:** Qualitas has not had sufficient balance sheet funding capacity to allow it to seed new investments and Funds prior to raising third party capital in its Funds. Qualitas' historical growth has been predominately driven by sourcing third-party capital prior to or contemporaneous with executing on underlying investments, which has constrained FUM growth due to the timing lag of raising Funds and executing on investments; and
- **recent market conditions:** as highlighted earlier, a large portion of Qualitas' capital deployment has arisen since 2018, a period which has also coincided with tightening pricing in key real estate sub-sectors and the COVID-19 pandemic. Notwithstanding this, Qualitas has been able to source and execute transactions whilst maintaining strong risk-adjusted return levels for Fund Investors.

Qualitas' strong Fund deployment track record has continued in FY22, where the total of Fund deployed capital, deployments approved by Qualitas' Fund investment committees and mandated Fund deployments identified in the first 4-months of the year has exceeded the total Fund deployment achieved during the whole of FY21. This highlights the strong underlying opportunity for FUM growth for Qualitas, as well as its ability to capture these opportunities for the benefit of its Fund Investors. This acceleration of deployment will help drive Management Fees thereby contributing to Qualitas' revenue.

Figure 4: Qualitas' capital deployment, by year and strategy:[28]



2.2.2. FUM diversified across geography, asset sectors and investment types benefitting Qualitas' Shareholders

Qualitas' Funds have a long-standing track-record of growth during a period of expansion in the alternate lending sector. Across Qualitas' 13 Funds and other non-fund mandates, 71% of this FUM is focused on Credit Funds with underlying investments primarily in senior secured loans with a significantly lower portion allocated to mezzanine debt loans.

Alongside the Credit Funds, Qualitas manages Equity Funds focused on both income funds (core equity funds) and total return funds (opportunistic equity funds). The core equity funds make equity investments on behalf of Fund Investors in core real estate sectors benefitting from defensive income characteristics and structural tailwinds. These include Funds investing in consumer staples, food logistics and manufacturing assets and the growing residential rental/BTR sector, all of which have enjoyed strong and growing institutional support. Qualitas also has a longstanding opportunistic equity strategy focused on total return.

28 FY22 includes capital deployments closed, Fund investment committee approved and mandated between 1 July 2021 and 31 October 2021 only, with a remaining $245 million forecasted until 30 June 2022. Historical information reflects closed transactions, FY22 YTD information includes closed transactions, alongside transactions in Fund investment committee approved, mandated and early pipeline stages.

Further, Qualitas benefits from managing Funds with broad mandates (including discretionary Funds) providing Qualitas with flexibility to deploy Fund Investor capital efficiently.

Figure 5: FUM by type (Committed FUM as at 31 October 2021)

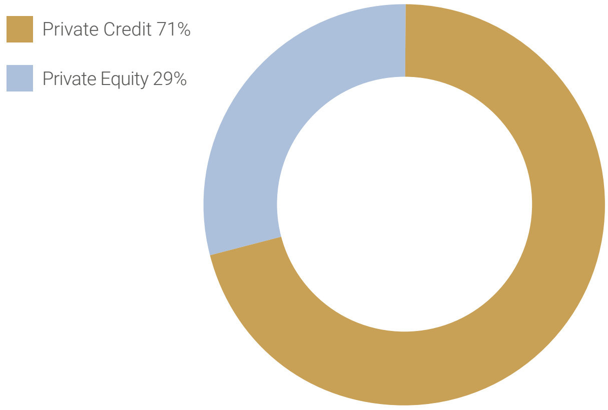
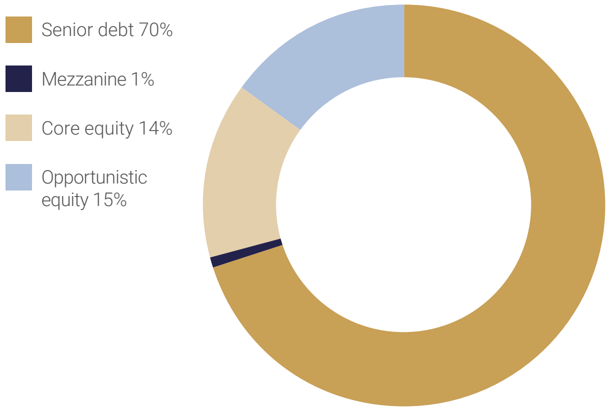


Figure 6: FUM by risk allocation (Invested FUM as at 31 October 2021[29])



Qualitas' diversified Fund offering from a credit, equity, geographical and sector perspective provides a resilient platform for Qualitas' funds management earnings, as it allows Qualitas to react to different market conditions which may impact both Fund Investor demand and transaction flow deployment.

Figure 7: FUM by underlying geographic exposure (Invested FUM as at 31 October 2021[29])

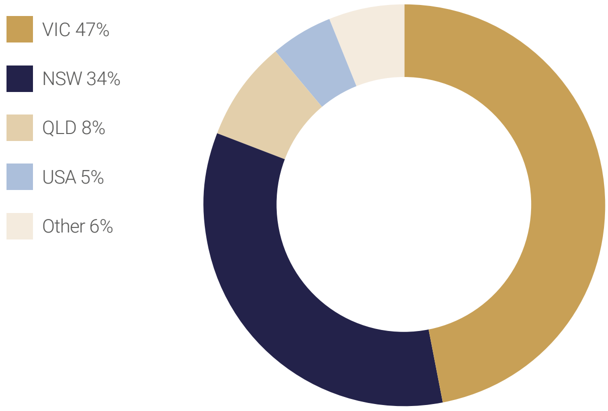
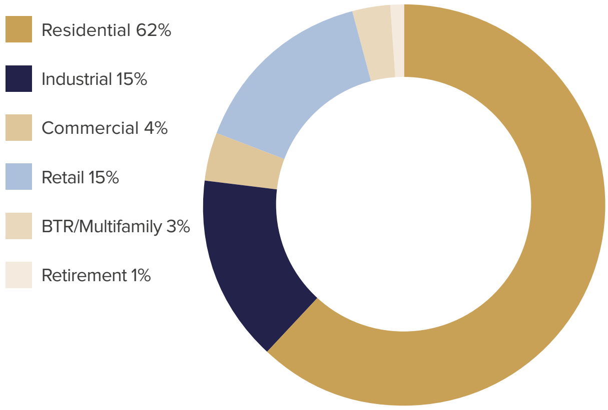


Figure 8: FUM by underlying sector exposure (Invested FUM as at 31 October 2021[29])



29 Based on the Invested FUM as at 31 October 2021 of $3.1 billion.

Figure 9: Credit FUM by underlying sector exposure (Invested FUM as at 31 October 2021[30])

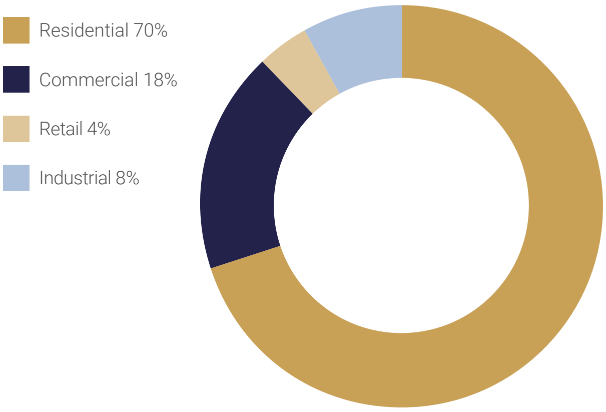
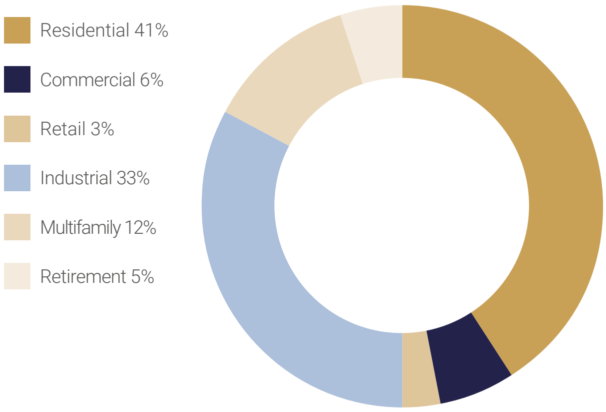


Figure 10: Equity FUM by underlying sector exposure (Invested FUM as at 31 October 2021[30])



Qualitas manages capital on behalf of reputable institutional investors, including sovereign wealth funds, industry and retail superannuation funds, international pension funds, private banks, life insurers and fund-of-fund managers.

Qualitas' ability to continue to attract institutional investors will assist its future growth ambitions.

Figure 11: Fund Investor composition (Committed FUM as at 31 October 2021)

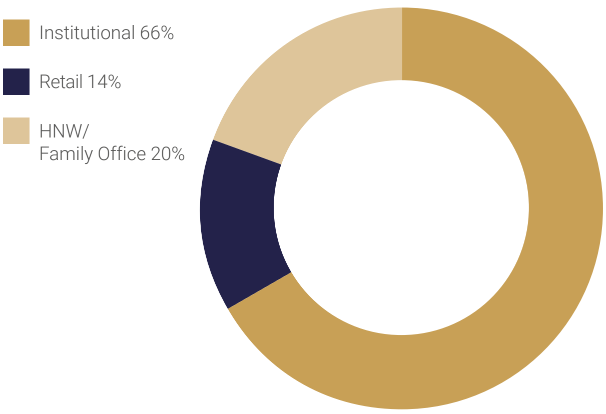
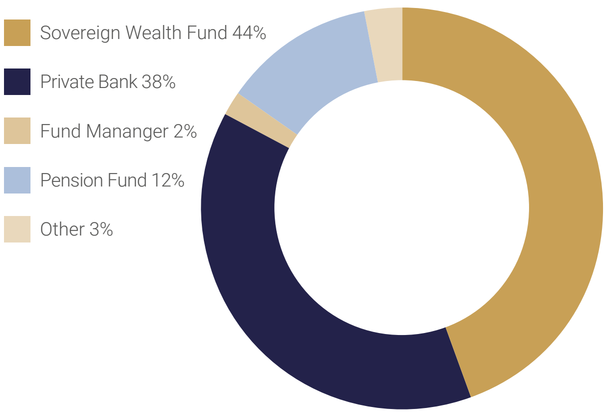


Figure 12: Institutional capital composition (Committed FUM as at 31 October 2021)

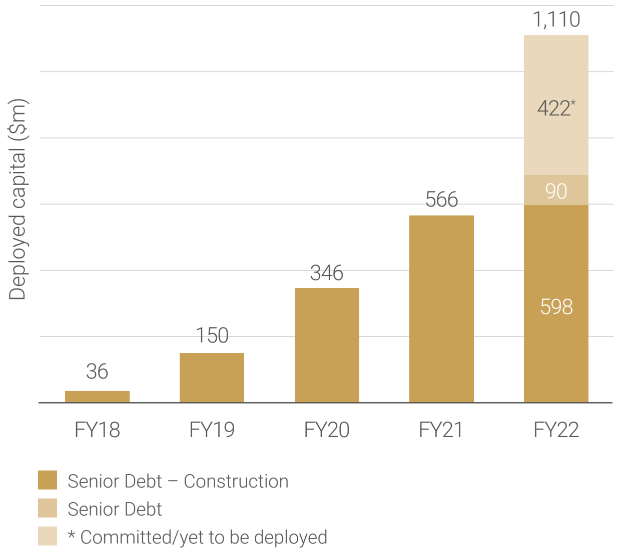


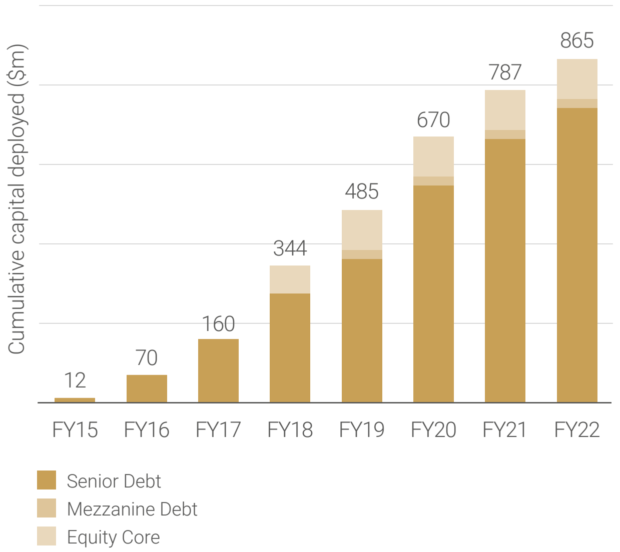
Qualitas has historically attracted investor support by delivering attractive risk-adjusted returns to Fund Investors, which has resulted in instances of repeated and increased investments by key Fund Investors.

30 Based on the Invested FUM as at 31 October 2021 of $3.1 billion.

Figure 13: Selected institutional investor deployment track record

FOREIGN SOVEREIGN FUND	AUSTRALIAN PRIVATE BANK
Long standing relationship which has grown from an initial investment of $36 million in FY18 to cumulative capital deployment of $566 million in FY21, with further commitment in excess of $500 million to be deployed in FY22 across equity core (BTR sector, $270 million) and senior debt mandates	Relationship established in 2014 as a cornerstone investor in the Qualitas Senior Debt Fund with cumulative capital of $865 million invested across over 100 investments.





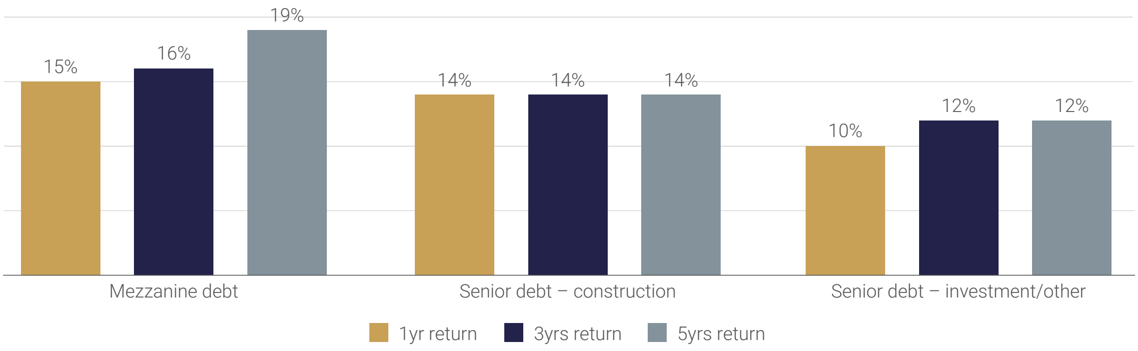
2.2.3. Performance track record

Qualitas has generated consistent risk-adjusted returns across the investments in its Funds across 1-, 3- and 5-year historical time periods. Qualitas' track record of returns on the investments in its Funds helps drive retention and re-investment of Fund Investors' capital.

Income and capital growth is complemented by Qualitas' robust risk management framework which has a key objective of no loss of Fund Investor capital.

Figure 14: Qualitas' performance track record, by strategy:

Real Estate Private Credit investments – track record[31]



Inception year	2009	2010	2010
# of assets	44	31	83
Capital invested[32] (includes recycled capital)	$548m	$1,211m	$1,806m
Gross IRR[33] (since inception)	20.8%	13.6%	12.5%
Gross EM[34] (since inception)	1.31x	1.13x	1.13x

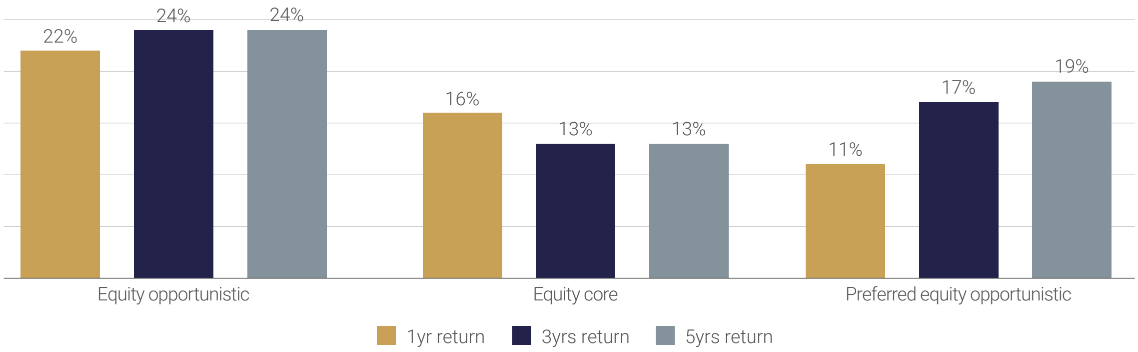
31 Past performance is not a reliable indicator of future performance.

32 Cumulative capital invested exceeds total assets under management due to recycling of funds relating to capital returned to investors from realised investments in closed Funds.

33 Return levels have compressed in recent times, driven by structural market changes, including lower bond yields resulting in a compression of returns across asset classes as the risk-free rate has declined.

34 EM = equity multiple.

Real Estate Private Equity investments – track record[35]



Inception year	2010	2018	2010
# of assets	33	4	6
Capital invested[36] (includes recycled capital)	$646m	$360m	$150m
Gross IRR[37] (since inception)	27.6%	13.3%	19.2%
Gross EM[38] (since inception)	1.66x	2.00x	1.25x

35 Past performance is not a reliable indicator of future performance.
36 Cumulative capital invested exceeds total assets under management due to recycling of funds relating to capital returned to investors from realised investments in closed Funds.
37 Return levels have compressed in recent times, driven by structural market changes, including lower bond yields resulting in a compression of returns across asset classes as the risk-free rate has declined.
38 EM = equity multiple.

2.2.4. Case studies

Figure 15: Case study: Senior debt construction loan – Melbourne, VIC

A Qualitas Fund provided a senior debt construction loan and demonstrated its capability to provide certainty and convenience to sponsors in a timely manner.

TRANSACTION SUMMARY

- Senior debt construction loan for a campus style development in inner Melbourne
- Includes approximately 400 residential apartments, a 100-room hotel, retail/commercial space and basement car parking
- Ultra high-net worth family group sponsored the project, alongside a highly regarded construction contractor
- At inception, the project benefited from pre-committed revenue sufficient to repay 80% of the loan (residential apartments sold prior to development completion providing certainty of cash receipts and pre-committed financing), providing for a clear line of sight to exit

STRATEGY AND OUTCOME

- Size of loan would have required a syndicate of three domestic banks to source bank financing
- Liquidity constraints in banking sector meant significant execution risk for the borrower in pursuing the loan in the bank market
- Qualitas was able to capitalise on its ability to commit to the entire loan amount from its discretionary Funds, providing certainty and convenience to sponsors
- Despite the impact of COVID-19 and the associated lockdowns in Melbourne, the investment has not suffered a loss of capital, highlighting the resilience of senior debt investments

Strategy	• Senior debt construction through Qualitas Construction Debt Fund
Sector	• Mixed use, predominantly residential
Investment amount and term	• $256 million | 26 months
Covenants/terms	• 68% loan to value (**LTV**) ratio (being a measure of the value of the loan relative to the value of the asset acquired using that loan), interest capitalised within limit
Realised returns	• Internal rate of return (**IRR**) (being a measure of the annual rate of growth an investment has generated): 13.0% | Multiple: 1.13x

Figure 16: Case study: Senior debt income – Sydney, NSW

A Qualitas Fund provided a senior debt residual stock loan and demonstrated its ability to provide tailored solutions to developers in a timely manner.

TRANSACTION SUMMARY	STRATEGY AND OUTCOME
• Senior debt secured against 89 unsold apartments in a Sydney inner urban suburb • Apartments had reached completion immediately prior to advance of the loan and were part of a larger $500 million mixed use precinct development • Market-leading asset quality with value underwritten by a large number of pre-sales	• Borrower required execution certainty on a sizable loan secured by its unsold completed apartments • Qualitas was able to execute quickly and provide satisfactory terms • Loan was compliant during its term and was repaid from strong ongoing sales of the completed apartments stock • Qualitas is currently mandated by the same borrower to provide further residual stock loans against other completed apartments stock

Strategy	• Senior debt income, through the Qualitas Senior Debt Fund and the ASX-listed QRI Fund
Sector	• Residential, completed apartments
Investment amount and term	• $61 million | 2 years
Covenants/terms	• 65% LTV ratio with interest payable monthly in arrears • Amortisation from apartment sale proceeds
Realised returns	• IRR: 8.22% | Multiple: 1.16x

02. BUSINESS OVERVIEW Continued

Figure 17: Case study: Equity opportunistic –Sydney, NSW

A Qualitas Fund made a structured equity investment to refinance distressed debts which convert to equity, demonstrating Qualitas' ability to manage assets throughout their lifecycle; from off-market acquisition, refurbishment, leasing and ultimately a successful sale.

TRANSACTION SUMMARY

- Structured equity investment to refinance owner's distressed debts and convert it to control and equity
- Asset economics favourable to reposition the building into prime retail space
- Asset positioned in the core Sydney CBD retail precinct known as a strong luxury retailing strip
- Direct exposure to both city pedestrian and vehicular traffic due to its corner location
- Qualitas used its structured finance skillset and its integrated real estate capability to achieve strong outperformance for Fund Investors

STRATEGY AND OUTCOME

- Due to the owner's distressed debts, the asset was in receivership at the time of the Fund's interest with an on-market sale process about to commence
- The Fund acquired the asset off-market on favourable terms
- Received heritage planning permit and successfully delivered major refurbishment
- Signed a 15-year lease with a global luxury retailer for entire lettable area
- Led the off-market sales campaign (during refurbishment works) and sold the asset for $105 million to the tenant under a right of refusal (3.75% cap rate, record strata price for a retail building)

Strategy	Opportunistic, through Opportunity Fund series
Sector	Prime retail
Investment amount and term	$23 million | 34 months
Realised returns	IRR: 80.2% | Multiple: 2.6x

Figure 18: Case study: Equity core – Long-WALE Portfolio, National

A Qualitas Fund made a core equity investment into a portfolio of food logistics and manufacturing assets and demonstrated its ability to identify tightly held defensive assets with significant growth opportunities.

TRANSACTION SUMMARY

- Core equity investment into a portfolio of 10 properties located across Australia
- Portfolio acquired on a sale and leaseback basis from Australia's largest provider of flour for human consumption and largest in-store bakery provider
- Qualitas negotiated attractive triple-net-lease terms, including a 30-year term with 3% fixed escalations per annum
- Assets represent core production facilities in tenant's supply chain generating >90% of the EBIT
- Assets produce significant portions of all flour consumption and in-store bread market in Australia

STRATEGY AND OUTCOME

- Asset acquired as a defensive cash flow investment with opportunity for outperformance
- Qualitas identified purchase price was less than 55% of its replacement value with value of discounted initial lease term rents at approximately 98% of purchase price
- Qualitas identified tenant was likely to go through a positive credit profile re-rating with a likely exit by its private-equity sponsor
- 2 years post acquisition, tenant business was sold to a Japanese food conglomerate
- Value uplift of approximately 46% since acquisition due to improvement in tenants credit quality, cap rate compression and escalating leases

Strategy	• Long WALE through the Qualitas Food Infrastructure Fund
Sector	• Industrial logistics
Investment amount and term	• $388 million ($205 million equity) | 7-year forecast
Current returns	• IRR: 21.6% | Multiple: 1.86x (if sold today)

2.2.5. Growth opportunities

Qualitas has a track record of delivering attractive risk-adjusted returns for its Fund Investors, which has been achieved through disciplined deployment of Fund capital across a focused range of investment opportunities. Qualitas sees further opportunity to deploy Fund capital into key focus areas, including non-bank lending into commercial real estate opportunities; alternative real estate assets; and expanding the use of its balance sheet for Co-Investments and Fund Underwriting Activities to drive further FUM growth.

Growth in Fund activity will help drive base funds management, transaction and performance fees, which will in turn drive growth in Qualitas' earnings.

Qualitas will continue to regularly evaluate its strategy and the asset mix of the Funds with a view to enhancing earnings and Shareholder value. As part of that evaluation, the Board may decide to divest assets or divisions within Qualitas or to acquire new and complementary assets or divisions. Following the Offer, Qualitas believes it will have the balance sheet flexibility to undertake targeted, strategic acquisitions or divestments that can create Shareholder value. No specific plans in this regard have been made as at the Prospectus Date.

Real Estate Private Credit

There has been significant growth in commercial real estate lending by non-bank lenders, however non-bank lenders still only account for approximately 10% of the total commercial real estate debt market at present, or approximately $41 billion.

Figure 19: Australian CRE lending market – lending market overview (alternative lenders take up approximately 10% or $41 billion of market share)

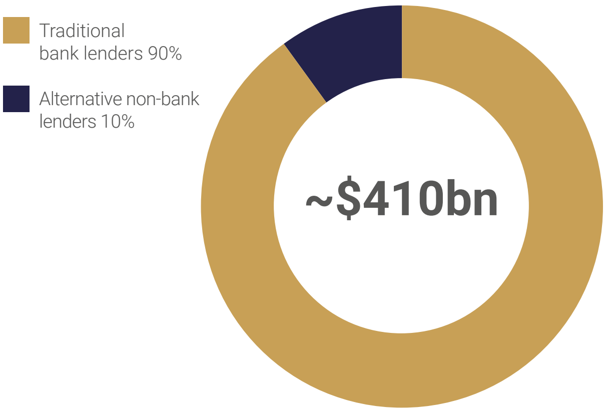
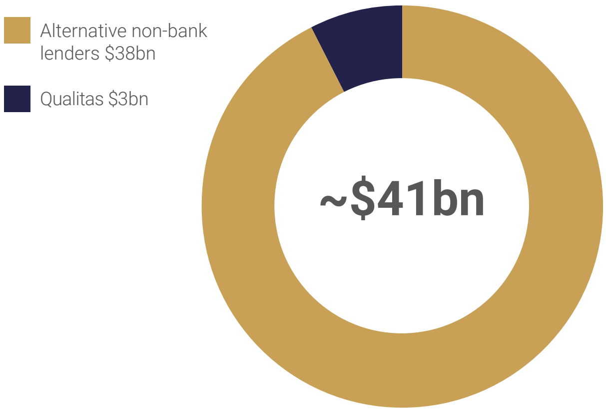


Figure 20: Alternative non-bank lenders share of CRE lending market – approximately $38 billion of existing opportunity for Qualitas to expand into[39]



39 Represents committed FUM as at 31 October 2021.

Figure 21: Global CRE lending market – on average, alternative non-bank lenders hold significantly larger market share of CRE lending in Europe, United States and globally[40]

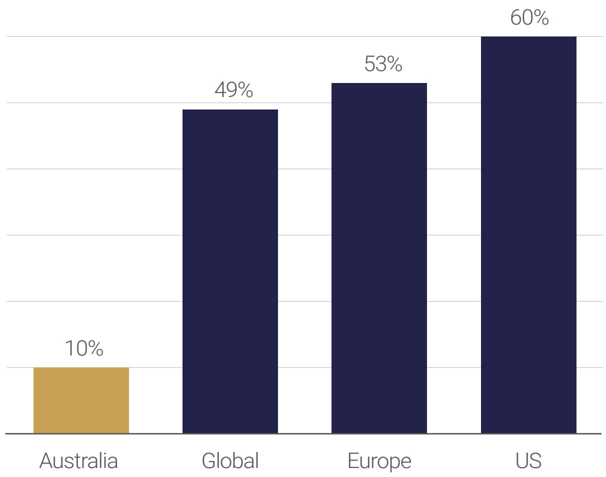
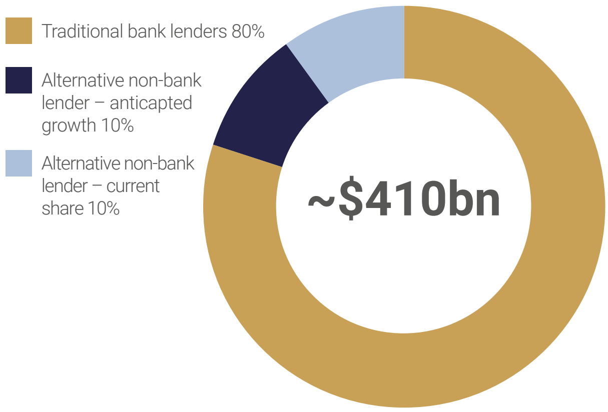


Figure 22: Australian CRE lending market – non-bank lenders anticipated to grow to be more aligned to international markets – the below shows an illustrative example where non-bank lenders make up approximately 20% of the total Australia CRE lending market representing approximately $41 billion additional upside future opportunity for Qualitas to expand into



Qualitas has had a long-standing involvement in the alternative commercial real estate lending space and has exhibited strong historical growth. As the banking sector continues to restrict capital allocation to commercial real estate, bank market share within commercial real estate lending has continued to come under pressure, providing alternative lenders such as Qualitas and its Funds with an opportunity to grow. Furthermore, strict lending criteria and prescribed credit assessment approaches mean that lending by ADIs lacks the flexibility often required by commercial real estate borrowers.

Growth in non-bank commercial real estate lending is further supported by a variety of investors seeking to deploy capital into the space, and by borrowers increasingly seeking flexibility, customisation and timeliness offered by alternative lenders. Qualitas believes that the non-bank lending sector in Australia will continue to grow from its current approximate 10% market share, towards approximately 20% market share, more in line with global average (approximately 49%) as well as other developed markets such as Europe and the United States, where non-bank lending represents approximately 53% and 60% of the total debt market.[40]

Real Estate Private Equity

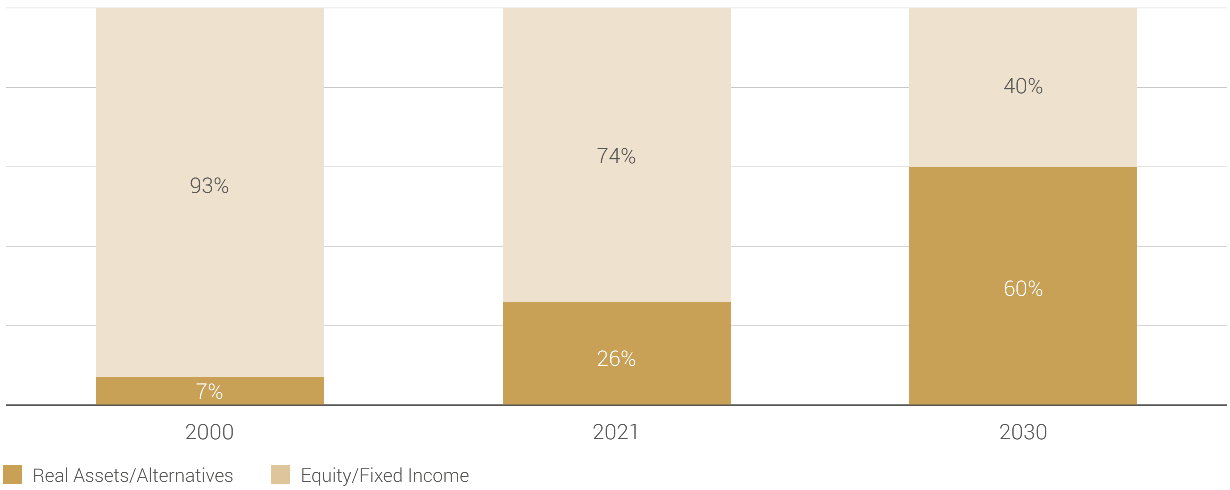
Qualitas focuses its equity investing on behalf of Fund Investors in areas where its Funds have a competitive advantage. Typically, the core equity funds focus on assets with resilient and defensive underlying cashflows (such as consumer staple tenanted assets, food production and infrastructure assets, BTR and convenience-based retail). The opportunistic equity funds focus on development, situational and recapitalisation type investing with a focus on total returns. These alternative real estate private equity funds have experienced growing demand in Australia from major global investors, driven by:

- significant under-institutionalisation in Australia relative to other developed markets;
- relatively attractive risk-adjusted returns compared to traditional asset classes, such as industrial and office; and
- macroeconomic tailwinds, including an ageing population and declining home ownership rates amongst younger generations, as well as increasing focus on critical supply-chain assets.

40 Estimates of non-bank lending market share relate to total debt market size and are assumed as a proxy for the commercial real estate debt market.

Alternative assets have seen a large increase in allocations, especially from large institutional investors such as industry and retail superannuation funds and international pension funds, which have been attracted to the sector by the yield premium vs traditional asset classes. Allocations to alternative asset classes has grown from approximately 7% in 2000, to approximately 26% in 2021. Research by a global fund manager forecasts allocations to alternative assets to further grow to approximately 60% of total allocations by 2030, providing potential growth in the coming years.

Figure 23: Increasing portfolio allocation to Real Assets/Alternatives



Qualitas believes that it is well placed to take advantage of the growth in demand for good quality, alternative real estate assets, and the institutional demand for these types of assets through its existing relationships with key institutional investors and its experience in investing in alternative real estate assets.

Additionally, sale and leaseback (**SLB**) transactions have become increasingly popular among large corporate occupiers as a means of releasing capital tied up in physical real estate. Qualitas has identified a significant opportunity to enter into SLB transactions relating to real estate assets generating goods or services critical to the Australian economy. SLB assets generally benefit from long term leases with fixed rental escalations providing security of income with strong underlying tenant covenant strength, characteristics which are aligned with Qualitas' equity strategies.

Qualitas has experience in SLB transactions, which has provided Fund Investors with defensive income and exposure to high quality assets. SLB transactions provide an opportunity for Qualitas to leverage its existing capabilities and grow its Fund offering, providing investors a strong yield with defensive characteristics.

Balance sheet Co-Investment

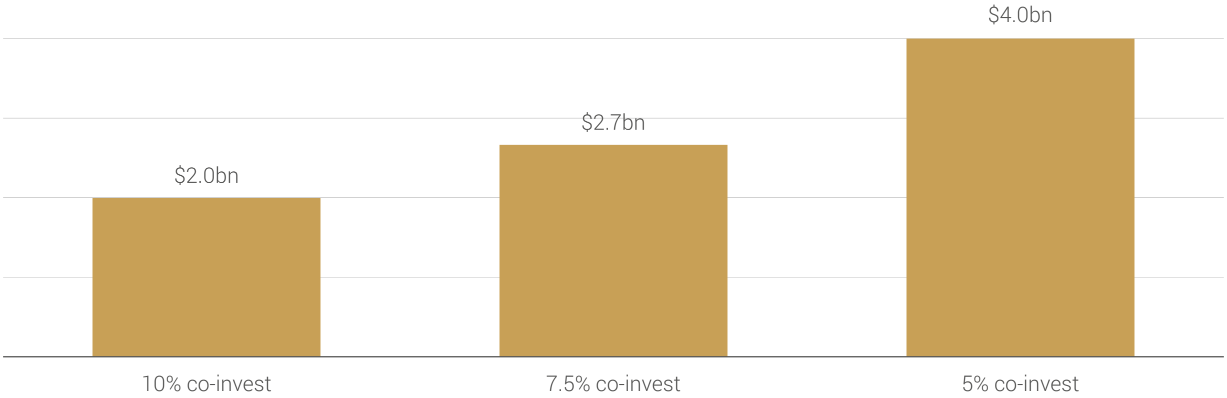
Historically, Qualitas has been constrained by a lack of balance sheet funding capacity to make material Co-Investments in its Funds to demonstrate alignment with its Fund Investors. Institutional Fund Investors typically require Co-Investments from investment managers to show alignment of interest, and Qualitas' historical liquidity constraints have inhibited its ability to provide the requisite Co-Investment capital required by institutional Fund Investors. This has restricted Qualitas' capacity to grow its FUM. Further, the lack of balance sheet funding capacity has resulted in Qualitas having a restricted ability to warehouse assets to seed new Funds, which in some cases would restrict Qualitas from securing attractive investment opportunities.

Improved balance sheet liquidity provides Qualitas with strategic and financial benefits. Qualitas is able to pursue strategic goals, support clients and the various Funds, and provides Qualitas with the ability to attract new Fund Investors by being able to display alignment through Co-Investment.

Furthermore, Qualitas can acquire assets, warehouse them on its balance sheet and subsequently sell them down into existing or new Funds once the necessary third-party capital has been raised.

Financially, balance sheet Co-Investment will provide an additional revenue stream for Qualitas and its Shareholders through returns generated from the investments in its managed funds, complementing the underlying investment management business. Using balance sheet capacity to seed new Funds through Co-Investment can potentially significantly accelerate FUM growth.

Figure 24: Illustrative incremental FUM from indicative Co-Investment of $200 million



The above illustrative example assumes Qualitas provides 5% to 10% Co-Investment capital to new Funds, resulting in incremental third party FUM of $2.0 billion to $4.0 billion.

Qualitas intends to use the Offer Proceeds for various opportunities which it expects to earn income and capital returns and Management Fees relating to new Funds.

Table 3: Overview of Qualitas opportunities

TYPE OF INVESTMENT	DESCRIPTION	ILLUSTRATIVE NET RETURNS PROFILE (POST FEES)[41]
Fund Co-Investments	• Co-Investment capital is important to institutional investors to exhibit alignment of interests, especially when seeking full discretionary Funds or non-fund mandates. • Qualitas intends to deploy capital into existing and new Funds as a seed investor alongside other cornerstone, third-party Fund Investors. • Qualitas' ability to invest alongside its Fund Investors will exhibit alignment and enable Qualitas to attract additional third-party capital as a result. • Qualitas expects that for every $1 of Co-Investment, it will be able to attract an additional $9 to $19 of external third-party capital based on Co-Investment share of 5% to 10%.[42] • Qualitas would earn income and/or capital growth on its Co-Investment capital, depending on the underlying Fund investment returns. • Qualitas would also earn base management fees, transaction fees and potential performance fees on the third-party capital deployed into the new Funds. • Qualitas' Shareholders benefit through accelerated growth in FUM.	• Co-Investment IRR: 5.0% to 12.0% • Base management fees: 0.5% to 1.0%[43] • Transaction fees: 0.33% to 0.50%[44] • Performance fees (applicable to eligible funds only): 20.0% of profits above a pre-set Hurdle
Fund Underwriting	• Occasionally, Qualitas' existing Funds are fully deployed and hence out of capacity to participate in new investment opportunities. • Qualitas could utilise its balance sheet capital to undertake Fund Underwriting Activities in order to secure new investment opportunities whilst a Fund's capital raising is being completed. • Once funds are raised, the Fund will take out or refinance the Fund Underwriting Activities (including by repaying, acquiring or directly pursuing the investment opportunity). • During this time Qualitas expects to generate returns through distributions and/or capital growth of the underlying assets prior to their sell-down to the relevant Funds. • Additionally, when Qualitas pursues a new Fund strategy, balance sheet capital can be used to undertake Fund Underwriting Activities ahead of a capital raise. It is often difficult to launch a new strategy without undertaking Fund Underwriting Activities.	• Income yield (for deployed capital): 5.0% to 7.0% distribution yield • Total fees: 1.0% – 3.0% (flat)

41 Based on historical return performance of similar investment types made by Qualitas since inception.
42 Typical Co-Investment rates based on Qualitas' historical experience and Fund Investor expectations.
43 Base management fees represent annual fees charged on Fund Investors capital raised arising from Qualitas' Co-Investment activities.
44 Transaction fees represent one-off fees charged when Fund capital is deployed.

2.3. ARCH FINANCE, PEER ESTATE AND ANCILLARY BUSINESS ACTIVITIES

2.3.1. Arch Finance and Peer Estate

The majority of the direct lending segment is comprised of operations undertaken by Arch Finance Pty Ltd as trustee for the Arch Finance Unit Trust (**Arch Finance**), a wholly owned entity of Qualitas acquired in 2009. Arch Finance is a non-bank commercial property first mortgage originator for loans up to $6 million. Arch Finance operates under a net interest margin business model, benefitting from the difference in the interest it charges borrowers, and the interest it pays on its borrowings.

Arch Finance finances its commercial real estate loan book through the Arch Finance Warehouse Trust (**AFWT**) which is the warehouse lending trust that houses the Arch Finance loan portfolio, totalling approximately $410 million as at 30 September 2021. Arch Finance operates on a standalone basis with separate management, staff and premises.

The core business of Arch Finance is the origination, underwriting and management of first mortgage commercial loans made by the AFWT of up to $6 million which are secured against predominantly income producing or owner-occupied property assets by a first ranking mortgage in favour of the AFWT. There are no construction loans in the portfolio.

Importantly, AFWT is structured as a limited recourse vehicle where the obligations of AFWT to pay interest and to repay principal in respect of its warehouse facility (and other amounts) are limited to the assets of the AFWT. Arch Finance has obligations to originate, underwrite and manage the assets of the AFWT and Qualitas has guaranteed the performance of Arch Finance in respect of these performance obligations.

Arch Finance offers a variety of different financing solutions to borrowers in respect of commercial, income producing or owner-occupied properties and will only lend to a borrower where the loan provided by Arch Finance is supported by a first mortgage.

Typical loan purposes include the following:

- the provision of finance to fund the acquisition of a commercial investment property;
- refinancing and the provision of funding on improved terms or for diversification purposes to enable a borrower to refinance an existing loan;
- refinancing and the provision of additional cash out for identified commercial purposes;
- acquisition or refinancing to support holding a property for future development (this would typically occur where the borrower is seeking to obtain a development approval to further develop the property at a later stage which would see repayment of this loan); and
- provision of financing to support long or short-term retention by a developer of outstanding commercial/residential stock post construction completion.

Additionally, the direct lending segment also includes operations undertaken by Peer Estate, a wholly owned subsidiary of Qualitas. Peer Estate provides an online platform for wholesale investors to invest in commercial real estate loans through a 'peer to peer" network. These loans are underwritten by Arch Finance Pty Ltd, which is also the manager and AFSL holder for Peer Estate. Peer Estate currently has approximately $11 million of FUM.

Peer Estate loans are also sourced by Arch Finance and are generally used for time sensitive property acquisitions, providing equity release for commercial purposes and for future development sites. Peer Estate typically funds individual loans through existing facilities and/or directly from investors, with all investments ultimately held by wholesale investors. Peer Estate earns loan arranging fees and a management fee which is deducted from the interest paid to investors.

2.3.2. Legacy principal investments

Historically, Qualitas' business model has focused on principal investments and management of single asset projects. As Qualitas has transitioned to a predominantly capital-light investment management business model, it expects that it will no longer make material principal investments other than to warehouse or bridge assets for its Funds. Qualitas has historically earned Management Fees from joint venture partners on principal investment activities, as well as a share of profits arising from the sale of completed development assets relating to these activities. Currently, two small legacy investments and associated activities are retained within Qualitas' current business with a book value of $11.6 million. It is expected that once the legacy principal investments are realised,[45] other than to warehouse or bridge assets for its Funds, principal investing activities such as those undertaken historically is expected to make up a minor component of Qualitas' activities.

2.4. ESG CONSIDERATIONS

Qualitas' investment philosophy is to seek thematic value-based opportunities with a focus on risk mitigation and management through its robust risk management, governance and operational processes.

Qualitas believes that the integration and management of environmental, social and governance (ESG) factors throughout the Qualitas group and that of the Funds will enhance the risk adjusted returns for Qualitas' Shareholders and Fund Investors.

Qualitas approach to ESG issues covers a range of topics, including:

Environmental – In addition to broader concerns about such things as the deterioration of the environmental and natural resource use, there is increasing recognition of the threat of climate change to the stability of the global economic and financial system. Qualitas considers rising global carbon emissions and consequent global warming represents the greatest risk the global community may experience this century to both investment markets and the physical well being of the community.

Social – The way in which companies and enterprises manage their operations with respect to labour market practices, work health and safety, product liability and supply chain management (including modern slavery) can pose investment risk. Qualitas believes that a company should effectively manage its social licence to operate and social issues must be taken into consideration for both Qualitas as an organisation and for Qualitas' investments and investment processes for its funds.

Governance – Governance risks represent a major long-term threat to investor value. Qualitas considers such things as board composition, oversight of executive incentives, general remuneration and ESG are of critical importance. These risks are also present in all real estate asset classes which are invested by Qualitas funds. Qualitas is of the view that, over the longer term, good governance will tend to be rewarded.

One of Qualitas' immediate goals is focused on how it can achieve carbon neutrality, whilst at the same time influence partners and borrowers to invest in real assets with a strong sustainability focus.

Beyond environmental practices, Qualitas remains cognizant of the importance of social and governance factors from a community and integrity perspective and these factors will continue to be a focus for Qualitas to continue to be proactive into the short and medium term.

Qualitas' immediate environmental focus is on addressing climate change through a two-fold plan:

1. Aspiring to achieve carbon neutrality by the end of calendar year 2022; and
2. Integrating environmental sustainability benchmarks and criteria into current and future investment activities, which are expected to increase over time.

As a signatory to the United Nations' Principles for Responsible Investment (**UNPRI**), Qualitas is committed to implementing its five principles which are consistent with Qualitas' core ESG beliefs.

45 Current joint venture investments include Digital Harbour, a development asset in Melbourne's Docklands, and a development asset in Marrickville, Sydney.

Table 4: Qualitas' ESG beliefs

QUALITAS' ESG BELIEFS

1. **Long Term Temperature Goal** – Qualitas strongly endorses strengthening the global response to climate change, affirming the Paris Agreement goal of limiting global temperature increase to below 2 degrees Celsius from pre-industrial levels, whilst pursuing efforts to limit the increase to 1.5 degrees.

   Qualitas intends to reduce emissions across all lines of business to align with these goals. We are seeking to develop a plan consistent with our intentions.

2. **Adaptation** – Qualitas acknowledges the importance of adaptation to a low-carbon future through supporting the transition of legacy assets with high emissions, as well as the development of new assets which are built to the standard of a low-carbon future, over-and-above current requirements. Qualitas seeks to increase the presence of these impact style investments in both its traditional and ESG-linked funds.

3. **Climate change is a material risk that needs to be mitigated** – as an investment manager of real assets, climate change is a systemic risk which requires mitigation and prevention efforts to deliver our desired investment outcomes and protect the value of the real assets that we invest in or lend to. We believe climate related risk can be categorised as:

   - *Physical risks* – the risk that real asset values are adversely affected by the heightened occurrence of rising sea levels, floods, droughts, wildfires and severe weather events;
   - *Liability risks* – the risk of litigation for losses parties may have suffered where organisations have not properly considered the risk of climate change;
   - *Transition risks* – the risk posed via changing policies, regulations and strategies as society adapts to a low carbon economy. During this transitional process, we believe the value of some real assets may be detrimentally affected or even stranded as the rate of change in technology, regulations and occupant requirements moves at a faster rate than the rate at which a real asset can adapt. Examples of such would include aged industrial or office properties that no longer meet the needs that tenants require in a low carbon environment.

   In this regard, Qualitas believes we have a significant role to play in supporting and encouraging sponsors and borrowers to invest in real assets with a strong sustainability focus. As an equity investor or joint venture partner we are able to exert more influence with respect to sustainability outcomes. As a lender, our ability to influence is more limited and involves, for example, advocating for the financial and risk management benefits of sustainable development and in some cases may involve requirements around meeting minimum sustainability parameters.

   Qualitas believes that material progress in the transition to low carbon investment activities can only be made with transparent and robust reporting system to inform investment policy.

4. **Governance** – Qualitas believes that governance risks represent a major long-term threat to investor value. Qualitas considers such things as board composition, oversight of executive incentives, general remuneration and ESG are of critical importance. Qualitas is of the view that, over the longer term, good governance will tend to be rewarded.

5. **Diversity and inclusion** – by harnessing the unique talents and experiences of a diverse team in a psychologically and physically safe environment, Qualitas is better equipped to face complex business challenges.

Qualitas aims to work with partners and seek out co-investments with like-minded sponsors/borrowers and third parties. Qualitas undertakes an assessment of third-party processes and engages in discussions with sponsors/borrowers about their processes to ensure their values align with ours.

Qualitas is committed to promoting a working environment which is inclusive and free from discrimination. Qualitas recognises the value and power of diversity in achieving long term performance by fostering a sense of belonging and psychological safety.

These values are the foundation of our diversity and inclusion aspirations. Qualitas has set a target of 40/40/20 gender diversity (40% men, 40% women, 20% of any gender) throughout all levels of the organisation. As Qualitas continues to expand, a diverse and culturally competent workforce will be integral to our success, and will be continually enhanced through educating, celebrating, and growing our increasingly diverse team.

ESG Governance

Qualitas aims for best practice stewardship through governance and oversight of its sustainability initiatives at each level in the business – including:

- **Board:** The Board has a responsibility to consider sustainability factors as part of its strategic planning processes and to prioritise best practise. The Board is ultimately responsible for sustainability governance, including approving the Qualitas ESG Policy.
- **Executive Team:** The executive team is responsible for sustainability leadership, strategy and oversight.
- **Global Head of Corporate Development:** The Global Head of Corporate Development, is responsible for the day-to-day management of the sustainability initiatives and framework, assisted by the executive team and the Sustainability Steering Committee.
- **Sustainability Steering Committee (SSC):** The SSC, which comprises senior representation from key parts of the business and is chaired by the Global Head of Corporate Development, is responsible for strategy and policy development, reporting and implementation of strategic priorities. Within this group, further working groups are established on an as-needs-basis to design and test key aspects of sustainability integration relating to investments and operations. The SSC currently meets bi-monthly.
- **Fund investment committees:** The Fund investment committees are responsible for the effective integration of ESG factors into investment due diligence and decision making, including encouraging the Investment Team to work with counterparties to improve their ESG performance.

For further details on Qualitas' sustainability and ESG Policy can be found on the website (www.qualitas.com.au/sustainability-policy/).

2.5. QUALITAS TRUSTEE BOARD

Qualitas Securities Pty Ltd, a member of the Qualitas group, holds the Qualitas group's AFSL and its board of directors acts in the capacity of independent trustee for the Qualitas Funds (**Qualitas Trustee Board**). The Qualitas Trustee Board is constituted as an independent board of directors and includes an independent, non-executive chairperson and a majority of the Qualitas Trustee Board are independent, non-executive directors.

The Qualitas Trustee Board's primary purpose is, at all times, to ensure that the rights and obligations of investors in the Qualitas Funds are protected and that decisions made by Qualitas as manager of the Funds are in the best interests of Fund Investors and treat Fund Investors equally and fairly as per the obligations under its AFSL and also as stipulated in the constituent documents for each Qualitas Fund.

The Qualitas Trustee Board has the authority to independently appoint professional advisors where necessary to protect the above-mentioned rights and obligations of Fund Investors. It also retains the discretion to approach relevant regulators should it feel its primary function of acting in the best interests of Fund Investors in any Fund for which the Qualitas Trustee Board has oversight is in any way compromised through the actions of Qualitas as manager of the Fund.

03.
MACRO AND INDUSTRY OVERVIEW

03. MACRO AND INDUSTRY OVERVIEW

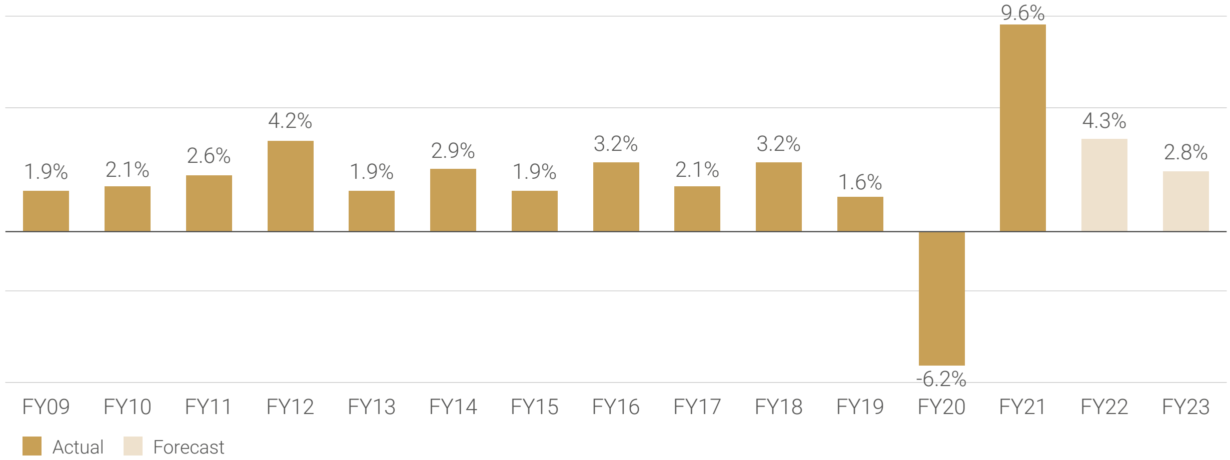
3.1. MACROECONOMIC AND INDUSTRY OVERVIEW

3.1.1. Macroeconomic overview

Australia's economy has remained robust despite ongoing global uncertainty stemming from the COVID-19 crisis. Australia has a nearly uninterrupted recent history of GDP growth, averaging 2.6% over the 10 years prior to 2020. Despite the significant headwinds encountered by global economies over 2020 and 2021, Australia recovered strongly following the initial onset of the COVID-19 pandemic, with GDP growing by 9.6% in the 12-months to June 2021, supported by global demand for key exports, including iron ore and coal, and local activity.

Australia's GDP is projected to grow at a steady pace over the 2021 to 2023 period, benefitting from the re-opening of the Australian border and international travel, and a resumption of inward migration supporting local economic activity, including the construction and housing industries.

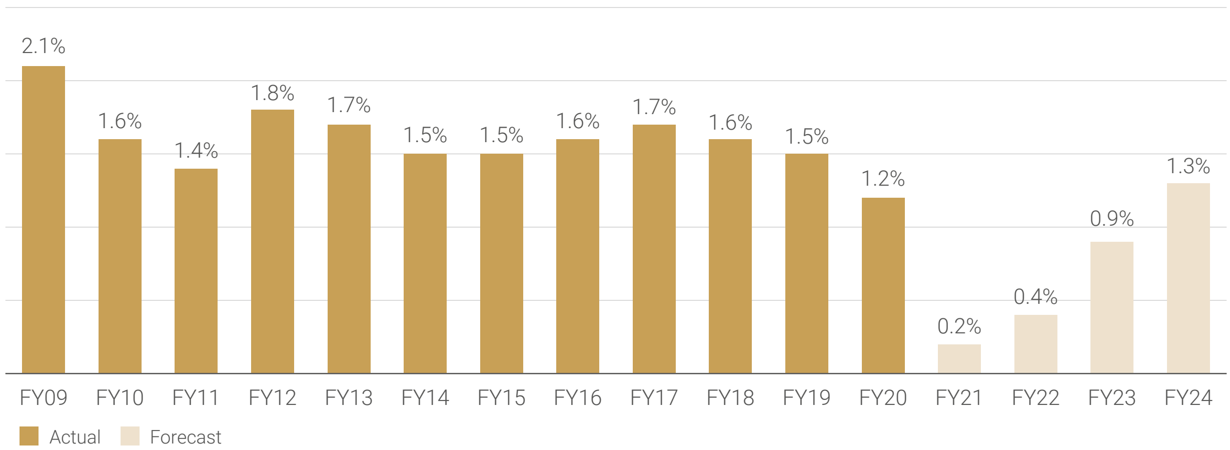
Figure 25: Australian GDP growth: 2009 to 2023[46]



3.1.2. Population growth

Population growth is a key driver of demand for real estate assets, including commercial and residential real estate. In the 10-years to 2020, Australia's population increased by 1.5% per year on average. Australia's population reached 25.7 million in March 2021, and is expected to grow at an average rate of 0.7% in the period to 2024, albeit with some policy makers suggesting an acceleration in the growth of inward migration to boost population and economic growth. Population growth will help support robust demand for key real estate assets, in particular residential real estate.

Figure 26: Australian population growth: 2009 to 2024[47]



46 ABS, RBA.
47 ABS, Australian Government Centre for Population.

3.1.3. Monetary policy and Commonwealth Government bond yields

The outlook for interest rates is a key driver of investment demand for commercial real estate through increasing spreads between the cost of debt and the rental yield achieved from commercial real estate assets. Furthermore, the lower cost of debt drives increasing activity in other real estate sectors including residential as demand for home ownership increases due to the lower costs of servicing interest payments on mortgages, and this translates to higher development activity, further stimulating growth in credit demand.

The Reserve Bank of Australia's (**RBA**) official cash rate is currently at a historical low of 0.10%, and monetary policy is also providing $4 billion of weekly liquidity for the purchase of government securities, which is expected to continue until at least February 2022.

Consequently, Commonwealth Government bond yields have fallen to record low levels and the yield curve has flattened over short and medium-term maturities. The 10-year Commonwealth Government bond rate was 1.84% in October 2021 compared to a 10-year historical average of 2.55%.

Figure 27: Yield on 10-year Australian government bonds

3.1.4. Overview of Australian commercial real estate credit industry

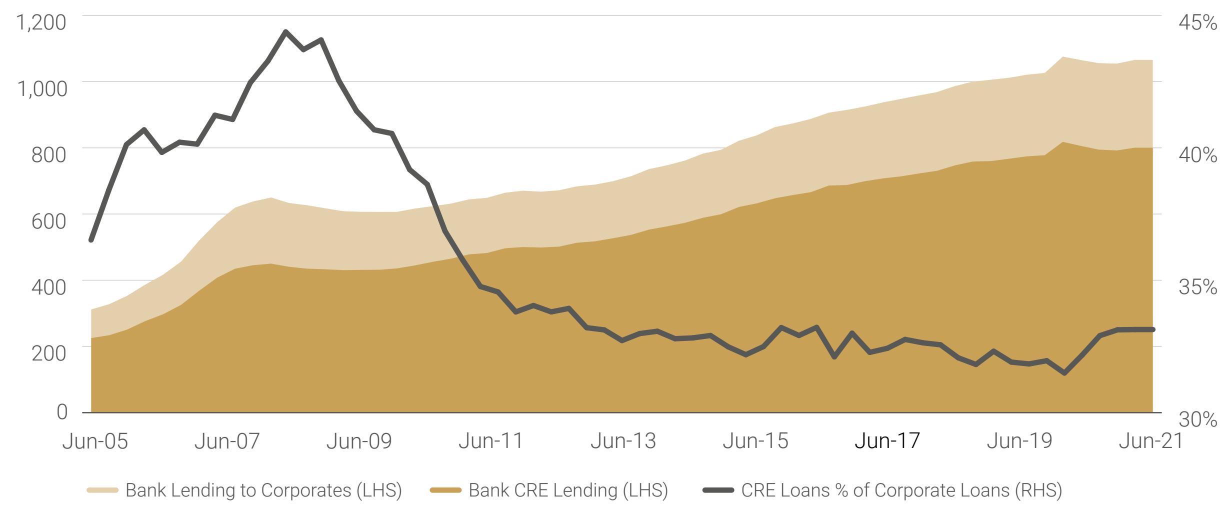
Australia's private credit market is one of the largest and most diverse asset classes domestically with approximately $410 billion of assets, and has historically been dominated by major banks (approximately $369 billion), and under-represented by alternative/non-bank lenders (approximately $41 billion) when compared to global private credit markets.

The commercial real estate credit market is a major specialised subset of the Australian private credit market, comprising approximately a fifth of the aggregate loan book for ADIs. Commercial real estate credit relates to the provision of loans to commercial borrowers, for the development, investment, acquisition, or improvement of commercial real estate.

Due to regulatory pressures, large ADIs in Australia have reduced their exposure to commercial real estate credit as a proportion of their other commercial lending activities leaving a gap in the market for alternative lenders. The reduction in commercial real estate lending on the part of Australian ADIs, coupled with the natural growth of the commercial real estate credit market, creates a strong structural tailwind for alternative commercial real estate lenders to grow.

03. MACRO AND INDUSTRY OVERVIEW Continued

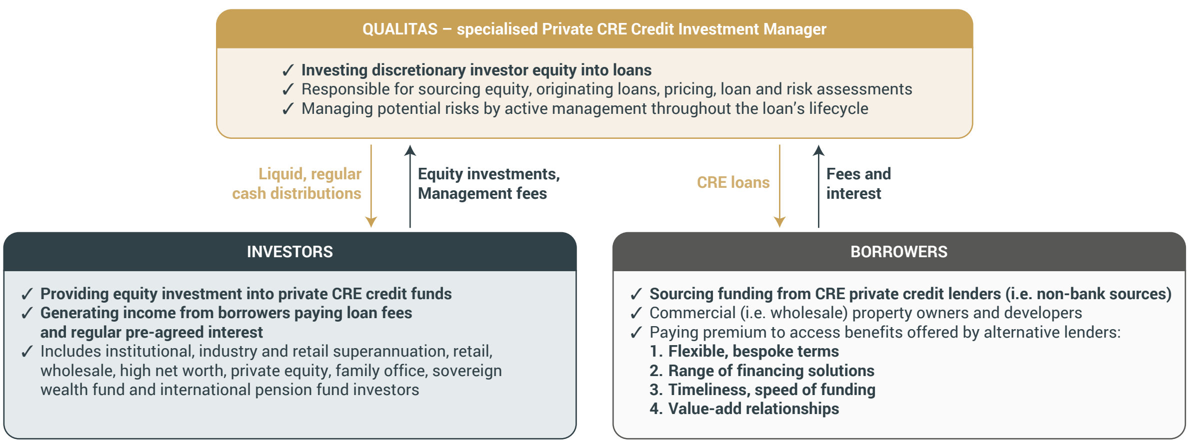
Figure 28: Australian Banking System Domestic CRE Exposure



Despite the private commercial real estate credit market operating for over 30 years in Australia, only in the last decade has it gained broader recognition from institutional investors who have sought income alternatives in a historically low interest-rate environment. The underlying investments are typically illiquid, and investors generally gain exposure to this asset class through investment in funds managed by specialist private commercial real estate credit investment managers (such as Qualitas). The key benefits of Australian private commercial real estate credit for institutional investors include:

- **Capital preservation:** secured by first or second ranking property mortgages.
- **Stable income:** underpinned by regular pre-agreed loan interest payments and fees.
- **High risk-adjusted returns:** attractive premium rates.
- **Offering downside market protection:** capital volatility reduced with loan-to-value ratios, providing buffer against potential real estate market risks.
- **Diversification:** classified as fixed income instrument, both within property and alternatives categories.
- **Favourable macroeconomic conditions:** underpinned by robust macroeconomic and demographic Australian environment.

Figure 29: Private CRE credit schematic



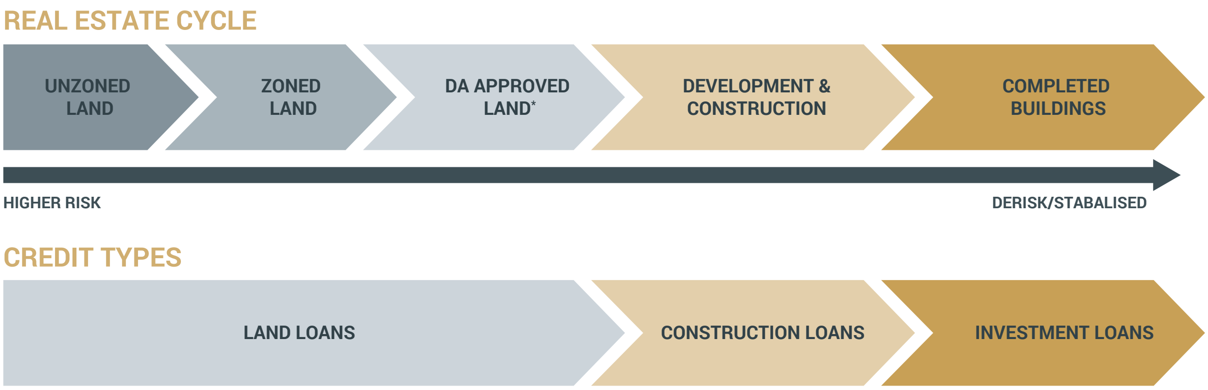
CRE credit opportunities and the real estate life cycle

The depth and breadth of commercial real estate loan opportunities span the entire life cycle of real estate which is also quite specific to a real estate sector since some will perform better or worse than others at a point in the market cycle.

Typical loan types across the commercial real estate finance market include:

- **Land loan:** secured against vacant land with the potential for development. This includes land (i.e. undeveloped land that is capable of subdivision into smaller lots), land that has not been approved for development and land that has been approved for development.
- **Construction loan:** provided to fund development and construction costs of real estate development projects. These loans are secured against land with the potential for development, or real estate assets that are soon to be or are under construction. Construction loans also include financing for land subdivision projects. Construction loans are typically progressively drawn down over time to finance the project to completion.
- **Investment loan:** secured against real estate assets that are income generating or have the potential to generate income on a going-concern basis.
- **Other loans:** secured against real estate and/or land for which the purpose does not fit within the above categories. This could include owner occupier loans, short term loans (i.e., bridging loans), pre-development early works loans and working capital loans.

Figure 30: Various CRE loans across real estate life cycle



* Development Application (**DA**) approved land refers to land that has received a permit for development.

3.1.5. Overview of Australian commercial real estate industry

The performance of Australia's commercial real estate market is underpinned by the general performance of the Australian economy. Despite the macroeconomic backdrop of COVID-19 continuing to impact various parts of the country, Australia has generally demonstrated a level of economic resilience, benefitting from wide ranging government support measures.

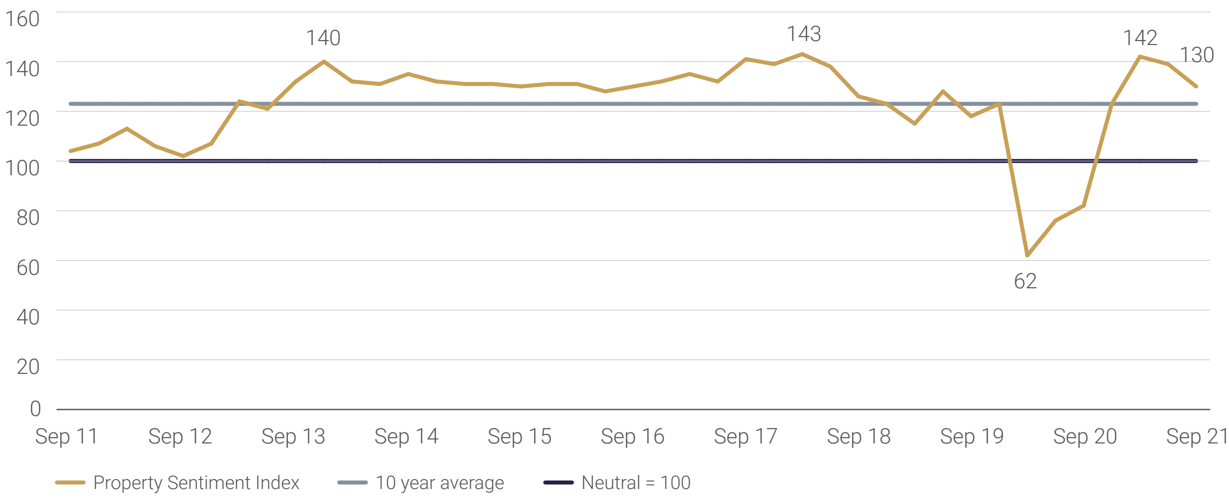
The COVID-19 pandemic has had a negative impact throughout the commercial real estate market, with retail, tourism, and leisure related sectors the most disrupted from the short-term COVID-19 impacts, while industrial assets have benefitted from increased e-commerce penetration.

The impact of COVID-19 and the associated restrictions has been significant for businesses, however according to a recent survey; 57% of respondents believe their business will improve over the next three months, and 31% of respondents believe there will be no change. The national property sentiment index remains positive at 130[48] and this is above the 10-year average score of 123. Respondents in all markets expect prime cap rates to decrease over the next 12 months.

48 A measure of 100 represents neutral, with values above 100 representing positive sentiment, and values below 100 representing negative sentiment.

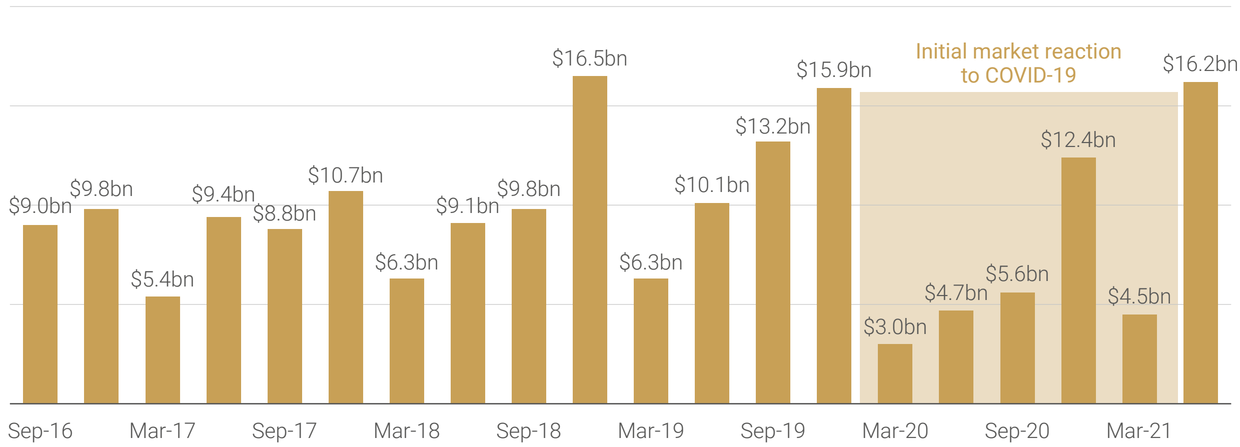
03. MACRO AND INDUSTRY OVERVIEW Continued

Figure 31: Australian Property Sentiment Survey Index



Australian commercial real estate transaction volumes totalled $16.2 billion for the quarter ending 30 June 2021, and $38.8 billion over the prior 12 month period, continuing to recover from the low levels of activity experienced as a result of COVID-19.

Figure 32: Quarterly Australian commercial real estate transaction volumes



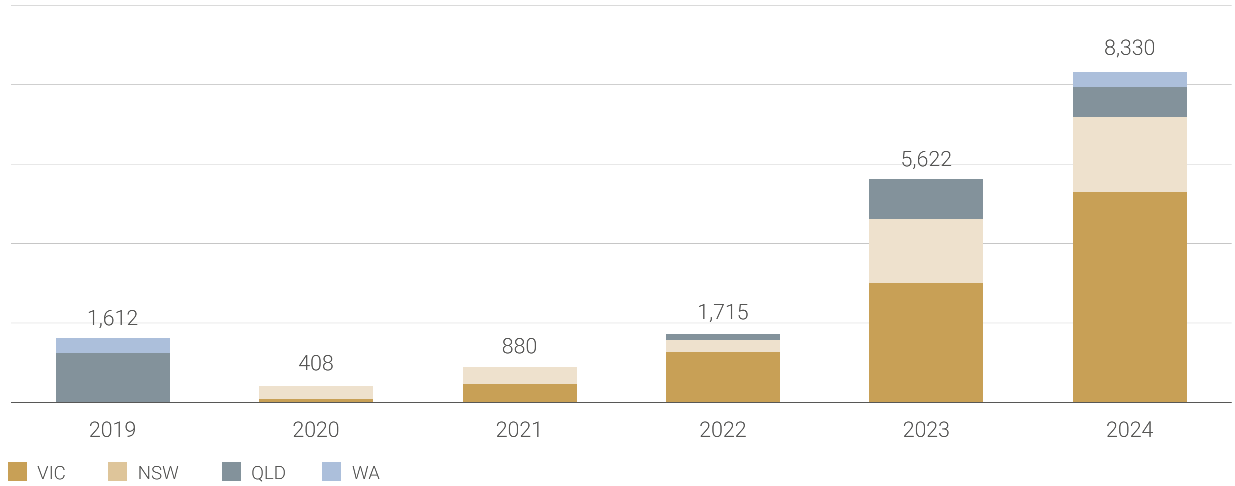
3.1.6. Residential real estate overview

Home ownership rates in Australia have been steadily declining as affordability, especially in major capital cities, has deteriorated. This is particularly prevalent among younger age groups, with home ownership among 25 to 34 year old's declining from 60% in 1961 to 45% in 2016.

Declining home ownership rates have pushed more people into rental, with the private rental market growing from 18.4% to 25.3% in the period from 1995 to 2016.

Returning inward migration and population growth, and declining home ownership is expected to drive further demand for private rental stock. There is early evidence to suggest this dynamic is driving increased capital towards the BTR sector to help fill the increasing take-up of private rental accommodation, with forward BTR supply expected to grow strongly through to 2024.

Figure 33: Annual BTR/Multifamily apartment supply in Australia



04.
KEY PEOPLE AND GOVERNANCE

04. KEY PEOPLE AND GOVERNANCE

4.1. BOARD AND MANAGEMENT

4.1.1. Board of Directors

At the Listing Date, the Board will comprise six Directors, consisting of Andrew Fairley, AM, Andrew Schwartz, Mary Ploughman, Michael Schoenfeld, JoAnne Stephenson and Brian Delaney.

The Board of the Company brings relevant experience and skills including industry and business knowledge, ASX director experience, financial management, legal services and corporate governance. The Board comprises:

Table 5: Qualitas Board composition

NAME & BIOGRAPHY

Andrew Fairley AM

Independent Non-Executive Chairman

Andrew is the Independent Chair of the Qualitas Board effective 1 November 2021. Prior to this, he has been an independent Director of the Board of Qualitas Securities Pty Ltd, the trustee for the Qualitas Funds since July 2017.

He has more than 40 years' experience as an equity and commercial lawyer, including in superannuation, trusts, estate and succession planning. He founded Australia's first specialist superannuation law firm, IFS Fairley, in 1993, having built a reputation as a leading practitioner in superannuation law and practice since 1980. He has been named by the Australian Financial Review as one of Australia's best superannuation lawyers each year from 2013. He has specialised as a legal advisor to trustees of industry, corporate and public sector superannuation funds.

Andrew founded and then Chaired the Law Council of Australia's Superannuation Committee for 10 years and maintains a close interest in the development of superannuation law and policy. He recently retired after more than 12 years as the Chair of Equip Super, a $30 billion industry superannuation fund. He is an Industry Director of the Australian Financial Complaints Authority, and previous roles have included Chair of Parks Victoria and Deputy Chair of Tourism Australia.

In addition, he is involved in the philanthropic sector as Chair of the Sir Andrew Fairley Foundation and is also Deputy Chair of the Mornington Peninsula Foundation.

Andrew completed his law degree at Melbourne University and was recently awarded an Honorary Doctorate from Deakin University.

He currently practises as a Consultant to Hall & Wilcox Lawyers in Melbourne.

Andrew Schwartz

Co-Founder, Group Managing Director and Chief Investment Officer

Andrew is the Co-Founder, Group Managing Director and Chief Investment Officer of Qualitas. He has over 36 years' experience in financial services with an extensive track record across real estate investments, pioneering the alternative credit market in Australia in the late 1990s with a focus initially on mezzanine debt.

He is responsible for overseeing the firm's activities, setting the strategic direction of the business as well as building and enhancing relationships with clients and investors. Andrew is the Chief Investment Officer for the firm's debt and equity funds.

Andrew is currently (and will remain) a director of a number of Qualitas Group Members.

Prior to Qualitas, Andrew was a Head of Asia Pacific Real Estate at Babcock & Brown, the Director of Risk at AIDC and a Senior Manager at Bank of America.

Andrew earned a Bachelor of Economics (Accounting) from Monash University. He is a Member of Chartered Accountants Australia and New Zealand and CPA Australia and is on the advisory board of the Property Industry Foundation (Victoria).

NAME & BIOGRAPHY

Mary Ploughman

Independent Non-Executive Director

Mary has more than 30 years' experience in leadership, financial services, structured finance, securitisation, capital markets, governance and risk management across a range of financial services institution, infrastructure and not for profit boards.

Mary has served as a Non-Executive Director of Sydney Motorway Corporation, the NSW Government state owned corporation responsible for the construction and management of Westconnex and was also Deputy Chair of the Australian Securitisation Forum. Mary is the former Joint CEO of Resimac Group Ltd. Prior to Resimac Mary worked in Structured Finance in Price Waterhouse Coopers and Macquarie Bank.

Mary is currently the Chair of Plenti Group Ltd, a fintech in consumer finance, a Non-Executive Director of Prospa Group Limited, a fintech in SME finance, Chair of Pitcher Partners and a senior advisor with Gresham Partners.

Mary was awarded the Kanga News Market Achievement Award in 2016 and was made a Fellow of the Australian Securitisation Forum.

Mary holds a Bachelor of Economics from the University of Sydney, is an Associate of the Securities Institute of Australia and a Graduate of the Australian Institute of Company Directors.

Michael Schoenfeld

Independent Non-Executive Director

Michael has over 45 years' experience specialising in accounting, taxation and audit of public and private companies.

Michael is a Member and Fellow of Chartered Accountants Australia and New Zealand, a Registered Company Auditor and a Registered Tax Agent.

Michael established his own accountancy practice in 2005, and since then has specialised in advising clients on organisational and business management, taxation, risk and governance matters. Michael has extensive experience with property investors, developers and financiers and in assisting high net worth clients in estate and succession planning.

He chairs and is a member of a number of high-net-worth client family boards, advisory boards and not-for-profit boards.

JoAnne Stephenson

Independent Non-Executive Director

JoAnne has extensive experience spanning over 25 years across a range of industries. JoAnne was previously a senior client partner in the Advisory division at KPMG and has key strengths in finance, accounting, risk management and governance.

JoAnne is currently the Chair of Myer Holdings Ltd, and a Non-Executive Director of Challenger Limited. She is also Chair of the Major Transport Infrastructure Board (Victoria). JoAnne was previously a Non-Executive Director of Asaleo Care Limited and Japara Healthcare Limited.

JoAnne holds a Bachelor of Commerce and Bachelor of Laws (Honours) from the University of Queensland and is a Member of Chartered Accountants Australia and New Zealand and the Australian Institute of Company Directors.

	NAME & BIOGRAPHY
	**Brian Delaney** *Non-Executive Director (non-independent)* Brian has had over 35 years' experience in the funds management industry holding senior roles globally. Brian has previously held roles at QIC as Executive Director of Strategy, Clients & Global Markets, and as U.S. Senior Managing Director, leading QIC's efforts to foster client relationships and business development opportunities across four offices in New York City, San Francisco, Cleveland and Los Angeles. Brian has also held roles at AMP Capital Investors as Director of the Client, Product & Marketing division where he was responsible for all institutional, retail and self-managed super fund strategies, and serving as a member of the Global Executive Team. Brian is a graduate from the Harvard Business School Executive Education Program and holds an Advanced Diploma in Financial Planning and Post Graduate Certificate in Management from Macquarie University. Brian is a life member of the Association of Superannuation Funds (ASFA), a Fellow of ASFA and the Australian Institute of Company Directors and is a Director of Auctus Investment Group and the Trawalla Group. Past directorships include the boards of Lonsec Financial Group, Basketball Australia, ASFA and Investment Management & Consultants Association (IMCA).

The composition of the Board committees and details of its key corporate governance policies are set out in Section 4.8.

The Board has considered the Company's immediate requirements as it transitions to an ASX-listed company and is satisfied that the composition of the Board reflects an appropriate range of independence, skills and experience for the Company after Listing.

4.1.2. Executive Team

The executive team at Qualitas, and their relevant experience, is as follows:

Table 6: Qualitas Executive Team composition

	NAME & BIOGRAPHY
	**Andrew Schwartz** *Co-Founder, Group Managing Director and Chief Investment Officer* See Andrew Schwartz's profile in Section 4.1.1.

NAME & BIOGRAPHY

Mark Fischer

Co-Founder and Global Head of Real Estate

Mark is a Co-Founder of Qualitas and leads the investment team, which is responsible for deal origination, execution and analysis, asset management and portfolio management. Mark is a member of the various Fund investment committees.

He has been active in real estate private equity and banking for 18 years and has invested in excess of $12 billion of transactional value, across asset classes including residential, commercial, industrial logistics, multifamily housing and retirement living. Mark has invested across Australia, the United States, Hong Kong, Singapore and New Zealand.

Prior to Qualitas, Mark was a member of the Babcock & Brown Real Estate Group where his focus was on investments in developments and specialised asset operating platforms. His other experience includes working at ANZ as part of the Property & Construction Finance team, including debt raisings for REITs and project financing for residential and office developers.

Mark earned a Bachelor of Commerce (Finance and Accounting) from Flinders University. He is a Member of the Capital Market Trends Roundtable of the Property Council of Australia.

Tim Johansen

Global Head of Capital

Tim leads the Capital team and is responsible for capital raising and investor relations for its institutional and private clients across overseas and domestic markets. Tim established the firm's Sydney presence in 2011, and prior to his current role led the real estate debt strategy and team. He is a member of the various Fund investment committees.

He has over 25 years' experience in real estate financing markets across senior debt, mezzanine debt, and equity investments. Prior to Qualitas, Tim held several roles, including Head of Structured Real Estate Finance at Investec Bank and Director of Global Property Finance for National Australia Bank.

Tim is an Independent Advisor to Investment Committees for funds managed by not-for-profit, Social Ventures Australia, and is a Fellow of the Royal Institution for Chartered Surveyors.

Kathleen Yeung

Global Head of Corporate Development

Kathleen leads the Corporate Development team and is responsible for the planning and execution of Qualitas' strategic projects including, strategic acquisitions, securing corporate financing and divesting of assets. She is also responsible for the firm's listed funds platform and retail product strategy and Chair's the Sustainability Steering Committee.

She has over 22 years' experience in raising both debt and equity for real estate and infrastructure in the public and private markets. Prior to Qualitas, Kathleen was a member of the Babcock & Brown Infrastructure Group focused on the development, acquisition and financing of renewable energy and power projects, and worked at PwC, Deutsche Bank and KPMG.

Kathleen is currently a Member of the Property Council of Australia's National Social Sustainability Committee and a Director on the board of the Listed Investment Companies and Trusts Association (LICAT).

Kathleen earned a Bachelor of Economics (Accounting and Finance, Econometrics) from Monash University and a Master of Business Administration from Melbourne Business School, University of Melbourne. She is a Member of Chartered Accountants Australia and New Zealand.

NAME & BIOGRAPHY

Robert McLellan

Chief Risk Officer

Rob is the firm's Chief Risk Officer responsible for transaction and enterprise risk and managing the Investment Risk, Legal and Compliance teams. Rob is a voting member and Chair of Qualitas' various Fund investment committees and member of the Arch Finance Credit Committee.

He has 30 years' banking and financial services experience in structured finance and risk management gained at domestic and international financial institutions, including Societe Generale, Bank of Tokyo-Mitsubishi and Westpac.

Prior to Qualitas, Rob spent over a decade at Australia & New Zealand Banking Group in a range of senior execution and credit roles including Head of Credit – Institutional & Corporate and Head of Credit – Institutional Relationships, where he exercised material credit approval authority and managed national teams of credit executives covering diversified portfolios across Australia and PNG.

Rob earned a Bachelor of Business (Banking and Finance) from Monash University and a Master of Business Administration from the University of Edinburgh Business School. He is a Fellow of the Financial Services Institute of Australasia.

Philip Dowman

Chief Financial Officer

Philip is the firm's Chief Financial Officer, responsible for ensuring Qualitas has the optimal operational platform and finances to match its expanding mandates.

He has strong track record, with over 35 years' experience in strategy development, financial management and people leadership for financial services organisations. Most recently, Philip was Chief Financial Officer at IFM Investors for over twelve years, one of Australia's largest institutional fund managers.

Philip earned a Bachelor of Business Studies (Hons), Accounting and Finance from Massey University NZ, a Graduate Diploma of Applied Finance and Investment from FINSIA and is a Member of Chartered Accountants Australia and New Zealand.

Anna Wagner

Head of People and Culture

Anna leads our People and Culture strategy and is responsible for the human resources (HR) strategy from organisation design, remuneration and talent strategy across the employee life cycle.

She has over 19 years' experience in HR in financial services, most recently with IFM Investors as Global People & Culture Business Partner and Global Lead for Diversity and Inclusion.

Prior to this, Anna worked at Goldman Sachs across several HR roles, with a particular focus on the Investment Banking and Asset Management divisions in Asia-Pacific. She has also held HR roles at Credit Suisse, ANZ Bank and Macquarie Bank.

Anna earned a Bachelor of Science and a Master of Commerce in Human Resources and Industrial Relations from The University of Western Australia.

4.2. INTEREST AND BENEFITS

This Section 4.2 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

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

holds 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 the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the 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 persons for services in connection with the formation or promotion of the Company or the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

4.2.1. Interests of advisers

The Company has engaged the following professional advisers:

- Macquarie Capital, Canaccord and E&P Corporate Advisory have acted as the Joint Lead Managers to the Offer. The Company has paid or agreed to pay the Joint Lead Managers the fees described in Section 10.3.2 for these services.
- Evans & Partners is acting as Authorised Intermediary to the Offer. Under the Intermediary Authorisation Deed under which those services are provided, a nominal fee of $10 is payable to Evans & Partners acting in its capacity as Authorised Intermediary.
- MinterEllison has acted as Australian legal adviser to the Company in relation to the Offer. The Company 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 MinterEllison in accordance with its normal time-based charges.
- KPMG Transaction Services has acted as Investigating Accountant, has prepared the Investigating Accountant's Report, and has performed work in relation to due diligence enquiries. The Company has paid, or agreed to pay, approximately $650,000 (excluding disbursements and GST) for the above services up until the Prospectus Date. Further amounts may be paid to KPMG Transaction Services in accordance with its normal time-based charges.
- KPMG has acted as Tax Advisor to the Company in relation to the Offer. The Company has agreed to pay approximately $350,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to KPMG in accordance with its normal time-based charges.

These amounts, and other expenses of the Offer, will be paid by the Company 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 Sections 7.3 and 11.7.

4.3. DIRECTORS' REMUNERATION

Qualitas' remuneration framework is focused on aligning remuneration with the key strategic drivers of the business, and the creation of sustainable value within the funds and group over the long-term.

Performance measures align with key business drivers and encourage the right behaviours and risk culture.

Executive key management personnel (**KMP**) have historically been remunerated in a number of ways, including through receiving allocated interests in performance fees of certain Funds. While some of these legacy entitlements will vest in the years to come (resulting in cash payments being made in accordance with fund outcomes at maturity), future remuneration for the KMP will be based on performance of Qualitas, as well as underlying Funds, but be delivered in cash and equity in the Company rather than via interests in performance fees of individual Funds. Carry arrangements via interests in performance fees of individual Funds will continue to be utilised for key members of the investment team.

Arch Finance is an independently operated, wholly owned entity of Qualitas. Arch Finance operates with a separate remuneration framework, reflective of its strategy, industry it operates within, and is subject to the approval of the Qualitas Board.

4.3.1. Executive Director's remuneration

Qualitas has entered into an employment agreement with Andrew Schwartz in respect of his employment as Group Managing Director and Chief Investment Officer of the Company. Refer to Section 4.5.1 for further details.

Qualitas has also entered into employment agreements with Mark Fischer and Philip Dowman. Refer to Sections 4.5.2 to 4.5.3 inclusive for further details.

4.3.2. Non-Executive Directors' remuneration

Each of the Non-Executive Directors has entered into an appointment letter with the Company, confirming the terms of their appointment, their roles and responsibilities and the Company's expectations of them as Directors.

Under the Constitution, the Directors decide the total amount paid to all Directors as remuneration for their services as a Director. However, subject to the ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed an aggregate maximum amount of $1,100,000 per annum or such other maximum amount determined by the Company in general meeting.

For the initial year of Listing, the annual base Non-Executive Director fees currently agreed to be paid by the Company to each Non-Executive Director is $105,000 per year. The Chairman, Andrew Fairley, will receive an annual base fee of $210,000 per year. These fees are inclusive of any statutory superannuation contributions.

Additionally, the Company will pay $20,000 to the Chair of each of the Board's committees. This will include the Chair of the Audit, Risk and Compliance Committee, the Nomination, Remuneration and Governance Committee and the Investment Committee.

In addition to the responsibilities associated with being a Board member, Mr Delaney will be chairing the firm's Capital Advisory Group, which has an associated fee of $20,000, representing additional time commitments and responsibilities. Mr Schoenfeld will be serving as a member of various Fund investment committees (in addition to chairing the Investment Committee of Qualitas), which has an associated fee of $25,000, representing additional time commitments and responsibilities in relation to Fund investment committees.

Non-Executive Directors may be reimbursed for all travel, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the Company's business.

Non-Executive Directors may be paid such additional or special remuneration if they, at the request of the Board, perform any extra services or make special exertions outside the scope of the ordinary duties of a Director. Expense reimbursement fees, special exertion fees and the value of equity-based remuneration will not be included in the aggregate maximum amount paid to all Non-Executive Directors.

There are no retirement benefit schemes for Non-Executive Directors, other than statutory superannuation contributions.

Payments in connection with the Listing

Each Non-Executive Director will receive the following Share rights to compensate them for the increased workload associated with Listing.

Table 7: Directors' Share rights compensation associated with Listing

Non-Executive Director	Face value ($)[49]
Andrew Fairley AM	125,000
Mary Ploughman	25,000
Michael Schoenfeld	175,000
JoAnne Stephenson	25,000
Brian Delaney	75,000

The number of Share rights granted will be calculated by dividing the above amounts by the Offer Price (rounded down to the nearest whole number).

The rights will convert to Shares within 6 months following the Listing Date. Those Shares will remain subject to a disposal restriction for 2 years from the Listing Date.

4.4. DIRECTORS' INTERESTS

Deeds of Access, indemnity and insurance

Qualitas has entered into deeds of indemnity, access and insurance with each Director providing contractual rights, both while the Director is a director of the Company and after the Director ceases to hold office for seven years, to be indemnified by the Company (to the extent permitted by law and subject to certain other conditions) in respect of:

(a) any and all liabilities (other than for legal costs of a kind referred to in the paragraph below) incurred by that Director as an officer of a Group Member; and

(b) any and all legal costs reasonably incurred by a Director in defending an action for a liability incurred or allegedly incurred by a Director as an officer of a Group Member.

The deeds also contain:

(a) contractual rights to access documents and records of Qualitas and Group Members for the purposes expressly permitted by the deed, both while the Director is a director of a Group Member and after that Director ceases to hold office; and

(b) contractual rights to directors' and officers' insurance cover (to the extent permitted by the Corporations Act) in respect of certain liabilities incurred by the Director for the period that each Director is a director of a Group Member and for seven years after that Director ceases to hold office.

The indemnities given by the Company under each deed of indemnity, access and insurance do not apply to any liabilities or legal costs incurred by a Director as an officer of a Group Member that have arisen from conduct by the Director that was deliberately dishonest or deliberately fraudulent or not in good faith.

If a Director is entitled to be indemnified under the deed of indemnity, access and insurance, the Company will pay the relevant amount to discharge the liability or legal cost. It is not necessary for a Director to make any payment before enforcing their rights under the deed of indemnity, access and insurance.

Directors' shareholding

Directors are not required under the Constitution to hold any Shares. On Completion of the Offer, the number of Shares in which each Director has an interest is expected to be as follows:

49 Based on role and tenure with Qualitas.

Table 8: Directors' shareholding

Director	Shares held immediately prior to Completion of the Offer (m)	Shares acquired in the Offer (m)*	Shares held on Completion of the Offer (m)	Shares held on Completion of the Offer (%) (approx.)
Andrew Fairley AM	–	200,000 Shares under the Priority Offer	200,000	0.07%
Andrew Schwartz[50]	66,830,066	–	66,830,066	22.76%
Mary Ploughman	–	20,000 Shares under the Priority Offer	20,000	0.01%
Michael Schoenfeld	–	70,000 Shares under the Priority Offer	70,000	0.02%
JoAnne Stephenson	–	20,000 Shares under the Priority Offer	20,000	0.01%
Brian Delaney[51]	–	25,000 Shares under the Priority Offer	25,000	0.01%

* The relevant Directors have committed to subscribe for the stated number of Shares through the Offer. These amounts are in addition to the Share rights described in Section 4.3.2.

Final Directors' Shareholdings will be notified to the ASX on Listing. Directors may hold their interests in Shares shown above directly, or indirectly through holdings by companies, trusts or superannuation funds.

Related party Transactions

The Company is not party to any material related party arrangements.

4.5. MANAGEMENT CONTRACTS

Qualitas recognises the importance of retaining its key talent in a globally competitive market and aligning them with the interests of Shareholders and those who invest in its funds. As a private company, Qualitas introduced a remuneration framework with the aim of both retaining key talent and aligning this talent with the interests of investors. As the Company seeks to list on ASX, there will be several changes to its remuneration framework that reflect the Company's transition to a publicly listed entity. In addition to the more traditional elements of remuneration, there are several legacy arrangements that will operate post-Listing, including carried interests in a variety of Funds for a number of Qualitas' employees.

As Qualitas continues to grow in both size and geographic footprint, Qualitas will continue to review its remuneration framework to ensure it is able to attract and retain the appropriate talent. In particular, the expectation is that the structure of the STI in the medium term will allow additional upside for key employees via a profit share component which is directly tied to the performance of Qualitas and subject to a cap to ensure affordability. Appropriate deferral of a significant component of any future profit share will apply.

50 Andrew Schwartz's Shares are held via QPP Holdings, an entity Andrew Schwartz controls.
51 Brian is associated with, and a director and representative of, a substantial Shareholder of the Company, the Trawalla Group.

4.5.1. Andrew Schwartz, Group Managing Director and Chief Investment Officer

TERM	DESCRIPTION
Employer	Qualitas Administrators Pty Ltd
Role	Group Managing Director and Chief Investment Officer.
Fixed annual remuneration (FAR)	In accordance with his employment agreement, Andrew will receive an annual fixed remuneration of $1,000,000 (inclusive of superannuation).
Short term incentive (STI)	Andrew will not participate in the Company's STI Plan. Instead, he will be eligible to receive an LTI opportunity to reflect alignment with long-term Shareholder outcomes.
Long term incentive (LTI)	As part of his future LTI arrangements, it is intended Andrew will participate in the LTI Loan Plan. Under the LTI Loan Plan, the LTI will be satisfied by granting Loan Shares to Andrew on terms and conditions outlined in Section 4.6.2. The first grant is expected to be made in respect of FY23, with an LTI opportunity of 150% of FAR, and will be subject to a 3 year performance period. The number of Loan Shares will be determined as follows: Number of Loan Shares = LTI opportunity/value of a Loan Share The value of a Loan Share will be calculated by way of a valuation that will not factor in the impact of performance measures e.g. Andrew will not receive additional Loan Shares to compensate for the chance that Hurdles may not be met.
Legacy arrangements	Among Qualitas' Funds, there are 4 Funds in which Andrew Schwartz has an interest in performance fees accrued. The estimated value of this interest is $8,740,998 across these 4 Funds. This value remains variable based on performance of the Funds and will only be payable to Mr Schwartz in the event that he remains employed by Qualitas as at the date that each relevant Fund matures (and the Fund's performance results in the payments being available). These Funds are scheduled to mature between June 2022 and August 2026. His interest in Qualitas Funds is outlined in further detail in the below table:
Voluntary Escrow Arrangements	Following Completion of the Offer, QPP Holdings (an entity controlled by Andrew Schwartz) will hold 66,830,066 Qualitas Shares. This entity has entered a voluntary Escrow Arrangement in relation to these Shares as described in Section 7.7.

Maturity	Fund	Interest
June 2022	Opportunity Fund I	$2,592,000
Dec 2024	US Multifamily Fund I	$2,403,486
Apr 2025	Food Infrastructure Fund	$2,616,463
Sep 2025 – Aug 2026	Opportunity Fund II	$1,129,049

TERM	DESCRIPTION
Notice period and termination	The employment agreement may be terminated by either party providing 6 months' notice. The Company will be entitled to make a payment in lieu of some or all of the notice period and/or place the executive on gardening leave for some or all of the notice period. Qualitas may terminate Andrew's employment immediately without notice in certain prescribed circumstances, including but not limited to fraud or other serious misconduct or where Andrew is found guilty of any offence precluding or inhibiting the further performance of his duties.
Confidentiality acknowledgements and intellectual property	Andrew will be subject to market standard obligations in relation to maintaining confidence in all confidential information obtained by him during his employment and assigning intellectual property rights to the Company or any relevant Group Member.
Non-solicitation/ restrictions of future activities	On termination of employment, Andrew will be subject to post-employment restraints preventing him from directly: • competing within Australia with Qualitas or a Qualitas Fund; • approaching or soliciting any of Qualitas' clients or investors in direct competition with Qualitas or approaching or soliciting employees to terminate their employment with Qualitas; or • acting to the material detriment of Qualitas in relation to any loan, deal, investment or transaction which Qualitas was involved in or considering or negotiating as at time his employment terminates. The duration of these non-compete, non-solicitation and restriction on other activities is 12 months from termination of Andrew's employment.

4.5.2. Mark Fischer, Global Head of Real Estate

TERM	DESCRIPTION
Employer	Qualitas Administrators Pty Ltd.
Role	Global Head of Real Estate.
Fixed annual remuneration (FAR)	In accordance with his employment agreement, Mark Fischer will receive an annual fixed remuneration of $600,000 (inclusive of superannuation).
Short term incentive (STI)	Mark is entitled to participate in Qualitas' STI Plan at the discretion of the Board. In respect of FY22, the maximum STI that may be awarded to Mark under the STI Plan is equal to 150% of his FAR, depending on the achievement of certain performance criteria (see Section 4.6.1 for further details). In respect of FY23, the maximum STI that may be awarded to Mark will be 150% of his FAR depending on the achievement of certain performance criteria (see Section 4.6.1 for further details).

TERM	DESCRIPTION
Long term incentive (LTI)	Mark is eligible to participate in Qualitas' Executive LTI Plan (which is described in Section 4.6.3) at the discretion of the Board. Qualitas intends to grant rights to Mark in respect of the FY23 Executive LTI equal to 150% of his FAR. These rights will only vest and become shares where the 3-year performance conditions, and other on terms and conditions outlined in Section 4.6.3, are met.
Legacy arrangements	Among Qualitas Funds, there are 7 Funds in which Mark Fischer has an interest in performance fees accrued. The estimated value of this interest is $5,523,467 across these 7 Funds. This value remains variable based on performance of the Funds and will only be payable to Mr Fischer in the event that he remains employed by Qualitas as at the date that each relevant Fund matures (and based on the performance of the Fund). These Funds are scheduled to mature between June 2022 and August 2026. This interest in Qualitas Funds is outlined in further detail in the below table:

Maturity	Fund	Interest
June 2022	Opportunity Fund I	$1,569,600
June – July 2023	Construction Debt Fund IA	$32,570
June – July 2023	Construction Debt Fund IB	$34,486
Dec 2024	US Multifamily Fund I	$901,500
Feb 2025	Construction Debt Fund II	$400,000
Apr 2025	Food Infrastructure Fund	$1,129,977
Sep 2025 – Aug 2026	Opportunity Fund II	$1,455,334

TERM	DESCRIPTION
Legacy arrangements (continued)	Mr Fischer also has legacy entitlements to receive three 'success payments' to the extent certain agreed Fund milestones are met. The total value of these success payments is not expected to exceed $300,000 and would only be paid where the specific milestones are met.
Voluntary Escrow Arrangements	Following Completion of the Offer, an entity controlled by Mark will hold 7,770,927 Qualitas Shares. This entity has entered a voluntary Escrow Arrangement in relation to these Shares as described in Section 7.7. A loan is attached to these shares which has a balance of $421,309.37 as at the date of this Prospectus, and is required to be repaid at the earlier of October 2031 or pro rata upon disposal of the Shares.
Notice period and termination	The employment agreement may be terminated by either party providing 6 months' notice. The Company will be entitled to make a payment in lieu of some or all of the notice period and/or place the executive on gardening leave for some or all of the notice period. Qualitas may terminate Mark's employment immediately without notice in certain prescribed circumstances, including but not limited to fraud or other serious misconduct or where Mark is found guilty of any offence precluding or inhibiting the further performance of his duties.
Confidentiality acknowledgements and intellectual property	Mark will be subject to market standard obligations in relation to maintaining confidence in all confidential information obtained by him during his employment and assigning intellectual property rights to the Company or any relevant Group Member.

TERM	DESCRIPTION
Non-solicitation/ restrictions of future activities	On termination of employment, Mark will be subject to post-employment restraints preventing him from directly: • competing within Australia with Qualitas or a Qualitas Fund; • approaching or soliciting any of Qualitas' clients or investors in direct competition with Qualitas or approaching or soliciting employees to terminate their employment with Qualitas; or • acting to the material detriment of Qualitas in relation to any loan, deal, investment and transaction which Qualitas was involved in or considering or negotiating as at time his employment terminates. The duration of the non-compete restraint is 6 months from termination of Mark's employment. The duration of the non-solicitation and restriction on other activities is 12 months from termination of Mark's employment.
Leave entitlements	The employment contract provides for 20 days paid annual leave per year as well as other customary leave entitlements.

4.5.3. Philip Dowman, Chief Financial Officer

TERM	DESCRIPTION
Employer	Qualitas Administrators Pty Ltd.
Role	Chief Financial Officer.
Fixed annual remuneration (FAR)	In accordance with his employment agreement, Philip Dowman will receive an annual fixed remuneration of $360,000 (inclusive of superannuation).
Short term incentive (STI)	Philip is entitled to participate in Qualitas' STI Plan at the discretion of the Board. In respect of FY22, the maximum STI that may be awarded to Philip under the STI Plan is equal to 50% of his FAR, depending on the achievement of certain performance criteria (see Section 4.6.1 for further details). In respect of FY23, the maximum STI that may be awarded to Philip will be 50% of his FAR depending on the achievement of certain performance criteria (see Section 4.6.1 for further details).
Long term incentive (LTI)	Philip is eligible to participate in Qualitas' Executive LTI Plan (which is described in Section 4.6.3) at the discretion of the Board. Qualitas intends to grant rights to Philip in respect of the FY23 Executive LTI equal to 50% of his FAR. These rights will only vest and become Shares where the 3-year performance conditions, and other on terms and conditions outlined in Section 4.6.3, are met.

TERM	DESCRIPTION
Legacy arrangements	Among Qualitas Funds, there are 5 Funds in which Philip Dowman has an interest in performance fees accrued. The estimated value of this interest is $304,940 across these 5 Funds. This value remains variable based on performance of the Funds and will only be payable to Mr Dowman in the event that he remains employed by Qualitas as at the date that each relevant Fund matures. These Funds are scheduled to mature between December 2024 and August 2026. This interest is Qualitas Funds is outlined in further detail in the below table:
Notice period and termination	The employment agreement may be terminated by either party providing 3 months' notice. The Company will be entitled to make a payment in lieu of some or all of the notice period and/or place the executive on gardening leave for some or all of the notice period. Qualitas may terminate Philip's employment immediately without notice in certain prescribed circumstances, including but not limited to fraud or other serious misconduct or where Philip is found guilty of any offence precluding or inhibiting the further performance of his duties.
Confidentiality acknowledgements and intellectual property	Philip will be subject to market standard obligations in relation to maintaining confidence in all confidential information obtained by him during his employment and assigning intellectual property rights to the Company or any relevant Group Member.
Non-solicitation/ restrictions of future activities	On termination of employment, Philip will be subject to post-employment restraints preventing him from directly or indirectly: • competing within Australia with Qualitas or a Qualitas Fund; • approaching or soliciting any of Qualitas' clients or investors in direct competition with Qualitas or approaching or soliciting employees to terminate their employment with Qualitas; or • acting to the material detriment of Qualitas in relation to any loan, deal, investment and transaction which Qualitas was involved in or considering or negotiating as at time his employment terminates. The duration of the non-compete restraint is 6 months from termination of Philip's employment. The duration of the non-solicitation and restriction on other activities is 6 months from termination of Philip's employment.
Leave entitlements	The employment contract provides for 20 days paid annual leave per year as well as other customary leave entitlements.

Maturity	Fund	Interest
December 2024	US Multifamily Fund	$50,000
April 2025	Food Infrastructure Fund	$163,488
September 2025 – August 2026	Opportunity Fund II	$41,452
March 2026	North Adelaide	$25,000
March 2026	US Office Fund	$25,000

4.5.4. Other Employees

Qualitas has entered into standard employment contracts with all other employees, pursuant to which:

- employees may be invited to participate in the STI Plan, which may include receiving part of their bonus in equity, dependent on performance and continuation of employment;
- employees may be invited by the Board to participate in a long-term incentive plan from FY23 onwards;
- each employee has a notice period for resignation and terminations ranging from between 1 month and 6 months;
- all employees are subject to a non-solicitation period, typically for 6-12 months post ceasing employment (in some cases, less any time spent on gardening leave), with the restraints preventing solicitation of Qualitas' clients and employees and engagement in any business or activity that is in competition with the business conducted by Qualitas; and
- certain senior employees are subject to a non-compete period, typically for 3-6 months post ceasing employment (in some cases, less any time spent on gardening leave), with the restraints preventing solicitation of Qualitas' clients and employees and engagement in any business or activity that is in competition with the business conducted by Qualitas.

4.6. RETENTION AND INCENTIVE AGREEMENTS

4.6.1. Short-Term Incentive Plan

The Board has determined that Qualitas' current remuneration policy for senior management and other selected employees of Qualitas will include a new STI plan (**STI Plan**).

Under the STI Plan, participants will have an opportunity to receive an incentive payment calculated as a percentage of their FAR each year, conditional upon performance against a scorecard of financial and non-financial measures. The performance measures against which each participant's STI is assessed and their relative weightings are set by the Board each year.

In addition, the Board will have discretion to reduce any FY22 STI (by up to 100%) due to poor behaviour.

Under the STI, it is intended that the first $100,000 of any STI award will be paid in cash, as well as 50% of the remaining award. The other 50% of the remaining award will be paid in equity, which will be deferred for 2 further years. The equity will be granted subject to the terms of the QEEP (refer to Section 4.7)

4.6.2. LTI Loan Plan

The LTI Loan Plan is a plan under which Andrew Schwartz, Group Managing Director and Chief Investment Officer (**Group Managing Director**) will be entitled to acquire loan shares in Qualitas on the terms set out in the table below (**Loan Shares**). Eligibility to participate in the LTI Loan Plan and the number of Loan Shares (and the associated loan amount) to be acquired by each participant will be determined by the Board.

It is intended that the Group Managing Director will be entitled to participate in the LTI Loan Plan following Listing, and that it will form the basis of his LTI from FY23. Under the LTI Loan Plan, no value arises for the Group Managing Director unless the performance measures outlined in the table below are achieved (with the Group Managing Director benefiting from the value in excess of the loan amount). The Group Managing Director's LTI arrangement differs to the other executives as the Group Managing Director is a substantial Shareholder of the Company and as a result, unlike other executives, would not be able to participate in the FY23 Executive LTI Plan without significant adverse detriment as any equity under the Executive LTI Plan would be taxed at grant for the Group Managing Director. Details regarding the LTI arrangements of other executives are set out in Section 4.6.3 below.

The key terms of the LTI Loan Plan are set out in the table below.

KEY TERM	DESCRIPTION
Eligibility	Offers may be made at the Board's discretion to employees of the Company or any other person that the Board determines to be eligible to receive a grant under the LTI Loan Plan. It is intended that for the initial grant, the Group Managing Director will be the only participant in the LTI Loan Plan.
Offers under the LTI Loan Plan	The Board may make offers at its discretion. The Board has the discretion to set the terms and conditions on which it will offer Loan Shares in individual offer documents. Offers must be accepted by the participant and can be made on an opt-in or opt-out basis. The Company intends to make opt-out offers.
Nature of the Loan	The Group Managing Director will be provided with a limited recourse loan from the Company for the sole purpose of subscribing for Loan Shares in Qualitas. The loan for the initial grant to the Group Managing Director will have a seven year term. The relevant portion of the loan attributable to Loan Shares must be repaid at the time those Shares are disposed of or within 6 months of cessation of employment.
Loan amount	The Group Managing Director will be granted a loan in order to acquire Loan Shares with a fair value of $1,500,000. This loan will be used to acquire Loan Shares at a subscription price equal to the 5 day VWAP of Shares immediately following the 2022 AGM. The number of Loan Shares will be determined by an independent advisor based on option pricing methodology. The total amount of the loan will be the number of the Loan Shares so determined, multiplied by the subscription price. The valuation will not be reduced to account for the impact of performance conditions.
Interest	Under the LTI Loan Plan Rules, interest may be charged from time to time at the Board's discretion.
Performance conditions, performance period and vesting	Loan Shares will vest subject to the satisfaction of performance conditions set by the Board. The performance conditions will be tested over a performance period of three years (commencing on 1 July 2022 and ending on 30 June 2025). The performance conditions must be satisfied in order for some or all of the Loan Shares to vest. For the Group Managing Director initial grant under the LTI Loan Plan, the Loan Shares will be subject to performance conditions based on the CAGR of the Company's earnings per Share (**EPS**), and Relative Total Shareholder Return (**rTSR**) over the performance period. The percentage of Loan Shares that vest, if any, will be determined over the performance period by reference to the following vesting schedule: CAGR of EPS (50%) The CAGR of EPS portion of the FY23 LTI Loan Plan will be tested by calculating the compound annual growth rate in the Company's earnings per share (**EPS**), using FY22 as the base year. The resulting growth rate will be used to determine the level of vesting for the rights subject to the EPS Hurdle.

KEY TERM	DESCRIPTION
Performance conditions, performance period and vesting continued	The table below sets out the percentage of Loan Shares subject to the EPS portion that can vest depending on the Company's CAGR of EPS result over the period:

Company CAGR of EPS over performance period	% of Loan Shares that vest
Below threshold EPS	Nil
Equal to threshold EPS	50%
Between threshold and stretch EPS	Straight line pro rata vesting between 50% and 100%
At or above stretch EPS	100%

Relative Total Shareholder Return (50%)

The total shareholder return (**TSR**) portion of the FY23 LTI Loan Plan will be tested at the end of the performance period by comparing the Company's TSR performance over the performance period relative to a comparator group of peer companies. The chosen comparator group are the constituents of the S&P/ASX 300 A-REIT index as at commencement of the performance period.

The table below sets out the percentage of Loan Shares from the rTSR portion that can vest depending on the Company's relative TSR performance:

Relative Total Shareholder Return Percentile Ranking	% of Loan Shares that vest
Below 50th percentile	Nil
Equal to 50th percentile	50%
Between 50th and 75th percentile	Straight line pro rata vesting between 50% and up to 100%
At or above 75th percentile	100%

Performance will not be retested if the performance conditions are not satisfied at the end of the performance period. Any Loan Shares that remain unvested at the end of the performance period will be immediately forfeited in satisfaction of the relevant portion of the Loan attributable to those Loan Shares.

KEY TERM	DESCRIPTION
Repayment of the loan	The loan term for the initial grant will be seven years from the date the Loan Shares were granted to the Group Managing Director. Accordingly, if some or all of the Loan Shares vest, the Group Managing Director has up to seven years from the grant date to repay the outstanding balance. If the performance conditions attaching to the Loan Shares are satisfied and the outstanding balance is repaid in full, the Group Managing Director will be free to deal with the Loan Shares, subject to the requirements of the Company's Policy for dealing in Securities and applicable law.

04. KEY PEOPLE AND GOVERNANCE Continued

KEY TERM	DESCRIPTION
Rights associated with Loan Shares	Loan Shares have the same rights as ordinary Shares including the right to receive dividends and capital distributions, participate in future capital raisings and exercise voting rights. Any dividends or distributions paid on the Loan Shares while the loan remains outstanding will be applied (on an after tax basis) towards repayment of the loan.
Restrictions on dealing	The Group Managing Director must not sell, transfer, encumber, hedge or otherwise deal with Loan Shares until the loan is repaid. The Group Managing Director will be free to deal with the Loan Shares after he repays the loan, subject to the requirements of the Company's Securities Trading Policy and applicable law.
Cessation of employment	If the Group Managing Director ceases employment for cause, unless the Board determines otherwise, the Loan Shares will be immediately forfeited, in full satisfaction of the loan. In other circumstances, the Loan Shares will remain on foot and subject to the original performance conditions, with a broad discretion for the Board to vest some or all of the Loan Shares, based on the portion of the performance period that has elapsed and performance during that period. Following vesting of the Loan Shares, if the Group Managing Director ceases employment prior to the repayment of the loan, the Group Managing Director will be required to repay the outstanding loan within 6 months of his cessation date.
Change of control	In a situation where there is likely to be a change of control, the Board has the discretion to accelerate vesting of some, or all, of the Loan Shares. Where only some of the Loan Shares are vested on a change of control, the remainder of the Loan Shares will immediately lapse. If the change of control occurs and the Board has not exercised its discretion: • A pro-rata portion of the Loan Shares equal to the portion of the relevant performance period that has elapsed up to the expected or actual (as appropriate) date of the change of control will immediately vest; and • The Board may, in its absolute discretion, decide whether the balance should vest or lapse. If vesting is accelerated, the loan will be immediately repayable.
Reconstructions, corporate actions, rights issues, bonus issues, etc.	The Loan Plan Rules will include specific provisions dealing with rights issues, bonus issues and corporate actions and other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to the participant in respect of their Loan Shares as a result of such corporate actions, and comply with the ASX Listing Rules.

4.6.3. Executive LTI Plan

The Company has established the **Executive LTI Plan** to assist in the motivation, retention and reward of eligible employees (excluding the Group Managing Director, who will participate in the LTI Loan Plan outlined in Section 4.6.2).

The Executive LTI Plan is designed to align the interests of employees with the interests of Shareholders by providing an opportunity for employees to receive an equity interest in the Company subject to satisfaction of key performance conditions.

Qualitas intends to make its first grant of rights under the Executive LTI Plan in FY23 (**FY23 Executive LTI Grant**). Therefore, no grants under the Executive LTI Plan are expected to be made on Completion of the Offer with the first grant expected to be shortly after the release of the FY22 results. A summary of the key terms of the FY23 Executive LTI Grant are set out in the table below.

Grant date	Following the release of Qualitas' FY22 audited financial results.
Number of rights	The value of rights that the Company intends to grant to the CFO and the Global Head of Real Estate under the FY23 Executive LTI Grant is as follows: **Position** — **LTI opportunity** Global Head of Real Estate — $900,000 CFO — $180,000 The number of rights will be determined by dividing the LTI opportunity by the 5 day VWAP immediately following release of FY22 results. The number and value of rights to be granted to other senior management who will be eligible to participate in the FY23 Executive LTI Grant will be as determined by the Board.
Acquisition price	Rights will be issued at no cost to the participant.
Exercise price	The exercise price of each right will be nil.
Performance period	Rights granted under the FY23 Executive LTI Grant will be subject to a 3-year performance period commencing on 1 July 2022 and ending on 30 June 2025.

Performance conditions

Rights granted under the FY23 Executive LTI Grant will be subject to performance conditions based on the compound annual growth rate (**CAGR**) of the Company's earnings per share (**EPS**) over the performance period (**50%**), and relative total shareholder return (**rTSR**) over the performance period (**50%**).

In order for any rights to vest, a threshold level of performance must be achieved. The percentage of rights that vest, if any, will be determined over the performance period by reference to the below vesting schedule. Threshold and stretch levels of performance referred to in the tables below will be set by the Board.

CAGR of EPS (50%)

The CAGR of EPS portion of the FY23 Executive LTI Grant will be tested by calculating the compound annual growth rate in the Company's earnings per share (**EPS**), using the end of FY22 as the base year. The resulting growth rate will be used to determine the level of vesting for the rights subject to the EPS Hurdle.

The table below sets out the percentage of rights subject to the EPS portion that can vest depending on the Company's CAGR of EPS result over the period:

Company CAGR of EPS over performance period	% of rights that vest
Below threshold EPS	Nil
Equal to threshold EPS	50%
Between threshold and stretch EPS	Straight line pro rata vesting between 50% and 100%
At or above stretch EPS	100%

Relative Total Shareholder Return (50%)

The rTSR portion of the FY23 Executive LTI Grant will be tested at the end of the performance period by comparing the Company's TSR performance over the performance period relative to a comparator group of peer companies. The chosen comparator group are the constituents of the S&P/ASX 300 A-REIT index as at commencement of the performance period.

The table below sets out the percentage of rights from the rTSR portion that can vest depending on the Company's relative TSR performance:

Relative Total Shareholder Return Percentile Ranking	% of rights that vest
Below 50th percentile	Nil
Equal to 50th percentile	50%
Between 50th and 75th percentile	Straight line pro rata vesting between 50% and up to 100%
At or above 75th percentile	100%

Performance will not be retested if the performance conditions are not satisfied at the end of the performance period. Any rights that remain unvested at the end of the performance period will lapse immediately.

Exercise	Upon the applicable performance conditions having been satisfied or waived and the right not having lapsed in accordance with the terms of the QEEP, rights the subject of the FY23 Executive LTI Grant will vest and be automatically exercised, subject to the Company's Securities Trading Policy and applicable law.
Restrictions on dealing	Participants will be free to deal with the Shares allocated on vesting of rights the subject of the FY23 Executive LTI Grant, subject to the requirements of the Company's Securities Trading Policy and applicable law.
Cessation of employment	Generally, if a participant ceases employment in 'good leaver' circumstances (including due to death, terminal illness, total and permanent disablement, mental illness, genuine redundancy or retirement), the participant will be entitled to retain a pro-rata amount of their unvested rights based on the proportion of the performance period which has elapsed at the date that employment ceases, and all other unvested rights will lapse. Any retained rights will remain subject to any applicable performance conditions. If a participant ceases employment in 'bad leaver' circumstances (i.e. where they are not a 'good leaver'), unless the Board determines otherwise, all of their unvested options will lapse. Notwithstanding the above, the Board may also, subject to any requirement for Shareholder approval, determine to treat Awards in a different manner to that set out above.
Other terms	The FY23 Executive LTI Grant will be made under the QEEP. See Section 4.7 for additional details.

4.6.4. Employee Equity Award

Select employees will be offered to be granted Share rights at Listing which will vest in two tranches; 50% on the third anniversary of the Listing Date, and the remaining 50% on the fifth anniversary of the Listing Date, subject to the continued tenure of the participants (**Employee Equity Award**).

Philip Dowman, Chief Financial Officer, will be one of the participants in this award. He will be granted Share rights with a face value of $125,000. The total face value of all grants made under the Employee Equity Plan will be $2,000,000. The number of Share rights granted to participants will be calculated by dividing the face value of the individual grant by the Offer Price.

The Employee Equity Award will be granted under the terms of the QEEP. See Section 4.7 for additional details.

4.6.5. Legacy Employee Equity Plan (Intergen)

Under a legacy employee equity plan (**Legacy Employee Equity Plan**), employees (and their controlled entities) were able to acquire a beneficial interest in non-ordinary shares in QPP and non-ordinary units in the Qualitas Investments Unit Trust via a limited recourse loan.

These shares and units will be converted into 3,011,352 Shares shortly prior to Completion, in accordance with the Restructure Deed, and will vest in two tranches; 50% on the third anniversary of the Listing Date, and the remaining 50% on the fifth anniversary of the Listing Date, subject to the continued tenure of the participants.

Andrew Schwartz, Mark Fischer and Philip Dowman do not participate in the Legacy Employee Equity Plan.

4.7. QUALITAS EMPLOYEE EQUITY PLAN (QEEP) RULES

The QEEP provides flexibility for the Company to grant options to acquire Shares, rights to acquire Shares and/or Shares as incentives (**Awards**), subject to the terms of individual offers. It is intended that the grants under the Executive LTI Plan and Employee Equity Award described in Sections 4.6.3 and 4.6.4 respectively, will be made under the terms of the QEEP which are outlined below.

KEY TERM	DESCRIPTION
Eligibility	The Board has the discretion to determine which employees are eligible to be granted Awards governed by the QEEP rules, and the number and type of Awards that they will be offered (**Eligible Employee**). The definition of employee under the QEEP rules includes any full-time or part-time employee, casual employee, director, contractor or prospective employee of a Group Member.
Awards	The Board has the discretion to set the terms and conditions on which it will offer Awards under the QEEP. The Board may determine that the Awards will be subject to performance, service, or other conditions which must be satisfied or waived before the Award vests (**Vesting Conditions**) and, if so, will specify those Vesting Conditions in the invitation to each Eligible Employee. In addition, the Board may determine that Awards in the form of options or rights will be subject to further conditions which must be satisfied or waived before vested options or rights may be exercised (**Exercise Conditions**). The Board may, at its discretion, vary, reduce of waive any Vesting Conditions and/or Exercise Conditions attaching to Awards at any time, subject to applicable law.
Acquisition Price	The grant of Awards under the QEEP may be subject to the payment of an acquisition price by the participant as determined by the Board, or otherwise Awards may be granted at no cost to the participant.
Exercise Price	The exercise of Awards in the form of options or rights may be subject to payment of an exercise price by the participant as determined by the Board, or otherwise may be exercised at no cost to the participant.
Shares as an Award or on vesting of an Award	Shares granted under the QEEP or issued or transferred on the exercise of options or rights will rank equally in all respects, and carry the same rights and entitlements, as other issued Shares, including dividend and voting rights. Depending on the terms of an Award, Shares may be subject to disposal restrictions, which means that they may not be disposed of or dealt with for a period of time.
Vesting and exercise of options and rights	Options and rights which have not lapsed under the QEEP will vest if and when any applicable Vesting Conditions have been satisfied or waived by the Board. However, vested options or rights will not become exercisable until any applicable Exercise Conditions have been satisfied or waived by the Board. Following the valid exercise of an option or right, the Company will issue or arrange the transfer of such number of Shares to the participant that relate to the option or right being exercised. Alternatively, the Board may determine to make a cash payment in lieu of the issue or transfer of Shares.

KEY TERM	DESCRIPTION
Expiry of options and rights	Options or rights which have not been exercised by the date 15 years from the date of grant of the options or rights, or such other date determined by the Board and specified in the invitation (**Expiry Date**), will lapse unless the Board determines otherwise.
Forfeiture/lapse of Awards	Unless otherwise determined by the Board, a Share granted under the QEEP will be forfeited, and an option or right will lapse, in certain circumstances including: • where the Board determines that any Vesting Condition or Exercise Condition applicable to the Award cannot be satisfied; • in the case of an option or right, on the Expiry Date applicable to the option or right; • in certain circumstances if the participant's employment is terminated (see 'Cessation of employment' below); • if the Board determines that the Award is liable to clawback (see 'Clawback and malus' below); • if the Board determines that the Award will be forfeited or lapse in the event of a change of control in respect of the Company; and • where the participant purports to dispose of the Award, or enter into any arrangement in respect of the Award, in breach of any disposal or hedging restrictions.
Dividend and voting entitlements	Awards, other than Shares, are not entitled to dividend or voting rights. However, the Board may determine prior to making an invitation that any options or rights the subject of the Offer will carry rights entitling the holder to receive a payment in cash or Shares equivalent to the value of dividends that would have been payable to the holder had they been the holder of the underlying Shares over which the option or right is exercisable.
Participation rights of options and rights	Options and rights do not confer the right to participate in new issues of Shares or other securities in the Company. However, subject to the ASX Listing Rules, the QEEP provides for adjustments to be made to the number of Shares which a participant would be entitled on the exercise of options or rights or the exercise price (if any) of the options or rights in the event of a bonus issue or pro-rata issue to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) or a reorganisation of capital.
Restrictions	Awards may not be sold, transferred, mortgaged, pledged, charged, granted as security or otherwise disposed of, without the prior approval of the Board, or unless required by law. Participants must not enter into any arrangement for the purpose of hedging, or otherwise affecting their economic exposure to any unvested Shares, or options or rights.
Quotation	Awards, except Shares, will not be quoted on the ASX. The Company will apply for official quotation of any Shares issued under the QEEP, in accordance with the ASX Listing Rules.
Cessation of employment	The Board has discretion to determine, subject to compliance with applicable law, the treatment of an Award if a Participant ceases to be employed by a group company prior to the vesting or exercise of an Award, or an Award ceasing to be subject to any disposal restrictions as a term of the invitation or at the time of cessation.

KEY TERM	DESCRIPTION
Clawback and malus	If the Board becomes aware of a material misstatement in the Company's financial statements, that a participant has committed an act of fraud, negligence or gross misconduct or failed to comply with any restrictive covenant or that some other event has occurred which, as a result, means that a participant's Award should be reduced or extinguished, or should not vest, then the Board may clawback or adjust any such Award at its discretion to ensure no unfair benefit is derived by the participant.
Change of control	If a change of control event occurs with respect to the Company, the Board may determine, in its discretion, the manner in which all unvested Shares, or options or rights, will be dealt with.

4.8. CORPORATE GOVERNANCE AND COMPANY POLICIES

This Section explains how the Board intends to oversee the management of the Company's business.

The Board is responsible for the overall corporate governance of the Company. The Board monitors the operational and financial position and performance of the Company and oversees its investment and business strategy, including approving the strategic goals of the Company and considering and approving its annual business plan and the associated budget.

The Board is committed to maximising performance, generating appropriate level of Shareholder value and financial return and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests and that the Company, its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has developed and adopted a framework of corporate governance policies and practices, risk management practices and internal controls that it believes appropriate for the Company's business.

The key policies and practices adopted by the Company, which will take effect from Listing, are summarised below. Details of the Company's key policies and the charters for the Board and each of its committees will be available from Listing at the Company's website.

ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

In order to promote investor confidence and to assist companies to meet stakeholder expectations, the ASX Corporate Governance Council has developed and released the Corporate Governance Principles and Recommendations, now in its fourth edition (**ASX Recommendations**) for Australian listed entities. The ASX Recommendations are not mandatory or prescriptive and the Board is entitled not to adopt a particular recommendation if it considers it inappropriate in the context of the business. However, under the ASX Listing Rules, the Company will be required to provide a corporate governance statement in its annual report (or by reference in its annual report to the URL of the page on its website where the statement can be viewed), disclosing the extent to which it has followed the ASX Recommendations within the reporting period. Where the Company does not follow an ASX Recommendations for any part of a reporting period, it must identify the relevant recommendation that has not been followed and provide its reasons for not doing so and what (if any) alternative governance practices it adopted in lieu of the recommendation.

The main policies and practices adopted by the Company, which will take effect from Completion, are summarised below.

The Board does not expect that it will depart from the recommendations of the ASX Recommendations from the Listing Date. However, it may do so in the future if it considers such a departure would be reasonable.

As at the date of this Prospectus, the Company will be compliant with the ASX Recommendations.

Board of Directors

The Board comprises 6 members, being Andrew Fairley AM, Andrew Schwartz, Mary Ploughman, Michael Schoenfeld, JoAnne Stephenson and Brian Delaney.

Biographies of the Board members are provided in Section 4.1.1.

The ASX Recommendations state that there should ideally be a majority of independent Directors comprising the Board and that the chairperson position be held by an independent Director. The Directors have reserved absolute discretion to determine the appropriate composition of the Board from time to time.

The Board charter sets out guidelines for the purpose of determining independence of Directors and has adopted a definition of independence that is based on that set out in the ASX Recommendations. The Board considers an independent Director to be one who is independent 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 materially interfere with, the independent exercise of their unfettered and independent judgement. The Board reviews the independence of each Director in light of interests disclosed to the Board from time-to-time.

Andrew Schwartz is not considered by the Board to be independent as he is the Group Managing Director and Chief Investment Officer of Qualitas and a substantial Shareholder in the Company. Brian Delaney is also not considered by the Board to be independent as he is associated with, and a director and representative of, a substantial Shareholder of the Company, being Trawalla Group.

The Board considers that Andrew Fairley AM, Mary Ploughman, Michael Schoenfeld and JoAnne Stephenson are independent Directors for the purpose of the ASX Recommendations as each is free from any interest, position, association or relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of their judgement.

Accordingly, the Board will consist of a majority of 4 independent Directors. The Board considers that each of the Non-Executive Directors brings an objective and independent judgment to the Board's deliberations and that each of the Non-Executive Directors makes a valuable contribution to the Company through the skills they bring to the Board and their understanding of the Company's business.

Board Charter

The Board has adopted a written charter to clarify the roles and responsibilities of the Board members which will take effect from Listing. The charter sets out:

(a) the Board composition;

(b) the Board's role and responsibilities;

(c) the relationship and interaction between the Board and senior management; and

(d) the matters specifically reserved for the Board or Board committees.

The composition of the Board is to be determined in accordance with the following principles:

(a) a majority of independent Directors;

(b) the Directors should have an appropriate range of skills, experience and expertise to allow them to understand and competently deal with current and emerging business issues; and

(c) the Directors must be capable of effectively reviewing and challenging the performance of senior management and exercising independent judgment.

The Board must have a minimum of three and a maximum of eight Directors. The Company's intention is to have a majority of independent non-executive directors in each committee listed in this Section 4.8, however given the size of the Board and circumstances of the Company, this may not always be possible.

The Directors (other than the Group Managing Director) may only hold office for a continuous period up to three years, or until the third annual general meeting following the Director's appointment or election, whichever is the longer, but are eligible for re-election.

The role of the Board is to act in the best interests of the Company as a whole and is accountable to Shareholders for the overall direction, management and corporate governance of Qualitas.

04. KEY PEOPLE AND GOVERNANCE Continued

The Board seeks to discharge its responsibilities in a variety of ways, including by:

(a) overseeing Qualitas, including providing leadership and setting its strategic objectives, control and accountability systems;

(b) defining the Company's purpose and overseeing the development and approval of the Company's statement of values to underpin the Company's desired culture;

(c) appointing the Chairperson of the Board;

(d) appointing and removing the Group Managing Director;

(e) monitoring the performance of the Group Managing Director;

(f) where appropriate, ratifying the appointment and removal of senior executives and company secretary;

(g) ratifying other senior executive appointments, organisational changes and senior management remuneration policies and practices and ensuring that the remuneration policies are aligned with the Company's purpose, values, strategic objectives and systems of risk management;

(h) approving succession plans for senior management;

(i) monitoring senior executives' performance and implementation of strategy, instilling of the Company's values and performance generally, and ensuring appropriate resources are available;

(j) reporting to Shareholders;

(k) providing strategic advice to senior management;

(l) approving management's corporate strategy and performance objectives;

(m) determining and financing of dividend payments;

(n) approving and monitoring operating budgets, the progress of major capital expenditure, capital management, acquisitions and divestitures;

(o) approving and monitoring operating budgets, corporate, financial and other reporting systems, including external audit, and overseeing their integrity;

(p) reviewing and ratifying systems of risk management, accountability, internal compliance and control, and legal compliance to ensure appropriate compliance frameworks and controls are in place;

(q) reviewing and overseeing the implementation of the code of conduct for directors, senior executives and all other employees;

(r) approving the charters of the various Board committees;

(s) monitoring and ensuring compliance with all legal and regulatory requirements and ethical standards and policies;

(t) protocols in relation to non-independent directors of the Board and protocols with substantial Shareholders including the development, adoption and monitoring compliance with an environmental, social and governance policy;

(u) monitoring and ensuring compliance with best practice corporate governance requirements;

(v) overseeing the Company's process for making timely and balanced disclosure of all material information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's Shares;

(w) satisfying itself that an appropriate framework exists for relevant information to be reported by management to the Board; and

(x) challenging management and holding it to account.

The management function is conducted by the Group Managing Director and senior management, as directed by the Board. Responsibility for the day-to-day management and administration of the Company is delegated by the Board to the Group Managing Director and the executive team. Senior management must supply the Board with information that will enable the Board to assess senior management's performance against measurable and qualitative indicators as decided by the Board. The Board seeks to ensure that the Group Managing Director and executive team are appropriately qualified and experienced to discharge their responsibilities.

In carrying out its responsibilities and functions, the Board may delegate any of its powers to a Board committee, or sub-committee, a director or other person, subject to ultimate responsibility residing with the Directors. The Board has established Audit, Risk and Compliance, Nomination, Remuneration and Governance and Investment committees, each of which has a separate charter outlining its terms of reference.

The Board collectively, and individual Directors, may seek independent professional advice at the Company's expense, subject to the approval of the Chairperson of the Board.

Board committees

The Board may from time-to-time establish committees to assist in the discharge if of its responsibilities. The Board has established an Audit, Risk and Compliance Committee, a Nomination, Remuneration and Governance Committee and an Investment Committee, each of which has a separate charter outlining its terms of reference. Overviews of each of the committees and summaries of each of the charters are set out below.

The Board has also adopted a number of policies including in relation to anti-bribery, fraud and corruption, market disclosure and Shareholder communication.

Audit, Risk and Compliance Committee

Under its charter, the Audit, Risk and Compliance Committee should comprise at least three Directors, all being Non-Executive Directors who are financially literate and a majority of independent Directors, however given the size of the Board and circumstances of the Company, this may not always be possible. All members of this committee must be able to read and understand financial statements and at least one member must be a qualified accountant or other financial professional with experience in financial and accounting matters.

Currently, JoAnne Stephenson, Andrew Fairley AM and Michael Schoenfeld are members of the Audit, Risk and Compliance Committee. JoAnne Stephenson will act as chair of the committee. The terms of their appointment are at the discretion of the Board and vacancies may be filled as they arise.

The Audit, Risk and Compliance Committee will assist the Board in carrying out its accounting and auditing, financial reporting, and compliance and risk related responsibilities including by:

(a) reviewing the integrity of the Company's management and financial reporting and disclosures and the Company's auditing, accounting and financial reporting processes;

(b) monitoring compliance with relevant laws and regulations;

(c) reviewing the effectiveness of the risk management framework incorporating management, operational and financial controls; and

(d) facilitating high standards of business ethics and corporate governance through oversight of the Company's business policies and practices.

The charter for the Audit, Risk and Compliance Committee also sets out the Company's commitment to reviewing the risk profile of the Company incorporating key strategic, financial, legal, reputational and operational risks and the approaches to mitigating and managing those risks.

Under its charter the Audit, Risk and Compliance Committee is responsible for approving and recommending to the Board for adoption, policies and procedures for appointing or removing an external auditor and regularly reviewing with the external auditor the scope of the external audit, identified risk areas and other agreed procedures. The Audit, Risk and Compliance Committee is responsible for recommending to the Board for approval the types of non-audit services that the external auditor may provide without impairing or appearing to impair the external auditor's independence.

The Board authorises the Audit, Risk and Compliance Committee to seek any information it considers necessary to fulfil its responsibilities. The Audit, Risk and Compliance Committee has access to:

(a) management to seek explanations and information from management including receiving reports on new and emerging sources of risk; and

(b) internal and external auditors to seek explanations and information from them, without management being present.

The Audit, Risk and Compliance Committee may seek professional advice from employees of the Company and from appropriate external advisers, at the Company's cost.

Non-committee members, including members of the senior management team and the external auditor may attend meetings by invitation of the Audit, Risk and Compliance Committee as it deems appropriate.

The Audit, Risk and Compliance Committee chairperson must report to the Board the committee's findings after each Audit, Risk and Compliance Committee meeting. The committee will meet as often as it considers necessary.

Nomination, Remuneration and Governance Committee

Under its charter, the Nomination, Remuneration and Governance Committee should comprise of at least three Directors, all being Non-Executive Directors and a majority of whom must be independent Directors. However, the Company recognises that this may not always be practicable given the size of the Board and the circumstances of the Company and the nature of the Company's business. Accordingly, the Board has absolute discretion to determine the appropriate size and composition of the Nomination, Remuneration and Governance Committee from time to time.

The chairperson of this committee will be an independent Director.

Currently, Mary Ploughman, Andrew Fairley AM and Brian Delaney are members of the Nomination, Remuneration and Governance Committee. Mary Ploughman will act as chair of this committee and is independent.

The objective of the Nomination, Remuneration and Governance Committee is to help the Board fulfil its statutory, fiduciary and regulatory responsibilities and achieve its objectives to ensure that the Company:

(a) has a Board that has the necessary mix of skills, knowledge and experience to be able to adequately discharge its responsibilities as an ASX listed entity;

(b) has coherent remuneration policies and practices to attract and retain executives and directors who can reasonably be expected to create value for Shareholders;

(c) observes those remuneration policies and practices; and

(d) fairly and responsibly rewards executives having regard to the performance of the Company and its related bodies corporate, the performance of the executives and the general external pay environment.

The Nomination, Remuneration and Governance Committee is also responsible for:

(a) assisting the Board by developing a board skills matrix setting out the necessary and desirable competencies and characteristics for Board membership using the Board skills matrix and regularly assessing the extent to which those competencies and characteristics are represented on the Board;

(b) identifying and recommending to the Board, nominees for membership of the Board including the Group Managing Director, having regard to the Board skills matrix;

(c) annually evaluating the performance of the Board, both collectively and individually, and considering if the Directors as a group have the skills, knowledge and experience to deal with new and emerging business and governance issues;

(d) reviewing, approving and recommending to the Board for adoption executive remuneration and incentive policies and practices;

(e) reviewing and making recommendations to the Board on the most appropriate corporate governance framework and policies for the Qualitas Group;

(f) reviewing the remuneration of Non-Executive Directors for serving on the Board and any committee (both individually and in total); and

(g) reviewing any insurance premiums or indemnities for the benefit of directors and officers.

The Board must decide appointments, rotations and resignations with the committee having regard to the ASX Listing Rules, the Corporations Act and the Constitution.

The Nomination, Remuneration and Governance Committee will regularly report to the Board about committee activities, issues and related recommendations that require Board attention or approval.

The Nomination, Remuneration and Governance Committee may seek professional advice from employees of Qualitas and from appropriate external advisers, at the Company's cost.

Investment Committee

Under its charter, the Investment Committee should comprise at least four Directors, the majority of which must be independent and Non-Executive Directors who are financially literate. However, given the size of the Board and circumstances of the Company, this may not always be possible.

The chairperson of this committee will be an independent Director.

Currently, Michael Schoenfeld, Andrew Fairley AM, Andrew Schwartz and JoAnne Stephenson are members of the Investment Committee. Michael Schoenfeld will act as chair of this committee and is independent.

The objective of the Investment Committee is to help the Board fulfil its responsibility in relation to the Co-Investments allocations and allocations to warehouse, underwriting or bridging support for new or existing Funds in accordance with the Board's delegated authority from time to time.

The Investment Committee will regularly report to the Board about committee activities, issues and related recommendations that require Board attention or approval.

Corporate governance policies

The Company has adopted the following policies, each of which has been prepared having regard to the ASX Recommendations and are available on the Company's website at www.qualitas.com.au. The Company will send you a copy of any of the above policies, at no cost to you, should you request a copy during the Offer Period.

Diversity policy

The Board has formally approved a diversity policy in order to address and actively facilitate a more diverse and representative management and leadership structure.

The policy:

(a) supports the commitment of the Company and its controlled entities to an inclusive workplace that embraces and values diversity;

(b) is aligned with the Company's values to foster inclusion at all levels of the organisation;

(c) provides a framework for new and existing diversity related initiatives, objectives, strategies and programs within the business of Qualitas; and

(d) supports the commitment of Qualitas to informing Shareholders regarding its progress towards implementation and achievement of its diversity objectives.

The Company will annually review, assess and report on gender diversity within Qualitas. The Board will include in the Annual Report each year its objectives for achieving gender diversity and its progress in achieving those objectives.

Market disclosure policy

Once listed on the ASX, the Company will be required to comply with the continuous disclosure obligations of the ASX Listing Rules and the Corporations Act. Subject to the exceptions in the ASX Listing Rules, the Company will be required to disclose any information to the ASX that is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares.

The Company is committed to observing its continuous disclosure obligations under the ASX Listing Rules and the Corporations Act. The Company has adopted a market disclosure policy to take effect from Listing which establishes procedures that are aimed at ensuring the Company fulfils its obligations in relation to the timely disclosure of material price sensitive information. The Group Managing Director, in consultation with the Board, will review the market disclosure policy periodically to ensure that it is operating effectively and determine whether any changes are required. Under the policy only the Group Managing Director, CFO or Chairperson of the Board (or any other senior employee authorised from time to time by the Board) may speak on behalf of the Company to institutional investors, stockbroking analysts and the media as an authorised spokesperson.

Under the policy, a disclosure committee will be responsible for managing the Company's compliance with its continuous disclosure obligations. The disclosure officer will be responsible for the disclosure of material information to the ASX and must maintain a procedural methodology for disclosure and record keeping. Under the policy, the disclosure officer will be the Company Secretary. The form and content of any announcement of the Company in relation to a major matter requires the approval of the Chairperson of the Board prior to release.

In addition to being provided to the ASX, continuous disclosure announcements will also be available on the Company's website at www.qualitas.com.au.

Securities Trading Policy

The Company has adopted a securities trading policy which will apply to the Company, its Directors, employees, any persons having authority and responsibility for planning, directing and controlling the activities of the Company, whether directly or indirectly, and their associates.

The policy is intended to explain the types of conduct in relation to dealings in Shares that are prohibited under the Corporations Act and establish procedures in relation to dealings in Shares.

The securities trading policy defines certain 'trading windows' during which trading in Shares by Directors, officers and certain key management personnel (and their associates) is permitted if they comply with the other requirements of the securities trading policy. Those trading windows are currently defined as during the one month period beginning at the close of trading on the day after the dates on which:

(a) the Company announces its half-yearly results to the ASX;

(b) the Company announces its full year results to the ASX;

(c) the Company holds its annual general meeting (assuming an update of the full year's results is given at the meeting); and

(d) any additional periods determined by the Board from time-to-time.

Further, and in respect of employees (and their associates) who are not key management personnel, the securities trading policy generally permits trading in Shares by such employees (and their associates) so long as such trading does not occur during certain 'black out' periods, which are currently defined as:

(a) the period between 1 January each year and the trading day after the Company announces its half-yearly results to ASX;

(b) the period between 1 July each year and the trading day after the Company announces its full year results to ASX; and

(c) any additional periods determined by the Board from time to time.

Directors, employees and restricted persons must receive prior approval for any proposed dealing or trading in the Company's Shares (including any proposed dealing by one of their connected persons). Trading by Directors, employees and restricted persons may occur outside of the parameters summarised above with prior approval and due to the existence of exceptional circumstances (for example, due to court order). In all instances, buying or selling of Shares is not permitted at any time by any person who possesses price-sensitive information. A copy of this securities trading policy will be available on the Company's website.

Code of conduct for Directors and senior executives

The Company is committed to maintaining the highest ethical standards in the conduct of its business activities. Accordingly, the Board has adopted a formal code of conduct, to take effect from Listing, for the following purposes:

(a) to articulate the high standards of honesty, integrity and ethical and law-abiding behaviour expected of Directors and senior executives;

(b) to encourage the observance of those standards to protect and promote the interests of Shareholders and other stakeholders (including employees, customers, suppliers and creditors) in accordance with the Company's statement of values (Values Statement);

(c) to guide Directors and senior executives as to the practices thought necessary to maintain confidence in the Company's integrity; and

(d) to set out the responsibility and accountability of Directors and senior executives to report and investigate any reported violations of this code or unethical or unlawful behaviour.

The code of conduct applies to:

(a) the Directors including the Group Managing Director;

(b) the CFO; and

(c) any other employee or officer of the Company and its related bodies corporate who has the opportunity to materially influence the integrity, strategy and operations of the business and financial performance of Qualitas.

Shareholder Communications Policy

The Board's aim is to provide Shareholders with sufficient information to assess the performance of the Company and to inform them of major developments affecting the affairs of the Company relevant to Shareholders in accordance with all applicable laws. The Company has adopted a Shareholder communications policy to take effect from Listing which aims to promote effective communication with its Shareholders and encourage effective participation at general meetings of the Company.

Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX and publishing information on the Company's website.

In particular, the Company's website will contain information about it, including media releases, key policies and the charters of its Board committees. All relevant announcements made to the market and any other relevant information will be posted on the Company's website as soon as they have been released to ASX.

Anti-bribery, fraud and corruption

Any bribery, fraud or corruption committed against the Company is a major concern to the Company. The Company requires all Directors, Board members, employees and contractors of Qualitas entities at all times to act honestly and with integrity and to safeguard the Company resources from bribery and corruption. Accordingly, the Company has adopted an anti-bribery, fraud and corruption policy.

The anti-bribery, fraud and corruption policy applies to all Directors, Board members, employees and contractors of Qualitas entities.

The purpose of the policy is to protect the assets and reputation of the Company by:

(a) reinforcing the commitment and responsibility of the Directors, Board members and the executive management to identify fraudulent and corrupt activities and for establishing policies, controls and procedures for prevention, detection and reporting of these activities;

(b) reinforcing the requirement for all employees and others to refrain from corrupt and fraudulent conduct, including through defining 'bribery' and 'corruption' and outlining key risk areas of bribery and corruption; and

(c) assigning responsibility for the development of controls to prevent and detect bribery, corruption and fraud to Directors, the Board and senior management.

Whistleblower policy

The Company is committed to creating and maintaining a culture of risk management, corporate compliance and ethical behaviour in which its staff members act with responsibility, accountability, honesty and integrity in the conduct of business activities. Accordingly, the Company has adopted a whistleblower policy which sets out information about the types of disclosures that qualify for protection, the protections available to whistleblowers, how the Company will investigate disclosures and support whistleblowers and protect them from detriment and how the Company will ensure fair treatment of employees who are the subject of or are mentioned in disclosures.

Officers and employees of the Company, individuals who are an associate of the Company and individuals who supply goods or services to the Company or employees of a supplier are 'eligible whistleblowers' and will be protected by the policy and the protections under the Corporations Act and the *Taxation Administration Act 1953* (Cth) for whistleblowers.

05.
FINANCIAL INFORMATION

05. FINANCIAL INFORMATION

5.1. INTRODUCTION

The financial information contained in this Section 5 includes consolidated historical financial information for the Historical Qualitas Group for the financial years ended 30 June 2019 (**FY19**), 30 June 2020 (**FY20**) and 30 June 2021 (**FY21**) and forecast financial information for Qualitas for the financial year ending 30 June 2022 (**FY22PF**).

Section 5 contains the following financial information of Qualitas and its subsidiary entities:

	AGGREGATED/STATUTORY FINANCIAL INFORMATION	PRO FORMA FINANCIAL INFORMATION
Historical Financial Information	• The aggregated historical income statements of QPP, QIT and Qualitas Capital Partners Pty Ltd (**QCP**) (**Historical Qualitas Group**) for FY19, FY20 and FY21 (**Aggregated Historical Income Statements**) • The aggregated historical cash flows of the Historical Qualitas Group for FY19, FY20 and FY21 (**Aggregated Historical Cash Flows**) • The aggregated historical balance sheet of the Historical Qualitas Group as at 30 June 2021 (**Aggregated Historical Balance Sheet**) (together the **Aggregated Historical Financial Information**)	• The pro forma historical income statements of Qualitas for FY19, FY20 and FY21 (**Pro Forma Historical Income Statements**) • The pro forma historical cash flows of Qualitas for FY19, FY20 and FY21 (**Pro Forma Historical Cash Flows**) • The pro forma historical balance sheet of Qualitas as at 30 June 2021 (**Pro Forma Historical Balance Sheet**) (together the **Pro Forma Historical Financial Information**)
Forecast Financial Information	• The statutory forecast income statement of Qualitas for FY22 (**Statutory Forecast Income Statement**) • The statutory forecast cash flows of Qualitas for FY22 (**Statutory Forecast Cash Flows**) (together the **Statutory Forecast Financial Information**)	• The pro forma forecast income statement of Qualitas for FY22PF (**Pro Forma Forecast Income Statement**) • The pro forma forecast cash flows of Qualitas for FY22PF (**Pro Forma Forecast Cash Flows**) (together the **Pro Forma Forecast Financial Information**)

The Historical Financial Information and the Forecast Financial Information together form the **Financial Information**.

Also summarised in this Section are:

ITEM	SECTION
The basis of preparation and presentation of the Financial Information and explanation of certain non-IFRS financial measures	5.2
A reconciliation of the aggregated net profit after tax to the pro forma consolidated net profit after tax for FY19-FY22	5.3.3
Key operating metrics of Qualitas	5.3.4
Segment financial information, including the basis for each of Qualitas' reporting segments	5.4

ITEM	SECTION
A description of the pro forma adjustments from the aggregated historical consolidated balance sheet of Historical Qualitas Group as at 30 June 2021 to the pro forma historical consolidated balance sheet of Qualitas as at 30 June 2021	5.5
Information on the balance sheet of Arch Finance and Qualitas as at 30 June 2021	5.5.1
Commentary on the liquidity and the sources of capital available to Qualitas	5.5.2
Information on the maturity profile of Qualitas' commitments and other contractual arrangements	5.5.3
A reconciliation of the aggregated cash flows of Qualitas to the pro forma cash flows for FY19-FY22	5.6.2 and 5.6.3
Assumptions underlying the Forecast Financial Information	5.7
Management's discussion and analysis of the Pro Forma Historical Financial Information and the Forecast Financial Information	5.8
Significant accounting policies, estimates and judgments	Annexure 12.1
Key sensitivities in respect of the Pro Forma Forecast Financial Information	5.9
Financial risk management framework	5.10
Dividend policy	5.11

The information in Section 5 should be read in conjunction with the investment risks set out in Section 6, the sensitivity analysis set out in Section 5.9, and other information contained within this Prospectus.

All amounts disclosed in the tables are presented in Australian dollars and unless otherwise noted, are rounded to the nearest $1,000. 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 calculations.

5.2. BASIS OF PREPARATION

5.2.1. Overview

The Financial Information is intended to present potential investors with information to assist them in understanding the underlying historical financial performance, cash flows and financial position of the Historical Qualitas Group, together with 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 prescribed in the Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**), 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 AAS applicable to annual financial reports prepared in accordance with the Corporations Act. The Company's key accounting policies have been consistently applied throughout the financial years presented and are set out in Annexure 12.1 Significant Accounting Policies.

The Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information have been prepared in accordance with the recognition and measurement principles of AAS other than it includes certain adjustments which have been prepared in a manner consistent with AAS in order to illustrate their effect as if they had occurred on 1 July 2018.

The Pro Forma Historical Financial Information and the Pro Forma Forecast Financial Information have been prepared solely for inclusion in this Prospectus and does not reflect the actual financial results and cash flows for the years indicated. Qualitas believes that it provides useful information as it permits investors to examine what it considers to be the underlying financial performance and cash flows of the business presented on a consistent basis.

As described in Section 5.4 Qualitas intends to report 2 reportable segments under Australian Accounting Standard AASB 8 Operating Segments, which are Funds Management and Direct Lending.

The Pro Forma Historical Financial Information and Forecast Financial Information have been reviewed by KPMG Transaction Services in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Fundraising and/or Prospective Financial Information, as stated in its Investigating Accountant's Report in Section 8. Investors should note the scope and limitations of the Investigating Accountant's Report in Section 8.

Common control restructure

Immediately prior to the Completion of the Offer, the Restructure will take place under which, among other things, Qualitas will become the ultimate holding company of the Qualitas Historical Group and related subsidiary entities. Further details in relation to the Restructure are included in Annexure 12.2. The Directors have elected to account for the Restructure at book value (rather than fair value). In the Directors' judgement, the continuation of the existing accounting values is consistent with what would have occurred if the assets and liabilities had already been in a corporate structure suitable for an initial public offering and most appropriately reflects the substance of the Restructure. As such, the consolidated financial statements of Qualitas from the date of the Restructure will be presented as a continuation of the pre-existing accounting values of assets and liabilities reported in the historical general purpose aggregated financial statements of the Historical Qualitas Group.

5.2.2. Preparation of the Aggregated Historical Financial Information

The Aggregated Historical Financial Information has been derived from the general purpose aggregated historical financial statements of the Historical Qualitas Group for FY21 and the special purpose aggregated financial statements of the Historical Qualitas Group for FY19 and FY20 (**Aggregated Historical Financial Statements**). Prior to the Restructure, QPP and QIT were separate and distinct for accounting purposes and were not required to prepare a single set of statutory consolidated financial statements. The Aggregated Historical Financial Statements have been prepared by the Historical Qualitas Group in accordance with the recognition, and measurement and classification requirements of all applicable AAS except for AASB 10 *Consolidated Financial Statements*. The Aggregated Financial Statements have been prepared by aggregating the financial information of QIT, QPP and QCP for the relevant periods and eliminating inter-company transactions). There are no material differences between the historical financial statements of QIT, QPP and QCP on an aggregated basis and the financial statements that would have been prepared on a consolidated basis (under AASB 10 *Consolidated Financial Statements*) as if QIT, QPP and QCP had been owned by a single parent entity.

The Aggregated Financial Statements of the Historical Qualitas Group for FY19, FY20 and FY21 have been audited by KPMG. KPMG has issued unqualified opinions for the Aggregated Financial Statements and its report includes an emphasis of matter paragraph which highlights the basis of preparation of those financial statements being on an aggregated basis as described above.

5.2.3. Preparation of the Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information is based on the aggregated historical financial information of the Historical Qualitas Group after adjusting for certain pro forma transactions. The pro forma adjustments are applied to the Aggregated Historical Income Statements and the Aggregated Historical Cash Flows as if they had taken place on 1 July 2018, and to the Aggregated Historical Balance Sheet as if they had taken place on 30 June 2021. The pro forma adjustments include:

- the inclusion of incremental costs associated with Qualitas becoming a public company following Completion of the Offer, including Director fees, public company and Directors' insurance, ASX listing fees, share registry costs, additional audit and legal costs and the costs associated with holding annual general meetings;
- the removal of interest costs and cash flows associated with current financing structures that will be settled from the Offer Proceeds;
- the removal of expenses and cash flows associated with historical distributions from QIT to unit holders which following the Restructure and Completion of the Offer will be available for distribution to the new Shareholders;
- changes in accounting policy in anticipation of becoming a listed entity resulting in the reclassification of costs relating to QRI fund raising activity to reflect a direct expense rather than capitalisation of the relevant costs; and
- the effect of changes in accounting standards in FY19 following the introduction of the new leasing standard AASB 16 Leases which was adopted by Qualitas on 1 July 2019 (FY20 onwards), and AASB 9 *Financial Instruments* which was adopted by Qualitas on 1 July 2018, as if those standards had always been adopted.

Refer to Section 5.3.3 for a reconciliation between the Aggregated Historical Income Statements and the Pro Forma Historical Income Statement, Section 5.6.1 for a reconciliation of the Aggregated Historical Cash Flows to the Pro Forma Historical Cash Flows and to Section 5.5 for a reconciliation of the Aggregated Historical Balance Sheet to the Pro Forma Historical Balance Sheet.

5.2.4. Preparation of the Forecast Financial Information

The Forecast Financial Information has been prepared by the Directors based on an assessment of current economic and operating conditions and based on a number of assumptions, including Directors' best estimate general and specific assumptions set out in Section 5.7.1 and 5.7.2 respectively.

The Directors have prepared the Forecast Financial Information with due care and attention, and consider all general and specific 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 actual financial performance or financial position.

Investors are advised to review the general and specific assumptions set out in Section 5.7.1 and Section 5.7.2, in conjunction with the sensitivity analysis set out in Section 5.9, the risk factors set out in Section 5.10, the Investigating Accountant's Report set out in Section 8 and other information set out in this Prospectus.

The Directors have no intention to update or revise the Forecast Financial Information or other forward-looking statements following the issue of the Prospectus, 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 considered by law.

The Forecast Financial Information has been presented on both a statutory and pro forma basis.

The Statutory Forecast Income Statement and the Statutory Forecast Cash Flows for FY22 are representative of the financial performance and cash flows that the Directors expect to report in Qualitas' financial statements in respect of FY22.

The Pro Forma Forecast Income Statement and Pro Forma Forecast Cash Flows for FY21 are based on the Statutory Forecast Income Statement and Statutory Forecast Cash Flows, adjusted for the operating and capital structure that will be in place upon Completion, new employee remuneration arrangements, but excluding the costs of the Offer and the impact of Completion of the Offer, as well as other items which are not expected to occur in the future. Refer to Section 5.3.3 for a reconciliation between the Statutory Forecast Income Statement and the Pro Forma Forecast Income Statement and Section 5.6.1 for a reconciliation between the Statutory Forecast Cash Flows and the Pro Forma Forecast Cash Flows.

The basis of preparation and presentation of the Forecast Financial Information, to the extent relevant, is consistent with the basis of preparation and presentation of the Pro Forma Historical Financial Information.

5.2.5. Explanation of certain non-IFRS financial measures

Qualitas uses certain measures to manage and report on its business which are not recognised under AAS or IFRS. These measures are collectively referred to in this Section 5.2.5 and under Regulatory Guide 230 *Disclosing Non-IFRS Financial Information* published by ASIC as “non-IFRS financial measures”. The principal non-IFRS financial measures that are referred to in this Prospectus are as follows;

- **Net operating income** is earnings before depreciation, amortisation, and tax. Management use Net operating income to evaluate the operating performance of the business without the non-cash impact of depreciation and amortisation, and before taxation. Net operating income can be useful to help understand the cash generation potential of the business.
- **Core employee costs** is the employee costs relating to Qualitas’ funds management activities and group services including base salaries, incentive payments, superannuation and other employee related costs. Core employee costs excludes the employee costs associated with the Arch Finance and Peer Estate businesses and performance fee incentive payments. Core employee costs can be useful to understand the costs associated with Qualitas’ funds management business before the impact of performance fee incentive payments, which are directly linked to performance fee revenue.
- **Dividend yield** represents the rate of return derived by dividing the annualised dividend per Share by the Offer Price.
- **Average portfolio size** represents the average size of gross loans receivable in the Arch Finance business excluding assets related to Peer Estate. Average portfolio size is helpful to understand the size and trend in loan receivables which Arch Finance originates.
- **Net interest margin** represents the interest income less interest expenses of Arch Finance, as a proportion of the average portfolio size, before other revenue and costs. Net interest margin is helpful to understand as it provides information on the net interest returns of the loan receivables originated by Arch Finance.

Although the Directors believe that these measures provide useful information about the financial performance and financial position of Qualitas, they should be considered as supplements to the profit and loss statement, cash flow statement and balance sheet measures that have been presented in accordance with AAS and IFRS and not as a replacement for them. As these non-IFRS financial measures are not based on AAS or IFRS, they do not have standard definitions, and the way Qualitas calculates these measures may differ from similarly titled measures used by other companies. Investors and readers of this Prospectus should therefore not place undue reliance on these non-IFRS financial measures.

5.3. HISTORICAL AND FORECAST INCOME STATEMENTS

5.3.1. Pro Forma Historical and Pro Forma and Statutory Forecast Income Statements

Table 9 sets out a summary of the Pro Forma Historical Profit and Loss Statement of Qualitas for FY19, FY20, FY21, the Pro Forma Forecast Income Statement of Qualitas for FY22 and the Statutory Forecast Income Statement of Qualitas for FY22.[52]

Table 9: Pro Forma Historical and Pro Forma and Statutory Forecast Income Statements

		Pro Forma Historical			Pro Forma Forecast	Statutory Forecast
($thousands)	**Notes**	**FY19**	**FY20**	**FY21**	**FY22**	**FY22**
Funds management fees	1	16,605	22,969	27,580	33,687	33,687
Performance fees	2	3,412	882	18,026	28,294	28,294
Co-investment income – distributions	3	3,241	3,569	1,964	1,016	1,016
Income from the provision of financial services	4	1,679	1,229	1,275	1,789	1,789
Other income	5	3,411	(406)	2,130	440	440
Unrealised gains	6	3,361	6,171	(2,184)	–	–
Financial services revenue		**31,709**	**34,414**	**48,792**	**65,225**	**65,225**
Interest income	7	27,129	22,053	19,033	18,926	18,926
Interest expense	7	(16,862)	(16,349)	(12,913)	(11,904)	(11,904)
Net interest income	7	**10,267**	**5,704**	**6,120**	**7,021**	**7,021**
Loan impairment expense	8	(176)	(840)	873	(137)	(137)
Total net revenue		**41,800**	**39,277**	**55,785**	**72,109**	**72,109**
Employee costs	9	(26,641)	(25,230)	(29,857)	(35,776)	(35,083)
Marketing expenses		(287)	(60)	(374)	(120)	(120)
Project rental expenses	10	(199)	(161)	(135)	–	–
Consulting and professional fees		(1,662)	(1,746)	(1,321)	(964)	(904)
Travel expenses		(656)	(305)	(46)	(278)	(278)
QRI listing costs	11	(1,298)	(2,955)	(1,103)	(4,908)	(4,908)
Arch Finance lending costs	12	(851)	(951)	(937)	(982)	(982)
Other operating expenses	13	(4,201)	(4,230)	(4,929)	(4,454)	(7,997)
Net operating income		**6,005**	**3,639**	**17,083**	**24,628**	**21,838**
Depreciation and amortisation		(1,554)	(1,936)	(1,929)	(1,795)	(1,743)
Net profit before tax		**4,451**	**1,703**	**15,154**	**22,833**	**20,094**
Tax		(1,335)	(511)	(4,546)	(6,850)	(6,028)
Net profit after tax		**3,116**	**1,192**	**10,608**	**15,983**	**14,066**
Non controlling interest		(317)	2,485	359	–	–
Net profit attributable to Shareholders of Qualitas		**2,799**	**3,677**	**10,967**	**15,983**	**14,066**

52 Past performance is not a reliable indicator of future performances.

Notes:

1. Funds management fees include base management fees and transaction fees earned by Qualitas in line with management agreements for each Funds. Fund management fees will vary depending on the type of underlying Fund – see Section 5.8 for assumptions related to funds management fees.
2. Qualitas is contractually entitled to performance fees for certain Funds where the rate of return to investors in a Fund exceeds a Hurdle rate of return over the life of the investment. Performance fees are accrued by Qualitas in line with the best estimate of the underlying performance of the Fund and are received in cash upon settlement of the final investments in the relevant Fund at the point at which final returns are known. Performance fees generally relate to Qualitas' close ended Funds – See Section 5.8 for assumptions related to performance fees. Qualitas pays a proportion of Performance fees to certain employees under its incentive structures – refer Note 9.
3. Qualitas earns non-fund management revenue from its direct CRE investments, Co-Investment activities with their own funds and management of Private SMA. No revenue is assumed as a result of deployment in FY22F of new capital raised in the Offer.
4. Relates to fees generated for excess deal flow when there are surplus funds for investment as well as fee income received by Arch Finance in relation to the origination and management of loan receivables.
5. Relates to direct investments in underlying projects (rather than investments through Funds) and comprises elements rental income, returns from the sale of such investments (net of selling costs) and other miscellaneous income. Also includes minor Director fees in relation to director services performed by Qualitas employees to other entities.
6. Unrealised gains/losses on balance sheet investments based on independent, external valuations of the underlying assets.
7. Interest income and expenses relate predominantly to activities undertaken by Arch Finance, a wholly owned subsidiary of Qualitas (as described in Section 2.3.1), as well as interest income on direct project investments and bank deposits. In addition to interest expenses on the Arch Finance warehouse funding structures, Interest expense includes interest on loans associated with the funding of QRI capital raising costs (refer Note 10) and direct project financing. Costs relating to the net interest income generated by Arch Finance are included within their respective classifications, including Employee Costs as detailed in Note 9.
8. Loan impairment expense has been recognised as a result of the adoption of new accounting standards.
9. Employee costs are associated with the salaries and employee incentives paid to Qualitas staff, as well as superannuation, leave and staff recruitment expenses. Employee costs include performance fee incentives paid to staff, as well as employee costs relating to Arch Finance activities. Employee costs comprise the largest category of operating expenses for Qualitas. In FY22F, Employee costs reflect the costs associated with the establishment of a new equity incentive plans and remuneration structures which provides the framework under which individual grants of equity incentives to employees are proposed to operate. The costs in FY22F reflect an annualised amount of the expected costs of the first grant of Awards, before subsequent grants in future periods beyond FY22F. Details of new employee remuneration plans are included in Section 4.3. Table 10 provides a breakdown of Pro Forma employee costs for FY19, FY20, FY21 and FY22PF, refer to Section 5.8 for more details.
10. Project rental expenses relate to costs within direct investment projects. Occupancy costs are reported within depreciation and interest costs in line with the requirements of AASB 16 Leases.
11. Transaction costs paid by Qualitas associated with listed credit fund QRI, including initial public offering in FY18 and subsequent equity raisings in FY19, FY20 and FY21. The costs incurred by Qualitas are funded by a loan from QRI that has a term of 10 years. The incremental funds raised by QRI result in additional funds management revenue for Qualitas over and above the cost of interest payable on loans to QRI, resulting in a cash flow benefit from the date of the raising. Further details relating to the treatment of QRI listing costs are detailed in Section 5.8.
12. Includes expenses related to commission payments from Arch Finance related to the origination of new loans.
13. Includes company administration costs, communication costs, bank charges, general office expenses, conferences, sponsorships, subscriptions, IT costs, corporate marketing and advertising, entertainment, insurance, occupancy costs, professional fees, travel and other corporate operating expenses.

Table 10: Employee costs breakdown

		Pro Forma Historical			Pro Forma Forecast
($thousands)	**Notes**	**FY19**	**FY20**	**FY21**	**FY22PF**
Core employee costs	1	(22,477)	(21,528)	(18,353)	(20,772)
Performance fee incentives	2	(551)	(303)	(8,005)	(11,107)
Arch Finance employee costs	3	(3,613)	(3,399)	(3,499)	(3,897)
Total employee costs		**(26,641)**	**(25,230)**	**(29,857)**	**(35,776)**

Notes:

1. Employee costs relating to Qualitas' core funds management activities and group services, including base salaries, incentive payments, superannuation and other employee related costs. Employee costs declined in between FY19 and FY21 as a result of outsourcing administrative functions as well as the cessation of previous incentives provided relating to direct project investments that have since closed, with an increase in rewards in the form of performance fee incentives.
2. Approximately 33% to 50% of performance fees earned by Qualitas (dependent on the Fund) are paid to employees as an incentive and retention mechanism to ensure an alignment of interest between Qualitas, Fund Investors and employees. Performance fee incentives are only paid when performance exceeds underlying performance benchmarks. Performance fee incentives do not relate to the underlying activities of Qualitas.
3. Employee costs relating to Arch Finance activities. Arch Finance is a wholly owned entity of Qualitas and operates independently of the core funds management activities of Qualitas.

5.3.2. Aggregated Historical Income Statements

Table 11 sets out the Aggregated Historical Income Statements of the Historical Qualitas Group for FY19, FY20 and FY21.

Table 11: Aggregated Historical Income Statements

		Statutory Historical		
($thousands)	**Notes**	**FY19**	**FY20**	**FY21**
Performance fees		3,412	882	18,026
Income from the provision of financial services		21,212	27,547	30,694
Other income		3,411	(406)	2,629
Unrealised gains		3,361	6,171	(2,184)
Financial services revenue		**31,396**	**34,193**	**49,166**
Interest income		27,443	22,273	19,159
Interest expense		(16,754)	(16,349)	(13,199)
Net interest income		**10,689**	**5,924**	**5,960**
Loan impairment expense		(1,253)	(840)	873
Total net revenue		**40,831**	**39,277**	**55,998**
Employee costs		(25,256)	(23,845)	(28,472)
Marketing expenses		(287)	(60)	(374)
Rental expenses		(1,426)	(195)	(135)
Consulting and professional fees		(1,542)	(1,626)	(1,201)
Travel expenses		(656)	(305)	(46)
Other operating expenses		(5,074)	(4,671)	(5,390)
Net operating income		**6,590**	**8,575**	**20,380**
Depreciation and amortisation		(764)	(2,316)	(7,655)
Net profit before tax		**5,826**	**6,259**	**12,726**
Tax		(1,733)	(842)	(608)
Net profit after tax		**4,093**	**5,417**	**12,117**
Non controlling interest		(317)	2,485	359
Net profit attributable to Shareholders of Qualitas		**3,777**	**7,902**	**12,476**

Notes:

Refer to Section 5.3.1 above for a detailed discussion on key revenue and expense items. Certain reclassifications have been included in the Pro Forma Historical Income Statements compared to the Aggregated Historical Income Statements in order to present a more detailed breakdown of revenues and costs relating to Qualitas' business. Past performance is not a reliable indicator of future performance.

5.3.3. Reconciliation of the Aggregated Historical Income Statements and the Pro Forma Historical Income Statements, and the Statutory Forecast Income Statement and Pro Forma Forecast Income Statement

Table 12 sets out a reconciliation of the revenue and net profit after tax within the Aggregated Historical Income Statements and the Pro Forma Historical Income Statements for FY19, FY20 and FY21, along with a reconciliation of the Statutory Forecast Income Statement and the Pro Forma Forecast Income Statement for FY22PF.

Table 12: Reconciliation of the revenue and net profit after tax in the Aggregated Historical Income Statements and Statutory Forecast Income Statements to the Pro Forma Historical and Forecast Income Statements

		Historical			Forecast
($thousands)	**Notes**	**FY19**	**FY20**	**FY21**	**FY22PF**
Statutory net revenue		**40,831**	**39,277**	**55,998**	**72,109**
Pro Forma net revenue adjustments					
Impact of changes in accounting standards	1	969	–	–	–
QIT distributions to existing unitholders	2	–	–	(499)	–
Financing cost impact of capital structure	3	–	–	286	–
Total net revenue adjustments		**969**	**–**	**(213)**	**–**
Pro Forma net revenue		**41,800**	**39,277**	**55,785**	**72,109**
Statutory NPAT		**4,093**	**5,417**	**12,117**	**14,066**
Pro Forma NPAT adjustments					
Impact of changes in accounting standards	1	1,426	–	–	–
QIT distributions to existing unitholders	2	498	–	(499)	–
Financing cost impact of capital structure	3	–	–	286	–
Incremental public company costs	4	(2,085)	(2,085)	(2,085)	(1,043)
Impact of change in accounting policy (QRI capital raising costs)	5	(1,214)	(2,471)	4,727	–
Transaction costs for the Offer	6	–	–	–	3,781
Total adjustments		**(1,375)**	**(4,556)**	**2,428**	**2,739**
Tax effect of adjustments	7	397	331	(3,938)	(822)
Pro Forma NPAT		**3,116**	**1,192**	**10,608**	**15,983**

Notes:

1. Includes the effect of new accounting standards adopted by Qualitas: (i) Qualitas adopted AASB 16 *Leases* accounting standards from 1 July 2019. Under the transition method chosen, the FY19 comparative information was not restated. The adjustments reflect the application of AASB 16 in FY19 as if the standard has been applied on 1 July 2018, increasing interest expense by $0.1 million and resulting in a reduction in Pro Forma net revenue. The adjustment to NPAT reflects the $0.1 million increase in interest expense and incremental amortisation of $0.8 million, offset by the $1.2 million reduction in rental expenses as a result of the AASB 16 Lease accounting standards being applied; (ii) Qualitas adopted AASB 9 *Financial Instruments* on 1 July 2018. As a result of the first time adoption of the standard Qualitas reported incremental Loan impairment expenses associated with provisions for expected credit losses on the Arch Finance loan portfolio of $1.1 million in the aggregated FY19 financial statements. The adjustment removes the impact of the adoption of AASB 9 from the Pro Forma Historical Financial Information as if the standard had always been in place.

2. In FY19 approximately $0.5 million of distributions were paid from QIT to its unitholders which were recorded as operating expenses rather than distributions from retained earnings. In the FY21 statutory accounts the FY19 accounting treatment of these distributions was reversed, with $0.5 million revenue recorded in Other Income. Both the costs reported in FY19 and income in FY21 have been removed from Pro Forma net revenue and NPAT on the basis that following completion of the Restructure and Offer distributions made by QIT across historical periods will be retained by the Company and available for distribution to Shareholders.
3. Qualitas currently has in place financing arrangements provided by existing Shareholders. The loans are proposed to be repaid from the Offer Proceeds. The adjustment above removes the portion of interest expense relating to financing arrangements that is reflected in the income statement, as the underlying loan would not have existed had this Offer occurred on 1 July 2018.
4. Reflects the inclusion of ongoing incremental costs to Qualitas of $2.1 million associated with being a public company following Completion of the Offer, including listing fees, share registry fees, annual general meeting costs and other reporting costs, as well as incremental staff and non-executive director costs as if Qualitas had been listed on 1 July 2018. Details on Qualitas' new employee remuneration plans to be established following the listing are included in Section 4.3.
5. Qualitas has paid for transaction costs associated with its listed credit fund, QRI and its initial public offering in FY18 and subsequent equity raisings in FY19, FY20 and FY21. In FY21 there was an accounting policy change implemented, whereby only the initial FY18 listing costs are to be amortised going forward (and any future capital raise costs are to be expensed in the period incurred) resulting in a one-off write-off of the residual capitalised balance of subsequent equity raising costs at 30 June 2021 ($5.26 million).
6. Reflects the removal of $3.8 million of transaction costs in FY22PF associated with Completion of the Offer (including costs associated with the granting of Shares to Non-Executive Directors and certain employee associated with the IPO). Total transaction costs are expected to be $16.7 million, with the remaining $13.0 million capitalised within equity).
7. Reflect the tax impact of the pro forma adjustments and the completion of the Restructure. Following the Restructure, Qualitas expects to have an effective tax rate of 30%.

5.3.4. Key financial and operating metrics

Table 13 sets out a summary of key historical financial and operating metrics relating to the underlying activities of Qualitas on a pro forma basis for FY19, FY20 and FY21 and forecast key operating metrics for Qualitas for FY22PF.

Table 13: Key financial and operating metrics

		Historical			Forecast
	Notes	FY19	FY20	FY21	FY22PF
Period average committed FUM ($millions)	1	1,780	2,072	2,377	2,898
Period average invested FUM ($millions)	1	974	1,289	1,595	2,077
Average base funds management fees as a % of invested FUM		1.28%	1.39%	1.29%	1.32%
Average transaction fees as a % of invested FUM		0.42%	0.39%	0.44%	0.30%
Employee costs ($thousands)	2	26,641	25,230	29,857	35,776
Employee costs (% of total revenue)		63.7%	64.2%	53.5%	49.6%
Number of FTE		73	58	65	70
Number of new investments	3	28	28	31	28
Average investment size ($thousands)		33,550	29,726	39,679	52,535
Operating income margin %	4	14.4%	9.3%	30.6%	34.2%

Notes:
1. Period average FUM represents the average of the monthly closing FUM for each year.
2. Including annual bonuses and performance fee incentives.
3. Number of new investments closed during the year.
4. Net operating income as a proportion of total net revenue.

5.4. SEGMENT INFORMATION

In accordance with AASB 8 *Operating Segments*, Qualitas has determined that its reporting segments will comprise Funds Management and Arch Finance and Peer Estate. These segments represent the manner in which Qualitas expects to report in future periods in accordance with AASB 8 *Operating Segments*. The operating segments are described below. Table 14 sets out the summary pro forma historical and forecast operating segment results.

5.4.1. Funds management segment

The funds management segment includes all of Qualitas' core funds management activities and includes funds management fees, performance fees and other fee income. It also includes dividends and distributions from Qualitas' Co-Investments.

5.4.2. Direct lending segment

The direct lending segment relates to the interest income and expense relating to activities undertaken by Qualitas' wholly owned entities Arch Finance and Peer Estate and includes costs directly attributable to Arch Finance and Peer Estate.

5.4.3. Corporate

Whilst corporate activities are not viewed as a separate segment for financial reporting purposes, central overhead costs are shown as a separate item in the disclosure below.

Table 14: Key historical and forecast segment operating results

		Pro Forma Historical			Pro Forma Forecast
($thousands)	**Notes**	**FY19**	**FY20**	**FY21**	**FY22**
Funds management (incl. Co-Investment)					
Net revenue		34,316	31,986	45,981	63,375
Total expenses		(24,327)	(24,786)	(27,461)	(36,786)
Segment profit		**9,990**	**7,200**	**18,520**	**26,589**
Segment profit margin		*29.1%*	*22.5%*	*40.3%*	*42.0%*
Direct Lending					
Interest income		22,270	21,842	18,902	18,926
Interest expense		(16,672)	(15,351)	(11,971)	(11,843)
Net interest income		**5,598**	**6,491**	**6,932**	**7,082**
Loan impairment expense		(176)	(840)	873	(137)
Other net revenue		2,062	1,640	1,999	1,789
Total expenses		(7,605)	(5,885)	(6,602)	(6,467)
Segment profit	1	(121)	**1,406**	**3,202**	**2,267**
Segment profit margin		*(1.6%)*	*19.3%*	*32.7%*	*26.0%*
Corporate overhead	2	(5,417)	(6,903)	(6,568)	(6,023)
Profit before tax		**4,451**	**1,703**	**15,154**	**22,833**

Notes:

1. The Arch Finance loss in FY19 relates to initial costs incurred in relation to the establishment of the Peer Estate business. Arch Finance generated an operating profit of $985k for FY19, with an initial loss attributable to Peer Estate of $1,106k.
2. Includes overheads after employee costs, QRI fund raising costs and Arch Finance operating expenses as reported in Arch Finance segment.

Table 15 sets out a summary of the Historical Qualitas Group's key historical and Qualitas' forecast key operating metrics on a pro forma basis for the Funds Management and Direct Lending operating segments.

Table 15: Pro forma historical and forecast segment key operating metrics

		Pro Forma Historical			Pro Forma Forecast
	Notes	**FY19**	**FY20**	**FY21**	**FY22**
Funds management (incl. Co-Investment)					
Period average committed FUM ($millions)	1	1,780	2,072	2,377	2,898
Period average invested FUM ($millions)	1	974	1,289	1,595	2,077
Average base fund management fees as a % of invested FUM		1.28%	1.39%	1.29%	1.32%
Average transactions fees as a % of invested FUM		0.42%	0.39%	0.44%	0.30%
FM employee costs ($thousands)	2	23,029	21,823	26,353	31,879
FM employee costs *(% of total revenue)*		67.1%	68.3%	57.3%	50.3%
Number of new investments	3	28	28	31	28
Average investment size ($thousands)		33,550	29,726	39,679	52,535
Arch Finance (excludes Peer Estate)					
Loan originations		146,600	116,500	74,400	152,800
Average portfolio size	4	369,127	427,478	425,592	427,477
Net interest margin		1.52%	1.52%	1.63%	1.66%

Notes:
1. Period average FUM represents the average of the opening and closing FUM for each year.
2. Includes core employee costs and performance fee incentives.
3. Number of new investments closed during the year.
4. Portfolio of first mortgage loans of Arch Finance.

5.5. AGGREGATED AND PRO FORMA HISTORICAL BALANCE SHEET

Table 16 presents the pro forma adjustments that have been made to the Aggregated Historical Balance Sheet of the Historical Qualitas Group as at 30 June 2021 to present a pro forma consolidated balance sheet for Qualitas as at 30 June 2021.

The pro forma adjustments reflect the impact of the Restructure to be completed prior to Completion of the Offer, along with the impact of Completion of the Offer, including the proceeds raised from the Offer and costs incurred in relation to the Offer, presented as if each had taken place on 30 June 2021:

Table 16: Aggregated and pro forma historical balance sheet as at 30 June 2021

Notes	1	2	3	
($thousands)	Aggregated balance sheet 30 June 2021 (consolidated)	Total impact of the Pre-IPO Restructure	Total impact of the Offer ($335 million)	Pro Forma balance sheet 30 June 2021
Assets				
Cash and cash equivalents	31,491	(20,000)	297, 136	308,627
Trade and other receivables	13,202	–	–	13,202
Accrued performance fee	17,428	–	–	17,428
Prepayments	637	–	–	637
Income tax receivable	–	–	–	–
Deferred tax asset	2,814	–	4,593	7,407
Right-of-use assets	2,390	–	–	2,390
Equipment	461	–	–	461
Inventories	23,711	–	–	23,711
Investments	28,881	–	–	28,881
Mortgage loans	408,182	–	–	408,182
Intangibles	4,947	–	–	4,947
Total assets	**534,144**	**(20,000)**	**301,729**	**815,873**
Liabilities				
Distribution payable	2,240	(2,240)	–	–
Trade and other payables	7,725	–	(428)	7,298
Deferred income	4,224	–	–	4,224
Employee benefits	14,533	–	–	14,533
Deferred tax liability	–	–	–	–
Loans and borrowings	457,224	17,308	(21,129)	453,402
Total liabilities	**485,945**	**15,068**	**21,557**	**479,457**

Notes	1	2	3	
($thousands)	Aggregated balance sheet 30 June 2021 (consolidated)	Total impact of the Pre-IPO Restructure	Total impact of the Offer ($335 million)	Pro Forma balance sheet 30 June 2021
Net assets	**48,199**	**(35,068)**	**323,286**	**336,416**
Equity				
Issued capital	18,475	369,562	325,940	713,977
Retained earnings	88,819	(17,760)	(2,654)	68,405
Common control reserve	–	(386,869)	–	(386,869)
Distribution reserve	(59,096)	–	–	(59,096)
Total equity attributable to Shareholders	**48,199**	**(35,068)**	**323,286**	**336,416**
Non-controlling interests	–	–	–	–
TOTAL EQUITY	**48,199**	**(35,068)**	**323,286**	**336,416**

Notes:

1. Section 5.5.1 breaks out the aggregated balance sheet to show the impact of Arch Finance and Peer Estate separate to the core funds management business
2. Reflects the impact to the net assets and associated impact on equity relating to the Restructure to be completed prior to Completion of the Offer (and to be accounted for as a restructure under common control using the book values of these entities rather than the carrying value). The adjustments include:
   - In accordance with the Restructure Deed, QIT and QPP will in the aggregate make a $20 million distribution and dividend to certain Existing Shareholders relating to historic retained earnings. The adjustment reflects the settlement in cash of the distribution and retained earnings associated with the dividend;
   - Within the Aggregated Historical Balance Sheet is $2.2 million profits relating to the QIT Trust recognised as a distribution owing. Following the Restructure which is to be implemented prior to Completion of the Offer, the distribution owing will be reflected as retained earnings available for distribution;
   - The reclassification of $17.3 million of existing financing arrangements that are recognised as equity within the Aggregated Historical Balance Sheet to Loans and borrowings in anticipation of the amount being repaid following Completion of the Offer; and
   - The recognition of the issued capital of Qualitas at market value prior to the IPO with the difference compared to the current carrying value of net assets recognised within the common control reserve as part of Qualitas' accounting for the Restructure under common control.
3. Represents:
   - The increase in cash and issued capital associated with the raising of $335 million (net of any transaction fees relating to the Offer);
   - The payment of $16.7 million of transaction costs associated with the Offer, of which $13.0 million attributable to the issuance of new equity are capitalised within issued capital (net of tax), with the remaining $3.8 million to be expensed with an adjustment to retained earnings (net of tax). This includes a reduction in the current tax liability in relation to the portion of transaction fees which are deductible in FY22; and
   - The settlement in cash of existing financing arrangements.

5.5.1. Direct lending segment balance sheet summary

Table 17 summarises the unaudited consolidated balance sheet of the Arch Finance Unit Trust, Arch Finance Warehouse Trust (as extracted from the audited standalone financial statements of each) and Peer Estate at 30 June 2021.

Table 17: Direct segment balance sheet summary 30 June 2021

($thousands)	Notes	Arch Finance and Peer Estate	Qualitas remaining businesses	Aggregate Historical Balance Sheet
Assets				
Cash and cash equivalents	1	19,369	12,123	31,491
Other assets		2,486	87,037	89,524
Mortgage loans	1	408,182	–	408,182
Intangibles		–	4,947	4,947
Total assets		**430,037**	**104,107**	**534,144**
Liabilities				
Other liabilities	2	6,280	22,442	28,722
Loans and borrowings	3	230	38,473	38,703
Wholesale warehouse funding notes	1	422,743	(4,223)	418,521
Total liabilities		**429,254**	**56,692**	**485,945**
Net assets		**783**	**47,416**	**48,199**
Equity and issued units		**783**	**47,416**	**48,199**

Notes:

1. Cash and cash equivalents in Arch Finance reflects the timing of loan repayments and cash held from warehouse funding notes drawn in order to fund new originations.
2. Other liabilities relating to the remaining Qualitas businesses includes $7.9m of performance fee incentive accruals.
3. Loans and borrowings relating to the Qualitas remaining businesses includes a loan relating to a remaining direct investment, a loan to QRI in relation to costs incurred to raise capital for QRI (refer Section 5.3.1, Table 9, Note 11) and lease liabilities recognised in accordance with AASB 16 *Leases*.

5.5.2. Aggregated and pro forma indebtedness at 30 June 2021

Table 18 below sets out Qualitas' indebtedness at 30 June 2021 on an aggregated and pro forma basis following Completion of the Offer.

Table 18: Aggregated and pro forma indebtedness as at 30 June 2021

($thousands)	Notes	30 June 2021 Statutory	Adjustments	30 June 2021 Pro Forma
Limited recourse debt of Arch Finance				
Wholesale warehouse trust	1	418,521	–	418,521
Total limited-recourse debt		**418,521**		**418,521**
Corporate Debt				
Loans and borrowings (excluding Arch Finance)		38,703	(3,822)	34,881
Less: total cash		(12,696)	(277,136)	(289,832)
Net corporate debt/(cash) (excluding Arch Finance)	**2**	**26,007**	**–**	**(254,951)**
Less: cash Arch Finance	3	(18,795)	–	(18,795)
Net corporate debt/(cash)	**4**	**7,211**	**–**	**(273,746)**
Net total debt/(cash)	5	425,732	–	144,775
Balance sheet				
Total assets		**534,144**		**815,873**
Total assets (excluding Arch Finance)		**104,107**		**385,836**
Total equity (including minority interests)		**48,199**		**336,416**
Key metrics (%)				
Net total debt/total assets		79.7%		17.7%
Net corporate debt/total assets (excluding Arch Finance)		25.0%		Net Cash

Notes:

1. Limited recourse debt owed by Arch Finance relating to its lending activities financed through a wholesale warehouse funding trust. The remaining notes of the warehouse funding trust are limited-recourse to Qualitas. Qualitas has provided certain performance guarantees to the senior note holders within the wholesale warehouse funding trust.
2. Net debt relating to the core funds management activities of Qualitas, excluding cash and debt associated with Arch Finance.
3. Cash balances held within Arch Finance, including cash held within the Arch Finance warehouse funding trust owing to Noteholders.
4. Net corporate debt of Qualitas and Arch Finance, before the limited-recourse warehouse funding trust.
5. Total net corporate debt.

5.5.3. Capital and contractual maturities at 30 June 2021

Table 19 below sets out the maturity profile of capital and contractual commitments of Qualitas' as at 30 June 2021.

Table 19: Capital and contractual maturities as at 30 June 2021

($ thousands)	Notes	<1 year	1 – 5 years	> 5 years	30 June 21 Pro Forma
Capital and contractual commitments					
Non-cancellable operating leases		840	1,633	–	2,473
Uncalled amounts on partly paid units in Qualitas Funds		11,671	–	–	11,671
Committed credit		296			296
Total capital and contractual commitments		**12,807**	**1,633**	**–**	**14,440**
Financial liabilities					
Trade and other payables		**7,725**	**–**	**–**	**7,725**
Loans and borrowings		**211,713**	**243,168**	**–**	**454,881**
Total financial liabilities		**219,438**	**243,168**	**–**	**462,606**
Total all	**1**	**232,246**	**244,801**	**–**	**477,047**

Note:

1. Excludes $2.2 million distributions payable from QIT which are removed from the pro forma balance sheet (refer Section 5.5).

5.6. HISTORICAL AND FORECAST CASH FLOWS

5.6.1. Pro Forma Historical and Forecast cash flows

Table 20 sets out a summary of the Pro Forma Historical Cash Flows of Qualitas for FY19, FY20, FY21 and the Pro Forma Forecast Cash Flows of Qualitas for FY22PF.

Table 20: Pro Forma Historical and Forecast Cash Flows

		Pro Forma Historical			Pro Forma Forecast	Statutory Forecast
($thousands)	**Notes**	**FY19**	**FY20**	**FY21**	**FY22PF**	**FY22**
NPAT		**3,116**	**1,192**	**10,608**	**15,983**	**14,066**
Add back non-cash items:						
Depreciation and amortisation		1,554	1,936	1,249	1,795	1,743
Share of (profit)/loss of equity accounted investments		(14)	1,108	–	–	–
Net change in working capital items	1	(23,901)	(2,941)	(5,286)	(3,002)	(3,002)
Net (increase)/decrease in investment loans	2	43,068	(4,668)	2,814	(2,181)	(2,181)
Net change in Arch Finance loan portfolio	3	(41,563)	(42,205)	29,625	(38,475)	(38,475)
Net (increase)/decrease in Arch Finance loan notes	3	47,200	44,539	(20,773)	38,218	38,218
Total changes in working capital and other BS items		**24,805**	**(5,274)**	**6,380**	**(5,440)**	**(5,440)**
Operating cash flow before financing		**29,461**	**(1,038)**	**18,237**	**12,338**	**10,369**
Capital expenditure		(710)	(238)	(57)	(205)	(205)
Net cash flow before corporate financing		**28,750**	**(1,277)**	**18,181**	**12,133**	**10,164**
Net proceeds/(payment) from loans and borrowings					3,766	3,766
Repayment of existing financing facilities					–	(22,401)
IPO proceeds					–	335,000
Payment of pre-IPO distribution					–	(20,000)
Offer related costs					–	(12,954)
Net cash flow					**15,899**	**293,575**

Notes:

1. Includes the non-cash impact of the net change in Qualitas' working capital and other balance items, including accrued performance fee revenue and associated employee expenses, tax balances, general trade receivables and payables and in work in progress payment on direct investment projects.
2. Includes the net movement in loans related to direct investment projects as well as movements in cash flows for Co-Investment holdings.
3. Net movement in Arch Finance loan receivables portfolio and associated financing note balances within the wholesale warehouse funding trust.

5.6.2. Reconciliation of Pro Forma Historical Cash Flows to the Aggregated Historical Cash Flows of Qualitas

Table 21 sets out a reconciliation of the aggregated and pro forma historical cash flows before financing and tax for FY19, FY20 and FY21.

Table 21: Reconciliation of the aggregated and pro forma historical net cash flows before financing and tax

($thousands)	Notes	FY19	FY20	FY21
Statutory net cash flow before corporate financing	1	**28,717**	**374**	**24,313**
Pro Forma adjustments				
Removal of QIT distribution paid in FY19	2	498	–	(499)
Incremental listed company costs	3	(1,981)	(1,981)	(1,981)
Impact of change in accounting policy	4	1,119	–	–
Interest expense on existing financing arrangement	5	–	–	286
Tax effect of Pro Forma adjustments	6	397	331	(3,938)
Pro Forma net cash flow before financing activities		**28,750**	**(1,277)**	**18,181**

Notes:

1. Historical net cash flow before financing of Qualitas as extracted from the Aggregated Historical Financial Statements.
2. Removal of cash flows associated with distributions from QIT and QPP to certain existing securityholders which following the Restructure and Completion of the Offer will be owned by Qualitas and available for distribution to new shareholders as well as the impact to operating cash flows before financing of accounting adjustments relating to the treatment of the QIT distribution in FY21 (no overall net cash flow impact).
3. Inclusion of ongoing incremental costs to Qualitas of $2.1 million associated with being a public company following Completion of the Offer, including listing fees, share registry fees, annual general meeting costs and other reporting costs, as if Qualitas had been listed on 1 July 2018. On a cash basis, excludes the impact of share-based payment expenses associated with new remuneration arrangements granted to certain employees.
4. Impact to operating cash flows before financing of the new AASB 16 *Leases* as if adopted on 1 July 2018. Whilst AASB 16 results in a change to Qualitas' operating cash flows before financing, there is no net change to Qualitas cash flows available for distribution.
5. Removal of cash flows associated with the payment of principal and interest on existing financing arrangements that will be settled from the Offer Proceeds, recognised in operating cash flows in FY21.
6. Reflects the tax effect of the pro forma adjustments and completion of the Restructure.

5.6.3. Reconciliation of Pro Forma Forecast Cash Flows to the Statutory Forecast Cash Flows

Table 22 sets out a reconciliation of the statutory and pro forma forecast net cash flows for FY22PF.

Table 22: Reconciliation of the Pro Forma Forecast Cash Flows to the Statutory Forecast Cash Flows

($thousands)	Notes	FY22PF
Statutory net cash flow	1	**293,575**
Incremental listed company costs	2	(991)
Costs associated with the Offer	3	16,735
IPO proceeds	4	(335,000)
Repayment of existing financing facilities	5	22,401
Payment of pre-IPO distribution	6	20,000
Tax effect of adjustments and the Restructure	7	(822)
Pro Forma net cash flow		**15,899**

Notes:

1. Reflects the statutory forecast net cash flow available for distribution of Qualitas for FY22PF assuming completion of the Restructure and Offer in December 2021.
2. Reflects 6 months of incremental listed company costs for 1H FY22PF with 2H FY22PF costs reflected in both the statutory and pro forma cash flows.
3. Represents the $16.7 million (GST inclusive) cash forecast to be paid by Qualitas to external parties in FY22PF in connection with the Offer which have been removed from the Pro Forma net cash flows.
4. Impact of the Offer and proceeds received by Qualitas following the issuance of new Shares.
5. Reflects the removal of the payment of 6 months of interest costs on existing financing arrangements up to the date of the Offer and the use of the Offer Proceeds to repay existing principal on loans of $21.2 million.
6. Settlement in cash of the distribution and dividend to be paid by QIT and QPP to certain existing securityholders relating to historical retained earnings.
7. Tax effect of the pro forma adjustments and completion of the Restructure.

5.7. FORECAST ASSUMPTIONS

5.7.1. General assumptions

In preparing the pro forma financial information, the following general best estimate assumptions have been adopted:

- no material change in the competitive and operating environments in which Qualitas operates;
- no significant deviation from current market expectations under Australian and international economic conditions under which Qualitas and its current and potential syndicates and investors operate;
- no material changes in government legislation, tax legislation, regulatory requirements or government policy that will have a material impact on the financial performance or cash flows, financial position, accounting policies, financial reporting, or disclosures of Qualitas;
- no change in applicable AAS, IFRS, other mandatory professional reporting requirements or the Corporations Act which would have material effect on the Company's reported financial performance or cash flows, financial position, accounting policies, financial reporting or disclosures;
- no material change in key personnel, including key management personnel; it is also assumed that Qualitas maintains its ability to recruit and retain the personnel required to support future growth;
- no material industrial strikes, employee relations disputes or other disturbances, environmental costs, contingent liabilities, or legal claims arise or are settled to the detriment of Qualitas;
- no material adverse impact in relation to litigation (existing or otherwise);
- no material acquisitions, disposals, restructuring or investments;
- no material changes to Qualitas' corporate or funding structure other than as set out in, or contemplated by, this Prospectus;
- no significant disruptions to the continuity of operations of Qualitas or other material changes in its business;
- no significant additional disruptions arising from the COVID-19 pandemic, including further prolonged lockdowns or construction industry closures of key Australian and New Zealand cities;
- no material changes in the property asset management industry that would have a material impact on the demand for Qualitas' services;
- no material amendments to any material contract, agreement or arrangement relating to Qualitas' business;
- none of the risks listed in Section 6 has a material adverse impact on the operations of Qualitas; and
- the Offer proceeds to Completion in accordance with the timetable set out it the Key Offer dates in Section 7.9.

5.7.2. Forecast assumptions

In preparing Forecast Financial Information, the following best estimate specific assumptions in relation to FY22 have been adopted by the Directors:

Revenue – funds management fees

Funds management fees are comprised of base management fees calculated either as percentage of committed FUM or percentage of invested FUM and transaction fees. In some instances, often single asset equity Funds, Qualitas may earn a management fee as a percentage of the gross asset value (**GAV**) of the underlying asset, rather than on invested FUM.

The Forecast Financial Information assumes a net increase in committed FUM of $1.0 billion and invested FUM of $1.0 billion across a range of existing and new Fund structures.

The forecast assumes that base management fee and transaction fee rates are held in line with existing arrangements and at rates in line with expectations on new Funds and FUM raised based on investor type and prevailing market conditions.

Revenue – performance fees

Qualitas is contractually entitled to performance fees for certain Funds where the rate of return to investors in a Fund exceeds a Hurdle over the life of the investment. Performance fees generally relate to Qualitas' close ended Funds.

Performance fee testing against the relevant Hurdle is performed annually and performance fees are only accrued when actual fund performance is well in excess of the Hurdle return fund life to date.

Accrued performance fees are subsequently paid by Funds at the point when the underlying Fund is realised/closed.

The forecast assumes that existing investments within Funds that are eligible for performance fees perform in line with expectations with no material adverse events (including any significant worsening of lockdowns as a result of COVID-19 in Australia and New Zealand that may delay or disrupt investment projects) that would result in a significant change to the historical Fund performance and expected outcomes that would in turn result in a reduction in fund performance below Hurdle rates and performance fee revenue.

Revenue – Co-Investment Income

Qualitas earns non-fund management revenue in the form of distributions and changes in valuation from its direct investments, Co-Investment activities and management of Private SMA. Qualitas' investment into listed and/or unlisted fund structures earns a distribution yield and is recognised when received.

The forecast assumes that distributions will be in line with historical periods and there will be no significant increase or decrease in the value of direct investment and Co-Investment holdings. It is assumed that none of the Offer Proceeds are deployed during FY22F, and no earnings in the FY22F forecast relate to the Offer Proceeds.

Revenue – other income

Other income consists principally of direct investments historically undertaken by Qualitas which generated income via distributions.

Revenue – potential new Funds and new non-fund mandates

As at the date of this Prospectus, Qualitas is at varying stages of negotiating a number of potential new mandates to provide investment management services for existing and new Funds and non-fund mandates, as well as potential new Co-Investments and Fund Underwriting Activities (together, **Potential New Mandates**). There is no assurance that any of these Potential New Mandates will ultimately occur, noting that all Potential New Mandates require Board and/or Investment Committee approval and the negotiation and entry into definitive legally binding documentation. The Forecast Financial Information assumes that a portion of revenue for the remainder of FY22 will be attributable to Potential New Mandates (and others that may arise after the date of this Prospectus).

Revenue – unrealised gains – fair value through profit and loss

Relates to the unrealised gains and losses on Qualitas' direct project investments and Co-Investment holdings which are held at fair value, including Qualitas' investment in QRI and a direct investment holding in the Digital Harbour/Marrickville projects.[53] The forecast assumes there will be no gain or loss on the existing value of these holdings.

53 Digital Harbour is a development asset in Melbourne's Docklands, and Marrickville is a reference to a development asset in Marrickville, Sydney.

Revenue – net interest income

Net interest income relating to Arch Finance and Peer Estate lending activities. Interest income relates to interest earned on funds loaned to borrowers, and interest expense relates to non-recourse borrowings in Arch Finance.

The forecast assumes that Arch Finance's average loan portfolio will increase by $1.9 million to $427.5 million in line with forecast originations of $127.0 million reflecting most recent run-rates and a strengthening of commercial lending environment with ongoing stability in economic conditions. The forecast assumes no significant change in the credit risk profile and underwriting policies of Arch Finance currently in place, existing wholesale warehouse funding structures remain in place for the next 12 months and there are no significant changes in the prevailing interest rate environment, including existing loan interest income yields and the base funding rates on which Arch Finance's funding facilities are priced.

Employee costs

Employee costs are associated with the salaries and employee incentives paid to Qualitas staff, as well as superannuation, leave and staff recruitment expenses. Employee costs comprise the largest category of operating expenses for Qualitas.

The forecast assumes growth in employee costs as a result of new headcount reflecting the uplift in FUM and investment activity, expected salary changes and the recognition of expenses associated with performance fees that are shared with certain employees under existing incentive plans. The impact of new employee remuneration arrangements established following the listing are set out in Section 4.3.

QRI listing costs

Qualitas pays for transaction costs associated with its listed credit fund QRI and its initial public offering in FY18 and subsequent equity raisings in FY19, FY20 and FY21. The forecast assumes Qualitas will incur costs of $4.9 million associated with the QRI 1-for-2 Entitlement Offer announced on 26 October 2021.

Other operating expenses

Include company administration costs, communication costs, bank charges, general office expenses, conferences, sponsorships, subscriptions, IT costs, corporate marketing and advertising, entertainment, insurance, occupancy costs, professional fees, travel and other corporate operating expenses.

The forecast assumes no significant changes to quantum or composition of other operating expenses currently incurred, except for those related to the incremental costs associated with becoming a listed company which have been reflected within Pro Forma Financial Information.

Income tax expense

Income tax expenses are forecast based on forecast profit before tax and an assumed effective tax rate of 30% applicable to Qualitas following the Restructure.

5.8. MANAGEMENT DISCUSSION AND ANALYSIS OF THE PRO FORMA HISTORICAL FINANCIAL INFORMATION AND THE FORECAST FINANCIAL INFORMATION

This Section 5.8 includes a discussion of key factors that affected Qualitas' operating and financial performance during the period of the Pro Forma Historical Financial information and the key factors expected to affect Qualitas' operating and financial performance during FY22F.

The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that affected or are assumed to affect Qualitas' historical and forecast operating and financial performance, or everything that may affect Qualitas' operations and financial performance in the future. The information in this Section 5.8 should be read in conjunction with the forecast assumptions set out in Section 5.7, the risk factors set out in Section 6 and other information contained in this Prospectus.

Revenue – funds management fees

Funds management fees are generated when Qualitas performs the funds management function for a Fund. The services include, but are not limited to, fund conception, capital raising and distribution, investment origination and deployment, underwriting and credit assessment processes, asset management and fund performance, and fund compliance. Funds management fees are comprised of base management fees and transaction fees as follows:

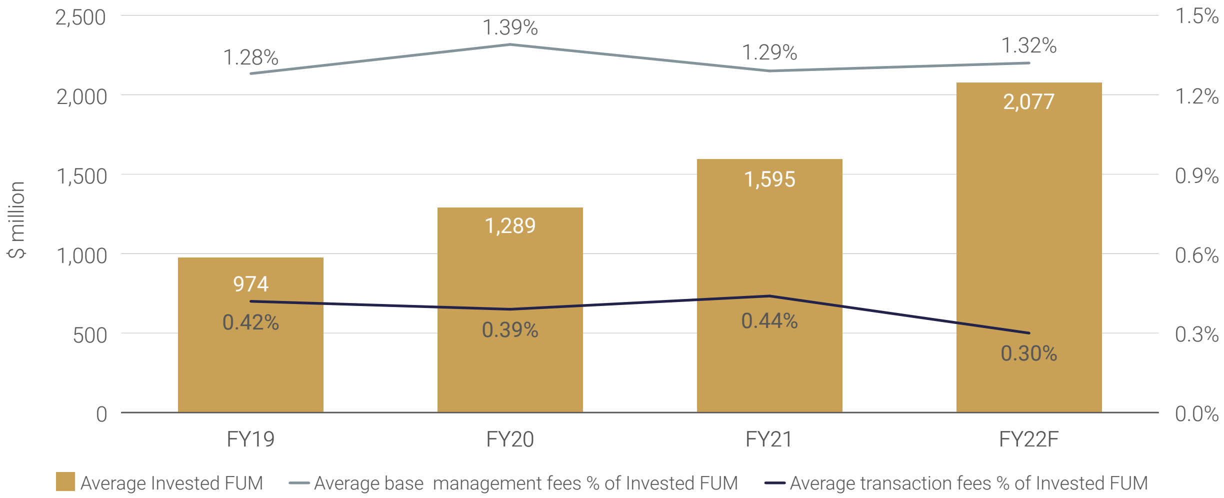
- Base management fees calculated as a percentage of committed FUM relating primarily to Equity Funds on the basis that there is a longer lead time between Funds being committed and invested, and Qualitas is remunerated for the time and effort spent on sourcing and underwriting the opportunities.
- Base management fees calculated as a percentage of invested FUM relating primarily to Credit Funds, with the exception of Qualitas' ASX listed vehicle, QRI, on which Management Fees are charged on Net Asset Value. Fees earned on these Funds range from 1.00% to 2.00%.
- Base management fees calculated as a percentage of net revenue earned by the Fund, primarily relating to construction Credit Funds. Fees earned on these Funds are typically 8% of net revenue.
- The variation in fees depends on the intensity of management required under each Fund mandate, with equity opportunistic Funds attracting fees at the higher end of the range, and Credit Funds attracting fees at the lower end of the range.
- Base management fees calculated as a percentage of gross asset value (**GAV**) relating primarily to Qualitas' core Equity Funds and single asset Fund investments. Fees earned on these investments range from 0.25% to 0.80% of GAV.
- Transaction fees earned as Qualitas originates new loans in its Credit Funds or acquires or divests assets in its Equity Funds.
  - » Transaction fees on Qualitas' Credit Funds are based on the value of the underlying loan obligations and attract a transaction fee typically ranging between 1.0% and 2.0%, which are split between Qualitas and the Funds with the split to Qualitas typically ranging from 33% to 50% of the transaction fee on Credit Funds. Approximately 55% of all transaction fees are derived from Credit Funds and their senior debt strategies with investments turning over on average approximately every 1.2 years, with transaction fees earned on redeployed capital to new investments within the Fund.
  - » Transaction fees on Qualitas' Equity Funds are based on the value of the underlying assets acquired and typically attract a transaction fee ranging from 0.50% to 1.00%. Equity transaction fees are generally paid 100% to Qualitas, unless otherwise specified in the Fund information memorandum.

The key drivers of Qualitas' revenue from funds management fees growth include:

- Growth of FUM generated by raising new equity from investors; and
- Origination of loans in Credit Funds and acquisitions and disposals of assets in Equity Funds generating transaction fees and ongoing base management fees.

As can be seen from Figure 34 shown below, Qualitas has substantially grown its invested FUM across the historical period, with average period invested FUM forecast to grow by 28.7% (**CAGR**) in the period from FY19 to FY22F. Further, Figure 34 below also sets out Qualitas' pro forma historical revenue from funds management and transaction fees for FY19, FY20, FY21 and pro forma forecast revenue from funds management and transaction fees for FY22F, exhibiting strong and consistent growth in line with growth in underlying invested FUM.

Figure 34: Pro forma historical and forecast End of Period invested FUM,[54] base management fees and transaction fees:



FY22 pro forma funds management fees include the impact of new equity raised and deployment, however it does not include the impact of the deployment of the Offer Proceeds. Qualitas expects that funds management fees will further benefit in the future from the deployment and investment of the Offer Proceeds.

Revenue – performance fees

Qualitas is contractually entitled to performance fees on certain Funds where the rate of return to Fund Investors exceeds a Hurdle rate of return over the life of the investment. Performance fees generally relate to Qualitas' close ended Funds. The expected pro forma performance fee in FY22PF of $28.3 million relates to three existing Funds for which Qualitas has sufficient information on current and expected performance to estimate and recognise a performance fee.

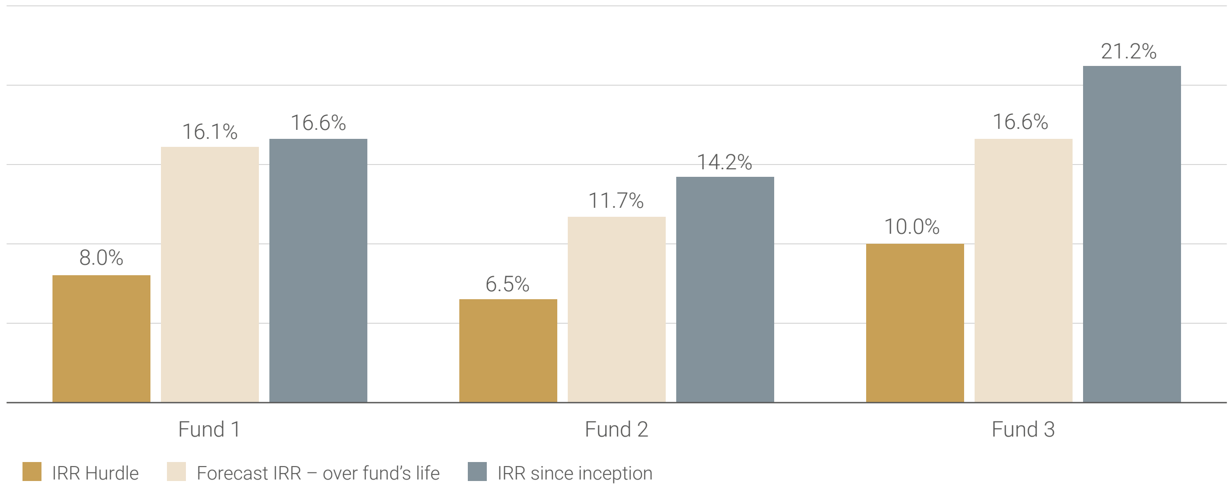
Approximately 72.5% of committed FUM is entitled to performance fees or other performance related remuneration for Qualitas as the manager, subject to the ongoing and future performance of those Funds.

Table 23: Pro forma historical and forecast performance fee breakdown

($thousands)	Fund 1	Fund 2	Fund 3
FUM at inception	$300.0 million	$504.0 million	$205.2 million
Inception year	FY17	FY17	FY18
Closing year	FY22	FY23	FY25
IRR (excluding performance fee) – since inception	16.6%	14.2%	21.2%
IRR Hurdle	**8.0%**	**6.5%**[55]	**10.0%**
Forecast IRR used for performance fee determination	16.1%	11.7%	16.6%
FY22F – gross performance fee accrued	**$16.3 million**	**$2.0 million**	**$10 million**

54 Excludes Arch Finance loan portfolio.
55 Net margin Hurdle.

Figure 35: Pro forma historical and forecast fund performance



Performance fees are recognised on the basis of:

- the underlying Funds have been performing consistently and exceeding their relevant Hurdle;
- the underlying Funds are approaching its closing/maturity dates;
- there is sufficient certainty and track record surrounding the performance of the underlying Funds suggesting that no deterioration of Fund performance is expected; and
- the recognition of performance fees is risk adjusted to reflect any uncertainty and volatility that may arise in the remaining life of the Funds.

As highlighted in the table above, the Funds which are eligible for performance fees have achieved returns of 16.6%, 14.2% and 21.2% since inception. In each case, Fund returns are performing significantly ahead of the relevant Fund Hurdle which is required in order for Qualitas to earn a performance fee. Furthermore, performance since inception is also ahead of the returns Qualitas assumes when it is determining the appropriate amount of performance fees to recognise, thereby providing downside protection against any unforeseen risks in Fund performance, and further potential performance fee upside if the Funds perform according to budget.

Aside from the performance fees relating to the Funds identified above, Qualitas expects additional performance fees to accrue on other existing Funds as they further mature and there is sufficient certainty that performance Hurdles have been met. In addition, performance fees are anticipated to continue to represent a meaningful contribution to Qualitas' revenue. However, as Qualitas further grows its FUM and thus increases its revenue from base management and transaction fees going forward, performance fees are anticipated to represent a relatively smaller portion of the total revenue mix.

Revenue – Co-Investment income

Qualitas' Co-Investments into listed and/or unlisted fund structures earns a total return and is recognised when received. The total return quantum varies by the underlying fund and ranges from 4.0% to 10.0%. In addition, Co-Investment also provide Qualitas with exposure to capital growth.

As detailed in Section 2.2.5, Qualitas expects to utilise some of the Offer Proceeds to deploy into various Co-Investment opportunities.[56] Qualitas expects that deployment of the Offer Proceeds will enhance its ability to grow revenue by generating additional dividends/distributions, and capital growth from new Co-Investment opportunities.

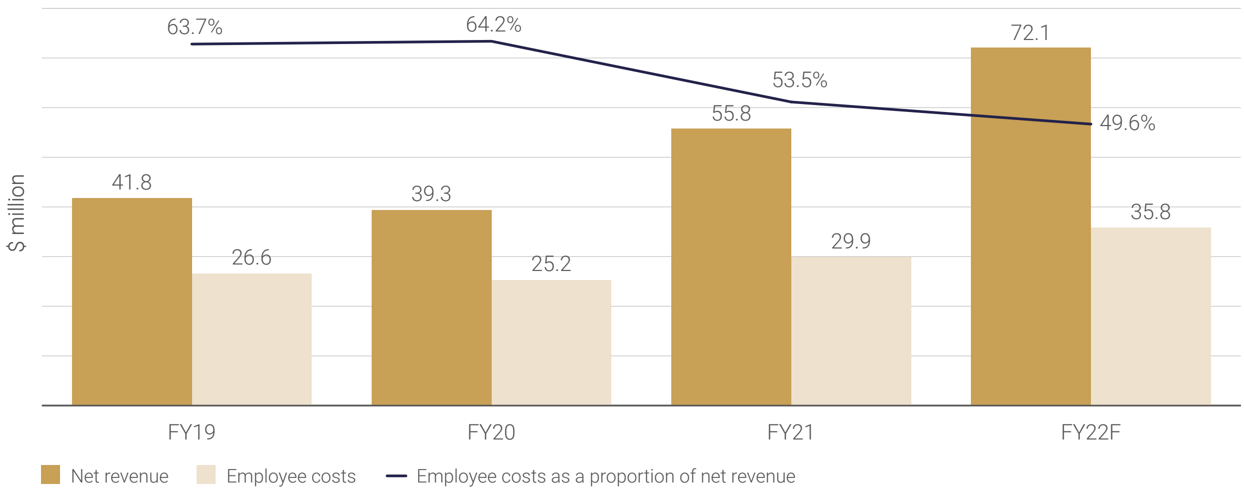
56 The financial forecast is prepared on the basis that no deployment or earnings relating to the Offer Proceeds are included.

Employee costs

Employee costs are associated with the salaries and bonuses of all Qualitas staff, as well as superannuation, leave and staff recruitment expenses. As outlined in Section 5.3.1, Employee costs are comprised of the following categories:

- Employee costs directly associated with operations of Qualitas' funds management segment (excluding employee costs relating to operations of Arch Finance segment);
- Employee shares of performance fees are calculated as a percentage of gross performance fees revenue generated in each year. Performance fees are paid to employees at the maturity of the respective Funds, once the performance fees are cash paid to Qualitas. The percentage of performance fee incentives paid to employees varies across the Funds, with Fund 1 paying 50% and Funds 2 and 3 paying 33% of gross performance fee revenue to employees.
- Employee costs directly associated with operations of the Arch Finance segment.

Figure 36: Pro forma historical and forecast employee costs and revenue



Qualitas has historically invested in its cost base and organisational structure in anticipation of the growth of its FUM and general activities. Consequently, as the business continues to scale, employee costs as a proportion of total revenue will rise in a non-linear manner, thereby achieving operating cost efficiencies.

Figure 37: Achieving efficiency within the cost base

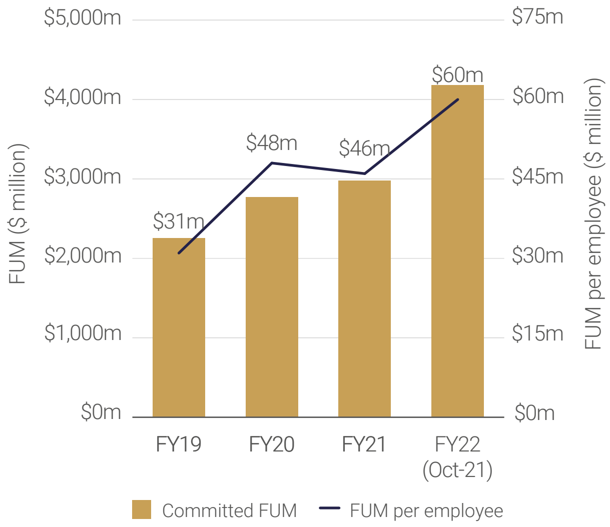
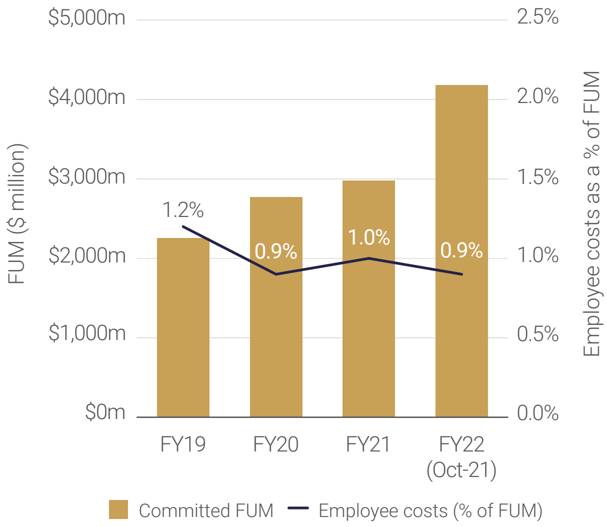


Figure 38: Declining staff costs as a % of FUM as Qualitas benefits from scale



Operating expenses

In addition to employee costs, operating expenses includes consulting costs, marketing expense, travel costs, QRI fund raising costs (refer below) and general group overheads. Other operating expenses have remained consistent across FY2019 to FY2021, with cost reductions on travel and professional services in FY2021 offset by increased marketing costs. For FY2022F Qualitas has assumed total other operating expenses will remain consistent with historical periods, with increased travel costs as restrictions are eased assumed to be offset by targeted cost reductions, including professional services fees as a result of the cessation of expenditure relating to non-recurring corporate activity in FY2020 and FY2021.

Costs associated with QRI

Wholly owned subsidiary of Qualitas, QRI Manager Pty Ltd (**QRI Manager**), as the external manager of its listed credit fund QRI, has historically paid for transaction costs relating to the initial IPO and subsequent equity raises of QRI in line with normal industry practice.

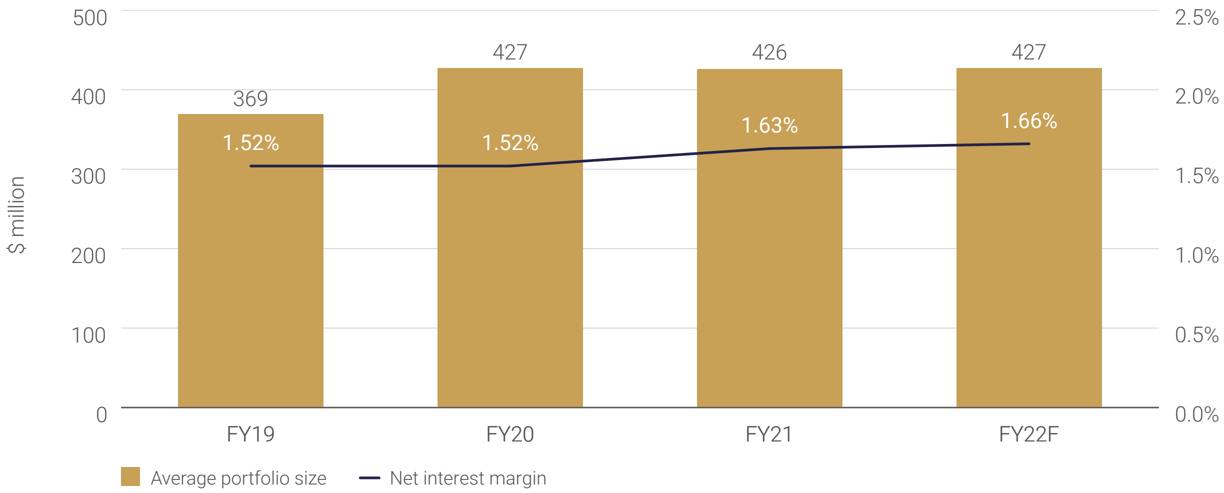
Following a change in accounting policy in FY2021, QRI transaction costs are recognised in the Pro Forma Financial Information as an expense when they are incurred. Historically, QRI has loaned QRI Manager the funds required to pay for the transaction costs to ensure that QRI Manager remains in a neutral cash position. Subsequently, QRI Manager repays the loan outstanding to QRI over a period of 10-years. In exchange, Qualitas and its Shareholders benefit from the increased FUM and funds management fees which are received over future periods from the date at which the new funds are raised.

Arch Finance

Whilst Arch Finance experienced a decline in its portfolio and activity between FY20 and FY21 following reduced demand and a tightening of underwriting criteria in response to the uncertain economic conditions created by COVID-19, it benefitted from monetary policy easing which reduced its funding costs which offset reductions in interest income margin and in turn drove an increase in its net interest margin.

While Arch Finance expects an increase in new loan originations (returning to pre-pandemic levels) and average portfolio size as the impacts of COVID-19 on the wider economy is expected to continue to stabilise, the full year interest income margin is expected to remain stable in FY22F as funding costs are expected to remain consistent with FY21 levels.

Figure 39: Arch Finance operating metrics



Net cash flow before corporate financing

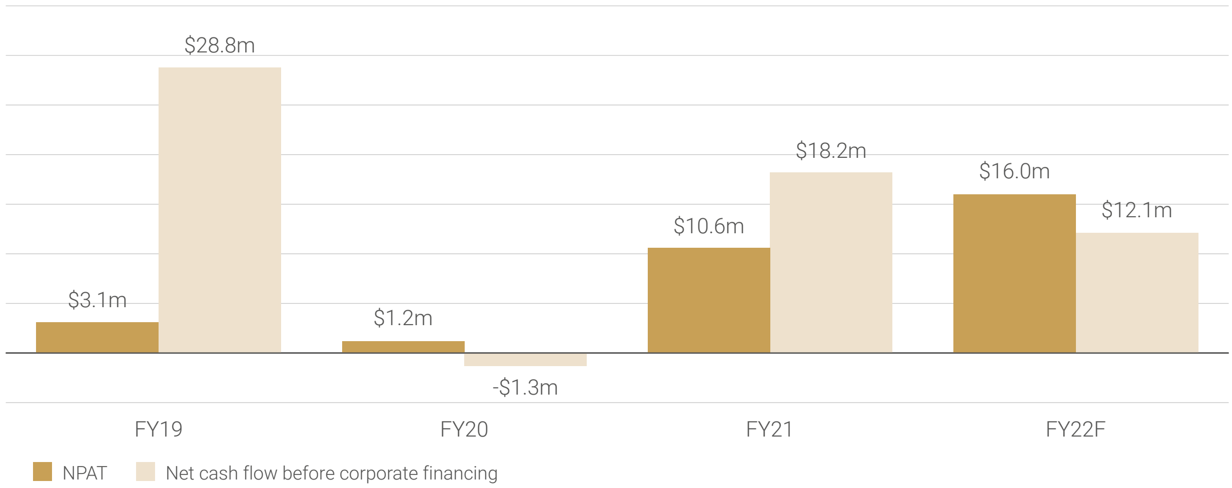
Net cash flows before corporate financing in FY2019 of $28.8 million includes cash inflows of $62.4 million reported in Net (increase)/decrease in investment loans which were associated with the recovery of loans from Qualitas to direct project investments which settled in the period. The cash inflow was offset by cash flows of $20.6 million from Qualitas for Co-Investment holdings and $15.4 million in cash flows reported within Net changes in working capital items associated with development activities in various projects.

Net cash flows before corporate financing reduced in FY2020 before increasing in FY2021, largely reflective of the trend in Net profit after tax (which in FY2020 declined to $1.2 million and included $6.1 million in non-cash income relating to unrealised gains in investment holdings on direct investments, before increasing to $10.6 million in FY2021). Net cash flows in FY2021 also include the effect of increases in working capital related to the non-cash performance fee revenue and incentive costs, along with cash inflows from Arch Finance associated with the net reduction in the Arch Finance loan portfolio.

Forecast Net cash flow before corporate financing of $12.1 million in FY2022F is reflective of Net profit after tax of $16.0 million, offset by an increase in working capital related to accrued performance fee revenue and the settlement of existing performance fee incentive payments and $2.2 million net increase in investments related to increased Co-Investment holdings.

The FY2022F Pro Forma Forecast Cash Flows are presented before the impact of the Offer, including the receipt of $335 million in primary proceeds and the settlement of existing financing arrangements and dividend payments, which are included in the Statutory Forecast Cash Flows.

Figure 40: NPAT and net cash flow before corporate financing



5.9. SENSITIVITY ANALYSIS

The Forecast Financial Information is based on a number of assumptions that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Directors. These estimates and assumptions are subject to change. The Forecast Financial Information is also subject to a number of risks as outlined in Section 6.

Investors should be aware that future events cannot be predicted with certainty and, as a result, deviations from the figures forecast in this Prospectus are to be expected. To assist investors in assessing the impact of these assumptions on Pro Forma Forecast Financial Information, the table below sets out the sensitivity of Qualitas' pro forma forecast revenue and NPAT for FY22.

It is important to note that the sensitivity analysis calculations only assume changes in the identified variable individually and are not calculated to reflect the impact of changes in other variables. The sensitivity analysis is intended as a guide only and variations in actual performance could exceed the ranges shown.

Table 24: Sensitivity analysis

($millions)	Notes	Variance	FY22PF revenue impact ($m)	FY22PF NPAT impact ($m)
Average invested FUM (excluding Arch Finance)	1	+/- 5%	+/- 1.7	+/- 1.2
Deployment profile of invested FUM	2	- 3 months delay	- 3.0	- 2.1
Performance fees	3	+/-20%	+/- 5.7	+/- 2.4
Total operating expenses	4	+/- 5%	n/a	+/- 1.2

Notes:

1. Assumes a 5% increase/decrease in the quantum of average FUM invested, and as a result the impact of base management fees earned.
2. Assumes a delay in the deployment of FUM by 3 months (calculated on an average basis across Funds for the remaining 8 months of the FY22F forecast period from October 2022 onwards), which results in a deferral of income into future years.
3. Assumes a 20% increase/decrease in the quantum of performance fees earned during the year.
4. Assumes a 5% increase/decrease in the level of total operating expenses.

5.10. FINANCIAL RISK MANAGEMENT FRAMEWORK

Qualitas' activities expose it to a variety of financial risks. The key financial risks are market risk (including price risk and foreign exchange risk), credit risk, liquidity risk and operational risk. The Board is responsible for the establishment and oversight of an effective system of risk management. The Board delegates authority to management to conduct various activities within the limits of approved business plans, policies and procedures.

5.10.1. Market risk

Qualitas is exposed to market risks due to the nature of its Fund investments and operations. The key direct risks are a result of investment and market volatility which have a resulting impact on FUM. A reduction in FUM will reduce Management Fee income, which consequently reduces Operating Profit. Market risk may also impair Qualitas' ability to recognise performance fees.

5.10.2. Interest rate risk

Qualitas is not materially exposed to interest rate risk, given Qualitas has immaterial net interest bearing borrowings. Interest rates may however indirectly impact the Funds and Fund investments managed by Qualitas.

5.10.3. Foreign exchange risk

Qualitas operates internationally and is therefore exposed to foreign exchange risk.

5.10.4. Liquidity risk

Liquidity risk is the risk that Qualitas may not be able to meet its obligations in a timely manner and at a reasonable time. Qualitas maintains sufficient cash and working capital in order to meet future obligations as and when they fall due.

5.10.5. Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part under a contract. Qualitas is primarily exposed to credit risk in relation to loans advanced in the Arch Finance business.

5.10.6. Operational risk

Operational risk is the risk of an adverse event arising from inadequate or failed internal processes, people and systems or external events. Qualitas is exposed to operational risk through its routine business activities as well as extraordinary events. Qualitas has never experienced a material loss stemming from operational risk. Qualitas aims to mitigate the material impact of operational risk through the design of internal policies and procedures, continuous training and education of staff and reliance on strong and experienced vendors.

5.11. DIVIDEND POLICY

Qualitas expects to pay a semi-annual dividend, with the first dividend expected to be paid on 30 June 2022 for the 2022 financial year (FY22PF Dividend).

The FY22PF Dividend will be paid out of profits generated for the period from the Completion of the Offer, until 30 June 2022, as well as from Qualitas' profit reserve/capital and is expected to be fully franked. The FY22PF Dividend yield (annualised) is expected to be 3%.

Going forward, Qualitas expects to pay-out 50% to 95% of its Operating Earnings as a dividend, and expects to progressively increase its dividend quantum as it deploys the Offer Proceeds into investment opportunities, as highlighted in Section 2.2.5 above.

06.
RISKS

06. RISKS

This Section describes the potential risks associated with Qualitas' business and risks associated with an investment in the Shares. It does not purport to list every risk that may be associated with an investment in Shares now or in the future, and the occurrence or consequences of some of the risks described in this Section are partially or completely outside the control of the Company, its Directors and senior management team.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the Directors as at the date of this Prospectus, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge.

The risks which have been identified in this Section have been categorised in the following groups in order to assist your understanding of these risks and how they are associated with an investment in Shares:

1. **Qualitas business risks** – these are risks which may impact or affect Qualitas' business as an alternative investment management firm. For the purposes of this Section, a reference to Qualitas or Funds also includes a reference to Arch Finance and AFWT;
2. **Qualitas Fund risks** – these are some material risks which may impact or affect Qualitas' Funds. The performance of Qualitas' Funds may flow through to the investment management business operated by Qualitas in the form of reduced Management Fees earned by Qualitas or reductions in distributions or impairments associated with Qualitas' Co-Investments in affected Funds;
3. **Arch Finance business risks** – this summarises risks which specifically can be considered to impact or affect Arch Finance's business as an originator and manager of its commercial mortgage business; and
4. **General risks** – these are some general risks which may impact Qualitas generally.

Before applying for Shares, you should satisfy yourself that you have a sufficient understanding of these matters and should consider whether Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances and taxation position. If you do not understand any part of this Prospectus or are in any doubt as to whether to invest in Shares, it is recommended that you seek professional guidance from your stockbroker, solicitor, accountant, tax adviser or other independent and qualified professional adviser before deciding whether to invest.

Prospective investors should be aware that this is not an exhaustive list of the risks associated with an investment in Qualitas and should be considered in conjunction with other information disclosed in this Prospectus. There can be no guarantee that Qualitas will achieve its stated objectives or that any forward-looking statements or forecasts contained in this Prospectus will be realised or otherwise eventuate.

6.1. BUSINESS RISKS – QUALITAS

REFERENCE	RISK	DESCRIPTION
Section 6.1.1	**Failure of Qualitas' investment or asset management processes**	Qualitas' investment process consists of identifying, sourcing, originating, deploying Fund capital in a timely manner, and its Fund's acquiring relative value real estate private equity or credit investments. If Qualitas' investment process fails to identify, evaluate and/or successfully price investment risk, or to deploy Fund capital in a timely manner, this could materially impact Qualitas' ability to achieve appropriate risk adjusted returns for its Funds. This could result in a reduction in FUM and therefore Fees earned from its Funds, and also erode returns or positions taken by Qualitas under its Co-Investments. In the case of Arch Finance, it could result in a reduction of income generated by Arch Finance. Qualitas' ability to manage and exit relevant debt and equity investments for the Funds is also important to its success as an investment manager. There is a risk that Qualitas' asset management process fails, for example, from errors, poor investment judgment or inadequate internal processes relating to the management of the investments or (despite the adequacy of those processes) a failure to comply with them. This could include a failure of asset monitoring controls, asset risk identification, reporting, or operational errors made by people and systems. This risk is applicable to Arch Finance. A failure of Qualitas' investment or asset management processes could significantly reduce the value of investments held by the Funds, leading to impairments or write downs of asset values of Fund investments. These occurrences could result in a material reduction in FUM and may have an adverse effect on Qualitas' reputation, business, financial position (including Arch Finance) and the market price of its Shares.

REFERENCE	RISK	DESCRIPTION
Section 6.1.2	**Failure to attract and/or retain Fund Investor capital**	Qualitas' business relies heavily on attracting new Fund Investor capital, and retaining Fund Investor capital, in order to generate Fees from its Funds. A number of factors affect Qualitas' ability to successfully retain current Fund Investors and to attract new Fund Investors, including: 1. Fund investment performance; 2. ongoing support from Fund Investors and their financial advisors, where applicable; 3. demand for professional investment management services in real estate credit and equity investments; 4. level of competition in the market for investment management services in real estate credit and equity investments; 5. change in Fund Investor portfolio allocations into real estate credit and equity investments; 6. change in Fund Investor portfolio allocations to the geographies in which Qualitas Funds operate; 7. retention of key people; 8. ability to meet Fund Investors ESG expectations and requirements; and 9. the general state of global capital and investment markets. Qualitas seeks to mitigate this risk by: 1. seeking to adhere to its risk management framework across the asset investment lifecycle from origination, due diligence, asset management and exit to maintain its track record performance; 2. marketing the Qualitas brand; 3. investing in accordance with Qualitas' investment strategy and objectives (refer to Section 2.1.4); and 4. investing in employee retention strategies. If Fund Investors do not continue to invest in Qualitas Funds or if new investors do not choose to invest in Qualitas Funds, the growth in Qualitas' revenue may be slower than expected or may even decline. If Qualitas does not meet expectations of growth in Fund Investor capital, the price of its Shares may be negatively impacted.

REFERENCE	RISK	DESCRIPTION
Section 6.1.3	**Loss of Australian financial services licences and approvals, and other licensing and regulatory risk**	Qualitas Securities Pty Ltd operates under AFSL number 343 242. Arch Finance Pty Ltd operates under AFSL number 499 141. Under the Corporations Act, Qualitas Securities Pty Ltd must hold an AFSL to lawfully act as the trustee of the relevant Qualitas Funds and to engage in, and permit other Qualitas entities to engage in, certain activities in relation to the operation of the Qualitas Funds. Arch Finance must hold an AFSL to lawfully act as originator, servicer and investment manager in respect of the AFWT and to operate Peer Estate. Compliance with the obligations of an AFSL is the responsibility of the respective licensee. If Qualitas Securities Pty Ltd or Arch Finance Pty Ltd does not meet the applicable regulatory requirements, Qualitas or Arch Finance may suffer penalties, such as fines, obligations to pay compensation, enforceable undertakings, imposition of (or variations to) licence conditions or, ultimately, the cancellation or suspension of its AFSL. If Qualitas Securities Pty Ltd or Arch Finance Pty Ltd is unable to retain its AFSL, it would not be able to continue to engage in the activities in relation to the Qualitas Funds, the AFWT or Peer Estate (as the case may be). This in turn would have a material adverse effect on Qualitas' business and the market price of its Shares All regulatory approvals for the continued operation of the Qualitas business, including licences or exemptions from licensing for Qualitas and Qualitas Funds have been obtained and Qualitas is not aware of any circumstances which are likely to give rise to the cancellation or suspension of any of those regulatory approvals. If any of the regulatory approvals are amended, cancelled or suspended, there may be an adverse impact on Qualitas' financial performance and position. The provision of financial services is highly regulated. Financial services regulation is complex and is impacted by published ASIC guidance as well as ASIC's views, both of which may change from time to time. In addition, there are aspects of financial services regulation involving uncertainty as to their application and ASIC's views and interpretation may diverge from those taken by the market (including Qualitas). Any change in ASIC's policies, practices, views or public guidance could have an impact on Qualitas' current regulatory arrangements. Changes in legal, tax and regulatory regimes that apply to Qualitas' business may occur which may have an adverse impact on Qualitas' financial performance and position. Governmental authorities around the world have called for financial system and participant regulatory reform in reaction to volatility and disruption in the global financial markets, financial institution failures and financial frauds in recent years. Such reform includes, among other things, additional regulation of banks and investment trusts (which may include Qualitas Funds), and their managers (Qualitas) and their activities. The impact on Qualitas cannot be predicted with certainty, and any of these regulatory reform measures could have an adverse impact on Qualitas' financial performance, position and the market price of its Shares.

REFERENCE	RISK	DESCRIPTION
Section 6.1.4	**Key person risk**	The ability of Qualitas to successfully execute its business strategy is dependent on retaining its key management personnel. The loss of such key persons may have a number of material adverse consequences including: 1. loss of the Australian financial services licences held by Qualitas Securities Pty Ltd or Arch Finance Pty Ltd; 2. triggering a 'key person event' in Fund documents (including any underlying financing arrangements provided to the applicable Fund) which may constitute an event of default or termination right in respect of that Fund or its financing arrangements; 3. a Qualitas Fund being prevented from making additional Fund Investments; 4. an ability for the relevant Qualitas trustee or manager entity to be removed as the trustee or manager of the relevant Qualitas Fund; and 5. the loss of existing Fund Investors and non-fund mandates and an inability to attract new Fund Investors and non-fund mandates leading to reduced FUM and Fee revenue. If this occurs, it may have an adverse impact on Qualitas' financial performance, position and the market price of its Shares. The loss of key persons could also have a material adverse effect on the operations of Qualitas because Qualitas would have a reduced capacity to develop and implement desirable investment strategies, obtain investment opportunities, capitalise upon relationships and structure and execute potential investments for Qualitas and/or its Funds. This risk is in part mitigated by the fact that many of the key persons identified in Fund Investment documents are Shareholders that have agreed to have their Shares escrowed (see Escrow Arrangements at Section 7.7). Therefore, they are strongly incentivised to remain with Qualitas and their interests as employees and Shareholders are aligned with the interests of all other Shareholders.

REFERENCE	RISK	DESCRIPTION
Section 6.1.5	**Failure to attract, retain and train Qualitas employees**	For Qualitas to succeed as an investment manager, the ability to attract, develop and retain top talent in the industry both locally and globally is critical. Qualitas seeks to differentiate itself based on the unique skill, knowledge and expertise of the Qualitas employees and their commitment and continued service to Qualitas. The financial performance of Qualitas could be materially impacted by failure to attract, retain and train Qualitas employees. As the success of Qualitas continues it will be critical to monitor competitive pressures and mitigate risk. Qualitas seeks to mitigate this risk by: • a remuneration policy focused on long term retention of key talent that can be adaptive to changing market pressures both locally and globally; • linking Qualitas, team and individual outperformance to rewards under remuneration schemes aligned to business profitability; • having a clear succession plan and developing future leaders in accordance with this plan; • employing a systematic recruitment programme with a focus on acquiring and retaining talent and promoting diversity that ensures there is a steady flow of resources to meet growth requirements; • inculcating its investment philosophy and methodology through training programmes and ongoing supervision and collaboration; and • maintaining internal knowledge sharing systems to reduce dependence on any particular employee.
Section 6.1.6	**Failure of Qualitas' Growth Strategy**	Execution of Qualitas' Growth Strategy depends on a number of factors, including the establishment and growth of new and existing Funds. There are a number of risks in executing this strategy. For example: 1. changes by investors in their portfolio allocations into various asset classes; 2. retaining key staff; 3. failing to design new investment products to respond to or anticipate changes in investor portfolio allocations; 4. inability to grow existing or establish new Funds due to the lack of available capital to undertake Co-Investments or engage in Fund Underwriting Activities; 5. any material loss of investor confidence in Qualitas and the Qualitas Funds; 6. any material changes in regulation and law (see Section 6.1.3 and 6.2.5); 7. any material changes in investor flows due to market conditions (see Section 6.2.6); 8. an increase in competition (see Section 6.1.11); 9. any material changes in investors' expectations of asset returns resulting in a disconnect between those changed expectations and the returns Qualitas and/or its Funds are able to deliver; and 10. any failure by Qualitas to manage the cost base of its business. The failure of Qualitas to execute its growth strategy (in full or in part) will likely have an adverse impact on Qualitas' financial performance and position and in turn the market price of its Shares.

REFERENCE	RISK	DESCRIPTION
Section 6.1.7	**Change of control**	The relevant Qualitas entity may cease to be the manager of a Fund where a change of control provision in the underlying Fund documents is triggered (such as the management agreement, third party financing arrangements or constitution or trust deed for a particular fund), for example, as a result of various corporate actions after Listing that directly affect the capital structure of Qualitas. These post-Listing corporate actions include a takeover offer, a third-party acquiring a substantial interest, Existing Shareholders selling a substantial interest, a scheme of arrangement, a secondary capital raising or a placement of new Shares to new investors. Some of these corporate actions may be initiated by third parties and be outside of Qualitas' control. If a change of control event occurs, which constitutes an event of default or termination right in respect of that Fund or its financing arrangements, there is a risk that the Fund Investors or the relevant financiers to the Fund will be entitled to remove the relevant Qualitas entity as the manager and terminate the relevant non-fund mandate or financing arrangements (or accelerate repayments under such financing arrangements and enforce any security) if the Fund Investors or financiers of the relevant Funds do not provide the requisite consent. In addition, certain Funds contain provisions whereby a change of control of the relevant trustee or manager may trigger restrictions under the constitutional documents of those funds, including but not limited to calling committed capital and preventing making further investments. Additionally, ASIC, as the regulator, must be notified if a change of control event occurs in respect of the holder of an AFSL or ACL. Where Qualitas fails to notify ASIC of a change of control within regulated time limits, ASIC may elect to suspend or cancel an AFSL. Any of the above circumstances in combination or isolation, could result in the termination of Qualitas as the manager, the termination of a Fund and/or non-fund mandate. Any such termination events may have a material adverse impact on Co-Investment asset values and Fees generated by Qualitas, and in turn, may have a material adverse impact on Qualitas' financial performance, position and the market price of its Shares.
Section 6.1.8	**Fund termination and removal rights**	The governing documentation for the Funds include rights for the investors in the relevant Fund to terminate that Fund by way of resolution, or remove the manager or the trustee. Any such action by the investors in a Fund may result in a reduction in Management Fee revenue and FUM. In addition, financiers to Funds may have the ability to terminate those funds or remove the manager or trustee of such funds under the relevant financing documentation.

REFERENCE	RISK	DESCRIPTION
Section 6.1.9	**Fund warehousing, underwriting or bridging risks**	Qualitas intends to undertake Fund Underwriting Activities for investment opportunities to establish (seed) new Funds or expand existing Funds. Qualitas may use gearing or incur debt in order to assist in these activities. Gearing involves a degree of financial risk and may increase the exposure of Qualitas to factors such as rising interest rates, refinancing risk due to changes in credit markets, downturns in the economy or deterioration in the conditions of the assets underlying its investments. Qualitas may provide loans (including on a limited recourse basis) to the new Fund or existing Fund as part of its Fund Underwriting Activities. Qualitas is reliant on the new Fund or existing Fund to raise sufficient capital from Fund Investors in order for the Fund to take out or refinance the Fund Underwriting Activities (including by repaying, acquiring or directly pursuing the investment opportunity). There is a risk that the new Fund or existing Fund may be unable to raise the requisite capital in order to do so, which may result in Qualitas holding that investment or being exposed directly or indirectly to risks relating to that investment on a longer term basis. Investments in real estate are relatively illiquid and this lack of liquidity in real estate markets may inhibit the capacity of Qualitas to exit these underwritten positions in a timely manner and any such disposal may be at a considerably lower price than prevailing indicative market prices. This may have a material adverse impact on Qualitas' financial performance, position and the market price of its Shares.
Section 6.1.10	**Inability to deploy or slow deployment of Co-Investment or Fund underwriting capital risk**	Qualitas intends that, subject to market conditions and available investment opportunities, a portion of the proceeds derived from the Offer will be allocated for Co-Investments and Fund Underwriting Activities relating to investment opportunities for new Funds or existing Funds. There is no guarantee that Qualitas will be able to undertake its Co-Investments or engage in these Fund Underwriting Activities. Once suitable investment opportunities are identified, it may take longer than anticipated for this capital to be allocated and used. An inability to allocate such capital is likely to have an adverse impact on the growth in Qualitas Funds. This, may in turn have an adverse impact on the Fees and Co-Investment income generated by Qualitas, and accordingly, may have an adverse impact on Qualitas' financial performance, position and the market price of its Shares.

06. RISKS Continued

REFERENCE	RISK	DESCRIPTION
Section 6.1.11	**Changes in the industry environment and increase in competition**	The investment management and alternative finance industry is increasingly competitive, with a significant number of participants, and potential new entrants to the market who may develop new products or competing businesses. Actions of current or future competitors may result in loss of Fund Investor capital, FUM, competition for assets, reductions in Fee income or other negative changes in fees charged, including in response to industry trends and competitor behaviour which may impact Co-Investment capital and result in reduced margins or lower market share, and may have an adverse effect on Qualitas' financial performance, market position, and growth prospects and the market price of its Shares. In addition to actions of competitors, the growing influence of industry superannuation funds, pension and insurance investors, or general changes in investor preferences and risk tolerances, may exert commercial pressure to reduce Fees and Co-Investment returns, which could have an adverse effect on Qualitas' financial performance. A failure by Qualitas to offer a broad range of products or strategies that are offered by competitors, or which reflect investor preferences and risk tolerances from time to time, may have a similar adverse effect on Qualitas' financial performance, market position, growth prospects and the market price of its Shares.
Section 6.1.12	**Damage to the brand**	The value of the Qualitas brand is important to Qualitas' business strategy, reputation and relationships. Qualitas will trade under the name "Qualitas" and use logos and trademarks that reference the term "Qualitas". The use of this branding is an important aspect of Qualitas' marketing strategy as it differentiates its investment products from those of its competitors. Reputational damage and/or underperformance of Funds could have a material impact on Qualitas' financial performance (e.g. by impacting investor confidence, its market strategy, visibility, and growth in FUM) and the market price of its Shares. Further, there is a risk of diminishment in the value of the Qualitas brand if third parties use branding that is deceptively or confusingly similar to Qualitas' branding, particularly in the financial services industry, through brand dilution or consumer confusion (including association in the minds of consumers with other businesses that may not operate to Qualitas' standards). Qualitas may also be required to incur legal costs in taking action against third parties who are alleged to be infringing its trade marks or otherwise engaging in conduct that adversely affects the Qualitas brand and may give rise to another type of claim (such as misleading or deceptive conduct).

REFERENCE	RISK	DESCRIPTION
Section 6.1.13	**Cyber risk and network integrity risk**	Qualitas' information and technology systems, or those of its suppliers or other counterparties, may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorised persons and security breaches, usage errors, power outages and catastrophic events. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, Qualitas may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Qualitas' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Fund Investors (and the beneficial owners of those investors), which may negatively impact on the ability to attract new Fund Investors and to retain existing Fund Investors. If this occurs, this may have an adverse impact on Qualitas' financial performance, position and the market price of its Shares.
Section 6.1.14	**Inability to meet forecast financial performance**	The forward-looking statements, opinions and estimates provided in this Prospectus, including the Forecast Financial Information, rely on various assumptions, some of which are described in Section 5. Various factors, both known and unknown, may impact upon the performance of Qualitas and cause its actual performance to vary significantly from expected results. There can be no guarantee that Qualitas will achieve its stated objectives or that any forward looking statement or forecast will eventuate. Shareholders should note that past performance is not a reliable indicator of future performance.
Section 6.1.15	**Failure to meet Shareholder expectations on ESG**	Qualitas intends to focus on ESG considerations both in the conduct of the Qualitas business and in the investment decision making process in respect of the Funds. The failure to drive or uphold ESG initiatives in the Qualitas business or implement appropriate ESG investment criteria may result in Shareholders selling their Shares in circumstances where their expectations on ESG considerations have not been met. There is a risk that Qualitas may, from time to time, act (or fail to act) in a manner which could damage Shareholders' perceptions of Qualitas' ESG credentials and ultimately Qualitas' reputation in the marketplace. As a result, this may have an adverse impact on Qualitas' financial performance, position and the market price of its Shares.

REFERENCE	RISK	DESCRIPTION
Section 6.1.16	**Acquisition and or divestment risk**	Whilst future corporate acquisitions or divestments are not drivers of the forecasts in Section 5, part of Qualitas' strategic plan involves the ability to identify and acquire suitable businesses and/or make strategic divestments. Qualitas has historically grown through organic initiatives and may pursue M&A, enter into strategic joint ventures or partnerships or divest non-core assets in order to realise benefits including inorganic growth, scale its client base, provide new investment products, or strengthen its balance sheet and refocus capital on core business assets. There is a risk that Qualitas may not be successful in identifying attractive opportunities. Furthermore, the identification, evaluation and negotiation of these potential acquisitions or strategic divestments may require significant time and effort from Management and employees, and may result in disruptions to the business. Additionally, there is a risk that Qualitas' competitors have a greater willingness and ability to pay for opportunities that Qualitas is interested in. There is also a risk that Qualitas is unsuccessful in integrating new businesses or assets into its existing platform in a timely manner, or that the new businesses or assets do not result in the benefits anticipated. Qualitas cannot guarantee that every acquisition or partnership that it makes or enters into will result in favourable outcomes for the business. Transition, integration and implementation risks related to this process may mean more financial or management resources are required than initially planned. Future expansion by acquisition may be affected by factors beyond Qualitas' control (including without limitation, commercial or regulatory changes), which may result in there being limited or unsuitable acquisition opportunities at the relevant time. There can be no assurance that suitable future acquisition opportunities will arise or if they do arise that they will be able to be made on acceptable terms. Whilst Qualitas intends that future acquisitions or divestments will improve its competitiveness and profitability, it cannot be certain that they will meet its operational or strategic expectations.

6.2. BUSINESS RISKS – QUALITAS AND ITS FUNDS

A significant proportion of Qualitas' current revenues and profits are derived from:

- base management fees, which are charged as a percentage of committed FUM, invested FUM or Gross Asset Values (GAV);
- transaction fees, which are charged on a one-off basis as a percentage of capital deployed to each investment when made or as a percentage of disposal proceeds; and
- performance fees, which are payable on the achievement of certain investment performance criteria, usually over specified Hurdles.

Negative performance for Funds may reduce FUM. This has the risk of negatively impacting Management Fees, including particularly performance fee revenue. Management Fee revenue is a key driver of Qualitas' financial performance. Therefore, a decline in Management Fee revenue will result in a material decrease in overall revenue and profits for Qualitas which, in turn, would decrease Dividend and Share price growth.

Underperformance of Fund investments and Funds managed by Qualitas can arise due to a number of factors. Some of the material factors identified by Qualitas are:

REFERENCE	RISK	DESCRIPTION
Section 6.2.1	**Risk of underperforming investments**	Investments made by Funds may underperform and may not be in compliance with contracted terms for a variety of reasons, including a decrease in the market value of the investment, an inability to realise a return on investment (or to realise the investment within the relevant time), non-payment of principal or interest, as well as breaches by the counterparty that has borrowed monies. In these and similar circumstances, non-performing investments may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, substantial irrecoverable costs, a substantial reduction in the interest or returns paid, a substantial write-down of the principal or carrying value of such investment and/or a substantial change in the terms, conditions and covenants with respect to such investment. Where a Qualitas Fund's investment underperforms to the extent there is a substantial reduction of the value of the investments, there may be a material impact on the financial position of the Qualitas Fund.
Section 6.2.2	**Litigation risks**	Qualitas Funds may, from time to time in the ordinary course of business, be involved in litigation and disputes such as joint venture, borrower/lender or other contractual third-party claims related to the Fund Investment. The outcome of litigation or a dispute cannot be predicted with certainty, and a material or costly dispute or litigation may adversely affect the Qualitas Fund's financial position.
Section 6.2.3	**Change of control risks**	Investments made by the Qualitas Funds may be subject to change of control provisions. For example, a Qualitas Fund investment may have a change of control that is triggered by a change of control of the Qualitas Fund, the removal as Qualitas as manager in respect of the Qualitas Fund or change in control of Qualitas itself. If counterparties to these investments, including joint venture partners, financiers or other co-investors do not provide the requisite consent under these provisions, the relevant counterparties may be entitled to acquire the Qualitas Fund investment or terminate the investment.
Section 6.2.4	**Real estate market risk**	Funds currently focus on investments which are associated with real estate and are therefore directly exposed to the performance of the relevant real estate market. The nature of the real estate investment (being either credit or equity) and the location and condition of the underlying real estate and changes in supply of or demand for competing real estate in the area will also help to determine the real estate investment value.

REFERENCE	RISK	DESCRIPTION
Section 6.2.5	**Regulatory risk**	Some investments made by Funds may rely on government permits, consents (including in relation to being a "foreign person" as defined in the *Foreign Acquisitions and Takeovers Act 1975* (Cth)) licences, concessions, leases or contracts. Government entities generally have significant influence over development projects in respect of the various contractual and regulatory relationships they may have, and these government entities may exercise their authority in a manner that causes delays in the development of these projects, obstacles to the pursuit of these projects or increased administrative expenses. In this regard, the nature and extent of government regulation can also be a key driver of value, returns, liquidity and the ability to finance certain investments. The government or a governmental agency may amend, repeal, enact or promulgate a new law or regulation, or a government authority or court may issue a new interpretation of existing law or regulation.
Section 6.2.6	**Market, currency and interest rate risk**	Funds are exposed to a range of market risks, currency risks and interest rate risks which may affect the assets and markets in which Funds invest. Adverse currency or interest rate movements may have an adverse impact on the performance of the Funds. Some Funds also have floating Hurdle (relative return) targets, but the investments (loans) they make are provided on an all up fixed rate, which may mean that the relative performance of the investments in the Fund (and therefore the Fund) may change relative to a change in interest base rates.
Section 6.2.7	**Hedging risk**	Funds may use both currency and interest rate hedging to seek to protect against currency or interest rate risk, and the use of instruments to hedge a portfolio carries certain risks, including the risk that losses on a hedge position will reduce Fund's earnings and it is possible that such losses may exceed the amount invested in such hedging instruments. There may not be a perfect hedge for every investment, and a hedge may not perform its intended purpose of offsetting losses on an investment and, in certain circumstances, could increase such losses. Derivatives (including but not limited to foreign exchange forwards, currency derivatives and swaps) are highly specialised instruments that require investment techniques and risk analysis different from those associated with debt securities. There can be no guarantee or assurance that the use of derivatives will assist in successfully hedging against a Fund investment. If a Fund loses money on interest or currency hedging instruments, there may be a material impact on the financial position of the Fund.

REFERENCE	RISK	DESCRIPTION
Section 6.2.8	**Potential environmental liabilities**	A failure of a Fund to take account of, assess or mitigate environment issues may result in it being liable for the costs of removal or remediation of hazardous or toxic substances located on or in an investment held by it. The costs of any required remediation or removal of such substances may be substantial. The presence of such substances, or the failure to remediate such substances properly, may also adversely affect a Fund's ability to deal with the investment or to borrow using the investment as collateral. For example, laws and regulations may also impose liability for the release of certain materials into the air or water (for example, asbestos) from an investment and such release can form the basis for liability to third persons for personal injury or other damages. In circumstances where an environmental liability eventuates, a Fund may incur significant costs in respect of remediation of the site. This may have an adverse impact on the Fund's financial performance and position.
Section 6.2.9	**Contagion and cross default risks**	Funds are involved in real estate investment or lending such that, any risk or adverse event such as a material change in demand for real estate may impact a Fund directly or indirectly. The effect of these risks or adverse events may affect the performance of the Fund. Some of the Funds' financing arrangements incorporate a cross-default concept in relation to a Fund's constituent documents (such as management agreements, trust deeds, etc) with the result that a breach under those documents will give rise to a cross-default of the finance documents for that Fund. Accordingly, there is a risk that an event of default (e.g. a post-Listing change of control or key person events, as referred to above) or other 'trigger' (e.g. an amendment or termination of the Fund's documents or termination, retirement or change of trustee or manager without financier consent) could result in a cross-default under that Fund's finance documents. This could result in financiers to relevant Funds having the ability to terminate those arrangements or accelerate repayments and enforce security, which may in turn have a material adverse impact on Qualitas' financial performance, position and the market price of its Shares.

6.3. BUSINESS RISKS – ARCH FINANCE

REFERENCE	RISK	DESCRIPTION
Section 6.3.1	**Arch Finance warehouse facility liquidity/funding risk**	Arch Finance currently utilises a revolving warehouse facility AFWT to fund its commercial mortgage loan portfolio. A loss or adverse impact on or in relation to one or all of Arch Finance's funding sources, without access to alternative funding sources on acceptable terms, could limit Arch Finance's ability to write new business or to write business on favourable terms, or to refinance the warehouse facility, which could have a materially adverse effect on Arch Finance's business and its operating and financial performance and in turn could impact the financial performance of Qualitas. There is a risk that a default or the occurrence of another event under the warehouse facility may impact the profitability, financial position and prospects of Arch Finance, and in turn Qualitas. A default or the occurrence of another event under the warehouse facility may arise from Arch Finance's breach of its servicing or management obligations or may arise from factors outside of Arch Finance's control, such as a deterioration in the credit quality or the performance of loans made by Arch Finance. Any such default or other event could have a number of impacts on Arch Finance, depending on the severity of the default or other event concerned, including: 1. a condition precedent under the warehouse facility may not be satisfied, or "stop funding" or "stop origination" event may occur resulting in Arch Finance being unable to draw on the warehouse facility to originate new loans until the default or other event is remedied; 2. residual income may be trapped in the warehouse facility and used to repurchase or pay down senior ranking obligations until the default or other event is remedied; 3. if an event of default occurs, in addition to the consequences of a forced amortisation event, senior lenders may force Arch Finance to retire as service and manager, and may enforce their security over and sell the pool of loans held by the relevant warehouse facility; and/or 4. Arch Finance may be required to contribute additional first loss equity. There is also a risk that Arch Finance is not able to renew the AFWT facility when due for renewal, which typically occurs annually. A failure to renew the warehouse facility could materially impact Arch Finance's ability to fund new loans, potentially materially adversely affecting Arch Finance's business, operating and financial performance and, in turn that of Qualitas.
Section 6.3.2	**Arch Finance performance guarantee**	Qualitas has guaranteed the performance of Arch Finance in respect of its obligations and originator, servicer and manager of AFWT. There is a risk that if Arch Finance should breach or fail to perform its obligations, any loss suffered by the lenders to the AFWT may claim under that indemnity from Qualitas, which may impact on the financial performance or position of Qualitas.

6.4. GENERAL RISKS

REFERENCE	RISK	DESCRIPTION
Section 6.4.1	**Coronavirus (COVID-19 Risk)**	The outbreak of the coronavirus disease (**COVID-19**) has impacted global economic markets and continues to do so. The nature and extent of the effect of the outbreak on the performance of Qualitas is difficult to quantify and remains unknown. The price of the Shares may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19, whether in Australia or elsewhere, may adversely impact Qualitas' operations and are likely to be beyond the control of Qualitas. The Directors are monitoring the situation closely and have considered the impact of COVID-19 on Qualitas' business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.
Section 6.4.2	**Economic risk**	Changes in general economic conditions, both domestic and global, weakening or downturn in the financial services or funds management industries, introduction of tax reform, new legislation, employment rates, movements in interest, credit spreads, equity risk premiums, corporate failure rates, inflation rates, currency exchange rates and national and international political circumstances may have an adverse effect on Qualitas' activities, as well as on its ability to fund those activities. Deterioration in the general economic conditions may adversely affect Qualitas' profitability.
Section 6.4.2	**Market conditions**	Share market conditions may affect the value of the Shares regardless of Qualitas' operating performance. Share market conditions are affected by many factors such as: 1. general economic outlook; 2. introduction of tax reform or other new legislation; 3. interest rates, inflation rates, exchange rates and commodity prices; 4. changes in investor sentiment toward particular market sectors; 5. the demand for, and supply of, capital; 6. systematic loss of value across property classes; 7. inclusion and removal from market indices; 8. pandemics and epidemics; 9. acts of god including natural disasters; and 10. terrorism or other hostilities. The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither Qualitas nor the Directors warrant the future performance of Qualitas nor any return on an investment in Qualitas and give no assurance that the price of the Shares will increase, even if Qualitas' earnings meet or exceed forecasts.

REFERENCE	RISK	DESCRIPTION
Section 6.4.4	**Liquidity and realisation risk**	The Shares issued and transferred under the Offer will only be listed on the ASX and will not be listed for trading on any other financial market. As such, there can be no guarantee that an active market in the Shares will develop or continue, or that the market price of the Shares will increase. If a market does not develop or is not sustained, it may be difficult for investors to sell their Shares. Furthermore, the market price for Shares may fall or be made more volatile because of the relatively low volume of trading in the Shares particularly having regard to the number of Shares which are subject to voluntary escrow (see Section 7.7). When trading volume is low, significant price movement can be caused by the trading in a relatively small number of Shares. Sales of a substantial number of Shares following the Offer, or the perception that these sales may occur, could also cause the market price of the Shares to decline. Sales by Shareholders of a substantial number of Shares after the Offer (which could, for example, occur on release of the Shares from Escrow Arrangements), or the expectation that such sales may occur, could significantly reduce the market price of the Company's Shares. The Company may also offer additional Shares in subsequent offerings, which may adversely affect the market price of its Shares.
Section 6.4.5	**Capital structure risks – Existing Shareholders' bloc**	Following Listing, it is expected that the Existing Shareholders will hold approximately 54.4% of the Shares. This may impact on liquidity of the Shares. Certain Existing Shareholders will enter into voluntary Escrow Arrangements in relation to certain of the Shares as described in Section 7. The absence of any sale of Shares by these Existing Shareholders during this period may cause, or at least contribute to, limited liquidity in the market for the Shares. This could impact the prevailing market price at which Shareholders are able to sell their Shares that is less than the price they paid under the Offer. These Existing Shareholders will be subject to the Escrow Arrangements (subject to certain exceptions, see Section 7.7 for more details). There will be no restrictions on the sale of any Escrowed Shares on and from the date on which those escrow restrictions are released in accordance with the terms of the relevant restriction. A significant sale of Shares by the Existing Shareholders or the other Escrowed Shareholders, or the perception that such sales have occurred or might occur, could adversely affect the price of the Shares. Following release from escrow, any significant sale of Shares by the Existing Shareholders, or the perception that such sales have occurred or might occur, could adversely impact the price of Shares. In addition, the significant sale of Shares by the Existing Shareholders may trigger various change of control clauses in Fund documents or financing documents. Alternatively, the absence of any sale of Shares by the Existing Shareholder following release from escrow may cause or contribute to a diminution in the liquidity of the market for the Shares. Following Completion of the Offer and before release from escrow, the Existing Shareholders will hold approximately 54.4% of the issued share capital of Qualitas. Accordingly, before release from escrow, the Existing Shareholders may have the capacity to influence the election of Directors, the approval of significant corporate transactions and the success of a takeover or similar offer for the Shares. The interest of the Existing Shareholders may differ from the interests of other Shareholders who purchase Shares under the Offer.

REFERENCE	RISK	DESCRIPTION
Section 6.4.6	**Dividends may not be franked**	There can be no guarantee that dividends paid by the Company will be franked. To the extent that the Company pays any dividends, Shareholders should be aware that the Company may not have sufficient franking credits 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.
Section 6.4.7	**Force majeure events**	Events may occur within or outside Australia that could impact on the Australian economy, the global economy, the operations of Qualitas, the price of the Shares and Qualitas' ability to pay dividends. These events include but are not limited to pandemics or epidemics, acts of terrorism, an outbreak of war or other international hostilities, fires, floods, earthquakes, cyclones, labour strikes, civil wars, natural disasters, outbreaks of disease or other natural or manmade events or occurrences, as well as events of force majeure in contracts with counterparties related to Qualitas or Fund investments, that could have an adverse effect on the real estate market. Whilst all mortgaged real estate is by convention a general insistence subject to insurance obligations, losses from such events might be uninsurable and, if such events occur, they may have adverse effects on the performance of a Fund or the Qualitas' businesses.
Section 6.4.8	**Climate risk**	There are a number of climate-related factors that may affect Qualitas' business. Climate change or prolonged periods of adverse weather and climatic conditions (including rising sea levels, floods, hail, drought, water, scarcity, temperature extremes, frosts, earthquakes and pestilences) may have an adverse effect on Qualitas' operations or on Qualitas, or Fund investment. Although all mortgaged real estate is subject to insurance obligations, losses from such events might be uninsurable and, if such events occur, they may have adverse effects on the performance of Qualitas, or a Fund. This may result in write downs of Co-Investment capital and may have an adverse impact on Qualitas' financial performance and position, including as a result of lower Fees generated by Qualitas in relation to the relevant Fund.
Section 6.4.9	**Accounting standards**	Australian Accounting Standards are set and amended or replaced from time to time by the AASB and are outside the control of Qualitas. There is also a risk that interpretations of existing Australian Accounting Standards, including those relating to the measurement and recognition of key income statement and balance sheet items, such as revenue and receivables, may differ. Changes to Australian Accounting Standards issued by the AASB or changes to the commonly held views on the application of those standards could materially adversely affect the financial performance and position reported in the Qualitas' consolidated financial statements.

REFERENCE	RISK	DESCRIPTION
Section 6.4.10	**Additional capital and Shareholder dilution**	As a fast growing business, Qualitas is likely to require additional debt and equity capital in the future to pursue business objectives and respond to business opportunities, challenges or unforeseen circumstances. Qualitas' key growth strategy includes growing existing Funds and establishing new Funds. Therefore, in the future, Qualitas is likely to elect or be required to engage in various types of capital raisings to, for example, fund acquisitions or investments, reduce its debt and otherwise respond to business opportunities, challenges or unforeseen circumstances. These future capital raisings could include the issue of Shares or other securities. While Qualitas will be subject to the constraints of the ASX Listing Rules regarding the percentage of its capital that it is able to issue without Shareholder approval (other than where exceptions apply), there is no guarantee that Qualitas will be successful in raising such capital and Shareholders at the time may be diluted as a result of such capital raisings if they do not, or are not provided with the right to, participate pro rata.
Section 6.4.11	**Taxation risk**	Any change to the current rates of taxes, or tax laws more broadly, imposed on Qualitas is likely to affect returns to Shareholders. In addition, there may be changes to the rate of taxes imposed in overseas jurisdictions in which Qualitas may operate or tax legislation which generally may affect the Company and its Shareholders. Qualitas has access to and will obtain external expert advice on the application of the tax laws to Qualitas operations. However an interpretation of taxation laws by the relevant tax authority or by the Courts that is contrary to Qualitas' view of those laws or the advice that it has received (for example, in relation to the tax treatment or outcome of any pre-IPO transactions or restructures involving a member of Qualitas) may increase the amount of tax to be paid and may lead to the imposition of penalties and a liability to pay interest. In addition, an investment in Shares involves tax considerations which may differ for each Shareholder. Each Shareholder is encouraged to obtain professional tax advice in connection with any investment in Qualitas.
Section 6.4.12	**Requirements of a public company**	As a listed public company, Qualitas will be subject to increased regulatory requirements, including reporting requirements. Compliance with these requirements is likely to significantly increase legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly, increase demand on systems and resources and be a diversion of senior management's time and attention from revenue generating activities to compliance activities.
Section 6.4.13	**Litigation**	Qualitas may, from time to time in the ordinary course of business, be involved in litigation and disputes such as employment/industrial relations disputes, development disputes or third party claims. The litigation or dispute may involve a variety of parties including, but not limited to, employees, Shareholders, former employees, Qualitas and Fund investment counterparties, borrowers, Government agencies or regulators. The outcome of litigation or a dispute cannot be predicted with certainty, and a material or costly dispute or litigation may adversely affect the Qualitas' business, reputation and operational and financial results.

07.
DETAILS OF THE OFFER

07. DETAILS OF THE OFFER

7.1. OVERVIEW OF THE OFFER

This Prospectus relates to an initial public offering of Shares by Qualitas. Qualitas will issue approximately 134 million Shares, raising aggregate proceeds of approximately $335 million at the Offer Price of $2.50 per Share. The Offer contained in this Prospectus is an invitation to apply for 134 million Shares offered by the Company.

The Shares being offered under this Prospectus will represent approximately 45.6% of the total number of Shares on issue following Completion, being 294 million. All Shares offered under this Prospectus will rank equally with the existing Shares on issue. Refer to Section 10.2 for details of the rights attaching to Shares.

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

7.2. STRUCTURE OF THE OFFER

The Offer comprises:

- the Retail Offer, which comprises:
  - **Broker Firm Offer:** which is open to Australian resident retail clients of Brokers who have received a firm allocation of Shares from their Broker; and
  - **Priority Offer:** which is open to selected investors nominated by the Company in eligible jurisdictions, who have received a Priority Offer invitation to acquire Shares under this Prospectus and are not in the United States; and
- **Institutional Offer:** which consists of an offer to certain Institutional Investors in Australia and other eligible jurisdictions made with disclosure under this Prospectus;

No general public offer of Shares will be made under the Offer. Members of the public wishing to apply for Shares under the Offer must do so through a participating Broker with a firm allocation of Shares under the Broker Firm Offer.

The allocation of Shares between the Institutional Offer, Broker Firm Offer and Priority Offer will be determined by Qualitas and the Joint Lead Managers, having regard to the allocation policies outlined in Section 7.10.

7.3. PURPOSE OF THE OFFER AND FUNDING ALLOCATION

The Offer is being conducted to provide:

- an opportunity to establish and increase the Qualitas' Co-Investment stakes across existing Funds and align interests with Fund Investors;
- capital to undertake Fund Underwriting Activities;
- access to capital markets to fund future growth initiatives;
- a liquid market for the Shares and provide liquidity for Existing Shareholders;
- a diversified register through the introduction of new institutional and retail investors; and
- improved capacity to attract and retain quality staff through short-term and long-term employee incentives.

The Offer is expected to raise approximately $335 million. There is no specific timeframe under which the Company expects the Offer Proceeds to be deployed. The financial results for FY22 will not include any impacts from investing the Offer Proceeds.

Table 25: Breakdown of the sources and uses of the Offer.[57]

Sources of Funds		
Offer Proceeds received by Qualitas	$335 million	100%
Total Offer Sources	**$335 million**	**100%**

Uses of Funds		(approx.)
Excess working capital[58]	$297.1 million	88.7%
Payment of transaction costs relating to the Offer	$16.7 million	5.0%
Repayment of existing financing facilities	$21.1 million	6.3%
Total Offer Uses	**$335.0 million**	**100.0%**

7.4. MINIMUM AND MAXIMUM SUBSCRIPTIONS

There is no minimum amount which must be raised under this Prospectus. Qualitas will not seek to raise more than $335 million under the Offer.

7.5. CAPITAL AND SHAREHOLDING STRUCTURE

7.5.1. Capital structure

On completion of the Restructure, Qualitas will have 160 million Shares on issue and 134 million Shares are available under the Offer.

As described in Section 4.6.5, under the Legacy Employee Equity Plan, the non-ordinary shares in QPP and non-ordinary units in the Qualitas Investments Unit Trust that, prior to completion of the Restructure, are beneficially held by employees (or their controlled entities, as applicable) will be converted into Shares shortly prior to Completion, in accordance with the Restructure Deed. These Shares will be subject to a retention condition and will therefore vest and become available to the employees in two tranches; 50% on the third anniversary of the Listing Date, and the remaining 50% on the fifth anniversary of the Listing Date, subject to the continued tenure of the participants.

Qualitas will additionally grant Share rights under the following initiatives:

1. Directors Rights: Non-Executive Directors will be granted 170,000 rights as payment in connection with the Listing, further details described in Section 4.3.2. These rights will convert into Shares within 6 months following the Listing Date and will remain subject to a disposal restriction for 2 years from the Listing Date.
2. Employee Equity Award: Select employees will be granted Share rights at Listing as described in Section 4.6.4. These rights will vest in two tranches; 50% on the third anniversary of the Listing Date, and the remaining 50% on the fifth anniversary of the Listing Date, subject to the continued tenure of the participants. A total of 800,000 rights will be issued at Listing under this award.

57 For completeness the Priority Offer Proceeds have been included in Table 25. The Priority Offer is not underwritten by Macquarie Capital. A failure to raise the full amount of the Priority Offer will not affect Qualitas' ability to continue as a going concern, nor does Qualitas expect it to materially alter Qualitas' strategy or plans in relation to the use of debt in its business. Due to the relative size of the Priority Offer, there will be no material scale back or change to the priority of the stated activities or use of funds disclosed in this Prospectus if the full amount offered under the Priority Offer is not raised. However, if the full amount under the Priority Offer is not raised, it will reduce the working capital amount shown in Table 25 by the amount of the deficiency.

58 Excess working capital is cash at bank and represents the funds required for investment and the purpose of the Offer. See Section 7.3 for the various uses of the capital that are proposed in conjunction with the Offer.

Qualitas' indicative capital structure immediately prior to and immediately following Completion is described in Table 26 below. Table 26 below assumes that completion of the Restructure under the Restructure Deed has occurred. As described in further detail in Section 10.4, the Restructure Deed provides for, among other things, certain restructure steps (involving, among other things, the issue of securities, conversion of securities (including the conversion of Shares into a larger number) and transfer of securities) to create the capital structure presented in Table 26 below (and elsewhere in this Prospectus).

Table 26: Dilution analysis

Shares	Number of Shares pre Completion	Number of Shares post Completion	Percentage (undiluted) (approx.)	Percentage (diluted) (approx.)
Shares held by Qualitas' Existing Shareholders	160,000,000	160,000,000	54.4%	54.2%
Shares issued under the Offer	–	134,000,000	45.6%	45.4%
Total (undiluted)	**160,000,000**	**294,000,000**	**100.0%**	**99.7%**
Directors Rights	–	170,000	n/a	0.1%
Employee Equity Award	–	800,000	n/a	0.3%
Total (diluted)	**160,000,000**	**294,970,000**	**n/a**	**100.0%**

7.5.2. Shareholding structure

The details of the ownership of Shares immediately prior to and immediately following Completion of the Offer are as follows in Table 27. Table 27 below assumes that completion of the Restructure under the Restructure Deed has occurred.

Table 27: Shareholding structure

	Shares held pre Completion		Shares held post Completion	
	Number of securities	% (approx.)	Number of securities	% (approx.)
Trawalla Shareholder – Co-Founding Shareholder[59]	66,830,066	41.8%	66,830,066	22.8%
QPP Holdings Pty Ltd (an entity controlled by Andrew Schwartz – Co-Founding Shareholder[59]	66,830,066	41.8%	66,830,066	22.7%
Entities controlled by Founding Qualitas Employees[60]	23,328,516	14.6%	23,328,516	7.9%
Entities controlled by certain Qualitas employees participating in the Legacy Employee Equity Plan	3,011,352	1.9%	3,011,352	1.0%
New Shareholders	–	–	134,000,000	45.6%
Total	**160,000,000**	**100.0%**	**294,000,000**	**100.0%**

Founding Shareholders as described in Table 27, namely an entity controlled by the Trawalla Group (**Trawalla Shareholder**), QPP Holdings (an entity controlled by Andrew Schwartz) and entities controlled by the Founding Qualitas Employees (**Founding Shareholders**) and will be subject to a voluntary Escrow Arrangement. The voluntary Escrow Arrangement is further described in Section 7.7.

Qualitas employees participating in the Legacy Employee Equity Plan are subject to their own retention conditions as described in Sections 4.6.4 and 4.6.5.

Shareholders with more than 20% of the Shares are:

59 Subject to voluntary escrow.
60 Subject to voluntary escrow. Includes Co-Founding Shareholder and Founding Qualitas Employee Mark Fischer.

- Trawalla Shareholder with 66,830,066 Shares representing approximately 22.7% of Shares on issue post Completion; and
- QPP Holdings (an entity controlled by Andrew Schwartz) with 66,830,066 Shares representing approximately 22.7% of Shares on issue post Completion.

Trawalla Group Pty Ltd represents the interests of Alan and Carol Schwartz (**Trawalla Group**). The Board of Directors of the Trawalla Group are Simon Jones, Alan Schwartz, Carol Schwartz, Kevin Slomoi, Brian Delaney and Annette Kimmitt.

Founding Qualitas employees represent employees who have been with Qualitas since inception, or early since inception, and have invested in or received a legacy ownership interest in Qualitas via their controlled entities (**Founding Qualitas Employees**). An entity controlled by Mark Fischer, Qualitas' Co-Founder and Global Head of Real Estate, will own 7,770,927 Shares post Completion, representing approximately 2.6% of Qualitas' issued Shares post Completion. This is included within the Founding Qualitas Employees shareholding in Table 27 above.

7.6. CONTROL IMPLICATIONS OF THE OFFER

Following Completion, the Trawalla Shareholder and QPP Holdings (an entity controlled by Andrew Schwartz) will together own approximately 45.5% of the Shares on issue. See Section 6 for the risks associated with the Existing Shareholders exerting material influence over Qualitas.

7.7. VOLUNTARY ESCROW ARRANGEMENTS

The Escrowed Shareholders, as described in this Section 7.7, namely the Trawalla Shareholder, QPP Holdings (an entity controlled by Andrew Schwartz) and entities controlled by the Founding Qualitas Employees, have each entered into a voluntary Escrow Arrangement with the Company in relation to the Shares they hold as at the Prospectus Date.

The Escrow Arrangements is described as follows:

- none of the Shares that are subject to the Escrow Arrangements can be sold until the release of the FY22 annual results;
- up to 33⅓% (with any consequential adjustments necessary for any reorganisation events) of the Shares that are subject to the Escrow Arrangements can be sold following the release of the FY22 results;
- up to a further 33⅓% (with any consequential adjustments necessary for any reorganisation events) of the Shares that are subject to the Escrow Arrangements can be sold after the expiry of the 2 year period following the Listing Date, unless this results in the Shares which are subject to the Escrow Arrangements being greater than 19.99% of the total Shares in the capital of the Company which were on issue immediately after the issue of all of the Shares offered under the Prospectus (Share Capital), in which case the number of Shares which can be sold after the expiry of the 2 year period will be increased to the extent necessary such that the Shares which are subject to the Escrow Arrangements is equal to 19.99% of the Share Capital; and
- all remaining Shares that are subject to the Escrow Arrangements can be sold following the 5th anniversary of the Listing Date.

Shares held by Non-Executive Directors will convert into Shares within 6 months following the Listing Date and will remain subject to a disposal restriction for 2 years from the Listing Date.

Under the Escrow Arrangements, and immediately following Completion, the Escrowed Shareholders have undertaken not to dispose of any interest in or to grant any security over any of the Shares held by them during the Escrow Period.

The purpose of the Escrow Arrangements is to align the interests of the Escrowed Shareholders with those of new Shareholders and to promote an orderly market for the Shares by preventing any sell-down of Escrowed Shares by the Escrowed Shareholders during the Escrow Period.

During the Escrow Period, the Escrowed Shareholders may 'deal' with their existing Escrowed Shares if the dealing arises in connection with, among other things:

- acceptance of a bona fide full or proportional takeover bid, provided the holders of at least 50% of the non-escrowed Shares have accepted the takeover offer and the Escrowed Shares continue to be restricted if the relevant bid does not become unconditional or does not otherwise proceed;
- the transfer or cancellation of Shares as part of a scheme of arrangement relating to the Company under section 411 of the Corporations Act, provided that the Escrowed Shares continue to be restricted if the relevant scheme does not take effect;
- a transfer of Shares to an immediate family member, a company wholly owned by the Escrowed Shareholder or an immediate family member or a trust or superannuation fund of which the Escrowed Shareholder or an immediate family member is the beneficiary subject to the continuation of the Escrow Arrangements for the Escrow Period;
- an equal access share buy back or capital return or capital reduction made in accordance with the Corporations Act;
- the death or incapacity of the relevant principal associated with the Escrowed Shareholder; or
- a dealing required by applicable law (including an order of a Court of competent jurisdiction).

For the purposes of the Escrow Arrangements, 'dealing' is broadly defined and means to directly or indirectly:

- dispose of, or agree or offer to dispose of, a restricted security or any legal, beneficial or economic interest in that restricted security;
- create, or agree to create, any security interest in a restricted security or any legal, beneficial or economic interest in that restricted security; or
- do, or omit to do, any act if the act or omission would have the effect of transferring effective direct or indirect ownership or control by the relevant principal associated with the Escrowed Shareholder or of that restricted security or any legal, beneficial or economic interest in that restricted security, but does not include or restrict the exercise of any voting rights for the restricted securities.

Corporations Act implications of the Escrow Arrangements

As a result of entering into the Escrow Arrangements, Qualitas will be deemed to hold a relevant interest in the Escrowed Shares, pursuant to section 608(1) of the Corporations Act.

Unless an exception applies, Qualitas will therefore be restricted under Chapter 6 of the Corporations Act from increasing its voting power in Shares. In particular, whilst the Escrow Arrangements are in place and unless an exception applies, Qualitas will be restricted from undertaking a buy-back of Shares or imposing further dealing restrictions on its Shares as such actions may result in Qualitas acquiring a further relevant interest in its Shares.

Further, an investor who acquires more than 20% of the Shares in Qualitas may be deemed to hold the relevant interest that Qualitas holds in the Escrowed Shares pursuant to the operation of section 608(3) of the Corporations Act.

7.8. CORPORATE, FINANCIAL AND OTHER INFORMATION ABOUT QUALITAS

Details of the Company's formation, registration and tax status, along with information regarding the Company's corporate structure are set out at Annexure 12.2.

Qualitas' pro forma balance sheet as at 30 June 2021, including details of the pro forma adjustments, is set out in Section 5.5.

Qualitas' capitalisation and indebtedness as at 30 June 2021, before and following completion of the Offer, is set out in Section 5.5.2.

The Directors believe that, on Completion of the Offer, the Company will have sufficient working capital available to carry out its stated business objectives.

7.9. IMPORTANT DATES

Table 28: Important days

Key Offer dates	2021
Prospectus date	Monday, 29 November 2021
Broker Firm Offer, Priority Offer open	Monday, 6 December 2021
Broker Firm Offer and Priority Offer close	Monday, 13 December 2021
Qualitas commences trading on the ASX on a conditional and deferred settlement basis	Thursday, 16 December 2021
Settlement	Tuesday, 21 December 2021
Allotment and expected dispatch of holding statements	Wednesday, 22 December 2021
Expected commencement of trading on the ASX on a normal settlement basis	Thursday, 23 December 2021

The above dates are subject to change and are indicative only. The Company in consultation with the Joint Lead Managers reserve the right to vary the dates and times of the Offer, including to close the Offer early, extend the Offer or accept late Applications, without notifying any recipient of this Prospectus or any Applicants. Applicants are encouraged to submit their Applications as early as possible.

7.10. TERMS OF THE OFFER

Table 29: Terms of the Offer

TOPIC	SUMMARY
What type of security is being offered?	The Shares being offered each comprise a fully paid ordinary share in the Company.
What are the rights and liabilities attached to the Shares?	A description of the Shares, including the rights and liabilities attaching to them is set out in Section 10.2.
What is the consideration payable for each security being offered?	The Offer Price is $2.50 per Share.

TOPIC	SUMMARY
What is the Offer Period?	The key dates, including details of the Offer Period, are set out in the key dates on page 7 of this Prospectus. Those dates are indicative only and may change. Unless otherwise indicated, all times are stated in Australian Eastern Standard time. The Company and the Joint Lead Managers reserve the right to amend any or all of the times and dates of the Offer without notice subject to the ASX Listing Rules, the Corporations Act and other applicable laws, including closing the Offer early, extending the Offer, deferring the date of Completion, accepting late Applications either generally or in particular cases, allotting Shares at different times to different Applicants or to cancel or withdraw the Offer without prior notice. If the Offer is cancelled or withdrawn before the allocation and issue of Shares to successful Applicants, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. No Shares will be issued on the basis of this Prospectus later than the Expiry Date. The quotation and commencement of trading of the Shares is subject to confirmation from the ASX.
How much is to be raised under the Offer?	$335 million is to be raised under the Offer. This is comprised of $335 million cash proceeds received by Qualitas.
Is the Offer underwritten?	Yes. The Offer is underwritten by Macquarie Capital. More detail on the underwriting arrangements is set out in Section 10.3.
Who are the Joint Lead Managers to the Offer?	Macquarie Capital is the financial advisor, Joint Lead Manager and Underwriter to the Offer. Canaccord and E&P Corporate Advisory are the Joint Lead Managers of the Offer. Crestone is the Co-Lead Manager of the Offer. Bell Potter and Taylor Collison are the Co-Managers of the Offer.
Is there an Authorised Intermediary?	Yes. Evans & Partners is acting as the Authorised Intermediary to the Offer. The Company and Evans & Partners have entered into the Intermediary Authorisation Deed in relation to those arrangements.
What is the minimum and maximum Application size under the Offer?	Broker Firm Offer The minimum Application size under the Broker Firm Offer is $2,000 worth of Shares in aggregate and in increments of at least $500 thereafter. There is no maximum value of Shares that may be applied under the Broker Firm Offer. Priority Offer The minimum Application size by Applicants, who have received an invitation to apply for Shares under the Priority Offer, is $2,000 worth of Shares in aggregate and in increments of at least $500 thereafter. Your personalised invitation will indicate the maximum amount of Shares that you may apply for.

TOPIC	SUMMARY
What is the allocation policy?	The allocation of Shares between the Broker Firm Offer, Priority Offer and Institutional Offer was determined in agreement between the Joint Lead Managers and the Company having regard to the allocation policies outlined in Sections 7.11 to 7.16. Broker Firm Offer With respect to the Broker Firm Offer, it is a matter for the Brokers how they allocate Shares among their retail clients and they (and not the Company or the Joint Lead Managers) will be responsible for ensuring that eligible retail clients who have received an allocation from them receive relevant Shares. Priority Offer Allocations under the Priority Offer will be at the absolute discretion of the Company subject to the guaranteed minimum allocations notified to Applicants invited to participate in the Priority Offer. Institutional Offer The allocation of Shares among Applicants in the Institutional Offer was determined by agreement between the Joint Lead Managers and the Company.
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be dispatched to successful Applicants by standard post on or about 22 December 2021. Refunds (without interest) to Applicants who make an application and receive an allocation of Shares, the value of which is smaller than the amount of the Application Monies, will be made as soon as practicable after Completion.
Will the Shares be quoted on the ASX?	The Company has applied to the ASX for its admission to the Official List and quotation of Shares on the ASX under the code QAL. It is expected that quotation will initially be on a conditional and deferred settlement basis. Completion of the Offer is conditional on the ASX approving Qualitas' application for Listing and implementation of the Restructure. If permission is not granted for the official quotation of the Shares on the ASX within three months after the Prospectus Date (or any later date permitted by law), the Offer may be withdrawn and all Application Monies received by Qualitas will be refunded (without interest), as soon as practicable in accordance with the requirements of the Corporations Act. The ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of Qualitas or the Shares offered for subscription.

TOPIC	SUMMARY
When are the Shares expected to commence trading?	It is expected that trading of the Shares on the ASX will commence (initially on a conditional and deferred settlement basis) on 16 December 2021. Trades occurring on the ASX before the date on which the Shares are issued will be conditional on Settlement of the Offer and the issue of Shares occurring (**Conditions**). Conditional and deferred settlement trading will continue until the Company has advised the ASX that the Conditions have been satisfied, which is expected to be on 23 December 2021. If the Conditions have not been satisfied by the end of the conditional and deferred settlement trading period or the Offer is withdrawn, the Offer will not complete and all trades conducted during the conditional and deferred settlement trading period will be invalid and will not settle. All Application Monies received will be refunded to Applicants. No interest will be paid on any Application Monies refunded as a result of the Offer not completing. Following satisfaction of the Conditions, trading on the ASX will be on an unconditional but deferred settlement basis until the Company has advised the ASX that initial holding statements have been dispatched to Shareholders. Trading on ASX is expected to commence on a normal settlement basis on 23 December 2021. Following the issue of Shares, successful Applicants will receive a holding statement setting out the number of Shares issued to them under the Offer. It is expected that holding statements will be dispatched by standard post on 22 December 2021. It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk. The Company and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, whether on the basis of a confirmation of allocation provided by any of them, by the Qualitas Offer Information Line, by a Broker or otherwise.
Are there any Escrow Arrangements?	Yes. Details are provided in Section 7.7.
Has any ASIC relief or ASX waiver or confirmation been sought, obtained or been relied on?	Yes. Details are provided in Sections 11.3 and 11.4.
Are there any tax considerations?	Yes. Details are provided in Section 9.
Is there any brokerage or stamp duty considerations?	No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer. See Section 10.3.2 for details of various fees payable by the Company to the Joint Lead Managers.
What should you do with any enquiries?	All enquiries in relation to this Prospectus should be directed to the Qualitas Offer Information Line on 1800 628 703 within Australia and + 61 1800 628 703 (outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday (excluding public holidays). All enquiries in relation to the Broker Firm Offer should be directed to your Broker. If you are unclear in relation to any matter or are uncertain as to whether Qualitas is a suitable investment for you, you should consult with your stockbroker, solicitor, accountant, financial adviser or other independent professional adviser before deciding whether to invest.

7.11. BROKER FIRM OFFER

7.11.1. Broker Firm Offer

The Broker Firm Offer is open to Australian resident retail clients of participating Brokers who have a registered address in Australia and who received an invitation from a Broker to acquire Shares under this Prospectus and are not in the United States and are not US Persons. You should contact your Broker to determine whether you can receive an allocation of Shares under the Broker Firm Offer.

7.11.2. How to apply

If you have received an invitation to apply for Shares from your Broker and wish to apply for those Shares under the Broker Firm Offer, you should contact your Broker for information about how to submit your Broker Firm Offer Application Form and for payment instructions. Applicants under the Broker Firm Offer must not send their Application Forms or payment to the Registry.

Applicants under the Broker Firm Offer should contact their Broker to request a Prospectus and Application Form, or download a copy at https://ipo.qualitas.com.au. Your Broker will act as your agent and it is your Broker's responsibility to ensure that your Application Form and Application Monies are received before 5.00pm (Sydney Time) on the Closing Date or any earlier closing date as determined by your Broker.

Broker clients should complete and lodge their Broker Firm Offer Application Form with the Broker from whom they received their invitation to participate in the Broker Firm Offer. 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 back of the Application Form.

By making an Application, you declare that you were given access to the Prospectus, together with an 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 size under the Broker Firm Offer is $2,000 worth of Shares in aggregate and in increments of at least $500 thereafter. There is no maximum Application size under the Broker Firm Offer. The Company in consultation with the Joint Lead Managers, reserves the right not to accept Applications in the Broker Firm Offer that are from persons they believe may be Institutional Investors or reject or scale back any Applications (or aggregation of Applications) in the Broker Firm Offer which are for more than $250,000 of Shares. The Company 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.

The Company, the Joint Lead Managers and the Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application.

The Broker Firm Offer opens at 9.00am (Sydney Time) on 6 December 2021 and is expected to close at 5.00pm (Sydney Time) on 13 December 2021. The Company and the Joint Lead Managers may elect to close the Broker Firm Offer or any part of it early, extend the Broker Firm Offer or any part of it, or accept late Applications either generally or in particular cases. The Broker Firm Offer or any part of it may be closed at any earlier time and date, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Contact your Broker for instructions.

7.11.3. How to pay

Applicants under the Broker Firm Offer must pay their Application Monies to their Broker in accordance with instructions provided by that Broker.

7.11.4. Allocation policy

The allocation of Shares to Brokers was determined by the Joint Lead Managers and the Company. Shares which were allocated to Brokers for allocation to their retail clients will be issued to the Applicants nominated by those Brokers (subject to the right of the Joint Lead Managers and the Company to reject, aggregate or scale back Applications). It will be a matter for each Broker as to how they allocate Shares among their retail clients, and they (and not the Joint Lead Managers or Qualitas) will be responsible for ensuring that retail clients who have received an allocation from them receive the relevant Shares.

Applicants in the Broker Firm Offer will be able to call the Qualitas Offer Information Line on 1800 628 703 (within Australia) or + 61 1800 628 703 (outside Australia) from 8.30am to 5.30pm (Sydney Time), Monday to Friday to confirm their allocation. Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Broker from whom they received their allocation.

However, if you sell Shares before receiving a holding statement, you do so at your own risk, even if you obtained details of your holding from the Qualitas Offer Information Line or confirmed your allocation through the Broker from whom you received your allocation.

7.12. PRIORITY OFFER

7.12.1. Who can apply?

The Priority Offer is open to selected investors nominated by the Company in eligible jurisdictions who have received a Priority Offer invitation to acquire Shares under this Prospectus. If you are a Priority Offer Applicant, you will receive (or have received) a personalised invitation to apply for Shares in the Priority Offer. The Priority Offer is not open to persons who are in the United States or are US Persons.

7.12.2. How to apply

If you have received a personalised invitation to apply for Shares under the Priority Offer and you wish to apply for all or some of those Shares, you must apply in accordance with the instructions provided in your personalised invitation to apply.

Recipients of the Priority Offer invitation should read the separate Offer letter and this Prospectus carefully and in their entirety before deciding whether to apply under the Priority Offer. If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.

To apply under the Priority Offer, you must complete the Priority Offer Application Form in accordance with the instructions provided in your Priority Offer invitation and on the website containing the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an 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.

Applications must be received by no later than 5.00pm (Sydney time) on Monday, 13 December 2021 and it is your responsibility to ensure that this occurs.

Applications under the Priority Offer must be for a minimum of $2,000 worth of Shares in aggregate and in increments of at least $500 thereafter. Your personalised invitation may indicate the maximum amount of Shares that you may apply for.

7.12.3. How to pay

Payment may be made via BPAY® or another method approved by the Company. Application Monies must be received by the Registry by 5.00pm (Sydney Time) on Monday, 13 December 2021. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment.

7.12.4. Allocation policy

The allocation of Shares among Applicants in the Priority Offer will be determined by Qualitas and the Joint Lead Managers. There is no assurance that any Applicant will be allocated any Shares, or the number of Shares for which the Applicant applied.

7.13. ACCEPTANCE OF APPLICATIONS UNDER THE RETAIL OFFER

An Application in the Retail Offer is an offer by you to Qualitas to apply for Shares in the dollar amount specified in the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form. To the extent permitted by law, an Application by an Applicant may not be varied and is irrevocable.

An Application may be accepted by the Company in respect of the full or a lesser number of Shares specified in the Application Form (or the dollar value equivalent), without further notice to the Applicant. The Company reserves the right to decline any Application if it believes any provisions or procedures in this Prospectus, the Application Form or other laws or regulations may not be complied with in relation to the Application.

The Company reserves the right to reject any Application which is not correctly completed or which is submitted by a person whom they believe is ineligible to participate in the Retail Offer, or to waive or correct any errors made by the Applicant in completing their Application.

Successful Applicants in the Retail Offer will be issued Shares at the Offer Price. Acceptance of an Application will give rise to a binding contract, conditional on Settlement and quotation of Shares on ASX on an unconditional basis.

7.14. APPLICATION MONIES

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Application Monies received under the Retail Offer will be held in a special purpose account until Shares are issued to successful Applicants. Applicants under the Retail 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 Monies by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down. No refunds pursuant solely to rounding will be provided.

Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Company.

You should ensure that sufficient funds are held in the relevant account(s) to cover the amount of your cheque(s) or BPAY® payment. If the amount of your cheque(s), BPAY® or other permitted payment for Application Monies (or the amount for which those cheque(s) clear in time for allocation) is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Shares or your Application may be rejected.

7.15. INSTITUTIONAL OFFER

7.15.1. Invitations to bid

Under the Institutional Offer, Institutional Investors in Australia and certain other eligible jurisdictions outside the United States were invited to bid for an allocation of Shares under this Prospectus. The Joint Lead Managers separately advised the Institutional Investors of the Application procedures for the Institutional Offer.

7.15.2. Allocation policy under the Institutional Offer

The allocation of Shares among Applicants in the Institutional Offer was determined by agreement between the Joint Lead Managers and the Company. The Joint Lead Managers and the Company had absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer have been advised of their allocation of Shares, if any, by the Joint Lead Managers. The allocation policy was influenced, but not constrained, by the following factors:

- the timing and level of engagement by the Applicant with the Company;
- number of Shares bid for by particular Applicants;
- the timeliness of the bid by particular Applicants;
- Qualitas' desire for an informed and active trading market following Completion;
- overall anticipated level of demand under the Broker Firm Offer, Priority Offer and Institutional Offer;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular Applicants will be long term Shareholders; and
- any other factors that the Company and the Joint Lead Managers considered appropriate.

7.15.3. Acknowledgements of Applicants

By submitting an Application, each Applicant under the Offer acknowledges and agrees as follows:

- that the Applicant personally received a printed or electronic copy of this Prospectus (and any supplementary or replacement Prospectus) including or accompanied by the Application Form and read each document in full;
- that the Applicant has received and completed their Application Form in accordance with this Prospectus and the instructions on the Application Form;
- that all details provided and statements in their Application Form are complete and accurate and not misleading (including by omission);
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- that, once the Company or a Broker receives an Application Form, it may not be withdrawn;
- that it has applied for the number of Shares (or equivalent dollar amount) shown on the front of the Application Form;
- to being allocated and issued or transferred the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- that the Company, the Joint Lead Managers and their respective officers or agents, are authorised to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Registry upon using the contact details in the Application Form;
- that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- that the information contained in this Prospectus (or any supplementary or replacement Prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and taxation issues) of the Applicant(s);
- that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer, Broker Firm Offer and Priority Offer), or otherwise satisfies the requirements in Section 9.2;
- that the Offer may be withdrawn by the Company and/or may otherwise not proceed in the circumstances described in this Prospectus; and
- that if Listing does not occur for any reason, the Offer will not proceed.

By submitting an Application, each Applicant in the Offer 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 US Shares Act or the Shares laws or of any state of the United States and may not be offered, sold or resold, pledged or transferred in the United States or to US Persons, except in accordance with the US Securities Act regulation requirements or in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable state securities laws;
- it is not in the United States or a US Person;
- it has not sent and will not send this Prospectus or any other material relating to the Offer to any person in the United States;
- it is purchasing the Shares in an offshore transaction meeting the requirements of Regulation S; 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 requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

7.16. NOMINAL COMPLIANCE OFFER

The Nominal Compliance Offer is an offer of 100 Shares at the Offer Price. The Shares offered under the Nominal Compliance Offer will rank equally with the existing Shares on issue. A summary of the material rights and liabilities to the Shares is set out at Section 10.2.

The purpose of the Nominal Compliance Offer is to remove the need for an additional disclosure document to be issued upon the sale of any of the Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act on or prior to the Nominal Compliance Offer Closing Date (e.g. Shares issued in consideration for the securities in the relevant Qualitas entities in connection with the rights and options currently on issue under the legacy employee incentive plan, as part of the Restructure, as described at Section 10.4).

Application for the Shares under the Nominal Compliance Offer must be made using the Nominal Compliance Offer Application Form. You should not complete a Nominal Compliance Offer Application Form unless specifically directed to do so by the Company.

The Nominal Compliance Offer will open on Monday, 6 December 2021 and close at 5.00pm (Sydney time) on Wednesday, 22 December 2021 or such other date as the Company determines.

7.17. UNDERWRITING ARRANGEMENTS

The Institutional Offer and the Broker Firm Offer (together, the **Underwritten Offer Components**) are being underwritten by the Macquarie Capital pursuant to the Underwriting Agreement. The Priority Offer is not underwritten. Under the Underwriting Agreement, the Macquarie Capital has agreed to act as a Joint Lead Manager and bookrunner of the Offer, and Underwriter of the Underwritten Offer Components.

A summary of certain terms of the Underwriting Agreement and underwriting arrangements, including the termination provisions, is provided in Section 10.3.

7.18. 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 of Australia.

This Prospectus does not constitute an offer or invitation to apply 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.

See Annexure 12.5 for further details regarding foreign selling restrictions.

7.19. DISCRETION REGARDING THE OFFER

The Company may withdraw the Offer at any time before the issue of Shares to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest) in accordance with the requirements of the Corporations Act.

The Company and the Joint Lead Managers 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. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law.

7.20. ASX LISTING, REGISTERS AND HOLDING STATEMENTS, CONDITIONAL AND DEFERRED SETTLEMENT TRADING

7.20.1. Application to the ASX for listing of the Company and quotation of Shares

The Company has applied to ASX for admission to the Official List and quotation of the Shares on the ASX. The Company's expected ASX code will be 'QAL'.

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

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

Subject to certain conditions (including any waivers obtained by the Company from time to time), the Company will be required to comply with the ASX Listing Rules.

7.20.2. CHESS and issuer sponsored holdings

The Company has applied (or will apply) to participate in the ASX's Clearing House Electronic Sub-register System (**CHESS**) and will comply with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are affected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion, Shareholders 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 a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Shareholder Reference Number (**SRN**) of issuer sponsored holders.

Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements shortly after the end of the month in which there has been a change to their holding and as otherwise required under the ASX Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Registry may charge a fee for these additional issuer sponsored statements.

7.20.3. Conditional and deferred settlement trading and selling Shares on market

It is expected that trading of the Shares on ASX on a conditional and deferred settlement basis will commence on 16 December 2021.

Trades occurring on ASX before the date on which the Shares are issued will be conditional on Settlement of the Offer and Settlement of the Underwriting Agreement (**Conditions**).

Conditional and deferred settlement trading will continue until the Company has advised ASX that the Conditions have been satisfied, which is expected to be on 23 December 2021.

If the Conditions have not been satisfied by the end of the conditional and deferred settlement trading period or the Offer is withdrawn, the Offer will not complete and all trades conducted during the conditional and deferred settlement trading period will be invalid and will not settle. All Application Monies received will be refunded to Applicants. No interest will be paid on any Application Monies refunded as a result of the Offer not completing.

Following satisfaction of the Conditions, trading on ASX will be on an unconditional but deferred settlement basis until the Company has informed ASX that initial holding statements have been dispatched to Shareholders. Trading on ASX is expected to commence on a normal settlement basis on 23 December 2021. Following the issue of Shares, successful Applicants will receive a holding statement setting out the number of Shares issued to them under the Offer. It is expected that holding statements will be dispatched by standard post on 22 December 2021.

It is the responsibility of each person who trades in Shares to confirm their own holding before trading in Shares. Investors will be able to confirm their holdings by telephoning the Qualitas Offer Information Line on 1800 628 703 (within Australia) from 8.30am to 5.30pm (Sydney time), Monday to Friday. If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, the Share Registry and the Joint Lead Managers have no liability whether in negligence or otherwise, if you sell Shares before receiving your holding statement, even if you obtained details of your holding from the Qualitas Offer Information Line or confirmed your firm allocation through a Broker.

7.21. AUTHORISED INTERMEDIARY

Offers under this Prospectus will be made under an arrangement between the Company and the Authorised Intermediary, the holder of an AFSL (AFSL number 318075), under Section 911A(2)(b) of the Corporations Act. The Company will only authorise the Authorised Intermediary to make offers to people to arrange for the issue of Shares by the Company under the Prospectus, and the Company will only issue Shares in accordance with Applications made under such offers if they are accepted. Under the Intermediary Authorisation Deed, a nominal fee of $10 payable to Evans & Partners acting in its capacity as Authorised Intermediary.

The Authorised Intermediary's function should not be considered an endorsement of the Offer or a recommendation of the suitability of the Offer for any investor. The Authorised Intermediary does not guarantee the success of performance of the Company or the returns (if any) to be received by the Shareholders.

The Authorised Intermediary is not responsible for, and has not authorised or caused, the issue of this Prospectus.

As a condition of requesting or receiving a copy of this Prospectus (including any electronic version of this Prospectus), each person that is a 'retail client' under Section 761G of the Corporations Act irrevocably and unconditionally agrees, for the purposes of section 940C of the Corporations Act and all other purposes, to appoint the Company as its agent for the receipt of the Authorised Intermediary's financial services guide in accordance with regulation 7.7.01(2)(b) of the *Corporations Regulations 2001* (Cth).

7.22. ENQUIRIES

This Prospectus provides information for potential investors in Qualitas, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in this Prospectus, please contact your stockbroker, accountant or independent financial adviser. Enquiries from Australian resident investors relating to this Prospectus, or requests for additional copies of this Prospectus should be directed to the Qualitas Offer Information Line on 1800 628 703 (within Australia) or + 61 1800 628 703 (outside Australia).

08.
INVESTIGATING ACCOUNTANT'S REPORT

08. INVESTIGATING ACCOUNTANT'S REPORT

KPMG Transaction Services
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
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The Board of Directors
Qualitas Property Partners Pty Ltd
Qualitas Investments Pty Ltd (in its capacity as trustee of
Qualitas Investments Unit Trust)
Qualitas Limited

each of:
Level 38
120 Collins St
Melbourne VIC 3000

29 November 2021

Dear Directors

Limited Assurance Investigating Accountant's Report and Financial Services Guide

Introduction

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("**KPMG Transaction Services**") has been engaged by Qualitas Property Partners Pty Ltd ("**QPP**"), Qualitas Investments Pty Ltd ("**QI**") (in its capacity as trustee of Qualitas Investments Unit Trust ("**QIT**")) and Qualitas Limited (a newly incorporated company, ABN 46 655 057 588) ("**Qualitas**") to prepare this report for inclusion in the Prospectus to be dated 29 November 2021 ("**Prospectus**"), and to be issued by Qualitas in respect of the proposed Initial Public Offering ("**IPO**") of shares in Qualitas, and subsequent listing on the Australian Securities Exchange ("**ASX**") ("the **Transaction**").

Expressions and terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services License ("**AFSL**") under the *Corporations Act 2001*. KPMG Financial Advisory Services (Australia) Pty Ltd holds the appropriate AFSL under the *Corporations Act 2001*.

KPMG

This Investigating Accountant's Report should be read in conjunction with the KPMG Transaction Services Financial Services Guide included below.

Scope

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma historical and forecast financial information described below and disclosed in the Prospectus.

The pro forma historical and forecast 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 mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Pro Forma Historical Financial Information

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the pro forma historical financial information of Qualitas (the responsible party) included in the Prospectus.

The pro forma historical financial information has been derived from the historical financial information of QPP and QIT (together, "Historical Qualitas Group"), after adjusting for the effects of pro forma adjustments described in section 5.2.3 of the Prospectus. The pro forma historical financial information consists of the:

- pro forma historical income statements for the years ended 30 June 2019, 30 June 2020 and 30 June 2021 ("**Pro Forma Historical Income Statements**");
- pro forma historical cash flows for the years ended 30 June 2019, 30 June 2020 and 30 June 2021 ("**Pro Forma Historical Cash Flows**"); and
- pro forma historical balance sheet as at 30 June 2021 ("**Pro Forma Historical Balance Sheet**"),

in each case, all shown with pro forma adjustments to show the effect of events and transactions related to the Transaction (together the "**Pro Forma Historical Financial Information**").

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 5.2.3 of the Prospectus. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position, financial performance, and/or cash flows.

The Pro Forma Historical Financial Information has been compiled by Qualitas to illustrate the impact of the event(s) or transaction(s) on the Historical Qualitas Group's financial position as at 30 June 2021 and the Historical Qualitas Group's financial performance and cash flows for the years ended 30 June 2019, 30 June 2020 and 30 June 2021. As part of this process, information about the Historical Qualitas Group's financial position, financial performance and cash flows has been extracted by Qualitas from the Historical Qualitas Group's aggregated financial statements for the years ended 30 June 2019, 30 June 2020 and 30 June 2021.

The aggregated financial statements of the Historical Qualitas Group for the years ended 30 June 2019, 30 June 2020 and 30 June 2021 were audited by KPMG in accordance with Australian Auditing Standards.

The audit opinions issued to the members of the Historical Qualitas Group relating to those financial statements were unqualified.

For the purposes of preparing this report we have performed limited assurance procedures in relation to the Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that would cause us to believe that the Pro Forma Historical Financial Information is not prepared, or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation as set out in section 5.2.3 of the Prospectus.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion about whether the Pro Forma Historical Financial Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

Forecast Financial Information and directors' best-estimate assumptions

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the following financial information of Qualitas (the responsible party) included in the Prospectus:

- statutory forecast income statement for the year ended 30 June 2022 ("**Statutory Forecast Income Statement**");
- pro forma forecast income statement for the year ended 30 June 2022 ("**Pro Forma Forecast Income Statement**");
- statutory forecast cash flows for the year ended 30 June 2022 ("**Statutory Forecast Cash Flows**"); and
- pro forma forecast cash flows for the year ended 30 June 2022 ("**Pro Forma Forecast Cash Flows**"),

(together the "**Forecast Financial Information**").

The directors' best-estimate assumptions underlying the Forecast Financial Information are described in section 5.7 of the Prospectus. As stated in section 5.2.4 of the Prospectus, the stated basis of preparation of the Forecast Financial Information is the recognition and measurement principles contained in Australian Accounting Standards and Qualitas' adopted accounting policies applied to the Pro Forma Forecast and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 5.2.4 of the Prospectus, as if those event(s) or transaction(s) had occurred as at the date of the Forecast Financial Information. Due to its nature, the Pro Forma Forecast does not represent Qualitas' actual prospective financial position, financial performance and/or cash flows for the year ending 30 June 2022.

We have performed limited assurance procedures in relation to the Forecast Financial Information, set out in section 5.3.1 and 5.6.1 of the Prospectus, and the directors' best-estimate assumptions underlying it in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions do not provide reasonable grounds for the Forecast Financial Information;
- in all material respects the Forecast Financial Information is not:
  - prepared on the basis of the directors' best-estimate assumptions as described in the Prospectus; and
  - presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and Qualitas' adopted accounting policies;
- the Forecast Financial Information itself is unreasonable.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.*

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The directors of Qualitas are responsible for the preparation of:

- the Pro Forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the historical financial information and included in the Pro Forma Historical Information; and
- the Forecast Financial Information, including the directors' best-estimate assumptions on which the Forecast Financial Information is based and the sensitivity of the Forecast Financial Information to changes in key assumptions, including the selection and determination of the pro forma adjustments made to the Forecast Financial Information and included in the Pro Forma Forecast

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Conclusions

Review statement on the Pro Forma Historical Financial Information

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in sections 5.3.1, 5.5 and 5.6.1 of the Prospectus and comprising the:

- pro forma historical income statements for the years ended 30 June 2019, 30 June 2020 and 30 June 2021;

- pro forma historical cash flows for the years ended 30 June 2019, 30 June 2020 and 30 June 2021; and
- pro forma historical balance sheet as at 30 June 2021,

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in section 5.2.3 of the Prospectus, and in accordance with the stated basis of preparation, as described in section 5.2.3 of the Prospectus, being the recognition and measurement principles prescribed in Australian Accounting Standards, and the Historical Qualitas Group's adopted accounting policies.

Forecast Financial Information and the directors' best-estimate assumptions

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

- the directors' best-estimate assumptions used in the preparation of the Forecast Financial Information for the year ending 30 June 2022 do not provide reasonable grounds for the Forecast Financial Information; and
- in all material respects, the Forecast Financial Information:
  - is not prepared on the basis of the directors' best-estimate assumptions as described in section 5.7 of the Prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards, and Qualitas' adopted accounting policies; and
- the Forecast Financial Information itself is unreasonable.

The Forecast Financial Information has been prepared by the Historical Qualitas Group management and adopted by the directors in order to provide prospective investors with a guide to the potential financial performance of Qualitas for the year ending 30 June 2022.

There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to event(s) and transaction(s) that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated event(s) or transaction(s) frequently do not occur as expected and the variation may be material. The directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future event(s) and/or transaction(s) 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 Qualitas. Evidence may be available to support the directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented 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. 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 in relation to an investment in Qualitas, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in section 5.9, 5.10 and 6 of the Prospectus. The sensitivity analysis described in section 5.9 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. 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 Historical Qualitas Group, that all material information concerning the prospects and proposed operations of Qualitas 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.

Independence

KPMG Transaction Services does not have any interest in the outcome of the proposed Transaction, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of the Historical Qualitas Group and Qualitas, and from time to time, KPMG also provides the Historical Qualitas Group and Qualitas with certain other professional services for which normal professional fees are received.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Design and Distribution Obligations ("DDO")

KPMG has made reasonable enquiries of Qualitas, QPP and QI as to whether sale of shares in Qualitas pursuant to the Transaction is captured by Design and Distribution Obligations ("DDO") regulations. Where a Target Market Determination ("TMD") is required KPMG has reviewed the TMD to ensure the content of the IAR is consistent with the TMD.

Restriction on use

Without modifying our conclusions, we draw attention to section 5.2 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

Consent and Liability

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Financial Services Guide

We have included our Financial Services Guide as an appendix to our report. The Financial Services Guide is designed to assist retail clients in their use of any general financial product advice in our report.

Yours faithfully

Paul Guinea
Authorised Representative

KPMG Financial Advisory Services (Australia) Pty Ltd

ABN 43 007 363 215
Australian Financial Services Licence No. 246901

Financial Services Guide

Dated October 2021

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215 ("KPMG FAS")**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) ('**KPMG Transaction Services**'), and Paul Guinea as an authorised representative of KPMG Transaction Services, authorised representative number 001245044 (**Authorised Representative**).

This FSG includes information about:

- KPMG FAS and its Authorised Representative and how they can be contacted;
- The services KPMG FAS and its Authorised Representative are authorised to provide;
- How KPMG FAS and its Authorised Representative are paid;
- Any relevant associations or relationships of KPMG FAS and its Authorised Representative;
- How complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- The compensation arrangements that KPMG FAS has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG FAS.

This FSG forms part of an Investigating Accountant's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (**PDS**). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits, and costs of acquiring the particular financial product.

Financial services that KPMG FAS and the Authorised Representative are authorised to provide

KPMG FAS holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- Deposit and non-cash payment products;
- Derivatives;
- Foreign exchange contracts;
- Government debentures, stocks or bonds;
- Interests in managed investments schemes including investor directed portfolio services;
- Securities;
- Superannuation;
- Carbon units;
- Australian carbon credit units; and
- Eligible international emissions units,

to retail and wholesale clients.

We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG FAS to provide financial product advice on KPMG FAS's behalf.

KPMG FAS and the Authorised Representative's responsibility to you

KPMG FAS has been engaged by Qualitas Limited, Qualitas Property Partners Pty Ltd and Qualitas Investments Pty Ltd (in capacity as trustee of Qualitas Investments Unit Trust) (Client) to provide general financial product advice in the form of a Report to be included in the Prospectus (Document) prepared by Client in relation to the proposed initial public offering of shares in Qualitas Limited (Transaction).

You have not engaged KPMG FAS or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG FAS nor the Authorised Representative are acting for any person other than the Client.

KPMG FAS and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General advice

As KPMG FAS has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG FAS may receive, and remuneration or other benefits received by our representatives

KPMG FAS charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG FAS $650,000 for preparing the Report. KPMG FAS and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG FAS officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the **KPMG Partnership**). KPMG FAS' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

Referrals

Neither KPMG FAS nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG FAS is controlled by and operates as part of the KPMG Partnership. KPMG FAS' directors and Authorised Representatives may be partners in the KPMG Partnership. The

Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG FAS and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG FAS, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let KPMG FAS or the Authorised Representative know. Complaints can be sent in writing to The Complaints Officer, KPMG, GPO Box 2291U, Melbourne, VIC 3000 or via email (AU-FM-AFSL-COMPLAINT@kpmg.com.au). If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on (03) 9288 5555 and they will assist you in documenting your complaint.

We will acknowledge receipt of your complaint, in writing, within 1 business day or as soon as practicable.

Following an investigation of your complaint, you will receive a written response within 30 calendar days. If KPMG FAS is unable to resolve your complaint within 30 calendar days, we will let you know the reasons for the delay and advise you of your right to refer the matter to the Australian Financial Complaints Authority (**AFCA**).

External complaints resolution process

If KPMG FAS or the Authorised Representative cannot resolve your complaint to your satisfaction within 30 calendar days, you can refer the matter to AFCA. AFCA is an independent body that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry. KPMG FAS is a member of AFCA (member no 11690).

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly at:

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

Email: info@afca.org.au

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG FAS holds professional indemnity insurance cover in accordance with section 912B of the *Corporations Act 2001(Cth).*

Contact details

You may contact KPMG FAS or the Authorised Representative using the below contact details:

KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd)
Level 38, International Towers Three
300 Barangaroo Avenue
Sydney NSW 2000

PO Box H67
Australia Square
NSW 1213

Telephone: (02) 9335 7621
Facsimile: (02) 9335 7001

Paul Guinea

C/O KPMG
PO Box H67
Australia Square
NSW 1213

Telephone: (02) 9335 7621
Facsimile: (02) 9335 7001

09.
TAXATION

09. TAXATION

9.1. OVERVIEW

The following tax comments are based on the Australian Tax Law in force as at the date of this Prospectus. Australian tax laws are complex. This summary is general in nature and is not intended to be an authoritative or complete statement of all potential tax implications for each investor. During the ownership of the Shares by Shareholders, the taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal will depend upon each Shareholder's specific circumstances. Shareholders should seek their own professional advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

The following information is a general summary of the Australian income tax and stamp duty implications for individuals, complying superannuation entities, trusts, partnerships and corporate investors that hold their Shares on capital account. These comments do not apply to Shareholders that hold Shares as trading stock on revenue account, Shareholders who are banks or insurance companies, Shareholders who are exempt from Australian income tax or Shareholders subject to the Taxation of Financial Arrangements regime in Division 230 of the *Income Tax Assessment Act 1997* (Cth) which have made elections for the fair value or Reliance on Financial Reports (**ROFR**) methodologies.

If you are in doubt as to the course you should follow, you should seek independent tax advice.

9.2. DIVIDENDS ON A SHARE

9.2.1. Dividends may be paid to Shareholders

Dividends may be paid to Shareholders by the Company where the relevant legal and accounting requirements are met. The Company may attach 'franking credits' to such dividends. Franking credits broadly represent the extent to which a dividend is paid by the Company out of profits that have been subject to Australian tax. It is possible for a dividend to be fully franked, partly franked or unfranked.

It should be noted that the concept of a dividend for Australian income tax purposes is very broad and can include payments that are made in respect of such things as off-market share buy-backs. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Directors.

9.2.2. Australian resident individuals and complying superannuation entities

Dividends paid by the Company on a Share will constitute assessable income of an Australian tax resident Shareholder. Australian tax resident Shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income (some superannuation funds may be exempt in relation to Shares to the extent they are held to support current pension liabilities) in the year the dividend is paid, together with any franking credit attached to that dividend. Such Shareholders may be entitled to a tax offset equal to the franking credit attached to the dividend (refer below). The tax offset can be applied to reduce the tax payable on the Shareholder's taxable income. Where the tax offset exceeds the tax payable on the Shareholder's taxable income, such investors should be entitled to a tax refund.

9.2.3. Australian resident corporate Shareholders

Corporate Shareholders are required to include both the dividend and associated franking credit in their assessable income. A tax offset is then allowed up to the amount of the franking credit on the dividend. Where the tax offset exceeds the tax payable, the excess cannot give rise to a refund for a company but can be converted into carry forward tax losses in certain circumstances.

An Australian resident corporate Shareholder should be entitled to a credit in its own franking account to the extent of the franking credit attached to the dividend received. Such corporate Shareholders can then pass on the benefit of the franking credits to their own investor(s) on the payment of dividends.

9.2.4. Australian tax resident trusts and partnerships

Shareholders who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in their assessable income in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the franking credit received by the trust or partnership.

9.2.5. Qualified person

The benefit of franking credits can be denied where a Shareholder is not a 'qualified person' in which case the Shareholder will not need to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a 'qualified person', two tests must be satisfied, namely the holding period rule and the related payment rule.

Under the holding period rule, a Shareholder is required to hold Shares "at risk" for more than 45 days continuously over a specified period in order to qualify for franking benefits, including franking credits. This period is measured as the period commencing the day after the Shares were acquired and ending on the 45th day after the Shares become ex-dividend.

Shares are held 'at risk' to the extent no material 'positions' are adopted in relation to the Shares which have the effect of diminishing the economic exposure associated with holding the Shares (for example, certain derivatives or agreements to sell the Shares).

This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed $5,000. Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the Shareholder has made, or is under an obligation to make, a related payment in relation to the dividend. The related payment rule requires the investor to have held the Shares at risk for the continuous 45 day period as above but within the limited period commencing on the 45th day before, and ending on the 45th day after, the day the Shares become ex-dividend.

Investors should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

9.2.6. Dividends paid to non-resident Shareholders

The Company will be required to withhold tax from the unfranked component of dividends paid to a non-resident Shareholder.

The tax withheld will, in the absence of a tax treaty between Australia and the Shareholder's country of residence (**Double Tax Agreement**), be equal to 30% of the unfranked component of the dividends paid. This rate may be reduced where the Shareholder is a resident of a country with which Australia has concluded a Double Tax Agreement.

No dividend withholding tax is payable on the franked component of a dividend.

9.3. DISPOSAL OF SHARES

9.3.1. Australian tax resident Shareholders

Australian tax resident Shareholders who hold their Shares on capital account will be required to consider the impact of the Australian capital gains tax (**CGT**) provisions in respect of the disposal of their Shares.

Where the capital proceeds received on disposal of the Shares exceed the CGT cost base of those Shares, Australian tax resident Shareholders will be required to recognise a capital gain. The CGT cost base of the Shares should generally be equal to the issue price or acquisition price of the Shares plus, among other things, incidental costs associated with the acquisition and disposal of the Shares. In respect of the CGT cost base of the Shares, this amount may be reduced as a result of receiving non-assessable distributions from the Company, such as returns of capital.

Conversely, Australian tax resident Shareholders may recognise a capital loss on the disposal of Shares where the capital proceeds received on disposal are less than the reduced CGT cost base of the Shares.

All capital gains and losses recognised by an Australian tax resident Shareholder for an income year are added together. To the extent that a net gain exists, such Shareholders should be able to reduce the gain by any amount of unapplied net capital losses carried forward from previous income years (provided certain loss recoupment tests are satisfied). Any remaining net gain (after the application of any carried forward capital losses) will then be required to be included in the Australian tax resident Shareholder's assessable income (subject to the comments below in relation to the availability of the CGT discount concession) and will be taxable at the Shareholder's applicable rate of tax. Where a net capital loss is recognised, the loss will only be deductible against future capital gains. Capital losses are capable of being carried forward indefinitely, provided the relevant loss recoupment tests are satisfied.

Non-corporate Shareholders may be entitled to a concession which discounts the amount of capital gain that is assessed. Broadly, the concession is available where the Shares have been held for at least 12 months prior to disposal. The concession results in a 50% reduction in the assessable amount of a capital gain for an individual Shareholder or trust, and a one third reduction of a capital gain for an Australian tax resident complying superannuation entity Shareholder. The concession applies to any net capital gain (i.e. it applies after capital losses have been deducted against any gains). The concession is not available to corporate Shareholders.

In relation to trusts, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries, subject to certain requirements being satisfied. Shareholders which are trusts should seek specific advice as to the circumstances in which a beneficiary may be entitled to a CGT discount.

9.3.2. Non-Australian tax resident Shareholders

A non-resident Shareholder should only be subject to CGT where their investment in the Shares comprises (together with associates) 10% or more of the Company (either at the time of the CGT event or in any 12-month period in the 24 months prior to the CGT event) and more than 50% of the Company's underlying investments are Taxable Australian Real Property (broadly, land and fixtures).

9.4. GOODS AND SERVICES TAX (GST)

Shareholders should not be liable for GST in respect of their investment in Shares. Shareholders may not be entitled to claim full input tax credits in respect of any GST paid on costs incurred in connection with their acquisition of the Shares. Separate GST advice should be sought by Shareholders in this respect.

9.5. STAMP DUTY

Shareholders should not be liable for stamp duty in respect of their holding of Shares, unless they acquire, either alone with an associated/related person, an interest of 90% or more in the Company. Under current stamp duty legislation, no stamp duty would ordinarily be payable by Shareholders on any subsequent transfer of Shares.

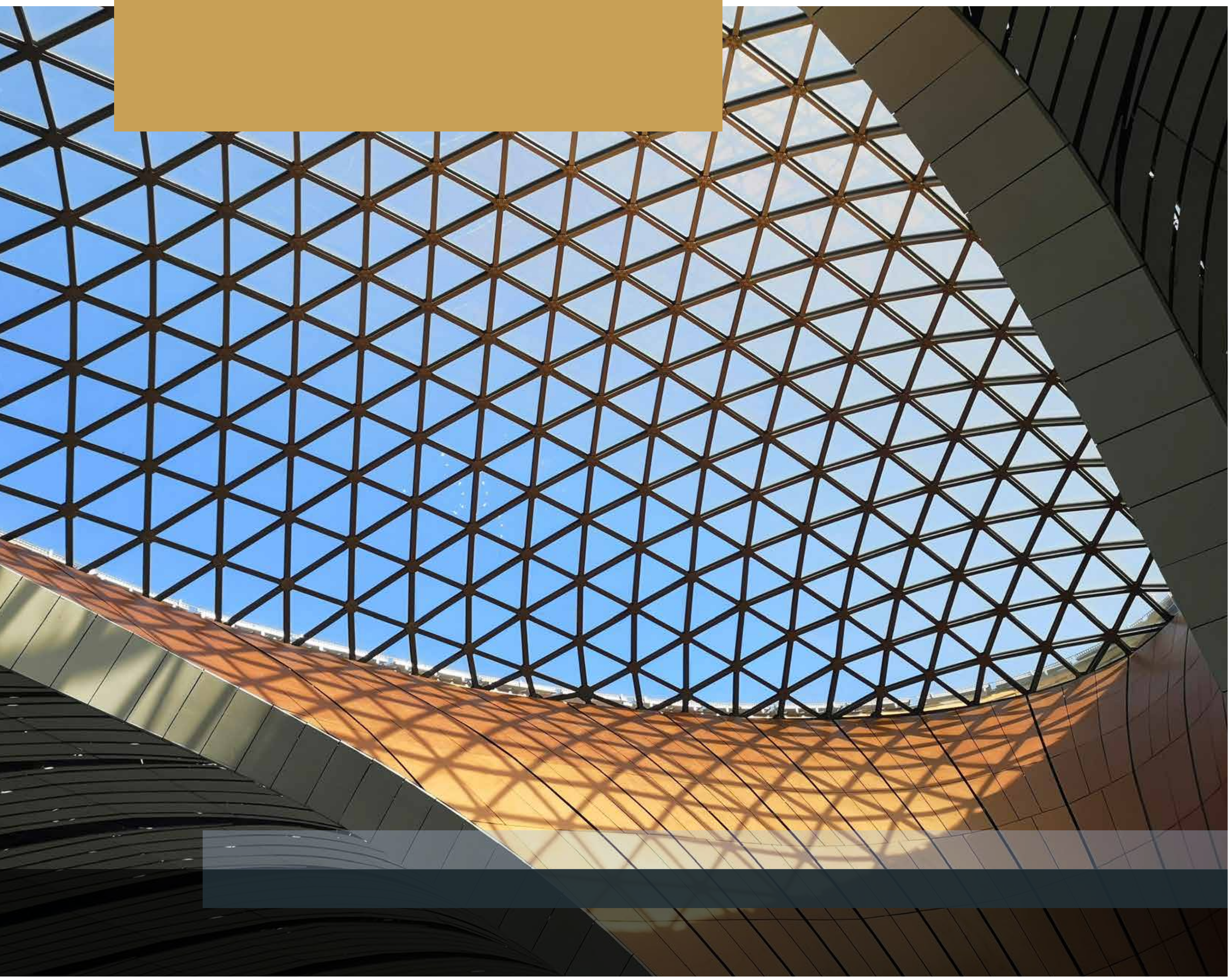
Shareholders should seek their own advice as to the impact of stamp duty in their own particular circumstances.

9.6. TAX FILE NUMBERS (TFN)

Resident Shareholders may, if they choose, notify the Issuer of their TFN, ABN or a relevant exemption from withholding tax with respect to dividends. In the event the Company is not so notified, tax will automatically be deducted as the highest marginal rate, including where relevant, the Medicare Levy, from unfranked dividends and/or distributions.

Resident Shareholders may be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on dividends in their income tax returns.

10.
SUMMARY OF IMPORTANT DOCUMENTS



10. SUMMARY OF IMPORTANT DOCUMENTS

10.1. MATERIAL CONTRACT SUMMARIES

Other than the Underwriting Agreement and the Restructure Deed summarised in Section 10.3 and 10.4, the Board does not consider that there are any contracts which are significant or material to Qualitas or of such a nature that investors may wish to have details of them when making an assessment of whether to apply for Shares.

Summaries of Qualitas' material contracts set out in this Prospectus do not purport to be complete and are qualified by the text of the contracts themselves.

10.2. CONSTITUTION AND RIGHTS ATTACHING TO SHARES

10.2.1. 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 the Company is admitted to the Official List.

10.2.2. Voting at a general meeting

At a general meeting of the Company, subject to any rights or restrictions attaching to any class of Shares, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and, on a poll, one vote for each fully paid Share held and a fraction of a vote for each partly paid Share held equivalent to the proportion which the amount paid (not credited) is of the total amounts paid and payable.

10.2.3. Meetings of members

Each Shareholder is entitled to receive notice of, attend and vote at, general meetings of the Company and to receive all notices and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

10.2.4. Dividends

The Board may resolve to pay dividends to Shareholders and fix the amount of the dividend, the time for determining entitlements to the dividend and the timing and method of payment. For further information in respect of the Company's Dividend Policy, see Section 5.11.

10.2.5. Transfer of Shares

Subject to the Constitution, Shares may be transferred by a proper transfer effected in accordance with the ASX Settlement Operating Rules, by a written instrument of transfer which complies with the Constitution or any other form approved by the Directors. The Company may participate in any computerised or electronic system for market settlement, securities transfer and registration conducted in accordance with the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the CS Facility Rules, or corresponding laws or financial market rules in any other country.

The Board may refuse to register a transfer of Shares where permitted to do so under the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules. The Board must refuse to register a transfer of Shares when required to by the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules.

10.2.6. Issue of further shares

Subject to the Corporations Act, the ASX Listing Rules, the Constitution and the ASX Settlement Operating Rules, the Directors may issue, or grant options in respect of, or otherwise dispose of further shares on such terms and conditions as the Directors resolve.

10.2.7. Winding up

Without prejudice to the rights of the holders of Shares issued on special terms and conditions, if the Company is wound up, the liquidator may, with the sanction of a special resolution of the Company, divide among the Shareholders in kind all or any of the Company's assets and for that purpose, determine how it will carry out the division between the different classes of Shareholders, but may not require a Shareholder to accept any Shares or other securities in respect of which there is any liability.

10.2.8. Non-marketable parcels

Subject to the Corporations Act, the ASX Listing Rules and the ASX Settlement Operating Rules, the Company may sell the Shares of one or more Shareholders who hold less than a marketable parcel of Shares (unless the Shareholder has notified the Company in writing before a specified date that they wish to retain their Shares).

10.2.9. Share buy-backs

Subject to the Corporations Act and the ASX Listing Rules, the Company may buy back Shares on terms and at times determined by the Board.

10.2.10. Variation of class rights

Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares in the Company may be varied or cancelled:

(a) with the consent in writing of the holders of three-quarters of the issued shares included in that class; or

(b) by a special resolution passed at a separate meeting of the holders of those shares.

In either case, in accordance with the Corporations Act, the holders of at least 10% of the votes in the class of shares, the rights of which have been varied or cancelled, may apply to a Court of competent jurisdiction to exercise its discretion to set aside such variation or cancellation.

10.2.11. Dividend reinvestment program

The Directors may establish a dividend reinvestment plan (under which any Shareholder or any class of Shareholders may elect to reinvest cash dividends paid or payable by the Company by acquiring by way of issue or transfer (or both) Shares or other securities).

10.2.12. Directors – appointment and rotation

Under the Constitution, the minimum number of Directors that may comprise the Board is 3 and the maximum is 8. Directors are elected at general meetings of the Company. Retirement will occur on a rotational basis so that no Director (excluding the Managing Director) holds office without re-election for a period in excess of 3 years or beyond the third annual general meeting following the meeting at which the Director was last elected, whichever is longer. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who will then hold office until the next annual general meeting of the Company.

10.2.13. Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. Subject to the Corporations Act, each Director has one vote. Subject to the ASX Listing Rules, in the case of an equality of votes, the chairperson of a meeting has a casting vote in addition to his or her deliberative vote.

10.2.14. Directors – remuneration

Subject to the ASX Listing Rules, the Directors, other than an Executive Director, will be paid by way of fees for services up to the maximum aggregate sum of $1,100,000 per annum or such other amount as may be approved by the Company in general meeting. The initial remuneration of the Directors is set out in Section 4.3. Shares, options, rights and other share-based payments may be provided to Non-Executive Directors and the value of any such Shares, options, rights and other share-based payments will not be included in the aggregate maximum. Special exertion fees and expense reimbursement fees paid by the Company to Non-Executive Director's will not be included in the maximum aggregate sum detailed above. The Constitution also makes provision for the Company to pay all reasonable expenses of Directors in attending meetings and carrying on their duties.

10.2.15. Indemnities

The Company, to the extent permitted by law, indemnifies each person who is or has been an officer of the Company against:

(a) any liability (other than for legal costs) incurred by that person as a director or officer of the Company or its subsidiaries; and

(b) reasonable legal costs incurred by that person in defending an action for a liability of that person as an officer of the Company or its subsidiaries.

The Company, to the extent permitted by law, may make a payment (whether by way of an advance, loan or otherwise) to a Director in respect of legal costs incurred by that person in defending an action for a liability of that person.

The Company, to the extent permitted by law, may pay, or agree to pay, a premium for a contract insuring a person who is or has been a Non-Executive Director against any liability incurred by that person as a Director.

10.2.16. Inspection of Records

Except as otherwise required by the Corporations Act, the Directors may determine whether and to what extent, and at what times and places and under what conditions, the financial records and other documents of the Company will be open for inspection by Shareholders other than Directors.

A Shareholder other than a Director does not have the right to inspect any financial records or other documents of the Company unless the Shareholder is authorised to do so by a Court order or a resolution of the Directors.

10.3. UNDERWRITING AGREEMENT

10.3.1 Overview of the Underwriting Agreement

The Institutional Offer and the Broker Firm Offer are being underwritten by Macquarie Capital pursuant to the Underwriting Agreement. The Priority Offer is not underwritten. Under the Underwriting Agreement, Macquarie Capital has agreed to act as joint lead manager and bookrunner of the Offer, and underwriter of the Underwritten Offer Components, while the Joint Lead Managers have agreed to manage the Offer.

10.3.2 Commissions, fees and expenses

The Company must pay, in accordance with the Underwriting Agreement, to:

- Macquarie Capital as Joint Lead Manager and Underwriter, an underwriting fee of in aggregate 2.50% of the Offer Proceeds up to and including $200 million (and 2.25% of any Offer Proceeds in excess of that amount);
- Macquarie Capital and the other Joint Lead Managers, in their equal proportions, a management fee of 0.75% of the Offer Proceeds; and
- Macquarie Capital as the financial advisor and a Joint Lead Manager, a financial advisory fee of $1.5 million,

(together, the **Offer Costs**). **Offer Proceeds** means the number of Shares issued under the Offer (up to, in the case of the proceeds from the Priority Offer, a maximum of $30 million (or such greater amount as agreed by the Company and the Joint Lead Managers in writing)). The Company must also pay to Macquarie Capital an incentive fee of up to $1.0 million in the event that the Offer is completed, subject to the Offer Proceeds being at least $300 million, with such fee to be calculated on a linear basis by reference to the aggregate of the Offer Proceeds between $300 million and $400 million. The Company may reduce the incentive fee at its discretion where the pre-money valuation of the Offer is less than $400 million.

Any commissions, fees and expenses accruing to the Offer Syndicate excluding Macquarie Capital will be paid out of the Offer Costs outlined above, including:

- Broker firm fee of 1.0% of Offer Proceeds raised from Shares allocated to clients of the Joint Lead Managers (excluding Macquarie Capital) as part of the institutional cornerstone process conducted by the Joint Lead Managers as an incentive fee, in each case, up to a maximum of $500,000;
- an amount equal to 1.50% of the product of the Offer Price multiplied by the number of Offer Shares allocated to clients of each Joint Lead Manager;
- $100,000 fixed fee to the Co-Lead Manager, as well as an incentive fee based on generating demand under the Offer in excess of an indicative demand range; and

- The Co-Managers may be paid an incentive fee on generating demand under the Offer.

The Company has agreed to reimburse the Macquarie Capital for reasonable costs and expenses incurred by it in relation to the Offer.

10.3.3 Termination events

If any of the following events has occurred or occurs at any time from the date of the Underwriting Agreement until 2.00pm on the date of Settlement (**Settlement Date**), or at any earlier time as specified below, any Joint Lead Manager may terminate its obligations under the Underwriting Agreement without cost or liability to that Joint Lead Manager by notice to the Company and each other Joint Lead Manager:

- the Company is or will be prevented from conducting or completing the Offer by or in accordance with the ASX Listing Rules, ASIC, ASX, any applicable laws or an order of a court of competent jurisdiction, or otherwise are or will become unable or unwilling to do any of these things;
- if the S&P/ASX 200 Index is, for two consecutive trading days after the date of the Underwriting Agreement prior to the Settlement Date, or for the one trading day before the Settlement Date, or on the Settlement Date, more than 12.5% below the level of that Index at the close of ASX trading on the trading day before the date of lodgement of this Prospectus;
- the Company lodges a supplementary or replacement Prospectus (**Supplementary Prospectus**) without the consent of the Joint Lead Manager or fails to lodge a Supplementary Prospectus in a form acceptable to the Joint Lead Manager or becomes required to lodge a Supplementary Prospectus because of a circumstance set out in section 719(1) of the Corporations Act;
- this Prospectus, another document (such as a pathfinder prospectus or roadshow presentation) used to market the Offer (each, an **Offer Document**) or any aspect of the Offer does not comply with the Corporations Act, the ASX Listing Rules or any other applicable law or regulation;
- there are not or there cease to be reasonable grounds for any statement in the Offer Documents which relates to future matters or any statement or estimate in the Offer Documents that relate to a future matter is unlikely to be met in the projected timeframe (including in each case financial forecasts);
- the Company withdraws this Prospectus or terminates the Offer or any part of the Offer;
- any person (i) (other than a Joint Lead Manager) whose consent to the issue of the Prospectus or any Supplementary Prospectus is required by section 720 of the Corporations Act and who has previously consented to the issue of the Prospectus or any Supplementary Prospectus withdraws such consent; (ii) any person gives a notice under section 733(3) of the Corporations Act; or (iii) any person (other than a Joint Lead Manager) who has previously consented to the inclusion of their name or any statement in the Prospectus or any Supplementary Prospectus withdraws that consent;
- any of the deeds relating to the Escrow Arrangements (**Escrow Deeds**) is not, or cease to be, valid, binding and enforceable in accordance with their terms, or are withdrawn, varied, terminated, rescinded, altered or amended, breached or failed to be complied with;
- any material contract summarised in this Prospectus or any other contract, deed or other agreement which is material to the making of an informed investment decision in relation to the Shares or Sale Shares is (i) is terminated, withdrawn, rescinded, avoided or repudiated; (ii) is altered, amended or varied in any material respect without the consent of the Joint Lead Manager (acting reasonably); (iii) in any material respect, breached, or there is a failure by a party to materially comply with its terms; (iv) ceases to have effect, otherwise than in accordance with its terms; or (v) is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, withdrawn, rescinded, avoided or withdrawn or of limited force and affect, or its performance is or becomes illegal;
- the Company does not provide a certificate in relation to representations and warranties and termination events required by the Underwriting Agreement (**Certificate**) in the manner required by the Underwriting Agreement or a statement in that Certificate is untrue in any material respect, incorrect or misleading or deceptive;
- an event specified in the timetable for the Offer set out in the Underwriting Agreement occurring after the date of the Underwriting Agreement is delayed for more than 2 business days (other than a delay agreed between the Company and the Joint Lead Managers);

- a Group Member is or becomes unable to pay its debts when they are due or is or becomes unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act;
- a Group Member enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them;
- the Company or any Group Member (other than the Fund Entities) ceases or threatens to cease to carry on business, or disposes, or agrees to dispose, of the whole, or a substantial part of its business or property;
- other than as disclosed in this Prospectus, a person charges or encumbers agrees to charge or encumber, the whole, or a substantial part of the business or property of the Company or a Group Member (other than the Fund Entities);
- ASIC makes an interim or final stop order in relation to this Prospectus under section 739 of the Corporations Act or gives notice of its intention to hold a hearing or issues an order under section 739 of the Corporations Act in relation to this Prospectus to determine if it should make a stop order in relation to this Prospectus or makes an application under section 1324 or 1324B of the Corporations Act, unless such order or notification is not made public and is withdrawn within the earlier of (i) 5 business days or (ii) the business day prior to the Settlement Date;
- any person gives a notice under section 730 of the Corporations Act in relation to this Prospectus (other than a Joint Lead Manager);
- ASIC issues proceedings in relation to the Company, an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to this Prospectus, or ASIC or any other government agency commences or gives notice of an intention to prosecute or commence, any investigation or hearing under the Corporations Act or the *Australian Securities and Investments Commission Act 2001* (Cth) in relation to the Offer or any Offer Document, unless such proceeding, application, notification or investigation is not made public and is withdrawn within the earlier of (i) 3 business days or (ii) the business day prior to the Settlement Date;
- approval for quotation on ASX is refused or not granted, other than subject to standard conditions customarily imposed, or any other conditions acceptable to the Joint Lead Managers (acting reasonably) by the date specified for such occurrence in the Underwriting Agreement or if approval is granted, such approval is subsequently withdrawn, qualified or withheld before Completion of the Offer;
- if any ASX waivers or ASIC relief sought in order to undertake the Offer are not granted by 9.00am on the Quotation Approval Date or if granted are withdrawn;
- any Director or senior manager is disqualified from managing a corporation under section 206A, 206B, 206C, 206D, 206E, 206F or 206G of the Corporations Act; or
- a Group Member or any of their respective directors or officers (as that term is defined in the Corporations Act) engage in any fraudulent conduct or activity.

10.3.4 Termination events subject to materiality

If any of the following events has occurred or occurs at any time on or before 2.00pm on the Settlement Date, or at any earlier time as specified below, a Joint Lead Manager may terminate its obligations under the Underwriting Agreement without cost or liability to that Joint Lead Manager by notice to the Company and each other Joint Lead Manager, subject to the Joint Lead Managers having reasonable grounds to believe and does believe that the event (a) has had or could reasonably be expected to have, individually or in aggregate with a separate event, a material adverse effect on (i) the financial condition, financial position or financial prospects of the Company or the group, or the success or outcome of the Offer; (ii) the ability of the Joint Lead Managers to market or promote or settle the Offer; (iii) the willingness of persons to apply for, or settle obligations to subscribe for, Shares or Sale Sales under the Offer; or (iv) the subsequent market for the Shares and Sale Sales; or (b) has given or is likely to give rise to (i) a contravention by that Joint Lead Manager of, or that Joint Lead Manager being involved in a contravention of, the Corporations Act or any other applicable law or regulation; or (ii) a liability for that Joint Lead Manager:

- there is an omission from the pathfinder (or draft) Prospectus (**Pathfinder**), Prospectus or any Supplementary Prospectus of material required by the Corporations Act to be included, an Offer Document contains a statement which is untrue, inaccurate, misleading or deceptive or likely to mislead or deceive (whether by inclusion or omission), or an Offer Document does not contain all information required to comply with all applicable laws;
- there occurs a new circumstance that arises after the Pathfinder is initially distributed or after the Prospectus is lodged, that would have been required to be included in the Pathfinder or the Prospectus if it had arisen before the initial distribution or lodgement (as applicable);

- any material adverse change occurs in the assets, liabilities, Share capital, financial position or performance or prospects of the Company or the group (other than a fund entity) (insofar as the position in relation to an entity in the group affects the overall position of the Company) from those respectively disclosed in certain financial statements of the group, the Prospectus or public statements made by the Company in relation to the Offer (**Public Information**), including any material adverse change in the reported earnings or future prospects of the Company or an entity in the group (other than a fund entity), the insolvency or voluntary winding up of the Company, or an entity in the group (other than a fund entity) or the appointment of any receiver, receiver and manager, liquidator or other external administrator, any material adverse change to the rights and benefits attaching to Shares, or any change that may have a material adverse effect on the Company, or the group (other than a fund entity) (insofar as the position in relation to an entity in the group affects the overall position of the Company);
- the Company breaches, or fails to comply with, any of its undertakings or obligations under the Underwriting Agreement;
- any representation or warranty contained in the Underwriting Agreement on the part of the Company is breached or becomes false, misleading or incorrect;
- any information supplied by or on behalf of the Company to the Joint Lead Managers in relation to the group or the Offer is, or becomes misleading or deceptive, or is likely to mislead or deceive (including by omission);
- a general moratorium on commercial banking activities in Australia, Hong Kong, Japan, the United Kingdom, the United States of America is declared by the relevant central banking authority in those countries, or there is a disruption in commercial banking or security settlement or clearance services in any of those countries;
- any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Hong Kong, Japan, the United Kingdom, the United States of America or in the international financial markets or any material adverse change occurs in national or international political, financial or economic conditions;
- there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a new law, or the Government of Australia, or any State or Territory of Australia, the Reserve Bank of Australia, or any Minister or other Government Agency of Australia or any State or Territory of Australia, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Underwriting Agreement);
- trading in securities generally has been suspended or limited in a material respect for one trading day, by any of the New York Stock Exchange, NASDAQ, the London Stock Exchange, the Tokyo Stock Exchange or ASX;
- a change in the Directors, chief executive officer or chief financial officer of the Company or group is announced or occurs without the written consent of the Joint Lead Manager;
- (i) the Company breaches, or defaults under, any provision, undertaking, covenant or ratio of a debt or financing arrangement or any related documentation; or (ii) there occurs an event of default, a review event which gives a lender or financier the right to accelerate or require repayment of the debt or financing or any other similar event under or with respect to any such debt or financing arrangement or related documentation;
- any of the following occurs: (i) legal proceedings are commenced against the Company or any other Group Member; or (ii) any Director or senior manager of the Company or group is charged with an indictable offence or any regulatory body commenced any public action against the Director or senior manager of the Company or group or announced that it intends to take any such action;
- any of the Offer Documents, or any aspect of the Offer does not comply with the Corporations Act as it applies to the Company, the ASX Listing Rules (as required by ASX), or any other applicable law or regulation;
- the Company, before Completion of the Offer, commits, is involved in or acquiesces in any activity which breaches any of the following matters: (i) the Corporations Act or any other law to which the Company is subject or any order of any government agency that is binding on it; (ii) the ASX Listing Rules (except where compliance has been waived, or as modified, by ASX); (iii) its constitution or other constituent documents; (iv) any legally binding requirement of ASIC or ASX; or (v) any other undertaking or instrument or authorisation binding on it;
- a statement in any of the Public Information is or becomes misleading or deceptive or likely to mislead or deceive;
- the Company or an entity in the group issues a public statement concerning the Offer which has not been approved by the Joint Lead Manager under the Underwriting Agreement; or
- there is a material omission from the results of the due diligence investigation performed in respect of the Company in connection with the Offer or the verification material or the results of such due diligence investigation or the verification material are false or misleading.

10.3.5 Conditions, warranties, undertakings and other terms

The Underwriting Agreement contains certain standard representations, warranties and undertakings by the Company to the Joint Lead Managers (as well as common conditions precedent), including the entry into the Escrow Deeds by certain of the Existing Shareholders in a form and substance acceptable to the Joint Lead Managers. The representations and warranties given by the Company include, but are not limited to matters, such as power and authorisations, compliance with applicable laws and the ASX Listing Rules, financial information, information contained in the Prospectus, the conduct of the Offer and the due diligence process, litigation, material contracts, intellectual property, IT systems, encumbrances, licences, insurance, internal controls, tax and labour.

The Company provides undertakings under the Underwriting Agreement which include, but are not limited to, notifications of breach of any obligation, representation or warranty or undertaking or non-satisfaction of any condition given by them under the Underwriting Agreement and that it will not, during the period following the date of the Underwriting Agreement until 90 days after Shares or Sale Shares have been issued or transferred, respectively, under the Offer, issue any Shares without the consent of the Joint Lead Managers (subject to certain exceptions including pursuant to the Offer or a share purchase plan, a dividend or distribution plan or any employee incentive plan, as disclosed in this Prospectus).

10.3.6 Indemnity

Subject to certain exclusions related to (among other things) gross negligence, recklessness, fraud or wilful misconduct by an indemnified party, the Company agrees to keep the Joint Lead Managers and certain affiliated parties indemnified from losses suffered in connection with the Offer.

10.4. RESTRUCTURE DEED

As at the date of this Prospectus, the Funds are controlled and operated through a privately owned corporate structure consisting of a number of unit trusts and companies. Before Completion of the Offer, the existing Qualitas group will be restructured so that it will be owned by the Company which will be the listed holding company of the Qualitas group (**Restructure**). Completion of the Restructure will result in, among other things, the Company owning all of the units in Qualitas Investments Unit Trust (and the shares in Qualitas Investments Pty Ltd, being the trustee of the Qualitas Investments Unit Trust) and the shares in QPP and the controlled entities as shown in Annexure 12.2.

The Restructure is intended to achieve the following two principal objectives:

- to provide for pre-IPO distributions and dividends, including to distribute retained earnings to certain Existing Shareholders; and
- to create the Qualitas corporate structure (see Annexure 12.2) to allow existing and new investors to hold Shares in an ASX listed company structure.

To give effect to the Restructure, on or shortly before the date of this Prospectus, the Company, Existing Shareholders and other parties entered into a restructure deed (**Restructure Deed**). In summary the Restructure Deed provides for, among other things:

- certain distributions and dividends, including a distribution and dividend to certain Existing Shareholders;
- certain restructure steps (involving, among other things, the issue of securities, conversion of securities (including the conversion of Shares into a larger number), forgiveness of debt and transfer of securities) to create the capital structure presented in this Prospectus;
- certain securityholder and board resolutions to be passed to facilitate the above transactions and the Offer;
- certain warranties and acknowledgements by the Company and other parties to the Restructure Deed to facilitate the above transactions and the Offer; and
- a requirement to seek to unwind certain of the above steps if the Offer does not proceed and any of the above steps are completed.

As at the date of this Prospectus, the Restructure has not been completed and completion of the Restructure under the Restructure Deed is subject to certain conditions, including Listing and the receipt of the Offer Proceeds.

11.
ADDITIONAL INFORMATION

11. ADDITIONAL INFORMATION

11.1. REGISTRATION

The Company was incorporated in Victoria on 4 November 2021 as an Australian public company limited by shares.

11.2. TAX STATUS

The Company expects to be taxed as an Australian tax resident public company for the purpose of Australian income tax law. The financial year of the Company will end on 30 June annually.

11.3. ASIC RELIEF

The Company has applied to ASIC for, and has been granted, relief from, and modifications to, the following provisions of the Corporations Act in connection with the voluntary escrow arrangements described in Section 7.7: sections 655A and 673 of the Corporations Act, to permit a number of the Shares to be subject to those voluntary escrow arrangements.

11.4. ASX CONFIRMATIONS AND WAIVERS

The Company has applied to ASX for, and has been granted the following in-principle confirmations and waivers:

- suitability for listing (ASX Listing Rule 1.1) – confirmation that the Company has a structure and operations suitable for a listed entity for the purposes of ASX Listing Rule 1.1 Condition 1, and that the ASX is not aware of any reasons that would cause the ASX to exercise its discretion to refuse the Company's admission to the Official List under ASX Listing Rule 1.19;
- profits test (ASX Listing Rule 1.1 Condition 9) – confirmation that the Company satisfies the profit test;
- existing Shares are not treated as restricted securities (ASX Listing Rule 9.2) – confirmation that the existing Shares on issue in the Company are not treated as restricted securities for the purposes of ASX Listing Rule 9.1 and no mandatory escrow requirements will be imposed by the ASX;
- voluntary escrow (ASX Listing Rule 9.2) – confirmation that the voluntary Escrow Arrangements described in Section 7.7) are acceptable to the ASX; and
- Co-Investment Activities (ASX Listing Rule 10.1) – a waiver to the effect that ASX Listing Rule 10.1 will not apply to the Co-Investment Activities described in Section 2.1.5 (or that they may occur without Shareholder approval) for a period of 12 months from the date of Listing.

11.5. CONSENTS

Each of the parties referred to below (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 has given and has not, before the lodgement of the Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named. None of the Consenting Parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement is made in this Prospectus is based, other than as specified below:

- Macquarie Capital has given its written consent to be named in this Prospectus as the financial advisor, Joint Lead Manager and Underwriter in relation to the Offer in the form and context in which it is named;
- Canaccord and E&P Corporate Advisory have given their written consent to be named in this Prospectus as the Joint Lead Managers in the form and context in which they are named;
- Evans & Partners has given its written consent to be named in this Prospectus as the Authorised Intermediary in the form and context in which it is named;

- Crestone has given its written consent to be named in this Prospectus as the Co-Lead Manager in the form and context in which its named;
- Bell Potter and Taylor Collison have given their written consent to be named in this Prospectus as the Co-Managers in the form and context in which they are named;
- QRI has given its written consent to be named in this Prospectus as an ASX-listed fund managed by a subsidiary of the Company; QRI Manager Pty Ltd, including the description of its business and operations in Sections 2 and 5;
- MinterEllison has given its written consent to be named in this Prospectus as Australian legal adviser to the Company in relation to the Offer in the form and context in which it is named;
- KPMG Transaction Services has given its written consent to be named in this Prospectus as Investigating Accountant to the Company in relation to the Financial Information in the form and context in which it is named, including in Section 4 and 5, and has given and not withdrawn its consent to the inclusion in this Prospectus of its Investigating Accountant's Report at Section 8, financial services guide and the statements specifically attributed to it in the text of, or by a footnote in, this Prospectus, in the form and context in which they are included (and all other references to that report and those statements);
- KPMG has given its written consent to be named in this Prospectus as the Auditor of the Company in the form and context in which it is named, including in Section 5 and in the Corporate Directory;
- KPMG has given its written consent to be named in this Prospectus as Tax Advisor in the form and context in which it is named, and to the inclusion of its tax summary in Section 9 in the form and context in which it appears; and
- the Share Registry has given its written consent to be named in this Prospectus as the Company's share registry in the form and context in which it is named.

11.6. LITIGATIONS AND CLAIMS

As at the Prospectus Date, there are no claims or legal proceedings of a material nature in which the Company or its subsidiaries are directly or indirectly concerned which is likely to have a material adverse impact on the business or financial position of the Company and the Company is not aware of any such legal proceedings that are pending or threatened.

11.7. EXPENSES OF THE OFFER

The cost of the Offer are expected to be approximately $16.7 million (excluding GST). These costs have been, or will be, borne from the Offer Proceeds by the Company.

11.8. CONTRACT SUMMARIES

Summaries of contracts set out in this Prospectus are included for the information of potential investors but do not purport to be complete and are qualified by the text of the contracts themselves.

11.9. CONTINUOUS DISCLOSURE OBLIGATIONS

Following admission of the Company to the Official List, the Company will be a 'disclosing entity' (as defined in Section 111AC of the Corporations Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's shares, unless an exception applies.

Price sensitive information will be publicly released on the ASX before it is disclosed to shareholders and market participants. Distribution of other information to shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

11.10. TAXATION IMPLICATIONS

A general summary of the Australian income tax and stamp duty implications for individuals, complying superannuation entities, trusts, partnerships and corporate investors that hold their Shares on capital account is provided in this Prospectus at Section 9.

This summary is general in nature and is not intended to be an authoritative or complete statement of all potential tax implications for each investor. During the ownership of the Shares by Shareholders, the taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal will depend upon each Shareholder's specific circumstances. Shareholders should seek their own professional advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

11.11. INVESTOR CONSIDERATIONS

Before deciding to participate in the Offer, you should consider whether the Shares are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of the Shares listed on ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, legal adviser, accountant or other professional adviser. The potential tax effects relating to the Offer will vary between investors. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax adviser.

11.12. DESIGN AND DISTRIBUTION OBLIGATIONS

From 5 October 2021, the new product design and distributions obligations under the Corporations Act (**DDO Obligations**) take effect. The DDO Obligations are intended to help consumers obtain appropriate financial products by requiring issuers and distributors to have a consumer-centric product. The DDO Obligations require product issuers to make publicly available a target market determination that explains the target market for certain securities, any distribution conditions and any information related to reviewing and monitoring conduct in relation to the target market determination.

The Company has prepared a target market determination in respect of the Shares which is available on the Offer website at http://ipo.qualitas.com.au.

11.13. GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of the applications and bids under this Prospectus are governed by the law applicable in Victoria and each applicant and bidder submits to the exclusive jurisdiction of the courts of Victoria.

11.14. STATEMENT OF DIRECTORS

The issue of this Prospectus has been authorised by each Director. Each Director has consented to lodgement of this Prospectus with ASIC and issue of this Prospectus and has not withdrawn that consent. The Directors have made enquiries and nothing has come to their attention to suggest that the Company is not continuing to earn profit from continuing operations up to the date of this Prospectus.

11.15. ELECTRONIC PROSPECTUS

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both. Alternatively, you may obtain a copy of this Prospectus from the Offer website at https://ipo.qualitas.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

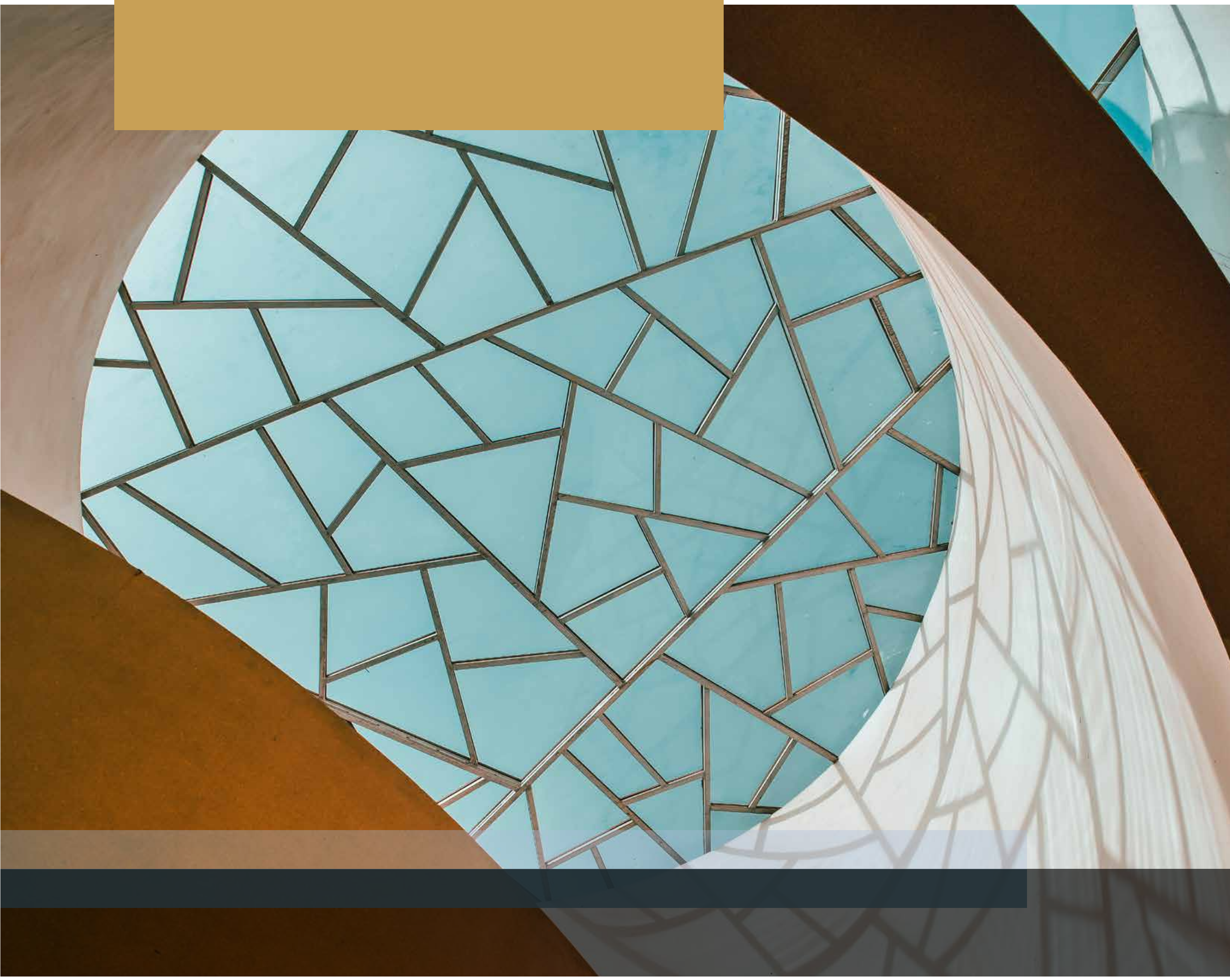
11.16. COMPLAINTS

If you have a complaint in relation to the Company, please contact the Company Secretary of Qualitas at Level 38, 120 Collins Street, Melbourne VIC 3000 or write to Qualitas at the contact details shown in the Corporate Directory. Qualitas will ensure that the complaint receives proper consideration and communicate with the complainant as soon as possible (and in any event, within 45 days after receipt of the complaint).

If you are dissatisfied with the response or if your complaint is not resolved within 30 days, you may have the right to raise the matter directly with the Australian Financial Complaints Authority (**AFCA**). The AFCA's contact details are:

Australian Financial Complaints Authority Limited
GPO Box 3
Melbourne VIC 3001
Telephone: 1800 931 678
Email: info@afca.org.au

12.
ANNEXURES



12. ANNEXURES

12.1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

12.1.1. Basis of consolidation

Business combinations

Qualitas accounts for business combinations using the acquisition method when control is transferred to Qualitas. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Non controlling interests (**NCI**)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Classification of NCI as either debt or equity is based on the underlying rights and obligations of the NCI. Debt classification arises in the event the relevant controlled entity is a limited life entity, distributions of profit or contributed capital are mandatory or the NCI has a right to redeem its contributed capital. In the event of any of these conditions are not satisfied, equity classification may apply to the NCI.

Changes in Qualitas' interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

De facto agents

In assessing control, Qualitas has considered the nature of its relationship with other parties and those other parties are acting on Qualitas' behalf (de facto agents). A party is a de facto agent when Qualitas (the investor) has, or those that direct the activities of the investor have, the ability to direct that party to act on the investor's behalf. Under the accounting standard AASB 10, Qualitas has determined that the contractual relationship between ACS and AJS Real Estate Financier Unit Trust (**Financier Trust**) and Qualitas Property Partners Pty Ltd meets the criteria for consolidation as a de facto relationship exists between these entities.

The Company is the legal parent entity of the consolidated Qualitas group of entities. The Financier Unit Trust is consolidated by way of a de facto arrangement. In addition, the Financier Trust economically holds ownership of Qualitas, whereby the Financier Trust can exert its influence over the commercial decisions of Qualitas. The Company undertakes the primary activities and the Financier Trust provides the source of funds to achieve the common objective of Qualitas.

Distribution reserve

The Distribution reserve records the cumulative amounts distributed by the ACS & AJS Financier Trust to its unitholders.

Transaction costs

Transaction costs that Qualitas incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, are expensed as incurred, except if related to the issue of debt or equity securities.

Special purpose entities

A special purpose entity (**SPE**) is consolidated if, based on an evaluation of the substance of its relationship with Qualitas and the SPE's risks and rewards, Qualitas concludes that it controls the SPE. SPEs controlled by Qualitas were established under terms that impose strict limitations on the decision making powers of the SPE's management and that result in Qualitas receiving the majority of the benefits related to the SPEs' operations and net assets, being exposed to the majority of risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

Investments in associates and jointly controlled entities (equity accounted investees)

Qualitas' interests in equity-accounted investees comprise equity or receivables interests in associates and joint ventures.

Associates are those entities in which Qualitas has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which Qualitas has joint control, whereby Qualitas has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include Qualitas' share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Joint operations proportionate consolidation

Qualitas applies the proportionate consolidation to jointly controlled entities, where the statement of financial position of Qualitas includes its share of the assets that are controlled jointly and its share of the liabilities for it is jointly responsible. The statement of comprehensive income of Qualitas also includes its share of the income and expenses of the joint arrangement.

12.1.2. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

12.1.3. Financial instruments

Recognition and initial measurement

Qualitas initially recognises trade and other receivables on the date that they are originated. All other financial assets and financial liabilities are recognised initially on the trade date at which Qualitas becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified and measured at amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, Qualitas may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

Qualitas makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to Qualitas' management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, Qualitas considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, Qualitas considers:

- contingent events that would change the amount or timing of cash flows
- terms that may adjust the contractual coupon rate, including variable-rate features
- prepayment and extension features; and
- terms that limit Qualitas' claim to cash flows from specified assets (e.g. non-recourse features).

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit and loss. Any gain or loss on derecognition is recognised in profit or loss.

Derecognition

Financial assets

Qualitas derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which Qualitas neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial assets.

Financial liabilities

Qualitas derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. Qualitas also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, Qualitas currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Issued capital

Ordinary shares and Trust units

Ordinary shares and Trust units are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and Trust units are recognised as a deduction from equity, net of any tax effects.

Dividends and Trust distributions

Dividends and Trust distributions are recognised as a liability in the period in which they are declared.

Equity plan arrangements

Equity plan arrangements are accounted for as equity instruments on the basis that the equity instruments are issued at a fair value issuance price and the terms of consideration paid or payable are set on an arm's length basis. The fair value of equity instruments that do not have a quoted market price in an active market is based on valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would consider in pricing a transaction.

12.1.4. Equipment

Recognition and measurement

Items of equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

Gains and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment and are recognised net within "other income" in profit or loss.

Subsequent costs

The cost of replacing a part of an item of equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to Qualitas and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day to day servicing of equipment is recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised in profit or loss on a straight line and/or diminishing basis over the estimated useful lives of each part of an item of equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that Qualitas will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

	2021	2020
Right of use asset	2-3 years	2-3 years
Furniture, fixtures and fittings	2-8 years	2-8 years
Computer equipment	2-4 years	2-4 years
Computer software	2-4 years	2-4 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

12.1.5. Intangible assets

Acquisition costs

Intangible assets comprising of revenue contract acquisition costs are initially recognised at cost and subsequently measured at amortised cost. The useful life of intangible assets is treated as the period over which economic benefits are received by Qualitas.

Incremental costs incurred by Qualitas are capitalised when the costs are incremental to winning a contract with a customer and considered to be recoverable. All other costs are expensed when incurred.

An intangible asset is impaired when its carrying amount exceeds its recoverable amount. Management assess where there are any indications that intangible assets are impaired at the end of each reporting period. All impairment losses are included in the carrying value of intangible assets at each reporting period.

12.1.6. Impairment

Non-derivative financial assets

Qualitas recognises loss allowances for expected credit losses (**ECL's**) on financial assets measured at amortised cost.

A financial asset is assessed at each reporting date to determine the expected credit loss. Where the credit risk on a financial asset has not significantly increased since initial recognition, a 12-month expected credit loss is applied. Where the credit risk on a financial asset has increased significantly since initial recognition, a lifetime expected credit loss is applied.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, Qualitas considers quantitative and qualitative information and analysis based on Qualitas' historical experience and forward-looking information.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, Qualitas considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on Qualitas' historical experience and informed credit assessment and including forward-looking information.

Qualitas considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to Qualitas in full, without recourse by Qualitas to actions such as realising security (if any is held); or
- the financial asset is long overdue.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which Qualitas is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that Qualitas expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, Qualitas assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by Qualitas on terms Qualitas would not consider otherwise
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when Qualitas has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Non-financial assets

The carrying amounts of Qualitas' non financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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 or CGU.

Impairment losses are recognised in profit or loss. An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

12.1.7. Inventories

Development projects

The asset includes the costs of acquisition, development, borrowings and all other costs directly related to specific projects, held for the purpose of resale. Borrowing and holding costs such as rates and taxes incurred after the completion of development and construction are expensed.

12.1.8. Employee benefits

Short-term benefits

Short-term employee benefit obligations are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if Qualitas has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long-term employee benefits

Qualitas' net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus; that benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on AA credit rated or government bonds that have maturity dates approximating the terms of Qualitas' obligations and that are denominated in the same currency in which the benefits are expected to be paid.

12.1.9. Provisions

A provision is recognised if, as a result of a past event, Qualitas has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

12.1.10. Revenue

Revenue is measured based on the consideration specified in a contract with a customer. Qualitas recognises revenue when it transfers control over a good or service to a customer.

Income from the provision of financial services

Management fees are based on net assets under management in Qualitas funds at the end of the month. Management fee income is recognised over time as the performance obligations are satisfied by Qualitas. Management fees are variable and are recognised to the extent that it is highly probable a significant reversal will not subsequently occur.

Revenue from services rendered also consists of fees for transaction structuring, advisory services, commitment fees, arranger fees, mandate fees and exit fees on the provision of loans.

Revenue from services is recognised in profit or loss when the services are provided or on completion of the underlying transaction. In respect of commitment fees and establishment fees, revenue is recognised on a time proportionate basis over the term of the loans.

Performance fees

Performance fees are estimated using the expected value approach based on the performance fee calculation methodology in the relevant Investment Management Agreements and the expected performance of the Fund. Performance fees are variable and therefore the estimated expected value is recognised to the extent that it is highly probable a significant reversal will not subsequently occur.

Development income

Revenue from the sale of residences and apartments is recognised on settlement date. This represents the point when the performance obligation relating to the sale of property has been satisfied and when significant risks, rewards of ownership and effective control have been transferred to the buyer.

Distributions

Distributions from investments in projects are recorded as revenue when Qualitas becomes contractually entitled to the distribution.

12.1.11. Leases

At inception of a contract, Qualitas assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or on modification of a contract that contains a lease component, Qualitas allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property Qualitas has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Qualitas recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to Qualitas by the end of the lease term or the cost of the right-of-use asset reflects that Qualitas will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measure at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, Qualitas' incremental borrowing rate. Generally, Qualitas uses its incremental borrowing rate as the discount rate.

Qualitas determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurements of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that Qualitas is reasonably certain to exercise, lease payments in an optional renewal period if Qualitas is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless Qualitas is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Qualitas' estimate of the amount expected to be payable under a residual value guarantee, if Qualitas changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or it is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Qualitas presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low value assets

Qualitas has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. Qualitas recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At inception or on modification of a contract that contains a lease component, Qualitas allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

Qualitas recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

12.1.12. Loans and borrowings

Loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the loans and borrowings on an effective interest basis.

12.1.13. Interest income and interest expense

Interest income relates to interest income on mortgage assets, investment loans, term deposits and bank balances. Interest income is recognised as it accrues, using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset and allocating the interest income included in the effective yield over the relevant period by using an effective interest rate which reflects a constant periodic return on the carrying amount of the asset.

Prepaid interest income is recognised in the aggregated statement of financial position as deferred income.

Interest expense comprises interest on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest rate method.

12.1.14. Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised.

Tax consolidation

Certain entities that form part of the aggregated Qualitas group have formed a tax-consolidated group. As a consequence of forming a tax-consolidated group, all members of this group are taxed as a single entity. The head entity within the tax consolidated group is Qualitas Property Partners Pty Ltd.

No tax-consolidated groups have been formed in the ACS & AJS Real Estate and Qualitas Capital Partner Groups as at 30 June 2021. A tax-consolidated group was created in the Qualitas Investments Group as at 30 June 2018 with QFM Hold Co Pty Ltd as the head entity.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax consolidated group and are recognised by the Company as amounts payable (receivable) to/(from) other entities in the tax consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the head entity as an equity contribution or distribution

The head entity recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised. Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

12.1.15. Goods and services tax

Revenue, 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

12.1.16. New and revised standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 July 2020 and earlier application is permitted; however, Qualitas has not early adopted the new or amended standards in preparing these financial statements.

The new standards are not expected to have a significant impact on Qualitas' financial statements.

12.1.17. New Australian Accounting Standards and amendment standards that are effective in the current period

Qualitas has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact for the financial year ended 30 June 2021. Any new, revised or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

12.1.18. Changes in significant accounting policies and comparatives

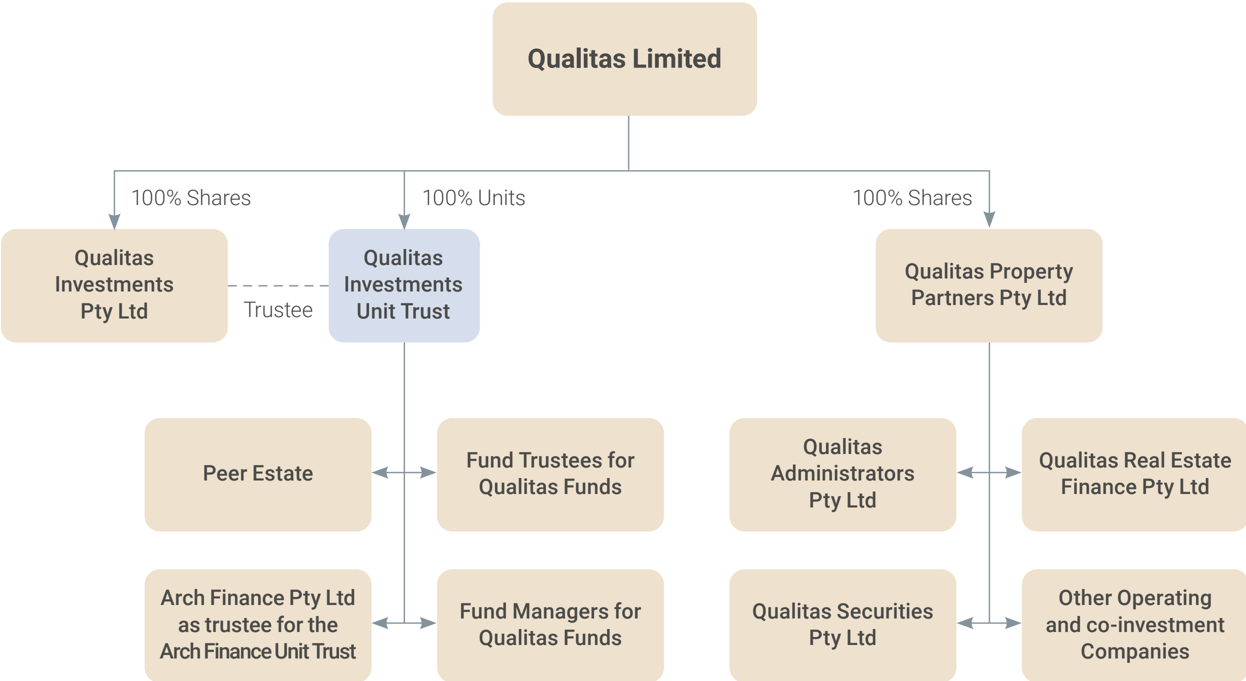
The accounting policies have been consistently applied to all reporting periods presented.

12.2. CORPORATE STRUCTURE

The following diagram shows the simplified corporate structure of Qualitas on Completion of the Offer. Refer to Section 10.4 for an explanation of the Restructure which will occur prior to the Completion of the Offer. The effect of the Restructure is reflected in Figure 41.

12. ANNEXURES Continued

Figure 41: Simplified corporate structure of Qualitas on Completion of the Offer



Each of the wholly owned entities above undertakes the business of Qualitas as set out in this Prospectus and was established or incorporated in Australia (as applicable).

Table 30 below summarises the material subsidiaries of the Company on Listing.

Table 30: Group Members

Name	Place of incorporation	Nature of business	Percentage holding
Qualitas Property Partners Pty Ltd	Australia	Material holding company, treasury function for Qualitas	100%
Qualitas Investments Pty Ltd as trustee for the Qualitas Investments Unit Trust	Australia	Material holding company	100%
Qualitas Administrators Pty Ltd	Australia	Employer and primary operating and services contractor for Qualitas	100%
Qualitas Real Estate Finance Pty Ltd	Australia	Credit/lending advisory function and mandates for Qualitas Funds	100%
Arch Finance Pty Ltd as trustee for the Arch Finance Unit Trust	Australia	Owner of Arch Finance and AFSL holder for Arch Finance and Peer Estate	100%
Qualitas Funds Management Pty Ltd	Australia	Primary manager for Qualitas Funds	100%
QCD Fund Manager Pty Ltd	Australia	Manager for Qualitas Construction Debt Fund	100%
QRI Manager Pty Ltd	Australia	Manager for QRI	100%
Qualitas REO Fund Manager Pty Ltd	Australia	Manager for Qualitas Real Estate Opportunity Fund	100%
Qualitas Securities Pty Ltd	Australia	AFSL holder and trustee for Qualitas Funds	100%

12.3. SUMMARY OF CO-INVESTMENT AND UNDERWRITING AGREEMENT

Qualitas and Qualitas Securities Pty Ltd have entered into an agreement that regulates the parameters of Co-Investments and Fund Underwriting Activities (**Co-Investment and Underwriting Agreement**). The key material current terms of that agreement are as follows:

KEY MATERIAL CURRENT TERMS	DESCRIPTION
Parties	Qualitas and Qualitas Securities Pty Ltd (Qualitas Securities)
Background	(a) As an integral part of the Qualitas' funds management activities, Qualitas routinely undertakes co-investment activities (**Co-Investment**), fund bridging activities (**Fund Bridging**) and fund underwriting activities (**Fund Underwriting**) in relation to various Funds. (b) In respect of Co-Investment activities: (i) Qualitas invests, and intends to continue to invest, in various Funds alongside third party wholesale and retail investors, and on an equal footing to those investors in terms of rights to distributions and capital return (**Co-Investment Interests**); (ii) as an investor in its own right, Qualitas is entitled to receive distributions of income and/or the benefit of capital growth on these Co-Investment Interests pari passu with third party investors in those Funds; (iii) the parties acknowledge that investors in the Funds typically expect, and in some cases require as a pre-condition to making any commitment, Co-Investment by Qualitas at a level of between 1% and 20% of the relevant Fund; and (iv) Co-Investment Interests made by Qualitas is considered as 'alignment' capital by Fund Investors. (c) In respect of Fund Bridging activities: (i) Qualitas uses its balance sheet capital to bridge or warehouse investment opportunities for Funds in circumstances where a Fund requires additional capital in order to make that investment; and (ii) when the relevant Fund secures sufficient capital to allow those investment opportunities to be made by the Fund, the Fund will repay the Fund Bridging arrangements or Qualitas will transfer the investment opportunity to the relevant Fund. (d) In respect of Fund Underwriting activities: (i) Qualitas uses its balance sheet capital to secure or exchange contracts in respect of investment opportunities for Funds in circumstances where a Fund requires additional capital in order to make that investment; and (ii) when the relevant Fund secures sufficient capital to allow those investment opportunities to be acquired by the Fund, the relevant Fund will assume or be nominated that investment opportunity enabling the relevant Fund to acquire the investment opportunity itself. (e) Given the nature of Qualitas' business as an alternative investment fund manager, Co-Investment, Fund Bridging and Fund Underwriting activities will occur in the ordinary course business of Qualitas and the source and use of any funds expended or received by Qualitas will be balance sheet capital which is earmarked by Qualitas for engaging in these activities. An investment opportunity may involve the utilisation of either or both Fund Bridging and Fund Underwriting support.

KEY MATERIAL CURRENT TERMS	DESCRIPTION
Background continued	(f) The parties acknowledge that all actions and any Co-Investment, Fund Bridging and Fund Underwriting activities must be consistent with the terms of the Co-Investment and Underwriting Agreement. The parties further acknowledge that all actions and any transactions contemplated by the Co-Investment and Underwriting Agreement apply to Funds which are either in existence as at the date of the Co-Investment and Underwriting Agreement and to any new Funds established or managed by Qualitas after the date of Co-Investment and Underwriting Agreement. All references to a 'Fund' are to be construed as a reference to existing and new Funds.
Co-Investment Parameters	(a) The parties undertake to ensure that, where Qualitas makes a Co-Investment in a Fund, the consideration payable by Qualitas must be at a price: (i) calculated by using the net tangible assets per share or unit as the reference (and without applying any discount); (ii) of $1.00 per share or unit if that is the prevailing share or unit price under the relevant Fund's offer document and the same price and terms that a third party investor (ie someone who is not part of the Qualitas group) would pay if making the same investment in the relevant Fund; or (iii) where the Fund is: 1. listed; or 2. paragraphs (i) and (ii) are otherwise not applicable to the relevant investment in the Fund, that a third party investor (i.e. someone who is not part of the Qualitas group) would pay if making the same investment in the relevant Fund. (b) Qualitas acknowledges that: (i) the terms of the product disclosure statement, information memorandum or other similar offer document in respect of any Fund, together with the trust deed or constitution for that Fund, will apply in relation to its rights as a shareholder or unitholder; and (ii) certain restrictions on Qualitas' ability to vote as a shareholder or unitholder on various matters will likely apply based on its position as a related party/sponsor affiliate of Qualitas Securities and the other members of the Qualitas group.
Fund Bridging parameters (Credit Arrangements)	(a) A Fund may be allocated all or a portion of a proposed credit arrangement which is originated by the Qualitas group. If the Fund has insufficient capital in order make such a credit arrangement, Qualitas Securities may request that Qualitas provide the relevant Fund with Fund Bridging support in accordance with the below arrangements. (b) If Qualitas agrees to provide Fund Bridging support to a Fund following a request by Qualitas Securities, Qualitas will provide the relevant portion of the credit arrangement directly (as lender of record) or indirectly (via interests in the Fund, via loans to the Fund (including on a limited recourse basis) or by way of contractual sub-participation behind the Fund). In exchange, Qualitas will be entitled to receive: (i) interest rate pass-through in respect of the relevant portion of the credit arrangement (but an amount no greater than the interest rate received by Fund Investors); and (ii) a bridging fee, which must not exceed 3% flat of the credit facility limit for that investment.

KEY MATERIAL CURRENT TERMS	DESCRIPTION
Fund Bridging parameters (Credit Arrangements) continued	(c) Qualitas Securities agrees to use its best endeavours to secure additional capital for the Fund in order for it to take a transfer of the relevant portion of the credit arrangement the subject of the Fund Bridging activity (or in the case of other Fund Bridging arrangements, terminate the sub-participation or procure a transfer, redeem or repay the Fund Bridging), and upon such transfer, termination or repayment, Qualitas will be entitled to be paid an amount equal to the face value of the relevant loan or other credit arrangement plus all unpaid amounts in set out above.
Fund Underwriting parameters	(a) Fund may be allocated all or a portion of a proposed investment opportunity which is originated by the Qualitas group. If the Fund has insufficient capital in order make such an investment, Qualitas Securities may request that Qualitas provide the relevant Fund with Fund Underwriting support in accordance with the below arrangements. (b) If Qualitas agrees to provide Fund Underwriting support to a Fund following a request by Qualitas Securities, Qualitas will secure, contract, guarantee, commit or make another financial commitment or contractual arrangements of similar substance in relation to such investment opportunity. (c) In exchange, Qualitas will be entitled to receive: (i) a capital charge at the forecast equity internal rate of return of the investment; and (ii) an underwriting fee, which must not exceed the rate of 3% flat of the amount of the full capital committed by Qualitas to the investment (and for the avoidance of doubt, whether that commitment was partially drawn, fully drawn or not at all drawn). (d) Qualitas Securities agrees to use its best endeavours to secure additional capital for the Fund in order for the Fund to assume or be nominated under the contract that investment opportunity enabling the relevant Fund to acquire the investment opportunity itself.
Termination and exclusivity or commitment to invest	Qualitas and Qualitas Securities agree that: (a) either party may terminate Co-Investment and Underwriting Agreement on 30 days written notice (any such termination is without prejudice to the any accrued rights and obligations up to the date of termination including Qualitas' right to receive any amounts or fees for any Co-Investment, Fund Bridging or Fund Underwriting that it undertook prior to the termination of this deed and until such arrangements no longer apply due to repayment, sell down or exit of such arrangements); (b) Qualitas Securities is not required to make an offer or provide an invitation to Qualitas to participate in Co-Investment, Fund Bridging or Fund Underwriting opportunities; and (c) Qualitas is not required to participate in or commit to any Co-Investment, Fund Bridging or Fund Underwriting opportunity presented to it by Qualitas Securities.
Amendment	The Co-Investment and Underwriting Agreement may be amended or varied by a document in writing signed by each of Qualitas and Qualitas Securities.

12.4. GLOSSARY

TERM	DESCRIPTION
$ or A$	Australian dollars
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
ABN	Australian Business Number
AFCA	Australian Financial Complaints Authority
ACN	Australian Company Number
ADI	Authorised deposit-taking institutions
AFSL	Australian Financial Services Licence
AFWT	The Arch Finance Warehouse Trust, as described in Section 2.3.1
Applicant	A person who submits an Application
Application	An application made for Shares offered under this Prospectus
Application Form	The application form included in or accompanying this Prospectus (including the electronic form)
Application Monies	The amount accompanying an Application Form submitted by an Applicant
Arch Finance	Arch Finance Pty Ltd in its capacity as trustee for the Arch Finance Unit Trust
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited ABN 98 008 624 691 or the financial market known as the Australian Securities Exchange operated by it, as the context requires
ASX Listing Rules	The listing rules of ASX
ASX Recommendations	The 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations
ASX Settlement Operating Rules	The operating rules of ASX Settlement Pty Ltd ABN 49 008 504 532
Auditor	KPMG

TERM	DESCRIPTION
Australian Tax Law	Includes the *Income Tax Assessment Act 1936* (Cth), *Income Tax Assessment Act 1997* (Cth), *Income Tax Rates Act 1986* (Cth), *Taxation Administration Act 1953* (Cth), *A New Tax System (Goods & Services Tax) Act 1999* (Cth) and related Acts, the relevant stamp duty legislation and relevant rulings and determinations by the Australian Taxation Office ("ATO") and other revenue authorities
Authorised Intermediary	means Evans & Partners in its capacity as the authorised intermediary to the Offer under the Intermediary Authorisation Deed
Bell Potter	Bell Potter Securities Limited ACN 006 390 772
Bn	Billions
Board or **Board of Directors**	The board of directors of the Company
Broker	Any ASX participating organisation selected by the Macquarie Capital and the Company to act as 'Broker' to the Offer
Broker Firm Offer	The Offer of Shares under this Prospectus to Australian resident retail investors who have received a firm allocation from their Broker, amongst other things, as described in Section 7.11
BTR	Build To Rent
CAGR	Compound annual growth rate
Canaccord	Canaccord Genuity (Australia) Limited 075 071 466
CFO	Chief Financial Officer
CGT	Capital gains tax
CHESS	Clearing House Electronic Sub-register System, operated in accordance with the Corporations Act
Closing Date	The date by which Applications must be lodged for the Offer, being Monday, 13 December 2021. This date may be varied by the Company in consultation with the Joint Lead Manager, without prior notice
Co-Founding Shareholder	Has the meaning given in Section 7.5.2
Co-Investment and Underwriting Agreement	Has the meaning given in Annexure 12.3
Co-Investments	Has the meaning given in Section 2.1.5

TERM	DESCRIPTION
Co-Lead Manager	Crestone
Co-Managers	Bell Potter and Taylor Collison
Completion of the Offer or **Completion**	The completion of the Offer, being the date on which Shares are issued to successful Applicants in accordance with the terms of the Offer
Constitution	The constitution of the Company
Corporate Directory	The Corporate Directory at the back of this Prospectus
Corporations Act	*Corporations Act 2001* (Cth)
COVID-19	Has the meaning given in Section 6.4.1
CRE	Commercial real estate
Credit Funds	Has the meaning given in Section 2.1.3
Crestone	Crestone Wealth Management Limited ACN 005 311 937
CS Facility Rules	The operating rules of an applicable clearing and settlement (CS) facility licensee
DDO Obligations	Has the meaning given in Section 11.12
Director	A director of the Company
Directors Rights	Has the meaning given in Section 7.5.1
Double Tax Agreement	Tax treaty between Australia and the Shareholder's country of residence
E&P Corporate Advisory	E&P Corporate Advisory Pty Limited ACN 137 980 520
EBIT	Earnings Before Interest and Tax
Eligible Employees	Has the meaning given in Section 4.7
Employee Equity Award	Has the meaning given in Section 4.6.4
Equity Funds	Has the meaning given in Section 2.1.3
Escrow Arrangements	The escrow arrangements each of the Escrowed Shareholders have agreed to enter into or accepted to continue to hold their Shares after Listing
Escrow Period	The relevant escrow period of the Escrowed Shares

TERM	DESCRIPTION
Escrowed Shareholders	Certain Existing Shareholders comprising the Trawalla Shareholder, QPP Holdings (an entity controlled by Andrew Schwartz) and entities controlled by Founding Qualitas Employees who have all of their Shares subject to Escrow Arrangements
Escrowed Shares	Shares subject to Escrow Arrangements
ESG	Environmental, Social and Governance
Evans & Partners	Evans and Partners Pty. Ltd. ACN 125 338 785
Executive Director	An executive Director
Executive LTI Grant	Has the meaning given in Section 4.6.3
Executive LTI Plan	Has the meaning given in Section 4.6.3
Existing Shareholders	The holders of equity interests in Qualitas on completion of the Restructure and, for the avoidance of doubt, prior to Completion
Expiry Date	28 December 2022, being 13 months after the date of this Prospectus
FAR	Fixed Annual Remuneration
Fees	Any performance fees, base management fees, administration fees, transaction fees, Responsible Entity fees, recoverable expenses, establishment fees, contribution fee, withdrawal fees, exit fees, buy-sell spread fees, switching fees, any other fees, charges, reimbursements, which a Group Member receives from a Qualitas Fund or otherwise in connection with the operation of its business
Financial Information	Has the meaning given in Section 5.1
Financier Trust	ACS and AJS Real Estate Financier Unit Trust
Forecast Financial Information	Has the meaning given in Section 5.1
Founding Qualitas Employees	Has the meaning given in Section 7.5
Founding Shareholders	Has the meaning given in Section 7.5
FUM	Committed funds under management across debt and equity Fund mandates
Fund or **Qualitas Fund**	Any unlisted and listed funds or other non-fund mandates currently being managed by Qualitas and any unlisted or listed funds of other non-fund mandates that may be established and managed by Qualitas in the future
Fund Investors	Investors in a Qualitas Fund

TERM	DESCRIPTION
Fund Underwriting Activities	Has the meaning given in Section 2.1.5
FY	Financial year or year ended or ending 30 June. For example, FY21 is the financial year ended 30 June 2021 and FY22 is the year ending 30 June 2022
FY23 Executive LTI Grant	Has the meaning given in Section 4.6.3
Group Managing Director	Has the meaning given in Section 4.6.2
Group Member	An entity within the Qualitas group, including those material entities specified in Annexure 12.2. Group Members comprise directly or indirectly wholly owned subsidiaries and controlled entities of Qualitas but does not include any entity which is a subsidiary or controlled entity of a Fund
GST	Goods and services tax
Historical Financial Information	Has the meaning given in Section 5.1
Historical Qualitas Group	The members of the Qualitas group prior to the Restructure consisting of QPP, QIT and QCP
Hurdle	A pre-determined return or performance hurdle requirement
Institutional Investor	An investor to whom offers or invitations in respect of securities can be made without the need for a prospectus (or other formality, other than a formality which the Company is willing to comply with), including in Australia persons to whom offers or invitations can be made without the need for a lodged prospectus under section 708 of the Corporations Act (other than section 708(1)) and in New Zealand, persons to whom offers and invitations can be made without the need for a registered prospectus under section 3(2)(a) of the *Securities Act 1978* NZ
Institutional Offer	The invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 7.15
Intermediary Authorisation Deed	The intermediary authorisation deed between the Company and the Authorised Intermediary under which the Offers under this Prospectus will be made
Investigating Accountant	KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215)
Investigating Accountant's Report	The report prepared by the Investigating Accountant, as set out in Section 8

TERM	DESCRIPTION
Investment Management Agreement	In respect of a Qualitas Fund, the agreement between a Group Member and the Responsible Entity to provide investment management services
IPO	Initial public offering
IRR	Internal rate of return
Joint Lead Managers (and each a **Joint Lead Manager**)	Macquarie Capital, Canaccord and E&P Corporate Advisory
KMP	Key management personnel
Legacy Employee Equity Plan	Has the meaning given in Section 4.6.5
Listing	Admission of the Company to the Official List and quotation of the Shares on the ASX
Listing Date	The date on which the Company is admitted to the Official List and quotation of the Shares commences
Loan Shares	Has the meaning given in Section 4.6.2
LTI	Long term incentive
LTI Loan Plan	Has the meaning given in Section 4.6.2
m	Millions
Macquarie Capital	Macquarie Capital (Australia) Limited ACN 123 199 548
Management	The Group Managing Director, CFO and senior management team of the Company
Management Fees	Fees earned by Qualitas for the management of a Qualitas Fund. Unless otherwise specifically distinguished, Management Fees include base management fees, transaction fees and performance fees
Nominal Compliance Offer	The offer of 100 Shares at the Offer Price for the purpose of section 708A(11) of the Corporations Act to remove any trading restrictions on the sale of Shares issued by the Company without disclosure under Chapter 6D of the Corporations Act prior to the Nominal Compliance Offer Closing Date
Nominal Compliance Offer Application Form	The application form included in or accompanying this Prospectus (including the electronic form) for the application for Shares under the Nominal Compliance Offer

TERM	DESCRIPTION
Nominal Compliance Offer Open and Closing Date	The dates on which the Nominal Compliance Offer is expected to open and close, being Monday, 6 December 2021 and at 5.00pm (Sydney Time) on Wednesday, 22 December 2021, or such other date and time determined by the Board
Non-Executive Director	A non-executive Director
NPAT	Net profit after tax
Offer	The offer of Shares under this Prospectus, including, for the avoidance of doubt, the Broker Firm Offer, the Priority Offer and the Institutional Offer
Offer Period	The period commencing on the Opening Date and ending on the Closing Date
Offer Price	$2.50 per Share
Offer Proceeds	Has the meaning given in Section 10.3.2
Offer Shares	Total number of Shares to be issued under the Offer
Offer Syndicate	The Joint Lead Managers (being Macquarie Capital, Cannacord and E&P Corporate Advisory), the Co-Lead Manager (being Crestone) and the Co-Managers (being Bell Potter and Taylor Collison)
Official List	The official list of entities that ASX has admitted to and not removed from listing
Opening Date	The date the Offers open, being Monday, 6 December 2021, or such other date as determined by the Board
Operating Earnings	Statutory net profit after tax of Qualitas, adjusted for certain non-operating items, including: • fair value movements to Qualitas' Co-Investments; • gains or losses on the sale of Co-Investments; • depreciation expenses relating to operating leases with associated cash expenses being added back; • non-operating transaction costs in respect of capital raising costs of Qualitas' Funds; • non-operating tax expenses; • discontinued operations; and • other unrealised one-off items
Operating Profit	Profit from business operations adjusted for operating expenses, before deduction of interest and taxes
Peer Estate	Peer Estate Pty Ltd ACN 610 965 001
Post-Listing Share Capital	The total Shares in the capital of the Company which are on issue immediately after the issue of all of the Shares offered under this Prospectus

TERM	DESCRIPTION
Potential New Mandates	Has the meaning given in Section 5.7.2
Priority Offer	The offer described in Section 7.12
Priority Offer Proceeds	Means the Offer Price multiplied by the number of Offer Shares issued or transferred to investors under the Priority Offer
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement Prospectus in relation to this document
Prospectus Date	The date of this Prospectus
QCP	Qualitas Capital Partners Pty Ltd ACN 133 499 073
QEEP	Qualitas Employee Equity Plan
QIT	Qualitas Investments Pty Ltd ACN 137 928 164 as trustee for the Qualitas Investments Unit Trust
QPP	Qualitas Property Partners Pty Ltd ACN 137 928 155
QPP Holdings	QPP Holdings Pty Ltd as trustee for the QPP Holdings (AJS) Trust
QRI	Qualitas Real Estate Income Fund (ASX: QRI)
Qualitas or **Company**	Qualitas Limited ACN 655 057 588, or where the context requires or permits, its subsidiaries and controlled entities
Qualitas Fund or **Fund**	Any unlisted and listed funds or other non-fund mandates currently being managed by Qualitas and any unlisted or listed funds of other non-fund mandates that may be established and managed by Qualitas in the future
Qualitas Fund Investments or **Fund Investments**	Investments made by one or more of the Qualitas Funds
Qualitas Growth Strategy	In respect of Qualitas, the growth strategy set out in Section 2.2.5
Responsible Entity	means the responsible entity of the relevant Qualitas Fund, as the context requires
Restructure	Has the meaning given in Section 10.4
Restructure Deed	Has the meaning given in Section 10.4
Retail Offer	The Broker Firm Offer and the Priority Offer

12. ANNEXURES Continued

TERM	DESCRIPTION
ROFR	Reliance on Financial Reports
Section	A section of this Prospectus
Settlement	The settlement in respect of the Shares subject to the Offer
Share	A fully paid ordinary share in the capital of the Company
Share Registry	Link Market Services Limited
Shareholder	A holder of at least one Share
SLB	Sale and leaseback
SMA	Separately managed accounts
SPE	Special purpose entity
SSC	Sustainability Steering Committee
STI	Short term incentive
STI Plan	Has the meaning given in Section 4.6.1
Tax Advisor	KPMG
Taylor Collison	Taylor Collison Limited ACN 008 172 450
Trawalla Group	Trawalla Group Pty Ltd ACN 005 558 289
Trawalla Shareholder	Has the meaning given in Section 7.5.2
TSR	Total shareholder return
Underwriter	Macquarie Capital
Underwriting Agreement	Has the meaning given in Section 10.3
Underwritten Offer Components	The Institutional Offer and the Broker Firm Offer
WALE	Weighted Average Lease Expiry

12.4. FOREIGN SELLING RESTRICTIONS

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

Canada (British Columbia, Ontario and Quebec provinces)

This Prospectus constitutes an offering of Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces"), only to persons to whom Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This Prospectus is not a prospectus, an advertisement or a public offering of securities in the Provinces. This Prospectus may only be distributed in the Provinces to persons who are "accredited investors" within the meaning of National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or authority in the Provinces has reviewed or in any way passed upon this Prospectus, the merits of the Shares or the offering of the Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Shares in the Provinces must be made in accordance with applicable Canadian securities laws. While such resale restrictions generally do not apply to a first trade in a security of a foreign, non-Canadian reporting issuer that is made through an exchange or market outside Canada, Canadian purchasers should seek legal advice prior to any resale of the Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or their directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this Prospectus has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this Prospectus are in Australian dollars.

Statutory rights of action for damages and rescission. Securities legislation in certain Provinces may provide a purchaser with remedies for rescission or damages if an offering memorandum contains a misrepresentation, provided the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's Province. A purchaser may refer to any applicable provision of the securities legislation of the purchaser's Province for particulars of these rights or consult with a legal adviser.

Certain Canadian income tax considerations. Prospective purchasers of the Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the Shares as there are Canadian tax implications for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

European Union

This Prospectus has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this Prospectus may not be made available, nor may the Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

Hong Kong

WARNING: This Prospectus 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"). Accordingly, this Prospectus may not be distributed, and the Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

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. 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 Prospectus 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 Prospectus, you should obtain independent professional advice.

Israel

The Shares have not been registered, and no prospectus will be issued, under the Israeli Securities Law, 1968 (the "Securities Law"). Accordingly, the Shares will only be offered and sold in Israel pursuant to private placement exemptions, namely to no more than 35 offerees who are "sophisticated investors" as described in the First Addendum of the Securities Law.

Neither this Prospectus nor any activities related to the Offer shall be deemed to be the provision of investment advice. If any recipient of this Prospectus is not the intended recipient, such recipient should promptly return this Prospectus to the Company. This Prospectus has not been reviewed or approved by the Israeli Securities Authority in any way.

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, sold or issued in Malaysia except pursuant to, and to persons prescribed under, Schedules 6 and 7 of the Malaysian Capital Markets and Services Act.

New Zealand

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the *Financial Markets Conduct Act 2013* (the "FMC Act").

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

Singapore

This Prospectus 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 Prospectus 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 Prospectus has been given to you on the basis that you are (i) an "institutional investor" (as defined in the SFA) or (ii) an "accredited investor" (as defined in the SFA). If you are not an investor falling within one of these categories, please return this Prospectus immediately. You may not forward or circulate this Prospectus 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.

Switzerland

The Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

No offering or marketing material relating to the Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this Prospectus will not be filed with, and the offer of Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

Neither this Prospectus nor any other offering or marketing material relating to the Shares may be publicly distributed or otherwise made publicly available in Switzerland. The Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This Prospectus is personal to the recipient and not for general circulation in Switzerland.

United Arab Emirates

This Prospectus does not constitute a public offer of securities in the United Arab Emirates and the Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this Prospectus nor the Shares have been approved by the Securities and Commodities Authority ("SCA") or any other authority in the UAE.

This Prospectus may be distributed in the UAE only to "qualified investors" (as defined in the SCA Board of Directors' Chairman Decision No. 37 RM of 2019, as amended) and may not be provided to any person other than the original recipient. No marketing of the Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE.

No offer or invitation to subscribe for Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

United Kingdom

Neither this Prospectus nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the *Financial Services and Markets Act 2000*, as amended ("FSMA")) has been published or is intended to be published in respect of the Shares.

The Shares may not be offered or sold in the United Kingdom by means of this Prospectus or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This Prospectus is issued on a confidential basis in the United Kingdom to "qualified investors" within the meaning of Article 2(e) of the UK Prospectus Regulation. This Prospectus may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this Prospectus is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the *Financial Services and Markets Act 2000* (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this Prospectus relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this Prospectus.

12. ANNEXURES Continued

12.6. CORPORATE DIRECTORY

COMPANY REGISTERED OFFICE

Qualitas Limited (Registered Office)

Level 38, 120 Collins Street
Melbourne, Victoria 3000, Australia

Qualitas Limited (Head Office)

Level 38, 120 Collins Street
Melbourne, Victoria 3000, Australia

JOINT LEAD MANAGERS TO THE OFFER

Macquarie Capital (Australia) Limited

Level 4, 50 Martin Place
Sydney, New South Wales 2000, Australia

Canaccord Genuity (Australia) Limited

Level 15, 333 Collins Street
Melbourne, Victoria 3000, Australia

E&P Corporate Advisory Pty Limited

Level 7, Mayfair Building, 171 Collins Street
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