

Qualitas Limited (ASX: QAL)

**QUALITAS DELIVERS STRONG MOMENTUM IN FIRST HALF,
REAFFIRMS PROSPECTUS FORECASTS**

Important Note: The information in this announcement and accompanying presentation is based on the aggregated special purpose interim financial statements of Qualitas Limited, Qualitas Property Partners Pty Ltd and Qualitas Investments Unit Trust for the six months to 31 December 2021. For statutory reporting, please refer to the Appendix 4D and Interim Report.¹

25 February 2022: Qualitas Limited (**Qualitas, the Company**), an Australian alternative real estate investment manager with \$4.22 billion of committed funds under management, is pleased to present its financial results for the six months to 31 December 2021 (**1H FY22**) and provide the following financial and operational update.

1H FY22 Highlights¹

- Successful \$335m initial public offering (IPO) and ASX listing
- Group EBITDA² of \$17.6m, up 134% on 1H FY21
- Funds management fees of \$17.1m, up 33% on 1H FY21 and funds management operating EBITDA margin of 47%, up from 42% in 1H FY21
- Committed funds under management of \$4.22 billion, up 42% on 30 June 2021
- \$1.1bn of funds deployed, up 52% on 1H FY21
- Total Qualitas gross revenue of \$37.8m, up 97% on 1H FY21
- Cash holdings of \$292.4m at 31 December 2021 provides flexibility to pursue growth opportunities
- Net profit after tax of \$4.9 million, up 44% from 1H FY21 after adjusting for Qualitas IPO costs
- Continues to build embedded performance fees across funds platform
- Reaffirmation of FY22 prospectus forecasts

¹ The Appendix 4D and statutory Interim Report are in respect of Qualitas Limited for the period from 4 November 2021 (date of incorporation of Qualitas Limited) to 31 December 2021. Qualitas has also prepared aggregated special purpose interim financial statements for the purposes of lodgement with the ASX (please refer to the Aggregated Special Purpose Interim Financial Statements released by Qualitas today). These special purposes financial statements aggregate the results of Qualitas Limited, Qualitas Property Partners Pty Ltd and Qualitas Investments Unit Trust as though the Group was a combined group for the full 6-months ended 31 December 2021 and the prior corresponding period.

² Normalised EBITDA adjusted for abnormal items, QRI capital raising costs and QAL IPO costs

Group Managing Director and Co-founder, Andrew Schwartz said:

“This six-month period was the most dynamic in the 13 years since we founded Qualitas, capped off in December by our successful \$335 million initial public offering and listing on the ASX. The IPO was undertaken to scale our platform and accelerate the growth in funds under management – and that is exactly what we have been able to deliver.

“Our strengthened balance sheet facilitates our growth in funds under management as it enhances our ability to meet the co-investment requirements of global and domestic institutions and provide capital to underwrite, bridge and warehouse time-sensitive investment opportunities for our suite of Qualitas funds. This has allowed us to capitalise on the strong tailwinds in the commercial real estate market, with \$1.1 billion deployed in the first half of FY22 and the Company on track to achieve the full year FY22 deployment forecast across a diverse range of debt and equity opportunities.

“Despite the wealth of opportunities before us, we will remain resolutely focused on investing our capital into well-considered and risk-mitigated commercial real estate opportunities that are expected to continue our record of outperformance through market cycles, including during periods of rising interest rates. Our commitment to shareholders is to deliver earnings growth and long-term value creation in a sustainable manner.”

Financial and operational performance

Qualitas posted total gross revenue of \$37.8 million in 1H FY22, up 97% on the previous corresponding period (**1H FY21**), with funds management segment fees of \$17.1 million, up 33%. Performance fee revenue of \$14.6 million is consistent with FY22 prospectus forecasts.

The significant increase in deployment of funds in the period as well as strong fund performance driving performance fee recognition contributed to a 147% increase in funds management EBITDA to \$15.4 million whilst achieving operating EBITDA margin of 47%, compared to 42% in 1H FY21.

Total Group EBITDA, including the contribution from the Arch Finance and the Peer Estate direct lending businesses, increased by 134% to \$17.6 million. The direct lending segment benefited from a further reversal of a provision for credit loss primarily resulting from an improvement in the credit quality of the portfolio in line with more favourable market conditions in 1H FY22.

Group funds under management increased from \$2.98 billion at 30 June 2021 to \$4.22 billion at 31 December 2021, representing compound annual growth rate (**CAGR**) of 36% since the inception of Qualitas in 2008.

Funds platform and deployment momentum

Qualitas now manages 14 funds across 10 strategies, including the ASX-listed Qualitas Real Estate Income Fund (ASX: QRI). Qualitas continues to expand its fund strategies to adapt to changing debt and equity commercial real estate market conditions, most recently launching the Qualitas Senior Debt Enhanced Fund, establishing the Qualitas Diversified Real Estate Fund and the BTR Equity JV platform.

Further, Qualitas announced today the launch of the Qualitas Real Estate Opportunity Fund 3 (QREOF3) with a target raise of \$300 million, building on the success of Qualitas Real Estate Opportunity Fund 1 (QREOF1) and Qualitas Real Estate Opportunity Fund 2 (QREOF2). These funds have a focus on situational and opportunistic real estate investing across residential, commercial and retail sectors.

Mr Schwartz said: “Qualitas Real Estate Opportunity Fund 3 is a great example of building on a strategy that highlights Qualitas’ proven track record as an equity investor by utilising our deep

structured credit investing expertise. Having substantially exited the investments from QREOF1 and in the last half having substantially deployed the committed capital of QREOF2, the timing is right to launch the successor fund to capitalise on the deal flow momentum in this strategy as well as build the future performance fee pools for the Company. Cash raised from the Qualitas IPO would go towards co-investment in QREOF3 and to potentially seed assets into the fund.”

Momentum continues to build in the deployment of funds, with total deployment of \$1.1 billion in 1H FY22 – at an average investment size of \$46 million – nearly matching the \$1.23 billion deployed for the entire of FY21.

FY22 outlook

Given the pipeline of investment opportunities before it, Qualitas expects the deployment momentum to continue through the balance of FY22.

As a through-the-cycle investor, Qualitas has an established stable of funds in place to capitalise on changes in market conditions. In an environment of rising interest rates and inflation, the Company’s credit fund returns are anticipated to benefit, and the equity funds have appropriate hedging structures in place to provide a level of protection against rising rates. The existing strategy and ongoing focus for our equity funds is on inflation-hedged sectors and geographies with sound fundamentals. We continue to search for commercial real estate opportunities supported by stable and reliable income and offering inflation protection.

The Company expects to continue to grow funds under management, building on the increasing diversity of its institutional investors, both domestic and offshore. The Company is in active discussions or advanced due diligence to secure approximately \$350 million of new capital.

Qualitas is pleased to reaffirm its FY22 prospectus forecasts. As foreshadowed in the IPO prospectus, the Company expects to declare a dividend for 2H FY22.

- Ends -

Authorised for release by the Board of Qualitas Limited.

Market briefing

Qualitas will hold a market briefing at 11.00am (AEDT) today, 25 February 2022. The market briefing will be presented by Andrew Schwartz (Group Managing Director and Co-Founder), Kathleen Yeung (Global Head of Corporate Development) and Philip Dowman (Chief Financial Officer).

WEBCAST DETAILS

Please use the following link to access the webcast presentation:

<https://webcast.openbriefing.com/8413/>

TELECONFERENCE DETAILS

Conference ID: 10019190

For participants who prefer to dial-in to the presentation, please use the following link to preregister for the call and access dial-in details:

<https://s1.c-conf.com/diamondpass/10019190-badmj8.html>

A replay of the webcast will be available on the Qualitas website following the conclusion of the briefing.

Investor Queries

Kathleen Yeung, Global Head of Corporate Development
Qualitas Limited
M: +61 413 022 970
E: kathleen.yeung@qualitas.com.au

Investor Website: <https://investors.qualitas.com.au/>

Media Queries

Kate Stokes, Head of Marketing and Communications
M: +61 481 251 552
E: kate.stokes@qualitas.com.au

About Qualitas

Qualitas Limited (**Qualitas**) is an ASX-listed Australian alternative real estate investment manager, with committed funds under management of \$4.23 billion across debt and equity fund mandates, specialising in real estate private credit and real estate private equity sectors.

Established in 2008, Qualitas has a 13-year track record in the real estate sector and comprises 65 investment and fiduciary professionals. Qualitas has a disciplined approach to generating strong risk-adjusted returns for its investors.

Qualitas' objective is to provide Shareholders with attractive risk-adjusted returns through a combination of regular and growing dividend income and capital growth. 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' 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.

Notices and Disclaimers

This announcement contains general information only and does not take into account your investment objectives, financial situation or needs. Qualitas is not licensed to provide financial product advice in relation to Qualitas shares or any other financial products. This announcement does not constitute financial, tax or legal advice, nor is it an offer, invitation or recommendation to apply for or acquire a share in Qualitas or any other financial product. Before making an investment decision, readers should consider whether Qualitas is appropriate given your objectives, financial situation and needs. If you require advice that takes into account your personal circumstances, you should consult a licensed or authorised financial adviser. Past performance is not a reliable indicator of future performance.