ASX Announcement

Qualitas Limited (ASX: QAL)

28 October 2024

Qualitas Limited – 2024 Annual Report

Qualitas Limited (ASX: QAL) provides the attached 2024 Annual Report.

This announcement is authorised for release by the Board of Directors of the Company.

For more information, please contact:

Investor Enquiries
Nina Zhang
Director – Investor Relations
T: +61 3 9612 3939
E: nina.zhang@qualitas.com.au

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

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

About Qualitas

Qualitas Limited ACN 655 057 588 (**Qualitas**) is an ASX-listed Australian alternative real estate investment manager with approximately $8.9 billion[1] of committed funds under management.

Qualitas matches global capital with access to attractive risk adjusted investments in real estate private credit and real estate private equity through a range of investment solutions for institutional, wholesale and retail clients. Qualitas offers flexible capital solutions for its partners, creating long-term value for shareholders, and the communities in which it operates.

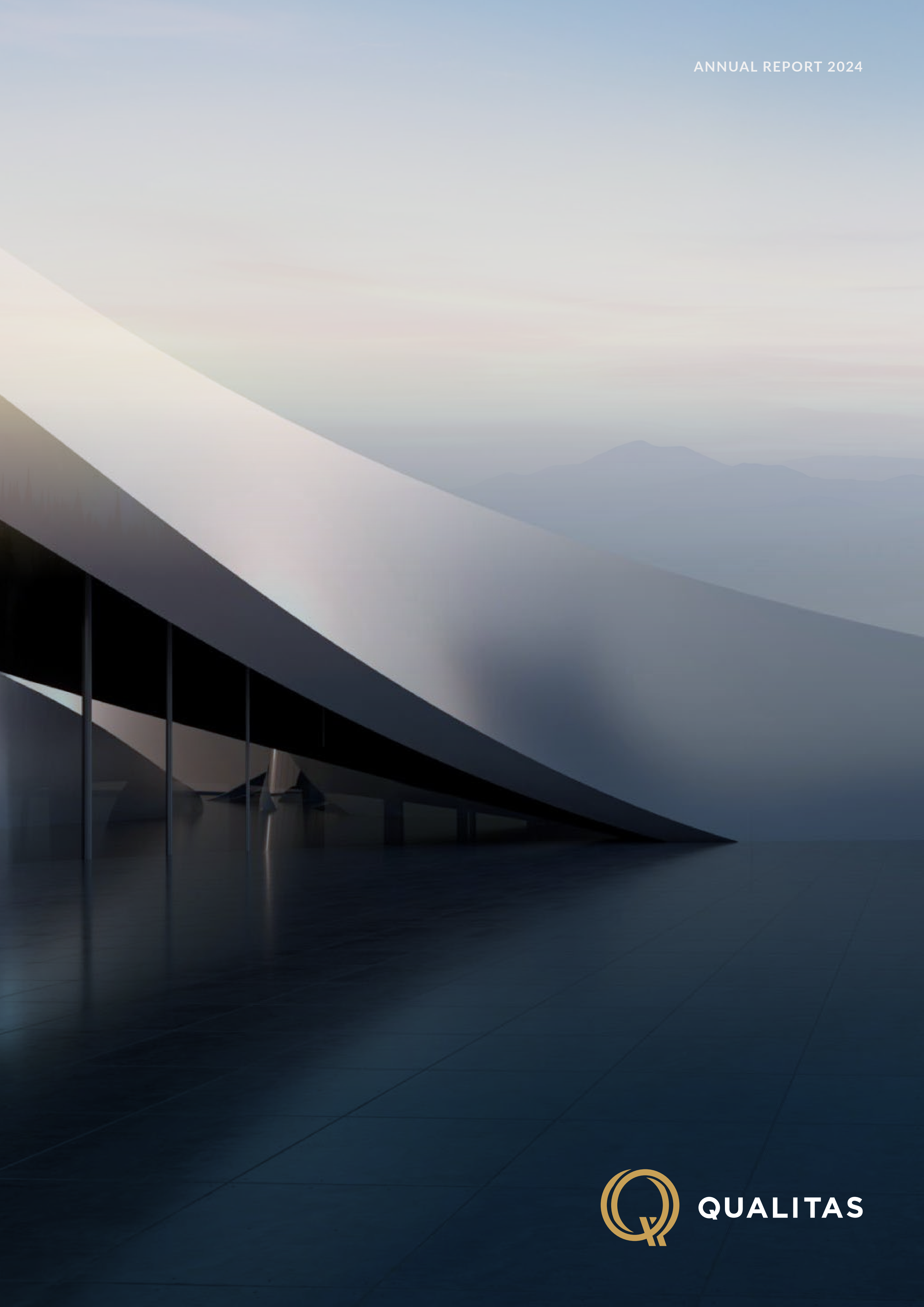
For 16 years Qualitas has been investing through market cycles to finance assets, now with a combined value of over A$27 billion[1] across all real estate sectors. Qualitas focuses on real estate private credit, opportunistic real estate private equity, income producing commercial real estate and build-to-rent residential. The broad platform, complementary debt and equity investing skillset, deep industry knowledge, long-term partnerships, and diverse and inclusive team provides a unique offering in the market to accelerate business growth and drive performance for shareholders.

Disclaimer

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.

[1] As at 30 June 2024.

ANNUAL REPORT 2024



QUALITAS

ABOUT THIS REPORT

This annual report is a summary of Qualitas and its subsidiary companies' operations, activities, financial performance and position for the year ending and as of 30 June 2024. In this report, references to 'Qualitas', 'the company', 'the Group', refer to Qualitas Limited (ACN 655 057 588), unless otherwise stated.

References in this report to a 'year' or 'this year' are to the financial year ended 30 June 2024 (the previous corresponding year to 30 June 2023) unless otherwise stated. All years are financial years ending 30 June unless otherwise stated.

All references to 'Indigenous' people are intended to include Aboriginal and/or Torres Strait Islander people.

References to 'AASB' refer to the Australian Accounting Standards Board and 'IFRS' refers to the International Financial Reporting Standards. There are references to 'IFRS' and 'non-IFRS' financial information in the report.

NON-IFRS

Qualitas results are reported under International Financial Reporting Standards (IFRS). This report also includes certain non-IFRS measures including Normalised earnings before interest, taxes, depreciation and amortisation (EBITDA), Normalised net profit before tax (NPBT) and Normalised net profit after tax (NPAT), and segment information. These measures are used internally by management to assess the performance of our business, make decisions on the allocation of our resources and assess operational management. Non-IFRS measures have not been subject to independent audit. All non-IFRS information unless otherwise stated has not been extracted from Qualitas' financial statements and has not been subject to audit or review. Certain figures may be subject to rounding differences. Refer to the reconciliation of statutory earnings to normalised earnings table on page 39.

In 2024, Qualitas discovered an accounting misstatement from when AASB 16 was adopted. The incorrect recognition of lease outgoings led to the understatement of both trade and other payables, and expenses. All figures in this Annual Report are in reference to the restated FY23 earnings.

FORWARD-LOOKING STATEMENTS

Statements contained in this report may be forward-looking statements. Such statements are inherently speculative and always involve some risk and uncertainty as they relate to events and depend on circumstances in the future, many of which are outside the control of Qualitas. Any forward-looking statements contained in this report are based on a number of assumptions that may prove to be incorrect, and accordingly, actual results or outcomes may vary. Past performance is not indicative of future returns. No representation or warranty is made by or on behalf of Qualitas that any projection, forecast, calculation, forward-looking statement, assumption or estimate contained in this report should or will be achieved.

CONTENTS

About us	2
Chair's letter	6
CEO's letter	8
Performance highlights	10
Year in review	12
Strategy	14
Our approach to investing and case studies	16
Environmental, Social and Governance (ESG)	20
› Environmental	22
› Social	25
› Governance	28
Directors' report	36
Financial statements	58
Shareholder information	110
Fund key and glossary	112
Company directory	113

ACKNOWLEDGEMENT OF COUNTRY

Qualitas acknowledges the Traditional Custodians of Country throughout Australia and their ongoing connection to land, sea, and community. We pay our respect to their Elders past and present.

Alysha Menzel has brought our vision for a 'Journey of Growth' to life in designing our Reconciliation Action Plan.

The artwork depicts the beginning of our reconciliation journey and our potential for future growth as Qualitas establishes a deeper understanding of our spheres of influence and opportunities within these to create and nurture meaningful relationships with Aboriginal and Torres Strait Islander peoples and their land.

Journey of Growth by Alysha Menzel

ABOUT US

Qualitas Limited is an ASX-listed Australian alternative real estate investment manager with approximately $8.9 billion[1] of committed funds under management (FUM), of which 81 per cent is in real estate private credit and 19 per cent is in real estate private equity investments across residential, industrial, office, retail and social infrastructure sectors.

Qualitas matches global capital to attractive risk-adjusted investments in real estate through a range of equity and mortgage real estate investment trusts (REITs) and funds for institutional, wholesale and retail clients. Qualitas offers flexible capital solutions for its borrowers and partners, creating long-term value for shareholders, and the communities in which it operates.

For 16 years, Qualitas' funds management platform has been investing through market cycles in assets with a combined value of over $27 billion[1] across various real estate sectors. Qualitas focuses on real estate private credit, opportunistic real estate private equity, income-producing commercial real estate and build-to-rent residential. The broad platform, complementary debt and equity investing skillset, deep industry knowledge, long-term partnerships, and diverse and inclusive team provide a unique offering in the market to accelerate business growth and drive performance for shareholders.

VISION

A dominant, global, client-led investment manager generating best-in-class long-term value – a magnet for talent.

PURPOSE

A leading, trusted investor delivering access to long-term returns through focused, responsible, and sophisticated real asset strategies.

OUR VALUES UNDERPIN OUR SUCCESS

Qualitas' success since inception is a true reflection of our team, their levels of engagement and our five core values which they uphold, being: respect, integrity, collaboration, excellence, and entrepreneurship.

- Respect
- Integrity
- Collaboration
- Excellence
- Entrepreneurship

1. As at 30 June 2024.

A 16-YEAR HISTORY OF OUTPERFORMANCE

Our ability to analyse real estate opportunities from both a debt and equity perspective gives us a unique competitive advantage.

OUR TIMELINE

2008
Qualitas established in Melbourne

2009
First mezzanine debt fund

2010
First equity deal with investments in NSW, TAS and QLD

$106m FUM

2011
Sydney office established

2013
First senior debt deal

2014
Launch of first single asset fund

Launch of first discretionary debt fund

$575m FUM

2015
Launch of Opportunity Fund 1

2016
Launch of Construction Fund

$866m FUM

2017
Launch of open-ended Senior Debt Fund

Close of Opportunity Fund 1 raising

International mandate with foreign sovereign fund

2018
Launch and close of Food Infrastructure Fund

Launch of Qualitas Real Estate Income Fund (ASX:QRI)

$2.2bn FUM

2019
Launch of Opportunity Fund 2

2020
Launch of Build-to-Rent Impact Fund

$2.8bn FUM

2021
16 Dec: ASX:QAL initial public offering (IPO)

Close of Opportunity Fund 2 raising

QRI became 4th largest LIT on ASX

Launch of Build-to-Rent Equity strategy

Launch of Diversified Real Estate Fund

$3.0bn FUM

2022
$700m fully discretionary mandate from a wholly owned subsidiary of Abu Dhabi Investment Authority (ADIA)

Brisbane office established

Secured $440m commitment from global institutional investor

$4.3bn FUM

2023-24
16 YEARS

Announced $1.0bn credit mandate with institutional investor

Launch of Reflect Reconciliation Action Plan (RAP)

Established Qualitas ESG Advisory Group

Secured additional $700m commitment from ADIA

QRI enters S&P/ASX 300 and S&P/ASX 300 A-REIT indices[1]

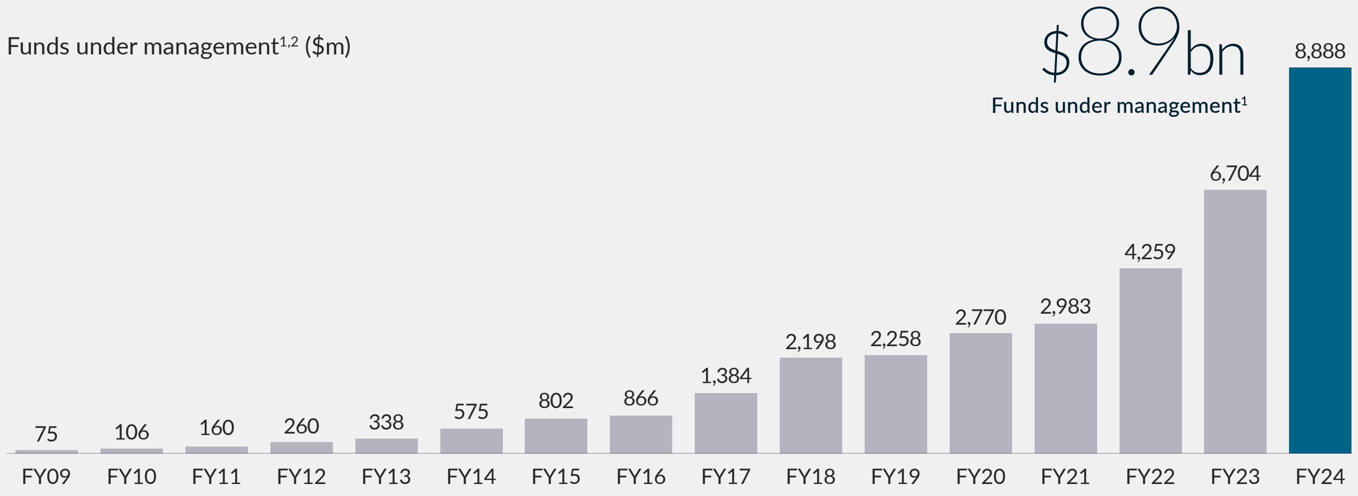
Secured additional $550m private credit commitment from a North American-based global institutional investor

$8.9bn FUM

1. Effective 18 September 2023.

CHAIR'S LETTER

Qualitas has again confirmed its position as a leading Australian alternative real estate investment manager by delivering strong financial results and growth.



Qualitas was founded during the global financial crisis, a time that while challenging, offered immense investment opportunities. Today, Qualitas is a leading Australian alternative real estate investment manager.

Qualitas ended FY24 in a strong financial and operational position, benefiting from borrowers' elevated demand for alternative commercial real estate finance and the Company's established reputation as a partner of choice for real estate private credit.

We have an enviable track record having invested in assets across various real estate sectors, with a combined value of over $27 billion[1]. Our growth continues to be underpinned by significant investor demand for private credit, particularly from overseas institutional investors. This was most recently manifested by the $550 million mandate from a North American-based global institutional investor. It highlights our ongoing ability to attract capital through a challenging capital raising environment.

Importantly, we remain disciplined and selective with our deployment in a high interest rate and inflationary environment. Our growth has always been underpinned by our unwavering focus on risk, strong corporate governance and intensive financial oversight. It is these practices, that have held us in good stead, established our reputation, and ultimately rewarded our investors and shareholders.

Qualitas continues to integrate ESG in our business practice and funds management processes. Our vision for ESG is to play a part in assisting Australia's transition to a more sustainable built environment in the residential sector; deliver real impact through social and community programs; and continue refining our governance framework working towards best-in-class alignment to achieve our growth objectives.

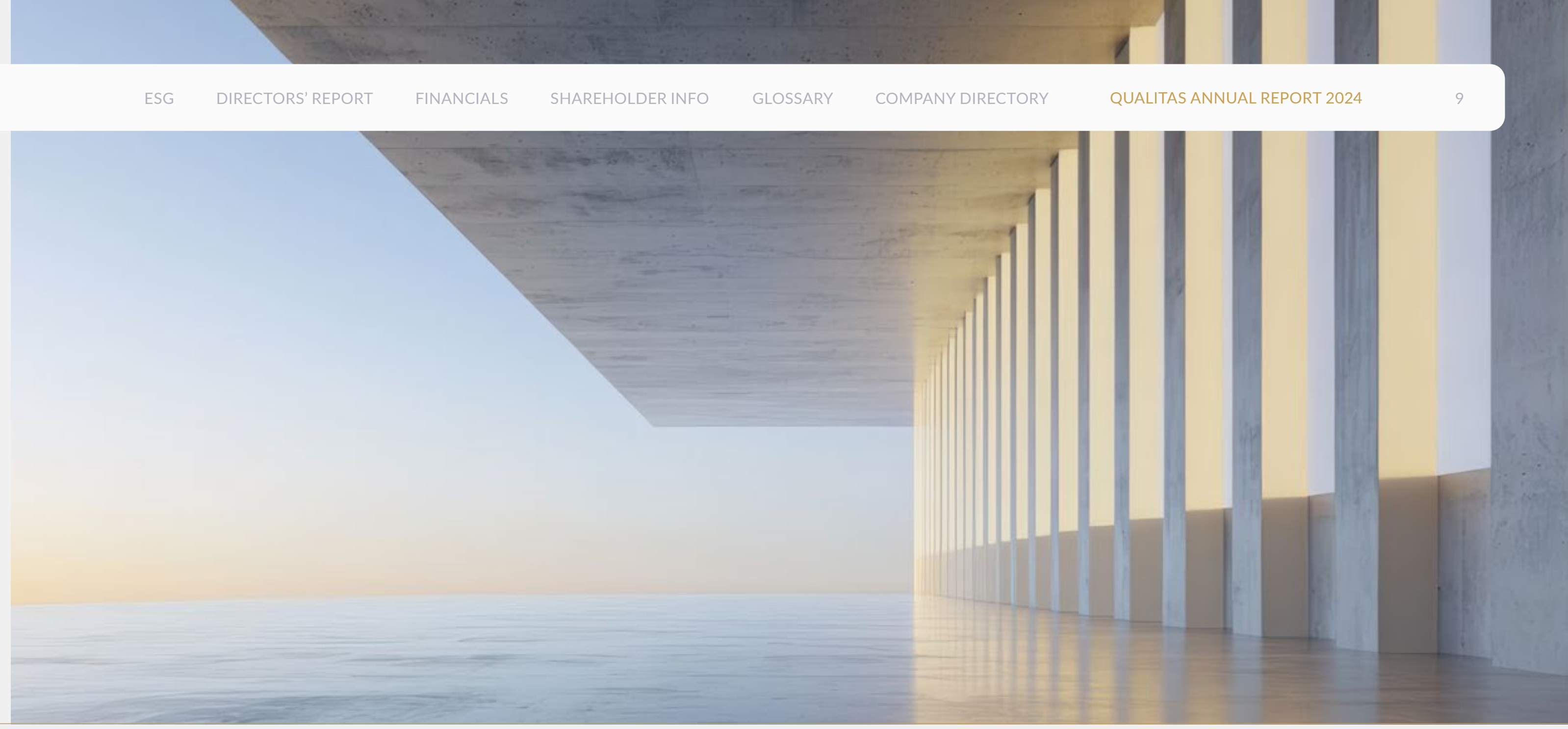
On behalf of the Board and the Qualitas management team, I extend our thanks to the entire Qualitas team. Your commitment, enthusiasm, and hard work have delivered another successful year and strong financial result for our shareholders.

At the end of the financial year, we farewelled long-serving Director, Michael Schoenfeld. Over the past 15 years, Michael's extensive experience and expertise brought invaluable insights to Qualitas and contributed to the firm's growth, notably his stewardship during the Company's ASX listing in 2021. Together with the rest of the Board, I thank Michael for his significant contribution and commitment to Qualitas.

In closing, I sincerely thank my fellow board members. The strong performance we see year after year at Qualitas is underpinned by the insightful guidance each of you provides and the decisions we make collectively as a Board.

Andrew Fairley AM
Independent Chair

1. As at 30 June 2024.
2. Represents committed capital from investors with signed investor agreements.



CEO'S LETTER

The 2024 financial year was another milestone year for Qualitas, demonstrating our ongoing ability to attract long-term scalable capital and deploy funds into high-quality transactions.

$40.3m
Funds management EBITDA[1]
35% growth on FY23

50%
Normalised EBITDA margin[1]
4% margin expansion on FY23

$4.2m
Deployment
40% growth on FY23

$26.2m
Statutory profit (not normalised)
17% growth on FY23

8.0CPS
Total dividend
7% growth on FY23

Our strategic focus remains on three key areas of growth: growing top-line funds management revenue, improving scalability through larger investments and mandates, and the strategic use of balance sheet capital to aid our platform and earnings growth, which collectively, contributed to Qualitas' FY24 results and a milestone year.

FY24 PERFORMANCE

Our FY24 financial results included our highest on record net capital inflow and deployment, demonstrating the high conviction in Qualitas from large institutional investors.

Our ability to attract large-scale capital from institutional investors is just one of several key advantages that differentiates Qualitas and underpins our successful platform. Some other advantages include our institutional funds management model which means not needing to raise capital on a deal-by-deal basis; not relying on debt to boost returns or funds management earnings; and our discretionary funds that enable us to make efficient investment decisions in the best interest of our investors.

We deployed a record $4.2 billion over the year, predominantly in private credit. This supported a 25 per cent growth in normalised Group EBITDA to $41.9 million[1] compared to $33.6 million in FY23. The core funds management EBITDA, excluding the less uniform contribution from performance fees, was up 43 per cent to $37.9 million[1] from FY23.

A final fully franked dividend of 5.75 cents per share (CPS) was declared, increasing the total dividend to 8.0 cents per share for the year, representing a payout ratio of 91 per cent.

At the end of FY24, our total committed funds under management was $8.9 billion, up 46 per cent on FY23, and representing a CAGR of 37 per cent since our inception in 2008. Demonstrating our ongoing ability to raise capital across various channels through the cycle, the record $2.8 billion net capital inflow came from existing and new institutional, wholesale and retail investors.

Since listing, our quality of earnings has improved significantly, demonstrated by the increased contributions from recurring fee-related revenue and principal income, which grew 22 per cent and 47 per cent respectively. We heavily focus on balance sheet returns and continue to see this as a significant opportunity for future growth. There was also improvement in our scale efficiency, with our funds management EBITDA margin expanding to 52 per cent[1], and now exceeding our stated long-term goal of over 50 per cent.

Our balance sheet remains robust, with a cash balance of $194 million. Drawn co-investments of $110 million with an additional $154 million undrawn co-investment commitment, highlight the strong deployment activity that was achieved over this financial year.

1. FY24 normalised earnings adjusted for abnormal items including QRI capital raising costs ($2.4m) and unrealised mark-to-market (MTM) gains from Qualitas' co-investment in QRI ($0.9m). FY23 normalised earnings adjusted for unrealised MTM gains from Qualitas' co-investment in QRI ($0.7m).

MARKET CONDITIONS

During the past year, we saw a stabilising interest rate environment. Reflecting a more general slowing of the economy, our base case is that interest rates will fall at a modest pace over the next 12 months. Despite this, it is our view that over the short-to-medium term interest rates are likely to be higher than they have been over the past 10 years.

Property generally performs better in a lower interest rate environment as values stabilise and more projects become economically feasible. Qualitas has consistently delivered strong growth in difficult markets, and we can foresee an environment where there is a higher volume of lending opportunities.

We are well positioned for a variety of economic scenarios. Approximately 78 per cent of our Invested FUM is in first mortgage senior debt, with a significant equity buffer. The residential sector has been a long-term strategic priority of the firm, presenting the most attractive risk-adjusted returns. This is driven by an imbalance between supply and demand, rather than interest rates. Reflecting this, 77 per cent of our Invested FUM is in the sector.

OUR DISTINCTIVE BUSINESS MODEL

When I reflect on our 16-year journey and our success, I believe it can be attributed to our differentiated business model, and our institutional investors entrusting us with large-scale capital, which has supported our FUM growth, and several competitive advantages.

LOOKING AHEAD

Qualitas is well positioned to deliver growth in the year ahead, building on the milestone year we have just delivered.

Our Invested FUM is expected to increase as undrawn construction facilities are progressively drawn, and from the continued deployment of dry powder that our investors have entrusted with us. We are also confident that our balance sheet capacity and retained earnings will support co-investment, to achieve our growth ambition.

We remain focused on progressing our priorities across existing investment strategies and new products. Our people and our culture will be critical to our successful delivery of these priorities, along with our investment in technology to help us scale our business.

RECOGNITION FOR OUR TEAM

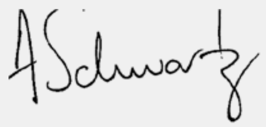
Our progress and the industry recognition we receive are a true reflection of our team's contributions and ongoing commitment to Qualitas, our vision and our strategy. I continue to believe that our people and culture are our greatest differentiators.

This year, we were named as the Firm of The Year: Australia in the 2023 PERE Awards, a leading publication dedicated to the global private real estate industry. This award is a strong recognition of the entire Qualitas team who are dedicated to delivering the best outcomes for the business.

We were also recognised in the PERE Real Estate Debt 50 (RED50), which features the 50 largest capital raisers globally over the five years to the end of 2023. Qualitas ranked first in Australia as well as second in the Asia Pacific region and fourteenth globally[2]. This is a testament to the collective efforts of our team to deliver these results, especially in a more challenging capital raising environment.

As always, I am very proud and grateful for the hard work and dedication of the team in delivering this year's results and I thank the Board for their support and guidance and all our stakeholders, who continue to have confidence in us.

Andrew Schwartz
Group Managing Director & Co-Founder



2. Investment managers ranked globally by real estate private credit capital raised over the last five years to end of 2023.

PERFORMANCE HIGHLIGHTS

Our record capital raising and deployment activity have generated significant momentum for FY25.

OUR FOCUS REMAINS ON THREE KEY AREAS OF GROWTH, WHICH UNDERPINNED OUR RESULTS

GROWING TOP LINE FUNDS MANAGEMENT REVENUE

IMPROVING SCALABILITY THROUGH LARGER INVESTMENTS AND MANDATES

STRATEGIC USE OF BALANCE SHEET CAPITAL

OTHER FY24 HIGHLIGHTS

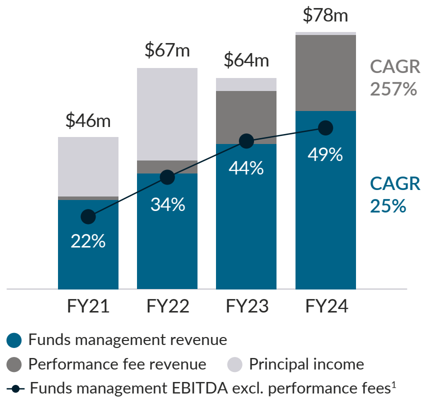
MEETING LONG-TERM FUNDS MANAGEMENT EBITDA TARGET OF >50% INCREASING OPERATIONAL EFFICIENCY

CO-INVESTMENT ACROSS FUNDS MANAGEMENT PLATFORM BELOW 3% OPTIMISES BALANCE SHEET TO SUPPORT GROWTH AMBITION

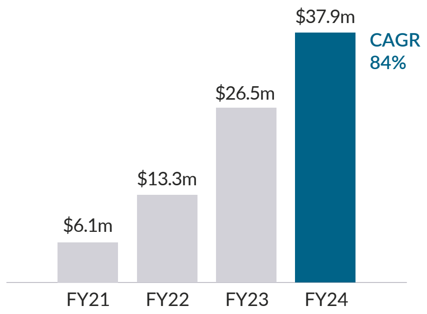
FY24 TOTAL DIVIDEND OF 8.00 CPS REPRESENTS A PAYOUT RATIO OF 91%

COMPANY HIGHLIGHTS

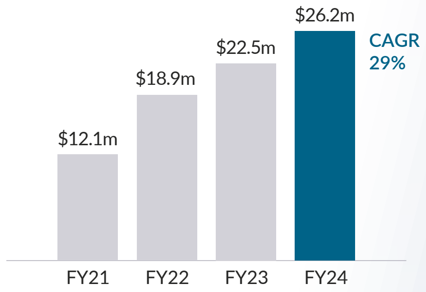
Strong recurring revenue growth and margin expansion



Funds management EBITDA excluding performance fees[1]



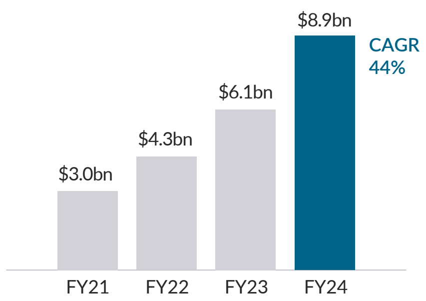
Statutory NPAT



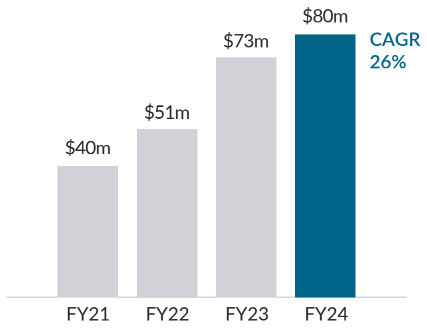
Normalised EBITDA margin excluding performance fees[1]

FUNDS MANAGEMENT SEGMENT

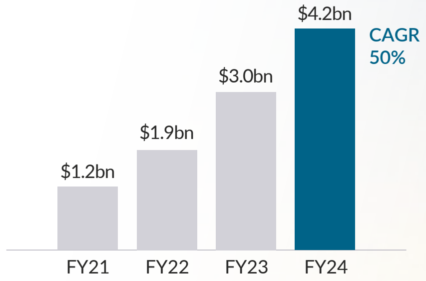
Funds under management[2] – record net capital inflow



Average gross investment size[3]



Strongest deployment since inception



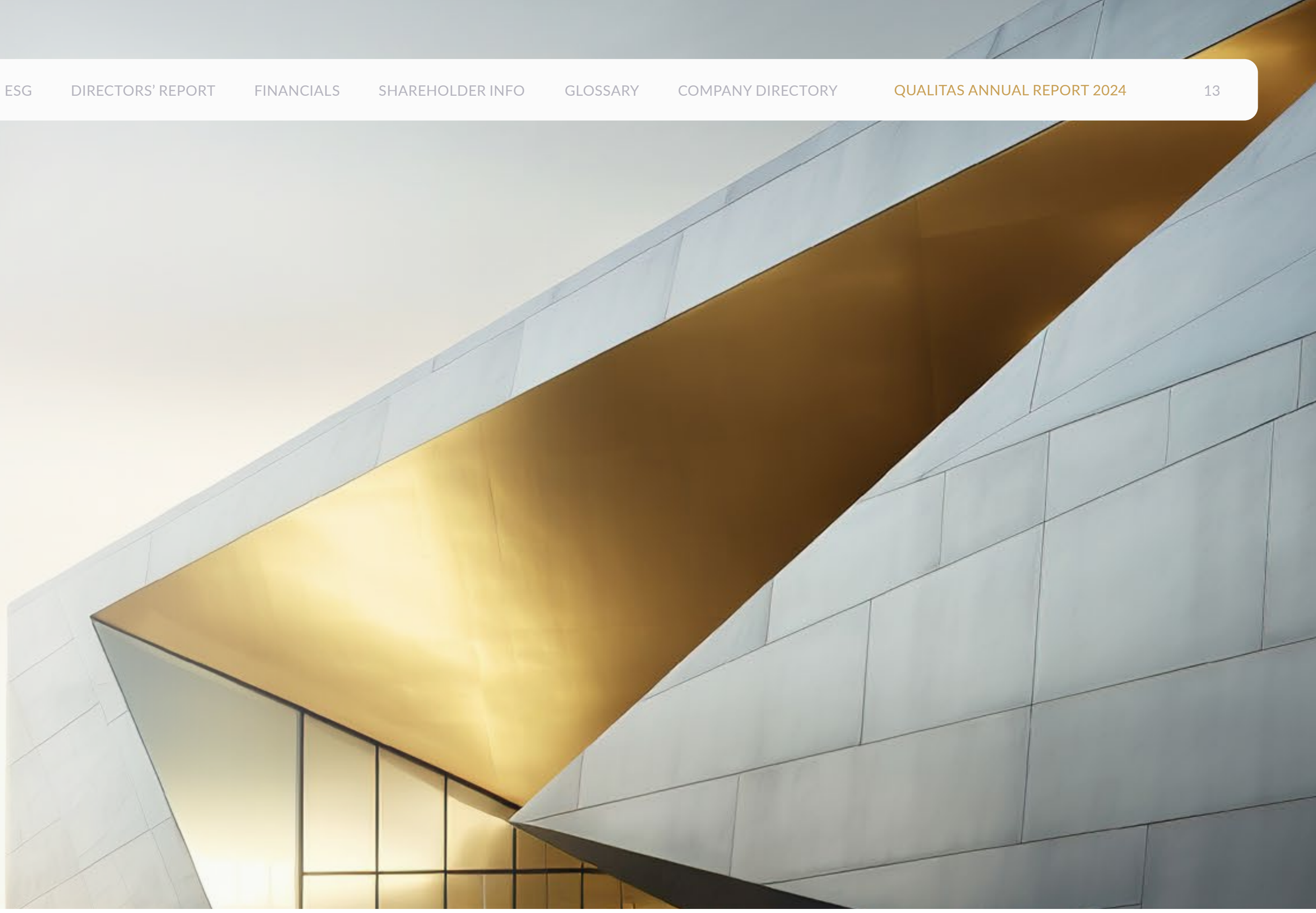
UNRECOGNISED PERFORMANCE FEE POOL TODAY CARRIES LOWER VOLATILITY DUE TO THE INCREASING CONTRIBUTION FROM PRIVATE CREDIT

1. FY24 normalised earnings adjusted for abnormal items including QRI capital raising costs ($2.4m) and unrealised MTM gains from Qualitas' co-investment in QRI ($0.9m). FY23 normalised earnings adjusted for unrealised MTM gains from Qualitas' co-investment in QRI ($0.7m). FY22 normalised earnings adjusted for abnormal items including QRI capital raise costs ($5.2m), unrealised MTM losses from Qualitas' co-investment in QRI ($1.6m) and Qualitas IPO cost ($3.9m). FY21 normalised earnings adjusted for abnormal items including QRI capital raise costs ($5.8m) and unrealised MTM gains from Qualitas' co-investment in QRI ($1.3m).
2. FUM represents committed capital from investors with signed investor agreements throughout this presentation unless stated otherwise.
3. Excluding investments that are non-typical with significant size such as 'AURA by Aqualand' and 'Victoria & Albert'.

YEAR IN REVIEW

STRONG OPERATING PERFORMANCE IN FY24 GENERATED MOMENTUM FOR FY25 GROWTH

RECORD INFLOW INTO OUR PRIVATE CREDIT STRATEGIES	BENEFIT FROM INVESTORS' FLIGHT TO QUALITY IN MANAGER AND INVESTMENT SELECTION	STRONG DEPLOYMENT MOMENTUM – MOSTLY IN CREDIT STRATEGIES, WITH INCREASED INVESTMENT SIZE
$1.4 BILLION UNDRAWN CONSTRUCTION CREDIT REPRESENTS EARNINGS CAPACITY TO BE UNLOCKED ONCE INVESTED[1]	CONTINUE TO OPTIMISE BALANCE SHEET RETURNS – SIGNIFICANT OPPORTUNITIES	FUNDS MANAGEMENT EBITDA MARGIN[2] OF 52 PER CENT MEETING LONG-TERM TARGET OUTLINED AT 2023 INVESTOR DAY



COMPANY PERFORMANCE

The Company achieved significant double-digit growth across high-quality earnings, which was underpinned by the core drivers of fund raising and deployment.

Normalised NPAT of $27 million in FY24[2], was up 25 per cent on FY23. The key components of this result were our net funds management revenue, up 24 per cent to $23 million, and a 47 per cent increase in the income earned on our balance sheet investments. These earnings combined have almost doubled over the last two years and were a direct result of the $4.2 billion in deployment and the continued growth in new capital available for investment throughout the year.

Normalised EBITDA of $41.9 million[2] was up 25 per cent on FY23. Our Group EBITDA margin of 50 per cent[2], up from 46 per cent in FY23, demonstrates the improved operating efficiency of the Qualitas platform.

The Qualitas balance sheet remains strong, ending the year with a total cash balance of $194 million. Investments of $110 million, compared to $38 million at 30 June 2023, highlight the increase in drawn co-investments and fund investments achieved over this financial year.

The contribution to Normalised EBITDA from Arch Finance, our small ticket direct lending business, declined to $1.6 million. However, we have seen green shoots in executing the turnaround strategy, focused on lowering the cost of capital and reducing the overhead costs required to operate this business and writing new loans in the identified underserviced market segment.

Our normalised NPBT of $39.0 million[2] includes a $6.1 million reversal of net performance fee revenue which is due to a decline in the marked-to-market valuation of assets in equity funds. This was offset by $8.5 million in net performance fee revenue accrued predominantly from private credit funds.

The contribution from private credit funds in the unrecognised performance fee pool increased to 47 per cent in August 2024, compared to 17 per cent in August 2023. Our institutional private credit mandates with a back-ended fee structure are expected to deliver more regular performance fees going forward.

Statutory NPAT was $26.2 million, up 17 per cent on FY23.

Qualitas declared a FY24 final dividend of 5.75 cents per share, bringing total dividend to 8.00 cents per share for the full year.

RECOGNISED AS FIRM OF THE YEAR: AUSTRALIA

in the 2023 PERE Awards, one of the leading publications dedicated to the global private real estate industry.

1. Any uplift in Invested FUM assumes deployment meets portfolio churn and fund expiry.
2. FY24 normalised earnings adjusted for abnormal items including QRI capital raising costs ($2.4m) and unrealised mark-to-market (MTM) gains from Qualitas' co-investment in QRI ($0.9m). FY23 normalised earnings adjusted for unrealised MTM gains from Qualitas' co-investment in QRI ($0.7m).

FUNDS MANAGEMENT AND OPERATIONAL PERFORMANCE

Qualitas' funds management platform is well positioned against the medium-term economic backdrop with our strategies positioned to further capitalise on the robust investment fundamentals for private credit and residential real estate.

At the end of FY24, our total FUM was $8.9 billion, up 46 per cent on the prior year and representing a CAGR of 37 per cent since our inception in 2008. The result illustrates the success of our platform and our ongoing ability to attract long-term scalable capital through all market cycles and deploy it into high-quality transactions.

Qualitas exhibited strong growth across all FUM metrics in FY24; Invested FUM up 13 per cent, Fee Earning FUM up 40 per cent, and Committed FUM up 46 per cent from FY23. Our skew towards construction financing has a lagged effect on our Invested FUM, as these loans draw over the two to four-year construction period. Undrawn construction loans of $2.4 billion will be progressively drawn, increasing Invested FUM.

We had record deployment of $4.2 billion, up 40 per cent on FY23. Of the capital deployed, 97 per cent was in real estate private credit and 85 per cent was in the residential sector. There was deployment seasonality skewed to the fourth quarter of FY24, however, momentum benefits are to be realised in FY25.

This deployment was underpinned by an increased average investment size of $80 million[3] which is reflective of our growing capacity to provide large-scale capital solutions to borrowers.

Funds management revenue grew by 22 per cent year-on-year to $53.7 million, delivering consistent growth since listing. Our quality of earnings improved, as demonstrated by the increased contributions from recurring fee-related earnings and principal income. We also improved our scale efficiency through a 6 per cent funds management EBITDA margin expansion to 52 per cent compared to FY23.

Looking ahead, Qualitas is well positioned to deliver further growth in FY25.

The environment for our funds remains strong with the residential sector continuing to provide compelling opportunities given underlying demand for housing, densification and moderation of building costs.

We remain confident in our balance sheet capacity and retained earnings to support co-investment and to achieve our FUM growth ambition.

DATA HIGHLIGHTS

$40.3m
Funds management EBITDA[2]
Up 35% on FY23

52%
Funds management EBITDA margin
Up from 46% in FY23

3. Excluding investments that are non-typical with significant size such as 'AURA by Aqualand' and 'Victoria & Albert'.

STRATEGY

We connect global capital to responsible alternative credit and equity strategies, with an emphasis on real assets, managed by a dynamic team of trusted experts. We provide access to considered opportunities shaped through deep expertise and relationships.

TO DELIVER ON OUR STRATEGY WE ARE FOCUSED ON FOUR KEY PILLARS:

- Expand our fund strategies
- Capitalise on structural industry tailwinds
- Sustainable FUM growth
- Disciplined deployment

OUR STRATEGIC PILLARS ARE SUPPORTED BY

- A focus on maintaining a culture of organisational excellence, innovation, respect, and open communication.
- Attracting and retaining top-class talent.
- Incorporating ESG considerations into our operational and investment activities.
- Maintaining robust risk management systems and governance structures.

CLIENTS

We have established a strong foundation to be a leading, trusted investor delivering access to long-term returns through focused, responsible, and sophisticated real asset strategies. Our culture and team are essential to our success and ability to create value for shareholders and investors.

Under our real estate private credit strategy, Qualitas manages, originates and directly invests in commercial real estate mortgage loans through co-investments, REITs, and funds that Qualitas manages. Qualitas is the manager of Australia's largest listed mortgage REIT, the Qualitas Real Estate Income Fund (ASX:QRI), included in the S&P/ASX 300 and S&P/ASX 300 A-REIT indices.

We recently leveraged our track record in senior debt to expand our fund range. The Qualitas Private Credit Income Fund is an open-ended, unlisted product that was launched to meet the growing demand from wholesale investors for private credit. It, along with the Qualitas Real Estate Income Fund (ASX:QRI), are available on several major investment platforms. The Qualitas Real Estate Income Fund (ASX:QRI) reached a milestone with its fifth anniversary and FUM growing by 209 per cent since inception to $714 million.

Under the real estate private equity strategy, Qualitas acquires, develops, leases, and manages real estate assets through direct co-investment, REITs, and funds that Qualitas manages.

Sustainable FUM growth will be achievable with products such as our new impact-driven credit fund, the Qualitas Low Carbon Debt Fund. The fund was launched to provide development finance for sustainably-aligned investments in residential real estate, with concessional pricing incentives for projects that meet the pathway requirements.

COMPETITIVE ADVANTAGES UNDERPINNING THE SUCCESS AND STABILITY OF OUR PLATFORM

- Large-scale capital from institutional investor base enables us to write large cheques creating incumbent financier advantage
- Diversified real estate strategies with the ability to traverse the real estate lifecycle
- One of the foundational CRE private credit managers in Australia with deep local market expertise in investing through-the-cycle
- Institutional funds management model means we don't need to raise capital deal-by-deal
- Mixed fee structure reduces reliance of earnings on deployment
- Not reliant on fund leverage to boost returns and earnings – more resilient to withstand volatility
- Dry powder supports growth at no cost of capital unless deployed – not pressured to make investment decisions
- True funds management model with autonomy on investment and asset management decisions

OUR FUNDS MANAGEMENT PLATFORM

We have a client-led investment model, leveraging our strong sector experience across private credit and private equity to increase our exposure to scalable and attractive industry megatrends and investment opportunities

INVESTOR-LED THEMATICS

$7.2bn	$0.7bn	$0.6bn	$0.4bn
Private credit	Inflationary hedge	Build-to-Rent	Opportunistic

MACRO-LED DEPLOYMENT INTO SUB-SECTORS[1]

77%	8%	6%	4%	4%
Residential	Industrial	Office	Retail	Social infrastructure[2]

RETURN AND RISK PROFILE LED PRODUCT STRATEGY

$7.2bn	$1.7bn
Credit	Equity

SECTOR AGNOSTIC AND TRAVERSING THE CAPITAL STACK

1. Split based on allocated capital as at 30 June 2024 excluding the impact of unallocated / non-deployed capital.
2. Social infrastructure and other.

OUR APPROACH TO INVESTING

Experience tells us that the best investment results are delivered by following a consistent approach.

WHEN IDENTIFYING OPPORTUNITIES, THERE ARE CERTAIN KEY CHARACTERISTICS THAT QUALITAS CONSIDERS

Our focus is always on the end occupier – we seek real estate investments that are anchored by strong end-user demand, location, surrounding infrastructure, property type and amenities.

An investment thematic with a runway of many years where there are strong underlying fundamentals such as demographic drivers, suitable regulatory conditions, and large-scale deployment opportunities.

Once we identify a strong underlying thematic or sector, we then evaluate the relative value of the opportunity compared to other real asset opportunities as well as the liquidity in markets and cyclical factors.

Total capital deployed since inception as at 30 June 2024:

	No. of investments	Total capital deployed[1]
Credit investments	264	$10.2 billion
Equity investments	48	$1.5 billion
Total investments	**312**	**$11.7 billion**

At Qualitas, we have a team of experienced investment professionals who can analyse real estate opportunities from both a debt and equity perspective. This unique characteristic of our platform gives us a strong competitive advantage and enables us to deliver an enviable track record of returns for our investors.

There are times in the various cycles, which can be at different points depending on sector and geography, when we prefer downside protection (credit investing) and other times when we prefer the ability to earn upside returns (equity investing).

This is a dynamic process. Our agility, experience, and ability to pivot as needed is what gives investors confidence and contributes to the company's successful performance.

Risk is always an important consideration in our investment decisions. We have a three lines of defence framework – our investment team, risk & investment committee and internal & external audit – that ensures effective and efficient risk governance, and it is incumbent on all our team to ensure risk is central in our thinking. We know that our investment due diligence process, which is underpinned by risk assessment, has helped build Qualitas' industry-leading investing reputation in Australia.

"Risk is dynamic and requires constant monitoring. We assess risk at the time of deployment and have a strong framework to support ongoing monitoring throughout the life of a transaction. This approach ensures strategy can be adjusted should the risk profile shift."

Lucinda Makrakis | Head of Investment Risk

QUALITAS KEY RISK MANAGEMENT TOOLS

Robust risk grading model

Average LTV of circa 65 per cent[2] in income credit strategies, fully secured first mortgage loans are typically supported by personal guarantees from borrowers.

Mostly short tenor in the current cycle

Flexibility for active loan management and potential for repricing and timely security revaluation.

Strong focus on borrower criteria

Formal client onboarding policy and direct borrower and partner relationship.

Diversification

By geography, types of loans and sectors within the CRE market.

ESG assessment

All new investments are assessed for sustainability features of the building/development and the ESG performance of the borrower group.

1. Cumulative capital invested exceeds total FUM due to recycling of funds relating to capital returned to investors from realised investments in closed-end funds.
2. Loan-to-value ratio as at 30 June 2024.

INVESTMENT CASE STUDIES

Residential Construction Debt Facility – Pace 3058, Coburg, Melbourne

Centrally located in the northern Melbourne suburb of Coburg, Pace 3058 is an apartment development within the emerging residential Pentridge precinct.

The recently completed Pace 3058 offers 311 residences including a mix of one, two and three bedrooms. It features attractive amenities including a full-length lap pool, rooftop gardens, residents dining and lounge areas and extensive bike storage, along with a retail offering within the precinct, including a childcare centre and a shopping district.

The developer, Pace Property Group have a strong track record, having delivered over 100 residential projects. They are also a borrower Qualitas has lent to previously, providing funding for one of their projects in Abbotsford in 2019.

Pace selected Qualitas as the exclusive senior financier for the Pace 3058 construction facility, as Qualitas was able to offer a flexible financing solution with execution certainty instead of the initial plan to use multiple lenders.

"Similar projects are compelling from an investment perspective due to historically low residential vacancy rates and strong demand, benefiting from decade-long residential tailwinds."

Gil Norwood | Head of Total Return Credit

INVESTMENT CASE STUDIES

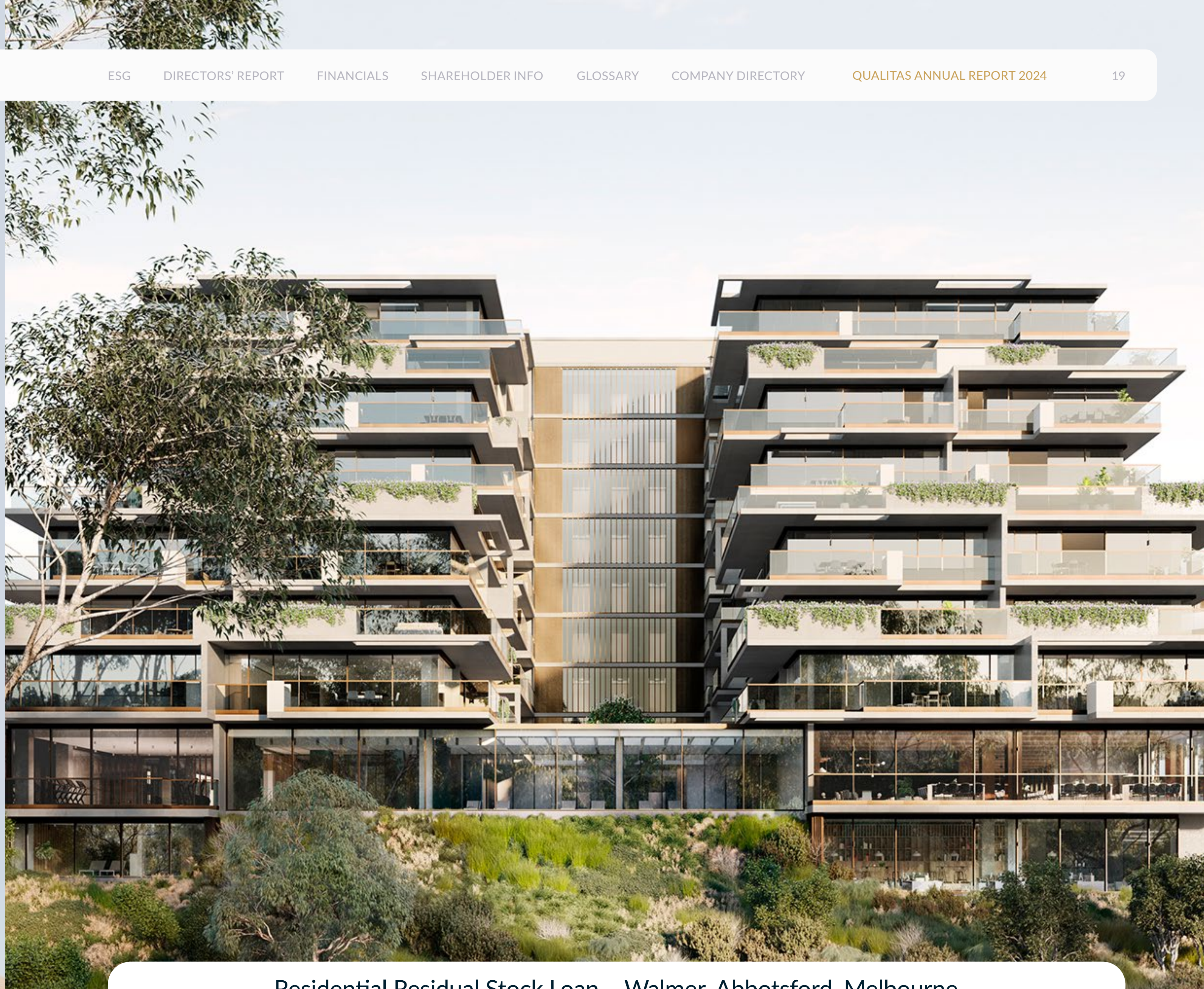
Residential Construction Debt Facility – Wirra, Neutral Bay, Sydney

The Wirra residential apartment project currently under construction, sits on an elevated site in Neutral Bay, north of Sydney's city centre. The project is being developed jointly by Podia and their investment partner, Centennial Property Group.

Podia is a well-credentialed development group with extensive experience in developing medium-to-large-scale projects across the residential, retail, and commercial sectors.

Qualitas has an existing relationship with Centennial, an Australian property investment manager and developer specialising in industrial and logistics, commercial and boutique residential property.

The senior construction debt facility was approved in February 2024. It has funded the acquisition of the development site and is financing the construction of the six storey complex consisting of 20 high-end residential apartments and two levels of basement car parking. The elevated position provides apartments with sweeping views of the surrounding area, the city centre and the harbour.



Residential Residual Stock Loan – Walmer, Abbotsford, Melbourne

Salta Properties' recently completed residential development, Walmer, is in Melbourne's inner ring suburb of Abbotsford, approximately five kilometres east of the city centre.

Located backing onto the Yarra River near Studley Park, with direct access to the Yarra Trails and nearby amenity of Victoria Gardens, the development is a mix of one, two, three and four bedroom apartments. It includes a range of premium resident amenities, including a pool, gym, spa, sauna, and large private terraces with stunning views of the city skyline and river.

Following the completion of the project in late 2023, Qualitas was mandated to provide a senior residual stock facility secured against completed apartments and a c.840sqm unsold retail space. Since the establishment of the facility, sales speed and price have exceeded expectations with almost all apartments sold.

Salta is a multi-faceted business with interests across all areas of property, including residential, commercial, retail, industrial and hotels, having delivered over 140 projects in the 50+ years they have operated.

"This was a favourable project to finance due to the quality of the development. Qualitas was mandated given our long-standing relationship with Salta and our ability to provide a tailored financing solution that's outside the remit of traditional financiers."

Mark Power | Head of Income Credit

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

At Qualitas, we are committed to integrating and managing appropriate Environmental, Social and Governance (ESG) measures throughout the organisation, and in our funds and investment processes.

WE HAVE A VISION FOR ESG THAT ENCOMPASSES:

Leveraging Qualitas' platform and position as a leading alternative CRE financier to help Australia transition to a low-emissions future, focused on the residential sector.

Delivering real impact through our social and community programs including charitable engagement, diversity, equity and inclusion.

Continuing to review and refine our governance framework to ensure best-in-class alignment to achieve our growth objectives.

Currently, Qualitas is in the early stages of our ESG journey. However, we are moving forward in a measured way, with active engagement from the Qualitas team.

Our focus has been on ESG priorities we consider important in laying the foundations for increasing our ESG initiatives in the future. This has included establishing our ESG framework and strategy, implementing an assessment tool for investments, and determining how we report on our initiatives.

As a signatory to the United Nations' Principles for Responsible Investment (UNPRI), Qualitas is committed to implementing its six principles.

We have refined our priority areas as:

Climate change

Qualitas strongly endorses strengthening the global response to climate change. We are committed to reducing our emissions to align with these goals.

Inclusion and diversity

Qualitas is better equipped to face complex business challenges by harnessing our diverse team's unique talents and experiences.

Governance

Qualitas believes that strong governance tends to be rewarded, and typically translates into long-term investor value.

Responsible investment

Qualitas integrates ESG considerations into our investment processes to identify material risks and opportunities.

OUR FY24 ESG SCORECARD

Throughout the year, we progressed several ESG initiatives, including:

- Our Responsible Investment ESG policy was updated.
- We prepared our first voluntary Modern Slavery Statement.
- Completed our Reflect Reconciliation Action Plan.

OUR RESPONSIBLE INVESTMENT ESG POLICY

As one of Australia's leading alternative real estate investment managers, Qualitas recognises the important role we play in the allocation of capital in the Australian economy. We also understand our activities and investment decisions have implications beyond just financial outcomes and acknowledge our duty to be a responsible steward of our investors' capital to create and preserve long-term value.

As our updated Responsible Investment ESG Policy outlines, Qualitas considers ESG factors at both the corporate and the fund and investment levels.

Our corporate priorities:

Emissions reduction

By measuring and reducing the greenhouse (GHG) emissions intensity of our operations.

Inclusion and diversity

By ensuring our working environment is inclusive and values and recognises the power of diversity in achieving long-term performance.

Community engagement

By delivering real impact through our social and community programs, including engagement with our charitable partners and with First Nations stakeholders.

Strong governance

By maintaining the highest standards of corporate governance across our business and investing activities to create and preserve long-term value.

Our responsible investment priorities:

ESG integration

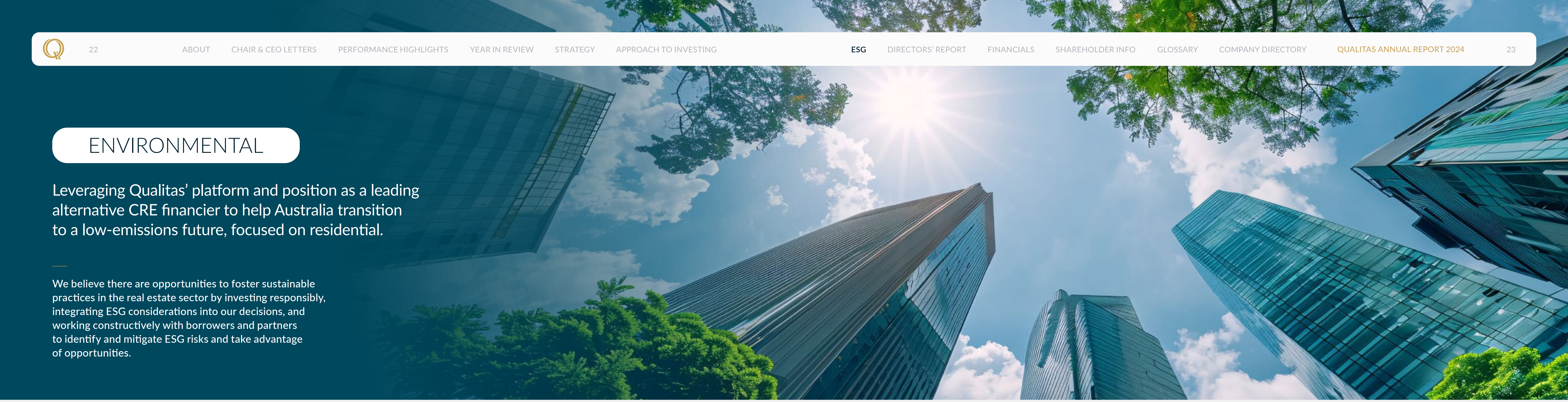
Incorporating relevant and material ESG factors into investment analysis and decision-making processes.

Improving engagement

Working with borrowers and partners to understand ESG risks and opportunities and exert influence where we can.

Product focus

Incorporating ESG as a core element of our investment strategy, while generating attractive risk-adjusted returns for our investors.



ENVIRONMENTAL

Leveraging Qualitas' platform and position as a leading alternative CRE financier to help Australia transition to a low-emissions future, focused on residential.

We believe there are opportunities to foster sustainable practices in the real estate sector by investing responsibly, integrating ESG considerations into our decisions, and working constructively with borrowers and partners to identify and mitigate ESG risks and take advantage of opportunities.

FUTURE OPPORTUNITIES

Our ESG Assessment Tool, which is part of our investment committee process, provides an assessment of the ESG credentials of all prospective investments. In 2023, we assessed all new investments through this framework.

As a further way of fostering sustainable practices, Qualitas has a vision to build a platform focused on key ESG themes that generate both measurable environmental and/or social impact and attractive risk-adjusted returns.

The Qualitas Low Carbon Debt Fund (QLCDF), launched in 2023, is an impact-driven credit fund focused on the decarbonisation of the residential building sector. This is our first fund under the strategy, which we plan to expand to several real estate-focused areas.

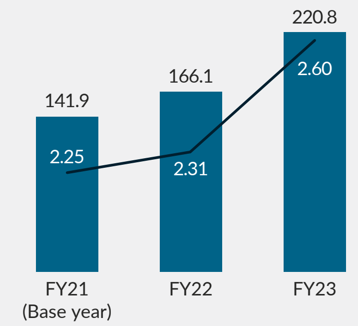
OUR EMISSIONS REDUCTION STRATEGY

Qualitas is committed to reducing the carbon emissions associated with our operations as part of our commitment to a low emissions future. We report our corporate emissions as part of our annual Climate Active certification.

We have set a target to reduce emissions intensity, measured in terms of full-time employee (FTE) equivalents, by 25 per cent by 2030-31, compared to the 2020-21 base year. With our business operations expanding, this is a useful measure. Our emissions intensity in 2022-23 was 2.60 t-CO2-e per FTE. This compared with 2.25 t-CO2-e per FTE in the 2020-21 base year, which was an abnormally low year due to the impact of COVID-19 restrictions, particularly with travel. Air travel is our single largest source of corporate scope 3 emissions accounting for 59.4 per cent of total inside boundary emissions.

Our total emissions increased by 56 per cent compared to the base year. The year-on-year increase was largely due to the return to pre-COVID travel patterns across our business, plus our employees returning to the office, and our growth including expansion into international markets.

Total emissions offset



Emissions profile

59.4%	Transport (Air)
10.9%	Waste
8.1%	ICT services & equipment
7.5%	Accomodation
6.5%	Working from home
3.5%	Transport (Land & Sea)
2.8%	Food
0.9%	Office equipment & supplies
0.4%	Water

In our efforts to reduce our emissions going forward, we have implemented the following initiatives:

- Purchasing 100 per cent Greenpower[1] across our corporate offices.
- Meeting remotely where possible and encouraging offsetting flights at point-of-purchase.
- Following the "avoid, reduce, re-use, recycle" principle with waste.

These initiatives have delivered reductions in our electricity usage emissions and waste emissions compared to our 2020-21 base year. We expect point-of-purchase offsetting for flights to further reduce our emissions in the future.

Climate Active reaffirmed Qualitas' carbon neutrality, which was achieved by offsetting 100 per cent of our emissions by purchasing Australian Carbon Credit Units (ACCUs) from two certified projects: Strathburn Station, Cape York and Moombidary Forest Regeneration Project, South East Queensland.

A Government program supporting national climate policy. The Climate Active initiative and Climate Active Carbon Neutral Standard support and guide businesses as they account for and reduce carbon emissions.

IGCC is the leading network of institutional investors mitigating the risks and seizing the opportunities of the global transition to net zero.

FY24 ACHIEVEMENTS ENVIRONMENTAL

Low carbon emissions product strategy

Launched the Qualitas Low Carbon Debt Fund our first product in this strategy which we are actively fundraising for.

A systematic approach to assessing ESG and sustainability in our investments

Using our ESG Assessment Tool to assess all new investments, providing insights to assist our investment team in identifying material ESG risks and opportunities in our investments.

Carbon neutral

Certified carbon neutral at the corporate level by Climate Active Certification.

"There is a real need to drive improvement in sustainability outcomes in the residential space. We believe that providers of debt finance are in a unique position to be able to influence that. Qualitas is committed to supporting a low emissions future and we are putting in place several initiatives to advocate for and support change in residential developments."

Jason Rackley | Head of ESG

1. GreenPower is 100% renewable electricity available for households and businesses through most energy retailers in Australia.

CASE STUDY IN SUSTAINABLE DEVELOPMENT

Caulfield Place Precinct 3 West

Caulfield Village is a new urban precinct in Melbourne's south-east situated adjacent to the Caulfield train station and Monash University. The 5-hectare site is a staged development that when complete, will comprise multiple precincts with a mix of over 1,500 apartments, retail spaces, eateries, and lifestyle facilities.

Caulfield Place is Precinct 3 West, which is being developed by Beck Property Group in conjunction with Reshape Development, with finance provided by Qualitas.

The project consisting of two 13-level towers and a shared podium, contains 351 build-to-rent residential apartments featuring a mix of sizes from studio to three bedroom apartments and 253 car parks. The development also provides 17 affordable apartments for key workers. Amenities include a pool, gym, resident lounges, wellness rooms, co-working spaces, and meeting rooms. The ground floor's c.1,600 sqm net lettable area, will become home to several new retail operators and complement the existing retail offering at Caulfield Village.

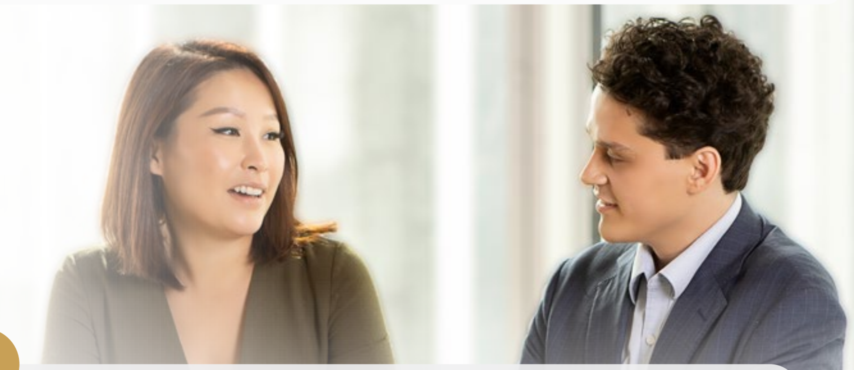
Qualitas' funds management platform is providing a debt funding package of c.$173 million. The funding comprises a senior construction debt facility for the development, converting to a 12-month term facility on the completion of the construction.

Caulfield Village is being built with environmentally sustainable design features that align with our goal to integrate ESG considerations into all that we do, including our investments. Our facility incorporates terms and conditions linked to the sustainability features of the development.

Caulfield Place is targeting an uplift in its Green Building Council of Australia Green Star Buildings rating from 4 Stars (as designed) to 5 Stars, indicating Australian excellence[1] for the project and demonstrating the value that sustainability can bring to projects of this kind. Specific sustainability features include:

- A NatHERS energy efficiency rating of 7.5 Stars (average).
- Rooftop photovoltaic solar with a peak capacity of 96kW distributed across tower roofs.
- High-performance glazing and energy-efficient building services, appliances, and fixtures.
- Best practice standard for stormwater quality.
- Landscaping which enhances amenity and contributes to biodiversity.

1. As defined by the Green Building Council of Australia.



SOCIAL

Our values underpin our success ▶

Qualitas' success since the Company's establishment is a true reflection of our team, their levels of engagement and our five core values which they uphold.

Respect
Treat all stakeholders fairly and enjoy the value of diversity

Integrity
Honour commitments and be transparent in our dealings and conduct ourselves ethically

Collaboration
Build collaborative relationships as we can achieve more collectively than individually

Excellence
Perform at our best and delight in excelling at our work and exceeding expectations

Entrepreneurship
Encourage creativity and innovation to retain the entrepreneurial spirit that created the firm

DELIVERING REAL IMPACT THROUGH SOCIAL AND COMMUNITY PROGRAMS

This year, we continued to grow the range of social initiatives including our ongoing commitment to Australia's reconciliation journey, continuing to promote an inclusive culture that celebrates diversity, and promoting the wellness and wellbeing of our team. Our focus was also on expanding our social and community programs and charitable engagement to grow our impact.

The key social initiatives delivered throughout the year included:

- Establishing our Charitable Engagement Working Group.
- Continuing on our reconciliation journey.
- Executing inclusion and diversity (I&D) initiatives.

AN INCLUSIVE AND DIVERSE CULTURE

At Qualitas, we promote an inclusive culture that fosters diversity. Our Diversity Policy underpins this, outlining our goals of fostering an inclusive culture and building a broader, more diverse team of highly skilled and experienced individuals.

We have always recognised the importance of maintaining our deep commitment to our culture as we grow. As new team members join Qualitas, they learn about our culture and the expectations of our team. With this, we welcome our culture positively evolving as our team becomes increasingly diverse.

Qualitas aspires to achieve gender diversity across the firm and throughout all levels of the Company of 40/40/20 (that is, 40 per cent men, 40 per cent women, 20 per cent of any gender).

At the end of the financial year, women comprised 33 per cent of our workforce and disappointingly, this was lower than prior years. We are committed to redressing this, and will develop a gender inclusivity strategy. So, in addition to working with our recruitment partners to provide a 50/50 equally-weighted gendered shortlist of potential candidates with diverse talent and from a range of backgrounds, we are developing a gender inclusivity strategy.

Our inclusion and diversity program delivered a range of initiatives to build employee engagement, retention, and gender diversity.

- *Inclusive networking* initiatives support gender and culturally diverse team members to engage in networking events to overcome networking challenges, which can persist in male-dominated industries such as property and financial services. During the year we hosted a workshop for female employees with an industry professional who shared lessons on how she successfully built her network and personal brand over a 20+ year career.
- Our *diversity and cultural awareness* initiatives acknowledged and celebrated a range of key events to raise awareness of the history and significance of each. This included Lunar New Year, International Women's Day, Pride Month and NAIDOC Week, with employees engaging in a range of activities internally and externally.

SOCIAL

WELLNESS AND WELLBEING

Qualitas has an ongoing commitment to fostering a positive and productive work environment.

Our Wellness Working Group works across the business to recommend and implement engagement and education initiatives that promote the physical and mental wellbeing of all employees.

A new enrichment allowance was approved for all employees. The annual allowance, which commences at the start of FY25, can be used for any activity that supports an employee's health, whether physical, emotional, psychological, or otherwise.

From a wellbeing and culture perspective, we believe it is important to check in with our team regularly. We do this in several ways, one being formally checking in each year through our Employee Engagement Survey. Key takeaways from our latest survey, in February 2024, indicate our employees are proud to work for Qualitas; know how their work contributes to our goals; feel they are kept informed about Company activities; and from a wellbeing perspective, if needed, would be comfortable talking to their manager. Following this year's survey, staff have developed divisional plans to focus on their key priorities.

COMMUNITY AND SOCIAL IMPACT

Qualitas have engaged with community and social impact projects for many years, through our long association with the Property Industry Foundation and their activities.

The focus of our efforts is on three community partners – the Property Industry Foundation, Lighthouse Foundation, and batyr. We believe this approach will help increase our level of engagement and ultimately deliver a greater impact. Importantly, the links between their work are critical as we continue to comprehend the drivers of youth homelessness.

Throughout the year, our employees were actively involved with our community partners by raising awareness of the focus of their work and its impact and helping support them by participating in fundraising activities.

PROPERTY INDUSTRY FOUNDATION

The Property Industry Foundation brings together the property and construction industry in a unique collaboration to have a tangible impact on youth homelessness.

Read more about the impact of their work here

LIGHTHOUSE FOUNDATION *for youth*

Lighthouse Foundation provides children and young people who are homeless, or at risk of homelessness, with the care and support they need to heal, thrive, and achieve a lifelong sense of belonging.

Read more about the impact of their work here

batyr

batyr is working towards a world where all young people lead mentally healthy and fulfilling lives.

Through sharing lived experience stories and peer-to-peer preventative education we are keeping young people from reaching the point of crisis, and changing lives.

Read more about the impact of their work here

"Championing inclusion and diversity is important at Qualitas. We acknowledge we can do more to improve gender diversity within Qualitas as well as helping to make a meaningful difference and drive change across the industry."

Michelle Christou | Head of People and Culture

RECONCILIATION

Qualitas' vision for reconciliation is a future for Australia that is inclusive and equitable for Aboriginal and Torres Strait Islander people, one that not only recognises but celebrates the histories of the world's oldest living cultures.

We have an established RAP Working Group, the governing body for our RAP, comprising members from across the business along with Kristal Kinsela, a proud Jawoyn and Wiradjuri woman, who is working with us primarily on our engagement and relationships with Aboriginal and Torres Strait Islander people.

Our Reflect RAP was a catalyst for the business to formally commit to embedding reconciliation considerations. It provided the opportunity to build strong foundations – to reflect, learn, and ultimately, enact positive social change inclusive of all Australians.

We remain focused on contributing to Australia's reconciliation journey and look to focus on the following areas:

1. Expanding local engagement initiatives.
2. Increasing employee education.
3. Seeking to increase Aboriginal and Torres Strait Islander representation in our workforce.

We continued to increase understanding and recognition of Aboriginal and Torres Strait Islander cultures, histories, knowledge and rights through cultural learning. Activities included attending an exhibition of Australian Aboriginal and Torres Strait Islander art by artists from the remote Cape York Peninsula community of Aurukun, and celebrating NAIDOC Week, and Indigenous Literacy Day.

FY24 ACHIEVEMENTS SOCIAL

Wellness and wellbeing

An enrichment allowance was approved for all employees.

Youth homelessness and mental health

We continued our support of our three community partners.

Reconciliation

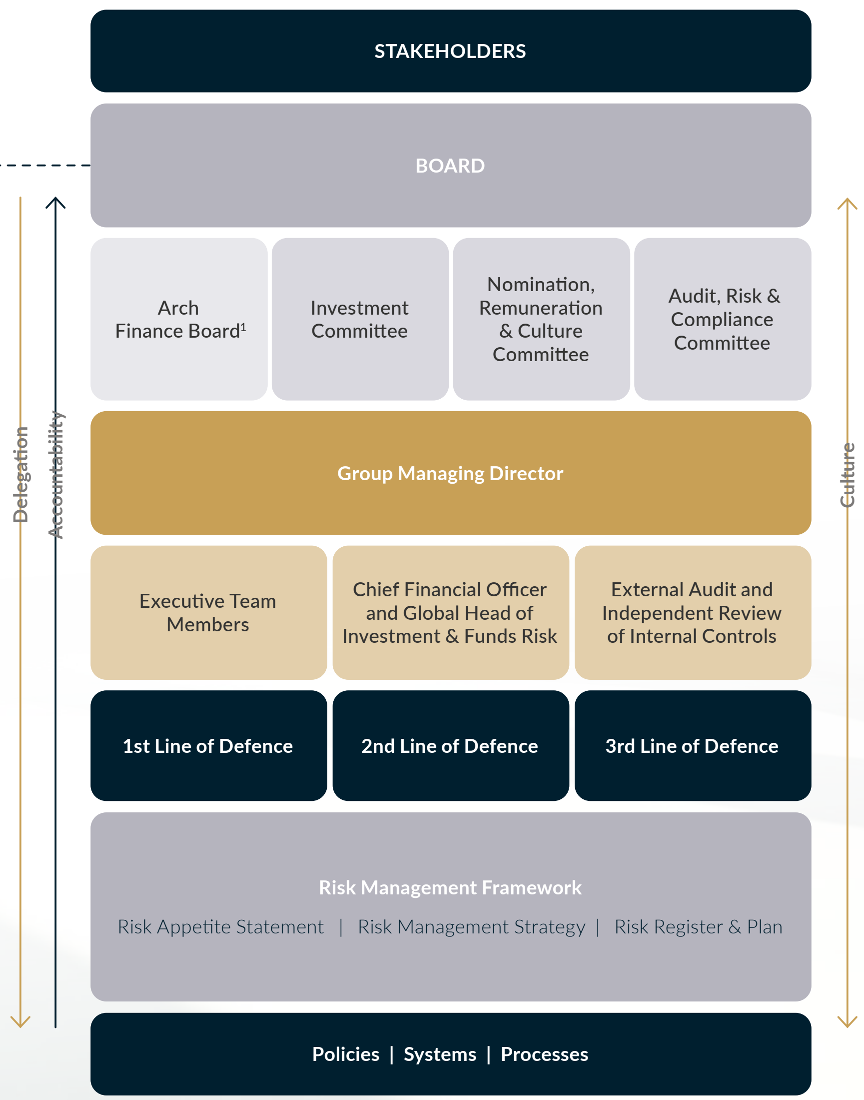
Continued on our reconciliation journey through education on Aboriginal and Torres Strait Islander cultures and histories.

GOVERNANCE

Continuing to review and refine our governance framework to achieve our growth objectives.

Good corporate governance is central to achieving our objectives of delivering attractive, risk-adjusted returns to investors and helping our borrowers and partners bring their projects to life.

REMAIN COMMITTED TO A HIGH STANDARD OF CORPORATE GOVERNANCE



The Qualitas Board has overall responsibility for the Company's corporate governance and the Directors are accountable to shareholders for the performance of Qualitas, overseeing management and their adherence to the Company's policies and procedures.

The governance framework adopted by the Board encompasses corporate governance policies and procedures, risk management practices, and internal controls that are based on clear lines of accountability, effective delegation, and adequate oversight. The Board and its committees regularly review all aspects of the framework to ensure they meet regulatory requirements and are 'fit for purpose' for Qualitas' growth aspirations.

1. Subsidiary Entity Board of the Company. Directors are Mary Ploughman (Chair), Andrew Fairley AM and Andrew Schwartz.

Qualitas meets the requirements of the ASX Corporate Governance Council's Corporate Governance Principles Recommendations (4th edition), except where stated in the 2024 Corporate Governance Statement, available on the Qualitas Investor Centre.

Our ESG Advisory Group was established to help shape ESG best practice within the Company. Under the ESG Advisory Group Charter, the Group will provide advice on ESG strategy, policy development, risks and opportunities, and report progress against our strategic priorities. Equally, it will advise Qualitas on how we can best leverage our strengths to maximise our impact and influence positive ESG outcomes with our borrowers and partners.

During the year, the ESG Advisory Group provided advice and oversight on our updated Responsible Investment ESG Policy restating our approach and commitment to the integration of ESG factors throughout the organisation and through our investment platform; our ESG investing strategy; and our readiness for mandatory climate-related financial disclosures and modern slavery reporting.

OUR FIRST MODERN SLAVERY STATEMENT

In 2024, Qualitas published its first voluntary Modern Slavery Statement. While we are not a reporting entity under the Modern Slavery Act[2], our decision to produce a statement reflects our commitment to assessing and addressing the risks of modern slavery in our operations and supply chains. We strongly believe that modern slavery is an unacceptable practice. We fully support the aims of the modern slavery reporting framework in seeking to raise awareness of these risks and encouraging greater transparency from businesses in how these risks are identified and addressed.

Modern slavery is a complex issue that can be challenging to detect and effectively address. Our focus with our first voluntary statement has been on seeking to understand the areas of greatest vulnerability within our supply chains and whilst we have assessed our risks as being low overall, we recognise that our efforts in this area will need to improve over time.

Education on the issues of modern slavery is important. We intend to support our statement with ongoing training for our employees to raise awareness of modern slavery issues and risks in our business and investments. We continue to review our due diligence processes and seek to implement industry best practice.

HOLDING OURSELVES TO ACCOUNT THROUGH INDEPENDENT ASSESSMENTS

GRESB Assessments capture information regarding ESG performance and sustainability best practices for global real estate and infrastructure funds, companies, and assets.

GRESB REAL ESTATE

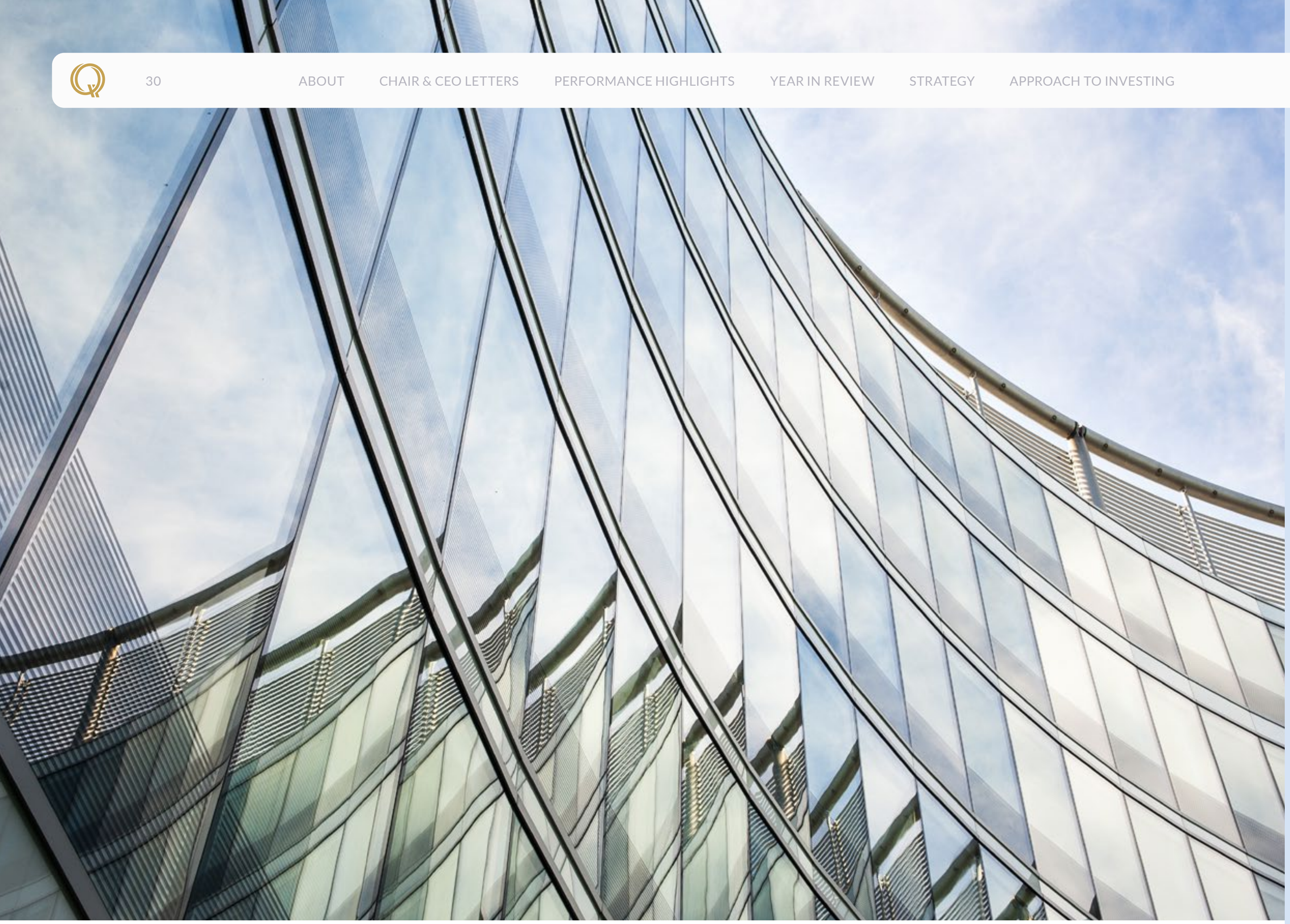
This is the 3rd year that the Qualitas Build-to-Rent Impact Fund has been assessed[3].

The 2024 Report will be available later in the year.

Qualitas is a proud signatory to the UNPRI and its six principles of responsible investment, which align with our core ESG beliefs. As a signatory, we intend to contribute to developing a more sustainable financial system.

PRI Principles for Responsible Investment

2. Modern Slavery Act 2018 (Cth).
3. Fund has been renamed to QLCDF.



This year, we completed our first full UNPRI assessment. The results confirm Qualitas' strong governance and expertise in private credit activities (investment policy guidelines, pre-investment materiality analysis and due diligence, and minimum building requirements).

We are incorporating feedback from this first assessment into our future governance and asset management plans.

FIRST UNPRI ASSESSMENT

Policy Governance & Strategy
★★★★☆

Direct – Real Estate
★★★☆☆

Direct – Private Debt
★★★★★

Confidence building measures
★★★★☆

A copy of our assessment report can be found on our website.

Qualitas is a member of the Responsible Investment Association of Australasia (RIAA), which champions responsible investing and a sustainable financial system in Australia and New Zealand. We are fully supportive of the RIAA's mission and objectives to ensure capital is aligned with achieving a healthy and sustainable society, environment, and economy.

riaa Responsible Investment Association Australasia

INVESTING IN DATA SECURITY AND MANAGEMENT

Qualitas has set an aspirational organic growth target. The pathway to achieve our target is more than growing FUM, our strategy encompasses a near-term focus on people and systems and setting up the platform to expand into asset adjacencies and geographies.

We have commenced this work, with a major investment in a new data management and information-sharing platform. We recognise the importance of data security and this new system will support our management of data as we grow.

FY24 ACHIEVEMENTS GOVERNANCE

Modern Slavery Statement

Our first voluntary Modern Slavery Statement was published.

Accountability through independent assessments

We are holding ourselves accountable through independent assessments with a PRI assessment for Qualitas and GRESB for the Qualitas Build-to-Rent Impact Fund[1].

1. Fund has been renamed to QLCDF.

LOOKING AHEAD: OUR FOCUS IN FY25

Our ongoing commitment to embedding ESG considerations into our business, means we are on a journey.

We are focused on maximising our ESG impact through our operations and, as an investor, we are focused on key ESG themes that generate measurable environmental and social impact.

We continue to strengthen and evolve our policies and regularly review our strategy, targets, and initiatives to ensure that Qualitas and our people can contribute to achieving our ESG goals in a meaningful way.

Our key goals for FY25 include:

ENVIRONMENTAL

We are increasingly integrating ESG considerations into our decisions and working constructively with borrowers and partners to identify and mitigate ESG risks and take advantage of opportunities.

Measuring the emissions footprint of our investments and developing plans to transition our portfolios over time in line with sector-specific transition pathways. We consider the most effective way to increase our impact is through the development of investment products focused on sustainable finance.

SOCIAL

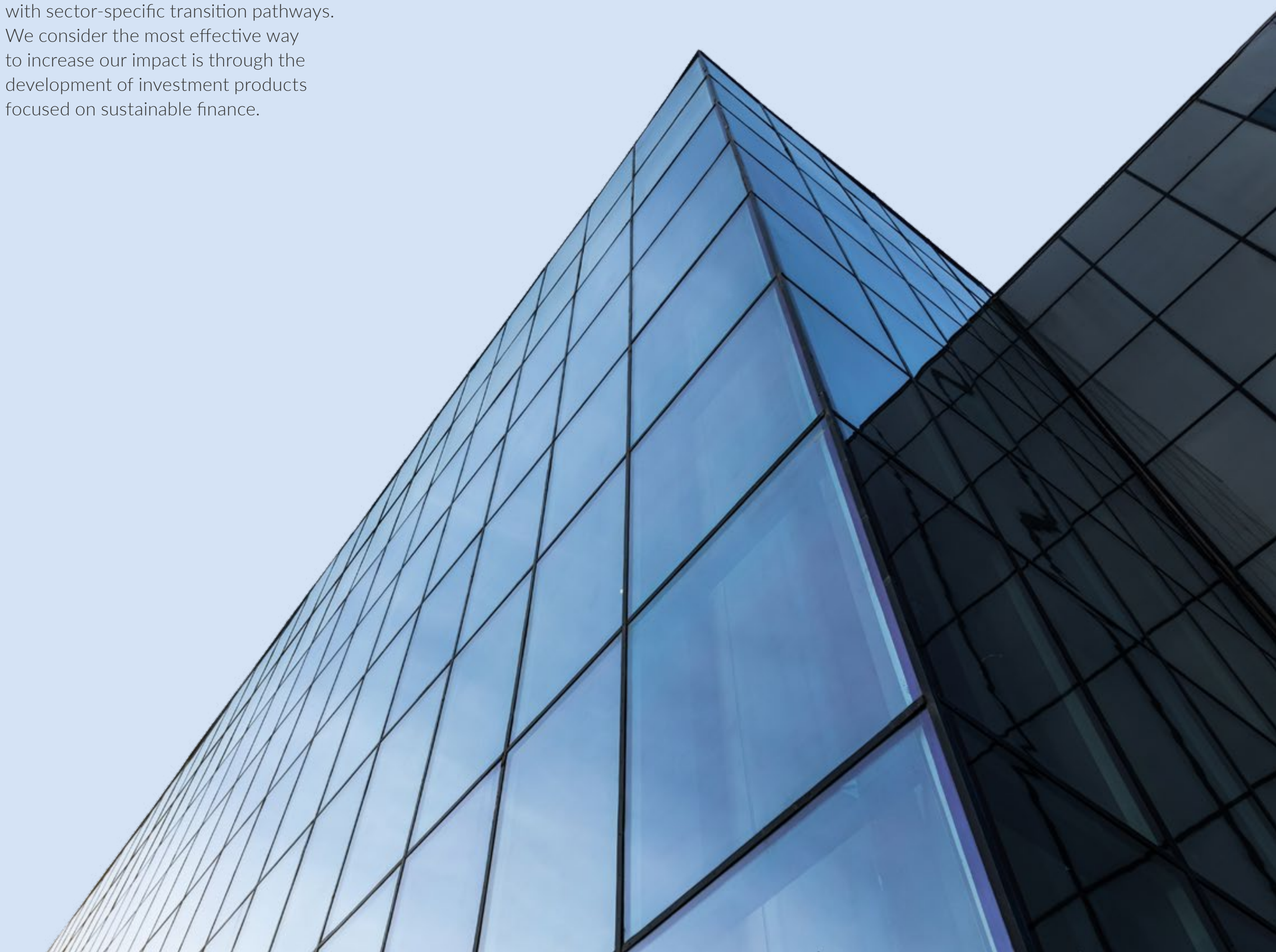
Qualitas is committed to ensuring equal pay for comparable roles in the Company, and will continue to annually conduct an internal gender pay gap analysis to proactively understand the drivers and address potential issues. Working on a gender inclusivity strategy will specifically address our gender composition proposing ways to increase female presentation, particularly at the junior level to redress the issue long term.

Following the introduction of an annual enrichment allowance, we are reviewing further enhanced benefits to support our employees. This includes a new volunteering leave policy to support our community.

There are a number of opportunities to progress our reconciliation journey including increasing Aboriginal and Torres Strait Islander supplier diversity.

GOVERNANCE

We acknowledge the enhanced reporting framework that has been announced by the government to improve climate-related financial disclosures and support its intent. The new mandatory disclosures will be phased in over four years with Qualitas required to commence reporting under the new standards from FY28. While that is a few years away, we are actively preparing for the new framework.



1. Retired from the Board 30 June 2024.
2. Retired from the Board 23 October 2024.

ANNUAL FINANCIAL REPORT

For the year ended 30 June 2024

Appendix 4E 35
Directors' report 36
Audited remuneration report 45
Lead auditor's independence declaration 57

Financial report
Consolidated statement of comprehensive income 59
Consolidated statement of financial position 60
Consolidated statement of changes in equity 61
Consolidated statement of cash flows 62
Notes to the consolidated financial report 63
Consolidated entity disclosure statement 102
Directors' declaration 105
Independent auditor's audit report 106

The consolidated financial report covers Qualitas Limited (Qualitas or the Company) and its controlled entities (together referred to as the Group).

The Company's registered office is:
Level 38, 120 Collins Street
Melbourne, VIC 3000

The Group's principal place of business is:
Level 38, 120 Collins Street
Melbourne, VIC 3000

APPENDIX 4E

For the year ended 30 June 2024

Details of reporting period

Current: For the year ended 30 June 2024
Previous corresponding: For the year ended 30 June 2023

The Directors of Qualitas Limited (ACN 655 057 588) (Company or Qualitas) announce the consolidated results of Qualitas Limited and its controlled entities (the Group) for the year ended 30 June 2024 as follows:

Results for announcement to the market	For the year ended 30 June 2024 $'000	For the year ended 30 June 2023 Restated [1] $'000	Change $	Change %
Revenue from ordinary activities	**84,018**	73,403	10.615	14
Profit/(loss) from ordinary activities after tax attributable to members	**26,180**	22,340	3.840	17
Net profit/(loss) for the period attributable to members	**26,180**	22,340	3.840	17

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.

Details of dividends

On 23 August 2023, the Directors declared a fully franked dividend of 5.5 cents per share which amounted to $16,280,833 to be paid on 3 October 2023 with a record date of 12 September 2023.

On 22 February 2024, the Directors declared an interim fully franked dividend of 2.25 cents per share which amounted to $6,711,639 to be paid on 28 March 2024 with a record date of 8 March 2024.

On 21 August 2024, the Directors declared a fully franked dividend of 5.75 cents per share which amounted to $17,151,967 to be paid on 3 October 2024 with a record date of 12 September 2024.

Details of Dividend Reinvestment Plan

The Group does not have a Dividend Reinvestment Plan (DRP).

Net tangible assets per security

The net tangible asset value per security is $1.23 (2023: $1.22).

Control gained or lost over entities during the period

- Q MS Developer Pty Ltd (wholly owned entity established on 11 August 2023)
- QEP Bondi Junction Pty Ltd (wholly owned entity deregistered on the 29 October 2023)
- QEP Bondi Junction Investor Pty Ltd (wholly owned entity deregistered on the 29 October 2023)
- QEP Bondi Junction Manager Pty Ltd (wholly owned entity deregistered on the 29 October 2023)
- QEP Spire Apartments Pty Ltd (wholly owned entity deregistered on the 29 October 2023)
- QEP Spire Apartments Financier Pty Ltd (wholly owned entity deregistered on the 29 October 2023)
- QEP Spire Apartments Investor Pty Limited (wholly owned entity deregistered on the 29 October 2023)
- QEP Spire Apartments Manager Pty Ltd (wholly owned entity deregistered on the 29 October 2023)
- QLDF Manager Pty Ltd (wholly owned entity deregistered on the 29 October 2023)
- QUMF Borrower Pty Ltd (wholly owned entity deregistered on the 29 October 2023)
- QUMF Bridge Pty Ltd (wholly owned entity deregistered on the 29 October 2023)
- QREF Mezzanine Debt No.20 Pty Ltd (wholly owned entity deregistered on the 29 October 2023)
- Qualitas Assembly Co-invest Pty Ltd (wholly owned entity gained control on the 9 November 2023)
- QREO Growth A III Sub Pty Ltd (wholly owned entity gained control on the 25 January 2024)
- Qualitas JF Holdings Pty Ltd (wholly owned entity established on the 21 May 2024)
- Qualitas South Yarra Pty Ltd (wholly owned entity established on the 13 June 2024)

Details of associates and joint venture entities

The Group is part of a joint venture arrangement with Gurner Multifamily Pty Ltd, with the joint venture obtaining control over four initial assets. The Group has joint control and a 50% ownership interest. The joint venture is a strategic partnership to establish a build-to-rent platform.

Other information

The Group is not a foreign Group.

Additional information

Additional information supporting the Appendix 4E disclosure requirements can be found in the Directors' report and the consolidated financial report for the year ended 30 June 2024.

This report is based on the consolidated financial report for the year ended 30 June 2024 which has been audited by KPMG.

As authorised by the Board of Directors.

Andrew Fairley AM
Chair
Melbourne, 21 August 2024

DIRECTORS' REPORT

The consolidated financial report covers Qualitas Limited (Qualitas or the Company) and its controlled entities (together referred to as the Group).

The Company's registered office is:
Level 38, 120 Collins Street
Melbourne, VIC 3000

The Group's principal place of business is:
Level 38, 120 Collins Street
Melbourne, VIC 3000

The Directors of the Company present their report together with the consolidated financial report of the Group for the year ended 30 June 2024 and the auditor's audit report thereon.

Qualitas listed on the Australian Securities Exchange (ASX) on 16 December 2021 on a conditional and deferred basis and commenced normal trading on 22 December 2021. The ASX ticker is QAL.

The results presented are for the year ended 30 June 2024. The corresponding period is the year ended 30 June 2023.

Principal activity

The principal activities of the Group during the year were funds management and direct lending on commercial real estate.

Directors

The following persons were Directors of Qualitas Limited (ASX ticker: QAL) during the year ended 30 June 2024 and up to the date of this report unless otherwise stated.

		Appointed
Andrew Fairley AM	Independent Non-Executive Chairman	4 November 2021
Andrew Schwartz	Group Managing Director, Co-Founder and Chief Investment Officer	4 November 2021
Mary Ploughman	Independent Non-Executive Director	4 November 2021
Michael Schoenfeld	Independent Non-Executive Director	4 November 2021, retired 30 June 2024
JoAnne Stephenson	Independent Non-Executive Director	4 November 2021
Brian Delaney	Non-Independent Non-Executive Director	4 November 2021

Qualification and experience for the Directors

Andrew Fairley AM

Independent Non-Executive Chairman

Andrew is the Independent Chair of the Qualitas Board effective 4 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 until 2021. 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 served as Chair of Equipsuper, a $30 billion industry superannuation Fund for 12 years until 2022. He also served as an industry director of the Australian Financial Complaints Authority until December 2023. His previous roles have included Chair of Zoos Victoria, Chair of Parks Victoria, and Deputy Chair of Tourism Australia. He is currently a Director of Goulburn Valley Water and Applied International Pty Ltd. In addition, he is involved in the philanthropic sector as Emeritus Chair of the Sir Andrew Fairley Foundation, and Deputy Chair of the Mornington Peninsula Foundation. Since July 1996, Andrew has held the position in Australia of Honorary Consul-General of Finland. He also served as Chair of the Luke Batty Foundation until 2019. Andrew completed his law degree at the University of Melbourne, and in 2022 was awarded an Honorary Doctorate from Deakin University. He currently practices as a Consultant to Hall & Wilcox Lawyers in Melbourne.

Andrew is a member of the Audit, Risk and Compliance Committee, the Investment Committee, Nomination, Remuneration and Culture Committee and the Arch Finance Board, a wholly owned subsidiary group of the Company.

Andrew Schwartz

Group Managing Director, Co-Founder and Chief Investment Officer

Andrew is the Group Managing Director, Co-Founder and Chief Investment Officer of Qualitas. He has over 39 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 a director of several Qualitas Group entities, including Arch Finance. 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. Andrew is a member of the Investment Committee.

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.

DIRECTORS' REPORT

Qualification and experience for the Directors continued

Mary Ploughman continued

Mary is currently the Chair of Plenti Group Ltd (ASX: PLT, appointed July 2020), a fintech in consumer finance, Chair of Pitcher Partners, a senior advisor with Gresham Partners and a Director with Housing Australia (appointed 30 November 2023). Mary was previously a Non-Executive Director of Prospa Group Limited (ASX: PGL, appointed March 2021, retired 8 August 2024). 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.

Mary held the position of Nomination, Remuneration and Governance Committee (now Nomination, Remuneration and Culture Committee) Chair up until 22 February 2024, and remains a member of that committee. Mary was appointed a Member and Chair of the Audit, Risk and Compliance Committee on 22 February 2024. Mary is Chair of the Arch Finance Board, a wholly owned subsidiary group of the Company.

Michael Schoenfeld

Independent Non-Executive Director, retired from the Company's Board on 30 June 2024

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.

Michael held the position of Chair of the Investment Committee until 22 February 2024 and remained a member until his retirement, and was also a member of the Audit, Risk and Compliance Committee.

Michael retired from the Company's Board of Directors on 30 June 2024.

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 a Non-Executive Director of Challenger Limited (ASX: CGF, appointed 2012), a Director and Chair of the Audit, Risk and Compliance Committee for Estia Investments Pty Ltd, Chair of the Audit and Risk Committee for Estia Health TopCo Pty Ltd, a Non-Executive Director of Lifestyle Communities Ltd (ASX: LIC, appointed 1 July 2024), and a Non-executive Director of Helia Group Limited (ASX: HLI, appointed 15 July 2024). JoAnne was previously the Chair and Non-Executive Director of Myer Holdings Ltd (appointed a Non-Executive Director in November 2016, and retired 9 November 2023), and a Chair of the Major Transport Infrastructure Board (Victoria) and 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.

JoAnne held the position of Chair of the Audit, Risk and Compliance Committee until 22 February 2024 and remains a member of that Committee. JoAnne is a member of the Investment Committee and was appointed Chair from 22 February 2024.

Brian Delaney

Non-Independent Non-Executive Director

Brian has had over 35 years' experience in the funds management industry holding senior roles globally. Brian is the Chair of Fund Executives Association Limited (FEAL), Chair of Armitage Associates, and is a Director of Auctus Investment Group (ASX: AVC, appointed November 2021), and the Trawalla Group. Brian has previously held roles at Queensland Investment Corporation (QIC) as Executive Director of Strategy, Clients and 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 and 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. Past directorships include the boards of Lonsec Financial Group, Basketball Australia, ASFA and Investment Management and Consultants Association (IMCA).

Brian is a member of the Nomination, Remuneration and Governance Committee (now Nomination, Remuneration and Culture Committee) and was appointed Chair of that committee from 22 February 2024, and a member of the Company's ESG Advisory Group. Brian is a nominee non-executive director appointment by a major shareholder in the Company, the Trawalla Group (ACS Qualitas Management Pty Ltd as trustee for ACS Qualitas Management Trust).

Company Secretary

The Company Secretary of the Company is Terrie Morgan (LLB; B.Ag; GDLP) and was appointed by the Board on 8 June 2022. Terrie has over 18 years' experience in commercial, executive and legal counsel roles, with experience as an ASX-listed company secretary and advisor. She is admitted as a lawyer to the Supreme Court of Victoria.

DIRECTORS' REPORT

Directors' meetings

Period 1 July 2023 – 21 February 2024
ARCC: JoAnne Stephenson (C); Andrew Fairley AM; Michael Schoenfeld
NRCC: Mary Ploughman (C); Brian Delaney; Andrew Fairley AM
IC: Michael Schoenfeld (C); JoAnne Stephenson; Andrew Fairley AM; Andrew Schwartz

Period 22 February 2024 – 30 June 2024
ARCC: Mary Ploughman (C) (New); JoAnne Stephenson; Andrew Fairley AM; Michael Schoenfeld
NRCC: Brian Delaney (C) (Change); Mary Ploughman; Andrew Fairley AM
IC: JoAnne Stephenson (C) (Change); Andrew Fairley AM; Andrew Schwartz; Michael Schoenfeld

The number of Directors' meetings (including meetings of committees of Directors and excluding circulatory resolutions) and number of meetings attended by each of the Directors of the Company during the year are:

	Board meetings		Audit, Risk and Compliance Committee Meetings (ARCC)		Nomination, Remuneration and Culture[1] Committee Meetings (NRCC)		Investment Committee Meetings (IC)	
	A	B	A	B	A	B	A	B
Andrew Fairley AM	10	10	6	6	7	7	7	7
Andrew Schwartz	10	10	6	6	7	7	7	6[2]
Brian Delaney	10	10	1	1[2]	7	7	–	–
JoAnne Stephenson	10	10	6	6	–	–	7	7
Mary Ploughman	10	10	2	2[2,3]	7	7	–	–
Michael Schoenfeld	10	10	6	5	–	–	7	7

1. Change of Committee name to Nomination, Remuneration and Culture Committee in 2024.
2. 1 meeting was attended in part.
3. Mary Ploughman appointed a member and Chair of the Audit, Risk and Compliance Committee from 22 February 2024.

Column A: Indicates the number of meetings held during the period of each Director's tenure. Where a Director is not a member but attending meetings during the period, then only the number of meetings attended rather than held is shown.
Column B: Indicates the number of meetings attended by each Director.

Directors' interests

Please see the Audited Remuneration Report for the details of Directors' interests in the Group.

Operating and financial review

The net profit after tax of the Group for the year ended 30 June 2024 amounted to $26,179,913 (2023: $22,340,184 [1]).

Shareholder returns

	For the year ended 30 June 2024 $	For the year ended 30 June 2023 restated[1] $
Profit attributable to the owners of the Group	26,179,913	22,340,184
Basic EPS	9.00 cents	7.68 cents
Dividends paid	22,992,472	17,680,321
Dividends per share	7.75 cents	6.00 cents
Change in share price	(0.33)	1.13
Return on capital employed	7.13%	6.20%

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.

DIRECTORS' REPORT

Shareholder returns continued

Operating result

Qualitas results are reported under International Financial Reporting Standards (IFRS). The Directors' report also includes certain non-IFRS measures including Normalised earnings before interest, taxes, depreciation and amortisation (EBITDA), Normalised net profit before tax (NPBT) and Normalised net profit after tax (NPAT). These measures are used internally by management to assess the performance of our business, make decisions on the allocation of our resources and assess operational management. Non-IFRS measures have not been subject to independent audit. All non-IFRS information unless otherwise stated has not been extracted from Qualitas' financial statements and has not been subject to audit or review. Certain figures may be subject to rounding differences. Refer to the reconciliation of statutory earnings to normalised earnings table below. All amounts are in Australian dollars unless otherwise stated.

The net profit after tax of the Company for the year ended 30 June 2024 amounted to $26,179,913 (2023 Restated: $22,340,184 [1]).

Key activities for the period include:

- Total committed Funds Under Management (FUM) increased to $8.9 billion as at 30 June 2024, up 46% on 30 June 2023, predominantly driven by capital raising through the institutional channel.
- $4.2 billion deployed into investments in FY24 [2], up 40% on FY23.
- Funds management revenue increased to $53.7 million, up 22% on FY23 [1] driven by strong deployment activity which led to growth in Fee Earning Funds Under Management [3] and Invested FUM. Invested FUM will increase over the near term for construction credit Funds as the loans are progressively drawn down over the life of previously deployed investments.
- Funds management EBITDA [4], including performance fees is $40.3 million increased by 35% on FY23 [1]. With a margin expansion of 5% on FY23 [1], FY24 Funds management EBITDA margin of 52% marks the milestone of achieving one of the long-term targets outlined at the 2023 Investor Day.
- Principal income increased to $23.3 million, up 47% on FY23 [1] due to increased draw-down of balance sheet capital in co-investment.
- $6.1 million reversal in net performance fees (performance fees less staff incentives) attributed to equity funds underlying asset revaluation is offset by $8.5 million in net performance fees from credit funds, resulted in a 25% fall net performance fees in FY24 on FY23 [1].
- Normalised NPBT [5] of $39.0 million, up 26% on FY23 [1] due to consistent strong growth in the funds management business with improving economies of scale.
- Statutory NPAT of $26.2 million, up 17% on FY23 [1].

Normalised EBITDA, Normalised NPBT and Normalised NPAT are reconciled to Statutory EBITDA, Statutory NPBT or Statutory NPBT respectively below.

	Year ended 30 June 2023 reported $'000	Adjusted $'000	Year ended 30 June 2023 restated[1] $'000	Year ended 30 June 2024 $'000	Change %
Statutory EBITDA	34,598	(284)	34,314	40,320	18%
(Gain) / loss on mark to market (MTM) value of QRI investment	(688)	–	(688)	(875)	
QRI capital raising costs	–	–	–	2,448	
Normalised EBITDA	33,911	(284)	33,626	41,894	25%
Statutory net profit before tax (NPBT)	31,833	(284)	31,548	37,432	19%
(Gain) / loss on mark to market (MTM) value of QRI investment	(688)	–	(688)	(875)	
QRI capital raising costs	–	–	–	2,448	
Normalised NPBT	31,146	(284)	30,860	39,005	27%
Statutory net profit after tax (NPAT)	22,539	(199)	22,340	26,180	17%
(Gain) / loss on mark to market (MTM) value of QRI investment	(481)	–	(481)	(613)	
QRI capital raising costs	–	–	–	1,714	
Normalised NPAT	22,058	(199)	21,859	27,281	25%

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.
2. Financial year ends on 30 June. FY24 refers to period between 1 July 2023 and 30 June 2024.
3. Amount in committed FUM earning base management fees. Base management fee structures vary across investment platform including committed FUM, invested FUM, net asset value, gross asset value, acquisition price and other metrics used to calculate base management fees.
4. Funds management EBITDA, including performance fees adjusted for abnormal items including unrealised mark to market from Qualitas co-investment in QRI (FY24: $0.9m) and QRI capital raise costs (FY24: $2.4m). FY23 normalised earnings adjusted for unrealised MTM gains from Qualitas' co-investment in QRI($0.7m).
5. FY23 normalised earnings adjusted for abnormal items including unrealised mark to market (MTM) gains ($0.7m) from Qualitas' co-investment in QRI. FY24 normalised earnings adjusted for unrealised MTM gains ($0.9m) from Qualitas' co-investment in QRI and QRI capital raise costs ($2.4m).

DIRECTORS' REPORT

Review of operations

The Company is one of Australia's leading alternative real estate investment managers with extensive operating experience. The Group invests in real estate private credit, opportunistic real estate private equity, income producing commercial real estate (CRE) and build-to-rent (BTR) residential. Qualitas manages predominantly discretionary Funds on behalf of institutional, wholesale and retail clients in Australia, Asia, Middle East, North America and Europe.

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

Funds management

Real estate private credit

Funds managed by Qualitas invest in CRE 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.

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 and manufacturing assets, non-discretionary consumer staples, logistics and convenience retail assets that display recurring 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 funds under management and Management Fees by:

- co-investing into Funds alongside Fund investors; and
- underwriting for a Fund prior to the completion of a capital raising for a Fund or in anticipation of a repayment of a Fund investment following which the Fund will take out or refinance the underwriting position.

Direct lending

Arch Finance

Qualitas' direct lending subsidiaries, Arch Finance and Peer Estate, provide CRE debt to smaller borrowers and, in the case of Peer Estate, peer-to-peer platform for individual wholesale investors to provide debt financing. 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 CRE.

A summary of the financial performance for the period ended 30 June 2024 is detailed below.

Summary of Group Financial Performance	For the year ended 30 June 2024 $'000	For the year ended 30 June 2023 restated [1] $'000
Total revenue	**84,018**	73,403
Profit/(loss) from ordinary activities after tax attributable to members	**26,180**	22,340
Funds from operations (FFO)	**38,642**	30,499
Weighted average securities on issue	**290,989**	290,989

The Company recorded total revenue of $84,018,807 (2023: $73,402,758) a statutory profit of $26,179,913 (2023 [1]: $22,340,184) and Funds from operations of $38,643,081 (2023 [1]: $30,498,711). FFO represents the underlying earnings from its operations and is determined by adjusting the statutory profit after tax for items which are non-cash, unrealised or capital in nature.

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.

DIRECTORS' REPORT

Review of operations continued

A summary of the reconciliation between the statutory profit after tax and FFO is detailed below.

	For the year ended 30 June 2024 $'000	For the year ended 30 June 2023 restated [1] $'000
Statutory profit after tax	**26,180**	22,340
Income tax expense	**11,252**	9,208
Depreciation and amortisation	**2,232**	1,904
Acquisition and transaction costs (QRI)	**2,448**	–
Performance fee revenue net of staff incentives	**(2,421)**	(3,212)
Fair value movements	**(1,049)**	259
FFO	**38,642**	30,499

A summary of the financial position as at 30 June 2024 and 30 June 2023 is detailed below.

	2024 $'000	2023 restated [1] $'000
Assets		
Investments	**106,732**	35,299
Total assets	**708,132**	739,147
Net assets	**367,012**	360,489
Net tangible assets	**367,012**	360,489
Adjusted net tangible assets	**367,012**	360,489
Number of securities on issue	**298,295**	296,016
Net tangible assets ($ per security)	**1.23**	1.22
Adjusted net tangible assets ($ per security)	**1.23**	1.22
Capital management		
Drawn debt	**292,138**	338,458
Drawn debt (excluding Arch Finance mortgage loans)	**38,426**	37,333
Cash	**194,381**	192,369
Gearing ratio (%)	**10.5%**	10.3%
Weighted average cost of debt (% per annum)	**7.0%**	6.8%

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.

The Company's operations during the period performed as expected in the opinion of the Directors.

Strategy and outlook

The Company 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. The Company will continue to focus on growing the Funds management platform and improving efficiency through attracting large capital mandates from new and existing investors and deploying into large scale investments.

While interest rates are expected to remain elevated over the medium term combined with a changing regulatory landscape in the banking sector, the Company is observing less credit availability in the commercial real estate market particularly in the residential and development financing sector. Long-term supply shortage in the residential sector and rising construction costs create conditions that may give rise to price growth for multi-dwelling residential assets. The investment returns on Qualitas' credit Funds are delivering strong risk premiums and positive inflation-adjusted returns for investors on a compounding basis, while Qualitas' equity Funds have the benefit of opportunistically sourcing investments with recalibrated asset values, with premiums being paid for liquidity. Qualitas' BTR equity Funds aim to institutionalise what we believe is one of the largest income streams with growth of the sector underpinned by long-term supply shortage.

DIRECTORS' REPORT

Risks

The Group actively identifies, assesses and manages risks consistent with its risk management framework. The Group has a strong focus on risk mitigation and management through its robust risk management and governance frameworks, and its operating structure and procedures. The following list is not a comprehensive list but summarises some of the Groups' key risks and the way they are managed.

Failure to attract and / or retain Fund investor capital

The Group's 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 the Group's revenue may be slower than expected or may even decline.

The Group manages this risk via business development and client servicing as well as adhering to the Groups risk management framework across the investment lifecycle. The Group invests in people and marketing to support its business development and client servicing, with regular reporting to senior management and the Board maintaining accountability across the Group.

Changing regulatory environment

The provision of financial services is highly regulated. Financial services regulation is complex and is impacted by legislation, regulation published regulatory guidance as well as regulatory views, all of which may change from time to time.

All regulatory approvals for the continued operation of the Groups' 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.

The Group manages this risk through its internal full time legal and compliance departments, supported by regular employee formal and informal training programs. The Group further supports its regulatory management through a panel of reputable legal, tax, accounting and insurance advisors along with internal and external audit controls. Appropriate policies and procedures are in place across the Group, with transparent reporting across the Group to senior management and the Board.

Economic risks

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 the Group's activities, as well as on its ability to fund those activities.

The Group manages this risk through its Investment Committee, that oversees investments of the Group to ensure appropriate strategies are in place to address market risk. Ongoing reviews and market intelligence are undertaken with regular and transparent reporting to senior management and the Board, as relevant.

Climate-related and environmental risks

There are a number of climate-related factors that may affect the Group's 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 pestilence) may have an adverse effect on Qualitas, or Fund investments.

The Group believes rising global carbon emissions and consequent global warming represents a risk we are likely to experience this century to both investment markets and the physical well being of the global community. Accordingly, one of the Group's' immediate goals is focused on how, as a corporate citizen, it can achieve carbon neutrality, whilst at the same time influence partners and borrowers to invest in real assets with a strong sustainability focus.

Qualitas achieved Climate Active[1] certification in June 2023. Qualitas is a signatory to the United Nations supported Principles for Responsible Investment (UNPRI). As a signatory, the Group is committed to implementing its principles which are consistent with the Group's core ESG beliefs.

The Group believes it has 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 Qualitas can exert more influence with respect to sustainability outcomes. As a lender, Qualitas' 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. The Group believes that material progress in the transition to low carbon investment activities can only be made with a transparent and robust reporting system to inform investment policy.

Information technology risk, cyber risk and network integrity risk

The Group's 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.

The Group manages this risk by ensuring appropriate IT protection software and detection systems are in place, along with back-up data retention. The Audit, Risk and Compliance Committee regularly receives and reviews reports on cyber risk and IT integrity.

1. Climate Active is an Australian entity that drives voluntary climate action. Climate Active certification is awarded to businesses and organisations that have reached a state called carbon neutrality, in accordance with Climate Active's parameters.

DIRECTORS' REPORT

Significant changes in state of affairs

Other than set out below, in the opinion of the Directors, there were no other significant changes in the state of affairs of the Group that occurred during the current reporting period.

Principal activities

The Company is an Australian alternative real asset investment manager with committed FUM of approximately $8.9 billion as at 30 June 2024 across debt and equity Funds and other mandates. The Company specialises in managing funds focused on the real estate private credit and real estate private equity sectors. FUM consists of 17 active Funds, comprising 7 specialist commercial real estate (CRE) credit Funds, and 10 specialist real estate private equity Funds, which, together with other investor and non-Fund mandates (Funds).

Additionally, the Company holds drawn interests in its Funds alongside institutional, wholesale and retail investors (Fund Investors), totaling $110m (Co-Investments) with additional $154m co-investment commitment to be drawn as dry powder is deployed.

Arch Finance Unit Trust is a wholly owned entity of the Company. Arch Finance is a non-bank commercial real estate mortgage originator and lender. 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.

Options for Company shares

On 1 August 2022, the Company granted options to Abu Dhabi Investment Authority (ADIA) under which ADIA may have acquired up to 32,630,374 new ordinary shares in Qualitas, conditional on further investment mandates from ADIA of up to $1 billion with the Group, within the option term. The exercise price of each option was the VWAP[1] (per share) of shares issued including and since the IPO of Qualitas. The expiry date of the options was 1 August 2024, and the options expired unexercised on that date, for no consideration (together, the ADIA Options).

On 8 March 2023, the Company issued 817,299 options to non-executive employees to acquire ordinary shares in the Company, at an exercise price of $2.75, under the Company's employee equity plan. The options expire on 8 March 2033.

On 11 December 2023, the Company issued 1,437,500 options to non-executive employees to acquire ordinary shares in the Company, at an exercise price of $2.31, under the Company's employee equity plan[2]. The options expire on 6 November 2033.

After balance date events

The ADIA Options expired unexercised on 1 August 2024[3].

Subsequent to year end, on 21 August 2024, the Directors declared a fully franked dividend of 5.75 cents per share which amounted to $17,151,967 to be paid on 3 October 2024 with a record date of 12 September 2024.

There were no other matters or circumstances that have arisen since 30 June 2024 that has significantly affected, or may significantly affect:

i) the operations of the Group in future financial period, or

ii) the results of those operations in future financial period, or

iii) the state of affairs of the Group in future financial period.

Likely developments in the operations of the Group, and the expected results of those operations in future financial years, have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Directors are not aware of any material non compliance with environmental regulations pertaining to the operations or activities of the Group during the period covered by this report.

1. Options strike price was the volume weighted average price of shares issued since the IPO of Qualitas.
2. Refer to Item 6 of the Company's 2022 AGM Notice of Meeting.
3. Refer to details under "Options for Company shares", above.

DIRECTORS' REPORT

Dividends

On 23 August 2023, the Directors declared a fully franked dividend of 5.5 cents per share which amounted to $16,280,833 to be paid on 3 October 2023 with a record date of 12 September 2023.

On 22 February 2024, the Directors declared an interim fully franked dividend of 2.25 cents per share which amounted to $6,711,639 to be paid on 28 March 2024 with a record date of 8 March 2024.

Indemnification and insurance for Directors and officers

The Group has entered into insurance contracts, which indemnify directors and officers of the Group, and its controlled entities against liabilities. In accordance with normal commercial practices, under the terms of the insurance contracts, the nature of the liabilities insured against and the amount of premiums paid are confidential. An indemnity agreement has been entered into between the Group, officers and each of the Directors named earlier in this report. Under the agreement, the Group has agreed to indemnify the Directors and officers against any claim or for any expenses or costs, which may arise as a result of the performance of their duties as directors or officers to the extent allowed by law.

No indemnity has been granted to an auditor of the Group in their capacity as auditor of the Group.

Non-audit services

During the year KPMG, the Group's auditor, has performed certain other services in addition to their statutory duties. Details of the audit fee and non-audit services are set out in note 32 on page 99 to the financial report. The Board has considered the non-audit services provided during the year by the auditor and, in accordance with written advice provided by resolution of the Audit, Risk and Compliance Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the reason that all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit, Risk and Compliance Committee to ensure they do not impact the integrity and objectivity of the auditor.

Rounding of amounts to the nearest thousand dollars

The Group is a Group of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

REMUNERATION REPORT

Directors' report

QUALITAS

Letter from the Chair of the Nomination, Remuneration and Culture Committee of Qualitas

Dear Securityholders,

On behalf of the Board of Directors, I am pleased to present the Company's Audited Remuneration Report.

There have been some outstanding achievements over the past year, which delivered Qualitas' strong results year-on-year. The Board would like to congratulate the whole team on their hard work and the contributions they have made throughout the year.

Notable financial highlights for the year ended 30 June 2024, include:

- An increase to total committed funds under management to $8.9 billion. This was up 46% on FY23, exceeding historical compound annual growth rate of 38% since inception. This marks another record year of capital raising which underpins future recurring Funds management earnings growth.
- Record deployment of $4.2 billion in capital, up 40% on FY23. FY24 deployment was skewed to the June quarter, of which 60% was in construction. This drove a 40% increase in Fee Earning FUM.
- Funds management EBITDA margin of 52% represents a 5% expansion on FY23, meeting the long-term target outlined at the 2023 Investor Day. This demonstrates Qualitas' success in executing its growth strategy of increasing platform scalability. There were many more highlights during the year that underpinned the results.

FY24 remuneration outcomes

Qualitas' Executive Remuneration Framework aims to be market competitive and to align performance measures with the Group's strategic objectives, values and behaviours, and risk culture. We believe it is appropriately aligned with the interests of shareholders and investors in our Funds.

The key components of the Framework are Fixed Remuneration, Short-Term (STI) and Long-Term Incentives (LTI), and in some instances, a legacy entitlement of Fund Participation Rights. In relation to Executive pay in FY24, the following key comments are made, with further details provided within this Report:

- Andrew Schwartz (Group Managing Director and Co-Founder (Group Managing Director) did not participate in the FY24 STI plan. His significant shareholding in the Group ensures continued alignment with long-term shareholder outcomes.
- Mark Fischer (Global Head of Real Estate and Co-Founder) and Philip Dowman (Chief Financial Officer) participated in the FY24 STI plan and achieved vesting outcomes of $458,500 and $73,360 respectively. The Board views these outcomes as appropriate in the context of their individual performance as well as the performance of the Group.

We will continue to review and assess the effectiveness of our remuneration framework and policies to ensure they remain appropriate for Qualitas, market competitive, and align with expectations.

On behalf of the Board, I invite you to read the Audited Remuneration Report and welcome any feedback you may have.

Brian Delaney

Chair of the Nomination, Remuneration and Culture Committee

AUDITED REMUNERATION REPORT

Directors' report

The Company was incorporated on 4 November 2021 and first listed on the ASX on 16 December 2021.

This Audited Remuneration Report captures the Company's remuneration arrangements for the year ended 30 June 2024. Comparatives are for the year ended 30 June 2023. The Audited Remuneration Report is presented in accordance with the requirements of the *Corporations Act 2001* (Cth) (the Act). It has been audited as required by Section 308(3C) of the Act.

1 Key management personnel

The Audited Remuneration Report details the key management personnel (KMP) remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including all Directors. They include Non-Executive Directors and senior executives who fall within those criteria. For the year ended 30 June 2024, KMP were:

Table 1: Listing of KMP	Role	Term
Non-Executive Directors		
Andrew Fairley AM	Independent Non-Executive Chairman	Full year
Mary Ploughman	Independent Non-Executive Director	Full year
Michael Schoenfeld	Independent Non-Executive Director	Full year (retired 30 June 2024)
JoAnne Stephenson	Independent Non-Executive Director	Full year
Brian Delaney	Non-Executive Director	Full year
Executive Director		
Andrew Schwartz	Group Managing Director	Full year
Other Executive KMP		
Mark Fischer	Global Head of Real Estate	Full year
Philip Dowman	Chief Financial Officer	Full year

The term Executive KMP refers to the Executive Director and Other Executive KMP.

Michael Schoenfeld retired from the Qualitas Board effective 30 June 2024.

We note that there were no changes in KMP or other material matters from close of reporting period to publishing of the report.

2 Executive Remuneration Governance and Structure

Qualitas recognises the importance of retaining key talent in a globally competitive market and aligning remuneration with the interests of shareholders and investors. To assist the Board, the NRC Committee and Management to implement this remuneration philosophy, Qualitas has a Remuneration Policy that sets out a framework for the Group to operate within. The policy provides the following key principles that guide Qualitas' reward structures:

a) ensuring alignment with Qualitas' vision, values, and strategy, and encouraging appropriate behaviours;

b) aligning the interests of Employees and Directors with company performance and achievement of business goals (both, financial and non-financial), without rewarding misconduct, or conduct negatively impacting Qualitas' reputation;

c) promoting diversity and equality;

d) ensuring easy to understand, and transparent, remuneration policies and practices designed to attract, retain and motivate Employees and Executives;

e) including risk gateways to ensure participants act within agreed risk parameters;

f) balancing competitiveness, with economical value to shareholders, in changing market conditions, recognising that for truly critical talent, generous packages should be favoured, but weighted to the long-term; and

g) meeting high standards of governance and complying with all relevant legal and regulatory provisions, including having regard for the expectations of an ASX-listed entity.

The Board is accountable to Qualitas' shareholders, and reviews and approves the recommendations of the NRC Committee on Qualitas' remuneration policies, incentive programs and remuneration of the Group Managing Director.

The NRC Committee's role and objectives [1] are to support and advise the Board in fulfilling its responsibilities to shareholders and employees of the Group in relation to remuneration. The NRC Committee oversees the Group's overall remuneration and incentives framework and policies, including giving appropriate consideration to the Company's performance and objectives, employment conditions and remuneration relativities.

The members of the NRC Committee are Brian Delaney (Chair), Andrew Fairley AM and Mary Ploughman.

1. Further detail can be found in the NRC Charter on the Investor Centre on the Company website.

AUDITED REMUNERATION REPORT

Directors' report

2 Executive Remuneration Governance and Structure continued

Principles used to determine the nature and amount of remuneration

The Board, with the assistance of the NRC Committee partnered with management to structure an executive remuneration framework and policy that seeks to be market competitive and to align performance measures to the achievement of the Group's strategic objectives. The Executive Remuneration Framework operates within the key principles of the Remuneration Policy.

3 Executive Remuneration Framework

The remuneration framework is intended to be commercially appropriate, with the objectives outlined in the business strategy. This is done through an appropriate balance between variable and fixed components and a proper connection with the remuneration of individual performance and Qualitas' performance.

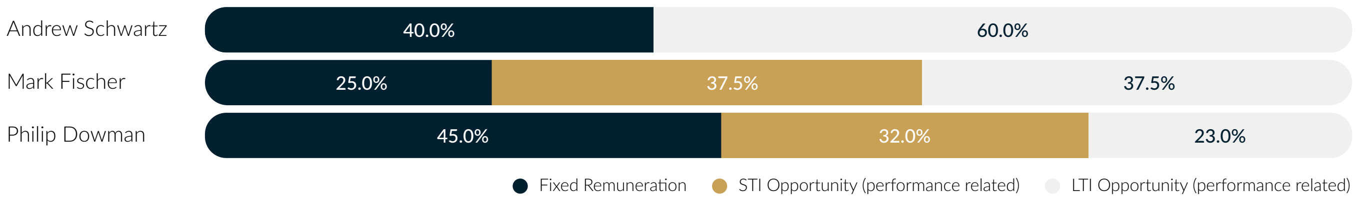
The key components of the Company's remuneration framework are summarised below.

Table 2: Executive Remuneration Framework

Component	Purpose
Fixed Remuneration Delivered in **Cash**, comprising: – Base salary; – Statutory benefits (superannuation); – Other agreed benefits.	Primary reward for performing duties of job, and defined according to role, qualifications, experience, and skills against appropriate comparator group. This is reviewed annually. Benchmarked against comparator data, to ensure market competitive fixed remuneration to attract, retain and motivate the appropriate talent.
Short-Term Incentive (STI) Delivered in **Cash**, and 50% of balance over $100,000 in **Deferred Equity** over two years. Performance tested against a scorecard of financial and non-financial measures. The Group Managing Director did not participate in the STI in FY24.	Reward to encourage performance against identified annual short-term financial and strategic objectives. Inclusion of risk gateway to foster acceptable risk behaviour. Deferred component encourages longer-term alignment with shareholders and retention.
Long-Term Incentive (LTI) Delivered in **Performance Rights**, subject to 3-year performance conditions to KMP except for the Group Managing Director. The Group Managing Director participates in an LTI under the Loan Share Plan, as described further in this report. The first grant under each respective scheme was made in FY23.	Reward to encourage performance against long-term group-wide objectives, to align key individuals with shareholder outcomes, and to encourage retention.

Table 3: Executive KMP remuneration mix

Maximum Executive KMP remuneration mix for FY24



AUDITED REMUNERATION REPORT

Directors' report

4 Executive Short-Term Incentive (STI) plan

The table below provides an explanation of the terms and conditions applying to the FY24 STI.

Overview of the STI	The STI is an 'at-risk' component of senior executive remuneration whereby, if the applicable performance conditions are met, 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 in the form of Performance Rights, which will be deferred for two years.
Participation	Senior management and other selected employees are eligible to participate in the STI, including Global Head of Real Estate and Chief Financial Officer. Group Managing Director did not participate in the FY24 STI.
Performance period	1 July 2023 to 30 June 2024.
FY24 STI opportunity (maximum)	Global Head of Real Estate: 150% of Fixed Remuneration Chief Financial Officer: 70% of Fixed Remuneration
Performance conditions	The Board has discretion to adjust STI outcomes against conduct and financial performance gateway conditions. To receive payments under the FY24 STI, Executive performance is assessed against Individual KPI's (60%) and Group KPI's (40%), which are a combination of financial and non-financial performance conditions. The Board recognises that variable remuneration structures must encourage appropriate behaviours and not be singularly focused on single-year financial objectives.
Delivery of FY24 STI	The first $100,000 of any vested STI award will be paid in cash, as well as 50% of the remaining award, and the remaining 50% in the form of Share Rights which will vest following a deferral period of two years (Deferred Component).
Deferred STI	The Deferred Component of the STI will be delivered in Share Rights. A Share Right is a conditional entitlement to receive a share. The number of Share Rights allocated will be calculated by dividing the Deferred Component by the 5-day VWAP immediately following release of FY24 results. Subject to the participant's continued employment for a further two years, the Share Rights will vest and entitle the participant to the equivalent number of ordinary shares. Share Rights are granted for nil consideration and no amount is payable on vesting. Share Rights do not carry dividend or voting rights prior to vesting.
Treatment of Share Rights on cessation of employment	Unless the Board determines otherwise, all Share Rights will immediately lapse upon cessation of employment prior to the end of the performance period.
Change of control	The Board may determine that all or a specified number of a senior executive's Share Rights will vest where there is a change of control event in accordance with the Qualitas Employee Equity Plan (QEEP) rules.
Clawback and preventing inappropriate benefits	The QEEP rules provide the Board with broad clawback powers if, for example, the senior executive has acted fraudulently or dishonestly or there is a material financial misstatement.

FY24 STI plan outcome

The Executive STI plan is intended to reward outperformance. Company and personal KPI's threshold and stretch targets set a high performance benchmark.

Company gateways

Both the gateways were assessed as met:

— Financial gateway (achievement of financial target) was achieved and assessed with reference to audited financial results.

— Conduct gateway were assessed as achieved for FY24. The conduct gateway was assessed with reference to Qualitas conduct, risk and compliance protocols all met.

AUDITED REMUNERATION REPORT

Directors' report

4 Executive Short-Term Incentive (STI) plan continued

Company KPIs (40% weighting)

Each performance condition must meet threshold (50%) to contribute to STI outcome. Based on the assessment of performance against Company KPIs, the outcome was between threshold and met for this component.

Leadership, culture and values (30%): — Threshold: 50% — Stretch: 100%	Performance was measured against leadership,culture engagement survey, and Qualitas' values.
Governance (10%): — Threshold: 50% — Stretch: 100%	Performance was measured against the identification, ownership and successful management of owned risk.

Individual KPIs (60% weighting)

Individual KPIs within the executive's influence and line of sight were set for Mark Fischer and Philip Dowman at the start of FY24. Targets were set in areas including investment mandates, key strategic priorities and performance was assessed at the end of the year. Based on the assessment of performance against individual KPIs, Mark Fischer and Philip Dowman exceeded and met respectively (out of a maximum of 60%) this component.

Overall FY24 outcomes

The following STI payments were approved by the Board for the following Executive KMP based on the assessment of the FY24 outcomes.

Table 4: FY24 STI outcomes

Name or position	STI opportunity	STI outcome	STI forfeited
Mark Fischer	$918,000	50%	50%
Philip Dowman	$290,500	25%	75%

5. Executive Long-Term Incentive (LTI) plan

The Company has established the Executive LTI plan to assist in the motivation, retention and reward of eligible employees.

The Executive LTI is designed to align the interests of executives 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. Please note due to Andrew Schwartz's substantial Company shareholding he is not eligible to participate in the Executive LTI plan to receive a grant of Performance Rights, however instead participates in the LTI Loan Plan, described below. The LTI Loan Plan contains an additional inherent condition (beyond the Executive LTI plan), as the value of the Loan must be repaid before the LTI Loan Plan will deliver any value.

Qualitas made a grant of rights under the Executive LTI plan in FY24 (FY24 Executive LTI Grant). Key details of the FY24 Executive LTI Grant are set out below.

Table 5: Executive LTI Grant details

Term	Details
Participation	Mark Fischer and Philip Dowman are eligible to participate in the Executive LTI plan.
LTI opportunity	Mark Fischer 150% of Fixed Remuneration Philip Dowman 50% of Fixed Remuneration
LTI instrument	Performance Rights
Performance period	Three years, commencing on 1 July 2023 and ending on 30 June 2026.

AUDITED REMUNERATION REPORT

Directors' report

5. Executive Long-Term Incentive (LTI) plan continued

Term	Details
Performance conditions	Performance will be assessed against a mix of financial and non-financial measures which are intended to appropriately align vesting with Company performance from the perspective of a shareholder as follows: EPS CAGR – 37.5% weighting 37.5% will be subject to targets in relation to the compound annual growth rate (CAGR) of the Company's earnings per share (EPS) over the Performance Period. EPS CAGR measures the growth in profit generated by the company attributable to each Share on issue, thereby aligning vesting outcomes with shareholder experience.

EPS CAGR	% of EPS CAGR component that vests
Below threshold EPS	Nil
At threshold EPS	50%
Between threshold and stretch EPS	Straight-line pro-rate 50% to 100%
At or above EPS	100%

rTSR – 37.5% weighting

37.5% will be subject to a relative total shareholder return (rTSR) measure, assessing the Company's performance over the Performance Period relative to the constituents of the S&P/ASX300 A-REIT index. By measuring the return shareholders would earn by the change in the Company's share price together with the value of dividends, this metric ensures executives are rewarded only when performance is meeting or exceeding the median of the comparator group. The S&P/ASX300 A-REIT index has been chosen to make appropriate comparisons to companies with similar business operations.

rTSR per centile ranking (of comparator group)	% Vest
Less than 50th per centile	Nil
At 50th per centile	50%
Between 50th per centile and 75th per centile	Straight-line pro-rate 50% to 100%
At or above 75th per centile	100%

Other measures – 25% weighting

The remainder of the LTI is subject to two equally weighted non-financial metrics which the Board views as balancing the financial performance of the company with its strategic objectives. These measures consider Leadership, Culture, and ESG metrics (12.5%), and Capital and Governance metrics (12.5%).

Term	Details
Treatment of Performance Rights on cessation of employment	Unless the Board determines otherwise, if a participant ceases employment during the performance period as a 'good leaver', they will be entitled to retain a pro-rated number of their unvested Performance Rights, based on the proportion of the Performance Period which has elapsed at the date of cessation. The Performance Rights retained will remain subject to the same terms, including the applicable performance conditions. The remainder of the unvested Performance Rights will lapse on cessation of employment. If a participant ceases employment in any circumstances where they are not considered a 'good leaver', their unvested Performance Rights will lapse immediately on cessation, unless the Board determines otherwise.
Change of control	The Board may determine that all or a specified number of unvested Performance Rights will vest where there is a change of control event in accordance with the QEEP rules.
Clawback and preventing inappropriate benefits	The QEEP rules provide the Board with broad clawback power if, for example, a participant has acted fraudulently or dishonestly or there is a material financial misstatement.

LTI Loan Plan

The Group Managing Director's LTI arrangement differs to the other Executives. This is because the Group Managing Director is a substantial shareholder of the Company and as a result, would not be able to participate in the FY24 Executive LTI without significant detriment, as any equity under the Executive LTI plan would be taxed at grant.

Instead, the Group Managing Director participated in the LTI Loan Plan, that was approved by shareholders at the 2022 Annual General Meeting (AGM). Under the LTI Loan Plan and in accordance with shareholder approval, the Group Managing Director was entitled to acquire loan shares in Qualitas.

AUDITED REMUNERATION REPORT

Directors' report

5. Executive Long-Term Incentive (LTI) plan continued

The table below provides a summary of the terms and conditions of the Loan Plan.

Table 6: Loan Plan summary

Term	Details
Overview of the Loan Plan	The LTI is an 'at-risk' component of senior executive remuneration. Under the Loan Plan, Loan Shares are allocated for market value consideration. A Loan is provided by the Company to fund the acquisition price of the Loan Shares. The Loan Shares may generally not be sold or otherwise transferred until they vest and the Loan is repaid.
Loan terms	The Loan is: – interest free; – limited recourse; and – repayable on the earliest of: > the date Loan Shares are forfeited under the Loan Plan; > the date the Loan Shares are sold; > the expiry of the Loan (3.5 years from grant); and > any other date agreed between the Company and the Group Managing Director. The Loan balance is repaid by (i) applying any after-tax dividends received on the Loan Shares; (ii) applying after-tax proceeds from the disposal of vested Loan Shares, and (iii) the Group Managing Director may choose to self-fund the repayment of the outstanding Loan balance.
FY24 LTI opportunity	150% of Fixed Remuneration. An independent valuer was engaged to provide a valuation of a Loan Share. Therefore, the value of the Loan provided was $4,915,871. An updated valuation will be completed prior to any future grants.
Vesting conditions	Loan Shares will vest following the end of the Performance Period, subject to the Group Managing Director's continuing employment and to the extent that the Performance Conditions are satisfied.
Performance Period	Three years, commencing on 1 July 2023 and ending on 30 June 2026.
Performance Conditions	The Loan Shares will vest depending on whether a mix of financial and non-financial measures are met over the performance period. The performance conditions are the same as for the Executive LTI Performance Conditions outlined in table 5.
Treatment of Loan Shares on cessation of employment	Unless the Board determines otherwise, if the Group Managing Director ceases employment during the Performance Period as a 'good leaver', he will be entitled to retain all unvested Loan Shares, in accordance with the Loan Plan rules. Any outstanding Loan balance must be repaid within six months from the date of vesting. If the Group Managing Director ceases employment in any circumstances where he is not considered a 'good leaver', his unvested Loan Shares will be forfeited on cessation of employment and surrendered in full satisfaction of the Loan, unless the Board determines otherwise.
Change of control	The Board may determine that all or a specified number of unvested Loan Shares will vest where there is a change of control event in accordance with the Loan Plan rules.
Clawback and preventing inappropriate benefits	The Loan Plan rules provide the Board with broad clawback power if, for example, the Group Managing Director has acted fraudulently or dishonestly or there is a material financial misstatement.

The Board determined that the LTI Loan Plan was appropriate for the Group Managing Director and will approve the vesting of the Loan Shares at the conclusion of the FY24 three year performance period of 1 July 2023 to 30 June 2026. The performance and vesting of the Loan Shares to the Group Managing Director will be assessed against the Performance Measures set out in Table 5.

The Board views the Performance Measures as an appropriate balance of financial and non-financial performance measures. The number of Loan Shares that vest will depend on the level of performance achieved, and the Board retains overall discretion to determine whether vesting of Loan Shares is appropriate.

In FY23, The Company granted Loan Shares to the Group Managing Director as a LTI under the new Loan Plan at the Company's Annual General meeting on 18 November 2022. The LTI under the Loan Plan carries a maximum opportunity of $1,500,000. An interest-free limited recourse loan of $4,899,816 was provided by the Company to the Group Managing Director to purchase 2,016,053 newly issued shares.

In FY24, at the Company's Annual General meeting on 23 November 2023 an additional interest-free limited recourse loan of $4,915,871 was provided by the Company to the Group Managing Director to purchase 2,279,031 newly issued shares. The FY24 LTI under the Loan Plan carries a maximum opportunity of $1,530,000. An independent valuation was obtained to determine the value of the loans and the maximum number of shares that were to be issued.

Further detail on the LTI Loan Plan is set out on pages 15 to 17 of the Qualitas 2023 Notice of Annual General Meeting and Explanatory Notes.

AUDITED REMUNERATION REPORT

Directors' report

5. Executive Long-Term Incentive (LTI) plan continued

Other legacy awards

Employee Equity Award

As outlined in the Prospectus, selected employees were 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 was one of the participants in this award. He was granted Share Rights with a face value of $125,000.

Fund Participation Rights

One method used by Qualitas to incentivise key individuals to maximise performance of Funds managed, and to retain these key individuals for the life of the investment, is to award Fund Participation Rights.

Fund Participation Rights are a share of performance fees linked to the performance of a Fund, or other investment vehicle, managed by Qualitas with or without conditions, and distributed as cash payments, when the Fund matures (or similar milestone event occurs), subject to individuals remaining employed with Qualitas at the time.

While the terms of Fund Participation Rights can differ based on the circumstance, fees are typically:

- Only payable based on Performance Fee calculation reflected the final audited financial statement of the Fund, prepared in accordance with Fund's governing documents, including Information Memorandum, Trust Deed and associated documents;
- Only payable once all Performance Fees earned by Qualitas from the Fund have been received in cash;
- Only payable subject to there being no future claims against Qualitas (e.g. contingent liability), with Qualitas completely 'off-risk' on the Fund; and
- Only payable subject to the Participant's continued employment until the payment date.

As outlined in the Prospectus, Fund Participation Rights have historically been a significant component of remuneration for many Qualitas executives, including the current Executive KMP. As outlined in the Prospectus, Mark Fischer also has legacy entitlements to receive 'success payments' to the extent certain agreed Qualitas Fund milestones are met. The total value of these success payments is not expected to exceed $300,000 and would only be paid due to successful achievement of specific milestones. During the current reporting period, Mark received a final success payment of $45,000.

As a result of this, the Executive KMP have a significant value of legacy Fund Participation Rights which remain on foot. The values of these awards are variable based on performance of the individual Funds, and subject to continued employment at the date each relevant Fund matures. The Funds are scheduled to mature between July 2024 and September 2027.

Table 7: Fund Participation Rights

	Andrew Schwartz $	Mark Fischer $	Philip Dowman $
Total	4,361,287	4,024,488	96,184

During the current reporting period, Mark Fischer received a payment of $111,333.

As outlined in the Prospectus, Mark Fischer also has legacy entitlements to receive 'success payments' to the extent certain agreed Qualitas Fund milestones are met. The total value of these success payments is not expected to exceed $300,000 and would only be paid due to successful achievement of specific milestones. During the current reporting period, Mark received a payment of $45,000.

6 Non-Executive Director's Remuneration

Table 8: Non-Executive Director's Remuneration

Name	From 1 January 2024 $	Prior to 1 January 2024 $
Annual base – Chair	238,140	220,500
Annual base – Non Executive Director fees	119,070	110,250
Chair of each Board committee	22,680	21,000

As of 1 January 2024, all Non-Executive Directors received an 8% increase to their annual base fee and relevant Committee Chair fee. Directors are not remunerated separately for Committee membership. For all Non-Executive Directors other than Michael Schoenfeld, the 8% increase will be delivered in Shares by on market acquisition and transfer, to align their interests with those of Qualitas' shareholders. As Michael Schoenfeld retired from the Qualitas Board effective 30 June 2024, Michael received the 8% increase by way of cash.

The non-executive director fee cap is contained in Qualitas' Constitution, being $1.1m per annum. Any increase to this amount would be put to shareholders at an AGM.

On 22 February 2024 Mary Ploughman became the chair of Audit, Risk and Compliance Committee, Brian Delaney became the chair of Nomination, Remuneration and Culture Committee and JoAnne Stephenson became the chair of the Investment Committee.

AUDITED REMUNERATION REPORT

Directors' report

6 Non-Executive Director's Remuneration continued

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.

Table 9: Statutory remuneration of the Non-Executive Directors

Statutory remuneration of the Non-Executive Directors for 2024 and 2023

Name		Fees $	Superannuation $	Share based payments $	Total remuneration $
Andrew Fairley AM	**2024**	**220,500**	**–**	**8,820**	**229,320**
	2023	215,250	–	–	215,250
Mary Ploughman	**2024**	**118,243**	**13,007**	**5,250**	**136,500**
	2023	115,950	12,175	–	128,125
Michael Schoenfeld	**2024**	**139,584**	**15,697**	**–**	**155,281**
	2023	139,140	14,610	–	153,750
JoAnne Stephenson	**2024**	**118,243**	**13,007**	**5,250**	**136,500**
	2023	115,950	12,175	–	128,125
Brian Delaney	**2024**	**118,243**	**13,007**	**5,250**	**136,500**
	2023	115,950	12,175	–	128,125

7 Employment agreements

Remuneration and other terms of employment for Executive KMP are formalised in employment agreements which outline their duties and remuneration. All employment agreement term lengths are open-ended (i.e., ongoing until notice is provided by either party).

In the case of termination of employment by the Company or by the Executive, the Company may:

- in lieu of part or all of the notice period, elect to pay to the Executive an amount equivalent to the Fixed Remuneration for that part or all of the period of notice not given or required to be served (and, if the Company does so, the Executive's employment terminates on the date the Company notifies the Executive of its election); and
- require the Executive to perform only those Duties determined by the Company, or no Duties, during any notice period.

Following review, KMP base remuneration for FY24 has increased by 2% per Executive member (including KMP), except for the Chief Financial Officer who received a 7.8% increase for FY24 to meet market comparable salaries.

Table 10: FY24 Executive KMP employment agreements

	Notice period	
	By Employee	By Qualitas
Andrew Schwartz	6 months	6 months
Mark Fischer	6 months	6 months
Philip Dowman	3 months	3 months

Other than prescribed notice periods, there are no special termination benefits payable under the employment agreements of the Executive KMP.

AUDITED REMUNERATION REPORT

Directors' report

8 Statutory remuneration disclosures

Amounts of remuneration

The following table sets out the statutory disclosures in accordance with the Accounting Standards year ended 30 June 2024. Comparatives are for the year ended 30 June 2023.

Remuneration for Executive KMP for FY24 and FY23

Table 11: Executive KMP total remuneration

Executive KMP total remuneration for FY24 and FY23

	Short-term benefits				Post-employment benefits	Long-term employee benefits	Share based payments					
	Base salary $	Cash bonus $	Non-monetary benefit $	Annual leave $	Super-annuation $	Long service leave $	Shares[1] $	Rights $	Fund particip-ation rights[2] $	Termin-ation benefits $	Total $	Percentage of remuneration perfor-mance related %
2024												
Andrew Schwartz	992,500	–	–	(57,290)	27,500	21,210	455,457	–	(714,405)	–	724,970	(35.7)
Mark Fischer	584,601	279,250	–	(9,006)	27,399	12,053	–	496,101	90,299	–	1,480,695	58.5
Philip Dowman	387,601	73,360	–	7,866	27,399	8,324	–	93,142	(33,786)	–	563,906	23.5
2023												
Andrew Schwartz	972,500	–	–	(14,962)	27,500	16,209	172,551	–	–	–	1,173,798	14.7
Mark Fischer	574,708	276,402	–	(22,561)	25,292	9,205	–	311,753	242,419	–	1,417,218	58.6
Philip Dowman	359,708	82,253	–	10,594	27,292	7,147	–	64,994	–	–	551,988	26.7

1. Share based payments are the accrued amounts relating to FY24.
2. Fund participation rights are representative of accrued amounts for FY24, reflecting a partial reversal for the year due to updated fund participation right accruals for the Qualitas Food Infrastructure Fund and Qualitas Real Estate Opportunity Fund I.

KMP security holdings

The following table lists the KMP security holdings (including their related parties for FY24 and FY23

Table 12: Security Holdings – Shares – FY24

KMP	Holding at 30 June 2023	Received as remuneration	Other net change	Held at 30 June 2024 Personally (directly held)[1]	Held at 30 June 2024 Nominally (indirectly held)
Non-Executive Directors					
Andrew Fairley AM	257,400	–	9,300	50,000	216,700
Brian Delaney	55,000	–	–	30,000	25,000
JoAnne Stephenson	50,000	–	20,000	10,000	60,000
Mary Ploughman	30,000	–	–	30,000	–
Michael Schoenfeld	140,000	–	–	70,000	70,000
Executives					
Andrew Schwartz[2]	68,846,119	2,279,031[3]	–	4,295,084[4]	66,830,066
Philip Dowman	–	–	–	–	–
Mark Fischer[5]	7,770,927	–	–	–	7,770,927

1. All personally held shares (with the exception of 20,000 shares held by Mary Ploughman) had a holding lock until 16 December 2023.
2. Following completion, QPP Holdings (an entity controlled by Andrew Schwartz) held 66,830,066 Qualitas Shares. As outlined in the Prospectus these shares are subject to a disposal restriction with 33.3% eligible for disposal following the release of FY22 results, 33.3% on 16 December 2023 and the final 33.3% on 16 December 2026.
3. In accordance with shareholder approval at the Company's 2023 AGM, 2,279,031 ordinary shares (as defined in the Company's 2023 AGM Notice of Meeting as Loan Shares) were issued to Andrew Schwartz, Group Managing Director, on 8 December 2023, notwithstanding that the Loan Shares are subject to a 3-year vesting condition and may be forfeited in whole or part at that time.
4. In accordance with shareholder approval at the Company's 2022 AGM, 2,016,053 ordinary shares (as defined in the Company's 2022 AGM Notice of Meeting as Loan Shares) were issued to Andrew Schwartz, Group Managing Director, on 6 December 2022, notwithstanding that the Loan Shares are subject to a 3-year vesting condition and may be forfeited in whole or part at that time.
5. A loan is attached to these shares of $501,020 (balance of $501,020 at beginning of the reporting period) and is required to be repaid at the earlier of October 2031 or pro rata upon disposal of the shares. As outlined in the Prospectus these shares are subject to a disposal restriction with 33.3% eligible for disposal following the release of FY22 results, 33.3% on 16 December 2023 and the final 33.3% on 16 December 2026. The loan is subject to an interest rate of 4.77%. Interest of $39,662.73 was charged on the loan during the reporting period.

AUDITED REMUNERATION REPORT

Directors' report

8 Statutory remuneration disclosures continued

Table 13: Security Holdings – Rights – FY24

KMP	Holding at 30 June 2023	Exercised /vested	Received as remuneration	Held at 30 June 2024 Personally	Held at 30 June 2024 Nominally
Non-Executive Directors					
Andrew Fairley AM	–	–	–	–	–
Brian Delaney	–	–	–	–	–
JoAnne Stephenson	–	–	–	–	–
Mary Ploughman	–	–	–	–	–
Michael Schoenfeld	–	–	–	–	–
Executives					
Andrew Schwartz	–	–	–	–	–
Philip Dowman	148,720	–	87,093	235,813	–
Mark Fischer	563,608	–	459,349	1,022,957	–

Table 14: Security Holdings – Shares – FY23

KMP	Holding at 30 June 2022	Received as remuneration	Other net change	Held at 30 June 2023 Personally (Directly held)[1]	Held at 30 June 2023 Nominally (Indirectly held)
Non-Executive Directors					
Andrew Fairley AM	257,400	–	–	50,000	207,400
Brian Delaney	55,000	–	–	30,000	25,000
JoAnne Stephenson	30,000	–	20,000	10,000	40,000
Mary Ploughman	30,000	–	–	30,000	–
Michael Schoenfeld	140,000	–	–	70,000	70,000
Executives					
Andrew Schwartz[2]	66,830,066	2,016,053[4]	–	2,016,053[4]	63,830,066
Philip Dowman	–	–	–	–	–
Mark Fischer[4]	7,770,927	–	–	–	7,770,927

1. All personally held shares (with the exception of 20,000 shares held by Mary Ploughman) have a holding lock until 16 December 2023.
2. Following completion, QPP Holdings (an entity controlled by Andrew Schwartz) held 66,830,066 Qualitas Shares. As outlined in the Prospectus these shares are subject to a disposal restriction with 33.3% eligible for disposal following the release of FY22 results, 33.3% on 16 December 2023 and the final 33.3% on 16 December 2026.
3. A loan is attached to these shares of $461,357 (balance of $440,352 at beginning of the reporting period) and is required to be repaid at the earlier of October 2031 or pro rata upon disposal of the shares. As outlined in the Prospectus these shares are subject to a disposal restriction with 33.3% eligible for disposal following the release of FY22 results, 33.3% on 16 December 2023 and the final 33.3% on 16 December 2026. The loan is subject to an interest rate of 4.77%. Interest of $21,005 was charged on the loan during the reporting period.
4. In accordance with shareholder approval at the Company's 2022 AGM, 2,016,053 ordinary shares (as defined in the Company's 2022 AGM Notice of Meeting as Loan Shares) were issued to Andrew Schwartz, Group Managing Director, on 6 December 2022. The total number of ordinary shares currently on issue is 296,016,053, notwithstanding that the Loan Shares are subject to a 3-year vesting condition and may be forfeited in whole or part at that time.

AUDITED REMUNERATION REPORT

Directors' report

8 Statutory remuneration disclosures continued

Table 15: Security Holdings – Rights – FY23

KMP	Holding at 30 June 2023	Exercised /vested	Received as remuneration	Held at 30 June 2023 Personally	Held at 30 June 2023 Nominally
Non-Executive Directors					
Andrew Fairley AM	–	–	–	–	–
Brian Delaney	–	–	–	–	–
JoAnne Stephenson	–	–	–	–	–
Mary Ploughman	–	–	–	–	–
Michael Schoenfeld	–	–	–	–	–
Executives					
Andrew Schwartz	–	–	–	–	–
Philip Dowman	50,000	–	98,720	148,720	–
Mark Fischer	–	–	563,608	563,608	–

Additional information

The factors that are considered to affect total shareholder return ('TSR') are summarised below:

Table 16: Factors impacting Group performance FY24

	Security performance				Earnings performance					Liquidity
	Closing security price $	IPO security price $	Distribution per security ¢	EPS ¢	Revenue $m	EBIT $m	NPAT $m	ROE %	Cash flow operations $m	Debt equity ratio
2024	**2.36**	**2.50**	**7.75**	**9.00**	**84.02**	**38.81**	**26.18**	**7.13**	**72.39**	**0.93**
2023	2.69	2.50	6.00	7.68	73.40	33.40	22.34 [1]	6.17	(23.00)	1.04

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.

Other transactions with key management personnel

Apart from the details disclosed in this Report, no Executive KMP or Non-Executive Director or their related parties have entered into a transaction with the Group since listing and there were no transactions involving those people's interests existing at year end.

Remuneration consultants

The NRC Committee seeks advice from remuneration advisors from time to time in respect of market practice and other remuneration matters. Such information is used to inform decision making and is not a substitute for detailed consideration and debate by the NRC Committee.

No remuneration recommendations were provided to the Group by external providers during the reporting period.

This concludes the Audited Remuneration Report, which has been audited in accordance with section 308(3c) of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 57.

This report is made in accordance with a resolution of the Directors of the Company.

Andrew Fairley AM
Chairman
Melbourne
21 August 2024

LEAD AUDITOR'S INDEPENDENCE DECLARATION

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Qualitas Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Qualitas Limited for the financial year ended 30 June 2024 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Maria Trinci

Maria Trinci
Partner

Melbourne
21 August 2024

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.

FINANCIAL REPORT

For the year ended 30 June 2024

Consolidated financial statements

Consolidated statement of comprehensive income 59
Consolidated statement of financial position 60
Consolidated statement of changes in equity 61
Consolidated statement of cash flows 62

Notes to the consolidated financial report

1 Reporting entity 63
2 Basis of preparation 63
3 Material accounting policies 64
4 Fair value measurements 72
5 Financial risk management 74
6 Segment information 81
7 Income from the provision of financial services and performance fees 82
8 Interest income and expenses 83
9 Other expenses 83
10 Income Tax 84
11 Cash and cash equivalents 85
12 Trade and other receivables 85
13 Property, plant and equipment 86
14 Inventories 86
15 Investments 87
16 Intangible asset – capitalised contract costs 87
17 Loans 87
18 Mortgage Loans 88
19 Trade and other payables 89
20 Deferred income 90
21 Employee benefits 90
22 Leases 90
23 Loans and borrowings 91
24 Equity-accounted investees 92
25 Capital, reserves and dividends 93
26 Earnings per share 94
27 Capital management 94
28 Share-based payments 95
29 Related parties 97
30 Parent entity disclosures 98
31 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities 98
32 Auditors' remuneration 99
33 Correction of errors 100
34 Events occurring after the reporting period 101

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Notes	Year ended 30 June 2024 $'000	Year ended 30 June 2023 Restated[1] $'000
Income			
Interest income	8	**40,404**	39,091
Interest expense	8	**(20,411)**	(20,469)
Net interest income		**19,993**	**18,622**
Performance fees	7a	**1,029**	4,284
Income from the provision of financial services	7b	**54,583**	45,888
Total revenue		**55,612**	**50,172**
Other income		**961**	2,253
Distributions from Funds and projects		**6,403**	2,615
Net gains/(losses) on financial instruments held at fair value through profit or loss		**1,049**	(259)
Total other income		**8,413**	**4,609**
Total income		**84,018**	**73,403**
Loan impairment reversal/(expense)		**111**	101
Expenses			
Employee costs		**(31,988)**	(29,769)
Marketing costs		**(705)**	(707)
Consulting and professional fees		**(2,091)**	(2,466)
Travel expenses		**(937)**	(686)
Depreciation and amortisation		**(2,232)**	(1,904)
Insurance costs		**(1,680)**	(1,750)
Capital raising costs – QRI		**(2,448)**	–
Other operating expenses	9	**(4,494)**	(4,133)
Total operating expenses		**(46,575)**	**(41,415)**
Equity accounted investments	24	**(122)**	(541)
Profit before income tax		**37,432**	**31,548**
Income tax benefit/(expense)	10a	**(11,252)**	(9,208)
Profit for the year		**26,180**	22,340
Other comprehensive income		–	–
Total comprehensive income for the period		**26,180**	**22,340**
Total comprehensive income attributable to:			
Owners of Qualitas Limited		**26,180**	22,340
Earnings per share for profit attributable to shareholders of the Group			
Basic earnings per share (cents)		**9.00**	7.68
Diluted earnings per share (cents)		**8.81**	7.57

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes on pages 63 to 101.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	As at 30 June 2024 $'000	As at 30 June 2023 Restated[1] $'000
Assets			
Cash and cash equivalents	11	**194,381**	192,369
Trade and other receivables	12	**33,089**	16,029
Prepayments		**1,231**	1,362
Loans	17	**14,238**	87,451
Accrued performance fees		**36,688**	48,928
Intangible asset		**1,146**	469
Right-of-use assets	22	**3,035**	2,165
Property, plant and equipment	13	**795**	722
Deferred tax asset	10b	**8,195**	5,799
Investments	15	**106,732**	35,299
Equity accounted investees	24	**3,696**	2,910
Inventories	14	**25,473**	24,462
Mortgage loans	18	**276,490**	317,570
Intangible asset – capitalised contract costs	16	**2,943**	3,612
Total assets		**708,132**	**739,147**
Liabilities			
Trade and other payables	19	**23,108**	8,386
Deferred income	20	**3,078**	4,476
Employee benefits – accrued incentives	21	**16,469**	21,889
Employee benefits – accrued annual leave and long service leave	21	**3,173**	3,164
Lease liability	22	**3,154**	2,285
Loans and borrowings	23	**292,138**	338,458
Total liabilities		**341,120**	**378,658**
Net assets		**367,012**	**360,489**
Equity			
Issued capital	25	**725,135**	724,267
Retained earnings		**20,013**	16,728
Share based payments reserve		**4,269**	1,899
Common control reserve		**(382,405)**	(382,405)
Total equity		**367,012**	**360,489**

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.

The above consolidated statement of financial position should be read in conjunction with the accompanying notes on pages 63 to 101.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	Issued capital $'000	Retained earnings $'000	Share-based payments reserve $'000	Common control reserve $'000	Total $'000
Balance at 1 July 2022[1] as previously reported	723,141	12,116	451	(381,140)	354,568
Impact of restatement	–	(105)	–	(1,265)	(1,370)
Restated balance at 1 July 2022	723,141	12,011	451	(382,405)	353,198
Total comprehensive income for the period (restated)					
Profit after tax for the period	–	22,340	–	–	22,340
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the period (restated)	–	–	–	–	–
Transactions recorded directly in equity					
IPO costs reflected directly through equity (net of tax)	743	–	–	–	743
Options issued	361	–	–	–	361
Contributions of capital	22	–	–	–	22
Dividends paid	–	(17,623)	–	–	(17,623)
Share-based payments	–	–	1,448	–	1,448
Restated balance at 30 June 2023	**724,267**	**16,728**	**1,899**	**(382,405)**	**360,489**
Balance at 1 July 2023	**724,267**	**16,728**	**1,899**	**(382,405)**	**360,489**
Total comprehensive income for the period					
Profit after tax for the period	**–**	**26,180**	**–**	**–**	**26,180**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**
Transactions recorded directly in equity					
IPO costs reflected directly through equity (net of tax)	**758**	**–**	**–**	**–**	**758**
Options issued	**–**	**–**	**–**	**–**	**–**
Contributions of capital	**110**	**–**	**–**	**–**	**110**
Dividends paid	**–**	**(22,895)**	**–**	**–**	**(22,895)**
Share-based payments	**–**	**–**	**2,370**	**–**	**2,370**
Balance at 30 June 2024	**725,135**	**20,013**	**4,269**	**(382,405)**	**367,012**

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes on pages 63 to 101.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Notes	Year ended 30 June 2024 $'000	Year ended 30 June 2023 $'000
Cash flows from operating activities			
Interest received		**40,324**	38,470
Interest paid		**(20,410)**	(20,468)
Receipts from provision of financial services and performance fees		**54,857**	49,167
Payments to suppliers, employees and others		**(41,079)**	(33,862)
Interest paid in relation to lease liabilities		**(144)**	(101)
Funds recoverable costs		**(298)**	(1,923)
Payments in relation to projects		**(1,011)**	(348)
Tax paid		**(5,235)**	(13,207)
Mortgage loans advanced		**(33,935)**	(85,731)
Mortgage loans repaid		**75,126**	137,630
Investments acquired		**(84,073)**	(22,273)
Investments disposed		**13,004**	15,939
Loans advanced		**(517,839)**	(397,464)
Loans repaid		**593,107**	311,176
Net cash movement from operating activities	31	**72,394**	**(22,994)**
Cash flows from investing activities			
Payments for property, plant and equipment		**(333)**	(467)
Net cash movement from investing activities		**(333)**	**(467)**
Cash flows from financing activities			
Payment of lease liabilities		**(1,097)**	(539)
Proceeds from loans and borrowings		**16,788**	69,709
Repayments of loans and borrowings		**(62,955)**	(145,109)
Options issued		**–**	361
Dividends paid		**(22,895)**	(17,623)
Contributions of capital		**110**	22
Net cash movement from financing activities		**(70,049)**	**(93,178)**
Net increase in cash and cash equivalents		**2,012**	(116,641)
Cash and cash equivalents at the beginning of the period		**192,369**	309,010
Cash and cash equivalents at the end of the period		**194,381**	**192,369**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes on pages 63 to 101.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

1 Reporting entity

Qualitas Limited (the Company) is a public company limited by shares, domiciled in Australia. The registered office is Level 38, 120 Collins Street, Melbourne, Victoria 3000.

The Company was incorporated on 4 November 2021, listed on the ASX on 16 December 2021 on a conditional and deferred basis and commenced trading and operations on 22 December 2021. The ASX ticker is QAL.

2 Basis of preparation

This consolidated financial report as at and for the year ended 30 June 2024 comprises the Company and its controlled entities (together referred to as the Group). The Group is a 'for profit' entity for the purpose of preparing this consolidated financial report. The Company was incorporated on 4 November 2021 and operations commenced on 22 December 2021.

a) Statement of compliance

The consolidated general purpose financial report have been prepared in accordance with Australian Accounting Standards (AASBs), other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The consolidated financial report comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The Group is of a kind referred to in *ASIC Corporations Instrument 2016/191* and in accordance with the legislative instrument amounts in the consolidated financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This consolidated financial report was authorised for issue by the Directors on 21 August 2024.

b) Basis of measurement

The consolidated financial report has been prepared on the historical cost basis except for derivative financial instruments and investments which are measured at fair value in the consolidated statement of financial position. The statement of financial position is presented on a liquidity basis.

c) Functional and presentation currency

This consolidated financial report is presented in Australian dollars, which is the functional currency of the Parent and majority of operating entities.

d) Use of estimates and judgements

The preparation of the consolidated financial report in conformity with AASBs require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key judgements and estimations involve:

- Revenue recognition in relation to performance fees. The estimation is based on hurdle requirement of the Funds (refer to note 3(k)(ii));
- Net realisable value of inventories. This involves estimation of forecast costs, sales and net profit from relevant projects (refer to note 3 (h));
- Fair value (Refer to note 4);
- Recognition and measurement of deferred tax assets and liabilities (refer to note 3(o)) based on the assumption that future taxable profit will be available to be utilised in the future; and
- Credit risk relating to financial assets (Expected Credit Loss) (refer to note 5(b)).

e) Changes in material accounting policies

i) Deferred tax related to assets and liabilities arising from a single transaction

The Group has adopted Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 July 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to transactions that occur on or after the beginning of the earliest period presented.

The Group previously accounted for deferred tax on leases and decommissioning liabilities by applying the 'integrally linked' approach, resulting in a similar outcome as under the amendments, except that the deferred tax asset or liability was recognised on a net basis. Following the amendments, the Group has recognised a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to its right-of-use assets. However, there was no impact on the statement of financial position because the balances qualify for offset under paragraph 74 of IAS 12. There was also no impact on the opening retained earnings as at 1 January 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised (see Note 10).

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

2 Basis of preparation continued

ii) Global minimum top-up tax

The Group has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax, which is effective immediately, and require new disclosures about the Pillar Two exposure). The mandatory exception applies retrospectively. However, because no new legislation to implement the top-up tax was enacted or substantively enacted at 31 December 2022 in any jurisdiction in which the Group operates and no related deferred tax was recognised at that date, the retrospective application has no impact on the Group's consolidated financial statements.

iii) Material accounting policy information

The Group also adopted Disclosure of Accounting Policies (*Amendments to IAS 1 and IFRS Practice Statement 2*) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendment.

3 Material accounting policies

a) Basis of consolidation

i) Common control transaction

The Company is the ultimate parent of the Group and consolidates Qualitas Property Partners Pty Ltd, Qualitas Investments Unit Trust and their controlled entities. The shares of Qualitas Property Partners Pty Ltd and units of Qualitas Investments Unit Trust were transferred to the Company under common control resulting in the creation of the common control reserve during the 2022 financial year.

ii) Investments in associates and jointly controlled entities (equity accounted investees)

The Group's interests in equity-accounted investees comprise equity interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group 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 report include the Group's 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.

iii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial report from the date on which control commences until the date on which control ceases.

iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

b) 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.

c) Non-derivative financial instruments

i) Recognition and initial measurement

The Group 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 the Group 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 adjusted for plus or minus, for an item not at FVTPL (Fair value through profit or loss), 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.

3 Material accounting policies continued

ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified and measured at amortised cost; FVOCI (Fair value through other comprehensive income) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Amortised cost

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.

FVTPL (Fair value through profit or loss)

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group 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

The Group 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 tto 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 the Group's 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, the Group 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, the Group 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 the Group's 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.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

3 Material accounting policies continued

iii) Derecognition

Financial assets

The Group 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 the Group 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

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The Group 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.

iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group 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.

v) Issued capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Dividends

Dividends are recognised as a liability in the period in which they are declared.

d) Impairment

i) Non-derivative financial assets

Financial assets which are measured at amortised cost are assessed at each reporting date to determine whether there is an impairment.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

Specific provisions relate to loans that are currently known to be impaired, based on objective evidence as a result of one or more events that have occurred after the initial recognition of the asset, otherwise known as a loss event. For loans where a loss event has occurred, the provisioning process involves review and analysis of individual loans which are assessed for impairment based on security value, loan balance outstanding and other factors deemed relevant to collectability by the Group.

Provisions are raised where objective evidence of impairment exists and the negative impact on estimated future cash flows of the asset can be reliably estimated.

An expected credit loss (ECL) applies to all financial assets, except for those measured at fair value through profit or loss, which are not subject to impairment assessment.

The Group measures an expected credit loss allowance at an amount equal to lifetime expected credit loss for non-loan financial assets.

For mortgage loans measured at amortised cost, expected credit loss allowances are measured on either of the following bases:

Stage 1: 12 month ECL – Not Significantly Increase in Credit Risk 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).

Stage 2: Lifetime ECL – Significant Increase in Credit Risk (SICR) are the ECLs that result from all possible default events over the expected life of a financial instrument.

Stage 3: Lifetime ECL – Credit-impaired are ECLs that result from loans that are deemed credit impaired.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both probability weighted quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. Considerations include underlying security quality and whether the secured property is under construction, macro-economic business cycle factors and whether there is any loan subordination.

The credit risk of a financial asset is considered to have increased significantly since initial recognition if it becomes greater than 30 days overdue.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

3 Material accounting policies continued

Presentation of allowance for ECL in the consolidated 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

For credit impaired loans (Stage 3), the gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This assessment is carried out at the individual asset basis.

ii) Non-financial assets

The carrying amounts of the Group's 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 cash generating unit (CGU)s.

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. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. 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.

e) Property, plant and equipment

i) Recognition and measurement

Items of office 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 office equipment have different useful lives, they are accounted for as separate items (major components) of office equipment.

Gains and losses on disposal of an item of office equipment are determined by comparing the proceeds from disposal with the carrying amount of office equipment and are recognised net within "other income" in profit or loss.

ii) Subsequent costs

The cost of replacing a part of an item of office 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 the Group 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 office equipment is recognised in profit or loss as incurred.

iii) 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 office equipment.

The estimated useful lives for the current and comparative periods are as follows:

	2024
Furniture, fixtures and fittings	2-8 years
Computer equipment	2-4 years
Computer software	2-4 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

f) Intangible assets

The Group acquired a Funds management business in the prior year for $827,129 which resulted in the recognition of $577,000 management rights, recorded as an intangible asset on the statement of financial position. These management rights will be amortised over 2.66 years and will be subject to impairment testing. During the year, the Group acquired and developed software recorded as an intangible asset on the statement of financial position. Amortisation will commence when the intangible asset is ready for its intended use.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

3 Material accounting policies continued

g) Capitalised contract costs

Capitalised contract costs comprising of revenue contract acquisition costs are initially recognised at cost and subsequently measured at cost less accumulated amortisation. The useful life of capitalised contract costs is treated as the period over which economic benefits are received by the Group, which is considered to be the term of the investment management agreement.

Capitalised contract costs currently recognised by the Group have a useful life of 10 years, which is the term of the investment management contract the costs relate to.

Incremental costs incurred by the Group are capitalised when the costs are incremental to winning a new contract with a customer and considered to be recoverable. All other costs are expensed when incurred.

Capitalised contract costs are impaired when their carrying amount exceeds the remaining amount of consideration that the Group expects to receive, less costs that relate directly to providing those services and that have not been recognised as expenses. All impairment losses are included in the carrying value of capitalised contract costs at each reporting period.

h) 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. Net realisable value is determined based on feasibility study and valuation report of the project. The Group currently holds an investment in a land development recognised under AASB 102 that meets the definition of inventory and has been recorded at the lower of cost and net realisable value.

i) Employee benefits

i) Short-term benefits

Short-term employee benefit obligations are expensed as the related service is provided. Short-term benefits include salary and wages, annual leave and personal leave and are expected to be settled within 12 months of the reporting date.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group 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.

ii) Other long-term employee benefits

The Group's 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 Corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

Fund participation rights are a share of performance fees linked to the performance of a Fund, or other investment vehicle, managed by Qualitas. These rights are distributed as cash payments when the Funds mature (and Qualitas receives the performance fees in cash), and subject to the employee remaining employed with Qualitas at the time.

iii) Share-based payments

The grant date fair value of equity-settled share-based payment arrangements granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true up for differences between expected and actual outcomes.

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 STI plan (STI Plan).

Under the STI Plan, participants will have an opportunity to receive an incentive payment calculated as a percentage of their fixed annual remuneration 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 STI 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 Qualitas Employee Equity Plan (QEEP). The QEEP provides flexibility for the Group to grant options to acquire Shares, rights to acquire Shares and/or Shares as incentives (Awards), subject to the terms of individual offers.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

3 Material accounting policies continued

Employee Equity Award

Selected employees were 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). The number of Share Rights granted to participants was 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.

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 were converted into 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.

Long-Term Incentive (LTI)

Loan Plan

The Company granted Loan Shares to the Group Managing Director as a LTI under the Loan Plan at the Company's Annual General meeting on 23 November 2023. The LTI under the Loan Plan carries a maximum opportunity of $1,530,000. An interest-free limited recourse loan of $4,915,871 was provided by the Company to the Group Managing Director to purchase 2,279,031 newly issued shares. An independent valuation was obtained to determine the value of the loan and the maximum number of shares that were to be issued.

Executive LTI

In line with the Prospectus, the Board approved the grant of rights under the Executive LTI Plan during the period. The rights granted under the FY24 Executive LTI are against KPIs measured over a 3-year performance period from 1 July 2023 to 30 June 2026. The total number of LTI rights granted is 962,188.

Options Offer

Issue of 1,437,500 Options to acquire Ordinary Shares in the Company to certain non-Executive employees under the Qualitas Employee Equity Plan at $2.31. Options vest and become exercisable subject to meeting Group and individual performance conditions and continued service over a five-year vesting period. The Options have an expiry date of 6 November 2033.

j) Provisions

A provision is recognised if, as a result of a past event, the Group 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.

k) Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

i) Income from the provision of financial services

Management fees

Management fees are based on net assets under management in the Group at the end of the month. Management fee income is recognised over time as the performance obligations are satisfied by the Group. 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, the Group may earn a management fee as a percentage of the gross asset value (GAV) of the underlying asset, rather than on invested FUM. Payments are generally monthly in arrears.

Arrangement, establishment and mandate fees

Revenue from services rendered also consists of fees for transaction structuring, advisory services, commitment fees, arranger fees and mandate 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.

Distribution from Fund co-investments

Distributions income from Fund co-investments is recognised when the entitlement arises.

Portfolio and ancillary fees

Revenue from portfolio and ancillary fees relate to early repayment and discharge related fees, which are recognised on discharge of the relevant loans. Consent and loan variation fees are also included, which are recognised when the relevant loan act occurs.

Other income

Other income consists principally of income earned on underwrites provided and other adhoc fees.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

3 Material accounting policies continued

ii) Performance fees

The Group 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 largely relate to the Groups' closed ended Funds. For each Fund, performance fee testing against the relevant hurdle is performed quarterly and performance fees are only accrued when actual Fund performance is in excess of the hurdle return evidenced by each Funds model.

The performance fees recognised is measured over the time period in which the Group satisfies its performance obligation and is also dependent on a risk adjustment for future Fund performance. Performance fees revenue is recognised to the extent that it can be reliably measured and highly probable that a significant revenue reversal will not occur in the future.

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

iii) Distributions

The Group earns non Fund management revenue in the form of distributions and changes in valuation from its direct investments, co investment activities and management of a Private SMA. The Groups' investment into listed and/or unlisted Fund structures earns a distribution yield and is recognised when received.

l) Leases

At inception of a contract, the Group 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.

i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group 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 the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group 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 the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group 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 measured 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, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group 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 measurement 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 the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group 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.

Short-term leases and leases of low value assets

The Group 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. The Group 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, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Group recognised lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

3 Material accounting policies continued

m) Loans and borrowings

Loans and borrowings are recognised at cost.

n) 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 consolidated 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.

o) 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 group, 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 recognised 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 recognised. 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 recognised.

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

Qualitas and its wholly owned Australian resident subsidiaries are a tax consolidated group under Australian taxation law. As a consequence of being a tax-consolidated group, all members of this group are taxed as a single entity. The head entity in the tax consolidated group is Qualitas.

p) 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 consolidated 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.

q) Accounting standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2023 and earlier application is permitted; however, the Group 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 the Group's financial statements. The analysis of the transitional impact of the standards is expected to be completed prior to the implementation dates. The new standards include:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- AASB 18 Presentation and Disclosure in Financial Statements (Amendments to AASB 101)

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

3 Material accounting policies continued

AASB 18 was issued in April 2024 and replaces AASB 101 Presentation of Financial Statements. The new standard introduces new requirements for the Statement of Profit or Loss, including:

— new categories for the classification of income and expenses into operating, investing and financing categories, and

— presentation of subtotals for "operating profit" and "profit before financing and income taxes".

Additional disclosure requirements are introduced for management-defined performance measures and new principles for aggregation and disaggregation of information in the notes and the primary financial statements and the presentation of interest and dividends in the statement of cash flows. The new standard is effective for annual periods beginning on or after 1 January 2027 and will first apply for the financial year ending 30 June 2028.

This new standard is not expected to have an impact on the recognition and measurement of assets, liabilities, income and expenses, however there will likely be changes in how the Statement of Profit or Loss and Statement of Financial Position line items are presented as well as some additional disclosures in the notes to the financial statements. The Group is in the process of assessing the impact of the new standard.

4 Fair value measurements

The Group discloses fair value measurements by level using the following fair value hierarchy:

— **Level 1** – quoted prices (unadjusted) in active markets for identical assets or liabilities

— **Level 2** – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

— **Level 3** – inputs for the asset or liability that are not based on observable market data (unobservable inputs)

i) Fair value in an active market (Level 1)

The fair value of financial assets and liabilities traded in active markets is based on last traded prices at the end of the reporting period without any deduction for estimated future selling costs. For the majority of financial assets and liabilities, information provided by the quoted market independent pricing services is relied upon for valuation.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange and those prices represent actual and regularly occurring market transactions on an arm's length basis. An active market is a market in which transactions for the financial asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

ii) Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on the Manager's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. For other pricing models, inputs are based on market data at the end of the reporting period. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Group holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

As at 30 June 2024, the Group holds investments in Qualitas Funds which are recognised as Level 2 and an investment in an unlisted entity recognised as Level 3. The fair value of Qualitas Funds is estimated based on the net asset value (NAV) of the Fund at reporting date. The NAV is assessed to be the best estimate of fair value for the Funds given this is the transaction price that unitholders would transact upon. Where the Fund is a closed-ended Fund, liquidity factors are considered in estimating the fair value of the Fund.

For the Level 3 investment in an unlisted entity, the Group uses a combination of management accounts, recently audited financial report and property valuations to estimate the fair value, on the basis that the value of the investment is mainly driven by the property assets held within the unlisted entity. The key input assumption in this valuation is therefore market capital rates. A 10% shift in market capital rates would have a +/- $368k shift in the valuation of the asset (Refer to Note 4). There were no transfers into or out of Level 3.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

4 Fair value measurements continued

iii) Unobservable inputs used in measuring fair value (level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using various valuation techniques. If the inputs used to measure the fair value of an asset or liability fall into different levels of the fair value hierarchy, the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire assessment.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The table below sets out the Group's financial assets and liabilities measured at their carrying amount and fair value at 30 June 2024 and 2023:

	Carrying amount		
	Fair value through profit or loss $'000	Financial assets/ (financial liabilities) at amortised cost $'000	Carrying amount $'000
As at 30 June 2024			
Financial assets measured at fair value			
Qualitas Co-Investments	3,677	–	3,677
Qualitas Investments	42,768	–	42.768
Financial assets not measured at fair value			
Qualitas Investments	–	34,655	34.655
Qualitas Loan Investments	–	25,548	25,548
Other	–	20	20
Mortgage loans	–	276,490	276,490
Term deposits	–	64	64
Cash and cash equivalents	–	194,381	194,381
Loans	–	14,238	14,238
Trade receivables and other assets	–	33,089	33,089
Prepayments	–	1,231	1,231
Financial liabilities not measured at fair value			
Payables	–	(23,108)	(23,108)
Lease liability	–	(3,154)	(3,154)
Loans and borrowings	–	(292,138)	(292,138)
	46,445	261,316	307,761
As at 30 June 2023 Restated [1]			
Financial assets measured at fair value			
Qualitas Co-Investments	3,591	–	3,591
Qualitas Investments	26,282	–	26,282
Financial assets not measured at fair value			
Qualitas Investments	–	5,308	5,308
Other	–	20	20
Mortgage loans	–	317,570	317,570
Term deposits	–	98	98
Cash and cash equivalents	–	192,369	192,369
Loans	–	87,451	87,451
Trade receivables and other assets	–	16,029	16,029
Prepayments	–	1,362	1,362
Financial liabilities not measured at fair value			
Payables [1]	–	(8,386)	(8,386)
Lease liability	–	(2,285)	(2,285)
Loans and borrowings	–	(338,458)	(338,458)
	29,873	271,078	300,951

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

4 Fair value measurements continued

The table below sets out the Group's financial assets and liabilities measured at fair value according to the fair value hierarchy at 30 June 2024 and 2023:

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
As at 30 June 2024				
Financial assets at fair value				
Qualitas Co-Investments	–	–	3,677	3,677
Qualitas Investments	10,156	32,612	–	42,768
	10,156	32,612	3,677	46,445
As at 30 June 2023				
Financial assets at fair value				
Qualitas Co-Investments	–	–	3,591	3,591
Qualitas Investments	9,281	17,001	–	26,282
	9,281	17,001	3,591	29,873

Transfers between levels of financial assets and liabilities

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between the levels in the fair value hierarchy during the reporting period.

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	$'000
Balance at 1 July 2023	3,591
Level 3 assets acquired	–
Loss included in 'finance costs'	
Net change in fair value (unrealised)	86
Additional net investment during the period	–
Capital returned during the period	–
Balance at 30 June 2024	3,677
Balance at 1 July 2022	3,602
Level 3 assets acquired	–
Loss included in 'finance costs'	
Net change in fair value (unrealised)	(11)
Additional net investment during the period	–
Capital returned during the period	–
Balance at 30 June 2023	3,591

5 Financial risk management

a) Overview

The Group's activities expose it to a variety of financial risks. The Group has in place a risk management framework to identify and manage the financial risks in accordance with its investment objectives and strategy. This includes an investment due diligence process and ongoing monitoring of the investments and transactions of the Group. Specific processes and controls the Group applies to manage the financial risks are detailed under each risk specified below.

Financial risk management as it relates to balance sheet investments made by the Group would fall under the realm of the Qualitas Investment Committee. In terms of other risks relating to the Group, these are captured in the Risk Register which is part of the Group's risk appetite statement which is overseen by the Audit, Risk and Compliance Committee.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

5 Financial risk management continued

b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts when they fall due and arises principally from the Group's mortgage assets.

Investments

The Group is exposed to credit risk through its investments, projects and other Qualitas Funds. There is also credit risk exposure in the Group's other investments held at amortised cost, however these will not have a material impact to the Group's financial position.

Other Assets

The Group's exposure to credit risk for cash and cash equivalents and term deposits is low as all counterparties have a rating of A- (as determined by public ratings agencies such as Standard & Poor's, Moody's or Fitch) or higher.

Credit risk on trade and other receivables is managed through the Group's investment management activities as a significant portion of receivables relates to receivables from Qualitas Funds.

Mortgage Loans

The Group is exposed to credit risk primarily on loans secured by first mortgage through its Arch Finance business.

As part of its lending policies and processes, the Group identifies and manages credit risk of mortgage loans by undertaking a detailed due diligence process prior to entering into transactions with counterparties and frequent monitoring of the credit exposures.

The Group applies a selective investment filtering and due diligence process for each loan which encompasses the:

- credit worthiness, financial standing and track record of the borrower and other transaction parties;
- quality and performance of the underlying real property security;
- macroeconomic and microeconomic market conditions;
- legal due diligence of the transaction structure;
- consideration of downside risks; and
- ESG considerations.

The Group identifies and monitors key risks of the loans to manage risk and preserve investor returns.

The portfolio construction adopted by the Group is implemented with the expectation of seeking to reduce the Group's exposure to both credit and market risks. The Group adheres to the portfolio investment parameters set out in the relevant funding agreements and additional internal guidelines to ensure sufficient diversification of the loan portfolio by borrower / counterparties, security ranking, loan maturity, loan to value ratio, and property sector and geography of security.

The terms of the interest-bearing notes used to fund the mortgage loans held by Arch Finance Warehouse Trust include loan eligibility criteria. This includes maximum loan-to-value ratios, guidelines and limits for geographical diversification and on the type of property secured against the loans.

Loans

The Group is exposed to minimal credit risk through loans provided by the Liquidity Lending Facility. The credit risks have been transferred to the Funds in the event of defaulting loans.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset held at amortised cost in the consolidated Statement of Financial Position as outlined below:

	30 June 2024 $'000	30 June 2023 $'000
Cash and cash equivalents	194,381	192,369
Trade and other receivables	33,089	16,029
Loans	14,238	87,451
Mortgage loans	276,490	317,570
Investments measured at amortised cost:		
Term deposits	64	98
Qualitas Investments	34,655	5,308
Qualitas Loan Investments	25,548	–
Other	20	20
Prepayment	1,231	1,362
	579,716	620,207

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

5 Financial risk management continued

The ageing of trade receivables, loans and mortgage loans at reporting date is outlined below:

	Gross amount $'000	Allowance for ECL $'000
30 June 2024		
Ageing of trade and other receivables		
Not past due	33,089	–
Ageing of loans		
Not past due	14,238	–
More than 30 days past due	–	–
Total	47,327	–
Ageing of Arch Finance mortgage loans		
Not past due (12-month ECL)	265,414	254
0 to 30 days past due (12-month ECL)	–	–
More than 30 days past due (lifetime ECL)	11,540	210
Total	276,954	464
Total Group	324,281	464
30 June 2023		
Ageing of trade and other receivables		
Not past due	16,029	–
Ageing of loans		
Not past due	60,533	–
More than 30 days past due	26,918	–
Total	87,451	–
Ageing of Arch Finance mortgage loans		
Not past due (12-month ECL)	312,575	425
0 to 30 days past due (12-month ECL)	1,130	1
More than 30 days past due (lifetime ECL)	4,440	149
Total	318,145	575
Total Group	405,596	575

The following table presents at 30 June 2024 and 2023 an analysis of the mortgage loans relating to Arch Finance.

	At amortised cost			
Credit rating	12 month ECL	Lifetime ECL – not credit-impaired	Lifetime ECL – credit impaired	Total
30 June 2024				
Strong	236,323	–	–	236,323
Good	–	–	–	–
Satisfactory	29,091	–	–	29,091
Marginal	–	–	–	–
Weak	–	8,875	2,665	11,540
Gross carrying amounts	265,414	8,875	2,665	276,954
Loss allowance	(254)	(43)	(167)	(464)
Amortised cost	265,160	8,832	2,498	276,490
Carrying amount	265,160	8,832	2,498	276,490

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

5 Financial risk management continued

	At amortised cost			
Credit rating	12 month ECL	Lifetime ECL – not credit-impaired	Lifetime ECL – credit impaired	Total
30 June 2023				
Strong	262,834	2,620	–	265,454
Good	–	–	–	–
Satisfactory	45,231	–	–	45,231
Marginal	–	–	–	–
Weak	5,640	1,820	–	7,460
Gross carrying amounts	313,705	4,440	–	318,145
Loss allowance	(426)	(149)	–	(575)
Amortised cost	313,279	4,291	–	317,570
Carrying amount	313,279	4,291	–	317,570

The table above only assesses risk ratings and ECL calculations against the Arch mortgage portfolio as other loans receivables held on the balance sheet are assessed for impairment individually on a regular basis.

The Group's accounting policy for credit impairment is outlined in Note 3(f).

To measure the expected credit loss (ECL) of the mortgage assets the Group uses a credit loss model which is calculated by multiplying the probability of default by the exposure at default multiplied by the loss given default.

The key model inputs used in measuring the ECL include:

- **Exposure at Default (EAD):** represents the calculated exposure in the event of a default. The EAD for mortgage loans is the principal and any interest amount outstanding at reporting date. The Group does not offer loan redraw facilities or loan commitments in its Direct Lending business and therefore there are no undrawn commitments included in the EAD.
- **Probability of Default (PD):** Given the Group has experienced very few losses in its history, external data has been used to determine an appropriate probability of default measure. All loans in the portfolio are assumed to have an equivalent probability of default to that of a B+ rated Corporate Bond given that the mortgage book is comprised predominately of commercial borrowers.
- **Loss Given Default (LGD):** the LGD is the magnitude of the ECL in a default event. The Group considers a financial asset to be in default when:
  > the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
  > the financial asset is 90 days overdue

LGD is adjusted for factors such as the site quality of the secured property, whether the secured property is under construction and whether there is any subordination of the loan.

The movement in the allowance for impairment at amortised cost during the year was as follows:

	12 month ECL $'000	Lifetime ECL – not credit-impaired $'000	Lifetime ECL – credit-impaired $'000	Total $'000
Balance at 1 July 2023	426	149	–	575
Net movement during the year	(172)	(106)	167	(111)
Balance at 30 June 2024	254	43	167	464
Balance at 1 July 2022	675	1	–	676
Net movement during the year	(249)	148	–	(101)
Balance at 30 June 2023	426	149	–	575

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

5 Financial risk management continued

The following tables show the movement in the Group's impairment provisions and credit exposures by expected credit loss (ECL) stage for the year ended 30 June 2024 and 2023.

	12 month ECL		Lifetime ECL – not credit-impaired		Lifetime ECL – credit-impaired		Total	
	Gross exposure $'000	Provision $'000	Gross exposure $'000	Provision $'000	Gross exposure $'000	Provision $'000	Gross exposure $'000	Provision $'000
Balance at 1 July 2023	313,705	426	4,440	149	–	–	318,145	575
New loans originated	32,308	22	–	–	–	–	32,308	22
Transfers								
Transfers to stage 1	2,470	5	(2,470)	(5)	–	–	–	–
Transfers to stage 2	(8,875)	(53)	8,875	53	–	–	–	–
Transfers to stage 3	(2,665)	(2)	–	–	2,665	2	–	–
Loans repaid	(71,529)	(338)	(1,970)	(144)	–	–	(73,499)	(482)
New and increased provisions (net of releases)	–	194	–	(10)	–	165	–	349
Write-offs	–	–	–	–	–	–	–	–
Balance at 30 June 2024	265,414	254	8,875	43	2,665	167	276,954	464
Balance at 1 July 2022	366,542	675	3,500	1	–	–	370,042	676
New loans originated	82,155	46	–	–	–	–	82,155	46
Transfers								
Transfers to stage 1	(4,440)	(149)	4,440	149	–	–	–	–
Transfers to stage 2	–	–	–	–	–	–	–	–
Transfers to stage 3	–	–	–	–	–	–	–	–
Loans repaid	(130,552)	(146)	(3,500)	(1)	–	–	(134,052)	(147)
Write-offs	–	–	–	–	–	–	–	–
Balance at 30 June 2023	313,705	426	4,440	149	–	–	318,145	575

The ECL allowance as a percentage of the gross carrying amounts of the mortgage loans at 30 June 2024 and 2023 is split as follows:

	Current $'000	Stage1 $'000	Stage 2 $'000	Stage 3 $'000	Total $'000
30 June 2024					
Expected loss rate	–	0.09%	0.48%	6.27%	0.17%
Gross carrying amount	–	265,414	8,875	2,665	276,954
Loss allowance	–	(254)	(43)	(167)	(464)
30 June 2023					
Expected loss rate	–	0.18%	–	–	0.18%
Gross carrying amount	–	318,145	–	–	318,145
Loss allowance	–	(575)	–	–	(575)

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market variables such as interest rates, foreign exchange rates and equity prices.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

5 Financial risk management continued

i) Price risk

Price risk is the risk that the fair value of investments will change as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or factors affecting all instruments in the market.

The Group is exposed to price risk through its co-investments in Qualitas Funds and other equity investments.

Prices are monitored by the Group through its investment management processes of the relevant Qualitas Funds. For other equity investments, prices are monitored through regular reporting from the equity project manager.

Sensitivity analysis – price risk

At 30 June 2024, it is estimated that a 10% decrease in investment prices would decrease the Group's profit before income tax by approximately $6,068,922 (2023: $3,278,277), and would decrease equity by approximately $4,248,246 (2023: $2,294,794). A 10% increase in investment prices would have an equal but opposite effect.

ii) Currency risk

Currency risk arises as the income and value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. As at 30 June 2024, the Group did not hold any significant assets or liabilities denominated in currencies other than the Australian Dollar and therefore was not exposed to any significant foreign exchange risk.

iii) Interest rate risk

Interest rate risk is the risk that a financial asset's value will fluctuate as a result of changes in market interest rates. The Group invests and borrows at both floating and fixed rates. Floating rate loans means that income will be impacted by the underlying base rate rises and falls and therefore the relative attractiveness to other instruments may change. There is a strong correlation between the RBA Cash Rate and the base rates upon which floating rate loans are priced. Absolute returns on floating rate loans therefore rise and fall largely in correlation with the RBA Cash Rate.

The table below summarises the Group's exposure to interest rates risks as at 30 June 2024 and 2023, including the Group's assets and liabilities at fair values.

	Average effective interest rate %	Carrying amount $'000
30 June 2024		
Fixed rate instruments		
Qualitas Real Estate Income Fund Manager Loan	5.00	(14,791)
Qualitas Loan Investments	8.00	25,548
Variable rate instruments		
Assets		
Cash and cash equivalents	4.45	143,815
Liquidity Lending Facility	10.11	11,630
Mortgage loans	8.88	276,490
Liabilities		
Interest bearing notes	6.83	(253,712)
Project Funding loans	8.83	(11,972)
30 June 2023		
Fixed rate instruments		
Qualitas Real Estate Income Fund Manager Loan	5.00	(14,464)
Variable rate instruments		
Assets		
Cash and cash equivalents	1.86	171,364
Liquidity Lending Facility [1]	9.21	59,979
Mortgage loans	7.79	317,570
Liabilities		
Interest bearing notes	5.95	(301,125)
Project Funding loans	8.26	(11,356)

1. The average effective interest rate for the Liquidity Lending Facility has been annualised as the facility was established in December 2022.

The fair values are not materially different to their carrying value amount since the interest payable is either close to current market rates or the borrowings are of a short term nature.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

5 Financial risk management continued

iii) Sensitivity analysis – interest rate risk

As at 30 June 2024, it is estimated that a general increase of one-percentage point in interest rates on variable rate instruments would increase the Group's profit before income tax by approximately $1,662,514 (2023: $2,364,329) and would increase equity by approximately $1,163,760 (2023: $1,655,031).

A general decrease of one-percentage point in interest rates on variable rate instruments would have an equal but opposite effect.

d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group monitors its cash flow requirements and undertakes cash flow forecasts. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Cash flow reconciliations are undertaken monthly to ensure all income and expenses are managed in accordance with contracted obligations.

The following tables show the contractual maturities of financial assets and liabilities as at 30 June 2024 and 2023:

	Carrying amount $'000	Contractual cashflow $'000	Less than 3 months $'000	3 to 12 months $'000	1 to 3 years $'000	3 to 5 years $'000
As at 30 June 2024						
Financial assets						
Cash and cash equivalents	194,381	194,381	194,381	–	–	–
Trade and other receivables	33,089	33,089	–	25,402	–	7,687
Prepayments	1,231	1,231	–	1,231	–	–
Loans	14,238	14,238	11,630	–	–	2,608
Accrued performance fees	36,688	36,688	–	31,202	–	5,486
Inventories	25,473	25,473	–	–	25,473	–
Investments	106,732	106,732	65	2,124	53,267	51,276
Mortgage loans	276,490	276,490	49,517	61,389	165,584	–
Capitalised contract costs	2,943	2,943	168	499	2,003	273
Financial liabilities						
Trade and other payables	(23,108)	(23,108)	(2,591)	(20,517)	–	–
Lease liabilities	(3,154)	(3,154)	(262)	(736)	(2,156)	–
Loans and borrowings	(292,138)	(292,138)	(45,736)	(57,255)	(179,627)	(9,520)
	372,865	372,865	207,172	43,339	64,544	57,810
As at 30 June 2023 Restated [1]						
Financial assets						
Cash and cash equivalents	192,369	192,369	192,369	–	–	–
Trade and other receivables	16,029	16,029	–	11,117	–	4,912
Prepayments	1,362	1,362	–	1,362	–	–
Loans	87,451	87,451	–	86,898	–	553
Accrued performance fees	48,928	48,928	–	34,728	14,200	–
Inventories	24,462	24,462	–	–	24,462	–
Investments	35,299	35,299	–	2,684	24,018	8,597
Mortgage loans	317,570	317,570	28,608	83,127	205,835	–
Capitalised contract costs	3,612	3,612	168	501	2,001	942
Financial liabilities						
Trade and other payables	(8,386)	(8,386)	(862)	(7,524)	–	–
Lease liabilities	(2,285)	(2,285)	(214)	(654)	(1,417)	–
Loans and borrowings	(338,458)	(338,458)	(27,477)	(80,034)	(221,011)	(9,936)
	377,953	377,953	192,592	132,205	48,088	5,068

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

6 Segment information

a) Description of segments

An operating segment is a component of a Group that engages in business activities from which it may earn revenue and incur expenses, whose operating results are reviewed regularly by the Group's Managing Director who is the Group's Chief Operating Decision Maker in assessing performance and in determining the allocation of resources.

The Group has identified two operating segments being Funds Management and Direct Lending.

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' Investment and Direct Lending activities.

The Direct Lending segment relates to the interest income and expenses relating to activities undertaken by Qualitas' wholly owned subsidiaries Arch Finance and Peer Estate and includes costs directly attributable to Arch Finance and Peer Estate.

The segment information for the reportable segments is as follows:

b) Segment overview

	Funds management $'000	Direct lending $'000	Total $'000
For the year ended 30 June 2024			
Interest income	13,610	26,794	40,404
Interest expense	(1,463)	(18,948)	(20,411)
Net interest income	12,147	7,846	19,993
Net revenue	63,006	897	63,903
Depreciation and amortisation expense	–	–	–
Loan impairment reversal/(expense)	–	111	111
Total expenses	(41,039)	(5,536)	(46,575)
Income tax expense	(10,256)	(996)	(11,252)
Segment profit after tax	23,858	2,322	26,180
Segment financial position information			
As at 30 June 2024			
Cash and cash equivalents	189,920	4,461	194,381
Mortgage loans	–	276,490	276,490
Investments	110,379	49	110,428
Other assets	124,581	2,252	126,833
Total assets reported by the Group	424,880	283,252	708,132
Loans and borrowings	15,187	276,951	292,138
Other liabilities	45,044	3,938	48,982
Total liabilities reported by the Group	60,231	280,889	341,120

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

6 Segment information continued

	Funds management $'000	Direct lending $'000	Total $'000
For the year ended 30 June 2023 Restated [1]			
Interest income	11,923	27,168	39,091
Interest expense	(1,754)	(18,715)	(20,469)
Net interest income	**10,169**	**8,453**	**18,622**
Net revenue	52,484	1,756	54,240
Depreciation and amortisation expense	–	–	–
Loan impairment reversal/(expense)	–	101	101
Total expenses [1]	(35,649)	(5,766)	(41,415)
Income tax expense	(8,278)	(930)	(9,208)
Segment profit after tax [1]	**18,726**	**3,614**	**22,340**
Segment financial position information			
As at 30 June 2023 Restated [1]			
Cash and cash equivalents	183,244	9,125	192,369
Mortgage loans	–	317,570	317,570
Investments	38,126	83	38,209
Other assets [1]	188,464	2,535	190,999
Total assets reported by the Group [1]	**409,834**	**329,313**	**739,147**
Loans and borrowings	18,808	319,650	338,458
Other liabilities [1]	34,309	5,891	40,200
Total liabilities reported by the Group [1]	**53,117**	**325,541**	**378,658**

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.

Major customers

Three Funds contributed more than 10% of total revenue of the Group and are included in the Funds Management segment. The total amount contributed by the three Funds was $32,425,692 for 2024 financial year, comprising base management, arranger and performance fees.

7 Income from the provision of financial services and performance fees

a) Performance Fees

	For the year ended 30 June 2024 $'000	For the year ended 30 June 2023 $'000
Performance fees	**1,029**	4,284

Performance fees are variable consideration and are recognised to the extent that it is highly probable a significant reversal will not subsequently occur (variable consideration is constrained in accordance with AASB 15 Revenue). The Group is entitled to performance fees in accordance with its Fund investment management agreements. Performance fees are typically payable by the Fund when the Fund has crystalised its investments and terminates. Therefore the Group recognises performance fees in relation to a Fund when the Fund has recognised a performance fee expense and either the Fund is nearing the final stages of its investment life cycle and termination or there is limited sensitivity to valuation changes. Performance fee income is generally constrained up to the point when the final amount to be paid out of the Fund is known.

Performance fees for the 2024 financial year relate to Qualitas Construction Debt Fund I, Qualitas Construction Debt Fund II, Qualitas Diversified Credit Investment Fund, Qualitas Real Estate Income Fund and a reversal in Qualitas Food Infrastructure Fund and Qualitas Real Estate Opportunity Fund I. Of the $1,029,000 performance fees recognised during the period, an amount of $547,000 was cash received with the balance recorded on the consolidated statement of financial position as accrued performance fees. During the year, $12,722,000 of previously recognised performance fees was received in cash thereby reducing the accrued performance fees balance as at 30 June 2024.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

7 Income from the provision of financial services and performance fees continued

b) Income from the provision of financial services

	For the year ended 30 June 2024 $'000	For the year ended 30 June 2023 $'000
Arrangement, establishment and mandate fees	**16,380**	12,377
Management fees	**37,682**	32,608
Portfolio and ancillary fees	**521**	903
	54,583	**45,888**

8 Interest income and interest expense

	For the year ended 30 June 2024 $'000	For the year ended 30 June 2023 $'000
Interest income		
Arch Finance – mortgage loans	**26,390**	26,757
Bank balances and term deposits	**7,931**	5,348
Liquidity Lending Facility and underwrites	**5,918**	6,878
Other	**165**	108
Total interest income	**40,404**	39,091
Interest expense		
Interest expense on interest bearing notes – bank & other financial institutions	**(20,267)**	(20,368)
Lease interest expense	**(144)**	(101)
Total interest expense	**(20,411)**	**(20,469)**
Net interest income recognised in profit or loss	**19,993**	**18,622**

9 Other expenses

	For the year ended 30 June 2024 $'000	For the year ended 30 June 2023 Restated [1] $'000
Trail commissions	**573**	730
Trustee line fees	**569**	585
Information technology	**897**	511
Subscriptions	**635**	786
Rental expenses	**512**	310
Company administration fees	**119**	184
Other miscellaneous costs	**1,189**	1,027
	4,494	**4,133**

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

10 Income tax

a) Reconciliation of income tax expense

	For the year ended 30 June 2024 $'000	For the year ended 30 June 2023 Restated [1] $'000
Recognised in the consolidated statement of profit or loss and other comprehensive income		
Current period	10,224	11,370
Deferred tax (benefit)/expense		
Origination and reversal of temporary differences	1,028	(2,162)
	11,252	9,208
Reconciliation between tax expense and profit		
Profit before income tax	37,432	31,548
Income tax using domestic corporation tax rate of 30%	11,230	9,464
Net movement in income tax due to:		
Non-deductible expenses	–	–
Non-assessable income	22	(256)
Prior year adjustments	–	–
Income tax (benefit)/expense on profit/(loss)	11,252	9,208

Franking account

The amount of franking credits available to the Shareholders for subsequent financial years as at 30 June 2024 is $10,516,979 (2023: $15,458,119). The ability to utilise the franking credits is dependent upon the ability to declare dividends.

b) Movement of deferred tax

30 June 2024	Balance at 1 July 2023 [1] $'000	Recognised in profit or loss $'000	Net	Balance at 30 June 2024: Deferred tax assets	Balance at 30 June 2024: Deferred tax liabilities
Investments	(879)	(278)	(1,157)	–	(1,157)
Accrued performance fees	4,486	1,170	5,656	5,656	–
Capitalised contract costs	(1,084)	201	(883)	–	(883)
QAL-capital raising costs	527	(253)	274	274	–
Employee benefits	1,667	602	2,269	2,269	–
Right-of-use assets	(584)	(326)	(910)	–	(910)
Lease liabilities	617	329	946	946	–
Other items	1,049	951	2,000	2,000	–
Tax assets/(liabilities) before set off	5,799	2,396	8,195	11,145	(2,950)
Set off	–	–	–	(2,950)	2,950
Net tax assets/(liabilities)	5,799	2,396	8,195	8,195	–

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

10 Income tax continued

30 June 2023 Restated [1]	Balance at 1 July 2022 $'000	Recognised in profit or loss $'000	Net	Balance at 30 June 2023: Deferred tax assets	Balance at 30 June 2023: Deferred tax liabilities
Investments	(1,119)	240	(879)	–	(879)
Accrued performance fees	8,042	(3,556)	4,486	4,486	–
Capitalised contract costs	(884)	(200)	(1,084)	–	(1,084)
QAL-capital raising costs	664	(137)	527	527	–
Employee benefits	1,189	478	1,667	1,667	–
Right-of-use assets	(803)	219	(584)	–	(584)
Lease liabilities	816	(199)	617	617	–
Other items	812	237	1,049	1,049	–
Tax assets/(liabilities) before set off	8,717	(2,918)	5,799	8,346	(2,547)
Set off	–	–	–	(2,547)	2,547
Net tax assets/(liabilities)	8,717	(2,918)	5,799	5,799	–

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.

11 Cash and cash equivalents

	As at 30 June 2024 $'000	As at 30 June 2023 $'000
Cash on hand	1	1
Cash at bank	194,380	192,368
	194,381	192,369

12 Trade and other receivables

	As at 30 June 2024 $'000	As at 30 June 2023 $'000
Current		
Trade receivables	16,198	5,284
Accrued income	1,720	1,309
Recoverable Fund costs	2,220	1,923
Digital Harbor receivable	–	100
Sundry receivables	3,195	2,504
	23,333	11,120
Non-Current		
Accrued income	7,687	3,005
Sundry receivables	2,069	1,904
	9,756	4,909
	33,089	16,029

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

13 Property, plant and equipment

	Office equipment $'000
Cost	
Balance at 1 July 2023	**2,619**
Acquired during the period	**333**
Disposals	**–**
Balance at 30 June 2024	**2,952**
Balance at 1 July 2022	2,153
Acquired during the period	466
Disposals	–
Balance at 30 June 2023	**2,619**
Accumulated depreciation	
Balance at 1 July 2023	**1,897**
Depreciation charge for the period	**260**
Disposals	**–**
Balance at 30 June 2024	**2,157**
Balance at 1 July 2022	1,625
Depreciation charge for the period	272
Disposals	–
Balance at 30 June 2023	**1,897**
Carrying amount	
At 1 July 2022	528
At 30 June 2023	722
At 1 July 2023	**722**
At 30 June 2024	**795**

14 Inventories

	As at 30 June 2024 $'000	As at 30 June 2023 $'000
Non-Current		
Development and capitalised project costs	**25,473**	24,462
	25,473	**24,462**

The inventories with an aggregate carrying value of $25.5m as at 30 June 2024 (2023: $24.5m) have been pledged as security to secure an external loan.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

15 Investments

	As at 30 June 2024 $'000	As at 30 June 2023 $'000
Current		
Investments measured at amortised cost:		
Term deposits	**64**	98
Investments measured at fair value through profit or loss:		
Qualitas Investments	**2,123**	2,684
	2,187	**2,782**
Non-Current		
Investments measured at amortised cost:		
Qualitas Investments	**34,655**	5,308
Qualitas Loan Investments	**25,548**	–
Others	**20**	20
Investments measured at fair value through profit or loss:		
Qualitas Co-Investments	**3,677**	3,591
Qualitas Investments	**40,645**	23,598
	104,545	**32,517**
	106,732	**35,299**

16 Intangible asset – Capitalised contract costs

	As at 30 June 2024 $'000	As at 30 June 2023 $'000
Opening net book amount at beginning of period	**3,612**	4,279
Acquired during the period	**–**	–
Amortisation charge	**(669)**	(667)
Closing net book amount at end of period	**2,943**	**3,612**

The above comprises a current balance of $667,000 (2023: $667,000) and non-current balance of $2,276,000 (2023: $2,945,000).

17 Loans

	As at 30 June 2024 $'000	As at 30 June 2023 $'000
Liquidity Lending Facility	**11,630**	59,980
Loan – QREO Growth A III Sub Pty Ltd	**–**	26,918
Loan – GQ Multifamily Unit Trust	**2,608**	553
	14,238	**87,451**

The Group has an uncommitted Liquidity Lending Facility with Qualitas Funds. The facility has a limit of $175,000,000 and was drawn to $11,630,000 as at 30 June 2024. The facility earns interest and is on arms-length commercial terms.

In the prior period, the Group entered into a loan agreement with a Qualitas Fund with a facility limit of $30,000,000 which was drawn to $26,918,000 at 30 June 2023. The facility earns interest and is on mutually agreed commercial terms. This loan is not a related party loan and was fully repaid in the current year.

There is a related party loan with the Group's joint venture (GQ Multifamily Unit Trust) of $2,607,866 at 30 June 2024. This is an unsecured interest free loan.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

18 Mortgage Loans

	At 30 June 2024 $'000	At 30 June 2023 $'000
Gross mortgage loans – held directly	276,954	318,145
Allowance for expected credit losses	(464)	(575)
Total mortgage loans – net of allowance for expected credit losses	276,490	317,570
Maturity analysis:		
No longer than three months	49,755	28,608
Longer than three months but no longer than twelve months	61,450	83,699
Longer than one year but no longer than three years	165,749	205,838
Total mortgage loans	276,954	318,145
Allowance for expected credit losses – Opening balance	(575)	(676)
Decrease/(Increase) in allowance during the year	111	101
Allowance for expected credit losses – Closing balance	(464)	(575)

	12-month ECL applied $'000	Lifetime ECL applied $'000	Total $'000
As at 30 June 2024			
Gross mortgage loans			
Gross mortgage loans balance	265,414	11,540	276,954
Allowance for expected credit loss	(254)	(210)	(464)
Total	265,160	11,330	276,490
As at 30 June 2023			
Gross mortgage loans			
Gross mortgage loans balance	313,705	4,440	318,145
Allowance for expected credit loss	(426)	(149)	(575)
Total	313,279	4,291	317,570

As at 30 June 2024, there are four loans (2023: 3 loans) with a combined value of $11,539,900 (2023: $4,440,000) that are greater than 30 days in arrears (significant increased credit risk since initial recognition). The first loan with a value of $2,664,900 is more than 120 days maturity default and has an expected credit loss allowance of $167,239. The loan balance is considered recoverable to the extent of the expected credit loss recognised. The remainder of the loans have a cumulative value of $8,875,000 and are more than 30 days past due with an expected credit loss allowance of $42,779. The loan balances are considered recoverable to the extent of the expected credit loss recognised.

As at 30 June 2023, there are three Arch Finance loans with a combined value of $4,440,000 that are greater than 30 days in arrears (significant increased credit risk since initial recognition). The first loan with a value of $1,800,000 is more than 120 days past due and has an expected credit loss allowance of $139,184. The loan balance is considered recoverable to the extent of the expected credit loss recognised. The second loan has a value of $150,000 and is more than 90 days past due with an expected credit loss allowance of $5,736. The loan balance is considered recoverable to the extent of the expected credit loss recognised. The third loan has a value of $2,470,000 and is more than 30 days past due with an expected credit loss allowance of $4,722. The loan balance is considered recoverable to the extent of the expected credit loss recognised.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

18 Mortgage Loans continued

Mortgage loans – Geographical diversification

	At 30 June 2024 $'000	At 30 June 2023 $'000
Victoria	88,837	89,325
New South Wales	147,933	173,192
Queensland	30,447	45,802
South Australia	6,547	3,699
Others	2,726	5,552
	276,490	317,570

Mortgage loans – Loan to value ratios

	At 30 June 2024 $'000	At 30 June 2023 $'000
0-30%	18,710	15,127
30-50%	65,374	61,703
50-70%	192,406	225,995
70-80%	–	14,745
80-100%	–	–
	276,490	317,570

19 Trade and other payables

	As at 30 June 2024 $'000	As at 30 June 2023 Restated[1] $'000
Current		
Trade payables	99	23
Sundry payables	10,451	5,022
Interest payable on Notes – Arch Finance	1,783	1,873
Taxes payable	8,283	629
GST payable	2,492	839
	23,108	8,386

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

20 Deferred income

	As at 30 June 2024 $'000	As at 30 June 2023 $'000
Current		
Interest received in advance – Arch Finance	–	47
Management fees received in advance	1,151	1,648
Deferred arranger fees	842	650
Other	15	42
	2,008	2,387
Non-Current		
Interest reserve	1,070	2,089
	1,070	2,089
	3,078	4,476

21 Employee benefits

	As at 30 June 2024 $'000	As at 30 June 2023 $'000
Current		
Accrued incentives	14,075	17,811
Accrued annual leave	1,699	1,734
Accrued long-service leave	364	238
	16,138	19,783
Non-Current		
Accrued incentives	2,394	4,078
Accrued long-service leave	1,110	1,192
	3,504	5,270
	19,642	25,053

Accrued incentives include amounts accrued in relation to performance fee bonuses payable to employees of the Group.

The present value of employee benefits not expected to be settled within 12 months of balance date have been calculated using the following inputs or assumptions at the reporting date:

Assumed rate of increase in wages/salaries	4.45%
Discount rate	4.35%
Settlement term	7 years

22 Leases

The Group has entered into commercial property leases for its office accommodation. These leases have a remaining life of up to 4 years. The Group has no other capital or lease commitments.

Right-of-use assets	As at 30 June 2024 $'000	As at 30 June 2023 $'000
Balance at beginning of period	2,165	2,775
Acquired during the period	2,756	246
Derecognition of right-of-use assets	(799)	–
Depreciation charge for the period	(1,087)	(856)
Balance at end of period	3,035	2,165

The above comprises a current balance of $1,033,000 (2023: $873,000) and non-current balance of $2,002,000 (2023: $1,292,000).

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

22 Leases continued

Lease liabilities	As at 30 June 2024 $'000	As at 30 June 2023 $'000
Balance at beginning of period	2,285	2,824
Acquired during the period	2,756	–
Interest on lease liabilities during the period	144	101
Derecognition of lease liabilities	(790)	–
Rent payments	(1,241)	(640)
Balance at end of period	3,154	2,285

The above comprises a current balance of $998,000 (2023: $874,000) and non-current balance of $2,156,000 (2023: $1,411,000).

	As at 30 June 2024 $'000	As at 30 June 2023 $'000
Maturity analysis		
Within one year	998	874
Later than one year but no later than five years	2,156	1,411
Later than five years	–	–
	3,154	2,285
Amounts recognised in profit or loss		
Depreciation on right-of-use assets	1,087	856
Interest expense on lease liabilities	144	101
Expenses relating to short-term leases	27	19
	1,258	976
Amounts recognised in statement of cash flow		
Total cash flows for leases	1,241	640
	1,241	640

23 Loans and borrowings

	As at 30 June 2024 $'000	As at 30 June 2023 $'000
Current		
Interest bearing notes – banks & other financial institutions	101,769	106,078
Qualitas Real Estate Income Fund Manager Loan	1,221	1,434
	102,990	107,512
Non-Current		
Interest bearing notes – banks & other financial institutions	151,943	195,047
Qualitas Real Estate Income Fund Manager Loan	13,570	13,030
Project Funding Loan	23,635	22,869
	189,148	230,946
	292,138	338,458

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

23 Loans and borrowings continued

Interest bearing notes – bank & other financial institutions

At 30 June 2024, the notes collectively have an effective limit available for drawing of $323,755,000 (2023: $359,000,000) and are issued as agreed by the Class A Subscriber, Class B Subscribers, Class C Subscribers and the Trust. The proceeds of Class A, B and C notes issued are advanced as mortgage loans with a term not exceeding three years and are secured by registered first mortgages over real property.

Notes are repayable on the repayment of the mortgage loans which have a maximum term of three years. The availability period for the notes has been extended to 30 September 2025.

Qualitas Real Estate Income Fund Manager Loan

The Qualitas Real Estate Income Fund Manager Loan is amortised over 10 years from the date of the most recent raise. Interest rate on the loan is 5%. As at 30 June 2024, the Manager Loan has a carrying value of $14,791,038 while the fair value was $14,170,218.

Project Funding loan

The loan with an external loan provider in relation to the development property held through Inventories has a facility limit of $12,837,500. The loan is at a variable rate of 8.75% per annum. The loan has a carrying value of $11,971,651 as at 30 June 2024.

24 Equity-accounted investees

The Group is part of a joint venture arrangement with Gurner Multifamily Pty Ltd, with the joint venture obtaining control over four initial assets. The Group has joint control and a 50% ownership interest. The joint venture is a strategic partnership to establish a build-to-rent platform.

	As at 30 June 2024 $'000	As at 30 June 2023 $'000
Interest in joint venture	3,696	2,910
Percentage ownership interest	50%	50%
Non-current assets	10,351	7,134
Current assets (including cash and cash equivalents)	2,721	208
Non-current liabilities (Including non-current financial liabilities excluding Trade and other payables and provisions)	(5,217)	(1,106)
Current liabilities (including current financial liabilities excluding trade and other payables and provisions)	(463)	(416)
Net assets (100%)	7,392	5,820
Group's share of net assets (50%)	3,696	2,910
Goodwill	–	–
Carrying amount of interest in joint venture	3,696	2,910
Revenue	1,989	516
Depreciation and amortisation	(46)	(9)
Employee costs	(781)	–
Interest expense	–	–
Income tax expense	–	–
Other expenses	(1,406)	(1,589)
Profit and other comprehensive income (100%)	(244)	(1,082)
Profit and other comprehensive income (50%)	(122)	(541)
Group's share of total comprehensive income	(122)	(541)
Dividends received by the Group	–	–

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

25 Capital, reserves and dividends

a) Issued capital

	$'000	Number of shares
As at 30 June 2024		
Opening balance at 1 July 2023	724,267	296,016,053
IPO costs reflected through equity (tax effected)	758	–
Contributions of capital through share issuance	110	2,279,031
Closing balance at 30 June 2024 (including Treasury shares)	725,135	298,295,084
Less Treasury shares	–	(5,539,444)
Closing balance at 30 June 2024 (excluding Treasury shares)	725,135	292,755,640
As at 30 June 2023		
Opening balance at 1 July 2022	723,141	294,000,000
Options issued	361	–
IPO costs reflected through equity (tax effected)	743	–
Contributions of capital through share issuance	22	2,016,053
Closing balance at 30 June 2023 (including Treasury shares)	724,267	296,016,053
Less Treasury shares	–	(3,260,413)
Closing balance at 30 June 2023 (excluding Treasury shares)	724,267	292,755,640

In accordance with shareholder approval at the Company's 2023 AGM, 2,279,031 ordinary shares were issued to the Group Managing Director in the form of loan shares on 8 December 2023. These are accounted for as share-based payments and as such no equity contribution has been recorded in relation to the issue of the shares. As the shares have not vested, they are classified as treasury shares and are excluded from total shares on issue. Any repayments of the loan throughout the year are recorded as equity contributions on those shares.

b) Treasury shares

When shares recognised are repurchased, the amount of consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within share premium.

c) Dividends

On 23 August 2023, the Directors declared a fully franked dividend of 5.5 cents per share which amounted to $16,280,833 to be paid on 3 October 2023 with a record date of 12 September 2023.

On 22 February 2024, the Directors declared an interim fully franked dividend of 2.25 cents per share which amounted to $6,711,639 to be paid on 28 March 2024 with a record date of 8 March 2024.

d) Reserves

Share based payments reserve

The share based payments reserve arises on the grant of options, performance rights and deferred Share Rights to select employees under the Company's equity-based remuneration plans.

Common control reserve

The difference between the purchase consideration and the net assets acquired on the restructure under common control, were accounted for in equity and transferred to a common control reserve.

Treasury share reserve

The reserve for the Group's treasury shares comprised the cost of the Company's shares held by the Group. At 30 June 2024 the Group held 5,539,444 shares (2023: 3,260,413).

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

26 Earnings per share

a) Basic earnings per share

The calculation of the basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	As at 30 June 2024 $'000	As at 30 June 2023 Restated [1] $'000
i) Profit/(loss) attributable to ordinary shareholders (basic)		
Profit/(loss) for the period attributable to the owners of the Company	26,180	22,340
ii) Weighted-average number of ordinary shares (basic)		
Weighted-average number of ordinary shares at 30 June	290,989	290,989 [2]

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.
2. Comparative figures have been adjusted to conform with changes in presentation in the current year and enhance comparability. The amounts have been restated by 1,852,221 shares and EPS impact of 0.05 cents.

b) Diluted earnings per share

The calculation of the diluted EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential of ordinary shares.

	As at 30 June 2024 $'000	As at 30 June 2023 Restated [1] $'000
i) Profit/(loss) attributable to ordinary shareholders (diluted)		
Profit/(loss) for the period attributable to the owners of the Company	26,180	22,340
ii) Weighted-average number of ordinary shares (diluted)		
Weighted-average number of ordinary shares at 30 June (basic)	290,989	290,989 [2]
Effect of conversion of convertible notes	–	–
Effect of share options on issue	6,330	4,211
Weighted-average number of ordinary shares at 30 June (diluted)	297,319	295,200 [2]

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.
2. Comparative figures have been adjusted to conform with changes in presentation in the current year and enhance comparability. The amounts have been restated by 1,852,221 shares and EPS impact of 0.05 cents.

27 Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Group's net debt to adjusted equity ratio at 30 June 2024 and 2023 was as follows:

	As at 30 June 2024 $'000	As at 30 June 2023 Restated [1] $'000
Total liabilities	341,120	378,658
Less: cash and cash equivalents	(194,381)	(192,369)
Net debt	**146,739**	**186,289**
Total equity	367,012	360,489
Less: Share based payments reserve	(4,269)	(1,899)
Adjusted equity	**362,743**	**358,590**
Net debt to adjusted equity ratio	**0.40**	**0.52**

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

28 Share based payment

a) Description of share-based payment arrangement

At 30 June 2024, the Group had the following share-based payment arrangements:

i) Short term incentive plan (STI)

The Board has determined that the current remuneration policy for senior management and other selected employees of the Group will include STI. Under the STI, participants will have an opportunity to receive an incentive payment calculated as a percentage of their Fixed annual remuneration 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 FY24 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 Qualitas Employee Equity Plan (QEEP). The QEEP rules provide the Board with broad clawback powers if, for example, the senior executive has acted fraudulently or dishonestly or there is a material financial misstatement.

ii) Employee Equity Award

Select employees were 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). The total face value of all grants made under the Employee Equity Plan was $2,000,000 of which $590,215 has been forfeited to date. The number of Share Rights granted to participants was 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 Qualitas Employee Equity Plan (QEEP).

iii) Legacy Employee Equity Plan (Intergen)

Under Intergen, employees (and their controlled entities) were able to acquire a beneficial interest in non-ordinary shares in Qualitas Property Partners Pty Ltd and non-ordinary units in the Qualitas Investments Unit Trust via a limited recourse loan. These shares and units were converted into 3,011,352 shares (of which 1,244,360 have been forfeited to date) 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.

iv) Reconciliation of rights under share-based payment schemes

	Balance 1 July 2023	Grant Date	Granted	Vested	Forfeited	Balance 30 Jun 2024
Short Term Incentive (STI)	765,517	30/06/2024	317,270 [1]	–	–	1,082,787
Employee Equity Award	606,000		–	–	(42,086)	563,914
Legacy Employee Equity Plan (Intergen)	1,766,992		–	–	–	1,766,992
Total	**3,138,509**		**312,270** [1]	**–**	**(42,086)**	**3,413,693**

1. The number of awards is based on the share price as at 30 June 2024. These awards are yet to be issued.

v) Non-Executive Director Share Rights compensation

Non-Executive Directors were granted 170,000 Share Rights as compensation for contribution to the Group prior to listing. These rights were exercised during the period ending 30 June 2023 and as such the balance of rights held at the end of the period is nil.

vi) Long-Term Incentive (LTI)

Loan Plan

The Company granted Loan Shares to the Group Managing Director as a LTI under the Loan Plan at the Company's Annual General meeting on 23 November 2023. The LTI under the Loan Plan carries a maximum opportunity of $1,530,000. An interest-free limited recourse loan of $4,915,871 was provided by the Company to the Group Managing Director to purchase 2,279,031 newly issued shares. An independent valuation was obtained to determine the value of the loan and the maximum number of shares that were to be issued.

Executive LTI

In line with the Prospectus, the Board approved a grant of rights under the Executive LTI Plan during the period. The rights granted under the FY24 Executive LTI are against KPIs measured over a 3-year performance period from 1 July 2023 to 30 June 2026. The total number of LTI rights granted is 962,188.

Options Offer

Issue of 1,437,500 Options to acquire Ordinary Shares in the Company to certain non-Executive employees under the Qualitas Employee Equity Plan at $2.31. Options vest and become exercisable subject to meeting Group and individual performance conditions and continued service over a five-year vesting period. The Options have an expiry date of 6 November 2033.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

28 Share based payment continued

b) Measurement of fair value

i) Equity-settled share-based payment arrangements

The fair value of the employee share purchase plan has been measured using the Black-Scholes formula. Service and non-market performance conditions attached to the arrangements were not taken into account in measuring fair value.

The requirement that the employee has to serve in order to purchase shares under the share purchase plan has been incorporated into the fair value at grant date by applying a discount to the valuation obtained. The discount has been determined by estimating the probability that the employee will stop serving based on historical behaviour.

The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payment plans were as follows.

	Expected life of rights	Fair Value at grant date	Security price at grant date	Exercise price	Expected dividends	Risk-free interest rate
30 June 2024						
FY22 STI	2 years	**$2.19**	**$2.19**	**–**	**–**	**–**
FY22 Employee Equity Plan	3–5 years	**$2.15–$2.28**	**$2.60**	**–**	**3%**	**0.12%**
FY22 Intergen	3–5 years	**$0.013–$0.017**	**$0.07**	**–**	**3%**	**0.12%**
FY23 STI	2 years	**$2.38**	**$2.38**	**–**	**–**	**–**
FY23 Loan Plan	3.5 years	**$0.73**	**$2.43**	**$2.43**	**–**	**3.21%**
FY23 Executive LTI	3 years	**$1.26**	**$1.56**	**–**	**3%**	**1.64%**
FY23 Options Offer	5 years	**$0.88**	**$2.66**	**$2.75**	**3%**	**3.62%**
FY24 STI	2 years	**$2.36** [1]	**$2.36** [1]	**–**	**–**	**–**
FY24 Loan Plan	3.5 years	**$0.66**	**$2.13**	**$2.13**	**–**	**4.19%**
FY24 Executive LTI	3 years	**$2.46**	**$2.69**	**–**	**3%**	**1.59%**
FY24 Options Offer	5 years	**$0.68**	**$2.27**	**$2.31**	**4%**	**4.53%**
30 June 2023						
FY22 STI	2 years	$2.19	$2.19	–	–	–
FY22 Employee Equity Plan	3–5 years	$2.15–$2.28	$2.60	–	3%	0.12%
FY22 Intergen	3–5 years	$0.013–$0.017	$0.07	–	3%	0.12%
FY23 STI	2 years	$2.69 [2]	$2.69 [2]	–	–	–
FY23 Loan Plan	3.5 years	$0.73	$2.43	$2.43	–	3.21%
FY23 Executive LTI	3 years	$1.26	$1.56	–	3%	1.64%
FY23 Options Offer	5 years	$0.88	$2.66	$2.75	3%	3.62%

1. Estimated fair value and security price for FY24 STI Rights as at 30 June 2024. These rights are yet to be issued.
2. Estimated fair value and security price for FY23 STI Rights as at 30 June 2023.

Expense recognised in the profit or loss

The share-based payment expense incurred in the period was $2,370,729 (2023: $1,898,815).

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

29 Related parties

a) Key management personnel compensation

The following were key management personnel of the Company at any time during the reporting period:

Andrew Fairley AM	Non-Executive Chairman	Appointed 4 November 2021
Brian Delaney	Non-Executive Director	Appointed 4 November 2021
JoAnne Stephenson	Non-Executive Director	Appointed 4 November 2021
Mary Ploughman	Non-Executive Director	Appointed 4 November 2021
Michael Schoenfeld	Non-Executive Director	Retired 30 June 2024
Andrew Schwartz	Group Managing Director and Chief Investment Officer	Appointed 4 November 2021
Philip Dowman	Chief Financial Officer	Appointed 16 December 2021
Mark Fischer	Global Head of Real Estate	Appointed 16 December 2021

The key management personnel compensation comprised:

	For the year ended 30 June 2024 $'000	For the year ended 30 June 2023 $'000
Short-term employee benefits	**2,974**	2,941
Other long-term benefits	**(661)**	170
Shared based payments	**1,069**	549
Post-employment benefits	**137**	131
	3,519	3,791

b) Loans to key management personnel and their related parties

Details regarding loans outstanding at the reporting date to key management personnel and their related parties at any time in the reporting period, are as follows:

	2024 $'000	2023 $'000
Total for key management personnel at beginning of period	**461**	441
Interest paid/payable during the period	**40**	20
Total for key management personnel at end of period	**501**	**461**

The loan to key management personnel relates to a Qualitas employee share scheme whereby participants were issued shares under an employee loan share plan. The loans are full recourse and are not within the scope of AASB 2 *Share-based payments*. Interest is payable on the loans at market interest rates. No amounts have been written down or have an allowance for expected credit loss as the balance is considered fully recoverable.

c) Other key management personnel transactions

During the period $8,800 was reimbursed to a key management person relating to accommodation expenses incurred. There are no other transactions with key management persons or their related parties other than those that have been disclosed in this report.

d) Loans to other related parties

There is a related party loan with the Group's joint venture (GQ Multifamily Unit Trust) of $2,607,866 at 30 June 2024.

e) Ultimate parent

The Ultimate parent entity of the Group is Qualitas Limited.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

30 Parent entity disclosures

As at, and throughout, the financial period ended 30 June 2024 the parent entity of the Group was Qualitas Limited.

Results of the parent entity	Year ended 30 June 2024 $'000	Year ended 30 June 2023 $'000
Profit/(loss) for the period	14,440	19,698
Other comprehensive income	–	–
Total comprehensive income for the period	**14,440**	**19,968**

Financial position of parent entity at year end	At 30 June 2024 $'000	At 30 June 2023 $'000
Current assets	188,189	258,549
Non-current assets	179,955	115,857
Total assets	**368,144**	**374,406**
Current liabilities	7,803	5,623
Non-current liabilities	–	–
Total liabilities	**7,803**	**5,623**
Net assets	**360,341**	**368,783**
Total equity of the parent entity comprising of:		
Share capital	322,862	322,752
Retained earnings	37,479	46,031
Total equity	**360,341**	**368,783**

Parent entity contingent liabilities

The Directors are of the opinion that there are no contingent liabilities, as it is not probable that a future sacrifice of economic benefits will be required, or the amount is not capable of reliable measurement.

31 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	Year ended 30 June 2024 $'000	Year ended 30 June 2023 Restated[1] $'000
Profit/(loss) for the period	26,180	22,340
Adjustments for:		
Depreciation	2,232	1,904
Employee share based payments	2,371	1,448
Net (gains)/losses on financial instruments at fair value through profit or loss	(1,149)	259
Changes in:		
Trade and other receivables	68,393	(92,301)
Inventories	(1,011)	(348)
Prepayments	131	(402)
Intangibles – capitalised contract costs	(9)	198
Trade and other payables	7,068	3,867
Deferred tax assets	(2,396)	2,919
Deferred income	(1,398)	(1,860)
Employee benefits	(5,411)	1,241
Tax payables	7,655	(7,591)
Investment loans – classified as operating activity	(30,262)	45,332
Net cash inflow/(outflow) from operating activities	**72,394**	**(22,994)**

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

31 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities continued

a) Components of cash and cash equivalents

Cash at the end of the financial period as shown in the statement of cash flows is reconciled to the statement of financial position as follows:

	For the year ended 30 June 2024 $'000	For the year ended 30 June 2023 restated[1] $'000
Cash and cash equivalents	194,381	192,369

1. The comparative information is voluntarily restated on account of correction of prior period errors. Refer to Note 33 for further detail.

32 Auditors' remuneration

During the period, the following fees were paid or payable for services provided by KPMG, the auditor of the Group:

	For the year ended 30 June 2024 $'000	For the year ended 30 June 2023 $'000
Audit and review services		
Auditors of the Group – KPMG		
Audit and review of financial report	351	314
Other regulatory services	82	40
Total remuneration for audit and review services	**433**	**354**
Other services		
Auditors of the Group – KPMG		
Tax services	103	177
Advisory services	2	384
Other services	–	–
Total remuneration for other services	**105**	**561**
Total auditors' remuneration	**538**	**915**

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

33 Correction of errors

During 2024, the Group discovered that on adoption of AASB 16 there was an accounting misstatement resulting in the understatement of trade and other payables and understatement of expenses due to the incorrect recognition of lease outgoings. In addition, it was discovered that there was a Deferred Tax Liability relating to the treatment of other co-investments in 2020 that was not accounted for. As a result, the net Deferred Tax Asset was overstated. The misstatements have been corrected by restating each of the affected financial statement lines for prior periods. The following tables summarise the impacts on the Group's consolidated financial statements.

	Impact of correction of error		
Consolidated statement of financial position	As previously reported $'000	Adjustments $'000	As restated $'000
At 1 July 2022			
Deferred tax asset	9,490	(772)	8,718
Other assets	803,274	–	803,274
Total assets	**812,764**	**(772)**	**811,992**
Trade and other payables	11,511	598	12,109
Other liabilities	446,685	–	446,685
Total liabilities	**458,196**	**598**	**458,794**
Retained earnings	12,116	(105)	12,011
Common control reserve	(381,140)	(1,265)	(382,405)
Others	723,592	–	723,592
Total equity	**354,568**	**(1,370)**	**353,198**
At 30 June 2023			
Deferred tax asset	6,571	(772)	5,799
Other assets	733,348	–	733,348
Total assets	**739,919**	**(772)**	**739,147**
Trade and other payables	7,589	797	8,386
Other liabilities	370,272	–	370,272
Total liabilities	**377,861**	**797**	**378,658**
Retained earnings	17,032	(304)	16,728
Common control reserve	(381,140)	(1,265)	(382,405)
Others	726,166	–	726,166
Total equity	**362,058**	**(1,569)**	**360,489**

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

33 Correction of errors continued

	Impact of correction of error		
Consolidated statement of comprehensive income	As previously reported $'000	Adjustments $'000	As restated $'000
For the year ended 30 June 2023			
Other operating expenses	(3,849)	(284)	(4,133)
Profit before income tax	31,832	(284)	31,548
Income tax benefit/(expense)	(9,293)	85	(9,208)
Profit for the period	**22,539**	**(199)**	**22,340**
Total Comprehensive income	**22,539**	**(199)**	**22,340**

There is no material impact on the Group's basic or diluted earnings per share and no impact on the total operating, investing or financing cash flows for the year ended 30 June 2023.

34 Events occurring after the reporting period

The ADIA Options expired unexercised on 1 August 2024.

Subsequent to year end, on 21 August 2024, the Directors declared a fully franked dividend of 5.75 cents per share which amounted to $17,151,967 to be paid on 3 October 2024 with a record date of 12 September 2024.

No significant events have occurred since the reporting period which would impact on the financial position of the Group disclosed in the consolidated statement of financial position as at 30 June 2024 or on the results and cash flows of the Group for the current reporting period ended on that date.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Set out below is a list of entities that are consolidated in this set of Consolidated financial statements at the end of the financial year.

	Body Corporate, partnership or trust	Place incorporated	Australian or foreign resident	Jurisdiction for foreign resident	% of share capital held directly of indirectly by the Group 2024
Qualitas Limited	Company	Australia	Australian	N/A	
Qualitas Investment Unit trust	Trust	Australia	Australian	N/A	100%
Qualitas Investments Pty Ltd	Company	Australia	Australian	N/A	100%
Arch Finance Unit Trust	Trust	Australia	Australian	N/A	100%
Arch Finance Pty Ltd	Company	Australia	Australian	N/A	100%
Arch Finance Warehouse Trust	Trust	Australia	Australian	N/A	100%
Arch Finance Holdings Pty Ltd	Company	Australia	Australian	N/A	100%
QEP DHH Investor B Unit Trust	Trust	Australia	Australian	N/A	100%
QEP DHH Investor B Pty Ltd	Company	Australia	Australian	N/A	100%
QFM Hold Co Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas Funds Management Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas REO Fund Manager Pty Ltd	Company	Australia	Australian	N/A	100%
QREO Fund Manager II Pty Ltd	Company	Australia	Australian	N/A	100%
QREO Nominee Pty Ltd	Company	Australia	Australian	N/A	100%
QREO Fixed Pty Ltd	Company	Australia	Australian	N/A	100%
QREO Fixed A Pty Ltd	Company	Australia	Australian	N/A	100%
QREO Growth Pty Ltd	Company	Australia	Australian	N/A	100%
QREO Growth A Pty Ltd	Company	Australia	Australian	N/A	100%
QREO Growth A II Pty Ltd	Company	Australia	Australian	N/A	100%
QREO Fixed A II Pty Ltd	Company	Australia	Australian	N/A	100%
Peer Estate Administrators Pty Ltd	Company	Australia	Australian	N/A	100%
Peer Estate Pty Ltd	Company	Australia	Australian	N/A	100%
Peer Estate Investor Pty Ltd	Company	Australia	Australian	N/A	100%
Peer Estate IP Pty Ltd	Company	Australia	Australian	N/A	100%
Peer Estate Finance Pty Ltd	Company	Australia	Australian	N/A	100%
Peer Estate Mortgages Pty Ltd	Company	Australia	Australian	N/A	100%
Peer Estate Pool Pty Ltd	Company	Australia	Australian	N/A	100%
QCD Fund Manager Pty Ltd	Company	Australia	Australian	N/A	100%
QCD Fund Pty Ltd	Company	Australia	Australian	N/A	100%
QCRF Runaway Bay Pty Ltd (previously QSD Fund Manager Pty Ltd)	Company	Australia	Australian	N/A	100%
QSD Fund Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas Discretionary Funds Management Pty Ltd	Company	Australia	Australian	N/A	100%
QFI Fund Manager Pty Ltd	Company	Australia	Australian	N/A	100%
QFI Fund Pty Ltd	Company	Australia	Australian	N/A	100%
QFI Property Fund Pty Ltd	Company	Australia	Australian	N/A	100%
QUMF No.1 Pty Ltd	Company	Australia	Australian	N/A	100%
QRI Manager Pty Ltd	Company	Australia	Australian	N/A	100%
QRI Fund Services Pty Ltd	Company	Australia	Australian	N/A	100%
QUMF Fund Manager Pty Ltd	Company	Australia	Australian	N/A	100%
A.C.N. 628 444 888 Pty Ltd (previously QMD Fund Manager Pty Ltd)	Company	Australia	Australian	N/A	100%
QLDF Manager Pty Ltd	Company	Australia	Australian	N/A	0%
QSH No.1 Manager Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas BTR Impact Fund Pty Ltd	Company	Australia	Australian	N/A	100%
A.C.N. 628 444 897 Pty Ltd (previously QMD Fund Pty Ltd)	Company	Australia	Australian	N/A	100%
QUMF Property No. 1 Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas Administrators (NZ) Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas Property Partners Pty Ltd	Company	Australia	Australian	N/A	100%
3 Carrington Road Pty Ltd	Company	Australia	Australian	N/A	100%
3 Carrington Road Unit Trust	Trust	Australia	Australian	N/A	100%
Hollywood Apartments Pty Ltd	Company	Australia	Australian	N/A	100%
QEP Bondi Junction Investor Pty Ltd	Company	Australia	Australian	N/A	0%

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

	Body Corporate, partnership or trust	Place incorporated	Australian or foreign resident	Jurisdiction for foreign resident	% of share capital held directly of indirectly by the Group 2024
QEP Bondi Junction Manager Pty Ltd	Company	Australia	Australian	N/A	0%
QEP Bondi Junction Pty Ltd	Company	Australia	Australian	N/A	0%
QEP DHH Pty Ltd	Company	Australia	Australian	N/A	100%
QEP DHH Unit Trust	Trust	Australia	Australian	N/A	100%
QEP First Mortgage Enhancement Pty Ltd	Company	Australia	Australian	N/A	100%
QEP First Mortgage Enhancement Unit Trust	Trust	Australia	Australian	N/A	100%
QEP Marrickville No.2 Pty Ltd	Company	Australia	Australian	N/A	100%
QEP Marrickville Pty Ltd	Company	Australia	Australian	N/A	100%
QEP Marrickville Unit Trust	Trust	Australia	Australian	N/A	100%
QEP Marrickville Unit Trust No. 2	Trust	Australia	Australian	N/A	100%
QEP Spire Apartments Financier Pty Ltd	Company	Australia	Australian	N/A	0%
QEP Spire Apartments Investor Pty Ltd	Company	Australia	Australian	N/A	0%
QEP Spire Apartments Manager Pty Ltd	Company	Australia	Australian	N/A	0%
QEP Spire Apartments Pty Ltd	Company	Australia	Australian	N/A	0%
QPP Pagewood Pty Ltd	Company	Australia	Australian	N/A	100%
QREF Senior Debt No.17 Pty Ltd	Company	Australia	Australian	N/A	100%
QREF Senior Debt No.19 Pty Ltd	Company	Australia	Australian	N/A	100%
QREF Mezzanine Debt No.20 Pty Ltd	Company	Australia	Australian	N/A	0%
QREF Senior Debt No.23 Pty Ltd	Company	Australia	Australian	N/A	100%
QREF Senior Debt No.25 Pty Ltd	Company	Australia	Australian	N/A	100%
QREF Mezzanine Debt No.26 Pty Ltd	Company	Australia	Australian	N/A	100%
QREF Senior Debt No.27 Pty Ltd	Company	Australia	Australian	N/A	100%
QREF Debt No. 28 Pty Ltd (QLA Manager Pty Ltd repurposed)	Company	Australia	Australian	N/A	100%
QREF Senior Debt No.29 Pty Ltd	Company	Australia	Australian	N/A	100%
QREF Senior Debt No.30 Pty Ltd	Company	Australia	Australian	N/A	100%
QREF Senior Debt No.31 Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas Operations Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas Advisory Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas CDF investor Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas Equity Partners Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas Equity Partners Unit Trust	Trust	Australia	Australian	N/A	100%
Qualitas Agency Services Pty Ltd (Qualitas Management Services repurposed)	Company	Australia	Australian	N/A	100%
Qualitas Real Estate Finance Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas REIT Partners Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas REIT Partners Unit Trust	Trust	Australia	Australian	N/A	100%
Qualitas Securities Pty Ltd	Company	Australia	Australian	N/A	100%
QPP Pagewood Finance Pty Ltd	Company	Australia	Australian	N/A	100%
QUSOF Investor Pty Ltd	Company	Australia	Australian	N/A	100%
QUSOF Investor II Pty Ltd	Company	Australia	Australian	N/A	100%
QUSOF Bridge Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas Bridge Pty Ltd (repurposed from QREOF II Bridge Pty Ltd)	Company	Australia	Australian	N/A	100%
QCRF III Runaway Bay Pty Ltd (repurposed from QREOF II Investor Pty Ltd)	Company	Australia	Australian	N/A	100%
Qualitas Fund Holdings Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas Seniors Housing No.1 Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas Seniors Housing Property No.1 Pty Ltd	Company	Australia	Australian	N/A	100%
QREO Australian Feeder Pty Ltd	Company	Australia	Australian	N/A	100%
QDREF Ormeau Pty Ltd (previously QAMF Wellington Pty Ltd)	Company	Australia	Australian	N/A	100%
QCAB Overflow Pty Ltd	Company	Australia	Australian	N/A	100%
QCD Fund No.2 Pty Ltd	Company	Australia	Australian	N/A	100%
QEP Development Services (Bondi) Pty Ltd	Company	Australia	Australian	N/A	100%
QSH No.1 Burnside Pty Ltd	Company	Australia	Australian	N/A	100%

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

	Body Corporate, partnership or trust	Place incorporated	Australian or foreign resident	Jurisdiction for foreign resident	% of share capital held directly of indirectly by the Group 2024
QSH NO.1 Keilor Pty Ltd	Company	Australia	Australian	N/A	100%
QSH NO.1 Taylors Hill Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas Australia Multifamily Property Fund Pty Ltd	Company	Australia	Australian	N/A	100%
QUMF Borrower Pty Ltd	Company	Australia	Australian	N/A	0%
QUMF Bridge Pty Ltd	Company	Australia	Australian	N/A	0%
QPagewood Pty Ltd	Company	Australia	Australian	N/A	100%
QPagewood Finance Pty Ltd	Company	Australia	Australian	N/A	100%
A.C.N. 629 885 230 Pty Ltd (previously QLDF Pty Ltd)	Company	Australia	Australian	N/A	100%
QREO Holding II Pty Ltd	Company	Australia	Australian	N/A	100%
QREO II Financier Pty Ltd	Company	Australia	Australian	N/A	100%
Q Queens Parade Pty Ltd	Company	Australia	Australian	N/A	100%
Q Beach House Developer Pty Ltd	Company	Australia	Australian	N/A	100%
Q Beach House Nominee Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas Private Income Credit Fund	Trust	Australia	Australian	N/A	51%
Qualitas Tactical Credit Fund	Trust	Australia	Australian	NIA	42%
Q City Road Developer Pty Ltd	Company	Australia	Australian	N/A	100%
Q MS Developer Pty Ltd	Company	Australia	Australian	N/A	100%
Q Queens Parade Developer Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas Co-Investments Pty Ltd	Company	Australia	Australian	N/A	100%
Chauvel Holdings Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas JF Holdings Pty Ltd	Company	Australia	Australian	N/A	100%
Qualitas South Yarra Pty Ltd	Company	Australia	Australian	N/A	100%
Capital Management Australia Pty Ltd	Company	Australia	Australian	N/A	100%
Chauvel Capital Investment Services #2 Pty Ltd	Company	Australia	Australian	N/A	100%
Chauvel Capital Investment Services #3 Pty Ltd	Company	Australia	Australian	N/A	100%
Chauvel Capital Investment Services #4 Pty Ltd	Company	Australia	Australian	N/A	100%
Chauvel Capital Investment Services #5 Pty Ltd	Company	Australia	Australian	N/A	100%
Chauvel Capital Investment Services (Ashgrove) Pty Ltd	Company	Australia	Australian	N/A	100%
Chauvel Capital Investment Services Pty Ltd	Company	Australia	Australian	N/A	100%
Chauvel Capital Partners Funds Management Pty Ltd	Company	Australia	Australian	N/A	100%
Chauvel Capital Partners Pty Ltd	Company	Australia	Australian	N/A	100%
The Capital Management Unit Trust	Trust	Australia	Australian	N/A	100%
Qualitas Diversified Investments Sarl	Company	Luxembourg	Foreign	Luxembourg	100%
Qualitas Sub Del GP LLC	Company	United States	Foreign	United States	100%
Qualitas US Del GP LLC	Company	United States	Foreign	United States	100%
Qualitas US Office Del GP LLC	Company	United States	Foreign	United States	100%
Qualitas Assembly Co-invest Pty Ltd	Company	Australia	Australian	N/A	100%
QREO Growth A III Sub Pty Ltd	Company	Australia	Australian	N/A	100%
Treasury Finance Pty Ltd	Company	Australia	Australian	N/A	100%

Key assumptions and judgements

Determination of tax residency

Section 295 (3A) of the *Corporation Acts 2001* requires that the tax residency of each entity which is included in the Consolidated Entity Disclosure Statement (CEDS) be disclosed. In the context of an entity which was an Australian resident, "Australian resident" has the meaning provided in the *Income Tax Assessment Act 1997*. The determination of tax residency involves judgment as the determination of tax residency is highly fact dependent and there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency. In determining Australian and foreign tax residency status, the consolidated entity has applied current legislation and judicial precedent, including having regard to the Commissioner of Taxation's public guidance in Tax Ruling TR 2018/8. Australian tax law does not contain specific residency tests for trusts. Generally, these entities are taxed on a flow through basis so there is no need for a general residence test. The tax status of trusts has been provided where relevant.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Qualitas Limited:
   a) The consolidated financial report and notes set out on pages 63 to 101 are in accordance with the *Corporations Act 2001*, including:
      i) Giving a true and fair view of the Group's financial position at 30 June 2024 and of its performance for the year ended 30 June 2024;
      ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
      iii) The information contained within the consolidated entity disclosure statement is true and correct as at 30 June 2024; and
   b) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Controller for the period ended 30 June 2024.
3. The Directors draw attention to Note 2 of the consolidated financial report, which includes a statement of compliance with International Financial Reporting Standards.

This declaration is made in accordance with a resolution of the Directors.

Andrew Fairley AM
Chair
Melbourne
21 August 2024

INDEPENDENT AUDITOR'S AUDIT REPORT

to the shareholders of Qualitas Limited

Independent Auditor's Report

To the shareholders of Qualitas Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Qualitas Limited (the Company).

In our opinion, the accompanying Financial Report of the Company gives a true and fair view, including of the ***Group***'s financial position as at 30 June 2024 and of its financial performance for the year then ended, in accordance with the *Corporations Act 2001*, in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2024
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Consolidated entity disclosure statement and accompanying basis of preparation as at 30 June 2024.
- Notes, including material accounting policies
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

KPMG, an Australian partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Liability limited by a scheme approved under Professional Standards Legislation.

INDEPENDENT AUDITOR'S AUDIT REPORT

to the shareholders of Qualitas Limited

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Recognition of performance fee income ($1,029,000) and valuation of accrued performance fees ($36,688,000)

Refer to Note 7a to the Financial Report

The key audit matter	How the matter was addressed in our audit
The Group earns performance fee income from the funds it manages in accordance with investment management agreements, based on the performance obligations by the funds. Recognition of performance fee income and the associated performance fee accrual is a key audit matter due to the following: • the significant audit effort and judgement we have applied in assessing the Group's recognition and measurement of performance fee income and the associated performance fee accrual. Complexity and judgements involved in applying the requirements of AASB 15 *Revenue from Contracts with Customers* include judgements made by the Group in: • Assessing the underlying timing of its performance fee income recognition based on the terms of the investment management agreements, the stage of the investment lifecycle and performance of the underlying Fund. • Estimating the expected value of variable consideration based on fund returns and fund net asset values; and • Determining the amount for which it is highly probable that a significant revenue reversal will not subsequently occur (applying the constraint). • Evaluating the valuation of the associated performance fee accrual In assessing this key audit matter, we involved senior audit team members who understand the Group's business, industry and economic environment it operates in.	Our procedures included: • Obtaining an understanding of the performance fee income recognition process and key controls. • Evaluating the Group's accounting policies for revenue recognition in relation to performance fee income against the requirements of AASB 15 and our understanding of the business. • Reading the relevant investment management agreements to understand the key terms of the arrangements and the performance obligations. • Assessing the Group's judgements in relation to the timing of revenue recognised. This included assessment of which funds the Group had recognised performance fees from, based on the stage of the investment lifecycle, expected termination and the performance to date of the underlying fund. Our assessment was based on our procedures on the underlying Funds. • Re-calculating a sample of the estimated expected value of variable consideration in accordance with the relevant investment management agreements, including testing a sample of inputs such as fund returns and fund net asset values to underlying Fund source documentation. • Challenged management's judgements in determining the portion of revenue constraint applied to the expected value of variable consideration. This included performing probability weighted scenario and sensitivity analysis over variable consideration and developing a reasonable possible range to compare against the variable consideration recognised.

INDEPENDENT AUDITOR'S AUDIT REPORT

to the shareholders of Qualitas Limited

	• We assessed the appropriateness of the carrying amount of the related performance accrual, taking into consideration the procedures noted above. • We assessed the appropriateness of the Group's disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

Other Information

Other Information is financial and non-financial information in Qualitas Limited's annual report which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report. The Chairman and Managing Director Letter, Company Overview, Strategy, People and Environmental, Social and Governance Report, Corporate Governance Statement, Shareholder information and Company Directory are made available to us after the date of the auditor's report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report in accordance with the Corporations Act, including giving a true and fair view of the financial position and performance of the Group, and in compliance with *Australian Accounting Standards* and the *Corporations Regulations 2001*
- implementing necessary internal control to enable the preparation of a Financial Report in accordance with the Corporations Act, including giving a true and fair view of the financial position and performance of the Group, and that is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S AUDIT REPORT

to the shareholders of Qualitas Limited

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Qualitas Limited for the year ended 30 June 2024, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 12 to 22 of the Directors' report for the year ended 30 June 2024.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Maria Trinci

Maria Trinci
Partner

Melbourne
21 August 2024

SHAREHOLDER INFORMATION

Information contained in this section is valid as of 23 October 2024, unless otherwise stated.

Qualitas is listed on the Australian Securities Exchange (ASX) under the ASX Listing Code: QAL.

VOTING RIGHTS

Shareholders in Qualitas Limited are entitled to one vote for each share they hold in the Company.

NUMBER OF HOLDERS OF EQUITY SECURITIES

Contributed equity

298,295,084 fully paid shares are held by 1,042 individual security holders.

SHAREHOLDERS

Substantial holders	Number of Shares
QPP Holdings Pty Ltd[1]; Andrew Schwartz[2]	71,125,150
Redrocks ACS Pty Ltd[6]	66,830,066
Qualitas Limited[3]	52,400,214
Quest Asset Partners Pty Ltd[4]	16,516,053
River Capital Pty Ltd[5]	15,927,366

SHAREHOLDERS

Range	Securities	%	No. of holders	%
100,001 and Over	282,115,602	94.58	70	6.72
10,001 to 100,000	14,128,545	4.74	438	42.03
5,001 to 10,000	1,345,473	0.45	163	15.64
1,001 to 5,000	638,285	0.21	222	21.31
1 to 1,000	67,179	0.02	149	14.30
Total	**298,295,084**	**100.00**	**1,042**	**100.00**

The number of security investors holding less than a marketable parcel of 191 securities ($2.630 on 23/10/2024) is 31 and they hold 1201 securities.

1. Indirect holding of Andrew Schwartz, Group Managing Director of the Company.
2. Refer to 'Notice of change of interests of substantial holder' of 11 December 2023.
3. The Company has a deemed relevant interest in its own Shares under section 608(1)(c) of the Corporations Act by virtue of the restriction on the disposal of Shares under the voluntary escrow deeds entered into with each of the shareholders disclosed in section 7.7 of the Company's Prospectus dated 29 November 2021, and in the notices to the ASX on 22 December 2021 and 18 December 2023. The Company has no right to acquire these Shares or to exercise, or control the exercise of, a right to vote attached to these Shares.
4. Refer to 'Becoming a substantial holder' notice of 23 July 2024.
5. Refer to 'Becoming a substantial holder' of 22 July 2024.
6. Note entity name change to Redrocks ACS Pty Ltd.

TOP 20 HOLDERS

Rank	Name	A/C designation	23 Oct 2024	%IC
1	REDROCKS ACS PTY LTD	REDROCKS ACS	66,830,066	22.40
1	QPP HOLDINGS PTY LTD	<QUALITAS HOLDINGS (AJS) TRUST A/C>	66,830,066	22.40
2	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED		33,345,495	11.18
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED		27,489,986	9.22
4	CITICORP NOMINEES PTY LIMITED		16,447,824	5.51
5	JURRAH INVESTMENTS PTY LTD	<RM DAVIS INVESTMENT TRUST A/C>	10,102,242	3.39
6	BNP PARIBAS NOMINEES PTY LTD	<AGENCY LENDING A/C>	9,113,843	3.06
7	IBROX CAPITAL MANAGEMENT PTY LTD	<IBROX INVESTMENTS QUALITAS DISCRETIONARY TRUST A/C>	7,770,927	2.61
8	NETWEALTH INVESTMENTS LIMITED	<WRAP SERVICES A/C>	7,373,021	2.47
9	PACIFIC CUSTODIANS PTY LIMITED	QAL EMP SUB REGISTER	4,699,732	1.58
10	VENTI SEVEN PTY LTD		3,946,709	1.32
11	HHV INVESTMENTS PTY LTD	<HHV ESOP TRUST A/C>	3,885,474	1.30
12	UBS NOMINEES PTY LTD		2,882,707	0.97
13	NETWEALTH INVESTMENTS LIMITED	<SUPER SERVICES A/C>	2,748,825	0.92
14	MRS SAU HAN ALICE PHILLIPS		2,341,899	0.79
15	MELTIM HOLDINGS PTY LTD	<MELTIM FAMILY TRUST A/C>	1,569,873	0.53
16	NATIONAL NOMINEES LIMITED		910,290	0.31
17	NEWECONOMY COM AU NOMINEES PTY LIMITED	<900 ACCOUNT>	884,311	0.30
18	PACIFIC CUSTODIANS PTY LIMITED	EMPLOYEE SHARE TST	814,993	0.27
19	BNP PARIBAS NOMINEES PTY LTD	<HUB24 CUSTODIAL SERV LTD>	736,257	0.25
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2		601,772	0.20
Total			**271,326,312**	**90.96**
Balance of register			**26,968,772**	**9.04**
Grand total			**298,295,084**	**100.00**

OPTIONS ON ISSUE

There are:

- 817,299 unquoted options on issue expiring 8 March 2033 with an exercise price of $2.75 and an expiry date of 8 March 2033, across 12 holders; and
- 1,400,000 unquoted options on issue expiring 6 November 2033 with an exercise price of $2.31 and an expiry date of 6 November 2033, across 16 holders.

Issued to certain employees under the Company's Employee Equity Plan[1].

PERFORMANCE RIGHTS ON ISSUE

There are 3,176,433 unquoted performance share rights on issue, across 36 holders, under the Company's Employee Equity Plan.

ESCROW SHARES

Security description	Current issued capital
Voluntary Escrow[2] until 5 years from Listing Date (16 December 2026 inclusive)	52,400,214
Employee Escrow[3] until 3 years from Listing Date (16 December 2024 inclusive)	883,496
Employee Escrow[3] until 5 years from Listing Date (16 December 2026 inclusive)	883,496
Total	**54,167,206**

ISSUE OF SECURITIES

The Company issued 2,279,031 Ordinary Fully Paid securities on 8 December 2023 under the Company's Long Term Incentive Loan Share Plan to the Group Managing Director. The issue price per security was $2.157. The issue was approved by shareholders at the Company's Annual General Meeting held 24 November 2023. Further information can be found in the 2023 Notice of Meeting.

ON-MARKET PURCHASES

20,588 ordinary shares were purchased on-market by the Company, for an average price of $2.386576 on 10 September 2024, for the period to satisfy the director allocation as described on page 52 of the Company's 2024 Remuneration Report.

1. Refer to the plan released to the ASX on 15 December 2021.
2. As outlined in section 7.7 of the Company's Prospectus dated 29 November 2021, noting QAL ASX release dated 23 October 2024 regarding upcoming release of a portion of voluntary escrow shares.
3. As outlined in section 4.6.5 of the Company's Prospectus dated 29 November 2021, noting 1,244,360 shares have since been forfeited.

FUND KEY AND GLOSSARY

LISTED ENTITY

ASX: QAL	Qualitas Limited

LISTED FUND

ASX: QRI	Qualitas Real Estate Income Fund

UNLISTED FUNDS

QSDF	Senior Debt Fund
QCDF	Construction Debt Fund
QCDFII	Construction Debt Fund II
QDCI	Diversified Credit Investments
QDREF	Diversified Real Estate Fund
QFIF	Food Infrastructure Fund
QLCDF	Low Carbon Debt Fund
QPICF	Private Income Credit Fund
QREOFI	Real Estate Opportunity Fund 1
QREOFII	Real Estate Opportunity Fund 2
QREOFIII	Real Estate Opportunity Fund 3
QSDEF	Senior Debt Enhanced Fund
Senior Debt SMA	Senior Debt separately managed account
QTCF	Tactical Credit Fund

GLOSSARY

ADI	Authorised deposit-taking institution
ADIA	Abu Dhabi Investment Authority
ASX	Australian Securities Exchange
BTR	Build-to-rent
CAGR	Compound annual growth rate
CRE	Commercial real estate
Deployed Capital	Capital committed on investments
EBITDA	Earnings before interest tax depreciation & amortisation
ESG	Environmental, Social and Governance
FM	Funds Management
FUM	Funds under management represented by committed capital from investors with signed investor agreements
GAV	Gross Asset Value
Invested FUM	FUM that is currently deployed. This includes capital drawn for equity funds and funds drawn on live deals/loans less repayments for credit funds
IPO	Initial Public Offering
LIT	Listed Investment Trust
MREIT	Mortgage Real Estate Investment Trust
RAP	Reconciliation Action Plan
Total return credit	Construction and opportunistic credit
WALE	Weighted average lease expiry

COMPANY DIRECTORY

QUALITAS LIMITED

REGISTERED OFFICE

Qualitas Limited (Registered Office)
Level 38, 120 Collins Street Melbourne
Victoria 3000, Australia
Telephone: +61 3 9612 3900
www.qualitas.com.au
investor.relations@qualitas.com.au

Securities Exchange Listing
Qualitas (QAL) is listed on the Australian Securities Exchange (ASX)
ASX code: QAL

BOARD OF DIRECTORS

Andrew Fairley AM
Independent Non-Executive Chairman

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

Mary Ploughman
Independent Non-Executive Director

Michael Schoenfeld
Independent Non-Executive Director (retired 30 June 2024)

JoAnne Stephenson
Independent Non-Executive Director

Brian Delaney
Non-Independent Non-Executive Director (retired 23 October 2024)

Darren Steinberg
Independent Non-Executive Director (from 1 October 2024)

COMPANY SECRETARY

Terrie Morgan

SHARE REGISTRY

Australia
Link Market Services
Level 12, 680 George Street
Sydney NSW 2000
Telephone: 1300 554 474 (within Australia)
+61 2 8280 7100 (outside Australia)

QUALITAS CONTACT

Telephone: 1800 628 703 (within Australia)
Email: qualitas@linkmarketservices.com.au

AUDITOR

KPMG
Level 38 Tower Three
300 Barangaroo Avenue
Sydney NSW 2000

Disclaimer

This Annual Report contains general information only and does not consider your investment objectives, financial situation or needs. Qualitas Limited (ACN 655 057 855) (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 considers your personal circumstances, you should consult a licensed or authorised financial adviser. Past performance is not a reliable indicator of future performance.

QUALITAS