

ASX Announcement

Qualitas Limited (ASX: QAL)

27 November 2024

Deconsolidation of Arch Finance Warehouse Trust Due To Amendment in Management Terms

Qualitas Limited (ASX: QAL) (**Qualitas**, or **Company**) today announces amendments of management terms (**Amendments**) in respect of the Arch Finance Warehouse Trust (**AFWT**). This has resulted in changes in accounting treatment of the AFWT in Qualitas' statutory financial statements going forward.

The AFWT is a special purpose warehouse lending trust that is managed by Arch Finance, Qualitas' direct lending segment that provides first mortgage commercial real estate loans up to \$20 million. The AFWT houses the majority of the loan portfolio that is originated, underwritten and managed by Arch Finance.

The Amendments do not result in any change in the economic relationship between AFWT and Arch Finance. Qualitas does not anticipate any practical changes to the operation or strategy of the AFWT. Post implementation of the Amendments, assets and liabilities of AFWT will no longer be recognised on Qualitas' Consolidated Statement of Financial Position. There is no material change to the net income contribution of Arch Finance to Qualitas' earnings.

The Amendments will be effective as at 29 November 2024 and reflected in Qualitas' Interim Report for the Half-Year ending 31 December 2024 (**1H25**). To assist investors in advance of this 1H25 release, for illustrative purposes, Qualitas management provides an un-audited proforma Group Statement of Financial Position as at 30 June 2024, representing the accounting changes driven by the Amendments as if they had occurred on 30 June 2024.

Consolidated statement of financial position As at 30 June 2024	Audited 2024 Statutory accounts \$'000	Un-audited de-consolidation adjustments \$'000	Un-audited pro-forma Balance sheet as at 30 June 2024 \$'000
Assets			
Cash and cash equivalents	194,381	(1,962)	192,419
Trade and other receivables	33,089	(1,759)	31,330
Prepayments	1,231	-	1,231
Loans	14,238	-	14,238
Accrued performance fees	36,688	-	36,688
Intangible asset	1,146	-	1,146
Right-of-use assets	3,035	-	3,035
Property, plant and equipment	795	-	795
Deferred tax asset	8,195	-	8,195
Investments	106,732	22,778	129,510
Investments accounted investees	3,696	-	3,696
Inventories	25,473	-	25,473
Mortgage loans	276,490	(276,490)	-
Intangible asset - Capitalised contract costs	2,943	-	2,943
Total assets	708,132	(257,433)	450,699
		-	
Liabilities			
Trade and other payables	23,108	(2,635)	20,473
Deferred income	3,078	(1,070)	2,008
Employee benefits – accrued incentives	16,469	-	16,469
Employee benefits – accrued annual leave and long service leave	3,173	-	3,173
Lease liability	3,154	-	3,154
Loans and borrowings	292,138	(253,712)	38,426
Total liabilities	341,120	(257,417)	83,703
		-	
NET ASSETS	367,012	(16)	366,996
		-	
Equity			
Issued capital	725,135	-	725,135
Retained earnings	20,013	(16)	19,997
Share Based Payments Reserve	4,269	-	4,269
Common Control Reserve	(382,405)	-	(382,405)
Total equity attributable to equity holders	367,012	(16)	366,996
		-	
TOTAL EQUITY	367,012	(16)	366,996

Authorised for release by the Board of Directors of the Company.

For more information, please contact:

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About Qualitas

Qualitas Limited ACN 655 057 588 (**Qualitas**) is an ASX-listed Australian alternative real estate investment manager with approximately \$8.9 billion¹ 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 billion¹ 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

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¹ As at 30 June 2024.