

ASX Announcement

Qualitas Limited (ASX: QAL)

22 August 2023

Qualitas secures additional A\$700 million commitment from ADIA; conditions met to exercise options to acquire Qualitas shares

Key Highlights

- Qualitas secures additional A\$700 million from a wholly owned subsidiary of the Abu Dhabi Investment Authority (ADIA) for the existing Qualitas Diversified Credit Investments (QDCI)
- The additional commitment brings QDCI's committed capital to A\$1.45 billion and Qualitas' total funds under management (FUM)¹ to A\$7.5 billion²
 - c. 80% FUM growth from IPO in December 2021³
- The initial tranche of options issued by Qualitas to ADIA on 1 August 2022 are now exercisable at a strike price based on volume weighted average issue price of Qualitas shares, currently at A\$2.50 per share⁴

Qualitas Limited (ASX: QAL) (**Qualitas** or **Company**), a leading Australian alternative real estate investment manager, has secured a second commitment of A\$700 million from a wholly owned subsidiary of ADIA.

ADIA will now invest a total of A\$1.4 billion in QDCI, following its initial A\$700 million investment in August 2022 that led to the establishment of QDCI. The additional commitment brings Qualitas' total FUM to A\$7.5 billion of which 78% (A\$5.8 billion) is in private credit and 81% is invested on behalf of institutional investors².

Qualitas co-investment in QDCI has increased from A\$35 million to A\$50 million⁵.

Initial tranche of options now exercisable

In August 2022, Qualitas granted options to ADIA under which ADIA may acquire up to 32,630,374 new ordinary shares. This new mandate means ADIA can exercise its options to acquire an initial tranche of 22,841,263 ordinary shares at a strike price currently at A\$2.50 per share⁴ until the options expiry date of 1 August 2024.

ADIA holds options for the issue of three additional tranches. Each tranche of options has 3,263,037 ordinary shares in Qualitas with the same expiry date as the initial tranche options.

¹ FUM represents committed capital from investors with signed investor agreements.

² FUM metrics as at 31 March 2023 and adjusted for the active component of the A\$1 billion credit mandate announced on the 8 May 2023, increased A\$750 million commitment in QCDF II and additional A\$700 million from ADIA (the subject of this announcement).

³ Based on FUM of A\$4.2 billion as 31 October 2021 as per the Prospectus.

⁴ Options strike price is the volume weighted average price of shares issued since the IPO of Qualitas. Hence it is subject to future issuances of Qualitas shares. The current strike price of A\$2.50 includes the issue of 2,016,053 Loan Shares on 6 December 2022.

⁵ Representing 3.6% co-investment.

Each tranche is exercisable upon financial close of A\$100 million additional commitments under Qualifying Mandates⁶.

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

“A repeat commitment at this scale from a long-term strategic investor such as ADIA is a strong endorsement of Qualitas’ funds management platform, growth potential, as well as our track record and experience through multiple cycles in the highly specialised Commercial Real Estate (CRE) sector.

We have demonstrated rapid and consistent growth since our IPO in December 2021 growing FUM by c.80%³ despite this being one of the most dynamic macroeconomic environments we have experienced in our 15-year history. We have continued to execute on our growth initiatives, attracting larger mandates from investors and deploying into larger investments with a continued focus on sponsor⁷ quality.

Since the financial year ended on 30 June 2023, we have raised A\$1.45 billion incremental capital in the Australian CRE private credit sector. This represents strong evidence of conviction in the sector from global institutional investors. Qualitas’ CRE private credit funds are delivering returns exceeding inflation on a compounding basis with downside protection.

With the announcement of this mandate, Qualitas has A\$2.3 billion² dry power ready to be deployed into the Australian CRE sector to take advantage of further dislocation in the financing market, as traditional financiers appear to continue to retreat, particularly in the residential and development sectors.”

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

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⁶ Qualifying Mandate means a separately managed accounts from ADIA or investment (including by way of a loan) in a fund or investment vehicle by ADIA which is managed by Qualitas or a company which Qualitas has an ownership interest in which has discretion to make private real estate credit or equity investments.

⁷ Borrowers at Qualitas, typically referring to developers and financial investors.

About Qualitas

Qualitas Limited ACN 655 057 588 (**Qualitas**) is an ASX-listed Australian alternative real estate investment manager with approximately A\$7.5 billion² 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 15 years Qualitas has been investing through market cycles to finance assets with a combined value of over A\$19 billion⁸ 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 of more than 80 professionals provides a unique offering in the market to accelerate business growth and drive performance for shareholders.

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⁸ As at 31 December 2022