

**30 November**

**ASX Code QSS**

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**ASX ANNOUNCEMENT - CHAIRMAN'S ADDRESS TO SHAREHOLDERS AT THE  
ANNUAL GENERAL MEETING HELD 30<sup>TH</sup> NOVEMBER 2009 AT 3:30PM (AWST)**



## AGM - Agenda



- AGM Open
- Chairman's Address
- General Business
- Questions
- Close

### CHAIRMAN'S ADDRESS AND PRESENTATION

I am now pleased to present to you today, the Chairman's address to the shareholders of Questus Limited.

The financial year ended 30 June 2009 was a difficult year for most sectors of the world as the fall-out from the Global Financial Crisis reverberated throughout many industries, but particularly the financial sector.

## Current Market & Conditions



- Challenging year for most funds management and investment groups
- Interest rate pressure headed northwards
- Banks maintaining tight credit policy
- Lack of retail funds in the marketplace

Many firms in the funds management sector have encountered difficult times and some have been decimated.

Questus is pleased to have been able to adapt and diversify its activities through this period, to not only survive, but to create a new product and business opportunity which will see the company succeed and prosper from its existing products and new products both today and in to the future.

**Financial Performance 2009**

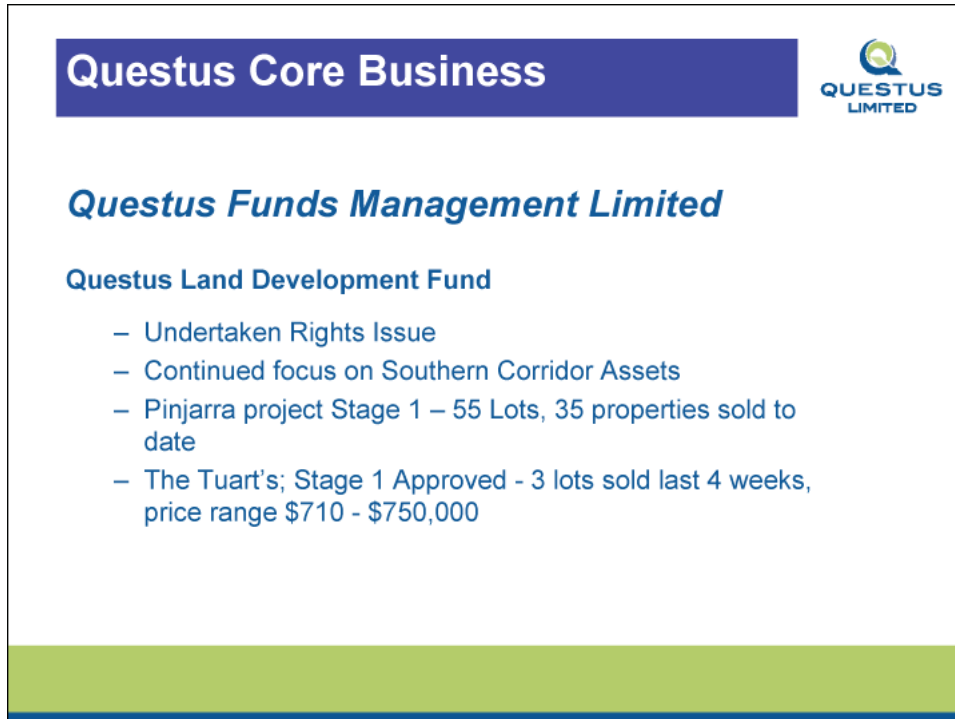
The consolidated income statement for the company for the year ended 30 June 2009 shows a net profit after tax of \$437,789, however this profit figure is not reflective of the operational performance of the company as it reflects an Income Tax Benefit of \$772,757. The loss before income tax for the company was \$334,968, which compares to a profit in 2008 of \$814,191.

| Financial Position        |  |  |
|---------------------------|--|---|
| FY 2009 Results           |  |   |
| • Net Profit after Tax    |  | \$437,789   |
| • Less Income Tax Benefit |  | \$772,757   |
| • Operating Loss          |  | (\$334,968)   |
| FY 2008 Result            |  |   |
| • Net Profit after Tax    |  | \$814,191   |

The Board of Questus Limited acknowledge that the performance of the company is reflective of the industry and the impacts of the Global Financial Crisis. However the company has positioned itself well by developing new products and enhancing its current offerings in line with the present economic climate.

## Questus Core Business

Questus continues to maintain its core focus of the business of Funds Management.



The slide features a blue header bar with the text "Questus Core Business" in white. To the right of the header is the Questus Limited logo, which consists of a stylized 'Q' icon above the words "QUESTUS LIMITED". Below the header, the text "Questus Funds Management Limited" is displayed in a blue, italicized font. Underneath, the section "Questus Land Development Fund" is introduced in blue. A bulleted list follows, detailing the fund's activities: a rights issue, focus on Southern Corridor Assets, the Pinjarra project Stage 1 (55 lots, 35 sold), and the Tuart's Stage 1 (3 lots sold, price range \$710 - \$750,000). The slide concludes with a green horizontal bar at the bottom.

**Questus Core Business**

**QUESTUS LIMITED**

***Questus Funds Management Limited***

**Questus Land Development Fund**

- Undertaken Rights Issue
- Continued focus on Southern Corridor Assets
- Pinjarra project Stage 1 – 55 Lots, 35 properties sold to date
- The Tuart's; Stage 1 Approved - 3 lots sold last 4 weeks, price range \$710 - \$750,000

### **Questus Land Development Fund**

- Undertaken a Rights Issue and placement
- Capital contributed - \$3.15 million
- Remains focussed on Southern Corridor Assets
- Sales of 35 properties in Pinjarra site
- Sales of 3 sites for Tuart rise over last four weeks

# Pinjarra Springs Estate



# Pinjarra Springs Estate



## QLDF – The Tuart's



## QLDF – Karnup Estate



## Questus Core Business (cont.)



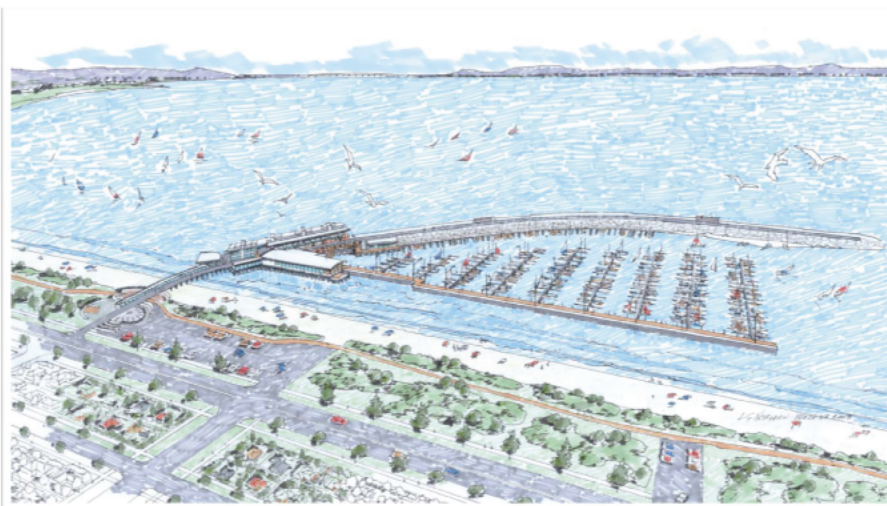
### Questus Waterfront Property Trust (QWPT)

- Acquired 7% stake in the Port Rockingham Marina Project (PRM)
- PRM recently received EPA Approval
- 500 Boat Pens
- 4,200 Sqm On water Commercial & Retail
- Questus Capital Solutions raised \$3.0M via a convertible note for PRM (convertible to units in the QWPT).

### Questus Waterfront Property Trust

- Acquired 7 % interest in the Rockingham Marina site
- Raised \$3.0 million under a Convertible Note for the Rockingham Marina site


## QWPT – Port Rockingham Marina



## Questus Warrants

- With commercial interest rates now moving back into normal rates
- Property becoming attractive as an investment class
- Confidence returning to the SMSF sector
- Questus are expecting a return to this investment sector going forward.

### Questus Core Business (cont.)



#### Questus Super Warrants

- Commercial interest rates back to competitive levels
- Property attractive as investment class
- Return in confidence to SMSF sector
- Anticipated increase in activity in this sector going forward

## Creation of Questus Residential Investment Fund

As advised at our AGM last year, Questus was at that time instigating this new fund to participate in the Federal Government's National Rental Affordability Scheme. As has been reported Questus was successful in achieving entitlements in Round 1 to develop 176 properties in WA, at a value of some \$54 million.



## Questus Core Business (cont.)



### Questus Residential Investment Fund

- Participates in the Federal Governments National Rental Affordability Scheme (NRAS)
- New Class of Tax Effective investment for residential property
- Created through Min \$8,672 per annum in tax free incentives per dwelling.
- NRAS incentives available to an investor for 10 years
- Creates a cashflow positive tax effective investment

The NRAS was established by the Federal Government to create an incentive to encourage investment into the affordable housing sector. This should be clearly differentiated from the Fiscal Stimulus incentive focussed on generating 20,000 social housing properties across Australia. The NRAS seeks to provide incentives to owners and developers to build 50,000 new affordable dwellings by 2012, to address the shortfall of affordable rental accommodation to “Key Workers”.

## Questus Core Business (cont.)



### Questus Residential Investment Fund (cont.)

- Achieved 176 NRAS Round 1 Properties
- Value of approx \$54 Million
- 35 NRAS Properties in Pinjarra sold
- 92 Niche Living properties sold
- Engaged with Strategic Partners for Rounds 2 and 3 across NSW, QLD, Victoria and Tasmania
- Targeting in excess of 5,000 NRAS properties for Round 3

Questus have now developed 35 NRAS properties on the Questus Land Development Fund site in Pinjarra WA. This is an example of how Questus sees the opportunity for NRAS to work in participation with development opportunities across Australia.

Questus is now working together with strategic partners within Rounds 2 and 3 of NRAS for properties to be developed across New South Wales, Queensland, Victoria, and Tasmania.

### **Acquisition of Interest in DNA NRAS Limited**

As advised in our ASX announcement on 30 November 2009, Questus has entered into a Heads of Agreement with the Queensland and New South Wales based DNA NRAS Limited, a successful applicant under Rounds 1 and 2 of NRAS.

## NRAS – Opportunity



- DNA NRAS Limited successful in Rounds 1 & 2 of NRAS in QLD and NSW
- DNA comprises a number of entities that have come together to deliver NRAS through a strong institutional platform.
- DNA is an 'NRAS Approved Participant' and is a not for profit established to deliver NRAS Properties across the country.

## Strategic Acquisition



- Questus has entered HOA to acquire a 50% interest in DNA NRAS Limited for \$2.0M
- Consideration - \$1.0M cash and upon receipt 1,000 NRAS entitlements in Round 3 – 10 Million shares in Questus at a deemed issue price of 15c.
- The combined resources of Questus and DNA will create the largest supplier and manager of NRAS properties in Australia

DNA NRAS Limited is a contributing partner of the DNA Partnership Group, which comprises a number of entities including the Queensland Affordable Housing Consortium, a registered “not for profit” affordable housing provider, and DNA Mutual Limited, a “not for profit” mutual company established with the objective of creating and facilitating affordable housing across Australia.

Under the Heads of Agreement, Questus is seeking acquire a 50% interest in DNA NRAS Limited, for a consideration of \$1.0 million in cash and 10 million shares in Questus at a deemed price of 15 cents per share.

The respective Boards of Questus and DNA NRAS Limited are extremely excited about the prospects of the combination of entities. Each entity has established a strong combination of strategic partners across Australia, in both the private sector and the “not for profit housing sector”.

The combined group will seek to co-ordinate these strategic partners together with developers and builders to provide a corporate and institutional solution and investment into the affordable housing sector, to meet the Federal Government objective of introducing new equity by the creation of a new asset class.

### **Rights Issue**

On 30 November 2009, prior to the AGM Questus has announced a One for One Non-Renounceable Entitlement at an issue price of \$0.10 per New Share.

The Rights Issue comprises an offer of fully paid shares to existing shareholders at the record date of 7 December 2009. Under the Rights Issue, Questus will issue approximately 36 million shares to raise \$3.6 million.

## Capital Raising - Rights Issue



- The board has agreed to undertake a 1:1 Non Renounceable Rights Issue to raise approx \$3.6M at \$0.10 share.
- Capital raised will be directed to;

|  |               |
|--|---------------|
| – Acquisition of DNA NRAS Ltd                    | \$1.0M        |
| – Property Investments and on Balance Sheet JV's | \$2.0M        |
| – Working Capital                                | \$0.3M        |
| – Costs of the Offer                             | \$0.3M        |
| <b>Total Funds Raised</b>                        | <b>\$3.6M</b> |

The capital raised under this rights issue will be applied to:

|   |                       |
|---|-----------------------|
| 1. The acquisition of shares in DNA NRAS Limited    | \$ 1.0 million        |
| 2. On Balance Sheet strategic property acquisitions | \$ 2.0 million        |
| 3. Working Capital                                  | \$ 0.3 million        |
| 4. Costs of Issue                                   | <u>\$ 0.3 million</u> |
| Total   | <u>\$ 3.6 million</u> |

### The Future

Questus is extremely excited by the new prospects available to the company which will be facilitated by the opportunities arising from the capital raised under the Rights Issue.

The acquisition of equity in DNA NRAS Limited has combined the philosophical and corporate advantages of the respective parties and seeks to make a significant difference to the affordable housing sector and NRAS in particular.

Together with the DNA Partnership Group, Questus is eager to work on a proposed joint development with DNA NRAS Limited of an Institutional Investment model for NRAS, to participate in the Round 3 call for applications for 39,000 NRAS properties across Australia.

## 2010 – The Future



- New prospects created by capital raised from the Rights Issue;
- On balance sheet property investment, joint ventures and developments backed by NRAS
- Acquisition of equity in DNA NRAS Limited combining the philosophical advantages and corporate resources of the respective entities.
- Establishment of a joint institutional and investment model to participate in NRAS.
- Targeting a combined NRAS application of 15,000 properties across Australia,

### Closing

In closing, I would firstly like to thank my fellow Directors, Rob Olde and Jamie Kelly for their untiring and extraordinary efforts, together with all the staff of the company who have worked above and beyond the call of duty in these difficult times, and all shareholders for their continued support.

