

**CHAIRMAN'S SCRIPT
QUESTUS LIMITED
GENERAL MEETING 10:00AM, 26 OCTOBER 2012**

Chairman's Address and Presentation

I am pleased to present to the Shareholders of Questus Limited, the resolutions for the recapitalisation of the company as per the Notice of Meeting and Independent Expert Report provided.

I propose to explain the history to the transaction, the voluntary suspension of the company, the recapitalisation process and to introduce our new equity partner, Crest Capital Asia Pte Limited, and finally to discuss the future for Questus going forward.

History

Questus Limited is the 100% owner of Questus Funds Management Limited, an ASIC licensed responsible entity. Questus Funds Management Limited is the responsible entity for the Questus Land Development Fund (land fund), which was established as a land bank in 2005. The fund is independently owned by over 300 private investors.

As has been widely reported, the Global Financial Crisis has seen a major retraction of lending in the development sector coupled with a downward revaluation of property. A significant number of projects in the Perth Southern Corridor have had banks withdraw their lending upon expiry of facilities. The Questus Land Development fund also saw receivers appointed over its land assets.

Under the terms of the loan facilities, Questus Limited had previously provided a parent company guarantee, and indemnity to the Bank of Queensland, on subsidiary companies owned by the Questus Land Development Fund.

In February 2012 the Bank of Queensland (BOQ) issued a statutory demand against the parent company, Questus Limited, for \$13.5 million, whilst the assets were still held in the Land Fund and receivers were seeking to liquidate those assets, BOQ determined they would pursue the Questus Limited parent company guarantee.

Suspension

At that time Questus Limited requested a voluntary suspension on its shares, and then sought all avenues to address this statutory demand including negotiating refinancing and finally seeking to recapitalise the company.

In order to clear the pathway for a recapitalisation transaction the Board agreed to write off over \$4 million dollars on related activities to the land fund as disclosed in the December

2011 accounts. Whilst these have been written off, the directors will still work to recover the amounts subject to resolution of the Land Fund, and its underlying assets.

Recapitalisation

The Board of Questus sought to recapitalise as the only viable option remaining to be able to meet the BOQ demand. Noting that the statutory demand was issued with a 21day requirement for payments the Company sought to firstly defend that position and extend those timeframes, whilst it sought to undertake the recapitalisation.

The Board considered three options with individual parties that were known to the Company, who have previously or currently expressed an interest in participating in Questus, with the knowledge of its underlying capacity and interest in the National Rental Affordability Scheme (NRAS).

Crest Capital Asia Pte Ltd

After due consideration and due diligence the Board elected to enter into a heads of agreement with Crest Capital Asia Pte Ltd. Crest Capital are a Singapore based funds Management Company, with Australian investments in retirement housing and NRAS development sectors.

Crest Capital are a substantial private equity investor with over US \$1 billion in funds under management with offices also in Jakarta and Beijing.

The proposed recapitalisation will see Crest Capital acquire a 51% interest in the Company in consideration for the provision of the following:

- \$10 million working capital facility,
- \$20 million development loan facility for the development of NRAS properties and,
- \$100 million Property Acquisition Funding facility for the acquisition of completed property associated with NRAS.

This proposed transaction has enabled the settlement of the statutory demand for BOQ and to enable the company to continue to engage in its economic activities and to achieve profitability.

Independent Expert Report

The Independent Expert Report prepared by RSM Bird Cameron has determined that the proposed transaction is NOT FAIR BUT REASONABLE to Shareholders, and the Independent Expert Report has valued shares in Questus on a post transaction to existing shareholders in the range of 34 to 36 cents.

This recapitalisation provides the capacity for Questus to focus on the delivery of NRAS property across Australia, which has become its core business activity over the last three years, now being the largest NRAS Approved Applicant holding over 4000 NRAS allocations for delivery of properties Across Australia, including:

- WA Metro 681
- WA North West 1,578
- QLD 1,427
- NSW 225
- SA 286

These entitlements are to be delivered in consortium with our development partners, and community housing groups, who undertake the ongoing management of the properties for a 10 year period from completion.

In addition, funding provided by Crest Capital has enabled opportunities for Questus to create development profits, which was an avenue not previously available to the Company.

The objective of Questus has always been to build an institutional strength investment vehicle to participate in Federal and State Government initiative and incentive to fill the growing demand for affordable housing across Australia. With the participation of Crest Capital the company has allocated \$100 million to seed fund the acquisition portfolio, with aspirations to grow the fund in excess of \$1 billion.

In conclusion, I advise that the Board of Questus are in total support of the proposed resolutions and encourage you to consider those resolutions favourably.

This concludes the Chairman's address

About Questus Limited

Questus Limited (QSS) is an Australian Securities Exchange listed Western Australian based funds and investment company.

Questus Limited is focused on providing innovative investment solutions for a range of investment funds, property based trusts, syndicates, super fund property warrants and capital structuring services.

Questus was founded in 2003 and brings a wealth of experience and an established reputation in developing innovative and boutique investment products for the wholesale and retail investment markets.

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