



**QUALITAS**

# Modern Slavery Statement

Qualitas Limited

# Modern Slavery Statement

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## 1 Introduction

This modern slavery statement has been made by Qualitas Limited ACN 655 057 588 (“Qualitas”, “we”), for the financial year ending 30 June 2024.

Qualitas is not a reporting entity under the *Modern Slavery Act 2018* (Cth). Nevertheless, Qualitas has chosen to prepare a statement to demonstrate our commitment to addressing the risks of modern slavery, as well as identifying further areas to improve our due diligence processes and drive our ongoing growth as an ethical organisation.

This statement addresses the key criteria in section 16 of the *Modern Slavery Act 2018* (Cth), however, this statement has not been submitted to the Modern Slavery Statements Register.

During the financial year ending 30 June 2024 Qualitas did not identify or become aware of any incidents of modern slavery occurring within our operations or supply chains.

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## 2 About Qualitas

Qualitas Limited ACN 655 057 588 (Qualitas) is an ASX-listed Australian alternative real estate investment manager with approximately A\$8.9 billion<sup>1</sup> 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 with a combined value of over A\$24 billion<sup>2</sup> 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.

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## 3 Qualitas structure, operations and supply chain activities undertaken to pursue its business activities and objectives in Australia

### 3.1 Corporate Structure

Qualitas is a public company incorporated in Australia and is listed on the Australian Securities Exchange (ASX:QAL). It has a diverse shareholder base, comprising Qualitas executives, institutional investors and individual investors.

During the financial year ending 30 June 2024 Qualitas operated predominately in Australia, and had no overseas operations and only one employee based outside of Australia. We had a number of investments in New Zealand (2) and the United States of America (2).

Qualitas has a wholly owned subsidiary, Arch Finance Pty Ltd which undertakes commercial mortgage origination and servicing in Australia. -During the financial year ending 30 June 2024 Arch Finance operated under a shared services model with Qualitas and had a small number of employees co-located

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<sup>1</sup> As at 30 June 2024.

<sup>2</sup> As at 31 December 2023.

at Qualitas offices in Melbourne and Sydney. Arch Finance did not conduct any business outside of Australia.

### 3.2 Operations and Products

During the financial year ending 30 June 2024 Qualitas had no operations outside Australia and had limited contractual relationships with suppliers not operating in Australia. Relationships with suppliers outside of Australia were limited to professional services, IT service providers and real estate and property management services relating to our overseas investments and funds. Although Qualitas had investments in New Zealand and the United States of America, we sourced the majority of our products and services in Australia.

### 3.3 Fund Structure

As at 30 June 2024 Qualitas entities managed over 15 funds and other non- fund mandates across credit and equity strategies on behalf of third-party investors (for the purposes of this Statement, together the “Funds”).

Non-fund mandates related to equity or debt investments which were separately managed on behalf of investors or which were not through a traditional fund structure, and included for the purposes of this Statement, the Arch Finance Warehouse Trust.

Qualitas provides investors with access to private debt or equity investment opportunities across the property and various commercial real estate asset classes. Qualitas’ investment products are structured predominantly as managed investment schemes (unit trusts) or direct individual investment opportunities.

The Qualitas investment and funding products are as follows:

#### (a) Real Estate Private Credit Funds

Qualitas entities manage funds that provide non-bank financing to commercial real estate owners and developers operating across various commercial real estate sub-sectors (“Credit Funds”).

Real estate private credit relates to debt financing provided by funds and other institutions other than authorised deposit taking institutions (ADI), which raise capital from third party investors and lend to commercial real estate developers and investors for various purposes including to acquire, refinance and/or develop real estate assets or projects.

#### (b) Real Estate Private Equity Funds

Qualitas entities manage funds that make direct investments in underlying real estate assets (“Equity Funds”). Qualitas has two investment strategies for its Equity Funds with a focus on income Funds, through its core equity funds, and total return Funds, through its opportunistic equity funds.

In its core equity funds, Qualitas manages a number of real estate assets on behalf of investors with a focus on assets generating defensive and resilient cash flows in the food, retail and retirement living sectors. In its opportunistic equity funds, Qualitas manages a number of real estate assets on behalf of its investors with a focus on situational and opportunistic real estate investing, including development joint ventures, recapitalisations and structured preferred equity investments.

#### (c) Co- Investment and Fund Underwriting Activities

As part of its primary funds management activities, Qualitas also invests in its Funds alongside its third-party wholesale and retail investors (“co-investments”) and uses its balance sheet capital to underwrite investment opportunities for its Funds in the circumstances where a Fund requires additional capital to make that investment (“Fund Underwriting”).

These Co-Investments and Fund Underwriting activities may result in certain transactions occurring between Qualitas Group Members<sup>3</sup> from time-to-time.

Qualitas and Qualitas Securities Pty Ltd ACN 136 451 128 (the holder of Australian financial services licence 342 242 for the Qualitas Group<sup>4</sup>) have entered into an agreement that regulates the parameters of Co-Investments and Fund Underwriting activities.

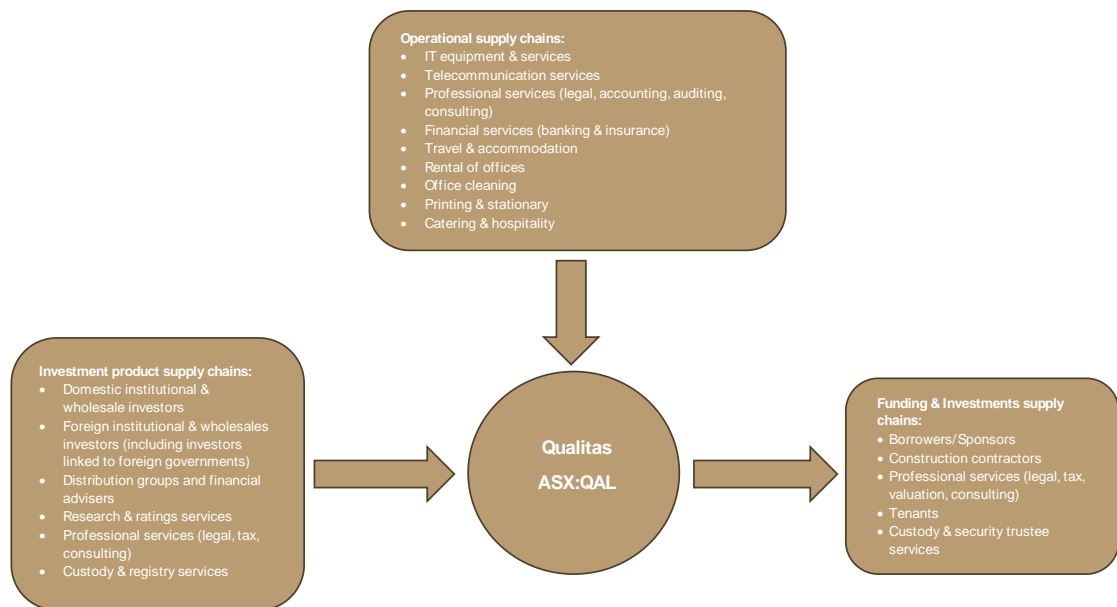
### 3.4 Supply Chains

Qualitas, as a professional investment firm based in Australia, uses suppliers in the normal course of its business, such as IT, telecommunications, professional and financial services, travel and accommodation, the rental of premises, cleaning, printing and stationery, and catering.

Qualitas does not have deep and extended supply chains of products and services that are used in the production of our investment products.

During the financial year ending 30 June 2024 Qualitas predominantly contracted with Australian firms for the supply of these products and services.

To help identify areas of potential modern slavery risk in our operations and supply chains we have assessed Qualitas’ key areas of activity and their respective supply chains as follows.



## 4 The risks of modern slavery practices in the operations and supply chains of Qualitas and the entities that it owns or controls

The risks of modern slavery practices involve the potential for Qualitas to cause, contribute to or be directly linked to modern slavery through its operations and supply chains. The risk that Qualitas may

<sup>3</sup> “Group Member” means a member of the Qualitas Group.

<sup>4</sup> “Qualitas Group” means Qualitas Limited ACN 655 057 588 and its related bodies corporate.

be involved in modern slavery presents risks to both its people and its business, particularly reputational risks.

We have assessed the risk of modern slavery practices within our operations and supply chains on a scale from Very High to Very Low. We use a range of publicly available and private information collected through our due diligence processes to assess the level of risk that may exist. We take into account the likelihood of modern slavery being present based on who the supplier is and the nature and location of the supply chain activity. Our due diligence processes are focused on the first tier of our supply chain and on those suppliers and other parties with whom we have direct contractual relationships.

#### **4.1 Investment Products**

Funds from individuals or entities received into Qualitas' investment products may have been derived from modern slavery practices, in a way similar to funds derived from other types of criminal activity. The level of this risk depends on the type and location of the investor and the level of transparency we have to the source of the investor's funds.

Investors into Qualitas' funds are predominately wholesale, global institutional and sovereign wealth fund entities. Qualitas undertakes due diligence including Know Your Client (KYC), Anti-Money Laundering (AML), Counter Terrorist Financing (CTF) and wholesale investor status checks on all potential fund investors.

Given the nature of our fund investors, the jurisdictions from which they originate and the due diligence we undertake we consider the risk that funds received into our investment products were directly derived from, or benefited from, modern slavery (or any other form of illegal activity) to be Low. We recognise however, that our assessment is limited to the first level of the investor supply chain and that KYC, AML and CTF procedures may not on their own identify modern slavery risks deeper within an investor's local and off shore supply chains.

#### **4.2 Funding Products**

Qualitas' funding products may fund individuals or entities who engage in modern slavery practices. For example, a Qualitas funding product may fund the construction of a development involving the use of labour that is subjected to modern slavery practices or where the supply of materials has come from sources that employ modern slavery practices. The level of this risk depends on the type and location of the investment, the industry, the type of service and the level of control in the organisation.

Qualitas predominately provides debt and equity funding for real estate assets and developments located in Australia (as at 30 June 2024 our funds also had two investments located in New Zealand and two investments located in the USA). In this context we consider that the most likely risks for modern slavery in our investments exist within the supply chains of construction contractors and with borrowers who are based or have material operations overseas, particularly in higher risk geographies<sup>5</sup>. We undertake extensive due diligence on all the entities and projects we invest in, which includes an assessment of environmental, social and governance factors relevant to the investment. Our due diligence includes questionnaires that address an entity's labour practices and modern slavery policies.

Given the composition of our investment portfolios, which were predominately invested in Australian based real estate projects and to entities operating wholly or predominately in Australia, and taking into account our due diligence measures, we consider the risk of modern slavery within our investments to be Low. We recognise however, that our assessment is limited to the first level of an investee's supply chain and it is not possible to guarantee in all cases that modern slavery practices are not present deeper in investee supply chains, particularly where those supply chains extend off shore.

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<sup>5</sup> According to the Global Slavery Index higher risk regions include the Middle East, South and South East Asia, Africa, Eastern Europe and Russia. Countries in the bottom 30% of the Global Slavery Index would generally be considered to represent higher risk.

### 4.3 Operations

As at 30 June 2024 Qualitas predominately operated and had employees in Australia and employed staff in accordance with applicable federal and state legislation. Appropriate processes were (and remain) in place to monitor payroll and working conditions, and to ensure appropriate employment contracts and controls were in place.

The risks of modern slavery practices within the direct operations and first level of the supply chain of Qualitas are considered Very Low.

### 4.4 Supply Chains

Qualitas uses the products and services of a range of suppliers who may engage in modern slavery practices although, as detailed in paragraph 3.4 above, for our operations we have assessed the risk as being Very Low. We recognise that cleaning services is often considered a high risk industry, to which Qualitas is indirectly exposed by virtue of our rental of office premises. Landlords of our two main Australian locations (who directly engage cleaning services for the buildings we occupy) are highly regarded, institutional property owners with their own modern slavery risk management processes. Both are subject to mandatory reporting in accordance with the Modern Slavery Act.

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## 5 The actions taken by Qualitas and the entities that it owns or controls to assess and address those risks, including due diligence and remediation processes

Qualitas conducts due diligence to identify, prevent, mitigate and account for the risks of modern slavery in its products, operations and supply chains, and executes controls that are proportionate to, and appropriate for, managing the specific nature of these risks.

Qualitas understands the risk landscape of its investment products, funding products, operations and supply chains, and has devised appropriate controls and responses to address these risks.

Qualitas has entered into custody agreements which contain express provisions regarding compliance with practices to identify and reduce modern slavery risks.

Qualitas has assessed the risks of modern slavery in its products and services as Low and has responded to these Low risks as follows.

### 5.1 Investment Products

Qualitas undertakes a due diligence process in relation to individuals and entities who invest in Qualitas' investment products which includes KYC, AML/CTF and wholesale investor status procedures. Insofar as is possible, this due diligence process determines the likely source of the investment funds and mitigates the risks that the funds have been derived through modern slavery practices or other illegal activities.

### 5.2 Funding Products

In assessing whether to invest in, or lend money to, an individual or an entity, Qualitas undertakes an extensive due diligence process to ensure that the individual or entity is worthy of the investment or loan.

This due diligence process involves a consideration of whether the individual or entity is likely to comply with the laws and regulations that apply to its business and whether that individual or entity is likely to operate in an ethical manner. Amongst other factors an individual or entity is assessed based on whether they are from a high-risk location, the industry in which they operate, their governance framework, their financial transparency and their labour practices. This due diligence assessment is incorporated within Qualitas' ESG processes, detailed below.

### 5.3 Environmental, Social and Governance (ESG)

Qualitas has a Responsible Investment Environmental, Social and Governance (ESG) Policy, in which modern slavery is referenced as a relevant social issue which must be taken into consideration for both Qualitas as an organisation, as well as in Qualitas' investment processes.

Qualitas has an Outsourced Service Provider Policy which (amongst other things) provides that Qualitas will incorporate relevant ESG matters when making a decision to outsource a material business activity to a service provider and requires service providers to provide documents or information relating to, and key performance indicator (KPI) reports at least quarterly in relation to factors including, ESG and corporate responsibility.

Qualitas uses an inhouse developed ESG assessment tool as part of the due diligence process for potential investments. The ESG assessment tool is used to assess the corporate ESG practices of entities into which we invest. Relevantly, the questionnaire contains assessments based on practices including (but not limited to):

- (a) Labour practices (including modern slavery risk considerations)
- (b) Health, safety and wellbeing
- (c) Financial reporting and transparency
- (d) Legal and regulatory compliance; and
- (e) Whether the potential investment / client operates in a 'sensitive' sector (e.g. firearms, tobacco adult entertainment)

The ESG assessment tool assists Qualitas to identify material ESG risks (including the risk of modern slavery) that may be present in potential investments.

### 5.4 Operations

Qualitas has assessed the modern slavery risks within its operations as being Very Low. This is because during the financial year ending 30 June 2024 Qualitas' operations were conducted predominately in Australia, and were conducted in full compliance with federal and state laws and regulations.

None of Qualitas' material services were outsourced overseas.

Qualitas has a Whistleblower Policy which enables all employees to report any unethical activities that they observe, anonymously if required.

### 5.5 Supply Chains

Apart from a limited number of reputable IT suppliers based outside Australia, but having an Australian presence, during the financial year ending 30 June 2024 Qualitas sourced its input products and services predominantly from Australian companies and had a documented process for the appointment of suppliers.

To the extent that Qualitas may enter into significant supply contracts, we will assess potential suppliers and business investments in relation to risks of modern slavery and incorporate enquiries and questions associated with modern slavery in our due diligence procedures.

As discussed above in section 5.3 Qualitas has an Outsourced Service Provider Policy which assesses ESG practices of its outsourced service providers.

Wherever possible Qualitas will seek to include in significant supply contracts a modern slavery provision, requiring representations, warranties and undertakings from the supplier in relation to their modern slavery practices.

## 5.6 Remediation

If we become aware of potential modern slavery practices occurring in our operations or supply chains, we will take appropriate steps to ensure the matter is addressed and, where necessary, remediated. The remedial action we will take will depend on the circumstances and may include engaging with the relevant party to change their practices, severing engagement of suppliers, or not proceeding with or choosing to exit a particular investment. During the financial year ending 30 June 2024 Qualitas did not need to take any of these actions and has not taken any of these actions since that date.

## 5.7 Continuous Improvement

Qualitas is committed to continuing to improve our approach to integrating ESG considerations within our business and investments, including our approach to assessing and monitoring modern slavery risk. We will continue to review and improve our due diligence and risk assessment processes and will work with our ESG Advisory Group and relevant industry bodies to improve our understanding of modern slavery risks in our business and, in particular, within our investment value chain. We will develop training programs for our staff to raise awareness of modern slavery issues and risks in our business and investments. Where appropriate we will include modern slavery provisions within supplier and other material contracting agreements, particularly where we consider there may be elevated risk.

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## 6 How Qualitas assesses the effectiveness of such actions

The modern slavery regime is the jurisdiction of Qualitas' Audit Risk & Compliance Committee ("ARCC"), which is responsible for overseeing all risks and compliance at Qualitas. The ARCC employs an overarching framework that documents all risks identified by Qualitas, and the actions implemented to address these risks, to help ensure that risks are appropriately identified and suitably mitigated.

Modern slavery has been added to the ARCC's Governance Calendar for annual review.

The ARCC is responsible for drafting this Statement and recommending it for approval to the board of Qualitas ("Board"). The ARCC will oversee the implementation of the Statement in conjunction with Qualitas' legal and compliance teams.

Modern slavery has been included in the Qualitas Risk Register to ensure it is formally monitored and reported on, including the reporting of the escalation of risks and of progress to mitigate identified risks. The ARCC has the responsibility of assessing the effectiveness of all actions taken by Qualitas to address identified risks.

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## 7 Process of consultation

Representatives of the key business units and the corporate office of Qualitas:

- a) were involved in the initial preparation and drafting of this Statement;
- b) are involved in the annual review and updating of this Statement; and
- c) have had the opportunity to discuss and share ideas in relation to modern slavery.

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## 8 Review

- (a) This Statement will be reviewed biennially or more frequently, as deemed appropriate by the Head of ESG of Qualitas, having consulted with the Qualitas ESG Advisory Group.
- (b) Where Qualitas decides to or is required to report in accordance with the *Modern Slavery Act 2018* (Cth), the Statement will be reviewed in accordance with the Act.




- (c) Any material changes made to this Statement must be approved by the ARCC and Board, having first been endorsed by the Qualitas ESG Advisory Group.

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## 9 Signatures

This statement is made consistent with the requirements set out in section 16 of the *Modern Slavery Act 2018* (Cth) and has been reviewed and approved by the Board of Qualitas Limited on 22 October 2024.

This statement is signed by Mr. Andrew Fairley AM in his capacity as Chairman of the Board of Qualitas Limited.

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**Andrew Fairley**  
Chairman