

# Target Market Determination – Funds Management Listed Entity

## Legal disclaimer

This Target Market Determination (**TMD**) has been produced by the Issuer identified in this document solely for the purpose of meeting the requirements under section 994B of the Corporations Act 2001 (Cth). This TMD sets out the class of consumers for which this product, including its key attributes, would likely be consistent with their likely objectives, financial situation and needs. It also outlines the distribution conditions and restrictions imposed on distribution of the product, as well as reporting requirements for distributors.

If you have any queries regarding the contents of the TMD or would like to request a copy of a prior version, please contact the Issuer on +61 3 9612 3900 or [ir@qualitas.com.au](mailto:ir@qualitas.com.au).

This document is not a Prospectus and does not provide a full summary of the product features or terms of the product. This TMD is not to be used except for the purpose of a regulated person complying with their obligations under Part 7.8A of the Corporations Act 2001 (Cth). To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. This document is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider whether the information is suitable for your circumstances. Before making any investment decision in respect of the product, you should consider obtaining financial advice. The Prospectus for the product should be considered before deciding whether to acquire, or to continue to hold, the product. To obtain a copy of the Prospectus please click here <https://ipo.qualitas.com.au> or contact the Issuer on +61 3 9612 3900.

## Target Market Summary

**This product is likely to be appropriate for a consumer that:**

- **Seeks income distributions and capital growth without surety of either;**
- **Wishes to have ready access to their capital whether in the short, medium or longer term through the ability to sell their interests in the product via a broker on an Australian financial market assuming normal market conditions;**
- **Does not require a capital guarantee nor capital preservation.**
- **Has the ability to bear some losses consistent with a medium risk/return profile;**
- **Will use the product as a satellite/small allocation of their portfolio.**

## Entity identifiers

Issuer/Company	Qualitas Limited	Product Exchange code	ASX: QAL
Issuer ACN	ACN 655 057 588	Date TMD approved	20 February 2023
		TMD Version and status	2.0 Current

## Description of Target Market

This part is required under section 994B(5)(b) of the Act.

### TMD indicator key

The Consumer Attributes for which the product is likely to be appropriate have been assessed using a red/amber/green rating methodology with appropriate colour coding:

In target market	Potentially in target market	Not considered in target market
------------------	------------------------------	---------------------------------

### Instructions

In the tables below, Column 1, Consumer Attributes, indicates a description of the likely objectives, financial situation and needs of the class of consumers that are considering this product. Column 2, TMD indicator, indicates whether a consumer meeting the attribute in column 1 is likely to be in the target market for this product.

Generally, a consumer is unlikely to be in the target market for the product if:

- **one or more** of their Consumer Attributes correspond to a **red** rating, or
- **three or more** of their Consumer Attributes correspond to an **amber** rating.

### Investment products and diversification

A consumer (or class of consumer) may intend to hold a product as part of a diversified portfolio (typically with an intended product use of *satellite/small allocation* or *core component*). In such circumstances, the product should be assessed against the consumer's attributes for the relevant portion of the portfolio, rather than the consumer's portfolio as a whole. For example, a consumer may seek to construct a conservative portfolio with a satellite/small allocation to growth assets. In this case, it may be likely that a product with a *High* or *Very High* risk/return profile is consistent with the consumer's objectives for that allocation notwithstanding that the risk/return profile of the consumer as a whole is *Low* or *Medium*. In making this assessment, distributors should consider all features of a product (including its key attributes).

Consumer Attributes	TMD Indicator	Product description including key attributes
<b>Consumer's investment objective</b>		
Capital Growth		<p><b>Issuer Investment Objective</b></p> <p>The Issuer's vision as the holder of the Qualitas group is for the group to be the leading Australian alternative real estate investment manager.</p> <p>The Issuer's key objective is to grow the group's underlying FUM to drive long-term, annuity style earnings growth by leveraging its key existing core capabilities across real estate private credit and equity. The Issuer's objective is to provide its shareholders with compelling risk-adjusted returns through a combination of regular and growing dividend income and capital growth through management fees earned on the management of its underlying funds, and distributions and/or capital growth relating to its co-investment activities.</p>
Capital Preservation		<p>The Issuer's strategy to deliver these outcomes is for the Qualitas group to:</p>
Capital Guaranteed		<ul style="list-style-type: none"> <li>• develop a deep, global institutional, high net worth, listed and retail investor base across private and public markets;</li> <li>• achieve an organisational culture of excellence, entrepreneurship, respect, collaboration and integrity;</li> <li>• maintain robust risk management and governance structures;</li> <li>• incorporate industry leading ESG considerations into its day-to-day activities; and</li> <li>• maximise the return on investment to the Shareholders of Qualitas.</li> </ul>
Income Distribution		<p><b>Your investment objectives are to invest in the Issuer as a company that:</b></p> <ul style="list-style-type: none"> <li>• focuses on providing capital growth</li> <li>• focuses on a combination of regular and growing dividend income</li> </ul> <p>Capital guarantee or capital preservation is not essential for you</p>

Consumer's intended product use (% of Investable Assets)		
Solution/Standalone (75-100%)		<p>Qualitas is an Australian alternative real estate investment manager, which specialises in managing funds focused on the real estate private credit and real estate private equity sectors.</p> <p><b>You want to use this as part only of your investment portfolio</b></p> <ul style="list-style-type: none"> <li>This investment may be held as part of a more diversified portfolio, where it is not the sole or a significant proportion of investments held (unless held in this manner for a short time while building a more diversified portfolio).</li> <li>The investment may be held as a core component where a portfolio is weighted towards income investments with low diversification.</li> </ul>
Core Component (25-75%)		
Satellite/small allocation (<25%)		
Consumer's investment timeframe		
Short ( $\leq 2$ years)		<p>The Issuer is suitable for all investment timeframes depending on the investor's preference as its objective is to grow its underlying FUM to drive long-term, annuity style earnings growth by leveraging its key existing core capabilities across real estate private credit and equity.</p>
Medium ( $> 2$ years)		
Long ( $> 8$ years)		
Consumer's Risk (ability to bear loss) and Return profile		
Low		<p>The Issuer has an SRM risk band of 2 to less than 3 (Medium).</p>
Medium		
High		<p>The Issuer will be listed and shares will be quoted on the ASX. The price of shares may change.</p> <p>The Issuer intends to achieve its objective by pursuing some or all of the following activities as appropriate:</p> <ul style="list-style-type: none"> <li>grow the size of Qualitas existing funds to capture further capital inflows;</li> <li>create new funds that attract new capital inflows;</li> <li>take advantage of structural industry tailwinds to deploy both fund capital and the Qualitas group's balance sheet into investment opportunities with compelling risk-adjusted return profiles for fund investors;</li> <li>leverage existing relationships with reputable institutional investors to grow existing funds and set up new funds;</li> </ul>
Very High		

		<ul style="list-style-type: none"> <li>• use the Qualitas group’s expanded balance sheet capacity to seed new fund opportunities and make Co-Investments alongside Fund Investors;</li> <li>• consider potential inorganic growth opportunities, including through acquisitions;</li> <li>• maintain an appropriate capital structure; and</li> <li>• The Issuer may, as part of the Qualitas group's funds management activities, enter into joint ventures or other arrangements with third parties in order to jointly manage funds.</li> </ul> <p><b>You have an ability to bear capital losses</b></p> <p>The price at which you may sell this investment is subject to stock market fluctuations so the investment is designed for investors who can bear a decline in market value in one or more years.</p>
<b>Consumer’s need to withdraw money</b>		
<b>Daily</b>		Shares are quoted on the ASX.
<b>Weekly</b>		Withdrawals can only be achieved via selling shares on the ASX through a broker. The price derived from the sale of shares depends on the prices bid by buyers. Trades on ASX settle on a T+2 basis.
<b>Monthly</b>		
<b>Quarterly</b>		
<b>Annually or longer</b>		

## Appropriateness

Note: This section is required under RG 274.64–66.

The Issuer has assessed the product and formed the view that the product, including its key attributes, is likely to be consistent with the likely objectives, financial situation and needs of consumers in the target market as described above, as the features of this product in Column 3 of the table above are likely to be suitable for consumers with the attributes identified with a green TMD Indicator in Column 2. Based on the Issuer's assessment of the product there are no specific distribution conditions required.

## Distribution conditions/restrictions

This part is required under section 994B(5)(c) of the Act.

Distribution Condition	Distribution Condition Rationale
There are no distribution conditions.	Not applicable.

Review triggers
This part is required under section 994B(5)(d) of the Act.
Material change to key business attributes, fund investment objectives and/or fees and other income.
Failure to deliver the Issuer's growth strategy.
Material change in dividend policy or payout rates.
Significant change in the nature or scale of the Issuer's activities.
Determination by the Issuer of an ASIC reportable Significant Dealing.
Loss by the Qualitas group of Australian financial services licences and other regulatory approvals and crystallisation of regulatory risk.
Significant loss or change of key management personnel and issues with retention of employees of the Issuer group.
Material or unexpectedly high number of complaints (as defined in section 994A(1) of the Act) about the product or distribution of the product.
The use of regulator orders or directions that affects the product.

Mandatory review periods	
This part is required under section 994B(5)(e) and (f) of the Act.	
Review period	Maximum period for review
Initial review	15 months
Subsequent review	36 months after completion of Initial review

Distributor reporting requirements
This part is required under sections 994B(5)(g) and (h) of the Act.

Reporting requirement	Reporting period	Which distributors this requirement applies to
Complaints (as defined in section 994A(1) of the Act) relating to the product design, product availability and distribution. The distributor should provide all the content of the complaint, having regard to privacy.	Within 10 business days following end of calendar quarter.	All distributors
Significant dealing outside of target market, under section 994F(6) of the Act. See Definitions for further detail.	As soon as practicable but no later than 10 business days after distributor becomes aware of the significant dealing.	All distributors
To the extent a distributor is aware, dealings outside the target market, including reason why acquisition is outside of target market, and whether acquisition occurred under personal advice.	Within 10 business days following the end of the calendar quarter.	All distributors

If practicable, Distributors should adopt the FSC data standards for reports and provide them via email to the Issuer at [info@qualitas.com.au](mailto:info@qualitas.com.au).

## Copyright & Disclaimer

Issued by Qualitas Limited ACN 655 057 588 (Issuer/Company). The information provided in this TMD is of a general nature only and has been prepared without taking into account the objectives, financial situation or needs of any particular person. Before making an investment decision in respect of the Issuer/Company, you should consider the current Prospectus and/or or seek advice from a professional adviser.

The Issuer/Company does not guarantee repayment of capital or any particular rate of return from the product. All opinions and estimates included in this TMD constitute judgments of the Company as at the date of this TMD. Past performance is not a reliable indicator of future performance.

## Definitions

Term	Definition
<b>Consumer's investment objective</b>	
Capital Growth	The consumer seeks to invest in a product designed to generate capital return. The consumer prefers exposure to growth assets (such as shares or property) or otherwise seeks an investment return above the current inflation rate.

<b>Term</b>	<b>Definition</b>
Capital Preservation	The consumer seeks to invest in a product to reduce volatility and minimise loss in a market down-turn. The consumer prefers exposure to defensive assets (such as cash or fixed income securities) that are generally lower in risk and less volatile than growth investments.
Capital Guaranteed	The consumer seeks a guarantee or protection against capital loss whilst still seeking the potential for capital growth (typically gained through a derivative arrangement). The consumer would likely understand the complexities, conditions and risks that are associated with such products.
Income Distribution	The consumer seeks to invest in a product designed to distribute regular and/or tax-effective income. The consumer prefers exposure to income-generating assets (typically, high dividend-yielding equities, fixed income securities and money market instruments).
<b>Consumer's intended product use (% of Investable Assets)</b>	
Solution/Standalone (75-100%)	The consumer intends to hold the investment as either a part or the majority (up to 100%) of their total <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least High <i>portfolio diversification</i> (see definitions below).
Core Component (25-75%)	The consumer intends to hold the investment as a major component, up to 75%, of their total <i>investable assets</i> (see definition below). The consumer typically prefers exposure to a product with at least Medium <i>portfolio diversification</i> (see definitions below).
Satellite (<25%)	The consumer intends to hold the investment as a smaller part of their total portfolio, as an indication it would be suitable for up to 25% of the total <i>investable assets</i> (see definition below). The consumer is likely to be comfortable with exposure to a product with Low <i>portfolio diversification</i> (see definitions below).
Investable Assets	Those assets that the investor has available for investment, excluding the residential home.
<b>Portfolio diversification (for completing the key product attribute section of consumer's intended product use)</b>	
Low	Single asset class, single country, low or moderate holdings of securities - e.g. high conviction Aussie equities.
Medium	1-2 asset classes, single country, broad exposure within asset class, e.g. Aussie equities "All Ords".
High	Highly diversified across either asset classes, countries or investment managers, e.g. Australian multi-manager balanced fund or global multi-asset product (or global equities).
<b>Consumer's intended investment timeframe</b>	
Short ( $\leq$ 2 years)	The consumer has a short investment timeframe and may wish to redeem within two years.
Medium ( $>$ 2 years)	The consumer has a medium investment timeframe and is unlikely to redeem within two years.



Term	Definition
Long (> 8 years)	The consumer has a long investment timeframe and is unlikely to redeem within eight years.
<b>Consumer's Risk (ability to bear loss) and Return profile</b>	
<p>Issuers should undertake a comprehensive risk assessment for each product. The FSC recommends adoption of the Standard Risk Measure (<i>SRM</i>) to calculate the likely number of negative annual returns over a 20 year period, using the guidance and methodology outlined in the <i>Standard Risk Measure Guidance Paper For Trustees</i>. SRM is not a complete assessment of risk and potential loss. For example, it does not detail important issues such as the potential size of a negative return or that a positive return could still be less than a consumer requires to meet their investment objectives/needs. Issuers may wish to supplement the SRM methodology by also considering other risk factors. For example, some products may use leverage, derivatives or short selling, may have liquidity or withdrawal limitations, or otherwise may have a complex structure or increased investment risks, which should be documented together with the SRM to substantiate the product risk rating.</p> <p>A consumer's desired product return profile would generally take into account the impact of fees, costs and taxes.</p>	
Low	<p>The consumer is conservative or low risk in nature, seeks to minimise potential losses (e.g. has the ability to bear up to 1 negative return over a 20 year period (SRM 1 to 2)) and is comfortable with a low target return profile.</p> <p>Consumer typically prefers defensive assets such as cash and fixed income.</p>
Medium	<p>The consumer is moderate or medium risk in nature, seeking to minimise potential losses (e.g. has the ability to bear up to 4 negative returns over a 20 year period (SRM 3 to 5)) and comfortable with a moderate target return profile.</p> <p>Consumer typically prefers a balance of growth assets such as shares, property and alternative assets and defensive assets such as cash and fixed income.</p>
High	<p>The consumer is higher risk in nature and can accept higher potential losses (e.g. has the ability to bear up to 6 negative returns over a 20 year period (SRM 6)) in order to target a higher target return profile.</p> <p>Consumer typically prefers predominantly growth assets such as shares, property and alternative assets with only a smaller or moderate holding in defensive assets such as cash and fixed income.</p>
Very high	<p>The consumer has a more aggressive or very high risk appetite, seeks to maximise returns and can accept higher potential losses (e.g. has the ability to bear 6 or more negative returns over a 20 year period (SRM 7) and possibly other risk factors, such as leverage).</p> <p>Consumer typically prefers growth assets such as shares, property and alternative assets.</p>
<b>Consumer's need to withdraw money</b>	
<p>Issuers should consider in the first instance the redemption request frequency under ordinary circumstances. However, the redemption request frequency is not the only consideration when determining the ability to meet the investor's requirement to access capital. To the extent that the liquidity of the underlying investments or possible liquidity constraints (e.g. ability to stagger or delay redemptions) could impact this, this is to be taken into consideration in completing this section.</p>	

Term	Definition
Daily/Weekly/Monthly/Quarterly/Annually or longer	The consumer seeks to invest in a product which permits redemption requests at this frequency under ordinary circumstances and the issuer is typically able to meet that request within a reasonable period.
<b>Distributor Reporting</b>	
Significant dealings	<p>Section 994F(6) of the Act requires distributors to notify the issuer if they become aware of a significant dealing in the product that is not consistent with the TMD. Neither the Act nor ASIC defines when a dealing is ‘significant’ and distributors have discretion to apply its ordinary meaning.</p> <p>The issuer will rely on notifications of significant dealings to monitor and review the product, this TMD, and its distribution strategy, and to meet its own obligation to report significant dealings to ASIC.</p> <p>Dealings outside this TMD may be significant because:</p> <ul style="list-style-type: none"> <li>• they represent a material proportion of the overall distribution conduct carried out by the distributor in relation to the product, or</li> <li>• they constitute an individual transaction which has resulted in, or will or is likely to result in, significant detriment to the consumer (or class of consumer).</li> </ul> <p>In each case, the distributor should have regard to:</p> <ul style="list-style-type: none"> <li>• the nature and risk profile of the product (which may be indicated by the product’s risk rating or withdrawal timeframes),</li> <li>• the actual or potential harm to a consumer (which may be indicated by the value of the consumer’s investment, their intended product use or their ability to bear loss), and</li> <li>• the nature and extent of the inconsistency of distribution with the TMD (which may be indicated by the number of red or amber ratings attributed to the consumer).</li> </ul> <p>Objectively, a distributor may consider a dealing (or group of dealings) outside the TMD to be significant if:</p> <ul style="list-style-type: none"> <li>• it constitutes more than half of the distributor’s total retail product distribution conduct in relation to the product over the reporting period,</li> <li>• the consumer’s intended product use is <i>Solution / Standalone</i>, or</li> <li>• the consumer’s intended product use is <i>Core component</i> and the consumer’s risk (ability to bear loss) and return profile is <i>Low</i>.</li> </ul>