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ASX ANNOUNCEMENT – MARKET UPDATE

Questus Limited (the Company) wishes to update the market, whilst continuing under a voluntary suspension at its request. Further to the recent announcement regarding the recapitalisation of the Company with Crest Capital Asia Pte Limited (Crest Capital) we provide the following information;

Recapitalisation – Crest Capital Asia Pte Ltd

The Company is pleased to confirm the first components of the recapitalisation have been fulfilled and the Statutory Demand placed on the Company by Bank of Queensland has been fully satisfied, with all Guarantees and Indemnities being extinguished. The Company entered into arrangements with Crest Capital to allow for the drawdown of funds from the working capital facility and fulfilment of the above with Bank of Queensland.

The recapitalisation which is subject to Shareholders approval at the forthcoming Extraordinary General Meeting (EGM) will result in Crest Capital acquiring a 51% interest in the Company in consideration for the provision of \$10 million in working capital, \$20 million towards development funding, plus a further \$100 million property acquisition facility for the funding of National Rental Affordability Scheme (NRAS) related development projects and completed NRAS approved dwellings. On completion of the transaction, Crest Capital may appoint up to three nominees to the Board of the Company.

The \$100 million property acquisition facility will allow the Company to continue to expand its involvement in the NRAS sector, through partnerships with various government housing departments, and also enter into joint venture and development partnerships with the participants in the Community Housing sector. The Company is also focused on the development and launch of its institutional NRAS model, for the large-scale delivery of affordable housing across Australia.

EGM of Shareholders

The Company has been finalising requirements for the forthcoming Extraordinary General Meeting of Shareholders, including the preparation of an Independent Experts Report (IER) and Notice of Meeting and Explanatory Memorandum for Shareholders.

ASX Listing Rules 6.18 and 7.3.2 Waiver Request

As part of the above requirements, the Company has been required to apply for the waiver of Australian Securities Exchange (ASX) listing rule 7.3.2. The Company has also sought confirmation that ASX listing rule 6.18 does not apply to the transaction. In the event that the ASX finds that ASX listing rule 6.18 does apply to the transaction, the Company will seek a waiver from ASX listing rule 6.18.

The Company has previously entered into convertible note deeds, and in particular with NWR Group Pty Ltd (NWR). NWR agreed to provide \$500,000 through a convertible note, which has the option to convert to shares in the Company at 10 cents per share. The convertible note expires on 17 January 2014, and the Company is aware that NWR has undertaken to transfer the convertible note to an unknown third party.

Due to NWR's undertaking to transfer the convertible note to this unknown third party, the Company cannot be certain whether the convertible note will be converted prior to its expiry date of 17 January 2014. The Company has not been advised as to the intention of the new incoming convertible note holder.

The conversion of the NWR convertible note will have a potential dilutive effect on the interest of Crest Capital, and as per the conditions of the recapitalisation, the purchase of 51% of the Company is on a fully diluted basis. Alternatively the Company is in a position to issue the additional shares to Crest Capital at the time of the transaction, however in the event that the NWR convertible note is not converted, this would have a negative impact on existing Shareholders.

Under ASX listing rule 7.3.2 all issues of securities must occur within three (3) months of the date of a meeting of Shareholders held, in order to approve an issue of securities under ASX listing rule 7.1.

As outlined above, the shares on conversion of the convertible note may be issued at any point up until 17 January 2014. Therefore, the additional shares to be issued to Crest Capital may be issued outside of the three (3) month period outlined in ASX listing rule 7.3.2. Therefore, the Company is seeking a waiver of the ASX listing rule 7.3.2 to allow the issue and allotment of additional shares to Crest Capital, in the event that the NWR convertible note is converted to shares outside of this three (3) month period.

Further, ASX listing rule 6.18 prohibits a Company from granting an option or agreement over its securities to an investor or shareholder, to maintain a fixed percentage over the capital of an entity.

As outlined above, the transaction requires the issue of securities to Crest Capital to equate to 51% of the Company at the time of the transaction. While there is no agreement for Crest Capital to maintain a fixed percentage, the Company has sought confirmation from the ASX that ASX listing rule 6.18 does not apply to the transaction.

In the event that the ASX finds that ASX listing rule 6.18 does apply to the transaction, to enable the Company to satisfy the conditions of the transaction and to allow the transaction to be fulfilled without a potential disadvantage to existing Shareholders, a waiver of ASX listing rule 6.18 will be sought.

Operational Update

Whilst the Company recapitalisation has taken longer than anticipated, the Board has been pleased with the benefits recognised through the strategic relationship with Crest Capital.

The Board of Questus continues to accelerate its focus on the facilitation and delivery of dwellings under the Federal Government National Rental Affordability Scheme.

Questus has now been issued with over 4,300 NRAS entitlements across Australia, with sales of approximately 50 per month and delivery rates accelerating, and to date over 600 properties have been completed and tenanted.

The Company has a strong focus in the North West of Western Australia with 1,578 NRAS dwellings to be delivered over the next 4 years. The first 30 of these properties will be going to market this month, plus the Company has a pipeline of 330 plus dwellings identified in the Pilbara towns of South Hedland, Newman, Exmouth and Karratha and Broome in the Kimberley.

The Company has now cemented its position as the largest facilitator of NRAS dwellings in Australia, and is looking forward to a long and profitable association with Crest Capital in the Australian affordable housing market.

ENDS

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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