



Performance Update – March 2019

QRI Highlights

Net Return (p.a.)

1 month	Since inception ¹
3.00%	1.84%

Current Month Distribution	Current NAV
\$0.003784/unit	\$1.6003

QRI Snapshot – Key metrics as at 31 March 2019

Market Cap	\$241m
Trust NAV	\$231m
Unit Price	\$1.67
Unit NAV	\$1.6003
Total Investments	8
Total Loans ²	22
Weighted LVR ³	62%
Weighted loan maturity ²	1.1 years
Weighted interest rate ⁴	9.46% p.a.
Loans in arrears ⁵	-
Fixed / Floating interest exposure	45% / 55%

Investment Objective

To achieve a Target Return of 8% p.a. (net of fees and expenses), and provide monthly cash income, capital preservation and portfolio diversification⁶.

Investment Strategy

The Trust will seek to achieve the Investment Objective by investing in a portfolio of investments that offers exposure to real estate loans secured by first and second mortgages, predominantly located in Australia.

Key Information⁶

Target Return	8.0% p.a. (net)
Investment Type	Listed Investment Trust
IPO Date	27 November 2018
Distributions	Monthly
Unit Pricing	Monthly

QRI Historical Performance⁷

	Nov '18 ⁸	Dec '18	Jan '19	Feb '19	Mar '19	Apr '19	May '19	Jun '19	Inception
Net Return (% p.a.)	2.24%	0.90%	1.41%	1.98%	3.00%	-	-	-	1.84%
Distribution (% p.a.)	-	1.13%	1.78%	2.01%	2.78%	-	-	-	1.79%
Distribution (c/unit)	-	0.1534	0.2416	0.2464	0.3784	-	-	-	1.0198

Commercial Real Estate (CRE) Debt Market Update

The trends observed during the first months of 2019 continued into March. Deal flow and pipeline remains steady reflecting the greater acceptance by borrowers of alternative finance solutions. The Manager maintains a vigilant view on credit risk, particularly given the reported negative sentiment around housing which is prompting some investors in residential property to hold off on purchasing decisions, thereby reducing pre-sales for new developments.

While residential construction starts have slowed there is still a strong pipeline of lending opportunities in the commercial real estate lending market. However, demand is weighted more to land and commercial loans. Demand for mezzanine construction loans is lower, while demand for senior land loans has increased as developers hold onto sites in readiness for the next phase of the property cycle, and need funding to do so. Transactions are also taking longer to complete, as borrowers spend more time weighing up their investment strategy, while lenders focus on detailed due diligence.

Investment Activity

During the month, the Trust significantly progressed deployment of capital and increased portfolio diversification, with \$75m worth of investments settled and/or committed. These investments include \$24.6m Arch Finance Warehouse Trust (AFWT) subordinated notes; \$10m commitment to Qualitas Mezzanine Debt Fund; \$24m commitment to Qualitas Land Debt Fund; and two senior direct land loan positions. The AFWT notes provide exposure to 201 loans, predominantly weighted toward non-residential sectors.

As a result, 65% of Trust capital was committed as at 31 March 2019, a significant increase of 30% since February. The Manager is pleased with progress to date and is confident of achieving full investment of Trust capital by the end of May 2019 as intended (i.e within the min. 6 month initial investment timeline).

Investment momentum is demonstrated by the increase in Trust earnings. The annualised return for March was 3.00% p.a. up from 1.98% p.a. the previous month. Given the majority of the investments occurred towards the end of March, the Manager remains confident that April returns will be further enhanced.

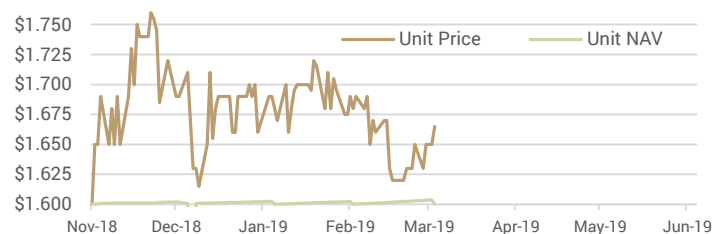
The origination pipeline continues to be robust, particularly for senior loans. Approx. 20% of the pipeline is well progressed and earmarked for either QRI or an underlying Qualitas Fund investment. The Manager is also assessing further commitments to the Qualitas wholesale funds, in line with the debt pipeline, for investment in the upcoming months.

Whilst the Manager is observing fewer mezzanine loan opportunities, it is actively pursuing the quality ones available, taking a selective approach and focusing on existing borrowers with a proven track record.

As noted last month, given the continuing investment of Trust capital, the Manager is assessing a working capital facility to facilitate efficient use of capital. It is also focusing on the warehousing of loans that can be earmarked for investment by the Trust in future periods.

The Manager has completed the bi-monthly asset review and was satisfied with the quality of the loan portfolio.

Unit Price vs NAV

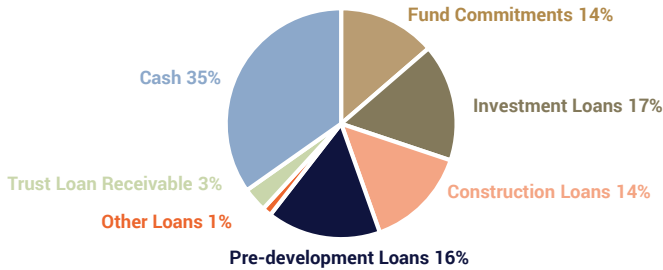




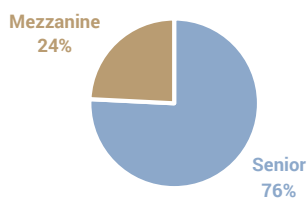
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Portfolio Diversification⁹

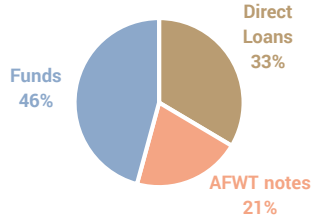
Portfolio Composition¹⁰



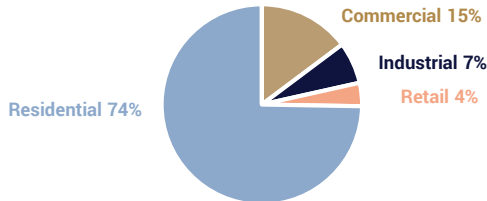
Loan Classification¹¹



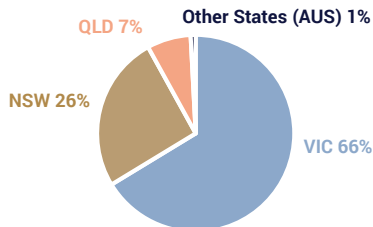
Investment Type¹¹



Property Sector Diversification¹²



Geographic Diversification¹²



Notes

- [1] Since IPO 27 November 2018.
- [2] All investments including direct loans are made by the Sub-Trust. The Sub-Trust is wholly owned by the Trust. Represents total loans in the portfolio on a look through basis, via investments in direct loans and Qualitas wholesale funds. Excludes the AFWT loan portfolio.
- [3] Represents total LVR of loans in the portfolio on a look through basis, via investments in direct loans, Qualitas wholesale funds and AFWT loan portfolio.
- [4] Represents weighted interest rate and fees of total loans in the portfolio on a look-through basis and the AFWT notes. Excludes Trust Loan Receivable and Cash.
- [5] Represents % of loan portfolio on look through-basis (excluding AFWT loan portfolio) in arrears by 90 days or more.
- [6] This is a target return only. There is no guarantee the Trust will meet its Investment Objective. Payment of monthly cash income is a goal of the Trust only. The Trust reserves the discretion to amend its distribution policy.
- [7] Past performance is not a reliable indicator of future performance.
- [8] November 2018 represents performance for the period from date of issue of units, being 22 November 2018, to month end.
- [9] The portfolio statistics are determined on a look-through basis having regard to the loans in the underlying Qualitas Funds and the AFWT portfolio as indicated. The classifications of these diversification parameters are determined by the Manager.
- [10] Fund Commitments represent uninvested Trust capital amounts that have yet to be invested in direct loans by the underlying funds.
- [11] Excludes Trust Loan Receivable & cash. The Manager classifies the AFWT subordinated notes as mezzanine as it ranks behind senior noteholders.
- [12] Excludes Trust Loan Receivable & cash. Adjusted for AFWT loan portfolio.

About the Manager

Established in 2008, Qualitas has a 10-year track record in the real estate sector and currently manages approximately \$2.2 billion in committed capital.

Comprising over 70 investment and fiduciary professionals, Qualitas has a disciplined approach to generating strong risk-adjusted returns for its investors.

Qualitas' investment strategies include senior and mezzanine debt, preferred and ordinary equity investments in real estate development, value-add, repositioning, special situations and other opportunistic transactions.

Key Service Providers

Manager	QRI Manager Pty Ltd – an authorised representative of Qualitas Securities Pty Ltd
Responsible Entity	The Trust Company (RE Services) Limited

Investor Queries

General

Phone: +61 3 9612 3900 | Email: qri@qualitas.com.au
Trust Website: www.qualitas.com.au/listed-investments/QRI

Unit Registry

Phone: 1300 402 177 | Email: qualitas@automicgroup.com.au
Website: www.automic.com.au

Research



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