



### Performance Update – May 2019

#### QRI Highlights

##### Net Return (p.a.)

1 month	Since inception <sup>1</sup>
<b>5.13%</b>	<b>2.87%</b>

##### Current Month Distribution

##### Current NAV

**\$0.006463/unit**

**\$1.6007**

#### Commercial Real Estate (CRE) Debt Market Update

Conditions in the residential property market were similar to the previous month, notwithstanding the re-election of the Coalition to the Federal Government. Overall market sentiment is expected to improve as the possibility of changes to negative gearing and capital gains tax has now dissipated.

Economic conditions remain soft overall due to excess employment capacity, lack of aggregate demand, low inflation and tight credit conditions – all of which contributed to the RBA's decision to cut interest rates on 4 June 2019. The positive is that lower rates, combined with lower prices, is expected to support housing affordability over time.

These are small steps for an improving market and current conditions reflect a more cautious environment. We continue to observe lower construction starts which have reduced demand for mezzanine construction loans, while the market for senior land and investment loans is more robust.

In the commercial real estate debt market, the participation of alternative financiers is deepening as the owners of commercial properties seek out the financing certainty and flexible deal structures that alternate financiers can provide. Overall, despite subdued economic growth, the Manager is seeing a pipeline of quality, well-priced deals across all property sectors, as a result of the tighter credit conditions and lack of capital supply.

#### Investment Activity

The Trust's portfolio as at 31 May 2019 is now 78% invested. During the month, the Manager made a further investment in the Qualitas Land Debt Fund (QLDF), which in turn invested in two new senior land loan positions in Victoria.

Trust returns and distributions continue to increase in line with deployment of capital. The Manager is pleased to deliver a May month return of 5.13% p.a. reflective of a risk-adjusted portfolio of predominantly senior loans.

Investment approvals are well underway for a further three senior loan positions earmarked for investment by the Trust which are targeting settlement in June. Subject to these loans settling as expected, the Manager should expect to achieve full investment of the Trust's capital by 30 June 2019, or shortly thereafter. Should full investment occur by this date, and there are no unexpected loan drawings or repayments, the Manager is forecasting a July month return of between 7.00% and 7.50% p.a.<sup>9</sup>

The Manager is confident that the expected risk/return profile and composition of the Trust's investment portfolio is appropriate for the current market cycle and conditions. The Manager is continuing to pursue investments and strategies to optimise the Trust's return with the objective of achieving the Target Return.

The Manager conducted its regular Debt Portfolio Asset Management Meeting (DPAM) during the month. The detailed review of each loan in the Trust's portfolio concluded that all loans within the portfolio were performing and no impairments were required.

On 23 May 2019, the Trust received an "Approved" rating from independent research house Zenith Investment Partners.

#### QRI Snapshot – Key metrics as at 31 May 2019

Market Cap	\$237m
Trust NAV	\$231m
Unit Price	\$1.64
Unit NAV	\$1.6007
Total Investments	8
Total Loans <sup>2</sup>	25
Weighted LVR <sup>3</sup>	64%
Weighted loan maturity <sup>2</sup>	1.2 years
Weighted interest rate <sup>4</sup>	10.10% p.a.
Loans in arrears <sup>5</sup>	-
Fixed / Floating interest exposure	64% / 36%

#### 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 diversification<sup>6</sup>.

#### 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.

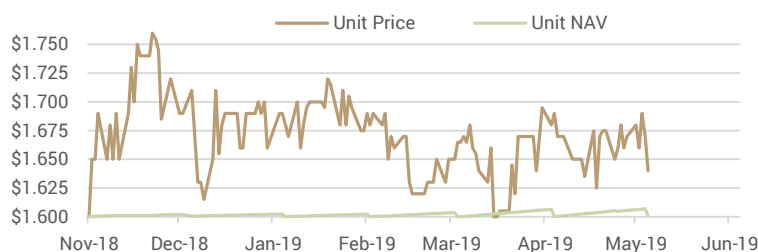
#### Key Information<sup>6</sup>

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

#### Key Service Providers

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

#### Unit Price vs NAV



#### QRI Historical Performance<sup>7</sup>

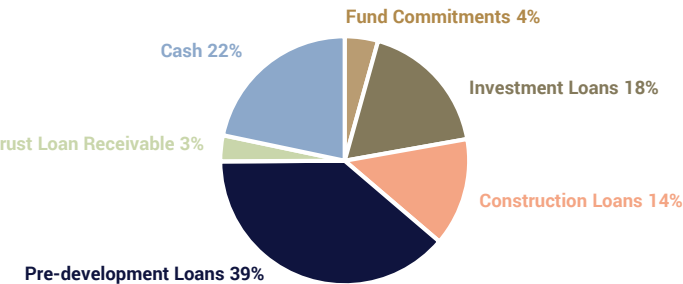
	Nov '18 <sup>8</sup>	Dec '18	Jan '19	Feb '19	Mar '19	Apr '19	May '19	Jun '19	Inception
Net Return (%)	0.02%	0.08%	0.12%	0.15%	0.25%	0.41%	0.44%	-	1.47%
Net Return (% p.a.)	2.24%	0.90%	1.41%	1.98%	3.00%	4.98%	5.13%	-	2.87%
Distribution (% p.a.)	-	1.13%	1.78%	2.01%	2.78%	5.11%	4.76%	-	2.79%
Distribution (¢/unit)	-	0.1534	0.2416	0.2464	0.3784	0.6719	0.6463	-	2.3380



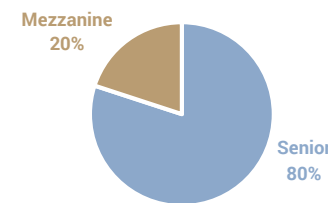
### Performance Update – May 2019

#### Portfolio Diversification<sup>10</sup>

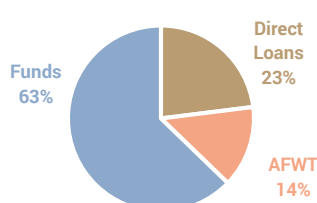
#### Portfolio Composition<sup>11</sup>



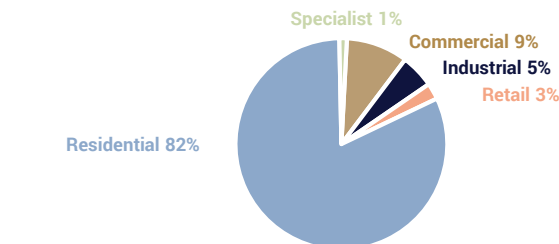
#### Loan Classification<sup>12</sup>



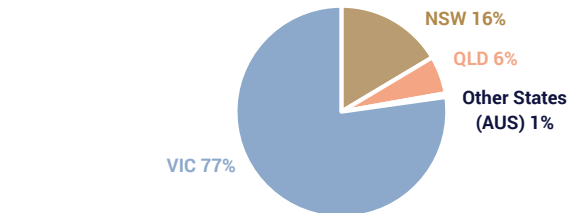
#### Investment Type<sup>12</sup>



#### Property Sector Diversification<sup>13</sup>



#### Geographic Diversification<sup>13</sup>



#### 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] This is a forecast only and circumstances may change. Forecast July month return p.a. represents the first month where all existing and forecast investments earn a full month of income.
- [10] 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.
- [11] Fund Commitments represent uninvested Trust capital amounts that have yet to be invested in direct loans by the underlying funds.
- [12] Excludes Trust Loan Receivable & cash. The Manager classifies the AFWT subordinated notes as mezzanine as it ranks behind senior noteholders.
- [13] 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 approx. \$2.2 billion in committed capital. 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.

#### Investor Queries

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#### Research



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