



## Performance Update – June 2019

### QRI Highlights

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

1 month	Since inception <sup>1</sup>
<b>5.89%<sup>9</sup></b>	<b>3.29%</b>

#### Current Month Distribution

<b>\$0.008397/unit</b>	<b>Current NAV</b>
	<b>\$1.6001</b>

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

Tight credit controls from the banking sector continue to prevail, which is in turn supporting growth in the alternative lending sector. This has been exacerbated by a number of restructures within the CRE teams at the major banks. The alternate lending space has become more price competitive through new entrants and increased capacity. This increased liquidity will continue to assist active borrowers in the market. Notwithstanding concerns around the performance of the broader economy, the Manager continues to see a pipeline of quality, well-priced deals across key property sectors.

Sentiment among residential property developers is improving, however, the market still needs time to recalibrate for the next cycle, with current conditions reflecting a more cautious approach. The Manager is still observing lower construction starts and subdued pre-construction sales, which have reduced demand for both senior and mezzanine construction loans, while the market for senior land and investment loans is more robust.

Conditions in the residential property market were similar to the previous month. Sentiment is stabilising, and the Manager expects this to continue following the Government's successful passage of income tax cuts, the RBA's decision to cut rates by a further 0.25%, and the formal lifting of the APRA serviceability buffer.

### Investment Activity

The Manager completed a placement of \$34.68 million of funds to wholesale investors, with new units issued on 27 June 2019. The additional capital raised will allow the Manager to further grow and diversify the portfolio, in line with the Trust's Investment Strategy.

As at 30 June 2019, 86% of the Trust's initial capital was invested, following the completion of a new senior construction loan in NSW. When taking into account the additional capital raised in the placement, 75% of the Trust's total capital was invested. While transactions are taking longer to execute in the current market, documentation is well-advanced for two senior loan positions that had previously targeted settlement in June.

Trust returns and distributions continue to increase in line with deployment of capital. The Manager is pleased to deliver a June month net return of 5.89% p.a.<sup>9</sup>, reflective of a risk-adjusted portfolio of predominantly senior loans. The Manager's view remains that the current risk/return profile and composition of the Trust's investments is appropriate for the current market cycle and conditions. It continues to pursue investments and strategies to optimise the Trust's performance, with the objective of achieving the Target Return.

The Manager confirmed that no impairments have been made to the loans within the Trust's portfolio.

### QRI Snapshot – Key metrics as at 30 June 2019

Market Cap	\$273m
Trust NAV	\$266m
Unit Price	\$1.64
Unit NAV	\$1.6001
Total Investments	9
Total Loans <sup>2</sup>	27
Weighted LVR <sup>3</sup>	65%
Weighted loan maturity <sup>2</sup>	1.1 years
Weighted interest rate <sup>4</sup>	9.88% p.a.
Loans in arrears <sup>5</sup>	-
Fixed / Floating interest exposure	68% / 32%

### 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.

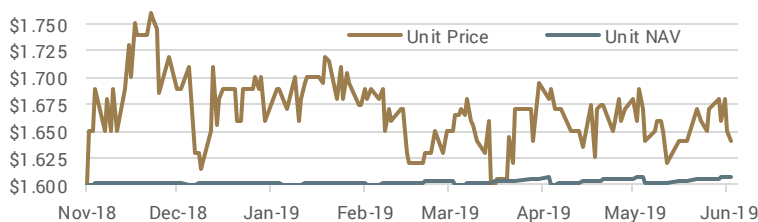
### Key Information<sup>6</sup>

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>

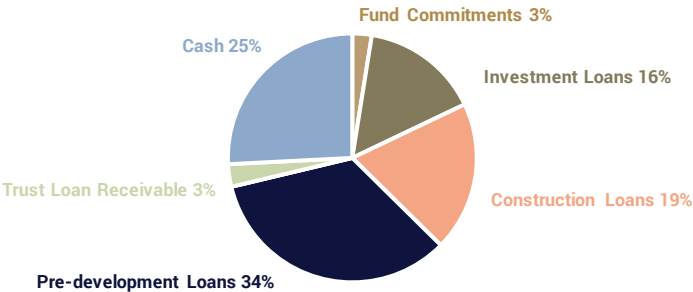
	Nov '18 <sup>8</sup>	Dec '18	Jan '19	Feb '19	Mar '19	Apr '19	May '19	Jun '19	Inception
Net Return (%)	0.02%	0.08%	0.12%	0.15%	0.25%	0.41%	0.44%	0.49%	1.96%
Net Return (% p.a.)	2.24%	0.90%	1.41%	1.98%	3.00%	4.98%	5.13%	5.89% <sup>9</sup>	3.29%
Distribution (% p.a.)	-	1.13%	1.78%	2.01%	2.78%	5.11%	4.76%	6.39% <sup>10</sup>	3.28%
Distribution (¢/unit)	-	0.1534	0.2416	0.2464	0.3784	0.6719	0.6463	0.8397	3.1777



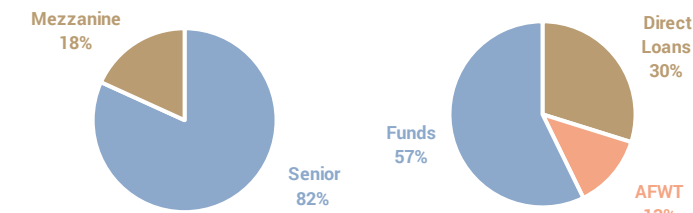
## Performance Update – June 2019

### Portfolio Diversification<sup>11</sup>

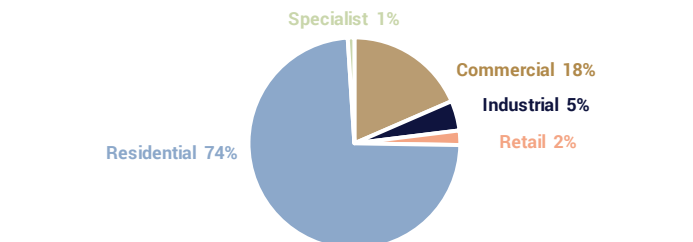
### Portfolio Composition<sup>12</sup>



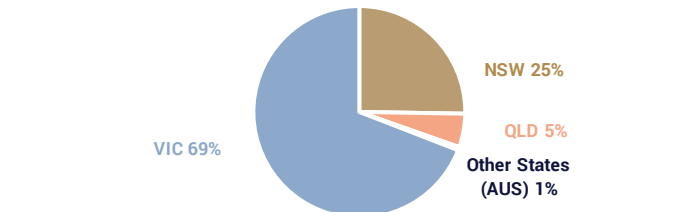
### Loan Classification<sup>13</sup>



### Property Sector Diversification<sup>14</sup>



### Geographic Diversification<sup>14</sup>



### Notes

- [1] Since IPO 27 November 2018. Calculated as the weighted return, taking into account the placement of new units.
- [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] Calculated as the weighted return for the month, taking into account the placement of new units.
- [10] Calculated based on units entitled to the June distribution only.
- [11] 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.
- [12] Fund Commitments represent uninvested Trust capital amounts that have yet to be invested in direct loans by the underlying funds.
- [13] Excludes Trust Loan Receivable & cash. The Manager classifies the AFWT subordinated notes as mezzanine as it ranks behind senior noteholders.
- [14] 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

General P +61 3 9612 3900 | E [qri@qualitas.com.au](mailto:qri@qualitas.com.au)  
W [www.qualitas.com.au/listed-investments/QRI](http://www.qualitas.com.au/listed-investments/QRI)

Unit Registry P 1300 402 177 | E: [qualitas@automicgroup.com.au](mailto:qualitas@automicgroup.com.au)  
W [www.automic.com.au](http://www.automic.com.au)

### Platforms

Macquarie, Netwealth, AMP North, HUB24.

### Research



### Disclaimer

This communication has been issued by The Trust Company (RE Services) Limited (ACN 003 278 831) (AFSL 235150) as responsible entity of The Qualitas Real Estate Income Fund (ARSN 627 917 971) (Fund) and has been prepared by QRI Manager Pty Ltd (ACN 625 857 070) (AFS Representative 1266996 as authorised representative of Qualitas Securities Pty Ltd (ACN 136 451 128) (AFSL 34224)).

This communication contains general information only and does not take into account your investment objectives, financial situation or needs. It does not constitute financial, tax or legal advice, nor is it an offer, invitation or recommendation to subscribe or purchase a unit in the Fund or any other financial product. Before acting on any information contained in this communication, you should consider whether it's appropriate to you, in light of your objectives, financial situation or needs.

While every effort has been made to ensure the information in this communication is accurate; its accuracy, reliability or completeness is not guaranteed and none of The Trust Company (RE Services) Limited (ACN 003 278 831), QRI Manager Pty Ltd (ACN 625 857 070), Qualitas Securities Pty Ltd (ACN 136 451 128) or any of their related entities or their respective directors or officers are liable to you in respect of this communication. Past performance is not a reliable indicator of future performance.

BondAdviser has acted on information provided to it and the content of the research report is not intended to provide financial product advice and must not be relied upon as such. The statements and/or recommendations in the research report are the opinions of BondAdviser only. Neither the accuracy of the data nor the methodology used to produce the report can be guaranteed or warranted. BondAdviser has taken all reasonable steps to ensure that any opinion or recommendation in the content of the research reports is based on reasonable grounds, noting that some of the information in the content of the reports is based on information from third parties. Details regarding BondAdviser methodology and regulatory compliance are available at <http://bondadviser.com.au/documents-and-links>. BondAdviser recommends investors read the full research report and disclaimers therein.

The Independent investment research (IIR) research report should be read in its entirety including the disclaimer and disclosure noted in the report. IIR recommends that you do not make any investment decision prior to consulting your wealth adviser about the contents of the IIR research report.

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned 23 May 2019) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <http://www.zenithpartners.com.au/RegulatoryGuidelines>.