



# Performance Update – November 2019

## QRI Highlights

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

1 month (%) p.a.<sup>9</sup> 5.91%

Since inception<sup>1</sup> 4.60%

### Distribution

Current month \$0.007896 / unit

Current month % p.a. 6.00%

## QRI Key Metrics as at 30 November 2019

Market Cap \$362m

Trust NAV \$361m

Invested Capital \$317m

Unit Price \$1.605

Unit NAV \$1.6003

Total Invested positions<sup>2</sup> 14

Total Loans<sup>3</sup> 35

Weighted LVR<sup>4</sup> 64%

Weighted loan maturity<sup>3</sup> 0.9 years

Loans in arrears<sup>5</sup> -

Fixed / Floating interest exposure 80% / 20%

## 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

Distribution Reinvestment Plan (DRP) Yes

## 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.

## Market Update and Investment Activity

Completed residential inventory continues to sell into a more buoyant sales market and off-the-plan sales for boutique developments located close to capital city CBD's performed well. Buyers are increasingly making their decisions based on the experience of both the builder and developer, demonstrating a flight to quality.

Construction activity remains subdued and top tier builders continue to tender for smaller projects, accepting lower margins in a competitive environment. The Manager has started to see an increase in enquiries for construction loans as developers look to progress plans to activate sites in 2020/21. Demand for land loans remains strong, supported by land valuations holding firm.

As of 30 November 2019, the Trust's capital invested increased to 88% due to the settlement of a senior land loan. \$42m of Trust capital is allocated to one new senior land loan expected to settle in December, and an increase to an existing senior construction loan to fund new project stages expected to settle in early 2020. Expected early loan repayments in December will earn early repayment / exit fees.

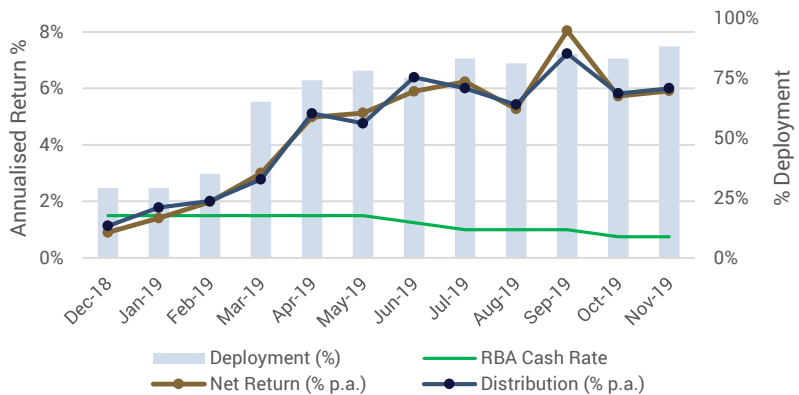
The Manager delivered a November net return of 5.91% p.a. and a distribution return of 6.00% p.a., the difference is attributed to retained earnings paid. November net return comprised of 5.49% p.a. attributed to base interest income and distributions; and 0.41% p.a. of loan establishment fees from direct loans. Given loan establishment fees are paid upfront when new loans settle, the Trust's net return may vary month to month.

The Trust's portfolio continues to reflect a lower risk return profile of predominantly senior loans, underweight to mezzanine loans (below the Manager's target range 20-35%) and 100% exposure to Australia. The Manager confirmed that no impairments have been made to the loans within the Trust's portfolio.

Leading up to December, the market and the debt pipeline remains robust albeit coming into the summer holiday period where there is expected to be a reduction in new lending activity which traditionally picks back up after Australia Day.

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

	1 Mth	3 Mth	6 Mth	12 Mth	Inception <sup>1</sup>
Net Return (%)	0.49%	1.51%	2.97%	4.62%	4.60%
Net Return (% p.a.)	5.91%	6.05%	5.93%	4.62%	4.60%
Distribution (c/unit)	0.7896	2.5313	4.9230	7.2610	7.2610



## Unit Price vs NAV

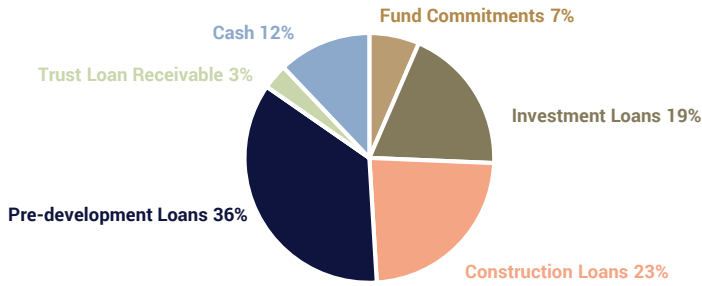




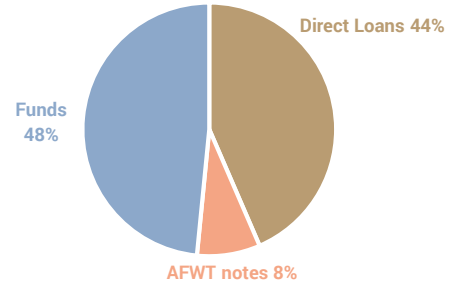
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Portfolio Diversification<sup>8</sup>

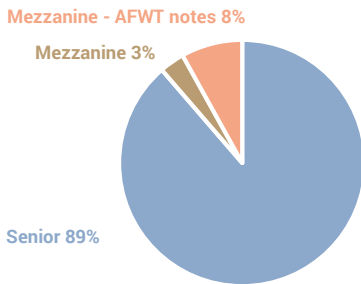
Portfolio Composition<sup>9</sup>



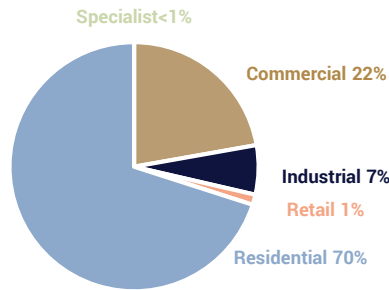
Investment Type<sup>10</sup>



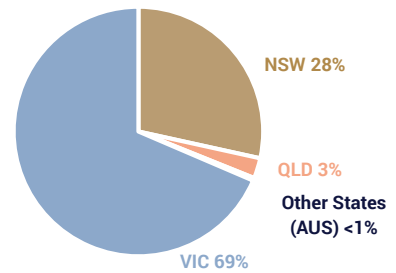
Loan Classification<sup>10</sup>



Property Sector Diversification<sup>11</sup>



Geographic Diversification<sup>11</sup>



About the Manager

Established in 2008, Qualitas has an 11-year track record in the real estate sector and currently manages \$2.5 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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 W [www.automic.com.au](http://www.automic.com.au)

Platforms

Macquarie, BT Panorama, Netwealth, AMP North, HUB24.

Upcoming Investor Events & Key Dates

NA

Key Service Providers

Manager QRI Manager Pty Ltd – an authorised representative of Qualitas Securities Pty Ltd

Responsible Entity The Trust Company (RE Services) Limited

Research





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### Monthly Historical Performance

#### Net Return (%)

Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
FY18	-	-	-	-	0.02%	0.08%	0.12%	0.15%	0.25%	0.41%	0.44%	0.49% <sup>12</sup>	1.96%
FY19	0.53%	0.45%	0.66% <sup>12</sup>	0.49% <sup>12</sup>	0.49%	-	-	-	-	-	-	-	2.62%

#### Distributions (¢/unit)

Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
FY18	-	-	-	-	-	0.1534	0.2416	0.2464	0.3784	0.6719	0.6463	0.8397 <sup>13</sup>	3.1777
FY19	0.8150	0.7370	0.9511 <sup>13</sup>	0.7906	0.7896	-	-	-	-	-	-	-	4.0833

#### Notes

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[1] Since IPO 27 November 2018. Annualised return is based on average month end NAV.

[2] All investments including direct loans are made by the Sub-Trust. The Sub-Trust is wholly owned by the Trust.

[3] Total loans 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.

[4] 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.

[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. Deployment represents the % of the Trust's total capital that has been committed and invested as at month end in investments, including the Trust Loan Receivable.

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[8] 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.

[9] Fund Commitments represent uninvested Trust capital amounts that have yet to be invested in direct loans by the underlying funds.

[10] Excludes Trust Loan Receivable & cash. The Manager classifies the AFWT subordinated notes as mezzanine as it ranks behind senior noteholders.

[11] Excludes Trust Loan Receivable & cash. Adjusted for AFWT loan portfolio.

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[12] Net Return calculated based on weighted average NAV.

[13] Calculated based on units entitled to the distribution. The units entitled to the September distribution excludes units issued under the Wholesale and Early Retail Entitlement Offers.

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