



# Performance Update – December 2019

## QRI Highlights

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

1 month (%) p.a.<sup>9</sup> 7.14%

Since inception<sup>1</sup> 4.87%

### Distribution

Current month \$0.009099 / unit

Current month % p.a. 6.70%

## QRI Key Metrics as at 31 December 2019

Market Cap	\$365m
Trust NAV	\$361m
Invested Capital	\$329m
Unit Price	\$1.62
Unit NAV	\$1.6009
Total Invested positions <sup>2</sup>	14
Total Loans <sup>3</sup>	31
Weighted LVR <sup>4</sup>	65%
Weighted loan maturity <sup>3</sup>	0.9 years
Loans in arrears <sup>5</sup>	-
Fixed / Floating interest exposure	86% / 14%

## 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

Conditions in the commercial real estate (CRE) debt market remain consistent with last month. Borrower enquiry levels were encouraging, particularly for construction loans as developers look to activate sites in 12-18 months. The Manager has observed an increased willingness from developers to address the lower levels of supply coming onto the market, so as not to cause an imbalance down the track. Ongoing due diligence and assessment of these enquiries will begin following the holiday period.

As of 31 December 2019, the Trust's capital invested increased to 91% due to the settlement of a senior land loan, offset by repayment of another senior land loan. \$31m of Trust capital is allocated to two new loans expected to settle by the end of February, utilising funds from expected repayments and Trust capital.

The Manager delivered a December net return of 7.14% p.a. and a distribution return of 6.70% p.a. December net return comprised of 6.61% p.a. attributed to base interest income, distributions and early repayment / exit fees; and 0.53% p.a. of loan establishment fees from direct loans.

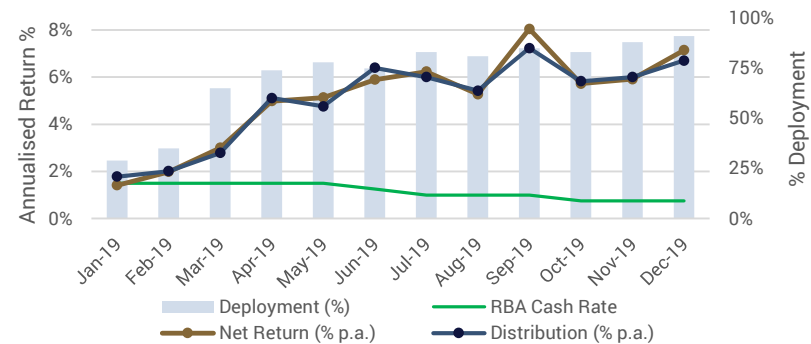
The Trust's portfolio continues to reflect a lower risk return profile of predominantly senior loans, underweight to mezzanine loans (below the Manager's target range 20-35%) and 100% exposure to Australia. The Manager confirmed that no impairments have been made to the loans within the Trust's portfolio.

Looking back over 2019, the CRE debt market exhibited sound fundamentals. The core markets of office and industrial performed well, while the residential market continues to recalibrate in readiness for the next cycle. Demand for loans improved as Government policy was assured through the election result, lower interest rates prevailed and banks maintained a subdued interest in the sector. The consistent performance during 2019 highlights the lower volatility and capital preservation attributes of the Trust, in addition to delivering regular monthly income to unitholders.

The Manager is cautiously optimistic that conditions for real estate credit will remain favourable during 2020, and will position the portfolio accordingly.

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

	1 Mth	3 Mth	6 Mth	12 Mth	Inception <sup>1</sup>
Net Return (%)	0.61%	1.54%	3.11%	5.17%	4.87%
Net Return (% p.a.)	7.14%	6.10%	6.17%	5.17%	4.87%
Distribution (¢/unit)	0.9099	2.4901	4.9932	8.0175	8.1709



## Unit Price vs NAV

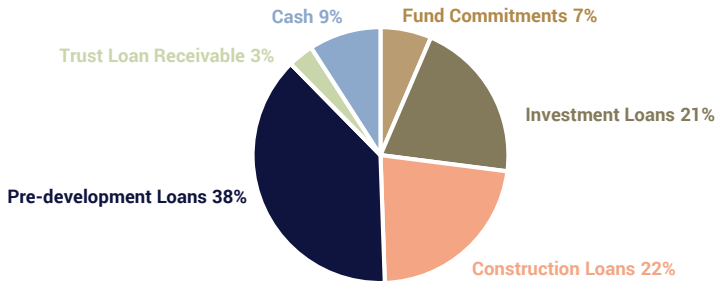




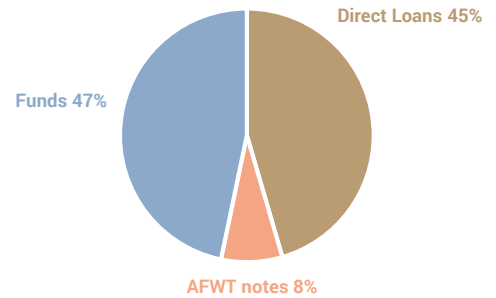
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Portfolio Diversification<sup>8</sup>

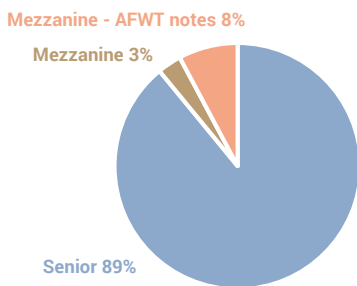
Portfolio Composition<sup>9</sup>



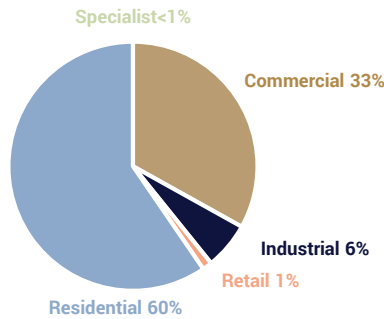
Investment Type<sup>10</sup>



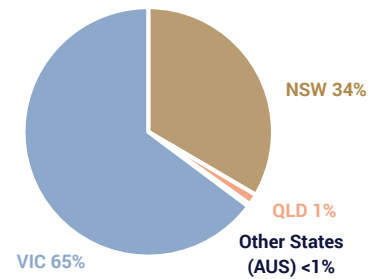
Loan Classification<sup>10</sup>



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
FY19	-	-	-	-	0.02%	0.08%	0.12%	0.15%	0.25%	0.41%	0.44%	0.49% <sup>12</sup>	1.96%
FY20	0.53%	0.45%	0.66% <sup>12</sup>	0.49% <sup>12</sup>	0.49%	0.61%	-	-	-	-	-	-	3.23%

#### Distributions (¢/unit)

Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
FY19	-	-	-	-	-	0.1534	0.2416	0.2464	0.3784	0.6719	0.6463	0.8397 <sup>13</sup>	3.1777
FY20	0.8150	0.7370	0.9511 <sup>13</sup>	0.7906	0.7896	0.9099	-	-	-	-	-	-	4.9932

#### 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] 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. Figures stated are subject to rounding.

[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 2019 distribution excludes units issued under the Wholesale and Early Retail Entitlement Offers.

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