



# Performance Update – February 2020

## QRI Highlights

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

1 month (%) p.a.<sup>8</sup> 6.14%

12 month (%) p.a.<sup>9</sup> 5.79%

### Distribution

Current month \$0.007989 / unit

Current month % p.a. 6.30%

### QRI Key Metrics as at 29 February 2020

Market Cap \$361m

Trust NAV \$361m

Invested Capital \$311m

Unit Price \$1.60

Unit NAV \$1.6006

Total Invested positions<sup>2</sup> 13

Total Loans<sup>3</sup> 31

Weighted LVR<sup>4</sup> 65%

Weighted loan maturity<sup>3</sup> 0.8 years

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

Fixed / Floating interest exposure 82% / 18%

### 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

As the Coronavirus situation continues to play out on a global scale, the Manager is monitoring the impact on credit markets, in particular, the availability of credit in both the local and offshore markets. The Manager will continue to actively monitor all loans within the Trust's portfolio in this heightened risk environment. Prior to Coronavirus outbreak, housing market conditions continued to improve with lower residential vacancy rates, solid clearance rates in Sydney and Melbourne, and reduced new apartment "residual stock" observed. Larger deal sizes are now more prevalent in the pipeline, reflective of increased investment activity from borrowers and lower cost of debt.

As at 29 February, the Trust's capital invested was 86%. The Manager undertook portfolio rebalancing and sold down certain loans which was necessary to reduce concentration risks in the current environment noting that higher cash reserves are reflective of the Manager's conservative measure. Remaining uncommitted capital is allocated to loans which are on track to settle in upcoming months.

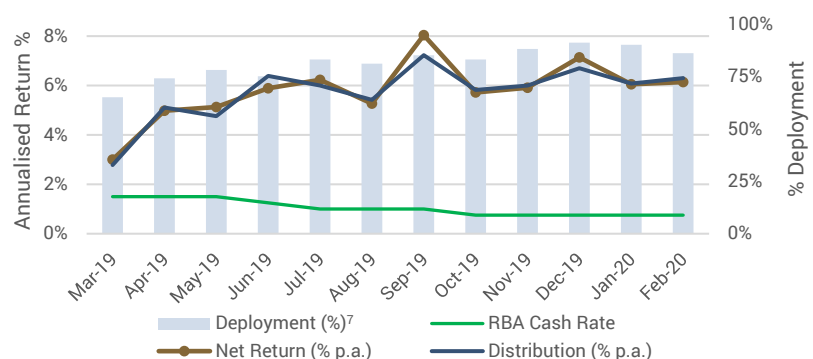
The February net return of 6.14% p.a. is attributed to base interest income and distributions and is reflective of a lower risk return profile of predominantly senior, underweight to mezzanine loans (below the Manager's target range 20-35%) and 100% exposure to Australia.

As per the periodic asset management review of all loans on the 11th February, and in conjunction with ongoing monitoring, the Manager determined that the Trust's loan portfolio is not materially impacted by the Coronavirus to date and no impairment has been deemed necessary. The Trust's NTA therefore remains stable. The Manager has increased the frequency of its asset management review process and engagement with existing Borrowers.

In regards to deployment of existing cash reserves, the Manager intends to be very selective on which opportunities to pursue, seeking very strong risk adjusted returns at this new stage of the cycle.

## QRI Historical Performance

	1 Mth <sup>8</sup>	3 Mth <sup>9</sup>	6 Mth <sup>9</sup>	12 Mth <sup>9</sup>	Inception <sup>1</sup>
Net Return (%)	0.49%	1.61%	3.12%	5.79%	-
Net Return (% p.a.)	6.14%	6.46%	6.27%	5.79%	5.09%
Distribution (¢/unit)	0.7989	2.5321	5.0634	9.1517	9.7931



\*Past performance is not a reliable indicator of future performance.

## Unit Price vs NAV

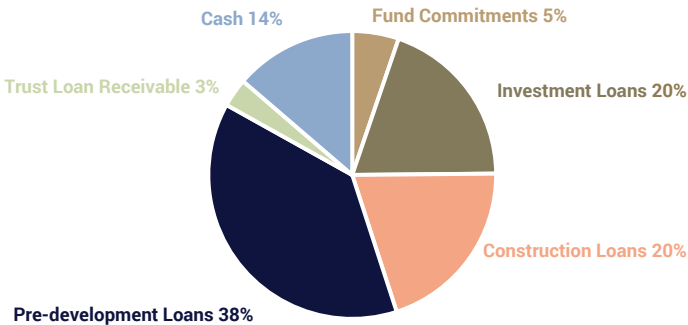




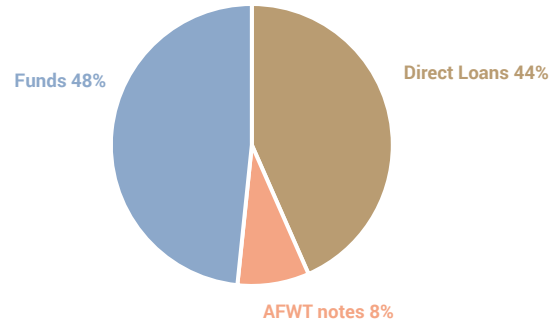
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Portfolio Diversification<sup>10</sup>

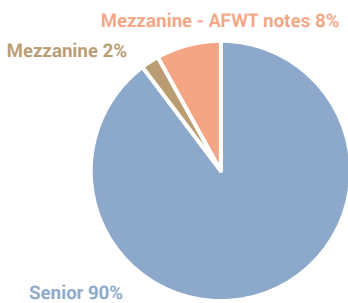
Portfolio Composition<sup>11</sup>



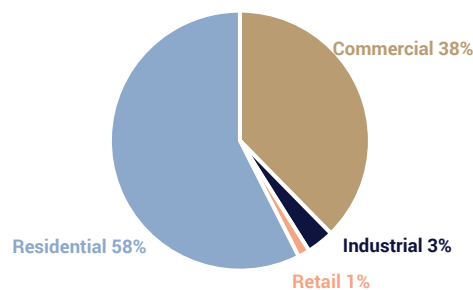
Investment Type<sup>12</sup>



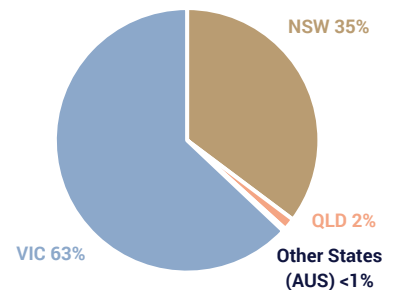
Loan Classification<sup>12</sup>



Property Sector Diversification<sup>13</sup>



Geographic Diversification<sup>13</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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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>14</sup>	1.96%
FY20	0.53%	0.45%	0.66% <sup>14</sup>	0.49% <sup>14</sup>	0.49%	0.61%	0.51%	0.49%	-	-	-	-	4.23%

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>15</sup>	3.1777
FY20	0.8150	0.7370	0.9511 <sup>15</sup>	0.7906	0.7896	0.9099	0.8233	0.7989	-	-	-	-	6.6154

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] 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.
- [8] Net return calculated based on weighted average NAV.
- [9] Net return calculated based on average month end NAV.

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- [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. Figures stated are subject to rounding.
- [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.

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- [14] Net Return calculated based on weighted average NAV.
- [15] 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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