



# Performance Update – July 2020

## QRI Highlights

### Net Return<sup>1</sup> (% p.a.)

1 month (%) p.a.	5.87%
12 month (%) p.a.	6.07%

### Distribution

Current month	\$0.007914 / unit
Current month % p.a.	5.84%

### QRI investment benefits

- ✓ Experienced Institutional local based Manager
- ✓ Regular and stable monthly cash distributions<sup>2</sup>
- ✓ Return is an attractive premium to current low cash rate<sup>3</sup>
- ✓ Capital preservation: loans / real property mortgages
- ✓ Exposure to the property market
- ✓ Simple credit strategy of investing in only Commercial Real Estate (CRE) loans

### QRI Key Metrics as at 31 July 2020

Market Cap / Trust NAV	\$340m / \$361m
Invested Capital <sup>4</sup>	\$274m
Unit Price	\$1.510
Unit NAV	\$1.6006
Total Invested positions <sup>5</sup>	13
Total Loans <sup>6</sup>	32
Weighted LVR <sup>7</sup>	62%
Weighted loan maturity <sup>6</sup>	0.7 years
Loans in arrears <sup>8</sup>	-
Fixed / Floating interest exposure	81% / 19%

### Key Information<sup>9</sup>

Target Return	RBA Cash Rate <sup>3</sup> + 5.0% - 6.5% p.a. (net)
Investment Type	Listed Investment Trust
Distributions	Monthly
Unit Pricing	Weekly
Distribution Reinvestment Plan (DRP)	Suspended

### Investment Objective

To achieve a Target Return of RBA Cash Rate<sup>3</sup> + 5.0% - 6.5% p.a. (net of fees and expenses), and provide monthly cash income, capital preservation and portfolio diversification<sup>9</sup>.

### Investment Strategy

Seek to achieve the Investment Objective by investing in a portfolio of investments that offers exposure to commercial real estate loans secured by first and second mortgages, predominantly located in Australia.

## Market Update and Investment Activity

Despite the COVID-19 market risks which heightened due to Stage 4 restrictions implemented in Melbourne, CRE debt market activity remained at the same level. The Manager's CRE debt pipeline remains strong as demand for alternative financing increased due to reduced bank activity characterised by credit rationing and being inward focused which is typical during changes in the cycle.

CRE debt pricing remains favourable relative to pre-COVID-19 levels but has come down slightly from the onset of the pandemic in March 2020. The market for refinancing remains strong and provides opportunities for the Manager to exit positions and reposition the portfolio to improve the overall credit quality and risk adjusted returns for the Trust's portfolio. The vast majority of mandates being progressed are residual stock loans which continue to be in strong demand by borrowers, albeit are now experiencing pricing pressure.

As of 31 July 2020, the Trust's invested capital reduced to 76% (look through to Qualitas funds) as a result of loan repayments. The Manager expects the Trust's Capital to be effectively fully deployed by the end of August 2020 subject to final documentation and settlement of three residual stock loans (investment committee approved) totalling \$63.5m.

The Trust's weighting to land loans reduced from 39% to 29% due to the repayment of a significant \$35m senior land loan, with the incoming lender refinancing at an LVR of 70% evidencing solid market liquidity. Looking through to Qualitas funds, partial repayments totalling \$1.2m were made in line with expected performance across three loans, and \$13m of loan extensions were settled across three loans.

Having regard to the current low cash rate, the Trust's Target Return was redefined (ASX announcement 22 July 2020) from an absolute fixed 8.0% (net) to a relative return of RBA Cash Rate + 5.0% - 6.5%.

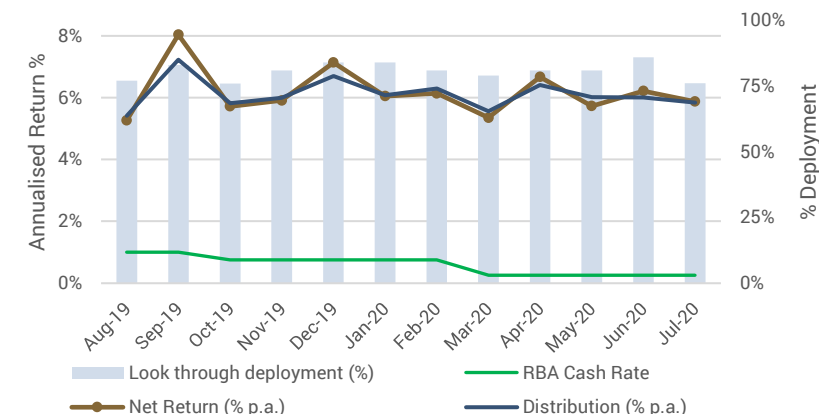
The July month net return of 5.87% p.a. comprised 1.13% p.a. of fee income from loan extensions and early repayments. The Manager delivered on the Trust's key investment objective of cash payment of monthly income to unitholders with the July return demonstrating a healthy 5.62% p.a. premium to the RBA cash rate (currently 0.25% p.a.), in line with the Trust's current Target Return range of 5.25% to 6.75% p.a.

The Trust's NAV and underlying credit quality remained stable after the most recent asset review (conducted monthly). As at the date of this report there are no loan impairments and no interest arrears in the Trust's portfolio.

### QRI Historical Performance

	1 Mth	3 Mth	6 Mth	12 Mth	Inception <sup>10</sup>
Net Return (%) <sup>1</sup>	0.50%	1.49%	2.98%	6.07%	-
Net Return (% p.a.)	5.87%	5.94%	5.99%	6.07%	5.34%
Distribution (¢/unit)	0.7914	2.3948	4.7881	9.7896	13.7823
Distribution Return (% p.a.)	5.84%	5.95%	6.02%	6.05%	5.31%

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



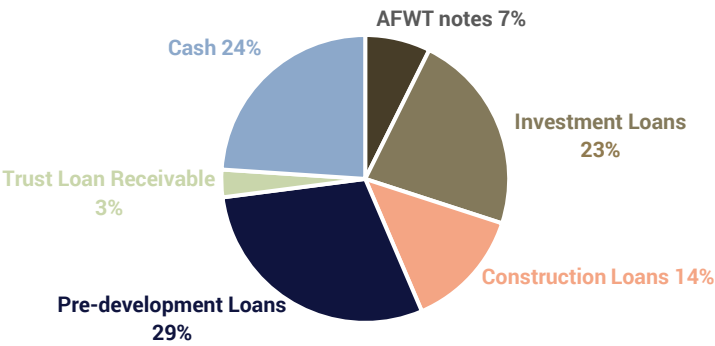
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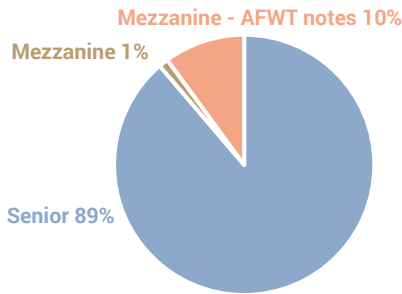
QRI Portfolio Diversification<sup>1</sup>

Portfolio Composition

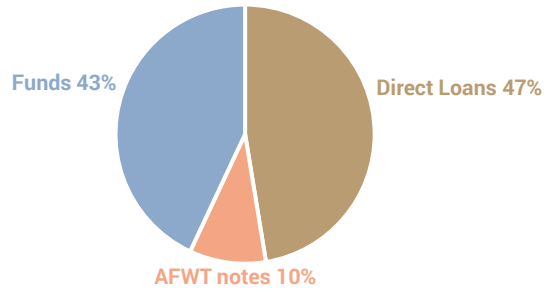


Category	\$ millions	%
Cash (QRI) uncommitted	72.8	20%
Cash (Qualitas funds) uncommitted	13.7	4%
Senior Debt Investment Loans	81.7	23%
Senior Debt Construction Loans	45.8	13%
Senior Debt Land Loans	106.0	29%
Mezzanine Debt Construction Loans	3.1	1%
AFWT Notes	26.5	7%
Trust Loan Receivable	11.2	3%
<b>Total</b>	<b>\$360.8</b>	<b>100%</b>
<b>Gross Return</b>	<b>7.69% p.a.</b>	
Mgt Fee and Overheads	(1.82% p.a.)	
<b>Net Yield (Annualised)<sup>2</sup></b>	<b>5.87% p.a.</b>	

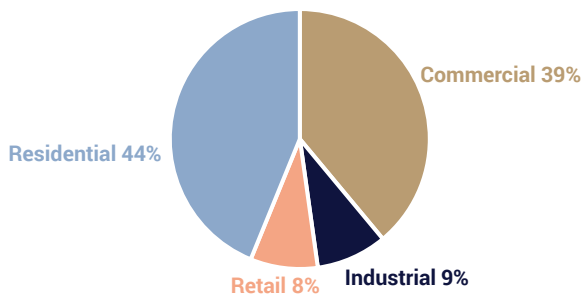
Loan Classification<sup>3</sup>



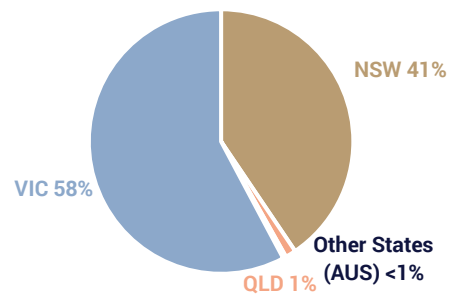
Investment Type<sup>3</sup>



Property Sector Diversification<sup>4</sup>



Geographic Diversification<sup>4</sup>



About the Manager

Established in 2008, Qualitas has an 12-year track record in the real estate sector and currently manages \$2.65 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.

Key Service Providers

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

Responsible Entity The Trust Company (RE Services) Limited

Platforms

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

Upcoming Investor Events & Key Dates

Investor Queries

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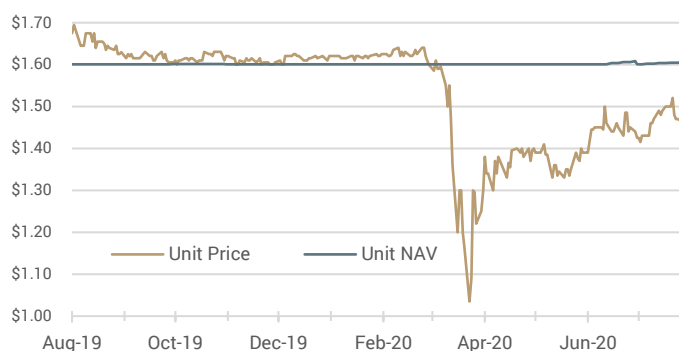
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#### Monthly Historical Performance

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

Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
<b>Net Return (%)</b>													
FY19	-	-	-	-	0.02%	0.08%	0.12%	0.15%	0.25%	0.41%	0.44%	0.49% <sup>1</sup>	1.96%
FY20	0.53%	0.45%	0.66% <sup>1</sup>	0.49% <sup>1</sup>	0.49%	0.61%	0.51%	0.49%	0.45%	0.55%	0.49%	0.51%	6.23%
FY21	0.50%	-	-	-	-	-	-	-	-	-	-	-	0.50%
<b>Distributions (c/unit)</b>													
FY19	-	-	-	-	-	0.1534	0.2416	0.2464	0.3784	0.6719	0.6463	0.8397 <sup>2</sup>	3.1777
FY20	0.8150	0.7370	0.9511 <sup>2</sup>	0.7906	0.7896	0.9099	0.8233	0.7989	0.7539	0.8405	0.8152	0.7882	9.8132
FY21	0.7914	-	-	-	-	-	-	-	-	-	-	-	0.7914

#### Unit Price vs NAV



#### Notes

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- [1] 1 month net return is calculated based on the weighted average NAV. 3 month, 6 month and 12 month net return is calculated based on the average month end NAV.
- [2] The payment of monthly cash income is a goal of the Trust only and neither the Manager or the Responsible Entity provide any representation or warranty (whether express or implied) in relation to the payment of any monthly cash income.
- [3] RBA cash rate is subject to a floor of 0%. The change to the Target Return was announced to the ASX on 22 July 2020.
- [4] Invested Capital represents the amount of the Trust's total capital that has been committed and invested as at month end in loans (on a look through basis to the Qualitas Funds), the AFWT notes and the Trust Loan Receivable.
- [5] All investments including direct loans are made by the Sub-Trust. The Sub-Trust is wholly owned by the Trust.
- [6] 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.
- [7] 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.
- [8] Represents % of loan portfolio on look through-basis (excluding AFWT loan portfolio) in arrears by 90 days or more.
- [9] This is a target return only. There is no guarantee the Trust will meet its Investment Objective. The payment of monthly cash income is a goal of the Trust only and neither the Manager or the Responsible Entity provide any representation or warranty (whether express or implied) in relation to the payment of any monthly cash income. The Trust reserves the discretion to amend its distribution policy.
- [10] Since IPO 27 November 2018. Annualised return is based on average month end NAV.

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- [1] 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.
- [2] Net Yield is based on the net return of the Trust Portfolio for the reporting month and converts this into an annual yield as if the return was constant for 12 months.
- [3] Excludes Trust Loan Receivable & cash. The Manager classifies the AFWT subordinated notes as mezzanine as it ranks behind senior noteholders.
- [4] Excludes Trust Loan Receivable & cash. Adjusted for AFWT loan portfolio.

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- [1] Net Return calculated based on weighted average NAV.
- [2] Calculated based on units entitled to the distribution. The units entitled to the Sep-19 distribution excludes units issued under the Wholesale and Early Retail Entitlement Offers.

#### Disclaimer

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