



Performance Update – September 2020

QRI Highlights

Net Return¹ (% p.a.)

1 month (%) p.a.	5.88%
12 month (%) p.a.	6.10%

Distribution

Current month	\$0.007956/ unit
Current month % p.a.	6.07%

QRI investment benefits

- ✓ Experienced Institutional local based Manager
- ✓ Regular and stable monthly cash distributions²
- ✓ Return is an attractive premium to current low cash rate³
- ✓ 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 30 September 2020

Market Cap / Trust NAV	\$336m / \$361m
Invested Capital ⁴	\$322m
Unit Price	\$1.490
Unit NAV	\$1.6014
Total Invested positions ⁵	16
Total Loans ⁶	35
Weighted LVR ⁷	60%
Weighted loan maturity ⁶	0.9 years
Loans in arrears ⁸	-
Fixed / Floating interest exposure	84% / 16%

Key Information⁹

Target Return	RBA Cash Rate ³ + 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 the Target Return, and provide monthly cash income, capital preservation and portfolio diversification⁹.

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

The CRE debt market continues to demonstrate favourable conditions for alternative lenders which is largely being driven by reduced bank lending across all asset classes. The Manager is seeing an increase in opportunities to alternative lenders that fall just outside traditional Bank policy as borrowers seek time to adjust their strategy or seek to remain at current debt levels.

CRE debt risk-adjusted returns are being upheld overall, although pricing compression is occurring for investment loans secured by residential (i.e. residual stock loans) and industrial properties. These are sectors which the Manager considers have strong underlying fundamentals.

The Manager continues to consider residential property as a defensive asset class (53% of the Trust's invested portfolio) due to the reduced supply of dwellings expected by the Manager over the next few years. The Manager is also witnessing strengthening industrial property valuations due in part to increased warehouse demand driven by growth of online activity.

As at 30 September 2020, the Trust's invested capital remained relatively stable at 89% (look through to Qualitas funds). A new senior investment loan secured by a well-located CBD office property was settled in September at an LVR of 62.5% representing an attractive risk-adjusted return. A significant land loan was extended which attracted extension fees as well as an updated valuation. Partial loan repayments totalling \$4m (look through to Qualitas funds) were made across several senior loans, with a large proportion attributed to residual stock loans as completed stock continued to sell.

A new mezzanine construction loan within the Qualitas Mezzanine Debt Fund is currently mandated. This loan, which remains subject to investment committee approval, is expected to settle at the end of October 2020.

In order to provide further flexibility to reposition the portfolio to invest in loans in a direct manner⁵ (as opposed to through a Qualitas wholesale fund), the Manager has submitted a \$44.4m unit redemption request to the Qualitas Senior Debt Fund ("QSDF") for redemption on or around January 2021. If this redemption request is accepted, the Trust's investment in QSDF will reduce to \$39m noting that there are no fees payable to the QSDF manager. This redemption strategy further seeks to increase transparency to unitholders regarding QRI investments.

The Manager is pleased to achieve the Target Return (currently 5.25% to 6.75%) and deliver a September month net return of 5.88% p.a. and a distribution return of 6.07% p.a. The Manager has also met the Trust's investment objective of capital preservation as the Trust's NAV remained stable after the most recent asset review (conducted monthly), with no loan impairments and no interest arrears recorded as of the date of this release.

Distribution Policy update

The Trust's distribution policy has been to distribute the Trust's income (net of fees and expenses) on a monthly basis¹⁰. New loan settlements, which generate fee income for the Trust, sometimes result in sizeable income variations from month-to-month.

The Responsible Entity and the Manager have agreed that the Trust adopt a policy of paying more consistent distributions which aim to smooth these monthly variations of income and to provide unitholders with a more predictable and consistent distribution. Distribution smoothing is to be utilised, aimed at delivering more consistently sized monthly distributions of income especially during seasonal periods within the CRE debt market where investment activity is varied, in order to spread income more evenly through the financial year.

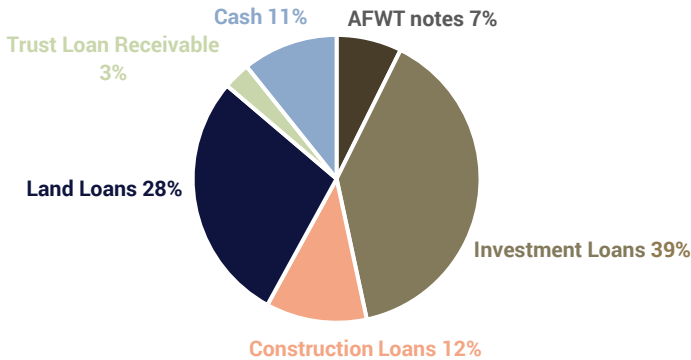
The Responsible Entity has accordingly decided to amend the distribution policy of the Trust such that the new policy is generally for the Trust's income (net of fees and expenses) to be distributed on a monthly basis, but that the Trust may retain income from time to time on a monthly basis and distribute that retained income to contributed to the payment of a future month's distributions within the same financial year.¹⁰



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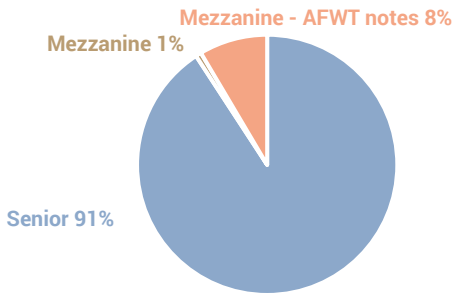
QRI Portfolio Diversification¹

Portfolio Composition

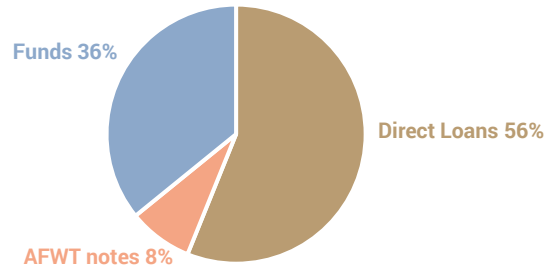


Category	\$ millions	%
Cash (QRI) uncommitted	20.2	6%
Cash (Qualitas funds) uncommitted	18.5	5%
Senior Debt Investment Loans	141.8	39%
Senior Debt Construction Loans	38.8	11%
Senior Debt Land Loans	101.8	28%
Mezzanine Debt Construction Loans	2.2	1%
AFWT Notes	26.5	7%
Trust Loan Receivable	11.0	3%
Total	\$360.8	100%
Gross Return	7.87% p.a.	
Mgt Fee and Overheads	(1.99% p.a.)	
Net Yield (Annualised)²	5.88% p.a.	

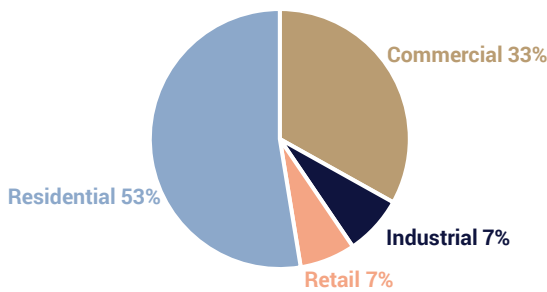
Loan Classification³



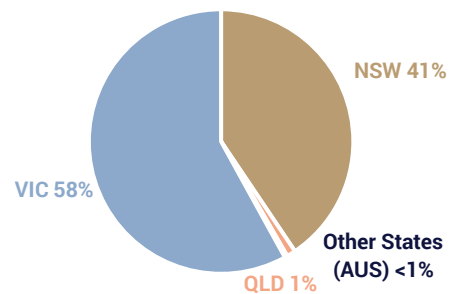
Investment Type³



Property Sector Diversification⁴



Geographic Diversification⁴



About the Manager

Established in 2008, Qualitas has a 12-year track record in the real estate sector and currently manages \$2.76 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

- 26 October 2020: QRI September quarter portfolio update

Investor Queries

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Monthly Historical Performance

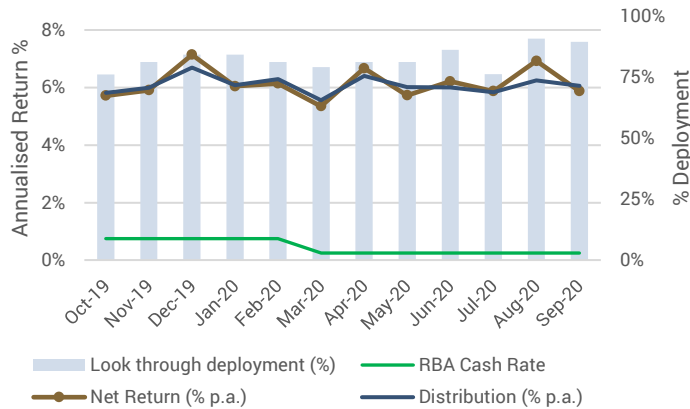
**Past performance is not a reliable indicator of future performance.*

Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
Net Return (%)													
FY19	-	-	-	-	0.02%	0.08%	0.12%	0.15%	0.25%	0.41%	0.44%	0.49% ¹	1.96%
FY20	0.53%	0.45%	0.66% ¹	0.49% ¹	0.49%	0.61%	0.51%	0.49%	0.45%	0.55%	0.49%	0.51%	6.23%
FY21	0.50%	0.59%	0.48%	-	-	-	-	-	-	-	-	-	1.57%
Distributions (¢/unit)													
FY19	-	-	-	-	-	0.1534	0.2416	0.2464	0.3784	0.6719	0.6463	0.8397 ²	3.1777
FY20	0.8150	0.7370	0.9511 ²	0.7906	0.7896	0.9099	0.8233	0.7989	0.7539	0.8405	0.8152	0.7882	9.8132
FY21	0.7914	0.8469	0.7956	-	-	-	-	-	-	-	-	-	2.4339

QRI Historical Performance

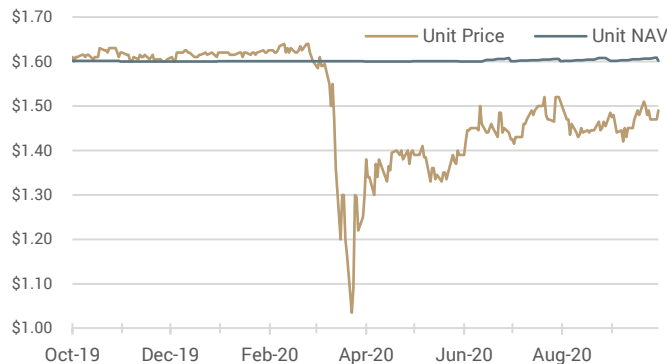
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	1 Mth	3 Mth	6 Mth	12 Mth	Inception ³
Net Return (%) ⁴	0.48%	1.57%	3.11%	6.10%	-
Net Return (% p.a.)	5.88%	6.23%	6.21%	6.10%	5.45%
Distribution (¢/unit)	0.7956	2.4339	4.8778	9.7440	15.4248
Distribution Return (% p.a.)	6.07%	6.05%	6.10%	6.09%	5.40%



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Unit Price vs NAV





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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] The Responsible Entity reserves the right to amend the distribution policy of the Trust having regard to the Manager's recommendations as set out in the most recent PDS dated 11 September 2019.

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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.
- [3] Since IPO 27 November 2018. Annualised return is based on average month end NAV.
- [4] 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.

Disclaimer

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