



Performance Update – October 2020

QRI Highlights

Net Return¹ (% p.a.)

1 month (%) p.a.	6.03%
12 month (%) p.a.	6.16%

Distribution

Current month	\$0.008289 / unit
Current month % p.a.	6.12%

QRI investment benefits

- ✓ Experienced Institutional local based Manager
- ✓ Regular and stable monthly cash distributions²
- ✓ Return is an attractive premium³ to current low cash rate
- ✓ 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 October 2020

Market Cap / Trust NAV	\$342m / \$361m
Invested Capital ⁴	\$324m
Unit Price	\$1.515
Unit NAV	\$1.6007
Total Invested positions ⁵	16
Total Loans ⁶	36
Weighted LVR ⁷	60%
Weighted loan maturity ⁶	0.8 years
Loans in arrears ⁸	-
Fixed / Floating interest exposure	83% / 17%

Key Information⁹

Target Return	RBA Cash Rate ¹⁰ + 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 Manager's CRE debt pipeline continues to be robust as favourable market conditions held firm since last month. In particular, mezzanine construction opportunities are increasing as developers seek to maintain their banking relationships in the current environment and are now returning to traditional mezzanine capital provided by alternative lenders, to fill the funding gap for their projects.

Since the onset of COVID-19 in March 2020, the Manager has revalued security properties across 18 loans (both new and extended) worth \$192m (look through basis) which represents more than half of the total loans invested. The volume of these revaluations undertaken during market volatility is beneficial to appropriately reflect and reconfirm market values and in turn the equity buffer of security properties that seeks to protect lenders from capital losses. Furthermore, revaluations are important for managing the weighted average LVR of the Trust's portfolio which has been trending down, now at 60% compared to 64% in March, noting the Trust remained 99%¹² invested in senior loans.

As at 31 October 2020, the Trust's invested capital remained stable at 90% (look through to Qualitas funds). The Manager deployed available capital, including returned capital from loan repayments, into mainly new investment loans. Loans settled during the month totalled \$10.3m (look through basis) which included two new senior investment loans (one of which was a residual stock loan) and an increase / rebalance of QRI's exposure to an existing land loan extended last month. Loan repayments totalling \$6.8m (look through to Qualitas funds) comprised of partial repayments to residual stock loans and a senior construction loan as well as a full exit of a senior land loan.

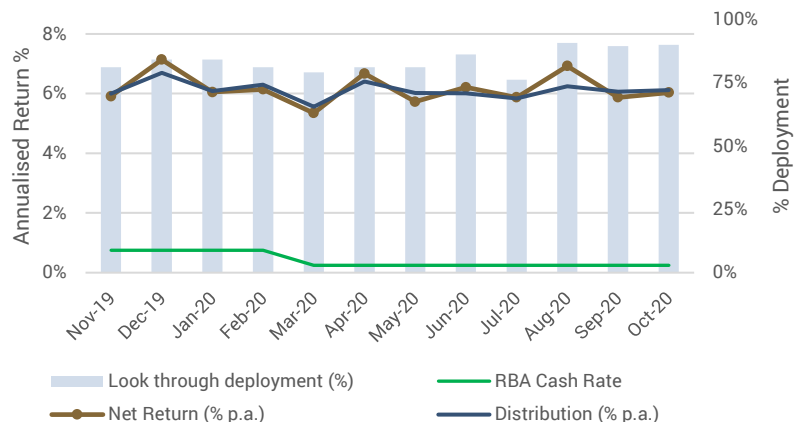
The Trust's capital is now fully allocated¹³. Allocated investments (QRI exposure) include a \$13.8m investment loan and a \$3.1m mezzanine construction loan (as mentioned last month) which are both investment committee approved and are expected to settle by the end of December.

The Manager achieved the **Target Return** (during October was 5.25% to 6.75%, however following the RBA 15bp rate cut on 4 November 2020, is now **5.10% to 6.60%**) and delivered a October month net return of 6.03% p.a. and a distribution return of 6.12% 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.

QRI Historical Performance

	1 Mth	3 Mth	6 Mth	12 Mth	Inception ¹¹
Net Return (%) ¹	0.51%	1.58%	3.07%	6.16%	-
Net Return (% p.a.)	6.03%	6.28%	6.11%	6.16%	5.48%
Distribution (¢/unit)	0.8289	2.4714	4.8662	9.7823	16.2537
Distribution Return (% p.a.)	6.12%	6.14%	6.05%	6.11%	5.44%

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



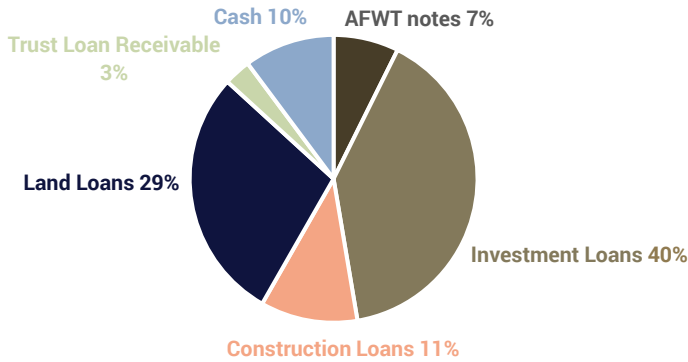
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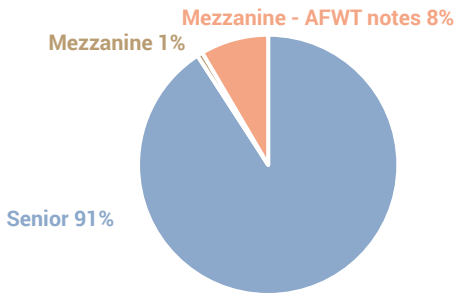
QRI Portfolio Diversification¹

Portfolio Composition

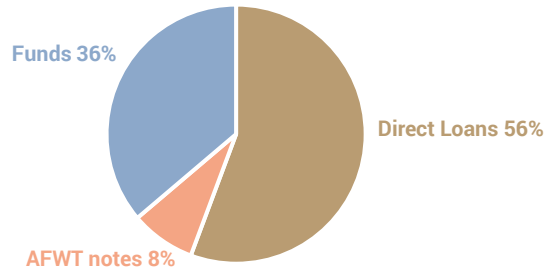


Category	\$ millions	%
Cash (QRI) uncommitted	23.5	6%
Cash (Qualitas funds) uncommitted	13.3	4%
Senior Debt Investment Loans	144.3	40%
Senior Debt Construction Loans	37.2	10%
Senior Debt Land Loans	102.9	29%
Mezzanine Debt Construction Loans	2.2	1%
AFWT Notes	26.5	7%
Trust Loan Receivable	10.9	3%
Total	\$360.8	100%
Gross Return	7.77% p.a.	
Mgt Fee and Overheads	(1.74% p.a.)	
Net Yield (Annualised)²	6.03% p.a.	

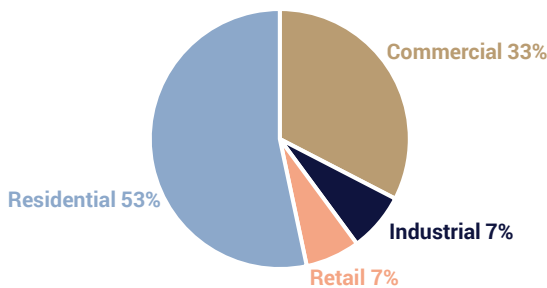
Loan Classification³



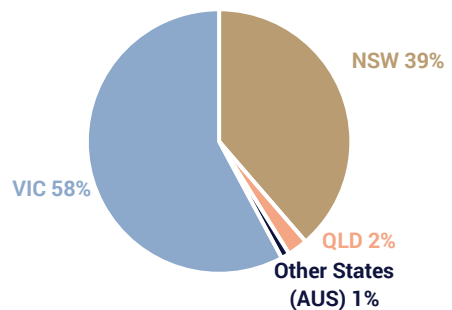
Investment Type³



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

Investor Queries

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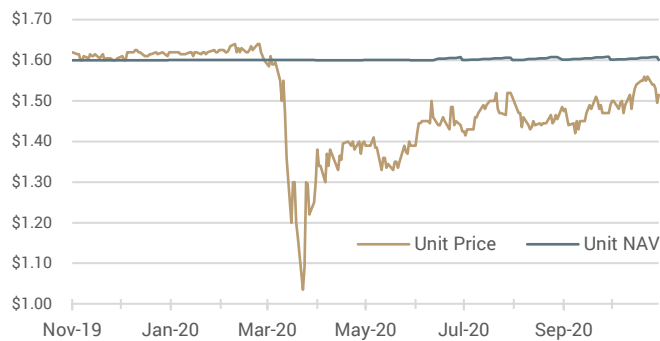
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Monthly Historical Performance

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

Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	YTD
Distributions (c/unit)													
FY19	-	-	-	-	-	0.1534	0.2416	0.2464	0.3784	0.6719	0.6463	0.8397 ¹	3.1777
FY20	0.8150	0.7370	0.9511 ¹	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	0.8289	-	-	-	-	-	-	-	-	3.2628
Net Return (%)													
FY19	-	-	-	-	0.02%	0.08%	0.12%	0.15%	0.25%	0.41%	0.44%	0.49% ²	1.96%
FY20	0.53%	0.45%	0.66% ²	0.49% ²	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%	0.51%	-	-	-	-	-	-	-	-	2.08%

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] The premium achieved is commensurate to the investment risk undertaken.
- [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] RBA cash rate is subject to a floor of 0%.
- [11] Since IPO 27 November 2018. Annualised return is based on average month end NAV.
- [12] Excludes AFWT notes.
- [13] Allocated to investments is where the Trust has allocated capital to an investment which is yet to be invested. The Trust's capital is fully allocated to investments when accounting for a ~3% cash buffer which is currently held for liquidity purposes.

Disclaimer

This report has been authorised for release by The Trust Company (RE Services) Limited (ACN 003 278 831) (AFSL 235150) as responsible entity of The Qualitas Real Estate Income Fund (ARSN 627 917 971) (Fund) and has been prepared by QRI Manager Pty Ltd (ACN 625 857 070) (AFS Representative 1266996 as authorised representative of Qualitas Securities Pty Ltd (ACN 136 451 128) (AFSL 34224)).

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