



## Performance Update – January 2021

### QRI Highlights

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

1 month (%) p.a.	5.21%
12 month (%) p.a.	6.11%

#### Distribution

Current month	\$0.008692 / unit
Current month % p.a.	6.40%

### QRI investment benefits

- ✓ Experienced Institutional local based Manager
- ✓ Regular and stable monthly cash distributions<sup>2</sup>
- ✓ Return is an attractive premium<sup>3</sup> 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 January 2021

Market Cap / Trust NAV	\$355m / \$361m
Invested Capital <sup>4</sup>	\$297m
Unit Price	\$1.575
Unit NAV	\$1.6010
Total Invested positions <sup>5</sup>	17
Total Loans <sup>6</sup>	35
Weighted LVR <sup>7</sup>	61%
Weighted loan maturity <sup>6</sup>	1.0 years
Loans in arrears <sup>8</sup>	-
Fixed / Floating interest exposure	85% / 15%

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

Target Return	RBA Cash Rate <sup>10</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 the Target Return, 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

The CRE debt market in January was a steady month following the typical busy activity leading up to the end of the 2020 year. Market conditions were stable and there were no material changes to the Manager's strong CRE debt pipeline of ca. \$400m which is predominantly focused on the Australian eastern seaboard. New loan opportunities originated by the Manager are for the benefit of the Trust and the Qualitas wholesale funds which will facilitate efficient deployment of any repaid capital.

As of 31 January 2021, the Trust's capital remains fully allocated<sup>11</sup> to investments out to June 2021. Capital deployed (look-through to Qualitas funds) reduced to 82% as a result of no new loan settlements during the month, \$19m worth of loan repayments which included a full repayment / exit of a senior investment loan and as reported previously, a further \$22.2m redemption of Qualitas Senior Debt Fund (QSDF) units. The Trust's remaining capital invested in the QSDF has now reduced to \$39m.

A new residual stock loan has been allocated and is expected to close in February along with an extension and increase to a current land loan. The Manager is comfortable with accepting more direct mezzanine loan exposure (currently 8%) up to a target of 15% of total capital given the improving market conditions.

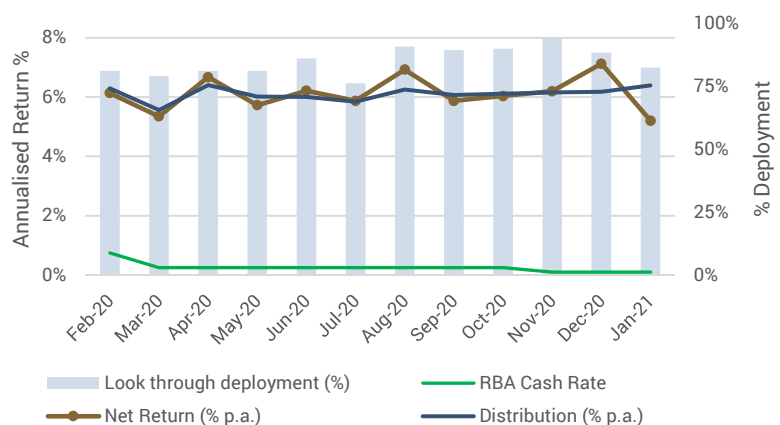
In line with the current **Target Return of 5.10% to 6.60% p.a.**, the Trust's January month net return was 5.21% p.a. which reflected the quiet January month and loan repayments and as noted above, this capital is fully allocated to investments. The Manager continued to pay consistent and attractive distributions to investors with a 6.40% p.a. distribution return for the month.

The Manager continues to meet the Trust's investment objective of capital preservation as the Trust's NAV remained stable after the most recent asset review, 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	24 Mth
Net Return (%) <sup>1</sup>	0.44%	1.55%	3.13%	6.11%	-
Net Return (% p.a.)	5.21%	6.16%	6.21%	6.11%	5.82%
Distribution (c/unit)	0.8692	2.5141	4.9855	9.7736	18.3728
Distribution Return (% p.a.)	6.40%	6.23%	6.18%	6.11%	5.79%

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



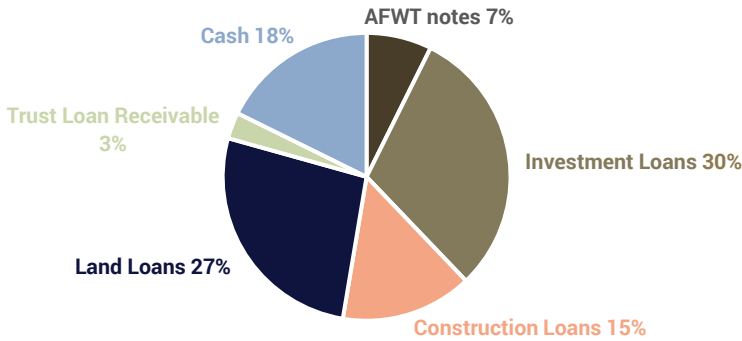
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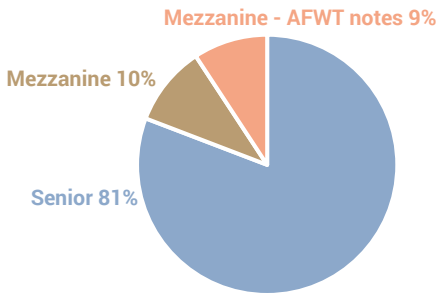
QRI Portfolio Diversification<sup>1</sup>

Portfolio Composition

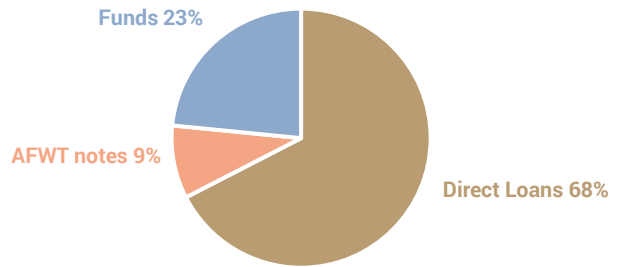


Category	\$ millions	%
Cash (QRI) uncommitted	60.1	17%
Cash (Qualitas funds) uncommitted	3.8	1%
Senior Debt Investment Loans	110.1	30%
Senior Debt Construction Loans	24.9	7%
Senior Debt Land Loans	96.3	27%
Mezzanine Debt Construction Loans	28.4	8%
AFWT Notes	26.5	7%
Trust Loan Receivable	10.7	3%
<b>Total</b>	<b>\$360.8</b>	<b>100%</b>
<b>Gross Return</b>	<b>7.06% p.a.</b>	
Mgt Fee and Overheads	(1.85% p.a.)	
<b>Net Yield (Annualised)<sup>2</sup></b>	<b>5.21% p.a.</b>	

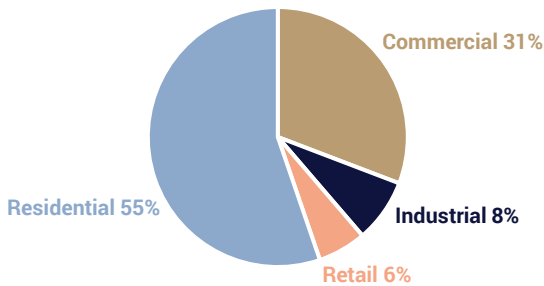
Loan Classification<sup>3</sup>



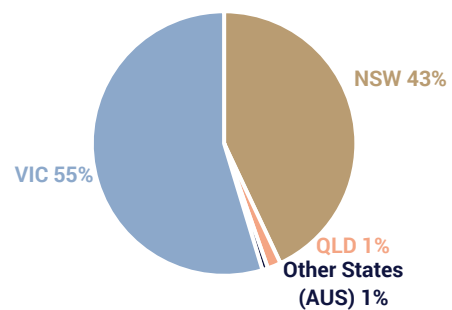
Investment Type<sup>3</sup>



Property Sector Diversification<sup>4</sup>



Geographic Diversification<sup>4</sup>



About the Manager

Established in 2008, Qualitas has a 12-year track record in the real estate sector and currently manages \$2.8 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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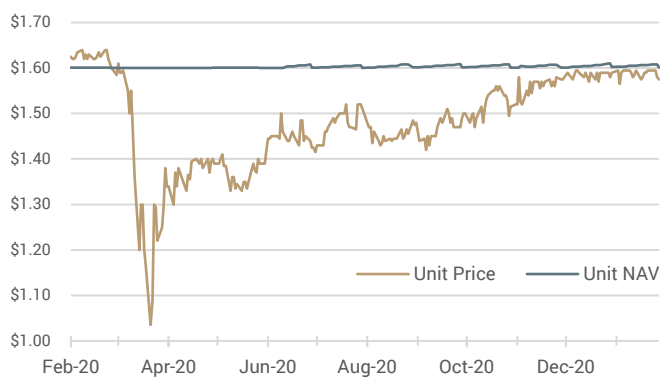
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### Monthly Historical Performance

*\*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>Distributions (c/unit)</b>													
FY19	-	-	-	-	-	0.1534	0.2416	0.2464	0.3784	0.6719	0.6463	0.8397 <sup>1</sup>	3.1777
FY20	0.8150	0.7370	0.9511 <sup>1</sup>	0.7906	0.7896	0.9099	0.8233	0.7989	0.7539	0.8405	0.8152	0.7882	9.8132
FY21	0.7914	0.8469	0.7956	0.8289	0.8076	0.8373	0.8692	-	-	-	-	-	5.7769
<b>Net Return (%)</b>													
FY19	-	-	-	-	0.02%	0.08%	0.12%	0.15%	0.25%	0.41%	0.44%	0.49% <sup>2</sup>	1.96%
FY20	0.53%	0.45%	0.66% <sup>2</sup>	0.49% <sup>2</sup>	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%	0.51%	0.60%	0.44%	-	-	-	-	-	3.63%

### Unit Price vs NAV



### Notes

#### Page 1

[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] 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.

#### Page 2

[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.

#### Page 3

[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.

### 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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