



Performance Update – February 2021

QRI Highlights

Net Return¹ (% p.a.)

1 month (%) p.a.	5.94%
12 month (%) p.a.	6.08%

Distribution

Current month	\$0.008060 / unit
Current month % p.a.	6.57%

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 28 February 2021

Market Cap / Trust NAV	\$361m / \$361m
Invested Capital ⁴	\$303m
Unit Price	\$1.600
Unit NAV	\$1.6002
Total Invested positions ⁵	17
Total Loans ⁶	34
Weighted LVR ⁷	62%
Weighted loan maturity ⁶	0.9 years
Loans in arrears ⁸	-
Fixed / Floating interest exposure	85% / 15%

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 is of the view that the unprecedented low interest rate coupled with the RBA's stance on not increasing rates over the next few years is driving investor confidence in the property markets and demand for credit. The Manager considers the continued retreat by APRA regulated banks from commercial real estate (CRE) lending is being amplified by their general risk and portfolio management issues resulting from COVID-19 concessions made to borrowers across all lending sectors and loan types.

During the month, borrower demand for alternative lending increased with the level of inquiry now at its highest level for the calendar year to date. Consequently, the Manager's CRE debt pipeline reflects a strong position of approximately \$400m of potentially suitable loan opportunities for QRI. The Manager continues to undertake active origination of new loan opportunities to facilitate efficient deployment of any repaid capital.

As of 28 February 2021, deployed capital (look-through to Qualitas funds) was 84% as a result of the settlement of two loan extensions / increases (\$9.7m total) and \$3.8m worth of investment loan repayments, both partial and full repayments, received.

As disclosed in previous portfolio updates, the remaining Trust capital was originally largely allocated¹¹ to a new \$44.7m residual stock loan expected to settle in March, however the Manager has decided not to proceed with this loan due to revised commercial terms no longer being acceptable. The Manager intends to reallocate this available capital to the next immediate loan opportunities within its CRE debt pipeline for which an update will be given in due course.

At the present time, the Manager continues to be comfortable with the Trust accepting a more direct mezzanine loan exposure (currently 8%) up to a target of approximately 15% of total Trust capital given improving market conditions.

In line with the current **Target Return of 5.10% to 6.60% p.a.**, the Trust's February month net return was 5.94% p.a.¹². The Manager continued to pay consistent and attractive distributions to investors with a 6.57% p.a. distribution return for the month.

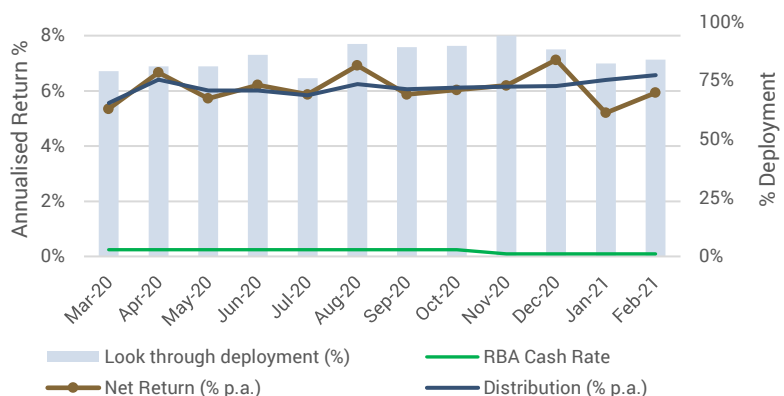
As disclosed in previous ASX releases, the Manager's forecast monthly distribution return for March 2021 was originally expected in the upper range of the current Target Return of 6.60% p.a.¹³ Due to the above mentioned new residual stock loan no longer proceeding, a lower Trust return for March is now expected and the Manager seeks to prudently update investors as to the Trust's distribution guidance for March which has been lowered to the mid-range of the Target Return.¹³

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 (%) ¹	0.46%	1.50%	3.00%	6.08%	-
Net Return (% p.a.)	5.94%	6.09%	6.05%	6.08%	5.92%
Distribution (c/unit)	0.8060	2.5125	4.9446	9.7807	18.9324
Distribution Return (% p.a.)	6.57%	6.37%	6.23%	6.11%	5.92%

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



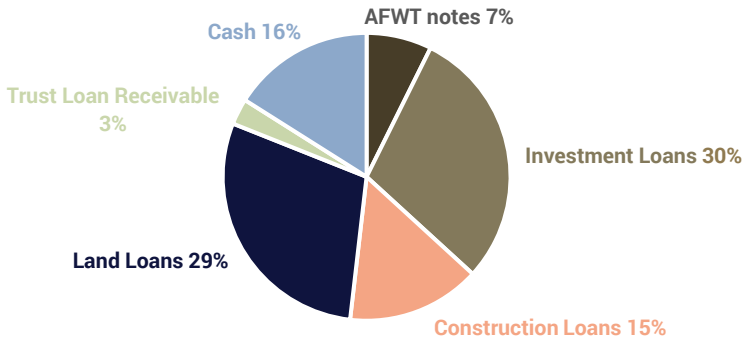
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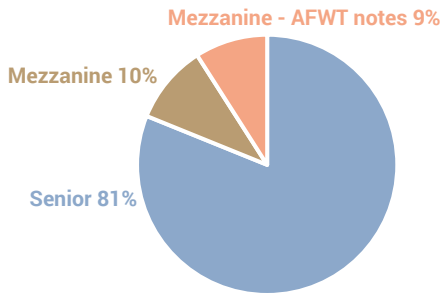
QRI Portfolio Diversification¹

Portfolio Composition

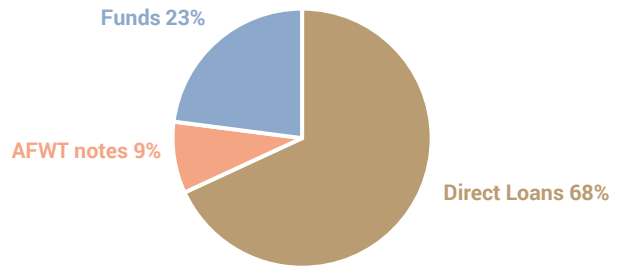


Category	\$ millions	%
Cash (QRI) uncommitted	53.9	15%
Cash (Qualitas funds) uncommitted	4.0	1%
Senior Debt Investment Loans	106.3	30%
Senior Debt Construction Loans	25.5	7%
Senior Debt Land Loans	105.3	29%
Mezzanine Debt Construction Loans	28.7	8%
AFWT Notes	26.5	7%
Trust Loan Receivable	10.6	3%
Total	\$360.8	100%
Gross Return	7.85% p.a.	
Mgt Fee and Overheads	(1.91% p.a.)	
Net Yield (Annualised)²	5.94% p.a.	

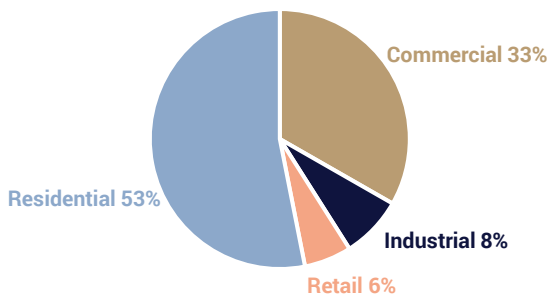
Loan Classification³



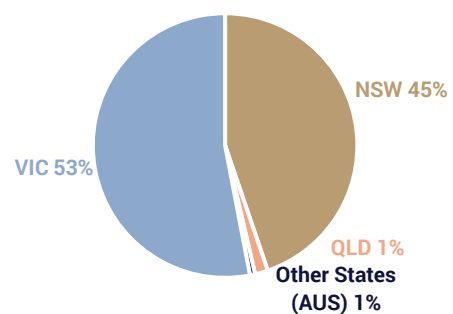
Investment Type³



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 \$2.9 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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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	0.8076	0.8373	0.8692	0.8060	-	-	-	-	6.5829
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%	0.51%	0.60%	0.44%	0.46%	-	-	-	-	4.09%

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] Allocated to investments is where the Trust has allocated capital to an investment which is yet to be invested.
- [12] Past performance is not a reliable indicator of future performance.
- [13] Forecast about future performance are not guarantee and may not occur.

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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.

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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