

Qualitas Real Estate Income Fund (ASX: QRI): Capital raising – \$214 million Entitlement Offer

- **Offer to raise up to \$214 million via a 1 for 2 pro-rata non-renounceable entitlement offer (Entitlement Offer) to existing eligible unitholders (Eligible Unitholders)¹ and shortfall offer (Shortfall Offer) to new investors at an Offer Price \$1.60 per unit**
- **Capital raising proceeds to fund new commercial real estate (CRE) loan investment opportunities in line with QRI's investment strategy and investment objectives**
- **Increase in the Trust's scale and presence in the CRE debt market is expected to provide Unitholders with continued benefits of greater liquidity and portfolio diversification**

7 October 2021: The Trust Company (RE Services) Limited ACN 003 278 831 (**Responsible Entity**) as responsible entity of the Qualitas Real Estate Income Fund (**Trust or QRI**) and QRI Manager Pty Ltd ACN 625 857 070 (**Manager**) as investment manager of the Trust, today announce a pro-rata non-renounceable entitlement offer (**Entitlement Offer**) of New Units in the Trust to raise up to \$214 million of new capital for the Trust.

Andrew Schwartz, Group Managing Director of Qualitas, said "The rapidly growing CRE debt market continues to present compelling opportunities, contributing to our already strong CRE debt pipeline of approximately \$550 million which is well diversified across sector and loan type. Our long-term strategy since inception of the Trust has been to increase its market presence and scale in order to provide unitholder benefits of greater liquidity and portfolio diversification. This capital raising will facilitate the Trust achieving organic growth of its investment activities and capital base."

As of 31 August 2021, the Trust met its investment objectives of Target Return (RBA Cash Rate + 5.0% to 6.5%), monthly income, portfolio diversification and capital preservation.²

The Manager continues to deliver attractive risk-adjusted returns for a well-diversified loan portfolio that is predominantly senior first mortgage and achieved strong performance with the Trust's 12-month net return and distribution return (paid monthly) of 6.14% p.a. and 6.05% p.a. respectively as of 31 August 2021 which was achieved in a low interest rate environment with the current RBA cash rate of 0.10%.³

The loan portfolio continues to perform well with no impairments recorded since the Trust's IPO, including during COVID-19, resulting in a stable historical NAV.

QRI portfolio manager Nick Bullick said, "We remain focused on ensuring the best risk-adjusted returns are achieved with a continued emphasis on borrower quality within the Trust's portfolio."

¹ Being those unitholders with registered addresses in Australia or New Zealand and registered as such on the record date of 7.00pm AEDT on Tuesday, 12 October 2021.

² 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.

³ Past performance is not a reliable indicator of future performance.

E&P Corporate Advisory Pty Limited is acting as Arranger and Joint Lead Manager to the Entitlement Offer. National Australia Bank Limited, Canaccord Genuity Financial Limited, Taylor Collison Limited and Crestone Wealth Management Limited are acting as Joint Lead Managers and Bell Potter Securities Limited is acting as Co-Manager.

Details of the Entitlement Offer

- Standard pro-rata non-renounceable entitlement offer of 1 for 2⁴ new fully paid ordinary units in the Trust to existing Eligible Unitholders at an Offer Price of \$1.60 per new unit.
- Eligible Unitholders who take up their entitlement in full under the Entitlement Offer may also apply for Additional New Units in excess of their entitlement under an Oversubscription Facility⁵.
- If there is a shortfall under the Entitlement Offer (**Shortfall**), the Shortfall may be placed at the discretion of the Responsible Entity to new wholesale investors in Australia and specified overseas jurisdictions and retail investors in Australia (**Shortfall Offer**). Any Units placed under the Shortfall Offer will expand the Trust's investor base and provide greater liquidity for unitholders.
- The issue price represents a 2.44% discount to the last closing price of \$1.64 on 6 October 2021 and a 3.15% discount to the 5 day VWAP of \$1.65 as of 6 October 2021. QRI's Net Asset Value is \$1.6028 per unit as at 4 October 2021.
- The Manager is committed to ensuring an alignment of interests between the Manager, the Trust, and the Unitholders to allow the Trust to grow to be of sufficient scale. In this regard, the Manager will look to support the Trust as it progressively invests the additional capital raised under the Entitlement Offer and has agreed with the Responsible Entity to a waiver of its management fee⁶ with respect to any uninvested capital raised from the Entitlement Offer.
- Units issued under the Entitlement Offer and any Shortfall Offer will rank equally in all respects with existing units in the Trust then on issue.
- A Product Disclosure Statement (**PDS**) for the Entitlement Offer and any Shortfall Offer has been lodged with ASIC today and is available from the ASX or Trust's website <https://www.qualitas.com.au/qri>. The PDS will be dispatched to existing unitholders as at the Record Date. Investors should consider the PDS in deciding whether to acquire, or continue to hold, units in the Trust.

Key dates of the Entitlement Offer⁷

Announcement of Entitlement Offer and lodgement of PDS with ASIC	Thursday, 7 October 2021
Record Date for Entitlement Offer	7:00pm (AEDT) on Tuesday, 12 October 2021
Entitlement Offer opens	9:00am (AEDT) on Wednesday, 13 October 2021
Dispatch of PDS (including Entitlement and Acceptance Forms)	Wednesday, 13 October 2021
Entitlement Offer closes <i>Payment must be received by 5:00pm (AEDT)</i>	5:00pm (AEDT) on Friday, 22 October 2021
Shortfall Offer bookbuild	Monday, 25 October 2021

⁴ Fractional entitlements will be rounded up to the next whole number.

⁵ The facility by which Eligible Unitholders who take up their Entitlement in full may also apply for Additional New Units in excess of their Entitlements at the Offer Price.

⁶ A Management Fee of 1.5375% p.a. (inclusive of GST, less RITC) of the Trust's NAV, is payable monthly out of the Trust to the Manager.

⁷ Dates after the record date are subject to change, subject to the Listing Rules.

Results of Entitlement Offer and Shortfall announced	Tuesday, 26 October 2021
Issue and allotment of new Units under the Entitlement Offer	Friday, 29 October 2021
Commencement of normal trading of new Units issued under the Entitlement Offer	Monday, 1 November 2021
Issue and allotment and commencement of trading of new Units issued under the Shortfall (if any)	Thursday, 4 November 2021

Trust Benefits to Investors

QRI seeks to continue delivering the following benefits to investors who are seeking attractive sources of income and capital preservation:

- **Reliable income** in the form of regular monthly cash distributions⁸
- **Attractive premiums** above the current low cash rate⁹
- **Capital preservation**, as all CRE loans are secured by real property mortgages
- **Stable net asset value** at or above \$1.60 per unit with no impairments since the IPO, supported by a robust loan valuation process
- **CRE debt asset class differentiation** managed by a local property specialist with expertise across both real estate debt and equity
- **Domestically focused investments** with 100% of the portfolio currently invested in Australia.

Yours sincerely,

Saranya Balajeyagaran
Relationship Manager
The Trust Company (RE Services) Limited

- Ends -

⁸ 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.

⁹ Returns are not guaranteed. The premium achieved is commensurate to the investment risk undertaken. Past performance is not a reliable indicator of future performance.

About Qualitas Real Estate Income Fund

The Qualitas Real Estate Income Fund (“Trust” or “QRI”) seeks to provide monthly income and capital preservation by investing in a portfolio of investments that offers exposure to real estate loans secured by first and second mortgages, predominantly located in Australia.¹⁰

About QRI Manager Pty Ltd

QRI Manager Pty Ltd is the Manager of the Trust and is wholly owned by the Qualitas Group (“Qualitas”).

Established in 2008, Qualitas has a 13-year track record in the real estate sector and manages \$4.0 billion in committed capital. Comprising over 50 investment and fiduciary professionals, 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.

About the Trust Company (RE Services) Limited

The Responsible Entity of the Trust is The Trust Company (RE Services) Limited, a wholly owned member of the Perpetual Group (“Perpetual”). Perpetual has been in operation for over 130 years and is an Australian public company that has been listed on the ASX for over 50 years.

Investor Queries

General

Phone: +61 3 9612 3900

Email: qri@qualitas.com.au

Trust website: www.qualitas.com.au/listed-investments/QRI

Responsible Entity

The Trust Company (RE Services) Limited

Level 18, Angel Place,
123 Pitt Street,
Sydney NSW 2000

Unit Registry

Phone: 1300 402 177

Email: hello@automicgroup.com.au

Website: www.automic.com.au

¹⁰ There is no guarantee the Trust will meet its Investment Objective. The payment of monthly cash income is a goal of the Trust only.

Notices and Disclaimers

1. This communication has been issued and 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)).
2. This communication contains general information only and does not take into account your investment objectives, financial situation or needs. It does not constitute financial, tax or legal advice, nor is it an offer, invitation or recommendation to subscribe or purchase a unit in QRI or any other financial product. Before making an investment decision, you should consider whether the Trust is appropriate given your objectives, financial situation or needs. If you require advice that takes into account your personal circumstances, you should consult a licensed or authorised financial adviser.
3. While every effort has been made to ensure the information in this communication is accurate; its accuracy, reliability or completeness is not guaranteed and none of The Trust Company (RE Services) Limited (ACN 003 278 831), QRI Manager Pty Ltd (ACN 625 857 070), Qualitas Securities Pty Ltd (ACN 136 451 128) or any of their related entities or their respective directors or officers are liable to you in respect of this communication. Past performance is not a reliable indicator of future performance.
4. The PDS and target market determination can be obtained by visiting the Trust website www.qualitas.com.au/qri.