



# Performance Update – January 2022

## QRI Highlights

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

12 month (%) p.a.	5.54%
1 month (%) p.a.	4.46%

### Distribution

12 month (%) p.a.	5.54%
Current month % p.a.	4.65%
Current month	\$0.006318 / unit

## QRI Key Metrics as at 31 January 2022

Market Cap / Trust NAV	\$596m / \$600m
Invested Capital <sup>4</sup>	\$440m (73%)
Unit Price	\$1.5900
Unit NAV	\$1.6000
Total Loans <sup>5</sup>	32
Weighted loan maturity <sup>5</sup>	1.1 years
Weighted LVR <sup>6</sup>	65%
Loans in arrears <sup>7</sup>	-
Fixed / Floating interest exposure	86% / 14%

## Key Information<sup>8</sup>

Target Return	RBA Cash Rate <sup>9</sup> + 5.0% to 6.5% p.a. (net)
Investment Type	Listed Investment Trust
Distributions	Monthly
Unit Pricing	Weekly
Distribution Reinvestment Plan (DRP)	Yes - Active

## QRI investment benefits & features

- ✓ Experienced Institutional local based Manager
- ✓ Regular monthly cash distributions<sup>2</sup>
- ✓ Return is an attractive premium<sup>3</sup> to current low cash rate
- ✓ Capital preservation from loans secured by real property mortgages
- ✓ Exposure to the property market
- ✓ Simple credit strategy of investing in only Commercial Real Estate (CRE) loans

## Investment Objective

To achieve the Target Return, and provide monthly cash income, capital preservation and portfolio diversification<sup>10</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

CRE debt market conditions overall remain favourable and in the Manager's view, the compression of loan pricing due to increased credit supply and competitive pressures, appears to have eased this month.

The Manager expects interest rates to rise in the short to medium term. In a rising interest rate environment, the Trust returns should benefit given the short duration of the portfolio allows the Manager to convert fixed rate loans to floating rates which will then benefit from any base rate increases. The Manager is currently writing all new loans as floating rate (BBSY). In addition to this, the Trust has no fund leverage and no interest expenses which allows the portfolio to receive the full benefit of an interest rate rise which translates to increased Trust returns.

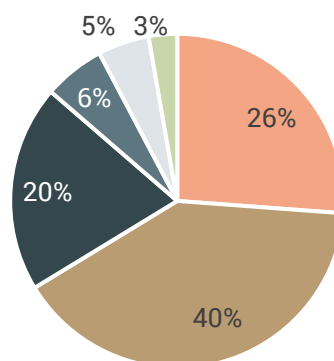
The January annualised monthly distribution of 4.65% p.a. is reflective of new loan settlements being delayed to February 2022 (as per indicated in last month's report) and the uninvested cash position of the Trust totaling approximately \$139m, this cash being attributed to the new capital raised and loan repayments. The invested capital of the Trust (thereby excluding the effects of the uninvested cash position of the Trust) generated a January month net return of 5.81% p.a.

As of the date of this report, the Manager has now fully deployed and allocated the \$172m of new Trust capital raised from the Entitlement Offer into new loans and also achieved 6 new loan mandates totaling \$255m<sup>12</sup>. The Manager remains on track to settle the new loans and fully invest the new capital by April 2022, which is within the 6 month target period referred to in the PDS in the recent Entitlement Offer<sup>13</sup>. The Manager notes that in line with the Trust's product disclosure statement (PDS), it has waived its Management Fee with respect to the uninvested capital raised from the Entitlement Offer.

Subject to no unexpected repayments, the Manager expects that once the Trust is fully deployed<sup>14</sup>, the monthly distribution return will return to within target range.

Investment activity for the month encompassed settlement of one new \$9.5m land loan. Loan repayments were \$10.0m in total, mainly partial repayments. The Trust's portfolio continues to perform in line with investment objectives with no interest arrears or impairments recorded on any loans.

## Portfolio Composition<sup>10</sup>

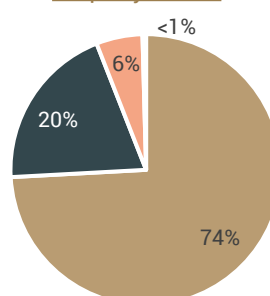


93% Senior loans  
7% Mezzanine loans

\* % of invested capital

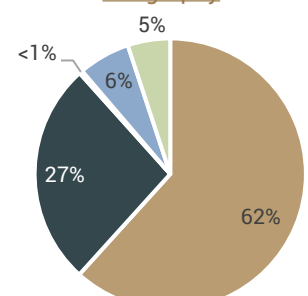
- Cash
- Senior Investment Loans
- Senior Land Loans
- Senior Construction Loans
- Mezz Construction Loans
- Trust Loan Receivable

## Property Sector<sup>11</sup>



- Residential
- Commercial
- Industrial
- Retail

## Geography<sup>11</sup>



- VIC
- NSW
- QLD
- ACT
- SA



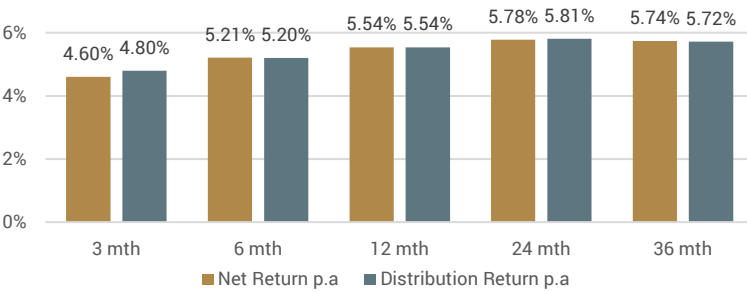
### Performance Update – January 2022

#### 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 (¢/unit)</b>													
FY19	-	-	-	-	-	0.1534	0.2416	0.2464	0.3784	0.6719	0.6463	0.8397	3.1777
FY20	0.8150	0.7370	0.9511	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	0.8163	0.7927	0.8176	0.8376	9.8471
FY22	0.6994	0.7894	0.7507	0.7814	0.6706	0.6315	0.6318						4.9548
<b>Net Return (%)</b>													
FY19	-	-	-	-	0.02%	0.08%	0.12%	0.15%	0.25%	0.41%	0.44%	0.49%	1.96%
FY20	0.53%	0.45%	0.66%	0.49%	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%	0.55%	0.51%	0.55%	0.46%	6.16%
FY22	0.44%	0.63%	0.44%	0.46%	0.40%	0.39%	0.38%						3.14%

#### Net return by period



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

#### About the Manager

Established in 2008, Qualitas has a 13-year track record in the real estate sector and currently manages \$4.2 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, Mason Stevens

#### Investor Queries

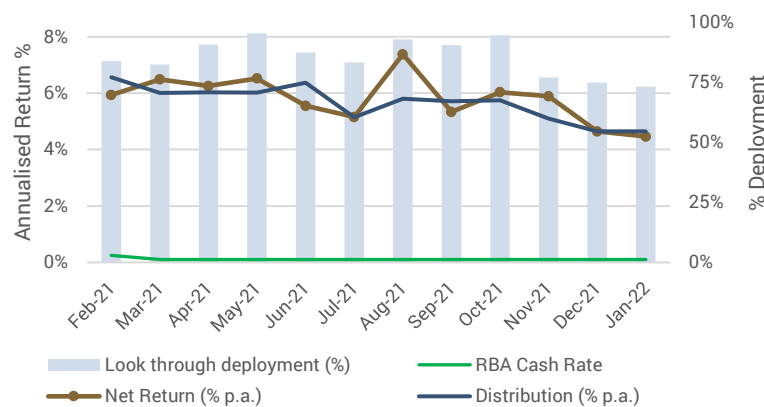
##### General

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 A: L38/120 Collins Street, Melbourne VIC 3000  
 LinkedIn: <https://www.linkedin.com/company/qualitas-group/>

#### Unit Registry

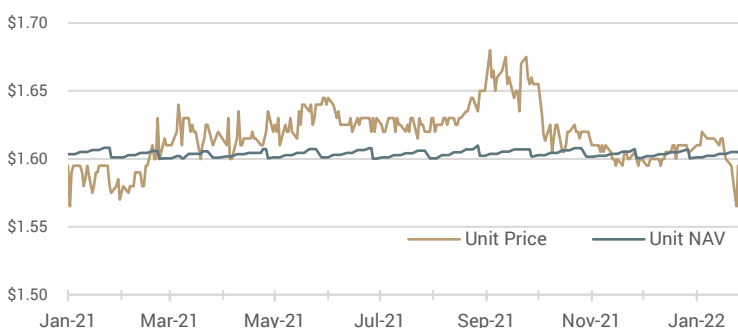
P 1300 420 177 | E [hello@automicgroup.com.au](mailto:hello@automicgroup.com.au)  
 W [www.automic.com.au](http://www.automic.com.au)

#### Monthly net return vs. deployment



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#### Unit Price vs NAV





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### Notes

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[1] Net returns are calculated based on the daily weighted average NAV across the respective time periods.

[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) and the Trust Loan Receivable. All investments including direct loans are made by the Sub-Trust. The Sub-Trust is wholly owned by the Trust.

[5] Represents total loans in the portfolio on a look through basis, via investments in direct loans and Qualitas wholesale funds.

[6] Represents total LVR of loans in the portfolio on a look through basis, via investments in direct loans and Qualitas wholesale funds.

[7] Represents % of loan portfolio on look through-basis in arrears by 90 days or more.

[8] 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.

[9] RBA cash rate is subject to a floor of 0%.

[10] The portfolio statistics are determined on a look-through basis having regard to the loans in the underlying Qualitas Funds as indicated. The classifications of these diversification parameters are determined by the Manager. Figures stated are subject to rounding.

[11] Excludes Trust Loan Receivable & cash.

[12] Please note that the new mandated loans are not investment committee approved and remain subject to legal documentation and commercial/financial/legal due diligence.

[13] New Units under the Entitlement Offer and Shortfall Offer were issued on 1 November 2021 and 4 November 2021 respectively. PDS is dated 7 October 2021.

[14] The Trust's capital is fully deployed when accounting for a ~3% cash buffer which is currently held for liquidity purposes.

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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 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) ("Trust" or "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 342242)).

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The PDS and a target market determination for units in the Trust can be obtained by visiting the Trust website [www.qualitas.com.au/qri](http://www.qualitas.com.au/qri). The Trust Company (RE Services) Limited as responsible entity of the Fund is the issuer of units in the Trust. A person should consider the PDS in deciding whether to acquire, or to continue to hold, units in the Trust.