

# **Qualitas Real Estate Income Fund**

ARSN 627 917 971

## **Appendix 4D**

### **Interim report**

**For the half-year ended 31 December 2021**

**Qualitas Real Estate Income Fund**  
**Appendix 4D**  
**For the half-year ended 31 December 2021**

**Details of Reporting Period**

Current: Half-year ended 31 December 2021

Previous corresponding: Half-year ended 31 December 2020

The Directors of The Trust Company (RE Services) Limited, the Responsible Entity of the Qualitas Real Estate Income Fund (the "Trust") announce the reviewed results of the Trust for the half-year ended 31 December 2021 as follows:

**Results for announcement to the market**

Extracted from Condensed Interim Financial Statements for the half-year ended 31 December 2021:

	2021 \$'000	2020 \$'000	Increase/ (decrease) \$'000	Increase/ (decrease) %
<b>Revenue</b> from ordinary activities	17,523	14,828	2,695	18.18%
<b>Profit/(loss)</b> from the period	13,021	11,502	1,519	13.21%
<b>Total comprehensive income/(loss)</b> for the period	13,021	11,502	1,519	13.21%

**Details of distributions**

Distributions for the half-year ended 31 December 2021 were \$12,960,127 (4.32 cents per ordinary unit).

On 24 January 2022, the Directors declared a distribution of 0.6318 cents per ordinary unit which amounted to \$2.37m and was paid on 17 February 2022.

**Details of distribution reinvestment plan**

The Responsible Entity established a Distribution Reinvestment Plan ("DRP") on 25 July 2019.

The Responsible Entity makes distributions on a monthly basis. For such distributions, the record date will be the last ASX trading day of each month and the last day for electing into the DRP will be 5.00pm (Melbourne, time) at the relevant DRP Election Date.

Units under the DRP are currently issued at the net asset value of a unit as determined in accordance with the constitution on the record date.

**Net Tangible Assets**

	As at 31 December 2021	As at 31 December 2020
Total Net Tangible Assets attributable to unitholders (\$'000)	599,909	361,354
Units on issue ('000)	374,889	225,494
Net Tangible Assets attributable to unit holders per unit (\$)	1.6002	1.6025

**Control gained or lost over entities during the period**

There were no entities over which control was gained or lost during the half-year ended 31 December 2020 or 2021.

**Details of associates and joint venture entities**

The Trust did not have any interest in associates and joint venture entities during this current half-year.

**Other information**

The Trust is not a foreign entity.

**Independent review report**

This report is based on the condensed interim financial statements which has been subject to an independent review by the Trust's Auditors, KPMG. All the documents comprise the information required by Listing Rule 4.2A.

# **Qualitas Real Estate Income Fund**

ARSN 627 917 971

## **Condensed interim financial statements**

**For the half-year ended 31 December 2021**

# Qualitas Real Estate Income Fund

ARSN 627 917 971

## Condensed interim financial statements For the half-year ended 31 December 2021

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This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim report is to be read in conjunction with the annual report for the year ended 30 June 2021 and any public announcements made in respect of Qualitas Real Estate Income Fund during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The condensed interim financial statements cover the Qualitas Real Estate Income Fund as an individual entity. The Responsible Entity of the Qualitas Real Estate Income Fund is The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235 150).

The Responsible Entity's registered office is:  
Level 18, Angel Place  
123 Pitt Street  
Sydney NSW 2000

## Directors' report

The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235 150) is the Responsible Entity (the "Responsible Entity") of the Qualitas Real Estate Income Fund (the "Trust"). The Directors of the Responsible Entity (the "Directors") present their report together with the condensed interim financial statements of the Trust for the half-year ended 31 December 2021 and the auditor's review report thereon.

### Principal activities

The Trust is a registered managed investment scheme domiciled in Australia.

The Trust's investment strategy is for QRI Manager Pty Ltd (the "Manager") to invest the Trust's capital in a portfolio of investments that provide unitholders with exposure to real estate loans secured by first and second mortgages, predominantly located in Australia and from time to time in New Zealand. Amounts raised by the Trust are invested in the Qualitas Wholesale Real Estate Income Fund. As at 31 December 2021, the Qualitas Wholesale Real Estate Income Fund invested directly in loans and unlisted wholesale funds, which currently comprise of Qualitas Senior Debt Fund and the Qualitas Mezzanine Debt Fund.

The Trust was constituted on 2 August 2018, registered with the Australian Securities and Investments Commission on 16 August 2018, commenced operations on 22 November 2018 and its units commenced trading on the Australian Securities Exchange (ASX: QRI) on 27 November 2018.

The Trust did not have any employees during the half-year.

There were no significant changes in the nature of the Trust's activities during the half-year.

### Directors

The following persons held office as Directors of the Responsible Entity during the half-year and up to the date of this report are shown below. The Directors were in office for this entire period except where noted otherwise:

Glenn Foster	
Simone Mosse	
Vicki Riggio	
Phillip Blackmore	Alternate Director for Vicki Riggio
Richard McCarthy	Resigned 1 February 2022

### Units on issue

Units on issue in the Trust at the end of the half-year are set out below:

	As at 31 December 2021 Units ('000)	As at 30 June 2021 Units ('000)
Units on issue	374,889	259,370

## Directors' report (continued)

### Review and results of operations

During the half-year, the Trust invested in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust's Constitution.

The performance of the Trust, as represented by the results of its operations, was as follows:

	Half-year ended 31 December 2021	Half-year ended 31 December 2020
Operating profit/(loss) (\$'000)	13,021	11,502
Distribution paid and payable (\$'000)	12,960	11,067
Distribution (cents per unit)	4.32	4.92

### Significant changes in state of affairs

During the half-year, the Trust successfully completed a Unit Purchase Plan raising \$12.7m from eligible unitholders. The Trust also raised \$171.6 million through a 1 for 2 non-renounceable entitlement offer. The additional capital has allowed the Manager to further grow and diversify the Trust's portfolio.

The Directors continue to assess the potential financial and other impacts of the coronavirus ("COVID-19") outbreak to the Fund. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the period.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Fund are uncertain. The Directors and management will continue to monitor this situation.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Trust that occurred during the financial half-year.

### Matters subsequent to reporting date

On 24 January 2022, the Directors declared a distribution of 0.6318 cents per ordinary unit which amounted to \$2.37m and was paid on 17 February 2022.

On 1 February 2022, Richard McCarthy resigned as Director.

No other matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect:

- (i) the operations of the Trust in future financial period, or
- (ii) the results of those operations in future financial period, or
- (iii) the state of affairs of the Trust in future financial period.

### Likely developments and expected results of operations

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust's Constitution.

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

### Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in regards to the insurance cover provided to the officers of the Responsible Entity or the auditor of the Trust. So long as the officers of the Responsible Entity act in accordance with the Trust's Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

The auditor of the Trust is not indemnified out of the assets of the Trust.

## Directors' report (continued)

### Units in the Trust

The movement in units on issue in the Trust during the half-year is disclosed in Note 7 of the condensed interim financial statements.

The value of the Trust's assets and liabilities is disclosed in the condensed interim statement of financial position and derived using the basis set out in Note 2 of the condensed interim financial statements.

### Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

### Rounding of amounts to the nearest thousand dollars

The Trust is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

### Auditor's independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

This report is made in accordance with a resolution of the Directors of The Trust Company (RE Services) Limited.



Director

The Trust Company (RE Services) Limited

Sydney

21 February 2022



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of the Responsible Entity of Qualitas Real Estate Income Fund

I declare that, to the best of my knowledge and belief, in relation to the Qualitas Real Estate Income Fund for the period 1 July 2021 to 31 December 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

Rachel Milum

*Partner*

Sydney

21 February 2022



**Condensed interim statement of comprehensive income**

	Notes	Half-year ended 31 December 2021 \$'000	Half-year ended 31 December 2020 \$'000
<b>Investment income</b>			
Interest income from financial assets held at amortised cost		325	288
Distribution income		16,828	13,378
Management fee rebate		207	595
Net gains/(losses) on financial instruments held at fair value through profit or loss		<u>163</u>	<u>567</u>
<b>Total investment income</b>		<u>17,523</u>	<u>14,828</u>
<b>Expenses</b>			
Responsible entity fees	10	96	88
Management fees		3,492	2,793
Administrative expenses		<u>914</u>	<u>445</u>
<b>Total expenses</b>		<u>4,502</u>	<u>3,326</u>
<b>Profit</b>		<u>13,021</u>	<u>11,502</u>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the period</b>		<u>13,021</u>	<u>11,502</u>
<b>Earnings per unit for profit attributable to unitholders of the Trust</b>			
Basic and diluted gain/(loss) per unit (cents)	9	4.2899	5.1008

The above condensed interim statement of comprehensive income should be read in conjunction with the accompanying notes.

**Condensed interim statement of financial position**

	Notes	As at 31 December 2021 \$'000	As at 30 June 2021 \$'000
<b>Assets</b>			
Cash and cash equivalents		8,409	4,108
Receivables		2,970	2,613
Prepayments		35	-
Financial assets – loans measured at amortised cost	6	16,491	11,421
Financial assets – measured at fair value through profit and loss	6	<u>575,612</u>	<u>399,914</u>
<b>Total assets</b>		<u>603,517</u>	<u>418,056</u>
<b>Liabilities</b>			
Distributions payable	8	2,367	2,173
Payables		<u>1,241</u>	<u>864</u>
<b>Total liabilities</b>		<u>3,608</u>	<u>3,037</u>
<b>Net assets attributable to unitholders - equity</b>	7	<u>599,909</u>	<u>415,019</u>

The above condensed interim statement of financial position should be read in conjunction with the accompanying notes.

**Condensed interim statement of changes in equity**

	Notes	Half-year ended 31 December 2021 \$'000	Half-year ended 31 December 2020 \$'000
<b>Total Equity at the beginning of the period</b>		415,019	360,919
Profit		<u>13,021</u>	<u>11,502</u>
<b>Total comprehensive income for the period</b>		<u>13,021</u>	<u>11,502</u>
<b>Transactions with unitholders</b>			
Capital raising	7	184,349	-
Distributions reinvested	7	480	-
Distributions to unitholders	7	<u>(12,960)</u>	<u>(11,067)</u>
<b>Total transactions with unitholders</b>		<u>171,869</u>	<u>(11,067)</u>
<b>Total net assets attributable to unitholders - equity at the end of the period</b>		<u>599,909</u>	<u>361,354</u>

The above condensed interim statement of changes in equity should be read in conjunction with the accompanying notes.

**Condensed interim statement of cash flows**

	<b>Half-year ended 31 December 2021 \$'000</b>	<b>Half-year ended 31 December 2020 \$'000</b>
<b>Cash flows from operating activities</b>		
Interest received from bank deposits and term deposits	5	9
Distribution income received	16,512	13,615
Management fee rebate received	214	632
Purchase of financial assets	(175,536)	-
Administrative expenses paid	(4,326)	(3,161)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(163,131)</b>	<b>11,095</b>
<b>Cash flows from investing activities</b>		
Loan funds advanced to Manager	(5,538)	-
Interest received from Manager loan	319	277
Loan funds repaid from Manager	469	483
<b>Net cash (outflow)/inflow from investing activities</b>	<b>(4,750)</b>	<b>760</b>
<b>Cash flows from financing activities</b>		
Distributions paid to unitholders	(12,167)	(10,969)
Proceeds from application by unitholders	184,349	-
<b>Net cash inflow/(outflow) from financing activities</b>	<b>172,182</b>	<b>(10,969)</b>
<b>Net increase in cash and cash equivalents</b>	<b>4,301</b>	<b>886</b>
Cash and cash equivalents at the beginning of the period	4,108	5,226
Cash and cash equivalents at the end of the period	<b>8,409</b>	<b>6,112</b>

The above condensed interim statement of cash flows should be read in conjunction with the accompanying notes.

## Notes to the condensed interim financial statements

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## 1 General information

The condensed interim financial statements cover the Qualitas Real Estate Income Fund (the "Trust") as an individual entity. The Trust was constituted on 2 August 2018, registered with the Australian Securities and Investments Commission on 16 August 2018, commenced operations on 22 November 2018 and its units commenced trading on the Australian Securities Exchange (ASX: QRI) on 27 November 2018. The Trust is domiciled in Australia.

The Responsible Entity of the Trust is The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235 150) (the "Responsible Entity"), a wholly owned subsidiary of Perpetual Limited. The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt Street, Sydney NSW 2000.

The condensed interim financial statements are for the half-year ended 31 December 2021 and are presented in Australian dollars, which is the functional currency of the Fund.

The Responsible Entity is incorporated and domiciled in Australia.

The Investment Manager of the Trust is QRI Manager Pty Ltd ("the Manager") (ACN 625 857 070). The Investment Manager is an Authorised Representative of Qualitas Securities Pty Ltd (AFSL 342242).

The Custodian of the Trust is Perpetual Corporate Trust Limited (ABN 99 000 341 533), a wholly owned subsidiary of Perpetual Limited.

The Trust's investment strategy is for the Manager to invest the Trust's capital in a portfolio of investments that provide Unitholders with exposure to real estate loans secured by first and second mortgages, predominantly located in Australia; from time to time the Trust may also invest in New Zealand. Amounts raised by the Trust are invested in the Qualitas Wholesale Real Estate Income Fund. As at 31 December 2021, the Qualitas Wholesale Real Estate Income Fund invested directly in unlisted wholesale funds, which currently comprised of Qualitas Senior Debt Fund and Qualitas Mezzanine Debt Fund.

The condensed interim financial statements were authorised for issue by the Directors on 28<sup>th</sup> of February 2022. The Directors of the Responsible Entity have the power to amend and reissue the condensed interim financial statements.

## 2 Summary of significant accounting policies

The principle accounting policies applied in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Trust's annual financial statements for the period 1 July 2020 to 30 June 2021, unless otherwise stated.

### (a) Basis of preparation

The condensed interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting*, IAS 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

They do not include all of the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Trust's financial position and performance since the last annual financial statements as at and for the period 1 July 2020 to 30 June 2021.

For the purposes of preparing the condensed interim financial statements, the Trust is a for-profit entity.

The condensed interim financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. The condensed interim financial statements are presented in Australian dollars, which is the Trust's functional currency.

The condensed interim statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are generally expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders on the basis that the Trust is a long-term investor into the Qualitas Wholesale Real Estate Income Fund. The amount to be recovered or settled in relation to these balances remain subject to the performance of the Trust and its operations in accordance with the Constitution.

The Trust has been deemed to meet the definition of an investment entity, as the following conditions exist:

- The Trust has obtained funds for providing investors with investment management services;
- The Trust's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income;
- The performance of investments made through the Trust are measured and evaluated on a fair value basis.

## 2 Summary of significant accounting policies (continued)

The Trust and the Qualitas Wholesale Real Estate Income Fund were structured in a way to comply with legal, regulatory, tax or similar requirements.

When considered together they display the characteristics of an investment entity:

- (a) the Trust indirectly holds more than one investment because the wholesale funds hold a portfolio of investments,
- (b) although the Qualitas Wholesale Real Estate Income Fund is wholly capitalised by the Trust, the Trust is funded by more than one investor who are related to the Trust; and
- (c) ownership in the Trust and the wholesale funds are represented by the Trust interests to which a proportion of the net assets of the investment entity are attributed.

### (b) Use of estimates and judgement

The Trust makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to the accounting estimates are recognised prospectively.

The Trust's investments are fair valued using valuation techniques which are validated and reviewed by the Responsible Entity in conjunction with the Manager.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. For the Trust's investment which is measured at fair value, the primary valuation input is the net asset value of the fund, provided by the Manager of that fund.

For certain other financial instruments, including receivables and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

### (c) New standards and interpretations not yet adopted

There are no standards that are not yet effective that are expected to have a material impact on the Trust in the current or future reporting periods and on foreseeable future transactions.

## 3 Rounding amounts

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the interim financial statements. Amounts in the condensed interim financial statements have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

## 4 Comparative revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period.

## 5 Fair value measurements

The Trust discloses fair value measurements by level using the following fair value hierarchy:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs)

### (i) Fair value in an active market (Level 1)

The fair value of financial assets and liabilities traded in active markets is based on last traded prices at the end of the reporting period without any deduction for estimated future selling costs. For the majority of financial assets and liabilities, information provided by the quoted market independent pricing services is relied upon for valuation.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. An active market is a market in which transactions for the financial asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

### (ii) Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on the Manager's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. For other pricing models, inputs are based on market data at the end of the reporting period.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Trust holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

### Recognised fair value measurements

The tables below set out the Trust's financial assets and liabilities measured at fair value according to the fair value hierarchy at 31 December 2021 and 30 June 2021.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 31 December 2021				
<b>Financial assets</b>				
<b>Designated at fair value through profit or loss</b>				
Qualitas Wholesale Real Estate Income Fund	-	575,612	-	575,612
<b>Financial assets not measured at fair value</b>				
Loan asset	-	-	16,491	16,491
<b>Total financial assets</b>	<b>-</b>	<b>575,612</b>	<b>16,491</b>	<b>592,103</b>
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 30 June 2021				
<b>Financial assets</b>				
<b>Designated at fair value through profit or loss</b>				
Qualitas Wholesale Real Estate Income Fund	-	399,914	-	399,914
<b>Financial assets not measured at fair value</b>				
Loan asset	-	-	11,421	11,421
<b>Total financial assets</b>	<b>-</b>	<b>399,914</b>	<b>11,421</b>	<b>411,335</b>

The carrying value of other financial assets and financial liabilities approximates fair value.



## 5 Fair value measurements (continued)

### Transfers between levels

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between the levels in the fair value hierarchy during the reporting period

## 6 Financial assets

	As at 31 December 2021 \$'000	As at 30 June 2021 \$'000
Qualitas Wholesale Real Estate Income Fund	575,612	399,914
Loan asset	<u>16,491</u>	<u>11,421</u>
	<u>592,103</u>	<u>411,355</u>

### - Loan asset

The Trust has agreed to provide a loan to the Manager, to assist with the working capital requirements of the Manager. For the avoidance of doubt, this includes, without limitation, for the purposes of paying costs and expenses incurred in relation to the capital raising of the Trust and may be paid or lent to related entities of the Manager. The Manager will repay the loan (including any payment of interest on the loan which will be interest income of the Trust) over a period of 10 years from the first draw of each new tranche. Given this, the current termination date of the loan is 10 years from the first draw date of the newest tranche being 11 November 2021. During the half-year ended 31 December 2021, the Manager was advanced \$5.53m to assist with capital raising and repaid \$0.469m. The loan may be terminated and repaid earlier upon an event of default of the borrower as defined in the loan agreement. The loan is interest bearing at a rate of 5% p.a.

## 7 Net assets attributable to unitholders - equity

As stipulated within the Trust's Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Trust.

Movements in number of units and net assets attributable to unitholders during the period were as follows:

	For the half-year ended 31 December 2021		For the half-year ended 31 December 2020	
	Units ('000)	\$'000	Units ('000)	\$'000
<b>Net assets attributable to unitholders</b>				
Opening balance	259,370	415,019	225,494	360,919
Capital raising	115,219	184,349	-	-
Reinvestments	300	480	-	-
Distributions to unitholders	-	(12,960)	-	(11,067)
Profit/(Loss)	-	13,021	-	11,502
<b>Closing balance</b>	<u>374,889</u>	<u>599,909</u>	<u>225,494</u>	<u>361,354</u>

## 8 Distributions to unitholders

The distributions paid/payable for the half-year were as follows:

	For the half-year ended 31 December 2021		For the half-year ended 31 December 2020	
	\$'000	Cents per unit	\$'000	Cents per unit
<b>Distributions</b>				
31 July	1,870	0.70	1,785	0.79
31 August	2,111	0.79	1,910	0.85
30 September	2,008	0.75	1,794	0.80
31 October	2,090	0.78	1,869	0.83
30 November	2,514	0.67	1,821	0.81
31 December	2,367	0.63	1,888	0.84
<b>Total distributions</b>	<u>12,960</u>	<u>4.32</u>	<u>11,067</u>	<u>4.92</u>

## 9 Earnings/(loss) per unit

Earnings/(loss) per unit amounts are calculated by dividing net profit/(loss) attributable to unitholders before distributions by the weighted average number of units outstanding during the period.

	For the half- year ended 31 December 2021	For the half- year ended 31 December 2020
Operating profit/(loss) attributable to unitholders (\$'000)	13,021	11,502
Weighted average number of units on issue ('000)	303,520	225,494
Basic and diluted earnings per unit (cents)	4.2899	5.1008

The movement in earnings per unit was contributed by the additional units issued from the capital raise that occurred in November.

## 10 Related party transactions

There have been no significant changes to the related party transactions disclosed in the previous annual financial report for the year ended 30 June 2021, except for the resignation of Richard McCarthy from the Responsible Entity's board of Directors on 1 February 2022.

### (a) Responsible Entity

The Responsible Entity of the Qualitas Real Estate Income Fund is The Trust Company (RE Services) Limited. The Responsible Entity is a wholly owned subsidiary of the Perpetual Limited Group (ASX: PPT).

### (b) Key management personnel of the Responsible Entity

#### Directors

The following persons held office as directors of The Trust Company (RE Services) Limited during the period and up to the date of this report:

Glenn Foster	
Simone Mosse	
Vicki Riggio	
Phillip Blackmore	Alternate Director for Vicki Riggio
Richard McCarthy	Resigned 1 February 2022

### (c) Other key management personnel

There were no other persons responsible for planning, directing and controlling the activities of the Trust, directly or indirectly during The financial year.

### (d) Responsible Entity and other transactions

#### (i) Responsible Entity fee

This fee is charged by the Responsible Entity for managing the Trust and making it available to investors. The amount charged is dependent on the gross asset value of the Trust. The fee is accrued for daily and paid quarterly in arrears from the Trust's assets.

#### (ii) Custodian fee

This fee is charged by a related party of the Responsible Entity for performing custodial services of the Trust. The fee is calculated at the rate of 0.01% p.a. (inclusive of RITC) of the Trust's NAV.

#### (iii) Management fee

The Responsible Entity has appointed the Manager to invest and manage all of the assets of the Trust from time to time and to provide other services on the terms contained in the Investment Management Agreement. The Manager charges a Management fee (inclusive of RITC) of the Trust's NAV

#### (iv) Indirect costs

Indirect costs are any amounts that the Responsible Entity knows or where required, reasonably estimates, will reduce the Trust's returns that are paid from the Trust's assets (other than the Responsible Entity fee, recoverable expenses and transactional and operational costs).

## 10 Related party transactions (continued)

### (d) Responsible Entity and other transactions

All related party transactions have been conducted on normal commercial terms and conditions. The transactions during the period and amounts payable at period end between the Trust and the Responsible Entity or a related party of the Responsible Entity were as follows:

	For the half- year ended 31 December 2021	For the half- year ended 31 December 2020
Responsible entity fees for the period	95,577	87,601
Total fees payable to the Responsible Entity at period end	189,086	200,625
Custodian fees for the period	33,777	18,195
Total fees payable to the related party of the Responsible Entity at period end	15,034	17,492

### (e) Key management personnel of the Responsible Entity compensation

Key management personnel do not receive any remuneration directly from the Trust in their capacity as Directors or employees of the Responsible Entity or its related parties. Consequently, the Trust has not paid any compensation to its key management personnel. Payments made from the Trust to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

### (f) Key management personnel of the Responsible Entity unitholdings

During or since the end of the half-year, none of the Directors or Director related entities held units in the Trust, either directly, indirectly or beneficially. Neither the Responsible Entity nor its affiliates held units in the Trust at the end of the half-year or during the period.

### (g) Investments

The Trust held investments in the following scheme which is managed by the Manager:

	Fair Value of Investment	Interest held (%)	Distributions received/ receivable	Units acquired during the period	Units disposed during the period
At 31 December 2021	\$	(%)	\$		
Qualitas Wholesale Real Estate Income Fund	575,612,500	100	16,827,849 <sup>1</sup>	109,681,491	-
At 30 June 2021	\$	(%)	\$	Units acquired during the period	Units disposed during the period
Qualitas Wholesale Real Estate Income Fund	399,913,756	100	28,418,932	34,550,839	-

The Trust did not hold any investments in The Trust Company (RE Services) Limited or of its affiliates during the year.

### (h) Related party unitholdings

Qualitas Property Partners Pty Ltd which is a related party of the Manager holds 6,250,000 units in the Trust.

### (i) Other transactions within the Trust

Apart from those details disclosed in this note, no key management personnel have entered into any transactions with the Trust during the financial period and there were no material balances involving key management personnel's interests outstanding at period end.

<sup>1</sup> For the six month period between July 2021 to December 2021

## 11 Segment information

The Trust is organised into one main operating segment with only one key function, being the investment of funds predominantly in Australia.

## 12 Auditor's remuneration

During the half-year the following fees were paid or payable for services provided by the auditor of the Trust:

	For the half- year ended 31 December 2021	For the half- year ended 31 December 2020
<i>KPMG Australia</i>		
<b>Audit and other assurance services</b>		
Review of financial statements	24,444	22,120
Total remuneration for audit and other assurance services	24,444	22,120
<b>Taxation services</b>		
Tax services	7,209	13,254
Total remuneration for taxation services	7,209	13,254
Total remuneration of KPMG Australia	31,653	35,374

## 13 Contingent assets and liabilities and commitments

There are no outstanding contingent assets and liabilities or commitments as at 31 December 2021 and 30 June 2021.

## 14 Events occurring after the reporting period

On 24 January 2022, the Directors declared a distribution of 0.6318 cents per ordinary unit which amounted to \$2.37m and was paid on 17 February 2022.

On 1 February 2022, there were changes to the composition of the Responsible Entity's board of Directors. Refer to note 10 for further details.


No other significant events have occurred since the reporting period which would impact on the financial position of the Trust disclosed in the condensed interim statement of financial position as at 31 December 2021 or on the results and cash flows of the Trust for the half-year ended on that date.

## Directors' declaration

In the opinion of the Directors of The Trust Company (RE Services) Limited, the Responsible Entity of Qualitas Real Estate Income Fund:

- (a) The condensed interim financial statements and notes set out on pages 6 to 17 are in accordance with the *Corporations Act 2001*, including:
  - (i) Giving a true and fair view of the Trust's financial position at 31 December 2021 and of its performance for the half-year ended 31 December 2021;
  - (ii) Complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Director  
The Trust Company (RE Services) Limited

Sydney  
21 February 2022



# Independent Auditor's Review Report

To the unitholders of Qualitas Real Estate Income Fund

## Conclusion

We have reviewed the accompanying **Condensed Interim Financial Statements** of Qualitas Real Estate Income Fund ("the Trust").

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Interim Financial Statements of Qualitas Real Estate Income Fund does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Trust's financial position as at 31 December 2021 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Interim Financial Statements** comprise:

- Condensed interim statement of financial position as at 31 December 2021
- Condensed interim statement of comprehensive income, Condensed interim statement of changes in equity and Condensed interim statement of cash flows for the Half-year ended on that date
- Notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

## Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Trust in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



## Responsibilities of the Directors for the Condensed Interim Financial Statements

The Directors of The Trust Company (RE Services) Limited (the Responsible Entity) are responsible for:

- the preparation of the Condensed Interim Financial Statements that give a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Interim Financial Statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

## Auditor's Responsibilities for the Review of the Condensed Interim Financial Statements

Our responsibility is to express a conclusion on the Condensed Interim Financial Statements based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Interim Financial Statements do not comply with the *Corporations Act 2001* including giving a true and fair view of the Trust's financial position as at 31 December 2021 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

Rachel Milum  
Partner

Sydney

21 February 2022