

Qualitas Real Estate Income Fund (ASX:QRI)

Performance Update – December 2022



HIGHLIGHTS

Net return ¹ (% p.a.) on NAV	
12 month (%) p.a.	6.21%
1 month (%) p.a.	8.42%
Distribution on NAV	
12 month (%) p.a.	6.13%
Current month % p.a.	7.65%
Current month	\$0.010396 / unit
Distribution on month end unit price	
Current month (%) p.a.	8.27%

KEY METRICS AS AT 31 DECEMBER 2022

Market cap / Trust NAV	\$556m / \$601m
Invested capital ²	\$600m (99.8%)
Unit price	\$1.480
Unit NAV	\$1.6012
Total loans ³	41
Weighted loan maturity ³	1.1 years
Weighted LVR ⁴	67%
Loans in arrears ⁵	-
Fixed / Floating interest exposure	21% / 79%

KEY INFORMATION⁸

Target return	RBA Cash Rate ^{6,7} + 5.0% to 6.5% p.a. (net)
Investment type	Listed Investment Trust
Distributions	Monthly
Unit pricing	Weekly
Distribution Reinvestment Plan (DRP)	Yes - active

INVESTMENT FEATURES

- Experienced institutional local based Manager
- Regular monthly cash distributions⁸
- Return is at a premium⁹ to cash rate
- The potential of 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

*Please refer to PDS section 8 on risks related to QRI

INVESTMENT OBJECTIVE

To achieve the target return, and provide monthly cash income, capital preservation and portfolio diversification¹⁰.

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 Trust's capital is 100% invested as at 31 December 2022 with an additional \$17m drawn from the warehouse facility delivering an incremental 1.00% p.a. return on the drawn balance for QRI investors.

During the month of December, the Trust delivered a monthly distribution of 7.65% on the NAV of \$1.60. The distribution for December is higher than the prior month due to increasing invested capital, rising underlying interest income driven by BBSY increases and widening credit risk margins for new investments.

The Trust's variable rate loans split was maintained at 79% in December. Fixed rate loans are expected to be replaced with variable rate loans as each loan matures. Based on the current maturity profile of fixed rate loans in the portfolio, the Manager aims to increase the Trust's variable rate exposure to 90% by June 2023.

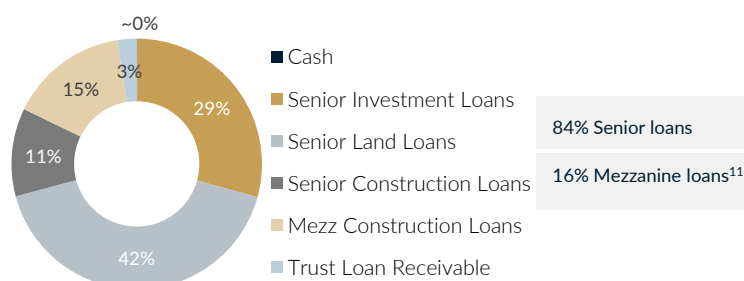
During the month of December, there were repayments of \$6m primarily driven by partial and full repayments from 7 loans across land, investment and construction loans. The progressive repayment of residential residual stock loans are performing to expectations.

The Manager remains focused on delivering the key objectives of the Trust:

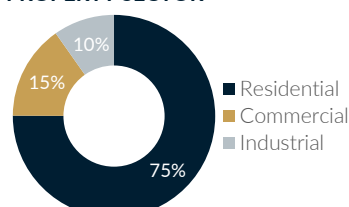
- **Target return:** the weighted average variable loan gross interest return in December is approximately 6.5% + 3-month BBSY of 3.09% as at 1 December 2022. This implies a return of approximately 7.7% net of fees and expenses for investors. The monthly distribution is expected to increase as the Trust variable loan split increases.
- **Monthly cash income:** increasing monthly distribution since June 2022 in line with rising cash rate.
- **Capital preservation:** net tangible asset calculated and released to the ASX on weekly and monthly basis maintained above \$1.60 since inception with extensive forensic due diligence and stress testing on each investment.
- **Portfolio diversification:** the portfolio is diversified by investment type, loan type, property sector, borrower and geography. There are currently 41 loans in the portfolio with an average loan exposure of ~\$14m. We maintain deep knowledge and focus on each investment.

The Manager confirms that as at 31 December 2022, the portfolio has no interest arrears or impairments.

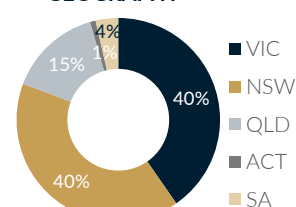
PORTFOLIO COMPOSITION¹⁰



PROPERTY SECTOR¹¹



GEOGRAPHY¹¹



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YEAR	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD
Distributions (¢/unit)													
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	0.6012	0.6932	0.7556	0.8159	0.7689	8.5896
FY23	0.8151	0.8701	0.9004	0.9510	0.9666	1.0396							5.5428
Net return (%)													
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%	0.38%	0.36%	0.42%	0.45%	0.45%	0.50%	0.49%	5.42%
FY23	0.53%	0.54%	0.60%	0.60%	0.57%	0.72%							3.55%

NET RETURN BY PERIOD

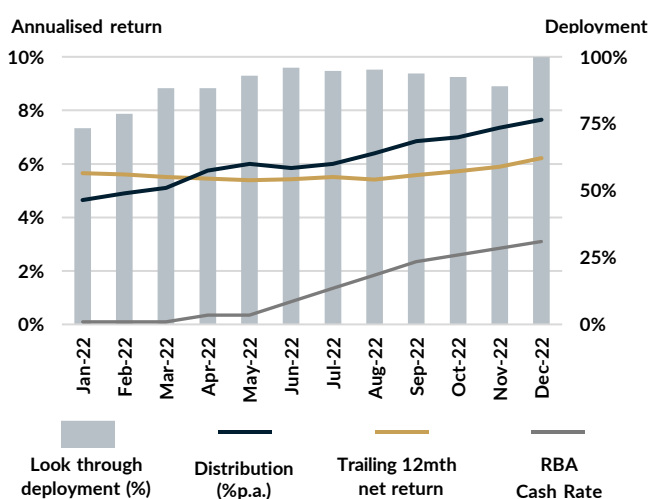
	1mth	3mth	6mth	1yr	3yr ¹	Incep ^{1,2}
Net Return (%)	0.72	1.88	3.55	6.21	6.02	5.84
RBA Cash Rate (%)	0.25	0.71	1.15	1.28	0.57	0.74
Distribution (%)	0.65	1.85	3.46	6.13	5.98	5.79
Spread to RBA (%)	0.40	1.14	2.32	4.85	5.41	5.06

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

ABOUT THE MANAGER

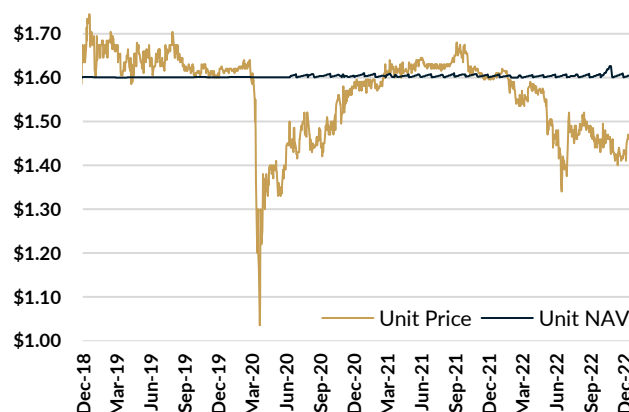
Established in 2008 and listed on the ASX in 2021, Qualitas has a 14-year track record in the real estate sector and currently manages approximately \$5.33 billion in committed capital. Qualitas has a disciplined approach to generating strong risk-adjusted returns for its investors. Qualitas' investment strategies include senior and mezzanine debt, preferred and ordinary equity investments in real estate development, value-add, repositioning, special situations and other opportunistic transactions.

MONTHLY NET RETURN VS. DEPLOYMENT³



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

UNIT PRICE VS NAV



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INVESTOR QUERIES

General

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W qualitas.com.au/listed-investments/QRI

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LinkedIn [linkedin.com/company/qualitas-group/](https://www.linkedin.com/company/qualitas-group/)

Unit Registry

P 1300 420 177 | **E** hello@automicgroup.com.au

W automic.com.au

KEY SERVICE PROVIDERS

Manager

QRI Manager Pty Ltd – an authorized 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
Praemium

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1. Net returns are calculated based on the daily weighted average NAV across the respective time periods.
2. 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.
3. Represents total loans in the portfolio on a look through basis, via investments in direct loans and Qualitas wholesale funds.
4. Represents total LVR of loans in the portfolio on a look through basis, via investments in direct loans and Qualitas wholesale funds.
5. Represents % of loan portfolio on look through-basis in arrears by 90 days or more.
6. RBA cash rate is subject to a floor of 0%.
7. QRI is a different asset class to cash which is displayed by the RBA Cash Rate and BBSY. Accordingly, QRI is of a higher risk than an investment in cash.
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. The premium achieved is commensurate to the investment risk undertaken.
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.

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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.
3. QRI is a different asset class to cash which is displayed by the RBA Cash Rate and BBSY. Accordingly, QRI is of a higher risk than an investment in cash.

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. 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.