

# **Qualitas Real Estate Income Fund**

ARSN 627 917 971

## **Appendix 4D**

### **Interim Report**

**For the half-year ended December 31, 2022**

## Preliminary Final Report

This interim report is for the half-year from July 1 2022 to December 31 2022. The previous corresponding half-year was from July 1 2021 to December 31 2021.

The Directors of The Trust Company (RE Services) Limited, the Responsible Entity of Qualitas Real Estate Income Fund (the "Trust") announce the audited results of the Trust for the half-year ended December 31, 2022 as follows:

## Results for announcement to the market

	Half-year ended December 31 2022 \$'000	Half-year ended December 31 2021 \$'000	Increase/(decrease) over corresponding period	
			\$'000	%
Net assets attributable to unitholders	601,395	599,909	1,486	0.25
Total investment income/(loss)	26,840	17,523	9,317	53.17
Operating profit/(loss) for the half-year	21,333	13,021	8,312	63.84

## Brief explanation of results

The operating profit for the half-year of \$21,333,499 represented an increase from the \$13,020,856 operating profit in the prior half-year. The increase in investment income and operating profit were a function of the improvement in the net positive portfolio performance of the Qualitas Real Estate Income Trust compared to the half-year ended December 31 2021. During the half-year, the Trust through its wholly owned sub-trust entered a warehousing facility as an additional source of capital. This allowed the sub-trust to optimally invest its capital which contributed to the increase in distribution income.

## Distribution information

The distributions for the half-year were as follows:

	Cents per unit	Total Amount \$'000
December 2022	5.54	20,810
December 2021	4.32	12,960

## Distribution Reinvestment Plan (DRP)

The Responsible Entity has a Distribution Reinvestment Plan ("DRP") in place.

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 ("NAV") of a unit as determined in accordance with the constitution on the record date.

In October of 2022, The Responsible Entity and the Manager revised the DRP with the changes detailed below:

Under the previous Plan, Units were delivered to participating Unitholders by way of an issue of new Units at an issue price equal to the end of month NAV. Under the terms of the amended Plan, Units are delivered to participating Unitholders at the following price per Unit:

- (a) to the extent the Units are delivered by way of transfer of existing Units, the lesser of:
  - (i) NAV as at the last day of the calendar month for the Distribution period (last reported NAV); and
  - (ii) the volume weighted average purchase price of Units purchased on behalf of the Responsible Entity plus applicable brokerage; and
- (b) to the extent the Units are delivered by way of an issue of new Units, the last reported NAV or another amount determined by the Responsible Entity, subject to the Listing Rules and any applicable ASIC legislative instrument or class order.

**Net tangible assets**

	<b>As at December 31 2022</b>	<b>As at December 31 2021</b>
Net tangible assets per unit	<b>\$1.6016</b>	\$1.6002

**Control gained or lost over entities during the half-year**

There was no gain or loss of control of entities during the current period.

**Details of associates and joint venture entities**

The Trust did not have any interest in associates and joint venture entities during the current period or the comparative period.

**Other Information**

The Trust is not a foreign entity.

**Independent audit report**

This Appendix 4D is based on the interim financial statements which have been audited by the Fund's Auditors – KPMG.

# **Qualitas Real Estate Income Fund**

ARSN 627 917 971

## **Interim report**

**For the half-year ended December 31, 2022**

# Qualitas Real Estate Income Fund

ARSN 627 917 971

## Interim report

## For the half-year ended December 31, 2022

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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 report is to be read in conjunction with the annual report for the year ended June 30, 2022 and any public announcements made in respect of the Qualitas Real Estate Income Fund during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

This interim report covers Qualitas Real Estate Income Fund as an individual entity.

The Responsible Entity of 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 235150) is the responsible entity (the "Responsible Entity") of Qualitas Real Estate Income Fund (the "Trust"). The directors of the Responsible Entity (the "Directors") present their report together with the interim financial statements of the Fund for the half-year ended December 31 2022 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 2022, 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 Directors of The Trust Company (RE Services) Limited 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 stated otherwise:

### Name

Glenn Foster	
Simone Mosse	Resigned as Director on January 23, 2023
Vicki Riggio	
Phillip Blackmore	Alternate Director for Vicki Riggio
Christopher Green	Appointed as Director on January 23, 2023

## Units on Issue

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

	<b>December 31 2022 No.</b>	<b>As at December 31 2021 No.</b>
Units on issue	375,505,259	374,888,542

## Directors' Report (continued)

### Review and results of operations

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

### Results

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

	December 31 2022	Half-year ended December 31 2021
Operating profit/(loss) (\$'000)	21,333	13,021
Distribution paid and payable (\$'000)	20,810	12,960
Distribution (cents per unit)	5.54	4.32

### Financial Position

As at December 31 2022, the Trust's total assets amounted to \$607,092,483 (December 31 2021: \$603,517,472).

Net Tangible Assets ("NTA") per unit as disclosed to the ASX were as follows:

	December 31 2022 \$	As at December 31 2021 \$
At reporting period *	1.6012	1.6004
High during period	1.6257	1.6098
Low during period	1.6000	1.6001

\* The above NTA per unit was the cum-price which includes 1.04 cents per unit distribution (2021: 0.63 cents per unit).

### Significant changes in state of affairs

The current geopolitical events have had a global market impact and uncertainty exists as to their implications. Such disruptions can adversely affect the assets, performance and liquidity of investment funds.

Recognising the Russia/Ukraine conflict as well as Australia's broadening of its existing autonomous sanctions, the Directors and management continue to remain abreast of developments in this area and monitor the potential impacts across the Trust.

In October of 2022, The Responsible Entity and the Manager revised the Distribution Reinvestment Plan ("DRP") with the changes detailed below:

Under the previous Plan, Units were delivered to participating Unitholders by way of an issue of new Units at an issue price equal to the end of month Net Asset Value ("NAV"). Under the terms of the amended Plan, Units are delivered to participating Unitholders at the following price per Unit:

- (a) to the extent the Units are delivered by way of transfer of existing Units, the lesser of:
  - (i) NAV as at the last day of the calendar month for the Distribution period (last reported NAV); and
  - (ii) the volume weighted average purchase price of Units purchased on behalf of the Responsible Entity plus applicable brokerage; and
- (b) to the extent the Units are delivered by way of an issue of new Units, the last reported NAV or another amount determined by the Responsible Entity, subject to the Listing Rules and any applicable ASIC legislative instrument or class order.

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

### Matters subsequent to the end of the half-year

On January 23, 2023, Simone Mosse resigned as Director and Christopher Green was appointed as Director.

Market disruptions associated with current geopolitical events have had a global impact, and uncertainty exists as to their implications. Such disruptions can adversely affect assets of the Trust and thus performance of the Trust. Management is continuing to monitor this development and evaluate its impact on the Trust.

No other matter or circumstance has arisen since December 31, 2022 that has significantly affected, or may significantly affect:

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

### **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 either the officers of the Responsible Entity or the auditors of the Trust. So long as the officers of the Responsible Entity act in accordance with the Trust's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

The auditors of the Trust are in no way indemnified out of the assets of the Trust.

### **Units in the Trust**

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

The value of the Trust's assets and liabilities is disclosed in the Statement of financial position and derived using the basis set out in Note 2 of the 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 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 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  
20 February 2023





# 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 review of Qualitas Real Estate Income Fund for the period 1 July 2022 to 31 December 2022 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 audit.

The KPMG logo, consisting of the letters 'KPMG' in a stylized, handwritten font.

KPMG

A handwritten signature in cursive script that reads 'Rachel Gatt'.

Rachel Gatt  
*Partner*

Sydney

20 February 2023

## Statement of comprehensive income

		Half-year ended	
		December 31 2022 \$'000	December 31 2021 \$'000
Notes			
<b>Investment income</b>			
		<b>25,710</b>	16,828
	Distribution income		
	Interest income from financial assets held at amortised cost	<b>521</b>	325
	Net gains/(losses) on financial instruments at fair value through profit or loss	<b>398</b>	163
	Management fee rebate	<b>211</b>	207
	<b>Total investment income/(loss)</b>	<b>26,840</b>	17,523
<b>Expenses</b>			
	Responsible entity fees	<b>114</b>	96
8	Management fees	<b>4,661</b>	3,492
	Administrative expenses	<b>732</b>	914
	<b>Total operating expenses</b>	<b>5,507</b>	4,502
	<b>Operating profit/(loss) for the half-year</b>	<b>21,333</b>	13,021
	Other comprehensive income	-	-
	<b>Total comprehensive income / (loss) for the half-year</b>	<b>21,333</b>	13,021
<b>Earnings/(loss) per unit for profit attributable to unitholders of the Trust</b>			
	Basic and diluted earnings/(loss) per unit in cents	5.6827	4.2899

*The above Statement of comprehensive income should be read in conjunction with the accompanying notes.*

## Statement of financial position

		As at	
		December 31	June 30
	Notes	2022	2022
		\$'000	\$'000
<b>Assets</b>			
Cash and cash equivalents		11,058	9,548
Receivables and prepayments		5,051	3,883
Financial assets – loans measured at amortised cost	5	15,159	15,830
Financial assets – measured at fair value through profit and loss	5	575,824	575,426
<b>Total assets</b>		<b>607,092</b>	<b>604,687</b>
<b>Liabilities</b>			
Distributions payable	7	3,904	2,885
Payables		1,793	1,368
<b>Total liabilities</b>		<b>5,697</b>	<b>4,253</b>
<b>Net assets attributable to unitholder- equity</b>	6	<b>601,395</b>	<b>600,434</b>

*The above Statement of financial position should be read in conjunction with the accompanying notes.*

## Statement of changes in equity

	Notes	Half-year ended	
		December 31	December 31
		2022	2021
		\$'000	\$'000
<b>Total equity at the beginning of the half-year</b>		<b>600,434</b>	415,019
<b>Comprehensive income/(loss) for the half-year</b>			
Profit/(loss) for the half-year		<b>21,333</b>	13,021
<b>Total comprehensive income/(loss) for the half-year</b>		<b>21,333</b>	13,021
<b>Transactions with unitholders</b>			
Capital raising	6	-	184,349
Distributions reinvested	6	<b>438</b>	480
Distributions to unitholders	6	<b>(20,810)</b>	(12,960)
<b>Total transactions with unitholders</b>		<b>(20,372)</b>	171,869
<b>Total equity at the end of the half-year</b>		<b>601,395</b>	599,909

*The above Statement of changes in equity should be read in conjunction with the accompanying notes.*

**Statement of cash flows**

	Half-year ended December 31 2022 \$'000	Half-year ended December 31 2021 \$'000
<b>Cash flows from operating activities</b>		
Interest received from bank deposits and term deposits	104	5
Distribution income received	24,694	16,512
Management fee rebate received	216	214
Purchase of financial assets	-	(175,536)
Administrative expenses paid	(5,318)	(4,326)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>19,696</b>	<b>(163,131)</b>
<b>Cash flows from investing activities</b>		
Loan funds advanced to Manager	-	(5,538)
Interest received from Manager loan	392	319
Loan funds repaid from Manager	671	469
<b>Net cash (outflow)/inflow from investing activities</b>	<b>1,063</b>	<b>(4,750)</b>
<b>Cash flows from financing activities</b>		
Distributions paid to unitholders	(19,036)	(12,167)
Payments for unit buyback	(213)	-
Proceeds from application by unitholders	-	184,349
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(19,249)</b>	<b>172,182</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,510</b>	<b>4,301</b>
Cash and cash equivalents at the beginning of the period	9,548	4,108
Cash and cash equivalents at the end of the period	11,058	8,409

*The above Statement of cash flows should be read in conjunction with the accompanying notes.*

## Notes to the interim financial statements

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## 1 General information

These interim financial statements cover 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 Trust Company (RE Services) Limited] (ABN 45 003 278 831) is the responsible entity of the Trust (the "Responsible Entity"). The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW 2000.

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 interim financial statements of the Trust are for the half-year ended December 31, 2022. The interim financial statements are presented in the Australian currency.

The interim financial statements were authorised for issue by the directors of the Responsible Entity (the "Directors of the Responsible Entity") on February 20, 2023. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these interim financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated in the following text.

### (a) Basis of preparation

These interim financial statements have been prepared in accordance with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 *Interim Financial Reporting*.

These interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these interim financial reports are to be read in conjunction with the annual financial statements for the year ended 30 June 2022 and any public announcements made in respect of the Trust during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within 12 months, except for investments in financial assets and financial liabilities at fair value through profit or loss 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)

### (a) Basis of preparation (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 funded 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) Significant accounting policies

The accounting policies and the risk management policies and procedures applied in these interim financial statements are the same as those applied to the Trust's financial statements for the year ended 30 June 2022.

There are no other standards, interpretations or amendments to existing standards that are effective for the first time for the half year beginning 1 July 2022 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods

## 3 Rounding of Amounts

The Trust 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 interim financial statements have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated

## 4 Fair value measurement

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.



#### 4 Fair value measurement (continued)

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 following table presents the Trust's financial assets and liabilities measured and recognised at fair value as at December 31 2022 and June 30 2022.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at December 31 2022</b>				
<b>Financial assets at fair value through profit or loss</b>				
Qualitas Wholesale Real Estate Income Fund	-	575,824	-	575,824
<b>Financial assets not measured at fair value</b>				
Loan asset	-	-	15,159	15,159
<b>Total</b>	-	575,824	15,159	590,983
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>As at June 30 2022</b>				
<b>Financial assets at fair value through profit or loss</b>				
Qualitas Wholesale Real Estate Income Fund	-	575,426	-	575,426
<b>Financial assets not measured at fair value</b>				
Loan asset	-	-	15,830	15,830
<b>Total</b>	-	575,426	15,830	591,256

## 4 Fair value measurement (continued)

### Recognised fair value measurements (continued)

#### (i) Transfers between levels

The Trust'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 for the half-year ended December 31 2022.

#### (ii) Fair value measurements using significant unobservable inputs (level 3)

The Trust did not hold any financial instruments with fair value measurements using significant unobservable inputs during the half-year ended December 31 2022 or year ended June 30 2022.

#### (iii) Valuation processes

Portfolio reviews are undertaken regularly by Investment Manager to identify securities that potentially may not be actively traded or have stale security pricing. This process identifies securities which possibly could be regarded as being level 3 securities.

Further analysis, should it be required, is undertaken to determine the accounting significance of the identification. For certain security types, in selecting the most appropriate valuation model, Investment Manager performs back testing and considers actual market transactions. Changes in allocation to or from level 3 are analysed at the end of each reporting period.

#### (iv) Fair values of other financial instruments

The Trust did not hold any financial instruments which were not measured at fair value in the Statement of financial position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value.

## 5 Financial assets at fair value through profit or loss

	December 31 2022 \$'000	As at June 30 2022 \$'000
Qualitas Wholesale Real Estate Income Fund	575,824	575,426
Loan asset	15,159	15,830
<b>Total financial assets</b>	<b>590,983</b>	<b>591,256</b>

An overview of the risk exposure relating to financial assets at fair value through profit or loss is included in Note 4.

### 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 and the Trust amended the terms of the loan on June 25, 2020. 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 November 16, 2021. During the half-year ended December 31, 2022, the Manager repaid \$671,000. 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.

## 6 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:

	Half-year ended		Half-year ended	
	December 31 2022 No. '000	December 31 2022 \$'000	December 31 2021 No '000	December 31 2021 \$'000
<b>Net assets attributable to unitholders</b>				
Opening balance	375,232	600,434	259,370	415,019
Capital raising	-	-	115,219	184,349
Reinvestments	273	438	300	480
Distributions to unitholders	-	(20,810)	-	(12,960)
Profit/(Loss)	-	21,333	-	13,021
<b>Closing balance</b>	<b>375,505</b>	<b>601,395</b>	<b>374,889</b>	<b>599,909</b>

## 7 Distributions to unitholders

The distributions for the half-year were as follows:

	For the half-year ended 31 December 2022		For the half-year ended 31 December 2021	
	\$'000	Cents per unit	\$'000	Cents per unit
<b>Distributions</b>				
31 July	3,059	0.81	1,870	0.70
31 August	3,266	0.87	2,111	0.79
30 September	3,380	0.90	2,008	0.75
31 October	3,571	0.95	2,090	0.78
30 November	3,630	0.97	2,514	0.67
31 December	3,904	1.04	2,367	0.63
<b>Total distributions</b>	<b>20,810</b>	<b>5.54</b>	<b>12,960</b>	<b>4.32</b>

## 8 Related party transactions

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).

### (a) 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:

#### Name

Glenn Foster

Simone Mosse

Vicki Riggio

Phillip Blackmore

Christopher Green

Resigned as Director on January 23, 2023

Alternate Director for Vicki Riggio

Appointed as Director on January 23, 2023

## 8 Related party transactions (continued)

### (b) Other key management personnel

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

### (c) 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 as a percentage 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).

### (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 2022	For the half- year ended 31 December 2021
Responsible entity fees for the period	113,621	95,577
Total fees payable to the Responsible Entity at period end	54,255	189,086
Custodian fees for the period	31,415	33,777
Total fees payable to the related party of the Responsible Entity at period end	31,327	15,034

### (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.

## 8 Related party transactions (continued)

### (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
<b>At 31 December 2022</b>					
Qualitas Wholesale Real Estate Income Fund	575,824,345	100	25,710,819	-	-
	Fair Value of Investment \$	Interest held (%)	Distributions received/ receivable \$	Units acquired during the period	Units disposed during the period
<b>At 30 June 2022</b>					
Qualitas Wholesale Real Estate Income Fund	575,426,195	100	37,760,293	109,681,491	-

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 who 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.

## 9 Significant events during the half-year

The current geopolitical events have had a global market impact and uncertainty exists as to their implications. Such disruptions can adversely affect the assets, performance and liquidity of investment funds.

Recognising the Russia/Ukraine conflict as well as Australia's broadening of its existing autonomous sanctions, the Directors and management continue to remain abreast of developments in this area and monitor the potential impacts across the Trust.

In October of 2022, The Responsible Entity and the Manager revised the DRP with the changes detailed below:

Under the previous Plan, Units were delivered to participating Unitholders by way of an issue of new Units at an issue price equal to the end of month NAV. Under the terms of the amended Plan, Units are delivered to participating Unitholders at the following price per Unit:

- (a) to the extent the Units are delivered by way of transfer of existing Units, the lesser of:
  - (i) NAV as at the last day of the calendar month for the Distribution period (last reported NAV); and
  - (ii) the volume weighted average purchase price of Units purchased on behalf of the Responsible Entity plus applicable brokerage; and
- (b) to the extent the Units are delivered by way of an issue of new Units, the last reported NAV or another amount determined by the Responsible Entity, subject to the Listing Rules and any applicable ASIC legislative instrument or class order.

There were no other significant events during the half-year.

## 10 Events occurring after the reporting period

On January 23, 2023, Simone Mosse resigned as a Director and Christopher Green was appointed as Director.

Market disruptions associated with current geopolitical events have had a global impact, and uncertainty exists as to their implications. Such disruptions can adversely affect assets of the Trust and thus performance of the Trust. Management is continuing to monitor this development and evaluate its impact on the Trust.

The Directors are not aware of any event or circumstance since the end of the half-year not otherwise addressed within this report that has affected or may significantly affect the operations of the Trust, the results of those operations or the state of affairs of the Trust in subsequent years. The Trust continues to operate as a going concern.

## 11 Contingent assets and liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at December 31 2022 and June 30 2022.

**Directors' declaration**

In the opinion of the Directors of the Responsible Entity:

- a. the interim financial statements and notes set out on pages 6 to 18 are in accordance with the *Corporations Act 2001*, including:
  - i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - ii. giving a true and fair view of the Trust's financial position as at December 31 2022 and of its performance for the financial half-year ended on that date.
- 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 of The Trust Company (RE Services) Limited.

Director



Sydney

20 February 2023



# Independent Auditor's Review Report

To the unitholders of Qualitas Real Estate Income Fund

## Conclusion

We have reviewed the accompanying **Interim report** 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 Interim report 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 2022 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 **Interim report** comprises:

- Statement of financial position as at 31 December 2022;
- Statement of comprehensive income, Statement of changes in equity and 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 and;
- 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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of The Trust Company (RE Services) Limited (the Responsible Entity), would be in the same terms if given to the Directors as at the time of this Auditor's Review Report.





### Responsibilities of the Directors for the Interim report

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

- the preparation of the Interim report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Interim report 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 Interim report

Our responsibility is to express a conclusion on the Interim report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim report 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 2022 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 Gatt  
Partner

Sydney

20 February 2023