

Qualitas Real Estate Income Fund (ASX:QRI)

Performance Update – February 2023



HIGHLIGHTS

Net return ¹ (% p.a.) on NAV	
12 month (%) p.a.	6.71%
1 month (%) p.a.	7.79%
Distribution on NAV	
12 month (%) p.a.	6.65%
Current month % p.a.	8.20%
Current month	\$0.01006 / unit
Distribution on month end unit price	
Current month (%) p.a.	8.63%

KEY METRICS AS AT 28 FEBRUARY 2023

Market cap / Trust NAV	\$571m / \$601m
Invested capital ²	\$579m (96%)
Unit price	\$1.52
Unit NAV	\$1.6007
Total loans ³	39
Weighted loan maturity ³	0.9 years
Weighted LVR ⁴	66%
Required discount on underlying real estate securities values, for unit NAV to fall below \$1.60	Underlying real estate securities values need to fall by 34% on a weighted average basis across the portfolio from last valuation date
% of portfolio underlying real estate securities valued within the last 12 months	40%
Loans in arrears ⁵	-
Fixed / Floating interest exposure	19% / 81%

KEY INFORMATION⁸

Target return	RBA Cash Rate ^{6,7} + 5.0% to 6.5% p.a. (net)
S&P Global Industry Classification Standard Code and Classification	40204010 Mortgage Real Estate 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 diversification¹².

UPDATE TO UNITHOLDERS

On 3 March 2023, Standard & Poor's (S&P) announced that QRI will be added to the ASX All Ordinaries Index effective prior to the opening of trading on Monday 20 March 2023. Additionally, S&P has classified QRI as a Mortgage Real Estate Investment Trust (MREIT), making it the first listed fund in Australia to be classified as an MREIT.

MREITs are companies or trusts that service, originate, purchase and/or securitise residential and or commercial mortgage loans¹⁰. QRI's classification as an MREIT is due to QRI's singular commercial real estate credit investment focus.

It is important to note QRI's fund structure, underlying portfolio, investment origination, distribution cycle and management process are all unchanged.

The classification of QRI as an MREIT and its addition to the ASX All Ordinaries Index does mean that QRI may potentially be considered and evaluated for ASX300 and ASX300 A-REIT inclusion in future. Future inclusion in these indices is not known and inclusion is solely determined by S&P.

MONTHLY PORTFOLIO UPDATE

During the month of February, the Trust delivered a monthly distribution of 8.20% on the NAV of \$1.60. The distribution for February is higher than the prior month due to BBSY increases and widening credit risk margins for existing investments.

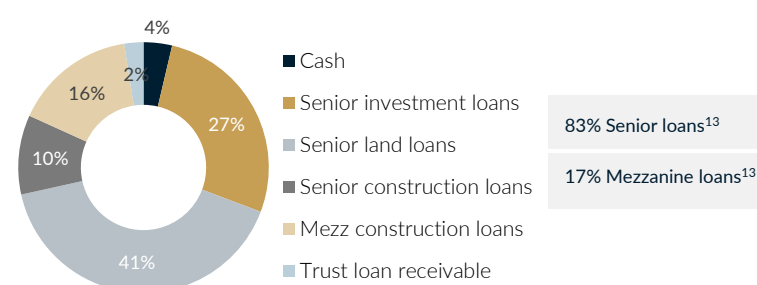
As at 28 February, the Trust's capital is fully invested¹¹ with \$17m drawn in the warehouse facility delivering an incremental 1.00% p.a. return on the drawn balance for QRI unitholders. The Manager has allocated another \$33m from the warehouse facility for new investments expected to settle during the month of March.

The Trust's variable rate loan split increased marginally to 81% in February. The Manager anticipates variable rate loan exposure to increase to 89% by 30 April 2023 as there is one expected repayment for an existing fixed rate loan in addition to the expected conversion of several fixed rate loans to variable rates as they rollover.

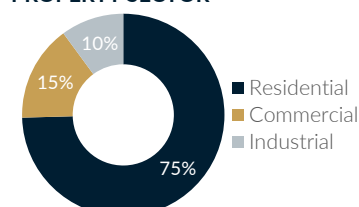
During the month of February, there were repayments of \$8.2m which consists of six partial repayments and one full repayment across investment and residual stock loans. The progressive repayment of the residential residual stock loans is performing to expectations.

The Manager confirms that as at 28 February 2023, the portfolio has no interest arrears or impairments.

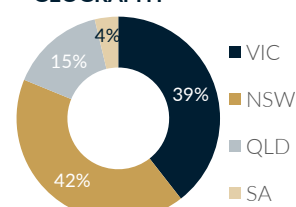
PORTFOLIO COMPOSITION¹²



PROPERTY SECTOR¹²



GEOGRAPHY¹²



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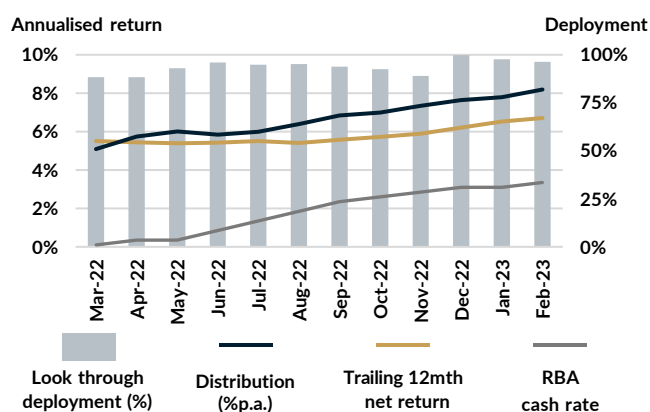
YEAR	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD
Distributions (¢/unit)													
FY19	-	-	-	-	-	0.1534	0.2416	0.2464	0.3784	0.6719	0.6463	0.8397	3.1777
FY20	0.8150	0.7370	0.9511	0.7906	0.7896	0.9099	0.8233	0.7989	0.7539	0.8405	0.8152	0.7882	9.8132
FY21	0.7914	0.8469	0.7956	0.8289	0.8076	0.8373	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	1.0597	1.0060					7.6085
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%	0.67%	0.60%					4.82%

NET RETURN BY PERIOD

%	1mth	3mth	6mth	1yr	3yr ¹	Incep ^{1,2}
Net return	0.60	1.99	3.76	6.71	6.15	5.95
Target return at 5.0%	5.27	5.79	6.42	6.78	5.70	5.83
Target return at 6.5%	6.77	7.29	7.92	8.28	7.20	7.33
RBA cash rate	0.27	0.79	1.42	1.78	0.70	0.83
Distribution	0.63	1.94	3.70	6.65	6.11	5.91
Spread to RBA	0.35	1.16	2.28	4.87	5.41	5.08

*Past performance is not a reliable indicator of future performance.
Target Return: RBA Cash Rate + 5.0% to 6.5% p.a. (net)

MONTHLY NET RETURN VS. DEPLOYMENT³

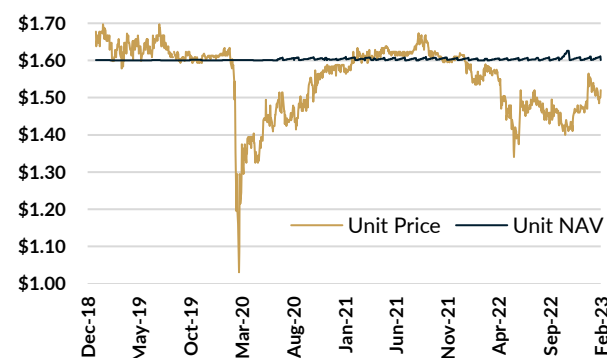


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ABOUT THE MANAGER

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 \$5.8 billion⁴ 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.

UNIT PRICE VS NAV



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INVESTOR QUERIES

General

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

A L38/120 Collins Street, Melbourne VIC 3000

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 authorised representative of Qualitas Securities Pty Ltd

Responsible entity

The Trust Company (RE Services Limited)

PLATFORMS

Macquarie
BT Panorama
BT Wrap

Asgard
Netwealth
AMP North

HUB24
Mason Stevens
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. All references in this update to 'arrears' are to be read accordingly.
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. S&P Global Industry Classification Standard
11. Excluding cash buffer allocated for ongoing expenses.
12. 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.
13. Excludes Trust loan receivable and 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.
4. As at 31 December 2022.

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.