

# Qualitas Real Estate Income Fund (ASX:QRI)

Performance Update – April 2023



## HIGHLIGHTS

Net return <sup>1</sup> (% p.a.) on NAV	
12 month (%) p.a.	7.17%
1 month (%) p.a.	8.07%
Distribution on NAV	
12 month (%) p.a.	7.15%
Current month % p.a.	8.40%
Current month	\$0.011047 / unit
Distribution on month end unit price	
Current month (%) p.a.	9.08%

## KEY METRICS AS AT 30 April 2023

Market cap / Trust NAV	\$556m / \$601m
Invested capital <sup>2</sup>	\$576m (96%)
Unit price	\$1.4800
Unit NAV	\$1.6002
Total loans <sup>3</sup>	39
Weighted loan maturity <sup>3</sup>	0.92 years
Weighted LVR <sup>4</sup>	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 <sup>5</sup>
% of portfolio underlying real estate securities valued within the last 12 months	35%
Loans in arrears <sup>6</sup>	0
Fixed / Floating interest exposure	11% / 89%

## KEY INFORMATION<sup>9</sup>

Target return	RBA Cash Rate <sup>7,8</sup> + 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 distributions<sup>9</sup>
- Return is at a premium<sup>10</sup> 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 diversification<sup>12</sup>.

## MONTHLY PORTFOLIO UPDATE

During the month of April, the Trust delivered a monthly distribution of 8.40% on the NAV of \$1.60. The Trust is expected to pay out all FY23 net returns through the upcoming May and June distribution.

As at 30 April, the Trust's capital is fully invested<sup>11</sup> with \$16.5m drawn in the warehouse facility which is delivering an incremental 1.00% p.a. return on the drawn balance for QRI unitholders. The warehouse facility is expected to be progressively drawn during May due to several new loan settlements.

The Trust continued to convert fixed rate loans to variable rate loans and achieved an increase in variable rate loan exposure from 82% in March to 89% in April.

During the month of April, there were repayments of \$34.6m which consists of nine partial repayments and one full repayment across construction, land and investment loans. The progressive repayment of the residential residual stock loans is performing to expectations. These residual stock apartments are all transacting at or above the estimated valuation adopted by Qualitas when the loan investments were made.

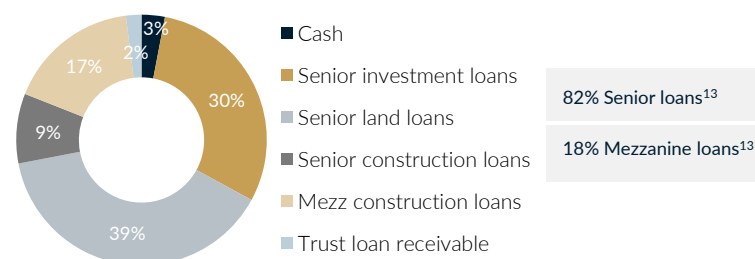
The Manager continues to exercise caution under the current economic environment and will only accept risks that match QRI unitholder's risk appetite as outlined in the PDS. During the month, one loan was subject to elevated monitoring from the Manager, this loan was refinanced by an external party. The loan is approaching its maturity and the Manager expressed that QRI was unlikely to refinance it. The short duration of the QRI portfolio allows for frequent reassessment of the loans.

The Manager confirms that as at 30 April 2023, the portfolio has no interest arrears or impairments.

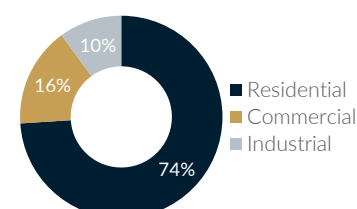
## CHANGE OF UNIT REGISTRY SERVICE PROVIDER

On Monday, 22 May 2023, QRI will transition its unit registry service provider from Automic Pty Limited (Automic) to Link Market Services Limited (Link). A further update on the transition will be provided to the ASX on the morning of 22 May 2023 along with the relevant contact details for Link in their capacity as the new unit registry provider. Unitholders will shortly receive a Welcome Letter from Link by post, with details on how to register their account and sign up to Link's secure and accessible online investor portal. The May distribution and DRP elections (paid in June) will be conducted by Link.

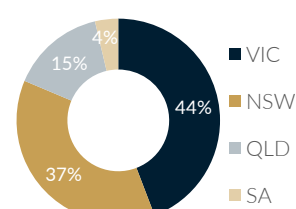
## PORTFOLIO COMPOSITION<sup>12</sup>



## PROPERTY SECTOR<sup>12</sup>



## GEOGRAPHY<sup>12</sup>



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YEAR	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD
<b>Distributions (¢/unit)</b>													
<b>FY19</b>	-	-	-	-	-	0.1534	0.2416	0.2464	0.3784	0.6719	0.6463	0.8397	<b>3.1777</b>
<b>FY20</b>	0.8150	0.7370	0.9511	0.7906	0.7896	0.9099	0.8233	0.7989	0.7539	0.8405	0.8152	0.7882	<b>9.8132</b>
<b>FY21</b>	0.7914	0.8469	0.7956	0.8289	0.8076	0.8373	0.8692	0.8060	0.8163	0.7927	0.8176	0.8376	<b>9.8471</b>
<b>FY22</b>	0.6994	0.7894	0.7507	0.7814	0.6706	0.6315	0.6318	0.6012	0.6932	0.7556	0.8159	0.7689	<b>8.5896</b>
<b>FY23</b>	0.8151	0.8701	0.9004	0.9510	0.9666	1.0396	1.0597	1.0060	1.1416	1.1047			<b>9.8548</b>
<b>Net return (%)</b>													
<b>FY19</b>	-	-	-	-	0.02%	0.08%	0.12%	0.15%	0.25%	0.41%	0.44%	0.49%	<b>1.96%</b>
<b>FY20</b>	0.53%	0.45%	0.66%	0.49%	0.49%	0.61%	0.51%	0.49%	0.45%	0.55%	0.49%	0.51%	<b>6.23%</b>
<b>FY21</b>	0.50%	0.59%	0.48%	0.51%	0.51%	0.60%	0.44%	0.46%	0.55%	0.51%	0.55%	0.46%	<b>6.16%</b>
<b>FY22</b>	0.44%	0.63%	0.44%	0.46%	0.40%	0.38%	0.36%	0.42%	0.45%	0.45%	0.50%	0.49%	<b>5.42%</b>
<b>FY23</b>	0.53%	0.54%	0.60%	0.60%	0.57%	0.72%	0.67%	0.60%	0.70%	0.66%			<b>6.19%</b>

## NET RETURN BY PERIOD

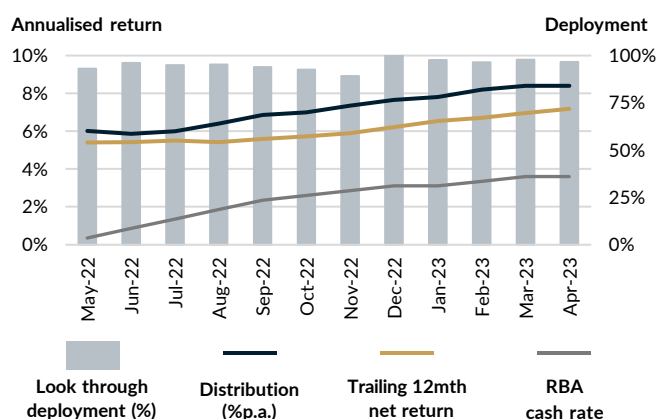
%	1mth	3mth	6mth	1yr	3yr <sup>1</sup>	Incep <sup>1,2</sup>
Net return	0.66	1.96	3.91	7.17	6.29	6.07
Target return at 5.0%	5.30	5.87	6.62	7.36	5.88	5.93
Target return at 6.5%	6.80	7.37	8.12	8.86	7.38	7.43
RBA cash rate	0.30	0.87	1.62	2.36	0.88	0.93
Distribution	0.69	2.03	3.95	7.15	6.27	6.04
Spread to RBA	0.39	1.16	2.33	4.79	5.39	5.11

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

## ABOUT THE MANAGER

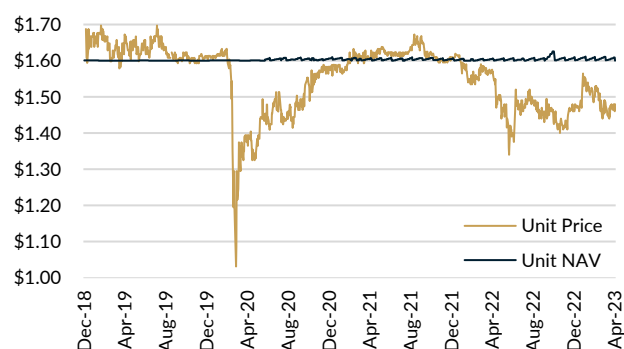
Established in 2008 and listed on the ASX in 2021, Qualitas has a 15-year track record in the real estate sector and currently manages \$6.0 billion<sup>4</sup> in committed capital. Qualitas has a disciplined approach to generating strong risk-adjusted returns for its investors. Qualitas' investment 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. DEPLOYMENT<sup>3</sup>



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

## UNIT PRICE VS NAV



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## INVESTOR QUERIES

General

**P** +61 3 9612 3939 | **E** [qri@qualitas.com.au](mailto:qri@qualitas.com.au)

**W** [qualitas.com.au/listed-investments/QRI](http://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](mailto:hello@automicgroup.com.au)

**W** [automic.com.au](http://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

AMP North

Asgard IDPS

Asgard Super & Pension

BT Panorama

CFS FirstWrap

Edge CFS

HUB24

IOOF xpanse

Macquarie Netwealth

Mason Stevens

MLC Wrap

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. Valuation dates of the underlying real estate securities vary across the portfolio based on the tenure of the loans.
6. 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.
7. RBA cash rate is subject to a floor of 0%.
8. 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.
9. 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.
10. The premium achieved is commensurate to the investment risk undertaken.
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.

### Page 2

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. Based on FUM as at 31 March 2023 and adjusted for the active component of the \$1bn credit mandate announced on 8th May 2023.

### Disclaimer

This communication has been issued and authorised for release by The Trust Company (RE Services) Limited (ACN 003 278 831) (AFSL 235150) as responsible entity of The Qualitas Real Estate Income Fund (ARSN 627 917 971) ("Trust" or "Fund") and has been prepared by QRI Manager Pty Ltd (ACN 625 857 070) (AFS Representative 1266996) as authorised representative of Qualitas Securities Pty Ltd (ACN 136 451 128) (AFSL 342242).

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