Qualitas Real Estate Income Fund

ARSN 627 917 971

Investor Presentation – September 2019

LEAD ARRANGER
AND JOINT LEAD MANAGER

EVANS DIXON

JOINT LEAD MANAGER

Shaw and Partners an EFG company

Fund Achievements since IPO

November 2018 — **31 August 2019**

Achievements

Investment performance	✓ August's annualised net return was 5.27% p.a.[1] ✓ Monthly cash distributions, total paid since listing of 4.73 cents / unit ✓ Trading at a premium to NAV
Capital & deployment	✓ Completed a placement of $34.68 million to wholesale investors in June 2019 ✓ As at 31 August 2019, invested capital was $216m equating to 81% of Trust total capital[2] ✓ Remaining capital has been fully allocated to investments[3] ✓ Distribution reinvestment plan implemented on 25 July 2019
Portfolio composition	✓ Lower risk / return profile of predominantly senior loans than expected at IPO ✓ Invested across a total of 29 different loans[4] diversified by loan type, sector, geography ✓ Diversified Borrower base of 25 different Sponsors[4] ✓ Sound loan performance and credit quality, no impairments
Ongoing performance reporting	✓ Monthly Reporting released to ASX on or around the 15th of each month ✓ August report now available ✓ FY 30 June 2019 results released
Research coverage[5]	✓ QRI received an **Approved** rating from Zenith Investment Partners in May 2019 ✓ Continued coverage (including this capital raise) by Bond Adviser, **Subscribe** ✓ Continued coverage (special report being prepared for this capital raise) by Independent Investment Research, **Recommended**

Zenith Investment Partners — Approved
BondAdviser — The Leading Independent Fixed Income Experts
Independent Investment Research

[1] *Refer to the QRI August performance update report released to ASX for further details. Monthly net return p.a. is calculated as the annualised net income, divided by the weighted average NAV for that month. Past performance is not a reliable indicator of future performance.*
[2] *Deployment represents the amount and % of the Trust's total capital that has been committed and invested as at month end in Investments, including the Trust Loan Receivable.*
[3] *Manager has allowed for an appropriate cash buffer at all times, which will generally be up to 5% of the Trust's capital.*
[4] *Excludes Arch Finance Warehouse Trust (AFWT) loan portfolio.*
[5] *Refer Important Information for relevant disclaimer for each research provider.*

Agenda

The Offer

Introduction

The Manager has progressively invested QRI's capital, having regard to current market conditions and available investment opportunities, demonstrating a disciplined investment approach.

The Manager has invested **81%** of the Trust's capital as at **31 August 2019**, with the remaining capital allocated to investments.

Market conditions have shifted since listing, with negative sentiment and lower construction starts. The Manager has focused on constructing a portfolio with a lower risk/return profile. Key drivers of returns are:

- portfolio's **lower risk profile** than initially anticipated
- higher proportion of capital invested in lower risk **senior loans; underweight in mezzanine loans** relative to original projection
- Increased **competition** in the alternative lending space

Looking ahead, the Manager has a strong pipeline of opportunities, with continued demand for alternative funding sources as banks continue to pull back on lending for commercial real estate.

QRI has announced an accelerated non-renounceable entitlement offer of new fully paid units in the Trust to raise up to $266 million (**Offer**), with an ability to place additional new units. The Offer is open to existing eligible unitholders and new investors (through entitlements not taken up) at an offer price of $1.60 per new unit[1].

Proceeds from the Offer will provide QRI with additional capital to further grow in scale, further improve the diversification of the portfolio and increase market liquidity.

[1] A Product Disclosure Statement (PDS) for the Offer will be lodged with ASIC and will be available from the ASX or Fund's website https://www.qualitas.com.au/listed-investments/qri-overview/. The PDS will be dispatched to existing unitholders as at the record date not invited to participate in the accelerated portion of the Offer. Investors should consider the PDS in deciding whether to acquire, or continue to hold, units in the Trust.

Key Offer Details

	Qualitas Real Estate Income Fund (Trust)
Manager	QRI Manager Pty Ltd
Responsible Entity	The Trust Company (RE Services) Limited
Offer Structure	Accelerated non-renounceable entitlement offer with a shortfall bookbuild
Entitlement ratio	1 new unit for every 1 existing unit held on the record date
Rights and Obligations attached to Units	The Units issued under the Offer will be fully paid and rank equally with existing Units from issue, including in respect of distributions
Offer Price	$1.60 per unit
NAV at 31 August 2019	$1.6002
Subscription Size	Up to $266m
Target Return	8.0% p.a. (net of fees and expenses)[1], with distributions paid monthly[2]
Management Fee[3]	1.50% p.a. (excl. GST) of the Trust's Net Asset Value (NAV); or 1.54% p.a. (incl. GST, less RITC) of the Trust's NAV. The Manager is committed to ensuring an alignment of interests between the Manager and the Unitholders, and will reduce the Management Fee by 50% on any uninvested capital raised under the Offer.
Performance Fee	20% of any outperformance over a return hurdle of 8.0% p.a.[4]
Offer Costs	Paid in full by the Manager[5]
Offer Proceeds	New capital raised will be progressively deployed into additional investments, to further grow and diversify the portfolio.
Investment Timeline	The Manager will seek to invest the Trust's existing capital and capital raised as part of the Offer progressively over a period of a minimum of six months[6]

[1] Target Return is 8.0% p.a. (net of fees and expenses) of the Trust's average NAV. This is a targeted return only. There is no guarantee the Trust will meet its Investment Objective.
[2] 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.
[3] Management Fees form part of the Management Costs of the Trust which is 1.89% - 2.05% of the Trust's NAV. The reduced fee arrangement ceases once the capital raised (less 5%) is invested. For more information, please refer to the Product Disclosure Statement (PDS) when it is available.
[4] Calculated and accrued monthly based on average adjusted NAV over a performance calculation period of 3 years with aggregate accrued amounts paid annually in arrears. For more information, please refer to the Product Disclosure Statement (PDS) when it is available.
[5] The Manager will request a new loan tranche which will be used to pay the Offer Costs, in accordance with the terms of the Trust Loan Receivable Agreement (refer to the PDS for existing terms).
[6] The actual pace of deployment and the Investment Timeline (which may be earlier or longer than six-months) of uninvested Trust capital will be determined by the prevailing market conditions, available and suitable loan opportunities consistent with the Manager's current risk/return appetite for the Trust.

Offer structure & key dates

ASX announcement of offer, PDS lodged	11-Sep-19

Wholesale Entitlement Offer "WEO" *Accelerated wholesale unitholders*	
Trading Halt commenced	11-Sep-19
Open of WEO & bookbuild (pre-market open)	11-Sep-19
Close of WEO & bookbuild	12-Sep-19
Trading Halt lifts (pre-market open)	13-Sep-19
Settlement	25-Sep-19
Issue & commencement of trading of New Units under WEO & bookbuild	26-Sep-19

- A group of existing wholesale unitholders are invited to participate in the Wholesale Entitlement Offer and will have their entitlements accelerated

The dates above after 11 September 2019 are indicative only and may be subject to change. The Responsible Entity reserves the right to amend any and all of the above dates without notice subject to the Corporations Act (including to close the Offer early, to extend the Retail Entitlement Offer Closing Date, to accept late Applications or to withdraw the Offer before the issue of New Units under the Offer). If the Offer is withdrawn before the issue of New Units, then all Application Monies will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

Early Retail Entitlement Offer "EREO" *Voluntary accelerated participants*	
Record date	13-Sep-19
Open of EREO	16-Sep-19
Close of EREO	20-Sep-19
Settlement	25-Sep-19
Issue and commence of trading of New Shares under EREO	26-Sep-19
Retail Entitlement Offer "REO"	
Open of REO	16-Sep-19
Close of REO	8-Oct-19
REO Shortfall bookbuild	9-Oct-19
Announcement of any shortfall from the REO & REO Shortfall bookbuild	11-Oct-19
Settlement	17-Oct-19
Issue & commencement of trading of New Units under REO & REO Shortfall bookbuild	18-Oct-19

- Any eligible unitholders who are not accelerated by the Issuer have the right to voluntarily accelerate taking up their entitlement by participating in the Early Retail Entitlement Offer
- Eligible unitholders who are not accelerated will have the opportunity to take up their entitlement during the Retail Entitlement Offer
- Eligible existing unitholders who take up their entitlements in full may also apply for additional new units in excess of entitlements under the Oversubscription Facility
- Any entitlements not taken up will be made available to existing and new investors in the Retail Entitlement Offer Shortfall bookbuild. Accelerated unitholders who did not take up their entitlements in the accelerated offer may also choose to apply for Units under the Retail Entitlement Offer Shortfall bookbuild.

QRI Update

Market Update

Market conditions

- The first half of 2019 saw continued softening house prices, negative market sentiment and uncertainty around government policy settings.
- Lower construction starts and housing approvals reflected this subdued sentiment and lower pre-sales.
- Reduced bank funding due to bank loan processes / policies being tightened continues to see alternative capital providers filling the gap.
- The re-election of the Coalition Government marked a positive turning point in market sentiment, followed by RBA rate cuts in June and July that have the potential to stimulate the residential market.
- APRA Loan Servicing Buffer was also changed, allowing banks to set their own interest rate buffer, which is likely to improve credit availability for residential borrowers.
- Commercial real estate – e.g. industrial and office - remain buoyant as investors seek yield in a low interest rate environment.
- Overall, subdued economic conditions (low employment and wage growth; low inflation), suggest cautious conditions will prevail for some time yet.

Implications for QRI

- Senior loans present the deepest pool of opportunities in the current market.
- Lower construction volumes have resulted in reduced demand for mezzanine finance. Ability to invest when demand in this sector improves will come naturally from short loan maturity profile and increased fund scale.
- Growth in the alternative lending sector continues to attract capital and as a result, this space has become more price competitive. This may see some lenders increase their risk in order to achieve returns.
- The Manager is seeing fewer high yielding investments at an acceptable level of risk, and continues to focus on constructing a lower risk portfolio while building its pipeline of quality deals for both new and existing clients.

Advantages of QRI Manager

- Experienced investing throughout the market cycle.
- Strong deal pipeline thanks to relationships and longstanding market presence.
- Disciplined investment process ensures appropriate risk / return and no compromise on credit quality.

Market Opportunity

The funding gap continues to grow in the Australian commercial real estate finance market, as banks continue to retreat due to regulatory pressure and capital requirements. Demand for credit is supported by the low interest rate environment.

$287 billion Commercial Real Estate Finance Market[1]

- Market size grew 4.6% p.a. to March 2019.[1]
- 4 major banks have historically dominated with limited participation from non-bank capital providers

Bank Withdrawal

- Increased regulation (APRA, Basel III) has reduced bank lending
- Rigid lending criteria
- Banking Royal Commission scrutiny

Supportive Macroeconomic Environment and Real Estate Fundamentals

- One of the strongest performing economies
- Strong population growth of > 400,000 (1.6% p.a.), driven by the eastern seaboard[2]
- Low interest rate environment

Market Opportunity for Private Debt

- Borrowers seeking flexible financiers
- Established alternative finance market offshore, yet to fully develop in Australia

[1] *APRA Quarterly Authorised Deposit-taking Property Exposures March 2019 (released June 2019); 4.6%YOY Growth March 2018– March 2019.*
[2] *3101.0 - Australian Demographic Statistics, December quarter 2018.*

Commercial Real Estate Capital Structure

Since listing, the Trust's portfolio has predominantly invested in senior debt

- This has been driven by a deeper pool of senior loan opportunities being present in the current market as well the Manager's focus on credit quality
- The Manager's view is that the expected risk/return profile & composition of the trust's investment portfolio is appropriate for current market conditions

Limited security structure

Level of protection

Stronger security structure

		Typical Qualitas Protections	QRI portfolio (as at 31 Aug 2019)[2]
	Ordinary equity	• Full project and counterparty due diligence	0%
	Preferred equity	• Full project and counterparty due diligence • Preferred return before ordinary / common equity	0%
✓	Mezzanine debt	• Full project and counterparty due diligence • Same protections as senior debt but ranks second[1]	5%
✓	Senior debt	• Full project and counterparty due diligence • Contracted cash flows • First ranking security over property • Bank guarantees • Personal guarantees • Asset pre-sales	83%

✓ = included in Trust portfolio

[1] Qualitas does not invest in senior and mezzanine debt for the same transaction

[2] Excludes Trust Loan Receivable and cash. The remainder of the portfolio (12%) has been allocated to the AFWT notes which are classified as Mezzanine as they rank behind senior noteholders, however not depicted in the above table.

QRI Opportunity

The Qualitas Group is a deeply experienced investment manager, providing finance for real estate and assets.

Access to High Performing Manager

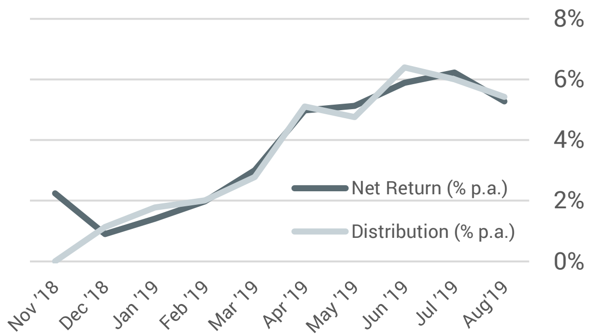
1

- Disciplined and experienced Manager
- Institutional-Grade risk management and corporate governance
- Highly credentialed Qualitas Advisory Board
- 11 year track record with strong risk-adjusted returns

QRI track record[3]

zero

loans in arrears



Compelling Investment

2

- Liquid investment opportunity secured by real estate assets
- Established institutional asset class
- Co-investment by Manager
- Income stream with cash distributions monthly[1]
- Capital preservation – structural protection through tailored covenants, security, and pricing when compared to equity investments[2]

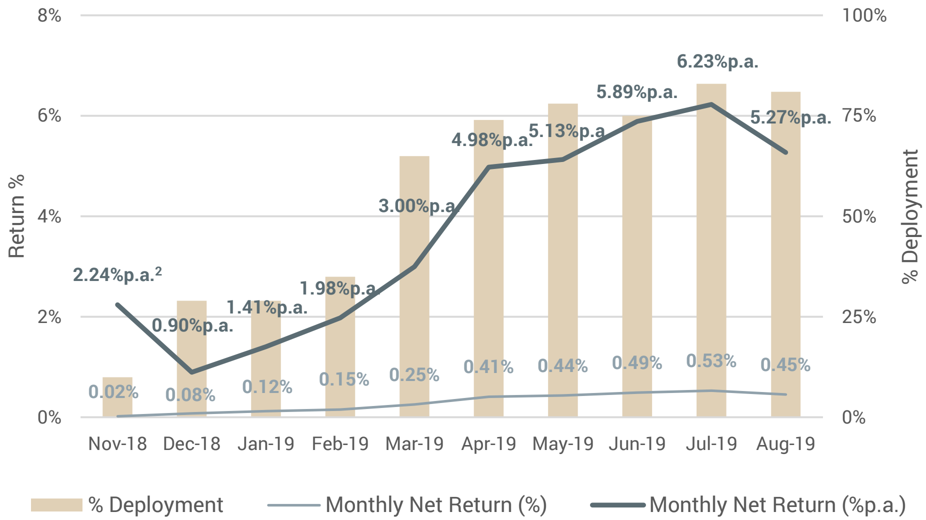
Trust targets a return of 8.0% p.a. (paid monthly)[1]

[1] *Target Return is 8.0% p.a. (net of fees and expenses) of the Trust's NAV .This is a targeted return only. There is no guarantee the Trust will meet its Investment Objective. The payment of monthly cash income is a goal of the Trust only.*
[2] *Past performance is not a reliable indicator of future performance and there is a risk that some or all of capital invested in the Trust may be lost. Investors are cautioned not to place undue reliance on the past performance of the Trust.*
[3] *Net Return is calculated as the weighted return for the month, taking into account any placement of new units. Distributions calculated based on units entitled to the distribution only. Loans in arrears on a look through basis 90 days or more.*

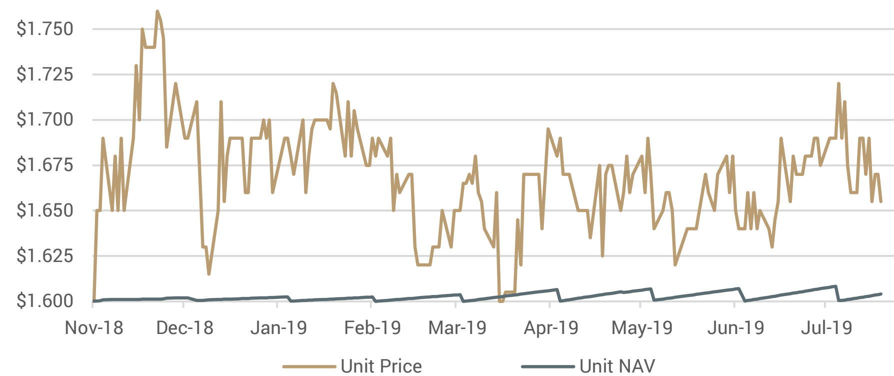
Fund performance

Return and Deployment

- ✓ Progressive deployment[1] of capital in line with pipeline and loan settlement
- ✓ Remaining existing capital is allocated to investments that are awaiting settlement
- ✓ Trust returns and distributions have increased with deployment of capital



QRI Trading Performance



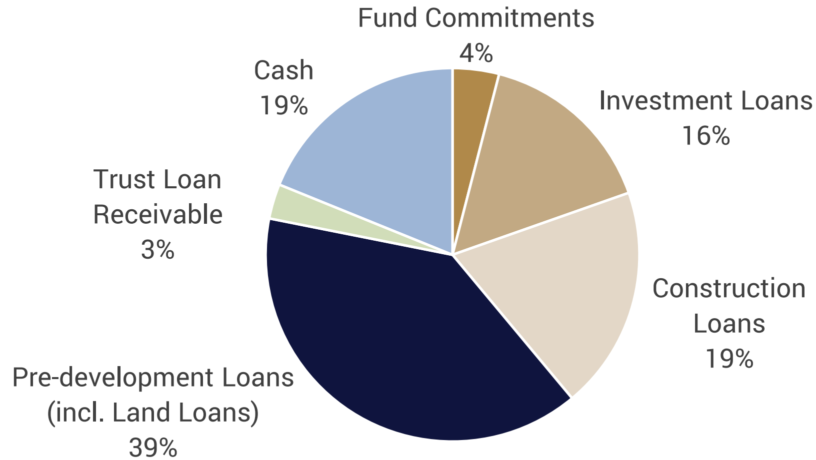
Trading at a premium to NAV	
Consistent monthly NAV at or above $1.60	
Current unit price[3]	$1.6300
NAV[4]	$1.6002
Avg. daily trading volume[4]	~130,000 units

[1] Deployment represents the % of the Trust's total capital that has been committed and invested as at month end in investments, including the Trust Loan Receivable. Deployment as at 30 June 2019 includes the additional capital raised in the placement.
[2] Monthly return 2.24% p.a. in November 2018 represents performance for the period from date of issue of units, being 22 November 2018 to month end.
[3] Unit price as at 6 September 2019.
[4] NAV as at 31 August 2019, approximate average daily trading volume from listing date to 31 August 2019.

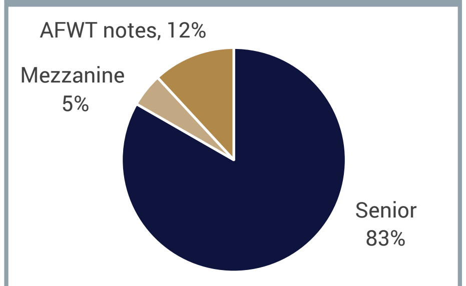
Portfolio Composition as of 31 August 2019

The Trust portfolio is 81% invested and well diversified by investment type, loan type, property sector and geography[1]. The Trust portfolio is characterised by a high weighting to senior secured loans and sound loan performance.

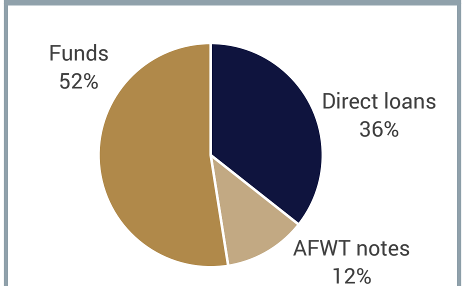
- Total invested capital $216m (81%)
- Predominantly invested in senior loans
- 100% located in Australia
- 29 loans on look-through basis[2]
- Diversified Borrower base of 25 Sponsors[2]
- Weighted loan maturity 1.0 years[2]
- Weighted LVR 64%[3]



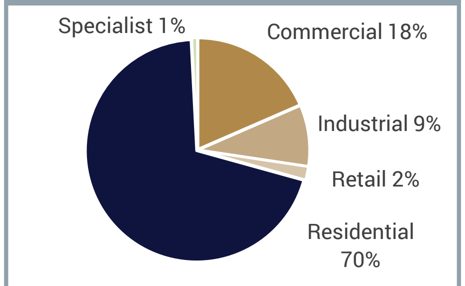
Loan classification



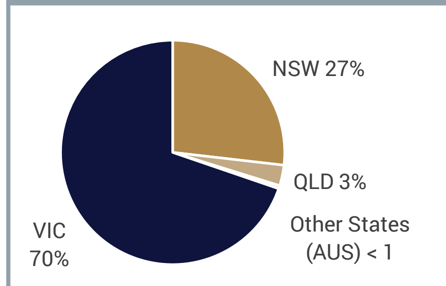
Investment type



Property sector



Geographic



[1] All investments including direct loans are made by the Sub-Trust. The Sub-Trust is wholly owned by the Trust. Fund Commitments represent uninvested Trust capital amounts that have yet to be invested in direct loans by the underlying funds. Loan Classification and Investment Type excludes Trust Loan Receivable and Cash. The Manager classifies the Arch Finance Warehouse Trust (AFWT) subordinated notes as mezzanine as it ranks behind senior noteholders. Property Sector and Geography excludes Trust Loan and Cash, adjusted for AFWT loan portfolio.

[2] Represents total loans in the portfolio on a look through basis, via investments in direct loans and Qualitas wholesale funds. Excludes the AFWT loan portfolio.

[3] Represents total LVR of loans in the portfolio on a look through basis, via investments in direct loans, Qualitas wholesale funds and AFWT loan portfolio.

Recent Investments

Loans within the Trust Portfolio[1]:

Southern Sydney
Senior Construction

LVR 61%
LTC 70%

$40.1m
(QRI $3.7m)

21 months

Outer-West Melbourne
Senior Land

LVR 60%

$21.6m
(QRI $1.0m)

22 months

Inner-West Sydney
Senior Investment

LVR 55%

$9.7m
(QRI $1.0m)

18 months

Sydney CBD fringe
Senior Investment and Refurbishment

LVR 70%

$28.0m
(QRI $18.3m)

18 months

Arch Finance

Arch Finance Warehouse Trust note program

Exposure to portfolio of ~200 senior first mortgage loans originated by Arch Finance, a wholly owned subsidiary of Qualitas

[1] *As at 31 August 2019. QRI loan amount reflects QRI's look through interest*

About Qualitas

The Qualitas Group

Historical Track Record Since Inception[1]

Gross Asset Value of Investments:
A$ 11.4 billion[2]

Total Invested Capital:
A$1.9 billion

143
Invested Transactions

11th year of Operation

The Qualitas Group has a disciplined track record of strong risk-adjusted returns and successful investment management, currently with ~$2.3 billion of committed capital.

25	years of real estate investment experience across the senior executive team, on average.
70+	investment and fiduciary professionals.

- Experienced and active management team.
- Support from institutional and wholesale clients globally.
- Direct relationships with developers, operators and partners.

Qualitas Funds (QRI investments)

Fund	Target net return (IRR)	Details
Qualitas SDF	BBSY + 4-6%	Open ended fund which focuses on senior loans across real estate investments
Qualitas LDF	9.5% - 10.5%	Closed ended fund which focuses on senior secured real estate land loans
Qualitas MDF	11.5%	Close ended fund which focuses on secured real estate mezzanine loans

Qualitas debt track record[4]

Investment type	12 month realised gross IRR
Senior Debt	13.2%
Mezzanine Debt	18.1%

117
Debt deals since inception

[1] 'Since inception' refers to the inception of the Qualitas Group in 2008. Track Record as at 30 June 2019.
[2] $11.4 billion in gross value is the aggregated value of the real estate asset as at the date of the investment.
[3] Any capital in which the Qualitas Group provides investment management services to deploy into investments. Committed Capital as of 30 June 2019.
[4] As per Trust PDS. Realised gross IRR is based on actual returns from realised investments repaid in the 12 months to 30 June 2019.

Experienced Team

Institutional platform with 70+ experienced real estate investment professionals, including on-the-ground investment team of 22 with deep, longstanding relationships within the market.

Andrew Schwartz
Group Managing Director
& Co-Founder

30+ years' experience

Mark Fischer
Managing Director
Global Head of Real Estate

16 years' experience

Tim Johansen
Managing Director
Global Head of Capital

30+ years' experience

Kathleen Yeung
Chief Financial Officer
& Head of Strategy

19 years' experience

Gerd Mayer
Chief Risk Officer

30 years' experience

Deal Origination & Asset Management	**Investor Client Coverage**	**Risk Management**
Portfolio Management	**Corporate Services & Legal**	**Strategy, Finance, Operations, PR, HR, IT, Admin**

Independent Directors of Qualitas Trustee Board

Andrew Fairley
Lewis Bearman

Independent Qualitas Advisory Board

Chairman Michael Schoenfeld	**Group MD & CIO** Andrew Schwartz*	**Non-Executive** Elana Rubin
Non-Executive Carol Schwartz*	**Non-Executive** Alan Schwartz*	**Non-Executive** David Krasnostein

Qualitas Group Subsidiaries

Arch Finance

Peer Estate

** Andrew is not related to Alan and Carol Schwartz. Alan and Carol Schwartz are married. Note: Accurate as at 30 June 2019*

Qualitas Advisory Board

Michael Schoenfeld
Chairman
Since April 2012

- Michael is a Chartered Accountant for over 38 years and is a member and fellow of Chartered Accountants Australia and New Zealand.
- He commenced his accounting career in 1970 before establishing his own practice which was ultimately sold to a publicly listed accounting practice.
- Industry experience centred on real estate developers, construction, manufacturing, telecommunications and financial services businesses.

Elana Rubin
Non-Executive
Since June 2013

- Elana is a Director of Mirvac Group, AfterPay Touch Group, Slater and Gordon, Victorian Funds Management Corporation and several unlisted and/or public-sector organisations in financial services, infrastructure and insurance sectors.
- Elana was previously Chair of AustralianSuper and WorkSafe Victoria. Previous roles include Director of MLC Life, TAL and TAC, and a member of Infrastructure Australia and the Climate Change Authority.

Carol Schwartz AO
Non-Executive
Founding Member

- Carol is an RBA Board Member and Non-Executive Director of Stockland Group Limited.
- Carol was previously the Chair of one of Australia's largest investor-owned superannuation groups and has held many directorships across listed and unlisted businesses. Carol was awarded a Member of the Order of Australia and became the first woman to be inducted into the Australian Property Hall of Fame as well as being made an honorary life member of the Property Council of Australia.

Andrew Schwartz
Group Managing Director
Founding Member

- Over 32 years experience in financial services with an extensive track record across real estate investments.
- Andrew is responsible for overseeing the group, setting the strategic direction of the business and transaction origination.
- Previously held positions as the Head of Asia Pacific Real Estate at investment firm Babcock & Brown, Director of Risk at AIDC and Senior Manager at Bank of America.

Alan Schwartz AM
Non-Executive
Founding Member

- Over the past 30 years, Alan has built, managed and sold a number of successful businesses.
- Alan is the MD of the Trawalla Group, co-founder of Armitage Associates, Non-Executive Director of ALI Group and Non-Executive Director of BagTrans Pty Ltd.
- Alan was awarded a Centenary Medal in 2003, followed by an Order of Australia in 2007.

David Krasnostein
Non-Executive
Since August 2011

- David held various senior executive roles including CEO of MLC Private Equity, Chief General Counsel of National Australia Bank, General Counsel of Telstra, Attorney at the Wall Street law firm Sullivan & Cromwell and a partner of the Chicago law firm Sidley Austin.
- He has been an advisor to the World Bank (IFC) for investing in Emerging Markets.

Institutional-Grade Governance

The Advisory Board and dedicated internal committees maintain oversight over Qualitas Group operations and investments policies.

Portfolio Asset Management Committee

- Monitors activities, progress, and projections at an investment level for all assets under management.

Finance & Audit Committee

- Oversight of statutory and regulatory responsibilities relating to financial reporting, external audit, operational control and taxation risk management.

Advisory Board

- Group governance and oversight of business affairs
- Independent, non-executive chairperson and majority non-executive members.

Trustee Board

- Governance and oversight of Qualitas Funds.
- Independent non-executive chairperson and majority independent, non-executive members.

Portfolio Management Meeting

- Monitors portfolio performance, capital management and deployment, compliance, finance and administration.

Portfolio Allocation Committee

- Assessment of investment eligibility and capital deployment requirements into Qualitas Funds, in line with Allocation policy.

Risk Committee

- Monitors and reports to the Qualitas Advisory Board on enterprise risk management.

Qualitas Investment Committee[1]

- Transaction due diligence, approval, ongoing monitoring and reporting.
- Unanimous decision making for investment approvals.

People & Culture Committee

- Oversight and guidance on group remuneration and human capital affairs.

[1] *The investment committee for the Trust assesses all investment allocations into Qualitas Funds and direct secured real estate loans.*

Investment Principles

At the centre of the Trust's Investment Strategy are four Investment Principles, against which all the Trust's investment opportunities will be assessed.

Qualitas' Investment Principles

Quantum of Returns

- Seek to accurately forecast returns from an investment as well as the components that form those returns.

Assessment of Known Risks

- Seek to diligently consider and assess each material risk that may have an influence on a given investment.

Timing of Returns

- Seek to forecast, with a reasonable degree of certainty, when the investment is originated, the timing for interest payments and the expected timing for loan repayment.

Ability to Influence Known Risks

- Seek to invest based on being able to structure a secured real estate loan that reasonably mitigates those specific investment risks, thereby exerting a degree of meaningful influence

Investment Process

Qualitas applies a highly selective, repeatable investment filtering and due diligence process for each investment opportunity. Active asset and risk management is undertaken throughout the life of the loan.

Active Asset Management

- Review of each investment and monitor performance of the underlying asset;
- Undertake regular inspections of the real estate asset
- Monitor the borrower's compliance with their loan obligations;
- Identify and monitor key risks and recommend appropriate actions; and
- Review and monitor construction loans or other specialist loans more frequently.

Active Risk Monitoring and Reporting Framework

- Track the investment in accordance with the investment thesis;
- Identify any issues on the underlying project or asset that may impact on outcomes;
- Transparent and proactive reporting of issues; and
- Timely and collaborative approach to decision making with other counterparties.

Stakeholder Engagement and Contacts

Shareholder Engagement

- Regular shareholder emails
- Investor presentations
- Website
- Media
- Monthly NAV
- Monthly, semi and annual financial results
- Industry Conferences
- Independent Research

For enquiries, please contact:

Investment Advisers & Institutions	Wholesale Individuals	Direct & SMSF Investors
Scott Favaloro	Ivan Katz	www.qualitas.com.au/listed-investments/QRI
(03) 9631 9877	(02) 8073 0012	www.qualitas.com.au
sfavaloro@evansandpartners.com.au	ivan.katz@qualitas.com.au	qri@qualitas.com.au
	James King	
	(02) 8073 0010	
	james.king@qualitas.com.au	

Annexure 1 – Key Risks

Key Risks

An investment in the Trust carries risk. Risks can be categorised as being specific to the Investment Strategy and Manager, the Trust, the Trust's portfolio, having Units listed on ASX and general risks associated with investing in the loans with exposure to the commercial real estate market. Many of these risks are outside the control of the Responsible Entity, the Manager and their respective directors and officers. Consequently, the Units offered under this PDS carry no guarantee in respect of profitability, distributions or return of capital.

Investors should consider whether the Units offered by this PDS are a suitable investment, having regard to their own individual investment objectives, financial circumstances and the risk factors set out below.

The list below highlights the more significant and material risks; however, the list may not be exhaustive. Other less significant or less probable factors may also impact the Trust's financial performance, financial position or cash flow. Should any or all of these risk factors materialise, the value of Units may be adversely affected.
The risks in this section are not an exhaustive list; not all risks can be predicated or foreseen.

Risks relating to the Investment Strategy and Manager

Risks relating to the Investment Strategy

There are inherent risks associated with the Investment Strategy. These include, but are not limited to, the following:

- the Trust's success and profitability is reliant upon the ability of the Manager to invest in and maintain a portfolio that achieves the approved Investment Objective and Investment Strategy;
- the ability of the Manager to continue to manage the Trust's portfolio in accordance with its mandate and relevant laws; or
- the Trust's portfolio may not be as diversified as the portfolios of other listed investment entities.

Risks relating to the Investment Objective

There is no guarantee the Investment Strategy will be managed successfully or that the Trust will meet its Investment Objective. Failure to do so could negatively impact the performance of the Trust. The Investment Management Agreement has an initial term of 10 years from the commencement date of the Trust . Even if the Manager fails to achieve the Target Return, it may be difficult to remove the Manager.

The Manager may not manage the Trust's portfolio in a manner that consistently meets the Investment Objective over time. In addition, the Manager may cease to manage the Trust's portfolio, requiring the Responsible Entity to find an alternative replacement manager, and this may affect the Trust's success and profitability.

Risks relating to the Investment Management Agreement term

The Responsible Entity has no right to terminate the Investment Management Agreement in the event of a change of control of the Manager or in the event of a material change to the composition of the Qualitas Team. For example, the Responsible Entity cannot terminate the Investment Management Agreement if key members resign from the Qualitas Team.

If the Manager ceases to manage the Trust and the Investment Management Agreement is terminated, then the Responsible Entity will need to identify and engage a suitably qualified and experienced investment manager to manage the Trust and continue to implement the Investment Strategy. There is a risk that the Responsible Entity is unsuccessful in engaging a person or group in that capacity.

Risks relating to key members of the Qualitas Group

There is a risk of departure of key staff, whether they are the staff or Directors of the Responsible Entity, the Manager or the Qualitas Team.

The Trust will depend upon the experience of the Qualitas Group's senior management personnel and the Qualitas Team. The Qualitas Advisory Board or personnel of the Qualitas Group or other related parties in their capacity as decision makers may change. The loss of service of these individuals could have a material adverse effect on the operations of the Trust because the Trust would have a reduced capacity to develop and implement desirable investment strategies, obtain investment opportunities, capitalise upon relationships and structure and execute its potential investments.

Trust Loan Receivable risk

The Manager, as counterparty to the Trust Loan Receivable, may not be able to meet its contractual obligations under the Trust Loan Receivable. The Trust Loan Receivable is an unsecured loan, which means the Trust's right to recover the loan will rank behind the secured creditors of the Manager. If the Manager is unable to meet its contractual obligations under the Trust Loan Receivable, then the Trust may incur a loss and this would have an adverse effect on the value of the Trust. The Trust Loan Receivable has been guaranteed by QPP.

Risks relating to the Trust

Distributions may not be paid

The Responsible Entity's ability to pay distributions from the Trust is contingent on there being sufficient income from the Trust's investments. There is no guarantee that the future earnings of the Trust will be adequate to allow it to meet the Investment Objective. Nor is there a guarantee that the Trust's earnings or the value of Units will be consistent with ensuring the Trust meets the Investment Objective. Further, the Manager may make poor investment decisions which may result in the Trust's returns being inadequate to pay distributions to Unitholders.

No guarantee the Manager will find appropriate investments or deploy capital within the Investment Timeline

The Manager intends that, subject to market conditions and available investment opportunities, the Trust will be substantially invested or committed in accordance with its Investment Strategy over the Investment Timeline (which may actually be earlier or longer). There is no guarantee that the Manager will find sufficient investments for the Trust at suitable returns or to fully deploy the Trust's capital in order to achieve the Investment Objective. Once suitable investment opportunities are identified, it may take longer than anticipated for capital to be invested into these opportunities. An inability to invest in opportunities which are consistent with the Investment Strategy or deploy capital within the Investment Timeline is likely to have an adverse impact on the Trust and the value of Units.

Hedging risk

The Manager may use both currency (limited to AUD and NZD) and interest rate hedging to reduce risk in the investments within the Trust's portfolio. The Trust will not use hedging for market speculative purposes in an attempt to increase the Trust's returns.

Should the Manager enter into hedging arrangements on behalf of the Trust to protect against currency or interest rate risk, the use of instruments to hedge a portfolio carries certain risks, including the risk that losses on a hedge position will reduce the Trust's earnings and funds available for distribution to Unitholders and that such losses may exceed the amount invested in such hedging instruments.

There is no perfect hedge for any investment, and a hedge may not perform its intended purpose of offsetting losses on an investment and, in certain circumstances, could increase such losses. The Trust may also be exposed to the risk that the counterparties with which the Trust trades may cease making markets and quoting prices in such instruments, which may render the Trust unable to enter into an offsetting transaction with respect to an open position. Although the Manager will select the counterparties with which it enters into hedging arrangements with due skill and care, the residual risk that the counterparty may default on its obligations remains.

Derivatives (including but not limited to foreign exchange forwards, currency derivatives and swaps) are highly specialised instruments that require investment techniques and risk analysis different from those associated with debt securities. The use of a derivative requires an understanding of not only the underlying instrument but also of the derivative itself. In particular, the use and complexity of derivatives requires the maintenance of adequate controls to monitor the transactions entered into and the ability to assess the risk that a derivative transaction adds to a portfolio. There can be no guarantee or assurance that the use of derivatives will assist in achieving the Investment Objective.

Service provider risk

The operation of the Trust relies on the successful performance of the Responsible Entity's contracts with service providers. The Trust could be exposed to the risk of loss if a counterparty does not meet its obligations, including due to insolvency, financial distress or a dispute over the terms of the contract or the termination of any of the material agreements. There can be no assurance that the Responsible Entity would be successful in enforcing its contractual rights. In the case of a counterparty default, the Trust may also be exposed to adverse market movements while the Responsible Entity sources replacement service providers.

Key Risks

Potential conflicts of interest

Associates of the Manager also act as manager of the Qualitas Funds which have similar investment objectives to the Trust. It is therefore possible these entities within the Qualitas Group may manage funds on behalf of investors which invest in the same investments as the Trust. Whilst the Qualitas Group has implemented policies and procedures to identify and mitigate conflicts of interest, it is possible the Qualitas Group may, in the course of its business, have potential conflicts of interest which may not be managed effectively and may be detrimental to the Trust and Unitholders. The Qualitas Group has developed an Allocation Policy to provide reasonable assurance that investments will be allocated appropriately and fairly.

Associates of the Manager may be the investment manager of other funds not described in this PDS and entities within the Perpetual Group (comprising Perpetual Limited and its subsidiaries, including the Responsible Entity) may act in various capacities (such as responsible entity, trustee and custodian) in this structure and for other funds or accounts.

In addition, the investment by the Trust in Qualitas Funds may cause potential conflicts of interest for the Qualitas Group.

The Qualitas Group and Perpetual Group have each implemented policies and procedures to identify and where possible mitigate or avoid these conflicts. The Qualitas Group has a conflicts of interest policy which will manage conflicts of interest that may arise wholly or partially in relation to the activities of the Manager in managing the Trust and the Sub-Trust.

None of the Trust, Sub-Trust or members of the Qualitas Group (either directly or indirectly, as an investment made by one or more Qualitas Funds) will invest across more than one part of the capital structure of a real estate asset at the same time. This means that one or more of the Trust, Sub-Trust or Qualitas Funds will not hold investments in both senior and mezzanine loans relating to the same investment. This is to ensure that there is no conflict of interest in respect of managing and enforcing each investment.

The relevant investment committees described in the PDS for the Trust and Sub-Trust will conduct all investment approval processes before any final investment decision is made. This includes conducting due diligence on each investment opportunity, associated risk analysis and the identification of all potential conflicts/related party transaction issues which may be the result of an investment. The results of these inquiries and deliberations will be detailed in a recommendation letter provided by the Manager to the Responsible Entity.

The Responsible Entity has overall responsibility for oversight of compliance by the Manager with the conflicts of interest policy when approving investments. For each investment of the Sub-Trust, the Manager will submit a recommendation letter to the Responsible Entity on the proposed investment for assessment prior to approval being granted (Recommendation). Refer to Section 4.15 of the PDS for details in relation to the Recommendation procedures of the Trust.

Officers of the Responsible Entity who are familiar with the Trust and Sub-Trust's conflicts of interest policy, the Investment Principles and the Trust Investment Committee's role will review the details in each Recommendation and clarify concerns, if any, including to ensure no related party investments or cross mandate investments are present prior to providing approval.

In addition, consistent with good corporate governance practices, the investment management agreement for both the Trust and the Sub-Trust require the Manager to issue a quarterly compliance attestation to the Responsible Entity, confirming amongst other things, compliance with all relevant conflicts of interest policies.

Regulatory approvals

All regulatory approvals for the continued operation of the Trust, including licenses or exemptions from licensing for the Manager have been obtained and neither the Responsible Entity nor the Manager are aware of any circumstances which might give rise to the cancellation or suspension of any of those regulatory approvals. If any of the regulatory approvals are amended, cancelled or suspended, then the Trust may be adversely affected.

Risks relating to the portfolio

Risk of underperforming investments

Investments made by the Trust may become non-performing for a variety of reasons, including non-payment of principal or interest, as well as breaches by the party that has borrowed monies the subject of any of the Trust's investments. Such non-performing investments may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, substantial irrecoverable costs, a substantial reduction in the interest paid, a substantial write-down of the principal of such loan and/or a substantial change in the terms, conditions and covenants with respect to such defaulted loan. However, even if a restructure were successfully accomplished, there is risk that, upon maturity of any such real estate loan, replacement "take-out" financing will not be available.

It is possible that the Trust may find it necessary or desirable to pursue (either itself of or through the appropriate counterparty) enforcement of an underlying security. Any enforcement process can be lengthy and expensive, which could have a material negative effect on the Trust's anticipated return on any investment. By way of example, it would not be unusual for any costs of enforcement to be paid out in full before the repayment of interest and principal relating to the relevant investment. This could substantially reduce the Trust's anticipated return on the relevant investment.

The level of defaults in the Trust's portfolio and the losses suffered on such defaults may increase in the event of adverse financial or credit market conditions. The liquidity in defaulted investments may also be limited, and to the extent that defaulted investments are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon, which would adversely affect the value of the Trust's portfolio and, consequently, the value of Units.

Borrowers unable to meet their financial obligations

There are a variety of factors which could adversely affect the ability of parties that have borrowed monies, the subject of the Trust's investments to fulfil their payment obligations or which may cause other events of default. These include but are not limited to changes in financial and other market conditions, interest rates, government regulations or other policies, the worldwide economic environment, changes in law and taxation, natural disasters, terrorism, social unrest and civil disturbances.

A party that has borrowed monies the subject of any of the Trust's investments may not fulfil its payment or other obligations in full, or at all, and/or may cause, or fail to rectify, other events of default under the loan. The Trust may, in these circumstances, suffer from reduced income and therefore have a reduced ability to pay out distributions as well as be required to exercise any contractual rights of enforcement that it has against the party that has borrowed monies the subject of any of the Trust's investments to attempt to recover its investment. As such, there is no guarantee that the Trust will be able to recover all or any of its investment.

Due diligence process

The due diligence undertaken by the Manager and the entities which manage the Qualitas Funds in which the Trust intends to invest in connection with the relevant investments may not reveal all facts that may be relevant in connection with an investment. The objective of such due diligence is to identify attractive investment opportunities.

When conducting due diligence, the Manager and the entities which manage the Qualitas Funds in which the Trust intends to invest will evaluate a number of important issues, which may include business, financial, tax, accounting, environmental, regulatory and legal issues in determining whether or not to proceed with an investment.

Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Manager and the entities which manage the Qualitas Funds in which the Trust intends to invest will be required to rely on resources available to it, including information provided by internationally recognised rating agencies and other independent sources including issuers, originators and analysts. The information available for due diligence purposes may be limited or incomplete. Accordingly, the Manager cannot guarantee any relevant due diligence investigation with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity.

There is a risk that any failure by the Manager to identify relevant facts through the due diligence process may cause it to make inappropriate investment decisions, which could have a material adverse effect on the Trust's profitability and the Unit price.

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Key Risks

Risks relating to the portfolio cont.

Insufficient underlying security

In the event of a default by a party that has borrowed monies the subject of any of the Trust's investments, the value of the Trust's investments with respect to any debt financing arrangement may exceed the value of recovery possible under the collateral or security arrangements that support that investment. This may be due to a variety of reasons including external factors such as changes in the market for the assets to which the security or collateral relates, general economic conditions or otherwise. This may have a material adverse effect on the value of the Trust's investment, in particular should a recovery action be required.

This may be particularly relevant for mezzanine secured real estate loans where the security granted is second ranking and therefore provides none or limited rights to enforce the security until the first ranking mortgage is discharged.

Construction and development loans

The Trust may also invest indirectly or directly in secured real estate loans which are construction loans. Construction lending generally is considered to involve a higher degree of risk than other types of lending due to a variety of factors, including but not limited to difficulties in estimating construction costs and anticipating construction delays, risks associated with builder solvency for the deliverability of the project, obtaining sales within a development project, settling and receiving sale proceeds risk (including the risk of purchasers being unable to secure loans due to changes in macro-economic conditions, bank valuations of the subject real estate, changes in bank lending capacity or policies or otherwise being unable to settle) and obtaining refinance of unsold and unsettled stock and the potential for cost overruns due to unforeseen circumstances and developer and builder variations required.

Although a contingency reserve is included for each construction project budget by the developer for the above risks, there is no guarantee that the contingency reserve will be sufficient to meet all possible risks which result in cost overruns due to any of the circumstances noted above. Adverse movements in base rates and delays in construction can also lead to increased interest expenses and an excess usage of the interest and contingency reserve. Increased development and construction costs above the project budget will require further capital from either further equity or increased debt from the lender and/or other lenders.

The performance of investments with exposure to development loans may also be subject to a range of other risks, including planning risk (in relation to development and other approvals) and site conditions (including geotechnical, land contamination and environmental conditions).

Interest rate risk

The Manager may recommend investments with exposure to loans with floating interest rates. This means that income will be impacted by the underlying base rate rises and falls and therefore the relative attractiveness to other investments may change

Early repayment

The investments of the Trust will have exposure to debt facilities which are expected to generally have maturities ranging from 18 months to 36 months. It is possible that some of these facilities may be repaid early, and therefore the actual maturity of the underlying debt facilities may be shorter than their stated final maturity calculated solely on the basis of the stated life and repayment schedule.

Such prepayment may result in a loss of income until such time as the capital is reinvested. Prepayments may be prompted by increasing availability of debt from the capital markets and increased price competition among lenders, or as a result of an increase in the value of the secured real estate making the subject security real estate assets a more financeable proposition to those lenders who are active at the relevant time. The Manager will incorporate early loan repayment fees where appropriate to protect substantial loss of income from prepayments at the borrower's discretion. Early repayment may also be due to the Trust seeking repayment of the loan due to breach of obligations.

Collateral real estate is a relatively illiquid asset

Investments in real estate are relatively illiquid and investors may be reluctant to purchase or sell the real estate. Investor appetite for real estate may be dampened by any dislocation of the global financial market factors and limited availability of financing. The resulting lack of liquidity in real estate markets may, in the event of a default and a foreclosure, inhibit the Trust's ability to dispose of security property in a timely manner and any such disposal may be at a considerably lower price than prevailing indicative market prices.

Risks relating to the portfolio cont.

Collateral real estate valuation

Valuations of real estate and real estate related assets are inherently subjective due to the individual nature of each real estate. As a result, valuations are subject to uncertainty and in determining market value, valuers are required to make certain assumptions and such assumptions may prove to be inaccurate. This is particularly so in periods of volatility or when there is limited real estate data against which real estate valuations can be benchmarked.

If the market value of real estate assets underlying the Trust's investments is found to be materially lower than that stated at the time of the Trust's investment, this may adversely impact the Trust's ability to recover the value of its investments. This may materially and negatively impact the NAV of the Trust.

Force majeure risk

Real estate is exposed to risks relating to catastrophe events such as fires, floods, hurricanes, earthquakes, wars, strikes and acts of terrorism, as well as events of force majeure in contracts with counterparties related to the Trust's investments. Whilst all mortgaged real estate is subject to insurance obligations, losses from such events might be uninsurable and, if such events occur, they may have adverse effects on the Trust.

Political risk

With any investment, there exists the risk of adverse political, legal and tax developments, including nationalisation, termination or non-payment of concessions, confiscation without fair compensation, windfall profit tax, or war. Further, any restriction imposed to prevent capital flight may make it difficult or impossible to exchange or repatriate currency. Although the Trust will analyse political risk before making such investments, no assurance can be given that a political or economic climate, or particular legal or regulatory risks, might not adversely affect an investment by the Trust at the time of its acquisition or thereafter.

Regulatory risk

Many investments will be subject to substantial government regulation, and governments have considerable discretion in implementing regulations that could impact such investments. In addition, the operations of investments may rely on government permits, licences, concessions, leases or contracts. Government entities generally have significant influence over development projects in respect of the various contractual and regulatory relationships they may have, and these government entities may exercise their authority in a manner that causes delays in the development of these projects, obstacles to the pursuit of these projects or increased administrative expenses. In this regard, the nature and extent of government regulation can also be a key driver of value, returns, liquidity and financeability. The government or a governmental agency may amend, repeal, enact or promulgate a new law or regulation, or a government authority or court may issue a new interpretation of existing law or regulation.

Changes in legal, tax and regulatory regimes may occur during the life of the Trust which may affect the performance of the Trust and any investment.

Governmental authorities around the world have called for financial system and participant regulatory reform in reaction to volatility and disruption in the global financial markets, financial institution failures and financial frauds in recent years. Such reform includes, among other things, additional regulation of banks and investment trusts (which would include the Trust), and their managers and their activities. The impact on the Trust, the Manager and Associates of the Manager cannot be predicted with certainty, and any of these regulatory reform measures could have an adverse effect on the Trust.

Fraud

The Trust is exposed to the risk that the counterparties, including borrowers, to its investment exposure, may seek to commit fraud against the Trust.

The Trust relies on the Manager and its internal policies and procedures to identify fraud. Failure of these internal controls could result in damage to the Trust and the Qualitas Group's reputation impacting their ability to attract new clients, each of which could materially adversely affect the Trust's financial performance.

Key Risks

<u>Risks relating to Units listed on the ASX</u>

Unit trading price

The trading price of any listed security may change, related to performance and matters inherent to the investment performance of the securities, but also due to external factors such as market sentiment, or a range of other factors including the presence of larger buying or selling interest in the Units.

Therefore, Unitholders should expect that for periods of time, sometimes extended periods, the Units may trade below the stated underlying NAV per Unit.

Unit price volatility

Irrespective of any changes in the underlying value of the investments held by the Trust, Units may also trade at a discount or premium to the NAV per Unit. There can be no guarantee that the total number of buyers multiplied by the number of Units that each buyer wants to buy at any point in time in the market will match or exceed the total number of sellers multiplied by the number of Units each seller wants to sell, or that Unitholders will be able to buy or sell Units for a price which they or the Responsible Entity believe fairly reflects the value of their Units. In addition, the NAV per Unit will fluctuate with changes in the value of the underlying investments held by the Trust.

Liquidity risk

Units in the Trust are listed on the ASX. Although liquidity is generally expected to exist in this secondary market, there are no guarantees that an active trading market with sufficient liquidity will develop, or should it develop, that such a secondary market will sustain a price representative of the NAV per Unit. As a listed investment trust, there is no regular redemption facility for Units. That is, if a Unitholder no longer wishes to be invested in the Trust with respect to some or all of their Units, they will not have the ability to simply redeem their Units. They will be required to sell their Units on the ASX. Whilst a listed investment trust can make a withdrawal offer from time to time, it is not the current intention of the Responsible Entity to do so.

<u>General investment risks</u>

Economic risks

The Trust's Investment Strategy relies in part upon local real estate market conditions. No assurance can be given that current market conditions will continue to be conducive to investing in secured real estate loans, since this will depend, in part, upon events and factors outside the control of the Manager.

More generally, the performance of the Trust may be affected by general economic conditions, both domestic and global, to the extent that these factors impact the performance of the secured real estate loans held by the Trust. Such conditions might include changes to interest rates, credit spreads, equity risk premium, corporate failure rates, changes in laws or regulations and national and international political circumstances.

The Trust's investments may be subject to fluctuations in interest rates that may not be adequately protected or protected at all, by the Manager's hedging strategies.

The Trust's investments will be associated with real estate and are therefore directly exposed to the performance of the relevant real estate market. The location and condition of the underlying real estate and changes in supply of or demand for competing real estate in the area will also help to determine the real estate asset value.

Adverse changes in any of these factors may have a negative impact on the value of the underlying security that supports the investment and/or the ability of partners or borrowers to fulfil their payment obligations.

The Responsible Entity will endeavour to minimise these risks by drawing on the experience of the Manager, industry consultants as well as engaging its contacts and research in the marketplace.

Taxation risk

There are risks that the tax consequences for an individual Unitholder or for the Trust with regard to income tax (including capital gains tax), duty and other taxes may differ from the tax consequences described in the PDS.

Changes to taxation laws and policies in Australia (including any changes in relation to how income of the Trust is taxed or in relation to the deductibility of expenses) might adversely impact the Trust and Unitholder returns. It is not possible to predict future changes to tax law or policy.

Performance of other asset classes

Good performance (or anticipated performance) in other asset classes can encourage individuals to divert money away from listed investments such as the Trust. This may have a negative impact on any trading of the Units.

Litigation risk

From time to time, the Responsible Entity may be involved in litigation. This litigation may include, but is not limited to, contractual claims. If a claim is pursued against the Responsible Entity, the litigation may adversely impact on the profits and financial performance of the Trust. Any claim, whether successful or not, may adversely impact on the Trust's Unit price and/or the return on your investment.

Cyber risk

The Manager's information and technology systems, or those of its suppliers or other counterparties, may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorised persons and security breaches, usage errors, power outages and catastrophic events. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Manager and/or the Trust may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Manager's and/or the Trust's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors).

Reduction in voting interest risk

On completion of the Offer, the Responsible Entity will issue New Units to Unitholders who have taken up their Entitlement under the Entitlement Offer, together with any Additional New Units subscribed for under the Oversubscription Facility and any New Units applied for under the Shortfall Offer (to the extent that a Shortfall occurs under the Entitlement Offer). The total number of Units on issue in the Trust will increase as a result of the Offer. If Unitholders do no take up their Entitlement under the Entitlement Offer either in full or in part, their percentage voting interest in the Trust will be diluted by their non-participation in the Entitlement Offer.

QUALITAS

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Important Information

The document relates to a potential offer by The Trust Company (RE Services) Limited ABN 45 003 278 831 AFSL 235 150 (**Perpetual**) as responsible entity of the Qualitas Real Estate Income Fund ARSN 627 917 971 (**Trust**) of new units in the Trust pursuant to a placement to Australian 'professional investors' and 'sophisticated investors' who are also 'wholesale clients' as those terms are defined in the *Corporations Act 2001* (Cth) (**Corporations Act**). This document has been prepared by QRI Manager Pty Ltd ACN 625 857 070 (**Manager**), the investment manager of the Trust. QRI is a wholly owned member of the Qualitas Group and is an authorised representative of the Qualitas Securities Pty Ltd AFSL 342 242.

The information provided in this document is of a general nature only and has been prepared without taking into account your objectives, financial situation or needs. Before making an investment decision, you should consider this document carefully and in full and assess whether the Trust is appropriate given your objectives, financial situation or needs. If you require advice that takes into account your personal circumstances, you should consult a licensed or authorised financial adviser.

Neither Perpetual nor the Manager guarantees repayment of capital or any particular rate of return from the Trust. Neither Perpetual nor the Manager gives any representation or warranty as to the reliability, completeness or accuracy of the information contained in this document and prospective investors are cautioned not to place undue reliance on any forward looking statements, forecasts or targets contained in this document. All opinions and estimates included in this document constitute judgments of Qualitas as at the date of this document and are subject to change without notice. Past performance is not a reliable indicator of future performance.

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The Independent Investment Research ("IIR") rating has been maintained by IIR since the listing based on the March 2019 quarter's information provided by the Manager. Please note IIR is currently preparing a special report for the current Offer and therefore potential investors are advised to review and consider this report with respect to the current Offer.

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned 23 May 2019) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at http://www.zenithpartners.com.au/RegulatoryGuidelines.

The offer of new units in the Trust (Units) will be only be available to retail investors under a PDS which is not yet available. Perpetual as responsible entity of the Trust will be the issuer of the Units. It is expected that the PDS be available at www.qualitas.com.au/listed-investments/QRI once it has been lodged with ASIC (currently expected to be on or about 11 September 2019). A paper copy will also be able to be obtained by using the telephone numbers referred to in the PDS. Consideration should be given to the PDS in deciding whether to acquire or continue to hold Units. The PDS will not include an Application Form until the exposure period (being 7 days after lodgement of the PDS, or 14 days if the exposure period is extended by ASIC) has expired.

This document does not constitute an offer of new units ("New Units") of the Fund in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Units may not be offered or sold, in any country outside Australia except to the extent permitted below.

United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The New Units have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Units only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Units. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Units or the offering of New Units and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Units or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Units in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Units outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Units.

The Fund as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Fund or its directors or officers. All or a substantial portion of the assets of the Fund and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Fund or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Fund or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Units purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Fund if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Fund. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the *Securities Act* (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Units during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Fund, provided that:

a) the Fund will not be liable if it proves that the purchaser purchased the New Units with knowledge of the misrepresentation;

b) in an action for damages, the Fund is not liable for all or any portion of the damages that the Fund proves does not represent the depreciation in value of the New Units as a result of the misrepresentation relied upon; and

c) in no case shall the amount recoverable exceed the price at which the New Units were offered.

d) Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than:

e) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or

f) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action.

These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Units should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding, or disposition of the New Units as any discussion of taxation related maters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Units (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

Hong Kong

WARNING: This document has not been, and will not be, authorized by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorize this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Units have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the New Units has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Units which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Israel

The New Units have not been registered, and no prospectus will be issued, under the Israeli Securities Law - 1968 (the "Securities Law") or the Israeli Joint Investment Trust Law – 1994. Accordingly, the New Units will only be offered and sold in Israel pursuant to applicable private placement exemptions namely (i) the offer will be made to no more than 35 offerees or (ii) to "Sophisticated Investors" described in the First Addendum of the Securities Law, subject to certain conditions. Sophisticated Investors will have to submit written evidence that they meet the definitions set out in the First Addendum to the Securities Law.

Neither this document nor any activities shall be deemed to be the provision of investment advice or invest marketing services. If any recipient in Israel of this document is not the intended recipient, such recipient should promptly return this document to the Fund. This document has not been reviewed or approved by the Israeli Securities Authority in any way.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Units are not being offered to the public within New Zealand other than to existing unitholders of the Fund with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Units may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore ("MAS") and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (the "SFA") in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you. The Fund is not a collective investment scheme authorised under Section 286 of the SFA or recognised by the MAS under Section 287 of the SFA and the New Units are not allowed to be offered to the retail public.

This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the New Units may not be circulated or distributed, nor may the New Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an "institutional investor", please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Units being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Units.

This document is issued on a confidential basis to "professional investors" (within the meaning of the Alternative Investment Fund Managers Directive) who are also "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom. The New Units may not be offered or sold in the United Kingdom by means of this document or any other document except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Units has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the issuer of the New Units.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

The New Units are being marketed in the United Kingdom in compliance with the National Private Placement Regime (within the meaning of The Alternative Investment Fund Managers Regulations 2013). The Fund's most recent annual report and other information it has lodged with the Australian Securities Exchange can be found on the websites of the Fund (www.qualitas.com.au) and the ASX (www.asx.com.au).