



Performance Update – September 2019

QRI Highlights

Net Return (p.a.)

1 month <sup>9</sup>	Since inception <sup>1</sup>
<b>8.04%</b>	<b>4.29%</b>

Current Month Distribution

Current NAV

<b>\$0.009511/unit</b>	<b>\$1.6014</b>
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QRI Snapshot – Key metrics as at 30 September 2019

Market Cap	\$307m
Trust NAV	\$306m
Unit Price	\$1.605
Unit NAV	\$1.6014
Total Investments	13
Total Loans <sup>2</sup>	35
Weighted LVR <sup>3</sup>	63%
Weighted loan maturity <sup>2</sup>	1.0 years
Loans in arrears <sup>4</sup>	-
Fixed / Floating interest exposure	80% / 20%

Key Information<sup>5</sup>

Target Return	8.0% p.a. (net)
Investment Type	Listed Investment Trust
IPO Date	27 November 2018
Distributions	Monthly
Unit Pricing	Monthly

Investment Objective

To achieve a Target Return of 8% p.a. (net of fees and expenses), and provide monthly cash income, capital preservation and portfolio diversification<sup>5</sup>.

Investment Strategy

The Trust will seek to achieve the Investment Objective by investing in a portfolio of investments that offers exposure to real estate loans secured by first and second mortgages, predominantly located in Australia.

Market Update and Investment Activity

The Manager continues to see strong demand for real estate loans. Developers with completed projects are seeking residual stock loans, allowing them to hold finished apartments and sell them in an orderly fashion. As there has been a reduction in new construction, and many purchasers are preferring to see the finished product rather than buying off the plan, valuations of these completed projects are being maintained and good sales momentum is being achieved.

There has also been increased activity with Borrowers seeking investment loans to purchase assets already generating an income stream, such as office buildings. Lower interest rates are resulting in further cap rate compression and a tightening market for these core assets.

The Manager announced a pro-rata 1 for 1 Accelerated Non-Renounceable Entitlement Offer on 11 September 2019, raising a total of \$94.7m. \$40.1m of new units were issued on 25 September 2019 under the Wholesale Entitlement and Early Retail Entitlement Offers, with a further \$54.6m of new units to be issued on 18 October 2019 under the Retail Entitlement and Shortfall Offer.

As of 30 September 2019, the Trust's total capital was 85% invested. \$39m of new capital was also committed to the Qualitas Senior Debt Fund (QSDF) (investment date of 1 October 2019), with 98% committed to investments when accounting for the QSDF commitment.

The Manager is pleased to deliver a September month net return of 8.04% p.a.<sup>9</sup> and a distribution return of 7.23% p.a.<sup>10</sup>, following the completion of two new loans. The loan establishment fees from these new loans had a positive impact on the September distribution. The Manager's view remains that the current risk/return profile and composition of the Trust's investments is appropriate for the current market cycle and conditions.

The Manager confirmed that no impairments have been made to the loans within the Trust's portfolio.

Unit Price vs NAV



QRI Historical Performance<sup>6</sup>

	1 Mth <sup>9</sup>	3 Mth <sup>7</sup>	6 Mth <sup>7</sup>	Inception <sup>7</sup>
Net Return (%)	0.66%	1.57%	2.93%	3.73%
Net Return (% p.a.)	8.04%	6.25%	5.84%	4.29%
Distribution (¢/unit)	0.9511	2.5031	4.6610	5.6808

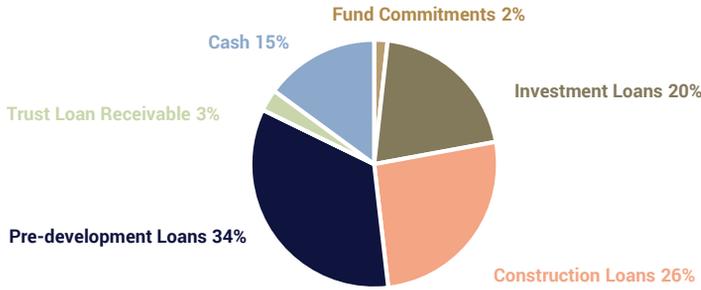
	Nov '18 <sup>8</sup>	Dec '18	Jan '19	Feb '19	Mar '19	Apr '19	May '19	Jun '19	Jul '19	Aug '19	Sep '19
Net Return (%)	0.02%	0.08%	0.12%	0.15%	0.25%	0.41%	0.44%	0.49% <sup>9</sup>	0.53%	0.45%	0.66% <sup>9</sup>
Net Return (% p.a.)	2.24%	0.90%	1.41%	1.98%	3.00%	4.98%	5.13%	5.89% <sup>9</sup>	6.23%	5.27%	8.04% <sup>9</sup>
Distribution (% p.a.)	-	1.13%	1.78%	2.01%	2.78%	5.11%	4.76%	6.39% <sup>10</sup>	6.00%	5.42%	7.23% <sup>10</sup>
Distribution (¢/unit)	-	0.1534	0.2416	0.2464	0.3784	0.6719	0.6463	0.8397	0.8150	0.7370	0.9511
Deployment (%) <sup>11</sup>	10%	29%	29%	35%	65%	74%	78%	75%	83%	81%	85%



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Portfolio Diversification<sup>12</sup>

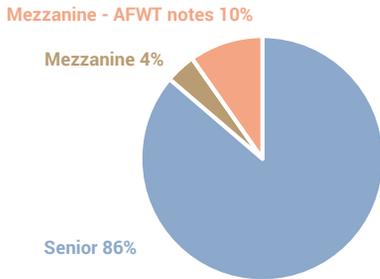
Portfolio Composition<sup>13</sup>



Investment Type<sup>14</sup>



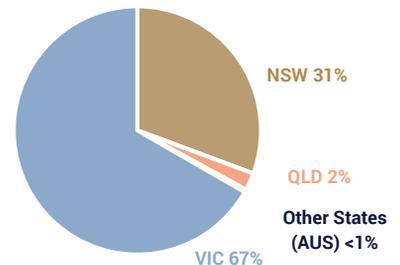
Loan Classification<sup>14</sup>



Property Sector Diversification<sup>15</sup>



Geographic Diversification<sup>15</sup>



About the Manager

Established in 2008, Qualitas has an 11-year track record in the real estate sector and currently manages approx. \$2.3 billion in committed capital. Qualitas has a disciplined approach to generating strong risk-adjusted returns for its investors.

Qualitas' investment strategies include senior and mezzanine debt, preferred and ordinary equity investments in real estate development, value-add, repositioning, special situations and other opportunistic transactions.

Key Service Providers

Manager	QRI Manager Pty Ltd – an authorised representative of Qualitas Securities Pty Ltd
Responsible Entity	The Trust Company (RE Services) Limited

Investor Queries

General	P +61 3 9612 3900   E <a href="mailto:qri@qualitas.com.au">qri@qualitas.com.au</a> W <a href="http://www.qualitas.com.au/listed-investments/QRI">www.qualitas.com.au/listed-investments/QRI</a>
Unit Registry	P 1300 402 177   E: <a href="mailto:qualitas@automicgroup.com.au">qualitas@automicgroup.com.au</a> W <a href="http://www.automic.com.au">www.automic.com.au</a>

Platforms

Macquarie, BT Panorama, Netwealth, AMP North, HUB24.

Research





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### Notes

- [1] Since IPO 27 November 2018. Calculated as the annualised return based on average month end NAV.
- [2] All investments including direct loans are made by the Sub-Trust. The Sub-Trust is wholly owned by the Trust. 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.
- [4] Represents % of loan portfolio on look through-basis (excluding AFWT loan portfolio) in arrears by 90 days or more.
- [5] This is a target return only. There is no guarantee the Trust will meet its Investment Objective. Payment of monthly cash income is a goal of the Trust only. The Trust reserves the discretion to amend its distribution policy.
- [6] Past performance is not a reliable indicator of future performance.
- [7] Net return calculated based on average month end NAV.
- [8] November 2018 represents performance for the period from date of issue of units, being 22 November 2018, to month end.
- [9] Net return calculated based on weighted average NAV.
- [10] Calculated based on units entitled to the distribution. The units entitled to the September distribution excludes units issued under the Wholesale and Early Retail Entitlement Offers.
- [11] 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.
- [12] The portfolio statistics are determined on a look-through basis having regard to the loans in the underlying Qualitas Funds and the AFWT portfolio as indicated. The classifications of these diversification parameters are determined by the Manager.
- [13] Fund Commitments represent uninvested Trust capital amounts that have yet to be invested in direct loans by the underlying funds.
- [14] Excludes Trust Loan Receivable & cash. The Manager classifies the AFWT subordinated notes as mezzanine as it ranks behind senior noteholders.
- [15] Excludes Trust Loan Receivable & cash. Adjusted for AFWT loan portfolio.

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