ASX Announcement

Qualitas Real Estate Income Fund (ASX: QRI): Portfolio Update (June 2020 Quarter) and Target Return

22 July 2020: QRI Manager Pty Ltd ("**Manager**"), the manager of the Qualitas Real Estate Income Fund ("**QRI**" or "**Trust**"), is pleased to release the QRI June 2020 quarter portfolio update and announces a change to the target return of QRI ("**Target Return**") and the succession of the Qualitas Chief Risk Officer.

June 2020 quarter portfolio update

The presentation, which covers fund performance, portfolio composition and market conditions as at 30 June 2020, is presented by Group Managing Director of Qualitas, Andrew Schwartz and Director of Real Estate, Nick Bullick.

Please click on the following link https://www.qualitas.com.au/qri-in-the-continuing-covid-19-environment to access the video presentation. The presentation slides are attached to this announcement.

Target Return

Effective today, the Trust's Target Return, as defined in the 'Investment Objective'[1], is amended from 8.0% p.a (net of fees and expenses) to **RBA Cash Rate[2] + 5.0% - 6.5% p.a** (net of fees and expenses). Based on the current RBA Cash Rate of 0.25% p.a., the current Target Return is **5.25% - 6.75% p.a**.

There is no change to the Trust's investment strategy, target portfolio composition criteria or the performance fee hurdle of 8.0%. There has also been no change to the Trust's constituent documents.

Having regard to the current low RBA cash rate, the Manager now considers it appropriate to amend the Target Return from an absolute fixed return to a variable rate which now aligns with expected risk-adjusted returns achieveable for commercial real estate ("**CRE**") debt and for the Trust.

For comparison purposes, at the IPO date 27 November 2018, the absolute Target Return of 8.0% p.a. had an implied risk margin of 6.50% (when assuming a RBA cash rate benchmark of 1.50% p.a.) which is consistent with the revised Target Return risk margin upper band of 6.50%

The risk appetite for the Trust remains unchanged as the Manager continues to focus on investing through the cycle, appropriately pricing risk in-line with risk / return appetite and current CRE debt market conditions.

Importantly, QRI has historically delivered, and aims to continue delivering, attractive and healthy premiums above the current low cash rate. As at 30 June 2020, the 3-month net return and

[1] The 'Investment Objective' is described in the most recent Product Disclosure Statement ("PDS") dated 11 September 2019. There is no guarantee the Trust will meet its Investment Objective.
[2] Subject to a floor of 0%.

distribution returns are 6.20% p.a. and 6.14% p.a. respectively which are within the new Target Return of 5.25% - 6.75% p.a.

QRI also continues to offer investors:

- fixed income in the form of regular monthly cash distributions[3];
- capital preservation as all CRE loans are secured by real property mortgages;
- stable net asset value at or above $1.60 with no impairments;
- CRE debt asset class differentiation managed by a local property specialist; and
- largely domestically focused investments made in Australia and New Zealand (subject to a 20% cap).

For further details on the new Target Return, please refer to the attached QRI June 2020 quarter portfolio update presentation.

Chief Risk Officer Succession

The Manager announces the retirement of Qualitas' long-serving Chief Risk Officer, Gerd Mayer, which will take effect at the end of July 2020. As Gerd has been instrumental in establishing and maintaining Qualitas' strong capabilities in investment risk management since joining in September 2009, he will remain a non-executive member of the Trust's investment committee.

Rob McLellan will succeed Gerd as Chief Risk Officer and also as a member of the Qualitas Executive Team. Rob has commenced transitioning into the role and joined Qualitas in January 2020 serving as Deputy Chief Risk Officer. Rob brings 28 years of banking experience across credit and execution roles at organisations including ANZ, Westpac, Bank of Tokyo-Mitsubishi, and Societe Generale. Rob's strong experience in investment and enterprise risk, as well as people leadership, will reinforce Qualitas' strong risk management focus whilst bringing new insights into our business.

- Ends -

[3] The payment of monthly cash income is a goal of the Trust only.

About Qualitas Real Estate Income Fund

The Qualitas Real Estate Income Fund ("**Trust**" or "**QRI**") seeks to provide monthly income and capital preservation by investing in a portfolio of investments that offers exposure to real estate loans secured by first and second mortgages, predominantly located in Australia.[4]

About QRI Manager Pty Ltd

QRI Manager Pty Ltd is the Manager of the Trust, and is wholly owned by the Qualitas Group ("**Qualitas**").

Established in 2008, Qualitas has a 12-year track record in the real estate sector and currently manages approximately $2.65 billion in committed capital. Comprising over 70 investment and fiduciary professionals, 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.

About the Trust Company (RE Services) Limited

The Responsible Entity of the Trust is The Trust Company (RE Services) Limited, a wholly owned member of the Perpetual Group ("**Perpetual**"). Perpetual has been in operation for over 130 years and is an Australian public company that has been listed on the ASX for over 50 years.

Investor Queries

General
Phone: +61 3 9612 3900
Email: qri@qualitas.com.au
Trust website:www.qualitas.com.au/listed-investments/QRI

Responsible Entity
The Trust Company (RE Services) Limited
Level 18, Angel Place,
123 Pitt Street,
Sydney NSW 2000

Unit Registry
Phone: 1300 402 177
Email: qualitas@automicgroup.com.au
Website: www.automic.com.au

[4] There is no guarantee the Trust will meet its Investment Objective. The payment of monthly cash income is a goal of the Trust only.

Notices and disclaimers

1. This communication has been issued by The Trust Company (RE Services) Limited (ACN 003 278 831) (AFSL 235150) as responsible entity of The Qualitas Real Estate Income Fund (ARSN 627 917 971) (Fund), has been authorised by the board of directors of the responsible entity and has been prepared by QRI Manager Pty Ltd (ACN 625 857 070) (AFS Representative 1266996 as authorised representative of Qualitas Securities Pty Ltd (ACN 136 451 128) (AFSL 34224)).

2. This communication contains general information only and does not take into account your investment objectives, financial situation or needs. It does not constitute financial, tax or legal advice, nor is it an offer, invitation or recommendation to subscribe or purchase a unit in QRI or any other financial product. Before making an investment decision, you should consider the current Product Disclosure Statement (PDS) of the Trust, 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.

3. While every effort has been made to ensure the information in this communication is accurate; its accuracy, reliability or completeness is not guaranteed and none of The Trust Company (RE Services) Limited (ACN 003 278 831), QRI Manager Pty Ltd (ACN 625 857 070), Qualitas Securities Pty Ltd (ACN 136 451 128) or any of their related entities or their respective directors or officers are liable to you in respect of this communication. Past performance is not a reliable indicator of future performance.

Qualitas Real Estate Income Fund

(ASX:QRI)
ARSN 627 917 971

Quarterly portfolio update – June 2020

Presenters:

Andrew Schwartz - Group Managing Director and Co-Founder of the Qualitas Group
Nick Bullick – Director, Real Estate

QRI June quarter highlights

Significant increase in deal flow and pipeline

Retreat of foreign lenders – reduced competitive landscape

Improved loan terms and pricing

- Captured improved terms and pricing to reset risk / return in line with market

Preserved capital

- No impairment, stable NAV $1.60
- Increased transparency with more frequent NTA weekly reporting (from monthly)
- Rectified small loan default through a recapitalisation

Settled $62m[1] of new loans and loan extensions

- New and extended loans (7 total): $12m construction loan, $40m investment loans, $10m land loans
- Trust capital 86% deployed look through to funds (79% as of March quarter)

All numerical disclosures are as of 30 June 2020 unless otherwise stated.
[1] QRI exposure, look through to Qualitas wholesale funds.

QRI June quarter highlights cont.

Exit strategy of loans on track

- $5.9m[1] of loan repayments across 6 loans; one loan fully repaid
- Repaying in line with expected loan performance
- Market liquidity for refinance - post 30 June, repaid on significant land loan ($35m[1] at LVR ~70%)

Portfolio composition remains well diversified

- Increased investment loan exposure (17% to 23%)
- No. of loans **33 loans** (up from 30 loans from March quarter)[1]
- Intention to reduce focus on construction loans at this point in the cycle.

Delivered on fund performance[2]

- Continued to pay monthly cash distributions
- Achieved Net Return of **6.20% p.a.** (3 month) and **6.10% p.a.** (12 month)

Cash $52m[1] expected to reduce with increasing deployment

- Prudent cash position upon onset of COVID-19

All numerical disclosures are as of 30 June 2020 unless otherwise stated.
[1] QRI exposure, look through to Qualitas wholesale funds.
[2] Past performance is not a reliable indicator of future performance.

Manager key focus

1. Capital preservation is of the highest priority

- Each loan reviewed every 4 weeks having regard to the current pandemic
- Active management all loan positions to mitigate performance risks early
- All loans benefit from Qualitas bilateral lender control, sole decision making and direct borrower relationships
- No impairments or interest arrears recorded since the IPO and during COVID-19 period

2. Strategically reposition portfolio in a disciplined manner

- No change to QRI's simple and focused credit investment strategy of only CRE loans, investing through the cycle
- Will remain cautious and disciplined during the next quarter as COVID-19 market conditions remain uncertain and, content to hold cash if the right opportunities do not present
- Despite COVID-19 risks, there are opportunities for QRI and we will seek to improve the risk / return profile of the portfolio by capturing more favourable terms and pricing.

Market & Fund Update

CRE Debt Market – June quarter recap

Market Themes

- COVID-19 presents both opportunities and risks. Lenders are focused on high asset quality and sponsors and limiting exposure to retail, leisure and hotel sectors.
- Compelling opportunities emerged as banks tightened their credit supply, offshore lenders retreated, alternative lender competition paired back whilst demand for alternative capital held firm.
- Improved returns and terms available for same risk pre-COVID-19. Borrowers were also cautious, preferring lower leverage.

Lending insights

- Lenders have been largely inward focused on asset reviews during this COVID-19 market uncertainty.
- High demand for residual stock loans as result of a number of last cycle project completions and developers seeking to monetise profits. Residual stock loan opportunities are most sought after by alternative lenders as residential is considered a defensive asset class.
- Residential settlements were pleasingly solid, which underpinned repayment of capital.
- Adequate liquidity for land loans evidenced by several successful refinancings in the market.

CRE Debt Market Outlook

Opportunities

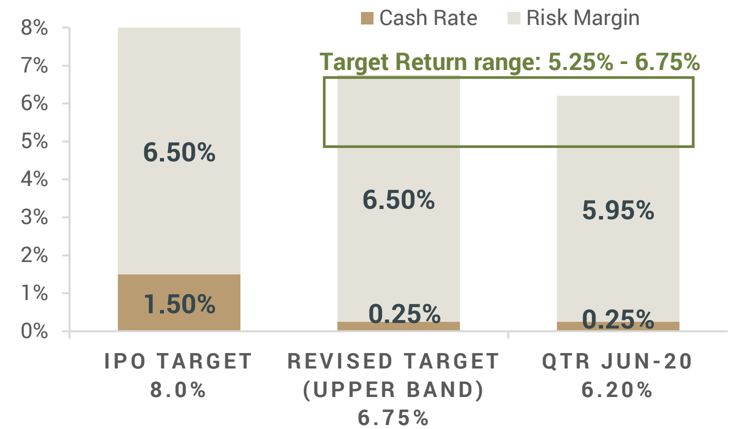
Bank tightening	Bank tightening of pre-sales conditions likely to increase the capital gap for projects Expect mezzanine loan opportunities to present themselves
Improved terms & pricing	Alternative lenders enjoy more favourable terms and pricing relative to 2019 as local banks deleverage and offshore capital retreats
Loan volumes steady	Overall volume of new loan opportunities expected to be steady in the immediate future as borrowers seek certainty of capital

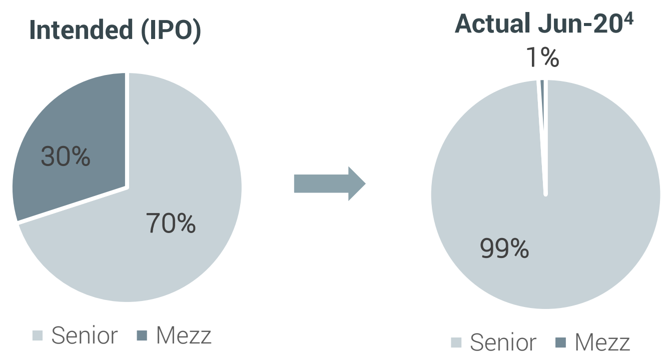
Target Return

The **Target Return** [1] is redefined from absolute 8.0% (net) to a relative return of **RBA Cash Rate[2] + 5.0% - 6.5% (net):**

- Margin range remains consistent with IPO margin[2] and allows flexibility in risk / return appetite and portfolio composition
- Focused on appropriately pricing risk in line with market. Will not increase risk unnecessarily to achieve an absolute return.
- No change in Investment Strategy to invest in CRE loans through the cycle, no change in target portfolio composition as per PDS
- No change to the performance fee hurdle which remains fixed 8% p.a.
- Aligns with the Manager's expected returns achievable currently and into the foreseeable future
- Current risk / return appetite to remain unchanged in the short to medium term. i.e. predominantly invested in senior loans and underweight to mezzanine loans.

Breakdown of Target Return[3] and Actual Return



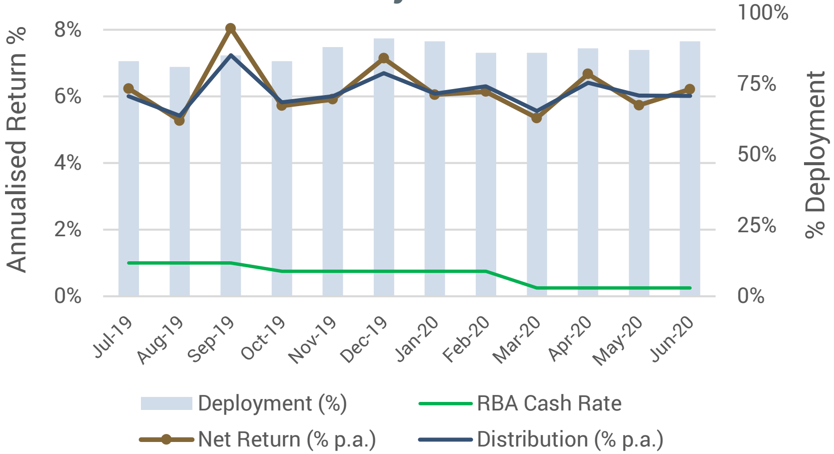


- Total return impacted by fall in interest rates
- Actual June 2020 risk margin achieved is lower than original IPO risk margin due to underweight in mezzanine and market pricing compression.

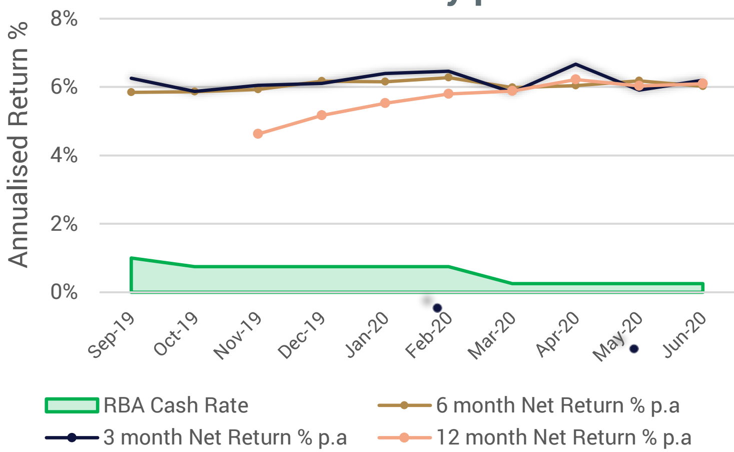
[1] *The Target Return is defined in the Trust's Investment Objective.*
[2] *RBA Cash Rate is subject to a floor of 0%. Current RBA Cash Rate is 0.25% as of the date of this release.*
[3] *The Target Return at IPO of 8.0% p.a. is represented assuming a benchmark for the purpose of conducting a like-for-like comparison to the Revised Target Return and the actual June 2020 month annualised return.*
[4] *Excl. AFWT notes.*

Fund Performance

Monthly Return[1]



Net Returns by period

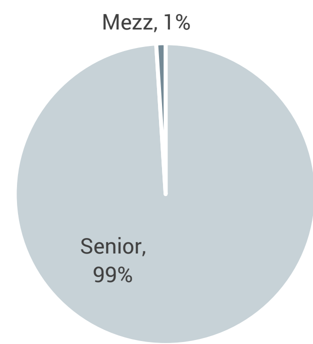


Past performance is not a reliable indicator of future performance.
[1] Deployment represents the % of the Trusts total capital that has been committed and invested as at month end in investments, including the Trust Loan Receivable.

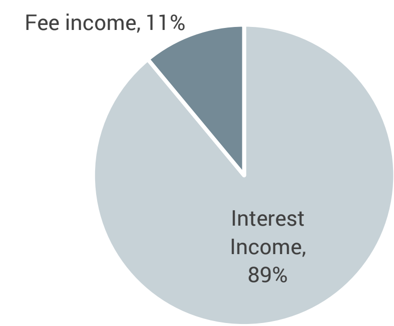
Delivered **regular monthly cash income:**

- Healthy risk-adjusted returns, at an attractive premium to the current low RBA cash rate.
- Achieved Net return for the 3 month period to 30 June 2020 of 6.20% p.a.
- Returns reflective of lower risk / return portfolio of predominantly senior loans, underweight to mezzanine loans.
- Income underpinned by base loan interest and fee income[2].

Loan portfolio[3]



Gross Income[4] (June Quarter)



[2] Fee Income relates to loan establishment fees from new loans and extension fees from extended loans.
[3] Excl. AFWT notes.
[4] Gross Income of QRI loan portfolio (look through to Qualitas Funds) and AFWT notes.

Loan reviews & impairment

- During June quarter, ongoing reviews were undertaken and the latest results were:
  - ❑ no material changes to internal ratings;
  - ❑ no impairments on any loan or the AFWT[1] notes; and
  - ❑ no interest arrears
- One loan subject to heightened monitoring due to a default was successfully restructured / recapitalised.
- Heightened monitoring of loans encompassed direct engagement with the borrower and key transaction parties, reassessing all exit strategies, and stress testing of cash flow.
- AFWT notes (7% of the Trust portfolio), continues to be reviewed as a pool of loans and not on an individual loan basis given the note structure of the investment. 2 out of total 219 loans in arrears (0.8% of AFWT loan pool).
- Manager undertaking more frequent reviews in light of COVID-19 backdrop.

[1] *Arch Finance Warehouse Trust*

How are QRI loans valued by the Manager?

- Loans value = contracted loan amount <u>less</u> the value of the impairment assessed
- An impairment is made when it is unlikely that a loan payment (interest or principal) will be collected
- The impairment value is the estimated loss of the loan, having regard to the security value upon default
- Loan asset reviews & impairment testing every 4 weeks.

Impairment risk mitigants

✓ Equity buffer in security properties

✓ Sponsor guarantees and interest reserves

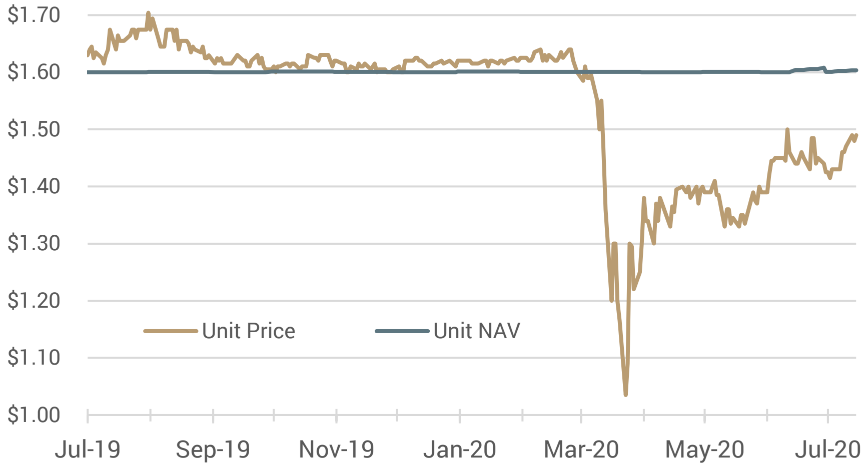
✓ Active management of loan and borrower

✓ Extensive loan obligations and covenants

✓ Regular revaluation of security

✓ Qualitas bilateral lender control, sole decision making

Trading performance & NAV



TOTAL NAV / Unit NAV: $360.8m / $1.60

Robust balance sheet position underpins NAV

- ✓ No external debt on balance sheet or at any underlying Qualitas funds.
- ✓ No impairments since IPO means NAV remains stable

- COVID-19 impact to global markets has impacted LIT credit market including QRI's unit price.
- Manager focus to close the gap between the unit price and NAV.
- Conducted small parcel unit buy back in June 2020 to support liquidity and unit price.
- Further buy backs to be considered having regard to best use of capital that is accretive to the fund returns.
- Despite volatility and unit price discount, QRI asset quality we believe is sound with no impairments recorded since inception.
- Consistent NAV at or above $1.60 since inception.
- Increased transparency with NAV reporting now weekly[1].

[1] *From 16 June 2020.*

Unit price discount to NAV

- The Manager's view is that the mismatch of unit price to NAV **does not reflect the stability and quality of the QRI loan portfolio** which have recorded no impairments since the IPO and during the COVID-19 period.
- All loans benefit from the **equity buffer** in the security property value to protect from loss of capital.
- A **discount in the unit price** means the market is effectively devaluing the loan portfolio, implying loan impairments which can only occur due to a complete erosion of the equity buffer and insufficient security coverage.
- A unit price of $1.50[1] implies an **7%** loan portfolio impairment, which equates to implied security property values falling by a substantial **42%** (incl. equity buffer 38%).[2]

Example

NAV / unit
$1.6007

=

Cash $0.15

Loan Portfolio
$1.45

Unit Price
$1.50
(Discount to NAV)

=

Cash $0.15

Loan Portfolio
$1.35

[1] *May not reflect the current Unit price as of the time of release.*

[2] *Calculations*
- *NAV comprises of cash and the Loan Portfolio. Cash position assumed in the example is 10% of NAV = 0.15.*
- *Loan Impairment 7% ($0.10) = decline in the Loan Portfolio from $1.45 to $1.35.*
- *Implied Security Property Value $2.34 = Loan portfolio $1.45 divided by weighted average LVR of Loan Portfolio as of 30 June 2020 of 62%.*
- *Equity Buffer 38% = based on weighted average LVR of Loan Portfolio as of 30 June 2020 of 62%.*
- *Equity Buffer $0.89 = Implied Security Value $2.34 less the Loan portfolio $1.45.*
- *Fall in Implied Security Property Value 42% = (Equity Buffer value eroded $0.89 + Loan Impairment $0.10) divided by Implied Security Property Value $2.34.*

QUALITAS

QRI Portfolio

As at 30 June 2020

Portfolio Composition as at 30 June 2020

Loan portfolio metrics[2]

99%	Predominantly invested in Senior loans (first mortgages)
1%	Underweight to **mezzanine loans** *(Target 20%-35% of Trust capital)*
33	No. loans on look-through basis
~$8m	Average loan exposure
~26	No. of sponsors *Diversified borrower base*
0.6yrs	Weighted loan maturity
62%	Weighted loan-to-value ratio[3]
100%	Located in Australia
85%	Located in Qualitas core markets: *Melbourne, Sydney, Brisbane*

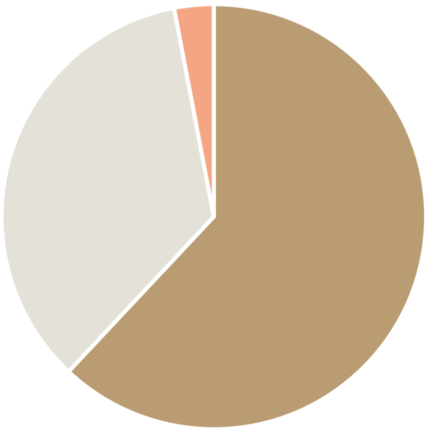
Category[1]	$'millions	Portfolio Weighting
Cash (QRI) uncommitted	37.4	10%
Cash (Qualitas funds) uncommited[5]	14.7	4%
Senior Debt Investment Loans	81.4	23%
Senior Debt Construction Loans	44.9	13%
Senior Debt Land Loans	140.7	39%
Mezzanine Debt Construction Loans	4.0	1%
AFWT Notes	26.5	7%
Trust Loan Receivable[6]	11.2	3%
Total	$360.8	100%

Return breakdown	Month	Quarter
Gross Return (Annualised)	8.01%	8.00%
Mgt Fee and Overheads (Annualised)	(1.80%)	(1.80%)
Net Yield (Annualised)[4]	6.21%	6.20%

[1] All investments including direct loans are made by the Sub-Trust. The Sub-Trust is wholly owned by the Trust.
[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 unless otherwise stated.
[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] Net Yield is based on the net return of the Trust Portfolio for the relevant period and converts this into an annual yield as if the return was constant for 12 months.
[5] Represent the Sub-Trust's share of the Qualitas funds cash uncommitted (i.e. yet to be invested in loans).
[6] The Trust has provided a working capital loan to the Manager to pay a portion of the costs and expenses incurred in relation to the IPO and subsequent capital raisings. The Trust Loan Receivable is limited to an amount of 3.5% of the NAV of the Trust at any time.

Interest servicing

Interest servicing of the Trust's portfolio supported by a **significant portion (97%)** of interest revenue is **cash paid** or **paid in advance:**



What is a loan default?

- When the borrower fails to meet a loan obligation as documented in the agreement
- Obligations including payment of interest and repayment of principal.

What are interest reserves?

- Interest paid in advance, held in a separate bank account
- Set up at the beginning of the loan.
- Approx. 8 months interest (on average) as of 30 June 2020.

What underpins interest servicing?

✓ 98%[1] of loans with a personal or corporate guarantee

✓ No impairment or loans in interest arrears

✓ 23%[1] of loans secured by income producing properties

[1] *Excludes AFWT Notes.*

Senior Investment Loans

DESCRIPTION	• Secured against real estate assets that are income generating or have the potential to generate income on an ongoing basis. • Includes residual stock loans which are loans secured against completed construction projects. Made to developers for the purpose of holding and selling unsold stock (e.g. apartments) in an orderly fashion to maintain pricing levels.
KEY STATS	• Weighted Average LVR: 63% • Weighted Average loan term: 1.2 years • Average loan size[2]: $5.1m • Weighted average return: 7.0%
COMMENTS	• No loan greater than 6% of Trust portfolio on a look through basis. • Sector: 60% secured by commercial property, 18% industrial property, 14% residential property, and 8% retail property. • Location: 48% Sydney, 33% Melbourne, 17% non metro NSW and 2% Brisbane. • Leverage: 13 out of 16 loans have an LVR equal to or less than 70%. 2 loans with LVRs between 70%-75% are supported by long leases with the federal government or a multinational supermarket chain. • Income: 75% of security property generate income from tenants to support interest servicing. Remaining 25% are residual stock loans. • Security: 99% of the loans are supported by personal guarantees by sponsors who have been assessed by the Manager as being substantial high net worth individuals. • Interest servicing: 100% of loans up to date with interest payments. 53% of loans supported by interest reserves which are drawn progressively to meet any interest shortfall as required.

16	23%	$81 mil
No. Loans	Portfolio weighting	Total Loan amount

Example senior loans within the Trust portfolio:

Melbourne CBD, VIC

Senior Investment

LVR 60%

24 months[1]

Zetland, NSW

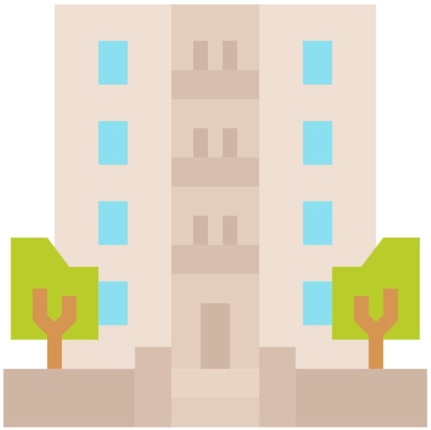
Residual Stock

LVR 55%

24 months[1]

All numerical disclosures are as at 30 June 2020 unless otherwise stated.
[1] Term as at financial close of facility
[2] Average loan size is on a look through basis and only reflects QRI's share of the loans

Loan case study



Loan Type	Senior Investment loan
Security Property	Residential residual stock
Location	ca. 3km from Sydney CBD, NSW
Interest rate	7.25%
LVR	65%
Tenor	24 months
Security	First real property mortgage Share and unit mortgages Personal Guarantee Corporate Guarantee

The transaction is a senior investment loan provided to refinance a construction facility, secured against ca. 90 completed residential apartments. Residual stock loans are sought by developers to gain access to development profit and equity tied up in unsold stock.

What was attractive about the investment?

- Location undergoing significant urban regeneration, good access to amenities and major transport routes
- Top tier Australian based developer with 20+ years residential development track record
- Extensive security package to support interest servicing

How did the Manager secure this opportunity?

- Existing long term relationship (repeat client) and competitive terms
- Alternative debt opportunity due to residual stock not income producing and permitting further equity release (a portion of sales proceeds) when LVR is <55%

What are the key risks that will be a focus for managing the loan during COVID-19?

- Slowing sales rates and prices in more subdued market
- Sponsor group financial position to support interest servicing

Senior Construction Loans

DESCRIPTION	• Provided to fund development and construction costs, and secured against land with the potential for development, or real estate assets that are soon-to-be or are under construction. • Construction loans are typically drawn down over time as the project progresses
KEY STATS	• **Weighted Average LVR:** 56% • **Weighted Average loan term**: 0.6 years • **Average loan size[2]**: $11.2m • **Weighted average return**: 9.9%
COMMENTS	• No loan greater than 7% of Trust portfolio on a look through basis. • One construction loan (1.2% of the Trust portfolio) underwent a restructure which was finalised in May 2020. • **Sector:** 74% of the loans are secured by residential property and 26% retail property. • **Location:** 83% Melbourne and 17% Sydney • **Leverage:** 3 out of the 4 loans have an LVR of less than 61%

4	13%	$45 mil
No. Loans	Portfolio weighting	Total Loan amount

Example construction loans within the Trust portfolio:

Neutral Bay, NSW

LVR 61%

LTC 73%

18 months[1]

Melton South, VIC

LVR 62%

LTC 75%

13 months[1]

All numerical disclosures are as at 30 June 2020 unless otherwise stated.
[1] Term as at financial close of facility
[2] Average loan size is on a look through basis and only reflects QRI's share of the loans

Senior Land Loans

DESCRIPTION	• Secured against infill vacant land with the potential for development. This includes undeveloped land that can be subdivided, land approved for development and land yet to be approved for development.
KEY STATS	• Weighted Average LVR: 66% • Weighted Average loan term: 0.3 years • Average loan size[2]: $12.8m • Weighted average return: 10.1%
COMMENTS	• No loan greater than 10% of Trust portfolio on a look through basis • Short weighted average loan tenor provides gives the Manager the ability to restructure and reprice into current market conditions where appropriate • Sector: 68% of the loans are secured by residential property and 32% by commercial property • Location: 59% Melbourne, 22% Sydney, 19% outer Melbourne (54km) • Leverage: All loans are equal to or less than 70% LVR • Security: ❑ 10 loans benefit from full recourse with personal guarantees from high net worth (HNW) individuals who are experienced property developers and have operated through different property cycles and economic climates. ❑ 1 loan benefits from a limited personal guarantee to ensure LVR brought back to 55%. The sponsor is an experienced developer with significant track record operating across various market cycles.

11	39%	$141 mil
No. Loans	Portfolio weighting	Total Loan amount

Example senior land loans within the Trust portfolio:

South Melbourne, VIC

LVR 69%

18 months [1]

Homebush, NSW

LVR 55%

18 months [1]

All numerical disclosures are as at 30 June 2020 unless otherwise stated.
[1] Term as at financial close of facility
[2] Average loan size is on a look through basis and only reflects QRI's share of the loans

Mezzanine Construction Loans

DESCRIPTION	• Loans secured with a second ranking mortgage. • Mezzanine loans are usually associated with construction projects and ranks behind a senior lender who is typically a 'Big 4' retail bank.
KEY STATS	• Weighted Average LVR: 52.7% • Weighted Average loan term: 0.9 years • Average loan size[2]: $2.0m • Weighted average return: 13.5%
COMMENTS	• No loan greater than 0.6% of Trust portfolio on a look through basis. • One construction loan's project is completed and is progressively repaying and settling. • Sector: 100% residential property • Location: 100% Melbourne where the borrowers are experienced developers • Pre-sales: ❑ The construction loan which has reached project completion and senior repaid (now LVR 28%) has 130% of debt covered by presales, ❑ The other construction loan (project still under construction) has 110% pre-sales debt coverage.

2	1%	$4.0 mil
No. Loans	Portfolio weighting	Total Loan amount

TARGET 20-35% OF TRUST CAPITAL

Example mezzanine loan within the Trust portfolio:

Fitzroy, VIC

LVR 79%

LCR 87%

27 months[1]

All numerical disclosures are as at 30 June 2020 unless otherwise stated.

[1] Term as at financial close of facility

[2] Average loan size is on a look through basis and only reflects QRI's share of the loans

Arch Finance Warehouse Trust Notes

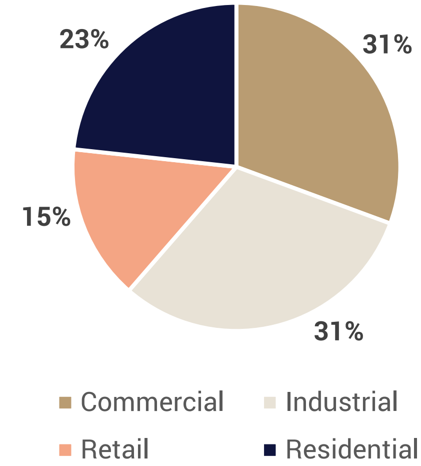
DESCRIPTION Arch Finance	• QRI's note investment in the Arch Finance Warehouse Trust (**AFWT**) provides exposure to a diversified portfolio of income-generating, first mortgage real estate loan portfolio of 219 loans totalling $440 million as at 30 June 2020. • AFWT is a lender of senior secured CRE loans which are originated and managed by **Arch Finance**[2], both entities owned by the Qualitas Group. • Arch Finance operates as a non-ADI commercial real estate mortgage originator and lender in the CRE debt market providing investment loans secured against completed buildings only (no land loans, no construction loans), loans of < $5 million.
KEY STATS	• **Average weighted LVR:** 58% • **Average weighted loan term**: 1.5 years • **Average weighted Debt Service Cover Ratio:** 2.2x • **Weighted return of Notes held by QRI**: 6.5%
COMMENTS	• AFWT loan pool is well diversified by sector, borrower and geography with no loan greater than 70% LVR, and no single loan greater than 1.5% of the AFWT loan pool. • 2 loans in arrears (0.8% of AFWT loan pool) however does not impact AFWT note interest servicing. Interest received on AFWT notes held by QRI is current and up to date and therefore no impairment has been considered necessary as at the date of this release. • As a result of the Manager's recent stress testing of interest serviceability of QRI's AFWT Note investment having regard to COVID-19 risks, ~30% of AFWT loan pool would need to be in default and not paying interest for QRI's note investment to be impacted.

7%
Portfolio weighting

$26.5 mil
Total notes

CAP OF 15% OF TRUST CAPITAL[1]

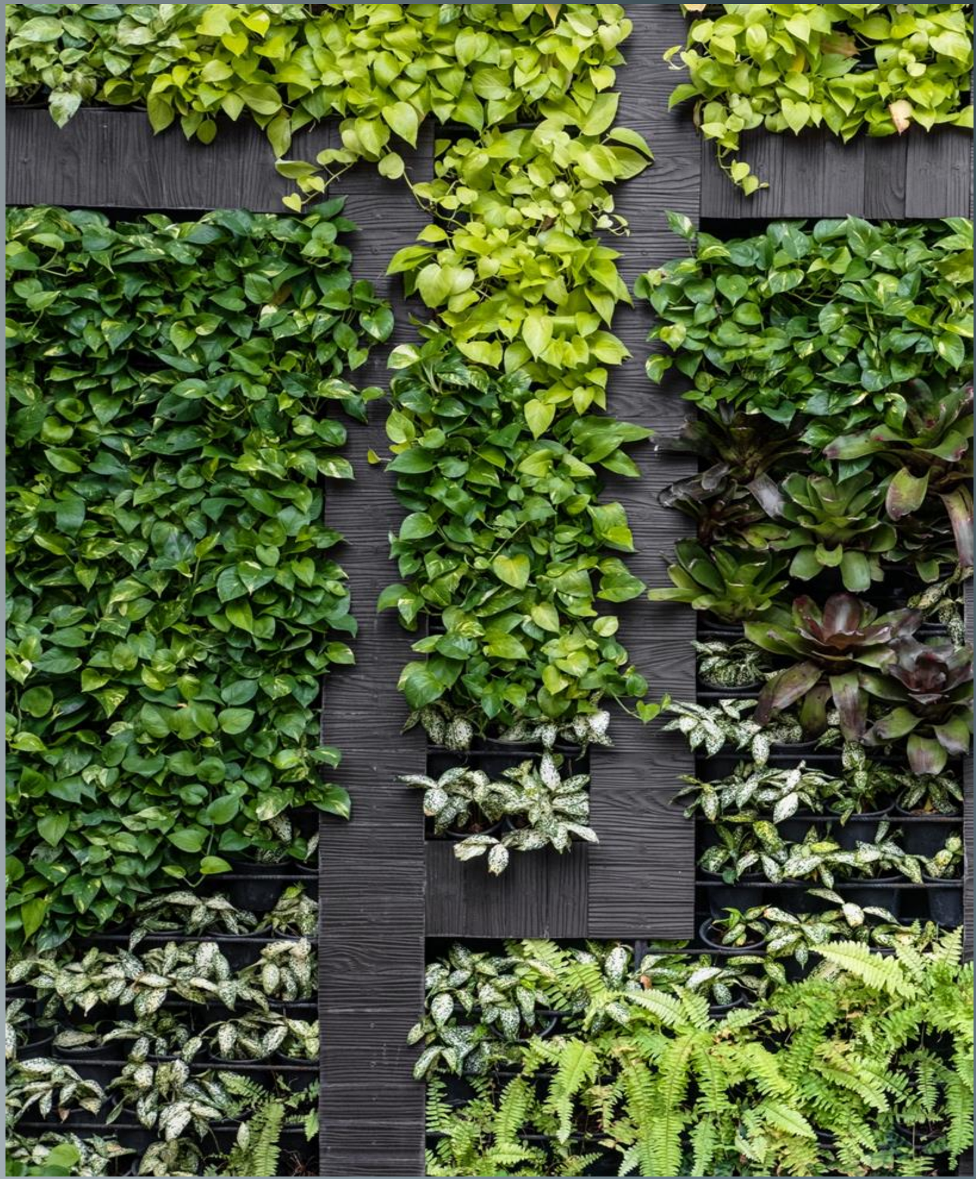
AFWT loan portfolio by sector



[1] *As per the latest PDS dated 11 September 2019*
[2] *Arch Finance Pty Ltd as trustee for Arch Finance Unit Trust.*

Manager wrap up

- We are committed to ensuring capital preservation is of the highest priority during this period.
- Strategically positioning the portfolio to take advantage of favourable opportunities whilst remaining cautious.
- Qualitas staff continues to work from home however allowed voluntary to return to the Sydney office only. Virtual environment now well integrated with business as usual in these unusual circumstances.
- While nobody has the crystal ball they might wish for in these unusual times, the fundamentals of CRE lending remain the same. Attractive opportunities should arise for those with expertise, discipline and access to capital.
- We are actively managing the QRI portfolio and we will ensure to keep our investors and the market informed regularly through this period.



QUALITAS

Email: qri@qualitas.com.au

Manager Website:
www.qualitas.com.au

Trust Website:
www.qualitas.com.au/listed-investments/QRI

MELBOURNE OFFICE
Level 38, 120 Collins Street,
Melbourne VIC 3000

SYDNEY OFFICE
Level 23, 1 Farrer Place,
Governor Macquarie Tower,
Sydney NSW 2000

Important Information

This document has been prepared by QRI Manager Pty Ltd ACN 625 857 070 (**Manager**), the investment manager of the Trust. The Trust Company (RE Services) Limited ABN 45 003 278 831 AFSL 235 150 (**Perpetual**) is the responsible entity of the Qualitas Real Estate Income Fund ARSN 627 917 971 (**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.

This document is intended only as a general overview of the Qualitas Real Estate Income Fund and is for informational purposes only, should not be construed or relied upon as investment advice, and is based on available market information. Information provided in this document is as of 30 June 2020 unless otherwise indicated.

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.

The information contained in this document is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. Please note that, in providing this document, none of Perpetual, the Trust, the Manager nor any member of the Qualitas Group of entities (together the Relevant Parties) have considered the objectives, financial position or needs of any particular recipient. The Relevant Parties strongly suggests that investors consult a financial advisor prior to making an investment decision.

This document may not be reproduced, disseminated, quoted or referred to, in whole or in part, without the express consent of the Relevant Parties.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this document. To the maximum extent permitted by law, none of Relevant Parties, their related bodies corporate, shareholders or respective directors, officers, employees, agents or advisors, nor any other person accepts any liability, including, without limitation, any liability arising out of fault or negligence for any loss arising from the use of information contained in this document.

This document includes "forward looking statements". Such forward- looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Relevant Parties and their officers, employees, agents or associates that may cause actual results to differ materially from those expressed or implied in such statement. Actual results, performance or achievements may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Past performance is not a reliable indicator of future performance. The Relevant Parties assume no obligation to update such information.

This document is not, and does not constitute, an offer to sell or the solicitation, invitation or recommendation to purchase any securities and neither this document nor anything contained in it forms the basis of any contract or commitment.

Appendix: QRI Summary

1 QRI (listed November 2018) provides exposure to the Australian real estate debt market in a liquid, regular income[1] paying form with capital preservation characteristics. Each loan asset in the QRI portfolio is secured via a real property mortgage.

2 QRI is managed by Qualitas, an Australian real estate financier and investment manager.

3 QRI invests only in CRE loans which are distinct from high yield fixed income bonds / equities and unsecured corporate loans.

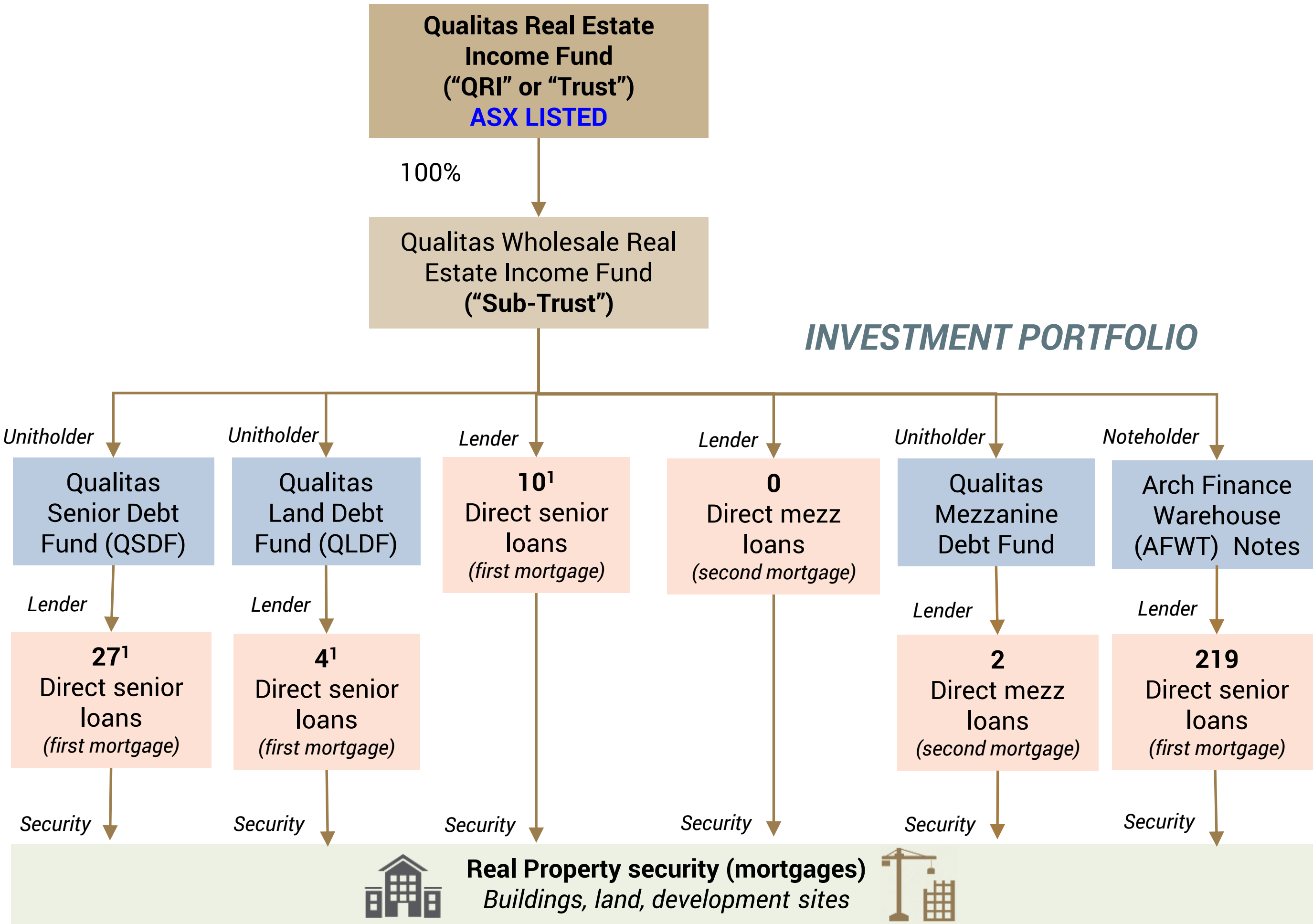
[1] The payment of monthly cash income is a goal of the Trust only and neither the Manager or the Responsible Entity provide any representation or warranty (whether express or implied) in relation to the payment of any monthly cash income.

Appendix: QRI Benefits – why invest?

- Experienced Institutional, **local-based Manager** of Australian commercial real estate (CRE) loans
- Regular and stable **monthly cash distributions**[1] underpinned by loan interest income
- Returns are an **attractive premium** to the current low cash rate[2]
- **Capital preservation** characteristics as all loans secured by real property mortgages
- Provides exposure to **the property market** without downside risk of investing in direct property
- **Simple Credit strategy** of investing in <u>only</u> CRE loans
- **Alignment of investor interest**, Qualitas co-investment $10m

[1] 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.
[2] Returns are not guaranteed.

Appendix: QRI Structure



Number of loans (look through basis)[2]

• Direct loans - QRI	10
• Indirect loans (SDF, MDF, LDF)	23
• Arch Finance	219
Total	**252**

All numerical disclosures are as at 30 June 2020.

[1] 8 loans are subject to co-investment between the Sub-Trust and the relevant Qualitas wholesale fund as applicable.

[2] Adjusted for 8 co-invested loans between the Sub-Trust and the relevant Qualitas wholesale funds.

Appendix: Stakeholder Engagement and Communication

Shareholder Engagement

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