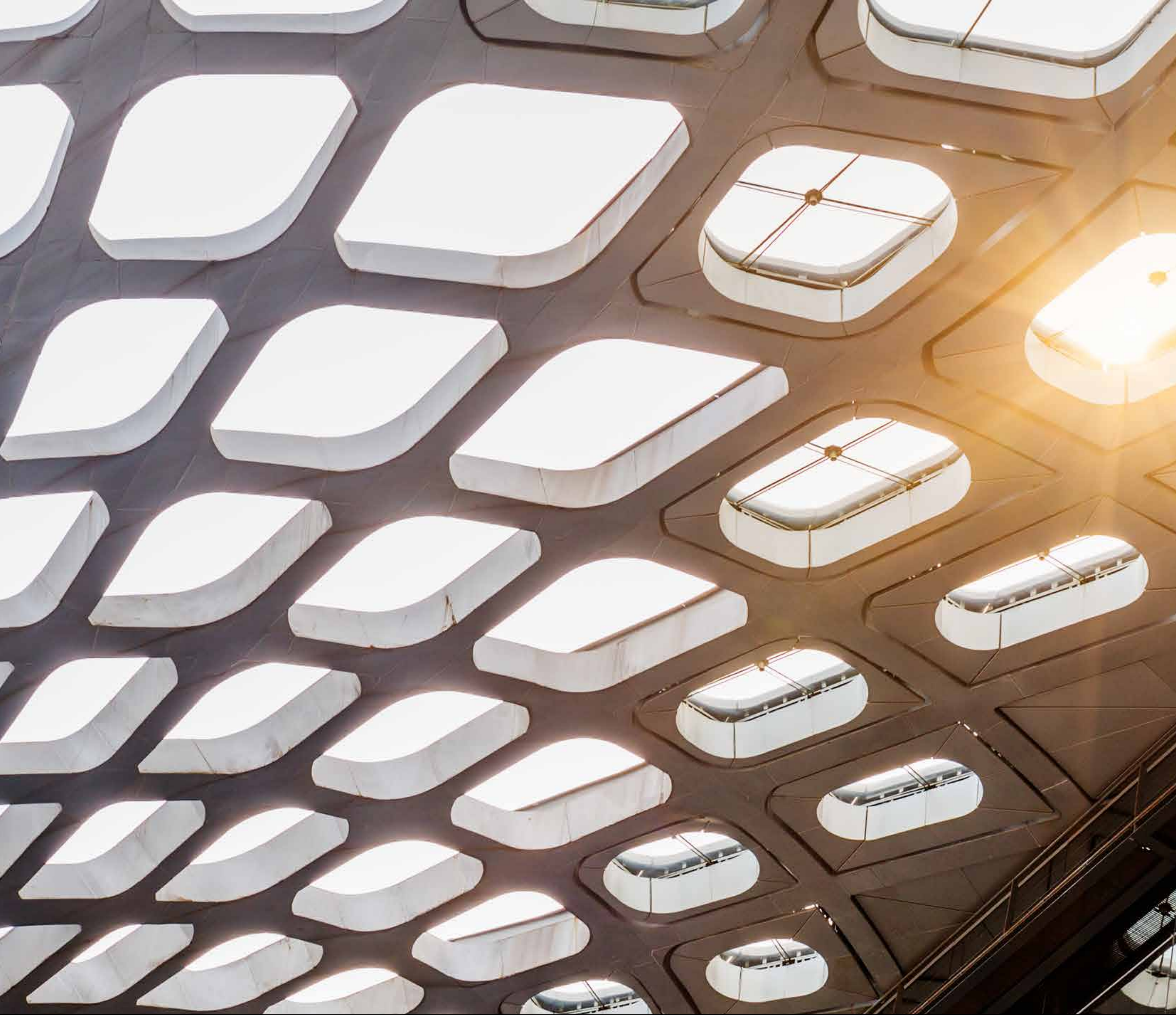


Qualitas Real Estate Income Fund

ARSN 627 917 971

Appendix 4E

For the year ended 30 June 2021

QUALITAS

Details of Reporting Period

Current: Year ended 30 June 2021

Previous corresponding: Year ended 30 June 2020

The Directors of The Trust Company (RE Services) Limited, the Responsible Entity of the Qualitas Real Estate Income Fund (the "Trust") announce the audited results of the Trust for the year ended 30 June 2021 as follows:

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Extracted from Financial Statements for the year ended 30 June 2021.

	2021 $'000	2020 $'000	**Increase/(decrease) $'000**	**Increase/(decrease) %**
Revenue from ordinary activities	**29,805**	26,928	**2,877**	**11%**
Profit/(loss) from the period	**22,930**	20,745	**2,185**	**11%**
Total comprehensive income/(loss) for the period	**22,930**	20,745	**2,185**	**11%**

DETAILS OF DISTRIBUTIONS

Distributions for the year ended 30 June 2021 were $23,032,791 equating to 9.8471 cents per ordinary unit (2020: $20,638,504 equating to 9.8132 cents per ordinary unit).

Subsequent to year end, on 30 July 2021, the Directors declared a distribution of 0.6994 cents per ordinary unit which amounted to $1,869,977 and was paid on 17 August 2021.

DETAILS OF DISTRIBUTION REINVESTMENT PLAN

The Responsible Entity established a Distribution Reinvestment Plan ("DRP") on 25 July 2019.

The Responsible Entity makes distributions on a monthly basis. For such distributions, the record date will be the last ASX trading day of each month and the last day for electing into the DRP will be 5.00pm (Melbourne, time) at the relevant DRP Election Date.

Units under the DRP are currently issued at the net asset value of a unit as determined in accordance with the constitution on the record date

The Responsible Entity determined to suspend the DRP on 25 March 2020 due to market volatility. The DRP reactivated on 23 March 2021.

NET TANGIBLE ASSETS

	As at 30 June 2021	As at 30 June 2020
Total Net Tangible Assets attributable to unitholders ($'000)	**415,019**	360,919
Units on issue ('000)	**259,370**	225,494
Net Tangible Assets attributable to unit holders per unit ($)	**1.6001**	1.6006

Details of Reporting Period (continued)

CONTROL GAINED OR LOST OVER ENTITIES DURING THE PERIOD

There were no entities over which control was gained or lost during the year ended 30 June 2021 and 30 June 2020.

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

The Trust did not have any interest in associates and joint venture entities during current year.

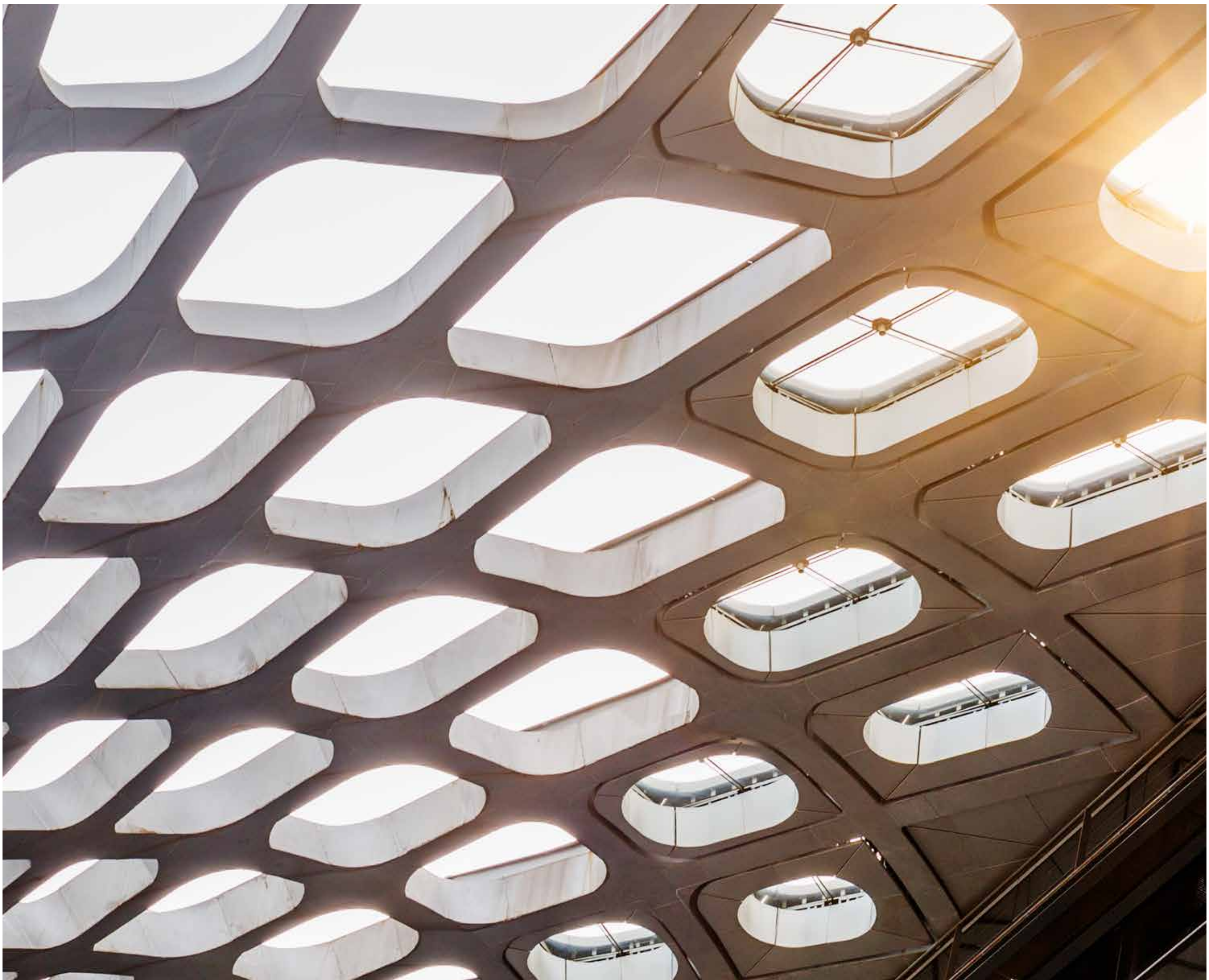
OTHER INFORMATION

The Trust is not a foreign entity.

INDEPENDENT AUDIT REPORT

Additional disclosure requirements can be found in the notes to the Qualitas Real Estate Income Fund financial statements for the year ended 30 June 2021.

This report is based on the financial report which has been audited by the Trust's auditor. All the documents comprise the information required by Listing Rule 4.3A.



Qualitas Real Estate Income Fund

ARSN 627 917 971

Annual Report

For the year ended 30 June 2021

Contents

The financial statements cover the Qualitas Real Estate Income Fund as an individual entity.
The Responsible Entity of the Qualitas Real Estate Income Fund is The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235 150).
The Responsible Entity's registered office is: Level 18, Angel Place, 123 Pitt Street, Sydney NSW 2000

Directors' report

The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235 150) is the Responsible Entity (the "Responsible Entity") of the Qualitas Real Estate Income Fund (the "Trust"). The Directors of the Responsible Entity (the "Directors") present their report together with the financial statements of the Trust for the year ended 30 June 2021 and the auditor's review report thereon.

PRINCIPAL ACTIVITIES

The Trust is a registered managed investment scheme domiciled in Australia.

The Trust's investment strategy is for QRI Manager Pty Ltd (the "Manager") to invest the Trust's capital in a portfolio of investments that provide unitholders with exposure to real estate loans secured by first and second mortgages, predominantly located in Australia and from time to time in New Zealand. Amounts raised by the Trust are invested in the Qualitas Wholesale Real Estate Income Fund. As at 30 June 2021, the Qualitas Wholesale Real Estate Income Fund invests directly in unlisted wholesale funds, which currently comprise of Qualitas Senior Debt Fund, Qualitas Land Debt Fund and the Qualitas Mezzanine Debt Fund.

The Trust was constituted on 2 August 2018, registered with the Australian Securities and Investments Commission on 16 August 2018, commenced operations on 22 November 2018 and its units commenced trading on the Australian Securities Exchange (ASX: QRI) on 27 November 2018.

The Trust did not have any employees during the year.

There were no significant changes in the nature of the Trust's activities during the year.

DIRECTORS

The Directors of The Trust Company (RE Services) Limited during the year and up to the date of this report are shown below. The Directors were in office for this entire year except where stated otherwise:

Glenn Foster	Resigned as Director on 23 October 2020 Appointed as Non-Executive Director on 1 February 2021
Richard McCarthy	
Simone Mosse	
Vicki Riggio	
Phillip Blackmore	Alternate Director for Vicki Riggio

UNITS ON ISSUE

Units on issue in the Trust at the end of the year are set out below:	**As at 30 June 2021 Units ('000)**	As at 30 June 2020 Units ('000)
Units on issue	**259,370**	225,494

REVIEW AND RESULTS OF OPERATIONS

During the year, the Trust invested in accordance with the investment objective and guidelines as set out in the governing documents of the Trust and in accordance with the provision of the Trust's Constitution.

Directors' report (continued)

RESULTS

The performance of the Trust, as represented by the results of its operations, was as follows:	**For the year ended 30 June 2021**	For the year ended 30 June 2020
Operating profit/(loss) ($'000)	**22,930**	20,745
Distribution paid and payable ($'000)	**23,033**	20,639
Distribution (cents per unit)	**9.8471**	9.8132

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

During the year, the Trust successfully completed a placement of $54 million in value of new fully paid ordinary units to select existing and new wholesale investors. The additional capital has allowed the Manager to further grow and diversify the Trust's portfolio.

The Directors continue to assess the potential financial and other impacts of the coronavirus (COVID-19) outbreak to the Trust. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the year. At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Trust are uncertain. The Directors and Investment Manager will continue to monitor this situation.

On 1 February 2021, Glenn Foster was appointed as a Non-Executive Director.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Trust that occurred during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to year end, on 30 July 2021, the Directors declared a distribution of 0.6994 cents per ordinary unit which amounted to $1,869,977 and was paid on 17 August 2021. On 25 August 2021, a further distribution was declared by the Directors of 0.7894 cents per unit which amounted to $2,110,950.

Furthermore, new units under the Unit Purchase Plan were issued on 6 July 2021 and commenced trading on 7 July 2021. The Unit Purchase Plan was priced at $1.60 per unit and raised $12.7m from eligible unitholders.

Since 31 December 2020, the COVID-19 pandemic has continued to cause volatility and uncertainty in global and domestic markets. The Investment Manager and the Responsible Entity continue to monitor the situation on a regular basis. At the date of this report, there is no indication of significant changes to the carrying value of assets and liabilities of the Trust.

Other than the matters noted above, no other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect:

(i) the operations of the Trust in future financial years, or

(ii) the results of those operations in future financial years, or

(iii) the state of affairs of the Trust in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust's Constitution.

The results of the Trust's operations will be affected by a number of factors, including the performance of investment markets in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Directors' report (continued)

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

No insurance premiums are paid for out of the assets of the Trust in regards to the insurance cover provided to the officers of the Responsible Entity or the auditor of the Trust. So long as the officers of the Responsible Entity act in accordance with the Trust's Constitution and the Law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust.

The auditor of the Trust is not indemnified out of the assets of the Trust.

FEES PAID TO AND INTERESTS HELD IN THE TRUST BY THE RESPONSIBLE ENTITY OR ITS ASSOCIATES

Fees paid to the Responsible Entity and its associates out of the Trust property during the year are disclosed in Note 10 of the financial statements.

No fees were paid out of the Trust property to the Directors of the Responsible Entity during the year.

The number of interests in the Trust held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 10 of the financial statements.

UNITS IN THE TRUST

The movement in units on issue in the Trust during the year is disclosed in Note 7 of the financial statements.

The value of the Trust's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 of the financial statements.

ENVIRONMENTAL REGULATION

The operations of the Trust are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

ROUNDING OF AMOUNTS TO THE NEAREST THOUSAND DOLLARS

The Trust is an entity of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 15.

This report is made in accordance with a resolution of the Directors of The Trust Company (RE Services) Limited.

Director

The Trust Company (RE Services) Limited

Sydney
31 August 2021

Investment Managers' report

MARKET CONDITIONS

During the first half of the financial year reporting period, the broader Australian commercial real estate ("CRE") debt market stabilised following the height of the COVID-19 pandemic, supported by the unprecedented lower RBA cash rate of 0.10%.

Pleasingly, the Manager continued to experience significant deal flow for the Trust which underpinned its strong CRE debt pipeline and enabled selective loan investment. Demand for CRE debt was robust as borrowers continued to seek alternative forms of finance largely due to their needs not being met by the banks, both from a lending appetite and service perspective. Borrowers were more comfortable to seek alternative lenders than ever before.

The second half of the reporting period was characterised by a macroeconomic backdrop of COVID-19 continuing to impact various parts of Australia, however despite this Australia has demonstrated a level of economic resilience supported by the Government. The Manager observed no major distress in the CRE debt market and continued to experience strong borrower demand coupled with the low interest rate environment continuing to support positive property valuations. Generally, conditions in Australia are more favourable than offshore markets which has led to increased investment activity from both domestic and offshore alternative lenders. The Manager however remained disciplined with investment selection and has not compromised on transactions which present material credit risks, ensuring strong sponsor and property quality.

TRUST PERFORMANCE AND PORTFOLIO

During the financial year ended 30 June 2021, the Trust delivered monthly cash distributions in line with its Target Return of RBA Cash Rate + 5.0% to 6.5% (net of fees and expenses), increased portfolio diversification and preserved capital with no loan impairments recorded or interest arrears.

The Manager is pleased to achieve attractive risk-adjusted returns for a well-diversified loan portfolio that is predominantly senior first mortgage. The Trust achieved a net return of 6.16% p.a. and paid cash distributions of 6.15% p.a. for the financial year ended 30 June 2021.

The Trust successfully completed a $54m placement to wholesale investors (both new and existing) on 1 April 2021 and a $12.7m unit purchase plan[1] to existing unitholders on 6 July 2021. The additional capital allowed the Manager to further grow and diversify the Trust's portfolio, in line with its investment strategy.

The Trust's loan portfolio as at 30 June 2021 is well diversified by borrower, loan type, property sector and geography, with 32 loans on a look through basis to the Qualitas wholesale funds of which 91% are senior loans and 9% are mezzanine loans.

Since the onset of COVID-19, a significant amount of security properties within the portfolio have been revalued as, new loans have settled, or existing loans have extended which require a revaluation. The quantum of these revaluations undertaken during market volatility is significantly beneficial to the Trust's portfolio as it appropriately reflects and reconfirms market values of the underlying property security.

The Manager has been transitioning the Trust portfolio to more direct loan exposure and since the financial year ended 30 June 2020, direct loans increased from 45% to 86% of the invested portfolio. This was achieved by investing available capital into direct loans and electing to reduce indirect loan investments by part redemption of the Qualitas Senior Debt Fund units ($44.4m) in December 2020 and January 2021 and the full redemption and exit of the Arch Finance Warehouse Trust notes ($26.5m) in June 2021. The key benefit of direct loans is the greater flexibility to manage the Trust's portfolio composition whilst providing greater control over loan assets.

The Manager is pleased to confirm that there are no loan impairments recorded and no interest arrears at any time during the financial year. The Trust's Net Asset Value ("NAV") has also remained consistently at or above $1.60 per unit.

Like all credit listed investment trusts, the Trust's unit price was impacted upon the onset of COVID-19 in March 2020, creating a significant but temporary dislocation between the unit price and actual loan asset values.

Following improving market sentiment coupled with our ongoing efforts as a Manager to increase secondary demand through direct marketing to investors, initiating CRE debt education and increased investor reporting, this resulted in QRI's unit price trading at or above par from February 2021.

1 The unit purchase plan closed on 29 June 2021, and new units were issued on 6 July 2021.

Corporate governance statement

BACKGROUND

The Trust Company (RE Services) Limited ("Responsible Entity") is the responsible entity for the Qualitas Real Estate Income Fund ("Trust"), a registered managed investment scheme that is listed on the Australian Securities Exchange ("ASX").

The Responsible Entity is a wholly-owned subsidiary of Perpetual Limited (ASX: PPT) ("Perpetual").

The Responsible Entity is reliant on Perpetual for access to adequate resources including directors, management, staff, functional support (such as company secretarial, responsible managers, legal, compliance and risk, finance) and financial resources. As at the date of this Corporate Governance Statement, Perpetual has at all times made such resources available to the Responsible Entity.

In operating the Trust the Responsible Entity's overarching principle is to always act in good faith and in the best interests of the Trust's unitholders, in accordance with our fiduciary duty. The Responsible Entity's duties and obligations in relation to the Trust principally arise from: the Constitution of the Trust; the Compliance Plan for the Trust; the Corporations Act 2001 ("Act"); the ASX Listing Rules; the Responsible Entity's Australian Financial Services License; relevant regulatory guidance; relevant contractual arrangements; and other applicable laws and regulations.

CORPORATE GOVERNANCE

At Perpetual, good corporate governance includes a genuine commitment to the ASX Corporate Governance Council Principles and Recommendations 4th Edition ("Principles").

The Directors of the Responsible Entity are committed to implementing high standards of corporate governance in operating the Trust and, to the extent applicable to registered schemes, are guided by the values and principles set out in Perpetual's Corporate Responsibility Statement and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Principles"). The Responsible Entity is pleased to advise that, to the extent the Principles are applicable to registered schemes; its practices are largely consistent with the Principles.

As a leading independent responsible entity, the Responsible Entity operates a number of registered managed investment schemes ("Schemes"). The Schemes include the Trust as well as other schemes that are listed on the ASX. The Responsible Entity's approach in relation to corporate governance in operating the Trust is consistent with its approach in relation to the Schemes generally.

The Responsible Entity addresses each of the Principles that are applicable to externally managed listed entities in relation to the Schemes, including the Trust, as at the date of this Corporate Governance Statement.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The role of the Responsible Entity's Board ("RE Board") is generally to set objectives and goals for the operation of the Responsible Entity and the Schemes, to oversee the Responsible Entity's management, to regularly review performance and to monitor the Responsible Entity's affairs acting in the best interests of the unitholders of the Trust. The RE Board is accountable to the unitholders of the Trust, and is responsible for approving the Responsible Entity's overall objectives and overseeing their implementation in discharging their duties and obligations and operating the Trust.

The role of the Responsible Entity's management is to manage the business of the Responsible Entity in operating the Schemes. The RE Board delegates to management all matters not reserved to the RE Board, including the day-to-day management of the Responsible Entity and the operation of the Schemes. Directors, management and staff are guided by Perpetual's Code of Conduct which is designed to assist them in making ethical business decisions.

Directors, management and staff are guided by Perpetual's Code of Conduct and Perpetual Risk Appetite Statement which is designed to assist them in making ethical business decisions.

The role of the Responsible Entity's management is to manage the business of the Responsible Entity in operating the Trust. The Responsible Entity Board delegates to management all matters not reserved to the Responsible Entity's Board, including the day-to-day management of the Responsible Entity and the operation of the Trust.

The Responsible Entity appoints agents (Service Providers) to manage the key operations of the Trust which include investment management, administration, custody and other specialist services and functions as required depending on the nature of the Trust. The RE obtains relevant services from third party service providers under outsourcing agreements.

Corporate governance statement (continued)

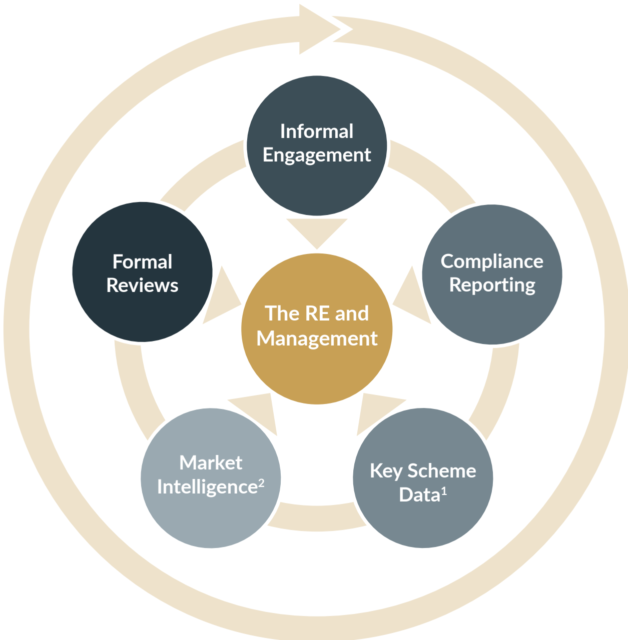
PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)

Effective processes for monitoring Service Providers are integral to the Responsible Entity's operations, given that substantial operational activities are outsourced to third parties. The Management of the Responsible Entity ensure a systematic and rigorous approach is applied with respect to monitoring the performance of outsourced Service Providers to the Trust.

The Responsible Entity views all interactions with Service Providers as a monitoring opportunity, from the informal discussions that regularly occur with Service Providers, to more formalised monitoring reviews. The outcomes of all interactions with Service Providers inform the Responsible Entity's view as to the extent to which the Service Provider is complying with their operational obligations to the Responsible Entity.

Prior to appointment, all Service Providers are subject to operational due diligence, to verify that the Service Provider can deliver the outsourced services in an efficient, effective and compliant manner. All Service Providers are assigned an initial operational risk rating.

The Responsible Entity's approach to Service Provider monitoring is outlined in the diagram below. In addition to the continuous monitoring that occurs through day to day interactions with Service Providers in the regular course of business, all Service Providers are required to periodically report to the Responsible Entity as to the extent to which they have met their obligations. Periodically, the Service Provider's risk rating is reviewed by the stakeholders within the business, based on the outcomes of all interactions that have occurred with the Service Provider during the review period.



1. Includes information regarding investment performance, actual versus strategic asset allocation, liquidity where applicable and complaints, incidents and issues arising with respect to the operation of the Trust.
2. Information from secondary sources, including the media and analysts and rating house reports.

The Responsible Entity maintains policy, procedure and program documents that determine the nature and frequency of formal service provider monitoring reviews. Service providers are typically subject to reviews every 18 months.

The Service Provider risk rating dictates any additional monitoring measures required to be put in place – for example a Service Provider assessed as 'low to medium risk' will be subject to the standard monitoring measures the Responsible Entity utilises under the Service Provider Monitoring Framework. Service Providers risk rated 'high to very high' may be subject to additional oversight measures to deal with the factors that caused the Service Providers risk rating to be high or very high. In addition, management and stakeholders utilise the risk assessment rating in determining if any action is required when considering information and the outcomes of all interactions that have occurred with the Service Provider during the review period.

PRINCIPLE 2 – STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

At present the RE Board consists of three Executive Directors, one Non-Executive Director and one Alternate Director. The names of the current Directors and year of appointment is provided below:

Glenn Foster	Resigned 23 October 2020 as an Executive Director Appointed on 1 February 2021 as a Non-Executive Director
Simone Mosse	2019
Richard McCarthy	2018
Vicki Riggio	2018
Phillip Blackmore (Alternate for Vicki Riggio)	2018

As the RE Board consists of a majority of executive directors, a Compliance Committee is appointed in relation to each of the Trusts (refer to Principle 7). None of the directors of the Responsible Entity are independent and they are not remunerated by the Responsible Entity. The Compliance Committee comprises a majority of external members and is chaired by an external member who is not the chair of the RE Board.

Corporate governance statement (continued)

PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

The Responsible Entity relies on a variety of mechanisms to monitor and maintain a culture of acting lawfully, ethically and responsible:

- policies and procedures: a Code of Conduct which articulates and discloses Perpetual's values, cyclical mandatory training, a Whistleblowing Policy and a Gifts, Political Donations, Bribery and Corrupt Practices Policy (further details noted below);
- "The Way We Work" behaviour framework, and risk ratings that are intertwined into its annual performance, remuneration and hiring processes; and
- a regular feedback mechanism in place to assess employee sentiment, with actions implemented in response to results.

These apply to all directors and employees of Perpetual, and the Responsible Entity. The Code of Conduct, The Way We Work and core values supports all aspects of the way the Responsible Entity conducts its business and is embedded into Perpetual's performance management process.

The Code of Conduct draws from and expands on Perpetual's Core Values of integrity, partnership and excellence. The Code of Conduct underpins Perpetual's culture. The Responsible Entity Board and the Compliance Committee are informed of material breaches of the Code of Conduct which relate to the Scheme and the Responsible Entity.

Additional policies deal with a range of issues such as the obligation to maintain client confidentiality and to protect confidential information, the need to make full and timely disclosure of any price sensitive information and to provide a safe workplace for employees, which is free from discrimination. Compliance with Perpetual's Code of Conduct is mandatory for all employees. A breach is considered to be a serious matter that may impact an employee's performance and reward outcomes and may result in disciplinary action, including dismissal.

A full copy of the Code of Conduct is available on Perpetual's website; (https://www.perpetual.com.au/about/corporate-governance/code-of-conduct).

Perpetual also has a Whistleblowing Policy to protect directors, executives, employees (including current and former), contractors and suppliers (and relatives and dependants of any of these people) who report misconduct, including:

- conduct that breaches any law, regulation, regulatory licence or code that applies to Perpetual;
- fraud, corrupt practices or unethical behaviour;
- bribery;
- unethical behaviour which breaches Perpetual's Code of Conduct or policies;
- inappropriate accounting, control or audit activity; including the irregular use of Perpetual or client monies;
- any conduct that amounts to modern slavery, such as debt bondage and human trafficking of employees; and
- any other conduct which could cause loss to, or be detrimental to the interests or reputation of, Perpetual or its clients.

As part of Perpetual's Whistleblowing Policy, a third party has been engaged to provide an independent and confidential hotline for whistle-blowers who prefer to raise their concern with an external organisation.

A full copy of the Whistleblowing Policy is available on Perpetual's website (https://www.perpetual.com.au/about/corporate-governance/code-of-conduct).

As part of Perpetual's commitment to promoting good corporate conduct and to conducting business in accordance with the highest ethical and legal standards, bribery and corrupt practices will not be tolerated by Perpetual under any circumstances. Perpetual's Gifts, Political Donations, Bribery and Corrupt Practices Policy supports Perpetual's commitment by:

- prohibiting the payment of political donations;
- instituting proper procedures regarding the exchange of gifts;
- clearly outlining Perpetual's zero tolerance for bribery and corruption; and
- including avenues where concerns may be raised.

Material breaches of the Code of Conduct or the Gifts, Political Donations, Bribery and Corrupt Practice policy are managed in accordance with Perpetual's usual issues management process which would include reporting to the Responsible Entity Board and Compliance Committee where the breach relates to a product or service offered by the Responsible Entity.

A full copy of the Gifts, Political Donations, Bribery and Corrupt Practices Policy is available on Perpetual's website (https://www.perpetual.com.au/about/corporate-governance/code-of-conduct).

Mechanisms are in place to ensure the Responsible Entity Board and the Compliance Committee are informed of material breaches which impact the Trust and the Responsible Entity which would include material breaches of the Code of Conduct and material incidences reported under the Whistleblowing Policy.

Corporate governance statement (continued)

PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTS

The functions of an audit committee are undertaken by the full Responsible Entity Board with assistance from management. The Responsible Entity has policies and procedures designed to ensure that the Trust's:

- financial reports are true and fair and meet high standards of disclosure and audit integrity; and
- other reports released on ASX are materially accurate and balanced.

This includes policies relating to the preparation, review and sign off process required for the Trust's financial reports, the engagement of the Trust's independent auditors and the review and release of certain reports on the ASX.

The declarations under section 295A of the Corporations Act 2001 provide formal statements to the Responsible Entity Board in relation to the Trust (refer to Principle 7). The declarations confirm the matters required by the Corporations Act in connection with financial reporting. The Responsible Entity receives confirmations from the service providers involved in financial reporting and management of the Trust, including the Investment Manager. These confirmations together with the Responsible Entity's Risk and Compliance Framework which includes the service provider oversight framework, assist its staff in making the declarations provided under section 295A of the Corporations Act. The Responsible Entity manages the engagement and monitoring of independent 'external' auditors for the Trust. The Responsible Entity Board receives periodic reports from the external auditors in relation to financial reporting and the compliance plans for the Trust.

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

The Responsible Entity has a continuous disclosure policy to ensure compliance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules in relation to the Trust which sets out the processes to review and authorise market announcements and which is periodically reviewed to ensure that it is operating effectively. The policy requires timely disclosure of information to be reported to the Responsible Entity's management and/or directors to ensure that, information that a reasonable person would expect to have a material effect on the unit price or would influence an investment decision in relation to any of the Trust, is disclosed to the market. The Responsible Entity's Company Secretary may assist management and/or the directors in making disclosures to the ASX after appropriate Responsible Entity's Board consultation for material market announcements. The Responsible Entity requires service providers, including the Investment Manager, to comply with its policy in relation to continuous disclosure for the Trust.

The Responsible Entity's Company Secretary is the Continuous Disclosure Officer for the Trust in accordance with the ASX Listing Rules.

PRINCIPLE 6 – RESPECT THE RIGHTS OF UNITHOLDERS

The Responsible Entity is committed to ensuring timely and accurate information about the Trust is available to security holders via the Trust's website. All ASX announcements are promptly posted on the Trust's website: qualitas.com.au. The annual and half year results financial statements and other communication materials are also published on the website.

In addition to the continuous disclosure obligations, the Responsible Entity receives and responds to formal and informal communications from unitholders and convenes formal and informal meetings of unitholders as requested or required. The meetings are held in accordance with the requirements of the Corporations Act that apply to a registered managed investment scheme. The Responsible Entity has an active program for effective communication with the unitholders and other stakeholders in relation to Trust.

The Responsible Entity is ultimately responsible for ensuring that any complaints received from unitholders are handled in accordance with its policy settings and regulatory requirements. The Responsible Entity is a member of the Australian Financial Complaints Authority ("AFCA") external dispute resolution scheme and, if unitholders are dissatisfied with the handling of their complaint by the Responsible Entity, AFCA may be able to assist unitholders achieve resolution to their complaint.

The Responsible Entity is also committed to communicating with shareholders electronically in relation to communications from the share registry. Shareholders may elect to receive information from the Company's share registry electronically.

Corporate governance statement (continued)

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

The Responsible Entity has established a Compliance Committee, comprised of Johanna Turner ("Chair"), Virginia Malley and Simone Mosse. A majority of the Responsible Entity Compliance Committee is comprised of external members, including an external independent Chair.

The Compliance Committee meets at least quarterly. The Compliance Committee Terms of Reference sets out its role and responsibilities, which is available on request. The Compliance Committee is responsible for monitoring compliance by the Responsible Entity of the Compliance Plan for the Trust, Trust Constitution and the Corporations Act. It is also responsible for assessing the adequacy of the Compliance Plan for the Trust and making recommendations to the Responsible Entity board.

The Responsible Entity values the importance of robust risk and compliance management. The Responsible Entity operates under the Perpetual Limited ("Perpetual") Risk Management Framework ("RMF") which applies to all the activities Perpetual undertakes as Responsible Entity. The RMF aligns to International Standard ISO 31000:2018 'Risk Management Guidelines' and consists of supporting frameworks, programs and policies which have been developed, implemented and are regularly assessed for effectiveness to support the management of the following risk categories considered material to Perpetual: Strategic, People, Financial, Investment, Operational, IT & Cyber Security, Outsourcing, Environmental, Social & Governance, Compliance & Legal and Conduct Risk.

At Perpetual a current risk register is maintained as part of our formal risk management program. The systems supporting the business have been designed to ensure risks are managed within the boundaries of the Perpetual Risk Appetite Statement ("RAS") which articulates the expected behaviours, measures and tolerances that management are to take into account when setting and implementing strategy and running their day-day areas of responsibility.

Perpetual's RMF is reviewed annually and was last updated and approved by the Perpetual Board in June 2021, with other programs and policies supporting the RMF regularly reviewed to ensure they remain fit-for purpose and effective.

All Perpetual Group Executives are accountable for managing risk within their area of responsibility, including the extent to which the Responsible Entity is effectively applying and acting in accordance with the RMF. They are also required to manage risk as part of their business objectives with risk management integrated across business processes.

The RMF is underpinned by the "Three Lines of Defence" model to implement best practice risk management. This model sees the first line, being business unit management, accountable for the day to day identification, ownership and management of risks. The Group Risk, Compliance and Client Advocacy functions represent the second line and consists of risk and compliance management professionals who provide the framework, tools, advice and assistance to enable management to effectively identify, assess and manage risk and meet their compliance obligations, and is responsible for overseeing and monitoring first line activities. Internal Audit provides independent assurance, representing the third line, and reports to the Audit, Risk and Compliance Committee ("ARCC").

The Perpetual Board has the responsibility and commitment to monitor that the organisation has a framework in place to manage risk. The Board's commitment is reflected through the establishment of, and investment in the Perpetual Group Risk, Group Compliance and Internal Audit functions, led by the Chief Risk Officer.

Internal Audit is an integral part of Perpetual's governance and risk management culture and aims to protect Perpetual's earnings, reputation and customers. Perpetual's Internal Audit function reports functionality to the Perpetual Limited Audit, Risk & Compliance Committee, and for administrative purposes, through the Perpetual Chief Risk Officer and is independent from the External Auditor and from Perpetual Executive Management. Internal Audit provides independent and objective assurance, a disciplined approach to the assessment and improvement of risk management and monitoring and reporting on audit findings and recommendations. The Internal Audit Plan (Plan) is approved formally by the ARCC each year and re-assessed quarterly to ensure it is dynamic and continues to address the key risks faced by the Group. Progress against the Plan, changes to the Plan and results of audit activity are reported quarterly to the ARCC.

Perpetual's Audit, Risk and Compliance Committee is responsible for oversight and monitoring of the Perpetual's risk appetite statement, compliance and risk management frameworks and internal control systems, and risk culture. The ARCC is also responsible for monitoring overall legal and regulatory compliance across Perpetual including the Responsible Entity. The RMF was reviewed, updated and approved by the Perpetual Limited Board during the 2021 financial year. The RMF consists of programs and policies which are designed to address specific risk categories - strategic, financial, operational, outsourcing, investment, reputation, people and compliance, legal and conduct risk. Programs supporting the RMF are regularly reviewed to confirm their appropriateness. The Audit, Risk and Compliance Committee is comprised of Ian Hammond (Chair), Nancy Fox, Craig Ueland and Gregory Cooper. The Audit, Risk and Compliance Committee Terms of Reference sets out its role and responsibilities. This can be obtained on the Perpetual website.

The Trust currently has no material exposure to economic, environmental and sustainability risk.

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

The RE does not have a Remuneration Committee. The fees and expenses which the Responsible Entity is permitted to pay out of the assets of the Trust are set out in the Trust constitution. The Trust financial statements provide details of all fees and expenses paid by the Trust during a financial period.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of The Trust Company (RE Services) Limited (the Responsible Entity) of Qualitas Real Estate Income Fund

I declare that, to the best of my knowledge and belief, in relation to the audit of Qualitas Real Estate Income Fund for the financial year ended 30 June 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Rachel Milum
Partner

Sydney
31 August 2021

Statement of comprehensive income

	Notes	**Year ended 30 June 2021 $'000**	Year ended 30 June 2020 $'000
Investment income			
Interest income from financial assets at amortised cost		**564**	575
Distribution income	10	**28,419**	24,884
Rebate income		**909**	1,379
Net gains/(losses) on financial instruments held at fair value through profit or loss		**(87)**	90
Total investment income		**29,805**	26,928
Expenses			
Responsible entity fees	10	**174**	175
Management fees		**5,721**	5,113
Administrative expenses		**980**	895
Total expenses		**6,875**	6,183
Profit/(loss)		**22,930**	20,745
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year		**22,930**	20,745
Earnings per unit for profit attributable to unitholders of the Trust			
Basic and diluted gain/(loss) per unit (cents)	9	**9.8529**	9.9120

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

	Notes	As at 30 June 2021 $'000	As at 30 June 2020 $'000
Assets			
Cash and cash equivalents		**4,108**	5,226
Receivables		**2,613**	2,343
Prepayments		**-**	3
Financial assets – loans measured at amortised cost	5	**11,421**	11,229
Financial assets – measured at fair value through profit and loss	6	**399,914**	344,695
Total assets		**418,056**	363,496
Liabilities			
Distributions payable	8	**2,173**	1,777
Payables		**864**	800
Total liabilities		**3,037**	2,577
Net assets attributable to unitholders – equity	7	**415,019**	360,919

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

	Notes	**Year ended 30 June 2021 $'000**	Year ended 30 June 2020 $'000
Total Equity at the beginning of the year		**360,919**	265,913
Profit/(loss)		**22,930**	20,745
Total comprehensive income for the year		**22,930**	20,745
Transactions with unitholders			
Capital raising	7	**54,000**	94,415
Share buy-back	7	**-**	(5)
Distributions reinvested	7	**203**	490
Distributions to unit holders	7	**(23,033)**	(20,639)
Total transactions with unitholders		**31,170**	74,261
Total net assets attributable to unitholders – equity at the end of the year		**415,019**	360,919

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

	Notes	Year ended 30 June 2021 $'000	Year ended 30 June 2020 $'000
Cash flows from operating activities			
Interest received from bank deposits and term deposits		**16**	43
Distribution income received		**28,080**	24,166
Management fee rebate received		**992**	1,357
Purchase of financial assets		**(55,306)**	(90,436)
Expenses paid		**(6,821)**	(5,982)
Net cash inflow/(outflow) from operating activities	11	**(33,039)**	(70,852)
Cash flows from investing activities			
Loan funds advanced to Manager		**(1,156)**	(3,253)
Interest received from Manager loan		**549**	536
Loan funds repaid from Manager		**963**	804
Net cash inflow/(outflow) from investing activities		**356**	(1,913)
Cash flows from financing activities			
Distributions paid to unitholders		**(22,435)**	(20,062)
Return of capital		**-**	(5)
Proceeds from application by unitholders		**54,000**	94,905
Net cash inflow/(outflow) from financing activities		**31,565**	74,838
Net increase/(decrease) in cash and cash equivalents		**(1,118)**	2,074
Cash and cash equivalents at the beginning of the year		**5,226**	3,152
Cash and cash equivalents at the end of the year	11	**4,108**	5,226

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

CONTENTS

1 GENERAL INFORMATION

The financial statements cover the Qualitas Real Estate Income Fund (the "Trust") as an individual entity. The Trust was constituted on 2 August 2018, registered with the Australian Securities and Investments Commission on 16 August 2018, commenced operations on 22 November 2018 and its units commenced trading on the Australian Securities Exchange (ASX: QRI) on 27 November 2018. The Trust is domiciled in Australia.

The Responsible Entity of the Trust is The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235 150) (the "Responsible Entity''), a wholly owned subsidiary of Perpetual Limited. The Responsible Entity's registered office is Level 18, Angel Place, 123 Pitt Street, Sydney NSW 2000.

The financial statements are presented in Australian dollars, which is the functional currency of the Trust.

The Responsible Entity is incorporated and domiciled in Australia.

The Investment Manager of the Trust is QRI Manager Pty Ltd ("the Manager") (ACN 625 857 070). The Manager is an Authorised Representative of Qualitas Securities Pty Ltd (AFSL 342242).

The Custodian of the Trust is Perpetual Corporate Trust Limited (ABN 99 000 341 533), a wholly owned subsidiary of Perpetual Limited.

The Trust's investment strategy is for the Manager to invest the Trust's capital in a portfolio of investments that provide Unitholders with exposure to real estate loans secured by first and second mortgages, predominantly located in Australia; from time to time the Trust may also invest in New Zealand. Amounts raised by the Trust are invested in the Qualitas Wholesale Real Estate Income Fund. As at 30 June 2021, the Qualitas Wholesale Real Estate Income Fund invests directly in unlisted wholesale funds, which currently comprise of Qualitas Senior Debt Fund, Qualitas Land Debt Fund and the Qualitas Mezzanine Debt Fund.

The financial statements were authorised for issue by the Directors of the Responsible Entity on 31 August 2021. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

(a) Basis of preparation

The general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia.

For the purposes of preparing the financial statements, the Trust is a for-profit entity.

The Trust is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with the legislative instrument, amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

The financial statements are prepared on the historical cost basis except for financial assets measured at fair value through profit or loss basis of fair value measurement of assets and liabilities except where otherwise stated.

The financial statements are presented in Australian dollars, which is the Trust's functional currency.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are generally expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders on the basis that the Trust is a long-term investor into the Qualitas Wholesale Real Estate Income Fund. The amount to be recovered or settled in twelve months in relation to these balances remain subject to the performance of the Trust and its operations in accordance with the Constitution.

The Trust has been deemed to meet the definition of an investment entity, as the following conditions exist:

- The Trust has obtained funds for providing investors with investment management services;
- The Trust's business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income; and
- The performance of substantially all investments made through the Trust are measured and evaluated on a fair value basis.

The Trust and the Qualitas Wholesale Real Estate Income Fund were structured in a way to comply with legal, regulatory, tax or similar requirements. When considered together they display the characteristics of an investment entity:

(a) the Trust indirectly holds more than one investment because the wholesale funds hold a portfolio of investments,

(b) although the Qualitas Wholesale Real Estate Income Fund is wholly capitalised by the Trust, the Trust is funded by more than one investor who are related to the Trust; and

(c) ownership in the Trust and the wholesale funds are represented by the Trust's interests to which a proportion of the net assets of the investment entity are attributed.

Compliance with International Financial Reporting Standards (IFRS)

The financial statements of the Trust also comply with International Financial Reporting Standards and Interpretations as issued by the International Accounting Standards Board (IASB).

(b) Financial instruments

(i) Classification

The Trust classifies its financial assets in the following measurement categories:

(a) those to be measured at fair value (through profit or loss) (FVPL), and

(b) those to be measured at amortised cost.

This classification depends on the Trust's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will be recorded in the statement of comprehensive income through profit or loss.

The Trust reclassifies debt investments when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Trust measures a financial asset at its fair value. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments, if they meet the solely payments of principal and interest (SPPI) test, depends on the Trust's business model for managing the asset and the cash flow characteristics of the asset. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in net gains/(losses). Impairment losses are presented as separate line item in the statement of profit or loss.

Debt instruments include the loan to the Manager which meets the solely payments of principal and interest test and is therefore measured at amortised cost.

Equity instruments

The Trust subsequently measures all equity investments at fair value. Equity instruments include the investment in the Qualitas Wholesale Real Estate Income Fund.

Distributions from such investments continue to be recognised in profit or loss when the Trust's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in net gains/(losses) in the statement of comprehensive income as applicable.

(iii) Impairment

The Trust assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Trust applies the simplified approach permitted by AASB 9, which requires expected lifetime losses. For the loan to the Manager, the Trust measures the 12-month expected credit losses where the credit risk on the loan has not increased significantly since initial recognition. If the credit risk of the loan increases significantly since initial recognition, the Trust measures the expected lifetime losses. As at 30 June 2021, the Trusts assessment of the 12-month expected credit loss on the loan to the Manager is nil.

(iv) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when and only when the Trust currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(c) Net assets attributable to unitholders – equity

Units in the Trust are listed on the ASX and traded by unitholders. The units can be traded on the ASX at any time for cash based on the listed price. While the Trust is a listed investment and liquidity is generally expected to exist in the secondary market (ASX), there are no guarantees that an active trading market with sufficient liquidity will be available. In addition to being traded, requests for redemption may be made to the Responsible Entity (see note 2 (k)). The units issued by the Trust meets the requirement of AASB 132 for classification as equity.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown as a liability on the statement of financial position.

(e) Investment income

(i) Interest income

The Trust generates interest income from its investments in financial assets, loans, and cash investments. Interest income is recognised daily as it accrues, taking into account the actual interest rate on the financial asset and is recognised in profit or loss.

(ii) Distribution income

The Trust receives distribution income from its investments. Distribution income is recognised on an entitlements basis.

(f) Expenses

All expenses, including Responsible Entity and administrative expenses, are recognised in the statement of comprehensive income on an accruals basis.

(i) Management fees

The Responsible Entity has appointed the Manager to invest and manage all of the assets of the Trust from time to time and to provide other services on the terms contained in the Investment Management Agreement. The Manager charges a Management fee of 1.5375% p.a. (inclusive of Reduced Input Tax Credits "RITC") of the Trust's Net Asset Value ("NAV").

(g) Income tax

The Trust is an Attribution Managed Investment Trust.

Under current legislation, the Trust is not subject to income tax provided the taxable income of the Trust is fully attributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Trust).

(h) Distributions

In accordance with the Trust's Constitution, the Trust may attribute its distributable (taxable) income, and any other amounts determined by the Responsible Entity, to unitholders. The distributions are recognised in the statement of changes in equity as a reduction of equity.

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Trust is not subject to capital gains tax.

Realised net capital losses are not distributed to unitholders but are retained in the Trust to be offset against any realised capital gains in future years. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

(i) Receivables

Receivables are measured initially at fair value plus transaction costs and subsequently at amortised cost using the effective interest rate method, less impairment losses if any. Such assets are assessed for expected credit losses as set out in Note 2(b)(iii).

Receivables include interest which is accrued at the reporting date from the time of last payment and are generally received within 30 days of being recorded as receivables. Receivables are measured at their nominal amounts.

Receivables also include such items as Reduced Input Tax Credits (RITC).

(j) Payables

Payables include liabilities and accrued expenses owing by the Trust which are unpaid as at the end of the reporting year.

The distribution amount payable to unitholders as at the reporting date is recognised separately in the statement of financial position as unitholders are presently entitled to the distributable income as at 30 June 2021 under the Trust's Constitution.

(k) Applications and redemptions

Applications received for units in the Trust are recorded net of any transaction costs payable prior to the issuance of units in the Trust.

In accordance with the Constitution, the Responsible Entity may determine to reject a Redemption Request in its absolute discretion. The Responsible Entity is not obliged under any circumstances to pay any part of the Redemption Price out of its own funds.

The redemption transaction costs are an estimate by the Responsible Entity of the total transaction cost the Trust would incur selling the Trust Property/Units. If appropriate the Responsible Entity may apply estimate redemption transaction costs in regard to the actual cost incurred from the redemption. If the Responsible Entity makes no estimate, the Redemption Transaction costs are zero.

(l) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Trust by third parties such as audit fees, custodial services and investment management fees have been passed onto the Trust. The Trust qualifies for RITC hence investment management fees, custodial fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (ATO). The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis. Accounts payable are inclusive of GST.

(m) Use of estimates and judgement

The Trust makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to the accounting estimates are recognised prospectively.

The Trust's investments which are fair valued using valuation techniques are validated and reviewed by the Responsible Entity in conjunction with the Manager.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments. For the Trust's investment which is measured at fair value, the primary valuation input is the net asset value of the fund, provided by the Manager of that fund.

For certain other financial instruments, including receivables and payables, the carrying amounts approximate fair value due to the short-term nature of these financial instruments.

(n) New and amended standards adopted by the Trust

Amendments and interpretations effective after 1 July 2021 have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Fund.

(o) Comparatives

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(p) Rounding of amounts

The Trust is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with the ASIC Corporations Instrument, unless otherwise indicated

3 FINANCIAL RISK MANAGEMENT

(a) Overview

The Trust's activities expose it to a variety of financial risks. The management of these risks is undertaken by the Trust's Manager who has been appointed by the Responsible Entity under an Investment Management Agreement to manage the Trust's assets in accordance with the investment objective and strategy.

The Responsible Entity has in place a framework which includes:

- The Manager providing the Responsible Entity with regular reports on their compliance with the Investment Management Agreement;
- Completion of regular reviews on the Manager which may include a review of the Manager's risk management framework to manage the financial risks of the Trust; and
- Regular reporting on the liquidity of the Trust in accordance with the Trust's Liquidity Risk Management Statement.

The Trust's Manager has in place a framework to identify and manage the financial risks in accordance with the investment objective and strategy. This includes an investment due diligence process and on-going monitoring of the investments in the Trust. Specific controls the Manager applies to manage the financial risks are detailed under each risk specified below.

(b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts when they fall due.

The Trust's exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of A- (as determined by public ratings agencies such as Standard & Poor's, Moody's or Fitch) or higher. The Trust is also exposed to credit risk on loans secured by first or second real property mortgages and debt securities through its investments in Qualitas Wholesale Real Estate Income Fund.

As part of its extensive investment processes, the Manager identifies and manages credit risk of loans by undertaking a detailed due diligence process prior to entering into transactions with counterparties and frequent monitoring of the credit exposures.

The Manager applies a highly selective investment filtering and extensive due diligence process for each loan which encompasses the:

- credit worthiness, financial standing and track record of the borrower and other transaction parties;
- quality and performance of the underlying real property security;
- macroeconomic and microeconomic market conditions;
- legal due diligence of the transaction structure;
- engagement of property experts on valuation, technical, planning and environmental risks; and
- sensitivity analysis on loan performance for a range of adverse events.

Ongoing loan monitoring includes regular inspections of the real property security, conducting borrower meetings, financial accounts, property reporting, covenant compliance and staying abreast of market conditions. During the financial year the Manager undertook a formal review process of each loan on a monthly basis, determining which loans are performing, subject to heightened monitoring, underperformance, or impairment. The Manager identifies and monitors key risks and may recommend appropriate actions which include re-pricing or restructuring of the loan to manage risk and preserve investor returns.

The portfolio construction and investment management processes adopted by the Manager are implemented with the expectation of seeking to reduce the Trust's exposure to both credit and market risks. The Manager adheres to the portfolio investment parameters set out in the Product Disclosure Statement of the Trust and additional internal guidelines to ensure sufficient diversification of the loan portfolio by borrower / counterparties, loan type, security ranking, loan maturity, loan to value ratio, and property sector and geography of security.

The Trust provided a working capital loan to the Manager. The Responsible Entity has a right of recourse against the Manager for the amounts owned under the loan and is guaranteed by Qualitas Property Partners Pty Ltd.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market variables such as interest rates, foreign exchange rates and equity prices.

(i) Price risk

Price risk is the risk that the fair value of investments will change as a result of changes in market prices, whether those changes are caused by factors specific to the individual security or factors affecting all instruments in the market.

The Trust invests (through the Qualitas Wholesale Real Estate Income Fund which it may invest directly or indirectly) in loans secured by real property mortgages. During the financial year the Manager undertook a formal review process of each loan on a monthly basis, determining which loans are performing, subject to heightened monitoring, underperformance, or impairment. Through this review process, the Manager may recommend appropriate actions which include re-pricing or restructuring of the loan to manage risk, preserve investor returns and the fair value of loans. Any adjustment to the fair value of the investment is reflected through profit or loss.

(ii) Currency risk

Currency risk arises as the income and value of monetary securities denominated in other currencies will fluctuate due to changes in exchange rates. As at 30 June 2021, the Trust did not hold as assets or liabilities denominated in currencies other than the Australian Dollar and therefore was not exposed to any foreign exchange risk.

(iii) Interest rate risk

Interest rate risk is the risk that a financial asset's value will fluctuate as a result of changes in market interest rates. The Trust invests (through the Qualitas Wholesale Real Estate Income Fund which it may invest directly or indirectly) in both floating rate loans and fixed rate loans. Floating rate loans means that income will be impacted by the underlying base rate rises and falls and therefore the relative attractiveness to other instruments may change. There is a strong correlation between the RBA Cash Rate and the base rates upon which floating rate loans are priced. Absolute returns on floating rate loans therefore rise and fall largely in correlation with the RBA Cash Rate.

The table on the next page summarises the Trust's exposure to interest rates risks as at 30 June 2021 and 30 June 2020, including the Trust's assets and liabilities at fair values.

(iii) Interest rate risk (continued)

At 30 June 2021	Weighted effective interest rate*	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
Financial assets					
Cash and cash equivalents	**0.16%**	**4,108**	**-**	**-**	**4,108**
Receivables		**-**	**-**	**2,613**	**2,613**
Financial assets – loans	**5%**	**-**	**11,421**	**-**	**11,421**
Financial assets – FVPL		**-**	**-**	**399,914**	**399,914**
Total financial assets		**4,108**	**11,421**	**402,527**	**418,056**
Financial liabilities					
Distributions payable		**-**	**-**	**2,173**	**2,173**
Payables		**-**	**-**	**864**	**864**
Total financial liabilities		**-**	**-**	**3,037**	**3,037**
Net exposure		**4,108**	**11,421**	**399,490**	**415,019**

At 30 June 2020	Weighted effective interest rate*	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
Financial assets					
Cash and cash equivalents	0.25%	5,226	-	-	5,226
Receivables		-	-	2,343	2,343
Prepayments		3	-	-	3
Financial assets – loans	5%	-	11,229	-	11,229
Financial assets – FVPL		-	-	344,695	344,695
Total financial assets		5,229	11,229	347,038	363,496
Financial liabilities					
Distributions payable		-	-	1,777	1,777
Payables		-	-	800	800
Total financial liabilities		-	-	2,577	2,577
Net exposure		5,229	11,229	344,461	360,919

*Weighted effective interest rate only applies to loan assets.

(iii) Interest rate risk (continued)

Summarised sensitivity analysis

The table below summarises the impact of an increase/decrease of interest rates on the Trust's operating profit and net assets attributable to unitholders through changes in fair value or changes in future cash flows. The analysis is based on the assumption that interest rates changed by +/- 75 basis points from the year end rates with all other variables held constant. The sensitivity rate is based on management's best estimate of a reasonably possible movement in the interest rates, having regard to historical levels of change in interest rates. The impact mainly arises from changes in the floating interest rate on cash and cash equivalents.

Interest rate risk	-75bps ('000)	+75bps ('000)
30 June 2021	**(31)**	**31**
30 June 2020	(39)	39

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Manager monitors the Trust's cash flow requirements and undertakes cash flow forecasts including capital commitments on a daily basis. Sufficient cash balances are maintained at all times.

Cash flow reconciliations are undertaken daily to ensure all income and expenses are managed in accordance with contracted obligations.

Maturity analysis for financial liabilities

The following table shows the contractual maturities of financial liabilities as at 30 June 2021 and 30 June 2020:

30 June 2021	**Carrying amount $'000**	**Contractual cash flow $'000**	**3 months or less $'000**	**3 to 6 months $'000**	**6 to 12 months $'000**	**1 to 5 years $'000**
Non-derivative financial liabilities						
Distributions payable	**2,173**	**2,173**	**2,173**	**-**	**-**	**-**
Payables	**864**	**864**	**864**	**-**	**-**	**-**
	3,037	**3,037**	**3,037**	**-**	**-**	**-**

30 June 2020	Carrying amount $'000	Contractual cash flow $'000	3 months or less $'000	3 to 6 months $'000	6 to 12 months $'000	1 to 5 years $'000
Non-derivative financial liabilities						
Distributions payable	1,777	1,777	1,777	-	-	-
Payables	800	800	800	-	-	-
	2,577	2,577	2,577	-	-	-

4 FAIR VALUE MEASUREMENTS

The Trust discloses fair value measurements by level using the following fair value hierarchy:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Fair value in an active market (Level 1)

The fair value of financial assets and liabilities traded in active markets is based on last traded prices at the end of the reporting period without any deduction for estimated future selling costs. For the majority of financial assets and liabilities, information provided by the quoted market independent pricing services is relied upon for valuation.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. An active market is a market in which transactions for the financial asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(ii) Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on the Manager's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. For other pricing models, inputs are based on market data at the end of the reporting period.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Trust holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

Recognised fair value measurements

The table below sets out the Trust's financial assets and liabilities according to the fair value hierarchy at 30 June 2021 and 30 June 2020.

At 30 June 2021	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financials assets – designated at fair value through profit or loss				
Qualitas Wholesale Real Estate Income Fund	**-**	**399,914**	**-**	**399,914**
Financial assets not measured at fair value				
Loan asset	**-**	**-**	**11,421**	**11,421**
Total financial assets	**-**	**399,914**	**11,421**	**411,335**

At 30 June 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financials assets – designated at fair value through profit or loss				
Qualitas Wholesale Real Estate Income Fund	-	344,695	-	344,695
Financial assets not measured at fair value				
Loan asset	-	-	11,229	11,229
Total financial assets	-	344,695	11,229	355,924

The carrying value of other financial assets and financial liabilities approximates fair value.

Transfers between levels

The Trust's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers between the levels in the fair value hierarchy during the reporting period.

5 FINANCIAL ASSETS

	As at 30 June 2021 $'000	As at 30 June 2020 $'000
Qualitas Wholesale Real Estate Income Fund	**399,914**	344,695
Loan asset	**11,421**	11,229
	411,355	355,924

Loan asset

The Trust has agreed to provide a loan to the Manager, to assist with the working capital requirements of the Manager. For the avoidance of doubt, this includes, without limitation, for the purposes of paying costs and expenses incurred in relation to the capital raising of the Trust and may be paid or lent to related entities of the Manager. The Manager and the Trust amended the terms of the loan on the 25 June 2020. The Manager will repay the loan (including any payment of interest on the loan which will be interest income of the Trust) over a period of 10 years from the first draw of each new tranche. Given this the current termination date of the loan is 10 years from the first draw date of the newest tranche being 26 April 2021. During the year ended 30 June 2021, the Manager was advanced $1.156m to assist with capital raising and repaid $0.963m. The loan may be terminated and repaid earlier upon an event of default of the borrower as defined in the loan agreement. The loan is interest bearing at a rate of 5% p.a.

6 STRUCTURED ENTITIES

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangement.

The Trust considers its investment into the Qualitas Wholesale Real Estate Income Fund to be an investment into a structured entity. The Trust invests in the Qualitas Wholesale Real Estate Income Fund for the purpose of capital appreciation and or earning investment income.

The exposure to investments in the Qualitas Wholesale Real Estate Income Fund at fair value, and any related amounts recognised in the statement of comprehensive income is disclosed at Note 10(g) to the financial statements.

The exposure to investments in the Qualitas Wholesale Real Estate Income Fund at fair value that the Trust does not consolidate but in which it holds an interest is disclosed in the following table:

Fair value of investment	As at 30 June 2021 $'000	As at 30 June 2020 $'000
Qualitas Wholesale Real Estate Income Fund	**399,914**	344,695

The fair value of the Qualitas Wholesale Real Estate Income Fund is included in financial assets held at fair value through profit or loss in the statement of financial position.

The Trust's maximum exposure to loss from its interest in the Qualitas Wholesale Real Estate Income Fund is equal to the fair value of its investments in the Qualitas Wholesale Real Estate Income Fund as there are no off-balance sheet exposures. Once the Trust has disposed of its units in the Qualitas Wholesale Real Estate Income Fund it ceases to be exposed to any risk from it.

During the year ended 30 June 2021, total losses incurred is related to the fair value movement on investment in the Qualitas Wholesale Real Estate Income Fund amounting to $86,803. The Trust also earned distribution income of $28,418,932 as a result of its interests in the Qualitas Wholesale Real Estate Income Fund.

During the year ended 30 June 2021, the Trust did not provide financial support to structured entities.

7 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS – EQUITY

As stipulated within the Trust's Constitution, each unit represents a right to an individual share in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Trust.

Movements in number of units and net assets attributable to unitholders during the year were as follows:

	For the year ended 30 June 2021		For the year ended 30 June 2020	
	Units ('000)	**$'000**	Units ('000)	$'000
Net assets attributable to unitholders				
Opening balance	**225,494**	**360,919**	166,182	265,913
Capital raising	**33,750**	**54,000**	59,009	94,415
Share buy-back	**-**	**-**	(4)	(5)
Reinvestments	**126**	**203**	307	490
Distributions to unitholders	**-**	**(23,033)**	-	(20,639)
Profit/(Loss)	**-**	**22,930**	-	20,745
Closing balance	**259,370**	**415,019**	225,494	360,919

8 DISTRIBUTIONS TO UNITHOLDERS

The distributions were paid/payable as follows:

	For the year ended 30 June 2021		For the year ended 30 June 2020	
	$'000	**Cents per unit**	$'000	Cents per unit
Distributions				
31 July	**1,785**	**0.79**	1,354	0.81
31 August	**1,910**	**0.84**	1,225	0.74
30 September	**1,794**	**0.79**	1,581	0.95
31 October	**1,869**	**0.83**	1,781	0.79
30 November	**1,821**	**0.81**	1,779	0.79
31 December	**1,888**	**0.84**	2,051	0.91
31 January	**1,960**	**0.87**	1,856	0.82
28 February	**1,817**	**0.81**	1,801	0.80
31 March	**1,841**	**0.82**	1,700	0.75
30 April	**2,055**	**0.79**	1,895	0.84
31 May	**2,120**	**0.82**	1,838	0.82
30 June	**2,173**	**0.84**	1,778	0.79
Total distributions	**23,033**	**9.85**	20,639	9.81

9 EARNINGS PER UNIT

Earnings per unit amounts are calculated by dividing net profit/(loss) attributable to unitholders before distributions by the weighted average number of units outstanding during the year.

	For the year ended 30 June 2021	For the year ended 30 June 2020
Operating profit/(loss) attributable to unitholders ($'000)	**22,930**	20,745
Weighted average number of units on issue ('000)	**232,721**	209,290
Basic and diluted earnings per unit (cents)	**9.8529**	9.9120

10 RELATED PARTY TRANSACTIONS

(a) Responsible Entity

The Responsible Entity of the Qualitas Real Estate Income Fund is The Trust Company (RE Services) Limited. The Responsible Entity is a wholly owned subsidiary in the Perpetual Limited Group (ASX: PPT).

(b) Key management personnel of the Responsible Entity

Directors

Key management personnel includes persons who were Directors of the Responsible Entity at any time during the financial year as follows:

Glenn Foster	Resigned as Director on 23 October 2020 Appointed as Non-Executive Director on 1 February 2021
Richard McCarthy	
Simone Mosse	
Vicki Riggio	
Phillip Blackmore	Alternate Director for Vicki Riggio

(c) Other key management personnel

There were no other persons responsible for planning, directing and controlling the activities of the Trust, directly or indirectly during the financial year.

(d) Key management personnel unitholdings

During or since the end of the year, none of the Directors or Director related entities held units in the Trust, either directly, indirectly or beneficially. Neither the Responsible Entity nor its affiliates held units in the Trust at the end of the year or during the year.

(e) Investments

The Qualitas Real Estate Income Fund held investments in the following Trust which is managed by the Manager:

At 30 June 2021	**Fair value of investment $**	**Interest held (%)**	**Distributions received/ receivable $**	**Units acquired during the year**	**Units disposed during the year**
Qualitas Wholesale Real Estate Income Fund	**399,913,756**	**100**	**28,418,932**	**34,550,839**	**-**

At 30 June 2020	Fair value of investment $	Interest held (%)	Distributions received/ receivable $	Units acquired during the year	Units disposed during the year
Qualitas Wholesale Real Estate Income Fund	344,695,031	100	24,883,637	56,487,727	-

The Trust did not hold any investments in The Trust Company (RE Services) Limited or any of its affiliates during the year.

10 RELATED PARTY TRANSACTIONS (CONTINUED)

(f) Related party unitholdings

Qualitas Property Partners Pty Ltd who is a related party of the Manager holds 6,250,000 units in the Trust.

(g) Key management personnel compensation

Key management personnel do not receive any remuneration directly from the Trust in their capacity as Directors or employees of the Responsible Entity or its related parties. Consequently, the Trust does not pay any compensation to its key management personnel. Payments made from the Trust to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

(h) Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year.

(i) Other transactions within the Trust

Apart from those details disclosed in this note, no key management personnel have entered into any transactions with the Trust during the financial year and there were no material balances involving key management personnel's interests outstanding at year end.

(j) Responsible Entity and other transactions

(i) Responsible Entity fee

This fee is charged by the Responsible Entity for managing the Trust and making it available to investors. The fee is accrued for daily and paid quarterly in arrears from the Trust's assets.

(ii) Custodian fee

This fee is charged by a related party of the Responsible Entity for performing custodial services of the Trust. The fee is calculated at the rate of 0.01% p.a. (inclusive of RITC) of the Trust's NAV.

(iii) Management fee

The Responsible Entity has appointed the Manager to invest and manage all of the assets of the Trust from time to time and to provide other services on the terms contained in the Investment Management Agreement. The Manager charges a Management fee (inclusive of RITC) of the Trust's NAV.

(iv) Indirect costs

Indirect costs are any amounts that the Responsible Entity knows or where required, reasonably estimates, will reduce the Trust's returns that are paid from the Trust's assets (other than the Responsible Entity fee, recoverable expenses and transactional and operational costs).

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the year and amounts payable at year end between the Trust and the Responsible Entity or a related party of the Responsible Entity were as follows:

	For the year ended 30 June 2021	For the year ended 30 June 2020
Responsible entity fees for the year	**174,010**	174,490
Total fees payable to the Responsible Entity at year end	**107,218**	130,569
Custodian fees for the year	**35,301**	36,311
Total fees payable to the related party of the Responsible Entity at year end	**3,025**	18,539

11 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	Year ended 30 June 2021 $'000	Year ended 30 June 2020 $'000
Profit/(loss) for the year	**22,930**	20,745
Net (gains)/losses on financial instruments at fair value through profit and loss	**87**	(90)
Interest income – loan assets	**(549)**	(536)
Net change in financial assets – measured at fair value through profit and loss	**(55,306)**	(90,436)
Net change in receivables and prepayments	**(267)**	(781)
Net change in payables	**66**	246
Net cash inflow/(outflow) from operating activities	**(33,039)**	(70,852)

(a) Components of cash and cash equivalents

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:

Cash and cash equivalents	**4,108**	5,226

12 REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by the auditors of the Trust:

KPMG Australia	**For the year ended 30 June 2021**	For the year ended 30 June 2020
Audit and other assurance services		
Review and audit of financial statements	**40,000**	40,000
Total remuneration for audit and other assurance services	**40,000**	40,000
Taxation services		
Tax services	**18,000**	16,000
Total remuneration for taxation services	**18,000**	16,000
Total remuneration of KPMG Australia	**58,000**	56,000

PricewaterhouseCoopers	**For the year ended 30 June 2021**	For the year ended 30 June 2020
Audit and other assurance services		
Compliance plan audit	**2,475**	2,475
Total remuneration of PricewaterhouseCoopers	**2,475**	2,475

13 SEGMENT INFORMATION

The Trust is organised into one main operating segment with only one key function, being the investment of funds predominantly in Australia.

14 CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

There are no other outstanding contingent assets and liabilities or commitments as at 30 June 2021 and 30 June 2020.

15 SIGNIFICANT EVENTS DURING THE YEAR

During the year, the Trust successfully completed a placement of $54 million in value of new fully paid ordinary units to select existing and new wholesale investors. The additional capital has allowed the Manager to further grow and diversify the Trust's portfolio.

The Directors continue to assess the potential financial and other impacts of the coronavirus (COVID-19) outbreak to the Trust. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the year. At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Trust are uncertain. The Directors and Investment Manager will continue to monitor this situation.

On 1 February 2021, Glenn Foster was appointed as a Non-Executive Director.

There were no other significant events during the year.

16 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to year end, on 31 July 2021, the Directors declared a distribution of 0.6994 cents per ordinary unit which amounted to $1,869,977 and was paid on 17 August 2021. On 25 August 2021, a further distribution was declared by the Directors of 0.7894 cents per unit which amounted to $2,110,950.

Furthermore, new units under the Unit Purchase Plan were issued on 6 July 2021 and commenced trading on 7 July 2021. The Unit Purchase Plan was priced at $1.60 per unit and raised $12.7m from eligible unitholders.

Since 30 June 2021, the COVID-19 pandemic has continued to cause volatility and uncertainty in global and domestic markets. The Investment Manager and the Responsible Entity continue to monitor the situation on a regular basis. At the date of this report, there is no indication of significant changes to the carrying value of assets and liabilities of the Trust.

No other significant events have occurred since the reporting period which would impact on the financial position of the Trust disclosed in the statement of financial position as at 30 June 2021 or on the results and cash flows of the Trust for the year ended on that date.

Directors' declaration

In the opinion of the Directors of The Trust Company (RE Services) Limited, the Responsible Entity of Qualitas Real Estate Income Fund:

(a) The financial statements and notes set out on pages 16 to 33 are in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Trust's financial position at 30 June 2021 and of its performance for the year ended 30 June 2021;

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) There are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

(c) Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.

Director

The Trust Company (RE Services) Limited

Sydney
31 August 2021

Independent Auditor's Report

To the unitholders of Qualitas Real Estate Income Fund

Opinion

We have audited the ***Financial Report*** of Qualitas Real Estate Income Fund ("the Trust").

In our opinion, the accompanying Financial Report of the Trust is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Trust's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2021;
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Trust in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

KPMG

Valuation of financial asset held at fair value through profit or loss – Qualitas Wholesale Real Estate Income Fund ($399,914,000)	
Refer to Note 5 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**

One of the financial assets held at fair value through profit or loss is units held in Qualitas Wholesale Real Estate Income Fund (100% owned by the Trust) ("unit holdings").
 	
Qualitas Wholesale Real Estate Income Fund and its investees primarily invests in loans.
 	
Valuation of unit holdings is a key matter due to the:
 	
• financial asset held through profit and loss representing 95.66% of the Trust's total assets;
• degree of audit effort and resources involved in assessing the underlying transaction records;
• importance of the performance of this financial asset in driving the Trust's investment income and capital performance, as reported in the Financial Report;
• Trust outsourcing certain processes and controls relevant to recording and valuing investments to external service organisations, specifically the Investment Manager.
	Our procedures included:
	
	• assessing the appropriateness of the accounting policies applied by the Trust, including those relevant to the fair value hierarchy of investments, against the requirements of the accounting standards.
	• reading the Trust's Investment Manager's GS007 (*Guidance Statement 007 Audit Implication of the Use of Service Organisation for Investment Management Services*) assurance report to understand the Investment Manager's processes and assess controls to record and value the Trust's unit holdings;
	• confirming the ownership and quantity of the unit holdings to the Qualitas Wholesale Real Estate Income Fund's unit registry;
	• comparing the valuation of unit holdings, as recorded in the general ledger, to the net assets of the Qualitas Wholesale Real Estate Income Fund as at 30 June 2021;
	• evaluating the Trust's assessment of the valuation of underlying assets held by Qualitas Wholesale Real Estate Income Fund and its investees, which primarily comprise loans. We did this by:
	    • testing controls in relation to the Investment Manager's monitoring of loans, such as, the Investment Manager's Portfolio Asset Management Committee review and approval of loan performance; and
	    • assessing the recoverability of a sample of loans by checking underlying loan agreements for the level of assets securitised against these loans.
	• assessed quantitative and qualitative disclosures including those relevant to the fair value hierarchy of financial assets, against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Qualitas Real Estate Income Fund's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of The Trust Company (RE Services) Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of The Trust Company (RE Services) Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG

Rachel Milum

Rachel Milum
Partner

Sydney
31 August 2021

ASX additional information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is as follows. The information is current as at 04 August 2021 unless otherwise indicated.

A. Distribution of Units

Analysis of numbers of unitholders by size of holding:

Size of holding	No of Holders	Total Units	Percentage
Ranges			
1 – 1,000	175	96,195	0.04%
1,001 – 5,000	1,030	3,032,987	1.17%
5,001 – 10,000	864	6,358,957	2.45%
10,001 – 100,000	2,490	84,448,056	32.56%
100,001 and over	325	165,434,010	63.78%
Total	**4,884**	**259,370,205**	**100.00%**

B. Largest unitholder

The names of the twenty largest holders of quoted units are listed below:

Size of holding	Holding	Percentage
1 HSBC CUSTODY NOMINEES	41,848,334	16.13%
2 NETWEALTH INVESTMENTS LIMITED	16,985,541	6.55%
3 QUALITAS PROPERTY PARTNERS PTY	6,250,000	2.41%
4 J P MORGAN NOMINEES AUSTRALIA	4,728,568	1.82%
5 ALTER FAMILY FOUNDATION PTY	4,456,628	1.72%
6 BNP PARIBAS NOMINEES PTY LTD	4,411,171	1.70%
7 NETWEALTH INVESTMENTS LIMITED	3,317,801	1.28%
8 HIGHPOINT SHOPPING CENTRES PTY	3,125,000	1.20%
9 VULCANCREST TRADING PTY LTD	2,656,321	1.02%
10 JAMBRA PTY LTD	1,875,000	0.72%
11 NATIONAL NOMINEES LIMITED	1,812,657	0.70%
12 MRS SHOSHANA ISRAEL	1,250,000	0.48%
13 PLATO X PTY LTD & SOCRATES PTY	1,250,000	0.48%
14 MERLVIC-SCHRANK PTY LIMITED	1,000,000	0.39%
15 ORPHEO PTY LTD	1,000,000	0.39%
16 DUFUS PTY LTD	930,779	0.36%
17 PORTMAN SQUARE PTY LIMITED	850,000	0.33%
18 GEOASHEM INVESTMENTS PTY LTD	760,076	0.29%
19 BRIXTON CAPITAL PTY LTD	746,546	0.29%
20 QUONTOM PTY LTD	694,045	0.27%

ASX additional information (continued)

C. Substantial unitholders

The number of units held by the Trust's substantial unitholders and the date on which the last notice as lodged with the Trust, were as follows:

	Date of notice	Units
Macquarie Group Limited and its controlled body corporates	18 March 2021	15,942,910

D. Marketable parcels

The number of unitholders holding less than a marketable parcel of $500 worth of units is 71 and they hold a total of 16,771 units.

E. Voting rights

Voting rights which may attach to or be imposed on any unit or class of units is as follows:

(a) on a show of hands each unitholder has one vote; and

(b) on a poll, each unitholder has one vote for each dollar of the value of the total interests they have in the Trust.

F. Investment transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 2.
Each investment transaction may involve multiple contract notes. The total brokerage paid on these contract notes was $Nil.

G. Stock exchange listing

The Trust's units are listed on the Australian Securities Exchange and are traded under the code "QRI".

H. Unquoted units

There are no unquoted units on issue.

I. Voluntary escrow

6,250,000 units are subject to a voluntary escrow. This escrow period ends on 27 November 2023.

J. On-market buy-back

There are no on-market buy-back.

K. Registered Office of the Responsible Entity

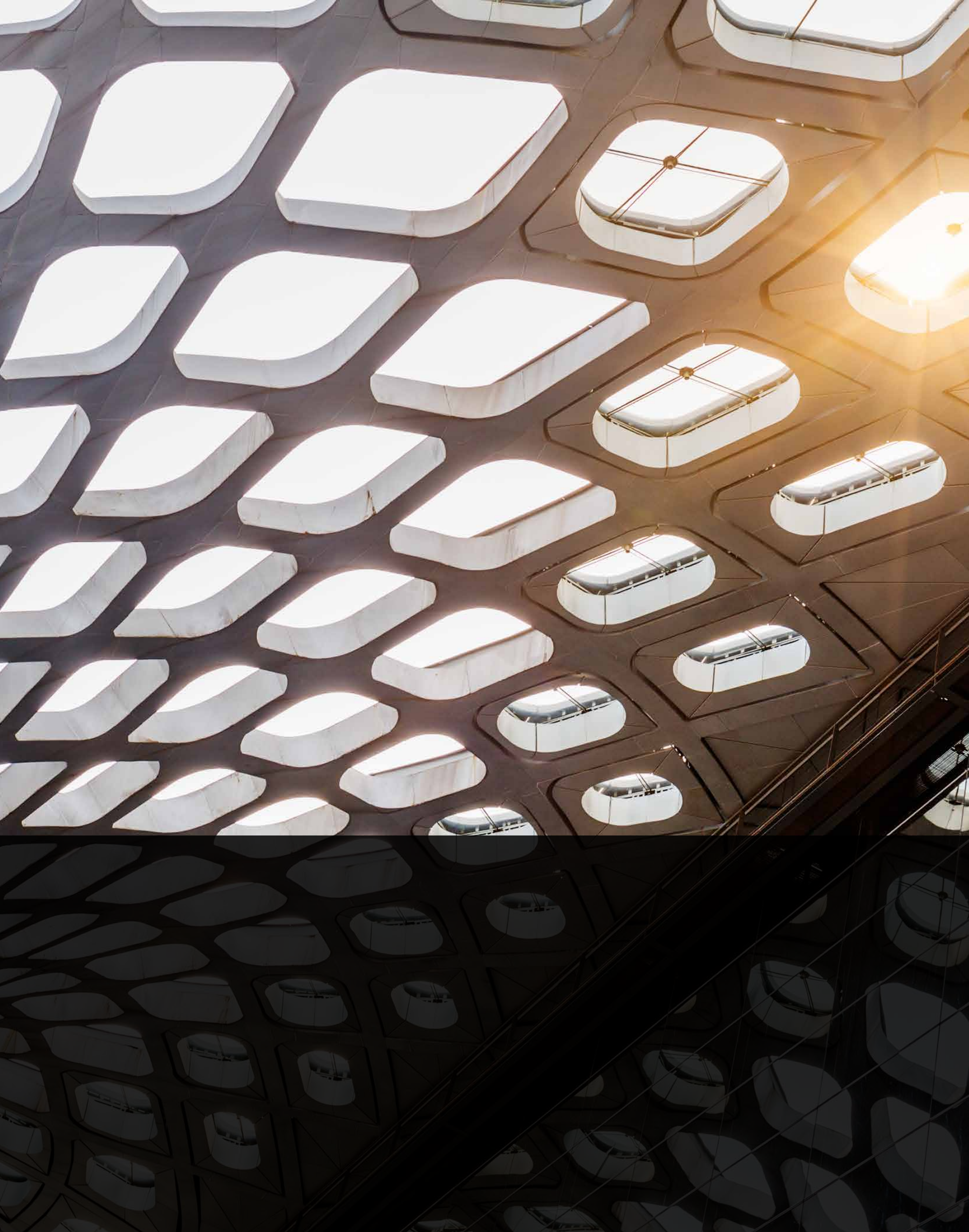
The Trust Company (RE Services) Limited
Level 18, 123 Pitt Street
Sydney NSW 2000
Telephone: 02 9229 9000

L. Unit registry

Automic Pty Ltd
Level 5
126 Phillip Street
Sydney NSW 2000

M. Responsible entity company secretaries

Mary Kapota
Gananatha Minithantri
Sylvie Dimarco



QUALITAS