

Qualitas Real Estate Income Fund (ASX:QRI)

Performance Update – March 2023



HIGHLIGHTS

Net return ¹ (% p.a.) on NAV	
12 month (%) p.a.	6.96%
1 month (%) p.a.	8.20%
Distribution on NAV	
12 month (%) p.a.	6.93%
Current month % p.a.	8.40%
Current month	\$0.011416 / unit
Distribution on month end unit price	
Current month (%) p.a.	9.11%

KEY METRICS AS AT 31 MARCH 2023

Market cap / Trust NAV	\$554m / \$601m
Invested capital ²	\$587m (97.6%)
Unit price	\$1.475
Unit NAV	\$1.6006
Total loans ³	40
Weighted loan maturity ³	0.9 years
Weighted LVR ⁴	66%
Required discount on underlying real estate securities values, for unit NAV to fall below \$1.60	Underlying real estate securities values need to fall by 34% on a weighted average basis across the portfolio from last valuation date
% of portfolio underlying real estate securities valued within the last 12 months	33%
Loans in arrears ⁵	-
Fixed / Floating interest exposure	18% / 82%

KEY INFORMATION⁸

Target return	RBA Cash Rate ^{6,7} + 5.0% to 6.5% p.a. (net)
S&P Global Industry Classification Standard Code and Classification	40204010 Mortgage Real Estate Investment Trust
Distributions	Monthly
Unit pricing	Weekly
Distribution Reinvestment Plan (DRP)	Yes - active

INVESTMENT FEATURES

- Experienced institutional local based Manager
- Regular monthly cash distributions⁸
- Return is at a premium⁹ to cash rate
- The potential of capital preservation from loans secured by real property mortgages
- Exposure to the property market
- Simple credit strategy of investing in only Commercial Real Estate (CRE) loans

*Please refer to PDS section 8 on risks related to QRI

INVESTMENT OBJECTIVE

To achieve the target return, and provide monthly cash income, capital preservation and portfolio diversification¹¹.

QRI INVESTOR FORUM

On 27 April 2023, the Manager will be hosting the QRI Investor Forum from 12:00pm to 2:30pm AEST at the Sofitel Melbourne and virtually. The event will feature Qualitas and industry experts discussing the rise and future of commercial real estate (CRE) private credit, how the current volatility could accelerate the tailwinds which are fueling growth opportunities.

You can register via the link below or contact the QRI Investor Relations team at qri@qualitas.com.au with any questions.
<https://web-eur.cvent.com/event/5e0e1f0e-e632-4b13-8434-8839afa747b7/summary>

MONTHLY PORTFOLIO UPDATE

During the month of March, the Trust delivered a monthly distribution of 8.40% on the NAV of \$1.60. The distribution for March is higher than the prior month due to BBSY increases and widening credit risk margins.

As at 31 March, the Trust's capital is fully invested¹⁰ with \$43.6m drawn in the warehouse facility delivering an incremental 1.00% p.a. return on the drawn balance for QRI unitholders.

The Manager continues to see investments with increasingly attractive risk-adjusted returns from well-established and experienced borrowers (i.e. developers) and liquidity constraint across the market is also causing risk premiums to increase.

The Trust's variable rate loan split increased marginally to 82% in March. The Manager anticipates variable rate loan exposure to increase to 89% by 30 April 2023 as there is one expected repayment for an existing fixed rate loan in addition to the expected conversion of several fixed rate loans to variable rates as they rollover.

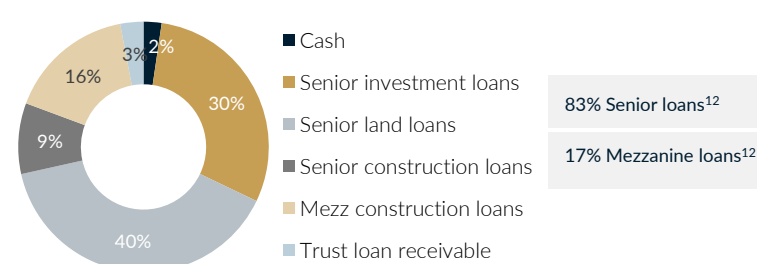
During the month of March, there were repayments of \$20.8m which consists of ten partial repayments and one full repayment across investment, construction and residual stock loans. The progressive repayment of the residential residual stock loans is performing to expectations.

The Manager confirms that as at 31 March 2023, the portfolio has no interest arrears or impairments.

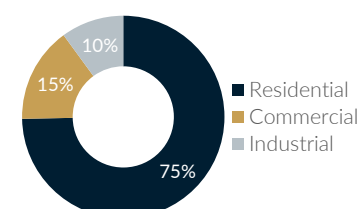
CHANGE OF UNIT REGISTRY SERVICE PROVIDER

Automic Pty Limited will cease to be the registry provider at close of business on Friday 19 May 2023 and Link Market Services Limited (Link) will be the registry service provider commencing Monday 22 May 2023. Contact details for Link will be released to the ASX on 19 May 2023. No action will be required from Unitholders as part of the transition, with further information regarding access to the new Link investor portal to be communicated at the start of May. The April distribution and DRP elections (paid in May) will be conducted by Automic.

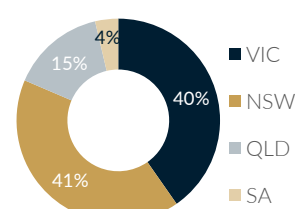
PORTFOLIO COMPOSITION¹¹



PROPERTY SECTOR¹¹



GEOGRAPHY¹¹



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YEAR	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD
Distributions (¢/unit)													
FY19	-	-	-	-	-	0.1534	0.2416	0.2464	0.3784	0.6719	0.6463	0.8397	3.1777
FY20	0.8150	0.7370	0.9511	0.7906	0.7896	0.9099	0.8233	0.7989	0.7539	0.8405	0.8152	0.7882	9.8132
FY21	0.7914	0.8469	0.7956	0.8289	0.8076	0.8373	0.8692	0.8060	0.8163	0.7927	0.8176	0.8376	9.8471
FY22	0.6994	0.7894	0.7507	0.7814	0.6706	0.6315	0.6318	0.6012	0.6932	0.7556	0.8159	0.7689	8.5896
FY23	0.8151	0.8701	0.9004	0.9510	0.9666	1.0396	1.0597	1.0060	1.1416				8.7501
Net return (%)													
FY19	-	-	-	-	0.02%	0.08%	0.12%	0.15%	0.25%	0.41%	0.44%	0.49%	1.96%
FY20	0.53%	0.45%	0.66%	0.49%	0.49%	0.61%	0.51%	0.49%	0.45%	0.55%	0.49%	0.51%	6.23%
FY21	0.50%	0.59%	0.48%	0.51%	0.51%	0.60%	0.44%	0.46%	0.55%	0.51%	0.55%	0.46%	6.16%
FY22	0.44%	0.63%	0.44%	0.46%	0.40%	0.38%	0.36%	0.42%	0.45%	0.45%	0.50%	0.49%	5.42%
FY23	0.53%	0.54%	0.60%	0.60%	0.57%	0.72%	0.67%	0.60%	0.70%				5.52%

NET RETURN BY PERIOD

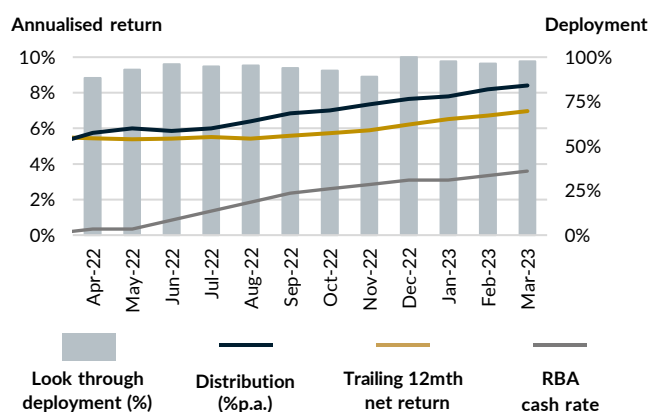
%	1mth	3mth	6mth	1yr	3yr ¹	Incep ^{1,2}
Net return	0.70	1.97	3.85	6.96	6.23	6.01
Target return at 5.0%	5.30	5.83	6.53	7.07	5.79	5.88
Target return at 6.5%	6.80	7.33	8.03	8.57	7.29	7.38
RBA cash rate	0.30	0.83	1.53	2.07	0.79	0.88
Distribution	0.71	2.00	3.85	6.93	6.32	5.98
Spread to RBA	0.41	1.17	2.32	4.86	5.53	5.10

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

ABOUT THE MANAGER

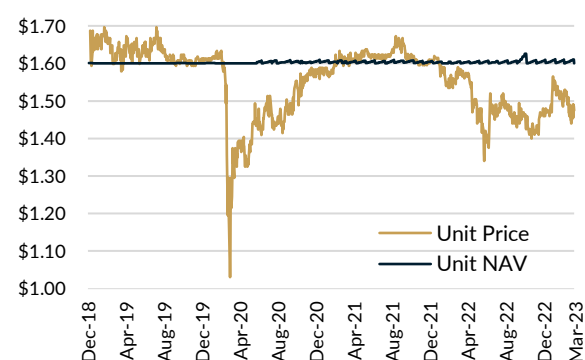
Established in 2008 and listed on the ASX in 2021, Qualitas has a 15-year track record in the real estate sector and currently manages \$5.8 billion⁴ in committed capital. Qualitas has a disciplined approach to generating strong risk-adjusted returns for its investors. Qualitas' investment strategies include senior and mezzanine debt, preferred and ordinary equity investments in real estate development, value-add, repositioning, special situations and other opportunistic transactions.

MONTHLY NET RETURN VS. DEPLOYMENT³



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

UNIT PRICE VS NAV



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INVESTOR QUERIES

General

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W qualitas.com.au/listed-investments/QRI

A L38/120 Collins Street, Melbourne VIC 3000

LinkedIn [linkedin.com/company/qualitas-group/](https://www.linkedin.com/company/qualitas-group/)

Unit registry

P 1300 420 177 | **E** hello@automicgroup.com.au

W automic.com.au

KEY SERVICE PROVIDERS

Manager

QRI Manager Pty Ltd – an authorised representative of Qualitas Securities Pty Ltd

Responsible entity

The Trust Company (RE Services Limited)

PLATFORMS

Macquarie	Asgard	HUB24
BT Panorama	Netwealth	Mason Stevens
BT Wrap	AMP North	Praemium
IOOF	CFS FirstWrap	Edge
MLC Wrap		

Page 1

1. Net returns are calculated based on the daily weighted average NAV across the respective time periods.
2. Invested capital represents the amount of the Trust's total capital that has been committed and invested as at month end in loans (on a look through basis to the Qualitas Funds) and the Trust loan receivable. All investments including direct loans are made by the Sub-Trust. The Sub-Trust is wholly owned by the Trust.
3. Represents total loans in the portfolio on a look through basis, via investments in direct loans and Qualitas wholesale funds.
4. Represents total LVR of loans in the portfolio on a look through basis, via investments in direct loans and Qualitas wholesale funds.
5. Represents % of loan portfolio on look through basis in arrears by 90 days or more. All references in this update to 'arrears' are to be read accordingly.
6. RBA cash rate is subject to a floor of 0%.
7. QRI is a different asset class to cash which is displayed by the RBA cash rate and BBSY. Accordingly, QRI is of a higher risk than an investment in cash.
8. The payment of monthly cash income is a goal of the Trust only and neither the Manager or the responsible entity provide any representation or warranty (whether express or implied) in relation to the payment of any monthly cash income.
9. The premium achieved is commensurate to the investment risk undertaken.
10. Excluding cash buffer allocated for ongoing expenses.
11. The portfolio statistics are determined on a look-through basis having regard to the loans in the underlying Qualitas Funds as indicated. The classifications of these diversification parameters are determined by the Manager. Figures stated are subject to rounding.
12. Excludes Trust loan receivable and cash.

Page 2

1. Calculated based on units entitled to the distribution. The units entitled to the Sep-19 distribution excludes units issued under the Wholesale and Early Retail Entitlement Offers.
2. Net return calculated based on weighted average NAV.
3. QRI is a different asset class to cash which is displayed by the RBA cash rate and BBSY. Accordingly, QRI is of a higher risk than an investment in cash.
4. As at 31 December 2022.

Disclaimer

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

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