

Qualitas Real Estate Income Fund (ASX:QRI)

ASX release: HY19 Financial Results – Initial investment begins

20 February 2019

QRI Manager Pty Ltd (“**QRI Manager**”) is pleased to announce the inaugural half-year results for the Qualitas Real Estate Income Fund (ASX: QRI), for the period ending 31 December 2018 with an operating profit of \$304k achieved.

As at the reporting date, QRI had been listed on the Australian Securities Exchange for just over one month (listing date: 27 November 2018). Having successfully raised \$231 million, QRI Manager has focused on progressively deploying capital in line with the investment strategy and objectives, providing investors with exposure to the commercial real estate debt market.

Highlights of the HY19 results:

- 29% of capital deployed into investments via the Qualitas Wholesale Real Estate Income Fund comprising of units in the Qualitas Senior Debt Fund and a direct first mortgage (senior) loan¹. These investments were made between listing and mid-December 2018, providing QRI with immediate exposure to a diversified loan portfolio of 16 loans at the reporting date.
- Distribution per unit of 0.1534c (annualised distribution yield of 1.13%p.a.), representing the first QRI distribution².
- QRI unit price trading above Net Asset Value since inception.
- Trust Loan Receivable has been drawn in full, equating to 3.5% of QRI’s portfolio.

The Qualitas Senior Debt Fund (“QSDF”) is an open-ended wholesale fund managed by the Qualitas Group and established in September 2017. QSDF invests in Australian senior direct secured real estate loans and has a current target return of 7.0%-9.0%³.

The Manager is pleased to have declared its maiden distribution a month after listing, within the three months indicated in the Trust’s PDS. This distribution was paid on 10 January 2019.

Market conditions remain supportive of QRI’s investment thesis. Bank credit continues to be tight for the commercial real estate market, leading borrowers to seek out alternative lenders to finance their property transactions.

¹ All investments including direct loans are made by the Sub-Trust. The Sub-Trust is wholly owned by the Trust.

² Payment of monthly cash income is a goal of the Trust only. The Trust reserves the discretion to amend its distribution policy.

³ Current QSDF target return is 5.0% – 7.0% p.a. over the 90-day mid-BBSW of 1.95% as at 18 February 2019 (net of fund expenses and prior to management fees). This is a target return only. There is no guarantee the Trust will meet its Investment Objective.

The Manager is committed to maintaining a disciplined investment process, balanced with increasing the portfolio's performance toward the Target Return and continuing to diversify the portfolio across investment type, loan type, property sector and geography.

Looking ahead, the Manager continues to see a pipeline of new loan opportunities, which are expected to support further deployment and increased distributions throughout the minimum six-month ramp-up period.

These opportunities span the investment thesis of QRI, including senior residential construction loans, senior commercial investment loans and senior land loans.

The Manager has a dedicated investment team focused on identifying and originating commercial real estate loans for quality borrowers and assets, and this focus will continue as the year progresses.

- End -

About Qualitas Real Estate Income Fund

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

About QRI Manager Pty Ltd

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

Established in 2008, Qualitas has a 10-year track record in the real estate sector and currently manages approximately \$2.2 billion in committed capital. Comprising over 70 investment and fiduciary professionals, Qualitas has a disciplined approach to generating strong risk-adjusted returns for its investors.

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

About the Trust Company (RE Services) Limited

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

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

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Disclaimer

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

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