ASX Announcement

Qualitas Real Estate Income Fund (ASX: QRI) - Portfolio Update

25 March 2020: The Trust Company (RE Services) Limited ("**Responsible Entity**"), the responsible entity of the Qualitas Real Estate Income Fund ("**QRI**" or "**Trust**"), announces the following:

1. Suspension of QRI Distribution Reinvestment Plan ("**DRP**")

Due to current market volatility, the DRP is suspended effective immediately and includes the March distribution. QRI Manager Pty Ltd ("**Manager**"), along with the Responsible Entity, have determined that suspending the DRP is in the best interest of unitholders given current trading of QRI units is below its Net Tangible Assets ("**NTA**").

2. The Manager is investigating an on market buy back of units by the Trust

Along with a number of strategies the Manager is considering to close the gap between the current unit price of QRI and its NTA, the proposed buy back would provide the Responsible Entity with authority, over the next 12 months, to buy back up to 10% of the Trust's issued units. In line with ASX listing obligations, the Responsible Entity will announce to the market any decision to enact a buy back and any units purchased under that authority.

As disclosed in the latest Product Disclosure Statement issued on or around the 11th September 2019, the Responsible Entity will regularly review the capital structure of the Trust and, where the Responsible Entity considers appropriate, undertake capital management initiatives which may involve the buy back of units. Any units the subject of a buy back will be cancelled in accordance with the Corporations Act 2001 (Cth).

3. QRI is currently holding c. 16.6%[1] of the portfolio in cash (c. $60 million of which c. $53 million is uncommitted) which provides the Trust with flexibility to undertake a buy back of units or to utilise the cash for other capital management or investment purposes.

The cash holding provides the Trust considerable flexibility in weighing up the benefits of investment in further loans that are accretive to the current return and/or the buy back of units should this be more accretive.

4. The Trust confirms its distribution for March at 5.55% pa based on its last reported NTA of $1.60.

- Ends -

[1] Based on NTA as at 29 February 2020.

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.[2]

About QRI Manager Pty Ltd

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

Established in 2008, Qualitas has a 12-year track record in the real estate sector and currently manages approximately $2.5 billion in committed capital. Comprising over 70 investment and fiduciary professionals, Qualitas has a disciplined approach to generating strong risk-adjusted returns for its investors.

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

About the Trust Company (RE Services) Limited

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

<u>**Investor Queries**</u>

General

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Unit Registry

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Responsible Entity

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<u>**Notices and disclaimers**</u>

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

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

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

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