



## QUALITAS REAL ESTATE INCOME FUND (ASX: QRI)

The Qualitas Real Estate Income Fund (ARSN 627 917 971) (“Trust” or “QRI”) will offer investors an alternative source of income and aims to deliver 8.0% p.a. (net) with distributions paid monthly<sup>1</sup>. It is expected to be a dedicated commercial real estate finance Trust to be ASX listed, providing investors the opportunity to invest alongside institutional investors to diversify their portfolios.

QRI will offer exposure to a diversified commercial real estate loan portfolio, secured by first and second mortgages. The Qualitas Group (“Qualitas”) has a proven track record spanning a decade.

### Important Dates<sup>2</sup>

PDS Lodgement with ASIC	8 October 2018
General Offer Opening Date	9.00 am AEDT <sup>3</sup> on 16 October 2018
General Offer Closing Date	5.00 pm AEDT <sup>3</sup> on 13 November 2018
Allotment Date	23 November 2018
ASX Listing Date	27 November 2018

### Benefits to Investors

Monthly Cash Income	<ul style="list-style-type: none"> <li>Target Return 8.0% p.a. (net of fees and expenses) with monthly cash distributions<sup>1</sup>.</li> </ul>
Investor Diversification	<ul style="list-style-type: none"> <li>Exposure to real estate loan opportunities secured by first and second mortgages available within the commercial real estate finance market, predominantly in Australia.</li> <li>Portfolio to comprise of investments in the Qualitas Funds and direct real estate loans secured by first and second ranking real property mortgages, respectively.</li> <li>Focused on senior, and to a lesser extent mezzanine loans, secured by first or second ranking real property mortgages, respectively.</li> <li>Diversified by geographic exposure to Australia and New Zealand (the latter is capped at 20%)<sup>4</sup>, investment type, counterparty and real estate sector.</li> </ul>
Experienced Active Management Team	<ul style="list-style-type: none"> <li>The Qualitas Team has extensive experience encompassing all aspects of loan origination, structuring, execution and asset management.</li> </ul>
Track Record	<ul style="list-style-type: none"> <li>10 year track record of strong returns and management of institutional and wholesale investor capital, both internationally and domestically.</li> </ul>
Institutional-Grade Risk Management & Corporate Governance	<ul style="list-style-type: none"> <li>The opportunity to invest alongside wholesale and institutional investors.</li> <li>Qualitas has a high-calibre majority non-executive Advisory Board comprising Australian business leaders with extensive experience in real estate, private equity, investment management, accounting, superannuation, risk management, governance, law and finance.</li> </ul>
ASX Listed	<ul style="list-style-type: none"> <li>A dedicated commercial real estate debt fund to be ASX-listed.</li> </ul>
Strong Investor Alignment	<ul style="list-style-type: none"> <li>Qualitas will invest \$10 million alongside Unitholders for a minimum of five years, providing an alignment of interests.</li> </ul>

<sup>1</sup> This is a targeted return only. There is no guarantee the Trust will meet its Investment Objective. The payment of monthly cash income is a goal of the Trust only.

<sup>2</sup> These dates are indicative only and may change.

<sup>3</sup> Australian Eastern Daylight Time (AEDT).

<sup>4</sup> Investment allocation as detailed in the Trust documents. Please refer to the Trust’s PDS for additional details.

## Investment Strategy & Philosophy

The Manager<sup>5</sup> will seek to invest the Trust's capital in a portfolio of investments that provide Unitholders with direct and indirect 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.

The Investment Strategy uses four key Investment Principles to assess investment opportunities:

- **Quantum of returns:** The Manager will seek to forecast returns from an investment and the components that form those returns – i.e. payment or capitalisation of interest and fees, early repayment and other fees based on contractual agreements.
- **Timing of returns:** The Manager will seek to forecast, with a reasonable degree of certainty, when the investment is originated, the timing of interest payments and the expected loan repayment(s). This will be predicated by way of contractual arrangements and investment monitoring.
- **Assessment of known risks:** The Manager will diligently assess each material risk that may influence an investment and seek to actively mitigate all identified risks.
- **Ability to exert influence over known risks:** Having considered and analysed an investment's known risks, the Manager will then seek to invest in a secured real estate loan that is structured such that these risks are reasonably mitigated, thereby exerting a degree of influence.

## The Market Opportunity

The Manager believes there is a growing funding gap in the Australian commercial real estate finance market as Australia's major banks retreat due to regulatory pressure to reduce their lending in this market. This may be a permanent structural shift in the commercial real estate lending landscape which, combined with a supportive macroeconomic environment, could present a widening opportunity for Qualitas to continue to build on its disciplined lending track record.

\$274 billion Commercial Real Estate Finance Market	Bank Withdrawal	Supportive Macroeconomic Environment and Real Estate Fundamentals	Market Opportunity for Private Debt
			
<ul style="list-style-type: none"> <li>• Market grows at ~ 3% p.a.</li> <li>• 4 major banks have historically dominated with limited participation from non-bank capital providers</li> </ul>	<ul style="list-style-type: none"> <li>• Increased regulation (APRA, Basel III) has reduced bank lending</li> <li>• Rigid lending criteria</li> <li>• Banking Royal Commission scrutiny</li> </ul>	<ul style="list-style-type: none"> <li>• Australia is one of the strongest performing economies</li> <li>• Population growth (including net overseas migration)</li> <li>• Low interest rate environment</li> </ul>	<ul style="list-style-type: none"> <li>• Capital constrained</li> <li>• Borrowers seeking flexible financiers</li> <li>• Established alternative finance market offshore, yet to fully develop in Australia</li> </ul>

## Investment Fees

Management Fee	<ul style="list-style-type: none"> <li>• 1.50% p.a. (exclusive of GST) of the Trust's NAV; or 1.54% p.a. (inclusive of GST, less RITC) of the Trust's NAV<sup>6</sup>.</li> </ul>
Performance Fee	<ul style="list-style-type: none"> <li>• 20.0% of any outperformance over a Target Return of 8.0% p.a. (net), calculated and accrued monthly and paid annually in arrears.</li> </ul>
Offer Costs	<ul style="list-style-type: none"> <li>• All IPO related costs will be paid by the Manager.</li> </ul>

<sup>5</sup> The Manager is QRI Manager Pty Ltd, a wholly-owned member of the Qualitas Group.

<sup>6</sup> The Management Fee forms part of the Management Costs of the Trust which is 1.86% - 2.16% of the Trust's NAV. For more information please refer to the Trust PDS.

## About the Manager

Established in 2008, the Qualitas Group is a real estate investment manager specialising in commercial real estate, with approximately \$2.0 billion<sup>7</sup> in Committed Capital. The Qualitas Group is active in Australia's major capital cities deploying institutional and high net worth investor capital, as well as investing from its own balance sheet. The Qualitas Group's Investment Philosophy is to seek deep value-based opportunities across the capital structure with a focus on risk mitigation via institutional-grade risk management, governance and operations.

The Qualitas Group capitalises on its strong local market knowledge, deep industry contacts and "on-the-ground" infrastructure spanning origination, execution and active asset and loan management. Qualitas has 70 staff, with offices in Melbourne and Sydney, and is active across the east coast of Australia<sup>8</sup>.

Investment strategies span senior debt, mezzanine debt, preferred equity and ordinary equity investments in real estate development, value-add, repositioning, special situations and other opportunistic transactions since inception.

## The Manager

The Qualitas Team, shown below, have an average of over 20 years of experience with across real estate lending, principal investment, investment banking, construction, development, structured finance, mortgage loan servicing, investment management, finance, risk, investment operations, funds management, compliance and law.

The debt investment team is led by Tim Johansen, Managing Director – Real Estate Finance. Tim is supported by 12 investment professionals who will assist the Manager in performing its obligations in relation to the Trust.



**Andrew Schwartz**  
*Group Managing  
Director & Co-Founder*

Andrew is a co-founder of Qualitas and has over 32 years' experience in financial services with a track record across real estate investment. He is responsible for overseeing the firm's activities, setting the strategic direction, transaction origination and building and enhancing client relationships.



**Tim Johansen**  
*Managing Director,  
Real Estate Finance*

Tim joined Qualitas in 2011 where he established the firm's presence in Sydney and is responsible for the firm's real estate finance activities. Tim has extensive experience across real estate financing over 30 years including senior debt, mezzanine debt, equity co-investments and financing advice.



**Yossi Kraemer**  
*Head of Institutional Capital  
& Portfolio Management*

Yossi joined Qualitas in 2012 and is responsible for the institutional capital relationships, general investor relations strategy and portfolio management across the firm. Yossi has over 20 years' experience in global real estate finance, capital markets, real estate structured products and capital raising.



**Kathleen Yeung**  
*Chief Financial Officer  
& Head of Strategy*

Kathleen joined Qualitas in 2014 and is responsible for corporate strategy, finance and operations. Kathleen has over 18 years' experience in financial services spanning debt and equity advisory for major infrastructure projects, the development and financing of renewable energy and power generation assets for both listed and unlisted funds.



**Gerd Mayer**  
*Chief Risk Officer*

Gerd joined Qualitas in 2010 and is responsible for the management of the firm's financial and compliance risks. Gerd's experience spans over 30 years in banking, specialising in credit risk management, project financing, structured lending and financial advisory.

<sup>7</sup> As at 30 June 2018.

<sup>8</sup> As at 31 July 2018.

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## Important Information

This document dated 9 October 2018 for the offer is issued by The Trust Company (RE Services) Limited ABN 45 003 278 831 AFSL 235 150 (Perpetual) as responsible entity of the Qualitas Real Estate Income Fund ARSN 627 917 971 (Trust). This document is prepared by QRI Manager Pty Ltd ACN 625 857 070 (Manager), the investment manager of the Trust. QRI is a wholly owned member of the Qualitas Group and is an authorised representative of the Qualitas Securities Pty Ltd AFSL 342 242.

The information provided in this document is of a general nature only and has been prepared without taking into account your objectives, financial situation or needs. Units in the Trust will be issued pursuant to the PDS. Before making an investment decision, you should consider the PDS and assess whether the Trust is appropriate given your objectives, financial situation or needs. If you require advice that takes into account your personal circumstances, you should consult a licensed or authorised financial adviser.

Neither Perpetual nor the Manager guarantees repayment of capital or any particular rate of return from the Trust. Neither Perpetual nor the Manager gives any representation or warranty as to the reliability, completeness or accuracy of the information contained in this document. All opinions and estimates included in this document constitute judgments of Qualitas as at the date of this document and are subject to change without notice. Past performance is not a reliable indicator of future performance.

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

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

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

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

This document is not, and does not constitute, an offer to sell or the solicitation, invitation or recommendation to purchase any securities and neither this document nor anything contained in it forms the basis of any contract or commitment. The offer of units in the Trust is pursuant to the PDS. This PDS is available at [www.qualitas.com.au/listed-investments/QRI](http://www.qualitas.com.au/listed-investments/QRI). Prospective investors should consider the PDS before deciding whether to acquire securities. Prospective investors who want to acquire securities under the offer will need to complete an application form that accompanies the PDS.

### United States

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The securities of QRI have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (Securities Act) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States except in compliance with the registration requirements of the Securities Act and any other applicable securities laws or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

### New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). This document does not constitute an offer of financial products for the purposes of the FMC Act.

### Hong Kong

WARNING: This document is only to be made available to professional investors as defined in the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO") and any rules made under that ordinance.

The contents of this document and the proposed PDS have not been, and will not be, reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to any offer. No action has been or will be taken in Hong Kong to authorize, or to permit the distribution of, this document or any documents issued in connection with it. Accordingly, any units in the Trust will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO). If you are in doubt about any contents of this document, you should obtain independent professional advice.

### Singapore

This document and the proposed PDS will not be registered as a prospectus with the Monetary Authority of Singapore ("MAS") and, accordingly, statutory liability under the Securities and Futures Act, Chapter 289 (the "SFA") in relation to the content of prospectuses will not apply, and you should consider carefully whether the investment is suitable for you. The Fund will not be a collective investment scheme authorised under Section 286 of the SFA or recognised by the MAS under Section 287 of the SFA and the Units are not allowed to be offered to the retail public.

This document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase of any units may not be circulated or distributed, nor may the units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except to "institutional investors" (as defined in the SFA), or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an "institutional investor" (as defined under the SFA). In the event that you are not an "institutional investor", please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

### Canada (British Columbia, Ontario and Quebec only)

The PDS referred to in this document constitutes an offering of Units only in the Provinces of British Columbia, Ontario and Quebec (the Provinces) and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such Units. This document and the PDS are not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document or the PDS, the merits of the Units or the offering of Units and any representation to the contrary is an offence.

No prospectus or other offer document has been, or will be, filed in the Provinces with respect to the offering of Units or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and received by the securities regulator in the applicable Province. Furthermore, any resale of the Units in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the Units outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the Units.

The Trust as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Trust or its directors or officers. All or a substantial portion of the assets of the Trust and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Trust or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Trust or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with AAS and also comply with IFRS and interpretations issued by the IASB.

Unless stated otherwise, all dollar amounts contained in this document and the PDS are in Australian dollars.

**Statutory rights of action for damages and rescission**  
Securities legislation in certain Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defences contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult a legal advisor.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the Units purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Trust if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Trust.

This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document or the PDS contains a misrepresentation, a purchaser who purchases the Units during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Trust, provided that:

- a) the Trust will not be liable if it proves that the purchaser purchased the Units with knowledge of the misrepresentation;
- b) in an action for damages, the Trust is not liable for all or any portion of the damages that the Trust proves does not represent the depreciation in value of the Units as a result of the misrepresentation relied upon; and
- c) in no case shall the amount recoverable exceed the price at which the Units were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than:

- a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or
- b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action.

These rights are in addition to and not in derogation from any other right the purchaser may have.

### *Certain Canadian income tax considerations*

Prospective purchasers of the Units should consult their own tax advisor with respect to any taxes payable in connection with the acquisition, holding or disposition of the Units as any discussion of taxation related matters in this document and the PDS is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

### *Language of documents in Canada*

Upon receipt of this document or the PDS, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Units (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

### *Email communications*

For purposes of compliance with Canada's Anti-Spam Legislation, your acceptance of this document is considered consent to receive email communications from the investment manager for the Trust and its representatives. Such email communication will contain the appropriate instructions for opting out of future communications.

### **Israel**

The interests in the Trust described in this document and the PDS have not been registered and are not expected to be registered under the Israeli Securities Law – 1968 (the Securities Law) or under the Israeli Joint Investment Trust Law – 1994 due to applicable exemptions. Accordingly, the interests in the Trust described herein will only be offered and sold in Israel pursuant to applicable private placement exemptions, to parties that qualify as both (i) Sophisticated Investors described in Section 15A(b)(1) of the Securities Law and (ii) as "Qualified Customers" for purposes of Section 3(a)(11) of the Law for the Regulation of Provision of Investment Advice, Marketing Investments and Portfolio Management – 1995 (the Investment Advisor Law).

Neither the Trust nor the Trust's manager is a licensed investment marketer under the Investment Advisor Law and neither the Trust nor the Trust's manager maintains insurance as required under such law. Any investment marketing which may be deemed provided under Israeli law in connection with an investment in the Trust is deemed provided on a one-time only basis and neither the Trust nor the Trust's manager will provide any ongoing investment marketing or investment advisory services to the investor. If any recipient in Israel of a copy of this document or the PDS is not qualified as described above, such recipient should promptly return this document or the PDS to the Trust. By retaining a copy of this document or the PDS you are hereby confirming that you qualify as both a Sophisticated Investor and Qualified Customer, fully understand the ramifications thereof and agreed to be treated as such by the Trust.