

Supplementary Product Disclosure Statement

This is the supplementary product disclosure statement (**Supplementary PDS**) issued by the Trust Company (RE Services) Limited (ACN 003 278 831) (**Responsible Entity**) in its capacity as the responsible entity of the Qualitas Real Estate Income Fund (ARSN 627 917 971) (**Trust**). It supplements, and is intended to be read with, the product disclosure statement dated 8 October 2018 relating to the offer of Units to raise up to \$500,000,000 (**Original PDS**).

This Supplementary PDS is dated 9 November 2018 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date. None of ASIC, the ASX and their respective officers take responsibility for the contents of this Supplementary PDS.

The Responsible Entity has applied to the ASX for admission of the Trust to the Official List of the ASX and the quotation of Units to be issued pursuant to the Offer.

The information set out below is taken to be included in the Original PDS. References in this Supplementary PDS to a page or section are references to the corresponding page or section of the Original PDS. Except where defined in this Supplementary PDS, capitalised terms have the meaning set out in the Original PDS.

Purpose of this Supplementary PDS

The purpose of this Supplementary PDS is to provide investors with additional information which may be relevant to their decision to invest in the Trust.

Stable monthly cash income

References made to “stable monthly cash income” in the Original PDS are to be replaced with references to “**targeted** stable monthly income” and with an additional footnote:

“The payment of stable monthly cash income is a goal of the Trust only.”

Internal rate of return (IRR)

All references to the Qualitas Group’s track record return IRR of 24.8% are deleted.

Historical Performance of the Qualitas Group

Additional disclosure relating to the historical performance of the Qualitas Group in Section 6.2 of the Original PDS is provided by adding the following paragraph:

“It is expected that the unrealised gross IRR forecast for the senior debt investment type is more relevant to investors in the Trust.”

Loans made to related parties of the Qualitas Group

The Responsible Entity provides further disclosure in regards to the loans made by the Sub-Trust and the Qualitas Funds.

The loans made by the Sub-Trust and the Qualitas Funds will be made to third parties, not members of the Qualitas Group or their related parties. The only exception is the Trust Loan Receivable (see Section 13.3 of the Original PDS).

Acquisitions of existing units in Qualitas Funds

The Responsible Entity advises that, if applicable, any existing units in the Qualitas Funds will be acquired on arms length terms from third parties.

The investment management agreements for each of the Trust and the Sub-Trust each require the Manager to, act in the best interests of Unitholders, and if there is a conflict between the interests of Unitholders and its own interests, give priority to the interests of Unitholders.

Investment Approval Group

Further disclosure is provided in regards to the persons responsible for approving investment decisions in the Sub-Trust, being the Portfolio Allocation Committee, the Qualitas Group's risk management team and the Qualitas Investment Committee (**Investment Approval Group**).

- (a) The Portfolio Allocation Committee currently comprises:
 - Yossi Kraemer – Head of Institutional Capital & Portfolio Management (Chairperson of the Portfolio Allocation Committee).
 - Andrew Schwartz – Group Managing Director.
 - Tim Johansen – Managing Director of Real Estate Finance.
 - Mark Fischer – Managing Director of Principal Investments.
- (b) The risk management team currently comprises:
 - Gerd Mayer – Chief Risk Officer.
 - Jason Rackley – Senior Director, Risk Management.
 - Chandni Haribhai – Associate, Risk Management.
- (c) The Qualitas Investment Committee currently comprises:
 - Gerd Mayer – Chief Risk Officer (Chairperson of the Qualitas Investment Committee).
 - Michael Schoenfeld – Independent non-executive Chairperson of the Qualitas Advisory Board.
 - David Krasnostein – Independent non-executive Qualitas Advisory Board member.
 - Andrew Schwartz – Group Managing Director.
 - Tim Johansen – Managing Director of Real Estate Finance.
 - Mark Fischer – Managing Director of Principal Investments.
 - Jason Rackley – Senior Director, Risk Management.

Functions of the Qualitas Advisory Board

The following additional disclosure is provided in regards to the functions of the Qualitas Advisory Board:

"The Qualitas Advisory Board sets and approves the strategic direction of the Qualitas Group. This includes the approval of the corporate policies and internal risk management framework, monitoring operational and financial performance both historical and forecast."

Conflicts policy and the role of the Responsible Entity

The following additional disclosure is provided in regards to the functions of the Qualitas Group's conflicts policy:

"The Qualitas Group has a conflicts of interest policy which will manage conflicts of interest that may arise wholly or partially in relation to the activities of the Manager in managing the Trust and the Sub-Trust."

The following additional paragraph is included in relation to the role of the Responsible Entity in ensuring potential conflicts relating to the Trust's investment in the Qualitas Funds and with any investments with entities within the Qualitas Group are managed and the processes in place to monitor the investment decisions of the Manager in managing the Trust and the Sub-Trust consistent with its obligations under the investment management agreements:

"None of the Trust, Sub-Trust or members of the Qualitas Group (either directly or indirectly, as an investment made by one or more Qualitas Funds) will invest across more than one part of the capital structure of a real estate asset at the same time. This means that one or more of the Trust, Sub-Trust or Qualitas Funds will not hold investments in both senior and mezzanine loans relating to the same investment. This is to ensure that there is no conflict of interest in respect of managing and enforcing each investment.

The relevant investment committees described in the PDS for the Trust and Sub-Trust will conduct all investment approval processes before any final investment decision is made. This includes conducting due diligence on each investment opportunity, associated risk analysis and the identification of all potential conflicts/related party transaction issues which may be the result of an investment. The results of these inquiries and deliberations will be detailed in a recommendation letter provided by the Manager to the Responsible Entity.

*The Responsible Entity has overall responsibility for oversight of compliance by the Manager with the conflicts of interest policy when approving investments. For each investment of the Sub-Trust, the Manager will submit a recommendation letter to the Responsible Entity on the proposed investment for assessment prior to approval being granted (**Recommendation**).*

Each Recommendation is expected to provide details about the following areas relevant to the investment opportunity:

- *Background and details of the investment including the borrower/lender, facility limits, associated rates i.e. interest, maturity, defaults etc, and associated fees;*
- *Details of the due diligence process undertaken for the transaction or investment by the Trust's Investment Committee;*
- *Disclosure on conflicts of interests and/or related party activity (if applicable) and related actions to address these;*
- *Representations/warranties from the Manager confirming the transaction complies with the Trust and Sub-Trust investment mandates;*
- *Representations/warranties from the Manager confirming that investment does not involve investments across the capital structure relating to the same transaction or investment; and*
- *If relevant, details of how the transaction or investment has been allocated across the Sub-Trust and Qualitas Funds.*

On the basis of the Recommendation, the Responsible Entity will assess whether the Manager and the Trust Investment Committee have followed all appropriate processes and controls in assessing the transaction or investment, including confirming that any conflicts of interest or related party dealings

have been adequately identified and assessed, that the allocation of investments across the Sub-Trust and the Qualitas Funds is fair and equitable and to ensure that that any investment would not lead to the Qualitas Group holding any investments across the capital structure on the same transaction or investment.

Officers of the Responsible Entity who are familiar with the Trust and Sub-Trust's conflicts of interest policy, the Investment Principles and the Trust Investment Committee's role will review the details in each Recommendation and clarify concerns, if any, including to ensure no related party investments or cross mandate investments are present prior to providing approval.

In addition, consistent with good corporate governance practices, the investment management agreement for both the Trust and the Sub-Trust require the Manager to issue a quarterly compliance attestation to the Responsible Entity, confirming amongst other things, compliance with all relevant conflicts of interest policies."

Associates of the Manager

An additional paragraph to be included in Section 4.8.1 of the Original PDS to read:

"The QSDF is managed by QSD Fund Manager Pty Limited, a wholly owned member of the Qualitas Group."

Retirement of the Responsible Entity

An additional Section 13.1.15 is included in the Original PDS to read:

"13.1.15 Retirement of the Responsible Entity by request of the Manager

If the Manager requests the Responsible Entity to retire, the Responsible Entity is only required to do so if the Responsible Entity considers it appropriate having regard to all relevant laws that apply, including the provisions of the Corporations Act. Unitholders will be entitled to vote on the appointment a new Responsible Entity in those circumstances."

Fees and costs

The additional details are further provided in the "Letter to Investors" on page 9 of the Original PDS:

"The Manager has agreed to reimburse the Trust for all costs and expenses incurred in relation to, or relating to, the Offer. The Trust will provide the Manager an unsecured loan (Trust Loan Receivable) to assist the Manager to pay the Offer Costs which is to be repaid over 10 years and can range from \$5,250,000 to \$17,500,000 depending on the gross proceeds of the Offer."

Direct loans

Reference in the Original PDS to direct secured real estate loans to borrowers by the Trust should be read as direct lending by the Sub-Trust. The Sub-Trust will make these loans, not the Trust.



QUALITAS

Qualitas Real Estate Income Fund

ARSN 627 917 971

PRODUCT DISCLOSURE STATEMENT

Important information

This Product Disclosure Statement contains important information for you as a prospective investor and requires your immediate attention. It should be read in its entirety. If you have any questions as to its contents or the course you should follow, please consult your stockbroker, accountant, solicitor or other professional advisor immediately.

RESPONSIBLE ENTITY

Perpetual 

MANAGER

 QUALITAS

LEAD MANAGER
AND LEAD ARRANGER

EVANS
DIXON

CO-MANAGER

CANACCORD 

ACN 125 338 785
AFSL 318 075

ACN 075 071 466
AFSL 234 666

IMPORTANT NOTICES

The Qualitas Real Estate Income Fund ARSN 627 917 971 (**Trust**) is an Australian registered managed investment scheme.

This document is a Product Disclosure Statement (**PDS**) for the purposes of Part 7.9 of the Corporations Act 2001 (Cth) (**Corporations Act**).

This PDS is issued by The Trust Company (RE Services) Limited ACN 003 278 831 AFSL 235 150 as responsible entity of the Trust (**Responsible Entity**) (referred to in this PDS as "we", "our" and "us").

The Responsible Entity is a member of the Financial Services Council (**FSC**) and complies with the standards of the FSC (**FSC Standards**) including FSC Standard No. 1: Code of Ethics & Code of Conduct. However, it has appointed service providers to provide certain services in relation to the Trust, some of which may not be members of the FSC. Where a service provider is a member of the FSC, the Responsible Entity has taken reasonable steps to ensure that the service provider will comply with all FSC Standards in providing the services in relation to the Trust. Where a service provider is not a member of the FSC, prior to the appointment of the service provider, the Responsible Entity has undertaken all appropriate and reasonable due diligence, establishes and maintains compliance monitoring, and complies with all applicable laws in relation to the appointment. Accordingly, you may not receive the full benefit or protection of the FSC Standards in relation to any services which are delegated to or provided by a service provider.

Offer

This PDS is dated 8 October 2018 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date.

This PDS is an invitation to acquire units (each a Unit) in the Trust.

The Trust will apply to Australian Securities Exchange Limited (**ASX**) within seven days after the date of this PDS for admission of the Trust to the Official List and quotation of the Units on the ASX. None of ASIC, ASX or their respective officers take any responsibility for the contents of this PDS or the merits of the investment to which this PDS relates.

No Units will be allotted, issued or sold on the basis of this PDS later than 13 months after the date of this PDS.

The Units shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

References to the Trust and the Board

In this PDS, the term "the Trust" is used to refer to the Trust. The Trust is a registered managed investment scheme established under the Corporations Act.

Unless otherwise stated, references to "the Board" in this PDS are references to the board of directors of the Responsible Entity (**Directors**).

Note to Applicants

This document is important and requires your immediate attention. It should be read in its entirety. You may wish to consult your professional advisor about its contents.

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this PDS.

Any information or representation not contained in this PDS may not be relied on as having been authorised by the Responsible Entity or its Directors. You should rely on information in this PDS only.

The information contained in this PDS is not financial product advice and have been prepared without taking into account the investment objectives, financial situation or particular needs of any prospective investor. It is important to read this PDS carefully and in full before deciding whether to invest in the Trust. In particular it is important that, in considering this PDS, you consider the risk factors that could affect the financial performance of the Trust and your investment in the Units. You should carefully consider these factors in light of your personal circumstances (including financial and taxation issues) and seek professional advice from your accountant, stockbroker, lawyer or other professional advisor before deciding whether to invest. Some of the risk factors that should be considered by prospective Unitholders are set out in Section 8.

No person named in this PDS, nor any other person, guarantees the performance of the Trust, the repayment of capital by the Trust, or the payment of a return on the Units.

Exposure Period

The Corporations Act prohibits the processing of applications to subscribe for Units under this PDS (**Applications**) in the seven-day period after the lodgement of this PDS (**Exposure Period**). This period may be extended by ASIC for a further seven days.

The Exposure Period is to enable this PDS to be examined by potential Unitholders prior to the raising of funds. The examination may result in the identification of deficiencies in this PDS. If deficiencies are detected, the Responsible Entity will provide a supplementary or replacement PDS which corrects any deficiency. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be given on Applications received during the Exposure Period.

Obtaining a copy of this PDS

This PDS is available to Australian investors in electronic form at the Trust Website: www.qualitas.com.au/listed-investments/QRI. The Offer constituted by this PDS is available only to persons within Australia, New Zealand, Hong Kong, Singapore, Canada and Israel (subject to restrictions applicable to investors in Hong Kong, Singapore, Canada and Israel). It is not available to persons in other jurisdictions (including in the United States). Persons having read a copy of this PDS in electronic form may, before the Closing Date, obtain a paper copy of this PDS (free of charge) by telephoning 1300 420 177 within Australia or +612 8022 8575 from outside Australia during the Offer Period.

Applications may be made through the online Application available at <https://automic.com.au/qualitas.html> or on an Application Form attached to or accompanying this PDS. Refer to Section 2 for further information.

Financial Information

Section 10 sets out in detail financial information referred to in this PDS (**Financial Information**). The basis of preparation of the financial information is set out in Section 10.3.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards (**AAS**) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with the International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**).

The Financial Information is presented in an abbreviated form. It does not include all of the presentation and disclosures, statements and information required by the AAS and other mandatory professional reporting requirements applicable to general purpose financial reports in accordance with the Corporations Act.

All financial amounts contained in this PDS are expressed in Australian currency, unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this PDS are due to rounding.

International Offer restrictions

This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken or will be taken in any jurisdiction other than Australia that would permit a public offering of Units, or the possession, circulation or distribution of this PDS or any other material relating to the Offer in any jurisdiction other than Australia where action for that purpose is required. The distribution of this PDS (including in electronic form) outside Australia may be restricted by law and persons who come into possession of this PDS outside of Australia should seek

advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Each person acquiring the Units is deemed to have represented and agreed that it will comply with the selling restrictions set out below for each of the jurisdictions below.

United States

This PDS may not be distributed to, or relied upon by, any person in the United States. In particular, the Units have not been, and will not be, registered under the US Securities Act of 1933, as amended (the **US Securities Act**) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the Units are registered under the US Securities Act or are offered and sold in transactions exempt from, or not subject to the registration requirements of the US Securities Act and any other applicable US securities laws.

Hong Kong

WARNING: This document has not been, and will not be, authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this PDS or to permit the distribution of this PDS or any documents issued in connection with it. Accordingly, the Units have not been and will not be offered or sold in Hong Kong other than to “professional investors” (as defined in the SFO).

No advertisement, invitation or document relating to the Units has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Units that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors as defined in the SFO and any rules made under that ordinance.

The contents of this PDS have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this PDS, you should obtain independent professional advice.

Singapore

This PDS has been given to you on the basis that you are an “accredited investor” or an “institutional investor” (each as defined under the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**)). In the event that you are not an “accredited investor” or an “institutional investor”, please return this PDS immediately. You may not forward or circulate this PDS to any other person in Singapore.

Any offer is not made to you with a view to the Units being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

The offer or invitation of the Units of the Trust, which is the subject of this PDS, does not relate to a collective investment scheme which is authorised under Section 286 of the SFA or recognised under Section 287 of the SFA. The Trust is not authorised or recognised by the Monetary Authority of Singapore (the **MAS**) and the Units are not allowed to be offered to the retail public. This PDS and any other document or material issued in connection with the offer or sale is not a prospectus as defined in the SFA and accordingly, statutory liability under the SFA in relation to the content of prospectuses does not apply, and you should consider carefully whether the investment is suitable for you.

This PDS has not been registered as a prospectus with the MAS. Accordingly, this PDS and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the 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 other than (i) to an institutional investor under Section 304 of the SFA, (ii) to a relevant person pursuant to Section 305(1), or any person pursuant to Section 305(2), and in accordance with the conditions specified in Section 305 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Units are subscribed or purchased under Section 305 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Units pursuant to an offer made under Section 305 of the SFA except:

- (a) to an institutional investor or to a relevant person defined in Section 305(5) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 305A(3)(i)(B) of the SFA;

- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 305A(5) of the SFA; or
- (e) as specified in Regulation 36 of the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations 2005 of Singapore.

Canada (British Columbia, Ontario and Quebec only)

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 is 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, the merits of the Units or the offering of Units and any representation to the contrary is an offence.

No prospectus 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 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 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 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, 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 PDS 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 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 PDS is not qualified as described above, such recipient should promptly return this PDS to the Trust. By retaining a copy of this 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.

Offer to New Zealand investor warning

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under the Corporations Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial advisor.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

Photographs and diagrams

Photographs and diagrams used in this PDS that do not have descriptions are for illustration purposes only. They should not be interpreted to mean that any person shown in them endorses this PDS or its contents. Diagrams used in this PDS are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this PDS.

Website

Any references to documents included on the Trust Website (www.qualitas.com.au/listed-investments/QRI) are for convenience only and none of the documents or other information available on the Trust Website are incorporated into this PDS by reference.

Defined terms and time

Defined terms and abbreviations used in this PDS have the meanings given in the glossary in Section 15 of this PDS. Unless otherwise stated or implied, references to times in this PDS are Australian Eastern Daylight Time (AEDT).

Updated information

Information regarding the Offer may need to be updated from time to time. Any updated information that is considered not materially adverse to Unitholders will be made available on the Trust Website www.qualitas.com.au/listed-investments/QRI and the Responsible Entity will provide a copy of the updated

information free of charge to any investor who requests a copy by contacting the offer information line on 1300 420 177 within Australia or +612 8022 8575 from outside Australia.

In accordance with its obligations under the Corporations Act, the Responsible Entity may issue a supplementary or replacement PDS to supplement or replace any relevant information not disclosed in this PDS. You should read any supplementary or replacement disclosure(s) in conjunction with this PDS prior to making any investment decision.

Electronic PDS

This PDS will be available and may be viewed online at the Trust Website: www.qualitas.com.au/listed-investments/QRI. The information on the Trust Website does not form part of this PDS.

The Offer pursuant to this PDS is available to persons receiving an electronic version of this PDS. The Responsible Entity is entitled to refuse an Application for Units under this PDS if it believes the Applicant did not receive the Offer in Australia, New Zealand, Hong Kong, Singapore, Canada or Israel.

Any person accessing the electronic version of this PDS for the purpose of making an investment in the Trust must only access the PDS from within Australia, New Zealand, Hong Kong, Singapore, Canada or Israel. Applications for Units may only be made on either a printed copy of the Application Form attached to or accompanying this PDS or via the electronic Application Form attached to the electronic version of this PDS, available on the Trust Website.

Units to which this PDS relates will only be issued on receipt of an Application Form issued together with this PDS whether it will be by a printed copy or an electronic Application Form.

Application for Units

To apply to invest in Units of the Trust, you can either apply online or complete the Application Form attached to the back of this PDS and return it to us at any of the addresses provided on the Application Form, together with your Application Amounts.

Please refer to Section 2.4 for further details on how to apply for Units in the Trust.

We will not allot Units until the Minimum Subscription has been received. It is expected that Allotment of the Units will take place on or around 23 November 2018.

An Application constitutes an offer by the Applicant to subscribe for Units on the terms and subject to the conditions set out in this PDS. Where the number of Units allotted is less than the number applied for, or where no Allotment is made, the surplus Application Amounts will be returned within seven days of the Closing Date. Interest will not be paid on the refunded Application Amounts.

Taxation implications

Taxation implications applicable to Unitholders will vary from investor to investor. The Responsible Entity, their advisors and its directors and officers, do not accept any responsibility or liability for any tax consequences. You should consult your own professional tax advisor before subscribing for Units pursuant to the Offer.

Please refer to Section 12 for a summary of the main tax implications for Australian resident Unitholders who subscribe for Units pursuant to the Offer.

Application Form

Applications and Application Amounts for Units under the Offer received after 5.00pm (AEDT) on the Closing Date will not be accepted and will be returned to Applicants. Interest will not be paid on Application Amounts which are returned. Payment in respect of Applications must be made in accordance with Section 2.5 of this PDS. No brokerage or stamp duty is payable by Applicants.

When to apply

Completed Applications under the Offer must be received by 5.00pm (AEDT) on the Closing Date.

The Trust may close the Offer at any time after the Opening Date or extend the period of the Offer without prior notice in accordance with the Corporations Act.

The Trust reserves the right to allot a number of Units with an aggregate value that is less than the Application Amounts received. Where the value of Units allotted is less than the Application Amounts received, surplus Application Amounts will be refunded (without interest).

Enquiries

Applicants with enquiries concerning the Application Form or relating to this PDS and the Offer should contact the Qualitas Real Estate Income Fund Offer information line on 1300 420 177 within Australia or +612 8022 8575 from outside Australia, or via email at qualitas@automicgroup.com.au, or by live webchat available at www.automic.com.au.

Glossary of terms

Defined terms and abbreviations included in the text of this PDS are set out in the glossary in Section 15.

CONTENTS

| | |
|------------------------------------------------|-----|
| KEY DATES & GENERAL INFORMATION | 7 |
| OFFER STATISTICS | 7 |
| LETTER TO INVESTORS | 8 |
| 01. SUMMARY OF THE OFFER | 10 |
| 02. DETAILS OF THE OFFER | 26 |
| 03. INDUSTRY OVERVIEW | 31 |
| 04. ABOUT THE TRUST | 38 |
| 05. ABOUT THE MANAGER | 54 |
| 06. ABOUT THE QUALITAS GROUP | 57 |
| 07. FEES | 63 |
| 08. RISKS | 70 |
| 09. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE | 79 |
| 10. FINANCIAL INFORMATION | 84 |
| 11. INVESTIGATING ACCOUNTANT'S REPORT | 91 |
| 12. TAXATION | 97 |
| 13. MATERIAL CONTRACTS | 102 |
| 14. ADDITIONAL INFORMATION | 114 |
| 15. GLOSSARY | 121 |

KEY DATES & GENERAL INFORMATION

| | |
|---------------------------------------------------------------------------|-------------------------------------------------------|
| Lodgement of PDS with ASIC | 8 October 2018 |
| Broker Firm Offer, General Offer and Priority Offer opens (Opening Date) | 16 October 2018 |
| Broker Firm Offer, General Offer and Priority Offer closes (Closing Date) | 13 November 2018 |
| Settlement Date | 20 November 2018 |
| Intended Allotment Date | 23 November 2018 |
| Dispatch of holding statements | 26 November 2018 |
| Commencement of trading of Units | 27 November 2018 |
| Distribution date | On or around the end of each month¹ |

These dates are indicative only and may change. The Responsible Entity reserves the right to amend any and all of the above dates without notice subject to the Corporations Act (including to close the Offer early, to extend the Closing Date, to accept late Applications or to withdraw the Offer before the issue of Units under the Offer). If the Offer is withdrawn before the issue of Units, then all Application Amounts will be refunded in full (without interest) as soon as practicable in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

OFFER STATISTICS

| | |
|-----------------------------------------|------------------------|
| Application Price | \$1.60 per Unit |
| Minimum Application Amount | \$2,000 |
| Minimum Subscription | \$150 million |
| Maximum Subscription | \$500 million |
| Pro forma Net Asset Value (NAV) backing | \$1.60 per Unit |

¹ It is currently intended that the first distribution will be paid to Unitholders within the first three months following the listing date.

LETTER TO INVESTORS

Dear Investor,

It is with great pleasure that we introduce the Qualitas Real Estate Income Fund (the **Trust**), a newly established trust registered with ASIC and proposed to be listed on the Australian Securities Exchange (**ASX**). The Trust Company (RE Services) Limited (ACN 003 278 831) is the responsible entity (**Responsible Entity**) of the Trust, and QRI Manager Pty Ltd (ACN 625 857 070) is the appointed investment manager (**Manager**). The Manager is a wholly owned member of the Qualitas Group. The Qualitas Team will assist the Manager in performing its obligations in relation to the Trust.

The Trust will gain exposure to a diversified portfolio of investments with direct and indirect exposure to predominantly Australian secured real estate loans via its investment in the Qualitas Wholesale Real Estate Income Fund.

The Trust will seek to provide Unitholders with monthly income and capital preservation by investing in a portfolio of investments that offers direct and indirect exposure to secured real estate loans predominantly located in Australia.

The Trust seeks to provide Unitholders with:

- **Stable monthly cash income**

- » Target Return of 8.0% p.a. (net of fees and expenses) with cash distributions monthly².

- **Access to the high performing Qualitas Group**

- » Since 2008, the Qualitas Group has achieved a track record of strong returns and successful management of Invested Capital, with support from institutional and wholesale investors, both internationally and domestically.
- » The Qualitas Group has a strong track record of historical performance, having delivered an internal rate of return (**IRR**) of 24.8% across its realised secured real estate loans since inception³.

- **Loans secured against commercial real estate assets**

- » The Trust offers exposure to the commercial real estate finance market which has been largely inaccessible by retail investors to date.
- » All loans within the Trust's portfolio will be secured by either a first or second real property mortgage as the primary source of security along with a range of other protection measures as part of the overall security package of each investment.

- **An experienced and active management team**

- » The Qualitas Team has extensive experience encompassing all aspects of origination, structuring, negotiation and execution of real estate loans as well as managing portfolio risks.

- **Quality risk management and corporate governance**

- » The Qualitas Advisory Board and dedicated internal committees maintain oversight of finance, operations, internal governance and investment policies.
- » The Qualitas Group applies a highly selective investment filtering and due diligence process, involving the Qualitas Group's Portfolio Allocation Committee and various investment committees (amongst others), as well as active asset management throughout the life of the investment involving the Portfolio Asset Management Committee.

² This is a targeted return only. There is no guarantee that the Trust will achieve its Investment Objective.

³ The historical secured real estate loan track record from inception of the Qualitas Group in 2008 (refer Section 6) is based on the gross IRRs achieved on actual realised (i.e. repaid) investments as at 30 June 2018. These IRRs have been verified by an independent external auditor.

The investment strategy and processes that the Manager will apply to the Trust are the same as those employed by the Qualitas Group across existing Qualitas Funds. However, investors should be aware that historical performance of the existing unlisted Qualitas Funds is not indicative of future performance of the Trust and it is important for investors to carefully review the risks associated with an investment in the Trust. These risks are set out in detail in Section 8 and summarised in Section 1.1.

The Manager and the Qualitas Group are providing the following commitments to the Trust, demonstrating alignment of interests with Unitholders:

1. The Manager has agreed to reimburse the Trust for all costs and expenses incurred in relation to, or relating to the Offer; and
2. The Qualitas Group has agreed to invest \$10 million into the Trust under the Offer and for these Units to be held in voluntary escrow for a period of five years.

The Offer is for Units issued by The Trust Company (RE Services) Limited in its capacity as Responsible Entity for the Trust. The Trust will apply for the Units to be quoted on the ASX.

We encourage you to read this PDS carefully as it contains detailed information about the Trust and the offer of Units.

We look forward to welcoming you as a Unitholder in the Trust.

Yours faithfully,



Andrew Schwartz

Group Managing Director and Co-Founder
Qualitas Group

01.

SUMMARY OF THE OFFER



01. SUMMARY OF THE OFFER

This section is a summary only. This PDS should be read in full before making any decision to apply for Units in the Trust.

1.1 ABOUT THE TRUST

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------|
| What is the Trust? | The Trust is newly established and has not undertaken any business to date. The Trust has been formed specifically for the purpose of the Offer. The Trust is an Australian registered managed investment scheme under Chapter 5C of the Corporations Act. Following completion of the Offer, it is proposed that the Trust will be listed on the ASX. | Section 4 |
| Who is the Responsible Entity? | The Trust Company (RE Services) Limited (ACN 003 278 831), a wholly owned member of the Perpetual Group, is the Responsible Entity of the Trust. The Responsible Entity is responsible for management of the operations of the Trust. Whilst the Responsible Entity delegates investment management and administrative services to other entities, it retains ultimate responsibility for these functions. | Section 4.2 |
| Who will be responsible for managing the affairs of the Trust? | <p>The Responsible Entity has appointed:</p> <ul style="list-style-type: none"> QRI Manager Pty Ltd (ACN 625 857 070) as Manager of the Trust under the Investment Management Agreement; QRI Fund Services Pty Ltd (ACN 627 791 575)⁴ (Administrator) as fund administrator under the Fund Services Agreement; Automic Pty Ltd (ACN 152 260 814) (Unit Registry) as registry provider to the Trust under the Unit Registry Service Agreement; and Perpetual Corporate Trust Limited (ACN 000 341 533) (Custodian) as custodian of the Trust under the Custody Agreement. <p>The Responsible Entity may change these service providers without the consent of or provision of notice to Unitholders.</p> | Section 13 |
| Who is the Manager? | <p>QRI Manager Pty Ltd is the Manager of the Trust, a newly incorporated company which is wholly owned by the Qualitas Group. The Qualitas Group is a real estate investment management firm focused on investing across the capital structure of real estate assets.</p> <p>Established in 2008, the Qualitas Group has been active in the major capital cities of Australia deploying institutional and wholesale capital, as well as investing from the Qualitas Group's own principal balance sheet.</p> | Section 5 for the Manager and Section 6 for the Qualitas Group |
| What experience does the Qualitas Group have? | <p>Since inception in 2008, the Qualitas Group has achieved a track record of strong returns and successful management of Invested Capital, with support from institutional and wholesale investors, both internationally and domestically.</p> <p>The Qualitas Group has experienced senior personnel specialising in commercial real estate debt and equity investments and has approximately \$2.0 billion⁵ in funds under management.</p> | Section 6 |

⁴ QRI Fund Services Pty Ltd is a wholly owned member of the Qualitas Group.

⁵ As at 30 June 2018.

01. SUMMARY OF THE OFFER Continued

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| What is the Trust's Investment Objective? | The Trust's Investment Objective is to achieve a Target Return of 8.0% p.a. (net of fees and expenses) ⁶ , and provide monthly cash income, capital preservation and portfolio diversification. The Trust will seek to achieve these objectives by investing in a portfolio of investments that provide Unitholders with direct and indirect exposure to Australian and New Zealand secured real estate loans. | Section 4.5 |
| What is the Trust's Investment Strategy? | The Manager will seek to invest the Trust's capital in a portfolio of investments that provide Unitholders with direct and indirect exposure to predominantly Australian secured real estate loans. The Trust may also invest up to 20.0% of the portfolio in New Zealand secured real estate loans from time to time. | Section 4.6 |
| What is the Qualitas Wholesale Real Estate Income Fund? | <p>The Trust will gain exposure to a diversified portfolio of investments with direct and indirect exposure to predominantly Australian secured real estate loans via its investment in the Qualitas Wholesale Real Estate Income Fund (Sub-Trust). Other wholesale investors may also invest in the Sub-Trust from time to time.</p> <p>The Sub-Trust is an unregistered Australian unit trust. A wholly owned member of the Perpetual Group, The Trust Company Limited (ACN 004 027 749) is the trustee of the Sub-Trust (Sub-Trustee).</p> <p>The Sub-Trustee has appointed the Manager as the investment manager of the Sub-Trust.</p> <p>The Sub-Trust will make direct investments or invest in various other wholesale funds (Qualitas Funds) which are managed by the Qualitas Group. The Sub-Trust is an open-ended, unlisted trust and is open to accept applications direct from wholesale investors.</p> | Section 4.7 |
| What is the historical performance of the Qualitas Group? | <p>The Qualitas Group has built a successful and consistent track record in the origination, execution and asset management of investments across the capital structure of real estate assets.</p> <p>Since inception in 2008, the Qualitas Group has allocated \$1.7 billion of debt and equity capital to real estate assets worth approximately \$7.3 billion in gross value. Across the Qualitas Group's 10-year track record, 84 secured real estate loans have been managed with total Invested Capital of \$1.2 billion⁷.</p> | Section 6.2 |

⁶ This is a targeted return only. There is no guarantee that the Trust will achieve its Investment Objective.

⁷ As at 30 June 2018. Excludes performance of Arch Finance, a wholly owned member of the Qualitas Group. The \$7.3 billion in gross value is the aggregated value of the real estate asset as at the date of investment.

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| What does the Qualitas Team do for the Qualitas Group? | <p>The Qualitas Team is responsible for:</p> <ul style="list-style-type: none"> • originating and executing secured real estate loans for the Qualitas Group; • portfolio and asset management for the Qualitas Group; and • risk management for the Qualitas Group. <p>The Qualitas Team will assist the Manager in performing its obligations in relation to the Trust.</p> | Section 4 for the Trust and Section 6 for the Qualitas Group |
| How will the portfolio be constructed? | The portfolio will be constructed in accordance with the Investment Strategy and the Investment Principles and policies agreed with the Responsible Entity from time to time. | Section 4.6 |
| How are the Trust's investments structured? | <p>To achieve the Investment Strategy and target portfolio construction, the Trust will invest in the Sub-Trust. The Sub-Trust is an open-ended, unlisted trust and is open to accept applications direct from wholesale investors.</p> <p>The Sub-Trust may invest in direct secured real estate loans or in units in Qualitas Funds consistent with the Investment Objectives and Investment Strategy detailed in Sections 4.5 and 4.6 of this PDS, respectively.</p> | Section 4.7 |
| What is the Target Return? | <p>The Target Return is 8.0% p.a. (net of fees and expenses).</p> <p>The Target Return is only a target. There will be an Initial Investment Timeline (a minimum of six months following listing) until all funds raised are invested and for the target portfolio construction and Target Return to be achieved. There is no guarantee that the Trust will achieve its Investment Objective. The Trust reserves the discretion to amend its distribution policy.</p> | Section 4.5 |

01. SUMMARY OF THE OFFER Continued

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| What are the key highlights of the Offer? | <p>The Trust will seek to provide Unitholders with the following:</p> <ul style="list-style-type: none"> • Stable monthly cash income <ul style="list-style-type: none"> » Target Return of 8.0% p.a. (net of fees and expenses)⁸; and » Monthly cash distributions⁹. • Access to high performing Qualitas Group <ul style="list-style-type: none"> » Since 2008, the Qualitas Group has forged a track record of strong returns and successful management of Invested Capital, with support from institutional and wholesale investors, both internationally and domestically. » The Qualitas Group has a strong track record of historical performance, having delivered an internal rate of return (IRR) of 24.8% across its realised secured real estate loans since inception¹⁰. • Loans secured against commercial real estate assets <ul style="list-style-type: none"> » The Trust offers exposure to the commercial real estate finance market which has been largely inaccessible by retail investors to date. » All loans within the portfolio will be secured by either a first or second real property mortgage as the primary source of security. • An experienced and active management team <ul style="list-style-type: none"> » The Qualitas Team has extensive experience encompassing all aspects of origination, structuring, negotiation and execution of secured real estate loans as well as managing portfolio risks. • Quality risk management and corporate governance <ul style="list-style-type: none"> » The Qualitas Advisory Board and dedicated internal committees maintain oversight over finance, operations, internal governance and investment policies. » The Qualitas Group applies a highly selective investment filtering and due diligence process, involving the Qualitas Group's Portfolio Allocation Committee and various investment committees (amongst others) as well as active asset management throughout the life of the investment involving the Portfolio Asset Management Committee. | |

⁸ This is a targeted return only. There is no guarantee that the Trust will achieve its Investment Objective.

⁹ The Responsible Entity reserves the right to amend the distribution policy of the Trust.

¹⁰ As at 30 June 2018. Past performance is not a reliable indicator of future performance. This is not a forecast. The historical secured real estate loan track record is based on the gross IRRs achieved on actual realised (i.e. repaid) investments. These IRRs have been verified by an independent external auditor.

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Will the Trust pay distributions? | <p>The Responsible Entity intends to pay distributions to Unitholders monthly. Distributions are expected to match income (net of fees and expenses) generated by the Trust. Distributions will be paid at the discretion of the Responsible Entity and may depend on a number of factors, including future earnings, capital requirements, financial conditions, future prospects and other factors the Responsible Entity deems relevant. The Responsible Entity reserves the right to amend the distribution policy of the Trust.</p> <p>It is currently intended that the first distribution will be paid to Unitholders within the first three months following the listing date.</p> | Section 4.19 |
| What are the key risks associated with an investment in the Trust? | <p>There are a number of risks associated with investing in the Trust which are set out in detail in Section 8 and summarised below¹¹:</p> <ul style="list-style-type: none"> • Risks relating to the Investment Strategy and Manager <ul style="list-style-type: none"> » no guarantee the Trust will be successful in meeting the Investment Objective; » limited rights to terminate the Investment Management Agreement including for underperformance; » key staff risks including departures; and » risks in relation to the Trust Loan Receivable. • Risks relating to the Trust <ul style="list-style-type: none"> » the Trust has no operating history or track record; » distributions may not be paid; » no guarantee the Manager will find appropriate investments; » risks in relation to currency and interest rate hedging; » the Trust's service providers may fail to comply with their contractual obligations; » risks relating to conflicts of interest that the Manager or Responsible Entity may encounter; » regulatory approval associated risks; and » other risks. | Section 8 |

¹¹ The risks in this section are not an exhaustive list; not all risks can be predicated or foreseen.

01. SUMMARY OF THE OFFER Continued

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| What are the key risks associated with an investment in the Trust? continued | <ul style="list-style-type: none"> • Risks relating to the portfolio <ul style="list-style-type: none"> » risk of underperforming investments; » borrowers with respect to the underlying secured real estate loans may be unable to meet obligations; » the due diligence processes undertaken may not reveal relevant facts; » the security provided by borrowers may be insufficient; » risks relevant to construction and development loans; » systemic risks; » interest rate risks; » risks resulting from early repayment of secured real estate loans; » collateral real estate is a relatively illiquid asset; » risks relating to real estate valuations; » force majeure risk; and » political and regulatory risks. • Risks relating to the Units being listed on the ASX <ul style="list-style-type: none"> » Units may trade at a discount to NAV per Unit; » Unit prices may be volatile; and » risk relating to liquidity of Units. • General investment risks including economic, taxation, litigation, and cyber security risks. | Section 8 |
| Will the Trust have any debt? | <p>It is not anticipated the Trust will use debt to increase the scale of the Trust's investments.</p> <p>The Manager does not intend to use debt to enhance returns. The Trust may use debt for operational purposes, to manage capital flows or for other capital management purposes. The Trust has agreed to limit its debt exposure for these operational purposes to 10.0% of the Trust's NAV.</p> | Section 4.14 |
| What is the time frame to achieve target portfolio construction? | <p>The Manager may take at least six months to fully invest the Trust in accordance with the Investment Strategy outlined in Section 4.6. However, the pace of the Trust's investments will depend on market conditions and opportunities. Details of the Initial Investment Timeline are set out in Section 4.12.</p> | Section 4.12 |

| TOPIC | SUMMARY | FOR MORE INFORMATION | | | | | | |
|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------|-----------------------|--------------|-------------------------------------|-------------|-----------|
| What are the fees and costs payable by the Trust? | <p>The fees payable by the Trust include:</p> <ul style="list-style-type: none">• A Responsible Entity fee of between 0.03% to 0.05% p.a. (inclusive of GST, less RITC), payable quarterly in arrears by the Trust to the Responsible Entity;• a Management Fee of 1.5375% p.a. (inclusive of GST, less RITC) of the Trust’s NAV, payable monthly out of the Trust to the Manager;• a Performance Fee of 20.5% (inclusive of GST, less RITC) over any return above 8.0% p.a. (Section 7.3.3). The Performance Fee is calculated and accrued monthly and paid annually in arrears to the Manager; and• Recoverable expenses of between 0.29% to 0.56% p.a. (inclusive of GST, less RITC) of the Trust’s NAV, payable monthly out of the Trust to the Manager. <p>While the Investment Management Agreement remains in force, the Trust will not be required to pay any management or performance fees in respect of investments in the Sub-Trust or the Qualitas Funds other than the fees payable to the Manager under the Investment Management Agreement. To the extent any such fees are paid by the Trust, they will be rebated to the Trust.</p> | Section 7 | | | | | | |
| Examples of fees payable to the Manager | <p>Example of Management Fee</p> <ul style="list-style-type: none">• If the Trust raises the Minimum Subscription, and the NAV remains equal to the Minimum Subscription, the annual Management Fee of the Trust would be as follows: <table><tr><td>Average of daily NAVs for 1 year</td><td>\$150,000,000</td></tr><tr><td>Management Fee</td><td>1.5375% p.a.</td></tr><tr><td>Total Management Fee payable</td><td>\$2,306,250</td></tr></table> <ul style="list-style-type: none">• In the event of an impairment equivalent to 10% of the NAV occurring after six months of listing, the total Management Fee payable would reduce to \$2,190,938. | Average of daily NAVs for 1 year | \$150,000,000 | Management Fee | 1.5375% p.a. | Total Management Fee payable | \$2,306,250 | Section 7 |
| Average of daily NAVs for 1 year | \$150,000,000 | | | | | | | |
| Management Fee | 1.5375% p.a. | | | | | | | |
| Total Management Fee payable | \$2,306,250 | | | | | | | |

01. SUMMARY OF THE OFFER Continued

TOPIC

EXAMPLES OF FEES PAYABLE TO THE MANAGER continued

SUMMARY

Example of Performance Fee

A worked example of the calculation of the Performance Fee over a Performance Calculation Period is set out below.

This is a worked example only to demonstrate the Performance Fee calculation and does not represent the Manager’s view of expected future performance of the Trust nor is it a guarantee of future performance. Trust net income within a Performance Calculation Period may differ from what is represented in this example.

Return profile

The below sets out the performance of the Trust over a Performance Calculation Period. The Trust net income is the return earned in each year and the Cumulative Actual Return is the average return p.a. as at the end of each year.

| Trust return profile | Year 1 | Year 2 | Year 3 |
|----------------------------------------------|--------|--------|--------|
| Trust net income by year as % of average NAV | 8.50% | 7.50% | 8.75% |
| Cumulative Actual Return p.a. as at year end | 8.50% | 8.00% | 8.25% |

The Cumulative Actual Return in year 2 (8.00% p.a.) is the average of the Trust net income in year 1 and year 2.

The Cumulative Actual Return in year 3 (8.25%p.a.) is the average of the Trust net income in year 1, year 2 and year 3.

FOR MORE INFORMATION

Section 7

TOPIC

EXAMPLES OF FEES PAYABLE TO THE MANAGER CONTINUED

SUMMARY

Priority and distribution of net income

The table below demonstrates the priority and distribution of net income¹² between the Unitholders and the Manager at each stage of the Performance Fee calculation as detailed above:

| FIRST: Return to Unitholders & outperformance (p.a.) | | Year 1 | Year 2 | Year 3 |
|------------------------------------------------------|---|--------|--------|--------|
| Trust net income by year as a % of average NAV | | 8.50% | 7.50% | 8.75% |
| Net income to Unitholders | A | 8.00% | 7.50% | 8.00% |
| Outperformance | | 0.50% | — | 0.75% |

| SECOND: Excess Return (p.a.) | | Year 1 | Year 2 | Year 3 |
|---------------------------------------------------|---------------------|--------|--------|---------|
| Performance Fee* (20%) | | 0.10% | — | 0.15% |
| Net income to Unitholders (80%) | B | 0.40% | — | 0.60% |
| Manager refund of Performance Fee | C | — | 0.10% | — |
| Aggregated net income to Unitholders | D = A+B+C (3 years) | 8.40% | 16.00% | 24.60% |
| Annualised total net income to Unitholders (p.a.) | E = (D/no. years) | 8.40% | 8.00% | 8.20%** |

* Excluding GST.

** A Unitholder who invested at the start of this Performance Calculation Period will have derived an annualised return of 8.20%p.a. over the three years of the Performance Calculation Period.

As at the end of year 2 the Cumulative Actual Return is 8.00% and therefore the Manager is not entitled to a Performance Fee as the Return Hurdle has not been exceeded. As the Manager has already been paid 0.10% in respect of year 1, the Manager is required to refund 0.10% to ensure the net Performance Fee paid is equal to the Performance Fee calculated at the end of year 2 of 0%.

FOR MORE INFORMATION

Section 7

¹² Rounded to two decimal points.

01. SUMMARY OF THE OFFER Continued

TOPIC

EXAMPLES OF FEES PAYABLE TO THE MANAGER continued

SUMMARY

The table below demonstrates the distributions to Unitholders and the Manager by year and annualised after the calculation of the priority and distribution of net income and the Performance Fee refund:

| Summary by year | | Year 1 | Year 2 | Year 3 |
|------------------------------------------------|---------------|--------|---------|--------|
| Trust net income by year as a % of average NAV | F | 8.50% | 7.50% | 8.75% |
| Cumulative Actual Return p.a. as at year end | | 8.50% | 8.00% | 8.25% |
| Performance Fee to Manager | | | | |
| Performance Fee / (refund) by year | G | 0.10% | (0.10%) | 0.15% |
| Annualised Performance Fee p.a. as at year end | (G/no. years) | 0.10% | — | 0.05% |
| Net income to Unitholders | | | | |
| Net income to Unitholders by year | F-G | 8.40% | 7.60% | 8.60% |
| Net income p.a. to Unitholders as at year end | E | 8.40% | 8.00% | 8.20% |

* A Unitholder who was fully invested during the Performance Calculation Period (3 years), would have paid 0.05% in Performance Fees on an annualised basis over the period under review.

Based on the Minimum Subscription raised (\$150 million), the Unitholders and Manager distributions for the Performance Calculation Period are detailed below (assuming no movement in NAV over the 3 year period):

| Distributions by year, assuming Minimum Subscription | | Year 1 | Year 2 | Year 3 |
|------------------------------------------------------|--|--------------|--------------|--------------|
| Net income by year | | \$12,750,000 | \$11,250,000 | \$13,125,000 |
| Performance Fee / (refund) by year* | | \$153,750 | (\$153,750) | \$230,625 |
| Return to Unitholders by year | | \$12,596,250 | \$11,403,750 | \$12,894,375 |

* Inclusive of GST, less RITC.

The total Performance Fee payable for the 3 year Performance Calculation Period is \$230,625 (inclusive of GST, less RITC).

An increase in NAV due to subsequent capital raising may increase or decrease the Performance Fee payable depending on the net income earned on capital that has been invested.

A decrease in NAV may arise due to impairments of loan assets. In an event of a significant impairment being realised, it is expected that this will decrease the Performance Fee payable.

FOR MORE INFORMATION

Section 7

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|
| What is the expected NAV per Unit of the Trust on the Allotment Date? | The NAV per Unit of the Trust at the Allotment Date is expected to be \$1.60. The expected NAV per Unit is equal to the Application Price. | Section 10.2 |
| What are the terms of the Investment Management Agreement? | <p>The Manager has entered into an Investment Management Agreement with the Responsible Entity. The Investment Management Agreement has an initial term of 10 years from the date the Units are listed on the ASX. After the initial term, the Investment Management Agreement will be automatically extended until terminated.</p> <p>The Manager will be responsible for:</p> <ul style="list-style-type: none"> identifying investment opportunities through in-depth analysis; undertaking due diligence to provide information necessary for the Responsible Entity to consider each investment. Subject to their duties at law, the Responsible Entity may not acquire or dispose of assets unless it has received a recommendation from the Manager, although ultimately the Responsible Entity will make the final investment decision, depending on the intended or current owner of the asset; managing the execution of the approved Investment Strategy; assisting in procuring third party advisors to provide support, where required, in the assessment of investment opportunities and provide other third-party services as reasonably required; and advising, providing recommendations and executing exit strategies. <p>The Investment Management Agreement contains clauses which govern the Manager's duties and obligations, provides reciprocal indemnities in favour of the Manager and the Responsible Entity, details how the Responsible Entity may be retired and be replaced, legislates how the agreement may be terminated, details the fees payable to the Manager and contains other clauses which are common for an investment management agreement.</p> <p>Details of the fees payable to the Manager are set out in Section 7.</p> <p>A summary of the Investment Management Agreement is set out in Section 13.1.</p> | Section 13.1 |
| What is the purpose of the Trust Loan Receivable? | <p>A maximum of 3.5% of the proceeds of the Offer will be advanced by the Trust to the Manager and may be used by the Manager and the Qualitas Group as working capital (equating to between \$5,250,000 and \$17,500,000 depending on the gross proceeds of the Offer) to pay the costs and expenses incurred in relation to, or relating to the Offer.</p> <p>Qualitas Property Partners Pty Ltd (ACN 137 928 155) (QPP) has guaranteed the Trust Loan Receivable.</p> <p>Details are contained in the Trust Loan Receivable agreement between the Responsible Entity and the Manager. The Trust Loan Receivable agreement terms are summarised in Section 13.3.</p> | Sections 4.18, 10.6 and 13.3. |

01. SUMMARY OF THE OFFER Continued

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|--------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Who is the Custodian? | Perpetual Corporate Trust Limited (ACN 000 341 533), a wholly owned member of the Perpetual Group, will act as the Custodian of the assets of the Trust. | Section 4.20 |
| What is the difference between a listed investment company and a listed investment trust? | <p>Under a trust structure, all earnings are distributed to Unitholders on a pre-tax basis. This is similar to most managed fund or exchange traded fund structures.</p> <p>In the case of a listed investment company, earnings would typically be taxed at the company tax rate and franking credits may be distributed to investors with dividends.</p> | Section 12 |
| What is the financial position of the Trust? | <p>The Trust is yet to commence trading.</p> <p>Unaudited pro forma financial information (Financial Information) of the Trust's expected financial position upon listing on the ASX are set out in Section 10.</p> | Section 10 |
| Will any related party have a significant interest in the Trust or Offer? | QPP will subscribe for Units in the Trust valued at \$10.0 million as part of the Priority Offer. Those Units are to be subject to a voluntary escrow arrangement for five years. This arrangement is summarised in Section 13.6. | Section 13.6 and 14.7 |
| Information on the Constitution | The Constitution is the document which governs the relationship between the Responsible Entity and Unitholders, the key terms of the Constitution as set out in Section 13.4. | Section 13.4 |
| What are the Trust's Material Contracts? | <p>The Trust's material contracts (together, Material Contracts) are:</p> <ul style="list-style-type: none"> • Investment Management Agreement; • Offer Management Agreement; • Trust Loan Receivable agreement; • Trust Constitution; and • Voluntary Restriction Deed. <p>A summary of these Material Contracts are set out in Section 13.</p> | Section 13 |
| What will be the Trust's valuation policy? | <p>The Trust's valuation policy is set out in Section 4.22.</p> <p>The Trust's NAV will be calculated and released to the ASX at least monthly. The value of the Trust's investments will be calculated in a way that is consistent with current market practices and regulatory requirements.</p> <p>The NAV of the Trust will reflect the fair value of the investments, specifically the carrying value of the secured real estate loans at amortised cost less any impairment until the date of expiry of the loan, in accordance with the ASX Listing Rules and Australian Accounting Standards (AAS).</p> | Section 4.22 |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| What information will be provided to the Unitholders after listing on the ASX? | <p>The Responsible Entity will provide information required under the ASX Listing Rules including announcing the following on the ASX:</p> <ul style="list-style-type: none"> • The Trust's annual financial statements; • The Trust's half-yearly financial statements; and • Any continuous disclosure notices required under the Corporations Act and the ASX Listing Rules. <p>The NAV per Unit is expected to be published on the Trust Website and lodged with the ASX on a monthly basis.</p> <p>The Responsible Entity will also release reports to the ASX on the activities of the Trust, the performance of the Trust's portfolio and the Manager's investment outlook. These reports will also be available on the Trust Website.</p> | |

1.2 ABOUT THE OFFER

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Who is the issuer? | The Trust Company (RE Services) Limited in its capacity as Responsible Entity of the Trust. | Section 4.2 |
| What is the Offer? | <p>This Product Disclosure Statement (PDS) is for an offer of Units in the Trust.</p> <p>The Offer comprises the Cornerstone Offer, Broker Firm Offer, Priority Offer and General Offer.</p> | Section 2.1 |
| What do Applicants pay when applying under the Offer? | All Applicants under the Offer will pay a Application Price of \$1.60 per Unit. | Section 2.1 |
| Who is the Lead Arranger and Lead Manager? | Evans Dixon Corporate, a division of Evans and Partners Pty Ltd, (ACN 125 338 785). | |
| Who is the Co-Manager? | Canaccord Genuity (Australia) Limited (ACN 075 071 466). | |
| What is the purpose of the Offer? | The Trust will invest the proceeds raised under the Offer in accordance with the Investment Strategy. | Section 4.6 |
| What happens if the Minimum Subscription is not achieved? | If the Minimum Subscription is not achieved within three months after the date of this PDS, then the Responsible Entity will repay all Application Amounts in full (without interest) as soon as practicable or issue a supplementary or replacement PDS and allow Applicants one month in which to withdraw their applications and be repaid their Application Amounts in full (without interest). | Section 2.2 |

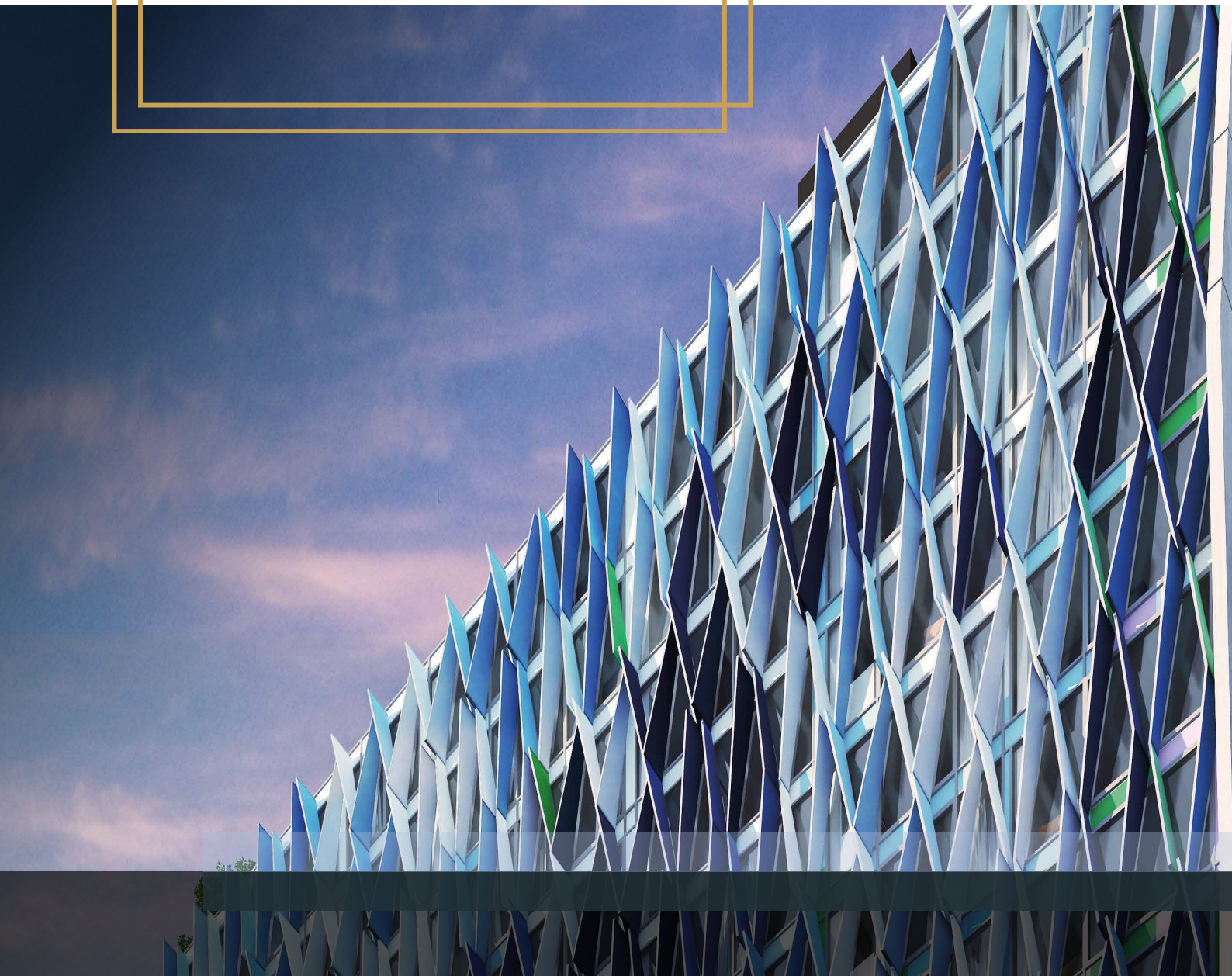
01. SUMMARY OF THE OFFER Continued

| TOPIC | SUMMARY | FOR MORE INFORMATION | | | | | | | | | |
|-------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|-------|------------|-------------|--------------|--------|--------|------------|
| Is the offer underwritten? | The Offer is not underwritten. | Section 2.6 | | | | | | | | | |
| Will any Units be subject to escrow arrangements? | Yes. See Section 13.6 | Section 13.6 | | | | | | | | | |
| What will the capital structure of the Trust be following completion of the Offer? | <p>On completion of the Offer the capital structure of the Trust will be as set out below:</p> <table> <tr> <th></th><th>Minimum Subscription (\$150 million)</th><th>Maximum Subscription (\$500 million)</th></tr> <tr> <td>Units</td><td>93,750,000</td><td>312,500,000</td></tr> <tr> <td>NAV per Unit</td><td>\$1.60</td><td>\$1.60</td></tr> </table> | | Minimum Subscription (\$150 million) | Maximum Subscription (\$500 million) | Units | 93,750,000 | 312,500,000 | NAV per Unit | \$1.60 | \$1.60 | Section 10 |
| | Minimum Subscription (\$150 million) | Maximum Subscription (\$500 million) | | | | | | | | | |
| Units | 93,750,000 | 312,500,000 | | | | | | | | | |
| NAV per Unit | \$1.60 | \$1.60 | | | | | | | | | |
| How can investors apply? | Instructions on how to apply are set out in Section 2.4 and 2.5. | Sections 2.4 and 2.5 | | | | | | | | | |
| Who can participate in the Offer? | <p>Investors with a registered address in Australia and New Zealand, can participate in the General Offer. Restrictions apply to investors located in Hong Kong, Singapore, Canada and Israel (see pages 3 and 4).</p> <p>The Broker Firm Offer is open to persons who have received a firm allocation from their Broker.</p> <p>The Cornerstone Offer is available to parties that have been invited to participate by the Lead Arranger.</p> <p>The Offer also consists of the Priority Offer which is available to Priority Applicants with a registered address in Australia, New Zealand, Hong Kong, Singapore, Canada and Israel.</p> <p>The Offer does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.</p> | Section 2.4 | | | | | | | | | |

| TOPIC | SUMMARY | FOR MORE INFORMATION |
|--------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| What are the fees and costs of the Offer? | <p>All fees and costs of the Offer will be ultimately borne by the Manager.</p> <p>The fees and costs of the Offer include:</p> <ul style="list-style-type: none"> • to the Lead Arranger, a lead arranger fee equal to 0.40% exclusive of GST of the total amount raised under the Offer excluding the Priority Offer; • to the Lead Manager, a management fee of up to 1.00% exclusive of GST of the total amount raised under the Offer, excluding the Priority Offer. A lower fee may be paid if agreed between the Manager and the Lead Manager; • to any Broker who has been allocated Units under the Broker Firm Offer, a fee of 1.25% exclusive of GST of the total amount raised by the Broker under the Broker Firm Offer; and • any fees payable with respect to the Priority Offer. <p>Any fees payable with respect to binding pre-commitments to subscribe for Units by wholesale investors will not ultimately be payable by the Trust.</p> <p>The Manager will also pay other fees and costs associated with the preparation of the PDS and the issue of Units, including legal, advisory, accounting, taxation and listing fees.</p> <p>The total fees and costs in respect of the Offer are not expected to exceed \$17,500,000. Further details are set out in Section 10.</p> <p>The Offer has been structured to eliminate an immediate decline to the Trust's NAV as a result of the fees and costs incurred upon the establishment of the Trust. The Manager will also pay other fees and costs associated the preparation of the PDS and the issue of Units, including legal, advisory, accounting, taxation and listing fees.</p> | Sections 7 and 10 |
| Is there a minimum value of Units which an investor must apply for under the Offer? | Yes, each Applicant must subscribe for a minimum of 1,250 Units with a minimum Application Amount of \$2,000. | Section 2.3 |
| Is there a cooling off period? | No, a cooling off period does not apply to the Offer. | Section 2.8 |
| How do investors obtain further information? | <p>Please contact the Qualitas Real Estate Income Fund Offer information line on 1300 420 177 within Australia or +612 8022 8575 from outside Australia if you have questions relating to the Offer.</p> <p>If you are uncertain about whether an investment in the Trust is suitable for you, please contact your stockbroker, financial advisor, accountant, lawyer or other professional advisor.</p> | |

02.

**DETAILS OF
THE OFFER**



02. DETAILS OF THE OFFER

This is a summary only. This PDS should be read in full before making any decision to apply for Units. The performance of the Trust is not guaranteed by the Responsible Entity or any of their advisors.

2.1 THE OFFER

The Offer under this PDS is for Units in the Trust. Units will be issued at an Application Price of \$1.60 per Unit. The Offer will aim to raise a minimum of \$150 million and a maximum of \$500 million for the Trust.

The Offer comprises of the:

- **Cornerstone Offer** – open to persons who have been invited to participate by the Lead Arranger;
- **Broker Firm Offer** – open to persons who have received a firm allocation from their Broker;
- **Priority Offer** – open to Priority Applicants; and
- **General Offer** – open to persons who have a registered address in Australia and New Zealand. Restrictions apply to investors located in Hong Kong, Singapore, Canada and Israel (see page pages 3 and 4).

Further information about each Offer is set out in Section 2.4.

2.2 MINIMUM SUBSCRIPTION

The Minimum Subscription required for the Offer to proceed is \$150 million.

If this Minimum Subscription is not achieved and the Application Amounts are not received by the Responsible Entity prior to 5.00pm (AEDT) on the Closing Date, the Responsible Entity will repay all money received from Applicants (without interest) within seven days after that date or such later date as may be permitted by the Corporations Act with the consent of ASIC.

2.3 MINIMUM AND MAXIMUM APPLICATION AMOUNT

Applications must be for a minimum of 1,250 Units such that the minimum Application Amount is \$2,000.

There is no maximum Application Amount that may be applied for under the Offer. The Responsible Entity reserves the right to aggregate any Application under the Offer which it believes may be multiple Applications from the same person.

2.4 HOW DO INVESTORS APPLY UNDER THE OFFER?

Online Applications must be completed in accordance with instructions provided as part of completing the application and paper-based Application Forms must be completed in accordance with the instructions set out on the relevant Application Form. By making an Application you declared that you were given a copy of this PDS with the Application Form.

(a) Cornerstone Offer

You may participate in the Cornerstone Offer only if you have been invited by the Lead Arranger to participate in the Cornerstone Offer.

If you are eligible to participate in the Cornerstone Offer, you will be sent an invitation which contains a link to complete your Application online as part of this Offer.

Completed Applications and Application Amounts must be received by the Unit Registry by 5.00pm AEDT on the Closing Date.

02. DETAILS OF THE OFFER **Continued**

(b) Broker Firm Offer

Applicants who have been offered a firm allocation by a Broker will be treated as Applicants under the Broker Firm Offer in respect of that allocation.

You may participate in the Broker Firm Offer by completing the Application Form marked "Broker Firm Offer" attached to this PDS or the Application Form marked "Broker Firm Offer" accompanying an electronic version of this PDS and submitting the completed Application Form to your Broker together with your Application Amount by 5.00pm AEDT on the Broker Firm Offer Closing Date, or otherwise in accordance with the instructions given to you by your Broker.

Applicants under the Broker Firm Offer must lodge their Broker Firm Offer Application Form and Application Amount with the Broker from whom you received your firm allocation, and in accordance with the relevant Broker's directions.

Applicants under the Broker Firm Offer must not send their Application Forms to the Unit Registry.

Delivery versus payment (**DvP**) settlement is available for Applicants under the Broker Firm Offer. Please contact your Broker or the Lead Manager for further details.

The Brokers may determine how they allocate Units among their clients, and they (not the Responsible Entity nor the Manager) will be responsible for ensuring that clients who have received an allocation from them receive the relevant Units.

Neither the Responsible Entity, the Manager nor the Unit Registry accept any responsibility for any acts of omissions by Brokers in connection with an Application, Broker Firm Offer Application Form and Application Amount.

Please contact your Broker if you have any questions.

(c) Priority Offer

Priority Applicants with registered addresses in Australia, New Zealand, Hong Kong, Singapore, Canada and Israel may participate in the Priority Offer.

Units will be allocated under the Priority Offer at the Responsible Entity's discretion (in consultation with the Manager). Investors who are eligible to participate in the Priority Offer will be sent an invitation which contains a link to the Priority Offer online Application and instructions on how to apply.

If you are an eligible Priority Applicant and wish to submit a paper-based Application, you can do so by completing the Application Form marked "Priority Offer Application" attached to this PDS. Please note that you should only complete this form if you are an eligible Priority Applicant who has been invited by the Manager to participate in the Priority Offer. Applications and Application Amounts must be received by the Unit Registry by 5.00pm AEDT on the Closing Date.

Early lodgement of your Application is recommended as the Offer may be closed early at the discretion of the Responsible Entity.

(d) General Offer

You may participate in the General Offer by lodging an online Application at <https://automic.com.au/qualitas.html>. Alternatively, you can submit a paper-based application by completing the Application Form marked "General Offer" attached to this PDS or by completing the Application Form marked "General Offer" accompanying an electronic version of this PDS. Completed Applications and Application Amounts must be received by the Unit Registry by 5.00pm AEDT on the Closing Date.

2.5 HOW TO PAY THE APPLICATION AMOUNT

If you are applying online you must complete your Application and pay your Application Amount by making either a BPAY, cheque, bank draft or money order payment. If you apply using a paper Application Form, you must complete your Application and pay your Application Amount by enclosing a cheque, bank draft or money order payment with your completed Application Form. Electronic payments are only available where making an online Application.

Using the BPAY details provided when you complete your online Application Form, you need to do the following:

- Access your participating BPAY financial institution either through telephone banking or internet banking;
- Select BPAY and follow the prompts;
- Enter the biller code supplied;
- Enter the unique CRN supplied for each Application;

- Enter the total amount to be paid which corresponds to the number of Units you wish to apply for under each application (i.e. a minimum of \$2,000). Note that your financial institution may apply limits on your use of BPAY. You should enquire about the limits that apply in your own personal situation;
- Select the account you wish your payment to be made from;
- Make your payment. Note that online Applications without payment cannot be accepted; and
- Record your BPAY receipt number and date paid. Retain these details for your records.

BPAY payments must be made from an Australian dollar account of an Australian financial institution. You will need to check with your financial institution in relation to their BPAY closing times to ensure that your Application Amount will be received by 5.00pm (AEDT) on the Closing Date. If you do not make payment of the Application Amount, your Application will be incomplete and may not be accepted.

If you complete your Application by completing a BPAY payment, you acknowledge you are applying pursuant to the relevant Offer.

Cheque, bank draft or money order payments should be made payable to "Qualitas Real Estate Income Fund" and crossed "Not Negotiable". Cheques, bank drafts or money orders must be in Australian currency and drawn on an Australian branch of a financial institution.

Applicants should ensure that sufficient funds are held in their account to cover your cheque, bank draft or money order. If the amount of your cheque, bank draft or money order for the Application Amount (or the amount for which your cheque clears in time for the allocation) is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Amount will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

Completed Application Forms, together with Application Amounts, should be forwarded to one of the following addresses:

Postal

Qualitas Real Estate Income Fund
c/- Automic
GPO Box 5193
SYDNEY NSW 2001

Hand delivered

Qualitas Real Estate Income Fund
c/- Automic
Level 5, 126 Phillip Street
SYDNEY NSW 2000

2.6 OFFER NOT UNDERWRITTEN

The Offer is not underwritten.

2.7 ALLOTMENT

No Allotment of Units will be made until the Minimum Subscription has been received. It is expected that Allotment of the Units under the Offer will take place around 23 November 2018. The Unit Registry will hold all Application Amounts received in the Trust's designated trust account with an Australian authorised deposit-taking institution for Application Amounts in relation to the Offer until the Allotment Date when the Units are issued to successful Applicants. The Responsible Entity may retain any interest earned on the Application Amounts held on behalf of the Trust pending the issue of Units.

The Application constitutes an offer by the Applicant to subscribe for Units on the terms and subject to the conditions set out in this PDS. Where the number of Units allotted is less than the number applied for, or where no Allotment is made, the surplus Application Amounts will be returned by cheque within seven days of the Closing Date. Interest will not be paid on refunded Application Amounts to Applicants.

The Responsible Entity may be required to obtain further information from Applicants. The Responsible Entity reserves the right to reject an Application and not make an Allotment of Units if that information is not provided upon request.

02. DETAILS OF THE OFFER **Continued**

2.8 NO COOLING OFF PERIOD

There is no cooling off period.

2.9 BROKERAGE, COMMISSION AND STAMP DUTY

There is no brokerage, commission or stamp duty payable by Applicants on the acquisition of Units under the Offer.

2.10 NO REDEMPTIONS

Whilst the Trust is listed on the ASX, Units are not able to be redeemed.

The Trust may undertake a buyback of Units which satisfies the Corporations Act and the ASX Listing Rules.

Once the Trust is admitted to the Official List of the ASX and the Units are quoted on the ASX, Unitholders will be able to sell their Units on the ASX (subject to there being buyers at the price acceptable to the seller, the ASX being open for trading and assuming Units have not been suspended from trading).

As at the date of this PDS, there is no liquidity facility offered by the Trust.

2.11 PRIVACY

The Responsible Entity may collect personal information from you when you contact it and from any other relevant forms to be able to administer your investment and comply with any relevant laws, including the Privacy Act 1988 (Cth) and provide information to relevant government agencies in accordance with those laws. If you do not provide us with your relevant personal information, the Responsible Entity may not be able to properly administer your investment.

Privacy laws apply to the handling of personal information and the Responsible Entity will collect, use and disclose your personal information in accordance with its privacy policy, which includes details about the following matters:

- the kinds of personal information the Responsible Entity collects and holds;
- how the Responsible Entity collects and holds personal information;
- the purposes for which the Responsible Entity collects, holds, uses and discloses personal information;
- how you may access personal information that the Responsible Entity holds about you and seek correction of such information (note that exceptions apply in some circumstances);
- how you may complain about a breach of the Australian Privacy Principles (**APP**), or a registered APP code (if any) that binds the Responsible Entity, and how the Responsible Entity will deal with such a complaint; and
- whether the Responsible Entity is likely to disclose personal information to overseas recipients and, if so, the countries in which such recipients are likely to be located if it is practicable for the Responsible Entity to specify those countries.

The privacy policy of the Responsible Entity is publicly available at its website at www.perpetual.com.au or you can obtain a copy free of charge by contacting the Responsible Entity.

The Manager may also collect, use and disclose your personal information, including personal information provided to the Manager by the Responsible Entity, for investor relations purposes in accordance with its privacy policy. A copy of the Manager's privacy policy will be publicly available at <http://www.qualitas.com.au/privacy-policy/>.

03.

INDUSTRY OVERVIEW



03. INDUSTRY OVERVIEW

This section provides an overview of the Australian commercial real estate finance market. The Trust participates in this market with an Investment Strategy to invest in a portfolio of investments that provides Unitholders with direct and indirect exposure to predominantly Australian secured real estate loans. The Trust may also invest in New Zealand secured real estate loans from time to time subject to a 20.0% cap¹³.

3.1 THE COMMERCIAL REAL ESTATE FINANCE MARKET

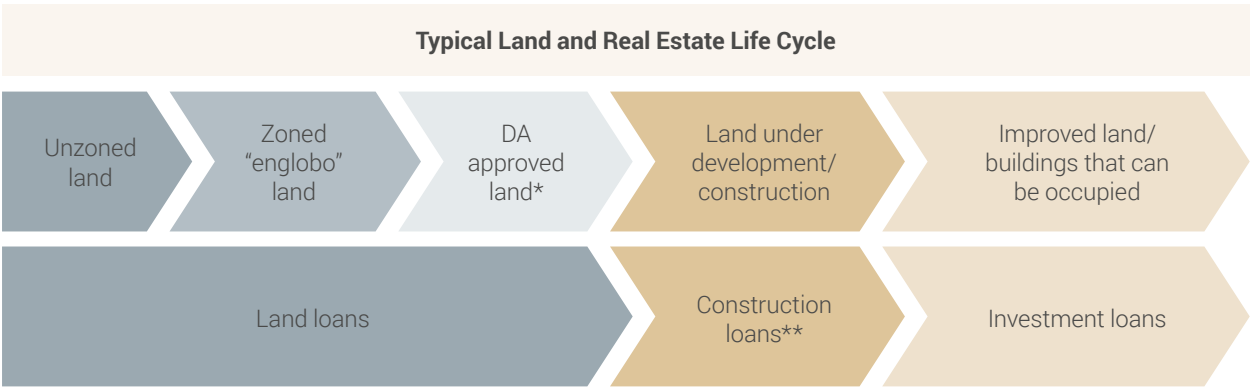
Commercial real estate finance relates to the provision of loans to commercial borrowers, for the development, investment, acquisition or improvement of real estate. This type of finance also includes the refinancing of existing debts owed against commercial real estate, as well as the refinancing of debt which is secured against existing real estate but is for another business purpose.

The main real estate sectors in which commercial borrowers seek financing are residential (namely multiple dwellings), office, retail, industrial, hotels and other specialised real estate assets.

Typical secured real estate loans across the commercial real estate finance market include:

- **Land loans:** secured against vacant land with the potential for development. This includes land (i.e. undeveloped land that is capable of subdivision into smaller lots), land that has not been approved for development and land that has been approved for development.
- **Construction loans:** provided to fund development and construction costs of real estate development projects. They are secured against land with the potential for development, or real estate assets that are soon to be or are under construction. Construction loans also include financing for land subdivision projects. Construction loans are typically progressively drawn down over time to finance the project to completion.
- **Investment loans:** secured against real estate assets that are income generating or have the potential to generate income on a going-concern basis.
- **Other loans:** secured against real estate and/or land for which the purpose does not fit within the above categories. This could include owner occupier loans, short term loans (i.e. bridging loans), pre-development early works loans and working capital loans.

The following diagram illustrates when the different types of loans are required across the real estate life cycle:



* Development Application (DA) approved land refers to land that has received a permit for development.

** Note that after construction is complete, real estate can either be held for investment or on-sold.

13 It is expected that the Manager will primarily focus on the Auckland market as this is the largest real estate market in New Zealand and accounts for the majority of secured real estate loan opportunities in New Zealand.

3.2 PARTICIPANTS IN THE COMMERCIAL REAL ESTATE FINANCE MARKET

Borrowers in the Australian commercial real estate finance market are typically third-party corporate entities or individuals, with an equity or economic interest in real estate domiciled in Australia that can be provided as security (via a real property mortgage) in favour of the lender as mortgagee.

Finance in the commercial real estate market is provided by:

1. Authorised Deposit-Taking Institutions (**ADIs**), including banks, credit unions and building societies;
2. Financial institutions that are not ADIs (e.g. foreign banks that do not take deposits in Australia);
3. Private and public debt capital markets; and
4. Non-ADI lenders, including companies such as the Qualitas Group and other private specialist lenders, superannuation funds and international funds.

A key difference between ADIs and non-ADI lenders is that ADIs can accept and make loans with deposits from the general public. Accordingly, this attracts a level of regulatory oversight by Australian Prudential Regulation Authority (**APRA**) in Australia. By contrast, non-ADI lenders privately raise funds that they can provide to borrowers under their own lending criteria, and this is currently largely unregulated by APRA. For example, non-ADI lenders, whilst maintaining discipline, are reported to accept lower levels of pre-sales and allow greater leverage. In recognition of these risks, investors typically demand higher premiums. Furthermore, loans secured by second ranking mortgages (i.e. mezzanine loans as discussed in Section 3.3) are typically only provided by non-ADI lenders.

3.3 TRENDS IN COMMERCIAL REAL ESTATE FINANCE

As of March 2018, the total size of Australian ADIs' exposure to total (secured and unsecured) commercial real estate finance is estimated to be \$273.6 billion. Following the Global Financial Crisis (**GFC**), ADIs and their subsidiaries have continued to carry the bulk of domestic debt provision in Australia's financial system, with an estimated market share of 94%.

Recent regulatory changes and elevated levels of commercial real estate finance have altered the nature of this category of debt in Australia, forcing ADIs to reassess their exposures to the real estate market. For example, ADIs tightened finance for residential developers over the course of 2016 with measures such as stricter pre-sales requirements, lower maximum loan to value ratios and stricter geographic concentration limits. As ADIs move towards these increasingly selective and conservative credit terms, more flexible forms of finance from alternative lenders are being provided to fill the gap.

It is estimated that non-ADI lenders in Australia account for approximately 6.0% of total financial system assets, which is below the 40.0% to 50.0% share held by their counterparts in Europe and the United States respectively. The United States Federal Reserve's guidance to reduce banks' leveraged lending to businesses in 2016 saw the non-ADI sector increase their market share. Similarly, in the Netherlands in 2017, stricter capital requirements for banks have contributed to a significant rise over the past six years in the share of outstanding mortgage credit originated by pension funds and insurers. This international experience is informative given the recent APRA's tightening of constraints on ADIs' real estate lending.

The trend of ADIs retreating in Australia has already been observed. For example, senior construction financing has reduced significantly compared to five years ago. This has created an opportunity for non-ADI lenders to capture the market share that was previously held by the major ADIs, generally at a higher interest rate.

Given that the majority of New Zealand banks are owned by the Australian banks, New Zealand banks are experiencing the flow-through impact of increasing regulatory control on their Australian owners. Accordingly, real estate developers and investors in the New Zealand market are experiencing similar capital constraints to those in Australia. This is further exacerbated by a lack of well-funded capital providers in New Zealand's alternative finance market.

The Qualitas Group believes that:

- the demand among borrowers for alternative real estate capital sources is growing; and
- as a result, high-quality investment opportunities will be accessible to experienced lenders with strong relationships and sound governance practices.

03. INDUSTRY OVERVIEW Continued

3.4 COMMERCIAL REAL ESTATE FINANCE CAPITAL STRUCTURE

The capital structure of any asset refers to a systematic approach to financing the asset. For any asset, including real estate, this will typically comprise both debt and equity.

The debt component is a fixed amount and is often provided by external parties as a secured real estate loan. The debt component is normally secured by either a first ranking (i.e. senior loan) or second ranking (i.e. mezzanine loan) mortgage. The ranking represents the lender's priority position for repayment of a loan. Senior lenders have the right to be repaid first, ahead of mezzanine lenders. The equity component includes not only the contribution by the borrower but also any assumed profit component that the owner of the property is anticipating upon sale or development of the real estate asset.

Loans, which can provide stable and regular income to the lender in the form of interest payments, have lower risk of capital losses than other asset classes, such as equities. Typically, debt investors have a preferential treatment over equity investors for income distributions and return of capital in an event of default. Secured loans are generally considered of lower risk than equity investments and tend to provide a less volatile return. The figure below illustrates the position of typical loans on a relative risk basis.

| | | Typical Qualitas Protections | Loan to Value Ratio (LVR) |
|---------------------|---|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level of protection | | Ordinary equity | <ul style="list-style-type: none">Full project and counterparty due diligence N/A |
| | | Preferred equity | <ul style="list-style-type: none">Full project and counterparty due diligencePreferred return before ordinary equity N/A |
| | ✓ | Mezzanine debt | <ul style="list-style-type: none">Full project and counterparty due diligenceSame protections as senior debt but ranks second¹⁴ Typical LVR: 65 – 75% |
| | ✓ | Senior debt | <ul style="list-style-type: none">Full project and counterparty due diligenceContracted cash flowsFirst ranking security over propertyBank guaranteesPersonal guaranteesAsset pre-sales Typical LVR: 50 – 65% |

✓ = included in the Trust portfolio

¹⁴ Qualitas does not invest in senior and mezzanine debt for the same transaction.

3.5 TYPICAL SECURED REAL ESTATE LOAN INTEREST RATES

Commercial real estate finance provided by ADIs is set at a margin above a published benchmark interest rate. The most commonly referenced interest rates are the 90-day Bank Bill Swap and Bank Bill Swap Bid rates (**BBSW** and **BBSY**, respectively). The margin above these published benchmark interest rates is the compensation required by the lender for default risk, often referred to as the 'risk premium'. This can vary considerably across loans and depends on the credit worthiness of the borrower, capital market conditions, leverage, mortgage covenants and type of security provided.

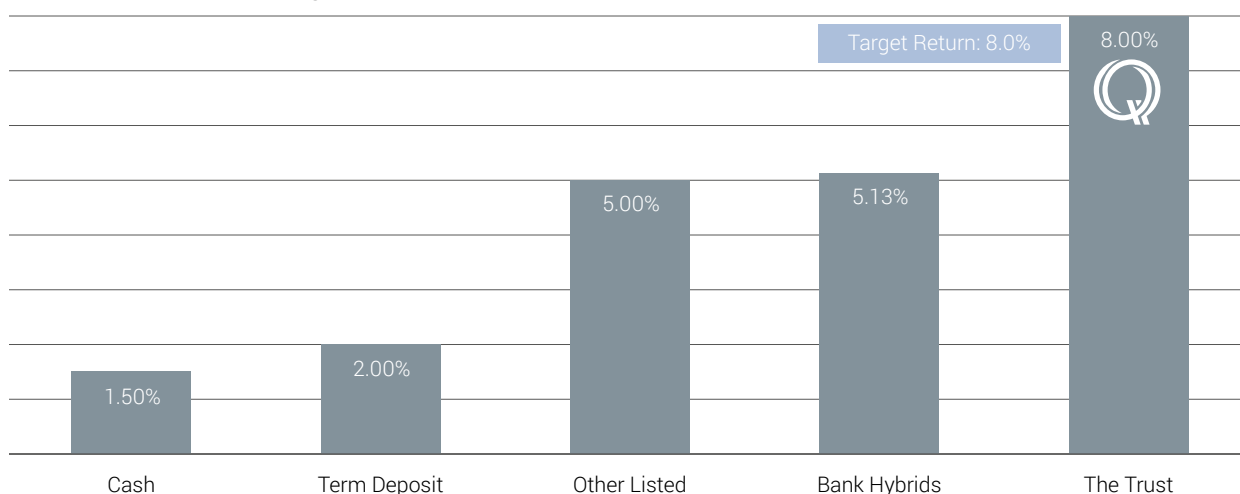
Secured real estate loans provided by non-ADI lenders like the Qualitas Group are often priced at a fixed interest rate, however from time to time may also be floating rate (i.e. set at a margin above the BBSW or BBSY) depending on the lender's return requirements.

In the current market, the Manager believes that borrowers will pay a premium to source capital from outside of the narrow bank lending parameters. This presents an attractive opportunity for non-ADI lenders like the Qualitas Group to provide debt financing that generates strong, risk-adjusted returns from commercial real estate finance.

3.6 TYPICAL FIXED INCOME RETURNS

A yield is the expected income return on an investment. In the case of fixed income, it is usually the interest received from a security expressed as an annual percentage. Commercial real estate finance has high returns relative to cash and term deposits which offer moderate returns. "Other Listed" relates to the average return of two recently ASX-listed fixed income style listed investment trusts¹⁵. Due to their equity-like features, hybrid securities (i.e. bank hybrids) are compensated with a higher return in comparison to pure fixed income investments.

The Trust's return profile is higher relative to traditional fixed income securities, as shown below:



¹⁵ One of the listed investment trusts provides investors with exposure to the Australian securitisation market, primarily of residential mortgage-backed securities and the other listed investment trust provides investors with direct exposure to the Australian corporate loan market, specialising in direct lending and private debt market investments.

03. INDUSTRY OVERVIEW **Continued**

3.7 MARKET DYNAMICS OF COMMERCIAL REAL ESTATE FINANCE

The Qualitas Group considers Australia's supportive macro-economic environment and robust real estate fundamentals to be attractive to lenders in this market. Australia remains at the upper end of developed economies for projected economic growth, supported by population growth and low interest rates, demonstrating a suitable environment for the continued demand for commercial real estate finance.

The New Zealand economic story is similar to Australia, experiencing stable and consistent economic growth for the last eight years. Behind Australia, New Zealand has experienced one of the highest rates of Gross Domestic Product (**GDP**) growth of the Organisation for Economic Co-operation and Development (**OECD**) countries since the GFC and maintains its status as one of the strongest performing and most stable Western economies.

3.7.1 Population growth

The Australian population continues to grow, with population growth recorded at 1.6% in the year to 31 December 2017 and is expected to continue increasing. Based on Government projections, Australia's population is expected to reach at least 38 million by 2050, an increase of circa 13 million people from today's population size, concentrated across Australia's east coast, being in New South Wales, Victoria, Queensland and the Australian Capital Territory.

Population growth from both natural increase and net overseas migration provide ongoing demand for housing in Australia, particularly across the east coast, which accounts for approximately 80.0% of the national population growth over the last 10 years. The demand for other real estate asset classes is also fundamentally based on population growth and typically follows the demand for housing.

In the last two years, New Zealand's population has been boosted by record net migration numbers, attributable to a combination of higher migration inflows and the reversal of the emigration of New Zealanders, creating increased demand for residential dwellings outside of natural population growth.

3.7.2 Interest rates

Interest rates are a key factor that make Australian real estate attractive to both local and offshore investors. Australia continues to experience a low interest rate environment, leading many investors to move excess funds into Australian investment assets in search for higher returns.

On 2 August 2016, the board of the Reserve Bank of Australia (**RBA**) reduced the cash rate by 25 basis points to 1.5% p.a., following inflationary pressures being lower than expected. Since then, the board of the RBA has left the official cash rate unchanged at 1.5% p.a. At the same time, moderate economic growth has meant that Australian interest rates have been kept stable relative to global counterparts, averaging approximately 3.1% p.a. since the beginning of 2008 (compared with a pre-2008 decade average of approximately 5.5% p.a.).

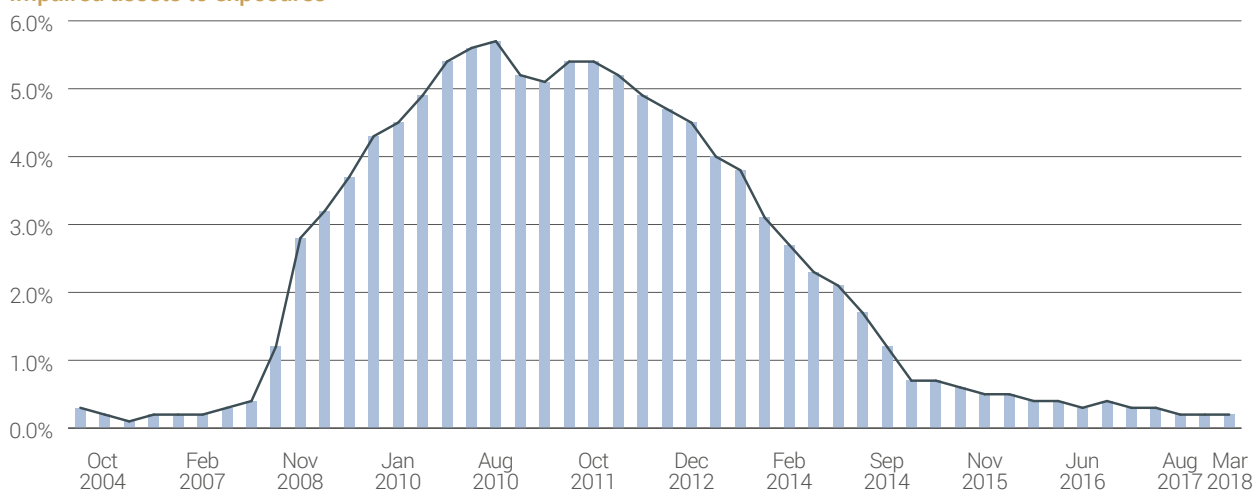
Similarly, the official cash rate in New Zealand is 1.75% p.a. This low interest rate environment combined with the strong currency has supported capital flows into the Australian and New Zealand markets.

3.8 IMPAIRMENT IN AUSTRALIA'S COMMERCIAL REAL ESTATE FINANCE MARKET

The Australian commercial first mortgage lending market has historically sustained low impairment rates and losses, including during the GFC. For the major Australian ADIs, commercial real estate loan impairments as a percentage of overall commercial real estate loan exposures peaked at 4.2% during the GFC and have remained at less than 0.5% for the two years ended 31 March 2018. The impairment rate on the major Australian ADIs' commercial real estate loans has also declined in recent years and is now close to pre-GFC lows.

The chart below illustrates the steady incline in impairment rates in the commercial real estate loan market immediately after the GFC as well as the decline to 0.2% of total commercial real estate loan exposures, across both secured and unsecured real estate loans in March 2018. Due to its stability and resilience, the Qualitas Group believes that the commercial real estate finance market is an attractive investment class.

Impaired assets to exposures



04.

ABOUT THE TRUST



04. ABOUT THE TRUST

4.1 OVERVIEW

The Trust is an Australian managed investment scheme which was registered with ASIC on 16 August 2018 under Chapter 5C of the Corporations Act and is structured as a unit trust.

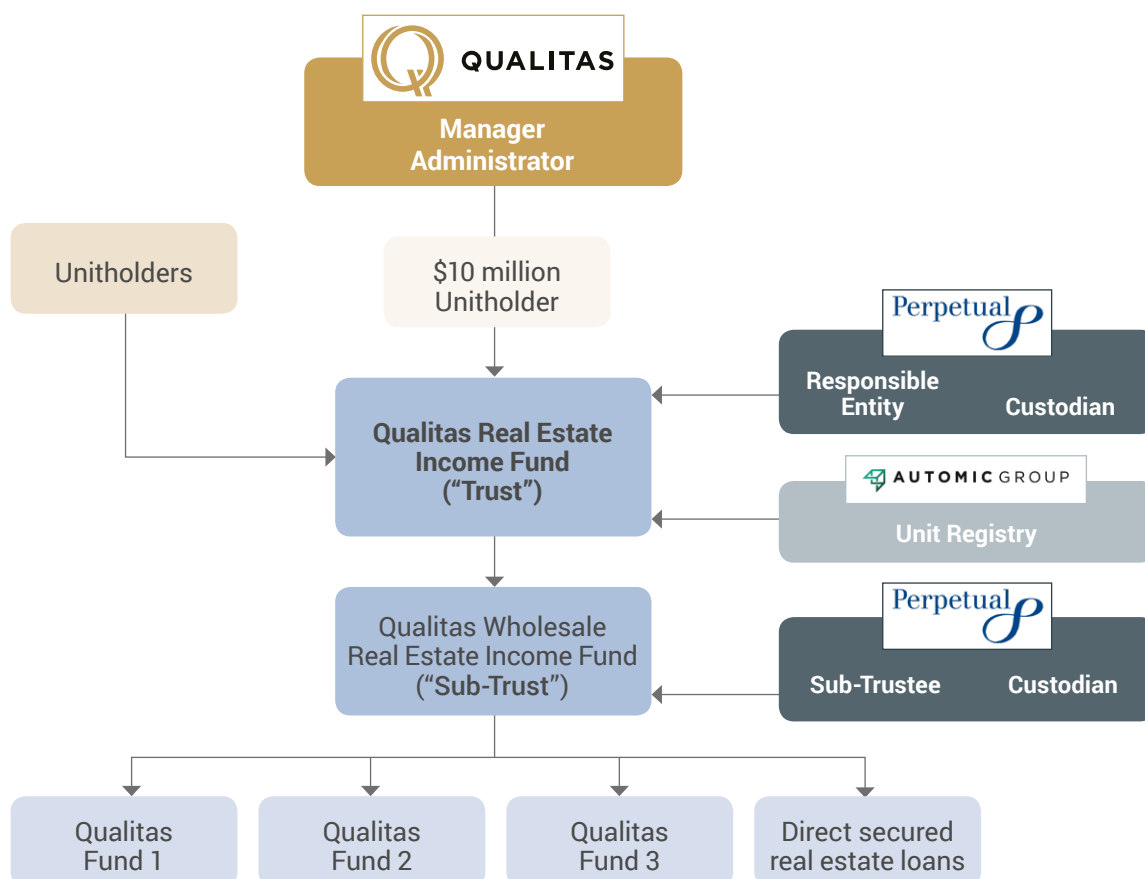
QRI Manager Pty Ltd is the Manager of the Trust and, together with the Qualitas Team, will oversee the origination, investment and management of the Trust's portfolio.

The Responsible Entity has conducted due diligence on the Manager to ensure that it has the appropriate processes and capability to carry out the Investment Strategy (see Section 4.6). The Responsible Entity also has an on-going review framework in place to assess the investment process that the Manager will apply to the Trust.

The Trust will gain exposure to a diversified portfolio of investments with direct and indirect exposure to predominantly Australian secured real estate loans via its investment in the Qualitas Wholesale Real Estate Income Fund and other Qualitas Funds to be established from time to time. The Qualitas Wholesale Real Estate Income Fund is an unregistered Australian unit trust. The Manager is also the manager of the Qualitas Wholesale Real Estate Income Fund and The Trust Company Limited is the trustee.

The Qualitas Wholesale Real Estate Income Fund may make direct loans or invest in the Qualitas Funds which are managed by Associates of the Manager. Other members of the Qualitas Group manage the Qualitas Funds which themselves have different terms, mandates and investment management agreements.

External wholesale investors may also invest in the Qualitas Wholesale Real Estate Income Fund from time to time. This may help the Trust to generate liquidity and assist it in participating in the market in a scalable manner.



04. ABOUT THE TRUST **Continued**

4.2 ABOUT THE RESPONSIBLE ENTITY

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.

The Responsible Entity holds an AFSL issued by ASIC, which authorises it to operate the Trust.

The Responsible Entity is bound by the Constitution, the Corporations Act and the ASX Listing Rules. The Responsible Entity has lodged a Compliance Plan with ASIC which sets out the key measures which the Responsible Entity will apply to comply with the Constitution, the Corporations Act and the ASX Listing Rules. The Responsible Entity has the power to delegate certain aspects of its duties.

The Responsible Entity has appointed QRI Manager Pty Ltd as the Manager of the Trust.

The Responsible Entity has appointed Perpetual Corporate Trust Limited as Custodian of the Trust and QRI Fund Services Pty Ltd as the Administrator of the Trust. QRI Fund Services Pty Ltd is a wholly owned member of the Qualitas Group.

The Material Contracts of the Trust are set out in Section 13.

4.3 DIRECTORS OF THE RESPONSIBLE ENTITY

The Directors have a broad range of experience in financial services combined with financial and commercial expertise.

Details of the current Board are set out below:

Christopher Green

Group Executive, Perpetual Corporate Trust

Executive Director – appointed in March 2014

Chris joined Perpetual in 2006 and has held the roles of General Manager – Trust & Fund Services, and from 2008, Group Executive Corporate Trust. Before joining Perpetual, Chris was with JPMorgan & Co. where he spent 9 years in London as Vice President, Account Management & Analytics of Institutional Trust Services and a year as head of that business for the Australasian region. Chris is Chairman of the Australian Securitisation Forum and is currently completing a BA in Philosophy at the University of London.

Michael Vainauskas

General Manager, Risk & Internal Audit, Corporate Services – Risk Group

Executive Director – appointed in March 2015

Michael joined Perpetual as the Chief Risk Officer in October 2014. In this role, he is responsible for both risk management and internal audit functions across the Group.

Previous to his current role, Michael was the Head of Risk Operations within the International Financial Services Division of the Commonwealth Bank of Australia where he was responsible for managing and supporting all risk management functions (other than large credit approvals) of the International Financial Services businesses which include China, India, Indonesia, Japan and Vietnam.

Michael was previously the Chief Risk Officer for PT Commonwealth Bank Indonesia, a subsidiary of the Commonwealth Bank of Australia and was responsible for all risk and legal areas across the subsidiary.

Prior to this, Michael was the General Manager/Chief Risk Officer with both Westpac Banking Corporation in the Retail and Business Bank, and St George Bank in the Retail Bank and Wealth Management businesses. Michael previously worked in a number of senior consumer risk management roles for the Westpac Banking Corporation group of companies in both the bank and its former finance company subsidiary Australian Guarantee Corporation Limited.

Michael's background in finance extends back to 1983 and covers business, operational, compliance, legal and risk related responsibilities, from line-staff positions through to executive management level within a decentralised and centralised framework. Michael previously worked for 15 years at Household Finance Ltd which was subsequently acquired by AVCO Financial Services Ltd.

Gillian Larkins

Chief Financial Officer, Corporate Services – Finance Group

Alternate Director – appointed in July 2017

Gillian joined Perpetual as Group Executive Transformation Office in October 2012 and assumed the role of Chief Financial Officer of Perpetual in January 2013. Gillian has 25 years of experience in finance, strategy and management roles across a number of industries.

Prior to Perpetual, she was Chief Financial Officer, Managing Director of Westpac Institutional Bank, responsible for Finance and Strategy, and prior to that, Chief Financial Officer Australia & New Zealand of Citigroup. She has also served on the board of Hastings Fund Management as a non-executive director from 2009 to 2011.

As a member of the Executive Leadership Team reporting to the CEO, Gillian heads Perpetual's Finance, IT, and Risk functions, which include Audit, Legal and Company Secretariat.

Gillian holds a Master of Business Administration from the Macquarie Graduate School of Management, as well as a Graduate Diploma in Accounting & Finance and a Bachelor's Degree of Commerce, majoring in Economics, both from the University of Otago, New Zealand. She is a member of the NZ Chartered Accountant's Society and a Graduate of the Australian Institute of Company Directors. She has also served as Deputy President of the G100 (Australia's peak body for CFOs).

Glenn Foster

Group General Manager Finance, Corporate Services – Finance Group

Executive Director – appointed in July 2015 (previously an alternate Director from March 2014 to July 2015)

Glenn is responsible for the Perpetual Group Finance function including external, regulatory and statutory reporting, financial operations, corporate tax compliance, treasury and capital management. He is also responsible for Business Support Services, including Facilities Management. He is a director of a number of Perpetual's controlled entities (including those licensed with ASIC) and is also alternate director for Gillian Larkins, the Group Chief Financial Officer, who is a director of a number of controlled entities of Perpetual (including those licensed with APRA and ASIC).

Glenn is a Chartered Accountant and commenced his career with Coopers and Lybrand (now part of PricewaterhouseCoopers) before entering the financial services industry in 1994. Prior to joining Perpetual in 2003, Glenn worked in a number of senior finance roles with AIDC Ltd, Babcock & Brown Limited, State Street Bank and Trust Company Limited and RAMS Home Loans.

Glenn has a Bachelor of Commerce degree from the University of New South Wales, has been a member of the Institute of Chartered Accountants in Australia since 1989 and is a graduate of the Australian Institute of Company Directors.

Vicki Riggio

General Manager, Managed Fund Services Perpetual Corporate Trust

Executive Director – appointed in May 2018

Vicki is General Manager, Management Services, Perpetual Corporate Trust having responsibility for trust management, accounting and investment management services offered to the debt capital markets and managed fund clients in Australia and offshore.

Prior to this, Vicki was the Head of Wholesale Trustee responsible for the delivery of trustee services to a portfolio of funds in excess of \$40 billion, primarily supporting offshore investment into Australian real assets through managed investment trust structures. She has also previously been responsible for Perpetual's debt markets trustee operations and ongoing trustee compliance arrangements. Having worked in the financial services industry for close to 20 years, Vicki has extensive experience across a variety of asset classes and trust structures.

Vicki is a Responsible Manager for Australian Financial Services Licences held by subsidiaries of Perpetual and has a Bachelor of Land Economics from the University of Technology, Sydney.

04. ABOUT THE TRUST **Continued**

Andrew McIver

General Manager, Group Finance

Alternate Director – appointed in January 2017

Andrew joined Perpetual as General Manager, Group Finance – Commercial Advice & Planning in August 2015. As a member of the Senior Leadership Team reporting to the CFO, Andrew leads one of Perpetual's finance teams with responsibility for business partnering and business finance activities.

Andrew has approximately 20 years of experience in finance, risk and management roles across a number of industries. Most recently he was Country Head of Finance Planning & Analysis for Citigroup Australia & New Zealand responsible for planning and analysis activities for the Institutional and Consumer bank. Between 2006 and 2015, Andrew held a number of senior roles at Citigroup across finance, risk and strategy. Prior to joining Citigroup in 2006, Andrew held the role of Acting Senior Manager, Diversified Institutions at APRA which he joined in 1999 as an Analyst.

Andrew is a Certified Practising Accountant and a member of CPA Australia. He also holds a Graduate Diploma in Applied Finance & Investments from FINSIA and a Bachelor's Degree of Economics, majoring in accounting and economic history, from Monash University.

Phillip Blackmore

Head of Wholesale Trustee, Perpetual Corporate Trust

Alternate Director – appointed July 2018

Phillip was appointed as Head of Perpetual Corporate Trust's Wholesale Trustee business in July 2016 where he has responsibility for servicing wholesale clients investing in real assets.

Phillip has over 20 years of experience in financial services having worked in both Sydney and London. Prior to working for Perpetual, Phillip held front, middle and back office roles with Westpac, Morgan Stanley, Credit Suisse and IAG Asset Management, focusing primarily on operational risk and investment compliance. In March 2007, Phillip joined Perpetual's Group Risk & Compliance team having responsibility for the design and implementation of Perpetual's enterprise risk management framework and the placement of Perpetual's insurance program. Phillip also acted as risk advisor to the Group Executive of Perpetual Investments, Corporate Trust, Digital & Marketing and People & Culture.

Phillip is also a Non-Executive Director of the Big River Impact Foundation and holds a Graduate Diploma in Compliance, a Master of Arts (Risk Management) and is currently completing an MBA at the Australian Graduate School of Management.

4.4 KEY QUALITAS TEAM MEMBERS



Andrew Schwartz

Group Managing Director & Co-Founder

Andrew is the Group Managing Director and a co-founder of the Qualitas Group. Andrew has over 32 years' experience in financial services with an extensive track record across real estate investment.

He is responsible for overseeing the Qualitas Group's activities, setting the strategic direction of the business, transaction origination as well as building and enhancing relationships with the firm's clients and investors. Andrew has previously held senior roles within a number of global organisations specifically focused on real estate and corporate finance.

Prior to joining the Qualitas Group, Andrew was previously the Head of Asia Pacific Real Estate at investment firm Babcock & Brown, a Director of Risk at AIDC (government owned financier) as well as a Senior Manager at Bank of America.

Andrew is a member of the Chartered Accountants Australia and New Zealand and on the Advisory Board of the Property Industry Foundation (Victoria).

**Gerd Mayer***Chief Risk Officer*

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

Prior to joining the Qualitas Group, Gerd was Director, Lending Services, Institutional for ANZ Group. Gerd's prior roles have also included Director positions in Project and Structured Finance for ANZ, Head of Credit with NM Rothschild & Sons (Australia) and Director/Credit Executive, Specialised Finance for National Australia Bank.

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

Kathleen joined the Qualitas Group in 2014 and is responsible for corporate strategy, finance and operations, including investment operations.

Kathleen has over 18 years' experience in financial services spanning debt and equity advisory for major infrastructure projects as well as the development and financing of renewable energy and power generation assets for both listed and unlisted funds.

Prior to joining the Qualitas Group, Kathleen has held roles, both locally and internationally, with major financial institutions and global advisory firms. These roles were with PricewaterhouseCoopers focused on PPP advisory for major projects, Deutsche Bank in London and KPMG.

Kathleen is a member of the Chartered Accountants Australia and New Zealand.

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

Tim joined the Qualitas Group in 2011 where he established the firm's presence in Sydney and leads the Real Estate Finance team which is responsible for the origination and execution of secured real estate loans.

Tim has extensive experience across real estate financing markets over 30 years including senior debt, mezzanine debt, equity co-investments and financing advice.

Prior to joining the Qualitas Group, Tim was the Head of Structured Real Estate Finance at Investec Bank for 9 years. Prior to Investec Bank, Tim worked for one of Australia's largest banks.

Tim is a Fellow of the Royal Institution of Chartered Surveyors.

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

Yossi joined the Qualitas Group 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.

Prior to joining the Qualitas Group, Yossi worked for Royal Bank of Scotland in London where he was the Managing Director and Head of Real Estate Capital Markets and Real Estate Syndications for Europe, Middle East and Asia. Prior to this, Yossi had senior roles at both Credit Suisse and BNP Paribas.

04. ABOUT THE TRUST **Continued**

4.5 THE TRUST'S INVESTMENT OBJECTIVE

The Trust's Investment Objective is to achieve a Target Return of 8.0% p.a. (net of fees and expenses) (**Target Return**), provide monthly cash income, capital preservation and portfolio diversification¹⁶.

The Manager intends to implement active strategies designed to balance investor requirements to deliver the Target Return while actively managing risk via the Qualitas Group's existing robust risk management approach.

The Trust's Target Return is only a target and the actual return of the Trust may be lower than the Trust's Target Return. Further, the Manager may be unsuccessful in preserving capital. Refer to Section 8 for further details regarding risks.

4.6 THE TRUST'S INVESTMENT STRATEGY

The Manager will seek to invest the Trust's capital in a portfolio of investments that provide Unitholders with direct and indirect exposure to predominantly Australian secured real estate loans. The Trust may also invest in New Zealand secured real estate loans from time to time to provide further diversification.

Investment Principles

At the centre of the Trust's Investment Strategy are four Investment Principles, against which all the Trust's investment opportunities will be assessed:

- **Quantum of returns:** The Manager will seek to accurately forecast returns from an investment as well as the components that form those returns – i.e. payment of interest and fees, capitalised interest and fees, early repayment fees and other similar components based on the relevant supporting contractual agreements.
- **Timing of returns:** A fundamental principle of the Qualitas Group's investment philosophy is to seek to forecast, with a reasonable degree of certainty, when the investment is originated, the timing for interest payments and the expected timing for loan repayment. This will be predicated by way of contractual arrangements and monitoring the investment. The ability to forecast in this manner is explained further in Section 8.
- **Assessment of known risks:** The Manager will seek to diligently consider and assess each material risk that may have an influence on a given investment. This does not mean the Manager will not take risks, rather it will seek to identify and to the maximum extent possible manage all inherent material risks.
- **Ability to exert influence over known risks:** Having considered and analysed the known material risks for each investment, the Manager will then seek to invest based on being able to structure a secured real estate loan that reasonably mitigates those specific investment risks, thereby exerting a degree of meaningful influence over those specific investment risks.

As the Trust matures, the composition of the portfolio is likely to change. Detail provided in Section 4.8 aims to illustrate to Unitholders the intended likely characteristics of the portfolio.

4.7 QUALITAS WHOLESALE REAL ESTATE INCOME FUND

The Qualitas Wholesale Real Estate Income Fund (**Sub-Trust**) is an open-ended unregistered unit trust open to accept applications from wholesale investors. The Trust will hold fully paid units in the Sub-Trust. The Sub-Trustee may issue units or other instruments to other investors of the Sub-Trust.

The investment strategy of the Sub-Trust is to create an exposure to a diversified portfolio of investments with direct and indirect exposure to predominantly Australian secured real estate loans via investing in direct secured real estate loans and investing in the Qualitas Funds respectively.

The Sub-Trust will invest in and alongside the other Qualitas Funds which are managed by Associates of the Manager.

¹⁶ This is a targeted return only. There is no guarantee the Trust will meet its Investment Objective.

A high-level summary of the Sub-Trust is set out below:

| | |
|-------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Structure | Open ended unit trust. |
| Asset duration | The Sub-Trust may invest in secured real estate loans (directly or indirectly through the Qualitas Funds) with a tenor to maturity of generally between six months to 2 years for direct secured real estate loans and up to five years for investments in units in other Qualitas Funds. |
| Portfolio construction | Direct and indirect exposure to predominantly Australian secured real estate loans and from time to time, New Zealand secured real estate loans. |
| Distributions | <ul style="list-style-type: none"> • Net income distributed to investors on a monthly basis. • Distributions may be reinvested into new units. |

Investments

Associates of the Manager will be responsible for managing the investments of the Qualitas Funds.

The Sub-Trust will invest in the Qualitas Funds and invest in direct secured real estate loans.

The ability of the Sub-Trust to withdraw its investment in the Qualitas Funds will be dependent on a number of factors, which include:

- the terms of the Qualitas Funds;
- the ability of the Qualitas Funds to liquidate their investments to pay any withdrawal and whether liquidating those investments is in the best interests of investors as a whole in those funds; and
- the volume of other withdrawing investors in the Qualitas Funds.

The Sub-Trust may invest directly in secured real estate loans as a sole lender or a co-lender with other co-lenders, which can include the Qualitas Funds and other Qualitas Investors, as determined by the Qualitas Group's Allocation Policy, as detailed in Section 4.10.

Arrangements with investors in the Sub-Trust

The Sub-Trustee, the trustees of the Qualitas Funds and the Manager may enter into arrangements with wholesale investors in the Sub-Trust in certain circumstances to satisfy these wholesale investor requirements (e.g. to satisfy regulatory requirements specific to the investor or in respect of redemptions, not having exposure to certain investments and the retirement).

Redemption from the Sub-Trust

The Sub-Trustee will not be obliged to redeem the Trust's units in the Sub-Trust but may accept a redemption request at its absolute discretion. None of the Sub-Trust or the Qualitas Funds are readily liquid and that is why redemptions are limited.

If the Manager is removed as manager of the Trust, the Sub-Trustee may, at its discretion, compulsorily redeem all of the Trust's units in the Sub-Trust on a date specified by the Sub-Trustee (which must be no less than 12 months after the date the Manager is removed).

04. ABOUT THE TRUST **Continued**

Voting

Each unitholder of the Sub-Trust is entitled to one vote on a show of hands and one vote, per dollar of the issue price of a unit, held on a poll.

Retirement of the Sub-Trustee

The Sub-Trustee may retire as trustee on giving no less than three months' notice to unitholders. The Sub-Trustee must retire if required to do so by a special resolution of unitholders.

Indemnity of the Sub-Trustee

The Sub-Trustee is indemnified out of the property of the Sub-Trust for any liability incurred by it, in relation to the proper performance of any of its duties in respect of the Sub-Trust.

Refer to Section 13 for further details on the above terms, agreements and investments of the Trust and Sub-Trust.

Termination following a Sub-Trust unitholder vote

If, after the initial term of 10 years, the Trust is no longer the sole unitholder of the Sub-Trust, the Responsible Entity may terminate the investment management agreement for the Sub-Trust (following three months written notice) if unitholders in the Sub-Trust holding more than 50% of the units in the Sub-Trust vote in favour of a resolution requiring termination.

4.8 TARGET PORTFOLIO COMPOSITION

The Manager will seek to invest in a portfolio of investments with direct and indirect exposure to Australian and New Zealand secured real estate loans. The portfolio will be constructed in accordance with the Investment Principles in addition to the Qualitas Group's Allocation Policy as set out in Section 4.10.

As outlined in Section 4.12, the Manager will have a minimum six-month period in which to seek to invest the Trust's capital to investment opportunities and intends to allocate capital as follows:

- Predominantly focused on senior (first mortgage) secured real estate loans, investing indirectly (via Qualitas Funds) or directly into secured real estate loans;
- Underlying characteristics of the secured real estate loans will be regionally diversified subject to:
 - » Australian and New Zealand cities with resident population greater than 100,000;
 - » Less than 30.0% of the Trust's investment assets located in non-capital cities;
- No more than 40.0% of capital is to be directly invested in any single Qualitas Fund; and
- No more than 20.0% of capital is to be directly or indirectly invested in secured real estate loans, secured by real property located in New Zealand.

The Manager will approach investments in New Zealand selectively with a focus on deep markets which are typically capital cities. It is expected that the Manager will primarily focus on the Auckland market as this is the largest real estate market in New Zealand and accounts for the majority of secured real estate loan opportunities in New Zealand.

This provides only an indication of the intended investments of the Trust.

4.8.1 Examples of investments with indirect exposure to secured real estate loans

Indirect exposure to Australian secured real estate loans may be achieved where the Sub-Trust invests in units issued by a Qualitas Fund that invests solely in secured real estate loans. An example of this is the Qualitas Senior Debt Fund (QSDf). The Sub-Trust may do this by subscribing for new units or purchasing existing units from existing unitholders of the QSDf from time to time.

The QSDf is an open-ended wholesale fund established by the Qualitas Group in September 2017 that invests in a range of senior direct secured real estate loans. The QSDf may invest in direct secured real estate loans as a sole lender, or co-lender with other Qualitas Funds and/or Qualitas Investors.

The key terms of the QSDf are set out in the table below.

| | |
|------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Current QSDf target return¹⁷ | 7.0% – 9.0% p.a. |
| Distributions | Net income paid to investors monthly in arrears. |
| Structure | Open-ended fund. |
| Investment type | Senior first mortgage loans diversified across investment loans, construction loans and other loans ¹⁸ . |
| Target loan size | AU\$3.0 million – \$25.0 million. |
| Loan term | Maturities up to five years. |
| Regional diversification | <ul style="list-style-type: none"> • Australian cities with resident population greater than 100,000. • Non-capital cities will be less than 30.0% of the portfolio. • Maximum allocation per region: <ul style="list-style-type: none"> » VIC 75.0%, NSW 75.0%, QLD 40.0%, WA 40.0%, SA 20.0%, aggregate of ACT/NT/TAS 15.0%. |
| Sectoral diversification | <ul style="list-style-type: none"> • Maximum allocation per sector: <ul style="list-style-type: none"> » Industrial (no heavy industries) 50.0%, commercial 50.0%, retail 50.0%, residential/multi-family 100.0%, specialist sectors 15.0%. • Specialist sectors include hospitals and nursing homes. • Owner-occupiers to be capped at 25.0% of the portfolio. |
| Fund leverage | <p>No leverage at the fund level other than a subscription facility which shall not exceed 15.0% of total fund commitments.</p> <p>As of the date of this PDS, QSDf does not have any borrowing arrangements.</p> |

Another example of where the Trust may achieve indirect exposure to secured real estate loans is by investing in the note program issued by the Arch Finance Warehouse Trust (AFWT), a lender of secured real estate loans which are originated and managed by Arch Finance Pty Ltd as trustee for Arch Finance Unit Trust (Arch Finance), both entities being wholly owned members of the Qualitas Group since 2009. Arch Finance operates as a non-ADI commercial real estate mortgage originator and lender in the commercial real estate finance market for loans under \$5.0 million. Arch Finance has a loan portfolio of approximately \$360 million at the date of this PDS.

17 Current QSDf target return is 5.0% – 7.0% p.a. over the 90-day mid-BBSW of 1.9350% as at 4 October 2018 (net of fund expenses and prior to management fees).

18 Other loans include pre-development land, short term, early works and non-traditional investment loans.

04. ABOUT THE TRUST **Continued**

The AFWT has defined eligibility criterion for secured real estate loans, key criteria as follows:

- Term investment loans only (i.e. no construction loans);
- Senior first mortgage loans only;
- Loan term with maturities up to five years;
- Maximum loan size of \$5.0 million; and
- Australia only, focused on major capital cities.

4.8.2 An example of an investment with direct exposure to secured real estate loans

An example where the Trust may invest directly into secured real estate loans is where the Sub-Trust is a sole lender or a co-lender. The Sub-Trust as co-lender may invest with other co-lenders, which can include the QSDF, other Qualitas Funds and other Qualitas Investors. Whether the Sub-Trust will invest as a sole lender or as co-lender directly into a secured real estate loan will be determined by the Qualitas Group's Allocation Policy, as detailed in Section 4.10.

The structure of typical secured real estate loans that the Sub-Trust and the Qualitas Funds may invest in is as follows:

- **Loan agreement:** All secured real estate loans will be documented by way of a loan agreement between the lender and the borrower. The loan agreement outlines all terms and conditions of the loan including the borrower's undertakings, financial covenants, and the lender's rights to enforce security and seek repayment from the loan under a borrower default.
- **Security:** All secured real estate loans will be subject to a security package which will include a real property mortgage. From time to time additional security may include:
 - » Guarantees from the borrower and/or its related parties which supports the borrower's obligations under the loan agreement;
 - » Charges over other related transaction parties;
 - » Mortgage over units or shares in related trusts and/or companies; and
 - » Tripartite agreements between key transaction parties in respect of key transaction documents, granting additional rights to the lender.
- **Ranking:** A secured real estate loan will either be first ranking (i.e. senior loan) or second ranking (i.e. mezzanine loan). The ranking is the lender's priority position in respect of repayment of a loan including from the sale proceeds of the security. Senior lenders, being first ranking, have the right to be repaid first ahead of mezzanine lenders, whom are ranked second. A priority and intercreditor agreement is established between the senior and mezzanine lenders whom share the same security (i.e. the security package including the real property mortgage).
- **Maturity:** loans will generally have maturities ranging from 12 months to 36 months depending on the loan type, purpose and investment strategy of the underlying real estate asset.
- **Leverage:** The leverage is the total loan amount extended against the accepted value of the security (which is essentially the value of the mortgaged real estate asset), i.e. Loan to Value (**LVR**) or against the value of total development costs in respect of construction loans i.e. Loan to Cost (**LTC**).
- **Covenants:** Covenants are frequently tested ratios and/or hurdles that the borrower must comply with at all times and typically include leverage ratios and interest coverage/debt service ratios, protecting against devaluation of the property and income deterioration respectively. In addition, with customary enforcement remedies for default, appropriate remedies of covenant breaches in favour of the lender include introduction of new borrower equity and ability to capture additional pricing and fees to reflect increased risk.
- **Borrower obligations:** The loan agreement will also contain extensive standard and specific borrower obligations appropriate for the transaction which may include:
 - » Ongoing development or sales milestones and "costs to complete" testing;
 - » Requirements around new or existing leases;
 - » Requirements around asset and development management; and
 - » Financial and other reporting obligations.

Examples of actual secured real estate loans currently managed by the Qualitas Group:

Case Study 1

Sector: Residential

Location: New Farm, QLD

Loan type: Senior debt

Loan amount: \$8.6 million

Interest rate: 8.5% p.a.

Leverage: 75.0% LVR

Loan description:

- Loan to assist with the acquisition of the security properties.
- The property had received a planning permit for development at the time of financial close.
- Secured by a first ranking mortgage security over the property as well as guarantees provided by the sponsor.

Case Study 2

Sector: Commercial

Location: Double Bay, NSW

Loan type: Senior debt

Loan amount: \$20.8 million

Interest rate: 11.0% p.a.

Leverage: 70.0% LVR

Loan description:

- Loan to assist with the acquisition of a rent producing retail shopping centre with development site potential.
- At the time of financial close, the borrower intended to imminently submit a planning application for the development of 21 luxury residential apartments.
- Secured by first ranking mortgage over the property as well as guarantees provided by the sponsor.

4.9 CHANGES TO THE INVESTMENT STRATEGY

The Investment Strategy outlined in this section is expected to be implemented by the Manager upon listing of the Trust on the ASX.

It is not expected that the Manager will seek to change the Trust's Investment Objective or Investment Strategy. However, any such changes would require Responsible Entity approval, after consultation with the Manager, before any changes may be implemented. In some cases, this may also be subject to Unitholder approval, where Unitholders will receive advice of any material changes via the Trust's Website and the ASX.

Subject to compliance with the approved Investment Objective or Investment Strategy, or any directions or instructions from the Responsible Entity due to market movements, change in the nature of an investment or any other event outside the reasonable control of the Manager, the Manager must use its reasonable endeavours to remedy the non-compliance within a reasonable period following the Manager becoming aware of the non-compliance, or longer period as permitted by the Responsible Entity.

04. ABOUT THE TRUST **Continued**

4.10 ALLOCATION POLICY

The Manager will seek to apply the same investment allocation process to the portfolio as is currently applied to the Qualitas Funds.

The Qualitas Group's Allocation Policy aims to establish a general and clear framework for the allocation of investments across the Qualitas Funds and other investments managed by the Qualitas Group. The Qualitas Group has an established Portfolio Allocation Committee (**PAC**) which is responsible for the consideration, analysis and compliance with the Allocation Policy.

In respect of the Sub-Trust, the opportunity to invest in secured real estate loans will be available, indirectly through the Trust's investments in a Qualitas Fund or directly in those secured real estate loan opportunities.

The Qualitas Funds have an equal priority per the Allocation Policy to invest in secured real estate loan opportunities originated by the Qualitas Team subject to each Qualitas Fund's investment mandate and various portfolio constraints. If a secured real estate loan opportunity is allocated in part to one or more of the Qualitas Funds, the remainder of the opportunity will be offered to Qualitas' listed funds, which includes the Trust (via the Sub-Trust).

4.11 TRUST INVESTMENT COMMITTEE

Once an investment has been allocated to the Trust (via the Sub-Trust), the Trust Investment Committee (**TIC**) is responsible for transaction due diligence, approval, and ongoing monitoring. The TIC will undertake an assessment of a proposed indirect investment into a Qualitas Fund or direct investment into a secured real estate loan.

The TIC will seek to consider:

- the impact of the investment on the portfolio returns;
- the impact of the investment on the portfolio key metrics;
- the maturity of the debt;
- the availability of capital to fund an investment opportunity;
- alignment of the investment opportunity with the economic outlook; and
- whether the investment is consistent with the Trust's Investment Strategy.

The TIC will comprise the following members:

- Group Managing Director, Qualitas Group – Andrew Schwartz
- Chairman and Non-Executive Director, Qualitas Advisory Board – Michael Schoenfeld
- Non-Executive Director, Qualitas Advisory Board – David Krasnostein
- Chief Risk Officer, Qualitas Group – Gerd Mayer
- Managing Director, Real Estate Finance, Qualitas Group – Tim Johansen
- Senior Director, Risk Management, Qualitas Group – Jason Rackley

The composition of the TIC is based on the individuals who hold the roles as above, or their alternates from time to time.

All decisions of the TIC will be required to be unanimous. A quorum of the TIC will exist if three members of the TIC are present, of which one of these members must be either the Group Managing Director or the Chief Risk Officer.

4.12 INITIAL INVESTMENT TIMELINE

From the date of final issue of Units in the Trust, the Manager will have a minimum six-month period (**Initial Investment Timeline**) in which to seek to invest the Trust's capital to investment opportunities. It is intended that the Manager will invest the Trust's capital during the Initial Investment Timeline, having regard to market conditions, investment opportunities and all other related matters.

The capital in the Trust will be progressively committed to investments and the Manager will seek to actively manage the portfolio, with the objective, by the end of the Initial Investment Timeline, to achieve the target portfolio parameters.

The Australian commercial real estate finance market is a highly relationship-based market. Non-ADI lenders need to have strong relationships with potential borrowers to ensure a pipeline of deal flow, and the Qualitas Group has fostered these relationships over the past decade. The current pipeline of the investment opportunities in senior and mezzanine debt is considered to be strong due to the deep relationships with existing and potential clients as well as the increasing market opportunity due to the reduced lending scope in the real estate sector by the major ADIs in Australia. For more information, refer to Section 3 for the Industry Overview.

Given the Qualitas Group's increasing profile and funds under management, the Manager expects to continue to identify a range of investment opportunities both in quantity and size. During the Initial Investment Timeline, the Manager expects to be able to deploy capital raised from the Offer in investments which are consistent with the Investment Objective and Target Return of the Trust.

4.13 CAPITAL MANAGEMENT POLICY

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:

- (a) the issue of other securities (through bonus options issues, placements, pro rata issues, distribution reinvestment plan); and/or
- (b) the buy back of Units.

4.14 BORROWINGS POLICY

Financial leverage increases a Unitholder's exposure to an asset by applying borrowed funds in addition to the Trust's capital when making an investment. It is not anticipated that the Trust will have any long-term debt to increase the scale of the Trust's investment.

The Manager does not intend to use long-term debt to enhance investment returns.

The Trust's gearing policy limits debt to up to 10.0% of the Trust's NAV and is intended to only be used to manage capital flows or for capital management purposes.

4.15 CASH POLICY

The Trust may hold funds in cash, cash equivalents and interests in cash management trusts pending investment or capital expenditure by the Trust. There is no limitation on the amount of cash that may be retained by the Trust.

4.16 INTEREST RATE HEDGING POLICY

The Sub-Trust may have exposure to interest rate risk as some Qualitas Funds are subject to target return hurdles which are set on a floating benchmark rate plus a margin. The Sub-Trust may also elect from time to time, to invest in direct secured real estate loans which are subject to floating interest rates based on a benchmark rate (i.e. BBSW or BBSY). This means that a portion of distribution income attributable to the Trust may fluctuate in-line with a change in interest rates.

The Trust may enter into derivatives to facilitate interest rate hedging to hedge the underlying floating rate risk arising from distribution income. The Trust will not enter into derivative products for speculative purposes. The Trust will always ensure that it will have sufficient cash to meet any derivative obligations.

04. ABOUT THE TRUST **Continued**

4.17 FOREIGN CURRENCY RISK HEDGING POLICY

The Sub-Trust may be exposed to foreign currency risk arising from investment in NZD denominated direct secured real estate loans and investment in the Qualitas Funds that in turn invest in NZD denominated direct secured real estate loans. This means that a portion of distribution income attributable to the Trust may fluctuate in-line with a change in AUD/NZD exchange rates.

No more than 20.0% of the Trust's capital is to be directly or indirectly invested in secured real estate loans, secured by real property located in New Zealand. To the extent possible these secured real estate loans will be made in AUD to manage foreign currency risk.

The Trust may enter into derivatives to facilitate foreign currency hedging to manage AUD/NZD exchange rate risk. The Sub Trust will not enter into derivative products for speculative purposes. The Trust will always ensure that it will have sufficient cash to meet any derivative obligations.

4.18 TRUST LOAN RECEIVABLE

The Trust has provided a working capital loan (**Trust Loan Receivable**) to the Manager which permits the Manager to draw a maximum amount of 3.5% of the proceeds of the Offer (estimated to be between \$5.25 million and \$17.5 million).

The interest rate for the Trust Loan Receivable is 5.0% p.a. The term of the Trust Loan Receivable is 10 years from the commencement date of the Investment Management Agreement and must be repaid in full by the termination date. The Manager is required to pay both principal and interest on the Trust Loan Receivable in regular instalments over the 10-year term of the Trust Loan Receivable. The Manager may repay the Trust Loan Receivable early at its absolute discretion, with no penalty for early repayment enforced. The Trust Loan Receivable is an unsecured loan that the Manager may use for working capital purposes to pay the Offer Costs. The Offer Costs of the Offer are not expected to exceed \$17.5 million (based on the Maximum Subscription).

The Trust has a right of recourse against the Manager for the amounts owed under the Trust Loan Receivable. The Trust Loan Receivable is guaranteed by QPP.

See Section 13.3 for further detail on the Trust Loan Receivable agreement.

4.19 DISTRIBUTIONS POLICY

The Trust intends to pay distributions to Unitholders monthly. Distributions are expected to match the income (net of fees and expenses) achieved by the Trust but will be paid at the discretion of the Responsible Entity and may depend on several factors, including future earnings, capital requirements, financial conditions, future prospects and other factors that the Responsible Entity deems relevant.

It is currently intended that the first distribution will be paid to Unitholders commencing within the first three months following the listing date.

The Responsible Entity may establish a Distribution Reinvestment Plan which will provide Unitholders with the option to re-invest distributions as additional Units in the Trust. If a Distribution Reinvestment Plan is established, details will be provided to Unitholders at the relevant time.

Distribution payments to Unitholders will be made via direct credit into a nominated financial institution account for all Unitholders with an Australian registered address. The Responsible Entity will not be paying any distributions by cheque to any Unitholders with a registered address in Australia.

The Responsible Entity is adopting direct crediting of payments as it is a more secure and convenient way for Unitholders to receive distribution payments. The benefits include distributions credited to Unitholder accounts on the payment date as cleared funds, removal of risk associated with loss, fraud and theft of cheques, and cost of savings for the Trust which benefits all Unitholders. This payment methodology is consistent with the approach adopted by other ASX-listed issuers.

4.20 LOCATION AND CUSTODY OF ASSETS

The Custodian is responsible for holding all assets of the Trust including cash on behalf of the Trust. At the date of this PDS, the Custodian is Perpetual Corporate Trust Limited.

4.21 ADMINISTRATION AND REGISTRY

The Responsible Entity outsources its investment valuation and accounting to the Administrator. The Administrator incurs external costs on behalf of the Trust. These costs are included as an expense and are payable from the assets of the Trust. The Administrator will value the Trust's assets monthly and will, as soon as it is practical, provide these calculations to the Responsible Entity. The Manager will publish the NAV per Unit on the Trust's Website www.qualitas.com.au/listed-investments/QRI and on the ASX.

The Responsible Entity has appointed Automic Pty Ltd to maintain the unit register for the Trust. The fees payable to the Unit Registry are also included as an expense and are payable from the assets of the Trust.

4.22 VALUATION POLICY

The Trust's NAV will be calculated and released to the ASX at least monthly using a framework for the valuation of financial instruments that is consistent with current practice and regulatory requirements.

The NAV of the Trust will reflect the carrying value of the secured real estate loans at amortised cost less impairment until the date of expiry of the loan, in accordance with the ASX Listing Rules and AAS.

The valuation methods applied by the Responsible Entity to value the Trust's assets and liabilities must be consistent with the range of ordinary commercial practice for valuing them and represent its assessment of current market value. The Responsible Entity engages an international accounting and professional services firm to provide an independent assessment of the NAV of the Trust on an ongoing basis.

In adopting NAV as the valuation basis, the Responsible Entity will consider whether the carrying values of underlying assets and liabilities reflect fair value and whether any adjustment is required to NAV to determine fair value of the controlled entity (e.g. underlying investments and working capital held at cost or some other non-fair value pricing basis, tax risk or timing differences arising from delayed NAV reporting).

05.

ABOUT THE MANAGER



05. ABOUT THE MANAGER

5.1 THE MANAGER

The Trust's Investment Strategy will be implemented by the Manager with the support of the Qualitas Team.

5.2 ROLE OF THE MANAGER

The Manager will:

- identify investment opportunities through in-depth analysis;
- undertake due diligence to provide information necessary for the Responsible Entity to consider the acquisition. Ultimately the Responsible Entity will make the final investment decision, depending on the current or intended owner of the asset;
- manage the execution of the approved Investment Strategy utilising its negotiating expertise;
- maximise the value of assets;
- assist in procuring third party advisors to provide support (where required) in the assessment of investment opportunities, procure debt for acquisitions or refinancing and provide other third-party services as reasonably required; and
- advise, provide recommendations, and execute exit strategies.

All substantive decisions regarding both acquisition and disposal of secured real estate loans will be made by the Responsible Entity, depending on the current or intended owner of the asset.

5.3 QUALITAS ADVISORY BOARD

The Qualitas Group has an advisory board comprising majority non-executive advisors with extensive experience in the fields of finance, real estate, superannuation, business, law and accounting (**Qualitas Advisory Board**). The remit of the Qualitas Advisory Board is to provide strategic counsel and guidance to the senior management of the Qualitas Group.

The Qualitas Group also has a number of committees including the Qualitas Risk Committee and the Qualitas People and Culture Committee. The Qualitas Risk Committee monitors and reports to the Qualitas Advisory Board on enterprise risk management whilst the Qualitas People and Culture Committee provides oversight and guidance on group remuneration and human capital affairs across the Qualitas Group.



Michael Schoenfeld

Chairman

Michael has been a Chartered Accountant for over 38 years and is a member and fellow of Chartered Accountants Australia and New Zealand. He is a registered Company Auditor and a Registered Tax Agent.

Michael commenced his accounting career in 1970 before establishing his own practice which was ultimately sold to a publicly listed accounting practice.

Michael's industry experience has centred on real estate developers, construction, manufacturing, telecommunications and financial services businesses.



Elana Rubin

Non-Executive

Elana is a Director of Mirvac Group, AfterPay Touch Group, Slater and Gordon, Victorian Funds Management Corporation and several unlisted and/or public-sector organisations in financial services, infrastructure and insurance sectors.

Elana was previously Chair of AustralianSuper and WorkSafe Victoria. Previous roles include Director of MLC Life, TAL and TAC, and a member of Infrastructure Australia and the Climate Change Authority.

05. ABOUT THE MANAGER **Continued**



Andrew Schwartz

Group Managing Director & Co-Founder

Refer to Section 4.4



Carol Schwartz AM

Non-Executive

Carol is on the Board of the Reserve Bank of Australia. Carol is also a Non-Executive Director of Stockland Group Limited.

Carol was previously the Chair of one of Australia's largest investor-owned superannuation groups and has held many directorships across listed and unlisted businesses. Carol was awarded a Member of the Order of Australia and became the first woman to be inducted into the Australian Property Hall of Fame as well as being made an honorary life member of the Property Council of Australia.



Alan Schwartz AM

Non-Executive

Over the past 30 years, Alan has created, built, managed and sold several successful businesses in industries as diverse as publishing, property information, professional services and software. Alan founded Anstat Group that was built over 25 years and sold to an ASX-listed company in 2005.

Alan is a Director of a number of private companies including Managing Director of the Trawalla Group. Alan is on the Council of Swinburne University and the President of Philanthropy Australia. In recognition of his contribution to community and business, Alan was awarded a Centenary Medal in 2003, followed by an Order of Australia in 2007.



David Krasnostein

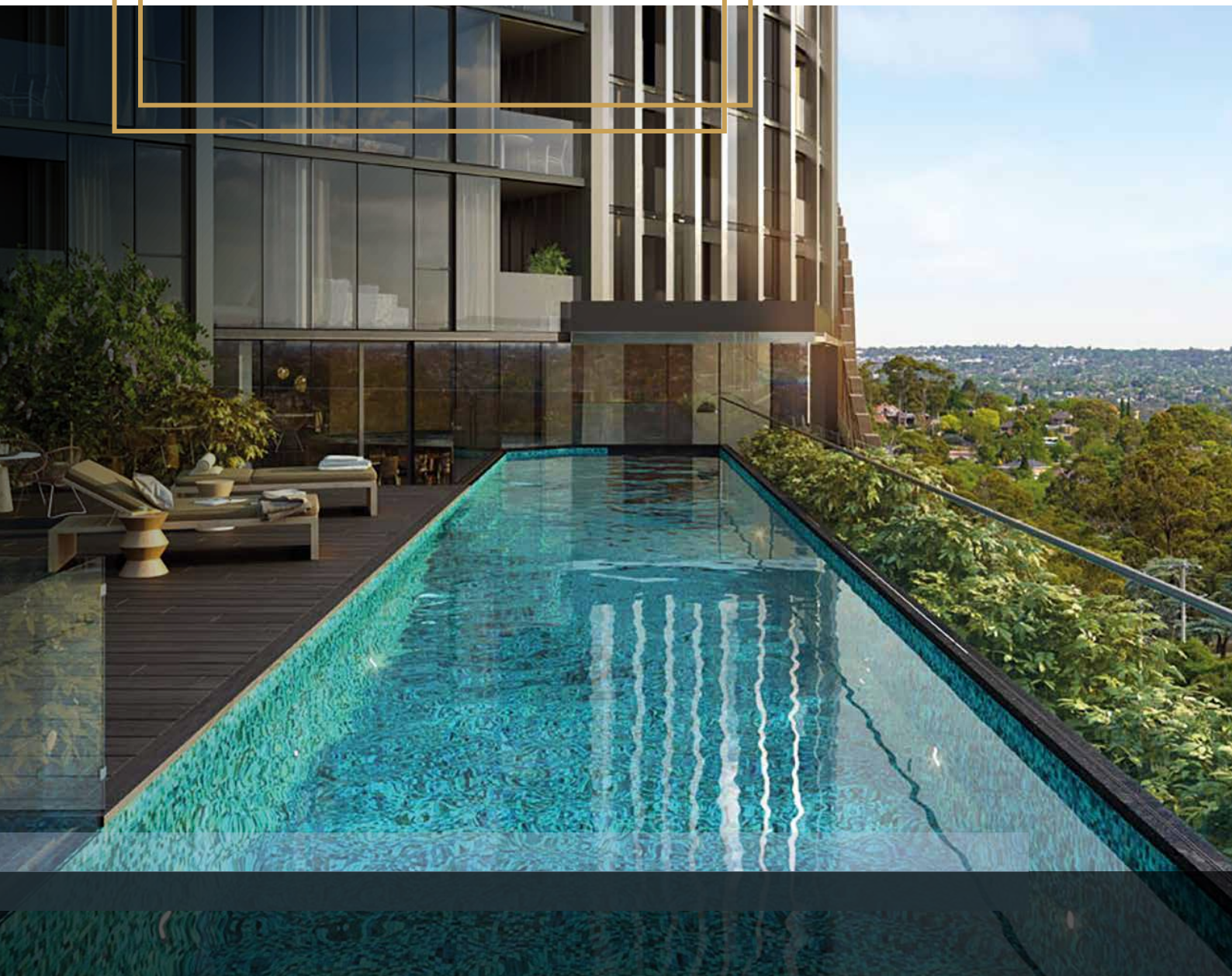
Non-Executive

David has held various senior executive roles including CEO of MLC Private Equity, one of Australia's most successful private equity investors.

Prior to MLC David was Chief General Counsel of National Australia Bank and the first General Counsel of Telstra, preparing the company for privatisation; an Attorney at the Wall Street law firm Sullivan & Cromwell and a partner of the Chicago law firm Sidley Austin. He has been an advisor to the World Bank (IFC) for investing in emerging markets.

06.

ABOUT THE QUALITAS GROUP



06. ABOUT THE QUALITAS GROUP

6.1 INTRODUCTION – THE QUALITAS GROUP

The Qualitas Group is a real estate investment management firm focused on investing across the capital structure. Established in 2008, the Qualitas Group is active in the major capital cities of Australia deploying institutional and high net worth investor capital, as well as investing from the Qualitas Group's own principal balance sheet. The Qualitas Group has experienced managers, specialising in commercial real estate investing with approximately \$2.0 billion¹⁹ in funds under management. The Qualitas Group's investment philosophy is to seek deep value-based opportunities across the entire capital structure with a focus on risk mitigation and management via its institutional-grade risk management, governance and operations platforms.

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 to deliver on this strategy. The Qualitas Group has 70 staff, with primary offices in Melbourne and Sydney, and is active across the east coast of Australia²⁰. The senior executive team has an average of over 20 years of relevant experience with backgrounds 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 Qualitas Group's 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 Qualitas Group has delivered a gross realised IRR of 28.2%²¹ across all debt and equity investments managed by the Qualitas Team.

6.2 HISTORICAL PERFORMANCE OF THE QUALITAS GROUP

Since inception, the Qualitas Group has built a successful and consistent track record in the origination, execution and asset management of investments across the capital structure of real estate assets.

This section contains detail in relation to the historical performance of the Qualitas Group since inception. The Manager has advised the Responsible Entity, and the Responsible Entity considers, the performance of these to be relevant as they demonstrate the Qualitas Group's skill and expertise in:

- being able to construct a portfolio having regard to relevant investment objectives and risk profile; and
- to manage the portfolio and achieve the client's objectives in terms of performance and risk management.

It is important to note the performance of the Qualitas Funds are not forecasts and do not represent the future performance of the Trust or its Investment Strategy and processes. Investments can go up and down. Past performance is not necessarily indicative of future performance. The performance of the Trust could be significantly different to the historical performance of the Qualitas Group.

Prospective Unitholders should note that other Qualitas Funds and investment opportunities managed by the Qualitas Group have different legal structures, variations in cash flows and other possible factors. This means that the overall performance and composition of the portfolio will not be identical to that of an equally weighted portfolio consisting of those other Qualitas Funds. Historical performance is included to demonstrate the Qualitas Group's ability to deliver target returns by adopting the same processes and disciplines that are intended to be applied to the Trust.

¹⁹ As at 30 June 2018.

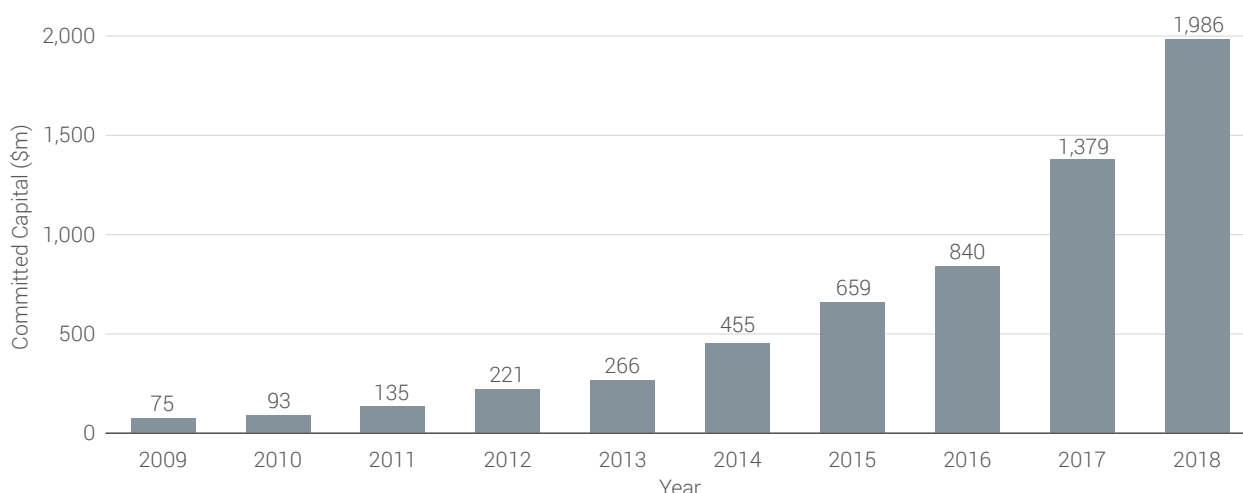
²⁰ As at 30 June 2018.

²¹ Past performance is not a reliable indicator of future performance. This is not a forecast. The historical debt and equity investment track record is based on the gross IRRs achieved on actual realised (i.e. repaid) investments. These IRRs have been verified by an independent external auditor.

6.2.1 Assets under management of the Qualitas Group

Since inception in 2008, the Qualitas Group has allocated \$1.7 billion of debt and equity capital to real estate assets worth approximately \$7.3 billion in gross value²². As at the date of this PDS, Qualitas is currently managing approximately \$2.0 billion of capital on behalf of investors. The diagram below demonstrates the historical track record of Committed Capital managed by the Qualitas Group annually²³.

Qualitas Group Committed Capital



In 2014, the Qualitas Group transitioned from a business model of raising capital on a deal-by-deal basis to a funds management model to increase the efficiency of capital raising and to broaden the range of investment opportunities available. The first discretionary, multi-asset fund established by the Qualitas Group was the Qualitas Real Estate Private Debt Fund (**QREPDF**), an unlisted wholesale discretionary fund which invests in senior and mezzanine secured real estate loans.

As of the date of this PDS, the Qualitas Group currently manages the following discretionary funds:

- QSDF which invests solely in senior secured real estate loans;
- QREPDF which invests in senior and mezzanine secured real estate loans;
- Qualitas Construction Debt Fund which invests in residential secured construction loans;
- Qualitas Food Infrastructure Fund which invests in a portfolio of industrial real estate properties; and
- Qualitas Real Estate Opportunity Fund which invests in real estate equity and mezzanine secured real estate loans.

6.2.2 Performance – secured real estate loans

Across the Qualitas Group's 10-year track record, 84 secured real estate loans have been managed with total Invested Capital of \$1.2 billion²⁴. Due to the increasing opportunity in this sector, and given the observed reduced lending appetite by the ADIs into real estate, the Qualitas Group has originated and executed on more than half of its total track record in secured real estate loans in the last 24 months (i.e. 47 loans that reflect approximately \$800 million in Invested Capital). The Qualitas Group considers this to be a permanent structural shift by the ADIs for reasons outlined in Section 3, and it is reflected in the Qualitas Group's strong pipeline of deals over the next six months. For more information, refer to Section 4.12.

²² The \$7.3 billion in gross value is the aggregated value of the real estate asset as at the date of investment.

²³ The Committed Capital reported for 2018 is as at 30 June 2018.

²⁴ As at 30 June 2018.

06. ABOUT THE QUALITAS GROUP **Continued**

The table below demonstrates the realised gross IRR of Invested Capital by investment type for secured real estate loans²⁵:

| Investment type | Realised gross IRR ²⁶ | Unrealised gross IRR forecast for secured real estate loans originated by the Qualitas Group over the last 12 months ²⁷ |
|-----------------|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Senior Debt | 21.8% | 6.0% – 12.0% |
| Mezzanine Debt | 28.4% | 14.0% – 20.0% |

Historical performance of the Qualitas Group's secured real estate loans is significantly higher than the current forecast gross IRRs for loans originated in the last 12 months. This is largely due to a historical focus on opportunistic and high-yielding senior and mezzanine debt financing. The market currently presents a widening opportunity to invest in lower yielding senior secured real estate loans as set out in the Section 3 which explains the Qualitas Group's expanding origination towards this type of investment.

6.3 QUALITAS GROUP ORIGINATION GUIDELINES

The Qualitas Group's investment philosophy focuses on risk mitigation and management via its institutional-grade risk management, governance and operations platforms.

The Qualitas Team will continue to seek to capitalise on its strong local market knowledge, deep industry contacts and "on-the-ground" infrastructure spanning origination, execution and active asset and loan management to deliver on the Investment Strategy.

The Qualitas Team will:

- Target borrowers where the Qualitas Funds and other Qualitas Investors, including the Trust (via the Sub-Trust), can be the primary (senior) or secondary (mezzanine) financier for that specific lending opportunity, including by directly originating the loan;
- Focus on negotiating security arrangements and favourable documentation in exchange for offering loan products that may fall outside traditional bank lending criteria;
- Offering products to borrowers including investment loans, construction loans, land loans and other loans. Senior loans offered by the Trust (via the Sub-Trust) may not be limited by traditional banking LVR and LTC requirements; and
- Diversify the portfolio across product type, sector and geography in accordance with the portfolio guidelines; however, the ability of the Qualitas Team to achieve these target portfolio parameters and weightings is wholly dependent on the availability of opportunities and market conditions.

6.4 QUALITAS TRUSTEE BOARD

The Qualitas Group's Trustee Board (**Qualitas Trustee Board**) is an independent Trustee Board responsible for the governance and oversight of the Qualitas Funds. It has been established to assist the directors of the Qualitas Advisory Board to meet their statutory and fiduciary functions. The Qualitas Trustee Board includes an independent, non-executive chairperson and majority independent, non-executive directors.

As an independent body, the Qualitas Trustee Board's primary purpose is, at all times, to ensure that the rights and obligations of investors in the Qualitas Funds are protected and that decisions made by the Qualitas Advisory Board, management or employees treat investors equally and fairly as per the obligations stipulated in the information memorandum for each Qualitas Fund. The Qualitas Trustee Board has the authority to independently appoint professional advisors where necessary to protect the above-mentioned rights and obligations of investors. It also retains the discretion to approach relevant regulators should it feel its primary function of acting in the "best interest" of investors in any Qualitas Fund for which the Qualitas Trustee Board has oversight is in any way compromised through the actions of the Qualitas Advisory Board.

²⁵ Performance included in figures only relates to secured real estate loans, given the Trust will only invest in secured real estate loans.

²⁶ These realised gross IRR numbers are based on actual returns associated with realised (i.e. repaid) investments.

²⁷ Over the last 12 months refers to the 12 months to 30 June 2018.

6.5 QUALITAS GROUP APPROVAL PROCESS

The Qualitas Group has applied rigorous investment discipline since inception across all investments, which the Manager will adopt for the construction of the portfolio. Before an investment is made, either directly or indirectly, the investment must receive approval from three separate Qualitas Group functions, being the Portfolio Allocation Committee (**PAC**), the risk management team and the relevant Qualitas investment committee. This robust process will be applied to investment decisions in relation to the Sub-Trust.

6.5.1 Portfolio Allocation Committee

Each potential investment opportunity will be reviewed by the Qualitas Group's PAC, which allocates each investment opportunity between the different investment vehicles of the Qualitas Group, including the Trust. In doing so, the portfolio allocation function will consider the following:

- portfolio composition parameters and investment eligibility criteria of each investment vehicle and will also consider the Allocation Policy (detailed in Section 4.10) in determining the appropriate allocation;
- the impact of the investment on each investment vehicle's respective portfolio returns; and
- the impact of the investment on each investment vehicle's respective portfolio key metrics.

This process will be applied to investment decisions in relation to the Sub-Trust.

6.5.2 Risk management team

The Qualitas Team will assess the underlying credit of the secured real estate loan.

The Qualitas Team evaluates the underlying credit risk of the potential loan including the borrower's financial standing and ability to service the relevant loan. The risk management team then reviews and undertakes its own evaluation and forms its own views. As part of the risk management team's in-depth analysis, it considers:

- the type and purpose of the investment;
- the quality of the underlying security;
- real estate due diligence matters including valuations, leases, asset quality, planning schemes, environmental and heritage issues, market comparables, lease and tenant reviews, builder analysis, sales reviews, key contract reviews and all other key features of the real estate; and
- the track record, background and recent financial statements and/or tax returns of the borrower.

The Qualitas Team will prepare an investment paper to seek approval from the Qualitas Investment Committee. This process will be applied to investment decisions in relation to the portfolio.

6.5.3 Qualitas Investment Committee

The Qualitas Group has a different investment committee for each Qualitas Fund (collectively, the **Qualitas Investment Committee**). The Qualitas Investment Committee is responsible for transaction due diligence, approval, and ongoing monitoring of investments allocated to between the different investment vehicle's of the Qualitas Group, including the Trust.

The Qualitas Investment Committee considers:

- the impact of the investment on the investment vehicle's respective portfolio returns;
- the impact of the investment on the investment vehicle's respective fund's portfolio key metrics;
- the maturity of the debt;
- the availability of capital to fund an investment opportunity;
- alignment of the investment opportunity with the economic outlook; and
- whether the investment is consistent with the investment vehicle's respective investment strategy.

A separate investment committee for the Trust (the **TIC**) has been established for transaction due diligence, approval, and ongoing monitoring of investments allocated to the Trust.

06. ABOUT THE QUALITAS GROUP **Continued**

6.5.4 Post investment monitoring

In respect of the Trust's portfolio, the Manager will actively monitor the performance of all investments of the Trust to ensure the Investment Objective is met. The Manager will establish a dedicated monthly Portfolio Management Meeting (**PMM**) to monitor portfolio performance, capital management as well as deployment, compliance, finance and administration. The Manager will also establish a Portfolio Asset Management Committee for the Trust to be held at least every eight weeks to conduct regular reviews of the portfolio performance.

After the funding of a secured real estate loan, the Qualitas Team will proactively monitor the investments, applying its in-depth understanding of the borrower's business plan, the underlying real estate and the real estate market, to mitigate potential risks.

In particular, the Qualitas Team will:

- carry out a review of each investment, monitor the performance of the underlying real estate asset, including execution of the real estate investment and/or development strategies by the sponsor;
- undertake regular inspections of the real estate asset on which investments are secured and conduct borrower meetings at appropriate intervals;
- monitor the borrower's compliance with their loan obligations including the loan covenants and reporting requirements;
- identify and monitor key risks and recommend appropriate actions, for instance through re-pricing or restructuring of a loan to manage risk and preserve investor returns; and
- more frequently review and monitor construction loans or other specialist loans.

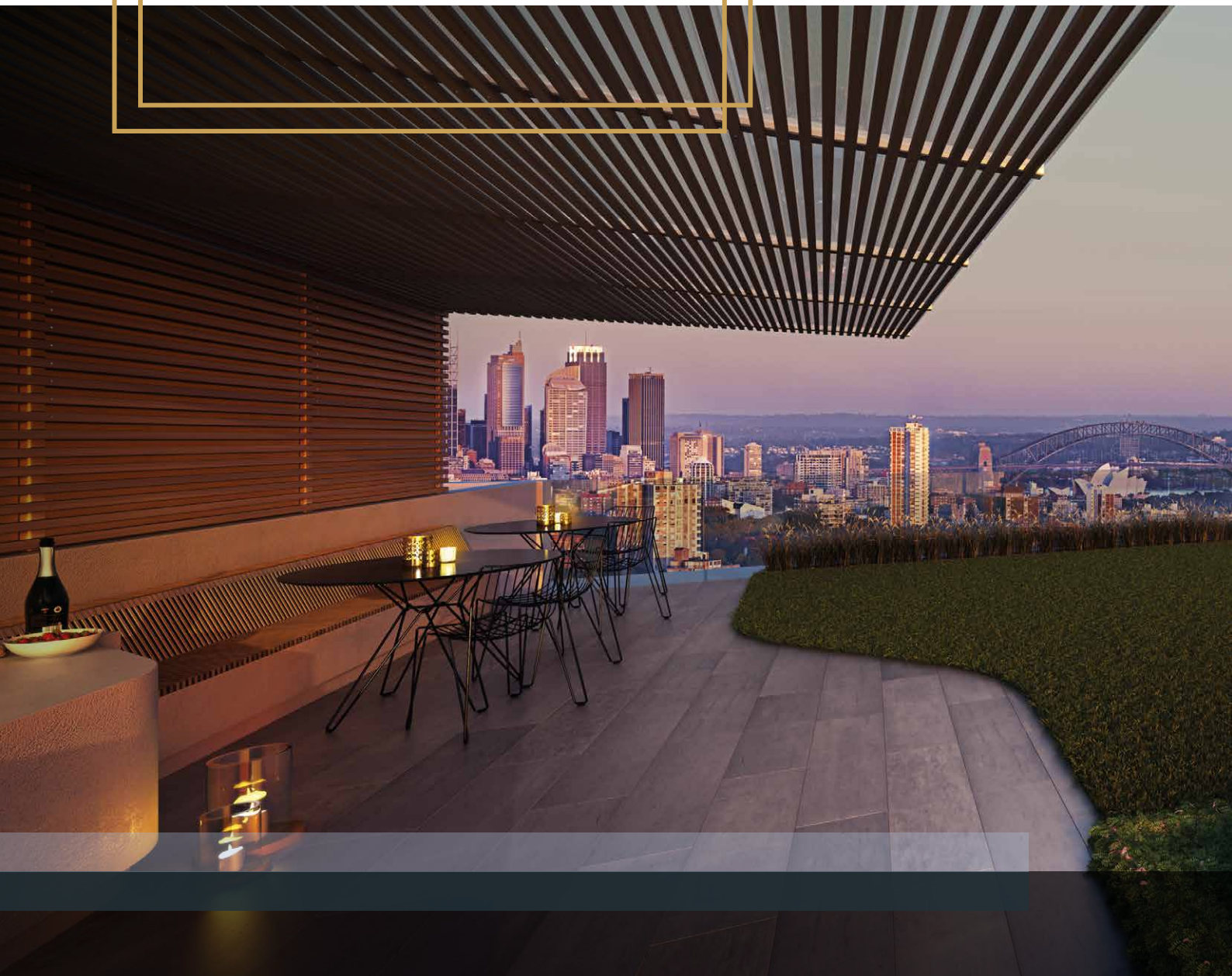
The Qualitas Group has adopted an active risk monitoring and reporting framework for investment exposures that seeks to achieve the following objectives post financial close of an investment:

- tracking of the investment in accordance with the investment thesis;
- early identification of issues on the underlying project or asset that may impact on outcomes;
- transparent and proactive reporting of issues; and
- timely and collaborative approach to decision making with other counterparties.

This process will be applied to investment decisions in relation to the Trust.

07.

FEES



07. FEES

Government regulation requires the inclusion of the standard consumer advisory warning as set out below. The information in the consumer advisory warning is standardised across all product issuers and does not provide any specific information on the fees and charges in this Trust.

7.1 CONSUMER ADVISOR WARNING

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Trust or your financial adviser.

TO FIND OUT MORE

If you would like to find out more or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (**ASIC**) website (www.moneysmart.gov.au) has superannuation or managed investment fee calculator to help you check out different fee options.

This Section shows fees and costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the Trust's assets as a whole. Taxes are set out in Section 12 of this PDS.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

7.2 FEES AND COSTS

Table 1: Fees and costs

| TYPE OF FEE OR COST | AMOUNT | HOW AND WHEN PAID |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE MANAGED INVESTMENT PRODUCT | | |
| Establishment Fee The fee to open your investment | Nil | Not applicable |
| Contribution Fee The fee on each amount contributed to your investment | Nil | Not applicable |
| Withdrawal Fee The fee on each amount you take out of your investment | Nil | Not applicable |
| Exit Fee The fee to close your investment | Nil | Not applicable |
| Management Costs The fees and costs of managing your investment | 1.86% – 2.16% of the NAV of the Trust, depending on how much is raised under the Offer. | <p>Management Costs are comprised of:</p> <ul style="list-style-type: none"> • Responsible Entity Fee payable to the Responsible Entity for the management of the Trust – 0.03% – 0.05% of the NAV of the Trust²⁸. • Management Fee payable to the Manager for the management of the Trust – 1.5375% of the NAV of the Trust. • Performance Fee payable to the Manager by the Trust in relation to the performance of the Trust. This fee is calculated annually and adjusted over three-year periods starting on 1 July 2019²⁹. • Recoverable expenses payable by the Responsible Entity out of the Trust – 0.29% – 0.56% of NAV of the Trust. These expenses include expenses associated with obtaining tax and legal advice, custodian services, fund administration services, valuation and accounting services provided to the Trust³⁰. • Indirect costs – 0% of the NAV of the Trust. |
| Switching Fee The fee charged for changing investment option. | Nil | Not applicable |

The fees in the above table are inclusive of Goods and Services Tax (GST) less the Reduced Input Tax Credit (RITC) amount component of fees charged. The effect of any GST recoverable, known as RITC, will reduce the net cash cost of fees to the Trust³¹.

28 The Responsible Entity Fee is to be paid quarterly in arrears out of the assets of the Trust.

29 As the Trust is a newly established trust and the obligation to pay a Performance Fee does not start until the period beginning on 1 July 2019. The Performance Fee payable to the Manager is expected to be 0% in the first year.

30 This is calculated on the basis of the Responsible Entity and Manager's reasonable estimate as at the date of this PDS of such expenses for the current financial year (adjusted to reflect a 12 month period).

31 Refer to additional explanation of fees and costs in Section 7.3.

07. FEES Continued

Table 2: Example of annual fees and costs for an investment in the Trust

This table gives you an example of how the annual fees and costs for this product can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products³².

| EXAMPLE | AMOUNT | BALANCE OF \$50,000 |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Contribution Fees | Nil | For every additional \$5,000 you put in, you will be charged \$0. |
| PLUS Management fees | 2.16%* p.a. | AND, for every \$50,000 you have invested in the Trust you will be charged \$1,080 each year ³¹ . |
| EQUALS Costs of the Trust | If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$1,080. | |
| | What it costs you will depend on the fees you negotiate. | |

* Based on the Trust having a NAV of \$150 million. If the Trust has a higher NAV then this amount would be lower. For example, if the Trust has a NAV of \$500 million the Management Costs would be 1.86% p.a. and each year you would be charged \$930 for every \$50,000 you have invested in the Trust. Additional fees may also apply. For more information see Section 7.3 below.

7.3 ADDITIONAL EXPLANATION OF FEES & COSTS

7.3.1 Responsible Entity Fee

This fee is charged by the Responsible Entity for managing the Trust. It is calculated and accrued daily and paid quarterly in arrears from the Trust's assets.

7.3.2 Management Fee

The Manager will charge a Management Fee of 1.5% p.a. (exclusive of GST) of the NAV of the Trust. The Management Fee will be paid monthly in arrears.

7.3.3 Performance Fees

The Manager will charge a Performance Fee from 1 July 2019 provided the Cumulative Actual Return has exceeded the Return Hurdle for the Performance Calculation Period. The Performance Fee is calculated and accrued monthly and paid annually in arrears.

Cumulative Actual Return is the percentage of the actual net income of the Trust to the average NAV of the Performance Calculation Period. For clarity, the calculation of this figure takes into consideration actual performance of the Trust over the Performance Calculation Period.

Return Hurdle is 8.0% p.a. (net of fees and expenses) of the average adjusted NAV for the Performance Calculation Period.

Performance Calculation Period is the period from the current Performance Calculation Start Date until the current month end.

Performance Calculation Period Start Date is 1 July 2019 and every three years thereafter.

³² This excludes "one-off payments" made by the Trust and Loan Origination Fees. This example assumes a \$50,000 investment.

³³ This is an example only and does not consider any movements in the value of Units that may occur over the course of the year.

If the Cumulative Actual Return has exceeded the Return Hurdle for the Performance Calculation Period, the Performance Fee is calculated based on the following priority and distribution of net income between the Unitholders and the Manager:

1. **First:** The Trust will distribute net income equal to the Return Hurdle to Unitholders.
2. **Second (Excess Return):** For any remaining net income in excess of the Return Hurdle, the Manager is entitled to receive 20.0% as a Performance Fee.

For the purpose of the Performance Fee calculation, the Return Hurdle and the Cumulative Actual Return is reset at the start of the new Performance Calculation Period. Net income in prior Performance Calculation Periods will not be carried forward and aggregated with net income generated in the new Performance Calculation Period.

7.3.4 Recoverable expenses

These are the ordinary and everyday expenses incurred in operating the Trust and are deducted from the assets of the Trust as and when they are incurred. The expenses normally incurred in the day-to-day operation of the Trust include custodian, fund administration, unit registry, ASX and audit costs (other than transactional costs described above).

Offer Costs

A portion of the funds raised from the Offer will be invested in the Trust Loan Receivable. The Trust Loan Receivable is an unsecured loan provided to the Manager by the Trust, to pay the costs and expenses associated with the Offer (**Offer Costs**) (see Section 4.18 for further information on Trust Loan Receivable). This includes broker, legal, tax, accounting and other advisory costs, printing and other expenses.

Expenses relating to operating the Trust

The Responsible Entity is entitled to be reimbursed, out of the assets of the Trust, for all out-of-pocket expenses it properly incurs in operating and administering the Trust. This includes expenses such as Management Fees, Performance Fees, custody fees, administration fees, registry fees, valuation fees, stamp duties, taxes and bank fees, preparation of financial statements, accounting fees, all listing fees (if any), tax returns, committee fees and compliance costs. The amounts of some of these expenses will be dependent on the costs and size of the Trust.

Expenses relating to management of the Trust

The Manager is entitled to be reimbursed, out of the assets of the Trust, for all out-of-pocket expenses it properly incurs in managing the Trust and making investment decisions relating to the Trust. This includes taxes, costs, charges, travel costs and all investor relations and marketing and other expenses properly incurred by the Manager in connection with the investment and management of the Trust's portfolio or the acquisition, disposal or maintenance of any investment of the Trust's portfolio. This includes all clearing house fees, brokerage fees and excludes taxes incurred by the Manager in respect of income of the Manager or in acting under the Investment Management Agreement. These expenses exclude in-house administration costs of the Manager, its agents and affiliates in the nature of rent for premises, computer charges, salaries, research costs and like expenses. The amounts of some of these expenses will be dependent on the costs and size of the Trust.

07. FEES **Continued**

7.3.5 Indirect Costs

Management fees in respect of the Qualitas Funds

Associates of the Manager manage the Qualitas Funds. Accordingly, Associates of the Manager are entitled to receive Management Fees pursuant to the terms of the trust deeds and management agreement in respect of the Qualitas Funds.

However, those Associates of the Manager have agreed that the management fees that would otherwise be payable on the Trust's investment in the Qualitas Funds will be rebated. The effect of such rebates will be that the Trust's investment in the Qualitas Funds will be free of management fees at the Qualitas Fund level.

Performance fees in respect of Qualitas Funds

Associates of the Manager manage the Qualitas Funds. Accordingly, Associates of the Manager are entitled to receive performance fees pursuant to the terms of the trust deeds and management agreement in respect of the Qualitas Funds.

However, those Associates of the Manager have agreed that the performance fees that would otherwise be payable on the Trust's investment in the Qualitas Funds will be rebated. The effect of such rebates will be that the Trust's investment in the Qualitas Funds will be free of performance fees at the Qualitas Fund level.

Management and performance fees in relation to the Sub-Trust

The investment management agreement for the Sub-Trust provides for similar management fees and performance fees as the Investment Management Agreement for the Trust. However, whilst the Manager remains the manager of the Trust these fees are not payable. As such, there will be no management or performance fees charged to the Sub-Trust whilst the Manager is the manager of the Trust.

See Section 13.1 in relation to details as to when the Manager may be removed as the manager of the Trust.

7.3.6 Unitholder administration

If the Responsible Entity or the Manager is requested to perform a role outside its normal administration function, there may be a fee. The fees vary depending on the request by a Unitholder.

7.3.7 Benefits of the Responsible Entity

Except for the interest, fees and remuneration disclosed in this PDS, the Responsible Entity and its Directors and employees have not received, and are not entitled to, any benefit in relation to this Offer.

Subject to law, Directors may receive a salary as employees of the Responsible Entity, consulting fees, director fees, dividends and may from time to time hold interests (directly or indirectly) in the Units in the Trust or shares in Perpetual.

7.3.8 GST

The Trust is expected to suffer some level of restriction on their ability to recover the GST component on their costs. The Trust may benefit from at least 55.0% GST recovery on a broad range of costs under the reduced credit acquisition provisions of the GST Act.

No fees disclosed in this PDS include recovery of the GST component of fees charged. The effect of any GST recoverable under RITCs will reduce the net cash cost of fees to the Trust.

7.3.9 Payment to licensees

No brokerage, commission or stamp duty is payable by Applicants who apply for Units using an Application Form.

7.3.10 Advisor remuneration

No commissions will be paid by the Responsible Entity to financial advisors. You may incur a fee for the advice provided to you by your advisor, but this does not represent a fee that the Responsible Entity has charged you for investing in the Trust and is not an amount paid out of the assets of the Trust. The Responsible Entity recommends that you check with your advisor if you will be charged a fee for the provision of their advice.

7.3.11 Can fees be different for different Unitholders?

The Manager and the Responsible Entity may from time to time negotiate a different fee arrangement (by way of a rebate of fees or reduced fees) with certain 'wholesale' investors or otherwise in accordance with ASIC requirements. Any fee rebates will be paid out of the assets of the Manager or the Responsible Entity (as applicable) and will not be paid from the assets of the Trust. The size of the investment and other relevant factors may be taken into account.

The terms of these arrangements are at the discretion of the Manager and the Responsible Entity (as applicable).

7.3.12 Transactional and operational costs

Transactional and operational costs are costs related typically to transactions of the Trust and include transactional brokerage, clearing costs and stamp duty. These costs will differ according to the type of assets in the Trust and will be paid out of the Trust's assets. Transactional and operational costs are an additional cost that is not included in Management Costs. The Responsible Entity estimates the Trust's transactional and operational costs to be approximately nil or 0.0% of the Trust's NAV for the current financial year (adjusted to reflect a 12-month period). This is because such costs are borne by borrowers.

7.3.13 Can the fees change?

All fees in this PDS can change. Reasons for a change may include changing economic conditions and changes in regulation. Fees may also change due to an increase in GST payable or a change to RITCs entitled to be claimed by the Trust.

Any estimates of fees and costs in this PDS are based on information available as at the date of this PDS. As such, the actual fees and costs may differ and are subject to change from time to time. The Constitution sets the maximum amount the Responsible Entity can charge for all fees. If the Responsible Entity wishes to raise fees above the amounts allowed for in the Constitution, the Responsible Entity would need to amend the Constitution in accordance with the Corporations Act and the relevant provisions in the Constitution. The Responsible Entity will give Unitholders at least 30 days' advanced notice of any proposed change to these fees where practicable.

7.3.14 Government charges and taxation

Government taxes such as GST will be applied to your account as appropriate. In addition to the fees and costs described in this section, standard government fees, duties and bank charges may also apply such as stamp duties. Some of these charges may include additional GST and will apply to your investments and withdrawals as appropriate. The fees outlined in this section take into account any RITCs which may be available. Refer to Section 12 for further information in relation to Taxation.

08. RISKS



08. RISKS

An investment in the Trust carries risk. Risks can be categorised as being specific to the Investment Strategy and Manager, the Trust, the Trust's portfolio, ASX listing and general risks associated with investing in the loans with exposure to the commercial real estate market. Many of these risks are outside the control of the Responsible Entity, the Manager and their respective directors and officers. Consequently, the Units offered under this PDS carry no guarantee in respect of profitability, distributions or return of capital.

Investors should consider whether the Units offered by this PDS are a suitable investment, having regard to their own individual investment objectives, financial circumstances and the risk factors set out below.

The list below highlights the more significant and material risks; however, the list may not be exhaustive. Other less significant or less probable factors may also impact the Trust's financial performance, financial position or cash flow. Should any or all of these risk factors materialise, the value of Units may be adversely affected.

Some of the more significant risks associated with investing in the Trust, more properly described below, include:

- risks relating to the Investment Strategy and Manager;
- risks relating to the Trust;
- risks relating to the Trust's portfolio;
- risks relating to the Units being listed on the ASX; and
- general investment risks.

The risks in this section are not an exhaustive list; not all risks can be predicated or foreseen.

8.1 RISKS RELATING TO THE INVESTMENT STRATEGY AND MANAGER

8.1.1 Risks relating to the Investment Strategy

There are inherent risks associated with the Investment Strategy. These include, but are not limited to, the following:

- the Trust's success and profitability is reliant upon the ability of the Manager to invest in and maintain a portfolio that achieves the approved Investment Objective and Investment Strategy;
- the ability of the Manager to continue to manage the Trust's portfolio in accordance with its mandate and relevant laws; or
- the Trust's portfolio may not be as diversified as the portfolios of other listed investment entities.

8.1.2 Risks relating to the Investment Objective

There is no guarantee the Investment Strategy will be managed successfully or that the Trust will meet its Investment Objective. Failure to do so could negatively impact the performance of the Trust. The Investment Management Agreement is expected to have an initial term of 10 years. Even if the Manager fails to achieve the Target Return, it may be difficult to remove the Manager.

The Manager may not manage the Trust's portfolio in a manner that consistently meets the Investment Objective over time. In addition, the Manager may cease to manage the Trust's portfolio, requiring the Responsible Entity to find an alternative replacement manager, and this may affect the Trust's success and profitability.

08. RISKS **Continued**

8.1.3 Risks relating to the Investment Management Agreement term

The Responsible Entity has no right to terminate the Investment Management Agreement in the event of a change of control of the Manager or in the event of a material change to the composition of the Qualitas Team. For example, the Responsible Entity cannot terminate the Investment Management Agreement if key members resign from the Qualitas Team.

If the Manager ceases to manage the Trust and the Investment Management Agreement is terminated, then the Responsible Entity will need to identify and engage a suitably qualified and experienced investment manager to manage the Trust and continue to implement the Investment Strategy. There is a risk that the Responsible Entity is unsuccessful in engaging a person or group in that capacity.

8.1.4 Risks relating to key members of the Qualitas Group

There is a risk of departure of key staff, whether they are the staff or Directors of the Responsible Entity, the Manager or the Qualitas Team.

The Trust will depend upon the experience of the Qualitas Group's senior management personnel and the Qualitas Team. The Qualitas Advisory Board or personnel of the Qualitas Group or other related parties in their capacity as decision makers may change. The loss of service of these individuals could have a material adverse effect on the operations of the Trust because the Trust would have a reduced capacity to develop and implement desirable investment strategies, obtain investment opportunities, capitalise upon relationships and structure and execute its potential investments.

8.1.5 Trust Loan Receivable risk

The Manager, as counterparty to the Trust Loan Receivable, may not be able to meet its contractual obligations under the Trust Loan Receivable. The Trust Loan Receivable is an unsecured loan, which means the Trust's right to recover the loan will rank behind the secured creditors of the Manager. If the Manager is unable to meet its contractual obligations under the Trust Loan Receivable, then the Trust may incur a loss and this would have an adverse effect on the value of the Trust. The Trust Loan Receivable has been guaranteed by QPP.

8.2 RISKS RELATING TO THE TRUST

8.2.1 No operating history

The Trust is a newly formed entity with no financial, operating or performance history and no track record which could be used by an investor to make an assessment of the ability of the Responsible Entity or the Manager to achieve the Investment Objective. The information in this PDS about the Investment Objective is not a forecast of future performance. There is a risk that the Investment Objective will not be achieved.

8.2.2 Distributions may not be paid

The Responsible Entity's ability to pay distributions from the Trust is contingent on there being sufficient income from the Trust's investments. There is no guarantee that the future earnings of the Trust will be adequate to allow it to meet the Investment Objective. Nor is there a guarantee that the Trust's earnings or the value of Units will be consistent with ensuring the Trust meets the Investment Objective. Further, the Manager may make poor investment decisions which may result in the Trust's returns being inadequate to pay distributions to Unitholders.

8.2.3 No guarantee the Manager will find appropriate investments

The Manager intends that, subject to market conditions and available investment opportunities, the Trust will be substantially invested or committed in accordance with its Investment Strategy over the Initial Investment Timeline. There is no guarantee that the Manager will find sufficient investments for the Trust at suitable returns to deliver the Investment Objective in that timeframe or at all. An inability to invest in opportunities which are consistent with the Investment Strategy is likely to have an adverse impact on the Trust and the value of Units.

8.2.4 Hedging risk

The Manager may use both currency (limited to AUD and NZD) and interest rate hedging to reduce risk in the investments within the Trust's portfolio. The Trust will not use hedging for market speculative purposes in an attempt to increase the Trust's returns.

Should the Manager enter into hedging arrangements on behalf of the Trust to protect against currency or interest rate risk, the use of instruments to hedge a portfolio carries certain risks, including the risk that losses on a hedge position will reduce the Trust's earnings and funds available for distribution to Unitholders and that such losses may exceed the amount invested in such hedging instruments.

There is no perfect hedge for any investment, and a hedge may not perform its intended purpose of offsetting losses on an investment and, in certain circumstances, could increase such losses. The Trust may also be exposed to the risk that the counterparties with which the Trust trades may cease making markets and quoting prices in such instruments, which may render the Trust unable to enter into an offsetting transaction with respect to an open position. Although the Manager will select the counterparties with which it enters into hedging arrangements with due skill and care, the residual risk that the counterparty may default on its obligations remains.

Derivatives (including but not limited to foreign exchange forwards, currency derivatives and swaps) are highly specialised instruments that require investment techniques and risk analysis different from those associated with debt securities. The use of a derivative requires an understanding of not only the underlying instrument but also of the derivative itself. In particular, the use and complexity of derivatives requires the maintenance of adequate controls to monitor the transactions entered into and the ability to assess the risk that a derivative transaction adds to a portfolio. There can be no guarantee or assurance that the use of derivatives will assist in achieving the Investment Objective.

8.2.5 Service provider risk

The operation of the Trust relies on the successful performance of the Responsible Entity's contracts with service providers. Refer to Section 13 for details on the Material Contracts.

The Trust could be exposed to the risk of loss if a counterparty does not meet its obligations, including due to insolvency, financial distress or a dispute over the terms of the contract or the termination of any of the material agreements. There can be no assurance that the Responsible Entity would be successful in enforcing its contractual rights. In the case of a counterparty default, the Trust may also be exposed to adverse market movements while the Responsible Entity sources replacement service providers.

8.2.6 Potential conflicts of interest

Associates of the Manager also act as manager of the Qualitas Funds which have similar investment objectives to the Trust. It is therefore possible these entities within the Qualitas Group may manage funds on behalf of investors which invest in the same investments as the Trust. Whilst the Qualitas Group has implemented policies and procedures to identify and mitigate conflicts of interest, it is possible the Qualitas Group may, in the course of its business, have potential conflicts of interest which may not be managed effectively and may be detrimental to the Trust and Unitholders. The Qualitas Group has developed an Allocation Policy (see Section 4.10) to provide reasonable assurance that investments will be allocated appropriately and fairly.

Associates of the Manager may be the investment manager of other funds not described in this PDS and entities within the Perpetual Group (comprising Perpetual Limited and its subsidiaries, including the Responsible Entity) may act in various capacities (such as responsible entity, trustee and custodian) in this structure and for other funds or accounts.

In addition, the investment by the Trust in Qualitas Funds may cause potential conflicts of interest for the Qualitas Group.

The Qualitas Group and Perpetual Group have each implemented policies and procedures to identify and where possible mitigate or avoid these conflicts.

8.2.7 Regulatory approvals

All regulatory approvals for the continued operation of the Trust, including licenses or exemptions from licensing for the Manager have been obtained and neither the Responsible Entity nor the Manager are aware of any circumstances which might give rise to the cancellation or suspension of any of those regulatory approvals. If any of the regulatory approvals are amended, cancelled or suspended, then the Trust may be adversely affected.

08. RISKS **Continued**

8.3 RISKS RELATING TO THE PORTFOLIO

8.3.1 Risk of underperforming investments

Investments made by the Trust may become non-performing for a variety of reasons, including non-payment of principal or interest, as well as breaches by the party that has borrowed monies the subject of any of the Trust's investments. Such non-performing investments may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, substantial irrecoverable costs, a substantial reduction in the interest paid, a substantial write-down of the principal of such loan and/or a substantial change in the terms, conditions and covenants with respect to such defaulted loan. However, even if a restructure were successfully accomplished, there is risk that, upon maturity of any such real estate loan, replacement "take-out" financing will not be available.

It is possible that the Trust may find it necessary or desirable to pursue (either itself or through the appropriate counterparty) enforcement of an underlying security. Any enforcement process can be lengthy and expensive, which could have a material negative effect on the Trust's anticipated return on any investment. By way of example, it would not be unusual for any costs of enforcement to be paid out in full before the repayment of interest and principal relating to the relevant investment. This could substantially reduce the Trust's anticipated return on the relevant investment.

The level of defaults in the Trust's portfolio and the losses suffered on such defaults may increase in the event of adverse financial or credit market conditions. The liquidity in defaulted investments may also be limited, and to the extent that defaulted investments are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon, which would adversely affect the value of the Trust's portfolio and, consequently, the value of Units.

8.3.2 Borrowers unable to meet their financial obligations

There are a variety of factors which could adversely affect the ability of parties that have borrowed monies, the subject of the Trust's investments to fulfil their payment obligations or which may cause other events of default. These include but are not limited to changes in financial and other market conditions, interest rates, government regulations or other policies, the worldwide economic environment, changes in law and taxation, natural disasters, terrorism, social unrest and civil disturbances.

A party that has borrowed monies the subject of any of the Trust's investments may not fulfil its payment or other obligations in full, or at all, and/or may cause, or fail to rectify, other events of default under the loan. The Trust may, in these circumstances, suffer from reduced income and therefore have a reduced ability to pay out distributions as well as be required to exercise any contractual rights of enforcement that it has against the party that has borrowed monies the subject of any of the Trust's investments to attempt to recover its investment. As such, there is no guarantee that the Trust will be able to recover all or any of its investment.

8.3.3 Due diligence process

The due diligence undertaken by the Manager and the entities which manage the Qualitas Funds in which the Trust intends to invest in connection with the relevant investments may not reveal all facts that may be relevant in connection with an investment. The objective of such due diligence is to identify attractive investment opportunities.

When conducting due diligence, the Manager and the entities which manage the Qualitas Funds in which the Trust intends to invest will evaluate a number of important issues, which may include business, financial, tax, accounting, environmental, regulatory and legal issues in determining whether or not to proceed with an investment.

Nevertheless, when conducting due diligence and making an assessment regarding an investment, the Manager and the entities which manage the Qualitas Funds in which the Trust intends to invest will be required to rely on resources available to it, including information provided by internationally recognised rating agencies and other independent sources including issuers, originators and analysts. The information available for due diligence purposes may be limited or incomplete. Accordingly, the Manager cannot guarantee any relevant due diligence investigation with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity.

There is a risk that any failure by the Manager to identify relevant facts through the due diligence process may cause it to make inappropriate investment decisions, which could have a material adverse effect on the Trust's profitability and the Unit price.

8.3.4 Insufficient underlying security

In the event of a default by a party that has borrowed monies the subject of any of the Trust's investments, the value of the Trust's investments with respect to any debt financing arrangement may exceed the value of recovery possible under the collateral or security arrangements that support that investment. This may be due to a variety of reasons including external factors such as changes in the market for the assets to which the security or collateral relates, general economic conditions or otherwise. This may have a material adverse effect on the value of the Trust's investment, in particular should a recovery action be required.

This may be particularly relevant for mezzanine secured real estate loans where the security granted is second ranking and therefore provides none or limited rights to enforce the security until the first ranking mortgage is discharged.

8.3.5 Construction and development loans

The Trust may also invest indirectly or directly in secured real estate loans which are construction loans. Construction lending generally is considered to involve a higher degree of risk than other types of lending due to a variety of factors, including but not limited to difficulties in estimating construction costs and anticipating construction delays, risks associated with builder solvency for the deliverability of the project, obtaining sales within a development project, settling and receiving sale proceeds risk (including the risk of purchasers being unable to secure loans due to changes in macro-economic conditions, bank valuations of the subject real estate, changes in bank lending capacity or policies or otherwise being unable to settle) and obtaining refinance of unsold and unsettled stock and the potential for cost overruns due to unforeseen circumstances and developer and builder variations required.

Although a contingency reserve is included for each construction project budget by the developer for the above risks, there is no guarantee that the contingency reserve will be sufficient to meet all possible risks which result in cost overruns due to any of the circumstances noted above. Adverse movements in base rates³⁴ and delays in construction can also lead to increased interest expenses and an excess usage of the interest and contingency reserve. Increased development and construction costs above the project budget will require further capital from either further equity or increased debt from the lender and/or other lenders.

The performance of investments with exposure to development loans may also be subject to a range of other risks, including planning risk (in relation to development and other approvals) and site conditions (including geotechnical, land contamination and environmental conditions).

8.3.6 Interest rate risk

The Manager may recommend investments with exposure to loans with floating interest rates. This means that income will be impacted by the underlying base rate rises and falls and therefore the relative attractiveness to other investments may change.

8.3.7 Early repayment

The investments of the Trust will have exposure to debt facilities which are expected to generally have maturities ranging from 18 months to 36 months. It is possible that some of these facilities may be repaid early, and therefore the actual maturity of the underlying debt facilities may be shorter than their stated final maturity calculated solely on the basis of the stated life and repayment schedule.

Such prepayment may result in a loss of income until such time as the capital is reinvested. Prepayments may be prompted by increasing availability of debt from the capital markets and increased price competition among lenders, or as a result of an increase in the value of the secured real estate making the subject security real estate assets a more financeable proposition to those lenders who are active at the relevant time. The Manager will incorporate early loan repayment fees where appropriate to protect substantial loss of income from prepayments at the borrower's discretion. Early repayment may also be due to the Trust seeking repayment of the loan due to breach of obligations.

³⁴ Commercial construction and development loans are typically priced based on a margin above a floating base rate or benchmark interest rate (i.e. BBSW).

08. RISKS **Continued**

8.3.8 Collateral real estate is a relatively illiquid asset

Investments in real estate are relatively illiquid and investors may be reluctant to purchase or sell the real estate. Investor appetite for real estate may be dampened by any dislocation of the global financial market factors and limited availability of financing. The resulting lack of liquidity in real estate markets may, in the event of a default and a foreclosure, inhibit the Trust's ability to dispose of security property in a timely manner and any such disposal may be at a considerably lower price than prevailing indicative market prices.

8.3.9 Collateral real estate valuation

Valuations of real estate and real estate related assets are inherently subjective due to the individual nature of each real estate. As a result, valuations are subject to uncertainty and in determining market value, valuers are required to make certain assumptions and such assumptions may prove to be inaccurate. This is particularly so in periods of volatility or when there is limited real estate data against which real estate valuations can be benchmarked.

If the market value of real estate assets underlying the Trust's investments is found to be materially lower than that stated at the time of the Trust's investment, this may adversely impact the Trust's ability to recover the value of its investments. This may materially and negatively impact the NAV of the Trust.

8.3.10 Force majeure risk

Real estate is exposed to risks relating to catastrophe events such as fires, floods, hurricanes, earthquakes, wars, strikes and acts of terrorism, as well as events of force majeure in contracts with counterparties related to the Trust's investments. Whilst all mortgaged real estate is subject to insurance obligations, losses from such events might be uninsurable and, if such events occur, they may have adverse effects on the Trust.

8.3.11 Political risk

With any investment, there exists the risk of adverse political, legal and tax developments, including nationalisation, termination or non-payment of concessions, confiscation without fair compensation, windfall profit tax, or war. Further, any restriction imposed to prevent capital flight may make it difficult or impossible to exchange or repatriate currency. Although the Trust will analyse political risk before making such investments, no assurance can be given that a political or economic climate, or particular legal or regulatory risks, might not adversely affect an investment by the Trust at the time of its acquisition or thereafter.

8.3.12 Regulatory risk

Many investments will be subject to substantial government regulation, and governments have considerable discretion in implementing regulations that could impact such investments. In addition, the operations of investments may rely on government permits, licences, concessions, leases or contracts. Government entities generally have significant influence over development projects in respect of the various contractual and regulatory relationships they may have, and these government entities may exercise their authority in a manner that causes delays in the development of these projects, obstacles to the pursuit of these projects or increased administrative expenses. In this regard, the nature and extent of government regulation can also be a key driver of value, returns, liquidity and financeability. The government or a governmental agency may amend, repeal, enact or promulgate a new law or regulation, or a government authority or court may issue a new interpretation of existing law or regulation.

Changes in legal, tax and regulatory regimes may occur during the life of the Trust which may affect the performance of the Trust and any investment.

Governmental authorities around the world have called for financial system and participant regulatory reform in reaction to volatility and disruption in the global financial markets, financial institution failures and financial frauds in recent years. Such reform includes, among other things, additional regulation of banks and investment trusts (which would include the Trust), and their managers and their activities. The impact on the Trust, the Manager and Associates of the Manager cannot be predicted with certainty, and any of these regulatory reform measures could have an adverse effect on the Trust.

8.3.13 Fraud

The Trust is exposed to the risk that the counterparties, including borrowers, to its investment exposure, may seek to commit fraud against the Trust.

The Trust relies on the Manager and its internal policies and procedures to identify fraud. Failure of these internal controls could result in damage to the Trust and the Qualitas Group's reputation impacting their ability to attract new clients, each of which could materially adversely affect the Trust's financial performance.

8.4 RISKS RELATING TO THE UNITS BEING LISTED ON THE ASX

8.4.1 Unit trading price

The trading price of any listed security may change, related to performance and matters inherent to the investment performance of the securities, but also due to external factors such as market sentiment, or a range of other factors including the presence of larger buying or selling interest in the Units.

Therefore, Unitholders should expect that for periods of time, sometimes extended periods, the Units may trade below the stated underlying NAV per Unit.

8.4.2 Unit price volatility

Irrespective of any changes in the underlying value of the investments held by the Trust, Units may also trade at a discount or premium to the NAV per Unit. There can be no guarantee that the total number of buyers multiplied by the number of Units that each buyer wants to buy at any point in time in the market will match or exceed the total number of sellers multiplied by the number of Units each seller wants to sell, or that Unitholders will be able to buy or sell Units for a price which they or the Responsible Entity believe fairly reflects the value of their Units. In addition, the NAV per Unit will fluctuate with changes in the value of the underlying investments held by the Trust.

8.4.3 Liquidity risk

Units in the Trust are intended to be listed on the ASX. Although liquidity is generally expected to exist in this secondary market, there are no guarantees that an active trading market with sufficient liquidity will develop, or should it develop after listing, that such a secondary market will sustain a price representative of the NAV per Unit. As a listed investment trust, there is no regular redemption facility for Units. That is, if a Unitholder no longer wishes to be invested in the Trust with respect to some or all of their Units, they will not have the ability to simply redeem their Units. They will be required to sell their Units on the ASX. Whilst a listed investment trust can make a withdrawal offer from time to time, it is not the current intention of the Responsible Entity to do so.

8.5 GENERAL INVESTMENT RISKS

8.5.1 Economic risks

The Trust's Investment Strategy relies in part upon local real estate market conditions. No assurance can be given that current market conditions will continue to be conducive to investing in secured real estate loans, since this will depend, in part, upon events and factors outside the control of the Manager.

More generally, the performance of the Trust may be affected by general economic conditions, both domestic and global, to the extent that these factors impact the performance of the secured real estate loans held by the Trust. Such conditions might include changes to interest rates, credit spreads, equity risk premium, corporate failure rates, changes in laws or regulations and national and international political circumstances.

The Trust's investments may be subject to fluctuations in interest rates that may not be adequately protected or protected at all, by the Manager's hedging strategies.

The Trust's investments will be associated with real estate and are therefore directly exposed to the performance of the relevant real estate market. The location and condition of the underlying real estate and changes in supply of or demand for competing real estate in the area will also help to determine the real estate asset value.

Adverse changes in any of these factors may have a negative impact on the value of the underlying security that supports the investment and/or the ability of partners or borrowers to fulfil their payment obligations.

The Responsible Entity will endeavour to minimise these risks by drawing on the experience of the Manager, industry consultants as well as engaging its contacts and research in the marketplace.

08. RISKS Continued

8.5.2 Taxation risk

There are risks that the tax consequences for an individual Unitholder or for the Trust with regard to income tax (including capital gains tax), duty and other taxes may differ from the tax consequences described in Section 12 of this PDS.

Changes to taxation laws and policies in Australia (including any changes in relation to how income of the Trust is taxed or in relation to the deductibility of expenses) might adversely impact the Trust and Unitholder returns. It is not possible to predict future changes to tax law or policy.

8.5.3 Performance of other asset classes

Good performance (or anticipated performance) in other asset classes can encourage individuals to divert money away from listed investments such as the Trust. This may have a negative impact on any trading of the Units.

8.5.4 Litigation risk

From time to time, the Responsible Entity may be involved in litigation. This litigation may include, but is not limited to, contractual claims. If a claim is pursued against the Responsible Entity, the litigation may adversely impact on the profits and financial performance of the Trust. Any claim, whether successful or not, may adversely impact on the Trust's Unit price and/or the return on your investment.

8.5.5 Cyber risk

The Manager's information and technology systems, or those of its suppliers or other counterparties, may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorised persons and security breaches, usage errors, power outages and catastrophic events. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Manager and/or the Trust may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Manager's and/or the Trust's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors).

8.5.6 Investor considerations

Before deciding to subscribe for Units, Applicants should consider whether Units are a suitable investment.

There may be tax implications arising from the Application for Units, the receipt of dividends or distributions from the Trust and the disposal of Units. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax advisor in relation to the application of tax legislation.

If you are in doubt about whether you should subscribe for Units you should seek advice on the matters contained in this PDS from a stockbroker, solicitor, accountant or other professional advisor.

09.

**BOARD, MANAGEMENT
AND CORPORATE
GOVERNANCE**



09. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

9.1 CORPORATE GOVERNANCE

ASX Corporate Governance Principles

The Responsible Entity has the responsibility of ensuring the Trust is properly managed so as to protect and enhance Unitholders' interests in a manner that is consistent with the Trust's responsibility to meet its obligations to all parties with which it interacts. To this end, the Responsible Entity has adopted what it believes to be appropriate corporate governance policies and practices having regard to its size and the nature of activities.

The Responsible Entity endorses the Corporate Governance Principles and Recommendations (**ASX Recommendations**) published by the ASX Corporate Governance Council and has adopted corporate governance charters and policies reflecting those ASX Recommendations (to the extent that such principles and recommendations are applicable to an entity of the size and structure of the Trust).

The Responsible Entity will review the corporate governance policies and structures that the Trust has in place on an ongoing basis to ensure that these are appropriate for the size of the Trust and nature of its activities, and that these policies and structures continue to meet the corporate governance standards to which the Responsible Entity is committed to.

9.2 CORPORATE GOVERNANCE POLICIES

The Responsible Entity has adopted the following policies and charters, which have been prepared having regard to the ASX Corporate Governance Principles and Recommendations.

- **Code of Conduct** – This policy sets out the standards of ethical behaviour and integrity that the Responsible Entity expects from its Directors, officers and any employees.
- **Continuous Disclosure Policy** – The Trust must comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act to ensure the Trust discloses to the ASX any information concerning the Trust which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Units. This policy sets out the Trust's procedures and measures which are designed to ensure that the Trust complies with its continuous disclosure obligations.
- **Risk Framework** – This framework is designed to assist the Trust to identify, evaluate, monitor and manage risks affecting the Trust's business.
- **Securities Trading Policy** – This policy is designed to maintain investor confidence in the integrity of the Responsible Entity's internal controls and procedures and in particular to provide guidance to Directors, executives and any employees on avoiding any conflicts of interest or breaches of insider trading laws.
- **Communications Policy** – This policy sets out the practices which the Trust will implement to ensure effective and efficient communication with its Unitholders.
- **Diversity Policy** – This policy sets out the Trust's objectives for achieving diversity amongst its Directors, executives and any employees.
- **Compliance Plan** – Sets out the procedures for the Responsible Entity to comply with the Corporations Act and the Constitution. This plan is overseen by a Compliance Committee and the Responsible Entity's compliance with it is audited annually.
- **Compliance Committee** – The Responsible Entity has established the Compliance Committee with a majority of external members. A Compliance Committee charter governs the key aspects of the Compliance Committee.

9.2.1 Compliance Committee Members

Virginia Malley

Virginia has 31 years' experience in the investment and banking sectors, including 16 years' experience as a company director. Her areas of expertise are regulatory compliance, financial and environmental markets and governance, and risk management.

Virginia is a non-executive director of Perpetual Superannuation Limited; a member of several Perpetual compliance committees and the Sydney Airport Trust compliance committee; and member of the clean energy regulator.

Virginia was previously the Chief Risk Officer and member of the Clean Technology, Asia/Pacific, Private Equity and Global/Advisory Investment Committees at Macquarie Funds Management Group. She oversaw the risk management of portfolios investing in clean technologies, listed equities, derivatives, currencies and private equity.

Virginia is a Fellow of the Australian Institute of Company Directors. She holds a Bachelor of Arts and a Master of Applied Finance from Macquarie University, a Master of Laws from the University of Sydney, and a Juris Doctor from the University of Technology, Sydney.

Micheline Collopy

Micheline is Chair of Perpetual Superannuation Limited as an independent director and a member of its Audit and Risk Committee. Micheline is an experienced professional in funds management, treasury, risk management, compliance, and corporate governance, with over 20 years' experience in financial markets.

Micheline holds a Bachelor of Economics degree from Australian National University and is a Chartered Accountant. Micheline also holds a Financial Planning Accreditation from Deakin University, is a Financial Planning Specialist with the Institute of Chartered Accountants and a Fellow of the Australian Institute of Company Directors.

Micheline is a director of Teachers Mutual Bank and a Council Member of the University of Technology Sydney.

Michael Vainauskas

Please refer to Michael's biography in Section 4.3.

9.3 ASX CORPORATE GOVERNANCE POLICIES

The Responsible Entity has evaluated the Trust's current corporate governance policies and practices in light of the ASX Corporate Governance Principles and Recommendations. A brief summary of the approach currently adopted by the Trust is set out below.

Principle 1 – Lay Solid Foundations for Management and Oversight

The role of the Responsible Entity's Board is generally to set objectives and goals for the operation of the Responsible Entity and the Trust, 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 Trust as a whole. The Responsible Entity's Board is accountable to the Unitholders and is responsible for approving the Responsible Entity's overall objectives and overseeing their implementation in discharging their duties and obligations in operating the Trust. The role of the Responsible Entity's management is to manage the business of the Responsible Entity in operating the Trust. The Responsible Entity's Board delegates to management all matters not reserved to the Responsible Entity Board, including the day-to-day management of the Responsible Entity and the operation of the Trust. Directors, management and staff are guided by Perpetual's Code of Conduct which is designed to assist them in making ethical business decisions.

09. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE **Continued**

Principle 2 – Structure the Board to Add Value

At present the Responsible Entity's Board consists of four executive Directors and three alternate Directors. The names of the current Directors and year of appointment is provided below:

| Name of Director | Year of appointment |
|-------------------------------|----------------------------|
| Christopher Green | 2014 |
| Michael Vainauskas | 2015 |
| Glenn Foster | 2015 |
| Vicki Riggio | 2018 |
| Andrew McIver (Alternate) | 2017 |
| Gillian Larkins (Alternate) | 2017 |
| Phillip Blackmore (Alternate) | 2018 |

As the Responsible Entity Board consists of only executive Directors, a Compliance Committee is appointed in relation to the Trust (refer to Principle 7). The Compliance Committee comprises a majority of independent members and is chaired by an independent member who is not the chair of the Responsible Entity's Board.

Principle 3 – Promote Ethical and Responsible Decision Making

The Responsible Entity has a Code of Conduct and espoused Core Values and a further values framework known as the 'Way we Work' within which it carries on its business and deals with its stakeholders. These apply to all directors and employees of Perpetual, and the Responsible Entity. The Code of Conduct 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 is available on Perpetual's website (www.perpetual.com.au).

Principle 4 – Safeguard Integrity in Financial Reporting

The functions of an audit committee are undertaken by the Responsible Entity Board with assistance from the Responsible Entity's management. The declarations under Section 295A of the Corporations Act 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 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 Manager, which 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 Plan 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. 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 employees assist management and/or the Directors in making disclosures to the ASX after appropriate consultation. The Responsible Entity requires service providers, including the Manager, to comply with its policy in relation to continuous disclosure for the Trust.

Principle 6 – Respect the Rights of Unitholders

The Responsible Entity is committed to ensuring timely and accurate information about the Trust is available to Unitholders via the Trust's Website. All ASX announcements will be promptly posted on the Trust's Website. The annual and half year financial results statements and other communication materials are also published on the Trust 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 Responsible Entity has an active program for effective communication with Unitholders and other stakeholders in relation to the Trust. The Responsible Entity handles any complaints received from Unitholders in accordance with Perpetual's Complaints Handling Policy. The Responsible Entity is a member of the Financial Ombudsman Service, an independent dispute resolution body, which is available to Unitholders in the event that any complaints in relation to the Trust cannot be satisfactorily resolved by the Responsible Entity.

Principle 7 – Recognise and Manage Risk

The Responsible Entity values the importance of robust risk management systems and maintains a current risk register as part of its formal risk management program. The Responsible Entity has established a Compliance Committee, comprised of Virginia Malley, Michelene Collopy and Michael Vainauskas.

The Compliance Committee meets at least quarterly. The Compliance Committee Charter sets out the Compliance Committee's role and responsibilities. The Compliance Committee is responsible for compliance matters regarding the Responsible Entity's Compliance Plan and Constitution and the Corporations Act. Perpetual's Audit, Risk and Compliance Committee is responsible for oversight of Perpetual's risk management and internal control systems. The Audit, Risk and Compliance Committee is comprised of Ian Hammond, Philip Bullock, Nancy Fox and P Craig Ueland. The Audit, Risk and Compliance Committee terms of reference sets out its role and responsibilities. This can be obtained on the Perpetual website (www.perpetual.com.au). The majority of the Compliance Committee and the Audit, Risk and Compliance Committee members are independent. They are chaired by independent members. The Responsible Entity manages the engagement and monitoring of independent external auditors for the Trust.

The Responsible Entity Board receives periodic reports in relation to financial reporting and the compliance plan audit outcomes for the Trust.

Perpetual has a Risk Framework in place which is reviewed annually. The declarations under Section 295A of the Corporations Act provide assurance regarding sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. The Responsible Entity also receives appropriate declarations from the service providers involved in financial reporting.

Perpetual has an internal audit function which reports to Perpetual's Audit and Risk Compliance Committee and for administrative purposes, Perpetual's Chief Risk Officer and is independent from the external auditor. Perpetual's Audit and Risk Compliance Committee reviews the annual Internal Audit Plan and also reviews reports issued by the Head of Internal Audit.

In respect of social or ethical considerations, neither the Responsible Entity nor the Manager have formally taken into account any labour standards or environmental, social, religious or ethical considerations in the selection, retention or realisation of any investments by the Trust.

Principle 8 – Remunerate Fairly and Responsibly

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's financial statements provide details of all fees and expenses paid by the Trust during a financial period.

10.

FINANCIAL INFORMATION



10. FINANCIAL INFORMATION

10.1 INTRODUCTION

The Trust was registered on 16 August 2018 and has not undertaken any trading activities.

This section contains a summary of the unaudited pro forma financial information (**Financial Information**) of the Trust, which includes:

- The Financial Information as at the date of issue of Units under the Offer (see Section 10.2);
- Directors' material assumptions used in the preparation of the Financial Information (see Section 10.3);
- Capital structure of the Trust on completion of the Offer (see Section 10.4);
- Pro forma cash of the Trust (see Section 10.5);
- Trust Loan Receivable (see Section 10.6); and
- Significant accounting policies of the Trust (see Section 10.7).

The Financial Information has, except as otherwise noted, been prepared in accordance with the recognition and measurement principles prescribed in the AAS, although it is presented in an abbreviated form insofar as it does not include all the disclosures, statements and comparative information required by the AAS applicable to annual financial reports prepared in accordance with the Corporations Act. All amounts disclosed in this section are presented in Australian dollars.

The Financial Information has been reviewed by Pitcher Partners Sydney Corporate Finance Pty Ltd (ACN 122 561 184), which has provided an Investigating Accountant's Report on the Financial Information in Section 11. The information in this section should also be read in conjunction with the risk factors set out in Section 8 and other information contained in this PDS.

10.2 FINANCIAL INFORMATION

The Financial Information set out below has been prepared to illustrate the financial position of the Trust following completion of the Offer and provision of a loan to the Manager as if such events had occurred as at date of issue. The Financial Information is intended to be illustrative only and will not reflect the actual position and balances as at the date of this PDS or at the completion of the Offer. The Financial Information has been prepared in accordance with the principles and significant accounting policies set out in Section 10.7.

| A\$'000 | MINIMUM SUBSCRIPTION \$150 MILLION RAISED | MAXIMUM SUBSCRIPTION \$500 MILLION RAISED |
|----------------------------------------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| ASSETS | | |
| Cash | 145,505 | 486,379 |
| Trust Loan Receivable | 4,495 | 13,621 |
| Total Assets | 150,000 | 500,000 |
| LIABILITIES | | |
| Total Liabilities (excluding net assets attributable to Unitholders) | Nil | Nil |
| UNITHOLDER EQUITY | | |
| Subscription for Units | 150,000 | 500,000 |
| Net assets attributable to Unitholders – Equity | 150,000 | 500,000 |
| Units | 93,750,000 | 312,500,000 |
| NAV per Unit (\$) | 1.60 | 1.60 |

10. FINANCIAL INFORMATION **Continued**

10.3 DIRECTORS' MATERIAL ASSUMPTIONS IN PREPARATION OF THE FINANCIAL INFORMATION

The Financial Information has been prepared on the basis of the following assumptions by the Directors Of The Responsible Entity:

- Application of the significant accounting policies set out in Section 10.7;
- The column headed "Minimum Subscription \$150 million", has been prepared on the basis of subscriptions for 93.75 million Units by Applicants under this PDS at an Application Price of \$1.60 per Unit;
- The column headed "Maximum Subscription \$500 million", has been prepared on the basis of subscriptions of 312.5 million Units by Applicants under this PDS at an Application Price of \$1.60 per Unit;
- Any fees payable with respect to binding pre-commitments to subscribe for Units by wholesale investors is not a liability of the Trust;
- Expenses of the Offer are to be paid by the Manager; and
- The estimated drawdown for the Trust Loan Receivable in the Financial Information.

10.4 CAPITAL STRUCTURE

Set out below is the anticipated capital structure of the Trust on completion of the Offer under the different indicated subscription amounts.

| | MINIMUM SUBSCRIPTION \$150 MILLION RAISED | MAXIMUM SUBSCRIPTION \$500 MILLION RAISED |
|---------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| Units | 93,750,000 | 312,500,000 |
| NAV per Unit ³⁵ (\$) | 1.60 | 1.60 |

10.5 PRO FORMA CASH

Set out below is a reconciliation of the pro forma cash balance under the different indicated subscription amounts.

| A\$'000 | MINIMUM SUBSCRIPTION \$150 MILLION RAISED | MAXIMUM SUBSCRIPTION \$500 MILLION RAISED |
|---------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| Proceeds of Offer | 150,000 | 500,000 |
| Trust Loan Receivable – Loan drawdown | (4,495) | (13,621) |
| Estimated net cash position | 145,505 | 486,379 |

³⁵ NAV is calculated as the Trust's net assets position attributable to Unitholders in the Financial Information in Section 10.2 divided by the corresponding indicated subscription amounts.

10.6 TRUST LOAN RECEIVABLE

The Manager will draw down on the loan advanced by the Trust, an amount estimated below under the different indicated subscription amounts.

| A\$'000 | MINIMUM SUBSCRIPTION \$150 MILLION RAISED | MAXIMUM SUBSCRIPTION \$500 MILLION RAISED |
|---------------------------------------|--------------------------------------------------------------|--------------------------------------------------------------|
| Trust Loan Receivable – Loan drawdown | 4,495 | 13,621 |

10.7 SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies that have been adopted in the preparation of the Financial Information set out in Section 10.2, and which will be adopted prospectively in preparation of the financial statements of the Trust for the financial year ending 30 June each year, is set out as follows.

The Financial Information has been prepared in accordance with AAS and interpretations and other authoritative pronouncements of the AASB, and the Corporations Act.

The AAS set out an accounting framework that the AASB have concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with AAS ensures that the Financial Information and notes also comply with the recognition and measurement requirements of IFRS.

The Financial Information presented in this PDS is presented in an abbreviated form and does not contain all of the presentation and disclosures that are usually provided in an annual report prepared in accordance with the AAS. The Financial Information has been prepared on the basis of assumptions outlined in this section.

All amounts disclosed in this section are presented in Australian dollars.

Basis of measurement

The Financial Information has been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

Functional and presentation currency

The Financial Information is presented in Australian dollars, which is the Trust's functional currency.

Use of estimates and judgements

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

10. FINANCIAL INFORMATION **Continued**

Financial Instruments

Classification

The category of financial assets and financial liabilities comprises:

- **Financial instruments designated at fair value through profit or loss upon initial recognition**
 - » Financial assets are classified in this category if acquired principally for the purpose of selling in the short term.
 - » Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed, and their performance evaluated on a fair value basis in accordance with the Trust's documented Investment Strategy.
 - » The Trust's policy is to evaluate the information about these financial instruments on a fair value basis together with other related financial information.
- **Financial instruments designated at fair value through other comprehensive income (long-term investments)**
 - » Long term investments comprise holdings in marketable securities which are intended to be held for the long term.
- **Loans and receivables**
 - » Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in trade and other receivables within the Statement of Financial Position.
- **Recognition/Derecognition**
 - » The Trust recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.
 - » Investments are derecognised when the right to receive cash flows from the investments has expired or the Trust has transferred substantially all risks and rewards of ownership.

Measurement

Financial assets and liabilities held at fair value through profit and loss

At initial recognition, the Trust measures a financial instrument at its fair value. Transaction costs of financial assets and liabilities held at fair value through profit or loss are expensed in the Statement of Comprehensive Income.

Subsequent to initial recognition, all financial assets and financial liabilities held at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Comprehensive Income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise.

Financial assets and liabilities held at fair value through other comprehensive income

Long-term investments are recognised initially at cost and the Trust elects to present subsequent changes in the fair value of the investments in the Statement of Other Comprehensive Income.

Loans and receivables

Loans and 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 reviewed at each reporting date to determine whether there is objective evidence of impairment.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Trust's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, which will be classified as current assets.

If during the period the Trust sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire category of held-to-maturity investments would be tainted and would be reclassified as available-for-sale.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Other financial assets and liabilities

Management considers that the carrying amount of cash and cash equivalents and other receivables approximate fair value.

Other financial liabilities are initially measured at fair value and subsequently at amortised cost.

Fair value measurement principles

When a financial asset is measured at fair value for recognition or disclosure purposes the fair value is based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset, assuming they act in their economic best interests. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets measured at fair value are classified, into three levels using a fair value hierarchy that reflects the significance of the inputs used in making the measurements, as follows:

- 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); and
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments 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 balance sheet.

10. FINANCIAL INFORMATION **Continued**

Interest income

Interest income is recognised in the Statement of Comprehensive Income for all interest bearing financial instruments using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Trust estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, including transaction costs and all other premiums or discounts. Trust distributions (including distributions from cash management trusts) are recognised on a present entitlements basis. Other income is brought to account on an accruals basis.

Realised and unrealised gains and losses arising from changes in fair values are included in the Statement of Financial Performance in the period in which they arise.

Expenses

All expenses, including Manager's fees, are recognised in the Statement of Comprehensive Income on an accruals basis.

Interest expense is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method.

Income Tax

Under current legislation, the Trust is not subject to income tax provided Unitholders are presently entitled and taxable income including assessable capital gains is fully distributed to Unitholders under the AMIT regime, the Trust is not subject to income tax provided the relevant amounts are attributed to the Unitholders.

Distributions

In accordance with the Constitution and applicable legislation, the Trust fully distributes its distributable income to the Unitholders by way of cash or reinvestment into the Trust.

Distributions are recognised in the Statement of Changes in Equity as finance cost attributable to Unitholders.

Goods and Services Tax (GST)

The Trust will be registered for GST. The issue or redemption of Units in the Trust and, where applicable, the receipt of any interest will not be subject to GST. The Trust may be required to pay GST on management and other fees, charges, costs and expenses incurred by the Trust. However, the Trust may be entitled to input tax credits and reduced input tax credits in respect of the GST incurred.

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Net assets attributable to Unitholders – equity

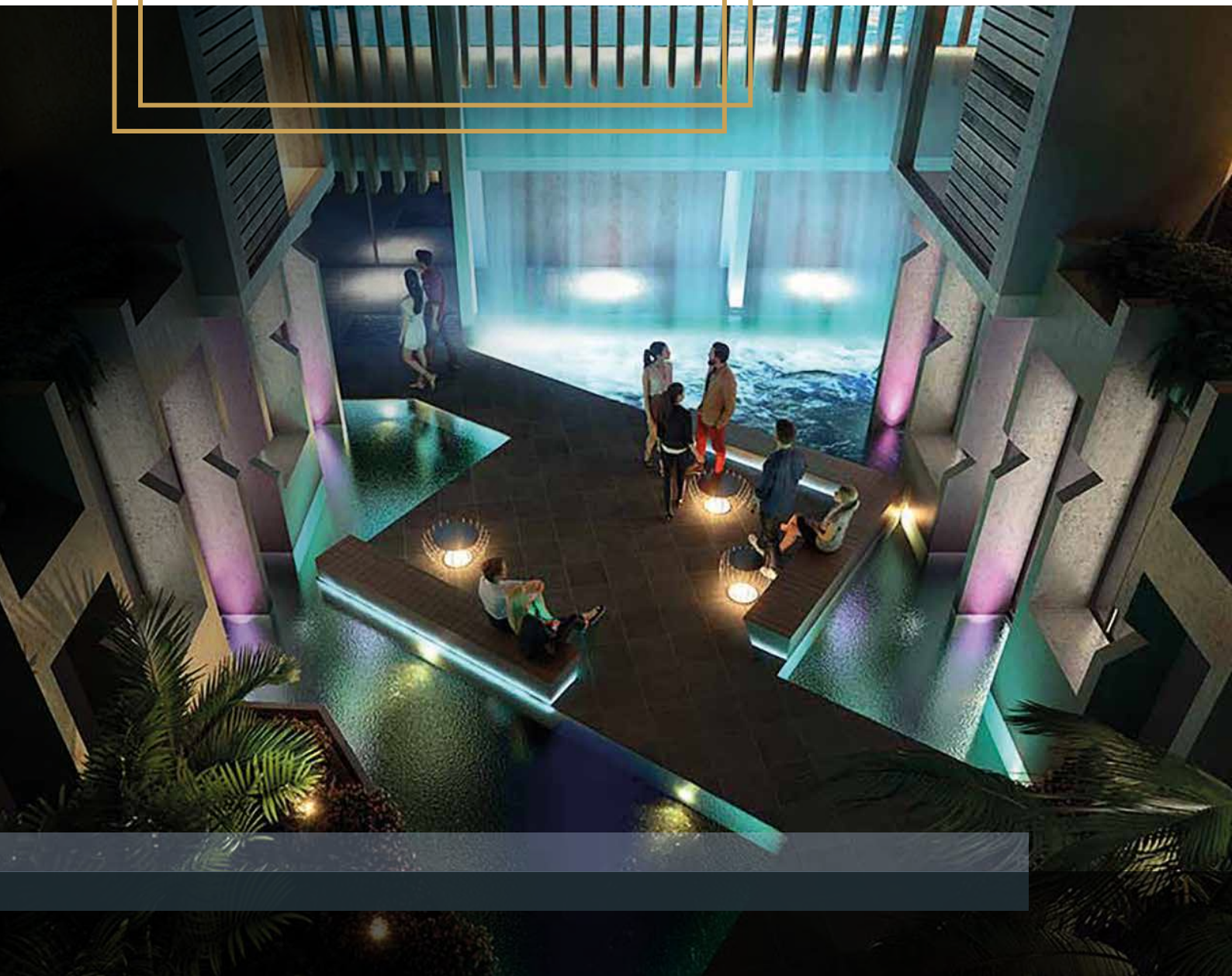
Units in the Trust are intended to be listed on the ASX and traded by Unitholders and are, therefore, classified as equity. The Units can be traded on the ASX at any time for cash based on the listed price. While the Trust is a listed investment and liquidity is generally expected to exist in the secondary market (ASX), there are no guarantees that an active trading market with sufficient liquidity will be available.

Earnings per Unit

Earnings per Unit are calculated by dividing the profit or loss of the Trust by the weighted average number of Units outstanding during the financial period.

11.

INVESTIGATING ACCOUNTANT'S REPORT



11. INVESTIGATING ACCOUNTANT'S REPORT



PITCHER PARTNERS
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Pitcher Partners is an association of independent firms
Melbourne | Sydney | Perth | Adelaide | Brisbane | Newcastle

8 October 2018

The Directors
The Trust Company (RE Services) Limited
as responsible entity for the
Qualitas Real Estate Income Fund
Level 18 123 Pitt Street
Sydney NSW 2000

Dear Directors,

PART 1: INDEPENDENT LIMITED ASSURANCE REPORT ON QUALITAS REAL ESTATE INCOME FUND UNAUDITED PRO FORMA HISTORICAL FINANCIAL INFORMATION

11.1 INTRODUCTION

The Directors of The Trust Company (RE Services) Limited (in its capacity as responsible entity of the Qualitas Real Estate Income Fund) have engaged Pitcher Partners to report on the unaudited pro forma historical financial information of the Trust as at 16 August 2018, the date of incorporation of the Trust.

We have prepared this Independent Limited Assurance Report (**Report**) to be included in the PDS dated on or about 8 October 2018 and relating to the Offer.

The Offer is not underwritten.

Under the Offer, there will be no options attached to the Units.

Unless stated otherwise, expressions defined in the product disclosure Statement (in which this Report is included) (**PDS**) have the same meaning in this Report and section references are to sections of the PDS.

The nature of this Report is such that it can only be issued by an entity which holds an AFSL under the Corporations Act. Pitcher Partners holds the appropriate AFSL authority under the Corporations Act. Refer to our Financial Services Guide included as Part 2 of this Report.

11.2 BACKGROUND

The Trust was established on 16 August 2018 and has not traded. As at the date of this Report, the Trust had no Units on issue and has net assets of \$0.

11.3 SCOPE

This Report deals with the unaudited pro forma historical financial information included in section 10 of the PDS (*Financial Information*). The Financial Information consists of the unaudited pro forma statements of financial position of the Trust as at 16 August 2018 and related notes as set out in section 10 of the PDS.

The unaudited pro forma statements of financial information in section 10.2 have been prepared to illustrate the financial position of the Trust on completion of the Offer and have been prepared on the basis of the recognition and measurement principles contained in Australian Accounting Standards applied to the Financial Information and the events to which the pro forma assumptions relate, as described in section 10.3 of the PDS, as if those events had occurred as at 16 August 2018. Due to its nature, the unaudited pro forma historical financial information does not represent the Trust's actual or prospective financial position.

The unaudited pro forma statements of financial information are presented in an abbreviated form insofar as it does not include all the presentation and disclosures required by Australian Accounting Standards applicable to general purpose financial reports.

Pitcher Partners disclaims any responsibility for any reliance on this Report or the Financial Information to which it relates for any purpose other than that for which it was prepared. This Report should be read in conjunction with the full PDS and has been prepared for inclusion in the PDS.

11.4 DIRECTOR'S RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the Financial Information including the selection and determination of pro forma assumptions, accounting policies and the notes included in the Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

11.5 OUR RESPONSIBILITIES

Our responsibility is to express a limited assurance conclusion on the Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit.

Accordingly, we do not express an audit opinion on the Financial Information of the Trust.

Our engagement did not involve updating or re issuing any previously issued audit or review report on any Financial Information used as a source of the Financial Information.

11. INVESTIGATING ACCOUNTANT'S REPORT **Continued**



11.6 CONCLUSION

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the Financial Information is not presented fairly, in all material respects, on the basis of the assumptions described in section 10.3 of the PDS and in accordance with the recognition and measurement principles described under Australian Accounting Standards, other mandatory professional reporting requirements in Australia and the accounting policies adopted by the Trust as described in section 10.7 of the PDS.

11.7 RESTRICTION ON USE

Without modifying our conclusions, we draw attention to section 10 of the PDS, which describes the purpose of the Financial Information, being for inclusion in the PDS. As a result, the Financial Information may not be suitable for use for another purpose.

Investors should consider the Statement of investment risks set out in section 8 of the PDS.

11.8 LEGAL PROCEEDINGS

The Trust is a newly established trust which has not conducted any business to date. The Trust is not and has not been, since its establishment to the date of this PDS, involved in any legal or arbitration proceedings that have had a significant effect on the financial position of the Trust.

As far as the Directors are aware, no such proceedings are threatened against the Trust.

11.9 SUBSEQUENT EVENTS

Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no other material transactions or events outside of the ordinary business of the Trust have come to our attention, that would require comment on, or adjustment to the information referred to in our Report, or that would cause such information to be misleading or deceptive.

11.10 SOURCES OF INFORMATION

Pitcher Partners has made enquiries of the Directors, selected management of the Responsible Entity, members of the Manager's Investment Committee and other parties as considered necessary during the course of our analysis of the Financial Information of the Trust. We have also referred to the PDS and material documents which relate to the proposed operations of the Trust.

We have no reason to believe the information supplied is not reliable.

11.11 INDEPENDENCE OR DISCLOSURE OF INTEREST

Pitcher Partners has no financial or other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion on the matters that are subject of this Report for which normal professional fees will be received.

Neither Pitcher Partners Sydney Corporate Finance Pty Ltd, Pitcher Partners Sydney Wealth Management Pty Ltd, nor any director thereof, nor any individual involved in the preparation of

the Report have any financial interest in the outcome of this Offer, other than a fee payable to Pitcher Partners in connection with the preparation of our Report for which normal professional fees will be received.

11.12 LIABILITY

The liability of Pitcher Partners is limited to the inclusion of this Report in the PDS. Pitcher Partners has not authorised the issue of the PDS. Accordingly, Pitcher Partners makes no representation regarding, and takes no responsibility for, any other Statements or material in or omissions from, the PDS.

11.13 FINANCIAL SERVICES GUIDE

We have included our Financial Services Guide as Part 2 of this Report. The Financial Services Guide is designed to assist retail investors in their use of any general financial product advice in our Report.

11.14 CONSENT TO USE

We consent to the inclusion of this Report in the both the hard copy and electronic versions of the PDS in the form and context in which it is included. As at the date of this Report, this consent has not been withdrawn.

Yours faithfully

Pitcher Partners Sydney Corporate Finance Pty Ltd



Scott Whiddett
Director

11. INVESTIGATING ACCOUNTANT'S REPORT Continued



PART 2 - FINANCIAL SERVICES GUIDE

1. Pitcher Partners Sydney Corporate Finance Pty Ltd

Pitcher Partners Sydney Corporate Finance Pty Ltd ("**Pitcher Partners**") is an authorised representative of Pitcher Partners Sydney Wealth Management Pty Ltd ("**Licence Holder**") in relation to Australian Financial Services Licence No. 336950.

Pitcher Partners may provide the following financial services to wholesale and retail clients as an authorised representative of the Licence Holder:

- financial product advice in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, deposit and payment products, life products, retirement savings accounts and superannuation (collectively "**Authorised Financial Products**"); and
- applying for, varying or disposing of a financial product on behalf of another person in respect of Authorised Financial Products.

2. Financial Services Guide

The *Corporations Act 2001* (Cth) requires Pitcher Partners to provide this Financial Services Guide ("**FSG**") in connection with its provision of an Independent Limited Assurance Report ("**Report**") which is included in the PDS issued by The Trust Company (RE Services) Limited as responsible entity for the Qualitas Real Estate Income Fund (the "**Entity**").

3. General Financial Product Advice

The financial product advice provided in our Report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our Report is appropriate for you, having regard to your own personal objectives, financial situation or needs. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence ("**AFSL**") to assist you in this assessment.

4. Remuneration

Pitcher Partners' client is the Entity to which it provides the Report. Pitcher Partners receives its remuneration from the Entity. Our fee for the Report is based on a time cost or fixed fee basis. This fee has been agreed in writing with the party who engaged us. Neither Pitcher Partners nor its directors and employees, nor any related bodies corporate (including the Licence Holder) receive any commissions or other benefits in connection with the preparation of this Report, except for the fees referred to above.

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of Pitcher

Partners or related entities but any bonuses are not directly connected with any assignment and in particular not directly related to the engagement for which our Report was provided.

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connections with the reports that we are licensed to provide.

5. Independence

Pitcher Partners is required to be independent of the Entity.

Neither Pitcher Partners, Pitcher Partners Sydney Wealth Management Pty Ltd, any director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of this Offer, other than a fee in connection with the preparation of our Report for which professional fees in the order of \$60,000 (excluding GST) will be received. No pecuniary or other benefit, direct or indirect, has been received by Pitcher Partners, their directors or employees, or related bodies corporate for or in connection with the preparation of this Report.

6. Complaints Resolution

Pitcher Partners is only responsible for its Report and this FSG. Complaints or questions about the PDS should not be directed to Pitcher Partners which is not responsible for that document.

Both Pitcher Partners and the Licence Holder may be contacted as follows:

- By phone: (02) 9221 2099
- By fax: (02) 9223 1762
- By mail: GPO Box 1615
SYDNEY NSW 2001

If you have a complaint about Pitcher Partners' Report or this FSG you should take the following steps:

1. Contact the Enquiries and Complaints Officer of the Licence Holder on (02) 9221 2099 or send a written complaint to the Licence Holder at Level 22, MLC Centre 19 Martin Place, Sydney NSW 2000. We will try and resolve your complaint quickly and fairly.
2. If you still do not get a satisfactory outcome, you have the right to complain to the Financial Industry Complaints Service at PO Box 579 Collins St West, Melbourne, Victoria 8007 or call on 1300 78 08 08. We are a member of this scheme.
3. The Australian Securities & Investments Commission (ASIC) also has a freecall Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

The Licence Holder, as holder of the AFSL, gives authority to Pitcher Partners to distribute this FSG.

12.

TAXATION



12. TAXATION

12.1 AUSTRALIAN TAXATION IMPLICATIONS

The comments in this section are based on the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997*, *A New Tax System (Goods and Services Tax) Act 1999* and the relevant stamp duties legislation as at the date of this PDS. The following information summarises some of the Australian taxation issues you may wish to consider before making an investment in the Trust and assumes that you hold your investment in the Trust on capital account and are not considered to be carrying on a business of investing, trading in investments, or investing for the purpose of profit making by sale. The information should be used as a guide only and does not constitute professional tax advice as individual circumstances may differ. This summary is based on the taxation laws as at the date of this PDS. Investing in a registered managed investment scheme is likely to have tax consequences. However, it is noted that taxation laws can change at any time, which may have adverse taxation consequences for Unitholders concerned. It is recommended that Unitholders seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Trust.

12.2 AUSTRALIAN TAXATION TREATMENT OF THE TRUST

General

The income tax treatment of the Trust and its Unitholders will depend on whether the Responsible Entity is eligible, and elects to apply the Attribution Managed Investment Trust (**AMIT**) provisions. The AMIT provisions are an elective income tax regime for qualifying Managed Investment Trusts (**MIT**) that provide for flow-through taxation to Unitholders. Where the Trust qualifies as a MIT for income tax purposes, the Responsible Entity may seek to make an election to treat the disposal of covered assets (including units) on capital account. Where the AMIT provisions do not apply, the ordinary trust taxation provisions will apply to the Trust. While the AMIT provisions are not expected to materially change the way in which Unitholders would be taxed (as compared to the ordinary trust taxation provisions), the AMIT provisions are intended to provide more certainty on the application of the income tax provisions to the Trust and its Unitholders. It is expected that the Trust will meet the eligibility requirement to qualify as an AMIT. In this event, the Responsible Entity intends to make the election to become an AMIT. If the Trust cannot elect into the AMIT rules, the general taxation rules on trusts will continue to apply to the Trust. If this is the case, it is intended that investors will be presently entitled to all of the income of the Trust for each financial year such that no taxation liability will accrue to the Responsible Entity.

Attribution Managed Investment Trusts

Trusts that meet the eligibility criteria and that have made an irrevocable election may apply the AMIT rules. The Responsible Entity intends on making an irrevocable election to apply the new AMIT provisions and therefore if this election is made, the following will apply:

- **Fair and reasonable attribution**

Each year, the Trust's determined trust components of assessable income, exempt income, non-assessable non-exempt income and tax offsets (i.e. credits) will be attributed to Unitholders on a 'fair and reasonable' basis, having regard to their income and capital entitlements in accordance with constituent documents.

- **Unders or overs adjustments**

Where the Trust's determined trust components for a year are revised in a subsequent year (e.g. due to actual amounts differing to the estimates of income, gains / losses or expenses), then unders and overs may arise. Unders and overs will generally be carried forward and adjusted in the year of discovery.

- **Cost base adjustments**

Where the distribution made is less than (or more than) certain components attributed to Unitholders, then the cost base of a Unitholder's units may be increased (or decreased). Details of net annual tax cost base adjustments will be included on a Unitholder's annual tax statement, referred to as an AMIT Member Annual (**AMMA**) statement.

- **Large redemptions**

In certain circumstances, gains may be attributed to a specific Unitholder, for example, gains on disposal of assets to fund a large redemption being attributed to the redeeming Unitholder.

- **Multi-class AMITs**

A choice is available to elect to treat separate classes of units as separate AMITs, where applicable. The purpose of this election is to quarantine the income tax calculation on a class by class basis. This can allow income, deductions and tax losses referable to a class of Units to be quarantined in that class, so that they are not spread to Unitholders holding other classes of Units. In the absence of the Trust being an AMIT and having made the multi-class election, the tax treatment of each Unitholder may differ significantly (see below).

Non-AMIT provisions

On the basis that Unitholders are presently entitled to all of the Trust's distributable income (which is the Responsible Entity's intention) and the Trust is not a public trading trust, the Trust should be treated as a flow-through trust for income tax purposes. This means that Unitholders should be taxed on their share of the Trust's net taxable income, and the Trust should not be subject to Australian income tax.

- **Multi-class non-AMITs**

In the absence of an AMIT multi-class election being made, the Trust is treated as a single taxpayer. As the classes are not treated as separate taxpayers, it is possible under the current taxation regime that the tax character of distributions made to a particular class may be impacted by transactions associated with another class.

- **Public trading trust rules**

The Trust does not intend to derive income other than from an 'eligible investment business'. Accordingly, it should not be subject to income tax as a public trading trust. Further, the Responsible Entity will seek to ensure it does not control entities that carry on trading activities.

- **Losses**

In the case where the Trust makes a tax loss for Australian income tax purposes, the Trust cannot distribute the tax loss to Unitholders. However, the tax loss may be carried forward by the Trust to offset against taxable income of the Trust in subsequent years, subject to the operation of the trust loss recoupment rules.

- **Taxation of Financial Arrangements (TOFA)**

The TOFA rules may apply to financial arrangements held by the Trust when calculating its assessable income. Broadly, the TOFA rules may impact the timing of the recognition of gains and losses in the Trust for tax purposes and will also treat relevant gains and losses as being on revenue account.

12.3 AUSTRALIAN TAXATION OF AUSTRALIAN RESIDENT UNITHOLDERS

Distributions – AMIT

The AMIT provisions require the net income of the Trust to be attributed to Unitholders on a fair and reasonable basis, having regard to their income and capital entitlements in accordance with the constituent documents. The Responsible Entity will seek to allocate net income having regard to the Units held by Unitholders, entitlements to income and capital, as well as cash distributions made to such Unitholders during the relevant period. Under the AMIT provisions, a Unitholder may be taxable on their share of the Trust's net income prior to receiving distributions from the Trust.

Distributions – Non-AMIT

Provided that the Trust is treated as a flow-through vehicle for income tax purposes, Unitholders will be assessed on the taxable income derived by the Trust, based on their proportionate share of the annual income of the Trust that is distributed to them in that income year. The Trust's Unitholders will be required to include their share of taxable income in their tax return.

12. TAXATION **Continued**

Foreign income

The Trust may derive foreign sourced income that might be subject to foreign tax. Australian resident Unitholders should include their share of both the foreign income and the amount of any foreign tax withheld in their assessable income. In such circumstances, Unitholders may be entitled to a Foreign Income Tax Offset (**FITO**) for the foreign tax paid, against the Australian tax payable on the foreign sourced income. FITO's that are not utilised cannot be carried forward to a future income year.

Non-assessable distribution payments – AMIT

Under the AMIT provisions, a Unitholder's cost base in their Units held is increased where net income is allocated to them (inclusive of any tax-free component of a discount capital gain). The cost base is decreased where cash distribution entitlements are made to the Unitholder in respect of their Units, irrespective of whether the amounts distributed are classified as income or capital. Additional reductions are made for certain tax offsets (such as foreign income tax offsets). The net annual tax cost base adjustment amount will be detailed in an AMMA tax statement, which will be sent annually to Unitholders after year-end.

Non-assessable distribution payments – Non-AMIT

Tax-deferred distributions may occur where the Trust distributes an amount of cash that exceeds the taxable income allocated to a Unitholder. Certain tax-deferred distributions that are not assessable to a Unitholder result in a reduction in the cost base of the Units held by the Unitholder. A capital gain will arise where those tax-deferred distributions exceed the cost base of the Units.

Disposal of Units by Australian resident Unitholders

If an Australian resident Unitholder transfers or redeems their units in the Trust, this will constitute a disposal for Capital Gains Tax (**CGT**) purposes. Where a Unitholder holds their units in the Trust on capital account, a capital gain or loss on the disposal may arise and each Unitholder should calculate their capital gain or loss according to their own particular facts and circumstances. As noted above, proceeds on disposal may include a component of distributable income. In calculating the taxable amount of a capital gain, a discount of 50% for individuals and trusts or 33.33% for complying Australian superannuation funds may be allowed where the Units in the Trust have been held for 12 months or more. No CGT discount is available to corporate Unitholders. Any capital losses arising from the disposal of the investment may be used to offset other capital gains the Unitholder may have derived. Net capital losses may be carried forward for offset against capital gains of subsequent years but may not be offset against ordinary income.

Goods and Services Tax (GST)

The Trust will be registered for GST. The acquisition and disposal of units in the Trust by Unitholders should not be subject to GST. Similarly, the distributions paid by the Trust should not be subject to GST. GST is payable on some ongoing expenses, however the Trust may be able to claim a RITC of at least 55% of the GST paid, depending on the precise nature of the expenses incurred. All fees and expenses are quoted inclusive of GST.

Duty

The issue or redemption of Units should not attract any duty. Unitholders should confirm the duty consequences of transferring Units with their taxation advisor.

Tax File Number (TFN) and Australian Business Number (ABN)

As the Trust will be an investment body for income tax purposes, the Trust will be required to obtain a TFN or ABN in certain cases from its Unitholders. It is not compulsory for a Unitholder to quote their TFN or ABN. If a Unitholder is making this investment in the course of a business or enterprise, the Unitholder may quote an ABN instead of a TFN. Failure by a Unitholder to quote an ABN or TFN or claim an exemption may cause the Responsible Entity to withhold tax at the top marginal rate, plus levies, on gross payments including distributions of income to the Unitholder. The Unitholder may be able to claim a credit in their tax return for any TFN or ABN tax withheld. Collection of TFNs is permitted under taxation and privacy legislation.

12.4 COMMON REPORTING STANDARD

Foreign Account Tax Compliance Act (FATCA)

In compliance with the US income tax laws commonly referred to as the FATCA and the Intergovernmental Agreement signed with the Australian Government in relation to FATCA, the Trust will be required to provide information to the ATO in relation to:

- (a) Unitholders that are US citizens or residents;
- (b) entities controlled by US persons; and
- (c) financial institutions that do not comply with FATCA.

The Trust is intending to conduct its appropriate due diligence (as required). Where the Trust's Unitholders do not provide appropriate information to the Trust, the Trust will also be required to report those accounts to the ATO.

Common Reporting Standard (CRS)

The CRS is the single global standard for the collection, reporting and exchange of financial account information of non-residents, which applies to calendar years ending after 1 July 2017. The CRS is similar to FATCA, whereby the Responsible Entity will need to collect and report similar financial account information of all non-residents to the ATO. The ATO may exchange this information with the participating foreign tax authorities of those non-residents.

Annual Investment Income Report (AIIR)

The Responsible Entity is required to lodge annually an AIIR to the ATO containing Unitholder identity details and investment income paid to Unitholders for the relevant financial year.

Taxation implications for New Zealand resident Unitholders

As the Trust is a unit trust, it is considered to be a company for New Zealand tax purposes. It follows that any units held in the Trust are treated as a direct income interest in a foreign company, and therefore an attributing interest in a foreign investment fund (**FIF**) for New Zealand tax purposes. Therefore, New Zealand tax resident Unitholders (each a **New Zealand Unitholder**) will need to apply the FIF rules to establish the New Zealand tax treatment that will apply to the Units they hold.

If a New Zealand Unitholder's Units are an 'attributing interest' under the FIF rules, depending on the method available or used the Unitholder would be required to pay New Zealand tax on unrealised gains and distributions capped at a deemed amount of 5.0% p.a. Any realised amounts they actually receive in relation to their Units (including cash distributions and proceeds from the sale of their Units) will not be separately taxed.

For many New Zealand Unitholders, their Units are likely to be an attributing interest for the purposes of the FIF rules. There are, however, various legislative exclusions where FIF interests are expressly excluded from being attributing interests under the FIF rules. In particular, a de minimis exclusion applies to a natural person where the total cost of all attributing FIF interests is not more than NZ\$50,000. Different tax rules will apply if a New Zealand Unitholder's Units are not an attributing interest.

If a New Zealand Unitholder's Units are not an attributing interest under the FIF rules, the Unitholder will be taxed on a realisation basis. Any ongoing distributions they receive in relation to their Units will generally be taxable as dividends when they are received. However, as New Zealand does not have a formal capital gains tax, any amounts a New Zealand Unitholder receives from disposing of their Units will generally not be subject to New Zealand income tax unless the Unitholder holds their Units on 'revenue account'. A New Zealand Unitholder will hold their Units on revenue account if they hold their Units as part of a share dealing business, the Units were acquired with a dominant purpose of disposal, or the Units are being disposed of as part of a profit-making undertaking or scheme. New Zealand resident Unitholders will not be subject to Australian CGT on a capital gain (or loss) on the disposal of Units in the Trust unless:

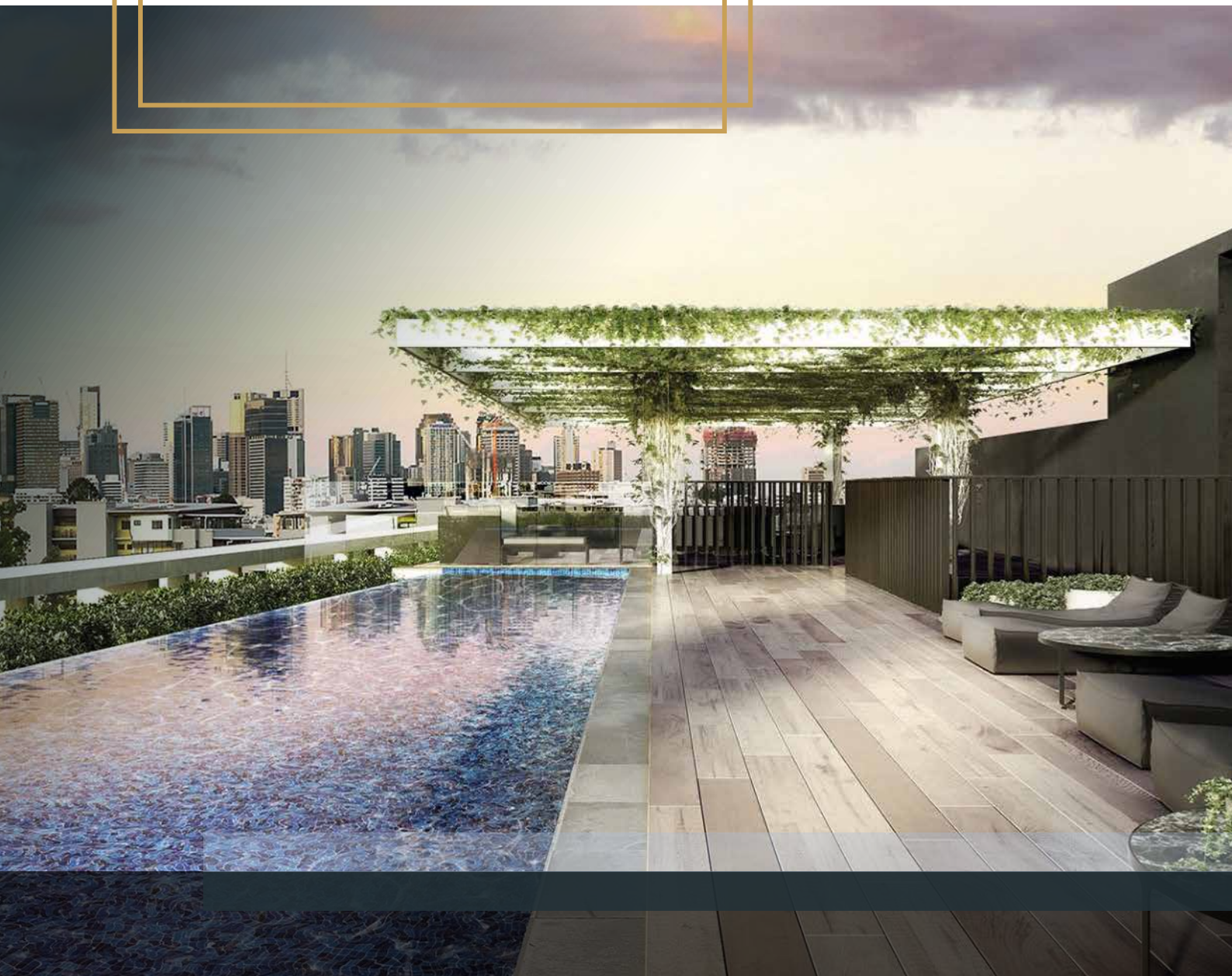
- The New Zealand resident holds more than 10.0% of the Units in the Trust or has held more than 10% for at least 12 months in the prior two years; and
- Broadly, more than 50.0% of the Trust's assets (by market value) are represented by 'taxable Australian real property'.

Distributions received by New Zealand resident Unitholders from the Trust may be subject to Australian tax obligations.

New Zealand Unitholders should seek their own professional advice regarding the taxation implications of investing in the Trust.

13.

MATERIAL CONTRACTS



13. MATERIAL CONTRACTS

13.1 INVESTMENT MANAGEMENT AGREEMENT

The Responsible Entity has appointed the Manager on an exclusive basis to be the manager of the Trust and has entered into the Investment Management Agreement (**IMA**).

A summary of the material terms of the IMA are set out below.

13.1.1 Term

The initial term of the IMA is 10 years. The IMA is automatically extended for a further term of five years commencing on the expiry of the initial term and for further successive five-year terms commencing on the expiry of each renewed term unless terminated in accordance with the IMA.

13.1.2 Services pursuant to the Investment Management Agreement

The Manager agrees to invest and manage the Trust's portfolio in accordance with the terms of the IMA. In doing so the Manager must exercise the functions and duties under the IMA and exercise all powers conferred under the IMA in good faith and with the degree of care, diligence and skill that a reasonable person would exercise if they were in the Manager's position. The other services provided by the Manager under the IMA include, but are not limited to:

- complying with any reasonable requests for information or assistance from any auditor appointed by the Responsible Entity or the Manager in relation to the Trust;
- assisting the Responsible Entity in determining the amount of, or declaring, any distribution (including a payment of a capital nature) to be paid by the Responsible Entity in respect of the Trust;
- assisting the Responsible Entity to comply with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules; and
- assisting the Responsible Entity with preparing financial statements and other filings, including the annual report of the Trust.

13.1.3 Powers and discretions

For the purpose of carrying out its functions and duties under the IMA and subject to certain restrictions set out in the IMA, the Manager has the powers of a natural person to deal with the Trust including those powers that the Responsible Entity may delegate to the Manager pursuant to the Constitution and to do all things and execute all documents necessary for the purpose of managing the Trust.

13.1.4 Delegation

The Manager may not delegate its duties, responsibilities, functions and powers under the IMA to an agent without the prior written consent of the Responsible Entity.

13.1.5 Exclusivity

The Responsible Entity has agreed to appoint the Manager on an exclusive basis whereby the Responsible Entity will not appoint another manager to the Trust. The Manager may from time to time perform similar investment, management and administration services for itself and for other persons to those performed in respect of the Trust.

13. MATERIAL CONTRACTS Continued

13.1.6 Management Fee

The Trust will pay the Manager a Management Fee of 1.5375% p.a. (including GST, but deducting any RITC).

The Management Fee is calculated, accrued daily and paid monthly in arrears.

Example of Management Fee

- If the Trust raises the Minimum Subscription, and the NAV remains equal to the Minimum Subscription, the annual Management Fee of the Trust would be as follows:

| | |
|----------------------------------|---------------|
| Average of daily NAVs for 1 year | \$150,000,000 |
| Management Fee | 1.5375% p.a. |
| Total Management Fee payable | \$2,306,250 |

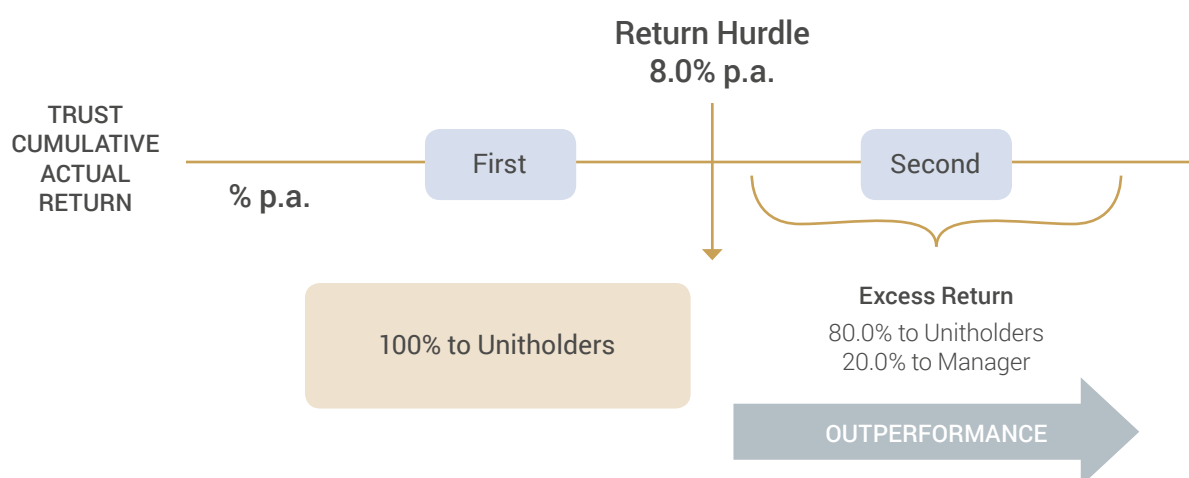
- In the event of an impairment equivalent to 10% of the NAV occurring after six months of listing, the total Management Fee payable would reduce to \$2,190,938.

13.1.7 Performance Fee

Introduction

The Trust will pay the Manager a Performance Fee which is commensurate with outperformance (with reference to the Return Hurdle) of the Trust.

A simple diagram of the structure of the Performance Fee is set out below:



This Performance Fee structure is designed to provide long term alignment of interest between the Manager and Unitholders of the Trust.

Performance Fee terms

The Trust will pay the Manager a Performance Fee from 1 July 2019 provided the Cumulative Actual Return has exceeded the Return Hurdle for the Performance Calculation Period. The Performance Fee is calculated and accrued monthly and paid annually in arrears.

Cumulative Actual Return is the percentage of the actual net income of the Trust to the average NAV of the Performance Calculation Period. For clarity, the calculation of this figure takes into consideration actual performance of the Trust over the Performance Calculation Period.

Return Hurdle is 8.0% p.a. (net of fees and expenses) of the average adjusted NAV for the Performance Calculation Period.

Performance Calculation Period is the period from the current Performance Calculation Start Date until the current month end.

Performance Calculation Period Start Date is 1 July 2019 and every three years thereafter.

If the Cumulative Actual Return has exceeded the Return Hurdle for the Performance Calculation Period, the Performance Fee is calculated based on the following priority and distribution of net income between the Unitholders and the Manager:

1. **First:** The Trust will distribute net income equal to the Return Hurdle to Unitholders.
2. **Second (Excess Return):** For any remaining net income in excess of the Return Hurdle, the Manager is entitled to receive 20.0% as a Performance Fee.

For the purpose of the Performance Fee calculation, the Return Hurdle and the Cumulative Actual Return is reset at the start of the new Performance Calculation Period. Net income in prior Performance Calculation Periods will not be carried forward and aggregated with net income generated in the new Performance Calculation Period.

Example of Performance Fee

A worked example of the calculation of the Performance Fee over a Performance Calculation Period is set out below.

This is a worked example only; it is designed to demonstrate the Performance Fee calculation. It does not represent the Manager's view of expected future performance of the Trust nor is it a guarantee of future performance. Trust net income within a Performance Calculation Period may differ from what is represented in this example.

Return profile

The Trust net income is the return earned in each year and the Cumulative Actual Return is the average return p.a. as at the end of each year.

| Trust return profile | Year 1 | Year 2 | Year 3 |
|----------------------------------------------|---------------|---------------|---------------|
| Trust net income by year as % of average NAV | 8.50% | 7.50% | 8.75% |
| Cumulative Actual Return p.a. as at year end | 8.50% | 8.00% | 8.25% |

The Cumulative Actual Return in year 2 (8.00% p.a.) is the average of the Trust net income in year 1 and year 2.

The Cumulative Actual Return in year 3 (8.25% p.a.) is the average of the Trust net income in year 1, year 2 and year 3.

13. MATERIAL CONTRACTS Continued

Priority and distribution of net income

The table below demonstrates the priority and distribution of net income³⁴ between the Unitholders and the Manager at each stage of the Performance Fee calculation as detailed above:

| FIRST: Return to Unitholders & outperformance (p.a.) | | Year 1 | Year 2 | Year 3 |
|-----------------------------------------------------------------|----------------------------|---------------|---------------|----------------|
| Trust net income by year as % of average NAV | | 8.50% | 7.50% | 8.75% |
| Net income to Unitholders | A | 8.00% | 7.50% | 8.00% |
| Outperformance | | 0.50% | – | 0.75% |
| SECOND: Excess Return (p.a.) | | Year 1 | Year 2 | Year 3 |
| Performance Fee* (20%) | | 0.10% | – | 0.15% |
| Net income to Unitholders (80%) | B | 0.40% | – | 0.60% |
| Manager refund of Performance Fee | C | – | 0.10% | – |
| Aggregated net income to Unitholders | D = A+B+C (3 years) | 8.40% | 16.00% | 24.60% |
| Annualised total net income to Unitholders (p.a.) | E = (D/no. years) | 8.40% | 8.00% | 8.20%** |

* Excluding GST.

** A Unitholder who invested at the start of this Performance Calculation Period will have derived an annualised return of 8.20%p.a. over the three years of the Performance Calculation Period.

As at the end of year 2 the Cumulative Actual Return is 8.00% and therefore the Manager is not entitled to a Performance Fee as the Return Hurdle has not been exceeded. As the Manager has already been paid 0.10% in respect of year 1, the Manager is required to refund 0.10% to ensure the net Performance Fee paid is equal to the Performance Fee calculated at the end of year 2 of 0%.

The table below demonstrates the distributions to Unitholders and the Manager by year and annualised after the calculation of the priority and distribution of net income and the Performance Fee refund:

| Summary by year | | Year 1 | Year 2 | Year 3 |
|------------------------------------------------------|---------------|---------------|---------------|---------------|
| Trust net income by year as % of average NAV | F | 8.50% | 7.50% | 8.75% |
| Cumulative Actual Return p.a. as at year end | | 8.50% | 8.00% | 8.25% |
| Performance Fee to Manager | | | | |
| Performance Fee / (refund) by year | G | 0.10% | (0.10%) | 0.15% |
| Annualised Performance Fee p.a. as at year end | (G/no. years) | 0.10% | - | 0.05% |
| Net income to Unitholders | | | | |
| Net income to Unitholders by year | F – G | 8.40% | 7.60% | 8.60% |
| Net income p.a. to Unitholders as at year end | E | 8.40% | 8.00% | 8.20% |

* A Unitholder who was fully invested during the Performance Calculation Period (3 years), would have paid 0.05% in Performance Fees on an annualised basis over the period under review.

³⁶ Rounded to two decimal points.

Based on the Minimum Subscription raised (\$150 million), the Unitholders and Manager distributions for the Performance Calculation Period are detailed below (assuming no movement in NAV over the 3 year period):

| Distributions by year, assuming Minimum Subscription | Year 1 | Year 2 | Year 3 |
|-------------------------------------------------------------|---------------|---------------|---------------|
| Net income by year | \$12,750,000 | \$11,250,000 | \$13,125,000 |
| Performance Fee / (refund) by year* | \$153,750 | (\$153,750) | \$230,625 |
| Return to Unitholders by year | \$12,596,250 | \$11,403,750 | \$12,894,375 |

* Inclusive of GST, less RITC

The total Performance Fee payable for the 3 year Performance Calculation Period is \$230,625 (inclusive of GST, less RITC).

An increase in NAV due to subsequent capital raising may increase or decrease the Performance Fee payable depending on the net income earned on capital that has been invested.

A decrease in NAV may arise due to impairments of loan assets. In an event of a significant impairment being realised, it is expected that this will decrease the Performance Fee payable.

13.1.8 Investment of Performance Fee

The IMA allows for the Manager to direct the Responsible Entity to satisfy up to between 33% and 50% of the Performance Fee payable each year by the issue of new Units in the Trust at the NAV applicable at the end of the relevant Performance Calculation Period. These new Units will be issued to an entity within the Qualitas Group and will be used to satisfy issuances under an executive Executive Incentive Plan. Details of the Executive Incentive Plan are contained in Section 14.4.

13.1.9 Termination rights

During the initial term, the Manager can only be terminated by the Responsible Entity where there is cause to do so, including if:

- a receiver, manager, administrator or similar person is appointed to the Manager;
- the Manager goes into liquidation;
- the Manager ceases to carry on business in relation to its activities as an investment manager;
- the Manager breaches the IMA and fails to correct such breach within the reasonable period specified in a notice in writing from the Responsible Entity; or
- relevant law requires the IMA be terminated.

Following the initial term, the Responsible Entity may also terminate the IMA, on giving three months' notice if an ordinary resolution (50.0% of votes in favour) terminating the appointment of the Manager is passed by Unitholders.

The Manager may also terminate the IMA in certain circumstances by giving written notice to the Responsible Entity.

The Manager may request the Responsible Entity to retire as soon as reasonably practicable after being requested to do so by the Manager provided that the Responsible Entity considers the retirement appropriate and the retirement occurs in accordance with all relevant laws. If the Responsible Entity retires it will be replaced in accordance with the Corporations Act. This is to ensure the Manager can maintain a cost effective Responsible Entity.

13.1.10 Termination payment

If the Manager's appointment is terminated after the initial term following a Unitholder vote it is entitled to be paid all accrued but unpaid management and performance fees plus a termination fee equal to the management fees paid, or accrued but unpaid, in respect of the 12 month period up to the date of termination, within 30 Business Days after termination.

13. MATERIAL CONTRACTS **Continued**

13.1.11 Manager indemnity

The Responsible Entity must indemnify the Manager against any direct losses or liabilities reasonably incurred by the Manager arising out of, or in connection with, and any costs, charges and expenses incurred in connection with, the Manager or any of its officers or agents acting under the IMA except to the extent of the Manager's or any of its officers' or agents' negligence, fraud or dishonesty, or its officers, employees or agents or the Manager's breach of the IMA, or any act or omission of the Manager or any of its officers, employees or agents that causes the Responsible Entity to be liable to Unitholders for which the Responsible Entity has no right of indemnity from the Trust.

13.1.12 Responsible Entity indemnity

The Manager must indemnify the Responsible Entity against any direct loss or liability reasonably incurred by the Responsible Entity in connection with any negligent, fraudulent or dishonest act or omission of the Manager, its officers, employees or agents, the Manager's breach of the IMA, any negligent, fraudulent or dishonest act or omission of the Manager, its officers, employees or agents and any act or omission of the Manager or any of its officers, employees or agents that causes the Responsible Entity to be liable to Unitholders for which the Responsible Entity has no right of indemnity from the Trust.

13.1.13 Expenses

The Responsible Entity must reimburse the Manager from the assets of the Trust all taxes, costs, charges (including negative interest rate charges provided those charges are reasonably incurred) and expenses properly incurred by the Manager in connection with the investment and management of the Trust.

13.1.14 Amendment

Subject to the ASX Listing Rules, the IMA may be amended by the written agreement of the Responsible Entity and the Manager.

13.2 OFFER MANAGEMENT AGREEMENT

The Responsible Entity, the Manager and the Lead Manager have entered into an Offer Management Agreement dated 8 October 2018 with respect to the management of the Offer.

A summary of the key terms of the Offer Management Agreement are set out below.

13.2.1 Commission, fees and expenses

In return for providing the services under the Offer Management Agreement and on the condition that the Minimum Subscription is raised, the Lead Manager will be entitled to the following fees (in aggregate):

- (a) an arranger fee equal to 0.4% (plus GST) of the proceeds of the Offer excluding the Priority Offer;
- (b) a management fee of up to 1.0% (plus GST) of the proceeds of the Offer excluding the Priority Offer. A lower fee may be paid if agreed between the Manager and the Lead Manager;
- (c) a cornerstone offer fee equal to 0.5% (plus GST) of the proceeds of the Cornerstone Offer; and
- (d) a broker firm fee equal to 1.25% (plus GST) of the proceeds of the Broker Firm Offer.

The Responsible Entity has also agreed to pay or reimburse the Lead Manager for all reasonable costs and expenses incurred by the Lead Manager in connection with the Offer Management Agreement, this PDS and the Offer.

The Lead Manager must pay any fees due to any co-managers or brokers appointed by them under the Offer Management Agreement and any commitment fees payable with respect to the Cornerstone Offer.

13.2.2 Termination events

The Lead Manager may terminate the Offer Management Agreement at any time from the date of the Offer Management Agreement before Completion (**Settlement Date**), without cost or liability to the Lead Manager on the occurrence of one or more specified events under the Offer Management Agreement. These specified events include, among others, the following:

- (a) (**Withdrawal**) The Responsible Entity withdraws the PDS or the Offer, or indicates that it intends to do any of those things;
- (b) (**Minimum Subscription condition not satisfied**) The Minimum Subscription condition stated in this PDS is not satisfied by 5.00pm AEDT on the Closing Date;
- (c) (**Listing**) ASX makes an official statement to any person, or indicates to the Responsible Entity, the Manager or the Lead Manager that the Trust will not be admitted to the official list of ASX;
- (d) (**Product Disclosure Statement**) There is a material omission from the PDS or any other disclosure document of information required by the Corporations Act or any other applicable law or requirement or the PDS contains a misleading or deceptive statement;
- (e) (**ASIC investigation**) ASIC issues or threatens to issue proceedings in relation to the Offer or commences, or threatens to commence any inquiry or investigation in relation to the Offer or any subscription of Units;
- (f) (**Supplementary Product Disclosure Statement**) The Lead Manager reasonably forms the view that a Supplementary PDS must be lodged with ASIC under section 1015B of the Corporations Act and the Company does not lodge a Supplementary PDS in the form, with the content and within the time reasonably required by the Lead Manager;
- (g) (**Insolvency Event**) An application or order is made for the winding up, deregistration or dissolution of, or the appointment of a provisional liquidator or liquidator to, the person or a resolution is passed or steps are taken to pass a resolution for the winding up, deregistration or dissolution of the person (or any similar process, procedure or event occurs in relation to the person under any applicable law (including the law of the United States) otherwise than for the purpose of an amalgamation or reconstruction which has the prior written consent of the Lead Manager occurs with respect to the Responsible Entity, the Manager or the Trust;
- (h) (**No issue**) The Responsible Entity is or becomes unable, for any reason, to issue or allot the Units within the time required by the timetable and in accordance with all applicable laws;
- (i) (**Manager**) There is a change in ownership of the Manager;
- (j) (**Material Contact**) Any of the following occurs:
 - (i) a Material Contract (being the agreements set out in Section 13 of this PDS) (**Material Contract**) is terminated;
 - (ii) an event occurs which entitles a party to terminate a Material Contract;
 - (iii) there is a breach of a Material Contract including a failure to satisfy a condition precedent to performance of a Material Contract;
 - (iv) a condition precedent to performance a Material Contract becomes incapable of being satisfied; or
 - (v) a Material Contract is amended without the Lead Manager's prior written consent.
- (k) (**Adverse change**) Any event constituting a material adverse effect occurs, or an event occurs which is likely to give rise to a material adverse effect in or affecting the general affairs, management, assets, liabilities, financial position or performance, profits, losses, prospects or condition, financial or otherwise of the Qualitas Group, including:
 - (i) any change in the earnings, prospects or forecasts of the Trust from those disclosed in the PDS;
 - (ii) any change in the nature of the business conducted by the Trust or proposed to be conducted by the Trust; and
 - (iii) any change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Trust from those respectively disclosed in the PDS or most recent relevant announcement to ASX.

13. MATERIAL CONTRACTS **Continued**

For the purposes of this termination right, material adverse event means an event that:

- (i) has or could be expected to have, individually or in aggregate with a separate event, a material adverse effect on:
 - (1) the Offer (including the marketing, promotion, success, acceptance or settlement of the Offer) or Completion, the willingness of persons to apply for Units, or the subsequent market for the Units;
 - (2) the general condition, affairs, business, operations, assets, liabilities, financial position or performance, profits, losses, prospects, earnings position, unitholder's equity, or results of operations of the Trust or the Responsible Entity or the Manager or otherwise;
- (ii) has or could be expected to give rise to:
 - (1) liability for the Lead Manager under the Corporations Act or any other law or regulation; or
 - (2) a contravention by the Lead Manager of, or the Lead Manager being involved in a contravention of, the Corporations Act or any other applicable law.
- (l) **(Breach of Agreement)** There is a breach by the Responsible Entity or the Manager of the Offer Management Agreement;
- (m) **(Default)** A party is in default of any of the terms or conditions of the Offer Management Agreement or breaches any warranty, undertaking or covenant given or made by it under the Offer Management Agreement and that default or breach is either incapable of remedy or is not remedied within five business days after it occurs;
- (n) **(Change in management)** Other than as contemplated in the PDS, a change in the directors or senior management of the Responsible Entity or the Manager is announced or occurs without the written consent of the Lead Manager; and.
- (o) **(Representations and warranties)** any representation or warranty contained in the Offer Management Agreement is breached or becomes false, misleading or incorrect.

13.2.3 Representations, warranties and undertakings

The Offer Management Agreement contains representations, warranties and undertakings provided by the Responsible Entity and the Manager to the Lead Manager. The representations and warranties relate to matters such as their powers and capacities, their conduct (including in respect of compliance with applicable laws and the ASX Listing Rules, including in foreign jurisdictions in which this Offer is available), the Offer documents, the information provided (including the financial information), insolvency, the conduct of the Offer, litigation and insurance.

13.2.4 Indemnity

The Responsible Entity and the Manager agree to keep the Lead Manager and certain affiliated parties (including the Lead Manager's affiliated party's directors, officers, employees, agents and advisors) indemnified against all liabilities suffered directly or indirectly in connection with the Offer, any disclosure documents (including this PDS) or the Offer Management Agreement subject to customary exclusions (including fraud or a breach of the Corporations Act or other applicable law).

13.3 TRUST LOAN RECEIVABLE AGREEMENT

The Responsible Entity has entered into an agreement with the Manager in respect of the Trust Loan Receivable. Under the agreement, the Responsible Entity has provided a working capital loan to the Manager, which the Manager may use for working capital purposes to pay the Offer Costs. The Manager may draw a maximum amount of 3.5% of the proceeds of the Offer under the Trust Loan Receivable.

The following table summarises the key details of the Trust Loan Receivable.

| | |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Loan amount | A maximum of 3.5% of the proceeds of the Offer (equating to between \$5,250,000 and \$17,500,000 depending on the gross proceeds of the Offer). |
| Interest rate | 5.0% p.a. Interest will not be capitalised. |
| Term | 10 years. |
| Repayments | <p>Equal monthly instalments during the term of the Trust Loan Receivable such that the loan is fully amortised within the term of the Trust Loan Receivable. The first monthly instalment is payable the month after the initial drawdown period of 30 days.</p> <p>The Trust Loan Receivable must be repaid in full.</p> <p>The Manager may repay any part of the Trust Loan Receivable early at its absolute discretion. Any amount repaid may not be redrawn.</p> |
| Security | Unsecured. |
| Guarantor | QPP. |

See Section 10.6 for the Responsible Entity's best estimate of the size of the Trust Loan Receivable based on various subscription amounts.

13.4 CONSTITUTION

The Trust is governed by the Constitution which has been lodged with ASIC. A summary of the Constitution is set out below.

The respective rights and obligations of the Responsible Entity and the Unitholders are determined by the Constitution, the Corporations Act and the ASX Listing Rules, together with any exemption and declaration issued by ASIC and the general law relating to trusts. Neither the provision of these laws and rules, nor their effect on the Constitution have been summarised below.

The Constitution deals with a wide range of matters, including:

- applications for Units and the nature of a Unitholder's interest in the Trust;
- the term of the Trust and Unitholders' entitlements on winding up;
- distributions;
- further issues of Units;
- transferability of Units;
- powers of the Responsible Entity;
- Unitholders' meetings;
- Unitholders' liability; and
- the Responsible Entity's fees (see Section 7.2).

13. MATERIAL CONTRACTS **Continued**

Units

The beneficial interest in the Trust is divided into Units. A Unit confers an interest in the Trust's property as a whole – it does not confer an interest in any particular asset. Each Unit confers on its holder the right to vote at a general meeting and the right to receive copies of the Trust's financial statements, notices and documents required to be sent to them under the Constitution, the Corporations Act and the ASX Listing Rules. The Responsible Entity can issue Units in accordance with the Constitution. The Constitution contains provisions regarding the Responsible Entity's ability to issue different classes of Units.

The Constitution contains provision for calculating the Application Price of Units, for this and any future Unit issues. The Constitution also provides for the Responsible Entity to determine a different Application Price in relation to some Units, a class of Units or all Units to the extent it is permitted to do so by an ASIC exemption and the ASX Listing Rules.

The Application Price for Units is \$1.60 per Unit. The estimated unaudited NAV per Unit at the Allotment Date is \$1.60.

Liability of Unitholders

While the Units are fully paid, a Unitholder's liability is limited to its investment in the Trust. Unitholders are not required to indemnify the Responsible Entity or creditor of the Responsible Entity against any liability in respect of the Trust.

Responsible Entity's powers and duties

The Responsible Entity holds the Trust's assets on trust and may manage these assets as if it were the absolute and beneficial owner of them, subject only to its duties and obligations to Unitholders. Examples of the Responsible Entity's powers include acquiring or disposing of any real or personal property, borrowing or raising money, encumbering any asset, incurring any liability, giving any indemnity, providing any guarantee, entering into derivative and currency swap arrangements and entering into underwriting agreements.

The Responsible Entity may appoint delegates or agents to perform any act to exercise any of its power, as well as advisors to assist with its duties and functions (including the appointment of an investment manager).

Fees payable to the Responsible Entity

In return for the performance of its duties, the Responsible Entity is entitled to be paid out of the assets quarterly in arrears a monthly management fee (**Responsible Entity Fee**) of up to 2.0% of NAV (exclusive of GST) p.a.

This calculation of the Responsible Entity Fee is to be made and paid to the Responsible Entity in Australian dollars. The Responsible Entity may in its absolute and unfettered discretion waive, reduce, refund or defer any part of the fees and levies that the Responsible Entity or the Trust is entitled to receive under the Constitution. See Section 7.2 for further details.

Withdrawal rights

While the Trust is listed on the ASX, Units may not be redeemed. However, subject to the Corporations Act and the ASX Listing Rules, the Responsible Entity may at its discretion, elect to buy back Units. Any Units which are subject of a buy back will be cancelled in accordance with the Corporations Act.

Responsible Entity's indemnities

The Responsible Entity has a right of indemnity out of the Trust property on a full indemnity basis for any costs, liabilities and expenses incurred at law or under the Constitution in the proper performance of its duties.

This indemnity continues after the Responsible Entity retires or is removed as responsible entity of the Trust and is subject to the Corporations Act (which in certain circumstances may impose limits on the Responsible Entity's right of indemnity).

The Corporations Act provides that a responsible entity's right to be indemnified out of scheme property for liabilities incurred in relation to the performance of its duties must be available only in relation to the proper performance of those duties.

Responsible Entity's limitation of liability

The Constitution provides that, subject to the Corporations Act, the Responsible Entity and each director and officer of the Responsible Entity are not personally liable to any person in connection with the office of the Responsible Entity or any director or officer of the Responsible Entity.

Subject to the Corporations Act, the liability of the Responsible Entity in relation to the Trust is limited to the assets of the Trust from which the Responsible Entity is entitled to be and is, in fact, indemnified. The Responsible Entity may amend the Constitution from time to time. Unitholder approval is required where changes to the Constitution adversely affect Unitholders' rights.

13.5 SUB-TRUST CONSTITUTION AND INVESTMENT MANAGEMENT AGREEMENT

The constitution for the Sub-Trust is on substantially similar terms to the Constitution for the Trust. The material difference is that in certain circumstances if the Manager is removed as manager of the Trust, the Sub-Trustee may require the redemption of units in the Sub-Trust held by the Trust.

The investment management agreement for the Sub-Trust is on substantially similar terms to the Investment Management Agreement for the Trust and has an initial term of 10 years. The material differences are as follows:

- the services to be provided by the Manager to the Sub-Trust with respect to the ASX listing are not included;
- no obligations in relation to a compliance plan are included as the Sub-Trust is a wholesale fund;
- the investment management agreement for the Sub-Trust will be terminated if the Sub-Trustee does not redeem the units in the Sub-Trust held by the Trust in accordance with the Sub-Trust's constitution following removal of the Manager as Manager of the Trust. The Sub-Trustee must give not less than 12 months written notice of termination;
- management and performance fees are not payable with respect to the class of units in the Sub-Trust held by the Trust whilst the Trust holds that class of units; and
- If, after the initial term of 10 years, the Trust is no longer the sole unitholder of the Sub-Trust, the Responsible Entity may terminate the investment management agreement for the Sub-Trust (following three months written notice) if unitholders in the Sub-Trust holding more than 50% of the units in the Sub-Trust vote in favour of a resolution requiring termination.

13.6 VOLUNTARY RESTRICTION DEED

QPP has agreed to enter into a Voluntary Restriction Deed in respect of 6,250,000 Units that it intends to purchase as part of the Priority Offer (**Escrowed Units**).

QPP has agreed to enter into an escrow deed in respect of the escrow arrangements, which will prevent it from dealing with their Escrowed Units for a period of five years from the date that the Trust is listed on the ASX.

The restriction on dealing is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any interest in the Escrowed Units, encumbering or granting a security interest over the Escrowed Units, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Escrowed Units or agreeing to do any of those things.

Consistent with market practice, the Escrowed Units may be released early from these escrow obligations in certain situations including to enable:

- (a) acceptance of an offer under a takeover bid; or
- (b) the Escrowed Units to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act.

Also, during the escrow period, QPP may deal in any of their Escrowed Units to the extent the dealing is required by applicable law (including an order of a court of competent jurisdiction).

14.

ADDITIONAL INFORMATION



14. ADDITIONAL INFORMATION

14.1 BALANCE DATE AND AUSTRALIAN TAX DATE

The accounts of the Trust will be made up to 30 June each year and the Trust will have an Australian tax year end of 30 June annually.

Please refer to Section 12 for information regarding taxation of the Trust, and general information regarding taxation treatment of Unitholders.

14.2 INTERESTED DEALINGS

Subject to the Corporations Act, the Responsible Entity or any officer, employee or associate of the Responsible Entity may:

- hold Units in the Trust;
- act in any fiduciary, vicarious or professional capacity;
- have an interest in, or enter into any contract or transaction with the Responsible Entity (or its associates), a Unitholder of the Trust or any other person (including a person whose units, shares or other securities form an asset of the Trust); and
- hold or deal in or have any other interest in an asset of the Trust and may retain any benefit derived by doing so.

14.3 INTERESTS OF DIRECTORS OF THE RESPONSIBLE ENTITY

None of the Directors of the Responsible Entity intend to subscribe for Units in the Offer.

14.4 SUMMARY OF THE EXECUTIVE INCENTIVE PLAN

The Qualitas Group intends to establish an Executive Incentive Plan to incentivise certain employees of the Qualitas Group.

For this purpose, Units issued as directed by the Manager to satisfy up to between 33% and 50% of the performance fee payable under the Investment Management Agreement, may be issued as directed by the Manager to a Qualitas Group company or an employee trust established to hold those Units.

14.5 ENQUIRIES AND COMPLAINTS RESOLUTION

The Responsible Entity has established procedures for dealing with complaints. If an investor has a complaint, they can contact the Responsible Entity or the Manager during business hours.

The Responsible Entity will use reasonable endeavours to deal with and resolve the complaint within a reasonable time but in any case, no later than 45 days after receipt of the complaint.

If an investor is not satisfied with the outcome, the complaint can be referred to an independent external dispute resolution scheme. If you lodge a complaint before 1 November 2018, you can lodge it with the Financial Ombudsman Service (**FOS**). FOS's postal address is GPO Box 3, Melbourne, Victoria 3001 and the toll-free number is 1300 780 808. FOS's role and terms of reference are specified in FOS's Rules available from their website www.fos.org.au

If you lodge a complaint on or after 1 November 2018, you can lodge it with the Australian Financial Complaints Authority (**AFCA**). From 1 November 2018, AFCA will be the new external dispute resolution scheme for complaints involving financial services and products and will replace FOS. On and after 1 November 2018, you can contact AFCA on 1800 931 678, or by writing to:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Email: info@afca.org.au
Website: www.afca.org.au

The FOS will continue for a further period to deal with any open disputes it has at the commencement date of AFCA.

14. ADDITIONAL INFORMATION **Continued**

14.6 AUDITOR

The Responsible Entity is required to appoint an auditor to the Trust within one month after the day on which the Trust is registered with ASIC. KPMG has been appointed by the Responsible Entity as the independent auditor of the Trust's financial statements.

The Responsible Entity is also required to appoint an auditor of the Compliance Plan. The auditor is required to conduct an audit of the Compliance Plan within three months of the end of the financial year of the registered scheme and provide a report to the Responsible Entity. PWC has been appointed by the Responsible Entity to conduct this audit on the Trust's Compliance Plan on an annual basis.

14.7 INTERESTS OF RELATED PARTIES

Other than as set out in this PDS, there are no existing agreements or arrangements and there are no currently proposed transactions in which the Responsible Entity was, or is to be, a participant and in which any related party had or will have a direct or indirect material interest.

The Investment Management Agreement and other material agreements (as set out in Section 13) have been entered into on arm's length terms between the Trust and the Manager. The Responsible Entity and the Manager may use the services of related parties in the management of the Trust and pay fees for their services. All related party transactions will be conducted on arm's length normal commercial terms and conditions.

From time to time the Responsible Entity, the Manager, their related bodies corporate or their directors and employees may hold Units in the Trust.

The Responsible Entity and the Manager may be subject to conflicts of interest when performing their duties in relation to the Trust. Both the Responsible Entity and the Manager have policies and procedures in place to appropriately manage these conflicts of interest.

The Manager is entitled to Loan Origination Fees in respect of the origination services provided by the Manager to the Sub-Trust in respect of direct secured real estate loans provided by the Sub-Trust.

A Loan Origination Fee will be payable:

- In respect of a direct loan where the Sub-Trust is the sole lender, the Manager will be paid 33% of the Borrower Loan Fees.
- In respect of a direct loan where the Sub-Trust is a co-lender, the Manager will be paid a fee between 0%-100% of the Borrower Loan Fees, the fee rate applicable to all lenders as determined by the Manager.

The Loan Origination Fees are payable after the Borrower Loan Fees have been paid to the Sub-Trust.

Examples:

1. Sole lender – 33%

If the Sub-Trust is the sole lender of a \$20 million secured real estate loan, the Sub-Trust will charge the borrower a loan arrangement fee (i.e. a Borrower Loan Fee) of 1.00% of the total loan facility limit of \$20 million, which equates to \$200,000 of which the Sub-Trust will receive as loan income. The loan arrangement fee is payable on first funding of the loan.

In respect of the loan arrangement fee paid to the Sub-Trust, the Sub-Trust must pay the Manager a Loan Origination Fee of \$66,000 which is calculated as 33% of the loan arrangement fee of \$200,000.

2. Co-lender – 33%

For a \$20 million secured real estate loan, the Sub-Trust is a co-lender with a 50% share of the loan, i.e. \$10 million commitment. The lenders of the secured real estate loan will charge the borrower a loan arrangement fee of 1.0% of the total loan facility limit of \$20 million which equates to \$200,000. The Sub-Trust as co-lender is entitled to 50% of the loan arrangement fee and will receive \$100,000 as loan income. The loan arrangement fee is payable on first funding of the loan.

The Manager has determined that the Loan Origination Fee that is applicable to this secured real estate loan is 33% of the Borrower Loan Fees, payable by all lenders to the Manager.

In respect of the proportion of the loan arrangement fee paid to the Sub-Trust, the Sub-Trust must pay the Manager a Loan Origination Fee of \$33,000 which is calculated as 33% of the portion of the loan arrangement fee of \$100,000 received by the Sub-Trust.

3. Co-lender – 100%

For a \$20 million secured real estate loan, the Sub-Trust is a co-lender with a 50% share of the loan, i.e. \$10 million commitment. The lenders of the secured real estate loan will charge the borrower a loan arrangement fee of 1.0% of the total loan facility limit of \$20 million which equates to \$200,000. The Sub-Trust, as co-lender, is entitled to 50% of the loan arrangement fee and will receive \$100,000 as loan income. The loan arrangement fee is payable on first funding of the loan.

The Manager has determined that the Loan Origination Fee that is applicable to this secured real estate loan is 100% of the Borrower Loan Fees, payable by all lenders to the Manager.

In respect of the proportion of the loan arrangement fee paid to the Sub-Trust, the Trust must pay the Manager a Loan Origination Fee of \$100,000 which is calculated as 100% of the portion of the loan arrangement fee of \$100,000 received by the Sub-Trust.

14.8 ASIC RELIEF

The Responsible Entity has applied for relief under section 1020F of the Corporations Act from section 1017E(4) of the Corporations Act to enable the Responsible Entity to issue Units under the Offer on the dates set out in 'Important Dates' Section of this PDS. This relief will allow the Responsible Entity to hold Application Amounts under the Offer for a period of up to 60 days.

14.9 ASX WAIVERS

ASX Listing Rule 1.3.2 requires an entity that applies for listing on the ASX under the assets test to have less than half of its total tangible assets (after raising funds) in cash or in a form readily convertible to cash, or if half or more of its total tangible assets (after raising funds) are in cash (or in a form readily convertible to cash), and have binding commitments consistent with its business objectives with respect to cash. After the Offer, more than 50% of the Trust's total tangible assets will be in cash (or in a form readily convertible to cash) but the Trust will not have binding commitments for this cash (as it will be deployed in accordance with the Investment Strategy).

ASX has provided an 'in principle' waiver to the assets test in Listing Rule 1.3.2(b), which will exempt the Trust from the requirement to have an expenditure program in relation to cash assets (on the condition that the Trust's Investment Objective and Investment Strategy are clearly disclosed in this PDS).

The Responsible Entity has also received an 'in principle' waiver of Listing Rules 7.1 and 10.11 to allow the Trust to issue new Units to an entity within the Qualitas Group in accordance with the Performance Fee re-investment terms under the Investment Management Agreement. These Units are to be used for the purposes of the Executive Incentive Plan summarised in Section 14.4. The 'in principle' waiver, once finalised, will allow the Trust to issue those Units without seeking Unitholder approval prior to each Unit issue subject to certain conditions being satisfied, including:

- details of all Units issued in lieu of Performance Fees are disclosed in the Trust's annual report each year in which Units are issued;
- every 3 years, the issue of Units in lieu of any Performance Fees payable under the Investment Management Agreement is approved by Unitholders;
- In addition to the above waivers, ASX has provided the Trust with the following confirmations (on an 'in principle' basis);
- the terms of the Investment Management Agreement are not inconsistent with the policy objectives of listing rule 1.1, condition 1; and
- Unitholder approval is not required under listing rule 10.1 for the acquisition of units in the Sub-Trust by the Responsible Entity on the basis that ASX will regard the Sub Trust as a wholly owned member of the Trust.

The 'in-principle' waivers and confirmations are expected to be formally granted prior to the inclusion of the Trust in the ASX's Official List.

14. ADDITIONAL INFORMATION **Continued**

14.10 INVESTOR CONSIDERATIONS

Before deciding to participate in this Offer, you should consider whether the Units to be issued are a suitable investment for you. There are general risks associated with any investment in an entity listed on the ASX. The value of securities listed on the ASX may rise or fall depending on a range of factors beyond the control of the Trust.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this PDS from a stockbroker, solicitor, accountant or other professional advisor immediately.

The potential tax effects relating to the Offer will vary between Unitholders. Investors are urged to consider the possible tax consequences of participating in the Offer by consulting a professional tax advisor.

The Trust is not engaged in any litigation at the date of this PDS, and as far as the Responsible Entity is aware, no litigation involving the Trust is pending or threatened.

14.11 PRIVATE INFORMATION

When investors apply to invest in the Trust, they acknowledge and agree that:

- they are required to provide the Responsible Entity with certain personal information to facilitate their Application; and
- the Responsible Entity may be required to disclose their information to:
 - » third parties carrying out functions on behalf of the Responsible Entity on a confidential basis;
 - » third parties if that disclosure is required by or to the extent permitted by law;
 - » an investor's advisor;
 - » related entities to the Responsible Entity, whether in Australia or any overseas jurisdiction; and
 - » Government or regulatory bodies (such as the Australian Taxation Office) when required by law.

We collect personal information from you in the application and any other relevant forms to be able to process your application, administer your investment and comply with any relevant laws. If you do not provide us with your relevant personal information, we will not be able to do so.

Privacy laws apply to our handling of personal information and we will collect, use and disclose your personal information in accordance with our privacy policy, which includes details about the following matters:

- the kinds of personal information we collect and hold;
- how we collect and hold personal information;
- the purposes for which we collect, hold, use and disclose personal information; and
- how you may access personal information that we hold about you and seek correction of such information (note that exceptions apply in some circumstances).

Our privacy policy is publicly available at www.perpetual.com.au or you can obtain a copy free of charge by contacting us.

14.12 ANTI-MONEY LAUNDERING AND COUNTER TERRORISM FINANCING

The Anti-Money Laundering Act and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to the Responsible Entity (**AML Requirements**), regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The Anti-Money Laundering Act is enforced by the Australian Transaction Reports and Analysis Centre (**AUSTRAC**). In order to comply with the AML Requirements, the Responsible Entity is required to, amongst other things:

- Verify an investor's identity and the source of their Application Amount before providing services to them, and to re-identify them if they consider it necessary to do so; and
- Where an investor supplies documentation relating to the verification of their identity, keep a record of this documentation for seven years.

The Responsible Entity and the Administrator appointed to provide certain administrative services to the Trust, as its agent, (collectively, the **Entities**) reserve the right to request such information as is necessary to verify the identity of an investor and the source of the payment. In the event of delay or failure by the investor to produce this information, the Entities may refuse to accept an Application and the Application Amount relating to such Application or may suspend the payment of withdrawal proceeds if necessary to comply with AML Requirements applicable to them. Neither the Entities nor their delegates shall be liable to the investor for any loss suffered by the investor as a result of the rejection or delay of any subscription or payment of withdrawal proceeds.

The Entities have implemented a number of measures and controls to ensure they comply with their obligations under the AML Requirements, including carefully identifying and monitoring Unitholders. As a result of the implementation of these measures and controls:

- transactions may be delayed, blocked, frozen or refused where an Entity has reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country, including the AML Requirements;
- where transactions are delayed, blocked, frozen or refused, the Entities are not liable for any loss Unitholders may suffer (including consequential loss) caused by reason of any action taken or not taken by them as contemplated above, or as a result of their compliance with the AML Requirements as they apply to the Trust; and
- the Responsible Entity or Administrator appointed to provide certain administrative services to the Trust may from time to time require additional information from Unitholders to assist it in this process.

The Entities have certain reporting obligations under the AML Requirements and are prevented from informing you that any such reporting has taken place. Where required by law, an Entity may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC. The Entities are not liable for any loss an investor may suffer as a result of their compliance with the AML Requirements.

14.13 CONSENTS TO BE NAMED AND DISCLAIMERS OF RESPONSIBILITY

Each of the parties referred to below (each a **Consenting Party**) has given and has not, before the lodgement of this PDS with ASIC, withdrawn its written consent to be named in this PDS in the form and context in which it is named. None of the Consenting Parties referred to below has made any statement that is included in this PDS or any statement on which a statement is made in this PDS is based, other than as specified below.

Each of the Consenting Parties, to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this PDS, other than the reference to its name in the form and context in which it is named and a statement or report included in this PDS with its consent as specified below:

- Automic Pty Ltd;
- Canaccord Genuity (Australia) Limited;
- Evans Dixon Corporate, a division of Evans and Partners Pty Ltd;
- Kardos Scanlan Pty Limited;
- KPMG;
- Perpetual Corporate Trust Limited;
- Pitcher Partners Sydney Corporate Finance Pty Ltd;
- PPNSW Services Pty Ltd;
- QRI Fund Services Pty Ltd;
- Qualitas Property Partners Pty Ltd; and
- Qualitas Wholesale Real Estate Income Fund.

14. ADDITIONAL INFORMATION **Continued**

Pitcher Partners Sydney Corporate Finance Pty Ltd has given, and not withdrawn prior to the lodgement of this PDS with ASIC, its written consent to be named in this PDS as Investigating Accountant to the Trust in relation to the financial information in the form and content in which it is named and to the inclusion in this PDS of its Investigating Accountant's Report in Section 11 and the statements specifically attributed to it in the text of, or by a footnote in, this PDS, in the form and context in which they appear in this PDS.

PPNSW Services Pty Ltd has given, and not withdrawn prior to the lodgement of this PDS with ASIC, its written consent to be named in this PDS in relation to the tax information in the form and context in which it is named and to the inclusion in this PDS of its tax summary in Section 12 and the statements specifically attributed to it in the text of, or by a footnote in, this PDS, in the form and context in which they appear in this PDS.

14.14 GOVERNING LAW

This PDS and the contracts that arise from the acceptance of the Applications under this PDS are governed by the law applicable in Victoria and each Applicant submits to the exclusive jurisdiction of the courts of Victoria.

14.15 STATEMENT OF DIRECTORS

The issue of this PDS has been authorised by each Director. Each Director has consented to lodgement of this PDS and issue of this PDS and has not withdrawn that consent.

15.

GLOSSARY



15. GLOSSARY

| TERM | DEFINITION |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| A\$ OR \$ | Australian dollars. |
| AAS | Australian Accounting Standards. |
| AASB | Australian Accounting Standards Board. |
| ABN | Australian Business Number. |
| ACN | Australian Company Number. |
| ADI | Authorised Deposit-taking Institution. |
| Administrator | QRI Fund Services Pty Ltd (ACN 627 791 575), a wholly owned member of the Qualitas Group. |
| AEDT | Australian Eastern Daylight Time. |
| AFCA | Australian Financial Complaints Authority. |
| AFSL | Australian Financial Services Licence. |
| AIIR | Annual Investment Income Report. |
| Allocation Policy | A general and clear framework for the allocation of investments across the Qualitas Funds and other investments managed by the Qualitas Group, as set out in Section 4.10. |
| Allotment | The allocation and allotment of Units following acceptance of Applications. |
| Allotment Date | The intended date of Allotment, being 23 November 2018. |
| AMIT | Attribution Managed Investment Trusts. |
| AML Requirements | The requirements described in Section 14.12. |
| AMMA | Attribution Managed Investment Trust Member Annual Statement. |
| APP | Australian Privacy Principles. |
| Applicant | A person who submits a valid Application Form and required Application Amount pursuant to this PDS. |
| Application | An application for Units under this PDS. |
| Application Form | The application form attached to or accompanying or provided with this PDS for investors to apply for Units under the Offer. |
| Application Amount | Money submitted by Applicants under the Offer and reflects the Application Price multiplied by the number of Units applied for. |
| Application Price | \$1.60 per Unit. |

| TERM | DEFINITION |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| APRA | Australian Prudential Regulatory Authority. |
| Arch Finance | Arch Finance Pty Ltd (ACN 137 960 046) as trustee for Arch Finance Unit Trust, a non-ADI commercial real estate mortgage originator and lender in the sub \$5 million commercial property loan market, wholly owned by the Qualitas Group. |
| Arch Finance Warehouse Trust or AFWT | A secured funding platform which provides capital for the provision of secured real estate loans which are originated and managed by Arch Finance. |
| ASIC | Australian Securities & Investments Commission. |
| Associates of the Manager | Entities within the Qualitas Group and its affiliates. |
| ASX | ASX Limited (ABN 98 008 624 691) or the market it operates (Australian Securities Exchange), as the context requires. |
| ASX Listing Rules | The official listing rules of the ASX. |
| AUSTRAC | Australian Transaction Reports and Analysis Centre. |
| Australian Taxation Office or ATO | The Australian Taxation Office is the principal revenue collection agency for the Australian Government, in charge of administering the Australian taxation system. |
| BBSW | Bank Bill Swap Rate. |
| BBSY | Bank Bill Swap Bid Rate. |
| Board | The board of directors of the Responsible Entity. |
| Borrower Loan Fees | Fees paid by a borrower to the Sub-Trust in relation to a direct secured real estate loan provided by the Sub-Trust. These fees may include fees associated with loan origination, establishment, restructuring, extensions, variations and increases. |
| Broker | Any ASX participating organisation selected by the Joint Lead Managers in consultation with the Trust to act as a Broker to the Offer. |
| Broker Firm Offer | The broker firm offer described in Section 2.4. |
| Business Day | A day, other than a Saturday or Sunday, on which banks are open for general banking business in Melbourne or Sydney, Australia. |
| CGT | Capital Gains Tax. |
| Closing Date | The date by which valid acceptances must be received by the Responsible Entity being 13 November 2018 or such other date as may be determined in our absolute discretion. |
| Committed Capital | Any capital in which the Qualitas Group provides investment management services to deploy into investments. |
| Compliance Committee | The compliance committee which relates to the Trust and comprises a majority of members who are independent of the Responsible Entity that will monitor compliance of the Trust with the Compliance Plan. |

15. GLOSSARY **Continued**

| TERM | DEFINITION |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Compliance Plan | The compliance plan that describes the procedures used by the Responsible Entity to comply with the Corporations Act, the Constitution and the ASX Listing Rules. The Compliance Plan has been lodged with ASIC. |
| Consenting Party | The consenting party described in Section 14.13. |
| Constitution | The constitution of the Trust. |
| Cornerstone Applicant | Applicants who apply under the Cornerstone Offer. |
| Cornerstone Offer | The Cornerstone Offer described in Section 2.4. |
| Corporations Act or the Act | Corporations Act 2001 (Cth). |
| CRS | Common Reporting Standard. |
| Cumulative Actual Return | The cumulative actual return described in Section 7.3.3. |
| Custodian | Perpetual Corporate Trust Limited (ACN 000 341 533). |
| DA | Development Application. |
| Directors | The board of directors of the Responsible Entity. |
| Distribution Reinvestment Plan | The distribution reinvestment plan described in Section 4.19. |
| DvP | Delivery versus Payment. |
| Escrowed Units | The Units described in Section 13.6. |
| Excess Return | The return described in Section 7.3.3. |
| Executive Incentive Plan | The executive incentive plan described in Section 14.4. |
| Exposure Period | The seven-day period after the lodgement of this PDS. |
| FATCA | Foreign Account Tax Compliance Act. |
| FIF | Foreign Investment Fund. |
| Financial Information | Financial Information described in Section 10. |
| FITO | Foreign Income Tax Offset. |
| FOS | Financial Ombudsman Service. |
| FSC | Financial Services Council. |
| FSC Standards | Standards of the FSC. |

| TERM | DEFINITION |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GDP | Gross Domestic Product. |
| General Offer | The General Offer described in Section 2.4. |
| GFC | Global Financial Crisis. |
| GST | The value-added tax, if any, on goods, services and other things payable in accordance with the GST Act or another relevant and applicable legislation or law whether in Australia, the US or another jurisdiction. |
| GST Act | A New Tax System (Goods and Services Tax) Act 1999. |
| IASB | International Accounting Standards Board. |
| IFRS | International Financial Reporting Standards. |
| Initial Investment Timeline | A minimum six-month period in which the Manager will allocate the subscribed capital to investment opportunities, as described in Section 4.12. |
| Internal Rate of Return or IRR | A discount rate that makes the net present value of all cash flows from a particular investment equal to zero. |
| Invested Capital | Capital which has been deployed into investments in securities, secured real estate loans and, or cash and cash equivalents across the Qualitas Group. |
| Investigating Accountant | Pitcher Partners Sydney Corporate Finance Pty Ltd (ACN 122 561 184). |
| Investment Management Agreement or IMA | The agreement between the Manager and the Responsible Entity as described in Section 13.1. |
| Investment Objective | To achieve the Target Return, provide monthly cash income, capital preservation and portfolio diversification, as set out in Section 4.5. |
| Investment Principles | The investment principles set out in Section 4.6 as may be amended from time to time in accordance with the terms of the Investment Management Agreement. |
| Investment Strategy | The strategy set out in Section 4.6. |
| Licensee | A holder of an Australian Financial Services Licence pursuant to section 911A(2)(b) of the Corporations Act who has introduced an Applicant to the Offer. |
| Loan Origination Fees | The fees described in Section 14.7. |
| LTC | Loan to Cost ratio. |
| LVR | Loan to Value ratio. |
| Management Costs | The fees and costs of managing your investment set out in Section 7.2. |
| Management Fee | The management fees payable to the Manager in accordance with the Investment Management Agreement, as detailed in Section 7.3.2. |

15. GLOSSARY **Continued**

| TERM | DEFINITION |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Manager | QRI Manager Pty Ltd (ACN 625 857 070). |
| Material Contract | Being the agreements set out in Section 13. |
| Maximum Subscription | A maximum subscription of 312,500,000 Units. |
| Minimum Subscription | A minimum subscription of 93,750,000 Units. |
| MIT | Managed Investment Trust. |
| NAV | Net Asset Value. |
| NPL | Non-Performing Loans. |
| OECD | Organisation for Economic Co-operation and Development. |
| Offer | The offer of up to \$500 million worth of Units under this PDS. |
| Offer Costs | The costs and expenses of the Offer described in Section 7.3.4. |
| Offer Management Agreement | The offer management agreement summarised in Section 13.2. |
| Opening Date | The first date that Applications can be accepted under this PDS, expected to be 16 October 2018. |
| Performance Fee | The performance fee payable to the Manager in accordance with the Investment Management Agreement, as detailed in Section 7.3.3. |
| Perpetual or Perpetual Group | Perpetual Limited and its subsidiaries, including the Responsible Entity. |
| Portfolio Allocation Committee or PAC | As per defined in Section 6.5.1. |
| Portfolio Asset Management Committee | The Portfolio Asset Management Committee monitors activities, progress and projections at an investment level for all assets under management across the Qualitas Group. |
| Portfolio Management Meeting or PMM | As per defined in Section 6.5.4. |
| Priority Applicant | A person entitled to participate in the Priority Offer being: <ul style="list-style-type: none"> • a current investor in a Qualitas Fund; and • any other person that the Manager invites to participate in the Priority Offer. |
| Priority Offer | The offer to Priority Applicants on the terms set out in Section 2.4. |
| Product Disclosure Statement or PDS | This document dated 8 October 2018 and lodged with ASIC on that date. |

| TERM | DEFINITION |
|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| QPP | Qualitas Property Partners Pty Ltd (ACN 137 928 155). |
| QREPDF | Qualitas Real Estate Private Debt Fund. |
| QSDF | Qualitas Senior Debt Fund. |
| Qualitas Advisory Board | The advisory board for the Qualitas Group described in Section 5.3. |
| Qualitas Allocation Policy | <p>The Qualitas Group's allocation policy (as amended from time to time) entitled 'Allocation Policy' which provides guidance on the allocation of investment opportunities and the management of conflicts of interest.</p> <p>The Allocation Policy is described in Section 4.10.</p> |
| Qualitas Funds | Any unlisted funds currently being managed by the Qualitas Group and any unlisted funds that may be established and managed by the Qualitas Group in the future. For the purpose of this PDS, the Trust and Sub-Trust are not Qualitas Funds. |
| Qualitas Group | QPP, Qualitas Investments Pty Ltd (ACN 137 928 164) and their respective controlled entities. |
| Qualitas Investment Committee | The committee described in Section 6.5.3. |
| Qualitas Investors | Individuals and entities that invest in Qualitas Funds. |
| Qualitas People and Culture Committee | The committee described in Section 5.3. |
| Qualitas Risk Committee | The committee described in Section 5.3. |
| Qualitas Team | <p>The teams within the Qualitas Group which:</p> <ul style="list-style-type: none"> • originate and execute secured real estate loans for the Qualitas Group; • portfolio and asset manage the Qualitas Group; and • risk manage the Qualitas Group, <p>and which will assist the Manager to do these things with respect to the Trust.</p> |
| Qualitas Trustee Board | The trustee board for the Qualitas Funds described in Section 6.4. |
| RBA | Reserve Bank of Australia. |
| Report | Independent Limited Assurance Report provided by the Investigating Accountant. |
| Responsible Entity | The Trust Company (RE Services) Limited (ACN 003 278 831). |
| Responsible Entity Fee | The fee payable to the Responsible Entity as described in Section 7.2. |
| Return Hurdle | The return hurdle described in Section 7.3.3. |
| RITC | Reduced Input Tax Credit. |

15. GLOSSARY **Continued**

| TERM | DEFINITION |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Securities Act | US Securities Act of 1993, as amended. |
| Settlement Date | The date described in Section 13.2.2. |
| Sub-Trust | Qualitas Wholesale Real Estate Income Fund. |
| Sub-Trustee | The Trust Company Limited (ACN 004 027 749). |
| Supplementary PDS | Any supplementary or replacement product disclosure statement to this PDS lodged with ASIC under section 1015B of the Corporations Act in connection with the Offer. |
| Target Return | 8.0% p.a. (net of fees and expenses) of NAV. |
| TFN | Tax File Number. |
| TIC | The Trust Investment Committee described in Section 4.11. |
| TOFA | Taxation of Financial Arrangements. |
| Trust | Qualitas Real Estate Income Fund (ARSN 627 917 971). |
| Trust Loan Receivable | The loan by the Trust to the Manager described in Section 13.3. |
| Trust Website | www.qualitas.com.au/listed-investments/QRI |
| Unit | An ordinary unit in the Trust, being an undivided share in the beneficial interest in the Trust. |
| Unit Registry | Automic Pty Ltd (ACN 152 260 814). |
| Unitholder | A holder of a Unit. |
| US | The United States of America. |
| US Person | Any "US Person" as defined in Regulation S under the US Securities Act of 1933. |
| Voluntary Restriction Deed | The voluntary restriction deed described in Section 13.6. |

YOUR PRIVACY

Automatic Pty Ltd (ACN 152 260 814) trading as Automatic advises that Chapter 2C of the Corporation Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website - www.automic.com.au

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities can hold Units. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Trust. At least one full given name and surname is required for each natural person.

| Type of Investor | Correct Form of Registration | Incorrect Form of Registration |
|-----------------------------|---------------------------------------------------------------|---------------------------------|
| Individual | Mr John Richard Sample | J R Sample |
| Joint Holdings | Mr John Richard Sample & Mrs Anne Sample | John Richard & Anne Sample |
| Company | ABC Pty Ltd | ABC P/L or ABC Co |
| Trusts | Mr John Richard Sample <Sample Family A/C> | John Sample Family Trust |
| Superannuation Funds | Mr John Sample & Mrs Anne Sample <Sample Family Super A/C> | John & Anne Superannuation Fund |
| Partnerships | Mr John Sample & Mr Richard Sample <Sample & Son A/C> | John Sample & Son |
| Clubs/Unincorporated Bodies | Mr John Sample < Food Health Club A/C> | Food Health Club |
| Deceased Estates | Mr John Sample <Estate Late Anne Sample A/C> | Anne Sample (Deceased) |

INSTRUCTIONS FOR COMPLETING THE FORM

YOU SHOULD READ THE PDS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

This is an Application Form for Units in Qualitas Real Estate Income Fund (ARSN 627 917 971) ('Trust'), made under the terms set out in the Product Disclosure Statement dated 8 October 2018 ('PDS'). The expiry date of the PDS is the date which is 13 months after the date of the PDS.

Capitalised terms not otherwise defined in this document has the meaning given to them in the PDS. The PDS contains important information relevant to your decision to invest and you should read the entire PDS before applying for Units. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the PDS and any supplementary PDS (if applicable). While the PDS is current, the Trust will send paper copies of the PDS, and any supplementary PDS (if applicable) and an Application Form, on request and without charge.

- Units applied for & payment amount** - Enter the number of Units you wish to apply for. Your Application must be for a minimum of 1,250 Units (AS2,000). Next, enter the amount of the Application Monies payable. To calculate this amount, multiply the number of Units applied for by the offer price, which is A\$1.60 per unit.
- Applicant name(s) and postal address** - Note that ONLY legal entities can hold Units. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Trust. At least one full given name and surname is required for each natural person. You should refer to the table above for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Next, enter your postal address for the registration of your holding and all correspondence. Only one address can be recorded against a holding.
- Contact Details** - Please provide your contact details for us to contact you between 9:00am AEDT and 5:00pm AEDT should we need to speak to you about your application. In providing your email address you elect to receive electronic communications. You can change your communication preferences at any time by logging in to the Investor Portal accessible at <https://investor.automic.com.au/> - /home
- CHESS Holders** - If you are sponsored by a stockbroker or other participant and you wish to hold units allotted to you under this Application on the CHESS

subregister, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Trust and a "Securityholder Reference Number" ('SRN') will be allocated to you.

- TFN/ABN/Exemption** - If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your Application.
- Payment** - Payments for applications made through this application form can only be made by cheque. Payment can be made by both BPAY and EFT but only by making an online application, which can be accessed by following the web address provided on the front of the application form. **Do not forward cash with this Application Form as it will not be accepted.**

Your cheque must be made payable to "Qualitas Real Estate Income Fund" and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

DECLARATIONS

BY SUBMITTING THIS APPLICATION FORM WITH THE APPLICATION MONIES, I/WE DECLARE THAT I/WE:

- Have received a copy of the PDS, either in printed or electronic form and have read the PDS in full;
- Have completed this Application Form in accordance with the instructions on the form and in the PDS;
- Declare that the Application Form and all details and statements made by me/us are complete and accurate;
- I/we agree to provide further information or personal details, including information related to tax-related requirements, and acknowledge that processing of my application may be delayed, or my application may be rejected if such required information has not been provided;
- Agree and consent to the Trust collecting, holding, using and disclosing my/our personal information in accordance with the PDS
- Where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Trust;
- Acknowledge that once the Trust accepts my/our Application Form, I/we may not withdraw it;
- Apply for the number of Units that I/we apply for (or a lower number allocated in a manner allowed under the PDS)
- Acknowledge that my/our Application may be rejected by the Trust in its absolute discretion;
- Authorise the Trust, the Responsible Entity and their agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Units to be allocated;
- Am/are over 18 years of ages;
- Agree to be bound by the constitution of the Trust;
- Acknowledge that neither the Trust nor any person or entity guarantees any particular rate of return of the Units, nor do they guarantee the repayment of capital;
- Represent, warrant and agree that I/we am/are not in the United States or a US Person and am/are not acting for the account or benefit of a US Person; and
- Represent, warrant and agree that I/we have not received the PDS outside Australia and am/are not acting on behalf of a person resident outside Australia and New Zealand.

LODGEMENT INSTRUCTIONS

The Offer opens at 9.00am (AEDT) on 16 October 2018 and is expected to close at 5.00pm (AEDT) on 13 November 2018. The Responsible Entity may elect to extend the Offer or close it (after the Offer is open) at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible. Completed Application Forms and cheques must be:

| POSTED TO: | DELIVERED TO (during business hours only - 9am to 5pm (AEDT)): |
|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Qualitas Real Estate Income Fund C/- Automatic GPO Box 5193 SYDNEY NSW 2001 | Qualitas Real Estate Income Fund C/- Automatic Level 5, 126 Phillip Street SYDNEY NSW 2000 |

Your Application Form must be received by Automatic no later than 5.00pm (AEDT) 13 November 2018

If you have any enquiries in respect of this Application, please contact the Qualitas Real Estate Income Fund Offer information line on 1300 420 177 within Australia or +612 8022 8575 from outside Australia, or via email at qualitas@automicgroup.com.au, or by live webchat available at www.automic.com.au.



QUALITAS

Qualitas Real Estate Income Fund | ARSN 627 917 971

Priority Offer Application

I am eligible for the Priority offer as (please mark the box below):

☐

Current investor in a Qualitas Fund

☐

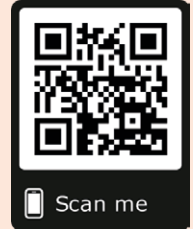
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Application Options:

Option A: Apply Online and Pay Electronically (Recommended)

Apply online at: <https://automic.com.au/qualitaspriority.html>

- ✓ **Pay electronically:** Applying online allows you to pay electronically, for Australian residents through BPAY®. Overseas applicants in permitted jurisdictions can also pay electronically through an electronic funds transfer.
- ✓ **Get in first, it's fast and simple:** Applying online is very easy to do, it eliminates any postal delays and removes the risk of it being potentially lost in transit.
- ✓ **It's secure and confirmed:** Applying online provides you with greater privacy over your instructions and is the only method which provides you with confirmation that your application has been successfully processed.



Scan me

To apply online, simply scan the barcode to the right with your tablet or mobile device or you can enter the URL above into your browser.

Option B: Standard Application and Pay by Cheque

Enter your details below (clearly in capital letters using pen), attach cheque and return in accordance with the instructions on the reverse.

1. Number of Units applied for

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Applications must be for a minimum of 1,250 Units (A\$2,000)

Application payment (multiply box 1 by \$1.60 per unit)

A\$, , .

2. Applicant name(s) and postal address: refer to naming standards for correct form of registrable title(s) overleaf

Name of Applicant 1

Name of Applicant 2 or <Account Designation>

Name of Applicant 3 or <Account Designation>

Postal address

Unit / Street Number / Street name or PO Box

Suburb/Town

State

Postcode

Country and ZIP Code (if outside Australia)

3. Contact details

Telephone Number

Contact Name (PLEASE PRINT)

Email Address

By providing your email address, you elect to receive all communications despatched by the Trust electronically (where legally permissible).

4. CHESS Holders Only - Holder Identification Number (HIN)

Note: if the name and address details in sections 2 do not match exactly with your registration details held at CHESS, any Units issued as a result of your Application will be held on the Issuer Sponsored subregister.

5. TFN/ABN/Exemption Code

Applicant 1

Applicant #2

Applicant #3

If NOT an individual TFN/ABN, please note the type in the box
C = Trust; P = Partnership; T = Trust; S = Super Fund

YOUR PRIVACY

Automatic Pty Ltd (ACN 152 260 814) trading as Automatic advises that Chapter 2C of the Corporation Act 2001 requires information about you as a securityholder (including your name, address and details of the securities you hold) to be included in the public register of the entity in which you hold securities. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website - www.automic.com.au

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities can hold Units. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Trust. At least one full given name and surname is required for each natural person.

| Type of Investor | Correct Form of Registration | Incorrect Form of Registration |
|-----------------------------|---------------------------------------------------------------|---------------------------------|
| Individual | Mr John Richard Sample | J R Sample |
| Joint Holdings | Mr John Richard Sample & Mrs Anne Sample | John Richard & Anne Sample |
| Trust | ABC Pty Ltd | ABC P/L or ABC Co |
| Trusts | Mr John Richard Sample <Sample Family A/C> | John Sample Family Trust |
| Superannuation Funds | Mr John Sample & Mrs Anne Sample <Sample Family Super A/C> | John & Anne Superannuation Fund |
| Partnerships | Mr John Sample & Mr Richard Sample <Sample & Son A/C> | John Sample & Son |
| Clubs/Unincorporated Bodies | Mr John Sample < Food Health Club A/C> | Food Health Club |
| Deceased Estates | Mr John Sample <Estate Late Anne Sample A/C> | Anne Sample (Deceased) |

INSTRUCTIONS FOR COMPLETING THE FORM

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Capitalised terms not otherwise defined in this document has the meaning given to them in the PDS. The PDS contains important information relevant to your decision to invest and you should read the entire PDS before applying for Units. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the PDS and any supplementary PDS (if applicable). While the PDS is current, the Trust will send paper copies of the PDS, and any supplementary PDS (if applicable) and an Application Form, on request and without charge.

- Units applied for & payment amount** - Enter the number of Units you wish to apply for. Your Application must be for a minimum of 1,250 Units (A\$2,000). Next, enter the amount of the Application Monies payable. To calculate this amount, multiply the number of Units applied for by the offer price, which is A\$1.60 per unit.
- Applicant name(s) and postal address** - Note that ONLY legal entities can hold Units. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Trust. At least one full given name and surname is required for each natural person. You should refer to the table above for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Next, enter your postal address for the registration of your holding and all correspondence. Only one address can be recorded against a holding.
- Contact Details** - Please provide your contact details for us to contact you between 9:00am AEDT and 5:00pm AEDT should we need to speak to you about your application. In providing your email address you elect to receive electronic communications. You can change your communication preferences at any time by logging in to the Investor Portal accessible at <https://investor.automic.com.au/-/home>
- CHESS Holders** - If you are sponsored by a stockbroker or other participant and you wish to hold units allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Trust and a "Securityholder Reference Number" ('SRN') will be allocated to you.
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- I/we agree to provide further information or personal details, including information related to tax-related requirements, and acknowledge that processing of my application may be delayed, or my application may be rejected if such required information has not been provided;
- Agree and consent to the Trust collecting, holding, using and disclosing my/our personal information in accordance with the PDS
- Where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Trust;
- Acknowledge that once the Trust accepts my/our Application Form, I/we may not withdraw it;
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- Represent, warrant and agree that I/we have not received the PDS outside Australia and am/are not acting on behalf of a person resident outside Australia, New Zealand, Hong Kong, Israel, Singapore and Canada (British Columbia, Ontario and Quebec Only).

LODGEMENT INSTRUCTIONS

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BROKER FIRM OFFER APPLICATION

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YOUR PRIVACY

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CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities can hold Units. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Trust. At least one full given name and surname is required for each natural person.

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|-----------------------------|---------------------------------------------------------------|---------------------------------|
| Individual | Mr John Richard Sample | J R Sample |
| Joint Holdings | Mr John Richard Sample & Mrs Anne Sample | John Richard & Anne Sample |
| Company | ABC Pty Ltd | ABC P/L or ABC Co |
| Trusts | Mr John Richard Sample <Sample Family A/C> | John Sample Family Trust |
| Superannuation Funds | Mr John Sample & Mrs Anne Sample <Sample Family Super A/C> | John & Anne Superannuation Fund |
| Partnerships | Mr John Sample & Mr Richard Sample <Sample & Son A/C> | John Sample & Son |
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| Deceased Estates | Mr John Sample <Estate Late Anne Sample A/C> | Anne Sample (Deceased) |

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- Contact Details** - Please provide your contact details for us to contact you between 9:00am AEDT and 5:00pm AEDT should we need to speak to you about your application. In providing your email address you elect to receive electronic communications. You can change your communication preferences at any time by logging in to the Investor Portal accessible at <https://investor.automic.com.au/-/home>
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- Payment** - Payments for applications made through this application form should be made in accordance with your brokers directions. **Do not forward cash with this Application Form as it will not be accepted.**

DECLARATIONS

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Completed Broker Firm Application Forms must be received by your Broker by 5:00pm Sydney time on the Broker Firm Offer Closing Date.

If you have any enquiries in respect of this Application, please contact the Qualitas Real Estate Income Fund Offer information line on 1300 420 177 within Australia or +612 8022 8575 from outside Australia, or via email at qualitas@automicgroup.com.au, or by live webchat available at www.automic.com.au



www.qualitas.com.au