



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**

Arranger and Joint Lead Manager

 **E&P**

Joint Lead Managers

 **nab**

 **TAYLOR COLLISON**

 **cg/Canaccord
Genuity**

 **crestone.**

Co-Manager

 **BELL POTTER**



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 and the units in the Trust are issued by The Trust Company (RE Services) Limited ACN 003 278 831 AFSL 235 150 as responsible entity of the Trust (**Responsible Entity**) of Level 18, Angel Place, 123 Pitt Street, Sydney NSW 2001 Australia (referred to in this PDS as “we”, “our” and “us”).

The Responsible Entity has appointed QRI Manager Pty Ltd ACN 625 857 070 (**QRI or Manager**) as the investment manager of the Trust and to provide investment services to the Trust pursuant to an Investment Management Agreement entered into between the Responsible Entity and the Manager.

E&P Corporate Advisory Pty Ltd is acting as Arranger and Joint Lead Manager, National Australia Bank Limited, Canaccord Genuity Financial Limited, Taylor Collison Limited and Crestone Wealth Management Limited are acting as Joint Lead Managers and Bell Potter Securities Limited is acting as Co-Manager to the Offer.

Offer

This PDS is dated 7 October 2021 and a copy of this PDS has been lodged with the Australian Securities and Investments Commission (**ASIC**).

None of ASIC, ASX or their respective officers take any responsibility for the content of this PDS or the merits of the investment to which this PDS relates.

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.

The Responsible Entity has prepared a target market determination (**TMD**) in relation to the Trust as required by law. The TMD is available at the Trust Website: www.qualitas.com.au/listed-investments/QRI and contains information concerning the likely objectives, financial situation and needs of retail clients for whom the Trust may be suitable.

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.

ED Securities

Units in the Trust are ‘ED securities’ under the Corporations Act.

As a disclosing entity, the Trust is subject to regular reporting and disclosure obligations. Copies of documents lodged with ASIC in relation to the Trust may be obtained from, or inspected at, an ASIC office.

Investors and other people may obtain from the Responsible Entity free of charge on request the following documents as soon as practicable and in any event within 5 days after receiving the request:

- (a) the annual financial report most recently lodged with ASIC by the Trust;
- (b) and half-year financial report lodged with ASIC by the Trust after lodgement of that annual financial report and before the date of this PDS; and
- (c) any continuous disclosure notices given by the Trust after the lodgement of that annual report and before the date of this PDS.

Requests should be addressed to the Manager, by telephone at 1300 420 177 within Australia or +61 2 8022 8575 from outside Australia, or via email at hello@automicgroup.com.au (between 9.00am and 5.00pm (AEDT) Monday to Friday).

In addition, as the Units offered under this PDS are in a class of securities officially quoted on ASX, information is not required to be included in this PDS if the information is included in any of the documents described at paragraph (a), (b) or (c) above.

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 under this PDS is available only to persons within Australia and New Zealand, other than to Eligible Wholesale Unitholders as part of the Wholesale Entitlement Offer. 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 Offer 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.

Refer to Section 2 for further information on how to apply for Units offered under this PDS.

Financial Information

Section 9 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 9.3.

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.

Note, past performance is not a reliable indicator of future performance. There is no guarantee that the Trust will achieve, repeat or outperform the past performance of the Trust or the Qualitas Group and investors are cautioned not to place undue reliance on the Trust’s and Qualitas Group’s past performance.

International Offer restrictions

This document does not constitute an offer of New Units in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Units may not be offered or sold, in any country outside Australia or New Zealand except to the extent permitted 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, authorized 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 authorize this document or to permit the distribution of this document or any documents issued in connection with it.

No advertisement, invitation or document relating to the New 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 the New Units which 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.

This document is confidential to, and solely for the use of, the person to whom it is addressed and must not be distributed, published, reproduced or disclosed (in whole or in part) by the recipient to any other person in Hong Kong or used for any purpose in Hong Kong other than in connection with an offer of securities to existing unit holders in the Trust.

The contents of this document 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 document, you should obtain independent professional advice.

Singapore

This document and any other materials relating to the New Units have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore (**MAS**). Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Units, may not be issued, circulated or distributed, nor may the New Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 2, Part XIII of the *Securities and Futures Act*, Chapter 289 of

Singapore (the **SFA**) and/or Subdivision (3) Division 1A, Part XIII of the SFA, or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA. In particular, the New Units may only be offered in Singapore to less than 50 persons, each of whom is an "accredited investor" (as such term is defined in the SFA).

The offer of New Units does not relate to a collective investment scheme which is authorised under Section 286 of the SFA or recognised under section 298 of the SFA and/or a business trust which is registered under Section 4 of the Business Trusts Act (Cap. 31A) or recognised under Section 282TA of the SFA. The Trust is not authorised or recognised by the MAS and New Units are not allowed to be offered to the retail public.

This document 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. The offeree should consider carefully whether the investment is suitable.

Any offer is not made to you with a view to the New Units being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Units. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Canada (British Columbia and Ontario only)

This document constitutes an offering of the New Units in the Canadian provinces of British Columbia and Ontario (the **Provinces**) where existing unitholders of the Trust are resident. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces.

No securities commission or other authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New 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 New 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 receipted by the securities regulator in the applicable Province.

Any resale of the New Units in Canada must be made in accordance with applicable Canadian securities laws, which may require resales to be made in accordance with an exemption from prospectus requirements. Such resale restrictions do not apply to a first trade in a security (such as New Units) of a foreign issuer (such as QRI) that is not a reporting issuer in Canada and that is made through an exchange or market outside of Canada (such as ASX).

The Responsible Entity 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 Responsible Entity 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.

Israel

The New Units 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 New Units 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 Responsible Entity nor the Manager is a licensed investment marketer under the Investment Advisor Law and neither the Responsible Entity nor the Manager maintains insurance as required under such law. Any investment marketing that 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 Responsible Entity nor the Manager will provide any ongoing investment marketing or investment advisory services to the investor. If any recipient in Israel of a copy of this document is not qualified as described above, such recipient should promptly return this document to the Manager. By retaining a copy of this document, you are confirming that you qualify as both a Sophisticated Investor and Qualified Customer and agree to be treated as such by the Responsible Entity.

All Sophisticated Investors must complete and return a "Sophisticated Investor Certificate" and all Qualified Customers must complete a "Qualified Customer Declaration". A form of Sophisticated Investor Certificate and Qualified Customer Declaration is available from the Responsible Entity upon request.

New Zealand

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 this PDS 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 a financial advice provider.

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 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 PDS is available 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 14 of this PDS. Unless otherwise stated or implied, references to times in this PDS are the legal time in Melbourne, Victoria, Australia (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, or via email at hello@automicgroup.com.au (between 9.00am and 5.00pm (AEDT) Monday to Friday).

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.

No cooling-off rights

Cooling-off rights do not apply to an investment in Units pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Rights and obligations attached to Units

The New Units issued under the Offer will be fully paid and rank equally with existing Units from issue, including in respect of distributions paid from the date of issue.

Details of the rights and obligations attached to the Units are summarised in Section 2 and set out in the Constitution. A copy of the Constitution is available, free of charge, on request from the Manager.

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 or New Zealand.

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 or New Zealand. Applications for Units may only be made on either a printed copy of the personalised Entitlement and Acceptance Form or in the case of the Application Form 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 a personalised Entitlement and Acceptance Form or an Application Form issued together with this PDS whether it will be by a printed copy or an electronic Application Form.

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 10 for a summary of the main tax implications for Australian resident Unitholders who subscribe for Units pursuant to the Offer.

Pay by BPAY^{®1}

Eligible Unitholders will receive a personalised Entitlement and Acceptance Form and can pay for Units using BPAY[®].

Any BPAY[®] payment must be received by the Unit Registry by 5.00pm (AEDT) on the Entitlement Offer Closing Date.

Applying by post and paying by cheque, bank draft or money order

Eligible Unitholders can apply by post and pay their Application Monies by cheque, bank draft or money order by completing their personalised Entitlement and Acceptance Form and following the instructions on the back of the Entitlement and Acceptance Form to lodge their Application.

Your Application Form and Application Monies must be posted so that they are received by the Unit Registry by 5.00pm (AEDT) on the Entitlement Offer Closing Date.

Applications and Application Monies received after 5.00pm (AEDT) on the relevant Offer Closing Date will be returned to Applicants and Application Monies in respect of that Application will be refunded without interest. No brokerage or stamp duty is payable by Applicants.

1 © Registered to BPAY Pty Ltd
ABN 69 079 137 518

During the Offer Period, any person may obtain a paper copy of this PDS free of charge by contacting Automic Pty Ltd (**Unit Registry**) on 1300 420 177 within Australia or +61 2 8022 8575 from outside Australia, or via email at hello@automicgroup.com.au (between 9.00am and 5.00pm (AEDT) Monday to Friday).

When to apply

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

The Responsible Entity may close the Offer at any time after the commencement of the relevant Offer Period or extend the period of the Offer without prior notice in accordance with the Corporations Act.

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

Disclaimer

No person is authorised by the Responsible Entity, the Manager, the Joint Lead Managers or the Co-Manager to give any information or make any representation in connection with the Offer that is not contained in this PDS. Any information or representation that is not contained in this PDS may not be relied on as having been authorised by the Responsible Entity, the Manager, their directors or any other person in connection with the Offer. The Trust's business, financial condition, operations and prospects may have changed since the date of this PDS.

Certain statements in this PDS constitute forward looking statements. These forward-looking statements are identified by words such as 'aim', 'anticipate', 'assume', 'believes', 'could', 'expects', 'intends', 'may', 'plan', 'predict', 'potential', 'positioned', 'should', 'target', 'will', 'would', and other similar words that involve risks and uncertainties. Investors should note that these statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied values, performance or achievements expressed, projected or implied in the statements.

These forward-looking statements are based on current expectations, estimates, and projections about the Trust's business and the industry in which the Trust invests and the beliefs and assumptions of the Manager and the Responsible Entity. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the Responsible Entity's and the Manager's control. As a result, any or all of the forward-

looking statements in this PDS may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Section 8.

Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. The Responsible Entity and Manager do not make any assurance, express or implied, in relation to whether any forward-looking statements will actually eventuate.

These forward-looking statements speak only as at the date of this PDS. Unless required by law, the Responsible Entity or Manager does not intend to publicly update or revise any forward-looking statements to reflect new information, future events or otherwise. They are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. You should, however, review the factors and risks the Responsible Entity describes in the reports to be filed from time to time with the ASX after the date of this PDS.

No fiduciary

The Joint Lead Managers, each of their respective affiliates and their respective officers, directors, employees, partners, advisers or agents (the **Lead Manager Parties**) are involved in a wide range of financial services and businesses in respect of which they may receive fees and other benefits and out of which conflicting interests or duties may arise. These services and businesses may include (without limitation) securities issuing, securities trading, brokerage activities, provision of retail, business, private, commercial and investment banking, investment management, corporate finance, credit and derivative, trading and research products and services or the provision of finance, including (without limitation) in respect of securities of, or loans to the Qualitas Group entities, persons directly or indirectly involved with the Offer or interests associated with such persons. In the ordinary course of these activities, each of the Lead Manager Parties may at any time hold long or short positions and may trade or otherwise effect transactions, for its own account or the accounts of investors or any other party that may be involved in the Offer.

No advice or duty

No Joint Lead Manager nor their respective related bodies corporate, and/or their respective directors, officers, employees or clients act as the adviser of or owe any fiduciary or other duties to any recipient of this PDS in connection with the Units and/or any related transaction (including, without limitation, in respect of the preparation and due execution of the transaction documents and the power, capacity or authorisation of any other party to enter into and execute the transaction documents). No reliance may be placed on any Joint Lead Manager for financial, legal, taxation, accounting or

investment advice or recommendations of any sort.

Persons contemplating purchasing the Units should make their own decision as to the sufficiency and relevance for their purpose of the information contained in this PDS and any other offering documentation in respect of the Units, undertake their own independent investigation of the appropriateness of Units for them taking into account their financial and taxation circumstances, investment objectives and particular needs and take all appropriate advice from qualified professional persons as they deem necessary. Any investment decision should rely on that investigation and appraisal and not on this PDS.

Rounding

Some numerical figures in this PDS have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

ASX Quotation

The Responsible Entity has applied to the ASX for the grant of official quotation of the Units to be issued under the Offer. It is expected that normal trading on the ASX will commence in relation to Units issued under the Entitlement Offer on the Offer Allotment Date.

The Responsible Entity will have no responsibility and disclaims all liability (to the maximum extent permitted by law, including for negligence) to persons who trade Units to be issued under the Offer before they are quoted on the ASX or before they receive their confirmation of issue, whether on the basis of confirmation of the allocation provided by the Responsible Entity, the Unit Registry, the Joint Lead Managers or otherwise.

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 hello@automicgroup.com.au, or by live webchat available at www.automic.com.au.

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KEY DATES & GENERAL INFORMATION

KEY DATES

Announcement of the Offer and lodgement of PDS with ASIC	Thursday, 7 October 2021
Record Date for Entitlement Offer	7.00pm (AEDT) on Tuesday, 12 October 2021
Entitlement Offer opens	9:00pm (AEDT) on Wednesday, 13 October 2021
Dispatch of PDS (including Entitlement and Acceptance Forms)	Wednesday, 13 October 2021
Entitlement Offer Closing Date	5.00pm (AEDT) on Friday, 22 October 2021
New Units and Additional New Units applied for under the Entitlement Offer, Oversubscription Facility and Shortfall Offer quoted on ASX on a deferred settlement basis	Monday, 25 October 2021
Shortfall Offer bookbuild	Monday, 25 October 2021
Results of the Entitlement Offer and Shortfall Offer announced	Tuesday, 26 October 2021
Allotment of New Units and Additional New Units under the Entitlement Offer and Oversubscription Facility	Friday, 29 October 2021
Normal trading of New Units and Additional New Units under the Entitlement Offer and Oversubscription Facility	Monday, 1 November 2021
Dispatch of holding statements for the Entitlement Offer	Monday, 1 November 2021
Settlement of Shortfall Offer	Wednesday, 3 November 2021
Allotment and normal trading of New Units under the Shortfall Offer	Thursday, 4 November 2021
Dispatch of holding statements for the Shortfall Offer	Friday, 5 November 2021

The dates above after 7 October 2021 are indicative only and may be subject to change. The Responsible Entity reserves the right to amend any and all of the above dates (excluding the announcement date of the Offer) without notice subject to the Corporations Act and the Listing Rules (including to close the Offer early, to extend the Entitlement Offer Closing Date, to accept late Applications or to withdraw the Offer before the issue of New Units under the Offer). If the Offer is withdrawn before the issue of New Units, then all Application Monies 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.

KEY DATES & GENERAL INFORMATION **Continued**

OFFER INFORMATION

The Offer

Trust	Qualitas Real Estate Income Fund
ASX Code	QRI
Entitlement Offer ratio	1 New Unit for every existing 2 Unit held at the Record Date¹
Offer Price per New Unit	\$1.60 per New Unit
Maximum number of New Units that may be issued under the Entitlement Offer	Approximately 134 million New Units
Maximum gross proceeds from the Entitlement Offer	Approximately \$214 million

Any New Units and Additional New Units not applied for under the Entitlement Offer may be issued by the Directors at their absolute discretion within 3 months of the Entitlement Offer Closing Date. The Responsible Entity's allocation policy with respect to such New Units and Additional New Units will be to encourage new wholesale and retail investors into the Trust.

Before making a decision about participating in the Offer, you should seek advice from your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser to determine whether it meets your objectives, financial situation and needs. The Responsible Entity has prepared a target market determination (**TMD**) in relation to the Trust as required by law. The TMD is available at the Trust Website: www.qualitas.com.au/listed-investments/QRI and contains information concerning the likely objectives, financial situation and needs of retail clients for whom the Trust may be suitable.

If you have any questions on how to:

- (a) complete the Entitlement and Acceptance Form which is included in or accompanies this PDS; or
- (b) take up your Entitlement either in full or in part; or
- (c) take up your Entitlement in full and apply for Additional New Units,

please call Automic Pty Ltd (**Unit Registry**) on 1300 420 177 within Australia or +61 2 8022 8575 from outside Australia, or via email at hello@automicgroup.com.au between 9.00am and 5.00pm (AEDT) Monday to Friday during the Offer Period.

If you have lost your personalised Entitlement and Acceptance Form and would like a replacement form, please call the number above.

¹ Fractional entitlements will be rounded up to the next whole number.

LETTER TO INVESTORS

Dear Investor,

It is with great pleasure that we invite you to participate in an offer to acquire New Units in the Qualitas Real Estate Income Fund (ASX:QRI) (the **Trust**). 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 seeking to raise up to \$214 million via a 1 for 2 pro-rata non-renounceable entitlement offer (**Entitlement Offer**) of New Units to existing eligible unitholders and new investors (subject to a shortfall).

The Manager is a wholly owned member of the Qualitas Group, a real estate investment management firm with an operating track record of 13 years investing in commercial real estate debt and equity on behalf of its investors with funds under management of \$4.0 billion. The Qualitas Team assists the Manager in performing its obligations in relation to the Trust.

In accordance with the Trust's Investment Strategy, investors will gain exposure (via its investment in the Qualitas Wholesale Real Estate Income Fund) to the growing commercial real estate finance market predominantly in Australia, where alternative lenders are currently able to capture attractive opportunities to provide commercial real estate loans.

Our long-term strategy since inception of the Trust has been to increase its market presence and scale and this capital raising will facilitate the Trust achieving organic growth of its investment activities and capital base.

The rapidly growing commercial real estate (**CRE**) debt market continues to present compelling opportunities, contributing to our already strong CRE debt pipeline of approximately \$550 million which is well diversified across sector and loan type.

The expected benefits to unitholders of this capital raise are greater CRE loan portfolio diversification from the larger fund size and reduced operating costs of the Trusts on a cost per Unit basis. If there is a Shortfall under the Entitlement Offer, the Shortfall may be placed at the discretion of the Directors to new investors, which will expand the Trust's investor base and provide greater liquidity for Unitholders.

PERFORMANCE OF THE TRUST

As of 31 August 2021, the Trust met its investment objectives of Target Return (RBA Cash Rate + 5.0% to 6.5%), monthly income, portfolio diversification and capital preservation.²

We continue to deliver attractive risk-adjusted returns for a well-diversified loan portfolio that is predominantly senior first mortgage and have achieved strong performance with the Trust's 12-month net return and distribution return (paid monthly) of 6.14% p.a. and 6.05% p.a. respectively as of 31 August 2021 which was achieved in a low interest rate environment with the current RBA cash rate of 0.10%.³

The Trust's loan portfolio continues to perform well with no impairments recorded since the Trust's IPO, including during COVID-19, resulting in a stable historical NAV.

We remain focused on ensuring the best risk-adjusted returns are achieved with a continued emphasis on borrower quality within the Trust's portfolio.

² This is a target return only. There is no guarantee the Trust will meet its Investment Objective. The payment of monthly cash income is a goal of the Trust only and neither the Manager or the Responsible Entity provide any representation or warranty (whether express or implied) in relation to the payment of any monthly cash income.

³ Past performance is not a reliable indicator of future performance.

LETTER TO INVESTORS **Continued**

BACKGROUND TO THE TRUST

The benefits of investing in the Trust include:

- Reliable and stable cash income⁴;
- Attractive risk-adjusted return;
- Capital preservation characteristics;
- Stable net asset value;
- CRE debt asset class differentiation;
- Domestically focused investments; and
- Access to a specialised CRE debt manager.

Investors should refer to Section 1.1 and Section 4 for further details.

Investment in the Trust is also subject to a number of risks including:

- Risks relating to the performance of the Investment Strategy and Manager;
- Risks relating to the operation of the Trust;
- Risks relating to the Trust's investments and portfolio;
- Risks relating to the Units being listed and trading on the ASX; and
- General investment risks relevant to any investment in Units.

Investors should refer to Section 8 for further details in relation to the risks involved in an investment in Units.

The Investment Strategy and processes that the Manager applies to the Trust are the same as those employed by the Qualitas Group across existing Qualitas Funds. However, investors should be aware that the historical performance of the Trust since IPO, and of the other 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 and Units as set out in detail in Section 8 and summarised in Section 1.1 of this PDS.

THE OFFER

The Responsible Entity invites Eligible Unitholders to participate in the Entitlement Offer pursuant to which the Responsible Entity is seeking to raise up to approximately \$214 million (**Offer Proceeds**) at an Offer Price of \$1.60 per New Unit by issuing a maximum of approximately 134 million New Units.

The Entitlement Offer is a non-renounceable pro rata offer of New Units to existing Eligible Unitholders. Eligible Unitholders are invited to apply for 1 New Unit for every 2 existing Unit held as at the Record Date, being 7.00pm (AEDT) on Tuesday, 12 October 2021. Eligible Unitholders who apply for their Entitlement in full under the Entitlement Offer may also apply for Additional New Units in excess of their Entitlement under the Oversubscription Facility. Fractional entitlements will be rounded up to the next whole number.

Any New Units that are not applied for by Eligible Unitholders under the Entitlement Offer (including by way of the Oversubscription Facility) may be offered and issued to new investors at the absolute discretion of the Responsible Entity after the Entitlement Offer Closing Date (**Shortfall Offer**). You should refer to Section 2.10 of this PDS for further information, including the Responsible Entity's allocation policy, in relation to the Shortfall Offer.

For information in relation to the Trust's proposed use of the Offer Proceeds, you should read Section 2.4 and also Section 2.21 (which sets out the fees and other costs associated with the Entitlement Offer).

⁴ The payment of stable monthly cash income is a goal of the Trust only. The Responsible Entity reserves the right to amend the distribution policy of the Trust.

The Manager is committed to ensuring an alignment of interests between the Manager, the Trust and the Unitholders. In this regard, the Manager will look to support the Trust as it progressively invests the additional capital raised under the Offer and has agreed with the Responsible Entity to a waiver of its Management Fee. Under the terms of its agreement with the Responsible Entity, the Manager will waive the Management Fee with respect to the proportion of NAV of the Trust that reflects the capital raised under the Offer that is not invested in qualifying assets, but only for such time that it is not so invested.⁵ The Manager believes that sharing in the risks associated with the progressive deployment profile of the Trust's underlying asset class is an important commitment to demonstrate alignment and allow the Trust to grow to be of sufficient scale.

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

We thank you for your continued support for the Trust and look forward to welcoming any new Unitholders to the Trust.

Yours faithfully,



Andrew Schwartz

Group Managing Director and Co-Founder
Qualitas Group

⁵ Reduction in the Management Fee applies to uninvested capital represented by New Units issued under the Offer (including any Additional New Units), less the amount that has been committed and invested since the relevant date of Allotment of New Units (and any Additional New Units, if applicable). Reduction in the Management Fee to apply until such time that 95% of the capital raised under the Offer has been invested.

01.

SUMMARY OF THE OFFER



01. SUMMARY OF THE OFFER

1. 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 an Australian registered managed investment scheme under Chapter 5C of the Corporations Act and is 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 Perpetual Ltd, 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 is 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 575⁶ (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 assets 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 12
Who is the Manager?	<p>QRI Manager Pty Ltd is the Manager of the Trust and 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 is one of Australia's leading institutional alternative real estate investment management firms, specialising in investing across the entire capital structure of real estate debt and equity.</p> <p>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 \$4.0 billion⁷ in funds under management.</p>	Section 5 for the Manager and Section 6 for the Qualitas Group

⁶ QRI Fund Services Pty Ltd is a wholly owned member of the Qualitas Group.

⁷ As at 30 September 2021.

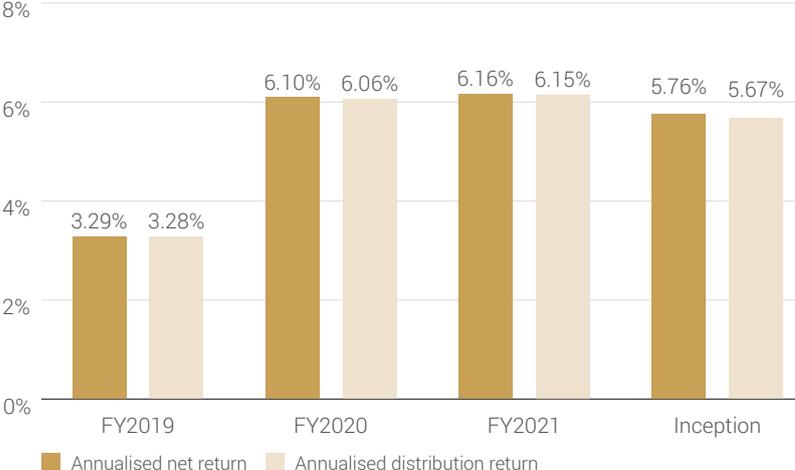
01. SUMMARY OF THE OFFER Continued

TOPIC	SUMMARY	FOR MORE INFORMATION
What is the Trust's Investment Objective?	<p>The Trust's current Investment Objective is to achieve a Target Return of the RBA cash rate⁸ plus a margin of 5.0% to 6.5% p.a. (net of fees and expenses),⁹ and provide monthly cash income, capital preservation and portfolio diversification. The Trust seeks to achieve these objectives through its exposure to a diversified portfolio of investments in Australian and New Zealand commercial real estate loans.</p> <p>As of the date of this PDS, all investment objectives have been met.</p>	Section 4.5
What is the Trust's Investment Strategy?	<p>The Manager seeks to invest the Trust's capital in a portfolio of investments that provide Unitholders with exposure to predominantly Australian commercial real estate loans. The Trust may also invest in New Zealand commercial real estate loans from time to time to provide further diversification.</p>	Section 4.6
What is the Qualitas Wholesale Real Estate Income Fund?	<p>The Trust gains exposure to a diversified portfolio of investments with direct and indirect exposure to predominantly Australian commercial 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 Trust's Target Return?	<p>The current Target Return of the Trust is the RBA cash rate¹⁰ plus a margin of 5.0% to 6.5% p.a. (net of fees and expenses).</p> <p>Based on the RBA cash rate as of the date of this PDS of 0.10%, the Target Return is 5.10% to 6.60% p.a.</p> <p>As of the date of this PDS, the Target Return has been met.</p> <p>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. There is no guarantee that the Trust will achieve its Investment Objective or realise the Target Return.</p> <p>The actual net return of the Trust is dependent on a number of factors such as the prevailing market conditions as outlined in Section 3.1, actual portfolio composition and the Investment Timeline outlined in Section 4.13.</p>	Sections 3.1, 4.5, 4.10, 4.12 and 4.13

⁸ RBA cash rate is subject to a floor of 0%.

⁹ This is a targeted return only. There is no guarantee that the Trust will achieve its Investment Objective.

¹⁰ RBA cash rate is subject to a floor of 0%.

TOPIC	SUMMARY	FOR MORE INFORMATION															
What is the historical performance of the Trust?	<p>As of 31 August 2021, the Trust’s net return was 6.04% p.a. (3 month) and 6.14% p.a. (12 month).¹¹</p> <p>As of 31 August 2021, the Trust’s distribution return was 5.76% p.a. (3 month) and 6.05% p.a. (12 month).¹²</p> <p>The graph below outlines the Trust annualised financial year net return since inception:</p> <p>Trust returns since inception</p>  <table border="1" data-bbox="432 741 1227 1211"> <thead> <tr> <th>Period</th> <th>Annualised net return</th> <th>Annualised distribution return</th> </tr> </thead> <tbody> <tr> <td>FY2019</td> <td>3.29%</td> <td>3.28%</td> </tr> <tr> <td>FY2020</td> <td>6.10%</td> <td>6.06%</td> </tr> <tr> <td>FY2021</td> <td>6.16%</td> <td>6.15%</td> </tr> <tr> <td>Inception</td> <td>5.76%</td> <td>5.67%</td> </tr> </tbody> </table>	Period	Annualised net return	Annualised distribution return	FY2019	3.29%	3.28%	FY2020	6.10%	6.06%	FY2021	6.16%	6.15%	Inception	5.76%	5.67%	Section 4.10
Period	Annualised net return	Annualised distribution return															
FY2019	3.29%	3.28%															
FY2020	6.10%	6.06%															
FY2021	6.16%	6.15%															
Inception	5.76%	5.67%															
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 is the Trust’s portfolio constructed?	<p>The Trust’s portfolio is constructed in accordance with the Investment Strategy and the Investment Principles and policies agreed with the Responsible Entity from time to time.</p> <p>The Manager adheres to the Trust’s target portfolio composition through its investment in the Sub-Trust as set out in Section 4.8. As at the date of this PDS, the target portfolio composition remains unchanged from that represented in the Trust’s last PDS dated 11 September 2019.</p>	Sections 4.6 and 4.8															

11 Net returns are calculated based on the daily weighted average NAV across the respective time periods.

12 Distribution returns are calculated based on the daily weighted average eligible distributed capital across the respective time periods.

01. SUMMARY OF THE OFFER Continued

TOPIC	SUMMARY	FOR MORE INFORMATION		
What is the current status of the Trust's target portfolio construction as of 31 August 2021?	Below is the composition of the portfolio:	Sections 4.8 and 4.10		
	Category		\$ millions	%
	Cash (QRI & Qualitas funds) uncommitted		29.8	7%
	Senior Debt Investment Loans		213.6	50%
	Senior Debt Construction Loans		15.1	4%
	Senior Debt Land Loans		127.5	30%
	Mezzanine Debt Construction Loans		30.6	7%
	Trust Loan Receivable		11.3	2%
	Total Trust Capital		\$427.9	100%
	The Trust's portfolio has been constructed in accordance with the target portfolio composition and as of 31 August 2021, has met all investment mandate constraints. The Trust's portfolio is constructed to achieve diversification by investment type, loan type, geography, property sector and borrower.			
Target portfolio composition		Actual as at 31 August 2021 ¹³		
RANKING				
<ul style="list-style-type: none"> Predominantly focused on senior (first mortgage) commercial real estate loans, investing directly or indirectly 	<p style="text-align: center;">Within target</p> <p>84% senior loans based on total capital¹⁵</p> <p>92% senior loans based on total QRI loans</p>			
<ul style="list-style-type: none"> Exposure to mezzanine loans¹⁴ within a target range of 20%-35% of Trust capital. 	<p style="text-align: center;">Underweight</p> <p>7% mezzanine loans based on total capital¹⁶</p> <p>8% mezzanine loans based on total QRI loans¹⁷</p>			

¹³ The portfolio statistics are determined on a look-through basis having regard to the loans in the underlying Qualitas Funds. The classifications of these diversification parameters are determined by the Manager.

¹⁴ Mezzanine exposure is direct mezzanine loans (second mortgages) and the AFWT notes. The Manager classifies the AFWT notes as mezzanine as it ranks behind senior noteholders.

¹⁵ % of total Trust capital invested in direct loans and Qualitas Funds (including uncommitted cash within those funds).

¹⁶ % of total Trust capital invested in direct loans and Qualitas Funds (including uncommitted cash within those funds).

¹⁷ % of the QRI loan portfolio, excluding cash and the Trust loan receivable.

TOPIC

SUMMARY

FOR MORE INFORMATION

What is the current status of the Trust's target portfolio construction?

continued

Target portfolio composition Actual as at 31 August 2021¹⁸

INVESTMENT TYPE

<ul style="list-style-type: none"> • ≤ 40% of the Trust's capital is to be directly invested in any single Qualitas Fund; and 	<p>Within target 10% of total capital invested in two Qualitas Funds: (1) Qualitas Senior Debt Fund; (2) Qualitas Mezzanine Debt Fund</p>
<ul style="list-style-type: none"> • ≤ 15% of the Trust's capital to be invested in Arch Finance Warehouse Trust notes. 	<p>No investments 0% of capital invested in AFWT notes</p>

GEOGRAPHY & LOCATION

<ul style="list-style-type: none"> • ≤ 30% of the Trust's investments located in non-capital cities; 	<p>Within target 6% in non-capital cities</p>
<ul style="list-style-type: none"> • Australian and New Zealand cities with resident population ≥ 100,000;¹⁹ and 	<p>Within target 100% in Australian cities with population > 100,000</p>
<ul style="list-style-type: none"> • ≤ 20% of the Trust's capital to be invested in loans (directly or indirectly) secured by property located in New Zealand. 	<p>No investments 0% of capital invested in New Zealand</p>

The Manager from time to time at its sole discretion sets other portfolio targets in addition to the above target portfolio composition which is disclosed in ASX updates. These Manager portfolio targets are reflective of current risk appetite based on market conditions and they are reviewed on an ongoing basis with reference to market conditions and opportunities. Amendments to these Manager targets are at the sole discretion of the Manager. As of the date of this PDS, the current Manager portfolio targets are:

Portfolio characteristic	Current Manager portfolio target	Actual as at 31 August 2021²⁰
	<ul style="list-style-type: none"> • Land Loans ≤ 40% 	Within target 30%
Loan Type	<ul style="list-style-type: none"> • Construction loans ≤ 25% 	Within target 11%
	<ul style="list-style-type: none"> • Investment loans ≥ 30% 	Within target 50%

Sections 4.8 and 4.10

18 The portfolio statistics are determined on a look-through basis having regard to the loans in the underlying Qualitas Funds. The classifications of these diversification parameters are determined by the Manager.

19 Excludes AFWT.

20 The portfolio statistics are determined on a look-through basis having regard to the loans in the underlying Qualitas Funds. The classifications of these diversification parameters are determined by the Manager.

01. SUMMARY OF THE OFFER Continued

TOPIC	SUMMARY	FOR MORE INFORMATION
What distributions has the Trust paid since the IPO?	<p>The Responsible Entity declared the Trust's first distribution on 21 December 2018 and commenced paying distributions to Unitholders monthly on and from 10 January 2019.</p> <p>Distributions declared by the Trust since IPO have totalled 25.0775 cents per Unit as at the date of this PDS, which includes the September 2021 distribution declared on 24 September 2021 of 0.7507 cents per Unit which will be paid to Unitholders (as at the record date for the distribution) on or around 15 October 2021. Past performance is not a reliable indicator of future performance.</p>	Section 4.12
Does the Trust have a distribution reinvestment plan?	<p>The Responsible Entity has an active Distribution Reinvestment Plan (DRP) which provides Unitholders with the option to re-invest distributions as additional Units in the Trust.</p>	Section 4.12
How are the Trust's investments structured?	<p>To achieve the Investment Strategy and target portfolio construction, the Trust invests in the Sub-Trust.</p> <p>The Sub-Trust invests in direct commercial real estate loans, units in Qualitas Funds and Arch Finance Warehouse Trust notes consistent with the Investment Objectives and Investment Strategy detailed in Sections 4.5 and 4.6 of this PDS, respectively.</p>	Sections 4.5, 4.6 and 4.7
What are the key highlights of the Trust?	<p>The Trust seeks to continue delivering the following benefits to investors who are seeking attractive sources of income and capital preservation:</p> <ul style="list-style-type: none"> • Reliable and stable cash income²¹ <ul style="list-style-type: none"> » Regular monthly cash distributions²² which the Manager expects will continue. • Attractive risk-adjusted return <ul style="list-style-type: none"> » Returns are expected to be at premiums above the current low cash rate²³. » The Trust's net return was 6.04% p.a. (3 month) and 6.14% p.a. (12 month) as of 31 August 2021²⁴. Note, past performance is not a reliable indicator of future performance. » The Trust's distribution return was 5.76% p.a. (3 month) and 6.05% p.a. (12 month) as at 31 August 2021.²⁵ Note, past performance is not a reliable indicator of future performance. • Capital preservation characteristics <ul style="list-style-type: none"> » All loans within the portfolio are secured by either a first or second real property mortgage as the primary source of security. 	Sections 4.11, 4.12 and 6

21 The payment of stable monthly cash income is a goal for the Trust only. The Responsible Entity reserves the right to amend the distribution policy of the Trust.

22 The payment of monthly cash income is a goal for the Trust only and neither the Manager nor the Responsible Entity provides any representation or warranty (whether express or implied) in relation to the payment of any monthly cash income.

23 Returns are not guaranteed. The premium achieved is commensurate to the investment risk undertaken.

24 Net returns are calculated based on the daily weighted average NAV across the respective time periods.

25 Distribution returns are calculated based on the daily weighted average eligible distributed capital across the respective time periods.

TOPIC	SUMMARY	FOR MORE INFORMATION
What are the key highlights of the Trust? continued	<ul style="list-style-type: none"> • Stable net asset value <ul style="list-style-type: none"> » Historically NAV at or above \$1.60 with no impairments since the IPO, supported by a robust loan valuation process. • CRE debt asset class differentiation <ul style="list-style-type: none"> » The Trust invests only in commercial real estate loans which provide asset class diversification to investor portfolios. » Unitholders obtain exposure to commercial real estate finance market which has been historically inaccessible by retail investors. » The portfolio is diversified by investment type, loan type, property sector and geography. • Domestically focused investments <ul style="list-style-type: none"> » 100% of the CRE loan portfolio is currently invested in Australia. » Ability to invest in New Zealand CRE loans up to 20% of the portfolio to provide additional diversification. • Access to a specialised CRE debt manager <ul style="list-style-type: none"> » The Qualitas Group has a 13-year track record of strong returns and successful management of Invested Capital on behalf of institutional and wholesale investors, both internationally and domestically; and » 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. 	Sections 4.11, 4.12 and 6
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. A summary of those risks is outlined below:²⁶</p> <ul style="list-style-type: none"> • Risks relating to the Investment Strategy and Manager <ul style="list-style-type: none"> » There is no guarantee the Trust will be successful in meeting the Investment Objective; » The Responsible Entity has limited rights to terminate the Investment Management Agreement including for underperformance; » There is a risk relating to key staff, including the departure of key personnel; and » There are risks in relation to the Trust Loan Receivable. 	Section 8

²⁶ 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
<p>What are the key risks associated with an investment in the Trust? continued</p>	<ul style="list-style-type: none"> • Risks relating to the Trust <ul style="list-style-type: none"> » There is risk that distributions may not be paid; » There is no guarantee the Manager will find appropriate investments or be able to fully deploy the Trust's capital; » There are risks in relation to currency and interest rate hedging; » The Trust's service providers may fail to comply with their contractual obligations; » There are risks relating to conflicts of interest that the Manager or Responsible Entity may encounter; and » There may be risks associated with regulatory approvals. • Risks relating to the portfolio <ul style="list-style-type: none"> » The risk of underperforming investments; » The risk that borrowers with respect to the underlying secured real estate loans may be unable to meet obligations; » This risk that the due diligence processes undertaken by the Qualitas Group may not reveal relevant facts or risks; » There is a risk that the security provided by borrowers may be insufficient; » There are risks relating to construction and development loans; » There may be systemic risks; » There is a risk relating to movements in interest rates; » There may be risks resulting from early repayment of secured real estate loans; » There are risks relating to commercial real estate being a relatively illiquid asset; » There are risks relating to real estate valuations; » There may be force majeure risk; » There may be political and regulatory risks; and » There is a risk relating to movements in interest rates. • Risks relating to the Units being quoted on the ASX <ul style="list-style-type: none"> » There is a risk that units may trade at a discount to NAV per Unit; » There is the risk that Unit prices may be volatile; and » There is a risk relating to liquidity of Units. • General investment risks including economic, taxation, litigation, and cyber security risks are also relevant to any investment in Units. 	<p>Section 8</p>
<p>Has the Trust incurred any debt since the IPO?</p>	<p>The Trust has not to date (since IPO) incurred any debt.</p> <p>In accordance with the Trust's borrowing policy, the Trust may use debt for general working capital and capital management purposes. The Trust's gearing policy limits debt borrowings to up to 10% of the Trust's NAV.</p>	<p>Section 4.17</p>

TOPIC	SUMMARY	FOR MORE INFORMATION
What are the fees and costs payable by the Trust?	<p>The fees payable by the Trust may include:</p> <ul style="list-style-type: none"> • A Responsible Entity Fee of between 0.03% to 0.04% p.a. (inclusive of GST, less RITC²⁷) of the Trust's NAV, 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 monthly Net Income of the Trust that is above 8.0% p.a. of Average Adjusted NAV over the Performance Calculation Period (Section 7). The Performance Fee is currently calculated and accrued monthly on and from 1 July 2019 and, if payable, is paid annually in arrears to the Manager. The Performance Calculation Period will reset on 1 July 2022; • Recoverable expenses of between 0.23% to 0.27% p.a. (inclusive of GST, less RITC) of the Trust's NAV, payable monthly out of the Trust to the Manager; and • Indirect costs of 0.04% (inclusive of GST, less RITC) of the Trust's NAV, payable by the Sub-Trust and Qualitas Funds. <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> <p>The Manager is committed to ensuring an alignment of interests between the Manager, the Trust and the Unitholders. In this regard, the Manager will look to support the Trust as it progressively invests the additional capital raised under the Offer and has agreed with the Responsible Entity to a waiver of its Management Fee. Under the terms of its agreement with the Responsible Entity, the Manager will waive the Management Fee with respect to the proportion of NAV of the Trust that reflects the capital raised under the Offer that is not invested in qualifying assets, but only for such time that it is not so invested.²⁸</p>	Sections 7.2 and 7.3
Examples of fees payable to the Manager	Worked examples of the Management Fee payable following completion of the Offer are set out in Section 7.3.	Section 7.3

27 RITC means Reduced Input Tax Credit.

28 Reduction in the Management Fee applies to uninvested capital represented by New Units issued under the Offer (including any Additional New Units), less the amount that has been committed and invested since the relevant date of Allotment of New Units (and any Additional New Units, if applicable). Reduction in the Management Fee to apply until such time that 95% of the capital raised under the Offer has been invested.

01. SUMMARY OF THE OFFER Continued

TOPIC	SUMMARY	FOR MORE INFORMATION
What are the key 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 of the Trust’s IPO, being 27 November 2018. After the initial term, the Investment Management Agreement will be automatically extended until terminated.</p> <p>The Manager is 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 opportunity. Subject to its duties at law, the Responsible Entity may not acquire or dispose of assets unless it has received a recommendation from the Manager, confirming that the Manager has followed all appropriate processes and controls in assessing the acquisition or disposal of an investment; • Managing the execution of the Trust’s 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 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>	Sections 5, 7 and 12.1
What is the Trust Loan Receivable?	<p>The Trust initially provided a working capital loan to the Manager to pay the costs and expenses incurred in relation to the IPO, which was varied and extended for the purposes of paying the costs and expenses of subsequent capital raisings (Trust Loan Receivable). The Trust Loan Receivable is limited to an amount of 3.5% of the NAV of the Trust at any time. The outstanding balance on the Trust Loan Receivable was \$11.27 million (2.6% of the Trust’s NAV) as at 30 September 2021.</p> <p>The Manager is required to pay principal and interest on the Trust Loan Receivable each month, over a 10 year term from the date of the most recent drawdown.</p> <p>Qualitas Property Partners Pty Ltd ACN 137 928 155 (QPP), a member of the Qualitas Group, has guaranteed the Trust Loan Receivable.</p> <p>Details are contained in the Trust Loan Receivable agreement between the Responsible Entity and the Manager.</p>	Sections 4.21 and 12.3
Who is the Custodian of the Trust?	<p>Perpetual Corporate Trust Limited ACN 000 341 533, a wholly owned member of the Perpetual Group, is the Custodian of the assets of the Trust.</p>	Section 4.22

TOPIC	SUMMARY	FOR MORE INFORMATION
What is the financial position of the Trust?	<p>The financial accounts for the Trust for the financial year ended 30 June 2021 were audited by KPMG and were released to the ASX on 31 August 2021.</p> <p>Unaudited pro forma financial information (Financial Information) of the Trust's current financial position and expected financial position on completion of the Offer are set out in Section 9.</p>	Section 9
Will any related party have a significant interest in the Trust or Offer?	<p>QPP invested initially at the time of the IPO and currently holds 6,250,000 Units in the Trust (valued at \$10.0 million at the IPO).²⁹</p> <p>Employees of the Manager will be given an opportunity to participate in the Shortfall Offer.</p>	Sections 2.10 and 13.10
Information on the Constitution	<p>The Constitution is the document which governs the relationship between the Responsible Entity and Unitholders.</p>	Section 12.4
What are the Trust's Material Contracts?	<p>The Trust's material contracts (together, Material Contracts) are the:</p> <ul style="list-style-type: none"> • Investment Management Agreement; • Offer Management Agreement; • Trust Loan Receivable agreement; and • Trust Constitution. 	Section 12
What is the Trust's valuation policy?	<p>The Trust's NAV is calculated and released to the ASX weekly and at each month end. The value of the Trust's investments are 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 4.24

²⁹ Calculated based on NAV of \$1.60.

01. SUMMARY OF THE OFFER Continued

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 PDS relates to an offer to subscribe for New Units in the Trust comprising:</p> <ul style="list-style-type: none"> • Entitlement Offer: a 'traditional' or 'standard' pro rata non-renounceable entitlement offer under which Eligible Unitholders are invited to apply for 1 New Unit for every 2 existing Unit held on the Record Date at \$1.60 per New Unit (the Offer Price). Fractional entitlements will be rounded up to the next whole number; • Oversubscription Facility: an oversubscription facility, which provides Eligible Unitholders who take up their Entitlement in full the opportunity to apply for Additional New Units in excess of their Entitlements at the Offer Price; and • Shortfall Offer: any New Units, including Additional New Units, that are not taken up by Eligible Unitholders under the Entitlement Offer (including by way of the Oversubscription Facility) may be offered to new retail and wholesale investors at a price not less than the Offer Price. <p>All New Units (and Additional New Units, if applicable) issued under the Offer will rank equally with existing Units on issue including any entitlement to distributions paid after the relevant date of Allotment for those Units.</p> <p>The Record Date for the Entitlement Offer is 7.00pm (AEDT) on Tuesday, 12 October 2021.</p> <p>The date of Allotment of Units under the Entitlement Offer, including the Oversubscription Facility is proposed to be Friday, 29 October 2021.</p> <p>The date of Allotment of Units under the Shortfall Offer is proposed to be Thursday, 4 November 2021.</p> <p>Any New Units and Additional New Units not applied for under the Entitlement Offer (the Shortfall) may be issued by the Responsible Entity at its absolute discretion within 3 months of the Entitlement Offer Closing Date.</p> <p>These dates are subject to change without prior notice.</p>	Section 2.1
What is my Entitlement?	<p>Your Entitlement is the offer personal to you under the Entitlement Offer to apply for 1 New Unit at the Offer Price for every 2 Unit you hold as at the Record Date. Your Entitlement will be noted on your personalised Entitlement and Acceptance Form that accompanies this PDS.</p> <p>If you apply for your Entitlement in full, you may also apply for Additional New Units in excess of your Entitlement under the Oversubscription Facility.</p>	Section 2.2

TOPIC	SUMMARY	FOR MORE INFORMATION
What can I do with my Entitlement?	<p>As an Eligible Unitholder, your options in respect of your Entitlement are to do any one of the following:</p> <ul style="list-style-type: none"> • Take up all or part of your Entitlement; • Take up all of your Entitlement and also apply for Additional New Units in excess of your Entitlement under the Oversubscription Facility; or • Do nothing in which case your Entitlement will lapse and you will not be issued New Units, nor will you receive any value for your Entitlement. <p>You should note that if you do not take up all or part of your Entitlement, then your percentage voting interest in the Trust may be diluted as a result of your non-participation in the Entitlement Offer.</p>	Section 2.2
Can I apply for New Units in excess of my Entitlement?	<p>If you are an Eligible Unitholder and you take up your Entitlement in full, you may apply for Additional New Units in excess of your Entitlement under the Oversubscription Facility.</p> <p>Additional New Units (if any) will have the same terms as New Units and existing Units.</p> <p>Additional New Units will only be allocated to Eligible Unitholders if available under the Oversubscription Facility. Applications for Additional New Units may be subject to a pro rata scaleback at the discretion of the Responsible Entity (in consultation with the Manager and the Joint Lead Managers (each acting reasonably)), subject to the Responsible Entity's obligations under the <i>Corporations Act 2001</i> (Cth) to treat Unitholders equally.</p> <p>Any Excess Amount paid by you, as an Eligible Unitholder, on an Application may be treated by the Responsible Entity as an application by you to apply for as many Additional New Units as your Excess Amount will pay for in full.</p> <p>No Additional New Units will be issued to an Eligible Unitholder which will result in them increasing their voting power in the Trust above 20%.</p> <p>All Units issued under the Oversubscription Facility will be issued on the date that Units taken up under the Entitlement Offer are issued, being the Entitlement Offer Allotment Date.</p>	Section 2.6
Can I trade my Entitlement?	<p>Your Entitlement to participate in the Entitlement Offer is non-renounceable and cannot be traded on the ASX or any other financial market, nor can it be privately transferred.</p> <p>If you do not take up your Entitlement in full you will not receive any payment or value for that part of your Entitlement that you do not take up. Your Entitlement for New Units may be taken up by other Eligible Unitholders under the Oversubscription Facility or may become part of the Shortfall Offer.</p>	Section 2.7
What is the Shortfall Offer?	<p>Any New Units or Additional New Units not taken up by Eligible Unitholders under the Entitlement Offer (including by way of the Oversubscription Facility) (Shortfall) will be offered to certain new investors under the Shortfall Offer.</p>	Section 2.10

01. SUMMARY OF THE OFFER Continued

TOPIC	SUMMARY	FOR MORE INFORMATION
How much will I pay per New Unit or Additional New Unit?	\$1.60 per New Unit (or Additional New Unit, if applicable) (Offer Price). The Responsible Entity, on behalf of the Trust, will retain any interest earned on Application Monies.	Section 2.1
What will the impact of the Offer be on the Trust?	The Offer is not expected to have any material effect on the control of the Trust.	Section 2.20
When will I receive Distributions on New Units?	New Units will be eligible for all distributions declared and payable by the Trust following the relevant date of Allotment of New Units and Additional New Units (if applicable). The first distribution which will be paid on New Units and Additional New Units is expected to be declared in late November 2021 and paid on or around 15 December 2021.	Section 2.1
Is brokerage, commission or stamp duty payable?	No brokerage, commission or stamp duty will be payable on the issue or taking up of Entitlements, or the issue of New Units (or Additional New Units, if applicable) under the Offer.	Section 7.3.8
What are the terms of the New Units and Additional New Units (if any)?	New Units and Additional New Units (if any) will rank equally with existing Units on issue, including in respect of entitlement to distributions paid after the date of Allotment of the New Units and Additional New Units.	Section 2.1
Who is the Arranger to the Offer?	E&P Corporate Advisory Pty Ltd.	Section 12.2
Who are the Joint Lead Managers to the Offer?	E&P Corporate Advisory Pty Ltd, National Australia Bank Limited, Canaccord Genuity Financial Limited, Taylor Collison Limited and Crestone Wealth Management Limited.	Section 12.2
Who is the Co-Manager to the Offer?	Bell Potter Securities Limited.	Section 12.2
What is the purpose and intended use of proceeds raised under the Offer?	The Trust is seeking to raise new capital to undertake additional investments in accordance with the Trust's Investment Strategy. The Offer is not expected to impact the Trust's ability to pay monthly distributions to Unitholders, however the level of distributions paid will depend on several factors, including the timing and ability to deploy the additional capital. ³⁰	Section 2

³⁰ There is no guarantee that the Trust will achieve its Investment Objective. The payment of stable monthly cash income is a goal of the Trust only.

TOPIC	SUMMARY	FOR MORE INFORMATION																
How will the capital raised by the Offer be invested?	<p>As of 31 August 2021, the Trust's capital was 93% deployed and the remaining available capital has been fully allocated³¹ to investments that will settle in October 2021, subject to outstanding due diligence and conditions being satisfied.</p> <p>From the date of the final issue of Units in the Trust, the Manager will seek to invest capital raised as part of the Offer progressively within three to six months (Investment Timeline).</p> <p>The actual pace of deployment and the Investment Timeline of undeployed Trust capital will be determined by prevailing market conditions as well as available and suitable loan opportunities consistent with the Manager's current risk/return appetite for the Trust.</p> <p>The Manager is committed to ensuring an alignment of interests between the Manager, the Trust and the Unitholders and will look to support the Trust as it progressively invests the additional capital raised under the Offer. The Manager has agreed with the Responsible Entity to a waiver of its Management Fee with respect to the proportion of NAV of the Trust that reflects the capital raised under the Offer that is not invested in qualifying assets, but only for such time that it is not so invested as per detailed in Section 7.3.3.</p>	Sections 4.13 and 7.3.3																
Is the Offer underwritten?	Neither the Entitlement Offer nor the Shortfall Offer is underwritten.	Section 2.11																
What will the capital structure of the Trust be following completion of the Offer?	<p>On completion of the Offer, the Trust's anticipated capital structure will be approximately as set out below and depending on the overall level of subscription under the Offer:³²</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">HISTORICAL</th> <th colspan="2" style="text-align: center;">PRO-FORMA HISTORICAL</th> </tr> <tr> <th></th> <th style="text-align: center;">As at 30 June 2021</th> <th style="text-align: center;">Minimum Subscription (\$100 million)*</th> <th style="text-align: center;">Maximum Subscription (\$214 million)</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Units (000's)</td> <td style="text-align: center;">259,370</td> <td style="text-align: center;">321,870</td> <td style="text-align: center;">393,101</td> </tr> <tr> <td style="text-align: left;">NAV per Unit (\$)</td> <td style="text-align: center;">1.6001</td> <td style="text-align: center;">1.6001</td> <td style="text-align: center;">1.6001</td> </tr> </tbody> </table> <p>* The subscription levels included in this table have been inserted purely for illustrative purposes only and are not intended to represent any expectation or belief of the Directors as to the likely subscription levels under the Entitlement Offer (including under the Oversubscription Facility) or the Responsible Entity's ability to fully allocate the Shortfall (if any) under the Shortfall Offer.</p>		HISTORICAL	PRO-FORMA HISTORICAL			As at 30 June 2021	Minimum Subscription (\$100 million)*	Maximum Subscription (\$214 million)	Units (000's)	259,370	321,870	393,101	NAV per Unit (\$)	1.6001	1.6001	1.6001	Section 9
	HISTORICAL	PRO-FORMA HISTORICAL																
	As at 30 June 2021	Minimum Subscription (\$100 million)*	Maximum Subscription (\$214 million)															
Units (000's)	259,370	321,870	393,101															
NAV per Unit (\$)	1.6001	1.6001	1.6001															
How can investors apply?	Instructions on how to apply for New Units (and Additional New Units) are set out in Section 2.	Section 2																

31 Allocated to investments is where the Trust has allocated capital to an investment which is yet to be invested. The Trust's capital is fully allocated to investments when accounting for a ~3% cash buffer which is currently held for liquidity purposes.

32 Pro-forma units based on accounts as at 30 June 2021 and following this date. 140,349 additional Units were issued under the DRP from 1 July 2021 to 30 September 2021, and 7,951,219 additional Units were issued under the Unit Purchase Plan on 6 July 2021 as of the date of this PDS.

01. SUMMARY OF THE OFFER Continued

TOPIC	SUMMARY	FOR MORE INFORMATION
Who can participate in the Entitlement Offer?	<p>Only Eligible Unitholders will be eligible to participate in the Entitlement Offer.</p> <p>To qualify as an Eligible Unitholder in the Entitlement Offer, a Unitholder must:</p> <ul style="list-style-type: none"> • Be registered as a holder of Units as at the Record Date; • Have a registered address on the Trust’s Unit register in Australia or New Zealand; • Not be in the United States and not be acting for the account or benefit of a person in the United States (to the extent such a person holds Units in the Trust for the account or benefit of such persons in the United States); and <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
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 associated with the Offer include a fixed institutional adviser fee payable to the Lead Arranger equal to \$500,000 (exclusive of GST) and management fees totalling 1.25% (exclusive of GST) of the Wholesale Offer Proceeds payable to the Joint Lead Managers who (on the terms and subject to the conditions summarised out in section 12.2.1).</p> <p>In addition, the Manager has agreed to pay each Joint Lead Manager a selling fee of 1.25% (excluding GST) of the total proceeds of the Offer raised by the relevant Joint Lead Manager and its associated brokers from participating wholesale and sophisticated clients and retail clients. See section 12.2.1 for details.</p> <p>Retail clients who participate in the Offer will be rebated the Selling Fee paid in respect of their allocation by their Broker. To find out more about this rebate, including whether you are eligible contact your Broker.</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 and taxation costs.</p>	Sections 2.21, 7 and 12.2
Will I be entitled to a rebate of the Selling Fee?	<p>Retail clients who participate in the Entitlement Offer or the Shortfall Offer will be rebated the Selling Fee on all New Units issued to them by their relevant Broker.</p> <p>To find out more about this rebate, including whether you are eligible contact your Broker.</p>	Section 12.2
Is there a cooling off period?	<p>No, a cooling off period does not apply to the acquisition of Units under the Offer.</p>	Section 2.14
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 +61 2 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 New Units (or Additional New Units, if applicable). The performance of the Trust is not guaranteed by the Responsible Entity, the Manager or any of their respective advisors.

2.1 THE OFFER

This PDS includes an invitation to Eligible Unitholders to participate in the Entitlement Offer (including by way of the Oversubscription Facility) to subscribe for up to \$214 million worth of New Units (and Additional New Units, if applicable) in the Trust at an Offer Price of \$1.60 per Unit.

The Offer comprises:

- **Entitlement Offer:** a standard or 'traditional' pro rata non-renounceable entitlement offer under which Eligible Unitholders are invited to apply for 1 New Unit for every 2 existing Unit held on the Record Date at \$1.60 per New Unit (the Offer Price). Fractional entitlements will be rounded up to the next whole number;
- **Oversubscription Facility:** an oversubscription facility, which provides Eligible Unitholders who take up their Entitlement in full the opportunity to apply for Additional New Units in excess of their Entitlements at the Offer Price; and
- **Shortfall Offer:** any New Units and Additional New Units that are not taken up by Eligible Unitholders under the Entitlement Offer (including by way of the Oversubscription Facility) may be offered to new retail or wholesale investors under this PDS.

All New Units (and Additional New Units, if any) issued under the Entitlement Offer (including by way of the Oversubscription Facility) will rank equally with existing Units on issue, including any entitlement to distributions paid after the respective dates of Allotment of the New Units and Additional New Units.

The first distribution which will be paid on New Units and Additional New Units (if applicable) is expected to be declared in late November 2021 and paid on or around 15 December 2021.

The Record Date for the Entitlement Offer is 7.00pm (AEDT) on Tuesday, 12 October 2021.

The date of Allotment under the Entitlement Offer and Shortfall Offer is proposed to be Friday, 29 October 2021 and Thursday, 4 November 2021 respectively. Investors should note that any New Units and Additional New Units not applied for under the Entitlement Offer may be issued by the Directors at their absolute discretion within 3 months of the Entitlement Offer Closing Date. Such New Units will be entitled to distributions that are declared after the date in which those respective New Units are issued. See section 2.10 for details of the Responsible Entity's allocation policy in relation to the Shortfall Offer.

Note, subject to the ASX Listing Rules, all dates after the record date may be changed without prior notice.

2.2 THE ENTITLEMENT OFFER

The Responsible Entity is conducting a 1 for 2 standard or 'traditional' pro rata non-renounceable entitlement offer to Eligible Unitholders as at the Record Date to raise up to approximately \$214 million.

Eligible Unitholders will be emailed or mailed a PDS in accordance with existing communication preferences on Wednesday, 13 October 2021 accompanied by a personalised Entitlement and Acceptance Form that sets out the number of New Units for which you are entitled to apply under the Entitlement Offer.

Eligible Unitholders who apply for their Entitlement in full may also apply for Additional New Units in excess of their Entitlement under the Oversubscription Facility. Additional New Units will only be allocated to Eligible Unitholders if available under the Oversubscription Facility. Additional New Units applied for in excess of an Entitlement will, if allotted, be allotted on the Entitlement Offer Allotment Date, which is currently proposed for Friday, 29 October 2021. The Entitlement Offer Opening Date is Wednesday, 13 October 2021. Eligible Unitholders can apply for New Units under the Entitlement Offer by submitting their personalised Entitlement and Acceptance Form after the Entitlement Offer Opening Date and payment of the Application Monies for the New Units they apply for so that both are received on or before **5.00pm (AEDT) on the Entitlement Offer Closing Date, being Friday, 22 October 2021**. If paying by BPAY®, Unitholders should ensure that payment is received by 5.00pm (AEDT) on the Entitlement Offer Closing Date. If you pay by BPAY®, you do not need to post your Entitlement and Acceptance Form.

Eligible Unitholders who submit a valid Entitlement and Acceptance Form and Application Monies for New Units under the Entitlement Offer and Additional New Shares under the Oversubscription Facility (if any) will be allotted those New Units and Additional New Units (if applicable) on the Entitlement Offer Allotment Date, which is planned for Friday, 29 October 2021.

The Entitlements of Eligible Unitholders who do not take up some or all of their Entitlements (and, in the case of Ineligible Unitholders, the entitlements which would otherwise have been available to them) will be made available under the Oversubscription Facility for Eligible Unitholders who decide to take up all of their Entitlement and to apply for Additional New Units.

In order for Eligible Unitholders to ensure that they receive their Entitlement (or the lesser number of New Units applied for), completed Entitlement and Acceptance Forms must be accompanied by payment of the Offer Price for each New Unit and Additional New Unit (if applicable) for which the Eligible Unitholder has applied.

Applications for Additional New Units may be subject to a pro rata scaleback at the discretion of the Responsible Entity (in consultation with the Manager and the Joint Lead Managers), subject to the Responsible Entity's obligations under the Corporations Act to treat Unitholders equally. Additional New Units applied for in excess of an Entitlement will, if allotted, be allotted on the Entitlement Offer Allotment Date.

2.3 WHO IS AN ELIGIBLE UNITHOLDER FOR THE PURPOSES OF THE ENTITLEMENT OFFER?

Only Eligible Unitholders will be eligible to participate in the Entitlement Offer and the Oversubscription Facility.

To qualify as an Eligible Unitholder in the Entitlement Offer, a Unitholder must:

- be registered as a holder of Units as at the Record Date;
- have a registered address on the Trust's Unit register in Australia or New Zealand; and
- not be in the United States and must not be acting for the account or benefit of a person in the United States (to the extent such a person holds Units in the Trust for the account or benefit of such persons in the United States).

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.

Unitholders who do not satisfy all of the above criteria are **Ineligible Unitholders**. The Responsible Entity has determined that it is unreasonable to make offers under the Entitlement Offer to holders of Units who are in the United States or who have a registered address outside of Australia or New Zealand having regard to the number of Unitholders in those places, the number and value of the New Units that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those places.

The Responsible Entity reserves the right to determine, in its absolute discretion, whether a Unitholder is an:

- Eligible Unitholder and is therefore able to participate in the Entitlement Offer; or
- Ineligible Unitholder and is therefore unable to participate in the Entitlement Offer.

The Responsible Entity may, in its absolute discretion, extend the Entitlement Offer to any Unitholder in other foreign jurisdictions (subject to compliance with applicable laws). The Responsible Entity, to the maximum extent permitted by law, disclaims all liability in respect of any determination by it as to whether a Unitholder is an Eligible Unitholder or an Ineligible Unitholder.

2.4 WHAT IS THE INTENDED USE OF FUNDS RAISED UNDER THE OFFER?

The Trust is seeking to raise new capital to undertake additional investments consistent with the Investment Strategy. The Offer is not expected to impact the Trust's ability to pay monthly distributions to Unitholders, however the level of distributions paid will depend on several factors, including the timing and ability to deploy the additional capital raised under the Offer.³³ The Manager believes funds raised under the Offer and deployed in accordance with the Investment Objective will achieve the following:

- (a) Additional scale to invest in new loans directly and indirectly, increasing diversification of the portfolio;
- (b) If there is a Shortfall under the Entitlement Offer, expand the Trust's investor base through the Shortfall Offer, providing greater liquidity for Unitholders; and
- (c) Reduce the operating costs of the Trust on a cost per Unit basis.

Refer to Section 4.13 for further details on how the Manager seeks to invest the capital raised as part of the Offer.

³³ There is no guarantee that the Trust will achieve its Investment Objective. The payment of stable monthly cash income is a goal of the Trust only.

02. DETAILS OF THE OFFER **Continued**

2.5 WHAT ARE THE ENTITLEMENTS OF ELIGIBLE UNITHOLDERS TO NEW UNITS?

The number of New Units to which an Eligible Unitholder is entitled to subscribe for under the Entitlement Offer will be shown on their Entitlement and Acceptance Form that is included in or accompanies this PDS and which has been calculated as 1 New Unit for every 2 existing Unit held by the Eligible Unitholder as at the Record Date. Unitholders with more than one (1) registered holding of Units will be sent more than one personalised Entitlement and Acceptance Form and will have separate Entitlements for each separate Unit holding.

Eligible Unitholders who have subscribed for their Entitlement in full may also apply for Additional New Units in excess of their Entitlement at the Offer Price under the Oversubscription Facility.

If you decide to take up all or part of your Entitlement, and to apply for Additional New Units under the Oversubscription Facility (if applicable to you), please refer to the accompanying personalised Entitlement and Acceptance Form and apply for New Units (and Additional New Units, if applicable to you) pursuant to the instructions set out on the personalised Entitlement and Acceptance Form.

If you take no action or your Application is not supported by cleared funds, your Entitlement will lapse and you will not be issued with New Units. Your Entitlement will then become available to other Eligible Unitholders as Additional New Units under the Oversubscription Facility. If those Additional New Units are not applied for by Eligible Unitholders, they will form part of the Shortfall under the Shortfall Offer.

Eligible Unitholders should note that if you do not take up all or part of your Entitlement, then your percentage unitholding in the Trust will be diluted as a result of your non-participation in the Entitlement Offer. If you do not take up your Entitlement under the Entitlement Offer, whether in full or part, you will not receive any payment or value for any part of your Entitlement that you do not take up.

See Section 2.8 for further details in relation to applying for Additional New Units.

2.6 WHAT ARE THE ADDITIONAL NEW UNITS AND WHO MAY APPLY FOR THEM?

Eligible Unitholders who have subscribed for their Entitlement in full under the Entitlement Offer have the option to apply for Additional New Units in excess of their Entitlement under the Oversubscription Facility. The allocation of any Additional New Units will be limited to the extent there are sufficient New Units available from Eligible Unitholders who do not take up their full Entitlement.

Applications for Additional New Units may be subject to a pro rata scaleback at the discretion of the Responsible Entity (in consultation with the Manager and the Joint Lead Managers), subject to the Responsible Entity's obligations under the Corporations Act to treat Unitholders equally.

Any Excess Amount paid by you with your Application may be treated by the Responsible Entity as an application to apply for as many Additional New Units as the Excess Amount will pay for in full.

No Additional New Units will be issued to any Eligible Unitholder under the Oversubscription Facility which will result in them increasing their voting power in the Trust above 20% or otherwise cause a breach of section 606 of the Corporations Act.

2.7 WHAT OPTIONS ARE AVAILABLE TO ME IN RESPECT OF ENTITLEMENTS?

If you are an Eligible Unitholder, you may do any one of the following:

- take up all or part of your Entitlement (**see Section 2.8(a) below**); or
- take up all of your Entitlement and also apply for Additional New Units in excess of your Entitlement under the Oversubscription Facility (**see Section 2.8(b) below**); or
- do nothing, in which case your Entitlement will lapse and you will receive no value for those lapsed Entitlements (**see Section 2.8(b) below**).

Entitlements cannot be traded on the ASX or any other financial market, or privately transferred.

The Entitlements of Eligible Unitholders who do not take up some or all of their Entitlements (and, in the case of Ineligible Unitholders, the entitlements which would otherwise have been available to them), and that are not taken up as Additional New Units under the Oversubscription Facility will be offered to certain institutional investors pursuant to the Shortfall Offer (see Section 2.10 for further information).

2.8 HOW DO ELIGIBLE UNITHOLDERS APPLY UNDER THE OFFER?

(a) If you decide to take up all or part of your Entitlement or take up all of your Entitlement and apply for Additional New Units

If you are a Unitholder and decide to take up all or part of your Entitlement, or take up all of your Entitlement and also apply for Additional New Units in excess of your Entitlement, please:

- pay your Application Monies via BPAY®; or
- complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies, by following the instructions set out on your personalised Entitlement and Acceptance Form.

The Responsible Entity will treat you as having applied for as many New Units as your Application Monies will pay for in full up to your full Entitlement. Amounts received by the Responsible Entity in excess of your full Entitlement (**Excess Amount**) may be treated by the Responsible Entity as an application for as many Additional New Units as your Excess Amount will pay for in full, subject to any pro rata scaleback which may be implemented by the Responsible Entity (in consultation with the Manager and the Joint Lead Managers) in respect of Additional New Units, subject to the Responsible Entity's obligations under the Corporations Act to treat Unitholders equally.

If you take up and pay for all or part of your Entitlement before the close of the Entitlement Offer, you will be issued your New Units on the Entitlement Offer Allotment Date, currently proposed as Friday, 29 October 2021.

If you apply for Additional New Units in excess of your Entitlement, subject to:

- Additional New Units being available from Eligible Unitholders who do not take up their full Entitlement (or, in the case of Ineligible Unitholders, the entitlements which would otherwise have been available to them); and
- any pro rata scaleback of your allocation of Additional New Units as determined by the Responsible Entity (in consultation with the Manager and the Joint Lead Managers), subject to the Responsible Entity's obligations under the Corporations Act to treat Unitholders equally,

you will also be issued with these Additional New Units on the Entitlement Offer Allotment Date, currently proposed as Friday, 29 October 2021. The Responsible Entity's decision on the number of Additional New Units to be allocated to you will be final.

Other than to the extent that Additional New Units are issued to you, any surplus Application Monies received for more than your Entitlement will be refunded after the close of the Entitlement Offer on or around 5.00pm (AEDT) on Friday, 22 October 2021 (except for where the amount is less than \$1.50, in which case it will be donated to a charity chosen by the Responsible Entity). Refunds will be made by sending a cheque to you by regular post to the address recorded for you on the Trust's unit register. No interest will be paid to Eligible Unitholders on any Application Monies received or refunded (wholly or partially).

The Responsible Entity also reserves the right (in its absolute discretion following consultation with the Joint Lead Managers, the Co-Manager and the Manager) to reduce the number of New Units allocated to Eligible Unitholders or persons claiming to be Eligible Unitholders if their claims prove to be incorrect or overstated or if they fail to provide information to substantiate their claims.

To participate in the Entitlement Offer your payment must be received no later than the Entitlement Offer Closing Date, being 5.00pm (AEDT) on Friday, 22 October 2021.

Eligible Unitholders who wish to pay via cheque, bank draft or money order will need to also ensure that their completed personalised Entitlement and Acceptance Form is also received by that time using the reply paid envelope provided with this PDS or otherwise.

(b) If you decide to do nothing

If you take no action, you will not be issued New Units and your Entitlement will lapse. Your Entitlement to participate in the Entitlement Offer is non-renounceable and cannot be traded on ASX or any other financial market, nor can it be privately transferred. Eligible Unitholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

New Units that are not applied for by Eligible Unitholders will be made available to Eligible Unitholders who take up their Entitlement in full as Additional New Units under the Oversubscription Facility.

02. DETAILS OF THE OFFER **Continued**

2.9 HOW TO PAY YOUR APPLICATION MONIES

If you are applying online you must complete your Application and pay your Application Monies 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 Monies 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. 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 Monies will be received by 5.00pm (AEDT) on the Entitlement Offer Closing Date. If you do not make payment of the Application Monies, 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 Monies (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 Monies 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 Monies, 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,

so that they are received on or before the Offer Closing Date of Friday, 22 October 2021.

2.10 WHAT IS THE SHORTFALL OFFER?

Any New Units or Additional New Units not taken up by Eligible Unitholders under the Entitlement Offer (including by way of the Oversubscription Facility) or allocated to new investors under the Wholesale Shortfall (**Shortfall**) will be offered under this PDS to investors under the Shortfall Offer as described below. Retail investors must be in Australia or New Zealand in order to be eligible to participate in the Shortfall Offer. Wholesale investors may be in either Australia or New Zealand or in the jurisdictions referred to in pages 1 to 5 of this PDS in order to be eligible to participate in the Shortfall Offer.

The Responsible Entity has the right in consultation with the Manager and Joint Lead Managers to scale back any applications received.

(a) What is the structure of the Shortfall Offer?

The Shortfall Offer is open to investors in the relevant jurisdictions who have received an invitation from their Broker or the Manager to participate as described below.

No general public offer of New Units will be made under the Shortfall Offer. Members of the public wishing to apply for New Units under the Shortfall Offer must do so through a broker with a firm allocation of New Units.

New Units issued pursuant to the Shortfall Offer will rank equally with the existing Units with effect from their date of issue, except that they will only be entitled to any distribution that is declared and payable after their respective date of Allotment.

(b) Who can apply under the Shortfall Offer?

You must have received an invitation to participate in the Shortfall Offer from your Broker or the Manager. The Shortfall Offer is not open to persons in the United States.

(c) How do you apply for Units under the Shortfall Offer?

If you have received an invitation to participate in the Shortfall Offer from your Broker or the Manager and wish to apply for New Units under the Shortfall Offer, you should contact your Broker or the Manager for information on how to complete and lodge your Shortfall Offer Application Form and for payment instructions.

Applicants under the Shortfall Offer should contact their Broker, a Joint Lead Arranger, the Co-Manager or the Manager between 9.00am and 5.00pm (AEDT) during the Offer Period to request a copy of the PDS and a Shortfall Offer Application Form, or download a copy of the PDS at www.qualitas.com.au/listed-investments/QRI. If applicable, your Broker will act as your agent and it is your Broker's responsibility to ensure that your Shortfall Offer Application Form and Application Monies are received before 5.00pm (AEDT) on the closing date for the Shortfall Offer, being the Entitlement Offer Closing Date of Friday, 22 October 2021 (**Shortfall Offer Closing Date**), or any earlier closing date as determined by your Broker. The Shortfall Offer bookbuild will be conducted on Monday, 25 October 2021. The outcome of the Entitlement Offer and Shortfall Offer bookbuild will be announced to ASX on Tuesday, 26 October 2021.

If you are an investor applying under the Shortfall Offer, you should complete and lodge your Shortfall Offer Application Form with the Broker from whom you received your invitation to participate in the Shortfall Offer. Shortfall Offer Application Forms must be completed in accordance with the instructions given to you by your Broker and the instructions set out on the reverse of the Shortfall Offer Application Form. Applicants under the Shortfall Offer must not send their Shortfall Offer Application Forms or payment to the Unit Registry.

By making an application for New Units under the Shortfall Offer, you declare that you were given access to this PDS (or any replacement PDS), together with a Shortfall Offer Application Form. The Corporations Act prohibits any person from passing a Shortfall Offer Application Form to another person unless it is included in, or accompanied by, a hard copy of this PDS or the complete and unaltered electronic version of this PDS.

The minimum application under the Shortfall Offer is \$2,000 worth of New Units. There is no maximum value of New Units that may be applied for under the Shortfall Offer. However, the Responsible Entity, and the Joint Lead Managers reserve the right to aggregate any Applications under the Shortfall Offer which they believe may be multiple Applications from the same person or reject or scaleback any Applications in the Shortfall Offer. The Responsible Entity may determine a person to be eligible to participate in the Shortfall Offer and may amend or waive the application procedures or requirements in its discretion, in compliance with applicable laws.

02. DETAILS OF THE OFFER **Continued**

The Responsible Entity, the Joint Lead Managers, the Co-Manager and the Unit Registry take no responsibility for any acts or omissions committed by your Broker in connection with your Application for New Units under the Shortfall Offer.

The Responsible Entity and the Joint Lead Managers may elect without prior notice to close the Shortfall Offer or any part of it early, extend the Shortfall Offer or any part of it, or accept late Applications under the Shortfall Offer either generally or in particular cases. The Shortfall Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications under the Shortfall Offer as early as possible. Please contact your Broker for instructions.

(d) How do you pay for Units under the Shortfall Offer?

Applicants under the Shortfall Offer must pay their Application Monies in accordance with instructions provided by their Broker or the Manager.

(e) Application Monies

The Responsible Entity reserves the right to decline any Application under the Shortfall Offer in whole or in part, without giving any reason. Application Monies received under the Shortfall Offer will be held in a special purpose account until New Units are issued to successful Applicants.

Applicants under the Shortfall Offer whose Applications are not accepted, or who are allocated a lesser number of New Units than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable (without interest). No refunds pursuant solely to rounding will be provided. Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will be retained by the Responsible Entity.

Applicants whose Applications are accepted in full will receive the whole number of New Units calculated by dividing the Application Monies provided by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of New Units to be allocated will be determined by the Applicant's Broker.

(f) Acceptance of Applications

An Application made under the Shortfall Offer is an offer by an Applicant to the Responsible Entity to apply for New Units as specified on the accompanying Shortfall Offer Application Form at the Offer Price and on the terms and conditions set out in this PDS (including any replacement PDS) and the Shortfall Offer Application Form (including the acknowledgements contained in Section 13.3 of this PDS). To the extent permitted by law, an Application for New Units in the Shortfall Offer by an Applicant is irrevocable.

An Application may be accepted in respect of the full amount, or any amount lower than that specified in the Shortfall Offer Application Form or rejected, without further notice to the Applicant. Acceptance of a Shortfall Offer Application will give rise to a binding contract on allocation of New Units to successful Applicants.

The Joint Lead Managers, in agreement with the Responsible Entity, reserve the right to reject any Application under the Shortfall Offer which is not correctly completed or which is submitted by a person who they believe is ineligible to participate in the Shortfall Offer, or to waive or correct any errors made by the Applicant in completing their Application for New Units in the Shortfall Offer.

The policy of the Responsible Entity with respect to allocations is to encourage the introduction of new wholesale and retail investors from relevant jurisdictions into the Trust.

2.11 OFFER NOT UNDERWRITTEN

The Offer is not underwritten.

2.12 ALLOTMENT

Subject to the discretion of the Responsible Entity, in consultation with the Joint Lead Managers, to vary any dates associated with the Offer, it is expected that allotment of New Units offered under the Entitlement Offer, including Additional New Units taken up under the Oversubscription Facility and New Units offered under the Shortfall Offer will take place on the Shortfall Offer Allotment Date, being Friday, 4 November 2021.

The Unit Registry will hold all Application Monies received in the Trust's designated trust account with an Australian authorised deposit-taking institution for Application Monies received in relation to the Entitlement Offer until the date of Allotment relevant to the Applicant's Application when the Units are issued to successful Applicants. The Responsible Entity may retain any interest earned on the Application Monies held on behalf of the Trust pending the issue of Units.

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.

2.13 ASX QUOTATION

The Responsible Entity has applied to the ASX for official quotation of the Units to be issued under the Offer. The Responsible Entity expects that trading of Units to be issued under the Offer will commence on a deferred settlement basis on Monday, 25 October 2021.

The Responsible Entity will have no responsibility and disclaims all liability (to the maximum extent permitted by law, including for negligence) to persons who trade Units to be issued under the Offer before they are quoted on the ASX or before they receive their confirmation of issue, whether on the basis of confirmation of the allocation provided by the Responsible Entity, Unit Registry, the Joint Lead Managers, the Co-Manager or otherwise.

2.14 NO COOLING OFF PERIOD

There is no cooling off period in relation to the acquisition of Units under the Offer.

2.15 BROKERAGE, COMMISSION AND STAMP DUTY

There is no brokerage, commission or stamp duty payable by Applicants on the acquisition of Units under the Offer. See Sections 2.21 and 12.2.1 for details of fees payable by the Manager to the Joint Lead Managers and brokers who participate in the Offer.

2.16 NO REDEMPTIONS

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

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

2.17 PRIVACY

The Responsible Entity may collect personal information from you when you contact it and from any other relevant forms provided by you or on your behalf 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.

02. DETAILS OF THE OFFER **Continued**

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;
- the laws that require or authorise the collection of personal information; and
- whether the Responsible Entity is likely to disclose personal information to other persons, including 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/>.

2.18 OVERSEAS DISTRIBUTION

(a) Offer only made where lawful to do so

This PDS 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. No action has been taken to qualify the Units or the Offer, or to otherwise permit the offering of the Units the subject of this PDS in any jurisdiction other than Australia or New Zealand. The distribution of this PDS (including in electronic form) in a jurisdiction other than Australia and New Zealand may be restricted by law, and persons who come into possession of this PDS should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. It is the responsibility of all overseas Applicants to ensure compliance with the laws of any country relevant to their Application. Residents of jurisdictions other than Australia and New Zealand should consider using Australian or New Zealand domiciled entities, including nominee companies affiliated with Australian broking firms, if they wish to subscribe for Units.

(b) Overseas ownership and resale representation

No action has been taken to register or qualify the Offer of Units under this PDS, or to otherwise permit a public offering of Units, in any jurisdiction outside Australia or New Zealand, other than to Eligible Wholesale Unitholders in certain other jurisdictions as part of the Shortfall Offer.

It is your personal responsibility to ensure compliance with all laws of any country relevant to your Application under this Offer. The return of a duly completed Application Form will be taken by the Responsible Entity to constitute a representation and warranty made by you to the Responsible Entity that there has been no breach of such laws and that all necessary consents and approvals have been obtained.

If you fail to comply with any applicable restrictions, the failure may constitute a violation of applicable securities laws of any country relevant to your Application.

2.19 TAXATION IMPLICATIONS

Unitholders should be aware that there may be taxation implications of participating in the Offer and subscribing for New Units or Additional New Units (as the case may be). The taxation consequences of participating in the Offer and/or acquiring New Units or Additional New Units (as the case may be) may vary depending on the individual circumstances of each Unitholder.

Please refer to Section 10 for a general discussion of the Australian tax consequences of the Offer for Australian resident individuals who hold (or will hold) their Units on capital account.

Unitholders should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances.

2.20 POTENTIAL IMPACT OF THE ENTITLEMENT OFFER ON THE CONTROL OF THE TRUST

The issue of the New Units under the Offer is not expected to have any effect on the control of the Trust.

Eligible Unitholders who decide not to take up their Entitlement (either in part or in full) should note that their percentage voting interest in the Trust will be diluted as a consequence of their non-participation in the Entitlement Offer.

2.21 EXPENSES OF THE OFFER

All fees and costs of the Offer will be paid by the Manager funded under the Trust Loan Receivable. The Responsible Entity estimates that the total costs of the Offer will be approximately 3.2% to 3.8% of the Offer Proceeds (the actual % will depend on the actual total amount raised under the Offer). These costs include but are not limited to:

- in accordance with the Offer Management Agreement:
 - » an institutional adviser fee of \$500,000 (excluding GST) payable to the Lead Arranger;
 - » a base management fee of 1.25% (excluding GST) of the first \$100 million of Wholesale Offer Proceeds, payable in equal proportions to each Joint Lead Manager who (together with its associated and certain other Brokers) procures valid Applications and bids referable to wholesale and sophisticated clients of at least \$10 million. The maximum base management fee payable is \$1.25 million (excluding GST);
 - » a conditional management fee totalling 1.25% (excluding GST) of Wholesale Offer Proceeds raised in excess of \$100,000,000 payable to each Joint Lead Manager who (together with its associated and certain other Brokers and affiliates) procures valid Applications in excess of \$20 million from participating wholesale and sophisticated clients under the Offer, subject to the terms and conditions summarised in section 12.2.1.
 - » Selling Fees to each the Joint Lead Manager equal to 1.25% (excluding GST) of the total proceeds of the Offer raised by that Joint Lead Manager, its Brokers and affiliates from participating wholesale and sophisticated clients and retail clients. Retail clients who participate in the Offer will be rebated 100% of all Selling Fee paid in respect of their allocation by their Broker. To find out more about this rebate, including whether you are eligible contact your Broker.

Please refer to section 12.2.1 for further details of the fees payable under the Offer Management Agreement.

- costs payable to:
 - » Pitcher Partners Sydney Corporate Finance Pty Ltd, which has acted as the Australian Investigating Accountant to the Offer and has prepared the Investigating Accountant's Report on the Historical and Pro-Forma Historical Financial Information in Section 9;
 - » PPNSW Services Pty Ltd ACN 608 418 828, a related entity to Pitcher Partners, which has acted as the Tax Adviser to the Offer and has reviewed the Taxation Information in Section 10; and
- costs payable to MinterEllison, which has acted as the Trust's legal advisers and in that capacity has been involved in undertaking due diligence enquiries for the preparation of this PDS and providing legal advice to the Trust in relation to the Offer.

03.

MARKET & INDUSTRY OVERVIEW



03. MARKET & INDUSTRY OVERVIEW

This section provides an overview of the Australian commercial real estate debt market. The Trust participates in this market with an Investment Strategy that provides Unitholders with exposure to predominantly Australian commercial real estate loans, secured by real property mortgages. The Trust may also invest in New Zealand commercial secured real estate loans from time to time, subject to a 20.0% cap.

3.1 MANAGER MARKET UPDATE

- Despite a macroeconomic backdrop of COVID-19 continuing to impact various parts of the country, Australia has generally demonstrated a level of economic resilience as supported by the Government.
- The Manager expects to be in a low interest rate environment for some time which will continue to support positive asset yields.
- The Manager is seeing no major distress in the CRE debt market and generally these conditions in Australia are more favourable than offshore markets which has led to increased investment activity from both domestic and offshore alternative lenders in recent months.
- The Manager is seeing the arrival of large amounts of overseas capital into the Australian market which continues to put pressure on returns.
- Despite the competition and market uncertainty, the Manager continues to actively originate opportunities and is comfortable with the depth and diversity of its CRE debt pipeline which remains strong and there has been no impact to originating deals and sourcing opportunities.
- The Manager is seeing more pre-development land loan opportunities as developers acquire sites in readiness for the next development cycle. Residual stock loan opportunities are expected to reduce in line with reducing residual stock levels across the market.
- The sector outlook of the Manager has remained consistent for 2021. Residential and industrial sectors continue to perform, office outlook is neutral and there are increased risks from retail, accommodation and hospitality sectors.
- The Manager is watching the market more generally in light of the recent lockdowns in Sydney and Melbourne and can confirm that as of 31 August 2021 there is only a 11% portfolio exposure to construction loans for projects still under construction, which all are located in Melbourne.
- The Manager is comfortable that each construction loan has adequate contingencies and equity to cover extended delays from the risk of lockdown should this occur in Melbourne.
- The Qualitas Group is well positioned in the Australian market due to its long-standing local presence and deep borrower relationships built on trust and repeat lending over many years.
- The Qualitas Group is a “through-the-cycle” investor, is sector agnostic and always seek to invest in the best risk-adjusted return opportunities having regard to the timing within the cycle of the market.

3.2 ALTERNATIVE LENDING

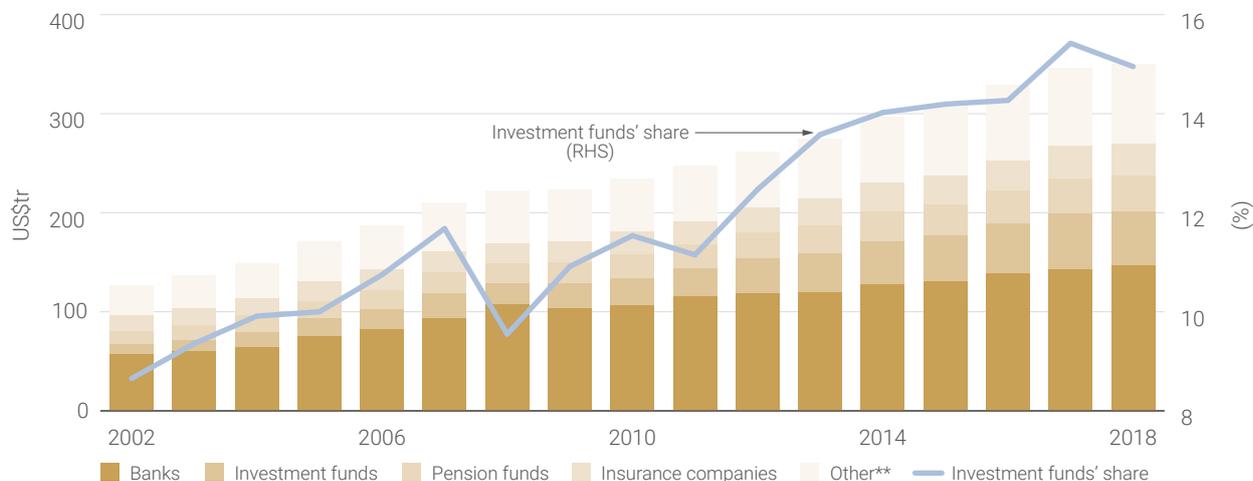
Alternative lending is where any party other than a bank, provides a loan to a borrower, and for any purpose which also includes financing commercial real estate. Alternative lenders play an important role in the global financial system in that it provides borrowers with not only an alternative source of finance to banks, but they are globally accepted as market participants and providers of debt.

Alternative lenders are providing a substantial circa US\$200 trillion worth of debt representing almost 50% of the global financial system which has had decades of year-on-year credit market growth and increased market share taken from banks.

The deep alternative lending market presents income focused investment opportunities across a wide range of debt investments, such as corporate loans, bonds and **CRE debt**.

03. MARKET & INDUSTRY OVERVIEW Continued

Global Financial System*



* 29 reporting jurisdictions (account for over 80 per cent of global GDP).

** Includes public financial institutions, financial auxiliaries, trust companies, finance companies, broker-dealers, structured finance vehicles, central counterparties, captive financial institutions and money lenders.

Source: Financial Stability Review October 2020, Reserve Bank of Australia.

Investors of debt will also look to invest in Australia, and their capital flows will contribute to the activity and size of the Australian CRE debt market as detailed in Section 3.4.

The main difference between banks and alternative lenders is how they fund lending activities, i.e. an alternative lender will raise their capital from mainly investor equity, whereas a bank raises capital from mainly deposits and wholesale funding.

An alternative lender in Australia will typically not be regulated by APRA, the prudential regulator for Australian banks which are also referred to as Authorised Deposit Institutions (i.e. "ADI's"). Depending on the how an alternative lender funds its lending activities, and the types of loans provided, it may be regulated by ASIC.

Alternative lenders that provide loans to retail borrowers are generally governed by responsible lending laws that are administered by ASIC. Alternative lenders that provide loans to wholesale borrowers can do so under their own lending criteria.

Alternative lenders range in size of operations, size of funds under management, experience, have many different ownership structures and service both retail and wholesale borrowers.

3.3 COMMERCIAL REAL ESTATE DEBT

3.3.1 What is commercial real estate debt

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 borrower of CRE loans is distinctly commercial, i.e. wholesale and they are typically property developers, private corporations, high net worth groups and individuals that own and develop properties for commercial purposes.

CRE loans are secured by real property mortgages which in the event the borrower cannot repay the loan, the lender has the right to sell the property to recoup repayment of the loan.

Income for investors of commercial real estate loans is generated from borrowers paying loan fees and regular interest payments at agreed rates.³⁴

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

³⁴ Income is not guaranteed.

3.3.2 Loan opportunities and the real estate life cycle

The depth and breadth of CRE debt opportunities span across the entire life cycle of real estate which is also quite specific to a real estate sector since some will perform better or worse than others at a point in the market cycle.

Typical 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.

3.3.3 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, i.e. the "capital stack".

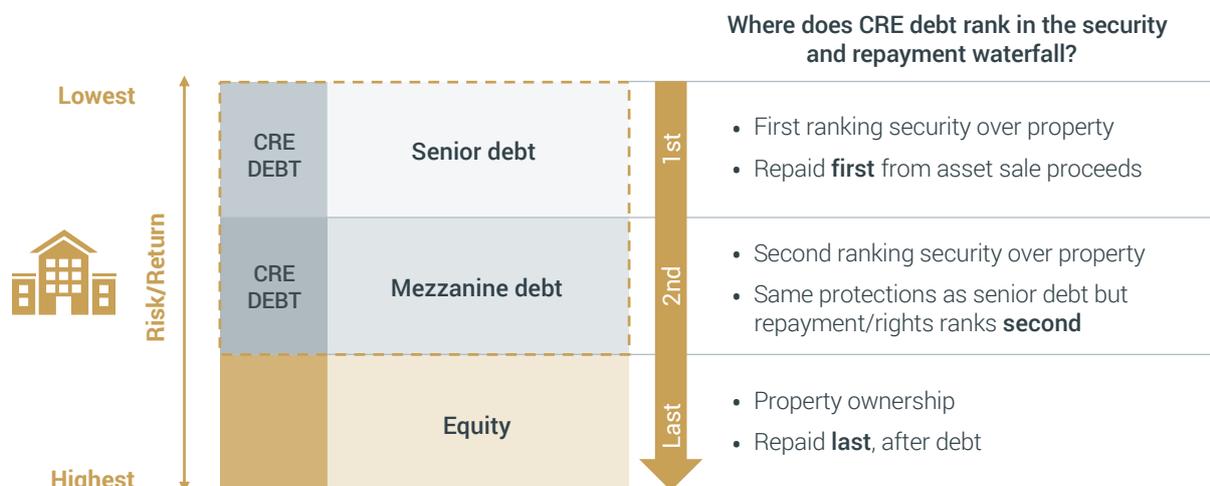
The debt component of commercial real estate is a fixed amount and is often provided by external parties as a secured real estate loan. The debt component is normally secured by either a first ranking (i.e. senior loan) or second ranking (i.e. mezzanine loan) mortgage. The ranking represents the lender's 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.

Providers of CRE debt (i.e. the lender) may also be protected by the equity buffer, which is the difference between the property value and the loan value. The equity buffer will fluctuate with property values, and would need to be eroded completely before the lender is at risk of losing the loan value.

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.

03. MARKET & INDUSTRY OVERVIEW Continued



*Source: Graph prepared by the Manager

Qualitas does not invest in more than one part of the capital structure of a real estate asset which removes any risk of conflict between its interests between its investors.

3.3.4 Key features

The terms of commercial real estate loans provided by alternative lenders are negotiated and 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.

Below provides the typical term of a loan provided by alternative lenders:

- **Interest rate:** CRE loan interest rates can either be fixed interest rate or floating rate i.e. set at a margin above a published benchmark interest rate depending on the lender's return requirements. 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 creditworthiness of the borrower, capital market conditions, leverage, mortgage covenants and the type of security provided.
- **Security:** All commercial 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 commercial real estate loan will either be first ranking (i.e. senior loan) or second ranking (i.e. mezzanine loan) as per detailed in Section 3.3.3. A priority and intercreditor agreement is typically 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 (although can be shorter or longer) 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.

3.4 COMMERCIAL REAL ESTATE DEBT MARKET

3.4.1 Alternative lenders of CRE debt

Finance in the commercial real estate market is provided by:

1. 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.

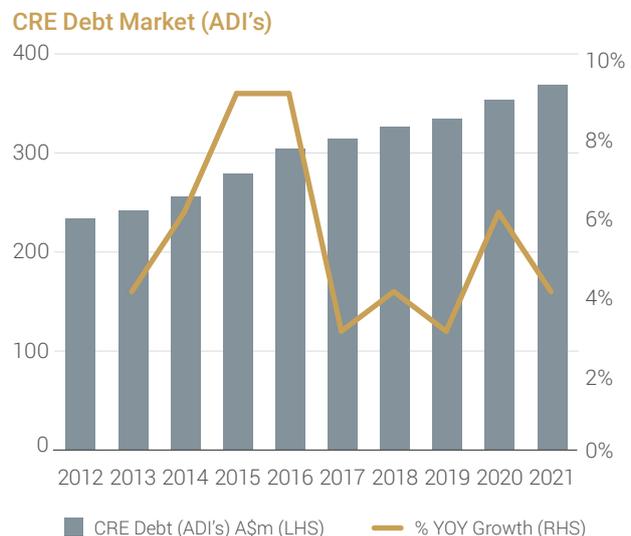
For example, alternative lenders, whilst maintaining discipline, are reported to accept lower levels of pre-sales and allow greater leverage. In recognition of these risks, investors typically demand higher premiums. Furthermore, loans secured by second ranking mortgages (i.e. mezzanine loans) are typically only provided by non-ADI (alternative) lenders.

Qualitas believes that a local presence for an alternative lender is advantageous given operating in the CRE debt market requires in-depth understanding of the local market environment. Offshore lenders have been observed to enter and leave the CRE debt market for various reasons and their presence impacts the level of liquidity and competition in the market.

An active and diverse alternative lender in the CRE debt market is beneficial as:

- Alternative lenders do not compete with banks, they in fact fill the funding gap.
- It provides more alternative non-bank finance options to borrowers such that they seek out and demand alternative financing, which is self-perpetuating to further growth of market share.
- Increased market liquidity to support third party loan refinancing. This can be an important exit strategy to rely on for lenders.
- Improves efficiency of market pricing in that investment risk can be more precisely priced in line with other investment asset classes.

3.4.2 CRE debt market landscape



*Source: Graph prepared by the Manager based on data sources (1) APRA Quarterly Authorised Deposit-taking Property Exposures June 2021; RBA Financial Stability Review April 2021.

*Source: APRA Quarterly Authorised Deposit-taking Property Exposures June 2021.

03. MARKET & INDUSTRY OVERVIEW Continued

The Manager estimates that the Australian CRE debt market at \$397 billion as of 30 June 2021. CRE debt (secured and unsecured) provided by ADIs was \$369 billion as at 30 June 2021 which has increased by \$39 billion (12%) since 31 December 2018, i.e. since the Trust IPO in November 2018, reflecting the continued growth of the CRE debt market which over the past five years has been achieving year-on-year growth of 2-5% p.a. as a result generally a supportive macroenvironment as detailed in Section 3.4.3.

ADIs have continued to carry the bulk of domestic debt provision in Australia's financial system, with an estimated market share of 93%. Alternative lenders make up the difference with an estimated market share of 7% of the total financial system in Australia, known as the private CRE debt market which equates to an estimated \$28 billion of CRE debt. In the private CRE debt market senior loans represent the deepest pool of opportunities, and the specialised financing of mezzanine is only provided by alternative lenders, not banks.

By comparison, the private CRE debt market is well established in the United States and Europe with private capital providers holding 45% and 53% market share respectively, demonstrating permeance and greater market participation of alternative lenders within a financial system.

Since the GFC there has been a structural and permanent shift in bank lending appetite due to increased APRA regulatory oversight, ongoing increased capital adequacy requirements to bolster ADIs' balance sheets, and more recently scrutiny from the Banking Royal Commission – these regulatory pressures have prompted ADIs to reassess and reduce their lending exposures to the real estate market over time. ADIs also typically reduce their lending in times of uncertainty and market downturns by tightened lending criteria such as reducing loan-to-value ratios, imposing stricter pre-sale hurdles for residential development financing and constraints on geographic concentration limits.

The Manager believes there is an expanding opportunity for alternative lenders to provide more flexible forms of finance to fill the funding gap left by banks, generally at a higher interest rate as borrowers are willing to pay a premium to access flexibility and certainty of funding. As a result, high-quality investment opportunities will be accessible to experienced alternative lenders with strong relationships and sound governance practices.

The alternative lending sector continues to attract capital from investors seeking yield in the current low interest rate environment. The increased prevalence of alternative lenders in the market has seen this sector take market share for senior loans from ADIs.

The growth of alternative lenders is positive for market liquidity, as borrowers have more choice and lenders' refinancing risk reduces.

Given that the majority of New Zealand banks are owned by the Australian banks, New Zealand banks have experienced the flow-through impact of increasing regulatory control on their Australian owners. Accordingly, commercial real estate borrowers 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.

3.4.3 Supportive macro-economic fundamentals

The Qualitas Group considers Australia's supportive macro-economic environment and real estate fundamentals to be attractive to alternative lenders of commercial real estate debt.

For the past two decades and leading up to the onset of COVID-19, Australia has enjoyed a period of relatively stable economic growth with uninterrupted GDP growth supported by population growth and migration, a stable political environment and low interest rates, demonstrating a suitable environment for the continued growth of and demand for commercial real estate finance. It is expected that post COVID-19 these fundamentals will return.

The New Zealand economic story is similar to Australia, experiencing stable and consistent economic growth historically. 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.

Population growth

The Australian population has had decent growth over the past decade at rates between 1.3% to 1.8% p.a. driven predominantly by natural increase and overseas migration which supports ongoing demand for housing and urban expansion. Historically population growth has been concentrated across Australia's Eastern seaboard, in the states of New South Wales, Victoria, Queensland and the Australian Capital Territory, which have accounted for the majority of the national population growth over the last 10 years. The onset of COVID-19 impacted population growth in 2020 as borders closed and overseas migration ceased and as of 31 December 2021 population growth declined to 0.5% p.a.

Historically New Zealand’s population growth has been supported by 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. New Zealand also experienced the lowest annual growth at 0.6% p.a. since 2012 due to the COVID-19 pandemic.

The Manager expects that population growth for Australia and New Zealand will resume post COVID-19 once borders reopen.

Interest rates

Australia continues to experience a low-interest rate environment with historic lowest RBA cash rate of 0.10% as of the date of this PDS. Comparatively, the RBA cash rate at the time of the Trust’s IPO on 27 November 2018 was 1.5%.

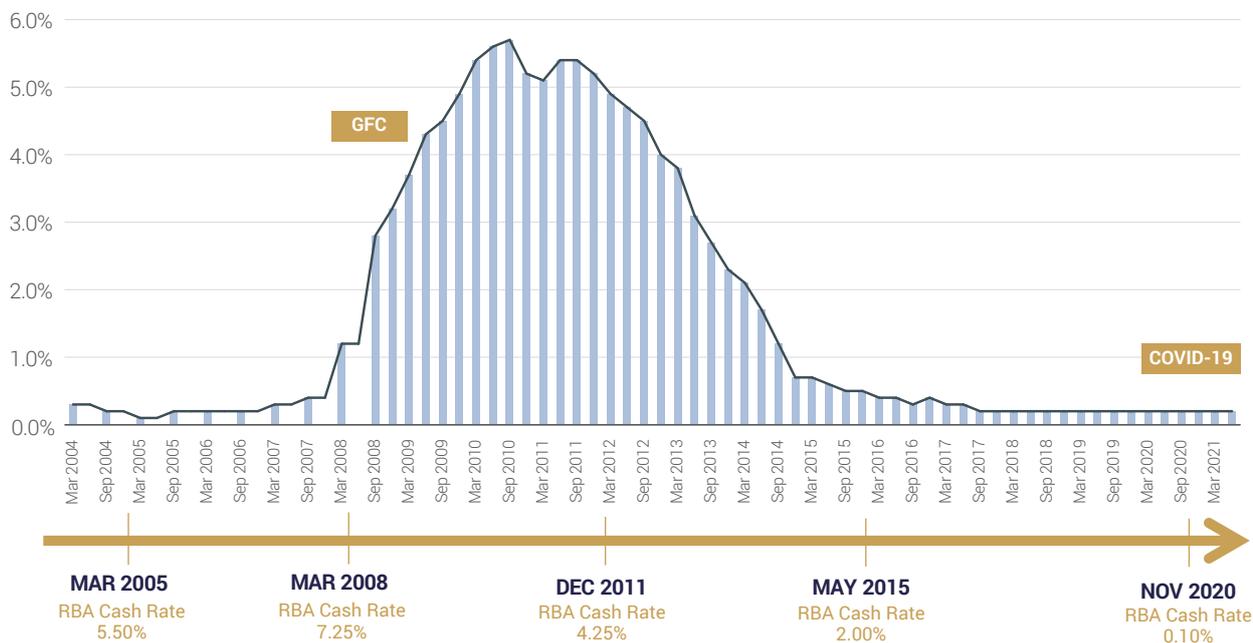
The official cash rate in New Zealand has also reduced from 1.75% at the date of the Trust’s IPO to 0.25% in response to slower GDP growth and economic headwinds.

A low interest rate environment in Australia and New Zealand continues to support property valuations and borrower demand for CRE loans.

3.5 LOAN 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 Australian ADIs, commercial real estate loan impairments as a percentage of overall commercial real estate loan exposures peaked at 5.7% during 2010 and have remained at less than 0.5% for the three years up to 30 June 2021, this includes during the COVID-19 period in 2020.

Impaired CRE debt loans to exposures



*Source: Graph prepared by the Manager based on data source: APRA Quarterly ADI Property Exposure June 2021.

Comparatively non-performing loans in New Zealand’s banking system continue to remain low at 0.57% as of March 2021 (0.62% as of March 2020) for a period of economic weakness, reflecting the strong policy response and regulatory initiatives by the Reserve Bank of New Zealand.

These low impairment rates demonstrates that CRE debt is highly resilient in times of volatility given its unique capital preservation characteristics. Due to its stability and resilience, the Qualitas Group believes that the commercial real estate finance market continues to be an attractive investment class.

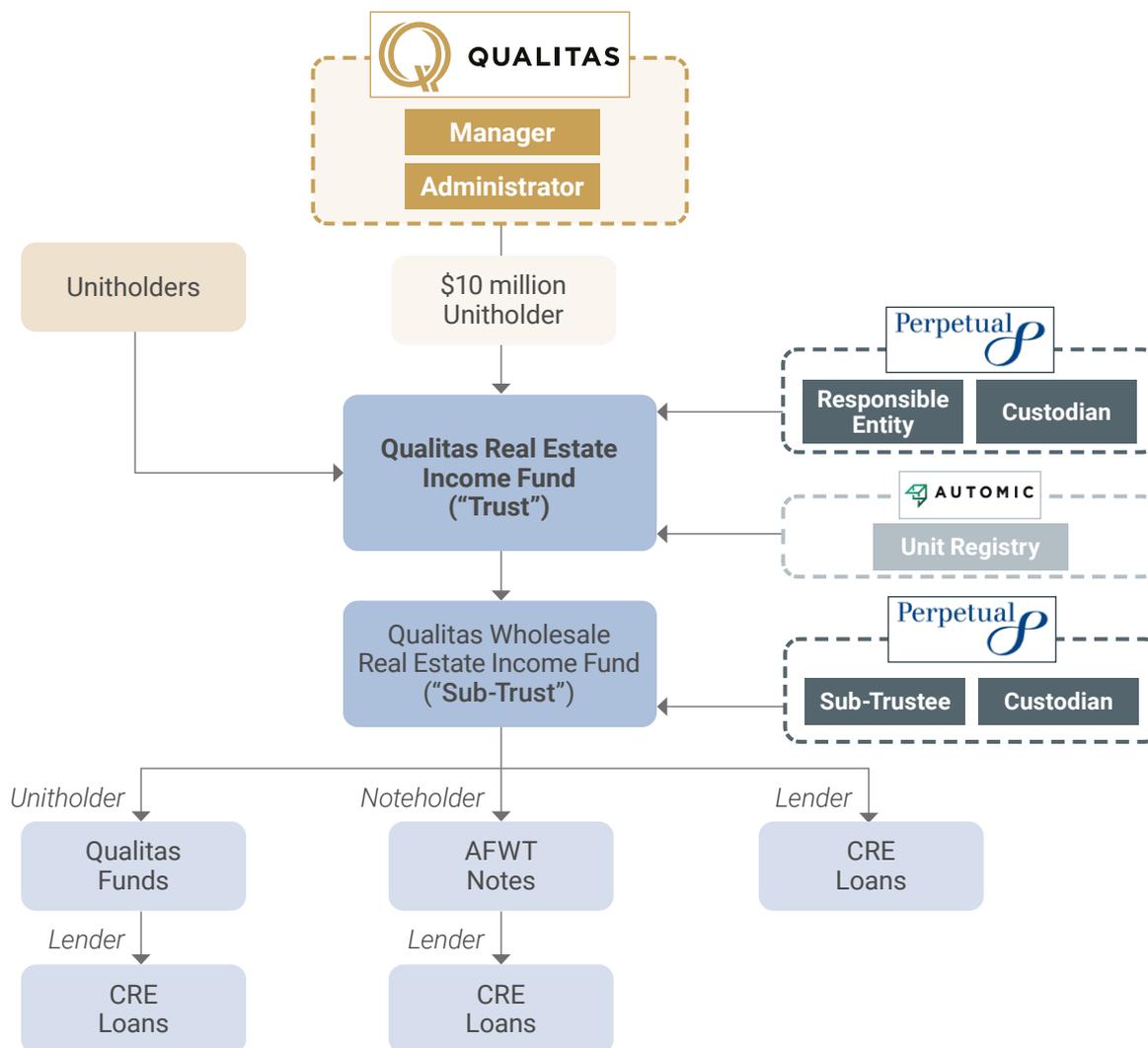
04.
ABOUT
THE
TRUST



04. ABOUT THE TRUST

4.1 OVERVIEW

The Trust provides exposure to a diversified portfolio of investments with direct and indirect exposure to predominantly Australian secured real estate loans via its investment in the Sub-Trust.



The Sub-Trust invests in CRE loans directly and indirectly via the Qualitas Funds which are managed by Associates of the Manager and receives interest income from the Arch Finance Warehouse Trust note program, which income is derived from the Arch Finance Warehouse Trust's investment in CRE loans. Allocation of capital to direct CRE loans Qualitas Funds and AFWT notes are subject to change in accordance with the Trust's target portfolio construction. Refer to Section 4.9 for the Trust's current investments.

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 135 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.

04. ABOUT THE TRUST **Continued**

QRI Manager Pty Ltd is the Manager of the Trust appointed by the Responsible Entity under the Management Agreement.

The Responsible Entity has also appointed Perpetual Corporate Trust Limited as the 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 Responsible Entity has also appointed Automic Pty Limited as the registry of the Trust.

The Material Contracts of the Trust are listed in Section 12.

4.3 DIRECTORS OF THE RESPONSIBLE ENTITY

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

Details of the current Board are set out below:

GLENN FOSTER

Non-Executive Director — appointed in February 2021 (previously an Executive Director)

Glenn Foster is a Chartered Accountant and was formerly the General Manager Group Finance, Perpetual Limited and an executive Director of The Trust Company (RE Services) Limited prior to his retirement on 23 October 2020. Glenn also held the role of General Manager, Operations & Fund Services in Perpetual Corporate Trust from April 2003 to February 2008.

Glenn has over 27 years' experience in the financial services industry, having served in senior finance roles with AIDC Ltd., Babcock and Brown, State Street Bank & Trust Company and RAMS.

Glenn holds 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.

Glenn was appointed to The Trust Company (RE Services) Limited Board as a Non-executive Director on 1 February 2021.

RICHARD MCCARTHY

Group Executive, Perpetual Corporate Trust

Executive Director — appointed in October 2018.

Richard joined Perpetual in 2007 as Director Sales and Relationship Management. In 2012, Richard was appointed General Manager, Trust and Fund Services responsible for the business and P&L. Richard was also appointed the acting Group Executive from June to August in 2013, which included the acquisition of the Trust Company business.

From 2012-2018, General Manager Sales & Relationship Management, Strategy & Product and Marketing, responsible for all aspects of our growth strategy and developed the Data Services products. In 2018 he was appointed as the Group Executive of Perpetual Corporate Trust and created Perpetual Digital, the Data and Analytics Solutions business, including the acquisition of Roundtables business.

Prior to joining Perpetual, Richard started at Chemical Bank's Global Custodian business in Cardiff, Wales. When Chemical Bank merged with Chase Manhattan Bank in 1996, he moved to London to help integrate the business and held leadership positions in the Income processing, Corporate Actions and Settlement divisions. Richard moved into the Project management team as an SME and BA to help deliver the Euro conversion and Y2K projects. In 2000, Richard joined the Corporate Trust business as a relationship manager responsible for Securitisation clients across EMEA.

Richard moved to Sydney in 2003 as Vice President, to integrate the acquisition of Guardian Trust and grow the Australian business. He became VP, Head of Relationship Management at BNY Mellon's Corporate Trust Division in Sydney following the sale of JPM Corporate Trust business in 2006.

Richard has over 25 years' global executive leadership experience in banking and financial services, with deep sector knowledge in debt capital markets, managed funds, project management, data & analytics, and M&A.

Richard was previously a Director of Blockchain Australia.

VICKI RIGGIO

General Manager, Managed Fund Services Perpetual Corporate Trust

Executive Director – appointed in April 2018

Vicki Riggio is the General Manager, Managed Fund Services, Perpetual Corporate Trust and has responsibility for the Responsible Entity, Trustee, Custody and Investment Management (as it applies to managed investment trusts) services.

Vicki has extensive experience across each Managed Fund Services line as well as Perpetual's debt markets trustee operations and ongoing trustee compliance arrangements. Having worked in the financial service industry for over 20 years, Vicki has experience spans across a variety of asset classes, trust structures and transaction types.

Vicki was appointed to The Trust Company (RE Services) Limited Board on 20 April 2018.

PHILLIP BLACKMORE

Head of Transaction Management and Governance, Perpetual Corporate Trust

Alternate Director – appointed July 2018

Phillip is the Head of Transaction Management and Governance. Phillip's team is responsible for onboarding all new funds and vehicles across Responsible Entity, Wholesale Trustee and Investment Management, as well as the ongoing governance of appointed service providers. Having previously ran the Wholesale Trustee & Investment Management business and having spent nine years in Group Risk where he was responsible for the design and implementation of Perpetual's enterprise Risk Management Framework, Phillip brings deep fiduciary, risk management and client facing skills to his role.

Prior to joining Perpetual, Phillip held roles with IAG Asset Management, Credit Suisse, Morgan Stanley and Westpac. Phillip is currently completing an MBA at the University of New South Wales and also holds a masters degree in risk management.

Phillip was appointed as an Alternate Director to Vicki Riggio on The Trust Company (RE Services) Limited Board on 6 July 2018.

SIMONE MOSSE

Chief Risk Officer of Perpetual Limited

Executive Director – appointed September 2019

Simone Mosse is the Chief Risk Officer of Perpetual Limited and was appointed to the role in February 2019. Sam holds over 26 years' experience in the financial services sector, having previously worked as Global Head of Enterprise Risk and Head of Risk and Compliance, Pan Asia, at Janus Henderson Investors. Sam has previously held roles with Macquarie Group including as Head of Compliance and Operational Risk which involved leading a global team of approximately 30 based in Sydney, New York, London, Singapore and Hong Kong.

04. ABOUT THE TRUST **Continued**

4.4 QUALITAS EXECUTIVE TEAM

NAME & BIOGRAPHY



Andrew Schwartz

Group Managing Director & Co-Founder

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

He is responsible for overseeing the Qualitas Group's activities, setting the strategic direction of the business as well as building and enhancing relationships with the firm's clients and investors. Andrew is a full voting member of the Qualitas Investment Committee and is the Chief Investment Officer for various Qualitas Group debt and equity funds

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



Mark Fischer

Managing Director, Global Head of Real Estate

Mark is a co-founder of Qualitas and Global Head of Real Estate, where he leads a team of investment professionals across real estate private credit and private equity strategies, covering the process from origination, execution and analysis, asset management and portfolio management. He sits on the firm's Executive Committee as well as the various investment committees.

He has over 18 years of experience across asset classes including residential, commercial office, industrial logistics, retail and multifamily housing. Mark has been responsible for over A\$12 billion of transaction value executed in markets across Australia, Hong Kong, Singapore, the United States and New Zealand.

Prior to Qualitas, Mark was a member of the Babcock & Brown Real Estate Group where his focus was on investments in Australian developments and specialised asset operating platforms offshore. His other experience includes working at ANZ as part of the Property & Construction Finance team including debt raisings for REITs and project financing for residential and office developers.



Tim Johansen

Managing Director, Global Head of Capital

Tim leads the firm's real estate capital team, which is responsible for capital raising and investor relations for its institutional and private clients in overseas and domestic markets. Tim, established the firm's Sydney presence and is a member of the firm's Investment Committee.

He has over 25 years of experience in real estate financing markets, including as Head of Structured Real Estate Finance at Investec Bank for nine years, and Director of Global Property Finance for National Australia Bank.

Tim is an Independent Advisor to Investment Committees for funds managed by not-for-profit, Social Ventures Australia.

NAME & BIOGRAPHY



Rob McLellan

Chief Risk Officer

Rob is Qualitas' Chief Risk Officer responsible for transaction and enterprise risk and managing the Investment Risk, Legal and Compliance teams. Rob is Chair of Qualitas' various fund Investment Committees and is a member of the Arch Finance Credit Committee.

Rob has 30 years banking and financial services experience in structured finance and risk management gained at domestic and international financial institutions, including Société Generale, Bank of Tokyo-Mitsubishi and Westpac.

Prior to Qualitas, Rob spent over a decade at Australia & New Zealand Banking Group in a range of senior execution and credit roles including Head of Credit – Institutional & Corporate and Head of Credit – Institutional Relationships where he exercised material credit approval authority and managed national teams of credit executives covering diversified portfolios across Australia and PNG.



Kathleen Yeung

Managing Director, Global Head of Strategy

Kathleen leads the Strategy team and is responsible for corporate development at the Group level. This includes strategic projects, the listed funds platform and she is the Chair of the firm's Sustainability Steering Committee.

She has over 20 years of experience in raising both debt and equity for infrastructure and real estate in the public and private markets.

Prior to Qualitas, Kathleen was a member of the Babcock & Brown in the infrastructure investment team focused on the development, acquisition and financing of renewable energy and power projects and worked at PwC, Deutsche Bank and KPMG.

Kathleen is currently a member of the Property Council's National Social Sustainability Committee and a director on the board of the Listed Investment Companies and Trusts Association (LICAT).



Philip Dowman

Chief Financial Officer

Philip is the Qualitas Group's Chief Financial Officer, responsible for ensuring Qualitas has the optimal operational platform and finances to match its expanding mandates. Philip is a member of the Finance and Audit Committee.

Philip has strong track record, over 35 years of experience in strategy development, financial management and people leadership for financial services organisations. Most recently, he was Chief Financial Officer at IFM Investors, one of Australia's largest fund managers, for over twelve years.



Anna Wagner

Head of People & Culture

Anna leads the Qualitas Group People & Culture strategy and is responsible for the human resources (HR) strategy from organisation design, remuneration and talent strategy across the employee life cycle.

She has over 19 years' experience in HR in financial services, most recently with IFM Investors as Global People & Culture Business Partner and Global Lead for Diversity and Inclusion.

Prior to this, Anna was at Goldman Sachs across several HR roles, with a particular focus on the Investment Banking and Asset management divisions in Asia Pacific, She has also held HR roles at Credit Suisse, ANZ Bank and Macquarie Bank.

04. ABOUT THE TRUST **Continued**

4.5 THE TRUST'S INVESTMENT OBJECTIVE

The Trust's Investment Objective is to achieve a Target Return of the RBA Cash Rate³⁵ plus a margin of 5.0% to 6.5% p.a. (net of fees and expenses) (**Target Return**), provide monthly cash income, capital preservation and portfolio diversification.³⁶

Based on the RBA Cash Rate as of the date of this PDS of 0.10%, the Target Return is 5.10% to 6.60% p.a.

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. Furthermore, the Manager may be unsuccessful in preserving capital or slow to deploy the Trust's capital. Refer to Section 8 for further details regarding risks.

As of the date of this PDS, all investment objectives have been met. Past performance however is not a reliable indicator of future performance.

4.6 THE TRUST'S INVESTMENT STRATEGY

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

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 holds 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 commercial real estate loans.

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

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 commercial real estate loans (directly or indirectly through the Qualitas Funds and has exposure to commercial real estate loans held by the Arch Finance Warehouse Trust through its note program) with a tenor to maturity of generally between six months to two years for direct secured real estate loans and up to five years for investments in units in Qualitas Funds and in the Arch Finance Warehouse Trust note program.
Portfolio construction	Direct and indirect exposure to predominantly Australian commercial real estate loans and from time to time, New Zealand commercial real estate loans.
Distributions	Net income distributed to investors on a monthly basis. Distributions may be reinvested into new units.

³⁵ RBA cash rate is subject to a floor of 0%.

³⁶ This is a targeted return only. There is no guarantee the Trust will meet its Investment Objective. The payment of monthly cash income is a goal of the Trust only and neither the Manager or the Responsible Entity provide any representation or warranty (whether express or implied) in relation to the payment of any monthly cash income.

Investments

Associates of the Manager are responsible for managing the investments of the Qualitas Funds. The Sub-Trust invests in direct commercial real estate loans, the Qualitas Funds, and the Arch Finance Warehouse Trust notes.

The ability of the Sub-Trust to withdraw its investment in the Qualitas Funds is 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 commercial real estate loans as a sole lender or a co-lender with other co-lenders, which can include the Qualitas Funds, other Qualitas Investors and/or the Qualitas Group and its related parties, as determined by the Qualitas Group's Allocation Policy, as detailed in Section 6.7.3.

The loans made by the Sub-Trust and the Qualitas Funds are made to third parties, not members of the Qualitas Group or their related parties. For information about the Arch Finance Warehouse Trust Notes in Section 4.9.

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 is not 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 earlier than 12 months after the date the Manager is removed).

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 12 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.

04. ABOUT THE TRUST **Continued**

4.8 TARGET PORTFOLIO COMPOSITION

The Manager seeks to invest (indirectly through the Sub-Trust) in a portfolio of investments with exposure to Australian and New Zealand commercial real estate loans. The portfolio has been and continues to be constructed in accordance with the target portfolio composition outlined in this section having regard to the Qualitas Investment Principles and Qualitas Group Allocation Policy as set out in Section 6.7.3.

The Manager has and will seek to allocate capital in line with its target portfolio composition as outlined below. The actual portfolio composition compared to target portfolio composition as at 31 August 2021 is set out below:

PORTFOLIO CHARACTERISTIC	TARGET PORTFOLIO COMPOSITION	ACTUAL AS AT 31 AUGUST 2021 ³⁷
Ranking	<ul style="list-style-type: none"> Predominantly focused on senior (first mortgage) commercial real estate loans, investing directly or indirectly Exposure to mezzanine loans³⁹ within a target range of 20%-35% of Trust capital. 	<p>Within target 84% senior loans based on total capital³⁸ 92% senior loans based on total QRI loans</p> <p>Underweight 7% mezzanine loans based on total capital⁴⁰ 8% mezzanine loans based on total QRI loans⁴¹</p>
Investment type	<ul style="list-style-type: none"> ≤ 40% of the Trust's capital is to be directly invested in any single Qualitas Fund; and ≤ 15% of the Trust's capital to be invested in Arch Finance Warehouse Trust notes. 	<p>Within target 10% of total capital invested in two Qualitas Funds: (1) Qualitas Senior Debt Fund; (2) Qualitas Mezzanine Debt Fund</p> <p>No investments 0% of capital invested in AFWT notes</p>
Geography & location	<ul style="list-style-type: none"> ≤ 30% of the Trust's investments located in non-capital cities; Australian and New Zealand cities with resident population ≥ 100,000;⁴² and ≤ 20% of the Trust's capital to be invested in loans (directly or indirectly) secured by property located in New Zealand. <p>The Manager's approach to investments in New Zealand is 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.</p>	<p>Within target 6% in non-capital cities</p> <p>Within target 100% in Australian cities with population > 100,000</p> <p>No investments 0% of capital invested in New Zealand</p>

³⁷ The portfolio statistics are determined on a look-through basis having regard to the loans in the underlying Qualitas Funds. The classifications of these diversification parameters are determined by the Manager.

³⁸ % of total Trust capital invested in direct loans and Qualitas Funds (including uncommitted cash within those funds).

³⁹ Mezzanine exposure is direct mezzanine loans (second mortgages) and the AFWT notes. The Manager classifies the AFWT notes as mezzanine as it ranks behind senior noteholders.

⁴⁰ % of total Trust capital invested in direct loans and Qualitas Funds (including uncommitted cash within those funds).

⁴¹ % of the QRI loan portfolio, excluding AFWT notes, cash and the Trust loan receivable.

⁴² Excludes AFWT.

The Manager from time to time at its sole discretion sets other portfolio targets in addition to the above target portfolio composition which is disclosed in ASX updates. These Manager portfolio targets are reflective of current risk appetite based on market conditions and they are reviewed on an ongoing basis with reference to market conditions and opportunities. Amendments to these Manager targets are at the sole discretion of the Manager. As of the date of this PDS, the current Manager portfolio targets are:

Portfolio characteristic	Current Manager portfolio target	Actual as at 31 August 2021 ⁴³
Loan Type	• Land Loans ≤ 40%	Within target 30%
	• Construction loans ≤ 25%	Within target 11%
	• Investment loans ≥ 30%	Within target 50%

4.9 INVESTMENT TYPE

Direct commercial real estate loans

The Trust gains exposure to direct commercial real estate loans through its investment in the Sub-Trust. The Sub-Trust invests directly into commercial real estate loans where the Sub-Trust is a sole lender or a co-lender, investing alongside the Qualitas Funds, other Qualitas Investors and/or the Qualitas Group or its related parties.

Whether the Sub-Trust invests as a sole lender or as co-lender directly into a secured real estate loan is determined by the Qualitas Group's Allocation Policy, as detailed in Section 6.7.3.

The Sub-Trust will not hold investments in both senior and mezzanine loans relating to the same investment. Refer to Section 8.2.5 for further details.

Qualitas Fund investments

Indirect exposure to commercial secured real estate loans is achieved where the Sub-Trust invests in units issued by a Qualitas Fund that invests only in secured real estate loans. The Sub-Trust invests in Qualitas Funds by subscribing for new units or purchasing existing units from existing unitholders from time to time.

The Qualitas Funds invest in secured real estate loans as a sole lender, or co-lender with other Qualitas Funds, Qualitas Investors and/or Qualitas Group or its related parties.

As of the date of this PDS, the Trust, via the Sub-Trust, has invested indirectly via two Qualitas Funds:

Qualitas Fund	Target net return (IRR)	Details
Qualitas Senior Debt Fund	90-day BBSW + 4.0% – 6.0%	<ul style="list-style-type: none"> • Open ended fund which focuses on senior secured loans for up to \$70 million. Sectors (and caps) include industrial 50%, commercial 75%, retail 50%, residential 100%, specialist sectors 15%. • No leverage permitted at the fund level other than a subscription facility which shall not exceed 15.0% of total fund commitments. As of the date of this PDS, QSDF does not have a subscription facility.
Qualitas Mezzanine Debt Fund	11.5%	<ul style="list-style-type: none"> • Close ended fund which focuses on secured real estate mezzanine loans. • No leverage permitted within the fund.

The above are target returns for the Qualitas Funds, which are shown on a net basis (net of fees and expenses). Each Qualitas Fund has different investment objectives including target return, target portfolio composition and risk profile to that of the Trust.

⁴³ The portfolio statistics are determined on a look-through basis having regard to the loans in the underlying Qualitas Funds. The classifications of these diversification parameters are determined by the Manager.

04. ABOUT THE TRUST **Continued**

The above Qualitas Funds are managed by wholly owned members of the Qualitas Group and pay management fees and performance fees (if applicable). While the Investment Management Agreement remains in force, the Trust will not be required to pay any management or performance fees in respect of 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.

The Responsible Entity expects 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.

Arch Finance Warehouse Trust note investment

The Trust may also gain indirect exposure to commercial real estate loans by investing in the subordinated notes of the Arch Finance Warehouse Trust (**AFWT**) note program, receiving monthly floating rate coupon payments.

The AFWT is 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 million. AFWT has an existing income-generating, first mortgage real estate loan portfolio of 200+ loans.

The AFWT has defined eligibility criteria 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 million; and
- Australia only, focused on major capital cities.

4.10 CURRENT PORTFOLIO AS AT 31 AUGUST 2021

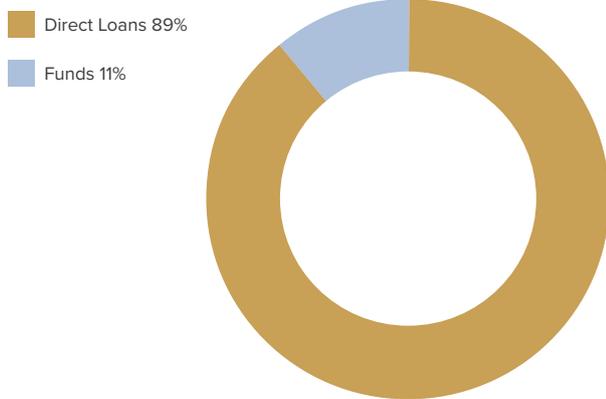
The Trust's portfolio through the Sub-Trust investing in commercial real estate loans is constructed to achieve diversification by investment type, loan type, geography, property sector and borrower.

The portfolio statistics are determined on a look-through basis having regard to the loans in indirectly held investments such as the underlying Qualitas Funds. The classifications of these diversification parameters are determined by the Manager.

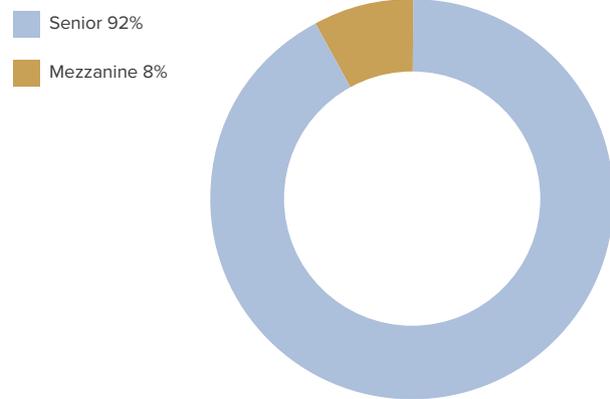
Composition by loan type:

Category	\$ millions	%
Cash (QRI & Qualitas funds) uncommitted	29.8	7%
Senior Debt Investment Loans	213.6	50%
Senior Debt Construction Loans	15.1	4%
Senior Debt Land Loans	127.5	30%
Mezzanine Debt Construction Loans	30.6	7%
Trust Loan Receivable	11.3	2%
Total Trust Capital	\$427.9	100%

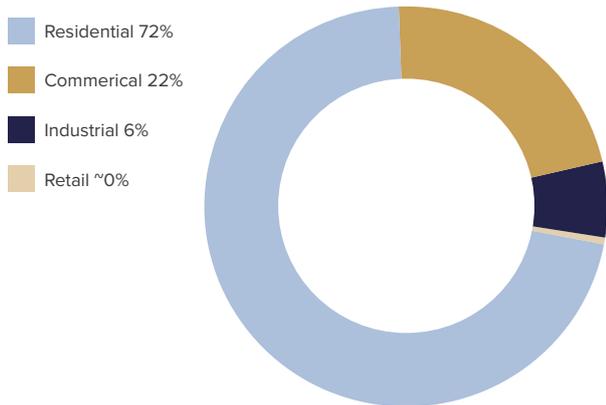
Composition by investment type⁴⁴



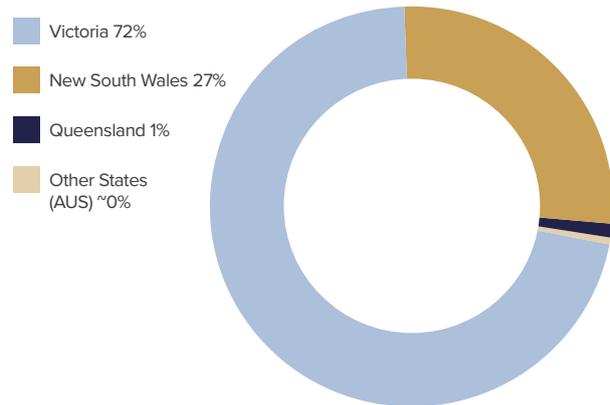
Composition by ranking⁴⁵



Composition by property sector⁴⁶



Composition by geography⁴⁷



94%⁴⁸ Qualitas core markets *Melbourne, Sydney, Brisbane*.

44 Excludes Trust Loan Receivable & cash.

45 Excludes Trust Loan Receivable & cash.

46 Excludes Trust Loan Receivable & cash.

47 Excludes Trust Loan Receivable & cash.

48 % of the QRI loan portfolio, excluding cash and the Trust loan receivable.

04. ABOUT THE TRUST Continued

Key portfolio metrics

Total invested positions	16
Total loans ⁴⁹	32
Total loan counterparties ⁵⁰	29
Weighted LVR ⁵¹	65%
Weighted loan maturity ⁵²	1.3 years
Average loan exposure ⁵³	\$12.1m
Loans in arrears ⁵⁴	Nil
Fixed/Floating interest exposure	97% / 3%

4.11 HISTORICAL PERFORMANCE

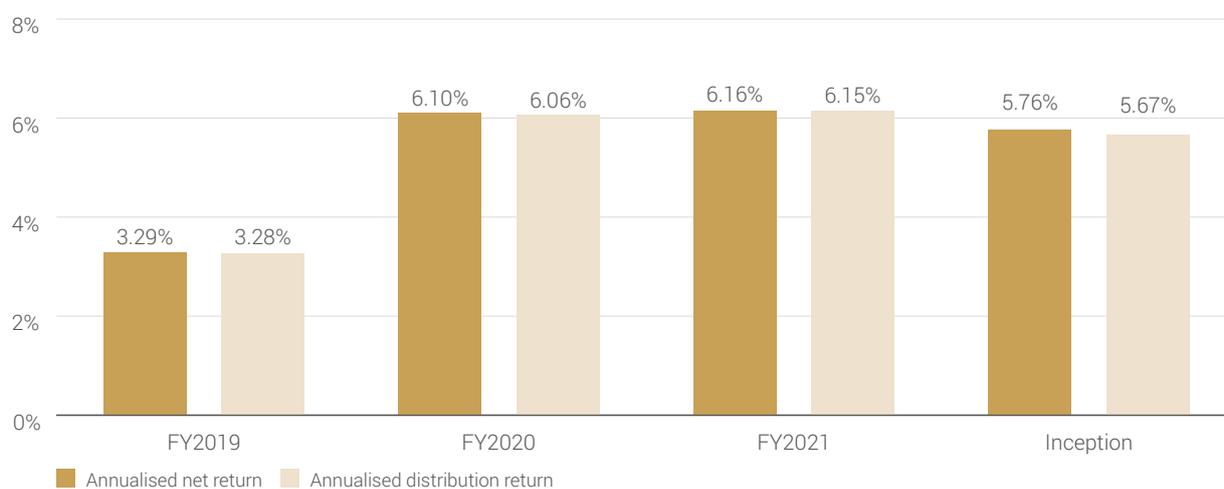
4.11.1 Returns

As at 31 August 2021, the Trust's **net return** was 6.04% p.a. (3 month) and 6.14% p.a. (12 month).⁵⁵

As at 31 August the Trust's **distribution return** was 5.76% p.a. (3 month) and 6.05% p.a. (12 month) as at 31 August 2021.⁵⁶

The current net return and distribution return is in line with the current Target Return of 5.10% to 6.60% p.a.

Graph 1: Annualised financial year returns since inception:



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

* Graph prepared by the Manager based on historical returns.

- Note that the Trust IPO date is 27 November 2018 and FY2019 returns reflect a 7-month period and a 6-month initial investment timeline.

49 Represents total loans in the Trust portfolio on a look through basis, via investments in direct loans and Qualitas Funds.

50 Represents total number of sponsors in the Trust portfolio on a look through basis, via investments in direct loans and Qualitas Funds.

51 Represents total LVR of loans in the Trust portfolio on a look through basis, via investments in direct loans and the Qualitas Funds.

52 Represents total loans in the Trust portfolio on a look through basis, via investments in direct loans and Qualitas Funds.

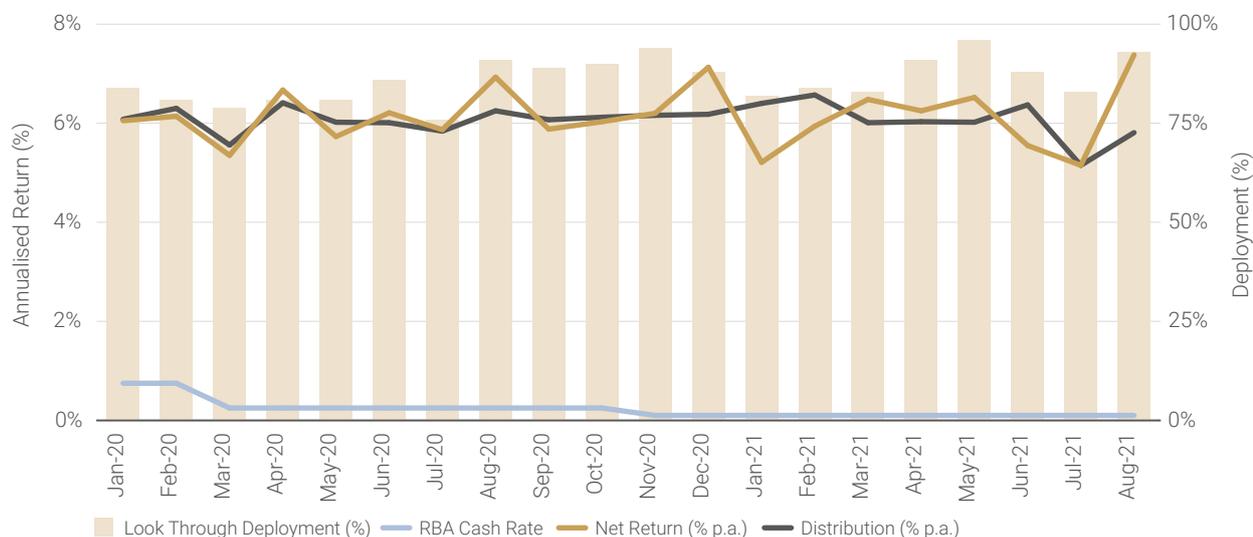
53 Based on the QRI exposure to the loan.

54 Represents % of loan portfolio on look through-basis in arrears by 90 days or more.

55 Net returns are calculated based on the daily weighted average NAV across the respective time periods.

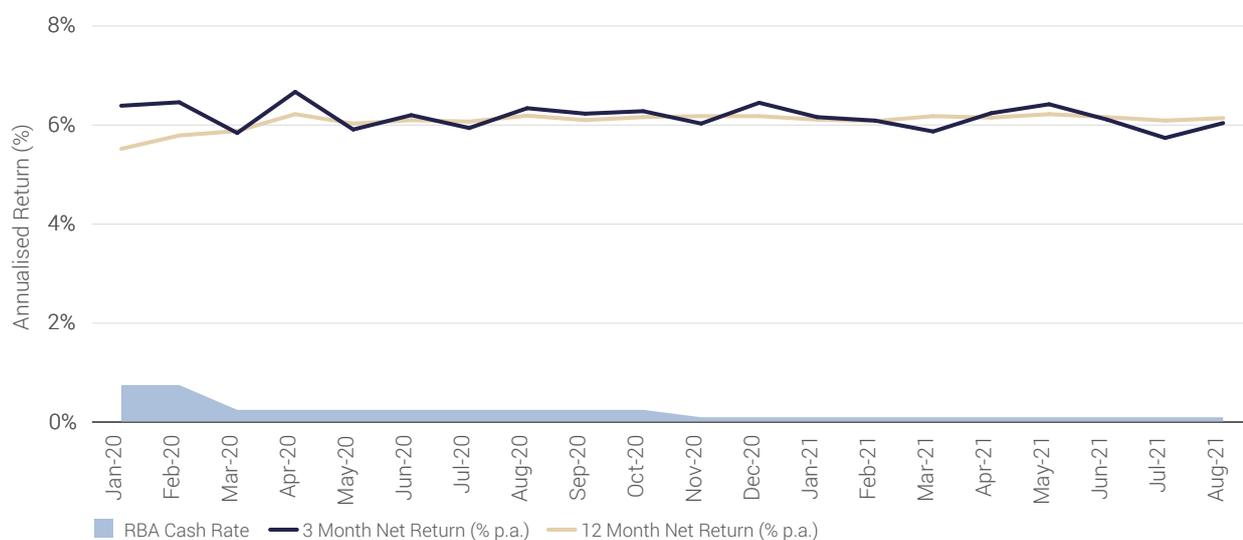
56 Distribution returns are calculated based on the daily weighted average eligible distributed capital across the respective time periods.

Graph 2: Annualised monthly returns verses monthly deployment from 1 January 2020 to 31 August 2021:⁵⁷



- * Past performance is not a reliable indicator of future performance.
- * Graph prepared by the Manager based on historical returns.

Graph 3: Annualised monthly net return (3 months and 12 months) from 1 January 2020 to 31 August 2021:⁵⁸



- * Past performance is not a reliable indicator of future performance.
- * Graph prepared by the Manager based on historical returns.

The total return of the Trust may rise or fall based on, amongst other things, performance in the underlying Trust investments (including timing of repayments and deployment of capital into new investments), risk characteristics of the underlying portfolio, competition and market pricing of investments, and movement in the underlying base rate (typically BBSW or BBSY). Investors should read Section 8 in full, which sets out some of the key risks of an investment in the Trust.

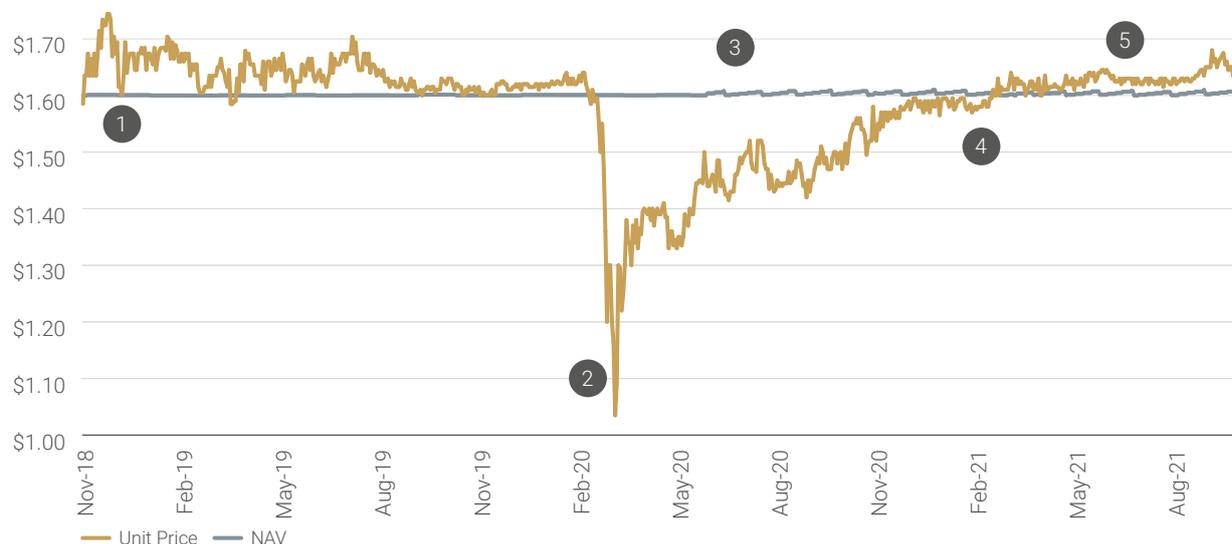
⁵⁷ Deployment represents the % of the Trust's total capital that has been committed and invested as at month end in investments, including the Trust Loan Receivable. Refer to the Trust's monthly performance reports released to the ASX on or about the 15th of each month.

⁵⁸ Net return calculated based on the average month end NAV for the period.

04. ABOUT THE TRUST Continued

4.11.2 Trading Performance and Net Asset Value

The graph below demonstrates the Trust's Unit Price and Unit NAV since the Trust's IPO up to 30 September 2021:



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

Source: As quoted on ASX and the trading data on which the above graph is based was prepared by the Manager. The Australian Securities Exchange Ltd has not consented to the use of trading data in this Product Disclosure Statement.

- Since the IPO:** the Trust unit price has predominantly traded at a premium to NAV until March 2020.
- COVID-19 impact:** In March 2020, the Trust unit price was impacted by the COVID-19 induced bear market and traded at a discount to its NAV despite no impairments experienced in the Trust's underlying loan portfolio.
- NAV performance:** The Trust's NAV has been historically stable and consistently above \$1.60 per Unit with a current NAV of \$1.6086 per Unit as at 27 September 2021. To increase transparency to the Trust's NAV, in June 2020 the Trust increased the frequency of its NAV reporting from monthly to weekly and at each month end. There were no impairments on the portfolio since the IPO or during the COVID-19 period. Given that the underlying investments of the Trust are loan assets, the NAV is expected to remain relatively stable.
- Supporting the unit price:** The Manager has demonstrated over the past 12 months that it is able to support the unit price during times of volatility, having increased its efforts to improve secondary demand and liquidity by leading CRE debt education and direct marketing to investors, and generally increased investor communication on the portfolio performance. Furthermore, as part of broader capital management, the Manager announced the ability to undertake buy back of units for the period 8 April 2020 to 7 April 2021.
- Return to par/premium:** The Trust unit price returns to par (NAV) / premium trading as market sentiment improved. The Manager continues to actively monitor markets in light of the ongoing COVID-19 risks.

Investors should be aware that because the Trust is listed on ASX, the market value of their Unit holding may be greater or less than the value of the underlying portfolio of assets in the Trust and the investment performance of their Units may differ from that of the Trust's. Investors should read Section 8 in full, which sets out some of the key risks of an investment in the Trust.

4.12 DISTRIBUTIONS

The Manager expects the Trust to maintain monthly distribution payments, consistent with the Investment Objective.⁵⁹ The Responsible Entity declared the Trust's first distribution on 21 December 2018 and commenced paying regularly monthly distributions to Unitholders on and from 10 January 2019.

Distributions declared by the Trust since IPO have totalled 25.0775 cents per Unit as at the date of this PDS, which includes the September 2021 distribution declared on 24 September 2021 of 0.7507 cents per Unit which will be paid to Unitholders (as at the record date for the distribution) on or around 15 October 2021. Refer Section 4.11.1 for historical distribution returns. Past performance is not a reliable indicator of future performance.

The Responsible Entity intends that the quantum of distributions match the income (net of fees and expenses) generated by the Trust. Investors should note that distributions are paid at the discretion of the Responsible Entity on the recommendation of the Manager and whether or not a distribution is paid, and the quantum of such distribution (if one is paid), 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 having regard to the Manager's recommendations.

The distribution policy for the Trust allows the Responsible Entity to retain income from time to time and distribute that retained income to Unitholders in a subsequent month within the same financial year. The policy enables the Trust to pay more consistent distributions and to smooth monthly variations of income during the financial year to balance income variations as a result of new loan settlements which generate high fee income and seasonal changes to market activity.

All New Units issued under the Entitlement Offer (including under the Oversubscription Facility and Shortfall) will be entitled to distributions declared and paid after their respective Allotment Dates meaning that New Units and Additional New Units issued under the Entitlement Offer will be entitled to the Trust's monthly distribution for November 2021, payable on or around 15 December 2021.

The Responsible Entity has an active Distribution Reinvestment Plan (**DRP**) which provides Unitholders with the option to re-invest distributions in additional Units in the Trust with key terms as follows:

- The price at which each Unit is issued under the DRP is an amount determined by the Responsible Entity in respect of a distribution which has historically been and is currently the Trust NAV per unit as of the last day of each calendar month for that distribution.
- All Units issued under the DRP are issued on or about the time of the distribution payment date.

Distribution payments to Unitholders are 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. Any Unitholder who has not nominated a financial institution account is deemed to have elected to participate in the DRP.

The Responsible Entity adopts 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.

4.13 DEPLOYMENT OF CAPITAL AND INVESTMENT PIPELINE

As of 31 August 2021, the Trust's capital was 93% deployed and the remaining available capital has been fully allocated⁶⁰ to investments that will settle in October 2021, subject to outstanding due diligence and conditions being satisfied.

From the date of the final issue of Units in the Trust, the Manager will seek to invest capital raised as part of the Offer progressively within a period of three to six months (**Investment Timeline**) having regard to the market conditions outlined in Section 3.1.

The Manager is committed to ensuring an alignment of interests between the Manager, the Trust and the Unitholders and will look to support the Trust as it progressively invests the additional capital raised under the Offer. The Manager has agreed with the Responsible Entity to a waiver of its Management Fee with respect to the proportion of NAV of the Trust that reflects the capital raised under the Offer that is not invested in qualifying assets, but only for such time that it is not so invested as per detailed in Section 7.3.3.

⁵⁹ There is no guarantee that the Trust will achieve its Investment Objective. The payment of stable monthly cash income is a goal of the Trust only.

⁶⁰ Allocated to investments is where the Trust has allocated capital to an investment which is yet to be invested. The Trust's capital is fully allocated to investments when accounting for a ~3% cash buffer which is currently held for liquidity purposes.

04. ABOUT THE TRUST **Continued**

The actual pace of deployment and the Investment Timeline of the capital raised as part of the Offer will be determined by prevailing market conditions as well as available and suitable loan opportunities consistent with the Manager's current risk/return appetite and investment discipline.

Once suitable opportunities are identified, the investment timelines for commercial real estate loans are dependent on undertaking extensive due diligence, determining indicative terms and conditions including pricing, obtaining investment approvals, loan documentation and settlement upon completion of all conditions.

The Manager continues to actively originate new loan opportunities across all loan types and sectors, predominantly focusing on the Australian eastern seaboard, as to facilitate efficient deployment of capital.

The Australian CRE debt market is a highly relationship-based and alternative lenders need to have strong relationships with potential borrowers to ensure a pipeline of deal flow. The Manager leverages its sophisticated borrower network built up over its 13 year operating history to access a broad spectrum of compelling opportunities that continues to replenish its CRE debt pipeline.

The current pipeline of investment opportunities is considered to be strong due to the deep relationships the Qualitas Group has with existing and potential borrowers as well as the increasing market opportunity due to the reduced lending scope in the real estate sector by the major ADIs in Australia.

4.14 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 considers:

- 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 currently comprises the following independent non-executive members, senior executives and members of the risk management:

- Michael Schoenfeld – Chairman & Non-Executive Director, Qualitas Advisory Board
- David Krasnostein – Non-Executive Director, Qualitas Advisory Board
- Gerd Meyer – former Chief Risk Officer and Non-Executive member
- Andrew Schwartz – Group Managing Director, Qualitas Group
- Tim Johansen – Global Head of Capital, Qualitas Group
- Mark Fischer – Global Head of Real Estate, Qualitas Group
- Rob McLellan – Chief Risk Officer, Qualitas Group
- Jason Rackley – Head of Transaction Risk, Qualitas Group

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

All decisions of the TIC are required to be unanimous. A quorum of the TIC will exist if three senior executive members and one independent non-executive member of the TIC are present.

4.15 RECOMMENDATION PROCEDURES

The Responsible Entity reviews investments made by the Trust (via the Sub-Trust) only. For each investment of the Sub-Trust, the Manager submits a recommendation letter to the Responsible Entity on the proposed investment for assessment prior to approval being granted (**Recommendation**).

Each Recommendation provides 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 assesses 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 any allocation of investments across the Sub-Trust and other investments managed by the Qualitas Group is fair and equitable and to ensure that any investment would not lead to the Qualitas Group holding any investments across the capital structure on the same transaction or investment.

4.16 CAPITAL MANAGEMENT POLICY

The Manager regularly reviews the capital structure of the Trust and, where the Manager considers appropriate, undertakes capital management initiatives which may involve recommending that the Responsible Entity undertake:

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

4.17 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 and has the effect of enhancing returns.

The Sub-Trust may use debt for general working capital and capital management purposes. This may include reducing the cash balance held by the fund as a liquidity buffer, or managing capital flows such as the timing between the Sub-Trust investing capital into suitable new investments and receiving capital from repayments, redemptions or capital raisings.

The Trust's gearing policy limits debt borrowings to up to 10% of the Trust's NAV.

Since the IPO of the Trust and as at the date of the PDS, the Trust does not have any borrowings.

4.18 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.

04. ABOUT THE TRUST **Continued**

4.19 INTEREST RATE HEDGING POLICY

The Sub-Trust is exposed 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 invest in direct CRE 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.

4.20 FOREIGN CURRENCY RISK HEDGING POLICY

The Sub-Trust may be exposed to foreign currency risk arising from investment in NZD denominated direct CRE loans and investment in the Qualitas Funds that in turn invest in NZD denominated direct CRE 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% of the Trust's capital is to be directly or indirectly invested in CRE loans secured by real property located in New Zealand. To the extent possible these CRE estate loans are 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 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.

4.21 TRUST LOAN RECEIVABLE

The Trust has provided an unsecured working capital loan (**Trust Loan Receivable**) to the Manager which permitted the Manager to draw a maximum amount of 3.5% of the proceeds of the IPO (\$8.09 million).

As per the terms of the Trust Loan Receivable, the Manager is permitted to draw further loan tranches to assist in funding costs relating to capital raisings of the Trust, subject to the loan not exceeding a maximum of 3.5% of the Trust NAV.

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 most recent draw down under each new tranche. 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, with the amortisation schedule amended at each new drawdown. The Manager may repay the Trust Loan Receivable early at its absolute discretion, with no penalty for early repayment enforced.

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.

Since the IPO, the total amount drawn under the Trust Loan Receivable is \$13.57m. The current outstanding amount of the Trust Loan Receivable as at 30 September 2021 is \$11.27m.

The Manager and the Responsible Entity are intending to draw an additional tranche equivalent to between 3.2% and 3.8% of the Offer Proceeds (the actual % will depend on the actual total amount of the Offer Proceeds) which will be used to pay the Offer Costs.

See Section 12.3 for further detail on the Trust Loan Receivable agreement.

4.22 LOCATION AND CUSTODY OF ASSETS

The Custodian is responsible for holding all assets of the Trust and the Sub-Trust including cash on behalf of the Trust. At the date of this PDS, the Custodian is Perpetual Corporate Trust Limited, a wholly-owned member of the Perpetual Group.

4.23 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 values the Trust's assets monthly and, as soon as it is practical, provides these calculations to the Responsible Entity. The Manager publishes the NAV per Unit on the Trust's Website at www.qualitas.com.au/listed-investments/QRI and provides it to 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.

4.24 VALUATION POLICY

The Trust's NAV is calculated in accordance with Australian Accounting Standards and released to the ASX weekly and at each month end using a framework for the valuation of financial instruments that is consistent with current practice and regulatory requirements.

The NAV of the Trust reflects 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 AASB.

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. At each Financial Year and Half Year, the Trust's independent auditor assesses the carrying loan value and evaluates the Manager's assessment of loan impairments and recoverability.

In adopting NAV as the valuation basis, the Responsible Entity considers 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).

The Responsible Entity's valuation policy including any policy it is required to have in relation to the exercise of discretions in connection with the calculation of the Trust's NAV and the price of Units are available from the Responsible Entity free of charge.

05.

ABOUT THE MANAGER



05. ABOUT THE MANAGER

5.1 THE MANAGER

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

The Manager is a wholly owned subsidiary of the Qualitas Group (refer Section 6).

5.2 ROLE OF THE MANAGER

It is the role of the Manager to:

- 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 makes the final investment decision after confirming that the Manager has followed all appropriate processes and controls in assessing the acquisition of an investment, 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, including through the Sub-Trust, of secured real estate loans are made by the Responsible Entity following the Manager recommendation confirming that all appropriate processes and controls have been applied, depending on the current or intended owner of the asset.

06.

**ABOUT THE
QUALITAS
GROUP**



06. ABOUT THE QUALITAS GROUP

6.1 OVERVIEW

The Qualitas Group is one of Australia's leading institutional alternative real estate investment management firms, specialising in investing across the entire capital structure of real estate debt and equity.

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 Group's own principal balance sheet.

Qualitas has over 50 staff members across Melbourne and Sydney and is primarily active across the Eastern seaboard of Australia. The senior executive team has an average of over 25 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 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 their strategies.

The Qualitas Group partners primarily with established middle-tier developers and property investors, targeting investment opportunities where the Group can provide capital to assist in the acquisition, development or recapitalisation of the underlying assets. The multi-sector experience of the team across the office, retail and residential space, combined with strong technical loan administration, asset management, construction and building skills facilitates the Group's ability to optimise the extraction of value from its investment opportunities.

6.2 FUNDS UNDER MANAGEMENT

As at 30 September 2021, Qualitas Group funds under management were \$4.0 billion representing committed capital from of investors across both debt and equity fund mandates.

The Qualitas Group currently manages the following Qualitas Funds invested in Australian and New Zealand commercial real estate loans on behalf of its Qualitas Investors which include institutional and high net worth investors:

- Qualitas Senior Debt Fund which invests solely in senior secured real estate loans;
- Qualitas Construction Debt Fund which invests in residential secured construction loans;
- Qualitas Mezzanine Fund which invests in mezzanine loans;
- Qualitas Real Estate Opportunity Fund which invests in mezzanine loans in addition to real estate equity investments; and
- Qualitas Build to Rent Impact Fund which invests in senior secured loans to develop and operate sustainable residential build-to-rent properties in major Australian capital cities.

06. ABOUT THE QUALITAS GROUP Continued

6.3 TRACK RECORD

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

In the Qualitas Group's 13 year track record, a total of \$4.7 billion of debt and equity capital has been allocated to real estate assets worth approximately \$14.6 billion in gross value as of 30 June 2021.⁶¹

Deal track record as of 30 June 2021:

	No. of deals	Total amount of capital
Total investments	201	\$4.7 billion
Debt investments	158	\$3.5 billion
Equity investments	43	\$1.2 billion

This section contains details 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 Group's historical debt investments under management 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. Investors are cautioned not to place undue reliance on the historical performance of the Qualitas Group and the Trust.

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.

6.4 QUALITAS ADVISORY BOARD

The Qualitas Group currently 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 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.

The Qualitas Group also currently has the following sub-committees:

- the Qualitas Risk Committee which monitors and reports to the Qualitas Advisory Board on enterprise risk management;
- the Qualitas Finance and Audit Committee which oversees and monitors the Qualitas Group's statutory and regulatory responsibilities relating to financial reporting, external audit process, operational control environment and taxation risk management; and
- the Qualitas People and Culture Committee which provides oversight and guidance on remuneration and human capital affairs across the Qualitas Group.

⁶¹ Track Record is as per independent external verification up to 30 June 2021 and management estimate from 1 July 2021 to 31 August 2021). The gross value of assets is the aggregated value of the real estate asset as at the date of investment.

NAME & EXPERIENCE



Michael Schoenfeld

Chairman

Michael is the chair of the Advisory Board and is a Member and Fellow of Chartered Accountants Australia and New Zealand, a Registered Company Auditor and a Registered Tax Agent.

Michael commenced his accounting career focusing on accounting, taxation and the audit of public and private companies before establishing his own practice which was sold in 2005. Since then, Michael has specialised in advising clients on organisational and business management, taxation, risk and governance matters. Michael has extensive experience with property investors, developers and financiers and in assisting high net worth clients in estate and succession planning.

He chairs and is a member of a number of high-net-worth client family boards, advisory boards and not-for-profit boards.



Elana Rubin AM

Non-Executive

Elana is the Chairperson of Afterpay and Acting Chairperson of Slater & Gordon. She is a Director of Telstra, Victoria Funds Management Corporation and several unlisted and/or public-sector organisations in the infrastructure and insurance sectors.

Elana's previous roles included Chair of Australian Super and WorkSafe Victoria, Director of Mirvac Group and a member of Infrastructure Australia and the Climate Change Authority. Elana is a member of Chief Executive Women and was awarded a Member of the Order of Australia in 2021.



Andrew Schwartz

Group Managing Director & Co-Founder

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

He is responsible for overseeing the Qualitas Group's activities, setting the strategic direction of the business as well as building and enhancing relationships with the firm's clients and investors. Andrew is a full voting member of the Qualitas Investment Committee and is the Chief Investment Officer for various Qualitas Group debt and equity funds.

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



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 which was built over 25 years and sold to an ASX-listed company in 2005.

Alan is Managing Director of the Trawalla Group and sits on a number of private company boards.

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.

06. ABOUT THE QUALITAS GROUP Continued

NAME & EXPERIENCE



David Krasnostein AM

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.

David is also a director of The Melbourne Symphony Orchestra, The Hellenic Museum of Victoria, The National Breast Cancer Foundation, The Aikenhead Centre for Medical Discovery, and Chairman of Phoslock Environmental Technologies. In 2019, David was awarded a Member of the Order of Australia for his services to the law.



Brian Delaney

Non-Executive

With more than 30 years of funds management experience, Brian has held roles at QIC as Executive Director of Strategy, Clients & Global Markets, and as U.S. Senior Managing Director, leading QIC's efforts to foster client relationships and business development opportunities across four offices in New York City, San Francisco, Cleveland and Los Angeles. Brian has also held roles at AMP Capital as Director of the Client, Product & Marketing division where he was responsible for all institutional, retail and self-managed super fund strategies, and serving as a member of the Executive Team.

Brian is a graduate from the Harvard Business School Executive Education Program, a life member of the Association of Superannuation Funds (ASFA), a Fellow of ASFA and the Australian Institute of Company Directors and is a Director of Lonsec Financial Group and the Trawalla Group. Past directorships include the boards of Basketball Australia and Investment Management & Consultants Association (IMCA).

6.5 QUALITAS TRUSTEE BOARD

Qualitas Securities Pty Ltd, a member of the Qualitas Group, holds the Qualitas Group's Australian Financial Services Licence and its board of directors acts in the capacity of independent trustee for the Qualitas Funds (**Qualitas Trustee Board**). The Qualitas Trustee Board is constituted as an independent sub-committee of the Qualitas Advisory Board and includes an independent, non-executive chairperson and majority independent, non-executive directors.

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 constituent documents 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.

6.6 INVESTMENT PRINCIPLES

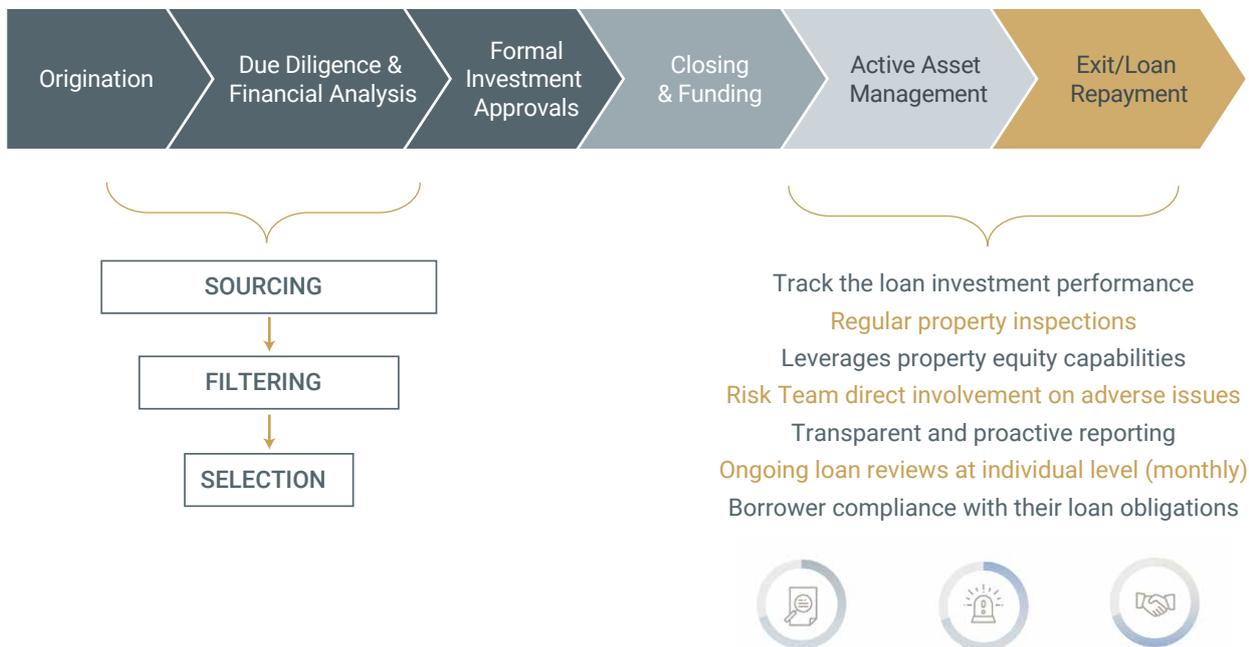
The Qualitas Group has four Investment Principles, against which all loan investment opportunities are assessed:

- **Quantum of returns:** The Manager seeks 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 is 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 seeks 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 then seeks 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.

6.7 INVESTMENT PROCESS

The Qualitas Group applies a rigorous investment process and discipline across the life cycle of all loan investments:

Investment Process: Loan life cycle



06. ABOUT THE QUALITAS GROUP **Continued**

6.7.1 Investment origination and due diligence

The Qualitas Team continues 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:

- Adheres to the Qualitas client adoption policy which sets out the criteria for the selection and screening of prospective new borrowers;
- Targets 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;
- Focuses on negotiating security arrangements and favourable documentation in exchange for offering loan products that may fall outside traditional bank lending criteria;
- Offers 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
- Diversifies 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.

6.7.2 Risk management team

The Qualitas Team evaluates the underlying credit risk of each potential secured real estate 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 prepares an investment paper to seek approval from the Qualitas Investment Committee. This process is applied to investment decisions in relation to the portfolio.

6.7.3 Allocation Policy

The Qualitas Group’s Allocation Policy is a framework for the allocation of investment opportunities across the Qualitas Group’s investors which include any fund or investment vehicle managed by the Qualitas Group, including the Trust (via the Sub-Trust) and the Qualitas Funds.

The Allocation Panel comprises the Investment Team “Head of Fund” for each fund or investment vehicle and is responsible for reviewing the proposed allocation recommendations from the relevant deal team of the Investment Team and making a recommendation to the investment committee in relation to how such investment should be allocated in accordance with the Allocation Policy.

In determining the appropriate allocation, the Allocation Panel will consider the:

- portfolio composition parameters and investment eligibility criteria of each investment fund or vehicle; and
- the impact of the investment on each investment fund or vehicle’s respective portfolio returns and key metrics.

The Allocation Policy outlines a priority waterfall which indicate that qualifying funds and qualifying separate managed accounts have first priority to be allocated investments on a pro-rata basis. A qualifying fund includes the Trust (via the Sub-Trust) and any active fund where Qualitas as manager has the discretion to invest committed capital on behalf of investors.

As a result of the Allocation Policy, a commercial real estate loan may be allocated all or in part to the Trust and/or one or more of the Qualitas Funds, Qualitas Investors and/or the Qualitas Group and its related entities.

6.7.4 Qualitas Investment Committees

The Qualitas Group has a different investment committee for each Qualitas Fund (collectively, the **Qualitas Investment Committees**). The Qualitas Investment Committees are responsible for transaction due diligence, approval, and ongoing monitoring of investments allocated to between the different investment vehicles of the Qualitas Group, including the Trust and the Sub-Trust.

A separate investment committee for the Trust (the **TIC**) undertakes transaction due diligence, approval, and ongoing monitoring of investments allocated to the Trust. Refer Section 4.14 for details of the TIC.

6.7.5 Active asset management

The Qualitas Team actively monitors the performance of all investments through-out its tenor, undertaking regular reviews at least every eight weeks. In particular, the Qualitas Team:

- monitors the borrower's business plan, the underlying real estate and the real estate market, to mitigate potential risks;
- carries 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;
- undertakes regular inspections of the real estate asset on which investments are secured and conduct borrower meetings at appropriate intervals;
- monitors the borrower's compliance with their loan obligations including the loan covenants and reporting requirements;
- identifies 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 reviews and monitors 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.

6.7.6 Fund performance

The Qualitas Team monitors the performance of each Qualitas Fund in line with its investment objectives and fund mandate on an ongoing basis.

A formal fund performance meeting on a monthly basis to oversee fund strategy, investment pipeline, portfolio construction, capital and liquidity management, undertake impairment assessment, finance and administration.

6.8 QUALITAS FINANCE AND AUDIT COMMITTEE

The Finance and Audit Committee oversees and monitors the Qualitas Group's statutory and regulatory responsibilities relating to financial reporting, external audit process, operational control environment and taxation risk management. This includes oversight in relation to Qualitas Funds, including the Trust and the Sub-Trust. The Finance and Audit Committee comprises a majority of members from Qualitas Group Advisory Board, and must include at least two members with relevant qualifications and experience (e.g. holding a current accounting qualification).

6.9 ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

The Manager follows Qualitas' approach to environmental, social and governance (**ESG**) considerations with respect to its management of the Trust. The Manager believes that incorporating ESG considerations into its management of the Trust supports better performance of and enhances sustainable growth and success for the Trust.

06. ABOUT THE QUALITAS GROUP Continued

6.9.1 Qualitas' position on ESG factors

Strategically considering **ESG** factors has become increasingly relevant for Qualitas' leadership, employees and investors. There is a growing focus within the real property sector on addressing the significant global carbon footprint produced by the industry, and other material ESG issues such as energy, waste and water management, access and affordability, labour management and community relations. Organisations are adopting ESG practices that shape and manage investment risk, support long term value creation and increase shareholder value.

Qualitas believes that embedding ESG considerations into the organisation's governance, culture, operating and investing approaches is essential. It supports better performance and enhances Qualitas' sustainable growth and success, and ultimately reflects the firm's commitment to be part of the positive social and environmental action our world needs.

Qualitas' organisational values include excellence, innovation, diversity and integrity, and it is with this lens that it drives ESG initiatives across the business. In particular, Qualitas:

- Continues to conduct its business in accordance with the highest ethical, legal and regulatory standards;
- Explores and integrates appropriate ESG considerations across the investment lifecycle;
- Partners with values-aligned organisations to generate high quality assets with superior returns alongside positive social and environmental impacts; and
- Empowers their people to contribute in meaningful ways to ESG business initiatives.

For further information, please refer to Qualitas' Sustainability Policy which is available on Qualitas' website www.qualitas.com.au/sustainability-policy/.

6.9.2 Responsible Investment

The Manager will factor ESG considerations into its investment due diligence and decision making. All potential investments will include an ESG assessment undertaken by the investment team as part of the investment due diligence process.

The Manager will rely on Qualitas' proprietary assessment tool which leverages relevant aspects of the international GRESB Real Estate Assessment to explore and document ESG leadership, and key areas of environmental, social and governance performance of the counterparties for each investment. All investment committee papers will include a dedicated ESG section and this forms part of the investment decision making process.

The counterparty ESG assessment tool has been developed to guide Qualitas' ESG considerations and includes the following assessment areas which are relevant to real estate:

General

- ESG objectives
- Management and performance
- Disclosure

Environmental

- Energy and efficiency
- Carbon footprint
- Land use and water management
- Contamination and hazardous materials
- Building certifications

Social

- Stakeholder engagement
- Access and affordability
- Design standards and materials
- Labour practices
- Workplace health and safety

Governance

- Board structure and diversity
- Risk management policies and practices
- Financial reporting and transparency
- Legal and regulatory compliance
- Business ethics

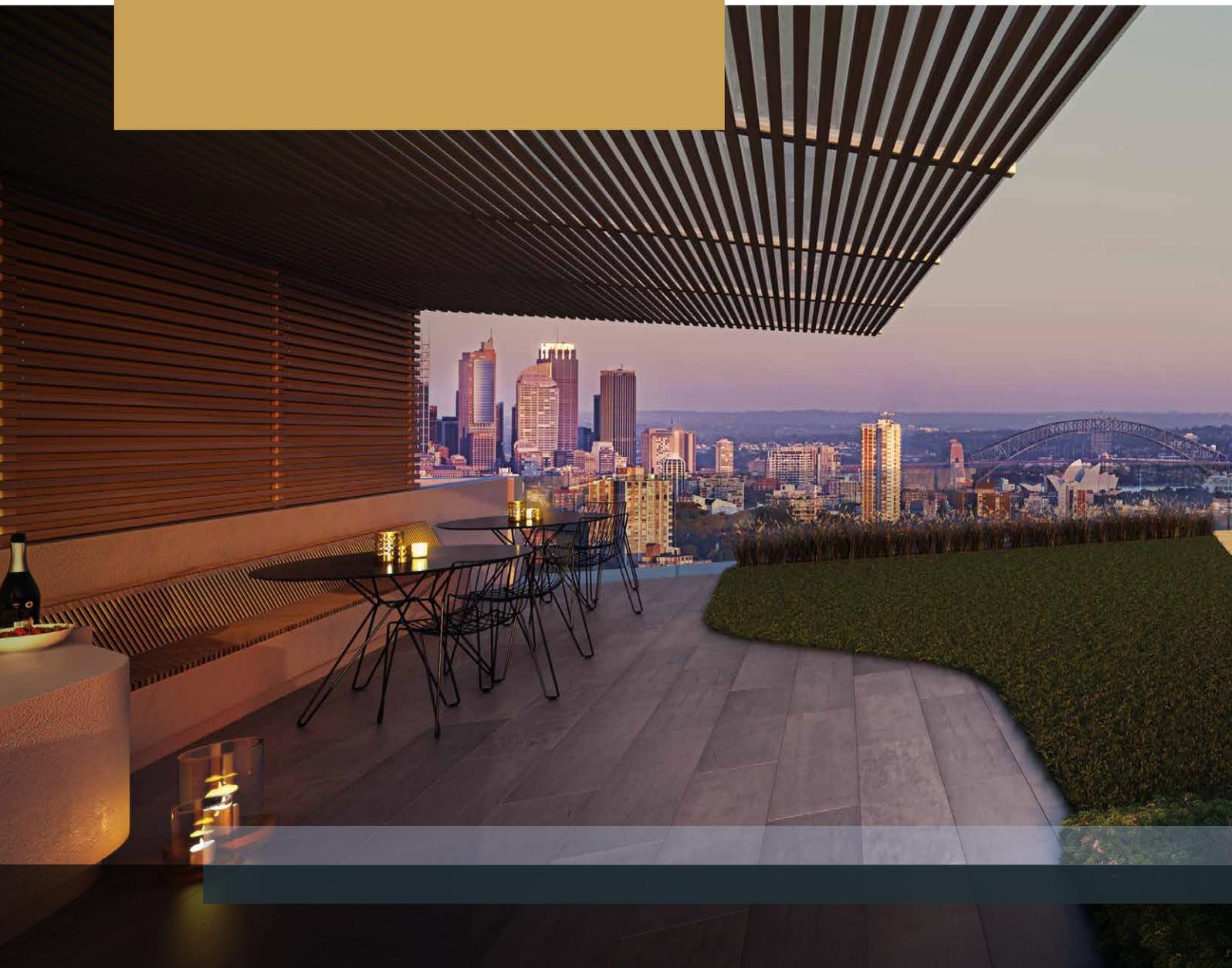
The results from the counterparty ESG assessment tool are included in all investment papers and assist the Manager in its investment decision making. The Manager does not currently prescribe any specific weightings or pre-determined views to the above ESG considerations, however, it is considering this moving forward. Any change to, or impact on, the ESG considerations is considered as part of the regular monitoring and review of the Trust's portfolio which occurs at least every eight weeks.

Without limiting the Responsible Entity's duties under the Constitution and the law, the Manager will ensure that the Trust will not make investments or support sponsors or borrowers in the following sectors:

- Production and/or sale of military equipment, firearms or munitions;
- Production, storage and/or transportation of nuclear/radioactive material (note – this does not apply to the purchase of medical equipment or quality control measurement equipment);
- Production and/or sale of tobacco products (where the latter is a material part of their business); and
- Adult entertainment venues, brothels and sale of pornography.

07.

FEES AND COSTS



07. FEES AND COSTS

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 investment 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 or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower fees. Ask the fund 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)** Moneysmart website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

7.2 FEES AND COSTS

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 10 of this PDS.

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

TABLE 1: FEES AND COSTS SUMMARY

Units in the Qualitas Real Estate Income Fund

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
ONGOING ANNUAL FEES AND COSTS		
MANAGEMENT FEES AND COSTS The fees and costs for managing your investment	Total Estimated Management Fees and Costs to be 1.84% – 1.88% of the NAV of the Trust. ^{1,2} The estimated Management Fees and Costs referred to above include the following fees and costs rounded to two decimal places:	
	<ul style="list-style-type: none"> • Estimated Responsible Entity Fee payable to the Responsible Entity for acting as responsible entity of the Trust at a rate of 0.03% to 0.04% per annum of the NAV of the Trust and depending on the level of the NAV³; • Estimated Management Fee payable to the Manager for its role as manager of the Trust at a rate of 1.54% per annum of the NAV of the Trust;⁴ 	<ul style="list-style-type: none"> • Responsible Entity Fee is calculated and accrued daily and paid quarterly in arrears out of the assets of the Trust usually within 60 days of the end of the quarter. • Management Fee is calculated and accrued daily and paid monthly in arrears out of the assets of the Trust usually within 10 days from the end of the month.

07. FEES AND COSTS Continued

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
<p>MANAGEMENT FEES AND COSTS</p> <p>The fees and costs for managing your investment (continued)</p>	<ul style="list-style-type: none"> • Estimated Recoverable Expenses payable by the Responsible Entity out of the Trust at a rate of 0.23% to 0.27% per annum of NAV of the Trust;⁵ • Estimated Indirect Costs payable are expected to be approximately 0.04% per annum of NAV of the Trust.⁶ 	<ul style="list-style-type: none"> • Recoverable Expenses are deducted from the assets of the Trust from time to time when they are incurred. • Indirect Costs are deducted from the assets of the Sub-Trust and Qualitas Funds, as applicable, from time to time when they are incurred.
<p>PERFORMANCE FEES</p> <p>Amounts deducted from your investment in relation to the performance of the product</p>	<p>Estimated Performance Fee: Nil⁷</p> <p>Performance Fee of 20.5% of the monthly Net Income of the Trust that is above a return hurdle of 8% of Average Adjusted NAV over the Performance Calculation Period may be payable to the Manager in relation to the performance of the Trust.</p>	<p>Performance Fee is calculated and accrued monthly from the applicable Performance Fee Calculation Start Date and the aggregate of the accrued amounts (if any) is payable at the end of the financial year from the assets of the Trust within 15 business days of the end of the financial year.</p>
<p>TRANSACTION COSTS</p> <p>The costs incurred by the scheme when buying or selling assets</p>	<p>Estimated Transaction Costs: Nil⁸</p>	<p>Not applicable</p>
<p>MEMBER ACTIVITY RELATED FEES AND COSTS (FEES FOR SERVICES OR WHEN YOUR MONEY MOVES IN OR OUT OF THE SCHEME)</p>		
<p>ESTABLISHMENT FEE</p> <p>The fee to open your investment</p>	<p>Not applicable</p>	<p>Not applicable</p>
<p>CONTRIBUTION FEE</p> <p>The fee on each amount contributed to your investment</p>	<p>Nil</p>	<p>Not applicable</p>
<p>BUY-SELL SPREAD</p> <p>An amount deducted from your investment representing costs incurred in transactions by the scheme</p>	<p>Nil⁸</p>	<p>Not applicable</p>
<p>WITHDRAWAL FEE</p> <p>The fee on each amount you take out of your investment</p>	<p>Not applicable</p>	<p>Not applicable</p>
<p>EXIT FEE</p> <p>The fee to close your investment</p>	<p>Not applicable</p>	<p>Not applicable</p>
<p>SWITCHING FEE</p> <p>The fee charged for changing investment options</p>	<p>Not applicable</p>	<p>Not applicable</p>

Notes to Table 1:

1. The percentage range for Estimated Management Fees and Costs reflects the percentage ranges in the Estimated Responsible Entity Fee and the Estimated Recoverable Expenses. All numbers shown are rounded up or down to the nearest two decimal places. Accordingly the Estimated Management Fees and Costs figure is arrived at by adding amounts that have not been rounded and rounding the final result rather than adding each of the rounded figures from each component.
2. Additional fees and costs may be incurred. See the Additional Explanation of Fees and Costs at section 7.3 below.
3. This fee may be negotiable. See the Additional Explanation of Fees and Costs at section 7.3 below. For more information in relation to the Estimated Responsible Entity Fee, see the Additional Explanation of Fees and Costs at section 7.3.2 below.
4. This fee may be negotiable. See the Additional Explanation of Fees and Costs at section 7.3 below. For more information in relation to the Estimated Management Fee, see the Additional Explanation of Fees and Costs at section 7.3.3 below.
5. For more information in relation to the Estimated Recoverable Expenses, see the Additional Explanation of Fees and Costs at section 7.3.3(a) below.
6. For more information in relation to the Estimated Indirect Costs, see the Additional Explanation of Fees and Costs at section 7.3.3(b) below.
7. For more information in relation to the Estimated Performance Fee and calculation of the Performance Fee see the Additional Explanation of Fees and Costs at section 7.3.4 below.
8. Please see the Additional Explanation of Fees and Costs at section 7.3.5 below for more information in relation to the Estimated Transaction Costs and the Buy-Sell Spread.

The fees in the above table are inclusive of Goods and Services Tax (GST) less any Reduced Input Tax Credit (RITC) amount component of fees charged to the extent it is expected to be available. Any available RITC will reduce the net cash cost of fees deducted from the Trust. For further information about GST please see the Additional Explanation of Fees and Costs section at Section 7.3.7 below.

TABLE 2: EXAMPLE OF ANNUAL FEES AND COSTS FOR AN INVESTMENT IN UNITS IN THE TRUST

This table gives you an example of how the ongoing annual fees and costs for this product can affect your investment over a 1-year period. You should use this table to compare this product with other products offered by managed investment schemes.

EXAMPLE	AMOUNT	BALANCE OF \$50,000
Management Fees and Costs	1.88% p.a. [#]	AND, for every \$50,000 you have invested in the Trust you will be charged or have deducted from your investment \$940 each year. [#]
PLUS Performance Fees	Nil [#]	AND, you will be charged or have deducted from your investment \$0 in performance fees each year [#]
PLUS Transaction Costs	Nil [#]	AND, you will be charged or have deducted from your investment \$0 in transaction costs [#]
EQUALS Costs of the Trust	If you had an investment of \$50,000 at the beginning of the year, you would be charged fees and costs of \$940. ^{*#}	

* Additional fees may apply – See the Additional Explanation of Fees and Costs at section 7.3 below.

[#] These are estimated amounts only. The actual amount may vary including for the reasons set out below.

The Management Fees and Costs have been calculated assuming a Responsible Entity Fee of 0.04% and Estimated Recoverable Expenses of 0.27% based on a Trust NAV of \$529.8 million being the Trust NAV of \$429.8 million as at 30 September 2021 and assuming an amount of \$100.0 million is raised under the Offer. If the Trust has a higher NAV then this percentage amount may be lower. For example, if the Trust has a NAV of \$643.8 million the Management Fees and Costs would be 1.84% p.a. (reflecting a Responsible Entity Fee of 0.03% and Estimated Recoverable Expenses of 0.23%) and each year you would be charged an estimated \$920 for every \$50,000 you have invested in the Trust.

Further the percentage of Management Fees and Costs and the amount charged will reflect the actual expenses recovered from the Trust, the Sub-Trust and underlying Qualitas Funds which may include amounts of ordinary and everyday expenses as well as any other unanticipated fees (such as Additional Fund Administration Services Fees payable to the Responsible Entity) and unanticipated expenses and other amounts actually incurred that are not included in Estimated Recoverable Expenses or Estimated Indirect Costs in the Fees and Costs Summary (Table 1).

The amount for the Performance Fee reflects the Responsible Entity's estimate that no Performance Fee is likely to be charged for this financial year and noting that no Performance Fee has been charged over the last two financial years being the period since the ability to charge a Performance Fee has applied. If a Performance Fee is payable (whether in the current financial year or future years) the percentage Performance Fee and the dollar amount charged will change to reflect the actual amount of the Performance Fee charged.

07. FEES AND COSTS **Continued**

The amount for Transaction Costs reflects the Responsible Entity's current estimate that Transaction Costs will be nil. If Transaction Costs are actually incurred by the Trust, Sub-Trust and underlying Qualitas Funds in the current financial year or future years the actual amount charged will reflect the actual amount of Transaction Costs that are incurred.

The information in this table is an example only and assumes a constant investment of \$50,000 throughout the year without taking into account any movements in the value of Units that may occur over the course of the year.

For additional information on fees and costs see Section 7.3 below.

7.3 ADDITIONAL EXPLANATION OF FEES & COSTS

7.3.1 Management Fees and Costs

The Estimated Management Fees and Costs included in the Fees and Costs Summary (Table 1) includes the following estimated fees and costs. The Estimated Management Fees and Costs is expressed as a range to reflect the extent to which the estimates for the following fees and costs involve a range as explained below.

7.3.2 Responsible Entity Fee

This fee is charged by the Responsible Entity for acting as the responsible entity of the Trust. The fee is a sliding scale of fixed amounts that vary depending on the NAV of the Trust. It is calculated and accrued daily and paid quarterly in arrears from the Trust's assets. The Estimated Responsible Entity Fee is expressed as a percentage range of 0.03% to 0.04% p.a. of the NAV of the Trust rounded to two decimal places on the assumption that the Trust NAV may vary between \$529.8 million based on the Trust NAV at 30 September 2021 and assuming an amount of \$100.0 million is raised under the Offer (in relation to which the Responsible Entity Fee is 0.04%) and \$643.8 million (at which level of NTA the Responsible Entity Fee reduces to 0.03%). If the Trust NAV falls to lower than \$400 million, the Responsible Entity Fee may increase above 0.04% (although not to an extent that is higher than the maximum fee specified in the Constitution as set out at Section 7.3.11) and if the Trust NAV increases, the Responsible Entity may decrease to lower than 0.03%.

The Responsible Entity Fee may be negotiable. See section 7.3.10 below. Subject to the law and the proper performance of its duties, the Responsible Entity may also charge time in attendance fees (referred to as Additional Fund Administration Services fees in the Constitution) for activities performed outside the normal day to day scope of its role (such as, for example, amendments to Trust documents or the structure of the Trust or subsequent capital raisings) at its commercial hourly rates (applicable at the relevant time and which may be notified to Unitholders from time to time) subject to the maximum amount described in Section 7.3.11 'Can the fees and costs change?' for time spent providing any such services. If charged these fees will be deducted out of the assets of the Trust at the time of incurring the fee. As there is no expectation that these fees will be charged as at the date of this PDS, they cannot reasonably be estimated and no amount has been included with respect to them in the calculation of Management Fees and Costs.

7.3.3 Management Fee

The Manager charges a Management Fee of 1.5% p.a. (exclusive of GST) (1.5375% inclusive of GST after taking into account RITC) of the NAV of the Trust. The Management Fee is accrued daily and paid monthly in arrears from the Trust's assets. This Management Fee will apply except to the extent the Manager has agreed to waive a portion of its Management Fee as described below.

The Management Fee may be negotiable. See section 7.3.10.

Example of Management Fee

Assuming that the Offer is fully subscribed (including by way of the Oversubscription Facility and/or the Shortfall Offer), and assuming the NAV remains equal to NAV as at 30 September 2021 (\$429.8 million) plus the proceeds of the amount raised under the Offer (\$214 million), the annual Management Fee (excluding the impact of the management fee discount applicable to the Offer) of the Trust would be as follows:

NAV	\$643,771,036
Management Fee	1.5375% p.a.
Total Management Fee payable	\$9,897,980

In the event of an impairment of loan assets equivalent to 10% of the NAV occurring say six months after completion of the Offer, the total Management Fee payable would reduce to \$8,908,182.

The Manager may in its absolute discretion waive or rebate any or all of the fees it is entitled to charge under the Investment Management Agreement and in such circumstances the Trust is entitled to the benefit of such waiver or rebate.

The Manager has agreed with the Responsible Entity for the purposes of the Offer under this PDS to a waiver of its Management Fee. Under the terms of its agreement with the Responsible Entity, the Manager waives the Management Fee with respect to the proportion of NAV of the Trust that reflects the capital raised under the Offer that is not invested in qualifying assets, but only for such time that it is not so invested.⁶² An investment in qualifying assets using the capital raised under the Offer will be taken to be made in circumstances that include:

- when the Sub-Trust enters into a loan facility for a direct loan (in which case the investment in qualifying assets will be taken to be the total committed facility limit from the time of first drawdown under the loan facility);
- when the Sub-Trust makes a commitment to invest in units in a Qualitas Fund or notes of AFWT (in which case the investment in qualifying assets will be taken to be the entire amount of the commitment from the time of signing the documents for that commitment); and
- when a further investment is made in the Trust Loan Receivable (in which case the investment in qualifying assets will be taken to be made each time the Manager draws down an additional tranche of the loan facility).

Qualifying assets do not include cash in a deposit product or a cash management trust.

Once the amount of the capital raised under the Offer excluding 5% of that capital has been invested in qualifying assets, the waiver will cease to apply with respect to any portion of the NAV of the Trust that reflects the capital raised under the Offer.

To the extent that any agreement by the Manager to waive its Management Fee applies, the percentage amount shown in the Fees and Costs Summary (Table 1) and in the Example of Annual Fees and Costs for an Investment in Units in the Trust (Table 2) and the actual amount charged for Management Fees will be reduced.

(a) Recoverable Expenses

The Estimated Recoverable Expenses amount is based on the Recoverable Expenses incurred by the Trust over the last financial year and adjusted if considered appropriate to provide an estimate of the ordinary and everyday expenses anticipated to be incurred in operating the Trust in the current financial year (other than Transaction Costs described in paragraph 7.3.5 below). The Recoverable Expenses 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, but are not limited to, amounts payable to the custodian, costs payable to ASX, costs relating to fund administration, unit registry, ASX, preparation of financial statements and audit costs, bank fees.

Offer Costs

The Trust Loan Receivable is an unsecured loan provided to the Manager by the Trust and will be increased to pay the costs and expenses associated with the Offer (Offer Costs), including broker, legal, tax, accounting and other advisory costs, printing and other expenses (see Section 4.21 for further information on the Trust Loan Receivable).

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 both ordinary and everyday expenses and other expenses that are not ordinary and everyday expenses and are not anticipated (for example, expenses that the Responsible Entity does not anticipate incurring at the date of this PDS include the costs of holding a Unitholder meeting and costs of bringing or defending any legal proceedings).

⁶² To the extent that existing capital raised has not yet been invested in qualifying assets, such capital will be invested in qualifying assets before capital raised under the Offer will be so invested. The above waiver of Management Fees does not apply in relation to the investment of existing capital in qualifying assets, although different arrangements for a partial Management Fee waiver may apply.

07. FEES AND COSTS **Continued**

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 acting under the Investment Management Agreement. 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, including any clearing house fees and brokerage fees.

Taxes incurred by the Manager in respect of income of the Manager and 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 are excluded. To the extent these can be anticipated they are included in the Estimated Recoverable Expenses set out in the Fees and Costs Summary (Table 1) at Section 7.2 above.

Unanticipated expenses, if incurred, would increase the estimated amount shown in the Fees and Costs Summary (Table 1).

(b) 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 agreements 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 are and will be rebated for as long as the Manager remains the Manager of the Trust. The effect of such rebates is that the Trust's investment in the Qualitas Funds will be free of management fees at the Qualitas Fund level.

The Estimated Indirect Costs included in the Fees and Costs Summary (Table 1) reflect the proportion of the administration fees and any other expenses incurred by the Qualitas Funds that reflect the Trust's investment in those Qualitas Funds through the Sub-Trust based on the amounts incurred last financial year with adjustments for the purposes of estimating the fees and other expenses for the current financial year to the extent that they may reasonably be estimated.

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 agreements 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 are rebated for as long as the Manager remains the Manager of the Trust. The effect of such rebates is 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 provides for the Trust. However, whilst the Manager remains the manager of the Trust the fees at the Sub-Trust level are not payable. As such, there is no management or performance fees charged to the Sub-Trust whilst the Manager is the manager of the Trust.

The Estimated Indirect Costs included in the Fees and Costs Summary (Table 1) reflect the proportion of the administration fees and any other expenses incurred by the Sub-Trust that reflect the Trust's investment in the Sub-Trust based on the amounts incurred last financial year with adjustments for the purposes of estimating the fees and other expenses for the current financial year to the extent that they may reasonably be estimated.

See Section 12.1 in relation to details as to when the Manager may be removed as the manager of the Trust.

Loan Arrangement Fees received by the Manager as manager of the Sub-Trust and Qualitas Funds

The Manager (in its capacity as manager of the Sub-Trust and Qualitas Funds) is entitled to receive Loan Arrangement Fees payable by borrowers in respect of loans made by the Sub-Trust or any Qualitas Fund that are arranged by it as manager of the Sub-Trust or the Qualitas Fund (as applicable). The Manager pays an agreed proportion of these fees to the Sub-Trust or the Qualitas Fund from which the loan has been made. See Section 13.10 of this PDS for more information about the Loan Arrangement Fees. As the Loan Arrangement Fees are not a fee or cost payable by the Sub-Trust or any Qualitas Fund, no amount for Loan Arrangement Fees is included in the Estimated Indirect Costs.

7.3.4 Performance Fees

Since 1 July 2019 the Manager has had the ability to charge a Performance Fee, provided the Cumulative Actual Return has exceeded the Return Hurdle for the Performance Calculation Period. The Performance Fee is calculated and accrued monthly from the relevant Performance Calculation Period Start Date and, if payable, paid annually in arrears at the end of the financial year.

Over the 2 financial years since 1 July 2019 no Performance Fee has been payable to the Manager. Accordingly, there is no average Performance Fee for the last 2 financial years to disclose. It is not currently expected that a Performance Fee will be payable to the Manager in the current financial year on the basis of the Trust net return continues to be within the Target Return and there is currently no reasonable basis on which to form a view that the Performance Fee Return Hurdle will be exceeded so as to result in a Performance Fee being payable at the end of the current financial year. For this reason the Estimated Performance Fee is nil.

Information as to the manner in which the Performance Fee is calculated (including an example of its operation over a theoretical 3 year period is set out below).

The defined terms used above and in the Fees and Costs Summary (table 1) are set out below.

Adjusted NAV is calculated as the total assets less total liabilities plus the performance fee accrual plus any unrealised loan provisions.

Average Adjusted NAV is the average of each monthly Adjusted NAV within a Performance Calculation Period.

Cumulative Actual Return is calculated each month during the Performance Calculation Period and is the amount expressed as a percentage that equals the Net Income of the Trust received in the Performance Calculation Period and divided by the number of months in the Performance Calculation Period multiplied by 12 with the result divided by the Average Adjusted NAV for the Performance Calculation Period. For clarity, the calculation of this figure takes into consideration actual performance of the Trust over the Performance Calculation Period.

Net Income is the gross revenue of the Trust less management fees, realised impairment losses and expenses but before any performance fee expenses and unrealised loan provision expenses.

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.

Return Hurdle is 8.0% p.a.

If the Cumulative Actual Return has exceeded the Return Hurdle for the Performance Calculation Period, the Performance Fee is calculated and accrued as follows:

1. **First:** The Trust deducts from the Net Income for the month in which the Performance Fee is being calculated an amount equal to the Return Hurdle;
2. **Second (Excess Return):** For any remaining Net Income for the month in excess of the Return Hurdle, a Performance Fee of 20.5% of NAV (inclusive of GST, less RITC) is accrued.

In the first financial year from a Performance Calculation Period Start Date, a Performance Fee will only be payable to the Manager if at the end of that year the aggregate monthly performance fee amounts accrued on the basis set out above is a positive amount. In the second or third year of the Performance Calculation Period, a Performance Fee will only be paid to the Manager if at the end of the relevant financial year the aggregate monthly Performance Fee amounts accrued on the basis set out above less any Performance Fees previously paid in the Performance Calculation Period is a positive amount. If the result is a negative amount in the second year (which can only be the case if a Performance Fee has been paid in the first year) or third year (which can only be the case if there has been a Performance Fee payable in the first and/or second years) the Manager must refund an amount to the Trust equal to that negative amount.

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. Accordingly any Performance Fee that is negative in a new Performance Calculation Period is not refunded against a positive Performance Fee paid in a previous Performance Calculation Period.

07. FEES AND COSTS Continued

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 both in percentage and dollar terms. 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 for a financial year is the return earned in each financial year and the Cumulative Actual Return is the average return p.a. as at the end of each financial 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.

Priority of Net Income

The table below demonstrates the priority of Net Income⁶³ 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% of Outperformance)		0.10%	–	0.15%
Net income to Unitholders (80% of Outperformance)	B	0.40%	–	0.60%
Manager payment to the Trust (% of average NAV)	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 returns to Unitholders and the Manager by year and annualised after the calculation of the priority of Net Income and the Performance Fee refund:

63 Rounded to two decimal points.

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.

Assuming that the Entitlement Offer is fully subscribed and the NAV is \$643.8 million (being the NAV as at 30 September 2021 of \$428.9 million plus \$214 million), dollar amounts for the Unitholders' returns and Manager fees for the 3 year Performance Calculation Period depicted in the above examples are detailed below (assuming no movement in NAV over the 3 year period):

\$ Returns by year (assuming NAV is \$643.8 million)	Year 1	Year 2	Year 3
Net income by year	\$54,720,538	\$48,282,828	\$56,329,966
Performance Fee/(refund) by year*	\$659,865	-\$659,865	\$989,798
Return to Unitholders by year	\$54,060,673	\$48,942,693	\$55,340,168

* Inclusive of GST, less RITC.

The total Performance Fee payable for the example 3 year Performance Calculation Period is \$989,798 (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.

7.3.5 Transaction Costs

Transaction Costs are costs related typically to transactions of the Trust (or the Sub-Trust or underlying Qualitas Funds as applicable) for the purposes of meeting its investment objective and include transactional brokerage, clearing costs and stamp duty and costs of entering into derivative transactions for hedging purposes as well as buy-sell spreads charged by the Sub-Trust or underlying Qualitas Funds.

A buy-sell spread charged by the Sub-Trust or underlying Qualitas Funds is an amount that is deducted from the value of the investment that represents an apportionment among investors of the actual or estimated costs incurred in transactions that occur because investors investing or withdrawing funds from the investment. These costs will differ according to the type of assets in the Trust and will be paid out of the Trust's assets or the assets of the Sub-Trust or underlying Qualitas Funds as applicable. Transaction Costs are an additional cost that is not included in Management Fees and Costs.

07. FEES AND COSTS **Continued**

The Responsible Entity estimates the Trust's Transaction Costs to be approximately nil for the current financial year. This reflects that there is currently no intention to enter into derivatives transactions and the Transaction Costs incurred in relation to investments in loans (such as legal fees and third party charges such as costs of valuers) will typically be borne by the borrower.

The Transaction Costs in the Fees and Costs Summary (Table 1) are required to be shown net of any transaction costs with respect to investments in the Trust recovered by a buy-sell spread charged by the Trust (which if charged would be shown as a separate item in Table 1). No buy-sell spread is charged by the Trust.

7.3.6 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's fees, dividends and may from time to time hold interests (directly or indirectly) in the Units in the Trust or shares in Perpetual.

7.3.7 Tax

The Trust suffers some level of restriction on its ability to recover the GST component on its costs. The Trust benefits from at least 55.0% GST recovery on costs under the reduced credit (**RITC**) acquisition provisions of the GST Act.

Unless otherwise stated, the fees and expenses disclosed in this PDS include GST less any RITC.

Refer to Section 10 for other taxation information.

7.3.8 Payment to licensees

No brokerage, commission or stamp duty is payable by Applicants who take up or apply for Units using a personalised Entitlement and Acceptance Form or Application Form.

7.3.9 Advisor remuneration

No commissions are currently being 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.

7.3.10 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 that would otherwise be payable to them) 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).

7.3.11 Can the fees and costs change?

All fees and costs 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 Responsible Entity will give Unitholders at least 30 days' advance notice of any proposed change to fees and costs disclosed in this PDS where practicable up to the maximum amounts provided in the Constitution.

The Constitution sets the maximum amounts the Responsible Entity can charge for all fees as follows:

- maximum Responsible Entity Fee (referred to as a management fee in the Constitution) of up to 2% per annum of the gross value of the assets of the Trust calculated daily and payable monthly within 10 Business Days of the end of the month (although the Constitution retains sufficient flexibility for the fee to be paid quarterly);
- maximum Additional Fund Administration Services fees – up to \$1,000 per hour adjusted quarterly to reflect any increase in the All groups CPI weighted average of eight capital cities published by the Australian Bureau of Statistics in respect of each quarter.

If the Responsible Entity wishes to raise fees above the amounts allowed for in the Constitution, the Responsible Entity would need to seek Unitholder approval to amend the Constitution in accordance with the Corporations Act and the relevant provisions in the Constitution.

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, having Units listed on ASX 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 on 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 has an initial term of 10 years from the date of the Trust's IPO. 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.

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.

08. RISKS *Continued*

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 of the Manager or the Qualitas Team.

The Trust depends on 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 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.

8.2.2 No guarantee the Manager will find appropriate investments or deploy capital within the Investment Timeline

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 Investment Timeline (which may actually be earlier or longer). There is no guarantee that the Manager will find sufficient investments for the Trust at suitable returns or to fully deploy the Trust's capital in order to achieve the Investment Objective. Once suitable investment opportunities are identified, it may take longer than anticipated for capital to be invested into these opportunities. An inability to invest in opportunities which are consistent with the Investment Strategy or deploy capital within the Investment Timeline is likely to have an adverse impact on the Trust and the value of Units.

8.2.3 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 does not and at the date of this PDS does not have the intention to 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.

8.2.4 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 12 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.

8.2.5 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 6.7.3) 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 including the Sub-Trust and AFWT 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. 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.

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) 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 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 is 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. The Responsible Entity reviews investments made by the Trust (via the Sub-Trust) only. For each investment of the Sub-Trust, the Manager submits a recommendation letter to the Responsible Entity on the proposed investment for assessment prior to approval being granted (**Recommendation**). Refer to Section 4.15 for details in relation to the Recommendation procedures of the Trust.

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.

08. RISKS *Continued*

8.2.6 Regulatory approvals

All regulatory approvals for the continued operation of the Trust, including licences or exemptions from licensing for the Manager have been obtained and neither the Responsible Entity nor the Manager is 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.

8.3 RISKS RELATING TO THE PORTFOLIO

8.3.1 Risk of underperforming investments

Investments made by the Trust including through the Sub-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 invests 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 invests 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 invests 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 (including through the Sub-Trust), 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 directly or indirectly through the Sub-Trust 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 rates⁶⁴ 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 including through the Sub-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 or Sub-Trust seeking repayment of the loan due to breach of obligations.

⁶⁴ 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 (including through the Sub-Trust) 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 including through the Sub-Trust 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, cyclones, 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 the Sub-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 or the Sub-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 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 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, 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. Instead, 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 are 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 Manager will endeavour to minimise these risks by drawing on its own experience, 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 10 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 Reduction in voting interest risk

On completion of the Offer, the Responsible Entity will issue New Units to Unitholders who have taken up their Entitlement under the Entitlement Offer, together with any Additional New Units subscribed for under the Oversubscription Facility and any New Units applied for under the Shortfall Offer (to the extent that a Shortfall occurs under the Entitlement Offer). The total number of Units on issue in the Trust will increase as a result of the Offer. If Unitholders do not take up their Entitlement under the Entitlement Offer either in full or in part, their percentage voting interest in the Trust will be diluted by their non-participation in the Entitlement Offer.

8.5.7 Investor considerations

Before deciding to apply for New Units (or Additional New Units, if applicable), you should consider whether a further investment in Units is a suitable investment for you having regard to your personal circumstances.

There may be tax implications arising from an Application for New 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 New Units (and Additional New Units, if applicable) you should seek advice on the matters contained in this PDS from a stockbroker, solicitor, accountant or other professional advisor.

09.

**FINANCIAL
INFORMATION**



09. FINANCIAL INFORMATION

9.1 INTRODUCTION

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 9.2);
- Directors' material assumptions used in the preparation of the Financial Information (see Section 9.3);
- Capital structure of the Trust on completion of the Offer (see Section 9.4);
- Pro forma cash of the Trust (see Section 9.5);
- Trust Loan Receivable (see Section 9.6); and
- Significant accounting policies of the Trust (see Section 9.7).

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.

9.2 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 9.7.

9.2.1 Historical and Pro Forma Historical Statement of Financial Position

The Historical and Pro Forma Historical Statement of Financial Position set out below has been prepared to illustrate the financial position of the Trust following completion of the Offer. The pro forma balances have been derived from the Historical Financial Information and adjusted for the pro forma adjustments with respect to the Offer as if such events had occurred as at 30 June 2021.

A\$'000	HISTORICAL FINANCIAL POSITION	PRO-FORMA HISTORICAL FINANCIAL POSITION	
	FY 30 JUNE 2021	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
		\$100 MILLION RAISED	\$214 MILLION RAISED
ASSETS			
Cash	4,108	100,245	211,020
Receivables	2,613	2,613	2,613
Financial Assets	411,335	415,198	418,393
Total Assets	418,056	518,056	632,025
LIABILITIES			
Total Liabilities (excluding net assets attributable to Unitholders)	3,037	3,037	3,037
UNITHOLDER EQUITY			
Subscription for Units			
Net assets attributable to Unitholders – Equity	415,019	515,019	628,988
Units ⁶⁵	259,370	321,870	393,101
NAV per Unit (\$)	1.6001	1.6001	1.6001

9.3 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 9.7;
- The column headed "Minimum Subscription \$100 million", has been prepared on the basis of subscriptions for 62.5 million Units by Applicants under this PDS at an Offer Price of \$1.60 per Unit;
- The column headed "Maximum Subscription \$214 million", has been prepared on the basis of subscriptions for 133.7 million Units by Applicants under this PDS at an Offer 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.

⁶⁵ Note: Units as of 30 June 2021. 140,349 additional Units were issued under the DRP from 1 July 2021 to 30 September 2021, and 7,951,219 additional Units were issued under the Unit Purchase Plan on 6 July 2021.

09. FINANCIAL INFORMATION Continued

9.4 CAPITAL STRUCTURE

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

	HISTORICAL	PRO-FORMA HISTORICAL	
	AS AT 30 JUNE 2021	MINIMUM SUBSCRIPTION \$100 MILLION RAISED	MAXIMUM SUBSCRIPTION \$214 MILLION RAISED
Units (000's)	259,370	321,870	393,101
NAV per Unit ⁶⁶ (\$)	1.6001	1.6001	1.6001

9.5 PRO FORMA CASH

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

	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
A\$'000	\$100 MILLION RAISED	\$214 MILLION RAISED
As at 30 June 2021	4,108	4,108
Offer Proceeds	100,000	213,969
Trust Loan Receivable – Loan drawdown	(\$3,863)	(\$7,058)
Estimated net cash position	100,245	211,020

9.6 TRUST LOAN RECEIVABLE

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

	MINIMUM SUBSCRIPTION	MAXIMUM SUBSCRIPTION
A\$'000	\$100 MILLION RAISED	\$214 MILLION RAISED
Trust Loan Receivable – Loan drawdown	\$3,863	\$7,058

⁶⁶ NAV is calculated as the Trust's net assets position attributable to Unitholders in the Financial Information in Section 9.2 divided by the corresponding indicated subscription amounts.

9.7 SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies that have been adopted in the preparation of the Financial Information set out in Section 9.2, 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.

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.

09. FINANCIAL INFORMATION **Continued**

- **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.

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 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.

09. FINANCIAL INFORMATION **Continued**

Goods and Services Tax (GST)

The Trust is 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.

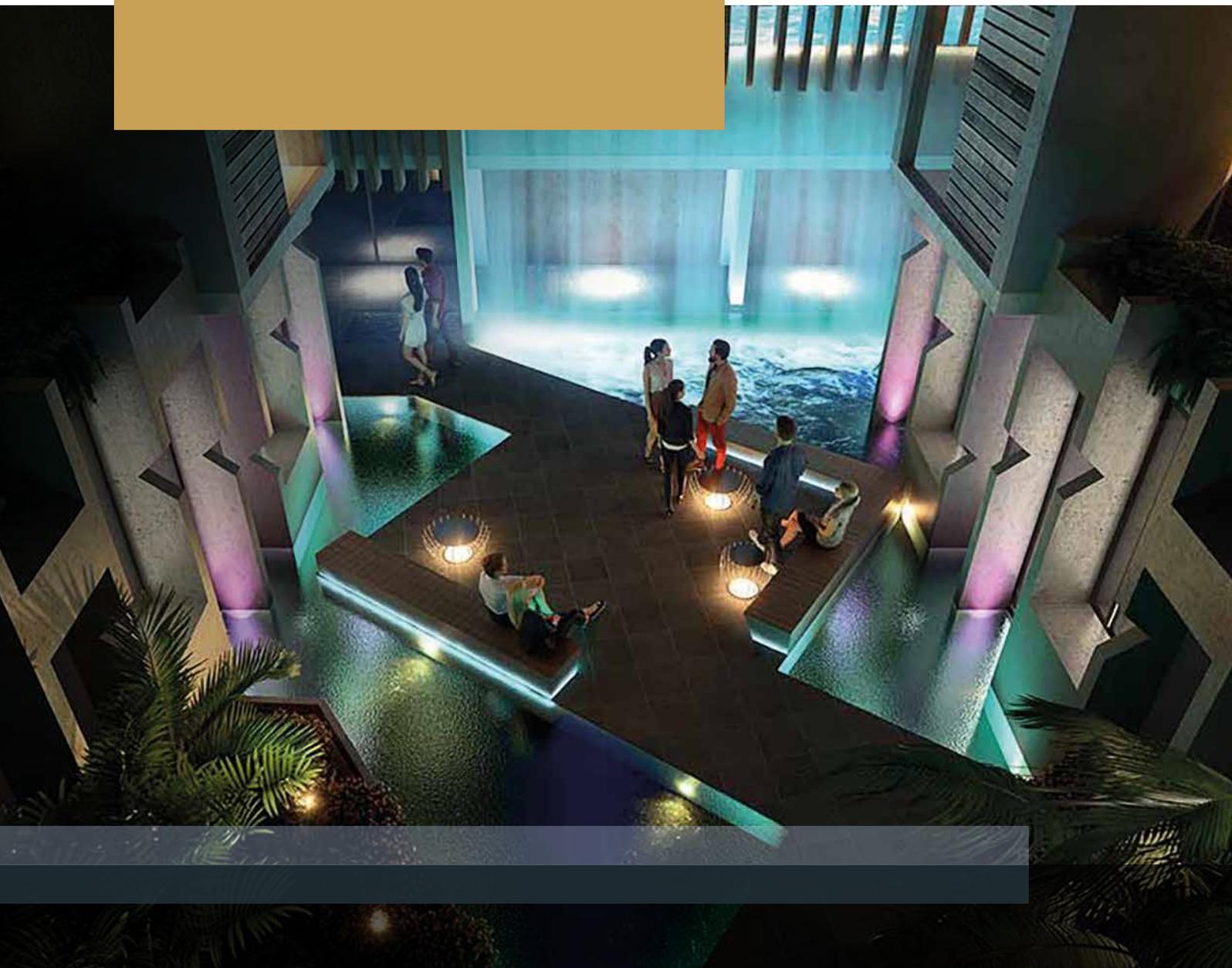
Net assets attributable to Unitholders – equity

New Units (and Additional New Units, if applicable) intended to be issued under the Entitlement Offer will be quoted 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.

10. TAXATION



10. TAXATION

10.1 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 Australian 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.

10.2 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 non-AMIT 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.

The Trust has made the irrevocable election to enter into the AMIT regime and has elected to treat the disposal of covered assets (including units) on capital account. It is expected that the Trust will continue to meet the eligibility requirements to qualify as an AMIT.

If the Trust fails to meet the AMIT eligibility requirements, the general taxation rules on trusts will apply and the Trust will be treated as a flow-through vehicle provided that the Trust will conduct solely eligible investment business activities and will not control any trading business as defined in the income tax legislation. It is intended that investors will be presently entitled to all of the income of the Trust for each income 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.

As the Responsible Entity has made the irrevocable election to apply the AMIT provisions, 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).

- **Penalties**

- » In certain circumstances, such as the failure to comply with certain AMIT rules, specific penalties may be imposed. The AMIT regime is intended to reduce complexity, increase certainty, and reduce compliance costs for AMITs and their unitholders.

- **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 losses 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 income tax purposes and will also treat relevant gains and losses as being on revenue account.

10.3 AUSTRALIAN TAXATION OF AUSTRALIAN RESIDENT UNITHOLDERS

Distributions – AMIT

The AMIT provisions require the taxable 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 taxable 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 taxable income prior to receiving distributions from the Trust.

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 taxable 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.

10. TAXATION **Continued**

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 income tax 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. In calculating the taxable amount of a capital gain, a discount of 50% for individuals and trusts or 33⅓% for complying Australian superannuation funds may be allowed where the Units in the Trust have been held for 12 months or more. No Capital Gains Tax (CGT) discount is available to corporate Unitholders.

Any capital losses arising from the disposal of an 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, subject to satisfying the relevant tax loss recoupment rules under the Australian income tax law.

10.4 GOODS AND SERVICES TAX (GST)

The Trust is 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 and 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.

10.5 DUTY

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

10.6 TAX FILE NUMBER (TFN) AND AUSTRALIAN BUSINESS NUMBER (ABN)

As the Trust is an investment body for income tax purposes, the Trust will be required to obtain a TFN or ABN in certain cases from its Australian resident 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.

10.7 NON-RESIDENT UNITHOLDERS

There may be Australian withholding tax implications on any amounts attributed or distributed to non-resident Unitholders. The rates of withholding tax, if applicable, may vary and will be dependent on the type of income distributed and the tax residence of the Unitholder.

10.8 REPORTING REQUIREMENTS

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 details of Unit disposals and investment income paid or attributed to Unitholders for the relevant income 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 income 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 consider 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 will be required to pay New Zealand tax on unrealised gains and distributions capped at a deemed amount of 5% 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 can be applied for individuals or trustees of certain family trusts where the total cost of all attributing FIF interests is not more than NZ\$50,000. New Zealand Unitholders will need to consider these exclusions carefully. Different income 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 business of dealing in securities, the Units were acquired for the purpose of disposal, or the Units are 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:

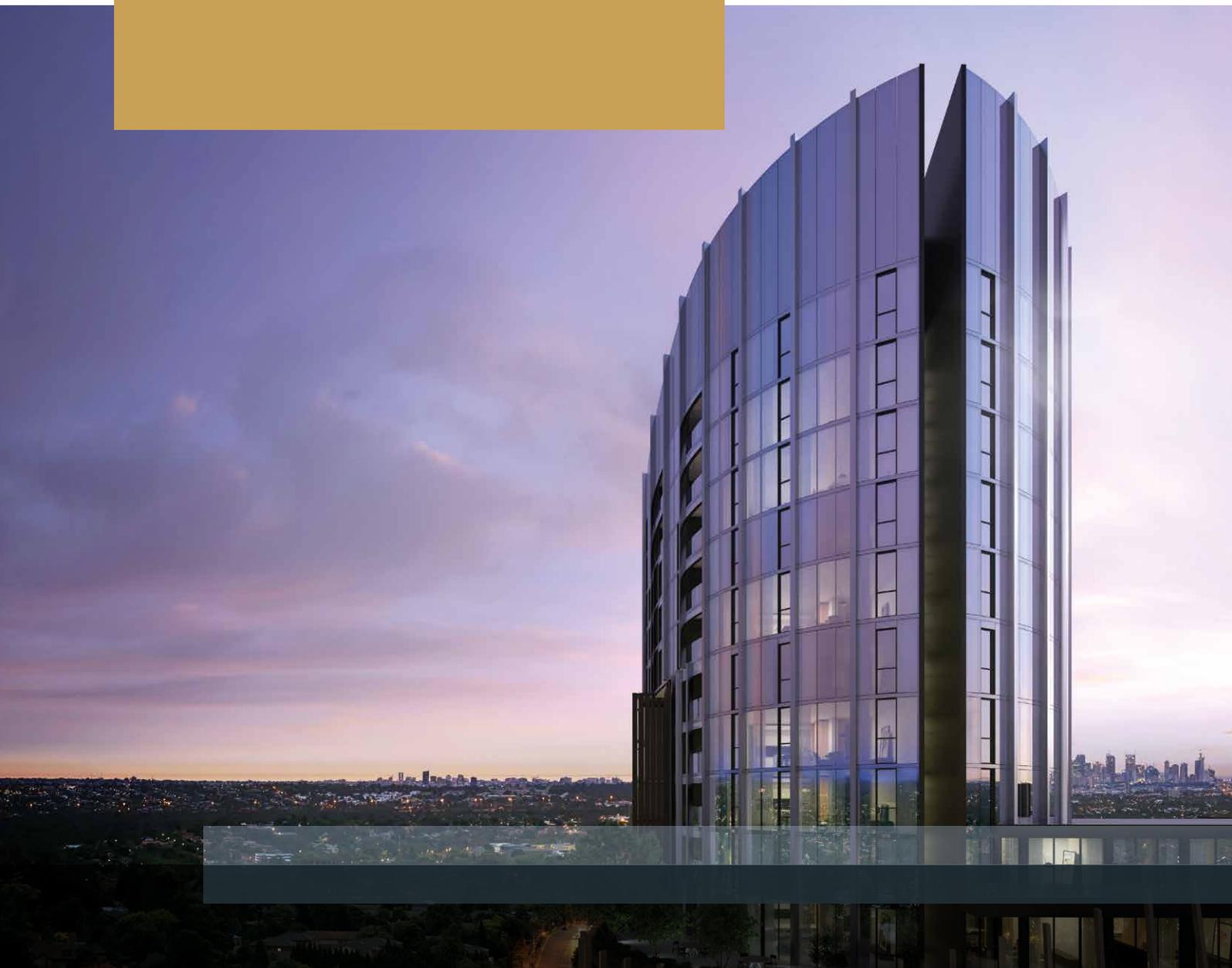
- The New Zealand resident holds more than 10% of the Units in the Trust or has held more than 10% for at least 12 months in the prior two years; and
- Broadly, more than 50% of the Trust's assets (by market value) are represented by 'taxable Australian real property'.

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

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

11.

INVESTIGATING ACCOUNTANT'S REPORT



11. INVESTIGATING ACCOUNTANT'S REPORT



6 October 2021

PRIVATE AND CONFIDENTIAL

The Directors
The Trust Company (RE Services) Limited ACN 003 278 831
as responsible entity for the
Qualitas Real Estate Income Fund
Level 18 123 Pitt Street
Sydney NSW 2000

**Pitcher Partners Sydney Corporate
Finance Pty Ltd**

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

Dear Directors,

**PART 1: INDEPENDENT LIMITED ASSURANCE REPORT ON QUALITAS REAL ESTATE
INCOME FUND HISTORICAL AND 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 Sydney Corporate Finance Pty Ltd ("*Pitcher Partners*") to report on the audited historical and unaudited pro forma historical financial information of the Trust assuming completion of the 1 for 2 pro-rata non-renounceable entitlement offer of up to approximately 133.7 million fully paid units ("Units") at an offer price of \$1.60 per unit to raise up to approximately \$214 million (the "Offer").

We have prepared this Independent Limited Assurance Report ("Report") to be included in the PDS dated on or about 6 October 2021 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 commenced operations on 22 November 2018. Its units commenced trading on the ASX on 27 November 2018.

As at 30 June 2021, the Trust had 259.4 million units on issue and net assets of \$415 million.

11.3 SCOPE

This Report deals with the audited historical and unaudited pro forma historical financial information included in section 9 of the PDS ("Financial Information"). The Financial Information consists of the audited historical and unaudited pro forma historical Statements of Financial Position of the Trust as at 30 June 2021 and related notes as set out in section 9 of the PDS.

Adelaide Brisbane Melbourne Newcastle Perth Sydney

Pitcher Partners is an association of independent firms.

Pitcher Partners Sydney Corporate Finance Pty Ltd, ABN 77 122 561 184. Liability limited by a scheme approved under Professional Standards Legislation. Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.



NETWORK MEMBER

pitcher.com.au

11. INVESTIGATING ACCOUNTANT'S REPORT Continued



The unaudited pro forma historical Statements of Financial Position in section 9.2 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 audited historical Statement of Financial Position and the events to which the pro forma assumptions relate, as described in section 9.3 of the PDS, as if those events had occurred as at 30 June 2021. Due to its nature, the unaudited pro forma historical Statements of Financial Position does not represent the Trust's actual or prospective financial position.

The unaudited pro forma historical Statements of Financial Position 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.

11.6 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 9.3 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 9.7 of the PDS.

11.7 RESTRICTION ON USE

Without modifying our conclusions, we draw attention to section 9.2 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 LIABILITY

Pitcher Partners has consented to the inclusion of this Report in the PDS in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

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.

11.9 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.

11.10 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.

Yours sincerely

Pitcher Partners Sydney Corporate Finance Pty Ltd

A handwritten signature in black ink, appearing to read "S Whiddett".

Scott Whiddett
Director

11. INVESTIGATING ACCOUNTANT'S REPORT Continued



PART 2 - FINANCIAL SERVICES GUIDE

This Financial Services Guide was prepared on 17 September 2021.

1. Pitcher Partners Sydney Corporate Finance Pty Ltd

Pitcher Partners Sydney Corporate Finance Pty Ltd ("*Pitcher Partners*") is licensed as an Australian Financial Services Licensee, Licence No. 516413. Pitcher Partners may provide the following financial services to wholesale and retail clients:

- Financial product advice for the following classes of financial products:
 - (i) deposit and payment products including:
 - (a) basic deposit products;
 - (b) deposit products other than basic deposit products; and
 - (c) non-cash payment products;
 - (ii) debentures, stocks or bonds issued or proposed to be issued by a government;
 - (iii) interests in managed investment schemes excluding investor directed portfolio services; and
 - (iv) securities;(collectively "Authorised Financial Products") and
- Deal in a financial product by:
 - (i) arranging for another person to issue, acquire, vary or dispose of a financial product in respect of the following classes of financial products:
 - (a) interests in managed investment schemes excluding investor directed portfolio services; and
 - (b) securities; and
 - (ii) applying for, acquiring, varying or disposing of a financial product on behalf of another person in respect of the following classes of products:
 - (a) deposit and payment products including:
 - (1) basic deposit products;
 - (2) deposit products other than basic deposit products; and
 - (3) non-cash payment products;
 - (b) debentures, stocks or bonds issued or proposed to be issued by a government;
 - (c) interests in managed investment schemes excluding investor directed portfolio services; and
 - (d) securities.

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 Disclosure Document issued by 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 to assist you in this assessment.

4. Remuneration

The fees we charge for preparing reports are usually determined on an hourly basis, however they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of-pocket expenses incurred in providing the services. Fee arrangements are agreed and confirmed in a letter of engagement with the party or parties who engage us.

Neither Pitcher Partners, nor its directors or officers, nor any related bodies corporate and their directors and officers, receives any other fees, commissions or other benefits in connection with preparing and providing this report.

All of our employees receive a salary and while eligible for annual salary increases and bonuses based on overall performance they do not receive any commissions or other benefits arising directly as a result of the services provided to you. We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that we are licensed to provide.

Pitcher Partners' shareholders (including any shareholders of a related body corporate) will also receive a benefit based on Pitcher Partners' ongoing overall performance.

5. Independence

Pitcher Partners is required to be independent of the Entity.

Neither Pitcher Partners, any related entities, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of the Entity's Offer, other than a fee in connection with the preparation of our Report for which professional fees in the order of \$47,000 (excluding GST) will be received.

No pecuniary or other benefit, direct or indirect, has been received by Pitcher Partners, any related entities, 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 Disclosure Document should not be directed to Pitcher Partners which is not responsible for that document.

If you have a complaint about Pitcher Partners' Report or this FSG:

- You can contact the Complaints Manager of Pitcher Partners on (02) 9221 2099 or send a written complaint to GPO Box 1615, Sydney NSW 2001 or sydneypartners@pitcher.com.au. We will try to resolve your complaint quickly, fairly and within prescribed timeframes.
- If you do not get a satisfactory outcome, you have the right to complain to the Australian Financial Complaints Authority at GPO Box 3 Melbourne VIC 3001, email at info@afca.org.au or call on 1800 931 678 (free call). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Pitcher Partners is an association of independent firms.

ABN 77 122 561 184, AFSL 516413.
Pitcher Partners Sydney Corporate Finance Pty Ltd.

12.

MATERIAL CONTRACTS



12. MATERIAL CONTRACTS

12.1 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.

12.1.1 Term

The initial term of the IMA is 10 years from the date that the Units were first listed on ASX, being 27 November 2018. 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.

12.1.2 Services pursuant to the IMA

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.

12.1.3 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.

12.1.4 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.

12.1.5 Exclusivity

The Responsible Entity has appointed the Manager on an exclusive basis whereby the Responsible Entity agreed not to 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.

12.1.6 Management Fee

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

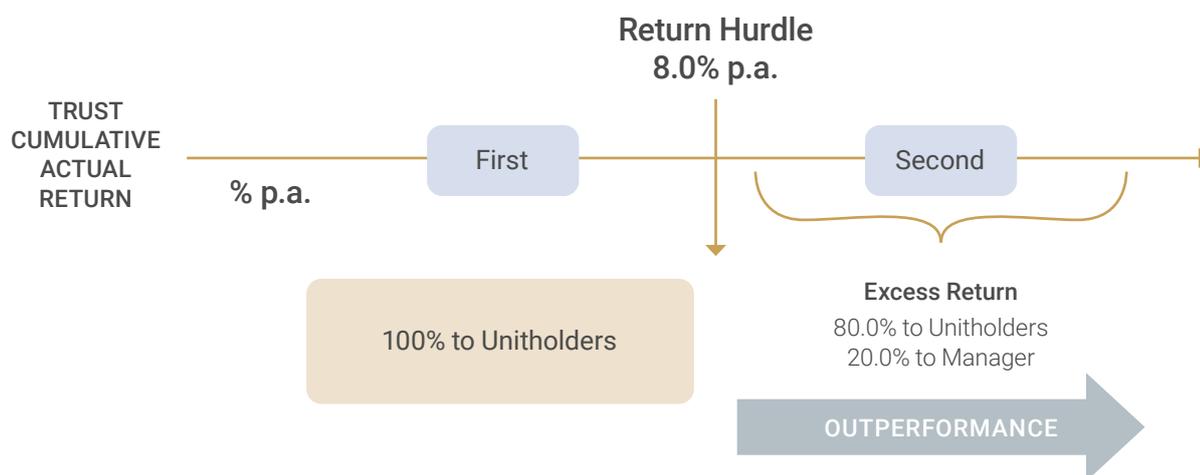
The Management Fee is calculated, accrued daily and paid monthly in arrears.

12.1.7 Performance Fee

Introduction

The Trust pays the Manager a Performance Fee which is commensurate with the outperformance of the Trust having regard to the Return Hurdle of 8.0% p.a.

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

As disclosed in the Trust's IPO PDS, commencing from 1 July 2019 the Manager charges a Performance Fee 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. As at the date of this PDS, no Performance Fee has accrued.

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 20.5% (inclusive of GST, RITC) 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.

12. MATERIAL CONTRACTS **Continued**

12.1.8 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. The Manager does not currently intend to take up its right to have part of its performance fee (if any) satisfied by the issue of Units. Details of the Executive Incentive Plan are contained in Section 13.7.

12.1.9 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.

12.1.10 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.

12.1.11 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.

12.1.12 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.

12.1.13 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.

12.1.14 Amendment

Subject to the ASX Listing Rules, the IMA may be amended by the written agreement of the Responsible Entity and the Manager.

12.1.15 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.

12.2 OFFER MANAGEMENT AGREEMENT

The Offer Management Agreement has been entered into by the Responsible Entity, the Manager, the Lead Arranger and the Joint Lead Managers. Under the Offer Management Agreement:

- the Lead Arranger has agreed to arrange the Offer; and
- the Lead Arranger and the Joint Lead Managers have agreed to manage the Offer, use reasonable endeavours to procure applications for the Offer and manage settlement of the Shortfall Offer.

They have not agreed to underwrite or provide settlement support for any part of the Offer nor do they guarantee that the Offer will be successful. A summary of the key terms of the Offer Management Agreement is set out below.

12.2.1 Fees and expenses paid by the Manager

The Manager has agreed to pay the following fees for services provided in connection with participation by wholesale clients under the Offer on the Settlement Date:

- **(institutional adviser fee)** an institutional adviser fee of \$500,000 (excluding GST) payable to the Lead Arranger;
- **(base management fee)** a management fee of 1.25% (excluding GST) of the first \$100 million of Wholesale Offer Proceeds, payable in equal proportions to each Joint Lead Manager who (together with its associated and certain other Brokers and affiliates) procures valid Applications and bids referable to wholesale and sophisticated clients of at least \$10 million. The maximum base management fee payable is \$1.25 million (excluding GST).
- **(conditional management fee)** subject to the conditions below, a conditional management fee of 1.25% (excluding GST) of the Wholesale Offer Proceeds raised in excess of \$100,000,000 payable to each Joint Lead Manager who (together with its associated and certain other Brokers and affiliates) procures valid Applications from participating wholesale and sophisticated clients for in excess of \$20 million (**Qualifying JLM**) paid in the proportions determined using the following calculation (expressed as a percentage):

Qualifying JLM's Wholesale Outperformance Contribution

Sum of all Qualifying JLMs' Wholesale Outperformance Contributions.

Where **Wholesale Outperformance Contribution** means the amount by which the valid Applications procured from participating wholesale and sophisticated clients by a Joint Lead Manager (its associated and certain other Brokers and affiliates) exceeds \$20 million.

The payment of the second management fee is conditional on:

- » the Wholesale Offer Proceeds exceeding \$100,000,000; and
- » Valid Wholesale Applications referable to at least one Joint Lead Manager (together with its associated and certain other Brokers and affiliates) exceeding \$20 million

In addition to the above, after the Settlement Date, the Manager will pay to each Joint Lead Manager a Selling Fee equal to 1.25% (excluding GST) of the total proceeds of the Offer raised by the relevant Joint Lead Manager, its Brokers and affiliates from participating wholesale and sophisticated clients and retail clients.

No Selling Fees will be paid in respect of Eligible Unitholders participating in the Entitlement Offer who are not clients of the Joint Lead Managers or their affiliated brokers. No Selling Fees will be paid on New Units allocated to investors that are existing clients of the Qualitas Group⁶⁷.

⁶⁷ Qualitas Property Partners Pty Ltd ACN 137 928 155, Qualitas Investments Pty Ltd ACN 137 928 164 and their respective controlled entities.

12. MATERIAL CONTRACTS **Continued**

The Selling Fee is the only fee payable in respect of New Units allocated to retail clients under the Offer.

Retail clients who participate in the Offer will be rebated 100% of all Selling Fee paid in respect of their allocation by their Broker. Contact your Broker for further details.

Payment of the Selling Fee by the Manager is conditional on Selling Fees paid in respect of retail clients being rebated within 3 months. To receive the Selling Fee, the Joint Lead Managers and the Brokers must acknowledge this condition and undertake to complete all rebates in respect of their retail clients within 3 months.

The Joint Lead Managers will be reimbursed by the Manager for all reasonable expenses (including any applicable GST) incurred by them in connection with the Offer, the Offer Management Agreement, this PDS or certain other disclosure documents. These expenses are payable even if the Offer Management Agreement is terminated or the Offer is withdrawn.

12.2.2 Conditions, representations, warranties, undertakings and other terms

The Offer Management Agreement contains customary conditions precedent as well as customary representations and warranties given by the parties in relation to matters such as corporate authority and approvals to enter into the Offer Management Agreement.

The Responsible Entity and the Manager give certain representations and warranties including in relation to disclosure and compliance with applicable laws, the due diligence process and the Trust's financial position.

The Joint Lead Manager provide warranties and undertaking in respect of stamping fees payable in respect of the Offer. These include ensuring all Brokers are informed of their obligation to rebate selling fees to retail clients and to notify the Responsible Entity if they believe that a Broker may breach the obligation to rebate.

In addition, each Joint Lead Manager confirms in respect of itself that, except as fully disclosed in this PDS, there are no contracts, agreements or understandings between it and any person that would give rise to a valid claim against it, the Responsible Entity or the Manager for fees in connection with the Offer. The Responsible Entity and the Manager provide similar warranties in relation to the fees paid in connection with the Offer. Together these warranties confirm that the selling fee (as disclosed in the PDS) is the only stamping fee payable in respect of retail clients participating in the Offer.

12.2.3 Indemnity

The Responsible Entity and the Manager agree to indemnify the Joint Lead Managers (and certain affiliated parties of each) against losses arising directly or indirectly out of, or incurred in connection with, the Offer (including for publicity, regulatory reviews or non-compliance of the PDS) or a breach by the Manager or the Responsible Entity of their respective obligations, undertakings, representations and warranties under the Offer Management Agreement.

These obligations are subject to certain exclusions such as fraud, wilful misconduct or gross negligence by the relevant Joint Lead Manager or penalties or fines incurred by a Joint Lead Manager for a contravention of applicable law (these exclusions operating in certain circumstances).

A liability arising for the Responsible Entity under or in connection with the Offer Management Agreement is limited to and can be enforced against the Responsible Entity only to the extent to which it can be satisfied out of property of the Trust out of which the Responsible Entity is actually indemnified for that liability. This is the case except where there is a reduction in the extent of the Responsible Entity's indemnification out of the assets of the Trust as a result of its failure to properly perform its duties as responsible entity.

12.2.4 Termination events

The Offer Management Agreement is subject to a number of customary termination events which permit the Joint Lead Managers to terminate if they occur before the Settlement Date and in reasonable opinion of the Joint Lead Managers have/are likely to have a material adverse effect on the success of the Offer.

The termination events include (without limitation):

- material adverse changes to the financial markets, political or economic conditions of key countries, trading halts on all stock listed on certain stock exchanges, banking moratoriums, hostilities commence or escalate in key countries or a major terrorist act is perpetrated in key countries;
- the non-compliance of this PDS or certain disclosure documents with the requirements of the Corporations Act or any other applicable law or requirement;

- certain regulatory actions being taken by ASIC or another government agency or applications for similar actions being made in relation to this PDS or the Offer;
- a director of the Responsible Entity or the Manager is charged with an indictable offence, disqualified from managing a corporation under the Corporations Act or civil or criminal proceedings are brought against the Responsible Entity or the Manager or any officer of the Responsible Entity or the Manager in relation to any fraudulent, misleading or deceptive conduct under any law of any jurisdiction;
- an insolvency event occurs or is likely to occur in relation to the Responsible Entity (in its personal capacity), the Trust or the Manager;
- a breach of the representations, warranties and undertakings or default of the Offer Management Agreement; or
- the S&P/ASX 200 Index falls to a level that is 90% or less of the level as at the close of trading on 7 October 2021, and remains at or below that 90% level for at least two consecutive business days and closes at that 90% level on the business day immediately prior to the Settlement Date.

12.3 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 permitted the Manager to draw a maximum amount of 3.5% of the proceeds of the IPO (\$8.09 million).

The Manager is permitted to draw further loan tranches to assist in funding costs relating to capital raisings of the Trust, subject to the loan not exceeding a maximum of 3.5% of the Trust NAV.

The following table summarises the key details of the Trust Loan Receivable.

Total amounts drawn since the IPO	\$13.57m
Current Loan amount at 30 September 2021	\$11.27m (2.6% of Trust NAV as of 30 September 2021)
New tranche	The Manager and the Responsible Entity are intending to draw an additional tranche equivalent to between 3.2% to 3.8% of the Offer Proceeds (the actual % will depend on the actual total amount raised under the Offer) which will be used to pay the Offer Costs.
Interest rate	5.0% p.a. Interest is not capitalised.
Term	10 years from the most recent draw down under the new tranche.
Repayments	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 Trust Loan Receivable must be repaid in full. The Manager may repay any part of the Trust Loan Receivable early at its absolute discretion. Any amount repaid may not be redrawn.
Security	Unsecured.
Guarantor	QPP.

See Section 9.6 for the Responsible Entity's best estimate of the size of the Trust Loan Receivable based on various subscription amounts.

12. MATERIAL CONTRACTS **Continued**

12.4 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).

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 Offer Price of Units, including for the Units to be issued under this PDS and any future Unit issues. The Constitution also provides for the Responsible Entity to determine a different Offer 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 Offer Price for Units is \$1.60 per New Unit.

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) per annum.

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.

The Constitution also provides for the Responsible Entity to charge fees for Additional Fund Administration Services that it provides and to recover expenses it incurs in connection with the Trust. While the Trust is a registered scheme the Responsible Entity's right to be fees and recover expenses is subject to the proper performance by the Responsible Entity of its duties.

See Section 7.2 for further details in relation to the fees charged by the Responsible Entity and the expenses that may be recovered from the Trust.

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.

12.5 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:

- 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.

ADDITIONAL INFORMATION



13. ADDITIONAL INFORMATION

13.1 REGULAR REPORTING AND DISCLOSURE OBLIGATIONS

The Trust is a disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require the ASX to be notified periodically and on a continuous basis of information about specific events and matters as they arise for the purpose of the ASX making the information available to the financial market operated by it. In particular, the Trust has an obligation under the ASX Listing Rules (subject to certain limited exceptions) to notify the ASX immediately of any information concerning the Trust, of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of the Trust's securities. The Trust is also required to prepare and lodge with ASIC and the ASX both yearly and half-yearly financial statements accompanied by a Directors' declaration and report, and an audit or review report.

13.2 TRUST ANNOUNCEMENTS

The ASX maintains a record of announcements for all entities listed on the ASX. Announcements made to ASX by the Trust may be viewed on the ASX website at www.asx.com.au. ASIC also maintains records in respect of documents lodged by the Trust with it. Copies of these documents may be obtained from or inspected at any office of ASIC. This PDS is intended to be read in conjunction with information previously publicly disclosed by the Responsible Entity on behalf of the Trust.

The Responsible Entity will provide free of charge to any person who requests it during the application period under this PDS any continuous disclosure announcement lodged with ASX since the Trust's IPO.

The Responsible Entity has lodged the following continuous disclosure notices with ASX (ASX announcements) since the date that the Trust's annual financial report was lodged with ASIC (being 31 August 2021):

Date	Outline of continuous disclosure notice
1 September 2021	Weekly Net Tangible Asset Backing Estimate per Unit as at 30 August 2021
2 September 2021	Monthly Net Tangible Asset Backing Estimate per Unit as at 31 August 2021
8 September 2021	Weekly Net Tangible Asset Backing Estimate per Unit as at 6 September 2021
14 September 2021	Monthly distribution announcement
15 September 2021	Weekly Net Tangible Asset Backing Estimate per Unit as at 13 September 2021
15 September 2021	Application for official quotation of units issued under the Trust's DRP
16 September 2021	Performance update for August 2021
22 September 2021	Weekly Net Tangible Asset Backing Estimate per Unit as at 20 September 2021
24 September 2021	Monthly distribution announcement
24 September 2021	Notification of estimated distribution for September 2021
29 September 2021	Weekly Net Tangible Asset Backing Estimate per Unit as at 27 September 2021
4 October 2021	Weekly Net Tangible Asset Backing Estimate per Unit as at 30 September 2021
6 October 2021	Weekly Net Tangible Asset Backing Estimate per Unit as at 4 October 2021

All requests for copies of the above documents should be addressed to the Manager, by telephone at 1300 420 177 within Australia or +61 2 8022 8575 from outside Australia, or via email at hello@atomicgroup.com.au (between 9.00am and 5.00pm (AEDT) Monday to Friday).

13. ADDITIONAL INFORMATION **Continued**

13.3 WARRANTIES MADE ON ACCEPTANCE OF THE OFFER

By completing and returning your personalised Entitlement and Acceptance Form, by making a payment by BPAY® or by completing and returning your Shortfall Offer Application Form, you will be deemed to have irrevocably acknowledged, represented and warranted that you, and each person on whose account you are acting:

- acknowledge and agree that you have fully read and understood both this PDS and your Entitlement and Acceptance Form or Shortfall Offer Application Form (as the case may be) in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this PDS and the Entitlement and Acceptance Form or Shortfall Offer Application Form (as the case may be);
- in respect of retail clients, if you are a retail client, you acknowledge and agree that you have fully read and understood the TMD, that the TMD is not a recommendation that New Units (including Additional New Units) are suitable for you given your investment objectives, financial situation or particular needs and that you have satisfied yourself that an investment in units in the Trust is suitable for you having regard to your investment objectives, financial situation or particular needs;
- agree to be bound by the terms of the Offer, the provisions of this PDS and the Constitution;
- authorise the Responsible Entity to register you as the holder(s) of New Units (and any Additional New Units) issued to you;
- declare that all details and statements in your Entitlement and Acceptance Form or Shortfall Offer Application Form (as the case may be) are complete and accurate;
- declare that you are over 18 years of age (if you are an individual) and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form or Shortfall Offer Application Form (as the case may be);
- acknowledge that once the Responsible Entity receives your Entitlement and Acceptance Form or Shortfall Offer Application Form or any payment of Application Monies via BPAY® (as the case may be) you may not withdraw your Application or Application Monies provided except as allowed by law;
- agree to apply for and be issued up to the number of New Units specified in the Entitlement and Acceptance Form or Shortfall Offer Application Form (as the case may be), or for which you have submitted payment of any Application Monies via BPAY® at the Offer Price per New Unit;
- agreed to being allocated and issued the number of New Units applied for (or a lower number allocated in a way described in this PDS), or no New Units at all;
- authorise the Responsible Entity, the Joint Lead Managers, the Co-Manager, the Unit Registry and their respective officers or agents to do anything on your behalf necessary for New Units (and any Additional New Units (if applicable)) to be issued to you, including to act on instructions of the Unit Registry;
- in respect of Eligible Unitholders only, declare that you were the registered holder(s) at the Record Date of the Units indicated on your personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- in respect of Eligible Unitholders only, acknowledge that the information contained in this PDS and your personalised Entitlement and Acceptance Form or Shortfall Offer Application Form (as the case may be) is not investment advice or financial product advice nor have they been prepared taking into account your investment objectives, financial circumstances or particular needs or circumstances;
- in respect of Eligible Unitholders only, you acknowledge that this PDS and your personalised Entitlement and Acceptance Form and Shortfall Offer Application Form (as the case may be) is not a recommendation that New Units (including Additional New Units) are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledge the statement of risks in Section 8 and that investments in the Trust are subject to risk;
- in respect of applicants in the Entitlement Offer, declare that you are a resident of Australia or New Zealand;
- acknowledge and agree that the Offer may be withdrawn by the Responsible Entity or may otherwise not proceed in the circumstances described in this PDS;
- acknowledge that none of the Responsible Entity, the Manager, the Joint Lead Managers, the Co-Manager or their respective related bodies corporate, affiliates or respective directors, officers, partners, employees, representatives, agents, consultants or advisers guarantee the performance of the Trust, nor do they guarantee the repayment of capital;

- in respect of Eligible Unitholders, agree to provide (and, if applicable, direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Units on the Record Date;
- in respect of Eligible Unitholders only, authorise the Responsible Entity to correct any errors in your personalised Entitlement and Acceptance Form or Shortfall Offer Application Form (as applicable) or other form provided by you;
- represent and warrant that the law of any place does not prohibit you from being given this PDS and the personalised Entitlement and Acceptance Form or the Shortfall Offer Application Form, nor does it prohibit you from making an application for New Units (or Additional New Units (if applicable)); and
- represent and warrant that your acceptance of the Offer does not breach any laws in the jurisdiction in which you reside.

By completing and returning your personalised Entitlement and Acceptance Form or Shortfall Offer Application Form (as applicable) or making a payment by BPAY[®], you will also be deemed to have irrevocably acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting:

- in respect of participants in the Entitlement Offer, that you are an Eligible Unitholder or otherwise eligible to participate in the Entitlement Offer and you and each person on whose account you are acting are not in the United State and are not otherwise a person to whom it would be illegal to make an offer of or issue of Entitlements, New Units or Additional New Units under the Entitlement Offer and under any applicable laws and regulations;
- the Entitlements, New Units and Additional New Units have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia and, accordingly, the Entitlements may not be taken up, the New Units or Additional New Units may not be offered, sold or otherwise transferred, except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws;
- you and each person on whose account you are acting have not and will not send any materials relating to the Offer to any person in the United States;
- if in the future you decide to sell or otherwise transfer the New Units (or Additional New Units (if applicable)), you will only do so in the regular way transactions take place on the ASX where neither you nor any person acting on your behalf know, or have reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States; and
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form or Shortfall Offer Application Form (as applicable) is not in the United States, and you have not sent this PDS, the Entitlement and Acceptance Form, the Shortfall Offer Application Form or any information relating to the Offer to any such person.

13.4 BALANCE DATE AND AUSTRALIAN TAX DATE

The accounts of the Trust are up to 30 June each year and the Trust has an Australian tax year end of 30 June annually.

Please refer to Section 10 for information regarding taxation of the Trust, and general information regarding taxation treatment of Unitholders.

13.5 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.

13. ADDITIONAL INFORMATION **Continued**

13.6 INTERESTS OF DIRECTORS OF THE RESPONSIBLE ENTITY

None of the Directors of the Responsible Entity intend to subscribe for Units in the Offer.

13.7 SUMMARY OF THE EXECUTIVE INCENTIVE PLAN

The Qualitas Group has established 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. The Manager does not currently intend to take up its right to have part of its performance fee (if any) satisfied by the issue of Units.

13.8 ENQUIRIES AND COMPLAINTS RESOLUTION

The Responsible Entity has established procedures for dealing with complaints. If an investor has an enquiry or a complaint, they can contact the Responsible Entity and/or the Manager during business hours, using contact details provided in the PDS.

We will endeavour to answer your enquiry or resolve your complaint fairly and as quickly as we can. We will respond to your complaint within the maximum response timeframe of 30 days. If we are unable to respond within the maximum response time because we have not had a reasonable opportunity to do so, we will write to you to let you know of the delay.

All investors (regardless of whether you hold Units in the Fund directly or hold Units indirectly via a platform) can access the Responsible Entity's complaints procedures outlined above. If investing via a Platform and your complaint concerns the operation of the platform then you should contact the platform operator directly.

If an investor is not satisfied with the final complaint outcome proposed, any aspect of the complaints handling process or a delay in responding by the maximum response time, the Australian Financial Complaints Authority (AFCA) may be able to assist if your complaint is within AFCA's Complaint Resolution Scheme Rules available on its website. AFCA operates the external complaints resolution scheme of which the Responsible Entity is a member. If you seek assistance from AFCA, their services are provided at no cost to you.

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

13.9 AUDITOR

The Responsible Entity has appointed KPMG as the independent auditor of the Trust's financial statements.

The Responsible Entity has appointed PWC as auditor of the Compliance Plan. PWC in this capacity 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 will conduct this audit on the Trust's Compliance Plan on an annual basis.

13.10 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 12) have been entered into on reasonable arm's length terms between the Trust and the Manager. The Responsible Entity and the Manager may from time to time 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.

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 Sub-Trust may invest as a co-lender alongside another Qualitas Fund, Qualitas Investor or other related entity.

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 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.

In respect of the origination services provided by the Manager in respect of direct secured real estate loans which are allocated and invested in by the Fund, the Manager is entitled to retain for its own use and benefit a portion of the Loan Arrangement Fees.

Loans provided by the Sub-Trust and the Qualitas Funds will be made to third parties, not to members of the Qualitas Group or their related parties (with the exception of the Trust Loan Receivable, see Section 12.3 for more information).

13. ADDITIONAL INFORMATION **Continued**

All Loan Arrangement Fees are shared between the Manager and the Sub-Trust as follows:

- in respect of a direct loan where the Sub-Trust is the sole lender, the Manager will retain for its own use and benefit 33% of the Loan Arrangement Fees and the Sub-Trust will receive the balance as revenue; and
- in respect of a direct loan where the Sub-Trust is a co-lender, the Manager will retain for its own use and benefit between 0%-100% of the Loan Arrangement Fees and the Sub-Trust will receive the balance as revenue as determined by the Manager.

Examples:

- **Sub-Trust as sole lender – 33% retained by the Manager**

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 of 1.0% of the total loan facility limit of \$20 million, which equates to \$200,000 and is payable on first funding of the loan.

In respect of the Loan Arrangement Fee paid by the borrower, the Manager will retain 33% which equates to \$66,000, and the Sub-Trust will receive 67% as revenue which equates to \$134,000.

- **Sub-Trust as 50% co-lender – 33% retained by the Manager**

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 Loan Arrangement Fee is payable on first funding of the loan.

In respect of the Loan Arrangement Fee paid by the borrower, the Manager in its discretion will retain 33% which equates to \$66,000. The lenders will receive in total 67% as revenue which equates to \$134,000 of which the Sub-Trust's share is 50% which equates to \$67,000.

- **Sub-Trust as 50% co-lender – 100% retained by the Manager**

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 Loan Arrangement Fee is payable on first funding of the loan.

In respect of the Loan Arrangement Fee paid by the borrower, the Manager at its discretion will retain 100% which equates to \$200,000 and the lenders including the Sub-Trust will not receive any revenue.

13.11 ASIC RELIEF

In order for the Responsible Entity to conduct the Offer, the Responsible Entity is relying on certain general available ASIC relief that is applicable to the Responsible Entity and the Trust.

13.12 ASX WAIVER

No case specific ASX waivers are required in relation to the Offer.

13.13 INVESTOR CONSIDERATIONS

Before deciding to participate in the Entitlement Offer, you should consider whether the New Units to be issued are a suitable investment for you and review carefully this PDS and, if you are a retail client, the TMD. 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 and, if you are a retail client, the TMD 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.

13.14 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.

13.15 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 (other than the Manager, QRI Manager Pty Ltd, Pitcher Partners Sydney Corporate Finance Pty Ltd, PPNSW Services Pty Ltd and KPMG) 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.

None of the Consenting Parties, nor any of their respective related bodies corporate, affiliates, directors, employees or agents, has authorised or caused the issue of this PDS, does not make any offer of Units, and, to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations, warranties or undertakings, express or implied, regarding and accepts no responsibility or liability 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:

- QRI Manager Pty Ltd
- E&P Corporate Advisory Pty Ltd;
- National Australia Bank Limited;
- Canaccord Genuity Financial Limited;
- Taylor Collison Limited;
- Crestone Wealth Management Limited;
- Bell Potter Securities Limited;
- Automic Pty Ltd;
- MinterEllison;
- KPMG;

13. ADDITIONAL INFORMATION **Continued**

- 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;
- The Trust Company Limited in its capacity as trustee of the Qualitas Wholesale Real Estate Income Fund;
- Arch Finance Pty Ltd in its capacity as trustee of the Arch Finance Unit Trust; and
- Arch Finance Pty Ltd ACN 137 960 046 in its capacity as manager of the Arch Finance Warehouse Trust.

QRI Manager 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 the Manager to the Trust and to the inclusion in this PDS of all statements said in this PDS to be by or to be based on statements by it in the text of, or by a footnote in, this PDS, in the form and context in which they appear in this PDS.

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 10 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.

KPMG has given, and not withdrawn prior to the lodgement of this PDS with ASIC, its written consent to be named in this PDS as auditor of the Trust and to the inclusion in this PDS of references to the audited financial statements of the Trust in the form and context in which they are respectively included.

13.16 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.

13.17 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.

14.

GLOSSARY



14. GLOSSARY

TERM	MEANINGS
A\$ or \$	Australian dollars.
AAS	Australian Accounting Standards.
AASB	Australian Accounting Standards Board.
ABN	Australian Business Number.
ACN	Australian Company Number.
Additional New Units	New Units applied for by an Eligible Unitholder in excess of their Entitlement under the Oversubscription Facility.
ADI	Authorised Deposit-taking Institution.
Administrator	QRI Fund Services Pty Ltd ACN 627 791 575, a wholly owned member of the Qualitas Group.
AEDT	The legal time in Melbourne, Victoria, Australia.
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 6.7.3.
Allotment	The allocation and allotment of New Units following acceptance of Applications.
AMIT	Attribution Managed Investment Trusts.
AMMA	Attribution Managed Investment Trust Member Annual Statement.
APP	Australian Privacy Principles.
Applicant	A person who submits a valid Application Form and required Application Monies pursuant to this PDS.
Application	An application for Units under this PDS.
Application Form	The Entitlement and Acceptance Form and/or the Shortfall Application Form.

TERM	MEANINGS
Application Monies	Money submitted by Applicants under the Offer and reflects the Offer Price multiplied by the number of New Units and Additional New Units (if applicable) applied for.
APRA	Australian Prudential Regulation Authority.
Arranger	E&P.
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 and Investments Commission.
Associates of the Manager	Entities within the Qualitas Group and its affiliates.
ASX	ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange, a financial market it operates, 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.
Bell Potter	Bell Potter Securities Limited ABN 25 006 390 772; AFSL 243 480.
Board	The board of directors of the Responsible Entity.
Broker	Any ASX participating organisation selected by the Joint Lead Managers in consultation with the Trust to act as a Broker to the Offer.
Business Day	A day, other than a Saturday or Sunday, on which banks are open for general banking business in Melbourne or Sydney, Australia.
Canaccord	Canaccord Genuity Financial Limited ABN 69 008 896 311; AFSL 239052.
CGT	Capital Gains Tax.

14. GLOSSARY *Continued*

TERM	MEANINGS
Co-Manager	Bell Potter.
Committed Capital	Any capital in which the Qualitas Group provides investment management services to deploy into investments.
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 13.15.
Constitution	The constitution of the Trust.
Corporations Act or the Act	<i>Corporations Act 2001</i> (Cth).
CRE	Commercial Real Estate.
Crestone	Crestone Wealth Management Limited ABN 50 005 311 937; AFSL 231 127.
CRS	Common Reporting Standard.
Cumulative Actual Return	The cumulative actual return described in Section 7.3.4.
Custodian	Perpetual Corporate Trust Limited ACN 000 341 533.
DA	Development Application.
Directors	The board of directors of the Responsible Entity and Director means any one of them.
Distribution Reinvestment Plan or DRP	The distribution reinvestment plan described in Section 4.12.
DvP	Delivery versus Payment.
Eligible Unitholder	A Unitholder entitled to participate in the Entitlement Offer as set out in Section 2.3.
Entitlement	The entitlement to subscribe for 1 New Unit for every 2 Unit held on the Record Date at \$1.60 per New Unit, being the number of New Units that each Eligible Unitholder is invited to apply for under the Entitlement Offer as specified on each Eligible Unitholder's Entitlement and Acceptance Form.
Entitlement and Acceptance Form	The personalised form for participation in the Entitlement Offer included in, or accompanying, this PDS.

TERM	MEANINGS
Entitlement Offer	The pro rata non-renounceable entitlement offer to Eligible Unitholders to apply for their Entitlements to raise up to \$214 million.
E&P	E&P Corporate Advisory Pty Ltd ACN 137 980 520; AFSL 338885.
Entitlement Offer Allotment Date	The intended date of Allotment of New Units under the Entitlement Offer and Additional New Units under the Oversubscription Facility, which is planned for Friday, 29 October 2021.
Excess Return	The return described in Section 7.3.4.
Excluded Qualitas Proceeds	The meaning given in Section 12.2.
Executive Incentive Plan	The executive incentive plan described in Section 13.7.
FATCA	Foreign Account Tax Compliance Act.
FIF	Foreign Investment Fund.
Financial Information	Financial Information described in Section 9.
FITO	Foreign Income Tax Offset.
FSC Standards	Standards of the FSC.
GDP	Gross Domestic Product.
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	<i>A New Tax System (Goods and Services Tax) Act 1999.</i>
IASB	International Accounting Standards Board.
IFRS	International Financial Reporting Standards.
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.

14. GLOSSARY **Continued**

TERM	MEANINGS
Investigating Accountant	Pitcher Partners Sydney Corporate Finance Pty Ltd ACN 122 561 184.
Investigating Accountant's Report	The investigating accountant's report provided by the Investigating Accountant dated 6 October 2021.
Investment Management Agreement or IMA	The agreement between the Manager and the Responsible Entity as described in Section 12.1.
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.
Investment Timeline	The timeline set out in Section 4.13.
IPO	The initial public offer of Units in the Trust, which took place on 27 November 2018.
Joint Lead Managers	The joint lead managers of the Offer, being E&P, NAB, Canaccord, Taylor Collison and Crestone.
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 Arrangement 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.
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 7.3.3.
Manager	QRI Manager Pty Ltd ACN 625 857 070.
Material Contract	Being the agreements set out in Section 12.
Maximum Subscription	The maximum amount that may be raised under the Entitlement Offer of \$214 million by the issue of approximately 134 million Units at the Offer Price pursuant to this PDS.

TERM	MEANINGS
MIT	Managed investment trust.
NAB	National Australia Bank Limited ABN 12 004 044 937; AFSL 230686.
NAV	Net asset value.
New Units	A Unit offered and issued under the Offer.
OECD	Organisation for Economic Co-operation and Development.
Offer	The Entitlement Offer, the Oversubscription Facility and the Shortfall Offer.
Offer Closing Date or Entitlement Offer Closing Date	Friday, 22 October 2021.*
Offer Costs	The costs and expenses of the Offer described in Section 7.3.3.
Offer Management Agreement	The offer management agreement summarised in Section 12.2.
Offer Period	The period between the Entitlement Offer Opening Date and the Offer Closing Date.
Offer Price	\$1.60 per New Unit (or Additional New Unit, if applicable).
Offer Proceeds	The total proceeds raised under the Entitlement Offer, being the Offer Price multiplied by the total number of New Units and Additional New Units applied for under the Entitlement Offer.
Outperformance Amount	The meaning given in section 12.2.1.
Oversubscription Facility	The facility by which Eligible Unitholders who take up their Entitlement in full may also apply for Additional New Units in excess of their Entitlements at the Offer Price.
Performance Fee	The performance fee payable to the Manager in accordance with the Investment Management Agreement, as detailed in Section 7.3.4.
Perpetual or Perpetual Group	Perpetual Limited and its subsidiaries, including the Responsible Entity.
Product Disclosure Statement or PDS	This product disclosure statement dated 7 October 2021 and lodged with ASIC on that date (and includes any supplementary or replacement product disclosure statement in relation to this product disclosure statement).
QPP	Qualitas Property Partners Pty Ltd ACN 137 928 155.

14. GLOSSARY **Continued**

TERM	MEANINGS
QSDF	Qualitas Senior Debt Fund.
Qualifying Joint Lead Manager	The meaning given in section 12.2.1.
Qualitas Advisory Board	The advisory board for the Qualitas Group described in Section 6.4.
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 6.7.4.
Qualitas Investors	Individuals and entities that invest in Qualitas Funds, the Trust, the Sub-Trust, or investments managed by the Qualitas Group or its affiliates.
Qualitas People and Culture Committee	The committee described in Section 6.4.
Qualitas Risk Committee	The committee described in Section 6.4.
Qualitas Team	The teams within the Qualitas Group which: <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, and which will assist the Manager to do these things with respect to the Trust.
Qualitas Trustee Board	The trustee board for the Qualitas Funds described in Section 6.5.
RBA	Reserve Bank of Australia.
Recommendation	Has the meaning given in Section 8.2.5.
Record Date	7.00pm (AEDT) on Tuesday, 12 October 2021.*
Responsible Entity	The Trust Company (RE Services) Limited ACN 003 278 831 in its capacity as responsible entity of the Trust.
Responsible Entity Fee	The fee payable to the Responsible Entity as described in Section 7.2.
Return Hurdle	The return hurdle described in Section 7.3.4.

TERM	MEANINGS
RITC	Reduced Input Tax Credit.
Settlement Date	The date described in Section 12.2.4.
Shortfall	Any New Units or Additional New Units not taken up by Eligible Unitholders under the Entitlement Offer or the Oversubscription Facility.
Shortfall Offer	The shortfall offer described in Section 2.10.
Shortfall Offer Allotment Date	The intended date of Allotment of New Units under the Shortfall Offer, which is planned for Thursday, 4 November 2021.
Shortfall Offer Application	An application for Units under the Shortfall Offer.
Shortfall Offer Application Form	The application form for participation in the Shortfall Offer included in, or accompanying, this PDS.
Shortfall Offer Closing Date	The Entitlement Offer Closing Date.*
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	RBA Cash Rate ⁶⁸ plus a margin of 5.0% to 6.5% p.a. (net of fees and expenses) of NAV.
Taylor Collison	Taylor Collison Limited ABN 53 008 172 450; AFSL 247 083.
TFN	Tax File Number.
TIC	The Trust Investment Committee described in Section 4.14.
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 12.3.
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.

⁶⁸ RBA cash rate is subject to a floor of 0%.

14. GLOSSARY **Continued**

TERM	MEANINGS
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.
US Securities Act	US Securities Act of 1933, as amended.
Wholesale Offer Proceeds	The total number of New Units issued to participating wholesale clients under the Offer, multiplied by the Offer Price.

* Dates in this Glossary marked with an asterisk (*) are indicative only and may be subject to change. The Responsible Entity reserves the right to amend any and all of these dates (but for the avoidance of doubt, not including the date of this PDS) without notice subject to the Corporations Act.

