Lonsec

Qualitas Real Estate Income Fund

QRI **Author:** Andrea Theouli **Published:** 04 Sep 2025

Data is provided by the manager at 31 Dec 2024, and currency in AUD, unless otherwise stated

Recommended

Refer to glossary for definition of the rating

Product Review

About this Product

Investment manager	QRI Manager Pty Ltd
Benchmark	RBA Cash Rate
Product structure	LIT
Market cap. at 31-Dec-2024	$790.12m
Price divergence	Low
Listing Date	Nov 2018
Leverage	
Asset class	Alternatives
Sector	Growth Alternatives (Moderate)
Peer group	Australian Private Debt - Real Estate
Rated peers	11

Product Characteristics

Business Life Cycle	Mature
Product Wind-Up Risk	Low
Key Person Risk	High
Tenure of Decision Makers	Medium
Complex (RG240)	No
Transparency	Low
ESG Approach	Risk or Value
Peer Relative Fees and Costs	Above median

Annual Fees and Costs (% p.a.)

Management fees & costs	1.86
Performance fee costs	0.06
Annual fees and costs	1.92

Source: FE fundinfo, Offer Document date: 07/Oct/2021

Product Opinion

The Trust has maintained its **'Recommended'** rating. QRI offers diversified exposure to commercial real estate private credit through a listed structure, supported by an experienced and well-resourced investment team with strong origination and execution capability. The strategy aligns with its income and capital preservation goals, supported by disciplined underwriting and active oversight. Improvements in risk systems and capital management reflect a mature platform. While fee fairness, team depth, and conflict management remain watchpoints, the overall proposition remains sound.

Lonsec Rating Model

Rating key: ●●● Above ●●○ In-line ●○○ Below

Factor	Peer Rating	YoY Score Change
Business	●●○	—
Team	●●○	—
Process	●●●	—
ESG	●●○	↑
Product	●●●	—
Fees	●○○	—
Performance	●●○	—

Allocation Profile

Core		
Satellite		
	Low Complexity	High Complexity

Private Market Profile

High Valuation Risk		
Low Valuation Risk		
	Liquid	Illiquid

Strengths

- Experienced and well-resourced investment team, with deep sector expertise in commercial real estate lending across origination, structuring, and execution.
- Sole lender positions on loans provide favourable control and protection mechanisms in downside scenarios.
- Investment approach remains aligned to capital preservation and income objectives, with strong security coverage and consistent deployment.
- Improvements in risk governance and systems support stronger oversight and scalability.

Weaknesses

- Fees remain elevated versus local peers.
- Potential for intra-group conflicts exists due to the multi-mandate platform, though governance protocols and independent trustee oversight aim to mitigate these risks.
- Key person reliance remains a consideration, though recent senior hires across portfolio management, legal, risk and operations demonstrate progress in reducing concentration.

Key Facts

Key Objectives

Investment objective	The Trust's investment objective is to achieve the Target Return (currently RBA cash rate + 5-6.5% net of fees and expenses), provide monthly cash income, capital preservation and portfolio diversification.
Internal return objective	RBA cash rate + 5.0% to 6.5% p.a. (net of fees and expenses).
Internal risk objective	To ensure that all potential risks have been identified as well as potential mitigating factors and sensitivities/scenarios for key risks.To ensure that the returns for a proposed transaction are analysed and fully understood, not only with regard to quantum and timing for the transaction concerned, so that the risk/return balance can be appropriately considered, but also with regard to accretion analysis to determine the impact of a proposed transaction on the forecast returns of the Fund or Funds involved
Non-financial objective	None

Asset Allocation (%) (as at 31/03/2025)

Alternative Assets	95%
Cash	5%
Total	100%

Source: FE fundinfo

Rating History

05-Nov-2024	Recommended
09-Oct-2023	Investment Grade
09-Sep-2022	Investment Grade

Product Distribution Profile

Frequency	Monthly
Last Missed Distribution	N/A
Number of Missed Distributions in the last 5 years	0

Target Market Determination

Produced by issuer	Yes
Provided to Lonsec	Yes

Trading Snapshot (as at 31/03/2025)

Securities on issue	608,271,360
Ticker	QRI
Last price	$1.59
52 week high/low price	$1.68/$1.57
Last NTA or NAV	$1.60
52 week high/low NTA or NAV	$1.61/$1.60
Premium/discount to NTA or NAV	minimal discount of approximately 0.3%

Return Profile

	Defensive	Growth
Income		
Capital		

Performance Analysis - annualised after fees at 31/03/2025

	1 Year	Median	2 Year	Median	3 Year	Median	5 Year	Median
Performance (% p.a)	6.73	8.60	13.49	9.47	8.75	8.75	12.07	11.17
Standard deviation	4.95	1.68	5.58	1.43	8.93	1.45	8.75	5.10
Excess return (% p.a)	2.43	4.30	9.27	5.25	5.25	5.25	9.93	9.03
Outperformance ratio (% p.a)	50.00	91.67	66.67	87.50	58.33	86.11	60.00	83.33
Worst drawdown (%)	-2.94	0.00	-2.94	0.00	-11.58	0.00	-13.34	-6.67
Time to recovery (mths)	NR	-	NR	-	7	-	7	-
Sharpe ratio	0.46	4.23	1.64	3.52	0.58	3.69	1.13	3.28
Information ratio	0.49	4.37	1.66	3.57	0.60	3.83	1.13	3.32
Tracking error (% p.a)	4.92	1.67	5.57	1.44	8.82	1.49	8.75	5.11

Lonsec Peer Group: Alternatives - Growth Alternatives (Moderate) - Australian Private Debt - Real Estate
Product Benchmark: RBA Cash Rate
Cash Benchmark: Bloomberg AusBond Bank Bill Index AUD
Time to recovery: NR - Not recovered, dash - No drawdown during period
Calculated using share price

Business

Facts

Investment Manager	QRI Manager Pty Ltd
Ultimate Parent Company	Qualitas Limited
Headquarters	Melbourne, Australia
Inception Date	Apr 2008
% Staff Ownership	20-50%

AUM

Governance

% Independent board members	80%
% Female board members	40%
Independent chair	Yes
CEO as Chair	No
Separate Audit Committee	Yes

Metrics

Total AUM	$9.2b
Investment Management Headcount	44
Investment Professionals	44
Sales & Service	52
Distributor	Internal

Who is the Manager?

Qualitas is an ASX-listed investment manager (ASX: QAL), established in 2008, focused on Australian commercial real estate (CRE) credit and equity. The group manages $9.2 billion as at 31 December 2024, spanning listed and unlisted vehicles across retail, wholesale and institutional clients.

Qualitas maintains a strong domestic presence supported by a disciplined capital deployment strategy and a net cash balance sheet with growing engagement from North American, Middle East and European investors.

The business remains founder-led with the co-founders retaining significant ownership with broader senior staff also holding a material stake.

Lonsec Opinion

Profitability

The Manager is a profitable, stand-alone ASX-listed manager, with no leverage on its balance sheet. The business is well-capitalised with strong revenue growth and a diversified fee base across listed, wholesale, and institutional mandates. Ongoing operations and future growth are supported by a healthy net cash position and no reliance on external funding.

Business Track record

Founded in 2008, Qualitas has grown from a boutique credit specialist into an ASX-listed platform with over $9.2 billion in assets under management (AUM) as at December 2024. The firm has delivered sustained AUM growth, supported by its focus on credit quality, origination discipline, and selective capital raising. Growth spans listed, wholesale and institutional mandates, with QRI providing listed access to commercial real estate credit. Demand across investor channels remains strong, with multiple capital raises exceeding targets.

Business Ownership

Qualitas is an ASX-listed, founder-led specialist manager with a focused culture centred on commercial real estate. The firm's two co-founders and senior leaders retain meaningful equity stakes, reinforcing long-term alignment and strategic continuity. Its listed structure supports institutional-grade governance and transparency, with the business exclusively focused on real estate debt and equity strategies. Private credit represents over 80% of total funds under management and remains the core focus of the platform.

Business Governance

Qualitas operates under an ASX-compliant governance structure with a majority independent Board and formal committees. A detailed conflicts management framework is in place, with protocols addressing potential intra-platform conflicts. While Qualitas does not hold debt and equity in the same asset, disclosure, separation, and board-level oversight remain embedded across the platform.

Team

Key Decision Makers (KDM)

	Primary function	Dedicated to strategy	Appointed to strategy	Industry/Mgr exp. (yrs)	Exp. in PM roles (yrs)
Brett Drummond	Portfolio management	No	2024	9/1	10
Michael Nguyen	Portfolio management	No	2025	13/-1	13
Mark Power	Portfolio management	No	2017	23/7	24
Matt Barca	Funds Management	No	2025	18/-1	
Rohan Davis	Head of Origination	No	2009	30/16	

KDM Change*

	Function	Change	Type	Tenure (yrs)	Date of change
Matt Barca	Funds Management	Joined	New		May 2025

* Last 3 years

Profile

Size	45
Structure	Decentralised
Turnover	Medium

Alignment

KDM equity held in manager	No
KDM co-investment in strategy	No
Performance-Based bonus	Yes
Long term incentive plan	No

Resources

	Number	Average Years Experience
Key decision makers	3	15.67
Portfolio Managers		
Hybrid portfolio manager/ analysts		
Dedicated analysts	1	7.5
Dedicated dealers	2	20.1
Quantitative		
ESG/Sustainability	1	29.3
Macro	3	17.4
Investment Specialists		

Who is the Team?

The QRI strategy is led by a stable, experienced team with deep expertise in Australian commercial real estate (CRE) credit. Co-founder Mark Fischer (Global Head of Real Estate) and Mark Power (Head of Income Credit) anchor the platform, supported by Brett Drummond (Director, Funds Management), Matt Barca (recently appointed Fund Manager), and Lucy Makrakis (Head of Investment Risk), each contributing to the strategy's institutional depth and execution capability. Origination, underwriting, portfolio management and risk are closely interconnected, with Rohan Davis leading origination efforts across NSW, VIC and QLD, supported by dedicated analysts and credit professionals embedded across each functional area. The investment process is underpinned by unanimous investment committee decisions and structured escalation for higher-risk exposures.

A disciplined credit culture is evident in the team's unwillingness to compromise underwriting standards despite market pressures. While team depth has improved through recent hires and succession planning initiatives, mid-level turnover remains an area to watch.

Team *(continued)*

Lonsec Opinion

Team Size

The QRI strategy is supported by a well-resourced and functionally structured team. Dedicated personnel are in place across credit underwriting, origination, portfolio optimisation, and risk, with clear linkage between origination and portfolio management. The team has scaled in line with assets under management growth, with recent senior hires adding further depth and experience. While there is no dedicated restructuring unit, Qualitas leverages deep in-house expertise across real estate, restructuring, and development to manage complex exposures. Combined with a proactive six-weekly loan review process, early issue detection and refinancing discipline help mitigate the need for a separate workout function. Overall, the team is appropriately sized and resourced for the strategy, with no evident signs of stretch despite broader platform expansion.

Skill

The QRI team demonstrates strong domain expertise and consistent execution across commercial real estate (CRE) credit, underpinned by disciplined origination, underwriting and portfolio management processes. Mark Fischer and Mark Power bring extensive experience across CRE debt and equity, setting a high bar for investment governance and credit standards. The team has a track record of navigating multiple market cycles with no impairments to date, reflecting conservative loan structuring and strong security coverage.

Recent appointments bolster institutional depth and add capability in funds management and credit risk. The team demonstrates sound judgement in managing residual stock, enforcing loan exits or refinances where deterioration is observed, and maintaining selectivity despite compression in credit spreads. The investment thesis is consistently applied, with a strong sponsor focus and conservative LVRs.

Track Record/Co-Tenure

Qualitas benefits from strong senior leadership tenure, with founders and key decision-makers having over two decades of experience combined and a solid track record in commercial real estate credit. QRI's performance history has been built under consistent leadership, supporting stability. Recent senior hires have strengthened the platform, though several remain relatively new. Leadership stability is sound, but broader team co-tenure continues to develop and will be important to monitor as the platform scales.

Key Person Risk

Key person risk remains moderate to high, with Mark Power playing a pivotal role across leadership, portfolio oversight, and deal review. While recent senior hires have added depth, these individuals are still embedding and are not yet immediate succession candidates. No formal succession plan has been disclosed. Mitigating factors include a unanimous investment committee decision-making process, strong founder oversight, and a senior secured commercial real estate credit strategy that is not overly reliant on individual style. Ongoing focus on mid-level capability and succession is warranted.

Alignment

Senior alignment is strong, with founders maintaining significant equity in the business and leading day-to-day operations. Long-term incentives and fund-linked rewards are in place for select senior and mid-level staff. Broader participation is increasing, supported by efforts to deepen ownership and strengthen cultural cohesion across the platform. While limited historical mid-level turnover has occurred, alignment structures are progressively embedding.

Process

What is the Investment Process?

QRI follows a consistent and disciplined investment process aligned with its capital preservation and income objectives. Origination is relationship-driven, leveraging longstanding sponsor and intermediary networks. A ‘cradle to grave’ ownership model ensures accountability across sourcing, underwriting, and portfolio management. Investment Committee oversight is rigorous, and underwriting standards have been upheld despite market spread compression. The Manager's credit process includes detailed due diligence on the originator platform and underlying loans, with reviews of servicing, collection, and data integrity undertaken. The process also involves real time industry analysis and an understanding of the macroeconomic drivers. The findings are used to structure tailored terms, covenants, and credit protections for each investment. Active portfolio construction is maintained, with riskier exposures refinanced or exited where required.

The risk function includes structured oversight and monthly monitoring (e.g. traffic light reviews), contributing to process robustness. Overall, the process is well-structured and reflects a mature platform approach to real estate credit.

Lonsec Opinion & Supporting Facts

Philosophy and Universe

Investment Sector	Private Debt
Investment Strategy	Real Estate
Investment Type	Senior loans, Subordinated loans
Primary geographical focus	Australia, New Zealand
Target Market	Target sponsor group is $250-$500m Enterprise Value
Lending Profile	Typically bilateral

QRI applies a conservative and well-defined investment philosophy centred on capital preservation and regular income generation. The approach is grounded in predominantly senior secured commercial real estate lending, with strong risk discipline and a clear avoidance of opportunistic, high-leverage, or subordinated lending strategies.

The origination and credit team maintain ownership and accountability across the lifecycle of each deal. The team has consistently refused to compromise underwriting standards to enhance yields, reinforcing the Trust’s alignment with investors.

The investment universe remains focused on senior secured commercial real estate loans. While the portfolio includes a controlled exposure to Arch Finance warehouse notes, there has been no move toward equity-like risk, underscoring the strategy’s discipline.

Overall, the investment philosophy remains well-articulated, consistently applied, and strongly aligned with the Trust’s capital preservation and income-oriented investor base.

Research Process

Key screens	N/A
Idea generation	QRI is an origination-based strategy
Deals assessed p.a.	200-300
Key research inputs	Proprietary fundamental research

QRI’s research and origination process is disciplined, relationship-driven, and underpinned by deep internal expertise. The approach is led by long-standing origination networks across developers, private sponsors, and intermediaries, with geographic coverage spanning NSW, VIC and QLD.

The process is highly selective, prioritising sponsor quality and credit defensiveness over yield maximisation. There is a clear refusal to stretch underwriting standards or deploy capital simply to meet targets, which reinforces the Trust’s capital preservation and income goals.

Pipeline tracking, traffic light loan reviews, and covenant compliance remain largely manual but effective. A progressive rollout of automation and AI tools is underway to enhance monitoring and portfolio oversight to help enhance prompt intervention on deteriorating exposures. Active sponsor relationships and a reputation for credit discipline provide a competitive sourcing advantage.

Overall, the process demonstrates consistency, internal cohesion, and a high degree of control. The team’s willingness to walk away from marginal deals and enforce exits when risk rises supports risk-adjusted performance delivery.

Process *(continued)*

Capacity Management

Capacity guidance	Not disclosed
Strategy AUM	$974 million (May 2025)
Portfolio liquidity (1 week)	0.00%

QRI exhibits a disciplined and capacity-conscious approach to capital management, with a clear willingness to moderate fund growth in line with market conditions and deployment opportunities. There is no use of leverage at the fund level, and the origination pipeline is tightly aligned with available capacity, reducing the risk of forced deployment or style drift.

Management has demonstrated restraint in capital raising, including capping participation when appropriate, and avoids using QRI as an outlet for broader platform deal flow. The platform structure, which separates institutional mandates from QRI, supports this fund-by-fund discipline. The approach to scale and deployment remains measured.

Portfolio Construction

Portfolio management structure	Investment Committee
Approach to benchmark	Benchmark Aware
Typical number of loans	40-50

QRI's portfolio construction is tightly aligned with its capital preservation and income objectives, with a deliberate link between origination, underwriting and portfolio positioning. The process is repeatable and structured. Deployment decisions are directly tied to capacity and fund positioning, with the investment team deliberately adjusting exposures based on prevailing market risk and opportunity. All deals must pass unanimous Investment Committee approval, with the committee showing discipline in rejecting marginal opportunities.

Origination, credit assessment, and post-deployment monitoring are fully integrated, ensuring continuity and accountability. The portfolio is actively managed via a traffic light risk rating system. Loans flagged with elevated risk are proactively exited.

Investment Risk Management

Monitoring external to investment team	Yes
Frequency of monitoring	Monthly
Primary risk management system	Proprietary
Single position limits (Min/Max)	Capped at 15% of NAV
Industry limits (Min/Max)	Internal targets maintain spread across property sectors (residential, industrial, office, mixed-use
Country Limits (Min./Max.)	Australia (100.00%), New Zealand(20.00%)
Cash Allocation (Typical, Max.)	Operational cash buffer typically targeted around 5–10%

Formalised monthly reviews categorise loans by risk status, enabling early escalation, with watch listed exposures reviewed weekly.

The team has shown discipline in proactive exits where deterioration arises. Covenant monitoring is embedded at origination. While monitoring systems are proprietary and still evolving, the direction is positive.

Limits exist (e.g. max single loan 15% NAV), but sector, liquidity, and mezzanine exposure constraints are less clear.

Qualitas' governance framework includes formal conflicts protocols and a unified investment committee with both debt and equity expertise. While this structure supports cross-strategy insight, the absence of separate committees may warrant ongoing monitoring given the platform's breadth.

ESG

Manager Positioning - Product

Responsible investment style	ESG Integration
ESG approach	Risk or Value
Sustainability thematic	No Sustainability Thematic
Non-financial objective	None

What is the Manager's ESG approach for this product?

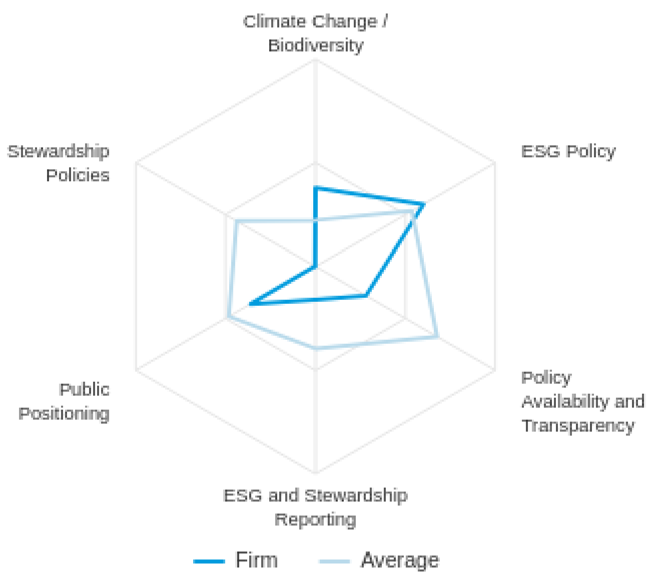
Qualitas adopts a structured, three-pillar responsible investment approach, with ESG risks formally integrated into due diligence and investment decision-making. The framework includes (1) internal ESG scoring, (2) a Sustainable Finance Framework incorporating a Sustainability-Linked Loan (SLL) model (not yet utilised), and (3) exploration of sustainability-focused products. ESG integration is most actionable in construction lending, where Qualitas can influence outcomes, however, overall sponsor ESG maturity varies. The firm classifies its style as “ESG Integration” with a “Risk or Value” approach, meaning ESG factors are considered alongside financial risk and return. This may result in inclusion of lower-rated ESG exposures if the risk-return trade-off is deemed acceptable. Oversight is led by a dedicated ESG head and the framework is applied across credit strategies, though practical implementation remains opportunity-dependent.

Lonsec Opinion & Supporting Facts

Overview

ESG Process Score	Mod

ESG Snapshot



Manager Level Approach

The Manager’s corporate ESG framework and disclosure lag behind their peers. They have committed to integrating ESG within its investment process with evidence of public positioning. The ESG policy is publicly available and provides details on ESG policy framework with a focus on climate risk and environmental sustainability. The stewardship policy score reflects the absence of an engagement policy, although climate change engagement is noted as part of the ESG policy framework. Although reporting, available via their annual report, has improved over the year, it is generally weaker than peers', with their ESG reporting lacking depth. Modern Slavery Statement publicly available as of 2024.

Product Level Approach

QRI reflects Qualitas’ broader responsible investment framework, with ESG risks assessed during underwriting and engagement focused on counterparties already aligned with sustainability goals. Construction lending is the key area of focus, where Qualitas can more directly influence environmental outcomes, however this is still in a developmental phase. For established assets, influence is more limited, and ESG thresholds remain high. Data is sourced directly from borrowers and sponsors, aligning with the firm’s hands-on origination model.

Strategy: Clarity, Measurability & Reporting

The strategy is clear and structured, but still in rollout phase. ESG considerations are embedded into investment processes, with risk scoring and project-level evaluation underway. However, measurability and reporting remain in development, with no current examples of executed sustainability-linked loans or formal outcome reporting. Engagement is targeted and intentional, but broader adoption and transparency will take time to mature.

Product

Service Providers

Responsible entity	The Trust Company (RE Services) Limited
Investment manager	QRI Manager Pty Ltd
Sub-investment manager	
Custodian	Perpetual Corporate Trust Limited
Administrator	QRI Fund Services Pty Ltd
Fund Auditor	KPMG is the independent auditor of the Trust's financial statements and PWC is auditor of the Compliance Plan
Securities lending agent	
Change in Key Providers? (Over last 12 months)	No

Product Details

Net asset disclosure frequency	Weekly
Distribution model	Internal
Average Exchange Spread data*	0.00
Investment structure	Combination
Product type	Listed Registered Managed Investment Scheme (Unitised)
Currency hedged	No

What is the Product Structure?

The Qualitas Real Estate Income Fund (QRI) is an ASX-listed investment trust that invests in a portfolio of secured commercial real estate loans. These exposures are held either directly or indirectly via investments into Qualitas-managed sub-trusts and warehouse vehicles. Key underlying vehicles include the Arch Finance Warehouse Trust and other Qualitas wholesale funds, which are governed by separate trustee structures. This multi-layered structure allows QRI to maintain portfolio diversification, access a broader deal set, and retain operational flexibility, though it introduces an additional layer of governance and valuation oversight.

Lonsec Opinion & Supporting Facts

Price Divergence

As a listed investment trust, QRI is subject to market pricing that can diverge from its underlying net asset value (NAV). Over the past three years, the fund has generally traded at or near NAV, with limited sustained premium or discount. This reflects relatively stable investor sentiment and alignment between market expectations and portfolio performance. Nonetheless, as with all listed vehicles, pricing remains sensitive to broader market dynamics, liquidity, and sentiment, and investors may experience price volatility independent of changes in underlying asset value.

Liquidity

QRI offers daily liquidity via its ASX-listed structure, allowing investors to buy and sell units on market. As a listed trust, liquidity is driven by secondary market demand, which can diverge from underlying asset liquidity. The fund maintains a cash buffer (typically 2–5%) and closely monitors cash flow forecasts to manage income distributions and working capital needs. While the underlying assets are illiquid, the listed format provides investor access without requiring asset sales. The trust does not use structural leverage but has capacity for a working capital facility up to 10% of net asset value, offering an additional tool for managing short-term liquidity needs.

Governance

QRI is governed via a layered structure combining internal and external oversight. The Responsible Entity, The Trust Company (RE Services) Limited, provides fiduciary oversight, while QRI Manager Pty Ltd (a Qualitas subsidiary) acts as investment manager. A dedicated Investment Committee with unanimous voting ensures adherence to mandate and credit discipline. Risk oversight is managed separately, with escalation pathways to senior committees and the RE Board. Governance policies across conflicts, valuation and deal allocation are in place, though intra-platform conflicts (e.g. debt vs equity) require continued monitoring given the firm's multi-strategy platform.

Secondary Market Support

Qualitas undertakes active engagement with the market to support secondary trading in QRI units. The Manager maintains regular investor communications, including periodic updates, presentations, and performance insights via its website and webinars. This consistent transparency and communication aims to promote investor confidence and improve price discovery. A dedicated distribution team provides ongoing engagement with advisers and brokers, contributing to shareholder retention and helping mitigate persistent trading discounts to net asset value.

Product *(continued)*

Valuation Details

Independent valuations	External oversight provided through both independent valuers and audit processes

Valuations are reviewed monthly by the internal investment and risk teams, with higher-risk loans subject to weekly oversight. For direct loan exposures, valuations incorporate borrower performance, covenant compliance, and project milestones. Indirect exposures (e.g. via warehouse vehicles) are valued based on the underlying asset values. External valuers are engaged where appropriate to support fair value assessments. While there is no separate valuation committee, internal governance provides regular review and escalation pathways to ensure valuation integrity.

Structure

The Qualitas Real Estate Income Fund (QRI) is an ASX-listed investment trust offering access to a diversified portfolio of secured Australian commercial real estate loans via a liquid, listed vehicle. It invests directly in loans and indirectly through Qualitas-managed wholesale funds and warehouse vehicles, including the Arch Finance warehouse.

QRI does not use leverage at the fund level aside from a working capital facility, though some underlying vehicles may employ structural leverage. The listed structure provides transparency and regular reporting, though pricing can deviate from net asset value. The trust is governed by a formal mandate, with oversight from the Qualitas investment committee, risk team, and Perpetual as responsible entity.

Transparency

QRI provides reasonable transparency through regular ASX-published NTA updates, monthly fact sheets, and quarterly portfolio and income reports. Investors have visibility on key characteristics such as deployment, sector exposure, and average LVRs. However, granularity remains limited: loan-level risks, restructures, or watchlist names are not formally disclosed. While internal risk monitoring is robust, public reporting does not yet reflect this. Management has indicated impairments would be communicated via NAV and distribution updates, but broader market disclosures still lag industry best practice.

Deal Allocation Policy

Qualitas applies a structured and mandate-led deal allocation process designed to ensure fairness, consistency and alignment across its platform of funds, including QRI. Origination opportunities are initially screened against mandate fit, with QRI prioritising senior secured, income-focused commercial real estate loans. The allocation process incorporates input from both origination and portfolio management teams, with a dedicated portfolio optimisation function supporting alignment between pipeline opportunities and QRI's existing exposures, capacity and risk profile. In cases where deals may be eligible across multiple Qualitas vehicles, potential conflicts are escalated to the investment risk function and, where appropriate, the Trustee Board. Allocation decisions are recorded in a conflicts register, and material cross-fund exposures or priority risks (e.g. debt vs equity in the same capital stack) are disclosed in offer documents where relevant. While the process is well-articulated and shows signs of consistent application, allocation outcomes are still influenced by discretionary judgement, and transparency in practice remains a watchpoint.

Fees

Annual Fees and Costs (% p.a.)

Management fees & costs	1.86
Performance fee costs	0.06
Annual fees and costs	1.92

Source: FE fundinfo, Offer Document date: 07/Oct/2021

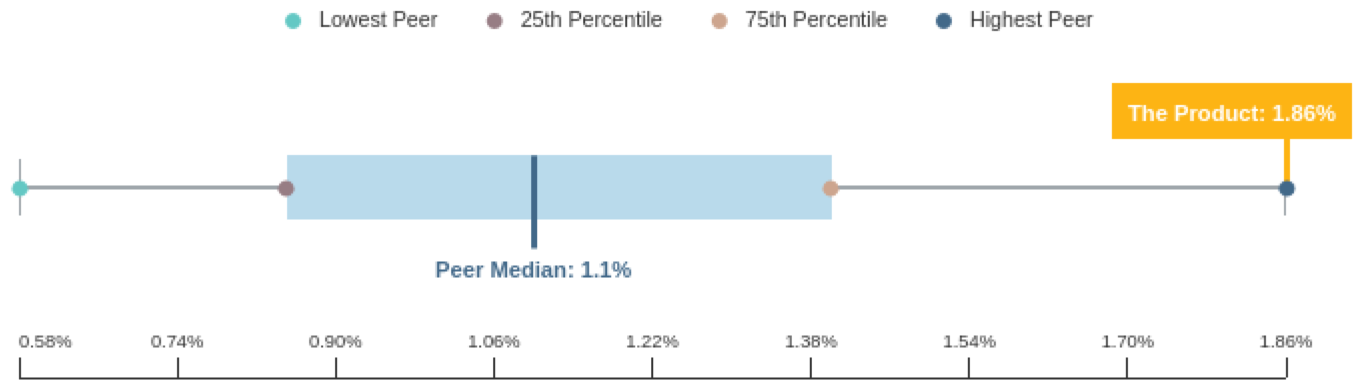
Performance Fees

Applicable	Yes
Hurdle type	Absolute
Hurdle	RBA cash +8%
Rate	20.5%
High watermark	Yes
Above high watermark	No

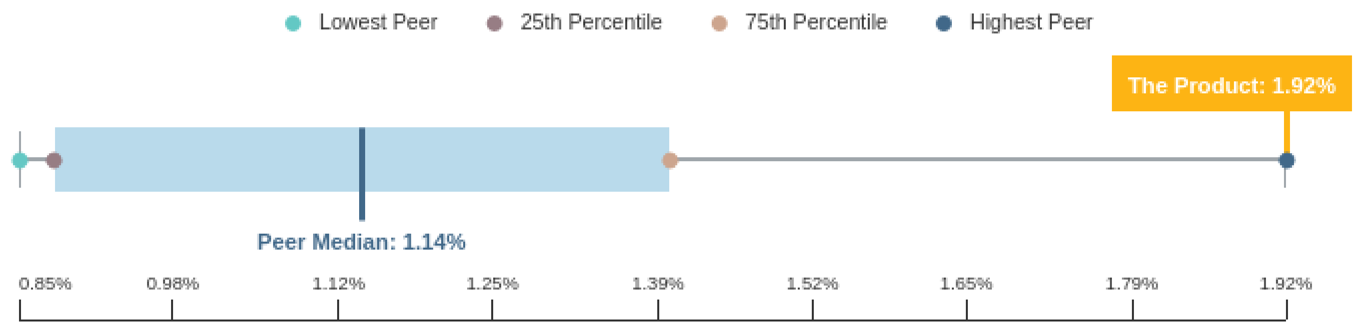
Fees Explained

QRI's total management fees and costs are estimated to be between 1.84%–1.88% p.a. inclusive of recoverable expenses as per the PDS dated 7 October 2021. A performance fee of 20.5% applies to returns above an 8% p.a. hurdle with a reset period of three years. Origination fees are partially retained by Qualitas, and fee rebates apply where QRI invests into affiliated wholesale funds.

Management Fees and Costs Peer Comparison



Annual Fees and Costs Peer Comparison



Peer Universe: Alternatives - Growth Alternatives (Moderate) - Australian Private Debt - Real Estate

Lonsec Opinion

Annual Fees and Costs

The total management fees and costs for QRI, at 1.86% (being the midpoint estimate from the PDS dated 7 October 2021), sit materially above the peer median. While transparency is sound and there are no hidden charges, the overall fee load remains elevated relative to local comparable offerings. Fee levels have not been adjusted in recent years despite competitive pressure from a maturing peer set offering similar quality at lower cost.

Fairness

Fee fairness remains an area for consideration. The total fee load, at 1.92% sits above local peers. This includes a 0.06% performance fee based on the Manager's most recent calculation for the period ending 30 June 2025. While the base management fee reflects the complexity and active management of the loan portfolio, the higher relative cost versus domestic peers may weigh on investor value. Differences in investment structures and mandates are acknowledged.

Performance data is as at 31 March 2025

Performance

Performance Summary

Investment objective	The Trust's investment objective is to achieve the Target Return (currently RBA cash rate + 5-6.5% net of fees and expenses), provide monthly cash income, capital preservation and portfolio diversification.
Internal return objective	RBA cash rate + 5.0% to 6.5% p.a. (net of fees and expenses).
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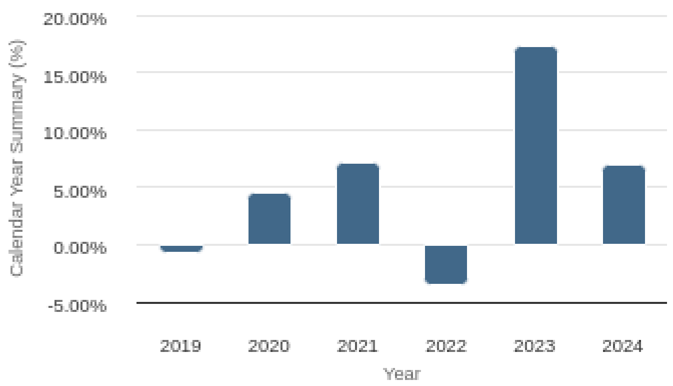
Product benchmark	RBA Cash Rate
Lonsec peer group	Australian Private Debt - Real Estate

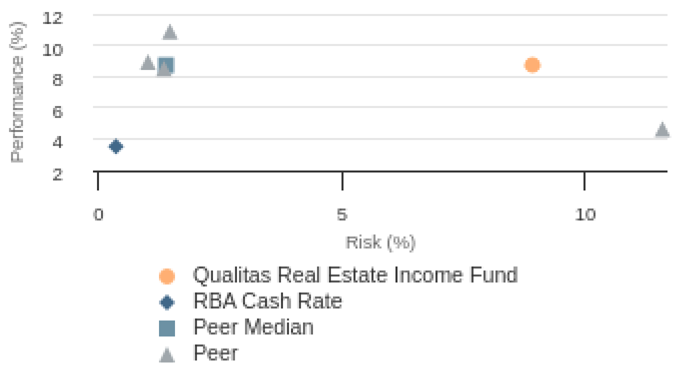
Alpha Generation

QRI has delivered alpha relative to its absolute return objective (RBA Cash + 5–6.5%) across most periods. The Trust's disciplined credit selection, robust underwriting, and portfolio stability have supported alpha delivery.

Calendar Year Excess Return



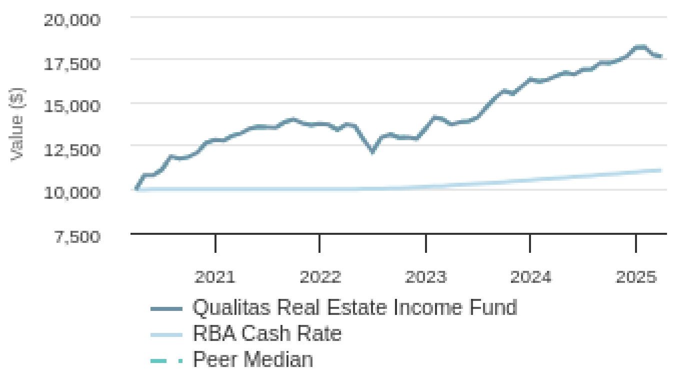
3 Year Risk and Return



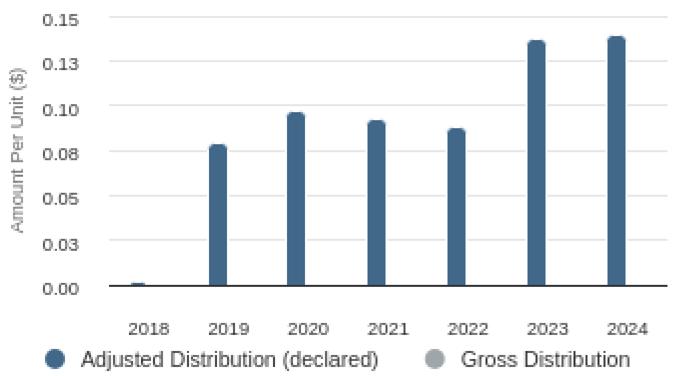
Alpha Consistency

QRI demonstrates a degree of alpha consistency over time. Returns have remained within the stated return objective across most periods, supported by a stable portfolio profile and repeatable origination process. Medium-term outcomes, in particular, have been strong.

Growth of $10,000 Over 5 Years



Distribution Record Over 10 years

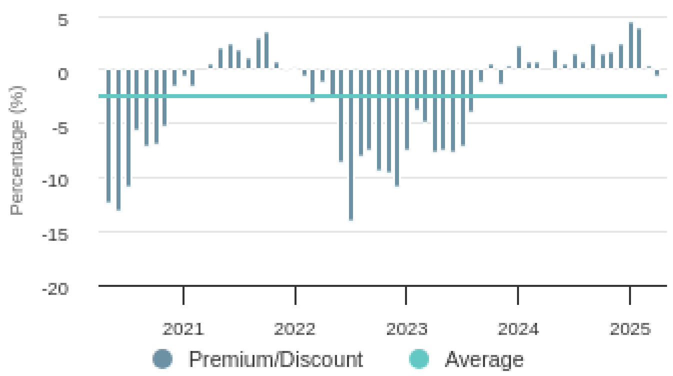


Performance *(continued)*

Benchmark Relativity

The Trust targets a net return of RBA Cash + 5–6.5%, with medium to longer term returns all exceeding this range. Qualitas has maintained credit discipline, with strong risk governance and portfolio defensiveness supporting consistent returns over time.

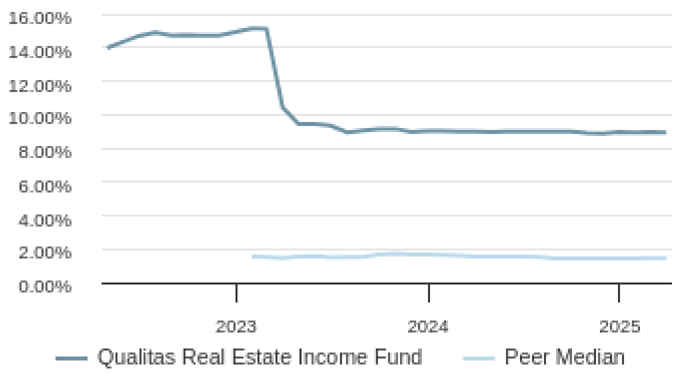
Share Price Premium/Discount to NAV Over 5 Years



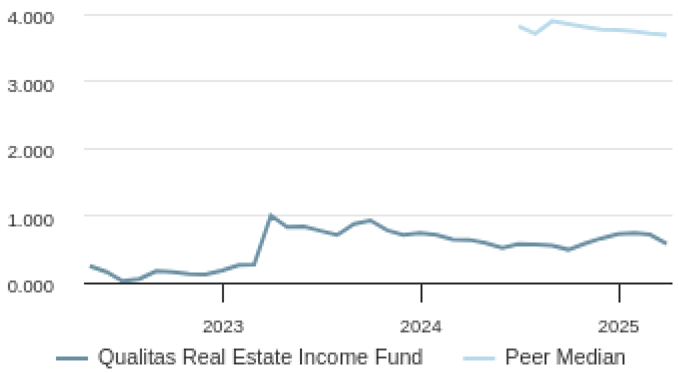
Return Volatility

Rolling standard deviation has declined since mid 2023, reinforcing stability even amid market changes. The Fund's volatility profile underscores it's conservative structure, anchored in senior secured lending with active risk oversight.

3 Year Rolling Standard Deviation Over 3 Years



3 Year Rolling Sharpe Over 3 Years

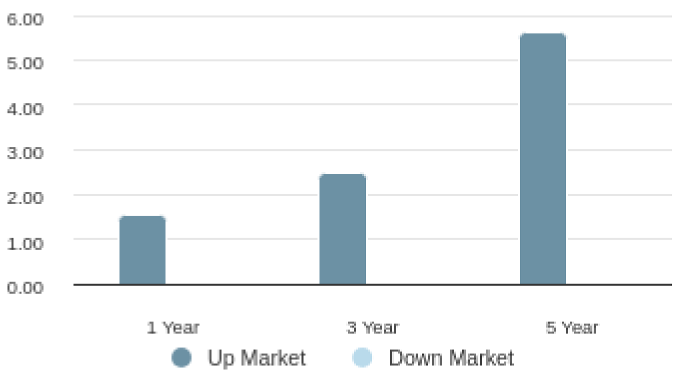


Product Defensiveness

The Trust has delivered steady monthly income, and preserved capital through varied environments.

Market capture ratios suggest strong upside participation with downside resilience. Proactive portfolio management, including refinances or exits when risks emerge, support capital preservation and adds to the Fund's defensive appeal.

Market Capture Ratio



Drawdowns

Ratings

'**Highly Recommended'** rating indicates that Lonsec has very strong conviction the product can meet its investment objectives.
'**Recommended**' rating indicates that Lonsec has strong conviction the product can meet its investment objectives.
'**Investment Grade'** rating indicates that Lonsec has conviction the product can meet its investment objectives.
'**Approved**' rating indicates that Lonsec believes the product can meet its investment objectives.
'**Not -Approved'** rating indicates that Lonsec does not believe the product can meet its investment objectives.
'**Closed / Wind Up'** status is applied when the product has been closed.
'**Fund Watch'** status is applied when a rating is under review due to the occurrence of a significant event relating to the product.
The '**Redeem**' rating indicates Lonsec no longer has sufficient conviction that the product can meet its investment objectives.
The '**Screened Out'** rating indicates Lonsec was unable to attain sufficient conviction that the product can meet its investment objectives.
'**Discontinued Review'** status is applied where a product issuer withdraws the product from the review process prior to completion, for any reason other than the product being closed or unavailable to investors.
The '**Ceased Coverage'** status is applied when a rated product is withdrawn from the research process by the product issuer.

General

Climate Change / Biodiversity: the extent to which a manager has a leading climate and biodiversity policies.
ESG and Stewardship Reporting: the transparency, accessibility and usefulness of a manager's reporting.
ESG Policy: the strength of commitment to ESG as ascertained by a review of a manager's ESG policies.
Excess return: Return in excess of the benchmark return.
Information ratio: Relative reward for relative risk taken (Excess Returns / Tracking Error).
Key decision maker (KDM): A nominated investment professional who has portfolio decision making discretion for a Fund, e.g. 'buy' or 'sell' decisions.
Market capture ratio: A product's performance during either 'up' or 'down' market trends relative to an index.
Policy Availability / Transparency: the ease of public access to, and transparency of, a manager's overall ESG policy suite.
Public Positioning: the resolve of a manager's commitment to ESG as ascertained by their public positioning.
Returns consistency: The proportion of a product's monthly outperformance during a period relative to the benchmark when it was rising, falling and in aggregate.
Sharpe ratio: Excess return earned for additional volatility experienced when holding riskier assets versus risk-free asset.
Standard deviation: Volatility of monthly Absolute Returns.
Stewardship Policies: the strength of a manager's proxy voting and engagement policies with respect to ESG.
Time to recovery: The number of months taken to recover the Worst Drawdown.
Total return: 'Top line' actual return, after fees.
Tracking error: Volatility of monthly Excess Returns against the benchmark (the Standard Deviation of monthly Excess Returns).
Worst drawdown: The worst cumulative loss ('peak to trough') experienced over the period assessed.

Lonsec Group Disclaimers

Lonsec Group Disclaimers (continued)

The product rated in this publication may have related financial products or be associated with other financial products and platforms. Our rating applies to the financial product outlined in this publication. You should seek professional advice before you make an investment decision on related or associated financial products and platforms. You should be aware that the mandate, fees, underlying investments, the issuers of the related and associated financial products and platforms may be different from the financial product specified in this publication.

Disclosures

Lonsec Research does not hold the financial product(s) referred to in this document. The financial product issuer and/or Lonsec Research Representatives (and/or their associates) may from time to time have holdings in the financial product referred to in this document or in Generation Development Group (ABN 90 087 334 370). For the purposes of this report Lonsec Research considers such holdings not to be sufficiently material to compromise the rating or advice. Lonsec Research manages any potential conflict by implementing a comprehensive ratings process, information barriers and monitoring program. Lonsec Research receives a fee from the financial product issuer(s) for researching the financial product(s), using objective criteria. Lonsec Research's rating(s) outcome is not linked to the fee. Lonsec Research and its associates do not receive any other compensation or material benefits from product issuers or third parties in connection with the report. Lonsec Research's research process relies upon the participation of the financial product issuer(s). Should the financial product issuer(s) no longer participate in our research process, we reserve the right to withdraw the document at any time and discontinue future coverage. This is a summary of the research report, you can access the full research report via Lonsec Research. For information about our associations and/or relationships with the financial product issuers and General Development Group, please refer to our Conflicts of Interest Statement accessible here.

Lonsec Research FSG

Financial Services Guide

This Financial Services Guide (FSG) has been prepared and issued by Lonsec Research Pty Ltd ABN 11 151 658 561 (Lonsec Research, we, us, our), holder of Australian Financial Services Licence (AFSL) No. 421445, to assist you in determining whether to use our financial services and products. This is an important document, and you should read it carefully. The contents of this FSG are general information only and does not take into account your personal needs or objectives. Lonsec Research provides no warranty as to the suitability of the services of this FSG for any particular person.

1.1 What is a Financial Services Guide?

This FSG's purpose is to provide you with important information regarding services offered by Lonsec Research. You should read this FSG prior to using our services. This document was prepared to inform you about:

- who we are and our contact details;
- the financial services we provide;
- the remuneration that may be paid to us and other persons in relation to the financial services we provide;
- how we deal with conflicts of interest; and
- how we deal with complaints

1.2 About Lonsec Research and its related parties

ASX listed Generation Development Group Limited (ABN 90 087 334 370) is the parent company of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings). Lonsec Research is a wholly owned subsidiary of Lonsec Holdings Pty Ltd (ABN 41 151 235 406) (Lonsec Holdings) and provides in-depth, investigative investment research across a broad range of listed and unlisted investments. Other subsidiaries of Lonsec Holdings include SuperRatings Pty Ltd (ABN 95 100 192 283), Implemented Portfolios Pty Limited (ABN 36 141 881 147) and Lonsec Investment Solutions Pty Ltd (ABN 95 608 837 583). All employees of the Lonsec group entities, including Lonsec Research, are employed by Lonsec Fiscal Pty Ltd (ABN 94 151 658 534).

Contact Details

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Level 39, 25 Martin Place
Sydney NSW 2000
Tel: 1300 826 395
Email: info@lonsec.com.au
www.lonsec.com.au

1.3 What kind of financial services can Lonsec Research provide?

Lonsec Research is authorised under its Australian Financial Services Licence to provide general financial product advice to retail and wholesale clients on the following types of financial products:

- securities
- deposit and payment products limited to basic product products
- derivatives
- interests in managed investment schemes including investor directed portfolio services
- superannuation
- retirement savings accounts
- foreign exchange products
- life products including:
  - investment life insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds; and
  - life risk insurance products as well as any products issued by a Registered Life Insurance Company that are backed by one or more of its statutory funds;

Lonsec Research is also authorised to deal in a financial product by arranging for another person to apply for, acquire, vary, or dispose the above types of products for or by retail and wholesale clients.

1.4 Provision of general advice

Any advice that Lonsec Research provides is of a general nature and does not take into account your personal financial situation, objectives or needs. You should, before acting on the information, consider its appropriateness having regard to your own financial objectives, situation and needs and if appropriate, obtain personal financial advice on the matter from a financial adviser. Before making a decision regarding any financial product, you should obtain and consider a copy of the relevant Product Disclosure Statement or offer document from the financial product issuer.

Lonsec Research FSG (continued)

1.5 How Lonsec Research is paid
Lonsec Research receives fees from Fund Managers and/or financial product issuers for researching their financial product(s) using comprehensive and objective criteria. Lonsec receives subscriptions fees for providing research content to subscribers including financial advisers, fund managers and financial product issuers. Lonsec Research's fees are not linked to the financial rating outcome of a particular financial product. Lonsec Research fees are determined by private agreement with its clients depending on a number of criteria including the number of financial advisors who access Lonsec Research publications, the range of publications accessed and the complexity of a specific research assignment. Due to the specific nature of its charges, disclosure of Lonsec Research fees may not be ascertainable when you receive this FSG, but you are able to request this information in writing before a financial service is provided to you. The fees received by Lonsec Research do not have an effect on the inclusion (or otherwise) of a financial product in portfolios managed by Lonsec Investment Solutions; or in approved product lists as a result of Lonsec Investment Solutions consulting activities. We do not have any direct employees as all employees are contracted, for employment purposes, with Lonsec Fiscal, a subsidiary of Lonsec Holdings. All employees of Lonsec are paid a salary and may receive a discretionary bonus which is not guaranteed. Sales employees may have a sales commission plan, relevant for sales to Wholesale clients, as offered by Lonsec Research from time to time at its discretion.

1.6 How do we manage our compensation arrangements?
Lonsec Research has Professional Indemnity insurance arrangements in place to compensate clients for loss or damage because of breaches of any relevant legislative obligations by Lonsec Research or its representatives which satisfy section 912B of the Corporations Act 2001.

1.7 What should you do if you have a complaint?
Lonsec Research's internal complaints handling process is designed to ensure that your concerns are treated seriously, addressed promptly and fairly. A complaint may be lodged either verbally or in writing and will be dealt with in strict confidence. If you have a complaint relating to Lonsec Research's products, services, its employees, the complaint should be addressed to:

Complaints Manager
Level 39, 25 Martin Place
Sydney NSW 2000
Tel: 1300 826 395
Email: complaints@lonsec.com.au

An individual may request further information about Lonsec Research's internal complaints handling procedure at any time. If an individual is not satisfied with the outcome of their complaint or has not received a response within 30 days from Lonsec Research, the individual can complain to the Australian Financial Complaints Authority (AFCA). AFCA provides an independent dispute resolution service and can be contacted on:
Online: www.afca.org.au
Email: info@afca.org.au
Phone: 1800 931 678
Mail:
Australian Financial Complaints Authority
GPO Box 3
Melbourne, Victoria, 3001.

1.8 Conflicts of Interest
Lonsec Research is aware of the inherent potential conflicts of interest associated with the provision of ratings and how we are remunerated for our services. There are a comprehensive set of policies, and procedures in place at Lonsec Holdings that apply to its subsidiaries including Lonsec Research. Information barriers (both permanent and temporary) consistent with our regulatory obligations under Regulatory Guide 79 are in place to manage either perceived or actual conflicts of interest. Employees of Lonsec also have to abide by Personal Trading and Gifts and Entertainment requirements and are trained on these requirements from time to time.

Lonsec Research review and rate products for Fund and Equity Managers who may from time to time have holdings within Generation Development Group Limited. Lonsec Research manages any potential conflict by disclosing to investors who access the research for these products and by implementing a comprehensive ratings process, information barriers and monitoring program. For further information on how Lonsec manages its conflicts refer to our Conflicts of Interest Statement accessible here. For more information refer to Lonsec Research Ratings Methodology available on our platform iRate or by contacting us on 1300 826 395.

Lonsec Holdings has appointed Australian Retirement Trust Pty Ltd ABN 88 010 720 840, AFSL 228975 as the provider of default superannuation services to its Group employees. Lonsec Holdings appointment of Australian Retirement Trust is not an endorsement of, or opinion on, the Fund.

Australian Retirement Trust is a subscriber to our services and pays a fee to us for this subscription service. Australian Retirement Trust rating and report is issued by an analyst who is aware of Australian Retirement Trust's appointment as default superannuation fund provider but who does not have a personal investment in the fund.

This FSG was prepared on 1 August 2024.