Product Assessment

Report as at 30 Jun 2026

RECOMMENDED

Qualitas Real Estate Income Fund

Rating issued on 30 Jun 2026 | Exchange Code: QRI

Investment objective

To achieve an annual target return of RBA Cash plus 5.0% to 6.5% (net of fees and expenses), provide monthly cash income and capital preservation.

Manager	QRI Manager Pty Ltd
Distributor	QRI Manager Pty Ltd
Sector	Australian Fixed Interest \ Private Credit
Investment Style	Active
RI Classification	Integrated
Absolute Risk	Moderate
Relative Risk	Active - Benchmark Unaware
Investment Timeframe	5-6 Years
Zenith Benchmark	Bloomberg AusBond Bank Bill Index
Min Investment Amount	-
Redemption Frequency	Intraday
Income Distribution	Monthly
Fund Size (31 May 2026)	$1010.00B
Management Cost	1.84% p.a. Incl. GST
Performance Fee	20% over a 8.0% p.a. return hurdle
Buy / Sell Spread	N/A
Inception Date	30 Nov 2018

Fund facts

- Listed Trust seeking to generate a target return of RBA cash plus 5.0% to 6.5% p.a. (net of fees)
- Exposure to private credit, focusing on the Australian real estate loan market
- Investment team with specialist real estate lending experience

Viewpoint

Managed by Qualitas Limited (Qualitas), the Trust is a listed mortgage real estate investment trust (M-REIT) offering investors exposure to Australian commercial real estate (CRE) loans. Zenith maintains a positive opinion of Qualitas' lending platform, noting the quality of the due diligence process and the level of property specialisation. Despite an uncompetitive fee structure, Zenith considers the Trust to be a sound option for those investors seeking exposure to private credit via a MREIT structure.

Qualitas' investment function is led by Mark Fischer, Global Head of Real Estate who leads a 51-person investment team divided into three functions: origination, execution & analysis, and funds management, split across development and asset services. Zenith considers that Fischer's network of property developers, construction contractors and other non-bank financiers provides access to a range of attractive lending opportunities across a mix of sectors.

The Trust primarily invests in direct CRE loans, typically secured by first-ranking mortgages with limited flexibility to invest in loans that are subordinated (i.e. second ranking or mezzanine loans). The property types are typically residential (apartments and other multi-dwelling buildings) and can include office, retail and industrial, either as standalone or mixed-use developments. The loans are floating rate and vary in purpose, including land acquisition, pre-construction financing, construction lending and completion/settlement loans.

Zenith highlights that CRE lending is a highly specialised skill set, that requires a detailed understanding of the property development cycle, extending across understanding development approval (DA) processes, project feasibility studies and working with builders and key construction personnel to ensure that project delays and cost over-runs are minimised.

The lending process involves fundamental, project and credit analysis forming the basis for all investment decisions. Qualitas' deal selection process has a number of stages prior to being formally considered by the Investment Committee (IC). The cornerstone of the process is detailed due diligence, which covers multiple aspects relating to the borrower, transaction structure, transactional third parties (builders, tenants, operators etc), the property being used as security and the market. All transactions are modelled to test assumptions, forecast returns and create sensitivities.

Portfolio position sizes vary from under 1% to in excess of 5% for high-conviction positions. In terms of composition, as at 30 April 2026, the portfolio comprises approximately 58 loans and is relatively concentrated.

The Trust inter-funds into an internally-managed vehicle, the Qualitas Wholesale Real Estate Income Fund (the Sub-Trust), which primarily invests in direct CRE loans and also has a smaller allocation to internally-managed funds. While the portfolio largely comprises direct loans, Qualitas also invests in a number of internal vehicles.

Zenith considers Qualitas' portfolio construction approach to be sound, highlighting the diversification across projects, lending types, sub-sectors and regions. Further, the team's ability to manage the deployment of the portfolio, including diversifying across loan terms, meeting unfunded commitments and ensuring capital is continually recycled, is a strength of the process.

Fund analysis

Fund characteristics

Constraint	Value
Maximum exposure to any single fund (Ex-Arch)	40%
Exposure to Arch Finance Warehouse Trust	Max 15%
Mezzanine loans	20% to 35%
Regional diversification (portfolio look through)	Less than 30% exposure to non-capital cities in Australia/NZ
Max. exposure to NZ loans	20%
Cash	up to 100%

Investment objective and philosophy

The Trust's objective is to achieve an annual target return of RBA Cash plus 5% p.a. to 6.5% p.a. (net of fees and expenses) and provide monthly cash income, capital preservation and portfolio diversification.

To achieve this, Qualitas invests in a portfolio of debt that provides exposure to Australian secured CRE loans, with capacity to invest in New Zealand loans (currently nil exposure). The loans are bilaterally negotiated between Qualitas and the borrower, meaning the specific terms and structures vary from loan to loan. Qualitas adopts a fundamentally driven, bottom-up approach to investing, based on four key investment principles:

- Quantum of return: seeking to accurately forecast returns and their components (loan interest, fees and capital)
- Timing of returns: seeking to forecast the timing of cashflows with a reasonable degree of certainty
- Assessment of known risks: seek to understand and mitigate risks where possible (as opposed to avoiding risks)
- Ability to exert influence over known risks: ensuring deals are structured to mitigate risk

These principles shape Qualitas' investment process and are also used as a risk management framework for managing the deployment of the portfolio.

Zenith highlights that CRE lending is a highly specialised skill set, that requires a detailed understanding of the property development cycle. This extends to understanding DA processes, project feasibility studies and working with Project Control Groups (PCGs) to ensure that project delays and cost over-runs are managed. In addition to sourcing and originating the majority of loans through its own networks, Qualitas works closely with brokers who provide asset origination, underpinning deal flow and ensuring that investors capture the scale benefits of diverse networks. In our opinion, CRE lending is highly relationship-based, with Qualitas' strong presence in the domestic market contributing to the quality of its origination pipeline.

Portfolio applications

CRE debt typically involves lenders providing capital to borrowers to fund a range of property activities, including brownfield lending, construction financing and residual stock loans. Typically, these loans are senior secured and protected by both project-specific assets and borrower guarantees. Most borrowers in the asset class are classified as sub-investment grade based on the methodologies of the major ratings agencies.

The Trust is a mortgage real estate investment trust (M-REIT), classified by Zenith within the Listed Investment Trust (LIT) peer group. Zenith believes the Trust may be suitable for investors seeking exposure to a higher-yielding portfolio which may improve a portfolio's potential risk/return profile. Additionally, the Fund itself offers daily liquidity on the ASX, given it is a constituent in the S&P ASX300 & ASX300 AREIT indices. However, given the nature of the private credit, this may be less suitable for the more risk-averse investor.

From a portfolio perspective, the Trust may be suitable as a component in the income portfolio of a well-diversified portfolio. The Trust is considered appropriate as a complementary exposure to traditional domestic fixed interest and may be blended with global strategies to produce a more diversified set of investment outcomes.

Investors should be aware that the Trust may not provide the defensive characteristics of traditional bonds, and returns may be correlated with those of broader equity markets in periods of stress. Further, as a Listed M-REIT, units will have their own trading patterns and may trade away from their net asset value, which at times may impact the effectiveness of Qualitas' investment process and/or expected risk-return profile.

Fund responsible investment attributes

Key Information	Description
Zenith RI classification*	Integrated
Has Responsible Investment Policy	Yes
Negative screens**	**Full/Partial**
Armaments	Full
Adult Entertainment	Full
Tobacco	Full
Nuclear Power	Full
Human rights abuse	Full
PRI Status	
PRI Signatory	Yes

*Zenith RI Classification scale:

- Traditional
- Aware
- Integrated
- Thematic
- Impact

***Data has been supplied by third parties. While such information is believed to be accurate, we do not accept responsibility for any inaccuracy in such data.*

Absolute performance

Performance as at 31 May 2026

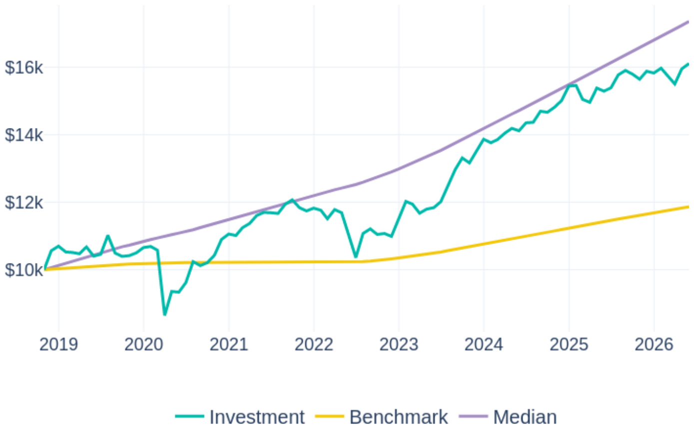
Monthly performance history (%, net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	BM YTD*	BM2 YTD**
2026	0.91%	-1.34%	-1.61%	2.89%	0.99%								1.77%	1.60%	3.08%
2025	0.11%	-2.67%	-0.58%	2.83%	-0.60%	0.67%	2.46%	0.84%	-0.68%	-0.96%	1.52%	-0.34%	2.50%	3.97%	7.60%
2024	-0.76%	0.71%	1.36%	1.01%	-0.50%	1.66%	0.12%	2.28%	-0.21%	1.04%	1.33%	2.85%	11.37%	4.47%	9.07%
2023	4.72%	-0.67%	-2.25%	1.03%	0.38%	1.49%	4.11%	3.68%	2.64%	-1.10%	2.64%	2.63%	20.78%	3.89%	9.05%
2022	-0.54%	-2.14%	2.37%	-0.79%	-5.90%	-5.82%	6.91%	1.22%	-1.46%	0.25%	-0.78%	4.51%	-2.90%	1.25%	6.40%

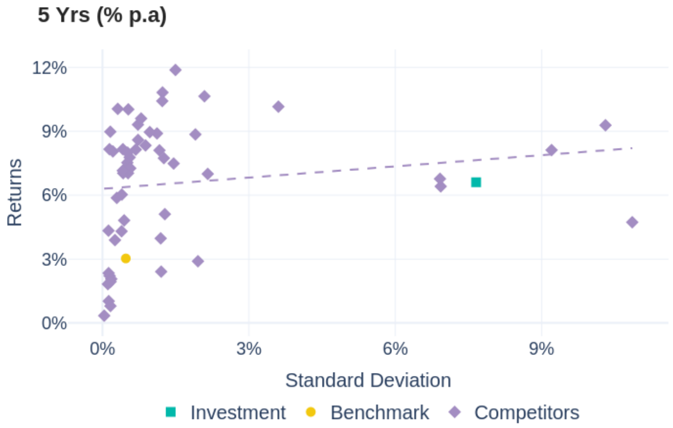
**Bloomberg AusBond Bank Bill Index*

***QRI Net Portfolio Returns*

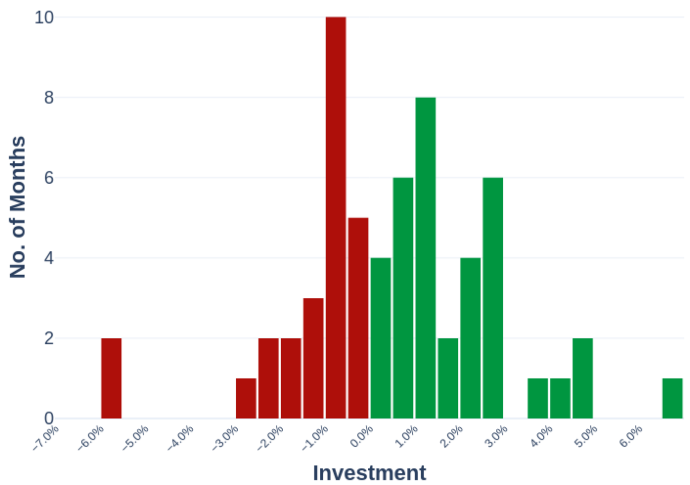
Growth of $10,000



Risk / return



Monthly histogram



Minimum and maximum returns (% p.a.)

Absolute performance analysis

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Investment	5.35%	10.81%	6.61%	6.45%	6.49%
Benchmark	3.78%	4.18%	3.03%	2.31%	2.28%
Median	8.36%	8.92%	8.05%	7.54%	7.55%
Cash	3.78%	4.18%	3.03%	2.31%	2.28%

Ranking within sector (p.a.)

Ranking within Sector	1 Yr	2 Yrs	3 Yrs	5 Yrs
Fund Ranking	38 / 44	34 / 41	7 / 39	29 / 35
Quartile	4th	4th	1st	4th

Absolute risk

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Standard Deviation (% p.a.)					
Investment	4.81%	5.53%	7.66%	10.91%	10.75%
Benchmark	0.06%	0.10%	0.48%	0.52%	0.50%
Median	0.11%	0.17%	0.39%	0.42%	0.41%
Downside Deviation (% p.a.)					
Investment	2.43%	2.29%	4.53%	8.13%	7.89%
Benchmark	0.00%	0.00%	0.01%	0.01%	0.01%
Median	0.00%	0.00%	0.00%	0.00%	0.00%

Absolute risk/return ratios

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Sharpe Ratio (p.a.)					
Investment	0.33	1.20	0.47	0.38	0.39
Benchmark	0.00	0.00	0.00	0.00	0.00
Median	42.36	28.14	12.83	12.42	12.94
Sortino Ratio (p.a.)					
Investment	0.65	2.89	0.79	0.51	0.53
Benchmark	NaN	NaN	0.00	0.00	0.00
Median	infinity	infinity	infinity	infinity	infinity

Zenith benchmarks funds in the 'Australian Fixed Interest - Private Credit' peer group against the Bloomberg AusBond Bank Bill Index. While this benchmark may not be consistent with the one adhered to by all rated participants, it has been adopted to provide investors with a common reference point against which similarly structured strategies may be assessed.

All performance, consistency and risk/return data is referenced to the Zenith assigned benchmark. Fund performance represents the LIT returns attributable to shareholders (e.g. movements in the ASX share price and dividends reinvested).

The following commentary is effective as at 31 May 2026.

The objective is to achieve an annual target return of RBA Cash plus 5.0% p.a. to 6.5% p.a. (net of fees and expenses) and to provide monthly cash income, capital preservation and portfolio diversification.

On a net portfolio basis, the Trust has marginally lagged its lower bound target return objective over all time periods. The Trust has also ranked in the lower quartiles of the peer group on this basis over the medium to long-term. Notwithstanding this, meaningful comparisons can be challenging given the heterogeneous nature of the strategies managed across the peer group. Returns to investors have also exhibited a greater level of variability owing to the listed nature of the Trust.

Zenith ratings applied to LITs do not explicitly take into account share prices vs. NAV and do not represent a buy/sell recommendation based on a LITs valuation. Potential investors should make their own determination of the appropriateness of prevailing premiums or discounts to NAV when acquiring or disposing of a LIT.

Relative performance

Excess returns

Statistic	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Excess Return	1.57%	6.64%	3.58%	4.14%	4.21%
Monthly Excess (All Mkts)	58.33%	61.11%	55.00%	59.52%	58.24%
Monthly Excess (Up Mkts)	58.33%	61.11%	56.90%	60.49%	59.09%
Monthly Excess (Down Mkts)	0.00%	0.00%	0.00%	33.33%	33.33%

Capture ratios (% p.a.)

Statistic	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Downside Capture	0.00%	0.00%	15950.51%	3803.85%	3803.85%
Upside Capture	140.50%	251.59%	232.84%	278.54%	283.06%

Tracking error (% p.a.)

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Investment	4.79%	5.50%	7.54%	10.88%	10.73%
Median	0.07%	0.13%	0.18%	0.25%	0.24%

Information ratio

Instrument	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Investment	0.33	1.21	0.47	0.38	0.39
Median	65.51	37.84	27.24	21.19	21.55

Beta statistics

Statistic	1 Yr	3 Yrs	5 Yrs	7 Yrs	Inception
Beta	37.55	17.45	4.46	1.75	1.72
R-Squared	0.21	0.10	0.08	0.01	0.01
Correlation	0.46	0.31	0.28	0.08	0.08

All commentary below is as at 31 May 2026.

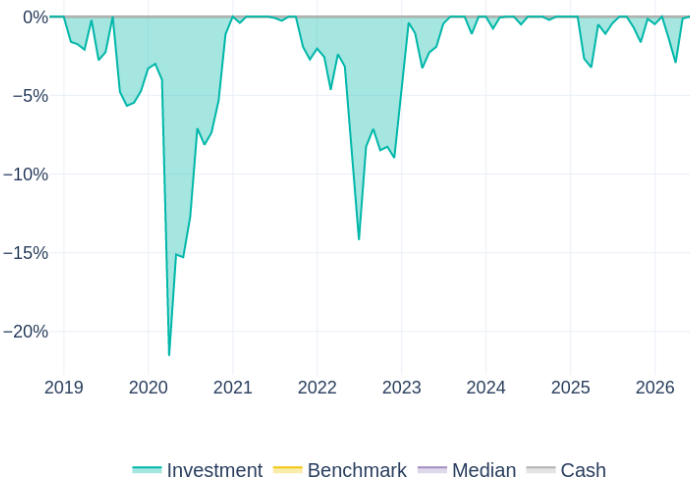
Zenith seeks to identify funds that can achieve an outperformance ratio above 50% of months in all market conditions as we believe this represents a persistence of manager skill.

It is important to note that the relative performance analysis shown combines the LITs unit price returns with income distributions and does not directly reflect the performance of the underlying portfolio.

In addition, the relative performance analysis compares the unit price returns of the Trust to the Bloomberg AusBond Bank Bill Index, an absolute, cash-based index. As such, relative statistics including capture ratios and beta are less meaningful.

Drawdown analysis (since inception)

Drawdown analysis assesses the relative riskiness of a Fund versus the benchmark, in reference to capital preservation. The maximum Drawdown is recorded as the percentage decline in the value of a portfolio from peak to trough (before a new peak is achieved). All Drawdown analysis is calculated commencing from the inception date of the Fund in question, and Drawdown analysis for the Fund and benchmark(s) are calculated independently. That is, the largest drawdown for the Fund and benchmark(s) will not always refer to the same time period.



All commentary below is as at 31 May 2026.

Consistent with the Trust's capital preservation focus, drawdowns in the portfolio have been nil. However, Zenith notes that drawdowns experienced by the Trust's unit price have tended to be higher than the portfolio and that of the benchmark, due to secondary market trading.

Despite the relative attractiveness of the strategy, Zenith highlights that the performance of the Trust reflects the performance of the underlying portfolio, as well as the performance of the ASX vehicle. The latter is subject to the impact of market sentiment, which can result in the Trust trading at a significant discount/premium to NTA.

Fund commentary

Fund risks

Zenith has identified the following key risks of the Trust. Although Zenith believes the risks noted are all significant, we have listed them in order of importance. In addition, we have not intended to highlight all possible risks.

Key person risk: Given the committee-based decision-making structure, Zenith considers key person risk to be low to moderate. Notwithstanding this, Zenith considers Fischer and Power to be important and if either were to depart, this would warrant a reassessment of our rating.

Asset class risk: Although the Trust offers some diversity in terms of regions, real estate sectors, borrowers and loan maturities, the portfolio is exposed to the performance of the Australian real estate market, particularly residential development. As such, a key risk to the performance of the portfolio is a significant deterioration in this market, which could result in asset writedowns and defaults; ultimately resulting in portfolio losses.

Sub-investment grade credit risk: By its nature and as reflected by its rating, sub-investment grade investment exposure has a higher potential of default (and a commensurate increase in return). Given Qualitas can invest in lower-rated or mezzanine loans, there is the potential for default losses and/or principal write-offs.

Loan valuation risk: Given the idiosyncratic nature of loan investing coupled with the limited secondary market, valuation risk is considered high for the Trust. While Qualitas has a clearly defined valuation policy, there is a risk that the realisable value of securities may not align with the value carried by Qualitas.

Subordinated credit risk: The Trust may have exposure to securitised debt investments. These structures typically involve investment in various tranches of notes in a warehouse facility. The class structure of the notes establishes a priority of payment (waterfall) for interest and principal. As a result, the waterfall structure means that in the event of any losses, higher-ranking securities will be prioritised over lower tranches. Even where the underlying assets may be relatively low risk, subordinated tranches may have materially elevated risk profiles.

Leverage risk: Short-term financing may be used by both the Trust and underlying investment vehicles to manage lending commitments and ultimately achieve their investment objectives. This may magnify gains and losses on underlying holdings.

Construction risk: Given that Qualitas lends to a number of construction projects, there is a risk that project delays, labour shortages and cost overruns, result in higher construction costs and the ability of borrowers to exit assets and ultimately meet their loan obligations.

Interest rate risk: In a rising interest rate environment, there is a risk that land holdings are re-valued lower, borrower serviceability and project feasibility declines, which may result in covenant breaches and ultimately, the ability of each borrower to meet its loan obligations. This may increase the risk profile of the Fund and ultimately be to the detriment of performance.

Security/asset selection

The Trust investable universe is direct CRE lending which is secured by first-ranking mortgages on Australian property. In addition, some loans may also be supported by personal and/or corporate guarantees. The Trust also gains limited exposure to loans that are subordinated (i.e. second ranking or mezzanine loans).

Qualitas targets commercial borrowers seeking to finance development, investment, acquisition or value-add projects. The property types are typically residential (apartments and other multi-dwelling buildings) but can include office, retail and industrial either as standalone or mixed-use developments. The loans are floating rate and vary in purpose including land acquisition, pre-construction financing, construction lending and completion/settlement loans.

Zenith notes that real estate lending is a highly specialised skill set, that requires a detailed understanding of the property development cycle. This extends to understanding DA processes, project feasibility studies and working with Project Control Groups (PCGs) to ensure that project delays and cost over-runs are managed.

Qualitas is relatively unconstrained in its ability to invest in senior secured real estate loans, which can be held directly or via internal, unlisted funds.

Loan selection

The lending process involves fundamental, project and credit analysis forming the basis for all investment decisions. Qualitas' deal selection process has a number of stages prior to being formally considered by the Investment Committee (IC).

Origination: Deal sourcing utilises both internal origination and third-party sources. While Qualitas prefers to use direct relationships to originate loans, given the size of the business, one-third of deals come from external sources.

The team hold weekly origination meetings to discuss new deal sourcing and potential investment suitability. Prior to progressing to full due diligence, a senior member of the origination team typically conducts a high-level review of a transaction, to determine if formal due diligence should be completed.

The Risk team has input at each point of the selection and approvals process, ensuring deals that fail to meet risk criteria do not proceed through the due diligence process.

Initial evaluation: Deals passed from origination undergo a preliminary review to establish if they warrant further consideration. If this analysis is positive, senior management discuss and provide the approval to proceed as necessary.

Heads-up paper: Each lending proposal is supported by a paper submitted to the relevant IC for approval of support and provision of any relevant feedback. Successful applications are added to the deal pipeline, which includes the commencement of reporting.

Detailed due diligence: Once deals are considered appropriate for formal consideration, Qualitas will seek a mandate from the borrower and an indicative term sheet is issued, after which formal due diligence is entered into. Due diligence covers multiple aspects, relating to the borrower, transaction structure, third parties (builders, tenants, operators etc), the property being used as security and the market. All transactions are modelled to test assumptions, forecast returns and create sensitivities.

A risk grading model is used to provide a granular risk assessment of each loan, comprising a series of scores based on a range of quantitative and qualitative factors. Risk loadings for different levels of subordination, property sector and loan-to-value (LVR) are applied, which allows the team to compare loans with differing structures and characteristics. The risk scores are scaled and mapped to Standard & Poor's risk scale, providing a comparable shadow rating.

The IC meets to consider each proposal and is ultimately responsible for approving prospective lending opportunities. Further, the Portfolio Allocation Committee is also part of the ratification process to ensure the loan satisfies the Trust mandate and Qualitas' allocation policy.

Following the funding of a loan, each counterparty is subject to continuous monthly monitoring and also assigned a risk classification. Project monitoring encompasses issues such as reviewing project budgets, costs to complete, progress reporting, sales rates and date of practical completion. As part of the process, monitoring will also encompass market conditions, site visits, ongoing project valuations, development approvals and project milestones.

Monitoring of loan covenants and development of sensitivity analysis throughout a project's life is an integral part of Qualitas' process. In particular, property income, valuations, cash flow forecasts, project profitability and settlement defaults are monitored closely.

Overall, Zenith considers Qualitas' underwriting process to be detailed and high quality, particularly around defining an exit strategy in the case of a defaulting borrower. Further, its ability to manage distressed assets and complete projects, and ultimately preserve capital, is a key competitive advantage.

Responsible investment approach

Qualitas became a signatory of the Principles for Responsible Investment (PRI) in January 2020. The business operates under a Sustainability Policy, which was last updated in June 2026.

The Qualitas Board of Directors is responsible for sustainability governance, including approving the ESG Policy with executive responsibility residing with the Global Head of Corporate Development, Kathleen Yeung. The IC is responsible for effectively integrating environmental, social and governance (ESG) into investment due diligence and decision-making.

A ESG Advisory Group (ESG AG), chaired by Fiona Reynolds (former CEO of PRI) and comprising specialist representatives with ESG and responsible investment expertise is responsible for ESG strategy and policy development, reporting and overseeing strategic ESG priorities. Day-to-day oversight and implementation of the ESG program is led by Jason Rackley, Head of ESG, with sustainability working groups established as required to support implementation.

Qualitas uses an ESG Assessment tool within its investment approach. The tool assesses relevant environmental, social and governance aspects relating to a borrower/counterparty and the underlying property asset being financed and produces an ESG score out of 100. The tool assists Qualitas investment teams in identifying relevant and material ESG risks and opportunities within loan transactions. The assessment including any key risks are highlighted in IC papers.

Since our last review, Qualitas have developed a Sustainable Finance Framework to support the identification and classification of projects with positive ESG attributes within the portfolio. Released in March 2026, the framework is intended to provide a structured basis for the designation of green and social loans.

While Qualitas formally applies a series of negative screens to exclude any issuers involved in a range of industry sectors, Zenith is of the opinion that few if any of these sectors apply to the Fund's investment universe.

Zenith is supportive of Qualitas' RI approach and the role of specialist committees and working groups in mapping out the firm's approach and policies. We consider the approach to be appropriate given the investment strategy, although we would prefer to see greater levels of RI reporting.

Portfolio construction

Portfolio construction is primarily a function of the funding requirements of Qualitas' network of developers and the capital available within the Trust. When determining the size of each loan, the IC considers a range of factors including spread (and overall economics of a deal), regional and sectoral diversification, maturity, capital availability and consistency with the firm's economic and market outlook.

Zenith highlights the complementary nature of the underlying asset mix, with each sub-sector driven by a range of return drivers and risk factors. For example, a 'Brownfield' lending opportunity could be driven by a DA planning process, while the performance of a construction loan is based on the level of pre-sales and also the project sponsor's ability to monitor the project and manage delays and cost over runs.

Should the investment be considered appropriate, Power effectively sponsors the loan for inclusion in the portfolio, subject to approval from the Portfolio Allocation Committee and also after ensuring consistency with the firm's Allocation Policy.

The portfolio is managed with broad portfolio targets as follows:

- Land loans: equal to or below 40%
- Construction loans: equal to or below 25%
- Investment loans: greater than 30%

The Trust inter-funds into an internally-managed vehicle, the Qualitas Wholesale Real Estate Income Fund (the Sub-Trust), which primarily invests in direct CRE loans and also has a smaller allocation to internally-managed funds. While the portfolio largely comprises direct loans, Qualitas has gained investment exposure via a number of other vehicles, including the below:

- Qualitas Senior Debt Fund (QSDF): open-ended strategy, targeting BBSW plus 4% p.a. to 6% p.a. (net of fees)
- Arch Finance Warehouse Trust (Arch): Warehouse funding arrangement structured as securitised notes.

Portfolio position sizes vary from under 1% to in excess of 5% for high-conviction positions. In terms of composition, as at 30 April 2026, the portfolio comprises approximately 58 loans and is relatively concentrated.

Zenith also notes that leverage is used to manage mismatches between loans maturing and the financing of new investment loans. The Trust is managed with an $A 50 million warehouse facility, allowing new loans to be originated in the warehouse and transferred into the Trust as capital becomes available.

Zenith considers Qualitas' portfolio construction approach to be sound, highlighting the diversification across projects, lending types, sub-sectors and regions. Further, the team's ability to manage the deployment of the portfolio, including diversifying across loan terms, meeting unfunded commitments and ensuring capital is continually recycled, is a strength of the process.

Risk management

The Trust's formal investment constraints within CRE lending are non-invasive with most of the risk mitigation occurring through the underwriting/loan approval stage. Further, the Risk team is involved at each stage of the underwriting process, which includes membership and voting rights on the IC.

Trust performance and risk are monitored on an ongoing basis through fund performance meetings. In addition, Zenith believes that assignment of risk ratings (described earlier) provides a common framework for measuring risk across the portfolio, to be summarised and monitored across investment, risk and non-investment functions. Since our last review, Qualitas have also formalised a monthly Asset Management Review (AMR) as part of the risk monitoring framework. The AMR scrutinises every credit transaction, tracking performance against the original IC expectations and reports findings back to the Risk team.

Overall, Zenith believes that the risk management approach is appropriate and underpinned by the quality of Qualitas' due diligence process and the oversight provided by the various committees and forums.

Valuations

Loans in the Trust are held at fair value, specifically carrying value at an amortised cost less any impairment until the expiry of the loan. Loans are reviewed using a 'traffic light' system reflecting those progressing satisfactorily; those requiring heightened monitoring; and those where material challenges and issues exist. These loans are reviewed monthly, fortnightly and weekly and are updated on a monthly basis.

While Qualitas has a clearly defined set of valuation policies, the nature of the underlying asset class means that there is an absence of observable market data, which can make it problematic to accurately value securities. Zenith highlights that Qualitas has a logical and well-documented process with respect to its approach to valuing loans.

Investment fees

	Fund	Sector Average
Total Fees and Costs (RG 97)	1.88% p.a.	1.08% p.a.
Management Fees and Costs	Not disclosed	0.98% p.a.
Transaction Costs	1.88% p.a.	0.08% p.a.
Performance fees	Not disclosed	0.10%
Performance fees description	20% over a 8.0% p.a. return hurdle	
Management Cost	1.84% p.a.	0.94% p.a.
Buy / Sell spread	N/A	0.03% / 0.01%

All fees and costs are inclusive of GST unless indicated otherwise. The Performance Fee shown is the performance fee disclosed in the PDS. It is calculated by taking the average performance fees charged over the last five financial years (or less if the investment or performance fee mechanism has not been in place for five financial years).

This investment is not required to disclose fees under RG 97.

The sector average cost is based on the average management cost of all flagship Australian Fixed Interest - Specialist funds surveyed by Zenith.

The Trust is subject to annual management costs of between 1.84% and 1.88% p.a. inclusive of GST, which comprises investment management fees, responsible entity fees and recoverable expenses.

QRI is also entitled to receive 67% of loan origination fees (OIDs) for direct loans, and 50% when acting as a co-lender. Zenith highlights that the treatment of OID fees differs across the peer goup, with some direct lenders passing all benefits on to investors, while others retain a portion of the fee. Zenith is comfortable with Qualitas' approach.

There is also a performance fee which is eligible once a cumulative target return of 8.0% p.a. (net of fees and expenses) is reached. The performance fee is accrued monthly and paid annually in arrears. The performance structure is as follows:

- Trust will distribute income equal to the cumulative target return of 8.0% p.a.
- Any income above an 8% p.a. target return hurdle is shared between the Trust (80%) and Qualitas (20%).

The calculation for the performance fee commenced on 1 July 2019 and every three years thereafter. For the purposes of calculation, the cumulative target return is also resettable every three years.

In Zenith’s opinion, while the stated management cost is high relative to the return objective and the broader peer group, we acknowledge simple fee comparisons in private credit can be difficult owing to the wide variety of fee structures that can be applied, often outside a fund.

(The fees mentioned above are reflective of the flagship version only and may differ when the product is accessed through an alternate investment vehicle such as a platform).

About the fund manager

Organisation

The Investment Manager is QRI Manager Pty Ltd, a wholly owned entity of the ASX-listed Qualitas Group (ASX:QAL) (Qualitas). The Melbourne-based Qualitas was formed in 2008 as a specialist real estate investment management firm, focused on investing in Australian real estate debt. Qualitas operates an integrated business where origination, asset due diligence, financial due diligence and credit risk are undertaken internally.

The business was co-founded by Group Managing Director and Chief Investment Officer, Andrew Schwartz and Global Head of Real Estate, Mark Fischer.

Qualitas employs approximately 120 staff, managing both debt and equity investment programs for institutional, private wealth and retail clients. Qualitas also owns Arch Finance, a non-bank mortgage originator and lender to commercial borrowers.

As at 31 December 2025, Qualitas managed funds under management (FUM) of $A 10.9 billion, of this, $A 9.2 billion in real estate lending.

As at 31 May 2026, the Trust had a market capitalisation of $A 994 million.

Investment personnel

Name	Title	Industry Experience (yrs)	Tenure (yrs)	Location
Andrew Schwartz	Group Managing Director & CIO	39	18	Melbourne, Australia
Mark Fischer	Global Head of Real Estate	22	18	Melbourne, Australia
Mark Power	Head of Income Credit	36	9	Melbourne, Australia
Matt Barca	Fund Manager – Income Credit	19	1	Melbourne, Australia

Qualitas' investment function is led by Mark Fischer, Global Head of Real Estate who has over 20 years of industry experience and prior to founding Qualitas, held investment and banking roles in real estate and construction finance.

Zenith considers Fischer's deep & extensive network of property developers, construction contractors and other non-bank financiers provides access to a range of attractive lending opportunities across a mix of sectors.

The investment team of 51 is responsible for both debt and equity investments and is divided into three functions; Origination, Execution & Analysis and Funds Management, split across and Development and Asset Services.

Mark Power, Head of Income Credit is ultimately responsible for the performance of the portfolio, with his remit including loan origination and portfolio management. Power has been at Qualitas since 2017 and has over 35 years of real estate finance experience, primarily across the major Australian banks.

Zenith highlights Power's contribution to Qualitas' income credit strategies as a key originator who adds a granular working knowledge of many of the Trust's underlying loans and borrowers.

Day-to-day fund operations are the responsibility of Matthew Barca, Fund Manager – Income Credit. Barca joined in 2025 and has 19 years of industry experience, most recently as an Associate Director in the Capital Structuring and Securitisation team at Commonwealth Bank.

While Power oversees the investments within the Trust, Qualitas utilises multiple committees and bodies to monitor approvals and investment operations. Most directly relevant to investment and portfolio operations for the Trust are:

- Investment Committee (IC): Responsible for transactional due diligence, approvals, ongoing monitoring and investment reporting. Chaired by the Global Head of Investment and Fund Risk, Tim Johansen and has four internal members including Schwartz, Fischer, Lucinda Makrakis and one independent, Gerd Mayer.
- Portfolio Allocation Committees (PAC): Assessment of investment eligibility and capital deployment in line with investment mandates and allocation policies.

Staff remuneration is predominantly based on fixed salaries, with discretionary bonuses determined each year in accordance with the company’s financial performance. Zenith notes that remuneration for senior investment management staff is linked to fund performance via an allocation of performance fees. The most senior members also participate in equity schemes with QAL shares, which are subject to vesting requirements from listing (December 2021).

Overall, Zenith considers Qualitas to be suitably resourced given the resource intensity of originating direct loans. Furthermore, we consider the senior members of the team, including Fischer and Power to be highly experienced property lending professionals, with skill sets aligned to the requirements of the investment strategy.

About the sector

Sector characteristics

The Zenith ‘Australian Fixed Interest — Private Credit’ sector consists of funds that offer fixed or floating-rate loans to Australian corporates, real estate mortgagors, or private equity (PE) sponsors to finance operations, construction projects or merger and acquisition (M&A) activities. Loans may also be provided to refinance existing debt or to optimise a borrowing company’s debt/equity mix.

Fund managers within this sector predominantly add value through bottom-up loan selection, sector positioning and restructuring activities. Private credit funds typically target higher yields and lower volatility relative to public fixed income and liquid corporate/securitised debt, as well as low correlation to traditional credit assets. Notwithstanding this, private credit funds have lower levels of liquidity, less frequent valuation of loans and generally higher costs to investors, when compared to traditional fixed income.

Private credit encompasses a wide range of lending strategies and purposes. These can include direct lending (bilateral and syndicated loans directly negotiated between borrower and lender(s)), mezzanine debt (subordinated loans, often with equity-like features), distressed debt (buying or restructuring debt in workout situations) and asset-backed debt (loans secured against hard or financial assets). Further, certain private credit strategies allow for exposure to equity positions, typically arising from debt-to-equity swaps. Whilst equity exposures are often incidental, they can materially affect a strategy's risk profile. As such, Zenith has a low tolerance to equity exposures within the private credit sector.

Zenith benchmarks all funds in this space against the Bloomberg AusBond Bank Bill Index, which may or may not be reflective of the underlying benchmark, in addition to a spread, used by many of the managers in this category. The index has an average term to maturity of approximately 45 days, comprising 13 bank bills of equal face value, each with a maturity of approximately seven days apart.

Sector risks

Default risk: Given fixed interest securities represent loans to borrowers (including governments, banks, and companies), there is a risk that these borrowers may default on interest or principal repayments. Default risk is often reflected in credit ratings assigned by various credit agencies, which are subject to change.

Interest rate risk: Fixed interest securities are sensitive to changes in interest rates. An increase in interest rates may result in a fall in the value of these securities, while a decrease in interest rates can result in an increase in value.

Credit spread risk: In addition to being sensitive to general interest rate changes, non-government securities are also sensitive to changes in credit spreads (commonly the difference in yield between a government bond and a corporate bond). A widening of spreads results in a fall in the value of these securities.

Liquidity risk: Private credit loans are illiquid investments, and currently there is a limited and immature secondaries market. Whilst fund managers often have liquidity measures in place to facilitate redemptions, investors may be limited by how much of their investment can be withdrawn at any one time.

Valuation risk: Given the nature of private credit investing, where valuations are conducted on a less frequent basis and through different approaches, valuation risk is considered high relative to public listed markets. As such, the reported value of investments may be higher than the ultimate realisable value.

Covenant risk: There is a risk that the loan covenants covering private credit transactions are either too weak, unstructured or unenforced, especially with an increase in covenant-lite loans. As a result, lenders may potentially face loss or decreased control if a borrower's financial situation deteriorates.

Equity risk: Certain private credit strategies allow for exposure to equity positions, typically arising from debt-to-equity swaps. Whilst equity exposures are often incidental, they can materially affect a strategy's risk profile.

Zenith rating

Report certification

Date of issue: 30 Jun 2026

Role	Analyst	Title
Analyst	Dugald Higgins	Head of Income Research & Responsible Investing
Sector Lead	Pelin Gurses	Senior Investment Analyst

Association & relationship

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Rating history

As At	Rating
30 Jun 2026	Recommended
30 Jun 2025	Recommended
13 Jun 2024	Recommended
06 Jun 2023	Recommended
20 Jun 2022	Recommended
31 May 2022	Recommended
10 Jun 2021	Recommended

Last 5 years only displayed. Longer histories available on request.

In March 2021, Zenith implemented a new ratings methodology for products classified as Traditional Index. Any rating issued from this date forward for Traditional Index products only reflect this change in methodology, with the relevant Traditional Index ratings being Index Approved, Index Recommended and Index Highly Recommended. Ratings issued for Traditional Index products prior to March 2021 are retained for historical purposes in line with our regulatory requirements and were issued in line with Zenith's Fund Research Methodology. Further information in relation to Zenith's Traditional Index Research Methodology and Traditional Index Ratings can be found on the Zenith website.

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This report refers to the Australian unit trust for the fund, and the fund and benchmark returns are all in AUD.

Zenith has charged QRI Manager Pty Ltd a fee to produce this report.