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## Opportunity Fund

TARGET NET RETURN: 17% IRR (net of fees)  
 TARGET FINAL CLOSE: Q1 2017

### THE OPPORTUNITY IN AUSTRALIA

Qualitas believes a compelling market opportunity continues to exist in Australia for real estate private equity capital, created by a combination of continued underlying macro-economic stability in the Australian economy, supportive private market dynamics for opportunistic real estate capital investors and a gap in the market for a specialised local real estate private equity investor with deep experience investing in the middle to upper-middle market real estate sector. Qualitas believes a capability gap exists in the mid-size range where there are limited investors who possess the experience, track record, networks and origination capability of Qualitas.

### THE FUND

The Qualitas Real Estate Opportunity Fund (QREOF) will invest in property development, repositioning and value-add opportunities across various sectors for the Fund. The Manager will focus on the existing skill base, sectors and locations of Qualitas and include commercial, retail and residential sectors located primarily in the urban areas of capital cities in Australia. The investment strategy is sector and geography agnostic.

### INVESTMENT THESIS

**Information Arbitrage** - Australian real estate markets, particularly in the private capital space, are very opaque and localised. This allows well-established local investors to achieve superior risk adjusted returns through exploiting an information arbitrage.

**Multi-location, Multi-sector, Multi-partner Portfolio** - Qualitas takes data points and insights from across its platform to deliver improved real property and investment outcomes.

**Strong Private And Unlisted Market Participation** - Australian real estate has a large number of highly-credible unlisted developers who continue to create investment opportunities. These players are often either capital constrained or sufficiently financially sophisticated to understand the merit of working with private capital.

**Robust Fundamentals** - Real estate fundamentals supported by strong population growth, low interest rate outlook, and sustained underlying demand for housing.

**Strong Risk Mitigation** - Australia is not a speculative market given the structural features, including but not limited to 100% presale coverage requirements from senior debt providers and the prevalence of full recourse loans to residential buyers.



### QUALITAS TEAM

**Highly Experienced Team** - Senior executive team with an average of over 20 years, industry experience in development and structured financing across leading global financial institutions.

**Nimble And Proactive Origination** - Local teams are constantly engaging with prospective borrowers and operators, taking advantage of Qualitas' highly visible market presence and reputation for acting quickly and decisively.

**Active Asset Management** - From the close of a loan investment through to its final repayment, Qualitas closely monitors investments including attending monthly on-site project control group meetings with borrowers.

**Institutional Grade Framework** - Institutional grade risk management and governance framework including 47 dedicated and experienced structured finance and real estate investment professionals across Melbourne and Sydney offices active throughout Australia.



### INVESTMENT TEAM TRACK RECORD

#### Qualitas Group Track Record

Gross IRR	29.9%
Money Multiple	1.44 x
Total # of Deal Originated:	70
Total Gross Assets:	A\$ 4.98 billion
Total Committed Capital:	A\$ 839.8 million

Group track record investments include equity, preferred equity, mezzanine debt, and senior debt. Historical performance is not an indicator of future performance.

#### Qualitas Real Estate Opportunity Fund Performance

	30 June 16	30 Sep 16	31 Dec 16	28 Feb 17
Net IRR	18.90%	18.43%	18.27%	18.36%
Investments	4	5	6	8

28 Feb 17 is based on forecast number of deals by 28 Feb 2017. Historical performance is not an indicator of future performance.

## OPPORTUNITY FUND KEY CRITERIA

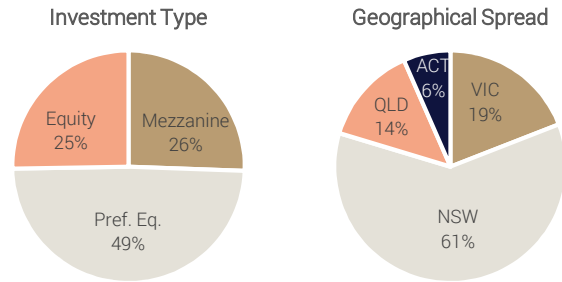
<b>Investment Types</b>	Equity, JV Equity, Preferred Equity and Mezzanine Debt
<b>Geographical Restriction</b>	Investments outside of the greater metropolitan areas of Sydney, Melbourne and Brisbane in Australia to not exceed 25% of Total Fund Commitments  Tasmania and Northern Territory not permitted
<b>Maximum Single Borrower</b>	Not to exceed 35% of Total Fund Commitments
<b>Maximum Single Investment</b>	Not to exceed 25% of Total Fund Commitments
<b>Maximum Leverage</b>	Maximum leverage of underlying investments to not exceed 75% loan to value ratio (LVR) of Fund portfolio

## KEY TERMS

<b>Target Return</b>	17% IRR (net of fees)
<b>Target Fund Size</b>	AUD 200 million (Capped at AUD 300 million)
<b>Nature of Fund</b>	Closed-end unlisted unit trust Capital calls from commitments when required
<b>Co-Investment</b>	Qualitas will make a Fund investment of no less than 10% of the Total Fund Commitments, capped at AUD 10 million
<b>Advisory Committee</b>	To review any related party transactions and to approve departures from or any proposed changes to the Investment Guidelines, significant changes to the documentation of the Fund and any other matters as described further in the Trust Deed.
<b>Eligible Investors</b>	Wholesale investors only (minimum initial investment \$5 million)
<b>Term</b>	<b>Maturity</b> - 5 years from end of Investment Period. <b>Investment Period</b> - 24 months following Final Close. <b>Reinvestment Period</b> - 18 months from the transaction being entered into or loan being made. <b>Final Close</b> - Projected to be Q1 2017
<b>Fees</b>	<b>Management Fee During Investment Period</b> - 1.50% p.a. on Total Fund Commitments <b>Management Fee After Investment Period</b> - 2.00% p.a. on Invested Capital <b>Performance Fee</b> - 20% of returns above an IRR of 8% p.a. on the amount of capital drawn-down. <b>Expense Recoveries</b> - The Trustee will also recover all normal day-to-day expenses of operating the Fund, including administration costs, audit fees and other similar expenses.  The Manager will <b>not</b> charge an origination fee for sourcing assets for the Fund and <b>no</b> loan servicing fees.
<b>Reporting</b>	Monthly balance statements and quarterly detailed reports on the fund portfolio.
<b>Investment Manager</b>	Qualitas REO Fund Manager Pty Ltd (ACN 606 710 418)
<b>Authorised Representative</b>	Qualitas Securities Pty Ltd (AFSL No. 342242)
<b>Custodian</b>	Perpetual Corporate Trust Limited

## CURRENT QREOF PORTFOLIO (as at 6<sup>th</sup> Feb 2017)

**Number of Investments** 8 Investments



## FOR MORE INFORMATION



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