

Market Performance

Global real estate, as measured by the GPR 250 REIT World Index, produced a total return of 14.55% in US dollar terms for the quarter ending 31 March 2019. This is the best start to a year the index has achieved since 1993.

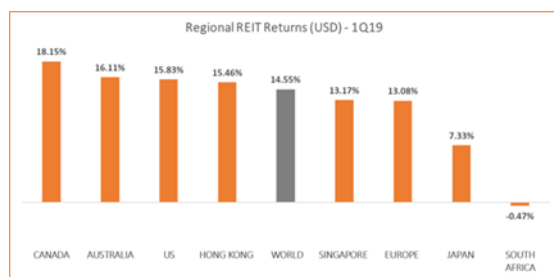
Oceania (16.11%) and Americas (15.87%) led the charge while Asia delivered just shy of 10% for the reporting period. Africa (-0.47%) was the only continental carve out to record a loss during the first quarter.

GPR 250 REIT Index	USD
Oceania	16.11%
Americas	15.87%
Europe	13.08%
Asia	9.66%
Africa	-0.47%
World	14.55%

Source: Global Property Research and Thomson Reuters Datastream, Apr'19

REITs continued to deliver returns superior to those of equities and bonds as concerns over global growth were stoked on multiple fronts. The MSCI World Index advanced 12.8% and the JP Morgan Global Bond Index posted a 2.3% return.

The next chart shows the total return for the respective REIT markets in Q1 2019.



Source: Global Property Research and Thomson Reuters Datastream, Apr'19

Country Highlights

Canada (18.15% total return)

Canadian REITs posted a Q1 2019 total return of 18.15%. This was exceptional, but not out of line with global REITs (+14.6%) and the major regional indices.

Notably, all REIT/REOC subsectors posted double-digit total returns during Q1 2019. Moreover, there was somewhat low return dispersion across sectors. Based on un-weighted property sector returns, Industrial (+21%) and Seniors Housing (+18%) REITs generated the highest total returns, while Diversifieds (+13%) posted the lowest.

Australia (16.11% total return)

Reporting season saw share price performance for REITs highly correlated with earnings revisions. Overall, earnings and performances were flat, however subsector performance diverged considerably.

Retail REITs disappointed with some downward valuation pressure and asset sales that took longer than guided. Office & Industrial owners reported continuing strong NOI growth on the back of supportive fundamentals.

March 2019 was the strongest monthly performance for A-REITs since December 2016 and the biggest monthly outperformance (vs Australian equities) since June 2016.

All the REITs in the ASX 200 Index finished the month in the green, supported by falling bond yields.

Japan (7.33% total return)

J-REITs took a breather in 1Q19 following the country's substantial (18.7%) outperformance during 2018. Office vacancy remains low driven by sound fundamentals and Logistics REITs also stand to benefit from an ongoing shift to e-commerce which bodes well for our portfolio holdings.

South Africa (-0.47% total return)

During the month of March, Growthpoint Properties reported results for the half year ended December 2018, achieving DPS growth of 4.5%. Growthpoint is often used as a proxy for the South African real estate market and their results are reflective of the constrained property fundamentals locally.

The main driver of the poor performance was the office sector which is characterised by oversupply.

Portfolio Performance

The GPR 250 REIT World Index produced a total return of 14.55% in US dollar terms for the quarter ending 31 March 2019.

Unfortunately, we could not top the return of the benchmark during Q1. The major contributors to our underperformance was country allocation and stock selection.

Our underweight to the US, as well as our overweight to the Netherlands, Sweden and Spain detracted from results. Minimal exposure to Japan worked well.

Within the US, we were overweight the top performing sectors, Cell Towers (+22.6%) & Data Centres (+20.9%). On the other end of the spectrum, our underweight exposure to Storage (+9.9%), Malls (+10.1%) and Healthcare (+13.1%) also boosted relative results.

The portfolio benefitted from superior selection in the Office, Healthcare, Residential & Data Centre sector but this was unfortunately eclipsed by our position in Uniti Group which had another tough quarter.

We also achieved very strong relative returns in Japan, Spain, UK and Belgium.

Top 5 Performance Contributors

	Security name	%
1.	Prologis	0.87
2.	Equinix Inc	0.86
3.	Invitation Homes Inc	0.71
4.	Segro	0.60
5.	TIER REIT	0.60

Bottom 5 Performance Contributors

	Security name	%
1.	Uniti Group Inc	-0.74
2.	Unibail Rodamco-Wes	-0.07
3.	Nuveen Investments	-0.01
4.	GLP J-REIT	0.01
5.	Stockland	0.02

Source: Reitway Global, StatPro, April 2019

Investment Outlook

After a strong start to the year, REITs are now more fairly valued on an absolute and relative basis. REITs also continue to offer solid overall fundamentals and have defensive characteristics, such as relatively stable cash flows, that can be valuable in a slowing growth environment.

As the broader equity market adjusts to an environment of peak earnings margins and decelerating growth, REITs with defensive growth characteristics are projected to maintain a positive earnings outlook that may attract more investment by generalist investors.

Reitway News

Reitway Team Developments

Reitway Global (Pty) Ltd announced the appointment of Garreth Elston to the position of Chief Investment Officer (CIO) on 1 March 2019. He has taken over from Greg Rawlins, who has had the dual responsibility of CIO and CEO since the inception of the company in 2012.



Garreth has over twenty years of international capital markets' experience in South Africa, North America, the United Kingdom and Europe. He has a deep passion for real estate and has significant experience in listed and unlisted real estate investments, property development and real estate private equity.

Reitway Offshore Platform Availability

We are pleased to announce that the Reitway Global Property Fund (MLT) is now also available on the VP Bank Platform.

Other platforms the Reitway Global Property Fund (MLT) is available on:

- Swissquote
- Glacier International
- Momentum International
- Glacier International
- Credo
- Credit Suisse

Should you wish for our funds to be included on any other platform or require any further information about our funds please do not hesitate to contact [Olivia Teek](#).

SQM Fund Rating

The Reitway Global Property Portfolio (Australia) went through a rigorous Due Diligence process with Investment Research House, SQM, in February 2019. Garreth Elston spent a week down under meeting with investors and prospective investors. The main purpose of the visit, however, was for this important engagement.

We received a favourable rating (3^{3/4} stars) from them during March. This indicates that they believe the fund may outperform its peers and benchmark most of the time and has the potential to be an outperforming fund over the medium term.

For further information on the detailed rating of our Australian Domiciled fund, please contact [Olivia Teek](#).

*Regards,
The REITWAY team*

For more information about the performance of our funds and our investment methodology, please visit our website at www.reitwayglobal.com

Disclaimer

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Reitway Global (Pty) Ltd

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