

Market Performance

While the macro concerns of heightened risk from a global slowdown and tariff wars led to lower bond yields, it did not translate to outsized relative performance for the real estate sector.

After a stellar start to 2019, Global REITs produced a 1.42% USD total return for the quarter ending 30 June 2019.

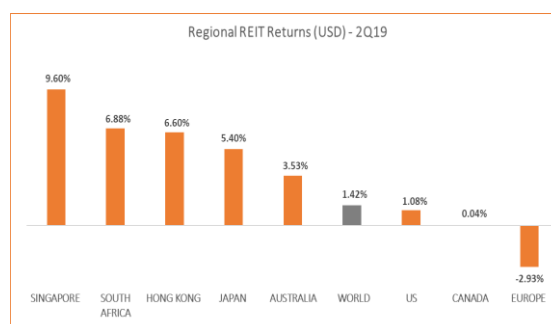
It is important to remember that property is a pro-cyclical asset class and where the prospects for economic growth look muted or hard to predict the sector enjoys less support.

Africa (6.88%) and Asia (6.37%) were the best performing continents during the quarter. Oceania (3.53%) continued to deliver above average returns and Americas added 0.91%. Europe (-2.93%) was the only continental carve out to record a loss during Q2.

GPR 250 REIT Index	USD
Africa	6.88%
Asia	6.37%
Oceania	3.53%
Americas	0.91%
Europe	-2.93%
World	1.42%

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

The following chart shows the total return for the respective REIT markets in Q2 2019.



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

Singapore (9.60% total return)

Singapore REITs delivered exceptional returns during the second quarter of 2019 after the 8.53% gain in June. The rally in S-REIT share prices was across all sub-sectors on the back of an improving growth outlook and support from a “dovish” US Fed.

CapitaLand Limited created one of Asia's largest diversified property groups with the completion of its Ascendas - Singbridge's acquisition. The transaction, valued at SGD 11bn, led to the formation of an entity with more than SGD 123bn of assets under management and business operations in over 200 cities across more than 30 countries.

South Africa (6.88% total return)

Fortress and Resilient REIT had a strong quarter, advancing 16.8% and 13.3% respectively. The strengthening rand also boosted performance.

Canada (0.04% total return)

Canadian REITs delivered a negligible 0.04% for the quarter. The unspectacular showing was on the heels of a 18.15% total return during the first three months of the year.

The seniors housing sub-sector posted a total return of 7% and it was the only property sector with a meaningful return for the quarter. As the seniors housing sector represents ~5% of total listed property equity market cap, the sector's strong returns had little impact on the REIT Index, considering total returns from all other property classes ranged from 0% to -1%.

Europe (-2.93% total return)

Retail holdings (particularly in the UK) continued to suffer from the announcement of the Debenhams CVA and the press about the likelihood of a similar event for the Arcadia Group. Intu fell -28.4% and Hammerson was down by -17.5% during Q2. We have no exposure to these companies.

Portfolio Performance

It has been a good solid year for the Fund. Even more so given the heightened volatility amidst macro-economic and political uncertainty.

The Reitway BCI Global Property Fund bested the benchmark return and delivered 1.80% in US dollar terms for the reporting period.

The major contributors to our outperformance was stock selection in Europe, the United Kingdom and North America.

Warehouses de Pauw, an Industrial landlord headquartered in Belgium delivered a 9.34% return for the quarter, outpacing the -0.14% benchmark return for the region.

Polish relative returns were boosted by our position in Echo Polska Properties (EPP) and our exclusion of UK retail, office and diversified companies worked well.

Within the US, strong stock selection and weightings among the data centre, single family rental and industrial companies were key contributors to the Fund's relative performance. On the other end of the spectrum, our underweight exposure to storage and healthcare slightly detracted from our relative returns.

Top 5 Performance Contributors

	Security name	%
1.	Prologis	0.49
2.	Cyrusone Inc	0.44
3.	Invitation Homes Inc	0.33
4.	Echo Polska Properties	0.32
5.	Warehouses de Pauw	0.29

Bottom 5 Performance Contributors

	Security name	%
1.	Simon Property Group	-0.86
2.	ADO Properties SA	-0.24
3.	Physicians Realty Trust	-0.12
4.	Safestore Holdings Plc	-0.09
5.	Hufvudstaden AB	-0.08

Source: Reitway Global, StatPro, July 2019

Investment Outlook

Our positive earnings outlook for global real estate securities remains largely unchanged and we believe real estate stocks could continue to benefit as central banks maintain or adopt more dovish monetary policies across the globe.

While investors should be mindful of valuations after the strong run in share prices, we believe REITs remain fairly priced considering the strength of the real estate market and the appeal of assets with defensive characteristics.

If you want to know more about our regional views, please reach out to us.

Reitway News

Central & Eastern European (CEE) Tour

Garreth Elston was hosted by NEPI Rockcastle and EPP, along with other South African investors, to showcase their properties in the Central Eastern European (CEE) region. The property tour visited properties in Poland, Croatia, Serbia, Romania, Lithuania and Hungary. The growth in these areas is being driven by robust consumer demand and disposable income, backed by a thriving economy, and an underserved retail sector. EPP is in our top ten and contributed 32bps to our return for the quarter.

Nareit's REITWeek | NYC | June 2019

The annual NAREIT Conference took place at the beginning of June in New York. Martin Botha, Portfolio Manager responsible for Americas research, attended and had the

opportunity to engage with management from various REITs in the US and Canada.

They shared their business plans, forecasts and strategies in a series of individual company presentations as well as one-on-one meetings. Martin attended over 30 meetings in three days and got insights into the latest industry trends.

Recharacterisation

A segment of the underlying holdings in our Reitway BCI Global Property Fund re-characterise their distributions at the end of each year. The revisions may come with beneficial tax implications for investors. For the latest summary of the re-characterisation of the quarterly distributions, click on this [link](#) to our website.

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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