

# First World Hybrid Real Estate Plc – Update March 2026

First World Hybrid Real Estate Plc (“FWHRE” or “Fund”) delivered resilient performance in an uncertain global environment. The Fund’s return for the 12 months ended March 2026 was 5.9% (2025 calendar year: 8.7%).

The escalated conflict in the Middle East has unsettled global markets. Concerns over disruption to energy supply have pushed oil prices sharply higher and led to renewed market anxiety around inflation, interest rates and broader economic growth. However, while the move in spot oil has been significant, the futures curve remains much lower further out, which implies that these higher oil prices are not necessarily permanent. Recent comments from central banks have also provided some comfort with both Jerome Powell (Chair of the US Federal Reserve) and Andrew Bailey (Governor of the Bank of England) suggesting that interest rate increases to address oil price shocks are not a forgone conclusion.

The direct property portfolio continued to contribute positively over the quarter. By contrast, the Fund’s REIT holdings experienced elevated price volatility, with a 9% decline detracting from overall returns. Despite this, the Fund generated a positive return for the quarter, comparing favourably with broader equity markets, which were down across the board.

## Direct Property – rental growth and leasing outcomes underpinning performance and valuations

The Fund’s direct property portfolio continues to perform well and the outlook remains encouraging.

### Rental growth continues:

- In **2025**, 5 leases, representing **23% of portfolio rent**, were settled at an average rental increase of **17%**.
- In **Q1 2026**, 3 leases, representing **10% of portfolio rent**, were settled at an average rental increase of **15%**.
- Across the portfolio, there is an estimated **7% rental upside** based on current rent levels, before allowing for any future guaranteed or forecast rental growth.
- For the rest of **2026**, 4 leases, representing **14% of portfolio rent**, are expected to settle at an average rental increase of around **15%**.

### Lease extensions and asset management remain positive:

- In **Q1 2026**, the tenant break at the regional office property tenanted by **Vanquis Bank** was removed, extending the lease by **5 years** and adding **9.1%** to the property value.
- A **20-year Agreement** for Lease for EV charging bays at **North Durham Retail Park** has been agreed, which is expected to add around **4%** to the rent at that property with no cost to the Fund.

### Property valuations continue to improve:

- During **2025**, the Fund received **45 independent valuation updates**, resulting in a **net 3.5% increase** in portfolio value and supporting the Fund price.
- In **Q1 2026**, a further **15 valuation updates** were received, again with a net positive effect.
- Encouragingly, **8 of these updates were received in March**, including **3 in the last week**, of which **2 were increased and 1 was unchanged**.

### Interest rate exposure remains well managed:

- The possible impact of higher interest rates from the current conflict remains relatively limited, with **72% of term debt hedged**.
- Importantly, the Fund’s largest hedge remains in place for nearly **six more years** at a low fixed rate of about **1.05%**, which continues to protect the Fund from higher borrowing costs.

## Listed REITs - current yields and discounts to net asset value remain attractive

Although listed property came under pressure in Q1 2026, UK REITs offer attractive value, with strong dividend yields relative to historic averages and meaningful discounts to net asset value, as shown in the table below. Furthermore, there has been encouraging growth in REIT dividend payments, underpinned by rental growth and evidence of a positive occupational market.

REITs	Dividend Yield		Discount/NAV
	Current	Historic Average (10yr)	
Big Yellow Group	5.6%	3.5%	35.4%
British Land	6.4%	4.9%	38.6%
Land Security Group	7.4%	5.7%	36.2%
London Metric Property Plc	6.9%	4.6%	10.2%
Segro Plc	4.8%	3.0%	30.4%
Tritax Big Box REIT Plc	5.7%	4.4%	24.5%
Primary Health Properties	7.9%	5.3%	7.3%
Average	6.4%	4.5%	26.1%

Source: Bloomberg

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The UK is an attractive market for commercial property investment. It is an undoubted and established first world economy with transparent legal frameworks, established property rights and high levels of governance and professionalism. The UK typically has long lease terms where the tenant pays all operating costs, both of which enhance the predictability of rental income for the landlord. The Fund is well positioned, with a strong focus on distribution warehousing, which remains an attractive part of the UK property market and continues to benefit from online retailing and modern supply chains.

Overall, we believe the Fund remains well placed despite the recent uncertainty in global markets.

Positive rental growth, supportive leasing activity, attractive REIT income and well-managed debt hedging have contributed to the Board's decision to increase the quarterly dividend by 4.3%, effective from March, and reinforces our confidence that the Fund remains in a strong position to deliver attractive and growing income for investors.

Collective investment schemes are generally for the medium to long-term. The value of participatory interests or the investment may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investment schemes are traded at Net Asset Values (NAV) and the First World Hybrid Real Estate Fund (FWHREF) can engage in borrowing. The debt funding will be a maximum of 50% loan to acquisition for each property, for the purpose of achieving its investment objectives. Forward pricing is used. The NAV is calculated weekly. Purchase requests must be received by the manager (FIM Capital) by 17h00 on a valuation day. Redemption requests must be received by the manager prior to 17h00, five clear Business Days before a Redemption Day as per the Offering Document. FWHRE provides a reasonable but not absolute level of liquidity due to the inclusion of cash and listed REITs in addition to the direct real estate portfolio. Large redemption requests may therefore be scaled over a period to ensure they are not in excess of the maximum permitted redemption percentage. Prices for Class A and B are published on a weekly basis on the Marriott website, [www.marriott.co.za](http://www.marriott.co.za). Prices for Class C are published weekly on [www.tisegroup.com](http://www.tisegroup.com). Unit trusts are calculated on a net asset value basis. Net asset value is the value of all assets in the portfolio including any income accrual and less any permissible deductions from the portfolio. FWHRE does not provide any guarantees with respect to the capital or the return of the portfolio. A schedule of fees and charges and maximum commissions is available on request from Marriott. Where initial fees are applicable, these fees are deducted from the investment consideration and the balance invested in units at the net asset value. Commissions and incentives may be paid and if so, would be included in the overall costs. Different classes of shares may apply to the Fund and will be subject to different fees and charges. The inclusion of foreign securities in a portfolio are subject to risks including but not limited to potential constraints on liquidity and the repatriation of funds, macroeconomic risks, political risks, foreign exchange risks, tax risks, settlement risks and the potential limitations on the availability of market information. Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down. In addition, investments in the Fund involves a degree of risk and there is no guarantee against loss of a substantial portion of the investment. Declaration of A income Class dividends are quarterly. Performance figures are based on lump sum investment. Individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. The Manager may close the Fund to new investors when it is reasonable to do so, further details of those considerations can be found in the offering document. The TER shows the percentage of the average Net Asset Value of the portfolio that was incurred as charges, levies and fees relating to the management of the portfolio. A higher TER ratio does not necessarily imply poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. Marriott Asset Management (Pty) Ltd, the Representative, is a member of the Old Mutual Investment Group.