Powering Growth

Integrated report

for the year ended 30 June 2023

FORTRESS

REAL ESTATE INVESTMENTS

Index

Icons used in the report

The capitals we use and nurture

- Financial capital
- Social and relationship capital
- Manufactured capital
- Human capital
- Natural capital
- Intellectual capital

Our material matters addressed

- Economic growth
- Attracting investment
- Load shedding
- ESG
- Life after COVID-19
- People and skills

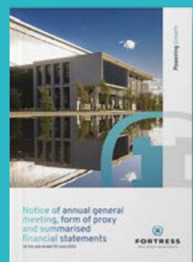
How to navigate this report

This report was enhanced with digital navigation capabilities to assist you in moving between sections. Do so by using the navigation icons at the top of the page or where you see a bold **page number**.

Refers you to additional information available **on our website** at www.fortressfund.co.za

Our reporting suite for 2023

Our audited consolidated and company **annual financial statements**, which are available on our website at **www.fortressfund.co.za**



Our **notice of annual general meeting**, which contains our notice of AGM and proxy, and which is available on our website at **www.fortressfund.co.za**

About this report

This integrated report presents a holistic view of Fortress Real Estate Investments Limited (Fortress or the group) and its subsidiaries for the financial year ended 30 June 2023 and sets out our approach to the creation and preservation of value in the short, medium and long term.

Reporting boundary and scope

We aim to present a balanced and transparent view of our progress to grow an increasingly responsible and sustainable business that creates and preserves value for our economic, organisational and societal stakeholders.

The report includes material information to inform our stakeholders about our financial, economic, social and environmental performance during 2023. We also report on all material events up to the date of board approval. It demonstrates our performance against previously stated plans, providing a view of how we use our resources to achieve our goals and where we can further improve. In this way, we hope to engender public trust and build market confidence in our operations.

In telling our story, we provide insights into matters of importance to our stakeholders, highlighting how the organisation is governed, the material matters we identified and the risks and opportunities that could impact our business. We also explain how we believe these factors influence our business model, strategic objectives and future plans.

Assurance

The content of this report was subject to review and oversight by our management team, board of directors and, in particular, our audit committee to ensure its reliability.

The consolidated annual financial statements were externally audited by KPMG Inc. (KPMG).

The consolidated financial statements are available online at **www.fortressfund.co.za**

Reporting principles and frameworks

This report was compiled and presented in line with the:

- International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS)
- International Integrated Reporting Framework of the IFRS Foundation
- Companies Act of South Africa, Act 71 of 2008 (Companies Act)
- King IV Report on Corporate Governance for South Africa, 2016 (King IV)
- JSE Limited (JSE) Listings Requirements and JSE Debt Listings Requirements
- United Nations Sustainable Development Goals (SDGs)
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Materiality

This integrated report addresses the material matters we believe could substantively affect our ability to create and preserve value for our stakeholders over the short, medium and long term – as well as those matters that have the potential to erode value if not managed closely – as identified by the board and in consultation with executive management.

Refer to **page 18** for more information on our material matters.

Management is not aware of the unavailability of any reliable information or any legal prohibitions to disclosing any material information.

Forward-looking statements

This report contains forward-looking statements that, unless indicated otherwise, reflect the group's expectations as at 27 October 2023. Actual results may differ from our expectations. The group cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on them. The group disclaims any intention and assumes no obligation to revise any forward-looking statement, even if new information becomes available, other than as stipulated by the JSE Listings Requirements and other applicable regulations.

Stakeholder feedback

We are committed to improving this report and welcome constructive feedback. Please email your comments to the company secretary, Tamlyn Stevens, at **tamlyn@fortressfund.co.za**

Approval by the board

The board is the ultimate custodian of Fortress' good governance and has assumed responsibility for ensuring the integrity of the integrated report. It was assisted by the audit committee, management and various skilled and experienced internal and external teams.

The board confirms that it has collectively reviewed the contents, preparation and presentation of this report.

It believes that it has appropriately considered the accuracy and completeness of the material matters as well as the reliability of all data and information presented herein. The board concluded that this integrated report is presented materially in accordance with the applicable reporting principles and frameworks and approved it for publication on 27 October 2023:

Independent non-executive directors

Robin Lockhart-Ross (*Chairman)*
TC Chetty
Ina Lopion
Sue Ludolph
Eddy Oblowitz
Jan Potgieter (*Lead independent)*
Vuyiswa Ramokgopa
Caswell Rampheri

Executive directors

Steven Brown (*Chief executive officer (CEO) and managing director)*
Ian Vorster (*Chief financial officer (CFO) and financial director)*
Vuso Majija (*Director – Retail portfolio)*

Signatures were removed for security and privacy reasons.

Highlights

Record low overall vacancy (gross lettable area (GLA))

3,7%

31,5% improvement

(2022: 5,4%)

Solar photovoltaic (PV) roll-out accelerated

25 operational plants

15 plants in development

Largest direct portfolio since listing

R30 billion

+12,5%

(2022: R27 billion)

Increased NEPI Rockcastle shareholding

23,9%

(2022: 23,6%)

Non-core asset disposals

28 properties sold

for net proceeds of R1,24 billion (0,1% premium to book value)

Completed Pick n Pay transaction

9,5% yield

on net capital deployed

Completed new logistics developments

R3,5 billion

Retail year-on-year turnover growth

7,0%

(19,7% versus FY2019)

Strong development pipeline

206 562m²

under development

(2022: 329 750m²)

Other key achievements in 2023

Income-producing logistics assets now total **R15,6 billion**, compared to R8,8 billion five years ago

A **strong operational performance** from our associate, **NEPI Rockcastle,** exceeding our expectations

Growth in net asset value (NAV) of **R6,6 billion**, being **24,6%** and compound annual growth since June 2020 of 11,4%

Growth in tangible net asset value (TNAV) of **R5,3 billion**, being 19,8% and compound annual growth since June 2020 of 9,9%

Growth in distributable earnings of **5,3%** for the year

Achieved a **Broad-based Black Economic Empowerment (B-BBEE) Level 2** rating (2022: Level 4)

** This information is based on Fortress' management accounts. Refer to* ***pages 52*** *to* ***57****.*

Louwlardia Logistics Park – Building 3 (USN)
Louwlardia, Gauteng
Total GLA: 17 725m²
Interest: 100%

About Fortress

Who we are

Fortress is a real estate investment company with a focus on:

- Developing and letting premium-grade logistics real estate in South Africa and Central and Eastern Europe (CEE)
- Growing our convenience and commuter-oriented retail portfolio which currently comprises 46 shopping centres, inclusive of centres co-owned with partners.

Fortress also holds a strategic 23,9% interest in NEPI Rockcastle, the largest listed property company on the JSE, with a EUR7 billion portfolio across nine CEE countries.

Our non-core office, other and industrial portfolios are in the process of being managed or repositioned to exit.

Our purpose

Powering growth

To grow a profitable and sustainable diversified real estate group in all our markets.

Our mission

Our mission is to be a leading South African real estate company specialising in logistics and retail with a portfolio of state-of-the-art logistics parks and warehousing as well as convenient commuter-based retail centres across South Africa and CEE.

Our goal

Our goal is to build a portfolio that is two-thirds logistics (and be the biggest player in the local market) and one-third defensive retail with credibility as a growth-powering real estate business partner. Our focus is to build equity and mutually beneficial relationships with stakeholders in each of our premier logistics parks and retail centres.

Our values

Our belief in free and fair dealings in utmost good faith and respect in all that we do for our people, our clients, our shareholders, the environment and the communities we serve.

Our commitment

We offer an unwavering commitment to real estate innovation and growth, environmental, social and corporate governance (ESG) and ethics standards as well as delivering on our business strategy to ensure sustainable growth in total shareholder returns.

What we invest in

Our direct property and total portfolios are made up as follows:

	GLA (Fortress' % of GLA)		Vacancy based on GLA (Fortress' % of share)		Valuation (Fortress' % ownership including developments)			
	2023 m²	2022 m²	2023 %	2022 %	2023 R'million	2023 %	2022 R'million	2022 %
Logistics – SA	1 437 340	1 216 082	0,5	1,2	15 098	46,3	13 759	43,9
Logistics – CEE	143 749	125 697	3,8	8,3	2 872	8,9	2 077	6,6
	1 581 089	1 341 779			17 970	55,2	15 836	50,5
Retail	521 416	559 796	2,3	3,6	10 116	31,0	10 168	32,4
Industrial	591 830	668 769	7,4	8,2	2 715	8,3	3 134	10,0
Office	163 474	171 309	22,9	28,6	1 596	4,9	1 892	6,0
Other	15 509	30 829	0,8	4,1	196	0,6	336	1,1
Residential	10 417	15 212	1,2	8,3	123	0,4	145	0,5
Serviced apartments	5 092	5 092	–	–	73	0,2	74	0,2
Hotel	–	10 525	–	–	–	–	117	0,4
Total direct property portfolio	2 873 318	2 772 482	3,7	5,4	32 593	100,0	31 366	100,0
Investment in NEPI Rockcastle					16 801		12 542	
Total investment portfolio					49 394		43 908	

Information based on Fortress' economic interest in wholly-owned and co-owned properties.

LOGISTICS

Most of the logistics portfolio is in secure state-of-the-art logistics parks in prime and convenient locations which we developed either as pre-let or speculative warehouses to provide our tenants with best-in-class facilities.

We are South Africa's largest owner and developer of state-of-the-art logistics real estate. We are on track to have two-thirds of our portfolio directly held in high-end logistics in South Africa and CEE.

RETAIL

Our retail portfolio focuses on the time-sensitive commuter who requires a modern, safe and convenient offering.

Our centres are located mainly in non-metropolitan areas.

We own a portfolio of convenience and commuter-oriented shopping centres in South Africa. We are also the largest shareholder in NEPI Rockcastle, which is active in high-growth retail real estate in CEE.

INDUSTRIAL

We are disposing of our older industrial properties and working with experienced specialists in reprofiling other assets to remain attractive to a changing market.

OFFICE

Comprising less than 5% of our total portfolio, we have offices in excellent locations in sought-after urban areas.

Our geographical footprint

Our diversified real estate portfolio primarily focuses on the logistics and convenience and commuter-oriented retail sectors in South Africa, with industrial and office assets complementing our offering. Our investment in NEPI Rockcastle, along with our logistics properties in Poland and Romania, gives us exposure to high-growth economies in CEE.

South Africa

1 GAUTENG

167 properties and **59,6%** of portfolio
Total valuation: **R16 394 million**

43,1% of portfolio
Total valuation: **R951 million**

2 KWAZULU-NATAL

21 properties and **15,1%** of portfolio
Total valuation: **R4 143 million**

50,0% of portfolio
Total valuation: **R1 105 million**

3 WESTERN CAPE

19 properties and **8,1%** of portfolio
Total valuation: **R2 273 million**

3,0% of portfolio
Total valuation: **R67 million**

4 LIMPOPO

11 properties and **4,9%** of portfolio
Total valuation: **R1 335 million**

0,6% of portfolio
Total valuation: **R14 million**

5 MPUMALANGA

5 properties and **4,3%** of portfolio
Total valuation: **R1 197 million**

6 NORTH WEST

5 properties and **3,4%** of portfolio
Total valuation: **R923 million**

7 EASTERN CAPE

4 properties and **2,3%** of portfolio
Total valuation: **R623 million**

3,3% of portfolio
Total valuation: **R73 million**

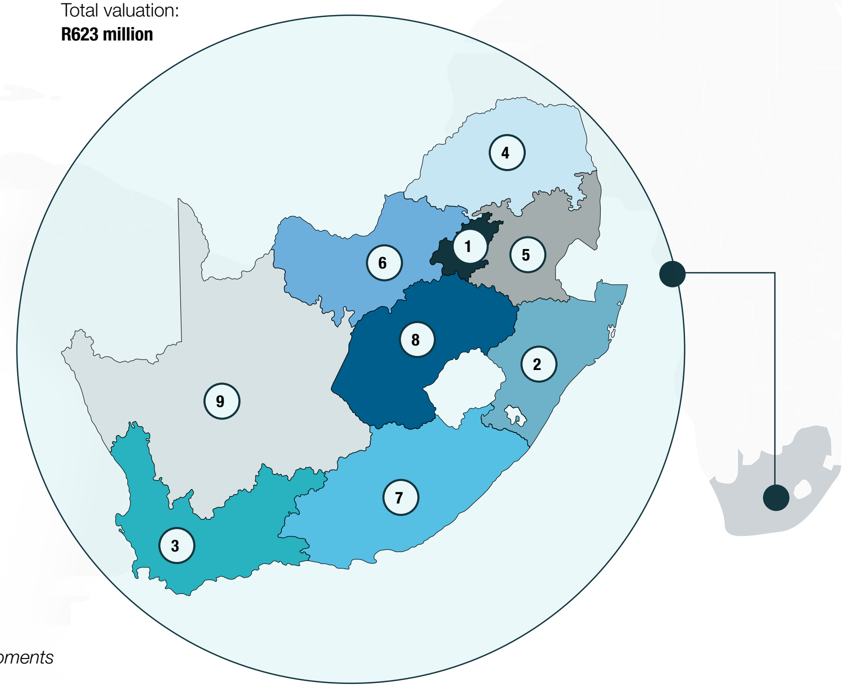
8 FREE STATE
9 NORTHERN CAPE

FREE STATE: **2** properties and **1,9%** of portfolio
Total valuation: **R523 million**

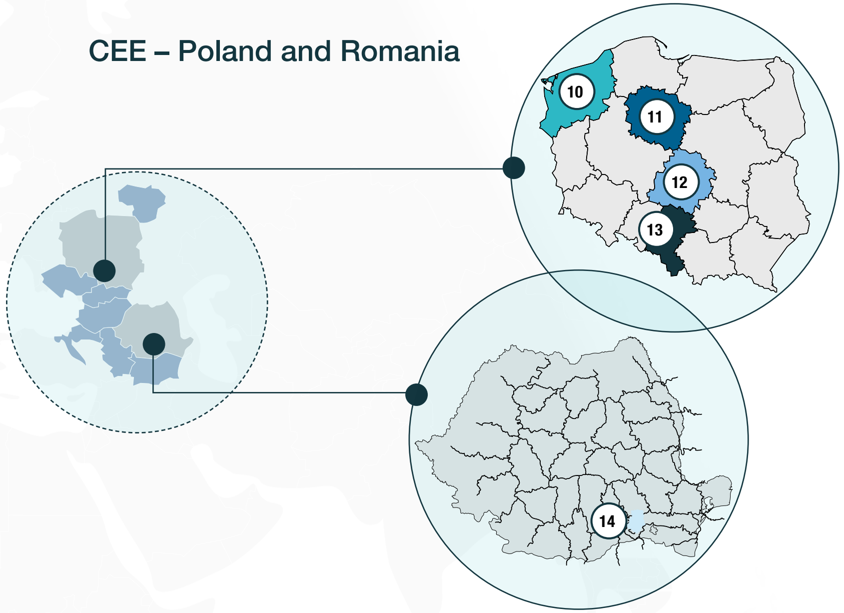
NORTHERN CAPE: **1** property and **0,4%** of portfolio
Total valuation: **R100 million**

Completed properties

Strategic land parcels and current developments



CEE – Poland and Romania



10 STARGARD (POLAND)

2 properties and **18,4%** of portfolio
Total valuation: **R406 million**

8,3% of portfolio
Total valuation: **R55 million**

11 BYDGOSZCZ (POLAND)

5 properties and **50,3%** of portfolio
Total valuation: **R1 110 million**

8,1% of portfolio
Total valuation: **R54 million**

12 Łódz (POLAND)

38,6% of portfolio
Total valuation: **R256 million**

13 ZABRZE (POLAND)

45,0% of portfolio
Total valuation: **R299 million**

14 BUCHAREST (ROMANIA)

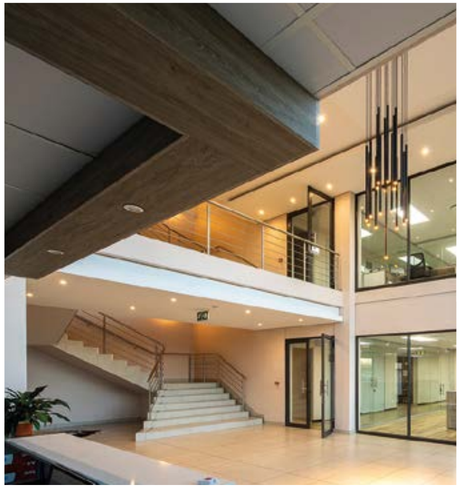
3 properties and **31,3%** of portfolio
Total valuation: **R692 million**

Our top 10 properties

Fortress' top 10 properties by market value represent 33,4% of the total portfolio of R32,593 billion at 30 June 2023.

These properties are:

1



EASTPORT LOGISTICS PARK

Corner R21 and R25 Freeways, Ekurhuleni, Gauteng

	Pick n Pay	Building 2 (Teralco)	Building 3 (Ceva)	Building 4 (Clippa)	Building 5 (Media 24)	Building 6	Available for/ under development	Total
GLA (m²)	163 533	22 095	20 232	14 355	13 756	18 732	130 529	383 232
Developed	May 2023	April 2019	June 2021	February 2021	March 2021	October 2022		
Interest (%)	100	65	65	32,5	65	65	65	
Market value of Fortress' share	R2,181 billion	R150 million	R130 million	R58 million	R90 million	R122 million	R452 million	R3,183 billion
Vacancy (%)	0	0	0	0	0	0		
	The park caters specifically to large logistics users and warehouses are designed to meet their specific requirements, with the newly completed Pick n Pay distribution centre being the largest single-phase warehousing development in South Africa							

Our top 10 properties continued

2



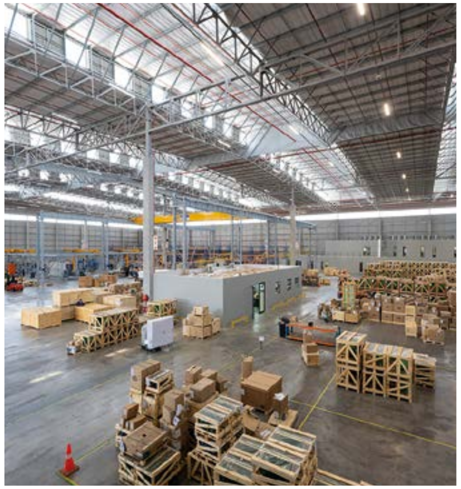
CLAIRWOOD LOGISTICS PARK

89 Barrier Lane, Mobeni East, KwaZulu-Natal

	Building 1 (Sammar)	Pocket 2B (Kings Rest)	Building 3A and 3B (Imperial)	Building 4A and 4B (ASL)	Pocket 5 (ZacPak)	Pocket 7	Available for/ under development	Total
GLA (m²)	24 990	62 471	29 083	48 303	15 664	13 283	104 755	298 549
Developed	November 2018	September 2021	November 2022	May 2021 and November 2021	May 2023	September 2021		
Interest (%)	100	100	100	100	100	100	100	
Market value of Fortress' share	R438 million	R229 million	R353 million	R571 million	R202 million	R131 million	R720 million	R2,644 billion
Vacancy (%)	0	0	0	0	0	0		
	Seven warehouse structures with high-tolerance floors for stacking, strategically situated near the Durban port							

Our top 10 properties continued

3



LONGLAKE LOGISTICS PARK				
	Ashworth and Laneshaw Streets, Longlake, Gauteng			
	Longlake Logistics Park 1 (Zest Weg and Cargo Carriers)	Longlake Logistics Park 2 (Ex 2, Spec 1)	Under development	Total
GLA (m²)	36 562	19 232	40 931	96 725
Developed	December 2020	October 2022		
Interest (%)	100	100	100	
Market value of Fortress' share	R408 million	R201 million	R180 million	R789 million
Vacancy (%)	0	0		
	Well-located at the intersection of Marlboro Drive and the K113, with easy access to the N3 and a Gautrain station 2km away			

Our top 10 properties continued

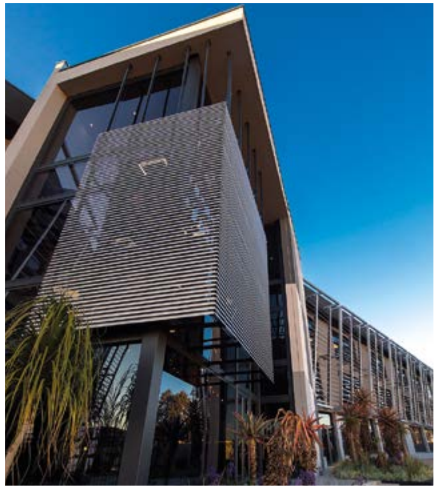
4

5

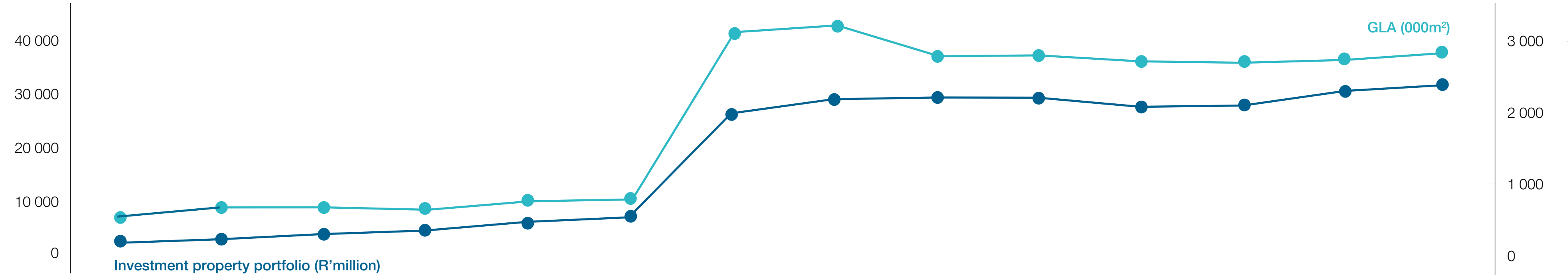
6

	EVATON MALL	LOUWLARDIA LOGISTICS PARK					WESKUS MALL
	Corner Eastern and Golden Highway Evaton West, Gauteng	Nellmapius Drive, Louwlardia, Gauteng					110 Saldanha Road Vredenburg, Western Cape
		Building 1 (WeBuyCars)	Building 2 (WAG)	Building 3 (USN)	Building 3 (Vodacom)	Total	
GLA (m²)	35 472	23 644	33 977	14 310	17 725	89 656	35 343
Developed/acquired	October 2009	April 2018	June 2018	October 2020	December 2018		December 2014
Interest (%)	100	50	50	100	100		100
Market value of Fortress' share	R709 million	R140 million	R201 million	R161 million	R200 million	R702 million	R684 million
Vacancy (%)	0,5	0	0	0	0		0,1
	A minor regional shopping destination for a major existing customer base with anchor tenants Pick n Pay, Shoprite and Edgars	Easy access to the N1 highway, featuring 24-hour security in a secure park with centrally located fire pumps and tanks					An exceptional shopping experience with more than 70 shops on the West Coast

Our top 10 properties continued

	7	8	9	10
				
	THE PLAZA (Mbombela) (leasehold)	**GALLERIA MALL**	**MONTAGUE BUSINESS PARK**	**WESTLAKE VIEW LOGISTICS PARK**
	Corner Henshall and Bester Streets Mbombela, Mpumalanga	Corner N2 Highway and Chamberlain Road, Umbogintwini, KwaZulu-Natal	Corner Plattekloof and Koeberg Roads Milnerton, Western Cape	London Road, Westlake Gauteng
GLA (m^2)	19 511	87 565	192 278	45 005
Developed/acquired	July 2013	October 2013	November 2015	November 2015
Interest (%)	100	25	25	100
Market value of Fortress' share	R598 million	R588 million	R545 million	R477 million
Vacancy (%)	0	1,3	0	0
	Situated close to routes to Eswatini and Mozambique	Regional deluxe shopping centre offering a modern all-in-one shopping experience in Amanzimtoti	Located in an upmarket area and entryway to the rapid urban and economic growth of the West Coast region	World-class A-grade logistics park designed according to the latest global best practices, incorporating top-grade safety and security features and best green building practices, it is easily accessible off the N3 London Road offramp

Timeline



Investment property portfolio (R'million)	2 582	3 265	4 245	4 916	6 567	7 434	27 194	29 880	30 203	30 168	28 440	28 675	31 451	32 593
GLA (000m²)	539	670	671	637	758	784	3 168	3 264	2 824	2 837	2 752	2 732	2 772	2 873
FY	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
	Listed on the JSE on 22 October 2009	Fortress B units best-performing property share on the JSE	Domestic Medium Term Note (DMTN) programme established	Invested in New Europe Property Investments plc (NEPI) and Rockcastle Global Real Estate Company Limited (Rockcastle) as hard currency exposure in Euro and US Dollar	Fortress became a REIT from 1 July 2013	Offered to buy Capital Property Fund Limited (Capital)	Merged with Capital Included in the JSE ALSI 40 Index Sunday Times' Top Company of the Year Commenced logistics focus	Acquired Lodestone REIT Limited	Commenced development of first logistics facility at Clairwood Logistics Park and at Eastport Logistics Park	Strengthened ESG focus	COVID-19 pandemic changed real estate forever	Expanded into Poland	Expanded into Romania	Transition from REIT to REIC Largest ever logistics development completed for Pick n Pay

Investment case

We are one of the largest real estate companies in South Africa with operations in CEE. We connect businesses with growth-powering real estate opportunities in state-of-the-art logistics parks and convenient, commuter-oriented retail centres.

We specialise in developing and acquiring state-of-the-art logistics real estate and convenient, commuter-oriented retail centres in South Africa and logistics real estate in CEE. Our focus is to own a growth-powering portfolio comprising two-thirds logistics and one-third retail.

Our diversified real estate portfolio primarily focuses on logistics and the convenience and commuter-oriented retail sectors in South Africa. We are actively looking for new retail and prime logistics development opportunities.

Our investment in NEPI Rockcastle provides us with exposure to the high-growth retail sector in CEE markets. We are selective and intend growing our high-quality logistics portfolio in Poland and Romania in the coming years. The market is in its development phase with numerous opportunities for real estate investment for Fortress. As retail competition in the advanced economies of Western Europe is increasingly determined by the ability to successfully support e-commerce via omnichannel, growth in the logistics real estate sector in CEE will continue for decades to come.

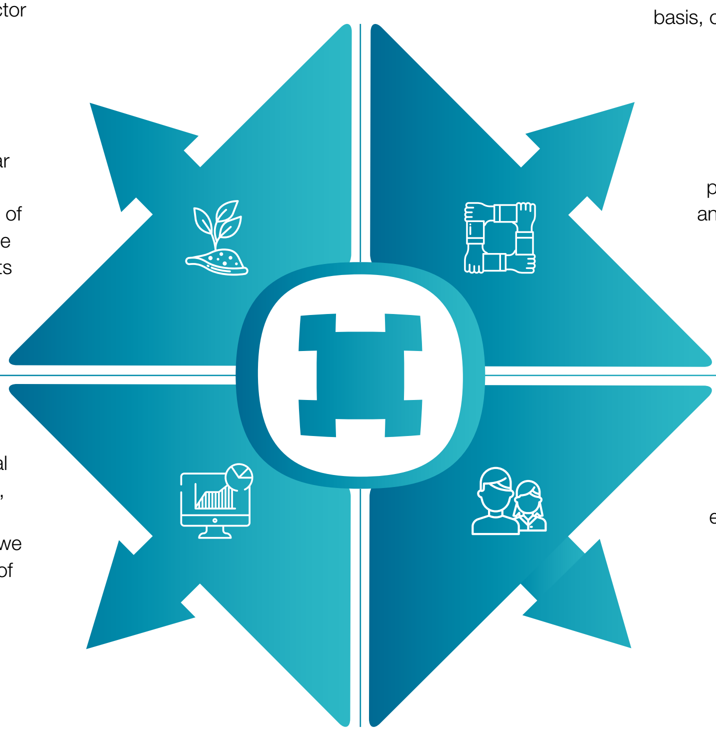
Our impact

Leveraging our specialised knowledge and expertise, our progress is powered by growing an increasingly responsible, sustainable and collaborative business that creates sustainable long-term value for our economic, organisational and societal stakeholders over time. We have an unwavering commitment to the tenants, communities, investors and industry we serve to ensure collective growth.

We are committed to using innovation to reduce our impact on the environments in which we operate. Sustainable and ethical practices are a priority in the way we do business. We have 15 operational solar PV plants in our retail portfolio. We are aiming to increase this to 25 plants by June 2024 and 33 plants by June 2025. Our logistics portfolio has 10 operational plants, with plans for a total of 22 plants by June 2024 and 50 plants by June 2025. Our installed capacity was 9,633MWac at 30 June 2023, compared to 7,248MWac at 30 June 2022. During 2H2023, four new installations, including our first installation in Poland, with a capacity of 1,24MWac, were completed. Internal rates of return on the solar PV investments average 20%, on a pre-tax basis, over a useful life estimate of 20 years.

Our **environmental** impact ambition

We are committed to operating a sustainable business. Our main focus to date has been on solar energy installations at our properties. We seek to integrate renewable energy practices into all facets of our business. We strive to reduce our impact on the environment, increase the benefit we bring to clients and society and create long-term value for all our stakeholders.



Our **community** impact ambition

Fortress is committed to purposeful and active corporate citizenship. We have an established programme of supporting several community-based and charitable organisations in the areas in which our properties are located to uplift those communities with solution initiatives that result in long-term benefits.

Our **economic** impact ambition

Through our ongoing commitments to occupational health and safety, diversity and equal opportunities, economic inclusion, employee training and education, as well as various other commitments, we contribute to the inclusive and sustainable growth of the South African economy and decent jobs for all.

Our **people** impact ambition

Our employees are a fundamental part of our business. Their specialised knowledge, skills and experience are essential for the business' long-term success. Therefore, we aim to attract and retain motivated, high-calibre executives and employees. We leverage our employees' skills to ensure sound management of our properties. Investing in our people, challenging them and developing their capabilities will ensure our business' sustainability.

Fortress has an experienced board and management team with extensive property-specific knowledge. We leverage this knowledge, along with our capacity to innovate, to build our Fortress brand and create value for our stakeholders. Our collective skills, experience and resources unlock the value of our properties and investments.

204 Oxford Shopping Centre
Illovo, Gauteng
(previously Thrupps Illovo Centre)

Total GLA: 13 290m²

Interest: 100%

How we create value

Chairman's statement

Robin Lockhart-Ross
Independent non-executive chairman

We are still in the early years of the 2020s, but already this decade is shaping up to become one of the most volatile and uncertain periods in living memory on both a global and local front. It was not unexpected that the past year would be as challenging for South African businesses in general and property companies in particular as the previous three, despite the restoration of economic activity in most of our chosen markets to levels last seen prior to the onset of the COVID-19 pandemic. High interest rates to combat the inflation after-effects of the accommodating monetary and fiscal policies followed by central bankers in response to the pandemic have been the major external factor impacting our business, not only directly through the impact on our borrowing costs and property valuations, but also directly through the impact on our tenants' affordability to absorb above-inflationary operating costs. With ongoing local sociopolitical uncertainty in the form of the upcoming national elections in 2024, and the continuing international geopolitical uncertainty of the war in Ukraine and now, as I write this report, also in Israel, the period ahead looks to bring with it similar challenges for South African business to navigate.

Internally within Fortress too, the past financial year to 30 June 2023 (FY2023) was a challenging one for the company, board and management, beyond just dealing with strategic and operational matters in the above context. With the constraints of our unconventional capital structure and complicated memorandum of incorporation (MOI) having been highlighted by the decline in distributable earnings as a result of the pandemic, the board resolved during the year to find a permanent solution to the capital structure, as distinct from the 'short-term patches' to the MOI that had been applied in the two previous years in the form of temporary amendments to permit payment of dividends and retention of Real Estate Investment Trust (REIT) status. Accordingly, the board made a proposal to shareholders in August 2022 to implement a scheme of arrangement to collapse the dual share structure by a swap of FFB shares for FFAs, but this failed to secure the high threshold of 75% approval by both classes of shareholders.

Then, at almost this same time last year, the board was presented with a proposal by a group of shareholders to amend the MOI to permit the payment of dividends on an agreed 80:20 split between FFA and FFB shareholders, which would have enabled the company to meet the JSE's 75% distribution requirement applicable to REITs. To the extent that this amendment was proposed to apply retrospectively to the company's financial year ended 30 June 2022 (FY2022) and the following two years, it could perhaps have been described as a 'medium-term patch' to the MOI. If the proposal had been successful, this temporary MOI amendment would have allowed the company to retain its REIT status, but it would not have resolved the core problems of our dual share structure on a permanent basis.

As shareholders will recall, this shareholder-led amendment to the MOI also failed to secure the required 75% approval by both FFA and FFB shareholders, resulting in the company not being able to pay dividends for FY2022 and the JSE withdrawing the company's REIT status with effect from end January 2023. While the loss of REIT status was not an outcome that the board would have preferred, given our oft-stated objective of becoming a single-share REIT, we have had to come to terms with the new reality of the company being a listed Real Estate Investment Company (REIC). As part of this, the board has sought through its formal communications to address understandable concerns raised by shareholders about potential tax leakage, capital allocation practices and future dividend policy as a REIC.

Following the failure of the proposed scheme of arrangement in August 2022 to collapse the dual share structure through a swap of FFA for FFB shares, and then of the shareholder-led proposal to amend the MOI in January 2023, the board has been reluctant to propose another solution to shareholders. We have, however, consistently communicated that we would be receptive to proposed solutions from shareholders, provided that these were workable from the company's perspective – being that any solution should result in a permanent fix to the capital structure at a limited impact on the company's balance sheet – and that any proposal should have sufficient confirmed support to indicate a high probability of success in securing shareholder approval.

Pending such a solution, the board's priority and management's focus have been on driving growth in distributable income through the implementation of our key strategic priorities – the roll-out of our logistics development pipeline, enhancement of our retail portfolio, disposal of our non-core properties and expansion of our direct presence in CEE. Of equal strategic importance since the loss of REIT status has been the utilisation of the capital generated through retention, instead of distribution, of earnings to reduce our gearing level and to invest in liquid assets that will be available to facilitate a transaction to resolve our capital structure. As is evident from the company's strong operating performance up to and solid financial position at 30 June 2023, we have made substantial progress on all these strategic priorities.

Without wanting to repeat here the various highlights that have already been covered in some detail in the chief executive officer's review and chief financial officer's report, we believe that these outcomes and achievements demonstrate the value of the company's core operational competencies of excellent asset and property management, of market-leading development capability, and of judicious risk and balance sheet management, which underpin the Fortress investment case of a clear strategic focus on the logistics and retail sectors and on the South African local and CEE offshore geographies.

While the board is sensitive to the frustrations expressed by shareholders about the company's loss of REIT status, we are hopeful that these will have been at least partly allayed by management's successful restructuring and transitioning of the business from a REIT to a REIC over the second half of the financial year, as is evidenced by the FY2023 year-end operating results, financial position and portfolio statistics. In particular, we would point to management's better-than-anticipated containment

Chairman's statement continued

of expected tax leakage, through the utilisation of tax allowances that were not previously available to the company while it was a REIT and to the continued ability to raise development funding at competitive rates in the corporate banking and debt capital markets, which tend to regard the company's retention of earnings as being credit positive.

Now, almost a year on, the board has again been presented with a further shareholder-initiated proposal to address the capital structure that we believe meets those criteria, namely a scheme of arrangement whereby the company would buy back all FFB shares in issue, using a portion of its shareholding in NEPI Rockcastle as currency to effect this transaction. This scheme, if approved by shareholders, would involve the utilisation of approximately one-third of the company's shareholding in NEPI Rockcastle to retire the FFB shares in issue and would thus have the impact of increasing the company's gearing level and reducing its distributable income. In considering this proposal, the board has weighed up these medium-term financial effects against the strategic long-term benefits that would flow to the company from resolving the capital structure and the value unlock that would result for both classes of shareholders.

With this proposal being supported by a substantial number of both FFA and FFB shareholders, the board was therefore comfortable to issue a firm intention announcement to propose a scheme of arrangement on this basis, which will be fully detailed in a circular to shareholders to be issued in terms of JSE and Takeover Regulation Panel (TRP) requirements, and formally voted on by shareholders at separate and combined general meetings of FFA and FFB shareholders.

As I have previously noted, our capital structure has been a major stumbling block in the first leg of our long-term journey towards simplification, specialisation and transformation of our group, so we are hopeful of success of this shareholder-initiated proposal. The board remains of the firm view that a simpler capital structure and a more conventional MOI would bring significant benefits to the company, including the ability for the board to declare distributions without the constraints of the current MOI, the flexibility to implement dividend reinvestment programmes and undertake corporate actions, the greater liquidity in a single share rather than spread over two different classes of shares and the expected attraction of a less complicated structure to a broader range of potential investors.

In our continued drive towards specialisation in our chosen market segments as a differentiator and competitive advantage within the listed property sector, the board is pleased by the ongoing progress being made by management in the tilting and enhancing of our property portfolio and in the recycling and redeployment of capital towards the board's medium- to long-term goal of reshaping Fortress into a specialist logistics and convenience retail-focused fund, with an overlay of both a local (South Africa) and offshore (CEE) presence in both these sectors. As at June 2023, the logistics component of our aggregate portfolio, comprising the South African properties and development pipeline plus our directly owned CEE assets, now represents R18 billion or 36% of our total real estate assets of R49,4 billion. The retail component, comprising the South African properties plus our investment in NEPI Rockcastle, represents approximately R27 billion or 55%, with the non-core portfolios of industrial and office properties now representing only R4,5 billion or 9%.

On a geographical split basis, our real estate asset portfolio now comprises approximately 60% local exposure, in the form of our core South African logistics and retail portfolios plus our non-core assets, and approximately 40% CEE exposure in the form of our investment in NEPI Rockcastle and our CEE logistics assets in Fortress Europe. The benefit of this substantial offshore diversification has been evident over this past financial year in the relative outperformance of the CEE economies versus our local South African economy – this despite the ongoing Russian occupation of Ukraine and the generation-high levels of inflation and interest rates in many CEE countries – and the resultant sharp deterioration in the Rand versus the US Dollar and Euro. While this mix would be diluted by the proposed scheme of arrangement to buy back the FFBs using NEPI Rockcastle shares, Fortress will continue to offer shareholders significant exposure to hard-currency economies with high growth potential.

Transformation in any business must be measured on a multi-faceted basis, beyond the obvious imperatives in our particular South African context of B-BBEE and social upliftment and in the current global context of sustainable energy production and resource utilisation. The board is proud of several important achievements during FY2023 in this narrower context of transformation, including improvement in the company's B-BBEE rating from Level 4 to Level 2, broadening of our community-based programmes through including new initiatives and partners and meeting the solar energy targets set under the sustainability-linked bonds issued last year.

Given the ongoing energy-constrained environment in which we seem destined to have to operate for some time yet, future-proofing of the group's ongoing operations through firstly security and then self-sufficiency in energy has become a business imperative rather than simply a transformation initiative. Management has made and will continue to make substantial (and high-yielding) capital investments in ramping up the company's renewable energy generation capacity, which in FY2023 alone increased by over 30% year-on-year. More detail on management's plans to achieve energy security over the next two financial years is given in the FY2023 results presentation on our website.

The sustainability of any company is, of course, dependent on maintaining and building people capacity and institutional knowledge across the organisation: in that context too, FY2023 was a year of some change at Fortress. At board level, Bram Goossens and Ben Kodisang stood down as non-executive directors and were replaced by Eddy Oblowitz and Caswell Rampheri in the second half of the financial year; and, after five years of continuity in the executive team, Donnovan Pydigadu resigned as executive director and chief operating officer (COO) post the year-end. On behalf of the board, I would like to thank Bram and Ben, and especially Donnovan, for their committed service and valuable contributions to the company, and to welcome Eddy and Caswell onto the board at this exciting juncture.

I would also like to express the board's sincere appreciation of all our stakeholders for their continued support over what was a challenging year in FY2023, and particularly of Fortress' staff at all levels across the organisation for their individual and collective efforts and achievements.

At a strategic, portfolio and operational level, the board is confident that the company is well-placed under the current management team to build on FY2023's strong operating performance and solid financial position during and beyond FY2024, especially in a climate of flattening and hopefully reducing interest rates. If approved by shareholders, the proposed scheme of arrangement to utilise approximately one-third of our NEPI Rockcastle shares to buy back all FFB shares in issue, and thus collapse our dual share structure, would have an immediate impact on our balance sheet and income statement. Importantly, though, it would alleviate the unproductive time spent by the board over the past few years on wrestling with this issue, allow management to focus their efforts on sustaining and improving the growth trajectory in distributable earnings and net asset value and align our shareholders around a single shared vision for and expectation of the company, board and management.

Robin Lockhart-Ross
Independent non-executive chairman

27 October 2023

Our material matters

Financial capital
Manufactured capital
Natural capital
Social and relationship capital
Human capital
Intellectual capital

Executive management convened a dedicated, externally facilitated material matters workshop to agree on those matters that have the potential to substantially impact our performance and ability to create, preserve or erode value in the short, medium and long term.

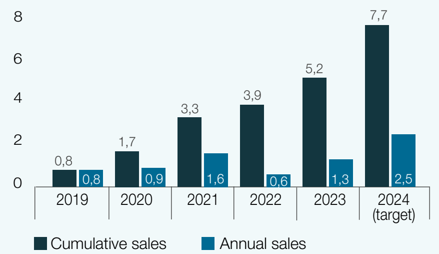
The material matters approved by the board are listed below.

MATERIAL MATTER	MANIFESTING IN	INTRODUCTION	CAPITALS AFFECTED	STAKEHOLDERS AFFECTED
Economic growth	• Low gross domestic product (GDP) growth • Persistent inflation • High interest rates • Exchange rate • CEE better off	The South African economy is experiencing low growth, combined with poor employment figures and worsening consumer sentiment, exacerbated by high interest rates and depreciation of the Rand. This scenario underscores the viability of Fortress' expansion into growth markets in CEE. Read more about the macroeconomic influences on our operating segments on **page 30.**	Financial capital, Manufactured capital, Social and relationship capital	• Shareholders • Financiers • Suppliers • Tenants • Co-owners • Communities in which we operate
Load shedding	• Disruptive and costly • Opportunity • Solar	The electricity crisis in South Africa, particularly the challenges faced by Eskom, has the potential to suppress economic growth further. Fortress sees this as an opportunity to provide reliable energy solutions to its tenants and thereby forge stronger and longer relationships. Read more about our solar and generation solutions on **page 38.**	Financial capital, Manufactured capital, Natural capital	• Shareholders • Tenants • Co-owners • Communities in which we operate • The environment
Life after COVID-19	• Work from home • Shopping • e-Commerce growth • Information technology (IT) risks	The pandemic has left a lasting influence on the way we live and work. While it helped to speed up e-commerce and logistics in our markets, it has an ongoing effect on the requirements of potential tenants going forward. Read more about the these and other impacts on our operating segments on **page 30.**	Financial capital, Manufactured capital, Natural capital, Intellectual capital	• Shareholders • Property managers • Suppliers • Tenants • Communities in which we operate
Attracting investment	• REIT status change • Dual capital structure • Lack of foreign investment • High interest rates	South Africa has been experiencing a net loss of foreign investments. Fortress' transition from a REIT to a REIC brings new investment options in a high-interest environment. Read more in the chief executive officer's review on **page 33.**	Financial capital, Manufactured capital	• Shareholders • Financiers • Co-owners
ESG	• Climate change • Sustainability • Need to save the planet • Activism	The responsibility to look after our planet is everyone's. We manage our operations with a climate consciousness that preserves and protects natural resources and promotes sustainability. Read more about our ESG focus from **page 59.**	Natural capital, Social and relationship capital, Human capital	• Shareholders • Communities in which we operate • The environment • Industry associations, government and regulatory bodies
People and skills	• Lack of skills • Attracting and retaining talent • Transformation	We continue to build exceptional talent and diversity and retain skills. Read more about our people focus from **page 71.**	Human capital, Intellectual capital, Social and relationship capital	• Shareholders • Directors, executives and employees

Our strategy

Economic growth
Attracting investment
Load shedding
ESG
Life after COVID-19
People and skills

We are committed to recycling capital through the disposal of older, under-performing properties to fund new developments which are in demand and have lower structural vacancies, with a relentless focus on driving each asset's performance by our dedicated asset management teams.

	DEVELOPMENT PIPELINE		ASSET RECYCLING	OPPORTUNITIES
	FORTRESS LOGISTICS REAL ESTATE	FORTRESS Retail REAL ESTATE	Asset disposals (R'billion) 	
	• Proceeds from disposals will be used to fund development pipeline and extensions/enhancements of existing assets • Focus more on pre-lets where parks are well-established • Speculative developments completed (unlet) represent approximately 1% of total GLA • Proven development business	• Expand and enhance our best assets	• Maintain strategy with respect to non-core asset disposals • Attractive portfolio disposal opportunities are limited • Single-asset transactions continue to meet targets (quantum and price to book value) • Disposal proceeds of R1,3 billion achieved for FY2023 • FY2024 disposal proceeds target of R2,5 billion • Five-year target for redeployment of R4,5 billion	• Interest rate increases and liquidity constraints will create opportunities in our focus markets to acquire real estate at attractive values
Material matters addressed				

We target an asset base consisting of 50% logistics properties in South Africa and CEE and 50% South African retail and our investment in NEPI Rockcastle.

Business model

We leverage our specialised knowledge and expertise, along with our resources, to create and preserve sustainable, long-term value for our stakeholders.

CAPITAL	INPUT	OUTPUT	DESIRED OUTCOME	TRADE-OFFS
Financial Capital from our shareholders and other stakeholders, as well as reserves, deliver earnings and future value	**Equity capital** R33 655 million (2022: R26 968 million) **Interest-bearing borrowings** R18 430 million (2022: R18 579 million) **Unutilised facilities** R4 200 million (2022: R3 400 million)	**Market capitalisation** R20 067 million (2022: R16 021 million) **Dividends declared for financial year** Rnil (2022: Rnil)	Long-term sustainable growth.	Retained earnings are used to reduce debt and invest in liquid assets for deployment. Dividends are paid subject to the MOI.
Manufactured Our business is built on our investment in direct properties and listed property securities. Our buildings and investments are developed and maintained to deliver superior returns for our stakeholders	**Direct property portfolio and under development** R32 593 million (2022: R31 451 million) **Investment in NEPI Rockcastle** R16 801 million (2022: R12 542 million)	**Investment property sales** R1 326 million (2022: R577 million) **Investment property purchases** R209 million (2022: R1 388 million)	A profitable and sustainable diversified real estate group in all South Africa and a CEE logistics and retail focus.	The proceeds from the sale of non-core properties are applied to achieve the desired diversification mix. Speculative warehousing requires current investment for future returns.
Natural We seek to integrate environmentally friendly and sustainable practices into all facets of our business to reduce our impact on the environment	**Electricity consumed** 224 028 272kWh (2022: 245 616 690kWh) **Water consumed** 1 441 659kℓ (2022: 1 422 027kℓ) **Solar energy generated** 11 970MWh (2022: 10 773MWh)	**Carbon emissions** 224 273tCO_2e (2022: 252 007tCO_2e) **Waste generated** 18 242m^3 (2022: 25 119m^3)	Doing no harm to the environment while contributing to positive, sustainable outcomes for all our stakeholders. Refer to **page 60** for more on our environmental focus.	Investing in environmental sustainability (water and energy efficiency, improved waste recycling) lowers the cost of occupancy and improves tenant retention.
Social and relationship Strong, mutually beneficial long-term relationships with our economic, organisational and societal stakeholders		**Corporate social investment (CSI)** R18 million invested in education and community projects (2022: R23 million)	Contribute meaningfully to our communities. Refer to **page 69** for more on our social focus.	Uplifting our communities through CSI spend.
Human Our employees are a fundamental part of our business. Their specialised knowledge, skills and experience are essential to our business' long-term success. Therefore, we aim to attract and retain motivated, high-calibre executives and employees	**Employees (South Africa and CEE)** 71 (2022: 67)	**Employee remuneration** R128 million (2022: R133 million) **Employee turnover** 3% (2022: 13%)	Purposefully embed our company culture to encourage diversity and thriving employees. Refer to **page 71** for more on our employee focus.	Investment in various employee wellness initiatives.
Intellectual We leverage our employees' skills to ensure sound management of our properties. Investing in our people, challenging them and developing their capabilities will ensure our business' sustainability		**Training spend** R730 520 (2022: R733 718)	Unlock opportunities and generate growth in an innovative and agile way.	Management time invested in innovation and technology will benefit and protect our long-term value proposition as we lower our cost base and reduce our carbon emissions.

Stakeholder engagement

Financial capital · Social and relationship capital · Manufactured capital · Human capital · Natural capital · Intellectual capital

The sustainability of our business depends on the strength of our relationships with key stakeholders. We are committed to ensuring timely, effective and transparent communication, interaction and response.

	THEIR MATERIAL REQUIREMENTS	HOW WE INTERACT AND RESPOND	VALUE CREATED	CAPITALS AFFECTED
ECONOMIC STAKEHOLDERS				
Shareholders	• Clear, timely and concise communication • Information sharing • Solid operational performance • Sustainable organic growth coupled with the successful roll-out of the development pipeline	• Open, honest and transparent communication • Integrated and interim reports, investor and analyst presentations, annual financial statements, circulars, website, Stock Exchange News Service (SENS) announcements and press releases • Semi-annual results presentations • Investor and analyst roadshows • Site visits and investor days • Online seminars • Attendance at local and international investor conferences	• Capital growth, underpinned by asset growth • Sustainable earnings growth • Improved quality of underlying portfolio	
Financiers	• Timely payments • Security for funding • Information	• Regular meetings • Provision of information through investor presentations, roadshows, integrated and interim reporting, annual financial statements, DMTN roadshows and one-on-one meetings	• Mitigated risks • Cash flow stability	
Property managers	• Clear strategy • Clear performance standards and requirements	• Culture of teamwork • Service level agreements (SLAs) detailing performance standards and requirements • Regular meetings	• Successful partnerships • Business continuity	
Suppliers	• Fair treatment • Clear performance standards and requirements	• Professional working relationships • SLAs or terms of reference detailing performance standards and requirements	• Reliable and empowered suppliers	
Tenants	• Clear lease terms • Security • Fair treatment • Responsive landlord • Fit-for-purpose buildings	• Mutually beneficial business relationships • Site visits and building inspections • Regular meetings and engagement with asset and property managers • Investment in maintenance expenditure and capital	• Successful tenants • Mutually beneficial relationships	

Stakeholder engagement continued

Financial capital
Manufactured capital
Natural capital
Social and relationship capital
Human capital
Intellectual capital

	THEIR MATERIAL REQUIREMENTS	HOW WE INTERACT AND RESPOND	VALUE CREATED	CAPITALS AFFECTED
ORGANISATIONAL STAKEHOLDERS				
Co-owners	• Fair treatment • Sustainable growth	• Mutually beneficial business relationships • Regular meetings and engagements	• Mutually rewarding relationships	
Directors, executives and employees	• Development • Reward • Responsibility	• Reward to create a strong performance-based environment Refer to **page 71** for our employee focus and to **pages 90** to **102** for our remuneration report.	• Fulfilling careers • Appropriate remuneration and benefits	
SOCIETAL STAKEHOLDERS				
Communities in which we operate	• Financial inclusion • Enterprise development • Upliftment	• Commitment to good corporate citizenship • Investment in education and community projects • Sustainability implementation plan • Benchmarking our efforts • Learning and development Refer to **page 69** for more information on our social focus.	• Upliftment through community projects	
The environment	• Environmentally sustainable business operations	• Sustainability implementation plan • Benchmarking our efforts Refer to **page 60** for more information on our environmental focus.	• Waste management • Energy security • Reduced carbon footprint	
Industry associations, government and regulatory bodies	• Adherence to laws and regulations • Participation • Compliance with applicable laws and regulations	• Mutually beneficial relationships with governments, departments and parastatals • Engagement with local authorities on utility issues, rates clearances and zoning • Representation on industry bodies including the South African Property Owners Association (SAPOA), the South African Council of Shopping Centres (SACSC) and the Green Building Council of South Africa • Attendance at industry conferences • Regular communication with the JSE	• Knowledge • Trust • Leading by example	
Media	• Transparent performance reporting • Prompt and honest responses and communications	• Open, honest and factual engagement • Building trusted relationships over time • Increased webinars and property tours for media	• Building a trusted brand	

Our risks and opportunities

Risk management is essential to improve our performance, drive growth and create sustainable value.

The process for identifying and managing risks was set by the board. The board of directors has overall responsibility for risk management, but delegated the responsibility for monitoring risk management processes and activities to Fortress' risk committee. The day-to-day responsibility for risk management, including maintaining an appropriate internal control framework, remains the responsibility of Fortress' executive management.

Risk management is an integral part of the group's strategic management and is the mechanism through which we address risks associated with the group's activities. The key objectives of the risk management system include:

1 Identifying, assessing and mitigating risks on a timely basis

2 Providing timely information on risk situations and appropriate risk responses

3 Identifying potential opportunities which would result in increasing the group's value

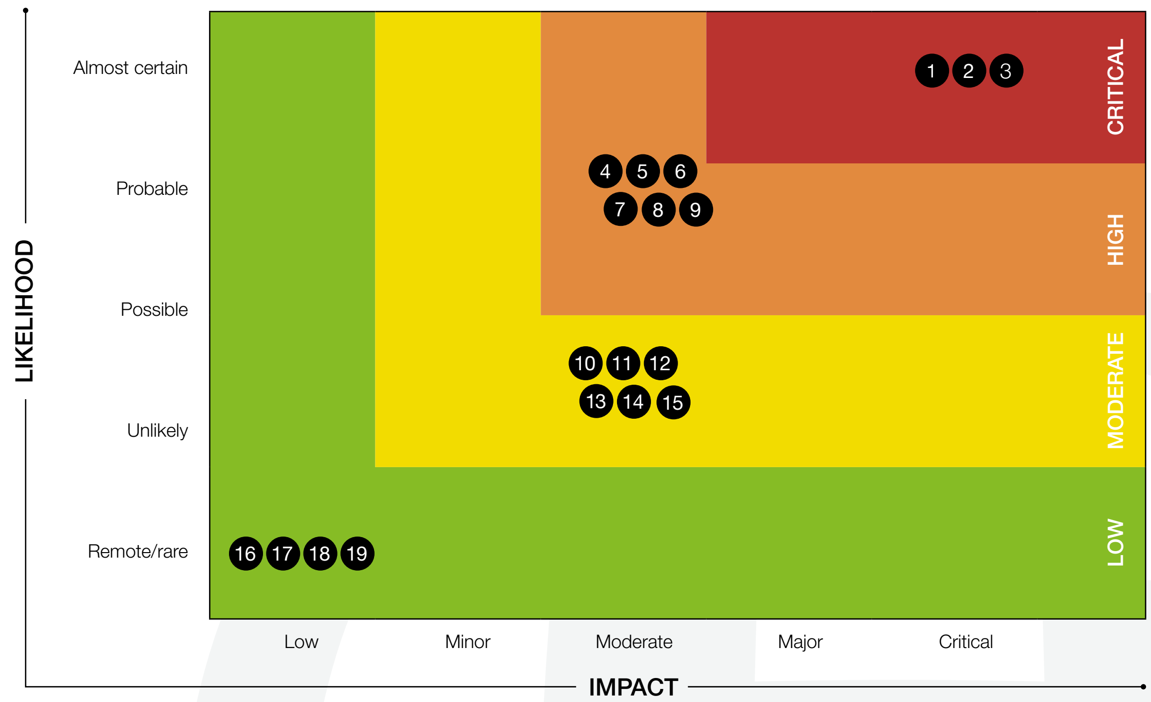
4 Embedding a culture of risk management throughout the Fortress group

Risks are monitored via the risk management framework in terms of which management identifies risks, documents these in the risk matrix and assesses the probability of their occurrence, as well as the potential impact of the risk on the organisation. Each identified risk is then managed and, where possible, mitigated. Due to the dynamic nature of the economic environment in which Fortress operates, risks, and the impact thereof, change constantly. Accordingly, risk management is a dynamic and ongoing discipline which is continuously adapted to its environment. The risk management framework is presented to the risk committee quarterly.

The risk committee monitored compliance with Fortress' risk policy and can report that Fortress has, in all material respects, complied with the policy during the year.

Key residual risks

The material risks facing Fortress are reflected below.



These risks are discussed in more detail on **pages 24** to **28**, where we outline how each residual risk has changed over the past year, the relating material matters, our mitigation actions, how we measure these risks, the oversight responsibility and capitals affected.

Our risks and opportunities continued

Economic growth
Load shedding
Life after COVID-19
Attracting investment
ESG
People and skills
Financial capital
Manufactured capital
Natural capital
Social and relationship capital
Human capital
Intellectual capital

2023	2022	RISK	DESCRIPTION	MATERIAL MATTERS	RISK MANAGEMENT AND MITIGATION	RISK METRICS	OVERSIGHT RESPONSIBILITY	CAPITALS AFFECTED
1	1	Economic (South Africa)	The impact of low GDP growth, poor business confidence and sovereign credit downgrades, rising interest rates, negative yield spreads, stagflation and slowing consumer spend	Economic growth; Load shedding; Attracting investment	• Monitored by the board • Portfolio allocation parameters that trigger strategic review and action • Offshore diversification	• GDP growth • Business confidence • Sovereign rating • Prime overdraft rate • Rand/EUR exchange rate • Inflation rate • JSE and SA Listed Property (SAPY) indices	**Primary** Executive committee **Secondary** Board of directors	Financial capital; Manufactured capital; Social and relationship capital
2	2	Sociopolitical	Failure of national and local government, leading to social instability, service protests, civil unrest, business disruptions and security concerns and resultant damage or threat to assets, properties, staff and tenants	Economic growth; Load shedding; Life after COVID-19; ESG	• Monitored by the board • Mitigated by appropriate security arrangements and insurance cover (including SASRIA cover) • Business continuity plans	• Unemployment rate • Crime rate • Insurance claims • Security assessments	**Primary** Executive committee **Secondary** Board of directors	Manufactured capital; Social and relationship capital
3	4	Infrastructure	The failure of municipal infrastructure and service delivery, leading to shortages and disruptions in supply and increases in water, electricity and utility-related costs	Economic growth; Load shedding; ESG	• Monitored by management • Backup and alternative supply facilities	• Service disruptions • Tenant interaction • Participate in initiatives led by industry bodies to engage with government	**Primary** Executive committee **Secondary** Board of directors	Financial capital; Manufactured capital; Natural capital; Social and relationship capital
4 new		Interest rates	Changes in interest rates affect the group's distributable income and the value of its financial instruments	Economic growth; Life after COVID-19; Attracting investment	• Interest rate swaps and caps hedge at least 75% of debt • Monitored by executive management	• Interest rate swap curve • Cost of interest rate protection	**Primary** Audit committee **Secondary** Board of directors	Financial capital; Manufactured capital

Our risks and opportunities continued

Economic growth
Attracting investment
Financial capital
Social and relationship capital
Load shedding
ESG
Manufactured capital
Human capital
Life after COVID-19
People and skills
Natural capital
Intellectual capital

2023	2022	RISK	DESCRIPTION	MATERIAL MATTERS	RISK MANAGEMENT AND MITIGATION	RISK METRICS	OVERSIGHT RESPONSIBILITY	CAPITALS AFFECTED
5	7	Climate change	**Transition risk** Risks as a result of transitioning to a lower carbon economy **Physical risk** Risks relating to the physical impacts of climate change as a result of extreme weather events		• Climate-related risks and opportunities identified in TCFD workshops • Development of specific risk mitigation strategies including renewable energy plants, use of LED fittings, natural light, water-wise plants and high-efficiency plumbing • Impact assessment at building level	• Renewable energy • Carbon footprint • Water- and energy-intensity	**Primary** Social, ethics and sustainability committee **Secondary** Risk committee	
6 new		Insurance cover	Double-digit insurance premium increases in the South African property market in the current and prior years, with insurable property risks impacted by the civil unrest in July 2021, flooding and the local presence of fewer large underwriters		• Policies and procedures enhanced to mitigate property damage risk • Insurance manager employed to address insurance risks and ensure appropriate cover • CFO oversight	• Ability to obtain cover • Cost to sum insured ratio	**Primary** Risk committee **Secondary** Board of directors	
7 new		Key suppliers and service providers	Financial or operational failure of key suppliers and/or service providers due to lack of macroeconomic growth in South Africa and unprecedented levels of inflation internationally		• Upfront vetting of business health of the supplier • Insuring risk to the extent possible • Alternative processes and suppliers identified • Executive committee monitors and reports	• Property management and other service provider SLAs • Development agreements • Supplier conduct within the context of their relationship	**Primary** Property and investment committee and audit committee **Secondary** Risk committee	
8	3	Access to equity capital	Complex equity capital structure having a negative impact on both classes of equities, leading to a lack of market appetite		• Conservative forecasts shared with the market • Continuous shareholder engagement	• Share price • Profitability • Tax position	**Primary** Audit committee **Secondary** Board of directors	
9	13	Currency	The impact of fluctuations in currencies on total returns from offshore investments		• Hedging exposure in accordance with a board-approved policy (partial mitigation) • Monitored quarterly	• Foreign income hedging • Foreign interest rate hedging	**Primary** Audit committee **Secondary** Risk committee	

Our risks and opportunities continued

Economic growth · Attracting investment · Financial capital · Social and relationship capital
Load shedding · ESG · Manufactured capital · Human capital
Life after COVID-19 · People and skills · Natural capital · Intellectual capital

2023	2022	RISK	DESCRIPTION	MATERIAL MATTERS	RISK MANAGEMENT AND MITIGATION	RISK METRICS	OVERSIGHT RESPONSIBILITY	CAPITALS AFFECTED
10	14	Liquidity	The reduction of appetite of funders for the South African and CEE property sector and therefore the inability to source funding to meet obligations, refinance expiring debt or finance the development pipeline	Economic growth; Attracting investment	• Spreading facilities across major banks • Maintaining substantial unutilised credit facilities • Management of loan expiry profiles • Hedging interest rate risk • Rolling monthly cash flow forecasting	• Available undrawn facilities • Loan expiry profile • Loan-to-value (LTV) ratio • Interest cover ratio • Hedging ratio (%) • Hedging duration • Credit rating • Average cost of funding	**Primary** Audit committee **Secondary** Risk committee	Financial capital
11	8	Market	The impact of weak property fundamentals, including decreasing demand or oversupply of space, rising vacancies and tenant defaults, new market entrants and disruptors, decline in capital inflows, asset pool and deal activity, especially on the development pipeline	Economic growth; Load shedding; Attracting investment	• Monitored by the board • Exiting the office and industrial sectors • Focus on logistics and convenience and commuter-based retail sectors • Quarterly management reviews of developments in progress • Half-yearly property and investment committee reviews of portfolio performance	• MSCI index • Vacancy rates • Rental levels • Capitalisation rates • Operating expense ratios • Trading densities • SAPY index • Project progress versus budget (cost and time) • Project yield versus feasibility and hurdle • Project compliance versus regulations and specifications	**Primary** Executive committee **Secondary** Property and investment committee	Financial capital; Manufactured capital
12	6	People	The inability to retain, develop and motivate executive management and key staff amid intellectual capital exiting South Africa	Life after COVID-19; People and skills	• Competitive remuneration, incentive packages and service conditions • Staff training and bursary programmes • Formal succession planning and leadership development	• Staff turnover ratio • Short-term incentive and long-term incentive awards • Training and development spend	**Primary** Nomination committee/ remuneration committee **Secondary** Risk committee	Human capital; Intellectual capital
13	12	IT	The inadequacy of IT systems, information security and data management, data retention, cybersecurity safeguards, business processes, business continuity plans and disaster recovery plans	ESG	• Formal IT maintenance and enhancement plan • In-house IT manager supported by external expert consultants • IT controls reviewed by specialist IT internal auditors • Tracked half-yearly by the risk committee	• IT policy implementation • Incident breakdown reports • Cybersecurity monitoring reports	**Primary** Risk committee **Secondary** Board of directors	Financial capital; Manufactured capital; Intellectual capital

Our risks and opportunities continued

Economic growth · Attracting investment · Financial capital · Social and relationship capital
Load shedding · ESG · Manufactured capital · Human capital
Life after COVID-19 · People and skills · Natural capital · Intellectual capital

2023	2022	RISK	DESCRIPTION	MATERIAL MATTERS	RISK MANAGEMENT AND MITIGATION	RISK METRICS	OVERSIGHT RESPONSIBILITY	CAPITALS AFFECTED
14	9	Property portfolio	Failure of the direct property portfolio to achieve targeted net income and yields due to increases in vacancies, defaults, non-renewals, rental reversions, occupancy costs, tenant installation costs or decreases in rentals, escalations and valuations		• Outsourced professional property managers • Monitored in terms of defined performance criteria	• Gross revenue growth • Rental escalations • Reletting and renewals • Vacancies and expiries • Property cost-to-income ratio • Property valuations and yields	**Primary** Property and investment committee **Secondary** Risk committee	
15	11	Investment South Africa and CEE	The failure of property and equity investments to meet expected or desired returns through weak trading conditions (in South Africa and CEE), poor capital allocation, poor asset acquisition or poor investment performance		• Formal strategic plan at portfolio, sector and asset level tracked half-yearly by the board • Diversification across different economies with assets in different locations	• Portfolio split by sector/geography • Portfolio/sub-portfolio income yield and growth • Portfolio/sub-portfolio valuations • Peer comparative review	**Primary** Executive committee **Secondary** Risk committee/property and investment committee	
16	5	Counterparties	The failure of tenants under lease agreements, partners in joint ventures and boards of investee companies		• Rigorous upfront vetting of credit status • Appropriate insurance cover • Financial instruments entered into with reputable financial institutions • Limiting investment to liquid securities listed on a recognised stock exchange • Executive committee monitors and reports to the audit committee on the rental collections • Assessing recoverability of tenant arrears	• Tenant arrears • Rental write-offs and deferred rentals • Increase in bad debts and legal fees	**Primary** Property and investment committee/audit committee **Secondary** Risk committee	
17	15	Transformation	The failure to achieve B-BBEE targets and the requirements per the Property Sector Charter and Department of Trade, Industry and Competition Codes, with reputational consequences		• Formal B-BBEE and transformation programmes • Dedicated internal manager, guided by external specialist advisors • Tracked half-yearly by the social, ethics and sustainability committee and board	• B-BBEE rating • CSI spend	**Primary** Social, ethics and sustainability committee **Secondary** Risk committee	

Our risks and opportunities continued

Economic growth
Attracting investment
Financial capital
Social and relationship capital
Load shedding
ESG
Manufactured capital
Human capital
Life after COVID-19
People and skills
Natural capital
Intellectual capital

2023	2022	RISK	DESCRIPTION	MATERIAL MATTERS	RISK MANAGEMENT AND MITIGATION	RISK METRICS	OVERSIGHT RESPONSIBILITY	CAPITALS AFFECTED
18	10	Regulatory, compliance and governance	The failure to comply with laws, regulations and standards, compounded by incorrect interpretation and application	ESG	• Risk framework, policies and practices • Register of laws • Access to internal and external legal and corporate advisors • Ongoing staff training • Participation in industry and sector forums • Formal annual governance and compliance reviews	• Fines, penalties and sanctions • Material incidents and breaches • Project compliance versus regulations and specifications	**Primary** Risk committee **Secondary** Board/risk committee	Social and relationship capital
19	16	Sustainability	The failure to implement our sustainability strategy, including best practice benchmarks and reporting standards	Load shedding ESG	• Implementing energy and water-saving technologies • Installing backup supply mechanisms • Adhering to best practice sustainability standards in new developments • Upgrading standing portfolio	• Solar PV roll-out progress • Battery technology pilot project • Installation of smart meters • Energy-saving statistics • Carbon footprint • Cost savings from solar installations	**Primary** Executive committee **Secondary** Social, ethics and sustainability committee	Natural capital Social and relationship capital

Eastport Logistics Park – Building 3

Ekurhuleni, Gauteng

Total GLA: 20 232m²

Interest: 65%

Performance and outlook

Our operating environment

South African real estate investment review and outlook

A cycle of hiking interest rates saw total property investment volumes drop in 2022. Most investment activity was directed toward the industrial sector, followed by retail. The office sector once again received the lowest level of investment over this period.

Sectoral performance varied, including robust performance within the logistics and industrial sectors, a slower-than-expected recovery in the retail sector and a lagging recovery in offices. Alternatives, living and hospitality sectors also gained market share in comparison to previous years.

As interest rate hikes start to taper, we may see an uplift in activity. Expectations of continued pressure on acquisition yields remain. Another contributing factor to a slower start in 2023 is the volatile domestic political situation.

Demand for high-quality, well-positioned, secure logistics space is evidenced by the past 18 months, where Fortress has successfully developed and let 271 032m² of high-quality logistics space across our various logistics parks. While no single industry has dictated this demand for space, it is clear that tenants have a preference for well-located, secure logistics facilities. While e-commerce remains an integral element of demand and growth for logistics space, the need to have additional inventory on hand to facilitate just-in-time obligations and the ability to optimise supply chains are other key demand factors. Businesses, whether retailers or third-party distributors, have augmented their supply chains to enable further inventory on hand and ensure their products are closer to the consumer and/or end user. Global supply chain disruptions have compounded the need to have sufficient stock close to the consumer. Local issues such as strikes, riots, trade disruptions, electricity insecurity, water scarcity and security have compounded the preference for logistics space in well-located, secure parks. Demand for our recently completed logistics assets has primarily come from distributors of commodities such as pulp, polymers and sugar and providers of healthcare products and retail inventory.

Demand for space within our portfolio is also a testament to the quality of our builds, with best-in-class flooring, large yards and 15m eaves height to enable additional racking and increased warehouse volume – all with efficient access to key transport routes, underpinned by established infrastructure. Moreover, our parks have 24-hour security, fibre infrastructure, backup water and the ability to roll out electricity alternatives (generators, batteries and solar).

The rising demand for last-mile logistics services, as borne from omnichannel retailing, is resulting in growing demand for older, well-located industrial premises that can be renovated and refurbished into secure mini-parks. Although still a nascent sub-sector, this trend has the potential to revitalise several legacy industrial nodes.

	LOGISTICS	RETAIL	INDUSTRIAL	OFFICE
Trends	• Sale and leaseback transactions from leading retailers and third-party logistics suppliers • Consolidation of tenants • Increased emphasis on the latest health and safety requirements • Increased demand for logistics parks instead of stand-alone warehouses • Higher demand for space near transport hubs • Increased need for short lead times before awarding logistics contracts	• Increased consolidation by retail tenants • Increased demand for space by mid-market fashion tenants and grocers • Accelerated shift to online shopping • Increased demand for convenience experiences	• Closure of manufacturing businesses • Older assets facing risk of redundancy • Risk of tenant defaults	• Oversupply of stock in desired nodes • Consolidation and shrinkage to save costs • Increased need for flexible workspace and the ability to upscale or downscale • Continuity and reliability of power supply
How we are responding	• Offering tenants large, secure and flexible spaces to accommodate the consolidation of their operations • Ensuring that all developed buildings fully comply with the latest health and safety requirements • Positioning developments close to highways, airports, harbours or railway junctions • Developing speculative warehouses	• Maintaining tenant relationships • Portfolio of scale to offer better access to more space • Continuous upgrade and redevelopment to ensure the portfolio remains relevant	• Disposing of older industrial properties • Offering the market quality and flexible space at affordable rates • Reprofiling assets to remain attractive to a changing market • Enhancing credit vetting and risk mitigation	• Disposing of our office portfolio • Focusing on tenant retention to keep vacancies low • Investigating conversions to alternative uses • Investing in and upgrading power supply to our buildings

Our operating environment continued

Outlook of the European property market

European real estate markets are adapting to higher interest rates and inflation. Investors are waiting to see where financing costs are heading and how prices react, delaying the recovery of the European real estate market. Yield rises may continue until the end of 2023 when central banks should stop tightening their monetary policies.

The importance of sustainable investment is stronger than ever and real estate projects need to incorporate sustainable practices to be more attractive and have long-term profitability.

Investors are adopting new strategies to adapt and diversify their portfolios. Logistics and hospitality represent high-return options for investors.

High inflation and the US banking crisis have not weakened the European economic outlook, but lenders and borrowers remain extremely risk-averse.

Core-plus and value-added investors could find many assets in strong markets worth improving and making sustainable.

The occupier fundamentals of European office markets are strong, however, even within European cities, a strong micro-location is essential.

Industrial real estate, specifically prime logistics and warehousing, fundamentals remained strong throughout 2022 and into 2023, evidenced by both positive demand and supply dynamics coupled with investor confidence in the sub-sector. Additional demand for space in the second half of 2022 was driven by industrial, automotive and fast-moving consumer goods companies stockpiling production materials and commodities to avert supply chain disruptions and price inflation.

CEE regions continue to roll out major infrastructure such as roads and ports, supporting the investment thesis of onshoring from the West. Strong relative GDP growth is forecast for the next three years as well as healthy consumption spending. Despite prime industrial yields expanding throughout 2022, vacancy rates across CEE logistics and warehousing remain low at approximately 4,5%. The lack of suitable land across the CEE region, coupled with construction costs, is impacting both availability and rental levels.

Poland

The Polish retail market ended the first half of 2023 strongly. Shopping centres report growing footfall and turnover levels, with seniors as a growing consumer demographic.

Retail development has been driven in recent months by retail parks and this is unlikely to change in the near future. Retail parks are booming in small and mid-sized towns and the largest cities alike.

Data from the Polish Council of Shopping Centres shows growth in turnover and footfall.

Brands from Lithuania, Latvia, Estonia and Ukraine are being driven to enter and expand into the Polish market by its absorption capacity, cultural affinity and a shared view of the geopolitical situation. They are targeting primarily large established shopping centres.

The Russia-Ukraine conflict has exacerbated construction cost inflation (availability of construction materials and fuels) and supply chain disruptions, which have resulted in an increase in effective rents. Furthermore, some tenants have sought new and/or additional space due to the relocation of those doing business in Ukraine, Russia or Belarus, with Poland being the preferred alternative.

Our response

We established a presence in Warsaw, Poland with a small but high-level team to oversee the region's development pipeline which consists of the remaining undeveloped portions of the two parks in Bydgoszcz and Stargard as well as the sites in Łódź and Zabrze.

Romania

Romania's real estate market has demonstrated a remarkable recovery in the aftermath of the COVID-19 pandemic. Romania has long been a significant investment hub, attracting both domestic and international investors, with labour and land costs remaining fairly low compared to Western or Central Europe.

The need for quick access to resources and the steep rise in energy costs caused by Russia's invasion of Ukraine led to a growing interest in logistics parks and renewable energy parks in 2022, particularly solar parks.

It is anticipated that 2023 will be the year of logistics and renewable energy parks, as opposed to 2022, which was mainly focused on the office and retail sectors.

Retail development is being dominated by shopping centre projects. While the bulk of retail space is still concentrated in Romania's largest cities, the gap between large and mid-sized cities will likely be bridged. Numerous foreign retailers entered the Romanian market in 2022 or are expected to do so in 2023.

The accelerated increase in online purchases and the need for hubs that ensure fast deliveries across the country led to an increased demand for modern logistics parks.

Given its vast hydrographic network and large areas of agricultural land constantly exposed to sunlight, Romania is a prime location for renewable energy projects. With the backing of European Union (EU) financial support, Romanian authorities are now devising public policies to boost the attractiveness of this sector.

Stargard Logistics Park, Stargard, Poland

Our operating environment continued

NEPI Rockcastle

NEPI Rockcastle, in announcing its results for the six months ended 30 June 2023, reflected on a backdrop of promising growth in CEE economies underpinned by higher consumer spending and retail sales. NEPI Rockcastle experienced strong rental growth and higher occupancy levels across its portfolio.

They predict economic growth for the majority of the markets that they operate in, and inflationary pressures seem to be receding, although the macroeconomic environment remains challenging. They continue to see growing interest from international retailers seeking to establish or expand their presence across CEE in their shopping centres, primarily driven by the solid underlying market fundamentals.

Foot traffic and tenant sales continue their post-pandemic recovery, with footfall in the first half of 2023 being 9,8% higher than the first half of 2022. The largest increases were in Bulgaria (14,6%) and Slovakia (13,1%). In Romania, footfall increased by 9,7% and in Poland by 9,9%. Tenant sales in the same period increased by 16,3% compared to the previous year and the average basket size was 8% higher over the same period. Tenant sales across all retail categories were higher in 2023 compared to 2022. A shift in consumer preferences resulted in strong growth for entertainment (29%) and services (27%), while the categories that performed best during lockdowns (such as electronics, furnishings, DIY and sporting goods) increased by less than the overall average.

Operations remain unaffected by the ongoing military conflict in Ukraine in any significant way. The indirect macroeconomic effects that the conflict had in the CEE region, such as the increase in energy and other commodity costs, had a lower impact in the period compared to the previous year, as the local economies adapted to the new context.

Retail real estate market leader in the high-growth CEE region

Promising growth of CEE countries where the group operates, outpacing Western European countries

	CEE* %	EU27 %
GDP growth 2023 forecast	1,32	0,75
GDP growth 2024 forecast	3,05	1,57

* *Weighted average NEPI Rockcastle portfolio; source IMF.*

Oriented towards financial stability and long-term growth

Chief executive officer's review

Steven Brown
Chief executive officer

Fortress successfully transitioned from a REIT to a REIC and delivered pleasing results.

FY2023 review

Our FY2023 results have highlighted a notable achievement in that we have the largest direct portfolio of real estate assets in our history at R30 billion, excluding developments in progress, coupled with the lowest portfolio vacancy, dating back to listing in October 2009, at 3,7%. At the core of this result is the continued capital recycling through the disposal of older, under-performing properties to fund new developments which are in demand and have lower structural vacancies. Our relentless focus on driving each asset's performance by our dedicated asset management teams has contributed significantly to these achievements.

During the year, we completed R3,5 billion of new, state-of-the-art logistics developments, which include the 163 533m^2 Pick n Pay distribution centre at Eastport, valued at R2,2 billion. These new logistics facilities provide a strong underpin to our future growth ambitions, as well as that of our tenants, who benefit from greater efficiency in their operations from occupying well-designed and more energy-efficient buildings.

We continued to enhance our retail portfolio with the acquisition, from our co-owners, of the remaining 50% share in Flamwood Walk and Flamwood Value Centre. We further approved a redevelopment of the old Thrupps Illovo Centre, now renamed 204 Oxford, as well as the expansion of AbaQulusi Plaza (formerly Vryheid Plaza). This aligns with our strategy of expanding and enhancing our best-performing assets, where we have approved capital spend of approximately R500 million for these and other retail investments. During FY2023, we sold under-performing retail assets in Secunda, Middelburg, Bellville, Philippi and Makhanda for combined net proceeds of R549,5 million.

Interest rates

Globally, the rapid rise in interest rates to counter inflation has impacted commercial real estate, both from a valuation perspective and an increase in the funding costs for real estate businesses that utilise debt as part of their capital structures. South Africa has not been immune to this global rise in interest rates, albeit less pronounced than in developed markets, given the higher base interest rates at the start of the hiking cycle.

These higher interest rates have been the primary reason for the flat investment property valuations across our portfolio compared to the prior year, despite higher net operating income (NOI).

A further impact has been higher interest costs on our debt, however, this has been mitigated to a large extent, although not fully, by our interest rate hedges which now cover 85% of our interest rate risk for a period of 3,5 years. We are fortunate that the South African banking and debt capital markets remain stable and we are able to access funding on good terms and at fair prices. In contrast, many developed markets face challenges of much higher interest rates, coupled with falling capital values.

CEE

While many developed markets may be facing headwinds, our exposure to CEE has provided us with a strategic diversification benefit with a 26% rise in the valuation of our direct portfolio when converted to South African Rand over the period and a 27% increase in the value of our NEPI Rockcastle investment held throughout the year. Both our direct logistics assets in the region and our associate, NEPI Rockcastle, have again performed well and have been a highlight for FY2023.

Capital structure

During FY2023, we transitioned from being a REIT to a REIC. I want to compliment Ian Vorster, our CFO, and his finance team who have collectively managed a tiresome restructuring and have done so effectively and successfully. In light of our particular focus on developments and our investment portfolio composition, the REIC structure allows for tax benefits which could significantly reduce any tax leakage as it pertains to the relationship between the company and our shareholders. The waters remain as yet untested for this transition, however, we are cautiously optimistic about the efficiency which can be gained as it pertains to tax payable at company and shareholder level.

Our equity capital structure and our dual share classes of A and B shares remain a hindrance and the board remains open to workable solutions to solve this sub-optimal structure. Refer to the chairman's statement on **page 16** for an update on this matter.

Outlook

The coming year will bring opportunities to well-capitalised real estate investors who are well-placed to take advantage of opportunities in a market where many sub-sector fundamentals remain strong, but where many businesses are primarily focused on their balance sheet and liquidity positions.

At Fortress, our focus on total returns over the long term will continue to drive our investment and capital allocation decisions. I would like to thank our teams who have achieved such a strong operational result in an environment that is both challenging and volatile.

Chief executive officer's review continued

Overview of our direct property portfolio

FORTRESS LOGISTICS REAL ESTATE

South African logistics portfolio

Asset value: R15,1 billion (2022: R13,8 billion) (includes land holdings and work-in-progress of R1,8 billion (2022: R3,5 billion))

We continue to see strong demand for new logistics space, particularly in well-located and secure logistics parks such as ours. This has translated into a record low vacancy in this portfolio of 0,5% from 2,9% only six months ago at the 1H2023 reporting date. The logistics portfolio weighted average lease expiry (WALE) has also improved as a result of longer-term leases concluded on our new developments.

As announced on SENS on 26 June 2023, we agreed with Pick n Pay to acquire 100% of their previous distribution centre, located in Longmeadow, for R500 million. We undertook to repair the facility, which is in progress, at a budgeted cost of R65 million. We have entered into a sale agreement with Dis-Chem who will acquire one of the buildings on the site, measuring 62 303m², for a net amount of R492 million. The acquisition from Pick n Pay has been approved by the Competition Commission, however, the onward sale of a portion to Dis-Chem remains subject to Competition Commission approval.

The remaining approximately 45 000m² has been let for seven years at a net through rental of R62/m² payable from 1 April 2024 and with an annual escalation of 7%.

While the logistics portfolio is attracting quality tenants and fundamentals remain strong on a relative basis to the other portfolios, it is not immune from the general South African macroeconomic malaise, nor the indirect impact of load shedding.

Logistics developments (R1,8 billion asset value)

We have strategically slowed the pace of the speculative warehouse developments, as we have successfully developed in excess of three-quarters of the one million square metre pipeline we controlled approximately five years ago. In light of the buoyant market for new logistics facilities, we remain positive about adding speculative supply, but need to balance this against keeping key sites available for attractive pre-let transactions. Pre-let developments carry less risk, although they take longer to secure, increasing the holding cost on the undeveloped land.

The table below provides a summary of our logistics park developments in South Africa.

Logistics park	Fortress ownership %	Total GLA of the park m²	Completed developments (including sold developments) m²	Available GLA for development m²	Currently under development or redevelopment: Let/under offer* m²	Currently under development or redevelopment: Speculative/unlet m²	Remaining GLA to be developed m²
Louwlardia	100	89 656	89 656	–	–	–	–
Eastport	65	298 452	167 923	130 529	19 787	–	110 742
Eastport – Pick n Pay	100	163 533	163 533	–	–	–	–
Longlake	100	96 562	55 631	40 931	–	–	40 931
Clairwood	100	298 549	193 794	104 755	52 379	20 514	31 862
Cornubia	50,1	110 296	18 900	91 396	37 616	–	53 780
		1 057 048	689 437	367 611	109 782	20 514	237 315
Eastport North (option)	65	150 000	–	150 000	–	–	150 000
Total: South Africa		**1 207 048**	**689 437**	**517 611**	**109 782**	**20 514**	**387 315**

** Development pre-let or under offer with prospective tenant. Includes 14 414m² at Clairwood under offer at R107/m², not yet finalised or approved.*

Cornubia Ridge Logistics Park, N2 Highway, KwaZulu-Natal

Chief executive officer's review continued

Eastport (R1,0 billion asset value)

Eastport continues to attract interest from potential tenants due to its prime location, exposure to the R21 freeway and the park's secure environment. We have secured an option to purchase the land north and directly adjacent to Eastport which also enjoys highway frontage. This land measures approximately 36ha and is a logical extension of Eastport Logistics Park. The option is for four years to acquire a 65% undivided share, with the same existing co-owner at Eastport holding 35%, should the option be exercised.

During FY2023, we completed one speculative facility at Eastport measuring 18 732m². This facility has been let to a logistics operator on a 10-year lease at our asking rental.

The construction of the new 19 787m² facility for Crusader Logistics is expected to be completed in September 2023, on budget and with an agreed yield of 8,25%.

Eastport – Pick n Pay (R2,2 billion asset value)

Pick n Pay took occupation of their new super-distribution centre on 1 June 2023. An agreement was reached for us to retain 100% of the asset at a renegotiated rental to achieve a yield on the development cost of 8,5%. The yield for Fortress on total cost, which includes the buyout of our partner's share of the previously agreed premium, reduces to 8,3%. The 15-year lease term with annual escalation of 6% provides a level of comfort on the renegotiated position.

Longlake (R788 million asset value)

Longlake is situated on Marlboro Drive between Linbro and Longmeadow. The 19 232m² speculative warehouse completed during 1H2023 is currently occupied by an existing tenant in our portfolio on a short-term basis who will vacate the facility should a longer-term lease be secured.

Clairwood (R2,6 billion asset value)

Our flagship KwaZulu-Natal logistics park is unique in the area around the Durban port. The quality, location and scale are unmatched in the area and the port remains one of the busiest in Africa and is South Africa's primary trade route, both for exports and imports of containerised goods.

During the year, we completed two warehouses comprising 29 083m² and 15 664m² of GLA, respectively. The first facility is let to Imperial Logistics and RB Logistics on five-year leases and the latter has been let to ZacPak on a 15-year lease. In addition, we commenced construction of a new 20 514m² warehouse on a speculative basis, with interest from several prospective tenants for this space.

The construction of the 37 965m² warehouse for Sammar Investments (Sammar), who will utilise the warehouse to provide storage and logistics for Sasol South Africa, is progressing well with estimated completion in November 2023. Sasol South Africa has provided us with a step-in rights agreement to facilitate the development and lower the counterparty risk. Sammar will occupy 62 955m² in Clairwood on completion of this second warehouse, as they are already occupying an existing warehouse of 24 990m² in the park.

On completion of the current development on pocket 3C, only two land parcels will remain for development, with both having excellent visibility from the M4 highway. We have started early negotiations with interested potential tenants for both sites.

The history of delays in obtaining regulatory approvals at Clairwood, together with the challenging soil conditions, have been extensively communicated over the ownership tenure of this land. Fortunately, we persevered with the development and have completed 193 794m² of GLA, which is all let, with a further 72 893m² nearing completion. We now have a premium logistics park that is 75% complete.

For FY2023, development costs were above the formal valuations for our most recently completed projects for ZacPak, RB Logistics and Imperial Logistics. The significantly higher interest rate environment over the past year has impacted the discount and capitalisation rates.

The board has therefore taken a conservative approach by recognising an impairment of R291 million against the carrying value of Clairwood land and investment property under development. Post this impairment, Clairwood land and work-in-progress has a book value of approximately R720 million, with an estimated cost to complete the current and future warehouses of approximately R1,1 billion. We forecast yields on completion for the remainder of the park of between 8,00% and 8,25%, post this impairment.

Despite the initial challenges around the soil conditions, which have been solved with innovative engineering, the Clairwood development has become a world-class facility in close proximity to the Durban port and major highways.

The first building, completed in 2018, is now valued higher than its unimpaired cost of development and we expect to recover the impairment over time.

Cornubia (R502 million asset value)

The new development for Retailability has been completed. This marks a positive step for Cornubia after the destruction of the original building during the riots in July 2021. This new premium-grade warehouse of 13 026m² has been leased to Retailability, who occupied a portion of the space in the destroyed building, for a period of 10 years.

The new development for Dromex, on the lower platform, is expected to be completed in December 2023. This 24 537m² warehouse with highway frontage has been let for a term of 10 years.

Upgrades to the gatehouse and security are also underway at the park and it is pleasing to see the progress made on-site post the arson.

Chief executive officer's review continued

FORTRESS Retail REAL ESTATE

Asset value: R10,1 billion (2022: R10,2 billion)

Despite the prevailing challenges faced by the retail sector in South Africa, tenant turnover increased by 7,0% for the 12 months to June 2023, compared to the corresponding prior period. The grocery and supermarket retailers continue to drive this turnover growth, coupled with the continued positive recovery of the restaurant, fast food and liquor categories.

Turnover performance by portfolio is split as follows:

Portfolio split	Comparative turnover growth* %	Retail portfolio by value^ %
Township centres	18,6	15,0
CBD centres	2,3	23,2
Suburban centres	7,0	37,9
Rural centres	4,6	23,9
Overall retail portfolio	**7,0**	**100,0**

* *Growth rate for the 12-month period to June 2023, over the 12-month period to June 2022.*

^ *Based on Fortress' economic interest in wholly-owned and co-owned retail properties.*

Turnover growth in the **township portfolio** stemmed from improved letting at Evaton Mall, Palm Springs Mall and Yarona Shopping Centre, coupled with a general recovery in trading after the July 2021 civil unrest, which had an impact on the prior period comparable figures.

The **suburban portfolio** benefitted from improved trading at Pineslopes Shopping Centre, Weskus Mall and Mayville Mall.

The **CBD portfolio** continues to experience muted growth, partly due to economic strain on consumers, higher crime levels and poor service delivery which leads to degradation of the surrounding areas.

Vacancies and reversions

The retail portfolio vacancy, based on GLA, decreased to 2,3% at 30 June 2023 from 3,6% at 31 December 2022. This improvement mainly resulted from the letting of long-standing vacancies at Central Park Bloemfontein, Morone Shopping Centre, Midtown Mall and Lebowakgomo Centre. The portfolio experienced negative rental reversions of 1,3%.

Disposals and acquisitions

In keeping with our strategy of disposing of under-performing and non-core properties, we continue to sell properties that have been identified as non-core. Since the 1H2023 reporting period, we sold and transferred Bellstar Bellville, which was a property under leasehold, the Secunda CBD properties (Secunda Central, Secunda Square and Secunda Residential) and Middelburg Plaza.

Redevelopments and extensions

The redevelopment of **Mahikeng Station Boulevard Centre** has been completed and the centre returned to normal trading during March 2023. Since the redevelopment, the centre is trading above expectations.

The extension and refurbishment of **AbaQulusi Plaza** (formerly Vryheid Plaza) is progressing well and is scheduled to reopen in October 2023. New tenants after the redevelopment will include Shoprite, Clicks, Sportscene, Studio 88, Jet and Markham.

The minor redevelopment at **Morone Shopping Centre** is ongoing, with Shoprite scheduled to open towards the latter part of the 2023 calendar year.

The redevelopment of **204 Oxford** (formerly Thrupps Illovo Centre) includes improvements to the tenant mix, façade upgrades and a parking reconfiguration to improve traffic flow.

Central Park, Bloemfontein, Free State

Chief executive officer's review continued

DIRECT PROPERTY PORTFOLIO (CEE)
Asset value: R2,9 billion (2022: R2,1 billion)

The fundamentals of the logistics real estate market in CEE continue to strengthen. There is evidence of rental growth, strong occupier demand and a normalisation of construction costs. This renders us even more optimistic about this strategy for our future growth and diversification.

We commenced construction on two sites in Poland, following pre-let deals signed with Notino for 29 000m² and with Lit Logistyka for 11 475m², in Łódź and Zabrze, respectively. In Łódź we have commenced with phase 1, comprising 50 200m². Upon letting of the balance, being 21 200m², consideration will be given to start with phase 2 of 30 000m². Similarly, in Zabrze, phase 1 comprises 22 950m² and forms part of a larger development of approximately 78 000m². Once tenants are secured for the remainder of the development, we anticipate that phase 2 will commence. Forecast yields remain in the range of 6,8% to 7,4% once fully let.

During May 2023, we completed phase 2 of Hall E in Bydgoszcz, measuring 10 289m². A portion of this new warehouse remains unlet, which is the only vacancy in the CEE logistics portfolio. However, negotiations are ongoing with interested tenants for the remaining 5 450m² of space.

The current pipeline in the CEE logistics portfolio is approximately 246 000m² of GLA. Enquiries and market demand remain buoyant for new warehousing facilities in Poland and Romania. The gross asset value of this portfolio is EUR140 million with debt of EUR28,7 million. The LTV is low at 20,5% with the debt expiring in the 2025 and 2026 financial years.

The debt comprises facilities with two separate banks, both ring-fenced and secured by one Romanian asset and one Polish asset, respectively, being Eli Park and Bydgoszcz Logistics Park, with the remaining properties being unencumbered.

OFFICE (AND OFFICE DEVELOPMENTS)
Asset value: R1,6 billion (2022: R1,9 billion)

The office portfolio remains non-core and we continue disposing of these properties. However, while still part of the portfolio, we are committed to ensuring they remain attractive to both tenants and buyers and, to this end, we refurbished several offices during 2H2023. The backup power and water solutions offered at our office properties are attracting tenants, although the office market in Gauteng remains subdued, with high vacancies.

We are in negotiations for the disposal of three of our larger office properties, being Oxford Manor Illovo, Fourways Office Park and 22 On Sloane. Should these negotiations, with different buyers, lead to successful sales being concluded, our total office portfolio will be approximately R1,1 billion. This would represent only 2% of our total assets, with a vacancy below 20% and total GLA of 130 000m².

We sold five office properties during FY2023, which included a development site on Rivonia Road, Sandton. In addition, we completed a portion of the super-basement opposite the Sandton Gautrain station, which ensures the structural integrity of the site. We are optimistic about the eventual sale of this non-core development site to a developer or end user, given its prime location.

INDUSTRIAL
Asset value: R2,7 billion (2022: R3,1 billion)

Demand remains robust for our industrial properties, particularly within industrial parks with smaller units. This portfolio is non-core and we are actively selling our industrial assets, due to the strong demand from both the investor and owner-occupier markets. We disposed of 12 properties for total proceeds of R391,4 million which represents a 4,4% premium to book value.

Inospace continues to optimise the industrial properties in the R1,2 billion jointly-owned portfolio. We expect this portfolio to show strong NOI growth during FY2024, in excess of 15% from the level achieved in FY2023, due to the repositioning of the assets having been largely completed.

Property disposals

During FY2023, a total of 29 properties were sold, which included 28 income-producing properties and one vacant land site in the office portfolio which was sold at a 13,5% discount to book value. Apart from this vacant site, the 28 income-producing properties were sold, in aggregate, at book value. This is a pleasing result, given the numerous challenges experienced, including regular deeds office closures due to continuous load shedding, delays in obtaining rates clearance certificates and higher interest rates.

For a full list of the properties that transferred during FY2023, refer to **page 10** of the summary consolidated financial statements for the year ended 30 June 2023.

Chief executive officer's review continued

Environmental, social and corporate governance

Environmental

The energy crisis in South Africa continues unabated. While there has been some reprieve from the peak supply interruptions experienced six months ago, no permanent solutions to the crisis appear imminent. We therefore continue with our ongoing plans to focus on embedded generation and power risk mitigation at an asset level.

Under this energy plan, we aim to have 75%, by GLA, of our retail portfolio supported by backup power by December 2023 and 88% by June 2024.

During FY2023, we added nine additional solar PV installations across the property portfolio, taking our total number of installations to 25. We are on-site with another six plants and aim to commence with a further nine sites shortly. We have to date spent R167,9 million on solar projects with another R121,3 million approved for 16 additional installations. Our roll-out beyond the currently approved projects is estimated at R316,2 million, allowing for another 63 projects which we aim to have completed before June 2025.

We have 15 operational solar PV plants in our retail portfolio, aiming to increase this to 25 plants by June 2024 and 33 plants by June 2025. Our logistics portfolio has 10 operational plants, with a total planned number of 22 plants by June 2024 and 50 plants by June 2025.

Our installed capacity was 9,633MWac at 30 June 2023, compared to 7,248MWac at 30 June 2022. During 2H2023, four new installations, including our first installation in Poland, with a capacity of 1,24MWac, were completed. Internal rates of return on the solar PV investments average 20%, on a pre-tax basis, over a useful life estimate of 20 years.

In our retail portfolio, we have incurred R10,7 million on diesel for generators during FY2023, 77% of which cost has been recovered from tenants.

Social

As part of Fortress' ESG strategy, we invest in skills development programmes that assist children and young adults, and enterprise development partnerships that are supporting owners of small businesses. Our solution-driven community initiatives are scalable, sustainable and aligned to 10 of the 17 SDGs in South Africa.

Our current B-BBEE rating is Level 2.

Governance

Bram Goossens resigned from the board, as member of the audit committee and the social, ethics and sustainability committee as well as chairman of the remuneration committee on 14 February 2023.

Benjamin Kodisang resigned from the board and as member of the property and investment committee and the audit committee on 8 March 2023.

Donnovan Pydigadu resigned from the board, as an executive director and member of the social, ethics and sustainability committee effective 14 August 2023. He will remain at the disposal of the company until 31 December 2023, to ensure a smooth handover and finalisation of projects in progress.

We sincerely thank Bram and Ben for their respective contributions to the board and wish them all the best in their future endeavours in the industry. Our appreciation is also extended to Donnovan for his contribution to Fortress and the leadership he showed over operational aspects during his tenure as COO. We wish him well for the next stage of his career.

Eddy Oblowitz was appointed to the board and as member of the audit committee and the remuneration committee on 2 May 2023. On 29 June 2023, he was appointed as chairman of the remuneration committee.

Caswell Rampheri was appointed to the board and as member of the property and investment committee and the social, ethics and sustainability committee on 29 June 2023.

The board looks forward to working with both Caswell and Edwin, who are already adding value to the board and our business.

Prospects

We forecast total distributable earnings for FY2024 of R1,93 billion, representing an increase of 7,3% over FY2023.

This forecast is based on the following assumptions:

Fortress-specific assumptions

- There is no unforeseen failure of material tenants in our portfolio
- Contractual escalations and market-related renewals will be achieved with no major change in vacancy rates
- Tenants will be able to absorb the recovery of rising utility costs, municipal rates and electricity interruption costs
- There are no changes to current tax legislation in the jurisdictions in which the company operates.

Macroeconomic and regulatory assumptions

- There is no unforeseen material macroeconomic deterioration in the markets in which Fortress has exposure
- The South African Reserve Bank repurchase rate remains unchanged during the forecast period.

This forecast has not been audited, reviewed or reported on by Fortress' auditor.

Gratitude

Thank you to:

- All our employees, whose unwavering commitment has again helped us to achieve these results
- Our board, whose support and guidance have provided a clear path forward
- Our shareholders and other stakeholders for continuing to believe in us.

Steven Brown
Chief executive officer

27 October 2023

Five-year review

The information and ratios contained in the five-year review show Fortress' economic interest in assets and liabilities and revenue and expenditure, presented as management accounts in previous reporting periods.

Summarised financial position

At 30 June	2023 R'000	% change	2022 R'000	2021 R'000	2020 R'000	2019 R'000
Non-current assets	**51 808 773**	19,5	43 340 221	43 608 649	41 677 341	52 650 506
Investment property	**29 096 422**	12,5	25 859 652	24 812 428	24 146 862	25 282 994
Straight-lining of rental revenue adjustment	**526 616**	10,6	476 345	498 661	532 236	533 646
Investment property under development	**2 874 608**	(22,5)	3 708 020	3 073 775	3 421 832	3 827 396
Property	**25 326**	(1,8)	25 778	25 778	27 587	28 039
Investments	**16 800 971**	32,3	12 541 725	14 576 570	12 426 400	20 621 284
Staff scheme loans	**66 935**	114,8	31 166	23 197	78 640	221 680
Investment in BEE preference shares	**649 684**	42,5	455 804	358 224	378 767	1 551 020
Loans to co-owners	**213 502**	(11,7)	241 731	240 016	665 017	584 447
Deferred tax	**1 554 709**		–	–	–	–
Current assets	**1 822 501**	(20,7)	2 298 485	1 733 393	1 235 245	873 643
Staff scheme loans	**–**	(100,0)	15 795	13 712	5 029	9 720
Trade and other receivables	**1 617 494**	1,6	1 591 574	1 178 035	744 785	853 201
Cash and cash equivalents	**205 007**	(70,3)	691 116	541 646	485 431	10 722
Non-current assets held for sale	**95 150**	(93,2)	1 406 671	289 850	339 115	524 475
Investment property held for sale	**93 669**	(93,3)	1 396 384	288 813	327 701	513 129
Straight-lining of rental revenue adjustment	**1 481**	(85,6)	10 287	1 037	11 414	11 346
Total assets	**53 726 424**	14,2	47 045 377	45 631 892	43 251 701	54 048 624
Total equity attributable to equity holders	**33 655 232**	24,8	26 968 303	27 436 274	24 306 154	35 672 834
Stated capital	**45 571 743**	–	45 571 743	45 571 743	45 571 743	45 571 807
Treasury shares	**(1 716 042)**	(5,3)	(1 812 982)	(1 399 405)	(1 389 134)	(803 007)
Currency translation reserve	**371 779**	(524,9)	(87 501)	(50 948)	–	5 017
Reserves	**(10 572 248)**	(36,7)	(16 702 957)	(16 685 116)	(19 876 455)	(9 100 983)
Total liabilities	**20 071 192**	(0,0)	20 077 074	18 195 618	18 945 547	18 375 790
Non-current liabilities	**15 742 841**	18,1	13 328 599	15 362 601	15 675 809	14 615 257
Interest-bearing borrowings	**15 415 545**	16,4	13 248 506	15 314 498	15 612 986	14 515 628
Deferred tax	**327 296**	308,6	80 093	48 103	62 823	99 629
Current liabilities	**4 328 351**	(35,9)	6 748 475	2 833 017	3 269 738	3 760 533
Trade and other payables	**1 168 889**	(4,1)	1 218 631	1 307 735	2 009 923	976 772
Income tax payable	**145 770**	(27,2)	200 105	188 820	221 729	176 954
Interest-bearing borrowings	**3 013 692**	(43,5)	5 329 739	1 336 462	1 038 086	2 606 807
Total equity and liabilities	**53 726 424**	14,2	47 045 377	45 631 892	43 251 701	54 048 624
LTV ratio (%)[@]	**36,2**	(9,5)	40,0	36,7	38,5	32,2
Average cost of ZAR funding at 30 June (%)	**9,64**	25,5	7,68	6,94	7,09	9,05
Average cost of Euro funding at 30 June (%)	**3,10**	0,65	3,08			

[@] *The LTV ratio is calculated by dividing total interest-bearing borrowings adjusted for cash on hand by the total of investments in property, listed securities and loans advanced.*

Five-year review continued

Summarised comprehensive income

For the year ended 30 June	2023 R'000	% change	2022 R'000	2021 R'000	2020 R'000	2019 R'000
Recoveries and contractual rental revenue	3 724 781	6,1	3 509 597	3 314 888	3 326 754	3 361 510
Straight-lining of rental revenue adjustment	37 002	(261,8)	(22 866)	(67 965)	13 446	71 044
Revenue from direct property operations	3 761 783	7,9	3 486 731	3 246 923	3 340 200	3 432 554
Revenue from investments	1 405 635	66,2	845 627	449 342	1 565 670	1 450 670
Total revenue	5 167 418	19,3	4 332 358	3 696 265	4 905 870	4 883 224
Other income	(1 492)	(100,6)	246 702	–	–	–
Fair value (loss)/gain on investment property, investments and derivative financial instruments	2 513 505	(309,4)	(1 200 357)	2 043 010	(10 378 451)	966 573
Fair value (loss)/gain on investment property	(709 424)	(358,4)	274 568	(409 447)	(1 891 495)	(1 002 987)
Adjustment resulting from straight-lining of rental revenue	(37 002)	(261,8)	22 866	67 965	(13 446)	(71 044)
Fair value gain/(loss) on investments	3 530 730	(277,8)	(1 986 054)	2 293 267	(7 345 357)	1 454 901
Fair value (loss)/gain on derivative financial instruments	(270 799)	(155,5)	488 263	91 225	(1 128 153)	585 703
Property operating expenses	(1 534 563)	11,7	(1 374 042)	(1 321 688)	(1 356 457)	(1 203 656)
Administrative expenses	(216 726)	1,8	(212 875)	(200 988)	(207 956)	(171 328)
Impairment of staff scheme loans	(6 594)	1,1	(6 522)	(12 180)	(142 326)	(34 949)
Impairment of loans to BEE vehicles	–		–	–	–	(611 983)
IFRS 2: *Share-based Payment* – employee incentive scheme	(55 579)	13,0	(49 177)	(45 753)	(52 764)	(37 134)
IFRS 2: *Share-based Payment* – BEE	–		–	–	–	(136 308)
Foreign exchange gain	2 768		–	–	–	–
Profit/(loss) before net finance costs	5 868 737	238,0	1 736 087	4 158 666	(7 232 084)	3 654 439
Net finance costs	(1 085 577)	21,7	(891 921)	(761 529)	(998 498)	(615 307)
Finance income	63 222	50,4	42 030	50 357	80 405	602 394
– Interest on staff scheme and other	63 222	50,4	42 030	50 357	80 405	150 208
– Interest on loans to BEE vehicles	–	–	–	–	–	452 186
Finance costs	(1 148 799)	23,0	(933 951)	(811 886)	(1 078 903)	(1 217 701)
– Interest on borrowings	(1 454 855)	41,6	(1 027 467)	(894 355)	(1 459 634)	(1 608 337)
– Capitalised interest	306 056	227,3	93 516	82 469	380 731	390 636
Profit/(loss) before income tax	4 783 160	466,6	844 166	3 397 137	(8 230 582)	3 039 132
Income tax	1 291 814	(3 099,3)	(43 071)	21 995	(30 381)	(421 501)
Profit/(loss) for the year attributable to equity holders	6 074 974	658,3	801 095	3 419 132	(8 260 963)	2 617 631
Property expenses as a % of revenue (gross)	41,2	5,1	39,2	39,9	40,8	35,8
Property expenses as a % of revenue (net)	25,1	14,1	22,0	23,1	24,3	18,0
Market capitalisation net of treasury shares (R'million)	20 067,0	25,3	16 021,1	19 231,9	18 060,3	38 697,5

Five-year review continued

Summarised cash flows

For the year ended 30 June	2023 R'000	% change	2022 R'000	2021 R'000	2020 R'000	2019 R'000
Cash flow from operating activities	**1 024 268**	(2 866,3)	1 317 601	1 180 522	579 933	(1 290 398)
Cash generated from operations	**2 292 371**	(24,4)	3 031 007	2 342 983	3 304 888	3 509 814
Interest on staff scheme and other	**36 685**	42,9	25 666	41 929	85 505	97 191
Interest on borrowings (excluding capitalised interest)	**(1 208 918)**	40,1	(863 101)	(871 046)	(1 203 016)	(1 222 020)
Dividends paid	**(3 616)**	(99,6)	(879 356)	(281 325)	(1 585 032)	(3 500 317)
Income tax	**(92 254)**	(2 825,4)	3 385	(52 019)	(22 412)	(175 066)
Cash flow from investing activities	**(1 307 431)**	129,9	(3 136 442)	(1 008 662)	291 426	2 226 247
Development and improvement of investment property	**(2 217 170)**	6,6	(2 079 822)	(1 093 828)	(744 139)	(1 071 549)
Capitalised interest on development of investment property	**(306 056)**	227,3	(93 516)	(83 835)	(393 983)	(417 256)
Acquisition of investment property	**(209 242)**	(84,9)	(1 388 326)	(766 021)	–	(405 148)
Disposal of investment property	**1 326 082**	129,7	577 252	1 519 626	877 486	803 342
Decrease/(increase) of interest in and loans advanced to associate	**42 014**	(21,0)	53 176	(3 074)	(15 183)	–
Proceeds from disposal of interest in associate	**–**	–	–	153 368	337 801	674 580
Staff scheme loans repaid	**–**	–	–	63 174	714	72 285
Cash flow from derivative financial instruments	**56 941**	(127,7)	(205 206)	(778 162)	(214 254)	132 015
Net Acquisition of investment	**–**	–	–	(70 103)		
Proceeds from disposal of investments	**–**	–	–	50 193	442 984	38 784
Return of capital by associate	**–**	–	–	–	–	2 164 348
Loan repaid by BEE vehicle	**–**	–	–	–	–	234 846
Cash flow from financing activities	**(201 987)**	(110,3)	1 969 429	(115 768)	(395 955)	(1 601 183)
(Decrease)/increase in cash and cash equivalents	**(485 150)**	(422,2)	150 588	56 092	475 404	(665 334)
Cash and cash equivalents at the beginning of the year	**693 601**	27,7	543 013	486 921	11 517	676 851
Cash and cash equivalents at the end of the year	**208 451**	(69,9)	693 601	543 013	486 921	11 517

Five-year review continued

Share statistics

For the year ended 30 June	2023 R'000	% change	2022 R'000	2021 R'000	2020 R'000	2019 R'000
Fortress – FFA shares						
Shares in issue	**1 191 595 172**	–	1 191 595 172	1 191 595 172	1 191 595 172	1 189 915 138
Dividend/distribution per share (cents)	**–**	–	–	74,70	100,67	148,35
Dividend/distribution growth (%)	**–**	–	(100,0)	(25,8)	(32,1)	4,6
Closing price (cents)	**1 286**	20,3	1 069	1 358	1 245	2 144
Total return on FFA shares for the year (%)	**20,3**	(195,8)	(21,2)	15,1	(37,2)	48,9
Fortress – FFB shares						
Shares in issue	**1 093 213 028**	–	1 093 213 028	1 093 213 028	1 093 213 028	1 091 532 994
Dividend/distribution per share (cents)	**–**	–	–	–	74,84	155,50
Dividend/distribution growth (%)	**–**	–	–	(100,0)	(51,9)	(13,1)
Closing price (cents)	**506**	42,5	355	279	295	1 208
Total return on FFB shares for the year (%)	**42,5**	56,3	27,2	(5,4)	(69,4)	(9,4)

Northdowns Bryanston, Bryanston, Gauteng

Chief financial officer's report

Ian Vorster
Chief financial officer

Fortress has delivered a solid set of results.

Overview of financial results

Refer to the five-year review on **pages 39** to **42** for our economic interest in assets and liabilities and revenue and expenditures presented as management accounts in previous reporting periods.

Financial position

Fortress' assets were bolstered during the year by:

- New income-producing assets valued at R3,6 billion transferred from development to **investment property**
- An additional R1,9 billion deployed into **investment property under development**
- A net **deferred tax** asset of R1,2 billion raised as a result of the change in status from a REIT to a REIC.

Comprehensive income

- **Distributable earnings** increased by 18,1% on the prior year on an adjusted basis and 5,3% on an absolute basis.

Cash flows

- Proceeds on the **disposal of investment property** increased by 129,7% to R1,3 billion in the current year.
- **Cash inflow from operating activities** decreased by only 22,3% despite taking up NEPI Rockcastle shares in March 2023.

Summary of financial performance

	Jun 2023	Dec 2022	Jun 2022	Dec 2021
Dividend declared per FFA share (cents)	**–**	–	–	–
FFA dividend benchmark per share (cents)[1]	**87,26**	88,32	83,10	84,11
Dividend declared per FFB share (cents)	**–**	–	–	–
Distributable earnings (R'000)	**1 797 267**	800 947	1 707 455	830 507
Shares in issue at the end of the period				
– FFA	**1 191 595 172**	1 191 595 172	1 191 595 172	1 191 595 172
– FFB	**1 093 213 028**	1 093 213 028	1 093 213 028	1 093 213 028
– FFA shares held in treasury	**26 861 996**	26 861 996	26 861 996	26 861 996
– FFB shares held in treasury[2]	**87 536 353**	87 536 353	87 536 353	87 536 353
SA REIT Best Practice disclosure				
SA REIT NAV per equity share (going concern)[3]	**R14,85**	R13,70	R12,22	R12,93
SA REIT LTV (%)	**35,9**	36,9	38,7	38,9
SA REIT FFO (R'000)	**2 188 936**	1 088 334	1 911 378	814 582
IFRS accounting				
NAV per equity share (going concern)[4]	**R15,82**	R14,11	R12,70	R13,05

[1] *FFA dividend benchmark per share for the six-month income period.*

[2] *Excludes 64 197 790 FFB shares held by Fortress Empowerment 2 and Fortress Empowerment 4, which are consolidated and treated as treasury shares for IFRS purposes.*

[3] *The SA REIT NAV per equity share (going concern) is calculated as NAV, based on SA REIT Best Practice Recommendations (SA REIT BPR) methodology, divided by all shares in issue, net of treasury shares and dilutive shares.*

[4] *The NAV per equity share (going concern) for IFRS accounting is calculated as the total NAV per the IFRS statement of financial position divided by the aggregate number of FFA and FFB shares in issue, less shares held in treasury.*

Chief financial officer's report continued

Net asset value (NAV) and tangible net asset value (TNAV)

Our NAV and TNAV are no longer materially similar due to the recognition, in the current year, of a net deferred tax asset of R1,2 billion, as a result of being a REIC. Our TNAV has increased markedly from R26,8 billion at 30 June 2022 to R32,1 billion at 30 June 2023, an increase of 19,8%. NAV, based on the SA REIT BPR calculation, increased by 22,0% from R25,9 billion to R31,6 billion over this period. The increase is related principally to an increase in the NEPI Rockcastle share price from R87,09 to R110,47 at the two respective reporting dates, coupled with retained earnings not distributed.

The SA REIT BPR NAV per equity share increased by 21,5% to R14,85 at 30 June 2023, compared to R12,22 at 30 June 2022. The SA REIT NAV per equity share is calculated as NAV, based on the SA REIT BPR methodology, divided by all shares in issue, net of treasury shares and dilutive shares and adjusted for certain items.

Outside of a redemption or winding-up event, the NAV per equity share (going concern), calculated by applying the *pari passu* principle, provides the fairest reflection of the per share NAV for both FFA and FFB shares in a going concern scenario.

LTV ratio

The LTV ratio decreased from 38,7% at 30 June 2022 to 35,9% at 30 June 2023. The decrease is primarily as a result of retention of cash from the non-declaration and non-payment of dividends, an increase in the share price of NEPI Rockcastle as noted previously and disposal of non-core assets for net proceeds of R1,3 billion. This was offset by development spend and capital expenditure of R2,4 billion, mainly at the new Pick n Pay site at Eastport, and ongoing developments at Longlake, Clairwood and Cornubia.

The information disclosed uses the SA REIT BPR calculation of LTV.

Capital structure and REIT status

The capital structure comprises two classes of ordinary shares, each with equal voting rights, but different entitlements to distributions and capital participation on redemption or winding up. The FFA share has a preferential right to capital participation upon winding up or redemption, which is calculated as the 60-day volume-weighted average price (VWAP) on the JSE, subject to a floor of R8,11 if redeemed. The FFB share is entitled to the residual distribution of capital upon winding up.

FFB shares can be issued without issuing FFA shares, however, FFA shares must be issued contemporaneously with an equal number of FFB shares. Investors are able to capture the full equity value of Fortress, at a significant discount to NAV, by buying FFA and FFB shares in roughly equal numbers. This allows investors to take a neutral stance as it pertains to differences between the share classes.

The MOI governs the distribution in any six-month income period and defines a first and a second income period. The FFA share has a dividend benchmark which is the prior comparative period's dividend benchmark, escalated by the lower of the Consumer Price Index (CPI) or 5% (the FFA dividend benchmark). Should distributable earnings be in excess of the FFA dividend benchmark in any income period, the board may declare a dividend equal to the FFA dividend benchmark to the holders of FFA shares and any residual to the holders of FFB shares. Should distributable earnings be below the FFA dividend benchmark, the board is not authorised to declare any distribution from income earned in that specific income period to either FFA or FFB shareholders.

Other than the differences mentioned above, all shares rank *pari passu* in all respects in accordance with clause 34.7 of the MOI.

Fortress was required to meet the minimum distribution requirement for a REIT, per the JSE Listings Requirements, being an annual distribution of at least 75% of distributable profit (Minimum Distribution Requirement), in respect of FY2022. Fortress' MOI prevents the payment of a distribution where distributable earnings are less than the FFA dividend benchmark in respect of that period, which was the case for both 1H2022 and 2H2022. Fortress could therefore not comply with the Minimum Distribution Requirement and, as a consequence, the JSE removed Fortress' REIT status with effect from 1 February 2023.

The removal of our REIT status has tax consequences, impacting both the company and its shareholders, which were outlined in a SENS announcement released on 20 January 2023.

Distributable earnings and dividend benchmark

Distributable earnings amounted to R1 797,2 million for FY2023, comprising R800,9 million for 1H2023 and R996,3 million for 2H2023. Distributable earnings for FY2023 is an after-tax amount, as Fortress pays the tax as a normal taxpayer, whereas for FY2022, the distributable earnings would have been fully taxable in the hands of shareholders, at their marginal tax rates, had the earnings been distributed under the previous REIT structure. This is not applicable for FY2023. This represents an increase of 5,3% in distributable earnings for FY2023 compared to the R1 707,5 million reported for FY2022. The distributable earnings for both 1H2023 and 2H2023 were below the FFA dividend benchmark of R1 028,7 million and R1 016,3 million, respectively. Accordingly, no dividends may be declared by the board.

The dividend benchmark for the FFA share is increased by the lower of the CPI or 5,0% over the prior comparable income period, using the CPI figures supplied by Statistics SA.

CPI growth for the 2H2023 income period was 6,58% and therefore the FFA benchmark has been escalated by 5,0%. On this basis, the FFA benchmark base is 87,26 cents per share for future comparable income periods.

Due to the restriction in the MOI, the board is limited in its authority to declare dividends or distribute the retained distributable earnings. Retained earnings will be used to reduce debt and invest in liquid assets for deployment, in time, to resolve the capital structure. For 1H2023, an amount of R800,9 million was retained in this manner and was utilised to take up the scrip offer from NEPI Rockcastle, resulting in an additional holding of 8 077 478 NEPI Rockcastle shares with a current value of approximately R930 million. This capital retained is viewed as distinct from the capital generated from asset sales, which has been and will continue to be earmarked for deployment into funding the pipeline of logistics developments, enhancements to the retail portfolio and opportunistic acquisitions.

The company remains liquid and solvent.

Chief financial officer's report continued

Funding and liquidity – South Africa

During 2H2023, we issued two bonds under our DMTN programme of R380 million (three-year) and R420 million (five-year). As noted in the 1H2023 interim results announcement, we finalised the refinancing of the Nedbank facilities of R4,4 billion, split into R1,1 billion each in three, four, five and six-year tenors.

A Libfin facility of R200 million matured in June 2023 and was repaid. We have agreed terms with Libfin to refinance this facility as part of a larger refinancing totalling R550 million, which will be implemented in 1H2024.

Facilities of R2,15 billion with RMB, due to expire in November 2023, were early refinanced in August 2023, in tenors of three (R700 million), four (R700 million) and five (R750 million) years.

Post 30 June 2023, we issued an additional R1,4 billion in a note and bonds under our DMTN programme as follows: R300 million in a one-year note, with R500 million in three-year and R600 million in five-year bonds, respectively.

Our robust financial position, quality of assets and prudent balance sheet management have given us access to both secured and unsecured funding from our long-standing financiers and the debt capital markets at attractive interest rates and on favourable terms, despite the challenging economic environment of the past 12 months.

At the date of reporting our annual results, we had approximately R4,2 billion available under our existing South African facilities.

Existing South African facilities

Facility expiry	Amount R'million	Average margin over three-month JIBAR %
Jun 2024	1 809	1,93
Jun 2025	5 413	1,85
Jun 2026	2 658	1,80
Jun 2027	5 406	1,89
Jun 2028	4 571	1,84
Jun 2029	2 700	1,83
	22 557	**1,86**

Expiry profile – DMTN

The expiry dates of notes and bonds in issuance under our unsecured DMTN programme, included in the facility expiry profile above, are as follows:

Repayment date	Financial year	Amount R'million
Oct 2023	Jun 2024	560
Aug 2024	Jun 2025	1 095
Oct 2024	Jun 2025	200
Feb 2025	Jun 2025	450
Jun 2026	Jun 2026	380
Aug 2026	Jun 2027	905
Feb 2027	Jun 2027	500
Aug 2027	Jun 2028	350
Jun 2028	Jun 2028	420
Aug 2028	Jun 2029	600
		5 460

The South African facility expiry profile and DMTN expiry profile are as at the date of this report, taking into account refinancing of facilities and issuances under the DMTN, post 30 June 2023.

Interest rate hedging

At the date of reporting our annual results, the following interest rate derivatives are in place in mitigation of South African Rand interest rate risk:

Interest rate swap expiry	Amount R'million	Average swap rate %
Jun 2024	200	7,47
Jun 2025	1 055	7,07
Jun 2026	2 039	7,01
Jun 2027	1 416	7,03
Jun 2028	989	6,78
Total: Group	**5 699**	**7,00**
Less: Non-controlling interest portion	(316)	(0,03)
Total: Fortress' economic interest	**5 383**	**6,97**

Interest rate cap expiry	Amount R'million	Average cap rate %
Jun 2024	400	7,98
Jun 2025	700	7,50
Jun 2026	563	5,11
Jun 2027	2 325	6,57
Jun 2028	3 462	6,98
Jun 2029	1 400	7,48
Jun 2030	300	8,23
	9 150	**6,96**

Chief financial officer's report continued

Subsequent to 30 June 2023, we entered into new local interest rate caps with a total nominal amount of R1,3 billion, with the effect that the combined weighted average swap and cap maturity profile is 3,51 years and a combined weighted average swap and cap rate of 6,98%.

The all-in weighted average cost of local funding of Fortress at 30 June 2023 was 9,64% (Jun 2022: 7,85%), based on the SA REIT BPR calculation methodology.

Exposure to and hedging of variable interest rates	Group R'000
Interest-bearing borrowings	18 429 237
Reduction in interest-bearing borrowings from cash generated from operations[1]	(750 000)
Loans to co-owners	(213 502)
Cash and cash equivalents	(205 007)
Capital commitments contracted for	1 524 840
Capital commitments approved, not contracted	1 328 786
Investment property held for sale	(95 150)
Estimated proceeds from disposal of assets[2]	(1 210 000)
	18 809 204
Interest rate derivatives (swaps/caps) – SA[3]	14 849 000
Interest rate derivatives (swaps/caps) – CEE[3,4]	1 049 070
Total interest rate derivatives (swaps/caps)	**15 898 070**
Percentage hedged (%)	**84,5**

Information based on Fortress' economic interest in assets and liabilities and interest rate hedging instruments.

[1] *Assumption based on retention of 50% cash generated from operations in the next 12 months in the absence of dividend flow to shareholders.*

[2] *Capital commitments include amounts to be spent to complete current developments. We have an established asset disposals programme, and in order to match capital commitments with proceeds from disposals, an assumption of asset sales is made for this purpose.*

[3] *At the date of this report.*

[4] *Converted at the 30 June 2023 spot exchange rate of EUR/ZAR20,57.*

Currency derivatives

We employ currency derivatives to hedge income expected from our associate, NEPI Rockcastle, as noted in the table below. Apart from these forward exchange contracts, we have no other material foreign currency derivatives.

Income from our NEPI Rockcastle investment is hedged in line with the following policy:

- Hedge 100% of the income projected to be received in the following 12 months
- Hedge 67% of the income projected to be received in months 13 to 24
- Hedge 33% of the income projected to be received in months 25 to 36.

In line with this policy, the following forward exchange contracts are in place:

Forward rate against Rand	EUR
Jun 2023	19,42
Dec 2023	19,72
Jun 2024	19,98
Dec 2024	20,48
Jun 2025	20,80
Dec 2025	21,32
Jun 2026	24,12

Funding and liquidity – CEE

Our Euro debt exposure consists of EUR28,7 million senior, amortising debt, with an average margin over three-month EURIBOR of 2,47% and maturities in the 2025 and 2026 financial years.

Our foreign interest rate exposure is hedged through Euro interest rate swaps and caps of EUR26,8 million and an average expiry of 3,2 years at 30 June 2023. The weighted average hedge rate is -0,02% at 30 June 2023.

The all-in weighted average cost of Euro-denominated funding at 30 June 2023 was 3,10% (Jun 2022: 3,08%) based on the SA REIT BPR methodology.

Subsequent to 30 June 2023, we entered into a new Euro interest rate cap with a nominal amount of EUR24,2 million, with the effect that the combined weighted average Euro swap and cap maturity profile is five years and a combined weighted average Euro swap and cap rate of 1,49%.

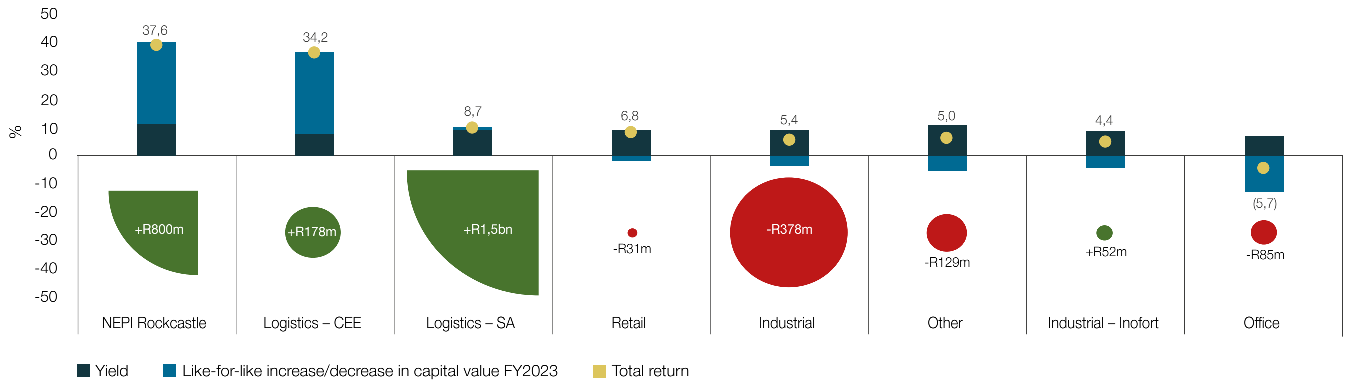
Ian Vorster
Chief financial officer

27 October 2023

Property portfolio performance

Segmental analysis

Capital allocation return matrix



Size of bubble represents the net value allocated to each sector during FY2023.

	Total revenue		Profit/(loss) after tax		Total assets	
IFRS	**2023 R'000**	**2022 R'000**	**2023 R'000**	**2022 R'000**	**2023 R'000**	**2022 R'000**
Logistics – SA	**1 330 182**	1 190 086	**501 811**	1 197 369	**15 492 371**	14 189 612
Logistics – CEE	**162 344**	96 737	**130 916**	215 542	**2 886 421**	2 087 351
Retail	**1 384 458**	1 328 847	**818 657**	1 048 216	**10 209 103**	10 307 337
Industrial	**604 845**	532 468	**192 524**	222 643	**3 366 927**	3 751 637
Office	**239 854**	230 579	**(112 117)**	(3 777)	**1 657 321**	1 952 844
Other[1]	**66 271**	67 754	**22 676**	43 888	**351 130**	502 898
Corporate	**–**	–	**4 333 536**	(1 922 084)	**20 274 500**	14 797 150
Total	**3 787 954**	3 446 471	**5 888 003**	801 797	**54 237 773**	47 588 829

[1] *Other includes residential units and serviced apartments.*

225 Pine, Durban, KwaZulu-Natal

Property portfolio performance continued

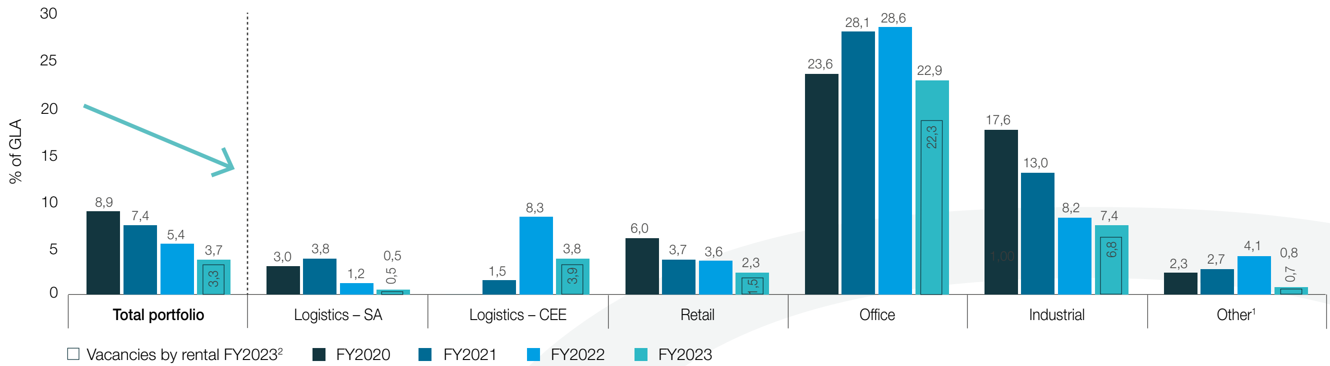
Vacancies

Total vacancies, measured as a percentage of GLA, decreased from 5,4% at 30 June 2022 to 3,7% at 30 June 2023.

Sectoral vacancy	Based on GLA Jun 2023 %	Based on GLA Jun 2022 %
Logistics – SA	0,5	1,2
Logistics – CEE	3,8	8,3
Retail	2,3	3,6
Industrial	7,4	8,2
Office	22,9	28,6
Other[1]	0,8	4,1
Total	3,7	5,4

Information based on Fortress' economic interest in wholly-owned and co-owned properties.

Vacancies at 30 June 2023



[1] *Includes residential units and serviced apartment properties. June 2022 included Midrand Protea Hotel which was sold during FY2023.*

[2] *Vacancy based on the gross rental (100% of GLA and value) of the building.*

Weighted average lease expiry

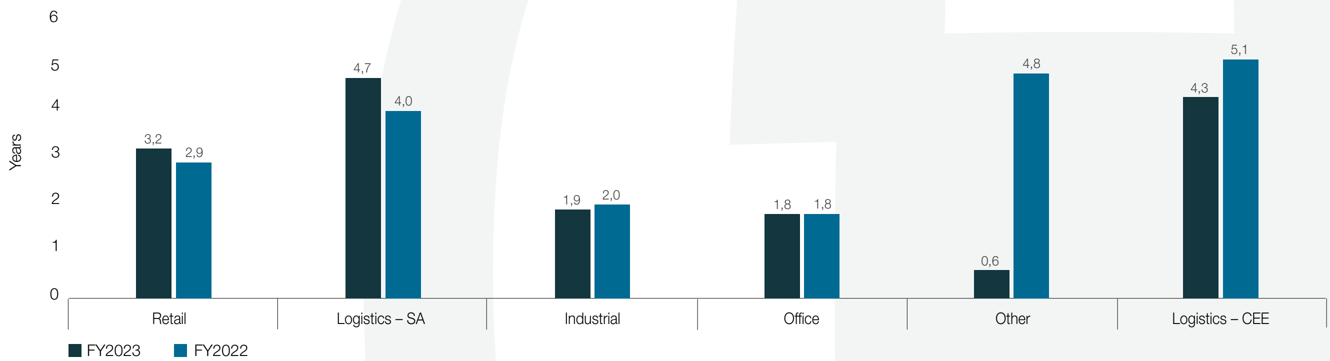
The WALE per sector, based on GLA, was as follows:

Sectoral lease expiry	Based on GLA Jun 2023 Years	Based on GLA Jun 2022 Years
Logistics – SA	4,7	4,0
Logistics – CEE	4,3	5,1
Retail	3,2	2,9
Industrial	1,9	2,0
Office	1,8	1,8
Other[1]	0,6	4,8
Total	3,7	3,3

Information based on Fortress' economic interest in wholly-owned and co-owned properties.

[1] *Includes residential units and serviced apartment properties. June 2022 included Midrand Protea Hotel which was sold during FY2023.*

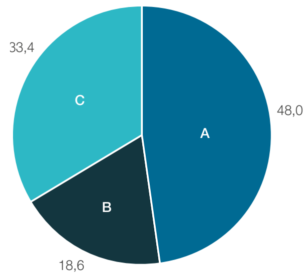
WALE at 30 June 2023



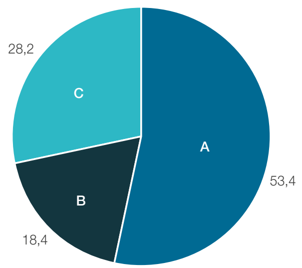
Property portfolio performance continued

Tenant profile

Tenant profile based on GLA (%)



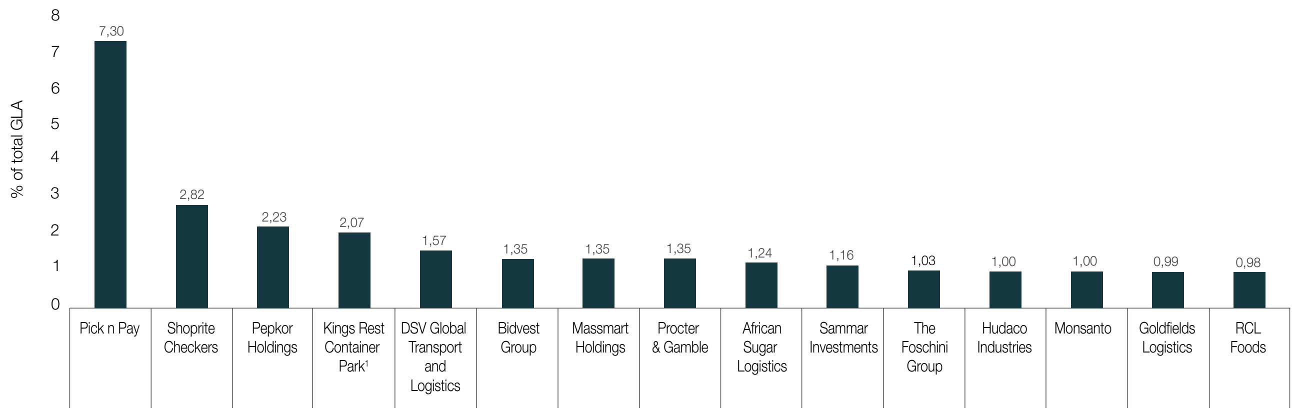
Tenant profile based on gross rentals (%)



	A	Large national tenants, large listed tenants, government and major franchisees. These include, *inter alia*, Shoprite Checkers, Pepkor Holdings, Pick n Pay, Bidvest, C.Steinweg Bridge, Cipla Medpro, Naspers, Goldfields Logistics, DSV Global, Massmart, Sammar Investments, The Foschini Group, Procter & Gamble, Keeper Sp, CEVA Logistics Poland and Arctic SA.
	B	National tenants, listed tenants, franchises and medium to large professional firms. These include, *inter alia*, African Sugar Logistics, Star Arrival, WeBuyCars, Tore Parts, Maizey, CJP Chemicals, MAG Dystrybucja Sp, ECO READY BATH Sp and Kevro Trading.
	C	Other (this comprises 1 518 tenants).

Top 15 tenants of occupied GLA (%)

GLA at 30 June 2023



[1] *This tenant occupies a container yard at Clairwood.*

60 Electron Avenue, Isando, Gauteng

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF THE *PRO FORMA* FINANCIAL INFORMATION OF FORTRESS

To the directors of Fortress Real Estate Investments Limited

Introduction

We have completed our assurance engagement to report on the compilation of the *pro forma* financial information of Fortress Real Estate Investments Limited (Fortress), and its subsidiaries (collectively "Group"), by the directors of Fortress ("Directors").

The *pro forma* financial information, as set out in Annexure 2: Management Accounts of the Summary consolidated financial statements, consists of the Management Accounts Condensed consolidated statement of financial position, Condensed consolidated statement of comprehensive income, Basic earnings per FFA share, Basic earnings per FFB share, Diluted earnings per FFA share, Diluted earnings per FFB share, Headline earnings per FFA share, Headline earnings per FFB share, Diluted headline earnings per FFA share, Diluted headline earnings per FFB share, NAV per equity share (going concern), LTV ratio, Net property expense ratio, Gross property expense ratio, Net total expense ratio, and Gross total expense ratio, and the related notes (collectively "*pro forma* financial information or management accounts").

The *pro forma* financial information has been compiled by the Directors to illustrate the effects of proportionately consolidating specific assets and liabilities of entities not wholly owned by Fortress, fair valuing the respective investments held in associates, and deconsolidating certain empowerment vehicles as at 30 June 2023 to reflect Fortress' economic interests in assets and liabilities and revenue and expenditure ("management accounts adjustments"). As part of this process, information about the Group's financial position and financial performance has been extracted by the Directors from the consolidated financial statements for the year ended 30 June 2023 ("audited consolidated financial statements"), on which an auditor's report was issued on 31 August 2023 which contains an unmodified opinion.

The applicable criteria on the basis of which the Directors have compiled the *pro forma* Financial Information of Fortress is specified in paragraphs 8.15 to 8.33 the Listings Requirements of the JSE Limited ("Listings Requirements"), as applicable, and described in Annexure 2: Management Accounts of the Summary consolidated financial statements.

Directors' responsibility for the *pro forma* financial information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in paragraphs 8.15 to 8.33 the Listings Requirements, as applicable, and described in Annexure 2: Management Accounts of the Summary consolidated financial statements.

Our Independence and quality management

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors ("IRBA Code") which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards).*

KPMG Inc. applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent reporting accountant's responsibilities

Our responsibility is to express an opinion, based on our procedures performed, about whether the *pro forma* financial information has been compiled, in all material respects, by the Directors on the basis specified in paragraphs 8.15 to 8.33 the Listings Requirements, as applicable, and described in Annexure 2: Management Accounts of the Summary consolidated financial statements.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus* which is applicable to an engagement of this nature, issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in paragraphs 8.15 to 8.33 the Listings Requirements, as applicable, and described in Annexure 2: Management Accounts of the Summary consolidated financial statements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* Financial Information of Fortress, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information other than the audited consolidated financial statements.

Independent reporting accountant's assurance report on the compilation of the *pro forma* financial information of Fortress continued

The purpose of *pro forma* financial information included in Annexure 2: Management Accounts of the Summary consolidated financial statements is solely to illustrate the impact of the management accounts adjustments on the unadjusted audited consolidated financial statements on the basis detailed in the basis of preparation described in Annexure 2: Management Accounts of the Summary consolidated financial statements. Accordingly, we do not provide any assurance that the actual outcome of the implementation of the management accounts adjustments would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the management accounts, and to obtain sufficient appropriate evidence about whether:

- The related management accounts adjustments give appropriate effect to the applicable criteria specified in paragraphs 8.15 to 8.33 the Listings Requirements, as applicable, and described in Annexure 2: Management Accounts of the Summary consolidated financial statements; and
- The *pro forma* financial information reflects the proper application of the management accounts adjustments to the unadjusted audited consolidated financial statements.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Fortress Group, the management accounts adjustments, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified in paragraphs 8.15 to 8.33 the Listings Requirements, as applicable, and described in Annexure 2: Management Accounts of the Summary consolidated financial statements.

Restriction on use

This Report has been prepared for the purpose of satisfying the requirements of the JSE Listings Requirements, and for no other purpose.

KPMG Inc.
Registered Auditor

Per RL Solomon
Chartered Accountant (SA)
Registered Auditor
Director

31 August 2023

KPMG Crescent
85 Empire Road
Parktown
2193

Louwlardia Logistics Park, Louwlardia, Gauteng

Management accounts

The information and ratios presented in the table represent Fortress' economic interest in assets and liabilities and revenue and expenditure. The information is calculated as disclosed under 'Basis of preparation' noted below and is derived from the management accounts. The information is consistently prepared for all reporting periods disclosed below.

	Jun 2023	Jun 2022
NAV per equity share (going concern)^	**R15,51**	R12,43
LTV ratio** (%)	**36,2**	40,0
Net property expense ratio (%)	**25,1**	22,0
Gross property expense ratio (%)	**41,2**	39,2
Net total expense ratio (%)	**21,7**	22,7
Gross total expense ratio (%)	**33,8**	36,4

^ *The NAV per equity share (going concern) is calculated as the total NAV divided by the aggregate number of FFA and FFB shares in issue, less shares held in treasury.*

** *The LTV ratio is calculated by dividing the total interest-bearing borrowings adjusted for cash on hand by the total of investments in property, listed securities and loans advanced, and is based on management accounts information.*

Basis of preparation

In order to provide information of relevance to investors, we present management accounts in addition to IFRS accounts. The management accounts are based on the audited financial information for the year ended 30 June 2023, have been adjusted for the *pro forma* adjustments and therefore constitute *pro forma* financial information per the JSE Listings Requirements. The management accounts have been prepared on the following basis:

- The group's interest in Arbour Town, an associate, accounted for using the equity method for IFRS purposes, is proportionately consolidated
- The group's listed investment in NEPI Rockcastle that is accounted for using the equity method for IFRS purposes, is fair valued
- The group accounts for its share of the assets, liabilities and results of partially-owned subsidiaries (Bridge, Cornubia, Mantraweb Residential, Inofort and The Prism) on a proportionately consolidated basis instead of consolidating them
- The consolidated financial position and performance of Fortress Empowerment 2 and Fortress Empowerment 4 have been deconsolidated.

The *pro forma* consolidated statement of comprehensive income and the *pro forma* statement of financial position do articulate as the *pro forma* adjustments and have all been prepared using the same judgements and methods of preparation.

Fortress' auditor and reporting accountant, KPMG, has issued an unmodified independent reporting accountant's assurance report on this *pro forma* information. The report is available for inspection at the registered office.

Directors' responsibility statement

The preparation of the management accounts is the sole responsibility of the directors. These accounts have been prepared on the basis stated, for illustrative purposes only, to show the impact on the condensed unaudited consolidated statement of financial position and the condensed unaudited consolidated statement of comprehensive income.

Due to their nature, the management accounts may not fairly present the financial position and results of the group in terms of IFRS.

Management accounts adjustments

Adjustment 1

This adjustment proportionately consolidates the indirect investments in The Galleria and Arbour Crossing that are held through Arbour Town (Fortress has a 25% interest), accounted for using the equity method in terms of IFRS.

It effectively discloses the group's interest in the assets, liabilities and results of operations from these investments by disclosing the management accounts for the year ended 30 June 2023 on a line-by-line basis.

This is a continuing adjustment for management accounts purposes.

Adjustment 2

The investment in NEPI Rockcastle is reflected at fair value by multiplying the 152 086 271 shares held by the quoted closing price of R110,47 per share at 30 June 2023. All entries relating to accounting for this investment using the equity method are reversed.

This is a continuing adjustment for management accounts purposes.

Adjustment 3

This adjustment proportionately consolidates the indirect investments in partially-owned subsidiaries (the indirect investments in Bridge, Cornubia, Mantraweb Residential, Inofort and The Prism) that are consolidated in terms of IFRS.

It uses the audited financial statements for the year ended 30 June 2023 of Bridge, Cornubia, Mantraweb Residential, Inofort and The Prism to reverse the non-controlling interests to reflect the group's interest in the assets, liabilities and results of operations from these investments.

This is a continuing adjustment for management accounts purposes.

Adjustment 4

The adjustment deconsolidates the IFRS required consolidation of Fortress Empowerment 2 and Fortress Empowerment 4, on the basis that the deconsolidated position reflects the intended future position of these entities, being outside of the control of Fortress. This adjustment only affects the statement of financial position.

This is a continuing adjustment for management accounts purposes.

Management accounts continued

Condensed consolidated statement of financial position

	IFRS Jun 2023 R'000	Adjustment 1 Fair value accounting for investment in associate – Arbour Town Jun 2023 R'000	Adjustment 2 Fair value accounting for investment in associate – NEPI Rockcastle Jun 2023 R'000	Adjustment 3 Proportionate consolidation of partially-owned subsidiaries Jun 2023 R'000	Adjustment 4 Deconsolidation of BEE vehicles Jun 2023 R'000	Management accounts Jun 2023 R'000
Assets						
Non-current assets	52 299 794	(688)	–	(815 175)	324 842	51 808 773
Investment property	29 381 917	738 575		(1 024 070)		29 096 422
Straight-lining of rental revenue adjustment	500 224	30 072		(3 680)		526 616
Investment property under development	2 874 608					2 874 608
Property	25 326					25 326
Investment in and loans to associates	17 570 306	(769 335)	(16 800 971)			–
Investments	–		16 800 971			16 800 971
Staff scheme loans	66 935					66 935
Investment in BEE preference shares	324 842				324 842	649 684
Deferred tax	1 555 636			(927)		1 554 709
Loans to co-owners	–			213 502		213 502
Current assets	1 842 829	6 903	–	(27 231)	–	1 822 501
Trade and other receivables	1 634 378	5 120		(22 004)		1 617 494
Cash and cash equivalents	208 451	1 783		(5 227)		205 007
Non-current assets held for sale	95 150	–	–	–	–	95 150
Investment property held for sale	93 669					93 669
Straight-lining of rental revenue adjustment	1 481					1 481
Total assets	54 237 773	6 215	–	(842 406)	324 842	53 726 424

Management accounts continued

Condensed consolidated statement of financial position continued

	IFRS Jun 2023 R'000	Adjustment 1 Fair value accounting for investment in associate – Arbour Town Jun 2023 R'000	Adjustment 2 Fair value accounting for investment in associate – NEPI Rockcastle Jun 2023 R'000	Adjustment 3 Proportionate consolidation of partially-owned subsidiaries Jun 2023 R'000	Adjustment 4 Deconsolidation of BEE vehicles Jun 2023 R'000	Management accounts Jun 2023 R'000
Equity and liabilities						
Total equity attributable to equity holders	33 330 390	–	–	–	324 842	33 655 232
Stated capital	45 571 743					45 571 743
Treasury shares	(2 040 884)				324 842	(1 716 042)
Currency translation reserve	719 378		(347 599)			371 779
Reserves	(10 919 847)		347 599			(10 572 248)
Non-controlling interests	189 427			(189 427)		–
Total equity	33 519 817	–	–	(189 427)	324 842	33 655 232
Total liabilities	20 717 956	6 215	–	(652 979)	–	20 071 192
Non-current liabilities	16 376 971	–	–	(634 130)	–	15 742 841
– Interest-bearing borrowings	16 021 674			(606 129)		15 415 545
– Deferred tax	355 297			(28 001)		327 296
Current liabilities	4 340 985	6 215	–	(18 849)	–	4 328 351
– Trade and other payables	1 181 691	6 215		(19 017)		1 168 889
– Income tax payable	145 602			168		145 770
– Interest-bearing borrowings	3 013 692					3 013 692
Total equity and liabilities	54 237 773	6 215	–	(842 406)	324 842	53 726 424
NAV per equity share (going concern)	15,82					15,51

Management accounts continued

Condensed consolidated statement of comprehensive income

	IFRS for the year ended Jun 2023 R'000	Adjustment 1 Fair value accounting for investment in associate – Arbour Town for the year ended Jun 2023 R'000	Adjustment 2 Fair value accounting for investment in associate – NEPI Rockcastle for the year ended Jun 2023 R'000	Adjustment 3 Proportionate consolidation of partially-owned subsidiaries for the year ended Jun 2023 R'000	Adjustment 4 Deconsolidation of BEE vehicles for the year ended Jun 2023 R'000	Management accounts for the year ended Jun 2023 R'000
Recoveries and contractual rental revenue	3 763 397	104 387		(143 003)		3 724 781
Straight-lining of rental revenue adjustment	24 557	14 461		(2 016)		37 002
Revenue from direct property operations	3 787 954	118 848	–	(145 019)	–	3 761 783
Revenue from investments	–		1 405 635			1 405 635
Total revenue	3 787 954	118 848	1 405 635	(145 019)	–	5 167 418
Other expenses	(1 492)					(1 492)
Fair value (loss)/gain on investment property, investments and derivative financial instruments	(932 631)	4 772	3 433 791	7 573	–	2 513 505
Fair value (loss)/gain on investment property	(742 379)	19 233		13 722		(709 424)
Adjustment resulting from straight-lining of rental revenue	(24 557)	(14 461)		2 016		(37 002)
Fair value gain on investments	96 939		3 433 791			3 530 730
Fair value loss on derivative financial instruments	(262 634)			(8 165)		(270 799)
Property operating expenses	(1 545 111)	(46 249)		56 797		(1 534 563)
Administrative expenses	(222 178)	(228)		5 680		(216 726)
Impairment of staff scheme loans	(6 594)					(6 594)
IFRS 2: *Share-based Payment* – employee incentive scheme	(55 579)					(55 579)
Reversal of impairment of investment in associate	2 371 817		(2 371 817)			–
Foreign exchange gain	2 768					2 768
Income from associates	2 387 281	(77 284)	(2 309 997)	–	–	–
Distributable	1 463 686	(1 727)	(1 405 635)			56 324
Non-distributable	923 595	(75 557)	(904 362)			(56 324)
Profit before net finance costs	5 786 235	(141)	157 612	(74 969)	–	5 868 737

Management accounts continued

Condensed consolidated statement of comprehensive income continued

	IFRS for the year ended Jun 2023 R'000	Adjustment 1 Fair value accounting for investment in associate – Arbour Town for the year ended Jun 2023 R'000	Adjustment 2 Fair value accounting for investment in associate – NEPI Rockcastle for the year ended Jun 2023 R'000	Adjustment 3 Proportionate consolidation of partially-owned subsidiaries for the year ended Jun 2023 R'000	Adjustment 4 Deconsolidation of BEE vehicles for the year ended Jun 2023 R'000	Management accounts for the year ended Jun 2023 R'000
Profit before net finance costs	5 786 235	(141)	157 612	(74 969)	–	5 868 737
Net finance costs	(1 162 427)	141	–	76 709	–	(1 085 577)
Finance income	63 253	141		(172)	–	63 222
– Interest on staff scheme and other interest received	63 253	141		(172)		63 222
Finance costs	(1 225 680)	–	–	76 881	–	(1 148 799)
– Interest on borrowings	(1 531 736)			76 881		(1 454 855)
– Capitalised interest	306 056					306 056
Profit before income tax	4 623 808	–	157 612	1 740	–	4 783 160
Income tax	1 264 195			27 619		1 291 814
Profit for the year	5 888 003	–	157 612	29 359	–	6 074 974
Profit for the year attributable to:						
Equity holders of the company	5 917 362		157 612			6 074 974
Non-controlling interests	(29 359)			29 359		–
Profit for the year	5 888 003	–	157 612	29 359	–	6 074 974

Management accounts continued

	IFRS for the year ended Jun 2023 R'000	Adjustment 1 Fair value accounting for investment in associate – Arbour Town for the year ended Jun 2023 R'000	Adjustment 2 Fair value accounting for investment in associate – NEPI Rockcastle for the year ended Jun 2023 R'000	Adjustment 3 Proportionate consolidation of partially-owned subsidiaries for the year ended Jun 2023 R'000	Adjustment 4 Deconsolidation of BEE vehicles for the year ended Jun 2023 R'000	Management accounts for the year ended Jun 2023 R'000
Basic earnings per FFA share (cents)	281,92					280,84
Basic earnings per FFB share (cents)	281,92					280,84
Diluted earnings per FFA share (cents)	279,51					278,51
Diluted earnings per FFB share (cents)	279,51					278,51
Headline earnings per FFA share (cents)	90,99					335,05
Headline earnings per FFB share (cents)	90,99					335,05
Diluted headline earnings per FFA share (cents)	90,21					332,27
Diluted headline earnings per FFB share (cents)	90,21					332,27
Headline earnings						
Profit for the year attributable to equity holders	5 917 362					6 074 974
Adjusted for:	(4 007 562)					1 172 564
– Fair value loss on investment property (including straight-lining adjustment)	766 936					746 426
– Current year income tax effects in respect of investment property	(71 324)					(71 324)
– Prior year income tax effects in respect of investment property	497 462					497 462
– Reversal of impairment of investment in associate	(2 371 817)					
– Current year income tax effects in respect of investment in associate	512 312					
– Prior year income tax effects in respect of investment in associate	(2 611 580)					
– Fair value gain on investment property of associates	(862 816)					
– Income tax effect	133 265					
Headline earnings	1 909 800					7 247 538

Venda Plaza
Thohoyandou, Limpopo
Total GLA: 10 324m²
Interest: 100%

Environmental, social and corporate governance

Our ESG approach

This environmental and social review focuses specifically on our impact on the economy, the environment and people.

Our sustainability framework

At Fortress, we are powering growth by responding to ESG challenges in ways that:

- Create and protect enterprise value
- Enhance the positive impacts we have on the economy, the environment and people.

In delivering against our purpose of powering growth, we have identified three sustainability goals associated with the SDGs that form the cornerstone of our ESG framework.

Three goals

1 Powering growth
- Sustainable logistics
- Sustainable retail

2 Acting on climate
- Energy and water efficiency
- Solar PV
- Climate change adaption and strategy
- Biodiversity

3 Support local
- Inclusive development
- Skills development
- Community engagement

These goals are enabled by our ongoing efforts in:

1 **Responsible development and asset management**

2 **Robust governance**

3 **Employee engagement and development**

ESG materiality

We strive to better understand what matters – not only with regard to our creation and protection of enterprise value (financial risk and opportunities for the company) but also with respect to how we enhance and protect our societal and environmental impact (the impact of the company's activities on the economy, the environment and people).

Materiality discussions inform the scope of our reporting efforts and are undertaken each year, with consideration given to risks and opportunities as well as stakeholder expectations.

Refer to **page 18** for more information on our material matters.

The top five ESG-related issues for Fortress during the course of the reporting year were:

- Access to skills and talent
- Community engagement
- Energy security and management
- Climate change adaption and strategy
- ESG governance and reporting.

Reporting scope and methodology

Our environmental and social reporting focuses on those operations over which we have operational control, being assets in our directly-held portfolio in which we hold more than a 50% share, and excluding the two residential properties we own, serviced apartments and properties noted as held for sale.

The data included in this review is disclosed on a 12-month basis coinciding with our financial year. It is collected from various management reports, independent external electricity and water billing companies and waste service providers.

Environmental focus

Environmental impact on the United Nations SDGs

SDGs		IMPACT
8 Decent work and economic growth	Decent work and economic growth	Through our construction pipeline, we are contributing to economic growth and job creation. We are also promoting safe and secure working environments for all workers and employees.
11 Sustainable cities and communities	Sustainable cities and communities	We are committed to sustainable construction practices and the development of climate-resilient buildings.
12 Responsible consumption and production	Responsible consumption and production	We are committed to the sustainable management and efficient use of natural resources as well as waste reduction and recycling.
6 Clean water and sanitation	Clean water and sanitation	Operationally, we are committed to increasing our water use efficiency and protecting and restoring the wetlands at our Meycol and Clairwood properties.
7 Affordable and clean energy	Affordable and clean energy	We are committed to the continual roll-out of our renewable energy programme therefore increasing the share of renewable energy to the local energy mix.
13 Climate action	Climate action	Our partnership with Food & Trees for Africa (FTFA) allows the opportunity for improved education, raising awareness and human institutional capacity on climate change.
15 Life on land	Life on land	The Meycol Nature Reserve presents the opportunity to be actively involved in the restoration and conservation of critically endangered forest swamp land on the KwaZulu-Natal coastline.

Our TCFD response

The TCFD developed the following four widely adopted recommendations on climate-related financial disclosures:

- Governance
- Strategy
- Risk management
- Metrics and targets.

These recommendations serve to encourage companies to evaluate and disclose, as part of their annual reporting, climate-related risks and opportunities that are most pertinent to their business.

Governance

The social, ethics and sustainability committee is primarily responsible for ESG-related matters and provides leadership and oversight in this regard. The social, ethics and sustainability committee is appointed by and reports to the main board. This committee consists of three non-executive directors. The committee meets regularly during the reporting period and focuses on initiatives relating to corporate social responsibility (CSR), sustainability and transformation, as well as monitoring the group's compliance with labour legislation. The chairman of the board as well as the CEO, CFO and sustainability manager are invitees to these meetings.

The sustainability manager reports directly to the executive committee who, in turn, reports to the social, ethics and sustainability committee which is an extension of the main board.

The sustainability manager and staff members responsible for environmental and social matters prepare reports for discussion at the social, ethics and sustainability committee meetings. These reports cover updates on climate-related issues, new initiatives, updates on existing initiatives and progress against targets.

The sustainability manager is responsible for the day-to-day management and coordination of sustainability-related issues. He is supported by teams and employees across the group as needed. His primary responsibilities over the past year included energy efficiency, green innovation and the implementation of the renewable energy plan.

Strategy

Climate change adaption and strategy have been identified as one of the key themes of our acting on climate goal.

In accordance with the TCFD requirements, and in line with our commitment to implement the recommendations from the TCFD, we have completed a series of climate-related risks and opportunities workshops as they relate to our business. This process was facilitated by GCX, an independent external service provider.

Environmental focus continued

Climate change risk has two elements

- **Physical risk:** Risks relating to the physical impacts of climate change as a result of extreme weather events including rising temperatures, changes in precipitation levels, flooding and drought.
- **Transition risk:** Risks as a result of transitioning to a lower carbon economy avoiding the worst of the physical impacts of climate change. Transition risks can be attributable to policy and legal as well as regulatory changes.

Climate-related risks and opportunities

We identified the risks in workshops, based on two possible future climate-related scenarios as defined by the Network for Greening of the Financial System, namely:

- **Disorderly transition** – high transition but low physical risk
- **Hot house world** – low transition but high physical risk.

A detailed risk and opportunity matrix was developed as they relate to the physical and transition risk elements of climate change, as summarised below.

Time period		PHYSICAL RISKS	TRANSITION RISKS	OPPORTUNITIES AND MITIGATION INITIATIVES
Time period	Short to medium term	Increase in severe weather events, including rising temperatures, changes in precipitation, flooding and drought may lead to the following risks: • Increased demand for electricity and water due to rising temperatures will put pressure on infrastructure which may result in poor or lack of supply which will negatively impact our service offering • Increased demand for electricity and water will result in higher utility bills, which, in turn, puts pressure on tenants and their ability to meet their financial commitments • Increased risk of higher levels of precipitation and flooding may lead to physical damage to our properties and increased insurance premiums • Increase in severe weather events may result in construction delays.	The following risks have been identified in terms of compliance with regulatory frameworks, policy and legal requirements: • Anticipated changes in the Carbon Tax Bill will have a negative impact on construction costs as the cost of production and transport of materials will increase • Anticipated changes in the Carbon Tax Bill will have a negative impact on tenants' occupation costs as this will lead to increases in energy and diesel costs • Anticipated changes in the Carbon Tax Bill may have a negative impact on vacancy rates due to the rise in electricity costs • The requirement for having Energy Performance Certificates for certain building types by December 2025 will lead to additional costs incurred by affected landlords • With the predicted increased price of carbon, carbon-intensive buildings will no longer be desirable to tenants, which may lead to increased vacancy rates if not addressed.	• Implementation of energy- and water-efficiency initiatives will reduce utility costs • Construction of energy- and water-efficient buildings will reduce operational expenses for occupiers • Implementation of a smart metering platform will allow for more proactive utility management and allow tenants to have access to daily consumption data • Implementation of the renewable energy roll-out will reduce utility costs and the carbon footprint • The issuing of green/sustainability-linked bonds may result in reduced cost of capital.
Time period	Long term	Increase in severe weather events, including rising temperatures and flooding, may lead to the following long-term risks: • Impaired access to facilities as a result of degrading infrastructure may reduce demand for our product and services • Increased capital expenditure to prevent infrastructure and property damage and failure • Impact of water stress due to decreased precipitation levels may impact population movement and settlements which could lead to social unrest and other socioeconomic disruptions.		• Implementation of energy (installation of generators, solar and batteries) and water strategies (installation of boreholes and on-site storage facilities) to ensure a level of self-sufficiency.

Environmental focus continued

Impact on strategy

Climate-related risks and opportunities have the potential to affect every aspect of our business, therefore, we are in the process of embedding our acting on climate goal into the company with the following key themes:

- Energy and water efficiency
- Renewable energy roll-out
- Climate change adaption and strategy
- Biodiversity.

Acting on climate is a strategic goal relevant to the asset and development management aspect of our buildings as we see it as a key enabler in maintaining our relevance in the market.

Having a better understanding of the relevant climate-related risks and opportunities provides the opportunity for enterprise value protection through improved risk management as well as the opportunity to create enterprise value by capitalising on the opportunities available to us.

Not only will capitalising on climate-related opportunities lead to enterprise value, it will also enhance the positive impact we have on the economy, the environment and people. For example, the opportunity related to the installation of renewable energy not only has a positive financial impact on the business, it also reduces our carbon footprint which is good for the environment. The addition of renewable energy to the South African grid also reduces the strain on Eskom which, in turn, results in a positive impact on the wider economy and directly in people's lives as it alleviates the risk of load shedding.

On the development side, we are mitigating the physical risks of climate change through the implementation of the following mitigation strategies:

- Installation of renewable energy plants to reduce our carbon footprint
- Use of LED light fittings and maximising the use of natural light to reduce energy consumption
- Use of low-emissive glass to reduce heat gain and keep the required cooling down
- Installation of smart electricity and water meters to ensure efficient and transparent utility management
- Use of indigenous plants and xeriscaping to reduce water consumption
- Installation of water storage, tanks and pumps to reduce our reliance on municipal water supply.

Operationally, we believe in a proactive approach when it comes to asset and property management and the following mitigation strategies are being implemented:

- Continued roll-out of renewable energy plants to reduce our carbon footprint
- Use of LED light fittings to reduce energy consumption
- Implementation of smart meter technology and a utility dashboard to ensure energy and water efficiency
- Disposal of older, more energy-intensive buildings.

Impact on financial planning

Up to 30 June 2023, we have committed R289 million to our solar roll-out programme and we anticipate an investment of a further R316 million into further renewable energy projects over the coming years.

The commitment to our solar roll-out enabled us to issue sustainability-linked bonds totalling R2,2 billion.

Risk management

The board has mandated the risk committee to ensure the group designs and maintains a sound risk management system and plan to integrate and embed risk management across all business activities and to ensure management implements an effective risk management plan to enhance the group's ability to achieve its strategic outcomes.

Based on the outcome of the climate-related risks and opportunities workshops, climate-related risks are now considered a 'primary' risk in our corporate risk register.

Weskus Mall solar panel installation

Environmental focus continued

While the risk committee has oversight of climate-related risks, it is the responsibility of the executive committee, heads of business units, the sustainability manager and relevant staff members to ensure that the appropriate risk mitigation strategies are being implemented.

The development of specific risk mitigation strategies includes the implementation of design principles that will ensure climate-resilient buildings and developments, for example, the installation of renewable energy plants, use of LED fittings and maximisation of natural light, use of indigenous and water-wise plants as well as high-efficiency plumbing fixtures.

Asset-specific mitigation strategies are developed by the responsible asset manager and projects are approved on a case-by-case basis. Impact assessments of climate risks at building level are an ongoing task. It is our strategy to assess and action these timeously to minimise the financial impact on the business.

Metrics and targets

Our publicly stated targets and metrics formalise our commitment to manage and reduce the impact our operations have on the environment, most notably, our commitment to fighting climate change and the restriction of global temperature rise to below 1,5º Celsius.

	CARBON	WASTE	WATER	ENERGY	RENEWABLE ENERGY
Targets and commitments	We are committed to the continual reduction of our carbon footprint both in absolute terms and intensity. We see the reduction of our carbon footprint as a material issue in our commitment to keeping global warming below 1,5º Celsius.	We are committed to the continual monitoring of waste streams and reduction of waste to landfill.	We are committed to the continual reduction of water intensity and consumption in absolute terms.	We are committed to the continual reduction of energy intensity and consumption in absolute terms.	It was our target to have 8MW operational by June 2022. The new target is in line with our sustainability-linked bonds as follows: to have 8,935MW installed by 2023, to have 10,535MW by 2024 and 12,835MW installed by 2025.
Progress	27% reduction in portfolio emissions and 26% reduction in intensity since 2018.	From the sites where we receive reliable data, we are achieving a 60% recycling ratio.	To date, we have achieved a 22% reduction in portfolio consumption and a 21% reduction in water use intensity compared to 2018.	To date, we have achieved a 30% reduction in portfolio consumption and a 29% reduction in energy intensity compared to 2018.	We installed 10,233MW by June 2023, reaching 97% of our 2024 target, one year ahead of the target date. As a result, we have also met the key performance indicators (KPIs) set out in our sustainability-linked bonds and benefit from a reduced interest rate.


Central Park Bloemfontein solar panel installation

Environmental focus continued

Carbon reporting

Our South African footprint, based on the Greenhouse Gas (GHG) Protocol, decreased by 11% during the year despite a significant increase in Scope 1 emissions as a result of increased demand for diesel due to load shedding. Scope 1 emissions are direct emissions from activities controlled by us and include emissions from standby generators and the replacement of refrigerant gases in air-conditioning systems. Scope 2 emissions decreased by a modest 7%. These are indirect emissions associated with our own consumption of purchased electricity, mainly consumed in communal areas of our properties. Scope 3 emissions from electricity consumed by our tenants, the single biggest contributor to our footprint, were reduced by 12%. Scope 3 emissions are indirect emissions as a result of our actions but are not directly under our control and also include employee travel, business travel and our share of emissions associated with the supply and treatment of our portfolio's water supply.

We reduced our footprint attributable to the consumption of non-Kyoto gases by 61%. We remain committed to phasing out ozone-depleting gases by 2030.

Carbon footprint comparison – South Africa	2023 tCO_2e	% change	2022 tCO_2e	2021 tCO_2e	2020 tCO_2e	2019 tCO_2e	2018 tCO_2e
Total Scope 1	1 705	201	566	416	785	220	886
Diesel (generators)	1 498	516	243	99	77	94	55
Refrigerant gases	207	(36)	323	317	708	126	831
Total Scope 2	7 681	(7)	8 230	8 718	9 763	7 270	9 855
Electricity Fortress	7 681	(7)	8 230	8 718	9 763	7 270	9 855
Total Scope 1 and 2	9 386	7	8 796	9 134	10 548	7 490	10 741
Total Scope 3	212 608	(12)	240 423	246 437	288 144	321 279	293 570
– Water supply	1 326	1	1 308	1 375	1 568	1 592	1 715
– Water treatment	1 015	1	1 002	1 053	1 200	1 218	1 313
Water	2 341	1	2 310	2 428	2 768	2 810	3 028
Employee commute	85	13	75	80	110	98	84
Business flights	138	(56)	312	95	122	62	19
Electricity tenants	210 043	(12)	237 726	243 834	285 144	318 309	290 439
Total GHG emissions	221 994	(11)	249 219	255 571	298 692	328 769	304 311
Total non-Kyoto gases	217	(61)	556	1 017	492	107	103

Carbon intensity comparison – South Africa	2023 tCO_2e/m^2	% change	2022 tCO_2e/m^2	2021 tCO_2e/m^2	2020 tCO_2e/m^2	2019 tCO_2e/m^2	2018 tCO_2e/m^2
Scope 1	0,0006	205	0,0002	0,0001	0,0003	0,0001	0,0003
Scope 2	0,0027	(5)	0,0028	0,0030	0,0035	0,0025	0,0034
Scope 3	0,0738	(10)	0,0823	0,0854	0,1032	0,1100	0,1006
Total carbon footprint	0,0770	10	0,0853	0,0886	0,1070	0,1126	0,1043

Environmental focus continued

We are pleased to report on our second carbon footprint analysis for our European portfolio:

Carbon footprint comparison – CEE	2023 tCO_2e	% change	2022 tCO_2e
Total Scope 1	**675**	(39)	1 102
Diesel (generators)	**–**	(100)	1
Natural gas	**675**	(39)	1 101
Total Scope 2	**131**	(43)	231
Electricity Fortress	**131**	(43)	231
Total Scope 1 and 2	**806**	(40)	1 333
Total Scope 3	**1 473**	1	1 455
Water supply	**1**	–	1
Water treatment	**2**	–	2
Water	**3**	–	3
Electricity tenants	**1 470**	1	1 452
Total GHG emissions	**2 279**	(18)	2 788

Carbon intensity comparison – CEE	2023 tCO_2e/m^2	% change	2022 tCO_2e/m^2
Scope 1	**0,005**	(39)	0,009
Scope 2	**0,001**	(43)	0,002
Scope 3	**0,012**	–	0,012
Total carbon footprint intensity	**0,018**	(18)	0,023

Energy

Energy efficiency has been identified as one of the key themes under our acting on climate goal. We believe the pathway to energy efficiency lies in accurate measurement and active management which will lead to greater efficiencies and ultimately reductions in consumption.

Our energy management strategy is based on the implementation of an asset-by-asset energy plan. This plan focuses on:

- Provision of energy security through generator installations
- Installation of smart meters
- Installation of solar PV
- Assessment of suitability for integration of solar PV and generators
- Assessment of suitability for future battery installations.

The table below details our South African portfolio electricity consumption.

Electricity consumption – South Africa	2023	% change	2022	2021	2020	2019	2018
Total consumption (kWh)	**221 319 146**	(9)	242 807 342	253 258 547	286 836 914	313 590 503	316 236 706
Grid supplied as % of total consumption (%)	**94,59**	(1)	95,56	97,77	99,99	99,99	99,99
Solar energy as % of total consumption (%)	**5,41**	15	4,44	2,23	1,14	0,17	0,04
Electricity intensity ($kWh/m^2/annum$)	**76,81**	(8)	83,13	87,76	102,73	107,39	108,21

Improving energy intensities and driving down consumption are vital elements of our carbon footprint reduction commitment. We have seen a 9% year-on-year reduction in the total South African portfolio consumption as well as a 30% reduction when compared to our 2018 baseline. Likewise, we have seen an 8% year-on-year reduction in energy intensity and a 29% decrease when compared to our 2018 baseline.

The roll-out of our smart meter programme and development of our utility management dashboard is ongoing. This is yet another shared value initiative we are implementing as this system will allow tenants access to live consumption data resulting in higher levels of transparency in utility management and improved quality of billing data.

The table below shows details of our European portfolio electricity consumption, which decreased by 10% during the year.

Electricity consumption – CEE	2023	% change	2022
Total consumption (kWh)	**2 709 126**	(4)	2 809 348
Electricity intensity ($kWh/m^2/annum$)	**21,55**	(4)	22,35

Environmental focus continued

Renewable energy

Renewable energy presents a major climate-related opportunity for Fortress and a key theme under our acting on climate goal as it actively reduces our carbon footprint. It is also a shared value initiative as solar plants not only have a direct positive impact on our business but also on the wider economy in adding energy to the grid, thereby reducing reliance on Eskom, and it has enabled us to share some of the benefits with our tenants through our green lease initiative.

We now have 25 operational solar plants and two installed battery plants. We have generated 11 970MWh of renewable energy during the year, a 22% increase from last year, contributing to 5,41% of our total energy consumption. The table below summarises the progress we have made on our renewable energy roll-out programme.

Renewable energy comparison	2023	% change	2022	2021	2020	2019	2018
Installed capacity (MWac)	**10,233**	41	7,248	4,735	2,805	1,365	0,350
Renewable energy generated (MWh)	**11 970,0**	11	10 773,0	5 659,0	3 272,0	534,0	138
% of total consumption	**5,41**	22	4,44	2,23	1,14	0,17	0,04
Emission savings (tCO_2e)	**12 448**	9	11 419	5 772	3 403	555	131

Electric vehicle charge points

We have electric vehicle charge points at three of our shopping centres – 204 Oxford Shopping Centre in Illovo, Pineslopes in Fourways and Weskus Mall in Vredenburg – reflecting our commitment to the required transition to a low-carbon economy.

The charge point at Weskus Mall where we commissioned a Cape Town-based street artist to create a colourful backdrop to celebrate South Africa's natural heritage

Environmental focus continued

Water management

Water efficiency is a key theme under our acting on climate goal. We believe the pathway lies in accurate measurement and active management which will lead to greater efficiencies and ultimately reductions in consumption.

Pleasingly, we have realised an 18% reduction in consumption and a 24% reduction in water use intensity when compared to our 2018 baseline.

The roll-out of our smart meter programme and development of our utility management dashboard is ongoing. These initiatives will lead to improved efficiencies and reduced consumption, mainly due to early leak detection, improved quality of data and billing and higher levels of transparency in utility management.

We also introduced xeriscaping and drought-tolerant/water-wise plant species. At our large logistics developments, we are installing water attenuation tanks with full oil separation systems as standard. These attenuation tanks ensure that the surface run-off water does not cause flooding and contamination downstream from our developments.

The table below shows details of our portfolio water consumption.

Water consumption – South Africa	2023	% change	2022	2021	2020	2019	2018
Total consumption (kL)	**1 434 506**	1	1 414 563	1 486 996	1 695 250	1 720 962	1 835 052
Water intensity (kL/m²/annum)	**0,50**	3	0,48	0,52	0,61	0,59	0,63

The table below shows details of our European portfolio's water consumption.

Water consumption – CEE	2023	% change	2022
Total consumption (kL)	**7 153**	(4)	7 464
Water intensity (kL/m²/annum)	**0,06**	–	0,06

Waste management

We are committed to reducing the waste stream from our operations and developments wherever possible. We have waste management and collection contracts in place at all of our properties and we are actively gathering data from our retail centres where we see the highest quantities of waste streams. We implemented an online waste management dashboard system in 2019 across our retail portfolio.

The table below summarises our overall recycling numbers where we are obtaining reliable data.

Waste generated	2023	% change	2022	2021	2020
Generated (m³)	**18 242**	(27)	25 119	28 350	38 230
Recycled (m³)	**10 856**	(34)	16 617	18 144	22 952
Recycled (%)	**60**	(9)	66	64	60
Hazardous dry (t)	**–**	–	–	–	3,2

We also track the various waste streams and the table below shows these quantities in weight and volume.

Waste stream weight breakdown	2023 t	%	2022 t	%	2021 t	%	2020 t	%
General waste	**932**	71	864	62	1 141	59	1 945	63
Paper	**282**	21	383	27	625	32	816	26
Plastic	**78**	6	95	7	137	7	184	6
Glass	**29**	2	40	3	20	1	127	4
Scrap metal	**4**	1	7	1	6	–	15	1
Tetra Pak	**3**	1	4	–	6	–	3,7	–
Hazardous dry	**–**	–	–	–	–	–	0,3	–

Waste stream volume breakdown	2023 m³	%	2022 m³	%	2021 m³	%	2020 m³	%
General waste	**7 386**	45	8 501	34	10 161	36	15 278	40
Paper	**8 173**	51	10 480	42	14 294	50	16 567	44
Plastic	**104**	1	4 286	17	3 350	12	5 291	14
Glass	**280**	2	687	3	171	1	455	1
Scrap metal	**120**	1	910	3	199	1	499	1
Tetra Pak	**96**	1	254	1	129	–	137	–
Hazardous dry	**–**	–	–	–	–	–	3	–

Environmental focus continued

Green certification

In South Africa we are in various stages of Edge certification on three new logistics assets where we are targeting the Edge Advanced rating. In CEE, our new developments are targeting Building Research Establishment Environmental Assessment Methodology excellent ratings.

Biodiversity

Fortress is committed to the protection and enhancement of the natural environment and the ecosystems supporting it. Fortress owns the Meycol Nature Reserve, a 74ha property situated on the banks of the Tugela River on the north coast of KwaZulu-Natal.

The property was bought as an offset for the Clairwood development as it protects approximately 37,6ha of primary 'critically endangered' KwaZulu-Natal coastal belt grassland and it secures 21,1ha of untransformed subtropical freshwater swamp forest wetland.

As part of the ongoing biodiversity assessments, species lists are being created and this year we commenced our second bird ringing. Bird ringing is a process whereby a licensed bird ringer permanently marks wild birds to study their life cycles (births, deaths, age of breeding and survival rates), habits, populations and movements. We have also conducted our first butterfly survey with a second survey planned.

Bushpig, duiker and bushbuck sightings are increasing which is another positive sign indicating that our environmental protection efforts are successful.

We have also commenced with the establishment of photographic records of the plant species found on the property and one of the highlights from this exercise was the identification of two species of the Pyjama Plant on the property. Due to the rarity of these plants, Ezemvelo KZN Wild has been invited to the reserve to collect data on these.

Our main tasks of alien plant eradication and soil erosion reinstatement works are ongoing, and we can already see the positive effects thereof.

Powder brush tree flowers floating in the swamp forest

Social focus

We invest in skills development and solution-driven initiatives that support the communities in which we operate. We aligned our social initiatives with 10 of the 17 SDGs that the South African government and United Nations in South Africa finalised as part of the United Nations Sustainable Development Cooperation Framework for 2020 to 2025.

SDGs	IMPACT	FORTRESS' CONTRIBUTION	PARTNERS
1 No poverty	End poverty in all its forms everywhere	Our supplier and enterprise development programmes help sustain existing jobs and create new employment opportunities.	FTFA, Property Point, Clothes to Good, Hennops River NPO and Alex Works
2 Zero hunger	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	Through our partnership with the FTFA, we help schools and communities with skills transfers and empowerment, as well as immediate short-term nutritional needs.	FTFA and Food Forward SA
4 Quality education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	We fund various educational initiatives, from early childhood development to bursaries for tertiary education. We are also the lead sponsor of the Anchor Stockbrokers internship programme, with interns on rotation at Broll.	SAPOA Bursary, Anchor Stockbrokers, Sparrow FET Enterprises, Sandton Primary, Rays of Hope, Shine, Kids Haven, The President's Award, SAIBPP and Growing Champions
5 Gender equality	Achieve gender equality and empower all women and girls	We have a number of women-owned businesses in our supplier and enterprise development programmes. We also provide space for two charities that support and assist abused women and their children. We also fund a human capital support initiative.	FTFA, Property Point, Anchor Stockbrokers, Growing Champions, Lifeline Vaal Triangle, Property Sector Charter Council and SOZO
8 Decent work and economic growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Our supplier and enterprise development programmes contribute to wider changes including contribution to the GDP, employment, taxes and household income.	FTFA, Property Point, Property Sector Charter Council, Clothes to Good and Alex Works
10 Reduced inequalities	Reduce inequality within and among countries	Our initiatives promote the social and economic inclusion of all.	FTFA and Clothes to Good
11 Sustainable cities and communities	Make cities and human settlements inclusive, safe, resilient and sustainable	We support initiatives that promote the reduction of adverse impact of cities on the environment.	FTFA, Clothes to Good, Hennops Revival NPO and Value Waste
12 Responsible consumption and production	Ensure sustainable consumption and production patterns	To reduce food waste, we are working with an independent company that sources, collects and redistributes edible surplus food. We partner on initiatives that facilitate recycling and clean-up operations.	Hennops Revival NPO, Value Waste and Food Forward SA
13 Climate action	Take urgent action to combat climate change and its impacts	All our initiatives foster awareness of the environment.	FTFA, Clothes to Good and Hennops Revival NPO
15 Life on land	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss	We support initiatives that help with conservation and restoration of inland water ecosystems.	FTFA and Hennops Revival NPO

Social focus continued

Power of collaboration

Our goal is to drive real social change by partnering with leading organisations that deliver tailored solutions to our communities. Special thanks to all our partners who have helped us with long-lasting initiatives.

We followed a multipronged approach towards skills development. We sponsored educational initiatives that assisted 956 children and young adults. Our enterprise development partnerships support owners of small businesses, some of whom have subsequently assisted on our community projects.

Our measurable impact

Contribution spend	• **R18,4 million** – R1 million in kind and R17,4 million in cash (2022: R23 million – R0,5 million in kind and R22,5 million in cash)
Contribution allocation	• Charitable donations: **1%** (2022: 1%) • Community investment: **69%** (2022: 67%) • Commercial initiatives: **30%** (2022: 32%)
External corporate development impact	• Total spend: **R5,6 million** (2022: R7,0 million) • **20** (2022: 19) **companies** are part of supplier and enterprise development programmes • Impact in numbers: **Nine** (2022: seven) of the companies helped us with business solutions and 85 (2022: 49) jobs were created
Skills impact	• Total spend: **R11,0 million** (2022: R11,9 million) on all skills initiatives • Impact in numbers: **870** (2022: 525) early childhood development and school programmes, **74** (2022: 132) students in tertiary education and **12** (2022: six) interns
B-BBEE level	• **Level 2** contributor with 125% procurement recognition level (our journey: 2022: Level 4, 2021: Level 4, 2020: Level 5, 2019: Level 8, 2018: no rating)
B-BBEE sector code	• Amended Property Sector Government Gazette No. 40910

We value our partnership with the FTFA, a leading non-profit company that helped implement sustainable and scalable community programmes.

FTFA programmes use environmentally sustainable food security and planting techniques, such as permaculture and high-density orchard culture, to improve nutrition in under-resourced communities while fostering environmental awareness and systems thinking. The programmes supply resources such as seeds, herbs, trees, gardening tools, educational material and mentorship to help communities become self-sufficient and food-secure.

In partnership with the FTFA, we continue to implement scalable and sustainable holistic community programmes, in addition to the Fortress Running Series which combines wellness with environmental awareness.

In our four-year partnership with FTFA, a leading non-profit company, we have achieved:

Total trees
19 137

Long-term food gardens
26

Enterprise orchards
3

Schools reached
20

Beneficiary organisations
137

Total workshops
321

Total trainees
493

Direct beneficiaries
39 962

Houses reached
7 050

Shopping centres associated with FTFA programmes
11

Provinces supported
5

Carbon offset
7 061,62

Employee focus

We are committed to our employees and recognise that a motivated and engaged workforce is both material and critical to our overall success.

Health and well-being

Fortress provides a productive working environment and provides employees with the flexibility to manage their circumstances and commitments.

Share scheme, remuneration and provident fund

Fortress has a staff share scheme and an umbrella provident fund in place for all employees. The provident fund is administered by Allan Gray.

Communication

We actively foster a culture of transparency and inclusivity through regular team meetings and monthly employee meetings.

Ethics

Fortress has an anonymous tip-off line for all stakeholders to report unethical and fraudulent behaviour.

Human resource policies and procedures

Fortress is committed to complying with South African labour legislation. None of our employees engage in collective bargaining processes.

Training and employment equity committee

We are committed to equal opportunities, transformation and the development of our employees. As part of their continuing professional development, all employees are encouraged to:

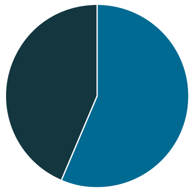
- Study work-related courses
- Become members of industry-related organisations and participate in events organised by these entities.

Our training and employment equity committee meets regularly to approve workplace skills, annual training plans and the future employee pipeline.

In 2023, 61% (2022: 90%) of employees received training.

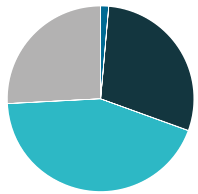
Workforce in South Africa

Of our 62 employees, 58 are based at our head office in Johannesburg, Gauteng with two in the Western Cape and one each in KwaZulu-Natal and Limpopo.



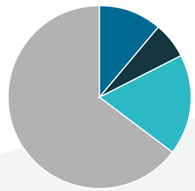
Employee composition by gender

Male	35
Female	27



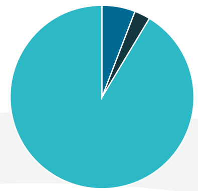
Employee composition by age

20 to 29 years	1
30 to 39 years	18
40 to 49 years	27
50+ years	16



Employment equity

African	7
Coloured	4
Indian	11
White	40

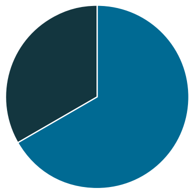


Employee retention

Appointments during the year	4
Employees who left during the year	2
Current team count	62
Employee turnover	3%

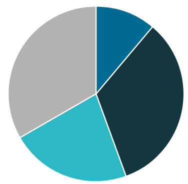
Workforce in Europe

The operational team is based in Warsaw, Poland.



Employee composition by gender

Male	6
Female	3



Employee composition by age

20 to 29 years	1
30 to 39 years	3
40 to 49 years	2
50+ years	3

Corporate governance review

Fortress is committed to the highest standards of ethics and corporate governance.

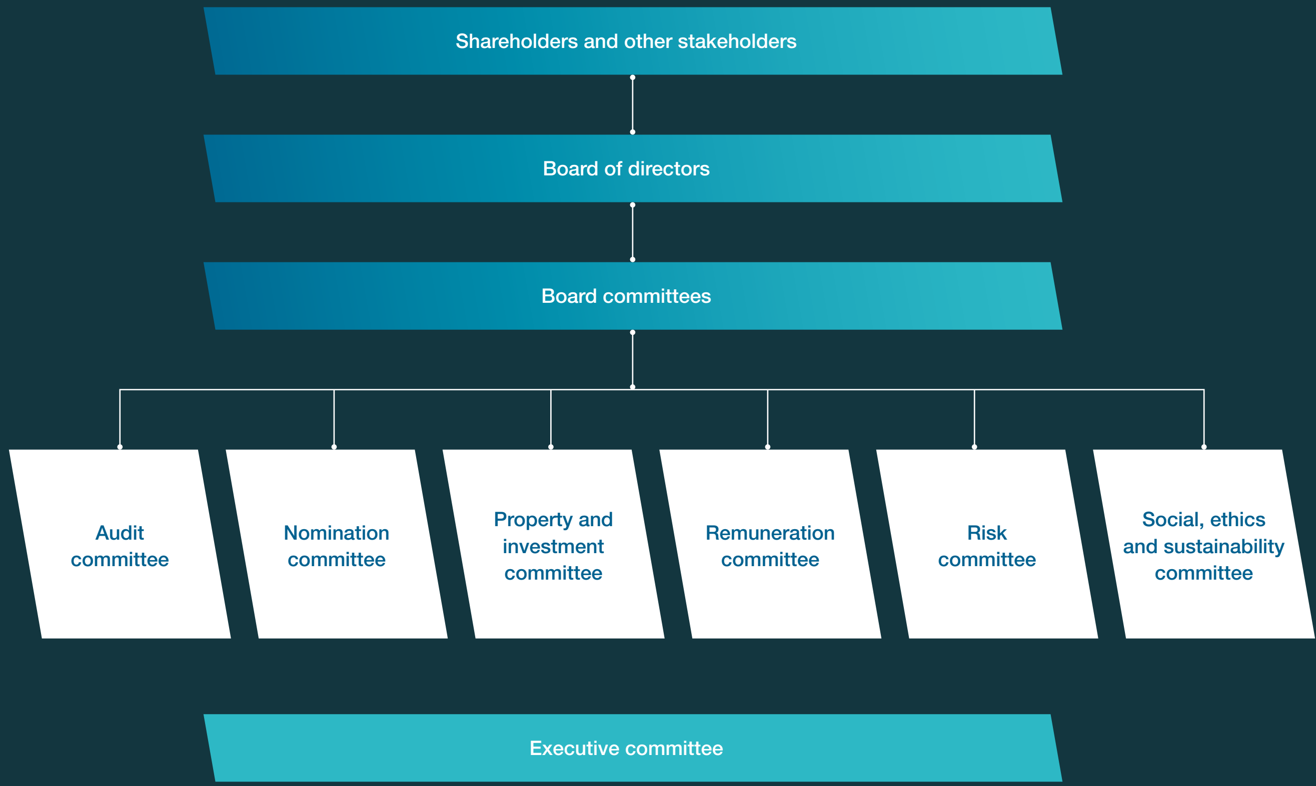
Where appropriate, the board applies the best practice principles contained in King IV to achieve this. Fortress fully endorses and is committed to the four governance outcomes of King IV.

As a JSE-listed entity, Fortress also complies with the JSE Listings Requirements and JSE Debt Listings Requirements.

Our approach to corporate governance

Our approach to corporate governance is guided by the 17 principles of King IV, which advocates for an outcomes-based approach and defines corporate governance as ethical and effective leadership that achieves four specific governance outcomes.

Governance structure



Corporate governance review continued

Our compliance with King IV

Below, we list the desired governance outcomes recommended by King IV and our practices implemented towards achieving the 17 principles in meeting these outcomes.

OUTCOME	PRINCIPLES	HOW WE COMPLY
Fortress promotes an ethical culture	**Principle 1** **The board leads ethically and effectively**	• Fortress' board is its governing body. • The directors conduct themselves with integrity, competence, responsibility, accountability, fairness and transparency. • The directors hold one another accountable for decision-making and behave ethically. • The chairman monitors this as part of his duties. Annual evaluations ensure continued improvement in the performance and effectiveness of the board.
	Principle 2 **The board governs Fortress' ethics in a way that supports the establishment of an ethical culture**	• The board is the custodian of the company's values and ethics through its various bodies and sub-committees. • Our directors declare any potential personal conflicts of interest. • The board annually reviews and approves a formal charter. • Fortress' code of ethics is reviewed annually by the social, ethics and sustainability committee and recommended to the board for approval. • Fortress has a whistle-blower hotline where any instances of fraud or breaches of ethical behaviour are reported. • The biannual ethics survey undertaken in October 2023 indicates an overall score of 8,69 points (2021: 8,84 points) out of 10 and a rating of AAA (2021: AAA).
	Principle 3 **The board ensures Fortress is and is seen to be a responsible corporate citizen**	• The board ensures that Fortress is and is seen to be a responsible corporate citizen. • It delegates the responsibility for monitoring performance to the social, ethics and sustainability committee. For more information, refer to our social, ethics and sustainability committee report on **page 103**.
Our performance and value creation	**Principle 4** **The board appreciates that Fortress' core purpose, risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process**	• The board is responsible for ensuring that Fortress creates value for its stakeholders. • Management is responsible for developing the group's short-, medium- and long-term strategy. • The board evaluates and approves the group's strategy and business plans and reviews operational and management performance. • The board determines and tracks performance against the group's strategic initiatives, taking into account its risks. • The board continuously assesses and responds to the positive and negative outcomes of its business model.
	Principle 5 **The board ensures reports issued by Fortress enable stakeholders to make informed assessments of Fortress' performance and its short-, medium- and long-term prospects**	• The board is responsible for establishing the group's communication policy and ensuring the company's spokespeople adhere to it. • This responsibility includes clear, transparent, balanced and truthful communication to shareholders and relevant stakeholders. • We communicate with our stakeholders principally through our integrated report, interim and annual results announcements, presentations to investors and SENS announcements. Refer to **pages 21** and **22** for more information on how we interact with our stakeholders.

Corporate governance review continued

OUTCOME	PRINCIPLES	HOW WE COMPLY
Adequate and effective control	**Principle 6** **The board serves as the focal point and custodian of corporate governance in Fortress**	• The board ensures that it entrenches a culture of good corporate governance throughout the business, including implementing the code of corporate practices and conduct as set out in King IV. • The board ensures that the group performs acceptably and conducts its affairs responsibly and transparently. • It delegates certain responsibilities to committees or management executives while acknowledging that it is not discharged from its obligations and responsibilities. • It ensures the group complies with all laws, regulations and codes of business practice.
	Principle 7 **The board comprises the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively**	• Fortress has a unitary board with an independent non-executive director as chairman. His role is separate from the CEO's role. In 2022, Jan Potgieter was appointed lead independent non-executive director. • The board comprises three executive directors, post the resignation of Donnovan Pydigadu on 14 August 2023, and eight independent non-executive directors, the majority. • The audit, nomination, property and investment, remuneration, risk and social, ethics and sustainability committees comprise a majority of independent non-executive directors. • The board, assisted by the nomination committee, is satisfied that it has an appropriate balance of skills, experience, diversity, independence and knowledge to effectively discharge its role and responsibilities. Refer to **pages 78** to **80** for details of directors, their dates of appointment, other listed directorships, career and sphere of influence synopses and committee memberships.
	Principle 8 **The board ensures its arrangements for delegation within its structures promote independent judgement, assist with balance of power and ensure the effective discharge of its duties**	• The board is responsible for establishing the company's objectives and setting a philosophy for investments, performance and ethical standards. • The board has ultimate control, while the executive management team is responsible for the company's effective management. • The committees assist the board through in-depth discussions with feedback and recommendations provided to the board. • The board delegated certain functions to committees operating according to board-approved charters and the delegation of authority. • A full list of directors' interests is maintained and formally confirmed annually and at each board and committee meeting. • Fortress has a conflict of interest policy applicable to all employees and directors, which is reviewed annually by the board. • The board committees' composition and the distribution of authority between the chairman and other directors are balanced and there is a clear balance of power and authority at the board of directors level, to ensure that no one director has unfettered powers of decision-making.
	Principle 9 **The board ensures the evaluation of its own performance and that of its committees, its chairman and its members, and supports continued improvements to its performance and effectiveness**	• Assessments of the chairman's, CEO's and company secretary's performance are conducted annually. • The chairman, supported by the company secretary, will lead a formal performance review of the board in November 2023 to monitor the board and its committees' effectiveness. • The board has executed its responsibilities under the evaluation policy. • The board's performance review showed that the board was operating effectively and found no major issues or concerns. • The next review is to be performed during the remainder of 2023, in line with the policy.

Corporate governance review continued

OUTCOME	PRINCIPLES	HOW WE COMPLY
Adequate and effective control (continued)	**Principle 10** **The board ensures that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities**	• The board operates in accordance with a board charter and is accountable for ensuring financial and legislative compliance. • It makes decisions on material matters, including financial and operating results, major acquisitions and disposals, and large capital expenditure. • The board is responsible for appointing the CEO and approving the corporate strategy, risk management and corporate governance. The board reviews and approves business plans and monitors the group's performance. • The CEO is responsible for the group's day-to-day affairs, including responsibly implementing and monitoring the group's strategy. • The board is responsible for appointing the company secretary, who is responsible for ensuring compliance with all statutory requirements. • The board confirmed that the nature of the advice provided by the company secretary and how she executed her duties during the year indicated that she is fit to continue in her role. She is not a director of the company and, having reviewed her relationship with the board, the board believes that Tamlyn Stevens has an arm's-length relationship with the board.
	Principle 11 **The board governs risk in a way that supports Fortress in setting and achieving its strategic objectives**	• The board is aware of the importance of risk management as it is linked to Fortress' strategy, performance and sustainability. • The board is responsible for ensuring a comprehensive system of control exists and is effectively managed so that the risks affecting the business are identified and that management takes appropriate action to mitigate these risks. • With the considered guidance of the risk committee, the board is responsible for regularly reviewing the effectiveness of these systems and ensuring their maturity as the business grows. Refer to **pages 23** to **28** for an overview of Fortress' material risks.
	Principle 12 **The board governs technology and information in a way that supports Fortress in setting and achieving its strategic objectives**	• The board is aware of the importance of technology and information as it is inter-related to Fortress' strategy, performance and sustainability. • The board is ultimately responsible for IT governance and the approval of any significant IT expenditure. • The risk committee provides assurance to the board on IT governance and focuses on two significant areas – cybersecurity and data protection. • The management team is responsible for implementing IT governance within the group.
	Principle 13 **The board governs compliance with applicable laws and adopted non-binding rules, codes and standards supporting Fortress' ethical and good corporate citizenship**	• The board is responsible for compliance with applicable laws, regulations, codes and standards. A register of laws is maintained. • The board delegated to the risk committee the process of coordinating compliance monitoring and primary oversight. • Management is responsible for implementing processes to ensure effective compliance. • There were no material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations by the company or any of its directors as at the date of this integrated report.
	Principle 14 **The board ensures Fortress remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term**	• Fortress remunerates fairly, responsibly and transparently to promote sustainable value creation. • The remuneration report and the remuneration implementation report were both voted against by fewer than 25% of shareholders at the 2022 annual general meeting (AGM), obviating the need for interaction with the concerned shareholders. • We disclose individual directors' remuneration. • Remuneration of all staff is linked to achievement of group and individual KPIs. Refer to **pages 90** to **102** for the remuneration report.

Corporate governance review continued

OUTCOME	PRINCIPLES	HOW WE COMPLY
	Principle 15 **The board ensures assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of Fortress' external reports**	• The audit committee is responsible for overseeing the external auditor and internal auditor. • The audit committee was satisfied that KPMG and the designated audit partner were independent and suitable for appointment. • The board is satisfied that assurance results in an adequate and effective control environment and integrity of reports for better decision-making. • Shareholders approve the external auditor's appointment at the AGM. • Our internal audit function is fully outsourced. • The CFO is the head of the finance function and senior managers report to him. The audit committee assesses the CFO's effectiveness annually. The assessment for the 2023 financial year was satisfactory.
Fortress commits to trust, good reputation and legitimacy	**Principle 16** **In executing its governance role and responsibilities, the board adopts a stakeholder-inclusive approach balancing the needs, interests and expectations of material stakeholders in Fortress' best interests over time**	• Fortress respects human rights in conducting its business activities and engaging with its stakeholders. • All policies and procedures ensure that employees and other stakeholders are treated with dignity, regardless of gender or race. • Fortress adopts a stakeholder-inclusive approach to doing business, with the board exercising ongoing oversight of stakeholder relationship management. • Community relations are an important part of the group's stakeholder engagement plans. Refer to **pages 21** and **22** for information on stakeholder relationships and engagements.
	Principle 17 **The board ensures Fortress practises responsible investment to promote good governance and value creation by the companies in which it invests**	• Fortress exercises its rights and obligations to its subsidiaries and other investee companies and the listed securities in its portfolio through active participation and representation. • Fortress, through our CEO, is an active board member of NEPI Rockcastle.

Corporate governance review continued

Attendance and board committee membership

Attendance at the board and committee meetings for the year ended 30 June 2023 was as follows:

	Board	Audit	Independent board	Property and investment	Joint audit and property and investment	Nomination	Remuneration	Risk	Social, ethics and sustainability
Chairman	**Robin Lockhart-Ross**	**Sue Ludolph**	**Jan Potgieter**	**Jan Potgieter**	**Jan Potgieter**	**Robin Lockhart-Ross**	**Bram Goossens**	**Ina Lopion**	**Vuyiswa Ramokgopa**
Number of meetings	13	4	2	6	2	3	3	3	4
Independent non-executive directors									
Robin Lockhart-Ross	13/13					3/3	3/3		
TC Chetty	13/13			6/6	2/2		3/3		
Benjamin Kodisang[1, 2]	11/11	3/3	2/2	5/5	2/2				
Bram Goossens[1, 3]	7/8	2/2	2/2		1/1		3/3		3/3
Ina Lopion	13/13			6/6	2/2			3/3	
Sue Ludolph[1]	12/13	4/4	2/2		2/2			3/3	4/4
Jan Potgieter[1]	13/13	4/4	2/2	6/6	2/2	3/3			
Vuyiswa Ramokgopa	13/13					3/3		2/3	4/4
Eddy Oblowitz[4]	2/2	1/1					0/0		
Caswell Rampheri[5]	0/0			0/0	0/0				0/0
Executive directors									
Steven Brown *(CEO)*	13/13			6/6	2/2				
Vuso Majija *(Retail director (RED))*	13/13			6/6	2/2				
Donnovan Pydigadu *(COO)*[6]	13/13								4/4
Ian Vorster *(CFO)*	13/13							3/3	

[1] *In June 2022, Fortress convened an independent board, consisting of Jan Potgieter (chairman), Bram Goossens, Ben Kodisang and Sue Ludolph to consider the scheme of arrangement to collapse Fortress' dual share structure.*

[2] *Ben Kodisang resigned on .8 March 2023 to focus his attention on his recently launched fund, Reimagine Social Impact Retail Fund, managed by ALT Capital Partners.*

[3] *Bram Goossens resigned on 14 February 2023 to pursue other interests.*

[4] *Eddy Oblowitz was appointed as an independent non-executive director, as member of the audit committee and of the remuneration committee on 2 May 2023 to fill vacancies. On 29 June 2023, he was appointed as chairman of the remuneration committee.*

[5] *Caswell Rampheri was appointed as an independent non-executive director on 29 June 2023 and as a member of the property and investment committee and the social, ethics and sustainability committee to fill vacancies.*

[6] *Donnovan Pydigadu resigned on 14 August 2023 to pursue other interests.*

Board of directors

Independent non-executive directors

Robin Lockhart-Ross (65)
Independent non-executive chairman

Appointed: July 2018 (director); 1 July 2020 (chairman)

Qualifications
CA(SA), BCom, Higher Diploma (Accounting), BCom (Hons) (Tax), MAcc (Tax)

Robin serves as an independent non-executive director and chairman of the Trematon Capital Investments Limited board and as an independent non-executive director of Heriot REIT Limited. He retired from Nedbank at the end of June 2018 where he held the position of managing executive of Nedbank CIB: Commercial Property Finance from November 2014. Before that, he served as the head of credit for Nedbank Property Finance for 12 years. He was the head of risk at BoE Corporate: Property and Asset Finance, acted as managing executive of NBS Homeloans and was chairman of Bond Choice mortgage originators.

Robin chaired the property investment committee and served as a non-executive director of various investee and associate companies at Nedbank Property Partners in his capacity as managing executive of Nedbank Property Finance.

Committees
Nomination *(chairman)*; remuneration

Thavanesan (TC) Chetty (57)
Independent non-executive director

Appointed: February 2021

Qualifications
BA (Economics and Geography), Master of Town and Regional Planning, Diploma in Business Management

TC is a professional town and regional planner with a degree in economics. With over 30 years of experience in the property sector, he is the CEO of TC Chetty and Associates, a consultancy business providing services in business strategy, development planning, development economics, training and development coordination. TC is also the partner development and public affairs manager in South Africa for the Royal Institute of Chartered Surveyors. Previously, he acted as president and board member of SAPOA and currently serves as the chairman of Immedia, a specialist mobile app development and media strategy company.

Committees
Property and investment; remuneration

Hermina (Ina) Christina Lopion (64)
Independent non-executive director

Appointed: January 2020

Qualifications
BSc, Executive Development Programme

Ina has a BSc degree from Stellenbosch University and qualifications in executive leadership. She has an in-depth knowledge of the South African property market, gained over more than 28 years in the industry. She plays an active role in industry leadership and was a director of the SACSC. Ina previously served as an executive director of Vukile Property Fund Limited and held various positions at Sanlam Properties and Gensec Property Services.

Committees
Risk *(chairperson)*; property and investment

Susan (Sue) Melanie Ludolph (59)
Independent non-executive director

Appointed: December 2018

Qualifications
BCom, BAcc, CA(SA)

Sue played a driving role in South African and international business reporting. She has served as an independent member of the Discovery Health Medical Scheme's audit committee for six years and was an independent member of the Discovery Health Medical Scheme's risk committee for four years. From 2014 to 2019, Sue was a judge for the PwC Building Public Trust Awards. She was previously the project director: financial reporting for the South African Institute of Chartered Accountants, cofounded the CFO Forum of South Africa, was the national recruitment partner for Deloitte, and was the dean of the commerce faculty and director of the Midrand campus for Educor Limited.

She established and implemented the strategy and work plan of South Africa's first top 100 CFO Forum, which today still guides, influences and leads on issues affecting CFOs and business. Sue has experience in financial and integrated reporting, tax, risk management and governance.

Committees
Audit *(chairperson)*; risk; social, ethics and sustainability

Board of directors continued

Independent non-executive directors continued

Edwin (Eddy) Oblowitz (66)

Independent non-executive director

Appointed: May 2023

Qualifications

BCom, CA(SA), CPA (Israel)

Eddy holds a BCom degree and is a chartered accountant and certified public accountant. In his over 42-year professional career, Eddy has had exposure to various diverse local and international industries and business enterprises. He is currently the owner of Contineo Financial Services and serves as an independent non-executive director at Trencor Limited, The Foschini Group Limited (TFG) and BNP Paribas Personal Finance South Africa Limited (RCS Group), as well as various non-listed companies.

Committees

Remuneration *(chairman)*; audit

Jan Naudé Potgieter (54)

Lead independent non-executive director

Appointed: December 2015 (director)
January 2022 (lead independent)

Qualifications

BCompt (Hons), CTA, CA(SA), Management Development Programme (University of Michigan), Strategic Planning and Management in Retailing (Monash University, Australia), Advanced Management Programme (INSEAD France)

Jan qualified as a chartered accountant after completing his articles at PricewaterhouseCoopers Inc. He held various managerial positions early in his career, including business manager at Clover SA, followed by seven years in various divisions of SABMiller in senior financial roles. He was headhunted by Massmart in 2005 to join its Massdiscounters team – first as financial director and then as CEO, a position he held for six years. He then consulted to and joined the Italtile Group in 2014 as COO, and served as CEO from 2016. Jan retired as CEO on 31 December 2021 but remains on the Italtile board as a non-executive director. He is also chairman of Janette Media Consulting, independent non-executive director of TFG Limited and an independent non-executive director of Motus Holdings Limited.

Committees

Property and investment *(chairman)*; audit; nomination

Vuyiswa Reitumetse Ramokgopa (37)

Independent non-executive director

Appointed: December 2018

Qualifications

BCom (Politics, Philosophy and Economics), Certificate in Property Development and Investment

Vuyiswa is managing partner and co-founder of AWIP Investment Holdings and Vukani Real Estate Services Proprietary Limited. She has held various industry leadership roles including being chairperson of the National Property Practitioners Council, a member of the board and former CEO of the South African Institute of Black Property Practitioners and is a member of the Property Sector Charter Council and Technical Committee. She also sits on the executive committee of the BRICS Women's Business Alliance and Black Council portfolio coordinating committee. Vuyiswa is an experienced strategist and transformational leader who is passionate about social entrepreneurship, economic transformation and sustainable development. She holds a BCom PPE from UCT and has completed executive finance programmes with GIBS and Oxford University as well as a certificate in Property Development and Investment (UCT). She is an alumnus of the Fortune 500/US Global Mentoring Programme and Bain Academy Board Leadership Programme as well as a recipient of the 2011 Destiny Magazine Top 40 Under 40, 2018 Young Independents Top 100 and was a finalist for the 2018 CNBC Africa All Africa Business Leaders Award and Standard Bank Top Women in Property (2019).

Committees

Social, ethics and sustainability *(chairperson)*; nomination; risk

Moshiko Caswell Ramokgadi (Caswell) Rampheri (53)

Independent non-executive director

Appointed: June 2023

Qualifications

BA(Law), LLB, Higher Diploma in Tax Law

Caswell holds a BA LLB, as well as a Higher Diploma in Tax, certificates in Shopping Centre Management, Finance and Accounting and Estate Agency, and is a graduate of the Standard Bank Wings Leadership Programme. His past experience includes as a commercial property consultant with the Investec Property Group, a project executive and centre manager with Old Mutual Properties, deputy general manager within the Peermont Group, head asset manager and strategy director at Pareto Limited, together with various senior management roles within Liberty Properties. In addition, he is a past director of the Joburg Property Company, past president of the South African Institute of Black Property Practitioners and a previous committee member of SAPOA. Caswell was a non-executive director of Delta Property Fund Limited. He currently serves as CEO of the Buna Group, a pan-African real estate and infrastructure development, investment and debt/equity raising and advisory company, which he founded in 2009.

Committees

Property and investment; social, ethics and sustainability

Board of directors continued

Executive directors

Steven Brown (43)
Chief executive officer
Appointed: April 2016 (alternate director)
July 2019 (CEO)

Qualifications
BBusSci (Fin) (Hons), CA(SA), CFA

Steven joined Fortress from Capital Property Fund after its acquisition in December 2015. He entered the property industry in 2008 as a listed property analyst for Corovest after completing his articles. Following this, Steven joined Standard Bank's global markets division in the equity derivatives finance team, thereafter joining the South African real estate division where he focused on structured lending and equity transactions. He has been involved with several listed real estate companies since 2013, focusing on deal origination and structuring. Since 28 April 2020, Steven has been a non-independent non-executive director of NEPI Rockcastle.

Committee
Property and investment

Ian David Vorster (43)
Chief financial officer
Appointed: December 2018

Qualifications
BCom (Hons) (Accounting), CA(SA)

Ian completed his articles at PKF (JHB) Inc. (PKF) and qualified as a chartered accountant in 2006. He joined the PKF corporate finance division in 2007 and was appointed partner in 2009. PKF merged with Grant Thornton Johannesburg in 2013 and, in 2015, he was appointed as head of the corporate finance division. Ian also served on the Grant Thornton executive committee. He has extensive experience in due diligence investigations, transaction structuring, valuations and JSE reporting accountants and independent expert experience.

Committee
Risk

Sipho Vuso (Vuso) Majija (44)
Director – Retail portfolio
Appointed: May 2017

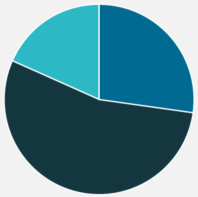
Qualifications
DCE (Cape Technikon), BSc (Hons) (Property Studies) UCT, MBA (Gordon Institute of Business Science (GIBS))

Vuso has been part of Fortress since its listing in 2009. He has 17 years of extensive experience in property and asset management of commercial, industrial and retail properties. Vuso heads up Fortress' retail portfolio and is responsible for developments, redevelopments, extensions, national tenant relations, acquisitions and disposals. He previously served on Pangbourne Properties Limited's board as an alternate director and on the NEPI Rockcastle N.V. board. He also serves as vice president of the SACSC.

Committee
Property and investment

Board of directors continued

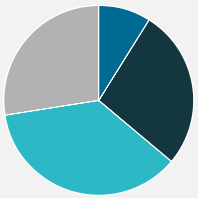
Board diversity



Tenure (%)

0 – 3 years	3	27,3
4 – 7 years	6	54,5
7 – 8 years	2	18,2

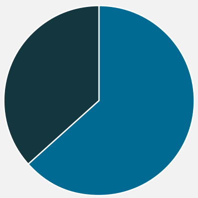
Average tenure
4,4 years
(2022: 3,8 years)



Age (%)

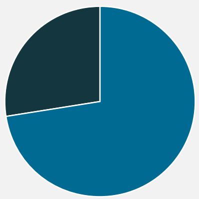
35 – 40 years	1	9,0
41 – 50 years	3	27,3
51 – 60 years	4	36,4
>60 years	3	27,3

Average age
53,2 years
(2022: 50,0 years)



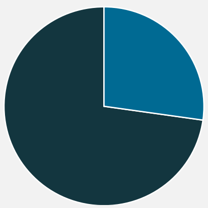
Racial diversity (%)

White	63,6
African, Coloured, Indian	36,4



Gender diversity (%)

Male	72,7
Female	27,3



Independence (%)

Executive directors	27,3
Independent non-executive directors	72,7

Matters considered by the board during 2023

The board considered:

- The **change in REIT status** and the implications thereof
- New **appointments to the board** and approval of the nomination committee recommendations after the AGM
- **Circulars to shareholders** for the proposed scheme of arrangement and the section 61(3) request from shareholders to amend the MOI for three years to allow a distribution split of 80:20 to the FFA and FFB shareholders, respectively
- **Approving transactions** above the property and investment committee's mandate:
  - Amendment of the Pick n Pay transaction (leading to a 9,5% yield on net capital deployed)
  - Option over Eastport North Land
  - Developments at Clairwood Logistics Park, Łódź and Zabrze
  - Disposal of a portfolio including Secunda retail and residential
  - NEPI Rockcastle scrip dividend election
- Ensuring appropriate **communication of the board's strategy** regarding:

Capital allocation

- Target opportunities that derive the greatest risk-adjusted return on capital invested over the long term
- Cash retained, due to MOI restrictions, is reserved to resolve the capital structure
- Asset recycling proceeds are used to fund the development pipeline and existing ongoing projects

Distribution policy and capital structure

- Fortress remains liquid and solvent and the board is willing to declare dividends to shareholders, provided dividends can be paid on a sustainable, regular and predictable basis
- The loss of REIT status was ultimately a result of the board not having the authority to declare dividends while the distributable earnings were below the FFA benchmark, and consequently not complying with the JSE's distribution requirements for REITs
- The board remains of the view that the capital structure is sub-optimal in its current form
- Shareholders can 'neutralise' their position by acquiring roughly equal numbers of both FFA and FFB shares to allow for participation in the company's equity at a significant discount to NAV.

Board and committee activities

Nomination committee

Function and composition

Role and mandate

The nomination committee is mandated by the board to identify suitable candidates to fill vacancies arising on the board, assess the independence of non-executive directors, review the composition of the board sub-committees and ensure that there is a succession plan in place for key management.

The committee recommends individuals to the board for appointment and oversees the conduct of directors through an annual self-evaluation and peer assessment exercise. The board as a collective and all members as individuals are required to rate their own and their colleagues' independence, performance and contribution as well as the effectiveness and efficiency of the board's governance structures, committees and processes.

In reviewing board composition, the committee aims to achieve an appropriate balance of knowledge, skills, experience, objectivity and independence, as well as to harness the benefits of all aspects of diversity, including gender and race diversity. It also considers the appropriate mix of executive, non-executive and independent non-executive directors and the specific statutory and technical requirements of each of the board committees.

Membership

The nomination committee's responsibilities and duties are governed by a charter that was reviewed by the board in 2023. The charter requires that the committee comprise three independent non-executive directors.

The membership of the committee remained unchanged throughout the year; the members are Robin Lockhart-Ross acting as chairman, Jan Potgieter and Vuyiswa Ramokgopa.

Activities during the past year

Board changes

There were several changes during and post the 2023 financial year to the composition of the board, which at the date of this report comprises three executive and eight non-executive directors.

During the financial year, Bram Goossens resigned as a non-executive director on 14 February 2023 and Ben Kodisang on 8 March 2023. To fill these vacancies, the board appointed Eddy Oblowitz on 2 May 2023 and Caswell Rampheri on 29 June 2023. Both are experienced and seasoned professionals and businessmen, with extensive track records, profiles and networks in the listed sector and institutional investment environment, having served on the boards of various listed companies.

Refer to **page 79** of the integrated report for detailed biographies of Eddy Oblowitz and Caswell Rampheri.

Subsequent to year-end, Donnovan Pydigadu resigned as executive director and COO on 14 August 2023 to pursue other interests outside the company.

Board committees

The above changes left vacancies on the audit, remuneration, property and investment and social, ethics and sustainability committees, resulting in changes to the composition of the board committees so as to meet statutory and policy requirements.

Eddy Oblowitz joined the audit and remuneration committees on 2 May 2023 and was appointed as chairman of the remuneration committee on 29 June 2023, while Caswell Rampheri joined the property and investment and social, ethics and sustainability committees on 29 June 2023.

In terms of the board's policy on the composition and population of board committees, each non-executive must be a member of at least two but no more than three committees, and each committee must be chaired by an independent non-executive director but no non-executive director should chair more than one committee. At the date of this report, the board is compliant with these internal rules, as well as all requirements of the Companies Act, the JSE Listings Requirements and King IV.

Fortress recognises and embraces the need for a diverse board and believes that increasing diversity at board level is beneficial and essential in ensuring its legitimacy and sustainability in the long term. Accordingly, the board has adopted a formal board diversity policy and set itself a voluntary target for gender and racial diversity of 50% at non-executive director level in line with the JSE Listings Requirements.

Following the above changes, this diversity target has not been met as at the date of this report, either in respect of gender diversity, to the extent that, of the current eight non-executive directors, only three are women, or in respect of racial diversity in that only three of the eight non-executives are black. The committee is committed to achieving this target in the medium term and is intent on prioritising the recruitment of a black female candidate in the event of a non-executive vacancy arising on the board.

Independence of non-executive directors

On an annual basis, the committee tests non-executive directors' independence using the criteria included in the JSE Listings Requirements, King IV and the Companies Act. In terms of these tests, the committee has concluded that all of the current non-executive directors can be regarded as independent.

Post-AGM shareholder engagement

At the company's AGM on 6 December 2022, there was significant shareholder voting against the re-election of Steven Brown as executive director, Jan Potgieter as non-executive director and Sue Ludolph as member of the audit committee. The committee therefore conducted an extensive engagement with both dissenting and supportive shareholders to understand the reasons behind their voting and to inform appropriate actions required at company, board, management and individual levels.

Following external and internal consultation, the committee made recommendations to the board on improvements to the company's policies, structures and practices in regard to stakeholder engagement and communication; enhancements to role definition, succession planning, performance review and executive development at management level; and refinements to the company's organisational culture and corporate values. Further to this, the board communicated its support for Steven, Jan and Sue to all shareholders who participated in the engagement.

All of these recommendations were adopted by the board, which has endorsed the resultant action plans and reviewed progress on implementation.

Management succession

The committee has reviewed the company's management organogram, which covers key staff, reporting lines, qualifications and expertise, skills gaps and career paths, as well as the company's succession planning strategy. The committee is satisfied with the current structure, composition, depth and capacity of the management team, whose individual responsibilities and reporting lines have been rearranged to cater for the departure of Donnovan Pydigadu as COO.

Board and committee activities continued

Nomination committee continued

Focus for the coming year

Board succession planning

After the extensive changes to the composition of the board over the past year, the committee has conducted a thorough review of the adequacy of board succession planning.

Although the board is presently at full complement, the focus of the committee during the year ahead will be on building 'bench strength' to cater for likely movements on the board over the next three to five years.

As the board is still relatively new as a collective, the committee's focus remains not only on succession planning but also on capacity building, in the sense of improving institutional knowledge and leveraging individual skill sets, at both board and management level.

Management succession planning

The events of the past year, including the shareholder votes at the AGM against the CEO and the departure of the COO post financial year-end, have again emphasised the need for the board to be alert to and prepared for the increasing risk in the present environment of losing senior executives and key talent.

Although the committee is comfortable with the current capability of the executive team, it will focus greater attention during the coming year on building capacity at the next tier of management.

This will involve both accelerated development of internal staff identified as having high potential and targeted recruitment of individuals with scarce skills in the market, with a particular focus on improving the company's B-BBEE profile at senior and middle management levels.

Shareholder engagement

The committee members gained considerable value from their robust interactions with key shareholders during its post-AGM engagement, from which it was evident that more structured communication by the board with stakeholders would be beneficial.

To date, the company's practice has been to conduct formal engagement with shareholders only via the remuneration committee in relation to and ahead of the annual remuneration policy votes, but the committee will look to expand this shareholder annual engagement to cover general governance and related matters.

Flamwood Walk, Klerksdorp, North West

Board and committee activities continued

Property and investment committee

Function and composition

Role and mandate

The property and investment committee is tasked with ensuring that Fortress' investment strategy is executed effectively and that each investment decision generates the optimal value for the group's stakeholders. All acquisitions, disposals and capital expenditure exceeding executive management's approval limits are considered by the committee, which approves acquisitions, disposals, developments and capital expenditure up to pre-set limits, makes recommendations to the board on transactions or commitments above these limits and reviews the group's property performance on a regular basis to ensure any under-performing assets are identified and plans are put in place by management to address this. The committee also reviews the valuations performed by the independent valuers on an annual basis and assesses whether any property assets may be impaired.

Membership

The committee consists of four independent non-executive directors – Jan Potgieter (chairman), TC Chetty, Ben Kodisang (resigned 8 March 2023), Ina Lopion and Caswell Rampheri (appointed 29 June 2023) – and two executive directors, Steven Brown and Vuso Majija. All members of the property and investment committee have extensive experience and technical expertise in the property industry. The board chairman and CFO attend the meetings as invitees.

The property and investment committee's responsibilities and duties are governed by a charter, which was reviewed by the board during 2023.

Activities during the past year

During 2023, the property and investment committee undertook the following key activities:

Performance and valuation of the existing property portfolio

At every reporting period date, the property and investment committee, in conjunction with the audit committee, reviews the standing property portfolio and development land valuations. The committee did this for the interim period ended December 2022, during the group's interim reporting and at year-end for the period ended June 2023. It also assessed the valuation of the properties and identified the need for any impairments.

During this review process, the committee was made aware of a potential impairment of the Clairwood development asset. An assessment was made and an impairment of R291 million was recognised at year-end after a recommendation to the board.

As part of the year-end valuation process, the property and investment and audit committees monitored the formal year-end process of valuing the standing property portfolio, which was conducted by external valuers in accordance with the group's valuations policy (refer to note 3: Investment property, straight-lining of rental revenue adjustment, investment property under development and investment property held for sale to the annual financial statements on **pages 25** to **27**). The external valuations were recommended to the board for approval.

Review and further investment in NEPI Rockcastle

The committee continually monitors Fortress' strategic shareholding in NEPI Rockcastle, evaluating the investment and funding thereof against alternative growth and financing opportunities. During the period, the committee supported the taking of the scrip dividend election which offered an attractive discount to an already attractively priced and highly liquid share. This investment increased the number of shares from 144 million at 30 June 2022 to 160 million at the date of this report, increasing our effective holding in NEPI Rockcastle from 23,6% to 24,2%.

Disposal of non-core assets

To deliver on Fortress' strategy of disposing of non-core assets and recycling the capital raised into the group's development pipeline, the committee oversaw a focused disposal programme that resulted in the sale of 29 properties, amounting to R1,326 billion against a book value of R1,338 billion.

Roll-out of the logistics development pipeline

The committee approved five new developments during 2023, totalling approximately 135 000m^2. This is in accordance with the group's strategy of focusing on constructing flexible, multi-use warehouses in its prime and secure logistics parks.

During the year, nine developments totalling 276 482m^2 were completed on time and in line with budget and specifications. The committee ensured that the appropriate returns were achieved for each development.

Retail redevelopments and extensions

The committee approved the redevelopment and extension of 204 Oxford during 2023 at a cost of R83,4 million. This is in accordance with the group's strategy of focusing on enhancing, extending and defending its existing retail assets. Approved capital expenditure in 2023 relating to generators amounted to R31,6 million.

CEE direct investment strategy

The committee reviewed and approved the development of the first phases in Łódź and Zabrze in line with the group's investment strategy, based on securing leases on both sites at or in excess of 50% of the GLA.

Focus for the coming year

For 2024, the committee will continue to assist executive management with the following key strategic initiatives:

- Provide strategic input and oversight of the sales of assets in line with the strategic imperative of recycling capital into the core portfolios of retail and logistics. To this end, the committee will provide support to management to oversee the target of R2,5 billion of direct asset sales during FY2024
- Oversee the roll-out of the development pipeline of logistics developments both in South Africa and CEE, as well as the refurbishment and extensions of the core retail portfolio
- Analyse potential acquisition opportunities against other viable capital allocation priorities
- Prioritise capital allocation to the chosen strategic sub-sectors of retail and logistics and assist both management and the board in assessing returns in what is likely to be a volatile year for global real estate markets
- Continual review of capital sources and priorities in light of changing internal and external dynamics.

Board and committee activities continued

Remuneration committee

Function and composition

The remuneration committee is governed by a charter which is reviewed annually by the board, is compliant with the Companies Act and the JSE Listings Requirements and is consistent with the principles of King IV.

In terms of its charter, the committee is mandated by the board to authorise the remuneration and incentivisation of the group's employees, including executive directors. The committee also recommends for approval by shareholders the fees payable to non-executive directors and members of board sub-committees.

Membership

On 14 February 2023, Bram Goossens resigned as non-executive director and chairman of the remuneration committee and, on 2 May 2023, Eddy Oblowitz was appointed as independent non-executive director of the company and member of the committee. He assumed the chairmanship of the remuneration committee on 29 June 2023. At year-end and the date of this report, the committee comprises three independent non-executive directors – Eddy Oblowitz, TC Chetty and Robin Lockhart-Ross – all of whom have exposure to and experience in remuneration matters and the practical workings of remuneration committees.

Focus and approach

The committee's continuing focus is on reviewing and refining the group's evolving remuneration policies and practices, on maintaining and increasing the frequency of its engagements with major shareholders and on creating and enhancing a remuneration and incentivisation environment that will facilitate the retention and motivation of high-calibre, top-performing employees across all levels of the organisation.

It is the committee's overarching guiding principle that everything pertaining to remuneration and its ultimate determinations must, at all times, be aligned with the strategy and operations of the group since strategy and operations inform remuneration.

Activities during the past year

Shareholder engagement

As both the FY2022 remuneration implementation and the FY2023 remuneration policy reports secured the requisite 75% support from shareholders at the AGM held in December 2022, the company was not required in accordance with King IV to formally engage with shareholders on these remuneration votes. However, having last engaged with shareholders on a formal basis in January 2022 and in accordance with good remuneration practice, the committee undertook an extensive engagement exercise with major shareholders in August and September 2023, ahead of the commencement of the company's annual remuneration cycle.

The essential purpose of this exercise was two-fold:

- Firstly, for the committee to update our major shareholders on developments on the group's remuneration front since the publication of the 2022 integrated report and to apprise shareholders of the salient issues facing the committee during the FY2023/24 remuneration cycle
- Secondly, for the committee to obtain shareholders' feedback on existing remuneration policies and practices under review, solicit their inputs on any policy changes under consideration and assess their views on potential solutions to the company's particular remuneration challenges, principally those emanating from the long-running, 'underwater' legacy staff share incentive schemes.

The committee values these robust engagements it enjoyed with our shareholders and the constructive and diverse inputs it received. The outputs from these shareholder engagements have served to inform several of the short- to medium-term decisions that the committee has made in respect of current year incentives and awards, as detailed later in this report, and also to influence the longer-term approach and direction of the committee in its ongoing refinement of the group's remuneration policy.

The committee will engage again with shareholders after the general meetings which is expected to be held shortly regarding the proposed scheme of arrangement in progress intended to collapse the company's dual share structure. It will then unpack the effects of the scheme, if passed, on all elements of the company's remuneration framework, including its Short-term Incentive Plan (STIP) and Conditional Share Plan (CSP).

Determination of FY2023 STIs

Last year, at the time of compiling the FY2023 remuneration policy, there was considerable uncertainty as to whether the company would retain its REIT status. Consequently, in framing the KPIs for the FY2023 short-term incentive (FY2023 STI) scorecard, the committee had to allow for the impact of the real likelihood (which subsequently transpired) that Fortress would no longer be a REIT by FY2023 year-end. To the extent practicable, the committee sought to utilise metrics and set targets that would remain relevant whether the company retained or lost its REIT status. It was, however, noted in the remuneration chairman's letter in the 2022 integrated report that the application of discretion might be required by the committee in interpreting and applying the affected factors to ensure that FY2023 STI outcomes were reasonable from both executives' and shareholders' perspectives.

Initial scoring of the FY2023 scorecard resulted in *pro forma* performance outcomes for the three executive directors of between 122% and 135%, owing to several of the KPIs scoring being above target and at stretch. The committee, however, considered that this initial percentage score would result in overly generous bonuses for the executive directors, given the circumstances of the past financial year. Accordingly, in approving the final bonuses for the three executive directors, the committee applied a discretionary deduction of 25% off the top of the amounts as generated by the STI scorecard and bonus formula, which resulted in FY2023 bonuses being paid to the directors of between 92% and 103% of their respective total guaranteed annual packages (TGPs).

The committee recognises that its decision to pay bonuses at this level to the executive directors may be ill-received by some shareholders in the context of the company having lost its REIT status in FY2023. The committee was, however, of the view that it was appropriate to award these moderated bonuses to the executive directors on the strength of their overall delivery against the scorecard KPIs relating to operational performance, balance sheet management and strategy implementation, which were all met by management.

Remuneration committee continued

Details of the executive directors' FY2023 STI scorecard outcomes and bonuses are provided in the FY2023 remuneration implementation report on **page 92**.

Vesting of FY2020 CSP awards

The company's CSP was approved by shareholders in December 2019, and the first awards under this scheme in respect of FY2020 (FY2020 awards) were made in October 2020 during the height of the COVID-19 pandemic, which added to the inherent difficulties faced at that time by any remuneration committee in setting realistic (i.e. challenging but practicably feasible) targets for the first-time award of conditional shares under any new incentive scheme. It was therefore signalled by the then remuneration chairman, in his letter in the 2020 integrated report, that the exercise of discretion might be required by the committee in October 2023 to moderate any unintended outcomes when these FY2020 awards came up for vesting after the expiry of their three-year vesting period.

Initial assessment by the committee of the stipulated performance criteria for the FY2020 awards yielded scores of above-target on both financial measures and at-stretch for both non-financial measures, thus indicating a vesting percentage of 174% of the original awards. The committee recognised that this vesting outcome could be considered a 'windfall gain' as contemplated in principle 14 of King IV, when viewed in conjunction with the material recovery in the FFB share price since the date of original grant of these awards in October 2020.

In accordance with its stated commitment to good corporate governance and remuneration practices, the committee therefore sought to exercise discretion to limit the scoring on both the financial and non-financial measures so as to arrive at a moderated vesting outcome. The committee has, however, been legally unable to do so, owing to the absence of an explicit right of discretion in the CSP rules, as approved by shareholders in December 2019, allowing the committee, post expiry of the vesting period, to override the vesting outcomes as determined by strict assessment of the stipulated performance conditions.

Accordingly, the committee's remedies to this unforeseen outcome of the FY2023 CSP awards have been limited to taking steps, firstly, to ensure that this situation cannot recur in future years and, secondly, to effect some clawback in the next round of annual CSP awards of what the committee deems as 'windfall' vesting, through implementing the following rectifying actions:

- Amendment of the committee's charter to entrench, as an overarching principle, the right of discretion of the committee as an implicit and fundamental element of all remuneration components
- Review of the CSP rules with a view to incorporating an explicit legal right of the committee to exercise discretion to moderate the final quantum of conditional awards post vesting so as to moderate future 'windfall' outcomes, as defined
- Limitation in the FY2023 annual round of CSP awards of any awards to be granted to the beneficiaries of this FY2020 CSP vesting to 50% of the 'normal' level of awards they might otherwise have been granted
- Adjustment to the annual CSP award ranges by lowering the bottom end of the range by 10% and resetting the 'normal' level of annual award to the midpoint from the top of the range, as has been practice in the past.

The latter two actions, namely the limitation of the FY2023 CSP awards for the FY2020 CSP participants and the resetting of the annual award ranges, have been agreed with the executive directors and other scheme participants and will be implemented at the time of making the FY2023 CSP awards, which, as will be explained later in this report, the committee has decided to defer until after the shareholder general meetings to vote on the proposed scheme of arrangement in process.

Given the legal constraint on the committee's ability to exercise discretion in respect of the FY2020 CSP awards post vesting, the committee trusts that its commitment to the implementation of the above rectifying and other related actions will be seen as facilitating appropriate alignment of management and shareholder interests and upholding a culture of best practice remuneration governance.

Details of the vesting of FY2020 CSP awards are provided in the FY2023 remuneration implementation report on **page 93**.

Framing of FY2024 scorecard

At the time of compiling the FY2024 remuneration policy, the committee has again been faced with the uncertainty of a possible change to the company's capital structure through a scheme of arrangement to buy back all FFB shares using a portion of the company's shareholding in NEPI Rockcastle. If this scheme is approved by shareholders, it will have significant impacts on the company's balance sheet and income statement in FY2024 and beyond, and hence on some of the key parameters used in the STI scorecard. The committee has therefore decided to frame the potentially affected metrics and targets for FY2024 on the assumption that the proposed scheme of arrangement will not be passed, with the intention of resetting them with retrospective effect, in the event that the scheme is approved.

Following the engagements with and feedback from shareholders, the committee has made several changes to the structure and composition of the STI scorecard for FY2024, particularly in response to calls for the simplification of the scorecard through fewer and clearer KPIs, for the introduction of more relative (as opposed to absolute) performance measures and for the replacement of qualitative measures with more objectively measurable metrics. The committee has also revised the weightings of KPIs considered to be of particular strategic importance over the coming financial year, notably management of the company's gearing level, continuation of the asset recycling programme and roll-out of the sustainable energy projects.

The committee is comfortable that the revised FY2024 STI scorecard represents an appropriate balance of relevant performance factors, comprising a mix of financial versus non-financial, quantitative versus qualitative and company versus individual measures.

Details of the executive directors' FY2024 STI scorecards are provided in the FY2024 remuneration policy report on **page 99**.

Deferral of FY2023 CSP awards

In accordance with its annual remuneration cycle, the committee would normally have approved an annual round of CSP awards in October 2023 in respect of FY2023. As with the framing of the FY2024 STI scorecard, the making of these FY2023 CSP awards has, however, been complicated by the proposed scheme of arrangement currently in progress, to the extent that any fresh award of conditional shares under the CSP might be deemed to constitute a 'prohibited share issue' in terms of the TRP regulations applicable to the scheme.

Accordingly, the committee has decided that it would be advisable to defer the making of any FY2023 CSP awards until after the shareholder general

Board and committee activities continued

Remuneration committee continued

meetings expected to be held shorty, when this prohibition will lapse and it will then also be clear whether, going forward, the company will have a dual or single share structure. Notwithstanding this decision to defer the granting of any FY2023 CSP awards, and the difficulty in setting realistic three-year targets amid the uncertainty emanating from the proposed scheme in process, the committee has applied its mind to framing the performance conditions that will attach to the FY2023 annual round of awards. Taking into consideration feedback received from shareholders and guidance sought from its remuneration advisors, the committee has made some changes to the FY2023 CSP award conditions, notably the reintroduction of relative shareholder return as an additional financial measure.

While this unforeseen deferral of the FY2023 CSP awards is obviously not ideal from an employee motivation and retention perspective, from a practical perspective it will allow the committee the time to review and amend the CSP rules to the extent necessary to cater for a change in the capital structure, should the scheme of arrangement be implemented, at the same time as introducing other requisite changes to ensure that the rules are aligned with industry benchmarks and best practice. Any such amendments to the CSP rules will require approval by shareholder resolution as the changes required would extend beyond the committee's existing discretion to modify the rules in the event of corporate action.

Details of the performance conditions that will attach to the FY2023 CSP awards, when granted post the scheme meetings, are given in the FY2023 remuneration implementation report on **page 94** and **95**.

Standing remuneration policy changes

In addition to dealing with the recurring annual tasks of determining STI and CSP awards for the financial year under review, and framing STI and CSP performance parameters for the ensuing financial year and vesting period ahead, the committee has also revisited some of the standing components of the company's remuneration policy, particularly those relating to executive directors' shareholdings in light of shareholder feedback.

Following this review, the committee has introduced two consequential changes:

- To the minimum shareholding requirements (MSR), in terms of which the required multiple applicable to the CEO has been increased from 150% to 200%, while the 150% multiple remains in place for other executive directors
- To the matched share scheme (MSS), introduced as part of the FY2023 remuneration policy, such that matching will in future be granted only to the extent to which new co-investment by participants in the MSS is in the same ratio of 1:1 for FFA:FFB shares, as now applies to the issue of shares under the CSP rules.

This latter change to the MSS may, of course, be superseded by approval of the scheme of arrangement, to the extent that the FFA:FFB share structure would fall away. This would then necessitate that the committee revisit all aspects of the remuneration policy to ensure that they remain relevant to a single share structure, as already mentioned above in relation to the FY2023 CSP awards.

It is the committee's firm view that simplification of the current dual share structure will result in significant benefits to policy determination, lead to easier practical application and enhance external understanding and perceptions of the company's remuneration framework.

Priority for the coming year

Legacy share incentive schemes

The remuneration committee chairman's report in the 2022 integrated report advised that the committee would bring a formal proposal to shareholders during the course of FY2023 for the wind-up of the 'underwater' legacy staff share scheme (LSSS). At that time, the committee believed that the winding up of the scheme would need to be effected by way of a specific buy-back of the affected shares in order to avoid adverse tax consequences. Since then, as a result of a precedent established by one of the peer group REITs, resolution of share schemes of this nature has been simplified such that the LSSS may be unwound by the board, in accordance with its decision taken and previously communicated to shareholders in FY2020 and again in FY2022, without the need for any prior formal shareholder approval.

During the committee's engagements with shareholders, the committee was given the clear message that, given the circumstances of the company having lost its REIT status and not being in a dividend-paying position at the end of FY2023, the current timing was not supportive of, nor favourable to, the board unwinding the LSSS at this stage. Consequently, the committee has decided again to defer taking any steps to implement the unwinding of the LSSS, bearing in mind that the proposed scheme of arrangement in progress will, if successful, not only facilitate but will also necessitate the unwind of the LSSS, to the extent that it would be counterproductive for LSSS participants to become holders of shares in NEPI Rockcastle in substitution of the FFB shares they presently hold under the LSSS. For this same reason, it will also be appropriate for the committee to address the residual positions under the purchase leg of the discontinued Long-Term Incentive Plan (LTIP) at the same time, given that the last of the award tranches made under that scheme in October 2019 have now vested in October 2023.

Board and committee activities continued

Risk committee

Function and composition

Role and mandate

The board mandated the committee to ensure the group designs and maintains a sound risk management system to integrate and embed risk management across all business activities and to ensure that management implemented an effective risk management plan to enhance the group's ability to achieve its strategic objectives.

The risk committee is governed by a charter, which is annually reviewed by the board, complies with the Companies Act and the JSE Listings Requirements and is consistent with the principles of King IV.

During 2023, the committee consisted of three independent non-executive directors – Ina Lopion (chairperson), Vuyiswa Ramokgopa and Sue Ludolph – and one executive director, Ian Vorster, as CFO and chief risk officer.

The committee's responsibilities and duties are distinguished between risk areas where the committee has primary oversight and those where other board sub-committees – namely the audit committee, property and investment committee, remuneration committee and social, ethics and sustainability committee – have primary, and the risk committee secondary, oversight.

The committee annually reviews Fortress' risk management policy and risk rating and monitors and updates the risk management plan and related action items at each meeting.

The committee annually reviews the risk management plan, which is in line with industry best practice and specifically prohibits the company from entering into derivative transactions not in the ordinary course of business. The committee also reviews the risk matrix at each meeting.

Activities during the past year

The risk committee is satisfied that Fortress complied with its risk management policy in all material respects.

The risk committee continued to conduct its oversight activities within its formal risk framework, which comprises a risk policy and a risk management plan. The plan drives management's priorities and actions in addressing identified risks and the committee's actions in guiding and monitoring these actions. The plan is reviewed on an ongoing basis to address risks in a dynamic operating environment.

Refer to the risk management section on **pages 23** to **28** of this report for more detail.

Macroeconomic and sociopolitical risk

Socioeconomic issues remain prevalent on the risk agenda. Inflation remains high in local and international economies resulting in a prolonged higher interest rate environment, placing these markets under pressure. Locally, high levels of unemployment compounded by infrastructure decay and poor service delivery contribute to a heightened risk of civil unrest. In the current year, the risk committee, in conjunction with management, has focused on appropriate responses to this risk insofar as safeguarding and insuring our South African direct property portfolio. Fortress is pleased to note that the outstanding matters in respect of the July 2021 unrest were concluded with SASRIA and settled in the 2023 financial year.

Infrastructure and sustainability risk

Locally, state-owned infrastructure has continued to deteriorate in the current year. Management has ramped up the roll-out of its energy-efficient and future-proofing programme, with the focus shifting from efficiency to stability of electricity supply. These business imperative programmes include backup electricity generation and water security and supply initiatives. The positive work done in this area has resulted in us meeting our second performance measure at 30 June 2023 in terms of our issued sustainability-linked bonds.

Strategic execution risk

The committee provided oversight and coordination to the various sub-committees in implementing the company's strategic objectives. The committee is pleased with the continued successful execution of the strategy to specialise in premium-grade logistics and commuter-oriented convenience retail while disposing of the group's non-core portfolios. The committee remains of the view that this is key to the longer-term success of Fortress.

War in Ukraine

Given our exposure to CEE, the committee continues to monitor the situation in the region following the invasion of Ukraine by Russia in February 2022. The committee's assessment of the short-term impact on those countries and economies in the region in which we have exposure has been lower than expected. The committee, however, remains cautious about the longer term.

Cyber risk

Fortress' IT department continued to implement its enhancement programme during the year, which primarily focuses on improving the group's entire value chain. In the ever-changing IT environment, management's focus remained on enhancing security controls and ensuring that risk associated with business continuity is managed. IT remains a priority to the risk committee, given the extent of its reach and our reliance on it.

Change in tax status from REIT to REIC

Due to the restrictions contained in Fortress' MOI in so far as payment of dividends is concerned, Fortress was unable to retain its REIT status in the current year. The change from REIT to REIC primarily relates to the company's tax status. In conjunction with the audit committee, the risk committee has provided oversight regarding compliance with the relevant regulatory and legal challenges that this change has brought on.

Insurance

The committee provided oversight in respect of the annual insurance renewal process. Asset insurance has become a priority in recent years, specifically in respect of civil unrest and riot cover, which historically was covered in its entirety by SASRIA. The committee is satisfied that appetite by primary underwriters will remain, however, premium increases will remain in excess of inflation in the medium term.

Regulatory, compliance and governance

Under the guidance and supervision of the risk committee, an improved delegation of authority policy framework within the applicable legislative and regulatory frameworks was introduced in the current financial year.

The committee has worked closely with other board sub-committees to address overlapping risks, ensuring there is an appropriate response to external threats and opportunities.

The committee is satisfied that the group complied with its board-approved risk management plan in all material respects during the 2023 financial year.

Risk committee continued

Focus for the coming year

The committee is satisfied that the group's robust risk identification, mitigation and management structures are adequate and have resulted in appropriate responses to risks faced by the company. Fortress will adapt and apply the group's risk management practices and procedures in the coming year to deal with any challenges that may arise.

Macroeconomic and sociopolitical risk

The risk committee will continue to monitor the key performance economic indicators in both the local and CEE regions in which Fortress operates. As South Africa heads into an election year, the committee is conscious of the heightened level of dissatisfaction with local and national government and the resultant risk of civil unrest. The committee will work closely with management to adequately address this risk to the extent possible.

Strategic execution risk

The continued execution of our strategy to specialise in premium-grade logistics and commuter-oriented convenience retail will remain a priority for the committee. The committee's role extends to coordinating the board's oversight of how management frames, prioritises and implements key strategic action plans, initiatives and programmes that stretch across the mandates of the various board sub-committees. This is to maintain an appropriate balance between pursuing and advancing the group's short-term targets, medium-term goals and long-term strategic objectives.

IT risk

IT will remain on the risk committee's agenda, given the reliance placed on it. Focus will be placed on the continued IT enhancement programme to ensure that IT management results in the integration of people, technologies, information and processes across the company and its property managers to maintain business resilience.

Insurance

The committee will monitor and provide oversight regarding the insurance renewal process, ensuring that the primary risk in respect of the properties is covered while balancing insurance premium increases and the assumption of more insurable risk on the Fortress balance sheet.

Regulatory, compliance and governance

Given the recent change in tax status, the committee will assist where necessary and provide oversight in transitioning from a REIT to a REIC. Application and oversight of the enhanced delegation of authority policy framework will be provided by the committee and where necessary appropriate changes will be implemented in the coming financial year.

Electron Exchange, 50 Electron Avenue, Isando, Gauteng

Remuneration report

Introduction

This comprehensive remuneration report consists of four sections:

- **Part 1: Background statement**, which contains an overview of the guiding philosophy that underlies the group's remuneration policy
- **Part 2: 2023 remuneration implementation report**, which provides details of the group's implementation of its remuneration policy in the 2023 financial year
- **Part 3: 2024 remuneration policy**, which outlines the components of the group's remuneration report policy as it will apply to the 2024 financial year
- **Part 4: Non-executive directors' remuneration**, which deals with the remuneration of the group's non-executive directors

This report should be read in conjunction with the remuneration committee's report on **pages 85** to **87**, as well as the following specific sections of the audited annual financial statements for the year ended 30 June 2023:

- **Note 29: Directors' remuneration**, which provides details of the beneficial shareholding of executive directors as at the end of the 2023 financial year
- **Note 20: Employee incentive scheme**, which provides details of directors' participation as at 30 June 2023 in the group's long-term share incentive schemes
- **Note 29: Directors' remuneration**, which details the remuneration paid to both executive and non-executive directors during the 2023 financial year.

Non-binding advisory vote on the remuneration report

Fortress remains committed to the process of frequent engagement with its shareholders on the principles, structure and content of its remuneration policy, as well as the consistent implementation of its remuneration policy. Fortress will put its FY2023 remuneration implementation report and FY2024 remuneration policy, as contained in parts 2 and 3 of this remuneration report, to two separate, non-binding advisory votes at the forthcoming AGM to be held on 1 December 2023.

In the event that 25% or more of shareholders vote against either or both the 2023 remuneration implementation report or the 2024 remuneration policy, Fortress will then include a note in its SENS announcement on the AGM results, inviting any dissenting shareholders to engage with the remuneration committee on their reasons for voting against either or both of these resolutions. The precise method of shareholder engagement will be decided by the remuneration committee, but this may include emails and teleconferences, shareholder roadshows (where feasible) and one-on-one meetings with shareholders.

The results of the shareholder engagement and the committee's response to shareholder feedback and concerns will thereafter be published by way of a SENS announcement and included in the remuneration report in respect of the 2024 financial year.

PART 1: BACKGROUND STATEMENT

The remuneration policy is aligned with the group's strategic objective, which is to create long-term, sustainable value for stakeholders. Remuneration comprises a combination of salary and related staff benefits, short-term performance-based incentivisation and long-term incentivisation to attract and retain motivated, high-calibre executives and employees whose interests are aligned with stakeholders' interests.

The remuneration policy aims to align organisational and individual performance through the appropriate balance of guaranteed versus variable pay and short-term versus long-term incentivisation, and it is applicable to the group's executive directors and all employees.

Guiding principles and objectives

The remuneration policy is based on the following principles:

- Remuneration must support and encourage the successful implementation of key business strategies
- Remuneration must create a strong, pay-for-performance-oriented culture and environment that is consistent with the group's long-term objective of sustainable value creation for stakeholders
- Remuneration must be structured to attract, motivate and retain talented employees
- Remuneration policy should promote appropriate risk management and not encourage excessive risk-taking by key decision-makers
- Remuneration should be structured in ways that allow for the recognition and encouragement of exceptional performance, both at an individual and a group level
- Remuneration policies and schemes should be transparent, easy to understand and in compliance with all applicable laws and regulations.

It is the group's objective that remuneration should be equitable and fair from both an internal perspective – taking into account employees' roles, responsibilities, qualifications and experience – and an external perspective, ensuring that remuneration is in line with the group's peers and our executives' comparable counterparts in the market.

Fair, reasonable and transparent remuneration

Fortress is committed to the principles enshrined in labour legislation of 'equal pay for work of equal value' and the remuneration committee strives to ensure that the design and implementation of the group's remuneration policy result in fair, equitable and reasonable pay.

As part of the annual salary review process in November 2023, the committee will be alert to any evident pay discrepancies and/or inconsistencies that may still exist on account of race, gender or other grounds and will, where necessary, make appropriate adjustments to address and minimise any such discrepancies in the approval of salary increases, effective from January 2024.

The committee is committed to ensuring that the group's remuneration disclosure meets the highest industry standards and remuneration reporting best practices in terms of being transparent, comprehensive and understandable.

PART 2: 2023 REMUNERATION IMPLEMENTATION REPORT

Annual salary review and adjustments

The group's annual remuneration cycle is aligned to the calendar year rather than the financial year. Salaries are reviewed and adjusted by the remuneration committee in November each year for application from 1 January the following year.

In November 2022, the committee approved an overall increase of 6,3% in the group's total salary expense effective from 1 January 2023, having regard to the level of consumer price inflation and being mindful of the group's ongoing cost-containment measures. This increase was applied on a differentiated basis such that staff received an average increase of 6,5%, management 6,0% and executive directors 6,0%, with the median salary paid across the group increasing by 2,1% from R1 534 710 in 2022 to R1 566 218 in 2023.

Executive directors' remuneration

The total remuneration (paid by subsidiaries of Fortress) of the executive directors in respect of the 2023 financial year comprised five elements:

- Salary (included in total guaranteed annual package (TGP))
- Provident fund contributions (included in TGP)
- Short-term performance incentives (STIs) paid in respect of the 2023 financial year
- Conditional Share Plan (CSP) awards granted in respect of FY2020 that vested in October 2023
- Tranches of long-term incentives (LTIs) awarded in prior years that vested in October 2022.

The total remuneration of the executive directors in respect of the 2023 financial year was as follows:

Single figure remuneration

	Annual salary R'000	Provident fund R'000	Leave paid out R'000	NEPI Rockcastle/ EUR earnings R'000	TGP R'000	Bonus R'000	LTIP award vested* R'000	Dividends earned on unvested LTIP and extraordinary awards R'000	CSP award vested$ R'000	*Ex gratia* payment R'000	Total R'000
2023											
Steven Brown	**3 977**	**166**	**–**	**1 402**	**5 545**	**5 300**	**1 011**	**–**	**13 724**	**–**	**25 580**
Ian Vorster	**4 203**	**175**	**–**	**–**	**4 378**	**4 500**	**472**	**–**	**8 417**	**–**	**17 767**
Vuso Majija	**3 980**	**166**	**–**	**–**	**4 146**	**3 800**	**834**	**–**	**7 682**	**–**	**16 462**
Donnovan Pydigadu	**3 906**	**163**	**–**	**–**	**4 069**	**–**	**–**	**–**	**–**	**18 536**	**22 605**
	16 066	**670**	**–**	**1 402**	**18 138**	**13 600**	**2 317**	**–**	**29 823**	**18 536**	**82 414**
2022											
Steven Brown	4 575	149	1 274	675	6 673	3 700	727	121	–	–	11 221
Ian Vorster	4 093	133	48	–	4 274	3 300	340	56	–	–	7 970
Vuso Majija	3 932	128	–	–	4 060	3 025	600	100	–	–	7 785
Donnovan Pydigadu	3 868	126	–	–	3 994	2 965	584	97	–	–	7 640
	16 468	536	1 322	675	19 001	12 990	2 251	374	–	–	34 616

* *Tranches of awards made in 2018 and 2019 under the LTIP award scheme that vested in FY2022 and FY2023*

$ *Vesting of CSP awards in October 2023, granted to participants in October 2020.*

Remuneration report continued

FY2023 STI outcomes

The outcomes of the committee's rating of executive directors' performance against the FY2023 STI scorecard are reflected in the table below.

						CEO Steven Brown		CFO Ian Vorster		COO Donnovan Pydigadu		RED Vuso Majija	
	Threshold	Target	Stretch	Actual	Score	Weight %	Result %	Weight %	Result %	Weight %	Result %	Weight %	Result %
Financial performance						**40,0**	**57,1**	**40,0**	**57,1**	**40,0**	**57,1**	**40,0**	**57,1**
Total TNAV return (TNAV plus dividends)	CPI-1	CPI	CPI+2,5	13,6%	150,00	20,0	30,0	20,0	30,0	20,0	30,0	20,0	30,0
Distributable earnings growth[1]	4,0%	6,0%	9,0%	8,13%	135,51	20,0	27,1	20,0	27,1	20,0	27,1	20,0	27,1
Risk/balance sheet management						**10,0**	**13,3**	**20,0**	**27,4**	**5,0**	**6,6**	**5,0**	**6,6**
Hedge ratio (interest rates)	65,0%	75,0%	80,0%	84,5%	150,00	5,0	7,5	12,5	18,8	2,5	3,8	2,5	3,8
LTV ratio (now adjusted for retained distribution)[2]	37,9%	35,4%	31,9%	34,3%	115,75	5,0	5,8	7,5	8,7	2,5	2,9	2,5	2,9
Operational performance						**15,0**	**19,0**	**12,5**	**16,4**	**22,5**	**26,8**	**25,0**	**23,7**
Vacancies – excluding new developments (by GLA)	8,3%	7,5%	7,0%	4,0%	150,00	5,0	7,5	5,0	7,5	5,0	7,5	0,0	0,0
Like-for-like NOI growth[3]	4,0%	5,0%	6,5%	5,1%	103,33	7,5	7,8	5,0	5,2	15,0	15,5	15,0	8,7
Vacancies – Retail portfolio	4,3%	3,8%	3,3%	2,3%	150,00	2,5	3,8	2,5	3,8	2,5	3,8	10,0	15,0
Strategic priorities						**15,0**	**16,9**	**7,5**	**8,5**	**12,5**	**10,4**	**10,0**	**9,4**
Letting new developments	90,0%	95,0%	100,0%	90,6%	38,16	5,0	1,9	2,5	1,0	7,5	2,9	5,0	1,9
Non-core asset disposal programme	90,0%	100,0%	125,0%	125,0%	150,00	10,0	15,0	5,0	7,5	5,0	7,5	5,0	7,5
Total financial/quantitative						**80,0**	**106,3**	**80,0**	**109,4**	**80,0**	**100,9**	**80,0**	**96,9**
Transformation: B-BBEE rating level	6	5	4	2	150,00	5,0	7,5	5,0	7,5	5,0	7,5	5,0	7,5
Sustainability: solar energy	25,0%	28,0%	35,0%	41,1%	150,00	5,0	7,5	5,0	7,5	5,0	7,5	5,0	7,5
Compliance and governance[4]	3,5	4,0	5,0	Note 4		2,5	2,8	5,0	6,1	2,5	2,8	2,5	2,8
Staff management, leadership and succession[5]	3,5	4,0	5,0	Note 5		2,5	1,6	2,5	2,3	2,5	2,5	2,5	2,3
Stakeholder management[6]	3,5	4,0	5,0	Note 6		5,0	2,5	2,5	2,7	5,0	2,7	5,0	5,1
Total non-financial/qualitative						**20,0**	**21,9**	**20,0**	**26,1**	**20,0**	**23,0**	**20,0**	**25,2**
Total score						**100,0**	**128,2**	**100,0**	**135,5**	**100,0**	**123,9**	**100,0**	**122,1**

[1] *For purposes of determining distributable earnings growth of 8,13%,* pro forma *adjustments were made to reduce the actual growth in distribution by the interest saved from retaining cash. In the absence of declaring and paying a dividend in FY2023, and the once-off income tax benefit realised in FY2023.*

[2] *The LTV outcome was reduced to account for the effect of the FY2022 retained earnings.*

[3] *Growth in like-for-like NOI in the retail portfolio of 3,4% was assessed against threshold, target and stretch of 3%, 4% and 5,5%, respectively.*

[4] *Individual assessments relating to compliance and governance were performed by the chairpersons of the audit and risk committees for all the executive directors.*

[5] *Individual assessments relating to staff management, leadership and succession were performed by the chairmen of the remuneration and nomination committees for all the executive directors.*

[6] *Individual assessments relating to stakeholder management were performed by the chairpersons of the risk and social, ethics and sustainability committees for all the executive directors.*

Remuneration report continued

FY2023 STI outcomes continued

	CEO Steven Brown		CFO Ian Vorster		COO Donnovan Pydigadu		RED Vuso Majija	
	Weight	Result	Weight	Result	Weight	Result	Weight	Result
TGP		5 545 000		4 378 000		4 069 000		4 146 000
STI based on scorecard outcome		7 108 690		5 932 190		5 041 491		5 062 266
Remuneration committee downward moderation		(1 808 690)		(1 432 190)		–		(1 262 266)
STI award by remuneration committee		5 300 000		4 500 000		–[7]		3 800 000

[7] *No bonus was paid to Donnovan Pydigadu in respect of FY2023. Refer to the single figure remuneration disclosure section.*

The committee noted the *pro forma* STI outcomes ranging between 122% and 135% of the executive directors' respective TGPs, as generated by the initial formulaic completion of the 2023 STI scorecard. The committee considered these *pro forma* STI outcomes to be unrealistic and unjustifiable in the company's current specific circumstances. Accordingly, the committee decided that it was appropriate to exercise its discretion to moderate downwards the *pro forma* outcome of the scoring reduction of 25% to the bonus values generated by the initial scoring of the scorecard and application of the bonus formula. The effect of the committee's moderation of the *pro forma* outcomes was to reduce the range of STIs payable to the executive directors to between 92% and 103% of their respective TGPs, which was considered by the committee to be fair in the circumstances.

FY2020 CSP award outcomes

		Threshold	Target	Stretch	Actual	Score	Weight %	Result %
Performance measure								
Relative total shareholder return (TSR)	Combined TSR versus peer group index[1]	85% of peer index	100% of peer index	120% of peer index	117,00%	185	50,00	92,5
Absolute total return	TNAV plus distributions versus risk-free rate[2]	Risk-free +2%	Risk-free +3,5%	Risk-free +5,5	12,14%	139,5	30,00	41,8
Total financial measures							**80,00**	**134,3**
Transformation	Transformation: B-BBEE rating level	Level 5	Level 4	Level 2	Level 2	200	10,00	20,00
Sustainability	Growth in kWh of solar energy generation[3]	128%	150%	180%	266,77%	200	10,00	20,00
Total non-financial measures							**20,00**	**40,00**
Total score							**100,0**	**174,3**

[1] *Peer group index was constructed comprising the same set of eight REITs used for all other remuneration benchmarking purposes. The three-year index was calculated by reweighing on a biannual basis.*
[2] *Risk-free rate was calculated as the average annual five-year government bond yield, calculated over a three-year vesting period and weighted for geographical exposure of directly-held assets.*
[3] *Solar energy generation was measured in terms of growth in installed kWac capacity off the FY2020 year-end base.*

Remuneration report continued

2020 CSP awards versus 2020 shares issued

	FFA '000s	FFB '000s	Total shares '000s
Awards granted in 2020			
– Executive directors			
Steven Brown	415	415	830
Ian Vorster	254	254	508
Vuso Majija	232	232	464
Donnovan Pydigadu	229	229	458
– Other participants	2 334	2 334	4 668
– Awards cancelled in respect of 2020 (due to resignations)	(454)	(454)	(908)
Total exercisable awards	**3 010**	**3 010**	**6 020**
Shares issued in respect of 2020 awards			
– Executive directors			
Steven Brown	723	723	1 446
Ian Vorster	444	444	888
Vuso Majija	405	405	810
– Other participants	3 676	3 676	7 352
Total shares issued	**5 248**	**5 248**	**10 496**
Outperformance shares issued	**2 238**	**2 238**	**4 476**

FY2023 annual CSP awards (to be allocated during FY2024)

In accordance with its annual remuneration cycle, the committee would normally have granted an annual round of CSP awards in October 2023 in respect of FY2023. However, the making of these FY2023 CSP awards has been complicated by the proposed scheme of arrangement currently in progress, to the extent that any fresh award of conditional shares under the CSP might be deemed to constitute a 'prohibited share issue' in terms of the TRP regulations applicable to the scheme.

The committee has, however, committed to make the FY2023 CSP awards as soon as practicably possible post the scheme of arrangement meetings, in accordance with the following parameters and on the following conditions:

For participants who were included in the 2020 CSP award:

- The awards will be calculated at 50% of the mid point of the award range applicable to the participants' employment category and applied to their FY2023 TGP
- The FFA reference price to determine the quantum of the award is R12,96 (being the 30-day VWAP at 25 October 2023)
- The FFB reference price to determine the quantum of the award is R5,98 (being the 30-day VWAP at 25 October 2023).

For participants who were not included in the 2020 CSP award:

- The awards will be calculated at the mid point of the award ranges applicable to the participants' employment category and applied to their FY2023 TGP
- The FFA reference price to determine the quantum of the award is R12,96 (being the 30-day VWAP at 25 October 2023)
- The FFB reference price to determine the quantum of the award is R5,98 (being the 30-day VWAP at 25 October 2023).

Qualifying participants for the matched share scheme (MSS) will similarly be able to co-invest post the scheme meetings on the basis of the above FFA and FFB prices, provided they do so in a ratio of 1:1 FFA:FFB shares per the amended policy.

Remuneration report continued

Once made, these conditional rights to shares will all vest in September 2026, being three years from the date of when the award would ordinarily have been made, and will be subject to the fulfilment of the following performance conditions:

FY2023 CSP award conditions

Factor	Metric	Threshold	Target	Stretch	Weight %
Absolute total return	TNAV growth per combined share plus distributions compared to risk-free rate (RfR)[1, 5]	RfR + 2,5%	RfR + 3,5%	RfR + 5,5%	30
Relative TSR	Combined TSR compared to peer group index[2, 5]	90% index	100% index	125% index	30
Growth in distributable earnings	Compound growth per annum in DIPS[3, 5]	10%	12%	16%	30
					90
Sustainability: solar energy	Growth in solar energy generation[4]	200%	220%	240%	10
Sustainability: solar energy	Growth in solar energy generation[4]				100

[1] *Risk-free rate determined as average annual five-year government bond yield, calculated over a three-year vesting period and weighted for geographical exposure of directly-held assets.*
[2] *Peer group index constructed comprising the same set of eight REITs used for all other remuneration benchmarking purposes.*
[3] *Distribution per share calculated on a like-for-like basis post-tax, using Fortress-specific distributable income methodology.*
[4] *Solar energy generation measured in terms of growth in installed kWac capacity off FY2023 year-end base.*
[5] *Absolute total return, relative TSR and growth in distributable earnings targets above are to be reviewed and restated to the extent necessary to reflect the impact of the proposed scheme of arrangement, if passed.*

CSP share availability and utilisation

	FFA 000s	FFB 000s	Total shares 000s
CSP approved limit	51 468	51 468	102 936
Annual CSP awards made in respect of FY2020			
– Executive directors	(1 130)	(1 130)	(2 260)
– Other participants	(2 334)	(2 334)	(4 668)
Remaining shares available under the CSP post FY2020	48 004	48 004	96 008
Annual CSP awards made in respect of FY2021			
– Executive directors	(3 075)	(3 075)	(6 150)
– Other participants	(4 599)	(4 599)	(9 198)
Remaining shares available under the CSP post FY2021	40 330	40 330	80 660
Annual CSP awards made in respect of FY2022			
– Executive directors	(1 309)	(1 309)	(2 618)
– Other participants	(3 456)	(3 456)	(6 912)
Remaining shares available under the CSP post FY2022	35 565	35 565	71 130
CSP matching shares awarded in 2022			
– Executive directors	(607)	(1 467)	(2 074)
– Other participants	(959)	(2 341)	(3 300)
Awards cancelled in respect of 2020 (due to resignations)	454	454	908
Additional shares vesting under 2020 award	(2 238)	(2 238)	(4 476)
Remaining shares available under the CSP post FY2023	32 215	29 973	62 188

Remuneration report continued

Minimum shareholding requirements

Simultaneously with the first issue of awards under the CSP in October 2020, the committee introduced MSRs for executive directors in terms of which they are required to own a vested and unencumbered holding of Fortress shares to the value of at least 150% of their respective TGPs, which they may accumulate over five years from the date of those first awards.

	CEO Steven Brown			CFO Ian Vorster			RED Vuso Majija		
	FFA shares	FFB shares	Total shares	FFA shares	FFB shares	Total shares	FFA shares	FFB shares	Total shares
Total guaranteed package FY2023			5 545 000			4 378 000			4 146
Required MSR multiple			150%			150%			150%
MSR status at year-end									
Number of shares held at 30 June 2023 (total)	112 520	1 947 410		101 745	657 535		88 870	209 378	
Number of shares pledged to funding bank	54 680	1 438 050		–	–		–	–	
Number of shares held at 30 June 2023 (unencumbered)	57 840	509 360		101 745	657 535		88 870	209 378	
Value of unencumbered shares at 30 June 2023 (R)	743 822	2 577 362	3 321 184	1 308 441	3 327 127	4 635 568	1 142 868	453	321
Actual MSR multiple: 30 June 2023			60%			106%			53%

Details of the executive directors' qualifying shareholdings can be found in **note 29.1** to the annual financial statements on **pages 93** to **94**.

Remuneration report continued

Part 3: 2024 Remuneration policy

Fortress' remuneration committee oversees the evolution, implementation and annual review of the remuneration policy which is approved by the board. In accordance with its mandate, the committee ensures that the policy aligns executive and management remuneration with the interests of and value delivered to the group's stakeholders and that it recognises exceptional individual performance.

Components of total remuneration

Remuneration packages of employees are set and structured on a total cost-to-company basis depending on the required skills, qualifications and experience at each level, as well as the employee's level of influence on framing and delivery of the group's strategy and the complexity and demands of each role.

The group's remuneration cycle is aligned to the calendar year rather than the financial year. Salaries and benefits are reviewed in November of each year for adjustment with effect from January of the following year.

Fixed pay comprises a TGP made up of a fixed salary plus company contributions to a non-contributory provident fund. Variable pay comprises STIs determined by reference to a balanced scorecard and LTIs provided through a CSP.

Total guaranteed package (TGP)

Executive directors	Fixed	Compensation, at market-related levels, for directors performing their specific roles	TGPs are benchmarked at the median of the peer group, informed by an independent exercise undertaken every second year. (Refer to narrative on **page 98**).
Management and staff	Fixed	Compensation, at market-related levels, for employees performing their specific roles	TGPs are benchmarked at the median of the peer group. The remuneration committee considers the following when reviewing TGPs: • Inflation over the period • Market for specific employees' skills • Individual performance • Changes in responsibilities • Gains in experience.

Short-term Incentive Plan (STIP)

Executive directors and management	Variable	Achievement of short-term organisational goals	STIs are based on the achievement of objectives set per financial year and encapsulated in a balanced scorecard. The remuneration committee awards STIs to directors and management, which are payable in October. These are generally paid as cash bonuses or may be in the form of deferred share awards, at the discretion of the committee. The objectives set for the 2024 financial year are detailed in the table on **page 99**, which outlines the KPIs, weightings and targets.

Conditional Share Plan (CSP)

Executive directors and management	Variable	Achievement of long-term organisational goals	Eligible participants will be awarded, on an annual basis, conditional rights to acquire shares at a future date for no consideration, dependent on their continued employment by the group and their achievement of predefined performance conditions. The committee has reconsidered the applicable award ranges and has broadened the range by lowering the floor by 10% for all eligible participants. The new broadened range will apply to awards made in respect of FY2024 and is as follows: • CEO: 90% to 120% of TGP • CFO: 70% to 100% of TGP • Executive director: 60% to 90% of TGP • Senior management: 50% to 80% of TGP • Other management: 30% to 60% of TGP. An outline of the rules of the CSP and the guidelines to be followed by the remuneration committee in making annual awards under this scheme can be found on **pages 94** and **95** and **125** and **126** of the 2020 integrated report.

Remuneration report continued

Total guaranteed package

The remuneration committee draws from a wide variety of sources in determining the TGPs of executive directors, management and staff, including independent surveys, peer group comparisons, publicly available data and marketplace intelligence.

On a biennial basis, the remuneration committee commissions a formal market benchmarking review by independent consultants of executives' total remuneration packages against a peer group of REITs, consisting of the following companies:

- Attacq Limited
- Equites Property Fund Limited
- Growthpoint Properties Limited
- Hyprop Investments Limited
- Redefine Properties Limited
- Resilient REIT Limited
- SA Corporate Real Estate Limited
- Vukile Property Fund Limited.

In the intervening years between formal benchmarking, it is the committee's practice to apply inflation-linked adjustments to executives' TGPs.

Short-term Incentive Plan

Executive directors and management are eligible to receive an annual STI which is calculated as a multiple of TGP, based on the achievement of short-term organisational goals and personal KPIs set annually in respect of the financial year. The STI is payable in the form of a cash bonus and/or deferred shares at the discretion of the committee.

Employees at all levels participate in some form of STI. At employee levels below management, this takes the form of a discretionary cash bonus determined by line managers.

In the case of executive directors, the quantum of the STI will depend on their performance against a scorecard, setting out their KPIs and the related performance measures, targets, thresholds and stretch targets. For each KPI, if actual performance is at target level, 100% of the weighting attributed in the scorecard to that KPI will be scored; performance at stretch will score 150% of that KPI's weighting and performance at threshold will score 30% of its weighting.

For performance on a KPI above stretch, that KPI's score will be capped at 150%, while performance below threshold will score 0% for that KPI. Where actual performance on a KPI falls between threshold and target, or between target and stretch, a linear scale will be applied to determine that KPI's score.

White River Crossing Shopping Centre, White River, Mpumalanga

Remuneration report continued

FY2024 STI scorecard

Factor	Metric	Threshold	Target	Stretch	CEO Steven Brown Weight %	CFO Ian Vorster Weight %	RED Vuso Majija Weight %
Financial performance					40,0	40,0	40,0
Absolute total return (excluding NEPI Rockcastle)	TNAV growth per combined share plus distributions compared to risk-free rate (RfR)[1, 8]	RfR + 2%	RfR + 3%	RfR + 5%	10,0	10,0	10,0
Relative TSR	Combined TSR compared to peer group index[2, 8]	90% index	100% index	125% index	10,0	10,0	10,0
Distributable income growth (excluding NEPI Rockcastle)	Growth in DIPS post-tax compared to budget[3, 8]	Budget - 2%	Budget	Budget + 3%	20,0	20,0	20,0
Balance sheet management					15,0	30,0	7,5
Interest rate hedging	Hedge ratio	72,00%	75,00%	82,50%	5,0	15,0	2,5
Gearing level	LTV ratio[8]	37,50%	36,00%	33,00%	10,0	15,0	5,0
Operational performance					15,0	7,5	25,0
Vacancies: Total portfolio	Vacancies by GLA[4]	4,25%	4,00%	3,50%	5,0	2,5	10,0
Growth in NOI (including Fortress Europe)	Growth in NOI compared to budget	Budget -1%	Budget	Budget +2%	10,0	5,0	15,0
Strategic priorities					15,0	7,5	12,5
Direct asset disposals	Net sale proceeds	R1,250 billion	R1,500 billion	R2,500 billion	10,0	5,0	10,0
Value uplift on new developments	Profit on completed developments[5]	8%	10%	15%	5,0	2,5	2,5
Quantitative factors					85,0	85,0	85,0
Qualitative factors					15,0	15,0	15,0
Sustainability: Solar energy	Growth in kWac installed capacity[6]	90%	100%	125%	7,5	7,5	7,5
Personal performance	KPIs per individual scorecards[7]	3,5	4	5	7,5	7,5	7,5
Total score					100,0	100,0	100,0

[1] TNAV growth measured exclusive of investment in NEPI Rockcastle. The risk-free rate is determined as the yield on a 360-day treasury bill at the start of the financial year.
[2] Peer group index constructed comprising the same set of eight REITs used for all remuneration benchmarking purposes.
[3] Distribution per share is calculated on a like-for-like post-tax basis, exclusive of NEPI Rockcastle dividends, using Fortress-specific distributable income methodology.
[4] Vacancies for the retail portfolio to be measured against threshold/target/stretch of 2,75%/2,5%/2,0%.
[5] Uplift on new developments is calculated as realised net profit on sale or unrealised revaluation gain on completion.
[6] Solar energy generation is measured in terms of growth in installed kWac capacity off the FY2023 year-end base.
[7] Executive directors' personal performance will be assessed against role-specific KPIs per individual scorecards as agreed with the board.
[8] Targets for financial and gearing metrics denoted above are to be reviewed and restated to the extent necessary to reflect the impact of the scheme of arrangement, if passed.

Remuneration report continued

Malus and clawback

Malus and clawback provisions are applied to all STI and LTI awards made after July 2019.

Malus: The remuneration committee has the discretion to apply malus to unvested awards under the LTI schemes, for both the now discontinued LTIP and the CSP, so as to revoke in full or reduce in amount any unvested award on the occurrence of a trigger event which arose during the financial year or vesting period.

Clawback: The committee has the discretion to apply clawback to recover vested awards made under the LTIP and CSP schemes on a pre-tax basis on the occurrence of a trigger event, for a period of up to three years following the vesting of the awards.

The provisions of malus and clawback will be applied on the occurrence of any of the following trigger events:
- Dishonesty, fraud or gross misconduct
- Material misstatement of financial results for the performance or vesting periods of the awards
- Miscalculation of any performance condition or metric based on incorrect or misleading information
- Behaviour having a materially detrimental effect on Fortress' reputation.

Minimum shareholding requirements

The purpose of MSRs is to further align the directors' long-term interests to those of the group and shareholders, to entrench the directors' commitment to ensuring sustainable growth in value and returns, and to promote the directors' personal investment in the long-term future and prospects of the group.

In terms of the MSRs, all executive directors are required to have a vested and unencumbered shareholding in Fortress to the value of at least 150% of their respective TGPs, which they may accumulate over a period of five years from the date of first awards under the CSP in the case of current directors, or from the date of appointment in the case of future directors.

With effect from FY2024, the MSR ratio applicable to the CEO will be increased to 200% of TGP while other executive directors' MSR ratios will remain unchanged.

Only shares that are owned outright by directors will count towards meeting the MSRs, so unvested awards under the now discontinued LTIP and CSP will not count, although directors may meet the MSRs by retaining shares that vest under the LTIP and CSP beyond the vesting dates or by acquiring shares out of their annual STI awards.

Matched share scheme

The purpose of the MSS is to reinforce the underlying objective and facilitate the achievement of the MSRs, being to promote co-investment in the company as a means of incentivisation and retention of executive management.

In terms of the MSS, executive directors and senior management may elect to utilise their annual after-tax cash bonuses to acquire shares in the company and to hold these shares for a minimum period of three years, after which time they will qualify to be awarded one free share out of the CSP for each such share acquired and held for the full three years.

The MSS has been amended to align the matching criteria with the award criteria under CSP rules (1 FFA:1 FFB) to address shareholder concerns expressed regarding the perceived overweight FFB compared to FFA position of executive directors. With effect from FY2023, matching is to apply only to the extent that co-investment in the MSS by participants is an equal number of FFA and FFB shares.

Employment conditions

Service contracts

All employees, including executive directors, are required to sign employment contracts with the group. These contracts set out the working hours, salary, leave entitlement, notice periods, probation periods and other relevant terms and conditions.

Termination payments

There are no contractual obligations in employees' or executive directors' contracts of employment that give rise to payments on termination of office, but there are express provisions in the company's LTI schemes that regulate the treatment of unvested awards. These provisions are founded on the principle of 'fault' terminations (dismissal, resignation, etc.) versus 'no fault' terminations (death, retirement, retrenchment, ill health, etc.), where the discretion to deem a termination as 'no fault' lies with the remuneration committee in the case of an executive director, and with the executive committee for all other employees. It is the company's practice to apply this principle of 'good leaver' versus 'bad leaver' across all elements of remuneration, including notice pay, benefits, accrued leave, unpaid portion of bonuses, etc.

Part 4: Non-executive directors' remuneration

Terms of appointment and remuneration

Non-executive directors do not have contracts of employment. They are appointed in terms of the company's MOI and confirmed by shareholders at the first AGM after their appointment and thereafter at three-yearly intervals when they must retire by rotation and offer themselves for re-election.

In order to attract and retain individuals with suitable qualifications, expertise, experience and independence to serve on the board, the group's policy is to remunerate non-executive directors for their skills and time on a competitive basis in relation to the market, based on the median of the same peer group of REITs as is used to benchmark executive remuneration.

Non-executive directors' remuneration consists of a basic annual fee payable quarterly in arrears, a fee per board sub-committee membership and a per meeting fee, which fees are reviewed annually. The remuneration committee recommends fees payable to non-executive directors to the board which then proposes the fees for shareholder approval at the AGM.

Non-executive directors do not participate in any of the group's STI or LTI schemes, nor is any other remuneration paid to non-executive directors that is linked to the performance of the group.

Non-executive directors' remuneration 2023

The following remuneration was paid to non-executive directors during the 2023 financial year:

	GROUP			
	For services as a director (paid by the company) 2023 R'000	For services on the independent board – scheme of arrangement August 2022 (paid by the company) 2023 R'000	Total 2023 R'000	For services as a director (paid by the company) 2022 R'000
Non-executive directors				
Robin Lockhart-Ross	**1 268**	–	**1 268**	1 039
Jan Potgieter	**1 136**	42	**1 178**	980
Susan Ludolph	**986**	42	**1 028**	944
Ina Lopion	**873**	–	**873**	887
Vuyiswa Ramokgopa	**897**	–	**897**	763
TC Chetty	**865**	–	**865**	796
Eddy Oblowitz*	**159**	–	**159**	
Caswell Rampheri#	**–**	–	**–**	
Benjamin Kodisang^	**651**	42	**693**	840
Bram Goossens&	**644**	42	**686**	918
	7 479	168	**7 647**	7 167

** Eddy Oblowitz was appointed as an independent non-executive director on 2 May 2023 to fill a vacancy.*
 # Caswell Rampheri was appointed as an independent non-executive director on 29 June 2023 to fill a vacancy^.
^ Benjamin Kodisang resigned as an independent non-executive director on 8 March 2023.
& Bram Goossens resigned as an independent non-executive director on 14 February 2023.

Non-executive directors' interests in contracts are disclosed in **note 28**: Related party transactions to the annual financial statements.

Remuneration report continued

Payments to past directors

No payments were made to past directors during the 2023 financial year.

Payments for loss of office

No payments for loss of office were made to any past directors during the 2023 financial year.

Non-executive directors' remuneration 2024

It is the committee's policy to benchmark the remuneration it pays to its non-executive directors by way of a comparison exercise conducted by independent consultants every two to three years against the same peer group of REITs used to benchmark executive pay. This exercise was again conducted in August 2022 and revealed that the remuneration of the company's non-executive directors is broadly in line with the peer group. Consequently, the committee did not see any scope or need for material changes to be made to the structures and levels of non-executives' remuneration for 2024, other than to align the fees of the remuneration committee chairman more closely to those of the chairmen of the audit, risk and property and investment committees, which the committee proposes implementing over a period of two to three years.

Accordingly, the committee has proposed only an inflation-linked increase of 5% for the 2024 calendar year in the basic board and sub-committee fees payable to non-executives (other than the chairman of the remuneration committee, for whom an increase of 10% is proposed); and an increase of R1 000 and R500, respectively, in the per meeting fees payable to the chairmen and members of the sub-committees. The proposed fees payable to independent non-executive directors during the 2024 calendar year are set out in the table below and will be presented to shareholders for approval at the AGM on 1 December 2023.

For the calendar year ending 31 December	Basic fee 2024 R'000	Meeting fee 2024 R'000	Basic fee 2023 R'000	Meeting fee 2023 R'000
Chairman	692	20	660	20
Non-executive director	368	15	350	14
Audit committee chairman	178	14	170	13
Audit committee member	147	10,5	140	10
Property and investment committee chairman	158	14	150	13
Property and investment committee member	136	10,5	130	10
Remuneration committee chairman	154	14	140	13
Remuneration committee member	126	10,5	120	10
Nomination committee chairman	105	14	100	13
Nomination committee member	95	10,5	90	10
Risk committee chairman	126	14	120	13
Risk committee member	105	10,5	100	10
Social, ethics and sustainability committee chairman	105	14	100	13
Social, ethics and sustainability committee member	95	10,5	90	10

The above remuneration is stated as exclusive of value-added tax (VAT) in terms of current VAT legislation

Payment for additional services

The committee will be requesting shareholders at the upcoming AGM to approve a special resolution that will allow for the payment of special fees to non-executive directors for performing services for and on behalf of the company outside of their ordinary duties as non-executive directors. The intention is not that this should be a standing authority, but rather to cater for the remuneration of those non-executive directors who will be seconded to serve as members of the independent board that will be constituted to frame an opinion and recommendation on the proposed scheme of arrangement announced by the company on 5 October 2023. It is proposed that members of the independent board will be paid at an hourly rate of R3 600 exclusive of VAT, subject to approval of such payment by a quorum of disinterested directors and to a maximum of R360 000 per director.

Social, ethics and sustainability committee report

Function and composition

Role and mandate

The social, ethics and sustainability committee is a statutory committee focusing on initiatives relating to CSR, sustainability and transformation as well as monitoring the group's compliance with labour legislation.

King IV recommends that the social, ethics and sustainability committee uphold, monitor and report on the group's ethical conduct and approach to responsible corporate citizenship, sustainable development and stakeholder inclusivity. The committee continues to embrace this responsibility based on the fundamental belief that Fortress' compliance efforts must go beyond being a mere compliance exercise to ensuring the group makes a positive and meaningful contribution to society. This is based on Fortress' core philosophy of ongoing shared value creation for all its stakeholders.

The committee's responsibilities and duties are governed by a charter that is reviewed annually by the board of directors, and that complies with the Companies Act and the JSE Listings Requirements. The charter is also consistent with the principles of King IV.

During 2023, the committee consisted of three independent non-executive directors – Vuyiswa Ramokgopa (chairman), Sue Ludolph, Bram Goossens until his resignation from the board on 14 February 2023 and Caswell Rampheri who was appointed on 29 June 2023 – as well as one executive director, Donnovan Pydigadu until his resignation on 14 August 2023. The group's CEO and CFO are standing invitees to the committee.

Activities during the past year

The social, ethics and sustainability committee operates in accordance with the specific statutory duties imposed by the Companies Act, the JSE Listings Requirements and its charter, as well as the duties specifically delegated to it by the company's board of directors.

Compliance and ethics

Annually, the committee reviews and refreshes the group's suite of policies governing compliance-related issues, including the code of ethics, compliance and stakeholder relations policies. During the year, the committee approved the policies relating to the supplier code of conduct as well as the procurement policy. These policies will be incorporated into our agreements with material recurring third-party suppliers.

Our most recent ethics survey was completed in October 2023. The survey covered the group's ethical values and how these are embodied in the way we operate, any potential unethical practices within the group and the drivers of ethical behaviour within Fortress. The next ethics survey will be conducted in the financial year ending 30 June 2025.

Social review

We remain committed to bringing about meaningful change to uplift communities and improve our socioeconomic impact. We have done this by aligning our programmes to 10 of the United Nations 17 SDGs, namely:

- No poverty
- Zero hunger
- Quality education
- Gender equality
- Decent work and economic growth
- Reduced inequalities
- Sustainable cities and communities
- Responsible consumption and production
- Climate action
- Life on land.

We also remain committed to proactively driving change and uplifting the communities in which we operate as well as contributing positively to socioeconomic transformation nationally. Our initiatives are appropriately resourced and actively monitored. Refer to **pages 69** and **70** for a detailed report.

We continue to play an active role in the various technical committees of the Property Sector Charter Council, SAPOA, SACSC and SA REIT Association.

In terms of B-BBEE, we have improved our rating from Level 4 at 30 June 2022 to a Level 2 rating for the financial year ended 30 June 2023.

Our B-BBEE compliance certificate for the year ended 30 June 2023 is available online at **www.fortressfund.co.za**.

Environmental sustainability

In line with its stated commitment to environmental sustainability, the group set itself explicit goals for improvement in the focus areas of reduction in carbon emissions, waste management, water and energy usage and increasing usage of renewable energy, and implemented targeted programmes led by a dedicated manager and monitored by the committee. These are incorporated into the KPIs of the executive directors for both their STIs and LTIs.

Our South African carbon footprint decreased by 11% in the 2023 financial year despite a significant increase in Scope 1 emissions as a result of an increased demand for diesel due to load shedding.

Our installed capacity is 10,233MW at 30 June 2023 and we have reached 97% of our 2024 target one year ahead of the target date. We generated 11,970MWh from renewal energy sources for the financial year ended 30 June 2023 representing 5,4% of our total consumption.

We have installed electric vehicle charge points at three of our shopping centres.

Refer to the environmental review on **pages 60** to **68** for a detailed report on the group's sustainability initiatives and environmental performance during the year.

Social, ethics and sustainability committee report continued

Focus for the coming year

Fortress remains committed to being a responsible, meaningful and purposeful corporate citizen, as well as to setting an example of positive and constructive leadership in the listed property sector and the broader business community.

For the financial year ending 30 June 2024, the committee will focus on streamlining its ESG- and transformation-related activities to better align with global best practices, local socioeconomic imperatives and commercial priorities.

IFRS S1: *General Requirements for Disclosure of Sustainability-related Financial Information* is effective for annual reporting periods beginning on or after 1 January 2024 and Fortress intends to comply no later than in respect of FY2025.

Killdrummy Office Park, Paulshof, Gauteng

Bydgoszcz Logistics Park
Bydgoszcz, Poland

Total GLA: 66 412m²

Interest: 100%

Other information

Shareholder analysis

Fortress Real Estate Investments Limited – A shares

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder spread				
1 – 1 000	2 335	46,63	439 901	0,04
1 001 – 10 000	1 431	28,58	5 510 689	0,46
10 001 – 100 000	655	13,08	21 552 485	1,81
100 001 – 1 000 000	410	8,19	136 884 478	11,49
Over 1 000 000	176	3,52	1 027 207 619	86,20
Total	**5 007**	**100,00**	**1 191 595 172**	**100,00**

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder type				
Non-public shareholders	52	1,04	31 775 789	2,67
Directors, employees and associates	51	1,02	4 913 793	0,41
Treasury	1	0,02	26 861 996	2,26
Public shareholders	4 955	98,96	1 159 819 383	97,33
Total	**5 007**	**100,00**	**1 191 595 172**	**100,00**

	Number of shares	% of issued capital
Registered shareholders owning 5% or more of the issued shares		
Government Employees Pension Fund	169 521 464	14,23
Coronation Balanced Plus Fund	116 363 447	9,77
Total	**285 884 911**	**24,00**

	Number of shares	% of issued capital
Beneficial shareholders with a holding greater than 5% of the issued shares		
Government Employees Pension Fund	187 612 563	15,74
Coronation Fund Managers	146 171 917	12,27
Total	**333 784 480**	**28,01**

	Number of shares	% of issued capital
Control of more than 5% of issued shares		
Coronation Fund Managers	190 409 390	15,98
Public Investment Corporation	189 947 685	15,94
Sesfikile Capital	81 806 272	6,87
Allan Gray	62 040 726	5,21
Catalyst Fund Managers	59 921 521	5,03
Total	584 125 594	49,03

Shareholder analysis continued

Fortress Real Estate Investments Limited – B shares

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder spread				
1 – 1 000	4 195	58,55	693 203	0,06
1 001 – 10 000	1 517	21,17	6 236 478	0,57
10 001 – 100 000	923	12,88	31 272 097	2,86
100 001 – 1 000 000	398	5,56	123 712 687	11,32
Over 1 000 000	132	1,84	931 298 563	85,19
Total	**7 165**	**100,00**	**1 093 213 028**	**100,00**

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder type				
Non-public shareholders	68	0,95	115 272 817	10,54
Directors, associates and employees	60	0,84	27 736 464	2,54
Treasury	8	0,11	87 536 353	8,00
Public shareholders	7 097	99,05	977 940 211	89,46
Total	**7 165**	**100,00**	**1 093 213 028**	**100,00**

	Number of shares	% of issued capital
Registered shareholders owning 5% or more of the issued shares		
Government Employees Pension Fund	119 777 258	10,96
10X	55 000 000	5,03
Total	**174 777 258**	**15,99**

	Number of shares	% of issued capital
Beneficial shareholders with a holding greater than 5% of the issued shares		
Government Employees Pension Fund	130 592 489	11,95
Capital Propfund Proprietary Limited*	87 536 353	8,01
Collectively: Fortress Empowerment 3 and Fortress Empowerment 4	86 628 959	7,92
Collectively: Fortress Empowerment 1 and Fortress Empowerment 2	86 620 485	7,92
10X	55 000 000	5,03
Total	**446 378 286**	**40,83**

	Number of shares	% of issued capital
Control of more than 5% of issued shares		
Public Investment Corporation	134 505 183	12,30
Capital Propfund Proprietary Limited*	87 536 353	8,01
Collectively: Fortress Empowerment 3 and Fortress Empowerment 4	86 628 959	7,92
Collectively: Fortress Empowerment 1 and Fortress Empowerment 2	86 620 485	7,92
Visio Capital Management	55 925 252	5,12
Total	**451 216 232**	**41,27**

* *A subsidiary of Fortress Real Estate Investments Limited.*

Schedule of properties

at 30 June 2023

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m²) (100% of building)	Gross lettable area (m²) (Fortress' propor-tionate % of building)	Vacancy %	Weighted average rate R/m²	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' propor-tionate ownership %)	Address
Retail												
1	Evaton Mall	100,0	Gauteng	35 472	35 472	0,5	177	1 Oct 09	212 691	Retail	708 500	Cnr Eastern Road and Golden Highway Evaton West
2	Weskus Mall	100,0	Western Cape	35 343	35 343	0,1	158	2 Dec 14	485 463	Retail	683 850	110 Saldanha Road Vredenburg Western Cape
3	The Plaza (Mbombela) (leasehold)	100,0	Mpumalanga	19 511	19 511	–	228	1 Jul 13	312 500	Retail	598 000	Cnr Henshall and Bester Streets Mbombela
4	The Galleria	25,0	KwaZulu-Natal	87 565	21 891	1,3	214	17 Oct 13	443 750	Retail	587 937	Cnr N2 Highway and Chamberlain Road Umbogintwini
5	Park Central Shopping Centre	100,0	Gauteng	8 554	8 554	–	373	1 Dec 11	154 000	Retail	423 000	Cnr Noord Road, Twist, De Villiers and Klein Streets Johannesburg
6	Pineslopes Shopping Centre	100,0	Gauteng	20 402	20 402	0,3	192	30 Nov 15	352 500	Retail	419 500	Cnr Witkoppen Road and The Straight Fourways
7	Mayville Mall	100,0	Gauteng	21 371	21 371	–	170	1 Oct 09	196 000	Retail	389 000	Van Rensburg Street Parktown Estate Pretoria
8	Flamwood Walk	100,0	North West	20 159	20 159	0,7	143	1 Jul 12/5 Apr 23	180 635	Retail	355 000	Brother Patrick Lane Klerksdorp
9	Central Park Bloemfontein	100,0	Free State	13 885	13 885	3,0	201	1 Jul 13	163 000	Retail	342 000	Cnr Fichardt and Hanger Streets Bloemfontein
10	Rustenburg Plaza	100,0	North West	12 088	12 088	–	218	1 Jul 13	260 000	Retail	330 000	34 Fatima Bhayat Street Rustenburg
11	Sterkspruit Plaza	100,0	Eastern Cape	15 101	15 101	0,5	159	1 Jul 13	91 500	Retail	312 000	Cnr Zastron and Voyizana Roads Sterkspruit
12	Crossroads Plaza	100,0	Mpumalanga	11 957	11 957	1,8	199	1 Dec 11	90 000	Retail	290 000	Corner R568 and R573 Kwa-Mhlanga
13	Mutsindo Mall and Capricorn Plaza	100,0	Limpopo	11 955	11 955	–	189	1 Dec 11	145 000	Retail	290 000	Cnr Tshifhiwa Muofhe and Julius Malivha Streets Thohoyandou
14	Palm Springs Mall	100,0	Gauteng	19 368	19 368	1,8	149	30 Nov 15	292 700	Retail	272 000	Cnr R155 and Falcon Road Orange Farm
15	Venda Plaza	100,0	Limpopo	10 324	10 324	0,2	197	1 Dec 11	81 000	Retail	253 000	Cnr Main and Mphephu Streets Thohoyandou
16	Cornubia Ridge Logistics Park – Building 1 (Makro)	50,1	KwaZulu-Natal	18 900	9 469	–	@	1 Nov 16	~	Retail	220 490	N2 Highway KwaZulu-Natal
17	204 Oxford Shopping Centre	100,0	Gauteng	13 290	13 290	21,9	219	30 Nov 15	264 000	Retail	205 000	204 Oxford Road Illovo
18	Leslie Road Retail Park	100,0	Gauteng	13 725	13 725	3,1	144	30 Nov 15	182 000	Retail	202 000	Cnr William Nicol Drive and Leslie Avenue Fourways
19	Bloemfontein Value Mart	100,0	Free State	12 344	12 344	–	124	30 Nov 15	153 000	Retail	181 000	Cnr Curie Avenue and Vereeniging Drive Fleurdal Bloemfontein
20	Arbour Crossing	25,0	KwaZulu-Natal	38 876	9 719	0,5	144	17 Oct 13	105 500	Retail	180 710	Cnr N2 Highway and Chamberlain Road Umbogintwini
21	Lebowakgomo Centre	100,0	Limpopo	8 167	8 167	–	177	22 Dec 11	28 000	Retail	173 000	Nedlife Complex 3 BA Lebowakgomo
22	Lephalale CBD	51,0	Limpopo	24 510	12 500	3,3	133	1 Feb 12	73 200	Retail	172 482	Plein Street Lephalale
23	Monument Centre	100,0	Mpumalanga	7 713	7 713	–	186	12 Nov 10	26 957	Retail	171 500	Cnr Beyers Naude and Burger Streets Standerton
24	Village Walk Newcastle	100,0	KwaZulu-Natal	10 013	10 013	–	140	1 Oct 09	78 700	Retail	161 500	Cnr Ayliff and Harding Streets Newcastle
25	Thembi Mall	100,0	Gauteng	6 599	6 599	–	191	1 Dec 16	104 400	Retail	161 000	232 Sheba Street Tembisa
26	Shoprite Kokstad	100,0	KwaZulu-Natal	8 312	8 312	3,5	172	5 Sep 11	38 000	Retail	153 000	Hope Street Kokstad
27	Fourways Value Mart	100,0	Gauteng	7 951	7 951	1,9	164	30 Nov 15	113 500	Retail	142 000	Cnr Sunset Boulevard and Forest Drive Fourways
28	Botlokwa Plaza	100,0	Limpopo	7 963	7 963	–	163	1 Oct 09	39 100	Retail	140 000	N1 Mphakane off-ramp Botlokwa
29	Biyela Shopping Centre	100,0	KwaZulu-Natal	8 536	8 536	–	154	31 Dec 10	30 250	Retail	136 500	3 – 7 Biyela Street Empangeni

Schedule of properties continued

at 30 June 2023

Retail continued

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m²) (100% of building)	Gross lettable area (m²) (Fortress' proportionate % of building)	Vacancy %	Weighted average rate R/m²	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' proportionate ownership %)	Address
30	Mahikeng Station Boulevard Centre (leasehold)	100,0	North West	8 052	8 052	–	162	1 Dec 16	74 150	Retail	126 000	Station Road Mahikeng
31	White River Crossing Shopping Centre	51,0	Mpumalanga	10 323	5 265	0,9	176	15 Feb 19	~	Retail	125 970	Cnr Chief Mgiyeni Khumalo Drive and R537 White River
32	AbaQulusi Plaza	100,0	KwaZulu-Natal	8 237	8 237	0,2	160	1 Oct 09	52 000	Retail	114 315	Cnr Utrecht and Mason Streets Vryheid
33	Yarona Shopping Centre	100,0	Gauteng	5 979	5 979	–	167	1 Dec 16	87 550	Retail	113 000	Cnr Archerfish Drive and Angelfish Street Kaalfontein
34	Kimberley Junction	100,0	Northern Cape	5 633	5 633	15,2	216	1 Dec 16	83 750	Retail	100 000	Cnr Phakamile Mabija Road and Currey Street Kimberley
35	Equinox Mall	100,0	Eastern Cape	15 209	15 209	2,4	71	30 Nov 15	58 000	Retail	99 860	St Francis Street Jeffreys Bay
36	225 Pine	100,0	KwaZulu-Natal	5 918	5 918	–	167	1 Dec 11	83 500	Retail	97 000	336 – 342 Dr Pixley Kaseme Street Durban
37	City Centre Mthatha	100,0	Eastern Cape	5 360	5 360	9,9	237	1 Oct 09/1 Jan 13	65 700	Retail	88 000	Cnr York Road and Sutherland Street Mthatha
38	Game Polokwane (leasehold)	50,0	Limpopo	15 225	7 613	1,4	113	1 Oct 09	47 800	Retail	87 500	Cnr Hospital and Mark Streets Polokwane
39	Flamwood Value Centre	100,0	North West	5 111	5 111	0,6	126	1 Jul 12/5 Apr 23	66 515	Retail	77 000	Cnr Joe Slovo and Central Avenues Klerksdorp
40	Tzaneen Lifestyle Centre	25,0	Limpopo	9 263	2 316	–	207	1 Jul 13	32 000	Retail	68 919	Cnr Voortrekker and the P43–3 Roads Tzaneen
41	Morone Shopping Centre	100,0	Limpopo	13 584	13 584	26,3	83	1 Dec 11	120 500	Retail	60 000	282 Kastania Street Burgersfort
42	Paradise and Corner House	100,0	Limpopo	3 672	3 672	5,4	130	29 Jun 12	22 000	Retail	50 000	Fountains Boulevard Thohoyandou
43	Midtown Mall	100,0	North West	4 562	4 562	–	118	1 Dec 16	56 950	Retail	35 000	Fatima Bhayat and Berg Streets Rustenburg
44	Game Makhado	50,0	Limpopo	5 689	2 845	0,9	119	14 Dec 10	13 250	Retail	29 000	Cnr President and Songozwi Streets Makhado
45	Game Paarl	100,0	Western Cape	3 998	3 998	–	@	22 Jun 12	29 610	Retail	29 000	21 Fabriek Street Paarl
46	Musina Shopping Centre (leasehold)	100,0	Limpopo	4 380	4 380	2,9	165	1 Oct 09	28 500	Retail	11 500	N1 Highway Road Musina
	Total retail			**660 149**	**521 416**	**2,3**[1]	**172**		**5 619 121**		**9 966 033**	

@ *Single-tenanted property. The average gross rental of single-tenanted retail properties is R142/m².*

~ *Development on land previously acquired by Fortress.*

[1] *Based on Fortress' pro rata interests.*

Schedule of properties continued

at 30 June 2023

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m²) (100% of building)	Gross lettable area (m²) (Fortress' propor-tionate % of building)	Vacancy %	Weighted average rate R/m²	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' propor-tionate ownership %)	Address
Logistics												
47	Eastport Logistics Park – Pick n Pay	100,0	Gauteng	163 533	163 533	–	#	15 Mar 17	~	Logistics	2 181 296	100 Arniston Street Kempton Park
48	Clairwood Logistics Park – Building 4A and 4B (ASL)	100,0	KwaZulu-Natal	48 303	48 303	–	#	30 Nov 15	~	Logistics	570 500	89 Barrier Lane Mobeni East
49	Montague Business Park	25,0	Western Cape	192 278	48 070	–	82	30 Nov 15	252 000	Logistics	541 250	Cnr Plattekloof and Koeberg Roads Milnerton
50	Clairwood Logistics Park – Building 1 (Sammar)	100,0	KwaZulu-Natal	24 990	24 990	–	#	30 Nov 15	~	Logistics	437 750	89 Barrier Lane Mobeni East
51	Silverstone Raceway	100,0	Gauteng	41 590	41 590	–	#	30 Nov 15	324 000	Logistics	424 010	10 Silverstone Street Gosforth Park
52	Longlake Logistics Park 1 (Zest Weg and Cargo Carriers)	100,0	Gauteng	36 562	36 562	–	76	14 Jul 17	~	Logistics	407 796	Laneshaw Street Longlake
53	Frankenwald Drive Longlake	100,0	Gauteng	27 025	27 025	–	#	30 Nov 15	334 500	Logistics	362 367	Frankenwald Drive Longlake
54	Clairwood Logistics Park – Building 3A and 3B (Imperial)	100,0	KwaZulu-Natal	29 083	29 083	–	#	30 Nov 15	~	Logistics	353 100	89 Barrier Lane Mobeni East
55	Union Park Alberton	100,0	Gauteng	45 910	45 910	–	64	1 Dec 16	122 425	Logistics	322 650	14 Union Street Alberton North
56	Tradeport Bridge	51,0	Gauteng	49 079	25 030	–	#	1 Oct 16	49 176	Logistics	289 119	82B Merino Avenue City Deep
57	Westlake View Logistics Park – Building 2 (Erf 50)	100,0	Gauteng	25 127	25 127	–	#	30 Nov 15	~	Logistics	272 000	London Road Westlake
58	Linbro Logistics Park	100,0	Gauteng	31 962	31 962	–	71	30 Nov 15	236 000	Logistics	264 479	1st Avenue Longlake
59	Clairwood Logistics Park – Pocket 2B (Kings Rest)	100,0	KwaZulu-Natal	62 471	62 471	–	#	30 Nov 15	~	Logistics	229 300	89 Barrier Lane Mobeni East
60	118 Brakpan Road	100,0	Gauteng	37 027	37 027	–	#	30 Nov 15	239 800	Logistics	225 533	118 Brakpan Road Boksburg
61	N1 Business Park	20,0	Gauteng	111 027	22 205	4,2	69	30 Nov 15	184 000	Logistics	209 497	N1 Highway Midrand
62	Westlake View Logistics Park – Building 1 (Erf 38)	100,0	Gauteng	19 878	19 878	–	#	30 Nov 15	97 525	Logistics	205 000	London Road Westlake
63	Clairwood Logistics Park – Pocket 5 (Zacpak)	100,0	KwaZulu-Natal	15 664	15 664	–	#	30 Nov 15	~	Logistics	202 104	89 Barrier Lane Mobeni East
64	Louwlardia Logistics Park – Building 2 (WAG)	50,0	Gauteng	33 977	16 989	–	#	30 Nov 15	~	Logistics	201 000	Nellmapius Drive Louwlardia
65	Longlake Logistics Park 2 (Ex 2, Spec 1)	100,0	Gauteng	19 232	19 232	–	#	14 Jul 17	~	Logistics	200 500	Ashworth and Laneshaw Streets Longlake
66	Louwlardia Logistics Park – Building 3 (Vodacom)	100,0	Gauteng	17 725	17 725	–	#	30 Nov 15	~	Logistics	200 000	Nellmapius Drive Louwlardia
67	CiplaMED Rivergate	100,0	Western Cape	18 214	18 214	–	#	30 Nov 15	156 000	Logistics	189 000	Cnr Cosmonaut and Rivergate Drives Rivergate
68	Mirabel Road Pomona	100,0	Gauteng	31 856	31 856	–	57	30 Nov 15	183 000	Logistics	184 278	2 Maple Street corner Mirabel Road Pomona
69	Pomona Logistics	100,0	Gauteng	20 660	20 660	–	#	30 Nov 15	158 800	Logistics	180 826	20 Maple Road Pomona

Schedule of properties continued

at 30 June 2023

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m²) (100% of building)	Gross lettable area (m²) (Fortress' propor-tionate % of building)	Vacancy %	Weighted average rate R/m²	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' propor-tionate ownership %)	Address
Logistics continued												
70	Catalunya Crescent Raceway Industrial Park	100,0	Gauteng	21 491	21 491	–	#	30 Nov 15	175 000	Logistics	179 914	Catalunya Crescent Raceway Industrial Park
71	60 Electron Avenue Isando	100,0	Gauteng	26 133	26 133	–	52	30 Nov 15	142 600	Logistics	163 998	60 Electron Avenue Isando
72	Louwlardia Logistics Park – Building 3 (USN)	100,0	Gauteng	14 310	14 310	–	#	30 Nov 15	~	Logistics	161 000	Nellmapius Drive Louwlardia
73	12 Platinum Road Longmeadow	100,0	Gauteng	17 892	17 892	–	#	30 Nov 15	174 000	Logistics	157 111	12 Platinum Road Longmeadow
74	3 – 4 Drakensberg Drive Longmeadow	100,0	Gauteng	15 614	15 614	–	#	30 Nov 15	121 000	Logistics	154 599	3 – 4 Drakensberg Drive Longmeadow
75	Eastport Logistics Park – Building 2 (Teralco)	65,0	Gauteng	22 095	14 362	–	#	15 Mar 17	~	Logistics	150 150	100B Eastport Boulevard Kempton Park
76	12 – 18 Elliot Avenue Epping 2	100,0	Western Cape	20 725	20 725	–	65	30 Nov 15	115 800	Logistics	142 200	12 – 18 Elliot Avenue Epping 2
77	Louwlardia Logistics Park – Building 1 (WeBuyCars)	50,0	Gauteng	23 644	11 822	–	#	30 Nov 15	~	Logistics	140 000	Nellmapius Drive Louwlardia
78	Noursepack Epping 2	100,0	Western Cape	17 768	17 768	–	#	30 Nov 15	123 700	Logistics	136 750	Nourse Avenue Epping 2
79	11 Fitzmaurice Epping	100,0	Western Cape	19 381	19 381	–	70	30 Nov 15	126 800	Logistics	135 100	11 Fitzmaurice Epping
80	6 Prospecton Road Prospecton	100,0	KwaZulu-Natal	24 433	24 433	–	61	30 Nov 15	148 600	Logistics	133 900	6 Prospecton Road Prospecton
81	Clairwood Logistics Park – Pocket 7	100,0	KwaZulu-Natal	13 283	13 283	–	74	30 Nov 15	~	Logistics	131 000	89 Barrier Lane Mobeni East
82	Eastport Logistics Park – Building 3 (Ceva)	65,0	Gauteng	20 232	13 151	–	#	15 Mar 17	~	Logistics	130 033	100F Eastport Boulevard Kempton Park
83	31 Jeffels Road Prospecton	100,0	KwaZulu-Natal	21 061	21 061	–	#	30 Nov 15	113 000	Logistics	127 800	31 Jeffels Road Prospecton
84	Eastport Logistics Park – Building 6	65,0	Gauteng	18 732	12 176	–	#	15 Mar 17	~	Logistics	122 200	100B Bredenhof Street Kempton Park
85	14 Fitzmaurice Avenue Epping 2	100,0	Western Cape	11 873	11 873	–	#	30 Nov 15	84 500	Logistics	118 850	14 Fitzmaurice Avenue Epping 2
86	Maple Road Pomona	100,0	Gauteng	19 594	19 594	35,0	#	30 Nov 15	132 000	Logistics	118 433	36 Maple Road Pomona
87	Cambridge Commercial Park	100,0	Gauteng	13 414	13 414	–	72	30 Nov 15	112 000	Logistics	102 540	22 Witkoppen Road Paulshof
88	15th Road Midrand	100,0	Gauteng	14 308	14 308	–	#	30 Nov 15	112 700	Logistics	98 730	311 15th Road Randjespark
89	Mahogany Road	100,0	KwaZulu-Natal	16 209	16 209	–	68	30 Nov 15	107 400	Logistics	98 500	Undoni Crescent Mahogany Ridge Pinetown
90	Corporate Park North	100,0	Gauteng	11 402	11 402	–	66	30 Nov 15	79 500	Logistics	90 761	383 Roan Crescent Corporate Park North Midrand
91	Eastport Logistics Park – Building 5 (Media 24)	65,0	Gauteng	13 756	8 941	–	#	15 Mar 17	~	Logistics	89 473	100D Eastport Boulevard Kempton Park
92	Bevan Road Roodekop	100,0	Gauteng	20 255	20 255	–	#	30 Nov 15	81 600	Logistics	88 520	Bevan Road Roodekop
93	Imvubu Park Close Riverhorse	50,0	KwaZulu-Natal	18 425	9 213	–	#	30 Nov 15	72 000	Logistics	85 000	Imvubu Park Close Riverhorse Industrial Park Durban
94	45 Angus Crescent	100,0	Gauteng	8 835	8 835	–	#	30 Nov 15	72 700	Logistics	82 537	45 Angus Crescent Longmeadow
95	Nurburg Road Raceway Industrial Park	100,0	Gauteng	11 267	11 267	–	#	30 Nov 15	91 600	Logistics	79 740	2 Monte Carlo Road Raceway Industrial Park

Schedule of properties continued

at 30 June 2023

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m²) (100% of building)	Gross lettable area (m²) (Fortress' proportionate % of building)	Vacancy %	Weighted average rate R/m²	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' proportionate ownership %)	Address
Logistics continued												
96	Tlokwe Street Louwlardia	100,0	Gauteng	8 518	8 518	–	#	30 Oct 14	38 127	Logistics	79 653	Tlokwe Street Louwlardia
97	City Deep Mini Units	100,0	Gauteng	18 182	18 182	–	54	30 Nov 15	91 500	Logistics	78 677	Outspan Road City Deep
98	Union Park Alberton – Voltex	50,0	Gauteng	14 526	7 263	–	#	1 Dec 16	~	Logistics	76 000	14 Union Street Alberton North
99	39 Galaxy Avenue Linbro Park	100,0	Gauteng	7 461	7 461	–	77	30 Nov 15	65 000	Logistics	60 236	39 Galaxy Avenue Linbro Park
100	Eastport Logistics Park – Building 4 (Clippa)	32,5	Gauteng	14 355	4 665	–	#	15 Mar 17	~	Logistics	57 465	100E Eastport Boulevard Kempton Park
101	53 Angus Crescent Longmeadow	100,0	Gauteng	6 850	6 850	–	#	30 Nov 15	58 000	Logistics	55 593	53 Angus Crescent Longmeadow
102	49 Ayrshire Road Longmeadow	100,0	Gauteng	7 263	7 263	–	#	30 Nov 15	50 600	Logistics	50 093	49 Ayrshire Road Longmeadow
103	4 Platinum Road Longmeadow	100,0	Gauteng	7 386	7 386	–	#	30 Nov 15	64 800	Logistics	49 317	4 Platinum Road Longmeadow
104	Brands Hatch Close	100,0	Gauteng	6 597	6 597	–	70	30 Nov 15	45 600	Logistics	48 785	Cnr Indianapolis and Brands Hatch Close Kyalami Park
105	Fortune Street City Deep	100,0	Gauteng	8 746	8 746	–	#	30 Nov 15	46 800	Logistics	48 476	15 Fortune Street City Deep
106	9 Ayrshire Avenue Longmeadow	100,0	Gauteng	7 090	7 090	–	#	30 Nov 15	48 200	Logistics	45 349	9 Ayrshire Avenue Longmeadow
107	Indianapolis Boulevard Raceway	100,0	Gauteng	5 965	5 965	–	#	30 Nov 15	41 300	Logistics	44 374	Indianapolis Road Raceway Industrial Park Germiston
108	51 Galaxy Avenue Linbro Park	100,0	Gauteng	5 778	5 778	–	#	30 Nov 15	55 600	Logistics	43 547	51 Galaxy Avenue Linbro Park
109	49 Galaxy Avenue Linbro Park	100,0	Gauteng	4 665	4 665	–	#	30 Nov 15	32 000	Logistics	42 472	49 Galaxy Avenue Linbro Park
110	19 Ayrshire Avenue	100,0	Gauteng	4 912	4 912	–	#	30 Nov 15	32 500	Logistics	40 659	19 Ayrshire Avenue Longmeadow
111	38 Reedbuck Crescent	100,0	Gauteng	6 143	6 143	–	#	30 Nov 15	39 100	Logistics	39 723	38 Reedbuck Crescent Corporate Park South Midrand
112	86 Tsessebe Crescent	100,0	Gauteng	6 366	6 366	–	67	30 Nov 15	33 000	Logistics	38 242	86 Tsessebe Crescent Corporate Park South Midrand
113	64 Lechwe Street Corporate Park	100,0	Gauteng	5 447	5 447	–	61	30 Nov 15	24 000	Logistics	32 743	64 Lechwe Street Corporate Park South Midrand
114	36 Houer Road City Deep	100,0	Gauteng	5 057	5 057	–	#	30 Nov 15	22 600	Logistics	30 171	36 Houer Road City Deep
115	10 Drakensberg Drive Longmeadow	100,0	Gauteng	2 999	2 999	–	#	30 Nov 15	25 000	Logistics	29 460	10 Drakensberg Drive Longmeadow
116	5 – 7 Ayrshire Avenue Longmeadow	100,0	Gauteng	3 710	3 710	–	#	30 Nov 15	29 000	Logistics	27 406	7 Ayrshire Avenue Longmeadow
117	79 Reedbuck Crescent Corporate Park	100,0	Gauteng	4 194	4 194	–	#	30 Nov 15	26 500	Logistics	27 157	79 Reedbuck Crescent Corporate Park South Midrand
118	8 Milkyway Avenue Linbro Park	100,0	Gauteng	3 645	3 645	–	#	30 Nov 15	30 000	Logistics	26 799	8 Milkyway Avenue Linbro Park
119	68 Galaxy Avenue Linbro Park	100,0	Gauteng	2 900	2 900	–	#	30 Nov 15	19 500	Logistics	23 055	68 and 71 Galaxy Avenue Linbro Park
120	Milkyway Road Crown Mines	100,0	Gauteng	3 865	3 865	–	#	30 Nov 15	25 000	Logistics	22 959	18 Milkyway Road Crown Mines
121	20 Loper Avenue Spartan	100,0	Gauteng	3 659	3 659	–	#	30 Nov 15	23 300	Logistics	22 578	20 Loper Avenue Spartan
122	146 Serenade Road Rustivia	100,0	Gauteng	4 400	4 400	–	#	30 Nov 15	40 900	Logistics	22 012	146 Serenade Road Rustivia
123	144 Lechwe Street Corporate Park	100,0	Gauteng	2 876	2 876	–	#	30 Nov 15	15 100	Logistics	21 956	144 Lechwe Street Corporate Park South Midrand
124	35 Reedbuck Crescent	100,0	Gauteng	3 202	3 202	–	#	30 Nov 15	16 400	Logistics	21 727	35 Reedbuck Crescent Corporate Park South Midrand

Schedule of properties continued

at 30 June 2023

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m²) (100% of building)	Gross lettable area (m²) (Fortress' propor-tionate % of building)	Vacancy %	Weighted average rate R/m²	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' propor-tionate ownership %)	Address
Logistics continued												
125	City Deep Rittel	100,0	Gauteng	4 164	4 164	–	#	30 Nov 15	17 900	Logistics	20 271	8 Fortune Street City Deep
126	11 Reedbuck Crescent Corporate Park	100,0	Gauteng	2 810	2 810	–	61	1 Oct 09	8 900	Logistics	19 014	11 Reedbuck Crescent Corporate Park South Midrand
127	142 Lechwe Street Corporate Park	100,0	Gauteng	2 714	2 714	–	#	30 Nov 15	13 800	Logistics	17 694	142 Lechwe Street Corporate Park South Midrand
128	112 Roan Crescent	100,0	Gauteng	2 230	2 230	–	#	30 Nov 15	12 300	Logistics	15 387	112 Roan Crescent Corporate Park North Midrand
129	70 Gazelle Avenue Corporate Park	100,0	Gauteng	2 372	2 372	–	#	30 Nov 15	12 300	Logistics	14 911	68 – 72 Gazelle Avenue Corporate Park South Midrand
130	9 Reedbuck Crescent	100,0	Gauteng	1 950	1 950	–	67	30 Nov 15	10 400	Logistics	12 464	9 Reedbuck Crescent Corporate Park South Midrand
131	71 Tsessebe Crescent	100,0	Gauteng	1 809	1 809	–	#	30 Nov 15	9 200	Logistics	12 268	71 Tsessebe Crescent Corporate Park South Midrand
132	50 Tsessebe Crescent	100,0	Gauteng	1 849	1 849	–	#	30 Nov 15	9 400	Logistics	11 996	50 Tsessebe Crescent Corporate Park South Midrand
133	9 Milkyway Avenue Linbro Park	100,0	Gauteng	1 796	1 796	–	#	30 Nov 15	15 700	Logistics	11 784	9 Milkyway Avenue Linbro Park
134	109 Roan Crescent	100,0	Gauteng	1 723	1 723	–	#	30 Nov 15	8 400	Logistics	11 574	109 Roan Crescent Corporate Park North Midrand
135	45 Director Road	100,0	Gauteng	1 800	1 800	–	#	1 Oct 09	7 700	Logistics	11 449	45 Director Road
136	121 Gazelle Avenue Corporate Park	100,0	Gauteng	1 578	1 578	–	#	1 Oct 09	6 600	Logistics	10 096	121 Gazelle Avenue Corporate Park South Midrand
	Total logistics			**1 772 857**	**1 434 618**	**0,5[1]**	**72[2]**		**5 695 753**		**13 247 786**	

Single-tenanted property. The average gross rental of single-tenanted logistics properties is R73/m², which includes the logistics properties held for sale and disclosed below.
~ *Development on land previously acquired by Fortress.*
[1] *Based on Fortress' pro rata interests.*
[2] *Includes investment property held for sale in the logistics sector.*

Schedule of properties continued

at 30 June 2023

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m²) (100% of building)	Gross lettable area (m²) (Fortress' propor-tionate % of building)	Vacancy %	Weighted average rate R/m²	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' propor-tionate ownership %)	Address
Office												
137	Oak Avenue Highveld	100,0	Gauteng	11 700	11 700	–	$	30 Nov 15	217 000	Office	115 000	92 Oak Avenue Highveld Techno Park Centurion
138	Oxford Manor Illovo	100,0	Gauteng	12 723	12 723	70,0	142	30 Nov 15	191 000	Office	105 000	196 Oxford Road Illovo
139	Fourways Office Park Fourways	100,0	Gauteng	15 122	15 122	51,0	95	30 Nov 15	179 000	Office	105 000	40 Roos Street Fourways
140	Wedgewood Office Park	100,0	Gauteng	9 625	9 625	38,2	127	30 Nov 15	127 000	Office	105 000	3 Muswell Road Bryanston
141	Kildrummy Office Park Paulshof	100,0	Gauteng	11 947	11 947	9,2	96	30 Nov 15	165 900	Office	94 000	Cnr Witkoppen Road and Umhlanga Avenue Paulshof
142	Monyetla Office Park	100,0	Gauteng	17 534	17 534	–	90	30 Nov 15	220 600	Office	91 932	Inyanga Close Sunninghill
143	Cullinan Office Park	100,0	Gauteng	7 295	7 295	14,6	111	30 Nov 15	178 000	Office	86 674	2 Cullinan Place Cullinan Close Morningside
144	Rutherford Estate Scott Street	100,0	Gauteng	9 192	9 192	–	$	30 Nov 15	191 000	Office	84 000	1 Scott Street Waverley
145	Northdowns Bryanston	100,0	Gauteng	5 745	5 745	19,5	107	30 Nov 15	85 500	Office	59 500	17 Georgian Crescent Bryanston
146	Hobart Square	100,0	Gauteng	6 630	6 630	50,5	119	30 Nov 15	103 000	Office	50 000	23 Hobart Road Bryanston
147	22 On Sloane	100,0	Gauteng	4 585	4 585	–	65	30 Nov 15	55 100	Office	50 000	22 Sloane Street Bryanston
148	28 On Sloane	100,0	Gauteng	4 790	4 790	12,5	115	30 Nov 15	77 000	Office	49 000	28 Sloane Street Bryanston
149	Culross Court Bryanston	100,0	Gauteng	4 076	4 076	–	127	30 Nov 15	56 000	Office	48 000	16 Culross Road Bryanston
150	Centurion Office Park	100,0	Gauteng	7 544	7 544	48,7	89	30 Nov 15	88 000	Office	45 000	1257 Embankment Road Centurion
151	Howick Close	100,0	Gauteng	3 949	3 949	–	$	30 Nov 15	69 000	Office	38 000	253 Howick Close Vorna Valley Midrand
152	Parc Nicol	100,0	Gauteng	4 133	4 133	13,6	98	30 Nov 15	59 945	Office	36 000	3001 William Nicol Drive Bryanston
153	Howick Close Waterfall Park	100,0	Gauteng	3 230	3 230	–	$	30 Nov 15	37 500	Office	32 000	293 Howick Close Waterfall Office Park Vorna Valley Midrand
154	26 Augrabies Road Waterfall Park	100,0	Gauteng	3 397	3 397	–	$	30 Nov 15	33 500	Office	31 500	26 Augrabies Road Waterfall Park
155	Standard Bank Crossing	100,0	Gauteng	2 194	2 194	–	$	30 Nov 15	43 400	Office	30 000	1 Twilight Avenue Fourways
156	Petunia Road Bryanston	100,0	Gauteng	2 422	2 422	–	$	30 Nov 15	32 000	Office	26 600	Cnr Petunia Street and Main Road Bryanston
157	17 Kosi Place Umgeni (leasehold)	100,0	KwaZulu-Natal	3 996	3 996	40,0	105	30 Nov 15	39 100	Office	21 000	17 Kosi Place Umgeni Business Park
158	357 Rivonia Boulevard	100,0	Gauteng	3 663	3 663	21,8	83	30 Nov 15	31 000	Office	18 500	357 Rivonia Boulevard Rivonia
159	Muirfield Fourways Golf Park	100,0	Gauteng	2 804	2 804	27,3	87	30 Nov 15	27 000	Office	18 250	Fourways Golf Park Roos Street Fourways
160	Pebble Beach Fourways Golf Park	100,0	Gauteng	1 897	1 897	–	96	30 Nov 15	20 400	Office	12 350	Fourways Golf Park Roos Street Fourways
161	1257 South Road Centurion	100,0	Gauteng	1 805	1 805	100,0	$	30 Nov 15	18 700	Office	11 000	1257 South Road Centurion
162	Turnberry Fourways Golf Park	100,0	Gauteng	1 476	1 476	50,8	82	30 Nov 15	16 500	Office	10 000	Fourways Golf Park Roos Street Fourways
	Total office			**163 474**	**163 474**	**22,9**	**106[1]**		**2 362 145**		**1 373 306**	

$ *Single-tenanted property. The average gross rental of single-tenanted office properties is R106/m².*

[1] *Based on Fortress' pro rata interests.*

Block C of Cullinan Office Park has been occupied by Fortress Real Estate Investments Limited since May 2018 and is shown under Property at R25,326 million.

Schedule of properties continued

at 30 June 2023

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m²) (100% of building)	Gross lettable area (m²) (Fortress' propor-tionate % of building)	Vacancy %	Weighted average rate R/m²	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' propor-tionate ownership %)	Address
Industrial												
163	City Deep Industrial Park	100,0	Gauteng	55 345	55 345	–	53	30 Nov 15	264 700	Industrial	256 119	Cnr Outspan Road and Fortune Street City Deep
164	Isando Business Park	100,0	Gauteng	54 479	54 479	12,9	55	30 Nov 15	354 000	Industrial	244 797	Cnr Andre Greyvenstein Avenue and Hulley Street Isando
165	Palisades Business Park Jet Park	100,0	Gauteng	18 465	18 465	1,6	58	30 Nov 15	109 000	Industrial	109 432	39 Kelly Road Jet Park
166	Jonas Road Germiston	100,0	Gauteng	34 878	34 878	–	46	30 Nov 15	158 000	Industrial	105 092	Jonas Road Elandsfontein Germiston
167	Otto Volek Road Pinetown	100,0	KwaZulu-Natal	18 296	18 296	–	60	30 Nov 15	83 500	Industrial	96 500	22 Otto Volek Road Pinetown
168	60 North Reef Road Elandsfontein	100,0	Gauteng	24 686	24 686	–	&	30 Nov 15	133 600	Industrial	95 558	60 North Reef Road Elandsfontein Germiston
169	1 Setchel Road Roodekop	100,0	Gauteng	28 990	28 990	–	&	30 Nov 15	153 000	Industrial	92 093	1 Setchel Road Roodekop
170	154 Monteer Road Isando	100,0	Gauteng	22 445	22 445	–	&	30 Nov 15	100 700	Industrial	84 407	22 Monteer Road Isando
171	16 Industrie Road	100,0	Gauteng	11 245	11 245	–	&	30 Nov 15	74 000	Industrial	78 985	18 Industrie Road Isando
172	45 Diesel Road Isando	100,0	Gauteng	21 825	21 825	–	40	30 Nov 15	81 600	Industrial	76 706	37 Diesel Road Isando
173	Clovelly Business Park Midrand	100,0	Gauteng	12 516	12 516	–	61	30 Nov 15	59 300	Industrial	71 008	342 Old Pretoria Road Midrand
174	Eastside Corporate Park Midrand	100,0	Gauteng	9 395	9 395	–	57	30 Nov 15	49 000	Industrial	65 976	807 Richards Drive Midrand
175	Lakeview Business Park	100,0	Gauteng	10 584	10 584	–	57	–	60 100	Industrial	63 425	Yaldwyn Road Jet Park
176	Waterpas Street Isando	100,0	Gauteng	14 718	14 718	–	&	30 Nov 15	109 000	Industrial	55 110	2 Waterpas Street Isando
177	Chemserve Spartan	100,0	Gauteng	14 905	14 905	27,1	&	30 Nov 15	69 700	Industrial	53 325	3 Johann Birkart Road Kempton Park
178	Robertville Industrial	100,0	Gauteng	9 137	9 137	–	&	30 Nov 15	44 200	Industrial	45 488	1067 Katrol Avenue Robertville
179	Tradeport Merino	100,0	Gauteng	15 444	15 444	100,0	&	30 Nov 15	115 000	Industrial	40 712	59 Merino Avenue City Deep
180	Springbok Park Industria West	100,0	Gauteng	18 460	18 460	2,0	28	1 Oct 09	46 600	Industrial	40 093	35 and 37 Springbok Road Industria West
181	7 Nywerheid Street Tunney	100,0	Gauteng	4 183	4 183	–	&	30 Nov 15	32 800	Industrial	30 766	7 Nywerheid Street Tunney
182	1105 Anvil Road Robertville	100,0	Gauteng	10 800	10 800	–	&	30 Nov 15	49 500	Industrial	29 366	1105 Anvil Road Robertville
183	11 Covora Road Jet Park	100,0	Gauteng	3 831	3 831	–	&	30 Nov 15	17 600	Industrial	21 136	11 Covora Road Jet Park
184	48 Koornhof Road	100,0	Gauteng	3 397	3 397	–	55	30 Nov 15	26 300	Industrial	21 135	48 Koornhof Road Meadowdale
185	100 Dekema Road Wadeville	50,0	Gauteng	7 500	3 750	–	&	1 Dec 16	14 920	Industrial	18 607	100 Dekema Road Wadeville
186	8 Field Street Wilbart	100,0	Gauteng	3 473	3 473	–	&	1 Oct 09	10 400	Industrial	18 464	8 Field Street Wilbart
187	Prolecon Industrial Park	100,0	Gauteng	4 595	4 595	10,5	52	1 Dec 16	22 776	Industrial	16 327	2 and 4 Prolecon Road Prolecon
188	1338 Staal Road Stormill	100,0	Gauteng	4 320	4 320	–	&	1 Dec 16	19 300	Industrial	15 255	1338 Staal Road Stormill
189	560 Malcolm Moodie Crescent Jet Park	100,0	Gauteng	2 288	2 288	–	&	30 Nov 15	15 000	Industrial	14 838	560 Malcolm Moodie Crescent Jet Park
190	5 Midley Roads Jet Park	100,0	Gauteng	2 292	2 292	–	&	1 Dec 16	27 700	Industrial	13 858	5 Midley Roads Hughes Jet Park

Schedule of properties continued

at 30 June 2023

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m²) (100% of building)	Gross lettable area (m²) (Fortress' proportionate % of building)	Vacancy %	Weighted average rate R/m²	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' proportionate ownership %)	Address
Industrial continued												
191	368 Sifon Street Robertville	100,0	Gauteng	4 550	4 550	100,0	&	30 Nov 15	19 500	Industrial	13 045	368 Sifon Street Robertville
192	32 Mandy Road	100,0	Gauteng	6 193	6 193	–	38	1 Oct 09	16 900	Industrial	12 582	32 Mandy Road Reuven
193	Hilston Street Kya Sands	100,0	Gauteng	3 185	3 185	–	&	1 Oct 09	10 300	Industrial	11 531	Hilston Street Kya Sands
194	20 Industrial Crescent Witbank	50,0	Mpumalanga	2 680	1 340	–	&	1 Dec 16	7 900	Industrial	11 125	20 Industrial Crescent Witbank
195	75 Kyalami Boulevard	100,0	Gauteng	1 665	1 665	–	&	30 Nov 15	12 800	Industrial	10 783	75 Kyalami Boulevard Kyalami Park
196	66 Booysen Street	100,0	Gauteng	3 089	3 089	–	51	1 Oct 09	8 300	Industrial	9 330	66 Booysen Street Reuven
197	25 Angus Crescent Longmeadow	50,0	Gauteng	1 680	840	–	&	1 Dec 16	7 000	Industrial	8 433	25 Angus Crescent Longmeadow
198	66 Kyalami Boulevard	100,0	Gauteng	1 296	1 296	–	&	1 Oct 09	11 700	Industrial	7 525	59 Kyalami Boulevard Kyalami Business Park Midrand
199	37 Kindon Road Robertsham	50,0	Gauteng	3 400	1 700	–	&	1 Dec 16	4 640	Industrial	6 782	37 Kindon Road Robertsham
200	44 Neptune Street Paarden Eiland	50,0	Western Cape	1 785	893	–	&	1 Dec 16	3 450	Industrial	6 250	44 Neptune Street Paarden Eiland
201	312 Mitchell Street Pretoria West	50,0	Gauteng	1 741	871	–	&	1 Dec 16	5 400	Industrial	6 212	312 Mitchell Street Pretoria West
202	19A Dorsetshire Street Paarden Eiland	50,0	Western Cape	1 350	675	–	&	1 Dec 16	4 450	Industrial	5 650	19A Dorsetshire Street Paarden Eiland
203	10 – 14 Watkins Street Denver	100,0	Gauteng	3 224	3 224	100,0	&	1 Oct 09	10 700	Industrial	5 516	10 – 14 Watkins Street Denver
204	40 Beechfield Crescent Springfield	50,0	Kwazulu-Natal	965	483	–	&	1 Dec 16	2 750	Industrial	4 450	40 Beechfield Crescent Springfield
205	216 Winze Road Stormill	50,0	Gauteng	1 466	733	–	&	1 Dec 16	3 140	Industrial	4 398	216 Winze Road Stormill
206	3 Watkins Street	100,0	Gauteng	1 631	1 631	–	&	1 Oct 09	5 400	Industrial	2 301	3 Watkins Street Denver
Industrial – Inofort (51,46% share)												
207	Island Works	51,46	Western Cape	20 699	10 652	4,2	93	1 Mar 22	94 995	Industrial	96 444	20 Cumberland Road Paarden Eiland
208	Tambo Exchange	51,46	Gauteng	25 416	13 079	6,9	65	Nov 15	68 442	Industrial	74 997	Jones Road Jet Park
209	Powder Mill	51,46	Western Cape	8 670	4 462	12,8	114	1 Mar 22	46 467	Industrial	49 177	5 Sunrise Circle Ndabeni
210	Malibongwe Exchange	51,46	Gauteng	15 496	7 974	8,1	79	30 Nov 15	49 607	Industrial	48 196	123 Malibongwe Drive Strijdompark
211	Textile Exchange	51,46	Western Cape	16 399	8 439	6,0	53	1 Mar 22	43 331	Industrial	45 123	19 Tekstiel Road Parow
212	Maitland (ITL)	51,46	Western Cape	14 056	7 233	7,7	&	1 Mar 22	39 522	Industrial	38 812	5 9th Avenue Maitland
213	Eastborough Exchange	51,46	Gauteng	9 054	4 659	5,2	74	30 Nov 15	25 576	Industrial	30 175	15 – 21 Olympia Street Eastgate
214	Electron Exchange	51,46	Gauteng	11 000	5 661	9,6	68	30 Nov 15	24 701	Industrial	26 302	50 Electron Avenue Isando
215	Epping Works	51,46	Western Cape	7 842	4 035	–	70	1 Mar 22	23 708	Industrial	25 147	4 Moorsom Avenue Epping Industria 2
216	Lanzerac Works	51,46	Gauteng	8 847	4 553	21,9	71	Nov 15	23 363	Industrial	23 603	Old Pretoria Road Halfway House
217	Sandton Works	51,46	Gauteng	7 867	4 048	8,4	69	30 Nov 15	24 186	Industrial	21 066	15th Street Eastgate
218	Merinda Works	51,46	Gauteng	8 130	4 184	3,8	60	30 Nov 15	18 834	Industrial	20 771	71 – 73 Rudo Nel Street Jet Park

Schedule of properties continued

at 30 June 2023

Industrial – Inofort (51,46% share) continued

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m²) (100% of building)	Gross lettable area (m²) (Fortress' proportionate % of building)	Vacancy %	Weighted average rate R/m²	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' proportionate ownership %)	Address
219	Olympia Works	51,46	Gauteng	8 078	4 157	–	62	30 Nov 15	20 172	Industrial	20 411	9 – 13 Olympia Street Eastgate
220	Wadeville Works	51,46	Gauteng	9 882	5 085	2,6	60	Dec 16	18 526	Industrial	19 577	7 Crocker Road Wadeville
221	Coventry Works	51,46	Gauteng	6 293	3 238	33,3	70	Nov 15	16 982	Industrial	15 235	675 Old Pretoria Road Midrand
222	Wynberg Workshops Block B	51,46	Gauteng	5 349	2 753	–	67	1 Mar 22	11 632	Industrial	14 306	139 6th Street Wynberg
223	Wynberg Workshops Block C	51,46	Gauteng	4 530	2 331	8,9	63	1 Mar 22	11 355	Industrial	11 458	56 6th Street Wynberg
224	Rutland Works	51,46	Gauteng	4 405	2 267	–	63	Nov 15	10 755	Industrial	11 007	30 Main Street Eastleigh Edenvale
225	Maitland Mini	51,46	Western Cape	3 132	1 612	–	72	1 Mar 22	10 160	Industrial	9 952	Block D 47 8th Avenue Maitland
226	Island Works Extension	51,46	Western Cape	1 595	821	–	&	1 Mar 22	10 292	Industrial	9 705	18 Cumberland Road Paarden Eiland
227	Richards Exchange	51,46	Gauteng	3 301	1 699	–	66	Nov 15	8 388	Industrial	9 034	778 Richards Drive Midrand
228	Maitland Stores	51,46	Western Cape	2 184	1 124	33,1	77	1 Mar 22	5 329	Industrial	6 946	5 9th Avenue Maitland
229	Light Works	51,46	Gauteng	2 106	1 084	–	38	1 Mar 22	5 680	Industrial	3 954	Unit 2A 6th Street Wynberg
	Total industrial			**686 723**	**576 260**	**7,4**[1, 2]	**55**[2]		**3 047 629**		**2 631 889**	

& *Single-tenanted property. The average gross rental of single-tenanted industrial properties is R42/m², which includes the industrial properties held for sale and disclosed below.*

1 *Based on Fortress' pro rata interests.*

2 *Includes investment property held for sale in the industrial sector.*

Other – residential

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m²) (100% of building)	Gross lettable area (m²) (Fortress' proportionate % of building)	Vacancy %	Weighted average rate R/m²	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' proportionate ownership %)	Address
230	Copper Lake Estate	60,0	Eastern Cape	17 361	10 417	1,2	*	1 Oct 09/1 Jul 10	64 689	Other – Residential	123 000	Sisson Street Mthatha
	Total other – Residential			**17 361**	**10 417**	**1,2**	*****		**64 689**		**123 000**	

Other – Serviced apartments

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m²) (100% of building)	Gross lettable area (m²) (Fortress' proportionate % of building)	Vacancy %	Weighted average rate R/m²	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' proportionate ownership %)	Address
231	The Prism	50,1	Gauteng	10 164	5 092	–	*	1 Dec 16	58 518	Other – Serviced apartments	72 645	29 De La Rey Road Edenburg
	Total other – Serviced apartments			**10 164**	**5 092**	**–**	*****		**58 518**		**72 645**	

* *Single-tenanted property and the only property in the sector. The average gross rental of single-tenanted other properties is R150/m².*

Schedule of properties continued

at 30 June 2023

Property name	Fortress' % ownership	Geographical location	Gross lettable area (m²) (100% of building)	Gross lettable area (m²) (Fortress' propor-tionate % of building)	Vacancy %	Weighted average rate R/m²	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' propor-tionate ownership %)	Address
Investment property under development											
Clairwood Logistics Park	100,0	KwaZulu-Natal	–	–			30 Nov 15	1 963 058[$]	Logistics	719 749	89 Barrier Lane Mobeni East
Eastport Logistics Park	65,0	Gauteng	–	–			15 Mar 17	452 333[$]	Logistics	452 333	100 Cospatrick Street Kempton Park
Cornubia Ridge Logistics Park	50,1	KwaZulu-Natal	–	–			1 Nov 16	281 134[$]	Logistics	281 134	Adjacent to N2 Highway to east of Gateway KwaZulu-Natal
Sandton Office Land – Stella and West Streets	100,0	Gauteng	–	–			12 Oct 18	575 302[$]	Office	222 958	Cnr Stella and West Streets Sandton
Longlake Logistics Park	100,0	Gauteng	–	–			14 Jul 17	189 687[$]	Logistics	179 756	Ashworth and Laneshaw Streets Longlake
AbaQulusi Plaza – Phase 2	100,0	KwaZulu-Natal	–	–				–[1]	Retail	104 343	Cnr Utrecht and Mason Streets Vryheid
Greenbushes Land	100,0	Eastern Cape	–	–			30 Nov 15	121 493[$]	Logistics	73 269	Old Cape Road Gqeberha
Rivergate Cape Town	100,0	Western Cape	–	–			30 Nov 15	79 269[$]	Logistics	63 379	Cnr Cosmonaut and Rivergate Drives Rivergate
Linbro Park East Logistics	100,0	Gauteng	–	–			30 Nov 15	32 671[$]	Logistics	33 716	Cnr Marlboro and K113 Roads Longlake
Raceway Logistics Park	100,0	Gauteng	–	–			30 Nov 15	18 692[$]	Logistics	18 692	Raceway Industrial Park
Evaton Land	100,0	Gauteng	–	–			11 Aug 14	18 184[$]	Retail	18 184	Cnr Eastern Road and Golden Highway Evaton West
Flamwood Land	100,0	Gauteng	–	–			1 Jul 12/5 Apr 23	13 597[$]	Retail	13 597	Brother Patrick Lane Klerksdorp
Union Logistics Park Alberton	100,0	Gauteng	–	–			1 Dec 16	12 106[$]	Logistics	12 106	14 Union Street Alberton North
Tzaneen Land	100,0	Limpopo	–	–			21 May 13	48 675[$]	Retail	11 750	Voortrekker Road Tzaneen
Montague Business Park	25,0	Western Cape	–	–			30 Nov 15	3 964[$]	Logistics	3 964	Cnr Plattekloof and Koeberg Roads Milnerton
Tzaneen Lifestyle Centre Land	25,0	Limpopo	–	–			21 May 13	33 403[$]	Retail	2 213	Cnr Voortrekker and the P43–3 Roads Tzaneen
Total property under development			**–**	**–**				**3 843 568**		**2 211 143**	
Total investment property			**3 310 728**	**2 711 277**				**20 691 423**		**29 625 802**	

[$] *Purchase price includes capitalised costs to date.*

[1] *AbaQulusi Plaza – Phase 2 is being developed on land included under completed property.*

Schedule of properties continued

at 30 June 2023

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m²) (100% of building)	Gross lettable area (m²) (Fortress' propor-tionate % of building)	Vacancy %	Weighted average rate R/m²	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' propor-tionate ownership %)	Address
Investment property held for sale												
232	10 Covora Road	100,0	Gauteng	9 197	9 197	–	47	30 Nov 15	41 500	Industrial	37 700	10 Covora Road Jet Park
233	Director and Megawatt Roads	100,0	Gauteng	5 216	5 216	–	77	30 Nov 15	34 800	Industrial	36 300	Cnr Director and Megawatt Roads Aeroport
234	78 Loper Avenue Aeroport	100,0	Gauteng	2 722	2 722	–	#	30 Nov 15	15 100	Logistics	12 500	78 Loper Avenue Spartan
	Lakeview Business Park 6	100,0	Gauteng	757	757	100,0	–	30 Nov 15	4 400	Industrial	4 850	Yaldwyn Road Jet Park
235	15 Kouga Street Stikland	50,0	Western Cape	800	400	–	&	1 Dec 16	1 840	Industrial	3 800	15 Kouga Street Stikland
	Total held for sale			**18 692**	**18 292**		**–**		**97 640**		**95 150**	
	Total South African portfolio			**3 329 420**	**2 729 569**	**3,7**	**91**		**20 789 063**		**29 720 952**	
Fortress – Europe												
236	Bydgoszcz Logistics Park – Hall D	100,0	Poland	17 910	17 910	–	#	12 Dec 20	203 779	Logistics – Europe	279 396	32 Mokra Street Bydgoszcz
237	Eli Park – DC1 and DC2	100,0	Romania	20 353	20 353	–	#	1 Jul 21	220 312	Logistics – Europe	279 191	Soseaua Bucuresti-Pitesti, Km 16, Tarla 105, Parcela 420 Buftea, Judet Ilfov
238	Bydgoszcz Logistics Park – Hall E	100,0	Poland	18 052	18 052	30,2	77	12 Dec 20	~	Logistics – Europe	278 985	32 Mokra Street Bydgoszcz
239	Bydgoszcz Logistics Park – Hall B	100,0	Poland	16 332	16 332	–	81	12 Dec 20	~	Logistics – Europe	274 870	32 Mokra Street Bydgoszcz
240	Eli Park – DC3	100,0	Romania	17 923	17 923	–	88	1 Jul 21	192 039	Logistics – Europe	250 593	Soseaua Bucuresti-Pitesti, Km 16, Tarla 105, Parcela 420 Buftea, Judet Ilfov
241	Stargard Logistics Park – Hall D	100,0	Poland	15 727	15 727	–	76	12 Dec 20	~	Logistics – Europe	244 626	10A Metalowa Street Stargard
242	Bydgoszcz Logistics Park – Hall A	100,0	Poland	9 183	9 183	–	92	12 Dec 20	108 601	Logistics – Europe	169 736	32 Mokra Street Bydgoszcz
243	Eli Park – DC4	100,0	Romania	11 854	11 854	–	89	1 Jul 21	126 556	Logistics – Europe	162 535	Soseaua Bucuresti-Pitesti, Km 16, Tarla 105, Parcela 420 Buftea, Judet Ilfov
244	Stargard Logistics Park – Hall A	100,0	Poland	11 480	11 480	–	74	12 Dec 20	114 011	Logistics – Europe	160 889	10A Metalowa Street Stargard
245	Bydgoszcz Logistics Park – Hall F	100,0	Poland	4 935	4 935	–	#	12 Dec 20	75 808	Logistics – Europe	107 603	32 Mokra Street Bydgoszcz
	Total Fortress Europe			**143 749**	**143 749**	**3,8**	**83**		**1 041 106**		**2 208 424**	

Single-tenanted property. The average gross rental of single-tenanted European properties is R85/m².

~ *Development on land previously acquired by Fortress.*

Schedule of properties continued

at 30 June 2023

Property name	Fortress' % ownership	Geographical location	Gross lettable area (m²) (100% of building)	Gross lettable area (m²) (Fortress' propor-tionate % of building)	Vacancy %	Weighted average rate R/m²	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' propor-tionate ownership %)	Address
Investment property under development – Fortress Europe											
Zabrze Logistics Park	100,0	Poland	–	–			23 Feb 22	298 364[$]	Logistics – Europe	298 364	Crossroads Mielzynskiego and Szkubacza Street Zabrze
Łódź Logistics Park	100,0	Poland	–	–			14 Jan 22/23 Jun 22	256 334[$]	Logistics – Europe	256 334	1 Inwestycyjna Street Głuchów
Bydgoszcz Logistics Park	100,0	Poland	–	–			12 Dec 20	53 829[$]	Logistics – Europe	53 829	32 Mokra Street Bydgoszcz
Stargard Logistics Park	100,0	Poland	–	–			12 Dec 20	54 939[$]	Logistics – Europe	54 939	10A Metalowa Street Stargard
Total property under development – Fortress Europe			**–**	**–**		**–**		**663 466**		**663 466**	
Total European portfolio			**143 749**	**143 749**	**3,8**	**83**		**1 704 572**		**2 871 890**	
Grand total portfolio			**3 473 169**	**2 873 318**	**3,7**	**90**		**22 493 635**		**32 592 842**	

[$] *Purchase price includes capitalised costs to date and effects of foreign exchange rates.*

Note: The GLA shown in the table shows both 100% of the building's GLA, as well as Fortress' pro rata *percentage ownership GLA. The original cost and valuation reflect Fortress'* pro rata *percentage ownership of the building.*

Glossary

2H2021	Final reporting period for the six months ended 30 June 2021
1H2022	Interim reporting period for the six months ended 31 December 2021
2H2022	Final reporting period for the six months ended 30 June 2022
1H2023	Interim reporting period for the six months ended 31 December 2022
2H2023	Final reporting period for the six months ended 30 June 2023
1H2024	Interim reporting period for the six months ending 31 December 2023
AGM	Annual general meeting
ALSI	All-share Index of the JSE
B-BBEE	Broad-based Black Economic Empowerment
Board	Board of directors of Fortress
Capital	Capital Property Fund Limited
CBD	Central business district
CEE	Central and Eastern Europe
CEO	Chief executive officer
CFO	Chief financial officer
COO	Chief operating officer
Clairwood	Clairwood Logistics Park, KwaZulu-Natal
Companies Act	Companies Act of South Africa, Act 71 of 2008
Cornubia	Cornubia Logistics Park, KwaZulu-Natal
COVID-19	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
CPI	Consumer Price Index
CSI	Corporate social investment
CSP	Conditional Share Plan
CSR	Corporate social responsibility
DIPS	Distributable income per share
DMTN programme	Domestic medium-term note programme
Eastport	Eastport Logistics Park, Gauteng
ESG	Environmental, social and corporate governance
EU	European Union
EU27	The 27 Member States of the European Union
EUR	Euro
EURIBOR	Euro Interbank Offered Rate
FFA or A share	Fortress A class share (JSE share code: FFA)
FFB or B share	Fortress B class share (JSE share code: FFB)
FFO	Funds from operations
Fortress, the group or the company	Fortress Real Estate Investments Limited, formerly Fortress REIT Limited
FTFA	Food & Trees for Africa
FY2019	Financial year ended 30 June 2019
FY2020	Financial year ended 30 June 2020
FY2021	Financial year ended 30 June 2021
FY2022	Financial year ended 30 June 2022
FY2023	Financial year ended 30 June 2023
FY2024	Financial year ending 30 June 2024
FY2025	Financial year ending 30 June 2025
GDP	Gross domestic product
GHG	Greenhouse gas
GLA	Gross lettable area
ha	Hectare
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IT	Information technology
JIBAR	Johannesburg Interbank Average Rate
JSE	JSE Limited, the Johannesburg Stock Exchange
King IV	King IV Report on Corporate Governance for South Africa, 2016
kL	Kilolitre
km	Kilometre
KPI	Key performance indicator
KPMG	KPMG Inc.
kWac	Kilowatt, alternating current
kWh	Kilowatt-hour
LED	Light-emitting diode
Libfin	Liberty Financial Services
Longlake	Longlake Logistics Park, Gauteng
Louwlardia	Louwlardia Logistics Park, Gauteng
LSSS	Legacy staff share scheme
LTI	Long-term incentive
LTIP	Long-term Incentive Plan
LTV	Loan-to-value
m	Metre
m^2	Square metre
m^3	Cubic metre
MOI	Memorandum of incorporation
MSCI	Morgan Stanley Capital International
MSR	Minimum shareholding requirement
MSS	Matched share scheme
MW	Megawatt
MWac	Megawatt, alternating current
MWh	Megawatt-hour
NAV	Net asset value
NEPI Rockcastle	NEPI Rockcastle N.V.
NOI	Net operating income
NPO	Non-profit organisation
REIC	Real Estate Investment Company
REIT	Real Estate Investment Trust
RfR	Risk-free rate
RMB	Rand Merchant Bank
SA	South Africa
SA REIT BPR	SA REIT Best Practice Recommendations
SACSC	South African Council of Shopping Centres
SAIBPP	South African Institute of Black Property Practitioners
SAPOA	South African Property Owners Association
SAPY	South African Listed Property Index
SASRIA	South African Special Risk Insurance Association
SDGs	United Nations Sustainable Development Goals
SENS	Stock Exchange News Service
SLA	Service level agreement
Solar PV	Solar photovoltaic
STI	Short-term incentive
STIP	Short-term Incentive Plan
t	Tonne
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2e	Tonnes (t) of carbon dioxide (CO_2) equivalent
TGP	Total guaranteed package
TNAV	Tangible net asset value
TRP	Takeover Regulation Panel
TSR	Total shareholder return
US	United States
VAT	Value-added tax
VWAP	Volume-weighted average price
WALE	Weighted average lease expiry
ZAR	South African Rand

Corporate information

Company details

Fortress Real Estate Investments Limited (formerly Fortress REIT Limited)

Incorporated in the Republic of South Africa
Registration number: 2009/016487/06
JSE share code: FFA
ISIN: ZAE000248498
JSE share code: FFB
ISIN: ZAE000248506
LEI: 378900FE98E30F24D975
Bond company code: FORI
(Fortress or the group or the company)

Block C, Cullinan Place
Cullinan Close, Morningside, 2196
(PO Box 138, Rivonia, 2128)

Commercial bankers

The Standard Bank of South Africa Limited

(Registration number: 1962/000738/06)
Corporate and Investment Banking
7th Floor, 3 Simmonds Street, Johannesburg, 2001
(PO Box 61029, Marshalltown, 2107)

Transfer secretaries

JSE Investor Services Proprietary Limited

(Registration number: 2000/007239/07)
One Exchange Square, Gwen Lane
Sandown, Sandton, 2196
(PO Box 4844, Johannesburg, 2000)

Lead sponsor

Java Capital Trustees and Sponsors Proprietary Limited

(Registration number: 2006/005780/07)
6th Floor, 1 Park Lane, Wierda Valley
Sandton, 2196
(PO Box 522606, Saxonwold, 2132)

Joint sponsor

Nedbank Limited, acting through its Corporate and Investment Banking Division

(Registration number: 1951/000009/06)
3rd Floor, Corporate Place
Nedbank Sandton
135 Rivonia Road, Sandton, 2196
(PO Box 1144, Johannesburg, 2000)

Debt sponsor

Rand Merchant Bank

(a division of FirstRand Bank Limited)
(Registration number: 1929/001225/06)
1 Merchant Place
Corner of Fredman Drive and Rivonia Road
Sandton, 2196

Company secretary and registered office

Tamlyn Stevens CA(SA)

Block C, Cullinan Place
Cullinan Close, Morningside, 2196
(PO Box 138, Rivonia, 2128)

External auditor

KPMG Inc.

KPMG Crescent
85 Empire Road, Parktown, 2193
(Private Bag 9, Parkview, 2122)

Email

info@fortressfund.co.za

www.fortressfund.co.za

FORTRESS

REAL ESTATE INVESTMENTS

Powering Growth