

Powering Growth

Annual financial statements

For the year ended 30 June 2023

FORTRESS

REAL ESTATE INVESTMENTS

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Directors' responsibility for the annual financial statements

for the year ended 30 June 2023

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements and annual financial statements of Fortress Real Estate Investments Limited (formerly Fortress REIT Limited) ("Fortress", the "company" or the "group"), comprising the statements of financial position at 30 June 2023, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes, as well as the directors' and audit committee's reports, in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IFRS Standards") and in the manner required by the Companies Act of South Africa, Act 71 of 2008, as amended ("Companies Act").

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management, as well as the preparation of the supplementary schedules included in these annual financial statements.

The directors have made an assessment of the group's and company's ability to continue as a going concern and there is no reason to believe that the businesses in the group will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated financial statements and the financial statements of the company are fairly presented in accordance with the applicable financial reporting framework.

Approval of the consolidated annual financial statements and annual financial statements of the company

The consolidated annual financial statements and annual financial statements of the company were approved by the board of directors on 31 August 2023 and signed on its behalf by:

Steven Brown
Chief Executive Officer and managing director ("CEO")

Ian Vorster
Chief Financial Officer and financial director ("CFO")

Chief executive officer's and financial director's responsibility statement

Compliance with paragraph 3.84(k) of the JSE Limited ("JSE") Listings Requirements

Each of the directors, whose names are stated below, hereby confirm that:

- the annual financial statements set out on pages 12 to 95, fairly present in all material respects the financial position, financial performance and cash flows of Fortress in terms of IFRS;
- to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to Fortress and its consolidated subsidiaries have been provided to effectively prepare the financial statements of Fortress;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- we are not aware of any fraud involving directors.

Signed by the CEO and CFO

Steven Brown
CEO

Ian Vorster
CFO

Declaration by the company secretary

In terms of section 88(e) of the Companies Act, I certify that Fortress Real Estate Investments Limited (formerly Fortress REIT Limited) has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

Tamlyn Stevens
Company Secretary

31 August 2023

Directors' report

Introduction

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 R2,24 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.

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 who 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.

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.

While many developed markets may be facing headwinds, our exposure to Central and Eastern Europe has provided us with a strategic diversification benefit with a 26% rise in the valuation of our direct portfolio when converted to SA 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.

During FY2023, we transitioned from being a Real Estate Investment Trust to a Real Estate Investment Company. The board wishes 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. Market participants have the ability to neutralise the nuances between the two share classes by acquiring both A and B shares in roughly equal numbers, thereby accessing a share of the equity of the company.

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. The board thanks our teams who have achieved such a strong operational result in an environment that is both challenging and volatile.

Nature of the business

Fortress is a real estate investment company with a focus on developing and letting premium-grade logistics real estate in SA and CEE, as well as 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.

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 VWAP on the JSE, subject to a floor of R8,11 if redeemed. The FFB share has entitlement 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 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. In these circumstances, Fortress could 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 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 value of approximately R930 million at the date of this report. 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.

Distributable earnings

Fortress uses distributable earnings as a key performance measure.

Share capital

Details of the authorised share capital at 30 June 2023 are disclosed in note 11.1 to the annual financial statements.

Share issues

No shares have been issued in the 2023 financial year. The group has made awards for the second time to scheme participants under the Conditional Share Plan ("CSP"). 2 887 406 FFA and 4 363 470 FFB performance awards were made under the CSP during the 2023 financial year which are subject to performance and time-based conditions.

Repurchase of shares

No shares were repurchased in the current financial year.

Shareholder analysis

Shareholders with an interest of 5% or more in the issued share capital at 30 June 2023 are presented on pages 134 and 135.

Compliance statement

During the 2023 financial year, the directors ensured that Fortress was in compliance with the provisions of the Companies Act and operated in conformity with its MOI.

Directorate

The directorate during the year consisted of:

Independent non-executive directors

- Robin Lockhart-Ross *(Chairman)*
- Susan Ludolph
- Vuyiswa Ramokgopa
- Jan Potgieter *(Lead independent non-executive director)*
- Ina Lopion
- Thavanesan ("TC") Chetty
- Benjamin Kodisang (resigned 8 March 2023)
- Bram Goossens (resigned 14 February 2023)
- Edwin Oblowitz (appointed 2 May 2023)
- Caswell Rampheri (appointed 29 June 2023)

Executive directors

- Steven Brown *(CEO)*
- Ian Vorster *(CFO)*
- Vuso Majija *(Director – Retail portfolio)*
- Donnovan Pydigadu *(Chief Operating Officer) (resigned 14 August 2023)*

Changes to functions of directors and changes to sub-committee memberships

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

Benjamin Kodisang resigned from the board, as member of the property and investment committee and as member of the audit committee on 8 March 2023, to focus his attention on his recently launched fund.

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

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

Donnovan Pydigadu resigned from the board, as an executive director and member of the social, ethics and sustainability committee effective 14 August 2023 in order to pursue other interests.

Beneficial shareholding of directors and officers

Beneficial shareholding of directors and officers can be found in note 29 to the annual financial statements.

Directors' interests in contracts

During the financial year, no contracts were entered into in which directors or officers of the group had an interest and which significantly affected the business of the group. The directors had no interest in any third party or company responsible for managing any of the business activities of the group, except to the extent that they are shareholders of Fortress, as disclosed in this report.

Promotion of Access to Information Act

There were no requests for information lodged with the company in terms of the Promotion of Access to Information Act, Act 2 of 2000.

Company secretary and registered office

Tamlyn Stevens CA(SA) is the company secretary. The address of the company secretary is that of the company's registered office. The company's registered office is at: Block C, Cullinan Place, Cullinan Close, Morningside, 2196.

Special resolutions

A full list of the special resolutions passed by the company during the year is available to shareholders on request.

Events subsequent to the reporting date

Refer to note 25 for disclosure of subsequent events.

The consolidated annual financial statements of the group and annual financial statements of the company were approved and signed by the CEO and CFO on 31 August 2023, having been duly authorised to do so by the board of directors.

Audit committee report

Members

Susan Ludolph *(chairperson)*
Jan Potgieter
Benjamin Kodisang
(resigned 8 March 2023)
Bram Goossens
(resigned 14 February 2023)
Edwin Oblowitz (appointed 2 May 2023)

Number of meetings: six (including two joint meetings with the property and investment committee).

Function and composition of the audit committee

The primary role of the audit committee is to ensure the integrity of the group's financial reporting and the audit process. In pursuing these objectives, the audit committee oversees the relationships with the external and internal auditors.

The audit committee is responsible for ensuring that appropriate financial reporting procedures are established and operating, that adequate systems and internal control processes are designed and implemented, that financial reports and statements are accurate and in compliance with all applicable legal requirements and accounting standards, and that there is compliance with good governance practices.

The role of the audit committee has been codified in the audit committee charter, which has been approved by the board. This charter has been aligned with the requirements of the King IV Report on Corporate Governance for South Africa, 2016™ ("King IV™") and the Companies Act, and is reviewed and updated by the audit committee and approved by the board on an annual basis.

The audit committee comprises Susan Ludolph (chairperson) (appointed in December 2018), Jan Potgieter (appointed in December 2015) and Edwin Oblowitz (appointed in May 2023), all of whom are chartered accountants and independent non-executive directors. The CEO and CFO attend all meetings of the audit committee as standing invitees.

The audit committee members have unlimited access to all information, documents and staff in the discharge of their duties, as well as to any external advisory or consulting services as they may require. The external and internal auditors have direct access to the audit committee, including closed sessions without management, during the year on any matter that they regard as relevant to the fulfilment of the audit committee's responsibilities. The audit committee chairperson has regular contact with the management team to discuss relevant matters directly.

The board, in consultation with the audit committee chairperson, makes appointments to the audit committee to fill vacancies. Members of the audit committee are subject to re-election by shareholders at the annual general meeting ("AGM"). On an annual basis, the audit committee undertakes a self-evaluation exercise and is subject to a formal board assessment, at both a collective committee and an individual level, to assess whether it is fulfilling its responsibilities in terms of the charter. The board has determined that the audit committee members have the skills and experience necessary to contribute meaningfully to the audit committee's deliberations. In addition, the chairperson has the requisite experience in accounting, financial management and reporting.

In fulfilling its responsibility of ensuring the integrity of all financial information reported to stakeholders, the audit committee has reviewed the accounting principles, policies and practices adopted in the preparation of such financial information and has examined documentation relating to the annual financial statements and annual results report. The clarity of disclosures included in the annual financial statements was reviewed by the audit committee, as was the basis for significant estimates and judgements.

It is the function of the audit committee to review and make recommendations to the board regarding interim financial results, annual financial statements, the Integrated Report and any other public announcements of the group's financial results prior to approval by the board.

External audit

A key factor that may impair the auditor's independence is the provision of non-audit services provided by the external auditor.

In essence, an external auditor's independence is deemed to be impaired if the auditor provides a service which:

- Results in auditing of own work by the auditor;
- Causes the auditor to act as a manager or employee of the group;
- Puts the auditor in the role of advocate for the group; or
- Creates a mutuality of interest between the auditor and the group.

The audit committee addresses this issue through three primary measures, namely:

- The prohibition of specifically identified services;
- Prior approval by the audit committee of non-audit services; and
- Disclosure of the extent and nature of non-audit services.

Other safeguards encapsulated in the auditor's appointment include:

- The external auditor is required to assess periodically, in its professional judgement, whether it is independent of the group;
- The audit committee ensures that the scope of the auditor's work is sufficient, and that the auditor is fairly remunerated; and
- The audit committee has primary responsibility for making recommendations to the board on the appointment, reappointment and removal of the external auditor.

The audit committee reviews audit plans for external audits and the outcome of the work performed by the external auditor in executing these plans. It further ensures that items identified for action are followed up. The external auditor reports annually to the audit committee to confirm that it is and has remained independent from the group during the financial year.

Internal audit

The group does not have an internal audit department. The audit committee considers annually the appropriateness of utilising an independent, outsourced internal auditor and an information systems specialist to periodically review the activities, controls and systems of the group and its service providers.

Internal financial and operating controls

A framework of financial reporting, internal and operating controls has been established by the board to ensure reasonable assurance as to accurate and timeous reporting of business and financial information, safeguarding of group assets and compliance with laws and regulations.

Activities of the committee during the past year

Execution of the functions of the audit committee

The audit committee operates in accordance with the specific statutory duties imposed by the Companies Act, the JSE Listings Requirements, the JSE Debt Listings Requirements as well as in accordance with the audit committee charter, which has incorporated the principles contained in King IV™ and the duties specifically delegated by the company's board of directors.

Removal of REIT status

Given Fortress' MOI which prevents the payment of a distribution where distributable earnings are less than the Fortress A share dividend benchmark in respect of that period, which was the case for both the interim and final six-month periods of the 2022 financial year, coupled with unsuccessful outcomes of:

- the proposed MOI amendment (March 2022);
- the proposed scheme of arrangement (August 2022); and
- the shareholder-led proposal to declare and pay a dividend in respect of the 2022 financial year (January 2023).

Fortress was not able to meet the Minimum Distribution Requirement of a REIT ("Real Estate Investment Trust") in respect of the 2022 financial year-end and as a result it ceased to be a REIT, effective 1 February 2023. The immediate implication for Fortress and its subsidiaries is that their income tax year of assessment was therefore deemed to end on the day preceding the date on which it ceased to be a REIT, being 31 January 2023, and the succeeding year of assessment is deemed to commence on the day on which it ceased to be a REIT, being 1 February 2023.

Since this is an unprecedented set of circumstances, the audit committee has provided additional attention to tax governance, the effect of tax on group companies and the consolidated annual financial statements during 2023.

External audit

In August 2022, Fortress appointed KPMG Inc., replacing Deloitte & Touche, commencing from the 2023 financial year. This change was made in anticipation of the Mandatory Audit Firm Rotation Rule as introduced by the Independent Regulatory Board for Auditors which would have been effective 1 April 2023, prior to the Supreme Court of Appeal setting the rule aside. Fortress thanks Deloitte & Touche for the 13 years of professional service provided to it.

The audit committee has satisfied itself as to the suitability of the external auditor, KPMG Inc., (partner: Roxanne Solomon), based on the information provided in terms of paragraph 22.15(h) of the JSE Listings Requirements. The audit committee is satisfied that the external auditor is independent of the group. The audit committee noted KPMG Inc.'s firm prohibition of providing non-audit services to audit clients. Furthermore, after obtaining confirmation and reviewing the audit committee report from the external auditor which includes information on all its relationships with the group that might reasonably have a bearing on the external auditor's independence and the audit engagement partner's objectivity, and the related safeguards and procedures, the audit committee has concluded that the external auditor's independence was not impaired.

The audit committee confirms that it tabled the appointment of KPMG Inc. as the external auditor and Roxanne Solomon as the designated audit partner at the AGM held on 6 December 2022. This resolution was approved.

The audit committee approved the external auditor's terms of engagement, scope of work and the annual fee, and noted the applicable levels of materiality applied by the external auditor in the conduct of the annual audit.

Based on written reports submitted to the committee by the external auditor, the audit committee reviewed the findings of the auditor's work and confirmed that all significant matters had been satisfactorily addressed.

Internal audit

During 2023, Fortress engaged BDO to perform reviews on controls over specific key areas, both within the group's internal head office operations and its outsourced property management functions. The areas tested are rotated each year in accordance with a risk assessment process and a rolling three-year plan that is reviewed and approved annually by the committee. The areas of focus in the 2023 financial year included the controls associated with rental income and recoveries, the lease amendment approval process, collection of arrears, property operating expenses, the management of trust accounts on behalf of Fortress and the property manager accounts. BDO's report to the audit committee indicated that the controls tested by internal audit in the current year were effective and operating as intended. Fortress engaged CyberStack for the second year running to perform a review of IT general and security controls at both the group's head office operations and its outsourced property management function. Pleasingly, CyberStack's report identified areas of improvement of prior identified vulnerabilities, however, in the ever-evolving IT environment, new areas of vulnerability have been identified and have been noted as areas of focus for the 2024 financial year.

Internal controls

The audit committee considered the internal auditor's assessment of the design, implementation and effectiveness of the internal controls that were reviewed during the year. Based on the results of this assessment, as well as information and explanations given by management and discussions with the external auditor on the results of its audit, the audit committee is of the opinion that the group's system of internal financial controls and procedures is effective and forms a sound basis for the preparation of reliable annual financial statements. No findings came to the attention of the audit committee to indicate that any material breakdown in internal controls occurred during the financial year under review.

Finance function review

The audit committee considered and satisfied itself of the overall appropriateness of the finance function's resources, experience and expertise, as well as the experience and expertise of the CFO, who is responsible for the finance function. The audit committee has ensured that appropriate financial reporting procedures have been established and are operating as intended.

Combined assurance

In conjunction with the risk committee, the audit committee monitors the combined assurance model of risk management, which involves management, internal and external audit, and the board and its various committees in the identification, mitigation and monitoring of key risks.

Annual financial statements and accounting policies

The auditor, audit committee, the CEO and the CFO have considered the accounting treatments and judgements, as well as the accounting policies applied in the preparation of the annual financial statements. In addition, the audit committee has received the external auditor's report and has considered the key audit matters included therein, together with the audit procedures performed by the external auditor to address the matters. The audit committee is satisfied that the key audit matter has been appropriately addressed by the external auditor.

Valuations policy

The audit committee, in conjunction with the property and investment committee, performed the annual review of the panel of independent valuers and the biannual review of the group's standing property portfolio and development pipeline. In addition, the two committees jointly review the annual valuations performed by the independent valuers and consider the fair value adjustments required.

JSE proactive monitoring

On an annual basis, the JSE publishes a report on the findings of its process of monitoring financial statements of selected listed companies for compliance with IFRS. As is required by the JSE, the committee has considered those findings in its review of the group's interim and annual financial statements for the 2023 financial year and has made appropriate amendments to its accounting treatments and disclosures where necessary.

SA REIT Best Practice Recommendations

The reporting requirements of the second edition of the SA REIT Best Practice Recommendations ("SA REIT BPR") were adopted with effect from the 2021 financial year and are presented as an annexure to the financial statements. SA REIT BPR includes the industry standard definition of key concepts such as loan-to-value ("LTV") and cost ratios and funds from operations ("FFO"). The committee considered the appropriateness of continuing with this disclosure as it pertains to Fortress' current non-REIT status and concluded that these metrics remain appropriate and relevant to the investing community.

Focus of the audit committee for the coming year

For the year ahead, the audit committee will continue to review the policies and procedures that the group has in place to ensure compliance with the JSE Listings Requirements, the JSE Debt Listings Requirements, the Companies Act, IFRS and relevant tax legislation. Continued attention will be paid by the committee to the transition from a REIT to REIC ("Real Estate Investment Company") and its implication on the tax position of Fortress and its subsidiaries.

In addition, the committee will continue to monitor and provide oversight on the following key areas:

- Cash flow management;
- Funding and liquidity lines for both operations in South Africa ("SA") and Central and Eastern Europe ("CEE");
- Interest rate risk;
- Debt covenants;
- Insured risk (including civil unrest); and
- Identification and mitigation of any other financial risks.



Susan Ludolph
Chairperson of the audit committee

31 August 2023

Independent auditor's report

To the shareholders of Fortress Real Estate Investments Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of Fortress Real Estate Investments Limited (the Group and Company) set out on pages 12 to 95, which comprise the group and company statements of financial position at 30 June 2023, and the group and company statements of comprehensive income, group and company statements of changes in equity and group and company statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Fortress Real Estate Investments Limited at 30 June 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards) and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and Company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. 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).* We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter set out below relates to our audit of the consolidated financial statements. We have determined that there are no key audit matters to communicate in respect of the separate financial statements.

Valuation of investment property – consolidated financial statements

Refer to notes 1.2, 3, 26.5 and 27

Key audit matter	How the matter was addressed in the audit
Investment property, measured at fair value, is the Group's most significant assets, representing 54% of the Group's total assets. The Group has properties in South Africa, Romania and Poland within the logistics, retail, industrial and office segments. The assumptions with the most significant impact on the valuations include discount rates and capitalisation rates. The other unobservable inputs into these valuations include the estimated market rentals at the end of the existing leases, vacancy periods, expected market rental growth, property operating expense growth, occupancy rates, maintenance costs as well as the capital costs such as new tenant fit-outs and agency commission fees. The revaluation of these properties to their fair market value is considered to be a key audit matter due to the number of investment properties held and the degree of subjectivity and judgement in the determination of these fair values. It is the policy of the Group to obtain external valuations for all investment properties at the end of each financial reporting period. Investment property is classified as level 3 on the fair value hierarchy.	Our response to the key audit matter included performing the following audit procedures: • We assessed the professional competence, capabilities, objectivity and independence of the Group's external independent valuers and verifying their qualifications. We inquired with the external independent valuers the scope of their work with the Group and reviewed their terms of engagement to determine that there were no matters that affected their independence and objectivity, or imposed scope limitations upon them. • We obtained an understanding from the external independent valuers of the valuation process and methodologies adopted, the significant assumptions used and critical judgements applied in the valuation process. • We assessed and challenged the assumptions used by the external independent valuers and the information provided to the external independent valuers by management to value the properties. • We assessed the reasonability of the forecasted cash flows by comparing the forecasted rental revenue and property expense to the current year actuals and following up on any significant differences. • We assessed the external independent valuers year-on-year cash flow assumptions, including rental growth rates, vacancy rates, capitalisation rates and discount rates by comparing it to the supporting documentation, current economic outlook and available market evidence relating to such inputs. • We evaluated the selection of data inputs underpinning the investment property valuation including rental income, acquisition cost schedules and lease periods against appropriate supporting documentation, to assess the accuracy, reliability and completeness thereof. • For a sample of South African and Eastern European investment properties we engaged our corporate finance specialists in South Africa, Romania and Poland to evaluate the appropriateness of the external valuations. The specialist procedures included evaluating the appropriateness of the valuation methodologies used by the external independent valuers based on their knowledge of the industry, reperforming the valuations and challenging the inputs used against industry benchmarks and available market information. • We have assessed whether the disclosures in the financial statements are appropriate and in accordance with IAS 40: Investment Property.

Other matter

The consolidated and separate financial statements of the Group and Company as at and for the year ended 30 June 2022, were audited by another auditor who expressed an unmodified opinion on those consolidated and separate financial statements on 1 September 2022.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Annual financial statements for the year ended 30 June 2023", which includes the Declaration by the company secretary, Directors' report and the Audit committee report as required by the Companies Act of South Africa. The Annual Integrated report is issued after the consolidated and separate financial statements are issued and contains other information which we will have not assessed or read for consistency. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Standards) and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and/or company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that KPMG Inc. has been the auditor of for one year.

R Solomon

KPMG Inc.
Registered Auditor

Per RL Solomon
Chartered Accountant (SA)
Registered Auditor
Director

31 August 2023

KPMG Crescent
85 Empire Road
Parktown
2193

Statements
of financial position

at 30 June 2023

	Note	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Assets					
Non-current assets		**52 299 794**	43 789 250	**56 944 828**	40 378 315
Investment property	3	**29 381 917**	26 142 519		
Straight-lining of rental revenue adjustment	3	**500 224**	462 339		
Investment property under development	3	**2 874 608**	3 623 753		
Property	4	**25 326**	25 778		
Investment in and loans to associates	5	**17 570 306**	13 275 793		
Staff scheme loans	8	**66 935**	31 166	**54 661**	36 749
Amounts owing by group companies	6			**10 389 410**	–
Investment in BEE preference shares	9	**324 842**	227 902		
Deferred tax	13	**1 555 636**	–		
Interest in subsidiaries	6			**46 500 757**	40 341 566
Current assets		**1 842 829**	2 392 908	**863 694**	4 156 773
Staff scheme loans	8	**–**	15 795	**–**	1 558
Trade and other receivables	10	**1 634 378**	1 683 512	**8 192**	13 954
Income tax receivable				**832**	–
Amounts owing by group companies	6			**854 670**	3 541 261
Cash and cash equivalents	7	**208 451**	693 601	**–**	600 000
Non-current assets held for sale		**95 150**	1 406 671		
Investment property and investment property under development held for sale	3	**93 669**	1 396 384		
Straight-lining of rental revenue adjustment	3	**1 481**	10 287		
Total assets		**54 237 773**	47 588 829	**57 808 522**	44 535 088
Equity and liabilities					
Total equity attributable to equity holders		**33 330 390**	26 740 401	**47 109 806**	19 075 110
Stated capital	11.1	**45 571 743**	45 571 743	**45 571 743**	45 571 743
Treasury shares	11.2	**(2 040 884)**	(2 040 884)		
Currency translation reserve		**719 378**	115 400		
Reserves		**(10 919 847)**	(16 905 858)	**1 538 063**	(26 496 633)
Non-controlling interests		**189 427**	219 300		
Total equity		**33 519 817**	26 959 701	**47 109 806**	19 075 110
Total liabilities		**20 717 956**	20 629 128	**10 698 716**	25 459 978
Non-current liabilities		**16 376 971**	13 867 421	**6 783 019**	10 509 219
Interest-bearing borrowings	12	**16 021 674**	13 787 328	**6 783 019**	10 509 219
Deferred tax	13	**355 297**	80 093		
Current liabilities		**4 340 985**	6 761 707	**3 915 697**	14 950 759
Trade and other payables	14	**1 181 691**	1 231 863	**883**	847
Income tax payable		**145 602**	200 105		
Amounts owing to group companies	6			**1 007 385**	11 682 284
Interest-bearing borrowings	12	**3 013 692**	5 329 739	**2 907 429**	3 267 628
Total equity and liabilities		**54 237 773**	47 588 829	**57 808 522**	44 535 088

Statements
of comprehensive income

for the year ended 30 June 2023

	Note	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Recoveries and contractual rental revenue	15	**3 763 397**	3 498 823		
Straight-lining of rental revenue adjustment		**24 557**	(52 352)		
Revenue from direct property operations		**3 787 954**	3 446 471	**–**	–
Revenue received from group companies	16			**22 863 831**	1 634 063
Total revenue		**3 787 954**	3 446 471	**22 863 831**	1 634 063
Other (expense)/income		**(1 492)**	246 702		
Fair value (loss)/gain on investment property, investments and derivative financial instruments		**(932 631)**	813 006	**–**	–
Fair value (loss)/gain on investment property		**(742 379)**	223 601		
Adjustment resulting from straight-lining of rental revenue		**(24 557)**	52 352		
Fair value gain on investments	9	**96 939**	48 790		
Fair value (loss)/gain on derivative financial instruments		**(262 634)**	488 263		
Property operating expenses		**(1 545 111)**	(1 365 912)		
Administrative expenses		**(222 178)**	(214 783)	**(13 213)**	(9 650)
Impairment of staff scheme loans	8	**(6 594)**	(6 522)	**(5 160)**	(5 191)
IFRS 2: *Share-based Payment* – employee incentive scheme	20	**(55 579)**	(49 177)		
Reversal of impairment/(impairment) of investments in associates	5	**2 371 817**	(2 338 164)		
Reversal of impairment of investment in subsidiaries				**5 991 694**	750 178
Foreign exchange gain		**2 768**			
Income from associates		**2 387 281**	1 246 336	**–**	–
– Distributable		**1 463 686**	899 616		
– Non-distributable		**923 595**	346 720		
Profit before net finance costs		**5 786 235**	1 777 957	**28 837 152**	2 369 400
Net finance costs		**(1 162 427)**	(933 089)	**(632 924)**	(743 061)
Finance income		**63 253**	42 240	**387 740**	13 423
– Interest on staff scheme and other interest received		**63 253**	42 240	**387 740**	13 423
Finance costs		**(1 225 680)**	(975 329)	**(1 020 664)**	(756 484)
– Interest on borrowings		**(1 531 736)**	(1 068 845)	**(1 020 664)**	(756 484)
– Capitalised interest		**306 056**	93 516		
Profit before income tax	17.1	**4 623 808**	844 868	**28 204 228**	1 626 339
Income tax	18	**1 264 195**	(43 071)	**(225 111)**	2 628
Profit for the year		**5 888 003**	801 797	**27 979 117**	1 628 967
Other comprehensive income net of tax					
Items that may subsequently be reclassified to profit or loss					
Exchange gain/(loss) on translation of associate and subsidiaries		**603 978**	(13 275)		
Total comprehensive income for the year		**6 491 981**	788 522	**27 979 117**	1 628 967
Profit for the year attributable to:					
Equity holders of the company		**5 917 362**	777 817		
Non-controlling interests		**(29 359)**	23 980		
		5 888 003	801 797	**–**	–
Total comprehensive income for the year attributable to:					
Equity holders of the company		**6 521 340**	764 542		
Non-controlling interests		**(29 359)**	23 980		
		6 491 981	788 522	**–**	–
Basic earnings per FFA share (cents)*		**281,92**	70,33		
Basic earnings/(loss) per FFB share (cents)*		**281,92**	(4,38)		
Diluted earnings per FFA share (cents)*		**279,51**	70,07		
Diluted earnings/(loss) per FFB share (cents)*		**279,51**	(4,36)		

* *Refer to note 17.6: Restatement of earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share for details of the restatement.*

Statements
of changes in equity
for the year ended 30 June 2023

	Stated capital R'000	Treasury shares R'000	Currency translation reserve R'000	Reserves R'000	Equity attributable to equity holders R'000	Non-controlling interests R'000	Total equity R'000
GROUP							
Balance at 30 June 2021	45 571 743	(1 578 517)	128 675	(16 864 739)	27 257 162	122 844	27 380 006
Profit for the year				777 817	777 817	23 980	801 797
IFRS 2: *Share-based Payment* – employee incentive scheme				49 177	49 177		49 177
FFA and FFB share buy-back		(462 367)			(462 367)		(462 367)
Non-controlling interest in Inofort Proprietary Limited consolidation					–	83 719	83 719
Exchange loss on translation of associate and subsidiaries			(13 275)		(13 275)		(13 275)
Dividends paid				(868 113)	(868 113)	(11 243)	(879 356)
Balance at 30 June 2022	**45 571 743**	**(2 040 884)**	**115 400**	**(16 905 858)**	**26 740 401**	**219 300**	**26 959 701**
Profit for the year				**5 917 362**	**5 917 362**	**(29 359)**	**5 888 003**
IFRS 2: *Share-based Payment* – employee incentive scheme				**55 579**	**55 579**		**55 579**
Acquisition of additional interest in Inofort Proprietary Limited and transfer of reserves				**156**	**156**	**3 102**	**3 258**
Exchange gain on translation of associate and subsidiaries			**603 978**		**603 978**		**603 978**
Additional equity reserves in associate through share buy-back and scrip election – NEPI Rockcastle N.V.				**12 914**	**12 914**		**12 914**
Dividends paid				**–**	**–**	**(3 616)**	**(3 616)**
Balance at 30 June 2023	**45 571 743**	**(2 040 884)**	**719 378**	**(10 919 847)**	**33 330 390**	**189 427**	**33 519 817**

	Stated capital R'000	Reserves R'000	Equity attributable to equity holders R'000
COMPANY			
Balance at 30 June 2021	45 571 743	(27 286 598)	18 285 145
Profit for the year		1 628 967	1 628 967
IFRS 2: *Share-based Payment* – employee incentive scheme		49 177	49 177
Dividends paid		(888 179)	(888 179)
Balance at 30 June 2022	**45 571 743**	**(26 496 633)**	**19 075 110**
Profit for the year		**27 979 117**	**27 979 117**
IFRS 2: *Share-based Payment* – employee incentive scheme		**55 579**	**55 579**
Balance at 30 June 2023	**45 571 743**	**1 538 063**	**47 109 806**

Statements
of cash flows
for the year ended 30 June 2023

	Note	GROUP 2023 R'000	GROUP 2022 R'000	COMPANY 2023 R'000	COMPANY 2022 R'000
Operating activities					
Cash generated from/(utilised in) operations	19.1	**2 292 371**	3 031 007	**(7 415)**	(8 249)
Interest on staff scheme and other interest received		**36 685**	25 666	**366 226**	13 423
Interest on borrowings (excluding capitalised interest)		**(1 208 918)**	(863 101)	**(1 020 664)**	(756 484)
Revenue received from group companies				**600 000**	1 634 063
Dividends paid		**(3 616)**	(879 356)	**–**	(888 179)
Income tax (paid)/received	19.2	**(92 254)**	3 385	**(225 943)**	(3 591)
Cash inflow/(outflow) from operating activities		**1 024 268**	1 317 601	**(287 796)**	(9 017)
Investing activities					
Development and improvement of investment property		**(2 217 170)**	(2 079 822)		
Capitalised interest paid on development of investment property		**(306 056)**	(93 516)		
Acquisition of investment property		**(209 242)**	(1 388 326)		
Disposal of investment property		**1 326 082**	577 252		
Loan to associate repaid		**42 014**	53 176		
Staff scheme loans advanced				**–**	(13 424)
Cash inflow/(outflow) from derivative financial instruments		**56 941**	(205 206)		
Acquisition of investments				**(111 919)**	(899 783)
Loans from subsidiaries advanced/(repaid)	19.3			**3 886 114**	(841 292)
Cash (outflow)/inflow from investing activities		**(1 307 431)**	(3 136 442)	**3 774 195**	(1 754 499)
Financing activities					
Interest-bearing borrowings (repaid)/raised	19.4	**(201 987)**	2 431 796	**(4 086 399)**	2 363 516
Acquisition of treasury shares		**–**	(462 367)		
Cash (outflow)/inflow from financing activities		**(201 987)**	1 969 429	**(4 086 399)**	2 363 516
(Decrease)/increase in cash and cash equivalents		**(485 150)**	150 588	**(600 000)**	600 000
Cash and cash equivalents at the beginning of the year		**693 601**	543 013	**600 000**	–
Cash and cash equivalents at the end of the year		**208 451**	693 601	**–**	600 000
Cash and cash equivalents consist of:					
Current accounts	7	**208 451**	693 601	**–**	600 000
		208 451	693 601	**–**	600 000

Notes to the financial statements

for the year ended 30 June 2023

Reporting entity

Fortress Real Estate Investments Limited (previously Fortress REIT Limited) (the "company") is a company domiciled in South Africa. The consolidated financial statements ("financial statements") of the group for the year ended 30 June 2023 comprise the company, its subsidiaries, associates, The Fortress Share Purchase Trust ("Trust"), Fortress Empowerment 2 Proprietary Limited and Fortress Empowerment 4 Proprietary Limited (together referred to as the "group"). The annual financial statements were authorised for issue by the directors on 31 August 2023.

Basis of preparation

Statement of compliance

The annual financial statements have been prepared in accordance with IFRS Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Limited ("JSE") Listings Requirements, JSE Debt Listings Requirements, SA REIT Association Best Practice Recommendations and the requirements of the Companies Act of South Africa, Act 71 of 2008 ("Companies Act").

The accounting policies are consistent with those applied in prior periods, unless otherwise indicated.

This report was compiled under the supervision of Ian Vorster CA(SA), the financial director and CFO of the company. These financial statements have been audited in compliance with all applicable requirements of the Companies Act.

Basis of measurement

The consolidated and separate financial statements are prepared on the historical cost basis, except for investment property, property, derivative financial instruments and financial instruments at fair value through profit or loss, which are measured at fair value.

Functional and presentation currency

The financial statements are presented in Rand, which is also the functional currency of the group, rounded to the nearest thousand (R'000) unless otherwise indicated.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are set out in note 26.

1. Accounting policies

The significant accounting policies adopted in the preparation of the financial statements are set out as follows. The accounting policies are consistent with those applied in prior periods, with the exception of new and revised standards which became effective during the year, and unless specifically stated.

1.1 Basis of consolidation

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interest issued by the group in exchange for control of the acquiree.

Subsidiaries

The financial statements incorporate the financial statements of the company and entities controlled by the company, its subsidiaries and associates. The company reassesses whether or not it controls an investee if the facts and circumstances indicate that there are changes to one or more of the three elements of control.

The company considers all relevant facts and circumstances in assessing whether or not the company controls an investee, including:

- Power over the investee, the ability to direct the activities that affect the returns of the investee, as well as the company's voting rights stemming from its shares held in the investee;
- Exposure to variable returns from the involvement with the investee; and
- The ability to use its power over the investee to affect the returns to the company.

The financial statements incorporate the assets, liabilities, operating results and cash flows of the company, its subsidiaries and associates. The results of subsidiaries acquired or disposed of during the year are included from the effective dates of acquisition and up to the effective dates of disposal.

The accounting policies of the subsidiaries are consistent with those of the holding company.

In the company's separate annual financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses.

Any impairment or reversal of previously recognised impairment of investments in subsidiaries is directly correlated to the change in the underlying net asset value ("NAV") of the respective subsidiaries held by the company.

Special purpose entity ("SPE")

The Fortress Share Purchase Trust ("Trust")

The group established an SPE for staff incentivisation purposes. Financial assistance was provided to the Trust in order to advance loans to employees for the acquisition of Fortress shares. Management assessed the relationship with the Trust in terms of IFRS 10: *Consolidated Financial Statements* and concluded the following:

- The Trust was established by the group for the purpose of incentivising staff;
- The Trust is governed by a board of external trustees. The group has the ability to direct the relevant activities of the Trust;
- The group is the sole financier of the Trust and the Trust has insufficient equity to finance its activities without the assistance of the group; and
- The group ultimately bears the credit risk associated with the loans provided to staff.

Management has determined that the group exercises control over the Trust and, as such, the results of the Trust are consolidated.

No further loans were advanced nor shares acquired by employees under this historical employee incentive scheme since the 2018 financial year. Shares were awarded to employees under the Long-term Incentive Plan ("LTIP") during the previous year. Refer to accounting policy 1.19.

Refer to note 27.6 in respect of Fortress Empowerment 1 and Fortress Empowerment 3, and note 27.8 in respect of Fortress Empowerment 2 and Fortress Empowerment 4.

Investment in associates

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control over these policies.

The results and assets and liabilities of associates are incorporated into these financial statements using the equity method of accounting from the date on which the investee becomes an associate. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the group's share of the profit or loss and other comprehensive income of the associate. When the group's share of losses of an associate exceeds the group's interest in that associate, the group discontinues recognising its share of further losses.

On acquisition of the investment in an associate, any excess of the cost of the investment over the group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. The group tests investments in associates and joint ventures for impairment at each reporting date.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses arising from intragroup transactions are eliminated in preparing the financial statements.

Structured entities

Controlled structured entities are consolidated. In the case of structured entities that are not controlled, information is disclosed that enables the users of the financial statements to understand the nature and extent of the interest in the entity and to evaluate the nature of, and changes in, the risks associated with the interest in the entity. Refer to notes 27.6 and 27.8 for significant estimates and judgements in respect of structured entities.

1.2 Investment property

Investment property

Investment properties include land and buildings, undeveloped land and land under development held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business or for administration purposes.

The cost of investment property comprises the purchase price and directly attributable expenditure. Subsequent expenditure relating to investment property is capitalised when it is probable that there will be future economic benefits from the use of the asset. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

After initial recognition, investment properties are measured at fair value. Other than investment property under development, fair values are determined annually by external professional valuers with appropriate and recognised professional qualifications and recent experience in the location and category of property being valued. Valuations are done on the open market value basis and the valuers use either the discounted cash flow, hardcore/layer method, comparable sales methods or a combination of these methods. Gains or losses arising from

changes in the fair values are included in profit or loss for the period in which they arise. Straight-lining of rental revenue is included as part of the value of investment property and is separately disclosed. Immediately prior to disposal of investment property, the investment property is revalued to the net sales proceeds and such revaluation is recognised in profit or loss during the period in which it occurs.

When investment property is acquired, the group performs an assessment to determine whether the acquired assets and associated liabilities meet the definition of a business included in IFRS 3 Appendix B. In performing this assessment, consideration is given to the existence of inputs and processes applied to those inputs in order to create outputs. The property itself is considered to be the input, with the ability to earn rental revenue identified as the output. The existence of processes that are applied to the input is an area of judgement that is considered with each individual acquisition. When identifying the existence of a process, the group considers the nature of the activities and the specific knowledge or skill involved in the application of these activities. Should a process be identified, the acquisition is accounted for as a business combination in terms of IFRS 3: *Business Combinations*. All other acquisitions are accounted for as asset purchases in terms of IAS 40: *Investment Property*.

Investment property is maintained, upgraded and refurbished, where necessary, in order to preserve and/or to improve the capital value. Maintenance and repairs which neither materially add value to the properties nor prolong their useful lives are charged to profit or loss.

When the group redevelops an existing investment property for continued future use as investment property, the property remains classified as investment property, apart from the portion that is being redeveloped. The existing part of the investment property is not reclassified as investment property under development during the redevelopment.

Investment property under development

Property that is being constructed, developed or redeveloped for future use as investment property is classified as investment property under development until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property. The fair value of investment properties under development is determined internally by directors for year-end reporting periods, and is assumed to be the cost thereof, unless market factors indicate that the fair value of investment properties under development is materially different to the carrying value in which case an internal valuation is performed and investment properties under development are revalued to fair value.

All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditures for the development qualifying as acquisition costs, are capitalised.

Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs may continue until the assets are substantially ready for their intended use. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes or, with regard to that part of the development cost financed out of general funds, the weighted average cost of such funds.

Capitalised interest is classified under cash flow from investing activities in the statement of cash flows as it relates directly to costs incurred for development and improvement of investment property under development. Those borrowing costs paid which have not been capitalised are classified in cash flows from operating activities, as this forms a fundamental component of the operating activities.

Investment property held for sale

Investment property is classified as held for sale when it is highly probable that the property will be sold within one year from the year-end.

The group considers the following factors as being indicative of a highly probable sale:

- Sale agreements that have been concluded that are subject to transfer and unconditional in all other material respects; and
- Options to purchase have been exercised or management has received firm indications that options are going to be exercised.

Measurement of the investment property that is classified as held for sale is at fair value less cost to sell.

1.3 Property

Under IAS 16: *Property, Plant and Equipment*, the cost of property comprises the purchase price and directly attributable expenditure. Subsequent expenditure relating to property is capitalised when it is probable that there will be future economic benefits from the use of the asset. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

After initial recognition, property is measured at fair value using the revaluation model. Fair values are determined annually by external professional valuers with appropriate and recognised professional qualifications and recent experience in the location and category of property being valued. Valuations are done on the open market value basis and the valuers use the discounted cash flow method. Gains arising from changes in the fair values are recognised in other comprehensive income and accumulated equity as a revaluation surplus in the period in which they arise. Any increase is, however, recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Losses arising from changes in the fair values are recognised in profit or loss in the period in which they arise. Any loss is, however, recognised in other comprehensive income against the revaluation surplus, to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Immediately prior to disposal of property, the asset is revalued to the net sales proceeds, and such revaluation is recognised in accordance with IAS 16 using the revaluation model, as described above.

1.4 Financial instruments

Financial instruments include cash and cash equivalents, investments in listed property securities, loans, investment in preference shares of Black Economic Empowerment ("BEE") vehicles, trade and other receivables, derivative financial assets and liabilities, trade and other payables and interest-bearing borrowings.

Classification

Financial assets are classified into the following categories: amortised cost, or financial assets at fair value through profit or loss.

The classification in terms of IFRS 9 is dependent on the entity's business model in which a financial asset is managed and its contractual cash flow characteristics.

Measurement

Financial assets are measured at amortised cost if the assets that are held in order to collect contractual cash flows and the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss.

Recognition

Financial instruments are initially measured at fair value which, except for financial instruments measured at fair value through profit or loss, include directly attributable transaction costs. Subsequent to initial recognition, financial instruments are measured as follows:

Cash and cash equivalents	Carried at amortised cost
Investments	Carried at fair value through profit or loss
Loans	Carried at amortised cost using the effective interest method net of impairment losses
Investment in BEE preference shares	Carried at fair value through profit or loss
Trade and other receivables	Carried at amortised cost using the effective interest method net of impairment losses
Derivative financial assets and liabilities	Carried at fair value through profit or loss
Trade and other payables	Carried at amortised cost using the effective interest method
Interest-bearing borrowings	Carried at amortised cost using the effective interest method

The investment in BEE preference shares is measured at fair value through profit or loss, as the group will be collecting contractual cash flows, however, will not be collecting payments of solely principal and interest as the returns on this instrument are based on 70% of the increase or 100% of the decrease in the fair value of Fortress shares held by the relevant BEE vehicles, above the base fair value at the transaction date, with the fair value determined with reference to the quoted price of the Fortress shares held.

Investments represent investments in listed equities, held for long-term growth, in respect of which cash flows to be collected are not contractual, with these instruments therefore being measured at fair value through profit or loss.

All other financial assets, excluding derivatives, will be realised through contractual cash flows, being receipts of solely capital and interest, and are therefore measured at amortised cost.

The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments over the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- The contractual rights to receive cash flows from the asset have expired; and/or
- The group has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.5 Derivative financial instruments

The group uses derivative financial instruments to partially hedge its exposure to interest rate risks arising from financing activities and its currency risks arising from investing activities. Additionally, the group makes use of equity collar derivative facilities for liquidity purposes. In accordance with its treasury policy, the group does not hold or issue derivative financial instruments for trading purposes. The group does not apply hedge accounting in terms of IFRS 9 and these instruments are therefore measured at fair value through profit or loss. Refer to notes 26.3.1: Currency risk and 26.3.2: Interest rate risk for further details.

Derivative financial instruments are recognised initially at fair value at the date the derivative contracts are entered into. Subsequent to initial recognition, derivative financial instruments are measured at fair value, and changes therein are accounted for through profit or loss. Directly attributable transaction costs are recognised in profit or loss when incurred.

The fair value of derivatives is the estimated amount that the group would receive or pay to terminate the derivative at the statement of financial position date, taking into account the current relevant market conditions.

1.6 Impairment

Non-financial assets

The carrying amounts of the group's non-financial assets, other than investment property and deferred tax assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount and is recognised in profit or loss.

Impairment losses recognised are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit, if any, and then to reduce the carrying amounts of the other assets in the unit on a *pro rata* basis.

The recoverable amount of an asset or a cash-generating unit is the greater of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using the effective pre-tax discount rate. For any asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill, if any, is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and there is an indication that the impairment loss no longer exists. This impairment reversal would be recognised through profit or loss in the statement of comprehensive income.

An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

IFRS 9 requires entities to recognise expected credit losses – the expected credit loss ("ECL") model. The group's and company's debt instruments carried at amortised cost fall within the scope of these requirements.

Recognition of credit losses is not dependent on the group and company first identifying a credit loss event. Instead, the group and company consider a broader range of information when assessing credit risk and measuring ECLs, including past events, current conditions and forward-looking information that affect the expected collectability of the future cash flows of the instrument.

In applying this ECL model, a distinction is made between:

- Financial assets that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (Stage 1);
- Financial assets that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (Stage 2); and
- Financial assets that have objective evidence of impairment at the reporting date (Stage 3).

"12-month ECLs" are recognised for the first category while "lifetime ECLs" are recognised for the second and third categories. Measurement of the ECLs is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument. For purposes of applying the general ECL model, financial assets are classified as Stage 2 when the expectation of credit losses has changed due to a change in circumstances which may affect the counterparty's ability to settle the debt, such as changes in macroeconomic factors or indications that the counterparty may be in financial distress. Financial assets are classified as Stage 3 when there is evidence that the asset is not likely to be recoverable, such as continuous payment default or the counterparty being placed under liquidation. An impairment loss is recognised in respect of those financial assets classified as Stage 2 or Stage 3, in respect of lifetime ECLs, if the financial asset is not already written off (derecognised). For financial assets classified as Stage 1 or Stage 2, interest, if applicable, is recognised on a gross basis. For financial assets classified as Stage 3, interest, if applicable, is recognised on a net basis.

The group and company applied a simplified model of recognising lifetime ECLs on trade and other receivables at amortised cost. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The group and company use historical experience, external indicators and forward-looking information to calculate the ECL. Refer to note 26.1 for credit risk considerations.

The balance of the group's and company's financial assets measured at amortised cost comprises loan receivables and cash and cash equivalents to which the general model is applied.

Any impairment losses recognised are presented in other operating expenses and income due to these losses not being material.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash balances, call deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

1.8 Stated capital, treasury shares and reserves

Stated capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown in equity as a deduction in equity from the proceeds.

Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. Gains and losses on disposal or cancellation of treasury shares are recognised directly in equity.

Reserves

The balance on the statement of comprehensive income is transferred to reserves at the end of each financial period. Distributions paid in cash are deducted from reserves. The IFRS 2 reserve is also accounted for under reserves and will unwind as and when share incentive schemes mature.

1.9 Foreign currency transactions

Transactions in currencies other than each group entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At each reporting period-end, monetary items denominated in foreign currencies are retranslated to the spot rate on that date. Exchange differences, if any, that arise on the retranslation of monetary items are recognised in profit or loss. At each reporting period, the exchange differences, net of tax, are transferred to the currency translation reserve, except to the extent that the translation differences are allocated to non-controlling interests.

1.10 Revenue

Group

Revenue from direct property operations

Revenue comprises rental revenue and recovery of expenses, excluding value-added tax ("VAT"). Rental revenue from investment property is recognised in profit or loss on a straight-line basis over the term of the lease, in terms of IFRS 16: *Leases*. Lease incentives granted and rental concessions are recognised as an integral part of the total rental revenue over the lease period.

Recovery revenue is recognised in terms of IFRS 15: *Revenue from Contracts with Customers* in the same period that the benefit relating to the recovered cost is enjoyed by the tenant.

The group acts as the principal in respect of recoveries from tenants, and the related property operating costs incurred, with revenue from recoveries therefore being recognised on a gross basis.

Company

Revenue received from group companies comprises dividends received and is recognised in the statement of comprehensive income on the date the company's right to receive payment is established.

Revenue from investments

Dividend income

Revenue from investments comprises dividend income and is recognised in terms of IFRS 9 in the statement of comprehensive income on the date the group's right to receive payment is established, which in the case of quoted securities is usually the *ex* dividend date.

Scrip dividends

The substance of a scrip dividend with a cash alternative is that of a dividend in cash with an immediate reinvestment in shares. As such, on the election of a scrip dividend, on the date that the group's right to receive the dividend is established, the group recognises the dividend at the higher of the value of the shares offered and the value of the cash alternative.

1.11 Property operating expenses

Property operating expenses predominately comprise utility charges, assessment rates, property management fees, cleaning, insurance, security, net credit losses, repairs and maintenance related to the property portfolio.

1.12 Administrative expenses

Administrative expenses predominately comprise salaries, directors' remuneration, company administration costs, professional and consulting fees, donations, marketing and other. Expenses are recognised on an accrual basis.

1.13 Letting commission and tenant installations

Letting commission and tenant installations are capitalised and written off over the period of the lease when they are assessed to be material. Letting commission and tenant installations paid in respect of new developments are capitalised to the cost of the property.

1.14 Finance income and finance costs

Finance income comprises interest received on funds invested and loans advanced and is recognised in profit or loss as it accrues, taking into account the effective interest rate.

Finance costs comprise interest payable on borrowings calculated using the effective interest method. Refer to accounting policy 1.2: Investment property, for the accounting policy relating to capitalised borrowing costs.

1.15 Dividends paid

Dividends to the holders of equity instruments are recognised directly in equity on the date that the dividend is declared. IFRIC 17: *Distributions of Non-cash Assets to Owners* is applicable to dividends paid by way of a dividend *in specie*, settled by the distribution of listed shares held by Fortress. The dividend payable is measured at the fair value of net assets to be distributed at declaration date. The dividend payable liability is remeasured at settlement date, with changes recognised directly in equity. The difference between the dividend paid and the carrying value of net assets distributed is recognised in profit or loss.

The dividends are paid out of operating cashflows to reflect the group's ability to generate positive cashflows, service interest commitments and pay dividends out of operating cashflows.

1.16 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case, it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years. Should the company qualify and have the designation REIT, current tax will be recognised after deducting a qualifying distribution.

In accordance with REIT status, a dividend declared meets the requirements of a qualifying distribution for the purpose of section 25BB of the Income Tax Act, Act 58 of 1962 (as amended) (the "Income Tax Act").

Deferred tax is provided using the statement of financial position method, based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

The following temporary differences are not provided for:

- goodwill not deductible for tax purposes;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

While a REIT, no deferred tax is recognised on the fair value adjustments to investment property, investments in REITs and shares held in property companies. In terms of section 25BB of the Income Tax Act, these assets do not attract capital gains tax.

In terms of IFRIC 23: *Uncertainty over Income Tax Treatments*, consideration is required to be given to any uncertainty over income tax treatments, with the accounting tax position reflecting the uncertainty and relevant disclosure being provided.

1.17 Segmental reporting

The group determines and presents operating segments based on the information that is provided internally to the executive management committee, the group's operating decision-making forum. The group has seven main reportable segments, namely:

- Retail;
- Logistics – SA;
- Logistics – CEE;
- Industrial;
- Office;
- Other (includes a hotel, residential units and serviced apartment properties); and
- Corporate.

The retail, logistics, industrial, office and other segments earn rental revenue from investment property. The corporate segment earns revenue from its listed investments.

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses and for which discrete financial information is available.

An operating segment's operating results are reviewed regularly by the executive management committee to make decisions about resources to be allocated to the segment and to assess its performance.

1.18 Employee benefits

The cost of all short-term employee benefits is recognised in profit or loss during the period in which the employee renders the related service, on an undiscounted basis. The accrual for employee entitlements to salaries, bonuses and annual leave represents the amount which the group has a present obligation to pay as a result of employees' services provided to the statement of financial position date. The group did not provide any retirement or post-retirement benefits during the previous or current year. During the 2021 financial year, the group implemented a provident fund scheme for employees.

1.19 Share-based payments

Equity-settled share-based payments – employee incentive scheme

The group previously made awards to scheme participants under the LTIP Scheme. The LTIP Scheme consists of the Award Share Scheme and the Purchase Share Scheme.

LTIP Award Share Scheme

Shares awarded under this scheme are awarded with no consideration payable by participants, but with vesting periods attached to the Award Shares. In terms of IFRS 2, the fair value of these share awards is determined at award date and recognised as an expense over the relevant vesting periods. The fair value of shares awarded under the LTIP Award Share Scheme is determined as the 30-day VWAP (volume-weighted average traded price per share for the 30 trading days immediately preceding a date) at award date.

LTIP Purchase Share Scheme

Shares awarded under this scheme are acquired by participants at the 30-day VWAP on the offer date with loan funding provided by the group to enable participants to acquire the shares. In terms of IFRS 2, the fair value of these share awards is determined at offer date and recognised as an expense over the relevant vesting periods. Shares awarded under the LTIP Purchase Share Scheme and the related loans advanced to participants are treated as share options and valued using the Black-Scholes option valuation model.

Conditional Share Plan ("CSP")

Shares awarded under this scheme are awarded with no consideration payable by participants, but with performance conditions and vesting periods attached. Awards made under the CSP are treated as equity-settled share-based payments in terms of IFRS 2, therefore the fair value of these share awards is determined at the award date and recognised as an expense over the relevant vesting periods.

Equity-settled share-based payments – BEE preference shares

The group has entered into an empowerment transaction for the purpose of promoting BEE in relation to Fortress. The group has provided preference share funding to two empowerment vehicles for purposes of this transaction in respect of which these vehicles acquired Fortress shares. The effect of the terms attached to these preference shares is considered to be akin to an option in the hands of these two empowerment vehicles, with reference to 30% of the increase in market value of the Fortress shares held by these vehicles, with no downside risk. The option was valued using a Black-Scholes option valuation model and was expensed on the transaction date.

1.20 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. A related party for the group and company is also considered to be related if it is a parent, subsidiary (including The Fortress Share Purchase Trust), fellow subsidiary, associate or joint venture of the related entity, or it is controlled, jointly controlled or significantly influenced or managed by a person or entity who is a related party.

1.21 Earnings per share

The group presents basic and headline earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders by the weighted average number of shares in issue during the year.

Headline earnings per share is calculated by dividing headline earnings, calculated in terms of Circular 1/2023 issued by SAICA, by the weighted average number of shares in issue during the year.

2. Financial risk management

The group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further disclosures are included throughout these financial statements.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has delegated the responsibility for developing and monitoring the group's risk management policies to the risk committee. The committee reports to the board of directors on its activities. The risk committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

2.1 Credit risk

Credit risk is the risk of financial loss to the group if a tenant or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from tenants, loans, loans to co-owners and cash and cash equivalents.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The group's widespread tenant base reduces credit risk.

The majority of rental revenue is derived from large national tenants with a low risk of default and limited consideration risk. Management has established a credit policy under which each new tenant is analysed individually for creditworthiness before the group's standard payment terms and conditions are offered. When available, the group's review includes external ratings.

Trade and other receivables relate mainly to the group's tenants and deposits with municipalities. In monitoring the credit risk of trade and other receivables, tenant arrears are individually assessed on an ongoing basis to determine those that should be written off (derecognised). Continuous engagement with municipalities takes place in respect of recovering deposits, where applicable. All other trade and other receivables carried at amortised cost are analysed by nature of the receivable on an ongoing basis for purposes of determining amounts to be written off. The nature of other trade and other receivables at amortised cost is considered and categorised with reference to the counterparty and the purpose of the debt instrument. Where these relate to tenants, a payment profile similar to tenant arrears is attached to these financial assets. For other counterparties, these are assessed individually, or grouped only if the credit risk characteristics are considered to be similar. Trade and other receivables are written off when there is no reasonable expectation of recovery. Factors considered when monitoring credit risk and determining write-offs include the financial status of the debtor or counterparty including the negative effects of the current economy, existence and quality of security, disputes and failure of the debtor to engage on payment plans or untraceable debtors. Due to the nature of trade and other receivables and the process of assessing these for credit risk, receivables are timeously written off.

In establishing an impairment allowance in respect of trade and other receivables, the group considers a broad range of information when assessing credit risk and measuring ECLs, including past events, current conditions and forward-looking information that affects the expected collectability of the future cash flows of the instrument, which would include any factors which may affect those cash flows, such as macroeconomic conditions or factors specifically applicable to the counterparty.

Staff scheme loans

The group's exposure to credit risk is influenced by the security provided for the loan, as well as the characteristics of each borrower who is an employee of the group, such as history of default and current and potential level of earnings relative to the outstanding debt balance. The credit risk is mitigated by the security that is provided to Fortress in the form of the pledge and cession of the related Fortress and other shares by the employees of the group.

The group assesses the loans for impairment with reference to the assessment of the credit risk attached to each loan, for purposes of determining ECLs. The value of the security held, being the pledge and cession of the underlying shares, is factored into this assessment. Where the value of security is below the outstanding amount of the loan, an impairment is recognised for the difference.

The shares issued to employees by the Trust vest immediately and participants assume the full risks associated with the investment and the loan advanced. Loans are repayable in full at the earlier of the 10th anniversary of the loans being granted or the termination of employment. Dividends received on the underlying shares are applied to interest, with any shortfall in interest being payable by the employee. Where shares are granted to employees on loan account and the employee accepts the risks of repayment of the loan, the transaction is recognised as a financial asset and a corresponding issue of equity.

Investment in BEE preference shares

The group has entered into an empowerment transaction for the purpose of promoting BEE in relation to Fortress. The group has provided preference share funding to two empowerment vehicles for purposes of this transaction in respect of which these vehicles acquired Fortress shares. The effect of the terms attached to these preference shares is considered to be akin to an option in the hands of these two empowerment vehicles, with reference to 30% of the increase in market value of the Fortress shares held by these vehicles, with no downside risk.

The Fortress shares held by the empowerment vehicles serve as security against the BEE preference shares. The investment in BEE preference shares is carried at fair value which is determined with reference to the market value of the underlying security.

Derivatives

The group mitigates its credit risk to counterparties under derivative contracts by using reputable banks or institutions with a high credit rating for over-the-counter derivatives, or the group uses exchange-traded derivative products where counterparty credit risk is low.

Cash and cash equivalents

The group's exposure to credit risk is limited through the use of financial institutions of good standing for investment and cash handling purposes.

Loans to associates, subsidiaries and co-owners

The group's policy when providing loans to subsidiaries, associates, co-owners or purchasers which are not wholly-owned is to mitigate risk by obtaining mortgage bonds over property where possible, as well as obtaining a pledge and cession over the minority shareholders' shares.

2.2 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations, comprising interest-bearing borrowings and trade and other payables, as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation. The group regularly reviews the maturity profile of its financial liabilities in order to avoid the concentration of maturities.

The group receives rental on a monthly basis and applies it to its borrowings with available access facilities. The group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

2.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the group's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The group enters into derivatives and also incurs financial liabilities in order to manage market risks. All such transactions are carried out within the guidelines set by the risk committee.

Currency risk

The group is indirectly exposed to currency risk through its investment in NEPI Rockcastle N.V. ("NEPI Rockcastle") and directly exposed through its investment in FortREIT B.V.

Dividend income from foreign listed holdings is hedged, through the use of forward exchange contracts, in line with the following policy:

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

The group has elected not to apply hedge accounting in accordance with IFRS 9.

Interest rate risk

The group is exposed to interest rate risk on its loans advanced, interest-bearing borrowings and cash and cash equivalents.

Loans advanced, interest-bearing borrowings and cash and cash equivalents bear interest at rates linked to prime, JIBAR or EURIBOR in the case of foreign operations. The group adopts a policy of hedging 75% of its exposure to interest rates on borrowings. This policy is reviewed on an ongoing basis for appropriateness with consideration given to the current interest rate cycle. Hedging of interest rate risk exposure is achieved by entering into interest rate swaps and caps. Hedge accounting in terms of IFRS 9 is not applied by the group.

The group's interest rate risk is monitored by management on a monthly basis and the hedging profile is presented to the board of directors on a quarterly basis in order to assess whether the interest rate risk policy is being appropriately applied. Factors considered by management when assessing the level of interest rate swaps and caps entered into include the refinancing of maturing facilities, alternative sources of funding and general market conditions.

Trade and other receivables and trade and other payables are interest-free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets and liabilities.

Equity price risk

The group is exposed to equity price risk on its investments. It limits its exposure to equity price risk by only investing in liquid securities that are listed on a recognised stock exchange and where the directors are in agreement with the business strategy implemented by such companies.

The fair value of the investments in associate companies in note 5 to the financial statements is determined by reference to the quoted closing prices at the reporting date.

Fair values

A number of the group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods noted below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investment property

External valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, value the group's investment property portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, when appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant space, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the group and the lessee; and the remaining economic life of the property.

Investments and investment in BEE preference shares

The fair values of financial assets at fair value through profit or loss are determined by reference to their quoted closing price at the reporting date, or with reference to the quoted price of underlying instruments, as applicable.

Derivatives

The fair value of derivatives is based on valuations provided by the counterparty to the derivative, being registered South African and European banks.

2.4 Capital management

The group considers the equity attributable to equity holders as permanent capital of the group.

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors also monitors the level of distributions to shareholders. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the group's approach to capital management during the year. Neither the company nor any of its subsidiaries is subject to externally imposed capital requirements.

The board monitors capital on the basis of the LTV ratio. The 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. The LTV was 36,2% at 30 June 2023 (2022: 40,0%) (based on management accounts).

3. Investment property, straight-lining of rental revenue adjustment, investment property under development and investment property held for sale

	GROUP	
	2023 R'000	2022 R'000
Investment in property comprises:		
Investment property	**29 381 917**	26 142 519
Straight-lining of rental revenue adjustment	**500 224**	462 339
	29 882 141	26 604 858
Non-current assets held for sale	**95 150**	546 470
Investment property held for sale	**93 669**	536 183
Straight-lining of rental revenue adjustment	**1 481**	10 287
	29 977 291	27 151 328
Total investment property under development	**2 874 608**	4 483 954
Investment property under development	**2 874 608**	3 623 753
Investment property held for sale	**–**	860 201
Total investment property	**32 851 899**	31 635 282
Details of investment property are as follows:		
At cost	**27 157 502**	24 083 649
Cumulative revaluation	**2 318 084**	2 595 053
Straight-lining of rental revenue adjustment	**501 705**	472 626
Investment property at fair value	**29 977 291**	27 151 328
Movement in investment property:		
Carrying amount at the beginning of the year	**26 604 858**	25 055 763
Additions and costs capitalised	**542 476**	1 409 194
Disposals	**(693 152)**	(287 402)
Transfer from investment property under development	**3 575 680**	869 074
Transfer to investment property under development*	**–**	(243 295)
Revaluation adjustment	**(492 199)**	421 129
Straight-lining of rental revenue adjustment	**24 557**	(52 352)
Currency translation adjustment	**415 071**	(20 783)
	29 977 291	27 151 328
Transfer to investment properties held for sale (at fair value)	**(95 150)**	(546 470)
	29 882 141	26 604 858
Details of investment property under development are as follows:		
At cost	**4 783 890**	6 248 883
Cumulative revaluation	**(1 909 282)**	(1 764 929)
Investment property under development at fair value	**2 874 608**	4 483 954
Movement in investment property under development:		
Carrying amount at the beginning of the year	**3 623 753**	3 073 775
Additions and costs capitalised	**1 865 830**	2 093 985
Interest capitalised	**306 056**	93 516
Revaluation adjustment	**(270 554)**	(145 176)
Transfer to investment property	**(3 575 680)**	(869 074)
Transfer from investment property*	**–**	243 295
Disposals	**(86 460)**	–
Currency translation adjustment	**151 462**	(6 367)
	2 014 407	4 483 954
Transfer to investment property under development held for sale (at fair value)	**860 201**	(860 201)
	2 874 608	3 623 753
Non-current assets held for sale:		
Investment property held for sale relates to the following segments:		
Logistics	**12 500**	70 430
Logistics – Investment property under development	**–**	860 201
Office	**–**	21 390
Retail	**–**	208 780
Industrial	**82 650**	128 370
Other – Hotel	**–**	117 500
	95 150	1 406 671

* *Properties were transferred back to investment property under development as the properties were significantly damaged in the July 2021 riots. Other expenses of R1,5 million (2022: other income of R246,7 million) per the statement of comprehensive income relate to capital insurance (refunds)/proceeds on the damaged properties.*

3. Investment property, straight-lining of rental revenue adjustment, investment property under development and investment property held for sale continued

A register of investment property is available for inspection at the registered office of the company.

There are no restrictions on the ability of the group to realise its investment property.

Investment property with a fair value of R29 932,6 million (2022: R29 093,8 million) is mortgaged to secure borrowing and derivative facilities (refer to note 12).

During the 2023 financial year, the group acquired a 50% undivided share in Flamwood Walk, a 50% undivided share in Flamwood Value Centre and Island Works Extension.

During the 2022 financial year, the group acquired Element Distribution Centre S.R.L., Element Distribution Centre Faza Doi S.R.L., Fuengirola Sp. Z o.o., RPGZ XIX Sp. Z o.o. and Inofort (Pty) Ltd.

Due consideration was given to the existence of a process as required by IFRS 3 Appendix B, however, due to integrated activities deemed necessary to generate a business not being present, these acquisitions were treated as an acquisition of investment property per IAS 40.

Commitments in respect of property developments and extensions are set out in note 21. The group has R1 524,8 million (2022: R1 223,5 million) as contracted capital commitments at 30 June 2023.

All of the group's investment properties were valued externally by six (2022: six) valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of these investment properties.

Valuation company	Valuation technique	Sector/ region valued	Expertise
CBRE Excellerate	**2023 and 2022:** Discounted cash flow	Gauteng logistics and industrial portfolio and Western Cape industrial portfolio	**2023:** Riaan Fourie, RSA Professional Valuer, RICS Registered Valuer, ND Property Valuation and Diploma in Surveying (UK); Chumisa Mapempeni, South African Council for the Property Valuers Profession ("SACPVP") Candidate Valuer, ND Real Estate CPUT; Caitlin McBride, SACPVP Candidate Valuer, BCom degree in Finance, Honours in Property Valuation **2022:** Riaan Fourie, FRICS, RICS Registered Valuer and Registered Member SACPVP; Edwin Ndlovu, MSc Real Estate and Registered Member Candidate Valuer SACPVP
Mills Fitchet	**2023:** Discounted cash flow **2022:** N/A	**2023:** Large retail portfolio and large logistics portfolio in Gauteng, KwaZulu-Natal and Western Cape **2022:** N/A	**2023:** Michael Gibbons, Nat Dip Prop Val, MIV (SA), MRICS, Professional Valuer **2022:** N/A
Jones Lang LaSalle	**2023:** N/A **2022:** Discounted cash flow	**2023:** N/A **2022:** Large retail portfolio and large logistics portfolio in Gauteng, KwaZulu-Natal and Western Cape	**2023:** N/A **2022:** Joshua Askew MA, (Property Valuation and Property Law, Cass Business School, London), FRICS, RICS Registered Valuer; Robyn Williams, MRICS, CA(SA) and (ACMA, CGMA)
Quadrant Properties	**2023 and 2022:** Discounted cash flow	Retail portfolio (smaller non-metropolitan centres) and other	Peter Parfitt, Professional Associated Valuer, Dip Val MIV (SA)
Strata Properties	**2023 and 2022:** Discounted cash flow	Office portfolio	Rumwell Mbuzwa, BSc Econometrics; Peter Parfitt, Professional Associated Valuer, Dip Val MIV (SA)

3. Investment property, straight-lining of rental revenue adjustment, investment property under development and investment property held for sale continued

Valuation company	Valuation technique	Sector/ region valued	Expertise
Cushman and Wakefield	**2023 and 2022:** Discounted cash flow	Romanian logistics portfolio	**2023:** Bogdan Sergentu, Head of Valuations and Consulting, RICS Registered Valuer, ANEVAR Member **2022:** Cristina Baloianu, ANEVAR Member; Bogdan Sergentu, Head of Valuations and Consulting, RICS Registered Valuer, ANEVAR Member
Axi Immo Valuation and Advisory	**2023:** Hardcore/layer method **2022:** N/A	Polish logistics portfolio	**2023:** Grzegorz Chmielak, Head of Valuation and Advisory, MRICS, RICS Registered Valuer; Joanna Katarzyna Walczynska, RICS Registered Valuer **2022:** N/A
Knight Frank	**2023:** N/A **2022:** Hardcore/layer method	Polish logistics portfolio	**2023:** N/A **2022:** Anna Wieczorek, MRICS, RICS Registered Valuer; Piotr Mierzejewski, Polish Licensed Valuer No. 7476

The external valuers work independently of each other and their valuations are combined to arrive at the total fair value for investment property.

The valuations provided by the external valuers have been recorded without adjustment. Discounted cash flow valuation methodology was favoured by the external South African and Romanian property valuers in the current and prior year. The hardcore/layer method was the preferred valuation methodology applied by valuers on the Polish portfolio.

These methodologies are favoured by the valuers to allow for the impact of various global and local market conditions on various assumptions included in the valuations.

The valuations were performed on an open market basis with consideration given to the future earnings potential and are supported by market evidence. The valuations of the group's investment property portfolio are, however, inherently subjective and a degree of judgement is required in respect of certain assumptions used in the valuations, including judgement in respect of the determination of future cash flows and appropriate capitalisation and discount rates. As a result, the valuations are subject to a degree of uncertainty, and assumptions may prove not to be accurate, particularly given the economic uncertainty due to the ongoing war in Ukraine on the Polish property portfolio. Refer to note 27.1 for further detail.

Borrowing costs of R306,1 million (2022: R93,5 million) were capitalised to the South African investment property under development at the group's South African weighted average cost of funding, being 9,08% at 30 June 2023 (2022: 7,68%).

The valuation of investment property is classified as a level 3 fair value measurement and there has been no transfer between levels in the current year. Refer to note 27 for the estimates used and judgements made and to note 26.5 for the unobservable inputs utilised in the valuation of investment property.

Non-current assets held for sale

Non-current assets held for sale represent investment properties held for sale at 30 June. Investment property is classified as held for sale either where sale agreements have been concluded that are subject to transfer and are unconditional in all other material respects, or where options to purchase have been exercised or management has received firm indications that options are going to be exercised.

All investment properties classified as held for sale are expected to be sold and transferred within 12 months after year-end.

4. Property

	GROUP	
	2023 R'000	2022 R'000
At cost	**47 594**	43 863
Cumulative revaluation	**(22 268)**	(18 085)
	25 326	25 778
Movement in property is as follows:		
Carrying amount at the beginning of the year	**25 778**	25 778
Additions	**3 731**	–
Revaluation adjustment	**(4 183)**	–
	25 326	25 778

Property consists of Block C, Cullinan Place, Cullinan Close, Morningside. This 2 133m^2 office block is owned and occupied by Fortress and serves as the company's head office.

The owner-occupied property was revalued by an independent external valuer at year-end.

5. Investment in and loans to associates

5.1 Associate: NEPI Rockcastle

	GROUP	
	2023 R'000	2022 R'000
Cost	**25 243 061**	24 417 608
Share of post-acquisition profits after dividends	**1 276 742**	214 767
Accumulated impairment losses	**(9 718 832)**	(12 090 649)
Carrying value	**16 800 971**	12 541 726

The group has a 23,92% (2022: 23,65%) interest in NEPI Rockcastle and exercises significant influence over it by virtue of the 23,92% voting rights held. The fair value of the investment was R16 801,0 million (2022: R12 541,7 million) at year-end. A reversal of impairment of R2 371,8 million (2022: impairment R2 338,2 million) has been recognised in the 2023 financial year.

The reversal of impairment recognised in the 2023 financial year (2022: impairment) is due to the change in fair value, represented by the closing traded price of the securities held on the JSE.

Dividends of R1 405,6 million (2022: R845,6 million) were received from NEPI Rockcastle during the financial year.

NEPI Rockcastle shares with a fair value of R2 482,7 million (2022: R4 768,7 million) are pledged to secure borrowing and derivative facilities.

Refer to note 12.

Financial information of NEPI Rockcastle

	NEPI Rockcastle			
Summarised statement of financial position	Jun 2023* EUR'000	Dec 2022# EUR'000	Jun 2022* EUR'000	Dec 2021# EUR'000
Non-current assets	**6 950 868**	6 764 255	6 152 877	6 027 271
Current assets	**476 752**	367 300	539 940	569 117
Assets held for sale	**10 986**	18 685	15 600	1 752
Equity attributable to equity holders	**4 129 556**	3 898 721	3 782 794	3 714 922
Non-controlling interest	**–**	–	–	5 320
Non-current liabilities	**3 030 206**	3 052 373	2 731 163	2 717 146
Current liabilities	**277 789**	198 028	192 796	160 752
Liabilities held for sale	**1 055**	1 118	1 664	–

5. Investment in and loans to associates continued

5.1 Associate: NEPI Rockcastle continued

Financial information of NEPI Rockcastle continued

	NEPI Rockcastle			
Summarised statement of comprehensive income	For the six months ended Jun 2023* EUR'000	For the year ended Dec 2022# EUR'000	For the six months ended Jun 2022* EUR'000	For the year ended Dec 2021# EUR'000
Net rental and related income	**241 178**	404 565	196 303	346 891
EBIT$	**226 913**	395 488	180 302	284 922
Net result from financial investments	**–**	–	–	–
Fair value adjustments of investment property	**103 713**	141 701	59 199	34 650
Other	**(1 326)**	22 007	2 484	8 136
Net finance expense	**(32 315)**	(57 589)	(30 029)	(65 722)
Profit before tax	**296 985**	501 607	211 956	261 986
Income tax expense	**(37 436)**	(66 334)	(40 819)	(26 917)
Profit after tax	**259 549**	435 273	171 137	235 069

* *The information was extracted from NEPI Rockcastle's reviewed interim financial report at 30 June 2023 and the comparative information for the period ended 30 June 2022 presented therein.*

\# *The information was extracted from NEPI Rockcastle's audited annual financial information at 31 December 2022 and the comparative information for the year ended 31 December 2021 presented therein.*

$ *Earnings before interest and taxes.*

NEPI Rockcastle is listed on the JSE, Euronext Amsterdam and A2X. It owns and manages a portfolio of dominant retail properties in the following high-growth CEE countries: Bulgaria, Croatia, Czech Republic, Hungary, Lithuania, Poland, Romania, Serbia and Slovakia. NEPI Rockcastle was incorporated in the Isle of Man. In May 2022, it successfully migrated to Luxembourg and in September 2022, it successfully migrated to the Netherlands. NEPI Rockcastle has been accounted for using the equity method.

5.2 Associate: Arbour Town Proprietary Limited ("Arbour Town")

	GROUP	
	2023 R'000	2022 R'000
Cost	**179 842**	179 842
Share of post-acquisition profit after dividends	**93 240**	72 280
Loan advanced*	**496 253**	481 945
Carrying value	**769 335**	734 067

* *As the loan settlement is neither planned nor likely to occur in the foreseeable future, for the purpose of accounting for profits of the associate, the loan forms part of the group's net investment, at the group's election as per IAS 8 paragraph 38. The group's net investment has been assessed for ECL by management.*

Fortress acquired 25% of Arbour Town in the 2014 financial year and this percentage interest has not changed since acquisition. The loan is unsecured, bears no interest and there are no fixed terms of repayment. Dividends of R56,3 million (2022: R25,9 million) were received from Arbour Town during the year.

5. Investment in and loans to associates continued

5.2 Associate: Arbour Town Proprietary Limited ("Arbour Town") continued

Financial information of Arbour Town

Summarised statement of financial position*	Arbour Town Jun 2023 R'000	Arbour Town Jun 2022 R'000
Non-current assets	**3 074 587**	2 942 060
Current assets	**27 612**	23 223
Equity	**1 092 326**	1 008 489
Non-current liabilities	**1 985 014**	1 927 781
Current liabilities	**24 859**	29 013

* *Extracted from Arbour Town's financial information for the year ended 30 June.*

Summarised statement of comprehensive income*	Arbour Town For the year ended Jun 2023 R'000	Arbour Town For the year ended Jun 2022 R'000
Recoveries and contractual rental revenue	**417 549**	377 298
Property operating expenses	**(184 998)**	(160 495)
Net rental and related revenue	**232 551**	216 803
Fair value gain on investment property	**76 930**	266 711
Administrative expenses	**(912)**	(1 148)
Profit before net finance income	**308 569**	482 366
Net finance income	**565**	301
Profit before income tax	**309 134**	482 667
Profit for the year	**309 134**	482 667

* *Extracted from Arbour Town's financial information for the year ended 30 June.*

Arbour Town is incorporated in South Africa where it has its principal place of business and owns The Galleria and Arbour Crossing shopping centres.

It declares a biannual dividend based on its performance. Arbour Town has been accounted for using the equity method.

Total investment in and loans to associates	**17 570 306**	13 275 793

6. Interest in subsidiaries

	COMPANY					
	Effective interest		Investment		Amount owing (to)/by	
	2023 %	2022 %	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Subsidiaries						
Fortress Income 1 Proprietary Limited	**100**	100	**40 983**	40 983	**121 286*****	121 286***
Fortress Income 3 Proprietary Limited	**100**	100	*	*	**(859 100)*****	(859 100)***
Fortress Income 4 Proprietary Limited	**100**	100	**55 593**	55 593	**340 297*****	340 297***
Fortress Income 5 Proprietary Limited	**100**	100	*	*	**387 990*****	387 990***
Fortress Income 6 Proprietary Limited	**100**	100	**1 597 704**	1 433 043		
Fortress Income 7 Proprietary Limited	**100**	100	*	*	**5 097*****	5 097***
Fortress Income 8 Proprietary Limited[$]	**50,10**	50,10				
Fortress Income 9 Proprietary Limited[@]	**100**	100	*	*		
Intaba Investments 6 Proprietary Limited	**100**	100	*	*		
Mantraweb Investments Proprietary Limited	**60,00**	60,00				
Capital Property Fund Limited	**100**	100	**44 347 339**	37 733 648	**–**	2 686 591***
Capital Propfund Proprietary Limited[&]	**100**	100	**240 408**	184 829	**7 593 385******	(9 045 866)***
Capital Propfund 1 Proprietary Limited[&]	**100**	100			**618 817******	(66 066)***
Capital Propfund 2 Proprietary Limited[&]	**100**	100			**656 261******	
Capital Propfund 3 Proprietary Limited[^]	**100**	100			**825 090******	
Capital Propfund 4 Proprietary Limited[^]	**100**	100				
Friedshelf 1732 Proprietary Limited[$]	**51,00**	51,00				
Capital Propfund 7 Proprietary Limited[$]	**100**	100				
Bands Properties Proprietary Limited[&]	**100**	100				
Monyetla Property Holdings Proprietary Limited[&]	**100**	100				
Pangbourne Properties Limited[&]	**100**	100			**–**	(1 562 967)***
Prime Realty Obligors Packaged Securities Proprietary Limited[^@]	**100**	100				
iFour Properties Limited[^]	**100**	100				
iFour Properties SA Proprietary Limited[^]	**100**	100				
iFour Properties Three Proprietary Limited[^]	**100**	100				
Sipan 1 Proprietary Limited[^]	**100**	100				
Siyathenga Properties Two Proprietary Limited[^]	**100**	100				
Siyathenga Properties Three Proprietary Limited[^]	**100**	100				
Panhold Proprietary Limited[^]	**100**	100				
Realty Dynamix 73 Proprietary Limited[^]	**100**	100				
Caprohold Proprietary Limited[^@]	**100**	100				
Combined Investments Four Proprietary Limited[^@]	**100**	100				
Lodestone REIT Limited	**100**	100	**218 730**	893 470	**(148 285)*****	(148 285)***
Lodestone Investments Proprietary Limited[~]	**100**	100			**695 857******	
Lodestone Investments 2 Proprietary Limited[~]	**100**	100				
Lodestone Investments 3 Proprietary Limited[@]	**100**	100				
Araxia Proprietary Limited[+]	**50,10**	50,10				
Fortress Income 10 Proprietary Limited	**100**	100				
Fortress Income 11 Proprietary Limited	**100**	100				
Fortress Income 12 Proprietary Limited	**100**	100				
Fortress Income 13 Proprietary Limited	**100**	100				
Fortress Empowerment 2 Proprietary Limited[$$]	**$$**	$$				
Fortress Empowerment 4 Proprietary Limited[$$]	**$$**	$$				
FortREIT B.V.[#]	**100**	100				
Element Distribution Centre S.R.L.[%]	**100**	100				
Element Distribution Centre Faza Doi S.R.L.[%]	**100**	100				

6. Interest in subsidiaries continued

	COMPANY					
	Effective interest		Investment		Amount owing (to)/by	
	2023 %	2022 %	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Fortress Europe Sp. Z o.o. (previously Seggiano Sp. Z o.o.)[%]	100	100				
Fuengirola Sp. Z o.o.[%]	100	100				
RPGZ XIX Sp. Z o.o.[%]	100	100				
Fortress Logistics Park Bydgoszcz Sp. Z o.o. (previously Waimea Logistic Park 4 Sp. Z o.o.)[%]	100	100				
Fortress Logistics Park Stargard Sp. Z o.o. (previously Waimea Logistics Park 5 Sp. Z o.o.)[%]	100	100				
Prime Realty Obligors Packaged Securities Guarantor Proprietary Limited[@**]	100	100				
Tugela Mouth Sugar Estates Proprietary Limited[@]	100	100				
Friedshelf 1820 Proprietary Limited[@]	100	100				
Edge Asset Management Proprietary Limited[@]	100	100				
Monyetla Realty Holdings Proprietary Limited[@]	100	100				
Inofort Proprietary Limited	51,46	52,41				
			46 500 757	40 341 566	10 236 695	(8 141 023)
Non-current assets – amounts owing by group companies					10 389 410	
Current assets – amounts owing by group companies					854 670	3 541 261
Current liabilities – amounts owing to group companies					(1 007 385)	(11 682 284)

[&] *Share capital held through Capital Property Fund Limited, a wholly-owned subsidiary.*
[^] *Share capital held through Pangbourne Properties Limited, a wholly-owned subsidiary of Capital Property Fund Limited.*
[@] *Dormant.*
[~] *Share capital held through Lodestone REIT Limited, a wholly-owned subsidiary.*
[+] *Share capital held through Lodestone Investments Proprietary Limited, a wholly-owned subsidiary.*
[$] *Share capital held through Capital Propfund Proprietary Limited, a wholly-owned subsidiary of Capital Property Fund Limited.*
[$$] *Interests acquired in these consolidated structured entities during the 2019 financial year. While no shares are held by the group in these entities, it has been determined that the group has control over these entities by virtue of all economic benefits thereof accruing to the group (refer to note 27.8: Accounting estimates and judgements, for further information).*
[#] *Share capital held through Fortress Income 6 Proprietary Limited.*
[%] *Share capital held through FortREIT B.V.*
[*] *Less than R1 000.*
[**] *To be liquidated.*
[***] *The amounts owing (to)/by subsidiaries are unsecured, bear interest at rates agreed from time to time and the terms of repayment have not been determined.*
[****] *The amounts owing (to)/by subsidiaries are unsecured and bear interest at rates agreed from time to time, provided that at 1 March 2023, the interest rate is prime less 2%. Interest will accrue and be capitalised on a nominal annual compounded monthly ("NACM") basis. The loans are repayable with 13 months' notice; the borrower can, however, anticipate repayment at any time. The lender may assign and cede all of its rights in respect of the loan to any third party without the consent of the borrower.*

All subsidiaries are incorporated in South Africa, with the exception of the following:

- The Netherlands – FortREIT B.V.
- Poland – Fortress Logistics Park Bydgoszcz Sp. Z o.o.
  – Fortress Logistics Park Stargard Sp. Z o.o.
  – Fortress Europe Sp. Z o.o.
  – Fuengirola Sp. Z o.o.
  – RPGZ XIX Sp. Z o.o.
- Romania – Element Distribution Centre S.R.L.
  – Element Distribution Centre Faza Doi S.R.L.

The principal business activity of all subsidiaries is the investment in real estate.

6. Interest in subsidiaries continued

6.1 Subsidiaries with non-controlling interests

Financial information of Mantraweb Investments Proprietary Limited ("Mantraweb Investments")

	Mantraweb Investments	
Summarised statement of financial position*	Jun 2023 R'000	Jun 2022 R'000
Non-current assets	205 000	220 000
Current assets	3 717	1 141
Equity	55 551	85 340
Non-current liabilities	152 734	135 711
Current liabilities	432	90
Equity attributable to non-controlling interests	22 220	34 136

* *Extracted from Mantraweb Investments' financial information for the year ended 30 June.*

	Mantraweb Investments	
Summarised statement of comprehensive income*	For the 12 months ended Jun 2023 R'000	For the 12 months ended Jun 2022 R'000
Revenue	33 508	34 633
Profit before net finance costs	7 538	33 999
Net finance costs	(14 180)	(11 906)
(Loss)/profit before income tax expense	(6 642)	22 093
(Loss)/profit for the year	(22 826)	22 093
(Loss)/profit for the year attributable to non-controlling interests	(9 130)	8 837

* *Extracted from Mantraweb Investments' financial information for the year ended 30 June.*

Mantraweb Investments is incorporated in South Africa and its principal place of business is Block C, Cullinan Office Park, Cullinan Close, Morningside. Mantraweb Investments owns 315 residential flats in Mthatha, Eastern Cape. It declares a biannual dividend based on its performance. Equity attributable to non-controlling interests amounted to R22,2 million (2022: R34,1 million) at year-end and the loss for the year attributable to non-controlling interests amounted to R9,1 million (2022: profit of R8,8 million). A dividend of R2,8 million (2022: R3,4 million) was paid to the minority shareholder during the current year.

Financial information of Araxia Proprietary Limited ("Araxia")

	Araxia	
Summarised statement of financial position*	2023 R'000	2022 R'000
Non-current assets	146 857	148 000
Current assets	4 952	9 917
Equity	44 605	44 279
Non-current liabilities	107 139	113 570
Current liabilities	65	68
Equity attributable to non-controlling interests	22 258	22 095

* *Extracted from Araxia's financial information for the year ended 30 June.*

6. Interest in subsidiaries continued

6.1 Subsidiaries with non-controlling interests continued

Financial information of Araxia Proprietary Limited ("Araxia") continued

Summarised statement of comprehensive income*	Araxia For the 12 months ended Jun 2023 R'000	Araxia For the 12 months ended Jun 2022 R'000
Revenue	**19 976**	19 174
Profit before net finance costs	**10 889**	7 393
Net finance costs	**(10 746)**	(7 439)
Profit/(loss) before income tax expense	**143**	(46)
Profit/(loss) for the year	**1 992**	(46)
Profit/(loss) for the year attributable to non-controlling interests	**994**	(23)

* *Extracted from Araxia's financial information for the year ended 30 June.*

Araxia is incorporated in South Africa and its principal place of business is 32 Peter Place, Lyme Park. Araxia owns The Prism serviced apartments. Equity attributable to non-controlling interests amounted to R22,3 million (2022: R22,1 million) at year-end and the profit for the year attributable to non-controlling interests amounted to R1,0 million (2022: loss of R0,02 million). It declares biannual dividends based on its performance. A dividend of R0,8 million (2022: R5,6 million) was paid to the minority shareholder during the current year.

The property is bonded and all shareholder claims are subordinated in favour of the loan. Araxia was acquired effective 1 December 2016 as part of the merger with Lodestone REIT Limited.

Financial information of Friedshelf 1732 Proprietary Limited ("Friedshelf 1732")

Summarised statement of financial position*	Friedshelf 1732 2023 R'000	Friedshelf 1732 2022 R'000
Non-current assets	**566 900**	546 440
Current assets	**18 957**	3 298
Equity	**179 214**	189 410
Non-current liabilities	**405 820**	359 320
Current liabilities	**823**	1 008
Equity attributable to non-controlling interests	**87 815**	92 811

* *Extracted from Friedshelf 1732's financial information for the year ended 30 June.*

Summarised statement of comprehensive income*	Friedshelf 1732 For the 12 months ended Jun 2023 R'000	Friedshelf 1732 For the 12 months ended Jun 2022 R'000
Revenue	**52 751**	51 161
Profit before net finance costs	**68 303**	82 694
Net finance costs	**(34 497)**	(40 971)
Profit before income tax expense	**33 806**	41 723
(Loss)/profit for the year	**(10 196)**	41 723
(Loss)/profit for the year attributable to non-controlling interests	**(4 996)**	20 444

* *Extracted from Friedshelf 1732's financial information for the year ended 30 June.*

6. Interest in subsidiaries continued

6.1 Subsidiaries with non-controlling interests continued

Financial information of Friedshelf 1732 Proprietary Limited ("Friedshelf 1732") continued

Friedshelf 1732 is incorporated in South Africa and its principal place of business is Block C, Cullinan Office Park, Cullinan Close, Morningside. Friedshelf 1732 owns a property and development at Bridge City Deep. It declares biannual dividends based on its performance. No dividends were paid to the minority shareholders during the current or prior year. Equity attributable to non-controlling interests amounted to R87,8 million (2022: R92,8 million) at year-end, and the loss for the year attributable to non-controlling interests amounted to R5,0 million (2022: profit of R20,4 million).

Financial information of Fortress Income 8 Proprietary Limited ("Fortress Income 8")

Summarised statement of financial position*	Fortress Income 8 2023 R'000	Fortress Income 8 2022 R'000
Non-current assets	**–**	–
Current assets	**2 813**	2 814
Equity	**(16 739)**	(16 820)
Non-current liabilities	**19 519**	19 600
Current liabilities	**33**	34
Equity attributable to non-controlling interests	**(8 353)**	(8 393)

* *Extracted from Fortress Income 8's financial information for the year ended 30 June.*

Summarised statement of comprehensive income*	Fortress Income 8 For the 12 months ended Jun 2023 R'000	Fortress Income 8 For the 12 months ended Jun 2022 R'000
Revenue	**–**	–
Profit/(loss) before net finance costs	**15**	(482)
Net finance income	**71**	72
Profit/(loss) before income tax expense	**86**	(410)
Profit/(loss) for the year	**81**	(410)
Profit/(loss) for the year attributable to non-controlling interests	**40**	(205)

* *Extracted from Fortress Income 8's financial information for the year ended 30 June.*

Fortress Income 8 is incorporated in South Africa and its principal place of business is Block C, Cullinan Office Park, Cullinan Close, Morningside. Fortress Income 8 previously owned land on which Cornubia Ridge Logistics Park is being developed. It declares biannual dividends based on its performance. No dividends were paid to the minority shareholders during the current or prior year. Negative equity attributable to non-controlling interests amounted to R8,4 million (2022: R8,4 million) at year-end, and the profit for the year attributable to non-controlling interests amounted to R0,04 million (2022: loss of R0,2 million).

Financial information of Inofort Proprietary Limited ("Inofort")

Summarised statement of financial position*	Inofort 2023 R'000	Inofort 2022 R'000
Non-current assets	**1 226 102**	1 207 750
Current assets	**36 229**	16 033
Equity	**134 892**	165 254
Non-current liabilities	**1 089 369**	1 016 494
Current liabilities	**38 070**	42 035
Equity attributable to non-controlling interests	**65 481**	78 644

* *Extracted from Inofort's financial information for the year ended 30 June.*

6. Interest in subsidiaries continued

6.1 Subsidiaries with non-controlling interests continued

Financial information of Inofort Proprietary Limited ("Inofort") continued

	Inofort	
Summarised statement of comprehensive income*	**For the 12 months ended Jun 2023 R'000**	**For the four months ended Jun 2022 R'000**
Revenue	**194 396**	57 894
Profit before net finance costs	**68 545**	15 771
Net finance costs	**(101 124)**	(26 432)
Loss before income tax expense	**(32 579)**	(10 661)
Loss for the year	**(33 619)**	(10 661)
Loss for the year attributable to non-controlling interests	**(16 267)**	(5 074)

* *Extracted from Inofort's financial information for the year ended 30 June.*

Inofort is incorporated in South Africa and its principal place of business is Block C, Cullinan Office Park, Cullinan Close, Morningside. Inofort owns 21 (2022: 20) industrial properties. It declares biannual dividends based on its performance. No dividends were paid to the minority shareholders during the current or prior year. An additional 0,95% was acquired by the non-controlling interests during the current year as a consequence of Island Works Extension transferring into Inofort on 11 October 2022. The purchase consideration was funded through the issue of shares for a consideration of R3,3 million and debt funding of R16,7 million. Equity attributable to non-controlling interests amounted to R65,5 million (2022: R78,6 million) at year-end, and the loss for the year attributable to non-controlling interests amounted to R16,3 million (2022: R5,1 million).

7. Cash and cash equivalents

	GROUP		COMPANY	
	2023 R'000	**2022 R'000**	**2023 R'000**	**2022 R'000**
Cash balances*	**208 451**	93 601		
Call deposit	**–**	600 000	**–**	600 000
	208 451	693 601	**–**	600 000

* *Included in cash balances is cash denominated in foreign currency held in Poland, Romania and the Netherlands of R170,2 million at 30 June 2023 (2022: R74,1 million).*

No cash and cash equivalents are held as collateral.

8. Staff scheme loans

	GROUP		COMPANY	
	2023 R'000	**2022 R'000**	**2023 R'000**	**2022 R'000**
Staff scheme loans – Fortress Share Purchase Trust (refer to note 20)				
– Capital advanced*	**338 376**	344 102	**307 436**	290 090
– Interest accrued*	**48 089**	15 795	**5 726**	1 558
– Accumulated impairment loss	**(319 530)**	(312 936)	**(258 501)**	(253 341)
	66 935	46 961	**54 661**	38 307
Total staff scheme loans	**66 935**	46 961	**54 661**	38 307
Current portion included in current assets	**–**	(15 795)	**–**	(1 558)
	66 935	31 166	**54 661**	36 749

* *Includes loans taken over from the Capital Share Purchase Scheme.*

8. Staff scheme loans continued

The Trust loans bear interest at the official rate of interest as defined in the Income Tax Act, being 9,25% (2022: 5,75%) at year-end.

For the group, the Trust loans are secured by 13 228 500 (2022: 13 228 500) FFB shares with a fair value of R66,9 million (2022: R47,0 million).

For the company, the Trust loans are secured by 10 831 000 (2022: 10 831 000) FFB shares with a fair value of R54,7 million (2022: R38,3 million).

Loans where the value of the shares was less than the outstanding debt were impaired by the difference between that value and the outstanding debt. In respect of the group, an accumulated impairment of R319,5 million (2022: R312,9 million) has been recognised at year-end, with an impairment of R6,6 million (2022: R6,5 million) being recognised in the statement of comprehensive income during the year.

In respect of the company, an accumulated impairment of R258,5 million (2022: R253,3 million) has been recognised at year-end, with an impairment of R5,2 million (2022: R5,2 million) being recognised in the statement of comprehensive income during the year.

Details of the shares granted to directors with related loans are disclosed in note 20.

9. Investment in BEE preference shares – unconsolidated structured entities

During the 2019 financial year, four BEE entities, Fortress Empowerment 1 Proprietary Limited ("Fortress Empowerment 1"), Fortress Empowerment 2 Proprietary Limited ("Fortress Empowerment 2"), Fortress Empowerment 3 Proprietary Limited ("Fortress Empowerment 3") and Fortress Empowerment 4 Proprietary Limited ("Fortress Empowerment 4") (collectively the "Fortress Empowerment Vehicles"), acquired from The Siyakha Education Trust and The Siyakha 2 Education Trust, the entire shareholding held by these trusts in Fortress (being an aggregate of 128 395 581 FFB shares).

These shares were acquired on loan account from The Siyakha Education Trust and The Siyakha 2 Education Trust ("the Siyakha loan claims"), subsequent to which Fortress and its subsidiaries agreed to accept the assignment by The Siyakha Education Trust and The Siyakha 2 Education Trust of the Siyakha loan claims as settlement for the balance of the loans owing to Fortress by each of The Siyakha Education Trust and The Siyakha 2 Education Trust.

The group has, pursuant to an existing authority, through its subsidiary Capital Propfund Proprietary Limited, provided financial assistance to the Fortress Empowerment Vehicles to settle the Siyakha loan claims ("the empowerment transaction").

Unconsolidated structured entities: Fortress Empowerment 1 and Fortress Empowerment 3

Financial assistance was provided by the group to Fortress Empowerment 1 and Fortress Empowerment 3 by way of loan funding to settle the Siyakha loan claims.

In settlement of these loan claims, Fortress Empowerment 1 and Fortress Empowerment 3 have issued to the group preference shares to the value of R388 075 653 and R388 075 641, respectively, at the transaction date of 28 June 2019. At 30 June 2023 and 30 June 2022, the group's interest in Fortress Empowerment 1 and Fortress Empowerment 3 consists of the BEE preference shares held.

Refer to notes 27.6 and 27.8, accounting estimates and judgements for further details of management's consideration of the group's relationship with Fortress Empowerment 1, Fortress Empowerment 2, Fortress Empowerment 3 and Fortress Empowerment 4.

	GROUP	
	2023 R'000	**2022 R'000**
Investment in BEE preference shares – Fortress Empowerment 1	**388 076**	388 076
Accumulated fair value loss – Fortress Empowerment 1	**(225 655)**	(274 125)
Carrying value of investment – Fortress Empowerment 1	**162 421**	113 951
Investment in BEE preference shares – Fortress Empowerment 3	**388 076**	388 076
Accumulated fair value loss – Fortress Empowerment 3	**(225 655)**	(274 125)
Carrying value of investment – Fortress Empowerment 3	**162 421**	113 951
Total investment in BEE preference shares	**324 842**	227 902

9. Investment in BEE preference shares – unconsolidated structured entities continued

Terms of the BEE preference shares

- The preference shares carry a zero coupon;
- The preference shares will be redeemed at face value on the redemption date, being 10 years from issue, but may be redeemed earlier at the option of either Fortress Empowerment 1 or Fortress Empowerment 3 (as applicable) or Fortress (but not within the first three years of the issue date);
- Fortress Empowerment 1 and Fortress Empowerment 3 each waives its right to dividends on the FFB shares that it holds;
- On the redemption date, the preference shares will pay a dividend to Fortress equal to 70% of the increase in the market value of the FFB shares above R12,09 per share;
- To the extent that the shareholder of Fortress Empowerment 1 or Fortress Empowerment 3 (as applicable) injects equity into the vehicle, the dividend will be adjusted accordingly but Fortress' share of the dividend may not be less than 49% of the increase in market value above R12,09 per FFB share; and
- On the redemption date, if the market value of the FFB shares is less than R12,09 per share, the redemption value will be the then FFB share price (calculated as the five-day VWAP of the FFB shares) on the redemption date multiplied by the number of FFB shares funded by the preference shares.

The Fortress shares held by Fortress Empowerment 1 (32 098 896 FFB shares) and Fortress Empowerment 3 (32 098 895 FFB shares) serve as security against the BEE preference shares.

The investments in BEE preference shares are carried at fair value. The fair value of the BEE preference shares is determined with reference to the market value of the Fortress shares held by Fortress Empowerment 1 and Fortress Empowerment 3, where, should the FFB share price increase above R12,09, 70% of the increase is reflected as a fair value gain, while should the FFB share price decrease below R12,09, 100% of the decrease is reflected as a fair value loss.

Items included in the statement of comprehensive income relating to the group's interest in Fortress Empowerment 1 and Fortress Empowerment 3

	GROUP	
	2023 R'000	**2022 R'000**
Fair value gain – on investments*	**96 939**	48 790

* *Included in "Fair value gain on investments" in the statement of comprehensive income.*

The effect of the BEE preference share terms is considered to be akin to an option in the hands of Fortress Empowerment 1 and Fortress Empowerment 3, with reference to 30% of the increase in market value of the FFB shares held by these vehicles, with no downside risk. The commercial effect of this option was valued using a Black-Scholes option valuation model and was expensed on the transaction date being 29 July 2019.

Financial assistance and other support

Fortress has provided financial assistance to Fortress Empowerment 1 and Fortress Empowerment 3 by way of preference share funding, for purposes of their acquisition of FFB shares. Additional financial assistance, pursuant to an existing authority, totalling a maximum of R270 million (R135 million in respect of each of Fortress Empowerment 1 and Fortress Empowerment 3) was provided by Fortress during the financial year ended 30 June 2021, in the form of guarantees in favour of Rand Merchant Bank. Fortress has guaranteed the obligations of Fortress Empowerment 1 and Fortress Empowerment 3 in respect of loan facilities provided by Rand Merchant Bank to both Fortress Empowerment 1 and Fortress Empowerment 3, with the maturity date of each of the loan facilities being 15 April 2026. The loan facilities were granted by Rand Merchant Bank to Fortress Empowerment 1 and Fortress Empowerment 3 to enable them to acquire additional FFB shares, with the acquired FFB shares serving as security against the loan facilities.

Exposure and fair value

The maximum exposure relating to Fortress Empowerment 1 and Fortress Empowerment 3 is in respect of the group's investment in preference shares, as well as guarantees provided by Fortress in favour of Rand Merchant Bank relating to loan obligations of Fortress Empowerment 1 and Fortress Empowerment 3, and is included in note 26.1: Financial instruments, Credit risk.

The investment in BEE preference shares has been fair valued to the value of the underlying security, being the market value of the FFB shares held by these vehicles. Refer to note 27.7 for accounting estimates and judgements relating to the fair value of the investment in the BEE preference shares.

10. Trade and other receivables

	GROUP		COMPANY	
	2023 R'000	**2022 R'000**	**2023 R'000**	**2022 R'000**
Trade and other receivables include the following:				
Tenant arrears	**8 625**	29 353		
Service deposits and prepayments	**72 669**	63 788		
Insurance receivable	**–**	84 267		
Fair value of currency derivatives	**72 260**	359 893		
Fair value of interest rate derivatives	**471 474**	318 769		
Unamortised interest rate cap premium	**350 278**	400 858		
Fair value of collar derivative	**–**	50 921		
Other receivables*	**442 553**	240 587	**8 192**	13 954
	1 417 859	1 548 436	**8 192**	13 954
VAT receivable	**216 519**	135 076		
	1 634 378	1 683 512	**8 192**	13 954

* *Other receivables in respect of the group include accruals for municipal recoveries, deposits not receivable, and sundry property debtors and a R100 million loan to Centurion Vision Development (Pty) Ltd. The loan accrues interest at 6,5% per annum and is repayable in February 2027. Attached to the loan is an option in favour of Capital Propfund (Pty) Ltd to acquire 65% of Eastport North land, adjacent to the Fortress Eastport Logistics Park ("the property") at a rate of R1 520 per useable square metre; this price escalates at 6,5% per annum. The loan is secured by a bond in favour of Capital Propfund (Pty) Ltd over the property, and should Fortress elect to acquire the property, it has a right to offset the loan against the purchase price as part settlement.*

The group makes use of derivative financial instruments to partially hedge its exposure to interest rate and currency risks. These transactions are mark-to-market after initial recognition and any gains or losses arising are recognised in the statement of comprehensive income as fair value gains/(losses) on derivative financial instruments.

The fair values related to such contracts and commitments are determined on the same basis as described in the policy note for financial instruments and are reported on a gross basis in the statement of financial position as positive and negative replacement values to the extent that set-off is not required by IAS 32: *Financial Instruments*: *Presentation*.

The group applies a simplified model of recognising lifetime ECLs on trade and other receivables at amortised cost in terms of IFRS 9: *Financial Instruments*. The group performs credit evaluations of new and existing tenants.

As tenants are required to pay in advance, all tenant arrears are classified as past due. Tenant arrears are individually assessed on an ongoing basis to determine those that should be written off (derecognised).

All other trade and other receivables carried at amortised cost are analysed by nature of the receivable on an ongoing basis for purposes of determining amounts to be written off. The nature of trade and other receivables at amortised cost, other than tenant arrears, is considered and categorised with reference to the counterparty and the purpose of the debt instrument. Where these relate to tenants, a payment profile similar to tenant arrears is attached to these financial assets. For other counterparties, these are individually assessed or grouped only if the credit risk characteristics are considered to be similar.

Trade and other receivables are written off when there is no reasonable expectation of recovery. The existence and quality of security provided by the counterparty is considered in determining receivables written off. Failure to engage with the group on alternative payment arrangements and poor financial health of a tenant (such as tenants placed under liquidation) are considered indicators of no reasonable expectation of recovery. Due to the nature of trade and other receivables and the process of assessing these for credit risk, receivables are timeously written off.

Trade and other receivables not written off are considered for ECLs. The expectation of lifetime ECLs is formulated by making use of judgement, the profile of past payment and write-off experience (including a review of historical collection data) and forward-looking information, such as the likelihood of default by the debtor and general economic conditions of the industry as at the reporting date, per category of receivable.

Macroeconomic factors affecting debtors' ability to settle the amounts outstanding include gross domestic product in South Africa, repo and prime interest rates, changes to regulations and legislation and trading performance of industries in which tenants operate (i.e. property sectors), among other factors. The formulated expectation of ECLs in respect of trade and other receivables carried at amortised cost is immaterial, since receivables are written off timeously with due consideration given to where there is no reasonable expectation of recovery.

At 30 June 2023 and 30 June 2022, based on the expectation formulated by the group of immaterial ECLs in respect of trade and other receivables carried at amortised cost, no material allowance for ECLs has been recognised. Refer to note 26.1 for further detail on the assessment of credit risk.

11. Stated capital and treasury shares

11.1 Stated capital

	GROUP		COMPANY	
	R'000	Number of shares	R'000	Number of shares
30 June 2023				
Stated capital	**45 571 743**		**45 571 743**	
Share capital				
Authorised				
– FFA ordinary shares of no par value		**2 000 000 000**		**2 000 000 000**
– FFB ordinary shares of no par value		**2 000 000 000**		**2 000 000 000**
Issued				
– FFA ordinary shares of no par value		**1 191 595 172**		**1 191 595 172**
– FFB ordinary shares of no par value		**1 093 213 028**		**1 093 213 028**
30 June 2022				
Stated capital	45 571 743		45 571 743	
Share capital				
Authorised				
– FFA ordinary shares of no par value		2 000 000 000		2 000 000 000
– FFB ordinary shares of no par value		2 000 000 000		2 000 000 000
Issued				
– FFA ordinary shares of no par value		1 191 595 172		1 191 595 172
– FFB ordinary shares of no par value		1 093 213 028		1 093 213 028

At 30 June 2023, 87 536 353 FFB shares (2022: 87 536 353) and 26 861 996 FFA shares (2022: 26 861 996) were held in treasury.

An additional 64 197 790 FFB shares held by Fortress Empowerment 2 and Fortress Empowerment 4 (entities which are consolidated) are treated as treasury shares for IFRS purposes.

Fortress' MOI provides that should a dividend be declared, the growth in the FFA share dividend will be the lower of 5% or CPI ("the FFA dividend benchmark"). The CPI figure that is used in the calculation is the most recent available at each reporting period.

The FFB share is entitled to the balance of the distributable income as defined in the MOI, in excess of the FFA dividend benchmark, divided by the number of FFB shares in issue.

	GROUP			
Reconciliation of movement in issued shares (FFA and FFB shares)	2023 FFA shares	2023 FFB shares	2022 FFA shares	2022 FFB shares
Balance at the beginning of the year	**1 191 595 172**	**1 093 213 028**	1 191 595 172	1 093 213 028
Balance at the end of the year	**1 191 595 172**	**1 093 213 028**	1 191 595 172	1 093 213 028

	COMPANY			
Reconciliation of movement in issued shares (FFA and FFB shares)	2023 FFA shares	2023 FFB shares	2022 FFA shares	2022 FFB shares
Balance at the beginning of the year	**1 191 595 172**	**1 093 213 028**	1 191 595 172	1 093 213 028
Balance at the end of the year	**1 191 595 172**	**1 093 213 028**	1 191 595 172	1 093 213 028

11. Stated capital and treasury shares continued

11.2 Treasury shares

At 30 June 2023, Fortress holds 151 734 143 FFB shares (2022: 151 734 143) and 26 861 996 FFA shares (2022: 26 861 996) in treasury.

This comprises:

- 16 423 997 FFB shares received from Resilient in May 2018 upon the unbundling of its investment in FFB shares*;
- 45 739 127 FFB shares repurchased during the 2019 financial year*;
- 64 197 790 FFB shares held collectively by Fortress Empowerment 2 and Fortress Empowerment 4, being entities which are consolidated by Fortress**;
- 25 373 229 FFB shares repurchased during the 2022 financial year*; and
- 26 861 996 FFA shares repurchased during the 2022 financial year*.

	GROUP	
	2023 R'000	2022 R'000
Treasury shares	**(2 040 884)**	(2 040 884)

	GROUP			
Reconciliation of movement in treasury shares	2023 FFA shares	2023 FFB shares	2022 FFA shares	2022 FFB shares
Balance at the beginning of the year	**26 861 996**	**151 734 143**	–	126 360 914
Shares repurchased during the year	**–**	**–**	26 861 996	25 373 229
	26 861 996	**151 734 143**	26 861 996	151 734 143

* *At 30 June 2023, 87 536 353 (2022: 87 536 353) FFB and 26 861 996 (2022: 26 861 996) FFA treasury shares are held by Capital Propfund (Pty) Ltd, a wholly-owned subsidiary of Fortress.*

** *64 197 790 FFB shares are treated as treasury shares on consolidation of Fortress Empowerment 2 and Fortress Empowerment 4 for IFRS purposes (refer to note 27.8: Accounting estimates and judgements).*

12. Interest-bearing borrowings

The group has a total of R17 187 million (2022: R16 951 million) in secured finance facilities (excluding futures derivative facilities), Rnil (2022: Rnil) in unsecured finance facilities and an unsecured domestic medium-term note ("DMTN") programme of R20 000 million (2022: R20 000 million).

In total, R14 610 million (2022: R14 600 million) of the secured finance facilities, Rnil (2022: Rnil) of the unsecured finance facilities and R4 560 million (2022: R4 660 million) of the DMTN programme have been utilised by the group (including guarantees).

The company has a total of R5 000 million (2022: R9 007 million) in secured finance facilities, Rnil (2022: Rnil) in unsecured finance facilities and an unsecured DMTN programme of R20 000 million (2022: R20 000 million).

In total, R5 000 million (2022: R9 007 million) of the secured finance facilities, Rnil (2022: Rnil) of the unsecured finance facilities and R4 560 million (2022: R4 703 million) of the DMTN programme have been utilised by the company (including guarantees).

Interest-bearing loans and borrowings are measured at amortised cost.

The group's and company's exposure to interest rate and liquidity risk is discussed in note 26: Financial instruments.

12. Interest-bearing borrowings continued

				GROUP		COMPANY	
		Nominal interest rate	Date of maturity	2023 Carrying amount R'000	2022 Carrying amount R'000	2023 Carrying amount R'000	2022 Carrying amount R'000
Standard Bank[8]	Secured	Prime less 1,50%	Reviewed and renewed annually in April of each year	**20 087**	189 584		
Standard Bank[5]	Secured	5,46% NACM*	May 2023 – September 2023	**–**	833 150		
DMTN programme: 3 years[1]	Unsecured	3-month JIBAR plus 1,65%	August 2022	**–**	403 104	**–**	403 104
Absa[6]	Secured	3-month JIBAR plus 1,70%	November 2022	**–**	510 256		
DMTN programme: 5 years[1]	Unsecured	3-month JIBAR plus 1,70%	November 2022	**–**	503 787	**–**	503 787
Standard Bank[2]	Secured	3-month JIBAR plus 1,80%	November 2022	**–**	754 263	**–**	754 263
Standard Bank[2]	Secured	3-month JIBAR plus 1,72%	November 2022	**–**	902 037	**–**	902 037
DMTN programme: 5 years[1]	Unsecured	3-month JIBAR plus 1,61%	November 2022	**–**	504 400	**–**	504 400
Nedbank[$3]	Secured	3-month JIBAR plus 1,80%	May 2023	**–**	500 989		
Libfin[10]	Secured	3-month JIBAR plus 1,70%	June 2023	**–**	200 037	**–**	200 037
Nedbank[$3]	Secured	3-month JIBAR plus 2,24%	September 2023	**–**	160 997	**–**	160 997
DMTN programme: 3 years[1]	Unsecured	3-month JIBAR plus 2,20%	October 2023	**572 313**	567 979	**572 313**	567 979
Rand Merchant Bank[4]	Secured	3-month JIBAR plus 2,05%	November 2023	**1 168 936**	1 161 990	**1 168 936**	1 161 990
Rand Merchant Bank[4]	Secured	3-month JIBAR plus 1,85%	November 2023	**1 016 138**	1 010 103	**1 016 138**	1 010 103
Libfin[10]	Secured	3-month JIBAR plus 1,75%	December 2023	**150 042**	150 028	**150 042**	150 028
Standard Bank[2]	Secured	Prime less 1,45%	March 2024	**55 247**	103 834		
Nedbank[$3]	Secured	3-month JIBAR plus 1,98%	May 2024	**–**	251 325		
Nedbank[$3]	Secured	3-month JIBAR plus 1,83%	June 2024	**–**	502 762	**–**	502 762
Nedbank[$3]	Secured	3-month JIBAR plus 1,98%	July 2024	**–**	241 537		
Absa[9]	Secured	Prime less 0,25%	July 2024	**107 148**	110 364		
DMTN programme: 5 years[1]	Unsecured	3-month JIBAR plus 1,90%	August 2024	**303 856**	302 423	**303 856**	302 423
DMTN programme: 3 years[1]	Unsecured	3-month JIBAR plus 2,00%	August 2024	**502 634**	499 967	**502 634**	499 967
Unicredit***#[13] [13.1]	Secured	1-month EURIBOR plus 2,80%	August 2024	**126 269**	112 041		
DMTN programme: 5 years[1]	Unsecured	3-month JIBAR plus 1,85%	October 2024	**203 228**	202 158	**203 228**	202 158
Rand Merchant Bank[4]	Secured	3-month JIBAR plus 1,95%	November 2024	**508 151**	505 132	**508 151**	505 132
Rand Merchant Bank[4]	Secured	3-month JIBAR plus 1,95%	November 2024	**508 151**	505 132	**508 151**	505 132
Libfin[10]	Secured	3-month JIBAR plus 1,85%	December 2024	**250 071**	250 047	**250 071**	250 047
Standard Bank[2]	Secured	Prime less 1,35%	January 2025	**100 855**	–		
Standard Bank[2]	Secured	3-month JIBAR plus 1,67%	January 2025	**16**	–		
DMTN programme: 3 years[1]	Unsecured	3-month JIBAR plus 1,80%	February 2025	**454 886**	453 213	**454 886**	453 213
Standard Bank[2]	Secured	3-month JIBAR plus 1,83%	March 2025	**141 113**	194 366		
Standard Bank[7]	Secured	3-month JIBAR plus 1,83%	March 2025	**330 763**	382 825		
Standard Bank[7]	Secured	3-month JIBAR plus 1,83%	March 2025	**273 498**	300 141		
Nedbank[$3]	Secured	3-month JIBAR plus 2,09%	May 2025	**–**	272 167		
Nedbank[$3]	Secured	3-month JIBAR plus 1,87%	May 2025	**–**	259 000		
Standard Bank[12]	Secured	3-month JIBAR plus 1,85%	May 2025	**178 511**	149 648		
Standard Bank[12]	Secured	Prime less 1,45%	June 2025	**47 546**	–		
Nedbank[$3]	Secured	3-month JIBAR plus 1,87%	June 2025	**–**	1 256 947	**–**	1 256 947
BNP Paribas**#[11] [11.1]	Secured	3-month EURIBOR plus 2,30%	August 2025	**120 707**	104 244		
Standard Bank[14]	Secured	3-month JIBAR plus 1,92%	September 2025	**181 922**	–		
Rand Merchant Bank[4]	Secured	3-month JIBAR plus 2,15%	November 2025	**1 016 631**	1 010 588	**1 016 631**	1 010 588
Unicredit***#[13] [13.2]	Secured	1-month EURIBOR plus 2,80%	January 2026	**192 125**	170 159		
BNP Paribas**# [11] [11.2]	Secured	3-month EURIBOR plus 2,30%	May 2026	**151 417**	130 577		
Nedbank[3]	Secured	3-month JIBAR plus 1,52%	June 2026	**603 608**	–		
Nedbank[3]	Secured	3-month JIBAR plus 1,52%	June 2026	**503 007**	–		
Nedbank[$3]	Secured	3-month JIBAR plus 1,93%	June 2026	**–**	251 402	**–**	251 402
DMTN programme: 3 years[1]	Unsecured	3-month JIBAR plus 1,65%	June 2026	**382 321**	–	**382 321**	–

12. Interest-bearing borrowings continued

		Nominal interest rate	Date of maturity	GROUP 2023 Carrying amount R'000	GROUP 2022 Carrying amount R'000	COMPANY 2023 Carrying amount R'000	COMPANY 2022 Carrying amount R'000
DMTN programme: 5 years[1] [1.1]	Unsecured	3-month JIBAR plus 2,40%	August 2026	**411 499**	409 317	**411 499**	409 317
Standard Bank[2]	Secured	3-month JIBAR plus 1,78%	November 2026	**830 453**	–		
Libfin[10]	Secured	3-month JIBAR plus 2,15%	December 2026	**201 749**	201 158	**201 749**	201 158
DMTN programme: 5 years[1] [1.1]	Unsecured	3-month JIBAR plus 2,20%	February 2027	**505 648**	503 784	**505 648**	503 784
Standard Bank[12]	Secured	3-month JIBAR plus 2,05%	May 2027	**510 631**	510 720		
Nedbank[3]	Secured	3-month JIBAR plus 1,64%	June 2027	**603 652**	–		
Nedbank[3]	Secured	3-month JIBAR plus 1,64%	June 2027	**503 043**	–		
Standard Bank[12]	Secured	3-month JIBAR plus 2,05%	June 2027	**36 264**	13 293		
DMTN programme: 5,5 years[1] [1.1]	Unsecured	3-month JIBAR plus 2,30%	August 2027	**353 991**	352 686	**353 991**	352 686
Standard Bank[14]	Secured	3-month JIBAR plus 2,12%	September 2027	**182 012**	–		
DMTN programme: 5 years[1]	Unsecured	3-month JIBAR plus 1,80%	November 2027	**505 429**	–	**505 429**	–
Standard Bank[2]	Secured	3-month JIBAR plus 1,85%	November 2027	**830 500**	–		
Absa[6]	Secured	3-month JIBAR plus 1,95%	December 2027	**504 434**	–		
Nedbank[3]	Secured	3-month JIBAR plus 1,72%	June 2028	**603 681**	–		
Nedbank[3]	Secured	3-month JIBAR plus 1,72%	June 2028	**503 067**	–		
DMTN programme: 5 years[1]	Unsecured	3-month JIBAR plus 1,90%	June 2028	**422 628**	–	**422 628**	–
Libfin[10]	Secured	3-month JIBAR plus 1,95%	December 2028	**252 146**	251 406	**252 146**	251 406
Nedbank[3]	Secured	3-month JIBAR plus 1,83%	June 2029	**600 242**	–		
Nedbank[3]	Secured	3-month JIBAR plus 1,83%	June 2029	**503 100**	–		
				19 035 366	19 117 067	**9 690 448**	13 776 847
Current portion included in current liabilities				**(3 013 692)**	(5 329 739)	**(2 907 429)**	(3 267 628)
				16 021 674	13 787 328	**6 783 019**	10 509 219

* *Nominal annual compounded monthly ("NACM").*
** *Included in these facilities is R9,1 million (2022: R10,0 million) which has been classified as a current liability.*
*** *Included in these facilities is R21,8 million (2022: R18,1 million) which has been classified as a current liability.*
$ *The Nedbank facilities were early refinanced during the 2023 financial year.*
# *Euro-denominated.*

Refer to the key on page 47.

12. Interest-bearing borrowings continued

Interest-bearing borrowings are secured by the following:

	GROUP		
	Investment property R'000	Investment in associate* R'000	Total R'000
June 2023			
Standard Bank[2] [7] [8] [12] [14]	**11 055 705**		**11 055 705**
Rand Merchant Bank[4]	**8 413 546**	**795 384**	**9 208 930**
Libfin[10]	**2 170 062**		**2 170 062**
Absa[6] [9]	**722 158**	**472 260**	**1 194 418**
Nedbank[3]	**5 714 384**	**1 215 076**	**6 929 460**
Unicredit[13] [13.1] [13.2]	**692 319**		**692 319**
BNP Paribas[11] [11.1] [11.2]	**1 164 419**		**1 164 419**
	29 932 593	**2 482 720**	**32 415 313**
June 2022			
Standard Bank[2] [5] [7] [8] [12] [14]	10 092 771	999 107	11 091 878
Rand Merchant Bank[4]	8 809 485	627 048	9 436 533
Libfin[10]	2 154 409		2 154 409
Absa[6] [9]	733 088	862 865	1 595 953
Nedbank[3]	5 951 670	2 279 703	8 231 373
Unicredit[13] [13.1] [13.2]	577 325		577 325
BNP Paribas[11] [11.1] [11.2]	775 073		775 073
	29 093 821	4 768 723	33 862 544

	COMPANY		
	Investment property^ R'000	Investment in associate* R'000	Total R'000
June 2023			
Rand Merchant Bank[4]	**7 300 829**	**690 192**	**7 991 021**
Libfin[10]	**2 170 062**		**2 170 062**
	9 470 891	**690 192**	**10 161 083**
June 2022			
Standard Bank[2] [7]	3 945 364		3 945 364
Rand Merchant Bank[4]	7 725 169	549 868	8 275 037
Libfin[10]	2 154 409		2 154 409
Nedbank[3]	5 270 034	2 018 612	7 288 646
	19 094 976	2 568 480	21 663 456

^ *Subsidiary-held investment property pledged as security for company debt.*

* *Relates to investment in NEPI Rockcastle. Refer to note 5.*

12. Interest-bearing borrowings continued

The following terms are attached to the utilised facilities, all of which have been complied with:

(1) – The group LTV ratio may not exceed 50%.

(1.1) – The unencumbered asset coverage ratio for these notes shall not be less than 2,5 times.

(2) – (Portfolio 1) The total debt to total assets ratio on a group level shall not be more than 50%.
– The interest cover ratio ("ICR") on total debt for the group shall not be less than 2 times.
– The group's NAV shall not be less than R20 billion.
– The group shall hold immovable properties with an open market value of at least R20 billion.
– The facility property LTV ratio shall not be greater than 63%.
– The ICR on the facility properties and equity shall not be less than 1,6 times.

(3) – The group ICR is to remain at a level of at least 2 times.
– The group LTV shall not exceed 50%.
– The value of total group unencumbered assets shall be a minimum of 25% of total group assets.
– Transactional ICR shall not be less than 1,0 times (2022: N/A).
– The transactional LTV ratio shall not exceed 65% (2022: 60%).

(4) – The group consolidated interest-bearing debt to total assets ratio shall be no more than 50%.
– The facility interest-bearing debt to asset ratio shall be no more than 50%.
– The group consolidated ICR shall be greater than 1,75 times.
– The facility ICR shall be greater than 1,75 times.
– A minimum NAV of R20 billion must be maintained at all times.
– The value of total group unencumbered assets shall be a minimum of 25% of total group assets.
– The outstandings mortgaged asset value ratio shall be no less than 55%.
– The outstandings mortgaged asset value ratio (including fair value of derivatives) shall be no less than 60%.

(5) – Equity collar derivative secured facility, secured by nil (2022: 11 472 120) NEPI Rockcastle shares.

(6) – The transactional ICR is at all times greater than 2 times (2022: 1,25 times (first 12 months), 1,35 times (months 13 to 24) and 1,50 times (after month 24)).
– The transactional LTV ratio does not exceed 50%.
– The transactional LTV ratio (including mark-to-market) does not exceed 65% in respect of the 2022 financial year.
– The corporate ICR ratio is greater than 2 times.
– The corporate LTV ratio does not exceed 50%.

(7) – (Portfolio 2) The total debt to total assets ratio on a group level shall not be more than 50%.
– The ICR on total debt for the group shall not be less than 2 times.
– The group's NAV shall not be less than R20 billion.
– The group shall hold immovable properties with an open market value of at least R20 billion.
– The facility property LTV ratio shall not be greater than 55%.
– The ICR on the facility properties shall not be less than 1,6 times.

(8) – General banking facility. Covenants as per (2) above.

(9) – The facility relates to The Prism.
– The transactional LTV ratio will not exceed 70%.
– The transactional ICR ratio will not be less than 1,4 times.
– The debt service cover ratio ("DSCR") shall be more than 1,1 times.
– Vacancies may not exceed 10% of the gross lettable area.

(10) – The facility ICR shall be more than 1,75 times.
– The facility LTV ratio shall not exceed 60%.
– The group consolidated ICR shall be greater than 1,75 times.
– The group consolidated LTV ratio shall not exceed 50%.
– The group total assets shall always be at least R40 billion.
– The group indebtedness ratio shall not exceed 60%.
– The value of total group unencumbered assets shall be a minimum of 25% of total group assets.
– The guarantor coverage ratio of total assets and net operating income will not be less than 75% of total group assets and total net operating income, respectively.

(11) – The combined facility actual and projected minimum ("DSCR") shall be more than 1,2 times.
– Fortress Logistics Park Bydgoszcz Sp. Z o.o. (previously Waimea Logistic Park 4 Sp. Z o.o.) shall not have negative own capital, including any subordinated debt.

(11.1) – The maximum LTV for this facility shall not be more than 65%.

(11.2) – The maximum LTV for this facility shall not be more than 45%.

(12) – (Inofort portfolio) The transactional ICR is at all times greater than 1,40 times (first 12 months), 1,50 times (months 13 to 24), 1,55 times (months 25 to 36) and 1,60 times (after month 36).
(2022: The transactional ICR is at all times greater than 1,70 times (first 12 months), 1,75 times (months 13 to 36), 1,80 times (months 36 to 48) and 1,85 times (after month 48)).
– The transactional LTV ratio does not exceed 70% (first 24 months), 67% (months 24 to 36) and 65% (after month 36).

(13) – The combined facility actual and projected minimum DSCR shall be more than 1,2 times.

(13.1) – The maximum LTV for this facility shall not be more than 60%.

(13.2) – The maximum LTV for this facility shall not be more than 70%.

(14) – (Friedshelf portfolio) The LTV for this facility shall not be more than 69%.
– The transactional ICR is at all times greater than 1,30 times (first 12 months), 1,40 times (months 13 to 24), 1,50 times (months 25 to 36), 1,65 times (months 37 to 48) and 1,80 times (after month 48).

Interest-bearing borrowings are repayable as follows:

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Jun 2023		5 329 739		3 267 628
Jun 2024	**3 013 692**	3 909 019	**2 907 429**	3 553 859
Jun 2025	**4 027 899**	5 879 447	**2 730 976**	3 975 020
Jun 2026	**3 129 606**	1 646 135	**1 398 952**	1 261 989
Jun 2027	**3 602 939**	1 748 635	**1 118 896**	1 114 259
Jun 2028	**3 905 744**	604 092	**1 282 050**	604 092
Jun 2029	**1 355 486**		**252 145**	
	19 035 366	19 117 067	**9 690 448**	13 776 847

13. Deferred tax

	GROUP	
	2023 R'000	2022 R'000
Deferred tax asset	**1 555 636**	–
Deferred tax liability	**(355 297)**	(80 093)
Deferred tax comprises the following:		
– Recoupment of investment property-related allowances	**(93 967)**	(80 093)
– Revaluation of investment property	**(550 085)**	–
– Revaluation of investments	**1 457 103**	–
– Revaluation of derivatives	**196 878**	–
– Available losses	**190 410**	–
	1 200 339	(80 093)
Carrying amount at the beginning of the year	**(80 093)**	(48 103)
Acquisition – CEE	**–**	3 181
Currency translation adjustment	**(21 514)**	–
Charged to the statement of comprehensive income during the year (refer to note 18)	**1 301 946**	(35 474)
Charged to the statement of comprehensive income during the year – tax rate change	**–**	303
Carrying amount at the end of the year	**1 200 339**	(80 093)

The JSE removed Fortress' REIT status, effective 1 February 2023, after Fortress failed to comply with the minimum distribution requirements in terms of paragraph 13.47 of the JSE Listings Requirements to make annual distributions of a minimum of 75% of its distributable profit as defined. Fortress was unable to meet the 75% minimum distribution requirement due to the restrictive condition in the company's MOI, whereby the board of directors was not authorised to declare a dividend due to the distributable earnings being below the Fortress A benchmark for the 2022 financial period.

As a consequence of the loss of REIT status, effective 1 February 2023, Fortress is no longer subject to section 25BB of the Income Tax Act.

Accordingly, Fortress is from this date onwards liable for capital gains tax ("CGT") on the disposal of immovable property and certain shares and is entitled to claim capital allowances previously not available to a company with REIT status.

The effect thereof has resulted in significant deferred tax assets and liabilities being recognised during the 2023 financial year.

During the 2022 financial year, the company was only allowed to raise deferred tax on capital allowances claimed on investment property in respect of which future recoupments could result in tax payable.

Deferred tax is provided for at the below rates:

- 27% on derivatives and assessed losses available to the group for South African group companies (2022: 27% provided on investment property and derivatives for South African group companies);
- At an effective rate of 21,6% on investment property and in investments, after applying the 80% inclusion rate; and
- 19% for Polish subsidiaries and at 16% for Romanian subsidiaries.

A deferred taxation asset is recognised for assessed losses to the extent that it is probable that taxable profit will be available against which the assessed losses can be utilised.

Capital tax losses amounting to R1 467,6 million relating to derivative financial instruments were available for set-off against future non-property-related taxable capital gains in the 2022 financial year. The deferred tax asset in this regard was, however, not previously recognised as it was uncertain as to whether or not there would be any future non-property-related taxable gains which would allow the group to utilise the capital losses. This has subsequently been raised as a deferred tax asset at the effective CGT rate and will be applied to all capital gains in current and subsequent periods.

For the years of assessment ending on 31 March 2023 and later, the rate of corporate income tax payable is 27% (previously 28%). The company consequently applied the 27% company tax rate in determining the deferred tax amount.

14. Trade and other payables

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Trade and other payables include the following:				
Accrued expenses	**599 957**	689 189	**883**	847
Accrued capital expenditure	**22 887**	122 143		
Fair value of currency derivatives	**312 520**	150 141		
Fair value of interest rate derivatives	**3 370**	32 023		
Tenant deposits	**206 173**	166 497		
	1 144 907	1 159 993	**883**	847
Prepaid rentals	**27 025**	25 894		
VAT payable	**9 759**	45 976		
	1 181 691	1 231 863	**883**	847

The group makes use of derivative financial instruments to partially hedge its exposure to interest rate and currency risks.

These transactions are mark-to-market after initial recognition and any gains or losses arising are recognised in the statement of comprehensive income as fair value gains/(losses) on derivative financial instruments.

The fair values related to such contracts and commitments are determined on the same basis as described in the policy note for financial instruments and are reported on a gross basis in the statement of financial position as positive and negative replacement values to the extent that set-off is not required by IAS 32 *Financial Instruments: Presentation*.

15. Recoveries and contractual rental revenue

Recoveries and contractual rental revenue are made up as follows:

	GROUP	
	2023 R'000	2022 R'000
Contractual rental revenue	**2 787 082**	2 601 109
Contractual recoveries	**976 315**	897 714
	3 763 397	3 498 823

16. Revenue received from group companies

	COMPANY	
	2023 R'000	2022 R'000
Revenue received from group companies (while still a REIT up to 31 January 2023)		
Lodestone REIT Limited	**–**	10 669
Fortress Income 3 Proprietary Limited	**–**	24 459
Fortress Income 1 Proprietary Limited	**–**	2 453
Fortress Income 5 Proprietary Limited	**–**	8 815
Fortress Income 7 Proprietary Limited	**–**	832
Capital Property Fund Limited	**600 000**	1 586 835
	600 000	1 634 063
Revenue received from group companies (after loss of REIT status from 1 February 2023)		
Lodestone REIT Limited	**674 697**	–
Capital Property Fund Limited	**21 589 134**	–
	22 263 831	–
Total revenue received from group companies	**22 863 831**	1 634 063

17. Profit before income tax

17.1 Profit before income tax – disclosable items

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Profit before income tax is stated after charging:				
Auditor's remuneration				
– audit fee*	**(5 759)**	(4 583)	**(978)**	(511)
Directors' remuneration#				
– services as director (non-executive)	**(7 647)**	(7 167)	**(7 647)**	(7 166)
– other services (executive)$	**(29 726)**	(17 679)		
Amortisation of tenant installation	**(22 093)**	(21 521)		
Amortisation of letting commission	**(17 436)**	(17 765)		
Property administration fees	**(93 407)**	(84 506)		
Lease payments on premises	**(7 118)**	(7 206)		
Employee cost (excluding executive directors)	**(128 187)**	(132 756)		

* *The group and company audit fee includes an amount of R270 250 (2022: R526 189) for other assurance services.*

\# *Details of directors' remuneration are disclosed in note 29, which includes the economic remuneration earned by executive directors in respect of the LTIP.*

$ *Excludes remuneration relating to the LTIP, as LTIP awards are accounted for in terms of IFRS 2:* Share-based Payment, *with awards being valued by way of option valuation methodology and expensed over the vesting period (refer to note 20.4 for directors' participation in incentive schemes).*

17.2 Reconciliation of profit for the year to amount available for distribution*

	GROUP	
	Jun 2023 R'000	Jun 2022 R'000
Profit for the year	**5 888 003**	801 797
Fair value loss/(gain) on investment property	**742 379**	(223 601)
Fair value gain on investments	**(96 939)**	(48 790)
Fair value loss/(gain) on derivative financial instruments	**262 634**	(488 263)
Impairment of staff scheme loans	**6 594**	6 522
Insurance right to receive – capital	**1 492**	(246 702)
(Reversal of impairment)/impairment of investments in associates	**(2 371 817)**	2 338 164
Non-distributable income from associates	**(923 595)**	(346 720)
Interest received on LTIP (reversed for IFRS 2 charge)	**5 726**	3 590
IFRS 2: *Share-based Payment* – employee incentive scheme	**55 579**	49 177
Deferred tax	**(1 301 946)**	35 171
Income tax in respect of prior periods	**(168 054)**	2 229
Non-controlling interests	**(2 814)**	(8 269)
Unrealised exchange gain	**(4 111)**	–
Staff scheme interest limitation	**(32 296)**	(20 167)
Foreign dividend hedging	**79 484**	159 306
Interest rate derivatives	**(36 996)**	(234 669)
Capitalised interest limitation	**(306 056)**	(93 516)
NEPI Rockcastle collar – dividend protection	**–**	22 196
Amount available for distribution	**1 797 267**	1 707 455
Amount available for interim distribution – first income period	**800 947**	830 507
Amount available for final distribution – second income period	**996 320**	876 948
	1 797 267	1 707 455
Less: interim dividend declared	**–**	–
– FFA shares	**–**	–
– FFB shares	**–**	–
Less: final dividend declared	**–**	–
– FFA shares	**–**	–
– FFB shares	**–**	–
Amount available for distribution retained by Fortress	**1 797 267**	1 707 455

* *Not required disclosure per IFRS.*

17. Profit before income tax continued

17.2 Reconciliation of profit for the year to amount available for distribution continued

Dividend per share

The dividend per share relating to earnings for each six-month reporting period, declared post each six-month period-end, is presented below.

	Dividend per FFA share (cents)	Dividend per FFB share (cents)
Jun 2023	–	–
Dec 2022	–	–
Jun 2022	–	–
Dec 2021	–	–

The methodology applied in calculating the distributable income is consistent with that of the prior year.

17.3 Reconciliation of profit for the year to headline earnings

	GROUP	
	Audited for the year ended Jun 2023 R'000	Audited for the year ended Jun 2022 R'000
Basic earnings for the year attributable to equity holders	**5 917 362**	777 817
Adjusted for:	**(4 007 562)**	1 745 593
– Fair value loss/(gain) on investment property (including straight-lining adjustment)	**766 936**	(275 953)
– Current year income tax effects in respect of investment property	**(71 324)**	–
– Prior year income tax effects in respect of investment property	**497 462**	–
– (Reversal of impairment)/impairment of investment in associate	**(2 371 817)**	2 338 164
– 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)**	(355 795)
– Income tax effect	**133 265**	39 177
Headline earnings	**1 909 800**	2 523 410

Basic earnings, diluted earnings, headline earnings and diluted headline earnings attributable to the FFA and FFB classes of ordinary shares, respectively, are determined as follows for purposes of calculating earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share.

For each of the FFA and FFB classes of shares:

- Any dividends paid in the relevant financial period are first allocated to the relevant class of shares; and
- Thereafter, any residual basic earnings/(loss), diluted earnings/(loss), headline earnings/(loss) and diluted headline earnings/(loss) of the company, not yet allocated by way of dividends paid in the period, are allocated to each FFA and FFB share on a *pari passu* basis.

The application of IAS 33: *Earnings per Share*, paragraph A14, results in the allocation of earnings to each class of ordinary shares, firstly by the allocation of dividends paid in the financial period to a particular class of shares, and thereafter by the allocation of residual earnings by the participation feature of each class of shares, as if all the profit or loss for the period had been distributed. The Fortress MOI provides that other than (i) a distribution of income, if declared; (ii) capital participation rights on redemption of the FFA shares; or (iii) capital participation rights on winding up of the company, the FFA and FFB shares rank *pari passu*. Therefore, in the absence of events i, ii or iii, the *pari passu* principle for each FFA share and each FFB share has been applied as the participation feature in the allocation of any residual earnings/(loss).

It should be noted that the resultant basic earnings, diluted earnings, headline earnings and diluted headline earnings attributable to FFA and FFB shares, calculated in accordance with IAS 33.A14, do not represent distributable earnings, nor the FFA dividend benchmark.

17. Profit before income tax continued

17.4 Allocation of basic and headline earnings to FFA and FFB shares

	GROUP	
	Audited for the year ended Jun 2023 R'000	Restated* Audited for the year ended Jun 2022 R'000
Basic earnings for the year attributable to equity holders		
Dividends paid to FFA shareholders in the financial year	–	870 056^
Residual basic earnings/(loss) to be split *pari passu* per FFA and FFB share**	3 273 385	(51 015)
Total FFA basic earnings	3 273 385	819 041
Dividends paid to FFB shareholders in the financial year	–	–
Residual basic earnings/(loss) to be split *pari passu* per FFA and FFB share**	2 643 977	(41 224)
Total FFB basic earnings/(loss)	2 643 977	(41 224)
Total FFA and FFB basic earnings	5 917 362	777 817
Headline earnings for the year attributable to equity holders		
Dividends paid to FFA shareholders in the financial year	–	870 056^
Residual headline earnings to be split *pari passu* per FFA and FFB share**	1 056 469	914 427
Total FFA headline earnings	1 056 469	1 784 483
Dividends paid to FFB shareholders in the financial year	–	–
Residual headline earnings to be split *pari passu* per FFA and FFB share**	853 331	738 927
Total FFB headline earnings	853 331	738 927
Total FFA and FFB headline earnings	1 909 800	2 523 410

* *Refer to note 17.6: Restatement of earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share for details of the restatement.*

^ *Final dividend declared for 2H2021, paid in 1H2022.*

** *Residual value of earnings not distributed by way of a dividend is split on a* pari passu *basis between the total weighted average number of FFA shares and FFB shares in issue for the year.*

17. Profit before income tax continued

Allocation of diluted earnings and diluted headline earnings to FFA and FFB shares

	GROUP	
	Audited for the year ended Jun 2023 R'000	Restated* Audited for the year ended Jun 2022 R'000
Diluted earnings for the year attributable to equity holders		
Dividends paid to FFA shareholders in the financial year	–	870 056^
Residual diluted earnings/(loss) to be split *pari passu* per FFA and FFB share**	3 268 445	(50 953)
Total FFA diluted earnings	3 268 445	819 103
Dividends paid to FFB shareholders in the financial year	–	–
Residual diluted earnings/(loss) to be split *pari passu* per FFA and FFB share**	2 648 917	(41 286)
Total FFB diluted earnings/(loss)	2 648 917	(41 286)
Total FFA and FFB diluted earnings	5 917 362	777 817
Diluted headline earnings for the year attributable to equity holders		
Dividends paid to FFA shareholders in the financial year	–	870 056^
Residual diluted headline earnings to be split *pari passu* per FFA and FFB share**	1 054 875	913 323
Total FFA diluted headline earnings	1 054 875	1 783 379
Dividends paid to FFB shareholders in the financial year	–	–
Residual diluted headline earnings to be split *pari passu* per FFA and FFB share**	854 925	740 031
Total FFB diluted headline earnings	854 925	740 031
Total FFA and FFB diluted headline earnings	1 909 800	2 523 410

Basic earnings, diluted earnings, headline earnings and diluted headline earnings per share

	GROUP	
	Audited for the year ended Jun 2023 R'000	Restated* Audited for the year ended Jun 2022 R'000
Basic earnings per FFA share (cents)	281,92	70,33
Basic earnings/(loss) per FFB share (cents)	281,92	(4,38)
Diluted earnings per FFA share (cents)	279,51	70,07
Diluted earnings/(loss) per FFB share (cents)	279,51	(4,36)
Headline earnings per FFA share (cents)	90,99	153,24
Headline earnings per FFB share (cents)	90,99	78,52
Diluted headline earnings per FFA share (cents)	90,21	152,57
Diluted headline earnings per FFB share (cents)	90,21	78,13

* *Refer to note 17.6: Restatement of earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share for details of the restatement.*

^ *Final dividend declared for 2H2021, paid in 1H2022.*

** *Residual value of earnings not distributed by way of a dividend is split on a* pari passu *basis between the total diluted weighted average number of FFA shares and FFB shares in issue for the period.*

17. Profit before income tax continued

17.5 Weighted average number of shares

Basic earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share are based on the following weighted average shares in issue during the year:

	GROUP	
	2023	**2022**
Weighted average number of shares		
– FFA shares	**1 161 085 976**	1 164 536 717
– FFB shares	**937 831 685**	941 033 619
Total weighted average number of FFA and FFB shares used in basic and headline earnings per share calculations (applicable to the residual basic and headline earnings)	**2 098 917 661**	2 105 570 336
Diluted weighted average number of shares		
– FFA shares	**1 169 347 851**	1 168 927 203
– FFB shares	**947 699 938**	947 136 455
Total weighted average number of FFA and FFB shares used in diluted earnings and diluted headline earnings per share calculations (applicable to the residual diluted earnings and diluted headline earnings)	**2 117 047 789**	2 116 063 658
Reconciliation of weighted average number of shares – FFA shares		
Weighted average number of shares used in calculation of basic and headline earnings per share	**1 161 085 976**	1 164 536 717
LTIP share scheme award – dilutive shares	**924 794**	1 395 830
CSP share scheme award – dilutive shares	**7 337 081**	2 994 656
Diluted weighted average number of shares used in calculation of diluted earnings and diluted headline earnings per share	**1 169 347 851**	1 168 927 203
Reconciliation of weighted average number of shares – FFB shares		
Weighted average number of shares used in calculation of basic and headline earnings per share	**937 831 685**	941 033 619
LTIP share scheme award – dilutive shares	**824 279**	520 659
CSP share scheme award – dilutive shares	**9 043 974**	5 582 177
Diluted weighted average number of shares used in calculation of diluted earnings and diluted headline earnings per share	**947 699 938**	947 136 455

17. Profit before income tax continued

17.6 Restatement of earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share

Earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share have been restated and are now calculated on the following basis, per IAS 33: *Earnings per Share*, paragraph A14, whereby the allocation of earnings to each class of ordinary shares is firstly by the allocation of dividends paid in the financial period to a particular class of shares, and thereafter by the allocation of residual earnings for a participation feature of each class of shares, as if all the profit or loss for the period had been distributed. The Fortress MOI provides that other than (i) a distribution of income, if declared, (ii) capital participation rights on redemption of the FFA shares; or (iii) capital participation rights on winding up of the company, the FFA and the FFB shares rank *pari passu*. Therefore, in the absence of events i, ii or iii, the *pari passu* principle for each FFA share and each FFB share has been applied as the participation feature in the allocation of any residual earnings/(loss).

	GROUP
	2022
Before change	
Basic earnings per FFA share (cents)	36,94
Basic earnings per FFB share (cents)	36,94
Diluted earnings per FFA share (cents)	36,76
Diluted earnings per FFB share (cents)	36,76
Headline earnings per FFA share (cents)	119,84
Headline earnings per FFB share (cents)	119,84
Diluted headline earnings per FFA share (cents)	119,25
Diluted headline earnings per FFB share (cents)	119,25
Change	
Change in basic earnings per FFA share (cents)	33,39
Change in basic earnings/(loss) per FFB share (cents)	(41,32)
Change in diluted earnings per FFA share (cents)	33,31
Change in diluted earnings/(loss) per FFB share (cents)	(41,12)
Change in headline earnings per FFA share (cents)	33,40
Change in headline earnings per FFB share (cents)	(41,32)
Change in diluted headline earnings per FFA share (cents)	33,32
Change in diluted headline earnings per FFB share (cents)	(41,12)
After change	
Basic earnings per FFA share (cents)	70,33
Basic loss per FFB share (cents)	(4,38)
Diluted earnings per FFA share (cents)	70,07
Diluted loss per FFB share (cents)	(4,36)
Headline earnings per FFA share (cents)	153,24
Headline earnings per FFB share (cents)	78,52
Diluted headline earnings per FFA share (cents)	152,57
Diluted headline earnings per FFB share (cents)	78,13

18. Income tax

	GROUP		COMPANY	
	2023 R'000	**2022 R'000**	**2023 R'000**	**2022 R'000**
Normal tax				
– Current tax	**(37 751)**	(7 900)	**(225 111)**	2 628
– Deferred tax	**1 301 946**	(35 171)	**–**	–
	1 264 195	(43 071)	**(225 111)**	2 628

18. Income tax continued

	GROUP		COMPANY	
	2023 %	2022 %	2023 %	2022 %
Standard tax rate - South Africa	**27,00**	28,00	**27,00**	28,00
Share of non-distributable post-acquisition profits of associates	**(5,28)**	(11,49)		
Section 25BB deduction	**–**	(28,83)	**–**	(28,00)
Tax-exempt items	**(1,26)**	45,95	**(5,74)**	–
Assessed losses utilised	**(0,18)**	–		
Exempt income – exempt foreign dividends	**(8,21)**	(28,03)		
Exempt income – exempt intragroup dividends			**(21,31)**	–
Income tax prior period under-provisions	**(3,63)**	–	**0,77**	–
Change in prior year estimate	**–**	0,41		
Other non-taxable income	**(0,27)**	–		
Non-deductible expenses	**0,12**	0,49	**0,08**	–
Tax deductions, not deducted in profit or loss	**(0,37)**	(4,02)		
Income received in advance	**0,16**	–		
Tax rate differential – CEE	**(0,71)**	2,62		
Initial raising of deferred tax	**(34,71)**	–		
Effective tax rate	**(27,34)**	5,10	**0,80**	–

In respect of the 2022 financial year, an amount of R195,0 million was recognised for income tax payable in respect of a subsidiary company's tax affairs for the 2018 year of assessment. Fortress was of the view that this tax would not be payable should its interpretation of certain provisions of the Income Tax Act, insofar as REITs are concerned, be correct. The matter was satisfactorily resolved with the South African Revenue Service during the current financial year, which resulted in a net refund of R198,0 million and the reversal of the R195,0 million provision.

For the years of assessment ending on 31 March 2023 and later, the rate of corporate income tax payable is 27% (previously 28%). The company consequently applied the 27% company tax rate in determining the income tax amount for the year ended 30 June 2023.

19. Notes to the statements of cash flows

19.1 Cash generated from/(utilised in) operations

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Profit before income tax	**4 623 808**	844 868	**28 204 228**	1 626 339
Adjusted for:				
Revenue received from group companies			**(22 863 831)**	(1 634 063)
Scrip dividend received	**(825 453)**	–		
Fair value loss/(gain) on investment property	**742 379**	(223 601)		
Fair value gain on investments	**(96 939)**	(48 790)		
Fair value loss/(gain) on derivative financial instruments	**262 634**	(488 263)		
Impairment of staff scheme loans	**6 594**	6 522	**5 160**	5 191
(Reversal of impairment)/impairment of investment in associate	**(2 371 817)**	2 338 164		
Unrealised foreign exchange gain	**(4 111)**	–		
IFRS 2: *Share-based Payment* – employee incentive scheme	**55 579**	49 177		
Reversal of impairment of investment in subsidiaries			**(5 991 694)**	(750 178)
Income from associates (non-distributable)	**(923 595)**	(346 720)		
Income from associates (distributable, non-cash)	**(58 051)**	(53 989)		
Interest on staff scheme and other interest received	**(63 253)**	(42 240)	**(387 740)**	(13 423)
Interest on borrowings	**1 531 736**	1 068 845	**1 020 664**	756 484
Capitalised interest	**(306 056)**	(93 516)		
Amortisation of tenant installation	**22 093**	21 521		
Amortisation of letting commission	**17 436**	17 765		
	2 612 984	3 049 743	**(13 213)**	(9 650)
Changes in working capital				
(Increase)/decrease in trade and other receivables	**(136 715)**	(212 161)	**5 762**	3 044
(Decrease)/increase in trade and other payables	**(183 898)**	193 425	**36**	(1 643)
	2 292 371	3 031 007	**(7 415)**	(8 249)

19. Notes to the statements of cash flows continued

19.2 Income tax (paid)/received

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Income tax payable at the beginning of the year	**(200 105)**	(188 820)	**–**	(6 219)
Charged to the statement of comprehensive income during the year	**(37 751)**	(7 900)	**(225 111)**	2 628
Income tax payable/(receivable) at the end of the year	**145 602**	200 105	**(832)**	–
	(92 254)	3 385	**(225 943)**	(3 591)

19.3 Net loans (to)/from subsidiaries advanced/(repaid)*

	COMPANY	
	2023 R'000	2022 R'000
Reconciliation of net loans (to)/from subsidiaries		
Balance of net loans from subsidiaries at the beginning of the year	**8 141 023**	9 031 492
Loans to group companies repaid/(advanced)*	**992 371**	(1 549 759)
Non-cash flow movements on loans to group companies	**(8 695 191)**	(49 177)
Loans from group companies advanced*	**2 893 743**	708 467
Non-cash flow movements on loans from group companies	**(13 568 641)**	–
Balance of net loans (to)/from subsidiaries at the end of the year	**(10 236 695)**	8 141 023

* *Loans to group companies repaid/(advanced) together with loans from group companies advanced, represent cash inflows and outflows and are reflected in the statement of cash flows as a net cash inflow/(outflow).*

19.4 Interest-bearing borrowings raised/(repaid)*

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Reconciliation of interest-bearing borrowings				
Balance of interest-bearing borrowings at the beginning of the year	**19 117 067**	16 573 043	**13 776 847**	11 413 331
Interest-bearing borrowings raised and drawn[$]	**7 000 815**	4 298 215	**849 551**	2 706 964
Interest-bearing borrowings repaid[#$]	**(7 202 802)**	(1 866 419)	**(4 935 950)**	(343 448)
Interest accrual adjustments	**16 762**	112 228		
Currency translation difference	**103 524**	–		
Balance of interest-bearing borrowings at the end of the year	**19 035 366**	19 117 067	**9 690 448**	13 776 847

[#] *Repayments during the year relate to both permanent repayments of interest-bearing borrowings and temporary repayments of access facilities and revolving credit facilities.*

[$] *Cash and facility management are maintained by way of a centralised treasury function. Interest-bearing borrowings raised and drawn together with interest-bearing borrowings repaid, represent cash inflows and outflows, respectively, in respect of the group and company's consolidated drawn facility pool. These items are reflected in the statement of cash flows as a net cash (outflow)/inflow.*

* *Notes 19.3 and 19.4 have been included in the annual financial statements along with comparatives for the first time to enhance disclosure.*

20. Employee incentive scheme

20.1 Conditional Share Plan ("CSP")

Shareholders approved the CSP in December 2019 in terms of which future awards to employees would be made. In accordance with the CSP, two awards were made during the 2023 financial period. The first award was made to executives, management and key staff in the amount of 2 382 752 FFA and 2 382 752 FFB CSP awards, while the second award was made to the executive and members of the executive committee based on a matching scheme in the amount of 504 654 FFA and 1 980 718 FFB CSP awards, whereby the participants would be required to use their after-tax bonus to acquire Fortress shares in the market. To the extent that these shares are still held three years later, Fortress would match the participant on a one-for-one basis. (Two awards were made during the 2022 financial period. The first award was made to management and key staff in the amount of 1 147 213 FFA and 1 147 213 FFB CSP awards, while the second award was made to executives and the company secretary under an extraordinary award in the amount of 5 379 919 FFA and 5 379 919 FFB CSP awards in October 2021.) The CSP was introduced with a view to addressing previous concerns raised by shareholders over the appropriateness of the group's historical share incentive schemes in aligning interests of management and shareholders.

In terms of the CSP rules, a maximum number of shares for any participant was set at 1% of FFA and/or FFB shares, whichever is lower. Although CSP rules limit maximum usage to 5% of FFA and/or FFB shares, whichever is lower, there is no limit on annual usage. CSP awards made to participants vest at the end of the third-year anniversary date of the award. A combination of financial and non-financial key performance indicators ("KPI") determine the number of shares to be issued to participants at vesting date. FFA and FFB shares are issued to participants at no consideration on vesting of CSP awards.

The FFA and FFB CSP awards were valued using the Black-Scholes option valuation model and management has applied its best estimates in determining the outcome of these respective financial and non-financial KPIs. The total expense relating to the CSP recognised during the 2023 financial year in terms of IFRS 2 amounted to R44,4 million (2022: R26,7 million).

	GROUP			
	2023 FFA shares	2023 FFB shares	2022 FFA shares	2022 FFB shares
Valuation inputs for determination of fair value at grant date				
Implied strike price	**–**	**–**	–	–
Share price at transaction date	**9,70**	**4,06**	13,89	2,45
Risk-free rate (%)	**9,38**	**9,38**	7,50	7,50
Dividend yield (%)	**0,00**	**0,00**	12,00	12,00
Volatility (%)	**30,00**	**45,00**	30,00	60,00
Maturity	**30 Sep 2025**	**30 Sep 2025**	30 Sep 2024	30 Sep 2024
Management assessment of KPI achievement: ordinary award (%)	**50,00**	**50,00**	50,00	50,00
Management assessment of KPI achievement: matching award (%)	**100,00**	**100,00**		
Management assessment of KPI achievement: extraordinary award (%)			100,00	100,00
Option value: ordinary award	**9,70**	**4,06**	9,69	1,71
Option value: matching award	**9,70**	**4,06**		
Option value: extraordinary award			9,69	1,71

20.2 LTIP and Short-term Incentive Plan ("STIP") Share Scheme

The LTIP and STIP Share Scheme was approved by shareholders at the AGM held in November 2017 and has subsequently been replaced with the CSP. Accordingly, no further awards will be made under the LTIP and STIP Share Scheme.
The LTIP and STIP Share Scheme consists of the Award Share Scheme and the Purchase Share Scheme.

In terms of the rules of the LTIP and STIP Share Scheme, the maximum number of shares which may be granted to the participants shall be limited to 10 million FFA shares and 10 million FFB shares. Shares were awarded to participants under the LTIP Award Share Scheme ("Award Shares") and the LTIP Purchase Share Scheme ("Purchase Shares") during the years ended 30 June 2020 and 30 June 2019, with no awards being made under the STIP Share Scheme during these years. No awards were made under the LTIP Scheme or STIP Share Scheme during the year ended 30 June 2018. Shares awarded under the LTIP Award Share Scheme and LTIP Purchase Share Scheme, prior to vesting thereof, are subject to the relevant participant being in the employ of the group.

The total expense relating to the LTIP Scheme, recognised during the 2023 financial year in terms of IFRS 2, amounts to R11,2 million (2022: R22,4 million) details of which are disclosed as follows.

20. Employee incentive scheme continued

20.2 LTIP and Short-term Incentive Plan ("STIP") Share Scheme continued

20.2.1 LTIP Award Share Scheme: equity-settled share-based payment

During the year ended 30 June 2023, nil (2022: nil) FFA shares and nil (2022: nil) FFB shares were issued to staff under the LTIP Award Share Scheme.

Shares awarded under the LTIP Award Share Scheme are issued to participants at no consideration. The shares awarded in the 2020 financial year vest in four equal tranches per year, over four years, commencing on 30 October 2020 (i.e. 25% of the shares awarded vest in each year). Shares awarded during the 2019 financial year vest in five equal tranches per year, over five years, commencing on 30 October 2019 (i.e. 20% of the shares awarded vest in each year). The shares awarded entitle the participants to dividends and voting rights from the award date.

Shares awarded to participants in terms of the LTIP Award Share Scheme have been valued at the 30-day VWAP per share at award date, with the value of each tranche of shares being expensed over the vesting period of the relevant tranche.

	2023		2022	
	Number of FFA shares	Number of FFB shares	Number of FFA shares	Number of FFB shares
Reconciliation of shares – LTIP Award Share Scheme				
Total unvested shares at the beginning of the year	**2 077 046**	**2 077 046**	3 115 570	3 115 570
Shares awarded during the year	**–**	**–**	–	–
Shares vested during the year	**(1 038 524)**	**(1 038 524)**	(1 038 524)	(1 038 524)
Shares forfeited during the year	**–**	**–**	–	–
Total unvested shares at the end of the year	**1 038 522**	**1 038 522**	2 077 046	2 077 046
Average remaining vesting period	**0,33 years**	**0,33 years**	0,83 years	0,83 years

It is anticipated that all unvested shares in the LTIP Award Share Scheme at the end of the year will vest during the vesting period.

	2023		2022	
	FFA shares	FFB shares	FFA shares	FFB shares
Valuation inputs for determination of fair value at grant date				
Dec 2019 award: 30-day VWAP on award date (value per share awarded)	**R20,55**	**R8,62**	R20,55	R8,62
Oct 2018 award: 30-day VWAP on award date (value per share awarded)	**R16,93**	**R15,22**	R16,93	R15,22

20.2.2 LTIP Purchase Share Scheme: equity-settled share-based payment

During the year ended 30 June 2023, nil (2022: nil) FFA shares and nil (2022: nil) FFB shares were issued under the LTIP Purchase Share Scheme.

Purchase offers made to relevant participants in terms of this scheme allow the participants to elect to acquire shares at the 30-day VWAP on the trading day immediately before the offer date, with loan funding being granted by the group to participants to enable them to acquire the Purchase Shares. The Purchase Shares awarded in the 2020 financial year vest in four equal tranches, over four years, commencing on 30 October 2020 (i.e. 25% of the shares awarded vest in each year). The Purchase Shares awarded in the 2019 financial year vest in five equal tranches, over five years, commencing on 30 October 2019 (i.e. 20% of the shares awarded vest in each year).

Loans advanced to participants under the LTIP Purchase Share Scheme bear interest at the official rate as defined in the Income Tax Act and are repayable no later than seven years from the offer date. Dividends received on the shares, net of tax, shall be applied to the interest and capital of the loan outstanding. Should the dividends be less than the accrued interest up to the distribution date, the participant shall settle the accrued interest component.

The Purchase Scheme Shares have been valued using a Black-Scholes option pricing model at offer date, with the value of each tranche of shares being expensed over the vesting period of the relevant tranche.

20. Employee incentive scheme continued

20.2 LTIP and Short-term Incentive Plan ("STIP") Share Scheme continued

20.2.2 LTIP Purchase Share Scheme: equity-settled share-based payment continued

	2023		2022	
	Number of FFA shares	Number of FFB shares	Number of FFA shares	Number of FFB shares
Reconciliation of shares – LTIP Purchase Share Scheme				
Total unvested shares at the beginning of the year	**930 450**	**930 450**	1 395 675	1 395 675
Shares vested during the year	**(465 225)**	**(465 225)**	(465 225)	(465 225)
Total unvested shares at the end of the year	**465 225**	**465 225**	930 450	930 450
Average remaining vesting period	**0,33 years**	**0,33 years**	0,83 years	0,83 years

It is anticipated that all unvested shares in the LTIP Purchase Share Scheme at the end of the year will vest during the vesting period.

	Dec 2019 award		Oct 2018 award	
	FFA shares	FFB shares	FFA shares	FFB shares
Valuation inputs for determination of fair value at grant date				
Strike price	R20,55	R8,62	R16,93	R15,22
Share price at offer date	R20,55	R8,62	R16,93	R15,22
Risk-free rate	8,38%	8,38%	7,00%	7,00%
Dividend yield	7,50%	17,40%	8,80%	11,80%
Volatility	20,00%	35,00%	22,00%	33,00%
Remaining term	1 – 4 years	1 – 4 years	1 – 5 years	1 – 5 years
Option value per share	R1,60 – R2,64 (applicable to each tranche)	R0,67 – R0,75 (applicable to each tranche)	R1,23 – R1,74 (applicable to each tranche)	R1,50 – R1,75 (applicable to each tranche)

Volatility used in the option valuation is the expected future volatility in the FFA and FFB share price, with reference to historical volatility.

20.3 Previous Fortress Share Purchase Trust ("Trust")

	2023		2022	
	Number of FFA shares	Number of FFB shares	Number of FFA shares	Number of FFB shares
Maximum shares available to the Trust in terms of the Trust deed	**90 000 000**	**90 000 000**	90 000 000	90 000 000
Issued to the Trust through loan account	**(6 890 000)**	**(6 890 000)**	(6 890 000)	(6 890 000)
Previously issued to the Trust, repaid and not available for reissue	**(80 000 000)**	**(80 000 000)**	(80 000 000)	(80 000 000)
Shares available but unissued	**3 110 000**	**3 110 000**	3 110 000	3 110 000

The table above refers to the previous Trust scheme. As disclosed at 30 June 2018, no further issuances of shares will be undertaken under the previous Trust scheme and the disclosure above excludes shares taken over from the Capital Share Purchase Scheme and the loans to staff who joined from the Resilient scheme.

The participants in the Trust carry the risk associated with the shares issued to them and the loans are full recourse loans.

20. Employee incentive scheme continued

20.4 Details of directors' participation in incentive schemes

20.4.1 LTIP Award Share Scheme – directors' participation

The following FFA shares and FFB shares were awarded to directors under the LTIP Award Share Scheme in December 2019 and October 2018. During the 2023 financial year, the third tranche of the December 2019 award vested as well as the fourth tranche of the October 2018 award (2022: the second tranche of the December 2019 award vested as well as the third tranche of the October 2018 award). Shares awarded under this scheme are awarded at no consideration and the strike price is therefore noted as Rnil.

	2023						
	Opening balance – unvested shares	Number of shares awarded during the year	Strike price/ consi-deration for Award Shares Rand	Vesting dates	Number of shares vested during the year	Share price at vesting date Rand	Closing balance – unvested shares
FFA shares							
Steven Brown							
– Nov 2019 award	**36 000**	**–**	**–**	**Oct 2020 – Oct 2023**	**18 000**	**10,33**	**18 000**
– Oct 2018 award	**71 680**	**–**	**–**	**Oct 2019 – Oct 2023**	**35 840**	**10,33**	**35 840**
Ian Vorster							
– Nov 2019 award	**29 150**	**–**	**–**	**Oct 2020 – Oct 2023**	**14 575**	**10,33**	**14 575**
– Oct 2018 award	**21 160**	**–**	**–**	**Oct 2019 – Oct 2023**	**10 580**	**10,33**	**10 580**
Donnovan Pydigadu							
– Nov 2019 award	**29 150**	**–**	**–**	**Oct 2020 – Oct 2023**	**14 575**	**10,33**	**14 575**
– Oct 2018 award	**57 320**	**–**	**–**	**Oct 2019 – Oct 2023**	**28 660**	**10,33**	**28 660**
Vuso Majija							
– Nov 2019 award	**29 150**	**–**	**–**	**Oct 2020 – Oct 2023**	**14 575**	**10,33**	**14 575**
– Oct 2018 award	**59 720**	**–**	**–**	**Oct 2019 – Oct 2023**	**29 860**	**10,33**	**29 860**
FFB shares							
Steven Brown							
– Nov 2019 award	**36 000**	**–**	**–**	**Oct 2020 – Oct 2023**	**18 000**	**4,23**	**18 000**
– Oct 2018 award	**71 680**	**–**	**–**	**Oct 2019 – Oct 2023**	**35 840**	**4,23**	**35 840**
Ian Vorster							
– Nov 2019 award	**29 150**	**–**	**–**	**Oct 2020 – Oct 2023**	**14 575**	**4,23**	**14 575**
– Oct 2018 award	**21 160**	**–**	**–**	**Oct 2019 – Oct 2023**	**10 580**	**4,23**	**10 580**
Donnovan Pydigadu							
– Nov 2019 award	**29 150**	**–**	**–**	**Oct 2020 – Oct 2023**	**14 575**	**4,23**	**14 575**
– Oct 2018 award	**57 320**	**–**	**–**	**Oct 2019 – Oct 2023**	**28 660**	**4,23**	**28 660**
Vuso Majija							
– Nov 2019 award	**29 150**	**–**	**–**	**Oct 2020 – Oct 2023**	**14 575**	**4,23**	**14 575**
– Oct 2018 award	**59 720**	**–**	**–**	**Oct 2019 – Oct 2023**	**29 860**	**4,23**	**29 860**

20. Employee incentive scheme continued

20.4 Details of directors' participation in incentive schemes continued

20.4.1 LTIP Award Share Scheme – directors' participation continued

	2022						
	Opening balance – unvested shares	Number of shares awarded during the year	Strike price/ consi-deration for Award Shares Rand	Vesting dates	Number of shares vested during the year	Share price at vesting date Rand	Closing balance – unvested shares
FFA shares							
Steven Brown							
– Nov 2019 award	54 000	–	–	Oct 2020 – Oct 2023	18 000	13,3	36 000
– Oct 2018 award	107 520	–	–	Oct 2019 – Oct 2023	35 840	13,3	71 680
Ian Vorster							
– Nov 2019 award	43 725	–	–	Oct 2020 – Oct 2023	14 575	13,3	29 150
– Oct 2018 award	31 740	–	–	Oct 2019 – Oct 2023	10 580	13,3	21 160
Donnovan Pydigadu							
– Nov 2019 award	43 725	–	–	Oct 2020 – Oct 2023	14 575	13,3	29 150
– Oct 2018 award	85 980	–	–	Oct 2019 – Oct 2023	28 660	13,3	57 320
Vuso Majija							
– Nov 2019 award	43 725	–	–	Oct 2020 – Oct 2023	14 575	13,3	29 150
– Oct 2018 award	89 580	–	–	Oct 2019 – Oct 2023	29 860	13,3	59 720
FFB shares							
Steven Brown							
– Nov 2019 award	54 000	–	–	Oct 2020 – Oct 2023	18 000	2,46	36 000
– Oct 2018 award	107 520	–	–	Oct 2019 – Oct 2023	35 840	2,46	71 680
Ian Vorster							
– Nov 2019 award	43 725	–	–	Oct 2020 – Oct 2023	14 575	2,46	29 150
– Oct 2018 award	31 740	–	–	Oct 2019 – Oct 2023	10 580	2,46	21 160
Donnovan Pydigadu							
– Nov 2019 award	43 725	–	–	Oct 2020 – Oct 2023	14 575	2,46	29 150
– Oct 2018 award	85 980	–	–	Oct 2019 – Oct 2023	28 660	2,46	57 320
Vuso Majija							
– Nov 2019 award	43 725	–	–	Oct 2020 – Oct 2023	14 575	2,46	29 150
– Oct 2018 award	89 580	–	–	Oct 2019 – Oct 2023	29 860	2,46	59 720

20. Employee incentive scheme continued

20.4 Details of directors' participation in incentive schemes continued

20.4.2 LTIP Purchase Share Scheme – directors' participation

The following FFA shares and FFB shares were awarded to directors under the LTIP Purchase Share Scheme in December 2019 and October 2018. During the 2023 financial year, the third tranche of the December 2019 award vested as well as the fourth tranche of the October 2018 award (2022: the second tranche of the December 2019 award vested as well as the third tranche of the October 2018 award). Shares acquired by participants under this scheme are acquired on the basis that loans are advanced by Fortress to participants for the purchase price of the shares taken up, being the 30-day VWAP at the offer date. Shares awarded under this scheme are valued as options, with an expense being recognised over the vesting period. The strike price is therefore noted as the purchase price of the shares, which is loan-funded at issue date. Beneficial ownership of LTIP Purchase Scheme Shares only transfers on settlement of associated vesting tranches debt.

	2023						
	Opening balance – unvested shares	Number of shares awarded during the year	Strike price for Purchase Shares Rand	Vesting dates	Number of shares vested during the year	Share price at vesting date Rand	Closing balance – unvested shares
FFA shares							
Steven Brown							
– Nov 2019 award	**36 000**	**–**	**20,55**	**Oct 2020 – Oct 2023**	**18 000**	**10,33**	**18 000**
– Oct 2018 award	**215 000**	**–**	**16,93**	**Oct 2019 – Oct 2023**	**107 500**	**10,33**	**107 500**
Ian Vorster							
– Nov 2019 award	**29 150**	**–**	**20,55**	**Oct 2020 – Oct 2023**	**14 575**	**10,33**	**14 575**
– Oct 2018 award	**21 160**	**–**	**16,93**	**Oct 2019 – Oct 2023**	**10 580**	**10,33**	**10 580**
Vuso Majija							
– Oct 2018 award	**59 720**	**–**	**16,93**	**Oct 2019 – Oct 2023**	**29 860**	**10,33**	**29 860**
FFB shares							
Steven Brown							
– Nov 2019 award	**36 000**	**–**	**8,62**	**Oct 2020 – Oct 2023**	**18 000**	**4,23**	**18 000**
– Oct 2018 award	**215 000**	**–**	**15,22**	**Oct 2019 – Oct 2023**	**107 500**	**4,23**	**107 500**
Ian Vorster							
– Nov 2019 award	**29 150**	**–**	**8,62**	**Oct 2020 – Oct 2023**	**14 575**	**4,23**	**14 575**
– Oct 2018 award	**21 160**	**–**	**15,22**	**Oct 2019 – Oct 2023**	**10 580**	**4,23**	**10 580**
Vuso Majija							
– Oct 2018 award	**59 720**	**–**	**15,22**	**Oct 2019 – Oct 2023**	**29 860**	**4,23**	**29 860**

20. Employee incentive scheme continued

20.4 Details of directors' participation in incentive schemes continued

20.4.2 LTIP Purchase Share Scheme – directors' participation continued

	2022						
	Opening balance – unvested shares	Number of shares awarded during the year	Strike price for Purchase Shares Rand	Vesting dates	Number of shares vested during the year	Share price at vesting date Rand	Closing balance – unvested shares
FFA shares							
Steven Brown							
– Nov 2019 award	54 000	–	20,55	Oct 2020 – Oct 2023	18 000	13,33	36 000
– Oct 2018 award	322 500	–	16,93	Oct 2019 – Oct 2023	107 500	13,33	215 000
Ian Vorster							
– Nov 2019 award	43 725	–	20,55	Oct 2020 – Oct 2023	14 575	13,33	29 150
– Oct 2018 award	31 740	–	16,93	Oct 2019 – Oct 2023	10 580	13,33	21 160
Vuso Majija							
– Oct 2018 award	89 580	–	16,93	Oct 2019 – Oct 2023	29 860	13,33	59 720
FFB shares							
Steven Brown							
– Nov 2019 award	54 000	–	8,62	Oct 2020 – Oct 2023	18 000	2,46	36 000
– Oct 2018 award	322 500	–	15,22	Oct 2019 – Oct 2023	107 500	2,46	215 000
Ian Vorster							
– Nov 2019 award	43 725	–	8,62	Oct 2020 – Oct 2023	14 575	2,46	29 150
– Oct 2018 award	31 740	–	15,22	Oct 2019 – Oct 2023	10 580	2,46	21 160
Vuso Majija							
– Oct 2018 award	89 580	–	15,22	Oct 2019 – Oct 2023	29 860	2,46	59 720

LTIP Purchase Share Scheme – loans to directors

Details of loans granted to directors in respect of the LTIP Purchase Share Scheme are disclosed below. In terms of IFRS 2: *Share-based Payment*, share issuances under the LTIP Purchase Share Scheme are treated as shares issued at no value, with the corresponding loan receivable from the scheme participants not being recognised. However, paragraph 3.63(b)(ix) of the JSE Listings Requirements requires disclosure of these loans.

	GROUP	
	2023 R'000	2022 R'000
LTIP loans granted to directors – Oct 2018 award: FFA shares		
Balance of loan receivable at the end of the year		
Steven Brown	**9 776**	9 100
Ian Vorster	**846**	788
Vuso Majija	**2 761**	2 570
	13 383	12 458

These loans bear interest at the official rate as defined in the Income Tax Act, being 9,25% (2022: 5,75%) at year-end and are repayable by October 2025, being seven years from grant date. Each loan is secured by the FFA shares issued to each director under the LTIP Purchase Share Scheme award for October 2018, as disclosed above.

20. Employee incentive scheme continued

20.4 Details of directors' participation in incentive schemes continued

20.4.2 LTIP Purchase Share Scheme – directors' participation continued

	GROUP	
	2023 R'000	2022 R'000
LTIP loans granted to directors – Oct 2018 award: FFB shares		
Balance of loan receivable at the end of the year		
Steven Brown	**9 949**	9 261
Ian Vorster	**979**	911
Vuso Majija	**2 763**	2 573
	13 691	12 745

These loans bear interest at the official rate as defined in the Income Tax Act, being 9,25% (2022: 5,75%) at year-end and are repayable by October 2025, being seven years from grant date. Each loan is secured by the FFB shares issued to each director under the LTIP Purchase Share Scheme award for October 2018, as disclosed above.

	GROUP	
	2023 R'000	2022 R'000
LTIP loans granted to directors – Dec 2019 award: FFA shares		
Balance of loan receivable at the end of the year		
Steven Brown	**1 805**	1 681
Ian Vorster	**1 462**	1 361
	3 267	3 042

These loans bear interest at the official rate as defined in the Income Tax Act, being 9,25% (2022: 5,75%) at year-end and are repayable by December 2026, being seven years from grant date. Each loan is secured by the FFA shares issued to each director under the LTIP Purchase Share Scheme award for December 2019, as disclosed above.

	GROUP	
	2023 R'000	2022 R'000
LTIP loans granted to directors – Dec 2019 award: FFB shares		
Balance of loan receivable at the end of the year		
Steven Brown	**757**	705
Ian Vorster	**613**	571
	1 370	1 276

These loans bear interest at the official rate as defined in the Income Tax Act, being 9,25% (2022: 5,75%) at year-end and are repayable by December 2026, being seven years from grant date. Each loan is secured by the FFB shares issued to each director under the LTIP Purchase Share Scheme award for December 2019, as disclosed above.

20. Employee incentive scheme continued

20.4 Details of directors' participation in incentive schemes continued

20.4.3 Previous Fortress Share Purchase Trust – directors' participation

Details of the allocations of shares to directors on which debt remained outstanding at 30 June 2023, in terms of the previous long-term incentive scheme, are as follows:

	2023				
	Number of shares issued	Date of issue	Issue price Rand	Loan receivable (capital outstanding) recorded in the Trust R'000	Loan receivable (capital outstanding and accrued interest) recorded in the Trust R'000
FFB shares					
Steven Brown	175 000	*	27,57	4 825	
	300 000	8 Dec 2015	35,05	10 515	
	250 000	12 Dec 2016	32,36	8 090	
Total loan receivable (capital outstanding and accrued interest)					30 224
Vuso Majija	40 000	26 Nov 2013	8,70	348	
	40 000	2 Apr 2014	9,01	360	
	120 300	27 Nov 2014	14,30	1 720	
	100 000	12 Dec 2016	32,36	3 236	
Total loan receivable (capital outstanding and accrued interest)					6 851

* *Taken over from the Capital Share Purchase Scheme.*

These loans bear interest at the official rate as defined in the Income Tax Act, being 9,25% (2022: 5,75%) at year-end and are repayable within 10 years from grant date. Each loan is secured by the FFB shares issued to each director as disclosed above.

Details of the allocations of shares to directors on which debt remained outstanding at 30 June 2022, in terms of the previous long-term incentive scheme, are as follows:

	2022				
	Number of shares issued	Date of issue	Issue price Rand	Loan receivable (capital outstanding) recorded in the Trust R'000	Loan receivable (capital outstanding and accrued interest) recorded in the Trust R'000
FFB shares					
Steven Brown	175 000	*	27,57	4 825	
	300 000	8 Dec 2015	35,05	10 515	
	250 000	12 Dec 2016	32,36	8 090	
Total loan receivable (capital outstanding and accrued interest)					28 316
Vuso Majija	40 000	26 Nov 2013	8,70	348	
	40 000	2 Apr 2014	9,01	360	
	120 300	27 Nov 2014	14,30	1 720	
	100 000	12 Dec 2016	32,36	3 236	
Total loan receivable (capital outstanding and accrued interest)					6 378

* *Taken over from the Capital Share Purchase Scheme.*

These loans bear interest at the official rate as defined in the Income Tax Act, being 9,25% (2022: 5,75%) at year-end and are repayable within 10 years from grant date. Each loan is secured by the FFB shares issued to each director as disclosed above.

20. Employee incentive scheme continued

20.4 Details of directors' participation in incentive schemes continued

20.4.4 CSP – directors' participation

The following FFA and FFB CSP awards were awarded to directors in October 2022, October 2021 and October 2020. When shares are issued at vesting under the CSP, this is at no consideration and the strike price is therefore noted as Rnil.

	2023						
	Opening balance – unvested awards	Number of share awards during the year	Strike price/ consi-deration for Award Shares Rand	Vesting dates	Number of shares vested during the year	Share price at vesting date Rand	Closing balance – unvested shares
FFA CSP awards							
Steven Brown							
– Oct 2022 award		569 261		Sep 2025	–	–	569 261
– Oct 2021 award	984 010	–		Sep 2024	–	–	984 010
– Oct 2020 award	414 898	–	–	Sep 2023	–	–	414 898
Ian Vorster							
– Oct 2022 award		397 865		Sep 2025	–	–	397 865
– Oct 2021 award	768 758	–		Sep 2024	–	–	768 758
– Oct 2020 award	254 462	–	–	Sep 2023	–	–	254 462
Donnovan Pydigadu							
– Oct 2022 award		303 675		Sep 2025	–	–	303 675
– Oct 2021 award	615 006	–		Sep 2024	–	–	615 006
– Oct 2020 award	229 016	–	–	Sep 2023	–	–	229 016
Vuso Majija							
– Oct 2022 award		342 829		Sep 2025	–	–	342 829
– Oct 2021 award	707 257	–		Sep 2024	–	–	707 257
– Oct 2020 award	232 242	–	–	Sep 2023	–	–	232 242
FFB CSP awards							
Steven Brown							
– Oct 2022 award		706 711					706 711
– Oct 2021 award	984 010	–		Sep 2024	–	–	984 010
– Oct 2020 award	414 898	–	–	Sep 2023	–	–	414 898
Ian Vorster							
– Oct 2022 award		520 455					520 455
– Oct 2021 award	768 758	–		Sep 2024	–	–	768 758
– Oct 2020 award	254 462	–	–	Sep 2023	–	–	254 462
Donnovan Pydigadu							
– Oct 2022 award		346 910					346 910
– Oct 2021 award	615 006	–		Sep 2024	–	–	615 006
– Oct 2020 award	229 016	–	–	Sep 2023	–	–	229 016
Vuso Majija							
– Oct 2022 award		454 510					454 510
– Oct 2021 award	707 257	–		Sep 2024	–	–	707 257
– Oct 2020 award	232 242	–	–	Sep 2023	–	–	232 242

20. Employee incentive scheme continued

20.4 Details of directors' participation in incentive schemes continued

20.4.4 CSP – directors' participation continued

The following FFA and FFB CSP awards were awarded to directors in October 2021 and October 2020. When shares are issued at vesting under the CSP, this is at no consideration and the strike price is therefore noted as Rnil.

	2022						
	Opening balance – unvested awards	Number of share awards during the year	Strike price/ consi-deration for Award Shares Rand	Vesting dates	Number of shares vested during the year	Share price at vesting date Rand	Closing balance – unvested shares
FFA CSP awards							
Steven Brown							
– Oct 2021 award		984 010		Sep 2024	–	–	984 010
– Oct 2020 award	414 898	–	–	Sep 2023	–	–	414 898
Ian Vorster							
– Oct 2021 award		768 758		Sep 2024	–	–	768 758
– Oct 2020 award	254 462	–	–	Sep 2023	–	–	254 462
Donnovan Pydigadu							
– Oct 2021 award		615 006		Sep 2024	–	–	615 006
– Oct 2020 award	229 016	–	–	Sep 2023	–	–	229 016
Vuso Majija							
– Oct 2021 award		707 257		Sep 2024	–	–	707 257
– Oct 2020 award	232 242	–	–	Sep 2023	–	–	232 242
FFB CSP awards							
Steven Brown							
– Oct 2021 award		984 010		Sep 2024	–	–	984 010
– Oct 2020 award	414 898	–	–	Sep 2023	–	–	414 898
Ian Vorster							
– Oct 2021 award		768 758		Sep 2024	–	–	768 758
– Oct 2020 award	254 462	–	–	Sep 2023	–	–	254 462
Donnovan Pydigadu							
– Oct 2021 award		615 006		Sep 2024	–	–	615 006
– Oct 2020 award	229 016	–	–	Sep 2023	–	–	229 016
Vuso Majija							
– Oct 2021 award		707 257		Sep 2024	–	–	707 257
– Oct 2020 award	232 242	–	–	Sep 2023	–	–	232 242

21. Capital commitments

	GROUP	
	2023 R'000	2022 R'000
Approved and contracted for	**1 524 840**	1 223 481
Approved, but not contracted for	**1 328 786**	665 873
	2 853 626	1 889 354

The commitments relate to property acquisitions, developments and extensions to properties and will be funded by borrowings.

22. Contingent liabilities

Contingent liabilities exist in respect of guarantees provided by Fortress in favour of Rand Merchant Bank to a maximum of R270,0 million, in respect of loan funding provided by Rand Merchant Bank to both Fortress Empowerment 1 and Fortress Empowerment 3. Refer to note 9.

23. Contractual rental income

Contractual rental revenue receivable from tenants can be analysed as follows:

	GROUP	
	2023 R'000	2022 R'000
Within one year	**2 518 653**	2 211 350
Within two to five years	**6 050 756**	4 757 759
More than five years	**5 412 677**	1 800 212
	13 982 086	8 769 321

24. Segmental reporting

24.1 Segmental statement of financial position at 30 June 2023

	GROUP							
	Retail R'000	Logistics – SA R'000	Logistics – CEE R'000	Industrial R'000	Office R'000	Other** R'000	Corporate R'000	Total R'000
Investment property and investment property under development	9 347 473	15 363 660	2 871 891	3 227 461	1 596 264	350 000		32 756 749
Property					25 326			25 326
Investment in and loans to associates	769 335						16 800 971*	17 570 306
Staff scheme loans							66 935	66 935
Investment in BEE preference shares							324 842	324 842
Non-current assets held for sale		12 500		82 650				95 150
Trade and other receivables	92 295	116 211	14 530	56 816	35 731	1 130	1 317 665	1 634 378
Cash and cash equivalents							208 451	208 451
Deferred tax							1 555 636	1 555 636
Total assets	10 209 103	15 492 371	2 886 421	3 366 927	1 657 321	351 130	20 274 500	54 237 773

* *Associate based in Europe.*
** *Other includes residential units and serviced apartment properties.*

24.2 Segmental statement of financial position at 30 June 2022

	GROUP							
	Retail R'000	Logistics – SA R'000	Logistics – CEE R'000	Industrial R'000	Office R'000	Other** R'000	Corporate R'000	Total R'000
Investment property and investment property under development	9 223 718	13 096 231	2 077 451	3 580 371	1 870 340	380 500		30 228 611
Property					25 778			25 778
Investment in and loans to associates	734 067						12 541 726*	13 275 793
Staff scheme loans							46 961	46 961
Investment in BEE preference shares							227 902	227 902
Non-current assets held for sale	208 780	930 631		128 370	21 390	117 500		1 406 671
Trade and other receivables	140 772	162 750	9 900	42 896	35 336	4 898	1 286 960	1 683 512
Cash and cash equivalents							693 601	693 601
Total assets	10 307 337	14 189 612	2 087 351	3 751 637	1 952 844	502 898	14 797 150	47 588 829

* *Associate based in Europe.*
** *Other includes a hotel, residential units and serviced apartment properties.*

24. Segmental reporting continued

24.3 Segmental statement of comprehensive income for the year ended 30 June 2023

	GROUP							
	Retail R'000	Logistics – SA R'000	Logistics – CEE R'000	Industrial R'000	Office R'000	Other** R'000	Corporate R'000	Total R'000
Recoveries and contractual rental revenue	1 395 896	1 295 531	164 029	600 209	241 702	66 030		3 763 397
Straight-lining of rental revenue adjustment	(11 438)	34 651	(1 685)	4 636	(1 848)	241		24 557
Revenue from direct property operations	1 384 458	1 330 182	162 344	604 845	239 854	66 271		3 787 954
Total revenue	1 384 458	1 330 182	162 344	604 845	239 854	66 271		3 787 954
Other expenses	(1 492)							(1 492)
Fair value loss on investment property net of adjustment resulting from straight-lining of rental revenue	(66 419)	(435 208)	29 332	(84 293)	(191 158)	(19 190)		(766 936)
Fair value gain on investments							96 939	96 939
Fair value loss on derivative financial instruments							(262 634)	(262 634)
Property operating expenses	(575 174)	(393 163)	(63 528)	(328 028)	(160 813)	(24 405)		(1 545 111)
Administrative expenses							(222 178)	(222 178)
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 investments in associates							2 371 817	2 371 817
Foreign exchange gain			2 768					2 768
Income from associates	77 284						2 309 997*	2 387 281
Net finance costs							(1 162 427)	(1 162 427)
Income tax							1 264 195	1 264 195
Total segment result	818 657	501 811	130 916	192 524	(112 117)	22 676	4 333 536	5 888 003

* *Associate based in Europe.*
** *Other includes a hotel, residential units and serviced apartment properties.*

24. Segmental reporting continued

24.4 Segmental statement of comprehensive income for the year ended 30 June 2022

	GROUP							
	Retail R'000	Logistics – SA R'000	Logistics – CEE R'000	Industrial R'000	Office R'000	Other** R'000	Corporate R'000	Total R'000
Recoveries and contractual rental revenue	1 363 783	1 193 960	97 365	538 904	234 518	70 293		3 498 823
Straight-lining of rental revenue adjustment	(34 936)	(3 874)	(628)	(6 436)	(3 939)	(2 539)		(52 352)
Revenue from direct property operations	1 328 847	1 190 086	96 737	532 468	230 579	67 754		3 446 471
Total revenue	1 328 847	1 190 086	96 737	532 468	230 579	67 754	–	3 446 471
Other income	94 728	151 974						246 702
Fair value gain/(loss) on investment property net of adjustment resulting from straight-lining of rental revenue	(4 235)	196 313	205 879	(25 733)	(93 888)	(2 383)		275 953
Fair value gain on investments							48 790	48 790
Fair value gain on derivative financial instruments							488 263	488 263
Property operating expenses	(491 791)	(341 004)	(87 074)	(284 092)	(140 468)	(21 483)		(1 365 912)
Administrative expenses							(214 783)	(214 783)
Impairment of staff scheme loans							(6 522)	(6 522)
IFRS 2: *Share-based Payment* – employee incentive scheme							(49 177)	(49 177)
Reversal of impairment of investments in associates							(2 338 164)	(2 338 164)
Income from associates	120 667						1 125 669*	1 246 336
Net finance costs							(933 089)	(933 089)
Income tax							(43 071)	(43 071)
Total segment result	1 048 216	1 197 369	215 542	222 643	(3 777)	43 888	(1 922 084)	801 797

* *Associate based in Europe.*

** *Other includes a hotel, residential units and serviced apartment properties.*

25. Subsequent events

The directors are not aware of any other events subsequent to 30 June 2023, not arising in the normal course of business, which are likely to have a material effect on the financial information contained in this report, other than the following:

25.1 Director resignation

Donnovan Pydigadu resigned effective 14 August 2023 from his board position as Chief Operating Officer and executive director and consequently as a member of the social, ethics and sustainability committee, in order to pursue other interests. Donnovan will remain at the disposal of the company until 31 December 2023 to ensure a smooth handover of current matters and finalisation of existing projects in progress.

25.2 Debt refinancing and liquidity

Current liabilities exceed current assets by R2,5 billion, due to R3,0 billion of interest-bearing borrowings being classified as current, with maturities less than 12 months from 30 June 2023. Debt funding forms a fundamental part of a REIC's capital structure, with a portion always being classified as current. Refinancing of facilities prior to their maturity dates occurs on a regular basis.

With reference to note 26.2 – Liquidity risk, it should be noted that subsequent to 30 June 2023:

- R2,15 billion of the R3,0 billion interest-bearing borrowings classified as current, was refinanced with Rand Merchant Bank in tenors of three, four and five years; and
- R1,4 billion in DMTN notes and bonds was raised in cash.

26. Financial instruments

26.1 Credit risk

The carrying amount of financial assets represents the maximum credit exposure, other than in respect of Fortress Empowerment 1 and Fortress Empowerment 3, where Fortress has provided guarantees in favour of Rand Merchant Bank relating to loan obligations of these empowerment vehicles (refer to note 9). The maximum exposure to credit risk, including the guarantees provided by Fortress in relation to Fortress Empowerment 1 and Fortress Empowerment 3, at the reporting date was:

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Loan to associate	**496 253**	481 945		
Loans to group companies			**11 244 080**	3 541 261
Staff scheme loans	**66 935**	46 961	**54 661**	38 307
Investment in BEE preference shares	**324 842**	227 902		
Guarantees relating to empowerment vehicles	**270 000**	270 000	**270 000**	270 000
Trade and other receivables	**1 634 378**	1 683 512	**8 192**	13 954
Cash and cash equivalents	**208 451**	693 601	**–**	600 000
	3 000 859	3 403 921	**11 576 933**	4 463 522
Staff scheme loans – net exposure	**–**	–	**–**	–
Staff scheme loans*	**66 935**	46 961	**54 661**	38 307
FFB shares pledged as security (refer to note 8)*	**(66 935)**	(46 961)	**(54 661)**	(38 307)
Investment in BEE preference shares – net exposure	**–**	–		
Investment in BEE preference shares	**324 842**	227 902		
FFB shares held as security (refer to note 9)	**(324 842)**	(227 902)		
Loans to group companies and associates	**496 253**	481 945	**11 244 080**	3 541 261
Net exposure total loans	**496 253**	481 945	**11 244 080**	3 541 261

* *Includes loans taken over from the Capital Share Purchase Scheme.*

Credit risk relating to staff scheme loans and loan to associate

At 30 June 2023 and 30 June 2022, in terms of IFRS 9, the group and company have formulated an expectation of ECLs in respect of financial instruments carried at amortised cost, being staff scheme loans and the loan to associate (company: loans to group companies). Staff scheme loans have been impaired down to the fair value of the underlying security in place (refer to note 8), with no further material ECLs (Stage 2). Techniques and methods have remained consistent compared to the prior year. The loan to associate comprises a loan to Arbour Town. Arbour Town has a positive NAV and there are no material ECLs in respect of this loan (Stage 1) (refer to note 5).

The loans to group companies are to companies with positive NAVs, or in respect of which positive cash flows are expected to be generated in the next 12 months. Support is provided to those group companies with negative NAVs by all other companies in the Fortress group. There are no material ECLs in respect of these loans (refer to note 6).

26. Financial instruments continued

26.1 Credit risk continued

Credit risk relating to empowerment vehicles

The ECLs surrounding the financial guarantees provided to Rand Merchant Bank (refer to note 27.6) have been considered and no material ECLs have been recognised.

Credit risk relating to trade and other receivables

The maximum exposure to credit risk for trade and other receivables at the reporting date by segment was:

	GROUP	
	2023 R'000	2022 R'000
Retail	**92 295**	140 772
Logistics – SA	**116 211**	162 750
Logistics – CEE	**14 530**	9 900
Industrial	**56 816**	42 896
Office	**35 731**	35 336
Other	**1 130**	4 898
Corporate	**1 317 665**	1 286 960
Trade receivables	**1 634 378**	1 683 512
Tenant deposits (limited to tenant arrears)	**(8 625)**	(29 353)
	1 625 753	1 654 159

The group has formulated an expectation of ECLs in respect of trade and other receivables carried at amortised cost, in terms of IFRS 9, and determined this to be immaterial. In line with this expectation, no material allowance for ECLs has been recognised as those receivables with no reasonable expectation of recovery are written off (derecognised) timeously throughout the year due to the nature of tenant arrears and other receivables carried at amortised cost.

Refer to note 10: Trade and other receivables for further details.

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Gross receivables				
Not past due	**1 625 753**	1 654 159	**8 192**	13 954
Past due, not impaired	**8 625**	29 353	**–**	–
	1 634 378	1 683 512	**8 192**	13 954

Tenant arrears of R13,8 million (2022: R36,5 million) were written off as irrecoverable during the year. In respect of the 2022 financial year, the write-off of tenant arrears included R7,5 million relating to discounts provided by Fortress to tenants in respect of COVID-19 rental relief, for which revenue is required to be recognised in terms of IFRS, with a write-off of the resultant trade receivable balance. No impairment adjustment is required against the balance of the receivables not already written off. Techniques and methods have remained consistent compared to the prior year.

Age analysis of past due and not impaired

	GROUP	
	2023 R'000	2022 R'000
Current	**4 633**	17 122
31 days to 60 days	**1 966**	9 839
61 days to 90 days	**513**	133
91 days to 120 days	**268**	268
121 days to 150 days	**372**	757
> 150 days	**873**	1 234
	8 625	29 353

26. Financial instruments continued

26.2 Liquidity risk

26.2.1 Liquidity risk – contractual maturities

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	GROUP				
	Carrying value R'000	Contractual outflows R'000	1 – 12 months R'000	2 – 5 years R'000	More than 5 years R'000
2023					
Non-derivative financial liabilities					
Interest-bearing borrowings	**19 035 366**	**24 620 096**	**4 765 075**	**18 380 803**	**1 474 218**
Trade and other payables	**1 181 691**	**1 181 691**	**1 181 691**		
2022					
Non-derivative financial liabilities					
Interest-bearing borrowings	19 117 067	21 301 116	6 206 001	14 444 465	650 650
Trade and other payables	1 231 863	1 231 863	1 231 863		

	COMPANY				
	Carrying value R'000	Contractual outflows R'000	1 – 12 months R'000	2 – 5 years R'000	More than 5 years R'000
2023					
Non-derivative financial liabilities					
Interest-bearing borrowings	**9 690 448**	**11 698 273**	**3 721 461**	**7 712 105**	**264 707**
Trade and other payables	**883**	**883**	**883**		
Amounts owing to group companies	**1 007 385**	**1 007 385**	**1 007 385**		
2022					
Non-derivative financial liabilities					
Interest-bearing borrowings	13 776 847	15 062 662	3 758 866	10 653 146	650 650
Trade and other payables	847	847	847		
Amounts owing to group companies	11 682 284	11 682 284	11 682 284		

The treasury function is managed on a group basis, by way of the group taking a consolidated view on available cash and facilities. All of the group's facilities, other than Euro-denominated facilities, attract interest only with no capital repayments required during the term of the facility. While each facility has a specific maturity date, refinancing of facilities prior to their maturity dates occurs regularly as part of the group treasury function. The cash inflow or cash outflow in relation to interest-bearing borrowings presented in the statement of cash flows represents the increase or decrease in the consolidated drawn facility pool during the year. Cash flows are monitored on a regular basis to ensure that cash resources are adequate to meet funding requirements.

Those financial liabilities with an indefinite contractual maturity date are not expected to be settled within 12 months. Cash flows are monitored on a regular basis to ensure that cash resources are adequate to meet funding requirements.

26.2.2 Liquidity risk – permitted borrowings

	GROUP	
	2023 R'000	2022 R'000
Permitted borrowings for the group:		
Total assets	**54 237 773**	47 588 829
60% of total assets	**32 542 664**	28 553 297
Total borrowings	**(19 035 366)**	(19 117 067)
Unutilised borrowing capacity	**13 507 298**	9 436 230

26. Financial instruments continued

26.2 Liquidity risk continued

26.2.3 Liquidity risk – equity collar derivative

During the 2020 financial year, an equity collar derivative in respect of 11,4 million NEPI Rockcastle shares was entered into for the purpose of obtaining a R750,7 million facility from Standard Bank to enhance liquidity of the group. The collar was renewed in the 2022 financial year with a facility of R802,9 million being provided.

The collar and related facility were early settled in September 2022, at the election of Fortress (refer to note 12).

26.3 Market risk

26.3.1 Currency risk

Fortress is exposed to currency risk via its open forward exchange/option contracts at year-end and its direct investments in the CEE region, specifically its Polish and Romanian assets acquired during the 2021 and 2022 financial years, respectively.

Forward exchange/option contracts are entered into to limit exposure to currency fluctuations in foreign income 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; and
- Hedge 33% of the projected income to be received in months 25 to 36.

At 30 June 2023, the foreign exchange/option contracts were R240,3 million out-the-money (2022: R209,8 million in-the-money).

A change of R1 against foreign currency rates at the reporting date would have increased/(decreased) equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

	GROUP			
	Equity		Profit/(loss)	
	2023 Increase R'000	2023 Decrease R'000	2023 Increase R'000	2023 Decrease R'000
Unrealised and realised forward exchange/option contracts*	(158 511)	158 511	(158 511)	158 511
Fortress investment in Europe	109 703	(109 703)	4 092	(4 092)
Investment in associate – NEPI Rockcastle**	–	–	–	–
	(48 808)	48 808	(154 419)	154 419

	GROUP			
	Equity		Profit/(loss)	
	2022 Increase R'000	2022 Decrease R'000	2022 Increase R'000	2022 Decrease R'000
Unrealised and realised forward exchange/option contracts*	(151 956)	151 956	(151 956)	151 956
Fortress investment in Europe	94 350	(94 350)	10 712	(10 712)
Investment in associate – NEPI Rockcastle**	–	–	–	–
	(57 606)	57 606	(141 244)	141 244

* *Any realised gains or losses on the foreign exchange/option contracts in respect of foreign currency fluctuations are negated as a consequence of the NEPI Rockcastle dividend being received at the spot rate and the dividend being hedged in the respective year as per group policy noted above.*

** *The investment in NEPI Rockcastle is recognised by Fortress in terms of IAS 28.* Investments in Associates and Joint Ventures. *The investment is subsequently tested for impairment and recognised at its recoverable amount being the JSE listed share price at year-end. Accordingly, any foreign currency exchange fluctuations would be negated as a result of applying IAS 28 accounting.*

26. Financial instruments continued

26.3 Market risk continued

26.3.2 Interest rate risk

	GROUP		COMPANY	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Interest-bearing instruments comprise:				
Variable-rate instruments				
Loan to associate	**(496 253)**	(481 945)		
Staff scheme loans	**(66 935)**	(46 961)	**(54 661)**	(38 307)
Amounts owing by group companies			**(10 389 410)**	–
Cash and cash equivalents	**(208 451)**	(693 601)		(600 000)
Interest-bearing borrowings*	**19 035 366**	18 283 917	**9 690 448**	13 776 847
	18 263 727	17 061 410	**(753 623)**	13 138 540

* *Relates only to variable-rate interest-bearing borrowings and excludes fixed-rate facilities.*

The group adopts a strategy of hedging 75% of its exposure to interest rates on borrowings. This is, however, reviewed on an ongoing basis for appropriateness and adjusted where considered necessary with consideration given to the current interest rate cycle.

To hedge the floating interest rate risk, the group has entered into local and foreign interest rate swaps and interest rate caps. For the instruments that do not mature contractually within 12 months, management intends realising the assets within 12 months and has the right to terminate these contracts.

Details of the local interest rate swap and cap expiry profiles at year-end are:

	GROUP			
	Swap maturity	Nominal amount R'000	Average swap rate %	Fair value R'000
2023	Jun 2024	200 000	7,47	893
	Jun 2025	1 055 000	7,07	18 478
	Jun 2026	2 039 000	7,01	65 787
	Jun 2027	1 416 000	7,03	57 541
	Jun 2028	989 000	6,78	61 237
		5 699 000	7,00	203 936

	GROUP			
	Cap maturity	Nominal amount R'000	Average cap rate %	Fair value R'000
2023	Jun 2024	400 000	7,98	421
	Jun 2025	700 000	7,50	3 556
	Jun 2026	562 500	5,11	22 109
	Jun 2027	1 925 000	6,23	43 747
	Jun 2028	3 062 500	6,81	92 062
	Jun 2029	900 000	6,96	33 504
	Jun 2030	300 000	8,23	20 192
		7 850 000	6,74	215 591

26. Financial instruments continued

26.3 Market risk continued

26.3.2 Interest rate risk continued

	GROUP			
	Swap maturity	Nominal amount R'000	Average swap rate %	Fair value R'000
2022	Jun 2023	300 000	7,79	(2 473)
	Jun 2024	200 000	7,47	(1 569)
	Jun 2025	950 000	7,03	7 637
	Jun 2026	1 950 000	6,99	51 001
	Jun 2027	1 050 000	6,82	43 291
	Jun 2028	600 000	6,18	49 880
		5 050 000	6,93	147 767

	GROUP			
	Cap maturity	Nominal amount R'000	Average cap rate %	Fair value R'000
2022	Jun 2023	300 000	7,71	43
	Jun 2024	400 000	7,98	959
	Jun 2025	700 000	7,50	670
	Jun 2026	562 500	5,11	18 632
	Jun 2027	1 925 000	6,23	28 735
	Jun 2028	3 062 500	6,81	78 702
	Jun 2029	600 000	6,45	10 737
		7 550 000	6,67	138 478

No new local interest rate swaps were entered into subsequent to year-end. R1,3 billion local interest rate caps were entered into subsequent to year-end (2022: No new local interest rate swaps or local interest rate caps were entered into subsequent to year-end). Consequently, the weighted average swap and cap maturity profile was extended from 3,45 years to 3,51 years and the weighted average swap and cap rate increased from 6,85% to 6,98%.

Details of the foreign interest rate swap expiry profile at year-end are:

	GROUP			
	Swap maturity	Nominal amount EUR'000	Average swap rate %	Fair value R'000
2023	**Jun 2026**	**11 760**	**(0,53)**	**20 358**
		11 760	**(0,53)**	**20 358**
2022	Jun 2026	12 283	(0,56)	(10 889)
		12 283	(0,56)	(10 889)

26. Financial instruments continued

26.3 Market risk continued

26.3.2 Interest rate risk continued

Details of the foreign interest rate cap expiry profile at year-end are:

	GROUP			
	Cap maturity	Nominal amount EUR'000	Average cap rate %	Fair value R'000
2023	**Jun 2027**	**15 000**	**0,00**	**28 218**
		15 000	**0,00**	**28 218**
2022	Jun 2027	15 000	0,00	11 390
		15 000	0,00	11 390

No new Euro interest rate swaps were entered into subsequent to year-end. EUR24,2 million Euro interest rate caps were entered into subsequent to year-end (2022: no new interest rate swaps or Euro interest rate caps were entered into subsequent to year-end), with the effect that the weighted average Euro swap and cap maturity profile was extended from 3,2 years to 5 years and the weighted average Euro swap and cap rate increased from -0,02% to 1,49%.

Interest rate benchmark reform – JIBAR

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates (referred to as "IBOR reform"). The company has exposure to IBORs on its financial instruments that will be replaced or reformed as part of these market-wide initiatives. The company's main IBOR exposure at 30 June 2023 was indexed to JIBAR. The South African Reserve Bank has indicated its intention to move away from JIBAR and to create an alternative reference rate for South Africa.

This reform is at various stages globally, and a suitable alternative for South Africa is only expected to be announced in a few years' time. Accordingly, there is uncertainty surrounding the timing and manner in which the transition would occur and how this would affect various financial instruments held by the group.

Effective interest rates and repricing

The effective interest rates at the statement of financial position date and the periods in which the borrowings reprice are reflected in note 12.

Cash flow sensitivity analysis for variable-rate instruments

Interest

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below.

This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

	GROUP		COMPANY	
	Profit or loss		Profit or loss	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
2023				
Loan to associate	**4 963**	**(4 963)**		
Staff scheme loans	**669**	**(669)**	**547**	**(547)**
Cash and cash equivalents	**2 085**	**(2 085)**		
Interest-bearing borrowings	**(190 354)**	**190 354**	**(96 904)**	**96 904**
Amounts owing by group companies			**103 894**	**(103 894)**
Interest rate derivatives	**140 996**	**(140 996)**		
Cash flow sensitivity (net)	**(41 641)**	**41 641**	**7 537**	**(7 537)**
2022				
Loan to associate	4 819	(4 819)		
Staff scheme loans	470	(470)	383	(383)
Cash and cash equivalents	6 936	(6 936)	6 000	(6 000)
Interest-bearing borrowings	(182 839)	182 839	(137 768)	137 768
Interest rate derivatives	126 000	(126 000)		
Cash flow sensitivity (net)	(44 614)	44 614	(131 385)	131 385

26. Financial instruments continued

26.3 Market risk continued

26.3.3 Equity price risk

The carrying amount of financial assets represents the maximum equity price risk exposure. The maximum exposure to equity price risk at the statement of financial position date was:

	GROUP	
	2023 R'000	2022 R'000
Investments in BEE preference shares	324 842	227 902
	324 842	227 902

A 1% change in the market value of investments would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2022.

	GROUP	
	Profit or loss and equity	
	1% increase R'000	1% decrease R'000
2023		
Investments in BEE preference shares	3 248	(3 248)
2022		
Investments in BEE preference shares	2 279	(2 279)

26. Financial instruments continued

26.4 Fair values

The fair values of all financial instruments are substantially the same as the carrying amounts reflected on the statement of financial position, other than investments in subsidiaries which are carried at cost less any accumulated impairment losses.

	GROUP			
	Fair value through profit or loss R'000	Financial assets at amortised cost R'000	Financial liabilities at amortised cost R'000	Total carrying amount R'000
2023				
Staff scheme loans		66 935		66 935
Investment in BEE preference shares	324 842			324 842
Loan to associate		496 253		496 253
Trade and other receivables (excluding derivative debtors marked * below)		874 125		874 125
*Interest rate derivative debtor	471 474			471 474
*Currency derivatives debtor	72 260			72 260
Cash and cash equivalents		208 451		208 451
Interest-bearing borrowings			(19 035 366)	(19 035 366)
Trade and other payables (excluding derivative creditors marked # below)			(856 042)	(856 042)
#Interest rate derivatives creditor	(3 370)			(3 370)
#Currency derivatives creditor	(312 520)			(312 520)
	552 686	1 645 764	(19 891 408)	(17 692 958)
2022				
Staff scheme loans		46 961		46 961
Investment in BEE preference shares	227 902			227 902
Loan to associate		481 945		481 945
Trade and other receivables (excluding derivative debtors marked * below)		818 853		818 853
*Interest rate derivative debtor	318 769			318 769
*Currency derivatives debtor	359 893			359 893
*Collar derivative	50 921			50 921
Cash and cash equivalents		693 601		693 601
Interest-bearing borrowings			(19 117 067)	(19 117 067)
Trade and other payables (excluding derivative creditors marked # below)			(1 003 723)	(1 003 723)
#Interest rate derivatives creditor	(32 023)			(32 023)
#Currency derivatives creditor	(150 141)			(150 141)
	775 321	2 041 360	(20 120 790)	(17 304 109)

26. Financial instruments continued

26.4 Fair values continued

	COMPANY		
	Financial assets at amortised cost R'000	Financial liabilities at amortised cost R'000	Total carrying amount R'000
2023			
Investments in subsidiaries	**46 500 757**		**46 500 757**
Staff scheme loans	**54 661**		**54 661**
Loans to group companies	**11 244 080**		**11 244 080**
Trade and other receivables	**8 192**		**8 192**
Interest-bearing borrowings		**(9 690 448)**	**(9 690 448)**
Trade and other payables		**(883)**	**(883)**
Loans from group companies		**(1 007 385)**	**(1 007 385)**
	57 807 690	**(10 698 716)**	**47 108 974**
2022			
Investments in subsidiaries	40 341 566		40 341 566
Staff scheme loans	38 307		38 307
Loans to group companies	3 541 261		3 541 261
Trade and other receivables	13 954		13 954
Cash and cash equivalents	600 000		600 000
Interest-bearing borrowings		(13 776 847)	(13 776 847)
Trade and other payables		(847)	(847)
Loans from group companies		(11 682 284)	(11 682 284)
	44 535 088	(25 459 978)	19 075 110

26. Financial instruments continued

26.5 Fair value hierarchy for financial instruments and investment property

The table below analyses financial instruments, investment property and investment property under development carried at fair value, by valuation method. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There were no transfers between levels 1, 2 and 3 during the year. The group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

	GROUP		
	Level 1 R'000	Level 2 R'000	Level 3 R'000
June 2023			
Assets			
Investment property			**29 977 291**
Investment property under development			**2 874 608**
Property			**25 326**
Investments in BEE preferences shares		**324 842**	
Interest rate derivatives debtor		**471 474**	
Currency derivatives debtor		**72 260**	
		868 576	**32 877 225**
Liabilities			
Interest rate derivatives creditor		**(3 370)**	
Currency derivatives creditor		**(312 520)**	
		(315 890)	
June 2022			
Assets			
Investment property			27 151 328
Investment property under development			4 483 954
Property			25 778
Investments in BEE preference shares		227 902	
Interest rate derivatives debtor		318 769	
Currency derivatives debtor		359 893	
Collar derivative		50 921	
		957 485	31 661 060
Liabilities			
Interest rate derivatives creditor		(32 023)	
Currency derivatives creditor		(150 141)	
		(182 164)	

26. Financial instruments continued

26.5 Fair value hierarchy for financial instruments and investment property continued

The following table shows the valuation techniques used in measuring level 2 and 3 fair values, as well as the significant unobservable inputs used:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value
Investment property and investment property under development	Fair value is determined by either the discounted cash flow model or capitalising the net revenue stream evidenced by market-related rentals and deducting market-related expenses. Undeveloped land value added to the capitalised value is based on comparative sales of similar land. Undeveloped land values may be determined based on residual land values with reference to valuations of developed land/completed properties. Assumptions are made on the expiry of leases for some vacancy, as well as market-related rentals. Capital costs in respect of fit-outs for new tenants, as well as agency commission fees are calculated into the cash flow. Among other factors, the capitalisation rate estimation considers the quality of the building, its location, the tenants' credit quality and their lease terms. Refer to note 3 and the following table for valuation techniques used.#	The most significant unobservable inputs are: • Discount rates; and • Exit capitalisation rates (refer to note 26.5.2 for sensitivity testing of the rates). Other unobservable inputs are: • Estimated market rentals at the end of existing leases; • Vacancy periods; • Expected market rental growth; • Property operating expense growth; • Occupancy rate; • Maintenance costs; and • Capital costs such as new tenant fit-outs and agency commission fees.	The estimated fair value would increase if: • Discount rates declined; • Capitalisation rates declined; • The expected market rental growth increased; • Vacancy periods decreased; • Property operating expense growth rates declined; • Maintenance costs declined; and • Capital costs declined.
Investment in BEE preference shares	Fair value is determined with reference to 70% of the increase or 100% of the decrease in the Fortress quoted share price since the quoted price on transaction date, in respect of shares held by the relevant empowerment vehicles, based on the terms of the preference shares.	Not applicable	Not applicable
Derivative assets and liabilities: interest rate swaps and caps	Valued by discounting the future cash flows using the applicable swap curve at the dates when the cash flows will take place.*	Not applicable	Not applicable
Derivative assets and liabilities: equity collar derivative	Valued using option valuation methodology in respect of the put and call option components inherent in the equity collar derivative.*$	Volatility of equity share price.	The estimated fair value would increase if: • The underlying equity price declines.
Derivative assets and liabilities: forward exchange/option contracts	Valued by discounting the forward rates applied at year-end to the open hedged positions.*	Not applicable	Not applicable

The valuations of investment property (excluding investment property under development) have been performed externally. The valuations of investment property under development were performed internally.

* *The valuations of the interest rate, currency and equity collar derivatives have been performed externally.*

$ *The equity collar derivative was closed out during the 2023 financial year.*

26. Financial instruments continued

26.5 Fair value hierarchy for financial instruments and investment property continued

26.5.1 Significant unobservable inputs – valuation of investment property (South African and CEE portfolio)

	GROUP								
Valuer	Method	Discount rate range	Exit capitalisation rate range	Equivalent yield range	Expected market rental growth	Expected expense growth	Vacancy periods	Number of properties valued (excluding development)	Sector or location valued
2023									
CBRE Excellerate	**Discounted cash flow**	**13,00% – 17,00%**	**8,50% – 12,75%**	#	**4,75%**	**7,00%**	**0 – 15 months**	**132**	Gauteng logistics and industrial portfolio
Mills Fitchet	**Discounted cash flow**	**13,00% – 14,50%**	**8,00% – 9,50%**	#	**3,00% – 5,00%**	**6,00%**	**0 – 9 months**	**44**	Large retail portfolio and large logistics portfolio in Gauteng, KwaZulu-Natal and Western Cape
Quadrant Properties	**Discounted cash flow**	**13,75% – 17,00%**	**8,50% – 12,75%**	#	**4,70% – 5,50%**	**5,50%**	**0 – 6 months**	**47**	Retail portfolio (smaller non-metropolitan centres)
Strata Properties	**Discounted cash flow**	**15,50% – 16,75%**	**10,50% – 12,25%**	#	**5,50%**	**5,50%**	**0 – 6 months**	**26**	Office portfolio
Cushman and Wakefield	**Discounted cash flow**	**9,35%**	**7,50%**	#	**2,00%**	**2,00% (CPI)**	**4 – 9 months**	**3**	Romanian logistics portfolio
Axi Immo Valuation and Advisory	**Hardcore/ layer method**	**N/A**	**5,75% – 6,75%**	**5,75% – 6,75%**	**N/A**	**N/A**	**6 months**	**7**	Polish logistics portfolio
2022									
CBRE Excellerate	Discounted cash flow	13,00% – 17,00%	8,50% – 12,50%	#	4,75%	7,00%	0 – 15 months	142	Gauteng logistics and industrial portfolio
Jones Lang LaSalle	Discounted cash flow	11,00% – 16,00%*	8,25% – 9,50%*	#	3,00% – 3,10%	6,00%	0 – 9 months	43	Large retail portfolio and large logistics portfolio in Gauteng, KwaZulu-Natal and Western Cape
Quadrant Properties	Discounted cash flow	13,50% – 17,50%	8,00% – 13,00%*	#	4,40% – 5,50%	5,00% – 5,50%	0 – 6 months	57	Retail portfolio (smaller non-metropolitan centres)
Strata Properties	Discounted cash flow	14,00% – 16,50%	9,50% – 12,00%	#	5,50%	5,50%	0 – 6 months	28	Office portfolio
Cushman and Wakefield	Discounted cash flow	9,35%	7,50%	#	2,00%	2,00% (CPI)	3 months	3	Romanian logistics portfolio
Knight Frank	Hardcore/ layer method	N/A	N/A	5,50% – 6,08%	N/A	N/A	6 months	6	Polish logistics portfolio

Valuations performed applying discounted cash flow methodology.

* *Refer to note 27.1 for exceptions.*

26. Financial instruments continued

26.5 Fair value hierarchy for financial instruments and investment property continued

26.5.2 Effect on valuation of investment property

The most significant unobservable inputs in respect of the external valuations performed for investment property are discount rates, exit capitalisation rates and equivalent yields. The sensitivity of these valuation inputs is disclosed below.

2023 financial year

SA portfolio	Valuation R'000	Weighted average exit capitalisation rate %	Weighted average discount rate %	Change in discount rate: Decrease of 50bps (Romania: 25bps) R'000	%	Change in discount rate: Increase of 50bps (Romania: 25bps) R'000	%	Change in exit capitalisation rate: Decrease of 50bps (Romania: 25bps) R'000	%	Change in exit capitalisation rate: Increase of 50bps (Romania: 25bps) R'000	%
Sector											
Office	1 398 632	11,55	16,09	19 681	1,41	(25 004)	(1,79)	109 860	7,85	(84 926)	(6,07)
Logistics	13 538 064	8,77	13,47	263 855	1,95	(280 373)	(2,07)	510 671	3,77	(477 483)	(3,53)
Retail	9 197 386	9,34	14,41	181 415	1,97	(178 131)	(1,94)	715 386	7,78	(570 874)	(6,21)
Industrial	3 310 111	10,08	14,27	46 479	1,40	(70 406)	(2,13)	95 725	2,89	(110 376)	(3,33)
Other	350 000	11,23	16,34	6 198	1,77	(6 055)	(1,73)	27 516	7,86	(21 528)	(6,15)
Total	27 794 193			517 628		(559 969)		1 459 158		(1 265 187)	
Romanian portfolio											
Logistics	692 318	7,50	9,35	25 938	3,75	(24 915)	(3,60)	20 478	2,96	(18 089)	(2,61)
Total	692 318			25 938		(24 915)		20 478		(18 089)	

	Valuation R'000	Weighted average equivalent yield %	Change in equivalent yield: Decrease of 25bps R'000	%	Change in equivalent yield: Increase of 25bps R'000	%
Polish portfolio						
Logistics	1 516 105	5,90	100 341	6,62	(84 129)	(5,55)
Total	1 516 105		100 341		(84 129)	

2022 financial year

SA portfolio	Valuation R'000	Weighted average exit capitalisation rate %	Weighted average discount rate %	Change in discount rate: Decrease of 50bps R'000	%	Change in discount rate: Increase of 50bps R'000	%	Change in exit capitalisation rate: Decrease of 50bps R'000	%	Change in exit capitalisation rate: Increase of 50bps R'000	%
Sector											
Office	1 626 440	11,05	15,76	30 207	1,86	(29 503)	(1,81)	49 210	3,03	(44 934)	(2,76)
Logistics	10 491 488	9,04	12,78	193 435	1,84	(188 337)	(1,80)	404 642	3,86	(351 686)	(3,35)
Retail	9 318 727	9,24	12,78	177 019	1,90	(172 448)	(1,85)	354 202	3,80	(317 061)	(3,40)
Industrial	3 708 741	9,95	14,13	67 188	1,81	(65 942)	(1,78)	124 509	3,36	(112 475)	(3,03)
Other	498 000	10,34	15,33	9 261	1,86	(9 045)	(1,82)	16 818	3,38	(15 169)	(3,05)
Total	25 643 396			477 110		(465 275)		949 381		(841 325)	
Romanian portfolio											
Logistics	577 326	7,50	9,35	25 938	4,49	(24 915)	(4,32)	20 478	3,55	(18 089)	(3,13)
Total	577 326			25 938		(24 915)		20 478		(18 089)	

	Valuation R'000	Weighted average equivalent yield %	Change in equivalent yield: Decrease of 50bps R'000	%	Change in equivalent yield: Increase of 50bps R'000	%
Polish portfolio						
Logistics	956 384	5,64	100 341	10,49	(84 129)	(8,80)
Total	956 384		100 341		(84 129)	

Tables include owner-occupied property classified as "property" in the statement of financial position.

27. Accounting estimates and judgements

Management discusses with the audit committee the development, selection and disclosure of the group's critical accounting policies and estimates and the application of these policies and estimates.

27.1 Investment property

The valuations of the group's investment property portfolio performed by external valuers are inherently subjective and a degree of judgement is required in respect of certain assumptions used in the valuations, including judgement in respect of the determination of future cash flows and appropriate capitalisation and discount rates. As a result, the valuations are subject to a degree of uncertainty, and assumptions may prove not to be accurate.

In the current and prior financial years, the Polish portfolio valuers issued their valuation reports with a caveat in respect of potential greater volatility to the value of the asset than what would usually be expected due to the Russian full-scale invasion of Ukraine.

In respect of the Romanian portfolio valuers' 2022 valuation reports, the reports were issued with a caveat regarding potential future risks in respect of COVID-19 and the degree of valuation uncertainty.

Key valuation assumptions – 2023 financial year

None of the property valuations fell outside of the ranges of unobservable inputs reflected in note 26.5.1.

Key valuation assumptions – 2022 financial year

By exception, valuations of the following properties fell outside of the discount rate ranges reflected in note 26.5.1:

- Cunningham Street Uitenhage, which has a discount rate of 19,00% (valued by Jones Lang LaSalle);
- Clairwood Logistics Park – Building 4A and 4B (ASL), which has a discount rate of 10,50% (valued by Jones Lang LaSalle);
- CiplaMED Rivergate, which has a discount rate of 10,25% (valued by Jones Lang LaSalle); and
- Pineslopes Shopping Centre, which has a discount rate of 10,75% (valued by Jones Lang LaSalle).

By exception, the valuations of the following properties fell outside of the exit capitalisation rate ranges reflected in note 26.5.1:

- Cunningham Street Uitenhage, which has an exit capitalisation rate of 19,00% (valued by Jones Lang LaSalle); and
- Secunda Town Centre, which has an exit capitalisation rate of 13,25% (valued by Quadrant Properties).

Changes in the capitalisation or discount rate attributable to changes in market conditions can have a significant impact on property valuations. Refer to note 26.5.2 for the effect of a 50bps (CEE portfolio: 25bps) change in the discount rate, exit capitalisation rate and equivalent yield (as applicable on the valuation of investment property).

27.2 Investment property under development

All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditures for the development qualifying as acquisition costs, are capitalised. Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. The fair value of investment properties under development is determined internally by the directors for year-end reporting periods, and is assumed to be the cost thereof, unless market factors indicate that the fair value of investment properties under development is materially different to the carrying value, in which case an internal valuation is performed, and investment properties under development are revalued to fair value.

A material fair value loss was recognised in 2023 in respect of the remaining portion of land and property under development at Clairwood Logistics Park ("Clairwood"). No fair value losses were recognised in 2022 in respect of investment property under development.

Clairwood land and investment property under development

The fair value loss relating to land and property under development at Clairwood was determined by management, based on the expected valuation on completion of these properties compared to the carrying value at June 2023 plus costs to complete.

The expected valuation on completion of these properties was determined with reference to the external valuations performed for the six buildings already completed at Clairwood up to June 2023, two of which were completed in the current financial year in respect of which fair value losses were recognised. Based on this assessment, a fair value loss of R291 million was recognised for the year ended 30 June 2023 against the carrying value of Clairwood land and investment property under development.

27.3 Impairment of assets

The group tests whether assets have suffered any impairment in accordance with the accounting policy stated in note 1. Estimates are based on interpretation of generally accepted industry-based market forecasts.

27. Accounting estimates and judgements continued

27.4 Impairment of staff scheme loans

Staff scheme loans under the previous share purchase scheme were granted to staff to align the interests of staff, management and executive directors to shareholders. As a result of the decline in the price of Fortress shares, an accumulated impairment of the staff scheme loans under this scheme of R319,5 million (2022: R312,9 million) has been recognised at a group level, and in respect of the company, an accumulated impairment loss of R258,5 million (2022: R253,3 million) was recognised.

The impairment and recoverability of the staff scheme requires judgement. No debt to any staff member has been written off and the full loan amounts owing to Fortress still remain.

27.5 Impairment of investments in subsidiaries

Investments in subsidiaries are tested for impairment annually against the NAV of the underlying applicable subsidiary.

27.6 Unconsolidated structured entities: Fortress Empowerment 1 and Fortress Empowerment 3

During the 2019 financial year, the group provided financial assistance by way of the acquisition of preference shares in two BEE vehicles, namely Fortress Empowerment 1 and Fortress Empowerment 3, to enable these vehicles to acquire shares in Fortress (the "empowerment transaction"), for purposes of promoting BEE in relation to Fortress. During the 2020 financial year, additional financial assistance was provided by Fortress in relation to Fortress Empowerment 1 and Fortress Empowerment 3, by way of guarantees in favour of Rand Merchant Bank totalling a maximum of R270,0 million, in respect of loan obligations of Fortress Empowerment 1 and Fortress Empowerment 3 for the acquisition of additional FFB shares by these empowerment vehicles.

In terms of the empowerment transaction, Fortress Empowerment 1 acquired 32 098 896 FFB shares with related preference shares to the value of R388 075 653 being issued to the group on the transaction date, being 28 June 2019. Fortress Empowerment 3 acquired 32 098 895 FFB shares with related preference shares to the value of R388 075 641 being issued to the group on the transaction date. The Fortress shares held serve as security against the preference shares (collectively the "BEE preference shares"). The BEE preference shares carry a 10-year term, but can be redeemed earlier at the option of the relevant BEE vehicle. Early redemption at the option of Fortress may occur, but not within the first three years.

The terms of the empowerment transaction effectively entitle Fortress Empowerment 1 and Fortress Empowerment 3 to realise 30% of any increase in the market value of the Fortress shares they hold, with no downside risk and their rights to dividends being waived. The preference shares carry a zero coupon, with 70% of the increase in the market value of the Fortress shares held by these vehicles to be paid to Fortress as a dividend on the preference shares on realisation. Any decrease in the market value of the Fortress shares held by Fortress Empowerment 1 and Fortress Empowerment 3 will effectively not be borne by them, with the preference share redemption amount being reduced by any decrease in the value of the shares.

While Fortress remains a funder of these vehicles, the purpose of these vehicles will be solely to hold and acquire Fortress shares and to participate in Fortress-related activities. Fortress Empowerment 1 and Fortress Empowerment 3 may dispose of the Fortress shares they hold at any time, however, with their realisable gain on the increase in the market value of the Fortress shares held being reduced from 30% to 10% if the shares are sold within the first three years of the transaction date. The shareholders of Fortress Empowerment 1 and Fortress Empowerment 3 may inject their own equity into the vehicles and may also acquire additional Fortress shares at any time.

Management has assessed whether Fortress Empowerment 1 and Fortress Empowerment 3 meet the definition of structured entities in accordance with IFRS 12: *Disclosure of Interests in Other Entities*. Entities with restricted activities and narrow and well-defined objectives are often considered to be structured entities. Despite the fact that investment decisions (i.e. to acquire or dispose of shares or other investments) can be made autonomously by Fortress Empowerment 1 and Fortress Empowerment 3, the activities and purpose of these vehicles remain limited to holding and acquiring Fortress shares and partaking in Fortress-related activities, while Fortress is a funder. Management has therefore concluded that Fortress Empowerment 1 and Fortress Empowerment 3 are structured entities.

Management has assessed the relationship with Fortress Empowerment 1 and Fortress Empowerment 3 in terms of the requirements of IFRS 10 and has concluded the following:

- Fortress has no power to direct the activities of Fortress Empowerment 1 and Fortress Empowerment 3. Fortress has no control or influence over the decision-making of the directors nor the ability to remove or appoint them;
- Fortress holds a preference share interest in Fortress Empowerment 1 and Fortress Empowerment 3, and while these BEE preference shares carry a zero coupon, Fortress is entitled to a dividend amounting to 70% of the increase in market value of Fortress shares held by these vehicles. Fortress Empowerment 1 and Fortress Empowerment 3 have waived their rights to receive dividends on the Fortress shares held under the empowerment transaction. The group has no other contractual rights to income in relation to Fortress Empowerment 1 and Fortress Empowerment 3; and
- Fortress is unable to affect the amount of its returns from Fortress Empowerment 1 and Fortress Empowerment 3 by using its power over these investees as it is concluded in point 1 above that Fortress does not have power over these investees. Fortress has no other contractual rights enabling it to affect returns derived from Fortress Empowerment 1 and Fortress Empowerment 3.

Management is therefore satisfied that the group does not control Fortress Empowerment 1 nor Fortress Empowerment 3 and has therefore not consolidated these vehicles. Management has therefore concluded that these entities are unconsolidated structured entities and the disclosure required by IFRS 12 is set out in note 9.

27. Accounting estimates and judgements continued

27.7 Fair value of investment in BEE preference shares

The group entered into an empowerment transaction during the 2019 financial year for the purpose of promoting BEE in relation to Fortress. The group has provided preference share funding to two empowerment vehicles (Fortress Empowerment 1 and Fortress Empowerment 3) for purposes of this transaction in respect of which these vehicles acquired Fortress shares. The security held against the group's investment in BEE preference shares is the Fortress shares held by the relevant empowerment vehicle. The fair value of the BEE preference shares is determined with reference to the market value of the Fortress shares held by Fortress Empowerment 1 and Fortress Empowerment 3, where, should the FFB share price increase above R12,09, 70% of the increase is reflected as a fair value gain, while should the FFB share price decrease below R12,09, 100% of the decrease is reflected as a fair value loss. Consequently, a fair value gain for the year ended 30 June 2023 of R96,9 million (2022: R48,8 million) has been recognised in the statement of comprehensive income in respect of the group's investment in BEE preference shares.

27.8 Consolidated structured entities: Fortress Empowerment 2 and Fortress Empowerment 4

During the 2019 financial year, the group provided financial assistance by way of loan funding to two BEE vehicles, namely Fortress Empowerment 2 and Fortress Empowerment 4, to enable these vehicles to acquire shares in Fortress.

Fortress Empowerment 2 acquired 32 098 895 FFB shares to the value of R388 075 641 and Fortress Empowerment 4 acquired 32 098 895 FFB shares to the value of R388 075 641. The loans provided by the group to these vehicles are equal to the amount of the acquisition price of the shares, and do not bear any interest unless certain interest accrual events (defined below) occur. The loans are repayable on the earlier of (a) a change in control of Fortress Empowerment 2 or Fortress Empowerment 4 (as applicable); or (b) the date on which Fortress Empowerment 2 or Fortress Empowerment 4 (as applicable) disposes of the FFB shares that it held; or (c) 18 months from the provision of the loan (this 18-month period was extended during the 2021 financial year to 36 months). The Fortress shares held by these vehicles effectively serve as security against the loans provided by the group. Fortress Empowerment 2 and Fortress Empowerment 4 each waived their rights to dividends on the FFB shares that they hold.

In the event that there is (a) a change in control; or (b) Fortress Empowerment 2 or Fortress Empowerment 4 (as applicable) disposes of their FFB shares; or (c) 36 months have lapsed and provided that on such date the assets of Fortress Empowerment 2 or Fortress Empowerment 4 (as applicable) exceed their liabilities (whichever is earlier) (an "interest accrual event"), the loans shall, pursuant to such an interest accrual event occurring, accrue interest in arrears at a rate equal to the appreciation in the market value of the FFB shares (being the increase in the market value of the FFB share above R12,09), if any, calculated from the date that Fortress Empowerment 2 or Fortress Empowerment 4 (as applicable) acquired the FFB shares to the date of the change in control or the date of disposal or the date on which the 36-month period has lapsed (as applicable).

In respect of Fortress Empowerment 2 and Fortress Empowerment 4, the intention is to introduce a new BEE party and, as such, the current structure does not allow the current holders of the shares in Fortress Empowerment 2 and Fortress Empowerment 4 any of the economics attached to said holding.

Management has assessed the relationship with Fortress Empowerment 2 and Fortress Empowerment 4 in terms of the requirements of IFRS 10 and has concluded the following:

- While Fortress does not have the power to direct the activities of Fortress Empowerment 2 and Fortress Empowerment 4 by virtue of no representation on the board of directors, nor the ability to appoint or remove directors, Fortress retains all beneficial interest in the economics of these vehicles which hold Fortress shares and therefore, in substance, Fortress can be considered to control the economic outcome of these vehicles;
- By virtue of Fortress being the beneficiary of all the economics of Fortress Empowerment 2 and Fortress Empowerment 4, Fortress is considered to have the right to variable returns of these vehicles; and
- Given the economic substance of the structure of Fortress Empowerment 2 and Fortress Empowerment 4, Fortress has the ability to use its power over these vehicles to affect the variable returns thereof.

Management is therefore satisfied that the group controls Fortress Empowerment 2 and Fortress Empowerment 4 and has therefore consolidated these vehicles. Fortress has no contractual obligation to provide any further financial support to Fortress Empowerment 2 and Fortress Empowerment 4.

28. Related party transactions

28.1 Parent entity

The holding company is Fortress Real Estate Investments Limited (previously Fortress REIT Limited).

28.2 Identity of related parties with whom material transactions have occurred

NEPI Rockcastle and Arbour Town (the group's investments in associates) and directors of the group are related parties. The subsidiaries in the group are identified in note 6. The investments in associates are identified in note 5. The directors are set out in the directors' report.

28.3 Rental of office premises to an associate of an executive director

EOH Holdings Limited and its subsidiaries, in respect of which Donnovan Pydigadu's wife is a shareholder and CFO at 30 June 2023, entered into four lease agreements with Fortress.

Monyetla Office Park: Block C – Office gross lettable area ("GLA"): 2 000m², and storage GLA: 69m²

- The period of the lease is 1 March 2018 to 28 February 2023; and
- Rental of R98,49/m² (office and storage), R665,50 basement parking, R465,85 shaded parking and R332,75 open parking with an escalation of 10% from the anniversary date.

Fortress received R2,8 million (2022: R4,3 million) in recoveries and contractual rental revenue in terms of the lease.

Monyetla Office Park: Block D – Office GLA: 2 134,61m², and storage GLA: 157m²

- The period of the lease is 1 February 2018 to 31 January 2023; and
- Rental of R97,09/m² (office and storage), R665,50 basement parking, R465,85 shaded parking and R332,75 open parking with an escalation of 10% from the anniversary date.

Fortress received R4,1 million (2022: R4,8 million) in recoveries and contractual rental revenue in terms of the lease.

Howick Close, Waterfall Park – Office GLA: 2 037,70m², and storage GLA: 1 118m²

- The period of the lease is 1 August 2018 to 31 July 2023; and
- Rental of R104,99/m² (office, warehouse and storage), R466,56 covered parking, R408,24 shaded parking and R291,60 open parking with an escalation of 8% from the anniversary date.

Fortress received R6,6 million (2022: R7,0 million) in recoveries and contractual rental revenue in terms of the lease.

38 Reedbuck, Corporate Park South – Logistics GLA: 6 143m²

- The period of the lease is 1 October 2018 to 30 September 2023; and
- Rental of R65,73/m² with an escalation of 8% from the anniversary date.

Fortress received R6,8 million (2022: R6,3 million) in recoveries and contractual rental revenue in terms of the lease.

Effective 14 August 2023, Donnovan Pydigadu resigned as Chief Operating Officer and executive director of Fortress.

28.4 Town planning services from an independent non-executive director

TC Chetty and Associates, in respect of which Thavanesan ("TC") Chetty is a shareholder and director provided town planning services to Fortress. The total quantum of services rendered amounted to R283 854 for the year ended 30 June 2023 (2022: R61 065).

28.5 Corporate membership fees and sponsorship of South African Institute of Black Property Practitioners ("SAIBPP") students – independent non-executive director

Fortress paid SAIBPP, in respect of which Vuyiswa Ramokgopa was the CEO, an annual corporate membership fee of R55 000 (2022: R52 250) along with administration fees of R44 622 (2022: R168 967) during the 2023 financial year to facilitate the sponsorship of eight (2022: 19) bursaries.

Vuyiswa Ramokgopa resigned as the CEO of SAIBPP in April 2022, however, remained on the board of directors of SAIBPP as a non-executive director until May 2023.

28.6 Commission paid to independent non-executive director

Bram Goossens, an independent non-executive director, is the sole director and ultimate beneficiary of Blue Triangle Proprietary Limited. Agent commissions of Rnil (2022: R225 000) (excluding VAT) were paid by a subsidiary to Blue Triangle Proprietary Limited as a broker for the disposal of Jones Crescent Midrand. Bram Goossens resigned as independent non-executive director of Fortress with effect from 14 February 2023.

28. Related party transactions continued

28.7 Material related party transactions

The loan advanced to associate is set out in note 5.

Remuneration paid to directors is set out in note 29.

Employee incentive scheme awards and staff scheme loans to directors are set out in note 20.

Interest paid by directors to the Trust amounts to Rnil million (2022: R2,3 million).

Amounts owing (to)/by subsidiaries are set out in note 6.

Revenue received from group companies is set out in note 16.

29. Directors' remuneration

The following remuneration was paid to directors (paid by subsidiaries of Fortress):

	GROUP						
	Remuneration R'000	Associate company directors' fees R'000	Provident fund contribution R'000	Bonus R'000	Leave paid out R'000	LTIP Award Share Scheme remuneration R'000	Total R'000
2023							
Executive directors							
Steven Brown#	**3 977**	**1 402**	**166**	**3 700**		**780**	**10 025**
Ian Vorster#	**4 203**		**175**	**3 300**		**364**	**8 042**
Vuso Majija#	**3 980**		**166**	**3 025**		**643**	**7 814**
Donnovan Pydigadu#	**3 906**		**163**	**2 965**		**626**	**7 660**
	16 066	**1 402**	**670**	**12 990**	**–**	**2 413**	**33 541**
2022							
Executive directors							
Steven Brown*	4 575	675	149		1 274	969	7 642
Ian Vorster*	4 093		133		48	453	4 727
Vuso Majija*	3 932		128			778	4 838
Donnovan Pydigadu*	3 868		126			800	4 794
	16 468	675	536	–	1 322	3 000	22 001

\# *2023: Short-term performance incentive relating to the 2022 financial year, paid in 2023.*

* *2022: Short-term performance incentive relating to the 2021 financial year, paid in 2022.*

29. Directors' remuneration continued

	GROUP	
	2023 For services as a director (paid by the company) R'000	2022 For services as a director (paid by the company) R'000
Non-executive directors		
Robin Lockhart-Ross	**1 268**	1 039
Jan Potgieter	**1 178**	980
Susan Ludolph	**1 028**	944
Bram Goossens@	**686**	918
Ina Lopion	**873**	887
Benjamin Kodisang^	**693**	840
Thavanesan (TC) Chetty	**865**	796
Vuyiswa Ramokgopa	**897**	763
Caswell Rampheri%	**–**	–
Edwin Oblowitz&	**159**	–
	7 647	7 167

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

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

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

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

In the instance of executive directors, all remuneration was paid by subsidiaries in the group. Non-executive remuneration was paid by the company. Fortress has no prescribed officers in terms of section 1 of the Companies Act.

Directors' interests in contracts are disclosed in note 28: Related party transactions.

29. Directors' remuneration continued

29.1 Direct holdings of executive directors

The additional information provided in the tables below is specifically with regard to executive directors' holdings and summarises the shares held in their own name and from the various Fortress share schemes.

	Shares held outside of Fortress Share schemes (own name)	Legacy debt funded staff scheme shares*	LTIP award unvested shares#	LTIP purchase debt funded shares$	Total direct holding
2023					
Fortress – FFA shares					
Steven Brown	**112 520^^**		**53 840**	**609 500**	**775 860**
Ian Vorster	**101 745**		**25 155**	**111 200**	**238 100**
Vuso Majija	**88 870**		**44 435**	**149 300**	**282 605**
Donnovan Pydigadu	**43 235**		**43 235**		**86 470**
	346 370	**–**	**166 665**	**870 000**	**1 383 035**
Fortress – FFB shares					
Steven Brown	**1 947 410^^**	**725 000**	**53 840**	**609 500**	**3 335 750**
Ian Vorster	**657 535**		**25 155**	**111 200**	**793 890**
Vuso Majija	**209 378**	**300 300**	**44 435**	**149 300**	**703 413**
Donnovan Pydigadu	**86 470**		**43 235**		**129 705**
	2 900 793	**1 025 300**	**166 665**	**870 000**	**4 962 758**
2022					
Fortress – FFA shares					
Steven Brown	38 680^		107 680	609 500	755 860
Ian Vorster	76 590		50 310	111 200	238 100
Vuso Majija	44 435		88 870	149 300	282 605
Donnovan Pydigadu			86 470		86 470
	159 705	–	333 330	870 000	1 363 035
Fortress – FFB shares					
Steven Brown	1 873 570^	725 000	107 680	609 500	3 315 750
Ian Vorster	632 380		50 310	111 200	793 890
Vuso Majija	164 943	300 300	88 870	149 300	703 413
Donnovan Pydigadu	43 235		86 470		129 705
	2 714 128	1 025 300	333 330	870 000	4 942 758

^^ *At 30 June 2023, 54 680 FFA ordinary shares and 1 438 050 FFB ordinary shares have been pledged as security for a loan of R3 145 392, for a term not exceeding three years.*

^ *At 30 June 2022, 34 680 FFA ordinary shares and 1 418 050 FFB ordinary shares have been pledged as security for a loan of R2 747 445, for a term not exceeding three years.*

Includes shares issued under the long-term incentive award that have not vested. Refer to note 20 for further disclosure regarding the vesting of these shares.

$ *Refer to note 20.4.2: LTIP Purchase Share Scheme – directors' participation for the disclosure required by JSE Listings Requirement 3.63(b)(ix) for shares pledged as security.*

* *Refer to note 20.4.3: Previous Fortress Share Purchase Trust – directors' participation for the disclosure required by JSE Listings Requirement 3.63(b)(ix) for shares pledged as security.*

29. Directors' remuneration continued

29.2 Beneficial shareholding of directors and officers

	Direct holding	Indirect holding	Associate holding	Total shares held	% of issued shares
2023					
Fortress – FFA shares					
Steven Brown	**775 860**			**775 860**	**0,07**
Ian Vorster	**238 100**			**238 100**	**0,02**
Vuso Majija	**282 605**			**282 605**	**0,02**
Donnovan Pydigadu	**86 470**			**86 470**	**0,01**
	1 383 035	**–**	**–**	**1 383 035**	**0,12**
Fortress – FFB shares					
Steven Brown	**3 335 750**			**3 335 750**	**0,31**
Ian Vorster	**793 890**			**793 890**	**0,07**
Vuso Majija	**703 413**			**703 413**	**0,06**
Donnovan Pydigadu	**129 705**		**6 438**	**136 143**	**0,01**
	4 962 758	**–**	**6 438**	**4 969 196**	**0,45**
2022					
Fortress – FFA shares					
Steven Brown	755 860			755 860	0,06
Ian Vorster	238 100			238 100	0,02
Vuso Majija	282 605			282 605	0,02
Donnovan Pydigadu	86 470			86 470	0,01
Bram Goossens		5 900		5 900	0,00
	1 363 035	5 900	–	1 368 935	0,11
Fortress – FFB shares					
Steven Brown	3 315 750			3 315 750	0,30
Ian Vorster	793 890			793 890	0,07
Vuso Majija	703 413			703 413	0,06
Donnovan Pydigadu	129 705		6 438	136 143	0,01
Bram Goossens		5 900		5 900	0,00
	4 942 758	5 900	6 438	4 955 096	0,45

The shareholding of directors and officers has not changed between the end of the financial year and the date of the signed annual financial statements, being 31 August 2023.

Direct holdings of executive directors and beneficial shareholding of directors and officers are new required disclosures which did not form part of the 2022 annual financial statements.

30. Statement of compliance with IFRS

The group applies all applicable IFRS as issued by the International Accounting Standards Board in preparation of the financial statements. Consequently, all IFRS Standards that were effective at the date of issuing this report and are relevant to Fortress' operations have been applied.

30.1 New standards adopted

New standards adopted at 1 July 2022

During the current financial year, the following standards and interpretations were adopted by the group and company as applicable:

- Amendment to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract IFRS 1, IFRS 9, IFRS 16 and IAS 41 amendments, Annual Improvements to IFRS 2018 – 2020;
- Amendment to IAS 16: Proceeds before Intended Use; and
- Amendment to IFRS 3: Reference to Conceptual Framework.

The above standards had no material impact during the current financial year.

30.2 New standards, interpretations and amendments to existing standards that are not yet effective and have not been early-adopted by the group

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

International Financial Reporting Standards

Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*	Annual periods beginning on or after 1 January 2024
Amendments to IAS 1	*Non-Current Liabilities with Covenants*	Annual periods beginning on or after 1 January 2024
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*	Annual periods beginning on or after 1 January 2023
Amendments to IAS 8	*Definition of Accounting Estimates*	Annual periods beginning on or after 1 January 2023
Amendments to IAS 12	*Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction*	Annual periods beginning on or after 1 January 2023
Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*	Annual periods beginning on or after 1 January 2023
Amendments to IAS 21	*Lack of exchangeability*	Annual periods beginning on or after 1 January 2025
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*	Annual periods beginning on or after 1 January 2024

None of these standards are expected to have a material impact on the consolidated or company financial statements.

31. Going concern

In respect of the group and company, the directors are aware that at 30 June 2023, the group's current liabilities exceed its current assets by R2,5 billion (2022: R4,37 billion) and the company's current liabilities exceed its current assets by R3,05 billion (2022: R10,79 billion). Refer to note 25.2 for subsequent events relating to the refinancing of debt reflected as current liabilities at year-end and additional liquidity raised through the interest rate market of the JSE.

The group and company annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities, contingent liabilities and commitments will occur in the ordinary course of business.

FORTRESS LOGISTICS REAL ESTATE



Bydgoszcz Logistics Park

Total GLA: 91 402m²

Phase 1 complete: 66 412m²

Available for development: 24 990m²

Interest: 100%

SA REIT Best Practice disclosure

SA REIT
Best Practice disclosure

SA REIT FFO	Jun 2023 R'000	Jun 2022 R'000
Profit for the year attributable to equity holders	**5 917 362**	777 817
Adjusted for:		
Accounting/specific adjustments:	**(2 905 615)**	2 006 000
Fair value adjustments to:		
– Investment property	**766 936**	(275 953)
– Fair value gain on investments	**(96 939)**	(48 790)
Insurance right to receive – capital	**1 492**	(246 702)
Impairment of staff scheme loans	**6 594**	6 522
(Reversal of impairment)/impairment of investments in associates	**(2 371 817)**	2 338 164
Deferred tax movement recognised in profit or loss	**(1 301 946)**	35 171
Straight-lining operating lease adjustment	**(24 557)**	52 352
Dividend accrual	**114 622**	145 236
Foreign exchange and hedging items:	**301 011**	(541 430)
– Fair value adjustments on derivative financial instruments employed solely for hedging purposes	**42 488**	(75 363)
– Adjustments to amounts recognised in profit or loss relating to derivative financial instruments	**262 634**	(466 067)
– Foreign exchange gains relating to capital items – unrealised	**(4 111)**	–
Other adjustments:	**(1 123 822)**	(331 009)
– Non-distributable income from associates	**(923 595)**	(346 720)
– Non-controlling interests in respect of the above adjustments	**(32 173)**	15 711
– Income tax in respect of prior periods	**(168 054)**	–
SA REIT FFO	**2 188 936**	1 911 378
Company-specific adjustments	**(391 669)**	(203 923)
– Interest received on LTIP (reversed for IFRS 2 charge)	**5 726**	3 590
– IFRS 2: *Share-based Payment* – employee incentive scheme	**55 579**	49 177
– Dividend accrual	**(114 622)**	(145 236)
– Income tax – current	**–**	2 229
– Staff scheme interest limitation	**(32 296)**	(20 167)
– Capitalised interest	**(306 056)**	(93 516)
FORTRESS' AMOUNT AVAILABLE FOR DISTRIBUTION	**1 797 267**	1 707 455
Number of shares outstanding at the end of the year (net of treasury shares)	**2 170 409 851**	2 170 409 851
FFA	**1 164 733 176**	1 164 733 176
FFB	**1 005 676 675**	1 005 676 675

SA REIT NAV	Jun 2023 R'000	Jun 2022 R'000
Reported NAV attributable to the parent	**33 330 390**	26 740 401
Adjustments:		
– Dividend to be declared (net of treasury shares)	**–**	–
– Fair value of certain derivative financial instruments	**(578 122)**	(948 277)
– Deferred tax	**(1 200 339)**	80 093
SA REIT NAV	**31 551 929**	25 872 217
Shares outstanding		
Number of shares in issue at year-end (net of treasury shares)	**2 106 212 061**	2 106 212 061
Effect of dilutive instruments (options, convertibles and equity interests)	**18 130 128**	10 493 322
Dilutive number of shares in issue	**2 124 342 189**	2 116 705 383
SA REIT NAV per share	**14,85**	12,22

SA REIT LTV	Jun 2023 R'000	Jun 2022 R'000
Gross debt	**19 035 366**	19 117 067
Less:		
Cash and cash equivalents	**(208 451)**	(693 601)
Less:		
Derivative financial instruments	**(578 122)**	(948 277)
Net debt	**18 248 793**	17 475 189
Total assets per statement of financial position	**54 237 773**	47 588 829
Less:		
Cash and cash equivalents	**(208 451)**	(693 601)
Derivative financial assets	**(894 012)**	(1 130 441)
Trade and other receivables	**(740 366)**	(553 071)
Intangible assets – deferred tax asset	**(1 555 636)**	–
Carrying amount of property-related assets	**50 839 308**	45 211 716
SA REIT LTV (%)	**35,90**	38,65

SA REIT cost-to-income ratio	Jun 2023 R'000	Jun 2022 R'000
Expenses		
Operating expenses per IFRS statement of comprehensive income (includes municipal expenses)	**1 545 111**	1 365 912
Administrative expenses per IFRS statement of comprehensive income	**222 178**	214 783
Operating costs	**1 767 289**	1 580 695
Rental income		
Contractual rental income per IFRS statement of comprehensive income (excluding straight-lining)	**2 787 082**	2 601 109
Utility and operating recoveries per IFRS statement of comprehensive income	**976 315**	897 714
Gross rental income	**3 763 397**	3 498 823
SA REIT cost-to-income ratio (%)	**46,96**	45,18

SA REIT administrative cost-to-income ratio	Jun 2023 R'000	Jun 2022 R'000
Expenses		
Administrative expenses per IFRS statement of comprehensive income	**222 178**	214 783
Administrative costs	**222 178**	214 783
Rental income		
Contractual rental income per IFRS statement of comprehensive income (excluding straight-lining)	**2 787 082**	2 601 109
Utility and operating recoveries per IFRS statement of comprehensive income	**976 315**	897 714
Gross rental income	**3 763 397**	3 498 823
SA REIT administrative cost-to-income ratio (%)	**5,90**	6,14

SA REIT GLA vacancy rate	Jun 2023 m²	Jun 2022 m²
Gross lettable area of vacant space	**106 600**	149 569
Gross lettable area of total property portfolio	**2 873 318**	2 772 482
SA REIT GLA vacancy rate (%)	**3,71**	5,39

Weighted average cost of debt

Cost of debt – Rand-denominated	Jun 2023 %	Jun 2022 %
Variable interest rate borrowings		
Floating reference rate plus weighted average margin	**10,41**	6,74
Pre-adjusted weighted average cost of debt	**10,41**	6,74
Adjustments		
Impact of interest rate derivatives	**(1,27)**	0,65
Amortised transaction costs imputed into the effective interest rate	**0,50**	0,46
All-in weighted average cost of debt*	**9,64**	7,85

* *Calculated using 3-month JIBAR reference rate at 30 June.*

Cost of debt – Euro-denominated	Jun 2023 %	Jun 2022 %
Variable interest rate borrowings		
Floating reference rate plus weighted average margin	**6,05**	2,49
Pre-adjusted weighted average cost of debt	**6,05**	2,49
Adjustments		
Impact of interest rate derivatives	**(2,95)**	0,59
All-in weighted average cost of debt**	**3,10**	3,08

** *Calculated using 3-month/1-month EURIBOR reference rate at 30 June as appropriate.*

The SA REIT Best Practice Disclosure constitutes non-IFRS financial information and is considered to be *pro forma* financial information in terms of the JSE Listings Requirements.

The directors are responsible for compiling the SA REIT Best Practice Disclosures on the basis of the applicable criteria specified in the JSE Listings Requirements.

KPMG Inc.'s reporting accountants' report thereon is available for inspection at the registered office.



FORTRESS Retail REAL ESTATE

Property portfolio

Flamwood Walk

Total GLA: 20 159m²

Interest: 100%

Property portfolio statistics

Total portfolio

Reporting convention for property data and statistics

Unless otherwise indicated, we have used the convention detailed below for disclosing and presenting the data and statistics relating to our direct property portfolio. Our property portfolio comprises completed buildings with associated GLA, both 100% and partially owned, as well as strategic land parcels and properties currently under development, both 100% and partially owned. The latter does not have associated GLA.

GLA-related disclosures

- For GLA-related disclosures, we present Fortress' *pro rata* share of the completed buildings' GLA. The detailed property schedule on pages 114 to 131 discloses both the 100% and *pro rata* share of the GLA of each building; and
- GLA metrics are only applicable to completed buildings.

Valuation disclosures

- For valuation disclosures, we present Fortress' *pro rata* share of the value of both completed buildings and properties under development whether held in subsidiaries or in undivided shares; and
- As the valuation metrics are applicable to both completed buildings and properties under development, we generally disclose these separately unless otherwise indicated.

The above convention is applicable to both our sector and geographical analysis throughout the report, unless otherwise indicated.

Overview of our direct property portfolio

Total vacancy by GLA	3,7%
Total vacancy by rental	3,3%
Total weighted average in-force escalation	6,1%
Total reversions	-5,5%
Total weighted average lease expiry (years)	3,7
Average annualised property yield	8,9%

Sectoral profile

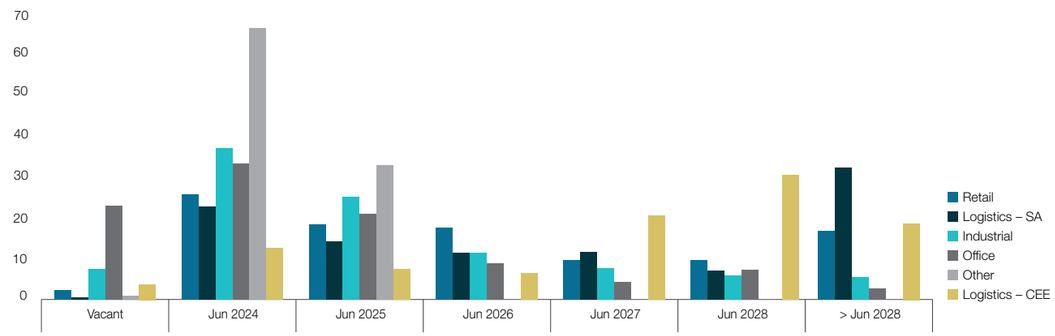
	GLA (Fortress' % of GLA)		Vacancy based on GLA (Fortress' % share)		Valuation (Fortress' % ownership) including developments	
	2023 m²	2022 m²	2023 %	2022 %	2023 R'million	2022 R'million
Retail	**521 416**	559 796	**2,3**	3,6	**10 116**	10 168
Logistics – SA	**1 437 340**	1 216 082	**0,5**	1,2	**15 098**	13 759
Industrial	**591 830**	668 769	**7,4**	8,2	**2 715**	3 134
Office	**163 474**	171 309	**22,9**	28,6	**1 596**	1 892
Other	**15 509**	30 829	**0,8**	4,1	**196**	336
Hotel	**–**	10 525	**–**	–	**–**	117
Residential	**10 417**	15 212	**1,2**	8,3	**123**	145
Serviced apartments	**5 092**	5 092	**–**	–	**73**	74
Total – SA	**2 729 569**	2 646 785	**3,7**	5,3	**29 721**	29 289
Logistics – CEE	**143 749**	125 697	**3,8**	8,3	**2 872**	2 077
Total – CEE	**143 749**	125 697	**3,8**	8,3	**2 872**	2 077
Total	**2 873 318**	2 772 482	**3,7**	5,4	**32 593**	31 366

Total lease expiry – South Africa and CEE

Lease expiry based on GLA (%)

	2023							2022						
Sector	Vacant	Jun 2024	Jun 2025	Jun 2026	Jun 2027	Jun 2028	Jun >2028	Vacant	Jun 2023	Jun 2024	Jun 2025	Jun 2026	Jun 2027	Jun >2027
Retail	**2,3**	**25,7**	**18,3**	**17,5**	**9,7**	**9,7**	**16,8**	3,6	27,8	18,0	16,1	11,1	10,2	13,2
Logistics – SA	**0,5**	**22,8**	**14,2**	**11,4**	**11,7**	**7,1**	**32,3**	1,2	23,3	15,2	13,5	14,0	11,5	21,3
Industrial	**7,4**	**37,1**	**25,1**	**11,5**	**7,6**	**5,8**	**5,5**	8,2	31,1	24,4	18,8	6,7	6,3	4,5
Office	**22,9**	**33,3**	**20,9**	**8,8**	**4,2**	**7,2**	**2,7**	28,6	28,5	16,6	17,0	3,7	2,3	3,3
Other	**0,8**	**66,4**	**32,8**	**–**	**–**	**–**	**–**	4,1	44,9	0,4	16,5	–	–	34,1
Hotel	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–	100,0
Residential	**1,2**	**98,8**	**–**	**–**	**–**	**–**	**–**	8,3	91,0	0,7	–	–	–	–
Serviced apartments	**–**	**–**	**100,0**	**–**	**–**	**–**	**–**	–	–	–	100,0	–	–	–
Logistics – CEE	**3,8**	**12,6**	**7,4**	**6,5**	**20,5**	**30,5**	**18,7**	8,3	1,6	9,9	9,4	9,0	21,8	40,0
Total portfolio	**3,7**	**26,5**	**17,3**	**12,0**	**10,5**	**8,5**	**21,5**	5,4	25,7	17,7	15,4	10,6	9,8	15,4

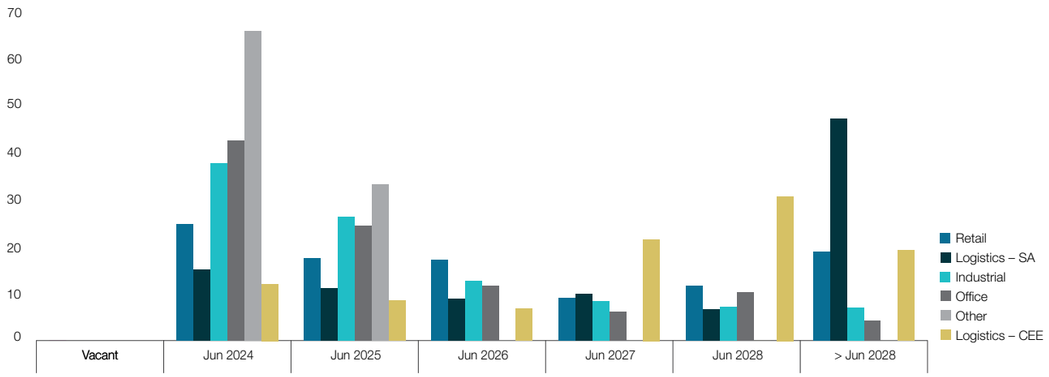
Lease expiry based on GLA (%)



Lease expiry based on gross rentals (%)

	2023							2022						
Sector	Vacant	Jun 2024	Jun 2025	Jun 2026	Jun 2027	Jun 2028	Jun >2028	Vacant	Jun 2023	Jun 2024	Jun 2025	Jun 2026	Jun 2027	Jun >2027
Retail	–	25,0	17,7	17,3	9,1	11,8	19,1	–	29,6	18,9	16,6	10,3	9,8	14,8
Logistics – SA	–	15,2	11,3	9,0	10,1	6,7	47,7	–	19,3	12,9	13,3	14,5	12,1	27,9
Industrial	–	38,0	26,5	12,8	8,4	7,3	7,0	–	31,4	27,3	20,0	8,1	7,3	5,9
Office	–	42,9	24,7	11,7	6,2	10,3	4,2	–	39,5	26,2	20,4	5,1	3,6	5,2
Other	–	66,4	33,6	–	–	–	–	–	52,1	0,5	32,8	–	–	14,6
Hotel	–	–	–	–	–	–	–	–	–	–	–	–	–	100,0
Residential	–	100,0	–	–	–	–	–	–	99,0	1,0	–	–	–	–
Serviced apartments	–	–	100,0	–	–	–	–	–	–	–	100,0	–	–	–
Logistics – CEE	–	12,2	8,6	6,9	21,8	31,0	19,5	–	1,6	10,0	11,0	9,8	23,8	43,8
Total portfolio	–	22,5	15,8	12,1	9,8	9,5	30,3	–	25,8	17,8	16,0	11,2	10,3	18,9

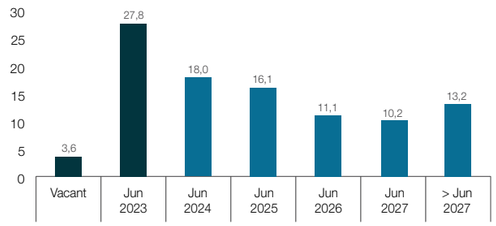
Lease expiry based on gross rentals (%)



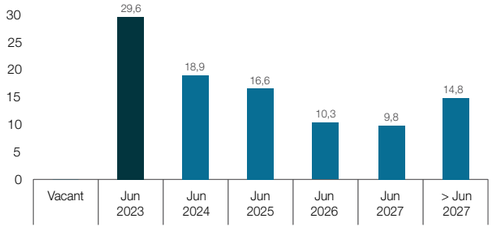
Lease expiry profile

Retail

Lease expiry based on GLA (%)

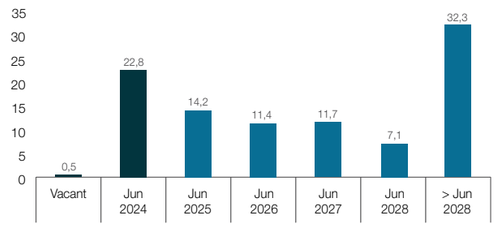


Lease expiry based on gross rentals (%)

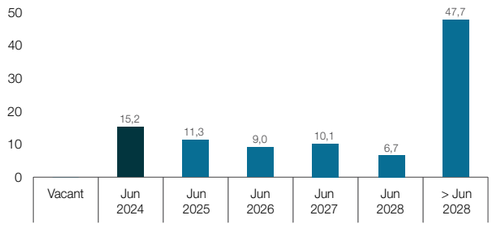


Logistics – SA

Lease expiry based on GLA (%)

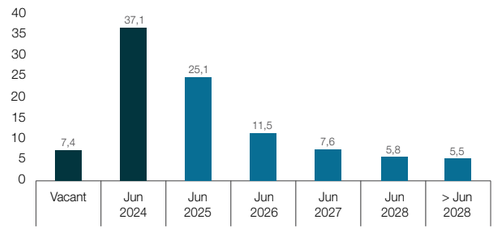


Lease expiry based on gross rentals (%)

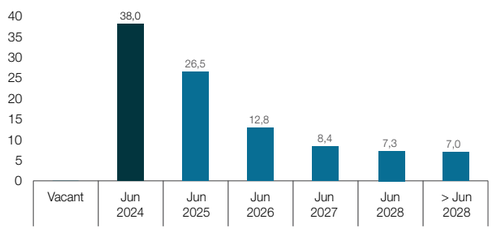


Industrial

Lease expiry based on GLA (%)

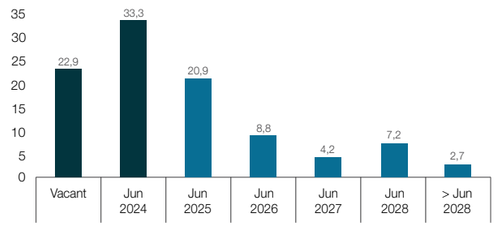


Lease expiry based on gross rentals (%)

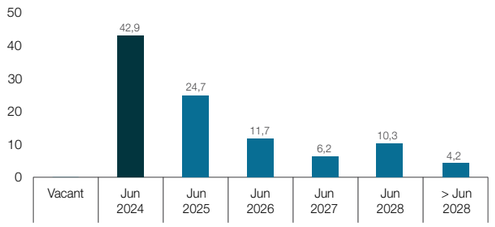


Office

Lease expiry based on GLA (%)

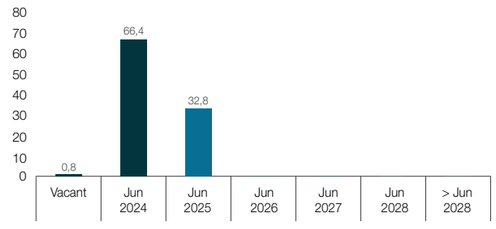


Lease expiry based on gross rentals (%)

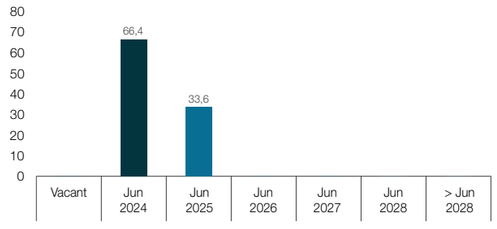


Other

Lease expiry based on GLA (%)

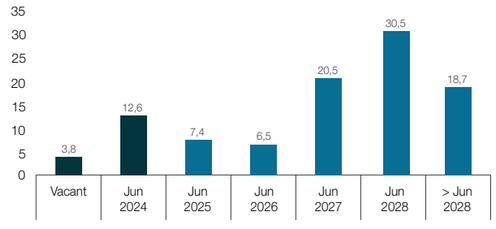


Lease expiry based on gross rentals (%)

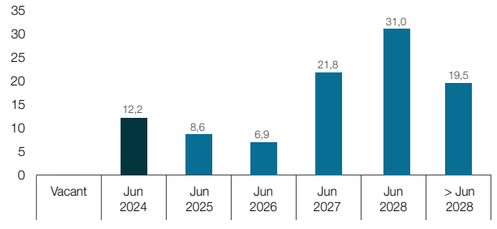


Logistics – CEE

Lease expiry based on GLA (%)

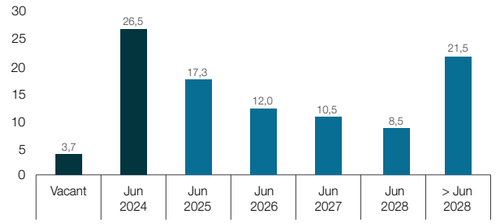


Lease expiry based on gross rentals (%)

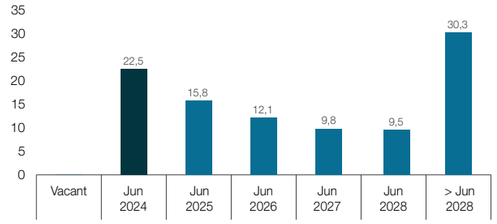


Total portfolio

Lease expiry based on GLA (%)

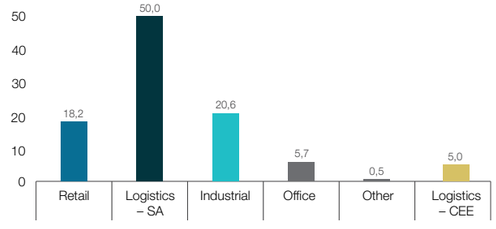


Lease expiry based on gross rentals (%)

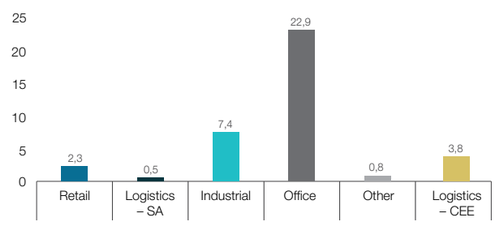


Sectoral profile

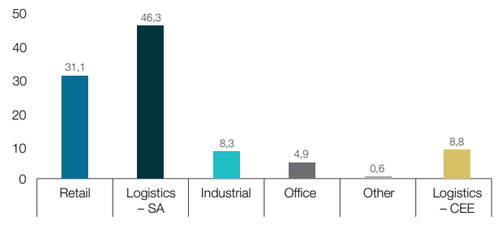
Sectoral profile based on GLA (%)



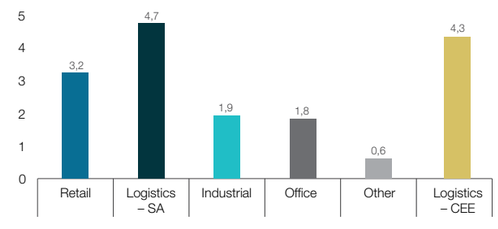
Vacancy per sector based on GLA (%)



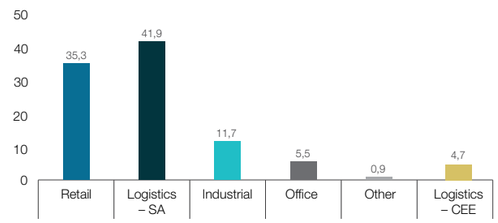
Sectoral profile based on property value (%)



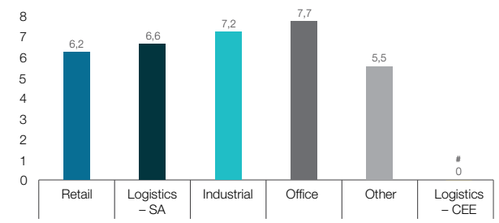
Weighted average lease expiry per sector (years)



Sectoral profile based on gross rentals (%)



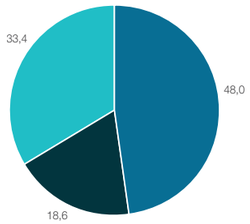
Weighted average rental escalation per sector (%)



Lease increases based on the Harmonised Index of Consumer Prices.

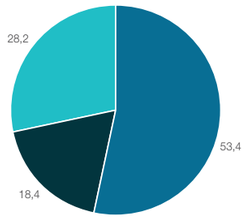
Tenant profile

Tenant profile based on GLA (%)



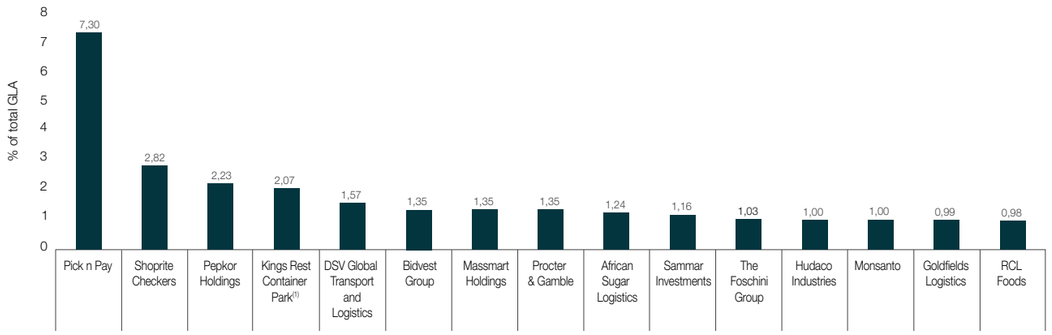
A	Large national tenants, large listed tenants, government and major franchisees. These include, *inter alia*, Shoprite Checkers, Pepkor Holdings, Pick n Pay, Bidvest, C.Steinweg Bridge, Cipla Medpro, Naspers, Goldfields Logistics, DSV Global, Massmart, Sammar Investments, The Foschini Group, Procter & 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).

Tenant profile based on gross rentals (%)



Top 15 tenants of occupied GLA (%)

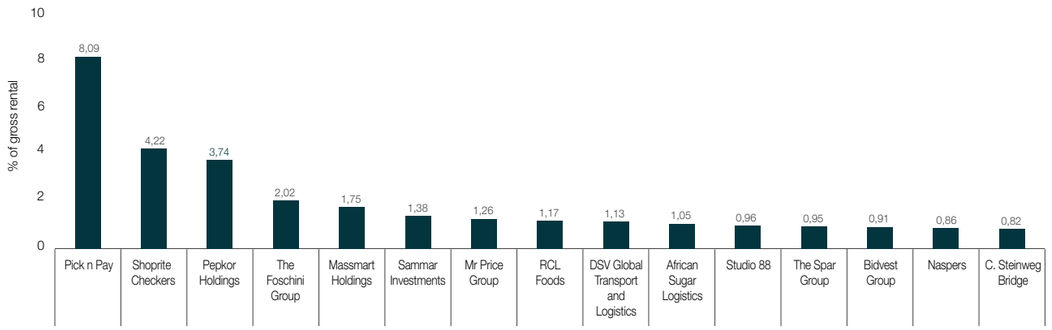
GLA at 30 June 2023



(1) *This tenant occupies a container yard at Clairwood*

Top 15 tenants of gross rental (%)

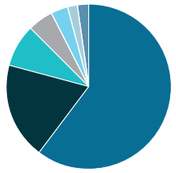
Gross rental at 30 June 2023



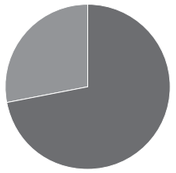
Geographical profile

Geographical profile of our investment properties (completed properties and developments) based on valuation (%) – Fortress' *pro rata* share

Province	2023 %	2022 %
Gauteng	**58,4**	58,5
KwaZulu-Natal	**17,7**	16,3
Western Cape	**7,9**	8,7
Limpopo	**4,5**	4,5
Mpumalanga	**4,0**	4,7
North West	**3,1**	2,3
Eastern Cape	**2,3**	2,9
Free State	**1,8**	1,8
Northern Cape	**0,3**	0,3
South Africa	**100,0**	100,0



Country	2023 %	2022 %
Poland	**75,9**	72,2
Romania	**24,1**	27,8
CEE	**100,0**	100,0



Overview of our direct property portfolio

Geographical profile of completed properties based on valuation (%) – Fortress' *pro rata* share

Region	2023 %	2022 %
Gauteng	**59,6**	57,7
KwaZulu-Natal	**15,1**	13,9
Western Cape	**8,1**	9,7
Limpopo	**4,9**	5,1
Mpumalanga	**4,3**	5,4
North West	**3,4**	2,7
Eastern Cape	**2,3**	3,1
Free State	**1,9**	2,0
Northern Cape	**0,4**	0,4
South Africa	**100,0**	100,0
Poland	**68,7**	62,4
Romania	**31,3**	37,6
CEE	**100,0**	100,0

Geographical profile of completed properties based on GLA (%) – Fortress' *pro rata* share

Region	2023 %	2022 %
Gauteng	**69,1**	67,0
KwaZulu-Natal	**13,5**	12,6
Western Cape	**7,9**	8,6
Limpopo	**3,1**	3,2
Mpumalanga	**1,7**	3,2
North West	**1,8**	1,4
Eastern Cape	**1,7**	2,8
Free State	**1,0**	1,0
Northern Cape	**0,2**	0,2
South Africa	**100,0**	100,0
Poland	**65,1**	60,1
Romania	**34,9**	39,9
CEE	**100,0**	100,0

Geographical profile of completed properties based on gross rentals (%) – Fortress' *pro rata* share

Region	2023 %	2022 %
Gauteng	**61,4**	57,8
KwaZulu-Natal	**12,7**	12,7
Western Cape	**8,3**	9,7
Limpopo	**5,3**	5,6
Mpumalanga	**4,0**	5,8
North West	**3,5**	2,6
Eastern Cape	**2,6**	3,4
Free State	**1,8**	1,9
Northern Cape	**0,4**	0,5
South Africa	**100,0**	100,0
Poland	**61,8**	55,6
Romania	**38,2**	44,4
CEE	**100,0**	100,0

✓ – completed properties

☑ – strategic land parcels and current developments

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**

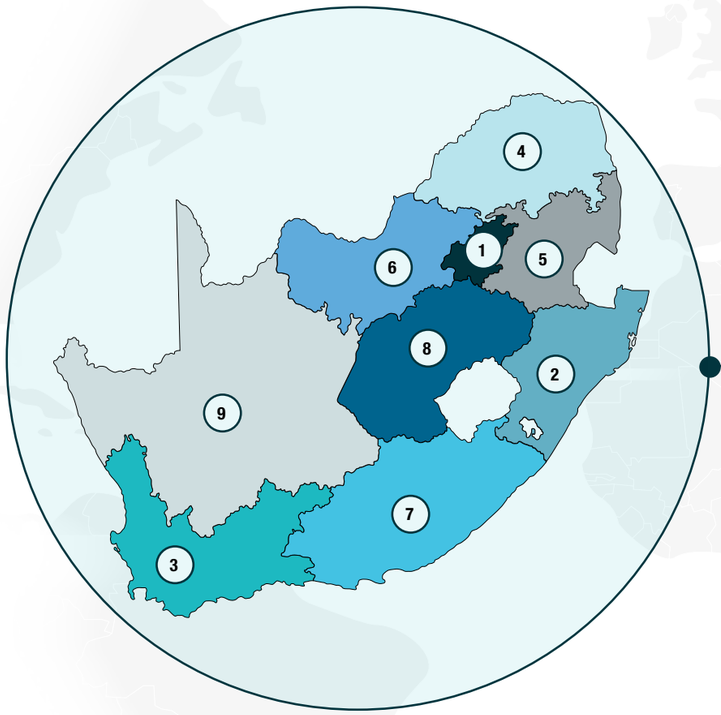
☑ **3,3%** of portfolio
Total valuation: **R73 million**

8 Free State

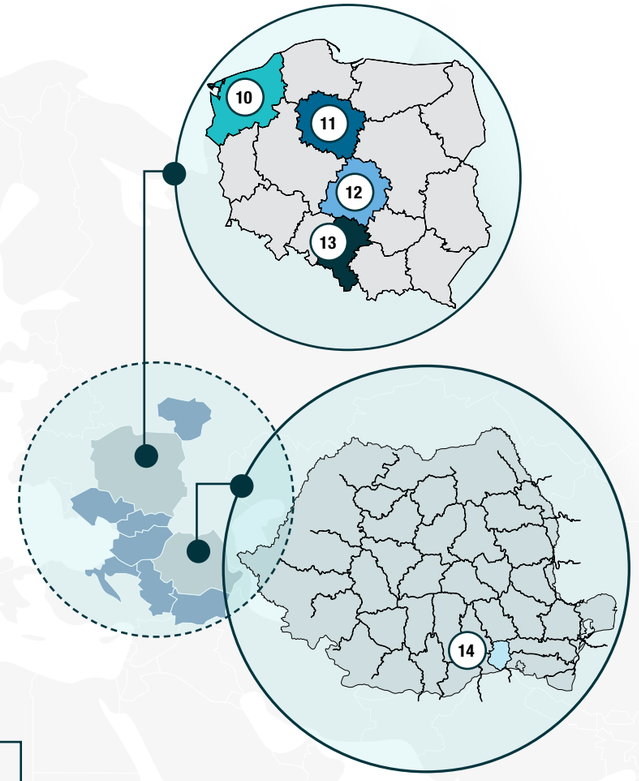
✓ **2** properties and **1,9%** of portfolio
Total valuation: **R523 million**

9 Northern Cape

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



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**

Geographical profile of land parcels and developments based on valuation (%) – Fortress' *pro rata* share

Region	2023 %	2022 %
KwaZulu-Natal	**50,0**	31,5
Gauteng	**43,1**	64,1
Eastern Cape	**3,3**	1,8
Western Cape	**3,0**	2,2
Limpopo	**0,6**	0,4
Mpumalanga	**–**	–
North West	**–**	–
Free State	**–**	–
Northern Cape	**–**	–
South Africa	**100,0**	100,0
Poland	**100,0**	100,0
Romania	**–**	–
CEE	**100,0**	100,0

Schedule of properties

at 30 June 2023

Retail

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m^2) (100% of building)	Gross lettable area (m^2) (Fortress' proportionate % of building)	Vacancy %	Weighted average rate R/m^2	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' proportionate ownership %)	Address	
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	1
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	2
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	3
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	4
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	5
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	6
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	7
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	8
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	9
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	10
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	11
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	12
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	13
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	14
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	15
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	16
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	17
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	18
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	19
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	20
21	Lebowakgomo Centre	100,0	Limpopo	8 167	8 167	–	177	22 Dec 11	28 000	Retail	173 000	Nedlife Complex 3 BA Lebowakgomo	21
22	Lephalale CBD	51,0	Limpopo	24 510	12 500	3,3	133	1 Feb 12	73 200	Retail	172 482	Plein Street Lephalale	22
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	23
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	24
25	Thembi Mall	100,0	Gauteng	6 599	6 599	–	191	1 Dec 16	104 400	Retail	161 000	232 Sheba Street Tembisa	25
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	26
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	27
28	Botlokwa Plaza	100,0	Limpopo	7 963	7 963	–	163	1 Oct 09	39 100	Retail	140 000	N1 Mphakane off-ramp Botlokwa	28
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	29
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	30
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	31
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	32

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	
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	33
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	34
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	35
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	36
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	37
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	38
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	39
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	40
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	41
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	42
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	43
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	44
45	Game Paarl	100,0	Western Cape	3 998	3 998	–	@		22 Jun 12	29 610	Retail	29 000	21 Fabriek Street Paarl	45
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	46
	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.*

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	47
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	48
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	49
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	50
51	Silverstone Raceway	100,0	Gauteng	41 590	41 590	–	#		30 Nov 15	324 000	Logistics	424 010	10 Silverstone Street Gosforth Park	51
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	52
53	Frankenwald Drive Longlake	100,0	Gauteng	27 025	27 025	–	#		30 Nov 15	334 500	Logistics	362 367	Frankenwald Drive Longlake	53
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	54
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	55
56	Tradeport Bridge	51,0	Gauteng	49 079	25 030	–	#		1 Oct 16	49 176	Logistics	289 119	82B Merino Avenue City Deep	56
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	57
58	Linbro Logistics Park	100,0	Gauteng	31 962	31 962	–	71		30 Nov 15	236 000	Logistics	264 479	1st Avenue Longlake	58
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	59
60	118 Brakpan Road	100,0	Gauteng	37 027	37 027	–	#		30 Nov 15	239 800	Logistics	225 533	118 Brakpan Road Boksburg	60
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	61
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	62
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	63
64	Louwlardia Logistics Park – Building 2 (WAG)	50,0	Gauteng	33 977	16 989	–	#		30 Nov 15	~	Logistics	201 000	Nellmapius Drive Louwlardia	64

Logistics 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	
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	65
66	Louwlardia Logistics Park – Building 3 (Vodacom)	100,0	Gauteng	17 725	17 725	–	#	30 Nov 15	~	Logistics	200 000	Nellmapius Drive Louwlardia	66
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	67
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	68
69	Pomona Logistics	100,0	Gauteng	20 660	20 660	–	#	30 Nov 15	158 800	Logistics	180 826	20 Maple Road Pomona	69
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	70
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	71
72	Louwlardia Logistics Park – Building 3 (USN)	100,0	Gauteng	14 310	14 310	–	#	30 Nov 15	~	Logistics	161 000	Nellmapius Drive Louwlardia	72
73	12 Platinum Road Longmeadow	100,0	Gauteng	17 892	17 892	–	#	30 Nov 15	174 000	Logistics	157 111	12 Platinum Road Longmeadow	73
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	74
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	75
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	76
77	Louwlardia Logistics Park – Building 1 (WeBuyCars)	50,0	Gauteng	23 644	11 822	–	#	30 Nov 15	~	Logistics	140 000	Nellmapius Drive Louwlardia	77
78	Noursepack Epping 2	100,0	Western Cape	17 768	17 768	–	#	30 Nov 15	123 700	Logistics	136 750	Nourse Avenue Epping 2	78
79	11 Fitzmaurice Epping	100,0	Western Cape	19 381	19 381	–	70	30 Nov 15	126 800	Logistics	135 100	11 Fitzmaurice Epping	79
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	80
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	81
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	82
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	83
84	Eastport Logistics Park – Building 6	65,0	Gauteng	18 732	12 176	–	#	15 Mar 17	~	Logistics	122 200	100B Bredenhof Street Kempton Park	84
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	85
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	86
87	Cambridge Commercial Park	100,0	Gauteng	13 414	13 414	–	72	30 Nov 15	112 000	Logistics	102 540	22 Witkoppen Road Paulshof	87
88	15th Road Midrand	100,0	Gauteng	14 308	14 308	–	#	30 Nov 15	112 700	Logistics	98 730	311 15th Road Randjespark	88
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	89
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	90
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	91
92	Bevan Road Roodekop	100,0	Gauteng	20 255	20 255	–	#	30 Nov 15	81 600	Logistics	88 520	Bevan Road Roodekop	92
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	93
94	45 Angus Crescent	100,0	Gauteng	8 835	8 835	–	#	30 Nov 15	72 700	Logistics	82 537	45 Angus Crescent Longmeadow	94
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	95
96	Tlokwe Street Louwlardia	100,0	Gauteng	8 518	8 518	–	#	30 Oct 14	38 127	Logistics	79 653	Tlokwe Street Louwlardia	96
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	97
98	Union Park Alberton – Voltex	50,0	Gauteng	14 526	7 263	–	#	1 Dec 16	~	Logistics	76 000	14 Union Street Alberton North	98
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	99
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	100
101	53 Angus Crescent Longmeadow	100,0	Gauteng	6 850	6 850	–	#	30 Nov 15	58 000	Logistics	55 593	53 Angus Crescent Longmeadow	101
102	49 Ayrshire Road Longmeadow	100,0	Gauteng	7 263	7 263	–	#	30 Nov 15	50 600	Logistics	50 093	49 Ayrshire Road Longmeadow	102

Logistics continued

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m^2) (100% of building)	Gross lettable area (m^2) (Fortress' proportionate % of building)	Vacancy %	Weighted average rate R/m^2	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' proportionate ownership %)	Address	
103	4 Platinum Road Longmeadow	100,0	Gauteng	7 386	7 386	–	#	30 Nov 15	64 800	Logistics	49 317	4 Platinum Road Longmeadow	103
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	104
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	105
106	9 Ayrshire Avenue Longmeadow	100,0	Gauteng	7 090	7 090	–	#	30 Nov 15	48 200	Logistics	45 349	9 Ayrshire Avenue Longmeadow	106
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	107
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	108
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	109
110	19 Ayrshire Avenue	100,0	Gauteng	4 912	4 912	–	#	30 Nov 15	32 500	Logistics	40 659	19 Ayrshire Avenue Longmeadow	110
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	111
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	112
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	113
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	114
115	10 Drakensberg Drive Longmeadow	100,0	Gauteng	2 999	2 999	–	#	30 Nov 15	25 000	Logistics	29 460	10 Drakensberg Drive Longmeadow	115
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	116
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	117
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	118
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	119
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	120
121	20 Loper Avenue Spartan	100,0	Gauteng	3 659	3 659	–	#	30 Nov 15	23 300	Logistics	22 578	20 Loper Avenue Spartan	121
122	146 Serenade Road Rustivia	100,0	Gauteng	4 400	4 400	–	#	30 Nov 15	40 900	Logistics	22 012	146 Serenade Road Rustivia	122
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	123
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	124
125	City Deep Rittel	100,0	Gauteng	4 164	4 164	–	#	30 Nov 15	17 900	Logistics	20 271	8 Fortune Street City Deep	125
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	126
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	127
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	128
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	129
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	130
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	131
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	132
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	133
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	134
135	45 Director Road	100,0	Gauteng	1 800	1 800	–	#	1 Oct 09	7 700	Logistics	11 449	45 Director Road	135
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	136
	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/m^2, 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.*

Office

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m^2) (100% of building)	Gross lettable area (m^2) (Fortress' proportionate % of building)	Vacancy %	Weighted average rate R/m^2		Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' proportionate ownership %)	Address	
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	137
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	138
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	139
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	140
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	141
142	Monyetla Office Park	100,0	Gauteng	17 534	17 534	–	90		30 Nov 15	220 600	Office	91 932	Inyanga Close Sunninghill	142
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	143
144	Rutherford Estate Scott Street	100,0	Gauteng	9 192	9 192	–		$	30 Nov 15	191 000	Office	84 000	1 Scott Street Waverley	144
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	145
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	146
147	22 On Sloane	100,0	Gauteng	4 585	4 585	–	65		30 Nov 15	55 100	Office	50 000	22 Sloane Street Bryanston	147
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	148
149	Culross Court Bryanston	100,0	Gauteng	4 076	4 076	–	127		30 Nov 15	56 000	Office	48 000	16 Culross Road Bryanston	149
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	150
151	Howick Close	100,0	Gauteng	3 949	3 949	–		$	30 Nov 15	69 000	Office	38 000	253 Howick Close Vorna Valley Midrand	151
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	152
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	153
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	154
155	Standard Bank Crossing	100,0	Gauteng	2 194	2 194	–		$	30 Nov 15	43 400	Office	30 000	1 Twilight Avenue Fourways	155
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	156
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	157
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	158
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	159
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	160
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	161
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	162
	Total office			**163 474**	**163 474**	**22,9**[1]	**106**			**2 362 145**		**1 373 306**		

$ *Single tenanted property. The average gross rental of single tenanted office properties is R106/m^2.*

(1) *Based on Fortress' pro rata interests.*

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

Industrial

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m^2) (100% of building)	Gross lettable area (m^2) (Fortress' proportionate % of building)	Vacancy %	Weighted average rate R/m^2	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' proportionate ownership %)	Address	
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	163
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	164
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	165
166	Jonas Road Germiston	100,0	Gauteng	34 878	34 878	–	46	30 Nov 15	158 000	Industrial	105 092	Jonas Road Elandsfontein Germiston	166
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	167
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	168
169	1 Setchel Road Roodekop	100,0	Gauteng	28 990	28 990	–	&	30 Nov 15	153 000	Industrial	92 093	1 Setchel Road Roodekop	169
170	154 Monteer Road Isando	100,0	Gauteng	22 445	22 445	–	&	30 Nov 15	100 700	Industrial	84 407	22 Monteer Road Isando	170
171	16 Industrie Road	100,0	Gauteng	11 245	11 245	–	&	30 Nov 15	74 000	Industrial	78 985	18 Industrie Road Isando	171
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	172
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	173
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	174
175	Lakeview Business Park	100,0	Gauteng	10 584	10 584	–	57	–	60 100	Industrial	63 425	Yaldwyn Road Jet Park	175
176	Waterpas Street Isando	100,0	Gauteng	14 718	14 718	–	&	30 Nov 15	109 000	Industrial	55 110	2 Waterpas Street Isando	176
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	177
178	Robertville Industrial	100,0	Gauteng	9 137	9 137	–	&	30 Nov 15	44 200	Industrial	45 488	1067 Katrol Avenue Robertville	178
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	179
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	180
181	7 Nywerheid Street Tunney	100,0	Gauteng	4 183	4 183	–	&	30 Nov 15	32 800	Industrial	30 766	7 Nywerheid Street Tunney	181
182	1105 Anvil Road Robertville	100,0	Gauteng	10 800	10 800	–	&	30 Nov 15	49 500	Industrial	29 366	1105 Anvil Road Robertville	182
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	183
184	48 Koornhof Road	100,0	Gauteng	3 397	3 397	–	55	30 Nov 15	26 300	Industrial	21 135	48 Koornhof Road Meadowdale	184
185	100 Dekema Road Wadeville	50,0	Gauteng	7 500	3 750	–	&	1 Dec 16	14 920	Industrial	18 607	100 Dekema Road Wadeville	185
186	8 Field Street Wilbart	100,0	Gauteng	3 473	3 473	–	&	1 Oct 09	10 400	Industrial	18 464	8 Field Street Wilbart	186
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	187
188	1338 Staal Road Stormill	100,0	Gauteng	4 320	4 320	–	&	1 Dec 16	19 300	Industrial	15 255	1338 Staal Road Stormill	188
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	189
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	190
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	191
192	32 Mandy Road	100,0	Gauteng	6 193	6 193	–	38	1 Oct 09	16 900	Industrial	12 582	32 Mandy Road Reuven	192
193	Hilston Street Kya Sands	100,0	Gauteng	3 185	3 185	–	&	1 Oct 09	10 300	Industrial	11 531	Hilston Street Kya Sands	193
194	20 Industrial Crescent Witbank	50,0	Mpumalanga	2 680	1 340	–	&	1 Dec 16	7 900	Industrial	11 125	20 Industrial Crescent Witbank	194
195	75 Kyalami Boulevard	100,0	Gauteng	1 665	1 665	–	&	30 Nov 15	12 800	Industrial	10 783	75 Kyalami Boulevard Kyalami Park	195
196	66 Booysen Street	100,0	Gauteng	3 089	3 089	–	51	1 Oct 09	8 300	Industrial	9 330	66 Booysen Street Reuven	196
197	25 Angus Crescent Longmeadow	50,0	Gauteng	1 680	840	–	&	1 Dec 16	7 000	Industrial	8 433	25 Angus Crescent Longmeadow	197
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	198
199	37 Kindon Road Robertsham	50,0	Gauteng	3 400	1 700	–	&	1 Dec 16	4 640	Industrial	6 782	37 Kindon Road Robertsham	199
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	200
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	201
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	202

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m^2) (100% of building)	Gross lettable area (m^2) (Fortress' proportionate % of building)	Vacancy %	Weighted average rate R/m^2	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' proportionate ownership %)	Address	
Industrial continued													
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	203
204	40 Beechfield Crescent Springfield	50,0	Kwazulu-Natal	965	483	–	&	1 Dec 16	2 750	Industrial	4 450	40 Beechfield Crescent Springfield	204
205	216 Winze Road Stormill	50,0	Gauteng	1 466	733	–	&	1 Dec 16	3 140	Industrial	4 398	216 Winze Road Stormill	205
206	3 Watkins Street	100,0	Gauteng	1 631	1 631	–	&	1 Oct 09	5 400	Industrial	2 301	3 Watkins Street Denver	206
	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	207
208	Tambo Exchange	51,46	Gauteng	25 416	13 079	6,9	65	Nov 15	68 442	Industrial	74 997	Jones Road Jet Park	208
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	209
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	210
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	211
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	212
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	213
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	214
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	215
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	216
217	Sandton Works	51,46	Gauteng	7 867	4 048	8,4	69	30 Nov 15	24 186	Industrial	21 066	15th Street Eastgate	217
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	218
219	Olympia Works	51,46	Gauteng	8 078	4 157	–	62	30 Nov 15	20 172	Industrial	20 411	9 – 13 Olympia Street Eastgate	219
220	Wadeville Works	51,46	Gauteng	9 882	5 085	2,6	60	Dec 16	18 526	Industrial	19 577	7 Crocker Road Wadeville	220
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	221
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	222
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	223
224	Rutland Works	51,46	Gauteng	4 405	2 267	–	63	Nov 15	10 755	Industrial	11 007	30 Main Street Eastleigh Edenvale	224
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	225
226	Island Works Extension	51,46	Western Cape	1 595	821	–	&	1 Mar 22	10 292	Industrial	9 705	18 Cumberland Road Paarden Eiland	226
227	Richards Exchange	51,46	Gauteng	3 301	1 699	–	66	Nov 15	8 388	Industrial	9 034	778 Richards Drive Midrand	227
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	228
229	Light Works	51,46	Gauteng	2 106	1 084	–	38	1 Mar 22	5 680	Industrial	3 954	Unit 2A 6th Street Wynberg	229
	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/m^2, 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.*

	Property name	Fortress' % ownership	Geographical location	Gross lettable area (m^2) (100% of building)	Gross lettable area (m^2) (Fortress' proportionate % of building)	Vacancy %	Weighted average rate R/m^2	Acquisition date	Purchase price R'000	Sector	Valuation R'000 (Fortress' proportionate ownership %)	Address	
Other – residential													
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	230
	Total other – Residential			**17 361**	**10 417**	**1,2**	*		**64 689**		**123 000**		
Other – Serviced apartments													
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	231
	Total other – Serviced apartments			**10 164**	**5 092**	**–**	*		**58 518**		**72 645**		
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**		
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	232
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	233
234	78 Loper Avenue Aeroport	100,0	Gauteng	2 722	2 722	–	#	30 Nov 15	15 100	Logistics	12 500	78 Loper Avenue Spartan	234
	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	235
	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**		

* *Single tenanted property and the only property in the sector. The average gross rental of single tenanted other properties is R150/m^2.*

$ *Purchase price includes capitalised costs to date.*

~ *Development on land previously acquired by Fortress.*

(1) *AbaQulusi Plaza – Phase 2 is being developed on land included under completed property.*

Fortress – Europe

	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	
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	236
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	237
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	238
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	239
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	240
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	241
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	242
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	243
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	244
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	245
	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.

Investment property under development – Fortress Europe

	Zabrze Logistics Park	100,0	Poland	–	–			23 Feb 22	298 364[$]	Logistics – Europe	298 364	Crossroads Mielzynskiego and Szkubacza Street Zabrze	
	Lodz Logistics Park	100,0	Poland	–	–			14 Jan 22/23 Jun 22	256 334[$]	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 reflects Fortress'* pro rata *percentage ownership of the building.*

FORTRESS LOGISTICS REAL ESTATE



Clairwood Logistics Park

Total GLA: 298 549m²

Phase 1 complete: 193 794m²

Available for development: 104 755m²

Interest: 100%

Other information

Analysis of ordinary shareholders

as at 30 June 2023

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

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.*

Corporate diary

These dates are provisional and are subject to change.

Final 2023

Financial year-end	Friday, 30 June 2023
Publication of preliminary results	
SENS	Thursday, 31 August 2023
Press and presentation	Friday, 1 September 2023
Notice of annual general meeting posted	Tuesday, 31 October 2023
Annual general meeting (at 10h00)	Friday, 1 December 2023

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

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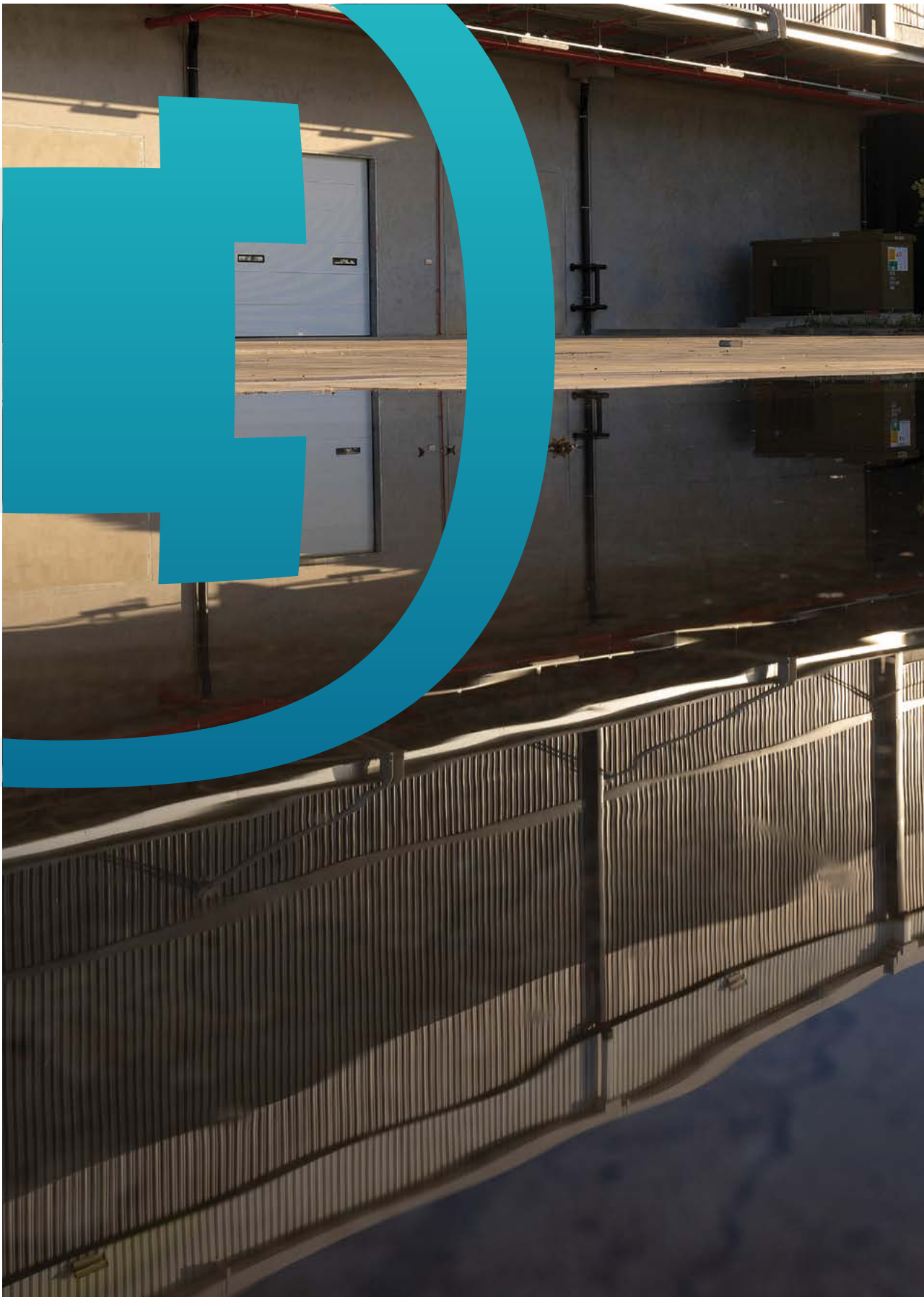
purple.frog

www.fortressfund.co.za

FORTRESS

REAL ESTATE INVESTMENTS



Powering Growth