



Annual financial statements

for the year ended 30 June 2024



FORTRESS

REAL ESTATE INVESTMENTS

Powering Growth

Contents

Annual financial statements

Directors' responsibility for the annual financial statements	IFC
Chief executive officer's and financial director's responsibility statement	1
Declaration by the company secretary	1
Directors' report	2
Audit committee report	5
Independent auditor's report	8
Statements of financial position	12
Statements of comprehensive income	13
Statements of changes in equity	14
Statements of cash flows	16

SA REIT Best Practice disclosure

Auditor's assurance report on the compilation of the <i>pro forma</i> financial information	110
SA REIT Best Practice disclosure	112

Property portfolio

Property portfolio statistics	118
Schedule of properties	128

Other information

Auditor's assurance report on the compilation of the <i>pro forma</i> financial information	148
Management accounts	150
Analysis of Fortress B ordinary shareholders	154
Corporate diary	156
Corporate information	156

Directors' responsibility for the annual financial statements

for the year ended 30 June 2024

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of Fortress Real Estate Investments Limited ("Fortress", the "company" or the "group"), comprising the statements of financial position at 30 June 2024, 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 material accounting policies and other explanatory notes, as well as the directors' and audit committee's reports, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board IFRS[®] Accounting Standards, Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, 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 continue as going concerns in the year ahead.

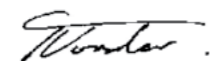
The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the consolidated and separate annual financial statements

The consolidated and separate annual financial statements were approved by the board of directors (the "board") on 29 August 2024 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 Johannesburg Stock Exchange ("JSE") Limited Listings Requirements


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

- the annual financial statements set out on pages 12 to 107 fairly present in all material respects the financial position, financial performance and cash flows of Fortress in terms of IFRS[®] Accounting Standards;
- 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 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

29 August 2024

Directors' report

Introduction

We achieved a better result than forecast for the year ended 30 June 2024, which is notable in light of the numerous challenges we faced, including stagnant local economic growth and high interest rates imposed by central banks around the world to combat inflation not experienced for several decades. We ended the year with a definitive sentiment shift towards a more positive global real estate outlook. On the global front, a more dovish shift in central bank forecasts and expectations of lower interest rates have led to indications of investment returning to global real estate, albeit in certain sub-sectors more so than others. On the local front, we had a smooth transition of power to a government of national unity and witnessed significant funds flowing back into our local market. While we saw little change in the value of our local assets, with a moderate increase of less than 2% on a like-for-like basis, we are witnessing signs of a generally more positive local real estate market, with investors returning and an improvement in tenant enquiries for additional space.

The simplified single-share corporate structure allows us to shift our focus from the constraints of the previous dual-share Real Estate Investment Trust ("REIT") structure to the opportunities that this new structure presents. Management and the board are focused on how to enhance total shareholder returns by using the various tools at our disposal in an appropriate manner, without compromising the future sustainability of the business.

Our asset management and development teams have performed exceptionally well during the financial year. The trading density growth of 6,4% in our retail portfolio, in what remains a consumer-constrained environment, is pleasing. The strong performance of the core retail portfolio has been led by the centres which were recently refurbished and extended, and we will continue to ensure that these centres are relevant and remain attractive to consumers and tenants. The logistics portfolio has performed above our expectations and demand for high-quality warehouses in prime locations remains strong. A further highlight of the year was the 19,2% premium achieved over book value on the property disposals.

Our associate NEPI Rockcastle N.V. ("NEPI Rockcastle") continues to grow, and they have established themselves as the leading Central and Eastern Europe ("CEE") retail real estate business. We are extremely pleased with their performance and wish to compliment the management and board on another set of outstanding results.

Our total distribution for the 2024 financial year of R1,789 billion is approximately 5,2% higher than our forecast. This contributed to a higher final dividend of 70,19 cents per share for 2H2024*, compared to our forecast of 62,64 cents per share. The total distribution for FY2024* amounted to 151,63 cents per share. With the more flexible corporate structure and previously noted focus on enhancing total shareholder returns, we are pleased to announce that an option will be granted to shareholders to receive the final dividend of 70,19 cents per share in cash or, alternatively, at the shareholders' election, to receive 0,00662 NEPI Rockcastle shares for every Fortress B share ("FFB") held. This alternative to receive NEPI Rockcastle shares represents additional value of between 25% and 30% compared to the default cash dividend.

Nature of the business

Fortress is a real estate investment company with a focus on developing and letting premium-grade logistics real estate in South Africa and CEE, as well as growing our convenience and commuter-oriented retail portfolio. Fortress also holds, at the date of this report, a 16,3% interest in NEPI Rockcastle, the largest listed property company on the JSE, with a EUR7 billion portfolio across nine CEE countries. This holding reduced from 24,2% at 31 December 2023.

Scheme of arrangement

Fortress shareholders approved a scheme of arrangement in January 2024 which resulted in Fortress repurchasing all of the FFB shares in issue in consideration for 0,060207 NEPI Rockcastle shares for every FFB share ("the SOA"). The effect of the implementation of the SOA, together with the Empowerment Settlement Agreements, is that 53 134 372 NEPI Rockcastle shares were used to fund the repurchase of all the FFB shares in issue.

The SOA resulted in changes to a number of metrics, including future distributable income, NAV/TNAV#, SA REIT FFO# and the LTV# ratio from those reported in past interim and final results.

The SOA involved the repurchase of all FFB shares ("FFB pre-SOA") at the time of implementation, which resulted in only FFA shares being in issue. These FFA shares were then converted to FFB shares ("FFB post-SOA"), being the only share class currently in issue. For purposes of simplified reporting, we use the defined term "FFB or B share" throughout these financial statements in the context it is provided/discussed, without drawing a distinction between FFB pre-SOA and FFB post-SOA.

Capital structure and distributions

During 2H2024, shareholders approved the repurchase of all the FFB shares in exchange for shares in NEPI Rockcastle. The remaining shares comprised only FFA shares ("FFA") in issue, which FFA shares were then converted to FFB shares. With the completion on 26 February 2024 of all the implementation steps outlined in the SOA circular, we now have a single class of share in issue, comprising only FFB shares. The result of the SOA is that the previous restrictions to paying distributions no longer apply, and the board is thus empowered to declare distributions to shareholders.

The board has a policy of paying out 100% of the Fortress-defined distributable earnings on a semi-annual basis. The Fortress distribution methodology is generally more conservative than industry guidelines.

For the 2H2024 reporting period, the board has declared a dividend of 70,19 cents per FFB share with an alternative to receive the dividend in the form of NEPI Rockcastle shares in a ratio of 0,00662 NEPI Rockcastle shares for every FFB share. The election to receive NEPI Rockcastle shares enables the company to retain cash and reduce gearing against the direct portfolio. Considering the price of a NEPI Rockcastle share against the cash distribution, the premium offered to shareholders who elect the NEPI Rockcastle

share alternative is between 25% and 30%. Salient details of the dividend alternative will be communicated to shareholders in a circular to be published in due course.

On 8 March 2024, the board resolved to declare an interim gross cash dividend of 81,44308 cents per Fortress B ordinary share (the "cash dividend") to Fortress B shareholders, totalling distributable earnings of R952,9 million for 1H2024*. The board further resolved to offer Fortress B shareholders an alternative to the cash dividend in the form of a capitalisation issue of new fully paid-up Fortress B shares of no par value in respect of all or part of their Fortress B shareholding. Fortress B Shareholders holding 395 370 972 Fortress B shares who qualified to receive the cash dividend elected to receive the capitalisation shares. Refer to share issuance for further details.

Distributable earnings

Distributable earnings amounted to R835,6 million for 2H2024, compared to R996,3 million for 2H2023*. Full-year earnings for FY2024 amounted to R1 788,5 million, compared to R1 797,3 million for FY2023*. The board has declared the full distributable earnings available for 2H2024 as a dividend, which amounts to 70,19 cents per FFB share.

Shareholders may further elect to receive the 2H2024 distribution in cash, as the default option, or in the form of shares in NEPI Rockcastle held by Fortress in a ratio of 0,00662 NEPI Rockcastle shares for every FFB share. Full details of the alternative will be communicated to shareholders in due course.

Post the implementation of the SOA, the distributable earnings benchmark is no longer applicable.

Fortress used distribution per share as its key performance measure for JSE trading statement purposes.

Share capital

Details of the authorised share capital at 30 June 2024 are disclosed in note 11.1 to the financial statements.

Share issuances

The below share issuances have been made during the 2024 financial year:

- 5 247 131 Fortress A ordinary shares and 5 247 131 Fortress B ordinary shares were issued to executive directors and staff in terms of the Conditional Share Plan ("CSP") in November 2023 for nil consideration.
- 22 820 986 Fortress B ordinary shares were issued on 15 April 2024 to Fortress B shareholders who elected to receive the capitalisation shares at an issue price of R14,1099122 per share.

Repurchase of shares

On 19 February 2024, the SOA resulted in 1 010 923 806 FFB shares being repurchased and immediately cancelled by the company for the deemed repurchase share price of R7,54573 per FFB share.

Treasury share cancellation

In order to simplify the SOA and FFA conversion and reduce the overall implementation costs, the 26 861 996 FFA and 87 536 353 FFB treasury shares in issue were cancelled by Fortress in December 2023 post the distribution of such shares from its subsidiaries. The distribution in specie was at a deemed price of R13,70 per FFA share and R6,85 per FFB share.

Refer to note 11.2 for further details regarding treasury shares.

Shareholder analysis

Shareholders with an interest of 5% or more in the issued share capital at 30 June 2024 are presented on pages 154 and 155.

Compliance statement

On 19 January 2024, shareholders adopted a special resolution of FFA shareholders, and of FFA and FFB shareholders, converting all the issued FFA shares into FFB shares by amending all the rights and privileges of the issued FFA shares where necessary to match those of the FFB shares.

During the 2024 financial year, the directors ensured that Fortress was in compliance with the provisions of the Companies Act and operated in conformity with its Memorandum of Incorporation ("MOI").

Directorate

The directorate during the year consisted of:

Independent non-executive directors

- Robin Lockhart-Ross (Chairman)
- Jan Potgieter (Lead independent non-executive director)
- Herman Bosman (appointed 29 August 2024)
- Thavanesan ("TC") Chetty
- Jonathon Hillary (appointed 1 December 2023)
- Susan Ludolph
- Hermina ("Ina") Lopion
- Nonhlanhla Mayisela (appointed 29 August 2024)
- Edwin ("Eddy") Oblowitz
- Vuyiswa Ramokgopa (resigned 1 December 2023)
- Caswell Rampheri

Executive directors

- Steven Brown (CEO)
- Vuso Majija (Director – retail portfolio)
- Donovan Pydigadu (Chief Operating Officer ("COO") – resigned 14 August 2023)
- Ian Vorster (CFO)

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

Donovan 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.

On 1 December 2023, Vuyiswa Ramokgopa retired from the board as an independent non-executive director, as chairperson of the social, ethics and sustainability committee, as member of the risk committee and as member of the nomination committee in order to pursue other interests.

Directors' report continued

On 1 December 2023, following the retirement of Vuyiswa Ramokgopa from the board, Jonathon ("Jon") Hillary was appointed to the board as an independent non-executive director. With the retirement of Vuyiswa Ramokgopa and the appointment of Jon Hillary, the below appointments to sub-committees were made on 1 December 2023:

- Caswell Rampheri was appointed as a member of the nomination committee;
- Edwin Oblowitz was appointed as a member of the risk committee;
- Thavanesan Chetty was appointed as chairman of the social, ethics and sustainability committee;
- Vuso Majija was appointed as a member of the social, ethics and sustainability committee; and
- Jon Hillary was appointed as a member of the audit committee, the property and investment committee and the remuneration committee.

Nonhlanhla Mayisela was appointed to the board as an independent non-executive director, as a member of the risk committee and as member of the social, ethics and sustainability committee effective 29 August 2024.

Herman Bosman was appointed to the board as an independent non-executive director, as a member of the remuneration committee and as a member of the nomination committee effective 29 August 2024.

The appointments of Nonhlanhla Mayisela and Herman Bosman were made to bolster the capacity of the board and to enhance succession planning of the independent non-executive directors.

Beneficial shareholding of directors and officers

Beneficial shareholding of directors and officers can be found in note 31 to the 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 27 for disclosure of subsequent events.

The consolidated and separate annual financial statements of the group and were approved and signed by the CEO and CFO on 29 August 2024, having been duly authorised to do so by the board of directors.

Audit committee report

Members

Susan Ludolph (chairperson)
Jan Potgieter
Jonathon Hillary (appointed 1 December 2023)
Edwin Oblowitz

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), Edwin Oblowitz (appointed in May 2023) and Jonathon Hillary (appointed 1 December 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 auditor specialist to periodically review

* Financial periods defined as follows:

- 2H2023 – Final reporting period for the six months ended 30 June 2023;
- 1H2024 – Interim reporting period for the six months ended 31 December 2023;
- 2H2024 – Final reporting period for the six months ended 30 June 2024;
- FY2023 – Financial year ended 30 June 2023; and
- FY2024 – Financial year ended 30 June 2024.

* Financial metric terms defined as follows:

- NAV/TNAV – Net asset value/tangible net asset value;
- SA REIT FFO – SA REIT Best Practice funds from operations; and
- LTV – Loan-to-value.

Audit committee report continued

the accounting activities, controls and systems, and the IT general and security controls of the group and its relevant 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 timely reporting of business and financial information, safeguarding of group assets and compliance with laws and regulations.

Activities of the committee during the past year

Transition from a REIT to REIC ("Real Estate Investment Company")

Fortress ceased to be a REIT, effective 1 February 2023, with the immediate implication for Fortress and its subsidiaries being 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. This resulted in numerous practical complications to overcome in filing and maintaining a compliant tax position for Fortress and its subsidiaries. The committee provided, and continues to provide, oversight and guidance in this regard. Tax governance and its disclosure will remain a priority of the committee in the coming years given the magnitude of the change from a REIT to REIC.

Implementation of the scheme of arrangement and related transactions

In January 2024, Fortress shareholders approved a scheme of arrangement which resulted in Fortress repurchasing all of the FFB shares in consideration for 0,060207 NEPI Rockcastle shares for every FFB share in issue ("the SOA"). Subsequent to the SOA all of the Fortress A ("FFA") shares in issue were converted into FFB shares, with certain consequential amendments to the memorandum of incorporation ("MOI"). As a result of the scheme, the conversion and the consequential MOI changes, Fortress has

been able to reintroduce the payment of dividends to shareholders, the first of which was declared in March of 2024.

Unrelated to the SOA, but as a consequence thereof, Fortress entered into four separate settlement agreements with its empowerment partners, resulting in Fortress retaining 7 730 313 of the NEPI Rockcastle consideration shares in settlement of loan and redemption claims owing to it (the "Empowerment settlement transactions").

The SOA also necessitated a change to the historic debt funded staff incentive schemes. Fortress, or its subsidiary or controlled trusts, and the scheme participants entered into restitution agreements implementing steps to restore the scheme participants and Fortress to the status quo before the scheme was originally implemented. Accordingly, the scheme participants agreed to return the incentive shares to Fortress in settlement of the scheme loans, thereby restoring both participants to their original positions prior to entering into the arrangement (the "restitution transactions").

The Committee provided oversight ensuring all legal and regulatory compliance in respect of the SOA, the Empowerment transactions and the restitution transactions.

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.

External audit

KPMG Inc. has now completed its second year of performing the external audit following their appointment in August 2022. The audit committee has satisfied itself as to the suitability of KPMG Inc., (partner: Roxanne Solomon), based on the information provided in terms of paragraph 3.84(g)(ii) of the JSE Listings

Requirements and 7.3(e)(iii) of the JSE Listings Requirements. The audit committee is satisfied that the external auditor is independent of the group. The audit committee again noted KPMG Inc.'s firm prohibition of providing non-audit related services to listed 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 1 December 2023. 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 2024, Fortress again 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 2024 financial year included the controls associated with rental income and recoveries, collection of arrears and payment of utilities. 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 DECODE Systems & Technologies ("DECODE") to perform a review of IT general and security controls at both the group's head office operations and its outsourced property management function. Whilst the findings were of acceptable risk level, DECODE identified new vulnerabilities which have been noted as areas of focus for the 2025 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 consolidated and separate 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.

Annual property valuations

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 property 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® Accounting Standards. 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 2024 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 by Fortress 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® Accounting Standards and relevant tax legislation.

The transition from a REIT to REIC and the amended capital structure post the SOA introduces exciting opportunities for Fortress, but has introduced the payment of corporate tax by the company and a higher level of gearing.

Consistent with prior years, the committee will continue to monitor and provide oversight on the following key areas:

- Gearing levels;
- Interest rate risk;
- Funding and liquidity lines for both operations in South Africa ("SA") and Central and Eastern Europe ("CEE");
- Identification and mitigation of any other financial risks;
- Vulnerabilities of security controls as noted above; and
- Income tax risk.



Susan Ludolph
Chairperson of the audit committee

29 August 2024

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 107, which comprise the statements of financial position at 30 June 2024, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

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 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS[®] Accounting Standards"), the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (collectively "JSE Listings Requirements" and "JSE Debt Listings Requirements") and the Companies Act of South Africa, Act 71 of 2008 ("the Act")

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

- Note 1: Accounting Policies;
- Note 3: Investment property, straight-lining of rental revenue adjustment, investment property under development and investment property held for sale; and
- Note 28.5: Fair value hierarchy for financial instruments and investment property.

Key audit matter	How the matter was addressed in our audit
<p>The Group's Investment property (including investment property classified as held for sale) represents 60% of the group's total assets and is considered quantitatively and qualitatively significant. This investment property portfolio consists of logistics, retail, industrial, office and residential segments within South Africa, Poland and Romania.</p> <p>Investment property is measured at fair value in accordance with IAS 40: <i>Investment Property</i> and IFRS 13: <i>Fair Value Measurement</i>.</p> <p>The unobservable assumptions with the most significant impact on the valuations include discount rates and exit 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.</p> <p>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 instruments in terms of IFRS 13: <i>Fair Value Measurement</i>. 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 involved in the determination of these fair values.</p>	<p>Our response to the key audit matter included performing the following audit procedures:</p> <ul style="list-style-type: none"> • We assessed the professional competence, capabilities, objectivity and independence of the group's external independent valuers with reference to their qualifications and experience. We inquired with the external independent valuers the scope of their work with the Group and reviewed their terms of engagement to determine whether there were any matters that affected their independence and objectivity, or imposed scope limitations upon them. • For a sample of investment properties: <ul style="list-style-type: none"> – 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 by performing the following: <ul style="list-style-type: none"> ◦ We assessed the reasonability of the group's budgeting process by comparing the prior year forecasted cashflows to actual current year results, as part of our retrospective review, and understanding any discrepancies noted. ◦ We assessed the reasonability of the forecasted cash flows (including rental revenue and property expenses) by comparing it to the current year actuals and following up on any significant differences. ◦ We assessed the year-on-year cash flow assumptions prepared by management, including rental growth rates and vacancy rates, by comparing it to the supporting evidence, including contractual agreements and market related escalations. ◦ We engaged our internal valuation specialists to assess the appropriateness of the external independent valuers' processes and methodologies adopted. The specialists also assessed the significant assumptions and judgements applied, including the capitalisation rates and discount rates, by comparing them to industry benchmarks and available market evidence. • We have assessed whether the disclosures in the financial statements are appropriate and in accordance with IAS 40: <i>Investment Property</i> and IFRS 13: <i>Fair value measurement</i>.

Independent auditor's report continued

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 2024

Fortress Real Estate Investments Limited", 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 IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS® Accounting 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 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 Fortress Real Estate Investments Limited for two years.

KPMG Inc.
Registered Auditor

Per Roxanne Solomon
Chartered Accountant (SA)
Registered Auditor
Director

29 August 2024

KPMG Crescent
85 Empire Road
Parktown
2193

Statements of financial position

at 30 June 2024

Note	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Assets				
Non-current assets	49 464 494	52 299 794	47 476 797	56 944 828
Investment property	31 740 049	29 381 917		
Straight-lining of rental revenue adjustment	609 504	500 224		
Investment property under development	1 657 755	2 874 608		
Property	24 422	25 326		
Investment in and loans to associates	14 990 246	17 570 306		
Staff scheme loans	–	66 935	–	54 661
Amounts owing by group companies	–	–	12 275 543	10 389 410
Investment in BEE preference shares	–	324 842		
Deferred tax	442 518	1 555 636		
Interest in subsidiaries	–	–	35 201 254	46 500 757
Current assets	3 514 839	1 842 829	857 042	863 694
Trade and other receivables	1 326 412	1 634 378		8 192
Income tax receivable	–	–	1 658	832
Amounts owing by group companies	–	–	855 384	854 670
Cash and cash equivalents	2 188 427	208 451		
Non-current assets held for sale	611 450	95 150		
Investment property and investment property under development held for sale	607 547	93 669		
Straight-lining of rental revenue adjustment	3 903	1 481		
Total assets	53 590 783	54 237 773	48 333 839	57 808 522
Equity and liabilities				
Total equity attributable to equity holders	29 865 807	33 330 390	27 530 457	47 109 806
Stated capital	36 679 208	45 571 743	37 267 144	45 571 743
Treasury shares	–	(2 040 884)	–	–
Currency translation reserve	631 081	719 378	–	–
Reserves	(7 444 482)	(10 919 847)	(9 736 687)	1 538 063
Non-controlling interests	199 430	189 427		
Total equity	30 065 237	33 519 817	27 530 457	47 109 806
Total liabilities	23 525 546	20 717 956	20 803 382	10 698 716
Non-current liabilities	17 530 940	16 376 971	15 064 935	6 783 019
Amounts owing to group companies	–	–	6 548 044	–
Interest-bearing borrowings	16 968 561	16 021 674	8 516 891	6 783 019
Deferred tax	562 379	355 297	–	–
Current liabilities	5 994 606	4 340 985	5 738 447	3 915 697
Trade and other payables	1 282 898	1 181 691	1 317	883
Income tax payable	109 346	145 602	–	–
Amounts owing to group companies	–	–	2 702 248	1 007 385
Interest-bearing borrowings	4 602 362	3 013 692	3 034 882	2 907 429
Total equity and liabilities	53 590 783	54 237 773	48 333 839	57 808 522

Statements of comprehensive income

for the year ended 30 June 2024

Note	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Recoveries and contractual rental revenue	4 270 852	3 763 397		
Straight-lining of rental revenue adjustment	112 655	24 557		
Revenue from direct property operations	4 383 507	3 787 954	–	–
Revenue received from group companies	–	–	–	22 863 831
Total revenue	4 383 507	3 787 954	–	22 863 831
Other expense	–	(1 492)		
Fair value gain/(loss) on investment property, investments and derivative financial instruments	597 539	(932 631)	–	–
Fair value gain/(loss) on investment property	637 063	(742 379)		
Adjustment resulting from straight-lining of rental revenue	(112 655)	(24 557)		
Fair value gain on investments	159 250	96 939		
Fair value loss on derivative financial instruments	(86 119)	(262 634)		
Property operating expenses	(1 764 773)	(1 545 111)		
Administrative expenses	(238 357)	(222 178)	(14 635)	(13 213)
Reversal of impairment/(impairment) of staff scheme loans	6 831	(6 594)	6 001	(5 160)
IFRS 2: <i>Share-based Payment</i> – employee incentive scheme	(93 791)	(55 579)		
Reversal of impairment of investments in associates (Impairment)/reversal of impairment of investment in subsidiaries	2 520 182	2 371 817	(10 428 616)	5 991 694
Foreign exchange gain	13 401	2 768		
Loss on sale of interest in associate	(63 908)	–		
Income from associates	2 129 673	2 387 281	–	–
– Distributable	1 473 800	1 463 686		
– Non-distributable	655 873	923 595		
Profit/(loss) before net finance costs	7 490 304	5 786 235	(10 437 250)	28 837 152
Net finance costs	(1 806 186)	(1 162 427)	40 106	(632 924)
Finance income	58 275	63 253	1 137 084	387 740
– Interest on staff scheme and other interest received	58 275	63 253	1 137 084	387 740
Finance costs	(1 864 461)	(1 225 680)	(1 096 978)	(1 020 664)
– Interest on borrowings	(2 014 471)	(1 531 736)	(1 096 978)	(1 020 664)
– Capitalised interest	150 010	306 056		
Profit/(loss) before income tax	5 684 118	4 623 808	(10 397 144)	28 204 228
Income tax	(1 337 888)	1 264 195	(1 784)	(225 111)
Profit/(loss) for the year	4 346 230	5 888 003	(10 398 928)	27 979 117
Other comprehensive income/(loss) net of tax				
Items that may subsequently be reclassified to profit or loss				
Exchange (loss)/gain on translation of associate and subsidiaries	(88 297)	603 978		
Total comprehensive income/(loss) for the year	4 257 933	6 491 981	(10 398 928)	27 979 117
Profit/(loss) for the year attributable to:				
Equity holders of the company	4 332 680	5 917 362		
Non-controlling interests	13 550	(29 359)		
	4 346 230	5 888 003	–	–
Total comprehensive income/(loss) for the year attributable to:				
Equity holders of the company	4 244 383	6 521 340		
Non-controlling interests	13 550	(29 359)		
	4 257 933	6 491 981	–	–
Basic earnings per FFA share (cents)	–	281,92		
Basic earnings per FFB share (cents)	370,03	281,92		
Diluted earnings per FFA share (cents)	–	279,51		
Diluted earnings per FFB share (cents)	365,67	279,51		

Statements of changes in equity

for the year ended 30 June 2024

	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 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: <i>Share-based Payment</i> – 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 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
Profit for the year				4 332 680	4 332 680	13 550	4 346 230
IFRS 2: <i>Share-based Payment</i> – employee incentive scheme				75 255	75 255		75 255
Cancellation of FFA and FFB treasury shares	(1 264 733)	1 264 733			–		–
Earnings distribution – scrip issue	322 002				322 002		322 002
Scheme of arrangement FFB repurchase	(7 900 414)	776 151			(7 124 263)		(7 124 263)
Scheme of arrangement capitalised costs	(49 390)				(49 390)		(49 390)
Exchange loss on translation of associate and subsidiaries			(88 297)		(88 297)		(88 297)
Additional equity reserves in associate through scrip election – NEPI Rockcastle N.V.				19 403	19 403		19 403
Dividends paid				(951 973)	(951 973)	(3 547)	(955 520)
Balance at 30 June 2024	36 679 208	–	631 081	(7 444 482)	29 865 807	199 430	30 065 237

	Stated capital R'000	Reserves R'000	Equity attributable to equity holders R'000
COMPANY			
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: <i>Share-based Payment</i> – employee incentive scheme		55 579	55 579
Balance at 30 June 2023	45 571 743	1 538 063	47 109 806
Loss for the year		(10 398 928)	(10 398 928)
IFRS 2: <i>Share-based Payment</i> – employee incentive scheme		75 255	75 255
Cancellation of FFA and FFB treasury shares	(967 633)		(967 633)
Scheme of arrangement FFB repurchase	(7 609 578)		(7 609 578)
Earnings distribution – scrip issue	322 002		322 002
Scheme of arrangement capitalised costs	(49 390)		(49 390)
Dividends paid		(951 077)	(951 077)
Balance at 30 June 2024	37 267 144	(9 736 687)	27 530 457

Statements of cash flows

for the year ended 30 June 2024

Note	GROUP		COMPANY		
	2024 R'000	Re-presented* 2023 R'000	2024 R'000	Re-presented* 2023 R'000	
Operating activities					
Cash generated from/(utilised in) operations	22.1	3 113 210	2 292 371	(6 009)	(7 415)
Interest on staff scheme and other interest received		31 793	36 685	1 137 084	366 226
Interest on borrowings (excluding capitalised interest)		(1 884 238)	(1 208 918)	(1 096 978)	(1 020 664)
Revenue received from group companies				–	600 000
Dividends paid		(633 518)	(3 616)	(629 075)	–
Income tax paid	22.2	(49 179)	(92 254)	(2 610)	(225 943)
Cash inflow/(outflow) from operating activities		578 068	1 024 268	(597 588)	(287 796)
Investing activities					
Development and improvement of investment property		(2 300 340)	(2 217 170)		
Capitalised interest paid on development of investment property		(150 010)	(306 056)		
Acquisition of investment property		(500 000)	(209 242)		
Proceeds from disposal of investment property		1 690 426	1 326 082		
Loan to associate repaid		38 429	42 014		
Cash inflow from derivative financial instruments		–	56 941		
Cash outflow from currency derivatives		(66 609)	–		
Cash inflow from interest rate derivatives		133 415	–		
Acquisition of investments				(21 491)	(111 919)
Loans to group companies (advanced)/repaid*	22.3			(1 886 847)	992 371
Loans from group companies advanced*	22.4			–	2 893 743
Cash (outflow)/inflow from investing activities		(1 154 689)	(1 307 431)	(1 908 338)	3 774 195
Financing activities					
Interest-bearing borrowings raised and drawn*	22.5	3 914 664	7 000 815	2 583 679	849 551
Interest-bearing borrowings repaid*	22.5	(1 308 677)	(7 202 802)	(722 354)	(4 935 950)
Scheme of arrangement capitalised costs		(49 390)	–	(49 390)	–
Loans from group companies advanced [Ⓢ]	22.4			693 991	–
Cash inflow/(outflow) from financing activities		2 556 597	(201 987)	2 505 926	(4 086 399)
Increase/(decrease) in cash and cash equivalents		1 979 976	(485 150)	–	(600 000)
Cash and cash equivalents at the beginning of the year		208 451	693 601	–	600 000
Cash and cash equivalents at the end of the year		2 188 427	208 451	–	–
Cash and cash equivalents consist of:					
Current accounts and call deposits	7	2 151 769	208 451	–	–
Restricted cash [¶]	7	36 658	–	–	–
		2 188 427	208 451	–	–

* The 2023 column on the statement of cash flows has been re-presented to reflect gross movements in respect of loans to/(from) subsidiaries and interest-bearing borrowings in accordance with IAS 7.22-24. The statement of cash flows in the 2023 financial statements previously reported the net movement thereon, with notes 19.3 and 19.4 presenting the respective gross movements. This re-presentation had no effect on the increase/(decrease) in the cash and cash equivalents for the prior year.

[Ⓢ] Relates to amounts placed in escrow for building contracts undertaken in CEE.

[¶] The nature of the loans from group companies has changed in the current year, such that cash flows on these loans have been classified as financing activities.

Notes to the financial statements

for the year ended 30 June 2024

Reporting entity

Fortress Real Estate Investments 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 2024 comprise the company, its subsidiaries, associates and The Fortress Share Purchase Trust ("Trust") (2023: the company, its subsidiaries, associates, the Trust, Fortress Empowerment 2 (RF) Proprietary Limited ("Fortress Empowerment 2") and Fortress Empowerment 4 (RF) Proprietary Limited ("Fortress Empowerment 4") (together referred to as the "group"). The financial statements were authorised for issue by the directors on 29 August 2024.

Basis of preparation

Statement of compliance

The financial statements for the year ended 30 June 2024 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS[®] Accounting Standards"), the Financial Pronouncements as issued by the Financial Reporting Standards Council and SAICA Financial Reporting Guides as issued by the Accounting Practices Committee (collectively "JSE Listings Requirements" and "JSE Debt Listings Requirements") and the Companies Act of South Africa, Act 71 of 2008 ("the 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 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[®] Accounting Standards 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[®] Accounting Standards 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 29.

1. Accounting policies

The material 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 financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses.

Notes to the financial statements continued

for the year ended 30 June 2024

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. In the current financial year, Fortress and the incentive scheme participants entered into restitution agreements to unwind the incentive schemes, which accordingly resulted in the restitution the scheme participants and Fortress to their respective positions prior to entering into original incentive arrangements.

Refer to note 29.7 in respect of Fortress Empowerment 1 (RF) Proprietary Limited ("Fortress Empowerment 1") and Fortress Empowerment 3 (RF) Proprietary Limited ("Fortress Empowerment 3"), and note 29.9 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 when there is an indicator of impairment.

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 29.7 and 29.9 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 substantive 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 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.

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 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.

Notes to the financial statements continued

for the year ended 30 June 2024

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. Refer to note 9 for details in respect of the cession and redemption of the investment in BEE preference shares.

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.

1.4 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 and equity price risk 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 28.3.1: Currency risk and 28.3.2: 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.

1.5 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 28.1 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.

1.6 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.

1.7 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.

Notes to the financial statements continued

for the year ended 30 June 2024

1.8 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.

1.9 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.

1.10 Property operating expenses

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

1.11 Administrative expenses

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

1.12 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.

1.13 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.

1.14 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 cash flows to reflect the group's ability to generate positive cash flows and service interest commitments.

1.15 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.

1.16 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.

1.17 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.

1.18 Share-based payments Equity-settled share-based payments – employee incentive scheme

The group previously made awards to scheme participants under the Long-term Incentive Plan ("LTIP") Scheme. The LTIP Scheme consists of the Award Share Scheme and the Purchase Share Scheme.

LTIP Award Share Scheme (applicable to prior year)

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 (applicable to prior year)

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. In the current financial year, Fortress and the LTIP Purchase Share Scheme participants entered into restoration agreements to unwind the LTIP Purchase Share Scheme, which accordingly resulted in the restoration of the scheme participants and Fortress to their respective positions prior to the issuance of the LTIP Purchase Share Scheme.

Notes to the financial statements continued

for the year ended 30 June 2024

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 (applicable to prior year)

The group has entered into an empowerment transaction for the purpose of promoting Broad-Based Black Economic Empowerment (“B-BBEE”) 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. In the current financial year, the group entered into redemption and cession agreements resulting in the termination of this position.

1.19 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 or key management personnel of the group as defined by IAS 24: *Related parties*.

1.20 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 concentration.

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

In the current financial year, Fortress and the incentive scheme participants entered into restitution agreements to unwind the incentive schemes, which accordingly resulted in restoring the scheme participants and Fortress to their respective positions prior to entering into the original incentive arrangements.

The group’s exposure to credit risk was previously 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 was mitigated by the security that was 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 assessed 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, was factored into this assessment. Where the value of security is below the outstanding amount of the loan, an impairment was recognised for the difference.

The shares issued to employees by the Trust vested immediately and participants assumed the full risks associated with the investment and the loan advanced. Loans were 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 were applied to interest, with any shortfall in interest being payable by the employee. Where shares were granted to employees on loan account and the employee accepted the risks of repayment of the loan, the transaction was recognised as a financial asset and a corresponding issue of equity.

Investment in BEE preference shares (applicable to prior year)

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. The group entered into redemption and cession agreements in the current financial year to terminate this position.

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.

Notes to the financial statements continued

for the year ended 30 June 2024

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 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, Johannesburg Average Interbank Rate ("JIBAR") or Euro Interbank Offered Rate ("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 limited 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 specialists, 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 (applicable to prior year)

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 38,5% at 30 June 2024 (2023: 36,2%) (based on management accounts).

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

	GROUP	
	2024 R'000	Re-presented* 2023 R'000
Investment in property comprises:		
Investment property	31 740 049	29 381 917
Straight-lining of rental revenue adjustment	609 504	500 224
	32 349 553	29 882 141
Non-current assets held for sale	478 200	95 150
Investment property held for sale	474 297	93 669
Straight-lining of rental revenue adjustment	3 903	1 481
	32 827 753	29 977 291
Total investment property under development	1 791 005	2 874 608
Investment property under development	1 657 755	2 874 608
Investment property held for sale	133 250	–
	34 618 758	32 851 899
Details of investment property are as follows:		
At cost	29 356 972	27 157 502
Cumulative revaluation	2 857 374	2 318 084
Straight-lining of rental revenue adjustment	613 407	501 705
	32 827 753	29 977 291
Investment property at fair value	32 827 753	29 977 291
Movement in investment property:		
Carrying amount at the beginning of the year	29 882 141	26 604 858
Costs capitalised*	821 615	337 476
Additions*	500 000	205 000
Disposals	(1 589 578)	(693 152)
Transfer from investment property under development	2 663 756	3 575 680
Revaluation adjustment	575 845	(492 199)
Straight-lining of rental revenue adjustment	112 655	24 557
Currency translation adjustment	(138 681)	415 071
	32 827 753	29 977 291
Transfer to investment properties held for sale (at fair value)	(478 200)	(95 150)
	32 349 553	29 882 141
Details of investment property under development are as follows:		
At cost	3 731 163	4 783 890
Cumulative revaluation	(1 940 158)	(1 909 282)
	1 791 005	2 874 608
Movement in investment property under development:		
Carrying amount at the beginning of the year	2 874 608	3 623 753
Costs capitalised*	1 541 437	1 858 330
Additions*	–	7 500
Interest capitalised	150 010	306 056
Revaluation adjustment	(49 366)	(270 554)
Transfer to investment property	(2 663 756)	(3 575 680)
Disposals	(5 698)	(86 460)
Currency translation adjustment	(56 230)	151 462
	1 791 005	2 014 407
Transfer to investment property under development held for sale (at fair value)	(133 250)	860 201
	1 657 755	2 874 608

* Additions and costs capitalised have been disclosed separately, where previously these movements were disclosed together.

Notes to the financial statements continued

for the year ended 30 June 2024

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

	GROUP	
	2024 R'000	2023 R'000
Non-current assets held for sale		
Investment property held for sale relates to the following segments:		
Logistics	98 250	12 500
Logistics – investment property under development	133 250	–
Office	186 700	–
Retail	97 000	–
Industrial	96 250	82 650
	611 450	95 150

3.1 Fair value gain/(loss) on investment property*

	GROUP	
	2024 R'000	2023 R'000
Revaluation adjustment – investment property	575 845	(492 199)
Straight-lining of rental revenue adjustment	112 655	24 557
Revaluation adjustment – investment property under development	(49 366)	(270 554)
Revaluation adjustment – property	(2 071)	(4 183)
	637 063	(742 379)

* This note was added to enhance disclosure in the current financial year.

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 505,8 million (2023: R29 932,6 million) is mortgaged to secure borrowing and derivative facilities (refer to note 12).

During the 2024 financial year, the group acquired Erf137 Longmeadow Business Estate.

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.

In respect of the group's acquisitions, due consideration was given to the distinction between the requirements of IAS 40: *Investment Property* and IFRS 3: *Business combinations*. These acquisitions were consequently treated as acquisitions of investment property per IAS 40.

Commitments in respect of property developments and extensions are set out in note 24. The group has R536,5 million (2023: R1 524,8 million) as contracted capital commitments at 30 June 2024.

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

All of the group's investment properties were valued externally by six (2023: 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	2024 and 2023: Discounted cash flow	Gauteng logistics and industrial portfolio and Western Cape industrial portfolio	2024: 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) 2023: Riaan Fourie, RSA Professional Valuer, RICS Registered Valuer, ND Property Valuation and Diploma in Surveying (UK); Chumisa Mapempeni, SACPVP Candidate Valuer, ND Real Estate (CPUT); Caitlin McBride, SACPVP Candidate Valuer, BCom degree in Finance, Honours in Property Valuation
Mills Fitchet	2024 and 2023: Discounted cash flow	Large retail portfolio and large logistics portfolio in Gauteng, KwaZulu-Natal and Western Cape	Michael Gibbons, Nat Dip Prop Val (CPUT), Member of Institute of Valuers ("MIV (SA)"), Member of the Royal Institution of Chartered Surveyors ("MRICS"), SACPVP
Quadrant Properties	2024 and 2023: Discounted cash flow	Retail portfolio (smaller non-metropolitan centres) and other	Peter Parfitt, Dip. Prop Val UNISA, Dip Buss.Education UNISA, RICS (UK), South African Institute of Valuers ("SAIV"), SACPVP and MIV (SA)
Strata Properties	2024 and 2023: Discounted cash flow	Office portfolio	Rumwell Mbuzwa, BSc Econometrics; Peter Parfitt, Dip. Prop Val UNISA, Dip Buss.Education UNISA, RICS (UK), SAIV, SACPVP and MIV (SA)
Cushman and Wakefield	2024 and 2023: Discounted cash flow	Romanian logistics portfolio	Bogdan Sergentu, Head of Valuations and Consulting, RICS Registered Valuer, ANEVAR Member
Axi Immo Valuation and Advisory	2024 and 2023: Hardcore/layer method	Polish logistics portfolio	2024: Grzegorz Chmielak, Head of Valuation and Advisory, MRICS, RICS Registered Valuer; Maciej Semczak, Polish Licensed Valuer 2023: Grzegorz Chmielak, Head of Valuation and Advisory, MRICS, RICS Registered Valuer; Joanna Katarzyna Walczynska, RICS Registered Valuer

Notes to the financial statements continued

for the year ended 30 June 2024

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

The external valuers work independently of one another 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, less capital expenditure, where appropriate. 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 in the current and prior year.

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 (2023: particularly given the economic uncertainty due to the ongoing war in Ukraine on the Polish property portfolio, as noted in the relevant valuer's report). Refer to note 29.1 for further detail.

Borrowing costs of R150,0 million (2023: R306,1 million) were capitalised to the South African and CEE investment property under development at the South African and CEE weighted average cost of funding, as applicable.

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 29 for the estimates used and judgements made and to note 28.5 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	
	2024 R'000	2023 R'000
At cost	48 761	47 594
Cumulative revaluation	(24 339)	(22 268)
	24 422	25 326
Movement in property is as follows:		
Carrying amount at the beginning of the year	25 326	25 778
Additions	1 167	3 731
Revaluation adjustment	(2 071)	(4 183)
	24 422	25 326

Property consists of Block C, Cullinan Place, Cullinan Close, Morningside. This 2 133m² 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	
	2024 R'000	2023 R'000
Cost	17 271 498	25 243 061
Share of post-acquisition profits after dividends	1 319 640	1 276 742
Accumulated impairment losses	(4 405 619)	(9 718 832)
Carrying value	14 185 519	16 800 971

During the 2024 financial year, Fortress entered into a SOA whereby Fortress repurchased all of the FFB shares in issue in consideration for a rate of 1 FFB share for 0,060207 NEPI Rockcastle shares.

Unrelated to the SOA, but as a consequence thereof:

- Fortress entered into four separate settlement agreements with its empowerment partners, resulting in Fortress retaining 7 730 313 NEPI Rockcastle consideration shares in settlement of loan and redemption claims owing to the Group (refer to note 9); and
- Fortress and the incentive scheme participants entered into restitution agreements to unwind the historic debt funded share incentive schemes, which accordingly resulted in restoring the scheme participants and Fortress to their respective positions prior to entering into the original incentive arrangement (refer to note 8).

The combined effects of the above resulted in the net disposal of 52 154 277 NEPI Rockcastle shares. This resulted in a reduction of Fortress' interest to 16,34% (2023: 23,92%). Notwithstanding the reduction of Fortress' NEPI Rockcastle shareholding, Fortress continues to exercise significant influence as defined in IAS 28 and will therefore continue to account for the investment in NEPI Rockcastle as an associate (refer to note 29.3).

The fair value of the investment was R14 185,5 million (2023: R16 801,0 million) at year-end. A reversal of impairment of R2 520,2 million (2023: R2 371,8 million) has been recognised in the 2024 financial year. The reversal of impairment recognised in the 2024 and 2023 financial years is due to the change in fair value, represented by the JSE closing traded price of the securities.

Dividends of R1 415,8 million (2023: R1 405,6 million) were received from NEPI Rockcastle during the financial year. NEPI Rockcastle shares with a fair value of R3 492,2 million (2023: R2 482,7 million) are pledged to secure borrowing and derivative facilities. Refer to note 12.

Notes to the financial statements continued

for the year ended 30 June 2024

5. Investment in and loans to associates continued

5.1 Associate: NEPI Rockcastle continued

Financial information of NEPI Rockcastle

	NEPI Rockcastle			
	Jun 2024*	Dec 2023 [#]	Jun 2023*	Dec 2022 [#]
Summarised statement of financial position	EUR'000	EUR'000	EUR'000	EUR'000
Non-current assets	7 192 556	6 993 897	6 950 868	6 764 255
Current assets	806 409	458 577	476 752	367 300
Assets held for sale	156 246	160 915	10 986	18 685
Equity attributable to equity holders	4 433 315	4 304 761	4 129 556	3 898 721
Non-current liabilities	2 999 295	2 582 925	3 030 206	3 052 373
Current liabilities	720 576	722 037	277 789	198 028
Liabilities held for sale	2 025	3 666	1 055	1 118

	NEPI Rockcastle			
	For the six months ended Jun 2024*	For the year ended Dec 2023 [#]	For the six months ended Jun 2023*	For the year ended Dec 2022 [#]
Summarised statement of comprehensive income	EUR'000	EUR'000	EUR'000	EUR'000
Net rental and related income	273 713	491 209	241 178	404 565
EBIT [§]	261 156	460 572	226 913	395 488
Fair value adjustments of investment property	133 926	164 470	103 713	141 701
Other	(89)	(12 922)	(1 326)	22 007
Net finance expense	(39 644)	(65 458)	(32 315)	(57 589)
Profit before tax	355 349	546 662	296 985	501 607
Income tax expense	(55 274)	(69 861)	(37 436)	(66 334)
Profit after tax	300 075	476 801	259 549	435 273

* The information was extracted from NEPI Rockcastle's reviewed interim financial report at 30 June 2024 and the comparative information for the period ended 30 June 2023 presented therein.

[#] The information was extracted from NEPI Rockcastle's audited annual financial information at 31 December 2023 and the comparative information for the year ended 31 December 2022 presented therein.

[§] Earnings before interest and taxes.

NEPI Rockcastle is listed on the JSE, Euronext Amsterdam and the A2X market. It owns and manages a portfolio of dominant retail properties in the following 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 migrated to Luxembourg and in September 2022, it migrated to the Netherlands. NEPI Rockcastle has been accounted for using the equity method.

5. Investment in and loans to associates continued

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

	GROUP	
	2024 R'000	2023 R'000
Cost	179 842	179 842
Share of post-acquisition profit after dividends	123 756	93 240
Loan advanced*	501 129	496 253
Carrying value	804 727	769 335

* As the loan settlement is neither planned nor likely to occur in the foreseeable future, the loan contains potential voting rights and as such the return on the loan is driven by the investee's financial performance, and in substance currently gives access to the returns associated with ownership. The loan therefore forms part of the group's net investment as per IAS 28, paragraph 14.

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 R55,4 million (2023: R56,3 million) were received from Arbour Town during the year.

Financial information of Arbour Town

	Arbour Town	
	2024 R'000	2023 R'000
Summarised statement of financial position*		
Non-current assets	3 224 020	3 074 587
Current assets	34 636	27 612
Equity	1 214 392	1 092 326
Non-current liabilities	2 004 518	1 985 014
Current liabilities	39 746	24 859

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

	Arbour Town	
	For the year ended Jun 2024 R'000	For the year ended Jun 2023 R'000
Summarised statement of comprehensive income*		
Recoveries and contractual rental revenue	451 409	417 549
Property operating expenses	(219 291)	(184 998)
Net rental and related revenue	232 118	232 551
Fair value gain on investment property	111 997	76 930
Administrative expenses	(1 039)	(912)
Profit before net finance income	343 076	308 569
Net finance income	739	565
Profit before income tax	343 815	309 134
Profit for the year	343 815	309 134

* 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	14 990 246	17 570 306
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Notes to the financial statements continued

for the year ended 30 June 2024

6. Interest in subsidiaries

	COMPANY					
	Effective interest		Investment		Amount owing (to)/by	
	2024 %	2023 %	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Subsidiaries						
Fortress Income 1 Proprietary Limited	100	100	40 983	40 983	121 344 ***	121 286 ***
Fortress Income 3 Proprietary Limited	100	100	*	*	(858 893)***	(859 100)***
Fortress Income 4 Proprietary Limited	100	100	55 593	55 593	340 297 ***	340 297 ***
Fortress Income 5 Proprietary Limited	100	100	*	*	388 024 ***	387 990 ***
Fortress Income 6 Proprietary Limited	100	100	1 619 194	1 597 704		
Fortress Income 7 Proprietary Limited	100	100	*	*	5 131 ***	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	33 266 754	44 347 339	35 ***	
Capital Propfund Proprietary Limited [§]	100	100	–	240 408	9 779 522 ****	7 593 385 ****
Capital Propfund Proprietary Limited [§]					(1 695 104)***	
Capital Propfund 1 Proprietary Limited [§]	100	100			451 250 ****	618 817 ****
Capital Propfund 1 Proprietary Limited [§]					518 ***	
Capital Propfund 2 Proprietary Limited [§]	100	100			451 918 ****	656 261 ****
Capital Propfund 3 Proprietary Limited [^]	100	100			891 711 ****	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			35 ***	
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	218 730	(148 251)***	(148 285)***
Lodestone Investments Proprietary Limited [~]	100	100			701 142 ****	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			(2 983 176)*****	
Fortress Income 11 Proprietary Limited	100	100			(1 041 610)*****	
Fortress Income 12 Proprietary Limited	100	100			(1 119 727)*****	

6. Interest in subsidiaries continued

	COMPANY					
	Effective interest		Investment		Amount owing (to)/by	
	2024 %	2023 %	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Fortress Income 13 Proprietary Limited	100	100			(1 403 531)*****	
Fortress Empowerment 2 (RF) Proprietary Limited ^{§§}	–	§§				
Fortress Empowerment 4 (RF) 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				
Fortress Europe Sp. Z o.o. [%]	100	100				
Fortress Logistics Park Zabrze Sp. Z o.o. (previously Fuengirola Sp. Z o.o.) [%]	100	100				
RPGZ XIX Sp. Z o.o. [%]	100	100				
Fortress Logistics Park Bydgoszcz Sp. Z o.o. [%]	100	100				
Fortress Logistics Park Stargard 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				
Infort Proprietary Limited	51,46	51,46				
			35 201 254	46 500 757	3 880 635	10 236 695
Non-current assets – amounts owing by group companies****					12 275 543	10 389 410
Current assets – amounts owing by group companies***					855 384	854 670
Non-current liabilities – amounts owing to group companies*****					(6 548 044)	–
Current liabilities – amounts owing to group companies***					(2 702 248)	(1 007 385)

[§] 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 29.9: 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.

^{*****} The amounts owing (to)/by subsidiaries are unsecured, bear interest at rates agreed from time to time and the loans are repayable with 13 months' notice.

Any ECL allowance would be immaterial for loans to group companies on the basis that the group applies a policy to manage inter-group loans through a central treasury function. This central treasury function supports all underlying companies within the group, thereby limiting the possibility of default.

Notes to the financial statements continued

for the year ended 30 June 2024

6. Interest in subsidiaries continued

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.
 - Fortress Logistics Park Zabrze 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.

6.1 Subsidiaries with non-controlling interests

Financial information of Mantraweb Investments Proprietary Limited (“Mantraweb Investments”)

Summarised statement of financial position*	Mantraweb Investments	
	2024 R'000	2023 R'000
Non-current assets	205 000	205 000
Current assets	1 530	3 717
Equity	55 493	55 551
Non-current liabilities	149 513	152 734
Current liabilities	1 524	432
Equity attributable to non-controlling interests	22 197	22 220

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

Summarised statement of comprehensive income*	Mantraweb Investments	
	For the 12 months ended Jun 2024 R'000	For the 12 months ended Jun 2023 R'000
Revenue	33 327	33 508
Profit before net finance costs	21 887	7 538
Net finance costs	(15 252)	(14 180)
Profit/(loss) before income tax expense	6 635	(6 642)
Profit/(loss) for the year	4 482	(22 826)
Profit/(loss) for the year attributable to non-controlling interests	1 793	(9 130)

* Extracted from Mantraweb Investments' financial information for the years 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 (2023: R22,2 million) at year-end and the profit for the year attributable to non-controlling interests amounted to R1,8 million (2023: loss for the year R9,1 million). A dividend of R1,8 million (2023: R2,8 million) was paid to the minority shareholder during the current year.

6. Interest in subsidiaries continued

6.1 Subsidiaries with non-controlling interests continued

Financial information of Araxia Proprietary Limited (“Araxia”)

Summarised statement of financial position*	Araxia	
	2024 R'000	2023 R'000
Non-current assets	152 817	146 857
Current assets	3 490	4 952
Equity	49 623	44 605
Non-current liabilities	106 058	107 139
Current liabilities	626	65
Equity attributable to non-controlling interests	24 762	22 258

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

Summarised statement of comprehensive income*	Araxia	
	For the 12 months ended Jun 2024 R'000	For the 12 months ended Jun 2023 R'000
Revenue	20 541	19 976
Profit before net finance costs	19 819	10 889
Net finance costs	(12 292)	(10 746)
Profit before income tax expense	7 527	143
Profit for the year	8 487	1 992
Profit for the year attributable to non-controlling interests	4 235	994

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

Araxia is incorporated in South Africa and its principal place of business is 32 Peter Place, Lyme Park, 2021. Araxia owns The Prism serviced apartments. Equity attributable to non-controlling interests amounted to R24,8 million (2023: R22,3 million) at year-end and the profit for the year attributable to non-controlling interests amounted to R4,2 million (2023: R1,0 million). It declares biannual dividends based on its performance. A dividend of R1,7 million (2023: R0,8 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.

Notes to the financial statements continued

for the year ended 30 June 2024

6. Interest in subsidiaries continued

6.1 Subsidiaries with non-controlling interests continued

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

Summarised statement of financial position*	Friedshel 1732	
	2024 R'000	2023 R'000
Non-current assets	630 310	566 900
Current assets	19 340	18 957
Equity	236 431	179 214
Non-current liabilities	412 368	405 820
Current liabilities	851	823
Equity attributable to non-controlling interests	115 851	87 815

* Extracted from Friedshel 1732's financial information for the years ended 30 June.

Summarised statement of comprehensive income*	Friedshel 1732	
	For the 12 months ended Jun 2024 R'000	For the 12 months ended Jun 2023 R'000
Revenue	57 345	52 751
Profit before net finance costs	110 207	68 303
Net finance costs	(36 397)	(34 497)
Profit before income tax expense	73 810	33 806
Profit/(loss) for the year	57 217	(10 196)
Profit/(loss) for the year attributable to non-controlling interests	28 036	(4 996)

* Extracted from Friedshel 1732's financial information for the years ended 30 June.

Friedshel 1732 is incorporated in South Africa and its principal place of business is Block C, Cullinan Office Park, Cullinan Close, Morningside. Friedshel 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 R115,9 million (2023: R87,8 million) at year-end, and the profit for the year attributable to non-controlling interests amounted to R28,0 million (2023: loss for the year R5,0 million).

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

Summarised statement of financial position*	Fortress Income 8	
	2024 R'000	2023 R'000
Non-current assets	–	–
Current assets	2 818	2 813
Equity	(16 609)	(16 739)
Non-current liabilities	19 393	19 519
Current liabilities	34	33
Equity attributable to non-controlling interests	(8 288)	(8 353)

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

6. Interest in subsidiaries continued

6.1 Subsidiaries with non-controlling interests continued

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

Summarised statement of comprehensive income*	Fortress Income 8	
	For the 12 months ended Jun 2024 R'000	For the 12 months ended Jun 2023 R'000
Revenue	–	–
Profit before net finance costs	41	15
Net finance income	85	71
Profit before income tax expense	126	86
Profit for the year	130	81
Profit for the year attributable to non-controlling interests	65	40

* Extracted from Fortress Income 8's financial information for the years 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 R8,3 million (2023: R8,4 million) at year-end, and the profit for the year attributable to non-controlling interests amounted to R0,06 million (2023: R0,04 million).

Financial information of Inofort Proprietary Limited ("Inofort")

Summarised statement of financial position*	Inofort	
	2024 R'000	2023 R'000
Non-current assets	1 211 355	1 226 102
Current assets	30 333	36 229
Equity	92 498	134 892
Non-current liabilities	1 107 425	1 089 369
Current liabilities	41 765	38 070
Equity attributable to non-controlling interests	44 902	65 481

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

Summarised statement of comprehensive income*	Inofort	
	For the 12 months ended Jun 2024 R'000	For the 12 months ended Jun 2023 R'000
Revenue	220 305	194 396
Profit before net finance costs	123 511	68 545
Net finance costs	(118 367)	(101 124)
Profit/(loss) before income tax expense	5 144	(32 579)
Loss for the year	(42 394)	(33 619)
Loss for the year attributable to non-controlling interests	(20 580)	(16 267)

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

Notes to the financial statements continued

for the year ended 30 June 2024

6. Interest in subsidiaries continued

6.1 Subsidiaries with non-controlling interests continued

Financial information of Infort Proprietary Limited (“Infort”) continued

Infort is incorporated in South Africa and its principal place of business is Block C, Cullinan Office Park, Cullinan Close, Morningside. Infort owns 21 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 prior year as a consequence of Island Workshops Extension transferring into Infort 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 R44,9 million (2023: R65,5 million) at year-end, and the loss for the year attributable to non-controlling interests amounted to R20,6 million (2023: R16,3 million).

7. Cash and cash equivalents

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Cash balances*	149 528	208 451	–	–
Restricted cash [#]	36 658	–	–	–
Call deposit**	2 002 241	–	–	–
	2 188 427	208 451	–	–

* Included in cash balances is cash denominated in foreign currency held in Poland, Romania and the Netherlands of R111,7 million at 30 June 2024 (2023: R170,2 million).

[#] Relates to amounts placed in escrow for building contracts undertaken in CEE.

** 24 hour call deposit accounts are held with Stanlib and Nedbank in the amount of R500 million each, as well as R1 billion held with Absa. The call deposits attract interest at prime less varying rates.

No cash and cash equivalents are held as collateral.

8. Staff scheme loans

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Staff scheme loans – Fortress Share Purchase Trust (refer to note 23)				
– Capital advanced*	345 523	338 376	312 966	307 436
– Interest accrued*	79 370	48 089	31 055	5 726
– Accumulated impairment loss	(312 843)	(319 530)	(252 222)	(258 501)
– Restitution receipt	(112 050)	–	(91 799)	–
Total staff scheme loans	–	66 935	–	54 661

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

8. Staff scheme loans continued

Fortress and the scheme participants entered into restitution agreements with The Fortress Share Purchase Trust or Capital Property Fund Limited (“Capital”) effective 12 June 2024. The effect of which resulted in restoring the scheme participants, Fortress and Capital to their respective positions prior to entering into the original incentive arrangements.

The Trust loans bear interest at the official rate of interest as defined in the Income Tax Act, being 9,25% (2023: 9,25%) at year-end.

For the group, the Trust loans are secured by nil (2023: 13 228 500) FFB shares with a fair value of Rnil (2023: R66,9 million).

For the company, the Trust loans are secured by nil (2023: 10 831 000) FFB shares with a fair value of Rnil (2023: R54,7 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 R312,7 million (2023: R319,5 million) was recognised at year-end) was recognised prior to the restitution receipt, with a reversal of impairment of R6,8 million (2023: impairment of R6,6 million) being recognised in the statement of comprehensive income during the year.

In respect of the company, an accumulated impairment of R252,2 million (2023: R258,5 million) was recognised at year-end) was recognised prior to the restitution receipt, with a reversal of impairment of R6,0 million (2023: impairment of 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 23.

9. Investment in BEE preference shares – unconsolidated structured entities

During the 2019 financial year, four BEE entities, Fortress Empowerment 1, Fortress Empowerment 2, Fortress Empowerment 3 and 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.

In the 2023 financial year, the group had, 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”).

During the 2024 financial year, unrelated to the SOA, but as a consequence thereof, Fortress entered into four separate agreements with its empowerment partners. Fortress entered into redemption and cession agreements with Fortress Empowerment 1 and Fortress Empowerment 3, and cession and settlement agreements with Fortress Empowerment 2 and Fortress Empowerment 4 (collectively “the Empowerment Settlement Agreements”). In terms of the Empowerment Settlement Agreements, the obligation created by the SOA on Fortress to deliver NEPI Rockcastle shares to Fortress Empowerment 1, Fortress Empowerment 2, Fortress Empowerment 3 and Fortress Empowerment 4 was offset against the redemption value of the preference shares and the loans outstanding against Fortress Empowerment 1 and Fortress Empowerment 3, and Fortress Empowerment 2 and Fortress Empowerment 4, respectively. This resulted in Fortress retaining 7 730 313 NEPI Rockcastle consideration shares.

Notes to the financial statements continued

for the year ended 30 June 2024

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

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 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, the group's interest in Fortress Empowerment 1 and Fortress Empowerment 3 consisted of the BEE preference shares held.

Refer to notes 29.7 and 29.9, 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	
	2024 R'000	2023 R'000
Investment in BEE preference shares – Fortress Empowerment 1	388 076	388 076
Accumulated fair value loss – Fortress Empowerment 1	(145 866)	(225 655)
Redemption and cession	(242 210)	–
Carrying value of investment – Fortress Empowerment 1	–	162 421
Investment in BEE preference shares – Fortress Empowerment 3	388 076	388 076
Accumulated fair value loss – Fortress Empowerment 3	(145 866)	(225 655)
Redemption and cession	(242 210)	–
Carrying value of investment – Fortress Empowerment 3	–	162 421
Total investment in BEE preference shares	–	324 842

Terms of the BEE preference shares pre-redemption and cession transaction

- The preference shares carried a zero coupon;
- The preference shares were redeemable 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 waived 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 was 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 in the prior year by Fortress Empowerment 1 (32 098 896 FFB shares) and Fortress Empowerment 3 (32 098 895 FFB shares) served as security against the BEE preference shares. The investments in BEE preference shares were carried at fair value. The fair value of the BEE preference shares was 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. The fair value gain is as a result of the market value increase of the FFB share price at the date of the unwind.

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

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

	GROUP	
	2024 R'000	2023 R'000
Fair value gain – on investments	159 250	96 939

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

Before the conclusion of the Empowerment Settlement Agreements, Fortress previously 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 had 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

Before the conclusion of the Empowerment Settlement Agreements, the maximum exposure relating to Fortress Empowerment 1 and Fortress Empowerment 3 was 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 28.1: Financial instruments, Credit risk.

The investment in BEE preference shares was fair valued to the value of the underlying security, being the market value of the FFB shares held by these vehicles in the prior year. Refer to note 29.8 for accounting estimates and judgements relating to the fair value of the investment in the BEE preference shares.

Notes to the financial statements continued

for the year ended 30 June 2024

10. Trade and other receivables

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Trade and other receivables include the following:				
At fair value:				
Fair value of currency derivatives	177 543	72 260		
Fair value of interest rate derivatives	186 751	471 474		
Unamortised interest rate cap premium	328 847	350 278		
	693 141	894 012		
At amortised cost:				
Tenant arrears	5 919	8 625		
Service deposits and prepayments	85 239	72 669		
Other receivables*	481 311	442 553	–	8 192
	572 469	523 847	–	8 192
VAT receivable	60 802	216 519		
	1 326 412	1 634 378	–	8 192

* Other receivables in respect of the group include accruals for municipal recoveries of R171,9 million (2023: R141,0 million), sundry property debtors of R101,3 million (2023: R82,3 million) and a R109,6 million (2023: R100 million) loan to Centurion Vision Development Proprietary Limited. 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 Proprietary Limited 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 Proprietary Limited 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 – Disclosure and 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.

10. Trade and other receivables continued

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.

As at 30 June 2024 and 30 June 2023, 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 28.1 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 2024				
Stated capital	36 679 208		37 267 144	
Share capital				
<i>Authorised</i>				
– FFA ordinary shares of no par value	830 019 693		830 019 693	
– FFB ordinary shares of no par value	3 169 980 307		3 169 980 307	
<i>Issued</i>				
– FFA ordinary shares of no par value	–		–	
– FFB ordinary shares of no par value	1 192 801 293		1 192 801 293	
30 June 2023				
Stated capital	45 571 743		45 571 743	
Share capital				
<i>Authorised</i>				
– 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	
<i>Issued</i>				
– 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	

Fortress implemented a SOA effective 19 January 2024 in terms of section 114(1)(c) of the Companies Act (read with section 115 of the Companies Act) with its FFB shareholders, which resulted in Fortress repurchasing all of the FFB shares held by scheme participants, in consideration for 0,060207 NRP shares for every FFB share held on the scheme record date. The remaining FFA shares were then converted into FFB shares with consequential amendments to the MOI.

Notes to the financial statements continued

for the year ended 30 June 2024

11. Stated capital and treasury shares continued

11.1 Stated capital continued

Amendments to the MOI of Fortress included:

The conversion of the issued FFA shares to FFB shares does not require any amendments to the MOI to create or amend any of the preferences, rights, limitations or other terms attaching to the FFA shares or the FFB shares other than to record that the number of authorised FFA shares shall decrease and the number of authorised FFB shares shall increase.

The purpose of this amendment is to record that following the conversion of the FFA shares, those shares shall form part of the authorised and issued FFB share capital (which is accordingly increased by the number of converted FFB shares) and shall no longer form part of the authorised or issued FFA share capital (which is accordingly reduced by the number of converted FFB shares).

Notwithstanding the above, the MOI contemplates that there will be both FFA shares and FFB shares in issue at all times. Although the FFA shares still exist as a separate class of share in the authorised share capital of Fortress, following the FFA conversion there will be no FFA shares in issue. Accordingly, no further amendments to the MOI were required to make provision for instances where the FFB shares are the only shares in issue. In addition, an extra restriction was imposed on any fresh issue of FFA shares (being the approval of holders of 75% of the issued FFB shares).

Fortress' MOI continues to provide that should a dividend be declared, the growth in the FFA share dividend will be the lower of 5% or the Consumer Price Index ("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 thereafter 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.

As a result of there being only converted FFB shares in issue, without any FFA shares being in issue, the FFA dividend benchmark is not required to be met in order for distributions to be declared to shareholders.

Reconciliation of movement in issued shares (FFA and FFB shares)	GROUP			
	2024 FFA shares	2024 FFB shares	2023 FFA shares	2023 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
Issued: CSP Award Shares	5 247 131	5 247 131		
Cancellation of treasury shares	(26 861 996)	(87 536 353)		
FFB share repurchase	–	(1 010 923 806)		
FFA share conversion to FFB shares	(1 169 980 307)	1 169 980 307		
Capitalisation share issuance	–	22 820 986		
Balance at the end of the year	–	1 192 801 293	1 191 595 172	1 093 213 028

Reconciliation of movement in issued shares (FFA and FFB shares)	COMPANY			
	2024 FFA shares	2024 FFB shares	2023 FFA shares	2023 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
Issued: CSP Award Shares	5 247 131	5 247 131		
Cancellation of treasury shares	(26 861 996)	(87 536 353)		
FFB share repurchase	–	(1 010 923 806)		
FFA share conversion to FFB shares	(1 169 980 307)	1 169 980 307		
Capitalisation share issuance	–	22 820 986		
Balance at the end of the year	–	1 192 801 293	1 191 595 172	1 093 213 028

11. Stated capital and treasury shares continued

11.2 Treasury shares

At 30 June 2024, Fortress holds 2 264 400 FFB shares (2023: 151 734 143) and nil FFA shares (2023: 26 861 996) in treasury.

Prior to the implementation of the SOA, 26 861 996 FFA and 87 536 353 FFB treasury shares in issue were cancelled by Fortress post the distribution of such shares from its subsidiaries. 64 197 790 FFB shares held collectively by Fortress Empowerment 2 and Fortress Empowerment 4 were repurchased and cancelled as part of the SOA implementation. Refer to note 9 for further details. An additional 2 264 400 FFB shares are treated by Fortress as treasury shares at 30 June 2024. These shares resulted from the restitution agreements entered into by Fortress and LTIP Purchase Scheme participants and are subject to net settlement of the 2024 CSP issuance. The LTIP Purchase Scheme was accounted for as an option in terms of IFRS 2, and therefore at an out-of-the money option on implementation of the restitution agreement.

During the 2023 financial year the treasury shares comprised as follows:

- 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*;
- 26 861 996 FFA shares repurchased during the 2022 financial year*.

	GROUP	
	2024 R'000	2023 R'000
Treasury shares	–	(2 040 884)

Reconciliation of movement in treasury shares	GROUP			
	2024 FFA shares	2024 FFB shares	2023 FFA shares	2023 FFB shares
Balance at the beginning of year	26 861 996	151 734 143	26 861 996	151 734 143
Shares cancelled during the year	(26 861 996)	(151 734 143)	–	–
Resulting from LTIP Purchase Scheme restitution agreement	–	2 264 400	–	–
	–	2 264 400	26 861 996	151 734 143

* At 30 June 2024, nil (2023: 87 536 353) FFB and nil (2023: 26 861 996) FFA treasury shares are held by Capital Propfund Proprietary Limited, a wholly-owned subsidiary of Fortress.

** Nil (2023: 64 197 790) FFB shares are treated as treasury shares on consolidation of Fortress Empowerment 2 and Fortress Empowerment 4 for IFRS® Accounting Standards purposes (refer to note 29.9: Accounting estimates and judgements).

12. Interest-bearing borrowings

The group has a total of R16 964 million (2023: R17 187 million) in secured finance facilities (excluding futures derivative facilities), Rnil (2023: Rnil) in unsecured finance facilities and an unsecured domestic medium-term note ("DMTN") programme of R20 000 million (2023: R20 000 million).

In total, R15 121 million (2023: R14 610 million) of the secured finance facilities, Rnil (2023: Rnil) of the unsecured finance facilities and R6 550 million (2023: R4 560 million) of the DMTN programme have been utilised by the group (including guarantees).

The company has a total of R4 850 million (2023: R5 000 million) in secured finance facilities, Rnil (2023: Rnil) in unsecured finance facilities and an unsecured DMTN programme of R20 000 million (2023: R20 000 million).

In total, R4 850 million (2023: R5 000 million) of the secured finance facilities, Rnil (2023: Rnil) of the unsecured finance facilities and R6 550 million (2023: R4 560 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 detailed in note 28: Financial instruments.

Notes to the financial statements continued

for the year ended 30 June 2024

12. Interest-bearing borrowings continued

		Nominal interest rate	Date of maturity	GROUP		COMPANY	
				2024 Carrying amount R'000	2023 Carrying amount R'000	2024 Carrying amount R'000	2023 Carrying amount R'000
Standard Bank ⁽⁷⁾	Secured	Prime less 1,50%	Reviewed and renewed annually in April of each year	93 966	20 087		
DMTN programme: 3 years ⁽¹⁾	Unsecured	3-month JIBAR plus 2,20%	October 2023	–	572 313	–	572 313
Rand Merchant Bank ⁽⁴⁾	Secured	3-month JIBAR plus 2,05%	November 2023	–	1 168 936	–	1 168 936
Rand Merchant Bank ⁽⁴⁾	Secured	3-month JIBAR plus 1,85%	November 2023	–	1 016 138	–	1 016 138
Libfin ⁽⁹⁾	Secured	3-month JIBAR plus 1,75%	December 2023	–	150 042	–	150 042
Standard Bank ⁽²⁾	Secured	Prime less 1,45%	March 2024	–	55 247	–	–
Nedbank ⁽³⁾	Secured	3-month JIBAR plus 1,98%	May 2024	–	–	–	–
Nedbank ⁽³⁾	Secured	3-month JIBAR plus 1,83%	June 2024	–	–	–	–
Nedbank ⁽³⁾	Secured	3-month JIBAR plus 1,98%	July 2024	–	–	–	–
DMTN programme: 1 year ⁽¹⁾	Unsecured	3-month JIBAR plus 1,25%	August 2024	302 523	–	302 523	–
DMTN programme: 5 years ⁽¹⁾	Unsecured	3-month JIBAR plus 1,90%	August 2024	303 960	303 856	303 960	303 856
DMTN programme: 3 years ⁽¹⁾	Unsecured	3-month JIBAR plus 2,00%	August 2024	502 784	502 634	502 784	502 634
Unicredit ^{***#(12)} (12.1)	Secured	1-month EURIBOR plus 2,80%	August 2024	111 315	126 269		
DMTN programme: 5 years ⁽¹⁾	Unsecured	3-month JIBAR plus 1,85%	October 2024	203 521	203 228	203 521	203 228
Rand Merchant Bank ⁽⁴⁾	Secured	3-month JIBAR plus 1,95%	November 2024	508 466	508 151	508 466	508 151
Rand Merchant Bank ⁽⁴⁾	Secured	3-month JIBAR plus 1,95%	November 2024	508 466	508 151	508 466	508 151
Libfin ⁽⁹⁾	Secured	3-month JIBAR plus 1,85%	December 2024	250 210	250 071	250 210	250 071
Absa ⁽⁶⁾	Secured	Prime less 0,25%	January 2025 (2023: July 2024)	106 067	107 148		
Standard Bank ⁽²⁾	Secured	Prime less 1,35%	January 2025	483 829	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	454 952	454 886	454 952	454 886
Standard Bank ⁽²⁾	Secured	3-month JIBAR plus 1,83%	March 2025	21 091	141 113		
Standard Bank ⁽⁶⁾	Secured	3-month JIBAR plus 1,83%	March 2025	268 457	330 763		
Standard Bank ⁽⁶⁾	Secured	3-month JIBAR plus 1,83%	March 2025	222 240	273 498		
Nedbank ⁽³⁾	Secured	3-month JIBAR plus 2,09%	May 2025	–	–	–	–
Nedbank ⁽³⁾	Secured	3-month JIBAR plus 1,87%	May 2025	–	–	–	–
Standard Bank ⁽¹¹⁾	Secured	3-month JIBAR plus 1,85%	May 2025	178 488	178 511		
Standard Bank ⁽¹¹⁾	Secured	Prime less 1,45%	June 2025	55 302	47 546		
Nedbank ⁽³⁾	Secured	3-month JIBAR plus 1,87%	June 2025	–	–	–	–
BNP Paribas ^{**#(10)} (10.1)	Secured	3-month EURIBOR plus 2,30%	August 2025	110 480	120 707		
Standard Bank ⁽¹³⁾	Secured	3-month JIBAR plus 1,92%	September 2025	177 650	181 922		
Rand Merchant Bank ⁽⁴⁾	Secured	3-month JIBAR plus 2,15%	November 2025	1 017 260	1 016 631	1 017 260	1 016 631
Unicredit ^{***#(12)} (12.2)	Secured	1-month EURIBOR plus 2,80%	January 2026	169 711	192 125		
BNP Paribas ^{**#(10)} (10.2)	Secured	3-month EURIBOR plus 2,30%	May 2026	138 748	151 417		
Nedbank ⁽³⁾	Secured	3-month JIBAR plus 1,52%	June 2026	602 675	603 608		
Nedbank ⁽³⁾	Secured	3-month JIBAR plus 1,52%	June 2026	503 783	503 007		
Nedbank ⁽³⁾	Secured	3-month JIBAR plus 1,93%	June 2026	–	–	–	–
DMTN programme: 3 years ⁽¹⁾	Unsecured	3-month JIBAR plus 1,65%	June 2026	382 185	382 321	382 185	382 321
DMTN programme: 5 years ⁽¹⁾ (1.1)	Unsecured	3-month JIBAR plus 2,40%	August 2026	411 618	411 499	411 618	411 499
Rand Merchant Bank ⁽⁴⁾	Secured	3-month JIBAR plus 1,57%	August 2026	711 415	–	711 415	–
DMTN programme: 3 years ⁽¹⁾	Unsecured	3-month JIBAR plus 1,57%	August 2026	504 345	–	504 345	–
Standard Bank ⁽²⁾	Secured	3-month JIBAR plus 1,78%	November 2026	829 882	830 453		
Rand Merchant Bank ⁽⁴⁾	Secured	3-month JIBAR plus 2,15%	November 2026	252 152	–	252 152	–

Notes to the financial statements continued

for the year ended 30 June 2024

12. Interest-bearing borrowings continued

		Nominal interest rate	Date of maturity	GROUP		COMPANY	
				2024 Carrying amount R'000	2023 Carrying amount R'000	2024 Carrying amount R'000	2023 Carrying amount R'000
Libfin ⁽⁹⁾	Secured	3-month JIBAR plus 2,15%	December 2026	201 610	201 749	201 610	201 749
DMTN programme: 5 years ^{(1),(1.1)}	Unsecured	3-month JIBAR plus 2,20%	February 2027	505 722	505 648	505 722	505 648
Standard Bank ⁽²⁾	Secured	Prime less 1,85%	March 2027	50 041	–	–	–
DMTN programme: 3 years ⁽¹⁾	Unsecured	3-month JIBAR plus 1,40%	April 2027	416 661	–	416 661	–
Standard Bank ^(1.1)	Secured	3-month JIBAR plus 2,05%	May 2027	510 567	510 631	–	–
Nedbank ⁽³⁾	Secured	3-month JIBAR plus 1,64%	June 2027	572 041	603 652	–	–
Nedbank ⁽³⁾	Secured	3-month JIBAR plus 1,64%	June 2027	503 829	503 043	–	–
Standard Bank ^(1.1)	Secured	3-month JIBAR plus 2,05%	June 2027	36 261	36 264	–	–
DMTN programme: 5,5 years ^{(1),(1.1)}	Unsecured	3-month JIBAR plus 2,30%	August 2027	354 044	353 991	354 044	353 991
Rand Merchant Bank ⁽⁴⁾	Secured	3-month JIBAR plus 1,66%	August 2027	711 518	–	711 518	–
Standard Bank ^(1.3)	Secured	3-month JIBAR plus 2,12%	September 2027	177 653	182 012	–	–
Standard Bank ⁽²⁾	Secured	6-month EURIBOR plus 2,25%	October 2027	679 957	–	–	–
Standard Bank ⁽²⁾	Secured	6-month EURIBOR plus 2,25%	October 2027	61 339	–	–	–
DMTN programme: 5 years ⁽¹⁾	Unsecured	3-month JIBAR plus 1,80%	November 2027	505 696	505 429	505 696	505 429
Standard Bank ⁽²⁾	Secured	3-month JIBAR plus 1,85%	November 2027	829 926	830 500	–	–
Absa ⁽⁵⁾	Secured	3-month JIBAR plus 1,95%	December 2027	504 371	504 434	–	–
Nedbank ⁽³⁾	Secured	3-month JIBAR plus 1,72%	June 2028	600 744	603 681	–	–
Nedbank ⁽³⁾	Secured	3-month JIBAR plus 1,72%	June 2028	503 859	503 067	–	–
DMTN programme: 5 years ⁽¹⁾	Unsecured	3-month JIBAR plus 1,90%	June 2028	422 475	422 628	422 475	422 628
Rand Merchant Bank ⁽⁴⁾	Secured	3-month JIBAR plus 1,80%	August 2028	762 514	–	762 514	–
DMTN programme: 5 years ⁽¹⁾	Unsecured	3-month JIBAR plus 1,80%	August 2028	605 335	–	605 335	–
Libfin ⁽⁹⁾	Secured	3-month JIBAR plus 1,95%	December 2028	251 974	252 146	251 974	252 146
DMTN programme: 5 years ⁽¹⁾	Unsecured	3-month JIBAR plus 1,58%	April 2029	500 367	–	500 367	–
Nedbank ⁽³⁾	Secured	3-month JIBAR plus 1,83%	June 2029	410 976	600 242	–	–
Nedbank ⁽³⁾	Secured	3-month JIBAR plus 1,83%	June 2029	503 902	503 100	–	–
Current portion included in current liabilities				21 570 923	19 035 366	11 551 773	9 690 448
				(4 602 362)	(3 013 692)	(3 034 882)	(2 907 429)
				16 968 561	16 021 674	8 516 891	6 783 019

* NACM.

** Included in these facilities is R14,4 million (2023: R9,1 million) which has been classified as a current liability.

*** Included in these facilities is R123,7 million (2023: R21,8 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 53.

Notes to the financial statements continued

for the year ended 30 June 2024

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 2024			
Standard Bank ^{(2) (6) (7) (11) (13)}	10 936 013		10 936 013
Rand Merchant Bank ⁽⁴⁾	8 279 986	1 379 385	9 659 371
Libfin ⁽⁹⁾	1 773 375		1 773 375
Absa ^{(5) (8)}	815 387	591 331	1 406 718
Nedbank ⁽³⁾	5 888 547	1 521 435	7 409 982
Unicredit ^{(12) (12.1) (12.2)}	666 950		666 950
BNP Paribas ^{(10) (10.1) (10.2)}	1 145 527		1 145 527
	29 505 785	3 492 151	32 997 936
June 2023			
Standard Bank ^{(2) (6) (7) (11) (13)}	11 055 705		11 055 705
Rand Merchant Bank ⁽⁴⁾	8 413 546	795 384	9 208 930
Libfin ⁽⁹⁾	2 170 062		2 170 062
Absa ^{(5) (8)}	722 158	472 260	1 194 418
Nedbank ⁽³⁾	5 714 384	1 215 076	6 929 460
Unicredit ^{(12) (12.1) (12.2)}	692 319		692 319
BNP Paribas ^{(10) (10.1) (10.2)}	1 164 419		1 164 419
	29 932 593	2 482 720	32 415 313

	COMPANY		
	Investment property [^] R'000	Investment in associate* R'000	Total R'000
June 2024			
Rand Merchant Bank ⁽⁴⁾	7 179 679	1 196 082	8 375 761
Libfin ⁽⁹⁾	1 773 375		1 773 375
	8 953 054	1 196 082	10 149 136
June 2023			
Rand Merchant Bank ⁽⁴⁾	7 300 829	690 192	7 991 021
Libfin ⁽⁹⁾	2 170 062		2 170 062
	9 470 891	690 192	10 161 083

[^] 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 2,50 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 2,00 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 1,60 times.
 – Euro exchange rate may not exceed R24/Euro 1.
 (3) – The group ICR is to remain at a level of at least 2,00 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 1,00 times.
 – The transactional LTV ratio shall not exceed 65%.
 (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) – The transactional ICR is at all times greater than 2,00 times.
 – The transactional LTV ratio does not exceed 50%.
 – The corporate ICR ratio is greater than 2,00 times.
 – The corporate LTV ratio does not exceed 50%.
 (6) – (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 2,00 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 1,60 times.
 (7) – General banking facility. Covenants as per (2) above.
 (8) – The facility relates to The Prism.
 – The transactional LTV ratio will not exceed 70%.
 – The transactional ICR ratio will not be less than 1,40 times.
 – The debt service cover ratio ("DSCR") shall be more than 1,10 times.
 – Vacancies may not exceed 10% of the gross lettable area.
 (9) – 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.
 (10) – The combined facility actual and projected minimum DSCR shall be more than 1,20 times.
 – Fortress Logistics Park Bydgoszcz Sp. Z o.o. shall not have negative own capital, including any subordinated debt.
 (10.1) – The maximum LTV for this facility shall not be more than 65%.
 (10.2) – The maximum LTV for this facility shall not be more than 45%.
 (11) – (Infort 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).
 – The transactional LTV ratio does not exceed 70% (first 24 months), 67% (months 24 to 36) and 65% (after month 36).
 (12) – The combined facility actual and projected minimum DSCR shall be more than 1,20 times.
 (12.1) – The maximum LTV for this facility shall not be more than 60%.
 (12.2) – The maximum LTV for this facility shall not be more than 70%.
 (13) – (Friedshel 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	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Jun 2024		3 013 692		2 907 429
Jun 2025	4 602 362	4 027 899	3 034 882	2 730 976
Jun 2026	3 075 767	3 129 606	1 399 445	1 398 952
Jun 2027	5 506 144	3 602 939	3 003 523	1 118 896
Jun 2028	5 351 582	3 905 744	1 993 733	1 282 050
Jun 2029	3 035 068	1 355 486	2 120 190	252 145
	21 570 923	19 035 366	11 551 773	9 690 448

Notes to the financial statements continued

for the year ended 30 June 2024

13. Deferred tax

	GROUP	
	2024 R'000	2023 R'000
Deferred tax asset	442 518	1 555 636
Deferred tax liability	(562 379)	(355 297)
Deferred tax comprises the following:		
– Recoupment of investment property-related allowances	(303 970)	(93 967)
– Revaluation of investment property	(795 613)	(550 085)
– Revaluation of investments	553 041	1 457 103
– Revaluation of derivatives	262 103	196 878
– Available losses	164 578	190 410
	(119 861)	1 200 339
Carrying amount at the beginning of the year	1 200 339	(80 093)
Currency translation adjustment	4 765	(21 514)
Charged to the statement of comprehensive income	(1 324 965)	1 301 946
Carrying amount at the end of the year	(119 861)	1 200 339

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

Deferred tax is provided for at the below rates:

- 27% on derivatives and assessed losses available to the group for South African group companies;
- Effective rate of 21,6% on investment property and in investments, after applying the 80% inclusion rate; and
- 19% for Polish subsidiaries and 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.

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

14. Trade and other payables

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Trade and other payables include the following:				
At fair value:				
Fair value of currency derivatives	113 548	312 520		
Fair value of collar derivatives	104 761	–		
Fair value of interest rate derivatives	49 635	3 370		
	267 944	315 890	–	–
At amortised cost:				
Accrued expenses	735 870	599 957	1 317	883
Accrued capital expenditure	23 982	22 887		
Tenant deposits	189 290	206 173		
	949 142	829 017	1 317	883
Prepaid rentals	31 519	27 025		
VAT payable	34 293	9 759		
	1 282 898	1 181 691	1 317	883

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	
	2024 R'000	2023 R'000
Contractual rental revenue	3 085 888	2 787 082
Contractual recoveries	1 184 964	976 315
	4 270 852	3 763 397

Notes to the financial statements continued

for the year ended 30 June 2024

16. Revenue received from group companies

	COMPANY	
	2024 R'000	2023 R'000
Revenue received from group companies (while still a REIT up to 31 January 2023)		
Capital Property Fund Limited	–	600 000
	–	600 000
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

17. Fair value loss on derivative financial instruments

	GROUP	
	2024 R'000	2023 R'000
Fair value adjustment of equity collar derivative	(104 761)	(50 921)
Profit on equity collar derivative realised	–	23 736
Fair value adjustment of forward exchange/option contract	304 255	(450 011)
(Loss)/profit on forward exchange/option contract realised	(66 609)	79 484
Amortisation of interest rate caps	(119 485)	(86 432)
Swap and cap repricing interest received	231 163	41 938
Fair value adjustment on interest rate swaps and caps	(330 682)	179 572
	(86 119)	(262 634)

18. Property operating expenses*

	GROUP	
	2024 R'000	2023 R'000
Utility charges	(720 422)	(612 005)
Rates, taxes and levies	(358 393)	(320 890)
Repairs and maintenance	(95 453)	(107 263)
Property management fees and staff costs	(130 611)	(121 560)
Other expenses	(459 894)	(383 393)
	(1 764 773)	(1 545 111)

* This note was added to enhance disclosure in the current financial year.

19. Administrative expenses*

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Staff and related payroll costs	(148 378)	(131 233)	(9 275)	(7 647)
Other administrative expenses	(89 979)	(90 945)	(5 360)	(5 566)
	(238 357)	(222 178)	(14 635)	(13 213)

* This note was added to enhance disclosure in the current financial year.

20. Profit/(loss) before income tax

20.1 Profit/(loss) before income tax – disclosable items

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Profit/(loss) before income tax is stated after charging:				
Auditor's remuneration	(6 303)	(5 759)	(607)	(978)
Audit fee	(5 117)	(4 780)	(253)	(550)
– Audit fees: Group, company and subsidiaries	(5 117)	(4 780)	(253)	(550)
Other services	(1 186)	(979)	(354)	(428)
– Independent review fees: Subsidiaries	(254)	(220)		
– Agreed-upon procedures	(624)	(108)		
– Other assurance reports	(308)	(651)*	(354)	(428)*
Directors' remuneration [#]				
– Services as director (non-executive)	(9 275)	(7 647)	(9 275)	(7 647)
– Other services (executive) [§]	(27 162)	(29 726)		
– Ex-gratia payment	(18 536)			
Amortisation of tenant installation	(17 381)	(22 093)		
Amortisation of letting commission	(18 229)	(17 436)		
Property administration fees	(101 132)	(93 407)		
Lease payments on premises	(94 510)	(7 118)		
Employee cost (excluding executive directors)	(160 178)	(128 187)		

[#] Details of directors' remuneration are disclosed in note 31 which includes the economic remuneration earned by executive directors in respect of the LTIP.

[§] Excludes remuneration relating to the CSP and LTIP as these 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 23.4 for directors' participation in incentive schemes).

* Includes an amount of R0,5 million for group and R0,2 million for company in respect of other assurance services paid to the prior auditor for work performed whilst they were still the auditor.

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

	GROUP	
	2024 R'000	2023 R'000
Profit for the year	4 346 230	5 888 003
Fair value (gain)/loss on investment property	(637 063)	742 379
Fair value gain on investments	(159 250)	(96 939)
Fair value loss on derivative financial instruments	86 119	262 634
(Reversal of impairment)/impairment of staff scheme loans	(6 831)	6 594
Insurance right to receive – capital	–	1 492
Reversal of impairment of investments in associates	(2 520 182)	(2 371 817)
Loss on sale of interest in associate	63 908	–
Non-distributable income from associates	(655 873)	(923 595)
Interest received on LTIP (reversed for IFRS 2 charge)	6 743	5 726
IFRS 2: Share-based Payment – employee incentive scheme	93 791	55 579
Deferred tax	1 324 965	(1 301 946)
Income tax in respect of prior periods	–	(168 054)
Non-controlling interests	(6 199)	(2 814)
Antecedent dividend	9 144	–
Unrealised exchange gain	(14 245)	(4 111)
Staff scheme interest limitation	(37 811)	(32 296)
Foreign dividend hedging	(66 609)	79 484
Interest rate derivatives	111 678	(36 996)
Capitalised interest limitation	(150 010)	(306 056)
Amount available for distribution	1 788 505	1 797 267
Amount available for interim distribution – first income period	952 868	800 947
Amount available for final distribution – second income period	835 637	996 320
	1 788 505	1 797 267

* Disclosure not required per IFRS[®] Accounting Standards.

Notes to the financial statements continued

for the year ended 30 June 2024

20. Profit/(loss) before income tax continued

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

	GROUP	
	2024 R'000	2023 R'000
Amount available for distribution	1 788 505	1 797 267
Less: Interim dividend declared	(952 868)	–
– FFA shares	–	–
– FFB shares	(952 868)	–
Less: Final dividend declared	(835 637)	–
– FFA shares	–	–
– FFB shares	(835 637)	–
Amount available for distribution retained by Fortress	–	1 797 267

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 2024	–	70,19
Dec 2023	–	81,44 [^]
Jun 2023	–	–
Dec 2022	–	–

[^] Interim dividend declared in 1H2024, paid in 2H2024.

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

20.3 Reconciliation of profit for the year to headline earnings

	GROUP	
	2024 R'000	2023 R'000
Basic earnings for the year attributable to equity holders	4 332 680	5 917 362
Adjusted for:	(2 915 685)	(4 007 562)
– Fair value (gain)/loss on investment property (including straight-lining adjustment)	(524 408)	766 936
– Current year income tax effects in respect of investment property	180 627	(71 324)
– Prior year income tax effects in respect of investment property	–	497 462
– Reversal of impairment of investment in associate	(2 520 182)	(2 371 817)
– Current year income tax effects in respect of investment in associate	544 359	512 312
– Prior year income tax effects in respect of investment in associate	–	(2 611 580)
– Fair value gain on investment property of associates	(785 651)	(862 816)
– Income tax effect	125 662	133 265
– Loss on sale of interest in associate	63 908	–
Headline earnings	1 416 995	1 909 800

20. Profit/(loss) before income tax continued

20.3 Reconciliation of profit for the year to headline earnings continued

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.

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

	GROUP	
	2024 R'000	2023 R'000
Basic earnings for the year attributable to equity holders		
Dividends paid to FFA shareholders in the financial year	–	–
Residual basic earnings to be split <i>pari passu</i> per FFA and FFB share*	–	3 273 385
Total FFA basic earnings	–	3 273 385
Dividends paid to FFB shareholders in the financial year	952 868 [^]	–
Residual basic earnings to be split <i>pari passu</i> per FFA and FFB share*	3 379 812	2 643 977
Total FFB basic earnings	4 332 680	2 643 977
Total FFA and FFB basic earnings	4 332 680	5 917 362
Headline earnings for the year attributable to equity holders		
Dividends paid to FFA shareholders in the financial year	–	–
Residual headline earnings to be split <i>pari passu</i> per FFA and FFB share*	–	1 056 469
Total FFA headline earnings	–	1 056 469
Dividends paid to FFB shareholders in the financial year	952 868 [^]	–
Residual headline earnings to be split <i>pari passu</i> per FFA and FFB share*	464 127	853 331
Total FFB headline earnings	1 416 995	853 331
Total FFA and FFB headline earnings	1 416 995	1 909 800

[^] Interim dividend declared in 1H2024, paid in 2H2024.

* 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.

Notes to the financial statements continued

for the year ended 30 June 2024

20. Profit/(loss) before income tax continued

20.4 Allocation of basic and headline earnings to FFA and FFB shares continued

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

	GROUP	
	2024 R'000	2023 R'000
Diluted earnings for the year attributable to equity holders		
Dividends paid to FFA shareholders in the financial year	–	–
Residual diluted earnings to be split <i>pari passu</i> per FFA and FFB share**	–	3 268 445
Total FFA diluted earnings	–	3 268 445
Dividends paid to FFB shareholders in the financial year	952 868 [^]	–
Residual diluted earnings to be split <i>pari passu</i> per FFA and FFB share**	3 379 812	2 648 917
Total FFB diluted earnings	4 332 680	2 648 917
Total FFA and FFB diluted earnings	4 332 680	5 917 362
Diluted headline earnings for the year attributable to equity holders		
Dividends paid to FFA shareholders in the financial year	–	–
Residual diluted headline earnings to be split <i>pari passu</i> per FFA and FFB share**	–	1 054 875
Total FFA diluted headline earnings	–	1 054 875
Dividends paid to FFB shareholders in the financial year	952 868 [^]	–
Residual diluted headline earnings to be split <i>pari passu</i> per FFA and FFB share**	464 127	854 925
Total FFB diluted headline earnings	1 416 995	854 925
Total FFA and FFB diluted headline earnings	1 416 995	1 909 800

[^] Interim dividend declared in 1H2024 paid in 2H2024.

** 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.

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

	GROUP	
	2024	2023
Basic earnings per FFA share (cents)	–	281,92
Basic earnings per FFB share (cents)	370,03	281,92
Diluted earnings per FFA share (cents)	–	279,51
Diluted earnings per FFB share (cents)	365,67	279,51
Headline earnings per FFA share (cents)	–	90,99
Headline earnings per FFB share (cents)	121,02	90,99
Diluted headline earnings per FFA share (cents)	–	90,21
Diluted headline earnings per FFB share (cents)	119,59	90,21

20. Profit/(loss) before income tax continued

20.5 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	
	2024	2023
Weighted average number of shares		
– FFA shares	–	1 161 085 976
– FFB shares	1 170 894 954	937 831 685
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)	1 170 894 954	2 098 917 661
Diluted weighted average number of shares		
– FFA shares	–	1 169 347 851
– FFB shares	1 184 875 325	947 699 938
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)	1 184 875 325	2 117 047 789
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
LTIP share scheme award – dilutive shares	–	924 794
CSP share scheme award – dilutive shares	–	7 337 081
Diluted weighted average number of shares used in calculation of diluted earnings and diluted headline earnings per share	–	1 169 347 851
Reconciliation of weighted average number of shares – FFB shares		
Weighted average number of shares used in calculation of basic and headline earnings per share	1 170 894 954	937 831 685
LTIP share scheme award – dilutive shares	–	824 279
CSP share scheme award – dilutive shares	13 980 371	9 043 974
Diluted weighted average number of shares used in calculation of diluted earnings and diluted headline earnings per share	1 184 875 325	947 699 938

Earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share are 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).

Notes to the financial statements continued

for the year ended 30 June 2024

21. Income tax

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Normal tax				
– Current tax	(12 923)	(37 751)	(1 784)	(225 111)
– Deferred tax	(1 324 965)	1 301 946	–	–
	(1 337 888)	1 264 195	(1 784)	(225 111)

	GROUP		COMPANY	
	2024 %	2023 %	2024 %	2023 %
Standard tax rate – South Africa	27,00	27,00	27,00	27,00
Share of non-distributable post-acquisition profits of associates	(3,12)	(5,28)		
Tax-exempt items	2,37	(1,26)	(27,08)	(5,74)
Assessed losses utilised	(0,09)	(0,18)		
Exempt income – exempt foreign dividends	(6,73)	(8,21)		
Exempt income – exempt intragroup dividends			–	(21,31)
Income tax prior period (over)/under provisions	(0,67)	(3,63)	–	0,77
Other non-taxable income	(0,08)	(0,27)	0,06	–
Non-deductible expenses	0,12	0,12	–	0,08
Tax deductions, not deducted in profit or loss	(2,81)	(0,37)		
Income received in advance	0,02	0,16		
Tax rate differential – CEE	1,53	(0,71)		
Capital gains tax rate differential	0,01	–		
Changes in recognition of deferred tax	5,99	–		
Initial raising of deferred tax	–	(34,71)		
Effective tax rate	23,54	(27,34)	(0,02)	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 SARS during the 2023 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 2024.

22. Notes to the statements of cash flows

22.1 Cash generated from/(utilised in) operations

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Profit before income tax	5 684 118	4 623 808	(10 397 144)	28 204 228
Adjusted for:				
Revenue received from group companies			–	(22 863 831)
Scrip dividend received	(842 833)	(825 453)		
Fair value (gain)/loss on investment property	(637 063)	742 379		
Fair value gain on investments	(159 250)	(96 939)		
Fair value loss on derivative financial instruments	86 119	262 634		
Loss on sale of investment in associate	63 908	–		
(Reversal of impairment)/impairment of staff scheme loans	(6 831)	6 594	(6 001)	5 160
Reversal of impairment of investment in associate	(2 520 182)	(2 371 817)		
Unrealised foreign exchange gain	(14 245)	(4 111)		
IFRS 2: <i>Share-based Payment</i> – employee incentive scheme	75 255	55 579		
Impairment/(reversal of impairment) of investment in subsidiaries			10 428 616	(5 991 694)
Income from associates (non-distributable)	(655 873)	(923 595)		
Income from associates (distributable, non-cash)	(57 954)	(58 051)		
Interest on staff scheme and other interest received	(58 275)	(63 253)	(1 137 084)	(387 740)
Interest on borrowings	2 014 471	1 531 736	1 096 978	1 020 664
Capitalised interest	(150 010)	(306 056)		
Amortisation of tenant installation	17 381	22 093		
Amortisation of letting commission	18 229	17 436		
	2 856 965	2 612 984	(14 635)	(13 213)
Changes in working capital				
Decrease/(increase) in trade and other receivables	107 092	(136 715)	8 192	5 762
Increase/(decrease) in trade and other payables	149 153	(183 898)	434	36
	3 113 210	2 292 371	(6 009)	(7 415)

Notes to the financial statements continued

for the year ended 30 June 2024

22. Notes to the statements of cash flows continued

22.2 Income tax paid

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Income tax payable at the beginning of the year	(145 602)	(200 105)	832	–
Charged to the statement of comprehensive income during the year	(12 923)	(37 751)	(1 784)	(225 111)
Income tax payable at the end of the year	109 346	145 602	(1 658)	(832)
	(49 179)	(92 254)	(2 610)	(225 943)

22.3 Loans to group companies (advanced)/repaid

	COMPANY	
	2024 R'000	2023 R'000
Reconciliation of loans to group companies		
Balance of loans to group companies at the beginning of the year	(11 244 080)	(3 541 261)
Loans to group companies (advanced)/repaid	(1 886 847)	992 371
Non-cash flow movements on loans to group companies	–	(8 695 190)
Balance of loans to group companies at the end of the year	(13 130 927)	(11 244 080)

22.4 Loans from group companies advanced

	COMPANY	
	2024 R'000	2023 R'000
Reconciliation of loans from group companies		
Balance of loans from group companies at the beginning of the year	1 007 385	11 682 284
Loans from group companies advanced	693 991	2 893 743
Non-cash flow movements on loans from group companies	7 548 916	(13 568 642)
Balance of loans from group companies at the end of the year	9 250 292	1 007 385

22.5 Interest-bearing borrowings raised/(repaid)

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Reconciliation of interest-bearing borrowings				
Balance of interest-bearing borrowings at the beginning of the year	19 035 366	19 117 067	9 690 448	13 776 847
Interest-bearing borrowings raised and drawn	3 914 664	7 000 815	2 583 679	849 551
Interest-bearing borrowings repaid [#]	(1 308 677)	(7 202 802)	(722 354)	(4 935 950)
Interest accrual adjustments	(19 777)	16 762		
Currency translation difference	(50 653)	103 524		
Balance of interest-bearing borrowings at the end of the year	21 570 923	19 035 366	11 551 773	9 690 448

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

23. Employee incentive scheme

23.1 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 2024 financial period. The first award was made to executives, management and key staff in the amount of 2 608 824 FFB CSP awards (2023: 2 382 752 FFA and 2 382 752 FFB CSP awards (3 479 294 FFB shares post the SOA)), while the second award was made to the executive and members of the executive committee based on a matching scheme in the amount of 1 532 061 FFB CSP awards (2023: 504 654 FFA and 1 980 718 FFB CSP awards (1 416 180 FFB shares post the SOA)), whereby the participants would be required to use their after-tax bonuses 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. The CSP was introduced with a view to addressing previous concerns raised by shareholders over the appropriateness of the group's historical share 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.

Post implementation of the SOA, the 2022 and 2021 awards were amended as there are no longer any FFA shares in issue, and new FFB shares were converted from the old FFA shares at a ratio of 1,4602 new FFB shares for every old FFA share awarded.

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 2024 financial year in terms of IFRS 2 amounted to R94,2 million (2023: R44,4 million).

	GROUP		
	2024	2023	
	FFB shares	FFA shares	FFB shares
Implied strike price	–	–	–
Share price at transaction date	14,25	9,70	4,06
Risk-free rate (%)	9,40	9,38	9,38
Dividend yield (%)	9,10	0,00	0,00
Volatility (%)	25,00	30,00	45,00
Maturity	30 Sep 2026	30 Sep 2025	30 Sep 2025
Management assessment of KPI achievement:			
ordinary award (%)	50,00	50,00	50,00
Management assessment of KPI achievement:			
matching award (%)	100,00	100,00	100,00
Option value: ordinary award	11,35	9,70	4,06
Option value: matching award	11,35	9,70	4,06

Notes to the financial statements continued

for the year ended 30 June 2024

23. Employee incentive scheme continued

23.1 Conditional Share Plan ("CSP") continued

CSP share availability and utilisation

	GROUP		
	FFA 000's	FFB 000's	Total shares 000's
CSP approved limit	51 468	51 468	102 936
Annual CSP award made in respect of FY2020			
– Executive directors	(1 130)	(1 130)	(2 260)
– Other participants	(2 334)	(2 334)	(4 668)
Remaining shares available under the CSP at 30 June 2021	48 004	48 004	96 008
Annual CSP awards made in respect of FY2021			
– Executive directors	(3 075)	(3 075)	(6 150)
– Other participants	(4 599)	(4 599)	(9 198)
Remaining shares available under the CSP at 30 June 2022	40 330	40 330	80 660
Annual CSP awards made in respect of FY2022			
– Executive directors	(1 309)	(1 309)	(2 618)
– Other participants	(3 456)	(3 456)	(6 912)
CSP matching shares awarded in respect of FY2022 bonus			
– Executive directors	(607)	(1 467)	(2 074)
– Other participants	(959)	(2 341)	(3 300)
Remaining shares available under the CSP at 30 June 2023	33 999	31 757	65 756
Awards cancelled in respect of 2020 (due to resignations)	454	454	908
Additional shares vesting under 2020 award	(2 238)	(2 238)	(4 476)
Conversion of inflight awards as a result of the scheme of arrangement	14 005	(7 736)	6 269
Post the scheme of arrangement	46 220	22 237	68 457
Annual CSP awards made in respect of FY2023			
– Executive directors		(513)	(513)
– Other participants		(2 096)	(2 096)
CSP matching shares awarded in respect of FY2023 bonus			
– Executive directors		(577)	(577)
– Other participants		(955)	(955)
Remaining shares available under the CSP plan as at 30 June 2024	46 220	18 096	64 316

23. Employee incentive scheme continued

23.2 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 2024 financial year in terms of IFRS 2, amounts to R2,8 million (2023: R11,2 million) details of which are disclosed as follows.

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

During the year ended 30 June 2024, nil (2023: nil) FFA shares and nil (2023: 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.

Notes to the financial statements continued

for the year ended 30 June 2024

23. Employee incentive scheme continued

23.2 LTIP and Short-term Incentive Plan (“STIP”) Share Scheme continued

23.2.1 LTIP Award Share Scheme: equity-settled share-based payment continued

	2024		2023	
	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	1 038 522	1 038 522	2 077 046	2 077 046
Shares awarded during the year			–	–
Shares vested during the year	(995 287)	(995 287)	(1 038 524)	(1 038 524)
Shares forfeited during the year	(43 235)	(43 235)	–	–
Total unvested shares at the end of the year	–	–	1 038 522	1 038 522
Average remaining vesting period	0,00 years	0,00 years	0,33 years	0,33 years

With reference to the prior year, it was anticipated that all unvested shares in the LTIP Award Share Scheme at the end of the year would vest during the vesting period.

	2024		2023	
	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

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

During the year ended 30 June 2024, nil (2023: nil) FFA shares and nil (2023: nil) FFB shares were issued under the LTIP Purchase Share Scheme.

Fortress and the scheme participants entered into restitution agreements effective 12 June 2024. The effect of which resulted in restoring the scheme participants and Fortress to their respective positions prior to entering into the original incentive arrangements.

In 2018 and 2019 purchase offers were made to relevant participants in terms of this scheme allowed 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 vested 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 vested 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 bore interest at the official rate as defined in the Income Tax Act and were repayable no later than seven years from the offer date.

Dividends received on the shares, net of tax, were applied to the interest and capital of the loan outstanding.

In the event that the dividends received were less than the accrued interest up to the distribution date, the participant was required to settle the accrued interest component.

The Purchase Scheme Shares were 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.

23. Employee incentive scheme continued

23.2 LTIP and Short-term Incentive Plan (“STIP”) Share Scheme continued

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

	2024		2023	
	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	465 225	465 225	930 450	930 450
Shares vested during the year	(465 225)	(465 225)	(465 225)	(465 225)
Shares forfeited during the year	–	–	–	–
Total unvested shares at the end of the year	–	–	465 225	465 225
Average remaining vesting period	0,0 years	0,0 years	0,33 years	0,33 years

With reference to the prior year, it was anticipated that all unvested shares in the LTIP Purchase Share Scheme at the end of the year would 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 (applicable to each tranche)	1 – 4 years (applicable to each tranche)	1 – 5 years (applicable to each tranche)	1 – 5 years (applicable to each tranche)
Option value per share	R1,60 – R2,64	R0,67 – R0,75	R1,23 – R1,74	R1,50 – R1,75

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

23.3 Previous Fortress Share Purchase Trust (“Trust”)

	2024		2023	
	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 prior to restitution carried the risk associated with the shares issued to them and the loans were full recourse loans.

Notes to the financial statements continued

for the year ended 30 June 2024

23. Employee incentive scheme continued

23.4 Details of directors' participation in incentive schemes

23.4.1 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 2024 financial year, the fourth tranche of the December 2019 award vested as well as the fifth tranche of the October 2018 award (2023: the third tranche of the December 2019 award vested as well as the fourth 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.

	2024							
	Opening balance – unvested shares	Number of shares awarded during the year	Shares forfeited during the year	Strike price/consideration 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	18 000	–	–	–	Oct 2020 – Oct 2023	18 000	13,02	–
– Oct 2018 award	35 840	–	–	–	Oct 2019 – Oct 2023	35 840	13,02	–
Ian Vorster								
– Nov 2019 award	14 575	–	–	–	Oct 2020 – Oct 2023	14 575	13,02	–
– Oct 2018 award	10 580	–	–	–	Oct 2019 – Oct 2023	10 580	13,02	–
Donnovan Pydigadu ^s								
– Nov 2019 award	14 575	–	(14 575)	–	Oct 2020 – Oct 2023	–	–	–
– Oct 2018 award	28 660	–	(28 660)	–	Oct 2019 – Oct 2023	–	–	–
Vuso Majija								
– Nov 2019 award	14 575	–	–	–	Oct 2020 – Oct 2023	14 575	13,02	–
– Oct 2018 award	29 860	–	–	–	Oct 2019 – Oct 2023	29 860	13,02	–
FFB shares								
Steven Brown								
– Nov 2019 award	18 000	–	–	–	Oct 2020 – Oct 2023	18 000	5,95	–
– Oct 2018 award	35 840	–	–	–	Oct 2019 – Oct 2023	35 840	5,95	–
Ian Vorster								
– Nov 2019 award	14 575	–	–	–	Oct 2020 – Oct 2023	14 575	5,95	–
– Oct 2018 award	10 580	–	–	–	Oct 2019 – Oct 2023	10 580	5,95	–
Donnovan Pydigadu ^s								
– Nov 2019 award	14 575	–	(14 575)	–	Oct 2020 – Oct 2023	–	–	–
– Oct 2018 award	28 660	–	(28 660)	–	Oct 2019 – Oct 2023	–	–	–
Vuso Majija								
– Nov 2019 award	14 575	–	–	–	Oct 2020 – Oct 2023	14 575	5,95	–
– Oct 2018 award	29 860	–	–	–	Oct 2019 – Oct 2023	29 860	5,95	–

^s *Donnovan Pydigadu left the employ of Fortress following his resignation effective 14 August 2023, all unvested shares were accordingly forfeited.*

23. Employee incentive scheme continued

23.4 Details of directors' participation in incentive schemes continued

23.4.1 LTIP Award Share Scheme – directors' participation continued

	2023							
	Opening balance – unvested shares	Number of shares awarded during the year	Shares forfeited during the year	Strike price/consideration 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

Notes to the financial statements continued

for the year ended 30 June 2024

23. Employee incentive scheme continued

23.4 Details of directors' participation in incentive schemes continued

23.4.2 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 2024 financial year, the fourth tranche of the December 2019 award vested, as well as the fifth tranche of the October 2018 award (2023: the third tranche of the December 2019 award vested, as well as the fourth tranche of the October 2018 award).

Fortress and the scheme participants entered into restitution agreements effective 12 June 2024. The effect of which resulted in restoring the scheme participants and Fortress to their respective positions prior to entering into the original incentive arrangements.

Shares acquired by participants under this scheme were previously acquired on the basis that loans were 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 were 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 was loan-funded at issue date.

Beneficial ownership of LTIP Purchase Scheme Shares only transferred on settlement of associated vesting tranches debt.

	2024							
	Opening balance – unvested shares	Number of shares awarded during the year	Shares forfeited 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	18 000	–	–	20,55	Oct 2020 – Oct 2023	18 000	13,02	–
– Oct 2018 award	107 500	–	–	16,93	Oct 2019 – Oct 2023	107 500	13,02	–
Ian Vorster								
– Nov 2019 award	14 575	–	–	20,55	Oct 2020 – Oct 2023	14 575	13,02	–
– Oct 2018 award	10 580	–	–	16,93	Oct 2019 – Oct 2023	10 580	13,02	–
Vuso Majija								
– Oct 2018 award	29 860	–	–	16,93	Oct 2019 – Oct 2023	29 860	13,02	–
FFB shares								
Steven Brown								
– Nov 2019 award	18 000	–	–	8,62	Oct 2020 – Oct 2023	18 000	5,95	–
– Oct 2018 award	107 500	–	–	15,22	Oct 2019 – Oct 2023	107 500	5,95	–
Ian Vorster								
– Nov 2019 award	14 575	–	–	8,62	Oct 2020 – Oct 2023	14 575	5,95	–
– Oct 2018 award	10 580	–	–	15,22	Oct 2019 – Oct 2023	10 580	5,95	–
Vuso Majija								
– Oct 2018 award	29 860	–	–	15,22	Oct 2019 – Oct 2023	29 860	5,95	–

23. Employee incentive scheme continued

23.4 Details of directors' participation in incentive schemes continued

23.4.2 LTIP Purchase Share Scheme – directors' participation continued

	2023							
	Opening balance – unvested shares	Number of shares awarded during the year	Shares forfeited during the year	Strike price/ consideration 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

LTIP Purchase Share Scheme – loans to directors

Fortress and the scheme participants entered into restitution agreements effective 12 June 2024. The effect of which resulted in restoring the scheme participants and Fortress to their respective positions prior to entering into the original incentive arrangements.

Details of loans granted to directors in respect of the LTIP Purchase Share Scheme are disclosed as follows. 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 recognised. However, paragraph 7.B.7(j) of the JSE Listings Requirements requires disclosure of these loans.

Notes to the financial statements continued

for the year ended 30 June 2024

23. Employee incentive scheme continued

23.4 Details of directors' participation in incentive schemes continued

23.4.2 LTIP Purchase Share Scheme – directors' participation continued

	GROUP	
	2024 R'000	2023 R'000
LTIP loans granted to directors – Oct 2018 award: FFA shares		
<i>Balance of loan receivable at the end of the year</i>		
Steven Brown	–	9 776
Ian Vorster	–	846
Vuso Majija	–	2 761
	–	13 383

These loans bore interest at the official rate as defined in the Income Tax Act, being 9,25% (2023: 9,25%) prior to the unwind and restitution, and were repayable by October 2025, being seven years from grant date. Each loan was secured by the FFA shares issued to each director under the LTIP Purchase Share Scheme award for October 2018, as disclosed above.

	GROUP	
	2024 R'000	2023 R'000
LTIP loans granted to directors – Oct 2018 award: FFB shares		
<i>Balance of loan receivable at the end of the year</i>		
Steven Brown	–	9 949
Ian Vorster	–	979
Vuso Majija	–	2 763
	–	13 691

These loans bore interest at the official rate as defined in the Income Tax Act, being 9,25% (2023: 9,25%) prior to the unwind and restitution, and were repayable by October 2025, being seven years from grant date. Each loan was secured by the FFB shares issued to each director under the LTIP Purchase Share Scheme award for October 2018, as disclosed above.

	GROUP	
	2024 R'000	2023 R'000
LTIP loans granted to directors – Dec 2019 award: FFA shares		
<i>Balance of loan receivable at the end of the year</i>		
Steven Brown	–	1 805
Ian Vorster	–	1 462
	–	3 267

These loans bore interest at the official rate as defined in the Income Tax Act, being 9,25% (2023: 9,25%) prior to the unwind and restitution, and were repayable by October 2025, being seven years from grant date. Each loan was secured by the FFA shares issued to each director under the LTIP Purchase Share Scheme award for December 2019, as disclosed above.

23. Employee incentive scheme continued

23.4 Details of directors' participation in incentive schemes continued

23.4.2 LTIP Purchase Share Scheme – directors' participation continued

	GROUP	
	2024 R'000	2023 R'000
LTIP loans granted to directors – Dec 2019 award: FFB shares		
<i>Balance of loan receivable at the end of the year</i>		
Steven Brown	–	757
Ian Vorster	–	613
	–	1 370

These loans bore interest at the official rate as defined in the Income Tax Act, being 9,25% (2023: 9,25%) prior to the unwind and restitution, and were repayable by October 2025, being seven years from grant date. Each loan was secured by the FFB shares issued to each director under the LTIP Purchase Share Scheme award for December 2019, as disclosed above.

23.4.3 Previous Fortress Share Purchase Trust – directors' participation

Fortress and the scheme participants entered into restitution agreements with the Fortress Share Purchase Trust or Capital Property Fund Limited ("Capital") effective 12 June 2024. The effect of which resulted in restoring the scheme participants, Fortress and Capital to their respective positions prior to entering into the original incentive arrangements.

Details of the allocations of shares to directors on which debt remained outstanding as 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% (2023: 9,25%) 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.

Notes to the financial statements continued

for the year ended 30 June 2024

23. Employee incentive scheme continued

23.4 Details of directors' participation in incentive schemes continued

23.4.4 CSP – directors' participation

When shares are issued at vesting under the CSP, this is at no consideration and the strike price is therefore noted as Rnil.

	2024								
	Opening balance – unvested awards	Number of share awards during the year	Effects of SOA [^] 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 2023 award [§]	–	–	–	–	Sep 2026	–	–	–	
– Oct 2022 award	569 261	–	(569 261)	–	Sep 2025	–	–	–	
– Oct 2021 award	984 010	–	(984 010)	–	Sep 2024	–	–	–	
– Oct 2020 award	414 898	–	–	–	Sep 2023	723 167	13,02 [#]	–	
Ian Vorster									
– Oct 2023 award [§]	–	–	–	–	Sep 2026	–	–	–	
– Oct 2022 award	397 865	–	(397 865)	–	Sep 2025	–	–	–	
– Oct 2021 award	768 758	–	(768 758)	–	Sep 2024	–	–	–	
– Oct 2020 award	254 462	–	–	–	Sep 2023	443 527	13,02 [#]	–	
Donnovan Pydigadu									
– Oct 2022 award [§]	303 675	–	–	(303 675)	Sep 2025	–	–	–	
– Oct 2021 award [§]	615 006	–	–	(615 006)	Sep 2024	–	–	–	
– Oct 2020 award [§]	229 016	–	–	(229 016)	Sep 2023	–	–	–	
Vuso Majija									
– Oct 2023 award [§]	–	–	–	–	Sep 2026	–	–	–	
– Oct 2022 award	342 829	–	(342 829)	–	Sep 2025	–	–	–	
– Oct 2021 award	707 257	–	(707 257)	–	Sep 2024	–	–	–	
– Oct 2020 award	232 242	–	–	–	Sep 2023	404 798	13,02 [#]	–	

23. Employee incentive scheme continued

23.4 Details of directors' participation in incentive schemes continued

23.4.4 CSP – directors' participation continued

	2024								
	Opening balance – unvested awards	Number of share awards during the year	Effects of SOA [^]	Shares forfeited 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
FFB CSP awards									
Steven Brown									
– Oct 2023 award [§]	–	458 412	–	–	–	Sep 2026	–	–	458 412
– Oct 2022 award	706 711	–	325 228	–	–	Sep 2025	–	–	1 031 939
– Oct 2021 award	984 010	–	535 793	–	–	Sep 2024	–	–	1 519 803
– Oct 2020 award	414 898	–	–	–	–	Sep 2023	723 167	5,95 [#]	–
Ian Vorster									
– Oct 2023 award [§]	–	342 982	–	–	–	Sep 2026	–	–	342 982
– Oct 2022 award	520 455	–	239 513	–	–	Sep 2025	–	–	759 968
– Oct 2021 award	768 758	–	418 589	–	–	Sep 2024	–	–	1 187 347
– Oct 2020 award	254 462	–	–	–	–	Sep 2023	443 527	5,95 [#]	–
Donnovan Pydigadu									
– Oct 2022 award [§]	346 910	–	–	(346 910)	–	Sep 2025	–	–	–
– Oct 2021 award [§]	615 006	–	–	(615 006)	–	Sep 2024	–	–	–
– Oct 2020 award [§]	229 016	–	–	(229 016)	–	Sep 2023	–	–	–
Vuso Majija									
– Oct 2023 award [§]	–	289 225	–	–	–	Sep 2026	–	–	289 225
– Oct 2022 award	454 510	–	209 166	–	–	Sep 2025	–	–	663 676
– Oct 2021 award	707 257	–	385 101	–	–	Sep 2024	–	–	1 092 358
– Oct 2020 award	232 242	–	–	–	–	Sep 2023	404 798	5,95 [#]	–

[§] The October 2023 award was made to the directors of Fortress on 24 April 2024 post implementation of the SOA as the award may have constituted a 'prohibited share issue' in terms of the Takeover Regulation Panel ("TRP") regulations while the SOA was in progress.

[#] Performance criteria for the October 2020 award yielded scores of above-target on both financial measures and at-stretch for both non-financial measures, thus indicating a vesting percentage of 174% of the original awards.

[^] Post implementation of the SOA, the 2022 and 2021 awards were amended as there are no longer any FFA shares in issue and new FFB shares were converted from the old FFA shares at a ratio of 1,4602 new FFB shares for every old FFA share awarded. The 2021 award was further adjusted for the scrip dividend in April 2024 by 0,0843.

[§] Donnovan Pydigadu left the employ of Fortress following his resignation effective 14 August 2023, all unvested shares were accordingly forfeited.

Notes to the financial statements continued

for the year ended 30 June 2024

23. Employee incentive scheme continued

23.4 Details of directors' participation in incentive schemes continued

23.4.4 CSP – directors' participation continued

		2023						
Opening balance – unvested awards	Number of share awards during the year	Effects of SOA*	Shares forfeited during the year	Strike price/consolidation 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

24. Capital commitments

	GROUP	
	2024 R'000	2023 R'000
Approved and contracted for	536 542	1 524 840
Approved, but not contracted for	442 524	1 328 786
	979 066	2 853 626

The commitments relate to property acquisitions, developments and extensions to properties and will be funded by borrowings and the proceeds on sale of non-core investment property.

25. Contingent liabilities

No contingent liabilities exist at 30 June 2024. In the prior financial year, contingent liabilities existed 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.

26. Segmental reporting

26.1 Segmental statement of financial position at 30 June 2024

	GROUP							Total R'000
	Retail R'000	Logistics – SA R'000	Logistics – CEE R'000	Industrial R'000	Office R'000	Other** R'000	Corporate R'000	
Investment property and investment property under development	9 747 623	16 524 090	3 576 600	2 840 356	963 639	355 000		34 007 308
Property					24 422			24 422
Investment in and loans to associates	804 727						14 185 519*	14 990 246
Non-current assets held for sale	97 000	231 500		96 250	186 700			611 450
Trade and other receivables	95 894	168 964	16 697	74 966	61 443	555	907 893	1 326 412
Cash and cash equivalents							2 188 427	2 188 427
Deferred tax							442 518	442 518
Total assets	10 745 244	16 924 554	3 593 297	3 011 572	1 236 204	355 555	17 724 357	53 590 783

* Associate based in Europe.

** Other includes residential units and serviced apartment properties.

Notes to the financial statements continued

for the year ended 30 June 2024

26. Segmental reporting continued

26.2 Segmental statement of financial position at 30 June 2023

	GROUP							Total R'000
	Retail R'000	Logistics – SA R'000	Logistics – CEE R'000	Industrial R'000	Office R'000	Other** R'000	Corporate 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.

26. Segmental reporting continued

26.3 Segmental statement of comprehensive income for the year ended 30 June 2024

	GROUP							Total R'000
	Retail R'000	Logistics – SA R'000	Logistics – CEE R'000	Industrial R'000	Office R'000	Other** R'000	Corporate R'000	
Recoveries and contractual rental revenue	1 468 782	1 744 905	193 337	595 721	214 023	54 084		4 270 852
Straight-lining of rental revenue adjustment	25 075	87 196	2 707	(833)	(803)	(687)		112 655
Revenue from direct property operations	1 493 857	1 832 101	196 044	594 888	213 220	53 397		4 383 507
Total revenue	1 493 857	1 832 101	196 044	594 888	213 220	53 397	–	4 383 507
Fair value gain/(loss) investment property net of adjustment resulting from straight-lining of rental revenue	120 504	534 939	(26 345)	(30 328)	(80 049)	5 687		524 408
Fair value gain on investments							159 250	159 250
Fair value loss on derivative financial instruments							(86 119)	(86 119)
Property operating expenses	(633 472)	(537 188)	(78 756)	(320 620)	(175 999)	(18 738)		(1 764 773)
Administrative expenses							(238 357)	(238 357)
Reversal of impairment of staff scheme loans							6 831	6 831
IFRS 2: Share-based Payment – employee incentive scheme							(93 791)	(93 791)
Reversal of impairment of investments in associates							2 520 182*	2 520 182
Foreign exchange gain			13 401					13 401
Loss on sale of interest in associate							(63 908)	(63 908)
Income from associates	85 953						2 043 720*	2 129 673
Net finance costs							(1 806 186)	(1 806 186)
Income tax							(1 337 888)	(1 337 888)
Total segment result	1 066 842	1 829 852	104 344	243 940	(42 828)	40 346	1 103 734	4 346 230

* Associate based in Europe.

** Other includes residential units and serviced apartment properties.

Notes to the financial statements continued

for the year ended 30 June 2024

26. Segmental reporting continued

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

	GROUP							Total R'000
	Retail R'000	Logistics – SA R'000	Logistics – CEE R'000	Industrial R'000	Office R'000	Other** R'000	Corporate 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: <i>Share-based Payment</i> – 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.

27. Subsequent events

The directors are not aware of any other events subsequent to 30 June 2024, 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 following:

27.1 Debt refinancing and liquidity

Refer to note 33 for subsequent events relating to the additional liquidity raised through a collar derivative and banking facilities.

28. Financial instruments

28.1 Credit risk

The carrying amount of financial assets represents the maximum credit exposure to the group and company, (2023: 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 (2023: including the guarantees provided by Fortress in relation to Fortress Empowerment 1 and Fortress Empowerment 3) at the reporting date was:

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Loan to associate	501 129	496 253		
Loans to group companies			13 130 927	11 244 080
Staff scheme loans	–	66 935	–	54 661
Investment in BEE preference shares	–	324 842	–	–
Guarantees relating to empowerment vehicles	–	270 000	–	270 000
Trade and other receivables	962 118	1 090 644	–	8 192
Cash and cash equivalents	2 188 427	208 451	–	–
	3 651 674	2 457 125	13 130 927	11 576 933

Credit risk relating to related parties

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Staff scheme loans – net exposure	–	–	–	–
Staff scheme loans*	–	66 935	–	54 661
FFB shares pledged as security (refer to note 8)*	–	(66 935)	–	(54 661)
Investment in BEE preference shares – net exposure	–	–	–	–
Investment in BEE preference shares	–	324 842	–	–
FFB shares held as security (refer to note 9)	–	(324 842)	–	–
Loans to group companies and associates	501 129	496 253	13 130 927	11 244 080
Net exposure total loans	501 129	496 253	13 130 927	11 244 080

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

Credit risk relating to staff scheme loans and loan to associate

As at 30 June 2024 and 30 June 2023, 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 (refer to note 5).

Any ECL allowance would be immaterial for loans to group companies on the basis that the group applies a policy to manage intra-group loans through a central treasury function. This central treasury function supports all underlying companies within the group, thereby limiting the possibility of default (refer to note 6).

Notes to the financial statements continued

for the year ended 30 June 2024

28. Financial instruments continued

28.1 Credit risk continued

Credit risk relating to empowerment vehicles

The ECLs relating to the financial guarantees provided to Rand Merchant Bank (refer to note 29.7) 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	
	2024 R'000	2023 R'000
Retail	95 894	92 295
Logistics – SA	168 964	116 211
Logistics – CEE	16 697	14 530
Industrial	74 966	56 816
Office	61 443	35 731
Other	555	1 130
Corporate	214 752	423 653
Corporate – derivatives measured at fair value	693 141	894 012
Trade receivables	1 326 412	1 634 378
Tenant deposits (limited to tenant arrears)	(5 919)	(8 625)
	1 320 493	1 625 753

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	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Gross receivables				
Not past due	633 271	740 366	–	8 192
Past due, not impaired	5 919	8 625	–	–
	639 190	748 991	–	8 192

Tenant arrears of R15,9 million (2023: R13,8 million) were written off as irrecoverable during the year. 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.

	2024 R'000	2023 R'000
Age analysis of past due and not impaired		
Current	1 928	4 633
31 days to 60 days	2 126	1 966
61 days to 90 days	590	513
91 days to 120 days	342	268
121 days to 150 days	280	372
> 150 days	653	873
	5 919	8 625

28. Financial instruments continued

28.2 Liquidity risk

28.2.1 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
2024					
Non-derivative financial liabilities					
Interest-bearing borrowings	21 570 923	26 806 968	6 468 934	20 338 034	–
Trade and other payables	1 014 954	1 014 954	1 014 954	–	–
	22 585 877	27 821 922	7 483 888	20 338 034	–
Derivative financial liabilities					
Currency forward exchange contracts	113 548	113 548	113 548	–	–
Collar derivatives	104 761	104 761	104 761	–	–
Interest rate derivatives	49 635	49 635	49 635	–	–
	267 944	267 944	267 944	–	–
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	865 801	865 801	865 801	–	–
	19 901 167	25 485 897	5 630 876	18 380 803	1 474 218
Derivative financial liabilities					
Currency forward exchange contracts	312 520	312 520	312 520	–	–
Interest rate derivatives	3 370	3 370	3 370	–	–
	315 890	315 890	315 890	–	–

	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
2024					
Non-derivative financial liabilities					
Interest-bearing borrowings	11 551 773	14 159 954	3 988 277	10 171 677	–
Trade and other payables	1 317	1 317	1 317	–	–
Amounts owing to group companies	9 250 292	9 250 292	2 702 248	6 548 044	–
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	–	–

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.

Notes to the financial statements continued

for the year ended 30 June 2024

28.2 Liquidity risk continued

28.2.2 Liquidity risk – equity collar derivative

During the 2024 financial year, an equity collar derivative in respect of 23,4 million NEPI Rockcastle shares was entered into to potentially enhance the liquidity of the group as well as reducing equity price risk. As at 30 June 2024, Fortress had not drawn against the collar facility, accordingly, no NEPI Rockcastle shares were held as security.

28.3 Market risk

28.3.1 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 projected income to be received in the following 12 month;
- Hedge 67% of the projected income 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 2024, the foreign exchange/option contracts were R63,9 million in-the-money (2023: R240,3 million out-the-money).

A change of R1 against foreign currency rates (Euro) at the reporting date would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2023.

	GROUP							
	Equity		Profit/(loss)		Equity		Profit/(loss)	
	2024 Increase R'000	2024 Decrease R'000	2024 Increase R'000	2024 Decrease R'000	2023 Increase R'000	2023 Decrease R'000	2023 Increase R'000	2023 Decrease R'000
Unrealised and realised forward exchange/option contracts*	102 717	(102 717)	(102 717)	102 717	(158 511)	158 511	(158 511)	158 511
Fortress investment in Europe	113 352	(113 352)	(1 856)	1 856	109 703	(109 703)	4 092	(4 092)
Investment in associate – NEPI Rockcastle**	–	–	–	–	–	–	–	–
	216 069	(216 069)	(104 573)	104 573	(48 808)	48 808	(154 419)	154 419

* 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.

The impact of the Polish Zloty and Romanian Leu is not material.

28. Financial instruments continued

28.3 Market risk continued

28.3.2 Interest rate risk

	GROUP		COMPANY	
	2024 R'000	2023 R'000	2024 R'000	2023 R'000
Interest-bearing instruments comprise:				
Variable-rate instruments				
Loan to associate	(501 129)	(496 253)	–	(54 661)
Staff scheme loans	–	(66 935)	–	(66 935)
Amounts owing by group companies	–	–	(12 275 543)	(10 389 410)
Cash and cash equivalents	(2 188 427)	(208 451)	–	–
Interest-bearing borrowings*	21 570 923	19 035 366	11 551 773	9 690 448
	18 881 367	18 263 727	(723 770)	(753 623)

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

The group adopts a guideline 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 relative to the current interest rate cycle. Instruments that contractually mature after 12 months can be terminated by management at its discretion.

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
2024				
	Jun 2025	1 055 000	7,07	4 820
	Jun 2026	2 039 000	7,01	28 280
	Jun 2027	1 416 000	7,03	26 129
	Jun 2028	989 000	6,78	33 060
		5 499 000	6,99	92 289

	GROUP			
	Cap maturity	Nominal amount R'000	Average cap rate %	Fair value R'000
2024				
	Jun 2025	700 000	7,50	3 916
	Jun 2026	562 500	5,11	25 540
	Jun 2027	2 725 000	6,75	92 424
	Jun 2028	3 862 500	7,08	144 254
	Jun 2029	1 800 000	7,63	67 579
	Jun 2030	300 000	8,23	11 307
		9 950 000	7,04	345 020

Notes to the financial statements continued

for the year ended 30 June 2024

28. Financial instruments continued

28.3 Market risk continued

28.3.2 Interest rate risk continued

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

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

No new local interest rate swaps or interest rate caps were entered into subsequent to year-end. R1,0 billion local interest rate cap spreads were, however, entered into subsequent to year-end with the cap spread ceiling locked in at 9%. Consequently, the weighted average swap and cap maturity profile was extended from 2,72 years to 2,80 years and the weighted average swap and cap rate increased from 7,02% to 7,07%. (2023: 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. 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 swaps and expiry profile at year-end are:

GROUP				
	Swap maturity	Nominal amount EUR'000	Average swap rate %	Fair value R'000
2024	Jun 2026	11 367	(0,053)	12 651
		11 367	(0,053)	12 651
2023	Jun 2026	11 760	(0,053)	38 106
		11 760	(0,053)	38 106

28. Financial instruments continued

28.3 Market risk continued

28.3.2 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
2024	Jun 2027	15 000	0,00	24 578
	Jun 2030	24 155	3,16	18 756
		39 155	1,95	43 334
2023	Jun 2027	15 000	0,00	28 218
		15 000	0,00	28 218

No new Euro interest rate swaps or caps were entered into subsequent to year-end. The weighted average Euro swap and cap maturity profile was 4,09 years with a weighted average Euro swap and cap rate of 1,50% at 30 June 2024 (2023: 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 the 2023 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 2024 and 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 (ZARONIA).

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, at this stage, there is uncertainty surrounding the timing and manner in which the transition will occur and its impact on the 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 as follows.

Notes to the financial statements continued

for the year ended 30 June 2024

28. Financial instruments continued

28.3 Market risk continued

28.3.2 Interest rate risk continued

This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2023.

	GROUP		COMPANY	
	Profit or loss and equity		Profit or loss and equity	
	Increase R'000	Decrease R'000	Increase R'000	Decrease R'000
2024				
Loan to associate	5 011	(5 011)		
Cash and cash equivalents	21 884	(21 884)		
Interest-bearing borrowings	(215 709)	215 709	(115 518)	115 518
Amounts owing by group companies			122 755	(122 755)
Interest rate derivatives	164 391	(164 391)		
Cash flow sensitivity (net)	(24 423)	24 423	7 237	(7 237)
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)

28.3.3 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	
	2024 R'000	2023 R'000
Investments in BEE preference shares	–	324 842
	–	324 842

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 2023.

	GROUP	
	Profit or loss and equity	
	1% increase R'000	1% decrease R'000
2024		
Investments in BEE preference shares	–	–
2023		
Investments in BEE preference shares	3 248	(3 248)

28. Financial instruments continued

28.4 Fair values

The fair values of all financial instruments are substantially the same as the carrying amounts reflected on the statement of financial position.

	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
2024				
Loan to associate		501 129		501 129
Trade and other receivables (excluding derivative debtors marked* below)		901 316		901 316
*Interest rate derivatives debtor	186 751			186 751
*Currency derivatives debtor	177 543			177 543
Cash and cash equivalents		2 188 427		2 188 427
Interest-bearing borrowings			(21 570 923)	(21 570 923)
Trade and other payables (excluding derivative creditors marked# below)			(980 661)	(980 661)
#Interest rate derivatives creditor	(49 635)			(49 635)
#Collar derivatives creditor	(104 761)			(104 761)
#Currency derivatives creditor	(113 548)			(113 548)
	96 350	3 590 872	(22 551 584)	(18 864 362)
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 derivatives 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)

Notes to the financial statements continued

for the year ended 30 June 2024

28. Financial instruments continued

28.4 Fair values continued

	COMPANY			
	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
2024				
Loans to group companies		13 130 927		13 130 927
Trade and other receivables		-		
Interest-bearing borrowings			(11 551 773)	(11 551 773)
Trade and other payables			(1 317)	(1 317)
Loans from group companies			(11 219 139)	(11 219 139)
	-	13 130 927	(22 772 229)	(9 641 302)
2023				
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)
	-	11 306 933	(10 698 716)	608 217

28. Financial instruments continued

28.5 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 2024			
Assets			
Investment property			32 827 753
Investment property under development			1 791 005
Property			24 422
Interest rate derivatives debtor		186 751	
Currency derivatives debtor		177 543	
	-	364 294	34 643 180
Liabilities			
Interest rate derivatives creditor		(49 635)	
Collar derivatives creditor			(104 761)
Currency derivatives creditor		(113 548)	
	-	(163 183)	(104 761)
June 2023			
Assets			
Investment property			29 977 291
Investment property under development			2 874 608
Property			25 326
Investments in BEE preference 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)	-

Notes to the financial statements continued

for the year ended 30 June 2024

28. Financial instruments continued

28.5 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. [#]	<p>The most significant unobservable inputs are:</p> <ul style="list-style-type: none"> Discount rates; and Exit capitalisation rates (refer to note 28.5.2 for sensitivity testing of the rates). <p>Other unobservable inputs are:</p> <ul style="list-style-type: none"> 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. 	<p>The estimated fair value would increase if:</p> <ul style="list-style-type: none"> 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	Prior to the redemption and cession agreements concluded in the current financial year, 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.	<p>The estimated fair value would increase if:</p> <ul style="list-style-type: none"> 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.

28. Financial instruments continued

28.5 Fair value hierarchy for financial instruments and investment property continued

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

Valuer	Method	GROUP							Sector or location valued
		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)	
2024									
CBRE Excellerate	Discounted cash flow	13,00% – 17,25%	8,50% – 13,00%	#	4,75%	7,00%	0 – 15 months	110	Gauteng logistics and industrial portfolio
Mills Fitchet	Discounted cash flow	13,00% – 14,75%	8,00% – 9,75%	#	3,00% – 5,00%	6,00%	0 – 9 months	47	Large retail portfolio and large logistics portfolio in Gauteng, KwaZulu-Natal and Western Cape
Quadrant Properties	Discounted cash flow	13,75% – 17,50%	8,50% – 13,50%	#	4,70% – 5,50%	5,00% – 5,50%	0 – 6 months	44	Retail portfolio (smaller non-metropolitan centres)
Strata Properties	Discounted cash flow	14,75% – 16,50%	9,75% – 12,00%	#	5,50%	5,50%	0 – 6 months	18	Office portfolio
Cushman and Wakefield	Discounted cash flow	9,25%	7,35%	#	1,90%	1,90% (CPI)	4 – 9 months	3	Romanian logistics portfolio
Axi Immo Valuation and Advisory	Hardcore/layer method	N/A	5,85% – 6,50%	5,85% – 6,50%	N/A	N/A	6 months	9	Polish logistics portfolio
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

[#] Valuations performed applying discounted cash flow methodology.

Refer to note 29.1 for exceptions.

Notes to the financial statements continued

for the year ended 30 June 2024

28. Financial instruments continued

28.5 Fair value hierarchy for financial instruments and investment property continued

28.5.2 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.

2024 financial year

SA portfolio	Valuation R'000	Weighted average exit capi- talisation rate %	Weighted average discount rate %	Change in discount rate				Change in exit capitalisation rate			
				Decrease of 50bps (Romania: 25bps) R'000		Increase of 50bps (Romania: 25bps) R'000		Decrease of 50bps (Romania: 25bps) R'000		Increase of 50bps (Romania: 25bps) R'000	
Sector											
Office	838 050	11,42	15,94	15 768	1,88	(15 402)	(1,84)	24 730	2,95	(22 644)	(2,70)
Logistics	15 540 490	8,64	13,44	309 493	1,99	(481 773)	(3,10)	609 921	3,92	(547 065)	(3,52)
Retail	9 701 800	9,26	14,35	188 005	1,94	(185 463)	(1,91)	371 448	3,83	(333 031)	(3,43)
Industrial	2 840 355	10,09	14,30	50 810	1,79	(49 579)	(1,75)	91 767	3,23	(83 059)	(2,92)
Other	355 000	11,08	16,18	6 280	1,77	(6 136)	(1,73)	10 033	2,83	(9 162)	(2,58)
Total	29 275 695			570 356		(738 353)		1 107 899		(994 961)	
Romanian portfolio											
Logistics	666 950	7,35	9,25	11 502	1,72	(11 307)	(1,70)	11 502	1,72	(10 723)	(1,61)
Total	666 950			11 502		(11 307)		11 502		(10 723)	

Polish portfolio	Valuation R'000	Weighted average equivalent yield %	Change in equivalent yield			
			Decrease of 25bps R'000		Increase of 25bps R'000	
Logistics	2 431 330	6,04	128 280	5,28	(117 753)	(4,84)
Total	2 431 330		128 280		(117 753)	

28. Financial instruments continued

28.5 Fair value hierarchy for financial instruments and investment property continued

28.5.2 Effect on valuation of investment property continued

2023 financial year

SA portfolio	Valuation R'000	Weighted average exit capi- talisation rate %	Weighted average discount rate %	Change in discount rate				Change in exit capitalisation rate			
				Decrease of 50bps (Romania: 25bps) R'000		Increase of 50bps (Romania: 25bps) R'000		Decrease of 50bps (Romania: 25bps) R'000		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)	

Polish portfolio	Valuation R'000	Weighted average equivalent yield %	Change in equivalent yield			
			Decrease of 50bps R'000		Increase of 50bps R'000	
Logistics	1 516 105	5,90	100 341	6,62	(84 129)	(5,55)
Total	1 516 105		100 341		(84 129)	

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

Notes to the financial statements continued

for the year ended 30 June 2024

29. 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.

29.1 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.

Key valuation assumptions – 2024 and 2023 financial years

None of the property valuations fell outside of the ranges of unobservable inputs reflected in note 28.5.1.

29.2 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. In accordance with IAS 23: *Borrowing costs*, borrowing cost 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 fair value loss was recognised in 2024 in respect of Sandton Office Land – Stella and West Streets, with fair value based on indicative market pricing.

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").

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. No further impairment was considered necessary in the current financial year.

29.3 Investment in and loans to associates

The investment in NEPI Rockcastle has been accounted for as an investment in associate due to Fortress' continued ability to exert significant influence, as defined in IAS 28, over NEPI Rockcastle.

Significant influence over NEPI Rockcastle is based on the following considerations:

- Fortress holds a non-independent, non-executive seat on the board of NEPI Rockcastle; and
- NEPI Rockcastle is a dual listed investment with a wide shareholder base. The 16,34% ownership of Fortress in NEPI Rockcastle represents the second largest shareholder voting bloc.

29.4 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.

29. Accounting estimates and judgements continued

29.5 Impairment of staff scheme loans

Key assumptions 2024 financial year

Fortress and the scheme participants entered into restitution agreements with the Fortress Share Purchase Trust or Capital Property Fund Limited ("Capital") effective 12 June 2024. The effect of which resulted in restoring the scheme participants, Fortress and Capital to their respective positions prior to entering into the original incentive arrangements. The unwind and restitution therefore resulted in the elimination of all historic accumulated impairment losses at a group and company level.

Key assumptions 2023 financial year

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 was recognised at a group level, and in respect of the company, an accumulated impairment loss of R258,5 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.

29.6 Impairment of investments in subsidiaries

NAV of underlying subsidiaries will vary depending on the distribution of assets and fair value movements on underlying investments. Investments in subsidiaries are tested for impairment annually against the NAV of the underlying applicable subsidiary.

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

Prior to Fortress entering into two separate redemption and cession agreements during the 2024 financial year with its empowerment partners, Fortress Empowerment 1 and Fortress Empowerment 3, the group did not consolidate these vehicles on the basis that: 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 B-BBEE 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. The 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.

Notes to the financial statements continued

for the year ended 30 June 2024

29. Accounting estimates and judgements continued

29.7 Unconsolidated structured entities: Fortress Empowerment 1 and Fortress Empowerment 3 continued

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.

29.8 Fair value of investment in BEE preference shares

Key assumptions 2024 financial year

Fortress entered into two separate redemption and cession agreements during the 2024 financial year with its empowerment partners, Fortress Empowerment 1 and Fortress Empowerment 3. In terms of the agreements, the obligation created by the SOA on Fortress to deliver 3 865 156 NEPI Rockcastle shares was offset against the redemption value of the B-BBEE preference shares and the loans outstanding, resulting in a reversal of impairment of R159,6 million being recognised in the statement of comprehensive income for the year ended 30 June 2024.

Key assumptions 2023 financial year

The group entered into an empowerment transaction during the 2019 financial year for the purpose of promoting B-BBEE 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 has been recognised in the statement of comprehensive income in respect of the group's investment in BEE preference shares.

29. Accounting estimates and judgements continued

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

Prior to Fortress entering into two separate redemption and cession agreements during the 2024 financial year with its empowerment partners, Fortress Empowerment 2 and Fortress Empowerment 4, the group consolidated these vehicles on the basis that:

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.

Notes to the financial statements continued

for the year ended 30 June 2024

30. Related party transactions

30.1 Parent entity

The holding company is Fortress Real Estate Investments Limited.

30.2 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.

30.3 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 R26 181 for the year ended 30 June 2024 (2023: R283 854).

30.4 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 a non-executive director, an annual corporate membership fee of Rnil (2023: R55 000) along with administration fees of Rnil (2023: R44 622 to facilitate the sponsorship of eight bursaries) for the 2024 financial year.

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.

30.5 Material related party transactions

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

Remuneration paid to directors is set out in note 31.

Employee incentive scheme awards and staff scheme loans to directors are set out in note 23.

Interest paid by directors to the Trust amounts to R0,34 million (2023: Rnil).

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

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

31. Directors' remuneration

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

	GROUP							Total R'000
	Remu- neration R'000	Associate company directors' fees R'000	Provident fund contribution R'000	Bonus R'000	CSP Award Vesting R'000	LTIP Award Vesting R'000	Ex gratia payment R'000	
2024								
Executive directors								
Steven Brown [#]	4 162	1 626	219	5 300	13 719	1 021		26 047
Ian Vorster [#]	4 397		231	4 500	8 414	478		18 020
Vuso Majija [#]	4 165		219	3 800	7 679	843		16 706
Donnovan Pydigadu ^{#§}	161		8	–	–	–	18 536	18 705
	12 885	1 626	677	13 600	29 812	2 342	18 536	79 478
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

[#] 2024: Short-term performance incentive relating to the 2023 financial year, paid in 2024.

^{*} 2023: Short-term performance incentive relating to the 2022 financial year, paid in 2023.

[§] *Donnovan Pydigadu resigned from the board, as an executive director and member of the social, ethics and sustainability committee effective 14 August 2023.*

Notes to the financial statements continued

for the year ended 30 June 2024

31. Directors' remuneration continued

	GROUP	
	2024 For services as a director (paid by the company) R'000	2023 For services as a director (paid by the company) R'000
Non-executive directors		
Robin Lockhart-Ross ¹	1 574	1 268
Jan Potgieter	1 222	1 178
Susan Ludolph	979	1 028
Bram Goossens ⁶	–	686
Ina Lopion	882	873
Benjamin Kodisang [^]	–	693
Thavanesan (TC) Chetty [*]	1 083	865
Jonathon Hillary [#]	778	–
Vuyiswa Ramokgopa ^{**}	384	897
Caswell Rampheri ^{6a1}	982	–
Edwin Oblowitz ^{8a1}	1 391	159
	9 275	7 647

⁶ Bram Goossens resigned from the board, as a member of the audit committee, as a 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.

^{*} TC Chetty was appointed as chairman of social, ethics and sustainability committee on 1 December 2023.

^{6a} Caswell Rampheri was appointed to the board, as a member of the property and investment committee and as member of the social, ethics and sustainability committee on 29 June 2023. On 1 December 2023, he was appointed as a member of the nomination committee.

⁸ 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 and on 1 December 2023, he was appointed as a member of the risk committee.

[#] Jonathon Hillary was appointed to the board, as a member of the audit committee, as a member of the property and investment committee and the remuneration committee on 1 December 2023.

^{**} Vuyiswa Ramokgopa resigned from the board, as chairperson of the social, ethics and sustainability committee, as a member of risk committee and as a member of the nomination committee on 1 December 2023.

¹ Prior to 5 October 2023, the board convened an independent board, consisting of Caswell Rampheri (chairman), Edwin Oblowitz and Robin Lockhart-Ross to consider the SOA.

Subsequent to 30 June 2024, Nonhlanhla Mayisela and Herman Bosman were appointed to the board effective 29 August 2024.

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 30: Related party transactions.

31. Directors' remuneration continued

31.1 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
2024					
Fortress – FFB shares					
Steven Brown	1 384 882 [^]	–	–	–	1 384 882
Ian Vorster	603 352	–	–	–	603 352
Vuso Majjja	569 162	–	–	–	569 162
Donnovan Pydigadu	43 235	–	–	–	43 235
	2 600 631	–	–	–	2 600 631
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 Majjja	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 Majjja	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

[^] At 30 June 2024, 1 380 882 FFB ordinary shares and 160 185 NEPI Rockcastle shares have been pledged as security for a loan of R12,4 million which has no fixed repayment date and is callable on 30 days' notice.

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

^{*} Includes shares issued under the long-term incentive award that have not vested. Refer to note 23 for further disclosure regarding the vesting of these shares.

[†] Refer to note 23.4.2: LTIP Purchase Share Scheme – directors' participation for the disclosure required by JSE Listings Requirement 7.B.7(i) for shares pledged as security.

[§] Refer to note 23.4.3: Previous Fortress Share Purchase Trust – directors' participation for the disclosure required by JSE Listings Requirement 7.B.7(j) for shares pledged as security.

Notes to the financial statements continued

for the year ended 30 June 2024

31. Directors' remuneration continued

31.2 Beneficial shareholding of directors and officers

	Direct holding	Indirect holding	Associate holding	Total shares held	% of issued shares
2024					
Fortress – FFB shares					
Steven Brown	1 384 882			1 384 882	0,12
Ian Vorster	603 352			603 352	0,05
Vuso Majija	569 162			569 162	0,05
Donnovan Pydigadu	43 235			43 235	0,00
	2 600 631	–	–	2 600 631	
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

The shareholding of directors and officers has not changed between the end of the financial year and the date of the signed financial statements, being 29 August 2024.

32. Statement of compliance with IFRS® Accounting Standards

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

32.1 New standards adopted

New standards adopted at 1 July 2023

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

- Amendments to IAS 1: *Presentation of financial statements* and IFRS Practice Statement 2: *Disclosure of accounting policies*;
- Amendments to IAS 8: *Definition of accounting estimates* and amendments to IAS 8: *Accounting policies, changes in accounting estimates and errors*;
- Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction and international tax reform – Pillar two model rules; and
- IFRIC agenda decision published in June 2024 applicable to IFRS 8: *Segmental reporting* was considered.

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

32. Statement of compliance with IFRS® Accounting Standards continued

32.2 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

		Effective date
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current Non-current liabilities with covenants</i>	Annual periods beginning on or after 1 January 2024
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>	Annual periods beginning on or after 1 January 2024
Amendments to IAS 7 and IFRS 7	<i>Disclosure of supplier finance arrangements</i>	Annual periods beginning on or after 1 January 2024
Amendments to IAS 21	<i>Lack of Exchangeability</i>	Annual periods beginning on or after 1 January 2025
Amendments to IFRS 7 and IFRS 9	<i>Classification and measurement requirements for financial instruments settlement by electronic payments</i>	Annual periods beginning on or after 1 January 2026
Amendments to IFRS 18	<i>Presentation and Disclosure in Financial Statements</i>	Annual periods beginning on or after 1 January 2027
Amendments to IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>	Annual periods beginning on or after 1 January 2027

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

33. Going concern

As at 30 June 2024, current liabilities of the group exceed current assets by R2,48 billion (2023: R2,50 billion). This is due to R4,60 billion of interest-bearing borrowings being classified as current, with maturities occurring within 12 months from 30 June 2024. With regard to the company, as at 30 June 2024, current liabilities exceed current assets by R4,88 billion (2023: R3,05 billion) mainly driven by R3,03 billion of interest-bearing borrowings being classified as current, with maturities occurring within 12 months from 30 June 2024.

Debt funding forms a fundamental part of a REIC capital structure, with a portion frequently being classified as current. Refinancing of facilities prior to their maturity dates occurs on a regular basis.

With reference to note 28.2: Liquidity risk, it should be noted that:

- Fortress entered into an equity collar derivative in respect of 23,4 million NEPI Rockcastle shares for the potential of enhancing the liquidity profile of the group by R2,48 billion. The facility expires in equally weighted tranches starting in March 2025 and closing out in April 2026;
- A credit-approved additional R500 million Green loan has been offered to Fortress by Absa Bank;
- A credit-approved EUR10 million facility has been offered to Fortress by Standard Bank Isle of Man; and
- A refinance of R478 million of a maturing Standard Bank facility expiring in September 2024.

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.



SA REIT Best Practice disclosure



Stargard Logistics Park
Stargard, Poland
Total GLA: 27 207m² • Interest: 100%

Powering Growth

Auditor's assurance report on the compilation of the *pro forma* financial information

To the directors of Fortress Real Estate Investments Limited

Introduction

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

The *Pro forma* Financial Information comprises of the following adjusted financial statement captions and calculations, for the year ended 30 June 2024:

- SA REIT Funds from operations ("SA REIT FFO")
- SA REIT net asset value ("SA REIT NAV")
- SA REIT NAV per share
- SA REIT loan to value ("SA REIT LTV")
- SA REIT cost-to-income ratio
- SA REIT administrative cost-to-income ratio

(collectively the "*Pro forma* Financial Information")

The applicable criteria on the basis of which the Directors have compiled the *Pro forma* Financial Information is specified in JSE Limited ("JSE") Listings Requirements ("JSE Listings Requirements"), including Guidance Letter: Presentation of *pro forma* financial information dated 4 March 2010, and described in the basis of preparation to the *Pro forma* Financial Information set out in Annexure 1: SA REIT Best Practice disclosure of the Summary consolidated financial statements and the SA REIT Best Practice disclosure section of the Annual financial statements ("Financial Information").

The *Pro forma* Financial Information has been compiled by the Directors based on the recommendations of the SA REIT Best Practice Recommendations (BPR).

As part of this process, selected audited consolidated financial statement captions and calculations for the year ended 30 June 2024 ("Audited Financial Information") has been extracted by the Directors from the Annual Financial Statements for the year ended 30 June 2024, on which an unmodified auditor's report was issued on 29 August 2024.

Directors' responsibility for the *Pro forma* Financial Information

The Directors are solely responsible for the compilation and presentation of the *Pro forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements including Guidance Letter: Presentation of *pro forma* financial information dated 4 March 2010, and described in the basis of preparation to the *Pro forma* Financial Information set out in Annexure 1: SA REIT Best Practice disclosure of the Summary consolidated financial statements and the SA REIT Best Practice disclosure section of the Annual financial statements ("the Applicable Criteria").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent

with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

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

Independent Reporting Accountant's responsibilities

Our responsibility is to express an opinion about whether the *Pro forma* Financial Information has been compiled, in all material respects, by the Directors on the basis specified in JSE Listings Requirements and described in the basis of preparation to the *Pro forma* Financial Information set out in the SA REIT Best Practice disclosure section of the Financial Information.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board. This standard requires that the reporting accountants' plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the *Pro forma* Financial Information on the basis specified in JSE Listings Requirements and described

in the basis of preparation to the *Pro forma* Financial Information set out in Annexure 1: SA REIT Best Practice disclosure of the Summary consolidated financial statements and the SA REIT Best Practice disclosure section of the Annual financial statements.

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

The purpose of *Pro forma* Financial Information included in the Financial Information Documents is to provide investors with a performance metric that is commonly used within the industry and to allow for direct comparison of South African real estate organisations.

A reasonable assurance engagement to report on whether the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the *Pro forma* Financial Information provides a reasonable basis for

presenting the significant effects directly attributable to the events and to obtain sufficient appropriate evidence about whether:

- The *pro forma* adjustments give appropriate effect to the Applicable Criteria; and
- The *Pro forma* Financial Information reflects the proper application of the *pro forma* adjustments to the unadjusted Audited Financial Information of the Group.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, or the event of which the *pro forma* adjustments in respect of the *Pro forma* Financial Information have been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro forma* Financial Information.

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

Opinion

In our opinion, the *Pro forma* Financial Information has been compiled, in all material respects, on the basis of the

Applicable Criteria specified in the JSE Listings Requirements and described in the basis of preparation to the *Pro forma* Financial Information set out in Annexure 1: Summary consolidated financial statements and the SA REIT Best Practice disclosure section of the Annual financial statements.

Restriction on use

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

KPMG Inc.
Registered Auditor

Per Roxanne Solomon
Chartered Accountant (SA)
Registered Auditor
Director

29 August 2024

KPMG Crescent
85 Empire Road
Parktown
2193

SA REIT

Best Practice disclosure

	Jun 2024 R'000	Jun 2023 R'000
SA REIT FFO		
Profit for the year attributable to equity holders	4 332 680	5 917 362
Adjusted for:		
Accounting/specific adjustments:	(1 916 789)	(2 905 615)
Fair value adjustments to:		
– Investment property	(524 408)	766 936
– Fair value gain on investments	(159 250)	(96 939)
Insurance right to receive – capital	–	1 492
(Reversal of impairment)/impairment of staff scheme loans	(6 831)	6 594
Reversal of impairment of investments in associates	(2 520 182)	(2 371 817)
Deferred tax movement recognised in profit or loss	1 324 965	(1 301 946)
Straight-lining operating lease adjustment	(112 655)	(24 557)
Dividend accrual	81 572	114 622
Adjustments arising from investing activities:	63 908	–
– Loss on sale of interest in associate	63 908	–
Foreign exchange and hedging items:	116 943	301 011
– Fair value adjustments on derivative financial instruments employed solely for hedging purposes	45 069	42 488
– Adjustments to amounts recognised in profit or loss relating to derivative financial instruments	86 119	262 634
– Foreign exchange gains or losses relating to capital items – unrealised	(14 245)	(4 111)
Other adjustments:	(639 378)	(1 123 822)
– Non-distributable income from associates	(655 873)	(923 595)
– Antecedent dividend	9 144	–
– Non-controlling interests in respect of the above adjustments	7 351	(32 173)
– Income tax in respect of prior periods	–	(168 054)
SA REIT FFO	1 957 364	2 188 936
Company-specific adjustments	(168 859)	(391 669)
– Interest received on LTIP (reversed for IFRS 2 charge)	6 743	5 726
– IFRS 2: <i>Share-based Payment</i> – employee incentive scheme	93 791	55 579
– Dividend accrual	(81 572)	(114 622)
– Staff scheme interest limitation	(37 811)	(32 296)
– Capitalised interest	(150 010)	(306 056)
Fortress' amount available for distribution	1 788 505	1 797 267
Number of shares outstanding at the end of the year (net of treasury shares and LTIP Purchase Shares)	1 190 536 893	2 170 409 851
FFA	–	1 164 733 176
FFB	1 190 536 893	1 005 676 675

	Jun 2024 R'000	Jun 2023 R'000
SA REIT NAV		
Reported NAV attributable to the parent	29 865 807	33 330 390
Adjustments:		
– Dividend to be declared (net of treasury shares)	(835 637)	–
– Fair value of certain derivative financial instruments	(425 197)	(578 122)
– Deferred tax	119 861	(1 200 339)
SA REIT NAV	28 724 834	31 551 929
Shares outstanding:		
Number of shares in issue at year-end (net of treasury shares)	1 190 536 893	2 106 212 061
Effect of dilutive instruments (options, convertibles and equity interests)	13 980 371	18 130 128
Dilutive number of shares in issue	1 204 517 264	2 124 342 189
SA REIT NAV per share	23,85	14,85
SA REIT LTV		
Gross debt	21 570 923	19 035 366
Less:		
Cash and cash equivalents	(2 188 427)	(208 451)
Less:		
Derivative financial instruments	(425 197)	(578 122)
Net debt	18 957 299	18 248 793
Total assets per statement of financial position	53 590 783	54 237 773
Less:		
Cash and cash equivalents	(2 188 427)	(208 451)
Derivative financial assets	(693 141)	(894 012)
Trade and other receivables	(633 271)	(740 366)
Intangible assets – deferred tax asset	(442 518)	(1 555 636)
Carrying amount of property-related assets	49 633 426	50 839 308
SA REIT LTV (%)	38,19	35,90

SA REIT Best Practice disclosure continued

	Jun 2024 R'000	Jun 2023 R'000
SA REIT cost-to-income ratio		
Expenses		
Operating expenses per IFRS statement of comprehensive income (includes municipal expenses)	1 764 773	1 545 111
Administrative expenses per IFRS statement of comprehensive income	238 357	222 178
Operating costs	2 003 130	1 767 289
Rental income		
Contractual rental income per IFRS statement of comprehensive income (excluding straight-lining)	3 085 888	2 787 082
Utility and operating recoveries per IFRS statement of comprehensive income	1 184 964	976 315
Gross rental income	4 270 852	3 763 397
SA REIT cost-to-income ratio (%)	46,90	46,96
	Jun 2024 R'000	Jun 2023 R'000
SA REIT administrative cost-to-income ratio		
Expenses		
Administrative expenses per IFRS statement of comprehensive income	238 357	222 178
Administrative costs	238 357	222 178
Rental income		
Contractual rental income per IFRS statement of comprehensive income (excluding straight-lining)	3 085 888	2 787 082
Utility and operating recoveries per IFRS statement of comprehensive income	1 184 964	976 315
Gross rental income	4 270 852	3 763 397
SA REIT administrative cost-to-income ratio (%)	5,58	5,90
	Jun 2024 m ²	Jun 2023 m ²
SA REIT GLA vacancy rate		
Gross lettable area of vacant space	117 823	106 600
Gross lettable area of total property portfolio	2 919 833	2 873 318
SA REIT GLA vacancy rate (%)	4,04	3,71

Weighted average cost of debt

	Jun 2024 %	Jun 2023 %
Cost of debt – Rand-denominated		
<i>Variable interest rate borrowings</i>		
Floating reference rate plus weighted average margin	10,29	10,41
Pre-adjusted weighted average cost of debt	10,29	10,41
Adjustments		
Impact of interest rate derivatives	(1,13)	(1,27)
Amortised transaction costs imputed into the effective interest rate	0,58	0,50
All-in weighted average cost of debt*	9,74	9,64

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

	Jun 2024 %	Jun 2023 %
Cost of debt – Euro-denominated		
<i>Variable interest rate borrowings</i>		
Floating reference rate plus weighted average margin	6,06	6,05
Pre-adjusted weighted average cost of debt	6,06	6,05
Adjustments		
Impact of interest rate derivatives	(1,25)	(2,95)
All-in weighted average cost of debt**	4,81	3,10

** Calculated using the three-month EURIBOR reference rate at 30 June.

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.



Property portfolio



Pineslopes Shopping Centre
Fourways, Gauteng
Total GLA: 20 402m² • Interest: 100%

Powering Growth

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

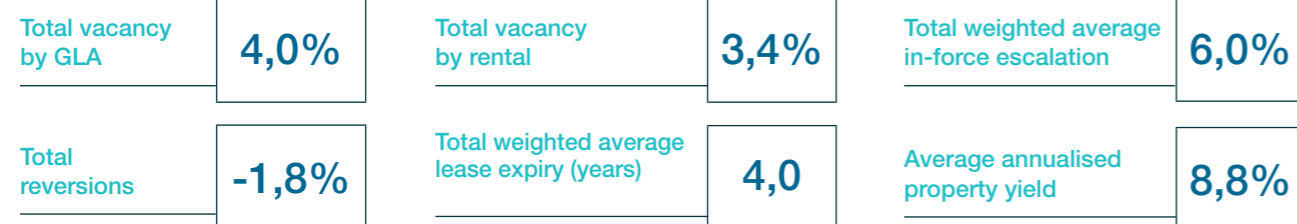
- For GLA-related disclosures, we present Fortress' *pro rata* share of the completed buildings' GLA. The detailed property schedule on pages 128 to 145 discloses both the 100% and *pro rata* share of the GLA of each building; and
- GLA metrics are only applicable to completed buildings.

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



Sectoral profile

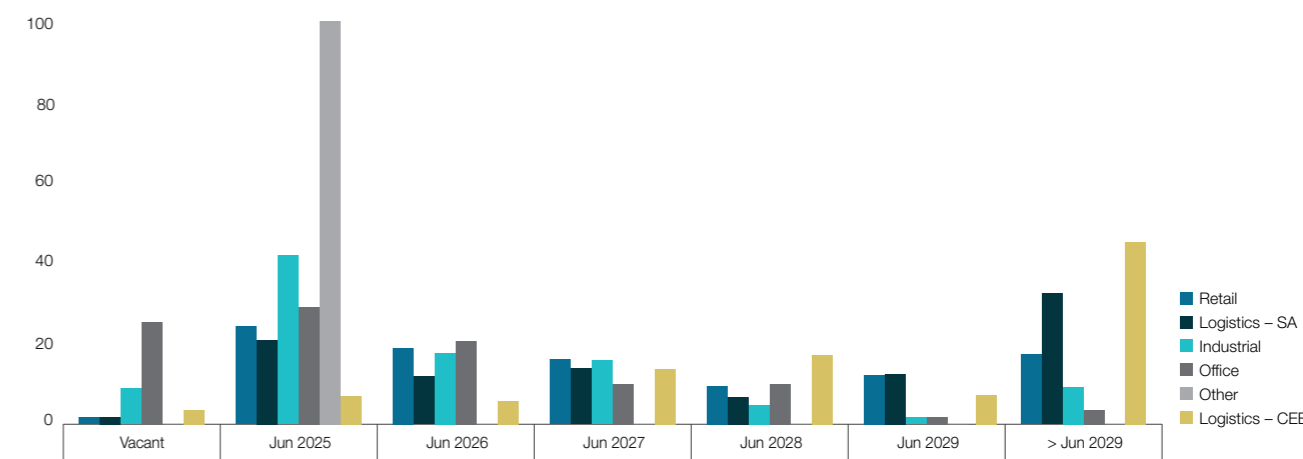
	GLA (Fortress' % of GLA)		Vacancy based on GLA (Fortress' % share)		Valuation (Fortress' % ownership) including developments	
	2024 m ²	2023 m ²	2024 %	2023 %	2024 R'million	2023 R'million
Retail	519 668	521 416	1,7	2,3	10 651	10 116
Logistics – SA	1 545 827	1 437 340	1,8	0,5	16 447	15 098
Industrial	502 285	591 830	8,9	7,4	2 325	2 715
Office	116 015	163 474	25,2	22,9	1 150	1 596
Other	15 509	15 509	–	0,8	198	196
Residential	10 417	10 417	–	1,2	123	123
Serviced apartments	5 092	5 092	–	–	75	73
Total – SA	2 699 304	2 729 569	4,1	3,7	30 771	29 721
Logistics – CEE	220 529	143 749	3,7	3,8	3 576	2 872
Total – CEE	220 529	143 749	3,7	3,8	3 576	2 872
Total	2 919 833	2 873 318	4,0	3,7	34 347	32 593

Total lease expiry – South Africa and CEE

Lease expiry based on GLA (%)

Sector	2024							2023						
	Vacant	Jun 2025	Jun 2026	Jun 2027	Jun 2028	Jun 2029	Jun >2029	Vacant	Jun 2024	Jun 2025	Jun 2026	Jun 2027	Jun 2028	Jun >2028
Retail	1,7	24,3	18,9	16,1	9,5	12,2	17,3	2,3	25,7	18,3	17,5	9,7	9,7	16,8
Logistics – SA	1,8	20,9	11,8	13,8	6,8	12,5	32,4	0,5	22,8	14,2	11,4	11,7	7,1	32,3
Industrial	8,9	41,8	17,7	15,8	4,8	1,7	9,3	7,4	37,1	25,1	11,5	7,6	5,8	5,5
Office	25,2	29,0	20,6	9,9	10,0	1,8	3,5	22,9	33,3	20,9	8,8	4,2	7,2	2,7
Other	–	100,0	–	–	–	–	–	0,8	66,4	32,8	–	–	–	–
Residential	–	100,0	–	–	–	–	–	1,2	98,8	–	–	–	–	–
Serviced apartments	–	100,0	–	–	–	–	–	–	–	100,0	–	–	–	–
Logistics – CEE	3,7	7,0	5,9	13,7	17,2	7,3	45,2	3,8	12,6	7,4	6,5	20,5	30,5	18,7
Total portfolio	4,0	24,7	13,9	14,3	7,9	9,7	25,5	3,7	26,5	17,3	12,0	10,5	8,5	21,5

Lease expiry based on GLA (%)

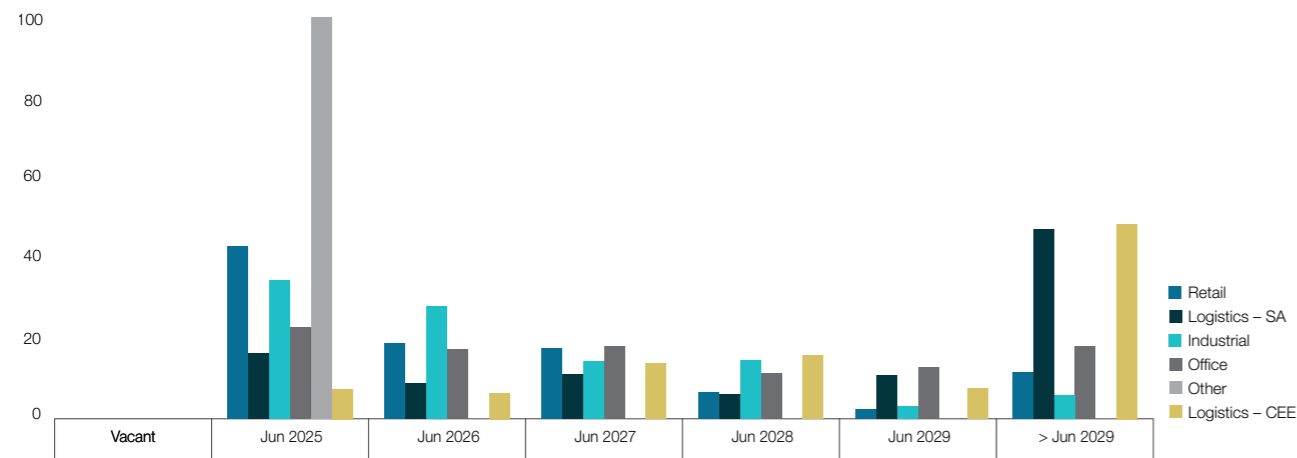


Property portfolio statistics continued

Lease expiry based on gross rentals (%)

Sector	2024							2023						
	Vacant	Jun 2025	Jun 2026	Jun 2027	Jun 2028	Jun 2029	Jun >2029	Vacant	Jun 2024	Jun 2025	Jun 2026	Jun 2027	Jun 2028	Jun >2028
Retail	-	43,0	18,9	17,6	6,7	2,3	11,5	-	25,0	17,7	17,3	9,1	11,8	19,1
Logistics – SA	-	16,2	8,8	11,1	6,0	10,7	47,2	-	15,2	11,3	9,0	10,1	6,7	47,7
Industrial	-	34,5	27,9	14,3	14,5	3,0	5,8	-	38,0	26,5	12,8	8,4	7,3	7,0
Office	-	22,7	17,2	18,1	11,2	12,7	18,1	-	42,9	24,7	11,7	6,2	10,3	4,2
Other	-	100,0	-	-	-	-	-	-	66,4	33,6	-	-	-	-
Residential Serviced apartments	-	100,0	-	-	-	-	-	-	100,0	-	-	-	-	-
Logistics – CEE	-	7,5	6,5	13,9	15,9	7,6	48,6	-	12,2	8,6	6,9	21,8	31,0	19,5
Total portfolio	-	21,4	12,9	14,2	8,6	10,2	32,7	-	22,5	15,8	12,1	9,8	9,5	30,3

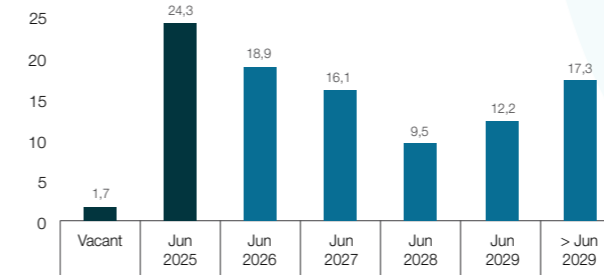
Lease expiry based on gross rentals (%)



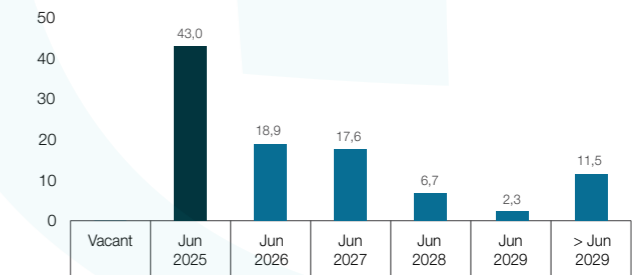
Lease expiry profile

Retail

Lease expiry based on GLA (%)

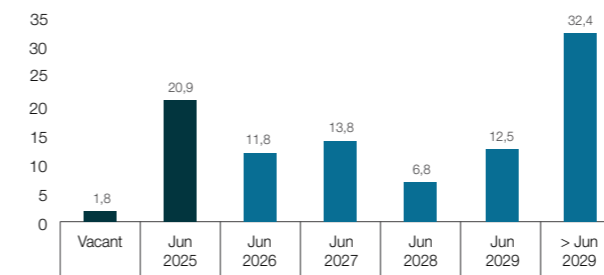


Lease expiry based on gross rentals (%)

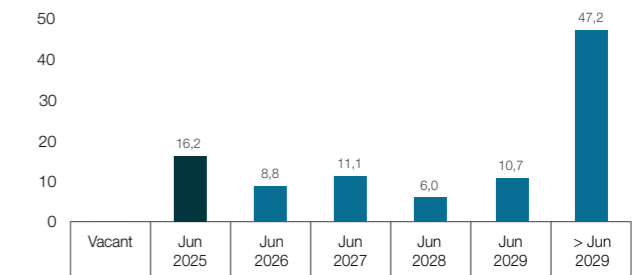


Logistics – SA

Lease expiry based on GLA (%)

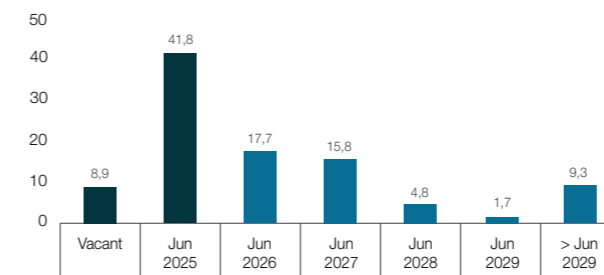


Lease expiry based on gross rentals (%)

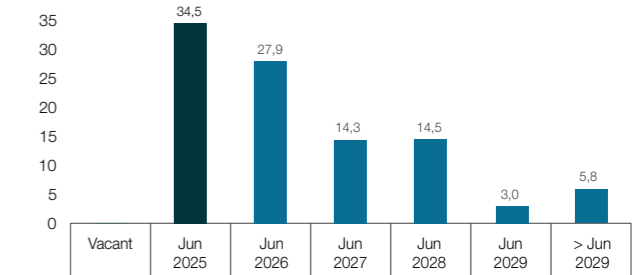


Industrial

Lease expiry based on GLA (%)

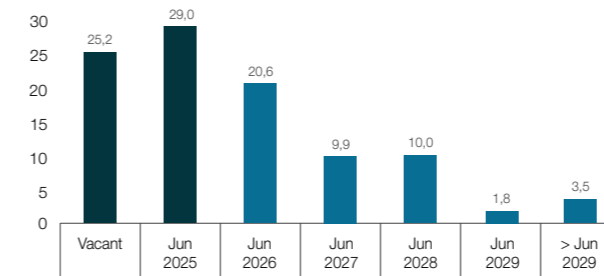


Lease expiry based on gross rentals (%)

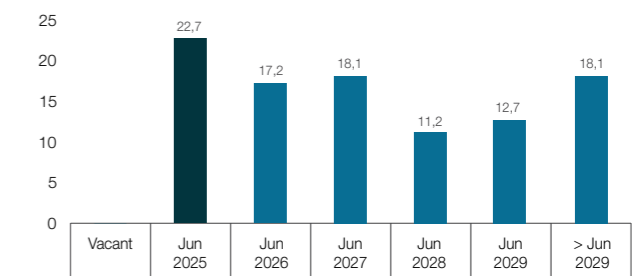


Office

Lease expiry based on GLA (%)



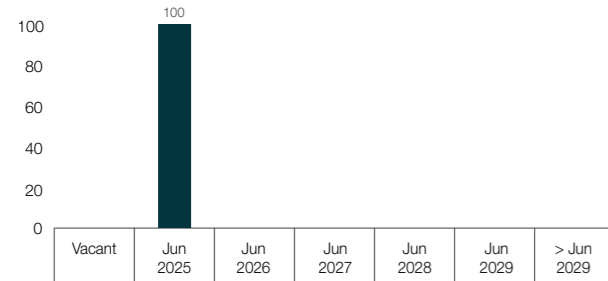
Lease expiry based on gross rentals (%)



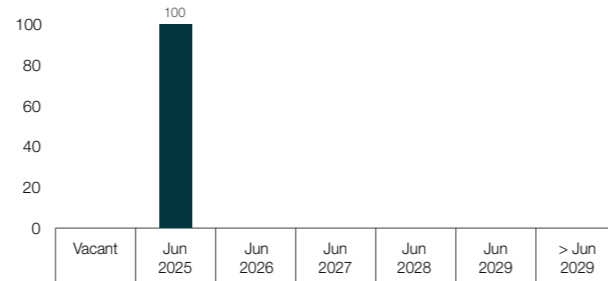
Property portfolio statistics continued

Other

Lease expiry based on GLA (%)

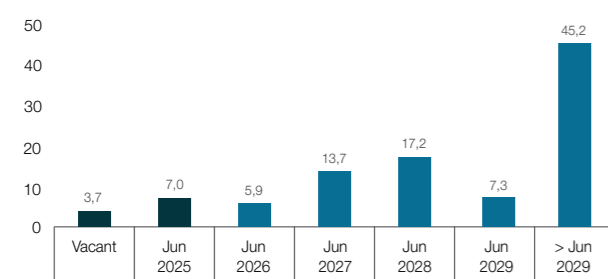


Lease expiry based on gross rentals (%)

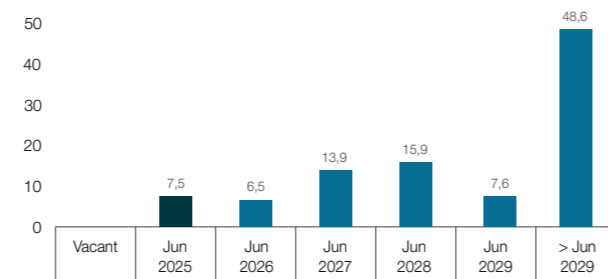


Logistics – CEE

Lease expiry based on GLA (%)

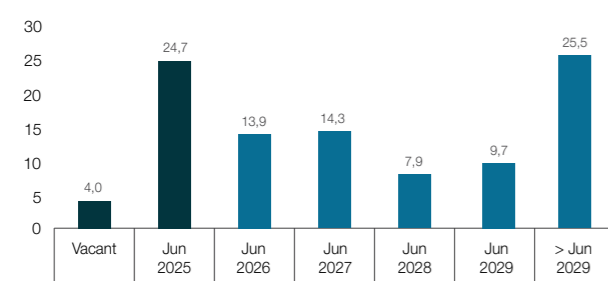


Lease expiry based on gross rentals (%)

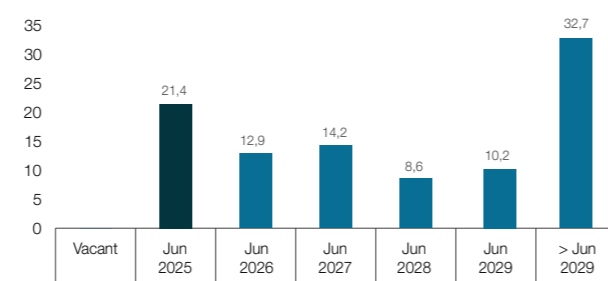


Total portfolio

Lease expiry based on GLA (%)

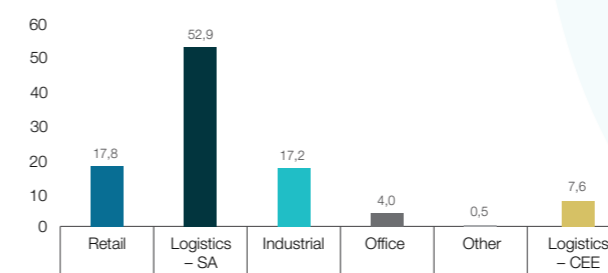


Lease expiry based on gross rentals (%)

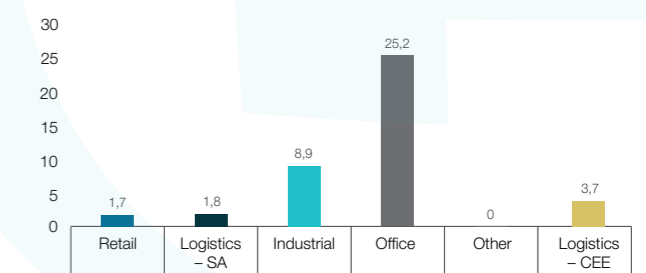


Sectoral profile

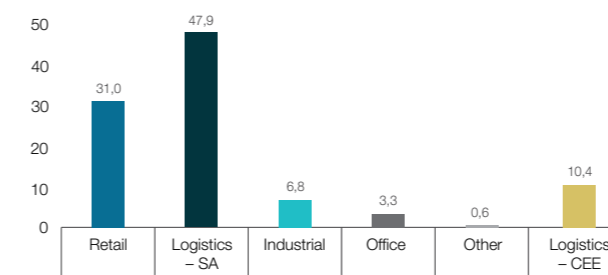
Sectoral profile based on GLA (%)



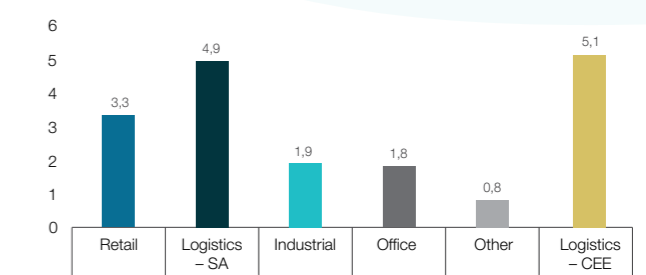
Vacancy per sector based on GLA (%)



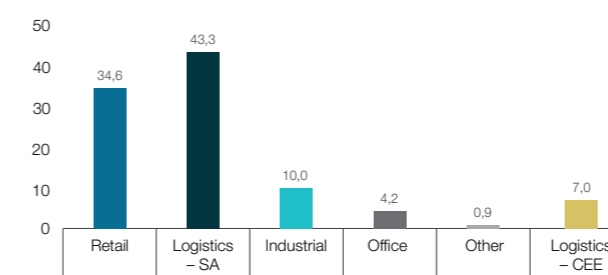
Sectoral profile based on property value (%)



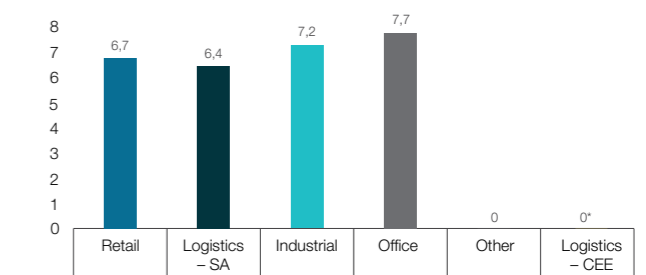
Weighted average lease expiry per sector (years)



Sectoral profile based on gross rentals (%)



Weighted average rental escalation per sector (%)

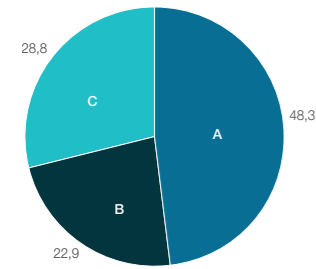


* Lease increases based on the Harmonised Index of Consumer prices.

Property portfolio statistics continued

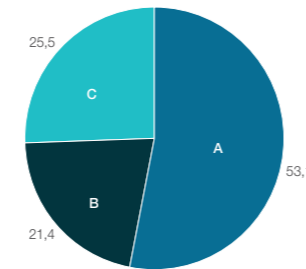
Tenant profile

Tenant profile based on GLA (%)



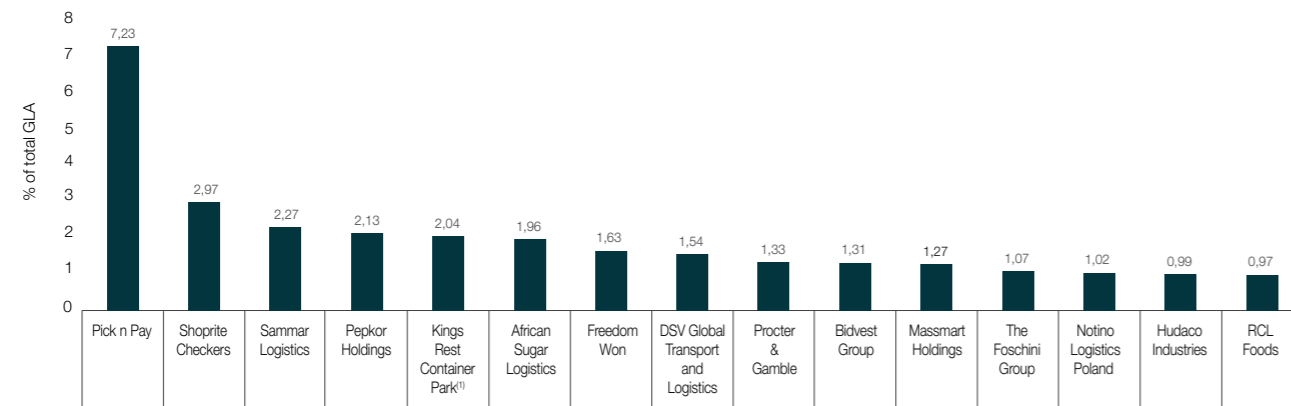
A	Large national tenants, large listed tenants, government and major franchisees These include, <i>inter alia</i> , Shoprite Checkers, Pepkor Holdings, Pick n Pay, Bidvest, C.Steinweg Bridge, Bollore, Naspers, Goldfields Logistics, DSV Global, Massmart, Sammar Logistics, The Foschini Group, Procter & Gamble, Keeeper Sp, CEVA Logistics Poland, Notino Logistics Poland and Arctic SA.
B	National tenants, listed tenants, franchises and medium to large professional firms. These include, <i>inter alia</i> , African Sugar Logistics, Star Arrival, WeBuyCars, Tore Parts, Maizey, CJP Chemicals, Freedom Won, Dromex, ECO READY BATH Sp and Kevro Trading.
C	Other (this comprises 1 792 tenants).

Tenant profile based on gross rentals (%)



Top 15 tenants of occupied GLA (%)

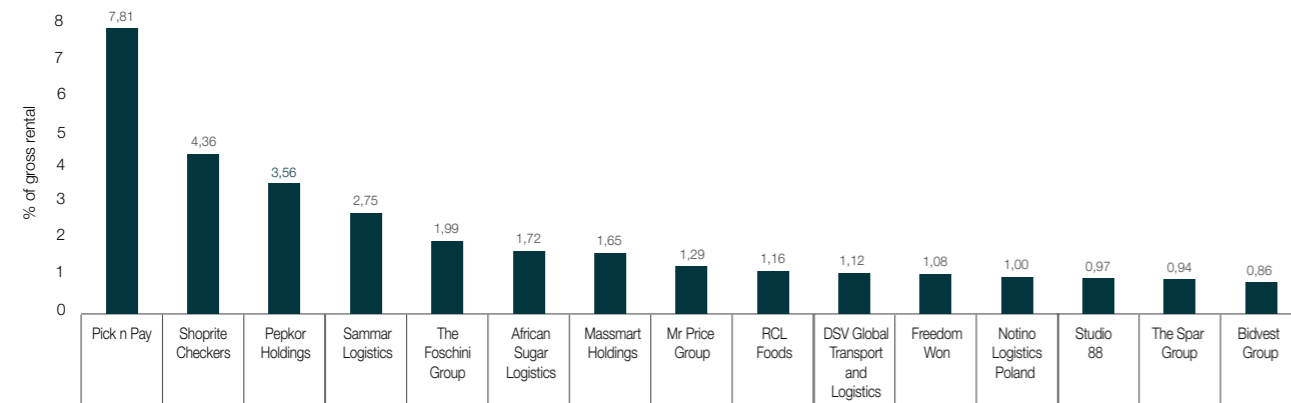
GLA as at 30 June 2024



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

Top 15 tenants of gross rental (%)

Gross rental as at 30 June 2024



Geographical profile

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

Province	2024 %	2023 %
Gauteng	56,2	58,4
KwaZulu-Natal	19,6	17,7
Western Cape	7,8	7,9
Limpopo	4,7	4,5
Mpumalanga	4,1	4,0
North West	3,2	3,1
Eastern Cape	2,5	2,3
Free State	1,6	1,8
Northern Cape	0,3	0,3
South Africa	100,0	100,0

Country	2024 %	2023 %
Poland	81,4	75,9
Romania	18,6	24,1
CEE	100,0	100,0

Overview of our direct property portfolio

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

Region	2024 %	2023 %
Gauteng	56,0	59,6
KwaZulu-Natal	19,3	15,1
Western Cape	8,0	8,1
Limpopo	4,8	4,9
Mpumalanga	4,3	4,3
North West	3,3	3,4
Eastern Cape	2,3	2,3
Free State	1,7	1,9
Northern Cape	0,3	0,4
South Africa	100,0	100,0
Poland	78,5	68,7
Romania	21,5	31,3
CEE	100,0	100,0

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

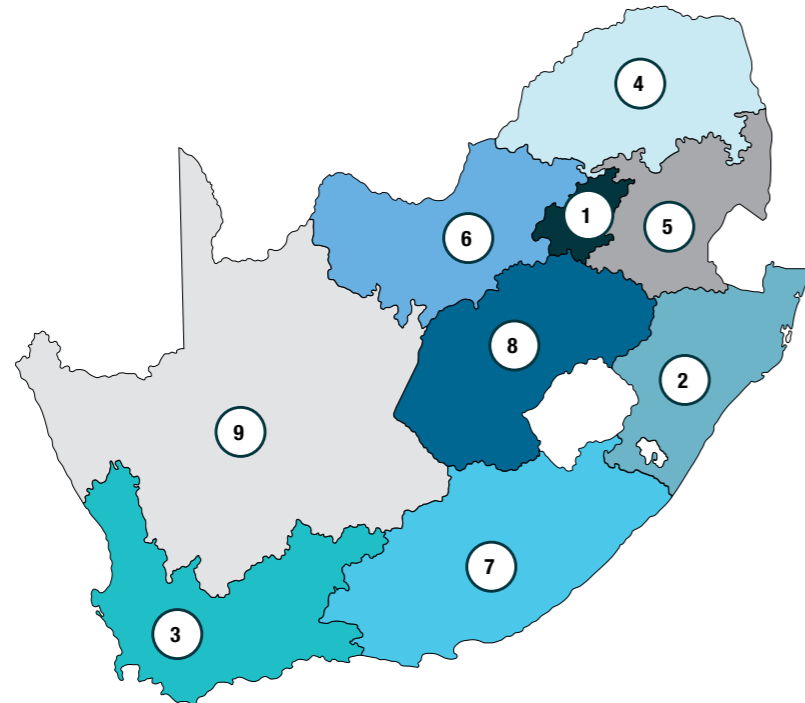
Region	2024 %	2023 %
Gauteng	65,7	69,1
KwaZulu-Natal	16,7	13,5
Western Cape	7,9	7,9
Limpopo	3,2	3,1
Mpumalanga	1,7	1,7
North West	1,9	1,8
Eastern Cape	1,7	1,7
Free State	1,0	1,0
Northern Cape	0,2	0,2
South Africa	100,0	100,0
Poland	77,3	65,1
Romania	22,7	34,9
CEE	100,0	100,0

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

Region	2024 %	2023 %
Gauteng	60,0	61,4
KwaZulu-Natal	13,8	12,7
Western Cape	8,1	8,3
Limpopo	5,5	5,3
Mpumalanga	4,1	4,0
North West	3,5	3,5
Eastern Cape	2,7	2,6
Free State	1,9	1,8
Northern Cape	0,4	0,4
South Africa	100,0	100,0
Poland	75,9	61,8
Romania	24,1	38,2
CEE	100,0	100,0

Property portfolio statistics continued

South Africa



Gauteng

1 149 properties and 56,0% of portfolio
Total valuation: **R16 485 million** Total valuation: **R778 million**

KwaZulu-Natal

2 24 properties and 19,3% of portfolio
Total valuation: **R5 678 million** Total valuation: **R368 million**

Western Cape

3 17 properties and 8,0% of portfolio
Total valuation: **R2 345 million** Total valuation: **R67 million**

Limpopo

4 11 properties and 4,8% of portfolio
Total valuation: **R1 422 million** Total valuation: **R14 million**

Mpumalanga

5 5 properties and 4,3% of portfolio
Total valuation: **R1 266 million**

North West

6 5 properties and 3,3% of portfolio
Total valuation: **R975 million** Total valuation: **R14 million**

Eastern Cape

7 4 properties and 2,3% of portfolio
Total valuation: **R702 million** Total valuation: **R72 million**

Free State

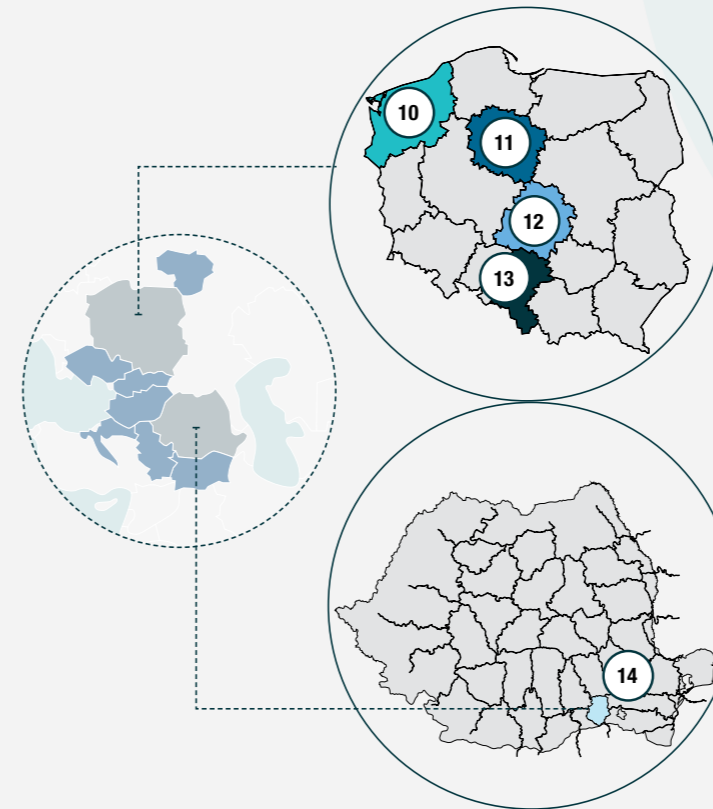
8 2 properties and 1,7% of portfolio
Total valuation: **R488 million**

Northern Cape

9 1 property and 0,3% of portfolio
Total valuation: **R97 million**

– completed properties
 – strategic land parcels and current developments

CEE – Poland and Romania



Stargard (Poland)

10 2 properties and 12,4% of portfolio
Total valuation: **R385 million** Total valuation: **R61 million**

Bydgoszcz (Poland)

11 5 properties and 34,1% of portfolio
Total valuation: **R1 055 million** Total valuation: **R91 million**

Łódź (Poland)

12 1 property and 20,2% of portfolio
Total valuation: **R625 million** Total valuation: **R88 million**

Zabrze (Poland)

13 1 property and 11,8% of portfolio
Total valuation: **R366 million** Total valuation: **R238 million**

Bucharest (Romania)

14 3 properties and 21,5% of portfolio
Total valuation: **R667 million**

– completed properties
 – strategic land parcels and current developments

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

Region	2024 %	2023 %
Gauteng	59,2	43,1
KwaZulu-Natal	28,0	50,0
Eastern Cape	5,5	3,3
Western Cape	5,1	3,0
Limpopo	1,1	0,6
Mpumalanga	–	–
North West	1,1	–
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 2024

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		
Retail													
1	Evaton Mall	100,0	Gauteng	35 348	35 348	0,1	185	1 Oct 09	212 691	Retail	750 586	Cnr Easton Road and Golden Highway Evaton West	1
2	Weskus Mall	100,0	Western Cape	35 343	35 343	0,1	161	5 Dec 14	485 463	Retail	688 500	110 Saldanha Road Vredenburg Western Cape	2
3	The Plaza (Mbombela) (leasehold)	100,0	Mpumalanga	19 511	19 511	–	240	1 Jul 13	312 500	Retail	629 000	Cnr Henshall and Bester Streets Mbombela	3
4	The Galleria	25,0	KwaZulu-Natal	87 565	21 891	2,6	225	17 Oct 13	443 750	Retail	623 602	Cnr N2 Highway and Chamberlain Road Umbogintwini	4
5	Mayville Mall	100,0	Gauteng	21 371	21 371	–	181	1 Oct 09	196 000	Retail	499 050	Cnr Van Rensburg Street and Nienaber Avenue Pretoria	5
6	Pineslopes Shopping Centre	100,0	Gauteng	20 402	20 402	3,7	201	30 Nov 15	352 500	Retail	443 717	Cnr Witkoppen Road and The Straight Fourways	6
7	Park Central Shopping Centre	100,0	Gauteng	8 554	8 554	–	390	1 Dec 11	154 000	Retail	430 000	Cnr Noord Road, Twist, De Villiers and Klein Streets Johannesburg	7
8	AbaQulusi Plaza (previously Vryheid Plaza)	100,0	KwaZulu-Natal	16 820	16 820	–	181	1 Oct 09	52 000	Retail	383 891	Cnr Utrecht and Mason Streets Vryheid	8
9	Flamwood Walk	100,0	North West	20 159	20 159	0,7	147	1 Jul 12/ 5 Apr 23	180 635	Retail	373 000	Brother Patrick Lane Klerksdorp	9
10	Central Park Bloemfontein	100,0	Free State	13 885	13 885	3,2	211	1 Jul 13	163 000	Retail	363 000	Cnr Fichardt and Hanger Streets Bloemfontein	10
11	Sterkspruit Plaza	100,0	Eastern Cape	15 101	15 101	0,5	169	1 Jul 13	91 500	Retail	333 000	Cnr Zastron and Voyizana Roads Sterkspruit	11
12	Rustenburg Plaza	100,0	North West	12 088	12 088	0,8	231	1 Jul 13	260 000	Retail	325 000	Cnr Nelson Mandela Street and President Mbeki Drive Rustenburg	12
13	Crossroads Plaza	100,0	Mpumalanga	11 957	11 957	2,4	210	1 Dec 11	90 000	Retail	305 000	Corner R568 and R573 Kwa-Mhlanga	13
14	Mutsindo Mall and Capricorn Plaza	100,0	Limpopo	11 955	11 955	–	202	1 Dec 11	145 000	Retail	300 000	Cnr Tshifhiwa Muofohe and Julius Malivha Streets Thohoyandou	14
15	Palm Springs Mall	100,0	Gauteng	19 077	19 077	–	154	30 Nov 15	292 700	Retail	288 332	Cnr R551 and Falcon Road Orange Farm	15
16	Venda Plaza	100,0	Limpopo	10 324	10 324	–	211	1 Dec 11	81 000	Retail	271 000	Cnr Main and Mphephu Streets Thohoyandou	16
17	Cornubia Ridge Logistics Park – Building 1 (Makro)	50,1	KwaZulu-Natal	18 900	9 469	–	£	1 Nov 16	~	Retail	231 126	N2 Highway KwaZulu-Natal	17
18	Lebowakgomo Centre	100,0	Limpopo	8 167	8 167	–	188	22 Dec 11	28 000	Retail	195 000	Nedlife Complex 3 BA Lebowakgomo	18
19	Monument Centre	100,0	Mpumalanga	7 713	7 713	–	196	12 Nov 10	26 957	Retail	186 000	Cnr Beyers Naude and Burger Streets Standerton	19
20	Arbour Crossing	25,0	KwaZulu-Natal	38 876	9 719	1,2	152	17 Oct 13	105 500	Retail	182 403	Cnr N2 Highway and Chamberlain Road Umbogintwini	20
21	Lephalale CBD	51,0	Limpopo	24 510	12 500	6,0	138	1 Feb 12	73 200	Retail	181 305	Plein Street Lephalale	21
22	Leslie Road Retail Park	100,0	Gauteng	13 725	13 725	3,2	135	30 Nov 15	182 000	Retail	180 000	Cnr William Nicol Drive and Leslie Avenue Fourways	22
23	Tembu Mall	100,0	Gauteng	6 599	6 599	–	203	1 Dec 16	104 400	Retail	172 000	232 Sheba Street Tembisa	23
24	Village Walk Newcastle	100,0	KwaZulu-Natal	10 013	10 013	–	148	1 Oct 09	78 700	Retail	170 000	Cnr Ayliff and Harding Streets Newcastle	24
25	204 Oxford Shopping Centre	100,0	Gauteng	13 290	13 290	18,0	215	30 Nov 15	264 000	Retail	167 492	204 Oxford Road Illovo	25
26	Mahikeng Station Boulevard Centre (leasehold)	100,0	North West	8 052	8 052	–	172	1 Dec 16	74 150	Retail	163 000	Station Road Mahikeng	26
27	Shoprite Kokstad	100,0	KwaZulu-Natal	8 312	8 312	0,2	174	5 Sep 11	38 000	Retail	158 000	Hope Street Kokstad	27
28	Fourways Value Mart	100,0	Gauteng	7 951	7 951	–	178	30 Nov 15	113 500	Retail	151 500	Cnr Sunset Boulevard and Forest Drive Fourways	28
29	Botlokwa Plaza	100,0	Limpopo	7 963	7 963	–	174	1 Oct 09	39 100	Retail	149 000	N1 Mphakane off-ramp Botlokwa	29
30	Equinox Mall	100,0	Eastern Cape	15 209	15 209	0,5	78	30 Nov 15	58 000	Retail	148 320	St Francis Street Jeffreys Bay	30
31	Biyela Shopping Centre	100,0	KwaZulu-Natal	8 536	8 536	–	165	31 Dec 10	30 250	Retail	144 000	3 – 7 Biyela Street Empangeni	31
32	White River Crossing Shopping Centre	51,0	Mpumalanga	10 323	5 265	0,9	182	15 Feb 19	~	Retail	135 150	Cnr Chief Mgiyeni Khumalo Drive and R537 White River	32
33	Bloemfontein Value Mart	100,0	Free State	12 344	12 344	–	127	30 Nov 15	153 000	Retail	125 076	Cnr Curie Avenue and Vereeniging Drive Fleurdal Bloemfontein	33

Schedule of properties continued

at 30 June 2024

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	
Retail continued												
34	100,0	Gauteng	5 979	5 979	–	176	1 Dec 16	87 550	Retail	124 000	Cnr Archerfish Drive and Angelfish Street Kaalfontein	34
35	100,0	Eastern Cape	5 360	5 360	13,5	243	1 Oct 09/ 1 Jan 13	65 700	Retail	98 000	Cnr York Road and Sutherland Street Mthatha	35
36	50,0	Limpopo	15 225	7 613	3,0	116	1 Oct 09	47 800	Retail	87 500	Cnr Hospital and Mark Streets Polokwane	36
37	100,0	North West	5 111	5 111	0,6	135	1 Jul 12/ 5 Apr 23	66 515	Retail	82 000	Cnr Joe Slovo and Central Avenues Klerksdorp	37
38	100,0	Limpopo	13 584	13 584	3,4	84	1 Dec 11	120 500	Retail	81 855	282 Kastania Street Burgersfort	38
39	25,0	Limpopo	9 263	2 316	–	219	1 Jul 13	32 000	Retail	72 500	Cnr Voortrekker and the P43–3 Roads Tzaneen	39
40	100,0	Limpopo	3 672	3 672	–	138	29 Jun 12	22 000	Retail	50 000	Fountains Boulevard Thohoyandou	40
41	100,0	North West	4 562	4 562	–	121	1 Dec 16	56 950	Retail	32 000	Fatima Bhayat and Berg Streets Rustenburg	41
42	50,0	Limpopo	5 689	2 845	–	123	14 Dec 10	13 250	Retail	27 500	Cnr President and Songozwi Streets Makhado	42
43	100,0	Limpopo	4 380	4 380	2,9	166	1 Oct 09	28 500	Retail	6 400	N1 Highway Road Musina	43
Total retail			652 768	514 035	1,7 ^{(1) (2)}	180 ⁽²⁾		5 422 261		10 507 805		

¹ Single tenanted property. The average gross rental of single tenanted retail properties is R164/m².

– Development on land previously acquired by Fortress.

⁽¹⁾ Based on Fortress' pro rata interests.

⁽²⁾ Includes investment property held for sale in the retail sector.

Logistics

44	100,0	Gauteng	163 533	163 533	–	#	15 Mar 17	~	Logistics	2 305 000	100 Arniston Street Kempton Park	44
45	100,0	KwaZulu-Natal	38 196	38 196	–	#	30 Nov 15	~	Logistics	783 629	89 Barrier Lane Mobeni East	45
46	100,0	KwaZulu-Natal	48 303	48 303	–	#	30 Nov 15	~	Logistics	587 250	89 Barrier Lane Mobeni East	46
47	25,0	Western Cape	192 278	48 070	–	83	30 Nov 15	252 000	Logistics	558 913	Cnr Plattekloof and Koeberg Roads Milnerton	47
48	100,0	Gauteng	36 562	36 562	–	81	14 Jul 17	~	Logistics	433 800	Laneshaw Street Longlake	48
49	100,0	Gauteng	41 590	41 590	–	#	30 Nov 15	324 000	Logistics	429 058	10 Silverstone Street Gosforth Park	49
50	100,0	Gauteng	45 504	45 504	–	#	17 Aug 23	~	Logistics	414 500	Cnr Longmeadow Boulevard and Hereford Road Modderfontein	50
51	100,0	Gauteng	27 025	27 025	–	#	30 Nov 15	334 500	Logistics	380 310	Frankenwald Drive Longlake	51
52	100,0	KwaZulu-Natal	29 083	29 083	–	#	30 Nov 15	~	Logistics	376 420	89 Barrier Lane Mobeni East	52
53	100,0	KwaZulu-Natal	24 990	24 990	–	#	30 Nov 15	~	Logistics	358 000	89 Barrier Lane Mobeni East	53
54	100,0	Gauteng	45 910	45 910	–	68	1 Dec 16	122 425	Logistics	356 850	14 Union Street Alberton North	54
55	51,0	Gauteng	49 079	25 030	–	#	1 Oct 16	49 176	Logistics	321 458	82b Merino Avenue City Deep	55
56	100,0	Gauteng	25 127	25 127	–	#	30 Nov 15	~	Logistics	282 500	London Road Westlake	56
57	100,0	Gauteng	31 962	31 962	–	76	30 Nov 15	236 000	Logistics	265 870	1st Avenue Longlake	57
58	100,0	KwaZulu-Natal	15 664	15 664	–	#	30 Nov 15	~	Logistics	252 000	89 Barrier Lane Mobeni East	58

Schedule of properties continued

at 30 June 2024

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			
Logistics <small>continued</small>														
59		Clairwood Logistics Park – Pocket 2B (Kings Rest)	100,0	KwaZulu-Natal	62 471	62 471	–	#	30 Nov 15	~	Logistics	243 200	89 Barrier Lane Mobeini East	59
60		Clairwood Logistics Park – Pocket 3C (African Sugar Logistics)	100,0	KwaZulu-Natal	20 681	20 681	–	#	30 Nov 15	~	Logistics	234 742	89 Barrier Lane Mobeini East	60
61		Louwardia Logistics Park – Building 3 (Vodacom)	100,0	Gauteng	17 725	17 725	–	#	30 Nov 15	~	Logistics	232 900	Nellmapius Drive Louwardia	61
62		118 Brakpan Road	100,0	Gauteng	37 027	37 027	–	#	30 Nov 15	239 800	Logistics	231 137	118 Brakpan Road Boksburg	62
63		CiplaMED Rivergate	100,0	Western Cape	18 214	18 214	–	#	30 Nov 15	156 000	Logistics	223 900	Cnr Cosmonaut and Rivergate Drives Rivergate	63
64		N1 Business Park	20,0	Gauteng	111 027	22 205	7,1	72	30 Nov 15	184 000	Logistics	212 100	N1 Highway Midrand	64
65		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	65
66		Pomona Logistics	100,0	Gauteng	20 660	20 660	–	#	30 Nov 15	158 800	Logistics	185 079	20 Maple Road Pomona	66
67		Catalunya Crescent Raceway Industrial Park	100,0	Gauteng	21 491	21 491	–	#	30 Nov 15	175 000	Logistics	182 026	Catalunya Crescent Raceway Industrial Park	67
68		Mirabel Road Pomona	100,0	Gauteng	31 856	31 856	16,8	57	30 Nov 15	183 000	Logistics	177 090	2 Maple Street corner Mirabel Road Pomona	68
69		60 Electron Avenue Isando	100,0	Gauteng	26 133	26 133	–	56	30 Nov 15	142 600	Logistics	167 980	60 Electron Avenue Isando	69
70		Louwardia Logistics Park – Building 3 (USN)	100,0	Gauteng	14 310	14 310	–	#	30 Nov 15	~	Logistics	167 255	Nellmapius Drive Louwardia	70
71		12 Platinum Road Longmeadow	100,0	Gauteng	17 892	17 892	–	#	30 Nov 15	174 000	Logistics	161 355	12 Platinum Road Longmeadow	71
72		Longlake Logistics Park 2 (Ex 2, Spec 1)	100,0	Gauteng	19 232	19 232	–	#	14 Jul 17	~	Logistics	160 100	Ashworth and Laneshaw Streets Longlake	72
73		Eastport Logistics Park – Building 2 (Teralco)	65,0	Gauteng	22 095	14 362	–	#	15 Mar 17	~	Logistics	156 650	100B Eastport Boulevard Kempton Park	73
74		Clairwood Logistics Park – Pocket 7	100,0	KwaZulu-Natal	13 283	13 283	–	80	30 Nov 15	~	Logistics	156 500	89 Barrier Lane Mobeini East	74
75		12 – 18 Elliot Avenue Epping 2	100,0	Western Cape	20 725	20 725	–	70	30 Nov 15	115 800	Logistics	154 500	12 – 18 Elliot Avenue Epping 2	75
76		Louwardia Logistics Park – Building 1 (WeBuyCars)	50,0	Gauteng	23 644	11 822	–	#	30 Nov 15	~	Logistics	152 850	Nellmapius Drive Louwardia	76
77		Eastport Logistics Park – Building 7 (Crusader)	65,0	Gauteng	19 736	12 828	–	#	15 Mar 17	~	Logistics	152 179	100 Eastport Boulevard Kempton Park	77
78		Eastport Logistics Park – Building 3 (Ceva)	65,0	Gauteng	20 232	13 151	–	#	15 Mar 17	~	Logistics	150 189	100F Eastport Boulevard Kempton Park	78
79		3 – 4 Drakensberg Drive Longmeadow	100,0	Gauteng	15 614	15 614	–	#	30 Nov 15	121 000	Logistics	150 056	3 – 4 Drakensberg Drive Longmeadow	79
80		Noursepack Epping 2	100,0	Western Cape	17 768	17 768	–	#	30 Nov 15	123 700	Logistics	149 415	Nourse Avenue Epping 2	80
81		11 Fitzmaurice Epping	100,0	Western Cape	19 381	19 381	–	75	30 Nov 15	126 800	Logistics	147 065	11 Fitzmaurice Epping	81
82		Cornubia Ridge Logistics Park – Building 4 (Dromex)	50,1	KwaZulu-Natal	24 537	12 293	–	#	1 Nov 16	~	Logistics	146 484	N2 Highway KwaZulu-Natal	82
83		31 Jeffels Road Prospecton	100,0	KwaZulu-Natal	21 061	21 061	–	#	30 Nov 15	113 000	Logistics	140 000	31 Jeffels Road Prospecton	83
84		6 Prospecton Road Prospecton	100,0	KwaZulu-Natal	24 433	24 433	0,8	65	30 Nov 15	148 600	Logistics	136 900	6 Prospecton Road Prospecton	84
85		Eastport Logistics Park – Building 6 (Seabourne)	65,0	Gauteng	18 732	12 176	–	#	15 Mar 17	~	Logistics	134 859	100B Bredenhof Street Kempton Park	85
86		14 Fitzmaurice Avenue Epping 2	100,0	Western Cape	11 873	11 873	–	#	30 Nov 15	84 500	Logistics	125 000	14 Fitzmaurice Avenue Epping 2	86
87		Maple Road Pomona	100,0	Gauteng	19 594	19 594	44,9	#	30 Nov 15	132 000	Logistics	113 321	36 Maple Road Pomona	87
88		Mahogany Road	100,0	KwaZulu-Natal	16 209	16 209	–	72	30 Nov 15	107 400	Logistics	102 100	Undoni Crescent Mahogany Ridge Pinetown	88

Schedule of properties continued

at 30 June 2024

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		
Logistics <small>continued</small>													
89	15th Road Midrand	100,0	Gauteng	14 308	14 308	–	#	30 Nov 15	112 700	Logistics	101 893	311 15th Road Randjespark	89
90	Eastport Logistics Park – Building 5 (Media 24)	65,0	Gauteng	13 689	8 898	–	#	15 Mar 17	~	Logistics	100 230	100D Eastport Boulevard Kempton Park	90
91	Cambridge Commercial Park	100,0	Gauteng	13 414	13 414	13,2	70	30 Nov 15	112 000	Logistics	96 776	22 Witkoppen Road Paulshof	91
92	Corporate Park North	100,0	Gauteng	11 402	11 402	–	70	30 Nov 15	79 500	Logistics	92 455	383 Roan Crescent Corporate Park North Midrand	92
93	Bevan Road Roodekop	100,0	Gauteng	20 255	20 255	–	#	30 Nov 15	81 600	Logistics	91 762	Bevan Road Roodekop	93
94	45 Angus Crescent	100,0	Gauteng	8 835	8 835	–	#	30 Nov 15	72 700	Logistics	84 986	45 Angus Crescent Longmeadow	94
95	Tlokwe Street Louwlaridia	100,0	Gauteng	8 518	8 518	–	#	30 Oct 14	38 127	Logistics	80 743	Tlokwe Street Louwlaridia	95
96	Imvubu Park Close Riverhorse	50,0	KwaZulu-Natal	18 425	9 213	–	#	30 Nov 15	72 000	Logistics	79 250	Imvubu Park Close Riverhorse Industrial Park Durban	96
97	Union Park Alberton – Voltex	50,0	Gauteng	14 526	7 263	–	#	1 Dec 16	~	Logistics	77 025	14 Union Street Alberton North	97
98	City Deep Mini Units	100,0	Gauteng	18 182	18 182	11,6	51	30 Nov 15	91 500	Logistics	76 904	Outspan Road City Deep	98
99	Nurburg Road Raceway Industrial Park	100,0	Gauteng	11 267	11 267	–	#	30 Nov 15	91 600	Logistics	76 796	2 Monte Carlo Road Raceway Industrial Park	99
100	Cornubia Ridge Logistics Park – Building 3 (Retailability)	50,1	KwaZulu-Natal	13 026	6 526	–	#	1 Nov 16	~	Logistics	70 343	N2 Highway KwaZulu-Natal	100
101	Eastport Logistics Park – Building 4 (Clippa)	32,5	Gauteng	14 204	4 616	–	#	15 Mar 17	~	Logistics	69 069	100E Eastport Boulevard Kempton Park	101
102	39 Galaxy Avenue Linbro Park	100,0	Gauteng	7 461	7 461	–	71	30 Nov 15	65 000	Logistics	61 293	39 Galaxy Avenue Linbro Park	102
103	53 Angus Crescent Longmeadow	100,0	Gauteng	6 850	6 850	–	#	30 Nov 15	58 000	Logistics	56 798	53 Angus Crescent Longmeadow	103
104	49 Ayrshire Road Longmeadow	100,0	Gauteng	7 263	7 263	100,0	#	30 Nov 15	50 600	Logistics	52 233	49 Ayrshire Road Longmeadow	104
105	4 Platinum Road Longmeadow	100,0	Gauteng	7 386	7 386	–	#	30 Nov 15	64 800	Logistics	50 701	4 Platinum Road Longmeadow	105
106	9 Ayrshire Avenue Longmeadow	100,0	Gauteng	7 090	7 090	–	#	30 Nov 15	48 200	Logistics	50 473	9 Ayrshire Avenue Longmeadow	106
107	Brands Hatch Close	100,0	Gauteng	6 597	6 597	–	74	30 Nov 15	45 600	Logistics	49 789	Cnr Indianapolis and Brands Hatch Close Kyalami Park	107
108	Fortune Street City Deep	100,0	Gauteng	8 746	8 746	–	#	30 Nov 15	46 800	Logistics	49 779	15 Fortune Street City Deep	108
109	51 Galaxy Avenue Linbro Park	100,0	Gauteng	5 778	5 778	–	#	30 Nov 15	55 600	Logistics	46 906	51 Galaxy Avenue Linbro Park	109
110	Indianapolis Boulevard Raceway	100,0	Gauteng	5 965	5 965	–	#	30 Nov 15	41 300	Logistics	45 999	Indianapolis Road Raceway Industrial Park Germiston	110
111	49 Galaxy Avenue Linbro Park	100,0	Gauteng	4 665	4 665	–	#	30 Nov 15	32 000	Logistics	43 165	49 Galaxy Avenue Linbro Park	111
112	19 Ayrshire Avenue Longmeadow	100,0	Gauteng	4 912	4 912	–	#	30 Nov 15	32 500	Logistics	42 200	19 Ayrshire Avenue Longmeadow	112
113	38 Reedbuck Crescent	100,0	Gauteng	6 143	6 143	–	#	30 Nov 15	39 100	Logistics	40 950	38 Reedbuck Crescent Corporate Park South Midrand	113
114	86 Tsessebe Crescent	100,0	Gauteng	6 366	6 366	–	72	30 Nov 15	33 000	Logistics	40 207	86 Tsessebe Crescent Corporate Park South Midrand	114
115	64 Lechwe Street Corporate Park	100,0	Gauteng	5 447	5 447	–	65	30 Nov 15	24 000	Logistics	34 800	64 Lechwe Street Corporate Park South Midrand	115
116	36 Houer Road City Deep	100,0	Gauteng	5 057	5 057	–	#	30 Nov 15	22 600	Logistics	30 320	36 Houer Road City Deep	116
117	10 Drakensberg Drive Longmeadow	100,0	Gauteng	2 999	2 999	–	#	30 Nov 15	25 000	Logistics	29 790	10 Drakensberg Drive Longmeadow	117
118	5 – 7 Ayrshire Avenue Longmeadow	100,0	Gauteng	3 710	3 710	–	#	30 Nov 15	29 000	Logistics	28 592	7 Ayrshire Avenue Longmeadow	118
119	8 Milkyway Avenue Linbro Park	100,0	Gauteng	3 645	3 645	–	#	30 Nov 15	30 000	Logistics	27 920	8 Milkyway Avenue Linbro Park	119
120	79 Reedbuck Crescent Corporate Park	100,0	Gauteng	4 194	4 194	–	#	30 Nov 15	26 500	Logistics	27 783	79 Reedbuck Crescent Corporate Park South Midrand	120
121	68 Galaxy Avenue Linbro Park	100,0	Gauteng	2 900	2 900	–	#	30 Nov 15	19 500	Logistics	23 930	68 and 71 Galaxy Avenue Linbro Park	121
122	144 Lechwe Street Corporate Park	100,0	Gauteng	2 876	2 876	–	#	30 Nov 15	15 100	Logistics	21 965	144 Lechwe Street Corporate Park South Midrand	122
123	City Deep Rittel	100,0	Gauteng	4 164	4 164	–	#	30 Nov 15	17 900	Logistics	20 097	8 Fortune Street City Deep	123
124	11 Reedbuck Crescent Corporate Park	100,0	Gauteng	2 810	2 810	–	63	1 Oct 09	8 900	Logistics	19 611	11 Reedbuck Crescent Corporate Park South Midrand	124
125	142 Lechwe Street Corporate Park	100,0	Gauteng	2 714	2 714	–	#	30 Nov 15	13 800	Logistics	18 349	142 Lechwe Street Corporate Park South Midrand	125

Schedule of properties continued

at 30 June 2024

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		
Logistics <small>continued</small>													
126	70 Gazelle Avenue Corporate Park	100,0	Gauteng	2 372	2 372	–	#	30 Nov 15	12 300	Logistics	15 234	68 – 72 Gazelle Avenue Corporate Park South Midrand	126
127	9 Milkyway Avenue Linbro Park	100,0	Gauteng	1 796	1 796	–	#	30 Nov 15	15 700	Logistics	12 601	9 Milkyway Avenue Linbro Park	127
128	109 Roan Crescent	100,0	Gauteng	1 723	1 723	–	#	30 Nov 15	8 400	Logistics	12 058	109 Roan Crescent Corporate Park North Midrand	128
129	45 Director Road (previously 741 Megawatt Road)	100,0	Gauteng	1 800	1 800	–	#	1 Oct 09	7 700	Logistics	11 820	45 Director Road	129
130	121 Gazelle Avenue Corporate Park	100,0	Gauteng	1 578	1 578	–	#	1 Oct 09	6 600	Logistics	10 547	121 Gazelle Avenue Corporate Park South Midrand	130
Total logistics				1 877 378	1 530 601	1,8 ^{(1) (2)}	76 ⁽²⁾		5 548 853		15 231 632		

Single tenanted property. The average gross rental of single tenanted logistics properties is R76/m², which includes the logistics properties held for sale and disclosed below.

~ Development on land previously acquired by Fortress.

⁽¹⁾ Based on Fortress' pro rata interests.

⁽²⁾ Includes investment property held for sale in the logistics sector.

Office

131	Kildrummy Office Park Paulshof	100,0	Gauteng	11 947	11 947	4,0	100	30 Nov 15	165 900	Office	105 000	Cnr Witkoppen Road & Umhlanga Avenue Paulshof	131
132	Wedgewood Office Park	100,0	Gauteng	9 625	9 625	23,7	133	30 Nov 15	127 000	Office	100 000	3 Muswell Road Bryanston	132
133	Cullinan Office Park	100,0	Gauteng	7 295	7 295	10,8	120	30 Nov 15	178 000	Office	83 578	2 Cullinan Place Cullinan Close Morningside	133
134	Rutherford Estate Scott Street	100,0	Gauteng	9 192	9 192	19,2	§	30 Nov 15	191 000	Office	70 000	1 Scott Street Waverley	134
135	Monyetla Office Park	100,0	Gauteng	4 551	4 551	–	§	30 Nov 15	96 363	Office	59 800	Inyanga Close Sunninghill	135
136	Northdowns Bryanston	100,0	Gauteng	5 745	5 745	9,9	110	30 Nov 15	85 500	Office	59 000	17 Georgian Crescent Bryanston	136
137	28 On Sloane	100,0	Gauteng	4 790	4 790	–	115	30 Nov 15	77 000	Office	51 200	28 Sloane Street Bryanston	137
138	Culross Court Bryanston	100,0	Gauteng	4 076	4 076	15,4	129	30 Nov 15	56 000	Office	51 000	16 Culross Road Bryanston	138
139	Parc Nicol	100,0	Gauteng	4 133	4 133	13,6	105	30 Nov 15	59 945	Office	37 000	3001 William Nicol Drive Bryanston	139
140	Howick Close	100,0	Gauteng	3 949	3 949	–	§	30 Nov 15	69 000	Office	32 000	253 Howick Close Vorna Valley Midrand	140
141	Standard Bank Crossing	100,0	Gauteng	2 194	2 194	–	§	30 Nov 15	43 400	Office	31 300	1 Twilight Avenue Fourways	141
142	26 Augrabies Road Waterfall Park	100,0	Gauteng	3 397	3 397	–	§	30 Nov 15	33 500	Office	27 700	26 Augrabies Road Waterfall Park	142
143	Petunia Road Bryanston	100,0	Gauteng	2 422	2 422	100,0	§	30 Nov 15	32 000	Office	24 300	Cnr Petunia Street and Main Road Bryanston	143
144	Howick Close Waterfall Park	100,0	Gauteng	3 230	3 230	100,0	§	30 Nov 15	37 500	Office	24 000	293 Howick Close Waterfall Office Park Vorna Valley Midrand	144
145	Muirfield Fourways Golf Park	100,0	Gauteng	2 804	2 804	27,3	94	30 Nov 15	27 000	Office	18 250	Fourways Golf Park Roos Street Fourways	145
146	17 Kosi Place Umgeni (leasehold)	100,0	KwaZulu-Natal	3 996	3 996	43,6	103	30 Nov 15	39 100	Office	17 000	17 Kosi Place Umgeni Business Park	146
147	Pebble Beach Fourways Golf Park	100,0	Gauteng	1 897	1 897	3,5	84	30 Nov 15	20 400	Office	12 500	Fourways Golf Park Roos Street Fourways	147
148	Turnberry Fourways Golf Park	100,0	Gauteng	1 476	1 476	50,0	86	30 Nov 15	16 500	Office	10 000	Fourways Golf Park Roos Street Fourways	148
Total office				86 719	86 719	25,2 ^{(1) (2)}	106 ⁽²⁾		1 355 108		813 628		

§ Single tenanted property. The average gross rental of single tenanted office properties is R90/m².

⁽¹⁾ Based on Fortress' pro rata interests.

⁽²⁾ Includes investment property held for sale in the office sector.

Block C of Cullinan Office Park is occupied by Fortress Real Estate Investments Limited since May 2018 and is shown under Property at R24,422 million.

Schedule of properties continued

at 30 June 2024

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														
149		City Deep Industrial Park	100,0	Gauteng	54 707	54 707	–	51	30 Nov 15	264 700	Industrial	250 061	Cnr Outspan Road and Fortune Street City Deep	149
150		Isando Business Park	100,0	Gauteng	54 479	54 479	14,6	58	30 Nov 15	354 000	Industrial	242 900	Cnr Andre Greyvenstein Avenue and Hulley Street Isando	150
151		Otto Volek Road Pinetown	100,0	KwaZulu-Natal	18 296	18 296	–	63	30 Nov 15	83 500	Industrial	97 600	22 Otto Volek Road Pinetown	151
152		60 North Reef Road Elandsfontein	100,0	Gauteng	24 686	24 686	–	&	30 Nov 15	133 600	Industrial	96 725	60 North Reef Road Elandsfontein Germiston	152
153		Jonas Road Germiston	100,0	Gauteng	34 878	34 878	–	49	30 Nov 15	158 000	Industrial	96 643	Jonas Road Elandsfontein Germiston	153
154		154 Monteer Road Isando	100,0	Gauteng	22 445	22 445	–	&	30 Nov 15	100 700	Industrial	84 625	22 Monteer Road Isando	154
155		16 Industrie Road	100,0	Gauteng	11 245	11 245	–	&	30 Nov 15	74 000	Industrial	80 172	18 Industrie Road Isando	155
156		Clovelly Business Park Midrand	100,0	Gauteng	12 516	12 516	–	66	30 Nov 15	59 300	Industrial	73 259	342 Old Pretoria Road Midrand	156
157		Eastside Corporate Park Midrand	100,0	Gauteng	9 395	9 395	–	61	30 Nov 15	49 000	Industrial	66 457	807 Richards Drive Midrand	157
158		Waterpas Street Isando	100,0	Gauteng	14 718	14 718	41,9	&	30 Nov 15	109 000	Industrial	56 524	2 Waterpas Street Isando	158
159		Lakeview Business Park	100,0	Gauteng	9 118	9 118	–	59	30 Nov 15	50 700	Industrial	55 818	Yaldwyn Road Jet Park	159
160		Chemserve Spartan	100,0	Gauteng	14 905	14 905	33,9	&	30 Nov 15	69 700	Industrial	44 733	3 Johann Birkart Road Kempton Park	160
161		Robertville Industrial	100,0	Gauteng	9 137	9 137	–	&	30 Nov 15	44 200	Industrial	43 890	1067 Katrol Avenue Robertville	161
162		Tradeport Merino (previously Torre City Deep)	100,0	Gauteng	15 444	15 444	100,0	&	30 Nov 15	115 000	Industrial	39 828	59 Merino Avenue City Deep	162
163		7 Nywerheid Street Tunney	100,0	Gauteng	4 183	4 183	–	&	30 Nov 15	32 800	Industrial	29 569	7 Nywerheid Street Tunney	163
164		1105 Anvil Road Robertville	100,0	Gauteng	10 800	10 800	–	&	30 Nov 15	49 500	Industrial	28 123	1105 Anvil Road Robertville	164
165		100 Dekema Road Wadeville	50,0	Gauteng	7 500	3 750	–	&	1 Dec 16	14 920	Industrial	19 014	100 Dekema Road Wadeville	165
166		11 Covora Road Jet Park	100,0	Gauteng	3 831	3 831	–	&	30 Nov 15	17 600	Industrial	17 209	11 Covora Road Jet Park	166
167		1338 Staal Road Stormill	100,0	Gauteng	4 320	4 320	–	&	1 Dec 16	19 300	Industrial	15 397	1338 Staal Road Stormill	167
168		560 Malcolm Moodie Crescent Jet Park	100,0	Gauteng	2 288	2 288	–	&	30 Nov 15	15 000	Industrial	14 950	560 Malcolm Moodie Crescent Jet Park	168
169		8 Field Street Wilbart	100,0	Gauteng	3 473	3 473	–	&	1 Oct 09	10 400	Industrial	14 645	8 Field Street Wilbart	169
170		5 Midley Roads Jet Park (previously Rudo Nel Jet Park)	100,0	Gauteng	2 292	2 292	–	&	1 Dec 16	27 700	Industrial	14 230	5 Midley Roads Hughes Jet Park	170
171		Hilston Street Kya Sands	100,0	Gauteng	3 185	3 185	–	&	1 Oct 09	10 300	Industrial	11 262	Hilston Street Kya Sands	171
172		Prolecon Industrial Park	100,0	Gauteng	4 595	4 595	17,7	38	1 Dec 16	22 776	Industrial	10 554	2 and 4 Prolecon Road Prolecon	172
173		20 Industrial Crescent Witbank	50,0	Mpumalanga	2 680	1 340	–	&	1 Dec 16	7 900	Industrial	10 250	20 Industrial Crescent Witbank	173
174		32 Mandy Road	100,0	Gauteng	6 193	6 193	–	41	1 Oct 09	16 900	Industrial	9 600	32 Mandy Road Reuven	174
175		25 Angus Crescent Longmeadow	50,0	Gauteng	1 680	840	–	&	1 Dec 16	7 000	Industrial	8 686	25 Angus Crescent Longmeadow	175
176		66 Kyalami Boulevard	100,0	Gauteng	1 296	1 296	–	&	1 Oct 09	11 700	Industrial	7 549	59 Kyalami Boulevard Kyalami Business Park Midrand	176
177		37 Kindon Road Robertsham	50,0	Gauteng	3 400	1 700	–	&	1 Dec 16	4 640	Industrial	7 040	37 Kindon Road Robertsham	177
178		44 Neptune Street Paarden Eiland	50,0	Western Cape	1 785	893	–	&	1 Dec 16	3 450	Industrial	6 630	44 Neptune Street Paarden Eiland	178
179		312 Mitchell Street Pretoria West	50,0	Gauteng	1 741	871	–	&	1 Dec 16	5 400	Industrial	6 340	312 Mitchell Street Pretoria West	179
180		66 Booyesen Street	100,0	Gauteng	3 089	3 089	–	54	1 Oct 09	8 300	Industrial	6 311	66 Booyesen Street Reuven	180
181		19A Dorsetshire Street Paarden Eiland	50,0	Western Cape	1 350	675	–	&	1 Dec 16	4 450	Industrial	5 425	19A Dorsetshire Street Paarden Eiland	181
182		216 Winze Road Stormill	50,0	Gauteng	1 466	733	–	&	1 Dec 16	3 140	Industrial	4 570	216 Winze Road Stormill	182
183		40 Beechfield Crescent Springfield	50,0	Kwazulu-Natal	965	483	–	&	1 Dec 16	2 750	Industrial	3 833	40 Beechfield Crescent Springfield	183

Schedule of properties continued

at 30 June 2024

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 – Inofort (51,46%)													
184	Island Works	51,46	Western Cape	22 243	11 446	6,8	102	1 Mar 22	94 995	Industrial	98 050	20 Cumberland Road Paarden Eiland	184
185	Tambo Exchange	51,46	Gauteng	25 416	13 079	3,5	71	30 Nov 15	68 442	Industrial	77 918	Jones Road Jet Park	185
186	Malibongwe Exchange	51,46	Gauteng	15 496	7 974	0,6	80	30 Nov 15	49 607	Industrial	50 462	123 Malibongwe Drive Strijdompark	186
187	Textile Exchange	51,46	Western Cape	17 188	8 845	1,5	59	1 Mar 22	43 331	Industrial	47 997	19 Tekstiel Road Parow	187
188	Powder Mill	51,46	Western Cape	8 431	4 339	3,5	118	1 Mar 22	46 467	Industrial	47 570	5 Sunrise Circle Ndabeni	188
189	Maitland (ITL)	51,46	Western Cape	14 056	7 233	–	*	1 Mar 22	39 522	Industrial	38 784	5 9th Avenue Maitland	189
190	Eastborough Exchange	51,46	Gauteng	9 054	4 659	9,6	79	30 Nov 15	25 576	Industrial	31 409	15 – 21 Olympia Street Eastgate	190
191	Electron Exchange	51,46	Gauteng	10 728	5 521	6,7	74	30 Nov 15	24 701	Industrial	27 541	50 Electron Avenue Isando	191
192	Epping Works	51,46	Western Cape	7 842	4 035	22,9	77	1 Mar 22	23 708	Industrial	25 592	4 Moorsom Avenue Epping Industria 2	192
193	Lanzerac Works	51,46	Gauteng	9 411	4 843	37,9	89	30 Nov 15	23 363	Industrial	23 730	Old Pretoria Road Halfway House	193
194	Sandton Works	51,46	Gauteng	7 867	4 048	8,1	72	30 Nov 15	24 186	Industrial	22 377	15th Street Eastgate	194
195	Merinda Works	51,46	Gauteng	8 130	4 184	9,8	64	30 Nov 15	18 834	Industrial	21 089	71 – 73 Rudo Nel Street Jet Park	195
196	Olympia Works	51,46	Gauteng	8 078	4 157	17,0	64	30 Nov 15	20 172	Industrial	21 032	9 – 13 Olympia Street Eastgate	196
197	Wadeville Works	51,46	Gauteng	10 142	5 219	9,0	65	1 Dec 16	18 526	Industrial	20 067	7 Crocker Road Wadeville	197
198	Coventry Works	51,46	Gauteng	6 437	3 312	23,1	73	30 Nov 15	16 982	Industrial	15 919	675 Old Pretoria Road Midrand	198
199	Wynberg Workshops Block B	51,46	Gauteng	5 349	2 753	6,6	71	1 Mar 22	11 632	Industrial	14 800	139 6th Street Wynberg	199
200	Wynberg Workshops Block C	51,46	Gauteng	4 763	2 451	27,7	67	1 Mar 22	11 355	Industrial	11 672	56 6th Street Wynberg	200
201	Rutland Works	51,46	Gauteng	4 405	2 267	5,9	69	30 Nov 15	10 755	Industrial	11 538	30 Main Street Eastleigh Edenvale	201
202	Maitland Mini	51,46	Western Cape	3 132	1 612	–	71	1 Mar 22	10 160	Industrial	10 184	Block D 47 8th Avenue Maitland	202
203	Island Works Extension	51,46	Western Cape	1 595	821	–	*	1 Mar 22	10 292	Industrial	10 122	18 Cumberland Road Paarden Eiland	203
204	Richards Exchange	51,46	Gauteng	3 301	1 699	–	71	30 Nov 15	8 388	Industrial	9 391	778 Richards Drive Midrand	204
205	Maitland Stores	51,46	Western Cape	1 777	915	30,0	139	1 Mar 22	5 329	Industrial	7 386	5 9th Avenue Maitland	205
206	Light Works	51,46	Gauteng	2 106	1 084	–	45	1 Mar 22	5 680	Industrial	3 731	Unit 2A 6th Street Wynberg	206
Total industrial				585 028	473 295	8,9 ^{(1) (2)}	60 ⁽²⁾		2 573 329		2 228 783		

* Single tenanted property. The average gross rental of single tenanted industrial properties is R46/m², which includes the industrial properties held for sale and disclosed below.

⁽¹⁾ Based on Fortress' pro rata interests.

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

Other – Residential

207	Copper Lake Estate	60,0	Eastern Cape	17 361	10 417	–	*	1 Oct 09/ 1 Jul 10	64 689	Other – Residential	123 000	Sisson Street Mthatha	207
Total other – Residential				17 361	10 417	–	*		64 689		123 000		

Other – Serviced apartments

208	The Prism	50,1	Gauteng	10 164	5 092	–	*	1 Dec 16	58 518	Other – Serviced apartments	75 150	29 De La Rey Road Edenburg	208
Total other – Serviced apartments				10 164	5 092	–	*		58 518		75 150		

* Single tenanted property and the only property in the sector. The average gross rental of single tenanted other properties is R157/m².

Schedule of properties continued

at 30 June 2024

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
Investment property under development											
Eastport Logistics Park	65,0	Gauteng	–	–			15 Mar 17	235 910 [§]	Logistics	235 910	Cnr R21 and R25 Freeways Ekurhuleni
Clairwood Logistics Park	100,0	KwaZulu-Natal	–	–			30 Nov 15	561 075 [§]	Logistics	232 965	89 Barrier Lane Moberi East
Longlake Logistics Park	100,0	Gauteng	–	–			14 Jul 17	189 687 [§]	Logistics	179 756	Ashworth and Laneshaw Streets Longlake
Sandton Office Land – Stella and West Streets	100,0	Gauteng	–	–			12 Oct 18	575 302 [§]	Office	150 010	Cnr Stella and West Streets Sandton
Cornubia Ridge Logistics Park	50,1	KwaZulu-Natal	–	–			1 Nov 16	134 674 [§]	Logistics	134 674	N2 Highway KwaZulu-Natal
Greenbushes Land	100,0	Eastern Cape	–	–			30 Nov 15	117 964 [§]	Logistics	72 157	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	50,0	Gauteng	–	–			30 Nov 15	32 671 [§]	Logistics	30 000	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	18 226 [§]	Retail	18 226	Cnr Eastern Road and Golden Highway Evaton West
Flamwood Land	100,0	North West	–	–			1 Jul 12/ 5 Apr 23	13 631 [§]	Retail	13 631	Brother Patrick Lane Klerksdorp
Union Park Logistics Park	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 Platteklouf 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			–	–				2 075 249		1 179 433	
Total investment property			3 229 418	2 620 159				17 098 007		30 159 431	

[§] Purchase price includes capitalised costs to date.

– Development on land previously acquired by Fortress.

Investment property held for sale

	Eastport Logistics Park – Teraco Land	65,0	Gauteng	–	–			15 Mar 17	113 073	Logistics	133 250	Cnr R21 and R25 Freeways Ekurhuleni	
209	Fourways Office Park	100,0	Gauteng	15 122	15 122	35,7	70	30 Nov 15	179 000	Office	103 700	40 Roos Street Fourways	209
210	Kimberley Junction	100,0	Northern Cape	5 633	5 633	17,0	219	1 Dec 16	83 750	Retail	97 000	Cnr Phakamile Mabija Road and Currey Street Kimberley	210
211	1 Setchel Road Roodekop	100,0	Gauteng	28 990	28 990	–	*	30 Nov 15	153 000	Industrial	96 250	1 Setchel Road Roodekop	211
212	Hobart Square	100,0	Gauteng	6 630	6 630	61,9	109	30 Nov 15	103 000	Office	43 000	23 Hobart Road Bryanston	212
213	Centurion Office Park	100,0	Gauteng	7 544	7 544	48,7	94	30 Nov 15	88 000	Office	40 000	1257 Embankment Road Centurion	213
214	35 Reedbuck Crescent	100,0	Gauteng	3 202	3 202	–	*	30 Nov 15	16 400	Logistics	25 450	35 Reedbuck Crescent Corporate Park South Midrand	214
215	Milkyway Road Crown Mines	100,0	Gauteng	3 865	3 865	–	*	30 Nov 15	25 000	Logistics	25 000	18 Milkyway Road Crown Mines	215
216	146 Serenade Road Rustivia	100,0	Gauteng	4 400	4 400	–	*	30 Nov 15	40 900	Logistics	21 000	146 Serenade Road Rustivia	216
217	9 Reedbuck Crescent	100,0	Gauteng	1 950	1 950	–	70	30 Nov 15	10 400	Logistics	13 800	9 Reedbuck Crescent Corporate Park South Midrand	217
218	71 Tsessebe Crescent	100,0	Gauteng	1 809	1 809	–	*	30 Nov 15	9 200	Logistics	13 000	71 Tsessebe Crescent Corporate Park South Midrand	218
	Total held for sale			79 145	79 145				821 723		611 450		
	Total South African portfolio			3 308 563	2 699 304	4,1	96		17 919 730		30 770 881		

Schedule of properties continued

at 30 June 2024

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		
Fortress – Europe													
219	Łódź Logistics Park – Hall A	100,0	Poland	53 251	53 251	–	89	14 Jan 22/ 23 Jun 22	~	Logistics – Europe	625 345	2 Inwestycyjna Street 95-080 Gluchów	219
220	Zabrze Logistics Park – Hall A	100,0	Poland	23 529	23 529	–	89	23 Feb 22	~	Logistics – Europe	365 853	24 Macieja Mielżyńskiego Street 41-850 Zabrze	220
221	Eli Park – DC1 & DC2	100,0	Romania	20 353	20 353	–	®	1 Jul 21	220 312	Logistics – Europe	274 498	Soseaua Bucuresti-Pitesti, Km 16, Tarla 15, Parcela 420, Buftea, Judet Ilfov	221
222	Bydgoszcz Logistics Park – Hall D	100,0	Poland	17 910	17 910	–	®	12 Dec 20	203 779	Logistics – Europe	267 283	32 Mokra Street Bydgoszcz	222
223	Bydgoszcz Logistics Park – Hall E	100,0	Poland	18 052	18 052	24,2	78	12 Dec 20	–	Logistics – Europe	266 893	32 Mokra Street Bydgoszcz	223
224	Bydgoszcz Logistics Park – Hall B	100,0	Poland	16 332	16 332	–	77	12 Dec 20	~	Logistics – Europe	266 893	32 Mokra Street Bydgoszcz	224
225	Eli Park – DC3	100,0	Romania	17 923	17 923	–	87	1 Jul 21	192 039	Logistics – Europe	238 438	Soseaua Bucuresti-Pitesti, Km 16, Tarla 15, Parcela 420, Buftea, Judet Ilfov	225
226	Stargard Logistics Park – Hall D	100,0	Poland	15 727	15 727	–	81	12 Dec 20	~	Logistics – Europe	236 675	10A Metalowa Street Stargard	226
227	Bydgoszcz Logistics Park – Hall A	100,0	Poland	9 183	9 183	–	94	12 Dec 20	108 601	Logistics – Europe	152 650	32 Mokra Street Bydgoszcz	227
228	Eli Park – DC4	100,0	Romania	11 854	11 854	–	88	1 Jul 21	126 556	Logistics – Europe	154 014	Soseaua Bucuresti-Pitesti, Km 16, Tarla 15, Parcela 420, Buftea, Judet Ilfov	228
229	Stargard Logistics Park – Hall A	100,0	Poland	11 480	11 480	33,5	84	12 Dec 20	114 011	Logistics – Europe	148 751	10A Metalowa Street Stargard	229
230	Bydgoszcz Logistics Park – Hall F	100,0	Poland	4 935	4 935	–	®	12 Dec 20	75 808	Logistics – Europe	100 987	32 Mokra Street Bydgoszcz	230
Total Fortress – Europe				220 529	220 529	3,7	86		1 041 106		3 098 280		

® 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	238 608 [§]	Logistics – Europe	238 608	Crossroads Mielżyńskiego and Szkubacza Street Zabrze	
Bydgoszcz Logistics Park	100,0	Poland	–	–	–	–	12 Dec 20	90 821 [§]	Logistics – Europe	90 821	32 Mokra Street Bydgoszcz	
Łódź Logistics Park	100,0	Poland	–	–	–	–	14 Jan 22/ 23 Jun 22	88 157 [§]	Logistics – Europe	88 157	1 Inwestycyjna Street Gluchów	
Stargard Logistics Park	100,0	Poland	–	–	–	–	12 Dec 20	60 735 [§]	Logistics – Europe	60 735	10A Metalowa Street Stargard	
Total property under development – Fortress Europe				–	–	–	–	478 321		478 321		
Total European portfolio				220 529	220 529	3,7	86		1 519 427		3 576 601	
Grand total portfolio				3 529 092	2 919 833	4,0	95		19 439 157		34 347 482	

§ Purchase price includes capitalised costs to date and effects of foreign exchange rates.

Note: The GLA shown in the table shows both 100% of the building's GLA, as well as Fortress' pro rata percentage ownership GLA. The original cost and valuation reflect Fortress' pro rata percentage ownership of the building.



Other information



Eastport Logistics Park
Building 7 (Crusader Logistics)
Kempton Park, Gauteng
Total GLA: 19 736m² • Interest: 65%

Powering Growth

Auditor's assurance report on the compilation of the *pro forma* financial information

To the directors of Fortress Real Estate Investments Limited

Introduction

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

The *pro forma* financial information comprises of the management accounts summarised consolidated statement of financial position, summarised consolidated statement of comprehensive income, Basic earnings per FFB share, Diluted earnings per FFB share, Headline earnings per FFB share, Diluted headline earnings per FFB share, NAV per equity share (going concern), TNAV per equity share (going concern), LTV ratio, Net property expense ratio, Gross property expense ratio, Net total expense ratio, and Gross total expense ratio, and the related notes for the year ended 30 June 2024 (collectively "*pro forma* financial information" or "*pro forma* management accounts").

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

The *pro forma* financial information has been compiled by the Directors to illustrate the effects of proportionately consolidating specific assets and liabilities of entities not wholly owned by Fortress, and fair valuing the respective investments held in associates, as at 30 June 2024 to reflect Fortress' economic interests in assets and liabilities and revenue and expenditure ("management accounts adjustments").

As part of this process, information about the Group's financial position and financial performance has been extracted by the Directors from the Annual Financial Statements for the year ended 30 June 2024 ("Audited Consolidated Financial Statements"), on which an unmodified auditor's report was issued on 29 August 2024.

Directors' responsibility for the *Pro forma* Financial Information

The Directors are solely responsible for the compilation and presentation of the *pro forma* financial information on the basis of the applicable criteria specified in paragraphs 8.15 to 8.33 of the JSE Listings Requirements, and described in the basis of preparation set out in the Management Accounts section of the Annual financial statements and Annexure 2: Management Accounts of the Summary consolidated financial statements ("Applicable Criteria").

Our Independence and Quality Management

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

KPMG Inc. applies the International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management

including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent Reporting Accountant's responsibilities

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the Directors on the basis specified in paragraphs 8.15 to 8.33 of the JSE Listings Requirements and described in the basis of preparation set out in the Management Accounts section of the Annual financial statements and Annexure 2: Management Accounts of the Summary consolidated financial statements.

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

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* Financial Information of

Fortress, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information other than the Audited Consolidated Financial Statements.

The purpose of *pro forma* financial information included in the Management Accounts section of the Annual financial statements for the year ended 30 June 2024 and Annexure 2: Management Accounts of the Summary consolidated financial statements is solely to illustrate the impact of the management accounts adjustments on the unadjusted audited consolidated financial statements on the basis detailed in the basis of preparation described in Annexure 2: Management Accounts of the Summary consolidated financial statements. Accordingly, we do not provide any assurance that the actual outcome of the implementation of the management accounts adjustments would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the Directors in the compilation of the *pro forma* financial

information provides a reasonable basis for presenting the significant effects directly attributable to the events and to obtain sufficient appropriate evidence about whether:

- The related management accounts adjustments give appropriate effect to the Applicable Criteria; and
- The *pro forma* financial information reflects the proper application of the management accounts adjustments to the unadjusted Audited Consolidated Financial Statements.

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

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

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

Opinion

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

financial statements.

Restriction on use

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

KPMG Inc.

Registered Auditor

Per Roxanne Solomon
Chartered Accountant (SA)
Registered Auditor
Director

29 August 2024

KPMG Crescent
85 Empire Road
Parktown
2193

Management accounts

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

	Jun 2024	Jun 2023
NAV per share [^]	R25,09	R15,51
LTV ratio** (%)	38,5	36,2
Net property expense ratio (%)	24,2	25,1
Gross property expense ratio (%)	41,6	41,2
Net total expense ratio (%)	21,8	21,7
Gross total expense ratio (%)	35,3	33,8

[^] The NAV per share is calculated as the total NAV divided by the aggregate number of FFA and FFB shares in issue, less shares held in treasury.

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

Basis of preparation

In order to provide information of relevance to investors, we present management accounts in addition to IFRS[®] Accounting Standards. While the management accounts are based on the audited financial information for the year ended 30 June 2024, these have been adjusted for the *pro forma* adjustments and therefore constitute *pro forma* financial information per the JSE Listings Requirements. The management accounts have been prepared on the following basis:

- The group's interest in Arbour Town, an associate, accounted for using the equity method for IFRS[®] Accounting Standards purposes, is proportionately consolidated;
- The group's listed investment in NEPI Rockcastle, that is accounted for using the equity method for IFRS[®] Accounting Standards purposes, is fair valued; and
- The group accounts for its share of the assets, liabilities and results of partially-owned subsidiaries (Bridge, Cornubia, Mantraweb Residential, Inofort and The Prism) on a proportionately consolidated basis instead of consolidating them.

The *pro forma* financial information ("management accounts") has been prepared in terms of the JSE Listings Requirements and the SAICA Guide on *pro forma* Financial Information.

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

Directors' responsibility statement

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

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

Management accounts adjustments

Adjustment 1

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

It effectively discloses the group's interest in the assets, liabilities and results of operations from these investments by disclosing the management accounts for the year ended 30 June 2024 on a line-by-line basis.

This is a continuing adjustment for management accounts purposes.

Adjustment 2

The investment in NEPI Rockcastle is reflected at fair value by multiplying the 107 981 399 shares held by the quoted closing price of R131,37 per share at 30 June 2024. All entries relating to accounting for this investment using the equity method are reversed.

This is a continuing adjustment for management accounts purposes.

Adjustment 3

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

It uses the management accounts for the year ended 30 June 2024 of Bridge, Cornubia, Mantraweb Residential, Inofort and The Prism to reverse the non-controlling interests to reflect the group's interest in the assets, liabilities and results of operations from these investments.

This is a continuing adjustment for management accounts purposes.

Summarised consolidated statement of financial position

	Extracted from IFRS [®] Accounting Standards financial statements Jun 2024 R'000	Adj 1 Fair value accounting for investments in associate – Arbour Town Jun 2024 R'000	Adj 2 Fair value accounting for investments in associate – NEPI Rockcastle Jun 2024 R'000	Adj 3 Proportionate consolidation of partially-owned subsidiaries Jun 2024 R'000	Management accounts Jun 2024 R'000
Assets					
Non-current assets	49 464 494	1 278	–	(863 539)	48 602 233
Investment property	31 740 049	775 689		(1 072 996)	31 442 742
Straight-lining of rental revenue adjustment	609 504	30 316		(4 321)	635 499
Investment property under development	1 657 755				1 657 755
Property	24 422				24 422
Investment in and loans to associates	14 990 246	(804 727)	(14 185 519)		–
Investments	–		14 185 519		14 185 519
Deferred tax	442 518			(1 405)	441 113
Loans to co-owners	–			215 183	215 183
Current assets	3 514 839	8 658	–	(21 126)	3 502 371
Trade and other receivables	1 326 412	6 574		(14 951)	1 318 035
Cash and cash equivalents	2 188 427	2 084		(6 175)	2 184 336
Non-current assets held for sale	611 450	–	–	–	611 450
Investment property and investment property under development held for sale	607 547				607 547
Straight-lining of rental revenue adjustment	3 903				3 903
Total assets	53 590 783	9 936	–	(884 665)	52 716 054
Equity and liabilities					
Total equity attributable to equity holders	29 865 807	–	–	–	29 865 807
Stated capital	36 679 208				36 679 208
Currency translation reserve	631 081		(313 553)		317 528
Reserves	(7 444 482)		313 553		(7 130 929)
Non-controlling interests	199 430			(199 430)	–
Total equity	30 065 237	–	–	(199 430)	29 865 807
Total liabilities	23 525 546	9 936	–	(685 235)	22 850 247
Non-current liabilities	17 530 940	–	–	(663 873)	16 867 067
Interest-bearing borrowings	16 968 561			(604 454)	16 364 107
Deferred tax	562 379			(59 419)	502 960
Current liabilities	5 994 606	9 936	–	(21 362)	5 983 180
Trade and other payables	1 282 898	9 936		(21 624)	1 271 210
Income tax payable	109 346			262	109 608
Interest-bearing borrowings	4 602 362				4 602 362
Total equity and liabilities	53 590 783	9 936	–	(884 665)	52 716 054
TNAV per share	25,19				25,14
NAV per share	25,09				25,09

Management accounts continued

Summarised consolidated statement of comprehensive income

	Extracted from IFRS® Accounting Standards financial statements Jun 2024 R'000	Adj 1 Fair value accounting for investments in associate – Arbour Town for the year ended Jun 2024 R'000	Adj 2 Fair value accounting for investments in associate – NEPI Rockcastle for the year ended Jun 2024 R'000	Adj 3 Proportionate consolidation of partially-owned subsidiaries for the year ended Jun 2024 R'000	Management accounts for the year ended Jun 2024 R'000
Recoveries and contractual rental revenue	4 270 852	112 852		(158 579)	4 225 125
Straight-lining of rental revenue adjustment	112 655	244		(641)	112 258
Revenue from direct property operations	4 383 507	113 096	–	(159 220)	4 337 383
Revenue from investments	–		1 415 846		1 415 846
Total revenue	4 383 507	113 096	1 415 846	(159 220)	5 753 229
Fair value gain on investment property, investments and derivative financial instruments	597 539	27 755	3 069 505	(40 037)	3 654 762
Fair value gain on investment property	637 063	27 999		(44 502)	620 560
Adjustment resulting from straight-lining of rental revenue	(112 655)	(244)		641	(112 258)
Fair value gain on investments	159 250		3 069 505	–	3 228 755
Fair value loss on derivative financial instruments	(86 119)			3 824	(82 295)
Property operating expenses	(1 764 773)	(54 823)		60 861	(1 758 735)
Administrative expenses	(238 357)	(260)		5 771	(232 846)
Reversal of impairment of staff scheme loans	6 831				6 831
IFRS 2: <i>Share-based Payment</i> – employee incentive scheme	(93 791)				(93 791)
Reversal of impairment of investment in associates	2 520 182		(2 520 182)		–
Foreign exchange gain	13 401				13 401
Loss on sale of interest in associate	(63 908)		63 908		–
Income from associates	2 129 673	(85 953)	(2 043 720)	–	–
– Distributable	1 473 800	(57 954)	(1 415 846)	–	–
– Non-distributable	655 873	(27 999)	(627 874)	–	–
Profit before net finance costs	7 490 304	(185)	(14 643)	(132 625)	7 342 851

Summarised consolidated statement of comprehensive income continued

	Extracted from IFRS® Accounting Standards financial statements Jun 2024 R'000	Adj 1 Fair value accounting for investments in associate – Arbour Town for the year ended Jun 2024 R'000	Adj 2 Fair value accounting for investments in associate – NEPI Rockcastle for the year ended Jun 2024 R'000	Adj 3 Proportionate consolidation of partially-owned subsidiaries for the year ended Jun 2024 R'000	Management accounts for the year ended Jun 2024 R'000
Profit before net finance costs	7 490 304	(185)	(14 643)	(132 625)	7 342 851
Net finance costs	(1 806 186)	185	–	87 479	(1 718 522)
Finance income	58 275	185		(149)	58 311
– Interest on staff scheme and other interest received	58 275	185		(149)	58 311
Finance costs	(1 864 461)	–	–	87 628	(1 776 833)
– Interest on borrowings	(2 014 471)	–		87 628	(1 926 843)
– Capitalised interest	150 010			–	150 010
Profit before income tax	5 684 118	–	(14 643)	(45 146)	5 624 329
Income tax	(1 337 888)	–		31 596	(1 306 292)
Profit for the year	4 346 230	–	(14 643)	(13 550)	4 318 037
Profit for the year attributable to:					
Equity holders of the company	4 332 680		(14 643)		4 318 037
Non-controlling interests	13 550			(13 550)	–
Profit for the year	4 346 230	–	(14 643)	(13 550)	4 318 037
Basic earnings per FFB share (cents)	370,03				368,78
Diluted earnings per FFB share (cents)	365,67				364,43
Headline earnings per FFB share (cents)	121,02				340,80
Diluted headline earnings per FFB share (cents)	119,59				336,77
Headline earnings					
Profit for the year attributable to equity holders	4 332 680				4 318 037
Adjusted for:	(2 915 685)				(327 675)
– Fair value (gain)/loss on investment property (including straight-lining adjustment)	(524 408)				(508 302)
– Current year income tax effects in respect of investment property	180 627				180 627
– Reversal of impairment of investment in associate	(2 520 182)				–
– Current year income tax effects in respect of investment in associate	544 359				–
– Fair value gain on investment property of associates	(785 651)				–
– Income tax effect	125 662				–
– Loss on sale of interest in associate	63 908				–
Headline earnings	1 416 995				3 990 362

Analysis of Fortress B ordinary shareholders

as at 28 June 2024

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder spread				
1 – 1 000	3 905	60,6	413 322	0,1
1 001 – 10 000	1 358	21,1	5 173 350	0,4
10 001 – 100 000	616	9,6	19 958 688	1,7
100 001 – 1 000 000	390	6,1	131 607 353	11,0
Over 1 000 000	176	2,6	1 035 648 580	86,8
Total	6 445	100,0	1 192 801 293	100,0

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Distribution of shareholders				
Assurance companies	31	0,5	22 613 027	1,9
Closed corporations	41	0,6	1 229 960	0,1
Collective investment schemes	343	5,3	398 769 834	33,4
Control accounts	4	0,1	67	0,0
Custodians	24	0,4	5 769 817	0,5
Foundations and charitable funds	53	0,8	9 092 894	0,8
Hedge funds	18	0,3	55 783 555	4,7
Insurance companies	3	0,0	1 400 149	0,1
Investment partnerships	9	0,1	75 072	0,1
Managed funds	45	0,7	4 123 164	0,3
Medical aid funds	17	0,3	12 327 072	1,0
Organs of state	9	0,1	261 151 931	21,9
Private companies	141	2,2	3 901 908	0,3
Public companies	10	0,2	19 153 124	1,6
Public entities	5	0,1	742 490	0,1
Retail shareholders	3 832	59,6	20 398 603	1,7
Retirement benefit funds	1 516	23,5	216 425 892	18,1
Scrip lending	15	0,2	119 441 607	10,0
Sovereign funds	3	0,0	5 181 088	0,4
Stockbrokers and nominees	20	0,3	27 275 586	2,3
Trusts	298	4,6	7 941 979	0,7
Unclaimed scrip	8	0,1	2 474	0,0
Total	6 445	100,0	1 192 801 293	100,0

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder type				
Non-Public Shareholders	56	0,87	8 617 081	0,72
Directors and Associates	55	0,85	6 352 681	0,53
Treasury shares	1	0,02	2 264 400	0,19
Public Shareholders	6 389	99,13	1 184 184 212	99,28
Total	6 445	100,00	1 192 801 293	100,00

	Number of shares	% of issued capital
Registered shareholders owning 5% or more of the issued shares		
Government Employees Pension Fund	192 493 549	16,14
Total	192 493 549	16,14

	Number of shares	% of issued capital
Fund managers holding more than 5% of issued shares		
Public Investment Corporation	212 705 535	17,83
Meago Asset Management	81 702 074	6,85
Sesfikile Capital	74 923 330	6,28
Coronation Asset Management	71 695 200	6,01
Catalyst Fund Managers	69 709 174	5,84
Total	510 735 313	42,81

	Number of shares	% of issued capital
Beneficial shareholders with a holding greater than 5% of the issued shares		
Public Investment Corporation	261 151 931	21,89
Coronation Asset Management	71 695 200	6,01
Eskom Pension and Provident Fund	62 089 605	5,21
Total	394 936 736	33,11

Corporate diary

These dates are provisional and are subject to change.

Final 2024

Financial year-end

Publication of audited annual financial statements and results
SENS

Press and presentation

Integrated report and notice of annual general meeting posted

Annual general meeting (at 11h00)

Sunday, 30 June 2024

Thursday, 29 August 2024

Friday, 30 August 2024

Thursday, 31 October 2024

Tuesday, 3 December 2024

Corporate information

Company details

Fortress Real Estate Investments Limited

Incorporated in the Republic of South Africa
Registration number: 2009/016487/06
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)

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