

## FORTRESS REIT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2009/016487/06)

JSE share codes: FFA ISIN: ZAE000248498

FFB ISIN: ZAE000248506

Bond company code: FORI

LEI: 378900FE98E30F24D975

(Approved as a REIT by the JSE)

("Fortress")



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## PRE-CLOSE OPERATIONAL UPDATE

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Shareholders and noteholders are referred to the interim results announcement for the six-month period ended 31 December 2020, released on SENS on 10 March 2021. We hereby provide an update on Fortress' operations.

### *Logistics and logistics developments*

Shareholders and noteholders are referred to the SENS announcement published on 17 May 2021 wherein we advised that Fortress has entered into a binding agreement to develop a new distribution centre for Pick n Pay at our Eastport Logistics Park ("Eastport"). Salient details of the agreement were contained in that announcement and development activities have commenced on the site.

We have let a building with a gross lettable area ("GLA") of 20 232m<sup>2</sup>, scheduled for completion in July 2021, to online retailer Takealot and we are furthermore in negotiations with a prospective tenant for a completed building measuring 13 756m<sup>2</sup> at Eastport. We have let an additional 14 257m<sup>2</sup> of GLA at Clairwood Logistics Park to Super Group on a five-year lease.

### *Retail*

On a like-for-like basis for the nine-month period ended 31 March 2021, compared to the nine-month period ended 31 March 2020, tenant turnover figures in our retail portfolio have increased by 0,9%.

Our retail portfolio, comprising of CBD, Rural, Suburban and Township centres, continues to show its defensiveness in this challenging trading environment.

### *Vacancies*

We present a summary of the vacancy per sector at 31 December 2020 and 31 May 2021 in the table below. The vacancies are forecast to reduce once properties with high vacancies have transferred, most notably 409 West Street and Oak Avenue Highveld. The vacancy in the core retail and logistics portfolios remains satisfactory.

Sector	Based	Based
	on GLA	on GLA
	Dec 2020	May 2021
	%	%
<b>Total (including CEE*)</b>	<b>6,8</b>	<b>9,0</b>
Logistics – South Africa	4,3	4,5
Retail	5,3	5,3
Industrial	7,9	14,3
Office	26,8	34,5
Other^	2,9	2,9
Logistics – CEE	-	5,5

*Information based on management accounts.*

*\* Central and Eastern Europe.*

*^ Includes a hotel, residential units, motor dealerships and serviced apartment properties.*

## Direct property disposals

Our disposals programme of non-core properties has continued successfully. Total disposals for the financial year-to-date are R1,51 billion in net proceeds against a book value at 30 June 2020 of R1,46 billion. The following properties have transferred since 30 June 2020:

Property name	Sector	Net proceeds R'000	Book value Jun 2020 R'000	Transfer date
Cornubia Ridge Logistics Park (49.9% share)#	Logistics	454 289	416 326	Dec 2020
Louwlandia Logistics Park – Building 2 (WAG) (50% undivided share)	Logistics	154 500	154 500	Aug 2020*
Sunnyrock Close Germiston	Industrial	91 130	91 130	Jun 2021
Protea Centre	Retail	83 000	83 000	Sep 2020
Nongoma Shopping Centre	Retail	80 200	70 000	Jun 2021
Eastport Logistics Park (65% share) – land portion only	Logistics land	71 175	58 693	Nov 2020**
38 Isando Road Isando^	Industrial	70 000	75 510	Mar 2021
Shoprite Port Shepstone	Retail	67 320	68 000	Oct 2020
30 Bell Street Hennospark^	Industrial	51 500	52 000	Mar 2021
Elliot Avenue Epping	Industrial	45 000	45 000	Nov 2020
2 Drakensberg Drive Longmeadow	Logistics	39 500	41 210	Dec 2020
Modderfontein Road Longmeadow	Other - Motor dealership	32 725	31 400	Dec 2020
204 Rivonia Road Morningside (Blocks C and E)	Office	30 830	30 830	Aug and Sep 2020**
Nywerheid and Evergreen^	Industrial	28 000	28 951	Apr 2021
189 Monte Carlo Crescent Kyalami	Office	26 235	26 235	Sep 2020
Makhado Square	Retail	25 750	31 000	Jun 2021
122 Koornhof Road Meadowdale^	Industrial	23 000	23 197	Jan 2021
Louis Trichardt Street Nelspruit	Industrial	22 500	22 500	Sep 2020
8 and 16 Harry Street	Industrial	22 000	23 740	Nov 2020
Brunton Circle Founders View South	Logistics	18 000	19 680	Dec 2020
Lakeview Business Park (No. 9)^	Industrial	15 000	12 700	Apr 2021
Broad and Simmonds Streets	Industrial	14 550	14 550	Jul 2020
4 Neutron Street Linbro Park^	Logistics	14 250	13 700	Apr 2021
Groblersdal Centre	Retail	7 700	7 500	Nov 2020
Library Office Park^	Office	6 750	8 000	Feb 2021
Bart Street Wilbart	Industrial	5 940	5 940	Nov 2020
Sharland Street Driehoek^	Industrial	5 700	7 620	Mar 2021
		<b>1 506 544</b>	<b>1 462 912</b>	

# Book value at transfer date, net of impairment.

\* Effective date sale transaction was August 2020 with transfer in March 2021.

\*\* Effective date transaction. Proceeds have been received. Not yet transferred.

^ Held for sale at 31 December 2020

The following properties are classified as held for sale:

<b>Property name</b>	<b>Sector</b>	<b>Net proceeds R'000</b>	<b>Book value Jun-20 R'000</b>	<b>Transfer date</b>
Oak Avenue Highveld	Office	123 500	127 000	@
409 West Street	Retail	83 000	82 500	@
Pelican Park Jet Park	Industrial	60 021	59 380	@
		<b>266 521</b>	<b>268 880</b>	

@ Not yet transferred.

### ***Billings and collections***

Since January 2021 we have collected 99,8% of total billings.

### ***Funding, liquidity and treasury***

At 31 May 2021, Fortress had a total of R3,0 billion of cash and available facilities and remains comfortably within all debt covenants.

Fortress' loan-to-value ratio at 31 May 2021 was approximately 37,9%.

### ***Outlook***

Shareholders and noteholders are referred to the SENS announcement published on 21 May 2021 whereby dividend guidance per Fortress A and per Fortress B share was withdrawn in respect of the six-month period ending 30 June 2021.

18 June 2021

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Lead sponsor

JAVACAPITAL

Joint sponsor



Debt sponsor

