

## **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" or the "company")



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## **TRADING STATEMENT**

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Shareholders are referred to the trading and pre-close operational update released by Fortress on 6 June 2022, wherein the company advised that it expected distributable earnings for the year ending 30 June 2023 ("FY2023") to be approximately R1,91 billion, an increase of 12,4% over guided distributable earnings of R1,7 billion for the year ended 30 June 2022 ("FY2022").

Fortress advises that distributable earnings for FY2022 will be R1,707 billion. The company has further revised its distributable earnings guidance for FY2023 from R1,91 billion to R1,60 billion.

The downward revision primarily results from an estimated tax charge of approximately R350 million included in the FY2023 forecast of R1,60 billion noted above. This FY2023 tax charge stems from Fortress' current inability to meet the minimum distribution requirements for a REIT as per the JSE Listings Requirements in respect of FY2022. The cash retained in the business due to no dividends being paid for FY2022 has been conservatively assumed to repay debt and therefore lowers the absolute interest cost. However, the sharp rise in interest rates since the previous guidance was published, largely negates this assumed interest saving on cash retained. The revised upward distribution guidance published by NEPI Rockcastle S.A. on 23 August 2022 has been taken into account in the company's forecast.

This forecast is based on the following assumptions:

### **Fortress specific assumptions**

- Fortress ceases to be a REIT on or about 31 October 2022;
- No material sales nor acquisitions, outside of the planned pipeline, occur which necessitate a revision to this forecast;
- There is no unforeseen failure of material tenants in the company's portfolio;
- Contractual escalations and market-related renewals will be achieved with no major change in vacancy rates; and
- Tenants will be able to absorb the recovery of rising utility costs and municipal rates.

### **Macroeconomic and regulatory assumptions**

- There is no unforeseen material macroeconomic deterioration in the markets in which Fortress has exposure; and
- The South African Reserve Bank increases the repurchase rate by a further 75 basis points during the remainder of FY2023.

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

1 September 2022

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Lead sponsor

JAVACAPITAL

Joint sponsor



Debt sponsor

