

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”)



FURTHER UPDATE REGARDING THE COMPANY’S REIT STATUS AND THE DEMAND TO CALL GENERAL MEETINGS OF SHAREHOLDERS

The minimum distribution requirement of the JSE Listings Requirements prescribes that, in order to retain its REIT status, a REIT must distribute at least 75% of its distributable profits (as defined in the JSE Listings Requirements) to shareholders within four months of its financial year-end, subject to the solvency and liquidity test in terms of the Companies Act (“**Minimum Distribution Requirement**”). As a REIT, Fortress is required to submit a declaration in respect of its financial year ended 30 June 2022 (“**FY 2022**”) to the JSE by 31 October 2022 (i.e. within four months of its financial year-end), confirming that Fortress has complied with the JSE’s requirements to remain a REIT, including the Minimum Distribution Requirement (“**REIT declaration**”).

Fortress’ memorandum of incorporation (“**MOI**”) prevents the payment of a distribution where distributable earnings are less than the Fortress A (“**FFA**”) share Distribution Benchmark in respect of that period, which is the case for both the interim and final six-month periods of FY 2022. In these circumstances, Fortress cannot comply with the Minimum Distribution Requirement for FY 2022 and cannot submit the REIT declaration confirming compliance.

Shareholders are referred to the announcement published on 24 October 2022 wherein shareholders were advised that Fortress had received a demand to call general meetings of shareholders in terms of section 61(3) of the Companies Act (the “**Demand**”) in order for Fortress’ MOI to be amended to allow for the declaration of distributions on a split basis of 80:20 (FFA shares: FFB shares) for FY 2022, as well as for the financial years ending 30 June 2023 and 30 June 2024 (the “**Proposal**”). Shareholders were further advised that, even in the event that the requisite shareholder approvals for the Proposal are received, Fortress would only be in a position to meet the Minimum Distribution Requirement during January 2023 and accordingly, Fortress had requested the JSE to approve a distribution timetable with the record date and payment date of the distribution in relation to FY 2022 being on or before 31 January 2023 (the “**Dispensation Request**”).

The JSE has advised Fortress that, due to the prescriptive nature of sections 13.47 and 13.50 of the JSE Listings Requirements, the JSE does not have the discretion to grant the Dispensation Request.

Shareholders are further advised that, on 1 November 2022 and as provided for in the JSE Listings Requirements, Fortress received a letter from the JSE relating to Fortress’ REIT declaration and REIT status (“**JSE Letter**”). The JSE Letter noted that Fortress has not submitted a compliant REIT declaration and advised Fortress that:

- the Company is granted a further period of one month until 30 November 2022 in which to submit a compliant REIT declaration failing which Fortress’ REIT status will be removed by the JSE;
- failing compliance within 14 days of the JSE Letter, the JSE will release an announcement informing holders of securities that Fortress has not submitted a compliant REIT declaration and cautioning holders of securities that its REIT status is under threat of removal;
- Fortress’ REIT status will be removed by the JSE if it fails to submit a compliant REIT declaration by 30 November 2022 and the JSE will release an announcement confirming this fact; and
- any decision by the JSE relating to Fortress’ REIT status is subject to the objection process referred to in paragraph 1.4 of the JSE Listings Requirements.

Fortress still intends to meet its obligations in terms of the Companies Act and convene the general meetings in order for Fortress shareholders to vote on the Proposal, which general meetings are expected to be held on or about 12 January 2023.

Further information with regard to the REIT status of the Company and the Demand will be released in due course.

2 November 2022

Lead sponsor



Joint sponsor

