



Short-form announcement: Consolidated unaudited interim results

for the six months ended 31 December 2024

"Fortress is a real estate investment company with a portfolio of high-quality logistics and retail assets. We own a portfolio of logistics properties in South Africa and Central and Eastern Europe valued at R20,3 billion and a portfolio of retail properties of R10,7 billion, all located in South Africa. In addition, we hold approximately R16 billion in NEPI Rockcastle shares, which provides exposure to an outstanding retail portfolio in Central and Eastern Europe. Combined, these holdings provide shareholders with exposure to an approximately R50 billion real estate portfolio with a significant development pipeline, providing growth opportunities for the future.

We delivered a solid set of results for the six-month interim period ended 31 December 2024, with distributable earnings of 76,15 cents per share, which is 29,8% higher than the normalised distributable earnings per share for the previous corresponding six-month interim period ended 31 December 2023. The strategic shift into higher-growth and better-quality assets is bearing fruit, resulting in lower vacancy rates and improved like-for-like NOI growth across our core logistics and retail portfolios. We have seen a particularly good performance from our retail portfolio with 9,2% like-for-like NOI growth, stemming largely from recent and ongoing refurbishments and extensions, as well as the disposal of underperforming assets which were constraining growth.

Our logistics portfolio achieved like-for-like NOI growth of 4,7%. This portfolio continues to benefit from very low vacancies, due to limited new developments in the market, and increased demand for larger warehouses in secure logistics parks. The historical negative reversions in this portfolio, due to lease escalations being above the market rental growth for several years, have started to improve. We ascribe this partly to the rise in construction costs, which has necessitated an increase in asking rentals for new, prime logistics developments and which has buoyed much of the overall rental market.

The industrial portfolio, while remaining non-core, continued to outperform our expectations, with another strong period of growth. This portfolio includes the Inospace portfolio which has once again performed exceptionally well. This makes the sale of assets within our industrial portfolio more profitable and easier to achieve given the relative strength of this market segment.

Our strategic exit from the office sector made progress with the disposal of R259,2 million of office properties so far this financial year.

These assets were sold marginally above our most recent book values, with the proceeds recycled into our core asset portfolio. We currently have R897 million of office properties remaining, which represents only 1,6% of total assets.

We supported NEPI Rockcastle with their growth ambitions and participated in the accelerated bookbuild in October 2024 for an amount of EUR100 million. NEPI Rockcastle utilised the additional capital to acquire top-quality, dominant retail assets which are accretive, both from an earnings and a portfolio quality perspective. We believe that NEPI Rockcastle's future growth prospects are strong due to a superior-quality retail portfolio, presence in growth markets and a conservatively geared balance sheet.

In accordance with our commitment to drive total shareholder returns, we have again offered a portion of our investment in NEPI Rockcastle to our shareholders in lieu of a cash dividend for 1H2025."

Steven Brown, CEO

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 Central and Eastern Europe ("CEE"), as well as growing our convenience and commuter-oriented retail portfolio. Fortress also holds, at the date of this announcement, a 16,3% interest in NEPI Rockcastle N.V. ("NEPI Rockcastle"), the largest listed property company on the JSE Limited ("JSE"), with a EUR8 billion portfolio across nine CEE countries.

DISTRIBUTIONS

Fortress has a policy of distributing 100% of the Fortress-defined, post-tax distributable earnings on a semi-annual basis. The Fortress distribution methodology is generally more conservative than industry guidelines. Fortress remains a member of and utilises the reporting metrics of the SA REIT Association.

DISTRIBUTABLE EARNINGS

Distributable earnings amounted to R917,1 million for 1H2025, compared to R952,9 million for 1H2024. In 1H2024, we held an additional R7 billion of assets in the form of NEPI Rockcastle shares, which were utilised to settle the buy-back of Fortress shares, as approved in the scheme of arrangement implemented in February 2024 ("SOA"). This material change in our asset base renders the 1H2025 reporting period incomparable with 1H2024, due to the higher asset base in 1H2024. However, adjusting for this transaction, distributable earnings for 1H2025 increased by 33,6% compared to the normalised distributable earnings, adjusted for the effects of the SOA, for 1H2024. In line with our policy, the board has declared the full R917,1 million as a dividend for 1H2025, which amounts to 76,15 cents per FFB share.

Shareholders may further elect to receive the 1H2025 distribution in cash, as the default option, or in the form of NEPI Rockcastle shares held by Fortress in a ratio of 0,0069 NEPI Rockcastle shares for every FFB share held. Full details of the dividend alternative will be communicated to shareholders in due course.

SUMMARY OF FINANCIAL PERFORMANCE

	Dec 2024	Dec 2023	% change
Distributable earnings (R'000)	917 095	952 868	(3,8)
Dividend declared per share			
– FFA (cents)		–	#
– FFB (cents) [§]	76,15	81,44	(6,5)

[#] Percentage change not meaningful to disclose or not applicable.

[§] The FFB shares on which the dividend is declared were converted from FFA shares post 31 December 2023.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") INFORMATION

	Dec 2024	Dec 2023	% change
Revenue from direct property operations (R'000)	2 353 965	2 139 767	10,1
Total revenue (including revenue from investments) (R'000) [¶]	2 934 246	2 139 767	37,1
Net asset value ("NAV") (R'000)	30 010 030	36 363 959	(17,5)
NAV per share [^] (Rand)	24,92	17,18	45,1
Basic earnings per share – FFA (cents)		140,12	#
Basic earnings per share – FFB (cents)	116,54	140,12	(16,8)
Headline earnings per share – FFA (cents)		29,42	#
Headline (loss)/earnings per share – FFB (cents)	(0,14)	29,42	(100,5)

[¶] Percentage change not meaningful to disclose or not applicable.

[^] 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.

[¶] Included in total revenue at Dec 2024 is the dividend received on the NEPI Rockcastle investment. This investment was previously accounted for as an associate in terms of IAS 28 and therefore not included in total revenue at Dec 2023.

SA REIT BEST PRACTICE DISCLOSURE

	Dec 2024	Dec 2023	% change
NAV per share (Rand)	24,26	16,24	49,4
Loan-to-value ("LTV") ratio (%)	39,9	34,2	#
Funds from operations (R'000)	878 117	949 041	(7,5)

[#] Percentage change not meaningful to disclose or not applicable.

PROSPECTS

We previously communicated that our distributable earnings for FY2025 would be approximately R1,780 billion. We revise this previous guidance to approximately R1,925 billion for FY2025, following better-than-expected operational results and a reduction in interest rates not previously forecast. Our forecast distributable earnings for FY2025 represent 159,84 cents per share, which is 24,0% higher than the normalised distributable earnings for FY2024. Further detail is presented in the table below.

	1H2024 (actual)	2H2024 (actual)	FY2024 (actual)	1H2025 (actual)	2H2025 (forecast)	FY2025 (revised forecast)	Annual change (%)
Total distributable earnings (R'000)	952 868	835 637	1 788 505	917 095	1 007 905	1 925 000	7,6
Shares in issue (net of treasury shares)	1 169 980 307	1 190 536 893	1 190 536 893	1 204 291 830	1 204 291 830	1 204 291 830	
Distributable earnings per share (cents)	81,44	70,19	151,63 [*]	76,15	83,69	159,84	5,4

	1H2024 (normalised)	2H2024 (actual)	FY2024 (normalised actual)	1H2025 (actual)	2H2025 (forecast)	FY2025 (revised forecast)	Annual change (%)
Normalisation adjustments							
Exclusion of dividend on 53 134 372 NEPI Rockcastle shares (R'000) received in September 2023 [*]	(266 365)	–	(266 365)	–	–	–	
Adjusted total distributable earnings (R'000) (normalised for the effects of the SOA)	686 503	835 637	1 522 140	917 095	1 007 905	1 925 000	26,5
Adjusted distributable earnings per share (cents) (normalised for the effects of the SOA)	58,68	70,19	128,87	76,15	83,69	159,84	24,0

^{*} Sum of the 1H2024 and 2H2024 actual distributable earnings per share.

^{*} The 53 134 372 NEPI Rockcastle shares were used to fund the buy-back of all the Fortress B ordinary shares in issue at the time of implementation of the SOA. The adjustment includes related foreign currency hedges on this income.

This forecast is based on the following assumptions:

Fortress-specific assumptions

- Our distributable earnings methodology will remain consistent with that of prior periods, as previously communicated;
- No material sales, or acquisitions, outside of our planned pipeline occur which necessitate a revision to this forecast;
- There is no unforeseen failure of material tenants in our 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;
- There are no unforeseen adverse socio-political events in the jurisdictions in which Fortress has exposure;
- There are no changes to current tax legislation in the jurisdictions in which the company operates; and
- There are no changes to current interest rates by the European Central Bank or the South African Reserve Bank.

The forecast and normalisation adjustments, including the assumptions on which they are based and the financial information from which they have been prepared, are the responsibility of the directors of the company. The forecast and normalisation adjustments have not been reviewed or reported on by the company's external auditor.

Financial periods defined as follows:

- 1H2024 – Interim reporting period for the six months ended 31 December 2023;
- 2H2024 – Final reporting period for the six months ended 30 June 2024;
- 1H2025 – Interim reporting period for the six months ended 31 December 2024;
- 2H2025 – Final reporting period for the six months ended 30 June 2025;
- FY2024 – Financial year ended 30 June 2024; and
- FY2025 – Financial year ending 30 June 2025.

SHORT-FORM ANNOUNCEMENT

This short-form announcement is the responsibility of Fortress' board of directors and is only a summary of the consolidated unaudited interim results for the six months ended 31 December 2024 ("1H2025 Results") and does not contain full or complete details. Any investment decision by investors and/or shareholders should be based on the 1H2025 Results. The 1H2025 Results, have been released on SENS and are available on the JSE cloudlink at <https://senspdf.jse.co.za/documents/2025/jse/isse/FFBE/HY2025.pdf>, and the company's website at <https://fortressfund.co.za/financials/view-pdf?id=Interim%20results%20announcement%2031%20December%202024>.

The short-form announcement itself is not audited or reviewed by Fortress' external auditor.

By order of the board

Steven Brown
Chief executive officer

Ian Vorster
Chief financial officer

Johannesburg
27 February 2025

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")

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Lead sponsor

JAVACAPITAL

Joint equity and debt sponsor

