

# Fortress looks to increase solar output with launch of R900m sustainability-linked bonds

The JSE has granted Fortress Reit the listing of a three-year sustainability-linked bond of R495m and a five-year sustainability-linked note of R405m. Although the bonds do not have specific use-of-proceed requirements, the funds will assist Fortress with the continued installation and increase of solar energy in South Africa across its retail and logistics portfolios.



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This will allow Fortress' real estate assets to meet its targets for solar energy, facilitate a reduction in reliance on utilities, reduce its carbon footprint and contribute to mitigating climate change.

## Sustainability performance targets

The key feature of this note is the linking of Fortress' cost of funding to pre-agreed sustainability performance targets which will unlock a lower cost of funding, should all these targets be met.

Ian Vorster, CFO of Fortress Reit said, "The target measurement dates for the five-year note are 30 June 2022 and 30 June 2024. Fortress has committed to increasing its renewable energy installations and megawatt outputs. The renewable energy target will be achieved through an increase in solar energy installed, measured in megawatt-peak (MWp) with respect to the South African portion of its portfolio. The target is for a 2.2MWp increase at the first target date in June 2022 and then a further 3.6MWp in June 2024, resulting in a cumulative 5.8MWp installation."

This will be added to Fortress's current solar energy programme which generates 4.735MWp from 10 installations, making its combined solar energy output of 10.7MWp by 2024 one of the largest from the local REIT sector.



## Redefine lists R1bn sustainability-linked bond

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Commented Vorster, “Sustainability-linked bonds have increasingly been used around the world as a source of financing for renewable energy development, designed with compliance requirements and measurable economic returns to investors, while mitigating climate change. We are inspired by the opportunity to use our real estate assets in a way that can make a significant impact in years to come.”



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## Accelerating ESG progress

Steven Brown, CEO of Fortress Reit, said, “The confidence shown by investors to raise these funds and allow Fortress to continue the work that we have started in solar energy projects is highly encouraging for us. It further demonstrates the commitment we have to our tenants, surrounding communities, shareholders and stakeholders to accelerate the progress we have made on the ESG front.”

“There is massive demand for renewable energy from our tenants. This is primarily driven by their desire to play their part in mitigating greenhouse gas emissions and contributing to a more sustainable future. Clearly, in sunny South Africa, solar forms the core of this move to sustainable energy solutions,” concluded Brown.

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