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APPLICABLE PRICING SUPPLEMENT

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**FORTRESS REIT LIMITED**

(previously Fortress Income Fund Limited)

*(Incorporated in the Republic of South Africa with limited liability under registration number 2009/016487/06)*

*(as Issuer)*

*jointly and severally, unconditionally and irrevocably guaranteed by*

**CAPITAL PROPFUND PROPRIETARY LIMITED**

*(Incorporated in the Republic of South Africa with limited liability under registration number 2014/013211/07)*

**FORTRESS INCOME 2 PROPRIETARY LIMITED**

*(Incorporated in the Republic of South Africa with limited liability under registration number 2009/005857/07)*

**FORTRESS INCOME 3 PROPRIETARY LIMITED**

*(Incorporated in the Republic of South Africa with limited liability under registration number 2009/014323/07)*

**Issue of ZAR500,000,000 Senior Unsecured Floating Rate Notes due 20 November 2022**

**Under its ZAR20,000,000,000 Domestic Medium Term Note Programme**

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated 7 June 2012, prepared by Fortress Income Fund Limited in connection with the Fortress Income Fund Limited ZAR20,000,000,000 Domestic Medium Term Note Programme, as amended and/or supplemented from time to time (the **Programme Memorandum**).

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the section of the Programme Memorandum headed "*Terms and Conditions of the Notes*".

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. The Notes described herein are issued on and subject to the Terms and Conditions as amended and/or supplemented by the Terms and Conditions contained in this Applicable Pricing Supplement. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

**PARTIES**

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|----|--------------|---|
| 1. | Issuer       | Fortress REIT Limited (previously Fortress Income Fund Limited)   |
| 2. | Guarantors   | Capital Propfund Proprietary Limited;<br>Fortress Income 2 Proprietary Limited; and<br>Fortress Income 3 Proprietary Limited. |
| 3. | Dealer(s)    | Absa Corporate & Investment Bank, a division of Absa Bank Limited   |
| 4. | Manager      | N/A   |
| 5. | Debt Sponsor | Rand Merchant Bank, a division of FirstRand   |

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6.	Paying Agent	Bank Limited The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking Division
	Specified Address	5 <sup>th</sup> Floor, 3 Simmonds Street, Johannesburg, 2001, South Africa
7.	Calculation Agent	Rand Merchant Bank, a division of FirstRand Bank Limited
	Specified Address	1 Merchant Place, Corner Rivonia and Fredman Drive, Sandton, 2146
8.	Transfer Agent	Rand Merchant Bank, a division of FirstRand Bank Limited
	Specified Address	1 Merchant Place, Corner Rivonia and Fredman Drive, Sandton, 2146

#### PROVISIONS RELATING TO THE NOTES

9.	Status of Notes	Senior Unsecured
10.	Form of Notes	Listed Notes
11.	Series Number	43
12.	Tranche Number	1
13.	Aggregate Nominal Amount:	
	(a) Series	ZAR500,000,000
	(b) Tranche	ZAR500,000,000
14.	Interest	Interest-bearing
15.	Interest Payment Basis	Floating Rate
16.	Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	N/A
17.	Form of Notes	The Notes in this Tranche are issued in uncertificated form and held by the CSD
18.	Issue Date	20 November 2017
19.	Nominal Amount per Note	ZAR1,000,000
20.	Specified Denomination	ZAR1,000,000
21.	Specified Currency	ZAR
22.	Issue Price	100 percent
23.	Interest Commencement Date	20 November 2017
24.	Maturity Date	20 November 2022
25.	Applicable Business Day Convention	Following Business Day
26.	Final Redemption Amount	100 percent of Aggregate Nominal Amount
27.	Last Day to Register	by 17:00 on 09 February, 09 May, 09 August and 09 November of each year until the Maturity Date
28.	Books Closed Period(s)	The Register will be closed from 10 February to 19 February, 10 May to 19 May, 10 August to 19

		August and from 10 November to 19 November (all dates inclusive) in each year until the Maturity Date
29.	Default Rate	N/A
	<b>FIXED RATE NOTES</b>	N/A
	<b>FLOATING RATE NOTES</b>	
30.	(a) Floating Interest Payment Date(s)	20 February, 20 May, 20 August and 20 November of each year until the Maturity Date, with the first Floating Interest Payment Date being 20 February 2018
	(b) Interest Period(s)	Each period from and including the applicable Floating Interest Payment Date and ending on but excluding the following Floating Interest Payment Date, save that the first Interest Period will commence on the Interest Commencement Date and end the day before the next Floating Interest Payment Date
	(c) Definition of Business Day (if different from that set out in Condition 1 ( <i>Interpretation</i> ))	N/A
	(d) Minimum Rate of Interest	N/A
	(e) Maximum Rate of Interest	N/A
	(f) Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision)	Day Count Fraction: Actual/365
31.	Manner in which the Rate of Interest is to be determined	Screen Rate Determination
32.	Margin	170 basis points to be added to the relevant Reference Rate
33.	If ISDA Determination	
	(a) Floating Rate	N/A
	(b) Floating Rate Option	N/A
	(c) Designated Maturity	N/A
	(d) Reset Date(s)	N/A
	(e) ISDA Definitions to apply	N/A
34.	If Screen Determination:	
	(a) Reference Rate (including relevant period by reference to which the Rate of Interest is to be calculated)	3 month ZAR-JIBAR-SAFEX
	(b) Interest Rate Determination Date(s)	20 February, 20 May, 20 August and 20 November of each year until the Maturity Date, save that the first Interest Determination Date is 20 November 2017
	(c) Relevant Screen Page and Reference Code	Reuters page SAFEX code 01209 or any successor page



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|-----|--|--|
| 35. | If Rate of Interest to be calculated otherwise than by ISDA Determination or Screen Determination, insert basis for determining Rate of Interest/Margin/ Fallback provisions | N/A  |
| 36. | Calculation Agent responsible for calculating amount of principal and interest   | Rand Merchant Bank, a division of FirstRand Bank Limited |

<b>ZERO COUPON NOTES</b>	<b>N/A</b>
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<b>PARTLY PAID NOTES</b>	<b>N/A</b>
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<b>INSTALMENT NOTES</b>	<b>N/A</b>
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<b>MIXED RATE NOTES</b>	<b>N/A</b>
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<b>INDEX-LINKED NOTES</b>	<b>N/A</b>
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<b>DUAL CURRENCY NOTES</b>	<b>N/A</b>
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<b>EXCHANGEABLE NOTES</b>	<b>N/A</b>
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<b>OTHER NOTES</b>	<b>N/A</b>
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**PROVISIONS REGARDING REDEMPTION/MATURITY**

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|-----|---|-----|
| 37. | Redemption at the Option of the Issuer:   | No  |
| 38. | Redemption at the Option of the Senior Noteholders:   | No  |
| 39. | Redemption in the event of a Change of Control at the election of Noteholders pursuant to Condition 11.5 ( <i>Redemption in the event of a Change of Control</i> ) or any other terms applicable to a Change of Control | Yes |
| 40. | Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default (if required).   | Yes |

**GENERAL**

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|-----|--|---|
| 41. | Financial Exchange   | JSE (Interest Rate Market)  |
| 42. | Additional selling restrictions                            | N/A   |
| 43. | ISIN No.   | ZAG000148404  |
| 44. | Stock Code   | FIFB15  |
| 45. | Stabilising manager  | N/A   |
| 46. | Provisions relating to stabilisation                       | N/A   |
| 47. | Method of distribution                                     | Private Placement   |
| 48. | Credit Rating assigned to the [Issuer]/[Programme]/[Notes] | <p>Long term rating: Moody's – Aa1.za and GCR – AA-(za) assigned as at 13 June 2017 and which may be reviewed from time to time</p> <p>Short term rating: Moody's – P-1.za and GCR – A1+(za) assigned at 13 June 2017 and which may be reviewed from time to time</p> |

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|-----|--|---|
| 49. | Applicable Rating Agency                                       | Moody's Investor Service South Africa (Pty) Ltd ("Moody's") and Global Credit Rating Co ("GCR") |
| 50. | Governing law (if the laws of South Africa are not applicable) | N/A   |
| 51. | Other provisions   | Covenants<br>See Schedule 1 headed "Redemption in the event of a breach of Financial Covenant"  |

**DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS IN RELATION TO THIS ISSUE OF NOTES**

52. Paragraph 3(5)(a)  
The "ultimate borrower" (as defined in the Commercial Paper Regulations) is the Issuer.
53. Paragraph 3(5)(b)  
The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments under the Notes.
54. Paragraph 3(5)(c)  
The auditor of the Issuer is Deloitte & Touche
55. Paragraph 3(5)(d)  
As at the date of this issue:
- (i) the Issuer has issued ZAR8,850,500,000 (excluding this issue) Commercial Paper (as defined in the Commercial Paper Regulations); and
  - (ii) the Issuer estimates that it may issue ZAR1,000,000,000 of Commercial Paper during the current financial year, ending 30 June 2018
56. Paragraph 3(5)(e)  
All information that may reasonably be necessary to enable the investor to ascertain the nature of the financial and commercial risk of its investment in the Notes is contained in the Programme Memorandum and the Applicable Pricing Supplement.
57. Paragraph 3(5)(f)  
There has been no material adverse change in the Issuer's financial position since the date of its last audited financial statements.
58. Paragraph 3(5)(g)  
The Notes issued will be listed.
59. Paragraph 3(5)(h)  
The funds to be raised through the issue of the Notes are to be used by the Issuer for its general corporate purposes.
60. Paragraph 3(5)(i)  
The obligations of the Issuer in respect of the Notes are guaranteed in terms of the Guarantee provided by the Guarantors but are otherwise unsecured.
61. Paragraph 3(5)(j)  
Deloitte & Touche the statutory auditors of the Issuer, have confirmed that nothing has come to their attention to indicate that this issue of Notes issued under the Programme will not comply in all respects with the relevant provisions of the Commercial Paper Regulations.

**Responsibility:**

The Issuer accepts full responsibility for the information contained in this Applicable Pricing


Supplement and the Programme Memorandum. To the best of the knowledge and belief of the Issuer the information contained in this Applicable Pricing Supplement and the Programme Memorandum is in accordance with the facts and does not omit anything which would make any statement false or misleading and all reasonable enquiries to ascertain such facts have been made. This Applicable Pricing Supplement and the Programme Memorandum contains all information required by law and the debt listings requirements of the JSE.

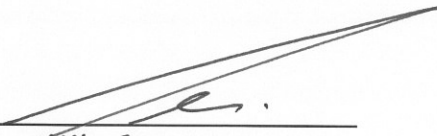
As at the date of this Applicable Pricing Supplement, the Issuer confirms that the Programme Amount of ZAR20,000,000,000 has not been exceeded.

Application is hereby made to list this issue of Notes 20 November 2017

SIGNED at JOHANNESBURG on this 17<sup>th</sup> day of NOVEMBER 2017

For and on behalf of  
**FORTRESS REIT LIMITED**

  
Name: AA BORNMAN  
Capacity: Director  
Who warrants his/her authority hereto

  
Name: MW STEVENS  
Capacity: Director  
Who warrants his/her authority hereto

# REDEMPTION IN THE EVENT OF A BREACH OF FINANCIAL COVENANT

## 1. Redemption in the event of a breach of Financial Covenant

The provisions of this Schedule 1 (*Redemption in the event of a breach of Financial Covenant*) shall apply to the FIFB15 Notes (the **Notes**).

- 1.1. The Issuer shall, for as long as the Notes remain Outstanding, maintain the Financial Covenant.
- 1.2. The Issuer shall be required to test the Financial Covenant within 60 (sixty) Days of the end of each interim financial period or financial year, as the case may be.
- 1.3. If a breach of Financial Covenant (as defined below) occurs at any time while any Note remains Outstanding, then the Issuer shall within 20 (twenty) Days after the Issuer becoming aware of a breach of Financial Covenant take reasonable steps to remedy such breach of Financial Covenant, failing which, the Issuer shall promptly give notice to the Noteholders in accordance with Condition 19 (*Notices*) specifying the nature of the breach of Financial Covenant and the circumstances giving rise to it and the procedure for exercising the option contained in paragraph 1.4 below (**Breach of Financial Covenant Notification**).
- 1.4. Such option shall be exercisable by the Noteholders by the delivery of a written notice (a **Breach of Financial Covenant Redemption Notice**) to the Issuer at its registered office within 30 (thirty) Days after the receipt by the Noteholders of the Breach of Financial Covenant Notification, unless prior to the delivery by that Noteholder of its Breach of Financial Covenant Redemption Notice the Issuer gives notice to redeem the Notes.
- 1.5. Subject to paragraph 1.4, the Issuer shall redeem all Notes held by the Noteholders at its Early Redemption Amount together with accrued interest (if any) within 15 (fifteen) Days of having received a Breach of Financial Covenant Redemption Notice from the Noteholders to redeem such Notes.
- 1.6. In the event of any dispute in respect of any calculation relating to the Financial Covenant referred to in paragraph 1.7, such dispute shall be determined by the Issuer's independent auditors, acting as experts and not as arbitrators (taking into account the Terms and Conditions), whose determination will, in the absence of manifest error, be final and binding on the Issuer and Noteholders. The cost of such independent auditors in resolving such dispute shall be borne by the Issuer.
- 1.7. For the purposes of this Schedule 1 (*Redemption in the event of a breach of Financial Covenant*):
  - (a) **Financial Covenant** means the Loan to Value Ratio (as defined below) to be maintained by the Issuer for as long as any Notes remain Outstanding under the Terms and Conditions, whereby such Loan to Value Ratio shall not exceed 50% (fifty percent).
  - (b) **Loan to Value Ratio** means in respect of the Issuer, whilst any Notes remain Outstanding:
    - i. the secured and unsecured debt plus any sureties or guarantees secured by the assets of the Fortress Group, provided by the Fortress Group for any liability or obligation of the Fortress Group after the Programme Date;
    - ii. divided by the sum of the market value of the property portfolio and the listed stock portfolio of the Fortress Group, expressed as a percentage.