LIBERTY TWO DEGREES
JSE share code: L2D
ISIN: ZAE000230553
(Approved as a REIT by the JSE)
("**CISIP**")

a portfolio established under the Liberty Two Degrees Scheme, a collective investment scheme in property established in terms of the Collective Investment Schemes Control Act, No 45 of 2002, as amended ("**CISCA**"), and managed by STANLIB REIT Fund Managers (RF) Proprietary Limited (Registration number: 2007/029492/07) ("**SRFM**" or the "**Manager**")

LIBERTY TWO DEGREES LIMITED
Registration number: (2018/388906/06)
JSE share code: L2D
ISIN: ZAE000260576
("**New L2D**"")

SUPPLEMENTARY INFORMATION ANNOUNCEMENT

Unitholders of the CISIP ("**Unitholders**") are referred to the announcement dated 23 July 2018 regarding:

- the conversion of the CISIP to a Corporate REIT, pursuant to which each Unitholder will receive one ordinary share in New L2D ("**New L2D Share**") for every existing participatory interest in the CISIP ("**Unit**") held and New L2D will be listed in place of the CISIP, which will be de-listed and voluntarily wound up (the "**Conversion**");
- the internalisation of the management company of the CISIP (the "**Internalisation**"), being a related party transaction;
- the related party acquisition of undivided shares in properties (the "**Additional Properties**") from LGL (the "**Acquisition**"); and
- the cancellation of the existing Put Option between LGL and the CISIP for no consideration

(collectively, the "**Proposed Transactions**").

Unitholders are further referred to the circular setting out full terms of the Proposed Transactions ("**Circular**"), posted to Unitholders on 30 July 2018. This announcement serves to provide supplementary information and clarification (the "**Supplementary Information**") in respect of the Proposed Transactions. The Supplementary Information is supplemental to, and should be read in conjunction with, the Circular.

The Supplementary Information includes clarification of the *pro forma* financial effects as disclosed in the Circular in respect of the Acquisition only (and consequential changes thereto) to reflect New L2D's effective interest in the Additional Properties acquired. The clarification is in respect of the "Property portfolio revenue" which is restated by R11 476 521 to R52 959 145 and in respect of the

"Property operating expenses" which is restated by R1 483 719 to R12 878 264. The net impact of this restatement is an increase of R9 992 802 in the "Total earnings after tax" under the "Acquisition" column and the "After the Proposed Transactions" column respectively.

The full amended text of the Summarised *Pro Forma* Financial Effects relating to the Proposed Transactions (disclosed as Paragraph 6 of the Circular); the *Pro Forma* Statement of Comprehensive Income; and the *Pro Forma* Statement of Financial Position (each disclosed in Annexure 1 of the Circular) forms part of this Supplementary Information as included below.

As a result of the clarifications noted above, PWC, the independent auditors, has issued an unqualified review report on the special purpose historical financial information of the Acquisition which replaced the report of the same title issued by PWC on 24 July 2018. In addition, PWC, the Independent Reporting Accountants, has issued an unqualified assurance report on the *pro forma* financial information as supplemented by this Supplementary Information which replaces the report issued on 24 July 2018 as included in Annexure 2 of the Circular. Together, the report on the special purpose historical financial information of the Acquisition and the assurance report on the *pro forma* financial information are available for inspection at the registered office of the CISIP, on the CISIP's website at www.liberty2degrees.co.za/investor-information, and at Standard Bank's office during business hours from the date of this announcement up to and including Tuesday, 28 August 2018.

All other details of the Circular remain unchanged including the Important Dates and Times detailed on page 9 of the Circular and the Independent Reporting Accountants' Report on the Adjustment Column included as Annexure 3 of the Circular.

Capitalised terms used in this Supplementary Information bear the same meaning as the capitalised and defined terms used in the Circular.

Summarised *Pro Forma* Financial Effects relating to the Proposed Transactions

The table below sets out the summarised *pro forma* financial effects of the Proposed Transactions, based on New L2D's audited financial information as at its incorporation date being 10 July 2018.

It should be noted that the summarised *pro forma* financial effects has been prepared to assist Unitholders in assessing the impact of the Proposed Transactions on New L2D.

The *pro forma* statement of comprehensive income and the *pro forma* statement of financial position have been prepared to show the financial effects of the Proposed Transactions. The *pro forma* financial effects are calculated for the six months ended 30 June 2018 for the purposes of the consolidated statement of comprehensive income and as at 30 June 2018 for the purposes of the consolidated statement of financial position.

These *pro forma* financial effects are prepared for illustrative purposes only, to provide information about how the Proposed Transactions may have affected the financial information presented by New L2D for the period ended 30 June 2018. Because of their *pro forma* nature, they may not provide a fair reflection on New L2D's financial position, changes in equity, results of operations or cash flows after the Proposed Transactions.

The Directors are responsible for the preparation of the *pro forma* financial information. The *pro forma* financial information has been prepared using accounting policies that are consistent with IFRS and with the basis on which the historical financial information has been prepared in terms of the accounting policies of the CISIP as at 30 June 2018, as adopted by New L2D. The *pro forma* financial information has been prepared in accordance with the Listings Requirements and the Revised SAICA Guide on Pro Forma Financial Information.

Set out in the table below is a summary of the *pro forma* financial effects of the Proposed Transactions. The *pro forma* financial effects are based on the published unaudited interim financial results of the CISIP for the six months ended 30 June 2018, the unpublished reviewed interim financial results of SRFM for the six months ended 30 June 2018, and the reviewed management accounts of the Additional Properties for the six months ended 30 June 2018. It should be read in conjunction with the Independent Reporting Accountants' review opinions thereon.

R'000	New L2D (1)	Subco (1)	CISIP (2)	Internalisation (3), (6)	Acquisition (4)	Debt raised (5)	Conversion	Transaction costs (6)	After the Proposed Transactions	% Change
Distribution per share	–	–	29.39	1.02	4.42	(7.51)	–	(1.43)	25.90	(11.88)
Basic and diluted earnings per share	–	–	21.50	1.02	4.42	(7.51)	–	(1.43)	18.01	(16.24)
Headline earnings per share	–	–	28.86	1.02	4.42	(7.51)	–	(1.43)	25.37	(12.10)
Net asset value per share	–	–	9.81	(0.28)	–	–	–	(0.02)	9.51	(3.05)
Net tangible asset value per share	–	–	9.81	(0.28)	–	–	–	(0.02)	9.51	(3.05)
Weighted average number of shares in issue ('000) (7)	–	–	905 792	–	–	–	–	–	905 792	–
Total number of shares in issue ('000) (7)	–	–	908 443	–	–	–	–	–	908 443	–

Notes to *pro forma* financial effects:

1. Pursuant to the Proposed Transactions, the CISIP has acquired New L2D and New L2D has acquired the issued share in Subco (a shelf entity with no assets or liabilities other than R100 of share capital and cash). The assets and liabilities of the CISIP (other than the liability in relation to the Final CISIP Distribution and assets necessary to settle the Final CISIP Distribution) will be transferred to Subco in exchange for the assumption by Subco of those liabilities and the issue of Subco Shares to the CISIP pursuant to the Exchange Agreement. On the day after the issue of the Subco Shares to the CISIP, pursuant to the Amalgamation Agreement, the CISIP will dispose of all its assets (other than assets necessary to settle the Final CISIP Distribution) in the form of the Subco Shares and remaining liabilities (other than the liability in relation to the Final CISIP Distribution) to New L2D in consideration for the assumption by New L2D of those liabilities and the issue of shares in New L2D and distribute all of the issued shares of New L2D to Unitholders, who will receive one New L2D Share for every Unit held. The financial statements of New L2D and Subco have been audited by PWC, the independent auditors, and an unqualified opinion has been expressed on the respective sets of financial statements.
2. Extracted, without adjustment (except where detailed otherwise in the notes to the *pro forma* financials set out in this announcement and in Annexure 1 of the Circular relating to the Final CISIP Distribution), from the CISIP's unaudited interim financial statements for the six months ended 30 June 2018.
3. Extracted, without adjustment (except where detailed otherwise in the notes to the *pro forma* financials set out in this

announcement and in Annexure 1 of the Circular relating to Internalisation adjustments), from SRFM's reviewed interim financial statements for the six months ended 30 June 2018.

4. Extracted, without adjustment (except where detailed otherwise in the notes to the *pro forma* financials set out in this announcement and in Annexure 1 of the Circular relating to the Acquisition), from the reviewed management accounts of the Additional Properties for the six months ended 30 June 2018.
5. Represents the adjustment for interest on the R1.5 billion debt used to finance the Internalisation (R300 million) and the Acquisition (R1.2 billion), calculated on a debt cost inclusive blended all-in rate of 9%. Debt raising costs of R13.5 million will be amortised over the term of the debt raised in line with IFRS 9 Financial Instruments, which is included in the all-in blended rate.
6. Represents an aggregate of the estimated costs to be incurred by either New L2D or Subco in respect of the Proposed Transactions which are currently estimated at R16.2 million (excluding VAT). Transaction costs of R12.9 million (excluding VAT) will be expensed, R2.4 million (excluding VAT) will be capitalised pursuant to the Acquisition and R894 000 will be expensed directly in equity. The treatment of transaction costs has been disclosed in the detailed notes to the *pro forma* financials set out in this announcement and in Annexure 1 of the Circular.
7. Unitholders will receive 1 New L2D Share for every Unit held pursuant to the Amalgamation Agreement. Subject to this issuance, the total number of New L2D Shares in issue will not change as a result of the Proposed Transactions, being 908 443 334 New L2D Shares. However, New L2D will acquire control over the Incentive Plan and will need to consolidate 2 651 615 allocated New L2D Shares therein, as at the Effective Date, and account for such shares as treasury shares. The Incentive Plan shares are all fully issued and rank in full for all dividends or other distributions declared, made or paid, however, these are excluded from the calculation of basic, diluted and headline earnings per share or the calculation of distribution per share.
8. The Internalisation has been accounted for as a business combination under common control in line with New L2D's accounting policy.

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Statement of Comprehensive Income

The *pro forma* statement of comprehensive income below presents the *pro forma* effects of the Proposed Transactions on the audited results of New L2D, on the assumption that the Proposed Transactions were effective 1 January 2018.

R'000	New L2D [1]	Subco [1]	CISIP [2]	Internalisation [3]	Acquisition - restated [5]	Debt raised [6]	Conversion	Transaction costs [7]	After the Proposed Transactions - restated
Property portfolio revenue	**–**	**–**	**417 213**	**–**	**52 959**	**–**	**–**	**–**	**470 172**
Rental and related income	–	–	422 056	–	52 959	–	–	–	475 015
Adjustment for the straight-lining of operating income	–	–	(4 843)	–		–	–	–	(4 843)
Property operating expenses	–	–	(144 425)	–	(12 878)	–	–	–	(157 303)
Net rental and related income	**–**	**–**	**272 788**	**–**	**40 081**	**–**	**–**	**–**	**312 869**
Administration expenses	–	–	(2 985)	–	–			–	(2 985)
Net property income	**–**	**–**	**269 803**	**–**	**40 081**	**–**	**–**	**–**	**309 884**
Asset Management fee	–	–	(14 565)	14 565 [3a] [4]	–		–	–	–
Profit from operations	**–**	**–**	**255 238**	**14 565**	**40 081**	**–**	**–**	**–**	**309 884**
Net interest income	–	–	6 148	–	–	(68 055)	–	–	(61 907)
interest income	–	–	6 148	–	–	–	–	–	6 148
Interest expense	–	–	–	–	–	(68 055)	–	–	(68 055)
Dividends received on financial instruments	–	–	–	–	–	–	–	–	–
Asset Management fee income [3.a]	–	–	–	35 578	–	–	–	–	35 578
Other administration expenses [3.a]	–	–	–	(40 883)	–	–	–	(12 910)	(53 793)
Loss on disposal of financial instruments	–	–	(4 153)	–	–	–	–	–	(4 153)
Profit before fair value adjustments	**–**	**–**	**257 233**	**9 260**	**40 081**	**(68 055)**	**–**	**(12 910)**	**225 609**
	–	–	(62 499)	–	–	–	–	–	(62 499)
Net fair value adjustments on investment properties	–	–	(67 342)	–	–	–	–	–	(67 342)
Adjustment for straight-lining of operating lease income	–	–	4 843	–	–	–	–	–	4 843
Fair value adjustments on equity instrument	–	–		–	–	–	–	–	–
Total earnings before tax	**–**	**–**	**194 734**	**9 260**	**40 081**	**(68 055)**	**–**	**(12 910)**	**163 110**
Income tax expense	–	–	–	–	–	–	–	–	–
Total earnings after tax	**–**	**–**	**194 734**	**9 260**	**40 081**	**(68 055)**	**–**	**(12 910)**	**163 110**

R'000	New L2D [1]	Subco [1]	CISIP [2]	Internalisation [3]	Acquisition - restated [5]	Debt raised [6]	Conversion	Transaction costs [7]	After the Proposed Transactions - restated
Headline earnings reconciliation									
Total earnings after tax	–	–	194 734	9 260	40 081	(68 055)	–	(12 910)	163 110
Net fair value adjustments on investment properties	–	–	62 499	–	–	–	–	–	62 499
Loss on disposal of financial instruments	–	–	4 153	–	–	–	–	–	4 153
Headline earnings [8]			**261 386**	**9 260**	**40 081**	**(68 055)**	–	**(12 910)**	**229 762**
Basic and diluted earnings per unit									
Basic earnings per unit (cents) [8]	–	–	21.50	1.02	4.42	(7.51)	–	(1.43)	18.01
Fully diluted earnings per unit (cents) [8]	–	–	21.50	1.02	4.42	(7.51)	–	(1.43)	18.01
Headline earnings per share (cents) [8]	–	–	28.86	1.02	4.42	(7.51)	–	(1.43)	25.37

Notes and assumptions to the *pro forma* effects on the Statement of Comprehensive Income:

1. Pursuant to the Proposed Transactions, the CISIP has acquired New L2D and New L2D has acquired Subco. The assets and liabilities of the CISIP will be transferred to Subco in exchange for Subco shares pursuant to the Exchange Agreement. Thereafter, the CISIP will transfer all of its assets and liabilities, being shares in Subco, to New L2D in accordance with the Amalgamation Agreement and distribute all of the issued shares of New L2D to Unitholders, who will receive one share for every Unit held. The Interim financial statements of New L2D and Subco have been audited by PWC, the independent auditors, and unqualified opinions have been expressed on the respective sets of financial statements.
2. Extracted, without adjustment, from the CISIP's 30 June 2018 published unaudited interim financial statements.
3. Extracted, without adjustment (except as detailed below), from SRFM's 30 June 2018 reviewed interim financial statements. A review has been conducted by PWC, the independent auditors, in relation to the interim financial statements of SRFM for the period ended 30 June 2018. The table below sets out the adjustments made to the Statement of Comprehensive Income of SRFM for the purposes of presenting the *pro forma* Statement of Comprehensive Income for New L2D:

R’000	SRFM	Adjustments	*Pro forma* acquired by New L2D
Total asset management fee income [(c)]	**50 014**	**(14 436)**	**35 578**
Asset management fee [(a)]	46 440	(14 436)	32 004
Sundry income	1 040	–	1 040
Interest income	2 534	–	2 534
Operating expenses [(7)]	**(40 883)**	**–**	**(40 883)**
Asset management fee saving [(a) (4)]	**–**	**14 565**	**14 565**
Operating profit [(b)]	**9 131**	**129**	**9 260**
Finance expense	–	–	–
Profit before taxation	**9 131**	**129**	**9 260**
Taxation [(e)]	(2 620)	2 620	–
Net profit for the year	**6 511**	**2 749**	**9 260**
Other comprehensive income	–	–	–
Total comprehensive income	**6 511**	**2 749**	**9 260**

a) The adjustment for R14.4 million of asset management fees represents fees paid by the CISIP to SRFM for the period ended 30 June 2018. Such asset management fees will not be payable by the CISIP following the implementation of the Internalisation.

b) The difference between the asset management fee adjustment above and the saving by the CISIP of R129 000 is due to VAT that the CISIP was not allowed to claim on the asset management fees incurred. This amount reverses on consolidation of the CISIP.

c) The R35.6 million pro forma total asset management fee income represents the asset management fee charged to the Liberty Property Portfolio by SRFM, sundry income and interest income earned by SRFM which will continue to be payable to Subco in accordance with the terms and conditions of the New Asset Management Agreement.

d) No adjustment has been made to the R4.6 million expense recognised by SRFM in respect of the cash settled share incentive scheme expense as a result of the change to an equity settled scheme, included within operating expenses.

e) SRFM incurred an income tax expense of R2.6 million for the period ended 30 June 2018. Pursuant to the Proposed Transactions, Subco will acquire the business of SRFM in terms of the Sale of Business Agreement which will include all of its assets and liabilities (and associated deferred tax assets thereto). Subco will qualify as a controlled company in terms of section 25BB of the Income Tax Act and consequently, the profits of SRFM’s business will not be subject to income tax to the extent that such profits are paid by Subco as a qualifying distribution in accordance with section 25BB of the Income Tax Act. Subco is expecting to comply with the requirements of section 25BB of the Income Tax Act and to pay all of its distributable income in the form of a qualifying distribution to New L2D and subsequently, New L2D will pay such qualifying distribution to Shareholders. The pro forma income tax expense for SRFM was consequently adjusted to zero.

4. Represents the adjustment for R14.5 million asset management fees paid by the CISIP to SRFM for the period ended 30 June 2018. Such asset management fees will not be payable by the CISIP following the implementation of the Internalisation.
5. Represents the property income and expenses from the Additional Properties acquired pursuant to the Acquisition. The figures are extracted, without adjustment from the management accounts of the Additional Properties for the six months ended 30 June 2018, which have been reviewed by PwC, the independent auditors.
6. Represents the adjustment for interest on R1.5 billion of debt used to finance the Internalisation and the Acquisition Considerations, calculated on a cost inclusive blended all-in rate of 9%. Anticipated debt raising costs of R13.5 million will be amortised over the term of the debt in line with IFRS 9 Financial Instruments, which is included in the all-in blended rate.
7. Represents the adjustment for an estimated R12.9 million (excluding VAT) of once-off transaction costs to be incurred by both New L2D and Subco in respect of the Proposed Transactions post 1 July 2018. In addition, once-off costs of R6.8 million (excluding VAT) associated with the Proposed Transactions have already been incurred and expensed within SRFM’s results for the six months to 30 June 2018. The transaction costs are expensed in line with New L2D’s accounting policy for common control transactions.
8. Calculation is based on the weighted average number of New L2D Shares outstanding equal to 905 791 719 (after excluding 2 651 615 Incentive Plan shares). The Incentive Plan shares rank in full for all dividends and distributions. The basic and diluted earnings per share including the Incentive Plan shares are both 17.95 cents per share after the Proposed Transactions.
9. Save for transaction costs, all adjustments are expected to have a continuing effect.

Statement of Financial Position

The pro forma statement of financial position below presents the effects of the Proposed Transactions on New L2D on the assumption that the Proposed Transactions were effective on 30 June 2018 and that New L2D was incorporated on that date.

R`000	New L2D [1]	Subco [1]	CISIP [2]	Internalis-ation [3]	Acquisition [4]	Debt raised [6]	Conversion [7]	Transaction costs [8]	After the Proposed Transactions
ASSETS									
Non-current assets	**–**	**–**	**8 705 235**	**1 102**	**1 200 000**	**–**	**–**	**2 384**	**9 908 721**
Investment properties	–	–	8 656 908	–	1 200 000[5]	–	–	2 384	9 859 292
Investment properties under development	–	–	48 327	–	–	–	–	–	48 327
Property, plant & equipment	–	–	–	1 102	–	–	–	–	1 102
Other assets	–	–	–	–	–	–	–	–	–
Current assets	**–**	**–**	**299 234**	**74 927**	**–**	**–**	**–**	**(3 279)**	**370 883**
Trade and other receivables	–	–	163 408	11 266	–	–	–	–	174 674
Financial instruments	–	–	132 831	59 186	–	–	–	–	192 017
Tax receivable	–	–	-	2 079	–	–	–	–	2 079
Loan to STANLIB Asset Management	–	–	-	385	–	–	–	–	385
Cash and cash equivalents	–	–	2 995	2 011	–	–	–	(3 279)	1 727
Total assets	**–**	**–**	**9 004 469**	**76 029**	**1 200 000**	**–**	**–**	**(894)**	**10 279 604**
LIABILITIES									
Non-current liabilities	**–**	**–**	**–**	**–**	**–**	**1 500 000**	**–**	**–**	**1 500 000**
Interest bearing debt	–	–	–	–	–	1 500 000	–	–	1 500 000
Other liabilities	–	–	–	–	–	–	–	–	–
Current liabilities	**–**	**–**	**116 378**	**33 048**	**–**	**–**	**–**	**12 910**	**162 337**
Trade and other payables	–	–	116 378	26 004	–	–	–	12 910	155 292
Employee benefits liability	–	–	–	–	–	–	–	–	–
Loan from Liberty Holdings	–	–	–	7 045	–	–	–	–	7 045
Current taxation payable	–	–	–	–	–	–	–	–	–
Loan from STANLIB Asset Management	–	–	–	–	–	–	–	–	–
Total liabilities	**–**	**–**	**116 378**	**33 048**	**–**	**1 500 000**	**–**	**12 910**	**1 662 337**
Participatory units` capital and reserve									
Capital	–	–	8 668 950		–	–	224 141	–	8 888 091
Retained surplus	–	–	266 188		–	–	(266 188)	(13,804)	(13 805)
Share-based payment reserve [3, c]	–	–	-	17 730	–	–	–	–	17 730
Non-distributable reserve	–	–	(42 047)	(274 750)	–	–	42 047	–	(274 750)
Total unitholder / shareholder funds [7]	–	–	8 888 091	(257 019)	–	–	-	(13 804)	8 617 267

Total unitholder / shareholder funds and liabilities	–	–	9 004 469	(223 971)	–	1 500 000	–	(894)	10 279 604
NAV per unit / share (excludes deferred tax) (9)	–	–	9.81	(0.28)	–	–	–	(0.02)	9.51
NTAV per unit / share (excludes deferred tax) (9)	–	–	9.81	(0.28)	–	–	–	(0.02)	9.51

Notes and assumptions to the *pro forma* effects on the Statement of Financial Position:

1. Pursuant to the Proposed Transactions, the CISIP has acquired New L2D and New L2D has acquired Subco. The assets and liabilities of the CISIP will be transferred to Subco in exchange for Subco Shares pursuant to the Exchange Agreement. Thereafter, the CISIP will transfer all of its assets and liabilities, being Subco Shares, to New L2D in accordance with the Amalgamation Agreement and distribute all of the New L2D Shares to Unitholders, who will receive one New L2D Share for every Unit held. The interim financial statements of New L2D and Subco have been audited by PWC, the independent auditors, and unqualified opinions have been expressed on the respective sets of financial statements.
2. Extracted, without adjustment, from the CISIP's 30 June 2018 unaudited interim financial statements.
3. Extracted, without adjustment (except as detailed below), from SRFM's 30 June 2018 reviewed interim financial statements. SRFM's interim financial statements have been reviewed by PWC, the independent auditors. The Internalisation is to be accounted for as a business combination under common control. The table below sets out the assets and liabilities that would be assumed by New L2D from acquiring SRFM and the adjustments made thereto:

Acquired assets and liabilities	**SRFM**	**Adjustments**	**Pro forma acquired by New L2D**
Non-current assets	**6 067**	**(4 965)**	**1 102**
Property, plant & equipment	1 102	-	1 102
Deferred tax (a)	4 965	(4 965)	-
Current assets	**77 289**	**(2 362)**	**74 927**
Trade and other receivables (b)	13 628	(2 362)	11 266
Tax receivable	2 079	-	2 079
Cash and cash equivalents	2 011	-	2 011
Financial instruments	59 186	-	59 186
Loan to Stanlib Asset Management	385	-	385
Total assets	**83 355**	**(7 326)**	**76 029**
Non-current liabilities	-	-	-
Current liabilities	**50 779**	**(17 730)**	**33 048**
Trade and other payables	26 004		26 004
Employee benefits liability (c)	17 730	(17 730)	-
Loan from Liberty Holdings	7 045	-	7 045
Current taxation payable	-	-	-
Loan from STANLIB Asset Management	-	-	-
Share Based Payment Reserve (c)	-	17 730	17 730
Net assets value acquired	**32 576**	**(7 326)**	**25 250**
Consideration	300 000	-	300 000
Common control adjustment	**(267 424)**	**(7 326)**	**(274 750)**

a) In terms of the Sale of Business Agreement, SRFM will transfer its business, which will include all of its assets and liabilities (and associated deferred tax assets thereto) to Subco. Subco will be a controlled company in terms of section 25BB of the Income Tax Act and consequently, having paid out its net profits in the form of a qualifying distribution as expected, will not pay income tax on its net profits. As such, the deferred tax asset is unlikely to be realised in Subco and is therefore derecognised.

b) Represents the adjustment for one month's asset management fees owing to SRFM as payable by the CISIP. Such asset management fees will not be payable by the CISIP following the implementation of the Proposed Transactions.

c) Represents an adjustment for the change in the employee share-based payments from being a cash settled scheme to an equity settled scheme that will be controlled and administered by New L2D. For the purposes of these pro forma financial effects, it is assumed that the valuation of the cash settled share-based payment is unadjusted as a result of the change to an equity settled scheme.

4. Extracted, without adjustment, from the management accounts of the Additional Properties which have been reviewed by PWC, the independent auditors, as at 30 June 2018.

5. Pursuant to the Acquisition, Subco will acquire the Additional Properties for R1.2 billion which reflects their independent market value as at 30 September 2018. The Additional Properties will be accounted for at fair value in accordance with IAS 40 Investment Properties.

6. Represents the adjustment for the debt of R1.5 billion used to finance the Internalisation Consideration (R300 million) and the Acquisition Consideration (R1.2 billion). The blended all-in rate of 9% incorporates the amortisation of R13.5 million of debt fundraising costs in accordance with IFRS 9 Financial Instruments.

7. Represents the reversal of reserves within CISIP into Capital.

a) Pursuant to the Exchange Agreement, the CISIP will transfer all of its assets and liabilities (other than the liability in relation to the Final CISIP Distribution and assets necessary to settle the Final CISIP Distribution) to Subco in exchange for the assumption by Subco of those liabilities and the issue of 908 443 334 Subco Shares. The adjustment reflects the new capital balance that would have been raised as at 30 June 2018 via the issue of 908 443 334 Subco Shares to the CISIP. No adjustment to the pro forma financial information is made in respect of the Final CISIP Distribution.

b) Pursuant to the Amalgamation Agreement, the CISIP will transfer all of its assets (other than assets necessary to settle the Final CISIP Distribution), being 908 443 334 Subco Shares and remaining liabilities (other than the liability in relation to the Final CISIP Distribution), to New L2D, in consideration for the issue by New L2D of 908 443 333 New L2D Shares to the CISIP. The adjustment reflects the new capital balance that would have been raised as at 30 June 2018 via the issue by New L2D of 908 443 334 New L2D Shares to the CISIP. No adjustment to the *pro forma* financial statements is made for the Final CISIP Distribution.

8. Estimated once-off transaction costs in relation to the Acquisition of R2.4 million (excluding VAT) will be capitalised to the cost of the Additional Properties in line with the requirements of IAS 40 Investment Properties, with such costs paid in cash. Further once-off transaction costs of R12.9 million (excluding VAT) will be expensed as incurred with R894 000 being expensed directly through equity. Once-off costs of R6.8 million (excluding VAT) associated with the Proposed Transactions have already been incurred and expensed within SRFM's results for the six months to 30 June 2018. The transaction costs are treated in line with New L2D's accounting policy for common control transactions.

9. Calculation is based on the pro forma New L2D Shares outstanding equal to 905 791 719 (after excluding Incentive Plan shares of 2 651 615). The Incentive Plan shares rank in full for all dividends and distributions. The NAV and TNAV per share including the Incentive Plan shares are both R9.49 after the Proposed Transactions.

Johannesburg
6 August 2018

Financial Advisor and Transaction Sponsor
The Standard Bank of South Africa Limited

Independent sponsor
Questco Corporate Advisory Proprietary Limited

Legal Advisers to Liberty Two Degrees
Allen & Overy (South Africa) LLP

Transaction Attorneys and Tax Advisors
Webber Wentzel

Independent Reporting Accountants and Auditors
PricewaterhouseCoopers Inc.

Independent Expert
Ernst & Young Advisory Services Proprietary Limited

Investor Relations
Gareth Rees
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The Directors
STANLIB REIT Fund Managers (RF) Proprietary Limited on behalf of Liberty Two Degrees Liberty Life Centre
1 Ameshoff Street
Braamfontein
Johannesburg
2001

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Report on the Assurance Engagement on the Compilation of Pro Forma Financial Information included in the Supplementary Information Announcement

To the Directors of STANLIB REIT Fund Managers (RF) Proprietary Limited on behalf of Liberty Two Degrees.

We have completed our assurance engagement to report on the compilation of the pro forma financial information of Liberty Two Degrees (the "REIT") by the directors of STANLIB REIT Fund Managers (RF) Proprietary Limited on behalf of Liberty Two Degrees. The pro forma financial information, as set out in the Supplementary Information Announcement to be issued by Liberty Two Degrees on 3 August 2018 (the "Supplementary Information Announcement"), consists of the pro forma financial effects, the pro forma statement of financial position as at 30 June 2018, the pro forma statement of comprehensive income for the 6 months ended 30 June 2018 and related notes. The applicable criteria on the basis of which the directors have compiled the pro forma financial information are specified in the JSE Limited (JSE) Listings Requirements and described in the Supplementary Information Announcement.

The pro forma financial information has been compiled by the directors of STANLIB REIT Fund Managers (RF) Proprietary Limited on behalf of Liberty Two Degrees to illustrate the impact of the cancellation of the put option, the related party acquisition of additional properties from the Liberty Property Portfolio, the internalisation of the management company of Liberty Two Degrees (being a related party transaction), and the conversion of Liberty Two Degrees into a Corporate REIT. As part of this process, information about the REIT's financial position and financial performance has been extracted by the directors from the REIT's published financial statements for the six months ended 30 June 2018.

Directors' responsibility

The directors of STANLIB REIT Fund Managers (RF) Proprietary Limited on behalf of Liberty Two Degrees are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the Supplementary Information Announcement.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibility

Our responsibility is to express an opinion on whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis of the applicable criteria specified in the JSE Listings Requirements and described in the Supplementary Information Announcement based on our procedures performed.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the REIT as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors of STANLIB REIT Fund Managers (RF) Proprietary Limited on behalf of Liberty Two Degrees in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the REIT, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in the Supplementary Information Announcement.

Emphasis of Matter - Subsequent event

We draw attention to the disclosure in the Supplementary Information Announcement which indicates that the previously issued pro forma financial information, on which we issued an assurance report on the compilation of pro forma financial information included in a circular dated 24 July 2018, has been revised and reissued. As explained in the Supplementary Information Announcement, this is to reflect the impact of the restated property portfolio revenue and the restated property operating expenses on the pro forma financial information. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: J. Basson
Registered Auditor
Johannesburg
6 August 2018

Independent reporting accountant's review report on the special purpose historical financial information of the Acquisition Transaction

To the directors of STANLIB REIT Fund Managers (RF) Proprietary Limited

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Introduction

Liberty Two Degrees issued a circular to its participatory unitholders ("the Circular") regarding the conversion of Liberty Two Degrees into a Corporate REIT on 27 July 2018. The Circular included the proposed acquisition of additional undivided shares in properties from its holding entity, Liberty Holdings Limited (the "Acquisition Transaction").

At your request and for the purpose of the Supplementary Information Announcement to be issued by Liberty Two Degrees on 3 August 2018 (the "Supplementary Announcement"), we have reviewed the accompanying special purpose historical financial information of the Acquisition Transaction which comprises the special purpose statement of financial information as at 30 June 2018, and the related special purpose statement of comprehensive income for the six month period then ended and the notes to the special purpose historical financial information, which include a summary of significant accounting policies. The special purpose historical financial information is used in the adjustment column referred to in the pro forma financial information of the Supplementary Announcement to be issued by Liberty Two Degrees.

Directors' responsibility

The directors of STANLIB REIT Fund Managers (RF) Proprietary Limited are responsible for the preparation and presentation of the special purpose historical financial information in accordance with the basis of accounting described in note 1 to the special purpose historical financial information, for determining that the basis of preparation is acceptable in the circumstances, and for such internal control as the directors determine is necessary to enable the preparation of special purpose historical financial information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express a conclusion on the special purpose historical financial information.

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 which applies to a review of historical financial information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the special purpose historical financial information is not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial information in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

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The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the special purpose historical financial information of the Acquisition Transaction for the six month period ended 30 June 2018 is not prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the special purpose historical financial information.

Emphasis of Matter: Special Purpose Historical Financial Information, Basis of Accounting and Subsequent Event

Without qualifying our conclusion, we draw attention to the fact that, as described in note 1 to the special purpose historical financial information, the Acquisition Transaction has not operated as a separate entity. This special purpose historical financial information is, therefore, not necessarily indicative of results that would have occurred if the Acquisition Transaction had been a separate stand-alone entity during the year presented or of future results of the Acquisition Transaction.

We also draw attention to note 1 to the special purpose historical financial information which describes the basis of accounting. The special purpose historical financial information is prepared by the directors of STANLIB REIT Fund Managers (RF) Proprietary Limited for the purpose of the Supplementary Announcement and may not be suitable for another purpose. Our conclusion is not qualified in respect of this matter.

We further draw attention to note 5 to the special purpose historical financial information which indicates that the previously issued special purpose historical financial information for the six month period ended 30 June 2018, on which we issued an independent reporting accountant's review report dated 24 July 2018, has been revised and reissued. As explained in note 5, this is to reflect the correction of the calculation error in the special purpose historical financial information which was extracted from the Liberty Property Portfolio. Our conclusion is not qualified in respect of this matter.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: J. Basson
Registered Auditor
Johannesburg
6 August 2018