



LIBERTY



Listing South Africa's Most Iconic Property Assets

Investor Presentation
November 2016

- Liberty Group Limited's ("**Liberty**") existing property portfolio ("**LPP**") is one of South Africa's leading retail property portfolios with world-class assets such as the Sandton City Complex, Eastgate Complex and Melrose Arch
- A portion of the LPP is being made available to investors through the listing of participatory units in a Collective Investment Scheme in Property ("**Liberty Two Degrees**") which will co-own the properties alongside Liberty
- **The listing of Liberty Two Degrees is a unique opportunity to invest in one of South Africa's most iconic retail property portfolios**



IPO structure

Issuer	<ul style="list-style-type: none"> Liberty Two Degrees 	Listing	<ul style="list-style-type: none"> JSE Main Board Real Estate Sector
Offer size	<ul style="list-style-type: none"> Institutional tranche: R 2.0bn Liberty subscription: R780m Secondary sale of up to R1.0bn from Liberty Shareholder Investment Portfolio 	Marketing strategy	<ul style="list-style-type: none"> Private placement to South African investors only
Expected market capitalisation	<ul style="list-style-type: none"> c.R9.1 billion 	Free float	<ul style="list-style-type: none"> Expected free float 22% – 33%
Loan to value	<ul style="list-style-type: none"> 0% 	Offer price	<ul style="list-style-type: none"> R10.00 Fixed price offer
Yield	<ul style="list-style-type: none"> 6.5% 	Use of proceeds	<ul style="list-style-type: none"> Financing of acquisitions and current development pipeline
Listing date	<ul style="list-style-type: none"> Early December 2016 	Securities offered	<ul style="list-style-type: none"> Participatory units only
Lock-ups	<ul style="list-style-type: none"> Liberty Shareholder Investment Portfolio: 180 days Management: 365 days 	Primary / secondary split	<ul style="list-style-type: none"> R2.0 billion primary issuance Up to R1.0 billion secondary subject to demand
Syndicate	<p>Joint Co-ordinators and Joint Bookrunners</p> <ul style="list-style-type: none"> Standard Bank Java Capital 	Legal counsel	<p>Liberty Two Degrees' counsel</p> <ul style="list-style-type: none"> Webber Wentzel <p>Bookrunners' counsel</p> <ul style="list-style-type: none"> Cliffe Dekker Hofmeyr
Reporting Accountants	<ul style="list-style-type: none"> PricewaterhouseCoopers 	External Valuers	<ul style="list-style-type: none"> JLL Mills Fitchet Rode and Associates



Defensive, prime and iconic real estate assets

- Prime super-regional real estate tapping into the entire LSM spectrum with exposure to foreign spending power
- Defensive portfolio located in major economic nodes anchored by South Africa's leading real estate assets
- Blue-chip tenant base with strong new tenant demand for prime GLA



Industry-leading management team

- Industry-leading professionals with extensive property experience and knowledge of the assets
- Sustained track record in managing, developing and acquiring South Africa's flagship property assets and RoA property investments
- Ongoing access to STANLIB and Liberty support infrastructure



Growth opportunities in SA and RoA

- R2.8bn capital raise to support identified acquisition pipeline
- Initial focus of Liberty Two Degrees will be on growing its South African footprint
- Considered investment into RoA aligned to Liberty Two Degrees' focus on quality assets with a retail bias
- Significant investment in existing assets of over R2.5bn between 2011 – 2016 underpins future growth



Robust income growth with unique gearing flexibility

- Long track record of benchmark-beating returns
- Ungeared balance sheet attractive in current climate and gives Liberty Two Degrees the capacity to further augment its growth story

Address customer demand

- Gain / desire for exposure to listed property within Liberty's product range
 - Enhanced returns via gearing of the portfolio
 - Creates efficient platform to access equity and debt capital
 - Growth in the portfolio through new developments and acquisitions
 - Measured exposure to growth markets including Rest of Africa economies
 - Potential to trade at a premium to NAV

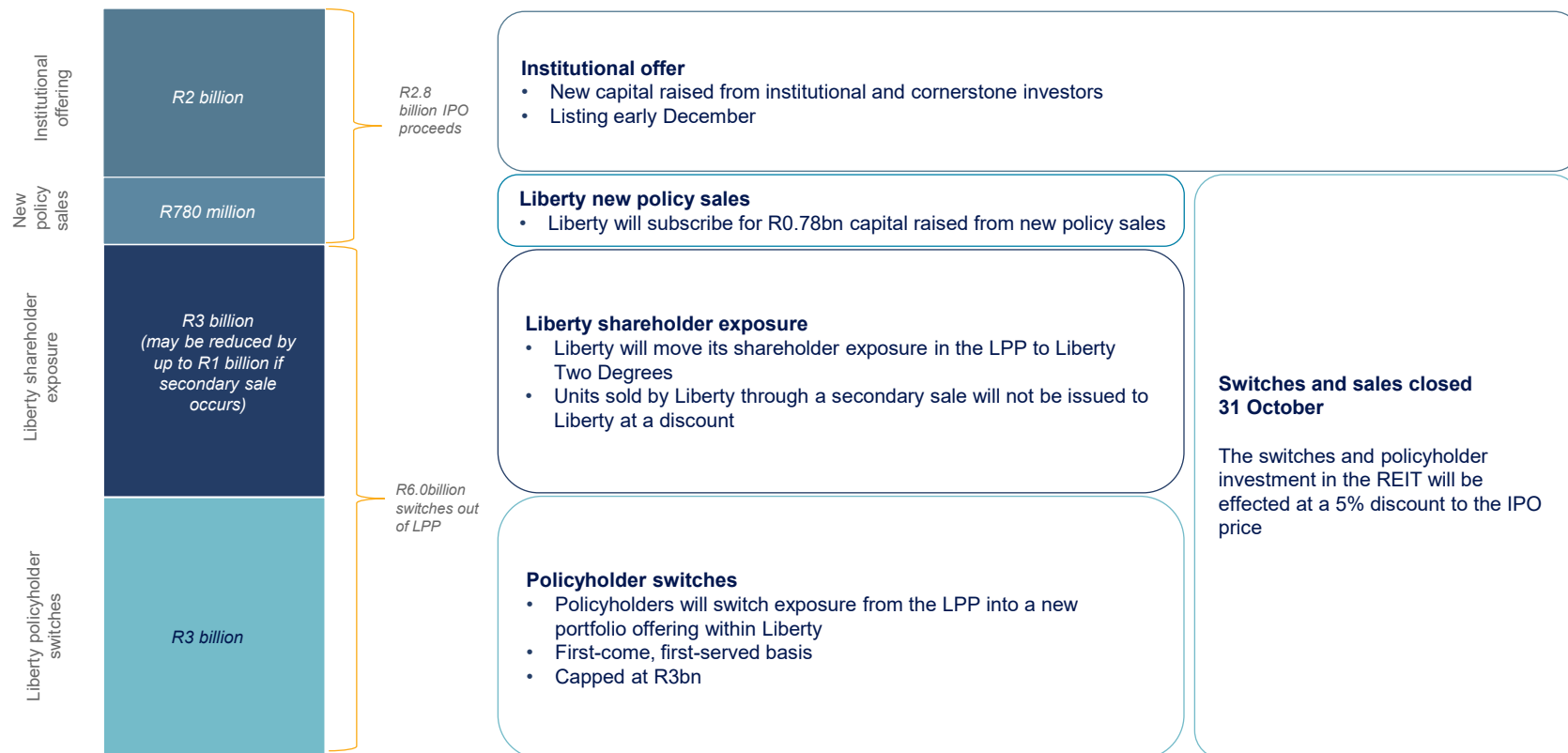
Liquidity

- Efficient mechanism for Liberty to match policyholder liquidity requirements
- Facilitates access for institutional and retail investors

Access to capital

- New channels to access capital for the benefit of both investors and Liberty's policyholders

IPO building blocks





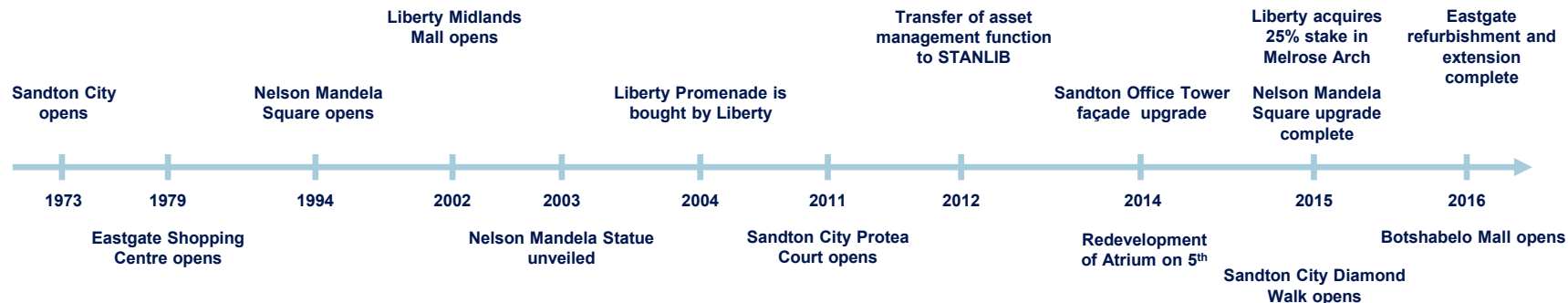
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Portfolio assets

Value underpinned by
location and tenant

LPP's transformation to iconic status



An iconic, defensive portfolio

Robust performance metrics that will deliver sustained and defensive returns

Property portfolio value ¹	R27.4 billion
Number of properties ²	11
Attributable GLA	615 826m ²
Retail	68.2%
Office	28.4%
Gross rental income	R595.7m
Retail	82.9%
Office	16.0%
Vacancy rate	5.9%
Weighted average trading density ³	R45 663 / m ²
Weighted average gross rent to sales ³	9.4%
Weighted average rental	R270 / m ²
Retail	R322.3 / m ²
Office	R161.3 / m ²

Financial metrics

Value per square metre (R'000 / m ²)	44.5
2016 / 17 weighted average rental escalation	7.1%
Forward yield	6.5%
2017 / 18 NPI growth management guidance	7.0 – 9.0%
Premium to NAV	5.0%
Gross cost to income 2016	31.3%



1. Valuations at 31 October 2016. All metrics per PLS unless stated otherwise
2. Currently LPP owns 100% of portfolio assets except for Sandton City (75%), Botshabelo (70%), Melomed Hospital (70%), Standard Bank Centre (50%) and Melrose Arch (25%)
3. Retail Live Stats, as at 31 July 2016

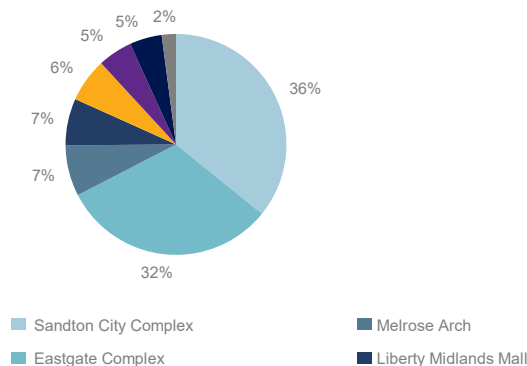
Prime properties dominate the portfolio

Portfolio anchored by 2 super regionals – both in top 3 centres by foot count density in SA

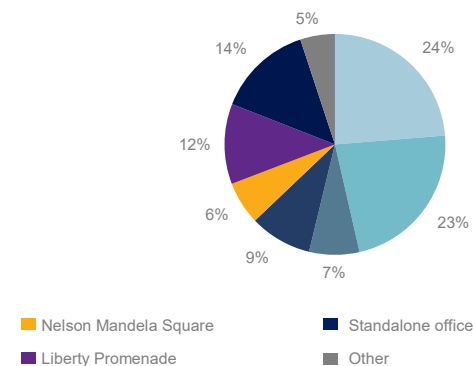
Defensive mix of mature assets in prime locations and developing assets in strategic nodes

Highest average property values in the sector – R2.5bn average asset value; R44.5k / m²

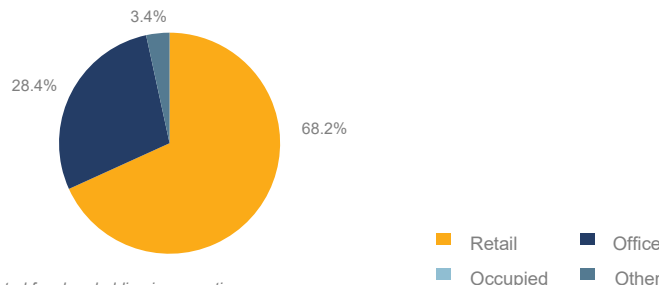
REIT composition by value



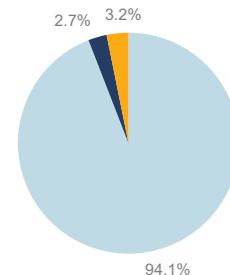
REIT composition by GLA



REIT portfolio sectoral spread by GLA



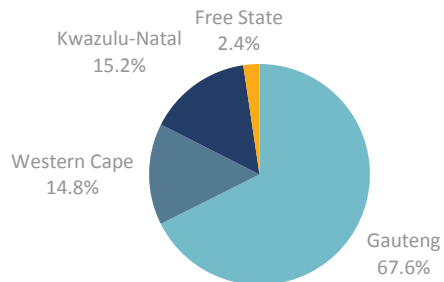
Vacancy sectoral spread by GLA



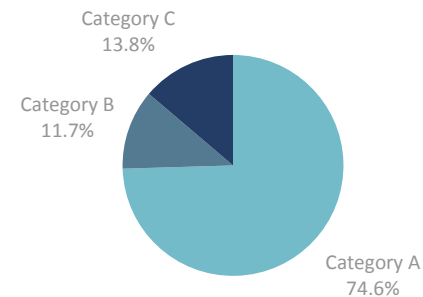
1. Independent valuations at 31 October 2016, GLA adjusted for shareholding in properties
2. Vacancies as at 30 September 2016
3. Sandton City Complex includes Atrium on 5th
4. Standalone office comprise Standard Bank Centre, Umhlanga Ridge, Century City

Portfolio summary

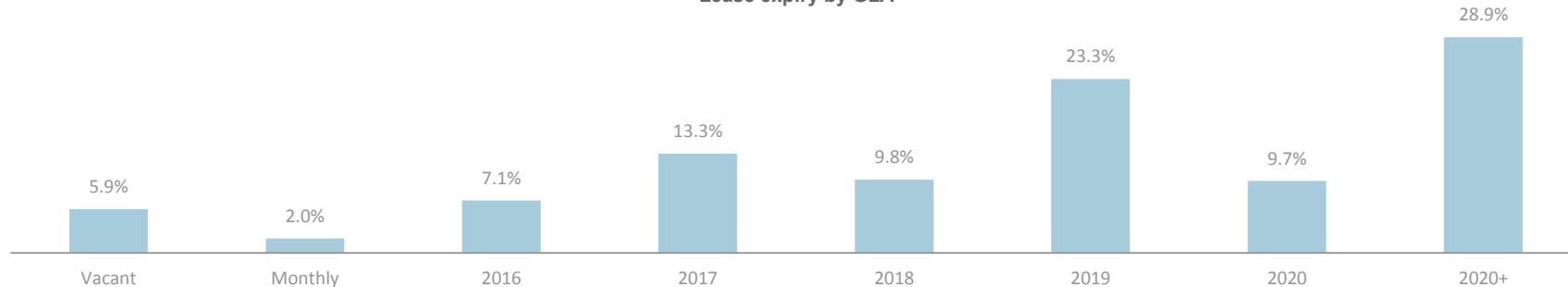
Geographic profile by GLA



Tenant profile by category



Lease expiry by GLA



1. All data per PLS
2. GLA adjusted for shareholding in properties

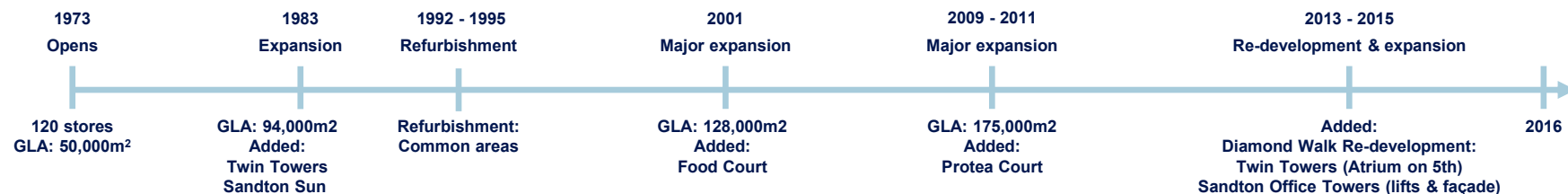
Sandton City: Investment highlights

Sandton City is an iconic Johannesburg landmark at the heart of the Sandton CBD offering a destination in itself beyond retail

- ① Sandton City continues to boast trading densities significantly ahead of its peers
- ② Sandton City's recently opened Diamond Walk has a trading density close on double the centre's average at R98 400 / m² per annum
- ③ Recently opened large retail centres in Gauteng have not materially impacted Sandton City's trading performance – Sandton City continues to attract the full spectrum of LSMs through a differentiated retail and entertainment offering
- ④ Sandton City has significant prospective tenant appetite for substantial GLA should existing anchor tenants vacate (e.g. Edcon, Stuttafords)
- ⑤ Sandton City's office space has recently undergone major refurbishments and is continuing to secure tenants on an ongoing basis
- ⑥ Superbly located i.e. walking distance to the Gautrain station, surrounded by business and leisure hotels and an ever growing office node



Sandton City: Overview



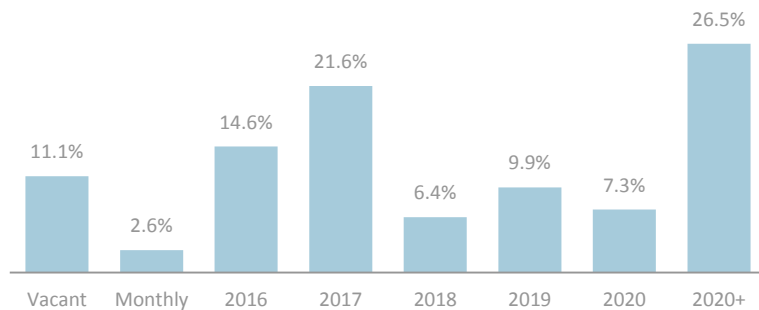
Asset summary ¹		
GLA (m ²)		194 779
Retail		144 658 (74%)
Office		50 122 (24%)
Valuation (Rm)		9 809
Number of stores		311
Key metrics ²		
	Sandton City	IPD
Trading density (R / m ²)	52 302	39 353
Vacancy ³	11.1%	
Retail	2.1%	n/c
Office	31.7%	n/c
Gross rent to sales	10.0%	9.0%

Tenant	% total
Tenant 1	9.9%
Tenant 2	9.9%
Tenant 3	7.0%
Tenant 4	5.3%
Tenant 5	3.2%
Total	35.4%
Department Stores	35.1%
Apparel	31.0%
Non Turnover Generating Stores	5.1%
Homeware, Furniture & Interior	3.7%
Sportswear and Outdoor	3.4%
Other	21.7%

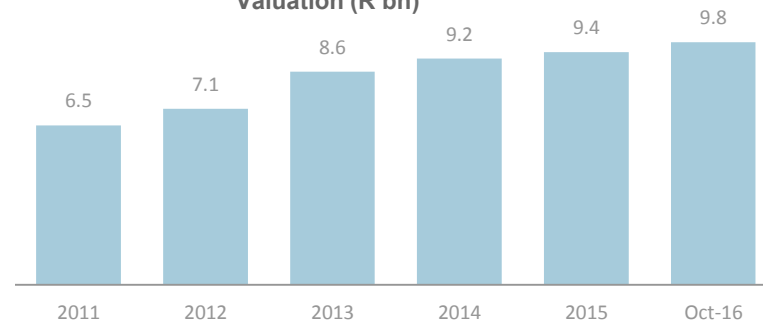
1. Valuations as at 31 October 2016 on 75% of asset. GLA not adjusted for shareholding
 2. Trading density and rent to sales from 2015 IPD. Vacancies as at 30 September 2016 per PLS
 3. Storage vacancy of 2 257m² not shown in vacancy subtotals but included in total

Sandton City: Key statistics

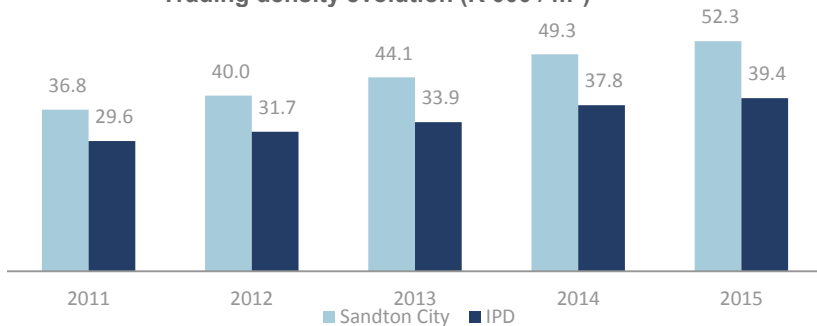
Lease expiry profile



Valuation (R'bn)

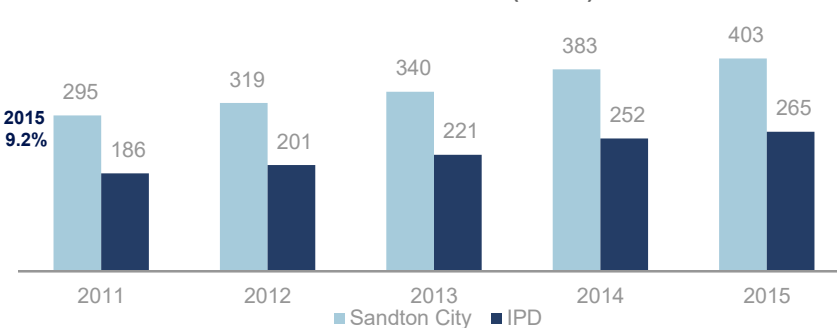


Trading density evolution (R'000 / m²)



2011 – 2015
CAGR: 9.2%

Base rental evolution (R / m²)



Nelson Mandela Square: Investment highlights

Nelson Mandela Square is a premium dining and entertainment node in the heart of the Sandton CBD

- ① The Nelson Mandela statue at the head of the Square is the most photographed statue in Africa, generating significant tourist presence
- ② The Square is a major thoroughfare for the wider Sandton CBD and Gautrain
- ③ The Square continues to perform significantly above its peers on all metrics
- ④ The Square has undergone a major refurbishment, which has seen new tenants move in and the central fountain being upgraded
- ⑤ This has impacted performance but a post-completion rebound is already evident
- ⑥ The Square continues to be a preferred venue for both international and national events



Nelson Mandela Square: Overview



Asset summary¹

GLA (m ²)	38 789
Retail	20 029 (52%)
Office	18 760 (48%)
Valuation (Rm)	1 760
Number of stores	58

Key metrics²

	NMS	IPD
Trading density (R / m ²)	79 212	32 089
Vacancy ³	15.7%	
Retail	1.1%	n/c
Office	23.6%	n/c
Gross rent to sales	7.9%	8.8%

Tenant

Tenant	% total
Tenant 1	13.2%
Tenant 2	7.1%
Tenant 3	5.0%
Tenant 4	4.9%
Tenant 5	4.0%
Total	34.2%
Food Service	34.9%
Apparel	29.4%
Speciality	6.4%
Accessories, Jewellery & Watches	6.1%
Motor Related	4.4%
Other	18.9%

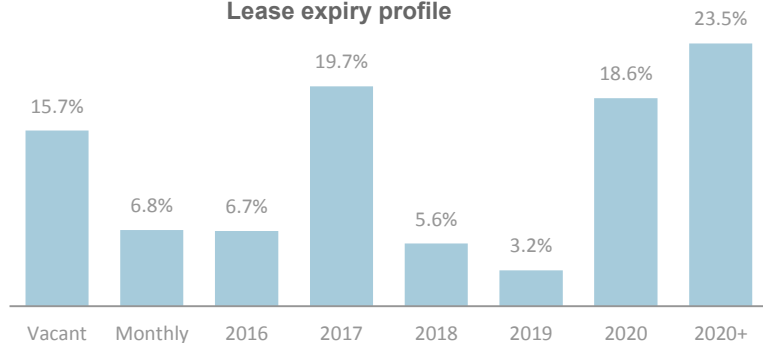
1. Valuations as at 31 October 2016

2. Trading density and rent to sales from 2015 IPD. Vacancies as at 30 September 2016

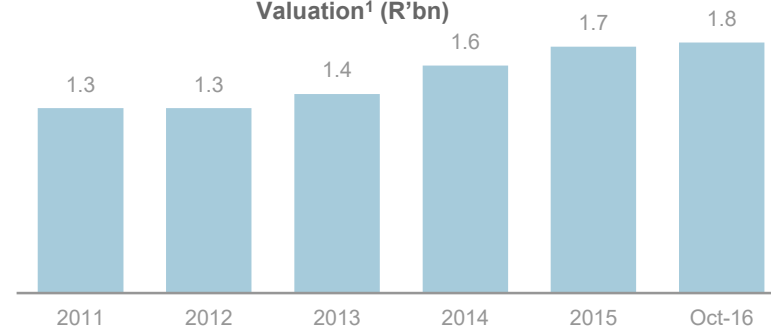
3. Storage vacancy of 68% on a total GLA of 2 419m² not shown in subtotals but included in total

Nelson Mandela Square: Key statistics

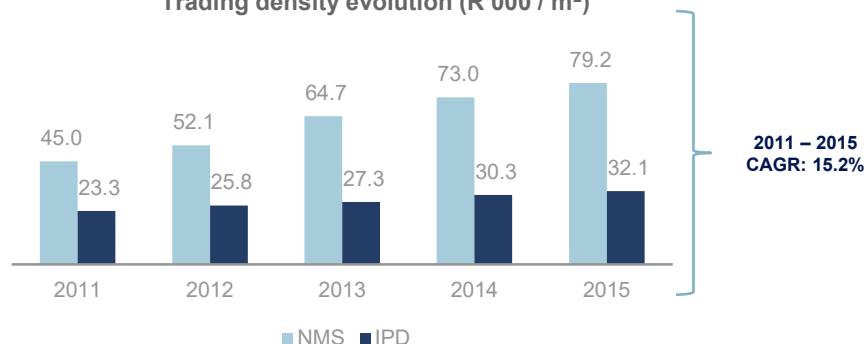
Lease expiry profile



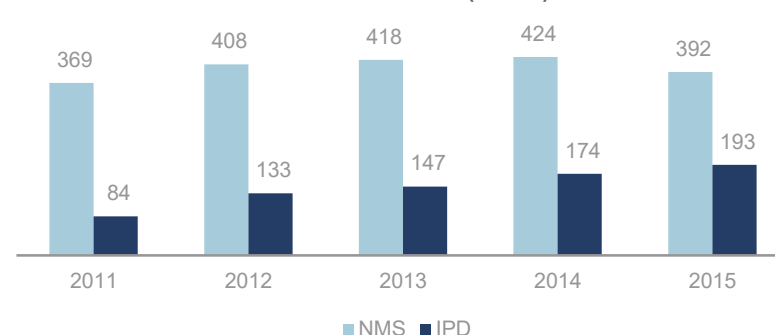
Valuation¹ (R'bn)



Trading density evolution (R'000 / m²)



Base rental evolution² (R / m²)



1. Pro forma adjusted valuation for 2015, as unit of account methodology only applied in 2015

2. Rental decline due to development activity in 2015

3. Source: IPD, independent valuations

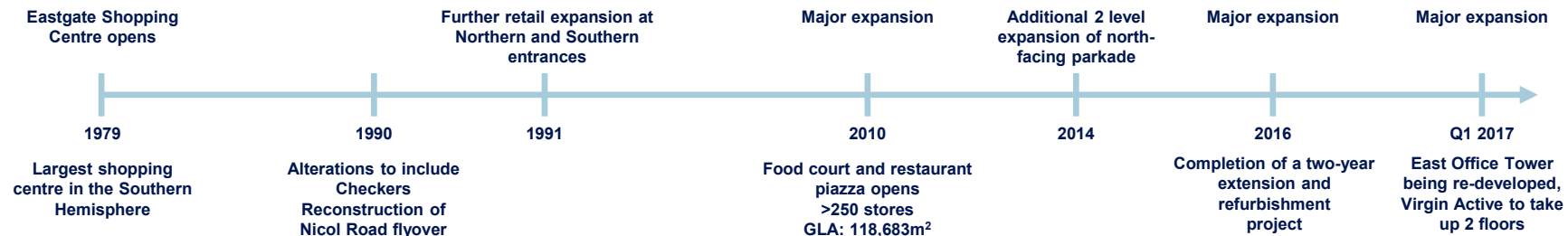
Eastgate: Investment highlights

Eastgate Complex is a top 3 super regional mall servicing the East and South-Eastern suburbs of Johannesburg

- ① Eastgate is nearing the completion of the Phase 2 project that involved extensions and refurbishments
- ② The centre has undergone a significant transformation, positioning it as a contemporary retail, leisure and lifestyle destination
- ③ Implementation of the leasing strategy has ensured the addition of Zara, River Island and Hamleys, as well as extensions to Woolworths, Edgars, Markhams and Foschini
- ④ The centre boasts one of the finest cinema complexes in the country that include an IMAX theatre, 2 Cine Prives and 7 other cinemas
- ⑤ Eastgate has a loyal customer base from the significant catchment area it continues to serve
- ⑥ The Eastgate Office Tower space is anchored by a significant Virgin Active Club, and available space is being actively marketed now as construction is nearing completion



Eastgate: Overview



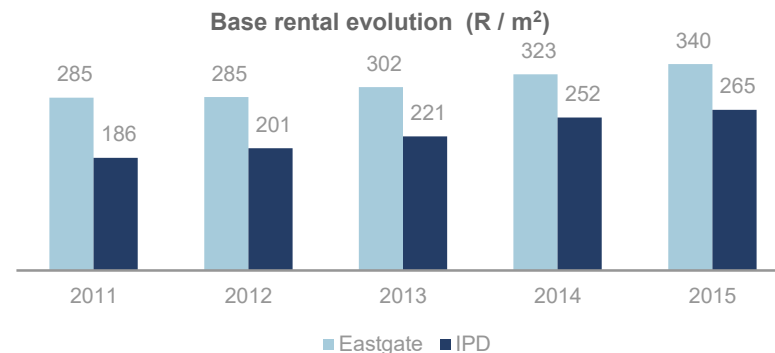
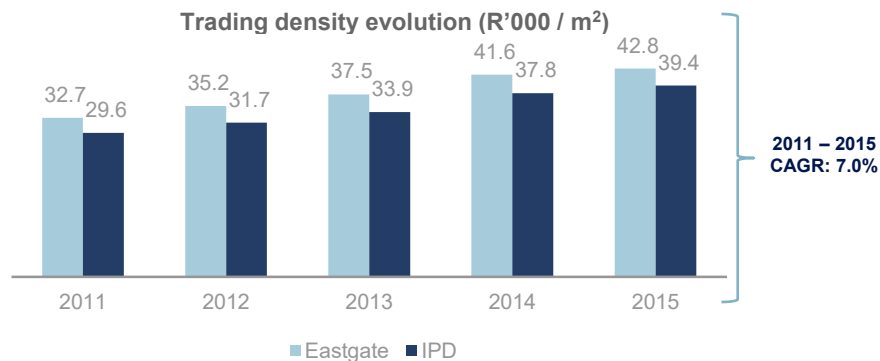
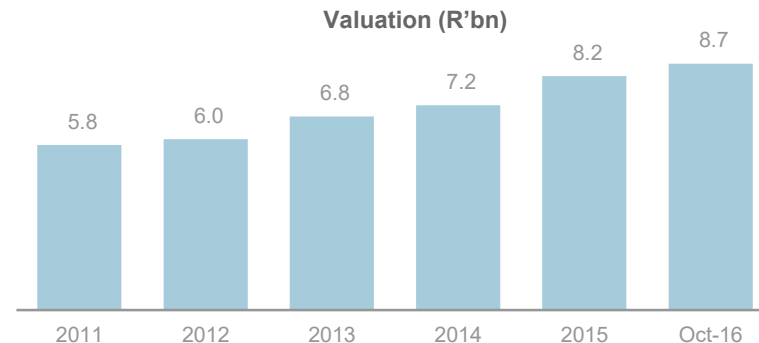
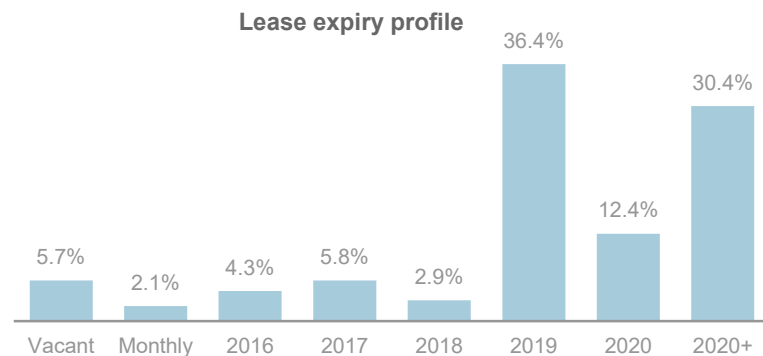
Asset summary ¹		
GLA (m ²)		139 792
Retail		131 244 (94%)
Office		8 548 (6%)
Valuation (Rm)		8 655
Number of stores		275
Key metrics ²		
	Eastgate	IPD
Trading density (R / m ²)	42 849	39 353
Vacancy	5.7%	
Retail	4.1%	n/c
Office	Under development	n/c
Gross rent to sales	10.2%	9.0%

Tenant	% total
Tenant 1	11.2%
Tenant 2	9.4%
Tenant 3	6.3%
Tenant 4	5.7%
Tenant 5	5.0%
Total	37.6%
Department Stores	35.7%
Apparel	21.5%
Food Service	4.9%
Speciality	4.6%
Sportswear and Outdoor	4.4%
Other	28.8%

1. Valuations as at 31 October 2016

2. Trading density and rent to sales from 2015 IPD. Vacancies as at 30 September 2016 per PLS

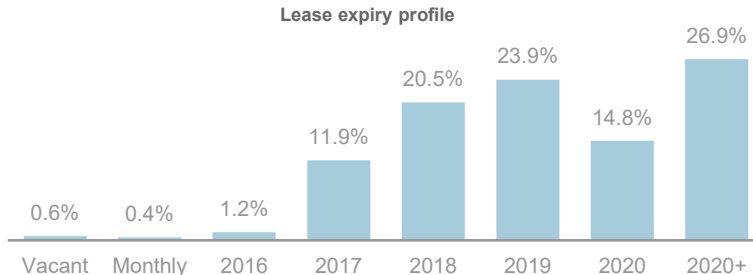
Eastgate: Key statistics



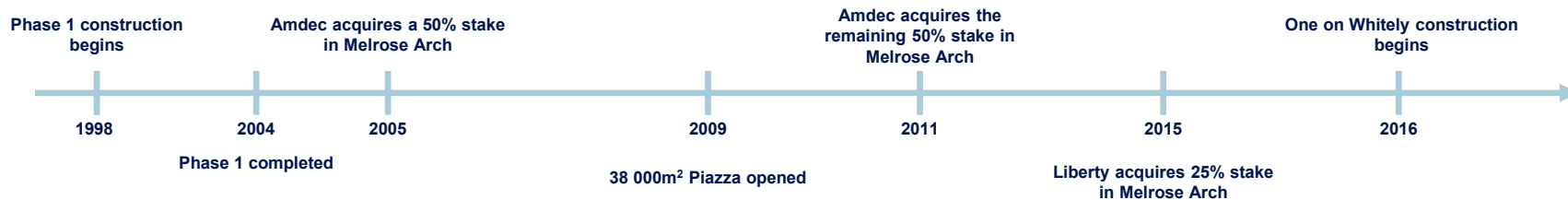
Melrose Arch: Investment highlights

Melrose Arch is Johannesburg's unique mixed-use precinct positioned between Sandton and the expanding Rosebank node

- ① Significant bulk available for office and residential
 - Liberty Two Degrees and Liberty have a right of first refusal to acquire their respective shares of developments upon completion
- ② It has become one of the destinations of choice in Johannesburg for blue-chip corporate tenants and smaller businesses alike
- ③ It is a premier restaurant and office hub servicing Johannesburg's Northern suburbs
- ④ While Liberty Two Degrees does not have residential exposure, One on Whiteley includes a premium urban residential offering which increases high LSM consumer footfall in the precinct



Melrose Arch: Overview



Asset summary¹

GLA (m ²)	181 163
Retail	54 553 (30%)
Office	109 607 (61%)
Other	17 003 (9%)
Valuation (Rm)	2 039
Number of stores	119

Key metrics ²	Melrose Arch ²	IPD ³
Trading density (R / m ²)	41 402	42 786
Vacancy	0.6%	n/c
Retail	1.4%	n/c
Office	0.3%	n/c
Gross rent to sales	10.2%	9.8%

1. Valuations as at 31 October 2016 on 25% of the asset. GLA not adjusted for shareholding

2. Trading density and rent to sales from 2015 IPD. Vacancies as at 30 September 2016

3. Melrose Arch's lack of peers makes IPD data not directly comparable

Tenant (Office and Retail)

	% total
Tenant 1	13.2%
Tenant 2	6.7%
Tenant 3	4.8%
Tenant 4	4.7%
Tenant 5	3.9%
Total	33.4%

Liberty Midlands Mall: Investment highlights

Liberty Midlands Mall is a major regional centre servicing the Pietermaritzburg and wider KZN midlands region, strategically situated on the N3

- ① Liberty Midlands Mall delivers superior performance to its peers with a long lease expiry profile and diverse anchor tenants
- ② Liberty Midlands Mall houses significant anchor tenants – Woolworths, Pick n Pay, Edgars, Game and Dischem
- ③ It offers shoppers 166 stores that include a strong presence from the national retail groups such as the Foschini Group, the Truworths Group, Mr. Price and Edcon
- ④ The centre offers a significant food-court that is a combination of formal sit-down restaurants and take-away stores
- ⑤ Liberty Midlands Mall is about to commence a 22 282m² Phase 3 development that encompasses an expansion of Woolworths, the introduction of Planet Fitness and Checkers



Liberty Midlands Mall: Overview



Asset summary ¹		
GLA (m ²)		
Retail		56 130
Valuation (Rm)		1 882
Number of stores		166
Key metrics ²	Midlands Mall	IPD
Trading density (R / m ²)	37 488	32 089
Vacancy		
Retail	2.1%	n/c
Gross rent to sales	6.6%	8.8%

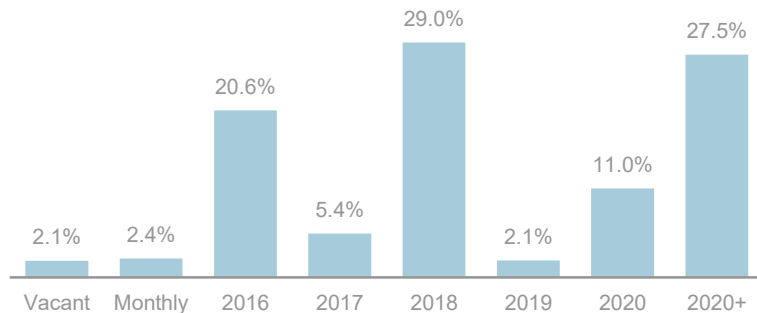
Tenant	% total
Tenant 1	10.3%
Tenant 2	8.2%
Tenant 3	8.0%
Tenant 4	6.8%
Tenant 5	3.0%
Total	36.3%
Department Stores	26.0%
Apparel	21.1%
Food	9.4%
Homeware, Furniture & Interior	6.9%
Food Service	6.2%
Other	30.5%

1. Valuations as at 31 October 2016

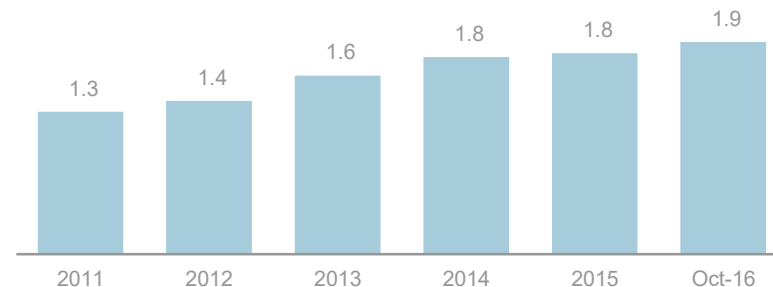
2. Trading density and rent to sales from 2015 IPD. Vacancies as at 30 September 2016

Liberty Midlands Mall: Key statistics

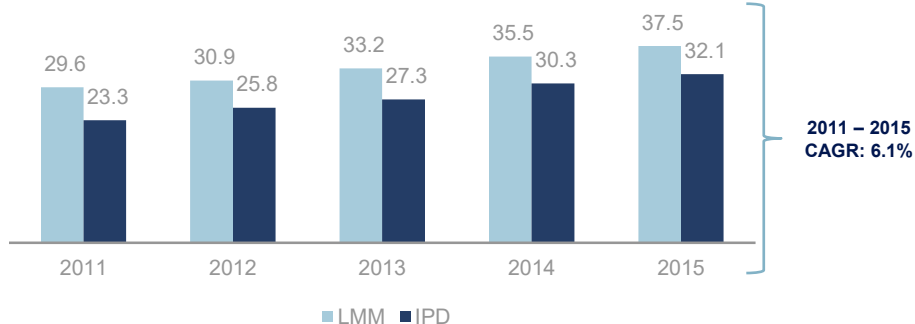
Lease expiry profile



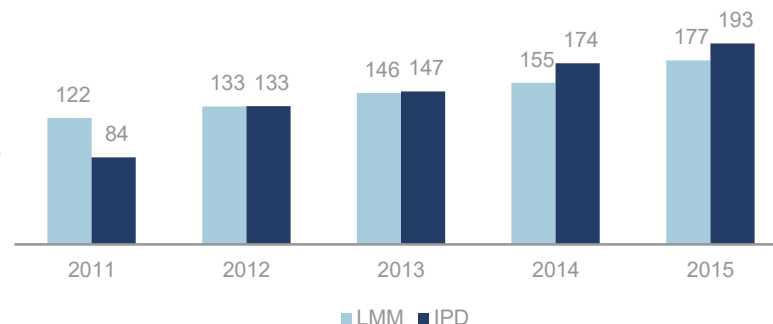
Valuation (R'bn)



Trading density evolution (R'000 / m²)



Base rental evolution (R / m²)



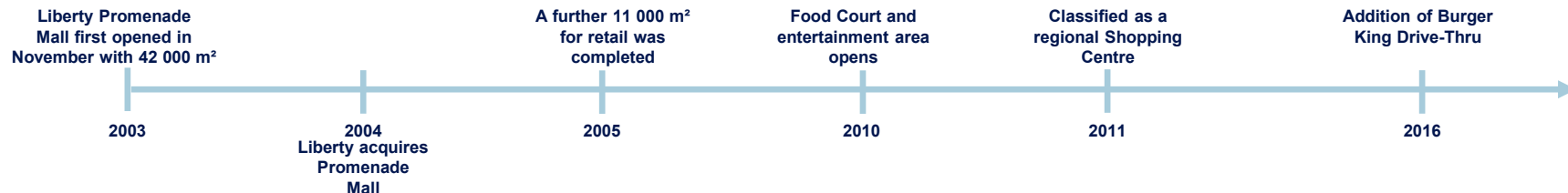
Liberty Promenade: Investment highlights

Liberty Promenade is a leading regional centre servicing the northern Cape Town areas

- ① Modern shopping centre in the heart of a township, boasting 175 shops
- ② Strategically located close to the N1 / N2 freeways, allowing easy access and egress
- ③ Attracts an aspirational shopper profile and as a result interest from leading international retailers, such as H&M and Cotton On
- ④ Receives over 1 million shoppers per month
- ⑤ Promenade's loyal customers appreciate the centre for its tenant mix, design, atmosphere, service levels and easy access



Liberty Promenade: Overview



Asset summary¹

GLA (m ²)	
Retail	72 398
Valuation (Rm)	1 383
Number of stores	175

Key metrics²

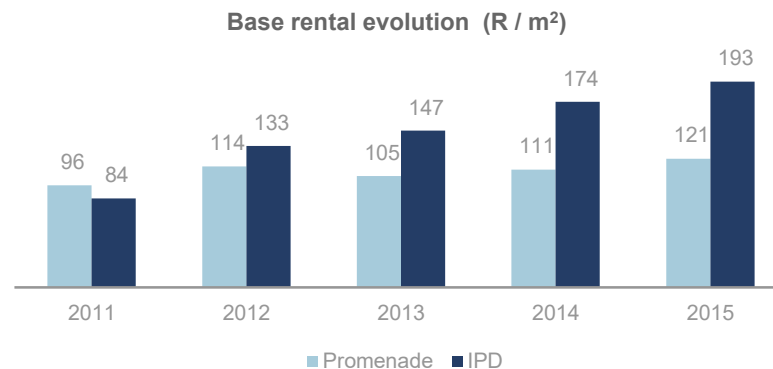
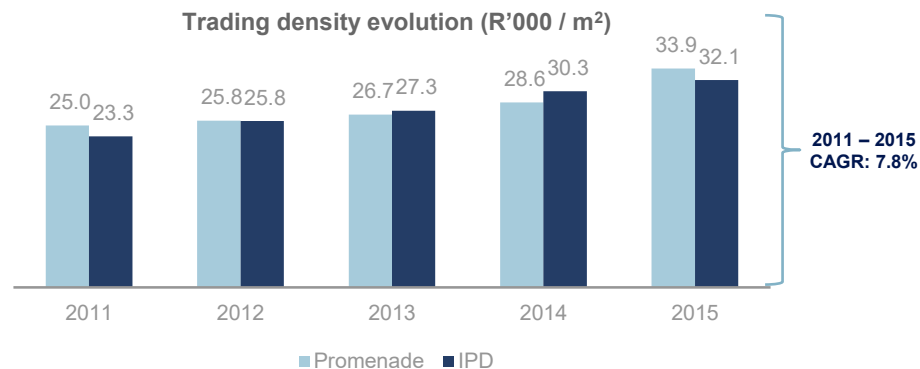
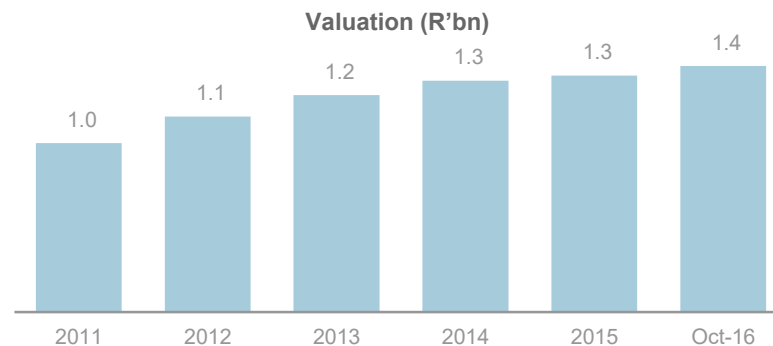
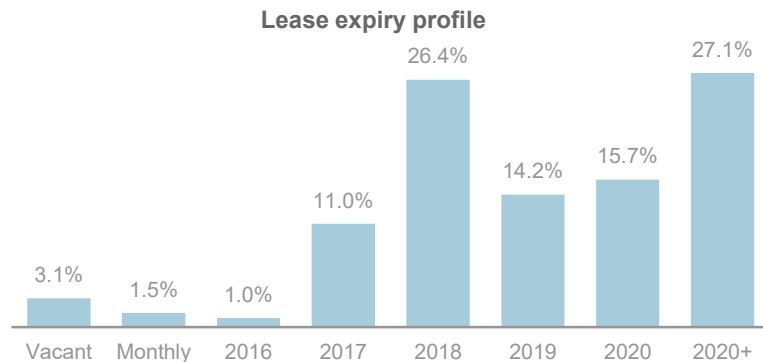
	Promenade	IPD
Trading density (R / m ²)	33 863	32 089
Vacancy		
Retail	3.1%	n/c
Gross rent to sales	4.7%	8.8%

Tenant	% total
Tenant 1	8.5%
Tenant 2	7.6%
Tenant 3	5.1%
Tenant 4	3.6%
Tenant 5	3.5%
Total	28.3%
Apparel	23.4%
Department Stores	19.0%
Non Turnover Generating Stores	12.1%
Food	10.9%
Speciality	9.4%
Other	25.2%

1. Valuations as at 31 October 2016

2. Trading density and rent to sales from 2015 IPD. Vacancies as at 30 September 2016

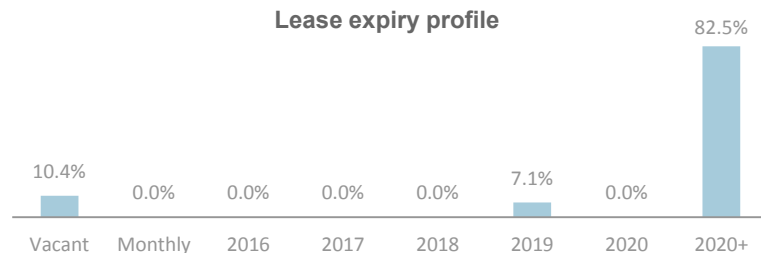
Liberty Promenade: Key statistics



Botshabelo Mall: Overview

Botshabelo Mall opened on 17 November 2016. The Mall will be a community retail centre servicing growing demand in a previously unserved node

- ① Exposure to an aspirational consumer who has not previously had access to a local retail centre (next closest centre with similar offering is over 50km away)
- ② Leading anchor tenants making first entry into Free State's largest township
- ③ Geographic and socio-economic profile provides diversification and growth in the portfolio



1. Valuations as at 31 October 2016, on 70% of the asset. Vacancies as at 30 September 2016



Asset summary¹

GLA (m ²)	
Retail	20 718
Valuation (Rm)	225.7
Number of stores	70

Key metrics

Trading density (R / m ²)	n/a
Vacancy	10.4%

Tenant % total

Tenant 1	13.8%
Tenant 2	9.7%
Tenant 3	6.4%
Tenant 4	3.9%
Tenant 5	3.4%
Total	37.1%

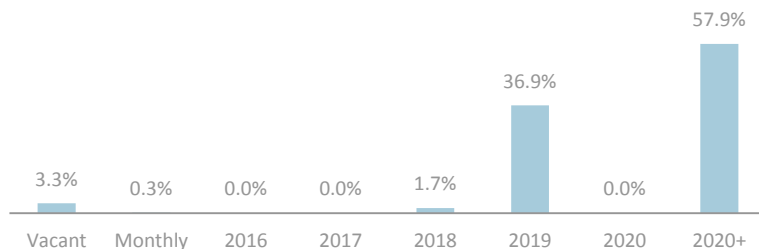
Grocery / Supermarket	23.4%
Unisex Wear	21.5%
Hardware, security & Home Improvement	6.4%
Fast Food	5.5%
Banks	5.5%
Other	37.7%

A grade office space in Durban and Cape Town's leading office parks

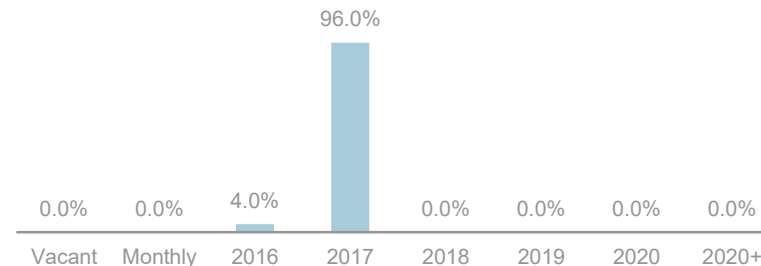
- ① The majority of Umhlanga Ridge's GLA is let to Liberty as the Durban Head Office; Liberty's lease expires beyond 2020.
- ② Century City is majority-let to Liberty, serving as the Cape Town Head Office. Liberty is in the process of negotiating the lease renewal
- ③ Standard Bank Centre is fully let to Standard Bank to 2019

Asset summary ¹	Umhlanga Ridge	Century City	Standard Bank Centre
GLA (m ²)	20 699	19 020	92 789
Valuation (Rm)	402.3	358.6	530.5
Vacancy	3.3%	0.0%	0.0%

Lease expiry profile – Umhlanga Ridge



Lease expiry profile – Century City



1. Valuations as at 31 October 2016. Vacancies as at 30 September 2016.

John Ross Eco Junction

John Ross Eco Junction is a 20 ha mixed-use, partially-developed commercial and industrial precinct located between Empangeni and Richards Bay

- ① Located at the junction of the N2 (Linking Durban and Pongola) and the John Ross Highway (connecting Richards Bay and Empangeni)
- ② John Ross Highway offers easy access to multiple logistics facilities and the corridor will benefit from Transnet's R33bn planned infrastructure spend over the next seven years
- ③ It is currently home to Tangawizi Motor dealership and Melomed Hospital which is currently under development
- ④ The hospital provides a link to wider community and an underpin to the ongoing development of the Junction



Asset overview¹

Vacant land	28 serviced stands, 7 in negotiation for sale
Automotive showrooms	Tangawizi Motors, 10 year lease
Melomed Hospital	200 beds, completion Q3 2017. 20 year lease agreement

	Valuation (Rm)	GLA (m ²)
John Ross Eco Junction	154.6	
Tangawizi Motors	57.2	7 060
Melomed Hospital	129.2	13 809

1. Valuations as at 31 October 2016. Melomed at 70% of asset value, GLA not adjusted



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Management

Established track record and
deep asset familiarity

Board with significant industry experience



Peter Moyo

Non-executive director

B Accounting science (Hons), CA(SA), HDip Tax Law, AMP

Currently CEO of NMT Capital and Chairman of Vodacom

Previously group CEO of Alexander Forbes, Deputy Managing Director of Old Mutual SA, Partner at EY



Wolf Cesman

Non-executive director

BCom, CA(SA), HDip Tax Law

50 years' experience in property
Spent 24 years with Liberty Properties, the last 17 of which as CEO
Previous director of Redefine and Hyprop



Michael Ilsley

Non-executive director

BCom, BAcc, CA(SA)

Previously group Finance Director at Alexander Forbes, Audit Partner at PwC



Amelia Beattie

Chief Executive Officer

BCom, CSCM

Previously Head of STANLIB Direct Property Investments

Previously COO, Regional General Manager and Retail Asset Manager at Old Mutual Property for over a decade

Past president of SAPOA



John Sturgeon

Chief Financial Officer

CTA, CA(SA), CMA, HDip Tax Law

Previously the head of Liberty Corporate Finance

Held various Financial Director positions, including at Argus Holdings and the Premier Group

Industry-leading management team



Amelia Beattie
Chief Executive Officer
BCom, CSCM
17 years experience



John Sturgeon
Chief Financial Officer
CTA, CA(SA), CMA, HDip Tax Law
Over 40 years experience



Alex Phakathi
Chief Operating Officer
MCom, EDP, PDP
21 years experience



Brian Unsted
Asset Management Executive
BCom, PDM, MBA
18 years experience



Jonathan Sinden
Asset Management Executive
BSc (Quantity Surveying)
17 years experience



Nikiwe Mkhabela
Asset Management Executive
MSc Property Development
Management, BTech
(Construction Management)
10 years experience



Potlaki Lekoetje
Development Manager
BTech (Quantity Surveying),
PDM
14 years experience



Xolani Nene
Development Manager
BTech (CM and QS), PDP
16 years experience



Luba Vengeni
Executive: Business Development
and Valuations
BSc (Property Studies)
10 years experience

Overview

- Scheme to be implemented shortly after listing
- Reward will be governed by Manco's Remco, who will set scheme parameters
- Scheme is benchmarked to market norms
- Management's existing STANLIB scheme will migrate to align management with unitholders

Incentivisation

Short term: Individual and REIT performance

Settlement: Cash and units settled (over rolling period)

Long term: REIT performance

Settlement: REIT units over rolling 3 – 5 years vesting period in equal thirds

Cost to unitholders

- All incentivisation costs will be borne by the Manco from the asset management fee
- Units awarded to management will not be dilutive



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Use of proceeds

Identified pipeline and
unique gearing flexibility

Investment strategy

- Liberty Two Degrees will be ungeared and have R2.65bn of primary capital to execute an attractive growth strategy, primarily in South Africa
- Liberty Two Degrees will look to invest in Rest of Africa jurisdictions, leveraging STANLIB and Liberty group expertise

South Africa

- Liberty Two Degrees has an identified acquisition pipeline (in excess of R4bn)
 - This will be deployed in a manner consistent with the premium and iconic nature of the portfolio's assets
- Discussions are ongoing, but cannot be disclosed at this point in time
- Acquisition yield will be in line with that of the existing portfolio
- The pipeline will utilise a significant portion of the capital raised, with the option for any remaining cash to be used to acquire a greater share of the existing portfolio from the LPP

Rest of Africa investment principles

- Being highly selective and investing in only premium investment opportunities in high-end retail and commercial space, targeting multinational anchor tenants
- Ensuring adequate repatriation of distributions to the South African investor base
- Targeting both yielding assets and new developments as appropriate
- Limiting the total portfolio in RoA jurisdictions to 10%



Gearing flexibility

- Liberty Two Degrees will list ungeared, which uniquely positions the REIT relative to peers in a potentially rising interest rate cycle
- The REIT will re-examine this unrivalled flexibility as appropriate on an ongoing basis in order to optimally structure the balance sheet

Gearing strategy

- In time, the REIT will raise external debt to be deployed towards acquisitions and developments. It is not envisaged that gearing will be raised to support the immediate acquisition pipeline in order to retain balance sheet flexibility in the near term
- Liberty Two Degrees has tested the capital structure with lenders, who see it as no impediment to raising external debt. The REIT will have a long-term LTV in line with peers, with this expected to be significantly lower in the near- and medium-term



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Additional information

Liberty Two Degrees is a responsible property investor committed to promote transformation through creating work and business environments that represent demographic diversity, in line with transformation legislation in South Africa.

The REIT will drive transformation through the following four principles:

1. Employment Equity

Management is committed to comply with the Employment Equity Act and to have the appropriate gender and racial representation at all levels

2. Black Economic Empowerment

Management will address B-BBEE through the procurement of goods and services for the property portfolio.

3. Skills Development

For progressive skills development, management endeavours to provide an environment where staff members are equipped to effectively do their jobs and talent is identified and nurtured

4. Corporate Social Investment

Management will look to provide Corporate Social Investments (CSI) directly and through the participation of the assets in the portfolio

Liberty Two Degrees has a Sustainability Policy, which has the following objectives:

Leader

The REIT will strive to be one of the leaders in sustainability performance. This generates attention to the portfolio, especially from blue-chip tenants

Stakeholder Engagement

Manco will inform tenants, staff, shareholders, partners and suppliers of the portfolio's sustainability initiatives

Efficiency

Manco will aim to create efficiency which reduces tenant occupancy costs and potentially creates new revenue streams for the REIT

Renewable energy

Management will investigate renewable energy opportunities in the portfolio as a means to generate additional revenue

Green Buildings

Atrium on 5th is the portfolio's first 4 Green Star Rated building. Management view Green Buildings as an opportunity to attract and retain international tenants

Community

The REIT understands that it has a responsibility to the surrounding community in the areas it operates



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Conclusion

Owning a piece of Africa's
richest square mile

South Africa's most anticipated property IPO



Defensive, prime and iconic real estate assets



Industry-leading management team



Growth opportunities in SA and RoA



Robust income growth with unique gearing flexibility

Thank you





LIBERTY



Appendices

Forecast income statement

R'000	Forecast for the one month ending 31 Dec 2016	Forecast for the year ending 31 Dec 2017
Property portfolio	45 930	588 143
Rental income and recoveries	47 099	595 684
Straight-line lease income adjustments	(1 169)	(7 541)
Property operating expenses	(14 097)	(186 195)
Net rental and related income	31 833	401 948
Other income	-	-
Administrative expenses	(273)	(3 306)
Tenant installation and letting commissions	(10)	(759)
Net property income	31 550	397 883
Asset management fee	(2 927)	(36 809)
Profit from operations	28 623	361 074
Interest income	15 017	222 537
Finance costs	-	-
Profit before fair value adjustments	43 640	583 611
Fair value adjustments	1 169	7 541
Existing investment properties	1 169	7 541
Investment properties under development	-	-
Profit before taxation	44 809	591 152
Taxation	-	-
Total profit for the year	44 809	591 152

Number of units in issue	908 443 334	908 443 334
Weighted average number of units in issue	908 443 334	908 443 334
Basic and diluted earnings per unit (cents)	4.93	65.07
Headline earnings per unit (cents)	4.80	64.24
Distributable income per unit (cents)	4.93	65.07

Pro forma statement of financial position

	Acquisition of portfolio assets	Placement to new policyholders	Private placement to invited investors and listing	Pro forma after
ASSETS				
Non-current assets	6 000 000 000			6 000 000 000
Investment property	6 000 000 000			6 000 000 000
Current assets		780 211 676	1 870 000 000	2 650 211 676
Cash and cash equivalents		780 211 676	1 870 000 000	2 650 211 676
Total assets	6 000 000 000	780 211 676	1 870 000 000	8 650 211 676
EQUITY AND LIABILITIES				
Equity	6 000 000 000	780 211 676	1 870 000 000	8 650 211 676
Stated capital	6 000 000 000	780 211 676	1 870 000 000	8 650 211 676
Non-controlling interests				
Non-current liabilities				
Current liabilities				
Total equity and liabilities	6 000 000 000	780 211 676	1 870 000 000	8 650 211 676
<i>Number of units in issue</i>	626 315 789	82 127 545	200 000 000	908 443 334
<i>Net asset value per unit (ZAR)</i>				9.52
<i>Net tangible asset value per unit (ZAR)</i>				9.52

Key assumptions

Subject	Key assumptions
Property portfolio	<ul style="list-style-type: none"> The property portfolio comprises the following properties: <ul style="list-style-type: none"> Sandton City Complex (SC Shopping Centre, SC Office Tower and Atrium on 5th) Nelson Mandela Square Eastgate Complex Liberty Midlands Mall Liberty Promenade Shopping Centre Standard Bank Centre Umhlanga Ridge Office Park and Liberty Regional Head Office Liberty Regional Head Office - Century City Botshabelo Mall Melrose Arch John Ross Eco Estate (Tangawizi Motors, Melomed Hospital and various stands) Total property portfolio in LPP of R27.4 billion
Switches	<ul style="list-style-type: none"> R6bn of switches representing a 22.0% undivided share in LPP's investment property as at 30 November 2016 settled through the issue of Liberty Two Degrees units at a subscription price of R9.50 per unit representing a 5% discount to the subscription price of R10 Subject to demand, there may be a secondary sell down of Liberty Two Degrees units of up to R1 billion by Liberty shareholders. Any units sold as part of this secondary placement will not receive the 5% discount when exchanging assets for units. If the total R1 billion is sold down through a secondary placement it would result in 626 315 789 units issued in Liberty Two Degrees to settle the acquisition A secondary sale is assumed in the pro forma statement of financial position shown

Key assumptions (cont.)

Subject	Key assumptions
Private placement	<ul style="list-style-type: none">Private placement of R2.8 billion as follows:<ul style="list-style-type: none">200 000 000 Liberty Two Degrees units on listing to invited investors at the subscription price of R10 per unit, raising a total of R2 billion; andto Liberty (on behalf of its policyholders), 82 127 545 new Liberty Two Degrees units at a 5% discount to the subscription price of R10 per unit raising a total of R780 million
Interest on cash	<ul style="list-style-type: none">8.0%
Listing expenses	<ul style="list-style-type: none">R130 million
Market capitalisation	<ul style="list-style-type: none">R9.1 billion

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Private and confidential

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