

Invest to inspire



LIBERTY

two°degrees

Managed by STANLIB REIT Fund Managers Proprietary Limited (RF)



Liberty Two Degrees

JSE code: L2D

ISIN: ZAE000230553

(Approved as a REIT by the JSE)

(“Liberty Two Degrees”)

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, and managed by STANLIB REIT Fund Managers Proprietary Limited (RF)

(Registration number: 2007/029492/07)

(“the Manager” or “STANLIB REIT Fund Managers”)

PRE-LISTING STATEMENT

The definitions and interpretations commencing on page 11 of this pre-listing statement have, where appropriate, been used in these cover pages.

This pre-listing statement is not an invitation to the public to subscribe for Liberty Two Degrees units, but is issued in compliance with the Listings Requirements of the JSE and CISC, for the purpose of providing information to the public with regard to Liberty Two Degrees and is issued in respect of a private placement for the purposes of:

- Liberty Two Degrees raising up to approximately R2.8 billion by way of:
 - subscription by invited investors for up to approximately 200 000 000 private placement units at a subscription price of R10.00 per private placement unit; and
 - subscription by Liberty (using its new policyholders' funds) for 82 127 545 private placement units at a 5% discount to the subscription price payable by invited investors, being R9.50 per private placement unit. Liberty has undertaken to subscribe for these units;
- Liberty, to the extent that there is demand by invited investors, selling (out of its shareholders' funds) up to approximately 100 000 000 Liberty Two Degrees units; and
- the subsequent listing of all Liberty Two Degrees units in the “Diversified REITs” sector on the Main Board of the JSE.

2016

Opening date of the private placement and announced on SENS (09:00)	Monday, 21 November
Closing date of the private placement (12:00)	Monday, 28 November
Results of the private placement released on SENS on	Tuesday, 29 November
Results of the private placement published in the press on	Wednesday, 30 November
Proposed listing of the units on the JSE from the commencement of trade on (09:00)	Tuesday, 06 December

** Invited investors must advise their CSDP or broker of their acceptance of the private placement units in the manner and cut-off time stipulated by their CSDP or broker.*

Important points of note

The offer, in the form of the private placement, is being made to invited investors and Liberty only.

Applications must be for a minimum amount of R1 000 000 per invited investor.

Immediately prior to the private placement and the listing:

- the Manager was authorised to create and issue an unlimited number of units;
- the issued units will comprise 626 315 789 units (being units issued in terms of the exchange agreement).

Assuming that the private placement is fully subscribed, immediately after the private placement and the listing:

- the Manager is authorised to create and issue an unlimited number of units; and
- the issued units will comprise up to approximately 908 443 334 units (being units issued in terms of the exchange agreement and the private placement).

Assuming that the private placement is fully subscribed at a subscription price of R10.00 per unit, the anticipated market capitalisation of Liberty Two Degrees on listing will be approximately R9.1 billion.

On listing, all of the units will rank *pari passu* in respect of all rights. There are no convertibility or redemption provisions relating to any units. The private placement units will be issued in dematerialised form only. No certificated private placement units will be issued. There is no intention to extend a preference on allotment of private placement units to any particular company or group in the event of an over-subscription of private placement units in terms of the private placement. The listing is not subject to a minimum amount being raised in terms of the private placement, but is subject to Liberty Two Degrees achieving a reasonable spread of public unitholders acceptable to the JSE, being public unitholders holding not less than 20% of the issued units of Liberty Two Degrees at the point of listing on the JSE and subject to the exchange agreement becoming unconditional, confirmation thereof to be provided to the JSE by no later than 48 hours prior to the listing date. There will be no fractions of private placement units offered in terms of the private placement. The private placement will not be underwritten. The proceeds of the private placement will be used by Liberty Two Degrees to finance future pipeline acquisitions, further details of which are set out in paragraph 21 of the pre-listing statement.

The JSE has granted Liberty Two Degrees a listing of all of its issued units in the “Diversified REITs” sector on the Main Board of the JSE, under the abbreviated name: “Liberty2D”, JSE code: L2D and ISIN: ZAE000230553 with effect from the commencement of trade on Tuesday, 6 December 2016, subject to Liberty Two Degrees having satisfied the Listings Requirements regarding the spread of unitholders, being public unitholders holding not less than 20% of the issued units of Liberty Two Degrees at the point of listing on the JSE and the exchange agreement becoming unconditional, confirmation thereof to be provided to the JSE by no later than 48 hours prior to the listing date.

The directors of the Manager, whose names are given in paragraph 6 of this pre-listing statement, collectively and individually, accept full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this pre-listing statement contains all information required by law and the Listings Requirements.

Liberty Two Degrees is not a company and is a portfolio of a trust in a CISIP established in terms of CISCA and approved as a REIT in terms of the Listings Requirements. The directors of the Manager and the Trustee undertake for so long as Liberty Two Degrees remains listed, to comply with the Listings Requirements on an ongoing basis.

In accordance with section 6(1) of Financial Services Board Notice 92 of 2014, investors are reminded that:

- collective investment schemes are generally medium to long-term investments;
- the value of units or the investment may go down as well as up;
- past performance is not necessarily a guide to future performance;
- collective investment schemes can engage in borrowing;
- units are traded at ruling prices and Liberty Two Degrees and the Manager are not obliged to redeem units;
- the listing and related fees are set out in paragraph 47 and the ongoing costs and Manager’s fees are described in **Annexure 5**; and
- the Manager does not provide any guarantee either with respect to the capital or the return on Liberty Two Degrees.

Each of the joint corporate advisors, joint sponsors and joint bookrunners, the independent reporting accountants and auditors, attorneys and the independent property valuers, whose names are included in this pre-listing statement, have consented in writing to act in the capacities stated and to their names appearing in this pre-listing statement, and have not withdrawn their consent prior to the publication of this pre-listing statement.

An abridged version of this pre-listing statement will be published on SENS on Monday, 21 November 2016 and published in the press on Tuesday, 22 November 2016.

Joint corporate advisor, sponsor and bookrunner



Independent reporting accountants and auditors



Attorneys to the joint bookrunners



Independent property valuer (Rode)



Joint corporate advisor, sponsor and bookrunner



Attorneys to Liberty Two Degrees



Independent property valuer (JLL)



Independent property valuer (MF)



Date of issue: 21 November 2016

This pre-listing statement is available in English only. Copies of this pre-listing statement may be obtained from the registered offices of Liberty Two Degrees, Java Capital or Standard Bank whose addresses are set out in the “Corporate Information” section of this pre-listing statement from Monday, 21 November 2016 to Tuesday, 6 December 2016 and Liberty Two Degrees’ website at www.liberty2degrees.co.za.

CORPORATE INFORMATION

Registered office

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Johannesburg, 2001
(PO Box 10499, Johannesburg, 2000)

Company secretary of the Manager

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Liberty Life Centre
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Braamfontein
Johannesburg, 2001
(PO Box 10499, Johannesburg, 2000)

Joint corporate advisor and bookrunner

Java Capital Proprietary Limited
(Registration number 2002/031862/07)
6A Sandown Valley Crescent
Sandown
Sandton, 2196
(PO Box 2087, Parklands, 2121)

Joint sponsor

Java Capital Trustees and Sponsors Proprietary Limited
(Registration number 2006/005780/07)
6A Sandown Valley Crescent
Sandown
Sandton, 2196
(PO Box 2087, Parklands, 2121)

Joint corporate advisor, sponsor and bookrunner

The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
30 Baker Street
Rosebank, 2196
(PO Box 61344, Marshalltown, 2000)

Independent reporting accountants and auditors

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2 Eglin Road
Sunninghill, 2191
(Private Bag X36, Sunninghill, 2157)

Attorneys to Liberty Two Degrees

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Sandton
Johannesburg, 2196
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Attorneys to the joint bookrunners

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Manager

STANLIB REIT Fund Managers Proprietary Limited (RF)
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Independent property valuer

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Rosebank, 2196
(PO Box 2331, Parklands, 2121)

Independent property valuer

Mills Fitchet Magnus Penny & Wolffs t/a Magnus Penny
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Suite 303, 3rd Floor, Newspaper House
122 St. George's Mall, Cape Town, 8001
(PO Box 4442, Cape Town, 8000)

Independent property valuer

Rode & Associates Proprietary Limited
(Registration number 2009/005600/07)
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Bellville
Cape Town, 7530
(PO Box 1566, Bellville, 7535)

Bankers

The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
30 Baker Street
Rosebank, 2196
(PO Box 61344, Marshalltown, 2107)

Transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Current address:
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Johannesburg, 2001

New address from 28 November 2016:
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

Holding company

Liberty Holdings Limited
(Registration number 1968/002095/06)
Liberty Life Centre
1 Ameshoff Street
Braamfontein
Johannesburg, 2001
(PO Box 10499, Johannesburg, 2000)

Place and date of registration

The Liberty Two Degrees Scheme was registered as a CISIP in South Africa on 28 October 2016.

Offers in South Africa only

This pre-listing statement has been issued in connection with the private placement in South Africa only and is addressed only to invited investors to whom the private placement may lawfully be made. The distribution of this pre-listing statement and the making of an offer through this private placement may be restricted by law. Persons into whose possession this pre-listing statement comes must inform themselves about and observe any and all such restrictions. This pre-listing statement does not constitute an offer of or invitation to subscribe for and/or purchase any of the private placement units in any jurisdiction in which the offer would be unlawful. No one has taken any action that would permit a public offering of units to occur outside South Africa.

Forward-looking statements

This pre-listing statement includes forward-looking statements. Forward-looking statements are statements including, but not limited to, any statements regarding the future financial position of Liberty Two Degrees and its future prospects. These forward-looking statements have been based on current expectations and projections about future results which, although the directors believe them to be reasonable, are not a guarantee of future performance.

TABLE OF CONTENTS

The definitions and interpretations commencing on page 11 of this pre-listing statement have been used in the following table of contents.

	<i>Page</i>
Corporate information	1
Salient features	6
Important dates and times	10
Definitions and interpretations	11
Pre-listing statement	
Section One – Information on Liberty Two Degrees	
1. Overview and background	16
2. Salient features of the exchange agreement, co-ownership agreements and relationship agreement	18
3. Prospects	21
4. Relationship between Liberty and Liberty Two Degrees	22
5. Risks	22
6. Directors	22
7. Details of the Manager	24
8. Material third parties	25
9. Major and controlling unitholders	26
Section Two – Details of the Liberty Property Portfolio	
10. Summary of the Liberty Property Portfolio	27
11. Analysis of the Liberty Property Portfolio	27
12. Valuation reports	29
13. Property, assets and business undertakings acquired or to be acquired	29
14. Usufruct	29
15. Vendors	30
16. Property, assets and business undertakings disposed of or to be disposed of	30
17. Considerations relating to Liberty Two Degrees being approved as a REIT	30
Section Three – Details of the private placement	
18. Purposes of the private placement and the listing	32
19. Salient dates and times	32
20. Particulars of the private placement	33
21. Application of proceeds	36
22. Minimum subscription	36
Section Four – Financial information	
23. Forecast statements of comprehensive income	37
24. <i>Pro forma</i> statement of financial position	37
25. Historical financial information	37

	<i>Page</i>
26. Financial information of the Manager	37
27. Capital of Liberty Two Degrees	37
28. Adequacy of capital	38
29. Flow of funds	38
30. Distributions	38
31. Material commitments, lease payments and contingent liabilities	38
32. Material borrowings	38
33. Loans receivable	39
34. Material changes	39
Section Five – Additional material information	
35. Material contracts	40
36. Commissions paid or payable	40
37. Exchange Control Regulations	40
38. Advisor's interests	41
39. Statement as to listing on the JSE	41
40. Government protection and investment encouragement law	41
41. Corporate governance	41
42. Minimum disclosure document	41
43. Litigation statement	42
44. Directors' of the Manager responsibility statement	42
45. Compliance with the Listings Requirements	42
46. Consents	42
47. Issue expenses	43
48. Documents available for inspection	43
Annexure 1 Liberty Two Degrees Group structure	44
Annexure 2 Information on the directors of the Manager	45
Annexure 3 Current and past directorships and partnerships	49
Annexure 4 Service contracts	51
Annexure 5 Extracts from the Trust Deed and Supplemental Trust Deed	53
Annexure 6 Extracts from the MOI	63
Annexure 7 Details of the Liberty Property Portfolio	65
Annexure 8A Independent valuer's summary valuation report (JLL)	67
Annexure 8B Independent valuer's summary valuation report (MF)	79
Annexure 8C Independent valuer's summary valuation report (Rode)	86
Annexure 9 Details of acquisitions and vendors	96
Annexure 10 Forecast statements of comprehensive income of Liberty Two Degrees	97

	<i>Page</i>
Annexure 11 Independent reporting accountants' assurance report on the forecast income statements of Liberty Two Degrees	100
Annexure 12 <i>Pro forma</i> statement of financial position of Liberty Two Degrees	102
Annexure 13 Independent reporting accountants' assurance report on the <i>pro forma</i> statement of financial position of Liberty Two Degrees	106
Annexure 14 Review conclusion on the valuation and existence of the assets and liabilities acquired by Liberty Two Degrees	108
Annexure 15 Historical financial information of Liberty Two Degrees	109
Annexure 16 Independent reporting accountants' report on the historical financial information of Liberty Two Degrees	111
Annexure 17 Liberty Two Degrees' accounting policies	113
Annexure 18 Units	120
Annexure 19 Corporate governance statement	121
Annexure 20 Liberty Two Degrees' risk factors	126
Annexure 21 Minimum Disclosure Document (MDD)	130
Private placement application form	Attached

SALIENT FEATURES

The information set out in this section of the pre-listing statement is only an overview and is not intended to be comprehensive. It should be read in conjunction with the information contained in other sections of this pre-listing statement to gain a comprehensive overview of Liberty Two Degrees and the private placement.

1. INTRODUCTION

Liberty Two Degrees is a portfolio established under the Liberty Two Degrees Scheme in terms of CISCA to afford investors growth in income and capital by investing at fair prices in a balanced spread of immovable properties and related assets permitted by the Trust Deed. The Liberty Two Degrees Scheme was registered by the Registrar on 28 October 2016 and is to be managed by STANLIB REIT Fund Managers. Liberty Two Degrees will invest in the Liberty Property Portfolio immediately prior to the listing.

2. THE LIBERTY PROPERTY PORTFOLIO

The Liberty Property Portfolio is one of South Africa's iconic, predominantly retail property portfolios with interests in assets such as the Sandton City Complex, the Eastgate Complex and Melrose Arch. Details of the Liberty Property Portfolio are set out in **Annexure 7**.

The Liberty Property Portfolio comprises predominantly retail real-estate assets in South Africa. In Johannesburg, the retail assets are an interest in the Sandton City Complex, the Eastgate Complex and Nelson Mandela Square. Other retail assets comprise two regional shopping centres, being Liberty Midlands Mall in KwaZulu-Natal and Liberty Promenade in Mitchells Plain in the Western Cape, the mixed-use precinct of Melrose Arch in Johannesburg and the newly developed Botshabelo Mall in the Free State.

The Sandton City Complex is located in the economic heartland of the country and showcases some of the most prestigious international and domestic retailers. The attraction of its long-established presence and overall quality make it irreplaceable and confers brand-value and recognition on the Liberty Property Portfolio. Similarly, the Eastgate Complex, with its strong history and recent upgrade is located in a large catchment area with good access. The recently refurbished Nelson Mandela Square is a destination centre with a compelling entertainment offering complementing the neighbouring Sandton City Complex. Melrose Arch's office and retail component supports its status as the one of the leading mixed-use precincts in Johannesburg's high end Northern Suburbs.

Liberty Midlands Mall and Liberty Promenade Mall are large high-quality centres within regional catchment areas positioned for high growth.

In addition to the offices included in the Liberty Property Portfolio's main retail complexes, the Liberty Property Portfolio includes select office properties located in key business nodes with blue-chip anchor tenants. These properties include the Standard Bank Centre in Johannesburg, the Liberty Centre in Century City Office Park in Cape Town and Liberty Centre in Umhlanga Ridge in Durban.

The Liberty Property Portfolio also includes John Ross Eco-Junction, where the Melomed Hospital and other development opportunities will provide diversification and higher yield opportunities.

The total Liberty Property Portfolio has a value of approximately R27 389 176 000 and a GLA of approximately 615 826m².

3. LIBERTY TWO DEGREES GROUP STRUCTURE

Liberty Two Degrees is required by CISCA to be structured as a JSE-listed portfolio within a trust with an external independent trustee and an external management company. In this regard, RMB Trustee Services has been appointed as Trustee and STANLIB REIT Fund Managers has been appointed as the Manager. STANLIB REIT Fund Managers has also been appointed as the asset manager of Liberty's interest in the Liberty Property Portfolio.

The structure of Liberty Two Degrees allows for the continuity of the existing management team (with over 100 years of collective property experience). Liberty Two Degrees will benefit from Liberty and STANLIB's property development and asset management expertise and history, together with a track record of innovation and successful re-developments. The CISIP management structure and team preserve institutional oversight, governance and expertise, while leaving room for management talent.

4. **LIBERTY TWO DEGREES' INVESTMENT IN THE LIBERTY PROPERTY PORTFOLIO**

The exchange agreement, further details of which are set out in paragraph 2.1 of the pre-listing statement, provides for Liberty Two Degrees' initial investment in the Liberty Property Portfolio to be implemented immediately prior to listing. In terms of the exchange agreement, Liberty and Propco dispose of 22% of the Liberty Property Portfolio in exchange for units to be issued by Liberty Two Degrees. This will be achieved by Liberty Two Degrees acquiring an undivided share of each property (and letting business carried on thereon) which is equal to 22% of Liberty's and Propco's share of that property prior to the acquisition by Liberty Two Degrees. Consequently, where the properties are wholly-owned by Liberty, Liberty Two Degrees will acquire a 22% undivided share of the properties, but where Liberty owns only an undivided share of the properties, Liberty Two Degrees will acquire a lesser undivided share which is equal to 22% of Liberty's share prior to the acquisition by Liberty Two Degrees.

Prior to the implementation of the exchange agreement, Liberty holds the Liberty Property Portfolio in its policyholders' funds and in its shareholders' funds and Liberty has concluded the exchange agreement in order to transfer undivided shares in the Liberty Property Portfolio to Liberty Two Degrees to the extent elected by Liberty's policyholders and to an extent determined by Liberty in dealing with its shareholders' funds. When Liberty receives units in exchange for disposing of those undivided shares, Liberty will allocate those units to the funds out of which those undivided shares are transferred.

In addition to enabling its policyholders to switch their interests in the Liberty Property Portfolio to units in Liberty Two Degrees, Liberty also enabled its policyholders to invest new funds in Liberty Two Degrees. Policyholders provided in excess of R780 million for this purpose, which will be invested by Liberty in the course of the private placement.

5. **OFFER SUMMARY**

Immediately prior to the listing and after Liberty Two Degrees has issued units in terms of the exchange agreement, there will be a private placement for:

- Liberty Two Degrees to raise up to approximately R2.8 billion by way of:
 - subscription by invited investors for up to approximately 200 000 000 private placement units at a subscription price of R10.00;
 - subscription by Liberty (using its new policyholders' funds) for 82 127 545 private placement units at a 5% discount to the subscription price payable by invited investors, being R9.50 per private placement unit. Liberty has undertaken to subscribe for these units; and
- Liberty, to the extent that there is demand by invited investors, to sell (out of its shareholders' funds) up to approximately 100 000 000 Liberty Two Degrees units. These will be units that are issued to Liberty in terms of the exchange agreement immediately prior to the listing. The exchange agreement provides for these units to be issued to Liberty at an issue price of R10.00 per unit, so Liberty will not make any profit on the sale of these units. The exchange agreement therefore distinguishes between units that will be sold by Liberty in terms of the private placement, which are issued at R10.00 per unit under the exchange agreement, and units that are not sold by Liberty in terms of the private placement, which are issued at R9.50 per unit under the exchange agreement.

Consequently, on listing it is anticipated that:

- Liberty, in its policyholders' funds, will hold 397 917 018 units (being units issued in terms of the exchange agreement and units issued in terms of the private placement);
- Liberty, in its shareholders' funds, will hold approximately 310 526 316 units (being units issued in terms of the exchange agreement) less any units sold by Liberty during the private placement;
- invited investors will hold approximately 200 000 000 units (comprising units issued in terms of the private placement) plus any units sold by Liberty during the private placement; and
- Liberty Two Degrees will acquire 22% of the Liberty Property Portfolio valued at R6 billion. The remaining 78% will be held by Liberty.

Assuming that the private placement is fully subscribed at a subscription price of R10.00 per unit, the anticipated market capitalisation of Liberty Two Degrees on listing will be approximately R9.1 billion.

6. **PROSPECTS**

The board is of the opinion that the scale, long-established presence, quality and location of the retail component of the Liberty Property Portfolio, together with its experienced management team, position it as one of the premier real-estate investment opportunities in South Africa. The listing of Liberty Two Degrees provides invited investors with a unique opportunity to invest in one of South Africa's iconic retail property portfolios.

A significant amount of capital expenditure has been historically incurred to maintain the high quality of the Liberty Property Portfolio. Over the past five years, in excess of R2.5 billion has been spent on developments and redevelopments, including Botshabelo Mall, the Sandton City Complex, the Eastgate Complex, John Ross Eco-Junction – Melomed Hospital and Nelson Mandela Square. The expansion of Liberty Midlands Mall commenced earlier this month.

The Liberty Property Portfolio has consistently outperformed its benchmark of CPI+5% over a rolling five-year period. As set out in paragraph 11.7 of the pre-listing statement, Liberty Two Degrees is forecast to have a 12-month forward yield of 6.5% on an ungeared basis. The defensive nature of the portfolio is expected to drive performance in a challenging economic environment. It is important to note, however, that the past performance of the Liberty Property Portfolio is not indicative of the future performance of Liberty Two Degrees.

Liberty Two Degrees will be ungeared on listing and will be able to take on debt (in line with gearing levels in the sector) to fund future quality acquisitions as appropriate.

In the short term, Liberty Two Degrees will focus its growth strategy in South Africa. Growth is expected to come from a select number of identified high quality acquisition targets, as well as from Liberty Two Degrees' current development pipeline in respect of those properties detailed in **Annexure 8A** and **Annexure 8C**, namely Liberty Midlands Mall, the Eastgate Complex and John Ross Eco-Junction – Melomed Hospital.

Liberty and Liberty Two Degrees are in discussions to acquire an iconic property that is aligned to the Liberty Property Portfolio and Liberty Two Degrees' investment strategy. This would be the primary, but not the sole, use of the proceeds of the private placement and it is expected that the consideration payable by Liberty Two Degrees, should a transaction be concluded, would be a mixture of units and cash. The discussions to acquire this iconic property have advanced, but a final agreement has not been concluded. Liberty Two Degrees expects to provide more details in the first quarter of 2017 and the transaction will be dealt with in terms of section 9 of the Listings Requirements, to the extent that it is applicable. If concluded, this transaction will provide an immediate use of some of the capital to be raised in terms of the private placement and it is expected that the acquisition yield will not materially change the current expected forward yield. In addition, the transaction will provide for growth in line with expectations.

The abovementioned growth strategy will be funded from the proceeds of the private placement, future gearing and internally generated cash, giving Liberty Two Degrees significant capacity to deliver on its growth potential.

It is intended that funds invested in undeveloped properties will not exceed 15% of the value of Liberty Two Degrees' portfolio at any given point in time.

In terms of the put option, Liberty may elect to sell all (or any portion having a value of at least R200 million) of its undivided shares in the co-owned properties to Liberty Two Degrees, but when doing so Liberty must sell the same portion of its undivided shares in all of the co-owned properties to Liberty Two Degrees. The put option presents a unique opportunity for Liberty Two Degrees to gain further exposure to the Liberty Property Portfolio. Liberty Two Degrees can elect to settle the consideration payable in either units or cash, whichever is the most optimal at the time. The ability to settle in cash provides an opportunity for Liberty Two Degrees to utilise any excess cash it may have, or to consider raising gearing to acquire new properties if yields and cost of debt are supportive. Alternatively, the ability to settle in units means Liberty Two Degrees can reserve its cash and debt capacity for other uses and at the same time increase the market capitalisation and free float of Liberty Two Degrees. The put option will be settled at the higher of the clean VWAP or NAV per unit. The put option will only apply to existing properties (defined in paragraph 2.3.2 of the pre-listing statement). Further details of the put option are set out in paragraph 2.3 of the pre-listing statement.

Liberty Two Degrees will also look to invest in income-producing and development opportunities in sub-Saharan Africa outside of South Africa (the “**rest of Africa portfolio**”). By leveraging off the expertise of Liberty and STANLIB in these regions, investors will have access to the growth opportunities Africa offers, the long-term capital appreciation and the further diversification benefits of Liberty Two Degrees. Liberty Two Degrees will seek both accretive acquisitions and development activity to deliver this growth and will be guided by the following investment principles:

- selecting premium investment opportunities in high-end retail and commercial space and targeting multinational anchor tenants;
- ensuring adequate repatriation of distributions to the South African investor base; and
- it is intended that in the short-term, the investment in the rest of Africa jurisdictions will not exceed 10% of the total portfolio value at the time of investment. Liberty Two Degrees will from time to time re-evaluate its investment policy as regards the rest of Africa portfolio and any deviations from the stated policy will be duly communicated to investors.

7. DETAILS OF THE PRIVATE PLACEMENT

A private placement will be undertaken in order for Liberty Two Degrees to raise up to approximately R2.8 billion and Liberty, to the extent that there is demand by invited investors, to sell up to approximately 100 000 000 Liberty Two Degrees units.

The listing is conditional on achieving a spread of unitholders acceptable to the JSE, being public unitholders holding not less than 20% of the issued units of Liberty Two Degrees at the point of listing on the JSE and the exchange agreement becoming unconditional, confirmation thereof to be provided to the JSE by no later than 48 hours prior to the listing date.

Applications must be for a minimum subscription of R1 000 000 per invited investor.

There are no convertibility or redemption provisions relating to the private placement units being offered in terms of the private placement. Private placement units will be issued in dematerialised form only. No fractions of private placement units will be issued pursuant to the private placement. The private placement will not be underwritten.

8. STATEMENT AS TO LISTING ON THE JSE

The JSE has granted Liberty Two Degrees a listing of all of its issued units on the JSE in the “Diversified REITs” sector of the Main Board of the JSE under the abbreviated name: “Liberty2D”, JSE code: L2D and ISIN: ZAE000230553 with effect from the commencement of trade on Tuesday, 6 December 2016, subject to Liberty Two Degrees having satisfied the Listings Requirements regarding the spread of unitholders, being public unitholders holding not less than 20% of the issued units of Liberty Two Degrees at the point of listing on the JSE, and the exchange agreement becoming unconditional, confirmation thereof to be provided to the JSE by no later than 48 hours prior to the listing date.

9. ACTION REQUIRED

Applications by invited investors for private placement units must be made in accordance with paragraph 20 of this pre-listing statement by completing an application form which will be provided to invited investors pursuant to the private placement in due course.

Applications for private placement units can only be made for dematerialised units and must be submitted through a CSDP or broker in accordance with the agreement governing the relationship between the invited investor and the CSDP or broker by the cut-off time stipulated by the CSDP or broker.

If you are in any doubt as to what action to take, you should consult your broker, attorney or other professional advisor immediately.

10. FURTHER COPIES OF THE PRE-LISTING STATEMENT

Copies of this pre-listing statement may be obtained between 08:30 and 17:00 on business days from Monday, 21 November 2016 to Tuesday, 6 December 2016 at the following places and on Liberty Two Degrees’ website at www.liberty2degrees.co.za

- **Liberty Two Degrees**

Liberty Life Centre, 1 Ameshoff Street, Braamfontein, Johannesburg, 2001

- **Java Capital Proprietary Limited**

6A Sandown Valley Crescent, Sandown, Sandton, 2196

- **The Standard Bank of South Africa Limited**

30 Baker Street, Rosebank, 2196

An abridged version of this pre-listing statement will be released on SENS on Monday, 21 November 2016 and in the press on Tuesday, 22 November 2016.

IMPORTANT DATES AND TIMES¹

The definitions and interpretations commencing on page 11 of this pre-listing statement apply to these important dates and times:

2016

Opening date of the private placement (09:00)	Monday, 21 November
Abridged pre-listing statement released on SENS on	Monday, 21 November
Abridged pre-listing statement published in the press on	Tuesday, 22 November
Closing date of the private placement (12:00) ²	Monday, 28 November
Results of the private placement released on SENS on	Tuesday, 29 November
Notification of allotments to successful invited investors	Tuesday, 29 November
Listing of units and the commencement of trading on the JSE (09:00) on	Tuesday, 06 December
Accounts at CSDP or broker updated and credited in respect of dematerialised unitholders ³	Tuesday, 06 December

Notes:

1. All references to dates and times are to local dates and times in South Africa. These dates and times are subject to amendment. Any such amendment will be released on SENS and in the press.
2. Invited investors must advise their CSDP or broker of their acceptance of the private placement units in the manner and cut-off time stipulated by their CSDP or broker.
3. CSDPs effect payment on a delivery-versus-payment basis.

DEFINITIONS AND INTERPRETATIONS

In this pre-listing statement and the annexures hereto, unless inconsistent with the context, an expression which denotes one gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the expressions set out in the first column bear the meaning assigned to them in the second column.

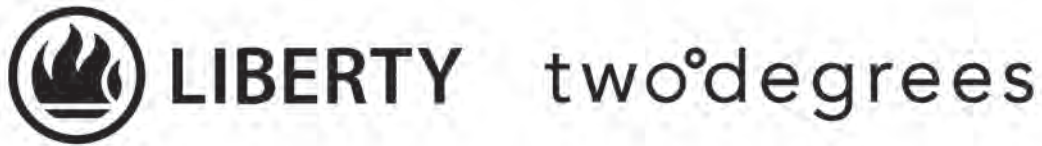
“Amdec”	Amdec Investments Proprietary Limited (Registration number 2004/030569/07), a private company registered and incorporated in accordance with the laws of South Africa, further details of which are set out in paragraph 8.1.3;
“Amdec property management agreement”	the agreement dated 28 February 2014 entered into between Amdec, Liberty and Melrose Arch Investment Holdings Proprietary Limited, which agreement is available for inspection in terms of paragraph 48;
“application form”	the application form to be sent to invited investors and Liberty pursuant to the private placement in due course, which invited investors and Liberty are required to complete and return in accordance with the instructions contained therein in order to be considered for participation in the private placement;
“board” or “directors of the Manager” or “board of the Manager” or “directors”	the board of directors of the Manager as set out in paragraph 6;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“CEO”	chief executive officer;
“CFO”	chief financial officer;
“CISCA”	Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002), as amended;
“CISIP”	Collective Investment Scheme in Property as contemplated in CISCA;
“common monetary area”	collectively, South Africa, the Kingdoms of Swaziland and Lesotho and the Republic of Namibia;
“Companies Act”	the Companies Act, 2008 (Act No. 71 of 2008), as amended;
“Companies Regulations”	the Companies Regulations, 2011, promulgated in Government Gazette No. 34239 in terms of section 223 of the Companies Act, as amended;
“CSDP”	a Central Securities Depository Participant in South Africa appointed by a unitholder for purposes of, and in regard to, dematerialisation and to hold and administer securities or an interest in securities on behalf of a unitholder;
“dematerialisation” or “dematerialised”	the process whereby ownership of units evidenced by certificated units and/or some other tangible documents of title are converted to an electronic form as dematerialised units and recorded in the sub-register of unitholders maintained by a CSDP or broker in South Africa;
“dematerialised unitholders”	Liberty Two Degrees unitholders who hold dematerialised units;
“dematerialised units”	Liberty Two Degrees units having been dematerialised and incorporated into the STRATE system, title to which is no longer represented by unit certificates or other physical documents of title;
“documents of title”	unit certificates, certified transfer deeds, balance receipts and any other documents of title to units acceptable to the board;
“Epsidex”	Epsidex Proprietary Limited (Registration number 2009/015105/07), a private company registered and incorporated in accordance with the laws of South Africa, further details of which are set out in paragraph 8.1.2;

“Epsidex property management agreement”	the agreement to be entered into between Epsidex, Khora Investments Proprietary Limited, JHI Retail, Liberty and Liberty Two Degrees, which agreement is available for inspection in terms of paragraph 48. This agreement is expected to be entered into before or on 6 December 2016;
“emigrant”	an emigrant from South Africa whose address is outside the common monetary area;
“exchange agreement”	the agreement dated 10 November 2016 entered into between Liberty, Liberty Two Degrees and Propco, further details of which are set out in paragraph 2;
“Exchange Control Regulations”	the Exchange Control Regulations of South Africa issued under the Currency and Exchanges Act (Act No. 9 of 1933), as amended;
“executive directors”	the executive directors of the Manager, being the CEO and the CFO;
“Financial Markets Act”	Financial Markets Act, 2012 (Act No. 19 of 2012), as amended;
“FSB”	Financial Services Board;
“GLA”	gross lettable area being the total area of a property that can be leased to a tenant;
“government”	the government of South Africa;
“independent reporting accountants and auditors” or “independent reporting accountants” or “PWC”	PricewaterhouseCoopers Incorporated (Registration number 1998/012055/21), a company registered and incorporated in accordance with the laws of South Africa, full details of which are set out in the “Corporate Information” section;
“independent property valuers”	collectively JLL, Rode and Mills Fitchet, further details of which are set out in the “Corporate Information” section;
“invited investors”	the financial institutions (other than Liberty), selected private clients and selected retail investors to whom the offer under the private placement will be addressed and made;
“IFRS”	International Financial Reporting Standards;
“Java Capital”	collectively, Java Capital Proprietary Limited (Registration number 2002/031862/07) and Java Capital Trustees and Sponsors Proprietary Limited (Registration number 2006/005780/07), private companies incorporated and registered in terms of the laws of South Africa, full details of which are set out in the “Corporate Information” section;
“JHI Retail”	JHI Retail Proprietary Limited (Registration number 2013/192532/07), a private company registered and incorporated in accordance with the laws of South Africa, further details of which are set out in paragraph 8.1.1;
“JHI Retail property management agreements”	the agreement dated 31 October 2016 entered into between JHI Retail, Pareto Limited, Liberty and Liberty Two Degrees and the agreement dated 31 October 2016 entered into between JHI Retail, Liberty and Liberty Two Degrees, which agreements are available for inspection in terms of paragraph 48;
“JLL”	Jones Lang LaSalle Proprietary Limited (Registration number 1995/000505/07), a private company registered and incorporated in accordance with the laws of South Africa, full details of which are set out in the “Corporate Information” section;
“joint bookrunners”	collectively, Java Capital and Standard Bank;
“JSE”	Johannesburg Stock Exchange being the exchange operated by the JSE Limited (Registration number 2005/022939/06), licensed as an exchange under the Financial Markets Act (Act No. 19 of 2012), as amended and a public company registered and incorporated in accordance the laws of South Africa;
“King III”	the Code of Corporate Practices and Conduct in South Africa representing principles of good corporate governance as laid out in the King Report, as amended from time to time;

“last practicable date”	the last trading date before the finalisation of this pre-listing statement, being Monday, 14 November 2016;
“Liberty”	Liberty Group Limited (Registration number 1957/002788/06), a public company registered and incorporated in accordance with the laws of South Africa, being a registered long-term insurer;
“Liberty group”	Liberty Holdings and its subsidiaries from time to time;
“Liberty Holdings”	Liberty Holdings Limited (Registration number 1968/002095/06), a public company registered and incorporated in accordance with the laws of South Africa and which shares are listed on the JSE;
“Liberty Property Portfolio”	collectively, the properties set out in Annexure 7 ;
“Liberty Two Degrees ”	Liberty Two Degrees portfolio, a portfolio established under the Liberty Two Degrees Scheme, the units of which will be listed on the JSE;
“Liberty Two Degrees Scheme”	Liberty Two Degrees, a trust in a CISIP registered as such in terms of CISCA and managed by STANLIB REIT Fund Managers;
“Liberty Two Degrees units” or “units”	participatory interests in Liberty Two Degrees to be listed on the JSE;
“Liberty Two Degrees unitholders” or “unitholders”	holders of Liberty Two Degrees units, as recorded in the unit register;
“listing”	the listing of all the issued units of Liberty Two Degrees in the “Diversified REITs” sector of the JSE, expected to be on Tuesday, 6 December 2016;
“Listings Requirements”	the Listings Requirements, as issued by the JSE from time to time;
“m²”	square metres;
“Manager” or “STANLIB REIT Fund Managers”	STANLIB REIT Fund Managers Proprietary Limited (RF) (Registration number 2007/029492/07), a ring-fenced private company registered and incorporated in accordance with the laws of South Africa, being a wholly-owned subsidiary of Liberty Holdings and a manager approved by the Registrar as the manager of Liberty Two Degrees, full details of which are set out in the “Corporate Information” section;
“Mills Fitchet” or “MF”	Mills Fitchet Magnus Penny & Wolffs t/a Magnus Penny Associates CC (Registration number CK2000/020267/23), a close corporation registered and incorporated in accordance with the laws of South Africa, full details of which are set out in the “Corporate Information” section;
“MOI”	the memorandum of incorporation of the Manager, extracts of which are set out in Annexure 6 ;
“own-name dematerialised unitholders”	unitholders holding dematerialised units and who have instructed their CSDP to register their units in their own name on the sub-register of unitholders maintained by a CSDP or broker in South Africa;
“placing agreement”	a placing agreement which is intended to be entered into, on or before 29 November 2016, between the Manager (on behalf of Liberty Two Degrees), the joint bookrunners and Liberty in connection with the private placement;

“private placement”	<p>a private placement for the purposes of:</p> <ul style="list-style-type: none"> Liberty Two Degrees raising up to approximately R2.8 billion by way of: <ul style="list-style-type: none"> subscription by invited investors for up to approximately 200 000 000 private placement units at a subscription price of R10.00 per private placement unit; and subscription by Liberty (using its new policyholders’ funds) for 82 127 545 private placement units at a 5% discount to the subscription price paid by invited investors, being R9.50 per private placement unit. Liberty has undertaken to subscribe for these units, Liberty, to the extent that there is demand by invited investors, selling (out of its shareholders’ funds) up to approximately 100 000 000 Liberty Two Degrees units. These will be units that are issued to Liberty in terms of the exchange agreement immediately prior to the listing. The exchange agreement provides for these units to be issued to Liberty at an issue price of R10.00 per unit, so Liberty will not make any profit on the sale of these units. The exchange agreement therefore distinguishes between units that will be sold by Liberty in terms of the private placement, which are issued at R10.00 per unit under the exchange agreement, and units that are not to be sold by Liberty in terms of the private placement, which are issued at R9.50 per unit under the exchange agreement;
“private placement units”	282 127 545 units in Liberty Two Degrees to be issued in terms of the private placement;
“Propco”	Liberty Propco Proprietary Limited (Registration number 2014/121142/07), a private company registered and incorporated in accordance with the laws of South Africa, being a wholly-owned subsidiary of Liberty and the vehicle through which Liberty holds its stake in Melrose Arch;
“property managers”	collectively, JHI Retail, Epsidex and Amdec, further details of which are set out in paragraph 8.1;
“property management agreements”	collectively, the JHI retail property management agreements, the Epsidex property management agreement and the Amdec property management agreement;
“R” or “Rand” or “ZAR”	the South African Rand, the lawful currency of South Africa;
“Registrar”	the Registrar of Collective Investment Schemes;
“REIT” or “Real-Estate Investment Trust”	an entity which receives REIT status in terms of the Listings Requirements;
“relationship agreement”	the agreement dated 10 November 2016 entered into between Liberty and Liberty Two Degrees, further details of which are set out in paragraph 2;
“Rode”	Rode & Associates Proprietary Limited (Registration number 2009/005600/07), a private company registered and incorporated in accordance with the laws of South Africa, full details of which are set out in the “Corporate Information” section;
“SARB”	South African Reserve Bank;
“SENS”	Stock Exchange News Service of the JSE;
“South Africa”	the Republic of South Africa;
“Standard Bank”	The Standard Bank of South Africa Limited (Registration number 1962/000738/06), a public company registered and incorporated in accordance with the laws of South Africa;
“STANLIB” or “SLAM”	STANLIB Asset Management Limited (Registration number 1969/002753/07), a public company registered and incorporated in accordance with the laws of South Africa;

“STRATE”	STRATE Proprietary Limited (Registration number 1998/022242/07), a private company which is registered in terms of the Financial Markets Act and responsible for the electronic settlement system of the JSE;
“subscription price”	the price at which the private placement units are to be issued by Liberty Two Degrees pursuant to the private placement, being R10.00 per unit;
“the/this pre-listing statement”	this pre-listing statement and its annexures dated 21 November 2016;
“transfer”	the registration of transfer of the relevant immovable property into the name of Liberty Two Degrees in the relevant deeds registry office;
“transfer secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company registered and incorporated in accordance with the laws of South Africa, full details of which are set out in the “Corporate Information” section;
“Trust Deed”	the Trust Deed entered into between the Manager and the Trustee to establish the Liberty Two Degrees Scheme and the terms under which it is administered, which was registered by the Registrar on 28 October 2016, extracts of which are set out in Annexure 5 ;
“Trustee” or “RMB Trustee Services”	RMB Trustee Services, a division of FirstRand Bank Limited (Registration number 1929/001225/06), a public company registered and incorporated in accordance with the laws of South Africa, full details of which are set out in the “Corporate Information” section;
“undivided shares”	undivided shares in the ownership of the Liberty Property Portfolio, further details of which are set out in Annexure 7 ;
“VWAP”	volume weighted average price; and
“yield”	the distribution available to a holder of a unit in any financial year divided by the market price of that unit.



Liberty Two Degrees

JSE code: L2D

ISIN: ZAE000230553

(Approved as a REIT by the JSE)

(“**Liberty Two Degrees**”)

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, and managed by

STANLIB REIT Fund Managers Proprietary Limited (RF)

(Registration number 2007/029492/07)

(“**the Manager**” or “**STANLIB REIT Fund Managers**”)

Directors of the Manager

Independent non-executive directors

Mthandazo Peter Moyo (*Chairman*)

Wolf Eli Cesman

Michael Gerald Ilsley

Executive directors

Amelia Beattie (*CEO*)

John Sturgeon (*CFO*)

PRE-LISTING STATEMENT

SECTION ONE – INFORMATION ON LIBERTY TWO DEGREES

1. OVERVIEW AND BACKGROUND

1.1 Incorporation and nature of business

- 1.1.1 Liberty Two Degrees is a portfolio established under the Liberty Two Degrees Scheme in terms of CISCA to afford investors growth in income and capital by investing at fair prices in a balanced spread of immovable properties and related assets permitted by the Trust Deed. The Liberty Two Degrees Scheme was registered by the Registrar on 28 October 2016 and is to be managed by STANLIB REIT Fund Managers. Liberty Two Degrees will invest in the Liberty Property Portfolio immediately prior to the listing.
- 1.1.2 The financial year-end of Liberty Two Degrees is 31 December.
- 1.1.3 Liberty Two Degrees is intended to give investors exposure to the Liberty Property Portfolio by allowing them to purchase units in Liberty Two Degrees which will hold undivided shares in the Liberty Property Portfolio.
- 1.1.4 The registered office address and postal address of Liberty Two Degrees is set out in the “Corporate Information” section.

1.2 History

The Liberty Property Portfolio

The Liberty Property Portfolio is one of South Africa’s leading retail property portfolios with interests in assets such as the Sandton City Complex, the Eastgate Complex and Melrose Arch. Details of the Liberty Property Portfolio are set out in **Annexure 7**.

The Liberty Property Portfolio comprises predominantly retail real-estate assets in South Africa. In Johannesburg, the retail assets are an interest in the Sandton City Complex, the Eastgate Complex and Nelson Mandela Square. Other retail assets comprise two regional shopping centres, being Liberty Midlands Mall in KwaZulu-Natal and Liberty Promenade Mall in Mitchells Plain in the Western Cape, the mixed-use precinct of Melrose Arch in Johannesburg and the newly developed Botshabelo Mall in the Free State.

The Sandton City Complex is situated in the economic heartland of the country and showcases some of the most prestigious international and domestic retailers. The attraction of its long-established presence and overall quality make it irreplaceable and confers brand-value and recognition on the Liberty Property Portfolio. Similarly, the Eastgate Complex with its strong history and recent upgrade is located in a large catchment area with good access. The recently refurbished Nelson Mandela Square is a destination centre with a compelling entertainment offering complementing the neighbouring Sandton City Complex. Melrose Arch's office and retail component supports its status as one of the leading mixed-use precincts in Johannesburg's high end Northern Suburbs.

Liberty Midlands Mall and Liberty Promenade Mall are large high-quality centres within regional catchment areas positioned for high growth.

In addition to the offices included in the Liberty Property Portfolio's main retail complexes, the Liberty Property Portfolio includes select office properties located in key business nodes with blue-chip anchor tenants. These properties include the Standard Bank Centre in Johannesburg, the Liberty Centre in Century City Office Park in Cape Town and Liberty Centre in Umhlanga Ridge in Durban.

The Liberty Property Portfolio also includes John Ross Eco-Junction, where the Melomed Hospital and other development opportunities will provide diversification and higher yield opportunities.

The total Liberty Property Portfolio has a value of approximately R27 389 176 000 and a GLA of approximately 615 826m².

1.3 Liberty Two Degrees group structure

Liberty Two Degrees is required by CISCA to be structured as a JSE-listed portfolio within a trust with an external independent trustee and an external management company. In this regard, RMB Trustee Services has been appointed as Trustee and STANLIB REIT Fund Managers has been appointed as the Manager. STANLIB REIT Fund Managers has also been appointed as the asset manager of Liberty's interest in the Liberty Property Portfolio.

The structure of Liberty Two Degrees allows for the continuity of the existing management team (with over 100 years of collective property experience). Liberty Two Degrees will benefit from Liberty and STANLIB's property development and asset management expertise and history, together with a track record of innovation and successful redevelopments. The CISIP management structure and team preserve institutional oversight, governance and expertise, while leaving room for management talent.

1.4 Liberty Two Degrees' investment in the Liberty Property Portfolio

The exchange agreement, further details of which are set out in paragraph 2.1 of the pre-listing statement, provides for Liberty Two Degrees' initial investment in the Liberty Property Portfolio to be implemented immediately prior to listing. In terms of the exchange agreement, Liberty and Propco dispose of 22% of the Liberty Property Portfolio in exchange for units to be issued by Liberty Two Degrees. This will be achieved by Liberty Two Degrees acquiring an undivided share of each property (and letting business carried on thereon) which is equal to 22% of Liberty's and Propco's share of that property prior to the acquisition by Liberty Two Degrees. Consequently, where the properties are wholly-owned by Liberty, Liberty Two Degrees will acquire a 22% undivided share of the properties, but where Liberty owns only an undivided share of the properties Liberty Two Degrees will acquire a lesser undivided share which is equal to 22% of Liberty's share prior to the acquisition by Liberty Two Degrees.

Prior to the implementation of the exchange agreement, Liberty holds the Liberty Property Portfolio in its policyholders' funds and in its shareholders' funds and Liberty has concluded the exchange agreement in order to transfer undivided shares in the Liberty Property Portfolio to Liberty Two Degrees to the extent elected by Liberty's policyholders and to an extent determined by Liberty in dealing with its shareholders' funds. When Liberty receives units in exchange for disposing of those undivided shares, Liberty will allocate those units to the funds out of which those undivided shares are transferred.

In addition to enabling its policyholders to switch their interests in the Liberty Property Portfolio to units in Liberty Two Degrees, Liberty also enabled its policyholders to invest new funds in Liberty Two Degrees. Policyholders provided in excess of R780 million for this purpose, which will be invested by Liberty in the course of the private placement.

1.5 Offer summary

Immediately prior to the listing and after Liberty Two Degrees has issued units in terms of the exchange agreement, there will be a private placement in order for:

- Liberty Two Degrees to raise up to approximately R2.8 billion by way of:
 - subscription by invited investors for up to approximately 200 000 000 private placement units at a subscription price of R10.00; and
 - subscription by Liberty (using its new policyholders' funds) for 82 127 545 private placement units at a 5% discount to the subscription price payable by invited investors, being R9.50 per private placement unit. Liberty has undertaken to subscribe for these units;
- Liberty, to the extent that there is demand by invited investors, to sell (out of its shareholders' funds) up to approximately 100 000 000 Liberty Two Degrees units. These will be units that are issued to Liberty in terms of the exchange agreement immediately prior to the listing. The exchange agreement provides for these units to be issued to Liberty at an issue price of R10.00 per unit, so Liberty will not make any profit on the sale of these units. The exchange agreement therefore distinguishes between units that will be sold by Liberty in terms of the private placement, which are issued at R10.00 per unit under the exchange agreement, and units that are not sold by Liberty in terms of the private placement, which are issued at R9.50 per unit in terms of the exchange agreement.

Consequently, on listing it is anticipated that:

- Liberty, in its policyholders' funds, will hold 397 917 018 units (being units issued in terms of the exchange agreement and units issued in terms of the private placement);
- Liberty, in its shareholders' funds, will hold approximately 310 526 316 units (being units issued in terms of the exchange agreement) less any units sold by Liberty during the private placement;
- invited investors will hold approximately 200 000 000 units (comprising units issued in terms of the private placement) plus any units sold by Liberty during the private placement; and
- Liberty Two Degrees will acquire 22% of the Liberty Property Portfolio valued at R6 billion. The remaining 78% will be held by Liberty.

Assuming that the private placement is fully subscribed at a subscription price of R10.00 per unit, the anticipated market capitalisation of Liberty Two Degrees on listing will be approximately R9.1 billion.

1.6 Subsidiaries

At the time of listing, Liberty Two Degrees does not have any subsidiaries and will directly hold its interest in the Liberty Property Portfolio.

1.7 Investment and growth strategy

The investment policy of Liberty Two Degrees shall be aimed at achieving the primary objective of affording investors growth in income and capital by investing at fair prices in a balanced spread of the following assets:

- 1.7.1 immovable property in South Africa (including undivided shares or other interests therein or leasehold in respect thereof);
- 1.7.2 securities of holding companies or fixed property companies, which will indirectly or directly own immovable properties referred to in 1.7.1;
- 1.7.3 liquid assets and other qualifying assets determined by the Registrar in terms of section 47(2) of CISA; or
- 1.7.4 immovable property in a foreign country and property shares or participatory interests in a collective investment scheme in property in a foreign country, in accordance with the provisions of section 49 of CISA.

2. SALIENT FEATURES OF THE EXCHANGE AGREEMENT, CO-OWNERSHIP AGREEMENTS AND RELATIONSHIP AGREEMENT

2.1 Exchange agreement

- 2.1.1 In terms of the exchange agreement dated 10 November 2016, Liberty and Propco dispose of 22% of the Liberty Property Portfolio in exchange for units to be issued by Liberty Two Degrees. This will be achieved by Liberty Two Degrees acquiring an undivided share of each property (and letting business

carried on thereon) which is equal to 22% of Liberty's and Propco's share of that property prior to the acquisition by Liberty Two Degrees. Consequently, where the properties are wholly-owned by Liberty, Liberty Two Degrees will acquire a 22% undivided share of the properties, but where Liberty or Propco owns only an undivided share of the properties, Liberty Two Degrees will acquire a lesser undivided share which is equal to 22% of Liberty's or Propco's share prior to the acquisition by Liberty Two Degrees.

- 2.1.2 The number of units to be issued to Liberty and Propco will be calculated by dividing the aggregate value of the undivided shares in the properties being transferred to Liberty Two Degrees (less the value of the units sold by Liberty in terms of the private placement) by an amount equal to 95% of the price per unit which is payable by investors (other than Liberty) who subscribe for units for cash immediately prior to the listing. Liberty Two Degrees will also issue a further number of units calculated by dividing the value of the units sold by Liberty in terms of the private placement by R10.00.
- 2.1.3 As at the last practicable date, the exchange agreement is still conditional on regulatory approvals (Competition Act approval and JSE approval for the listing and REIT status), the receipt of a SARS ruling and third party consents. The JSE requires confirmation that the exchange agreement has become unconditional prior to the JSE allowing the listing to proceed. Confirmation that the exchange agreement has become unconditional must be provided to the JSE by no later than 48 hours prior to the listing date.
- 2.1.4 On fulfilment of the conditions, risk and benefit of the undivided shares in the properties will pass to Liberty Two Degrees with effect from 1 December 2016. While Liberty is seeking to effect the registration of transfer of those undivided shares to Liberty Two Degrees by that date, it is likely that not all such transfers will have been registered. Consequently, Liberty has undertaken that before 6 December 2016 it will register a usufruct over each of the properties in the Liberty Property Portfolio in terms of which Liberty Two Degrees will be entitled to receive the portion of the rentals payable in respect of that property that it would have received had the transfer of the undivided share in that property occurred. The usufructs constitute property for the purposes of the Listings Requirements and constitute immovable property or an interest therein for the purposes of CISCA.
- 2.1.5 The exchange agreement contains normal warranties by Liberty and Propco in favour of Liberty Two Degrees, which confirm the title of Liberty and Propco as transferors of the properties, disclosure to Liberty Two Degrees, the absence of material latent defects, material liabilities, breaches of applicable laws, and facts which would prevent the properties from being used to conduct the letting businesses for which they are currently used.
- 2.1.6 The exchange agreement also records that Liberty Two Degrees will not acquire an interest in those parts of the Midlands Mall Property and the Umhlanga Property which are used for the conduct of the StayEasy and Garden Court hotel businesses which have recently been sold by Liberty to The Cullinan Hotel Proprietary Limited. The transfer of those parts of the Midlands Mall Property and the Umhlanga Property to The Cullinan Hotel Proprietary Limited will only occur after the listing and Liberty Two Degrees will therefore be required to co-operate for the purposes of effecting that transfer.

2.2 Co-owners' agreements

Liberty and Liberty Two Degrees will be party to a co-owners' agreement in respect of each property which they co-own. Where there are no third party co-owners, the co-owners' agreement will be in a standard form agreed between Liberty and Liberty Two Degrees. Where there are third party co-owners, Liberty Two Degrees will become party to the existing co-owners' agreement, which usually has standard provisions which are similar to those of the standard form agreement, but are not identical and do not necessarily cover all of the same issues. The following summary reflects the terms of the standard form co-owners' agreement agreed between Liberty and Liberty Two Degrees:

- 2.2.1 The co-owners will continue to conduct the letting business for which the property is used and neither of them shall be entitled to use the property for any other purpose.
- 2.2.2 Each co-owner holds its undivided share by means of a separate title deed or certificate of title to reflect its separate ownership thereof, and is entitled to borrow any amounts from third parties for its own account and secure its debts by registering a mortgage bond over its undivided share. Any such mortgage bond must be subject to the pre-emptive rights, deemed offers and other provisions of the co-owners' agreement. Credit is not to be incurred jointly by the co-owners without their prior written agreement (save for short-term credit given for the procurement of goods or services in the ordinary course of the letting business).

- 2.2.3 The co-owners intend to provide funding for capital expenditure for further development of the properties in their proportionate shares, but neither of them is obliged to provide any such funding in the absence of a further written undertaking to do so.
- 2.2.4 The income from the properties accrues to the co-owners, and the operating costs are incurred by the co-owners, in their proportionate shares. All profits and losses will accordingly accrue to the co-owners in their proportionate shares. The net income is to be paid to the co-owners in their proportionate shares on a monthly basis.
- 2.2.5 The co-owners agree to establish and authorise a committee to control the letting business.
- 2.2.6 Liberty is entitled to appoint, remove and replace one member of the committee and Liberty Two Degrees is entitled to appoint, remove and replace the majority of members of the committee.
- 2.2.7 Save for the reserved matters referred to below, the committee has the power to determine all matters in regard to the letting business on behalf of the co-owners, including:
 - 2.2.7.1 the appointment and replacement of a property manager from time to time, and the authorisation of the property manager to deal with the day-to-day activities of the letting business;
 - 2.2.7.2 the terms of all contracts for the conduct of the letting business, including leases with tenants; and
 - 2.2.7.3 the system of budgetary controls for the letting business.
- 2.2.8 The reserved matters in respect of which the committee requires the approval of the co-owners are:
 - 2.2.8.1 any transaction of any nature whatsoever involving a related party;
 - 2.2.8.2 any improvement or development of the property or the letting business (excluding repairs and maintenance which are necessary for the preservation or continued functioning of the property or the letting business and minor improvements which will be paid for out of the income from the letting business); and
 - 2.2.8.3 any contract outside of the ordinary course of business of the letting business.
- 2.2.9 Each co-owner has a pre-emptive right to purchase any undivided share in a property which the other co-owner wishes to sell to a third party.
- 2.2.10 If a co-owner wishes to sell its undivided share to a third party, then the other co-owner is able to require that the sale to the third party does not proceed unless that other co-owner is also able to sell its undivided share in the property to that third party on the same terms and conditions.
- 2.2.11 If a co-owner becomes subject to an insolvency event or materially breaches the co-owners' agreement and fails to remedy such breach, then the other co-owner is able to purchase the insolvent or defaulting co-owner's undivided share in the property at the value attributed to it by an independent valuation of the property by an independent registered valuer in accordance with section 13.20 of the Listings Requirements.

2.3 Relationship agreement

The relationship agreement dated 10 November 2016 contains the following arrangements on specific aspects of the relationship between Liberty Two Degrees and Liberty which are not dealt with in the co-ownership agreements referred to above because they are not specific to any particular property:

- 2.3.1 Liberty Two Degrees grants to Liberty a continuing put option to sell further portions of its undivided shares in the existing properties as defined below (and letting businesses carried on thereon) to Liberty Two Degrees from time to time. This enables Liberty Two Degrees to increase its stake in the Liberty Property Portfolio and enables Liberty to reduce its stake as and when required taking into account policyholder changes and exits.
- 2.3.2 The put option remains in place for so long as Liberty and Liberty Two Degrees are co-owners of any properties, and relates to the properties which they co-own pursuant to the exchange agreement described above and neighbouring properties ("**existing properties**"). The put option does not apply to other properties which may be purchased by Liberty and Liberty Two Degrees as co-owners after listing.
- 2.3.3 In terms of the put option, Liberty may elect to sell all (or portions having an aggregate value of at least R200 million) of its undivided shares in the existing properties to Liberty Two Degrees, but when doing so Liberty must sell the same proportion of its undivided shares in all of the existing properties.

- 2.3.4 The price at which Liberty sells to Liberty Two Degrees will be calculated by multiplying the percentage share of the properties being sold by a recent independent valuation of the properties by an independent registered valuer in accordance with section 13.20 of the Listings Requirements.
- 2.3.5 If Liberty exercises the put option, Liberty Two Degrees has the election whether to pay cash or to issue units to Liberty in consideration therefor. If Liberty Two Degrees elects to issue units, the unit issue will be at an issue price equal to the higher of the “clean” (adjusted to exclude the value attributed to the expected next distribution of Liberty Two Degrees) 10-day VWAP at the date of the abovementioned independent valuation and the net asset value per unit of Liberty Two Degrees as at that date. However, if the unit issue is at the net asset value per unit of Liberty Two Degrees as at that date, Liberty is able to cancel that exercise of the put option.
- 2.3.6 The relationship agreement contains a tag along right which applies if either one of Liberty or Liberty Two Degrees wishes to sell its undivided share in a co-owned property to a third party and the co-owners’ agreement for that property does not contain a tag along right. (The standard co-owners agreement referred to above does contain such a tag along right, but where Liberty and Liberty Two Degrees are co-owners along with third parties, the co-owners agreement might not contain such a tag-along right). In that event the other of them is able to require that the sale to the third party does not proceed unless it is also able to sell its undivided share in that property to that third party on the same terms and conditions.
- 2.3.7 Each of Liberty and Liberty Two Degrees undertakes in favour of the other that, for so long as they remain co-owners of any property, if it or any of its affiliates obtains any opportunity to enter into any agreement or arrangement to acquire all or part of any developed or undeveloped immovable property in South Africa (other than an immovable property which is intended to be a Liberty occupied property), then it must notify the other of them in writing of that opportunity in order for them to pursue it jointly. If the other party elects not to pursue the opportunity, the party which obtained the opportunity may pursue it on its own. Similarly, if urgency requires the party which obtained the opportunity to pursue it on its own before the other party has decided whether to participate, the party which obtained the opportunity may pursue it on its own but must then allow the other party to co-invest in the opportunity if the other party decides within the period allowed that it wishes to do so.
- 2.3.8 Liberty Two Degrees undertakes to remain listed and retain its REIT status.
- 2.3.9 The relationship agreement contains an acknowledgement by Liberty Two Degrees that the Liberty brand remains the property of Liberty and that Liberty is able to require Liberty Two Degrees to cease using the Liberty brand in future. However, Liberty acknowledges that the Two Degrees brand remains the property of Liberty Two Degrees which may use it irrespective of its use of the Liberty brand.

3. PROSPECTS

The board is of the opinion that the scale, long-established presence, quality and location of the retail component of the Liberty Property Portfolio, together with its experienced management team, position it as one of the premier real-estate investment opportunities in South Africa. The listing of Liberty Two Degrees provides invited investors with a unique opportunity to invest in one of South Africa’s iconic retail portfolios.

A significant amount of capital expenditure has been historically incurred to maintain the high quality of the Liberty Property Portfolio. Over the past five years, in excess of R2.5 billion has been spent on developments and redevelopments, including Botshabelo Mall, the Sandton City Complex, the Eastgate Complex, John Ross Eco-Junction – Melomed Hospital and Nelson Mandela Square. The expansion of Liberty Midlands Mall commenced earlier this month.

The Liberty Property Portfolio has consistently outperformed its benchmark of CPI+5% over a rolling five-year period. As set out in paragraph 11.7 below, Liberty Two Degrees is forecast to have a 12-month forward yield of 6.5% on an ungeared basis. The defensive nature of the portfolio is expected to drive performance in a challenging economic environment. It is important to note, however, that the past performance of the Liberty Property Portfolio is not indicative of the future performance of Liberty Two Degrees.

Liberty Two Degrees will be ungeared on listing and will be able to take on debt (in line with gearing levels in the sector) to fund future quality acquisitions as appropriate.

In the short term, Liberty Two Degrees will focus on its growth strategy in South Africa. Growth is expected to come from identified high quality acquisition targets, as well as from Liberty Two Degrees’ current development pipeline in respect of those properties detailed in **Annexure 8A** and **Annexure 8C**, namely Liberty Midlands Mall, Eastgate Complex and John Ross Eco-Junction – Melomed Hospital.

Liberty and Liberty Two Degrees are in discussions to acquire an iconic property that is aligned to the Liberty Property Portfolio and Liberty Two Degrees' investment strategy. This would be the primary, but not the sole, use of the proceeds of the private placement and it is expected that the consideration payable by Liberty Two Degrees, should a transaction be concluded, would be a mixture of units and cash. The discussions to acquire this iconic property have advanced but a final agreement has not been concluded. Liberty Two Degrees expects to provide more details in the first quarter of 2017 and the transaction will be dealt with in terms of section 9 of the Listings Requirements, to the extent that it is applicable. If concluded, this transaction will provide an immediate use of some of the capital to be raised in terms of the private placement and it is expected that the acquisition yield will not materially change the current expected forward yield. In addition, the transaction will provide for growth in line with expectations.

The abovementioned growth strategy will be funded from the proceeds of the private placement, future gearing and internally generated cash, giving Liberty Two Degrees significant capacity to deliver on its growth potential.

Development activity will be limited to 15% by value of Liberty Two Degrees' portfolio at any given point in time.

In terms of the put option, Liberty may elect to sell all (or any portion having a value of at least R200 million) of its undivided shares in the co-owned properties to Liberty Two Degrees, but when doing so Liberty must sell the same portion of its undivided shares in all of the co-owned properties to Liberty Two Degrees. The put option presents a unique opportunity for Liberty Two Degrees to gain further exposure to the Liberty Property Portfolio. Liberty Two Degrees can elect to settle the consideration payable in either units or cash, whichever is the most optimal at the time. The ability to settle in cash provides an opportunity for Liberty Two Degrees to utilise any excess cash it may have, or to consider raising gearing to acquire new properties if yields and cost of debt are supportive. Alternatively, the ability to settle in units means Liberty Two Degrees can reserve its cash and debt capacity for other uses and at the same time increase the market capitalisation and free float of Liberty Two Degrees. The put option will be settled at the higher of the clean VWAP or NAV per unit. The put option will only apply to existing properties. Further details of the put option are set out in paragraph 2.3 above.

Liberty Two Degrees will also look to invest in income-producing and development opportunities in sub-Saharan Africa outside of South Africa (the “**rest of Africa portfolio**”). By leveraging off the expertise of Liberty and STANLIB in these regions, investors will have access to the growth opportunities Africa offers, the long term capital appreciation and the further diversification benefits of Liberty Two Degrees. Liberty Two Degrees will seek both accretive acquisitions and development activity to deliver this growth and will be guided by the following investment principles:

- selecting premium investment opportunities in high-end retail and commercial space and targeting multinational anchor tenants;
- ensuring adequate repatriation of distributions to the South African investor base; and
- it is intended that in the short-term, the investment in the rest of Africa jurisdictions will not exceed 10% of the total portfolio at the time of investment. Liberty Two Degrees will from time to time re-evaluate its investment policy as regards the rest of Africa portfolio and any deviations from the stated policy will be duly communicated to investors.

4. **RELATIONSHIP BETWEEN LIBERTY AND LIBERTY TWO DEGREES**

- 4.1 The Manager is a wholly-owned subsidiary of Liberty Holdings.
- 4.2 Details of Liberty's indirect interest in Liberty Two Degrees is set out in paragraph 1.3 above and paragraph 9 below.

5. **RISKS**

The risk factors in relation to Liberty Two Degrees are set out in **Annexure 20**.

6. **DIRECTORS**

6.1 **Directors of the Manager**

The Liberty Two Degrees Scheme as a trust has no directors of its own. Liberty Two Degrees is managed by the Manager in terms of CISCA and the Trust Deed. The Manager is 100% owned by Liberty Holdings. Extracts of the Trust Deed and Supplemental Deed are set out in **Annexure 5**.

The board of the Manager is currently made up of five directors, three of whom are independent non-executives. The positions of chairman of the board and that of CEO are separate, with the chairman being an independent non-executive director. The chairman oversees the board's functioning, and the CEO leads the executive team and attends to the day-to-day functions of the business. John Sturgeon has been seconded by Liberty to the

Manager and appointed as CFO, with effect from 1 December 2016. The audit committee have considered and satisfied themselves of the appropriateness of the expertise and experience of the CFO.

The full names, ages, nationalities, business addresses, qualifications, and capacities of the directors of the Manager are outlined below:

Name and age	Amelia Beattie (Amelia) (46)
Business address	17 Melrose Boulevard, Melrose Arch, 2196
Qualifications	BCom, Certificate in Shopping Centre Management
Position	CEO
Experience	<p>Amelia joined STANLIB in 2012 to establish the STANLIB Direct Property Investment business, arguably Liberty's proudest tradition, this business included property asset management and property development management. Amelia's 17 years' experience in the property sector was established at Old Mutual Property, in various senior positions spanning more than a decade, and exiting as Chief Operating Officer before joining STANLIB.</p> <p>Since joining STANLIB, Amelia has piloted the listing of Liberty's first Real-Estate Investment Trust (REIT) in Kenya, also a first for East Africa. She spearheaded the launch of STANLIB's Africa Direct Property Development fund securing development projects in Kenya, Uganda, Ghana and Nigeria and strategically led and implemented the joint venture transaction with JHI Retail for property management services for the Liberty Property Portfolio, and, in conjunction, continued to deliver stable returns from the portfolio and enhance the value with new developments.</p> <p>As part of STANLIB's Executive team, Amelia brings compelling strategic direction to all aspects of property fund management, risk management and international expansion and development initiatives.</p> <p>Separate to her role at STANLIB, Amelia served as President for the South African Property Association (SAPOA) in 2014 – 2015 which represents the voice of the Property Industry in South Africa, where she successfully raised R40 million for the SAPOA Bursary Fund, primarily focused on education.</p> <p>Amelia, a dedicated mother to three daughters is also a founder and trustee of the Women's Property Network (WPN) Education Trust, which promotes the education and development of young women in property studies, winning the WPN Nedbank 5 Star Woman award in 2008.</p> <p>Amelia was appointed as a director of the Manager on 17 June 2016 and will assume the full time role of CEO on 1 December 2016 following the approval by the FSB for the Manager on 28 October 2016.</p>
Name and age	John Sturgeon (John) (64)
Business address	17 Melrose Boulevard, Melrose Arch, 2196
Qualifications	CTA, CA(SA), CMA, HDip Tax
Position	CFO
Experience	<p>John joined Liberty as the Group Executive: Corporate Finance in August 2004, responsible for and not limited to the oversight and management of all corporate action relating to Liberty's expansion initiatives in South Africa and the rest of Africa. Together with John's strategic guidance, due diligence expertise and M&A experience, Liberty expanded the group's reach and penetration on the continent.</p> <p>Prior to joining Liberty, John consulted to the Standard Bank Equity Fund division on Management Buyouts and Private Equity Investments between 2000 – 2004. John's early career in the 1970's, that started as an article clerk with Peat Marwick Mitchell, progressed to the Dorbyl Group of companies where he was able to establish and grow his financial expertise by occupying various positions and eventually became the Group Financial Manager for Calan Limited. His financial career advanced to the Group Financial Director/ Company Secretary for Natyre Limited/Calan Group in May 1982.</p> <p>John has held various positions as the financial director for companies such as the Premier Group Limited in 1994 – 1999 and Argus Holdings Limited in 1993 – 1994.</p>

John was appointed as a director of the Manager on 26 May 2016. As set out in **Annexure 4**, John has been seconded to Liberty Two Degrees to fulfil the role as full time CFO. John will assume the full time role of CFO on 1 December 2016 following approval by the FSB for the Manager on 28 October 2016. John's secondment will endure until such time as a permanent CFO has been appointed and such appointment is approved by the FSB.

Name and age	Mthandazo Peter Moyo (Peter) (54)
Business address	Building 4, Parc Nicol Office Park, 3001 William Nicol Drive, 2191
Qualifications	BCompt, BCompt (Hons), CA(SA), CA(Z), HDip Tax, AMP
Position	Chairman, independent non-executive director
Experience	<p>Peter is currently a shareholder and chief executive of NMT Capital Proprietary Limited. Peter serves on a number of group company boards, notably Willis SA Proprietary Limited and CSC SA Proprietary Limited, where he is also chairman. Peter is a successful businessman and is currently chairman of Vodacom and serves on the boards of Liberty Holdings and Liberty. He is also the chairman of the audit committee of the Auditor General's Office and a member of the Right to Care board. Peter also sits on the Advisory Board of Stellenbosch Business School. Peter is a previous Group CEO of Alexander Forbes, Deputy Managing Director of Old Mutual and Partner at Ernst & Young. Peter has previously served on the board of Telkom SA SOC Limited and Transnet SOC Limited.</p> <p>Peter was appointed as a director of the Manager on 17 June 2016. His appointment as non-executive director was approved by the FSB on 28 October 2016.</p>
Name and age	Wolf Eli Cesman (Wolf) (74)
Business address	17 Melrose Boulevard, Melrose Arch, 2196
Qualifications	BCom, CA(SA), HDip Tax
Position	Independent non-executive director
Experience	<p>Wolf has 48 years' experience in South African property investment, development and asset and property management. He spent 24 years with Liberty Properties Proprietary Limited, the last 17 of which as CEO, from which he retired in 2000. From 2000 to 2010, Wolf was involved in the formation and/or growth, and served as a director of the following listed South African property funds: Madison Property Fund Managers Limited, ApexHi Properties Limited, Hyprop Investments Limited and Redefine Properties Limited.</p> <p>Wolf was appointed as a director of the Manager on 17 June 2016. His appointment as non-executive director was approved by the FSB on 28 October 2016.</p>
Name and age	Michael Ilsley (Mike) (55)
Business address	23 Wild Pear Crescent, Fourways Gardens, 2191
Qualifications	BCom, BAcc, CA(SA)
Position	Independent non-executive director
Experience	<p>Mike is a former audit partner of PricewaterhouseCoopers and left the profession in 1999 to take up the position of group finance director of Alexander Forbes Limited until 2007. He is currently a business consultant and professional independent director, serving on the boards, and chairing the audit committees, of various regulated entities. He was appointed to the boards of Liberty Holdings and Liberty in November 2014.</p> <p>Mike was appointed as a director of the Manager on 17 June 2016. His appointment as non-executive director was approved by the FSB on 28 October 2016.</p>

All of the directors are South African nationals.

6.2 Liberty Two Degrees does not have a founder.

7. DETAILS OF THE MANAGER

7.1 Additional information related to the directors of the Manager

7.1.1 **Annexure 2** contains the following information:

- 7.1.1.1 interests in units and transactions;
- 7.1.1.2 interests of directors;
- 7.1.1.3 directors' emoluments;
- 7.1.1.4 borrowing powers of directors; and
- 7.1.1.5 directors' declarations.
- 7.1.2 **Annexure 3** contains details of directors' other directorships and partnerships in the previous five years.
- 7.1.3 The salient terms of the service contracts for the executive directors is set out in **Annexure 4**.
- 7.1.4 The salient terms of the Trust Deed and Supplemental Trust Deed are set out in **Annexure 5**.
- 7.1.5 The provisions of the MOI of the Manager with regard to the following are set out in **Annexure 6**:
 - 7.1.5.1 qualification of directors;
 - 7.1.5.2 remuneration of directors; and
 - 7.1.5.3 retirement or non-retirement of directors under an age limit.

8. MATERIAL THIRD PARTIES

8.1 Property management

The property management function in respect of the Liberty Property Portfolio is undertaken predominantly by JHI Retail but the consortium comprising JHI Retail and Epsidex is to manage the newly developed Botshabelo Mall and Amdec will continue to manage Melrose Arch.

The property managers have been appointed by Liberty and Liberty Two Degrees to provide property management services in respect of the Liberty Property Portfolio. The property management agreements will be available for inspection as set out in paragraph 48.

8.1.1 *Information relating to JHI Retail*

- 8.1.1.1 JHI Retail's directors are M van der Walt, NNN Radebe, NN Makhoba and J Sturgeon.
- 8.1.1.2 JHI Retail's registered and business address is Excellerate on Summit, 3A Summit Road, Dunkeld West, Hyde Park.
- 8.1.1.3 JHI Retail is 51% owned by JHI Properties Proprietary Limited and 49% owned by Liberty Holdings.
- 8.1.1.4 JHI Retail does not have any beneficial interest, direct or indirect, in any securities or units to be issued by Liberty Two Degrees in order to finance the acquisition of any properties.
- 8.1.1.5 JHI Retail's functions as property manager include, *inter alia*, being responsible for letting, maintenance and operations, certain financial and accounting functions, certain legal and secretarial functions, employing all people required for the property management functions, certain risk management functions and marketing the business.
- 8.1.1.6 JHI Retail manages the Sandton City Complex, the Eastgate Complex, Liberty Promenade Shopping Centre, Liberty Midlands Mall, Nelson Mandela Square, Liberty Centre Head Office (Umhlanga), John Ross Eco-Junction and the Standard Bank Centre.

8.1.2 *Information relating to Epsidex*

- 8.1.2.1 The director of Epsidex is Neo Masithela.
- 8.1.2.2 Epsidex's registered and business address is 24 Poole Street, Brandwag, Bloemfontein.
- 8.1.2.3 The shareholder of Epsidex is the Bokwena Family Trust.
- 8.1.2.4 Epsidex does not have any beneficial interest, direct or indirect, in any securities or units to be issued by Liberty Two Degrees in order to finance the acquisition of any properties.
- 8.1.2.5 Epsidex's functions as property manager include, *inter alia*, being responsible for letting, maintenance and operations, certain financial and accounting functions, certain legal and secretarial functions, employing all people required for the property management functions, certain risk management functions and marketing the business.

- 8.1.2.6 The consortium comprising JHI Retail and Epsidex will manage the Botshabelo Mall once complete.

8.1.3 **Information relating to Amdec**

- 8.1.3.1 Amdec's directors are John Stuart Wilson, James Alexander Wilson and Liesl Pieterse.
- 8.1.3.2 Amdec's registered and business address is Amdec House, Silverood Close, Steenberg Office Park, Western Cape, 7945.
- 8.1.3.3 Amdec is 50% owned by The Rowe Family Trust and 50% by The Baker Family Trust.
- 8.1.3.4 Amdec does not have any beneficial interest, direct or indirect, in any securities or units to be issued by Liberty Two Degrees in order to finance the acquisition of any properties.
- 8.1.3.5 Amdec's functions as property manager include, *inter alia*, being responsible for general management and maintenance, leasing, letting, marketing and tenant liaison, financial, accounting and administration and procuring and maintaining the necessary insurance cover.
- 8.1.3.6 Amdec manages Melrose Arch.

8.2 **Relationship information**

- 8.2.1 Save as disclosed in paragraph 9 and paragraph 1.2 of **Annexure 2**, the directors of the Manager do not have any beneficial interests, direct or indirect, in relation to any property held or property to be acquired by Liberty Two Degrees nor are they contracted to become a tenant of any part of any such property.
- 8.2.2 There is no relationship between any parties mentioned in paragraph 6 and paragraph 8 of the pre-listing statement and another person that may conflict with a duty to Liberty Two Degrees.
- 8.2.3 Save as disclosed in **Annexure 9**, the vendors, being Liberty, did not have any beneficial interest, direct or indirect, in any securities or units to be issued by Liberty Two Degrees in order to finance the acquisition of any properties by Liberty Two Degrees.
- 8.2.4 Save through their shareholding in Liberty and Standard Bank Group Limited, as disclosed in paragraph 8 and paragraph 1.2 of **Annexure 2**, the directors of the Manager have not had a material beneficial interest in the acquisition or disposal of any properties of Liberty Two Degrees during the two years preceding the date of the valuation of such properties being 31 October 2016.
- 8.2.5 Save as disclosed in paragraph 1.2 of **Annexure 2**, the Manager does not have any beneficial interest, direct or indirect, in any securities or participatory interests to be issued by Liberty Two Degrees in order to finance the acquisition of any properties.

9. **MAJOR AND CONTROLLING UNITHOLDERS**

- 9.1 As at the last practicable date, Liberty Two Degrees did not have any units in issue and, accordingly, there were no unitholders who were beneficially interested, directly or indirectly in 5% or more of the issued units of Liberty Two Degrees.
- 9.2 Set out below are the names of unitholders, other than directors, that it is anticipated will, directly or indirectly, be beneficially interested in 5% or more of the issued units of Liberty Two Degrees after the private placement and the listing.

Name of unitholder	Total units held	% of issued units held
Liberty Group Limited	708 443 334	78
Invited investors	200 000 000	22
Total	908 443 334	100

- 9.3 As at the last practicable date, Liberty Two Degrees did not have a controlling unitholder. It is anticipated that Liberty will be the controlling unitholder of Liberty Two Degrees immediately prior to and following the implementation of the private placement and the listing.

SECTION TWO – DETAILS OF THE LIBERTY PROPERTY PORTFOLIO

10. SUMMARY OF THE LIBERTY PROPERTY PORTFOLIO

On listing, Liberty Two Degrees will acquire 22% of the undivided shares in the Liberty Property Portfolio valued at R6 billion. The total Liberty Property Portfolio has a value of approximately R27 389 176 000 and a GLA of approximately 615 826m².

Details of the properties comprising the Liberty Property Portfolio are set out in **Annexure 7**.

11. ANALYSIS OF THE LIBERTY PORTFOLIO

An analysis of the Liberty Property Portfolio in respect of geographic, sectoral, tenant, vacancy and lease expiry profiles as at the last practicable date is provided in the tables below.

11.1 Geographic profile

	By GLA (%)	By gross rentals (%)
Gauteng	67.6%	80.8%
KwaZulu-Natal	15.2%	9.9%
Western Cape	14.8%	8.2%
Free State	2.4%	1.0%
Total	100.0%	100.0%

11.2 Sectoral profile

	By GLA (%)	By gross rentals (%)
Retail	68.2%	82.9%
Office	28.4%	16.0%
Hotel	0.7%	0.6%
Specialised	2.7%	0.4%
Total	100.0%	100.0%

11.3 Tenant profile

	Based on GLA %
A	74.6%
B	11.7%
C	13.8%
Total	100.0%

For the tenant profile table, the following key is applicable:

- A. Large international and national tenants, large listed tenants and government or smaller tenants in respect of which rental guarantees are issued. These include, *inter alia*, Shoprite, Pick n Pay, Woolworths, MTN, Vodacom, Foschini, Truworths, Bidvest and Standard Bank.
- B. Smaller international and national tenants, smaller listed tenants, major franchisees and medium to large professional firms. These include, *inter alia*, Anglorand, African Alliance, Cash Crusaders, Doppio Zero, Sorbet and Specsavers.
- C. Other local tenants and sole proprietors. These comprise approximately 533 tenants.

11.4 Vacancy profile

The vacancy profile as at the last practicable date indicated below reflects the vacancy percentage in terms of current GLA by sector.

	Vacancy based on GLA (%)
Retail	4.0%
Office	11.2%
Hotel	—
Specialised	—
Portfolio vacancy	5.9%

11.5 Lease expiry profile

	Total GLA %	Total gross rentals %
Vacant	5.9%	—%
Monthly	2.0%	2.3%
December 2016	7.1%	11.7%
December 2017	13.3%	16.7%
December 2018	9.8%	10.3%
December 2019	23.3%	21.2%
December 2020	9.7%	12.6%
After December 2020	28.9%	25.2%
Total	100.0%	100.0%

	Retail GLA(%)	Retail GR*(%)	Office GLA(%)	Office GR*(%)
Vacant	4.0%	—%	11.2%	—%
Monthly	2.4%	2.5%	1.1%	1.2%
December 2016	8.6%	12.3%	4.2%	9.4%
December 2017	11.9%	15.6%	18.3%	24.0%
December 2018	11.8%	10.7%	5.1%	7.0%
December 2019	19.4%	19.8%	35.6%	30.1%
December 2020	10.8%	13.2%	8.2%	10.1%
After December 2020	31.1%	25.8%	16.3%	18.3%
Total	100.0%	100.0%	100.0%	100.0%

	Hotel GLA(%)	Hotel GR*(%)	Specialised GLA(%)	Specialised GR*(%)
Vacant	0.0%	0.0%	0.0%	0.0%
Monthly	0.0%	0.0%	0.0%	0.0%
December 2016	0.0%	0.0%	0.0%	0.0%
December 2017	0.0%	0.0%	0.0%	0.0%
December 2018	49.8%	38.6%	0.0%	0.0%
December 2019	0.0%	0.0%	0.0%	0.0%
December 2020	0.0%	0.0%	0.0%	0.0%
After December 2020	50.2	61.4	100.0	100.0
Total	100.0%	100.0%	100.0%	100.0%

*GR: Gross rentals

11.6 Rental per square metre and rental escalation

The weighted average rental escalation in the Liberty Property Portfolio as at the last practicable date is presented in the table below:

Sector	%
Retail	6.9%
Office	7.5%
Hotel	8.8%
Specialised	8.0%
Weighted average total	7.1%

The weighted average rental per square metre in the Liberty Property Portfolio as at the last practicable date is presented in the table below:

Sector	R/m ²
Retail	322.33
Office	161.34
Hotel	238.17
Specialised	41.69
Weighted average total	270.50

- 11.7 The average annualised property yield in the properties based on the independent valuations and the forecast net property income for the 12 months ending 31 December 2017 is 6.5%.

12. VALUATION REPORTS

- 12.1 The properties in the Liberty Property Portfolio were valued by Kim Pfaff of JLL, Michael Robert Barry Gibbons of Mills Fitchet and Karen Elizabeth Scott of Rode, who are each independent external registered professional valuers in terms of the Property Valuers Profession Act, No. 47 of 2000.
- 12.2 Detailed valuation reports have been prepared in respect of each of the properties comprising the Liberty Property Portfolio and are available for inspection in terms of paragraph 48. The summary of the valuation reports in respect of each of the properties comprising the Liberty Property Portfolio has been included in **Annexure 8A**, **Annexure 8B** and **Annexure 8C**.

13. PROPERTY, ASSETS AND BUSINESS UNDERTAKINGS ACQUIRED OR TO BE ACQUIRED

Other than in respect of the acquisitions referred to in **Annexure 9** and in paragraph 3 above, no other immovable property and/or fixed assets and/or business undertakings have been acquired by Liberty Two Degrees since its establishment or are in the process of being or are proposed to be acquired by Liberty Two Degrees (or which Liberty Two Degrees has an option to acquire).

14. USUFRUCT

- 14.1 As mentioned in paragraph 2.1 above, Liberty has undertaken that before 6 December 2016, it will register a usufruct over each of the properties in the Liberty Property Portfolio in terms of which Liberty Two Degrees will be entitled to receive the portion of the rentals payable in respect of that property that it would have received had the transfer of the undivided share in that property occurred. The usufructs constitute property for the purposes of the Listings Requirements and constitute immovable property or an interest therein for the purposes of Cisca.
- 14.2 A usufruct is a personal right which on registration in a deeds office confers a real right upon the usufructuary. Although the usufructuary does not become the owner of the property, the usufructuary has the benefits and risks of ownership but leaves the owner of the property with the bare dominium.
- 14.3 The process to register the usufructs over the properties has commenced and usufructs over a minimum of 51% of Liberty Property Portfolio (by value) will be registered prior to the listing date, confirmation thereof to be provided to the JSE by no later than 48 hours prior to the listing date. Whilst a minimum of 51% of the usufructs will be registered by the listing date, Liberty Two Degrees will be entitled to 100% of its share of income in the Liberty Property Portfolio, being all the income attributable to its 22% stake in the Liberty Property Portfolio, with effect from 1 December 2016.

15. VENDORS

- 15.1 Details relating to the vendors of the material properties (“**acquisition properties**”) purchased by Liberty Two Degrees in the preceding three years or proposed to be purchased are set out in **Annexure 9**.
- 15.2 The vendors of the acquisition properties have not guaranteed the book debts of the letting enterprises acquired or to be acquired by Liberty Two Degrees. The exchange agreement governing the acquisition of the properties contain normal warranties as described in paragraph 2.1 above.
- 15.3 The exchange agreement entered into between Liberty Two Degrees and the vendor of the acquisition properties does not preclude the vendor of the acquisition properties from carrying on business in competition with Liberty Two Degrees nor does the agreement impose any other restrictions on the vendor of the acquisition properties and therefore no payment in cash or otherwise has been made in this regard. However, as referred to in paragraph 2 above, the acquisition properties will be co-owned with Liberty on the terms of the co-owners' agreements described in paragraph 2.2 above and the relationship agreement provides for Liberty Two Degrees and Liberty to pursue future opportunities to invest in South African properties jointly with each other.
- 15.4 There are no liabilities for accrued taxation that will be settled in terms of the agreement with the vendor of the acquisition properties.
- 15.5 Liberty Two Degrees has not purchased any securities in any company.
- 15.6 Save through their shareholdings in Liberty and Standard Bank Group Limited, as disclosed in paragraph 1.2 of **Annexure 2**, no director (or any partnership, syndicate or other association in which a director had an interest) had any beneficial interest, direct or indirect in any transaction relating to any of the assets detailed in **Annexure 9**.
- 15.7 No cash or securities have been paid or any benefit given since the establishment of Liberty Two Degrees or is proposed to be paid or given to any promoter (not being a director).
- 15.8 As set out in paragraph 14 above, the acquisition properties are in the process of being transferred into the name of Liberty Two Degrees and Liberty has undertaken to register a usufruct over 51% of the Liberty Property Portfolio (by value) prior to the listing date, confirmation thereof to be provided to the JSE by no later than 48 hours prior to the listing date. On transfer of the assets to Liberty Two Degrees, the assets referred to in **Annexure 9** will not have been ceded or pledged to any party.

16. PROPERTY, ASSETS AND BUSINESS UNDERTAKINGS DISPOSED OF OR TO BE DISPOSED OF

No material immovable properties and/or fixed assets and/or business undertakings have been disposed of from the date on which Liberty Two Degrees was established to the last practicable date or are intended to be disposed of within six months of listing on the JSE.

17. CONSIDERATIONS RELATING TO LIBERTY TWO DEGREES BEING APPROVED AS A REIT

The JSE has granted Liberty Two Degrees a listing of all its issued units in the “Diversified REITs” sector of the JSE.

With effect from 1 April 2013 a unified system was created for taxing REITs.

The new legislation has been drafted in line with international norms on the basis that the objective of a REIT is to provide investors with a steady rental stream whilst also providing capital growth that flows from the investment in the underlying property.

In order to qualify as a REIT for tax purposes, the entity must be a South African tax resident and its securities must be listed on the JSE as securities in a REIT.

A REIT is entitled to claim a deduction in respect of all qualifying distributions made by it either in the form of dividends or as interest on the debenture portion of a linked unit. The deduction does not apply to any dividends in the form of unit buybacks. In order to become a qualifying distribution, at least 75% of the gross income received by or accrued to a REIT must consist of rental income. The concept of rental income is not only defined with reference to amounts received or accrued in respect of the use of immovable property such as rental, but also:

- a penalty or interest in respect of the late payment of rentals;
- a dividend from a company that is a REIT at the time of the distribution of the dividend;
- a qualifying distribution from a controlled company; or
- a dividend from a property company.

The deduction claimed in respect of these qualifying distributions, should result in the tax liability of a REIT being minimal, with consequent tax implications in the hands of the unitholders as described below.

The consequence of being able to claim a deduction in respect of qualifying distributions is that the distributions by a REIT to resident unitholders will be subject to normal tax and will not be exempt from normal tax. However, no additional dividends tax will be payable in respect of these distributions which are subject to income tax. With effect from 1 January 2016, dividends that are distributed by a REIT to foreign unitholders are subject to dividends withholdings tax, currently 15% (subject to any reduction in terms of the applicable double taxation agreements).

The tax dispensation that applies to REITs also applies to so-called controlled companies. A controlled company is a company that is a subsidiary of a REIT as defined in terms of IFRS. In other words, the requirement is to be determined from an IFRS perspective and not from a company law perspective. For instance, a company can be a subsidiary of a trust in certain circumstances. The effect is that a controlled company can make deductible distributions to the REIT for so long as the 75% rental income test is satisfied.

A second category of companies that is relevant for a REIT is that of a property company. This is a company in which 20% or more of the equity units or linked units are held by a REIT or a controlled company and of which at the end of the previous year of assessment 80% or more of the value of the assets, as reflected in the annual financial statements of such property company for the previous year of assessment is, directly or indirectly, attributable to immovable property. Even though this type of entity is not entitled to deduct distributions, the distributions so received by a REIT from a property company will qualify as rental income if the property company has made distributions in circumstances where it satisfies the 75% rental income test.

Pursuant to being classified as a REIT for tax purposes, capital gains or losses that arise in respect of the disposal by a REIT or a controlled company of the following assets are to be ignored for capital gains tax purposes:

- immovable property;
- a unit or a linked unit in a company that is a REIT at the time of the disposal; or
- a unit or a linked unit in a company that is a property company at the time of the disposal.

It is important to note that speculative transactions are still taxable.

The aggregate amount of the deductions that can be claimed by a REIT in respect of a qualifying distribution may not exceed the taxable income for that year of assessment of that REIT or the relevant controlled company, before taking into account:

- any deduction of an amount as envisaged in section 25BB of the Companies Act;
- any assessed loss brought forward in terms of section 20 of the Companies Act; and
- the amount of taxable capital gain included in taxable income in terms of section 26A of the Companies Act.

Both the acquisition and disposal of units in a REIT are exempt from the payment of securities transfer tax.

SECTION THREE – DETAILS OF THE PRIVATE PLACEMENT

18. PURPOSES OF THE PRIVATE PLACEMENT AND THE LISTING

18.1 The main purposes of the private placement and the listing are to:

- 18.1.1 restructure the Liberty Property Portfolio to better suit changing policyholder demand following the growth of South Africa's listed REIT offering. As South Africa's listed property sector evolved, certain policyholders' expectations diverged from what the Liberty Property Portfolio was originally designed to serve prior to the growth of South Africa's listed property space. The Liberty Property Portfolio continues to provide a unique investment offering to those policyholders with the matching investment profile, however Liberty believes its portfolio range must also continue to keep in step with changing policyholder demand. In particular, customers desired several features typical of REITs which were not available through an unlisted portfolio or within the Liberty Property Portfolio's investment parameters. These features include:
 - 18.1.1.1 market driven prices of listed securities;
 - 18.1.1.2 enhanced returns via gearing of the portfolio;
 - 18.1.1.3 creating an efficient platform to access equity and debt capital;
 - 18.1.1.4 growth in the portfolio through new developments and acquisitions; and
 - 18.1.1.5 measured exposure to growth markets including rest of Africa economies;
- 18.1.2 enable Liberty to match policyholder liquidity requirements and as such better utilise its balance sheet as well as access new forms of capital that can be deployed for both the benefit of Liberty's policyholders as well as investors;
- 18.1.3 enable policyholders and other members of the public to invest in Liberty Two Degrees;
- 18.1.4 provide invited investors, both institutional and private, and policyholders with an opportunity to participate over the long-term in the income streams and future capital growth of Liberty Two Degrees;
- 18.1.5 obtain a spread of investors in order to enhance the liquidity and tradability of the units;
- 18.1.6 raise up to approximately R2.8 billion to be used as outlined in paragraph 21 below;
- 18.1.7 provide Liberty Two Degrees with access to a central trading facility thereby providing liquidity to unitholders;
- 18.1.8 provide Liberty Two Degrees with a platform to raise funding to pursue growth and investment opportunities in the future; and
- 18.1.9 enhance the public profile and general public awareness of Liberty Two Degrees.

18.2 The main purposes of this pre-listing statement are to:

- 18.2.1 provide investors with relevant information relating to Liberty Two Degrees;
- 18.2.2 communicate the strategy and the objectives of Liberty Two Degrees; and
- 18.2.3 set out the salient details of the private placement and the procedure for participating therein.

19. SALIENT DATES AND TIMES

	2016
Opening date of the private placement and announced on SENS (09:00)	Monday, 21 November
Closing date of the private placement (12:00)	Monday, 28 November
Results of the private placement released on SENS on	Tuesday, 29 November
Notification of allotments to successful invited investors	Tuesday, 29 November
Listing of units and the commencement of trading on the JSE (09:00) on	Tuesday, 6 December
Accounts at CSDP or broker updated and debited in respect of dematerialised unitholders	Tuesday, 6 December

The dates and times in this pre-listing statement are subject to change and any changes will be communicated on SENS and in the press.

20. PARTICULARS OF THE PRIVATE PLACEMENT

20.1 Details of the private placement

20.1.1 a private placement for the purposes of:

20.1.1.1 Liberty Two Degrees raising up to approximately R2.8 billion by way of:

20.1.1.1.1 subscription by invited investors for up to approximately 200 000 000 private placement units at a subscription price of R10.00 per private placement; and

20.1.1.1.2 subscription by Liberty (using its new policyholders' funds) for 82 127 545 private placement units at a 5% discount to the subscription price payable by invited investors, being R9.50 per private placement unit. Liberty has undertaken to subscribe for these units,

20.1.1.2 Liberty, to the extent that there is demand by invited investors, selling (out of its shareholders' funds) up to approximately 100 000 000 Liberty Two Degrees units. These will be units that are issued to Liberty in terms of the exchange agreement immediately prior to the listing. The exchange agreement provides for these units to be issued to Liberty at an issue price of R10.00 per unit, so Liberty will not make any profit on the sale of these units. The exchange agreement therefore distinguishes between units that will be sold by Liberty in terms of the private placement, which are issued at R10.00 per unit under the exchange agreement, and units sold by Liberty in terms of the private placement, which are issued at R9.50 in terms of the exchange agreement.

20.1.2 The private placement units issued in terms of this pre-listing statement will rank *pari passu* in all respects including distributions, with all existing issued units in Liberty Two Degrees.

20.1.3 There are no convertibility or redemption provisions relating to any units.

20.1.4 The private placement units will only be issued in dematerialised form. No certificated private placement units will be issued.

20.1.5 No fractions of private placement units will be offered in terms of the private placement.

20.2 Conditions to which the private placement and the listing are subject to

The private placement and listing are subject to Liberty Two Degrees having satisfied the Listings Requirements regarding the spread of unitholders, being public unitholders holding not less than 20% of the issued units of Liberty Two Degrees at the point of listing on the JSE and the exchange agreement becoming unconditional, confirmation thereof to be provided to the JSE by no later than 48 hours prior to the listing date.

If the conditions precedent fail, the private placement and any acceptance thereof shall not be of any force or effect and no person shall have claim whatsoever against Liberty Two Degrees or any other person as a result of the failure of those conditions.

20.3 Procedures for acceptance

20.3.1 The private placement is open to invited investors only.

20.3.2 Invited investors are to provide Java Capital and Standard Bank, the joint bookrunners, with their completed application form by 12:00 on Monday, 28 November 2016. Invited investors will be informed of their allocated private placement units, if any, on or from Tuesday, 29 November 2016. Invited investors must make the necessary arrangements to enable their CSDP or broker, as the case may be, to make payment for the allocated private placement units on settlement date. The allocated private placement units will be transferred, on a 'delivery-versus-payment' basis, to successful applicants on the settlement date, which is expected to be Tuesday, 6 December 2016.

20.3.3 The following parties may not participate in the private placement:

20.3.3.1 any person who may not lawfully participate in the private placement; and/or

20.3.3.2 any investor who has not been invited to participate; and/or

20.3.3.3 any person acting on behalf of a minor or deceased estate.

20.3.4 No applications will be accepted after 12:00 on Monday, 28 November 2016. The remainder of Monday, 28 November 2016 will be reserved for auditing the applications.

20.3.5 Applications submitted by invited investors are irrevocable and may not be withdrawn once received by Java Capital and Standard Bank.

- 20.3.6 Application forms must be completed in accordance with the provisions of this pre-listing statement and the instructions contained in the application form.
- 20.3.7 Copies or reproductions of the application form will be accepted at the discretion of the directors of the Manager.
- 20.3.8 Any alterations on the application form must be authenticated by full signature.
- 20.3.9 Receipts will not be issued for applications, application monies or supporting documents received.
- 20.3.10 Each application will be regarded as a single application.
- 20.3.11 Other than as detailed in the application form, no documentary evidence of capacity to apply need accompany the application form, but the Manager reserves the right to call upon any applicant to submit such evidence for noting, which evidence will be held on file with the Manager or the transfer secretaries or returned to the applicant at the applicant's risk.
- 20.3.12 The directors of the Manager reserve the right to accept or refuse any application, either in whole or in part, or to abate any or all applications (whether or not received timeously) in such manner as it may, in its sole and absolute discretion, determine.

20.4 Issue and allocation of private placement units

- 20.4.1 All private placement units subscribed for in terms of this pre-listing statement will be issued at the expense of Liberty Two Degrees.
- 20.4.2 It is intended that notice of the allocations will be given on Tuesday, 29 November 2016.
- 20.4.3 Successful applicants' accounts with their CSDP or broker will be credited with the allocated private placement units on the settlement date on a 'delivery-versus-payment' basis.

20.5 Payment for and delivery of the private placement units

No payment should be submitted with the application form delivered to the joint bookrunners, Java Capital and Standard Bank. Applicants must make the necessary arrangements to enable their CSDP or broker to make payment for the allocated private placement units on the settlement date, which is expected to be Tuesday, 6 December 2016, in accordance with each applicant's agreement with their CSDP or broker.

The allocated private placement units will be transferred, on a 'delivery-versus-payment' basis, to successful applicants on the settlement date, which is expected to be Tuesday, 6 December 2016.

The applicant's CSDP or broker must commit to STRATE to payment for the applicant's allocation of private placement units against receipt thereof on Tuesday, 6 December 2016.

On the settlement date, the applicant's allocation of private placement units will be credited to the applicant's CSDP or broker against payment during the STRATE settlement runs, prior to the opening of the market.

The CSDP or broker concerned will receive and hold the dematerialised private placement units on the applicants' behalf.

In the event that the listing does not proceed, the units will not be issued to investors and no funds will be transferred to Liberty Two Degrees.

20.6 Representation

Any invited investor applying for or accepting the private placement units in the private placement shall be deemed to have represented to the Manager that such investor was in possession of a copy of this pre-listing statement at that time. Any party applying for or accepting private placement units on behalf of another investor shall be deemed to have represented to Liberty Two Degrees that they are duly authorised to do so and warrants that they and the purchaser for whom they are acting as agent is duly authorised to do so in accordance with all relevant laws and such investor guarantees the payment of the indicative subscription price and that a copy of this pre-listing statement was in the possession of such investor for whom they are acting as agent.

20.7 Applicable law

The private placement, applications, allocations and acceptances will be exclusively governed by the laws of South Africa and each invited investor will be deemed, by applying for private placement units, to have consented

and submitted to the jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the private placement.

20.8 STRATE

- 20.8.1 Units may be traded only on the JSE in electronic form (as dematerialised units) and will be trading for electronic settlement in terms of STRATE immediately following the listing.
- 20.8.2 STRATE is a system of “paperless” transfer of securities. If you have any doubt as to the mechanics of STRATE please consult your broker, CSDP or other appropriate adviser and you are referred to the STRATE website (www.strate.co.za) for more detailed information.
- 20.8.3 Some of the principal features of STRATE are:
 - 20.8.3.1 electronic records of ownership replace certificates and physical delivery of certificates;
 - 20.8.3.2 trades executed on the JSE must be settled within three business days;
 - 20.8.3.3 all investors owning dematerialised units or wishing to trade their securities on the JSE are required to appoint either a broker or a CSDP to act on their behalf and to handle their settlement requirements; and
 - 20.8.3.4 unless investors owning dematerialised units specifically request their CSDP to register them as an “own name” holder (which entails a fee), their respective CSDP’s or broker’s nominee company holding units on their behalf, will be the holder (member) of the relevant company and not the investor. Subject to the agreement between the investor and the CSDP or broker (or the CSDP’s or broker’s nominee company), generally in terms of the rules of STRATE, the investor is entitled to instruct the CSDP or broker (or the CSDP’s or broker’s nominee company), as to how it wishes to exercise the rights attaching to the units and/or to attend and vote at unitholder meetings.

20.9 Pre-commitments

The joint bookrunners have, solely on behalf of Liberty Two Degrees, been mandated to offer certain potential investors that meet minimum pre-commitment requirements (“**qualifying investors**”) a “pre-commitment fee”, provided that the aggregate amount of all pre-commitment fees paid to all qualifying investors shall not exceed an amount of R31 million. The pre-commitment fee payable to each qualifying investor will be 1% of the amount committed by such investor.

As at the last practicable date, Liberty Two Degrees has received pre-commitments from qualifying investors for an aggregate amount of R853 million worth of Liberty Two Degrees units at a subscription price of R10.00 per unit. As at the last practicable date, the aggregate pre-commitment fee payable to qualifying investors amounts to R8 530 000.

20.10 Over subscription

- 20.10.1 The maximum number of units that can be subscribed for and/or purchased in terms of the private placement per applicant is 10% of the total issued units of Liberty Two Degrees.
- 20.10.2 In the event of an oversubscription, the Manager shall, in its sole discretion, determine an appropriate allocation mechanism, such that the private placement units will be allocated on an equitable basis, as far as reasonably possible, taking into account the spread requirements of the JSE, the liquidity of the units and considering the potential unitholder base that the Manager wishes to achieve and whether or not the board considers it appropriate to grant preferential allocation to any applicant or group of applicants.
- 20.10.3 Depending upon the level of demand, invited investors may receive no private placement units or fewer than the number of private placement units applied for. Any dealing in units prior to delivery of the private placement units is entirely at the invited investor’s own risk.

20.11 Simultaneous issues

No units are to be issued simultaneously with the issue of private placement units for which application is being made.

20.12 Underwriting

The private placement will not be underwritten.

20.13 Placing agreement

- 20.13.1 As at the date of this pre-listing statement, no placing agreement has been concluded in respect of the private placement. However, Liberty Two Degrees and the joint bookrunners intend to enter into a placing agreement in connection with the private placement on or before 29 November 2016.
- 20.13.2 If the placing agreement is concluded, Liberty Two Degrees will, subject to the terms and conditions described in the placing agreement, agree to the issue of private placement units (as the case may be), and the joint bookrunners will agree to use reasonable endeavours to procure subscribers for the private placement units at the subscription price.
- 20.13.3 If concluded, and in terms of the placing agreement, the joint bookrunners will have the right to terminate the placing agreement under specified circumstances upon written notice to Liberty Two Degrees at any time after the conclusion of the placing agreement and before listing.
- 20.13.4 Java Capital and Standard Bank are acting as joint bookrunners and, pursuant to the placing agreement, if concluded, will manage the private placement.
- 20.13.5 The details of the joint bookrunners appear in the “Corporate Information” section of this pre-listing statement.
- 20.13.6 From time to time, in the ordinary course of their respective businesses, the joint bookrunners and their affiliates have engaged, and may engage in the future, in commercial or investment banking transactions with Liberty Two Degrees.

21. APPLICATION OF PROCEEDS

Liberty Two Degrees has an overall identified pipeline that exceeds R4 billion. Liberty and Liberty Two Degrees are in discussions to acquire an iconic property that is aligned to the Liberty Property Portfolio and Liberty Two Degrees’ investment strategy. This would be the primary, but not the sole, use of the proceeds of the private placement and it is expected that the consideration payable by Liberty Two Degrees, should a transaction be concluded, would be a mixture of units and cash. The discussions to acquire this iconic property have advanced but a final agreement has not been concluded. Liberty Two Degrees expects to provide more details in the first quarter of 2017 and the transaction will be dealt with in terms of section 9 of the Listings Requirements, to the extent that it is applicable. If concluded, this transaction will provide an immediate use of some of the capital to be raised in terms of the private placement and it is expected that the acquisition yield will not materially change the current expected forward yield. In addition, the transaction will provide for growth in line with expectations.

In terms of the put option, Liberty may elect to sell all (or any portion having a value of at least R200 million) of its undivided shares in the co-owned properties to Liberty Two Degrees, but when doing so Liberty must sell the same portion of its undivided shares in all of the co-owned properties to Liberty Two Degrees. The put option presents a unique opportunity for Liberty Two Degrees to gain further exposure to the Liberty Property Portfolio. Liberty Two Degrees can elect to settle the consideration payable in either units or cash, whichever is the most optimal at the time. The ability to settle in cash provides an opportunity for Liberty Two Degrees to utilise any excess cash it may have, or to consider raising gearing to acquire new properties if yields and cost of debt are supportive. Alternatively, the ability to settle in units means Liberty Two Degrees can reserve its cash and debt capacity for other uses and at the same time increase the market capitalisation and free float of Liberty Two Degrees. The put option will be settled at the higher of the clean VWAP or NAV per unit. The put option will only apply to existing properties. Further details of the put option are set out in paragraph 2.3 above.

A portion of the proceeds may further be used in pursuing select rest of Africa opportunities. Liberty Two Degrees will be highly selective in these acquisitions, and limit the portfolio’s exposure in the short term to no more than 10% to rest of Africa properties. Liberty Two Degrees will target multinational anchor tenants and prime retail, and ensure that the repatriation of distributions can be easily effected. Liberty Two Degrees has identified several yielding and development properties to support this strategy.

22. MINIMUM SUBSCRIPTION

The listing is not conditional on raising a minimum amount in terms of the private placement, but is subject to Liberty Two Degrees having achieved a reasonable spread of public unitholders acceptable to the JSE, being public unitholders holding not less than 20% of the issued units of Liberty Two Degrees at the point of listing on the JSE and the exchange agreement becoming unconditional, confirmation thereof to be provided to the JSE by no later than 48 hours prior to the listing date.

SECTION FOUR – FINANCIAL INFORMATION

23. FORECAST STATEMENTS OF COMPREHENSIVE INCOME

- 23.1 The forecast statements of comprehensive income of Liberty Two Degrees (“**forecasts**”) for the one month ending 31 December 2016 and the year ending 31 December 2017 are presented in **Annexure 10**.
- 23.2 The forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the directors of the Manager. The forecasts must be read in conjunction with the independent reporting accountant’s assurance report on the forecasts which is presented in **Annexure 11**.
- 23.3 The forecasts have been prepared in compliance with IFRS and in accordance with Liberty Two Degrees’ accounting policies as set out in **Annexure 17**.

24. PRO FORMA STATEMENT OF FINANCIAL POSITION

- 24.1 The *pro forma* statement of financial position of Liberty Two Degrees is presented in **Annexure 12**.
- 24.2 The *pro forma* statement of financial position, including the assumptions on which they are based are the responsibility of the directors of the Manager. The independent reporting accountant’s assurance report on the *pro forma* statement of financial position of Liberty Two Degrees is presented in **Annexure 13**.
- 24.3 The independent reporting accountant’s review conclusion on the value and existence of the assets and liabilities acquired by Liberty Two Degrees is set out in **Annexure 14**.

25. HISTORICAL FINANCIAL INFORMATION

- 25.1 The audited historical financial information for Liberty Two Degrees for the period ended 31 October 2016 is presented in **Annexure 15**.
- 25.2 The compilation, contents and presentation of all the historical financial information is the responsibility of the directors of the Manager. The independent reporting accountant’s report on the historical financial information is presented in **Annexure 16**.

26. FINANCIAL INFORMATION OF THE MANAGER

The Manager complies with all the applicable financial requirements provided for in CISCA and the regulations thereunder. The Manager, in particular, complies with the financial requirements set out in GN 2074 published in Government Gazette 25283 of 1 August 2003 which is headed “Capital requirements with which a manager of a collective investment scheme in property must comply”.

27. CAPITAL OF LIBERTY TWO DEGREES

- 27.1 As at the last practicable date, there were no units in issue. There are no treasury units.
- 27.2 Assuming that the private placement is fully subscribed, the authorised and issued units will be as follows:

	Number of units	R’000
Authorised units		
Unlimited units	N/A	–
Issued units		
Unitholders’ capital	908 443 334	8 650 212
Total	908 443 334	8 650 212

There are no treasury units.

27.3 **Annexure 18** contains the following salient information relating to the authorised and issued units of Liberty Two Degrees:

- 27.3.1 authorisations;
- 27.3.2 rights attaching to units;
- 27.3.3 options and preferential rights in respect of units;
- 27.3.4 alterations to units;
- 27.3.5 issues or offers of units; and
- 27.3.6 statement as to listing on stock exchange.

28. **ADEQUACY OF CAPITAL**

- 28.1 The directors of the Manager are of the opinion that the issued capital of Liberty Two Degrees is adequate for the purposes of the business of Liberty Two Degrees, for at least the next 12 months from the date of issue of this pre-listing statement.
- 28.2 The directors are of the opinion that the working capital available to Liberty Two Degrees is sufficient for Liberty Two Degrees' present requirements, that is, for at least the next 12 months from the date of issue of this pre-listing statement.

29. **FLOW OF FUNDS**

- 29.1 Liberty Two Degrees will own undivided shares in the Liberty Property Portfolio. In terms of the property management agreements, each of the property managers will collect all rentals and other amounts which may from time to time become payable to Liberty Two Degrees by the tenants of the properties. Each property manager is obliged to deposit such rental and other amounts collected into a trust bank account that has been opened for that purpose. Each property manager must then distribute the surplus funds arising from the income of the properties for any month to Liberty Two Degrees and the other co-owner/s of those properties in their proportionate shares in accordance with the applicable co-owners' agreements.
- 29.2 Liberty Two Degrees will accordingly receive its share of net income from the properties on a monthly basis.

30. **DISTRIBUTIONS**

- 30.1 No distribution has been declared by Liberty Two Degrees to date.
- 30.2 The Trust Deed of Liberty Two Degrees provides that Liberty Two Degrees must distribute the amount available for distribution (all or such portion as the Manager may deem prudent of the income of Liberty Two Degrees).
- 30.3 Liberty Two Degrees' first distribution period after the listing will be for the period from the listing date to 31 December 2016. Thereafter, Liberty Two Degrees intends making semi-annual dividend distributions, which are expected to be declared for the periods ended 30 June and 31 December.
- 30.4 Any distributions remaining unclaimed for a period of three years from the declaration date thereof may be forfeited by resolution of the Manager for the benefit of Liberty Two Degrees.
- 30.5 There are no arrangements in terms of which future distributions are waived or agreed to be waived.

31. **MATERIAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENT LIABILITIES**

Liberty Two Degrees' share of the material commitments in respect of the developments of the Eastgate Complex, Liberty Midlands Mall and John Ross Eco-Junction – Melomed Hospital amounts to R31.7 million. Save for the aforementioned and the contingent liabilities referred to in the legal disclosure in paragraph 43 below, there are no material commitments, lease payments and contingent liabilities.

32. **MATERIAL BORROWINGS**

- 32.1 No material borrowings have been advanced to Liberty Two Degrees as at the last practicable date.
- 32.2 Liberty Two Degrees has no loan capital outstanding.
- 32.3 Liberty Two Degrees has not entered into any other inter-company financial or other transactions.
- 32.4 As at the last practicable date, Liberty Two Degrees has not undertaken any off-balance sheet financing.

33. **LOANS RECEIVABLE**

- 33.1 No material loans were made by Liberty Two Degrees as at the last practicable date.
- 33.2 No loans have been made or security furnished by Liberty Two Degrees for the benefit of any director of the Manager or associate of any director of the Manager of Liberty Two Degrees.

34. **MATERIAL CHANGES**

Save for the acquisitions set out in **Annexure 9** and the private placement:

- 34.1 there have been no other material changes in the financial or trading position of Liberty Two Degrees since the registration of the Liberty Two Degrees Scheme as a CISIP; and
- 34.2 there have been no other changes in the business or trading objects of Liberty Two Degrees since the registration of the Liberty Two Degrees Scheme as a CISIP.

SECTION FIVE – ADDITIONAL MATERIAL INFORMATION

35. MATERIAL CONTRACTS

Other than the agreements as set out in paragraph 2 above, Liberty Two Degrees has not entered into any other material contract, being a contract entered into otherwise than in the ordinary course of business, within the two years prior to the date of this pre-listing statement or at any time containing an obligation or settlement that is material to Liberty Two Degrees at the date of this pre-listing statement.

36. COMMISSIONS PAID OR PAYABLE

- 36.1 No amount has been paid, or accrued as payable, since the Liberty Two Degrees Scheme was registered as a CISIP to the date of the pre-listing statement, as commission to any person, including commission so paid or payable to any sub-underwriter that is the holding company or a director or officer of the applicant, for subscribing or agreeing to subscribe, or procuring, or agreeing to procure, subscriptions for any securities of Liberty Two Degrees.
- 36.2 Save as disclosed in paragraphs 2 and 20.9 above and paragraph 5.2 of **Annexure 18**, no other commissions, discounts or brokerages have been paid nor have any other special terms been granted in connection with the issue or sale of any units in the capital of Liberty Two Degrees, since the Liberty Two Degrees Scheme was registered as a CISIP to the date of the pre-listing statement.
- 36.3 Liberty Two Degrees is not subject to any royalty agreements and no royalties are payable by Liberty Two Degrees.
- 36.4 Other than the property management agreements set out in paragraph 8.1 above (and the appointment of the Manager in terms of the Trust Deed set out in **Annexure 5**), Liberty Two Degrees is not subject to any other management agreements.

37. EXCHANGE CONTROL REGULATIONS

The following summary is intended as a guide and is, therefore, not comprehensive. If you are in any doubt hereto, please consult your professional advisor.

37.1 Emigrants from the common monetary area

- 37.1.1 A former resident of the common monetary area who has emigrated from South Africa may use blocked Rand to purchase units in terms of the private placement.
- 37.1.2 All payments in respect of subscriptions for private placement units by emigrants using blocked Rand must be made through the authorised dealer in foreign exchange controlling the block assets.
- 37.1.3 Statements issued to dematerialised emigrant unitholders will be restrictively endorsed as “NON-RESIDENT”.
- 37.1.4 If applicable, refund monies in respect of unsuccessful applications, emanating from blocked Rand accounts, will be returned to the authorised dealer administering such blocked Rand accounts for the credit of such applicant’s blocked Rand account.
- 37.1.5 No residents of the common monetary area may, either directly or indirectly, be permitted to receive an allocation as employees of any offshore subsidiaries.

37.2 Applicants resident outside the common monetary area

- 37.2.1 A person who is not resident in the common monetary area should obtain advice as to whether any government and/or legal consent is required and/or whether any other formality must be observed to enable an application to be made in terms of the private placement.
- 37.2.2 This pre-listing statement is accordingly not an offer to participate in the private placement in any area or jurisdiction in which it is illegal to make such an offer. In such circumstances this pre-listing statement is provided for information purposes only. Statements issued to dematerialised non-resident unitholders will be restrictively endorsed as “NON-RESIDENT”.

38. ADVISOR'S INTERESTS

- 38.1 The names and business addresses of Liberty Two Degrees' advisors are set out in the "Corporate Information" section. Jill Parratt is the company secretary of the Manager whose details are also set out in the "Corporate Information" section.
- 38.2 Liberty Two Degrees' advisors and the company secretary do not have any interests in Liberty Two Degrees units.
- 38.3 In order to ensure that Java Capital, as joint sponsor, exercises reasonable care and judgement to achieve independence and objectivity in professional dealings from Liberty Two Degrees, the following procedures are in place:
- 38.3.1 the approved executives and directors of Java Capital have assessed the materiality of the joint sponsor fee and the joint corporate advisory and bookrunner fee to be paid to Java Capital ("**fees**") as a result of the private placement and the listing, in relation to the gross revenue of Java Capital. Java Capital have concluded that these fees will not be material to Java Capital and therefore do not affect their independence; and
- 38.3.2 in order to manage any potential or perceived conflicts of interest that might arise as a result of Java Capital acting as joint sponsor and corporate advisor to Liberty Two Degrees, Java Capital has in place appropriate checks and balances, including procedures to assess the independence of Java Capital in respect of the private placement and listing (and, should it be determined that Java Capital is not independent, the appointment of an independent transaction sponsor), and divisions of responsibility amongst the persons involved in fulfilling these various functions.
- 38.4 In order to ensure that Standard Bank, as joint sponsor, exercises reasonable care and judgement to achieve independence and objectivity in professional dealings from Liberty Two Degrees, Standard Bank has various internal procedures in place to ensure that its ability to act independently as joint sponsor, is not compromised. Pursuant to these internal procedures, Standard Bank has a Compliance Control Room function that identifies and manages conflicts risks and ensures that strict "Chinese Walls" are maintained to ensure that as joint sponsor, it is able to act independently from other divisions within Standard Bank. Standard Bank also enforces and implements physical and logical access restrictions to information, which is limited to deal teams for whom the information is relevant, for the purpose of fulfilling its mandate to Liberty Two Degrees.

39. STATEMENT AS TO LISTING ON THE JSE

Subject to Liberty Two Degrees having satisfied the Listings Requirements regarding the spread of unitholders, being public unitholders holding not less than 20% of the issued units of Liberty Two Degrees at the point of listing on the JSE and the exchange agreement becoming unconditional, confirmation thereof to be provided to the JSE by no later than 48 hours prior to the listing date, the JSE has granted Liberty Two Degrees approval for a listing of up to approximately 908 443 334 units in the "Diversified REITs" sector on the Main Board of the JSE under the abbreviated name: "Liberty2D", JSE code: L2D and ISIN: ZAE000230553 with effect from the commencement of trade on Tuesday, 6 December 2016.

40. GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW

There is no government protection or any investment encouragement law pertaining to any of the businesses operated by Liberty Two Degrees.

41. CORPORATE GOVERNANCE

The board, acting on behalf of Liberty Two Degrees, has set out the corporate governance statement of Liberty Two Degrees in **Annexure 19**.

42. MINIMUM DISCLOSURE DOCUMENT

The Minimum Disclosure Document prepared in accordance with the applicable requirements of Board Notice 92 published in Government Gazette 37895 of 8 August 2017 (Advertising, Marketing and Information Disclosure Requirements for Collective Investment Schemes) is set out in **Annexure 21**.

43. LITIGATION STATEMENT

Liberty is claiming approximately R11.4 million from the Raphael Homeowners Association (RHA) as contributions towards the rates payable in respect of the Nelson Mandela Square Property. The RHA is disputing that these contributions are due as the RHA contends that its rates contributions should be calculated on the basis of the property being used for residential purposes. This contention is inconsistent with the fact that the Nelson Mandela Square Property is subjected to rates by the local authority based on the property being used for retail purposes. If RHA succeeds, the owners of the Nelson Mandela Square Property will be unable to recover the full extent of that portion of the rates payable in respect of the Nelson Mandela Square Property which is attributable to the apartments owned by the RHA's members.

The central square in the Nelson Mandela Square Property is dependent on vehicular access to the nearest public road, West Street, via two neighbouring properties. Both properties were owned by the local authority when it approved the development of the Nelson Mandela Square Property on the basis of a site development plan that provided for access over the neighbouring properties especially for health and safety purposes. The local authority then allowed access over its properties, which has continued uninterrupted since 1994. During 2013 the local authority transferred one of the neighbouring properties to a new owner, who, since 2015, has sought to limit access over its property to the Nelson Mandela Square Property and who has, since September 2016, denied access. Liberty, as owner of the Nelson Mandela Square Property, has instituted action for a right of way so that vehicles and pedestrians may continue to access the Nelson Mandela Square Property via the neighbouring properties. There is no alternative route which would be suitable for vehicular access, which is necessary for compliance with health and safety requirements. In the event the owners of the Nelson Mandela Square Property are required to obtain and construct alternate access to the property, the manner and the cost of doing so would not be significant.

Save for the above, there are no legal or arbitration proceedings, including any proceedings that are pending or threatened, of which Liberty Two Degrees is aware, that may have or have had in the recent past, being the previous 12 months, a material effect on Liberty Two Degrees' financial position.

44. DIRECTORS OF THE MANAGER RESPONSIBILITY STATEMENT

The directors, whose names are given in paragraph 6.1 of this pre-listing statement, collectively and individually, accept full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this pre-listing statement contains all information required by law and the Listings Requirements.

45. COMPLIANCE WITH THE LISTINGS REQUIREMENTS

Liberty Two Degrees is not a company and is a portfolio in a trust in a CISIP established in terms of CISCA and approved as a REIT in terms of the Listings Requirements. The directors of the Manager and the Trustee undertake, for so long as Liberty Two Degrees remains listed, to comply with the Listings Requirements on an ongoing basis.

46. CONSENTS

Each of the joint corporate advisors and bookrunners, the joint sponsors, the independent reporting accountants and auditors, the attorneys and the independent property valuers, whose names are included in this pre-listing statement, have consented in writing to act in the capacities stated and to their names appearing in this pre-listing statement and have not withdrawn their consent prior to the publication of this pre-listing statement.

The independent reporting accountants and auditors and the independent property valuer have consented to the inclusion of their reports in the form and context in which they are included in the pre-listing statement, which consents have not been withdrawn prior to the publication of this pre-listing statement.

47. ISSUE EXPENSES

The issue expenses (excluding VAT) relating to the acquisition by Liberty Two Degrees of its assets, the private placement and the listing, which have been incurred or that are expected to be incurred by Liberty Two Degrees are presented in the table below.

Expense	Recipient	R
Joint fees for listing and placement of the units	Java Capital/Standard Bank	66 000 000
Documentation inspection fee	JSE	68 421
Ruling fees	JSE	78 947
Listing fees	JSE	676 946
New listing additional fee	JSE	7 303
REIT fees	JSE	33 333
Approval of independent property valuers	JSE	13 158
Printing, publication and distribution costs	Ince Proprietary Limited	250 000
Transfer secretary fees	Computershare	25 000
Legal fees	Cliffe Dekker	1 400 000
Legal and conveyancing fees	Webber Wentzel	26 000 000
Valuation fees	JLL, MF and Rode	522 000
Independent reporting accountant fees	PWC	2 200 000
Settlement fees	STRATE	–
Pre-commitment fees	Qualifying investors	31 000 000
Contingency and other costs		1 724 892
Total		130 000 000

48. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Liberty Two Degrees' registered office and at the each of the joint sponsor's offices during business hours from date of issue of the pre-listing statement up to and including Tuesday, 6 December 2016:

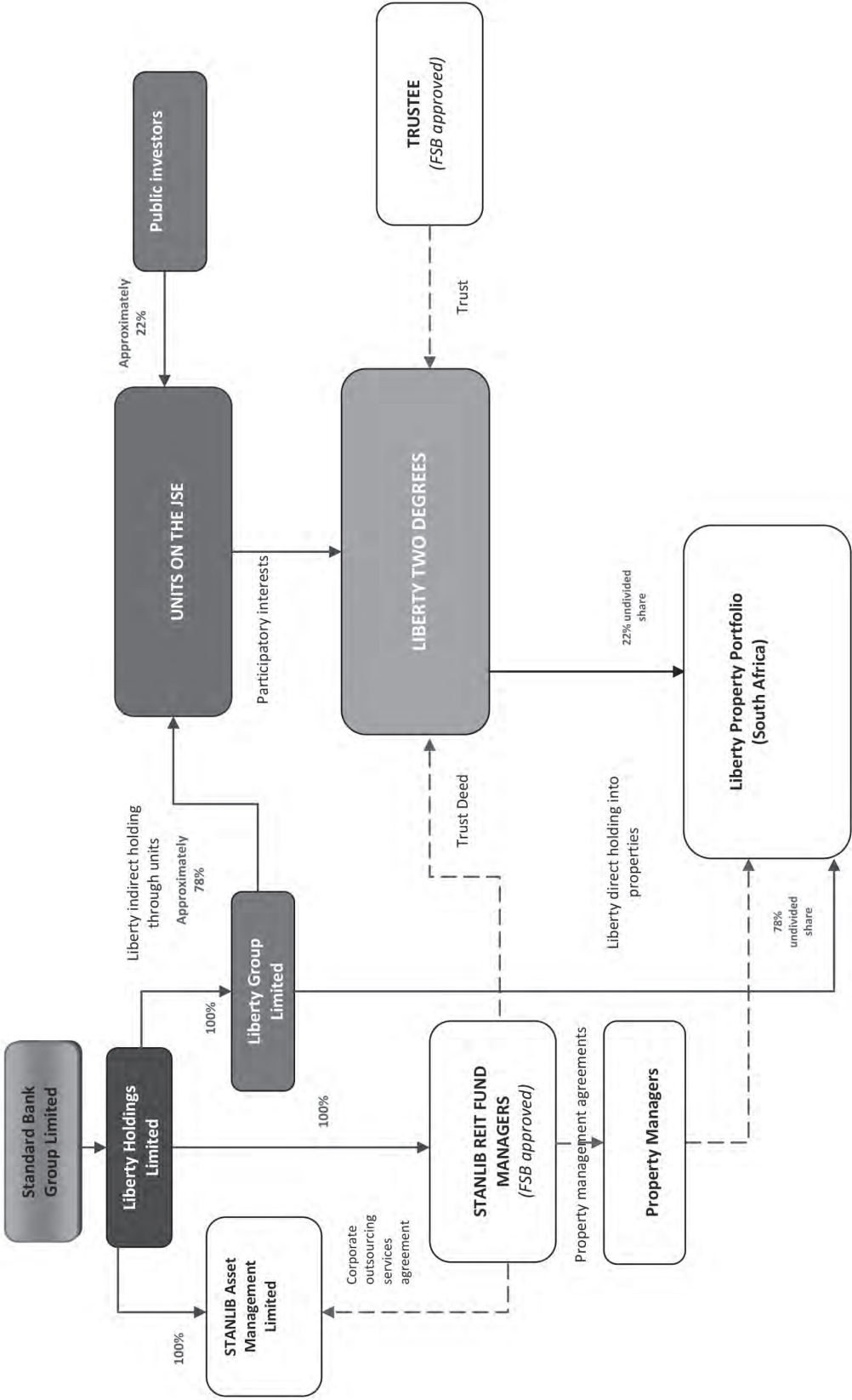
- 48.1 the signed pre-listing statement;
- 48.2 the Trust Deed and Supplemental Trust Deed;
- 48.3 the MOI of the Manager;
- 48.4 the property management agreements;
- 48.5 the material contracts referred to in paragraph 35 above;
- 48.6 the summary valuation reports prepared by the independent property valuers as set out in **Annexure 8A**, **Annexure 8B** and **Annexure 8C**;
- 48.7 the detailed valuation reports prepared by the independent property valuers;
- 48.8 the signed reports by the independent reporting accountants and auditors, the facts of which are set out in **Annexure 11**, **Annexure 13**, **Annexure 14** and **Annexure 16**;
- 48.9 the letters of consent referred to in paragraph 46 above; and
- 48.10 the audited financial statements of Liberty Two Degrees for the period ended 31 October 2016.

Signed in Johannesburg by Amelia Beattie on her behalf and on behalf of all of the directors of the Manager on Monday, 14 November 2016 in terms of powers of attorney granted by them.

Amelia Beattie

LIBERTY TWO DEGREES GROUP STRUCTURE

Set out below is the group structure of Liberty Two Degrees post the private placement and the listing:



INFORMATION ON THE DIRECTORS OF THE MANAGER

1. DIRECTORS' INTERESTS

1.1 Directors' interests in Liberty Two Degrees units

- 1.1.1 Save through their holdings of Liberty shares and Standard Bank Group Limited shares set out in paragraph 1.2 below, none of the directors and/or their associates (including directors who have resigned in the last 18 months) are directly or indirectly interested in the Liberty Two Degrees units in issue as at the last practicable date.
- 1.1.2 Save in relation to their holdings of Liberty shares and Standard Bank Group Limited shares set out in paragraph 1.2 below and awards in terms of the Manager's future incentive scheme ("**future incentive scheme**"), further details of which are set out in paragraph 3.6 below, it is anticipated that none of the directors and/or their associates will have a direct or indirect beneficial interest in Liberty Two Degrees units in issue post the private placement and listing.

1.2 Directors' interests in transactions

It is anticipated that Liberty will be the holder of 78% of the issued units of Liberty Two Degrees post the private placement and listing. Standard Bank is the ultimate holding company of Liberty Two Degrees. Save through their holdings of Liberty shares, investments in Liberty policies and their holdings of Standard Bank Group Limited shares, neither the Manager nor its directors, including a director of the Manager who resigned during the last 18 months, has or had any material beneficial interest, direct or indirect, in transactions, that were affected by Liberty Two Degrees since its establishment.

2. INTEREST OF DIRECTORS AND PROMOTERS

- 2.1 No amount has been paid, or is accrued as payable, within the three years preceding the date of the pre-listing statement, or is proposed to be paid to any promoter or to any partnership, syndicate or other association of which such promoter is or was a member and no other benefit has been given or is proposed to be given to such promoter, partnership, syndicate or other association within the said period.
- 2.2 None of the directors of the Manager have received any material beneficial interest, direct or indirect, in the promotion of Liberty Two Degrees and its properties as disclosed in **Annexure 7** during the three years preceding the date of the pre-listing statement. This includes a partnership, company, syndicate or other association. There are no promoters of Liberty Two Degrees.
- 2.3 No amount has been paid, or agreed to be paid, within the three years preceding the date of the pre-listing statement, to any director of the Manager or to any company in which such director is beneficially interested, in cash, securities or otherwise, directly or indirectly, or of which he is a director ("**the associate company**") or to any partnership, syndicate or other association of which he is a member ("**the associate entity**"), by any person, either to induce him to become, or to qualify him as a director or otherwise for services rendered by him or by the associate company or the associate entity in connection with the promotion or formation of Liberty Two Degrees.

3. DIRECTORS' EMOLUMENTS

- 3.1 The directors of the Manager did not receive any emoluments for the period from the date of their appointments to the listing date.

3.2 The emoluments of the directors of the Manager anticipated to be paid for the period from the listing date to 31 December 2016 is as follows:

Director	Basic salaries payable by the Manager	Directors' fees payable by the Manager	Remuneration received from STANLIB	Remuneration received from Liberty	Remuneration received from The Standard Bank Group	Total
R	R	R	R	R	R	R
<i>Executive directors</i>						
Amelia Beattie (CEO)	233 333	–	–	–	–	233 333
John Sturgeon (CFO)	253 225	–	–	–	–	253 225
<i>Non-executive directors</i>						
Peter Moyo	–	62 500	–	533 050	–	595 550
Wolf Cesman	–	61 875*	–	–	–	61 875
Michael Ilsley	–	39 167	–	687 800	–	726 967
Total	486 558	163 542	–	1 220 850	–	1 870 950

*GBP45 000 per annum converted to Rands.

3.3 The emoluments of the directors of the Manager anticipated to be paid for the year 31 December 2017 are set out in the table below:

Director	Basic salaries payable by the Manager	Directors' fees payable by the Manager	Remuneration received from STANLIB	Remuneration received from Liberty	Remuneration received from The Standard Bank Group	Total
R	R	R	R	R	R	R
<i>Executive directors</i>						
Amelia Beattie (CEO)	2 800 000	–	–	–	–	2 800 000
John Sturgeon (CFO)	3 100 000	–	–	–	–	3 100 000
<i>Non-executive directors</i>						
Peter Moyo	–	750 000	–	1 066 100	–	1 816 100
Wolf Cesman	–	742 500*	–	–	–	742 500
Michael Ilsley	–	470 000	–	1 375 600	–	1 845 600
Total	5 900 000	1 962 500	–	2 441 700	–	10 304 200

*GBP45 000 converted to Rands.

- 3.4 The Manager intends to adopt, as soon as possible post the listing date, a bonus and incentive scheme for its employees. The future incentive scheme will be adopted by the Manager and not Liberty Two Degrees. The units held for the benefit of the employees will vest in equal thirds after three, four and five years from the date of issue of the units, subject to financial performance conditions. It is intended that Lexshell 615 Proprietary Limited, being a wholly-owned subsidiary of Liberty Holdings will, on or around the listing date, purchase approximately R25 million worth of units at an issue price of R9.50 per unit from Liberty (out of its shareholders' funds). These units will be held in trust in terms of the rules of the future incentive scheme. Liberty Two Degrees will not issue units in terms of the future incentive scheme and the future incentive scheme will not have a dilutionary effect on Liberty Two Degrees.

Name	Date of issue	Rand value
Amelia Beattie	6 December 2016	R4 000 000
John Sturgeon	6 December 2016	R3 000 000
Employees of the Manager	January to December 2017	Approximately R7 000 000

- 3.5 Amelia currently participates in a STANLIB franchise incentive scheme that holds units in trust in favour of Amelia. With effect from 6 December 2016, R2.6 million worth of Amelia's participation in the STANLIB franchise incentive scheme will switch to the future incentive scheme. 43% of the switched units will vest in April 2018 and 57% of the switched units will vest in April 2019. The switch vestings will have no conditions attached to them.
- 3.6 Save as set out in paragraph 3.1 to 3.5 above, the directors did not receive and are not anticipated to receive any emoluments during 2017 in the form of:
- 3.6.1 fees for services as a director;
 - 3.6.2 management, consulting, technical or other fees paid for such services rendered, directly or indirectly, including payments to management companies, a part of which is then paid to a director of the company;
 - 3.6.3 basic salaries;
 - 3.6.4 bonuses and performance-related payments (save for the vesting of units in the current STANLIB franchise incentive scheme in 2017 and bonus payments related to the 2016 year (which is unknown at this stage));
 - 3.6.5 sums paid by way of expense allowance;
 - 3.6.6 any other material benefits;
 - 3.6.7 contributions paid under any pension scheme; or
 - 3.6.8 any commission, gain or profit-sharing arrangements.
- 3.7 The directors are remunerated in full by STANLIB REIT Fund Managers at its own cost.
- 3.8 No options or any other right has been given to a director of the Manager in respect of providing a right to subscribe for units in Liberty Two Degrees.
- 3.9 No units have been issued and allotted in terms of a unit purchase or unit option scheme for any of the employees.
- 3.10 The directors did not receive any remuneration or benefit in any form from any subsidiary, joint venture or third party management or advisory company.
- 3.11 Liberty Two Degrees has not paid any other fees or incurred any fees that are payable to a third party *in lieu* of directors' fees.
- 3.12 The remuneration received by any of the directors will not be varied as a consequence of any transactions.
- 3.13 Save for the relationship with the property managers and the Manager, as set out in paragraph 4 of the pre-listing statement the business of Liberty Two Degrees, or any part thereof, is not managed or proposed to be managed by any third party under contract or arrangement.
- 3.14 Other than in the Trust Deed which provides for amounts to be paid by Liberty Two Degrees to the Manager as set out in **Annexure 5**, Liberty Two Degrees has not entered into any contracts relating to the directors' and managerial remuneration, secretarial and technical fees and restraint of trade payments.

4. **BORROWING POWERS**

The Trust Deed authorises Liberty Two Degrees to borrow funds but provides that the total consolidated liabilities of Liberty Two Degrees shall not, if measured when any new borrowings are incurred, exceed an amount equal to 60% (sixty percent) of the total consolidated asset value of Liberty Two Degrees, determined on the last published valuation for Liberty Two Degrees in the most recent audited financial statements of Liberty Two Degrees adjusted for any subsequent changes in the value of Liberty Two Degrees in accordance with generally accepted accounting principles and taking into account the value of any property to be acquired using a loan.

The Manager must ensure its capital requirements comply with the provisions of CISC, and specifically section 88 read with the Capital Adequacy regulations published from time to time.

The board may, on behalf of the Manager, borrow such amounts as may be required to meet the Manager's capital adequacy requirements as prescribed in terms of CISC; provided that the Manager may only borrow in terms of such loans if they are sub-ordinated in favour of other creditors.

The Manager may only borrow on behalf of a portfolio to the extent not prohibited by CISC and the deed which applies to that portfolio.

5. **DIRECTORS' DECLARATIONS**

None of the directors have been involved in:

- 5.1 any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person;
- 5.2 any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of Section 129(7) of the Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s);
- 5.3 any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s) (except for Peter Moyo, who was a non-executive director of Infrastructure Development Holdings Proprietary Limited which was put into voluntary liquidation in 2008);
- 5.4 receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event;
- 5.5 any public criticisms of such person by statutory or regulatory authorities, including recognised professional bodies, and whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;
- 5.6 any offence involving dishonesty committed by such person;
- 5.7 a removal from an office of trust, on the grounds of misconduct and involving dishonesty; and
- 5.8 any court order declaring such person delinquent or placing him under probation in terms of Section 162 of the Act and/or Section 47 of the Close Corporations Act, 1984 (Act No. 69 of 1984) or disqualifying him to act as a director in terms of Section 69 of the Companies Act, 2008 (Act No. 71 of 2008).

CURRENT AND PAST DIRECTORSHIPS AND PARTNERSHIPS

The table below lists the companies and partnerships of which each director of the Manager and major subsidiaries is currently a director or partner as well as the companies and partnerships of which each director of the Manager was a director or partner over the five years preceding the date of this pre-listing statement:

Director	Current directorships and partnerships	Directorships and partnerships held in the last five years
Amelia Beattie	STANLIB REIT Fund Managers Proprietary Limited (RF), K2013047287 (South Africa) Proprietary Limited, Liberty Propco Proprietary Limited, STANLIB Property Development Proprietary Limited, The Cullinan Hotel Proprietary Limited	South African Property Owners Association NPC
John Sturgeon	<p>STANLIB REIT Fund Managers Proprietary Limited (RF),</p> <p>Directorships of Liberty subsidiaries by virtue of being an employee of Liberty:</p> <p>Capital Alliance Special Finance Proprietary Limited, Capital Alliance Investment Holdings Proprietary Limited, Lexshell 615 Investments Proprietary Limited, Cape Hotels Property Holdings Share Block Limited, Killyman Estates Proprietary Limited, Liberty Provident Fund, Liberty Pension Fund, Liberty Defined Contribution Pension Fund, Liberty Group Property Management Proprietary Limited, Liberty Properties Proprietary Limited, Liberty Hotels Proprietary Limited, Liberty Nominees Proprietary Limited, Liberty Propco Proprietary Limited, Lodestone Holdings Proprietary Limited, LPH Properties Proprietary Limited, Sandton Hotels Proprietary Limited, STANLIB Infrastructure GP 1 Proprietary Limited, Stonehouse Capital Proprietary Limited, Mooi and Anderson Street Properties Proprietary Limited, Shoebill Proprietary Limited, Sillena Ontwikkelingsmaatskappy Proprietary Limited, The Big Rock Proprietary Limited, Traduna Cougar Proprietary Limited, Wedelin Investments 1 Proprietary Limited</p> <p>Other directorships:</p> <p>Business Against Crime South Africa NPC, Gymnogene Investments Proprietary Limited, Reflect All 1113 CC, The Pheko Retirement Trust, The Sturgeon Family Trust, Mybanjo Investments CC</p>	<p>Past directorships of Liberty subsidiaries by virtue of being an employee of Liberty:</p> <p>Fountainhead Property Administration Proprietary Limited, GCG Proprietary Limited, Group Solutions at Capital Alliance Proprietary Limited, IGI Centre Witbank Proprietary Limited, Jorrlve Proprietary Limited, Traduna Germiston 27 Proprietary Limited, Traduna Property Holdings Proprietary Limited, Trebbob Beleggings Limited, Wedelin Investments 1 Limited</p>

Director	Current directorships and partnerships	Directorships and partnerships held in the last five years
Peter Moyo	STANLIB REIT Fund Managers Proprietary Limited (RF), Amabubesi Financial Services Group Proprietary Limited, Amabubesi Financial Services Holdings Proprietary Limited, Amabubesi Health Care Proprietary Limited, Amabubesi Health Services Proprietary Limited, Business Against Crime-South Africa NPC, Clorpique 149 Proprietary Limited, CSC Computer Sciences (South Africa) Proprietary Limited, Dartingo Trading 161 Proprietary Limited, Liberty Group Limited, Liberty Holdings Limited, Movement Of Economic Transformation In Africa NPC, Mtha-We-Mpumelelo Investments Proprietary Limited, NMT Capital Proprietary Limited, NMT Group Proprietary Limited, Petrotank South Africa Proprietary Limited, Purple Fountain Properties 103 Proprietary Limited, Right To Care NPC, Right To Care Health Services Proprietary Limited, STS Capital Proprietary Limited, STS Property Holdings Proprietary Limited, Utafutaji Trading 36 Proprietary Limited, Vodacom Group Limited, Willis South Africa Proprietary Limited, Amabubesi Capital Technologies Proprietary Limited	Deal Commerce Services Proprietary Limited, Lexshell 713 Investments Proprietary Limited, Transnet SOC Limited, Amabubesi Resources Proprietary Limited, Corridor Infrastructure Development Holdings Proprietary Limited, Old Mutual Property Proprietary Limited, Old Mutual Specialised Finance Proprietary Limited, Seniors Finance Proprietary Limited, Superflex Limited
Wolf Cesman	STANLIB REIT Fund Managers Proprietary Limited (RF), Allingham Court Management Limited, Fides Properties Limited, Bigwood Asset Management Limited	Bluestar Digital Proprietary Limited, DMX (Africa) Proprietary Limited, Sozigystix Investments Proprietary Limited, Firefly Investments 140 Proprietary Limited, Globalclick Limited
Michael Ilsley	STANLIB REIT Fund Managers Proprietary Limited (RF), AIG Life South Africa Limited, AIG South Africa Limited, Hillsun Development NPC, Liberty Group Limited, Liberty Holdings Limited, South African Bank Note Company Proprietary Limited (RF), The Federated Employers Mutual Assurance Company Proprietary Limited (RF), The Federated Employers Trust Proprietary Limited, Yizani Phuthuma Nathi Proprietary Limited (RF)	Bayport Securitisation Limited (RF), Kelly Group Limited, Old Mutual Alternative Solutions Limited, Old Mutual Health Insurance Limited

SERVICE CONTRACTS

The salient features of the current service contracts are:

1. Service contract entered into between Amelia Beattie and the Manager effective 1 December 2016

1.1 Commencement date and termination

- 1.1.1 Amelia was appointed as a director of the Manager on 17 June 2016 and will assume the full time role as CEO of the Manager with effect from 1 December 2016.
- 1.1.2 The service contract is for an indefinite period but may be terminated by the Manager or Amelia on 30 days written notice.
- 1.1.3 The service agreement may be terminated by the Manager summarily where justified in law.

1.2 Duties and responsibilities

Amelia is the CEO of the Manager and reports directly to the board of directors of the Manager.

1.3 Remuneration

- 1.3.1 Amelia is entitled to receive a salary package of R2 800 000 with effect from 1 December 2016.
- 1.3.2 Amelia's salary package will be reviewed in April 2018.

1.4 Short-term incentives

For the financial year ending 31 December 2017, Amelia will be eligible to participate in the Manager's senior management incentive scheme where she will be eligible for a bonus based on 100% of her annual guaranteed salary based on financial and individual performance.

1.5 Long-term incentive

A long-term incentive award to the value of R4 million will be awarded to Amelia in a restricted unit scheme that will reference the Liberty Two Degrees unit price, with effect from 6 December 2016. Units awarded in the restricted unit scheme will vest in equal thirds after three, four and five years with distributions payable on declaration. Entitlement to the units on vesting will be subject to Liberty Two Degrees' performance conditions.

1.6 Restraint of trade

None.

2. Secondment agreement entered into between John Sturgeon and Liberty and the Manager effective 1 December 2016

2.1 Commencement date and termination

- 2.1.1 John was appointed as a director of the Manager on 26 May 2016 and will be seconded by Liberty to the Manager to fulfil the full time role of CFO of the Manager with effect from 1 December 2016.
- 2.1.2 John's secondment by Liberty to the Manager will only terminate if:
 - 2.1.2.1 John gives written notice to the Manager, which notice may be given with immediate effect but not be given prior to 31 May 2017; or
 - 2.1.2.2 John, Liberty and the Manager agree in writing to such termination.
- 2.1.3 The service agreement may be terminated by the Manager summarily where justified in law.

2.2 Duties and responsibilities to the Manager

John has been seconded by Liberty to the Manager to fulfil the role of CFO to the Manager and reports to the CEO.

2.3 **Effect on employment by Liberty**

- 2.3.1 John will continue to be employed by Liberty in accordance with the terms and conditions of the employment agreement concluded between John and Liberty ("**the employment agreements**").
- 2.3.2 All rights, entitlements and/or obligations between John and Liberty in accordance with the terms and conditions of the employment agreement, will be suspended and shall assume a legally dormant status. Accordingly, John will not be required to render any services or perform any duties towards Liberty, and John will not be entitled to receive any benefits from Liberty, including but not limited to annual leave and sick leave or other entitlements.

2.4 **Remuneration**

For the duration of his secondment, John will be remunerated by the Manager and will be entitled to receive a guaranteed annual salary package of R3 100 000.

2.5 **Short-term incentives**

John will be eligible to participate in the Manager's senior management incentive scheme for the financial year ending 31 December 2017, where he will be eligible for a bonus based on 100% of his annual guaranteed salary based on financial and individual performance.

2.6 **Long-term incentive**

A long-term incentive award to the value of R3 million will be awarded to John in a restricted unit scheme that will reference the Liberty Two Degrees unit price, with effect from 6 December 2016. Units awarded in the restricted unit scheme will vest in equal thirds after three, four and five years with distributions payable on declaration. Entitlement to the units on vesting will be subject to Liberty Two Degrees' performance conditions.

2.7 **Restraint of trade**

None.

EXTRACTS FROM THE TRUST DEED AND SUPPLEMENTAL TRUST DEED

The salient features of the Trust Deed are set out below:

“3. Establishment, Name and Object

- 3.3 The object of the scheme is to offer members of the public and institutions investment facilities whereby they may acquire participatory interests in a portfolio of qualifying assets and at the same time have the expectation of a growing income and the security and conservation of the purchasing power of their capital, as well as sharing in any long-term capital growth resulting from the increase in the value of such portfolio.”

“8. Realisation, Reinvestment and Capital Gains

- 8.1 The manager may, if it considers it to be in the best interests of investors, sell or otherwise realise any of the underlying assets included in a portfolio and must replace such underlying assets with cash or other underlying assets equal in value to the net amount obtained from the underlying assets sold, less compulsory charges in respect of the underlying assets replacing the underlying assets sold: Provided that the manager may not realise only a part of the securities in and of a fixed property company, unless the realisation entails the transfer of such securities to another collective investment scheme in property.
- 8.2 Subject to clause 6, and if it considers it to be in the best interests of investors, the manager may request any of the holding companies or fixed property companies whose securities are included in a portfolio, to sell or otherwise realise any of its assets (including shares and immovable properties) and the fixed property company concerned must then replace such immovable property by cash or other immovable property, or both, equal in value to the net amount obtained from the immovable property sold, less the costs incurred in acquiring and registering the substituting immovable property.
- 8.3 Capital gains on the sale of the underlying assets or distributions arising from capital gains of a holding company or a fixed property company or any other gains or receipts of a capital nature, less any tax due and costs incurred in disposing thereof, form part of the portfolio in respect of which such capital gains or distributions, or gains or receipts, accrue and as such must be invested and capitalised on behalf of the investors and may not be paid as distributions to investors. No participatory interests may be created in respect of such capital gains.”

“9. Exchange of Participatory Interests for Underlying Assets or Cash

After the initial creation of participatory interests in a portfolio referred to in clause 30, underlying assets or cash acquired in exchange for participatory interests may be included in a portfolio.”

“14. Powers, Competency and Duties

- 14.1 Subject to Part V of the Act and compliance with the memorandum of incorporation of the manager and any fixed property company which may be affected thereby and of any holding company which is affected thereby or owns any such fixed property company which is affected thereby, the manager has the powers set out in its memorandum of incorporation and this deed and may, in addition, conclude contracts on behalf of the trust and do anything which is permitted by the Act or the exchange or which the manager considers to be desirable to carry into effect the objects and investment policy of the scheme and to administer the scheme. Accordingly, without limitation:
- 14.1.1 the manager may borrow money for the account of a portfolio for the purposes and subject to the limits and conditions contained in clause 20 of this deed;
- 14.1.2 subject to clauses 6 and 14.3, the manager may (i) take over or establish and register a holding company and/or a fixed property company for the specific purpose that (a) such holding company acquires shares in and claims against a fixed property company/ies or (b) such fixed property company purchases or acquires a particular immovable property, develops it, erects, adds to or alters buildings thereon, sub-divides it into smaller portions, develops a township or lets such immovable property, and the securities issued by such fixed property company must be directly or indirectly included in a portfolio of the scheme or, alternatively, (ii) acquire immovable property to be held by the trustee and included in a

portfolio of the scheme for the specific purpose of developing such immovable property, erecting, adding to or altering buildings thereon, sub-dividing it into smaller portions, developing a township or letting such immovable property;

- 14.1.3 the manager may request a fixed property company to increase its capital for the purpose of expanding its interests in immovable properties, and the new securities issued pursuant to such increase must be issued to the holding company or be included in a portfolio of the scheme;
 - 14.1.4 the manager may, on behalf of a fixed property company or the trust, appoint another person/s (including a related party of the manager) to manage the immovable properties owned by that fixed property company or the trust at such arm's-length and market-related remuneration as may be approved by the manager provided that the manager shall not delegate any "administration" (as defined in the Act) without the prior written approval of the Registrar as contemplated in section 4(5) of the Act. Alternatively, the manager may manage those immovable properties itself at such arm's-length and market-related remuneration as may be agreed by the trustee, which shall be payable to the manager in addition to the amounts provided for in the master schedule; and
 - 14.1.5 without detracting from section 91 of the Act, the manager may exercise or direct the exercise of any voting or other rights attaching to any shares in any holding company or fixed property company or immovable property which are owned by the trust. The manager may, in addition, conclude, amend and terminate (as well as exercise any rights and perform any obligations on behalf of the trust in terms of) any agreement between the trust and any other shareholder in any holding company or any other co-owner of any immovable property, as well as any agreement with a holding company or fixed property company and any other agreement providing for the disposal of or otherwise relating to those any such share therein.
- 14.2 Where this deed or the Act authorises or requires the manager to exercise any powers or competencies or perform any duties, no person (including the trustee or any holding company or any fixed property company) other than the manager shall exercise such powers or competence or perform such duties without the consent of the manager, provided that the manager may delegate any "administration" (as defined in the Act) with the prior written approval of the Registrar as contemplated in section 4(5) of the Act.
- 14.3 Without limiting section 70(4) of the Act, in order to enable the trustee to give effect to this deed and the provisions of the Act, the manager must furnish to the trustee such information as the trustee may reasonably require."

"16. Creation, Issue and Listing of Participatory Interests

- 16.1 The manager may create and issue an unlimited number of participatory interests in one or more portfolios included in the scheme until the date on which a portfolio is declared closed by the manager in consultation with the trustee, for the purpose of listing the participatory interests in that portfolio on an exchange, which date may not be later than 1 (one) year after the commencement date of that portfolio, and thereafter no further participatory interests may be created save in compliance with clause 16.2 or to the extent required to issue participatory interests in consideration for an acquisition referred to in 6.2.
- 16.2 The manager may, after a listing of the participatory interests in a portfolio has been obtained on an exchange, at any time and in accordance with any requirements that the trustee might have in order to ensure compliance with this deed or the Act and subject to the requirements of the exchange concerned, create participatory interests and:
- 16.2.1 make a rights issue to existing investors in that portfolio (according to the register as at the applicable record date in terms of the rules and requirements of the exchange concerned of the rights issue) on such conditions as it may deem fit;
 - 16.2.2 repurchase participatory interests in accordance with the provisions of the Companies Act which are rendered applicable by section 50(2) of the Act, *mutatis mutandis*;
 - 16.2.3 allot and issue participatory interests in a portfolio (including participatory interests which may be created for the purpose hereof) at the current market price of such participatory interests as at a date determined for this purpose by the manager or such other price as may be permitted by the exchange in consideration for:
 - 16.2.3.1 the acquisition by that portfolio of the share capital of, and shareholder loan accounts against, a holding company or a fixed property company;
 - 16.2.3.2 the acquisition by that portfolio of other securities issued by such holding companies or fixed property companies;

- 16.2.3.3 the acquisition by a fixed property company of immovable property;
 - 16.2.3.4 the acquisition by that portfolio directly of immovable property; or
 - 16.2.3.5 the acquisition by that portfolio of any other qualifying assets: Provided that the manager must observe the disclosure requirements of the exchange; or
 - 16.2.3.6 the retention by that portfolio of an amount that would otherwise have been distributed to an investor as envisaged in clause 34.2; and
- 16.2.4 subject to any pre-emptive right of investors to subscribe for participatory interests in terms of the requirements of the exchange, allot and issue any participatory interests in a portfolio at the current market price of such participatory interests as at a date determined for this purpose by the manager or such other price as may be permitted by the exchange and in consideration for a subscription for such participatory interests for cash.

However, the requirements of any such exchange (whether as to a pre-emptive right of investors, investor approval or otherwise) shall not apply in relation to any acquisition referred to in clause 6.2.

- 16.3 The procedure relating to the convening and holding of any meeting of investors in the portfolio for any purpose must be as set out hereunder or as otherwise required by the Companies Act or the requirements of the exchange, namely:

- 16.3.1 such procedure shall be determined *mutatis mutandis* by the provisions relating to the holding of meetings of a public company listed on the exchange concerned and, for this purpose, the portfolio shall be deemed to be such public company, the investors shall be deemed to be the shareholders of that company holding one share in respect of each participatory interest held in such portfolio, and the directors of the manager shall be deemed to be the directors of the portfolio;
- 16.3.2 for the purposes of clause 16.3.1, the portfolio shall be deemed to have a memorandum of incorporation which complies with the requirements of the exchange concerned and such memorandum of incorporation shall be deemed to contain at least the following provisions:
 - 16.3.2.1 the directors may, whenever they think fit, convene a general meeting, and a general meeting must also be convened on a requisition made in terms of the Companies Act or, in default, may be convened by the requisitionists as provided by and subject to the Companies Act and, if at any time there are not within the Republic sufficient directors to form a quorum, any director or any two shareholders of the company may convene a general meeting in the same manner in which meetings may be convened by the directors;
 - 16.3.2.2 a meeting must be called by at least 15 (fifteen) days' notice in writing;
 - 16.3.2.3 the accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice does not invalidate the proceedings of that meeting;
 - 16.3.2.4 the notice must be given in the manner hereinafter provided to such persons as are entitled to such notice from the company and also at the same time to the exchange concerned;
 - 16.3.2.5 may be transacted at any meeting of shareholders only while a quorum is present and, in this regard but subject to clause 16.3.2.6, at least three shareholders present (in person or by proxy, or in the case of a shareholder which is a body corporate, by a representative) and entitled to exercise, in aggregate, at least 25% of all of the voting rights that may be exercised at that meeting shall be a quorum for a general meeting;
 - 16.3.2.6 if within 30 (thirty) minutes from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of shareholders, shall be dissolved; in any other case it shall stand postponed to the same day in the next week, at the same time and place or, if that day be a public holiday, to the next succeeding business day. If at the time appointed for the postponed meeting to begin, the requirements of clause 16.3.2.5 have not been satisfied, the shareholders present will be deemed to constitute a quorum;
 - 16.3.2.7 the chairman, if any, of the board of directors of the manager shall preside as chairman at every meeting of shareholders of the company and, if there is no such chairman, or if at any meeting he is not present within 15 (fifteen) minutes after the time appointed for holding the meeting or is unwilling to act as chairman, the shareholders present must choose some other director, or if no director be present, or if all the directors present decline to take the chair, they must choose some shareholder present to be chairman of the meeting;

- 16.3.2.8 the chairman may, with the consent of any meeting at which a quorum is present (and must if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place;
- 16.3.2.9 when a meeting is adjourned or postponed and notice of such adjournment or postponement would be required in terms of any provision in the Companies Act if the trust were a company, notice of the adjourned meeting must be given in the manner prescribed by such provision but, save as aforesaid, it is not necessary to give any notice of a postponement or adjournment or of the business to be transacted at a postponed or adjourned meeting;
- 16.3.2.10 at any meeting of shareholders a resolution put to the vote of the meeting must be decided on a show of hands, unless before or on the declaration of the result of the show of hands a poll is demanded by the chairman or any person entitled to vote at the meeting and, unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands been carried, or carried unanimously, or by a particular majority, or lost, an entry to that effect in the minute book of the company, is conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, such resolution. No objection may be raised as to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting is valid for all purposes. Any such objection must be referred to the chairman of the meeting, whose decision in good faith is final and conclusive;
- 16.3.2.11 if a poll is demanded as aforesaid it must be taken in such manner and at such place and time as the chairman of the meeting directs and either immediately or after an interval or adjournment (not exceeding 7 (seven) days). Scrutineers must be appointed by the chairman to count the votes and to declare the result of the poll and their declaration, which must be announced by the chairman of the meeting, shall be deemed to be the resolution of the meeting at which the poll was demanded. In case of any dispute as to the admission or rejection of a vote, the chairman of the meeting must determine the same, and the determination of the chairman made in good faith is final and conclusive;
- 16.3.2.12 in the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, is not entitled to a second or casting vote;
- 16.3.2.13 the demand for a poll does not prevent the continuation of a meeting for the transaction of any business other than the question upon which the poll has been demanded. The demand for a poll may be withdrawn;
- 16.3.2.14 on a show of hands a shareholder of the company present in person or by proxy has only one vote irrespective of the number of shares he holds or represents, provided that a proxy, irrespective of the number of shareholders he represents, has only one vote. On a poll a shareholder who is present in person or represented by proxy is entitled to one vote in respect of each share he holds. No objection may be raised to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting is valid for all purposes. Any such objection must be referred to the chairman of the meeting, whose decision shall be final and conclusive;
- 16.3.2.15 when there are joint registered holders of any shares any one of such persons may vote at any meeting in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present or represented at any meeting, that one of the said persons whose name stands first in the register in respect of such shares or his proxy, as the case may be, is alone entitled to vote in respect thereof;
- 16.3.2.16 any person entitled to a share may vote at any meeting in respect thereof in the same manner as if he were the registered holder of that share: Provided that (except where the directors have previously accepted his right to vote in respect of that share) 24 (twenty four) hours at least before the time of holding the meeting at which he proposes to vote, he must satisfy the directors that he is entitled to exercise such right. Several executors of a deceased shareholder in whose name shares stand in the register shall, for the purposes of this clause, be deemed joint holders of those shares;

- 16.3.2.17 a shareholder may appoint a proxy and such proxy need not be a shareholder of the company;
- 16.3.2.18 the form appointing a proxy must be in writing under the hand of the appointer or of his agent duly authorised in writing, or, if the appointer is a corporate body, under the hand of an officer or agent authorised by that body. The holder of a general or special power of attorney given by a shareholder may vote, if duly authorised under that power to attend and take part in the meetings and proceedings of the company or companies generally, whether or not he is a shareholder of the company. The form appointing a proxy shall be deemed to confer authority to demand a poll;
- 16.3.2.19 the form appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority shall be deposited at the registered office of the company not less than 48 (forty eight) hours (or such lesser period as the directors may determine in relation to any particular meeting) before the time for holding the meeting (including an adjourned meeting) at which the person named in the form proposes to vote, or in the case of a poll not less than 24 (twenty four) hours (or such lesser period determined as aforesaid in relation to the particular poll) before the time appointed for the taking of the poll, and in default the form of proxy shall not be treated as valid. No form appointing a proxy shall be valid after the expiration of 6 (six) months from the date when it was signed, except at an adjourned meeting or on a poll demanded at a meeting or adjourned meeting in cases where the meeting was originally held within 6 (six) months from the said date, unless so specifically stated in the proxy itself. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the company at the office before the commencement of the meeting or adjourned meeting at which the proxy is used;
- 16.3.2.20 subject to the provisions of the Companies Act, a form appointing a proxy may be in any usual or common form.”

“17. Remuneration of Manager

The manager shall be entitled to receive a service charge as contemplated by clause 35 as remuneration for its administration of the collective investment scheme.”

“18. Retirement or Dismissal of Manager

- 18.1 The manager shall, after written notice by the trustee, be subject to dismissal in the following events:
 - 18.1.1 if the manager is placed under a provisional or final order of liquidation or business rescue, or if the manager duly passes a resolution for its voluntary liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved in writing by the trustee and the Registrar); or
 - 18.1.2 if the Registrar in terms of the Act directs the manager to withdraw from the administration of the scheme or cancels the registration of the manager under the Act.
- 18.2 Upon dismissal of the manager, the trustee shall, with the approval of and subject to any direction of the Registrar in terms of the Act, forthwith appoint a new manager which shall be a duly registered manager in terms of the Act and which shall also be a party to this deed and to any supplemental deeds.
- 18.3 With the written approval of the trustee and the Registrar, the manager shall have the right to retire from its office as such in favour of a new manager which has been duly registered and made a party to this deed and any supplemental deeds.
- 18.4 The new manager shall exercise all the powers and enjoy all the rights and shall be subject to all the obligations and liabilities of a manager in terms of this deed and the Act as fully as if such new manager had initially been a party to this deed.”

“PART VII – THE TRUSTEE

22. Duties

The trustee shall exercise all the powers necessary to protect the interests of investors to the extent required by the Act or this deed.

23. Underlying assets in portfolio

Subject to the provisions of this deed, the trustee shall, on behalf of the investors, hold in the portfolio the underlying assets which have not been mortgaged, pledged, ceded or otherwise hypothecated to any financier, including the title deeds of the immovable properties and the share certificates of the shares included in the underlying assets. However, the provisions of this clause shall not prevent the trustee, on the request of the manager, from handing over temporarily a title deed to competent persons who require it for registration purposes, cancellation or registration of servitudes, sub-division, consolidation or similar purposes.

24. Remuneration

The manager shall, out of the underlying assets and as envisaged in section 93(1)(b) of the Act, pay the trustee such remuneration as may from time to time be mutually agreed upon between them.”

“29. Power of attorney granted by the trustee to the manager

The trustee may, in its absolute discretion and from time to time, grant to the manager a special power of attorney authorising the manager to take specific actions which the trustee is authorised to perform in terms of this deed (including but not limited to actions relating to dealing with the underlying assets owned by trust but shall not authorise the manager to grant any approval of the trustee which is required by clauses 15.2, 20.1.7.1, 30.1, 31 and 48.2 of this deed). Any power of attorney granted to the manager by the trustee may be revoked by the trustee at any time.”

“30. Initial creation of Participatory Interests

30.1 Subject to the requirements of the exchange, in order to create a portfolio, the manager shall deposit the underlying assets together with title deeds, when applicable in terms of clause 23, with the trustee, and deposit the cash referred to in clause 7 (if applicable) in a portfolio account over which the trustee shall have control. The underlying assets thus deposited (excluding cash deposited to cover compulsory charges) shall constitute a portfolio and the trust shall issue participatory interests in exchange for the cash and underlying assets thus deposited, with an aggregate value equal to the value of the portfolio thus formed. For the purposes of this clause the price at which a participatory interest is to be created in any portfolio shall be such amount as the manager, with the approval of the trustee, may determine.

30.2 Each portfolio in terms of this deed shall, on the commencement date, consist of underlying assets, including the cash referred to in clause 7 (if applicable) to the value of at least an amount determined by the manager to the satisfaction of the trustee plus the applicable compulsory charge.

30.3 The manager shall not cancel participatory interests created in terms of this clause except:

30.3.1 on the winding-up of the portfolio in which such participatory interests are held; or

30.3.2 pursuant to the repurchase of participatory interests in terms of the provisions of the Companies Act which are rendered applicable by section 50(2) of the Act, *mutatis mutandis*.

“31. Consolidation or sub-division of Participatory Interests

The manager may, with the approval of the trustee, and subject to the requirements of the relevant exchange, at any time effect a consolidation or subdivision of the participatory interests in issue of any portfolio without prejudicing at all the rights and privileges of the then existing investors.”

“33. Calculation of amount available for distribution

The amount available in each portfolio for distribution (which shall be all or such portion as the manager may deem prudent, of the income of that portfolio) shall:

33.1 be calculated for each income distribution period; and

33.2 on each *ex*-dividend date:

- 33.2.1 be transferred from the “**Income Account**” to a “**Distribution Account**” in the books of account of the portfolio concerned; and
- 33.2.2 no longer form part of the portfolio concerned.”

34. Payment of distributions

- 34.1 Subject to the requirements of the exchange, on each income distribution date the manager shall pay to investors the amount available for distribution in respect of the said income distribution period in proportion to the number of participatory interests held by such investors on the relevant date.
- 34.2 The manager may, in respect of any distribution and subject to the requirements of any exchange, establish a procedure in terms of which investors may, at their election, receive either cash or new (capitalisation) participatory interests.”

“35. Calculation of Service Charge and amendment thereof

- 35.1 The service charge and cost recoveries of the manager are calculated as set out in the master schedule.
- 35.2 The charges that may be levied in respect of a portfolio and the method of calculation of those charges must be prescribed in this deed or in the supplemental deed of a portfolio and such charge and the method of its calculation shall remain so fixed unless this deed or the supplemental deed is amended in accordance with section 98 of the Act to provide for such change and, the investors affected consent to any change thereof by way of a vote in accordance with clause 43 of this deed.”

“42. Amendment of Deed and Balloting of Investors

- 42.1 Any proposed amendment to the Deed will only be submitted to investors for consent in terms of clause 42.2 after the manager, the trustee, the Registrar and any exchange have approved such amendment.
- 42.2 The consent of investors for an amendment of this deed must be obtained in the following manner:
 - 42.2.1 where such an amendment only affects one portfolio, the investors, excluding the manager, holding no less than 25% (twenty five percent) in value of the total number of participatory interests then issued in that portfolio, must respond in writing in a ballot conducted by the manager. The amendment must be consented to by investors holding a majority in value of the participatory interests held by the investors who have responded;
 - 42.2.2 where the amendment affects more than one or all of the portfolios in the scheme, investors, excluding the manager, holding no less than 25% (twenty five percent) in value of the total number of participatory interests then issued in those portfolios affected, must respond in writing. The amendment must be consented to by investors holding a majority in value of the participatory interests held by the investors who have responded;
 - 42.2.3 if investors holding less than 25% (twenty five percent) in value of the total number of participatory interests then issued have responded in accordance with clauses 42.2.1 or 42.2.2, a second ballot must be conducted. In this ballot investors holding a majority in value of the participatory interests held by the investors who have responded, must consent to the amendment;
 - 42.2.4 every registered investor may vote in the case of a ballot in respect of each participatory interest held by him: Provided that an investor or his duly authorised representative may exercise all his voting rights, but is not obliged to exercise all his votes or exercise all the votes he is entitled to in the same way;
 - 42.2.5 when a ballot is necessary the manager must dispatch to every investor a ballot paper and a memorandum approved by the Registrar containing the reasons for the proposed amendment;
 - 42.2.6 for the purposes of clauses 42.2.1, 42.2.2 and 42.2.3 only ballot papers which are received by the manager within 30 (thirty) business days after dispatch to investors may be taken into account and be regarded as valid. Ballot papers must be counted by the auditors of the scheme and their finding, as conveyed in writing to the manager, is final and binding;
 - 42.2.7 where a registered investor is holding participatory interests as a nominee or person duly appointed to act on behalf of the beneficial owners of such participatory interests, the nominee or such person must obtain written instructions from such owners as to how to respond to the proposed amendment of this deed;

- 42.2.8 if, for the purposes of clause 42.2.7, some beneficial owners are in favour of the proposed amendment but others are against it, the nominee or such person must respond accordingly and for that purpose the nominee or such person may respond in favour of and against the proposed amendment;
- 42.2.9 the provisions of clauses 42.2.1, 42.2.2 and 42.2.3, which deal with the weighting of the response by an investor, also apply in the case of the responses by a nominee or such appointed person.
- 42.3 In particular, and without prejudice to the generality of the foregoing, the trustee and the manager, with the consent of the Registrar but without the approval of investors, shall be entitled by supplemental deed:
- 42.3.1 to effect any subdivision or consolidation of participatory interests proposed by the manager; or
- 42.3.2 to establish a new portfolio, subject to the provisions of this deed.”

“Master Schedule

1. SERVICE CHARGE (CLAUSE 35.1)

- 1.1 In consideration for the services to be provided by the manager in terms of this deed, and in addition to the costs which are recoverable in terms of clause 2 of this Schedule, the manager shall be paid a monthly fee calculated in accordance with clause 1.2 below for each calendar month occurring after the commencement date. If the commencement date occurs during a calendar month then the fee for that month shall be reduced to be proportionate to the part of that calendar month which falls after the commencement date. Such monthly fee shall be payable by the trust unless the trust or the manager procures that any property company of the trust pays all or part of that fee.
- 1.2 The monthly fee payable to the manager in respect of each month shall be calculated in accordance with the following formula:

$$F = (M + B) \times \left(\frac{0.0040}{12} \right)$$

where:

- 1.2.1 F means the monthly fee to be calculated;
- 1.2.2 M means the average market capitalisation of the trust during that month, which shall be calculated by multiplying (a) the volume weighted average price at which the participatory interests issued by the trust have been traded on the exchange during all trading days falling within that month; by (b) the average number of participatory interests which have been in issue during that month. Where the number of participatory interests in issue has changed during that month, the average shall be calculated by adding together all of the numbers of participatory interests in issue on each day falling within that month and dividing the total so calculated by the number of days in that month;
- 1.2.3 B means the average aggregate amount which is owing by the trust and its property companies to their financiers on a consolidated basis during that month. Where the aggregate amount which is owing to financiers has changed during that month, the average shall be calculated by adding together all of the aggregate amounts owing on each day falling within that month and dividing the total so calculated by the number of days in that month.
- 1.3 While not payable out of the portfolio itself and not subject to the provisions of the deed, it is recorded that the portfolio may hold an interest in another South African or foreign collective investment scheme in property and that other collective investment scheme in property may, in accordance with the law and rules applicable to that other collective investment scheme in property, pay fees to the manager or a related party of the manager for management services and/or development management services.”

“2. COST RECOVERIES

- 2.1 In consideration for the services to be provided by the manager in terms of this deed, and in addition to the fee payable in terms of clause 1 of this Schedule, the following costs and expenses may be incurred by the manager for and on behalf of the trust and its property companies and shall, if paid or payable by the manager, be recoverable from the trust and its property companies:
- 2.1.1 all costs and expenses of or incidental to the establishment and maintenance of the trust and its property companies from time to time and procuring and maintaining the issue and listing of the participatory interests on any exchange (including all fees and charges payable to accounting, legal and financial advisers, transfer secretaries and all amounts which are payable to the trustee for its services as trustee or which are otherwise payable to the trustee in terms of this deed, but excluding all costs and expenses payable for the establishment and registration of the manager as manager of the scheme);
 - 2.1.2 regulatory charges and all costs imposed by law or incurred in order to satisfy obligations imposed by law in relation to the scheme, any property company of the trust, any immovable property or any other asset of the trust or any such company (including accounting, secretarial and audit fees paid on behalf of the scheme by the manager) and all costs and charges which are deductible from the scheme in terms of section 93(1) of the Act;
 - 2.1.3 bank, finance charges and/or the costs of funding (including capital repayments), payable to third party banks or lenders, including any related party of the manager from time to time who may be a bank or lender and the costs of and related to the inclusion and implementation of such contracts between such banks or lenders and the trust or its property companies (including fees and charges payable to accounting, legal and financial advisers);
 - 2.1.4 expenses incurred by the manager in respect of any corporate action arising out of or in connection with the participatory interests of the scheme being listed on an exchange, including all costs and expenses incurred in relation to the production of circulars and the holding of meetings of investors in terms of the requirements of the exchange;
 - 2.1.5 the costs of maintaining, developing, managing and administering the immovable properties owned by the trust or any fixed property company, including all amounts payable to any third party property manager who undertakes all or some of such activities (including any related party of the manager from time to time who may be a property manager). If the manager itself undertakes such activities in relation to any such immovable property in accordance with clauses 14 or 14.3 of the trust deed, then the remuneration approved by the trustee in terms of clauses 15 or 14.3 shall be payable by the trust to the manager (in addition to the fee referred to in clause 1 above) instead of a cost recovery in terms of this clause 2.1.5 in respect of that property;
 - 2.1.6 all costs payable to third party service providers in connection with any valuations of any property (or entity which has an interest in any property) which is wholly or partly owned by the trust or any of its property companies; and
 - 2.1.7 all costs and expenses of or incidental to any conditional or unconditional acquisition agreement which is concluded by the trust or any of its property companies and which provides for the acquisition of any interest in any property or entity which has an interest in property or for the valuation of any such property or entity (including fees and charges payable to accounting, legal, technical and financial advisers). For the avoidance of doubt, it is recorded that the manager will not be permitted to recover any of the costs and expenses in this clause 2.1.7 to the extent that such costs and expenses relate to potential transactions in respect of which no agreement is signed. It is furthermore recorded that this clause 2.1.7 does not affect costs and expenses relating to actual disposals of the trust or its property companies, which are recoverable by the manager.
- 2.2 The manager may apportion or allocate the costs of its services between the immovable properties, holding companies, and/or fixed property companies in each portfolio, on such basis as it may reasonably determine.
- 2.3 The provisions of this Schedule do not oblige the manager to incur any costs on behalf of the trust or property companies of the trust. The trust and those property companies shall be entitled to incur and pay expenses in accordance with all laws which are applicable to them; provided that they shall not pay expenses to the manager or any related party of the manager unless such expenses are authorised by this Schedule to be incurred by the manager.
- 2.4 For the purposes of this Schedule, the term “property company” means any holding company or fixed property company in which the trust has an interest.”

“3. PAYMENT

The manager shall deliver to the trustee, within 30 days after the end of each month, an invoice reflecting the amounts payable to the manager in respect of that month in terms of this Schedule 2. Not earlier than seven days after the delivery to the trustee of that invoice and provided that the trustee has not objected to the payment thereof to the manager on the basis that it is not payable to the manager in terms of this deed, the manager shall be authorised and entitled to pay, or procure the payment, on behalf of the trust or any of its property companies to the manager of all amounts which are reflected as payable to the manager in terms of that invoice.”

“4. FINANCIAL YEAR END (CLAUSE 36)

The financial year of the trust shall end on 31 December.

“SUPPLEMENTAL DEED NO: 1”

“3. Investment Policy

3.1 In terms of clause 4.3 of the deed, the investment policy to be followed in respect of the Liberty Two Degrees portfolio is hereby determined as follows:

3.1.1 The investment policy of the Liberty Two Degrees portfolio shall be aimed at investing at fair prices in a balanced spread of qualifying assets in order to achieve the trust’s primary objective of affording investors growth in income and capital.

3.1.2 As at the date of signature it is intended that the initial assets of the Liberty Two Degrees portfolio will comprise of the immovable properties listed in Annexure “A” to this supplemental deed. Annexure “A” sets out the maximum valuations at which the Liberty Two Degrees portfolio will acquire the relevant immovable properties. For the sake of completeness, it is recorded that:

3.1.2.1 the relevant immovable properties were valued on an open market basis by the independent valuers whose names appear in Annexure “A”;

3.1.2.2 the valuations referred to in clause 3.1.2.1 were found by the manager to be fair and reasonable and acceptable on a currency yield and discounted cash flow basis; and

3.1.2.3 the trustee also confirmed that it accepted the valuations referred to in clause 3.1.2.1.

3.1.3 Without limiting the foregoing, investments in addition to investments in the initial assets referred to in clause 3.1.2 above, may be made in any or more of the following assets:

3.1.3.1 immovable property in the Republic of South Africa (including undivided shares or other interests therein or leasehold in respect thereof);

3.1.3.2 securities of fixed property companies, which will indirectly or directly own immovable properties referred to in clause 3.1.3.1;

3.1.3.3 other qualifying assets determined by the Registrar in terms of section 47(2) of the Act; or

3.1.3.4 immovable property in a foreign country and property shares or participatory interests in a collective investment scheme in property in a foreign country, in accordance with the provisions of section 49 of the Act.

3.2 The Liberty Two Degrees portfolio may borrow within the limits contained in the trust deed.”

EXTRACTS FROM THE MOI

Set out below are extracts from the MOI relating to the status and powers of the Manager and the directors powers and proceedings:

“5 STATUS AS PRIVATE COMPANY

- 5.1 The Company shall not offer any of its Shares or Securities to the public, and the transferability of the Company’s Securities is restricted by Article 14.
- 5.2 The Company is, accordingly, classified as a private company in terms of section 8(2) of the Companies Act.”

“6 MAIN PURPOSE AND BUSINESS OF THE COMPANY

The main purpose of the Company and main business which the Company is to carry on, is to act as a manager of a collective investment scheme/s in properties in terms of CISCA and such other business as may be approved by the Registrar from time to time in terms of section 86 of CISCA.”

“32 AUTHORITY OF THE BOARD OF DIRECTORS

- 32.1 The business and affairs of the Company shall be managed by or under the direction of the Board, which shall have the authority to exercise all of the powers and perform all of the functions of the Company, except to the extent otherwise provided by CISCA, the Companies Act, this MOI or any resolution of the Shareholders.
- 32.2 The Board may delegate to any one or more Persons any of its powers, authority and functions (including the power to sub-delegate).
- 32.3 The Board shall not conclude or amend or reduce the scope or extent of or terminate (whether by way of amendment, supplemental deed, disposal or otherwise):
 - 32.3.1 any trust deed relating to a collective investment scheme (as defined in CISCA); or
 - 32.3.2 any collective investment scheme (as defined in CISCA) or portfolio (as defined in CISCA), without the prior approval of a resolution of the Shareholders.”

“33 APPOINTMENT OF DIRECTORS

- 33.1 The Board shall comprise not less than five Directors.
- 33.2 Subject to 33.3, all of the Directors and any Alternate Directors shall be elected by an Ordinary Resolution of the Shareholders at a Shareholders Meeting. The provisions of section 68(2) of the Companies Act shall apply to the election of Directors, provided that a Director may not be elected by written vote in accordance with Article 31. There shall be no *ex officio* directors, as contemplated in section 66(4)(a)(ii) of the Companies Act, and no Person shall have the right to effect the direct appointment or removal of one or more Directors as contemplated in section 66(4)(a)(i) of the Companies Act.
- 33.3 The Board may appoint a Person who satisfies the requirements for election as a Director to fill any vacancy and serve as a Director of the Company on a temporary basis until the earlier of the date of the next annual general meeting of the Company and the date on which the vacancy has been filled by election in terms of Article 33.2. During that period any Person so appointed has all of the powers, functions and duties, and is subject to all of the liabilities, of any other Director of the Company. The authority of the Board in this regard is not limited or restricted by this MOI.
- 33.4 The Company may not permit a Person to serve as Director if that Person is ineligible or disqualified in terms of the Companies Act or in terms of Article 33.5.
- 33.5 In addition to the grounds of ineligibility and disqualification of Directors as contained in section 69 of the Companies Act, a Director shall:
 - 33.5.1 cease to be eligible to continue to act as a Director if he absents himself from all meetings of the Board occurring within a period of six consecutive months without the leave of the Board, and the Board

resolves that his office shall be vacated; provided that this Article 33.5 shall not apply to a Director who is represented by an Alternate Director who does not so absent himself; or

33.5.2 not be eligible to serve as a Director:

33.5.2.1 unless the prior written approval of the Registrar in terms of section 43 of CISCA for the appointment of that person as Director has been obtained; or

33.5.2.2 if the Registrar gives notice to the Company in terms of section 43 of CISCA to terminate the appointment of that Director as a result of that Director not being fit and proper to hold that office.

33.6 This MOI does not impose any minimum shareholding or other qualifications to be met by the Directors of the Company in addition to the ineligibility and disqualification provisions of the Companies Act and Article 33.5.

33.7 Section 70 of the Companies Act shall apply to any vacancy on the Board which may arise from time to time.

33.8 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must, as soon as possible and in any event not later than three months from the date that the number falls below such minimum, fill the vacancy/ies in accordance with Article 33.3 or convene a general meeting for the purpose of filling the vacancies, and the failure by the Company to have the minimum number of Directors during the said three-month period does not limit or negate the authority of the Board or invalidate anything done by the Board while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.

33.9 The Directors in office may act notwithstanding any vacancy in their body, but if their number remains reduced below the minimum number fixed in accordance with this Memorandum of Incorporation after the expiry of the three month period contemplated in Article 33.8, they may, for as long as their number is reduced below such minimum, act only for the purpose of filling vacancies in their body in terms of section 68(3) of the Companies Act or of summoning general meetings of the Company, but not for any other purpose.”

“40 PAYMENTS TO DIRECTORS

40.1 The Company may pay remuneration to its Directors for their services as such and, without detracting from the foregoing, may pay any additional remuneration as referred to in Article 40.3; provided that such remuneration must have been approved by a Special Resolution passed by the Shareholders within the two previous years and the authority of the Board in this regard is not restricted or limited by this MOI. For the avoidance of doubt it is recorded that this Article does not apply to remuneration paid to executive directors for their services as employees of the Company which is governed by Article 38.

40.2 Each Director shall be paid all travelling, subsistence and other expenses properly incurred by him in the execution of his duties as a Director (including attending meetings of the Board or of the Board committees); provided that such expenses shall first have been authorised or ratified by the Directors.

40.3 Any Director who is required to:

40.3.1 devote special attention to the business of the Company; or

40.3.2 travel or reside outside the Republic for the purpose of the Company; or

40.3.3 otherwise perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,

may be paid such extra remuneration or allowances (either in addition to or in substitution for any other remuneration to which he may be entitled as a Director), as a disinterested quorum of the Board may from time to time determine.”

“41 BORROWING POWERS

41.1 The Company must ensure that the capital requirements of the Company comply with the provisions of CISCA, and specifically section 88 read with the Capital Adequacy regulations published from time to time.

41.2 The Board may, on behalf of the Company, borrow such amounts as may be required to meet the Company’s capital adequacy requirements as prescribed in terms of CISCA; provided that the Company may only borrow in terms of such loans if they are sub-ordinated in favour of other creditors.

41.3 The Company may only borrow on behalf of a portfolio (as defined in CISCA) to the extent not prohibited by CISCA and the deed which applies to that portfolio.”

DETAILS OF THE LIBERTY PROPERTY PORTFOLIO

The table below sets out the details of the properties within the property portfolio.

No	Property name and % ownership by Liberty prior to the listing	Property name and % interest in the undivided shares by Liberty Two Degrees (post the switches and private placement) ²	Physical address and province	Sector	Weighted average rental per m ² (R/m ²)	Rentable area (GLA) m ² (% held by Liberty)	Rentable area (GLA) m ² (% being acquired by Liberty Two Degrees)	Vacancy (% of rentable area)	Purchase price (R) ^{1,3}	Valuation as at 31 October 2016		
										(% of the Liberty Property Portfolio held by Liberty)	(% being acquired by Liberty Two Degrees)	Independent property valuer
1.	Sandton City Complex (75%)	Sandton City Complex (16.5%)	5th Street, Alice Lane and Sandton Drive, Sandton, Johannesburg, Gauteng	Retail and office	411	146 084	32 146	11.1	2 158 335 042	9 808 500 000	2 158 335 042	JLL
2.	Eastgate Complex (100%)	Eastgate Complex (22.0%)	43 Bradford Road, Bedfordview, Johannesburg, Gauteng	Retail and office	364	139 792	30 761	5.7	1 904 510 352	8 655 000 000	1 904 510 352	JLL
3.	Melrose Arch (25%)	Melrose Arch (5.5%)	60 Atholl Oaklands Road and Melrose Blvd, Melrose North, Johannesburg, 2076	Retail, office, and hotel	235	45 291	9 966	0.6	421 704 362 ⁵	2 038 750 000 ⁵	448 621 662 ⁵	MF
4.	Liberty Promenade Shopping Centre (100%)	Liberty Promenade Shopping Centre (22.0%)	Corner of AZ Berman Drive, Mogenster Road and 11th Avenue, Mitchells Plain, Cape Town, Western Cape	Retail	140	72 398	15 931	3.1	304 325 571	1 383 000 000	304 325 571	JLL
5.	Liberty Midlands Mall (100%)	Liberty Midlands Mall (22.0%)	Sanctuary Road, Pietermaritzburg, 3201, KwaZulu-Natal	Retail	211	56 130	12 351	2.1	414 129 230	1 882 000 000	414 129 230	JLL
6.	Nelson Mandela Square (100%)	Nelson Mandela Square (22.0%)	5th Street, Sandton, Johannesburg, Gauteng	Retail and office	311	38 789	8 535	15.7	387 283 445	1 760 000 000	387 283 445	JLL

No	Property name and % ownership by Liberty prior to the listing	Property name and % interest in the undivided shares by Liberty Two Degrees (post the switches and private placement) ²	Physical address and province	Sector	Weighted average rental per m ² (R/m ²)	Rentable area (GLA) m ² (% held by Liberty)	Rentable area (GLA) m ² (% being acquired by Liberty Two Degrees)	Vacancy (% of rentable area)	Purchase price (R) ^{1,3}	Valuation as at 31 October 2016		Independent property valuer
										(% of the Liberty Portfolio held by Liberty)	(% being acquired by Liberty Two Degrees)	
7.	Botshabelo Mall (70%)	Botshabelo Mall (15.4%)	Portions 2 and 3 of Erf 1 Botshabelo-H, Free State	Retail	121	14 503	3 191	10.4	49 657 219	225 666 000	49 657 219	Rode
8.	John Ross Eco-Junction – varying serviced stands (100%)	John Ross Eco-Junction – varying serviced stands (22.0%)	Portion 16 and Portion 17, Erf 11451, Richards Bay, KwaZulu-Natal	N/A	N/A	N/A	N/A	N/A	34 019 330	154 600 000	34 019 330	Rode
9.	John Ross Eco-Junction – Tangawizi Motors (100%)	John Ross Eco-Junction – Tangawizi Motors (22.0%)	Portion 16 and Portion 17, Erf 11451, Richards Bay, KwaZulu-Natal	Retail	58	7 060	1 554	0.0	12 580 111	57 170 000	12 580 111	Rode
10.	John Ross Eco-Junction – Melomed Hospital (70%)	John Ross Eco-Junction – Melomed Hospital (15.4%)	Portion 16 and Portion 17, Erf 11451, Richards Bay, KwaZulu-Natal	Specialised	30	9 666	2 127	0.0	29 220 096	132 790 000	29 220 096	Rode
11.	Liberty Centre Head Office (Cape Town) (100%)	Liberty Centre Head Office (Cape Town) (22.0%)	Montague Gardens, Century Boulevard, Century City, Cape Town, Western Cape	Offices	162	19 020	4 185	0.0	78 975 016	358 900 000	78 975 016	Rode
12.	Liberty Centre Head Office (Umhlanga) (100%)	Liberty Centre Head Office (22.0%)	21 Aurora Drive and 2 Park Lane, Umhlanga Ridge, KwaZulu-Natal	Offices	162	20 699	4 555	3.3	88 525 074	402 300 000	88 525 074	Rode
13.	Standard Bank Centre (50%)	Standard Bank Centre (11.0%)	5 Simmonds Street, Johannesburg, Gauteng	Offices	103	46 395	10 209	0.0	116 735 152	530 500 000	116 735 152	Rode
Total				270		615 826	135 511	5.9	6 000 000 000	27 389 176 000	6 026 917 300	

Notes:

1. Save as indicated in note 5 below, each property was acquired at its valuation amount. There is therefore no difference between the valuation amount and the purchase price.
2. Reflects the percentage held by Liberty Two Degrees, being 22%, as a percentage held by Liberty.
3. Represents the purchase price for the percentage of the Liberty Property Portfolio acquired from Liberty.
4. The effective date of the acquisitions is 1 December 2016.
5. The Melrose Arch investment in the Liberty Property Portfolio is a cluster of land and mixed use buildings in the Melrose Arch precinct effectively 25% owned by Liberty. The investment property valuation provided in this document assumes full ownership. To derive Liberty's 25% interest in Melrose Arch we multiply the valuation by 25%, which results in a value of R2 039 million. We then apply a 6% adjustment to this value to account for any lack of marketability, which results in a value of R1 916 million for Liberty's 25% interest in Melrose Arch. Liberty Two Degrees will acquire 22% of Liberty's interest in Melrose Arch, which results in a value of R449 million.

INDEPENDENT VALUER'S SUMMARY VALUATION REPORT (JLL)

"15 November 2016

The Directors
STANLIB REIT Fund Managers Proprietary Limited (RF)
1 Ameshoff Street
Braamfontein
Johannesburg, 2001

Dear Sirs,

INDEPENDENT PROPERTY VALUERS' SUMMARY VALUATION REPORT ON 5x PROPERTIES IN THE PORTFOLIO[13.20(a)] [13.22]

1. INTRODUCTION

This summary valuation report has been prepared in accordance with Section 13.22 for inclusion in the prospectus of the private placement of Liberty Two Degrees, a portfolio in the Liberty Two Degrees Scheme ("**Liberty**") (a collective investment scheme in property established in terms of the Collective Investment Schemes Control Act, No. 45 of 2002, as amended, and managed by STANLIB REIT Fund Managers Proprietary Limited (RF) ("**STANLIB**" or "**the Client**")), as required in terms of the general provisions of Section 13: Property Companies of the Listing Requirements of the JSE Limited ("**Section 13**").

Formal written Valuation Reports have been compiled for each of the properties and these reports have been issued to the nominated representatives of Liberty and are available for inspection at the registered office of Liberty/STANLIB.[13.30]

In accordance with your instruction dated 29 July 2016, we confirm that we have visited and inspected the properties listed in the attached schedule ("**the properties**") during September, October and November 2016 (Section 13.23(a)(iii)) and have received all necessary details required to perform an independent valuation in order to provide you with our opinion of the Market Values of each of the properties as at **31 October 2016** (Section 13.23(c)).

The valuation of each of the properties has been carried out by the nominated property valuer, Jones Lang LaSalle ("**JLL**"), and the valuation process has been overseen by Kim Karg, Registered Professional Valuer (No. 6497) (collectively, "**the Valuers**").

Employees of the property valuer having relevant valuation qualifications have inspected each of the properties and careful consideration has been given to all matters pertaining to the requirements of Section 13 for the purposes of these valuations.

Each of the formal Valuation Reports submitted includes commentary on the nature of the properties, locality, tenancy, risk profile, forward rent projections, earning capability and exposure to future expenses and property risk.

The formal Valuation Reports have further addressed the estimated income capability and expenditure for each property taking into account contractual income at the date of valuation, annual escalations in contractual income and also expenditure estimates based on current recorded information and considered projections as to future increases in running and operating costs.

The values thus determined for each of the properties indicates our opinion of the Market Value thereof at the date of valuation.

2. BASIS OF VALUATION

The basis of valuation for the properties is Market Value.

Market value (Section 13.23(d)) is defined by the Royal Institution of Chartered Surveyors, The South African Institute of Valuers and the International Valuations Standards Committee as:

"The estimated amount for which a property should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had acted knowledgeably, prudently and without compulsion."

3. VALUATION METHODOLOGY [13.23(d)]

We have used the traditional and internationally recognised Discounted Cash Flow (DCF) method of valuation to reach our opinion of value as outlined in this report.

This approach is generally considered the most applicable valuation technique for income-producing properties, where sufficient market data exists to supply the necessary inputs and parameters for this approach.

The DCF valuation method takes into account the time value of money between the valuation date and the date when the income stream theoretically reverts to market levels and is described as follows:

The property is valued by discounting the expected future net income for a specific period at an appropriate discount rate (or total rate of return) to give the present value (PV) of the expected net income cash flow. To this figure an applicable final discounted residual or reversionary value is added.

The reversionary value is calculated by the following method:

The net market-related income prevailing at the end of the cash flow projection period is capitalised at the appropriate rate and discounted to the present value by the discount rate.

4. VALUATION ASSUMPTIONS [13.23(f)]

Generally, we are of the opinion that contractual rentals passing are market-related for each centre. However, certain leases have escalated beyond market-related levels or are currently below market-related levels. We have assumed that upon the renewal or re-letting of the said space, a market-related level is likely to be achieved. We have determined our market-related levels by comparing the current contractual rentals of the various trading categories and sizes of shops available at each centre to various published indices including the South African Property Owners Association (SAPOA) index, Rode Retail Report and the MSCI/IPD index. The rental rates have also been checked against our own database of similar centres previously valued. Please refer to our detailed reports, Appendix – Tenancy Schedules for a breakdown of our estimate of market rentals per unit. [13.23(f)(i)(iii)]

Our estimates of current market rentals are based on our research of the latest available market letting transactions in the areas where the properties are situated as well as within the centres themselves. Where such information is either unavailable or limited, we have relied on our knowledge of the market and have also, where appropriate, had regard to rental statistics published by recognised organisations.

We also provided for a structural vacancy of between 0.5 to 3.0% per property/entity, depending on historic vacancy, location, accommodation and existing tenant profile. This vacancy factor is a provision against possible tenant failure, sourcing of new tenants and or tenant relocations during the term of the cash flow. Provisions have been made for the letting up of space presently vacant within a sensible and reasonable timeframe at an appropriate market rental.

The assumptions regarding vacancy allowances and void periods for income lost due to the letting or re-letting of space for a particular node or centre have been made with reference to vacancy statistics published by recognised organisations as well as discussions with property managers and any negotiations that are currently underway with prospective tenants. [13.23(f)(i)(ii)]

5. INSPECTIONS, AREAS AND DIMENSIONS

All the properties were inspected during the months of September, October and November 2016. No measured surveys have been carried out by us and we have relied on the floor and/or lettable areas provided to us by the nominated representatives of Liberty/STANLIB. We have assumed that these areas are correct unless otherwise stated in the valuation report for a specific property.

6. SOURCES OF INFORMATION [13.23(a)(xiii)]

6.1 Source of information and verification

Information on the properties regarding rental income, recoveries, turnovers and other income detail has been provided to us by the current owners and their managing agents. Each valuation is based on the information which has been supplied to us or which we have obtained in response to our enquiries. We have relied on this information provided as being correct and complete and there being no undisclosed matters which would affect each valuation.

We have further compared certain expenditures given to us to market norms of similar properties and the historic expenditure levels of the properties themselves. Historical contractual expenditures and municipal services are compared to the past performance of the properties in order to assess potential expenditure going forward.

6.2 Full disclosure

These valuations have been prepared on the basis that full disclosures of all information and factors that may affect the valuations have been made to us. Furthermore, to the best of our ability, we have, researched the market for comparable rental information.

6.3 Leases

Subsection 13.23(ix) provides that the summary of the valuation report to be included in the prospectus or circular must include a “high level summary of the actual tenant’s leases or sub-leases”.

Our valuation has been based on a review of actual tenants’ leases (which includes material terms such as repairing obligations, escalations, and break options) and other pertinent details supplied to us by the managing agents and by Liberty Two Degrees.

All recovery details in respect of the existing leases e.g. utility cost and other recoveries as provided for in the leases have been disclosed by way of the tenancy schedule and budgets supplied to us. Option terms and other lease information have been supplied to us by the owners and managing agents and we are familiar with such documents.

We have had sight of anchor and large lease documentation as well as a standard line shop lease and high level summaries of these are included in our detailed reports. In preparing our cash flows we have had regard to the tenancy schedules provided and also to our assessment of current market rentals and escalation rates for the various elements of accommodation.

6.4 Expenses

In estimating the applicable property expenses we have relied on the budgets which have been provided to us by Liberty for the forward 12 months commencing 1st January 2016 and we have escalated these to be in line with the valuation date of 31st October 2016. Thereafter we have assumed an expense growth rate of 7.0% per annum from 1st November 2016.

6.5 Lessee’s credibility

In arriving at our valuations, cognisance has been taken of the lessee’s security and rating. In some cases this has influenced the capitalisation rate by way of a risk consideration. We have made comments in each report regarding exposure to the Edcon Group.

All of the retail centres have exposure to the Edcon Group and concern has to be raised regarding the future income cash flow from the various stores that fall under the group – (Edgars, Edgars Active, Top Shop, Jet, Jetmart, Legit, Boardmans, C.N.A., Red Square).

We understand that management has discussed various strategies regarding any possible closure of these stores, also bearing in mind that certain divisions are not trading well.

For the purpose of this valuation we have assumed that the Edcon Group will realise their lease and rental obligations and have not taken any other scenarios into account.

6.6 Mortgage bonds, loans, etc.

The properties have been valued as if wholly-owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans and other charges.

No deductions have been made in our valuations for costs of acquisition. The properties have been valued in a completed state and no deductions have been made for retention or any other set-off or deduction for any purposes which may be made at the discretion of the purchaser when purchasing the properties.

6.7 Calculation of areas

All areas quoted within the detailed valuation reports are those stated in the information furnished and verified where plans were available. To the extent that plans were not available, reliance was placed on the information submitted by the managing agents.

6.8 Title Deeds

Copies of the Title Deeds of the properties have been provided to us and we have taken account of the conditions contained therein in the preparation of our valuations. [Section 13.23(a)(xiii)]

The valuation of the properties have further been based on information obtained from the local authorities, from a physical inspection as well as detailed research on property sales and lettings within the areas in which the properties are situated.

Where appropriate, we have satisfied ourselves that the information on which we have based our valuations is accurate.

7. MATERIAL CONTRAVENTION OF STATUTORY REQUIREMENTS [13.23(vii)]

We are not aware of any material contravention of any statutory requirement relating to the properties, unless specifically stated in our individual reports.

8. PROPERTIES HELD FOR DEVELOPMENT [13.26]

Not applicable.

9. BRIEF DESCRIPTION

From visual inspection only, the improvements appear to be well built from quality robust traditional construction materials and finishes and are more fully described in the written Valuation Reports referred to before.

10. UNLET SPACE

Assumptions have been made in our valuations as to the likely letting up tempo of vacant accommodation generally and the estimated loss of income during the letting up periods of the affected properties is reflected in the DCF Methodology adopted for the properties.

11. VALUATION QUALIFICATIONS [13.23(e)]

Qualifications are usually detailed as a consequence of: leases under negotiation that have not yet been formalised; leases of a large nature where the premises are difficult to re-let; specialised properties; large exposure to a single tenant; potential tenant failure due to over-rent; expenses required for major repairs; maintenance or other exposure to maintain the lettability of the building; contingent expropriations or servitudes that may be enforced; poor lease recordals whereby the lease may be disputed or rendered invalid.

We have, to the best of our knowledge, considered all of these aspects in the valuation of all the properties. There are no properties that are prejudiced in value by the influence of the above factors.

The valuer is however not responsible for the competent daily management of these properties that will ensure that this status is maintained, or for the change of any laws, services by local authority or economic circumstances that may adversely impact on the integrity of the buildings or the tenant profile.

12. OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS [13.23(g)]

To our knowledge there are no contractual arrangements on the properties other than the leases as detailed in the report that have a major benefit or are detrimental to the fundamental value base of the properties [13.23(g)]. We point out the three leasehold areas at Nelson Mandela Square, details of which are shown below:

We have been provided with three 99-year lease agreements that are in force at Nelson Mandela Square. The agreements set out terms and obligations for the letting of space to be taken up by the various developments for 99-year periods. Further details are as follows:

Unit	Lessee	Area/Bulk	Parking bays	Lease commence- ment	Lease end	Rental	Other charges
Offices and Parking	Mitsand Proprietary Limited	2 393.00	60	01/08/1999	31/07/2099	A basic rental of R1 per month. payable monthly in advance. The lease states that the rental for the entire lease period has already been paid	Rates, Insurance and Charges as Per Clause 10
Apartments and Parking – South	Raphael Apartments	6 288.00	132	01/04/2004	31/03/2104		Rates, Insurance and Charges as Per Clause 10
Hotel	Michaelangelo Hotel	14 673.00	–	01/01/1998	31/12/2097		Rates, Insurance

We reserve the right to amend our valuation should any findings alter or bring the validity of the lease/s into question.
To the best of our knowledge there are no options in favour of any parties for any purchase of the property.

13. INTRA-GROUP LEASES

Having inspected all the tenant schedules and leases it is noted that there are no intra-group or related party leases.

14. CURRENT STATE OF DEVELOPMENT

None of the properties in the portfolio are classified as vacant land held for development.

There are, however, certain properties in the subject portfolio which are currently being redeveloped and extended, these being Eastgate Complex, Liberty Midlands Mall – Phase 3 (pending approval) and Sandton Complex – Virgin Active.

Nature, and a brief description of the proposed development	Planning Permission has been applied for	Planning Permission application has been granted or refused and the date of such grant or refusal	Expected Development Commencement Date	Expected Development Duration	Expected total cost of development (including financial carrying charges and letting commissions)	Expected completion date and estimate of letting or occupation dates	Market Value
Eastgate Complex – Retail and Towers Redevelopment	Yes	Approval of site development plan and parking relaxation: Erven 1and 2 Oospoort And Erven 6 and 7 Oospoort Extension 2 Township was 27th April 2014 We are not aware of any material or onerous conditions attached to such consent	Retail – Commenced May 2014 Tower – Commenced September 2015	Three years	The total cost of the development as outlined in the feasibility, including land costs and interest, amounts to: Retail – R633 141 000 excluding VAT Tower – R147 840 000 excluding VAT	Retail – Completion by end of November 2016 Tower – Completion by April 2017 with estimated let up of vacant retail units by February 2017 and vacant office units by April 2017	The market valuation reflected in Annexure A is the market value of the property in its existing state and includes reduction by capital expenditure that still has to be spent. Anticipated value as at completion and letting of the property is approximately R8.8 billion

Nature, and a brief description of the proposed development	Planning Permission has been applied for	Planning Permission application has been granted or refused and the date of such grant or refusal	Expected Development Commencement Date	Expected Development Duration	Expected total cost of development (including financial carrying charges and letting commissions)	Expected completion date and estimate of letting or occupation dates	Market Value
Liberty Midlands Mall – Phase 3 extension, a 22,231m ² Lifestyle Centre	Yes	Plans were approved by the Mzunduzi Municipality on 6 April 2016. We are not aware of any material or onerous conditions attached to such consent.	Awaiting board approval	14 months	The total cost of the development as outlined in the feasibility, including land costs and interest, amounts to R450 644 623 excluding VAT.	Dependent when board approval is granted for construction to commence. The leasing status report indicates 77% of space (by GLA) is either accepted, offers received, head of agreement sent) – 23% still needs to be let. We understand that approximately 95% of the GLA will be let by completion date.	Anticipated value as at completion and letting of the property is R434 800 000. Value in current state is R27million.

15. EXTERNAL PROPERTY

None of the properties are situated outside the Republic of South Africa.

16. ALTERNATIVE USE FOR A PROPERTY

We have valued the properties in accordance with their existing use which represents their market value. Thus alternative use values have not been reported for any of the properties.

17. FUTURE RENTALS

Save for considered assumptions being made with regard to vacant space and the renewal of leases, we confirm that the current rental income being achieved in the properties does not materially differ from the estimated future rental income. Rentals used in our DCF valuations are based on the terms and conditions contracted in the leases. On expiry of each lease, we have assumed that they will revert to market-related rentals. The market-related rentals have been determined by comparing similar buildings in comparable areas to the properties valued. Due consideration was given to the extent of the lettable areas, their location within the buildings, and tenant profile in the determination of the reversionary market rentals. The market rentals have also been compared with rentals listed in various published benchmarking indices. Assumptions regarding the take up of vacant space at the assumed market rental follows a similar methodology as the assumptions made at lease renewal or expiry. These assumptions are detailed in our valuation reports and cash flows.

18. OTHER COMMENTS

Our valuations exclude any amounts of Value-Added Tax, transfer duty, or securities transfer duty.

19. GENERAL PRINCIPLES OF VALUATIONS AND REPORTS

We list below the general caveats and principles upon which valuations and reports undertaken by JLL in South Africa are normally prepared and confirm that such principles shall apply in respect of the properties forming the subject of this listing exercise, unless specifically mentioned otherwise:

The valuer

These Valuation Reports have been prepared by the Valuation Division of JLL.

Full disclosure

This valuation has been prepared on the basis that full disclosure of all information and factors which may affect the valuation have been made to ourselves and we cannot accept any liability or responsibility whatsoever for the valuation, unless such full disclosure has been made.

Standards

We confirm our Valuation Report has been completed in accordance with both international and local standards, namely:

- The Royal Institution of Chartered Surveyors, RICS Valuation and Appraisal Standards (the Red Book as amended).
- International Accounting Standards (IAS).
- International Valuation Standards Committee (IVSC, White Book)
- The rules and guidelines laid down by the South African Council for the Property Valuers Profession in accordance with the Valuers Act 2000.

Mortgage bonds, loans or other charges

The properties have been valued as if wholly owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans or other charges.

Calculation of areas

Where areas quoted within the Valuation Report have been provided by yourselves, we have assumed that they have been arrived at using the SAPOA standard method of measurement.

Plans

All plans included within the Valuation Report are supplied for the purpose of identification only and are not necessarily to scale.

Marriage value

We have not reflected in our valuation any element of “marriage value” or “special purchaser value” which could possibly be realised by merger of the freehold and leasehold interests or by sale to an owner or occupier of an adjoining property.

Individual properties

The values reported are for the individual properties/entities. No allowance is made for any premium which may be applicable for an assembled portfolio of properties, nor is a discount allowed for any flooding of the market which might exist if all or a majority of the properties were offered for sale simultaneously.

Independent Valuers Clause

Neither the Valuer, nor Jones Lang LaSalle, has any present or contemplated interest in this or any other properties or any other interests, which would affect the statements or values contained in this valuation report. The valuation enclosed herewith was therefore undertaken on a completely independent basis.

Non-publication

The Valuation Report (or part thereof) or reference to the Valuation Report may only be included or quoted in connection with the Private Placement, with our prior written consent (such consent not to be unreasonably withheld or delayed) and the detailed wording to be included must first be reviewed by us and we must be given the opportunity to update or amend the report (or part thereof) (as the case may be) if necessary. We will only allow limited use of the Valuation Report in promotional material.

Third party and liability

The Valuation Report (or part thereof) or reference to the Valuation Report may only be included or quoted in connection with the Private Placement, with our prior written consent (such consent not to be unreasonably withheld or delayed). We will only allow limited use of the Valuation Report in promotional material.

Certificate of Compliance

We have assumed that the seller will, at his own expense, provide an appropriate Certificate of Compliance issued by an accredited person certifying that the electrical installation of the premises is reasonably safe. The properties are valued assuming they are in full compliance with all applicable state acts and local regulations and laws, unless otherwise

stated. These include (but not limited to): Compliance with the National Building Regulation and Building Standards Act (103 of 1977 as amended), SANS 10-400 National Building Regulation, Municipal Property Rates Act (6 of 2004), OHSACT (85 of 1993) and Consumer Protection Act (68 of 2008).

Title Deed

In the case of freehold properties, we have inspected when available, the relevant Title Deed documents. Where as a result of our inspection some points have caused us concern, we have referred specifically to them in the report. Where the Title Deed has not been made available or where we are not instructed to inspect the Deed, we have assumed that good title can be shown and that the property is not subject to any unusual or especially onerous restrictions, encumbrances or outgoings.

The property boundaries, as indicated to JLL by the instructing client or his appointed agent, or the boundaries as indicated by plans supplied by the client, are assumed to be the legal extent of the property. Any variation of these boundaries by extension or omission, and the resultant inclusion or omission of any improvements as a result of this or these variations, cannot therefore be regarded as the responsibility of JLL.

Town planning

Full town planning details and title deeds have been supplied in the detailed valuation reports including conditions and restrictions and the properties have been checked against such conditions. This is to ensure that they comply with town planning regulations and title deeds. There do not appear to be any infringements of local authority regulations or deeds by any of the properties.

The valuations have further assumed that the improvements at the properties have been erected in accordance with the relevant building and town planning regulations.

Sources of information

Unless otherwise stated, we have relied on information provided to us by the Client and their consultants for all the information given concerning details of tenure, tenancies, planning consents, planning proposals, contravention of any statutory requirements, outstanding statutory notices and building and site areas, etc.

Unless already available, the client is recommended to seek confirmation in writing from the appropriate parties concerning information not supplied to us on the above matters.

Improvements

Unless advised to the contrary, we have assumed that all fixed and immovable improvements to the properties/entities will form part of the interest to be valued.

Plant and machinery

Our valuation takes account of those items of plant and machinery normally associated with the valuation of land and buildings, such as standard air-conditioning plant, boilers, heating, sprinklers, ventilation systems and the like. Our valuation excludes information technology and process plant, machinery and fixtures and fittings that would normally be taken to be the property of the occupier.

Tax

No allowance is made in our valuation for liability to taxation, which may arise on acquisition or on disposal, whether actual or notional, e.g. VAT and Capital Gains Tax.

All rental and valuation calculations and figures reported are exclusive of VAT.

Transactional costs

Seller's and purchaser's costs (such as agent's commission, legal fees, transfer fees, etc.) will differ from party to party depending on the individual and specific circumstances of the seller or purchaser.

No allowance has therefore been made in our valuation to reflect any seller and purchaser's costs of sale or realisation of the property asset.

Structural condition

The properties/entities have been valued in its existing state. In the event of its ownership or use changing in such a manner that the local authority will require the upgrading of the premises to comply with fire protection and other regulations, it may be necessary to reduce the valuation by the amount covering the cost of such compliance.

We have not been instructed to carry out a structural survey of the properties/entities.

For the purpose of this Valuation Report we have not inspected those parts of the properties/entities, which are covered, unexposed or inaccessible and such parts have been assumed to be in good repair and condition. We cannot express an opinion about or advise upon the condition of uninspected parts and this report should not be taken as making any implied representation or statement about such parts.

We have not arranged for any investigation to be carried out to determine whether or not any deleterious or hazardous material has been used in the construction of the property, or has since been incorporated, and we are therefore unable to report that the property is free from risk in this respect.

For the purpose of this valuation we have assumed that should such investigation disclose the presence of any such material to any significant extent then appropriate removal and remediation will be carried out by the client prior to disposal of the interest.

Contamination

In the absence of instructions to the contrary we have assumed that no contaminative or potentially contaminative uses have ever been carried out in or on the properties/entities.

We have not carried out any investigation into past or present uses, either on the properties/entities or any immediately neighbouring land, to establish whether there is any contamination or potential for contamination to the subject property from these uses or sites, and have therefore assumed that none exists.

However, should it be established subsequently that contamination exists on the properties/entities or on the immediately neighbouring land, or that the properties/entities have been or is being put to a contaminative use, this might reduce the value now reported.

Soil condition

We have not carried out any soil or substratum tests on the properties/entities and we have assumed that the properties/entities are suitable for the purpose for which it would be put without having to provide excessive reinforcement to any structure built thereon.

Outgoings

It is assumed, except where otherwise stated, that the properties/entities are subject to the normal landlord's outgoings and that there are no onerous restrictions or unusual covenants of which we have no knowledge. In preparing our valuation we have formed our opinion of outgoings.

Statutory enquiries

We have assumed for the purpose of this exercise and unless we are specifically advised to the contrary, that the properties/entities comply with all relevant, applicable and prevailing statute, laws, regulations and bylaws, and that its use is not unlawful.

20. VALUERS FOR THIS JSE SECTION 13 LISTING PROJECT

The valuation of each of the properties has been carried out by the nominated property valuer, Jones Lang LaSalle Proprietary Limited. ("JLL") and the valuation process has been overseen by Kim Karg, Registered Professional Valuer No 6497.

Employees of the property valuer having relevant qualifications have inspected each of the properties and careful consideration has been given to all matters pertaining to the requirements for the purposes of the valuations.

21. AGGREGATE MARKET VALUE OF THE SCHEDULED PROPERTIES

We are of the opinion that the aggregate Market Value of the Income Producing Properties, as detailed in **Annexure A**, as at 31st October 2016 is R23 488 500 000 (Twenty Three Billion, Four Hundred and Eighty Eight Million, Five Hundred Thousand Rand), excluding VAT. The aggregate Market Value of the percentage of the Income Producing Properties owned by Liberty Two Degrees is set out in **Annexure 7** of the pre-listing statement.

We confirm that to the best of our knowledge and belief there have been no material changes in circumstances since the effective date of the valuation, being 31st October 2016, that would affect the valuation. (Section 13.23 a (xii)).

We confirm that we have no pecuniary or other related interest that would conflict with a proper valuation of the properties contained in Liberty, other than normal professional fees.

With 10 years experience in property valuation, the undersigned is qualified to express a professional and independent opinion on the value of the properties.

Yours faithfully,

For and on behalf of Jones Lang LaSalle Proprietary Limited

Kim Pfaff

BSc (Hons) MRICS

Chartered Valuation Surveyor (1240685)

Professional Valuer (6497)

(Registered without restriction in terms of the Property Valuers Profession Act, No 47 of 2000)

Office 303, 3rd Floor, The Firs

Cnr Cradock and Biermann Ave

Rosebank, 2196"

No.	Name	Registered Description	Address	Date of Physical Inspection	Effective Date of Valuation	Market Value	Site/Section Area (m²)	GLA (m²)	Description and Existing Use	Age of Building	Tenure	Tenure of Leasehold	Zoning, town planning and statutory contravention (if any)	Comments
1.	Sandton Complex (includes Sandton City, Office Tower, Atrium on 5th and parking)/75% undivided share	Erf 242, Sandhurst Ext. 3 Erf 247, Sandhurst Ext. 3 Erf 590, Sandown Ext. 38 Erf 602 (previously Erf 248), Sandown Ext. 4 Portion 724 of the Farm Zandfontein 42 IR	Bounded by Rivonia Road, 5th Street, Alice Lane and Sandton Drive Sandton, Johannesburg, Gauteng province	4 November 2016	31 October 2016	R9 808 500 000	136 585	196 260	Mixed-use (Includes retail, offices and parking)	43 years old, Latest refurbishment and extension completed in 2011	Freehold	n/a	Special existing public roads (for Erf 242 Sandhurst Ext. 3, Erf 590 Sandown Ext. 38 and Portion 724 of the Farm Zandfontein 42 IR) Parking relaxation over Erf 247 and Erf 602, Council approved a reduction of the parking ratio to 4,2 bays per 100m²	The site on which Sandton City Complex is situated includes the elements of Sandton City Retail, Office Tower, Atrium on 5th, Sandton Sun Hotel, Intercontinental Sandton Towers Hotel, Sandton Convention Centre and Virgin Active and Parkade. The value reported is only for the components indicated.
2.	Nelson Mandela Square	Portion 7 of Erf 575 and Erf 548 Sandown Ext. 49 Portion 688 of the Farm Zandfontein 42 IR Erf 239 Sandhurst Ext. 3	5th Street, Sandton, Johannesburg, Gauteng province	4 November 2016	31 October 2016	R1 760 000 000	23 419	57 318	Mixed-use (Includes retail, offices and parking)	23 years old, Retail refurbishment was in 2015	Freehold and Leasehold	Three 99-year lease agreements that are in force at Nelson Mandela Square: Offices and Parking Mitsand Proprietary Limited until 31/07/2099 Apartments and Parking – South Raphael Apartments until 31/03/2104 Hotel Michaelangelo HOTEL until 31/12/2097	Special	
3.	Eastgate Complex	Erven 1 and 2 Oospoort Erven 3 and 4 Oospoort Extension 1 Portions 1050, 1051, 1052 and 1056 of Farm 90 Elandsfontein, IR	43 Bradford Road, Bedfordview, Johannesburg, Gauteng province	30 September 2016	31 October 2016	R8 655 000 000	206 524	142 447	Mixed-use (Includes retail, offices and parking)	38 years old, Latest major developments were 2010 and 2015/2016	Freehold	n/a	Special	The retail development is due for completion in November 2016 and the Office Tower Development is due for completion in April 2017.

No.	Name	Registered Description	Address	Date of Physical Inspection	Effective Date of Valuation	Market Value	Site/Section Area (m²)	GLA (m²)	Description and Existing Use	Age of Building	Tenure	Tenure of Leasehold	Zoning, town planning and statutory contravention (if any)	Comments
4.	Liberty Midlands Mall	Erf 10143 Pietermaritzburg	Sanctuary Road, Pietermaritzburg, KwaZulu-Natal province	26 September 2016	31 October 2016	R1 882 000 000	418 336	55 982	Retail	13 years old Phase 2 was completed in 2006	Freehold	n/a	Special Area 31	The site on which Liberty Midlands Mall is situated also includes the Stay Easy Hotel Pietermaritzburg. The Midlands Mall and Stay Easy components erected on Erf 10143 are indivisible in so far as they are incapable of separate identification for land registration purposes. The value reported is for Midlands Mall only and does not include the Hotel
5.	Liberty Promenade Shopping Centre	Erf 59229 Mitchells Plain	Corner of A Z Berman Drive, Morgenster Road and 11th Avenue, Mitchells Plain, Cape Town, Western Cape province	25 October 2016	31 October 2016	R1 383 000 000	227 854	72 931	Retail	13 years old	Freehold	n/a	Mixed-use zone – MU1	
Total						R23 488 500 000		524 937						

INDEPENDENT VALUER'S SUMMARY VALUATION REPORT (MF)

"15 November 2016

The Directors
STANLIB REIT Fund Managers Proprietary Limited (RF)
17 Melrose Boulevard
Melrose Arch
Johannesburg, 2196

Dear Sirs

RE: INDEPENDENT PROPERTY VALUER'S REPORT OF THE PROPERTY KNOWN AS MELROSE ARCH FOR LIBERTY TWO DEGREES ("LIBERTY TWO DEGREES") AS DETAILED IN THE SUMMARY SCHEDULE ATTACHED AND FOR WHICH THERE IS A DETAILED VALUATION REPORT HELD BY LIBERTY TWO DEGREES

In accordance with your instruction of 29th July 2016, I confirm that we have visited and inspected the property listed in the attached schedule ("the property") during July 2016 and have received all necessary details required to perform a valuation in order to provide you with my opinion of the property's market value as at 31st October 2016. [Section 13.23(c)]

1. INTRODUCTION

The valuation of the property has been carried out by the valuer who has carefully considered all aspects of all the property. The property has a detailed valuation report which has been given to the management of Liberty Two Degrees. The detailed report includes commentary on the current economy, nature of the property, locality, tenancy, risk profile, forward rent and earning capability and exposure to future expenses and property risk. All these aspects have been considered in the individual valuation report of the property. The detailed report has further addressed the tenancy income capability and expenditure for the property and each tenant. Historic expenditure profile as well as future expenditure increases have been considered. The value thus indicates the fair market value for the property which is detailed in the detailed report and which has been summarised on a summary schedule, attached hereto. There is one property and the important aspects of the detailed valuation report including the property market value for the property has been summarised in the attached schedule.

2. BASIS OF VALUATION

The valuation is based on market value.

Market value means the best price, at which the sale of an interest in a property may reasonably be expected to have been completed, unconditionally for a cash consideration on the date of valuation, assuming:

- 2.1 a willing seller and a willing buyer in a market;
- 2.2 that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the property, for the agreement of price and terms and for the completion of the sale; and
- 2.3 that the state of the market, level of values and other circumstances are, on any earlier assumed date of exchange of contracts, the same as on the date of the valuation.

3. VALUE CALCULATION

The calculation of the market value of the property has been based on income capitalisation. This is the fundamental basis on which commercial income producing properties are traded on the market in South Africa. This is also due to there being strong supporting evidence of open market rental rates and capitalisation rates which are evidenced by sales in the market. [Section 13.23(d)]

Properties traded in the current market reflect a yield rate relationship between revenue and capital value. This rate is an accurate determinant of the capitalisation rate.

The discounted cash flow value has, however, also been calculated for the property as a check to ensure that the capitalised value calculated is consistent with market norms and expectations.

The considerations for the capitalised valuations are as follows:

- 3.1 calculating the forward cash flow of all contractual and other income from the property;
- 3.2 calculating the forward contractual and other expenditure as well as provisions for various expenses in order to provide for void or future capital expenditure to which the property may be exposed;
- 3.3 the current area vacancy as a percentage of the properties is less than 1.0%. In order to apply a conservative approach, I have deducted approximately 1% of the gross income as a provision for rental that may not be collected as a consequence of vacancy, tenant failure or tenant refitting during the course of the coming year. The current vacancy is market related. The void provision used in the valuation is therefore adequate. [Section 13.23]
- 3.4 there is no loss of rental due to renovations or refurbishments currently being carried out on the buildings. There is, however, ongoing external maintenance work and some tenant installation fitting that is currently in progress. There is no loss of rental as a result of these activities.
- 3.5 generally the rentals are market related. This has been determined by comparing similar buildings in comparable areas to the properties valued, in terms of rental per square metre. The rental rate has also been checked against various published indices including the South African Property Owners Association (SAPOA) index. The property is not considered to be over-rented, or cannot be re-rented at the same or higher rental rate should such property become vacant. There is therefore minimal potential for rental flow reversion. There is, however, a positive upside potential for real growth in rental. This is provided that there are no major economic fluctuations which may upset the economy.
- 3.6 discounting the net contractual income derived from the property for a period of 10 years in advance, calculated from 31 October 2016;
- 3.7 the valuation has considered published market statistics regarding rental rates and expenditure for the different types of buildings. It is also considered numerous other portfolios of similar properties in order to determine if any properties are over rented or have excessive expenditure; and
- 3.8 various provisions for capital contingencies were deducted from the capitalised value.

4. SPARE LAND

There is no tracts of vacant zoned and serviced spare land forming part of the property being valued. Consequently no valuation has been undertaken on a comparative basis compared to similar properties of a like nature in the area.

Future development has been planned in respect of spare land but is not owned by Liberty Two Degrees and accordingly no planning permission has been applied for in respect of the spare land.

5. BRIEF DESCRIPTION

Improvements to the property comprise a substantial mixed use collection of multi-storied buildings above a multi-level basement parkade platform.

The buildings have been designed to profile a secure high street retail profile above which Prime Grade offices have been constructed. The retail is boutique in profile anchored by some of the higher regarded national companies. The smaller outlets include platinum brands such as Geri, Versace, Fabiani and Bentley Motor Cars – to name but a few. The culinary offering is also of an extremely high standard with names like The Meat Company, Tashas, Pigalle, Grand Central and Moyo.

The offices now appear to have established themselves within the national market profile as typical decentralised, prime grade security estate offerings. The rentals achieved are now in excess of some of those highly regarded office blocks located in Sandton or Rosebank with executive suites and the fixtures of a profile supporting the better established companies.

The hospitality offering is by way of two Protea hotels – the very popular Fire & Ice and the African Pride exclusive venue.

The buildings have been very well constructed, have good architectural merit, aesthetic appeal, sufficient parking facilities and are virtually fully tenanted. The leases tend to be of a general contractual rental nature with provision for the recovery of services consumed by the lessee's and turnover rental from various retail outlets. Escalations are market-related but are high enough to ensure a more than positive growth rate is ensured without creating an over-rent potential in the medium term. The property is generally highly visible and dominates its environment.

In respect of the property, the current net annual rental and the estimated future net annual rentals at specified dates and for specified periods are included in each individual detailed property valuation report.

6. VALUATION QUALIFICATIONS

Qualifications are usually detailed as a consequence of: leases under negotiation that have not yet been formalised; leases of a large nature where the premises are difficult to relet; specialised properties; large exposure to a single tenant; potential tenant failure due to over-rent; expenses required for major repairs; maintenance or other exposure to maintain the lettable of the building; contingent expropriations or servitudes that may be enforced; poor lease records whereby the lease may be disputed or rendered invalid.

I have, to the best of my knowledge, considered all of these aspects in the valuation of all the properties. There are no properties that are prejudiced in value by the influence of the above factors.

The valuer, is however, not responsible for the competent daily management of these properties that will ensure that this status is maintained, or for the change of any laws, services by local authority or economic circumstances that may adversely impact on the integrity of the buildings or the tenant profile.

7. OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS

To my knowledge there are no contractual arrangements on the properties other than the leases as detailed in the report that have a major benefit or are detrimental to the fundamental value base of the properties.

To the best of my knowledge, there are no options in favour of any parties for any purchase of any of the properties.

8. INTRA-GROUP OR RELATED PARTY LEASES

Having inspected tenant schedules, the only related party leases are those between the property owning entity and Amdec for accommodation used by Amdec for office or management purposes.

The second pertains to STANLIB themselves who occupy offices and parking. The lease having commenced on 01/10/2011 expiring on 30/09/2018.

Save for the above, there are no intra-group or related party leases.

9. CURRENT STATE OF DEVELOPMENT

There is no property which is currently being developed. Note, however, that there is spare land capacity for expansion not held by Liberty Two Degrees.

10. RENTALS USED IN VALUATIONS

Note that the property is all generally rented out. The current annual rental and future annual rentals have been calculated in a separate discounted cash flow check schedule. It is noted that there are no material rental reversions and that the rentals for all the properties increase on average by approximately 8% compounding per annum.

11. EXTERNAL PROPERTY

The properties are situated within the borders of the Republic of South Africa.

12. OTHER GENERAL MATTERS AND VALUATION SUMMARY

A full valuation report is available of the property detailing tenancy, town planning, valuer's commentary, expenditure and other details. This has been given to the directors of Liberty Two Degrees.

13. ALTERNATIVE USE FOR A PROPERTY

The property has been valued in accordance with their existing use which represents its market value. No alternative use for the property has been considered in determining its value.

14. OTHER COMMENTS

Our valuation excludes any amounts of Value-added Tax, transfer duty, or securities transfer duty.

15. CAVEATS

15.1 Source of information and verification

Information on the property regarding rental income, recoveries, turnovers and other income detail has been provided to me by the current owners and their managing agents.

Leases have been inspected by the auditors and over the last 12 months we have sighted approximately 25% of the leases. They have been read to check against management detail, in order to ensure that management has correctly captured tenant information as per contractual agreement. I have further compared certain expenditures given to me, to the market norms of similar properties. This has also been compared to historic expenditure levels of the properties themselves. Historical contractual expenditures and municipal utility services were compared to the past performance of the properties in order to assess potential expenditure going forward. The municipal values on the properties are very low. At the current transaction values there is some potential for the municipal value to increase by a considerable amount, should the municipality revalue these properties, in which event the rates could increase to three or four times their current amount.

15.2 Full disclosure

This valuation has been prepared on the basis that full disclosures of all information and factors that may affect the valuation have been made to myself.

I have to the best of my ability researched the market as well as taken the steps detailed in paragraph 15.3 below.

15.3 Leases

Our valuation has been based on a review of actual tenants' leases (which includes material terms such as repairing obligations, escalations, break options) and other pertinent details supplied to us by the managing agents and by Liberty Two Degrees.

All recovery details in respect of the existing leases e.g. utility cost and other recoveries as provided for in the leases have been disclosed by way of the monthly tenant invoices and summary schedule supplied to us. Option terms and other lease information have been supplied to us by the owners and managing agents and we are familiar with such documents.

15.4 Lessee's credibility

In arriving at our valuation, cognisance has been taken of the lessee's security and rating. In some cases this has influenced the capitalisation rate by way of a risk consideration.

15.5 Mortgage bonds, loans, etc.

The property has been valued as if wholly-owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans and other charges. No deductions have been made in our valuation for costs of acquisition.

The valuation is detailed in a completed state and no deductions have been made for retention or any other set-off or deduction for any purposes which may be made at the discretion of the purchaser when purchasing the properties.

15.6 Calculation of areas

All areas quoted within the detailed valuation report are those stated in the information furnished and verified where plans were available. To the extent that plans were not available, reliance was placed on the information submitted by the managing agents.

Updated plans were not available for all the properties in respect of internal configuration. The properties generally appear to have the stated square meterage which could only be more accurately determined if remeasured by a professional. The property has had some internal alterations which are not fully detailed on the existing plans. The reported square meterage is therefore considered as correct as possible without a full re-measurement exercise being undertaken.

15.7 Structural condition

The property has been valued in its existing state. I have not carried out any structural surveys, nor inspected those areas that are unexposed or inaccessible, neither have I arranged for the testing of any electrical or other services.

15.8 Contamination

The valuation assumes that a formal environmental assessment is not required and further that none of the properties are environmentally impaired or contaminated, unless otherwise stated in our report.

15.9 Town planning

Full town planning details and title deeds have been supplied in the detailed valuation reports including conditions and restrictions and the property has been checked against such conditions. This is to ensure that they comply with town planning regulations and title deeds. There do not appear to be any infringements of local authority regulations or deeds by any of the property.

The valuation has further assumed that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations and on inspection it would appear that the improvements are in accordance with the relevant town planning regulations for these properties.

There is no contravention of any statutory regulation, or town planning local authority regulation or contravention of title deed relating to any of the properties which infringement could decrease the value of the properties as stated.

Please find below a table representing the breakdown of the bundle of rights approved by the Local Authorities (City of Johannesburg) for the development upon Melrose Arch:

<u>Commercial</u>	<u>Bundle of rights approved</u>
Instruction	20 000m ²
Social halls	2 000m ²
Institutions	5 000m ²
Offices	262 690m ²
Retail	64 200m ²
Showrooms	24 000m ²
Hotels	50 000m ²
Amusement	7 000m ²
Public garage	6 000m ²
Gatehouse	500m ²
Sectional title offices	20 410m ²
<u>Completed to date</u>	
<u>The Square</u>	
Instruction	4 189m ²
Offices	54 248m ²
Retail	7 977m ²
Showrooms	—
Hotel	5 875m ²
Amusement	920m ²
Public garage	4 956m ²
Gatehouse	21m ²
Sectional title offices	20 410m ²
Owned residential	2 280m ²

<u>Commercial</u>	Bundle of rights approved
Sectional title residential	14 710m ²
<u>The Piazza</u>	
Instruction	—
Offices	32 237m ²
Retail	21 846m ²
Showrooms	8 750m ²
Hotel	7 172m ²
Amusement	—
Public garage	—
Gatehouse	—
Sectional title offices	—
Owned residential	—
Sectional title residential	9 447m ²
<u>Recently Completed</u>	
TWP Worley Parsons	
Offices	24 036m ²

16. MARKET VALUE

I am of the opinion that the aggregate market value of the properties as at 31 October 2016 is R8 155 000 000.00 (excluding VAT). A summary of the valuation and details of each of the property is attached. The aggregate market value of the percentage of the properties owned by Liberty Two Degrees is set out in **Annexure 7** of the pre-listing statement.

We confirm that to the best of our knowledge and belief there have been no material changes in circumstances since the effective date of the valuation, being 31 October 2016, that would affect the valuation.

I have more than 25 years' experience in the valuation of all nature of property and I am qualified to express an opinion on the fair market value of the properties.

I trust that I have carried out all instructions to your satisfaction and thank you for the opportunity of undertaking this valuation on your behalf.

Signed by:

Michael Robert Barry Gibbons

For and behalf of Mills Fitchet Magnus Penny

Suite SG110, Ground Floor

240 Main Road

Rondebosch, 7725

NAT. DIP. PROP. VAL. MIV(SA) MRICS

Professional Valuer

(Registered without restriction in terms of The Property Valuers Act, No 47 of 2000)"

SCHEDULE OF PROPERTY

Property No. name	Physical address	Registered legal description (Erf number)	Property description and use	Valuer's inspection date	Freehold/ Leasehold	Tenure of leasehold	Rentable area (GLA) (m²)	Approximate age of buildings	Building grade	Zoning, town planning and statutory contravention (if any)	Assumed perpetual void/ vacancy	Income projection (R) for the period October 2016 to September 2017	Valuation (R) as at 31 October 2016
1. Melrose Arch	60 Atholl Oaklands Road and Melrose Blvd, Melrose North, Johannesburg, 2076	Various Erven being Portions of Erf 181 Melrose North situated in the City of Johannesburg, IR Registration Division, Gauteng Province.	Commercial	29/07/2016	Freehold	n/a	198 829m²	2 yrs to 10 yrs	Prime	None	1%	R781 005 752	R8 155 000 000

INDEPENDENT VALUER'S SUMMARY VALUATION REPORT (RODE)

"15 November 2016

The Directors
STANLIB REIT Fund Managers Proprietary Limited (RF)
1 Ameshoff Street
Braamfontein
Johannesburg, 2001

Dear Sirs,

RE: INDEPENDENT PROPERTY VALUERS' REPORT OF THE PROPERTY PORTFOLIO FOR LIBERTY TWO DEGREES ("LIBERTY TWO DEGREES") AS DETAILED IN THE SUMMARY SCHEDULE ATTACHED AND FOR WHICH THERE ARE DETAILED VALUATION REPORTS HELD BY LIBERTY TWO DEGREES

In accordance with your instruction of 29 July 2016, I confirm that we have visited and inspected the five properties listed in the attached schedule ("the properties") during October 2016 and have received all necessary details required to perform a valuation in order to provide you with my opinion of the properties' market values as at 31 October 2016.

1. INTRODUCTION

The valuation of the properties has been carried out by the valuer who has carefully considered all aspects of all the properties. These properties each have a detailed valuation report which has been given to the management of Liberty Two Degrees. The detailed reports include commentary on the current economy, nature of the properties, locality, tenancy, risk profile, forward rent and earning capability and exposure to future expenses and property risk. All these aspects have been considered in the individual valuation reports of the properties. The detailed reports have further addressed the tenancy income capability and expenditure for each property and tenant. Historic expenditure profile as well as future expenditure increases have been considered, where available. The value thus indicates the fair market value for each property which is detailed in the detailed report and which has been summarised on a summary schedule, attached hereto, for each property. There are five properties and the important aspects of the detailed valuation report including the property market value for all of the properties have been summarised in the attached schedule.

2. BASIS OF VALUATION

The valuation is based on market value.

Market value means the best price, at which the sale of an interest in a property may reasonably be expected to have been completed, unconditionally for a cash consideration on the date of valuation, assuming:

- 2.1 a willing seller and a willing buyer in a market;
- 2.2 that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the property, for the agreement of price and terms and for the completion of the sale; and
- 2.3 that the state of the market, level of values and other circumstances are, on any earlier assumed date of exchange of contracts, the same as on the date of the valuation.

3. VALUE CALCULATION

The calculation of the market value of three of the five properties has been based on the discounted cash flow method. The remaining two properties are development properties and we employed an adapted income capitalisation method for the one and a combination of income capitalisation and residual land valuation method for the second.

The discounted cash flow method is the fundamental basis on which commercial income producing properties are traded on the market in South Africa. This is also due to there being strong supporting evidence of open market rental rates and capitalisation rates which are evidenced by sales in the market.

Properties traded in the current market reflect a yield rate relationship between revenue and capital value. This rate is an accurate determinant of the capitalisation rate, which is then used as a basis to determine the discount rate.

The income capitalisation value has, however, also been calculated for each property as a check to ensure that the discounted cash flow value calculated is consistent with market norms and expectations.

The considerations for the discounted cash flow valuations are as follows:

- 3.1 In calculating the DCF value, we made use of a software program – Cougar®. This program allows the valuer to estimate all the critical variables associated with a DCF valuation and computes the DCF value accordingly.
- 3.2 The DCF method comprises two components – the initial cash flow period (that is typically for a 5 year period), and an exit value. Both these components are then discounted to the present at an appropriate discount rate to arrive at the market value of the property. We will briefly expand on the above two components below.
- 3.3 *The initial cash flow period:*

In order to determine the cash flow of the property over this period (being a five-year forecast cash flow period), the valuer makes various assumptions, amongst others:

- Renewal and letting assumptions – this is done in conjunction with evidence at the property itself as well as after consultation with the property manager(s).
- Growth rates applicable to the current gross market rentals, so as to estimate the future rentals applicable to renewals and new lettings.
- Vacancy assumptions in the cash flow period – i.e. periods in between reletting of units.
- Operating expense assumptions over the cash flow period.
- Any capital expenses that may be due over the cash flow period (this is done in consultation with Client where deemed necessary).

The exit value:

The valuer has to determine the exit value of the property at the end of the cash flow period, in order to calculate the market value of the property in terms of the DCF method.

To this end the valuer has to estimate the following:

- The gross market rental as at the end of the set cash flow period;
- The gross normalised operating expenses applicable as at the end of the cash flow period;
- The long-term vacancy applicable for the property as at the end of the cash flow period;
- The cap rate applicable as at the end of the cash flow period (also called the exit cap rate); and
- The top-slice, if any, applicable as at the end of the cash flow period.

The market value of the property:

With the assistance of Cougar®, the critical variables are all estimated and the initial cash flow period together with the exit value are discounted to the present at an appropriate discount rate in order to determine the market value of the property calculating the forward cash flow of all contractual and other income from the properties.

Some variables which require special mention, are:

- 3.4 the current area vacancy as a percentage of the properties is 1.5%. In order to apply a conservative approach, we have deducted a perpetual vacancy factor of approximately 0.3% of the net income as a provision for rental that may not be collected as a consequence of vacancy, tenant failure or tenant refitting during the course of the coming year. This conservative perpetual allowance takes into account the outstanding length and expected renewals of current leases. The current vacancy is market related. The void provision used in the valuation is therefore adequate.
- 3.5 there is no loss of rental due to renovations or refurbishments currently being carried out on the buildings. There is, however, ongoing external maintenance work and some tenant installation fitting that is currently in progress. There is a loss of rental as a result of these activities, which has been taken into account in the form of a short-term vacancy allowance.
- 3.6 generally the rentals are market related. This has been determined by comparing similar buildings in comparable areas to the properties valued, in terms of rental per square metre. The rental rate has also been checked against various published indices including the South African Property Owners Association (SAPOA) index and the Rode's Report on the South African Property Market (RR). There is one property that is slightly over-rented, but this is not a cause for concern since in our opinion it can be re-rented at the same or slightly lower rental rate should such property become vacant. There is therefore minimal potential for rental flow reversion. There is,

however, a positive upside potential for real growth in rental, given the low base off which the rentals from two of the properties flow. This is provided that the economy remains in a slow recovery pattern as currently being experienced as that there are no major economic fluctuations which may upset the economy.

- 3.7 the valuation has considered published market statistics regarding rental rates and expenditure for the different types of properties. It also considered numerous other portfolios of similar properties in order to determine if any properties are over-rented or have excessive expenditure; and
- 3.8 various provisions for capital contingencies were deducted from the capitalised value.

4. SPARE LAND

There is one property with large tracts of vacant zoned and serviced spare land. This has been valued as a single opportunity as part of a greater development, John Ross Eco Junction. Individually the value of the 28 vacant and serviced stands were valued on a comparative basis compared to similar properties of a like nature in the area. However, since the stands form part of a greater development, the sum of their individual values does not equate to the market value of their component in the John Ross Eco Junction. Therefore, adjustments were made to the individual stand values to provide for the value of the serviced and vacant portion of the John Ross Eco Junction.

No future development has been planned in respect of the spare land and accordingly no planning permission has been applied for in respect of the spare land.

5. BRIEF DESCRIPTION

5.1 Botshabelo Mall

The property is under construction with an expected completion date of mid-October 2016. Once complete, it will comprise a $\pm 24.000\text{m}^2$ community centre. The tenant mix indicates towards more of a regional-type centre for the area, with a total of over 65 shops – of which two are major national retailers and various national tenants. The centre is being built in a U-shape, with parking in front of the building and service and loading spaces at the back. The centre will have two entrances – as anchored by the two major nationals. Only a 70% share is owned in this property.

5.2 Liberty Centre Head Office Cape Town

A two-tenanted office building located in a well-supported, popular mixed-use node – Century City. The tenants are of triple-A status and the primary tenant (occupying 75% of the property) is well secured at the property. The remaining tenant will be vacating upon expiry of their lease, but given the popularity of the node, we do not foresee any undue obstacles in securing a replacement tenant. The property is of grade A quality with attractive modern finishes. Parking is adequate, with additional transport available in the form of the MyCity bus.

5.3 John Ross Eco Junction

A partly developed precinct spanning $\pm 20\text{ha}$, comprising of a diversified commercial and industrial mixed-use estate. Already on site is a Melomed 200-bed hospital which is currently under construction (completion due for October 2017), and of which only a 70% share is owned; four automotive showrooms and workshops which are already trading; 28 vacant and serviced stands with mixed-use development options. There are various negotiations under way for significant portions of the vacant stands. Our valuation only included those that are complete and signed. Most of the estate infrastructure is complete, with periphery fencing, controlled access and internal roads of a high grade.

5.4 Liberty Centre Head Office and Umhlanga Ridge Office Park

These two buildings are situated on the same erf, but operate independently from each other – each with their own entrance and basement parking garages.

The Liberty Centre Head Office is a modern, purpose-built five-storey grade-A office located in the fast growing Umhlanga Ridge mixed-use node. It was built with a revolutionary urban design and functionality, with an emphasis on green technology. The property is multi-tenanted with a small portion of vacant space. The property is well secured and provides for basement parking at an acceptable ratio (albeit slightly on the lower side).

Umhlanga Ridge Office Park is a single-tenanted grade-A building located in the fast growing Umhlanga Ridge mixed-use node. The property shares the same erf number as the Liberty Centre Head Office Umhlanga Ridge, but functions independently – with its own entrance and basement parking garage. It has a healthy parking ratio.

5.5 Standard Bank Centre

A single-tenanted office building comprising various office blocks and parkades located in west Johannesburg CBD. With over 92,800m² of office space occupied, this property is a landmark in the area. With the tenant also being 50% owner of the property our assumption (which is critical to the valuation) is that this tenant will not be vacating in the foreseeable future, but that rather they are well invested in the property and the area. The property is well maintained and secured. The parking is on the low side, but being in a CBD location there is ample public transport available

In respect of the properties, the current net annual rental and the estimated future net annual rentals at specified dates and for specified periods are included in each individual detailed property valuation report.

6. VALUATION QUALIFICATIONS

Qualifications are usually detailed as a consequence of: leases under negotiation that have not yet been formalised; leases of a large nature where the premises are difficult to relet; specialised properties; large exposure to a single tenant; potential tenant failure due to over-rent; expenses required for major repairs; maintenance or other exposure to maintain the lettable of the building; contingent expropriations or servitudes that may be enforced; poor lease records whereby the lease may be disputed or rendered invalid.

I have, to the best of my knowledge, considered all of these aspects in the valuation of all the properties. There are no properties that are prejudiced in value by the influence of the above factors.

The valuer is, however, not responsible for the competent daily management of these properties that will ensure that this status is maintained, or for the change of any laws, services by local authority or economic circumstances that may adversely impact on the integrity of the buildings or the tenant profile.

7. OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS

To my knowledge there are contractual arrangements on one of the properties (Portion 19, Melomed development as part of the John Ross Eco Junction estate) whereby 30% share in the property is owned by another party. The hospital, being Melomed, also have the first right of refusal to purchase the property should either of the then owners wish to sell their shares in the property. Other than that there are no contractual arrangement on any of the properties other than the leases as detailed in the report that have a major benefit or are detrimental to the fundamental value base of the properties.

Save for the above, to the best of my knowledge, there are no options in favour of any parties for any purchase arrangements on any of the properties.

8. INTRA-GROUP OR RELATED PARTY LEASES

Of the five properties valued, three properties contain tenants with intra-group or related parties. They are Liberty Centre Head Office Cape Town, Standard Bank and Liberty Centre Head Office Umhlanga Ridge.

In brief the leases comprise the following (more details are given in the individual valuation reports):

8.1 Liberty Centre Head Office Cape Town

The property is fully let to Liberty Health and Liberty Life. The leases are for periods of five and eight years respectively. The leases are both at market-related terms and we did not find any reasons to discount these leases owing to the intra-group nature thereof. However, the lease with Liberty Life has an additional rental income amount with respect to a rental adjustment made at the commencement of the lease with respect to additional tenant installations. We kept this sundry income separate from the rental income and upon expiry of the lease assumed that the entire lease will revert to market and that this additional income will fall away (which will be from July 2017). Only one of the tenants are expected to renew upon expiry – being June and July 2017 respectively.

8.2 Standard Bank Centre

The property is fully let to Standard Bank on a seven-year lease. This tenant has been at the property for many years – it was originally built for them. Although being a lease with a related party, we could find no evidence in the lease that would make the terms thereof dismissible. The rental, in our opinion, was fairly negotiated. The tenant is fully expected to remain upon expiry of the lease in January 2019.

8.3 Liberty Centre Head Office Umhlanga Ridge

Approximately 80% of the property is let to the Liberty Group on a five-year lease. With the property having been built for this tenant, the lease was signed slightly above prevailing gross market rentals – which is expected where a property was purpose-built for a specific tenant. However, this did not influence our valuation in that we assigned gross market rentals to the property. The tenant is expected to renew after expiry in January 2020.

9. CURRENT STATE OF DEVELOPMENT

There are two properties which are currently being developed. Note, however, that there is spare land capacity for expansion on certain properties. Below follows a brief summary of the current state of these developments, with more detailed information being available in the individual valuation reports:

9.1 Botshabelo Mall

A community (regional) centre being developed with date of completion being mid-October 2016. We received all details pertaining to the construction and feasibility of income from client. Our onsite inspection confirmed that the centre is being constructed. Since construction is on track and the centre is due to open mid-October, there were no outstanding construction costs applicable as at the date of valuation. Since our valuation is based on the income capitalisation approach assuming the centre is complete, the total actual construction cost of the property was not relevant (as this would represent a sunk cost in terms of the valuation and would have no bearing on the value going forward). The zoning confirmed that the development has the approved rights in place (this having been received on 9 March 2015).

9.2 John Ross Eco Junction

This development comprises various components – being currently:

- a hospital site for Melomed which under construction for a 200-bed hospital with an expected completion date being October 2017;
- automotive showrooms and workshops – already trading;
- seven vacant and serviced stands in negotiation to be sold; and
- remaining 21 vacant serviced stands ready for development.

We received a copy of the site development plan (dated September 2013) and have worked from this document in preparing our valuation. We have confirmed that the correct zoning is in place on this development.

For the hospital site currently under construction we obtained a copy of the lease for this development, we also obtained details of the total construction cost as well as the balance that will be outstanding as at the date of valuation.

In terms of the automotive showrooms and workshops, we valued this section using the income capitalisation approach as it is complete and 100% operational.

For the remaining vacant and serviced stands we used the development plan as a basis and with minimal costs outstanding at this point – we valued this portion as vacant land.

10. RENTALS USED IN VALUATIONS

Note that all these properties are all generally rented out. The current annual rental and future annual rentals have been calculated in a separate discounted cash flow check schedule. It is noted that there are no material rental reversions and that the rentals for all the properties increase on average by approximately 8% compounding per annum in terms of lease escalations.

11. EXTERNAL PROPERTY

None of the properties are situated outside the Republic of South Africa.

12. OTHER GENERAL MATTERS AND VALUATION SUMMARY

A full valuation report is available on a property by property basis detailing tenancy, town planning, valuer's commentary, expenditure and other details. This has been given to the directors of Liberty Two Degrees.

13. ALTERNATIVE USE FOR A PROPERTY

The properties have been valued in accordance with their existing use which represents their market value. No alternative use for the properties have been considered in determining their value.

14. OTHER COMMENTS

Our valuation excludes any amounts of Value-added Tax, transfer duty, or securities transfer duty.

15. CAVEATS

15.1 Source of information and verification

Information on the properties regarding rental income, recoveries, turnovers and other income detail has been provided to me by the current owners and their managing agents.

We have received copies of most of the leases of the existing properties where such leases are the major tenant or tenants comprising anything higher than 10% occupancy of the property. The leases have been read to check against management detail, in order to ensure that management has correctly captured tenant information as per contractual agreement. This has been done to test management information against the underlying agreements. Where we were not furnished with these leases, we relied on the summary tenant schedules provided by management and assume these to be correct.

We have further compared certain expenditures given to us, to the market norms of similar properties. This has also been compared to historic expenditure levels of the properties themselves – where available. Where we did not receive actual historic information, we relied on our internal database of similar properties and compared the level of actual expenses to those of the comparable properties, in order to determine the realistic levels. The municipal values on the properties are all lower than the market values. In the case of the two development properties the gap is particularly large. This is owing to the fact that the valuations on the municipal roll are more than likely set at levels prior to development, therefore, at the current transaction values there is some potential for the municipal value to increase by a considerable amount, should the municipality revalue these properties, in which event the rates could increase significantly. We have valued the properties taking the more realistic level of the municipal valuations into account.

15.2 Full disclosure

This valuation has been prepared on the basis that full disclosures of all information and factors that may affect the valuation have been made to myself.

I have to the best of my ability researched the market as well as taken the steps detailed in paragraph 15.3 below.

15.3 Leases

Our valuation has been based on a review of actual tenants' leases (which includes material terms such as repairing obligations, escalations, and break options) and other pertinent details supplied to us by the managing agents and by Liberty Two Degrees.

All recovery details in respect of the existing leases e.g. utility cost and other recoveries as provided for in the leases have been disclosed by way of the monthly tenant invoices and summary schedule supplied to us. Option terms and other lease information have been supplied to us by the owners and managing agents and we are familiar with such documents.

15.4 Lessee's credibility

In arriving at our valuation, cognisance has been taken of the lessee's security and rating. In some cases this has influenced the capitalisation rate by way of a risk consideration.

15.5 Mortgage bonds, loans, etc.

The properties have been valued as if wholly-owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans and other charges. No deductions have been made in our valuation for costs of acquisition.

The valuation is detailed in a completed state and no deductions have been made for retention or any other set-off or deduction for any purposes which may be made at the discretion of the purchaser when purchasing the properties.

15.6 Calculation of areas

All areas quoted within the detailed valuation reports are those stated in the information furnished and verified where plans were available. To the extent that plans were not available, reliance was placed on the information submitted by the managing agents.

Updated plans were not available for all the properties in respect of internal configuration. The properties generally appear to have the stated square meterage which could only be more accurately determined if remeasured by a professional.

15.7 Structural condition

The properties have been valued in their existing state. I have not carried out any structural surveys, nor inspected those areas that are unexposed or inaccessible, neither have I arranged for the testing of any electrical or other services.

15.8 Contamination

The valuation assumes that a formal environmental assessment is not required and further that none of the properties are environmentally impaired or contaminated, unless otherwise stated in our report.

15.9 Town planning

Full town planning details and title deeds have been supplied in the detailed valuation reports including conditions and restrictions and the properties have been checked against such conditions. This is to ensure that they comply with town planning regulations and title deeds. There do not appear to be any infringements of local authority regulations or deeds by any of the property.

The valuation has further assumed that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations and on inspection it would appear that the improvements are in accordance with the relevant town planning regulations for these properties.

There is no contravention of any statutory regulation, or town planning local authority regulation or contravention of title deed relating to any of the properties which infringement could decrease the value of the properties as stated.

To summarise:

Property	Zoning	Coverage	Height restriction	Parking requirement
Liberty Centre Head Office, Cape Town	General Business 3	100%	25m from base level to top of roof	one bay per 100m ²
Standard Bank Centre	Industrial 1 (with allowance for business and industrial use)	Special permission granted by City of Johannesburg for specific development		
Liberty Centre Head Office and Umhlanga Ridge Office Park, Umhlanga Ridge	Mixed use 1	Basement: 100%; Ground floor: 80% Upper floors: 90%	four storeys	2.74 bays per 100m ²
Botshabelo Mall	Business	70%	three storeys	four bays per 100m ²
John Ross Eco Junction	Portions 18 – 21 and 25 – 50 (Business Park 1): Special Zone 4 Portion 22 (Business Park 2): Special Zone 5	70%	three storeys	six bays per 100m ² GLA Retail Space; four bays per 100m ² Office; one bay per 40m ² showrooms and service industrial

16. MARKET VALUE

I am of the opinion that the aggregate market value of the properties as at 31 October 2016 is R1 861 926 000.00 (excluding VAT). A summary of the individual valuations and details of each of the properties is attached. The aggregate market value of the percentage of the properties owned by Liberty Two Degrees is set out in **Annexure 7** of the pre-listing statement.

We confirm that to the best of our knowledge and belief there have been no material changes in circumstances since the effective date of the valuation, being 31 October 2016, that would affect the valuation.

I have more than 19 years' experience in the valuation of all nature of property and I am qualified to express an opinion on the fair market value of the properties.

I trust that I have carried out all instructions to your satisfaction and thank you for the opportunity of undertaking this valuation on your behalf.

Yours faithfully,

For Rode & Associates Proprietary Limited

Karen Elizabeth Scott

11 De Villiers Road

Bellville, 7530

MRICS (No. 1249169)

Chartered Valuation Surveyor

Registered Professional Valuer (No. 4676)

(Registered without restriction in terms of the Property Valuers Act, No 47 of 2000)"

Liberty Two Degrees

SCHEDULE OF PROPERTIES: LIBERTY PROPERTY PORTFOLIO VALUATION AS AT 31 OCTOBER 2016

No.	Property name	Physical address	Registered legal description (Erf number)	Property description and use	Valuer's inspection date	Freehold/Leasehold	Tenure of leasehold	Rentable area (GIA) (m ²)	Approximate age of building	Building grade	Zoning, town planning and statutory contravention (if any)	Assumed perpetual vacancy %	Income projection (R) for the period 1 November 2016 to 31 October 2016 (Year 1)	Valuation (R) as at 2016/10/31
1.	Liberty Centre Head Office, Cape Town	Century Boulevard, Century City	Erf 6281, Montague Gardens	Multi-tenanted office	2016/10/13	Freehold	n/a	18 257,67	10 years	A	n/a	1.00	Gross R43 739 715	R358 900 000
2.	Standard Bank Centre, Johannesburg CBD	3, 5 and 6 Simmonds Street, Johannesburg CBD	Erf 1247 Marshalltown and Remainder of Erf 558 Selby, City of Johannesburg	Single-tenanted office	2016/10/07	Freehold	n/a	92 788,97	30 years	A-plus	n/a	0.00	Ner (50%) R53 188 955	R530 500 000
3.	Liberty Centre Head Office and Umhlanga Ridge Office Block	21 Aurora Drive and 2 Park Lane, Umhlanga Ridge	Erf 2429 Umhlanga Rocks (shared with Umhlanga Ridge Office Block and City Lodge)	Multi-tenanted office	2016/10/05	Freehold	n/a	20 759,80	six years	A	n/a	0.80	Gross R48 126 371	R402 300 000
4.	Botshabelo Mall	Botshabelo Main Road	Portion 2 and Portion 3 of Erf 1 Botshabelo-H	Community shopping centre	2016/10/06	Freehold	n/a	20 721,00	Brand new	Community SC	n/a	0.75	Gross R34 666 551	R225 666 000
														R1 517 366 000

Liberty Two Degrees

No.	Property name	Physical address	Registered legal description (Er number)	Property description and use	Value's inspection date	Freehold/ Leasehold	Tenure of leasehold	Retable area (GLA) (m²)	Zoning, town planning and statutory contravention (if any)	Estimated cost of carrying out development	Income projection (R)	Valuation (R) as at 2016/10/31 in current state	Estimated value after development completed	Estimated value after completion and letting of property	Planning permission obtained (V/N) and date permission received	Expected date of completion
1.	John Ross Eco Junction	N2 intersection of R34 (John Ross Highway), of Erf 11451 Richards Bay	Portion 16 and Portion 17 (further subdivided) of Erf 11451 Richards Bay	Mixed-use development	2016/10/05	Freehold	n/a		n/a			R344 560 000			Yes. Original development plan approved September 2013; planning permission for Melomed development: August 2015	October 2017; Melomed portion
	Split in John Ross Eco Junction		Portion 19: Melomed: only a 70% share is owned, and we reflect only 70% of the value in this table	Development in progress	2016/10/05	Freehold	n/a	14 000.00	n/a	70% R 222 623 100	70% R 20 832 000	70% R132 790 000	70% R 245 082 353	70% R 245 082 353		October 2017
	three main components:		Portion 25: Tangawizi Motors	Development complete and tenant trading	2016/10/05	Freehold	n/a	7 060.00	n/a	n/a		R57 170 000	n/a	n/a	n/a	n/a
	Remaining stands: vacant and serviced stands		Remaining stands: vacant and serviced stands	Vacant serviced stands, no development imminent	2016/10/05	Freehold	n/a	162 197.00	n/a	n/a	n/a	R154 600 000	n/a	n/a	n/a	n/a
	Please note that this property currently comprises three components: The Melomed Hospital site that is in the process of being developed; The Automotive industry site that is developed and trading; and the vacant serviced stands that are ready to be sold off or held over for future development (of which there are currently no plans).															This is the date of completion of the Hospital (being the only current development on site), the remainder of the property comprises completed automotive buildings already trading and vacant and serviced land not earmarked for current development.

DETAILS OF ACQUISITIONS AND VENDORS

The immovable properties, subsidiaries and investments acquired by Liberty Two Degrees since its establishment and immovable properties, subsidiaries and investments to be acquired are detailed in the table below, together with the consideration paid to the vendors. All of the acquisitions were made directly by Liberty Two Degrees in consideration for an issue of units by Liberty Two Degrees with effect from the date of listing. The only vendor is Liberty, having its address at 1 Ameshoff Street, Braamfontein, Johannesburg, 2001. Liberty is a subsidiary of Liberty Holdings, which is listed on the JSE and controlled by Standard Bank Group Limited.

No.	Name and nature of the asset acquired	Effective date of acquisition	Consideration (R)			Purchase price (R)	Loans incurred to finance acquisition	Goodwill/ Intangible assets paid and manner in which accounted for	Date of acquisition by the vendor (if purchased within the preceding three years)	Cost of asset to vendor (if purchased within the preceding three years)
			Issue of units	Cash portion	Valuation					
1.	Undivided share in Liberty Property Portfolio Rental enterprise and properties	1 December 2016	626 315 789	None	See Annexure 7	6 000 000 000	None	None	N/A	N/A

FORECAST STATEMENTS OF COMPREHENSIVE INCOME OF LIBERTY TWO DEGREES

Set out below are the forecast statements of comprehensive income of Liberty Two Degrees (“**forecasts**”) for the one month ending 31 December 2016 and the year ending 31 December 2017 (“**forecast periods**”), based on the assumption that Liberty Two Degrees acquires R6.0 billion of investment property from Liberty’s Property Portfolio as at 1 December 2016.

The forecasts include forecast figures for the duration of the forecast periods.

The forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the directors of the Manager. The forecasts must be read in conjunction with the independent reporting accountants’ assurance report which is presented in **Annexure 11**.

The forecasts have been prepared in compliance with IFRS and in accordance with Liberty Two Degrees’ accounting policies as set out in **Annexure 17** of this pre-listing statement.

FORECAST STATEMENTS OF COMPREHENSIVE INCOME OF LIBERTY TWO DEGREES

R’000	Forecast for the one month ending 31 Dec 2016	Forecast for the year ending 31 Dec 2017
Property portfolio revenue	45 930	588 143
Revenue 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
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
Profit before fair value adjustments	43 640	583 611
Fair value adjustments	1 169	7 541
Profit before taxation	44 809	591 152
Taxation	–	–
Total profit for the year	44 809	591 152
Total profit attributable to:		
Equity holders of Liberty Two Degrees	44 809	591 152
Non-controlling interests	–	–

Reconciliation between earnings and headline earnings

R'000	Forecast for the one month ending 31 Dec 2016	Forecast for the year ending 31 Dec 2017
Profit for the year attributable to unitholders	44 809	591 152
Change in fair values of investment properties	(1 169)	(7 541)
Headline earnings	43 640	583 611
Straight-line lease income adjustments	1 169	7 541
Distributable income	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

Analysis of the contractual nature of rental revenue

R'000	Forecast for the one month ending 31 Dec 2016	Forecast for the year ending 31 Dec 2017
Contracted rental revenue (%)	81.6	70.0
Near-contracted rental revenue (%)	9.6	21.1
Uncontracted rental revenue (%)	8.3	8.5
Contracted revenue linked to a rental guarantee (%)	0.5	0.5
	100.0%	100.0%

NOTES AND ASSUMPTIONS:

The forecasts incorporate the following material assumptions in respect of revenue and expenses that can be influenced by the directors:

- Liberty Two Degrees' management forecasts for the one month ending 31 December 2016 and year ending 31 December 2017 are based on information derived from lease contracts, historical information and information provided by the property manager and the independent valuers;
- Liberty Two Degrees will not acquire or dispose of any properties during the forecast periods;
- The following properties under development will come into operation during the forecast periods and have been valued based on management assumptions regarding net rental income, capitalisation rates, total costs of development and time to completion:
 - 3.1 Melomed Hospital, anticipated occupation 1 October 2017, for which a lease agreement has been signed;
- The forecast income statement represents Liberty Two Degrees' undivided share in Liberty's interest in the Liberty Property Portfolio;
- Revenue and recoveries includes rental income, recoveries, and other property related income such as parking and marketing revenue;
- Contractual rental income is based on existing lease agreements;
- Leases expiring during the periods have been forecast on a lease-by-lease basis based on previously contracted terms from which date the lease income is classified as near contracted rental income. Contracted rates have been considered in light of current market rates;
- Uncontracted rental income comprises 8.3% of rental income for the one month ended 31 December 2016 and 8.5% for the year ended 31 December 2017 and where applicable no vacancy period has been forecast;
- Contractual revenue linked to a rental guarantee by a vendor comprises 0.5% for the one month ended 31 December 2016 and 0.5% for the year ended 31 December 2017;
- Current vacant GLA has been assumed to remain vacant for the entire forecast periods;
- Tenant installation and letting commissions are based on committed tenant installations and leasing commissions in the forecast period;
- Property operating expenditure has been forecast on a line-by-line basis for each property based on management's expenditure budget for the property. This has been determined by review of historical expenditure and discussion with the property manager;
- Administration costs for the forecast periods include overhead and listing costs of Liberty Two Degrees. In forecasting a market capitalisation for the purpose of calculating asset management fees to be received, an annual growth rate of 4.6% per annum has been assumed from the effective date (being the listing date); and
- Interest income is forecast to be earned at 8.0% per annum on the capital raised on listing of R2.8 billion less transaction costs, capital expenditure incurred on the property portfolio and distributions paid over the forecast period.

The forecasts incorporate the following material assumptions in respect of revenue and expenses that cannot be influenced by the directors:

1. The effective date of the listing is assumed to be 6 December 2016;
2. In terms of private placement, it has been assumed that;
 - 2.1 200 000 000 Liberty Two Degrees units are issued to private investors on listing at R10.00 per unit raising gross proceeds of R2 billion;
 - 2.2 82 127 545 Liberty Two Degrees units are issued to Liberty on behalf of policyholders at R9.50 per unit representing a 5% discount raising gross proceeds of R780 million; and
 - 2.3 the combined gross private placement proceeds of R2.8 billion are assumed to be applied to settle issue expenses of R130 million consisting of capital raising, listing, valuation and other contingency costs incurred;
3. There will be no unforeseen economic factors that will affect the lessees' ability to meet their commitments in terms of existing lease agreements;
4. Consumption based recoveries are consistent with the valuer's property income statements;
5. Material items of expenditure within the property expenses line item include:
 - 5.1 R3.83 million in electricity, R3.51 million in rates and R2.93 million in asset management fees in respect of the one month ending 31 December 2016; and
 - 5.2 R51.60 million in electricity, R46.07 million in rates and R36.81 million in asset management fees in respect of the year ending 31 December 2017.

Property expenses are not comparable with historic expenditure given that a number of properties are newly developed or have undergone significant redevelopment recently. No material items of expenditure are expected to increase by more than 15% from historical cost.

The forecasts have been compiled utilising the account policies of Liberty Two Degrees as set out in **Annexure 17**.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE FORECAST INCOME STATEMENTS OF LIBERTY TWO DEGREES

"15 November 2016

The Directors
STANLIB REIT Fund Managers Proprietary Limited (RF)
1 Ameshoff Street
Braamfontein
2001

Independent reporting accountant's report on the property Forecast Information of Liberty Two Degrees Real-Estate Investment Trust ("Liberty Two Degrees")

We have undertaken a reasonable assurance engagement in respect of the property forecast of Liberty Two Degrees ("Liberty Two Degrees") for the periods ending 31 December 2016 and 31 December 2017 set out in Annexure 10 of the pre-listing statement, comprising the forecast statement of profit or loss and the vacancy and lease expiry profile of the property portfolio as a whole ("the Forecast Information"), as required by paragraph 13.15 of the JSE Limited Listings Requirements.

We have also undertaken a limited assurance engagement in respect of the directors ("the Directors") of STANLIB REIT Fund Managers Proprietary Limited (RF) ("the Manager") assumptions used to prepare and present the Forecast Information, disclosed in the notes to the Forecast Information, as required by paragraph 13.15 of the JSE Limited Listings Requirements.

Directors' responsibility for the Forecast Information and for the assumptions used to prepare the Forecast Information

The Directors are responsible for the preparation and presentation of the Forecast Information and for the reasonableness of the assumptions used to prepare the Forecast Information as set out in the notes to the Forecast Information in accordance with paragraphs 13.12 – 13.14 of the JSE Limited Listings Requirements ("the JSE Limited Listings Requirements for Forecast Information"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Forecast Information on the basis of those assumptions that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

Actual results are likely to be different from the Forecast Information since anticipated events frequently do not occur as expected and the variation may be material. Consequently, readers are cautioned that this forecast may not be appropriate for purposes other than described in the purpose of the report paragraph below.

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.

Limited assurance engagement on the reasonableness of the Directors' assumptions

Reporting accountant's responsibility

Our responsibility is to express a limited assurance conclusion on whether anything has come to our attention that causes us to believe that the assumptions do not provide a reasonable basis for the preparation and presentation of the Forecast Information in accordance with the JSE Limited Listings Requirements for Forecast Information, based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3400, The Examination of Prospective Financial Information (ISAE) 3400, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the Directors' assumptions provide a reasonable basis for the preparation and presentation of the Forecast Information.

A limited assurance engagement undertaken in accordance with ISAE 3400 involves assessing the source and reliability of the evidence supporting the directors of the Directors' assumptions. Sufficient appropriate evidence supporting such

assumptions would be obtained from internal and external sources including consideration of the assumptions in the light of historical information and an evaluation of whether they are based on plans that are within the entity's capacity. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgement and included inquiries, observations of processes performed, inspection of documents, analytical procedures, evaluating the reasonableness of best-estimate assumptions and agreeing or reconciling with underlying records.

Our procedures included evaluating the directors of the Directors' best-estimate assumptions on which the Forecast Information is based for reasonableness.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Trustees' assumptions provide a reasonable basis for the preparation and presentation of the Forecast Information.

Limited assurance conclusion on the reasonableness of the Directors' assumptions

Based on the procedures we have performed and evidence we have obtained, nothing has come to our attention that causes us to believe that the Directors' assumptions do not provide a reasonable basis for the preparation and presentation of the Forecast Information for the periods ending 31 December 2016 and 31 December 2017.

Reasonable assurance engagement on the Forecast Information

Reporting accountant's responsibility

Our responsibility is to express an opinion based on the evidence we have obtained about whether the Forecast Information is properly prepared and presented on the basis of the Directors' assumptions disclosed in the notes to the Forecast Information ("the Assumptions") and in accordance with the JSE Limited Listings Requirements for Forecast Information. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3400, The Examination of Prospective Financial Information (ISAE) 3400, issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether such Forecast Information is properly prepared and presented on the basis of the Directors' assumptions disclosed in the notes to the Forecast Information and in accordance with the JSE Limited Listings Requirements for Forecast Information.

A reasonable assurance engagement in accordance with (ISAE) 3400 involves performing procedures to obtain evidence that the Forecast Information is properly prepared and presented on the basis of the assumptions and in accordance with the JSE Limited Listings Requirements for Forecast Information. The nature, timing and extent of procedures selected depend on the reporting accountant's judgement, including the assessment of the risks of material misstatement, whether due to fraud or error, of the Forecast Information. In making those risk assessments, we considered internal control relevant to the Liberty Two Degrees' preparation and presentation of the Forecast Information.

Our procedures included:

- inspecting whether the Forecast Information is properly prepared on the basis of the Assumptions;
- inspecting whether the Forecast Information is properly presented and all material assumptions are adequately disclosed, including a clear indication as to whether they are best-estimate assumptions; and
- inspecting whether the forecast statement of profit or loss (and other comprehensive income) is prepared on a consistent basis with the historical financial statements, using appropriate accounting policies.

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

Opinion on the Forecast Information

In our opinion, the Forecast Information is properly prepared and presented on the basis of the Assumptions and in accordance with the JSE Limited Listings Requirements for Forecast Information for the periods ending 31 December 2016 and 31 December 2017.

Purpose of the report

This report has been prepared for the purpose of satisfying the requirements of paragraph 13.15 of the JSE Limited Listings Requirements and for no other purpose.

PricewaterhouseCoopers Inc.

Director: **Victor Muguto**

Registered Auditor

Sunninghill"

PRO FORMA STATEMENT OF FINANCIAL POSITION OF LIBERTY TWO DEGREES

Set out below is the *pro forma* statement of financial position of Liberty Two Degrees based on the audited statement of financial position of Liberty Two Degrees as at 31 October 2016. The *pro forma* statement of financial position has been prepared to reflect the financial position of Liberty Two Degrees after adjusting for the acquisition of portfolio assets, private placement and the settlement of issue expenses (“**the adjustments**”), on the assumption that the adjustment took place on 31 October 2016 and on the basis set out in the notes to the *pro forma* statement of financial position below.

The *pro forma* statement of financial position is the responsibility of the directors of the Manager and has been prepared for illustrative purposes to illustrate the effects of the adjustment on Liberty Two Degrees’ statement of financial position at 31 October 2016. Due to the nature of the *pro forma* statement of financial position, it may not give a fair reflection of the financial position, changes in equity and results of operations or cash flows of Liberty Two Degrees after the adjustment.

The independent reporting accountant’s report on the *pro forma* statement of financial position is set out in **Annexure 13**. The independent reporting accountant’s report on the value and existence of liabilities to be acquired by Liberty Two Degrees is set out in **Annexure 14**.

The *pro forma* statement of financial position has been prepared in terms of IFRS, The Guide on *Pro Forma* Financial Information issued by SAICA and the accounting policies of Liberty Two Degrees as set out in **Annexure 17**.

<i>R'000</i> <i>Note</i>	<i>Before</i> <i>Note 1</i>	<i>Acquisition</i> <i>of portfolio</i> <i>assets</i> <i>Note 2</i>	<i>Private</i> <i>placement</i> <i>to invited</i> <i>investors and</i> <i>listing</i> <i>Note 3</i>	<i>Settlement</i> <i>of issue</i> <i>expenses</i> <i>Note 4</i>	<i>Pro forma</i> <i>after</i> <i>Note 5</i>
ASSETS					
Non-current assets	–	6 000 000	–	–	6 000 000
Property, plant and equipment					–
Investment property and operating leases accrued income		6 000 000			6 000 000
Intangible-assets					–
Investments					–
Investments in subsidiaries					–
Loans to group companies					–
Loans to unitholders					–
Other financial assets					–
Current assets	–	–	2 780 212	(130 000)	2 650 212
Trade and other receivables					–
Other financial assets					–
Cash and cash equivalents			2 780 212	(130 000)	2 650 212
Total assets	–	6 000 000	2 780 212	(130 000)	8 650 212
EQUITY AND LIABILITIES					
Equity	–	6 000 000	2 780 212	(130 000)	8 650 212
Unitholders' capital		6 000 000	2 780 212	(130 000)	8 650 212
Unitholders' reserves					–
Non-controlling interests					
Non-current liabilities	–	–	–	–	–
Loans from group companies					–
Loans from unitholders					–
Other financial liabilities					–
Current liabilities	–	–	–	–	–
Trade and other payables					–
Other financial liabilities					–
Bank overdraft					–
Total equity and liabilities	–	6 000 000	2 780 212	(130 000)	8 650 212
Number of units in issue	–	626 315 789	282 127 545	–	908 443 334
Net asset value per unit (R)	–				9.52
Net tangible asset value per unit (R)	–				9.52

NOTES AND ASSUMPTIONS:

1. Extracted without adjustment from the at incorporation statement of financial position of Liberty Two Degrees as at 31 October 2016, as set out in **Annexure 15**. The financial information of Liberty Two Degrees as at 31 October 2016 was audited by PwC who issued an unqualified audit opinion on the financial information.
2. Represents the acquisition of portfolio assets as follows:
 - a. 22.0% undivided share in Liberty's Property Portfolio's investment property as at 30 November 2016 settled through the issue of 631 578 947 Liberty Two Degrees units at a subscription price of R9.50 per unit representing a 5% discount to the subscription price of R10.00.
 - b. To the extent that there is 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.
 - c. The acquisition of the undivided shares in the Liberty Property Portfolio's investment property comprise the acquisition of investment property only, and does not include the associated rental and property management businesses. The acquisitions are not considered to be the acquisitions of a business and are therefore accounted for in terms of IAS 40 Investment Property. Investment property is initially recognised at the acquisition consideration attributable to the underlying investment. Subsequently at the reporting period-end, the investment property is measured at fair value in accordance with the fair value model adopted in Liberty Two Degrees accounting policy as set out in **Annexure 17**. Liberty Property Portfolio investment property of R6.0 billion is classified as a level 3 asset according to IFRS 13 fair value hierarchy. The properties are valued using the discounted cash flow model with significant inputs including capitalisation rates, discount rates, vacancies, market rental trends, location of the property, net long-term operating margins and economic outlook indicators. The disclosure required in terms of IFRS 13 Fair Value Measurement and IAS 1 Presentation of Financial Statements is detailed in note 7 below.
 - d. Included in investment property and operating leases accrued income is operating leases accrued income of R191 million.
3. Represents the private placement:
 - a. to invited investors prior to listing, assuming the 200 000 000 new Liberty Two Degrees units are fully subscribed and issued at the subscription price of R10.00 per unit, raising a total of R2 billion; and
 - b. to Liberty (on behalf of its policyholders), assuming the 82 127 545 new Liberty Two Degrees units are fully subscribed at a 5% discount to the subscription price of R10.00 per unit raising a total of R780 million;
4. Estimated one-off costs relating to the listing of R130 million have been set-off against unitholders' capital.
5. Represents the statement of financial position of Liberty Two Degrees after the adjustments. The directors are not aware of any other post-balance sheet events which require adjustment to the *pro forma* statement of financial position.
6. Other than in respect of estimated transaction costs set out in note 4 above to record estimated transaction costs, all adjustments have a continuing effect.
7. **Investment properties**

	R
Purchase price	6 000 000 000
Capitalised cost	–
Fair value adjustment	–
Fair value at end of period	6 000 000 000

Measurement of fair value on investment properties

Details of valuation

Key assumptions

- Capitalisation rate
- Annual rental escalation
- Annual cost escalation

Commentary on capitalisation rates:

The capitalisation rate is best determined by referring to market transactions of comparable properties as it is based on information derived from market analysis. The capitalisation rate must take the prevailing interest rate into consideration. The higher the interest rate, the better return an investor will require. Similarly, risk is another factor that will influence the capitalisation rate. The higher the risk factor, the better the return an investor will require. The risk inherent to income producing properties is the degree of certainty that the income stream will be realised despite the uncertainty of the future.

Commentary on rental and operating expenses growth rates:

The annual growth escalations are based on current achievable rentals. Expenditures are based on information received from Local Authorities and experience with actual growth achieved and expectations of future increases based on budgets.

Valuation technique and significant unobservable inputs

The following shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used:

Valuation techniques:

The basis of value is 'fair value' which is defined as an opinion of the best price (adopting the highest and best use principle) at which the sale of an interest in property, taking into account existing tenant lease terms, would have been completed unconditionally for a cash consideration on the date of valuation.

The Discounted Cash Flow method of valuation was used to determine the value of the properties. This method determines the net normalised annual income of the property, assuming the property is fully let at market-related rentals, and market escalations, with an allowance made for vacancies. Market-related operating expenses are deducted, resulting in a net annual income.

The property is valued by discounting the expected future net income for a specific period at an appropriate discount rate (or total rate of return) to give the present value (PV) of the expected net income cash flow. To this figure an applicable final discounted residual or reversionary value is added. The net market-related income prevailing at the end of the cash flow projection period is capitalised at the appropriate rate and discounted to the present value by the discount rate.

Significant unobservable inputs:

- capitalisation rate: (6.25% – 9.00%)
- annual growth escalation: (5.00% – 10.00%)
- vacancy and bad debt provision: (0.50% – 3.00%)

Inter-relationship between key unobservable inputs and fair value measurements: The estimated fair value would increase/(decrease) if:

- capitalisation rate was lower/(higher);
- annual growth escalation was higher/(lower); and
- vacancy and bad debt percentage escalation was lower/(higher).

Fair value hierarchy

- IFRS 13 requires that an entity discloses for each class of assets and liabilities measured at fair value, the level in the fair value hierarchy into which the fair value measurements are categorised in their entirety.
- The fair value hierarchy reflects the significance of the inputs used in making fair value measurements.
- The fair value hierarchy has the following levels:
 - Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
 - Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (ie derived from prices);
 - Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- Details of changes in valuation techniques
 - There have been no significant changes in valuation techniques.
- Significant transfers between level 1, level 2 and level 3
 - There have been no significant transfers between level 1, level 2 and level 3.

Level 3 reconciliation:

Investment property

Opening balance	–
Purchases	6 000 000 000
Capitalised cost	–
Fair value adjustments	–
Closing balance	6 000 000 000

No fair value gains and losses recognised.

Equity reconciliation as at 31 October 2016

Equity reconciliation	Units issued 000	Equity value R'000
Issue of units in respect of the Sandton Complex acquisition	225 300	2 158 335
Issue of units in respect of the Eastgate Complex acquisition	198 804	1 904 510
Issue of units in respect of the Melrose Arch acquisition	44 020	421 704
Issue of units in respect of the Liberty Promenade Shopping Centre acquisition	31 767	304 326
Issue of units in respect of the Liberty Midlands Mall acquisition	43 229	414 129
Issue of units in respect of the Nelson Mandela Square acquisition	40 427	387 283
Issue of units in respect of the Botshabelo Mall acquisition	5 184	49 657
Issue of units in respect of the John Ross Eco Estate Stands acquisition	3 551	34 019
Issue of units in respect of the Tangawizi Motors acquisition	1 313	12 580
Issue of units in respect of the Melomed Hospital acquisition	3 050	29 220
Issue of units in respect of the Liberty Centre Head Office (Cape Town) acquisition	8 244	78 975
Issue of units in respect of the Liberty Centre Head Office and Office Park (Umhlanga) acquisition	9 241	88 525
Issue of units in respect of the Standard Bank Centre acquisition	12 186	116 735
Issue of units in respect of the private placement	282 128	2 650 212
Total	908 443	8 650 212

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE *PRO FORMA* STATEMENT OF FINANCIAL POSITION OF LIBERTY TWO DEGREES

"15 November 2016

The Directors
STANLIB REIT Fund Managers Proprietary Limited (RF)
1 Ameshoff Street
Braamfontein
2001

Independent reporting accountant's assurance report on the compilation of *pro forma* financial information of Liberty Two Degrees ("Liberty Two Degrees")

Introduction

Liberty Two Degrees ("Liberty Two Degrees") is issuing a pre-listing statement ("the pre-listing statement") regarding the listing of the units in Liberty Two Degrees on the Main Board of the JSE Limited ("the Listing").

At your request and for the purposes of the pre-listing statement to be dated on or about 21 November 2016, we present our assurance report on the compilation of the *pro forma* financial information of Liberty Two Degrees by the directors ("the Directors") of STANLIB REIT Fund Managers Proprietary Limited ("the Manager"). The *pro forma* financial information, presented in **Annexure 12** to the pre-listing statement, consists of the *pro forma* statement of financial position as at 31 October 2016 ("the *Pro forma* Financial Information"). The *Pro forma* Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *Pro forma* Financial Information has been compiled by the Directors to illustrate the impact of the listing on the Liberty Two Degrees' reported financial position as at 31 October 2016. As part of this process, information about Liberty Two Degrees' financial position has been extracted by the Manager from Liberty Two Degrees' financial information as at 31 October 2016 presented in **Annexure 15** to the pre-listing statement.

Directors' responsibility

The Directors are responsible for the compilation, contents and presentation of the *Pro forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **Annexure 12**. The Directors are also responsible for the financial information from which it has been prepared.

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 about whether the *Pro forma* Financial Information has been compiled, in all material respects, by the Directors on the basis specified in the JSE Listings Requirements 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. 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.

As the purpose of *Pro forma* Financial Information included in a pre-listing statement is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, 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 in the compilation of the *Pro forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, 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.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event 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 **Annexure 12** of the pre-listing statement.

PricewaterhouseCoopers Inc.

Director: **Victor Muguto**

Registered Auditor

Sunninghill”

REVIEW CONCLUSION ON THE VALUATION AND EXISTENCE OF THE ASSETS AND LIABILITIES ACQUIRED BY LIBERTY TWO DEGREES

“15 November 2016

The Directors
STANLIB REIT Fund Managers Proprietary Limited (RF)
1 Ameshoff Street
Braamfontein
2001

Independent reporting accountant’s review report on the adjustment column in the *pro forma* statement of financial position of Liberty Two Degrees (“Liberty Two Degrees”).

We have reviewed the assets and/or liabilities to be acquired by Liberty Two Degrees, as reflected in the adjustment column (“the Adjustment Column”) of the *pro forma* statement of financial position as at 31 October 2016 (“the *Pro forma* Statement of Financial Position”), included in **Annexure 12** to the pre-listing statement of Liberty Two Degrees to be issued on or about 21 November 2016 (“the pre-listing statement”) as required by paragraph 13.16 (e) of the JSE Limited Listings Requirements.

Directors’ responsibility for the Pro Forma Statement of Financial Position

The directors (“the directors”) of STANLIB REIT Fund Manager Proprietary Limited (RF) (“the Manager”) are responsible for the preparation and presentation of the *Pro forma* Statement of Financial Position, including the Adjustment Column, in accordance with paragraph 13.16 (a) – (d) of the JSE Limited Listings Requirements (the JSE Limited Listings Requirements for the adjustment column of the *pro forma* statement of financial position), as set out in **Annexure 12** to the pre-listing statement, and for such internal control as the directors determine is necessary to enable the preparation of the financial information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

Our responsibility is to express a conclusion on the Adjustment Column. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the Adjustment Column, taken as a whole, is not prepared in all material respects in accordance with the JSE Limited Listings Requirements for the adjustment column of the *pro forma* statement of financial position. 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. The reporting accountant performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

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 Adjustment Column.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Adjustment Column is not prepared, in all material respects, in accordance with the JSE Limited Listings Requirements for the adjustment column of the *pro forma* statement of financial position, as set out in **Annexure 12** to the pre-listing statement.

Purpose of report

This report has been prepared for the purpose of satisfying the requirement of paragraph 13.16(e) of the JSE Limited Listings Requirements, and for no other purpose.

PricewaterhouseCoopers Inc.

Director: **Victor Muguto**
Registered Auditor
Sunninghill”

HISTORICAL FINANCIAL INFORMATION OF LIBERTY TWO DEGREES

Set out below is the historical financial information of Liberty Two Degrees at 31 October 2016. These historical financial statements are the responsibility of the directors of the Manager of Liberty Two Degrees, STANLIB REIT Fund Managers Proprietary Limited (RF) (“the Manager”). The independent reporting accountants’ report on this historical financial information of Liberty Two Degrees is contained in **Annexure 16**.

Statement of directors’ responsibility

The directors of the Manager (“**the directors**”) are responsible for the preparation, integrity and fair presentation of the historical financial information of Liberty Two Degrees. The historical financial information presented has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”).

The directors consider that in preparing the historical financial information they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all IFRS standards that they consider to be applicable have been followed.

The directors are satisfied that the information contained in the historical financial information fairly presents the financial position of Liberty Two Degrees at 31 October 2016.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of Liberty Two Degrees to enable the directors to ensure that the financial statements comply with the relevant legislation.

The directors have no reason to believe that Liberty Two Degrees will not be a going concern in the foreseeable future.

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2016

	Note	R
ASSETS		
Current assets		
Cash and cash equivalents		0
Total assets		0
UNITHOLDERS’ FUNDS AND LIABILITIES		
Unitholders’ funds		
Participatory interest of Liberty Two Degrees	5	0
Total equity and liabilities		0
Supplementary information		
Net asset value per unit		0
Tangible net asset value per unit		0

Notes to the financial statements

1. GENERAL INFORMATION

Liberty Two Degrees was registered on 28 October 2016 under the laws of the Republic of South Africa and is a Trust domiciled in South Africa. The preparation of the financial statements was done under the supervision of the Chief Financial Officer, John Sturgeon.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are prepared on the historical-cost basis.

The financial statements are prepared on the going-concern basis and are presented in Rands unless otherwise

indicated. The preparation of financial statements, in conformity with International Financial Reporting Standards ("IFRS"), requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on various factors that are believed to be reasonable under circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision of future periods, if the revision affects both current and future periods.

The accounting policies set out below have been applied in preparing the financial statements for the period from incorporation to 31 October 2016. There is no comparative information shown as Liberty Two Degrees is newly established and thus had no issued units, assets or liabilities.

2.2 Participatory interest of Liberty Two Degrees

Units in issue are classified as equity as this represents the residual interest in assets after paying all liabilities. External costs directly attributable to the issue of new units are shown as a deduction in equity from the proceeds.

3. SUBSEQUENT EVENTS

The Manager will list Liberty Two Degrees on the main board of the JSE Limited on 6 December 2016, being the proposed date of the listing. Liberty Two Degrees will be capitalised by way of a private placement of participatory interest units to invited investors only including Liberty Group Limited. On the listing date, a transfer of undivided share in properties from Liberty Group Limited would be made available to Liberty Two Degrees as part of a common control transaction.

Save for the above, the directors are not aware of any other events subsequent to 31 October 2016, not arising in the normal course of business, which are likely to have a material effect on the financial information contained in this historical financial information.

4. STATEMENTS OF CHANGES IN EQUITY, COMPREHENSIVE INCOME AND CASH FLOWS

Liberty Two Degrees was established on 28 October 2016 and has not yet commenced trading. Consequently, there is no income or cash flow generated for the period between 28 October 2016 and 31 October 2016.

5. PARTICIPATORY INTEREST UNITS

Liberty Two Degrees did not issue any participatory units during the period 28 October 2016 to 31 October 2016. The unissued participatory interest units are under the control of the directors until the annual general meeting.

	R
Authorised	
Unlimited participatory interest units	
Issued	
No issued participatory units	0

INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF LIBERTY TWO DEGREES

"15 November 2016

The Directors
STANLIB REIT Fund Managers Proprietary Limited (RF)
1 Ameshoff Street
Braamfontein
2001

Dear Sirs,

Independent reporting accountant's audit report on the Historical Financial Information of Liberty Two Degrees ("Liberty Two Degrees")

Introduction

STANLIB REIT Fund Managers Proprietary Limited (RF) ("the Manager") is issuing a Pre-listing statement ("the Pre-listing statement") regarding the proposed listing of the Liberty Two Degrees ("Liberty Two Degrees") on the Main Board of the JSE Limited ("the JSE").

At your request and for the purpose of the pre-listing statement to be dated on or about 21 November 2016, we have audited the historical financial information of Liberty Two Degrees comprising the statement of financial position as at 31 October 2016 and the notes, comprising a summary of significant accounting policies and other explanatory information ("the Historical Financial Information"), as presented in **Annexure 15** to the pre-listing statement, in compliance with the JSE Listings Requirements.

Directors' responsibility

The directors ("the directors") of the Manager are responsible for the preparation, contents and presentation of the pre-listing statement and are responsible for ensuring that Liberty Two Degrees complies with the JSE Listings Requirements. The Managers are responsible for the preparation and fair presentation of the Historical Financial Information in accordance with International Financial Reporting Standards, and for such internal controls as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance whether the Historical Financial Information of Liberty Two Degrees is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Historical Financial Information of Liberty Two Degrees. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Historical Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of accounting estimates made by management on behalf of Liberty Two Degrees, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information of Liberty Two Degrees as set out in **Annexure 15** to the pre-listing statement, presents fairly, in all material respects, the financial position of Liberty Two Degrees at 31 October 2016 and its cash flows for the period then ended in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

Purpose of report

This report has been prepared for the purpose of the pre-listing statement and for no other purpose.

PricewaterhouseCoopers Inc.

Director: **Victor Muguto**

Registered Auditor

Sunninghill”

LIBERTY TWO DEGREES' ACCOUNTING POLICIES

The accounting policies set out below include those relevant to those which will be adopted in response to future transactions undertaken in line with the Liberty Two Degrees' investment policy:

1. ACCOUNTING POLICIES

Liberty Two Degrees ("**Liberty Two Degrees**") is a portfolio created under the Liberty Two Degrees Scheme in terms of the CISCA to afford investors growth in income and capital by investing at fair prices in a balanced spread of immovable properties and related assets permitted by the Trust Deed. The Liberty Two Degrees Scheme was registered by the Registrar on 28 October 2016 and is to be managed by STANLIB REIT Fund Managers.

1.1 Basis of preparation

The Liberty Two Degrees financial statements have been prepared on the historical cost basis modified for the fair value adjustment of investment property measured in terms of IAS 40 and financial assets and financial liabilities measured in terms of IAS 39. The financial statements are prepared on the going-concern basis. They are presented in Rand which is Liberty Two Degrees' functional currency, and all values are rounded to the nearest thousand (R'000), except where otherwise indicated.

1.2 Statement of compliance

Liberty Two Degrees' financial statements is prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board, interpretations issued by the IFRS Interpretations Committee ("**IFRS IC**"), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Collective Investment Schemes Control Act of 2002 and the Listings Requirements of the JSE Limited.

1.3 Acquisition of assets under common control

Transactions in which assets are ultimately controlled by the same party before and after the transaction and where that control is not transitory, are referred to as common control transactions. Where a transaction meets the definition of a common control transaction, predecessor accounting is applied.

Predecessor accounting values assets and liabilities using the existing carrying value on the effective date with no goodwill or bargain purchase price being recognised. Any excess/deficit of the purchase price over the pre-combination recorded ultimate holding company's carrying values is adjusted directly to equity.

1.4 Investment property

Investment property is property held to earn long-term rental income or for capital appreciation or both, and that is not occupied by Liberty Two Degrees. Investment property also includes property that is being constructed or developed for future use as investment property.

1.4.1 *Investment property*

Investment property is measured initially at its cost. The cost of investment property comprises the purchase price and directly attributable expenditure including borrowing costs. Subsequent expenditure relating to investment property is capitalised when it is probable that there will be future economic benefits from the use of the asset. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

After initial recognition, investment property is measured at fair value, which takes into account characteristics that market participants would consider at the statement of financial position. Fair values are determined annually by external independent registered valuers on the open market value basis. The valuers use either the discounted cash flow method or the capitalisation of net income method or a combination of both methods to determine fair value.

Gains or losses arising from changes in the fair values of investment property are included in profit or loss for the year in which they arise. The unrealised gain or loss is transferred to or from non-distributable reserves.

Immediately prior to disposal of investment property, the investment property is revalued to the net sales proceeds and such revaluation is recognised in profit or loss in the period during which it occurs.

When Liberty Two Degrees begins to redevelop an existing investment property, consideration is given to whether or not the property needs to be reclassified as investment property under development or should remain as investment property, which is measured based at the fair value model.

1.4.2 *Investment property under development*

Investment property under development is measured at fair value if the fair value is considered to be reliably determinable.

Investment property under development for which the fair value cannot be determined reliably, but for which Liberty Two Degrees expects that the fair value of the property will be reliably determinable when development is completed, is measured at cost less impairment until the fair value becomes reliably determinable or construction is completed, whichever is earlier. Development cost comprises the cost of the land and development cost, including borrowing costs.

All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditure for the development qualifying as acquisition costs, are capitalised.

Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs may continue until the asset is substantially ready for its intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes or, with regard to that part of development cost financed out of general borrowings, the applicable capitalisation rate is the weighted average cost of borrowings.

1.5 **Equity**

Participatory units are classified as equity when there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to the issue of new participatory units are shown in equity as a deduction, net of tax, from the proceeds.

1.5.1 *Distributions to participatory interest holders*

Liberty Two Degrees has an obligation to distribute the net amount available for distribution, to its participatory interest holders once the distributions are declared and authorised by the board of the Manager of Liberty Two Degrees.

Distributions payable are recognised as a liability once the amount for distribution has been determined and declared by the board. Distributions exclude items arising as a result of:

- the realised and unrealised fair value adjustments to investment properties;
- the realised and unrealised gains and losses in respect of the fair valuing of financial assets through profit and loss;
- the income arising out of the straight-lining of lease income; and
- the income arising as a result of the amortising of upfront lease costs over the period of the leases to which they relate.

1.5.2 *Non-distributable reserves*

All unrealised gains or losses arising from the movements in fair value of investment property, fair value adjustments on investment, derivatives, post-acquisition reserves from associates, gains and losses on the sale of investment property and investments, are transferred to or from non-distributable reserves and are not available for distribution.

1.6 Financial instruments

Liberty Two Degrees' financial instruments consist mainly of investments, trade and other receivables, trade and other payables, cash and borrowings. Financial instruments are initially measured at fair value.

Financial assets:

Liberty Two Degrees' classifies its financial assets at initial recognition into categories, namely:

- held at fair value through profit or loss;
- derivatives that are held for hedging; and
- loans and receivables.

The classification depends on the purpose for which the asset was acquired. In general, financial assets are designated as at fair value through profit or loss, in line with managements' strategy that actively measures performance on a fair value basis.

Subsequent to initial recognition these instruments are measured as set out below:

- Financial assets carried at fair value through profit or loss and derivatives that are held for hedging – subsequent to initial recognition the fair value is remeasured at each reporting period.
- Loans and receivables – non-derivative financial assets, with fixed or determinable payment dates that are not quoted in an active market other than those that are originated with the intention of sale immediately or in the short-term or that have been designated at fair value through profit or loss. Loans and receivables are subsequently carried at amortised cost using the effective interest rate method less any required impairment.

Financial liabilities:

Financial liabilities that are categorised and designated at initial recognition as being at fair value through profit or loss are recognised at fair value. Transaction cost, which are directly attributable to the acquisition or on issue of these financial liabilities, are recognised immediately in profit or loss. Financial liabilities that are not carried at fair value are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial liabilities. Non-derivative financial liabilities not at fair value through profit and loss are recognised at amortised cost using the effective interest rate method.

For all financial instruments carried at amortised cost, where the financial effect of the time value of money is not considered to be material, discounting is not applied as the fair values of these instruments approximate their carrying values.

1.6.1 *Derecognition*

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the contractual rights to receive cash flows from the asset have expired;
- Liberty Two Degrees retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- Liberty Two Degrees has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset; or
 - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where Liberty Two Degrees has transferred its rights to receive cash flow from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of Liberty Two Degrees' continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that Liberty Two Degrees could be required to repay.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing liability is replaced by another from the same lender on substantially different

terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

1.6.2 ***Offset***

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when Liberty Two Degrees has a legally enforceable right to set-off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.6.3 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits. Cash equivalents are short-term with an initial term of three months or less, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts that are repayable on demand and that form an integral part of Liberty Two Degrees' cash management are included as a component of cash and cash equivalents for the purpose of the statements of cash flows.

1.6.4 ***Interest-bearing borrowings***

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs.

Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

1.7 **Assets held for sale**

Immediately before classification as held for sale, the measurement of assets is brought up to date in accordance with the applicable IFRS. Then, on initial classification as held for sale, non-current assets, excluding investment property and financial assets within the scope of IAS 39, are recognised at the lower of the carrying amount and fair value less costs to sell.

Items classified as assets held for sale are measured at the lower of the carrying amount and fair value less costs to sell. Such assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continued use. This condition is regarded as met only when a sale is highly probable, the asset or disposal group is available for immediate sale in its present condition and management is committed to the sale that is expected to qualify for recognition as a completed sale within one year from the date of classification.

1.8 **Impairment**

Non-financial assets

The carrying amounts of Liberty Two Degrees' non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount and is recognised in profit or loss.

Impairment losses recognised are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the unit on a *pro rata* basis.

The recoverable amount of an asset or a cash-generating unit is the greater of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For any asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and there is an indication that the impairment loss no longer exists.

An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognised.

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined had no impairment loss initially been recognised. An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

1.9 Revenue

Revenue comprises gross rental revenue including all recoveries from tenants, excluding VAT. Rental revenue from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the lease period. Turnover rentals are recognised on the accrual basis.

When Liberty Two Degrees provides incentives to its tenants, the cost of incentives is recognised over the lease term, on a straight-line basis. Tenant installations not yet depreciated are capitalised as part of investment property.

Liberty Two Degrees acts as a principal on its own account when recovering operating costs from tenants.

Dividend income is recognised when the right to receive payment is established.

1.10 Property operating expenses

Service costs for service contracts entered into and property operating expenses are expensed as incurred.

1.11 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

1.12 Letting commissions

Letting commissions are written off over the period of the lease. Letting commissions paid in respect of new developments are capitalised to the cost of the property.

1.13 Financing costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method.

Finance income comprises interest received and is recognised as it accrues, taking into account the effective yield on the asset.

1.14 Income tax

Income tax on subsidiaries' profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

To the extent that the current tax is due to the tax authorities at year-end, it is recognised as a current liability.

Deferred tax is provided using the statement of financial position method, based on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of asset or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.15 Segmental reporting

A segment is a distinguishable component of Liberty Two Degrees that is engaged either in providing services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Liberty Two Degrees' primary segment is based on business segments.

There are no secondary segments. The business segments are determined based on Liberty Two Degrees' management and internal reporting structure, which will be determined by the Liberty Two Degrees' executive committee.

On a primary basis, Liberty Two Degrees operates in the following segments:

- retail;
- office;
- hotel;
- specialised; and
- other.

Liberty Two Degrees will, from time to time, invest in or divest from certain primary segments, in which case segmental reporting will be adjusted to reflect only the relevant operating segments.

Segments results include revenue and expenses directly attributable to a segment and the relevant portion of Liberty Two Degrees revenue and expenses that can be allocated on a reasonable basis to a segment. Segmental assets comprise those assets that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

1.16 Earnings per unit

Liberty Two Degrees presents basic earnings per unit and headline earnings per unit for its units.

Basic earnings per unit is calculated by dividing the profit attributable to unitholders by the weighted average number of units in issue during the year.

Headline earnings per unit is calculated by dividing the headline earnings attributable to unitholders by the weighted average number of units in issue during the year.

There are no dilutionary instruments in issue.

2. KEY JUDGEMENTS AND REASONING

2.1 Key areas of judgement and sources of uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. They are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under applicable circumstances. These are therefore continually evaluated.

Information regarding judgements that have the most significant effect on the amounts recognised in the financial statements, as well as the key sources of estimation uncertainty, is set out below.

2.2 Accounting for undivided shares in investment properties and related letting activities

Liberty Two Degrees ("the Fund") owns various undivided shares in investment properties. The Fund, through their appointed asset manager (STANLIB REIT Fund Managers Proprietary Limited (RF)) controls all capital decisions relating to the Fund's undivided shares for the benefit of the investors in the Fund. STANLIB REIT

Fund Managers Proprietary Limited (RF) is also responsible for letting activities on behalf of and for the benefit of both co-owners in these investment properties. The Fund and the other co-owner entity (Liberty Group Limited) are subsidiaries of Liberty Holdings Limited.

Neither the undivided share ownership nor the letting activities meet the definition of joint arrangements as key decisions such as disposal or security for lending over the respective undivided shares do not require consent of the other co-owner and practically there is only one decision authority regarding letting activities.

Management have therefore concluded that the Fund has an ownership interest in shared assets. IFRS 11 Joint Arrangements provides guidance for the recognition of such assets and related income activities. The Fund therefore recognises its contractual rights linked to its undivided share ownership in investment properties being its share of relevant assets and liabilities and related income and expenses, which are presented on a gross basis.

2.3 Investment properties (including lease straight-lining)

Investment properties are measured at fair value taking into account characteristics of the properties that market participants would take into account when pricing the property at measurement date. These include various inputs relating to existing tenant terms, location, vacancy levels and restrictions, if any, on the sale or use of the asset. Judgements are made regarding the unit of account, i.e. whether it should be valued as a standalone property or as a group of properties. Determination of fair value for a non-financial asset also considers the current use of the property in terms of its highest and best use, taking into account the use of the asset that is physically possible, legally permissible and financially feasible. Management derived risk adjusted discount rate factors in liquidity and asset class risk.

2.4 Building appurtenances

The determination of the useful life and residual values is subject to management estimates. Management reviews the depreciation rates and residual values on an annual basis to take account of any changes in circumstances.

2.5 Impairment

Impairment tests are conducted on all assets included in the statement of financial position. The recoverable amount is determined as the higher of fair market value or value in use. In determining the value in use, various estimates are applied including deriving future cash flows and applicable discount rates.

UNITS

1. AUTHORISATIONS

There are no unitholder resolutions adopted as at the last practicable date.

2. RIGHTS ATTACHING TO UNITS

Extracts of the Trust Deed relating to rights attaching to units are set out in **Annexure 4**.

3. OPTIONS AND PREFERENTIAL RIGHTS IN RESPECT OF LIBERTY TWO DEGREES UNITS

3.1 Save as set out in paragraph 2 of the pre-listing statement and paragraph 5.2 below, there are no contracts or arrangements, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any Liberty Two Degrees units.

3.2 There are no preferential conversion and/or exchange rights in respect of any of the units.

4. ALTERATIONS TO LIBERTY TWO DEGREES UNITS

4.1 Liberty Two Degrees was established on 28 October 2016. In terms of the Trust Deed, the Manager is authorised to create and issue an unlimited amount of units.

4.2 No unit repurchases have been undertaken by Liberty Two Degrees since its incorporation.

4.3 There have been no sub-divisions or consolidations of units since incorporation of Liberty Two Degrees.

4.4 There have been no alterations to the total authorised units of Liberty Two Degrees since the establishment of Liberty Two Degrees.

5. ISSUES OF UNITS

5.1 There have been no other issues, repurchases or offers of units of Liberty Two Degrees since its establishment to the last practicable date. Between the last practicable date and the private placement, units will be issued to Liberty in consideration for the acquisition of undivided shares in the Liberty Property Portfolio.

Date	Nature	Counterparty	Number of units	Price per share	Reason
6 December 2016	Acquisition issue	Liberty	626 315 789	R9.50	Acquisition issue – see paragraph 2.1 of the pre-listing statement

5.2 There were no assets acquired or to be acquired out of the proceeds of any issues. Units issued to Liberty in exchange for undivided shares in the Liberty Property Portfolio, will be issued on preferential terms which equate to a 5% discount to the subscription price. This represents a 0.1% discount to the net asset value per unit (after listing expenses). Liberty, and the policyholders whom it invests on their behalf, will have the option to switch out of the existing portfolio and into Liberty Two Degrees ahead of the private placement. Similarly, Liberty will subscribe for units on behalf of clients who, over the course of September and October, have elected to purchase new policies backed by Liberty Two Degrees. Given these parties have opted to participate, directly or indirectly, in advance of the private placement, the preferential terms are offered as a recognition of their early commitment. Further, these terms are offered to Liberty, and its policyholders who elect to switch, as a recognition of the critical facilitation role they play in transferring a material portion of the undivided shares in the properties to Liberty Two Degrees in support of the listing. Save for the aforementioned, all units which have been issued, were issued at a price which was considered to represent the market value for Liberty Two Degrees units.

5.3 All of the authorised but unissued units of Liberty Two Degrees may be issued by the Manager, who is authorised and empowered to issue such units, subject to the approval of investors where required by the Listings Requirements.

6. STATEMENT AS TO LISTING ON STOCK EXCHANGE

The Liberty Two Degrees units are not listed on any other stock exchange.

CORPORATE GOVERNANCE STATEMENT

1. BOARD OF DIRECTORS

The Manager's board considers sound corporate governance practices to be a critical element in delivering sustainable growth for the benefit of all unitholders. In conducting the affairs of Liberty Two Degrees, the board endorses the principles of fairness, responsibility, transparency and accountability advocated by the principles of the Code of Corporate Practices and Conduct set out in the King Report on Corporate Governance ("**King III**").

In regularly reviewing Liberty Two Degrees' governance structures, the board exercises and ensures effective and ethical leadership, always acting in the best interests of Liberty Two Degrees while at the same time concerning itself with the sustainability of its business operations.

A register of all 75 King III principles and the extent of Liberty Two Degrees' compliance therewith is available on Liberty Two Degrees' website at www.liberty2degrees.co.za.

The board of directors consists of two executive directors and three non-executive directors, all of whom are considered independent. The chairman, Peter Moyo, is an independent non-executive director whose role is separate from that of the CEO, Amelia Beattie.

The non-executive directors are individuals of a very high calibre and credibility and have the necessary skills and experience to provide judgment that is independent of management on issues of strategy, performance, resources, transformation, diversity and employment equity, standards of conduct and evaluation of performance.

The current board's diversity of professional expertise and demographics make it a highly effective board with regards to Liberty Two Degrees' current strategies. The remuneration and nominations committee shall ensure that in appointing successive directors, the board as a whole will continue to reflect, whenever possible, a diverse set of professional and personal backgrounds ensuring a clear balance of power and authority so that no one director has unfettered powers of decision making. The information needs of the board are reviewed annually and directors have unrestricted access to all Liberty Two Degrees' information, records and documents to enable them to conduct their responsibilities sufficiently.

Board meetings will be held at least quarterly, with additional meetings convened when circumstances necessitate. The board sets the strategic objectives of Liberty Two Degrees and determines Liberty Two Degrees' investment and performance criteria as well as being responsible for its sustainability, proper management, control, compliance and ethical behaviour of the businesses under its direction. The board has established specific committees to give detailed attention to certain of its responsibilities and which operate within defined, written terms of reference which are capable of amendment by the board from time to time as the need arises.

The board will establish a formal orientation programme to familiarise incoming directors with Liberty Two Degrees' operations, senior management and its business environment, and to induct them in their fiduciary duties and responsibilities. New directors with no or limited board experience will receive development and education to inform them of their duties, responsibilities, powers and potential liabilities.

Directors will ensure that they have a working understanding of applicable laws. The board will ensure that Liberty Two Degrees complies with applicable laws and considers adherence to non-binding industry rules and codes and standards. In deciding whether or not non-binding rules shall be complied with, the board will factor in the appropriate and ethical considerations that must be taken into account.

The board will appraise the chairperson's performance and ability to add value on an annual or such other basis as the board may determine. The remuneration and nominations committee will appraise the performance of the CEO and other senior executives, at least annually.

The board as a whole, as well as individual directors, will have their overall performance periodically reviewed in order to identify areas for improvement in the discharge of their functions. This review will be undertaken by the chairperson and, if so determined by the board, an independent service provider. An overview of the appraisal process, results and action plan will be disclosed in Liberty Two Degrees' integrated report. Nominations for the re-appointment of a director will only occur after the evaluation of the performance and attendance of the director.

The board will determine a policy for detailing the procedures for appointments to the board. Such appointments are to be formal and transparent and a matter for the board as a whole, assisted where appropriate by the remuneration and nominations committee.

The board has approved a charter setting out its responsibilities for the adoption of strategic plans, monitoring of operational performance and management, determination of policies and processes to ensure the integrity of Liberty Two Degrees' risk management and internal controls, communication policy and director selection, orientation and evaluation.

The board has delegated certain functions to the audit and risk committee, the remuneration and nominations committee and the transformation, social and ethics committee. The board is conscious of the fact that such delegation of duties is not an abdication of the board members' responsibilities.

2. AUDIT AND RISK COMMITTEE

The board has established an audit and risk committee comprising Michael Ilsley (chairperson), Peter Moyo, and Wolf Cesman who are all independent non-executive directors. All of the members are financially literate. Given that Peter is the chairman of the board and a member of the audit and risk committee, his dual role will be approved at every annual general meeting as King III recommends that the chairman of the board should not serve on the audit committee.

The committee's primary objective is to provide the board with additional assurance regarding the efficacy and reliability of the financial information used by the directors to assist them in the discharge of their duties. The committee monitors the existence of adequate and appropriate financial and operating controls and ensures that significant business, financial and other risks have been identified and are being suitably managed, and satisfactory standards of governance, reporting and compliance are in operation.

In compliance with its oversight role in relation to the preparation of this report, the audit and risk committee has had due regard to all factors and risks that may impact on the integrity of the integrated report.

Within this context, the committee is responsible for Liberty Two Degrees' systems of internal, financial and operational control.

The executive directors are charged with the responsibility of determining the adequacy, extent and operation of these systems. Comprehensive reviews and testing of the effectiveness of the internal control systems in operation will be performed by the appointed asset and property managers and accompanied by external audits conducted by external practitioners whose work will be overseen by, and reported to, the audit and risk committee. These systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements, to safeguard, verify and maintain accountability of Liberty Two Degrees' assets, and to identify and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations. The audit and risk committee is governed by a charter which was approved by the board.

Due to the size of Liberty Two Degrees, the board does not consider it to be cost effective to maintain a full-time internal audit function. Liberty Two Degrees' situation and needs in terms of the internal audit function will be reassessed on a yearly basis. The board has mandated the audit and risk committee to initiate internal audit investigations as and when deemed necessary.

The audit and risk committee meets at least three times a year. Executives and managers responsible for finance and the external auditors attend the audit and risk committee meetings. The audit and risk committee is responsible for reviewing the finance function of Liberty Two Degrees on an annual basis.

The audit and risk committee may authorise the engagement of non-audit services with the appointed external auditors or any other practising firm of auditors, after consideration of the following:

- the essence of the work to be performed may not be of a nature that any reasonable and informed observer would construe as being detrimental to good corporate governance or in conflict with that normally undertaken by the accountancy profession;
- the nature of the work being performed will not affect the independence of the appointed external auditors in undertaking the normal audit assignments;
- the work being done may not conflict with any requirement of generally accepted accounting practice or principles of good corporate governance;
- consideration to the operational structure, internal standards and processes that were adopted by the audit firm in order to ensure that audit independence is maintained in the event that such audit firm is engaged to perform accounting or other non-audit services to its client base. Specifically:
 - of these services to Liberty Two Degrees;
 - Liberty Two Degrees may not appoint a firm of auditors to improve systems or processes where such firm of auditors will later be required to express a view as to the functionality or effectiveness of such systems or processes; and

- Liberty Two Degrees may not appoint a firm of auditors to provide services where such firm of auditors will later be required to express a view on the fair representation of information based on the result. The total fee earned by an audit firm for non-audit services in any financial year of Liberty Two Degrees, expressed as a percentage of the total fee for audit services, may not exceed 35% without the approval of the board; and
- a firm of auditors will not be engaged to perform any management functions (e.g. acting as curator) without the express prior approval of the board. A firm of auditors may be engaged to perform operational functions, including that of bookkeeping, when such firm of auditors are not the appointed external auditors of Liberty Two Degrees and work is being performed under management supervision.

The audit and risk committee may delegate the approval of the appointment of a firm of auditors for non-audit services to management. Management shall report back on the use of the appointed external auditors or any other practising firm of auditors for non-audit services at meetings of the audit and risk committee.

Information relating to the use of non-audit services from the appointed external auditors of Liberty Two Degrees shall be disclosed in the notes to the annual financial statements. Separate disclosure of the amounts paid to the appointed external auditors for non-audit services as opposed to audit services, shall be made in the annual financial statements.

The audit and risk committee must consider on an annual basis and satisfy itself of the appropriateness of the expertise and experience of the financial director and Liberty Two Degrees must confirm this by reporting to unitholders in its integrated annual report that the audit and risk committee has executed this responsibility. The audit and risk committee has satisfied itself of the appropriateness of the expertise and experience of the interim financial director, John Sturgeon.

3. REMUNERATION AND NOMINATIONS COMMITTEE

The remuneration and nominations committee is comprised of Wolf Cesman (chairman), Peter Moyo and Michael Ilsley, all of whom are independent non-executive directors. Due to the combined nature of this committee and in order to ensure compliance with the JSE Listings Requirements and the principles of King III, the chairman of the remuneration component of the committee is Wolf Cesman (an independent non-executive director) while the chairman of the nomination component is Peter Moyo (the chairman of the board).

The remuneration and nominations committee is responsible for reviewing the Liberty Two Degrees' board structures and to make recommendations in respect of these matters as well as an appropriate split between executive and non-executive directors and independent directors. This committee also assists in the identification and nomination of new directors for approval by the board. It considers and approves the classification of directors as independent, oversees induction and training of directors and conducts annual performance reviews of the board and various board committees. The remuneration and nominations committee is also responsible for ensuring the proper and effective functioning of the Liberty Two Degrees board and assists the chairman in this regard.

The remuneration and nominations committee further has the responsibility and authority to consider and make recommendations to the board on, *inter alia*, the remuneration policy of Liberty Two Degrees, the payment of performance bonuses, executive remuneration, short-, medium- and long-term incentive schemes and employee retention schemes.

The remuneration and nominations committee uses external market surveys and benchmarks to determine executive directors' remuneration and benefits as well as non-executive directors' base fees and attendance fees. Liberty Two Degrees' remuneration philosophy is to structure packages in such a way that long- and short-term incentives are aimed at achieving business objectives and the delivery of unitholder value.

The CEO and CFO attend meetings by invitation.

The remuneration and nominations committee's responsibilities and duties will be governed by a charter. The number of meetings held will be disclosed in the integrated annual report for December 2017.

4. TRANSFORMATION, SOCIAL AND ETHICS COMMITTEE

The transformation, social and ethics committee is a sub-committee of the board of directors. The committee comprises Mike Ilsley (chairman), Amelia Beattie and Wolf Cesman.

Attendance at committee meetings may include persons from legal and marketing disciplines within Liberty Two Degrees. The mandate of the committee includes the following:

- monitoring the impact of legislation and compliance with the relevant Acts;
- monitoring Liberty Two Degrees' activities with regards to matters relating to corruption;
- monitoring Liberty Two Degrees' activities to promote and adhere to the B-BBEE Act;

- monitoring employment equity and fair labour practices;
- monitoring the contribution to development of the communities;
- reviewing the ethical standard of the board;
- monitoring customer relationships, including the compliance with the consumer laws; and
- monitoring the impact on the environment of Liberty Two Degrees' building developments.

5. COMPANY SECRETARY

The board of directors have direct access to the company secretary, Jill Parratt, who provides guidance and assistance in-line with the requirements outlined in the Companies' Act, King III and the JSE Listings Requirements.

The company secretary will be subjected to an annual evaluation by the board wherein the board will satisfy itself as to the competence, qualifications and experience of the company secretary.

In compliance with section 3.84(j) of the JSE Listings Requirements the board of directors has considered and has satisfied itself that the company secretary, Jill Parratt, is competent, appropriately qualified and experienced to fulfil her role as company secretary of the Manager. She has no personal relationship with any members of the board, nor is she a director on the board, or any other company related to the Manager. This ensures that she has an arm's length relationship with the board, whereby each party engages professionally and independently from each other, on an equal footing, even though the parties may have shared interests, thus ensuring that the parties' conduct towards each other is without influence or undue pressure. She is independent from management and does not have extensive executive duties and responsibilities. She is empowered to influence both the board and unitholders of Liberty Two Degrees, thereby acting as the gatekeeper of good corporate governance. The company secretary's relationship with the board has been assessed and is considered to be at arm's length.

6. DIVERSITY POLICY STATEMENT

Liberty Two Degrees recognises and embraces the benefits of having a diverse board, and sees increasing diversity at board level as an essential element in maintaining a competitive advantage. A truly diverse board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between directors. These differences will be considered in determining the optimum composition of the board and when possible should be balanced appropriately. All board appointments are made on merit, in the context of the skills, experience, independence and knowledge which the board as a whole requires to be effective.

The remuneration and nominations committee ("**the committee**") reviews and assesses board composition and recommends that the board approve the appointment of new directors onto the board. The committee also oversees the annual review of board effectiveness.

In reviewing the board composition, the committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively.

In identifying suitable candidates for appointment to the board, the committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the board. Furthermore, in accordance with section 3.85(k) of the Listings Requirements, which requires that boards of listed entities should have a policy on the promotion of gender diversity at board level, in 2017 the board will approve such a policy which will include an appropriate gender diversity target against which the board will track progress and report on annually in the integrated report.

As part of the annual performance evaluation of the effectiveness of the board, board committees and individual directors, the committee will consider the balance of skills, experience, independence and knowledge of the director of the board and the diversity representation of the board, including gender, how the board works together as a unit, and other factors relevant to its effectiveness.

Measurable objectives

The committee will discuss and annually recommend that the board approve all measurable objectives for achieving diversity on the board and recommend that the objectives be adopted. At any given time the board may seek to improve one or more aspects of its diversity and measure progress accordingly.

Monitoring and reporting

The committee will report annually, in the corporate governance section of the Liberty Two Degrees integrated report, on the process it has used in relation to board appointments. Such report will include a summary of this policy, the measurable objectives set for implementing the policy and progress made towards achieving those objectives.

Review of the policy

The board will review the policy annually, which will include an assessment of the effectiveness of the policy. The board will discuss any revisions that may be required and agree to adopt any such revisions.

7. INVESTMENT COMMITTEE

All acquisitions, disposals and capital expenditure are considered by the investment committee. The investment committee approves acquisitions, disposals and capital expenditure up to preset limits.

The role of investment committee is undertaken by the board. All members of the board have extensive experience and technical expertise in the property industry.

The investment committee's responsibilities are governed by a charter.

LIBERTY TWO DEGREES RISK FACTORS

Liberty Two Degrees' major risks are listed below. This list is not exhaustive. Additional risks not presently known to Liberty Two Degrees or which the directors currently consider to be immaterial may also adversely impact Liberty Two Degrees' business operations.

Risk	Impact	Mitigant
1. Increased utility costs (e.g. electricity, municipal rates and levies).	Tenants are not able to afford the increased occupancy costs resulting in these costs being borne by Liberty Two Degrees thus negatively impacting on Liberty Two Degrees' distributable income.	Various energy saving technologies are being implemented where possible in order to reduce utility costs. Rates objections are lodged where deemed necessary.
2. Disruption of water and electricity supply.	Impact on business continuity.	Electricity – generators are provided at all shopping centres and key office buildings. Solar PV solutions are being investigated. Water – storage tanks on site to reduce reliance on municipal supply and rain water harvesting solutions are being investigated.
3. Major tenant defaults.	Reduced distributable income.	Rigorous credit control policies and procedures are in place to ensure proper and adequate vetting of new tenants prior to the signing of leases. Continuous monitoring of and reporting on tenant debtors and delinquencies. Stuttafords, which occupies approximately 5.4% of the Sandton City Complex and 6.2% of the Eastgate Complex gross lettable area, has informed Liberty that it is in business rescue but that it will continue to pay its rent and Stuttafords has paid its rent for November in advance.
4. Adverse economic climate leading to increased vacancies.	Increased vacancies lead to reduced rental income and ultimately reduced distributable income.	The asset and property managers hold regular meetings with tenants to pre-empt any difficulties in meeting their rental obligations and ascertain possibilities of rental renegotiations.

Risk	Impact	Mitigant
5. Tenant concentration risk or overexposure to certain tenants.	Overexposure to any single or group of tenants increases the risk of financial loss should such tenant(s) fail.	<p>The asset managers monitor the tenant mix of the portfolio rigorously to prevent overexposure to a single or group of tenants.</p> <p>Where overexposure exists, asset managers monitor the tenants' ability to pay rent regularly. As soon as tenants show any sign of distress, asset managers employ strategies to de-risk the portfolio including the proactive reduction of space.</p>
6. A high concentration of leases expiring at the same time.	<p>Leases might not be renewed at same levels leading to reduced rental income.</p> <p>Concentrated expiries might also lead to increased vacancies and ultimately reduced distributable income.</p>	<p>Asset and property managers begin negotiations of lease renewals at least six to 12 months prior to lease expiry.</p> <p>Property managers monitor vacancies closely and work closely with other brokers to ensure vacancies are filled.</p>
7. Lack of sectoral diversification of the portfolio.	The portfolio is intentionally predominantly retail and has a low exposure in office and minimal exposure in the industrial sector. There is a risk that if the retail sector performs badly, the portfolio returns will be significantly negatively affected leading to reduced distributable income.	<p>The portfolio comprises of carefully selected prime and high quality retail assets.</p> <p>The asset managers employ value enhancing and defensive strategies (e.g. tenant mixes, redevelopments that are up to date with market trends) to ensure the retail assets deliver and continue to deliver good returns to investors.</p>
8. Security/terrorism threats.	Increase in security costs and potential damage to assets due to security threats (terror attacks).	All shopping centres have been placed on high alert, staff have been trained for crisis management, close relationships have been built with the SAPS and disaster management teams and mobile SAPS units have been placed in some centres.
9. Underperformance of property managers could lead to poor performance of the portfolio.	Underperformance by the property managers could lead to reduced rental collections, high vacancies and a generally poor state of repair of the properties. All these factors could have a negative impact on the portfolio returns and ultimately on distributable income.	The asset managers strictly monitor the property managers' performance against pre-set key performance indicators (KPIs) and service level agreements (SLAs) on a monthly basis and as and when any non-performance issues arise. Non-performance is penalised.
10. Underperformance by property developers and contractors.	This could lead to delays in the completion of developments and redevelopments, cost escalation, poor final product and loss of tenant revenue, etc.	<p>The asset managers monitor the performance of the appointed development managers and contractors against signed SLAs.</p> <p>Progress of each development is monitored to prevent project cost overruns, and where delays are encountered penalties are levied on the contractors in line with SLAs.</p>

Risk	Impact	Mitigant
11. Destruction of investment property and other assets.	Damage to investment property and other assets through fire, riots, or other perils or reasons could lead to loss of rental income and capital value.	<p>The adequacy of insurance cover is monitored on a regular basis, with the assistance of reputable insurance brokers who provide expert advice.</p> <p>Quantity surveyors are engaged to determine the replacement costs of buildings and on a rotational basis, escalation of the replacement costs are determined using the Bureau for Economic Research (“BER”) building cost index.</p> <p>Liberty Two Degrees uses a diversified pool of underwriters with sufficient financial backing to meet insurance claims as they become due.</p>
12. Acquisitions might not contribute positively to portfolio returns.	<p>Acquisitions might be yield dilutive or might not achieve the targeted returns.</p> <p>Further, risks associated with transactions might not be properly identified and mitigated leading to financial loss (e.g. risk of title, unsigned leases, incorrect zoning, technical issues, etc.).</p>	<p>Acquisitions are scrutinised by the relevant governance structures who also check the impact of acquisitions on the existing portfolio returns.</p> <p>A rigorous due diligence process, (including financial, legal and technical due diligence) ensures that all risks pertaining to transactions have been properly identified and mitigated.</p>
13. Non-compliance with REIT legislation.	Non-compliance with the REIT legislation might lead to Liberty Two Degrees losing its status as a REIT in terms of the JSE Listings Requirements and ultimately the tax shield enjoyed by it as a REIT. This will in turn lead to increased tax liabilities and reduced distributions to investors.	<p>Management monitors compliance with REIT legislation on an ongoing basis.</p> <p>The Compliance Officer also ensures and monitors compliance on an ongoing basis.</p>
14. Non-compliance with laws and regulations.	As laws and regulations change constantly and new regulations are introduced, risk of non-compliance increases and this might lead to reputational damage and penalties.	<p>A rigorous risk and compliance management process as well as an <i>ad hoc</i> internal audit, if required, ensure that compliance with laws and regulations is maintained throughout the Manager’s business.</p> <p>Staff are trained regularly on new laws and regulations as well as existing ones.</p>
15. Co-owner relationships.	Missed investment opportunities in co-owned assets as a result of co-owners’ strategies being different from Liberty Two Degrees’ strategies.	Regular engagements being held with co-owners to align objectives for the assets.

Risk	Impact	Mitigant
16. Loss of key staff.	Skilled and experienced staff might not be retained leading to an inability to meet key deliverables.	Key staff are remunerated in line with market. Key staff turnover is closely monitored and the necessary measures taken to rectify the same.
17. General supplier outsourcing risk.	The failure of outsourced suppliers to deliver a particular service will impact the ability of Liberty Two Degrees to deliver its value proposition.	A vetting process will be implemented to ensure that only trusted suppliers are used and, where possible, reliance will not be placed on a single supplier to provide a particular service.
18. Oversupply of retail malls.	This could potentially lead to downward pressure on rental income as a result of the oversupply.	The iconic nature of the retail property portfolio will ensure that there is sufficient demand for premium retail space.

MINIMUM DISCLOSURE DOCUMENT (MDD)

(As at the last practicable date, unless otherwise indicated below)

Registered name of portfolio	Liberty Two Degrees
Registration number	374
Manager	STANLIB REIT Fund Managers Proprietary Limited (RF) (Registration number 2007/029492/07) Liberty Life Centre 1 Ameshoff Street Braamfontein Johannesburg, 2001 (PO Box 10499, Johannesburg, 2000)
Trustee	RMB Trustee Services, a division of FirstRand Bank Limited (Registration number 1929/001225/06) Mezzanine Floor No. 3 First Place Bank City Cnr Jeppe and Simmonds Streets Johannesburg, 2001 (PO Box 786273, Sandton, 2146)
Investment objective	<p>Liberty Two Degrees is a portfolio created under the Liberty Two Degrees Scheme in terms of the CISCA to afford investors growth in income and capital by investing at fair prices in a balanced spread of immovable properties and related assets permitted by the Trust Deed.</p> <p>The object of the portfolio is to offer members of the public and institutions an opportunity to acquire participatory interests in a portfolio of qualifying assets and at the same time have the expectation of a growing income and the security and conservation of the purchasing power of their capital, as well as sharing in any long-term capital growth resulting from the increase in the value of such portfolio.</p>
Summary of the investment policy	<p>The investment policy of Liberty Two Degrees is aimed at achieving the primary objective of Liberty Two Degrees of affording investors growth in income and capital by investing at fair prices in a balanced spread of the following assets:</p> <ul style="list-style-type: none"> • immovable property in the Republic of South Africa (including undivided shares or other interests therein or leasehold in respect thereof); • securities of holding companies or fixed property companies, which will indirectly or directly own immovable properties; • liquid assets and other qualifying assets determined by the Registrar in terms of section 47(2) of the CISCA; or • immovable property in a foreign country and property shares or participatory interests in a collective investment scheme in property in a foreign country, in accordance with the provisions of section 49 of the CISCA.

Registered name of portfolio	Liberty Two Degrees
Registration number	374
Risk	<p>Liberty Two Degrees' major risks are listed below. This list is not exhaustive. Further details relating to the impact of and mitigants employed in respect of the risks listed below are set out in Annexure 20 of the Pre-Listing Statement:</p> <ul style="list-style-type: none"> • Increased utility costs (e.g. electricity, municipal rates and levies). • Disruption of water and electricity supply. • Major tenant defaults. • Adverse economic climate leading to increased vacancies. • Tenant concentration risk or overexposure to certain tenants. • A high concentration of leases expiring at the same time. • Lack of sectoral diversification of the portfolio. • Security/terrorism threats. • Underperformance of property managers could lead to poor performance of the portfolio. • Underperformance by property developers and contractors. • Destruction of investment property and other assets. • Acquisitions might not contribute positively to portfolio returns. • Non-compliance with REIT legislation. • Non-compliance with laws and regulations. • Co-owner relationships. • Loss of key staff. • General supplier outsourcing risk. • Oversupply of retail malls.
Fees and charges	<p>The Manager, in payment for the services it provides, is entitled to a fee payable by the Trust. This fee is calculated in terms of a formula set out in the Trust Deed concluded between the Manager and the Trustee.</p> <p>The Manager will receive a monthly management fee of 1/12th of 0.4% of the enterprise value (being the sum of the market capitalisation of the Trust and all debt in the Trust). In addition, Liberty Two Degrees will pay (or the Manager will recover if the Manager pays) the Trustees fees and certain specified costs, the details of which are available on request.</p>
Portfolio launch date	Tuesday, 6 December 2016
Portfolio classification	Real-Estate Investment Trust or REIT
Portfolio size (number of units) on listing	908 443 334 units will be in issue on listing
Previous distributions	None as at listing
Performance of the portfolio	Not applicable
Portfolio valuation	R8.8 billion, assuming that the private placement is fully subscribed for

Registered name of portfolio	Liberty Two Degrees
Registration number	374
Asset allocation (%) on listing	<p>Property (predominantly retail property) approximately 67%</p> <p>Cash approximately 33%</p> <p>Region: South Africa 100%</p> <p>Property name and % undivided shares held by Liberty Two Degrees:</p> <ul style="list-style-type: none"> • Sandton City Complex (16.5%) • Eastgate Complex (22%) • Melrose Arch (5.5%) • Liberty Promenade Shopping Centre (22%) • Liberty Midlands Mall (22%) • Nelson Mandela Square (22%) • Botshabelo Mall (15.4%) • John Ross Eco Junction – Business (22%) • John Ross Eco Junction – Melomed Hospital (15.4%) • Liberty Centre Head Office (22%) – Western Cape • Liberty Centre Head Office (22%) – KwaZulu-Natal • Standard Bank Centre (11%)
Details of publication of prices	<p>The JSE has granted Liberty Two Degrees a listing of all of its issued units on the JSE in the “Diversified REITs” sector of the Main Board of the JSE under the abbreviated name: “Liberty2D”, JSE code: L2D and ISIN: ZAE000230553 with effect from the commencement of trade on Tuesday, 6 December 2016, subject to Liberty Two Degrees having satisfied the Listings Requirements regarding the spread of unitholders, being public unitholders holding not less than 20% of the issued units of Liberty Two Degrees at the point of listing on the JSE and the exchange agreement becoming unconditional.</p>

Registered name of portfolio	Liberty Two Degrees
Registration number	374
Disclosures	<ul style="list-style-type: none"> • Collective investment schemes are generally medium- to long-term investments. • The value of participatory interests or the investment may go down as well as up and past performance is not necessarily a guide to future performance. • Collective investment schemes are traded on an exchange at offered prices and can engage in borrowing. • Liberty Two Degrees and the Manager are not obliged to redeem units. • A schedule of fees and charges and maximum commissions is available on request from the management company. • STANLIB REIT Fund Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. • STANLIB REIT Fund Manager has a right to close the portfolio to new investors in order to manage it more efficiently in accordance with its mandate. • STANLIB REIT Fund Manager does not provide any guarantee either with respect to capital or the return of the Fund. Collective Investment Schemes are not investments in insurance policies with an insurer and therefore cooling-off periods do not apply. The directors or employees of STANLIB REIT Fund Manager may be invested in the fund. • The investor understands that the legal and tax environment is continually changing and that STANLIB REIT Fund Manager cannot be held responsible for any changes to the law which might have an effect on their investment, and which do not exist at the time their investment is made. • STANLIB REIT Fund Manager Proprietary Limited (RF) is a registered Collective Investment Scheme Manager. • This document is a Minimum Disclosure Document (MDD) in terms of the Advertising, Marketing and Information Disclosure Requirements for Collective Investment Schemes published by the Financial Services Board. MDD issue date 21 November 2016.

Additional information

The information contained in this MDD is as at the launch date of Liberty Two Degrees (i.e. 6 December 2016). Please note that any updated version of this MDD will be made available on Liberty Two Degrees' website (www.liberty2degrees.co.za).

If you require further details on Liberty Two Degrees, including where to obtain brochures, application forms, annual and half-yearly reports, please email Imahabeer@javacapital.co.za or call (011) 722 3058 or visit www.liberty2degrees.co.za.



LIBERTY two°degrees

Liberty Two Degrees

JSE code: L2D

ISIN: ZAE000230553

(Approved as a REIT by the JSE)

(“**Liberty Two Degrees**”)

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, and managed by STANLIB REIT Fund Managers Proprietary Limited (RF)

(Registration number: 2007/029492/07)

(“**the Manager**” or “**STANLIB REIT Fund Managers**”)

PRIVATE PLACEMENT APPLICATION FORM

TO BE COMPLETED BY INVITED INVESTORS

A private placement in order for:

- Liberty Two Degrees to raise up to approximately R2.8 billion by way of:
 - subscription by invited investors for up to approximately 200 000 000 private placement units at a subscription price of R10.00;
 - subscription by Liberty (using its new policyholders’ funds) for 82 127 545 private placement units at a 5% discount to the subscription price payable by invited investors, being R9.50 per private placement unit. Liberty has undertaken to subscribe for these units; and
- Liberty, to the extent that there is demand by invited investors, selling (out of its shareholders’ funds) up to approximately 100 000 000 Liberty Two Degrees units,

in terms of the pre-listing statement to be issued on or about Monday, 21 November 2016 (“**pre-listing statement**”).

Successful applicants will be advised of their allocation of private placement units on Tuesday, 29 November 2016.

Please refer to the instructions below before completing this application form.

Dematerialised units

The allocated private placement units will be transferred to successful applicants in dematerialised form only. Accordingly, all successful applicants must appoint a Central Securities Depository Participant (“**CSDP**”) directly, or a broker, to receive and hold the dematerialised units on their behalf. Should a unitholder require a physical share certificate for its REIT units, it will have to rematerialise its REIT units following the listing and should contact its CSDP or broker to do so.

As allocated private placement units will be transferred to successful applicants on a delivery-versus-payment basis, payment will be made by your CSDP or broker on your behalf.

Invited investors should complete this application form in respect of the private placement and hand deliver or email it to:

If delivered by hand or by courier:

Attention:

Richard Stout

30 Baker Street

Rosebank, 2196

Johannesburg

If emailed:

richard.stout@standardbank.co.za

In the event that this application form is submitted through a broker, the broker must stamp this application form.

This application form must be received by no later than 12:00 on Monday, 28 November 2016.

Qualifying investors must contact their CSDP or broker and advise them that they have submitted the application form as instructed above. Pursuant to the application, qualifying investors must make arrangements with their CSDP or broker for payment to be made as stipulated in the agreement governing their relationship with their CSDP or broker, in respect of the units allocated to them in terms of the private placement by the settlement date, expected to be Tuesday, 6 December 2016.

Conditions precedent

The private placement and the listing are subject to: Liberty Two Degrees achieving a spread of unitholders acceptable to the JSE, being a minimum of 20% of the issued units being held by public unitholders at the point of listing on the JSE, and the exchange agreement becoming unconditional, confirmation thereof to be provided to the JSE by no later than 48 hours prior to the listing date.

Reservation of rights

The board shall, in its sole discretion, determine an appropriate allocation mechanism, such that the placement units will be allocated on an equitable basis, as far as reasonably possible, taking into account the spread requirements of the JSE, the liquidity of the units and considering the potential unitholder base that the board wishes to achieve and whether or not the board considers it appropriate to grant preferential allocation to any applicant or group of applicants.

The directors of the Manager reserve the right to accept or reject, either in whole or in part, any application form should the terms contained in the pre-listing statement and the instructions herein not be properly complied with.

To the directors:

LIBERTY TWO DEGREES SCHEME

I/We, the undersigned, confirm that I/we have full legal capacity to contract and, having read the pre-listing statement, hereby irrevocably apply for and request you to accept my/our application for the under mentioned value of private placement units under the private placement set out in the pre-listing statement and in terms of the conditions set out therein and that may, in your absolute discretion, be allocated to me/us, subject to the Trust Deed and Supplemental Trust Deed.

1. I/We wish to receive my/our allocated private placement units in dematerialised form and will deliver this application form to Standard Bank, and will provide appropriate instructions to my/our CSDP or broker, as the case may be, with regard to the application herein and the payment thereof, as stipulated in the agreement governing my/our relationship with my/our CSDP or broker, as the case may be. I/We accept that payment in respect of this application will be, in terms of the custody agreement entered into between me/us and my/our CSDP or broker, as the case may be, on a delivery-versus-payment basis.
2. I/We understand that the application for private placement units in terms of the pre-listing statement is conditional on the granting of a listing of Liberty Two Degrees units, by Tuesday, 6 December 2016 or such later date as the directors may determine, on the JSE Limited.

Dated	2016	Telephone number ()
Signature		Mobile phone number
Assisted by (where applicable)		

Surname of individual or name of corporate body	Mr Mrs Miss Other title
Full names (if individual)	
Postal address (preferably PO Box address)	Postal code
Telephone number ()	
Mobile phone number	
E-mail	
Rand value of private placement units applied for	R (Enter figures only – not words)

Required information must be completed by CSDP or broker with their stamp and signature affixed thereto.

CSDP name	
CSDP contact person	
CSDP contact telephone number	
SCA or bank CSD account number	
Scrip account number	
Settlement bank account number	
Stamp and signature of CSDP or broker	

This application will constitute a legal contract between Liberty Two Degrees and the applicant. Application forms will not be accepted unless the above information has been furnished.

Instructions:

1. Applications are irrevocable and may not be withdrawn once submitted.
2. CSDP's and brokers will be required to retain this application form for presentation to the directors if required.
3. Please refer to the terms and conditions of the private placement set out in paragraph 20 of the pre-listing statement. Applicants should consult their broker or other professional advisor in case of doubt as to the correct completion of this application form.
4. Applicants need to have appointed a CSDP or broker and must advise their CSDP or broker in terms of the custody agreement entered into between them and their CSDP or broker. Payment will be made on a delivery-versus-payment basis.
5. No payment should be submitted with this application form to Standard Bank.
6. If payment is dishonoured, or not made for any reason, Liberty Two Degrees may, in its sole discretion, regard the relevant application as invalid or take such other steps in regard thereto as it may deem fit.
7. No receipts will be issued for application forms, application monies or any supporting documentation.
8. All alterations on this application form must be authenticated by full signature.
9. As allocated private placement units are being transferred to successful applicants on a delivery-versus-payment basis, no payment will be required to be made if the private placement or listing is not successful.

