HALF YEAR RESULTS PRESENTATION

For the six months ended 30 June 2019

LIBERTY   two°degrees

AT A GLANCE

HIGHLIGHTS FOR H1 2019

Half-year distribution of 29.31c

Eastgate rates objection successfully resolved

Ongoing implementation of strategic building blocks

Trading density growth remains positive

Retail vacancies remain low

FINANCIAL RESULTS

STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2019

R'000	Unaudited 30 Jun 2019	Unaudited 30 Jun 2018*	Audited 31 Dec 2018
Property portfolio revenue	483 285	417 213	913 810
Property operating expenses including change in expected credit losses	(144 513)	(144 425)	(324 688)
Net rental and related income	**338 772**	272 788	589 122
Revenue from contracts with customers	34 747	32 004	63 915
Other income	0	1 040	4 049
Operating costs	(44 183)	(43 997)	(76 126)
Profit from operations	**329 336**	261 835	580 960
Net interest (expense)/income	(70 598)	8 681	(12 820)
Realised loss on sale of equity	0	(2 085)	(2 085)
Net fair value adjustments	(14 527)	(64 567)	80 762
Total earnings	**244 211**	203 864	646 817
Taxation	(57)	(3 130)	(6 082)
Total comprehensive income	**244 154**	200 734	640 735

* Restated.

NET PROPERTY INCOME GROWTH

Comparable NPI Growth	Growth %	Jun 19	Jun 18
Net Property Income	24.2%	338 771 891	272 788 330
Straight-lining		7 589 343	4 843 297
NPI adjusted for straight-lining	**24.8%**	**346 361 233**	**277 631 627**

| 6.1%	6.6%
Normalised for ownership % incl. new assets[1]	**Normalised for ownership % excl. new assets[1]**

1. New assets: Midlands Lifestyle centre, Melomed, Hotels, Convention Centre and Virgin Active.

NET PROPERTY INCOME LIKE FOR LIKE – 24 MONTHS

Gross Income Growth (like-for-like)	Growth Incl Rates	Growth Excl Rates
Portfolio	**7.1%**	**5.6%**
Retail	7.2%	6.0%
Office	5.1%	1.2%
Specialised	7.4%	7.5%

Cost to Income Ratio

31.24% — 2018 H1

27.91% — 2019 H1
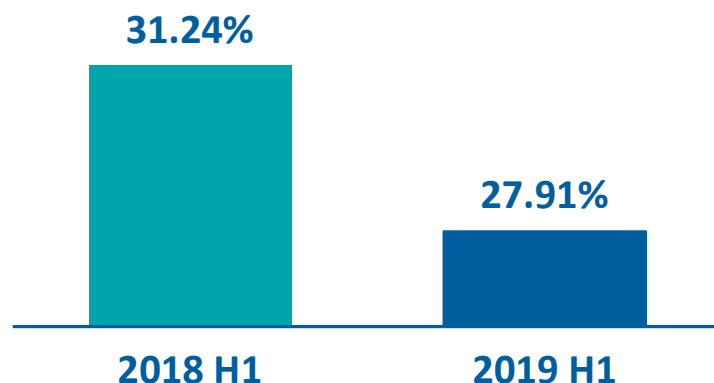
Main Cost Drivers

Operating Costs ▲	2.4%
Rates ▲	22.7%
Operating Costs Excl Rates ▼	**9.5%**

NPI Growth (like-for-like)	Growth Incl Rates	Growth Excl Rates
Portfolio	**8.0%**	**7.2%**

1. Note: The cost to income ratio is derived from income and expenses for tenants (and assets) which have been trading for a full 24 months.
2. Note :The Eastgate rebate received in June 2019 has been normalised across the two periods.
3. Note: The major driver of the operating cost decline is due to Standard Bank's TI ammortisation lower in 2019 vs 2018 as a result of the renewal.
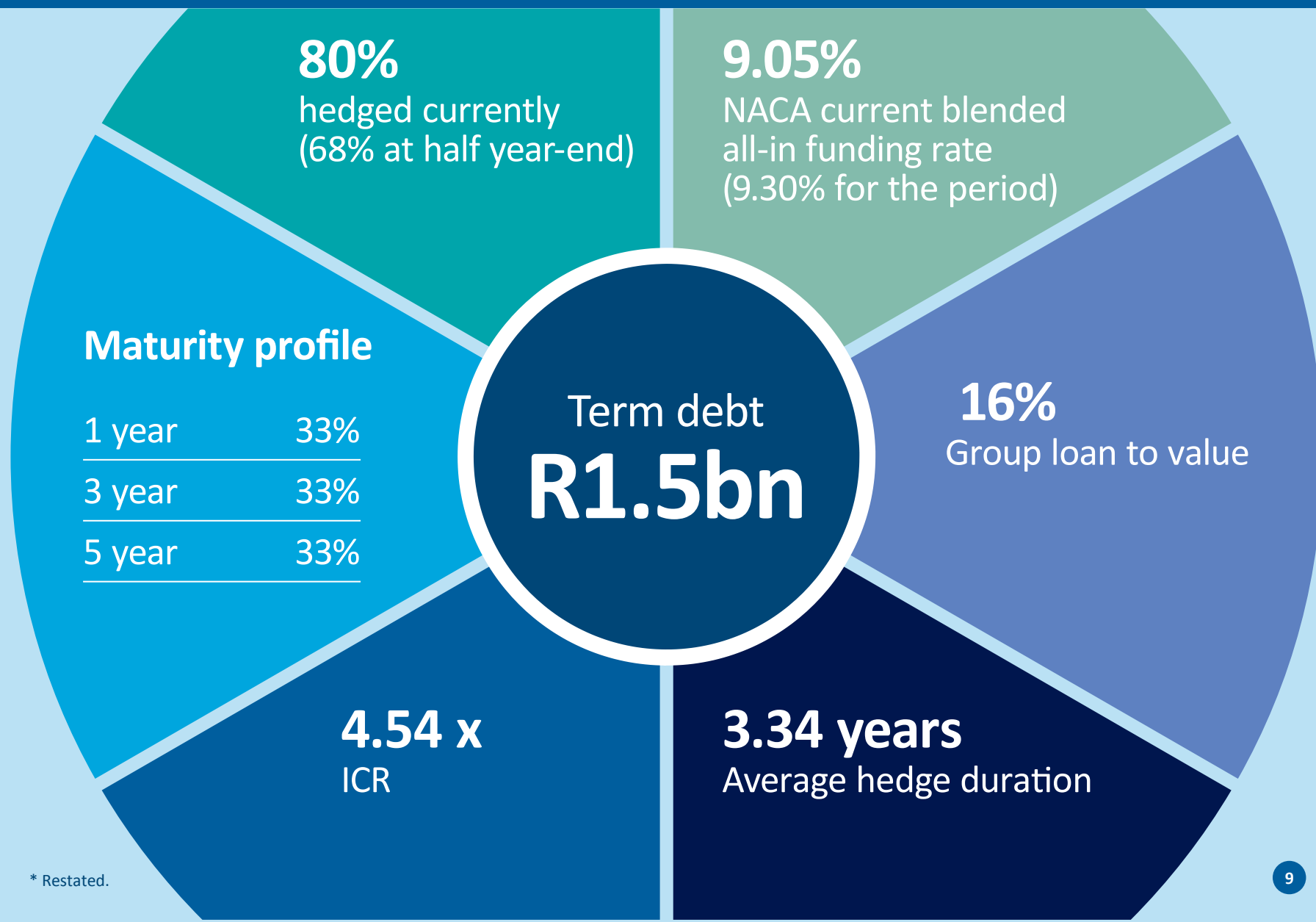
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

R'000	Unaudited 30 Jun 2019	Unaudited 30 Jun 2018*	Audited 31 Dec 2018
ASSETS			
Non-current assets	**10 205 896**	8 706 337	10 145 122
Current assets	**354 685**	376 523	333 264
Total assets	**10 560 581**	9 082 860	10 478 386
LIABILITIES			
Non-current liabilities	**1 000 950**	0	1 000 000
Current liabilities	**846 430**	167 158	894 490
Trade and other payable	**231 620**	167 158	259 594
Financial Instruments	**14 024**	0	8 289
Lease liabilities	**2 850**	0	0
Financial liabilities	**597 936**	0	626 607
Total liabilities	**1 847 380**	167 158	1 894 490
EQUITY			
Capital	**8 780 921**	8 782 290	8 780 489
Retained surplus	**273 636**	267 919	122 646
Mergers/capital reserve	**(426 104)**	(92 459)	(426 104)
Non-distributable reserve	**84 748**	(42 048)	106 865
Total Equity	**8 713 201**	8 915 702	8 583 896
Total equity and liabilities	**10 560 581**	9 082 860	10 478 386

* Restated.

DEBT FACILITIES

80%
hedged currently
(68% at half year-end)

9.05%
NACA current blended
all-in funding rate
(9.30% for the period)

Maturity profile

1 year	33%
3 year	33%
5 year	33%

Term debt
R1.5bn

16%
Group loan to value

4.54 x
ICR

3.34 years
Average hedge duration

* Restated.

UNPACKING DISTRIBUTION

Edcon
(eff. 1 April 2019)

Current[1]	R9.6m
Expected[1]	R9.9m

Looking forward[2] -R10.6m

Interest rates

Current	9.3%
Expected	9.5%

Looking forward 9.05%

Eastgate rates

Current	R18.8m
Expected	R26.2m

Distribution

Current	29c
Expected	29c

Net property income

Current	R346.3m
Expected	R351.9m

Difference

Checkers project Sandton

Melrose Arch parking and vacancies

Hotel business environment

Eastgate rates

Outlook guidance remains as forecasted

[1] For period April to June

[2] Current estimated impact January to December 2020

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OPERATIONAL UPDATES

LIBERTY

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CREATING EXPERIENTIAL OFFERINGS

INTERNATIONAL

LUSH FRESH HANDMADE COSMETICS

COLE HAAN
EST. 1928

MINISO

NEW OFFERINGS

YUPPIECHEF®

IQOS

HYDRAULICS

CUSTOMER PREFERENCE

Paloma BOUTIQUE

MY COTTON TREE
Growing our kids in style

ROCKETS MAN
It's your style

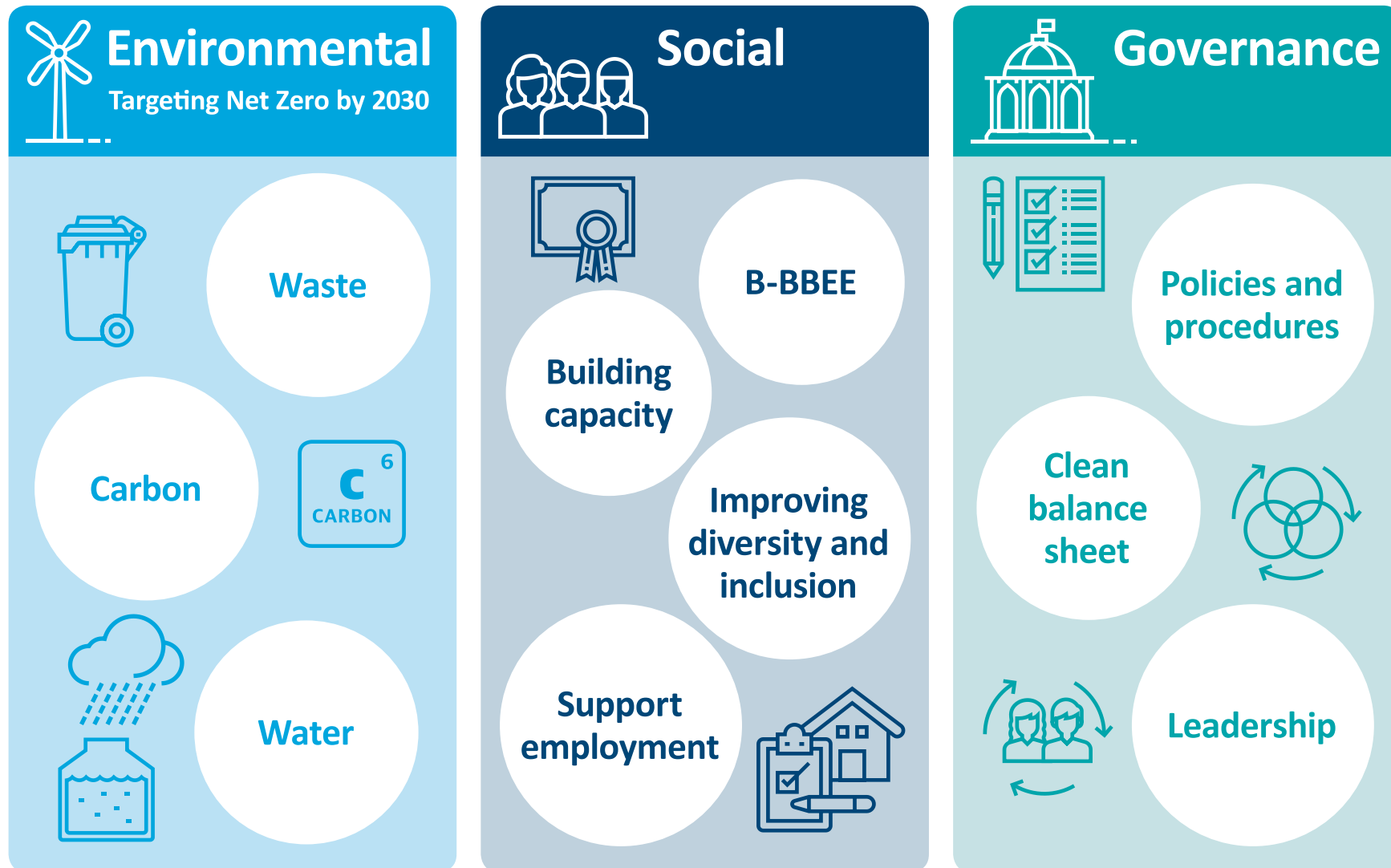KINGSLEY HEATH
AFRICAN LUXURY EST. 1994

POP-UPS

FREDDY
the art of movement

GUGU INTIMATES
THE NEW NAKED

Off-White™

ED SHEERAN

L2D'S ESG ACTIONS

Environmental
Targeting Net Zero by 2030

- Waste
- Carbon
- Water

C⁶ CARBON

Social

- B-BBEE
- Building capacity
- Improving diversity and inclusion
- Support employment

Governance

- Policies and procedures
- Clean balance sheet
- Leadership

SECTOR OVERVIEW

JUNE 2019	PORTFOLIO	RETAIL	OFFICE	SPECIALISED	HOTELS
Total property GLA ('000m²)	967	523	331	113	–
NPI contribution (%)	100	78	14	6	2
Average escalation (%)[1]	7.9	7.9	7.9	8.1	–
L2D CCO ratio (%)[2]	–	15.0	–	–	–
WALE by income (years)	3.0	2.9	2.6	5.3	–
Overall vacancy rate – Jun 2019 (%)	4.6	2.4	9.8	0	–
Overall vacancy rate – Dec 2018 (%)	3.4	1.2	8.0	0	–
Overall vacancy rate – Jun 2018 (%)	6.0	4.3	9.7	0	–

1. The average escalation rate excludes Melrose Arch.
2. Comprehensive Cost of Occupation Ratio.

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CONTINUED IMPROVEMENT IN TRADING PERFORMANCE

PROPERTIES	ANNUALISED TRADING DENSITY (R/m²)	MAY 19 (%)	DEC 18 (%)	JUN 18 (%)
Sandton City	56 858	6.8	3.9	5.4
Eastgate Shopping Centre	36 542	(1.1)	2.9	3.1
Nelson Mandela Square	57 401	6.2	(1.3)	(4.7)
Liberty Promenade	40 961	2.6	1.9	4.1
Midlands Mall²	38 059	(0.6)	(0.6)	(3.6)
Botshabelo Mall	31 211	11.0	9.6	14.1
Portfolio (excl. MA & LC)	**44 645**	**2.9**	**2.9**	**2.8**
Melrose Arch	27 670	0.2	(6.2)	1.5
Full Portfolio (excl. LC)	**43 375**	**3.3**	**2.5**	**2.7**

1. Trading density growth is based on a 12-month rolling period.
2. Excluding Lifestyle Centre.
3. MA = Melrose Arch
4. LC = Midland Lifestyle Centre

SIGNIFICANT CATEGORIES DRIVING GROWTH

1. Trading density over a 12-month period to May 2019.
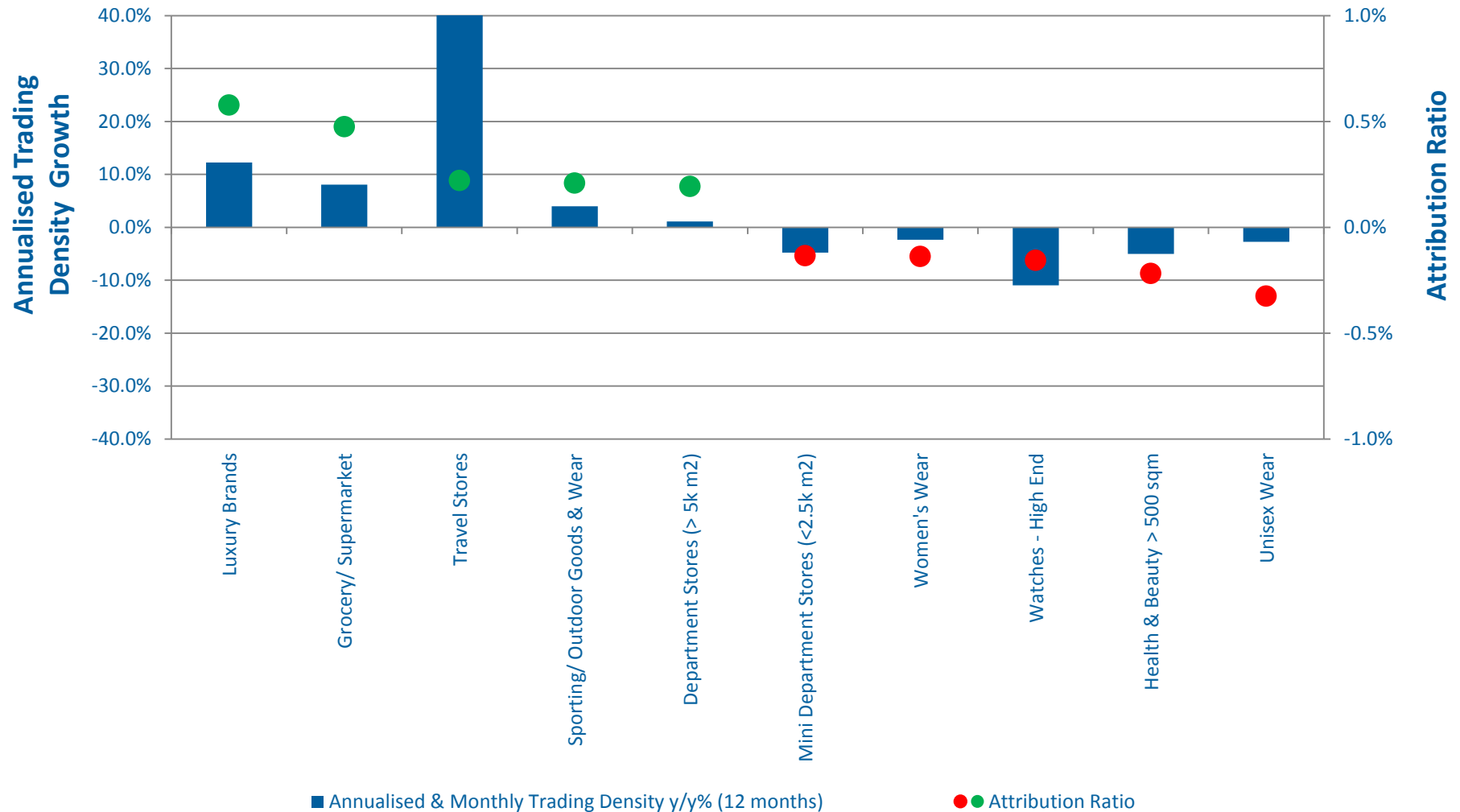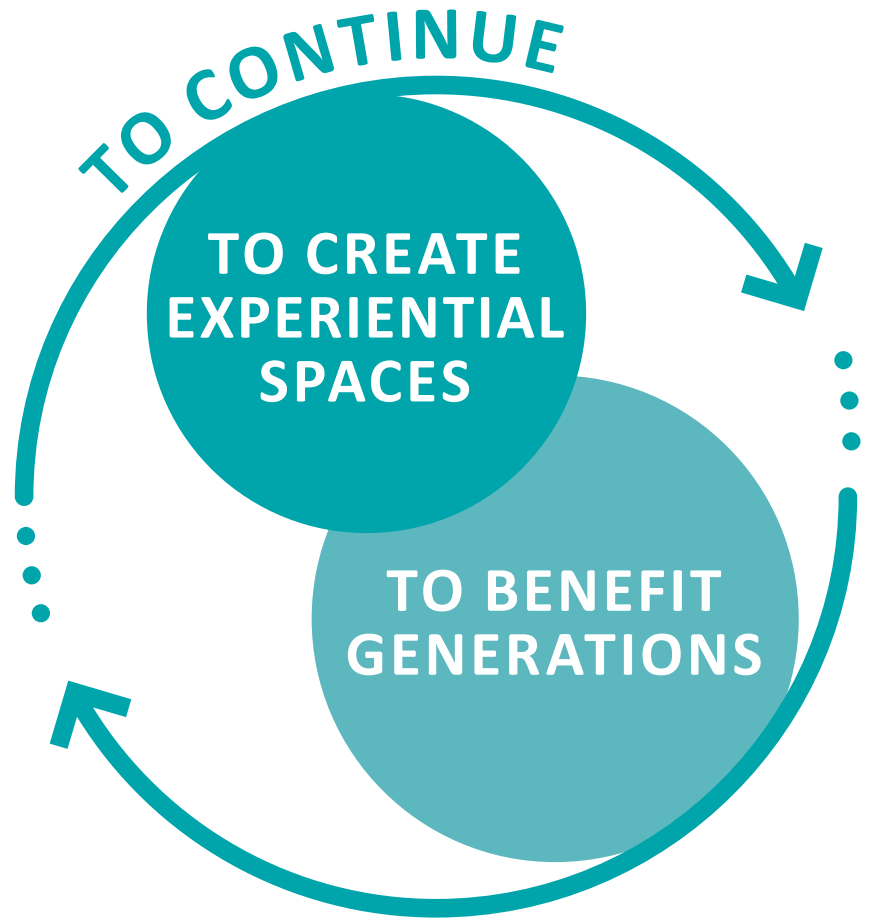
LOOKING AHEAD

VISION AND PURPOSE

VISION

TO BE THE

LEADING

SOUTH AFRICAN

PRECINCT FOCUSED, RETAIL-CENTRED REIT

PURPOSE

TO CONTINUE

TO CREATE EXPERIENTIAL SPACES

TO BENEFIT GENERATIONS

THE FUTURE OF RETAIL

Hourglass syndrome

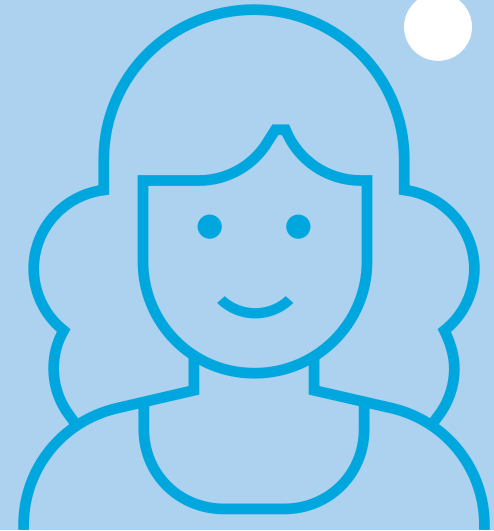The next G

Suitcase customers

Generation A – Z

Data is the new oil

Your bank in your pocket

Tenants acquire customers

Well spaces

Live, work, play, learn

L2D BUILDING BLOCKS

Smart Spaces
(Embracing technology)

Creating smart environments by integrating technology to enhance customer's and retailer's experiences, securing our position at the forefront of innovative thinking

On-demand Spaces
(Time is valuable)

Creating customer convenience because time is a valuable resource that cannot be bought, borrowed or saved
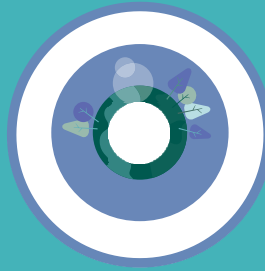
Good Spaces
(Sustainable and flexible)

Ensuring minimal impact on the environment by adopting a flexible sustainability strategy

Inclusive Spaces
(Community place making)

Creating a feeling of common ownership through sharing of social values and promoting health, happiness and well-being

Immersive Spaces
(Curating experiences)

Creating lively, human centric spaces, which bring together customers and experiences to create memorable stories

LOOKING AHEAD

Lead indicators remain positive

Well positioned to pick up when environment changes

Remain focused in a challenging environment

Human connection at the heart of our strategy

Long term value creation

"Creators of Experiential Spaces"

THANK YOU

ANNEXURES

LIBERTY TWO DEGREES FINANCIAL AGENDA

HY19 Financial results

Distribution payment

Closed period

30 May 2019 — 29 Jul 2019 — Q3 2019 — Sep 2019 — 28 Nov 2019 — 1 Dec 2019

Pre-close update

Investor day

Pre-closed update for the period ended 30 Sep 2019

24
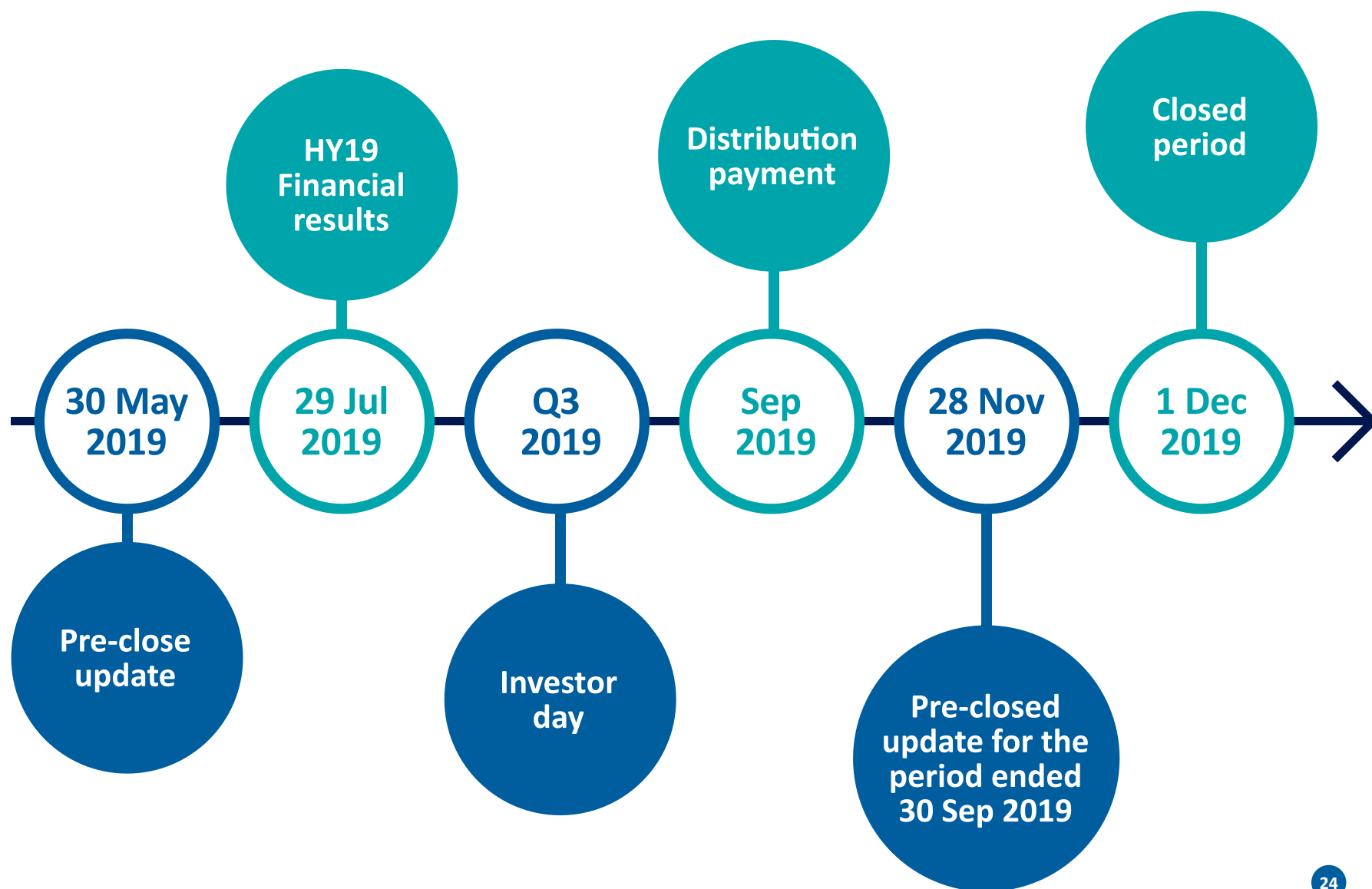
OPERATIONAL UPDATES CONTINUED

LIBERTY two°degrees

SANDTON CITY COMPLEX

LIBERTY two°degrees

SANDTON CITY COMPLEX

RETAIL	Jun 19	Dec 18	Jun 18
Average net rental (R/m^2)	538	510	504
Vacancy (%)	0.6	0.4	0.9[4]
L2D CCO ratio	16.5	15.7	14.7
OFFICE			
Average net rental (R/m^2)	159	141	168
Vacancy (%)	24.2	25.5	28.8

TRADING DENSITY UPDATE (R/m^2)	May 19	Dec 18	Jun 18
Centre	56 858	54 247	53 369
Growth (%)[1]	6.8	3.9	5.4

	Annual TD growth (%)	Annual TD growth (%)	Annual TD growth (%)
HIGHEST TD GROWTH			
Photography	29.8	22.3	(4.7)
HIGHEST TD GROWTH BY ATTRIBUTION RATIO [2]			
Luxury brands	12.3	10.4	18.7
Unisex wear	4.8	2.1	(2.3)
Department stores (> 5k m^2)	3.1	6.1	7.0
Health and beauty (< 500 m^2)	13.1	6.9	(2.2)
Photography	29.8	22.3	(4.7)

1. Growth is based on trading density over a 12 month rolling period as per Clur Report.
2. Attribution ratio: retail sales contribution % X annual trading density growth %.
3. Asset Management Executive: Nikiwe Mkhabela.
4. Includes pre-lets.

EASTGATE
COMPLEX

LIBERTY   two°degrees

EASTGATE COMPLEX

COMPLEX (RETAIL AND OFFICE)	Jun 19	Dec 18	Jun 18
Average net rental (R/m^2)	360	368	366
Vacancy (%) – retail	3.1[5]	1.0	1.7[4]
L2D CCO ratio	18.5	19.6	19.8
Vacancy (%) – office	2.7	2.7	4.5

TRADING DENSITY UPDATE (R/m^2)	May 19	Dec 18	Jun 18
Centre	36 542	37 089	36 919
Growth (%)[1]	(1.1)	2.9	3.1

HIGHEST TD GROWTH	Annual TD growth (%)	Annual TD growth (%)	Annual TD growth (%)
Travel stores	273.3	111.1	5.7
HIGHEST TD GROWTH BY ATTRIBUTION RATIO [2]			
Travel Stores	272.3	111.1	5.7
Home Furnishings/Art/Antiques/Décor	6.0	9.6	(0.5)
Sporting/ Outdoor Goods & Wear	2.2	1.4	0.2
Fashion Jewellery	14.8	30.2	0.5
Department Stores (>5k m^2)	0.3	7.3	5.4

1. Growth is based on trading density over a 12 month rolling period as per Clur Report.
2. Attribution ratio: retail sales contribution % X annual trading density growth %.
3. Asset Management Executive: Carmen Collison.
4. Includes pre-lets.
5. Including pre-let vacancy 1.8%

MIDLANDS MALL AND LIFESTYLE CENTRE

LIBERTY

two°degrees

MIDLANDS MALL AND LIFESTYLE CENTRE

RETAIL	Jun 19	Dec 18	Jun 18
Average net rental (R/m²)	221	214	209
Vacancy (%)	1.4	1.9	1.5[4]
L2D CCO ratio	11.4	10.8	11.4

TRADING DENSITY UPDATE (R/m²)	May 19	Dec 18	Jun 18
Mall	38 059	38 138	37 797
Growth (%)[1]	(0.6)	(0.6)	(2.3)

HIGHEST TD GROWTH	Annual TD growth (%)	Annual TD growth (%)	Annual TD growth (%)
Specialised Foods	34.1	29.7	10.2
HIGHEST TD GROWTH BY ATTRIBUTION RATIO [2]			
Electronics	16.1	20.2	15.3
Fine jewellery – mid range	23.0	10.1	0.9
Sporting/outdoor goods and wear	7.3	8.8	4.0

LIFESTYLE CENTRE

RETAIL	Jun 19	Dec 18	Jun 18
Average net rental (R/m²)	167	165	150
Vacancy (%)	5.5	7.2	7.8[4]
L2D CCO ratio	20.4		

TRADING DENSITY UPDATE (R/m²)	May 19	Dec 18	Jun 18
Lifestyle Centre	18 602	20 216	20 144

1. Growth is based on trading density over a 12 month rolling period as per Clur Report.
2. Attribution ratio: retail sales contribution % X annual trading density growth %.
3. Asset Management Executive: Brian Unsted.
4. Includes pre-lets.

NELSON MANDELA SQUARE

LIBERTY   two°degrees

NELSON MANDELA SQUARE

RETAIL	Jun 19	Dec 18	Jun 18
Average net rental (R/m²)	508	475	493
Vacancy (%)	9.5	0.9	1.2[4]
L2D CCO ratio	14.6	14.0	12.9
OFFICE			
Average net rental (R/m²)	112	108	107
Vacancy (%)	37.2	32.3	38.1

TRADING DENSITY UPDATE (R/m²)	May 19	Dec 18	Jun 18
Centre	57 401	54 961	54 262
Growth (%)[1]	6.2	(1.3)	(4.7)

HIGHEST TD GROWTH	Annual TD growth (%)	Annual TD growth (%)	Annual TD growth (%)
Electronics	125.3	81.3	4.5
HIGHEST TD GROWTH BY ATTRIBUTION RATIO [2]			
Electronics	125.3	81.3	4.5
Restaurants and coffee shops	4.7	(0.4)	(3.2)
Men's wear	14.1	(13.3)	(38.3)
Health and beauty (< 500 m²)	41.7	(19.5)	(16.3)
Women's wear	52.7	9.3	0.0

1. Growth is based on trading density over a 12 month rolling period as per Clur Report.
2. Attribution ratio: retail sales contribution % X annual trading density growth %.
3. Asset Management Executive: Brian Unsted.
4. Includes pre-lets.

LIBERTY PROMENADE

LIBERTY PROMENADE

RETAIL	Jun 19	Dec 18	Jun 18
Average net rental (R/m²)	154	157	148
Vacancy (%)	1.1	0.7	1.6[4]
L2D CCO ratio	8.6	8.6	8.3

TRADING DENSITY UPDATE (R/m²)	May 19	Dec 18	Jun 18
Centre	40 961	40 399	39 928
Growth (%)[1]	2.6	1.9	4.1

	Annual TD growth (%)	Annual TD growth (%)	Annual TD growth (%)
HIGHEST TD GROWTH			
Health & Beauty (> 500 m²)	8.1	11.0	4.9
HIGHEST TD GROWTH BY ATTRIBUTION RATIO [2]			
Health and beauty (> 500 m²)	8.1	11.0	4.9
Hardware stores	21.0	9.9	(2.3)
Men's wear	17.1	17.0	12.2
Fine jewellery – mid range	64.9	15.4	(8.2)
Restaurants and coffee shops	11.2	8.2	4.4

1. Growth is based on trading density over a 12 month rolling period as per Clur Report.
2. Attribution ratio: retail sales contribution % X annual trading density growth %.
3. Asset Management Executive: Brian Unsted.
4. Includes pre-lets.

BOTSHABELO MALL

LIBERTY   two°degrees

BOTSHABELO MALL

RETAIL	Jun 19	Dec 18	Jun 18
Average net rental (R/m^2)	130	124	122
Vacancy (%)	4.6	5.8	7.3[4]
L2D CCO ratio	7.6	8.4	7.1

TRADING DENSITY UPDATE (R/m^2)	May 19	Dec 18	Jun 18
Centre	31 211	29 253	28 382
Growth (%)[1]	11.0	9.6	14.1

HIGHEST TD GROWTH	Annual TD growth (%)	Annual TD growth (%)	Annual TD growth (%)
Specialised foods	41.8	18.0	29.2
HIGHEST TD GROWTH BY ATTRIBUTION RATIO [2]			
Specialised foods	41.8	18.0	29.2
Grocery/supermarkets	15.1	12.2	11.3
Mini department stores (<2.5k m^2)	24.5	22.7	30.9
Women's wear	7.6	8.9	20.9
Sporting/outdoor goods and wear	20.5	5.0	0.8

1. Growth is based on trading density over a 12 month rolling period as per Clur Report.
2. Attribution ratio: retail sales contribution % X annual trading density growth %.
3. Asset Management Executive: Bharathi Kawal.
4. Includes pre-lets.

MELROSE
ARCH

LIBERTY   two°degrees

MELROSE ARCH

RETAIL	Jun 19	Dec 18	Jun 18
Average net rental (R/m²)	244	235	231
Vacancy (%)	3.3	0.0	1.0[3]
Average escalation (%)	8.4	8.4	7.6
OFFICE			
Average net rental (R/m²)	208	198	197
Vacancy (%)	4.3	4.4	6.9[3]
Average escalation (%)	8.4	8.1	8.1

TRADING DENSITY UPDATE (R/m²)	May 19	Dec 18	Jun 18
Centre	27 670	28 162	27 334
Growth (%)[1]	0.2	(6.2)	1.5

HIGHEST TD GROWTH	Annual TD growth (%)	Annual TD growth (%)	Annual TD growth (%)
Women's wear	19.4	13.4	(0.5)
HIGHEST TD GROWTH BY ATTRIBUTION RATIO[2]			
Restaurants and coffee shops	4.0	-5.0	11.4
Women's wear	19.4	13.4	(0.5)
Health and beauty < 500 m²	5.2	2.3	(12.7)
Hairdressers	10.7	7.5	(2.6)
Sporting/outdoor goods and wear	5.1	7.8	9.1

1. Growth is based on trading density over a 12 month rolling period as per Clur Report.
2. Attribution ratio: retail sales contribution % X annual trading density growth %.
3. Includes pre-lets.

OFFICES

STANDARD BANK CENTRE

GLA
92 789m²

Avg. net rental
R80/m²

Vacancy
0.0%

UMHLANGA RIDGE

GLA
20 352m²

Avg. net rental
R153/m²

Vacancy
37.9%

CENTURY CITY

GLA[1]
18 224m²

Avg. net rental
R160/m²

Vacancy
0.0%

1. Century City offices were re-measured during 2018.
2. Asset Manager: Bharathi Kawal.

HOTEL PORTFOLIO STATISTICS

	June 2019	Dec 2018
GARDEN COURT SANDTON		
Number of rooms	444	444
Occupancy (%)[1]	78	54
Average room rate (R)	928	999
RevPar (R)	718	542
INTERCONTINENTAL TOWERS SANDTON		
Number of rooms	231	231
Occupancy (%)[1]	66	60
Average room rate (R)	1 892	1 607
RevPar (R)	1 222	971
SANDTON SUN		
Number of rooms	326	326
Occupancy (%)[1]	71	53
Average room rate (R)	1 630	1 545
RevPar (R)	1 137	824

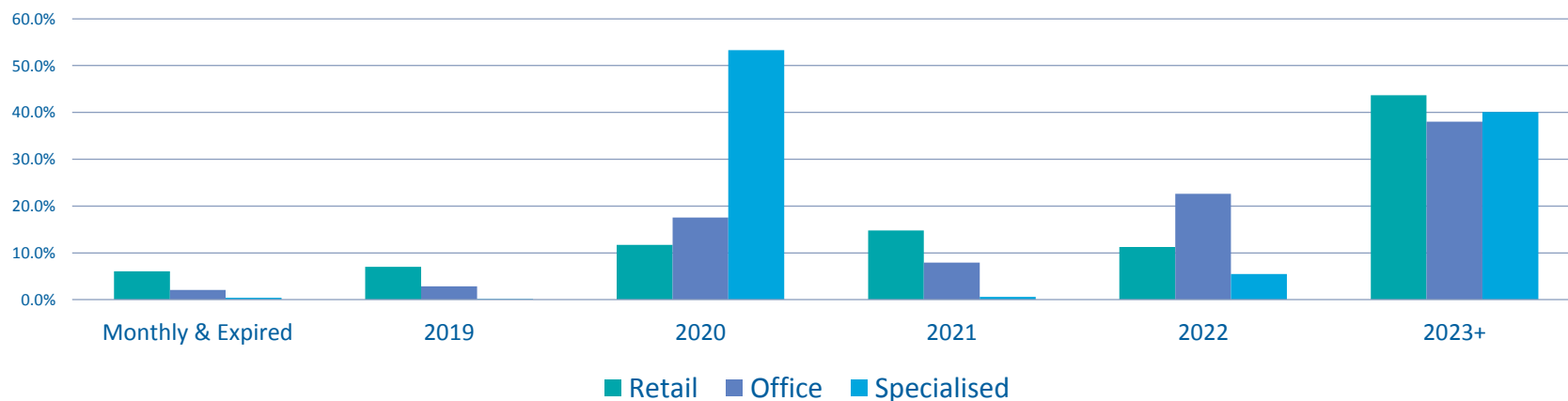1. Occupancy figure is at spot the relevant date.

PORTFOLIO PROFILE

SECTOR COMPOSITION BY GLA (m²)
AT 30 JUNE 2019

Legend:
- Retail
- Office
- Specialised

Values: 54, 34, 12
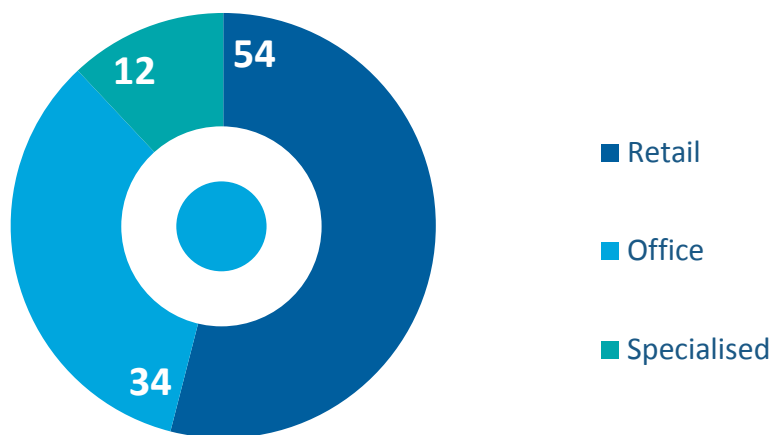
GEOGRAPHIC PROFILE BY GLA (m²)
AT 30 JUNE 2019

Legend:
- Gauteng
- KwaZulu-Natal
- Western Cape
- Free State

Values: 76, 12, 10, 2
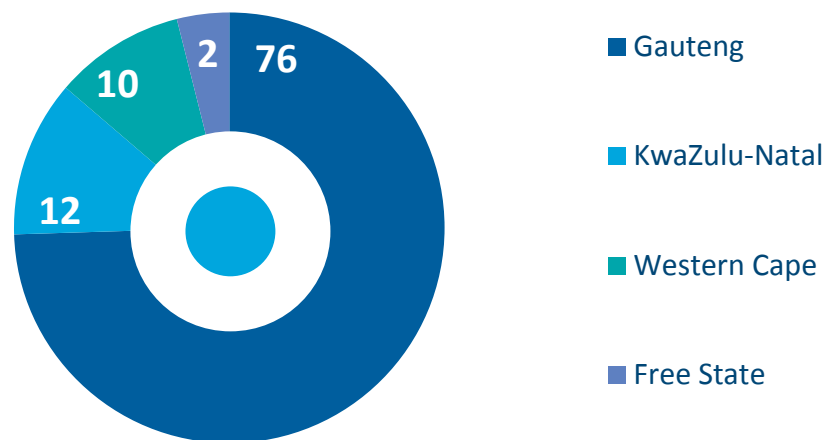
LEASE EXPIRY PROFILE BY GLA (%)

Legend: Retail, Office, Specialised

Categories: Monthly & Expired, 2019, 2020, 2021, 2022, 2023+

METHODOLOGIES

GLA RECONCILIATION

Liberty Two Degrees total gross lettable area reported at 30 June 2019 remained unchanged, as per the breakdown provided below:

Sector profile	GLA Dec 18 (m²)	GLA Jun 19 (m²)	Variance (m²)
Retail	523 135	523 135	0
Office	331 326	331 326	0
Specialised	113 405	113 405	0
Total	**967 866**	**967 866**	**0**

Please note that the properties are valued as a complex and not by sector (retail, office or specialised).
It is therefore recommended that information provided in the operational overview be used during analysis.
All GLA figures above reflect the 100% GLA of all properties within the portfolio.

AVERAGE RENTAL METHODOLOGY

%

Average gross rental:

Calculated by total income divided by the total building GLA, as per the annual financial statements.

+

Average net rental calculation at June 2017:

- **Total rent =** basic rent + turnover rent at June 2017 year to date.
- **Total leased GLA =** total building GLA – vacancies for June 2017.
- **Average net rent (R/m²) =** total rent divided by total leased GLA.

=

Average net rental calculation at December 2017, June 2018, December 2018 and June 2019:

- Method of calculation was revised, to reflect a more realistic position.
- **Total rent =** basic rent + turnover rent at December 2017/June 2018/December 2018.
- **Total leased GLA =** total building GLA – vacancies, over the 12/6/12-month period.
- **Average net rent (R/m²) =** total rent divided by total leased GLA.

COMPREHENSIVE COST OF OCCUPATION (CCO) RATIO METHODOLOGY

%

L2D CCO Ratio = $\dfrac{\text{Total Charge (YTD)}}{\text{Turnover (6 month)}}$

+

Total Charge = Rent + Property Expense Recovered + Rates Recovered + Utilities Recovered

Rent = Basic Rent + Rent Turnover + Rent Sundry

=

Turnover = Total Sales for the year.

Note:

The L2D CCO Ratio captures the true costs of the rental agreement between a retailer and a landlord. Therefore the L2D CCO Ratios are greater than the traditional rent-to-sales ratios in quantity and quality of information since they also acknowledge ancillary costs.

DISCLAIMER

- **This document contains forecasts and forward-looking statements that reflect Management's expectations as at February 2019.**

- **The actual results may vary substantially from those forecasted if known and/or unknown variables do not transpire as predicted or if estimates and assumptions prove inaccurate.**

- **Liberty Two Degrees and its Management cannot guarantee that the forecasts or forward-looking statements will materialise and users are cautioned not to place undue reliance on the information provided.**

- **Liberty Two Degrees and its Management disclaim any intention, and assumes no obligation, to update or revise any forecast or forward-looking statement other than as required by the JSE Listings Requirements.**