



ABRIDGED PRE-LISTING STATEMENT – OPENING OF OFFER TO INVITED INVESTORS TO SUBSCRIBE FOR UNITS AND LISTING OF LIBERTY TWO DEGREES ON THE JSE

Abridged pre-listing statement relating to:

- a private placement ("the private placement") to raise up to approximately R2.8 billion by way of:
 - subscription by invited investors for up to approximately 200 000 000 units ("private placement units") at a subscription price of R10.00 per private placement unit;
 - subscription by Liberty Group Limited ("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 ("listing") of all Liberty Two Degrees units in the "Diversified REITs" sector on the Main Board of the exchange operated by JSE Limited ("JSE").

This abridged pre-listing statement is not an invitation to the general public to subscribe for units in Liberty Two Degrees. It is issued in compliance with the Listings Requirements of the JSE ("Listings Requirements") for the purpose of providing information to the public regarding Liberty Two Degrees and to provide information to select investors with regards to the private placement.

Invited investors will be contacted by and will receive application forms to participate in the private placement from the joint bookrunners, The Standard Bank of South Africa Limited and Java Capital Proprietary Limited.

This announcement contains the salient information in respect of Liberty Two Degrees, which is more fully described in the pre-listing statement ("the full pre-listing statement") which will be made available to invited investors from today. For a full appreciation and understanding of Liberty Two Degrees, the private placement and the listing, the full pre-listing statement should be read in its entirety.

Terms defined in the full pre-listing statement bear the same meaning in this abridged pre-listing statement.

1. Introduction

Liberty Two Degrees is a portfolio established under the Liberty Two Degrees Scheme in terms of the Collective Investment Schemes Control Act No 45 of 2002 ("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 in terms of which the Liberty Two Degrees Scheme was established. The Liberty Two Degrees Scheme was registered by the Registrar on 28 October 2016 and is to be managed by STANLIB REIT Fund Managers, the approved/registered manager of the Liberty Two Degrees Scheme (registration number 34). The financial year-end of Liberty Two Degrees is 31 December.

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 (in terms of which Liberty and Liberty Propco Proprietary Limited ("Propco") dispose of 22% of the Liberty Property Portfolio in exchange for units to be issued by Liberty Two Degrees ("exchange agreement")) becoming unconditional, confirmation thereof to be provided to the JSE by no later than 48 hours prior to the listing date.

2. The Liberty Property Portfolio

The Liberty Property Portfolio comprises predominantly retail real estate assets in the Sandton City Complex. In Johannesburg, the retail assets are an interesting 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 Pietermaritzburg 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 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 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, 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' investment in the Liberty Property Portfolio

The exchange agreement, further details of which are set out in paragraph 2.1 of the full 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.

4. 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:

- 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 referred to in 1.7.1 of the full pre-listing statement;
- liquid assets and other qualifying assets determined by the Registrar in terms of section 47(2) of 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 CISCA.

5. Prospects and application of proceeds

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, Sandton City Complex, 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 full 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. 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 of the full pre-listing statement, 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, internally generated cash and future gearing, giving Liberty Two Degrees significant capacity to invest 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.

Liberty Two Degrees has granted a put option to Liberty policyholders ("put option"), in terms of which 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 full pre-listing statement). Further details of the put option are set out in paragraph 2.3 of the full 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, 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.

6. Directors

Name and age	Amelia Beattie (Amelia) (46)
Business address	17 Melrose Boulevard, Melrose Arch, 2196
Qualification	BCom, Certificate in Shopping Centre Management
Position	CEO
Name and age	John Sturgeon (John) (64)
Business address	17 Melrose Boulevard, Melrose Arch, 2196
Qualification	CTA, CA(SA), CMA, Hdip Tax
Position	CFO
Name and age	Mthandazo Peter Moyo (Peter) (54)
Business address	Building 4, Parc Nicol Office Park, 3001 William Nicol Drive, 2191
Qualification	B Compt, BCompt (Hons), CA(SA), CA(Z), Hdip Tax, AMP
Position	Chairman, independent non-executive director
Name and age	Wolf Eli Cesman (Wolf) (74)
Business address	17 Melrose Boulevard, Melrose Arch, 2196
Qualification	BCom, CA(SA), Hdip Tax
Position	Independent non-executive director
Name and age	Michael Ilsley (Mike) (55)
Business address	23 Wild Pear Crescent, Fourways Gardens, 2191
Qualification	BCom, BAcc, CA(SA)
Position	Independent non-executive director

All of the directors are South African nationals.

7. Property management

The property management function in respect of the Liberty Property Portfolio is undertaken predominantly by JHI Retail Proprietary Limited ("JHI Retail") but the consortium comprising JHI Retail and Epsidex Proprietary Limited is to manage the newly developed Botshabelo Mall and Amdec Investments Proprietary Limited 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.

8. Summarised forecast information

Given the nature of its business, Liberty Two Degrees uses distribution per unit as its key performance measure as it is considered a more relevant performance measure than earnings or headline earnings per share.

Set out below are the summarised forecast statements of comprehensive income ("summarised forecasts") for the one month ending 31 December 2016 and the year ending 31 December 2017 ("forecast periods"). The summarised forecast information is based on the assumption that the private placement is fully subscribed and that R2.8 billion is raised through the issue of 200 000 000 private placement units at a subscription price of R10.00 per private placement unit and the issue of 82 127 545 private placement units at a subscription price of R9.50 per private placement unit.

The summarised forecasts comprise forecast figures for the duration of the forecast periods.

The summarised 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 summarised forecasts have been prepared in compliance with IFRS and in accordance with Liberty Two Degrees' accounting policies.

	Forecast for the one month ending 31 Dec 2016	Forecast for the year ending 31 Dec 2017
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

The figures set out above are extracted from detailed forecasts for the one month ending 31 December 2016 and the year ending 31 December 2017 and have been reported on by the independent reporting accountants, PricewaterhouseCoopers Inc. The detailed forecasts, the independent reporting accountants' report on the detailed forecast and the assumptions on which the detailed forecasts are based, are set out in the full pre-listing statement.

9. Purposes of the private placement and the listing

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

- 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:
 - market driven prices of listed securities;
 - enhanced returns via gearing of the portfolio;
 - creating an efficient platform to access equity and debt capital;

- growth in the portfolio through new developments and acquisitions; and
- measured exposure to growth markets including rest of Africa economies; and
- 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;
- enable policyholders and other members of the public to invest in Liberty Two Degrees;
- 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;
- obtain a spread of investors in order to enhance the liquidity and tradability of the units;
- raise up to approximately R2.8 billion to be used as outlined above;
- provide Liberty Two Degrees with access to a central trading facility thereby providing liquidity to unitholders;
- provide Liberty Two Degrees with a platform to raise funding to pursue growth and investment opportunities in the future; and
- enhance the public profile and general public awareness of Liberty Two Degrees.

10. Details of the private placement

A private placement will be undertaken by:

- 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 up to approximately 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. 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 placement, which are issued at R9.50 per unit under the exchange agreement.

Applications in terms of the private placement must be for a minimum of R1 000 000 per invited investor.

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

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

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

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

The private placement is open to invited investors only. The following parties may not participate in the private placement:

- any person who may not lawfully participate in the private placement; and/or
- any investor who has not been invited to participate; and/or
- any person acting on behalf of a minor or deceased estate.

11. Salient dates and times

	2016
Opening date of the private placement (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

Notes:

- 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 published in the press.
- Invited investors must advise their CSDP or broker of their acceptance of the private placement in the manner and cut-off time stipulated by their CSDP or broker.
- CSDPs effect payment on a delivery-versus-payment basis.

12. Condition to which the private placement and the listing are subject

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.

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.

13. Mandatory disclosure

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 of the full pre-listing statement and the ongoing costs and Manager's fees are described in Annexure 5 of the full pre-listing statement; and
- the Manager does not provide any guarantee either with respect to the capital or the return on Liberty Two Degrees.

14. Availability of the full pre-listing statement

Copies of the full 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

21 November 2016

Joint corporate advisor, sponsor and bookrunner

JAVACAPITAL

Independent reporting accountants and auditors



Attorneys to the joint bookrunners



Joint corporate advisor, sponsor and bookrunner

Standard Bank

Attorneys to Liberty Two Degrees

WEBBER WENTZEL

in alliance with > Linklaters