

BUY-OUT

## Liberty Two Degrees to be de-listed and merged with parent Liberty Group

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LIBERTY Group, part of the Standard Bank Group, intends to buy out the minority shareholders in Liberty Two Degrees (L2D) and de-list the group that owns some of the most iconic properties in the country.

L2D's share price leapt to narrow the gap, with the offer price gaining 41.79% to R5.53 on the JSE yesterday morning.

Liberty Group is offering minority shareholders R5.55 per share. Liberty Group and its parent Standard Bank hold about 58.5% of L2D.

The offer price is over 35% below the last reported net asset value of R7.51, as at December 31, 2022.

However, the offer price represents a 46.4% premium to the volume-weighted average price at which L2D has been trading over the past 30 days.

The move represents further consolidation of the Standard Bank Group, as on March 1 last year, L2D's parent Liberty Group was itself de-listed and merged into Standard Bank after the bank bought out the minority interest.

L2D's board said yesterday the transaction would consolidate the Liberty Group's real estate assets, which were widely regarded as some of the most high-quality in South Africa.

L2D's R8.2 billion portfolio includes the Sandton City Complex, Midlands Mall, Eastgate Complex, Nelson Mandela Square, Melrose Arch and Sandton Sun Hotel.

L2D chief executive Amelia Beattie said they were "excited about adding value to the greater Standard Bank Group. This consolidation is an important step in L2D's value creation journey where we aim to create experiential spaces to benefit future generations."

She also said the deal would enable L2D to scale within a larger organisational context and create additional value for its stakeholders.

Liberty Group CEO Yuresh Maharaj said the proposed transaction would unlock significant value for L2D shareholders while balancing the needs of its other stakeholders.

"We value our investment in L2D and expect this consolidation to enhance the strong legacy already created by both businesses in the property sector."

A preliminary independent expert report concluded that the terms of the scheme, including the scheme consideration, were fair and reasonable to L2D shareholders, which informed the board's recommendation.

After the consolidation, L2D will form part of the greater Standard Bank Group and will be de-listed from the JSE main board. The transaction is expected to be finalised before the end of 2023.

L2D first listed on the JSE in 2016 as a Collective Investment Scheme in Property, but in 2018 it was reconstituted as a Real Estate Investment Trust.

It has seen a measured improvement in its performance since the December 31 financial year end, with improved occupancies for the four months to April 2023, with Sandton Sun's occupancy at 73.5%, Garden Court at 61% and Sandton Towers at 47.6%.

Foot count for the group was up 8.1% compared with the first four months of 2022.

Tenant turnover was up 7.8% for the first three months of 2023 versus the same time in 2022.

L2D's portfolio occupancy was at 93.4%, with the figure at 97.7% at its retail properties and 80.7% at its offices.

Loan to value levels were strong at 24.37%.