LIBERTY TWO DEGREES DELIVERS FOR 2018

L2D remains committed to driving shareholder value through the implementation of a focused strategy

- **60 cents full year distribution per share in line with guidance provided**
- **Successful conversion to a corporate REIT structure**
- **Portfolio vacancies decreased to 3.4% from 6.4% with retail vacancies at 1.2%**
- **Implementation of strategic pillars to prepare our assets for a rapidly changing retail environment**

[Monday, 25 February 2019] Liberty Two Degrees Limited ("L2D"), the South African precinct focused, retail-centered REIT, is pleased to announce its results for the period ending 31 December 2018. The financials are presented on the basis of the new corporate REIT structure. The Board of L2D has approved a final distribution of 12.69 cents per share in relation to the 2018 year, bringing the total distribution declared to 60.00 cents per share in line with previously reported guidance. Despite a difficult trading environment, the portfolio was able to deliver a strong operational performance.

L2D's property portfolio was valued at R10.15 billion at 31 December 2018, increasing from R8.71 billion at 31 December 2017. This follows the acquisition of R1.2 billion of assets from the Liberty Property Portfolio (LPP) as part of the restructuring transaction. L2D now owns a 33.3% undivided share in the Liberty Property Portfolio.

Chief Executive of L2D, Amelia Beattie, comments ***"2018 was a significant year for L2D, we created an environment that enabled us to deliver strong performance in a difficult economic period.***

We are pleased to have delivered on our commitments to shareholders in the period. This entails meeting our distribution guidance whilst concurrently implementing the corporate conversion that aligns our structure to the broader market. We have also refreshed our strategy, with a focus on implementing strategic pillars that are aligned to five building blocks to deliver sustainable growth across our portfolio. We strive to prepare our assets for a rapidly changing retail environment."

L2D's portfolio is trading well and has recorded a positive year-on-year trading density growth of 2.9% in 2018 compared to -3.6% at 31 December 2017. This strong performance was underpinned by an improvement in annual trading densities of 3.9% and 2.9% at Sandton City and Eastgate Shopping Centre respectively.

The demand for retail space in the portfolio together with L2D's active asset management initiatives and leasing activities under the guidance of Chief Operations Officer, Jonathan Sinden, continue to enable the reduction of the overall portfolio vacancy rate which is recorded at 3.4% at 31 December 2018 compared to 6.4% at 31 December 2017. The retail portfolio remains close to being fully let, with L2D placing a continued focus on ensuring a balanced tenant mix that aligns to the experiential offering L2D aims to provide to customers. Retail vacancies were 1.2% at 31 December 2018.

The office sector remains under pressure largely due to dampened demand and a subdued economic growth as well as a competitive environment and an oversupply in the Sandton business district. The office vacancy in the period decreased to 8.0% from 10.3% at 31 December 2017 (9.7% at 30 June 2018). Although this remains well below SAPOA's 11.1% benchmark, management continues to proactively target lower vacancy levels through committed office leasing initiatives.

Leases covering 49,472m² (31 December 2017: 67 631m²) were renewed during the year at an overall reversion rate of 2.3%. Rental renewals in the retail sector contributed to a positive reversion rate of 4.85%. A further 52,557m² in new tenant deals was concluded across the portfolio.

In the period, the space vacated by Stuttafords was fully let at Sandton City and Eastgate Shopping Centre, which introduced exciting new stores that the centres could not previously accommodate. This indicates the ability of the L2D team to manage the impact of tenant failures and strategically turn these into opportunities that offer a better retail experience.

The successful conversion to a corporate REIT in November 2018 saw the cancellation of the Liberty PUT option, the internalisastion of the management company and the introduction of a conservative level of debt to the capital structure, lowering the weighted average cost of capital.

José Snyders, Financial Director at L2D said "***The Group's conservative level of gearing offers some comfort in a difficult and uncertain environment, whilst retaining capacity to consider opportunities that may support our growth objectives. We remain focused on firstly extracting organic growth from the existing portfolio and then supplementing this with appropriate additions that enhance sustainable earnings growth whilst not diluting the income quality of the existing portfolio."***

L2D was active in development activities in the year, with R148.4 million deployed into various initiatives notably the expansion of Midlands Mall to create the Lifestyle Centre, the Food Court upgrade at Sandton City which was renamed to the Food District as well as the Fun District which created an experiential platform for the family.

"*Our strategy is focused on creating experiential spaces. The portfolio of quality assets is managed by an experienced team with expertise that position us well for delivering on our objectives. Looking ahead, we aim to continue to drive initiatives that enhance and extract value which we believe will drive distribution growth and shareholder value.*" Beattie concluded.

- Ends -

ENQUIRIES

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LIBERTY two°degrees

NOTES TO EDITORS

About Liberty Two Degrees Limited

Liberty Two Degrees was converted and relisted as a corporate REIT on the JSE main board on 1 November 2018 as Liberty Two Degrees Limited (L2D Limited) following the conversion from a CISIP. The new structure cancels the Liberty Group PUT option for no consideration and internalises the management company. The structure also introduces a conservative level of debt to the capital structure of L2D Limited, which will assist in reducing the weighted average cost of capital over time.

About Liberty Two Degrees' portfolio

The 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.

The 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. Two regional shopping centres; Liberty Midlands Mall in KwaZulu-Natal and Liberty Promenade Mitchells Plain in the Western Cape are also included in the portfolio as well as interests in the mixed-use precinct of Melrose Arch and the newly developed Botshabelo Mall.

The Sandton City Complex is in the economic heartland of the country and showcases some of the most prestigious of international and domestic retailers. The attraction of its long-established iconic presence and the overall quality of the shopping experience make it irreplaceable and confers brand-value and recognition on the portfolio.

Similarly, the Eastgate Complex, with its strong history and recent upgrade, is in a large catchment area with good access. The recently refurbished Nelson Mandela Square is also a destination centre with a good entertainment offering that complements 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 portfolio's main retail complexes, the portfolio includes select office properties located in key business nodes with blue-chip anchor tenants. These properties include the Standard Bank Centre in Johannesburg, Liberty Centre in Century City Office Park in Cape Town and Liberty Centre in Umhlanga Ridge, Durban. Also included the John Ross Eco-Junction where the Melomed Hospital and other development opportunities provide diversification and higher yield opportunities.