

Liberty Holdings Limited
Registration number 1968/002095/06
Incorporated in the Republic of South Africa
Share code: LBH
ISIN code: ZAE000127148
("Liberty" or "the Group")
LIBERTY HOLDINGS LIMITED

LIBERTY'S CAPITAL COVER REMAINS STRONG DESPITE INVESTMENT MARKET VOLATILITY

The COVID-19 pandemic is, first and foremost, a health crisis impacting humanity globally, and as such we remain committed to the wellbeing, health and safety of our employees, clients and financial advisers during these unprecedented times. Liberty is fully supportive of Governments' efforts in response to the pandemic in the countries in which we operate.

Notwithstanding the impact of declining economic activity, the complexity of operating under the enforced lockdown conditions, and the extreme volatility in financial markets across the globe, Liberty remains financially strong. Liberty has remained open for business to support clients and financial advisers with business continuity arrangements in place. Various new measures are in the process of being implemented to provide relief to clients, advisors and tenants of our retail shopping malls. We have continued to pay clients' claims as they have arisen and have been able to operate at near normal servicing levels during the lockdown period, even though nearly all our staff are working remotely. We have appreciated the support and patience of our clients and advisers when needed during this time.

The distressed financial markets had minimal impact on the Group's capital position for the quarter. The Solvency Capital Requirement (SCR) cover of Liberty Group Limited (LGL), the Group's main long-term insurance company at 31 March 2020 remains strong at approximately the 1.9 times level, towards the upper end of our target range and only marginally below the 31 December 2019 level of 1.99 times. This is after the payment of a dividend by LGL to fund the final dividend declared by the Group in February 2020. Our strong capital position underpins the Group's ability to fulfil its promises to clients and other stakeholders.

The impact of volatile market conditions on our shareholders is primarily felt in the Shareholder Investment Portfolio (SIP), which has an investment profile similar to a conservative balanced portfolio and which has consistently been managed with a long-term through-the-cycle investment horizon. Over the three months to 31 March 2020, the SIP has remained within defined strategic asset allocation parameters, and the SIP's financial performance was largely impacted as would be expected from a portfolio constructed in this manner. The strategies to manage our asset and liability positions have also been negatively impacted by elevated levels of volatility in investment markets. Our risk profile remains within the board approved risk appetite.

Outlook

While the impact of the COVID-19 pandemic continues to unfold, there is uncertainty regarding the impact it will have on Liberty's financial performance for the 2020 financial year. Economic conditions, underwriting experience, rental income, investment markets, exchange rates and long-term interest rates are key factors that may have an impact on the Group's operating earnings, SIP earnings and group equity value for the 30 June 2020 and 31 December 2020 reporting periods. We expect new business volumes to remain under pressure.

As is customary a more detailed operational update will be provided at the Group's Annual General Meeting on 14 May 2020.

The financial information on which this voluntary update is based has not been audited or reviewed by the Group's auditors.

Queries:

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Sponsor
Merrill Lynch South Africa (Pty) Limited