

# Liberty Two Degrees restructure

**The new structure will position the company to achieve long-term, sustainable growth and unlock more value for shareholders.**

Liberty Two Degrees (L2D) first listed on the JSE on 6 December 2016 when Liberty brought a portion of its property portfolio to the market. Initially, L2D was a collective investment scheme in property, structured as a trust and having an external independent trustee and an external management company.

The primary objective of this transaction was to afford investors growth in income and capital by investing at fair prices in a balanced spread of properties.

**The L2D portfolio is South African precinct-focused with stakes in the following assets:**

- Johannesburg (Sandton City, Eastgate Complex and Nelson Mandela Square)
- Cape Town (Liberty Promenade, Mitchells Plain)
- Midlands (Liberty Midlands Mall)
- Bloemfontein (the newly developed Botshabelo Mall)
- An interest in the mixed-use precinct of Melrose Arch

Following the 2016 listing, investors raised a variety of concerns, the most significant being:

- The external manager
- A perceived overhang in the units resulting from the potential exercise of Liberty's put option

In order to address these investor concerns, the following actions were implemented:

- The collective investment scheme in property structured as a trust was delisted and the entity listed as a corporate REIT
- The manager was internalised to L2D
- L2D acquired a further R1,2 billion of properties from Liberty
- The cancellation of Liberty's put option

In addition to addressing investor concerns, this restructuring has resulted in a higher correlation between the trading price of L2D and the net asset value attributable to the underlying portfolio, providing management with an improved ability to transact and grow the portfolio, introducing a conservative level of debt in order to reduce the overall weighted cost of capital and enabling shareholders to elect the board of directors in terms of the Companies Act.

Fund managers and analysts welcomed L2D's efforts to address investor concerns.

 Comprehensive information regarding the above transaction is available at [www.liberty2degrees.co.za](http://www.liberty2degrees.co.za)

L2D's portfolio remains solid despite tough retail trading conditions.

The key outcome for L2D shareholders is that the company is now positioned to deliver distribution growth more closely aligned with income growth in the underlying portfolio.

