

Eastgate Shopping Centre Investor site visit



11
APR
2019



EASTGATE

Agenda

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|-----------------|---|
| 09:30 for 10:00 | Refreshments served at Harpers Restaurant and Coffee Shop (Shop U28C, Eastpark 3, Entrance 1) |
| 10:00 - 10:30 | Amelia Beattie, Liberty Two Degrees Chief Executive
Welcome, strategic overview and implementation
How L2D views the ever-changing retail environment and the implementation at Eastgate Shopping Centre |
| 10:30 - 11:00 | Grant Pattison, Edcon Chief Executive Officer
Edcon Group turnaround strategy, including Q&A |
| 11:00 - 12:30 | Tour of the centre with a focus on the latest experiential store concepts and developments |
| 12:30 - 13:00 | Mark Cooper, JCDecaux Chief Executive Officer – Sub-Saharan Africa
Showcase of international trends and L2D's digitisation and customer experience strategy |
| 13:00 | Lunch at Plaka |
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Asset overview

Eastgate Shopping Centre (Eastgate) is owned by Liberty Two Degrees (L2D), the South African precinct focused, retail-centred REIT and Liberty Group Limited. The centre is South Africa's first super-regional shopping centre, established in 1979. Eastgate has evolved into a prominent retail centre in the eastern suburbs of Johannesburg. The centre has over 300 stores which offer a diverse tenant mix of retail and lifestyle offerings.

Eastgate Shopping Centre timeline





Centre statistics as at 31 December 2018

Eastgate gross lettable area (GLA)

Type	Size (m ²)
Eastgate Shopping Centre	135 790
Eastgate Office	9 450
Total	145 240

Centre trading statistics

	Annualised Trading Density Dec 2017 ¹	Annualised Trading Density Dec 2018	Growth (%)	Clur Q4 ATD Benchmark ²	Centre vs. Clur Variance (%)
Eastgate	36 039	37 089	2.9	36 792	0.01

¹ Annualised Trading Density are extracted from the Clur Research Report

² Clur Research International Super-Regional Benchmark report Q4

Trading density details as at 31 December 2018

	Annual Trading Density (R/m ²)	Annual Trading Density Growth (%)
Highest trading density growth		
Travel stores	129 069	111.1
Highest trading density growth by attribution ratio¹		
Department stores	31 128	7.3
Travel Stores	129 069	111.1
Unisex Wear	40 684	2.5
Home Furnishings/art/Antiques/Decor	23 710	9.6
Fashions Jewellery	111 673	30.2

¹ Attribution Ratio = (Retail Sales Contribution %) x (Annual Trading Density Growth %)

L2D average escalation and WALE as at 31 December 2018

	Portfolio	Retail	Office	Specialised
Average Escalation ¹	7.8	7.8	7.9	7.9
WALE	3.2	3.1	2.8	5.5

¹ Excludes Melrose Arch

L2D vacancy as at 31 December 2018

SAPOA's retail vacancy rate is 4.2% with office at 11.1%.

	Portfolio	Retail	Office	Specialised
Overall vacancy rate	3.4	1.2	8.0	0

Eastgate vacancy as at 31 December 2018

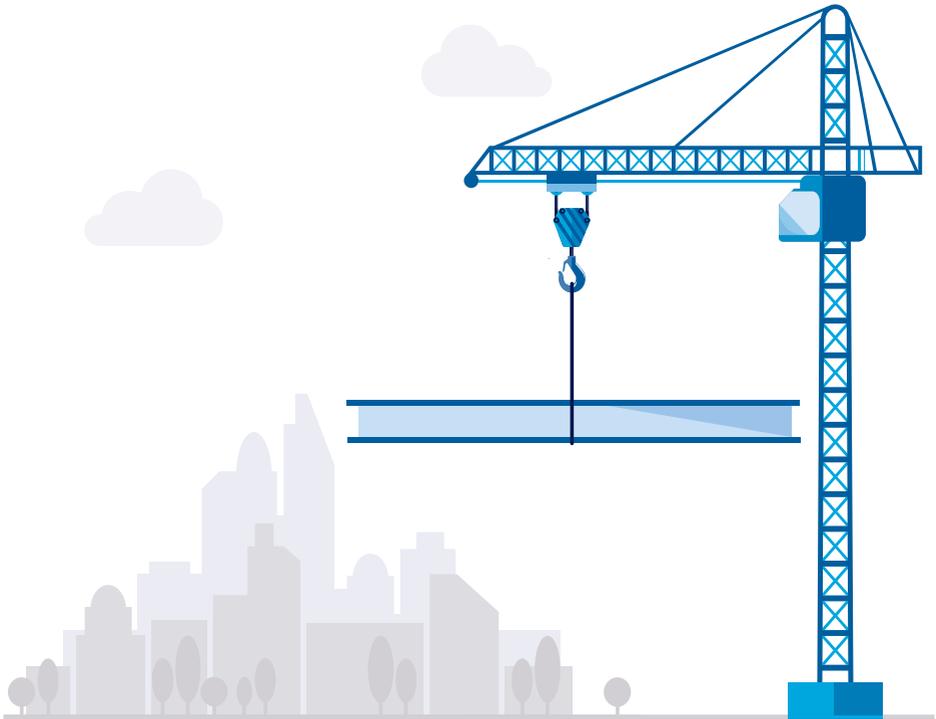
		Retail	Office
Overall vacancy rate		1.0	2.7



Asset management activities at Eastgate Shopping Centre

In an effort to create sustainable value for shareholders and drive the future proofing of our assets, we have undertaken a number of developments at Eastgate which align to our strategic building blocks.

- 1 Stuttafords space reconfiguration**
- 2 Centre refurbishment**
- 3 Alignment to strategic building blocks**



1 Stuttafords space reconfiguration

The Stuttafords space reconfiguration provided an opportunity to bring in some exciting new stores which could not previously be accommodated.

These stores include:

- **The all new Mr Price flagship store** is the second most visited retail store* and features exciting and unique additions, occupying the significant part of the ex-Stuttafords space at 3 255m². Currently, this is the only store of its calibre having introduced exciting initiatives such as self-service counters which allow shoppers to scan and pay their own items without assistance.
- **Global fashion retailer, H&M**, occupies 2 518m² of space and brings a diverse mix of international fashion to the centre.
- **Dis-Chem**, South Africa's favourite pharmacy brand and number one health and wellness brand, occupies the remaining 1 890m² of the space vacated by Stuttafords.

These brands have an expansive national footprint and bring a fresh dynamic to our existing local tenant mix, ensuring we deliver a seamless retail experience to all our customers.



2 Centre refurbishment

Eastgate Shopping Centre has undergone a major refurbishment that included the re-tiling of the mall and the revamping of the ceiling to enhance and refresh the aesthetics of the centre.



3 Alignment to strategic building blocks



1. Embracing technology



Syenap

To enhance the customer experience, free and uncapped WiFi connectivity has been implemented at the centre. This further assists the centre in establishing customer preferences in order to appropriately position its marketing initiatives.

Similarly with Syenap, our digital “foot count” platform, we are able to understand, predict and impact customer activity to support the creation of impactful leasing and marketing strategies.

Eastgate will launch the Iconic Malls App which can be found on the Apple as well as Google Play stores. This app will allow shoppers to navigate their way through the centre with ease, offering a store directory and other services.



2. Time is valuable



admyt.com

Uber

L2D is cognisant that shoppers prefer more convenient ways to obtain services. Eastgate has therefore installed various systems to ensure shopper convenience. These include:

– **Admyt**, a ticketless parking system that provides ease of access and exit at the centre, was introduced in 2018.

– **Future initiatives**

The creation of dedicated e-hailing and taxi zones, the introduction of passport and licencing services through our existing tenancies are currently in progress to ensure a seamless customer experience.



3. Curating experiences



Eastgate will rebrand the food court and launch a Food District similarly to that of Sandton City which will unveil an eco-fashionable Food District, curating the shopper experience.

Eastgate, South Africa's first super regional mall celebrates its 40th Birthday this year - every month introduces a new and unique experiences for our shoppers.

Most importantly, the completed developments have enhanced the customer and tenant experience as the disruptions, which inevitably impact operations, have come to an end.



4. Community place making



L2D's core retail assets create community spaces within the mall that are welcoming and meet the needs of our customers.

For example, activities including chess on Eastgate's Piazza, where families and friends are able to enjoy a game of chess coupled with some live music after a meal have been introduced into the centre.

In order to improve visible security in the precinct, Eastgate has launched the Eastgate Improvement District, as the first member of the Eastgate Improvement District.



5. Sustainable and flexible



Eastgate has partnered with Bana Bags to introduce reusable plastic free shopping bags to the centre. This is aimed at minimising the use of single use plastics to ensure the centre drives its sustainability agenda while partnering with this initiative to improve the quality of life for the women in the Alexandra community who form an intricate part of this success story.

A waste management system has been implemented which increases the volume of waste material that is recovered for recycling purposes. The centre has introduced a source separation plan in partnership with tenants through the use of waste compactors.

L2D continuously strives to prepare its assets for a rapidly changing environment and decrease its carbon footprint. In an effort to achieve this, the following initiatives are in the pipeline:

- To ensure energy efficiency, a new solar plant is planned for implementation in 2019
- A rain water harvesting farm will be installed in 2020
- Various other utility management initiatives are currently underway

These initiatives are part of a concerted effort to implement our strategy of Net Zero by 2030.





Asset Management Executive



Carmen Collison

Accounting (BCom) University of Western
Cape, Intermediate Accounting (Dip)

Carmen has a track record spanning 15 years in the property industry. Prior to joining L2D in 2018, Carmen managed the retail assets of SA Corporate Real Estate Fund, where she was responsible for the portfolio that was awarded the Best Performing Property Fund – Retail Market Sector over three years by MSCI South Africa. Carmen was responsible for the implementation of a turnaround strategy for the Pavillion and Westgate Super Regional Shopping Centres as well as the implementation of a head office based property management division for Motseng Property Services in order to service Delta Property Fund.

Carmen was also the General Manager at Billion Property Services which implemented a head office based property management division and was part of the team that listed the company's subsidiary, Rebois Property Fund.

At L2D, Carmen manages the super-regional asset, Eastgate Shopping Centre.



How L2D views the retail industry

With the ever-changing nature of the retail industry as well as the continuous shift in shopper and tenant preferences towards experiential and personalised spaces that cater to the whole family, L2D has consciously catered to this shift in its retail environments.

We innovate by encouraging our tenants to introduce new concept stores as well as best of breed retail into our centres. Curating the customer experience and ensuring the utmost convenience requires that we remain conscious and continue to prioritise how we minimise the impact on the environment.

Eastgate continues to attract a wide range of exciting brands and initiatives to enhance and cater to customers' needs.



L2D's investment philosophy

L2D aims to drive a property portfolio that remains anchored on investment in South African high quality precincts.

Our purpose is to continue to create experiential spaces that benefit generations, thus aiding the company to strive to future proof the assets across its portfolio and grow to make an impact in the economy. L2D aims to create environments that deliver sustainable value to stakeholders.



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