



Pre-close investor update
28 May 2021



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Pre-close investor update

L2D presents this pre-close investor update ahead of the interim closed period which commences on 1 June 2021. This pre-close investor update follows on from our operational update, which was released on 7 May 2021, and provided an update on the operational performance of the property portfolio of L2D for the first quarter of 2021.



Encouraging signs of a retail recovery

The most recent announcement of the move to adjusted lockdown level 1 on 1 March 2021, which further relaxed restrictions on the movement and economic activity of South Africans, has stimulated early signs of a retail recovery.



L2D's key indicators are measured through tracking customers visiting our malls, tenant occupancies, rental collections, turnover growth and occupational health and safety and encouragingly, there has been a notable monthly improvement in operational performance in 2021.

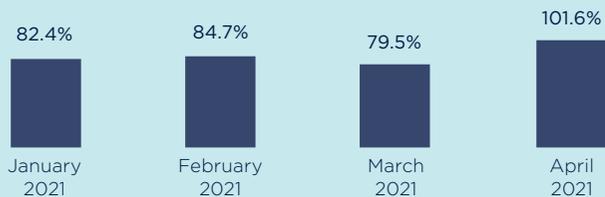
In this report, the latest monthly turnover data is provided for April 2021 and occupancy rates at 30 April 2021 are disclosed. In addition, we provide an update on our new customer behaviour system, rent relief, and commentary on the latest leasing initiatives.



Footcount and customer count

The monthly portfolio footcount at April 2021 improved to 101.6% of the comparative 2019 level. The graph below reflects the footcount for the four months ended April 2021, compared to the relative 2019 levels, and comparisons with 2020 have been avoided due to the impact of the lockdown.

FOOTCOUNT AS A PERCENTAGE OF 2019



Our improved customer counting software was implemented on 1 April 2021 and allows us to count customers and analyse their shopping patterns within the shopping centres, in addition to traditional footcount. Customer count measures the number of people by identifying unique patterns, whereas footcount tracks the customer flow at specific points. The system is fully compliant with the privacy principles as set out in the POPIA legislation.

Additional operational metrics tracked by the software in April 2021 include customer count zones, dwell times, vehicle counts and gender and demographic distribution. High customer count zones across our retail portfolio include the apparel, food service and electronics categories. Stationery, entertainment and eyewear and optometry were shown to be low customer count zones. The customer counting software is also able to assist from a safety aspect by identifying stolen cars, weapons, or persons banned from the centres and the improved analysis will be beneficial in the strategic management of the centres.

Retail turnover update

The quarterly turnover graph reflects the portfolio's recovery post the onset of Covid-19 with Q1 2021 only down 3.9% compared to Q1 2020 which substantiates encouraging signs of retail recovery and a further improvement from Q4 2020.

From a monthly perspective, April turnover has continued the 2021 trend of improvement as illustrated in the monthly turnover graph, with turnover up 2.3% from March 2021. Furthermore, turnover for April 2021 was down by only 5.9% compared to April 2019, an improvement from March 2021 which was down 6.4% compared to March 2019.

Super-regional centres in general were severely impacted across South Africa during lockdown, however Sandton City and Eastgate combined has shown resilience through these uncertain times with turnover for March 2021 at 95.2% and April at 96.9% of 2019 levels respectively. Strong performing categories across the portfolio include technology as well as homeware and furniture which achieved monthly trading density growth of 29.8% and 1.2% respectively compared to April 2019.

QUARTERLY TURNOVER (Rm)



MONTHLY TURNOVER (Rm)

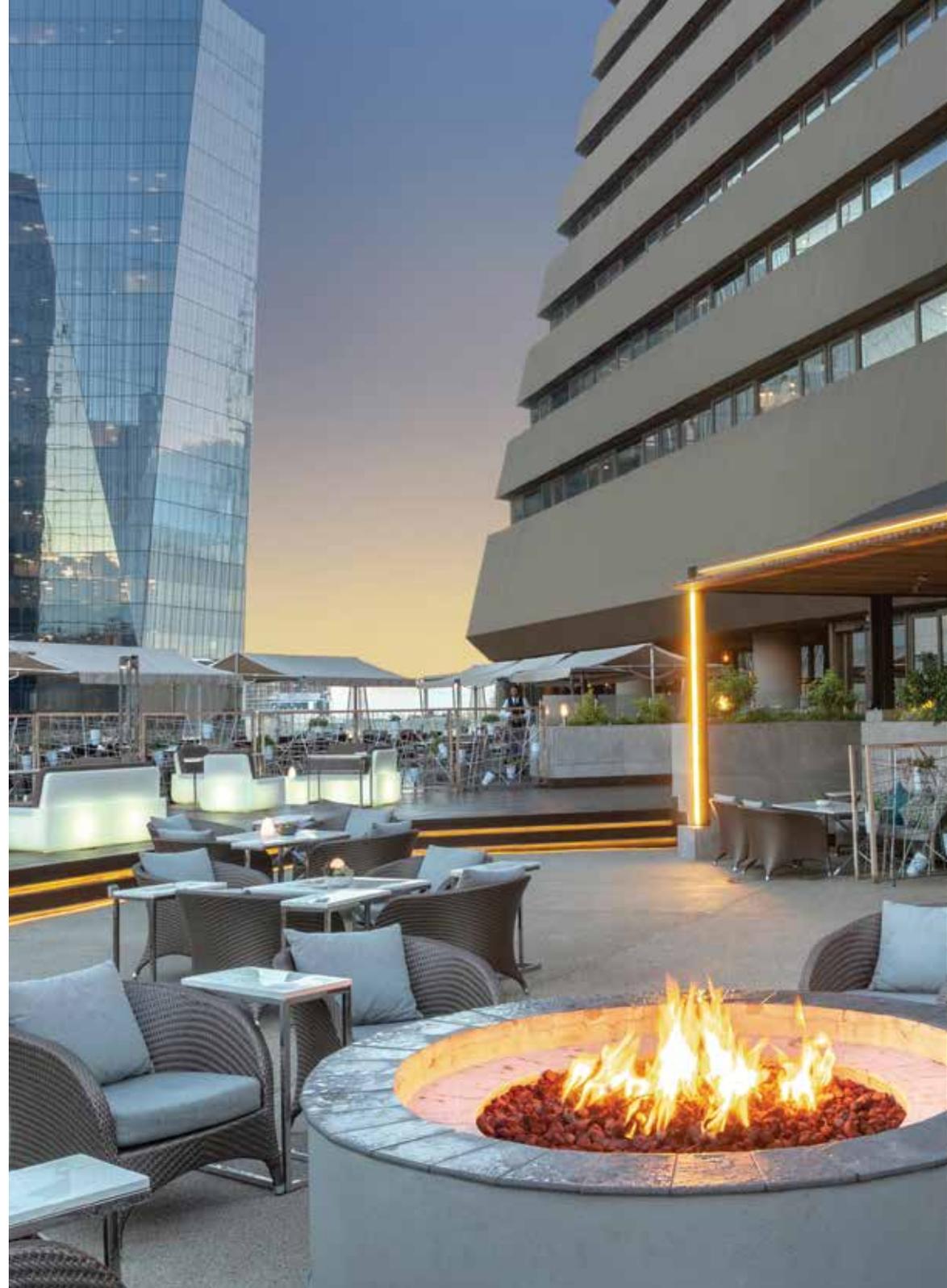


Note: March 2020 and April 2020 were impacted by the Level 5 Lockdown restrictions.

Hospitality

At the end of April 2021, the Sandton Sun hotel was the only hotel in the portfolio that was operational, with the Garden Court resuming trade in early May 2021. Sandton Sun's occupancy rate was 54.6% in April 2021, up from the December 2020 occupancy rate of 46.5%. The improvement in April highlights the positive impact on local travel due to lighter restrictions. Sandton Intercontinental Towers has been closed for operations since March 2020 to minimise the cost impact and the lease remains suspended with no rental payable until the hotel reaches viable levels of operation.

Sandton Convention Centre's lease with Tsogo Sun Hotels was converted to a management agreement in 2020 on a management fee basis and a new lease will be negotiated when market conditions are stable enough to enter into a long-term agreement. The Convention Centre is still bound by Covid-19 restrictions, limiting the size of conferences, however, there were five events that took place during March and April 2021.



Occupancy update

The portfolio occupancies have not changed significantly since December 2020, demonstrating the quality and robust nature of our portfolio. The portfolio occupancy rate showed a slight improvement from 92.8% in March 2021 to 92.9% in April 2021. Good leasing activity during the period improved the portfolio occupancy rate to 93.6% when future pre-lets are taken into account. Pre-lets refer to offers signed by both the tenant and landlord, for a future start date.

At April 2021, the retail portfolio had an occupancy of 95.3% which remains ahead of the SAPOA Q4 2020 occupancy benchmark of 93.9%. The office sector continues to remain under pressure with an occupancy of 86.4% in April 2021, slightly below the SAPOA Q4 occupancy benchmark of 86.7%. The marginal decrease from March 2021 is driven by additional vacancies at Atrium on 5th.

OCCUPANCY RATE: APRIL 2021 vs MARCH 2021 vs DECEMBER 2020

Description	Portfolio			Retail			Office			Specialised		
	April 2021	Mar 2021	Dec 2020	April 2021	Mar 2021	Dec 2020	April 2021	Mar 2021	Dec 2020	April 2021	Mar 2021	Dec 2020
Overall occupancy rate	92.9%	92.8%	93.3%	95.3%	95.0%	95.3%	86.4%	86.7%	87.6%	100%	100%	100%
Pre-let occupancy rate	93.6%	93.4%	94.1%	96.3%	95.9%	96.8%	86.8%	86.8%	87.4%	100%	100%	100%



Leasing initiatives

Strong leasing activity has highlighted the demand for space with thirty one new deals successfully secured by 30 April 2021. In addition to the Adidas Halo concept store, Arc Cosmetics, Alexander McQueen, and Chanel will be joining the tenant mix at Sandton City, highlighting the strong demand for health and beauty, and further substantiating how luxury brands continue to be a unique differentiator in our portfolio. Enhancing the tenant mix, Eastgate has encouragingly introduced a number of new tenants including Armani Exchange. Total space of 18 681 m² has been successfully renewed in 2021, 9 578 m² within the retail portfolio and 9 103 m² within the office portfolio.

Aligned to our strategy of meeting the changing needs of our customers, Eastgate has introduced a drive-in cinema on its rooftop which has attracted favorable interest, with Sandton City scheduled to follow suit in early June 2021. Midlands Mall has opened an iStore pop-up in May, the first in the Pietermaritzburg community.

Sandton City and Nelson Mandela Square will be introducing a host of new additions, amplifying the consumer experience with unparalleled offerings. Luxity will be opening its first flagship store in Nelson Mandela Square in June. Bringing a family favourite home to Sandton City, Gap will be opening their second store in South Africa in early winter. New food offerings include Chiapas Eat Mexican and Tang, a luxury Asian restaurant and bar. Additionally, an exciting pop-up curated collection of the finest South African artists will be presented by True Story.

Rental relief and collections update

Rent relief still under negotiation largely pertains to the restaurant and fast food categories. As at 30 April 2021, 89.9% of negotiations with tenants have been concluded (December 71.7%). Rent relief remains a critical focus and L2D continues to work with the tenant categories most impacted. Additional rental relief has been granted in 2021 to movie theatres, gyms and restaurants as these sectors continued to be impacted and required additional support.

Rental collections, based on the full amounts due and before any rental relief, have continued to increase on a monthly basis and are reported at 104% for May 2021 (April 2021: 94%). The high collections in May are a result of the settlement of arrears balances as further rent relief negotiations are finalised.



Liquidity

In terms of liquidity, as at 30 April 2021 L2D remains well capitalised with a Group LTV of 23.6% and unutilised RCF facilities totalling R247 million.

Conclusion

We remain focused in our ongoing response to Covid-19 and reaffirm our commitment in building strong property fundamentals and continue to invest in the communities in which we operate in a responsible, sustainable, constructive and empowering manner.

Good progress has been made in concluding the rental relief negotiations with tenants. The monthly improvement in both footcount and turnover is encouraging, especially as L2D is predominantly invested in retail focused assets.

The Company enters a closed period as at 1 June 2021. L2D's interim results for the six months ending 30 June 2021 will be released on SENS on Monday, 26 July 2021. A presentation of the results is scheduled to take place on the same day.

The financial information contained in this trading statement has not been reviewed or reported on by L2D's external auditors.

This pre-close investor update is also available at:

<https://www.liberty2degrees.co.za/investors/results-centre/>

Johannesburg
28 May 2021

Corporate information

Liberty Two Degrees Limited

Date of registration: 10 July 2018

JSE share code: L2D

ISIN: ZAE000260576

(Approved as a REIT by the JSE)

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