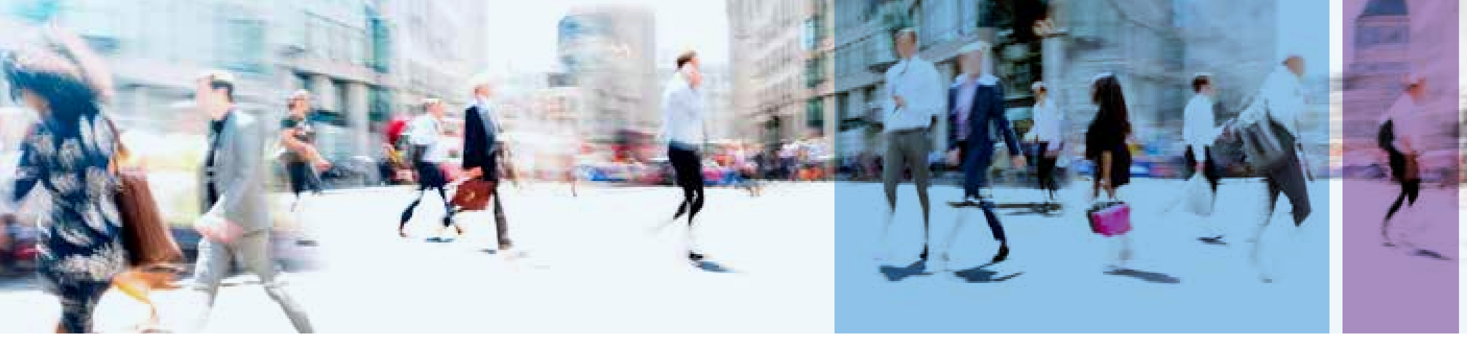

LIBERTY two°degrees

SUMMARISED GROUP RESULTS

for the six months ended 30 June 2021

Safe Spaces

PROVIDING SAFE SPACES FOR OUR PEOPLE, CUSTOMERS, TENANTS AND SHAREHOLDERS REMAINS A PRIORITY

RETAIL OCCUPANCY RATE IMPROVED TO

96.7%

MATERIAL LEASES CONCLUDED

20 303 m^2 in new deals and 23 803 m^2 in renewals

STRONG BALANCE SHEET – LOAN-TO-VALUE RATIO OF

23.97%

NET ASSET VALUE PER SHARE AT 30 JUNE 2021 OF

R7.62

SUPPORTED BY INDEPENDENT VALUATIONS

Positive Trend

POSITIVE TREND IN MONTHLY TURNOVER GROWTH IN 2021

100% DISTRIBUTION PAY-OUT OF

15.79 cents

OVERVIEW

The comparative half-year results must be seen within the context of strong trading in the first quarter of 2020, followed by the impact of the first lockdown; this severely affected trading and necessitated rental rebates and discounts for the remainder of the year. The steady recovery in trading in the first half of 2021 allowed a consequent reduction in rental rebates and discounts. Accordingly, the interim periods are not directly comparable, and in some cases, we refer to 2019 as a base. We saw a monthly improvement in operational performance in 2021, despite the uncertain socioeconomic environment. Key operational indicators, including customer visits to our malls, tenant occupancies, rental collections, turnover growth and occupational health and safety, have been encouraging. We continue to work with our security team, business partners and government to safeguard our assets, and with our tenants and customers to restore confidence.

The first six months of the year showed promise, buoyed by the easing of restrictions from March 2021, with a steady improvement in footcount and turnover at our malls. This encouraging start to the year contributed to better occupancy rates and good leasing activity in the period. Pleasingly, we saw an improvement in the rental arrears position, with almost all rental relief negotiations related to the 2020 period now concluded. However, the impact on the economy of the ongoing Covid-19 pandemic, along with the recent social unrest, are contributing to a difficult trading environment for the property sector.

OPERATIONAL PERFORMANCE

Despite challenging trading conditions, demand for L2D space remains strong. Portfolio occupancy improved to 93.7% at June 2021 (December 2020: 93.3%). This highlights the portfolio's resilience and our ability to attract new tenants, especially in the retail portfolio. At June 2021, the retail portfolio occupancy rate had improved to 96.7% (December 2020: 95.3%), remaining ahead of the MSCI Q1 2021 retail occupancy benchmark of 93.2%. The office sector remains under pressure, however, with the industry oversupply further impacted by the shift to working from home. Office occupancies declined to 86.6% at June 2021 (December 2020: 87.6%) but remain above the SAPOA Q2 2021 office occupancy benchmark of 85%. Our leasing strategy continues to pay off, with 133 leases (renewals and new deals) concluded in the first six months, equating to 44 106 m^2. Rental reversions remain negative for both the retail and office sector, down 26.6% and 21.0% respectively; however, these are slightly ahead of our expectation for the year. The negative reversions are due to the challenging operating environment as a result of the ongoing Covid-19 impact.

The retail portfolio showed significantly better turnover and footcount over the period following the easing of the lockdown restrictions. The latest monthly turnover data is provided for May 2021. L2D's turnover after the hard lockdown grew consistently over the first five months of the year. Tenant trading and turnover showed a positive trend, with monthly turnover up 88.1% and 3.7%, compared to May 2020 and May 2019 respectively. Monthly trading density in May 2021 grew 50.2% and 5.2% compared to May 2020 and May 2019 respectively. Portfolio footcount followed a similar recovery, up 106% and 55% in May and June 2021, compared to May and June 2020 respectively.

Improved rental collection supported good cash flow management. Based on the full amounts due and before any rental relief, rental collections showed monthly increases and reached 112% in June 2021. The high collections in June were a result of the settlement of arrears balances as further rent relief negotiations were finalised. At 30 June 2021, 93.2% of negotiations with tenants related to the 2020 period had been concluded (December 71.7%). We continue to provide critical focus and support for tenants most affected by the ongoing Covid-19 pandemic, largely in the restaurant, fast-food, hospitality, gyms and entertainment categories.

The hospitality sector continues to be severely impacted. Only the Sandton Southern Sun hotel is trading, while the Sandton Convention Centre closed following the move to adjusted level 4. This continues to negatively impact the rental income derived from these operations.

FINANCIAL RESULTS

R'000	Unaudited 30 June 2021	Restated Unaudited 30 June 2020	% Change
Revenue[1]	438 800	476 354	(8%)
Net property income	240 738	201 797	19%
Profit from operations	215 209	182 120	18%
Net interest expense	(71 047)	(78 430)	9%
Profit before fair value adjustments	144 162	103 690	39%
Profit/(loss) before tax [3]	181 917	(1 405 811)	>100%
Headline earnings	136 654	103 690	32%
Basic and diluted earnings/(loss) per share (cents)	19,59	(155,27)	>100%
Headline earnings per share (cents)	15,35	11,45	34%
Distribution per share (cents)	15,79	-	>100%
Net asset value per share (Rand) [2]	7,62	7,72	(1%)

1. *In line with IFRS 9 financial instruments and IFRS 16 leases – The rental rebate is recognised in the change in expected credit losses rather than in property portfolio revenue and the comparative interim period has been restated.*
2. *Calculated based on total equity divided by the number of shares in issue (908 403 334) excluding treasury shares (21 356 549).*
3. *R1.4 billion loss reported in 2020 results from the significant devaluation of the property portfolio.*

BALANCE SHEET AND PORTFOLIO VALUATION

Our conservatively managed balance sheet is one of our key strengths. With an LTV of 23.97% at 30 June 2021 (31 December 2020: 20.51%), we have sufficient liquidity and remain well within our bank covenants. Our interest cover ratio is healthy at 3.4x with 79.2% of our interest rate exposure hedged. The average cost of debt remains relatively low at 7.92%. Total unutilised revolving credit facilities amounted to R247 million at 30 June 2021.

L2D's property portfolio was valued at R8.5 billion at 30 June 2021. This is marginally up from the December 2020 valuation, following the significant write down of the property valuation by R1.7 billion in 2020. The values are based on independent property valuations performed at 30 June 2021, which is in line with L2D's policy to have external independent valuations performed at both the interim and final reporting date. The Standard Bank Centre has been classified as a non-current asset held for sale and is reflected at net selling price, following the signing of a binding offer to purchase. The divestment process is underway. L2D's net asset value per share at 30 June 2021 was R7.62.

FINANCIAL PERFORMANCE

The revenue decline of 8% compared to the prior year period is mainly as a result of the ongoing closure of the hospitality sector and the Century City sale.

Reported net property income (NPI) grew 19% compared to the comparative period. The improved trading environment resulted in lower levels of rental discount in comparison to the prior period. Coupled with lower vacancies, this resulted in improved rental revenue, albeit off a lower base given the impact of hard lockdowns on rental revenue in the comparative period. On a net basis, lower utility consumption and other cost reductions contributed to savings in property operating expenses, which bolstered NPI for the six-month period. Above-inflation increases in rates and municipal charges remain a concern.

Profit from operations of R215.2 million was up 18% compared to the prior year period. Lower operating costs in line with our strategic response to Covid-19 supported this result. Net interest expense decreased 9% from 30 June 2020 due to the lower JIBAR base rate for floating rate debt. Fair value adjustments include the positive R29.2 million mark to market on the interest rate hedges in place at the end of June 2021, the marginal property valuation uplift of R1.8 million in June 2021, and a R6.8 million adjustment for the straight-lining of operating lease income. The taxation expense of R7.5 million resulted from temporary differences on the deferred tax asset gradually unwinding as provisions are utilised. Including positive fair value adjustments of R37.8 million (30 June 2020: negative R1.5 billion), we recorded profit after taxation of R174.4 million for the six months ended 30 June 2021 (30 June 2020: R1.4 billion loss due to the devaluation of the property portfolio).

PROSPECTS

The Covid-19 third wave, coupled with the recent spate of social unrest, has made the outlook for the rest of the year more uncertain. Given this context, the board has resolved not to provide earnings and distribution guidance for the remainder of the 2021 financial year.

The safety, security and wellbeing of our employees, customers, tenants, service providers and other stakeholders remains our top priority. Despite the climate of uncertainty, our quality assets and tenants should continue to underpin resilient demand for L2D space and trading levels, as evidenced in the first half of the year. The focus of our capital and risk management strategies will be to protect and preserve our balance sheet and control costs, while we carefully pursue the growth opportunities aligned with our strategic value drivers. We have a clear and focused operational strategy, grounded in property fundamentals, and we remain committed to executing our business in a sustainable manner and remaining flexible as we rebuild for growth.

In the light of the improved trading performance and the strength of the balance sheet, the board has declared a mid-year distribution of 15.79 cents per share. No interim distribution was paid in 2020.

DECLARATION OF CASH DISTRIBUTION

The Board has approved, and notice is hereby given of a distribution of 15.79 cents per share for the six months ended 30 June 2021 (the distribution).

The distribution is payable to L2D shareholders in accordance with the timetable set out below.

	2021
Last date to trade *cum* dividend	Tuesday, 24 August
Shares trade *ex*-dividend	Wednesday, 25 August
Record date	Friday, 27 August
Payment date	Monday, 30 August

L2D uses distribution per share as a relevant measure of financial performance. Share certificates may not be dematerialised or rematerialised between Wednesday, 25 August 2021 and Friday, 27 August 2021, both days inclusive. Payment of the distribution will be made to shareholders on Monday, 30 August 2021. In respect of dematerialised shares, the distribution will be transferred to the Central Securities Depository Participant (CSDP) accounts/broker accounts on Monday, 30 August 2021. Certificated shareholders' dividend payments will be posted on or about Monday, 30 August 2021.

Shares in issue at the date of declaration of this distribution: 908 443 335, inclusive of 21 356 549 treasury shares.

L2D's income tax reference number: 9178869237.

In accordance with L2D's status as a REIT, shareholders are advised that the distribution meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 (Income Tax Act).

The distribution on the shares will be deemed to be a dividend, for South African tax purposes, in terms of section 25BB of the Income Tax Act. The distribution received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax in terms of the exclusion to the general dividend exemption, contained in paragraph (aa) of section 10(1)(k)(i) of the (Income Tax Act) because it is a distribution distributed by a REIT. This distribution is, however, exempt from dividend withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders provide the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

- a declaration that the distribution is exempt from dividends tax; and
- a written undertaking to inform the CSDP, broker or the company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution, if such documents have not already been submitted.

Distributions received by non-resident shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1) (k)(i) of the Income Tax Act.

Assuming dividend withholding tax will be withheld at a rate of 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (DTA) between South Africa and the country of residence of the shareholder, the net dividend amount due to non-resident shareholders is 12.632 cents per share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

- a declaration that the distribution is subject to a reduced rate as a result of the application of a DTA; and
- a written undertaking to inform their CSDP, broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the distribution if such documents have not already been submitted, if applicable.

Any forecast or forward-looking statements have not been reviewed or audited by L2D's external auditors.

On behalf of the Board of Directors

Angus Band	Amelia Beattie	José Snyders
Chairman	*Chief Executive*	*Financial Director*

26 July 2021

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The full long-form announcement is available at: https://senspdf.jse.co.za/documents/2021/jse/isse/l2de/HY_L2D.pdf

The contents of this short-form announcement are the responsibility of the Board of Directors of L2D. This short-form announcement is only a summary of the information in the full announcement and does not contain full or complete details. Any investment decisions made by investors and/or shareholders should be based on consideration of the full announcement as a whole. Shareholders are encouraged to review the full announcement which is available on SENS and on L2D's website. The full announcement is also available on request at: investors@liberty2degrees.co.za or from the sponsor at: JSESponsor@standardbank.co.za from Monday, 26 July 2021.