



Key themes from tenants

Our view of the current tenant mix and opportunities to change the mix

Sandton has aggregated brands and categories such as the luxury (in Diamond walk) and affordable luxury. We have also created zones like the Fun District and Food District where we aggregate similar or complementary brands.

We track the performance of all the retail shops in our mall using Retail Live and where category performance is lagging we try and replace the tenants with new retailers from categories that are performing well. We also benchmark the weighting of the category versus industry norms to ensure we are not overweight in any category. Fashion has been a category that has been under pressure and we've steadily been replacing these brands with the likes of Dis-Chem, Sportsman's Warehouse and more of the "experience" type offerings.

We currently use a camera based foot count system to identify high / low foot traffic areas. With the recent demise of Stuttafords, the vacancy afforded Sandton the opportunity to introduce new and exciting brands into our mall. We introduced Dis-Chem to a historically lower foot traffic area of the mall and since its opening the foot traffic has increased significantly in this area and is complimenting the trading of its surrounding tenants.

Key concerns by retailers in the last 6 months

With the current downturn in the economic environment, some retailers have grown inorganically and are now reviewing their costs structures to make their businesses more viable. This has consequentially resulted in store closures as retailers rationalise their businesses. Given strong demand at Sandton City we have been able to replace the churn with new tenants that enhance the overall offering at the mall. We continue to engage with tenants on both a strategic and operational level in our quest to stay abreast of any developments.

Demand for space

Sandton City currently has zero vacancies (adjusted for pre-lets), this shows the high quality nature and the robustness of the asset. Sandton has recently opened Christian Dior Cosmetics, Tod's, House of Samsonite, Camicissima, Coach, Dis-Chem, Spur, Dion Wired, Old Khaki, Sportsmans Warehouse, LC Waikiki, Pick' n Pay Clothing, and Tommy Hilfiger.

Currently we see good demand from the luxury and affordable luxury brands that continue to show good growth, making Sandton unique to most shopping malls in South Africa.

Main themes that have emerged amongst the tenants

We are seeing the consolidation of offerings into flagships as well as space rationalisation or the reduction of overheads.

Strategy to embrace e-commerce in the centre

We aim to create experiential spaces to enhance our offering. We have therefore put in place various systems to enable us to achieve this.

These include Syenap, which enables us to determine foot count data more accurately. We have installed the fast and free Wi-Fi connectivity as well as Admyt, the ticket less and license plate

recognition parking system, to continue to enable us to understand, predict and impact customer activity to support us in improving our leasing and marketing strategies. We are also engaging various data and analytics consultants to improve the mining of various data banks and extract trends to help better predict and support our customer experience.

Our tenants are creating click and collect zones in their shops to enhance the customer experience.

Initiatives to drive Christmas spend

Sandton has particularly long trading hours and has extended these for the Christmas period. There are various Christmas activations in place to enhance the customer experience.

These include:
The Nut Cracker Winter Circus
A magical Christmas lighting – this is in line with the Nut Cracker Circus

Expectations and preparations for Black Friday

We believe this Black Friday will exceed the turnover numbers of last year as the desire for shoppers looking for bargains grows.

We have various activations in place which include an emoji marketing campaign across our portfolio to market this day.

Additional security and cleaning staff are brought on board to cope with influx of additional shoppers.

Sandton offers free parking for our customers and longer trading hours during this time. We engage with our tenants to ensure they all try and partake in the day.

Investment philosophy

L2D aims to drive a property portfolio that remains anchored by investment in South African, high quality precincts within key nodes.

We are committed to creating experiential spaces to enhance our position as a retail leader. Our ability to predict emerging trends to create the future of retail property as well as manage high quality centres, enables us to create communities and environments that deliver long-term and sustainable value to our stakeholders.

Sandton continues to attract a wide range of exciting new brands, both local and international. These new brands enhance the tenant mix of the centre and cater to customer demands.



RMB INVESTOR STORE VISIT

7 November 2018



Agenda

- 1. 08h00 – 08h30 Meet at Nelson Mandela Square, Nelson Mandela statue
- 2. 09h00 – 10h00 Champagne Bar - Brief overview by Amelia Beattie, José Snyders and Jonathan Sinden

High level discussion:

- Strategic overview Amelia Beattie Chief Executive
- Key metrics overview José Snyders Financial Director
- Operational overview Jonathan Sinden Chief Operations Officer

3. Store route

WALK-ABOUT LEAD BY PRESTON GADDY	
Diamond Walk	
Walk through affordable luxury	
Cape Union Mart	Store Manager engagement
Walk past Zara and Foschini	
Sportsmans Warehouse	Store Manager engagement
LC Waikiki	Store Manager engagement
New Dion Wired	
Dis-Chem	
Edgars	Store Manager engagement
Cotton On	Store Manager engagement
PnP Clothing, Exclusive Books, Hamleys	
Lego	
New Food court	Overview by Preston Gaddy – General Manager
Forever 21	Store Manager engagement

4. Lunch at Big Mouth



Asset Overview

Sandton City is one of Africa's leading and most prestigious shopping centres, conveniently located within walking distance of the Sandton Gautrain station and with easy access from the highways surrounding and main roads within Sandton CBD. With more than 300 leading local and international retailers, Sandton City is a one-of-a-kind premier fashion and leisure destination. It's an energetic hub of Afro cosmopolitan glamour - international shopping with South African flair.

Sandton City is owned by Liberty Two Degrees, Liberty Group and Pareto Ltd and managed by JHI Retail.

Nelson Mandela Square is one of the largest open public spaces in the country and adjoins the renowned Sandton City complex. This piazza commemorates heritage and celebrates international style with the warmth of African hospitality. It draws a cosmopolitan society to its sidewalk cafes, some of the finest restaurants in South Africa and over 88 exclusive stores. The 1,000sqm Square serves as a stage for a host of local and international prestigious events. Nelson Mandela Square is owned by Liberty Two Degrees and Liberty Group.

Sandton City timeline



Nelson Mandela Square timeline



Centre statistics

Sandton City Gross Lettable Area (GLA)

TYPE	SIZE
Sandton Retail	147 940 m ²
Sandton Office	51 200 m ²
Total	199 140 m ²

Nelson Mandela Square Gross Lettable Area (GLA)

TYPE	SIZE
Nelson Mandela Square Retail	20 148m ²
Nelson Mandela Square Office	18 647m ²
Total	38 795m ²

Sandton City Trading Statistics as at 30 June 2018

	Annualised Trading Density June 2017	Annualised Trading Density June 2018	Growth %	IPD Q2 ATD Benchmark	Centre vs. IPD Variance %
Sandton City	50 645	53 369	5.4%	37 517	42.3%

Nelson Mandela Square Trading Statistics as at 30 June 2018

CENTRE	Annualised Trading Density June 2017	Annualised Trading Density June 2018	Growth %	IPD Q2 ATD Benchmark	Centre vs. IPD Variance %
Nelson Mandela Square	56 932	54 262	-4.7%	33 057	64.1%

The negative trading density for Nelson Mandela Square is largely driven by Unisex, Women's wear, and Toys categories. It is also important to note that the trading density comes off a large base in prior years as a result of new store openings.

Portfolio Average Escalation and WALE as at 30 June 2018

	Portfolio	Retail	Office	Specialised
Average Escalation ¹	7.8%	7.8%	7.8%	7.9%
WALE ¹	3.0	3.0	2.6	11.6

¹ Excludes Melrose Arch

Portfolio Vacancy as at August 2018

	Portfolio	Retail	Office	Specialised
Overall vacancy rate	5.1%	2.9%	9.2%	0.0%
Pre-let vacancy rate	4.1%	1.4%	8.8%	0.0%

¹ Annualised Trading Densities are extracted from the Clur Research Report

Details on Sandton City

Nodal view

Sandton City his continuously redeveloped and updated in small increments to ensure it continues to be at the forefront of retail and leisure. It is our intention to keep Sandton City relevant to our consumers' needs and preferences and to create a class leading experiential offering to our customers whilst future proofing our asset.

The Diamond Walk was completed in April 2015. This consisted of 13 new stores with a total GLA of 4,500m² and presents ultra-luxury retail offering not matched anywhere else on the African continent.

In 2017 the conversion of the Cinema Level commenced which introduced for the first time in Southern Africa a Hamley's World complemented by an extensively upgraded cinema complex. In addition, a Halaal Spur was introduced to enhance the family oriented theme and has been called the Fun District.

The revamp of the Food Court began in February 2018 and was completed in November 2018. The Food Court is now a new age eco-friendly retail environment with extra communal seating and better sight lines in what is now known as the Food District.

In July 2017 Stuttafords went into Business Rescue and approximately 8 500m² of space was vacated. The Stuttafords space has now been fully let and taken up by bold new flagship stores like Exclusive Books, Markham, Dis-Chem, Dion Wired, LC Waikiki, Pick 'n Pay Clothing, and Tommy Hilfiger.

During 2018, we commenced with certain relocations and the introduction of new tenants, to better align the adjacencies and specific category representation in various sections of Sandton City and this will continue to meet the ever changing demands of our customers.

