



two°degrees

**25 MAY
2022**

**AGM AND PRE-CLOSE
INVESTOR UPDATE**



AGM and pre-close investor update

Interim closed period
commences on 1 June 2022.



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REBUILDING FOR SUSTAINABLE GROWTH

We remain cautious given the uncertainty in the already constrained macro economic environment



- Increased customer visits to our malls (portfolio footcount for April 2022 is 14.6% up on April 2019)

- Notable recovery in average hotel occupancies:

Sandton Sun Q1 2022: 68.5% (FY21:47.1%)

Garden Court Q1 2022: 35.8% (FY21:9.6%)



- Retail Occupancies remain strong at 97.3%
- Positive trend in turnover Growth (Q1 2022 is 13.6% up on Q1 2019 for the portfolio)



- Strong balance sheet with LTV of 24.43%



- Successfully maintained a level 2 B-BBEE rating



- Net-Zero journey on track

WE REMAIN HIGHLY FOCUSED ON OUR STRATEGIC INITIATIVES FOR 2022

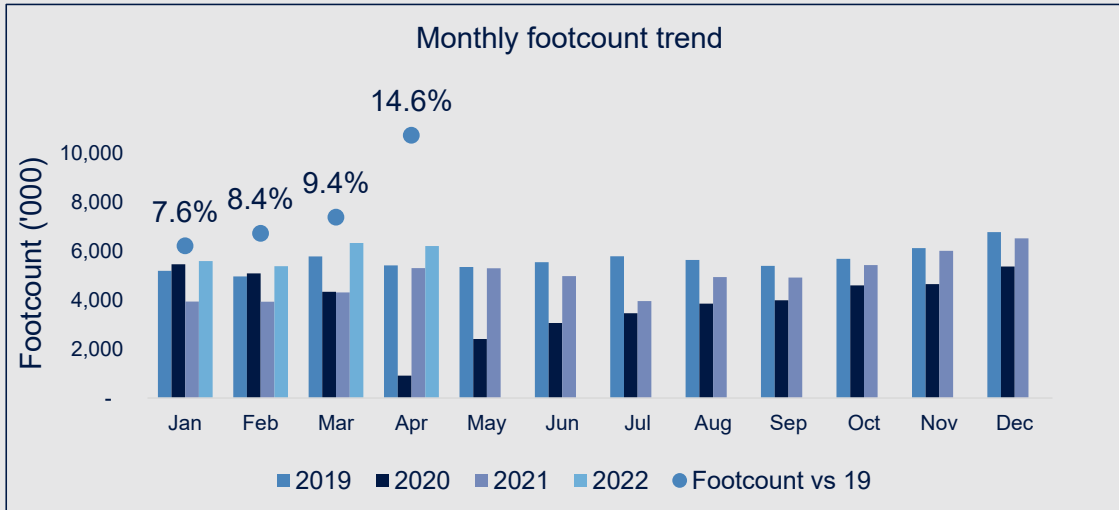
- Optimisation and income protection initiatives improving reversions
- Driving stronger operational performance and reducing arrears as operations improve



RETAIL – PORTFOLIO FOOTCOUNT RECOVERY

Evolving retail landscape provides opportunities to adapt and grow

- Enhanced customer experiences
- Engaging retail experience in innovative spaces
- Use of data to create personalisation
- Super regional malls offer the blended retail experience



HOSPITALITY

Occupancies on the rise due to positive movement in corporate travel

Sandton Sun
Average occupancy YTD April 2022

69.3%

(FY21: 47.1%)

Garden Court
Average occupancy YTD April 2022

35.9%

(FY21: 9.6%)

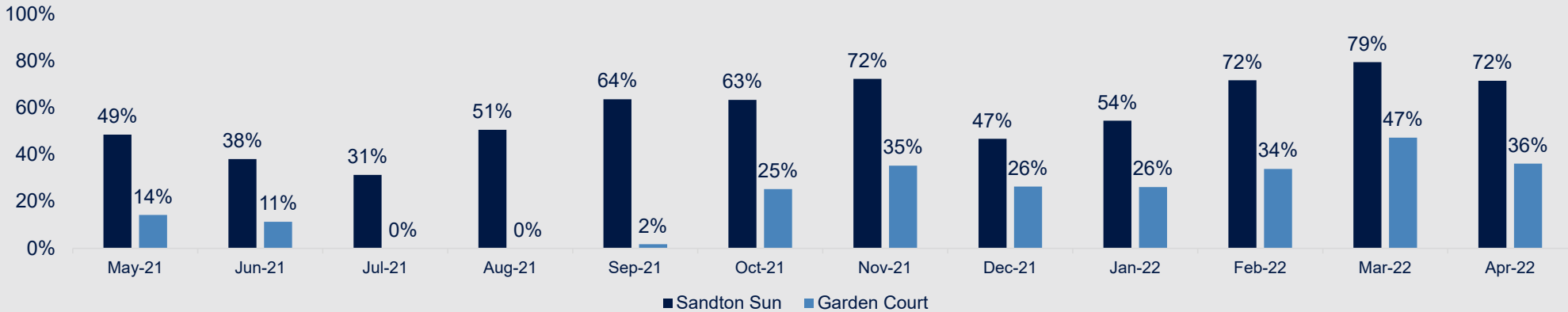
Convention Centre
Total events YTD April 2022

47

(FY21: 60)

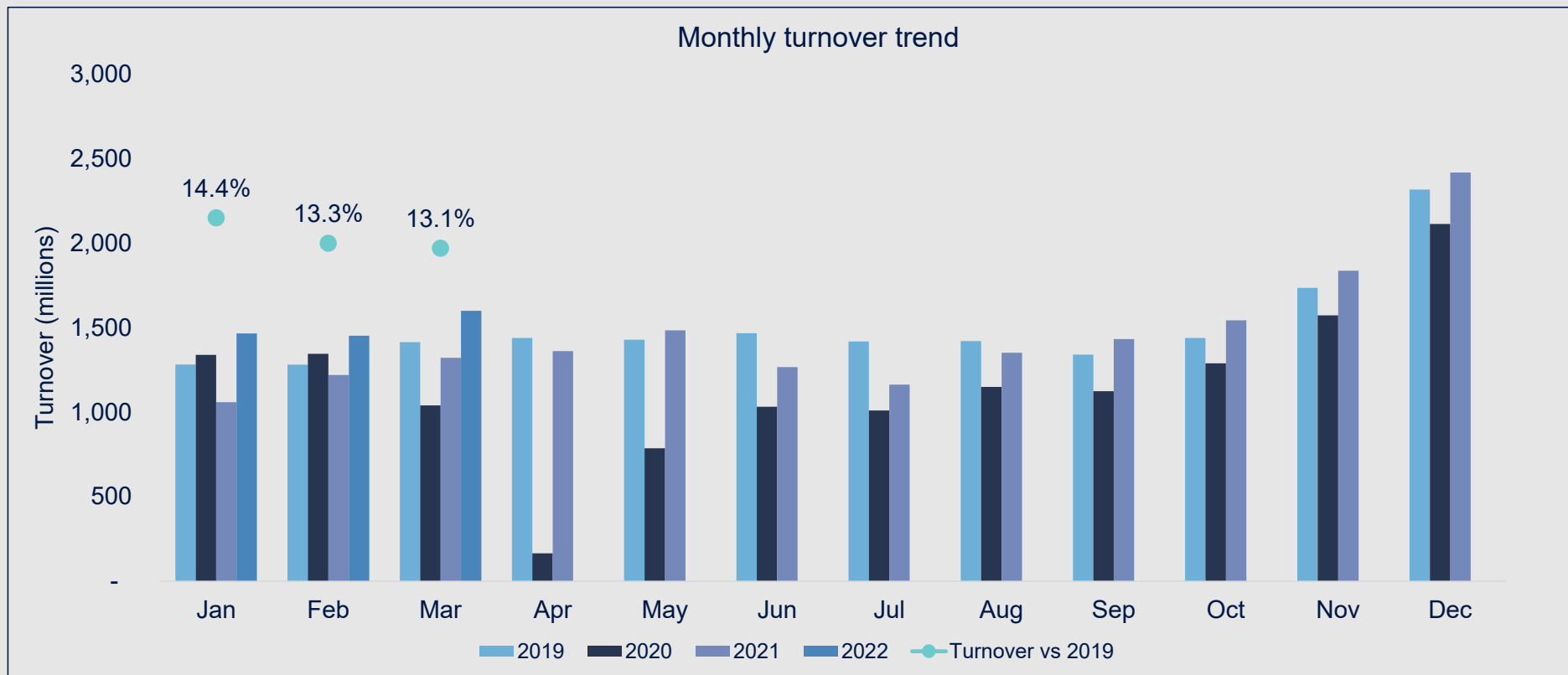
Sandton Towers – a rebranded and modern 5-star hotel will open on 1 July 2022 replacing the Sandton Intercontinental Towers.

Occupancy trend



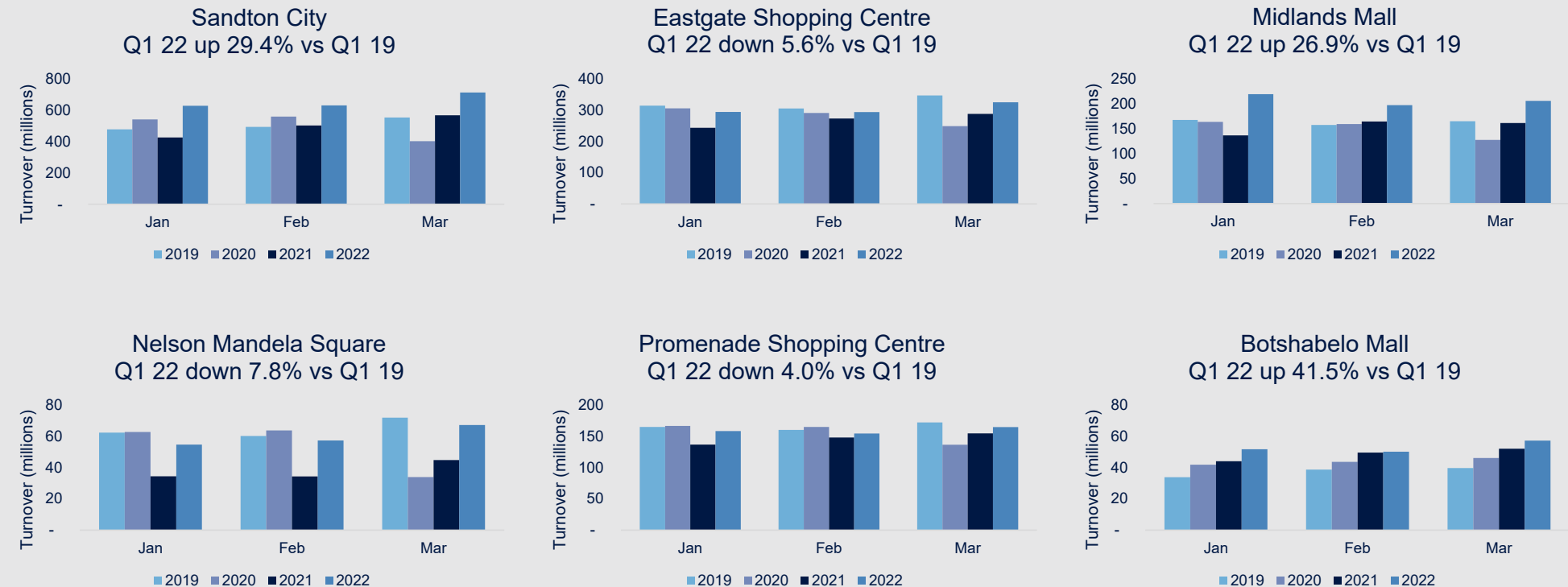
RETAIL – PORTFOLIO TURNOVER RECOVERY

Turnover growth starts gaining momentum maintaining its growth ahead of pre-covid



RETAIL – CENTRE TURNOVER

Q1 turnover surpasses pre-covid levels for certain retail assets while others continue to show recovery



NEW TENANT OPENINGS

Retail portfolio continues to see high demand for space

one;
MIND, BODY, SOUL

SEAFOLLY

COTTON ON
KIDS

CASA
DAS
ZATAS



CARZUKA
PART OF CARTRACK.COM



KRYOLAN
PROFESSIONAL MAKE-UP

SIDESTEP

RJ
RELAY
JEANS



HiFi Corp
Why shop anywhere else?

OCCUPANCY UPDATE

Retail continues to see high demand for space

Portfolio occupancy

95.2%
95.6% (+pre lets)

(FY21: 94.9%)

Retail occupancy

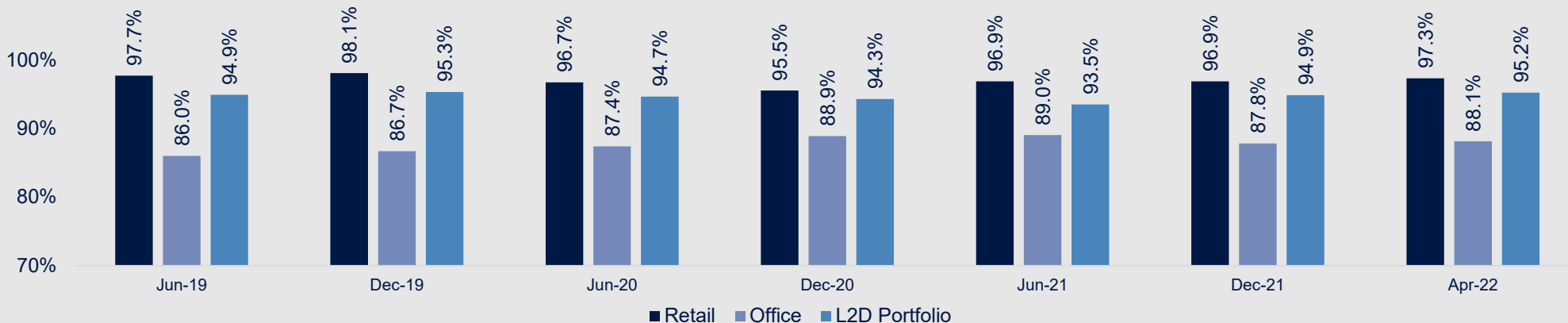
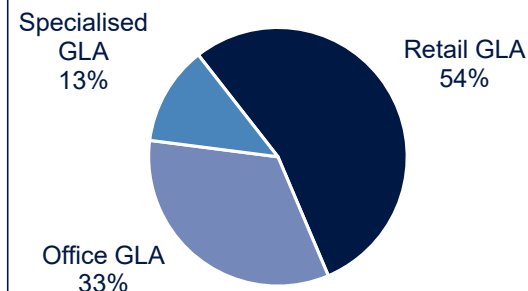
97.3%
97.8% (+pre lets)

MSCI Q4 93.6%
(FY21: 96.9%)

Office occupancy

88.1%
88.5% (+pre lets)

MSCI Q4 84.0%
(FY21: 87.8%)



2022 LEASING

Reducing reversions supported by improved trading performance

Total renewals and new deals

37,325m²

% Portfolio GLA

3.9%

Reversion renewals

-18.5%

Rolling tenant retention
Excluding Melrose Arch

98.2%

*Full Portfolio 74.4%

Portfolio reversion trend



Retail	-8.7%	-32.2%	-26.0%	-17.2%
Office	-19.9%	-26.2%	-24.8%	-25.1%
Portfolio	-11.8%	-30.6%	-25.9%	-18.5%

Leasing	Sector	Number	GLA (m ²)	% of total portfolio
Renewals	Retail	62	12,316	1.3%
	Office	11	6,969	0.7%
	Total	73	19,285	2.0%
New deals	Retail	29	4,881	0.6%
	Office	18	2,093	1.3%
	Total	47	6,975	1.9%
TOTAL		120	37,325	3.9%

DEBT REFINANCING AND LIQUIDITY

- R850 million of term debt will be expiring in October 2022. We have commenced engaging with banks on the refinance
- As at 30 April 2022, L2D remains well capitalised with a low LTV of 24.43% (31 December 2021: 23.87%) and a interest rate hedge ratio of 75.82%
- We anticipate that the transfer on the Standard Bank sale will be registered in the third quarter of 2022

RISK MANAGEMENT

- Top and emerging risks are reviewed and managed on a regular basis in light of the post-pandemic risk environment
- South African socio-political risks and socio-economic conditions are closely considered in line with the local investment strategy



ESG IMPACT STRATEGY

Build tomorrow together

We are focused on driving our sustainability targets with continued progress across all pillars:

- **Net Zero Waste ready by 2022**
- **Net-Zero Water by 2025**
- **Net-Zero Energy by 2030**

- Promenade Shopping Centre solar PV installation was completed in May 2022 and is now operational.
- The portfolio continues to improve its diversion from landfill. Waste average is up at 76% as at the end of Q1 2022 (December 2021: 74%).
- Last mile waste management solutions such as dry composting and contaminated plastic waste management solutions will be implemented in the second half of the year to bring the diversion ratio closer to 100%.
- Ongoing work is underway:
 - to improve the energy cost recoveries across the portfolio and implement additional renewable energy projects.
 - to set energy and water targets for tenants as part of the development of the net zero pathway.



COMMITMENT TO OUR PEOPLE

We put our people at the heart of everything we do

Board Changes:

- We have a transformed Board and in March this year we welcomed Nick Criticos, who has a wide range of international property experience, as our new Board Chairman.

BEE:

We remain committed in continuing to support gender diversity, inclusivity, and transformation within L2D and the industry.

We successfully maintained a level 2 B-BBEE rating, and we are dedicated to positively transforming the property sector.

Our transformation priorities for **B-BBEE** include:

- Being adaptable in our strategy to incorporate the new sector codes once adopted
- Ensuring that overall monetary outlay optimises scoring



CONCLUSION

Our commitment to investing in our portfolio of quality assets underpins our financial and operational performance by ensuring our offerings remain relevant

Our focus remains on preserving value, improving operational performance, and driving growth within the portfolio by:

- Building on the improving market conditions and momentum gained in turnover and footcount recovery
- Firmly executing on our strategic priorities
- Driving stronger leasing performance and lower reversions in 2022 as operations improve
- Turning around non-performing assets and de-risking the portfolio
- Containing costs while strategically positioning the business for sustainable value creation
- Remaining on track with expected 2022 financial delivery



AGM AND PRE-CLOSE INVESTOR UPDATE MAY 2022



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THANK YOU

Q&A

The Company enters a closed period as at 1 June 2022. L2D's interim results for the six months ending 30 June 2022 will be released on SENS on Monday, 1 August 2022. A presentation of the results is scheduled to take place on the same day. The financial information contained in this pre-close investor update 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/>



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CORPORATE INFORMATION

Liberty Two Degrees Limited

Date of registration: 10 July 2018
JSE share code: L2D
ISIN: ZAE000260576
Company registration: 2018/388906/06
(Approved as a REIT by the JSE)
(Liberty Two Degrees or L2D)

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