



two°degrees

**HY 2022**

**MID YEAR RESULTS  
JUNE 2022**



# OVERVIEW

AMELIA BEATTIE  
CHIEF EXECUTIVE



two°degrees



# AN OVERVIEW OF HY 2022

L2D sees continued positive momentum



Portfolio footcount HY 2022  
vs HY 2021 28.0%  
vs HY 2019 10.2%  
Notable recovery in average hotel occupancies



Retail turnover HY 2022  
vs HY 2021 25.1%  
vs HY 2019 16.1%  
Retail occupancy increased to 97.2%



Level 2 B-BBEE rating maintained



Strong balance sheet with LTV of 24.64%  
NAV decreased marginally by 1.18% based  
on an independent valuation of the property  
portfolio



100% Distribution pay-out of 17.48 cents  
per share (increase of 10.7% on HY 2021)

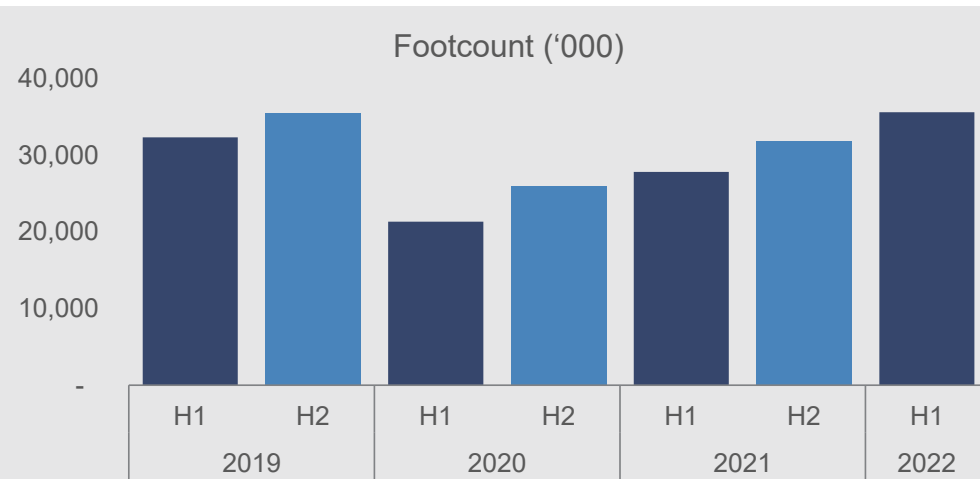


Diverting 84% of waste from landfills for June 2022  
Reduced reliance on the power grid by 3.6%  
with future solar PV in the pipeline



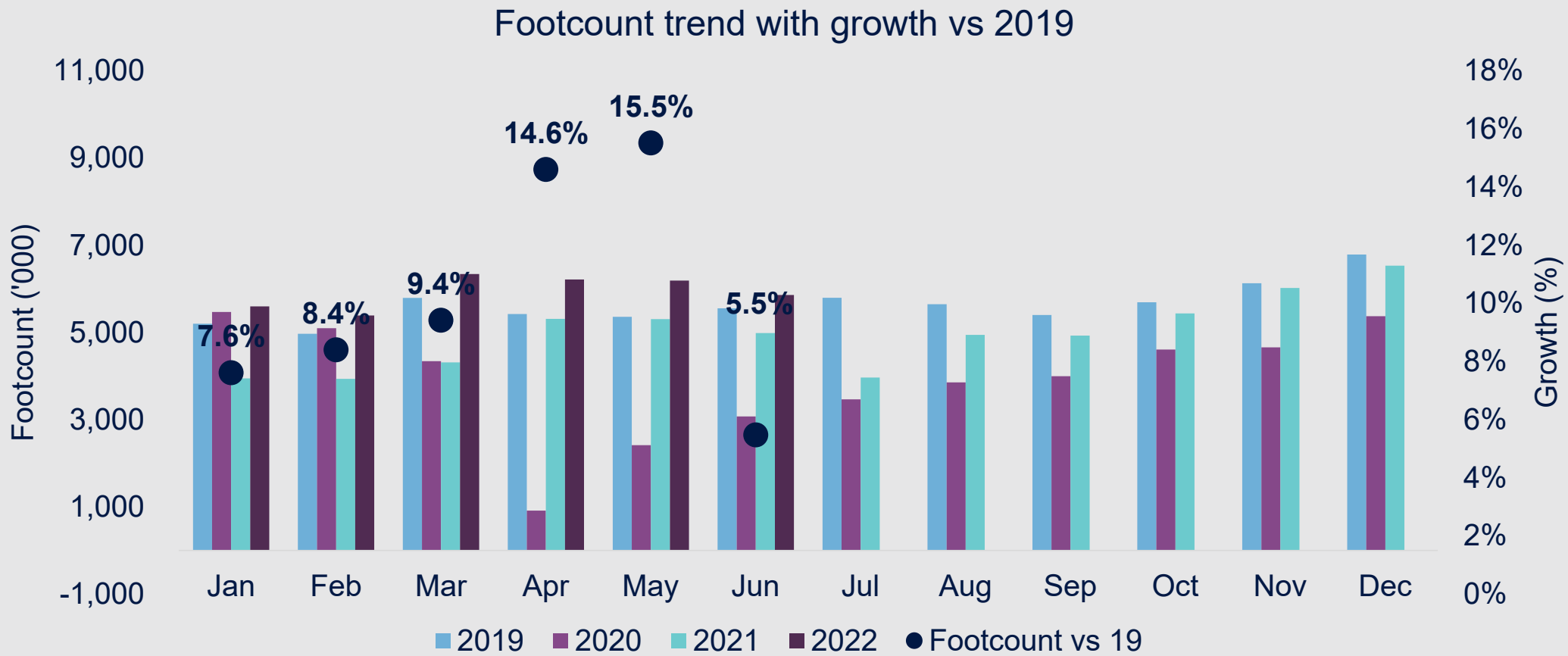
# ENHANCED CUSTOMER EXPERIENCES

Driving footcount through key events and customer loyalty



# RETAIL – PORTFOLIO FOOTCOUNT RECOVERY

Evolving retail landscape provides opportunities to adapt and grow



# HOSPITALITY

## Strong rebound in Hospitality

### Sandton Sun

Average occupancy YTD June 2022

**71.5%**

HY 2021: 39.8%   FY 2021: 47.1%  
HY 2019: 63.6%   FY 2019: 66.8%

### Garden Court

Average occupancy YTD June 2022

**40.7%**

HY 2021: 12.8%<sup>1</sup>   FY 2021: 9.6%  
HY 2019: 68.8%   FY 2019: 72.7%

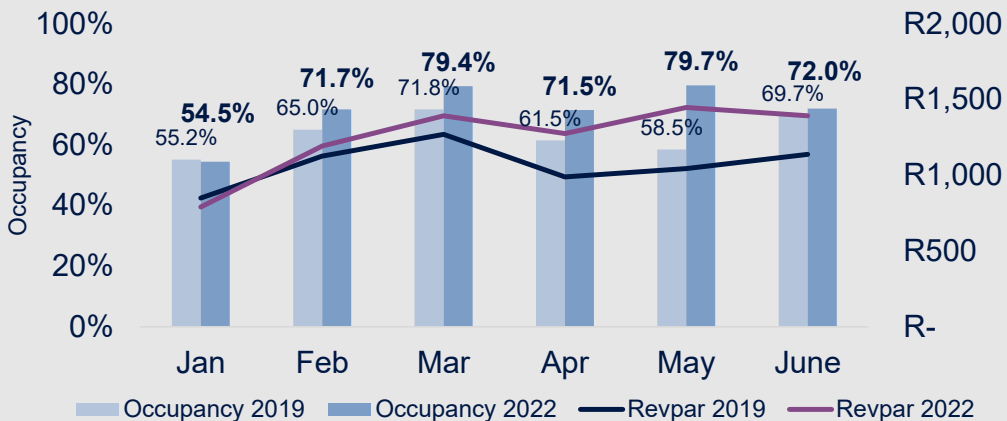
### Sandton Convention Centre

Total events YTD June 2022

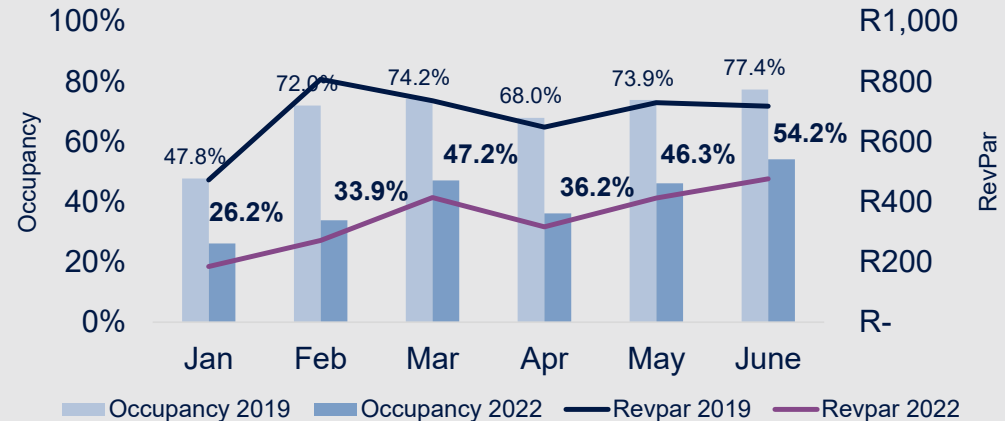
**81**

HY 2021: 23   FY 2021: 60

Sandton Sun vs 2019



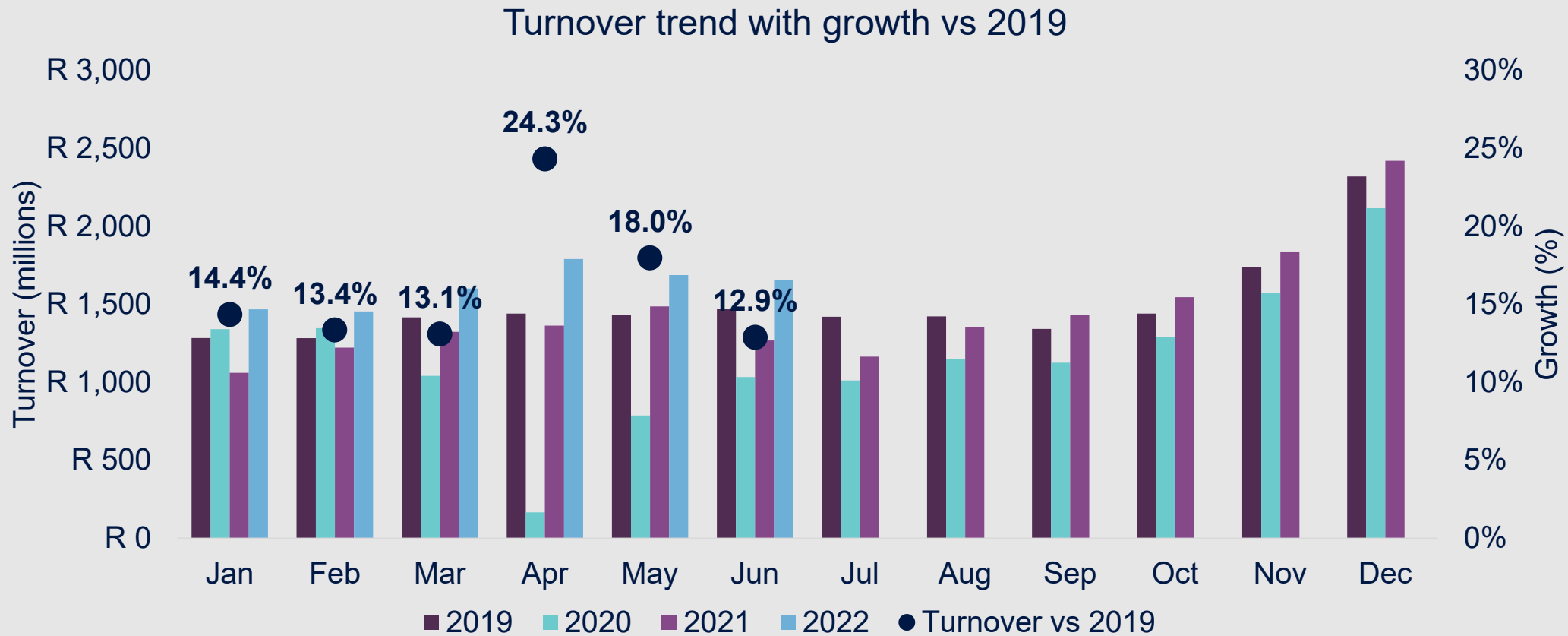
Garden Court vs 2019



1. HY 2021: 4.3% incl. closed months

# RETAIL – PORTFOLIO TURNOVER RECOVERY

Turnover gains momentum maintaining its growth ahead of pre-covid

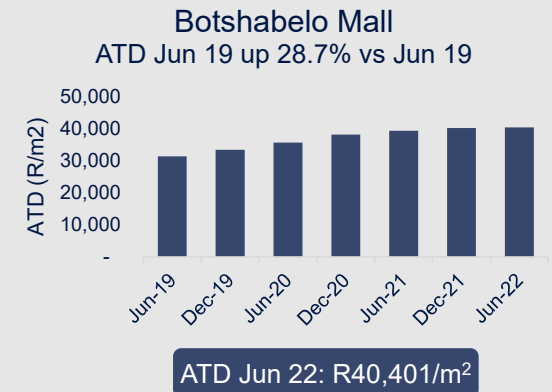
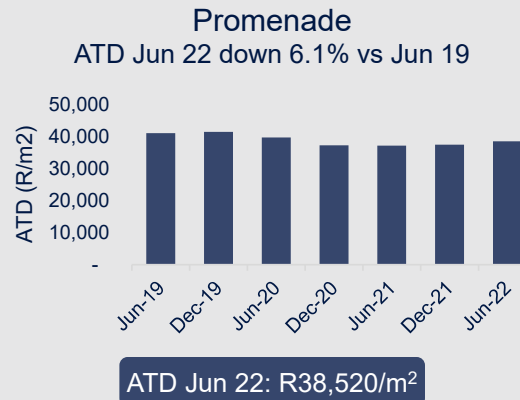
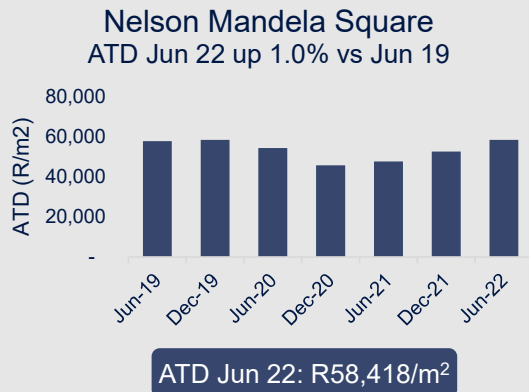
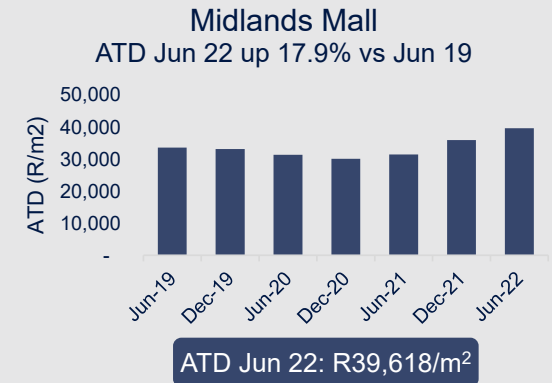
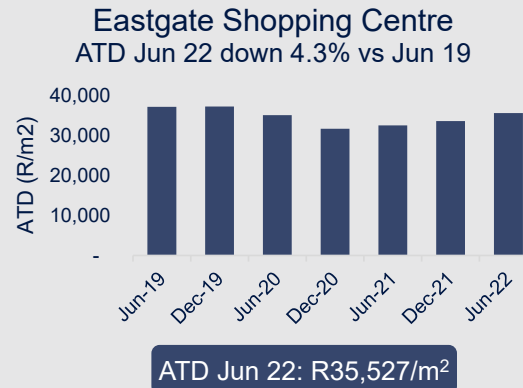
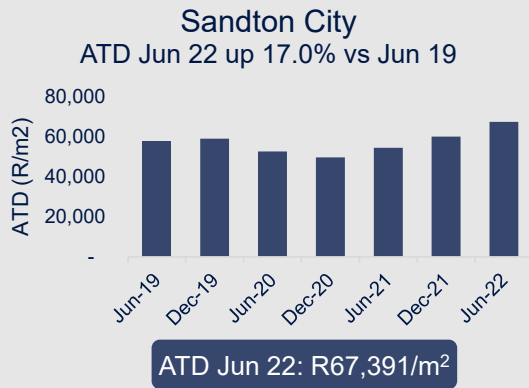


# RETAIL – CENTRE TRADING DENSITY

Positive momentum in annual trading density achieving 8.3% vs June 2019

Portfolio ATD  
R46,500/m<sup>2</sup>

IPD Q1 ATD  
R35,382/m<sup>2</sup>





## NEW DEALS AND TENANT OPENINGS

Retail portfolio continues to see high demand for space

**KARL**  
KARL LAGERFELD



**BIRKENSTOCK®**



SEAFOLLY

**CROSSOVER**



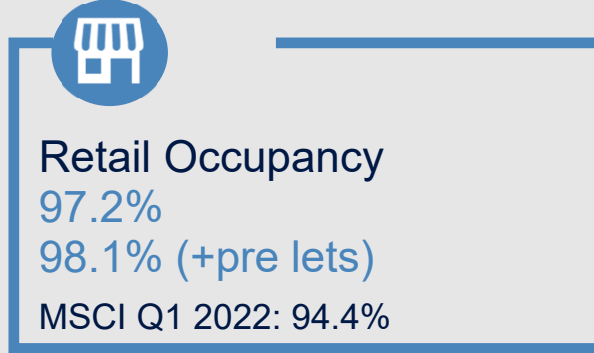
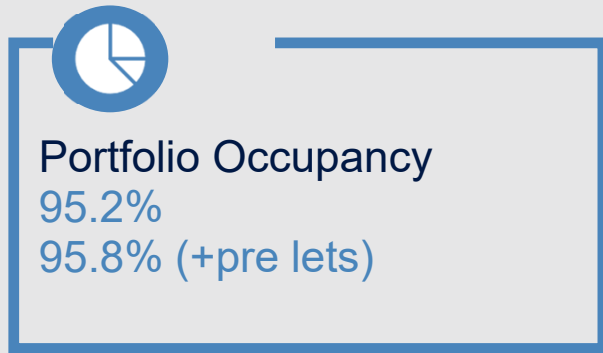
FNB

**PEP**

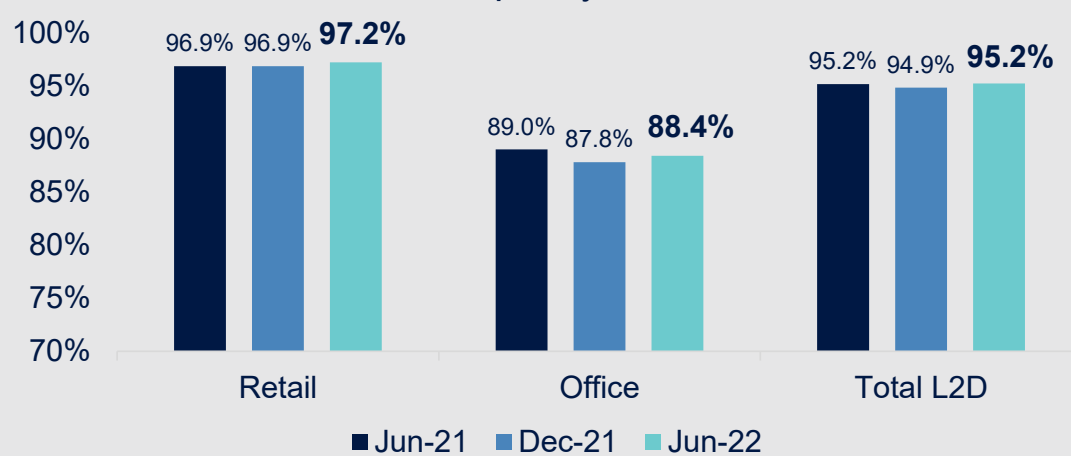
COTTON ON  
**KIDS**

# OCCUPANCY UPDATE AT JUNE 2022<sup>1</sup>

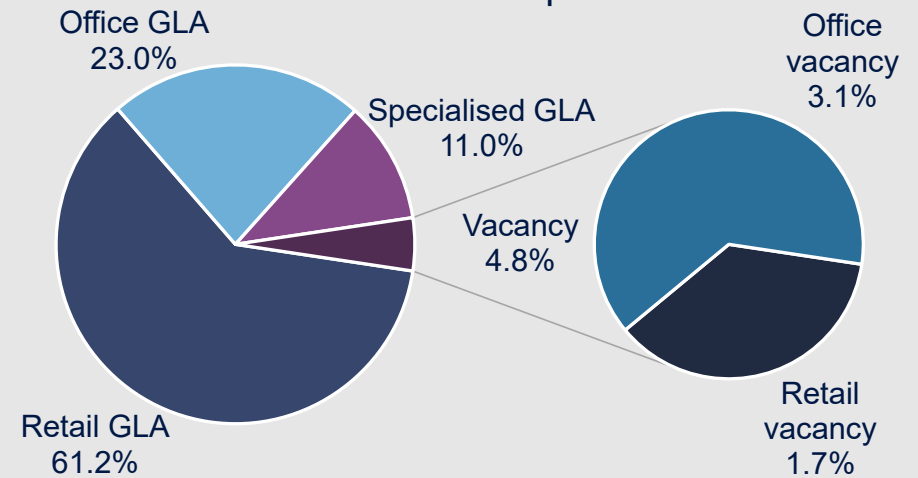
Maintaining good occupancy levels with retail seeing high demand for space



Occupancy trend



GLA as % of total portfolio



1. Excluding Melrose Arch

## 2022 LEASING ACTIVITY

In-force escalations remain healthy at 6.8%

Total renewals and new deals

**179**

% Portfolio GLA

**4.9%**

Tenant retention

**88.4%**

Excluding Melrose Arch

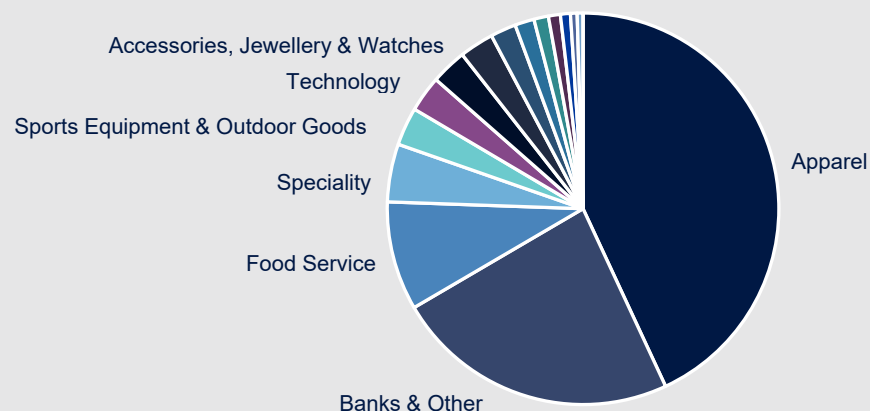
WALE

**2.8** years

In-force lease escalation 2022

**6.8%**

Renewals concluded per category (GLA)



Leasing	Sector	Number	GLA (m <sup>2</sup> )	% of total portfolio
Renewals	Retail	100	20,817	2.2%
	Office	11	4,838	0.5%
	<b>Total</b>	<b>111</b>	<b>25,655</b>	<b>2.7%</b>
New deals	Retail	43	7,918	0.8%
	Office	25	13,419	1.4%
	<b>Total</b>	<b>68</b>	<b>21,337</b>	<b>2.2%</b>
<b>TOTAL</b>		<b>179</b>	<b>46,992</b>	<b>4.9%</b>

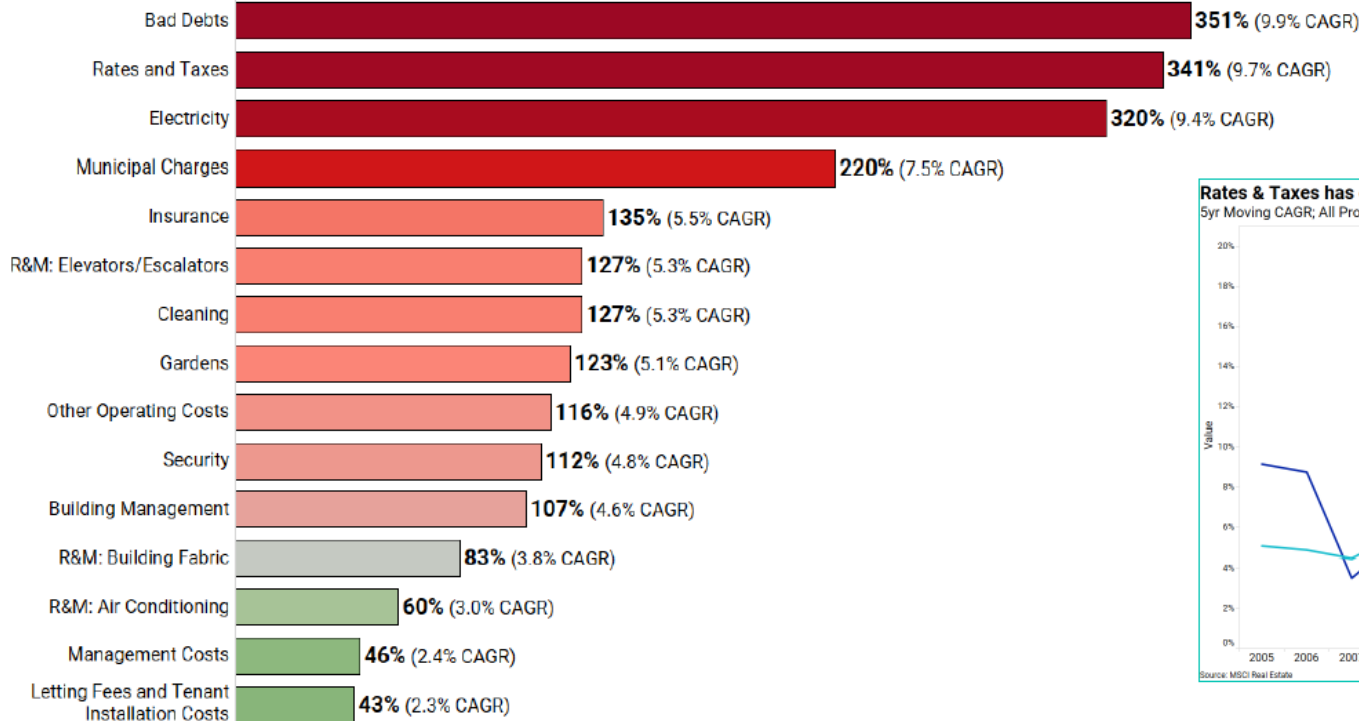
# 2022 REVERSIONS

Administered costs have grown consistently faster than inflation

## Operating Cost growth since 2006

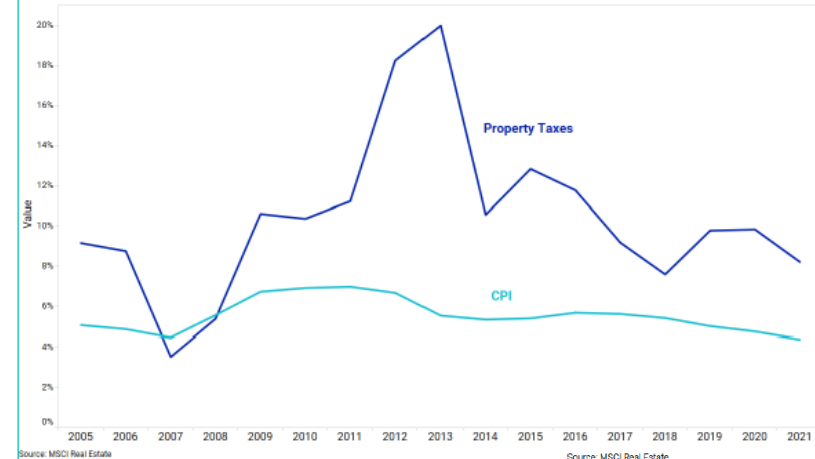
All Property from 2006, cumulative & CAGR

2021-01-01



### Rates & Taxes has outstripped inflation

5yr Moving CAGR; All Property Rates & Taxes vs. CPI



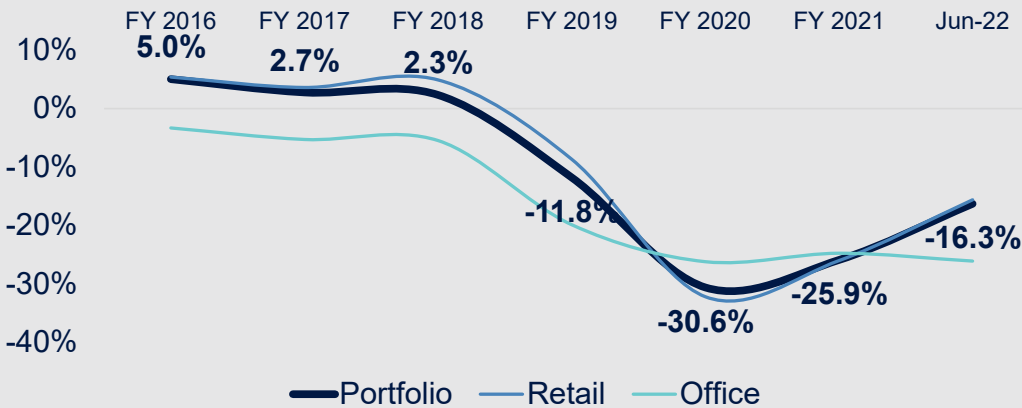
MSCI



## 2022 REVERSIONS

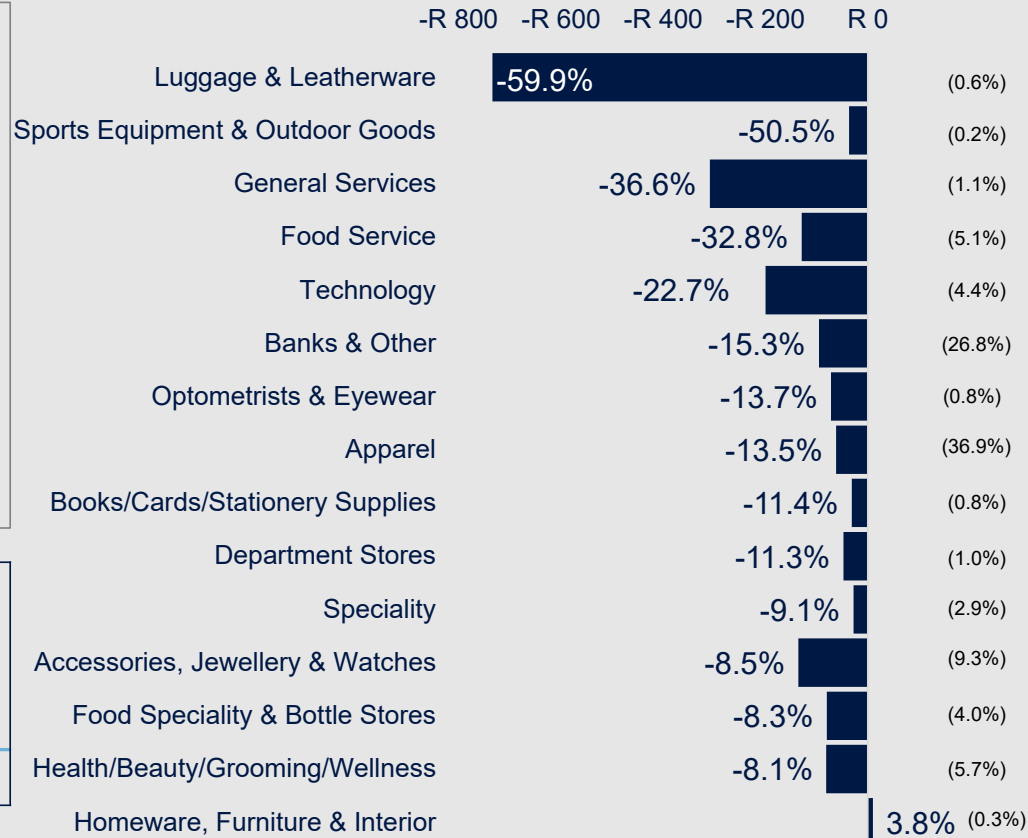
Portfolio rental reversions remain under pressure, however an improvement on prior year

Portfolio reversion trend



	2016	2017	2018	2019	2020	2021	Jun-22
Retail	5.4%	3.65	4.8%	-8.7%	-32.2%	-26.0%	-15.6%
Office	-3.3%	-5.3%	-5.5%	-19.9%	-26.2%	-24.8%	-26.1%
<b>Total</b>	<b>5.0%</b>	<b>2.7%</b>	<b>2.3%</b>	<b>-11.8%</b>	<b>-30.6%</b>	<b>-25.9%</b>	<b>-16.3%</b>

Reduction in gross monthly rental per m2



% on right provides the proportionate share of gross monthly rental as a % of total renewals concluded



# STATEMENT OF COMPREHENSIVE INCOME

FOR THE 6 MONTHS ENDED 30 JUNE 2022



R'000	Unaudited June 2022	Unaudited June 2021
Property portfolio revenue	455 574	438 800
Property operating expenses including change in expected credit losses	(194 544)	(198 062)
<b>Net property income</b>	<b>261 030</b>	<b>240 738</b>
Revenue from contracts with customers	25 859	26 774
Other income	1 206	1 319
Operating costs	(60 763)	(53 622)
<b>Profit from operations</b>	<b>227 332</b>	<b>215 209</b>
Net interest expense	(76 696)	(71 047)
Net fair value adjustments	(49 784)	37 755
<b>Profit before taxation</b>	<b>100 852</b>	<b>181 917</b>
Taxation	(3 652)	(7 508)
<b>Total comprehensive income</b>	<b>97 200</b>	<b>174 409</b>
<b>Distributable income</b>	<b>158 798</b>	<b>143 432</b>

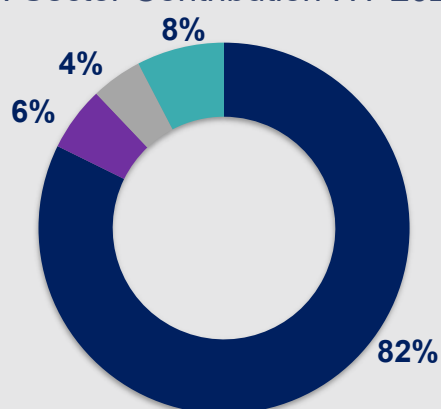
HY22 distribution of **17.48 cents** per share (HY21: 15.79 cents per share)

# NPI GROWTH PER SECTOR

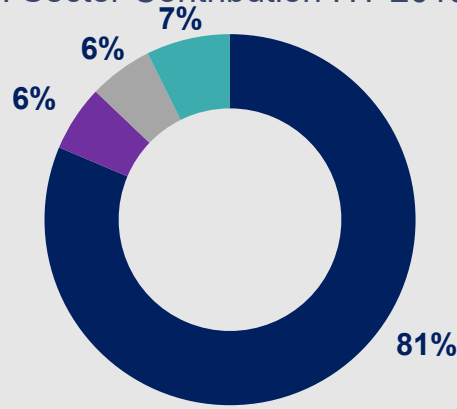
Supported by improved activity in the retail portfolio and hospitality assets

	HY 22 CONTRIBUTION TO NPI (R'm)	NPI HY 22 vs HY 21 (%)	NPI HY 22 vs HY 19 (%)
Retail	R224.5m	3%	-20%
Offices	R15.3m	-5%	-23%
Hospitality	R12.2m	296%	-37%
Other	R20.8m	5%	-18%
<b>Total NPI<sup>1</sup></b>	<b>R272.8m</b>	<b>10%</b>	<b>-21%</b>

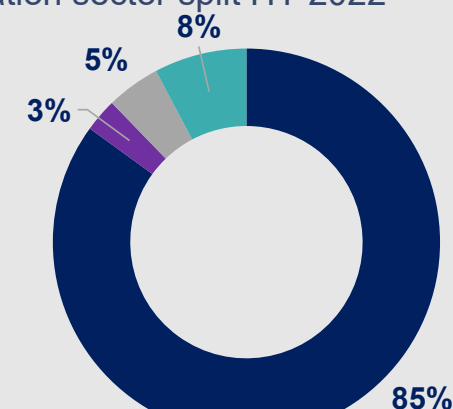
NPI Sector Contribution HY 2022



NPI Sector Contribution HY 2019



Valuation sector split HY 2022



■ Retail   ■ Offices   ■ Hospitality   ■ Other

All data at L2D ownership %

The valuation sector split is aligned to the NPI sector split. "Other" includes Melrose Arch, John Ross, Melomed, Virgin Active Parkade and Virgin Active Sandton

1. Total NPI excluding the adjustment for straight-lining of operating lease income

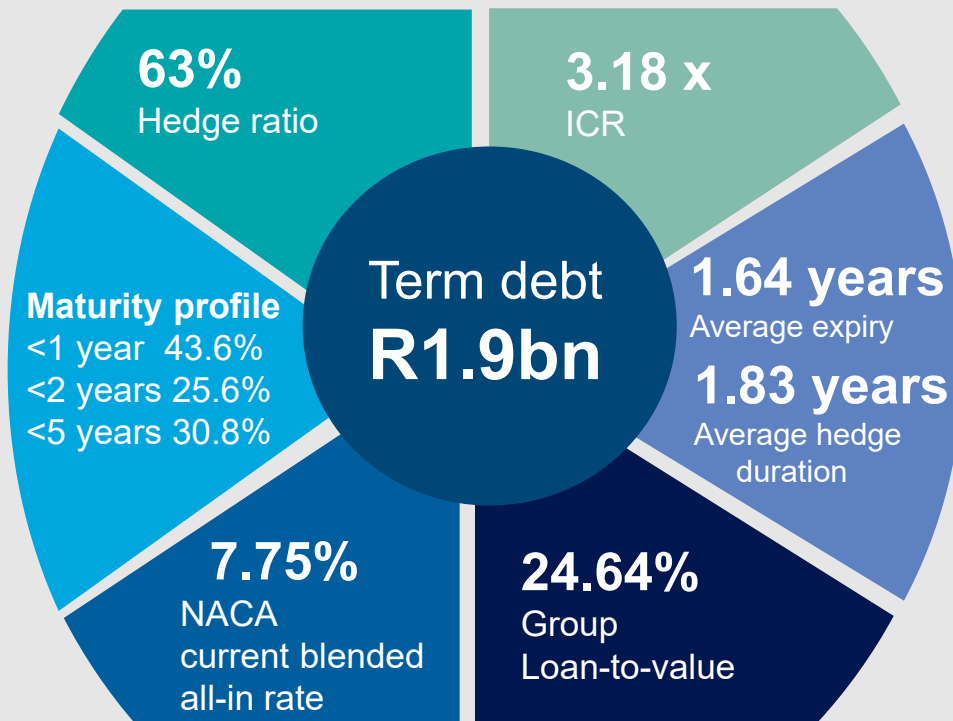
# STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

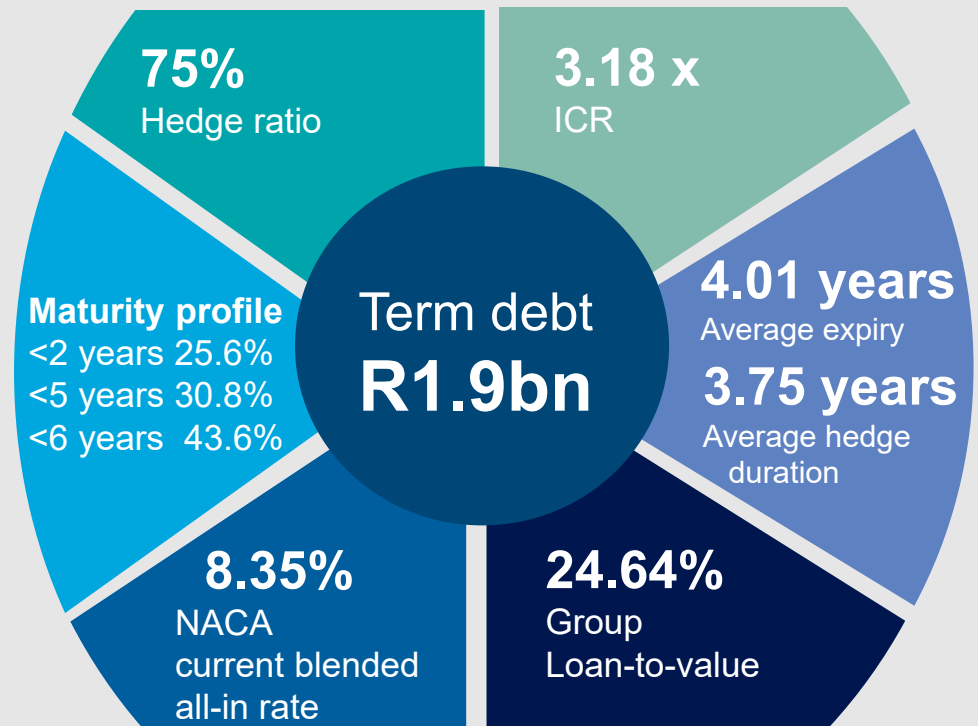
R'000	Unaudited June 2022	Unaudited June 2021
Non-current assets	8 231 496	8 391 564
Non-current assets held for sale	153 300	153 300
Current assets	408 920	407 930
<b>Total assets</b>	<b>8 793 716</b>	<b>8 952 794</b>
Non-current liabilities	1 211 472	1 304 773
<b>Current liabilities</b>	<b>1 039 548</b>	<b>892 332</b>
Trade and other payables	162 731	136 012
Financial instruments	53	31 267
Lease liabilities	572	682
Financial liabilities	876 192	724 371
<b>Total liabilities</b>	<b>2 251 020</b>	<b>2 197 105</b>
Capital	8 780 921	8 780 921
Retained surplus	171 675	151 458
Share-based payment reserve	39 639	32 852
Treasury shares	(201 821)	(120 983)
Mergers/capital reserve	(426 104)	(426 104)
Non-distributable reserve	( 1 821 614)	( 1 662 455)
<b>Total equity</b>	<b>6 542 696</b>	<b>6 755 689</b>
<b>Total equity and liabilities</b>	<b>8 793 716</b>	<b>8 952 794</b>

## DEBT REFINANCING AND LIQUIDITY

**30 JUNE 2022**

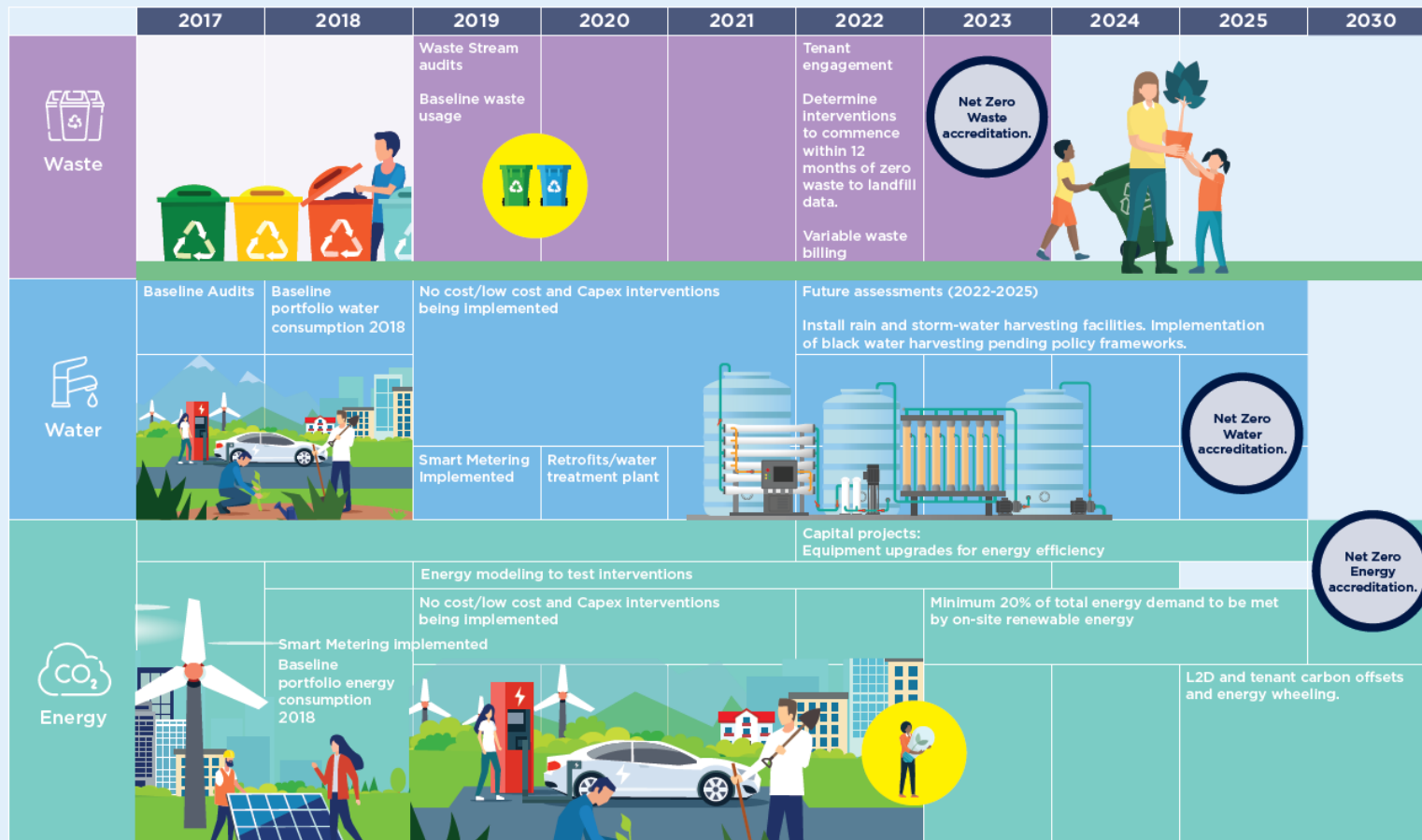


**POST REFINANCE**



# NET ZERO JOURNEY<sup>1</sup>

Build tomorrow together

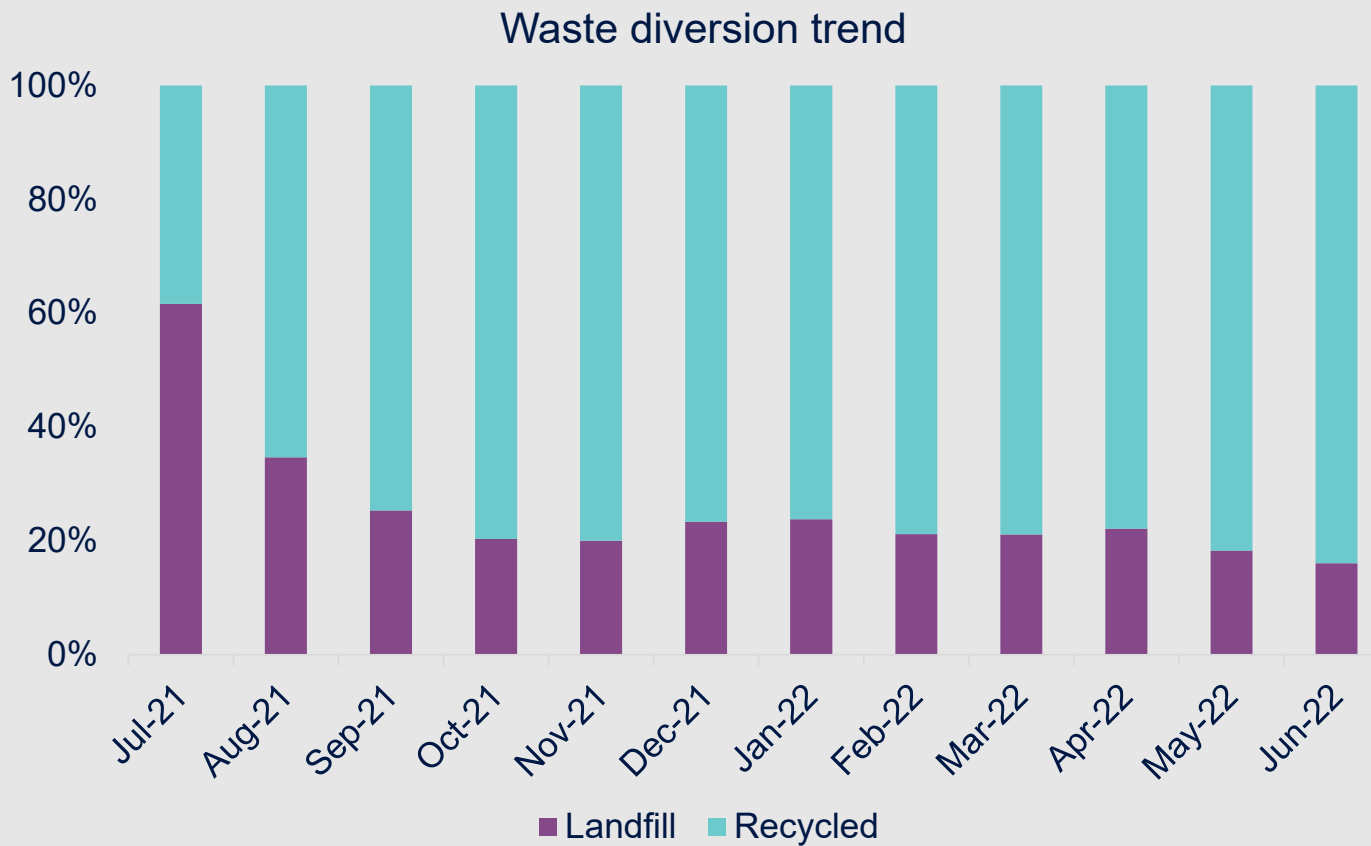


1. The above excludes SCC, MA and Hotels as they are not under management control

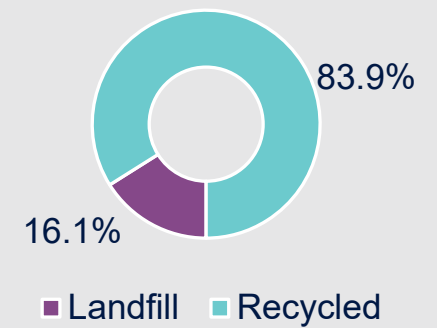


# WASTE JOURNEY

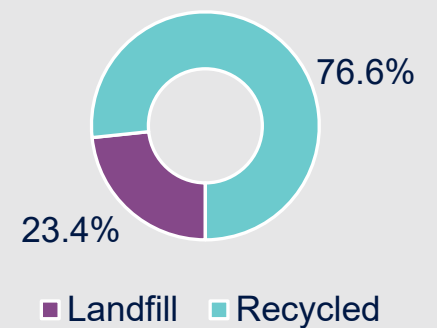
Significant progress made achieving a landfill diversion rate of 80% for HY 2022



Diversion rate Jun 22

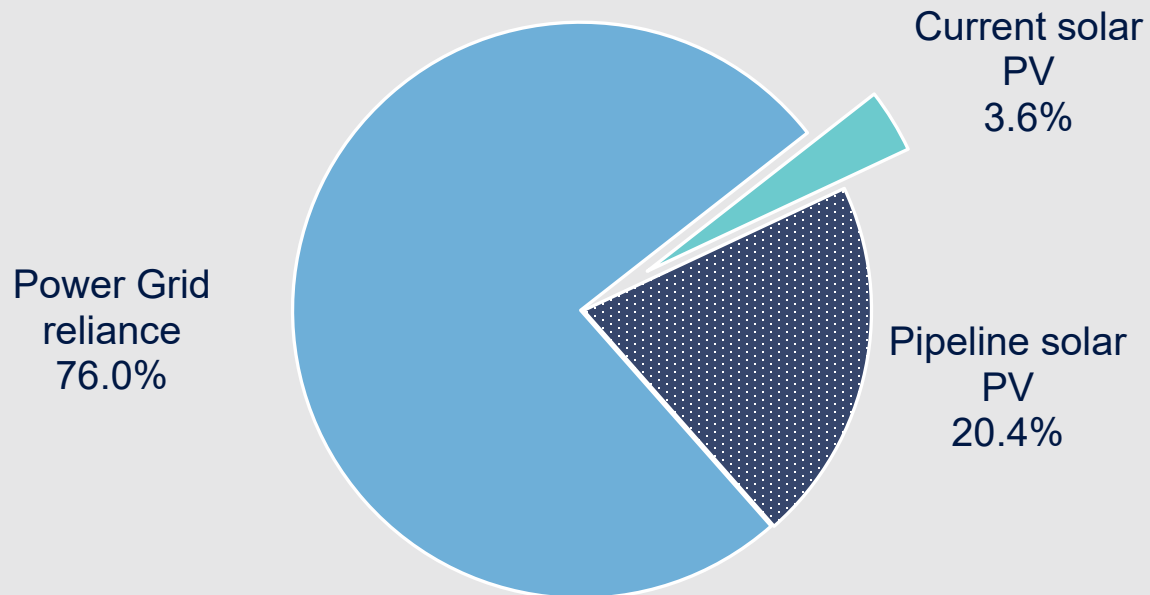


Diversion rate Dec 21



## ENERGY JOURNEY

Achieved reduction of 3.6% reliance from the power grid with a solar pipeline to reduce a further 20.5%



### Our generation of green energy equates to:



charging 428,178,968 smartphones



one year of energy use for 443 homes



one year of driving for 758 vehicles

Current June 22	Annual demand (KWh)	% of portfolio
Grid reliance	133,520,879	96.4%
Current solar PV	4,966,927	3.6%
<b>Total</b>	<b>138,487,806</b>	<b>100%</b>

# GUIDANCE

We continue to firmly execute on our strategic value drivers and priorities

We expect the full year distribution to be between 3% and 8% up on the prior year amount.

The guidance is reliant on the following key assumptions:

- Forecast net property income is based on contractual rental escalations and market related renewals
- No major tenant failures
- The current impact of the Covid-19 pandemic will not change substantially





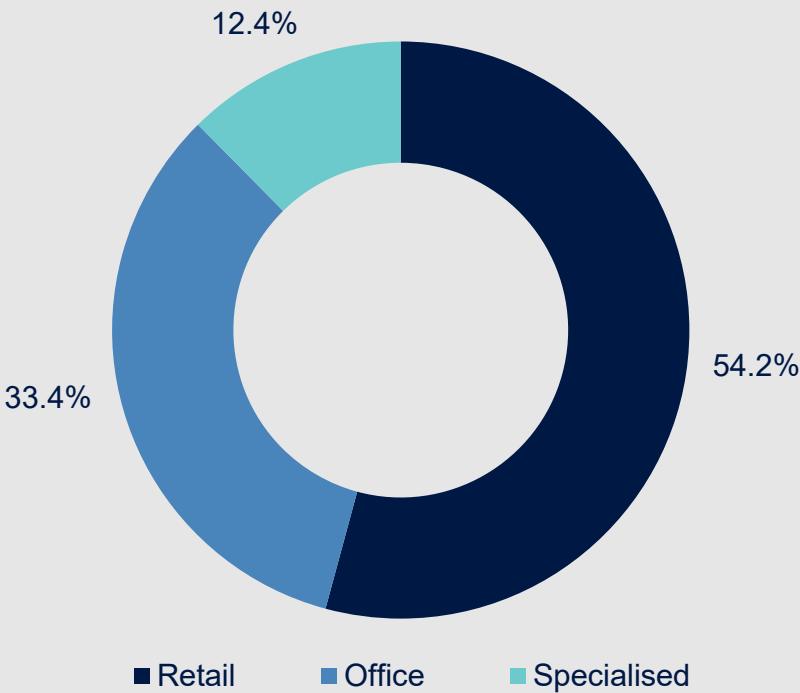
two°degrees

**THANK YOU**

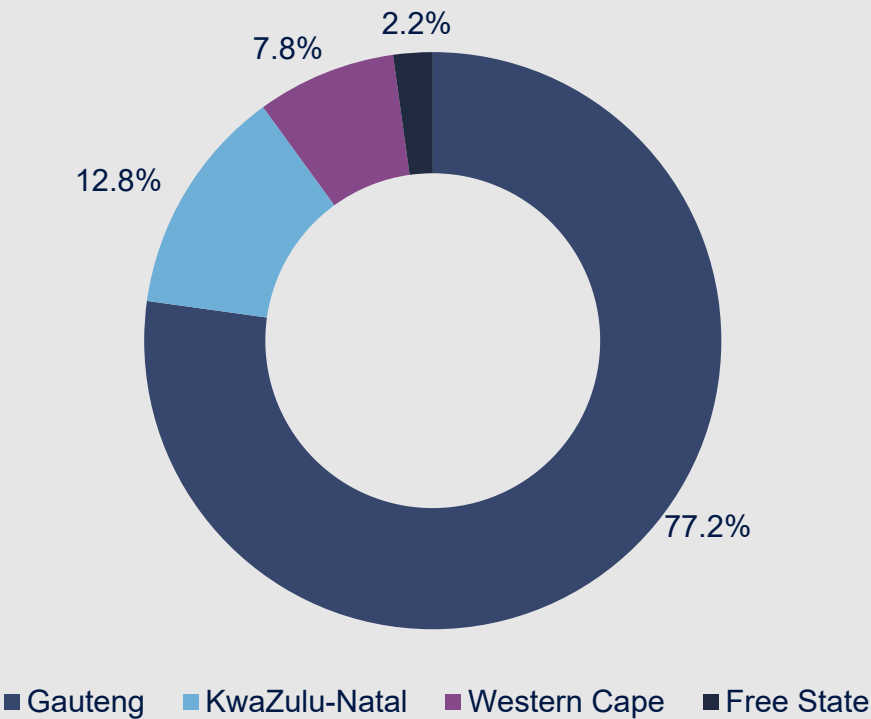
**Q&A**

# PORTFOLIO PROFILE

Sector composition by GLA (m²)



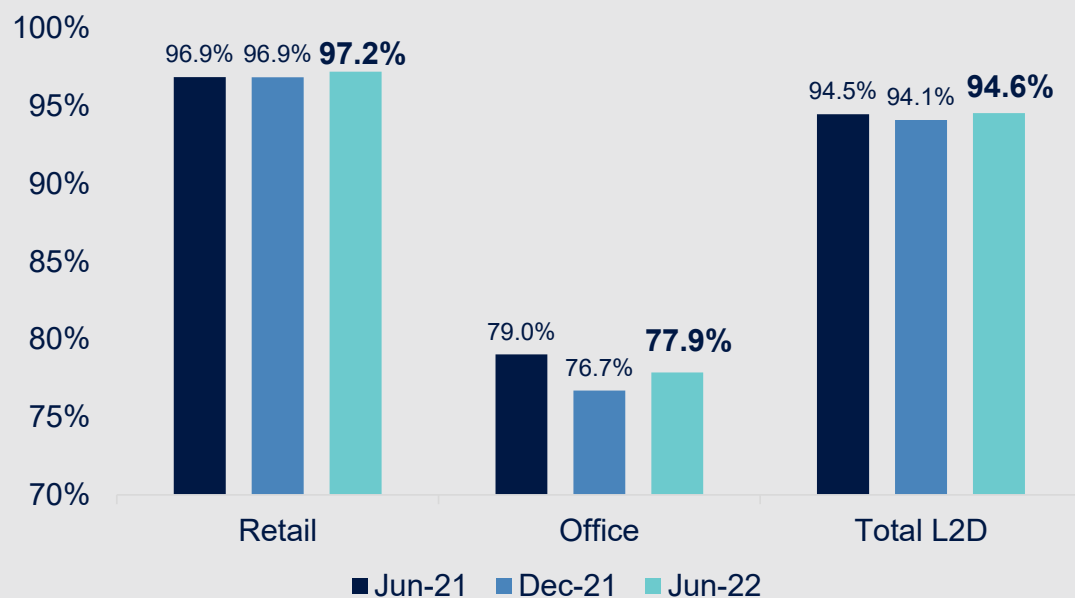
Geographic profile by GLA (m²)



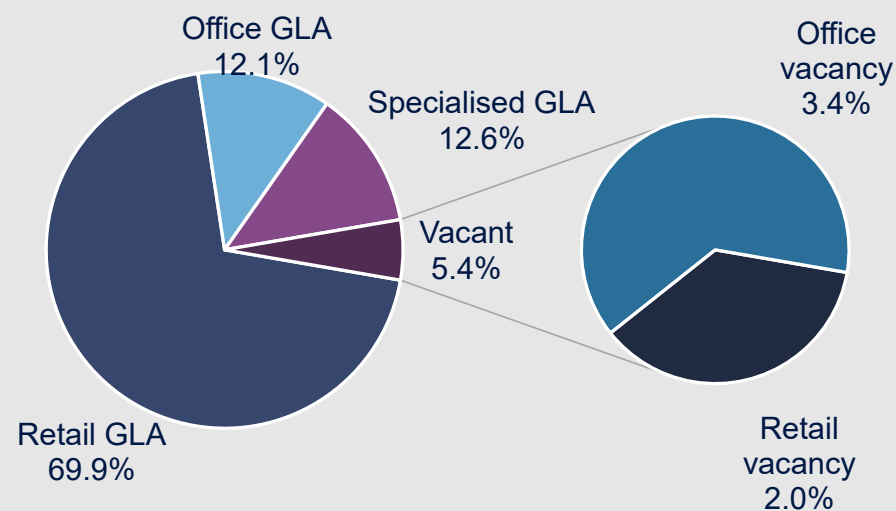


## OCCUPANCY UPDATE AT JUNE 2022 EXCLUDING STANDARD BANK<sup>1</sup>

Occupancy trend excluding Std Bank

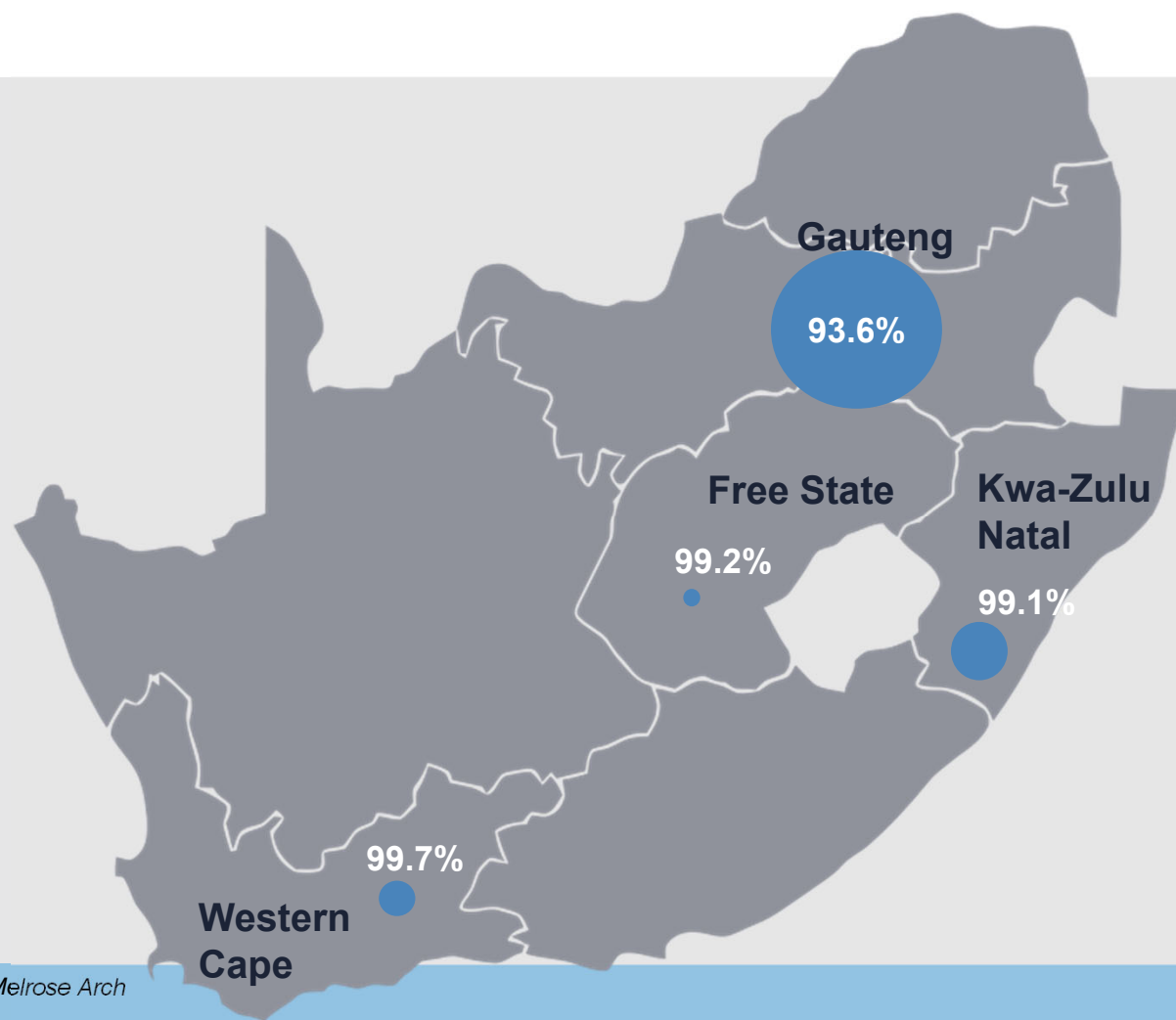


GLA as % of total portfolio



1. Excluding Melrose Arch

## OCCUPANCY BY GEOGRAPHIC SPLIT<sup>1</sup>



**Gauteng**  
Retail: 96.0%  
Office: 87.2%

**KZN**  
Retail: 99.2%  
Office: 97.6%

**Western Cape**  
Retail: 99.7%

**Free State**  
Retail: 99.2%

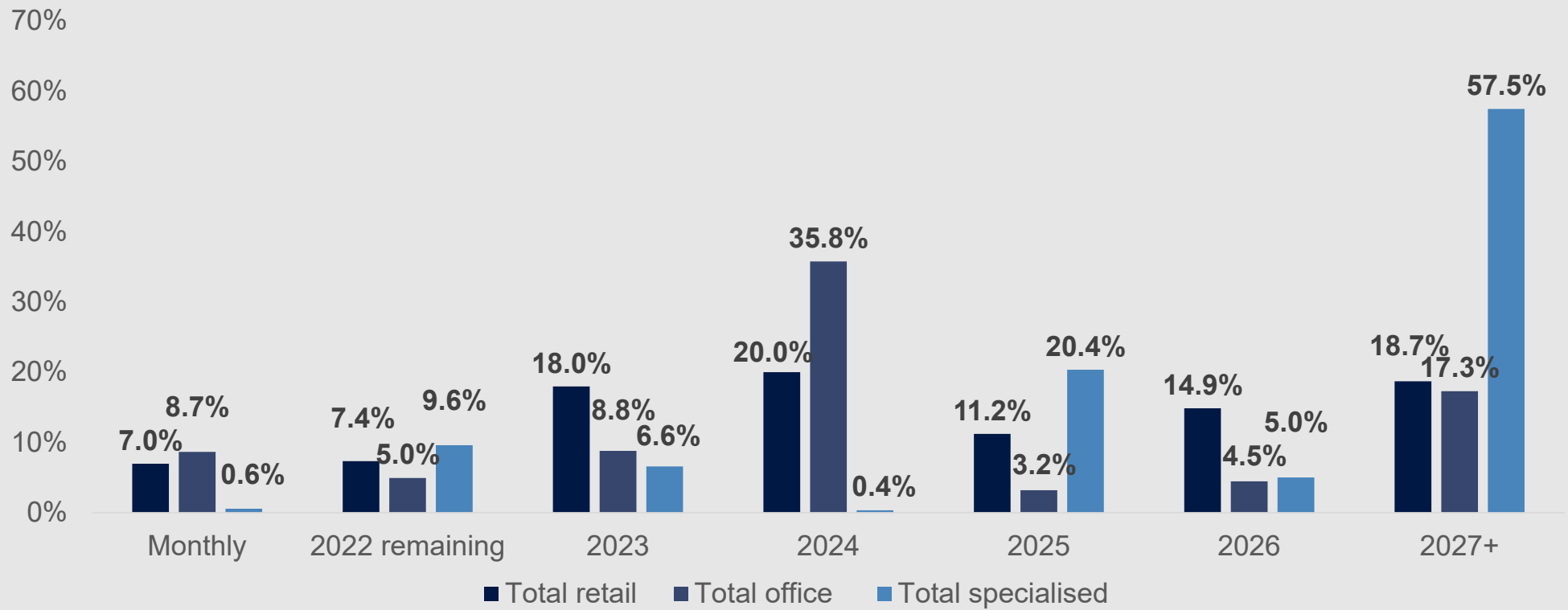
# GLA RECONCILIATION

Liberty Two Degrees total gross lettable area reported at 30 June 2022 has remained unchanged

(m <sup>2</sup> )	GLA Jun 22	GLA Dec 21	Variance
Retail	512 701	512 701	-
Office	316 011	316 011	-
Specialised	117 606	117 606	-
<b>Total</b>	<b>946 318</b>	946 318	-

*All GLA figures above reflect the 100% GLA of all properties within the portfolio.*

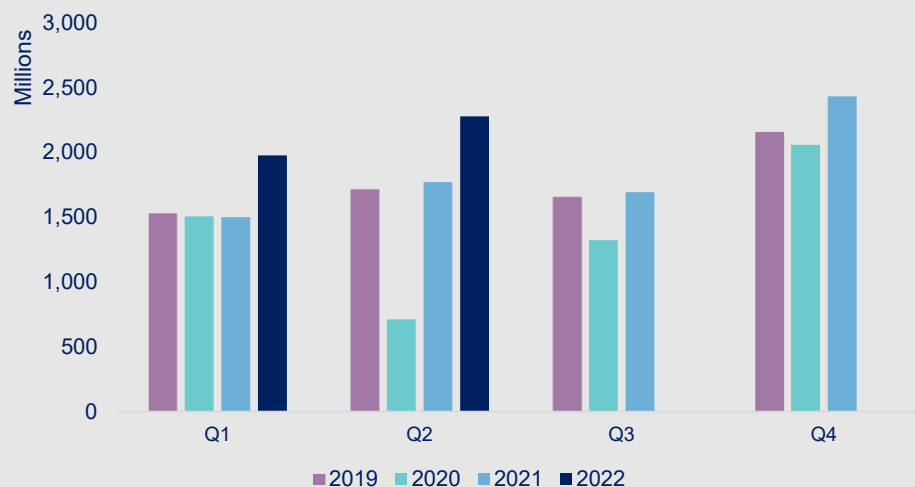
## 5 YEAR LEASE EXPIRY PROFILE



# SANDTON CITY COMPLEX

	June 2022	Dec 2021	Jun 2021	Dec 2020	Jun 2020	Dec 2019	Jun 2019
<b>Retail</b>							
Average net rental (R/m <sup>2</sup> )	468	487 <sup>1</sup>	509 <sup>1</sup>	558	534	542	538
Occupancy (%)	98.0	98.3	98.5	97.8	98.9	99.6	99.4
Occupancy including pre-lets (%)	98.6	98.7	99.1	97.9	99.1	99.8	99.5
<b>Office</b>							
Average net rental (R/m <sup>2</sup> )	124	123	148	151	162	152	159
Occupancy (%)	69.9	67.3	70.7	76.5	73.4	72.9	75.8
Occupancy including pre-lets (%)	70.2	68.2	70.8	78.2	78.1	72.9	79.7

Quarterly Turnover



Turnover Growth Rates

Quarter	22 vs 21	22 vs 19
Q1	31.9%	29.4%
Q2	28.7%	33.1%

Asset Manager: Jonathan Sinden

<sup>1</sup> Restated



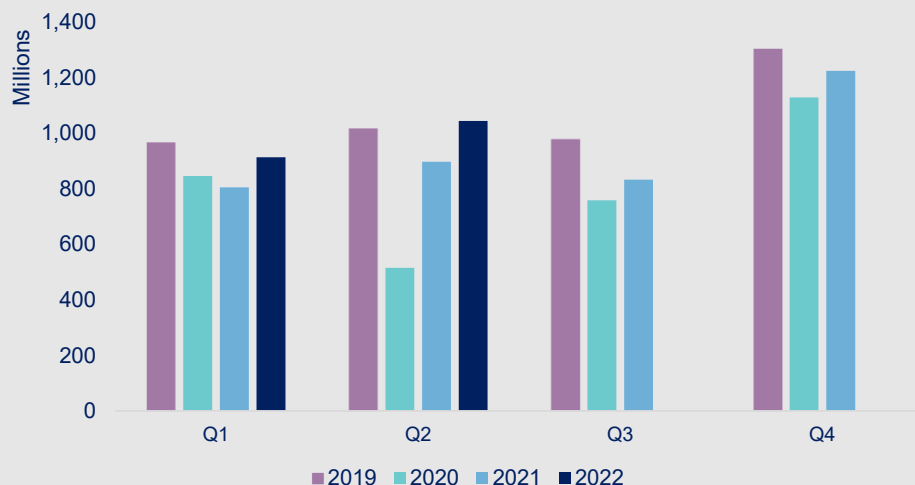
two°degrees



# EASTGATE COMPLEX

	June 2022	Dec 2021	Jun 2021	Dec 2020	Jun 2020	Dec 2019	Jun 2019
<b>Complex (retail and office)</b>							
Average net rental (R/m <sup>2</sup> )	311	317	346	343	369	374	360
Occupancy (%) – retail	94.1	94.6	95.0	92.6	93.4	96.4	96.9
Occupancy including pre-lets (%)	95.7	94.7	95.3	93.5	93.5	96.9	98.2
Occupancy (%) – office	95.4	91.6	96.1	96.1	97.3	97.3	97.3
Occupancy including pre-lets (%)	95.4	91.6	96.1	96.1	97.3	97.3	97.3

Quarterly Turnover



Turnover Growth Rates

Quarter	22 vs 21	22 vs 19
Q1	13.4%	-5.6%
Q2	16.4%	2.6%

Asset Manager: Mike Rodel



two°degrees

# NELSON MANDELA SQUARE

	June 2022	Dec 2021	Jun 2021	Dec 2020	Jun 2020	Dec 2019	Jun 2019
<b>Retail</b>							
Average net rental (R/m <sup>2</sup> )	462	451	462	517	528	516	508
Occupancy (%)	94.0	88.5	88.9	77.3	90.4	91.0	90.5
Occupancy including pre-lets (%)	98.0	89.5	88.9	88.2	91.2	91.7	91.2
<b>Office</b>							
Average net rental (R/m <sup>2</sup> )	103	108	117	129	137	107	112
Occupancy (%)	67.6	69.9	71.1	66.5	58.1	59.3	62.8
Occupancy including pre-lets (%)	67.6	69.9	71.1	66.5	59.4	62.3	63.2



## Turnover Growth Rates

Quarter	22 vs 21	22 vs 19
Q1	57.7%	-7.8%
Q2	53.9%	-6.1%

Asset Manager: Brian Unsted



# MIDLANDS MALL

	June 2022	Dec 2021	Jun 2021	Dec 2020	Jun 2020	Dec 2019	Jun 2019
<b>Retail</b>							
Average net rental (R/m <sup>2</sup> )	225	222	220	223	222	219	221
Occupancy (%)	99.4	97.9	98.3	99.0	99.6	100.0	98.6
Occupancy including pre-lets (%)	99.6	97.9	98.7	99.0	99.6	100.0	99.4



Turnover Growth Rates		
Quarter	22 vs 21	22 vs 19
Q1	32.6%	21.9%
Q2	28.8%	25.5%

# LIFESTYLE CENTRE

	June 2022	Dec 2021	Jun 2021	Dec 2020	Jun 2020	Dec 2019	Jun 2019
<b>Retail</b>							
Average net rental (R/m <sup>2</sup> )	177	161	154	173	169	163	167
Occupancy (%)	98.7	96.3	94.6	96.0	96.8	98.7	94.5
Occupancy including pre-lets (%)	99.7	96.3	95.9	96.0	96.8	98.7	98.0



Turnover Growth Rates		
Quarter	22 vs 21	22 vs 19
Q1	46.2%	63.2%
Q2	55.5%	80.8%

# LIBERTY PROMENADE

	June 2022	Dec 2021	Jun 2021	Dec 2020	Jun 2020	Dec 2019	Jun 2019
<b>Retail</b>							
Average net rental (R/m <sup>2</sup> )	183	172	172	164	173	165	154
Occupancy (%)	99.7	99.5	99.4	98.7	99.1	99.5	98.9
Occupancy including pre-lets (%)	99.7	99.5	99.7	99.3	99.5	99.5	98.9



## Turnover Growth Rates

Quarter	22 vs 21	22 vs 19
Q1	8.7%	-4.0%
Q2	11.4%	0.2%

# BOTSHABELO MALL

	June 2022	Dec 2021	Jun 2021	Dec 2020	Jun 2020	Dec 2019	Jun 2019
<b>Retail</b>							
Average net rental (R/m <sup>2</sup> )	159	149	144	136	139	132	130
Occupancy (%)	99.2	97.3	94.3	94.5	93.4	94.8	95.4
Occupancy including pre-lets (%)	99.2	97.3	94.3	94.5	94.8	94.9	95.4



Turnover Growth Rates		
Quarter	22 vs 21	22 vs 19
Q1	8.5%	40.6%
Q2	7.6%	36.3%

# MELROSE ARCH

	June 2022	Dec 2021	Jun 2021	Dec 2020	Jun 2020	Dec 2019	Jun 2019
<b>Retail</b>							
Average net rental (R/m <sup>2</sup> )	259	221	223	193	185	226	244
Occupancy (%)	96.9	96.5	94.4	93.2	94.0	94.3	96.7
Occupancy including pre-lets (%)	96.9	96.5	94.4	93.2	94.0	94.3	96.7
<b>Office</b>							
Average net rental (R/m <sup>2</sup> )	200	211	206	197	218	214	208
Occupancy (%)	75.2	83.7	82.8	85.6	92.7	93.5	95.7
Occupancy including pre-lets (%)	75.2	83.7	82.8	85.6	92.7	93.5	95.7



## Turnover Growth Rates

Quarter	22 vs 21	22 vs 19
Q1	39.0%	1.9%
Q2	39.8%	1.7%



# OFFICES

Standard Bank Centre		Umhlanga Regional Head Office		Umhlanga Office Block	
GLA	92 789	GLA	13 860	GLA	8 341
Occupancy %	100%	Occupancy %	96.2%	Occupancy %	100%

# DISCLAIMER

- The actual results may vary substantially from those forecasted if known and/or unknown variables do not transpire as predicted or if estimates and assumptions prove inaccurate.
- Liberty Two Degrees and its Management cannot guarantee that the forecasts or forward-looking statements will materialise and users are cautioned not to place undue reliance on the information provided.
- Liberty Two Degrees and its Management disclaim any intention, and assumes no obligation, to update or revise any forecast or forward-looking statement other than as required by the JSE Listings Requirements.

# 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)

## Registered Office

3rd Floor, West Office Block  
Nelson Mandela Square  
Corner of Maude and 5th Street  
Sandton  
2196  
(Postnet Suite 202, Private Bag X9, Benmore, 2010)

## Investor Relations

Sumenthree Moodley  
Email address: [investors@liberty2degrees.co.za](mailto:investors@liberty2degrees.co.za)

## Company Secretary

Ben Swanepoel  
Contact information  
Telephone: +27 11 448 5500  
Email: [info@liberty2degrees.co.za](mailto:info@liberty2degrees.co.za)  
[www.liberty2degrees.co.za](http://www.liberty2degrees.co.za)

## Auditors

PricewaterhouseCoopers Inc.  
Waterfall City  
4 Lisbon Lane  
Jukskei View  
Midrand  
2090  
(Private Bag X36, Sunninghill, 2157)

## Sponsor

Merchantec Capital  
(Registration number: 2008/027362/07)  
13th Floor, Illovo Point, 68 Melville Rd, Illovo,  
Sandton, 2196  
(PO Box 41480, Craighall, 2024)  
Tel: +27 11 325 6363

