



two°degrees



## PRE CLOSE INVESTOR UPDATE

24 MAY 2023



# HIGHLIGHTS

## Measured start to 2023



### Customer experience

- ✓ Improved Hotel occupancies for the four months to end April 2023
  - ✓ Sandton Sun: 73.5%; Garden Court: 61.0%; Sandton Towers: 47.6%
- ✓ Footcount up +8.1% vs. first four months of 2022



### Tenant experience

- ✓ Turnover up +7.8% for Q1 23 from Q1 22
- ✓ Portfolio Occupancy: 93.4%
  - ✓ Retail: 97.7%
  - ✓ Office: 80.7%



### Capital and risk management

- ✓ LTV levels remain strong at 24.37%



### Human experience

- ✓ Achieved Level 1 B-BBEE rating



### Financial outcome

- ✓ Guidance 0-8% maintained



### The Good we Do

- ✓ Focused allocation of capital on projects aligned to Net Zero Journey
- ✓ 8.3 MW [AC] solar PV installation underway

**Experiential  
spaces that benefit  
generations today  
and for tomorrow.**



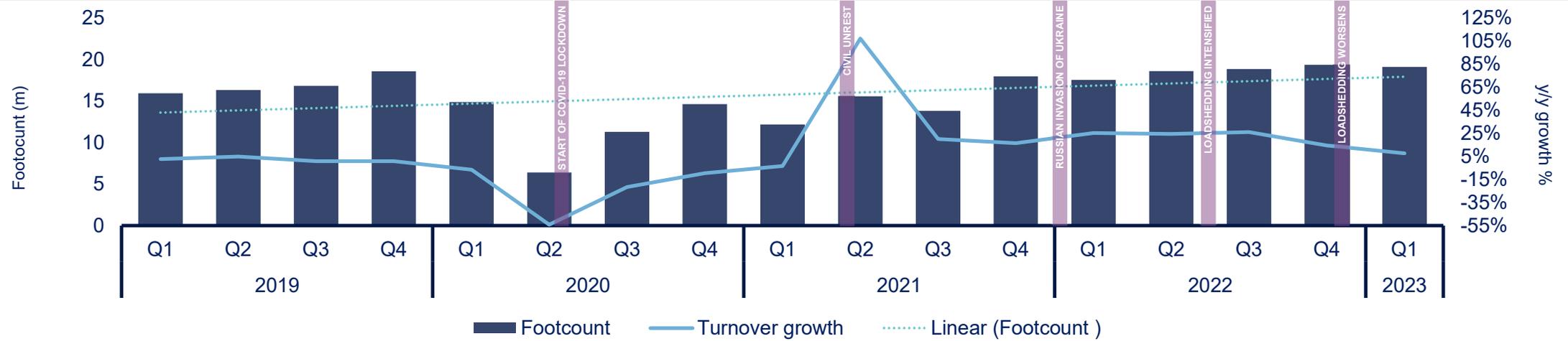
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## CUSTOMER EXPERIENCE

AMELIA BEATTIE  
CHIEF EXECUTIVE

# STEADY GROWTH IN TURNOVER AND FOOTCOUNT

## Delivery of unique and complementary offerings



# HOSPITALITY

## Good rebound in hospitality and convention activity

Sandton Sun  
Occupancy (Jan-Apr 23)

73.5%

Jan-Apr 22: 68.4%

Garden Court  
Occupancy (Jan-Apr 23)

61.0%

Jan-Apr 22: 35.8%

Sandton Towers  
Occupancy (Jan-Apr 23)

47.6%

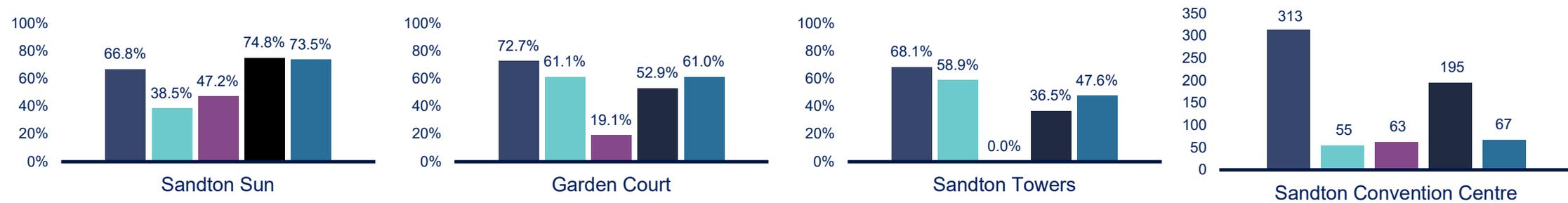
Jan-Apr 22: Not trading

Sandton Convention  
Centre  
Events (Jan-Apr 23)

67

Jan-Apr 22: 47

Average occupancy and RevPar based on trading months



■ FY 19	R1,152	R737	R1,283
■ FY 20	R558	R643	R1,101
■ FY 21	R641	R135	-
■ FY 22	R1,388	R487	R781
■ 23-Avg	R1,519	R619	R1,028

**To be the leading  
South African  
precinct-focused REIT**



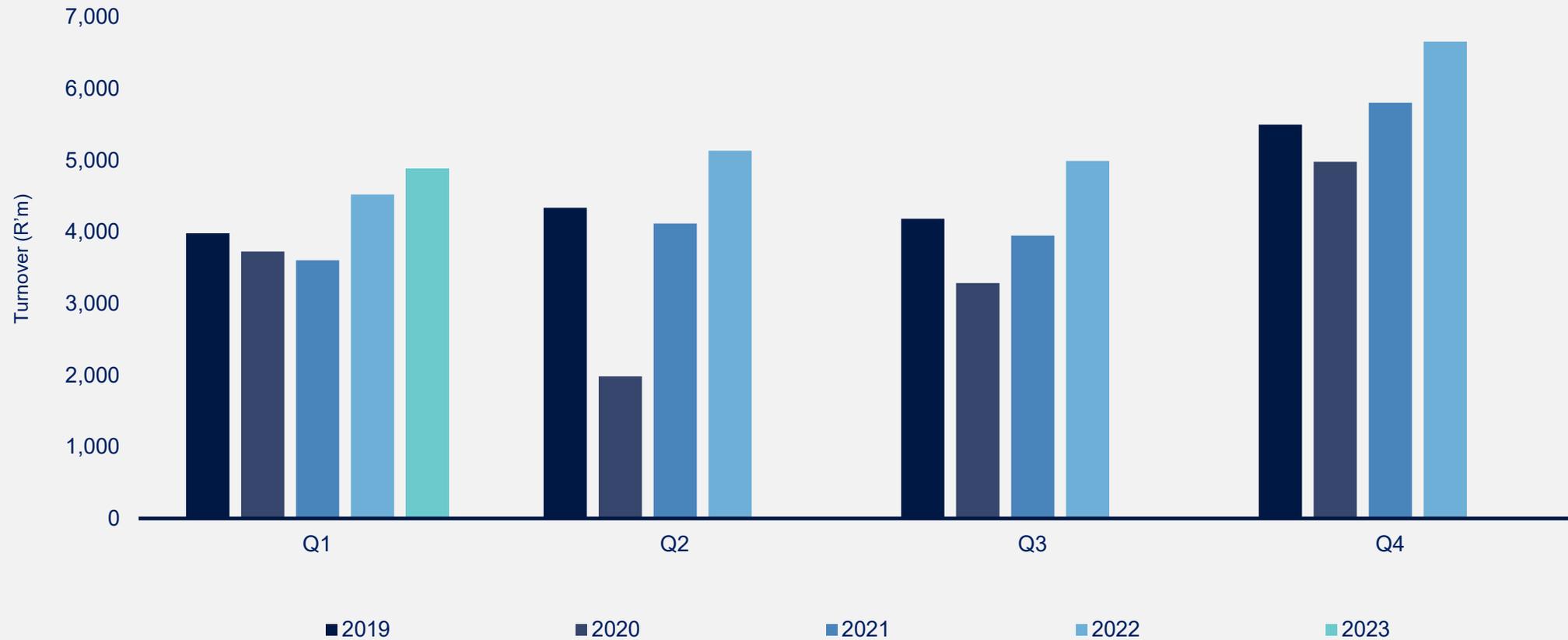
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**TENANT  
EXPERIENCE**

**AMELIA BEATTIE  
CHIEF EXECUTIVE**

# QUARTERLY TURNOVER

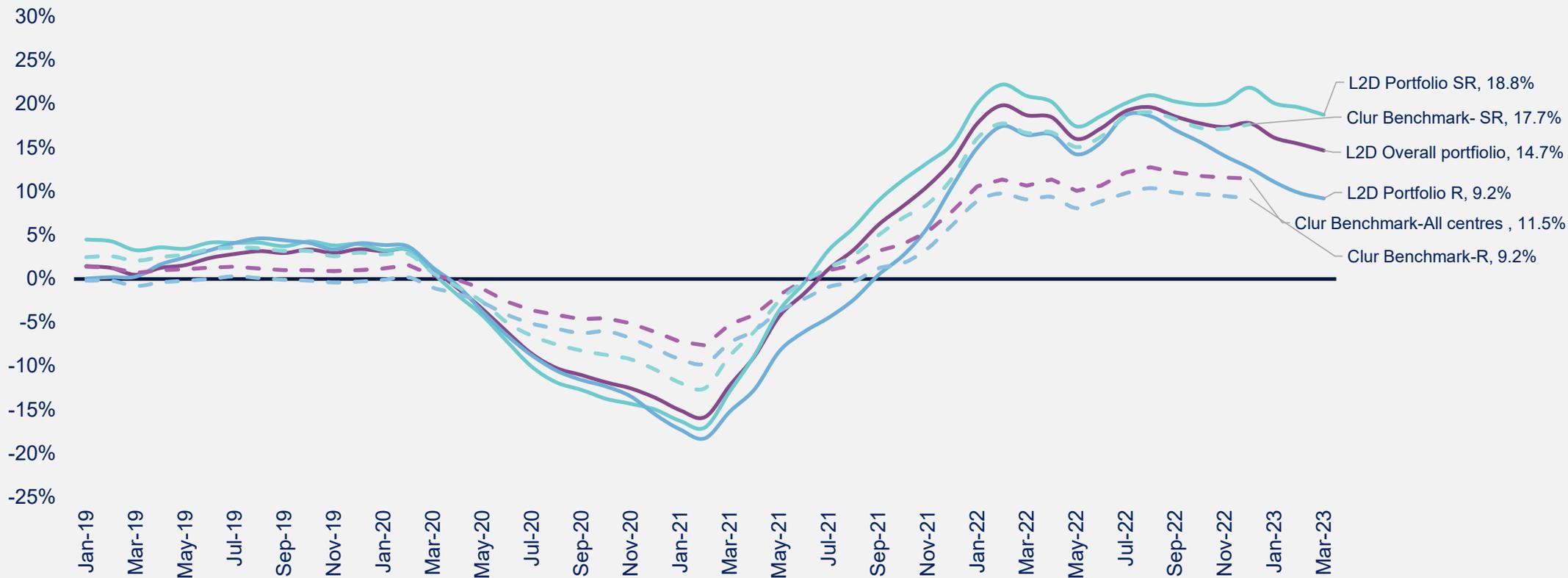
Turnover continues on upward trend



# TRADING DENSITY

## L2D continues to outperform the benchmarks

Segmental performance (ATD%) against benchmark



Source: L2D, Clur International

## CATEGORY PERFORMANCE TREND

## Category trading performance healthy and above benchmark levels

Category	ATD Q1 2023 vs Dec 2022	ATD Q1 2023 vs March 2022	ATD Q1 2023 vs Dec 2019	ATD Mar 23	Benchmark Dec 2022
Apparel	 0.6%	14.5%	14.8%	48,846	37,814
Department Stores	 1.0%	11.6%	-1.9%	33,310	30,798
Food Service	 3.6%	30.7%	19.5%	54,997	46,987
Luxury Brands	 2.0%	23.3%	153.3%	454,373	n/a
Grocery/ Supermarket	 2.9%	13.8%	21.0%	47,017	40,681
Technology	 0.4%	6.3%	49.7%	147,991	101,498
Health, Beauty, Grooming & Wellness	 2.4%	14.8%	13.0%	79,931	68,705
Accessories, Jewellery & Watches	 1.6%	9.3%	4.0%	169,797	113,387
Homeware, Furniture & Interior	 -0.7%	4.3%	7.8%	27,541	25,043
Speciality	 2.4%	6.3%	4.4%	27,505	28,115

Source: L2D, Clur International

# OCCUPANCY PROFILE AS AT APRIL 2023

## Focused leasing strategy underpins steady occupancies

Portfolio  
occupancy

93.4%  
93.9% (+pre lets)

(Dec 22: 93.5%)

Retail  
occupancy

97.7%  
98.2% (+pre lets)

MSCI Q4 22 95.0%  
(Dec 22: 98.1%)

Office  
occupancy

80.7%  
81.5% (+pre lets)

MSCI Q1 23 84.2%  
(Dec 22: 80.0%)

## New tenants



# EXPANSIONS AND REFURBISHMENTS

## Zara Sandton City



## EXPANSIONS AND REFURBISHMENTS

Tenants continue to invest in their stores



## 2023 RENEWALS AS AT APRIL 2023

### Focus on tenant retention and sustainable rentals

Total 2023 renewals concluded

18,566m<sup>2</sup>

(FY22: 44,766m<sup>2</sup>)

% Portfolio GLA

2.2%

(FY22: 5.2%)

2023 Reversion renewals

-5.6%

(FY22: -10.4%)

2023 Tenant retention

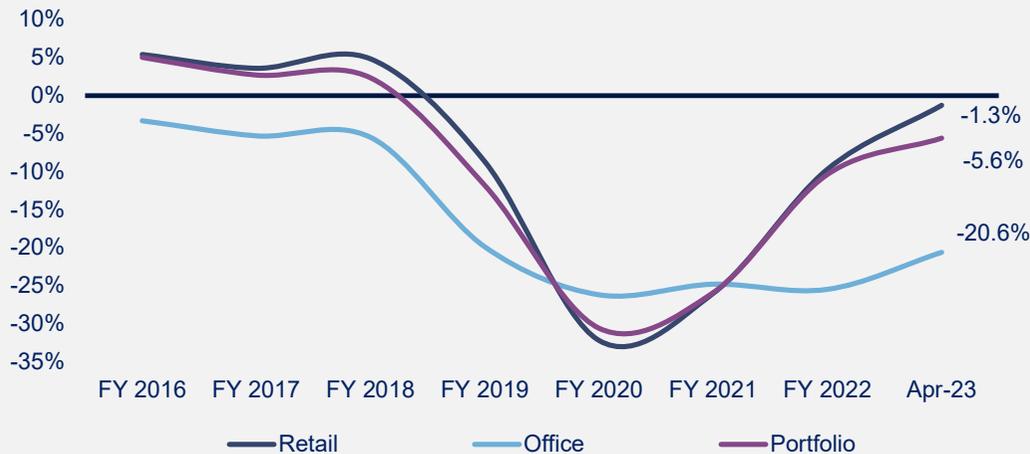
76.9%

(FY22: 84.8%)

Weighted avg. lease escalation Jan-Apr leasing

Renewals 6.4%  
New deals 6.5%

Reversion Trend



		Retail	Office	Portfolio
<b>Prior year expired renewals</b>	Number of renewals concluded	15	7	22
	GLA % of Portfolio	0.3%	1.0%	1.28%
	GLA (m <sup>2</sup> )	2,334	8,572	10,907
	Reversion (%)	-0.4%	-24.3%	-11.3%
<b>2023 renewals</b>	Number of renewals concluded	51	11	62
	GLA % of Portfolio	1.3%	0.8%	2.2%
	GLA (m <sup>2</sup> )	11,431	7,136	18,566
	Reversion (%)	-1.3%	-20.6%	-5.6%
<b>Total renewals</b>	Number of deals	66	18	84
	GLA % of portfolio	1.6%	1.8%	3.5%
	GLA (m <sup>2</sup> )	13,765	15,708	29,473
	Reversion (%)	-1.0%	-22.4%	-7.3%

**To create  
experiential  
spaces to benefit  
generations**



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**CAPITAL AND  
RISK  
MANAGEMENT**

## DEBT FINANCING AND LIQUIDITY

As at 30 April 2023

**LTV**

**24.37%**

Dec 22: 24.42%

**Hedge Ratio**

**80.3%**

Dec 22: 80.3%

**NACA (blended all in rate)**

**9.43%**

Dec 22: 9.23%

**Average debt expiry**

**3.09 years**

Dec 22: 3.42 years

**Average hedge duration**

**2.92 years**

Dec 22: 3.25 years

**Interest Cover Ratio**

**3.02 x**

Dec 22: 2.95 x

**We drive the  
futureproofing of  
our assets that  
speaks to the  
changing needs  
of our tenants**



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**HUMAN  
EXPERIENCE**

## TRANSFORMATION

### Our people are the heart of our business

#### Achieved level 1 B-BBEE rating

- Management appointments in line with employment equity strategy
- Procurement focused on black owned enterprises
- Spend on external bursaries of c.R1.8m in line with skills development strategy
- Focus on education and environmental initiatives as key contributors to socio-economic development
- Each employee benefitted from learning and development opportunities
- Effective implementation of succession planning and talent management initiatives
- Key 2023 focus B-BBEE elements are Enterprise Supplier Development and procurement from QSE's and EME's

**IMPACT**<sup>o</sup>  
BUILD TOMORROW TOGETHER



**To create  
experiential  
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generations**



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**THE GOOD  
WE DO**

**AMELIA BEATTIE  
CHIEF EXECUTIVE**

## THE GOOD WE DO

### Focused allocation of capital on projects aligned to Net Zero Journey

**IMPACT**<sup>°</sup>  
BUILD TOMORROW TOGETHER

#### Waste

- Average diversion from landfill: 90% year to date
- Implementation of differential billing

#### Water

- Rainwater harvesting
- Conversion of existing HVAC systems

#### Electricity

Solar projects underway:

- Midlands 4MW
- Eastgate 4.3MW



## CONCLUSION

### Strategic value drivers, cost containment and customer experience drive 2023 outlook

- Consistent improvement in operational performance of retail portfolio
- Focused drive on **cost containment and operational excellence**
- Improving on office performance and recovery of hospitality assets
- Economic headwinds and intensified **loadshedding** detract from performance
- Pressure on consumer disposable income
- Maintain FY23 Distribution growth guidance of **0% to 8%** growth vs. 2022





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**THANK YOU**

**Q&A**



## DISCLAIMER

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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)

## **Registered Office**

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