



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.**



1

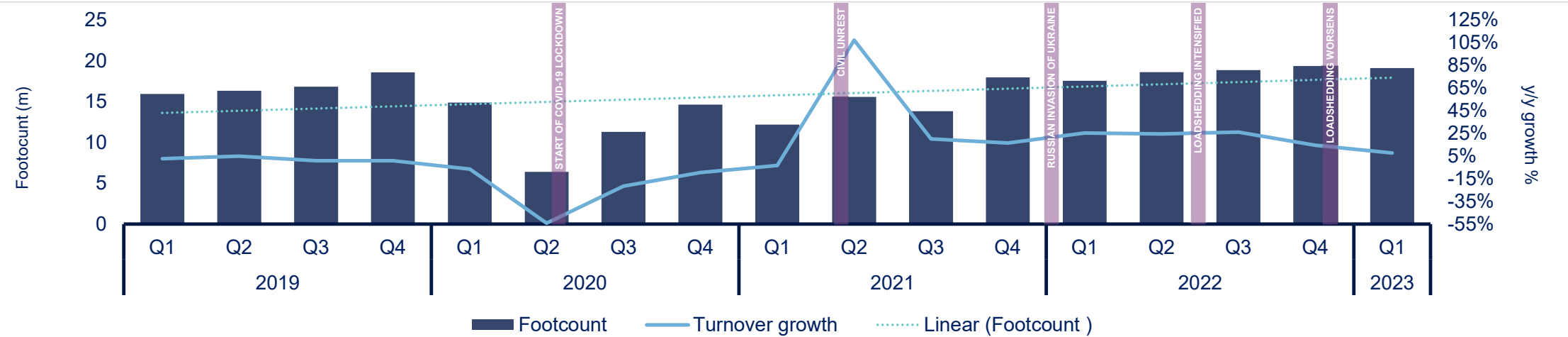
## CUSTOMER EXPERIENCE

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)

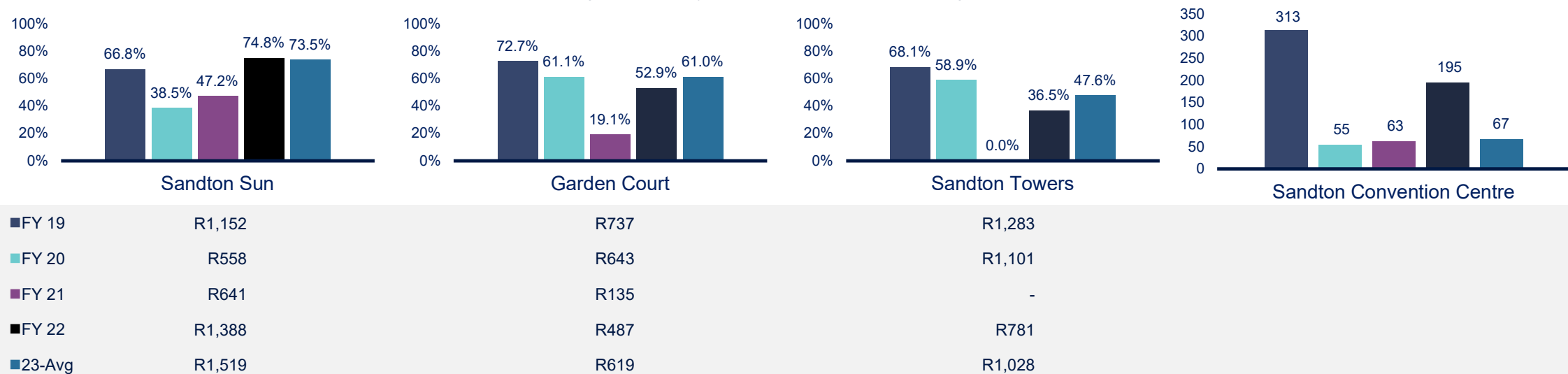
47.6%

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



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



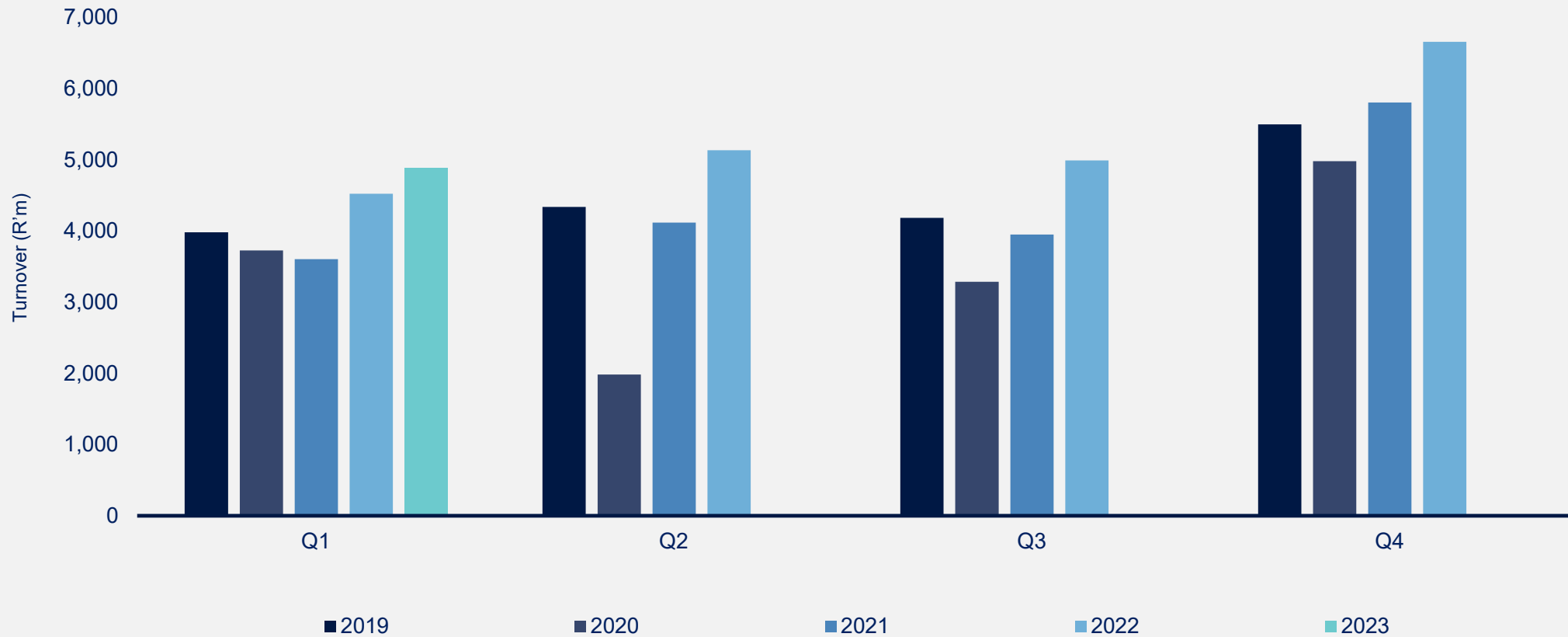
**2**

## TENANT EXPERIENCE

AMELIA BEATTIE  
CHIEF EXECUTIVE

## QUARTERLY TURNOVER

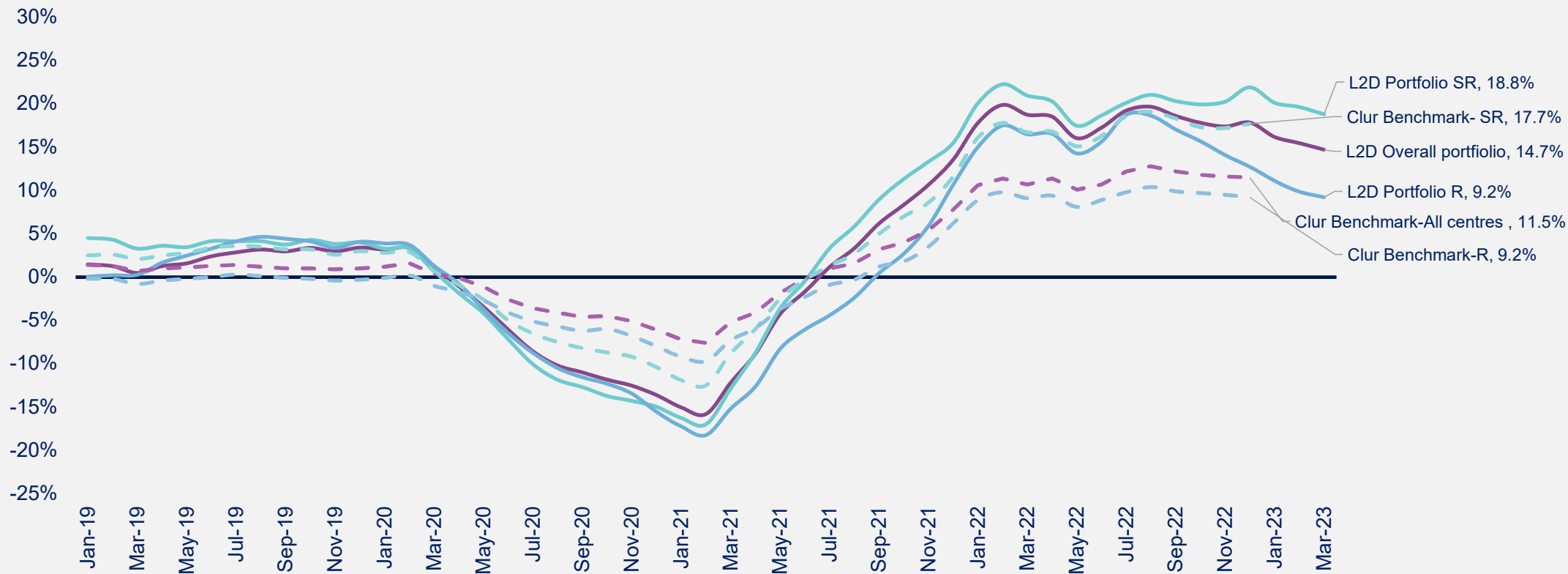
Turnover continues on upward trend



# 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<br>Q1 2023 vs<br>Dec 2022 | ATD<br>Q1 2023 vs<br>March 2022 | ATD<br>Q1 2023<br>vs Dec 2019 | ATD<br>Mar 23 | Benchmark<br>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

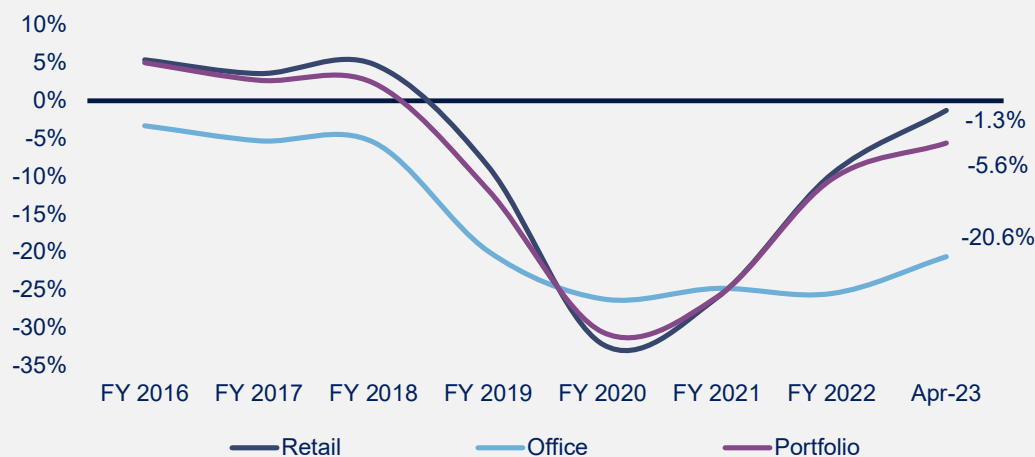
76.9%

(FY22: 84.8%)

Weighted avg. lease escalation Jan-Apr leasing

Renewals 6.4%  
New deals 6.5%

Reversion Trend



|                             |                              | Retail | Office | Portfolio |
|-----------------------------|------------------------------|--------|--------|-----------|
| Prior year expired renewals | 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%    |
| 2023 renewals               | 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%     |
| Total renewals              | 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**

**4**

**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°**  
BUILD TOMORROW TOGETHER





**To create  
experiential  
spaces to benefit  
generations**

**5**

**THE GOOD  
WE DO**

**AMELIA BEATTIE  
CHIEF EXECUTIVE**



## THE GOOD WE DO

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



#### 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)

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