

# 2020

## FULL YEAR RESULTS



LIBERTY

two°degrees



# OVERVIEW

AMELIA BEATTIE  
CHIEF EXECUTIVE



# AN OVERVIEW OF 2020



Safe environments created for customers, tenants and all the people working in our malls and L2D



Strong recovery is evident in Q4 2020, with customer demand returning, as lockdown restrictions eased



Quality destinations continue to house leading retailers supplemented by new experiential brands



Robust plan to create sustainable base to grow from supported by management focus on execution

Consistently applied **prudent capital management strategy**, supported by **quality assets**, delivers value

# SAFE ENVIRONMENT FOR TENANTS AND CUSTOMERS WAS OUR NO 1 PRIORITY

- First mall owner in South Africa to receive international COVID-19 certification for entire portfolio by the SAFE group
- Opened parking booms initially, then touchless payment solutions
  - Collected R1.25m from customers which we donated to the One People Fund
- Additional outdoor spaces for restaurant tenants to assist with trade
- Extensive communication campaigns (physical distancing, wearing masks, washing hands)
- Curbside pick-ups, and Click & Collect facilities available



## SAFETY FIRST

This is what you can do to be safe:



Keep 1m  
or more  
from others.



Wear a  
face mask,  
it is compulsory.



Wash your hands  
for 20 seconds with  
soap & water.



No more than  
3 people are  
allowed in a car.



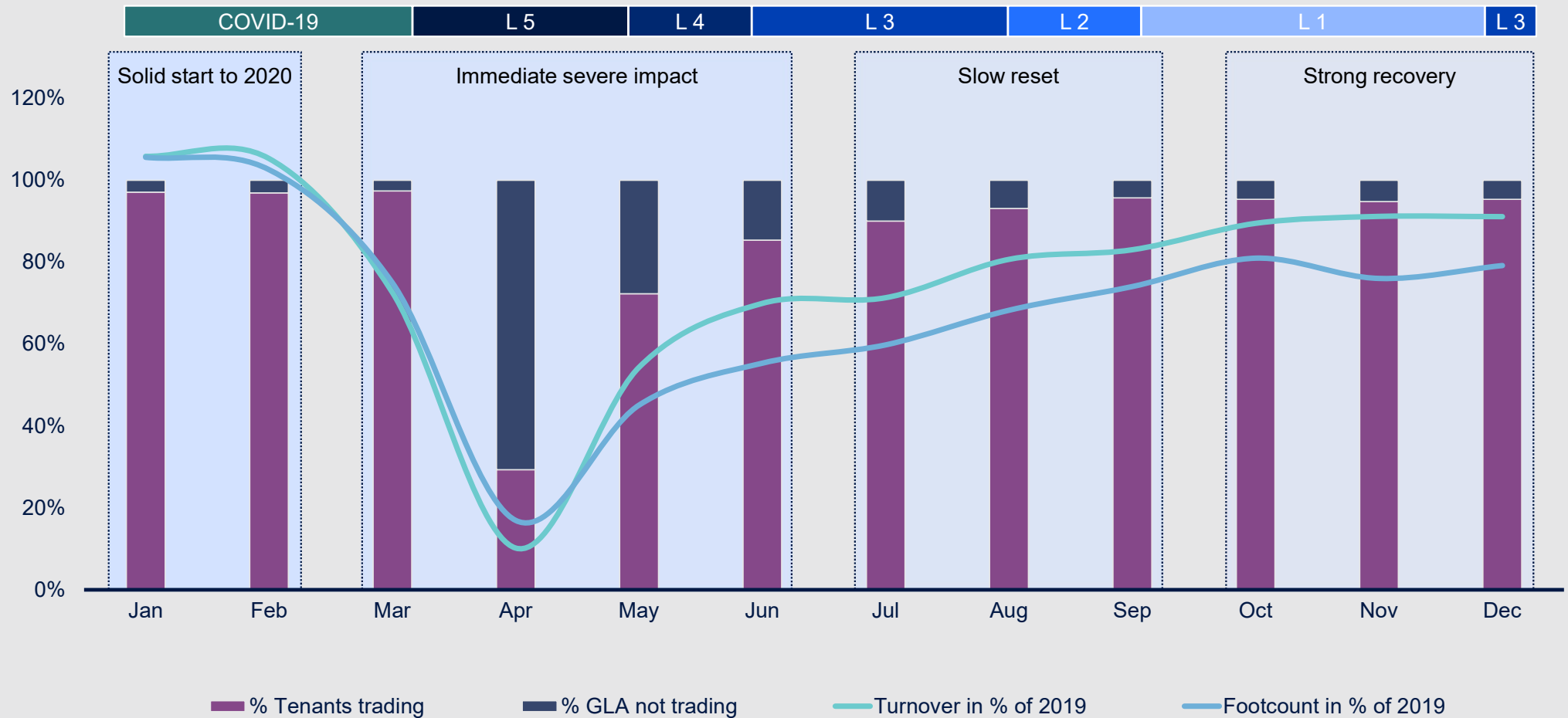
Do not visit the  
mall with babies  
or small children.



Stay home and  
only visit the mall  
for essentials.

# STRONG RECOVERY AS RESTRICTIONS EASED

Recovery demonstrates quality of our portfolio

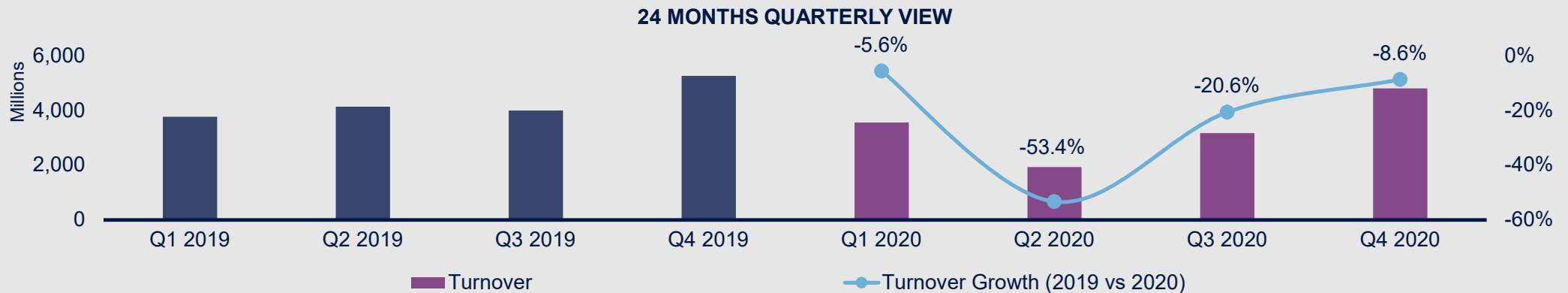


Note: Vacancies included in % GLA not trading  
Footcount excludes Melrose Arch and Botshabelo

# QUARTERLY PORTFOLIO PERFORMANCE

Turnover growth is the most accurate measure of recovery – strong December recovery

Quarterly Turnover Growth (Y/Y %)	Q1	Q2	Q3	Q4	Dec 2020
Sandton City	-1.4%	-58.4%	-20.4%	-4.4%	-1.5%
Eastgate	-12.5%	-49.4%	-22.6%	-13.5%	-13.8%
Lifestyle Centre	-4.2%	-34.2%	-4.4%	6.0%	1.2%
Midlands Mall	-8.6%	-45.9%	-14.9%	-6.3%	-10.6%
NMS	-17.5%	-88.0%	-63.0%	-38.0%	-34.6%
Promenade	-2.7%	-52.4%	-16.6%	-11.7%	-14.1%
Botshabelo	17.0%	-2.2%	13.4%	11.4%	8.9%
<b>Portfolio Full (Excl. Melrose Arch)</b>	<b>-5.6%</b>	<b>-53.4%</b>	<b>-20.6%</b>	<b>-8.6%</b>	<b>-8.3%</b>
Melrose Arch	-13.6%	-70.5%	-40.6%	-28.9%	-27.7%
<b>Full Portfolio</b>	<b>-6.0%</b>	<b>-54.2%</b>	<b>-21.5%</b>	<b>-9.5%</b>	<b>-9.0%</b>



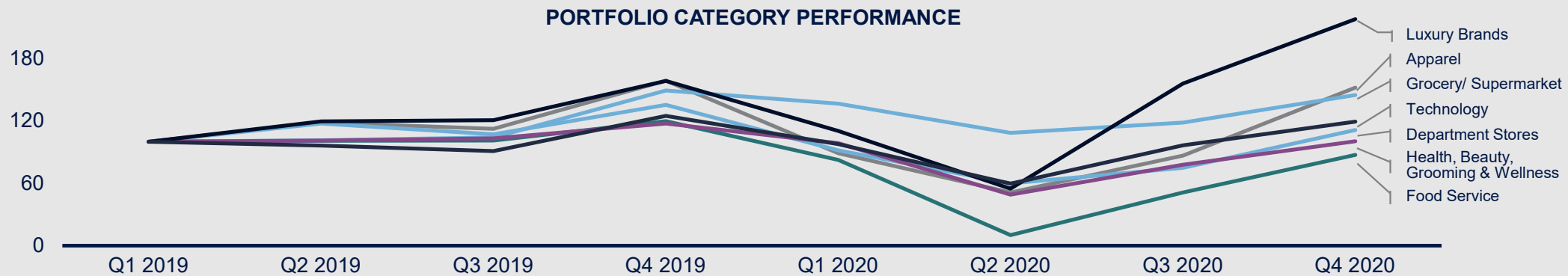
Note: Turnover growth is calculated on a Q1 19 vs Q1 20 basis

# PORTFOLIO CATEGORY PERFORMANCE

Extraordinary performance by Luxury Brands with other categories showing recovery in Q4

Category	Q1 (Y/Y%)	Q2 (Y/Y%)	Q3 (Y/Y%)	Q4 (Y/Y%)	Total (Y/Y%)
Luxury Brands	10.4%	-54.1%	29.1%	37.6%	27.7%
Grocery/Supermarket	36.5%	7.0%	13.8%	-2.8%	13.2%
Department Stores	-8.4%	-49.1%	-30.1%	-17.7%	-18.9%
Apparel	-11.1%	-56.9%	-22.9%	-4.2%	-11.7%
<b>Top 4 total</b>	<b>-2.9%</b>	<b>-47.2%</b>	<b>-17.1%</b>	<b>-5.2%</b>	<b>-17.8%</b>

The Top 4 categories combined contribute 65.2% to the total sales of the portfolio.



Note: The categories above contribute 82.9% to portfolio turnover. The turnover of the categories have been rebased to Jan 2019 to illustrate their 24-month cumulative relative performance

# PARTNERSHIP APPROACH WITH TENANTS

Collections after rental relief improved to 115% (gross collections 120%) for December 2020

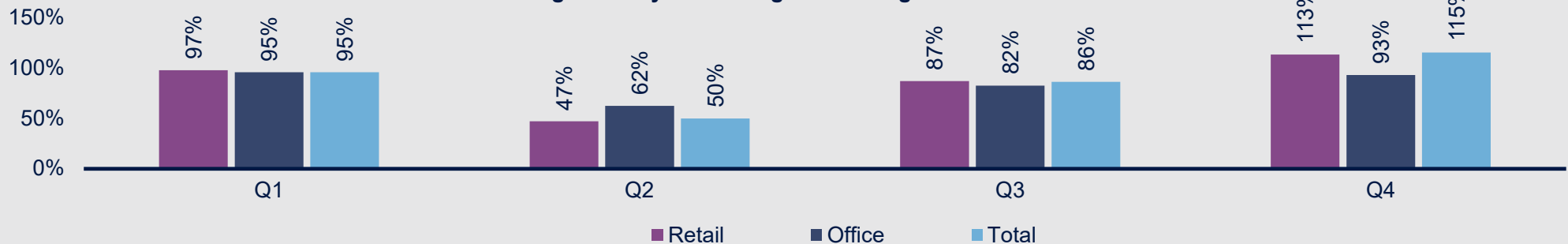
- Initial focus on Q2 hard lockdown
- More support provided to most impacted tenants e.g. SMMEs, restaurants, personal care, gyms and cinema's
- Increased tenant/landlord interaction and collaboration
- Solid rental collections for the full year of 82%
- Continued focus on supporting tenants to create a sustainable rental base
- Main relief for 2021 is SMMEs and restaurants



Tenant experience remains  
key  
Ensuring assets are  
**'future-ready'**

## QUARTERLY COLLECTION BY CATEGORY

Strong recovery in all categories during Q4 2020





# RE-ENFORCING PARTNERSHIPS WITH TENANTS

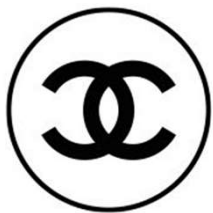
Tenant retention at 84.2%

Leasing	Sector	GLA (m <sup>2</sup> )	% of Total portfolio GLA
Renewals	Retail	34 509	3.6%
	Office	32 857	3.5%
	Specialised	57 910	6.1%
	<b>Total</b>	<b>125 276</b>	<b>13.2%</b>
New Deals	Retail	14 624	1.6%
	Office	8 825	0.9%
	<b>Total</b>	<b>23 449</b>	<b>2.5%</b>

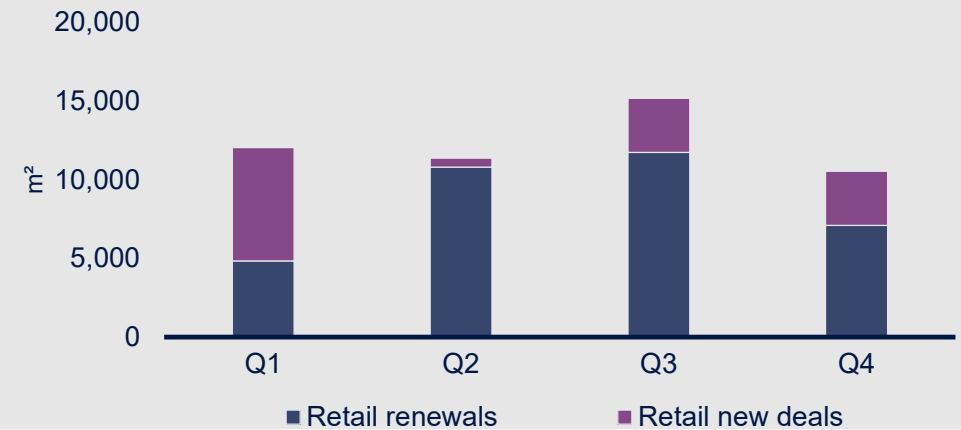


**BIRKENSTOCK**

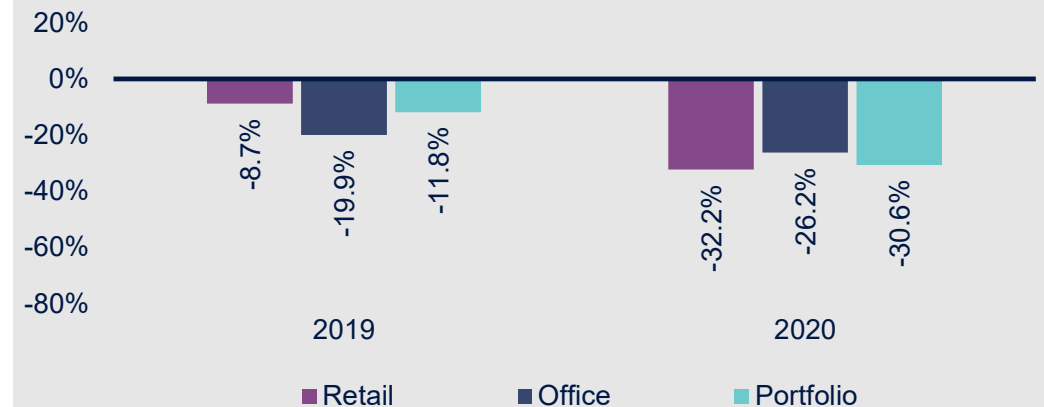
*Cappuccinos*  
CAFE & PIZZERIA



## RETAIL LEASING



## REVERSION RATE



# OCCUPANCIES REMAIN STRONG

Demand-led leasing post year-end improved occupancies further



Portfolio  
occupancy

**93.3%**

94.1% (+new lets)  
(FY19: 95.3%)



Retail  
occupancy

**95.3%**

96.8% (+new lets)  
(FY19: 97.7%)



Office  
occupancy

**87.6%**

87.4% (+new lets)  
(FY19: 89.8%)



Weighted average  
lease escalation

**7.2%**

(FY19: 7.6%)

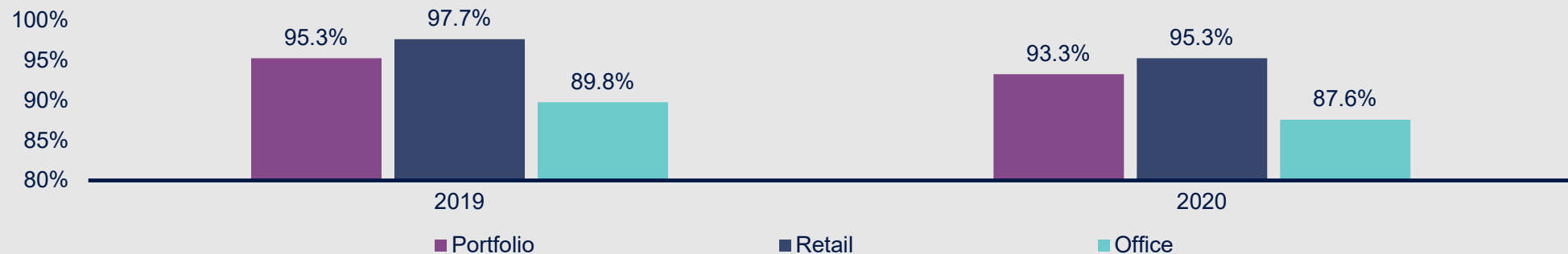


Tenant  
retention

**84.2%**

(FY19: 84.7%)

## OCCUPANCY RATE



# FOCUSED ESG STRATEGY

Industry-first Greenstar ratings achieved



All retail assets certified

World-leading 6-Star rating  
for Sandton City Precinct



**AFRICA**  
South Africa  
SANDTON CITY PRECINCT

Existing Building Performance v1



6 Star Rating  
World Leadership  
VALIDITY FEBRUARY 2021 - FEBRUARY 2024 +



**GREEN  
BUILDING  
COUNCIL**  
SOUTH AFRICA



**AFRICA**  
South Africa  
EASTGATE

Existing Building Performance v1



5 Star Rating  
South African Excellence  
VALIDITY JANUARY 2021 - JANUARY 2024 +



**AFRICA**  
South Africa  
LIBERTY MIDLANDS MALL

Existing Building Performance v1



5 Star Rating  
South African Excellence  
VALIDITY JANUARY 2021 - JANUARY 2024 +



**AFRICA**  
South Africa  
NELSON MANDELA SQUARE

Existing Building Performance v1



5 Star Rating  
South African Excellence  
VALIDITY FEBRUARY 2021 - FEBRUARY 2024 +



**AFRICA**  
South Africa  
LIBERTY PROMENADE MALL

Existing Building Performance v1



5 Star Rating  
South African Excellence  
VALIDITY JANUARY 2021 - JANUARY 2024 +



**AFRICA**  
South Africa  
BOTSHABELO MALL

Existing Building Performance v1



4 Star Rating  
Best Practice  
VALIDITY JANUARY 2021 - JANUARY 2024 +



# FOCUSED ESG STRATEGY



- Greenstar certifications provide assurance that we are future proofing our investments
- Positive overall water and energy efficiencies



- Commitment to Net Zero 2030
- Eastgate Shopping Centre and Midlands Mall solar plants with 1 MW each
- Saved 60 million litres of water in 2020
- Joined the SA Plastics Pact



- Sandton City Precinct and Eastgate Shopping Centre have been certified as SAFE Retail Destinations – awarded for Gold Level Excellence



- Continue to invest in the Communities we serve
- Create Tomorrow campaign
- R1.25m to the One People fund – 800 000 meals distributed





# NEW SPACES

Continue to invest in assets to maintain quality and drive future growth



## OPERATIONAL CAPEX

- Focus on maintaining operational standards
- Occupational, health and safety initiatives
- Technical and facilities improvements



## MASTERPLAN ROLLOUTS

- Focus to unlock value on rooftop parking at Sandton City and Eastgate
- Initiatives to support our Net Zero 2030 strategy
- Exploration of residential/healthcare partnerships
- Increasing digital capabilities and enhancements







# STATEMENT OF COMPREHENSIVE INCOME

FOR THE 12 MONTHS ENDED 31 DECEMBER 2020

R'000	Audited Dec 2020	Audited Dec 2019
Property portfolio revenue	878 769	999 189
Net (loss)/revenue from hotel operations	-	24 677
Property operating expenses including change in expected credit losses	(501 497)	(330 314)
<b>Net property income</b>	<b>377 272</b>	<b>693 552</b>
Revenue from contracts with customers	59 624	68 237
Other income	1 228	181
Operating costs	(95 769)	(93 156)
<b>(Loss)/profit from operations</b>	<b>342 355</b>	<b>668 814</b>
Net interest expense	(146 909)	(145 048)
Net fair value adjustments	(1 719 886)	10 910
<b>(Loss)/profit before taxation</b>	<b>(1 524 440)</b>	<b>534 676</b>
Taxation	31 637	(185)
<b>Total comprehensive (loss)/income</b>	<b>(1 492 803)</b>	<b>534 491</b>
<b>Distributable income</b>	<b>293 702</b>	<b>548 981</b>

Distribution of **32.33 cents** per share (FY19: 60.43 cents per share)

## RENT RELIEF IMPACT

Discounts of R70.9m were granted during the year and R41.1m were provided for

	Total (Rm)
Listed	9.8
Unlisted	30.2
Movies/Theatre	2.7
Office	2.3
Restaurant/Fast foods	24.6
SMME	28.4
Specialised	10.1
Other	3.8
<b>Total</b>	<b>112.0</b>

	Arrears R'000	I/S charge
COVID-19 related provision		112 030
ECL additional provision on arrears		47 698
Balance of arrears	96 404	n/a
<b>Total</b>	<b>96 404</b>	<b>159 728</b>

R96.4m of arrears and income statement charge of R159.7m.

### Deferred tax asset of R31.8m

Raised on temporary differences considered recoverable and likely to unwind in the next year or two

Main temporary differences related to the rental relief and ECL provision

# STATEMENT OF FINANCIAL POSITION

FOR THE 12 MONTHS ENDED 31 DECEMBER 2020

R'000	Audited Dec 2020	Audited Dec 2019
Non-current assets	8 521 511	10 163 254
Non-current assets held for sale	-	123 213
Current assets	378 501	386 907
<b>Total assets</b>	<b>8 900 012</b>	<b>10 673 374</b>
Non-current liabilities	1 240 891	1 695 000
Current liabilities	751 158	261 368
Trade and other payables	168 731	218 316
Financial instruments	60 423	16 891
Lease liabilities	-	1 995
Financial liabilities	522 004	24 166
<b>Total liabilities</b>	<b>1 992 049</b>	<b>1 956 368</b>
Capital	8 780 921	8 780 921
Retained surplus	301 075	290 081
Share-based payment reserve	26 212	18 240
Treasury shares	(80 709)	(39 205)
Mergers/capital reserve	(426 104)	(426 104)
Non-distributable reserve	( 1 693 432)	93 073
<b>Total equity</b>	<b>6 907 963</b>	<b>8 717 006</b>
<b>Total equity and liabilities</b>	<b>8 900 012</b>	<b>10 673 374</b>

# PORTFOLIO OVERVIEW

OVERVIEW





FINANCIAL  
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## R8.49bn portfolio

	GLA	NPI	Value
 Retail	<b>65.2%</b> (FY19: 64.1%)	<b>84.2%</b> (FY19: 81.0%)	<b>85.3%</b> (FY19: 83.6%)
 Office	<b>24.3%</b> (FY19: 25.8%)	<b>10.9%</b> (FY19: 8.9%)	<b>7.7%</b> (FY19: 8.9%)
 Specialised	<b>10.5%</b> (FY19: 10.5%)	<b>4.5%</b> (FY19: 5.8%)	<b>3.8%</b> (FY19: 4.0%)
 Hotels (1 005 hotel rooms)	-	<b>0.4%</b> (FY19: 4.3%)	<b>3.2%</b> (FY19: 3.5%)

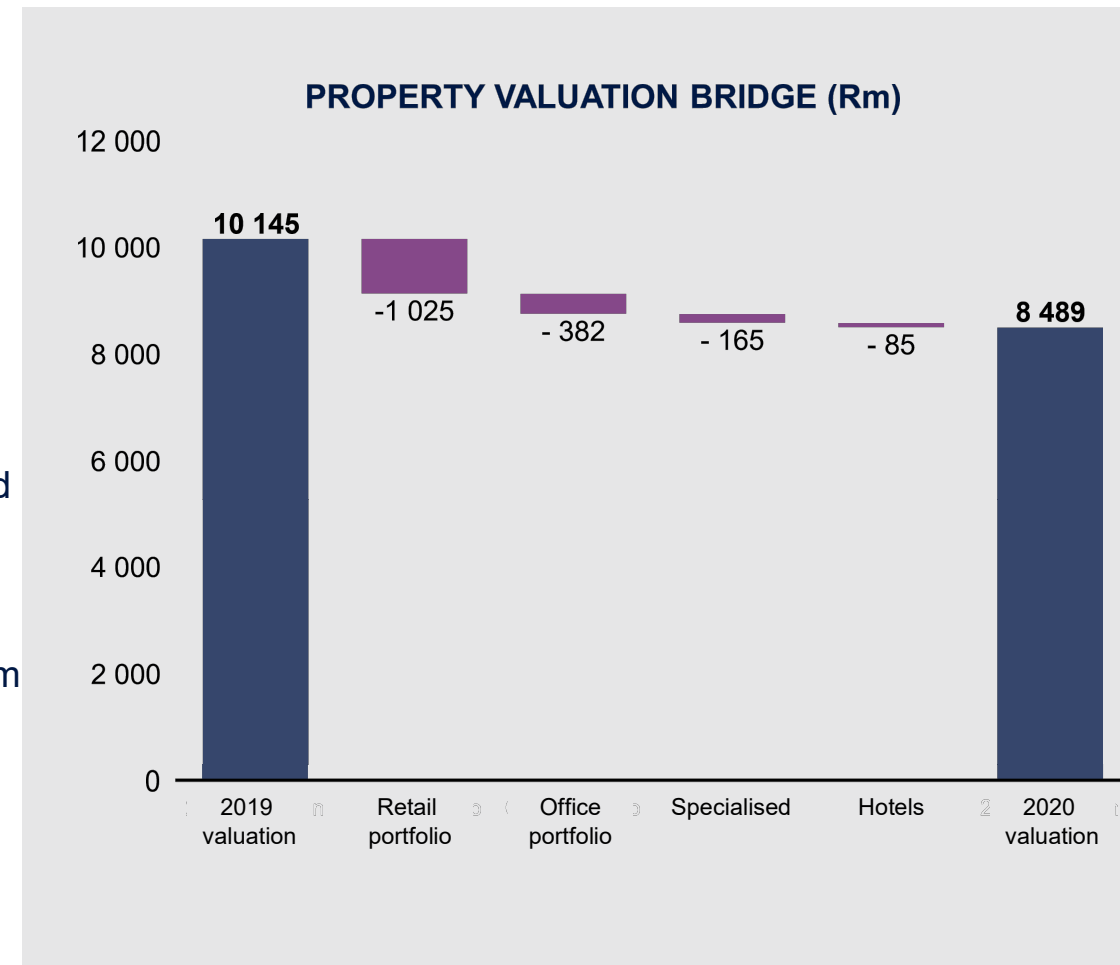
For comparative purposes, the table above reflects the following: GLA, NPI and Value are at a L2D ownership level | Melrose Arch NPI and Value is apportioned to Retail, Office and Specialised sectors based on its GLA split amongst the sectors | 2019 figures include Century City in line with the disclosure in the AFS



# PROPERTY VALUATIONS IMPACT

## 16.3% decrease in property valuations due to

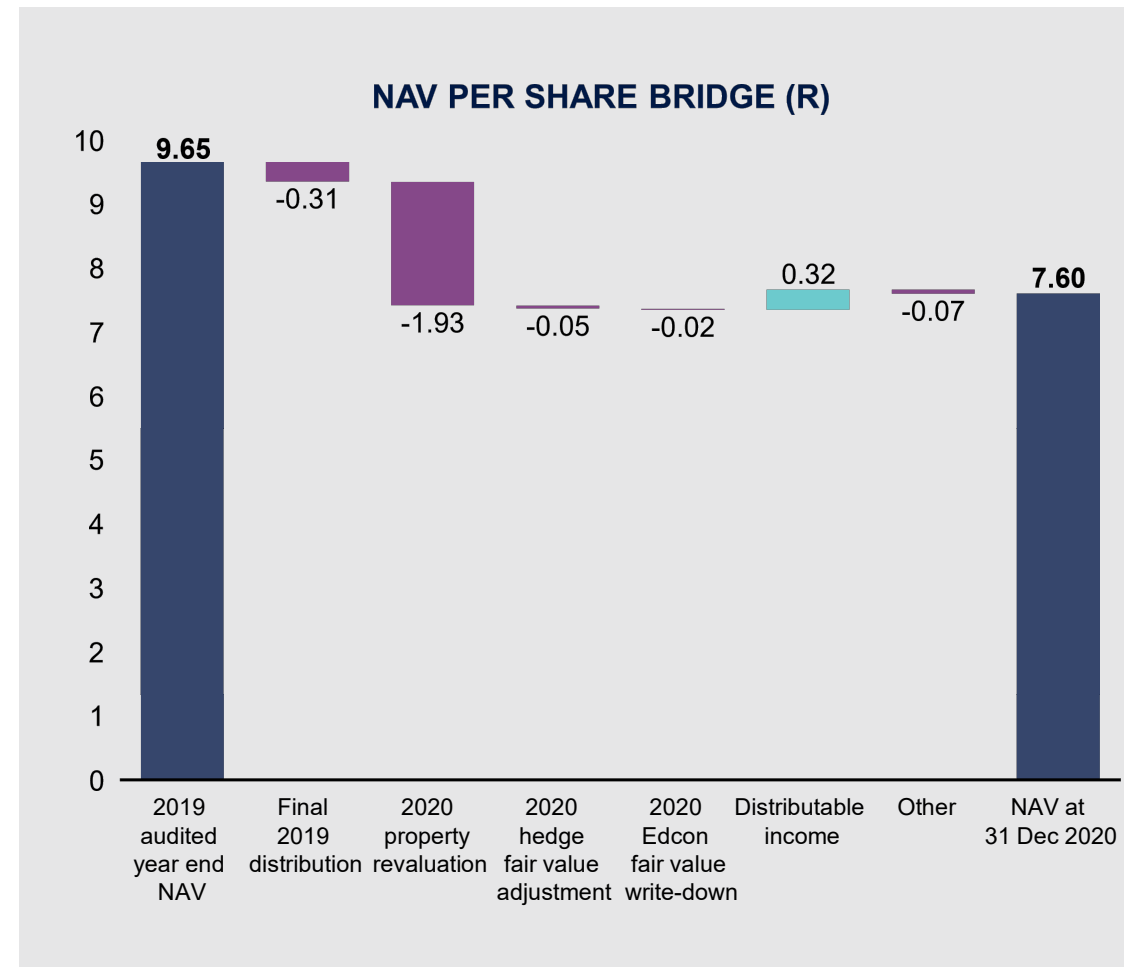
- Negative impact of COVID-19 on current year rentals and growth assumptions
  - Higher vacancies
  - Likelihood of negative reversions on renewals
  - Time required to re-let vacant space
- Valuation movements is per the segment report in the Audited Financial Statements. Segmental valuation apportionment is based on GLA split
- Valuation adjustments are after capital improvements of R69m have been taken into account



# NET ASSET VALUE PER SHARE BRIDGE

21% decrease in NAV from 1 January 2020

- Mainly as a result of
  - Write-down of property valuations
  - Payment of final 2019 distribution
  - Write-down of Edcon
  - Hedge fair value adjustment



## DEBT FACILITIES



**20.5%** (FY19: 16.0%)  
Group loan-to-value



**7.89%** (FY19: 8.95%)  
**NACA**  
(weighted average cost of debt)



**R509m** (FY19: R55m)  
**Unutilised RCF**  
facilities



**3.9 x** (FY19: 4.7)  
Group interest rate cover (ICR)



**R1.74bn** (FY19: R1.65bn)  
**Term debt**



**2.11 years** (FY19: 2.84years)  
average hedge expiry



### Maturity profile

1 year – 27% | 2 year – 46% | 3 year – 27%





# CONCLUSION

AMELIA BEATTIE  
CHIEF EXECUTIVE

# THE 'ABC' OF REBUILDING FOR GROWTH

Maintain focus, move forward, remain realistic



## AGILITY

- To think, understand and respond quickly
- New ways of working
- Drive efficiencies
- Intense asset management drive



## BACK TO BASICS

- Leasing and tenant mix
- Sustainable rental base
- Safe and secure environments
- Continuous maintenance of assets
- Tenant partnership approach will continue



## COMMUNITIES

- Precinct focus
- Smart Spaces digital strategy
- Strategic building blocks drive differentiation
- Masterplan rollout key to future growth



## FINANCIAL FOCUS

- Balance sheet focus
- Strict control of our cost base

**No guidance for 2021 until there is evidence on recovery of the economic environment**



# THE LEADING SOUTH AFRICAN PRECINCT FOCUSED, RETAIL CENTRED REIT



## CONTINUE TO FUTURE PROOF ASSETS

Unrivalled asset experience through focused delivery of the operational strategy and strategic initiatives



## PASSIONATE PEOPLE DRIVE EXECUTION

Diverse team focused and aligned to achieve key objectives



## DELIVER SUSTAINABLE GROWTH OVER TIME

Financial performance improved by the digital transformation initiatives and execution of masterplans

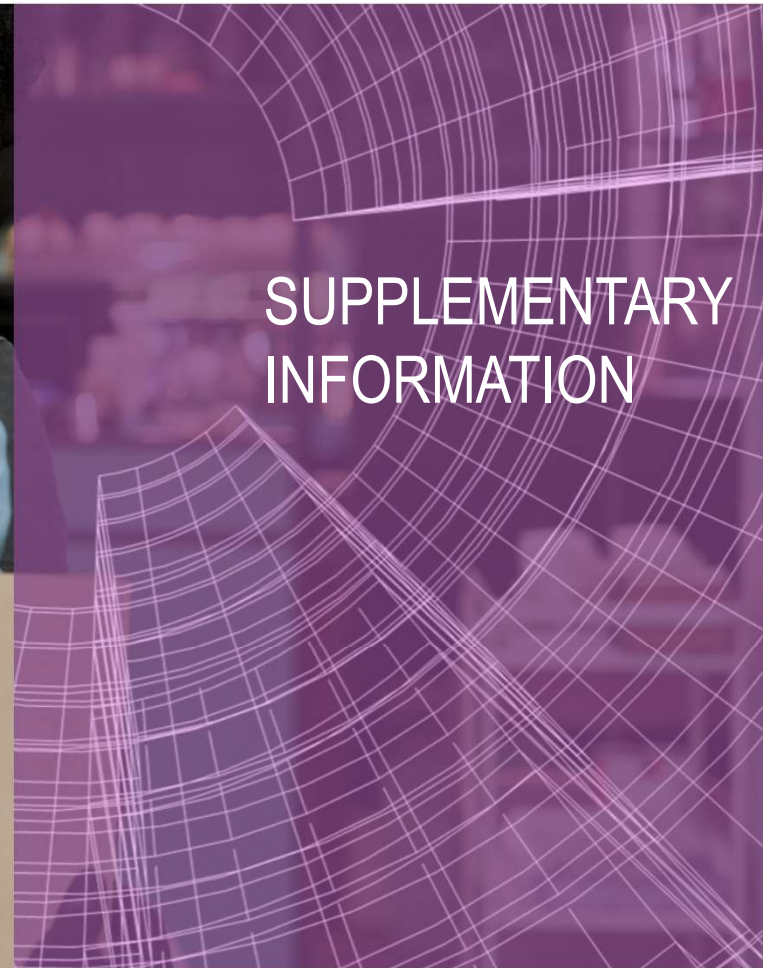
Continue to create experiential spaces to benefit generations



THANK YOU

Q&A





# SUPPLEMENTARY INFORMATION

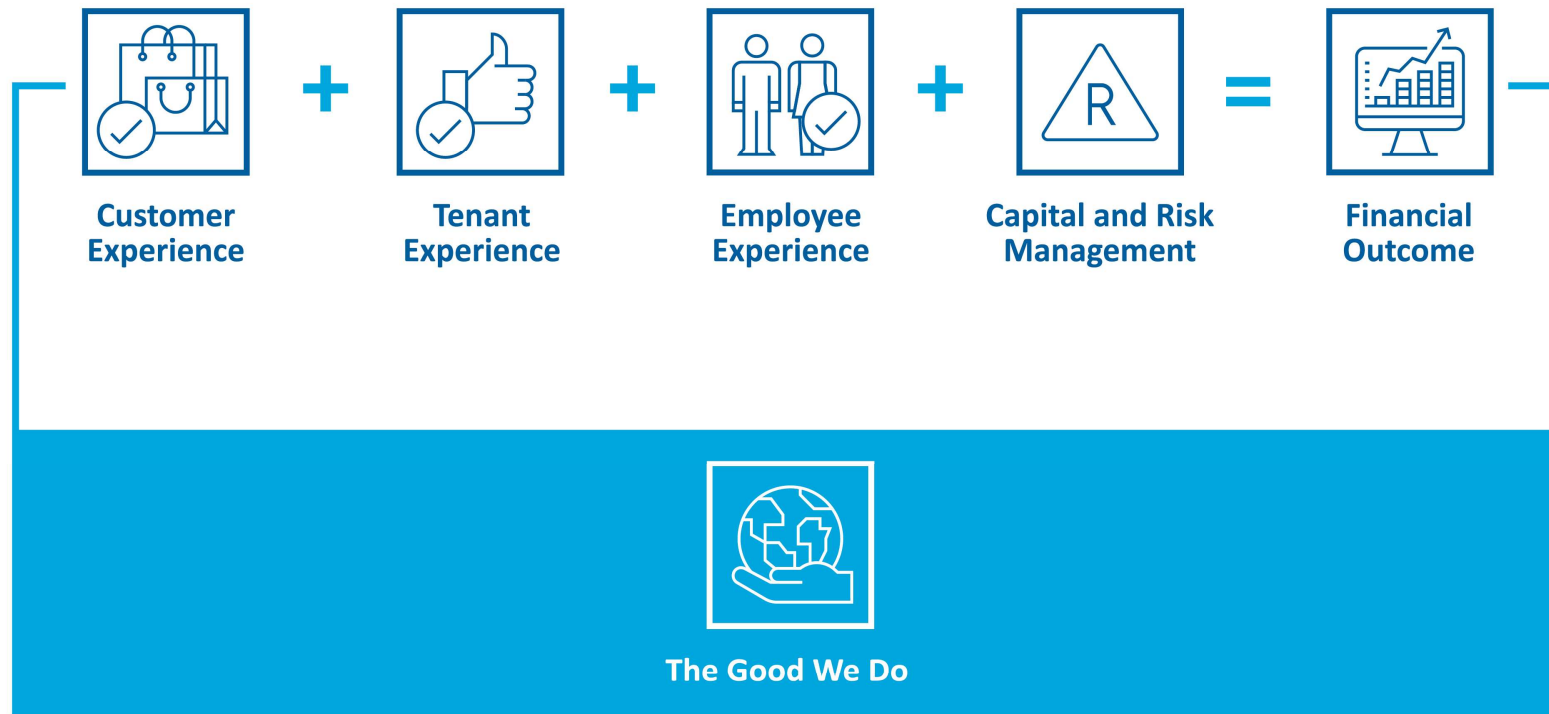
# STRATEGIC VALUE DRIVERS

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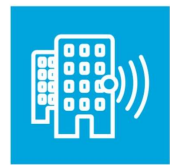
# STRATEGIC BUILDING BLOCKS

OVERVIEW

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INFORMATION



**Smart  
Spaces**



**Good  
Spaces**



**Interactive  
Spaces**



**Safe  
Spaces**



# PORTFOLIO PROFILE

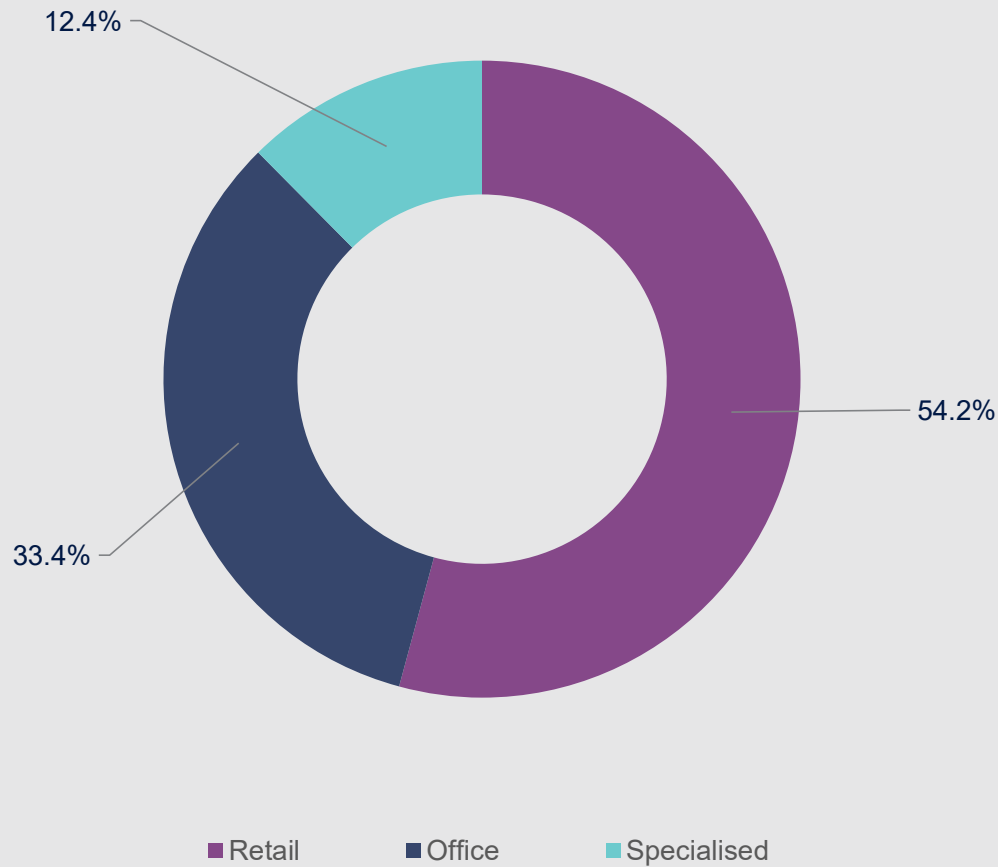
OVERVIEW

FINANCIAL  
REVIEW

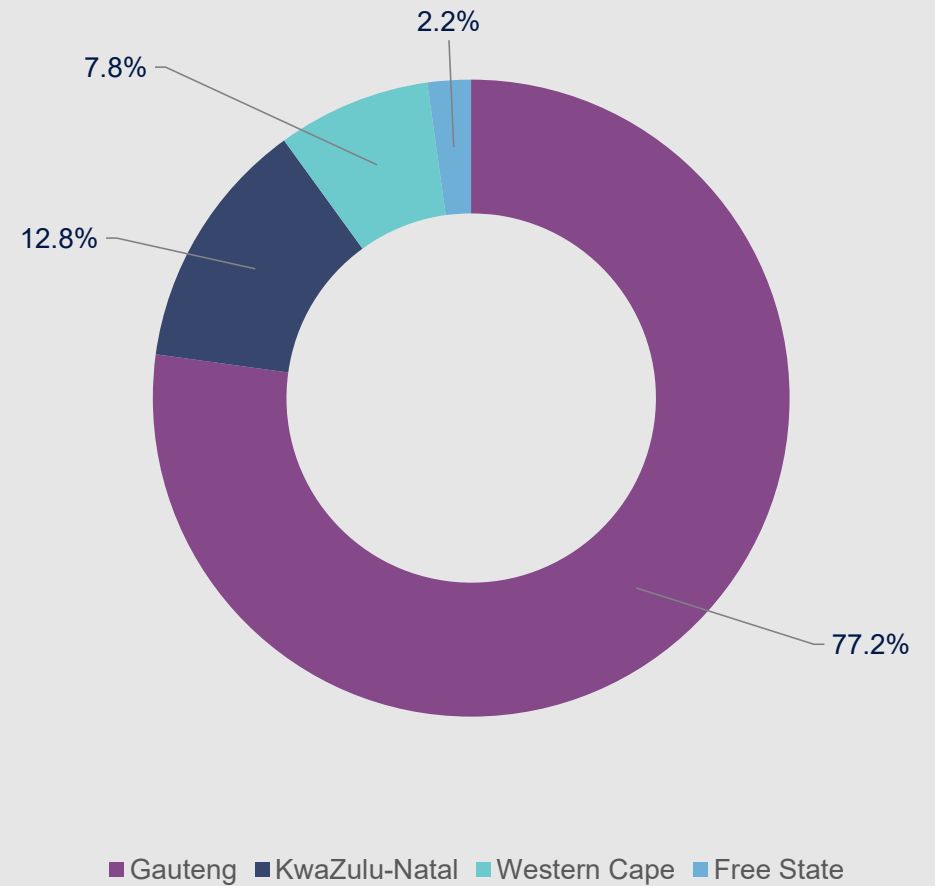
CONCLUSION

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SECTOR COMPOSITION BY GLA (m<sup>2</sup>)



GEOGRAPHIC PROFILE BY GLA (m<sup>2</sup>)



Note: Based on 100% of portfolio GLA at 31 December 2020

# GLA RECONCILIATION

**Liberty Two Degrees total gross lettable area reported at 31 December 2020 decreased, as per this breakdown (m<sup>2</sup>)**

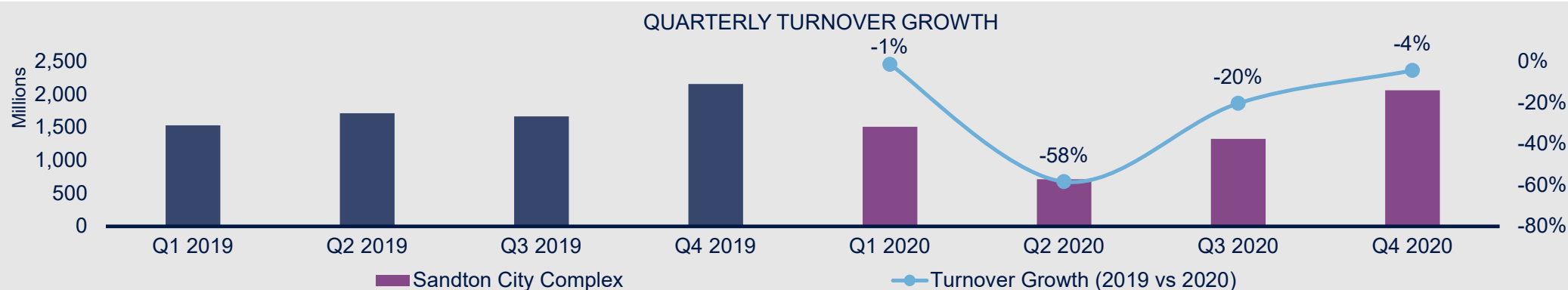
	GLA Dec 20	GLA Dec 19	Variance
Retail	512 701	523 135	-10 434
Office	316 011	331 326	-15 315
Specialised	117 606	113 405	4 201
<b>Total</b>	<b>946 318</b>	<b>967 866</b>	<b>-21 548</b>

## Main drivers for changes in GLA

- Sale of Century City office
- Reclassification of a portion of the Ex-Edgars box in Melrose Arch from Retail to Specialised
- Reconciliation to latest Architect's certificates

# SANDTON CITY COMPLEX

	Dec 2020	Jun 2020	Dec 2019	Jun 2019	Dec 2018
<b>Retail</b>					
Average net rental (R/m <sup>2</sup> )	558	534	542	538	510
Average net rental after rent relief (R/m <sup>2</sup> )	455	457			
Occupancy (%)	97.8	98.9	99.6	99.4	99.6
Occupancy including pre-lets (%)	97.9	99.1	99.8	99.5	100.0
<b>Office</b>					
Average net rental (R/m <sup>2</sup> )	151	162	152	159	141
Average net rental after rent relief (R/m <sup>2</sup> )	132	162			
Occupancy (%)	76.5	73.4	72.9	75.8	74.5
Occupancy including pre-lets (%)	78.2	78.1	72.9	79.7	79.0

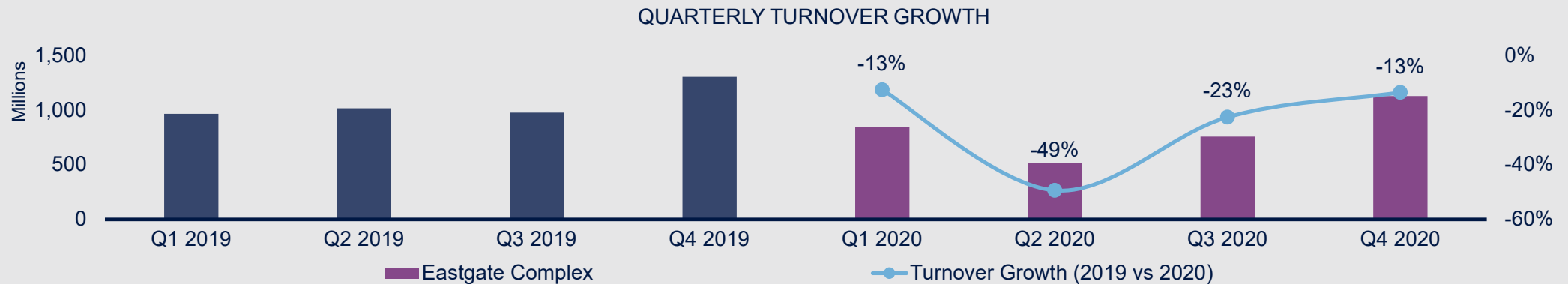


Note: Asset Management Executive: Nikiwe Mkhabela

# EASTGATE COMPLEX

	Dec 2020	Jun 2020	Dec 2019	Jun 2019	Dec 2018
<b>Complex (retail and office)</b>					
Average net rental (R/m <sup>2</sup> )	343	369	374	360	368
Average net rental after rent relief (R/m <sup>2</sup> )	304	312			
Occupancy (%) – retail	92.6	93.4	96.4	96.9	99.0
Occupancy including pre-lets (%)	93.5	93.5	96.9	98.2	99.0
Occupancy (%) – office	96.1	97.3	97.3	97.3	97.3
Occupancy including pre-lets (%)	96.1	97.3	97.3	97.3	97.3

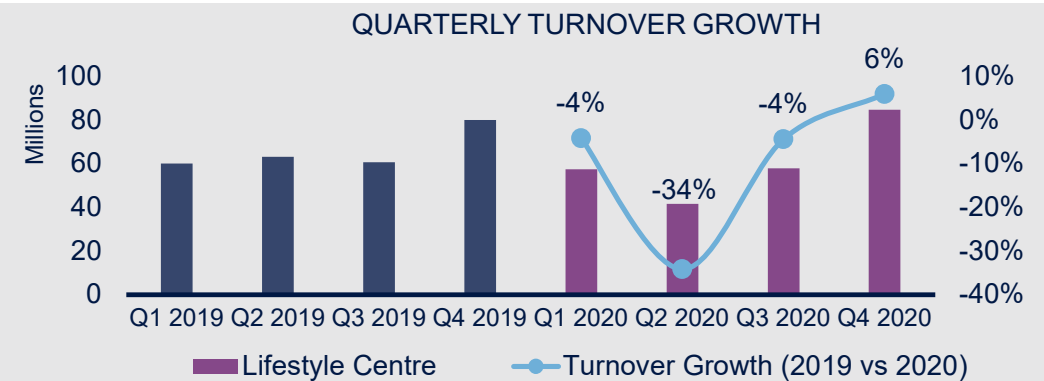
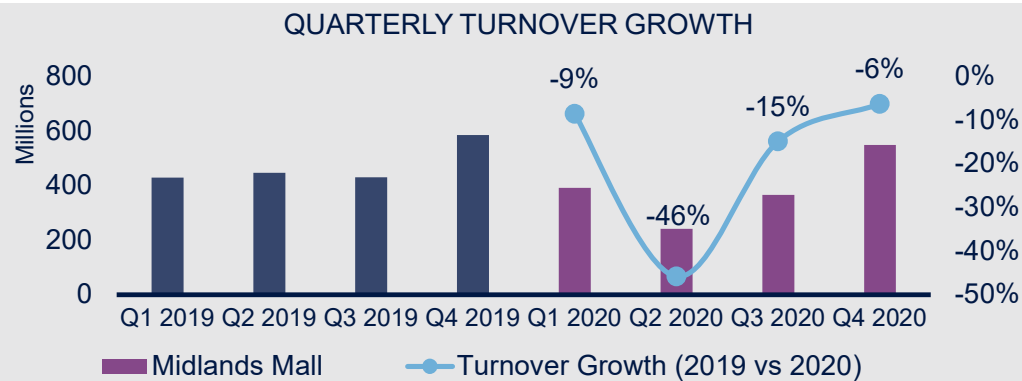
Leasing concluded post year-end increases retail occupancy including pre-lets to 97.0%



Note: Asset Management Executive: Carmen Collison

# MIDLANDS MALL AND LIFESTYLE CENTRE

	Dec 2020	Jun 2020	Dec 2019	Jun 2019	Dec 2018
<b>Midlands Mall retail</b>					
Average net rental (R/m <sup>2</sup> )	223	222	219	221	214
Average net rental after rent relief (R/m <sup>2</sup> )	184	167			
Occupancy (%)	99.0	99.6	100.0	98.6	98.1
Occupancy including pre-lets (%)	99.0	99.6	100.0	99.4	98.1
<b>Lifestyle Centre retail</b>					
Average net rental (R/m <sup>2</sup> )	173	169	163	167	165
Average net rental after rent relief (R/m <sup>2</sup> )	141	126			
Occupancy (%)	96.0	96.8	98.7	94.5	92.8
Occupancy including pre-lets (%)	96.0	96.8	98.7	98.0	92.8

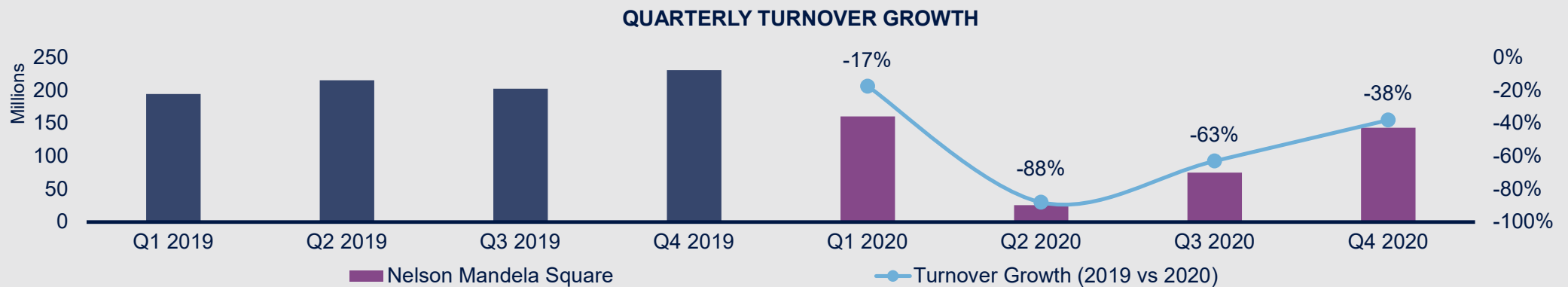


Note: Asset Management Executive: Bharathi Kawal



# NELSON MANDELA SQUARE

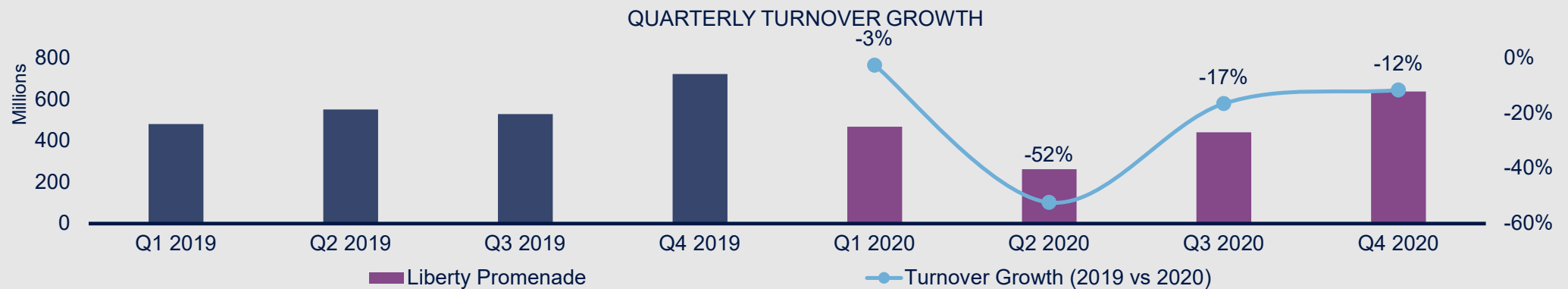
	Dec 2020	Jun 2020	Dec 2019	Jun 2019	Dec 2018
<b>Retail</b>					
Average net rental (R/m <sup>2</sup> )	516	528	516	508	475
Average net rental after rent relief (R/m <sup>2</sup> )	315	306			
Occupancy (%)	77.3	90.4	91.0	90.5	99.1
Occupancy including pre-lets (%)	88.2	91.2	91.7	91.2	100.0
<b>Office</b>					
Average net rental (R/m <sup>2</sup> )	124	137	107	112	108
Average net rental after rent relief (R/m <sup>2</sup> )	75	137			
Occupancy (%)	66.5	58.1	59.3	62.8	67.7
Occupancy including pre-lets (%)	66.5	59.4	62.3	63.2	70.7



Note: Asset Management Executive: Brian Unsted

# LIBERTY PROMENADE

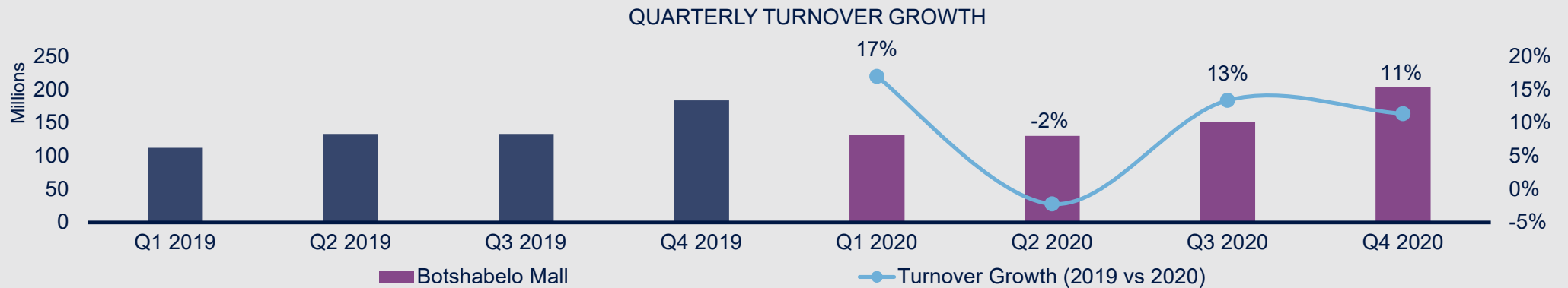
	Dec 2020	Jun 2020	Dec 2019	Jun 2019	Dec 2018
<b>Retail</b>					
Average net rental (R/m <sup>2</sup> )	164	173	165	154	157
Average net rental after rent relief (R/m <sup>2</sup> )	144	132			
Occupancy (%)	98.7	99.1	99.5	98.9	99.3
Occupancy including pre-lets (%)	99.3	99.5	99.5	98.9	99.7



Note: Asset Management Executive: Brian Unsted

# BOTSHABELO MALL

	Dec 2020	Jun 2020	Dec 2019	Jun 2019	Dec 2018
<b>Retail</b>					
Average net rental (R/m <sup>2</sup> )	136	139	132	130	124
Average net rental after rent relief (R/m <sup>2</sup> )	125	139			
Occupancy (%)	94.5	93.4	94.8	95.4	94.2
Occupancy including pre-lets (%)	94.5	94.8	94.9	95.4	94.2



Note: Asset Management Executive: Catherine Evans

# MELROSE ARCH

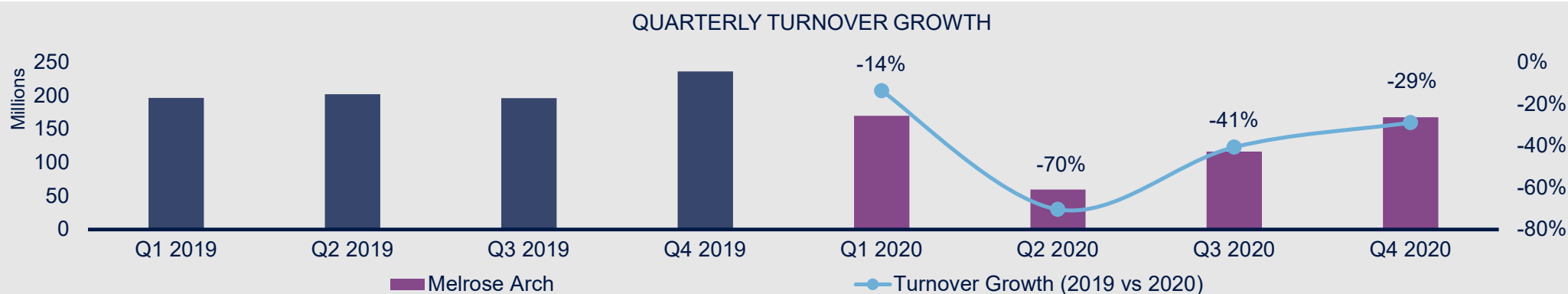
OVERVIEW

FINANCIAL  
REVIEW

CONCLUSION

SUPPLEMENTARY  
INFORMATION

	Dec 2020	Jun 2020	Dec 2019	Jun 2019	Dec 2018
<b>Retail</b>					
Average net rental (R/m <sup>2</sup> )	193	185	226	244	235
Average net rental after rent relief (R/m <sup>2</sup> )	138	158			
Occupancy (%)	93.2	94.0	94.3	96.7	100.0
Occupancy including pre-lets (%)	93.2	94.0	94.3	96.7	100.0
<b>Office</b>					
Average net rental (R/m <sup>2</sup> )	197	218	214	208	198
Average net rental after rent relief (R/m <sup>2</sup> )	196	178			
Occupancy (%)	85.6	92.7	93.5	95.7	95.6
Occupancy including pre-lets (%)	85.6	92.7	93.5	95.7	95.6



Note: Asset management executive: Carmen Collison

# OFFICES



## Standard Bank Centre

GLA **92 789**

Occupancy % **100%**



## Umhlanga Regional Head Office

GLA **13 860**

Occupancy % **96.7%**



## Umhlanga Office Block

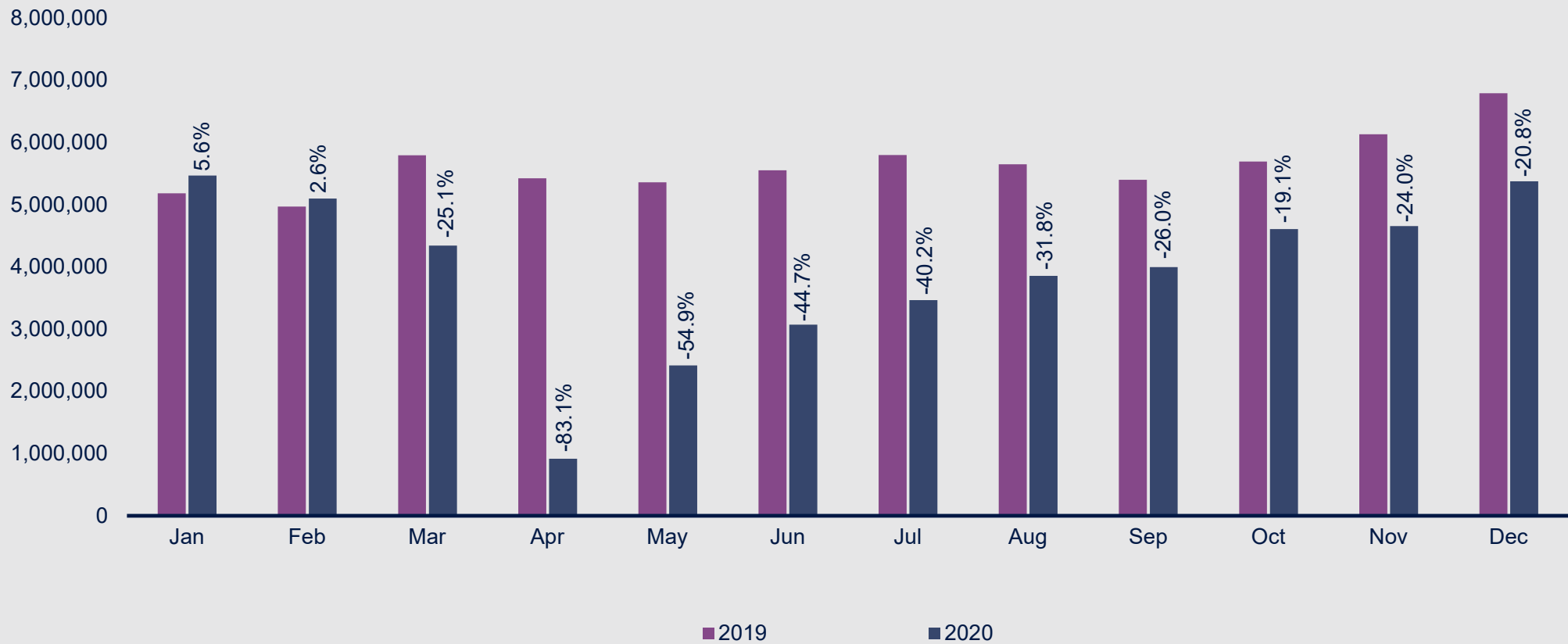
GLA **8 341**

Occupancy % **70.8%**



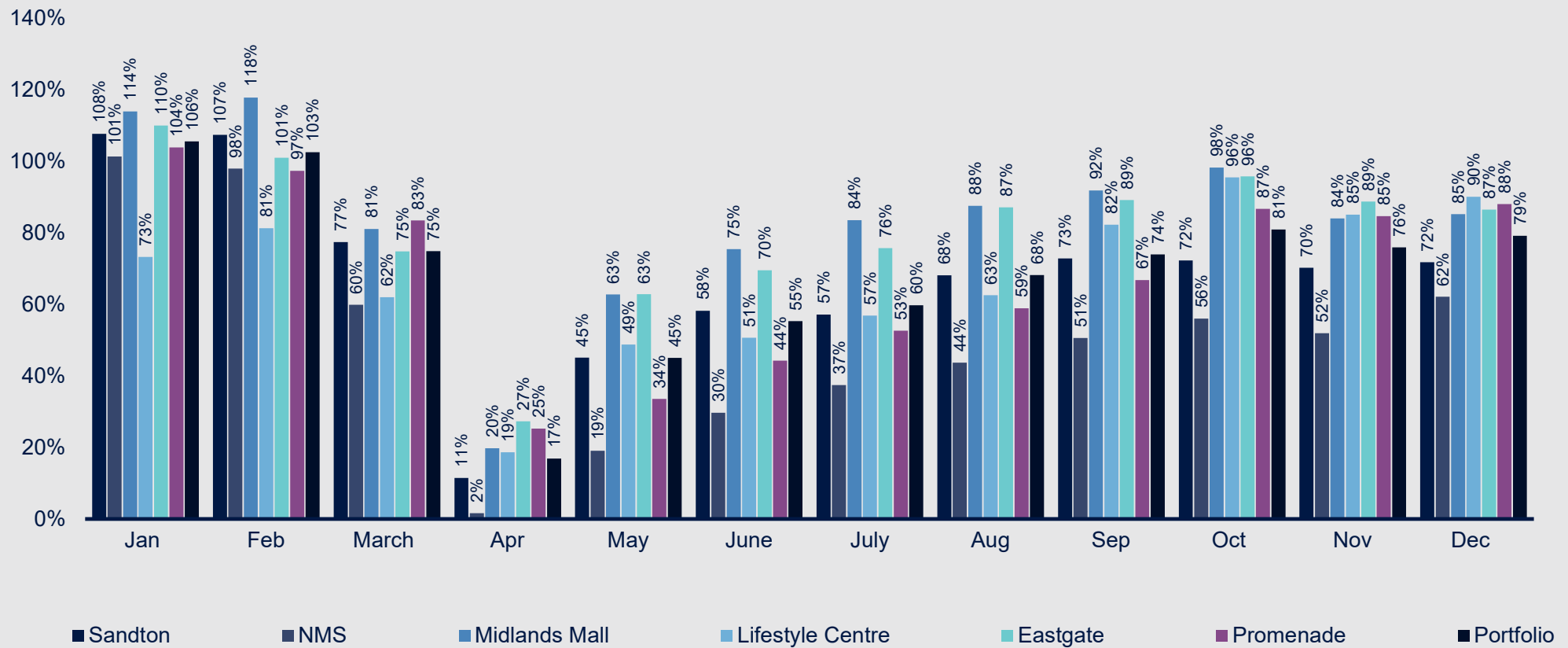
# FOOTCOUNT

## TOTAL FOOTCOUNT 2019 vs 2020



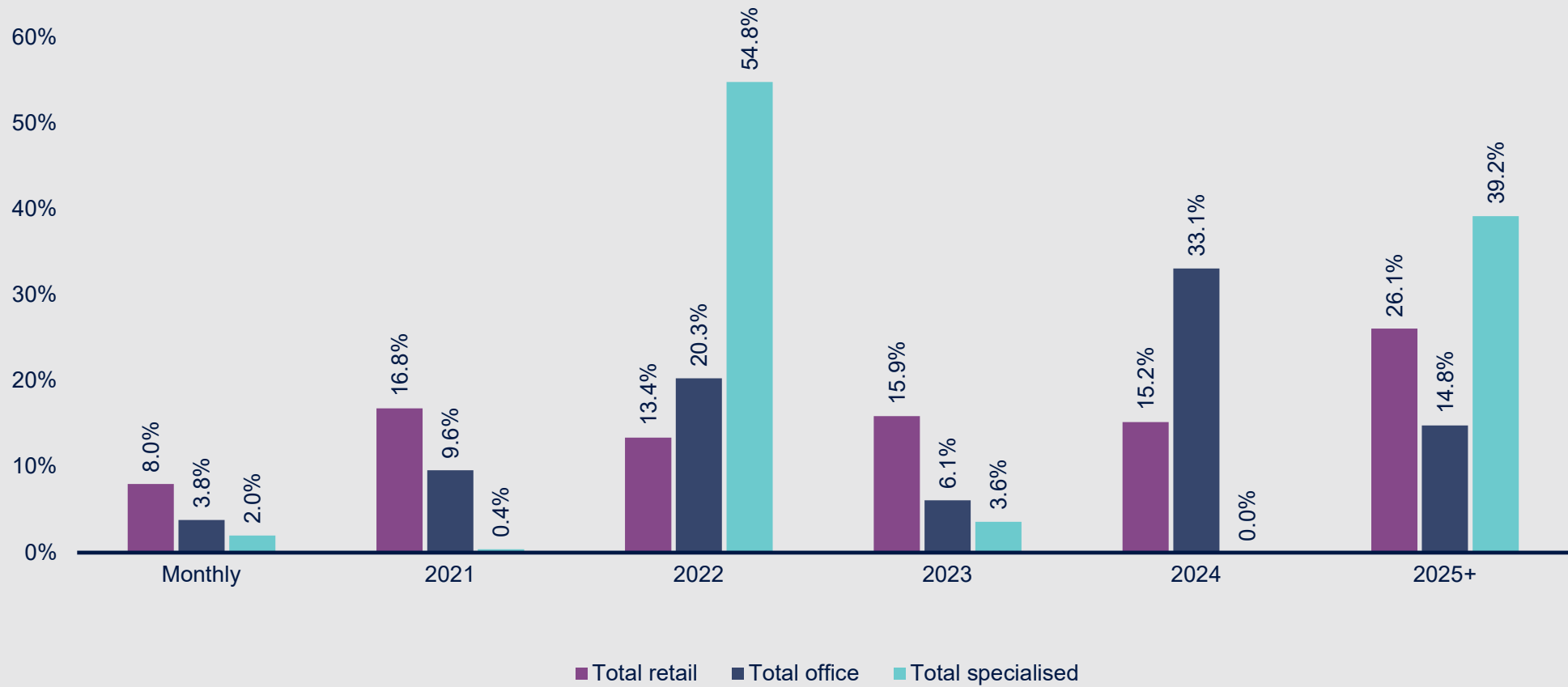
# RETAIL PORTFOLIO FOOTCOUNT

## MONTHLY FOOTCOUNT AS A % OF 2019

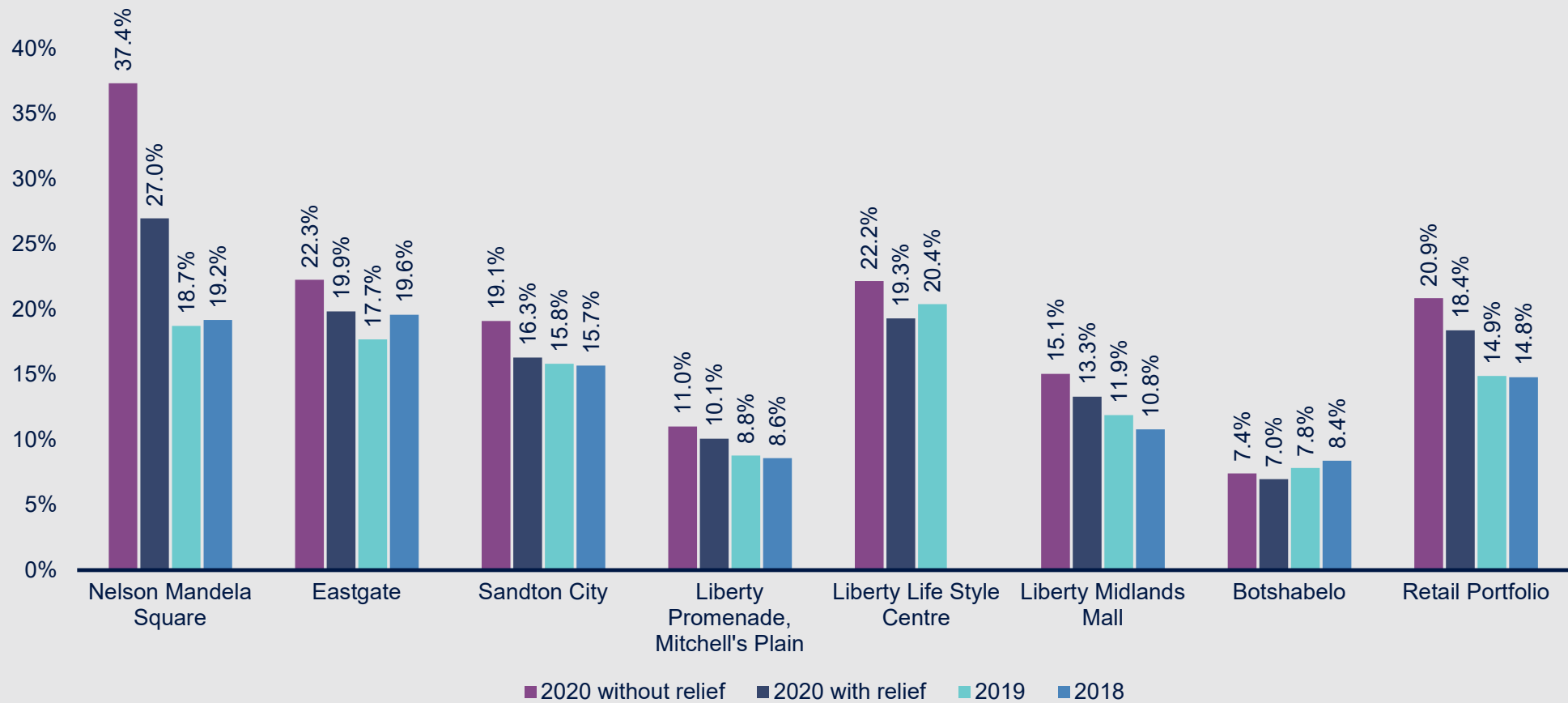


Footcount excludes Melrose Arch and Botshabelo

# LEASE EXPIRY PROFILE



# COMPREHENSIVE COST OF OCCUPATION



# COVID-19 FINANCIAL IMPACT

	R'000
Discounts granted	112 030
COVID-19 direct expenses	1 584
ECL additional provision on arrears	31 938
ECL additional provision – economic factor adjustment	15 760
<b>Total impact</b>	<b>161 312</b>

71.7% of total relief concluded and agreed at 31 December 2020 has increased to 79.8% post year-end



# 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.
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