

Liberty Two Degrees Reports Strong Operational Recovery

Leadership's commitment to driving recovery underpins L2D's financial and operational performance

- **Increased customer visits to our malls (portfolio footcount for April 2022 is 14.6% up on April 2019)**
- **Retail occupancies remain strong at 97.3% ahead of industry benchmark**
- **Positive trend in portfolio turnover growth at 13.6%, up on Q1 2019**
 - **Sandton City continues to outperform the market, exceeding pre-covid turnover levels at 29.4% ahead of Q1 2019**

25 May 2022 - Liberty Two Degrees (L2D), the precinct focused retail-centred REIT, says that the easing of lockdown restrictions and the move towards a post pandemic operating environment is encouraging as retailers and consumers gain confidence.

"As we navigate the uncertainties of global proportions that impact our domestic economy and business, we remain committed to the goals we have set in future-proofing our business. We continue to drive value and positive recovery in all that we do. As we rebuild for sustainable growth, the role of leadership to drive positive outcomes has become increasingly important in this disruptive environment," says Amelia Beattie, Chief Executive of L2D.

The company has seen encouraging improvement in key operational indicators when compared to 2019. The portfolio footcount is up 14.6% on April 2019, with retail occupancies remaining strong at 97.3% and a positive trend in turnover growth at 13.6% for Q1 2022 compared to Q1 2019.

We are encouraged that despite increasing pressure on household discretionary spend, the L2D portfolio recovered ahead of the market when comparing the Stats SA annual retail sales up to March 2022. The turnover for the first three months of 2022 is higher than the corresponding months over the past three years, and if the annual turnover up to March 2022 is considered, the portfolio is 2.1% ahead of the 12 months leading up to the onset of the lockdown (April 2019 – March 2020). This recovery also translates into annual trading density growth of 5.5% vs March 2019.

Across the retail portfolio, despite the impact of COVID-19, significant recovery is seen reaching occupancy levels in line with pre-Covid levels at 97.3%. The office portfolio has not seen the same recovery due to the significant impact of the pandemic over the last two years. The office portfolio achieved an occupancy of 88.1% in April this year. This remains ahead of the MSCI Q4 2021 office benchmark of 84.0%. We remain hopeful as the office sector is starting to stabilise, evidenced in the interest received from tenants wanting to occupy office space.

With its current tenant mix and future tenants opening soon, L2D expects to see a positive trend continue throughout the year.



L2D says the evolving retail landscape provides opportunities to adapt and grow. "Our malls continue to evolve and operate as iconic spaces, with Sandton City attracting almost 17 million customers over the year in 2021 and has already seen 6.9m customers visit the mall in 2022 up to April," adds Beattie.

From a Transformation perspective, L2D remains committed in continuing to support gender diversity, inclusivity, and transformation within L2D and the industry, maintaining a level 2 B-BBEE rating.

The devastation caused by the floods in KZN is a stark reminder of the realities of climate change and the responsibility we have towards the sustainability and future of our environments. In line with IMPACT, L2D's ESG value proposition which is driven by a focused strategy, the company is focused on driving its sustainability targets with continued progress across all pillars to attain its bold targets of Net-Zero status by 2030.

"Our commitment to investing in our portfolio of quality assets underpins our financial and operational performance by ensuring our offerings remain relevant. Notwithstanding the improved operational metrics, we remain realistic on the uncertainties which prevail. The real task will be to ensure that we build on this momentum and focus efforts on the execution of our strategic priorities, to ensure that the gains we are making, translate into improved financial results and a stronger business in 2022", Beattie concludes.

- Ends -

Enquiries:

Liberty Two Degrees

investors@liberty2degrees.co.za



NOTES TO EDITORS

About Liberty Two Degrees Limited

Liberty Two Degrees (L2D) is a South African precinct-focused, retail-centred REIT, reconstituted and listed as a corporate REIT ON 1 November 2018. L2D's **purpose** is to continue to create experiential spaces that benefit generations, with a **vision** to be the leading South African, precinct-focused, retail-centred REIT. L2D's purpose and vision guide its strategy and underpin its everyday business activities.

About Liberty Two Degrees' portfolio

L2D has investments in a quality portfolio of iconic assets, these are:

- **Johannesburg:**
 - Sandton City Complex; Eastgate Complex; and Nelson Mandela Square;
 - Sandton Sun Hotel, the InterContinental Sandton Towers and the Garden Court Sandton City;
 - Standard Bank Centre offices; and
 - Melrose Arch precinct
- **Cape Town:** Liberty Promenade Shopping Centre;
- **KwaZulu-Natal:** Liberty Centre Head Office and Umhlanga Ridge Office Park; Liberty Midlands Mall; John Ross Eco-Junction Estate; and
- **Bloemfontein:** Botshabelo Mall

L2D is focused on continuously improving the quality of its assets, introducing innovative and unique experiences that attract tenants, shoppers and visitors to its malls in order to create sustainable value for stakeholders. L2D aims to create spaces that provide a sense of community and go beyond the ordinary shopping experience.

L2D building blocks

L2D's aim is to create spaces that enable personal, memorable human engagements and seamless interactions between retailers and consumers, continually driving authentic encounters through community-driven engagements and a strong focus on sustainable and ethical practices. This has been articulated through the L2D strategic building blocks, which help futureproof the assets and truly set them apart in the market and sharpen the focus of L2D's efforts and business activities. The L2D building blocks are:

- **Good Spaces:** L2D's shopping malls are ecosystems that provide trading and experiential environments for some of the world's most iconic brands as well as brands in high demand. L2D understands the importance of partnering with its stakeholders to accelerate its positive impact on the natural environment. L2D remains bold in driving its net zero commitments, which is evident at a number of its business operations and sites. L2D continues to reduce carbon emissions, water use and waste generation as it moves towards achieving its net zero sustainability target by 2030. Supportive initiatives have been implemented to achieve this goal.



- **Smart Spaces:** L2D aims to secure and sustain its leading position in the market by remaining at the forefront of innovative design thinking. The creation of smart environments that integrate technology to enhance the customer and retailer experience is a key initiative in this strategic growth area. Through Smart Spaces, L2D aims to accelerate its roadmap to create the seamless interaction between digital and physical retail
- **Interactive Spaces:** Interactive Spaces is about providing an interchange of ideas and experiences within the L2D malls. The emphasis is on interaction, a fast pace, excitement, experience and stimulus, with a vision to create vibrant and diverse spaces with experience at their heart. Interactive Spaces encourages common ownership, placemaking and enjoyment of the physical environments in which L2D operates.
- **Safe Spaces:** L2D's building blocks are all underpinned by Safe Spaces. L2D aims to drive a clearly defined mall strategy that ensures the mall environments hold the highest standard of safety and security for tenants and shoppers. L2D has been affirmed by SAFE Shopping Centres, a Global certification and advisory company, as the first responsible owner in Africa to achieve international certification following a Covid-19 assessment, taking the extra steps to ensure duty of care for tenants and shoppers.

