

## Liberty Two Degrees' business performance consistent with improvements seen throughout 2022

*L2D tracks well against financial, sustainability and transformation targets*

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- Footcount growth achieved at 29.6% ahead of 2021 and 9.8% compared to 2019
  - Continuous improvement in portfolio annual trading density growth at 18.6% at September vs 2021 and 12.1% ahead of 2019
  - Retail occupancies increased to 98% vs 97.2% at June 2022
  - Notable recovery in average hotel occupancies
  - 88% of total waste diverted from landfills for September 2022.
  - L2D reduced portfolio reliance on the power grid by 3.6% [3MW-AC PV deployed] with future solar PV structures in the pipeline.
  - L2D maintains a strong balance sheet and remains well capitalised with a low LTV of 24.4%
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**28 November 2022** – South African, retail centered REIT Liberty Two Degrees (L2D) reports sustained recovery during 2022 despite the impact of the challenges relating to the energy crisis, escalating municipal rates and Covid-related in-force reversions which continue to put pressure on the portfolio.

L2D Chief Executive, Amelia Beattie comments "The future proofing of our business remains our commitment and a way to ensure that we drive value and positive recovery. We are pleased with both our financial and operational performance in the period, which continues to show encouraging improvement in key indicators. As leadership, our focus remains on driving positive outcomes to counter and address the challenges presented by the operating environment through the various initiatives in place, to ensure we continue to track the positive momentum in our business performance for the long term".

Reporting ahead of its year-end close period, L2D says that the portfolio continues to see improved annual trading density growth with September 2022 being 18.6% ahead of 2021 and 12.1% ahead of 2019. The top five retail categories with the most improved trading density performance in 2022 compared to 2019, include luxury brands (149.2%), technology (44.5%), luggage and leatherware (35.4%), grocer/supermarket (18.8%) and health/beauty/grooming/wellness (9.0%).

L2D achieved a 29.6% growth in footcount for the nine months at 2022 compared to 2021 and 9.8% ahead of 2019, with super-regional malls achieving double digit growth over the past five months - May to September - compared to 2019. Footcount growth was driven by the various experiential initiatives that dominate in the L2D precincts, demonstrating unrivalled creativity. As such, in this year's Footprint Marketing Awards, the L2D portfolio won a total of 29 awards for retail marketing excellence, a testimony to L2D's thought leadership capabilities and the impact the L2D malls continue to make in their respective communities.

From a leasing perspective, L2D concluded a total of 281 leases (68,885m<sup>2</sup>) in the period including 102 new deals (32,701m<sup>2</sup>) and 179 (36,183m<sup>2</sup>) renewals. The portfolio reversion at the end of October has seen significant improvement and is tracking at -10.0%, with retail reversions in the retail sector at -9.0% and office reversions tracking -26.2% with a focus on retention.

Occupancy levels remain high at 93.2%, with future pre-lets improving to 93.9%. The occupancy rate in the retail portfolio has improved to 98.0% at October 2022 (vs. June 2022 97.2%), including pre-lets, the retail occupancy is at 98.3% and remains well ahead of the Q2 2022 MSCI retail benchmark of 94.2%. The portfolio's super-regional malls - Sandton (98.7%) and Eastgate (96.1%) have maintained a combined occupancy of 97.5% ahead of the Q2 2022 MSCI Super Regional benchmark of 93.7%.

In the office space, the portfolio continues to face pressure with occupancy levels at 78.8% at October 2022 (vs. June 2022 83.3% or 76.4% excl. Standard Bank). The decline seen was due to the sale of the fully let Standard Bank building. The occupancy level in the remaining office portfolio excluding the

sale of Standard Bank has improved since June due to increased leasing in Sandton, Atrium on 5th and Nelson Mandela Square offices. Including future pre-lets the office occupancy improves to 80.5%. Management has indicated that office letting remains a priority in this space, with various strategic measures in place.

Hotels continue to see recovery in occupancy levels ahead of the COVID-19 impact. The Sandton Sun achieved an occupancy of 81.2% for the month of October taking its average occupancy for the year to 74.0% (vs. 66.8% in 2019).

The Garden Court achieved an occupancy of 70.5% for October resulting in an average occupancy of 50.1% for the year (vs. 72.7% in 2019). The Sandton Towers, which has been open for trade since August 2022, achieved good occupancies following the opening. Weekend occupancies continue to improve ahead of weekdays indicating that local corporate travel has still not returned to pre-pandemic levels. Year to date the Sandton Convention Centre has had 165 events compared to 41 events for the same period in 2021.

Driving the ESG value proposition remains a priority for L2D, its commitment to all aspects of environmental, social and governance have set the company in good stead to continue to create long term value.

From an environmental perspective, the company is focused on driving its sustainability targets with continued progress across all pillars. L2D is pleased to announce the achievement of a 6-Star Green Star Interiors v1 certification for the L2D office space, reflecting environmental leadership in ensuring its commitment to reducing its impact on the natural environment.

Against its bold targets of Net-Zero status by 2030, L2D continues to drive its Net Zero waste readiness by 2022 of which the initiatives in place have resulted in an impressive 88% waste diversion rate as at the end of September 2022. Towards Net Zero water by 2025, L2D has achieved a 1% reduction in water consumption compared to 2021 and 35% compared to 2019 due to the decline in potable water use in its buildings as well as other water-saving initiatives. Pipeline projects have been identified that can deliver over 40% of current consumption per annum by 2025.

2030 will see L2D achieve Net Zero energy having made significant progress to deliver against this target. L2D has commissioned 3MW in solar capacity, with additional solar structures in the pipeline which include an additional 4MW [AC] and 4.3MW [AC] of solar power at Midlands Mall and Eastgate Shopping Centre respectively. Promenade Mall will receive an additional 3,5 MW (AC) in 2023/4, with Sandton City and Botshabelo Mall in the pipeline to receive a 1MW (AC) solar PV plant each during 2023. Ongoing investigations for opportunities in energy wheeling have progressed well, with the impact expected in the second half of 2024.

L2D has met energy performance certificate regulations ahead of the December 2022 deadline which has now been extended by the government. L2D supported environmental and conservation initiatives through donations aligning to its biodiversity strategy.

From a transformation perspective and as a signatory of the Women Empowerment Principles (WEPs) community of companies, industry associations and chambers of commerce which is established by UN Global Compact and UN Women, L2D remains committed to supporting gender diversity and inclusion within the company and the industry.

L2D continues to facilitate socioeconomic empowerment within the communities in which it operates wherever practical or possible. In the period, L2D put in place a safe study space at Sandton City which is open to all learners impacted by loadshedding and has received a remarkable response from the public.

Beattie concludes "We strive to make all our disclosures accurate, and we continue to strategically position the company for sustainable value creation. In 2022, we focused on future-proofing our assets and driving value and positive recovery. We are encouraged that we were able to show improvement across all indicators".

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Enquiries:

[investors@liberty2degrees.co.za](mailto:investors@liberty2degrees.co.za)

+27 11 358 9145

## Notes to editors

### About Liberty Two Degrees Limited

Liberty Two Degrees (L2D) is a South African precinct-focused, retail-centred REIT, first listed as a Collective Investment Scheme in Property (CISIP) on the Johannesburg Stock Exchange in December 2016. With effect from 1 November 2018, L2D was reconstituted as a corporate REIT to Liberty Two Degrees Limited. This better positions L2D for sustainable growth whilst unlocking shareholder value.

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; and
  - Melrose Arch precinct
- Cape Town: Liberty Promenade Shopping Centre; Century City Offices;
- 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.
- **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.