



2020 Integrated Report



LIBERTY

two°degrees

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REPORT NAVIGATION

SIX CAPITALS

 Financial

 Human

 Social and relationship


 Manufactured


 Intellectual

 Natural

STRATEGIC VALUE DRIVERS


 Customer experience

 Tenant experience

 Human experience

 Capital and risk management

 Financial outcome

 The good we do



INTRODUCING L2D

Liberty Two Degrees (L2D) is a South African, precinct-focused, retail-centred real estate investment trust (REIT) with a portfolio of quality, iconic property assets.

With a view to continuously improving the quality of our assets and introducing innovative and unique experiences that attract tenants and customers to our spaces, we strive to create sustainable value for all our stakeholders.



two°degrees

ABOUT THIS REPORT

We are pleased to present our integrated report for the year ended 31 December 2020. It aims to provide quality information to providers of financial capital to enable informed capital allocation decisions while also providing relevant information to our broader stakeholders.

This report illustrates how L2D creates and preserves value for the benefit of all our stakeholders. Furthermore, it seeks to demonstrate how we deliver on our purpose of continuing to create experiential spaces to benefit generations. Our commitments to ethical leadership, corporate citizenship, integrated strategic thinking and legitimate stakeholder interaction are unpacked to provide a broad view of the company's strategy, performance and outlook, thereby enabling stakeholders to assess our ability to create sustainable value. We consider this a valuable opportunity to engage with our stakeholder groups.

We invite all users of this report to visit www.liberty2degrees.co.za for more information on L2D. Our aim is to provide clear and effective communication to all stakeholders and encourage engagement. Feedback or further requests for information can be directed to the investor relations team investors@liberty2degrees.co.za, to our Investor Relations Executive, Gareth Rees gareth.rees@liberty2degrees.co.za or to our company secretary, Ben Swanepoel ben.swanepoel@liberty2degrees.co.za.



ABOUT THIS REPORT CONTINUED

SCOPE AND BOUNDARY

Our integrated report is published annually and presents L2D's performance and activities for the financial year ended 31 December 2020. Any material events up to the Board approval date of 21 April 2021 are included. L2D is a South African company and all of its operations are conducted in South Africa.

The preparation of L2D's Annual Financial Statements (AFS) for the year ended 31 December 2020 was supervised by José Snyders CA(SA) in his capacity as Financial Director. The AFS have been audited by PricewaterhouseCoopers Inc. in accordance with the requirements of the Companies Act and are available free of charge on request or on L2D's website.

GROUP STRUCTURE AND RELATED PARTIES

The operating entity, 2 Degrees Properties (Pty) Ltd (2DP), is 100% owned by L2D. 2DP also manages the unlisted properties in Liberty Group Limited's (LGL) property portfolio, the Liberty Property Portfolio (LPP), for which 2DP earns an asset management fee.

Our integrated reporting boundary



Our financial reporting boundary

(defined by control and significant influence)

PROPERTY ASSETS

SUBSIDIARIES OVER WHICH L2D HAS CONTROL

INVESTMENTS

STAKEHOLDERS

PROVIDERS OF FINANCIAL CAPITAL

CUSTOMERS

SUPPLIERS AND SERVICE PROVIDERS

REGULATORS

TENANTS

EMPLOYEES

INDUSTRY BODIES

COMMUNITIES

OUR VISION, PURPOSE AND VALUES

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VALUE CREATION

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LGL is the controlling shareholder in L2D, holding 58.8% of its shares at 31 December 2020. LGL is a subsidiary of Liberty Holdings Limited (LHL) whose ultimate majority shareholder is Standard Bank Group Limited (SBG). LHL together with LGL own 59.4% in L2D.

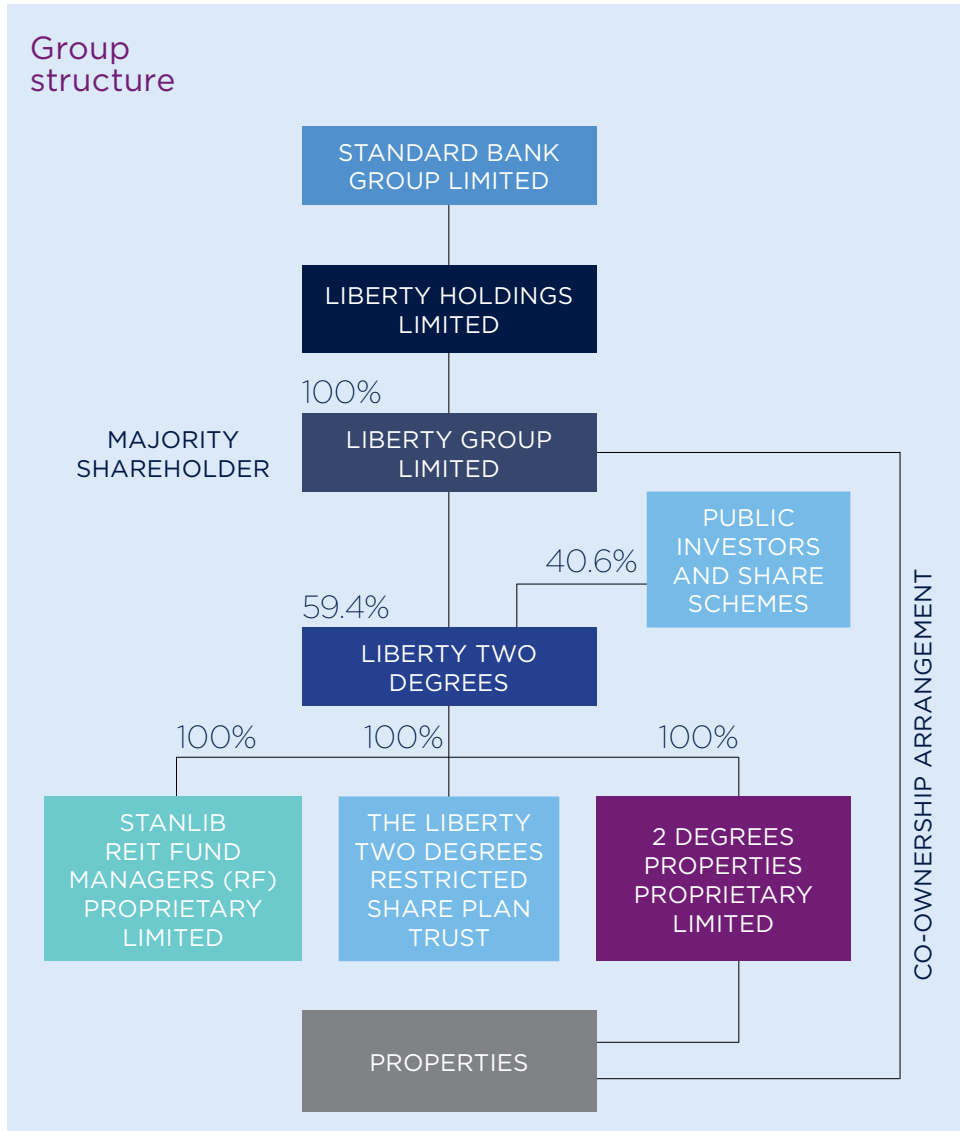
As at 31 December 2020, R1.1 billion is owed to SBG in respect of term debt raised on commercial loan terms typical for a portfolio of this nature. LGL provides a number of support services to L2D, namely Human Resources, Information Technology, Internal Audit and Tax compliance. L2D has a small development team to oversee the work of maintaining and refurbishing the asset portfolio. The team is employed by 2DP and charges development fees to the external third-party co-owners, being LGL and Pareto Limited (Pareto). Pareto is a South African property investment company that invests in prime retail properties, including assets that are wholly owned and co-owned alongside like-minded investors. Pareto currently owns 25% of the Sandton Complex, the hotels and the Sandton Convention Centre.

L2D has outsourced the property management function for all properties (other than Melrose Arch) to JHI Retail Property Proprietary Limited (JHIR). Melrose Arch is managed by Amdec. L2D appreciates the importance of the relationships with its service providers and has entered into service level agreements with the property managers to assist in administrative matters, including rental collection.

Transactions with related parties are at arms-length and are market related.



Group structure



MATERIALITY

This report discusses only those matters that are material to our value creation. We consider a matter to be material if it has the potential to significantly impact our ability to create or protect value for our stakeholders in the short-, medium- and long-term. The material matters set out on page 6 of this report were informed by those matters discussed by the Board and its committees during the year. The material matters are aligned with our strategic value drivers and strategic priorities, which are the focus of our business activities.

FRAMEWORKS

The integrated report provides an entry point for other detailed information contained in the AFS, which follow the integrated report and our Environmental, Social and Governance (ESG) report. L2D's management reporting processes are aligned with the King Code on Corporate Governance for South Africa 2016 (King IV™) reporting principles and REIT best-practice recommendations. Our integrated thinking is reflected in our targets and key performance indicators that cover L2D's financial and non-financial performance, as well as strategy, risks and how we deliver value to stakeholders.

INTEGRATED REPORTING SUITE	DESCRIPTION	STANDARDS OR CODES	ASSURANCE PROVIDER
INTEGRATED REPORT	This report offers a holistic assessment of the group's approach to value creation. The report considers the issues that are material to our commercial viability and legitimacy to enable us to deliver on our purpose in the short, medium and long term. Where applicable, information in this report has been extracted from other reports including the ESG report that forms part of the integrated report.	Companies Act No. 71 of 2008 Johannesburg Stock Exchange Limited (JSE) Listings Requirements International Integrated Reporting <IR> Framework	Broad-Based Black Economic Empowerment (B-BBEE) - BDO South Africa Services (Pty) Ltd Information technology (IT) governance - Internal audit and JHI Retail.
AFS	Depicts L2D's full audited annual financial statements, including detailed commentary on L2D's risk management.	International Financial Reporting Standards (IFRS)	PricewaterhouseCoopers Inc. (PwC)
ESG	Provides detail on L2D's environmental social and governance (ESG) impacts, as well as how these contribute to the group's long-term sustainability and ability to achieve its purpose. This report forms part of the integrated report.	King IV™ Report on Corporate Governance for South Africa 2016 (King IV™)	PwC provided assurance on the carbon emission of the liberty portfolio on a 100% ownership basis. Refer to LHL's ESG report for assurance from PwC



SANDTON CITY

ICONIC RETAIL OFFERING
IN THE HEART OF SOUTH
AFRICA'S ECONOMIC HUB

GLA 100%

195 941 m²

Property value 100%

R12.4 billion





ABOUT THIS REPORT CONTINUED

ASSURANCE

L2D's combined assurance model is aligned with the roles and responsibilities as articulated in the three lines of defence risk governance model. For further information on the three lines of defence risk governance model, refer to [65](#). Assurance of information contained in this report is provided by external and internal providers as indicated in the table above.

FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements regarding L2D's future performance and prospects. While these statements represent our judgements and future expectations at the time of preparing this report, a number of risks, uncertainties and other important factors could cause actual results to differ materially from our expectations. These include factors that could adversely affect our business and financial performance.

PROCESS DISCLOSURES AND BOARD APPROVAL

This report was compiled by L2D's subject specialists, reporting into the sub-committees, who kept the Board informed of the report's progress and sought guidance from the Board. Content was gathered through internal stakeholder engagement and through the use of Board reports. The Board, as final owners and reviewers, accept ultimate responsibility for the integrity and completeness of the integrated reporting suite.

We, as the Board, are of the opinion that the report is presented in accordance with the International Integrated Reporting <IR> Framework and addresses all material matters in relation to L2D's ability to create value in the short-, medium- and long-term. It is our opinion that the integrated report presents a fair and balanced view of L2D's performance and outlook. The company's use of and impact on its KING IV™ capitals is adequately addressed, taking into consideration how the availability of these capitals has influenced L2D's strategic direction and chosen business model.

The Board approved this report and its release on 21 April 2021.

Angus Band
Non-executive Chairman

Wolf Cesman
Lead independent director

Lynette Ntuli
Independent non-executive director

Peter Nelson
Independent non-executive director

Amelia Beattie
Chief Executive

Barbara Makhubedu
Independent non-executive director

Craig Ewin
Independent non-executive director

David Munro
Non-executive director

Dr Puleng Makhoalibe
Independent non-executive director

José Snyders
Financial Director

OUR MATERIAL MATTERS

This report aims to disclose information about matters that have the potential to substantively affect our ability to create value in the short-, medium- and long-term.

We define the short-term as referring to the next 12 months, the medium-term as referring to the next one to three years and long-term as referring to anything beyond three years.

We have aligned our material matters to our strategic value drivers as set out in the table alongside. These matters are discussed throughout the report to enable the reader to make an informed appraisal of our ability to create and preserve value over time.

UNPACKING OUR MATERIALITY PROCESS



Analyse

We take stakeholder feedback into consideration, as well as risks and property trends in South Africa, the sustainability of the economic and natural environments and the socio-economic impact of material matters on all our stakeholders.



Identify

Material matters are identified by considering the impact they may have on each of the key aspects of the business, including our purpose statement and strategic objectives.



Prioritise

Identified matters are prioritised in terms of their impact on the business and importance to stakeholders.



Integrate

Material matters are debated and approved by the Board and integrated into strategic thinking to inform the direction of the business to ensure resilient value creation.

	STRATEGIC VALUE DRIVER	MATERIAL MATTER	DIVING DEEPER
	CUSTOMER EXPERIENCE	Weak local economy and impact on customers	SEE PAGE 46
		Digital strategy and risks relating to the application of digital technology	SEE PAGE 46
		Execution of the strategic pillars and building blocks that link to our precinct management strategy	SEE PAGE 46
	TENANT EXPERIENCE	The impact of COVID-19 and rental relief on tenant viability	SEE PAGE 47
	HUMAN EXPERIENCE	COVID-19's impact on our people and extended teams	SEE PAGE 48
	CAPITAL AND RISK MANAGEMENT	Valuation write-down of the property portfolio	SEE PAGE 49
		Cash flow and future liquidity requirements	SEE PAGE 49
	FINANCIAL OUTCOME	Significantly lower earnings and consequently reduced distribution that will be paid to shareholders	SEE PAGE 50
	THE GOOD WE DO	Ongoing provision of safe and secure environments	SEE PAGE 51



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ABOUT L2D

Our operating environment, much like the world we live in, is changing at a rapid pace. The impacts of COVID-19, coupled with the evolving retail environment and needs of physical property users, have only served to accelerate the rate of change. To stay relevant and ahead of competitors, we continue to drive the futureproofing of our assets in a manner that speaks to the changing needs of our tenants and positions the business for sustainable operations and future growth.

DELIVERING VALUE IN A CHALLENGING CONTEXT

Defining value for L2D

For L2D, value is inherently tied to our purpose of continuing to create experiential spaces to benefit future generations. This benefit goes beyond the in-the-moment experience we wish to create. We want to produce lasting impressions, tied to an enduring legacy of positive impact – **THE GOOD WE DO**.

Consequently, value creation for us means delivering a world-class **CUSTOMER EXPERIENCE** and a positive **TENANT EXPERIENCE** and a leading **HUMAN EXPERIENCE** while ensuring proactive, responsive **CAPITAL AND RISK MANAGEMENT**. This is how we create positive **FINANCIAL OUTCOMES**. Collectively, all these definitions of value culminate in **THE GOOD WE DO** – the enduring, broader value we generate for all our stakeholders.

STRATEGIC VALUE DRIVERS

**Customer experience**

Awarded a total of **32 Footprint Marketing Awards** by the South African Council of Shopping Centres

To support our Safe Spaces aims we installed **touchless parking** at our malls as well as decals to support COVID-19 measures

COVID-19 compliant as certified by SAFE Asset Group

**Tenant experience**

Achieved **SAFE Retail Destination** certifications for Sandton City, Nelson Mandela Square and Eastgate

Sandton City **achieved a 94.5% rating for security**, which is now the highest in the world, while Eastgate achieved an equally impressive **92.5% for security**

Rental relief granted for the year equates to **R112 million**

**Employee experience**

Employees responding positively to **remote working**

**Capital and risk management**

Strong balance sheet

L2D remains well capitalised with a Group **loan to value (LTV) ratio of 20.5%** (2019: 16.1%)

**Financial outcome**

Distribution pay-out of **32.33 cents per share** after material COVID-19 impact (2019: 60.43 cents per share)

DELIVERING ON OUR SUSTAINABILITY ASPIRATIONS (NET ZERO 2030)

Remain focused on delivering on our net-zero 2030 Aspirations

Became a supporting member of the SA Plastics Pact and the first participating landlord to work towards a common vision for a circular economy for plastics

**The good we do**

Donated 50% of parking income to **OnePeople Fund's** feeding scheme

Contributed to the **Boston Snap Study** initiative

We recently completed a **1 mega watt solar** installation at Eastgate in line with our net-zero strategy resulting in the reduction of **1 000 tons of carbon** emissions annually

First Green Star rated retail portfolio in South Africa, with Sandton City receiving a **6-star Green Rating**

PROTECTING OUR STAKEHOLDERS

Since COVID-19 began impacting our business in March 2020, we have responded quickly to ensure our stakeholders are supported and the resilience of the business is maintained.



ORGANISING OUR RESPONSE

L2D took extraordinary measures in response to the wide-reaching impacts of COVID-19. We established a crisis leadership team, updated and implemented disaster recovery plans, introduced work-from-home protocols, executed business continuity measures, conducted additional Board, Audit and Risk Committee and management meetings, joined industry oversight bodies and collaborated on rental relief measures, set up a specific task team to deal with tenant negotiations, re-allocated resources to deal with liquidity, redirected the internal audit plan, implemented additional health and safety measures and generally increased awareness at all levels of the business.



READ MORE 48

OUR CUSTOMERS

Protecting our customers, tenants and visitors to our environments remains a top priority. L2D was the first mall owner in South Africa to receive international COVID-19 certification for our entire portfolio from the SAFE Asset Group. This achievement was made possible through the pursuit of various proactive safety initiatives, including:

- Opening parking booms initially, then providing touchless payment solutions
- Providing additional outdoor spaces for restaurant tenants to assist with trade in a socially distant manner
- Ensuring extensive communication campaigns
- Instituting kerb-side pick-ups and making click-and-collect facilities available



OUR PEOPLE

The health and wellbeing of our people is a top priority. All of our office-based employees were encouraged to work from home where possible and we continue to offer support and the necessary training to those who work in our assets. Employees in the physical environment employed by our property manager worked from home on a rotational basis.



READ MORE 46

OUR TENANTS

Rental relief and support have been provided to our tenants in line with our philosophy to respond with empathy in dealing with tenant impact, while balancing the need to protect the sustainability of our business in the interests of our stakeholders.

At year-end, rental relief was granted to 93.4% of our tenants, allocated on a needs-driven pragmatic basis that resulted in most of the benefit being allocated to small and medium enterprises. Total relief granted in the portfolio exceeded R300 million, of which L2D's effective share was R112 million. Despite these actions, a higher than normal business failure rate has emerged, resulting in an increase in retail vacancies across the portfolio.

L2D formed part of the Property Industry Group, which engaged retailers in a unified approach regarding the commercial assistance that could be granted to tenants during the lockdown period and other practical measures the broader property industry could provide at the time. The proposals formulated by the Property Industry Group served as non-binding guidelines and were ultimately superseded by bilateral agreements between specific tenants and landlords.

READ MORE 47



OUR COMMUNITIES

We reaffirm our commitment to position the business for the expected step change towards rebuilding for growth – not only for our business but for our broader stakeholders. During the year, we contributed R1.6 million towards initiatives that supported our communities through the crisis.

READ MORE 84



SUPPLIERS AND SERVICE PROVIDERS

We see our suppliers and service providers as a critical part of our team and have thus sought to engage with them to ensure beneficial outcomes while supporting our partners through the period. The crisis is longer and may interpret a longer-term commitment. All service providers and suppliers were paid in full and paid within 30 days of being invoiced, wherever possible.

READ MORE 84



OUR FINANCIAL POSITION

L2D has an intentionally conservative capital structure and sufficient balance sheet capacity and remains well positioned to firstly protect and stabilise our current operations and then to rebuild for growth.

READ MORE 49



OUR COVID-19 RESPONSE

In a challenging context, we have strived to put the needs of stakeholders first by prioritising efforts to safeguard their health and wellbeing, while supporting the sustainability of our business.

WHO WE ARE

We are a South African precinct-focused, retail-centred REIT. In order to create sustainable value for our stakeholders, we continuously improve the quality of our assets, introducing innovative and unique experiences that attract tenants, customers and visitors to our spaces.

To maintain and enhance the quality of our assets, we passionately pursue operational excellence and seek to stay abreast of property and leisure trends in order to cater to the ever-changing needs of customers. We care about our surrounding communities, society and minimising our impact on the environment, which we address through a number of meaningful and innovative initiatives.

Our business model is focused on achieving positive outcomes that support and drive the realisation of our vision and purpose.

SEE PAGE 24



Our purpose

TO CONTINUE TO CREATE EXPERIENTIAL SPACES TO BENEFIT GENERATIONS

Our values

PASSION
ACCOUNTABILITY
CCARE
EXCELLENCE

Our vision

TO BE THE LEADING SOUTH AFRICAN PRECINCT-FOCUSED, RETAIL-CENTRED REIT

INVESTMENT CASE

Focused investment strategy

Property is a long-term asset class. We pursue sustainable value delivered over the short and medium term that aligns to our long-term strategy. We leverage our unique competencies by investing in large precincts in and close to, high-density areas and economic nodes in South Africa. As a retail-centred REIT, we invest in other property categories within retail-focused precincts to facilitate the creation of multi-purpose destinations and unique communities that serve evolving consumer needs.

Quality iconic property portfolio

The L2D portfolio consists of iconic South African, predominantly retail-focused assets. We also own complementary office and hospitality properties within our precincts, which are anchored by blue-chip tenants. Additional assets in our portfolio, including mixed-use commercial and industrial developments and stand-alone offices, will be disposed of when the right circumstances prevail.

Strong balance sheet and financial strength

Our consistently applied prudent capital management strategy continued to protect value and create a platform to deliver sustainable operations and future growth over the medium-term.

Future-focused insight

Evolving consumer demands together with advances in technology are transforming the retail landscape at an unmatched pace. We are proactively adapting to this retail evolution and the changing role of the store, consistently challenging ourselves to meet current and future needs by implementing strategies to drive the co-existence of the online and offline (in-mall) experiences to create seamless customer journeys and experiences. The quality of our portfolio together with our future-focused strategy support our capability to take advantage of this developing market trend.

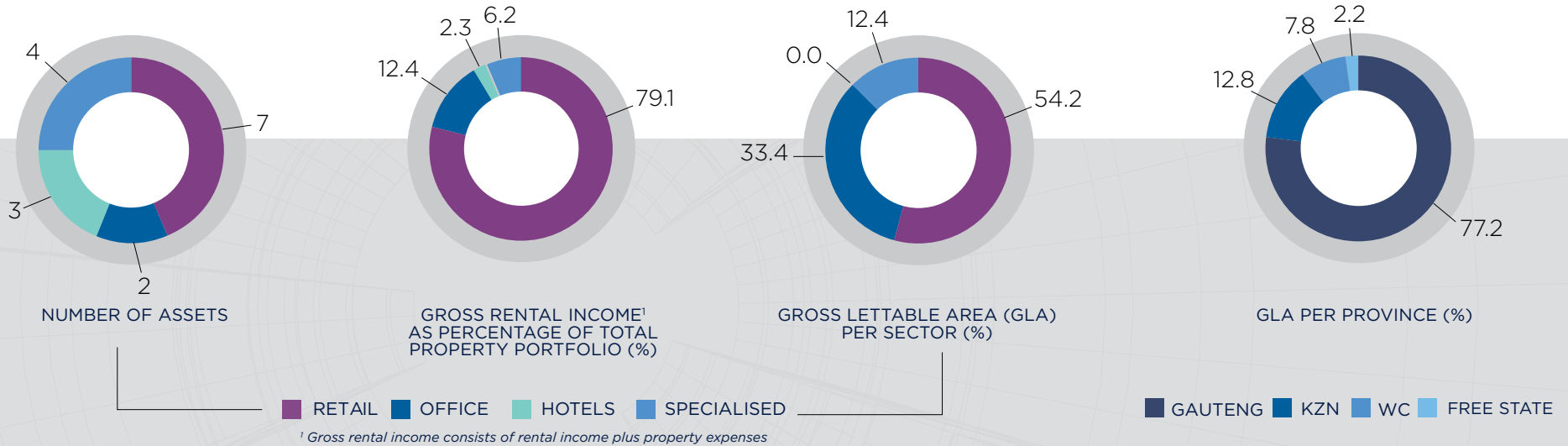
What differentiates us

Beyond the elements of our investment case, we seek to differentiate ourselves through:

- Understanding our tenants and customers and striving to meet their ever-changing needs
- Attracting tenants and customers to our centres through experiential offerings to increase shareholder value
- Ensuring our buildings and centres are exceptionally well run and maintained and remain unique and relevant to their surrounding communities
- Delivering extraordinary customer and tenant service experiences to stay at the forefront of an evolving retail environment
- Investing in passionate people to drive execution

OUR PROPERTY PORTFOLIO

L2D has a quality, iconic property portfolio of South African assets



Retail

79.1	Gross rental income as proportion of total property portfolio (%)
512 701	GLA (m ²) at 100% ownership
148 169	GLA (m ²) at L2D ownership
95.3	Occupancy (%)



Office

12.4	Gross rental income as proportion of total property portfolio (%)
316 012	GLA (m ²) at 100% ownership
55 212	GLA (m ²) at L2D ownership
87.6	Occupancy (%)



Hotels

2.3	Gross rental income as proportion of total property portfolio (%)
OVER 1 000	Rooms at 100% ownership
19.4	Occupancy (%) full capacity
46.7	Occupancy (%) open for trade



Specialised

6.2	Gross rental income as proportion of total property portfolio (%)
117 606	GLA (m ²) at 100% ownership
23 833	GLA (m ²) at L2D ownership
100	Occupancy (%)



Key highlights for total property portfolio

R8.5 billion

L2D's property portfolio value
(2019: R10.3 billion)

R7.71

net asset value per share
(2019: R9.65)227 213 m²total GLA L2D %
(2019: 234 038 m²)

93.3% (94.1%+ new lets)

portfolio occupancy
(2019: 95.3%)

84.2%

tenant retention
(2019: 84.7%)

L2D has investments in the following assets

OWNERSHIP		GLA 100% (m ²)	GLA L2D% (m ²)	PROPERTY VALUE 100%	SECTORS				PROPERTY VALUE L2D %	
GAUTENG	25%	Sandton City Complex	195 941	48 937	R12 435 100 000					R3 105 731 509
	33%	Eastgate Complex	143 344	47 735	R7 174 900 000					R2 389 291 924
	8%	Melrose Arch precinct	198 879	16 557	R5 990 000 000					R468 757 304
	25%	Sandton Specialised*	61 316	15 314	R1 335 778 279					R333 617 638
	33%	Nelson Mandela Square	38 595	12 852	R1 217 500 000					R405 436 023
	17%	Standard Bank Centre	92 789	15 450	R885 000 000					R147 355 598
KWAZULU-NATAL	33%	Liberty Midlands Mall	78 249	26 058	R2 190 800 000					R729 551 736
	33%	John Ross Eco-Junction Estate - Tangawizi	7 060	2 351	R65 000 000					R21 645 455
	23%	John Ross Eco-Junction Estate - Melomed	13 809	3 219	R540 571 429					R126 009 849
	33%	John Ross Eco-Junction Estate - development land	n/a	n/a	R90 310 000					R30 073 862
	33%	Liberty Centre Head Office and Umhlanga Ridge Office Park	22 201	7 393	R306 600 000					R102 099 946
WESTERN CAPE	33%	Liberty Promenade Shopping Centre	73 392	24 440	R1 610 000 000					R536 141 270
FREE STATE	33%	Botshabelo Mall	20 743	6 908	R280 100 000					R93 275 261

Property valuations resulted in write-downs of R1.7 billion in 2020 which represents a decrease of 16.3% of the portfolio value. The property valuations have been negatively impacted by, *inter alia*, the negative effect of COVID-19 on current year rentals and growth assumptions for the forecasted period, higher vacancies, the likelihood of negative reversions for lease renewals and the expectation that letting currently vacant space will take a longer time period.

* (Sandton Sun and InterContinental Towers, Garden Court Sandton City, Sandton Convention Centre, Virgin Active Sandton).
GLA refers to Virgin Active and Convention Centre only.

Refer to Tenant experience on 47 for more information.

OUR BOARD OF DIRECTORS



ANGUS BAND (68)

Non-executive Chairman

Appointed to previous manager Board: July 2017

Appointed to L2D Board: July 2018

Nominations Committee Chairman, Remunerations Committee, Social, Ethics and Transformation Committee



AMELIA BEATTIE (50)

Chief Executive

Appointed to previous manager Board: June 2016

Appointed to L2D Board: July 2018

Member of the Social, Ethics and Transformation Committee



JOSÉ SNYDERS (42)

Financial Director

Appointed to previous manager Board: March 2017

Appointed to L2D Board: July 2018



WOLF CESMAN (79)

Lead Independent Director

Appointed to previous manager Board: June 2016

Appointed to L2D Board: July 2018

Remuneration Committee (Chairman), Nominations Committee, Audit and Risk Committee, Social, Ethics and Transformation Committee



LYNETTE NTULI (38)

Independent non-executive director

Appointed to previous manager Board: July 2017

Appointed to L2D Board: July 2018

Social, Ethics and Transformation Committee (Chairman), Remunerations and Nominations Committee

Our leadership comprises individuals who possess the skills and experience to help fulfil our vision and purpose and achieve our strategic objectives to deliver sustainable value for our stakeholders. We have a unitary Board structure consisting of nine directors as at the end of 2020. The directors are drawn from diverse backgrounds and bring a wide range of experience, insight and professional skills to the Board.

SKILLS AND EXPERIENCE

	2020	2019		2020	2019
Leadership	9/9	7/7	Risk and opportunity	7/9	6/7
Property	7/9	5/7	Strategic planning	9/9	7/7
IT innovation and governance	7/9	5/7	Climate change and sustainability	7/9	4/7
Compliance and governance	8/9	7/7	Human capital	9/9	7/7
Accounting and auditing	7/9	5/7	Remuneration	7/9	5/7
Finance, funding and capital markets	7/9	5/7			

Craig Ewin is not included in the stats above as he was appointed post 31 December 2020.



BARBARA MAKHUBEDU (46)

Independent non-executive director

Appointed to L2D Board: October 2020

Audit and Risk Committee, Related Party Committee



DR PULENG MAKHOALIBE (41)

Independent non-executive director

Appointed to L2D Board: October 2020

Social, Ethics and Transformation Committee



PETER NELSON (66)

Independent non-executive director

Appointed to L2D Board: May 2020

Audit and Risk Committee (Chairman), Related Party Committee (Chairman), Remunerations and Nominations Committee



DAVID MUNRO (50)

Non-executive director

Appointed to L2D Board: July 2019



CRAIG EWIN (60)¹

Non-executive director

Appointed to Board: January 2021

Appointed to the Audit and Risk Committee: 19 February 2021



INDEPENDENCE (%)

	2020	2019
Independent non-executive directors	5	3
Non-executive directors	2	2
Executive directors	2	2



COMPOSITION (%)

	2020	2019
Non-executive	22	28
Executive	22	29
Independent non-executive	56	43



GENDER DIVERSITY (%)

	2020	2019
Female	44	43
Male	56	57



RACIAL DIVERSITY (%)

	2020	2019
Black	44	43
White	56	57



AGE DIVERSITY (%)

	2020	2019
<60	67	71
>60	33	29

¹ Craig Ewin is not included in the stats above as he was appointed post 31 December 2020.

OUR GOVERNANCE PRINCIPLES AND PRACTICES

CREATING AND PRESERVING VALUE

Within the company's ethical environment, effective corporate governance creates and preserves value for all stakeholders. L2D's governance structures and processes create value for all its stakeholders by:

- Enhancing the company's understanding of risks
- Balancing opportunities for return with the cost of risk
- Allocating capital and resources to activities that create value
- Allocating responsibility and being accountable
- Building legitimacy through ethical leadership
- Protecting the L2D brand through responsible behaviour
- Adopting an inclusive approach to business

COMMITMENT TO GOOD GOVERNANCE AND THE PRINCIPLES OF KING IV™

At the heart of any successful business is the practice of good corporate governance. While it is essential for the company to achieve its objectives and drive improvement, it is also crucial to maintain a sound legal and ethical standing in the eyes of shareholders, regulators and the wider community. The Board is L2D's corporate governance custodian, leading the company in embedding an ethical culture, building a positive reputation and ensuring effective control, solid performance and legitimacy.

L2D is committed to the principles of King IV™ and the Board is ultimately responsible for ensuring the integrated and holistic implementation of these principles. The Board is satisfied with its level of compliance with the King IV™ governance principles. The Board is also satisfied that the company complies with all the corporate governance requirements applicable to listed entities as set out in paragraph 3.84 of the JSE Listings Requirements.

In the best interests of L2D and its stakeholders, the company is determined to continually improve the Board's application of all the King Code of Governance Principles.

A King IV™ application register, which sets out how L2D has applied the principles of King IV™, is available on the company's website.

The full governance report is available in the ESG report.



Maintaining an ethical culture



Delivering good performance



Ensuring effective control



Maintaining legitimacy



Our initial response to COVID-19 was focused on the safety, security and wellbeing of our customers, tenants, service providers, people and stakeholders as the top priority.

As part of the response to COVID-19 and the changing retail environment, L2D focused on preparing for a new reality post-crisis and launched the #CreateTomorrow marketing campaign to establish loyalty and trust with our customers and redefine our retail spaces.

As a result of COVID-19, L2D was faced with unprecedented challenges to its business model and financial viability in 2020. In order to preserve value in this volatile context, L2D chose to focus its attention on enabling:

- **Agility** in response
- A focus on a **back-to-basics approach**
- **Community**

For a more detailed discussion, please see the joint leadership review on [page 30](#) or Board focus areas discussed in our ESG report.



Maintaining an ethical culture

L2D's leadership is fully committed to the application of and compliance with, the highest ethical standards. The Board firmly believes in leading by example and ensuring that the tone is set at the most senior level of the organisation. The code of ethics is strictly adhered to in the development and implementation of all business and growth strategies.

To support the establishment of an ethical culture at L2D, the following initiatives, programmes and policies were implemented during the year:

Ethics office

The ethics office comprises the Chief Executive, who is the ethics champion and the Chief Risk and Compliance Officer. During the year under review, the ethics office met four times to discuss ethics in the workplace and there were no material concerns raised.

In 2020, all employees attended anti-money-laundering, anti-bribery-and-corruption and fraud-awareness online training.

Whistleblowing

Vuvuzela Hotline is the independent fraud and ethics hotline service provider to L2D and the Liberty Group. Directors, employees, suppliers and other parties are able to report, without fear of reprisal or victimisation, any instances of fraud, corruption, misconduct, illegal activities, or unethical behaviour.

The company's property manager, JHIR, provides incident reports regarding L2D and its portfolio, which are then tabled for discussion at the Finance and Risk Oversight Committee and reported on at the Executive Management Committee (Manco). Any matters of a serious nature that may arise are then escalated to the Audit and Risk Committee for investigation and action as required.

There were three incidents reported to L2D by JHIR in respect of the portfolio. At the time of reporting, only one incident was still open and under investigation. None of the reported incidents were significant. Beyond the matters pertaining the portfolio as reported by JHIR, there were no incidents reported involving L2D staff for the year.

Conflicts of interest

It is required of members of the Board to timeously disclose any interests that conflict or could potentially conflict with those of the company. During the year under review, there was one disclosure of interest by a director relating to a mandate for a potential related-party property transaction. The transaction will be tabled at the Related Party Committee for approval, should an acceptable offer be received.

The company's employees are required to make the appropriate disclosure of potential conflicts of interests in terms of the general conflicts of interest policy at least twice a year. Gifts received by employees must be disclosed in terms of the gift policy and recorded in a gift register. There was a marked drop in gifts received in 2020 and none were above R1 000 in value.

Dealing in securities

An information-and-share-dealing policy governs the way in which employees, directors, insiders and other affected persons deal in L2D securities or disseminate price-sensitive information. Directors' dealings are disclosed in accordance with the JSE Listings Requirements. Directors' interests in shares are disclosed in the remuneration report on [page 114](#).



OUR GOVERNANCE PRINCIPLES AND PRACTICES CONTINUED



Delivering good performance

Strategy

During the year the Board and management spent considerable time evaluating and implementing initiatives to enable our tenants to begin trading post periods of restricted trade. Manco considered the strategy refresh and presented it to the Board in November. The strategy review involved a revisit of L2D's vision, purpose and the values, and concluded that the Group reaffirms its vision, purpose and values as unpacked on [page 42](#). In addition to the vision, purpose and values, specific aspirations were expressed. These aspirations led to greater clarity on "where we play" or where we want to operate in the environment. Obtaining this clarity finally led the Board to reaffirm the strategic pillars of our business see [page 45](#).

Driving innovation

Our building blocks – Smart Spaces, Good Spaces, Interactive Spaces and Safe Spaces – support the strategic pillar of keeping our assets relevant for the future. The Board was provided with regular updates on initiatives surrounding the various building blocks.

A decision was taken to combine certain building blocks, namely On Demand, Inclusive and Immersive Spaces, under one umbrella called Interactive Spaces to create a deeper focus on the experiential offerings throughout the business and drive innovation.

L2D aspires to be the most sought-after REIT for all our stakeholders while delivering results through execution excellence. L2D's current asset's will be maximised, influencing and leveraging the value in the surrounding precincts.





Ensuring effective control

The Board is tasked with directing, managing and controlling L2D's activities. The Board must execute these roles while maintaining transparency, accountability, fairness and acknowledging its responsibility in all decisions made.

Guiding the Board is a charter that sets out the rules for its composition, the frequency of its meetings, as well as the roles and responsibilities of the directors and the Board as a whole. The Board reviews its charter annually. An annual work plan has been established to ensure that meeting agendas cover all the Board's duties and responsibilities. Similarly, each sub committee has an approved mandate.

Governance structures and delegation

While enabling the Board to retain effective control, the company's governance structures provide for delegation of authority to a number of committees.

The Board has appointed several committees to support it in maintaining oversight of all of L2D's activities, namely the Audit and Risk Committee, the Social, Ethics and Transformation Committee and the Remuneration and Nominations Committee, as well as the Related Party Committee. The ultimate responsibility still rests with the Board, to whom all committees report.

The Manco comprises the Chief Executive, Financial Director, Chief Operations Officer, Human Capital Executive, Marketing and Communications Executive, Chief Information Officer and Head of Analysis. The Manco is assisted by two internal sub-committees, namely the Finance and Risk Oversight Committee and the Business Operations Oversight Committee, whose members comprise other executives and senior subject-matter employees.

Board composition

The nature of the Board ensures that it can add value in its decision-making to all stakeholders of L2D. The Board is an efficient team of ten members (nine at year-end) consisting of two non-executive directors, six independent non-executive directors (deemed independent in terms of the requirements set out in King IV™) and two executive directors (the Chief Executive and the Financial Director). The members have the necessary qualifications, knowledge and experience. There is a clear balance of power and authority at Board level to ensure that no one director has unfettered powers of decision-making. Two additional independent non-executive directors were appointed in the reporting period and a third with effect from 1 January 2021.

Performance evaluations

The company conducts an annual assessment of the effectiveness of the Board to ensure the continued improvement of the quality of the Board and its committees. Formal external evaluations are performed every two years and self-evaluations in the years between.

The Board appreciates that a performance evaluation is a mechanism for encouraging continuous performance improvement at board level, which is effective for developing teamwork and encouraging trust between board members.

A formal questionnaire-based evaluation was conducted in December 2020 in accordance with best practices set in the King IV™ Code of Corporate Governance. The report, prepared by a consultant, was considered by the Nominations Committee and the Board in February 2021. The performance of the Board was rated as above average and there were no scores of below average or poor. A performance evaluation of the



OUR GOVERNANCE PRINCIPLES AND PRACTICES CONTINUED



Ensuring effective control continued

Performance evaluations continued

Chairman was also conducted by the Board, excluding the chairman, and his performance was rated as above average.

The Board will discuss the report's recommendations in detail at its May 2021 meeting.

Information and technology governance

L2D appreciates that technology and information can create and unlock value in the business. The Board is responsible for IT governance and discharges this function through the Audit and Risk Committee.

Although the IT function has been outsourced, the company understands the importance of IT governance within the control environment of L2D. The service providers are STANLIB and Liberty IT, which have provided letters of assurance confirming that their IT environments have been aligned with good industry practice as presented in the Cobit 5 Governance Framework and IT Infrastructure Library (ITIL) guidelines. These good practices are further supported by relevant industry standards such as ISO 27002 (Security) and ISO 38500 (IT Governance).

As recommended by suppliers and vendors, the necessary technical standards and guidelines are applied at a technology level. Furthermore, we have outsourced our property management services to JHIR who use technology to manage some of the processes on which we are dependent for decision-making.

The combined risk assessment includes IT risks within the control environment of L2D. The company recognises the importance of assessing the IT risks of its main property manager, JHIR and the Audit and Risk Committee monitors these risks on a regular basis.

In executing our Smart Spaces building block, we envisage a significant increase in the technology deployed within our business and, by extension, its influence in how we run our business and how we implement our digital strategy. Patrick Masithela was appointed as our Chief Information Officer during the 2020 year and has made good progress in driving the Smart Spaces initiatives.

An Information and Technology Oversight Committee was established in November 2020 as a sub-committee of the Manco. This committee will be responsible for IT governance and the roll out of technology envisaged in the Smart Spaces programme. The Information and Technology Oversight Committee will have two lines of reporting, namely to the Audit and Risk Committee and the Manco.

Due to the heightened risk associated with working from home, all employees underwent cybersecurity training.



Maintaining legitimacy

L2D's legitimacy resides in the quality of its assets, with a strong heritage and a track record of being property pioneers, particularly in the retail sector. This is evidenced by the company's ability to remain relevant to its customers and being known as a sector benchmark in innovative property asset management capabilities.

L2D is part of the Liberty and Standard Bank Groups, both of which are credible and trusted brands and leaders in their respective markets.

Balancing the best interests of the company with the interests and expectations of our stakeholders is paramount to the Board. For more information on the initiatives carried out with regard to L2D's broader societal responsibilities, please see [84](#).



EASTGATE

ONE OF SOUTH AFRICA'S
LARGEST AND BEST-LOVED
SHOPPING CENTRES

GLA 100%

143 344 m²

Property value 100%

R7.2 billion



BUSINESS MODEL

The main source of revenue for L2D is rental income received from its property portfolio. This income, combined with other non rental income, is distributed to shareholders after the deduction of operating costs, interest paid and corporate costs. Income is typically distributed to the shareholders biannually.

We earn the trust of our stakeholders by consistently delivering operational excellence in a portfolio of premium quality assets, which in turn drives sustainable returns for our investors. We pride ourselves on first gaining an understanding of our investors, tenants and customers and then striving to meet their ever-changing needs. We measure the effectiveness of our business model by tracking the impact on the capital deployed (our outcomes), as well as our progress against our strategic value drivers, which are discussed on 45 to 51. These form the basis of our approach to doing business and help to determine how we connect with our stakeholders. Our approach to property investment is focused on achieving long-term sustainable total returns. As property investments follow a longer business cycle, L2D's shareholders should stand to benefit from a stable and predictable income stream. As defined in King IV™, the six capitals help to illustrate our business model in terms of our inputs, business activities, outputs and outcomes, as depicted in the table alongside.

OUR INPUTS



Financial capital

We invest the capital received from our shareholders to deliver capital appreciation on their investment, as well as income in the form of distributions. We also obtain financial capital from banks, which we return to them in the form of interest and loan payments.



Manufactured capital

Our manufactured capital is our property portfolio, which we use to generate cash flow from rental and property-related income that translate into capital appreciation.



Human capital

The knowledge, skill, attitude and innovation of our employees enables us to achieve our purpose and vision.



Social and relationship capital

Our constructive relationships with our stakeholders enable us to remain close to their needs and ensure our business's continued relevance in meeting these needs.



Intellectual capital

Our organisational, knowledge-based intangible assets and ethos are critical to our ability to sustain and grow the business.



Natural capital

We rely heavily on natural capital in the process of constructing, operating, occupying and redeveloping our buildings.



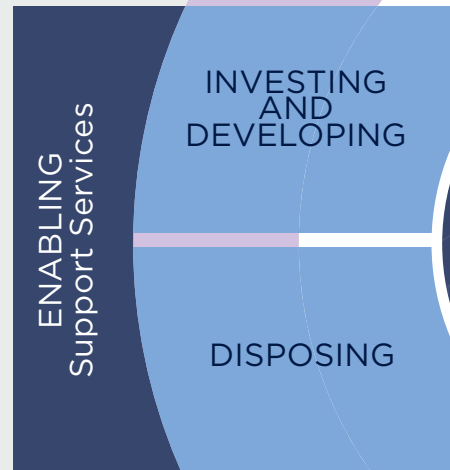
OUR ACTIVITIES



direct activities

Investing and developing, enhancing, managing and disposing

At L2D, we understand how important it is to continuously enhance the quality and value proposition of our properties. Our business model is therefore centred on ensuring that our properties are exceptionally well run and are unique and relevant to their surrounding communities. This focus attracts tenants and customers to our centres and increases shareholder value, which is an imperative for L2D's ongoing success. When buildings no longer meet our core investment criteria and strategy, these are disposed of to enable capital reinvestment.





OUR OUTPUTS

outsourced activities

Support services

We have entered into a corporate services agreement with Liberty for the provision of support services such as IT, payroll administration, tax advice and internal audit services.

 OUTSOURCED ADMINISTRATIVE
 Property Management


Property management

We have outsourced the property management function for all properties owned by L2D (other than Melrose Arch) to JHIR. Melrose Arch is managed by Amdec. L2D appreciates the importance of the relationships with its service providers and has entered into service level agreements with the property managers to assist in administrative matters, including rental collection.



OUR PRODUCT

A leading South African, precinct-focused, retail-centred property portfolio offering a GLA of

946 318 m²

(2019: 967 866 m²)

EMISSIONS

Total greenhouse gas (GHG) emissions reduced by

40 641 tonnes

OUR CAPITAL OUTCOMES AND STRATEGIC PERFORMANCE



L2D
DIRECT ACTIVITIES



ENHANCING



MANAGING

CREATING EXPERIENTIAL SPACES TO BENEFIT GENERATIONS

L2D
OVERSEAS



CAPITAL REINVESTMENT

SOURCES OF CAPITAL

INPUTS	OUTCOMES	OPPORTUNITIES TO ENHANCE OUTCOMES	OUR KEY TRADE-OFFS
<p>Our inputs refer to the resources we rely on to create value through our business activities (described on page 24).</p> <div data-bbox="161 528 237 603"></div> <p>FINANCIAL CAPITAL</p> <ul style="list-style-type: none"> • R6.9 billion in equity from institutional and non-institutional investors (2019: R8.7 billion) • R1.7 billion in debt financing (2019: R1.7 billion) 	<p>Our outcomes result from our business activities, which inevitably have both positive and negative consequences on the six capitals.</p> <ul style="list-style-type: none"> ↑ Refinanced no debt (2019: R505 million) ↓ Paid R152 million in interest (2019: R146.9 million) ↓ Distributed R282.7 million in dividends (2019: R381.5 million) ↑ Recycled R170 million in capital through the sale of the Century City offices (applied toward our revolving credit facilities) (2019: none) <p>See the Financial Director's review from page 52 for more information.</p>	<p>We therefore seek ways to enhance our positive outcomes while minimising our negative impact on our business, stakeholders and the environment.</p> <ul style="list-style-type: none"> • Manage gearing risk and interest rate exposure through hedging policy, acceptable gearing levels and maturity profile • Explore alternative forms of debt funding • Recycle non-core assets <p>Links to strategy: </p>	<p>The listed property sector has historically focused on distribution growth as a measure of success. Following the pandemic, many REITs are grappling with solvency and liquidity and taking steps to preserve and strengthen their balance sheets — creating deserved caution in the market.</p> <p>The strength of our balance sheet has been one of our biggest assets in 2020, enabling us to support our tenants during this time where the pandemic has had adverse effects on tenant profitability and operations. While our rental relief and assistance packages had a negative impact on our financial capital and therefore negatively impacted our distribution, support provided to our tenants during this difficult time contributed to safeguarding the sustainability of our business by keeping the mall vacancies low. Despite challenges presented, we were able to pay-out a distribution of 32.33 cents per share (2019: 60.43 cents per share).</p>
<div data-bbox="161 999 237 1074"></div> <p>SOCIAL AND RELATIONSHIP CAPITAL</p> <ul style="list-style-type: none"> • Stakeholder engagement • Contribution to community development • Commitment to positive transformation • New tenants 	<ul style="list-style-type: none"> → Good stakeholder relationships ↑ Continuous and sustainable community development projects ↑ Improved transformation and B-BBEE rating, employment equity and gender diversity <p>See stakeholder management discussion from page 38 for more information.</p>	<ul style="list-style-type: none"> • Improve B-BBEE score • Enterprise development • Greater collaboration with surrounding building owners as part of precinct management strategy <p>Links to strategy: </p>	

INPUTS	OUTCOMES	OPPORTUNITIES TO ENHANCE OUTCOMES	OUR KEY TRADE-OFFS
<p>Our inputs refer to the resources we rely on to create value through our business activities (described on page 24)</p> <div data-bbox="161 518 232 592"></div> <p>HUMAN CAPITAL</p> <ul style="list-style-type: none"> • 34 permanent employees and six fixed-term employees constitute our agile team of passionate and skilled property and finance specialists (2019: 32 permanent employees and five fixed-term employees) • R999 529 spent on learning and development (2019: R2.2 million) • 40 employees benefited from training programmes including learnerships • Fair and competitive remuneration • Ethical employee conduct • Safety and security 	<p>Our outcomes result from our business activities, which inevitably have both positive and negative consequences on the six capitals.</p> <ul style="list-style-type: none"> ↓ Staff turnover of 3% (2019: 0%) → All critical employee vacancies have been filled → Four learnership participants (2019: 4) ↑ Inclusive culture where people feel supported and empowered to develop and enhance their experience <p>See our people and communities sections from pages 82 and 84 for more information.</p>	<p>We therefore seek ways to enhance our positive outcomes while minimising our negative impact on our business, stakeholders and the environment.</p> <ul style="list-style-type: none"> • Participation by all employees in long-term incentive plan • Continued focus on transformation agenda • People development and succession planning • Greater security analytics and use of advanced technology <p>Links to strategy: </p>	<p>Digitisation and remote ways of working have provided significant benefits to our business – delivering enhanced productivity and supporting better work-life balance.</p> <p>As a team, relationships are key to collaboration and creativity. Implementing and experimenting with a hybrid approach to remote/office work in our new office premises in the year to come will leverage the benefits of structured and unstructured collaboration without losing the insights and benefits gained from remote working. L2D will move to the Nelson Mandela Square offices in April 2021, which will further reduce the vacancy and bolster confidence in the space available for letting – the new L2D office will be an example of how to integrate new ways of working in a precinct environment.</p>
<div data-bbox="161 1094 232 1168"></div> <p>MANUFACTURED CAPITAL</p> <ul style="list-style-type: none"> • Investment in high-quality properties • Identification of new opportunities that are, or have the ability to become, iconic leisure and lifestyle destinations • Sustained value growth • R81 million in development and refurbishment of properties already owned 	<ul style="list-style-type: none"> ↓ Total investment property value of R8.5 billion (2019: R10.1 billion) ↑ Total maintenance expenditure for the year of R96 million (2019: R92.2 million) ↑ R7.8 million investment in solar photovoltaic (PV) projects (2019: R4.1 million) <p>See our property portfolio section from page 66 for more information.</p>	<ul style="list-style-type: none"> • Low LTV ratio provides capacity for future acquisitions and developments • Identify innovative non-GLA opportunities • Focus on growth in rental renewals • Lower vacancies <p>Links to strategy: </p>	<p>The quality of our assets remains paramount and one of the key considerations in managing our operational risks is futureproofing our assets to ensure growth over all time horizons. While, as a business, our short-term focus has been on providing immediate support to our tenants and on carefully managing costs, growth in the medium term requires large capital commitments to execute asset masterplans (intellectual capital) and introduce new elements in answer to the changing use of real estate.</p>

SOURCES OF CAPITAL

INPUTS	OUTCOMES	OPPORTUNITIES TO ENHANCE OUTCOMES	OUR KEY TRADE-OFFS
<p>Our inputs refer to the resources we rely on to create value through our business activities (described on page 24)</p>  <p>INTELLECTUAL CAPITAL</p> <ul style="list-style-type: none"> • Future-focused strategy • Property management by JHIR • Organisational culture and values • Expert sustainability consultants 	<p>Our outcomes result from our business activities, which inevitably have both positive and negative consequences on the six capitals.</p> <ul style="list-style-type: none"> ➔ Ability to attract local and international tenants ⬆ Escalations and rate per m² higher than average market rates ⬆ Improved tenant mix ⬇ Increase in the Expected Credit Loss (ECL) provision ⬇ Increased vacancy rates ⬆ Motivated and committed team <p>See our people section from page 82 for more information.</p>	<p>We therefore seek ways to enhance our positive outcomes while minimising our negative impact on our business, stakeholders and the environment.</p> <ul style="list-style-type: none"> • Strengthen L2D brand awareness • Strive to futureproof our assets • Alignment of team and shareholders • Improve operational efficiency • Attract new international and national brands • Focus on developing solutions that enhance the experiences of our customers and tenants <p>Links to strategy: </p>	<p>Looking ahead, these investments will be carefully and continuously assessed within our dynamic operating context.</p> <p>Despite this focus on near-term capital management during 2020, we were able to continue to advance sustainability initiatives within our portfolio, which, in some instances, will help offset large municipal cost increases by saving water and electricity, and in all instances, contribute to futureproofing our assets while enhancing value.</p>
 <p>NATURAL CAPITAL</p> <ul style="list-style-type: none"> • R33 million invested in achieving Net-Zero targets • Monitoring of all consumption and relevant environmental factors • Implementation of sustainability statements of intent and policies • Increased spending on more efficient and environmentally friendly infrastructure 	<ul style="list-style-type: none"> ➔ Effective framework to continually improve environmental impacts ⬆ Sustainable and long-term cost savings ⬆ A reduced carbon footprint ⬆ Reduced water and electricity consumption ⬆ Reduced carbon emissions ⬆ Tangible steps towards Net-zero targets ⬆ Green Star ratings for all buildings under management control <p>See our environmental section from page 86 for more information.</p>	<ul style="list-style-type: none"> • Pursue further renewable sources of energy • Further reduce energy and water usage – smart metering systems have been rolled out across the portfolio to assist in establishing accurate baselines and through real-time metering we are able to detect leaks and minimise the potential of potable water wastage • Set annual targets for reduction of carbon emissions • Net-zero waste planning will be finalised once we have completed a tender process for a national portfolio service provider. Net-zero water and energy strategies are still being developed and will be finalised once waste is concluded <p>Links to strategy: </p>	



OUR STRATEGIC BUSINESS CONTEXT

- 30 Joint leadership review
- 34 Operating context
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- 42 Delivering purpose through strategy

JOINT LEADERSHIP REVIEW



Angus Band
CHAIRMAN

The scale of disruption and the broad-based impact of the COVID-19 pandemic has been unprecedented.

2020 will go down in history as a year not soon to be forgotten, not only for the devastation the virus has caused across the globe but for how it accelerated change - to the way we think, work and engage. We sought to mobilise our collective efforts to inform and educate, convey direction and meaning, all the while learning to work with imperfect information to address both everyday challenges and determine strategic direction going forward.

During this time, we focused on supporting the business and its stakeholders through adaptive planning, facilitating creative responses and, most critically, fostering shared empathy as we faced the crisis and its various impacts. Through it all, L2D maintained its vision, ensuring the business was poised to rebuild for growth both in and beyond the crisis.

REBUILDING FOR GROWTH

This unprecedented time afforded L2D the opportunity to reassess elements of its business model and strategy within an evolving context. Although we analysed the impact, prevailing market conditions, and various forward-looking trends, it was clear that our vision, purpose, and values remained relevant as the heart of our business. Furthermore, we believe that our strategic pillars (see [page 42](#)) and how we measure our progress — our strategic value drivers (see [page 45](#)) - have only increased in relevance within the COVID-19 context.

The review process did, however, highlight that the pace of change envisioned in our strategy needed to be rapidly accelerated while supporting daily adaptive measures necessitated by the pandemic.

Necessarily, our initial response to COVID-19 was focused on the safety, security and wellbeing of our customers, tenants, service providers and our people as our top priority. Our objective was to bring customers back into our environments as quickly and safely as possible. L2D also began preparing for a different reality post-crisis and launched the #CreateTomorrow marketing campaign to establish loyalty and trust with our shoppers and redefine our retail spaces.

Recognising the staying power of the change we were experiencing, towards the end of 2020, we communicated our new ABC of Rebuilding for Growth. This intense asset management drive and operational strategy has become the framework we use to lead the business through this time.

ABC of Rebuilding for Growth

AGILITY	BACK-TO-BASICS	COMMUNITIES
<ul style="list-style-type: none"> To think, understand and respond quickly New ways of working Drive efficiencies Intense asset management drive 	<ul style="list-style-type: none"> Leasing and tenant mix Sustainable rental base Safe and secure environments Continuous maintenance of assets Tenant partnership approach will continue 	<ul style="list-style-type: none"> Precinct focus Smart Spaces digital strategy Strategic building blocks drive differentiation Masterplan rollout critical to future growth

Underpinned by our financial focus

Balance sheet focus

Strict control of our cost base

Responding with agility

The impact of the COVID-19 pandemic on our customers, tenants, people and performance necessitated a dynamic response and resulted in new ways of working and thinking. We continued to act with empathy, anticipating and proactively responding to our customers' and tenants' changing needs while protecting the sustainability of our business.

In line with this, rental relief and support were provided on an agile, pragmatic basis and aligned with the Property Industry Group guidelines. Rental relief was structured with weightings in favour of the level of impact on our tenants' ability to trade and reassessed throughout the year as events unfolded. Rental relief agreements, and the negotiations that enabled them, were critical to our tenants' ongoing sustainability and therefore the sustainability of our business. The complexity of these negotiations should not be underestimated given the constantly evolving economic, social and regulatory landscape within which they took place.

Our balance sheet remained one of our most valuable assets during the year – enabling L2D's ability to support our tenants through this volatile time. With an LTV of 20.5%, our conservative gearing provides a buffer against the effects of the current economic climate. The total available revolving credit facilities of R509 million remain unutilised. Operationally, we enhanced our focus on cost control, recognising that the pandemic's impacts would not be short-lived.

The details of the financial impact of COVID-19 and relief measures are discussed further in the Financial Director's review on [52](#).

The life of L2D co-habiting with STANLIB at Melrose Arch came to an end in September with the restructuring of STANLIB's lease. This presented an exciting opportunity for L2D to move into one of its assets, Nelson Mandela Square, with a focus on supporting new ways of working that will drive performance and the achievement of our objectives in 2021 and beyond. Conversations regarding what has been lost through remote working and capitalising on several of the work practices that have emerged in the work-from-home space have enabled us to gain a clearer picture of the model we wish to create. Key to this endeavour was our #FutureWork survey. Using the initial responses from this engagement, we planned a phased approach to entrenching new ways of working that support our people. Moreover, additional surveys have been conducted in anticipation of moving from a remote-work model to a hybrid approach of in-office and remote working to support the development of guidelines that enable success.

During this time, our people's overall mood and wellbeing have been closely monitored. Our wellness initiatives were enhanced and incorporated our employees' emotional, physical and financial wellbeing as they faced new challenges brought on by the pandemic. We also facilitated several group coaching sessions to assist employees within the pandemic work-from-home context, creating a safe space for employees to share and support one another. To promote better engagement in a remote working environment, we also experimented with various engagement platforms and methodologies, encouraging employee connection and collaboration through diverse channels.

Taking a back-to-basics approach

While the current conditions present many threats, our portfolio remains underpinned by sound property fundamentals. Our focus, as always, has been on letting the space to quality tenants, collecting rentals (while supporting sustainability through rental relief packages), keeping the environment safe and secure, maintaining our properties to retain the quality fabric and driving efficiencies to reduce costs and minimise our negative impacts on available natural capital.



Amelia Beattie
CHIEF EXECUTIVE

JOINT LEADERSHIP REVIEW CONTINUED

We continue to look for innovative approaches to using and enhancing our spaces through our experiential offerings. However, the core business remains the key indicator of recovery through tracking footcount, vacancies, collections, turnover growth and occupational health and safety. During the year, we sought to manage the trade-off between keeping tenants to support sustainability and the impact on L2D'S short- to medium-term financial performance. Consequently, a short-term relief package was provided to tenants amounting to R112 million. Collections began to improve towards the end of the year as more rental relief negotiations were concluded and the lockdown regulations eased. Pleasingly, collections based on contractual monthly billings and before rental relief improved from 38% in April to 120% in December due to the finalisation of rental relief agreements as tenants were then prepared to settle the arrears relating to invoices that were not paid in full while rental relief was being negotiated.

L2D's reported revenue and net property income (NPI) decreased by 12.1% and 45.6%, respectively, compared to the prior year. The NPI of R377.2 million for the year (2019: R693.6 million) was significantly impacted by COVID-19 related rental relief provided to tenants, as well as by the impact of the hotels and convention centre operations being suspended for a large part of the year, lower parking revenue and additional provisioning for an increase in tenant arrears, in addition to the expected non-

recovery of certain debtor balances, most notably related to Edcon. Leases covering 125 276 m² (stated at 100% of asset GLA) (2019: 149 101 m²) were renewed during the year at an overall reversion rate of -30.6% (2019: -11.8%). The overall reversion rate was heavily impacted by reversions at the super-regional shopping centres and Nelson Mandela Square. The focus going forward will be on creating a sustainable rental base that we can grow from as the economy stabilises.

The portfolio saw a steady improvement in turnover as the lockdown levels eased, allowing retailers to resume trading and drawing customers back to our retail offerings.

OCCUPANCY	TURNOVER RECOVERY	COLLECTIONS	FOOTCOUNT RECOVERY
93.3% (2019: 95.3%)	78% of 2019	82% (2019: 93.8%)	70% of 2019

The Board has approved a full year distribution of 32.33 cents per share (2019: 60.43 cents per share) despite the material impact of the COVID-19 lockdown on revenue, in particular amongst our hospitality tenants, and rental relief and additional provisioning for expected credit losses.

Community

Our precinct focused strategy and strategic building block execution, coupled with the masterplan rollouts, are vital to creating the new communities of merged environments that are different from the way they were yesterday. Our focus is on building these new micro-communities rather than simply managing retail, office, hotels and hospitals.

In executing our Smart Spaces building block, we envisage a significant increase in the technology deployed within our portfolio and, by extension, its influence on how we run our business and implement our digital strategy, which is informed by the business strategy. Our digital strategy seeks to enable the targeted business outcomes of enhanced tenant, customer and employee experiences when engaging with L2D.

In this way, we will drive initiatives and deploy technologies that futureproof the organisation and position L2D to innovatively meet our tenants' and customers' ever-evolving needs while firmly positioning employees to effectively play their roles.

We are focused on significantly enhancing our data capabilities, which we recognise to be central to our ability to deliver on our digital aspirations. To support these ambitions, Patrick Masithela was appointed as our Chief Information Officer during the year. He is responsible for providing strategic and operational leadership to the Information Technology and Digital Transformation initiatives. These will primarily focus on how L2D continues to transform its retail environments to remain at the forefront of the changing

retail landscape (for more information on our digital strategy, please see [80](#)).

We remain committed to driving our sustainability targets of Net-zero Waste by 2021, Net-zero Water by 2025 and Net-zero Energy/Carbon by 2030.

While there has been significant progress in many of the components that support this ambition, COVID-19 had a negative impact on our ability to be net-zero waste ready by the end of 2020. We have, therefore, recalibrated our timelines to ensure we are fully prepared in 2021 (see [86](#) for more detail).

At the beginning of 2020, we committed to having all our malls Green Star rated by the Green Building Council of South Africa. Despite the challenges presented in the current operating environment, we are proud that we have indeed achieved this industry-first milestone in South Africa of having our entire retail portfolio certified. The iconic Sandton City Precinct earned a world-leading 6-star rating – the first for retail on the African continent.

We installed a solar plant at Eastgate that will generate 1.85 million kWh, resulting in a reduction of 16 000 tonnes of carbon emissions annually. We are also pleased to have released our first ESG report this year.

To create a deeper focus on the experiential offerings in our business, we have combined our On Demand, Inclusive and Immersive Spaces building blocks under one umbrella, called Interactive Spaces. Interactive Spaces is an opportunity for an interchange of ideas and experiences.

The emphasis is on interaction, fast-paced excitement, experience and stimulus. Interactive Spaces will incorporate the work that was previously done in the individual building blocks and ensure integration from a customer experience perspective.

The malls in the L2D portfolio were recently awarded 32 Footprint Marketing Awards by the South African Council of Shopping Centres. Five gold awards out of 15 went to Sandton City. A further eight silver and 19 bronze awards were awarded across the portfolio (please see [81](#) for more detail). SportsScene in Sandton won the top Spectrum Award for best store design – a testament to how we support our tenants in delivering a compelling customer experience.

Safe Spaces underpins all our activities, especially in our current context. Our main priority for 2020 was to ensure that our environments adhered to the highest standards of hygiene, care and security. We were awarded COVID-19 compliant ratings for all our malls by the SAFE Asset Group. In addition, Sandton City, Nelson Mandela Square and Eastgate received gold excellence status for overall operational performance. Notably, Sandton City achieved a 94.5% rating for security, which is now the highest globally. Eastgate achieved an equally impressive 92.5% for security. The remainder of the portfolio will be assessed in 2021.

PURSUING BEST PRACTICE GOVERNANCE

Ensuring ethical leadership and sound governance remain top priorities for the Board. L2D continues to comply with the principles and practices of King IV™ in pursuit of the four governance outcomes (see [18](#) for more detail). The Board is committed to maintaining the appropriate composition in respect of knowledge, skills, experience, diversity and independence.

Peter Nelson was appointed as an independent non-executive director to the Board in May 2020, and as chair and a member of the Audit and Risk Committee, as well as the newly established Related Party Committee. He was also appointed as a member of the Remuneration and Nomination committee. We welcome Peter to the Board and look forward to his continued contributions in the year ahead.

Zaida Adams resigned as a non-executive director and Chairman of the Audit and Risk Committee and Related Party Committee on 13 August 2020. We thank Zaida for the oversight and guidance she has provided over the years.

We welcome Dr Puleng Makhoalibe and Barbara Makhubedu, who were appointed as independent non-executive directors on 21 October 2020. Puleng Makhoalibe is a member of the Social, Ethics and Transformation Committee. Barbara Makhubedu is a member of the Audit and Risk Committee, as well as the Related Party Committee.

After year-end, Craig Ewin was appointed as an independent non-executive director with effect from 1 January 2021 and has also been appointed to the Audit and Risk Committee.

OUTLOOK

Our focus going forward will be on positioning L2D for a sustainable recovery through volatile circumstances. While it will take time to recover, we believe we are well positioned to respond with agility. In a challenging environment, we have quality fundamentals in place, with strong assets, sufficient liquidity and headroom in our loan-to-value (LTV) ratio. Our robust portfolio has contributed to retail occupancies remaining high at 95.3%, in excess of the 95% tolerance level in pre-COVID-19 times.

We are encouraged by the early signs of recovery in tenant turnover levels as lockdown restrictions eased. We remain focused on understanding the operating context and consumers' preferences, deftly adapting to change. As we navigate the current crisis, we know that long-term investments that protect value must be maintained. We believe that our commitment to invest in our assets underpins and enables our financial and operational performance by ensuring our portfolio remains relevant. The business focus remains on the new ABC of rebuilding for growth in building strong property fundamentals and continuing to invest in the communities in which we operate.

APPRECIATION

The L2D and JHIR teams have given everything this year to keep our assets, tenants, customers and people safe. We sincerely appreciate each individual's contribution – for constantly pushing a little harder and going further, with a hunger to serve the overall purpose of L2D of continuing to create experiential spaces for generations. Our sincere gratitude goes to all the Board members for their wisdom and guidance and equal measures of challenge, support and care. We also thank all of our business partners for their continued support, particularly during such a challenging year. We remain committed to leading the team to continue to deliver their very best each day, with a clear focus on what is most critical to rebuilding L2D for growth.

Angus Brand
Chairman

Amelia Beattie
Chief Executive

OPERATING CONTEXT

MACRO TRENDS INFLUENCING OUR BUSINESS

1 Macroeconomic uncertainty

UNPACKING THE CONTEXT

Beyond the spread of the disease itself, the COVID-19 crisis has had far-reaching consequences. The pandemic has introduced an unprecedented level of uncertainty for our business and markets. While it is challenging to quantify how deep or prolonged the effects will be, the International Monetary Fund has warned that the global economy faces a critical juncture and Oxfam International has advised that over a half a billion people could be pushed into poverty as a result of the crisis². The pandemic has fundamentally changed the way people work and shop and it is not yet clear to what extent these changes will become permanent nor what their knock-on effects will be. Locally, the effects of the lockdown on business were severely felt, exacerbating existing macroeconomic risks. South Africa's downgrade in credit rating also added to the burden the country is facing.

OUR RESPONSE

By continuing to monitor and adapt to changing market conditions, we have managed the business through these unprecedented times with resilience and with a view to building the future – having moved from crisis management to rebuilding for growth. Management's focus for 2021 will be on rebuilding the business by working together with our tenants to create environments that support the resumption of safe trading in the short term and positioning the business for sustainable growth thereafter.

LINKS TO STRATEGY



2 Climate risk

UNPACKING THE CONTEXT

The pandemic has been described by many as a dress rehearsal for the upheaval that will be caused by climate change. Property portfolios, in particular, face significant risk as a result of climate change – both physical and transitional in nature. Physical risks include damage to buildings from extreme weather events caused by climate change while transition risks arise from efforts to address climate change and the transition to a low-carbon economy. As a long-term asset class with fixed asset locations, the property sector is especially vulnerable to both categories of risk, including protecting against acute, physical risks like floods and wildfires as well as safe guarding against longer-term chronic risk, such as rising sea levels as well as more immediate transitional risk as investors seek out portfolios that actively mitigate climate risk.

OUR RESPONSE

Our Good Spaces building block remains focused on delivering on our Net-zero 2030 Aspirations. Furthermore, our entire retail portfolio is now Green Star rated in our efforts to enhance asset resilience and relevance.

LINKS TO STRATEGY



² "Half a billion people could be pushed into poverty by coronavirus, warns Oxfam". Published 9 April 2020. <https://www.oxfam.org/en/press-releases/half-billion-people-could-be-pushed-poverty-coronavirus-warns-oxfam>

3 Social inclusion

UNPACKING THE CONTEXT

Much has been said about using this time of challenge as an opportunity to build back better to enable environmentally and socially sustainable economic growth. There is a growing expectation that businesses have a responsibility to the wider community. Property owners, in particular, are expected to create places that have a positive impact on the wellbeing of the communities in which they operate. These expectations have only heightened in the face of growing need during the COVID-19 crisis.

OUR RESPONSE

We understand these unprecedented times call for tangible action in order to inspire real change. Through our #CreateTomorrow marketing campaign aimed at redefining our retail spaces, we reaffirmed our commitment to position the business for the expected step change towards rebuilding for growth for all. Rental relief negotiations were ongoing from the onset of the pandemic to support sustainable businesses going forward.

LINKS TO STRATEGY



4 Role of technology

UNPACKING THE CONTEXT

Increasingly, real estate has become a consumer-focused endeavour, with technology playing a more significant role in improving tenant, customer and human experiences. Data collection and analysis is at the heart of this process. Data can demonstrate how space is used, helping us refine offerings and tenant mix while providing insights on how to improve efficiencies. The advent of COVID-19 has only accelerated the pace of technological change and trends such as online shopping and remote working, and has shown the necessity of online engagement.

OUR RESPONSE

Digital transformation has long been a key objective within our portfolio. In response to developments during the year, we focused on accelerating the work that has already been done to develop and deploy the necessary foundational capabilities required to provide a seamless physical and online retail experience. We also used technology to improve operations in order to free our people to focus on developing solutions that enhance the experiences of our customers and tenants via our Smart Spaces strategy.

LINKS TO STRATEGY



OPERATING CONTEXT CONTINUED

SECTOR CONTEXT

5 Retail

UNPACKING THE CONTEXT

The COVID-19 outbreak and resultant economic lockdown had a significant impact on the online retail industry globally and locally. In South Africa, it is estimated that online retail sales grew by around 40% during lockdown while international forecasts suggest that year-on-year growth may be in the region of 100%³. While this is off a low base, it has necessitated quick and agile responses from retailers, with those who pivoted quickly able to capture greater market share. The merging of the online and physical store experience remains critical to the survival of retail both in and beyond the current crisis, as does a focus on experiential offerings to attract customers to physical stores.

LINKS TO STRATEGY



OUR RESPONSE

We remain strategically focused on creating exceptional experiences for our customers and we consistently challenge ourselves in providing online and in-mall experiences in order to create a seamless customer journey. Our promise of a positive customer experience and superior offering drives delivery across our various touchpoints. In response to the changing shopping preferences of our customers and their expectations for greater convenience, as well as our tenants' desire to recover from the adverse impacts of the COVID-19 pandemic, we are developing tenant engagement platforms to deliver on their prioritised needs. We recognise that it is going to take some time for tenants to trade fully and for people to feel safe enough to enjoy leisure time in public spaces. We continue to apply best-practice guidance to safeguard both our tenants' and customers' safety. Tenant engagement took place throughout the year with our focus remaining on responding with empathy, balancing the need to support our tenants who have been severely affected by the crisis with the need to protect the sustainability of our business. In the year ahead, we will conduct a virtual roadshow with tenants to share strategic priorities and develop a better understanding of their plans.

6 Office

UNPACKING THE CONTEXT

Highlighting the wide-reaching impacts of the pandemic, it is possible that the recent trend in office development towards consolidation, densification and open-plan layouts may reverse given the continuity issues highlighted through the crisis and necessity for social distancing. The trend towards remote working may also remain, with flexible work hours and variable in-office days becoming more of a norm. The work-from-home trend continues to negatively impact the office sector with the South African Property Owners Association (SAPOA) Q2 2020 vacancy rate at 12.3%, the highest in 16 years.

The surplus of offices in the market and the decline in business overall due to persistent economic weakness are the greatest influences on the office sector.

OUR RESPONSE

We continue to engage with our tenants to find creative ways to meet social distancing requirements while optimising the use of space in the current context. All our properties accommodate COVID-19-friendly design features and we continue to proactively engage with our tenants to better understand and meet their future property needs.

LINKS TO STRATEGY



³ "South Africa Online Retail Industry Report 2020: Market Grew by Approx 40% During COVID-19 Lockdown." GlobNewswire. Last modified 29 September 2020. <https://www.globenewswire.com/news-release/2020/09/29/2100471/0/en/South-Africa-Online-Retail-Industry-Report-2020-Market-Grew-by-Approx-40-During-COVID-19-Lockdown.html>

7 Hospitality

UNPACKING THE CONTEXT

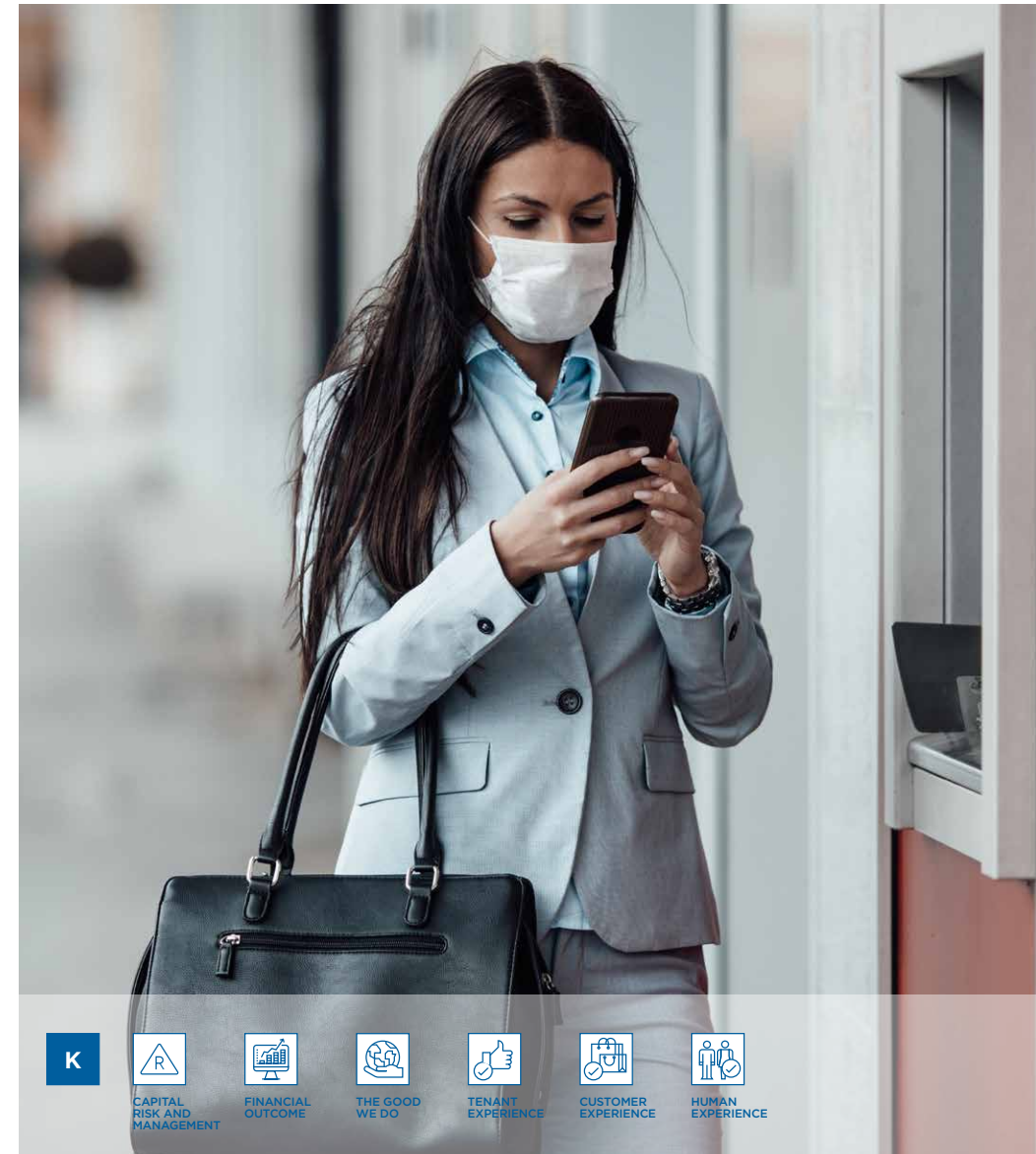
The hospitality industry was hard hit by COVID-19 as a result of the restrictions placed on travel and entertainment. Although the restrictions were lifted where possible, travel for leisure may take some time to recover given the pervasive fear instilled over this time, while business travel may recover more quickly.

OUR RESPONSE

The Sandton Sun hotel is the only hotel in the portfolio that is currently operational. The Sandton InterContinental Towers, Garden Court and the Convention Centre have been closed for operations since March 2020 to minimise the cost impact and their leases remain suspended with no rental payable until the hotels reach viable levels of operation. The co-owners (L2D, Liberty and Pareto) to be negotiated with Tsogo Sun, the tenant will mutually agree on the reinstatement date for the leases.

The Sandton Convention Centre's lease with Tsogo Sun Hotels has been converted to a management agreement on a management fee basis and a new lease will be negotiated when market conditions are stable enough to enter into a long-term agreement. The Convention Centre opened for the month of November 2020 for Presidential conferences, but was closed again thereafter and will remain closed until restrictions limiting the size of conferences are lifted.

LINKS TO STRATEGY



K						
	CAPITAL RISK AND MANAGEMENT	FINANCIAL OUTCOME	THE GOOD WE DO	TENANT EXPERIENCE	CUSTOMER EXPERIENCE	HUMAN EXPERIENCE




STAKEHOLDER MANAGEMENT

L2D is part of a greater socio-economic ecosystem and we recognise that we are dependent on robust relationships with all our stakeholders. We appreciate the important roles they play and remain committed to nurturing impactful, mutually beneficial relationships that combine to create sustainable value.

Stakeholder engagement is a critical, continuous process that helps assess the risks facing the business and determine the material matters that inform our strategy. Our various methods of engagement take place at all levels of the business. By addressing the outcomes of these engagements, we enhance our ability to create sustainable value for our stakeholders. With this in mind, we actively seek to engage our stakeholders across all available channels, while ensuring that our communications remain accurate, transparent, timely and appropriate to their varying needs. In their decision-making process, the Board and executive management remain cognisant of the legitimate interests and expectations of all our stakeholders.

Read more about our strategy on [pages 42 to 43](#), our risk management on [pages 54 to 65](#) and our material matters on [page 6](#) of this report.

The following table sets out our various stakeholder groups, how we engage with them and the outcomes that result from our interactions. The scale below represents our internal assessment of the quality of our relationships based on engagements carried out throughout the year.

STAKEHOLDER	METHODS OF ENGAGEMENT
<p>Provider of financial capital</p>  <p>Investors, debt funders, analysts and potential investors are a vital source of capital and a crucial element for the long-term sustainability of our business. The feedback we receive from our engagement with these stakeholders informs our management and reporting practices.</p>	<ul style="list-style-type: none"> • We engage throughout the year, with financial and operational performance and strategic outlook as the main focus of conversation. The engagements are subject to the bi-annual closed period, where the level of information disclosed is limited to the company's ability to share certain information, given regulatory requirements. • Engagements are conducted on a one-on-one basis and in presentations. • Our management team has regular engagement with representatives from our lenders and enjoys a good relationship with debt providers.
<p>Our people</p>  <p>We rely on our people to execute our strategy – they are the heart of the business. The core focus of our human capital strategy is on encouraging inspired, passionate and empowered people through our people practices. These align individual performance outcomes to the overall business strategy and reward and recognise performance.</p>	<ul style="list-style-type: none"> • Engagement surveys, including a 360 degree-leadership survey, #FutureWork ongoing surveys, Chief Executive Friday voice notes. • Regular engagements, both one-on-one and team conversations, regular performance review conversations and workshops • Annual strategy engagement and alignment sessions. • Quarterly people forum, allowing for thinking time and conversations covering talent management, learning and development, transformation, our people plan and trends. • During the year, we did not furlough or retrench any employees.
<p>Tenants</p>  <p>We understand the importance of pre-empting and satisfying tenant needs in order to remain their landlord of choice.</p>	<ul style="list-style-type: none"> • We regularly evaluate the administration management function between our property manager JHIR and our tenants to ensure that our tenants are effectively serviced. • Tenant engagement was ongoing throughout the year. • We have monthly owners' meetings to track the performance of each asset. • We created a rental relief committee which meets weekly to discuss how best to support our tenants while ensuring business sustainability.



RELATIONSHIP OUTCOMES OF ENGAGEMENT

Good-quality relationship

L2D has continued its approach of regular, transparent and proactive engagement with its shareholder base. In addition to the mandatory interim and annual results announcements, management remains available for communication with shareholders. Bi-annual operational updates are provided. Due to COVID-19 restrictions, the hosting of site visits did not occur. A virtual Investor Thought Leadership day was held on 28 October 2020 and featured a presentation on retail trends by an international expert.

Our investor relations team as well as the Chief Executive and Financial Director have regular engagements with the analysts, which included virtual meetings to discuss sector and industry trends.

The remuneration policy has been updated to address investor concerns. This policy will be presented at the Annual General Meeting (AGM) in May 2021.

Good-quality relationship

We remained close to our people during the transition to a work-from-home environment and the subsequent normalisation of this way of working. Our #FutureWork survey helped to plan the way forward as have the ongoing surveys around the new hybrid-office guidelines.

Good-quality relationship with room for improvement

Tenants have been engaged throughout the year due to the COVID-19 pandemic and as part of the rental relief negotiations. Furthermore, L2D has monthly owners' meetings for each asset, where asset managers track and report on the performance of each asset. Quarterly operations meetings are held with JHIR. In these meetings JHIR reports on their key performance indicators (KPI), which are used to evaluate their performance.

Management has initiated engagements with Retailability (the new owners of specific Edgars stores) and the Foschini Group (the new owners of selected Jet Stores). L2D formed part of the Property Industry Group which engaged retailers in a unified approach on the commercial assistance that could be provided to tenants during the lockdown period and other practical measures the broader property industry could provide at the time. The proposals formulated by the Property Industry Group served as non-binding guidelines and were ultimately superseded by bilateral agreements between specific tenants and landlords.

VALUE CREATION

32.33cps
FULL-YEAR DISTRIBUTION

TOTAL

R294 million
DISTRIBUTED

R69.8 million
INCURRED EMPLOYEE COSTS
(2019: 69.9 MILLION)




- Leadership team strengthened
- Key roles filled
- Progress made towards meeting employment equity target

-22%
ANNUAL TURNOVER GROWTH
(2019: 2%)

4.7%
RETAIL VACANCY
(2019: 2.3%)

Enhanced safety

STAKEHOLDER MANAGEMENT CONTINUED

STAKEHOLDER	METHODS OF ENGAGEMENT	RELATIONSHIP
<p>Customers</p>  <p>While shoppers are our most important customers, they have a direct impact on the performance and quality of the tenants that rent space within our portfolio. Therefore, customer satisfaction is important to ensure a sustainable rental income stream.</p>	<ul style="list-style-type: none"> • We engage with customers through market research, including: focus groups, tenant engagements, as well as social media feedback, newsletters, mystery shopper and information kiosk personnel. • As part of the drive to help restart the economy, and rebuild tomorrow for South Africans by paying it forward, L2D has launched an impact campaign called #CreateTomorrow, across its iconic retail portfolio. • The communities served by the nationwide shopping centres are at the very heart of the #CreateTomorrow campaign and it serves to support them through enriching and impactful initiatives. 	<p>Good-quality relationship</p>
<p>Suppliers and service providers</p>  <p>We depend on a few key suppliers. These include utility providers such as Eskom and local municipalities. JHIR is our property manager, contracted to assist in managing the operations at our various properties. The interaction between this supplier and customers is significant and underpins the importance of having transparent communication channels.</p>	<ul style="list-style-type: none"> • Our property managers hold weekly meetings with operational service providers (these include cleaning and security) and monthly meetings with technical service providers. Meetings also take place as an when required. 	<p>Good-quality relationship</p>
<p>Communities</p>  <p>We strive to be a responsible corporate citizen and aim to engage and support the communities in which we operate in a responsible, sustainable, constructive and empowering manner.</p>	<ul style="list-style-type: none"> • We continue to focus on maintaining effective relationships with members of communities. • Measurable corporate citizenship programmes are developed and implemented across our property portfolio. 	<p>Good-quality relationship</p>



OUTCOMES OF ENGAGEMENT

L2D continues to receive daily Market IQ updates providing a consolidation of all news related to L2D and our assets. This serves as a useful tool in reputation management.

We have appointed a marketing company to monitor and respond to social media engagements with our customers, as well as any centre-specific media queries that are first reviewed by L2D. We conduct market research every two to three years at our centres. Sandton City will be carrying out market research as part of the master planning exercise.

As part of the SMART SPACES building block, we have deployed a cloud-based data lake that is hosted on Amazon Web Services (AWS). We are in the process of ingesting relevant data into the data lake and have started developing dashboards to provide us with operational insights. We track the number of customers that visit our mall. COVID-19 has impacted the numbers that are frequenting our malls however as the lockdown levels have eased the people have rapidly returned to our environments. L2D are investing in their technology in 2021 by installing artificial intelligence camera. These cameras will enable us to get greater insights in our customers through advanced data analytics and will also assist with the safety of our shoppers.

To support our Safe Spaces goals we installed touchless parking at our malls as well as decals to support COVID-19 measures. We also made sanitisers available where necessary, ensured the fogging of toilets and management offices and instituted kerb-side pick-ups.

Service providers are appointed in line with L2D's Procurement Policy. The standard of performance is monitored by our property manager JHIR and issues are addressed at the monthly owners' meetings, which are attended by L2D's asset managers. A new Procurement Policy that includes sustainability requirements was approved. JHIR are responsible for implementing the policy for procurement activities in respect of the portfolio.

All service providers and suppliers were paid in full during the lockdown periods and paid within 30 days of being invoiced where possible in line with the Business Leadership of South Africa's (BLSA) #Payin30 campaign.

We have achieved full compliance with all relevant South African laws and regulatory requirements, including tax, occupational health and safety, employment equity and skills development. We have made great efforts to combat fraud and corruption. No fraud cases have been reported against L2D.

VALUE CREATION

R81 million
INVESTED IN IMPROVING
OUR CENTRES
(2019: R104 million)

- New tenant offerings
- Curating experiences
- Enhanced safety

R648 million
PAID TO SUPPLIERS AND SERVICE
PROVIDERS
(2019: R736 million)

WE HAVE INVESTED
R1.6 million IN SOCIAL
INITIATIVES (2019: R1.9 million)
DONATED **R360 500**
(PARKING INCOME) AND R150 000
TOWARDS MEALS TO THE
ONEPEOPLE FUND.

DELIVERING PURPOSE THROUGH STRATEGY

L2D aims to deliver sustainable returns to shareholders through a quality property portfolio managed by our experienced leadership and management teams. Achieving this strategic goal has been our driving force since L2D's inception in 2016. Leveraging the experience and expertise of our management team ensures that we are well positioned to achieve our objectives.

WHERE WE WANT TO GO

Our purpose

To continue to create experiential spaces to benefit generations

Our vision

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

HOW WE'LL GET THERE USING OUR THREE STRATEGIC PILLARS



Futureproofing our assets

The building blocks support the strategic pillar of keeping our assets relevant for the future of retail.



SMART SPACES

We aim to secure and sustain our 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.



GOOD SPACES

Our shopping malls are ecosystems that provide trading and experiential environments for some of the world's most iconic brands. With this in mind, we understand the importance of partnering with our stakeholders to accelerate our positive impact on the climate and our natural environment.



INTERACTIVE SPACES is an opportunity for an interchange of ideas and experiences. The emphasis is on interaction, fast-paced excitement, experience and stimulus.



SAFE SPACES underpins all our efforts in our other building blocks - the considers the wellbeing of those who use our spaces at all times.



Passionate people

Our philosophy is to put our people at the heart of everything that we do and encourage inspired, passionate and empowered people who maintain balanced lives.

Our leadership focus is on delivering results while challenging each person to take ownership of their performance, their learning and growth and the extent to which they are able to make a meaningful and productive contribution, to build their capabilities and to lead from wherever they are.

Our people practices are geared to supporting this culture in the organisation and towards achieving outcomes that are aligned with our overall strategy. We strive to keep our values of passion, accountability, care and excellence as core to the way in which we work together.



ENCOURAGE INSPIRED,
PASSIONATE AND EMPOWERED
PEOPLE THAT MAINTAIN A
BALANCED LIFE



Growth across all time horizons

The right kind of growth is critical. To maintain perspective in driving growth across all time horizons, we have split focus areas into the time required to deliver our desired growth.

Short-term

Our short-term focus is to close out all the rental relief negotiations and centre expense rationalisation processes to set the base for a sustainable trading environment going forward.

Medium-term

Our medium-term focus is on the execution of the actions identified in the asset master plans and five-year strategies. These will have the relevant governance oversight.

Long-term

Our aim is to create robust assets that can benefit generations in a flexible manner, allowing for agile and adaptable environments that align to our sustainability goals. We have aligned ourselves with five SDGs that fit the profile of our business, as well as setting 2030 Net-Zero Ambitions.

See [86](#) of this report for more information or our ESG report, available online.



HOW WE MEASURE PROGRESS



Customer experience

SEE PAGE [46](#)



Capital and risk management

SEE PAGE [49](#)



Tenant experience

SEE PAGE [47](#)



Financial outcome

SEE PAGE [50](#)



Human experience

SEE PAGE [48](#)



The good we do

SEE PAGE [51](#)

KEY PERFORMANCE METRIC

Turnover growth

Occupancy

Inspired, passionate and empowered people who maintain balanced lives

LTV and hedge ratio

Distribution per share and net property income growth

Water and electricity performance



OUR PROGRESS AND PERFORMANCE

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EXECUTING OUR STRATEGY

EXECUTING OUR STRATEGY IN 2020 THROUGH OUR STRATEGIC VALUE DRIVERS

To fulfil our purpose and vision, we use the strategic value driver model. These drivers are aligned to our vision and enable us to execute our strategic pillars and building blocks. They also help to focus our business activities in order to deliver sustainable value for our stakeholders. Our strategic value drivers provide an effective means to set strategic goals, monitor progress and measure our performance through metrics against industry benchmarks and peers. For the year under review, our performance per strategic value driver is set out in this section.

EXECUTING OUR STRATEGY CONTINUED



CUSTOMER EXPERIENCE OVERVIEW

Our aim is to create spaces that enable personal, memorable human engagements and seamless interactions. Our brand's purpose is to drive authentic encounters through community-driven engagements and a strong focus on sustainable and ethical practices.

UNPACKING OUR PROGRESS

KEY KPI	TURNOVER GROWTH
WHY THIS KPI IS IMPORTANT	Historically, trading density growth and turnover growth have been used as measures of customer experience. However, when looking at comparing the real impact for 2020, we believe turnover growth is a better measure than trading density growth as it indicates actual customer spend, whereas the relevance and comparability of density is diminished given the periods of closure or restricted trade for certain tenants.

PERFORMANCE OVERVIEW

- Falling turnovers across the sector due to lockdowns and restrictions on trade and movement had a negative impact on turnover and trading density growth for L2D and the broader benchmark.
- The portfolio saw a steady improvement in turnover as the lockdown levels eased, allowing retailers to resume trading and drawing customers back to our retail offerings.
- The turnover performance of 2020 tells the story of a customer that rewarded themselves with retail therapy when holidays and travel were not an option. The annual turnover was 22.3% down, with the fourth quarter showing a significant recovery, being only 9.5% down.
- Sandton City's turnover for the month of December 2020 was marginally down by 1.5% compared to the corresponding period in 2019. This is due to the high demand for luxury brands at the centre's Diamond Walk, further highlighting the relevance of quality super-regional centres that address the demand for an experiential offering while being optimally located.
- As can be expected, footfall levels in the portfolio were negatively impacted by the restricted trading environments, recording an overall 30% drop compared to the prior period. As restrictions were gradually lifted, a significant improvement in the fourth quarter was seen where footfall nearly doubled compared to the prior two quarters.



COVID-19 IMPACTS AND MITIGATING ACTIONS

- Implemented touchless parking equipment.
- Extensive communication campaigns to promote physical distancing, wearing of masks and hand sanitising and washing.
- Kerb-side pick-up and click-and-collect facilities made available.

RELATED MATERIAL MATTERS

- Ongoing provision of safe and secure environments.
- Weak local economy and impact on customers.
- Digital strategy and risks relating to the application of digital technology.
- Execution of the strategic pillars and building blocks that link to our precinct management strategy to lead us into the future.
- The impact of rental relief provided on tenant recovery or failure.

CAPITALS IMPACTED

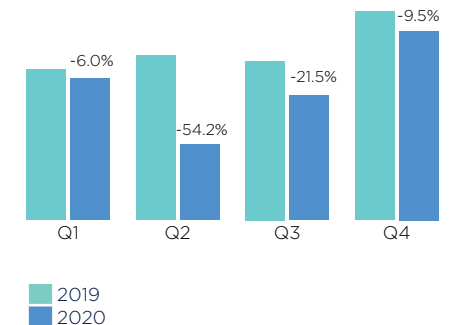


OUTLOOK

Ensuring the safety and wellbeing of our customers will remain a top priority. We continue to demand best-in-class flagship fitouts when engaging with our tenants.

We will continue to pay careful attention to customer behaviour going forward, especially spending platforms and needs. As part of our Smart Spaces strategy we will deliver the first stage of our customer-engagement platform. We will also be introducing an electronic gift card solution for customers. The implementation of the Artificial Intelligence (AI) platform over our CCTV camera system will allow us to get deeper insights while integrating Protection of Personal Information Act (POPIA) compliant customer data and improved security features to ensure that we manage customer data securely and uphold our customers' right to privacy.

QUARTERLY TURNOVER YEAR-ON-YEAR COMPARISON



TENANT EXPERIENCE

Tenants are more than just those who rent our properties. They are the lifeblood of our business. We engage our tenants on a regular basis to ensure we position our portfolio to understand and meet their dynamic needs in an ever-evolving context

UNPACKING OUR PROGRESS

KEY KPI	OCCUPANCY
WHY THIS KPI IS IMPORTANT	Occupancy rates are a key indicator of tenants' sustainability. Furthermore, in a retail setting, attracting and retaining the right mix of tenants enhances our centres' appeal and trading environment. Across the portfolio, increased vacancy threatens the profitability of our business and therefore its sustainability going forward. It also signals a need to remain closer to our tenants to better understand their needs.

PERFORMANCE OVERVIEW

- Retail occupancies remain high at 95.3%, contributing to early signs of recovery in tenant turnover levels as lockdown restrictions are eased. Post year-end, with new letting to date, the occupancy level increases to 96.8%.
- Portfolio turnover is 9.5% down in the fourth quarter of 2020 in comparison to the same period in 2019.

OUTLOOK

Ongoing tenant engagements remain key in ensuring we understand their priorities and they understand ours. The focus in the relationship will shift to a partnership that can best serve the changing needs of customers, where 2020 was focused on intense discussions as we tackled rent relief progress. In 2021, we will engage with the large retailers via a virtual roadshow where we will share strategic priorities and develop a better understanding of their plans. The tenant engagement platform will also form part of the Smart Spaces rollout plan for 2021. Recent news of the Ster-Kinekor business rescue and other tenant failures will remain a concern during the year ahead. We have developed several lead indicators to assist with understanding the risk of tenant failures and we will remain close to our tenants to ensure we get the best outcome for the portfolio. Furthermore, creating a sustainable rental base will be a feature of 2021 to ensure that we develop a business with the long-term ability to weather the storms of the economic environment. Although we expect recovery to be a progressive endeavour, we see encouraging prospects emerging over the year as the vaccine rollout gains momentum. We understand, however, that this will take time and that there is a long road to full recovery ahead.



COVID-19 IMPACTS AND MITIGATING ACTIONS

- The COVID-19 pandemic has had adverse effects on tenant profitability and operations.
- Our rental relief and assistance packages supported our tenants during a difficult time and contributed to us keeping the mall vacancies low.
- Rental relief valued at R112 million was granted to 93.4% of tenants. Despite these actions, a higher than normal business failure rate has emerged, resulting in an increase in retail vacancies across the sector.

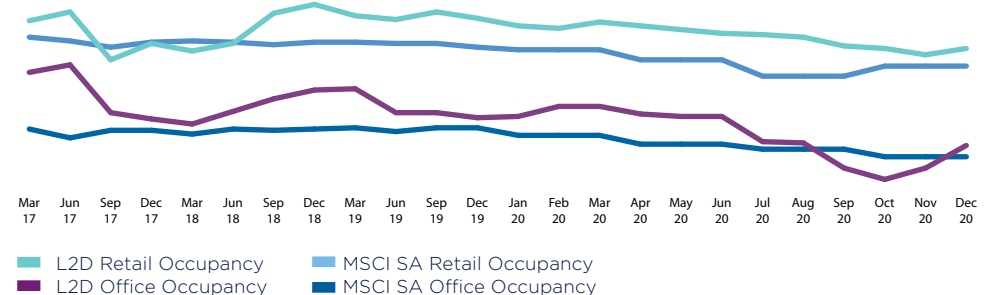
RELATED MATERIAL MATTERS

- Ongoing provision of safe and secure environments.
- Weak local economy and impact on customers.
- Digital strategy and risks relating to the application of digital technology.
- Execution of the strategic pillars and building blocks that link to our precinct management strategy to lead us into the future.
- The impact of rental relief provided on tenant recovery or failure.

CAPITALS IMPACTED



RETAIL AND OFFICE OCCUPANCY TRENDS



EXECUTING OUR STRATEGY CONTINUED



HUMAN EXPERIENCE

Our strategic pillar relating to passionate people is underpinned by an environment geared towards learning and growth; inspired, passionate and empowered people who maintain balanced lives; world-class standards that align all stakeholders; and self-disciplined and accountable teams with a hunger to win.

UNPACKING OUR PROGRESS

KEY KPI	INSPIRED, PASSIONATE AND EMPOWERED PEOPLE WHO MAINTAIN BALANCED LIVES
WHY THIS KPI IS IMPORTANT	Our people play a fundamental role in the delivery of our strategy and the ongoing growth of the business. Attracting and retaining diverse talent is critical to the ongoing sustainability of our business.

PERFORMANCE OVERVIEW

- R999 529 was spent on learning and development (2019: R2.2 million).
- R750 000 bursary support/investment in property industry skills and learning.
- All employees benefited from online learning and courses.
- Four learnerships.
- Participated in the 2020 Check-In Survey.
- Ongoing #FutureWork surveys with leadership and team.
- Our Inclusivity, Diversity and Employment Equity (IDEE) forum meets quarterly to help drive our transformation ambitions throughout the organisation.
- Project Bluefields (the office move and refurbish) has created opportunities to collaborate and engage across the business to prepare the office space for the evolution of work.

OUTLOOK

We will continue to focus on organising the business to meet changing requirements, making sure that we are relevant and can execute with speed to remain future fit. With the ongoing constant change and uncertainty, finding opportunities to connect with each other as human beings will be key. Embedding the Growth Mindset programme, together with other targeted learning initiatives, will set our people on the path to growing and evolving for 2021 and ensure that we thrive as a business.



COVID-19 IMPACTS AND MITIGATING ACTIONS

- Lockdown necessitated a quick move to a work-from-home environment.
- Compliance and implementation of COVID-19 rules and regulations.
- Enhanced focus on employee wellbeing, engagement and support.

RELATED MATERIAL MATTERS

- Digital strategy and risks relating to the application of digital technology.
- Execution of the strategic pillars and building blocks that link to our precinct management strategy to lead us into the future.
- COVID-19's impact on people of L2D and our extended teams.

CAPITALS IMPACTED



EMPLOYEE TRANSFORMATION AS SUBMITTED TO THE DEPARTMENT OF LABOUR

Occupational level	MALE				FEMALE				FOREIGN		Total	Number Black	Number Black Female	% Black/Target	% Black Female/Target
	A	C	I	W	A	C	I	W	Male	Female					
Top management	0	1	0	0	0	0	0	1	0	0	2	1	0	50	0
Senior management	1	0	0	5	1	1	4	3	0	0	15	7	6	47/44	40/38
Middle management	1	0	0	0	2	0	3	3	1	0	10	6	5	60/67	50/56
Junior management	1	0	0	0	5	1	0	0	0	0	7	7	6	100/100	86/86
Semi-skilled	0	0	0	0	0	0	0	0	0	0	0	0	0	0/100	0/50
Total	3	1	0	5	8	2	7	7	1	0	34	21	17	62/66	50/50
Non-permanent	1	0	0	1	0	0	1	0	0	0	3	2	1	67/0	33/0
Total	4	1	0	6	8	2	8	7	1	0	37	23	18	62/66	49/50

CAPITAL AND RISK MANAGEMENT

In the execution of our strategy we take on certain risks, including making investments and capitalising on opportunities to enhance the portfolio. We therefore appreciate that effective risk management plays a crucial role in our pursuit of financial stability and delivering superior value for our stakeholders.

UNPACKING OUR PROGRESS

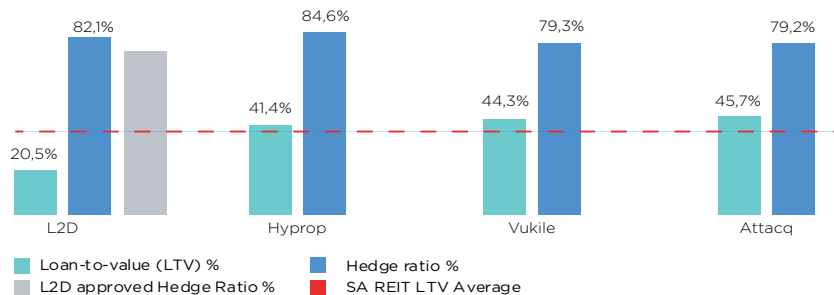
KEY KPI	LTV AND HEDGE RATIO
WHY THIS KPI IS IMPORTANT	Effective capital and risk management is necessary in order to protect the balance sheet and ensure that the correct growth opportunities are pursued.

PERFORMANCE OVERVIEW

Property valuations resulted in write-downs of R1.7 billion in 2020 which represents a decrease of 16.3% of the portfolio value. The property valuations have been negatively impacted by, *inter alia*, the negative effect of COVID-19 on current year rentals and growth assumptions for the forecasted period, higher vacancies, the likelihood of negative reversions for lease renewals and the expectation that letting currently vacant space will take a longer time period.

- After taking into account the impact of the write down in property values, we remain well capitalised with sufficient liquidity and a LTV ratio of 20.5%.
- Our interest cover ratio is healthy at 3.9x.
- We successfully hedged our debt to 82.06% and managed our cost of debt to 7.89%.
- Our risk management remains strong and we believe that the necessary management actions are in place to mitigate and manage our risks sufficiently.

LTV VERSUS HEDGE RATIO



COVID-19 IMPACTS AND MITIGATING ACTIONS

- L2D has a strong balance sheet and the board is satisfied that there are sufficient cash reserves and unutilised debt facilities to cover our business commitments as they fall due.

RELATED MATERIAL MATTERS

- Ongoing provision of safe and secure environments.
- Weak local economy and impact on customers.
- Digital strategy and risks relating to the application of digital technology.
- Execution of the strategic pillars and building blocks that link to our precinct management strategy to lead us into the future.
- The impact of rental relief provided on tenant recovery or failure.
- COVID-19 impact on people of L2D and our extended teams.
- Valuation write-down of the property portfolio.
- Cash flow and future liquidity requirements.
- The significantly reduced distribution that will be paid to shareholders.

CAPITALS IMPACTED



OUTLOOK

The ongoing effects of the COVID-19 pandemic will continue to amplify liquidity and financial sustainability risks across a broad economic spectrum, primarily due to the uncertain trajectory of the virus in both impact and duration. We will continue to support our balance sheet strength through decisions in line with our strategy and conservatively managing risk. The property valuations are reflective of the current environment with property investment being inherently cyclical in nature. We will continue to stay close to our stakeholders in aligning the business objectives to their needs.

EXECUTING OUR STRATEGY CONTINUED



FINANCIAL OUTCOME

At L2D, we know that creating and preserving value requires a focus on more than our financial results. It is also about building strong relationships with our stakeholders and our ability to deliver on our strategic objectives.

UNPACKING OUR PROGRESS

KEY KPI	DISTRIBUTION PER SHARE AND NET PROPERTY INCOME (NPI) GROWTH
WHY THIS KPI IS IMPORTANT	Distribution per share is important as it represents the cash return to an investor. While the listed property sector has historically focused on distribution growth as a measure of success, the pandemic has highlighted other measures such as solvency and liquidity and methods to preserve and strengthen balance sheets as being critical to ongoing sustainability.

PERFORMANCE OVERVIEW

- Supported by the strength of our balance sheet, we are distributing 100% of our distributable earnings with a distribution of 32.22 cents per share, which is 47% down on 2019 primarily as a result of COVID-19 impacts.
- This represents a dividend yield of 7.58% on our closing price of R4.25 per share at 31 December 2020.

OUTLOOK

We expect the pandemic to negatively affect our performance over the medium-term as levels of uncertainty continue to influence economic conditions and consumer confidence. The crisis has, however, allowed us to reaffirm our precinct-centred, retail-focused strategy as well as accelerate the work that has already been done in merging online retail with our physical environments and using technology to improve our operations, which we believe will continue to contribute to our resilience and competitive advantage going forward. 2021 performance remains uncertain and as a result we will not be providing any distribution guidance to the market at this stage.



COVID-19 IMPACTS AND MITIGATING ACTIONS

- Focus was given to the business's recovery and rebuilding by working together with our tenants in creating environments that support the resumption of safe trading in the short term and positioning the business for sustainable growth thereafter.
- The active engagement and financial support provided to tenants in 2020, though having had a negative impact on this financial year, is critical in supporting the survival and sustainability of our operations as economic activity levels improve.

RELATED MATERIAL MATTERS

- Weak local economy and impact on customers.
- Execution of the strategic pillars and building blocks that link to our precinct management strategy to lead us into the future.
- Valuation write-down of the property portfolio.
- Cash flow and future liquidity requirements.
- The significantly reduced distribution that will be paid to shareholders.

CAPITALS IMPACTED





THE GOOD WE DO

We recognise that sustainable businesses have a valuable role to play in communities and their economic segments. As a result, we are focused on understanding and improving stakeholder relationships and have implemented a number of sustainability initiatives to drive the good that our business does in the society in which we operate.

UNPACKING OUR PROGRESS

KEY KPI	WATER AND ELECTRICITY PERFORMANCE
WHY THIS KPI IS IMPORTANT	L2D tracks water and electricity usage to monitor this strategic value driver as a means of quantifying our efforts while seeking to deliver our Net-Zero 2030 Aspirations. Utility consumption charges are also a key area of expense growth that exceeds inflation in our portfolio.

PERFORMANCE OVERVIEW

- L2D's entire retail portfolio has been Green Star rated – an industry-first in South Africa.
- We installed a solar plant at Eastgate that will generate 1.85 million kWh annually, resulting in the annual reduction of 16 000 tonnes of carbon emissions.
- Installed three solar trees in Eastgate's piazza.
- L2D joined the SA Plastics Pact, becoming the first participating landlord to work towards a common vision for a circular economy for plastics.
- 2 440 tonnes were recycled including 170 tonnes of organic waste through composting facilities at Sandton City and Eastgate.
- We saved 216 million litres of potable water across the portfolio, achieved partially through initiatives such as rainwater harvesting systems, condensation water harvesting and low-flow toilets.
- Smart metering systems have been rolled out across the portfolio and comprehensive energy audits have been conducted.

OUTLOOK

ESG remains key in underpinning our strategy. Our commitment to our Net-Zero 2030 targets, and specifically the finalisation of the Net-zero waste target in 2021, will be a focus area for the business.



COVID-19 IMPACTS AND MITIGATING ACTIONS

- Improved water and energy consumption was assisted by COVID-19 lockdown restrictions leading to lower numbers of visitors to the malls, lower usage of office space and certain retail tenants. A key challenge will be to maintain improvements once restrictions have completely eased.
- COVID-19 has had a negative impact on our ability to be Net-zero-waste ready by the end of 2020 and we will delay this until we are fully prepared in 2021.
- We introduced touchless parking at Sandton City, Eastgate Shopping Centre and Midlands Mall with 50% of the parking income raised (R360 500) donated to the OnePeople Fund.

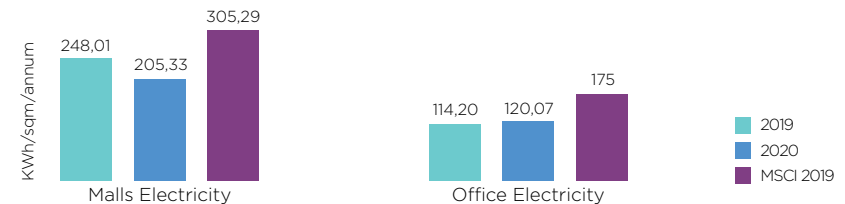
RELATED MATERIAL MATTERS

- Ongoing provision of safe and secure environments.
- Digital strategy and risks relating to the application of digital technology.
- Execution of the strategic pillars and building blocks that link to our precinct management strategy to lead us into the future.

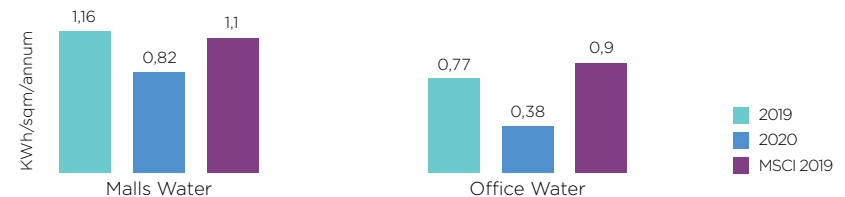
CAPITALS IMPACTED



ELECTRICITY PERFORMANCE - PORTFOLIO AVERAGES



WATER PERFORMANCE - PORTFOLIO AVERAGES



FINANCIAL DIRECTOR'S REVIEW



José Snyders
FINANCIAL DIRECTOR

The 2020 financial results have been severely impacted by the COVID-19 pandemic. L2D's reported revenue and NPI decreased by 12.1% and 45.6% respectively in comparison to the prior year, primarily due to discounts given on rentals, the impact of business failures of various tenants (most notably Edcon), the deterioration of income from the hospitality assets that were unable to trade for most of the year and a significant increase in credit loss provisions on the back of a surge in our tenant arrears position.

Although we have seen cost savings in the portfolio based on reduced activity levels, it is worth noting that certain non-controllable costs still escalate ahead of inflation and ahead of expected income growth in a normalised environment. Our balance sheet capacity, as well as the premium quality and operational resilience inherent in our assets, remain key differentiators in enabling the Group to contain and mitigate the risks in a challenging and evolving environment.

PROTECTING VALUE AMIDST UNCERTAINTY

Management's focus during the year was on the survival of the business, staying abreast of the operational impact of the pandemic and upholding the sustainability of our tenant trading operations. The suspension of the mid-year dividend payment, in addition to decreased funding costs and proceeds from the sale of a non-core asset, has shored up our liquidity position and maintained favourable leverage ratios.

L2D's property portfolio was valued at R8.5 billion (2019: R10.1 billion) and the net asset value per share has

decreased from R9.65 in 2019 to R7.71 in 2020. Independent property valuations were performed across the portfolio and write-downs of R1.7 billion were recognised in 2020 (approximately 16.3% of our portfolio value), being the largest contribution to the 20.10% decrease in the net asset value. The property valuations have been negatively impacted by, among other factors, the adverse effect of COVID-19 on current year rentals and growth assumptions for the forecasted period, higher vacancies forecasted, the likelihood of negative reversions for lease renewals and the expectation that letting currently vacant space will take longer. Our effective share of gross rental discounts provided for in the period equates to R112 million and we have seen reversions of -30.6% for 70.7% of leases renewed during the period making up 13.2% of the portfolio. Our approach to rental negotiations is premised on the sustainability of our tenants' operations and balancing the needs of maintaining welcoming, operational and financially sustainable retail and office environments.

The valuation impact reflects the economic climate and current uncertainty. Despite this, L2D remains well capitalised, with sufficient liquidity and well within bank covenants with an LTV of 20.5% (2019: 16.1%), reflecting our prudent approach towards capital management. Our interest cover ratio remains healthy at 3.9x, with 82% interest rate exposure effectively hedged at year-end. Our average cost of debt remains low at 7.89% and we have total unutilised revolving credit facilities amounting to R509 million as at 31 December 2020. Net interest expense is slightly up in comparison to the prior year and was impacted by an additional R200 million of term debt introduced. Proceeds from the sale of the Century City offices had been applied toward our revolving credit facilities.

Profit from operations decreased by 48.8%. In addition to the revenue impacts outlined earlier, property operating expenses are up by R16 million, these include municipal charges, which rose by R19.8 million, offset in part by lower property management fees. It remains concerning that rates and municipal charges continue to track ahead of inflation. Expense growth outside of municipal charges remained well contained. In order to provide enhanced safety due to COVID-19, additional cleaning and security charges were incurred during the period. Cost savings resulting from the lower utilisation of water

**R509 million****UNUTILISED REVOLVING
CREDIT FACILITIES**
(2019: R55 million)**R1.7 billion****TERM DEBT**
(2019: R1.7 billion)**7.89%****(WEIGHTED AVERAGE
COST OF DEBT)**
(2019: 8.95%)**2.11 years****AVERAGE HEDGE EXPIRY**
(2019: 2.84 YEARS)**20.5%****LTV**
(2019: 16.1%)**3.9x****INTEREST COVER RATIO**
(2019: 4.7x)**MATURITY PROFILE**One year – **29%**
Two year – **42%**
Three year – **29%**

and electricity were largely offset by lower recoveries of those charges from our tenants. Head office operating costs have increased by R2.6 million compared to the prior year due to an increase in professional fees and employee costs, which was partially offset by a saving of R3.6 million in relation to staff shares that will not vest, as well as a reduction in the bonus provision. The write-down in the property valuations, as well as the negative mark-to-market adjustment on the interest rate swap of R43.5 million has resulted in the loss before taxation of R1.5 billion (2019: profit before taxation of R534.7 million).

Edcon is still in the process of implementing their business rescue plan and has made progress with the sale of both Edgars and Jet. The Board elected to write down the fair value of the investment in Edcon to zero during the financial year. Furthermore, Ster-Kinekor Theatres Proprietary Limited was placed in voluntary business rescue with effect from 27 January 2021. Based on information currently available, we do not expect an additional material impact on the 2020 property valuations as a consequence.

**SUPPORTING OUR
TENANTS**

Throughout the crisis, our goal has been to ensure our assets remain fully let and trading, while we did everything in our power to keep our spaces safe for our stakeholders. Rental relief has been provided on a pragmatic basis in line with the Property Industry Group guidelines. The rental relief package granted to tenants equates to R112 million.

Tenant arrears increased to R96.4 million (2019: R30.8 million). Given the environment, our default percentages for credit loss provisions have increased. Coupled with larger arrears positions, the expected credit loss (ECL) provision has increased to R57.5 million from R9.8 million in 2019.

Positively, rental collections have progressively improved in the latter half of the year with gross collections, based on contractual monthly billings before rental relief, at 97% for November 2020 and 120% for December 2020 (net collections). The collection of rentals from arrears settled benefited from previous months dues settled following the finalisation of rental relief agreements.

Though we remain cautious, it is our view that the operations of our core tenants remain healthy and will recover as the pandemic subsides and that we have sufficient balance sheet capacity and liquidity to see us through this period and ensure the sustainability of our business.

DISTRIBUTION

The Board approved a full-year distribution of 32.33 cents per share (2019: 60.43 cents per share), electing to pay-out 100% of our distributable earnings.

OPERATIONAL FOCUS

L2D has focused on the operational continuity of our business and continues to work with tenants to minimise the consequences, adapt to changes and create sustainable outcomes for our business operations. While it will take time to recover, we have quality fundamentals in place, with strong assets, sufficient liquidity and headroom in our LTV ratio. We are taking the necessary measures to proactively address all challenges and contain costs while strategically positioning the business for sustainable value creation.

Going forward, we know that long-term investments that protect value must be maintained. We believe that our commitment to invest in our assets underpins and enables our financial and operational performance by ensuring our portfolio remains relevant. Prudent investments in our portfolio will therefore remain a priority.

APPRECIATION

I express my gratitude to the individuals and teams driving these results and keeping our business safe.

José Snyders
Financial Director

CAPITAL ALLOCATION AND RISK MANAGEMENT

RISK MANAGEMENT

The important role of risk management

In the execution of our strategy we take on certain risks, including making investments and capitalising on opportunities to enhance the portfolio. We therefore appreciate that effective risk management plays a crucial role in our pursuit of financial stability and delivering superior value for our stakeholders.

Effective internal risk reporting forms a key component of the risk management system, which ensures that management, the Audit and Risk Committee and the Board:

- Receive relevant, accurate and timely information regarding the level of risk within the organisation
- Receive assurance that the business is operating within acceptable levels of risk
- Are informed of emerging risks
- Are made aware of adverse events that require management's intervention

ROLES OF THE BOARD AND EXECUTIVE MANAGEMENT

The Board is ultimately responsible for the governance of risk. Identifying, evaluating and managing risk is an ongoing process and the Board and management are regularly updated.

All of our employees are responsible for managing risk in their day-to-day decisions. Executive management is responsible for implementing, monitoring and reporting on an effective risk management plan. It also falls to them to ensure that risk management is embedded in our business processes and incentive structures.

OUR INTEGRATED RISK MANAGEMENT SYSTEM

At L2D, our risk management system is an integrated part of our overall governance, management, reporting processes, policies and culture. It is defined by a risk management framework and is supported by policies, processes and activities that relate to taking, managing and reporting risk.

The risk management system is applied across the business, which ensures that we conduct business appropriately and manage our financial resources responsibly to safeguard the interests of our investors and other stakeholders. Crucially, the risk management system assists the Board and senior management in their respective roles to achieve the ultimate goal of creating sustainable value for our stakeholders.

In order to manage and report on risk, management maintains a detailed risk register. The register sets out our key risks and the assessment of each risk, as well as the controls and mitigating actions that are being implemented. The Chief Risk and Compliance Officer prepares the operational risk register and a risk report, which is reviewed regularly by the Finance and Risk Oversight Committee and thereafter reported to the Manco. The ARC and the Board review the risk report on a quarterly basis.

Management implements the risk management system and the control environment that stems from it to keep our residual risks at acceptable levels. The system is evaluated on a continuous basis to ensure that it stays relevant and effective in mitigating our operational risks. Mitigation measures, controls and actions are in place to manage each of our risks.

All identified risks are assigned to risk owners who are responsible for monitoring and ensuring that each risk is effectively addressed on a daily basis. All changes that occur within the risk environment are recorded in the combined assurance model, which is discussed on pages 56 to 64 of this report.

During 2020, ARC reviewed the risk management system and concluded that it was effective.

RISK MANAGEMENT REPORTING STRUCTURE

The risk management system is integrated into our governance structure and decision-making process. The risk and compliance oversight functions monitor our risk management practices, ensuring compliance with the framework and associated policies.

RISK MANAGEMENT POLICY

The risk management policy sets out clear requirements to ensure that our risk management practices are effective. The ARC monitors compliance with the risk management policy and found that L2D complied with the policy in all material aspects during the year under review.



RISK TOLERANCE

Our level of risk tolerance is the maximum amount of risk we are prepared to take as a business in pursuit of our aim to create sustainable value and growth. Our strategic plans are informed by the trade-off between risk and reward.

The level of L2D's overall residual risk exposure is deemed to be medium with sufficient management actions and initiatives planned.

COVID-19

L2D, like most organisations, did not anticipate the unprecedented threat and impact from this worldwide pandemic. When the potential risks to the business became apparent in January 2020, a crisis leadership team was established in 2020 to prepare the business for the arrival of the pandemic on South African shores.

The pandemic highlighted the importance of emerging risk identification effective risk management, risk adjusted strategy, business continuity, crisis management, disaster management and business resilience. It also highlighted the interconnectedness of risks, which has led to an increase in almost all risk types at L2D.

While risks have increased and new risks have been identified as a result of the pandemic, management is satisfied that measures, controls and actions are in place to manage all identified and elevated risks to acceptable levels.

The top material risks that faced L2D in 2020 as a result of the changed risk landscape are set out in the table below. We are exposed to risks that are pervasive in the South African property industry.

FOCUS AREAS FOR 2021

- Creating a sustainable base from which to grow the business back to the pre-COVID-19 levels as quickly as possible
- Focus on identifying emerging risks
- Concluding the remaining rental negotiations with tenants
- Execution of the ESG strategy
- Health and safety of our employees, customers, tenants and service providers

CAPITAL ALLOCATION AND RISK MANAGEMENT CONTINUED

2020 rating	Inherent risk rating	Residual risk rating	2019 rating	Strategic value drivers
<p>Non-sustainable or inadequate distribution growth (in comparison to the listed property sector)</p>				
Key risk and probable effects	Strategic responses/mitigating actions			Material matters
<ul style="list-style-type: none"> • Poor investor returns • Poor share price performance • Impact of COVID-19 on economic activity, the property sector, consumer spending and society at large • Some investors may exit the share due to drop in distributions 	<ul style="list-style-type: none"> • Board approves strategy including investment strategy • Board oversees execution of strategy • Defensive, prime and iconic portfolio • Portfolio performance reviews and forecasting • Benchmarking against peers • Stress test scenarios of potential impact of COVID-19 on business and distributions • No interim distributions paid due to uncertain outlook • Trading statements issued • One-on-one meetings with key investors and analysts 			<ul style="list-style-type: none"> • Execution of the strategic pillars and building blocks that link to our precinct management strategy to lead us into the future • The impact of rental relief provided on tenant recovery or failure • Valuation write-down of the property portfolio • Cash flow and future liquidity requirements • Significantly lower earnings and consequently reduced distribution that will be paid to shareholders

2020 rating

Inherent risk rating

Residual risk rating

2019 rating

Strategic value drivers

2

Property market risks

H

M

7



Key risk and probable effects

Reduced NPI as a result of increased vacancies, reversions, rebasing of rentals and increased operating costs further impacted by COVID-19 as follows:

- Reduced consumer confidence and spending
- Reduced demand for office space as people work from home
- Reduction in air and business travel impacting the hospitality sector
- Change in tenant needs, wants and consumer behaviour
- Online shopping
- Tenants reconsidering their relevance, profitability and business models which may lead to a reduction in space required
- Difficult and time consuming rental relief negotiations

Strategic responses/mitigating actions

- Rigorous tenant approval process
- Review of tenant trading densities and overall cost of occupancy to guide rental affordability and rental level negotiations
- Monitoring of footcount statistics
- Focus tenant retention strategy and early engagement to renew leases
- Rental relief packages approved by the Board
- Continuous engagement with tenants
- Development of digital technologies and new ways of doing business
- Reduction of operational cost during lockdown periods and through energy and water cost savings initiatives

Material matters

- Ongoing provision of safe and secure environments
- Digital strategy and risks relating to the application of digital technology
- Execution of the strategic pillars and building blocks that link to our precinct management strategy to lead us into the future
- The impact of rental relief provided on tenant recovery or failure
- Valuation write-down of the property portfolio

CAPITAL ALLOCATION AND RISK MANAGEMENT CONTINUED

2020 rating	Inherent risk rating	Residual risk rating	2019 rating	Strategic value drivers
3 Poor share price performance	H	H	4	
Key risk and probable effects <ul style="list-style-type: none"> • Shares trade at a discount to net asset value (NAV) • Difficult to pursue transactions that may improve distributions, improve share liquidity and that aligns to growth objectives • Limited liquidity in the share impacts the share price • High levels of share price volatility • The property sector is highly exposed to the impact of COVID-19 • Portfolio valuation 	Strategic responses/mitigating actions <ul style="list-style-type: none"> • Initiatives to introduce new shareholders • Explore strategic opportunities • Focus on tenants, customers and operational performance • Transparent reporting to investors on performance and strategy • Recycling capital on non-performing and non-core assets where possible • Ensuring the basics of property management are performed well in this uncertain period and that sustainability of core income streams is maintained 	Material matters <ul style="list-style-type: none"> • Execution of the strategic pillars and building blocks that link to our precinct management strategy to lead us into the future • The impact of rental relief provided on tenant recovery or failure • Valuation write-down of the property portfolio • Cash flow and future liquidity requirements • Significantly lower earnings and consequently reduced distribution that will be paid to shareholders 		
2020 rating	Inherent risk rating	Residual risk rating	2019 rating	Strategic value drivers
4 Credit risk	H	H	PREVIOUSLY INCLUDED IN PROPERTY MARKET RISKS	
Key risk and probable effects <ul style="list-style-type: none"> • Inability to collect rentals and recoveries from tenants impacting on revenue, increases in arrears, ECL provisions and bad debts • Increase in tenant failures and a surge in business rescues and bankruptcies due to COVID-19 lockdowns 	Strategic responses/mitigating actions <ul style="list-style-type: none"> • Rigorous tenant approval process • Arrears management • Tenant arrears over 60 days to be handed over to attorneys where appropriate • Rehabilitation of tenants through payment plans • Rental relief packages approved by the Board • Rebasing of rentals to assist in have sustainable businesses • Continuous engagement with tenants • Exploring alternate solutions to address tenant arrears 	Material matters <ul style="list-style-type: none"> • The impact of rental relief provided on tenant recovery or failure • Valuation write-down of the property portfolio • Cash flow and future liquidity requirements • Significantly lower earnings and consequently reduced distribution that will be paid to shareholders 		



2020 rating

Inherent risk rating

Residual risk rating

2019 rating

Strategic value driver

5

People

H

M

11

Key risk and probable effects

- Staff wellbeing including their health and safety
- COVID-19 has caused disruption at the workplace and placed more pressure on the team, causing stress in their personal lives

Strategic responses/mitigating actions

- Creating opportunities for growth and inclusiveness that allows the whole team to get involved in projects
- Increase in online learning, development and training
- Business continuity plans
- Flexible working approach with staff working remotely without compromising on output and quality of work
- Ongoing staff engagement and virtual meetings
- The office relocation provides an opportunity to move away from seeing the office as a place to sit and work to a place to communicate, collaborate and build company culture
- People strategy and experience framework in place
- Incentive scheme to attract and retain key staff and top talent

Material matters

- Ongoing provision of safe and secure environments
- Execution of the strategic pillars and building blocks that links to our precinct management strategy to lead us into the future
- COVID-19's impact on L2D's people and our extended teams



CAPITAL ALLOCATION AND RISK MANAGEMENT CONTINUED

2020 rating	Inherent risk rating	Residual risk rating	2019 rating	Strategic value driver
 Health and safety				
Key risk and probable effects <ul style="list-style-type: none"> • Customers do not feel safe and shop elsewhere or online • Incidents can lead to reputational damage 	Strategic responses/mitigating actions <ul style="list-style-type: none"> • Crisis leadership team monitors the implementation of the COVID-19 response plan that was adapted for the various lockdown levels • Cleaning and hygiene protocols are in place (signage, fogging, sanitisers, PPE equipment, temperature checks and face masks) • Increased security in place to manage crowds, enforce social distancing and prevent looting and riots • Signage and marketing campaigns used to inform and educate customers • Monitoring and reporting on tenant staff testing positive • Store closure in the case of infection • Collaborating with the South African Police Service, Department of Health and Disaster Management • COVID-19 mitigation plan in place for critical roles and teams • Achieved international COVID-19 compliant certification from SAFE Shopping Centres • Oversight provided by Safe Spaces committee • Sandton City Precinct and Eastgate Shopping Centre have been certified as SAFE Retail Destinations and awarded for Gold Level Excellence • Occupational Health and Safety Act, regulations and best-practise audits 		Material matters <ul style="list-style-type: none"> • Ongoing provision of safe and secure environments • Execution of the strategic pillars and building blocks that link to our precinct management strategy to lead us into the future • COVID-19's impact on L2D's people and our extended teams 	



2020 rating

Inherent risk rating

Residual risk rating

2019 rating

Strategic value driver

7

Performance of the outsourced property manager

H

M

3



Key risk and probable effects

Unsatisfactory performance in terms of:

- Tenant mix and retention
- Vacancy rates
- Collection and arrears
- Preventative and corrective maintenance
- Lease administration and recovery of utilities
- Turnover rental management
- Alternative income management
- Compliance with applicable laws and regulations
- Health and safety best practices and protocols
- Business continuity and disaster recovery at properties
- COVID-19 infections of staff in mall management offices

Managing the KPIs and property management risks have become more difficult and complex due to COVID-19.

Tenant relief negotiations are complex and time consuming.

Strategic responses/mitigating actions

- Structured approvals framework and delegation to property manager roles
- Property management agreement (service level agreement/SLA) includes KPIs and allows for financial penalties and partial or complete cancellation in event of poor performance
- Quarterly reporting on property manager's KPIs
- Performance reporting to monthly JHIR Operations Committee, Business Operations Oversight Committee, Manco and Board
- Property manager's policies and procedures
- Approved business plan
- Budgeted and market rentals for all space
- Internal audit function at property managers and L2D internal audit
- ARC oversight of controls testing and assessment
- Turnover audits
- Fraud reporting line
- COVID-19 mitigation plans for critical roles and team rotation

Material matters

- Ongoing provision of safe and secure environments
- Digital strategy and risks relating to the application of digital technology
- Execution of the strategic pillars and building blocks that links to our precinct management strategy to lead us into the future
- The impact of rental relief provided on tenant recovery or failure
- COVID-19's impact on L2D's people and our extended teams



CAPITAL ALLOCATION AND RISK MANAGEMENT CONTINUED

2020 rating	Inherent risk rating	Residual risk rating	2019 rating	Strategic value drivers
				 
Investment strategy execution	Strategic responses/mitigating actions			Material matters
Key risk and probable effects	Strategic responses/mitigating actions			Material matters
<ul style="list-style-type: none"> • Unanticipated consequences of strategic decisions and/or poor execution of strategic objectives in an uncertain market and poor growth environment • Decision-making is based on the best information available at the time 	<ul style="list-style-type: none"> • Governance structures and authority limits • Property transactions and developments are approved by the Board • Review of strategy execution at Board meetings • Regular management meetings are held with report back on investment and development activities • Post-acquisition and development reviews • Due diligences • Detailed viability and feasibility studies • Financial modelling tools 			<ul style="list-style-type: none"> • Execution of the strategic pillars and building blocks that link to our precinct management strategy to lead us into the future • The impact of rental relief provided on tenant recovery or failure • COVID-19's impact on L2D's people and our extended teams • Valuation write-down of the property portfolio • Cash flow and future liquidity requirements • Significantly lower earnings and consequently reduced distribution that will be paid to shareholders

2020 rating	Inherent risk rating	Residual risk rating	2019 rating	Strategic value drivers
9 Liquidity	H	M	14	
Key risk and probable effects <ul style="list-style-type: none"> Insufficient liquidity to meet payment commitments 	Strategic responses/mitigating actions <ul style="list-style-type: none"> Strong balance sheet Low LTV ratio of 20.5% at 31 December 2020 and an interest rate cover of 3.9 times, with sufficient headroom to increase debt facilities Unutilised revolving credit facilities of R509 million Solvency and liquidity tests Cash flow forecasts indicate that the peak utilisation is well within the RCF funding facilities Non-core assets will be disposed in correct circumstances and capital recycled 	Material matters <ul style="list-style-type: none"> Execution of the strategic pillars and building blocks that link to our precinct management strategy to lead us into the future The impact of rental relief provided on tenant recovery or failure Valuation write-down of the property portfolio Cash flow and future liquidity requirements Significantly lower earnings and consequently reduced distribution that will be paid to shareholders 		
2020 rating	Inherent risk rating	Residual risk rating	2019 rating	Strategic value drivers
10 Capital and interest	M	M	15	
Key risk and probable effects <ul style="list-style-type: none"> Availability of capital Increased cost of capital 	Strategic responses/mitigating actions <ul style="list-style-type: none"> Conservative balance sheet provides a buffer Repo bank rate has been substantially reduced – weighted average cost of debt of 7.89% Compliance with loan covenants Debt funding policy and framework aligned to capital strategy Interest rate fixes and swaps Relationships with investors and lenders 	Material matters <ul style="list-style-type: none"> Execution of the strategic pillars and building blocks that link to our precinct management strategy to lead us into the future The impact of rental relief provided on tenant recovery or failure Valuation write-down of the property portfolio Cash flow and future liquidity requirements Significantly lower earnings and consequently reduced distribution that will be paid to shareholders 		

CAPITAL ALLOCATION AND RISK MANAGEMENT CONTINUED



COMPLIANCE WITH LAWS, REGULATIONS, RULES AND STANDARDS

As a responsible corporate citizen and listed REIT, we are required to comply with the JSE Listings Requirements, the Companies Act, specific rules that apply to REITs in South Africa, as well as other legislation, regulations, codes and standards.

The Board has considered and reviewed the Company's compliance with the Companies Act and is comfortable that it complies with the applicable provisions of the Act in relation to its incorporation and that it operates in conformity with its Memorandum of Incorporation (MoI).

The Chief Risk and Compliance Officer monitors and reports on the risks of non-compliance with statutory and regulatory requirements. During the year under review, no fines were levied for non-compliance with statutory and regulatory requirements and there were no censures. In addition, we were not party to any legal action for uncompetitive behaviour. L2D is, however, responding to two property industry enquiries from the Competition Commissioner and one request for information relating to a service provider. Furthermore, no requests for information were received or denied in terms of the Promotion of Access to Information Act.

In their audit report for the year ended 31 December 2020, the external auditors confirmed that they did not become aware of any material instances of non-compliance with the relevant laws and regulations. The ARC believes that the systems for monitoring compliance with laws and regulations are effective.

ASSURANCES AND INTERNAL CONTROLS

Our property manager JHIR provided positive written assurances in respect of the internal controls, risk management and fraud detection and prevention measures that they have in place.

The external auditors confirmed in their audit report for the year ended 31 December 2020 that they did not identify significant control deficiencies in their audit, nor any risk of material misstatement of the financial statements due to fraud and that no reportable irregularity has taken place or is taking place. They also did not detect any instances of inappropriate revenue recognition or management override of controls.

The internal auditors' audit conclusion was that, based on the internal audit work performed in 2020, no weaknesses were identified and that the governance processes, risk management and system of internal controls are adequate and effective.

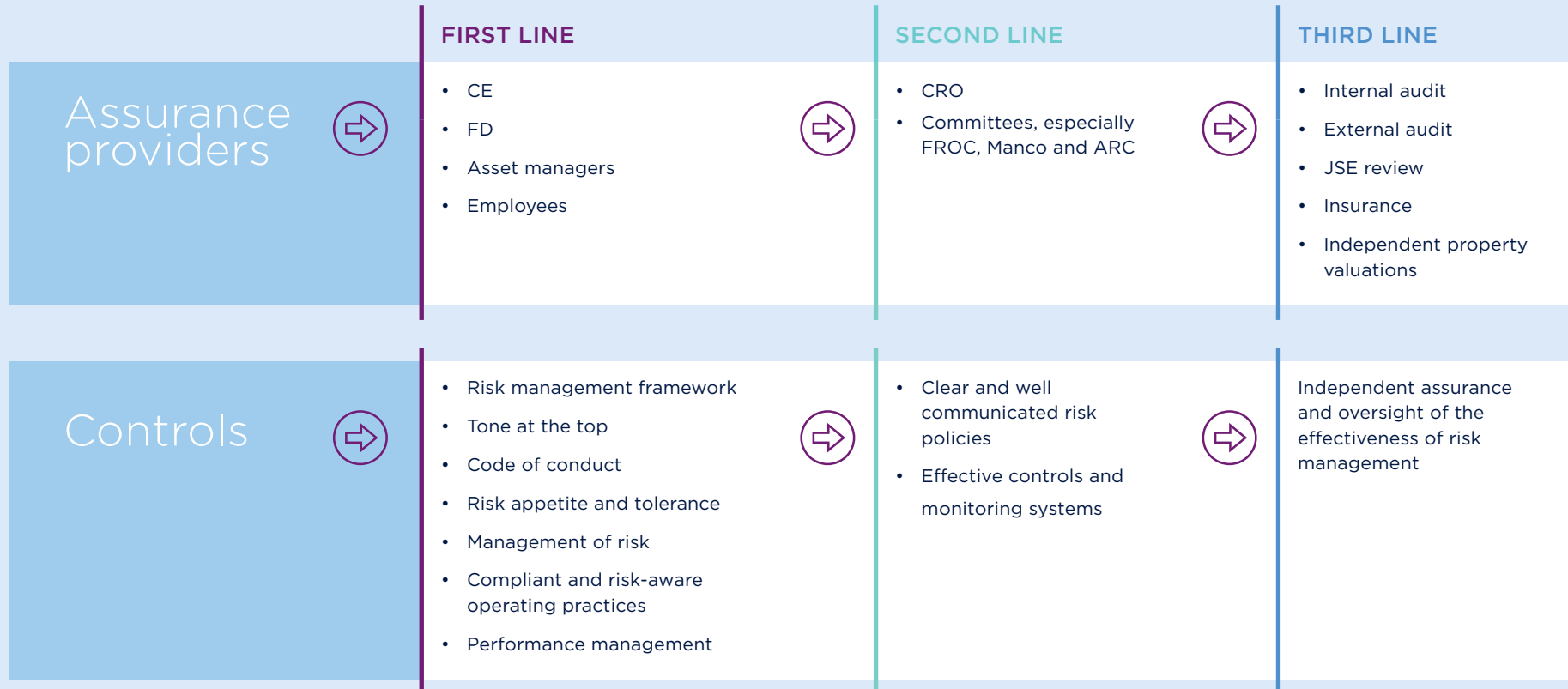
OUR COMBINED ASSURANCE MODEL

Combined assurance means adopting a coordinated approach to attaining assurance on the management of risk. At L2D, combined assurance is underpinned by a robust risk management process as well as the three lines of defence risk governance model, as set out below. Put simply, combined assurance informs the Board that the risk management and risk governance model are operating efficiently and effectively to manage L2D's risks.

Our combined assurance model aligns with the roles and responsibilities that are articulated in the three lines of defence risk governance model. Regular communication takes place between management, the CRO and governance structures, as well as independent assurance providers, including internal and external audit.

The Board receives assurance on the management of key risks on a regular basis by way of the assurance functions discussed above. Depending on the provider, assurance is received either monthly, quarterly or annually, which collectively results in efficient and effective combined assurance. The ARC believes that the combined assurance received is appropriate to address all the significant risks facing the company.

THREE LINES OF DEFENCE RISK GOVERNANCE MODEL



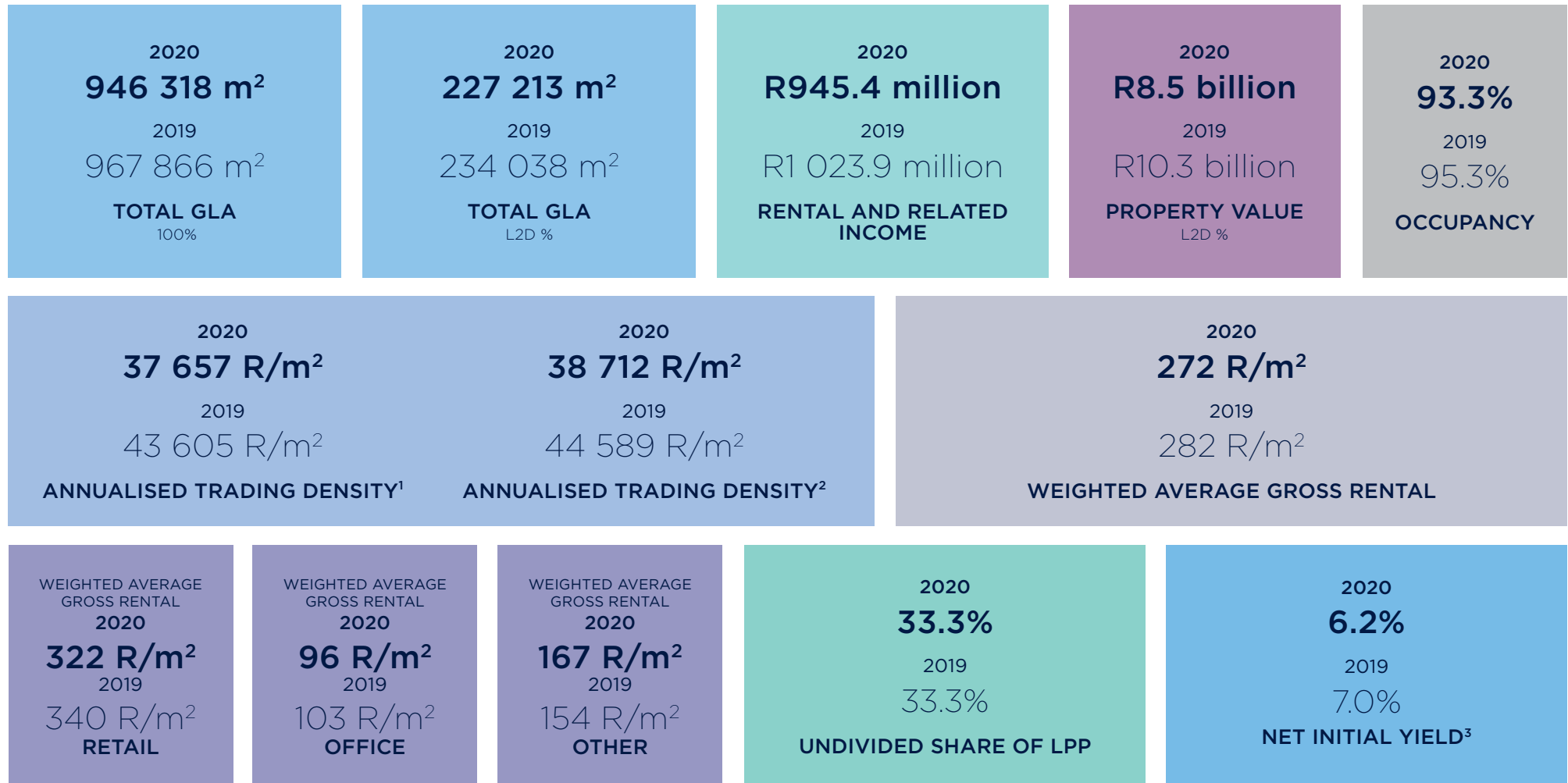
RISK MANAGEMENT OBJECTIVES FOR 2021

- Ensure robust business continuity plans are in place
- Review the risk management plan
- Review our risk appetite and tolerance levels
- Ensure POPIA compliance



OUR PROPERTY PORTFOLIO

PORTFOLIO KEY FACTS



¹ Based on a 12-month rolling period (full portfolio)

² Based on a 12-month rolling period (excluding Melrose Arch)

³ Net initial yield is based on annualised net rental/property value. Please refer to the Consolidated Annual Financial Statements for the year ended 31 December 2020 page 90 for a detailed calculation.

OUR BUSINESS

Sectoral profile

Our portfolio consists of high-quality, high-value properties in the retail, office and specialised sectors. The retail component generates the majority of our gross rental income, followed by office space and the specialised sector, which includes hotels, a hospital, a motor vehicle dealership and a gym. During the year under review we concluded the process of converting the hotel management agreements into a hybrid lease structure of 50% rental and 50% turnover based.

On the following pages, we evaluate the different sectors to which our rental income is exposed to separately. The GLA referenced in the following sections refers to all properties at a 100% level.

		2020	2019
Retail			
Gross rental income ¹ as percentage of total property portfolio	%	79.1	77.3
GLA 100%	m ²	512 701	523 135
GLA L2D%	m ²	148 168	150 070
Occupancy	%	95.3	97.7

¹ Gross rental income consists of rental income plus property expenses (excluding co-owners share).

Our retail portfolio features several iconic properties that are prime destination centres with high-level market dominance. Each centre offers a dynamic tenant mix that is designed to meet the varying and ever-changing needs of consumers.

		2020	2019
Office			
Gross rental income as percentage of total property portfolio	%	12.4	14.0
GLA 100%	m ²	316 011	331 326
GLA L2D%	m ²	55 212	60 485
Occupancy	%	87.6	89.8

The office component of the portfolio consists of offices that are attached to retail property within a mixed-used precinct, as well as stand-alone offices. Our mixed-use precinct offices include Sandton City, Nelson Mandela Square, Eastgate and Melrose Arch. For the most part, these spaces are rented out to multiple tenants.

		2020	2019
Specialised			
Gross rental income as percentage of total property portfolio	%	6.2	5.6
GLA 100%	m ²	117 606	113 405
GLA L2D%	m ²	23 833	23 483
Occupancy	%	100	100

The specialised element of the portfolio consists of prime rental space that is mostly located within the Melrose Arch complex, Sandton Convention Centre, Virgin Active Sandton, Melomed Hospital and automotive showrooms located in Richards Bay.

The tenants that operate from our specialised spaces usually enter into long-term leases, which has a mitigating effect on vacancies in this sector and is beneficial for the portfolio.

		2020	2019
Hotels			
Gross rental income as percentage of total property portfolio	%	2.3	3.1
Rooms		1 001	1 001
Occupancy percentage of full capacity	%	19	68
Occupancy percentage open for trade	%	47	68

Our hotel portfolio includes Garden Court Sandton, Sandton Sun and InterContinental Towers. The hotel portfolio is geared to luxury grading with Garden Court graded as a mid-tier offering.

OCCUPANCY PROFILE

Sector	Vacant GLA (m ²)		Occupancy % of total GLA ¹	
	2020	2019	2020	2019
Retail	23 881	11 773	95.3	97.7
Offices	39 184	33 765	87.6	89.8
Specialised	-	-	-	-
Total	63 065	45 538	93.3	95.3

¹ Occupancy rates are not adjusted for any pre-let deals concluded.

OUR PROPERTY PORTFOLIO CONTINUED

OUR GEOGRAPHICAL SPLIT OF THE PORTFOLIO BY GLA

By GLA, about three quarters of the properties we own and manage are located in Gauteng province, followed by KwaZulu-Natal, which accounts for about 12% of lettable space. This split is a reflection of our strategy to target the Gauteng area as the hub of South Africa and the home to the prestigious Sandton node (also known as Africa's richest square mile).



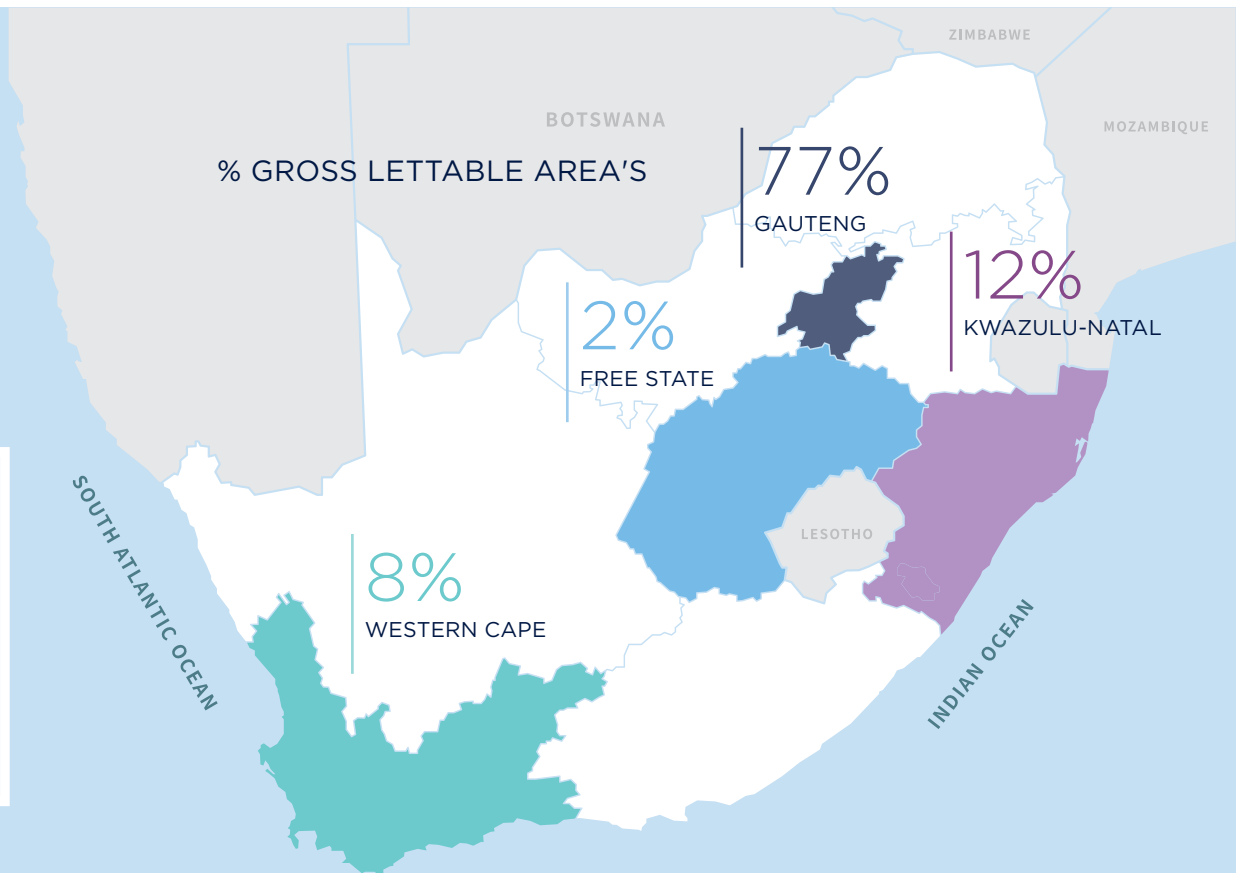
Office

The overall office occupancy rate was 87.6% (2019: 89.8%). Taking pre-lets into account, this improves to 87.9%. This remains above the SAPOA Q4 2020 national office occupancy rate of 86.7%. The L2D office sector fared well during the pandemic, however the sector remains oversupplied and office occupancies are expected to decline across the market. The Sandton office node continues to be under pressure due to the increased supply of offices in Sandton and Rosebank. We have implemented office-specific initiatives to improve occupancy levels.



Retail

The portfolio's retail occupancy rate, while above the benchmark, declined to 95.3% as at 31 December 2020 (December 2019: 97.7% and 96.9% since February 2020 - pre-COVID-19). Taking pre-let deals into account, the occupancy rate improves to 96.1%. SAPOA's Q3 2020 retail occupancy benchmark is 93.1%.



SANDTON

Africa's richest square mile

TRADING PERFORMANCE

Emphasis was placed on turnover and footcount for the year due to the restrictions placed on tenants' ability to trade. The change in turnover over the year has largely followed the same trend as footcount, however, turnover does seem to have recovered slightly faster than footcount indicating a higher spend per visit.

The portfolio saw a 22% decline in turnover for 2020 compared to 2019, however demonstrating a strong recovery in Q4 2020, with customer demand returning as the lockdown restrictions eased. For the month of December, the portfolio achieved 91% of the December 2019 turnover.

The portfolio had 70% of the number of visitors seen in 2019. This equates to a total of 51 million visitors frequenting L2D malls over the year. As the festive season approached we saw a steady improvement in the number of visitors to the malls, with December at 79% of its 2019 comparative levels. A variety of marketing initiatives were carried out across the malls, including the Christmas Village and Festive Live at Sandton City and Nelson Mandela Square respectively, as well as the Festival of Fun at Eastgate.

For further information and metrics on our individual properties, please refer to [73](#) to [79](#) of this report.

LEASE EXPIRY PROFILE

We are able to maintain a balanced lease expiry profile across the portfolio by continuously evaluating the tenant mix and engaging with current and prospective tenants on a regular basis. For details on how we engage with our key stakeholders, please see [38](#) to [41](#) of this report. The current lease profile is tabled below and provides an analysis of when the leases will expire.

Period	GLA (m ²)	% ¹	Contractual monthly rental ² (R)	%
Monthly and expired	54 131	5.8	10 245 765	5.4
2021	115 073	12.3	44 465 462	23.4
2022	195 134	20.9	41 572 980	21.9
2023	103 214	11.1	29 023 301	15.3
2024	179 714	19.3	30 820 457	16.2
2025+	216 310	23.9	33 561 590	17.7

¹ The percentage lease expiry is calculated based on total GLA including vacancies.

² GLA and contractual monthly rental at 100% ownership.

LEASING

As can be expected the leasing environment in 2020 was difficult, with the team having to navigate complex discussions regarding rent relief and renewals.

New leases

Notwithstanding the difficult trading environment, 90 new tenancies (23 449 m²) were secured over the year across both retail and office space. Some noteworthy tenants at Sandton City include Turkish menswear brand D'S Damat and Paul & Shark. These tenants share our vision for sustainability. Eastgate opened its very first virtual kitchen, Cloud Dine, while Promenade secured a large box tenant, Home Choice, amongst others.

Expiries and tenant retention

In terms of GLA, lease expiries for 2020 amounted to approximately 177 000 m², representing 18.8% of the portfolio. Of these expiries, 70.7% of tenants renewed their leases, with a number of renewals still under negotiation. The largest renewal in 2020 was the Sandton Convention Centre (SCC). The SCC renewal was concluded on a management agreement basis but remains closed due to COVID-19.

Despite the tough environment the team were able to achieve a retention of 84.2% (all renewals concluded plus renewals under negotiation) of the total expiries in 2020. At L2D, we strive to maintain and enhance the quality of our properties, as well as improve the precincts in which they operate to keep them relevant and make them more appealing. This is key to both retaining current tenants and attracting new tenants and forms an important part of our leasing strategy.

Overall, the portfolio reversion rate on lease renewals was -30.6%, with the office portfolio recording -26.2% and the retail portfolio -32.2%. The negative retail reversion rate is mainly attributed to Sandton City, Nelson Mandela Square and Eastgate Shopping Centre. This rebasing of retail tenants to lower, more sustainable market rentals upon renewal of their leases, is a consequence of the trading environment but still aligns with our strategy to support the sustainability of our assets and income stream. The office reversion rate was also negative, owing largely to the STANLIB renewal at Melrose Arch.



MELROSE ARCH

MELROSE ARCH ATTRACTS A VARIETY OF VISITORS AND EPITOMISES THE THEME OF LIVE, WORK AND PLAY.

GLA 100%

198 879 m²

Property value 100%

R6.0 billion





HOSPITALITY PERFORMANCE

Performance of the hospitality portfolio remains under pressure as these assets derive a large proportion of their business from air crews, corporate, government, leisure, sports segments and business conferences. As a result of travel restrictions, limitations on business conferences and the operational viability of keeping the hospitality assets open during this time only the Sandton Sun has been reopened. Sandton Sun's average occupancy rate for the six months to December 2020 was 34%. The actual occupancy rate in December 2020 was 46.5%, down from 53.7% in November 2020 demonstrating the stress faced in the sector.

Sandton InterContinental Towers, Garden Court and the SCC have been closed for operations since March 2020. The hotel leases remain suspended with no rental payable until they start operating at viable levels. The co-owners will mutually agree on the reinstatement date for the leases. The SCC opened for a few days in November 2020 to accommodate the President's conference.

		12 months based on full capacity 2020	12 months 2019	Change %	12 months open for trade ² 2020	12 months 2019	Change %
Hotels' statistics							
Garden Court Sandton							
		444	444		444	444	
Number of rooms		444	444		444	444	
Occupancy	%	14	73	(80.8)	61	73	(16.4)
Average room rate	Rand	1,052	1,014	3.7	1,052	1,014	3.7
RevPar	Rand	148	737	(79.9)	643	737	(12.8)
InterContinental Towers Sandton							
		231	231		231	231	
Number of rooms		231	231		231	231	
Occupancy	%	14	67	(79.1)	59	67	(11.9)
Average room rate	Rand	1,868	1,889	(1.1)	1,868	1,889	(1.1)
RevPar	Rand	256	1,261	(79.7)	1,101	1,261	(12.7)
Sandton Sun							
		326	326		326	326	
Number of rooms		326	326		326	326	
Occupancy	%	31	63	(50.8)	39	63	(38.1)
Average room rate	Rand	1,448	1,677	(13.7)	1,448	1,677	(13.7)
RevPar	Rand	444	1,060	(58.1)	558	1,060	(47.4)

¹ Figures applied above based on a 12-month average.

² Open for trade is based on restrictions imposed by the lockdown regulations.



OUR PROPERTY PORTFOLIO CONTINUED

AVERAGE NET RENTAL

The average net rental (R/m²) per asset as calculated below = total rent divided by total leased GLA. Total rent is the sum of basic rent and turnover rent. Total leased GLA is the total building GLA less vacancies, over the 12-month period.

Asset	Average net rental/m ²
Nelson Mandela Square - Retail	517
Nelson Mandela Square - Office	124
Eastgate - Retail	357
Eastgate - Office	149
Sandton City Shopping Centre	558
Sandton City - Offices	151
Liberty Promenade, Mitchell's Plein	164
Liberty Life Style Centre	173
Liberty Midlands Mall	223
Botshabelo	136
Melrose - Retail	193
Melrose - Office	197
Tangawizi John Ross	70
Melomed	209
Standard Bank Centre	81
Regional Head Office Umhlanga Ridge	157
Umhlanga Office Block	126
Total retail	355
Total Office	142
Total portfolio	272

PROPERTY PORTFOLIO OVERVIEW

The portfolio has seen a steady improvement in turnover as the lockdown levels have been eased, allowing retailers to resume trading and drawing customers back to our retail offerings. The top three performing categories in the third quarter, from a turnover growth perspective, were luxury brands, grocery/supermarket and technology. Luxury brands play a significant role in the portfolio, contributing 8.1% towards total turnover, but only account for 0.9% of portfolio GLA. The category was negatively impacted in the second quarter due to the inability to trade under lockdown level 5 but experienced a significant recovery in the third quarter driven by pent-up domestic demand. Luxury brands finished the year as the best performing category in the portfolio.

The emphasis on creating experiences for our customers remains a strategic focus area and we consistently challenge ourselves in merging the online and offline (in-mall) experiences in order to create a seamless customer journey and experience. Our promise of a positive customer experience and superior offering drives the delivery across our various touchpoints. We understand that these unprecedented times call for tangible action in order to inspire real change.

Through the #CreateTomorrow marketing campaign that was recently launched to redefine our retail spaces, we reaffirmed our commitment to position the business for the expected step change towards rebuilding for growth for all.

Sandton City Complex

Sandton City has an iconic retail offering in the heart of South Africa's economic hub and continues to outperform the market in terms of trading density and tenant mix. Sandton City's customer experience journey is unique and sets the asset apart with its Diamond Walk luxury offering continuing to outperform the market. It remains the key differentiator for the centre.

The Sandton City Precinct, which includes Sandton City Shopping Centre, Atrium on 5th and the Sandton City Office Tower is fully COVID-19 compliant and has been certified as a safe retail destination in accordance to the SHORE-certification by international body, SAFE Asset Group.

The Sandton City Precinct was awarded an outstanding 6-Star Green Star Rating for Existing Building Performance v1 by the Green Building Council of South Africa. This is the first super-regional mall on the African continent to achieve such a prestigious rating, representing world leadership in environmentally sustainable operational efficiencies, driven through L2D.

The precinct has been awarded Gold Level Excellence for its ability to prevent, adapt, respond to, recover and learn from operational disruptions. The precinct is ranked the highest in safety and security standards in the world out of the 180 shopping centres assessed by SAFE Asset Group and has outperformed top international shopping centres, scoring an international leading 94.5% and surpassing the previous high score of 93%.

Sandton City is integral in the social fabric of community place-making, serving the needs of its customers and tenants while cultivating vibrant and diverse environments. Sandton City launched the INTROSPECTION contemporary art gallery in an 850 m² industrial space at the Diamond Walk which was previously occupied by Prada.

Sandton City continues to attract key international brands and 2020 saw the opening of Mango and the first Desigual in the country.

Ownership	Location	
25%	Gauteng	
Sector	Retail and Office	
Property value 100%	Property value L2D%	
R12.4 billion	R3.1 billion	
Retail average net rental	Office average net rental	
R558/m ²	R151/m ²	
GLA 100%	GLA L2D%	
195 941 m ²	48 937 m ²	
Retail occupancy	Office occupancy	Number of tenants
97.8%	76.5%	337
Trading density	Annual footcount	
R49 827 m ²	14 million	
Major retail tenants by GLA		
Checkers Hyper, Woolworths, Edgars, Dis-Chem, H&M, Truworths		



OUR PROPERTY PORTFOLIO CONTINUED



FEATURED PROPERTY

Ownership	Location
33%	Gauteng
Sector	
Retail and office	
Property value 100%	Property value L2D%
R1.2 billion	R405 million
Retail average net rental	Office average net rental
R516/m ²	R124/m ²
GLA 100%	GLA L2D%
38 595 m ²	12 852 m ²
Retail occupancy	Office occupancy
77.3%	66.5%
Trading density	
R45 752/m ²	
Number of tenants	Annual footcount
104	5.1 million
Major retail tenants by GLA Hard Rock Café, The Butcher Shop and Grill, Trumps	

Nelson Mandela Square

One of the most well-known open public spaces in the country, Nelson Mandela Square features a six-metre statue of the iconic statesman, which is one of Africa's most photographed attractions. A selection of fine restaurants forms a significant component of lettable space at Nelson Mandela Square and the addition of new Halaal offerings to the upper level has enhanced the appeal of the popular restaurant destination.



FEATURED PROPERTY

Ownership	Sector
33%	Retail
Location	
KwaZulu-Natal	
Property value 100%	Property value L2D%
R2.1 billion	R730 million
GLA 100%	GLA L2D%
78 249 m ²	26 058 m ²
Mall average net rental	Lifestyle Centre net rental
R223/m ²	R173/m ²
Mall occupancy	Lifestyle Centre occupancy
99%	96%
Mall trading density	Lifestyle Centre trading density
R32 989/m ²	R19 393 m ²
Number of tenants - Mall	Number of tenants - Lifestyle Centre
155	33
Annual footcount - Mall	Annual footcount - Lifestyle Centre
5.6 million	1.6 million

Liberty Midlands Mall

Located in KwaZulu-Natal, Midlands Mall has the notable advantage of being Pietermaritzburg's only regional shopping centre. The Lifestyle Centre includes tenants such as Checkers, Planet Fitness and a variety of new food offerings.

Major retail tenants by GLA
Game, Pick n Pay,
Woolworths, Checkers, Dis-Chem

FEATURED PROPERTY



Ownership	Sector
33%	Retail
Location	
Western Cape	
Property value 100%	Property value L2D%
R1.6 billion	R536 million
Average net rental	
R164/m ²	
GLA 100%	GLA L2D%
73 392m ²	24 440/m ²
Retail occupancy	Trading density
98.7%	R37 311/m ²
Number of tenants	Annual footcount
166	9 million
Major retail tenants by GLA	
Pick n Pay, Game, Woolworths, Ster-Kinekor	

Liberty Promenade Shopping Centre

In the Western Cape, the Liberty Promenade Shopping Centre experienced high footfalls and high occupancy levels, ending the year with an occupancy rate of 98.7% (2019: 99.5%).

The centre also reported trading density growth of 9.2% at 31 December 2020.

We have been enhancing the tenant mix and introducing new tenants, which will assist in attracting new customers and retaining existing customers.

FEATURED PROPERTY



Ownership	Location
33%	Free State
Sector	
Retail	
Property value 100%	Property value L2D%
R280.1 million	R93 million
Average net rental	
R136/m ²	
GLA 100%	GLA L2D%
20 743m ²	6 908 m ²
Occupancy	
94.5%	
Trading density	
R38 149/m ²	
Number of tenants	
61	
Major retail tenants by GLA	
Shoprite, Pick n Pay, Woolworths, Cashbuild, Truworths,	

Botshabelo Mall

Located in the Free State, Botshabelo Mall experienced strong annual trading density growth of 14.1% at 31 December 2020 (2019: 12.7%). Occupancy levels marginally decreased to 94.5% at 31 December 2020 (2019: 94.8%). Once again, we were encouraged by the mall's positive trading performance and leasing activity, which positions it well for another year of strong support from customers in the surrounding communities.

OUR PROPERTY PORTFOLIO CONTINUED

FEATURED PROPERTY

Ownership	33%	Location	Gauteng
Sector	Retail and Office		
Property value 100%	R7.1 billion	Property value L2D%	R2.4 billion
Average net rental including offices	R343/m ²		
GLA 100%	143 344 m ²	GLA L2D%	47 735 m ²
Trading density	R31 621/m ²		
Retail occupancy	92.6%	Office occupancy	296.1%
Number of tenants	237	Annual footcount	11.6 million
Major retail tenants by GLA	Woolworths, H&M, Checkers Hyper, Game, Mega Mica		

Eastgate Shopping Centre

Dominating the retail landscape in the east of Johannesburg is Eastgate Shopping Centre, a long-established super-regional centre with significant customer support. Forty years after it first opened to the public, Eastgate Shopping Centre is still one of the largest, best-loved shopping centres in South Africa. It has more than stood the test of time by significantly growing in size and stature and undergoing a number of evolutionary upgrades to meet the ever-changing needs of customers and surrounding communities.



FEATURED PROPERTY



Ownership Tanagwizi Motors

33%

Ownership Melomed Hospital

23%

Sector

Specialised

Location

KwaZulu-Natal

Property value 100% combined

R695 million

Property value L2D%

R177 million

Property value Melomed Hospital 100%/L2D%

R540.5/R126 million

Property value Tanagwizi Motors 100%/L2D%

R65/R21.6 million

Property value remaining estate 100%/L2D%

R90.3/R30 million

John Ross Eco-Junction Estate

The John Ross Eco-Junction Estate is located in Richards Bay and comprises three components: Melomed Hospital, Tanagwizi Motors and the remaining estate. The 200-bed Melomed Hospital facility opened in January 2018 and represents our first private hospital development. The property is a mixed-use commercial and industrial development and offers a convenient location, with good accessibility, security and infrastructure to meet the healthcare services needs of the local community and surrounding areas.

FEATURED PROPERTY



Ownership

17%

Location

Gauteng

Sector

Office

Property value 100%

R885 million

Property value L2D%

R147 million

Average net rental

R81/m²

GLA 100%

92 789m²

GLA L2D%

15 450 m²

Occupancy

100%

Number of tenants

1

Major retail tenants by GLA:

Standard Bank

Standard Bank Centre

The Standard Bank Centre is a single-tenant building located in the heart of the Johannesburg central business district with easy access from the M1 highway. This landmark building operates under a triple net lease, meaning the tenant is responsible for the rent and all property expenses, including maintenance, tax and insurance.

OUR PROPERTY PORTFOLIO CONTINUED

FEATURED PROPERTY

Sandton specialised

The hospitality portfolio consists of Sandton Sun hotel, Inter Continental Towers, Garden Court Sandton and SCC. These assets get business mainly from Air Crew, corporate, government, leisure and sports segments. There has been very minimal demand from these segments in 2020 due to the COVID-19 restrictions and as a result, only Sandton Sun has been open for operations during the periods of limited trade.

Sandton Sun's average occupancy rate for the six months to December 2020 was 34%. The actual occupancy rate in December 2020 was 46.5%, down from 53.7% in November 2020. Revenue was at R11.7 million, down from R12.2 million in November.

Sandton Intercontinental Towers, Garden Court and the Convention Centre have been closed for operations since March 2020 and their leases remain suspended with no rental payable until the hotels start operating at viable levels. The co-owners will mutually agree on the reinstatement date for the leases.

The Convention Centre opened for a few days in November 2020 to accommodate government conferences and will continue operating on an ad hoc basis when required.

The nature of the hospitality portfolio remains competitive in the market. The management team continues to market the portfolio, comply with COVID-19 protocols and offer attractive packages to improve performance under the circumstances.

Virgin Active Sandton is a 3 406 m² facility fronting Alice Lane that offers customers a luxury gym experience. The upmarket gym features state of the art facilities, equipment and a personalised health and wellness experience in the heart of Sandton.

Ownership Garden Court Centre	Ownership Convention Centre
25%	25%
Ownership Virgin Active	
25%	
Ownership Sandton Sun and InterContinental Towers	
25%	
Property value 100%	Property value L2D%
R1.3 billion	R333.5 million
Location	Sector
Gauteng	Specialised
Property value Virgin Active 100%	Property value Virgin Active L2D%
R47.5 million	R11.9 million
Property value Convention Centre	Property value Convention Centre
R196.1 million	R48.9 million
Property value Garden Court Centre 100%	Property value Garden Court Centre L2D%
R456.5 million	R114 million
Property value Sandton Sun and InterContinental Towers 100%	Property value Sandton Sun and InterContinental Towers L2D%
R635.5 million	R158.7 million



FEATURED PROPERTY



Ownership	8%	Location	Gauteng
Sector	Retail, Office & Specialised		
Property value 100%	R6.0 billion	Property value L2D%	R468 million
Retail average net rental	R193/m ²	Office average net rental	R197/m ²
GLA 100%	198 879 m ²	GLA L2D%	16 557 m ²
Trading density	R21 930/m ²		
Retail occupancy	93.2%	Office occupancy	85.6%
Major retail tenants by GLA			
Woolworths, Truworths, @Home, Tigers Milk, Starbucks			

Melrose Arch

Conveniently located between the Corlett Drive and Athol Oaklands M1 highway ramps, Melrose Arch is a mixed-use precinct with retail, office, hotel, residential and showroom components. As a result, Melrose Arch attracts a variety of visitors and epitomises the theme of live, work and play.

FEATURED PROPERTY



Ownership	33%	Sector	Office
Location	KwaZulu-Natal		
Property value 100%	R306.6 million		
Property value Liberty Centre head office 100% (Combined)	R214.6 million		
Property value Liberty Centre head office L2D% (Combined)	R106 million		
Property value Umhlanga Ridge Office Park 100%	R92 million		
Average net rental Liberty	R126/m ²	Average net rental Ridge	R157/m ²
GLA combined 100%	22 201m ²	GLA combined 100%	7 393 m ²
Number of tenants Liberty	5	Number of tenants Ridge	6
		Occupancy	87%

Liberty Centre Head Office and Umhlanga Ridge Office Park

Located in Umhlanga Rocks, KwaZulu-Natal, the Liberty Centre Head Office and Umhlanga Ridge Office Park is a purpose-built, five-storey building in one of the country's best-known mixed-use development nodes. This office property is predominantly tenanted by the LGL Head Office and Regus.

OUR PROPERTY PORTFOLIO CONTINUED

FUTURE PROOFING THROUGH DIGITISATION

The commercial real estate industry has not been left untouched by the digital transformation revolution seen in many other industries. This transformation has led to a proliferation of digital solutions that bring much-sought convenience and frictionless experiences to customers and enhance operational efficiencies of tenants. The onset of the COVID-19 pandemic has accelerated trends such as online shopping, a combination of physical and online shopping and delivery solutions that complement physical shopping.

Digital transformation has long been a key objective within our portfolio to innovatively address the ever-evolving needs of both our customers and tenants. Our digital transformation journey is shaped by our vision of being the leading South African precinct-focused, retail-centred REIT that creates experiential spaces to benefit generations. It is further informed by our business strategy that seeks, amongst others, to enhance the experiences of our tenants and customers when engaging with the organisation.

Through our digital transformation journey we will drive initiatives and deploy technologies that futureproof the organisation and position it to innovatively meet the ever-evolving needs of our tenants and customers while also enabling L2D employees to efficiently play their roles.

The targeted outcome of our digital transformation is the provision of an integrated and seamless physical and digital shopping experience for our customers and a digitally enabled operating environment that enables our tenants to thrive.

Our approach to digital transformation

We will drive our transformation activities through the Smart Spaces programme, which is one of the building blocks of our strategy. We have set ourselves the Smart Spaces ambition of 'creating smart environments by integrating technology to enhance customers' and tenants' experiences, securing our position at the forefront of innovative thinking'.

We envisage a significant increase in the technology deployed within our portfolio and, by extension, its influence in how we run our business and implement our digital strategy. Delivery of the required technology solutions will be done in conjunction with partners with the necessary expertise to deliver on the required capabilities. We will also be developing the necessary internal skills that would ensure the sustainability of deployed solutions.

We have adopted the cloud-first principle for the development of our solutions to take advantage of the benefits that the cloud brings and to be able to tap into the rich ecosystem of potential partner solutions that are on the cloud. In furtherance of the partnerships we envisage we will also ensure that the solutions we develop are Application Programme Interface (API) ready.

We recognise the centrality of well-developed data capabilities to the achievement of our digital transformation ambitions and will initially be placing emphasis on the development of those capabilities.

Lessons learnt from organisations that embarked on such transformational journeys in the last few years have shown that such journeys entail much more than just the deployment of technology for them to succeed. Equally important is the clarity on the targeted value to be delivered to all key stakeholders and the organisational readiness and orientation to operate in the digital environment to be created. We will therefore always be clear on the value we are targeting when driving our initiatives.

AREAS OF FOCUS

We have developed a cloud-based data lake hosted by Amazon Web Services on top of which we are currently developing the necessary capabilities that would allow us to ingest relevant data from various data sources, perform analysis on the data and draw insights that we can use to enhance the experiences of our customers and tenants. All data is sourced and used with full compliance to the POPIA regulations.

We are deploying technology solutions that enable facilities management teams to proactively manage the assets using real-time data, alerts and artificial intelligence tools to develop insights that could be used to create better environments in which customers shop and retailers trade.

We are in the process of developing a solution that will enable us to better engage with our tenants and share relevant insights that we are able to draw from our developed data lake. Furthermore, we are developing solutions that are targeted at reducing friction whenever customers engage with us.



OUR RETAIL ASSETS ARE CENTRES OF EXCELLENCE

Once again, we made a concerted effort to create experiential spaces for customers and support the communities that surround our properties. As evidence of the progress we have made to reach this objective, we are pleased to have received positive feedback from the SACSC.

Gold Footprint Marketing Award	Centre:	Sandton City	Sandton City	Sandton City	Sandton City	Sandton City				
	Campaign:	Festive City	Festive City	Black Coffee Guinness World Records	Jhb Pride	SA Style Awards				
	Category:	C	H	K	H	H				

Silver Footprint Marketing Award	Centre:	Eastgate Shopping Centre	Eastgate Shopping Centre	Eastgate Shopping Centre	Eastgate Shopping Centre	Liberty Midlands Mall	Sandton City	Sandton City	Sandton City	
	Campaign:	#BeBeautiful	Motor Show	Since 1979	Since 1979	#LoveLocal	Festive City	Gamer's Expo	Jhb Pride	
	Category:	H	A	A	J	H	A	C	A	

Bronze Footprint Marketing Award	Centre:	Eastgate Shopping Centre	Eastgate Shopping Centre	Eastgate Shopping Centre	Eastgate Shopping Centre	Liberty Midlands Mall	Liberty Midlands Mall	Liberty Midlands Mall	Liberty Midlands Mall	Liberty Promenade
	Campaign:	#BeBeautiful	Aquaponics	Festival of Fun	Since 1979	#LoveLocal	Art of Fashion	Plugged into the Sun	Santa's Grotto	Kite Decorating Festival
	Category:	L	H	C	K	C	H	D	K	H

Bronze Footprint Marketing Award	Centre:	Liberty Promenade	Liberty Promenade	Liberty Promenade	Nelson Mandela Square	Nelson Mandela Square	Sandton City	Sandton City	Sandton City	Sandton City	Sandton City
	Campaign:	Next Generation Musical Showcase	Next Generation Musical Showcase	Tackle, Toss, Triumph	Latitudes Art Fair	Rugby World Cup	Changing Waves	Festive City	Gamer's Expo	Hot FM Teddython	The Nutcracker's Winter Circus
	Category:	D	H	C	D	L	K	K	B	H	E

CATEGORY KEY

A	B	C	D	E	H	J	K	L
Centre Productivity	Retailer Productivity	Sales, Promotions and Events	Public Relations	Advertising	Community Relations	Category Integration	Visual Merchandising	Digital Marketing

INSPIRING PASSIONATE PEOPLE

Our philosophy is to put our people at the heart of everything we do and encourage inspired, passionate and empowered people who maintain balanced lives.

Our focus is on delivering results while challenging each person to take ownership of their performance, learning and growth. We encourage our people to make a meaningful and productive contribution and build their capabilities while leading from wherever they are. Our people practices are geared towards supporting this culture and achieving outcomes aligned with our overall strategy. We strive to keep our values of passion, accountability, care and excellence core to the way in which we work together.

OUR EMPLOYEE PROFILE

Ensuring we have the right people is critical to the execution of our strategy.

TOTAL PERMANENT EMPLOYEES ¹	PERCENTAGE AIC	PERCENTAGE FEMALE	AVERAGE AGE
34	65%	71%	38



¹ Excludes outsourced employees in JHIR

OUR PEOPLE PLAN

Having a people plan aligned with our overall purpose and strategy has been a key focus over the year.

LEARNING AND DEVELOPMENT

To build and grow our key capabilities and provide the necessary level of challenge, we encourage individuals to take ownership of their learning and development and collaborate with them to curate learning experiences. We identify our people's learning and development requirements during regular performance conversations in which KPIs are set and individual development plans put in place. These are then reviewed over the performance period.

As a result of physical distancing requirements, many of our training and development initiatives shifted online in 2020, making programmes more accessible for people across the organisation. We saw an increase in the amount of compliance training undertaken during the year to upskill employees on information communication technology compliance and COVID-19 related training, among other matters.

During the year, 40 employees benefitted from training programmes (including fixed-term employees and learnerships) (2019: 37). The average spend per employee was R25 628 (2019: R100 679). The decrease in training spend was a result of our focus on providing bursaries.

Furthermore, the impact of COVID-19 resulted in the participation of employees in online-driven training forums that are run more economically, thus bringing down costs.

In the year ahead, we will focus on extending the Growth Mindset programme and ensuring that all employees have set tangible learning goals and developed a plan of action (individual development plans) to address their learning and development needs.

LEADERSHIP DEVELOPMENT

We measure the effectiveness of our leaders to assist them and our organisation to grow. At the end of 2019, we conducted a 360 degree leadership survey through Feedback Rocket. This survey assessed the level of responsible leadership displayed by senior leaders, evaluated their commitment to exemplifying our values and gained insight into individual performance against leadership competencies.

An overall score of 7.7 was achieved, with the benchmark set at 7.9. The top leadership qualities were honesty, trustworthiness, integrity, passion regarding success, skill, competence, respect and commitment to diversity. The areas identified for improvement that were targeted during the year included conflict resolution, adaptability to change, openness to challenge and receiving constructive criticism, clear communication and enhanced delegation skills.

There are leadership development initiatives in place specific to enhance capability to deal with the areas of improvement. These include:

- Coaching
- Workshops
- Online courses and
- Receiving ongoing feedback

SUCCESSION

Our succession plan is aligned with our intention to implement our transformation strategy, grow talent internally, create an exceptional people experience and consider the retention of critical people and skills. It mitigates our succession risk and is instrumental in achieving our strategy and business objectives. L2D's approach focuses on strategic management of the attraction, acquisition and development of talent with career opportunities for all.

Our succession philosophy is about preparing L2D to be future fit, understanding the key capabilities that enable strategy both now and for the future and gearing the workforce to meet short and long-term objectives. It is aligned with our culture and organisational design as the business evolves and grows.

GROWING A TRANSFORMED ORGANISATION

We are committed to encouraging diversity through all levels of our organisation, up to and including leadership. We support the principles

reflected in the Employment Equity Act and are committed to creating a diverse and equitable workplace.

In 2020, we undertook an initiative facilitated by Mandate Molefi, specialised diversity and inclusion external consultants. The company engaged in conversations across the business to highlight blind spots in terms of diversity and inclusion. The outcome of the discussions held will allow us to empower people throughout the organisation to implement best-practice principles and improve the quality of all engagements. In this way, we will ensure that all voices are heard and a safe atmosphere is provided for courageous conversations that challenge the status quo and support real inclusion.

Furthermore, our Inclusivity, Diversity and Employment Equity (IDEE) forum continued to meet quarterly and a series of IDEE-led workshops have been held as a means of fostering a more inclusive culture at L2D. These will continue in 2021.

TALENT MANAGEMENT AND DEVELOPMENT

Our strategic talent management processes strive to align and target initiatives that create an environment that enables individual development and progression and allows us to build capabilities for future roles. This process is informed by the individual's performance and the capabilities and skills required to successfully progress in the organisation.

Moreover, learning forums and experiences create a culture and work environment that stimulates individual ownership of learning and development to enable our people to progress their careers and, thereby, their earning potential.

PERFORMANCE MANAGEMENT

Our performance excellence culture is supported by our performance management policy, which requires each person to enter into an annual performance contract that clearly defines the objectives and outputs expected of them, aligned to the overall business objectives for both financial and non-financial outcomes, with due regard to the line of sight over their direct impact.

Performance contracts identify and clarify deliverables and KPIs against which performance is measured throughout the year. Informal continuous assessment and formal reviews of individual performance take place regularly to ensure that there is feedback and conversation that recognises and encourages success, identifies any development needs and determines corrective action where necessary.

The individual's level determines the level of allocation to incentive eligibility in the organisation – the more senior, the higher the percentage attributable to financial KPIs. All incentive awards are conditional on achieving performance conditions and targets. Guaranteed bonuses are paid by exception in the context of hiring and only concerning the first year.

EMPLOYEE WELLBEING IN AN EVOLVING CONTEXT

Our wellness initiatives were enhanced during the year, focusing on the emotional, physical and financial wellbeing needs of our people as they faced new challenges brought on by the pandemic.

We facilitated several group coaching sessions to assist employees within the pandemic work-from-home context, creating a safe space for employees to share and support one another. To promote better engagement in a remote working environment, we also experimented with various engagement platforms and methodologies, encouraging employee connection and collaboration through diverse channels.

L2D's occupancy of offices at Melrose Arch came to an end in September while the team worked remotely. This presented an exciting opportunity for the business to move into Nelson Mandela Square with a renewed focus on supporting new ways of working that will drive performance and the achievement of our strategic objectives in 2021 and beyond. Conversations around what has been lost through remote working and capitalising on many work practices that have emerged in the work-from-home space have enabled us to gain a clearer picture of the model we wish to create.

SUPPORTING OUR COMMUNITIES

We strive to be a responsible corporate citizen. We aim to engage and support the communities in which we operate in a responsible, sustainable, constructive and empowering manner.

SUSTAINABLE SOCIO-ECONOMIC INITIATIVES

We are committed to investing in the communities where our businesses operate and where the portfolio is socially active. To focus our efforts, we partner with like-minded organisations to address inequality and other challenges that persist in South Africa and to improve the quality of life of our society's most needy.

SUPPORTING SUSTAINABLE TRANSFORMATION

We are firm believers in the need to transform South Africa's unique socio-economic environment and this is actively promoted within our long-term sustainable growth action plan. We have implemented several steps to ensure effective, sustainable transformation within the business. This includes the use of additional B-BBEE suppliers, investment in enterprise and supplier development and effective talent management of our employees.

**B-BBEE status awarded:
LEVEL 2**

**B-BBEE procurement level:
125%**

We continue to engage in various initiatives through our commitment to transformation, including:

- **R700 000** allocated to bursaries for African males and females enrolled in property-related degrees
- **R260 000** committed to enterprise development and **R520 000** to supplier development initiatives to drive genuine economic participation
- Focused procurement spend on **30% black female-owned** exempt micro enterprises and qualifying small entities

Furthermore, understanding that small and medium enterprises (SMEs) form the engine of our economy, L2D is committed to Business Leadership South Africa's **#Payin30 initiative**, which asks business to pay suppliers and SMEs within 30 days. This approach aligns with L2D's existing Procurement Policy.

INVESTING IN OUR COMMUNITIES

With management support, our employees and the property manager are encouraged to drive social investment projects at Group level and at the individual shopping centres. We have an active community engagement strategy in place to ensure that our social investment impact is meaningful. Wherever practical or possible, we aim to facilitate socio-economic empowerment within our communities.

L2D's socio-economic focus for 2021 will continue to be education, as it is the most impactful investment possible to improve the lives and livelihoods of South Africans. Mad2Adventure will run again in 2021 and we are looking forward to events and initiatives alongside the Youth In Property Association (YIPA) after their empowerment activities were paused in 2020 as a result of COVID-19.

#CreateTomorrow

The impact of COVID-19 cannot be denied nor underestimated. It has had overwhelming effects on the country's socio-economic landscape. As part of the drive to help restart the economy and rebuild tomorrow for South Africans, L2D launched an impact campaign called #CreateTomorrow across its retail portfolio.

The communities served by our nationwide shopping centres are at the very heart of the #CreateTomorrow campaign, which served to support our communities through enriching and impactful initiatives. The campaign called on us all to be custodians of this new chapter and unite in building tomorrow, together.

Under the #CreateTomorrow banner, in June 2020, we introduced touchless parking at Sandton City, Eastgate Shopping Centre and Midlands Mall for the safety of our tenants and customers. Half of the parking income raised (R360 500) was donated to the OnePeople Fund, which buys maize in bulk and distributes it in partnership with local non-profit organisations.



CREATE TOMORROW

Paid-for parking with purpose



PARK. PAY. WE WILL PAY IT FORWARD.

50% of your parking fee will be donated to feeding vulnerable communities.



CREATE TOMORROW

In this way, our assets have created valuable change for the better. With the support of our valued customers, we were able to provide more than 230 431 meals to vulnerable families nationwide impacted severely by the pandemic.

Moreover, each shopping centre co-owned by L2D has also embarked on individual impact initiatives within their respective regions.

Looking ahead, #CreateTomorrow lives on, inspired by our strategic theme of Rebuilding for Growth.

The essence of the next phase of the campaign will be one of renewal, rebirth, resetting and rebuilding. This approach also enables us to create more significant synergies between L2D and our mall strategies.

SAFEGUARDING OUR NATURAL ENVIRONMENT

Through Good Spaces, we ensure that we continue to reduce our operations' impact on the natural environment. Our aim is to take all our stakeholders on this journey with us, inspiring them to adopt climate-positive practices in their everyday lives through our #BeTheChange campaign.

Good Spaces initiatives have already been implemented in pursuing further opportunities relating to renewable energy supply, optimising energy and water usage, setting and meeting annual targets for the reduction of carbon emissions and successfully achieving Green Star ratings for all our retail buildings.

Recognising the growing demand for decision-useful, climate-related financial information by investors and believing that monitoring, measuring and integrating climate risk could help the business better measure and manage the transition and physical risks of climate change. A task team has been established in conjunction with the Liberty Group relating to Climate-related Financial Disclosure (TCFD).

GREEN BUILDINGS

We see green buildings as an opportunity to use our resources more efficiently and address climate change while creating healthier and more productive environments for people and communities.

As a founding member of the Green Building Council of South Africa (GBCSA), L2D resonates with the values of the organisation to inspire a built environment in which people and planet thrive. L2D's Asset Management Executive, Brian Unsted, is the Deputy Chairman of the GBCSA effective 28 October 2020.

The GBCSA has developed rating tools that recognise and reward environmental leadership and provide a valued symbol of sustainability achievement. The rating systems and tools create a common language and standard of measurement for green buildings, promoting integrated, whole-building design and buildings during their operations.

In early 2021, L2D's entire retail portfolio achieved Green Star Existing Building Certification by the GBCSA, with Sandton City receiving a world-leading 6-Star Green-Star rating. This is a first for the South African property industry. Eastgate Complex, Nelson Mandela Square, Promenade Shopping Centre and Midlands Mall received 5-star ratings and Botshabelo Mall achieved a 4-star rating.



OUR NET-ZERO JOURNEY

L2D first embarked on our Net-zero journey in 2018 to proactively mitigate our negative impacts. Water, waste and energy policies were developed through an iterative consultation and review process and signed into effect towards the end of 2018. The policies set out our targets and metrics and the principal mechanisms for implementation, providing a concise framework that is essential in achieving the overall goals on our Net-zero journey. Since introducing these policies to their internal and external stakeholders, L2D has made substantive headway in improving our environmental performance.

Our progress



L2D's portfolio recycled 2 440 tonnes including 170 tonnes of organic waste through composting facilities located at its Sandton City and Eastgate sites. This is achieved through innovative technologies implemented at its properties, including waste composters, recycling hubs and recycling units. L2D has implemented a Plastic-free Policy across our portfolio to combat plastic pollution.

Already making significant inroads, L2D has saved 216 million litres of water in the last year across the portfolio, which equates to 37% of the total portfolio consumption, achieved through the implementation of rainwater harvesting systems and dual plumbing at Liberty Promenade and Liberty Midlands Mall, condensation water harvesting and advanced low-flow toilets at Sandton City and Nelson Mandela Square and through continued water resilience planning. Additional water-efficiency initiatives are currently being investigated.

Smart metering systems have been rolled out across the portfolio and comprehensive energy audits have been conducted. L2D has installed a 1MW solar roof system at Liberty Midlands Mall and a similar-sized system went live in November 2020 at the Eastgate Shopping Centre. The upgrade of equipment such as lifts, escalators, lighting, air-conditioning systems and other technical equipment across the portfolio to more energy-efficient options will continue.

ENERGY

South Africa is heavily reliant on coal-generated electricity and as a result, is one of the world's largest emitters of CO₂. At L2D, we continually seek opportunities to reduce energy consumption across our portfolio by introducing renewable energy sources such as solar PV installations, minimising energy usage in common areas and assisting our tenants in reducing energy consumption and cost.

To demonstrate clear alignment with our Net-zero goals, it will become L2D policy to endeavour to obtain, by 2030, Net-zero or positive energy status for the entire portfolio. This is in line with the Green Building Council of South Africa's Net-Zero/Net-Positive Certifications scheme, part of the World Green Building Council's global project, Advancing Net-zero.

Enhancing our energy efficiencies

Energy efficiency reduces the environmental burdens associated with producing and using energy.

Furthermore, we are cognisant that rising electricity costs impact tenant affordability, which ultimately matters to our business and stakeholders. To monitor usage and enhance our property managers' capabilities, we have installed smart energy metering at Sandton City, Nelson Mandela Square, Promenade, Midlands Mall and Eastgate. Implementing this comprehensive metering strategy has enabled us to gain a clearer picture of the best optimisation efforts to pursue.

Total energy consumption¹

	Unit	2020	2019
Total electricity purchased (grid)	MWh	137 493	172 212
Total electricity generated (solar PV) ²	MWh	1 385	900
Total electricity generated (Diesel) ³	MWh	18	19
Total	MWh	138 896	173 131

¹ Reduced activities at the malls due to lockdowns, combined with portfolio-wide energy management, yielded an improvement year-on-year.

² In addition to the Midlands 1MW solar PV plant, the new 1MW solar PV plant at Eastgate Shopping Centre came online in November 2020.

³ Electricity produced by the diesel generators were estimated from the litres refilled divided by 10,000 to get it to MWh produced.

See 51 for our electricity performance – office and mall averages.



SAFEGUARDING OUR NATURAL ENVIRONMENT CONTINUED

Renewable energy production

It is L2D policy that by December 2022, a minimum of 5% of the L2D portfolio's energy base-load will be met from renewable/clean energy sources. This will be achieved by a combination of onsite and offsite solar and other renewable/clean energy production, as well as purchasing Renewable Energy Credits and offsetting some of the portfolio's base-load through qualifying projects in South Africa.

To date, the installation of the 1 MWh solar PV plant at Midlands Mall, which produces enough power to run over 1 440 households per month, has reduced the mall's reliance on the electrical grid. The plant has been performing effectively and ongoing work is underway to ensure PV panels surfaces are kept clean and producing energy optimally. With the completion of the Eastgate plant, solar currently comprises 2% of the portfolio's energy base-load.

Renewable energy production

	Unit	2020	2019
Total solar PV capacity installed	MWh	2 ¹	1
Solar energy produced	MWh	1 385	900
Annual savings in electricity spend as a result of solar PV installations	ZAR	1 266 000	912 521
Investment made into renewable energy initiatives	ZAR	11 252 693	12 333 839

¹ Increase due to Eastgate plant going live in November 2020.

Carbon footprint

Our annual carbon footprint is reported against the GHG Protocol. Our 2020 results were largely influenced by COVID-19 and the associated national lockdown, with the demand for electricity and water drastically reduced as a result of trading restrictions. In fact, a total of 40 641 tonnes (21% reduction) of Scope 1, 2 and 3 carbon emissions were avoided due to reduced activities at the retail and office buildings. The total carbon avoided is equivalent to the carbon generated by powering 7 506 households for a year. With this in mind, we expect our 2021 carbon footprint to increase under normal operating conditions. However, the rebasing of 2019 data and the installation of additional common-area meters will provide greater accuracy and more valuable reporting insights in the year ahead. We have also improved our data accuracy by rebasing the 2019 dataset after consolidating purchased electricity consumed from additional installed common-area smart meters.

Greenhouse gas emissions across the portfolio

Tonnes carbon dioxide equivalent (tCO ₂ e)	Unit	2020	2019
Total Scope 1 emissions ¹	tonnes	1 645	1 822
Percentage change in Scope 1 emission	%	(9.7)	
Total Scope 2 emissions ²	tonnes	37 623	29 745
Percentage change in Scope 2 emission	%	26.4	
Total Scope 3 emissions ³	tonnes	109 962	158 304
Percentage change in Scope 3 emission	%	30.5	

¹ Direct emissions produced by the use of refrigerant gases (Kyoto Protocol) and diesel (stationary combustion).

² Emissions from total purchased electricity (tCO₂e) reported according to the GHG Inventory. Rebasing of 2019 data and the installation of additional common area meters to provide more accuracy and greater reporting insights.

³ Downstream leased assets, fuel and energy-related activities and waste generated in operations. Century City Office building was sold during the year and was included until July 2020.

WATER

Reducing potable water use in buildings for urinals, toilets, showerheads and wash-hand basins decreases the total amount withdrawn from rivers, streams, underground aquifers and other water bodies, which is particularly important in a water-stressed country such as South Africa.

In line with our ambition of mitigating our negative environmental impacts, we are targeting Net-zero water status across our portfolio by the end of 2025, in line with the Green Building Council of South Africa's Net-Zero/Net-Positive Certifications scheme.

Water consumption and reduction

L2D has saved 216 million litres of water in the last year across the portfolio. This has been achieved by implementing rainwater harvesting systems and dual plumbing at Liberty Promenade and Liberty Midlands Mall, condensation water harvesting and advanced low-flow toilets at Sandton City and Nelson Mandela Square and through continued water resilience planning. We also increased the HVAC set-point temperature at certain properties to save water evaporating through the cooling towers.

Water-saving initiatives have been actively implemented across the L2D portfolio through various interventions, including upgrading water fixtures and fittings to reduce water consumption in public bathrooms. Real-time leak detection is also assisting in decreasing water consumption, along with the reduced number of occupants in our buildings during the year due to remote working.

A rainwater harvesting system has been installed at Midlands Mall and a total of 6 528 kℓ have been collected since inception in 2019. A total of 3 762 kℓ was supplied into the mall as non-potable water in 2020.

We are currently investigating greywater system opportunities for Botshabelo Mall, Sandton City and Eastgate Shopping Centre.

Furthermore, investigations are underway to implement onsite wastewater treatment solutions at our retail centres, with the aim of recovering high-quality greywater to replace potable water used for flushing common-area toilets.

Total water consumption

	Unit	2020	2019
Total water consumption	kℓ	578 907	794 480
Percentage municipal water	%	99.4	100
Total rainwater harvested	kℓ	3 762	0
Rainwater harvested as a percentage of the total water consumption	%	0.6	0.00%

See 51 for our water use – portfolio averages.

WASTE

Our ambition is to achieve Net-zero Waste across the portfolio. Although the total waste generated by weight in 2020 decreased due to COVID-19 impacts, our recycling rate increased by 5%. This is the result of continuously improving waste management practices at our properties and thus increasing diversion of waste from landfill.

Waste minimisation and reduction

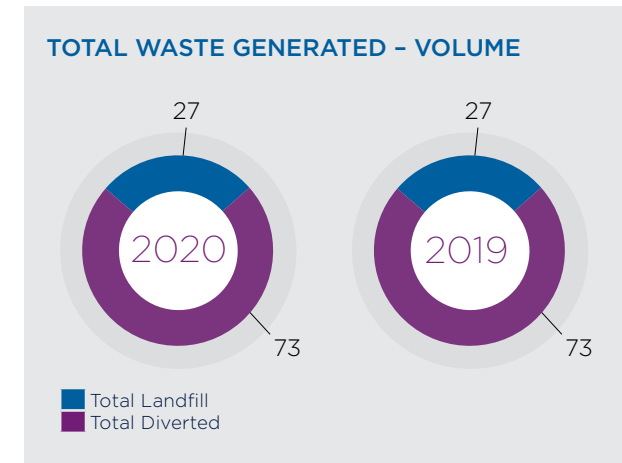
In line with L2D property operations requirements and all relevant legislation and by-laws, a waste reduction and recycling programme was implemented across the L2D portfolio in 2019 that addresses the entire waste and materials stream leaving L2D properties and under L2D control.

Waste minimisation and reduction plans have been developed and implemented at each asset for all waste generated during normal business operations. To facilitate this, L2D conducted a comprehensive waste audit and classification of waste categories to identify opportunities to implement interventions and diversion strategies. Food waste, paper and other organic materials make up a significant portion of the portfolio's waste stream.

Behavioural change has significant potential as a driver of waste reduction activities. In November 2020, we concluded a two-month trial period for waste separation at source by tenants at Midlands Mall, the results of which will be analysed and lessons applied as appropriate across the portfolio.

L2D has implemented a Plastic-free Policy across our portfolio to combat plastic pollution. This forms part of our commitment as a supporting member of the SA Plastics Pact. The SA Plastics Pact is the first Plastics Pact on the African continent and it joins the Ellen MacArthur Foundation's global Plastics Pact network. L2D is the first participating landlord, committing to work towards a shared vision for a circular economy for plastics.

We recycle in excess of 2 440 tonnes of material each year. This is achieved through innovative technologies implemented at our properties, including waste composters, recycling hubs and recycling units.



In January 2020, we implemented a campaign across all our malls to encourage tenants to eliminate the sale of single-use plastic bags. A separate marketing campaign was conducted to educate customers around the use of plastics and encourage them to purchase and use reusable shopping bags. A step-change in consumer behaviour is becoming more evident as more people start opting out of the excessive use of plastic. To further encourage behaviour change, we are also developing a tenant training programme concerning waste management best practices.

In October 2019, reverse vending machines were installed at Sandton City, offering an opportunity for customers to recycle waste and earn money. This enables customers to make recycling a part of their daily routine. Over the course of 2020, customers at Sandton City visited four vending machines nearly 30 000 times. But these vending machines were somewhat out of the ordinary – instead of distributing food items for cash, they accepted items from customers and returned vouchers.

Through diverting much of the organic waste from landfill to our onsite composting facilities at our Sandton City and Eastgate sites in 2020, we generated over 139 tonnes of compost. A composting facility will be installed at Midlands Mall in 2021.

Furthermore, cost-effective offsite organic waste diversion solutions for Promenade Shopping Centre and Botshabelo Mall are being secured and will be put in place during 2021. The process of securing a service provider to assist in ensuring that L2D's Net-zero Waste Target is achieved is also underway and on track for completion during 2021.

VALUE-ENHANCING REMUNERATION PRACTICES



Wolf Cesman
REMUNERATION
COMMITTEE CHAIRMAN

On behalf of the Remuneration Committee, I am pleased to present the L2D Remuneration Report for the year ended 31 December 2020

The Remuneration Committee embraces and is guided by the governance principles recommended by King IV™ in its deliberations and decision-making processes. This report embodies those principles as well as the required compliance reporting standards in accordance with the Companies Act. The report covers how we sought to manage remuneration during the 2020 financial year in a fair, responsible and transparent manner to fulfil our commitment to stakeholders by ensuring our Remuneration Policy aligns to best practice and that decisions on remuneration subscribe to good governance. During the year, faced with significant uncertainty due to the COVID-19 pandemic, we have considered all stakeholders who play an integral part in our business. This report is presented in three parts:

Background Statement

Covers how we managed our remuneration during 2020 and provides context on the remuneration practices of L2D. We further illustrate our commitment to good corporate governance and how we address areas of focus and shareholder feedback.

Remuneration Policy

Explains how we structure and deliver our total remuneration offering to ensure the attraction and retention of high-calibre individuals and how the various components of total remuneration are designed to drive a growth and performance culture, achieve sustainable business results and create value for shareholders.

Implementation Report

Demonstrates how the remuneration policy is implemented focusing on our executive directors' and non-executive directors' remuneration for the 2020 year.



PART 1

BACKGROUND STATEMENT

Remuneration in context

It is our vision to be the leading South African precinct-focused, retail-centred REIT by continuing with the clear purpose to create experiential spaces to benefit generations. To achieve and sustain our vision, we employ great people who are passionate about what they do, act with humanity and share the belief in our purpose. This is why remuneration plays a critical role at L2D and is the link that ensures that we can sustain an integrated human capital strategy that fully supports our vision, strategy and business model.

We understand and agree with leading international governance philosophy that, as a business, we do not operate in isolation and that we have responsibilities, not just to L2D but to our communities, shareholders, people and their families. This is the key belief that drives our remuneration philosophy, principles and practices. Therefore, remuneration at L2D is not managed in isolation but is used as a multi-purpose mechanism to ensure that we pay our people competitively, reward both consistency and excellence in performance and that remuneration is managed in a fair, responsible and equitable manner.

Our remuneration instruments and processes are designed and structured in such a manner that they subscribe to the key remuneration principles that underpin our Remuneration Policy and align with the values and purpose of our business:

REMUNERATION PRINCIPLES

Through our total remuneration employee value proposition, we attract and retain high-calibre people that drive our aspirations and enable L2D to achieve its purpose.

Drive a performance culture underpinned by our values of ownership and accountability to create a clear and direct link between the achievement of company results and individual reward. This allows us to identify and reward top performance efforts, as well as individuals who show potential for growth within the L2D business.

Ensure that remuneration is managed fairly and responsibly by adopting an integrated human capital approach where remuneration links to our performance and talent management, as well as our diversity and equality commitments.

LINK TO STRATEGY AND STAKEHOLDER COMMITMENTS

Our commitment to our stakeholders and communities is to ensure that we recruit the right people with the necessary skills and expertise to effectively execute our business strategy and allow us to continue to create great spaces for enhanced community retail experiences. We ensure that our remuneration is competitively benchmarked and that our packages are optimally structured to attract and retain competent individuals.

Our commitment to our stakeholders and communities is to ensure every individual at L2D takes ownership of their role and is held accountable for their performance efforts. This enables L2D to create a highly effective operational working environment in which each employee strives to do everything to the best of their ability. This means that our assets are optimised and that we can meet our annual and long-term strategic objectives consistently to ensure sustainable business growth and value creation for shareholders who invest in our business.

Our commitment to our people is to ensure that our remuneration practices align to best practice and are managed within strict governance principles as set out by King IV™. We are committed to ensure that equity is achieved through well-designed pay structures and that performance excellence is recognised. We strive to manage an integrated total remuneration offering that links to the overall human capital and business strategy and that affords our employees the opportunity to develop their capabilities and be treated fairly.

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Remuneration in 2020

The 2020 financial year brought immensely challenging conditions. The reaction to the COVID-19 pandemic resulted in a weak domestic economic position, extremely low investor confidence and government restrictions that resulted in a significantly negative impact on our business and tenants. The Board and L2D management have had to consider the health and safety of our people, our key operational staff at our buildings and the commitments to our tenants and shareholders by actualising our business continuity plans.

New working arrangements focusing on health and safety and the implementation of strict protocols have impacted how and where our people work. We have entrusted the responsibility to our people to sustain their performance levels while working from home during this difficult and uncertain time.

The property sector has been materially affected as a result of poor trading conditions and subsequent rental relief provided to tenants. The severity of this pandemic on L2D's ability to meet the strategic objectives and targets for the financial year required the committee to balance the interests of shareholders and the necessity of retaining and emphasising the desired performance standard of the management team.

The impact of the COVID-19 pandemic on L2D's results and our desired distribution growth and financial performance for shareholders is self-evident with the weighted company financial performance result against Board approved targets, resulting in an overall 30% achievement for the 2020 financial year as compared to 94% in 2019 and 99.8% in 2018. No changes or modifications have been made to the short-term incentive scheme resulting in decreased allocations.

In response to the COVID-19 pandemic and consequent macro influences, the committee shifted its focus toward the longer-term strategy to ensure that L2D is enabled to fully recover from the current socio-economic challenges and that our executives and management are retained and driven to lead the business towards pre-COVID performance and distribution levels within the shortest time possible.

Notwithstanding the external no-fault nature of the COVID-19 pandemic the committee decided that it would not make any discretionary adjustments to any of its short- or long-term incentive scheme performance criteria or targets during the year.

However, taking consideration of the fact that COVID-19 would severely impact management's financial interest in the business and alignment to shareholders, and to give effect to our remuneration policy to retain high-calibre individuals with strong performance track records that will drive the rebuilding of the business, the committee recommended a once-off long-term incentive award (Once-off LTIP) to 17 members of the management team under the restricted share plan (approved by shareholders in May 2020) with shares purchased on the JSE in the market.

Increases on guaranteed remuneration packages are in line with headline inflation and adjustments to align with the market. Additional salary adjustments to align to the property sector median resulted in an average overall lift to the annual salary cost of 6.60% in 2020 as compared to 5.00% in 2019. The individual performance rating and pay position within the pay scales determined the increase and market adjustment received.

This methodology aligns with our principles and objective of fair remuneration and pay-for-performance culture. Increases are determined and approved in February and are effective as of 1 April of each financial year. L2D was unaware of the severe impact of the pending pandemic at the time hence normal increases were applied in 2020.

Our employee value proposition is retained with no changes in benefit structures. The Remuneration Committee remains cognisant of the gender and wage gap differentials and has found no evidence of any unfair discrimination within the current remuneration policy and its application.

Remuneration governance

The Remuneration Policy, structures and processes at L2D are set within an approved governance framework. The main levels of authority are set out below:



During the year the Remuneration Committee comprised four non-executive directors:



WOLF CESMAN
Chairman



ANGUS BAND



LYNETTE NTULI



PETER NELSON¹

¹ Peter Nelson was appointed on 26 May 2020

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

The Chief Executive attended meetings by invitation but was excluded from any deliberations pertaining to her own remuneration. The Financial Director and Human Capital Executive are invited to attend meetings for certain agenda items that require their input.

The composition of the committee ensures that the remuneration of executives is set independently by directors who have no personal interest in the outcomes and who will give due regard to the interest of all stakeholders of L2D. All committee members have the relevant and necessary skills and knowledge to fulfil their duties.

The Remuneration Committee implements its Board-approved mandate through interaction with various stakeholders, which include our majority shareholder (Liberty Holdings Limited), other shareholders, Board members, external consultants (where required) and management relating to remuneration for non-executive directors, executive directors, executive management and other staff. The Board (as advised by the committee):

- Ensures that stakeholders can make an objective and informed assessment of governance processes and reward practices
- Ensures that remuneration practices are compliant with all applicable laws and regulatory codes
- Takes account of remuneration best practice, industry trends, risk appetite and role benchmarking
- Annually reviews the remuneration structures to ensure that they are performance-based, linked to strategic and business objectives and support long-term sustainable growth
- Annually reviews the Chief Executive and Financial Director performance (defined in Part 3 of this report) against L2D strategic objectives and targets

The committee received external independent advice and market information from remuneration and benefits specialists BCM in 2020. The committee is satisfied that this input is reliable, accurate, independent and objective.

Shareholder engagement/feedback and changes to the Remuneration Policy for 2020

During the second quarter of 2019, the Remuneration Committee engaged with shareholders on required enhancements to the remuneration policy, non-executive director fee determination and the performance conditions of the short- and long-term incentive scheme.

Taking cognisance of this input in March 2020 L2D introduced malus, clawback and forfeiture provisions into its remuneration policy and incentive scheme rules which are applicable to the Restricted Share Plan and all short-term incentive schemes at L2D and its subsidiaries. Malus, clawback and forfeiture of awards will take effect on defined “trigger events” that may arise from any of the following:

- The material misstatement of the assessment of performance conditions or performance criteria applicable to an award or that is otherwise inaccurate in any respect that is material to the performance conditions or performance criteria for the specific award
- If it is found that the assessment of performance criteria or performance conditions was based on an error or is inaccurate or misleading in any respect that is material to the specific award
- Any act or omission that has contributed to any inaccuracy, error or misleading information or any act or omission that has contributed to events that have led to the censure of a group company by a regulatory authority or have had a detrimental impact on the reputation of any group company
- That a participant has committed a serious breach of any risk limitation or mitigation policy or any compliance policy of the Group
- Action or conduct of that participant that amounts to gross misconduct

The Remuneration Committee has been authorised to exercise its discretion in determining whether an award is subject to malus, clawback or forfeiture and may make recommendations, subject to independent investigation, to the extent to which malus, clawback or forfeiture will be applied to vested awards.

Further changes to the remuneration policy as requested by our shareholders are addressed in the following table:

KEY MATTERS

1

Investors requested that non-financial KPI's are individually weighted.

2020 REMUNERATION POLICY RESPONSE

Additional financial KPIs and non-financial KPI categories have been included in the revised policy. See Part 3 for the detailed KPIs.

- Sub-categories of individual non-financial KPIs have been weighted as illustrated in Part 3 of this report
- The overall weighting for financial KPIs had been increased for executives in 2020 (prior year 60%) – lower scaling for the balance of staff
- For the Chief Executive, the on-target performance for financial KPIs is 90% of 120% and 30% of 120% for individual non-financial KPIs
- For the Financial Director, the on-target performance for financial KPIs is 70% of 100% and 30% of 100% for individual non-financial KPIs
- Policy allows for the attainment of stretch targets in sub-categories for outperformance up to 145%. This would translate to a maximum short-term incentive of 160.5% of guaranteed remuneration for the Chief Executive and 131.5% for the Financial Director

2

Request for an additional KPI for the long-term incentive plan (LTIP).

Further KPIs relating to the portfolio's operational performance as measured against the property sector benchmarks (regional and super-regional centres) have been added for long-term incentives as performance measure for the vesting of future shares.

3

Request to have more weighting assigned to distribution per share growth as a financial KPI.

Overall financial KPI weighting increased with distribution per share growth being assigned an individual sub-category weighting of 35%. This will increase its overall weighting in the incentive scheme.

4

Non-executive director remuneration should be benchmarked.

A benchmarking exercise has been conducted on non-executive director fees based on a peer group of REIT industry peers. Refer to Part 3 of the remuneration report for the approved non-executive directors' fees in 2020.

The 2020 Remuneration Policy and the Implementation Report will be presented for separate non-binding votes at the L2D Annual General Meeting on 7 May 2021. These resolutions are set out in the 2021 Notice of the Annual General Meeting. The voting results on remuneration-related matters is set out below:

Ordinary resolution	2020	2019
On non-binding advisory vote on our Remuneration Policy	99.14%	83.85%
On non-binding advisory vote on our Implementation Report	98.64%	84.38%

We believe that the voting outcome over the past two years reflects recognition of our ongoing commitment to engage with our shareholders and act on concerns, where necessary. If the Remuneration Policy or Implementation Report is voted against by shareholders exercising 25% or more of the voting rights, dissenting shareholders will be invited to engage with the company. The manner and timing of such engagement will be provided, if necessary.

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Focus areas for 2021

The Remuneration Committee is of the view given the material changes implemented in 2020, no substantial changes will be required for 2021, but will be focusing on the following areas:

FOCUS AREA	POLICY OBJECTIVE CONSIDERATIONS
Ensuring competitive levels of total remuneration	<ul style="list-style-type: none"> • Benchmarking against peers and alignment to the property sector • Benchmarking of non-executive directors' fees and adjustments where necessary • Assessment of the Long-term Incentive Scheme and its effectiveness during disruptive events.
Ensuring fair and responsible remuneration	<ul style="list-style-type: none"> • Assessment of Remuneration Policy objectives and measuring it against King IV™ principles and governance legislature • Assess the current incentive scheme operation and its impact on remuneration during the COVID-19 pandemic

Statement on the Remuneration Policy and Remuneration Report

The Remuneration Committee is satisfied that the Remuneration Policy and additions included from 2020 support the principles provided under King IV™ and that the Remuneration Policy has achieved its objectives. The Remuneration Committee is further satisfied that its decision-making process is fair, responsible and objective and that the committee considered stakeholder feedback and applied their minds practically and reasonably with regard to remuneration-related decisions recommended to the Board.

The committee remains committed to ensure that remuneration at L2D has a substantial impact on retaining and attracting top talent, which will drive the enhancement of performance standards and sustainable shareholder value creation. We endeavour to ensure that progressive and flexible remuneration decisions can be taken to mitigate against adverse economic conditions and to collectively achieve strategic business objectives.

We trust this report elicits a positive outlook from all stakeholders and we remain committed to improving our reporting standards and quality.

Wolf Cesman

Remuneration Committee Chairman



PART 2 REMUNERATION POLICY

In support of our overall vision, aspirations and strategy, our belief in the role that remuneration plays is formalised in our Remuneration Policy. A summary overview of the key aspects of the policy is provided below:

POLICY OBJECTIVES	GUIDING PRINCIPLES
<p>To align recognition, reward and remuneration to the achievement of both the short-term operational goals and the long-term strategic objectives set in support of sustainable value creation.</p>	<ul style="list-style-type: none"> • Remuneration practices should encourage behaviour consistent with L2D’s vision, purpose and values. • Remuneration policies and practices that are aligned with the overall commercial business strategy, business objectives and values of the company. • Guaranteed and variable pay is appropriately structured according to seniority and roles. • A strong correlation exists between performance and total remuneration, allowing for upside opportunities for exceptional performance. • Individual rewards are determined according to both business and individual performance. • Remuneration policies and practices that encourage and reward both the positive performance and behaviour of all staff. • Performance metrics that are fair, sustainable and challenging and apply to all aspects of the business.
<p>Remuneration structures are designed to attract, motivate and retain talent at all staff levels as part of the overall talent management strategy.</p>	<ul style="list-style-type: none"> • Remuneration strategy and philosophy that is informed by the company risk framework and appetite, human capital strategy, stakeholder dialogue and comparative industry practices. • That the company attracts and retains highly talented, capable and experienced people who can add value across the whole business. • Affordability to the business is an important consideration in the design of remuneration structures to ensure an efficient approach to remuneration. • Remuneration focus is on total remuneration, which includes guaranteed cost to company, short-term incentives and long-term share awards. It is referenced to “like-for-like” market remuneration levels and adjusted for relative experience and responsibility levels.
<p>To ensure that our Remuneration Policy is fair, responsible, equitable and aligns to good corporate governance principles and practices.</p>	<ul style="list-style-type: none"> • Promotes responsible corporate citizenship and an ethical culture. • Adherence to the principles of good corporate governance and regulatory frameworks. • Equal pay for work of equal value i.e. employees performing similar job requirements at the same or similar level of performance in the organisation receive the same or similar levels of remuneration (horizontal fairness). • Vertical fairness principles i.e. difference in total remuneration between different job levels can be explained and justified on a consistent basis. • Remaining cognisant of earning differentials within L2D, we have set the minimum salary and bonus level upon achieving L2D objectives at R240 000 and R25 000 respectively, to incrementally minimise the earnings differential. • That non-executive directors’ fees are fair, reasonable and transparent. • That the executive directors and executive management’s remuneration is fair and responsible in the context of the overall company remuneration.

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Remuneration is delivered through L2D's total remuneration model, which is composed of guaranteed remuneration and variable remuneration. The purpose and key components of our financial direct reward arrangements are summarised below:

Guaranteed remuneration

Remuneration packages are geared to the employee's level of influence and role complexity and responsibilities. Remuneration packages consist of the following elements:

1

Basic salary that is benchmarked to against the market and adjusted annually on 1 April



2

Compulsory benefits that include Liberty's defined contribution fund, life and disability cover, as well as medical aid (unless medical aid is obtained through a spouse or partner's cover)



3

Optional benefits and qualifying allowances, which include funeral cover and spouse's life cover

REMAINING COMPETITIVE

We ensure that our remuneration packages remain competitive by regularly benchmarking remuneration against the market and property industry median and applying the necessary adjustments to account for performance, experience and level of responsibility. L2D enhances the value created for individual employees by allowing package structuring to align with personal financial requirements, including the ability to increase life and disability cover, leave entitlement and contributions to retirement funds.

PAY PROGRESSION

On-appointment rates are determined within the appropriate market salary range based on the shortage of the skill, the individual's relevant qualifications, skills, competencies and experience. Salary increases consider industry and market trends, inflation, affordability and individual performance outcomes. Salary adjustments are made where employee salary is outside acceptable parameters or the nature of the role has changed sufficiently to warrant an adjustment, which will require approval through the company's formal approval process.

ENSURING EQUITY AND FAIRNESS

L2D supports the principle of equal pay for work of equal value and balances the need for equity and the strategic requirement to motivate and retain high-performing individuals by ensuring that pay differentiation occurs on a fair and equitable basis. Fair pay differentiation considers an individual's job grade as determined by the job evaluation policy and procedure, performance outcome as determined by the performance review procedure of the performance management system, specific skills and experience that demands a market premium and tenure.

Variable remuneration – Short-term incentives

L2D has various Board-approved incentive schemes to which each individual member of the team has been aligned, namely the senior management scheme, the specialist scheme and the general scheme.

STRATEGIC LINK

Consistency is a critical performance value at L2D and we strive to foster a performance excellence culture underpinned by the shared belief of accountability and ownership. The objective of our short-term incentives is to create a clear link between the achievement of the business strategic objectives and individual performance evaluation outcomes. This ensures that we can deliver growth and profit distribution to our shareholders within appropriate risk parameters.

The short-term incentive is set and measured annually. We ensure that targets are realistically set with an element of aspirational stretch targets. The individual's level, seniority, direct line of sight and direct impact on the achievement of company results is considered in performance contracting and determines the portion of variable pay in relation to total remuneration (pay mix).

DESIGN

The short-term incentive scheme at L2D is conditional on meeting Board-approved performance conditions. The performance conditions are weighted between financial company performance KPIs and individual non-financial strategic KPIs. Each financial KPI has an accompanying threshold, on-target and stretch metric and measure.

Participation in the incentive scheme, including the weighting between financial and non-financial KPIs, is determined by level, seniority and direct line of sight.

The short-term incentive has a retention element in that receipt of an incentive is conditional upon being in service at the date of vesting and a portion of the total incentive is subject to mandatory deferral into restricted shares under the Restricted Share Plan, which vests over 18, 32 and 48 months in equal tranches.

Malus, clawback and forfeiture are applied to the short-term incentive at the Remuneration Committee's discretion, should a trigger event occur.



We provide an overview of the current L2D short-term incentive schemes below.

SENIOR MANAGEMENT INCENTIVE SCHEME		SPECIALIST INCENTIVE SCHEME		GENERAL STAFF INCENTIVE SCHEME		
ELIGIBILITY						
Executive directors, Senior management		Technical specialists		All general staff		
HOW IT WORKS						
Incentive pay-outs are conditional on two sets of performance measures and targets:		Incentive pay-outs are conditional on two sets of performance measures and targets:		The scheme is completely discretionary. It serves to reward operational staff based on individual and company performance.		
GROUP FINANCIAL TARGETS +	INDIVIDUAL NON-FINANCIAL TARGETS	GROUP FINANCIAL TARGETS +	INDIVIDUAL NON-FINANCIAL TARGETS			
of which the following weightings make up the on-target incentive (% of guaranteed remuneration)		of which the following weightings make up the on-target incentive (% of guaranteed remuneration)		This scheme includes awards of between 0% to 15% of annual guaranteed remuneration.		
90%	Chief Executive	30%	10%		Senior professional specialists	35%
70%	Financial Director	30%	5%		Professional specialists	25%
60%	Senior executives	25%	5%		Seasoned technical specialists	20%
40%	Executives	20%	5%		Technical specialists	15%
25%	Managers	20%	5%		Specialists	10%
These are measured against performance metrics and targets		Group financial and individual non-financial target achievement		Employees must be in service on the date that the payment is made in order to be eligible for the payment.		
Performance metric: Distribution growth Net Property income Capital management Operational performance	Performance metric: As per individual scorecard	Incentive awards are based on measurable financial targets, as well as the achievement of team and individual KPIs.				
Performance hurdles: Gate: 80% Target: 100% Stretch: 145%	Performance hurdles: Based on individual performance rating.	Management discretion is applied in determining the final bonus awards based on performance against the team and/or individual KPIs.				
Performance achievement is linearly scaled. The financial scale is capped per individual at 145%.						
BONUS CALCULATION						
GUARANTEED REMUNERATION ¹ + FINANCIAL TARGET ACHIEVEMENT % + NON-FINANCIAL ACHIEVEMENT % = ANNUAL INCENTIVE						
DEFERRAL						
Cash bonus amounts that exceed the below thresholds, as determined by Remuneration Committee, are subject to the mandatory deferral into the Restricted Share Plan - Deferred Share Plan.						
<ul style="list-style-type: none"> Total short-term incentive awards between R0 and R500 000 are not subject to deferral Total short-term incentive awards between R500 000 and R2 000 000 are subject to 20% deferral in excess of R500 000 Total short-term incentive awards higher than R2 000 000 are subject to 30% deferral in excess of R2 000 000 						
Deferred into restricted shares, with vesting instalments at 18, 30 and 42 months with no financial performance conditions.						
Awards may be reduced or forfeited in full or in part, if in the Remuneration Committee's judgement there has been misconduct or materially adverse misstatement of financial results.						

1. Guaranteed remuneration for the purposes of annual short-term incentive calculations is the December salary multiplied by 12. It must be noted that it is not based on annual guaranteed remuneration.



VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Variable remuneration – Long-term incentives

STRATEGIC LINK

Our long-term incentives are designed to align management's objectives to shareholder expectations. It further provides incentive to ensure sustainable long-term value creation with the aim of achieving our purpose and vision.

The long-term incentive drives executives and senior management to shape shareholder confidence in L2D. The goal of long-term incentives is to achieve sustained distribution and share price growth, exceed total return expectations benchmarked against the MSCI benchmark and align shareholder and management wealth creation within an acceptable risk profile.

In addition, it serves as the incentive platform for long-term strategic growth aligned with our vision and aspirations of being recognised as the leading South African precinct-focused, retail-centred REIT.

DESIGN RULES

The long-term incentive scheme complies with the JSE Listing Requirements and the Companies Act.

Awards are made annually to key individuals who have an impact on L2D's long-term growth prospects. Award values are linked to a multiple of guaranteed remuneration and awarded as full value shares purchased in the market to remain sensitive to shareholder dilution and shareholding limits relative to the total issued share capital.

Vesting of awards are conditional upon meeting approved performance criteria determined by the Board. The award performance measurement period is three years with instalment vesting over five years in equal tranches on the anniversary of award in years three, four and five. A vesting scale for performance below target levels allows for proportionate vesting of long-term incentives.

Prior to vesting, the shares are held in a trust that is funded by the company. The trust is consolidated in the Group's financial statements. The trustees are all non-executive directors of L2D and are not participants in the scheme. Pending vesting, restricted shares are registered in the name of the trust. As such, participants will not exercise the voting rights attached to restricted shares until after vesting. However, any distributions on restricted shares held by the trust and allocated to a participant will vest and be paid to that participant.

Restricted Share Plan

PARTICIPATION AND AWARD

- Awards are discretionary as recommended by the Remuneration Committee and considered by the Board for approval. Awards are normally aimed at employees fulfilling key and critical roles
- Awards are in the format of fully paid-up shares in L2D, which are held in a trust subject to vesting conditions (service and performance) and will be forfeited if these conditions are not met during the performance measurement period. Awards are subject to malus and clawback provisions.

PERFORMANCE CONDITIONS

The performance conditions for the 2020 award are detailed under the discussion on long-term incentives in Part 3 of the report.

MAXIMUM FACE VALUE OF AWARD

- The quantum of the award at individual level is guided by:
- Publicly disclosed remuneration information, as well as total remuneration benchmarks
 - The role, performance and future retention of an employee
 - Affordability and the annual allowable number of long-term incentives available

VESTING OF AWARD

Vesting of the award is subject to the performance achievement against the performance condition targets. A vesting scale for performance below target levels allows for proportionate vesting of long-term incentives. Awards vest in equal tranches over three years at the anniversary of the award and are subject to forfeiture based on performance achievement.

$$\text{Award value as \% of guaranteed pay} \times \frac{\text{Face value of shares at date of award}}{\text{Number of shares awarded}} \times \text{performance achievement against target} = \text{Vested award}$$



RULES AND RIGHTS

- Unvested shares are forfeited on termination of employment
- No re-testing of performance conditions is permitted
- The Remuneration Committee has the right to vest 50% of the shares in the case where vesting conditions are not met in terms of the rules of the Trust Deed
- Applicable dividends are paid to participants as and when paid by the company
- No voting rights are attached to the shares held in the trust
- Shares cannot be issued by the company but must be acquired in the market
- Share awards are based on the closing share price of the last trading day prior to the awards being made and accepted.

PROPOSED CHANGES

Portfolio operational performance as measured against the industry benchmarks (regional and super-regional centres) has been added for long-term incentives as performance measure for the vesting of future shares.

COMPANY AND INDIVIDUAL LIMITS

The maximum number of shares that may be acquired by participants in terms of the L2D long-term incentive scheme is 5% of the issued share capital of the company. The individual maximum number of shares that can be acquired by any one participant is limited to 0.5% of the issued share capital of the company.

Remuneration scenarios for 2020

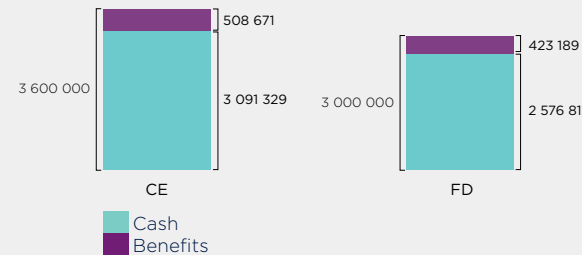
To illustrate the total remuneration package composition and the proportion of guaranteed remuneration to variable remuneration aligned to our total remuneration structure and policy, we provide remuneration scenarios at various levels of performance achievement related to the Short- and Long-term Incentive Scheme for the Chief Executive (CE) and Financial Director (FD). Note that the below are scenarios only and not reflective of the totals provided under the Single Figure of Remuneration tables on page 111.

Minimum reward scenario – This scenario assumes that no short-term incentive KPIs have been met resulting in no short-term incentive being paid. It further assumes that no awards are made under the long-term incentive scheme.

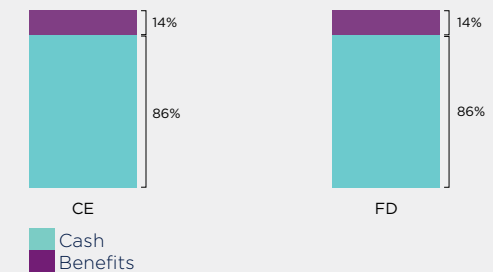
On-target reward scenario – This scenario assumes that all Short-term Incentive KPIs have been achieved and the award vests fully. The long-term incentives are awarded at the Remco's discretion and assumes all performance conditions have been achieved with a LTI award multiple of one times guaranteed remuneration.

Maximum award scenario – This scenario assumes that all Short-term Incentive KPIs have been achieved at stretch of 145%. The long-term incentives are awarded at the Remco's discretion and assumes all performance conditions have been achieved with a LTI award multiple of two times guaranteed remuneration.

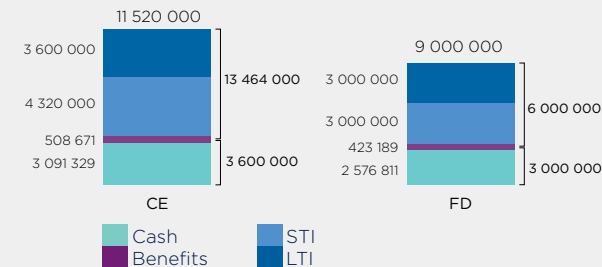
MINIMUM REWARD SCENARIO – RAND VALUE



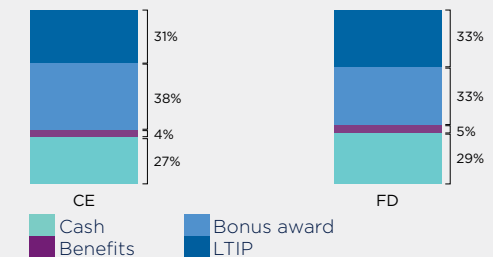
MINIMUM REWARD SCENARIO – %



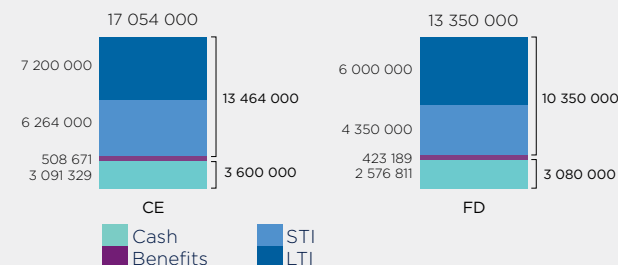
ON-TARGET REWARD SCENARIO – RAND VALUE



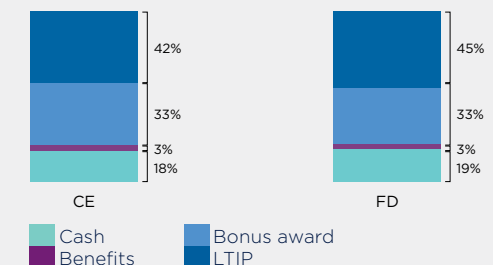
ON-TARGET REWARD SCENARIO – %



MAXIMUM REWARD SCENARIO – RAND VALUE



MAXIMUM REWARD SCENARIO – %



VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Our integrated approach

We ensure that our human capital and remuneration strategy supports our business strategy, vision and purpose through an integrated approach to people management. It is critical that all our human capital processes, systems and practices work together as an integrated system to strengthen our human capital asset. We further ensure that informed decision-making is possible with regard to remuneration in relation to recruitment, talent management, performance management and individual development.

Service contracts and payments

Notice periods do not exceed three months. Employment contracts do not contain restraint of trade clauses. We may be required to pay severance benefits, which are determined by reference to prevailing labour legislation and any precedents. There are no contractual arrangements to pay non-executive directors for loss of office. Contracts are regularly reviewed to ensure they remain aligned with governance and legislative requirements.



HUMAN CAPITAL INTEGRATED APPROACH

TALENT ACQUISITION

We use our selection and recruitment practices to attract the calibre of individuals necessary to deliver performance excellence and who will fit well into our company culture. We benchmark remuneration to determine competitive on-appointment rates at the 50th percentile of the property market. We use our recruitment insights to assess market premiums and scarce skill resources, which may inform a higher benchmark and pay position. We further ensure that equity targets are met and that our specialised team is diverse.

TALENT MANAGEMENT AND DEVELOPMENT

Our strategic talent management process strives to align and target initiatives that will enable individual development and progression. This process is partly informed by the outcome of the performance management process and by the capabilities and skills required to successfully progress in a role identified in our recruitment initiatives.

In addition, learning forums and experiences create a culture and work environment that stimulates individual ownership of learning and development to enable our people to progress their careers and thereby their earning potential.

PERFORMANCE MANAGEMENT

Our performance excellence culture is supported by our performance management policy, which requires each person to enter into an annual performance contract that clearly defines the objectives and outputs expected of them, aligned with the overall business objectives for both financial and non-financial outcomes, with due regard to line of sight over the direct impact thereof.

Performance contracts identify and clarify deliverables and KPIs against which performance is measured throughout the year. Informal continuous assessment and formal reviews of individual performance take place on a regular basis to ensure that there is feedback and conversations that recognise and encourage success, identify any development needs and determine corrective action, where necessary.

The level of allocation to incentive eligibility is determined by the individual's level in the organisation – the more senior, the higher the percentage attributable to financial KPIs. All incentive awards are conditional on achieving performance conditions and targets. Guaranteed bonuses are paid by exception in the context of hiring and only in relation to the first year.

FAIR AND RESPONSIBLE REMUNERATION

L2D is committed to the principle of fair and responsible remuneration and therefore considers the fairness of executive remuneration in the context of remuneration paid to all employees. The L2D reward philosophy allows for differentiation where it is fair, rational and explainable. L2D pays for performance and thus remuneration must be externally competitive and internally equitable and is assessed with the principle of equal pay for work of equal value, to identify and address any unjustifiable remuneration disparities.

We continue to monitor the pay gap between high and low-paid employees and to apply salary increases to narrow this gap acknowledging that this is a medium- to long-term process.

Non-executive director remuneration

The strategic purpose of non-executive directors (NED) remuneration is to attract and retain non-executive directors of suitable expertise to constructively challenge the executives in delivering the Group's strategy. NED's remuneration is split between a base fee and attendance component in equal parts and paid in June/July and November/December each year.

The Chairman of the Board is paid a composite fee, which includes serving on and attending committee meetings. The Lead Independent Director is similarly paid a composite fee. Different fee levels are paid for the different subcommittees to reflect the complexity, risk and amount of preparation required.

Our policy is to pay competitively for the role, while recognising the required time commitment. For this reason and to ensure fairness, fees are benchmarked against a suitable peer group of JSE-listed companies, which this year included Hyprop, Vukile and Attacq.

In line with the provisions of King IV™, NEDs do not participate in any performance-related remuneration and they do not receive any benefits, nor do they participate in any long-term incentive plans. NEDs do not receive remuneration other than the fees but are entitled to be paid all reasonable traveling, hotel and other expenses properly incurred in attending meetings of the Board, its committees, general meetings or otherwise in connection with the business of the Group.

The Remuneration Committee reviews NED's fees and undertakes a benchmarking exercise every second year. These recommendations are made to the Board, which in turn proposes fees for approval by shareholders at the AGM.

Advisory vote on Remuneration Policy

The Remuneration Policy will be tabled annually at the AGM for a non-binding advisory vote by shareholders. L2D commits to engage with shareholders and address any part or parts of the Remuneration Policy in the event of votes against the policy by 25% or more of the votes exercised.

For a full electronic copy of the L2D Remuneration Policy, please visit www.liberty2degrees.co.za.



VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

PART 3 IMPLEMENTATION REPORT

The Implementation Report provides a breakdown of executive director and non-executive director remuneration for 2020. The remuneration paid to executive directors are aligned with the company's Remuneration Policy, incentive scheme rules and JSE Listing Requirements. The delivery of remuneration complies with King IV™ principles, the provisions under the Companies Act and related legislation on disclosing prescribed officer remuneration.

Guaranteed remuneration

Executive director guaranteed remuneration is made up of basic salary and core benefits, which includes medical aid, retirement contributions and insurances such as Group life cover and disability cover.

The guaranteed remuneration component of total remuneration is determined through benchmarking current guaranteed remuneration of executive directors to peers within the real estate industry sector and companies with similar size (includes LPP portfolio of R20 billion) and risk profile. Guaranteed remuneration is benchmarked against the 50th percentile to remain competitive for purposes of retention.

Increases and market alignment adjustments are approved and mandated by the Board. In determining fair and responsible guaranteed remuneration increases and adjustments, the Board considers the following factors:

- Headline inflation, both current and forecasted
- Salary market movements within the peer group, general market and gap to peers
- Position against market remuneration levels
- Individual performance achievement results as well as company performance achievements against strategic objectives
- Affordability and the prevailing context.

Executive director	Increase applied to FY 2020 ¹	Increase applied to FY 2019
A Beattie	6.98%	0.00%
JR Snyders	6.67%	0.00%

¹ Increases for 2020 were approved by the Board prior to the knowledge of COVID-19. Increases are approved and mandated by the Board in February of each year.

Variable remuneration

Short-term incentive

Short-term incentive awards are conditional upon meeting set performance objectives and targets as approved by the Board. The objectives and targets are composed of company financial and individual non-financial strategic objectives. Individual accountability is also linked in the assessment of the executive director's performance during the performance measurement cycle. The performance conditions for the Financial Year ended 31 December 2020 are provided below:

Company financial performance conditions for short-term incentives for FY 2020

L2D financial scorecard	Performance condition link to strategy	Weight	Threshold 80% achievement	Target 100% achievement	Stretch 145% achievement	Achieved in 2020	Result in 2020
Distribution growth for 2020	Deliver distribution growth for stakeholders	35	60,76 cents	61.5 cents	64.82 cents	32.33 cents	0
Net property income growth ¹	Deliver net property income growth	35	<3%	4%	9%	-35.6%	0
Capital management	Maintain interest rate and debt exposure within Board-approved limits	10	Interest rate hedge ratio above 75%			82%	10
Operational performance ²	Optimised tenant occupation and trading density growth measured against MSCI benchmark	20	60% benchmark achievement	100% benchmark achievement	145% benchmark achievement	143.14%	20
		100					30

¹ Net property income is a REIT-specific performance measurement that measures the growth rate of income by deducting property maintenance costs, rates and taxes and operating expenses from the gross revenue earned from properties within our portfolio.

² MSCI South Africa Quarterly Trading Density Index measures the trading performance of directly held shopping centres across South Africa. At the time of assessment of the performance conditions, the final outcomes for Operational Performance were not yet available. The September 2020 results were used.

Individual non-financial performance conditions are aligned with the company's strategic objectives set by the Board and tailored to executive directors' expected delivery to ensure optimal company performance and sustainable growth for stakeholders. The individual performance conditions for short-term incentive participation by executive directors for the financial year ended 31 December 2020 is provided for each executive director.

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Executive director strategic non-financial performance conditions for short-term incentives for FY 2020






CHIEF EXECUTIVE NON-FINANCIAL PERFORMANCE CONDITIONS

STRATEGIC VALUE DRIVERS	MATERIAL MATTERS	KEY PERFORMANCE INDICATORS	WEIGHTING
Tenant experience (Tx)	Tenant exposure and long-term, sustainable relationships	Drive strategies to reduce exposure for all tenants with more than 5% of GLA and rental tenants Institutionalise a retailer roadshow twice a year to create long-term relationships to create a shared value platform	25
Customer experience (Cx)	SA economy and property industry headwinds, including the management of our resources	Through Smart Spaces develop an engagement platform for our customers and stakeholders alike Execute on five building blocks for each asset as per the roadmaps and monetise revenue streams	25
Human experience (Ex)	Human capital Passionate people	Encourage inspired, passionate and empowered people that maintain a balanced life (Culture enhancement) Measure levels of engagement and professionalism; including leadership capabilities (Feedback and growth initiatives)	20
Financial outcome (Fx)	Portfolio performance through the management of the property manager	Implement measures to improve investment performance as measured by key industry-accepted property metrics Manage property management delivery to ensure delivery and alignment	No weighting as already in the financial KPI
The good we do in our spaces (Sx)	Safety, transformation and climate change commitments	Drive Net-zero 2030 target by implementing Net-zero waste in 2020 Ensure all environments have safety and security of the highest standards; secure SAFE rating Deliver on transformation strategy	30
			100



Executive director strategic non-financial performance conditions for short-term incentives for FY 2020

FINANCE DIRECTOR NON-FINANCIAL PERFORMANCE CONDITIONS

STRATEGIC VALUE DRIVERS	MATERIAL MATTERS	KEY PERFORMANCE INDICATORS	WEIGHTING
 Tenant experience (Tx)	Tenant exposure and long-term, sustainable relationships	Oversee the rental negotiation process and deliver the rental relief and assistance package for tenants	25
 Human experience (Ex)	Human capital Passionate people	Encourage inspired, passionate and empowered people that maintain a balanced life (Culture enhancement) Measure levels of engagement and professionalism; including leadership capabilities (Feedback and growth initiatives) Deliver the strategic remuneration principles and engage with shareholders on Implementation Report	25
 Capital allocation and risk management (Rx)	Manage a strong balance sheet that supports sustainable distribution growth	Create a financial framework that sees L2D contain costs during turbulent times Efficiently manage our capital structure by driving debt cost down, and deploy capital prudently, including hedging strategy Risk management to ensure no significant audit items and clean audit reports	30
 Financial outcome (Fx)	Portfolio performance through the management of the property manager	Implement measures to improve investment performance as measured by key industry-accepted property metrics	No weighting as already in the financial KPI
 The good we do in our spaces (Sx)	Safety, transformation and climate change commitments	Deliver on transformation strategy	20
			100

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

The 2020 financial year brought about significant challenges in sustaining performance achievement expectations due to COVID-19 disruption and its resultant economic fall-out and government restrictions imposed. The Remuneration Committee deliberated incentivising sustained performance under the current conditions accounting for shareholder and employee expectations. It was decided by the committee that no modification of performance conditions should be considered due to the COVID-19 pandemic. Retention risk of key individuals are considered on an ongoing basis.

The performance outcome under the short-term incentive scheme for the year accounting for company and executive director individual performance is as follows:

Executive director short-term incentive awards for financial year ended 31 December 2020

Executive director	A) Guaranteed remuneration	B) On-target financial weight	C) Performance outcome	D) On-target individual weight	E) Performance outcome	F) Short-term incentive award	Cash portion	Deferral into RSP ²	Award as % of guaranteed remuneration
BONUS CALCULATION: A x ((B x C) + (D x E)) = F									
A Beattie	3 600 000	90%	30%	30%	80%	1 836 000	1 568 800	267 200	51.0/120%
JR Snyders ¹	3 000 000	70%	30%	30%	90%	1 500 000	1 300 000	200 000	50.0/100%

¹ J Snyders received an additional discretionary top-up incentive of R60 000 over and above his normal bonus allocation based on his performance outcomes and contribution.

² The deferred amounts for A Beattie and J Snyders are calculated on 20% of the excess above R500 000 as per the policy. The Annual Financial Statements show the deferred portion calculated as 20% of the total short-term incentive award.

Non-financial KPI's were not fully achieved mainly in the areas of customer and tenant experience.

Long-term incentive

Long-term Incentive awards are awarded annually to key individuals who have a direct impact on the achievement of company results. Long-term Incentives are awarded under the Restricted Share Plan and the vesting of awards is conditional upon meeting forward-looking performance conditions measured over a three-year performance period and are specifically designed to drive long-term sustainable shareholder value.

The performance conditions attached to the Restricted Share Pan awards as provided in the table below applies to the normal Long-term incentive scheme (RSP) awarded annually in March. The performance conditions attached to the Once-off LTIP, awarded in November 2020, are different from the conditions provided in the table below. The Once-off LTIP award grant was up to 100% of guaranteed remuneration and will vest in November 2023, 2024 and 2025 in equal tranches if the following vesting conditions are met:

1. Management participants must attain a “fully achieved” individual rating across each year between award and vesting.
2. L2D must have made substantial progress in the four strategic building blocks in the execution of our strategy:
 - Smart Spaces
 - Good Spaces
 - Interactive Spaces (a combination of on-demand, inclusive and immersive spaces)
 - Safe Spaces
3. Progress will be assessed by L2D's Remuneration Committee at each vesting date of the awards and vesting will be in the sole discretion of Remco.
4. Remco may, in its discretion, approve proportional vesting should the assessment of progress merit such.
5. Vesting will occur in terms of the existing rules which is in three equal tranches commencing at the end of year three.

Performance conditions for long-term incentives (RSP) awarded for FY 2020

PERFORMANCE CONDITION VESTING CRITERIA	PERFORMANCE CONDITION LINK TO STRATEGY	WEIGHT	ON-TARGET MEASURE
Distribution growth	Achieve a distribution growth exceeding inflation for the lifetime of the tranche.	60	Absolute measure of CPI
Total return against MSCI benchmark ¹	Total return of our assets that meets or exceeds the MSCI benchmark index, measured over a three-year rolling basis to the vesting date.	25	Relative measure – meet or exceed the MSCI benchmark index
Strategic component	Remuneration determined criteria specific to focus areas as determined by the Board.	15	At the Remuneration Committee's discretion

¹ Total return measures overall investment performance and compares it to different assets across time. It incorporates both capital and revenue elements and is calculated as the percentage value change plus net income accrual, relative to the capital employed.

The performance conditions attached to the Long-term incentive awards for 2021, awarded on 1 March 2021, under the Restricted Share Plan will remain the same as applicable to the performance conditions of the 2020 Restricted Share Plan award. The Remuneration Committee considered the uncertainty around the current economic environment as a result of COVID-19 and decided to keep the 2021 performance conditions and targets the same as for 2020.

Long-term incentive awards to executive directors for FY 2020

Executive directors	Award and grant date	Number of shares under Restricted Share Plan ^{1, 2}	Market face value ^{3, 4}	Award value as a percentage of guaranteed remuneration
A Beattie	LTIP (RSP) award - 1 March 2020	863 558	5 000 001	139%
	Once-off LTIP Award - 19 NOV 2020	782 609	3 600 001	100%
JR Snyders	LTIP (RSP) award - 1 March 2020	561 313	3 250 002	108%
	Once-off LTIP award - 19 November 2020	521 739	2 399 999	80%

¹ Restricted Share Plan awards (LTIP) were made at the discretion of the Remuneration Committee and granted on 1 March 2020.

² A Once-off LTIP award was made with performance conditions attached by the Board and granted on 19 November 2020.

³ The market face value is determined by the grant share price per share of the LTIP RSP award of R5.79 at the date of award (1 March 2020).

⁴ The market face value is determined by the grant share price per share of the Once-off LTIP award of R4.60 at the date of award (19 November 2020).



VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Long-term incentive awards made under the Restricted Share Plan are measured over a three-year performance measurement period with vesting aligned with the provisions of the share scheme rules as detailed under the Remuneration Policy. The vesting/accrual for share awards made during the financial year ended 2017 and 2018 is provided below:

Vesting of share awards under the Restricted Share Plan in the financial year ended 31 December 2020

Executive directors	Date of award	LTIP award	Number of shares awarded	Number of vesting shares/shares accrued	Vesting/ accrual date	Value of vested/ accrued shares ^{1, 2, 3}
A Beattie ⁴	6 December 2016	LTIP 2017	421 053	280 702	1 March 2020	757 895
					1 March 2021	670 878
	1 March 2018	LTIP 2018	500 000	166 650	1 March 2022	Not yet vested
					1 March 2021	-
				1 Mar 2022	Not yet vested	
					1 March 2023	Not yet vested
Total				447 352		1 428 773
JR Snyders ⁵	1 March 2017	LTIP 2017	122 549	81 698	1 March 2020	220 585
					1 March 2021	195 258
					1 March 2022	Not yet vested
	1 September 2017	LTIP 2017	244 443	81 481	1 September 2020	347 109
					1 September 2021	Not yet vested
					1 September 2022	Not yet vested
1 March 2018	LTIP 2018	375 000	124 987	1 March 2021	-	
				1 March 2022	Not yet vested	
					1 March 2023	Not yet vested
Total				288 166		762 952

¹ The exercise price at the vesting date for the first tranche of the 2017 Restricted Share Plan award (LTIP 2017) is R5.40 per share on 1 March 2020 and R4.26 per share on 1 September 2020.

² The exercise price at the accrual date for the second tranche of the 2017 Restricted Share Plan award (LTIP 2017) is R4.78 per share on 1 March 2021.

³ The first tranche shares under the 2018 Restricted Share Plan award (LTIP 2018) would have accrued at R4.78 per share at the date of accrual on 1 March 2021. No shares under the 2018 LTIP were settled in 2020 and these will be forfeited in full due to not meeting the performance conditions.

⁴ The 2017 LTIP award for A. Beattie was awarded as restricted shares under STANLIB during her tenure there and purchased by L2D. The 2017 LTIP award does not have performance conditions attached but is forfeited on terminating service.

⁵ JR Snyders was awarded with sign-on shares for his appointment as Financial Director under the LTIP Restricted Share Plan in September 2017. The vesting share price on 1 September 2020 was R4.26 per share.

Total single figure remuneration disclosure

The total single figure remuneration for both the executive directors, A Beattie and JR Snyders, for the financial year ended on 31 December 2020 is disclosed below:

	A BEATTIE		JR SNYDERS	
	2020	2019	2020	2019
Guaranteed Remuneration ¹	3 600 000	3 372 000	3 000 000	2 761 000
Cash portion of package	3 091 329	2 773 000	2 576 811	2 300 000
Benefits ²	508 671	599 000	423 189	461 000
Retirement contributions	395 031	462 000	315 248	288 000
Other benefits	113 640	137 000	107 942	173 000
Annual short-term incentive ³	1 836 000	3 950 000	1 500 000	2 500 000
Bonus cash award	1 568 800	3 065 000	1 300 000	2 050 000
Deferred shares (Restricted Share Plan)	267 200	885 000	200 000	450 000
Long-term Incentives	1 988 640	1 835 000	1 315 359	539 000
Restricted Share Plan ^{4, 5, 6, 7}	1 166 391	1 053 000	732 901	-
Distribution ^{8, 9}	822 249	782 000	582 458	539 000
Total remuneration	7 424 640	9 157 000	5 815 359	5 800 000

¹ Guaranteed remuneration is the aggregate of the annual cash portion (basic salary) and the annualised value of the sum of benefits.

² Benefits are reported as the annualised sum of retirement and medical aid contributions.

³ The annual short-term incentive is the aggregate of a bonus cash award and deferral into restricted shares.

⁴ The values reflected under the Restricted Share Plan is the aggregate of vested LTIP awards and vested deferred shares (DRS) during 2020.

⁵ The value of the 2017 LTIP first tranche, which vested on 1 May 2020, vested at R5.40 per share and is reflected in the 2020 single figure remuneration.

⁶ The value of the DRS is the combination of the third, second and first tranche vesting of deferred shares for 2017, 2018 and 2019 respectively.

⁷ The 2017, 2018 and 2019 DRS vested on 1 September 2020 at R4.26 per share and is reflected in the 2020 single figure remuneration.

⁸ Distributions in respect of 2019 were paid on 18 March 2019 at 12.69 cents per share and on 26 August 2019 at 29.31 cents per share.

⁹ Distributions in respect of 2020 were paid on 23 March 2020 at 31.12 cents per share.

Unvested long-term incentive awards and cash value of settled awards

A schedule of the unvested awards and cash flows of long-term incentive awards of the executive directors as required by King IV™ is set out on the following pages. Note that the table reflects the unvested and settled awards in the 2020 financial year.



VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Table of invested awards and cash flows for the 2020 financial year

Incentive scheme ⁸	Award date	Vesting date	Granted	Grant share price	Value on grant date	Forfeited	Settled/accrued	Closing	Cash value on settlement/of accrual	Closing fair value ⁷
A Beattie										
Restricted Share Plan (LTIP)^{1, 2, 3}										
2017 LTIP Tranche ¹	6 Dec 2016	1 Mar 2020	140 351	R9.50	1 333 335	-	140 351	-	757 895	-
2017 LTIP Tranche ²	6 Dec 2016	1 Mar 2021	140 351	R9.50	1 333 335	-	140 351	-	670 878	-
2017 LTIP Tranche ³	6 Dec 2016	1 Mar 2022	140 351	R9.50	1 333 335	-	-	140 351	-	635 790
2018 LTIP Tranche ¹	1 Mar 2018	1 Mar 2021	166 650	R8.00	1 333 200	166 650	-	-	-	-
2018 LTIP Tranche ²	1 Mar 2018	1 Mar 2022	166 650	R8.00	1 333 200	-	-	166 650	-	754 925
2018 LTIP Tranche ³	1 Mar 2018	1 Mar 2023	166 700	R8.00	1 333 600	-	-	166 700	-	755 151
2019 LTIP Tranche ¹	1 Mar 2019	1 Mar 2022	212 744	R7.05	1 499 845	-	-	212 744	-	963 730
2019 LTIP Tranche ²	1 Mar 2019	1 Mar 2023	212 744	R7.05	1 499 845	-	-	212 744	-	963 730
2019 LTIP Tranche ³	1 Mar 2019	1 Mar 2024	212 810	R7.05	1 500 311	-	-	212 810	-	964 029
2020 LTIP Tranche ¹	1 Mar 2020	1 Mar 2023	287 823	R5.79	1 666 495	-	-	287 823	-	1 303 838
2020 LTIP Tranche ²	1 Mar 2020	1 Mar 2024	287 823	R5.79	1 666 495	-	-	287 823	-	1 303 838
2020 LTIP Tranche ³	1 Mar 2020	1 Mar 2025	287 912	R5.79	1 667 010	-	-	287 912	-	1 304 241
2020 LTIP Tranche ¹	19 Nov 2020	19 Nov 2023	260 869	R4.60	1 199 997	-	-	260 869	-	1 181 737
2020 LTIP Tranche ²	19 Nov 2020	19 Nov 2024	260 869	R4.60	1 199 997	-	-	260 869	-	1 181 737
2020 LTIP Tranche ³	19 Nov 2020	19 Nov 2025	260 871	R4.60	1 200 007	-	-	260 871	-	1 181 746
Total			3 205 518		21 100 007	166 650	280 702	2 758 166	1 428 773	12 494 492
Restricted Share Plan (DRS – deferred shares from short-term incentive)^{3, 4, 5, 6}										
2017 DRS Tranche 1	1 Mar 2017	1 Sep 2018	32 647	R10.12	330 388	-	32 647	-	244 853	-
2017 DRS Tranche 2	1 Mar 2017	1 Sep 2019	32 647	R10.12	330 388	-	32 647	-	228 529	-
2017 DRS Tranche 3	1 Mar 2017	1 Sep 2020	32 647	R10.12	330 388	-	32 647	-	139 076	-
2018 DRS Tranche 1	1 Mar 2018	1 Sep 2019	15 625	R8.00	125 000	-	15 625	-	109 375	-
2018 DRS Tranche 2	1 Mar 2018	1 Sep 2020	15 623	R8.00	124 984	-	15 623	-	66 554	-
2018 DRS Tranche 3	1 Mar 2018	1 Sep 2021	15 627	R8.00	125 016	-	-	15 627	-	70 790
2019 DRS Tranche 1	1 Mar 2019	1 Sep 2020	47 621	R7.05	335 728	-	47 621	-	202 865	-
2019 DRS Tranche 2	1 Mar 2019	1 Sep 2021	47 621	R7.05	335 728	-	-	47 621	-	215 723
2019 DRS Tranche 3	1 Mar 2019	1 Sep 2022	47 638	R7.05	335 848	-	-	47 638	-	215 800
2020 DRS Tranche 1	1 Mar 2020	1 Sep 2021	50 944	R5.79	294 966	-	-	50 944	-	230 776
2020 DRS Tranche 2	1 Mar 2020	1 Sep 2022	50 944	R5.79	294 966	-	-	50 944	-	230 776
2020 DRS Tranche 3	1 Mar 2020	1 Sep 2023	50 962	R5.79	295 070	-	-	50 962	-	230 858
Total			440 546		3 258 470	-	176 810	263 736	991 252	1 194 723

¹ The 2017 LTIP vested at 100% as there are no performance conditions attached to the 2017 LTIP award, with the first tranche vesting at R5.40 per share and the second tranche accruing at R4.78 per share.

² The 2018 LTIP achieved a performance outcome of 0%, with the first tranche accrual forfeited in full. No shares were settled under this award in 2020.

³ The estimated vesting for the 2017, 2018, 2019 and 2020 unvested awards is discounted to an expected value of 60% of Board-approved performance conditions. This estimation is in line with remuneration best practice.

⁴ The 2017 DRS share referral first tranche vested at R7.50 per share, the second tranche vested at R7.00 per share and the third tranche vested at R4.26 per share.

⁵ The 2018 DRS share deferral first tranche vested at R7.00 per share and the second tranche vested at R4.26 per share.

⁶ The 2019 DRS share deferral first tranche vested at R4.26 per share.

⁷ The 90-day volume weighted average price used in determining the fair value of unvested awards on 31 December 2020 is R4.53 per share.

⁸ The second LTIP 2020 award refers to the Once-off LTIP award approved by the Board.



Table of unvested awards and cash flows for the 2020 financial year

Incentive scheme ⁸	Award year	Vesting year	Granted	Grant share price	Value on grant date	Forfeited	Settled/accrued	Closing	Cash value on settlement/of accrual	Closing fair value ⁷
JR Snyders										
Restricted Share Plan (LTIP)^{1, 2, 3, 4}										
2017 LTIP Tranche ¹	1 Mar 2017	1 Mar 2020	40 849	R10.20	416 660	-	40 849	-	220 585	-
2017 LTIP Tranche ²	1 Mar 2017	1 Mar 2021	40 849	R10.20	416 660	-	40 849	-	195 258	-
2017 LTIP Tranche ³	1 Mar 2017	1 Mar 2022	40 851	R10.20	416 680	-	-	40 851	-	185 055
2017 LTIP Tranche ¹	1 Sep 2017	1 Sep 2020	81 481	R9.00	733 329	-	81 481	-	347 109	-
2017 LTIP Tranche ²	1 Sep 2017	1 Sep 2021	81 481	R9.00	733 329	-	-	81 481	-	369 109
2017 LTIP Tranche ³	1 Sep 2017	1 Sep 2022	81 481	R9.00	733 329	-	-	81 481	-	369 109
2018 LTIP Tranche ¹	1 Mar 2018	1 Mar 2021	124 987	R8.00	999 896	124 987	-	-	-	-
2018 LTIP Tranche ²	1 Mar 2018	1 Mar 2022	124 987	R8.00	999 896	-	-	124 987	-	566 191
2018 LTIP Tranche ³	1 Mar 2018	1 Mar 2023	125 026	R8.00	1 000 208	-	-	125 026	-	566 368
2019 LTIP Tranche ¹	1 Mar 2019	1 Mar 2022	141 829	R7.05	999 894	-	-	141 829	-	642 485
2019 LTIP Tranche ²	1 Mar 2019	1 Mar 2023	141 829	R7.05	999 894	-	-	141 829	-	642 485
2019 LTIP Tranche ³	1 Mar 2019	1 Mar 2024	141 874	R7.05	1 000 212	-	-	141 874	-	642 689
2020 LTIP Tranche ¹	1 Mar 2020	1 Mar 2023	187 085	R5.79	1 083 222	-	-	187 085	-	847 495
2020 LTIP Tranche ²	1 Mar 2020	1 Mar 2024	187 085	R5.79	1 083 222	-	-	187 085	-	847 495
2020 LTIP Tranche ³	1 Mar 2020	1 Mar 2025	187 143	R5.79	1 083 558	-	-	187 143	-	847 758
2020 LTIP Tranche ¹	19 Nov 2020	19 Nov 2023	173 912	R4.60	799 995	-	-	173 912	-	787 821
2020 LTIP Tranche ²	19 Nov 2020	19 Nov 2024	173 912	R4.60	799 995	-	-	173 912	-	787 821
2020 LTIP Tranche ³	19 Nov 2020	19 Nov 2025	173 915	R4.60	800 009	-	-	173 915	-	787 835
Total			2 250 576		15 099 988	124 987	163 179	1 962 410	762 952	8 889 716
Restricted Share Plan (Deferral)^{4, 5, 6}										
2018 DRS Tranche ¹	1 Mar 2018	1 Sep 2019	10 416	R8.00	83 328	-	10 416	-	72 912	-
2018 DRS Tranche ²	1 Mar 2018	1 Sep 2020	10 415	R8.00	83 320	-	10 415	-	44 368	-
2018 DRS Tranche ³	1 Mar 2018	1 Sep 2021	10 420	R8.00	83 360	-	-	10 420	-	47 203
2019 DRS Tranche ¹	1 Mar 2019	1 Sep 2020	28 366	R7.05	199 980	-	28 366	-	120 839	-
2019 DRS Tranche ²	1 Mar 2019	1 Sep 2021	28 366	R7.05	199 980	-	-	28 366	-	128 498
2019 DRS Tranche ³	1 Mar 2019	1 Sep 2022	28 375	R7.05	200 044	-	-	28 375	-	128 539
2020 DRS Tranche ¹	1 Mar 2020	1 Sep 2021	25 904	R5.79	149 984	-	-	25 904	-	117 345
2020 DRS Tranche ²	1 Mar 2020	1 Sep 2022	25 904	R5.79	149 984	-	-	25 904	-	117 345
2020 DRS Tranche ³	1 Mar 2020	1 Sep 2023	25 912	R5.79	150 030	-	-	25 912	-	117 381
Total			194 078		1 300 010	-	49 197	144 881	238 119	656 311

¹ The 2017 LTIP vested at 100% as there are no performance conditions attached to the 2017 LTIP award, with the first tranche vesting at R5.40 per share and the second tranche accruing at R4.78 per share.

² The 2018 LTIP achieved a performance outcome of 0%, with the first tranche accrual forfeited in full. No shares were settled under this award in 2020.

³ JR Snyders was awarded with sign-on shares for his appointment as FD under the LTIP in September 2017. The vesting share price on 1 September 2020 was R4.26 per share.

⁴ The estimated vesting for the 2017, 2018, 2019 and 2020 unvested awards is discounted to an expected value of 60% of Board-approved performance conditions. This estimation is in line with remuneration best practice.

⁵ The 2018 DRS share deferral first tranche vested at R7.00 per share and the second tranche vested at R4.26 per share.

⁶ The 2019 DRS share deferral first tranche vested at R4.26 per share.

⁷ The 90-day volume weighted average price used in determining the fair value of unvested awards on 31 December 2020 is R4.53 per share.

⁸ The second LTIP 2020 award refers to the Once-off LTIP award approved by the Board.

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Interest of directors in the L2D shares

The table below provides the direct and indirect beneficial interests in the ordinary shares of executive directors in accordance with the Companies Act.

Executive Director	Share Plan	2020		2019	
		Direct R	Indirect R	Direct R	Indirect R
Amelia Beattie	LTIP ¹	146 489	3 065 167	140 351	1 419 000
	DRS ²	-	263 738	44 460	206 779
	LREP ³	2 323	-	2 376	-
Total		148 812	3 328 905	187 187	1 625 779
Jose Snyders	LTIP	136 377	2 128 247	40 849	1 126 675
	DRS	-	144 882	10 415	105 942
	LREP	-	-	-	-
Total		136 377	2 273 129	51 264	1 232 617

¹ LTIP – Refers to conditional restricted shares held under the Restricted Share Plan long-term incentive scheme that are currently in flight and not yet vested.

² DRS – Refers to shares held under the Restricted Share Plan due to mandatory deferral of a portion of the annual short-term incentive into restricted shares. Unlike the shares awarded as part of the long-term incentive scheme where vesting is conditional upon meeting performance criteria, these shares serve as a retention mechanism and vests in tranches based on remaining in service.

³ LREP – Refers to policyholders in the fund that invests in L2D.

Subsequent to the 2020 financial year end, but before the date of issue of this report, the following dealings in shares were announced on SENS on 4 March 2021:

A Beattie:

- 166 650 shares, being 100% the first tranche of performance based shares awarded on 1 March 2018 were forfeited.
- 140 351 shares vested and 71 470 shares were transferred to her personal holdings after settlement of taxation.
- 836 820 performance based shares were awarded and 55 900 shares were awarded in respect of a portion of the short-term incentives that were deferred.

J Snyders:

- 124 987 shares, being 100% the first tranche of performance based shares awarded on 1 March 2018 were forfeited.
- 40 849 shares vested and 20 801 shares were transferred to his personal holdings after settlement of taxation.
- 543 933 performance based shares were awarded and 41 841 shares were awarded in respect of a portion of the short-term incentives that were deferred.

Termination payments

There were no termination of service payments for executive directors in the 2020 financial year.

Non-executive director fees

Non-executive Directors do not participate in any incentive scheme adopted by L2D and no payments are made to Non-executive Directors other than the remuneration related to their appointment to the Board. Non-executive directors are paid a fixed annual amount relating to their role on the L2D Board and sub-committees, which is paid twice a year in July and December. NEDs' remuneration is split between a base fee and attendance component in equal parts.

The Chairman of the Board is remunerated a fixed all-inclusive total regardless of the sub-committees on which they serve. L2D has also appointed an international member serving on the Board that is also remunerated a fixed all-inclusive fee. Other Board members are remunerated based on their appointment.



Non-executive director remuneration is determined by an industry benchmark to similar types of companies. The Remuneration Committee proposed an adjustment to non-executive director fees for the 2020 financial year as it was evident that L2D non-executive director fees lag the market for certain designations. Proposed fees for non-executives for the 2021 financial year are based on an inflationary aligned 3% adjustment, however, not benchmarked due to the unprecedented pandemic. The fees proposed for 2021 and adopted for 2020 by shareholders are provided below:

Non-executive director fees for the financial year ended 31 December 2020

	Proposed fees 2021 excluding VAT	2020 excluding VAT	2019 excluding VAT
All fees are quoted in ZAR except for the international member that is quoted in GBP.			
Board			
1.1 Chairman ¹	862 000	837 000	785 500
1.2 Lead Independent Director	335 000	325 000	315 000
1.3 Member	232 000	225 000	210 000
1.4 International member ¹	48 000	47 050	46 350
Sub-Committees			
1.5 Audit and Risk Chair	237 000	230 000	210 000
1.6 Audit and Risk member	124 000	120 000	105 000
1.7 Social, Ethics and Transformation Chair	115 000	112 000	105 000
1.8 Social, Ethics and Transformation member	72 000	70 000	52 500
1.9 Remuneration and Nomination Chair	124 000	120 000	105 000
1.10 Remuneration and Nomination member	77 000	75 000	52 500
1.11 Other committee meetings ²	21 000	21 000	21 000

¹ Composite fee inclusive of all activities.

International member includes services as Lead Independent Director until May 2021.

² These fees are determined on an ad hoc basis as and when necessary.

The current international member fee is a composite fee including the services of the Lead Independent Director that was fulfilled by Wolf Cesman.

The Lead Independent director fees for 2021 is inclusive of the board member fees.

The total remuneration paid to non-executive directors for their appointment and service to the L2D Board and its various sub-committees is reflected below.

Total remuneration paid to non-executive directors for the financial year ended 31 December 2020

Director	Directors of L2D R	Other Liberty Group ⁸ R	Total remuneration ⁹ R
A Band ¹	986 700	730 261	1 716 961
W Cesman ²	1 014 037	-	1 014 037
L Ntuli	464 711	-	464 711
Z Adams ³	395 800	-	395 800
P Nelson ⁴	390 492	-	390 492
B Makhubedu ⁵	54 555	-	54 555
P Makhoalibe ⁶	86 585	-	86 585
D Munro ⁷	-	11 675 000	11 675 000
Total	3 392 880	12 405 261	15 798 141

¹ Angus Band retired from the LHL Board on 13 May 2020.

² Wolf Cesman is an international member and was remunerated a fee of GBP47 050 and a travel reimbursement of GBP650 for 2020. His remuneration was converted from GBP to ZAR as follows: Fees up to July GBP24 175 x 21.63829 = ZAR523 106 and Fees up to December = GBP23 525 x 20.86849 = ZAR490 931.

³ Zaida Adams resigned from the Board on 13 August 2020.

⁴ Peter Nelson was appointed to the Board on 26 May 2020.

⁵ Barbara Makhubedu was appointed to the Board on 21 October 2020.

⁶ Puleng Makhoalibe was appointed to the Board on 21 October 2020.

⁷ David Munro is the Chief Executive of LHL and the fees reflected is his total remuneration for the 2020 year.

⁸ Other Liberty Group is defined as Liberty Holdings Limited and their subsidiaries, excluding L2D Group.

⁹ L2D is not VAT registered and non-executive director remuneration as reflected above are reported as fees received inclusive of VAT to show actual cost of non-executive director services.

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Total remuneration paid to non-executive directors for the previous financial year ended 31 December 2019

Director	Directors of L2D R	Other Liberty Group ¹ R	Total remuneration R
Angus Band ²	903 325	1 565 325	2 468 650
Wolf Cesman ³	1 128 129	-	1 128 129
Lynette Ntuli	411 250	-	411 250
Brian Azizollahoff ⁴	305 900	-	305 900
Zaida Adams	358 750	-	358 750
David Munro ⁵	-	18 834 000	18 834 000
Total	3 107 354	20 399 325	23 506 679

¹ Other Liberty Group is defined as Liberty Holdings Limited and their subsidiaries, excluding L2D Group.

² Angus Band was the Lead Independent Director during the 2019 year.

³ Wolf Cesman received a composite fee of GBP59 535 for the 2019 year.

⁴ Brian Azizollahoff resigned from the Board on 23 August 2019.

⁵ David Munro is the Chief Executive of LHL and the fees reflected comprise his total remuneration for the 2019 year.

Deviation from policy

There were no deviations from the Remuneration Policy. The Remuneration Committee is satisfied that all remuneration practice and application is in line with the Remuneration Policy.

Advisory vote on Implementation Report

The Implementation Report will be tabled annually at the AGM for a non-binding advisory vote by shareholders. L2D commits to engage with shareholders and address any part or parts of the Remuneration Policy in the event of votes against the policy by 25% or more of the votes exercised.



SUPPLEMENTARY INFORMATION

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APPENDICES

DEFINITIONS AND ABBREVIATIONS

AFS	Annual Financial Statements	LHL	Liberty Holdings Limited
AI	Artificial Intelligence	LPP	Liberty Property Portfolio
ECL	Expected credit loss	LTV	Loan to value
ESG	Environmental, Social and Governance	NPI	Net property income
GLA	Gross lettable area	PI	Property Industry
IDEE	Inclusivity, Diversity and Employment Equity	POPIA	Protection of Personal Information Act
IT	Information technology	REIT	Real estate investment trust
ITIL	IT Infrastructure Library	SBG	Standard Bank Group
JSE	Johannesburg Stock Exchange	SCC	Sandton Convention Centre
LGL	Liberty Group Limited		

ADDITIONAL REPORTING

Report	Report	Report
Property valuations	Best Practice Valuation Policy	Jones Lang LaSalle (Pty) Ltd and Broll Property Group
Broad-Based Black Economic Empowerment (B-BBEE)	Property Sector Code	BDO South Africa Services (Pty) Ltd
IT governance	Control objectives for information technologies (Cobit) IT infrastructure library (Itil)	LHL and STANLIB
Property management	Service Level Agreements	JHI Retail (Pty) Ltd (JHIR) and Amdec Group (Amdec)

For more information on Assurance, refer to the Risk Management Report commencing on [54](#).



CORPORATE INFORMATION

Date of registration: 10 July 2018

LIBERTY TWO DEGREES LIMITED

JSE code: L2D

ISIN: ZAE000260576

(Approved as a REIT by the JSE)

(Liberty Two Degrees or L2D)

A public company (Registration number 2018/388906/06) duly incorporated in accordance with the laws of South Africa and listed on the JSE.

COMPANY SECRETARY

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