



two°degrees



# 2023 ANNUAL REPORT



**ICONIC SPACES**  
Creating smart, good,  
interactive, **thriving**  
and safe spaces

# WELCOME TO OUR ANNUAL REPORT

**Over the past year, the property industry has encountered numerous challenges due to economic conditions, particularly impacting the retail sector's growth. However, assets with strong design and solid property fundamentals remain crucial and are expected to perform well despite these challenges.**

In light of these considerations, we are delighted to present the Liberty Two Degrees (L2D) 2023 Annual Report (AR or report) within the dynamic landscape of the broader Standard Bank Group. This report offers a retrospective view of the past year.

Throughout this report, we provide insights into how we consistently generate value, fulfilling our purpose and vision through strategic value drivers. Our focus is on delivering a world-class **customer experience** and a positive **tenant experience**, coupled with a leading **human experience**, while ensuring proactive and responsive capital and risk management. This comprehensive approach is integral to creating positive financial outcomes. Together, these value dimensions contribute to the greater good we generate – the enduring, broader value for all our stakeholders.

Aligned with our purpose to create experiential spaces to benefit generations, we remain unwavering in our commitment to establishing **smart, good, interactive, thriving and safe spaces**. These spaces positively impact lives and contribute to long-term sustainability for our stakeholders, and are guided by our values of Passion, Accountability, Care and Excellence (PACE).

As a business driven by human-to-human and human-to-heart interactions, we persist in our dedication to serving people. This commitment means that we will seize opportunities, mitigate risks and foster enduring value for all our stakeholders.

As we embark on the journey ahead, we are enthusiastic about the opportunities before us and remain steadfast in our commitment to driving growth, innovation, sustainability and value creation for all our stakeholders and the property industry of today and tomorrow.

## **As we reflect on the events of the past year, we are keen to seize the opportunities for further growth. It's clear that in this operational environment:**

- **Leadership agility** is a crucial factor in ensuring business resilience and sustainability in our dynamic economy. Quality thinking is the catalyst for translating insights into meaningful actions.
- **Rapid changes in consumer preferences and technological advancements** are reshaping the retail landscape. The ongoing debate about the survival of brick-and-mortar retail against the rise of e-commerce underscores the importance for successful businesses to embrace the omnichannel experience, leveraging its benefits for all stakeholders.
- **The strategic utilisation of data** has become a business imperative and guides decisions that drive growth, positively impact tenant businesses and create immersive experiences for customers.
- **A bold commitment to responsible contributions** in the property industry requires a core dedication to sustainability. As stewards of the built environment, property counters must recognise their responsibility to minimise ecological footprints and contribute to a more sustainable future for all generations.
- **Upholding continuous and sustainable communities** fosters a stable operating environment. An active community engagement strategy promotes collaboration, socio-economic empowerment and meaningful social impact.

# Iconic spaces

This theme emphasises the interconnectedness of creating **smart, good, interactive, thriving** and **safe spaces** that positively impact lives, contribute to long-term sustainability and benefit generations while reflecting L2D’s commitment to living our purpose and to shared value creation.

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# PERFORMANCE HIGHLIGHTS



**ECONOMIC**  
MANUFACTURED CAPITAL

**↑ 235 LEASES**  
WERE RENEWED DURING THE YEAR  
**TOTALLING 84 912m<sup>2</sup>**  
OF GLA.

**↓ 15**  
**PROPERTIES**  
(2022: 15 PROPERTIES).

**↓ L2D GROSS LETTABLE AREA 211 764m<sup>2</sup>**  
(2022: 211 764m<sup>2</sup>)

**↑** Portfolio tenant retention rate of 94.8% (2022: 84.8%).

**↑** Strong leasing resulted in 136 new deals and 235 renewals concluded across the portfolio.

DELISTING FROM THE JSE

L2D DELISTED FROM THE JSE MAIN BOARD ON 14 NOVEMBER 2023.

The Liberty Group bought out minority shareholders at R5.55 per share. As a result, L2D is now part of the Standard Bank Group. The move reflects further consolidation within the Standard Bank Group, following the delisting of L2D's parent, Liberty Group, on 1 March 2022, which merged into Standard Bank after acquiring the minority interest.



**ENVIRONMENT**  
NATURAL CAPITAL

ACHIEVED LEVEL 2 OPERATIONAL WASTE MEASURED

**↑** MIDLANDS PHASE 2 SOLAR PROJECT COMMISSIONED.

**REDUCED WATER CONSUMPTION BY 10% IN 2023**



**SOCIAL**  
SOCIAL AND RELATIONSHIP CAPITAL

R1 062 512 CSI SPENT ON VARIOUS SOCIAL INITIATIVES FOR L2D (2022: R501 761).

**R2 269 925 SPENT ON ENTERPRISE DEVELOPMENT**  
(2022: R838 462).



HUMAN CAPITAL

**60%** FEMALE REPRESENTATION ON EXECUTIVE COMMITTEE (EXCO)

**90.2%** PEOPLE RETENTION COMPARED TO OUR TARGET RETENTION RATE OF 95%.

OUR SUCCESSION PLANNING PROGRESS AFFIRMS OUR POSITION AS A TRANSFORMED AND INCLUSIVE PROPERTY BUSINESS.

OUR TALENT-MANAGEMENT PROCESSES ACTIVELY FOCUS ON BUILDING SUCCESSION WITH A DEDICATED EFFORT TO DEVELOP RISING STARS AND TOP TALENT.

## KEY FOCUS AREAS

TO ENSURE LONG-TERM SUSTAINABILITY WE FOCUSED ON:

PURSUING THE UNITED NATIONS (UN) SUSTAINABLE DEVELOPMENT GOALS (SDGS).

FOCUSING ON OUR NET-ZERO STRATEGY.

DRIVING NET PROPERTY INCOME (NPI) GROWTH.

PRIORITISING PEOPLE RETENTION AND WELLBEING.

PROMOTING BUSINESS MODEL ADAPTABILITY AND SCALABILITY.

DRIVING LEASING PERFORMANCE.

MAINTAINING A STRONG BALANCE SHEET.

ADJUSTING AND THRIVING FOLLOWING OUR DELISTING FROM THE JSE MAIN BOARD.





# ABOUT OUR REPORT

## SANDTON CITY

THE ICONIC SANDTON CITY IS A PROMINENT  
RETAIL CENTRE LOCATED IN GAUTENG.

# ABOUT THIS REPORT

## SCOPE

**This report presents a concise overview of L2D’s accomplishments, performance and progress for the year ending 31 December 2023. Complemented by online publications and stakeholder communications available on our website [www.liberty2degrees.co.za](http://www.liberty2degrees.co.za), this report outlines our strides toward sustainability and value creation for stakeholders. It serves as a comprehensive snapshot of L2D’s economic, environmental, social and governance (EESG) performance and aims to provide transparent insights to key stakeholders.**

This report delves into our value creation priorities, strategy, performance and outlook and offers relevant information for tenants, employees, suppliers, customers, service providers and communities. Its primary goal is to empower stakeholders to assess our capacity for sustained value creation in the short, medium and long term.

## BOUNDARY

While L2D operates under the complete ownership of the Standard Bank Group, this report singularly pertains to L2D and its performance.

The report content is centred on providing insights into our operational activities, and its scope encompasses a thorough analysis of the associated risks, opportunities and outcomes emerging from our business operations.

Our stakeholders:
Standard Bank Group and Liberty Group Limited.
Tenants.
Customers.
Employees and contractors.
Suppliers.
Industry bodies.
Government and regulators.
Communities in which we operate.

## FRAMEWORKS, STANDARDS AND REPORTING PARTNERSHIPS

Our commitment to transparency and best practice is reflected in our continuous alignment with evolving global reporting standards, particularly those focused on sustainability. In ensuring a comprehensive and reliable reporting process, we draw guidance from a diverse array of sources.

Notably, our approach considers key frameworks, standards and codes, including the Companies Act No 71 of 2008 which provide a foundational framework for our reporting practices. Additionally, we adhere to the International Integrated Reporting Framework, which emphasises the integration of financial and sustainability reporting.

Furthermore, our commitment to corporate governance is underscored by our consideration of the King IV™ Report on Corporate Governance for South Africa 2016 (King IV™) which guides our governance practices. Through this holistic approach, we strive to uphold the highest standards in reporting and governance, fostering trust and accountability among our stakeholders.

ABOUT THIS REPORT CONTINUED

## TIMEFRAME CLASSIFICATIONS

In this report, our references to time frames adhere to the following general classifications:

<b>Short term</b>	Denotes periods lasting less than one year.
<b>Medium term</b>	Encompasses time frames ranging from one to three years.
<b>Long term</b>	Envisions periods spanning from three to 10 years.

These classifications provide a structured framework for our discussions and ensure clarity and consistency in communicating the temporal aspects of our analyses, projections and strategic considerations.

## EXECUTIVE APPROVAL

As L2D executive directors, we confirm that this report offers a fair and balanced overview of L2D’s EESG performance and future prospects. It comprehensively addresses matters impacting our value across the short, medium and long terms. We believe this report effectively illustrates how L2D fulfils its purpose, creating sustainable value for all stakeholders. We approved and released this report in November 2024.







**Amelia Beattie**  
Chief Executive

**Barbara Makhubedu**  
Chief Financial Officer

## REPORT NAVIGATION

### Six capitals

The following icons are used to illustrate our six capitals:

-  **FINANCIAL CAPITAL**
-  **MANUFACTURED CAPITAL**
-  **INTELLECTUAL CAPITAL**
-  **NATURAL CAPITAL**
-  **HUMAN CAPITAL**
-  **SOCIAL AND RELATIONSHIP CAPITAL**

### Strategic value drivers

The following icons are used to illustrate the linkage to our strategic value drivers:

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



This page reference icon is applied throughout the report to improve usability and shows the integration between relevant elements of this report.

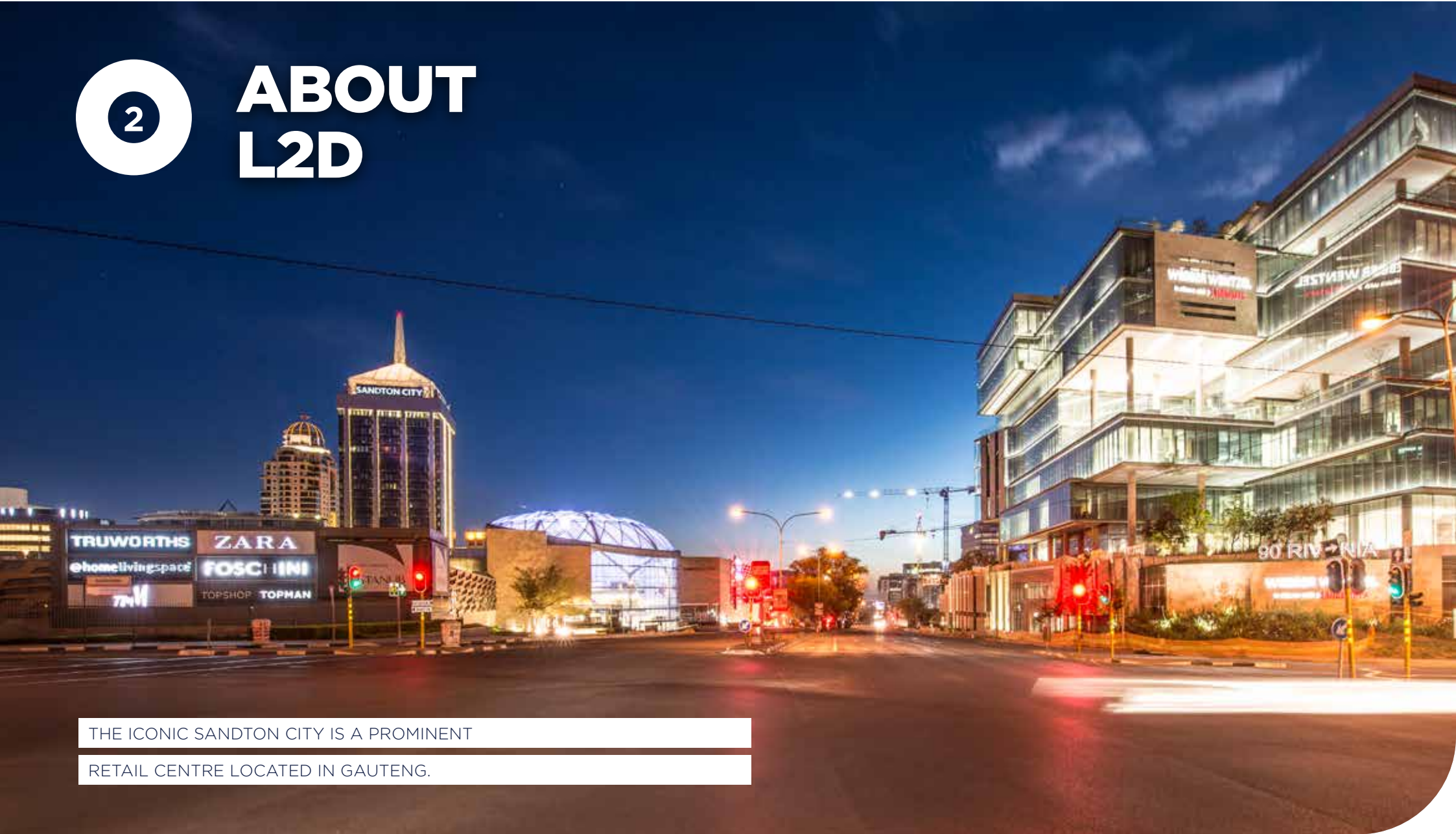


This governance icon illustrates the Exco’s oversight.





# ABOUT L2D



THE ICONIC SANDTON CITY IS A PROMINENT  
RETAIL CENTRE LOCATED IN GAUTENG.



# WHO WE ARE

**Liberty Two Degrees is a precinct-focused, retail-centred portfolio and a business line in the Asset Management and Insurance (IAM) business unit of the Standard Bank Group.**

**Our commitment to creating sustainable value for stakeholders drives us to consistently enhance the quality of our assets. We achieve this by introducing innovative and unique experiences that attract tenants, customers and visitors to our spaces.**

To maintain the quality of our assets, we pursue operational excellence and stay abreast of property and leisure trends, including the advancement of our digital transformation aspirations, to cater to our customer's ever-changing needs.

We care about our surrounding communities and society, and about minimising our impact on the environment, which we address through several meaningful and innovative initiatives.

Our business model is focused on achieving positive outcomes that support and drive the realisation of our vision and purpose. Our business activities are shaped by our purpose and values and influence our approach to risks and opportunities, as well as our interactions with stakeholders.

## OUR PURPOSE

**To continue  
to create  
experiential  
spaces to  
benefit  
generations**

## OUR VALUES

**Passion  
accountability  
care  
excellence  
(PACE.)**



ABOUT L2D CONTINUED

## WHAT DIFFERENTIATES US



### FUTURE-FOCUSED INVESTMENT STRATEGY

Our investment strategy centres around property as a long-term asset class and emphasises sustained income and capital growth. We leverage our unique competencies by focusing on sizable precincts in high-density areas and economic nodes across South Africa. Beyond our primary focus, we invest in various property categories within retail-focused precincts, fostering the creation of versatile destinations that adapt to evolving consumer needs.

Integral to our approach is a commitment to EESG principles and effective asset management. This commitment is vital for attracting and retaining high-quality tenants, driving rental growth, optimising cash flow and ensuring long-term business sustainability.



### FUTURE-FOCUSED INSIGHT

The swift evolution of consumer demands and technological advancements is transforming the retail landscape at an unprecedented speed. In response, we are proactively adjusting to this retail evolution by recognising the shifting role of physical stores.

Continuously challenging ourselves, we implement strategies to facilitate the co-existence of online and offline (in-mall) experiences by striving to create seamless customer journeys and experiences. With a high-quality portfolio and a future-focused strategy, we are well-positioned to leverage and capitalise on this evolving market trend.



### QUALITY ICONIC PROPERTY PORTFOLIO

Our portfolio predominantly comprises iconic South African assets with a primary emphasis on retail. In addition to these retail-centric properties, we possess complementary office and hospitality assets situated within our precincts, all anchored by reputable blue-chip tenants.

Our diverse portfolio also encompasses non-core assets, including mixed-use commercial and industrial developments, along with standalone offices. The consideration for disposal of these non-core assets will only take place when the right circumstances align.



### STRONG BALANCE SHEET AND FINANCIAL STRENGTH

Our prudent capital management strategy stands firm, serving as a protective measure to safeguard value and establish a foundation for sustainable operations and future growth over the medium and long term.



### DIVERSITY, EQUITY AND INCLUSION

As a proud B-BBEE Level 1 contributor, we prioritise the delivery of transformation, diversity, equity and inclusion. L2D is a signatory of the United Nations Women Empowerment Principles (WEPs), which helps keep companies accountable for implementing meaningful and impactful transformation and the promotion of women empowerment strategies.

Our Chief Executive's "one woman at a time" challenge highlights our commitment to gender equity and reinforces our position as a transformed, diverse and inclusive leader in the property sector.

ABOUT L2D CONTINUED

## OUR BUSINESS ACTIVITIES

**Our business model encompasses investing, developing, enhancing, managing, disposing and reinvesting capital.**

We prioritise the securing of long-term leases with high-quality tenants, generating consistent cash flow as the foundation for sustained value creation. We recognise the importance of improving our portfolio's quality and value proposition to attract tenants and customers, thereby enhancing stakeholder value. Properties not aligning with our core criteria are disposed of to enable capital reinvestment. This proactive approach maximises value creation and preservation while minimising value-eroding aspects.



### INVEST AND DEVELOP

We invest and develop high-quality assets with strong property fundamentals.



### ENHANCE

We redevelop our properties to enhance their value.



### MANAGE

We provide well-maintained buildings and excellent customer service.



### DISPOSE

We dispose of non-core assets to improve the quality of our portfolio.



### CAPITAL REINVESTMENT

We recycle some of the capital received from the sale of non-core assets to improve the quality of our portfolio.



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# OUR STRATEGIC BUSINESS CONTEXT

**LIBERTY PROMENADE**

DRONE FOOTAGE OF THE SOLAR PV PANELS

AT LIBERTY PROMENADE MALL

# CHIEF EXECUTIVE OVERVIEW



**Amelia Beattie**  
CHIEF EXECUTIVE

## OPERATING ENVIRONMENT

Throughout the year, L2D faced various challenges marked by factors such as high inflation, interest rate hikes and increased loadshedding. The economic landscape has been further complicated by the impact of two wars and the depreciation of the South African Rand, which contributed to heightened uncertainties.

However, amid these operating challenges, L2D's iconic assets showed remarkable defensiveness and resilience. The ability of these assets to withstand and navigate through turbulent socio-economic conditions attest to their robust and quality nature. Despite the unfavourable external factors, the performance of our portfolio reflects the enduring strength and stability of our iconic assets.

## DELISTING FROM THE JSE

Liberty Group Limited (Liberty) completed the buyout of minority L2D shareholders which led to the delisting of L2D from the JSE on 14 November 2023. This resulted in L2D being a wholly owned subsidiary within the Standard Bank Group; this has enabled L2D to achieve scale and operate within a broader organisational context while creating value for a larger stakeholder base.

The purpose of the transaction was to strategically facilitate the consolidation of our high-quality property assets and enhance the options to unlock their full potential.

Liberty acquired L2D minority shares at R5.55 per share.

## DELIVERING OPERATIONAL EXCELLENCE

We remain steadfast in executing initiatives in support of our strategic value drivers, as a result and amid the challenging macroeconomic environment, our market-leading operational performance has shown a solid improvement across key indicators year-on-year. This is a testament to our ongoing commitment to maintaining the quality of our assets and driving operational efficiencies. Demand for retail space in the portfolio remains strong and has resulted in an improved portfolio occupancy rate. Year-on-year foot count growth in the portfolio reflects the success of our experiential initiatives as they continue to appeal to customers.

Sandton City, home to some of the most coveted global and local brands and tenants, celebrated its 50th year of shaping the retail landscape, offering customers innovative shopping and lifestyle experiences. Nestled in the heart of Africa's richest square mile, this multi-award-winning shopping destination has been instrumental in transforming the Sandton district into a thriving hub of commerce, innovation and opportunity, impacting the lives of surrounding communities and the people of Johannesburg.

## APPROACH TO GOVERNANCE, ETHICS AND STAKEHOLDER ENGAGEMENT

Our commitment to robust corporate governance practices, transparency, ethical leadership and proactive stakeholder engagement remains a key focus area for management. Despite our delisting, we still prioritise meaningful interactions with our stakeholders as a fundamental aspect of our governance philosophy. We believe that open and transparent communication, combined with ethical leadership, strengthens our relationships with key stakeholders, fosters trust and contributes to the overall effectiveness of our governance framework. This unwavering commitment underscores our belief in responsible and accountable business practices.



COMBINED LEADERSHIP REVIEW CONTINUED

## FUTURE-PROOFING OUR BUSINESS

Our strategic approach is guided by integrated thinking and acknowledges the intricate interplay of social, environmental and economic systems. Despite navigating challenging market conditions, our unwavering focus remains on elevating both the tenant and customer experience.

We remain deeply committed to future-proofing our business by continuously innovating and creating experiential spaces that seamlessly adapt to the evolving demands of consumers while fulfilling our purpose of continuing to create experiential spaces to benefit generations.



## EMBEDDING SUSTAINABILITY FACTORS INTO OUR OPERATIONS

Aligned with the SDGs, we remain deeply committed to sustainability through our ESG value proposition, which is aptly named IMPACT. At the core of our comprehensive sustainability efforts is our pursuit of a Net-Zero vision. This encompasses a multifaceted approach, including substantial initiatives to reduce waste and water consumption. These efforts reflect our unwavering commitment to minimising our environmental footprint and promoting responsible resource management.

Together with our environmental initiatives, we are actively involved in championing social impact initiatives. This entails a commitment to positively influencing the communities in which we operate and creating lasting benefits through various socio-economic development programmes.

A key element of our sustainability strategy involves maintaining transparent and meaningful engagements with our diverse stakeholders. This includes open communication channels with employees, tenants, customers, local communities and suppliers. By doing so, we not only aim to meet industry standards but aspire to exceed them, thereby contributing positively to the broader environment and society, and ultimately ensuring the enduring success of our business.

Our tangible progress in achieving our Net-Zero vision is evidenced by impactful waste and water reduction initiatives. Additionally, our strategic investments in solar PV technology and energy wheeling underline our dedication to embracing innovative solutions that align with our sustainability goals. Through these actions, we seek not only to mitigate our impact on the environment but also to inspire positive change in our industry and beyond.

## WITH SINCERE GRATITUDE

Leading L2D is a profound privilege for us. L2D's success in achieving and maintaining high operational performance levels in 2023 is a testament to the unwavering dedication and hard work of our exceptional people. This collective effort has been a source of immense pride as it drove L2D's accomplishments in 2023.

We would like to extend our sincere gratitude to our key stakeholders – tenants, funders and business partners – for their unwavering support during these challenging times.

As we move forward, we remain committed to RISE – upholding the values integral to our success and remaining confident that the dedication and collective efforts of our team will continue to propel L2D to greater heights.

**Amelia Beattie**  
(Chief Executive)

November 2024



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# HOW WE CREATE VALUE



## SANDTON CITY

THE ICONIC SANDTON CITY IS A PROMINENT  
RETAIL CENTRE LOCATED IN GAUTENG.

# DELIVERING PURPOSE THROUGH STRATEGY

## DEFINING VALUE FOR L2D

Our commitment to value is intricately linked to our purpose to continue to create experiential spaces to benefit generations. We strive to fulfil this purpose by creating indelible impressions that contribute to a sustained legacy of positive influence – reflecting the **Good We Do**.

For L2D, value creation entails the delivery of a world-class **Customer Experience**, fostering a positive **Tenant Experience** and cultivating an exceptional **Human Experience**. Simultaneously, we prioritise proactive and responsive **Capital and Risk Management** practices. It is through this holistic approach that we achieve positive **Financial Outcomes**. These diverse facets of value collectively converge into the overarching **Good We Do** – an enduring, expansive value that extends to all our stakeholders.

Our process of value creation is shaped by our consideration of our risks and opportunities, socio-political events and economic challenges. We leverage our purpose and values as guiding principles to navigate the dynamic operational landscape.

To remain relevant and surpass competitors, we persistently lead initiatives to future-proof our assets, aligning with the evolving requirements of our customers, tenants and broader stakeholders. Our goal is to strategically position our portfolio for sustained operations and future expansion, ensuring its relevance in a changing environment.

Our goal is to RISE above the current operating challenges by creating iconic spaces and re-imagining a business model for the future. This intent guarantees that L2D remains forward-looking. We bring this intent to life by curating exceptional experiences for customers and tenants, fostering skills development, unlocking the full potential of our assets, and incorporating sustainability into our day-to-day operations.

## INTEGRATED THINKING AND EMBEDDING ESG

We embrace the principles of integrated strategic thinking, incorporating ESG considerations into our strategic decisions and day-to-day operations. We proactively manage the intricate connections between our capital inputs, potential trade-offs and the resulting value that is either created, preserved or diminished by these strategic choices. This comprehensive understanding of these relationships enables us to consistently deliver enduring value while upholding transparency and accountability for our actions.

Our ESG value proposition, IMPACT, serves as a guiding framework, aligning our economic, environmental, social and governance practices with sustainable principles. This commitment is integrated into our overall strategy, ensuring a cohesive approach that considers ethical considerations and sustainability goals. This in turn, enables us to contribute significantly to essential sustainability SDG objectives. By adopting this approach, we enhance and promote resilience, ultimately creating sustainable spaces that resonate positively with our stakeholders.



Read pages 44-78 for more information about our environmental and social performance.

DELIVERING PURPOSE THROUGH STRATEGY CONTINUED

## STRATEGIC VALUE DRIVERS

We have identified six strategic value drivers which are critical levers that affect our ability to create value in the short, medium and long term.

	<b>Customer Experience</b>	➔	Our commitment to enhancing the customer experience is reflected in our efforts to provide unparalleled satisfaction, convenience and engagement. We prioritise understanding and exceeding customer expectations to ensure seamless interactions across all touchpoints.
	<b>Tenant Experience</b>	➔	We remain dedicated to elevating the tenant experience through the meticulous curation and maintenance of a diverse and suitable tenant mix throughout our portfolio. Key performance metrics, such as occupancy rates, tenant satisfaction surveys and lease renewal rates, underscore our commitment to creating a thriving and supportive environment for our tenants.
	<b>Human Experience</b>	➔	<p>Our Human Experience initiative centres around the continuous improvement of Employment Equity Standards and Guidelines, procedures and overall employee wellbeing.</p> <p>Despite significant shifts in our operating environment, such as L2D's delisting "Eclipse" transaction, and now operating in an unlisted environment resulting in a complete Human Capital strategy redesign, our focus on employee transformation, corporate culture and talent management remains the same. Despite these changes, we have maintained momentum in achieving our transformation, culture and talent management goals that were set earlier in the year.</p> <p>The Level 1 B-BBEE status awarded to L2D for 2023 is a testament to our commitment to broad-based black economic empowerment. We aim to sustain this status into 2024 to align with our strategies while remaining mindful of the evolving governance landscape within the Group and the unlisted environment, especially concerning property sector codes.</p>
	<b>Capital and Risk Management</b>	➔	L2D maintains a robust balance sheet characterised by strong capitalisation, ample reserves and sufficient debt capacity to fulfil projected commitments. The company prudently manages risks to ensure financial resilience and stability which align with its long-term strategic objectives..
	<b>Financial Outcome</b>	➔	<p>On 27 July 2023, Liberty Group Limited (Liberty) expressed its intention to acquire the minority shareholders in L2D, leading to the delisting of L2D from the JSE.</p> <p>By 13 November 2023, the consideration of R5.55 per share, along with a clean-out distribution, was successfully disbursed to eligible shareholders. The distributable income for the three months ending 30 September 2023 was R8.42 cents per share (R76 497 million), factoring in transaction costs and fully paid as a clean-out distribution.</p>
	<b>The Good We Do</b>	➔	<p>L2D focuses on directing capital expenditure toward projects aligned with its Net-Zero Journey.</p> <p>The Midlands Mall (4MW) solar project reached completion and was commissioned in September 2023. The Sandton City (1MW) solar installation commenced in November 2023, while the Eastgate (4.75MW) solar project has achieved 75% completion in steel support structure development.</p> <p>Efforts to convert heating, ventilation and air conditioning systems from water-cooled to air-cooled at Sandton, Eastgate, Midlands and Promenade are underway, with completion expected in 2024.</p> <p>The Eastgate rainwater harvesting plant is progressing well and is anticipated to be finished in 2024. A submission for Net-Zero waste accreditation has been made, with expectations of receiving accreditation in 2024. These initiatives underline L2D's commitment to sustainable practices and environmental responsibility.</p>



## DELIVERING PURPOSE THROUGH STRATEGY CONTINUED

## WHERE WE WANT TO GO

**Delivering on our purpose requires focus and making decisions today that will ensure our sustainability tomorrow.**

### Our purpose

**To continue to create experiential spaces to benefit generations.**

### Value-driven

**To be value-driven in how we operate and in what we prioritise, by using our values to create sustained value for our stakeholders.**

## HOW WE'LL GET THERE

### Strategic pillar one

#### Future-proofing our assets



#### SMART SPACES

A key initiative in this strategic growth area is the creation of smart environments that integrate technology to enhance the customer and retailer experience.

A significant priority within the smart spaces building block is the completion of our digital roadmap design, which we consider as a foundational step in transforming our operating model and technology architecture. This involves building data insights that can effectively inform crucial business decisions.

The overarching goal is to create a digital platform that expands the customer value proposition throughout the retail asset portfolio, aiming for a holistic and digitally-driven approach to enhance overall customer experience and value.

We view tenant trading data as a critical aspect of this digital transformation, and its enhancement relies heavily on improvements to the underlying technology architecture, a robust cloud-based data core and infrastructure enhancements.

Key initiatives update:

- The implementation of an Enterprise Resource Planning (ERP) system
- Harnessing the power of Amazon Web Services (AWS) to capture and interpret data, enhancing customer experiences and informing strategic decisions
- Wi-Fi network infrastructure rehabilitation update
- Wi-Fi fibre-backbone improvement project
- Implementation of a purpose-built online gift card system (digital vouchers and loyalty programme), piloted at Sandton City
- Portfolio security software interface update



### GOOD SPACES

We are committed to environmental stewardship and understand the importance of working with partners. Sustainability is a joint effort, and we collaborate with various entities to enhance our positive impact on the environment. By building strong relationships with stakeholders, we aim to not only meet but surpass environmental standards and contribute to the creation of sustainable spaces.

This collaborative approach reflects our dedication to Good Spaces, emphasising shared responsibility for the environment's wellbeing. Through these partnerships, we strive to implement innovative solutions, leverage collective expertise and contribute to a more sustainable and resilient future for our communities and the planet.

In pursuit of the portfolio's Net-Zero targets, a substantial capital amount of R740 million (at 100% ownership) has been approved for multi-year projects. These initiatives encompass the conversion of water to air-cooled HVAC systems, as well as the installation of solar PV systems and rainwater harvesting systems.

Key initiatives update:

#### **Net-Zero waste certification:**

Feedback from the Green Building Council of South Africa (GBCSA) technical teams indicates that achieving a 90% diversion from landfill will qualify for Net-Zero Waste certification. L2D has submitted its round 1 application to GBCSA and a decision is expected by the end of the year.

#### **Water reduction:**

Efforts are underway to convert HVAC systems from water-cooled to air-cooled at multiple assets. The positive impact of these initiatives will commence in 2024.

#### **Energy reduction:**

Year-to-date energy usage has shown a promising decrease.

#### **Biodiversity strategy:**

L2D has developed and officially adopted a biodiversity strategy. The property manager has been briefed on the policy, and ongoing work at each asset is aligning with the adopted biodiversity guidelines.

#### **Science-Based Targets (SBTi):**

L2D registered for SBTi through the Carbon Disclosure Project, targeting Net-Zero on Scope 1 and 2 by 2030 and Net-Zero on scope 1, 2 and 3 by 2050.



### INTERACTIVE SPACES

The future of retail is customer-centric. Malls of the future will be environments where people gather to engage with friends, connect with like-minded shoppers, seek out unique experiences and interactively relate to brands on a personal level. We view this as an opportunity to create interactive spaces where people can interchange ideas and experiences.

The emphasis is on interaction, fast-paced excitement, experience and stimulus. We have therefore integrated purpose, positioning, partnerships and personalisation into our leasing and stakeholder engagement strategies.

Key initiatives update:

In the year, a deep dive into our parking operations with a view to improving the customer experience was launched, to; improve the customer parking and customer payment experiences. Opportunities were availed as a result, of which progress is being made on implementation.

Our 2024 outlook includes tech-enabled interventions that will start to bring us closer to our customers. Customer journey-tracking tools have been utilised at Eastgate this year with insights being collated to drive decisions, QR codes will be implemented to solicit customer feedback and our Wi-Fi landing page will become a repository for customer data and insights.



### SAFE SPACES

**Safe Spaces** is a core principle that guides all L2D initiatives and places the wellbeing of stakeholders interacting within our spaces at the forefront. It emphasises not just physical safety but also emotional and psychological security. This principle is integral to our holistic approach, ensuring safety and wellbeing for those who trust and rely on our spaces.

Key initiatives update:

During the year, our overall OHS compliance score decreased from 89.6% in 2022 to 77.51% this year. The decline is as a result of additional items being added to the compliance dashboard towards the end of the year.

In 2023, all malls in the portfolio underwent the annual SHORE assessment and attained gold ratings, except for Sandton City, Nelson Mandela Square and Eastgate Shopping Centre, which achieved Platinum statuses, indicating that they are performing at a "world-class standard".



### THRIVING SPACES

In 2023, the introduction of "Thriving Spaces" marked a strategic focus on leasing, acknowledging its profound impact on commercial outcomes.

Leasing is a core aspect of our operations, and lessons from the pandemic underscore the importance of understanding tenants' businesses.

Our goal is to align leasing practices with our overall business strategy, emphasising risk-adjusted commercial practices. Key considerations involve tenant alignment, profitability evaluation, sector knowledge for fair rental terms and deploying resources for fair, risk-adjusted lease agreements.

Our overarching objective is to achieve the maximum sustainable return, guided by long-term investment goals. Short-term KPIs shape annual strategy implementation, emphasising principles such as aligning with asset strategy, optimising tenant mix, and building sustainable returns through understanding tenants' businesses. Building mutually beneficial relationships is prioritised, focusing on positive tenant connections and judicious resource allocation, especially in key tenancies and renewals within designated cycles. This approach ensures strategic alignment and long-term success.

Key initiatives update:

Our primary objective in 2023 was to reverse the negative reversionary trend observed in recent years and reaffirm our commitment to obtaining fair value from our assets. This involved the renewal of existing leases and the negotiation of new deals, ensuring a strategic alignment that enhances both tenant satisfaction and the overall financial performance of our portfolio.



DELIVERING PURPOSE THROUGH STRATEGY CONTINUED

## Strategic pillar two

### Passionate people

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

## GROWTH ACROSS ALL HORIZONS

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

#### Short term

### 0-1 years

- Optimising current operations with a focus on KPIs, particularly in leasing and property management.
- Directing efforts towards preserving value and enhancing operational performance, specifically by refining leasing skills and improving data accuracy to fuel portfolio growth.
- Prioritising agility and adaptability to confidently navigate current challenges at L2D.

#### Medium term

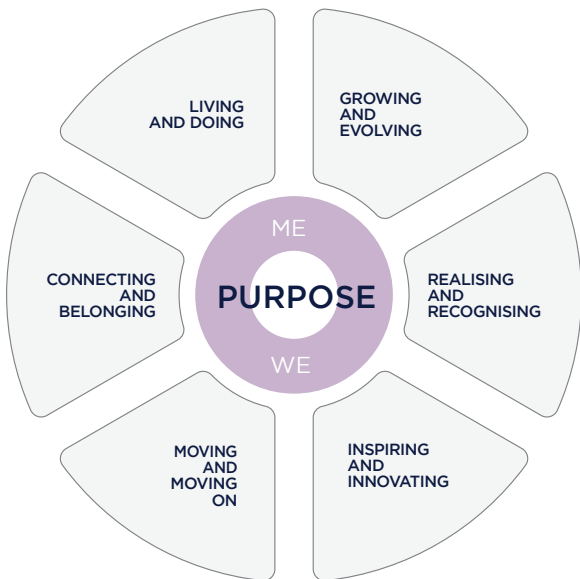
### 1 to 3 years

- Emphasising judicious capital allocation, particularly towards Net-Zero initiatives with accretive returns and positive internal rates of return (IRRs).
- Addressing rising operating costs, including utility expenses, administrative overheads, insurance and employee costs.
- Investing in cutting-edge property management systems to fortify decision-making processes and streamline administrative efficiency.
- Leveraging technological enhancements for improved access to insightful information, contributing positively to property valuations over time.
- Ensuring governance oversight for all capital allocations to ensure appropriateness and adherence to strategic objectives.

#### Long term

### 3 to 10 years

- Our objective is to cultivate a resilient portfolio and develop experiential spaces that yield benefits for generations. This involves a strategic approach to capital recycling, aiming to extract substantial value embedded in the master planning of our assets. The implementation of this strategy, however, hinges on the prevailing economic environment.
- Central to our approach is the provision of agile and adaptable environments for tenants and customers. This alignment with our strategic intent not only supports the SDGs but also encourages us to transcend conventional time frames. This forward-thinking approach provides a sense of future direction, propelling us towards the fulfilment of our higher purpose.
- In alignment with our business profile, we have committed to 11 SDGs and concurrently, we have set ambitious Net-Zero targets for 2030. These initiatives underscore our dedication to sustainable practices and contribute to the broader global agenda for positive environmental and social impact.



DELIVERING PURPOSE THROUGH STRATEGY CONTINUED

# STAKEHOLDER MANAGEMENT

## ENGAGING TO BUILD VALUE

We consider stakeholder engagement as a vital and ongoing process that informs our understanding of our risks and opportunities, which contribute crucial insights to our strategic decision-making. Building long-term partnerships with our stakeholders is a priority, and we categorise them based on their level of influence and our social impact. By comprehending and addressing their legitimate needs, we integrate relevant inputs into our decision-making to create meaningful value and enhance stakeholder confidence across short-, medium- and long-term horizons.

Engagement methods are diverse across all business levels and by responding to the outcomes of these engagements, we drive business success. Our commitment lies in ensuring transparency, accuracy, timeliness, inclusivity, appropriateness and constructiveness in every interaction. Our aim is to furnish stakeholders with all the pertinent information required to assess our performance and prospects accurately, recognising that our reputation hinges on our relationships with stakeholders.

The tables provided outline key stakeholder groups, our engagement approaches and the outcomes of these interactions. The relationship rating reflects our internal evaluation of the quality of these relationships, considering their influence on L2D and our impact on them.

## ANALYSIS OF L2D'S STAKEHOLDERS

We are committed to enhancing our understanding of our stakeholders' needs, ensuring that the reciprocal impact between them and us generates sustained value. This ongoing commitment reflects our dedication to aligning our operations with the expectations and requirements of our diverse stakeholder groups.

	LOW	MEDIUM	HIGH
Stakeholders' influence on L2D	<ul style="list-style-type: none"> <li>Industry bodies.</li> </ul>	<ul style="list-style-type: none"> <li>Communities.</li> <li>Suppliers and service providers.</li> </ul>	<ul style="list-style-type: none"> <li>Standard Bank Group and Liberty Group Limited</li> <li>Our people.</li> <li>Customers.</li> <li>Tenants.</li> </ul>
L2D's impact on stakeholders	<ul style="list-style-type: none"> <li>Industry bodies.</li> </ul>	<ul style="list-style-type: none"> <li>Customers.</li> <li>Standard Bank Group and Liberty Group Limited</li> </ul>	<ul style="list-style-type: none"> <li>Our people.</li> <li>Tenants.</li> <li>Suppliers and service providers.</li> <li>Communities</li> </ul>



5

# OUR PROPERTY PORTFOLIO

## NELSON MANDELA SQUARE

STANDS AS ONE OF THE COUNTRY'S MOST RENOWNED  
OPEN PUBLIC SPACES. THE SQUARE HAS ACHIEVED YEAR-ON-YEAR  
ANNUAL TURNOVER GROWTH OF 14%



# PROPERTY PORTFOLIO HIGHLIGHTS

**L2D has a quality, world class and iconic property portfolio of South African assets.**

L2D'S PROPERTY PORTFOLIO VALUE

**R8.4 billion** (2022: R8.2 billion)

NET ASSET VALUE PER SHARE

**R7.51** (2022: R7.51)

TOTAL GLA L2D PERCENTAGE

**211 764m<sup>2</sup>** (2022: 211 764 m<sup>2</sup>)

PORTFOLIO OCCUPANCY

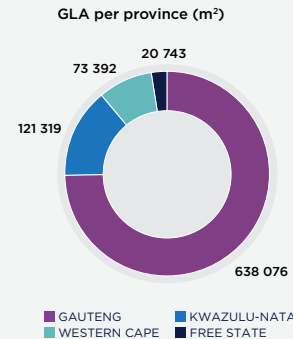
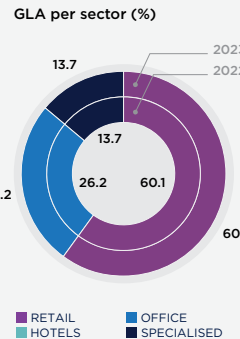
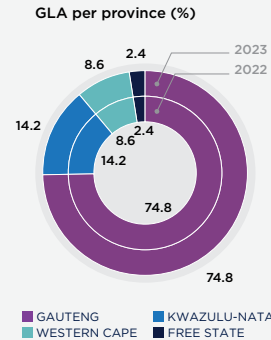
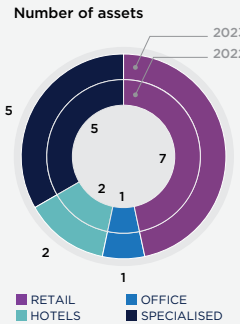
**94.8%** (2022: 93.5%)

TENANT RETENTION

**89.0%** (2022: 84.8%)

NUMBER OF ASSETS

**15** (2022: 15)



## Managing our manufactured capital

	2023	2022
Total GLA	853 529m <sup>2</sup>	853 529m <sup>2</sup>
Occupancy	94.8%	93.5%

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

<b>Retail</b>	<p>GLA (m<sup>2</sup>) <b>512 701</b> (2022: 512 701).</p> <p>Occupancy (%) <b>97.7%</b> (2022: 97.9%)</p>
<b>Office</b>	<p>GLA (m<sup>2</sup>) <b>223 222</b> (2022: 223 222)</p> <p>Occupancy (%) <b>85.3%</b> (2022: 80.0%)</p>
<b>Hotels</b>	<p>Occupancy (%) full capacity <b>65.5%</b> (2022: 51.4%)</p> <p>Occupancy (%) open for trade <b>65.5%</b> (2022: 59.3%)</p> <p>Rooms at 100% ownership <b>1 001</b> (2022: 1 001)</p>
<b>Specialised</b>	<p>GLA (m<sup>2</sup>) <b>117 606</b> (2022: 117 606)</p> <p>Occupancy (%) <b>100%</b> (2022: 100%)</p>

<sup>1</sup> Gross rental income comprises rental income plus recovered property expenses (at L2D ownership).

<sup>2</sup> Where assets include multiple sectors, the gross income is proportioned as a % of gross lettable area ("GLA").



## SECTORAL PROFILE

**Our portfolio comprises high-quality, high-value properties in the retail, office and specialised sectors.**

Our portfolio is retail-focused with retail generating the majority of our gross rental income, followed by office space and the specialised sector, including hotels, a hospital, an automotive showroom and a gym. The GLA referenced in the following sections is split according to their respective sectors for all multi-sector assets unless otherwise stated.



### Retail

	2023	2022
GLA (m <sup>2</sup> )	512 701	512 701
Occupancy (%)	97.7	97.9

Our retail portfolio features two super-regional centres, three regional centres and one community centre positioned in prime locations across South Africa. Each centre offers a dynamic tenant mix that is designed to meet consumers' varying and ever-changing needs.

### Office

	2023	2022
GLA (m <sup>2</sup> )	223 222	223 222
Occupancy (%)	85.3	80.0

<sup>1</sup> Gross rental income comprises rental income plus property expenses (at L2D ownership).

The office component of the portfolio comprises offices attached to retail property within a mixed-use precinct and 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.

### Specialised

	2023	2022
GLA (m <sup>2</sup> )	117 606	117 606
Occupancy (%)	100	100

<sup>1</sup> Gross rental income comprises rental income plus property expenses (at L2D ownership).

The specialised element of the portfolio comprises prime rental space made up of the Sandton Convention Centre, Virgin Active Sandton, Melrose Arch specialised tenants, Melomed Hospital and an automotive showroom located in Richards Bay. The tenants who operate from our specialised spaces usually enter long-term leases, which has a mitigating effect on vacancies in this sector and is beneficial for the portfolio.

### Hotels

	2023	2022
Rooms	1 001	1 001
Occupancy percentage of full capacity (%)	65.5	51.4
Occupancy percentage open for trade (%)	65.5	59.38

<sup>1</sup> Gross rental income comprises rental income plus property expenses (at L2D ownership).

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.

OUR PROPERTY PORTFOLIO CONTINUED

## OUR GEOGRAPHICAL SPLIT OF THE PORTFOLIO BY GLA

From a geographical point of view, our portfolio is dominant in Gauteng, which accounts for 74.8% of our lettable space, followed by KwaZulu-Natal at 14.2%. This split reflects our strategy to target the Gauteng area as the hub of South Africa and home to the prestigious Sandton node (also known as Africa’s richest square mile).

### Retail

The overall retail occupancy rate was 97.7% (2022: 97.9%). Taking pre-lets into account, this improves to 98.2%. The retail portfolio has maintained a consistent occupancy throughout the year and remains ahead of the fourth-quarter MSCI retail benchmark of 95.5%. In addition, it is encouraging that the portfolio’s super-regionals, Sandton City (99.2%) and Eastgate (96.9%) have a combined occupancy of 98.1% and remain ahead of the fourth-quarter MSCI super-regional benchmark of 96.4%.

% Gross lettable areas	GLA (m <sup>2</sup> )
Gauteng	638 076
KwaZulu-Natal	121 319
Western Cape	73 392
Free State	20 743

### Office

The overall office occupancy rate was 85.3% (2022: 80.0%). Taking pre-lets into account, this improves to 85.5%.

While the office sector remains under pressure, occupancies appear to have stabilised. Despite this, the office rental market will likely remain competitive due to industry oversupply and remote working.



## OUR PROPERTY PORTFOLIO CONTINUED

## LEASE EXPIRY PROFILE

We maintain a balanced lease expiry profile across the portfolio by continuously evaluating our tenant mix and engaging with current and prospective tenants regularly. The existing lease profile is tabled below and provides an analysis of when the leases will expire.

Period	GLA (m <sup>2</sup> )	%1
Monthly and expired	100 342	12.8
2024	121 995	15.6
2025	112 548	14.4
2026	118 528	15.2
2027	66 143	8.5
2028	62 217	8.0
2029+	159 224	20.3

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

Lease expiry profile excludes Sandton Convention Centre as it is currently under a management agreement and therefore excluded from the expiry profile. It is important to note that the Convention Centre equates to 57 910m<sup>2</sup> of this space.



## THRIVING SPACES

The Thriving Spaces initiative focuses on achieving positive reversions and ensuring fair rental levels, leveraging data-driven decision-making and adapting leases for online trades. Despite improved tenant trading post-pandemic, increased occupancy costs and rising inflation have impacted tenant affordability. The Thriving Spaces initiative assesses tenant affordability during lease renewals through detailed tenant-by-tenant analysis. This initiative replaces the Annual Gross Rent to Sales (AGRS) metric with the comprehensive Cost of Occupation (CCO) to better illustrate total charges for occupying retail space compared to tenant turnover.

This strategic approach emphasises the pivotal role of data integration in driving informed decisions, particularly in leasing. Balancing firmness with fairness, the focus is on leveraging data for optimal decision-making while maintaining positive tenant relationships. The commitment to resilience and maximising asset value underscores the journey from survival to correction and renewal.

Looking ahead, leasing remains a strategic driver aligned with core building blocks for future business objectives.

## LEASING

## New leases

The portfolio has renewed 235 leases (or 84 912m<sup>2</sup>) in 2023, made up of 40 (15 628m<sup>2</sup>) expired leases from the prior years and 195 (69 284m<sup>2</sup>) “2023 renewals” concluded on a like-for-like basis. These concluded renewals equate to 47.2% of the total GLA up for renewal. The reversion based on total renewals was -0.7% (retail: 3.0%, office: -13.9%) and positive variance to budget is 3.3%.

Our leasing strategy focused on attracting and retaining quality tenants. We work hard to offer customers an optimal and enhanced tenant mix and are excited to have opened South Africa's first standalone H&M Home store during the year. We have signed new leases with other top brands including Yokico, Seafolly, Xiaomi, Under Armour and many more.

A total of 136 new deals (or 43 984m<sup>2</sup>) were concluded and secured in 2023; retail 92 (or 23 065m<sup>2</sup>) and office 44 (or 20 919m<sup>2</sup>). The new deals ended the year well, driven largely by the reconfiguration of space at Sandton and in the office deals.

Apart from attracting new tenants to our centres, we continue to see current local and international tenants investing in their stores to ensure they align with their newest designs and offerings. These tenants include Zara, Gucci, Louis Vuitton, Dolce & Gabbana, Burberry and Salvatore Ferragamo. We cannot wait to see what these new stores will look like.

## Expiries and tenant retention

A total of 20.9% (178 405m<sup>2</sup> or 434 leases) of the portfolio GLA had expired and was due to expire in 2023. This comprised 14.5% (123 785m<sup>2</sup> or 323 leases) retail and 6.4% (54 620m<sup>2</sup> or 7 111 leases) office.

At the end of December, 9.9% (84 912m<sup>2</sup> or 235 leases) of the total portfolio had been renewed on a like-for-like basis. Of the remaining 11.0%, 4.3% renewed into new premises and 4.9% ended the year still under negotiation with intentions to renew - 19.1% of the portfolio GLA was thus retained during the year resulting in a retention rate of 89.0% of the renewals. The major contributor was Ster-Kinekor vacating from Promenade.

## OUR PROPERTY PORTFOLIO CONTINUED

## Rental reversions

Overall, we believe the portfolio rentals and cost of occupation for tenants in our portfolio have rebased to more sustainable levels which bodes well for rental growth in lease negotiations going forward. We continue to expect a lag between the improving operational metrics translating into rental income due to the contractual nature of leases and timing of renewals.

## HOSPITALITY PERFORMANCE

L2D's hospitality assets posted a good recovery over 2023, achieving a combined occupancy of 65.5% (H1 2023: 61.3%) compared to 59.3% in 2022 and 69.7% in 2019. The hotels achieved their highest occupancy for 2023 in November of 76.4%.

Sandton Sun achieved an average occupancy of 72.0% (2022: 74.8%) with an average room rate (ARR) of R2 216 (2022: R1 855), resulting in a revenue per available room (RevPar) of R1 596 (2022: R1 388). Sandton Sun remains the preferred hotel of choice.

Sandton Towers achieved an average occupancy of 51.3% (2022: 36.5% with only five months of trade) with an ARR of R2 366 (2022: R2 140), resulting in a RevPar of R1 213 (2022: R781).

The Garden Court achieved an average occupancy of 68.1% (2022: 52.9%) with an ARR of R1 106 (2022: R921), resulting in a RevPar of R754 (2022: R487).

The Sandton Convention Centre (SCC) hosted a total of 219 events for the year compared to 195 events in 2022.

### Hotels performance update on 31 December 2023

	Occupancy (%)	ARR	RevPar
Sandton Sun	72.0%	R2 216	R1 596
Sandton Towers	51.3%	R2 366	R1 213
Garden Court	68.1%	R1 106	R754
<b>TOTAL</b>	<b>65.5%</b>	<b>R1 731</b>	<b>R1 127</b>

Hotels <sup>1</sup> statistics		12 months based on full capacity 2023	12 months based on full capacity 2022	Change %	12 months 2023	12 months 2022	Change %
<b>Garden Court Sandton</b>							
Number of rooms		444	444	—	444	444	—
Occupancy	%	68	53	15	68	53	15
<b>InterContinental Towers Sandton</b>							
Number of rooms		231	231	—	231	231	—
Occupancy	%	51	15	36	51	37	14
<b>Sandton Sun</b>							
Number of rooms		326	326	—	326	326	—
Occupancy	%	72	75	(3)	72	75	(3)

Figures applied above are based on a 12-month average.  
Open for trade is based on the total rooms trading.



# FEATURED PROPERTIES

## SANDTON CITY COMPLEX



Sandton City, a celebrated retail haven hosting renowned global and local brands and tenants, commemorated its 50th year as a transformative force in the retail landscape. Nestled in the heart of Africa’s wealthiest square mile, this multi-award-winning shopping destination has consistently offered customers innovative shopping and lifestyle experiences.

Over its five decades, Sandton City has been instrumental in shaping the Sandton district into a thriving hub of commerce, innovation and opportunity. It stands as a lasting testament to the enduring influence of a commercial and cultural landmark that continues to enrich the lives of its patrons.

The Sandton complex comprises the iconic Sandton City, Atrium on 5th offices and Sandton City Office Tower. The positive trend in foot traffic continues with year-on-year growth increasing by 35.4% (2022: 31.7%). Even during loadshedding, Sandton City remains fully

operational, providing an uninterrupted service to customers.

Management actively seeks opportunities to unlock additional income streams and attract key international brands. The luxury segment has exhibited exceptional performance, surpassing previous years’ turnover growth. Management’s initiatives aim to sustain and enhance the precinct’s performance while unlocking income-producing opportunities in non-traditional retail spaces.

In 2023, the Sandton City precinct received a Platinum rating from SHORE and garnered a Spectrum Award Foot Print Marketing Award in recognition of its *City of Icons* initiative, a brand campaign that provided shoppers with new, exciting ways to enjoy leading brands in its halls every week, solidifying the centre’s position as South Africa’s quintessential destination for all things iconic. Footprint Marketing Awards, reaffirming its commitment to excellence and innovation in the retail landscape.

Location	Gauteng
Sector	Retail and Office
GLA 100%	195 941m <sup>2</sup>
Occupancy (Retail)	99.2%
Occupancy (Office)	79.3%
Annual foot count	30.2 million
Major retail tenants by GLA	Woolworths, Checkers, Edgars, Ster Kinekor, Truworths, H&M, Zara



Sandton City initiated a 1 MWac solar power installation in November 2023, demonstrating its commitment to sustainable energy solutions. Despite facing physical space limitations, the project was commissioned in March 2024.

This proactive step underscores Sandton City’s dedication to reducing its environmental footprint and embracing renewable energy sources, despite challenges, to contribute to a greener future.

FEATURED PROPERTIES CONTINUED

## SANDTON SPECIALISED



Location	Gauteng
Sector	Specialised

The hospitality portfolio includes the Sandton Sun hotel, InterContinental Towers, Garden Court Sandton, Convention Centre and Sandton City Virgin Active, catering primarily to air crews, corporate, government, leisure and sports segments.

Sandton Sun achieved an average occupancy rate of 72.0% (2022: 74.8%). Garden Court’s average occupancy improved to 68.1% (2022: 52.9%).

The Sandton Convention Centre saw improved numbers, hosting 219 events in (2022: 195 events). Sandton Towers achieved average occupancy of 51.3% (2022: 36.5%). The combined hotels’ average occupancy was 65.5% (2022: 59.3%).

Virgin Active Sandton, a 3 406m<sup>2</sup> facility on Alice Lane, provides customers with a luxury gym experience featuring state-of-the-art facilities and a personalised health and wellness experience in the heart of Sandton.





FEATURED PROPERTIES CONTINUED

## NELSON MANDELA SQUARE



**NELSON MANDELA**  
SQUARE

Nelson Mandela Square, situated in Sandton, Gauteng, stands as one of the country's most renowned open public spaces. The Square has achieved year-on-year annual turnover growth of 14% (2022: 45%).

In 2023, Nelson Mandela Square earned a Platinum rating from the Safe Asset Group Audit, the highest level of recognition for such awards.

Location	Gauteng
Sector	Retail and Office
GLA 100%	38 595m <sup>2</sup>
Occupancy (Retail)	96.2%
Occupancy (Office)	80.4%
Number of tenants	107
Annual foot count	11.9 million
Major retail tenants by GLA	Marco Polo Lounge, Hard Rock Café, The Butcher Shop Style Loft, Trumps Grillhouse



FEATURED PROPERTIES CONTINUED

## EASTGATE SHOPPING CENTRE



Eastgate, a super-regional centre located in Johannesburg, Gauteng, South Africa, has experienced a notable year-on-year turnover growth of 6% (2022: 16%) achieving an annualised trading density of 40 274/m<sup>2</sup>. The performance is expected to continue following a similar upward trend, attracting more consumers to Eastgate.

Moreover, the super-regional centre received 🍏 SACSC Footprint Awards, including a silver award for L2D Iconic Spaces and Come Together campaigns. These accolades underscore Eastgate's unwavering commitment to providing exceptional retail experiences to patrons while prioritising safety. Eastgate Mall is committed to sustainable energy practices, evident in its current operation of a 1 MWac solar power installation, which resulted in an impressive energy saving of 1 910 MWh in 2023.

Furthermore, the mall is actively expanding its renewable energy capacity by adding an additional 4.75 MWac. Significant progress has been made with 75% of the steel substructure already completed onsite for Eastgate Phase 2. The installation of solar panels is advancing smoothly and the project is anticipated to be finished in Q3 2024.

Location	Gauteng
Sector	Retail and Office
GLA 100%	143 344m <sup>2</sup>
Occupancy (Retail)	96.9%
Occupancy (Office)	80.4%
Number of tenants	232
Annual foot count	14.5 million
Major retail tenants by GLA	Woolworths, Edgars, Checkers Hyper, Game, Mega Mica





FEATURED PROPERTIES CONTINUED

## LIBERTY MIDLANDS MALL



Midlands Mall and Lifestyle Centre are located in the Midlands region of KwaZulu-Natal. Turnover levels at both Midlands Mall and Lifestyle Centre remained strong, achieving robust annual turnover growth.

Liberty Midlands Mall also earned Footprint Marketing Awards.

Midlands Mall is leading the way in sustainable energy with its 5 MW solar power installation. In Phase 1, the mall saved 1 010 MWh of energy and Phase 2 (operational since October 2023) saved 1 742 MWh. Recently, the mall added 4 MW more, making it one of the country's largest solar plants, showing its commitment to a greener future.



Location	KwaZulu-Natal
Sector	Retail
GLA 100%	78 249m <sup>2</sup>
Occupancy (Mall)	99.8%
Occupancy (Lifestyle Centre)	98.2%
Number of tenants (Mall)	148
Number of tenants (Lifestyle Centre)	32
Annual foot count (Mall and Lifestyle Centre)	14.4 million
Major retail tenants by GLA	Woolworths, Game, Pick n Pay, Edgars, Checkers, Planet Fitness

FEATURED PROPERTIES CONTINUED

# LIBERTY PROMENADE SHOPPING CENTRE



Promenade Shopping Centre is located in Mitchells Plain, Cape Town, in the Western Cape. Annual foot count was 18% up year-on-year (2022: -12%).

Liberty Promenade has earned Footprint Marketing Awards.

Promenade Mall currently boasts a 1 MWac solar power installation, contributing to its commitment to sustainable energy practices. In 2023 alone, this initiative resulted in an impressive energy saving of 0.672 MWh.

Looking ahead, the mall is embarking on phase 2 of a roof-strengthening exercise, with the goal of achieving a total system size of 2.6 MW by 2025. This proactive approach underscores Promenade Mall's dedication to increasing its renewable energy capacity and reducing its environmental impact for the benefit of the community and the planet.



Location	Western Cape
Sector	Retail
GLA 100%	73 392/m <sup>2</sup>
Occupancy	95.4%
Number of tenants	169
Annual foot count	13.2 million
Major retail tenants by GLA	Pick n Pay, Game, Edgars, Woolworths, Homechoice



FEATURED PROPERTIES CONTINUED

# BOTSHABELO MALL



Botshabelo Mall in the Free State has maintained a positive year-on-year turnover growth.

Botshabelo Mall was honoured with a four-star Green Star rating for Existing Building Performance by the GBCSA, underscoring our commitment to sustainable building practices in the L2D property portfolio.



Location	Free State
Sector	Retail
GLA 100%	20 743/m <sup>2</sup>
Occupancy	99.0%
Number of tenants	58
Major retail tenants by GLA	Shoprite, Pick n Pay, Cashbuild, Jet





FEATURED PROPERTIES CONTINUED

## JOHN ROSS ECO-JUNCTION ESTATE

The John Ross Eco-Junction Estate located in Richards Bay, KwaZulu-Natal, incorporates a diverse range of entities, including Melomed Hospital, Tangawizi Motors and the remaining estate. The establishment of the 200-bed Melomed Hospital in January 2018 marked our inaugural foray into private hospital development. This property serves as a comprehensive commercial and industrial development, strategically designed to address the healthcare needs of the local community and neighbouring regions. Additionally, it provides ease of access, robust security measures and a well-developed infrastructure.

Ownership	33%
Ownership - Melomed	23%
Location	KwaZulu-Natal
Sector	Specialised





FEATURED PROPERTIES CONTINUED

## MELROSE ARCH

Melrose Arch, a mixed-use precinct incorporating retail, office, hotel, residential and showroom components, is located in Gauteng, strategically positioned between the Corlett Drive and Athol Oaklands M1 highway ramps. The precinct’s emphasis on live, work and play elements attracts a diverse range of visitors.

Ownership	8%
Location	Gauteng
Sector	Retail, Office and Specialised
GLA 100%	198 879m <sup>2</sup>
Occupancy (Retail)	96.3%
Occupancy (Office)	85.9%
Major retail tenants by GLA	Woolworths, @Home, Istanbul Kebab, Arch Cycle, Clicks



FEATURED PROPERTIES CONTINUED

## LIBERTY CENTRE HEAD OFFICE AND UMHLANGA RIDGE OFFICE PARK



Situated in Umhlanga Rocks, KwaZulu-Natal, the Liberty Centre Head Office and Umhlanga Ridge Office Park stand as a purpose-built, five-storey building within one of the country's well-known mixed-use development nodes. This office property is primarily occupied by the LGL Head Office and Regus.



Ownership	33%
Location	KwaZulu-Natal
Sector	Office and Specialised
GLA 100%	22 201m <sup>2</sup>
Occupancy	97.9%
Number of tenants	9



# INTELLECTUAL CAPITAL SUMMARY



Intellectual capital is a pivotal differentiator for L2D and plays a vital role in value creation and sustainability. Our emphasis on innovative thinking, agility and proactive change management distinguishes us in the industry. Human capital serves as the engine for implementing our intellectual capital, incorporating company knowledge, strategies, capabilities, internal processes and digital systems. This collective intellectual capital is harnessed to efficiently manage our portfolio, nurture stakeholder relationships, retain tenants and drive innovative strategies, thereby creating substantial value for our stakeholders. It is indispensable for achieving our long-term goals.

We are proactively embracing digital transformation to fortify our portfolio for the future. By leveraging digital advancements, we aim to create intelligent and interconnected spaces that elevate the experiences of tenants and customers while achieving operational excellence. Simultaneously, we cultivate a culture of innovation through skills development, mentorship and diversity, optimising the human experience within our organisation.

Our group strategy places a premium on adaptability, considering material risks and opportunities, and seamlessly integrating EESG principles into our operations. Our active participation in industry bodies, with our personnel frequently assuming decision-making roles, underscores our leadership in the field.

In leasing, we prioritise the harmonisation of physical and digital environments, utilising technology-driven insights for real-time, data-driven decision-making. Central to our strategy is tenant engagement with a focus on improving their experience through effective service delivery and efficient cost management.

Our commitment to good governance and effective stakeholder engagement underscores how intellectual capital is shaped by our values and supports our comprehensive value-creation process.



## SMART SPACES ROADMAP TO 2025

In the **Smart Spaces** building block, a key priority is completing the design of our digital roadmap. This foundational step is crucial for transforming our operating model and technology architecture by building data insights to inform business decisions. The Digital Roadmap to 2025 (DR25) below, details digital focus areas and the status of our 11 initiatives, completed, in-progress and planned.

The overarching objective is to digitally mature the asset portfolio, achieving three fundamental digital milestones by 2025 to align with business priorities. The roadmap will evolve as we continue to make progress in our digital transformation journey.





## Smart Spaces Roadmap - Journey to 2025



FOCUS AREA	2023	2024	2025+
<b>PORTFOLIO OPERATIONAL EXCELLENCE</b> <ul style="list-style-type: none"> <li>- Advanced property portfolio platform</li> <li>- Data-driven insights to unlock operations and management efficiencies.</li> <li>- Automated tenant services</li> </ul>	<ul style="list-style-type: none"> <li>Technology Infrastructure review</li> <li>ERP system Investigation</li> </ul>	<ul style="list-style-type: none"> <li>ERP system Implementation</li> <li>Tenant engagement tool</li> </ul>	<ul style="list-style-type: none"> <li>Data-led tenant and leasing services</li> </ul>
<b>DATA AT OUR FINGERTIPS</b> <ul style="list-style-type: none"> <li>- Data is the heart of the digital transformation</li> <li>- Data driven business cases &amp; decision making</li> <li>- Unlock new sources of value (revenue streams)</li> <li>- Enable access to partnerships, platforms and ecosystems</li> </ul>	<ul style="list-style-type: none"> <li>AWS platform activation</li> </ul>	<ul style="list-style-type: none"> <li>Consolidated parking data dashboard</li> <li>Solar and HVAC system performance data</li> <li>Metering infrastructure online real-time data</li> <li>Dynamic portfolio performance data</li> </ul>	<ul style="list-style-type: none"> <li>Fully digital interconnectivity for operations optimisation</li> </ul>
<b>INTELLIGENT INFRASTRUCTURE CONSERVATION &amp; CONTROL</b> <ul style="list-style-type: none"> <li>- Smart-enabled building</li> <li>- Predictive sustainability management (technology advancements with emphasis on sustainability, energy efficiency, security)</li> <li>- Interoperability across building technologies</li> </ul>	<ul style="list-style-type: none"> <li>Wi-Fi network rehabilitation   Phase 1 - performance remedy</li> </ul>	<ul style="list-style-type: none"> <li>Wi-Fi network rehabilitation   Phase 2 - strengthening</li> <li>Wi-Fi fiber-backbone improvement   Asset &amp; customer capacity</li> <li>Wi-Fi fiber-backbone improvement   Tenant capacity</li> <li>Advanced security AI</li> </ul>	
<b>DIGITALLY SEAMLESS CUSTOMER EXPERIENCE</b> <ul style="list-style-type: none"> <li>- Personalised customer engagement (rewards and loyalty)</li> <li>- Omnichannel retail model (on/off-line)</li> <li>- Digital mail</li> </ul>	<ul style="list-style-type: none"> <li>Digital gift card</li> </ul>	<ul style="list-style-type: none"> <li>Rewards &amp; Loyalty HNW Client Offering</li> <li>EMB/Linkyfi advances Wi-Fi landing page</li> <li>Customer Engagement tool</li> <li>SBG Platform &amp; ecosystem</li> <li>Digital Mail</li> </ul>	<ul style="list-style-type: none"> <li>Interoperability of the digital and physical retail environment</li> </ul>

In 2023, our focus was on identifying and implementing a purpose-built online gift card. Subsequently, we have advanced the digital gift card implementation at Sandton City, which serves as the pilot centre for the solution.

This initiative introduces customers to a fully digital solution and minimises manual intervention. This step aligns with our digitalisation journey, allowing us to gather valuable data on customer spending behaviour within our assets and laying the foundation for an integrated loyalty programme offering.





6

# ESG AND SUSTAINABILITY

## LIBERTY PROMENADE NET ZERO WASTE CERTIFICATION BY THE GBCSA

L2D's RETAIL PORTFOLIO ACHIEVES LEVEL 2 NET ZERO WASTE CERTIFICATION.

A SOUTH AFRICAN FIRST IN THE RETAIL PROPERTY SECTOR.



# ESG AND SUSTAINABILITY

**We've embraced a stewardship role by integrating ESG factors into our core strategy, recognising their role in long-term value creation, environmental sustainability and the wellbeing of our stakeholders. Our commitment to ESG is foundational to our financial performance and creates shared value, fosters community impact and ensures the future readiness of our assets.**

Our IMPACT value proposition, highlighted by our 2030 Net-Zero Commitment, serves as a comprehensive framework for efficient reporting, addressing SDG challenges, enhancing resilience and showcasing our dedication to environmental responsibility.

Responsible business practices are intrinsic to our core purpose of continuing to create experiential spaces to benefit generations. Our ambition is to lead in ESG within the South African real estate sector, integrating long-term considerations into daily operations. This dedication safeguards our portfolio's relevance, minimises commercial risks and aligns with ethical, environmental and social principles.

## ALIGNING WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The United Nations has outlined 17 SDGs, which are crucial for ensuring global sustainable growth by addressing poverty, inequality and climate change. Achieving these goals is vital for socio-economic stability and growth. In integrating the SDGs into our strategic thinking, we focused on identifying goals with the greatest potential impact and opportunities aligning with our business objectives. Our goals are in harmony with the SDGs and the South African National Development Plan (NDP) Vision 2030.


We evaluated and ranked each SDG based on our capacity to support and drive their targets within our vision and sustainability strategy. These goals challenge us to think beyond conventional time frames, guiding us towards achieving our higher purpose. We've established internal KPI targets and a framework of 11 indicators aligned with the most relevant SDGs. These goals are integral to our long-term value creation and inform our short- to medium-term strategy.




ESG & SUSTAINABILITY CONTINUED

## Primary SDGs


### Good health and wellbeing

SDGs	The purpose of the SDG	Our progress towards SDGs
 <p>Good health and wellbeing.</p>	Ensure healthy lives and promote wellbeing for all.	We prioritise the wellbeing of our employees by fostering a balanced professional and personal life through our wellness programme, people engagement surveys and ensuring a safe working environment.


### Quality education

SDGs	The purpose of the SDG	Our progress towards SDGs
 <p>Quality education</p>	Ensure inclusive and equitable quality education and learning opportunities.	Throughout the year, 100% of our personnel underwent training. This training serves the dual purpose of enhancing our employees' skill set and contributing to succession planning, while also supporting our employment equity and business continuity initiatives.

### Gender equality






SDGs	The purpose of the SDG	Our progress towards SDGs
 <p>Gender equality</p>	Achieve gender equality and the empowerment of women.	L2D proudly upholds the United Nations' Women Empowerment Principles (WEPIs), ensuring accountability in implementing impactful transformation and strategies for women's empowerment. These principles guide our practices in enterprise development, procurement, supply value chain and hiring policies.

### Responsible consumption and production

SDGs	The purpose of the SDG	Our progress towards SDGs
 <p>Responsible consumption and production</p>	To ensure sustainable consumption and production patterns.	Our commitment to recycling resulted in the recycling of 3 501 tonnes of waste in 2023.

ESG & SUSTAINABILITY CONTINUED

**Climate action**

SDGs	The purpose of the SDG	Our progress towards SDGs
 Climate action	To take urgent action to combat climate change and its impacts.	Every property in our retail portfolio has been awarded Green Star ratings by the GBCSA.
 Clean water and sanitation	To ensure the availability and sustainable management of water and sanitation.	We achieved a 2.2% reduction in water use across the portfolio.
 Clean and affordable energy	To ensure access to affordable, reliable, sustainable and modern energy.	Increased the percentage of our portfolio’s energy baseload met from renewable/clean-energy sources to 3%.  Continued investment in solar PV technologies.
 Life below water	To emphasise the crucial significance of marine ecosystems to human wellbeing by acknowledging the essential role of oceans in supporting livelihoods, ensuring food security, regulating climate and preserving cultural heritage globally.	As part of our biodiversity strategy and plan, as well as the site-specific maintenance and management plans thereof, we take care to reduce pollution of all kinds, to reduce the downstream/upstream impact it might have on South Africa’s marine resources. Each site has an Integrated Pest Management Plan and a Green Cleaning Policy which guides our teams around non-toxic pest management and cleaning solutions that will not negatively impact biodiversity and water resources if washed away.
 Life on land	To protect, restore and sustainably manage terrestrial ecosystems, forests, biodiversity and wildlife. This goal aims to address various challenges facing land-based ecosystems such as deforestation, desertification, land degradation, loss of biodiversity and habitat destruction.	Each property in our portfolio is covered by our Biodiversity Strategy. Each site is using the site-specific guidance on actions required to support our departure point target of 'No-Net-Loss' to manage and maintain all biodiversity impacted through our direct operations to improve on our original point of departure in meaningful ways.



# ENVIRONMENTAL IMPACT

## OUR ENVIRONMENTAL IMPACT AGENDA

**Our objective is to safeguard natural resources for the benefit of future generations. This involves conserving environmental resources, reducing direct and indirect environmental impacts and addressing challenges like energy shortages and water scarcity.**

Our primary value creation is through direct ownership of immovable property impacting the environment. To mitigate this, we efficiently monitor and manage electricity supply, water usage and waste generation to align with local and global best practices.

Through Good Spaces, an environmental building block in our broader IMPACT strategy, we are committed to minimising our environmental impact. This includes driving operational efficiencies and innovative initiatives to meet our Net-Zero 2030 targets.

We recognise the importance of collective effort in environmental stewardship and engage with stakeholders transparently, ensuring accountability and sustainability. Awareness campaigns are planned for our people, tenants, suppliers and customers to positively influence their behaviour.

At the core of Good Spaces are the pillars: Green Star certification, Net-Zero Waste, Net-Zero Water, Net-Zero Carbon/Energy and biodiversity. All our activities align with these pillars.

Our Net-Zero 2030 sustainability targets include achieving Net-Zero Waste readiness by 2023, Net-Zero Waste certification by Q1 2024, and targeting Net-Zero Water in the range of 2025-2027 and Net-Zero Energy Scope 1 and 2 emissions by 2030.

 Read more about our Net-Zero journey on pages 48 to 51.

## OUR ENVIRONMENTAL IMPACT STRATEGY

**Good Spaces** plays a crucial role in supporting our strategy by addressing key environmental sustainability challenges across short-, medium- and long-term horizons. It facilitates the adoption of environmental best practices within L2D.

Recognising that environmental sustainability is a shared responsibility, we collaborate with tenants, shoppers, service providers and our people to reduce our consumption of scarce resources and work towards our Net-Zero targets. Awareness campaigns such as waste diversion initiatives, and water and energy savings programmes, engage tenants and contribute to positive behavioural changes.

Acknowledging the inherent risks in pursuing environmental commitments, we make decisions by evaluating holistic risks and opportunities over various time frames. For instance, utility bills consistently rise above inflation annually, posing a significant expense. To counteract this, we invest in solutions that enhance efficiency, often requiring substantial capital. In return, these sustainability practices not only lower the cost of capital but also foster a more readily available and diverse resource pool.



Under the oversight of the Exco, Good Spaces serves as a concentrated and purposeful investment and operational strategy. It effectively manages our environmental impact while concurrently enhancing the value and resilience of our assets.



ENVIRONMENTAL IMPACT CONTINUED

# OUR ENVIRONMENTAL FOCUS AREAS

We prioritise key environmental focus areas encompassing climate change, energy, water, waste, green buildings and biodiversity. Our approach involves understanding our impact, raising awareness and influencing positive behaviours among crucial stakeholders including suppliers, employees, customers and tenants in each of these focus areas.



# OUR KEY PERFORMANCE INDICATORS

Focus Area	Related SDGs*	Targets	2023 Progress
<b>Energy</b>	7 AFFORDABLE AND CLEAN ENERGY, 13 CLIMATE ACTION	We are committed to sourcing a minimum of 3% and aiming for 5% of the L2D portfolio's energy baseload from renewable/clean-energy sources by December 2023.	3 to 5% 5,2% of our portfolio's energy baseload is met from renewable/clean-energy sources.
<b>Water</b>	6 CLEAN WATER AND SANITATION, 13 CLIMATE ACTION	We have set a goal to reduce water consumption by 5% in 2023, reflecting our commitment to sustainable water management practices.	5% 11% water reduction due to the decline in potable water use in our buildings, as well as other water-saving initiatives.
<b>Waste</b>	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION	We anticipate achieving accreditation in Q1 2024 after 12 months of data was compiled, verified and submitted to GBCSA for the certification process.  Identify potential waste-diversion alternatives.  Implement commercially viable recycling solutions.	82.2% to 90.2% We increased the waste-diversion rate, moving from 82.2% to 90.2% by weight, in 2023. To achieve this, we identified specific waste types and quantities. Additionally, we partnered with a zero-waste supplier to collaborate on opportunities to minimise waste costs and enhance overall value. This aligns with our commitment to effective waste management and environmental sustainability.
<b>Green buildings and EBP certification</b>	11 SUSTAINABLE CITIES AND COMMUNITIES, 13 CLIMATE ACTION	Green buildings are structures that prioritise environmentally sustainable practices throughout their design, construction, operation and maintenance.  EBP certification demonstrates a commitment to using best practices and evidence-based methods in our property management and decision-making.	100% Of all L2D-managed and controlled properties as a percentage of the total portfolio, excluding Melrose Arch and hotels, are green-certified. These properties were certified as Green Star in 2021, with a recertification process taking place in 2024.  The portfolio is set to undergo re-certification in 2024 as part of our ongoing commitment to maintaining and improving our standards.
<b>EPC certification</b>	13 CLIMATE ACTION	Energy Performance Certificates (EPC) have been successfully issued, indicating our commitment to assessing and disclosing the energy efficiency performance of our properties.	100% EPC certification received for all office buildings.
<b>Partnering with our people, suppliers and tenants</b>	17 PARTNERSHIPS FOR THE GOALS	We collaborate with tenants, suppliers and our people to encourage the adoption of our sustainability initiatives, aiming to positively influence behaviours and contribute to environmental conservation.	Various awareness campaigns have proven effective in enhancing the adoption rate among stakeholders.

\* We align our efforts with SDGs 12 and 13, focusing on responsible consumption and production, as well as addressing climate change. Our Net-Zero water, carbon and waste framework not only supports our strategic drivers, but also contributes to SDG 6 (clean water and sanitation) and SDG 7 (affordable and clean energy). These endeavours are achieved in collaboration with SDG 17 (partnerships to achieve goals), emphasising our commitment to broader sustainable development objectives.

# CLIMATE-CHANGE

**The long-term sustainability of our business hinges on environmental protection. Our commitment to responsible environmental stewardship aims to minimise our impact on the environment and address climate change.**

We remain dedicated to enhancing our understanding of climate change, evaluating its impact on our operations and recognising our contributions to it. Acknowledging that our business activities in the built environment contribute to climate change, we proactively manage electricity supply, water usage and waste generation while staying attuned to local and global trends. To better comprehend the risks and opportunities associated with climate change, we align our environmental disclosure with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.

Our Climate Change Task Team actively monitors climate change risks. The team focuses on identifying, measuring and quantifying the financial impact of these risks, recognising their potential harm to our value-creation narrative. We are dedicated to managing our impact on climate change and actively working towards a low-carbon economy.

## Our climate change intent

**We are purposeful in our endeavours to manage and diminish our carbon footprint.**

**We will persist in operating responsibly, considering the environment and the needs of the communities we serve.**

# CLIMATE CHANGE RESILIENCE

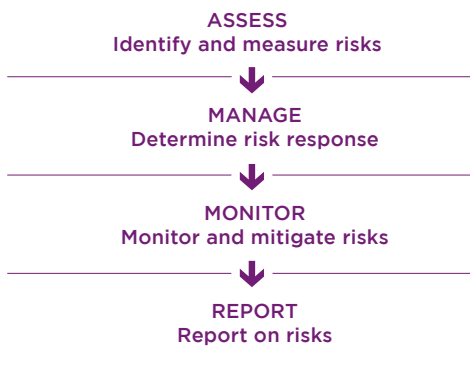
Building climate resilience has evolved into a business imperative aimed at safeguarding our assets against catastrophic events. We firmly believe that a comprehensive assessment of climate change risks and opportunities, coupled with strategic plans for risk mitigation and capitalising on opportunities, is essential to maintaining the value of our capital investments. Our climate-related risk management processes are designed to consider the entire life cycle of our properties, ensuring that our environmental goals are supported from the initial purchase to the final disposal stage. This approach underscores our commitment to responsible and sustainable business practices.

## Risk and opportunity management

The climate change strategy is overseen by the Exco, which establishes risk appetite, tolerances, strategic objectives and accountability for its management. This strategy is grounded in guiding risk principles, risk appetite metrics, preferences, tolerances and limits in outlining the acceptable level of risk exposure to achieve our strategic objectives.

To effectively manage climate change risks, we employ a comprehensive risk management process and framework. This framework encompasses the identification, assessment, management, monitoring and mitigation of risks and uncertainties associated with climate change.

Key components of our climate change risk methodology include:



The impact of specific risks is evaluated across various categories including finance, reputation, regulation, health and safety, climate and environment, and social and community aspects. Our approach to risk response is contingent on our vulnerability and preparedness to mitigate potential impacts.

Regular monitoring and reporting of risk indicators, including climate-related risks, are conducted. Climate-related risks are seamlessly integrated into the Group's Risk Management Framework, ensuring a comprehensive approach to risk assessment.

When assessing the L2D's principal risks, the impact of climate change is regarded as a critical element and impact determinant. The themes and elements of our risk assessments consider the following aspects:

- Climate change adaption.
- Compliance with regulatory requirements.
- Energy efficiency.
- Energy supply and renewable energy.
- Carbon footprint emissions.
- Green building and Net-Zero certifications.
- Socio-economic factors.
- Sustainable procurement.
- Waste management.
- Water supply and efficiency.
- Biodiversity and habitat.
- Building safety, health and wellness.



## CLIMATE CHANGE CONTINUED

## Climate Change Task Team

The task team is entrusted with the responsibility of identifying and elevating climate change-related risks and opportunities through established governance and operational structures. For effective oversight, the Exco receives regular reports, updates and presentations on climate change-related matters, including the progress made in adopting TCFD recommendations. These reports encompass information on:

- Carbon footprint reduction opportunities.
- Carbon tax.
- Major project considerations related to climate matters and decarbonisation.
- Physical and transition risks.
- Resource-use performance and efficiencies.

### Our Climate Change Task Team is responsible for

Our commitment to addressing climate change is reflected in a multifaceted approach. We are actively engaged in the development of a robust climate change strategy, aligning our business objectives with sustainability goals. This includes ensuring compliance with regulatory and TCFD disclosure requirements, accompanied by transparent reporting to our Exco.

Concurrently, we are implementing a comprehensive climate change risk framework to systematically identify, assess and manage risks and opportunities. Exploring innovative avenues for creating awareness and fostering positive engagement on climate change with various stakeholder groups is a priority.

Through materiality screening of ESG matters, we prioritise key climate-related concerns, ensuring that our efforts are directed where they matter most. Additionally, our commitment extends to actively measuring, managing and reducing our carbon and greenhouse gas emissions, thereby reinforcing our dedication to environmental sustainability.

### The objectives

We are committed to aligning our climate-related governance and Environmental Risk Management (ERM) framework with the TCFD guidelines, ensuring comprehensive oversight of potential climate-related risks and opportunities by the Exco. Considerations are seamlessly integrated into our business strategy, reinforcing responsible investment practices and behaviour.

To maintain a proactive stance, progress on climate risk is rigorously reviewed on a quarterly basis. The Exco plays a pivotal role in setting L2D's strategic direction and position on climate change, ensuring that our approach aligns with evolving global standards.

The Exco actively incorporates climate change-related data and business performance criteria into the establishment of the L2D's internal KPIs, risk management framework, annual budgets and business plans, as well as non-financial personal performance metrics. This integrated approach ensures that climate-related considerations are integral to decision-making processes.

Our overall risk management process includes a comprehensive identification, assessment and management of climate-related risks, aligning with the risks and opportunities outlined by the TCFD.






# OUR NET-ZERO JOURNEY

Commencing our Net-Zero journey in 2018, we proactively addressed our environmental impact by developing comprehensive waste, water and energy policies. These policies, established through iterative consultations and reviews, were officially implemented towards the end of 2018, delineating our targets, metrics and principal mechanisms for effective implementation. This concise framework serves as the foundation for achieving the overarching goals of our Net-Zero journey.

Building on our ongoing commitment, we are actively developing Science-Based Targets (SBTs) that outline annual consumption reductions for both landlords and tenants. Our registration for SBTi's through the Carbon Disclosure Project represents a significant milestone, enabling us to demonstrate our commitment to sustainability reporting. Our targets aim to achieve Net-Zero emissions on Scope 1 and 2 by 2030, and expand this effort to include Scope 1, 2 and 3 emissions by 2050. This strategic initiative underscores our unwavering commitment to sustainable practices and environmental responsibility. Ongoing monitoring indicates our progress toward Net-Zero readiness goals for water and energy with accreditation expected for waste in Q1 2024. The introduction of these principles to internal and external stakeholders has yielded significant improvements in environmental performance, particularly in critical areas like water and energy.

In 2023, we registered with the SBTi to establish detailed targets, requiring reductions from both landlords and tenants. Plans have been devised to achieve Net-Zero water and energy, building upon our Net-Zero readiness for waste, for which we received certification for Liberty Promenade Mall this year. The balance of the portfolio is anticipated to receive certification in Q1 2024. Remarkable strides have been made in reducing waste to landfill diversion over the past three years with waste diversion averaging at more than 90% over the duration of 2023 at a portfolio level. Our commitment to these principles has led to substantial advancements in enhancing environmental performance, building upon the baselines set in 2018.

## Our Net-Zero goals

	Target date	Aligned to SDGs
Achieve Net-Zero waste to landfill	2023	
Achieve Net-Zero water (landlord) by reducing potable water use, changing air-conditioning HVAC systems and adding rainwater harvesting/ greywater systems where possible.	2025 - 2027	 
Achieve Net-Zero landlord carbon through energy management introduction of solar PV systems, energy efficiencies and other opportunities such as wheeling.	2030	 

OUR NET-ZERO JOURNEY  
CONTINUED

## MONITORING, METERING AND BENCHMARKING

In our approach to environmental stewardship, we first recognise and acknowledge our achievements and existing initiatives. This assessment allows us to identify performance gaps, subsequently prioritising areas for improvement. Through collaborative efforts, we establish metrics, goals and commitments to guide our progress and inform engagement plans.

Our commitment to precision is reflected in the meticulous measurement of our impact on the natural environment. When areas necessitate further improvement, we take decisive action to address them. To communicate our environmental performance transparently, we adhere to widely adopted measures that ensure comparability and provide a contextual understanding of our efforts.

The following metrics have been measured and monitored to gauge our environmental performance:

- Carbon footprint.
- Energy consumption trends.
- Environmental expenditure.
- Water footprint.

We recognise that meaningful progress is contingent upon understanding our starting point and acknowledging our achievements to date. To facilitate this, all properties managed by L2D undergo monthly benchmarking relative to a baseline set in 2018. This benchmarking process includes the measurement and reporting of energy, water and waste performance on a monthly basis. By consistently monitoring and analysing this data, we gain valuable insights into our progress and areas that require attention, ensuring transparency and accountability in our sustainability efforts.

### Our Net-Zero strategy

L2D has set a bold Net-Zero target for landlords aiming to eliminate both Scope 1 direct emissions and Scope 2 indirect emissions in our value chain by 2030.

We recognise the profound impact of climate-related issues on our performance, strategy and financial planning. Our focused approach to environmental sustainability revolves around our steadfast commitment to achieving the Net-Zero target by 2030. To realise this commitment, we are actively exploring avenues to expand our renewable energy initiatives.

As part of our strategy, we are working to establish SBTs with the registration process already completed. These SBTs will delineate year-on-year consumption reductions for both landlords and tenants, ensuring a transparent and accountable approach to sustainability. Concurrently, we are vigilantly monitoring our progress toward the Net-Zero 2025-2027 and 2030 goals for water and electricity, respectively.

Since the introduction of these sustainability principles to our internal and external stakeholders, substantial progress has been achieved in improving environmental performance, particularly in the critical areas of energy and water efficiency. This proactive stance reflects our commitment to making meaningful contributions to environmental sustainability.

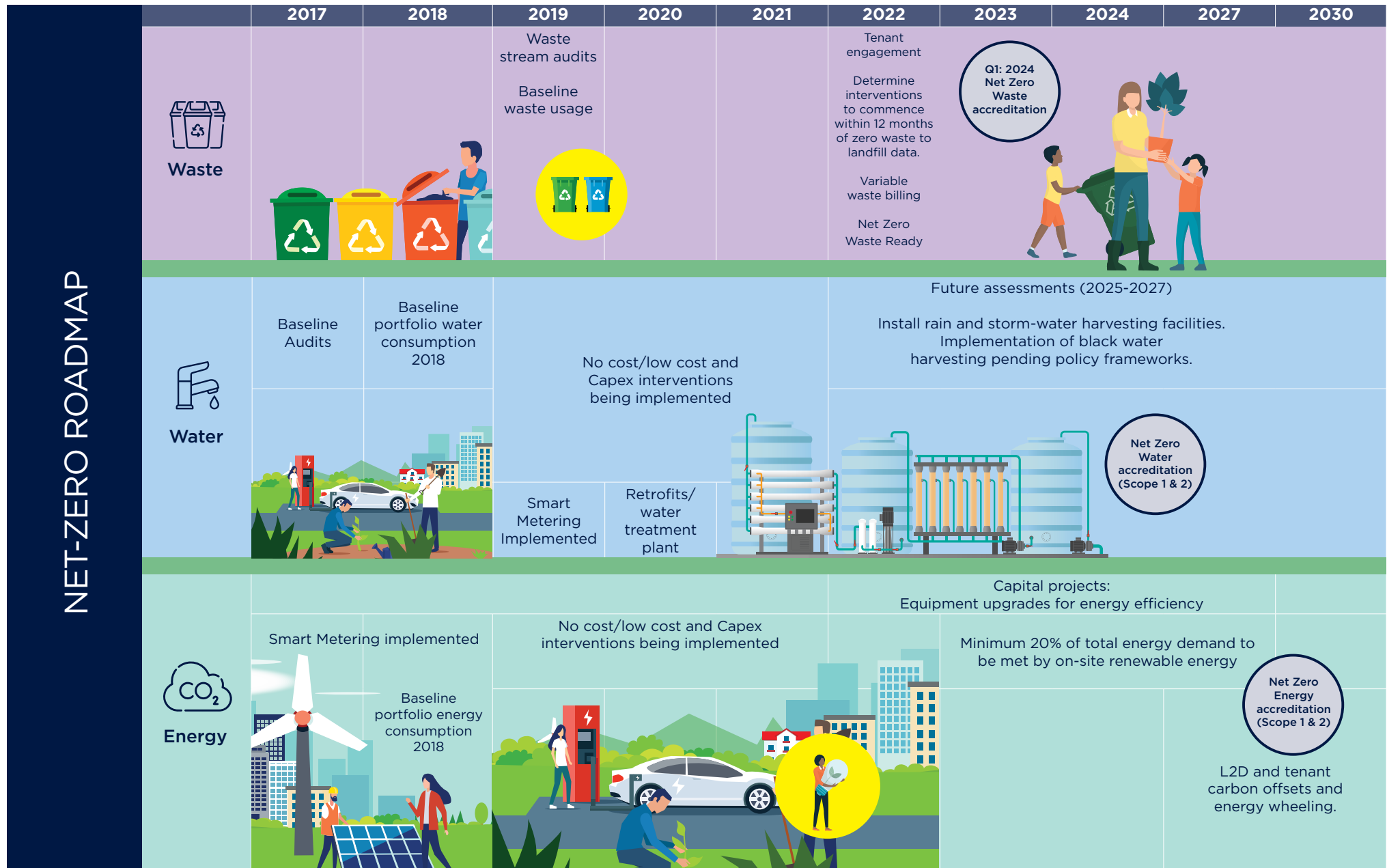


**Governance** The responsibility for achieving our Net-Zero targets rest with the L2D Exco team. The strategies for realising these targets are implemented by the Head of Good Spaces and the Head of Facilities Management. This leadership structure ensures a focused and coordinated effort, aligning our goals with sustainable practices and environmental responsibility.





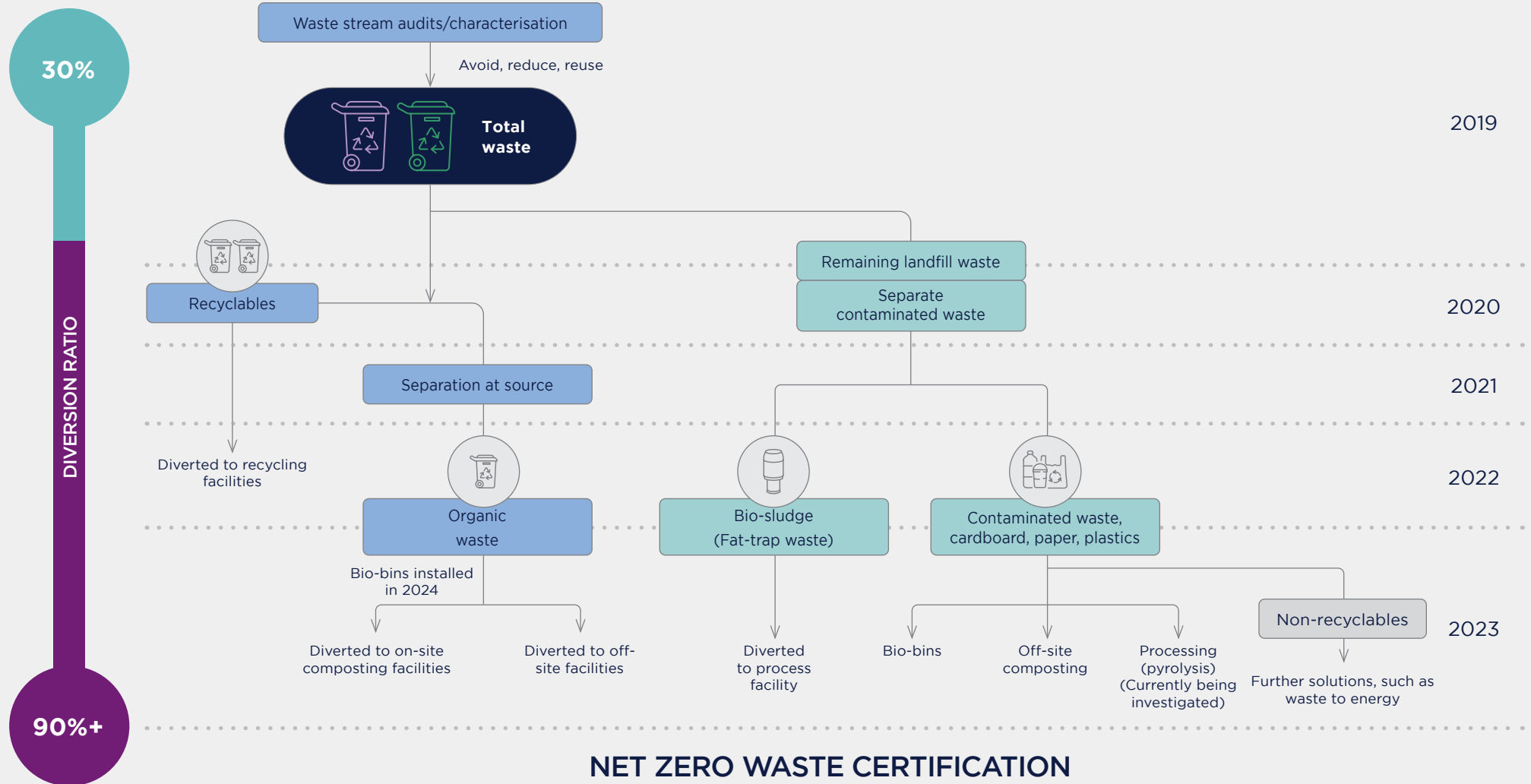
OUR NET-ZERO JOURNEY CONTINUED



The above excluding Sandton Convention Centre, Melrose Arch and Hotels, as out of management control.

OUR NET-ZERO JOURNEY CONTINUED

# NET-ZERO WASTE TO LANDFILL ROADMAP



## OUR PROGRESS AND FORWARD-LOOKING INFORMATION

**We are deliberate in our disclosure and response to climate change.**

2023	2025-2027	2030
<p><b>Net Zero Waste Level 2 certification attained for Liberty Promenade Mall in 2023</b></p>	<p><b>Net-Zero Water ready by 2025-2027</b></p>	<p><b>Net-Zero Carbon ready by 2030</b></p>
<ul style="list-style-type: none"> <li>L2D’s commitment to waste management and sustainability is demonstrated by the successful diversion of a significant amount of waste, including organic waste, through composting facilities.</li> <li>The balance of the portfolio is undergoing certification for Net-Zero Waste and it is anticipated that this will be received by Q1 2024.</li> <li>Innovative technologies such as waste composters, access to offsite composting facilities, recycling hubs and recycling units, have been implemented across various properties to achieve these results.</li> <li>To address plastic pollution, L2D has implemented a ‘problematic’ plastics policy targeting specific items, which is embedded in new leases and house rules for a comprehensive and consistent approach.</li> <li>L2D proudly became the first landlord to join the SA Plastics Pact, which highlights a commitment to collaborative efforts in addressing plastic-related challenges in South Africa.</li> <li>Achieving Net-Zero Waste in 2023 and a substantial improvement in the waste-diversion rate from 82% to 90% highlights L2D’s dedication to waste reduction, environmental performance and resource efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>L2D’s commitment to water conservation is exemplified by the achievement of saving 85 million litres of water in the past year, surpassing the 2022 figure of 16 million litres.</li> <li>This accomplishment represents 11% of the total portfolio consumption, indicating a significant increase from the previous year’s 3%.</li> <li>The savings were realised through the implementation of various water-efficient technologies and strategies, including rainwater harvesting systems, dual plumbing, condensation water harvesting, and the installation of advanced low-flow toilets at certain centres.</li> <li>Continued water-resilience planning has played a crucial role in achieving these conservation goals.</li> <li>L2D’s dedication to ongoing improvement is evident in its commitment to exploring additional water-efficiency initiatives, showcasing a proactive approach to environmental responsibility, resource conservation and the long-term sustainability of water resources across its properties.</li> </ul>	<ul style="list-style-type: none"> <li>L2D has implemented significant initiatives to enhance energy efficiency across its portfolio, including the installation of smart-metering systems to gain insights into energy consumption patterns.</li> <li>Comprehensive energy audits were conducted to identify improvement opportunities, resulting in a total installed solar PV capacity of 5% of total energy consumed this year, a notable increase from 2.8% in 2022.</li> <li>This progress is a result of strategic efforts to leverage renewable energy sources and a commitment to ongoing equipment upgrades such as lifts, escalators, lighting and air-conditioning systems, with a focus on adopting more energy-efficient options.</li> <li>Detailed investigations on heating, ventilation and air-conditioning (HVAC) equipment have been conducted to align replacement timing with the existing equipment life span, which presents an opportunity to reduce overall energy consumption. HVAC system upgrades have commenced at Eastgate Shopping Centre, Sandton City, Midlands Mall and Liberty Promenade.</li> <li>L2D is actively exploring opportunities in renewable energy wheeling for Sandton City and Nelson Mandela Square, with current solar structures at the Eastgate Shopping Centre, Promenade and the Midlands Mall generating 6517MWh of energy, marking an increase from the 2022 figure of 3850MWh. These efforts underscore L2D’s commitment to advancing sustainable and environmentally conscious practices in its energy management strategies.</li> <li>Due to extended periods of loadshedding since 2022, there has been a notable rise in diesel consumption. This increase is necessary to power generators during loadshedding, ensuring continuous retail and business operations for the benefit of tenants, shoppers and visitors without interruption.</li> </ul>



# ENERGY

L2D acknowledges the substantial impact of the property industry on carbon emissions and energy consumption, particularly in South Africa, where reliance on coal-derived electricity is prominent. Recognising this, we remain firmly committed to responsible investment in all portfolio resources to champion a sustainable environment.

The focus is on leveraging energy sources that accelerate the adoption of clean and reliable energy solutions. This commitment aligns with our broader purpose by creating experiential spaces that not only meet the needs of the present, but also contributes to a sustainable and beneficial environment for future generations.

The dedication to investing responsibly underscores our commitment to environmental stewardship and aligns with global efforts to mitigate the impact of the property industry on the planet.

## OUR ENERGY-USE STRATEGY

Our ambitious goal of achieving landlord (Scope 1 and 2) Net-Zero Carbon by 2030 reflects a steadfast commitment to decarbonising the built environment and serving as an inspiration for peers and others in the industry to reduce their carbon footprints. The strategy involves a focused approach to minimising both Scope 1 direct emissions and Scope 2 indirect emissions in our value chain. By setting and actively pursuing this target, we not only align with global sustainability initiatives but also play a leadership role in driving positive environmental change in the property industry and the greater Group. This commitment underscores L2D's dedication to responsible and forward-thinking environmental practices.

Our business model demonstrates a commitment to promoting the efficient usage of energy and facilitating a transition away from fossil-based fuels. The emphasis on reducing energy consumption and eliminating energy-related emissions from existing buildings aligns with global sustainability goals.

Our proactive approach to investigating the feasibility of renewable and alternative energy sources and considering complete life cycle costs highlights our commitment to making informed and sustainable investment decisions. This approach not only contributes to environmental stewardship but also positions us as a responsible and forward-thinking player in the industry.

Extensive loadshedding has resulted in a substantial increase in diesel consumption due to the need to power generators. L2D must offer continuous operations for tenants, shoppers and visitors, and increased diesel consumption is the resultant trade-off.

 Read more information about our carbon footprint on page 59.



**Governance** The responsibility for the energy-use strategy falls under L2D Asset Management, led by the Chief Operations Officer. Oversight for this strategy is provided by the Exco. This organisational structure ensures that the development and execution of the energy-use strategy aligns with the broader objectives and governance framework of the Group. It underscores the significance placed on energy management, with leadership involvement at various levels to drive effective and sustainable practices.

ENERGY CONTINUED

## PROGRESS MADE

L2D has successfully implemented portfolio-wide energy management improvements, which demonstrates a commitment to sustainable practices. We have made notable progress towards achieving Net-Zero Energy by 2030 with a total installed solar capacity of 7MW[AC]. This includes:

Sandton City	<ul style="list-style-type: none"> <li>Commenced a 1 MW [AC] installation at Sandton City in November 2023.</li> <li>The project is set to be commissioned in Q2 2024.</li> </ul>
Eastgate Shopping Centre	<ul style="list-style-type: none"> <li>Current installation of 1 MW [AC].</li> <li>Achieved an energy saving of 1 910 MWh in 2023.</li> <li>Currently installing an additional 4.75 MW [AC], scheduled for completion by Q3 2024.</li> </ul>
Promenade Mall	<ul style="list-style-type: none"> <li>Current installation of 1 MW [AC]</li> <li>Realised an energy saving of 0.67 MWh in 2023.</li> <li>In phase 2, a roof strengthening project is currently underway to accommodate an additional 2.6MW [AC] solar PV system by 2025.</li> </ul>
Midlands Mall	<ul style="list-style-type: none"> <li>Current installation of 5 MW [AC].</li> <li>Phase 1 resulted in energy savings of 1 010 MWh.</li> <li>Phase 2 achieved energy savings of 1 742 MWh since commissioning in October 2023.</li> <li>Added an extra 4 MW [AC] of power, making it one of the largest retail facility solar PV plants in the country.</li> </ul>

Meeting energy performance certificate (EPC) regulations showcases a proactive approach to compliance and sustainability. As part of promoting environmental principles throughout operations, L2D collaborates with tenants to enhance efficiencies. The establishment and execution of green leases for new deals with tenants underscore our commitment to integrating sustainability into our business practices. The component of Green leases relating to specific targeted consumption reductions for individual tenants is still in the development stage. These efforts collectively contribute to L2D's pursuit of energy efficiency and environmental responsibility.



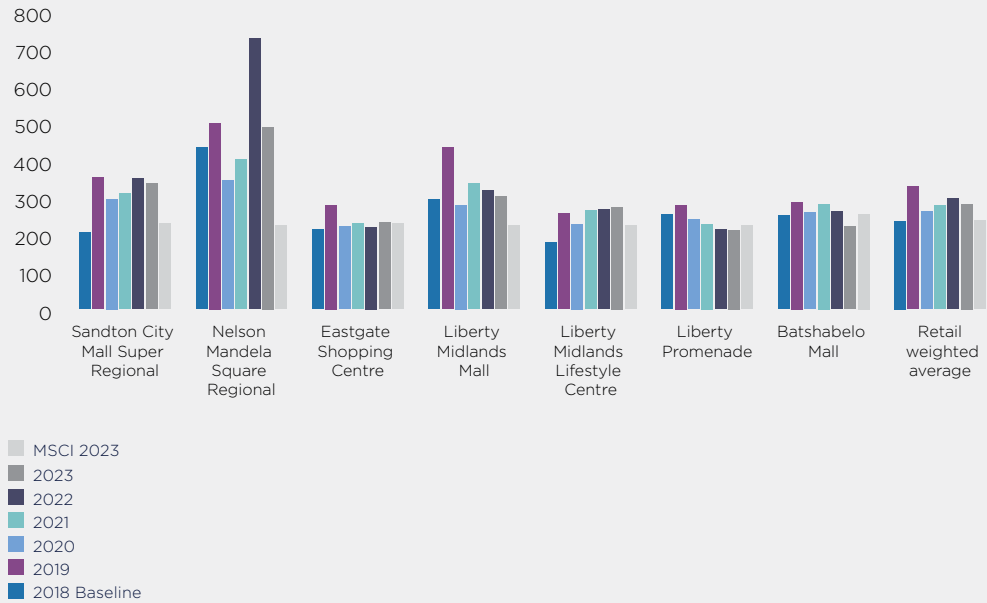
### Wheeling and back-up battery

L2D enlisted independent advisors to offer guidance regarding a contractual obligation for a wheeling platform, in order to maximise contractual flexibility and provide operational solutions. Currently, L2D is reviewing the terms and conditions of signing an agreement on an existing platform. Upon completion, recommendations and contract terms will be forwarded to the relevant authorities for approval. Notably, Sandton City and Nelson Mandela Square's direct Eskom and Sandton feed simplifies the wheeling process, prompting its inclusion in the scope. Investigations are also underway. for back-up battery supplies to try and optimise overall energy supply, efficiencies and cost

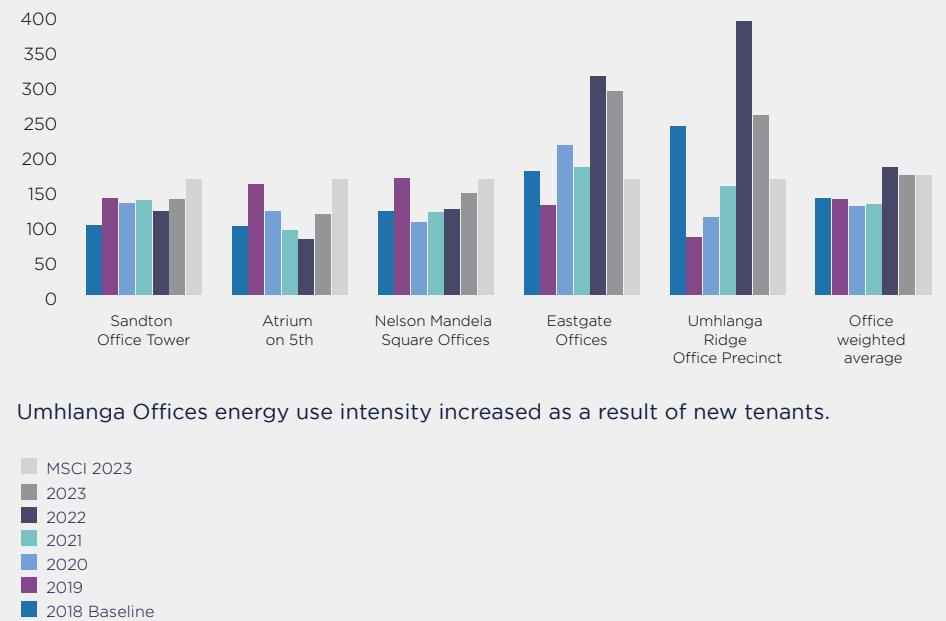
ENERGY CONTINUED

# ELECTRICITY PERFORMANCE: OFFICE AND MALL AVERAGES (KWH/m<sup>2</sup>/ANNUM)

**Retail energy performance: 2019–2023 (KWh/m<sup>2</sup>/annum)**



**Office energy performance: 2019–2023 (KWh/m<sup>2</sup>/annum)**



Umhlanga Offices energy use intensity increased as a result of new tenants.



ENERGY CONTINUED

## Behavioural change

Recognising that nearly 70% of the energy consumption in L2D malls occurs in tenant spaces, we are actively exploring measures to promote tenant awareness and drive behaviour change. These measures include:

<b>Green leases</b>	Implemented Green leases that have a commitment in the reduction of energy usage over time and that govern energy-efficient practices can serve as a contractual framework to encourage tenants to adopt more sustainable and energy-efficient operations.
<b>Tenant Criteria Documents (TCD's)</b>	The TCD dictates the rules for tenants to fit out premises at the malls and offices. The TCD's at all L2D premises have a strong sustainability angle.
<b>Operational House Rules</b>	The House Rules specify the way that operations are managed at L2D owned premises and guide a strong sustainability ethos.
<b>Investigating financial incentives</b>	Exploring financial incentives for tenants who swiftly upgrade their lighting systems can act as a motivating factor and accelerate the adoption of energy-efficient technologies.
<b>Enhancing transparency</b>	Providing increased transparency to tenants regarding their consumption data beyond regular monthly billing enables them to have a clearer understanding of their energy usage patterns and encourages them to make informed decisions for efficiency.
<b>Offering advice on technologies</b>	Providing tenants with advice on relevant energy-efficient technologies helps them to identify opportunities for improvement and supports the implementation of sustainable practices.

These initiatives collectively demonstrate a comprehensive approach to engaging tenants in sustainable practices and fosters a collaborative effort towards reducing overall energy consumption within L2D malls.

## ENERGY CONSUMPTION AND REDUCTION

L2D's commitment to complying with energy-management laws, regulations and codes of practice aligns with its dedication to responsible and sustainable property operations. Adhering to all relevant legislation and bylaws underscores the organisation's commitment to legal and regulatory compliance in existing operations, upgrades and new developments. This approach not only ensures alignment with current energy-management standards, but also positions L2D as a responsible and compliant player in the industry. By prioritising

adherence to energy-related laws and regulations, L2D contributes to a more sustainable and environmentally conscious built environment.

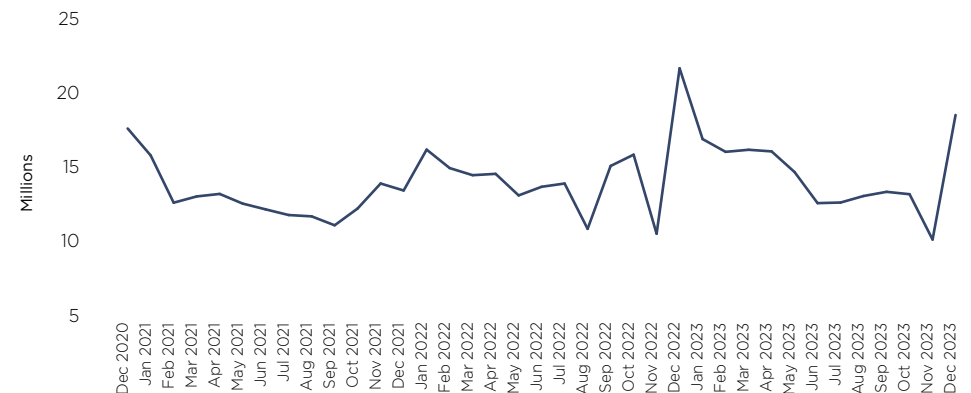
### Total energy consumption

	Unit	2023	2022	2021	2020
Total electricity purchased (grid) <sup>1</sup>	MWh	137 120	151 178	141 510	135 814
Total electricity generated (solar PV) <sup>2</sup>	MWh	6 517	3 850	2 731	1 182
Total electricity generated (diesel)**	MWh	8 326	4 836	1 682	551
<b>Total</b>	<b>MWh</b>	<b>151 964</b>	<b>159 865</b>	<b>145 924</b>	<b>137 547</b>

The increase in total electricity generated from renewables, particularly with the Promenade system going live, and the significant increase in the Liberty Midlands Mall system, signifies a positive step toward a more sustainable energy mix. However, the rise in diesel consumption attributed to loadshedding reflects the challenges associated with energy supply disruptions.

Additionally, data corrections for the 2020 and 2021 datasets were implemented. Notable adjustments include the removal of embedded consumption for assets not owned by L2D but linked to L2D's assets such as the Michelangelo hotel and Raphael apartments. This correction ensures a more accurate representation of purchased electricity data, aligning it with L2D's owned assets.

### Portfolio energy consumption trend (millions KWh) 2019 to 2023



## ENERGY CONTINUED

The trend of decreasing portfolio energy consumption compared to the 2018 baseline reflects positive progress in energy efficiency within L2D's properties. This decline is attributed to strategic interventions and improvements in tenant energy usage.

The notable reduction in energy consumption in 2020 is primarily linked to COVID-19 restrictions and decreased activities within the buildings. The pandemic-induced changes in occupancy and operational patterns likely contributed to this significant decline.

Overall, the downward trend indicates a commitment to sustainable practices and energy efficiency, showcasing the effectiveness of implemented interventions and responsiveness to external factors affecting energy consumption. This aligns with L2D's efforts to reduce its environmental impact and enhance the sustainability of its portfolio.

## Continuous energy performance assessment and disclosure

L2D demonstrates a commitment to ongoing improvement in energy efficiency by continually assessing and benchmarking the energy performance of properties. This practice allows for a comprehensive understanding of the portfolio's operational performance both in comparison to similar buildings and across the entire portfolio.

To enhance monitoring capabilities and ensure accurate readings, smart-energy metering has been installed at key locations including Sandton City, Nelson Mandela Square, Liberty Promenade, Liberty Midlands Mall and Eastgate Shopping Centre, and is currently in the process of an optimisation project.

The half-hourly interval readings, along with regular data-integrity verification and annual third-party data assurance, contribute to a robust system for monitoring energy usage. This approach aligns with best practices in energy management and reflects L2D's dedication to optimising energy performance across its properties.

## L2 Grid electricity consumption intensity

The average decrease of 5% in energy-use intensity in retail buildings compared to 2022 reflects positive progress in energy efficiency within that sector. This approach to understanding energy-use intensity in different sectors highlights our responsiveness to unique operational challenges and external factors affecting energy consumption. The commitment to optimising energy efficiency in retail, coupled with an understanding of the contextual factors impacting office buildings, demonstrates a holistic and adaptive approach to energy management within L2D.

## Grid electricity consumption

	Unit	2023	2022	2021	2020
Grid electricity consumed in malls <sup>1</sup>	MWh/annum	119 777	132 469	128 213	122 867
Change in grid electricity consumed in malls from the previous year	%	(9.5)	3.3	4.3	—
Grid electricity consumed in offices	MWh/annum	17 342	18 709	13 296	12 946
Change in grid electricity consumed in offices from the previous year	%	(7.3)	40.1	2.7	—
Total spend on grid electricity	Rand	260 346 601	249 476 400	224 772 082	227 532 129
Change in grid electricity spend from previous year	%	4.3	10.9	—	—

## Energy cost summary

	2023 FY Actual Electricity Spend
Building under L2D Operational Control	
Botshabelo Mall	14 035 210
Eastgate Shopping Centre	51 915 189
Liberty Midlands Mall	33 077 587
Liberty Midlands Lifestyle Centre	9 037 128
Liberty Centre Umhlanga Ridge	13 312 569
Nelson Mandela Square Shopping Centre	18 244 436
Nelson Mandela Square Offices	4211706.44
Liberty Promenade	30 179 890
Atrium on 5th	5 765 213
Sandton City Office Tower	9 748 177
Sandton City Shopping Centre	68 908 873
Eastgate Offices	1 910 624
<b>Grand Total</b>	<b>260 346 601</b>

ENERGY CONTINUED

## RENEWABLE ENERGY PRODUCTION

L2D successfully met its minimum target of sourcing 3% of the portfolio's energy baseload from renewable/clean-energy sources by 2023. This achievement was realised through the implementation of onsite solar energy production. Meeting this target underscores L2D's commitment to incorporating sustainable and renewable energy solutions into its operations and contributing to a more environmentally conscious and resilient energy portfolio.

### Solar PV

Investing in solar power is a strategic move for L2D because it provides a cost-effective, efficient and environmentally-friendly means of generating electricity. The R64 million investment in the Phase 2 Midlands Mall solar system, spanning 2022 and 2023, contributed to an increased solar PV generation capacity reaching 7MW (AC) across the portfolio compared to the previous capacity of 3 MW (AC) in 2022 with the addition of 4MW (AC) at Midlands Mall, increasing the mall's solar capacity to 5MW.

The cumulative investment in solar installations includes R23.6 million at the Eastgate Shopping Centre, R15.6 million at Promenade and R12.8 million at the Midlands Mall. These installations have not only enhanced the organisation's renewable energy capacity but have also resulted in a notable reduction of 3 741 tCO<sub>2</sub>e in carbon emissions.

The solar PV capacity currently contributes 2.8% to L2D's total electricity consumption, reflecting a tangible and meaningful integration of sustainable energy solutions in our operations. This initiative aligns with our commitment to reducing our environmental impact and embracing eco-friendly practices.

### Renewable energy production

	Unit	2023	2022	2021	2020
Total solar PV capacity installed	MW [AC]				
Solar energy produced	MWh	6 517	3 850	2 731	1 182
Annual savings in electricity spending as a result of solar PV installations	Rand	11 770 747			

### Fossil fuel energy production

	Unit	2023	2022	2021	2020
Diesel energy consumed in malls <sup>1</sup>	KWh/annum	25 415	15 991	5 551	1 716
Change in diesel energy consumed in malls from the previous year					
Diesel energy consumed in offices	KWh/annum	602	129	58	141
Change in diesel energy consumed in offices from the previous year	%				

The severe planned rolling power cuts (loadshedding) has necessitated has L2D to resort to the increased usage of diesel over 2022 and 2023. This mitigates the impact of power cuts on the operations of the properties, ensuring a consistent and uninterrupted power supply during periods of grid instability. The reliance on diesel generators underscores the challenges posed by grid power cuts and highlights the need for our contingency plans such as alternative power sources, to maintain operational continuity in such situations.



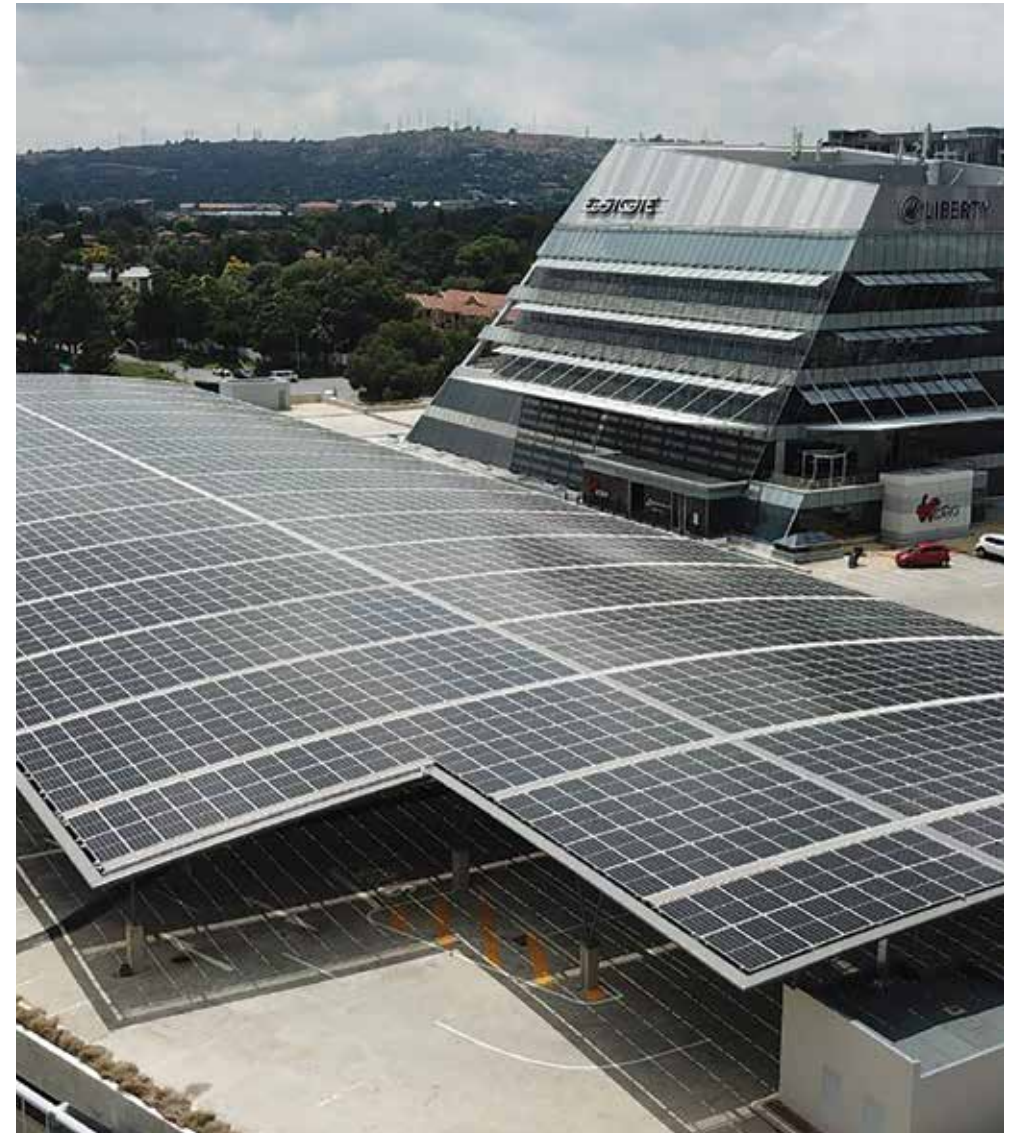
ENERGY CONTINUED

## CARBON FOOTPRINT

We report our annual carbon footprint in accordance with the GHG Protocol, which categorises GHG emissions into three scopes. Scope 1 encompasses direct emissions from owned or controlled sources, while Scope 2 includes indirect emissions from the generation of purchased electricity, steam, heating and cooling. Scope 3 encompasses all other indirect emissions within L2D’s value chain, providing a comprehensive framework for assessing and disclosing our environmental impact across various emission sources. This adherence to the GHG Protocol underscores our commitment to transparent and standardised reporting of our carbon emissions.

### Greenhouse gas emissions

	EMISSIONS TCO <sub>2</sub> E				
	2023	2022	2021	2020	2019
<b>Scope 1</b>					
Stationary combustion	<b>6 974</b>	4 110	1 434	471	508
Product use: Refrigerant gases (Kyoto Protocol)	<b>559</b>	659	861	1 173	1 312
<b>Total</b>	<b>7 533</b>	4 770	2 092	1 645	1 821
<b>Scope 2</b>					
Purchased electricity	<b>51 325</b>	54 343	53 544	37 622	29 744
<b>Total</b>	<b>51 325</b>	54 343	53 544	37 622	29 744
<b>Scope 3</b>					
Downstream leased assets: Purchased electricity, purchased goods and waste-generating operations	<b>87 166</b>	102 881	96 456	102 620	149 355



# WATER

In light of South Africa’s water scarcity and the critical role water plays in the country’s economic growth, we recognise the importance of responsible water management. We acknowledge the potential devastating consequences of current freshwater withdrawal practices and therefore proactively implement water-saving initiatives to address inherent risks associated with the changes in water supply.

There is also growing concern over the reliable and consistent supply of municipal water, necessitating the urgent reduction of water usage and investigation into additional back-up water facilities.

To achieve Net-Zero objectives, L2D focuses on minimising the consumption of potable water and the effective management of water resources. We employ improved measures to account for various water sources, including verification of water withdrawal volumes, quality, discharges, consumption and recycling. Initiatives such as using greywater for non-potable purposes contribute to improved efficiencies which leads to reductions in overall water consumption. These strategies not only protect the natural water cycle but also bring economic benefits.

As part of our Net-Zero Water strategies, we identify HVAC systems as significant contributors to water consumption and aim to transition HVAC systems from water-cooled to air-cooled systems across the portfolio over a phased three-year programme. The replacement and upgrading of air-handling units were completed by the end of 2023 and subsequent upgrades from 2023 to 2025. This proactive approach aligns with our commitment to sustainable water management which contributes to long-term asset robustness.

## OUR WATER-USE STRATEGY

We have set an ambitious goal to achieve a landlord Net-Zero Water status under Scope 1 and 2 in a range of 2025-2027. This objective is to be realised through a continuous reduction of water usage and emphasis on re-use in the portfolio. We explored viable opportunities in rainwater harvesting and have installed a system at Eastgate. Water treatment to enhance water efficiency with a focus on financial viability and risk mitigation associated with a limited water supply and climate change impacts.

The water strategy is structured around two key deliverables:

### Security and safety of supply

L2D aims to secure the water supply through initiatives such as water harvesting, treatment and storage facilities. Compliance with regulations, including obtaining water use licences, is a priority to ensure a safe supply of treated water to buildings.

### Optimisation of consumption

To optimise water consumption, we engage with tenants and visitors through various mechanisms, including Green Star SA certifications, to promote responsible water use. We manage water-use efficiency through a smart management approach that incorporates key measurements, enabling early leak detection and regular maintenance of equipment.

In 2023, we achieved a 11% reduction in water use, building on our commitment to sustainable water management practices. This reduction reflects our efforts to address water-related challenges and contributes to our Net-Zero Water goals.

## WATER FRAMEWORK

Security and safety of supply		Water use optimisation
Water harvesting, recycling and storage	Influence and engagement	Water efficiency interventions
Groundwater and wastewater treatment facilities	Green Star SA certifications	<ul style="list-style-type: none"> <li>• Smart management</li> <li>• Leak detection</li> <li>• Automatic shutdown valves</li> <li>• Targeted equipment replacement</li> </ul>
Smart bulk metering and leak detection systems		

## Water optimisation

L2D utilises smart water meters extensively to accurately measure water consumption, detect leaks and gain valuable insights into the water distribution in our networks. Smart water meters play a crucial role in enhancing our ability to monitor and manage water usage efficiently. The implementation of such advanced metering technology aligns our commitment to smart and sustainable practices in our water management strategy. By utilising smart water meters, we can proactively identify and address issues, contributing to our goals of reducing water consumption and achieving Net-Zero Water status.

WATER CONTINUED

**Progress made**

We have made significant strides in water conservation and achieved a notable 11% reduction compared to 2022 and an impressive 15% reduction compared to 2019. These positive outcomes can be attributed to a decline in potable water use in buildings and the implementation of various water-saving initiatives. We have identified pipeline projects that hold the potential to deliver over 40% of the current consumption per annum by 2025, showcasing a forward-looking approach to sustainable water management.

A detailed investigation into the HVAC systems in the portfolio was completed, and opportunities were identified to reduce water usage and transition to an air-cooled systems. These capital projects commenced in 2023 and will be completed by January 2026.

We explored rainwater harvesting opportunities and are nearing completion of the Eastgate rainwater harvesting facility. We have been and continue to responsibly investigate blackwater treatment facilities at all properties. The ongoing installation of water-saving devices such as tap aerators, water pressure controls and timed taps, underscores our commitment to sustainable water practices.

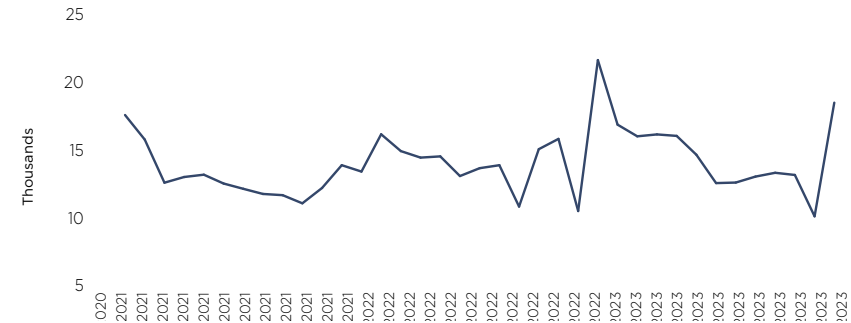


**Governance** The responsibility for L2D's water strategy falls under the purview of L2D Asset Management, led by our Chief Executive. This strategy is overseen by Exco, ensuring alignment with broader organisational objectives and governance frameworks.

**WATER CONSUMPTION AND REDUCTION**

L2D has demonstrated a commitment to water conservation, saving 84 million litres of water across our portfolio in the past year. Rainwater will be harvested at Eastgate from Q1 2024. Feasibility studies nearing completion at Sandton City. Midlands Mall and Promenade already have rainwater harvesting solutions in place and additional investigations are underway to enhance performance. Moreover, we are exploring onsite wastewater treatment solutions at retail centres to recover blackwater and convert it to potable water standards, showcasing a comprehensive approach to sustainable water management.

**Water consumption trend**



**Portfolio water consumption trend**

We have made notable progress in reducing our total portfolio water consumption compared to the 2018 baseline. This positive trend can be attributed to water-efficiency interventions such as the installation of flow-rate aerators in common areas and toilets, as well as the proactive identification and repair of water leaks. These measures reflect our commitment to sustainable water management and align with our broader environmental sustainability goals.

**Total water consumption**

	Unit	2023	2022	2021	2020
Total water consumption	kl	<b>680 009</b>	750 567.41	576 805	552 976
Change in total water consumption from previous year	%	<b>(9.4)</b>	30.1	4.3	
Municipal water consumption	kl	<b>674 686</b>	750 567	576 805	552 976
Percentage municipal water (of the total water consumed)	%	<b>(10.1)</b>	30.1	4.3	
<b>Total rainwater harvested</b>	kl	<b>488</b>	16 608	12 298	3 762
Rainwater harvested as a percentage of total water consumption	%	<b>0.07</b>	2.2	2.1	0.68
<b>Total Borehole water withdrawals</b>	kl	<b>76.1</b>	2 026	<b>0.00</b>	<b>0.00</b>
Grey Water – Water usage	kl	<b>488</b>	2 190	<b>0.00</b>	<b>0.00</b>
Purchased Water from non-municipal sources	kl	<b>4 269</b>	0.00	<b>0.00</b>	<b>0.00</b>
Total Water from Alternative Water Sources	kl	<b>4 833</b>	4 217	<b>0.00</b>	<b>0.00</b>
Alternative Water Sources as a percentage of total water consumption	%	<b>0.7</b>	0.5	<b>0.00</b>	<b>0.00</b>

WATER CONTINUED

Water intensity

	Unit	2023	2022	2021	2020
Average water consumed per m <sup>2</sup> in malls	kl/m <sup>2</sup> /annum	0.83	0.86	0.71	0.66
Change in water use from the previous year	%	(3.7)	21.52	7.08	
Average water consumed per m <sup>2</sup> in offices	kl/m <sup>2</sup> /annum	0.58	1.00	0.45	0.58
Change in water use from previous year	%	(41.6)	121.1	(22.9)	
<b>Total spend on water and effluent</b>	<b>Rand</b>	<b>33 425 336</b>	<b>44 405 331</b>	<b>28 129 358</b>	<b>20 813 599</b>
Total spend on water (municipal)					
Change in water spend from previous year	%	(24.7)	57.8	35.1	
Total spend on water from non-municipal sources	Rand	3 200 493			
<b>Total spend on water (all sources) excluding effluent</b>	<b>Rand</b>	<b>36 625 829</b>	<b>44 405 331</b>	<b>28 129 358</b>	<b>20 813 599</b>

The increase in water consumption at the offices is attributed to increased activity, reflecting the operational dynamics and demands of the respective spaces. Meanwhile, a revised reporting methodology has been implemented which excludes buildings that are outside our operational control such as hotels. This adjustment has contributed to a reduction in intensities at the retail centres, aligning the reporting metrics with a more accurate representation of our water usage.

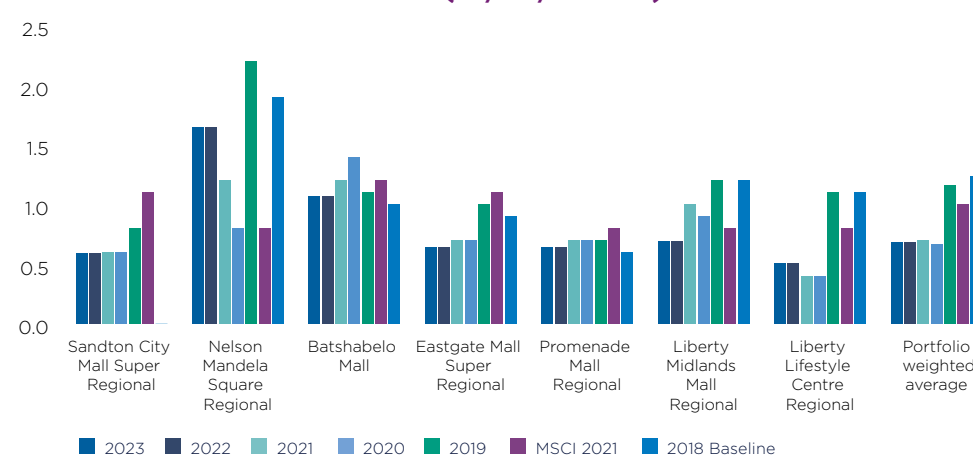
Water intensity

	Unit	2023	2022	2021	2020
Total wastewater discharged	kl	674 686	580 403	585 167	562 986
Percentage of wastewater sent to municipal sewers	%	100	100	100	100

Alternative Water Sources

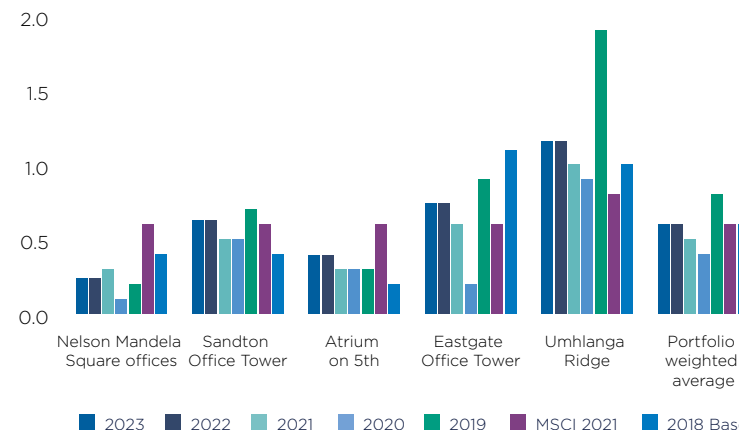
	Unit	2023	2022	2021	2020
Total borehole water withdrawals	kl	76.12	2 026.96	0.00	0.00
Change in borehole water from previous year	%	(96.24)	0.00	0.00	0.00
Grey water - Water usage	kl	488.82	11 702.35	12 298	6 810.50
Change in grey water usage from previous year	%	(95.82)	0.00	0.00	0.00

Malls' water use: 2020-2023 (kl/m<sup>2</sup>/annum)



Trade at Nelson Mandela Square restaurants was significantly up

Water performance in offices: 2019-2023 (kl/m<sup>2</sup>/annum)



\* The offices' average water use intensities have been restated after a revised calculation that now considers building size and energy demand on a weighted average basis. This adjustment aims to provide a more accurate and comprehensive representation of water usage intensity in relation to the specific characteristics and operational demands of the office spaces in our portfolio.



# WASTE

## OUR JOURNEY TO NET-ZERO WASTE

Showcasing environmental leadership, Liberty Two Degrees (L2D) has remained steadfast in achieving its Net-Zero targets. L2D is therefore pleased to announce its Level 2 (operational waste) Net-Zero Waste status and subsequent certification by the Green Building Council of South Africa (GBCSA), making the L2D retail portfolio the first in South Africa to achieve this. L2D has achieved an impressive 90% diversion rate over the full duration of 2023, showcasing advancement from the 82% recorded during 2022. This progress underscores our dedication to sustainable waste management practices.

A total of 6 524 tonnes of waste was diverted (2022: 6 148 tonnes). This achievement is attributed to the successful implementation of cutting-edge technologies, including waste composters on and off site, recycling hubs and recycling units across our properties.

We want to change this narrative as our onsite facilities have actually become problematic and we have elected to start using off-site composting at Sandton City and Eastgate. We only still have onsite composting at Midlands now. We have implemented waste separation at source at Midlands Mall, Promenade, Sandton City, Nelson Mandela Square, Botshabelo and Eastgate. These initiatives collectively reflect our dedication to advancing sustainable waste practices and reducing our environmental footprint.

### Single-use problematic plastics

Our primary objective is to eliminate and minimise the use of problematic plastics within our retail spaces while fostering meaningful behaviour change. We actively contribute to the reduction of problematic plastics by providing guidance and support to both retailers and consumers, encouraging more sustainable choices during the point-of-sale process.

Our unwavering commitment to sustainable practices is evident through proactive measures implemented to address problematic plastics in L2D malls. Clear guidelines have been communicated to tenants, specifying prohibited plastic products in alignment with our plastics policy.

To ensure continuous improvement and gauge adherence, a comprehensive survey is scheduled for Q1 2024, which will enable us to assess compliance with our problematic plastics policies among tenants. This initiative reflects our dedication to cultivating an eco-friendly environment and minimising the environmental impact of plastic usage in our spaces.

Moving forward, we remain committed to exploring innovative ways to minimise waste and launching initiatives that educate all stakeholders including our people, tenants, suppliers and customers, about responsible and sustainable practices.

### Net-Zero Waste certification

L2D appointed an independent consulting company, Solid Green, (supported by Imbuie), to assist with our Net-Zero Waste certification submission.



**Governance** L2D's waste strategy is formulated under the guidance of the Chief Operating Officer and executed by the Head of Good Spaces. This structure ensures that the waste management initiatives align with broader operational objectives and contribute to our commitment to sustainable practices.

### Total waste

	Unit	2023	2022	2021	2020
Total waste	tonnes	7 236.34	7 531.42	6 206	4 728
Recycled	%	88.73	80.47	55.58	41.69
Landfill dis	%	11.27	19.53	44.42	58.31

WASTE CONTINUED

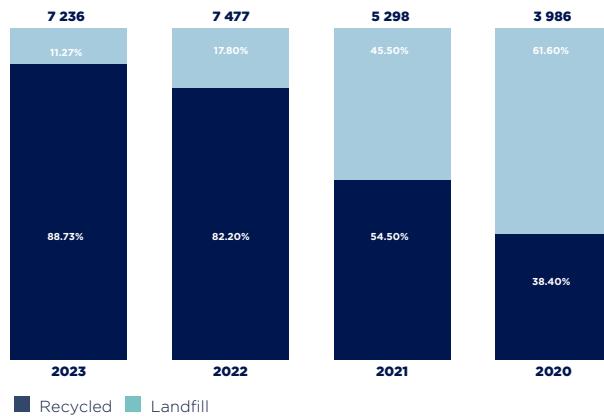
**Total non-hazardous solid waste composition**

	Unit	2023	2022	2021	2020
Paper	(tonnes)	1 990.72	2 279.00	1 526.00	1 384.00
Plastic	(tonnes)	520.26	664.00	240.00	181.00
Glass	(tonnes)	567.99	552.00	267.00	196.00
Metal	(tonnes)	60.39	66.00	26.00	21.00
Organic waste	(tonnes)	2 285.61	1 380.00	314.00	170.00
Tetra-Pak	(tonnes)	343.13	10.00	12.00	7.00
General – mixed waste	(tonnes)	92.86	1 330.00	1 706.00	1 203.00

**Total diversion rate**

	Unit	2023	2022	2021	2020
Landfill	%	11.27	17.8	45.5	61.6
Recycled	%	88.73	82.2	55.5	38.4

**Waste diversion trend**



**Total organic waste diversion**

	2023	2022	2021	2020
Compost generated (tonnes)	2 286	1 380	314	139
Landfill space avoided (m³)	5 028	3 036	356	394
Carbon emissions avoided (tonnes)	3 931	2 373	596	292



# GREEN BUILDINGS

**Green spaces play a vital role in fostering connections with nature and communities and L2D recognises green buildings as an opportunity to utilise resources more efficiently, address climate change and create healthier and more productive environments for tenants, shoppers and communities. As a member of the GBCSA, we align with its goal of inspiring a built environment where people and the planet thrive.**

The GBCSA has developed rating tools that acknowledge and reward environmental leadership, providing a recognised symbol of sustainability achievement. These tools establish a common language and measurement standard for green buildings, encouraging integrated, whole-building design and sustainability throughout their operations.

Brian Unsted, L2D’s Lead Specialist: Sustainability and current Immediate past Chair of the GBCSA, exemplifies an unwavering passion for the green building agenda. Unsted’s leadership at the GBCSA and within L2D ensures the implementation of sustainability interventions, driving progress towards the set Net-Zero strategies in waste, water and carbon spaces through the Good Spaces strategic building block.

## GREEN STAR CERTIFICATION

To achieve our Net-Zero targets, we prioritise the efficient management of natural resources, a commitment independently verified through Green Star certification – an internationally recognised mark of operational excellence. In 2021, our entire retail portfolio earned Green Star ratings, a significant achievement highlighting our unwavering dedication to sustainability and the positive impact of greener retail practices. We aim for recertification in 2024 and the process of recertification is well underway, with our re-certification submissions targeted for Q2 2024.

Recognising our role in shaping business interactions with stakeholders and local communities, our achievements are integral to our strategy of actively supporting the communities served by our malls. Our commitment to advancing Good Spaces objectives extends to our tenants, who play a crucial role in our Net-Zero journey and operational practices. Notably, we achieved a six-star Green Star Interiors V1 certification for the L2D head office, adding to our Green Star SA Certifications for the entire retail portfolio, including a six-star rating for Sandton City, all achieved under Existing Building Performance (EBP) certifications. These certifications underscore our commitment to creating sustainable, environmentally conscious spaces that contribute positively to society.

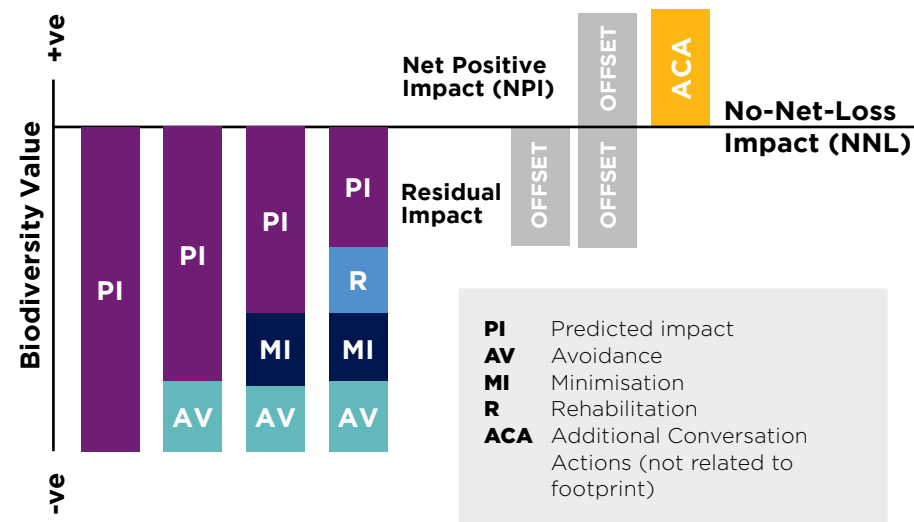
## Green-Star-rated existing building performance

Building	Green Star Certification
Sandton City	6 Star
Eastgate Shopping Centre	5 Star
Midlands Mall	5 Star
Nelson Mandela Square	5 Star
Promenade	5 Star
Botshabelo Mall	4 Star
L2D offices	6 Star, Green Star Interiors V1 certification
Umlhanga Ridge	4 Star

# BIODIVERSITY

**L2D is dedicated to reducing our impact on biodiversity, aiming for "no net loss" from our direct operations.**

We remain focused on identifying specific areas for improvement and addressing challenges and opportunities on our journey. The goal is to achieve a state where gains from mitigation activities balance out ecological losses resulting from our operations. Our long-term vision is to attain a Net 2 Positive Ecology in line with Green Star Net-Zero Certification. The diagram below illustrates a hierarchical sequence of actions including anticipating and avoiding impacts, minimising or reducing impacts when avoidance is not possible, rehabilitating or restoring impacted areas, and compensating or offsetting significant residual impacts.



Our portfolio is not directly dependent on biodiversity elements, but we recognise that enhancing these elements can significantly improve the user experience while aligning with our overall biodiversity strategy. This approach ensures the protection of vulnerable species and sensitive ecological systems. Each site in our portfolio has a biodiversity inventory and we've identified interventions to implement our no net loss policy.

These interventions involve prioritising the replacement of impermeable surfaces, bare ground and weed-infested areas with endemic plants that naturally adapt to the local environment. This contributes positively to biodiversity preservation, including water resources. Our landscape management plans adhere to best practices, focusing on environmental protection, public health, natural resource conservation and invasive species mitigation.

To safeguard biodiversity, we conduct regular checks on plants for signs of disease or infestations, manage invasive species and nurture indigenous plants. Our pest-management plan employs integrated methods, including monitoring and non-toxic preventative measures, to minimise the impact of site management practices on local ecosystems.

Our commitment extends to promoting sustainable practices, such as creating habitats for fauna and flora, to enhance the valuation of our properties. L2D already has cleaning and waste management practices in place that support biodiversity. We anticipate positive impacts in various areas including, connection to nature, development practices, reducing invasive alien species in landscaping, reduced water use in landscaping, stormwater management, tenant/supplier impact and water and drainage systems.






# SOCIAL IMPACT OVERVIEW

**Promoting sustainable and inclusive economic growth in the communities where we operate is a core commitment for our business. We actively engage in serving, investing in, and supporting our communities, recognising the significant stewardship role that our organisation must play in fostering positive impacts.**

## OUR SOCIAL IMPACT STRATEGY

L2D operates within a broader socio-economic ecosystem, acknowledging the dependence on strong relationships with all stakeholders. We value the crucial roles played by our stakeholders and remain dedicated to fostering impactful and mutually beneficial relationships that contribute to sustainable value creation. Sustainability is a core focus for L2D and instils pride across all levels of the business. Our commitments to sustainability are underpinned by a comprehensive implementation plan that delineates priorities, risks, opportunities, targets and action plans.

## OUR KEY PERFORMANCE INDICATORS

Focus Area	Related SDGs*	Targets	2023 Progress
Human capital development		100% of our people to receive structured learning.	100% of our people to receive structured learning.
Health and safety	 	Zero recordable work-related injuries and zero work-related illnesses.	Zero recordable work-related injuries and zero work-related illnesses.
Diversity and inclusion	  	B-BBEE Level 1 certified as at 28 March 2023 (2021: Level 2).  Established Diversity Policy in place.  Signatory of the UN Women Empowerment Principles	Level 1 BEE contributor  DEI framework in place.
Community		All malls SAFE-certified.  30% of procurement spend on black women-owned businesses. maintenance.	All malls were SAFE-certified.  30% of procurement spend on black women-owned businesses.



# INSPIRING PASSIONATE PEOPLE – OUR PEOPLE STRATEGY

## OUR PEOPLE ARE THE HEART AND SOUL OF L2D

**Our people philosophy is to put our people at the heart of everything we do and encourage inspired, passionate and empowered people who maintain balanced lives. Through their contributions, we can differentiate our business, grow our brand and deliver a high-quality service.**

Empowering our workforce is an important aspect of nurturing a high-performance culture. We believe that ethical conduct and teamwork are critical to achieving and driving our corporate culture.

We understand that our success is linked to the skills we attract. Our talent management practices and guidelines ensure we have the right people with the experience, skill and capabilities at all levels to execute our strategy.

### The pillars of our people’s experience

<b>Living and doing</b>	<ul style="list-style-type: none"> <li>Integrating our people’s lives at work with their personal working circumstances and preferences, creating true work-life integration.</li> </ul>
<b>Growing and evolving</b>	<ul style="list-style-type: none"> <li>Creating the platform for our people to take control of their careers, roles and learning evolution, encouraging non-linear and self-driven growth.</li> </ul>
<b>Realising and recognising</b>	<ul style="list-style-type: none"> <li>Aligning our people’s performance outcomes with L2D’s business outcomes, shifting the cultures and habits around performance management.</li> </ul>
<b>Inspiring and innovating</b>	<ul style="list-style-type: none"> <li>Driving meaningful and inspirational work that aligns with our purpose and values, creating an engaged and motivated organisation.</li> </ul>
<b>Connecting and belonging</b>	<ul style="list-style-type: none"> <li>Uniting our people across functions, levels and backgrounds to create a cohesive organisation where everyone feels included and valued.</li> </ul>
<b>Moving in and moving on</b>	<ul style="list-style-type: none"> <li>Enabling a seamless onboarding experience for our people while allowing them to move on to the next phase of their careers with dignity and remaining connected to the organisation.</li> </ul>

## PROMOTING AN ETHICAL CULTURE

At L2D, we prioritise the wellbeing of our people by fostering a fair, safe and engaging work environment. Our aim is to empower individuals to perform optimally while aligning with our organisational objectives. This environment extends beyond physical conditions and emphasises a collegial culture built on shared ethics and ethical conduct.

Ethical conduct is fundamental to shaping and sustaining our corporate culture, and we maintain a zero-tolerance policy for any unethical behaviour. Our formal code of ethics guides our approach to business ethics and all new recruits sign our code of conduct upon appointment.

We aspire for our employees to take pride in being part of L2D, viewing their colleagues as friends and family. Immersing themselves in our culture of humanity, our people contribute to achieving strategic goals that create value for tenants, customers, communities and other stakeholders.

Our people procedures include managing occupational incidents and processing compensation claims in compliance with legislation. To address ethics incidents, we rely on our disciplinary code that provides support and guidance to management. In cases of unethical behaviour, thorough investigations are conducted and corrective actions are implemented. Our open-door policy ensures that all employees feel comfortable reporting any unethical behaviour.

INSPIRING PASSIONATE PEOPLE - OUR PEOPLE STRATEGY CONTINUED

## DIVERSITY AND INCLUSION

L2D is actively engaged in various programmes focused on employment equity, diversity, inclusion and development. Aligned with the principles of the Employment Equity Act, we have adopted a diversity and inclusion policy to promote diversity in our business and influence positive changes.

Our strategic value driver, Human Experience, serves as a guiding light to enhance our Employment Equity Standards and Guidelines, procedures and practices, which contribute to an improved overall human experience.

We take pride in our achievements by maintaining a Level 1 B-BBEE certificate.

Initiatives such as the "One Woman at a Time" challenge underscore our commitment to prioritising gender diversity and inclusiveness and aims to inspire the industry to follow suit. Our enterprise development, procurement, supply value chain and hiring policies play a crucial role in driving this diversity agenda.

No incidents of discrimination were reported during the year and no fines were paid for breaches of labour law.

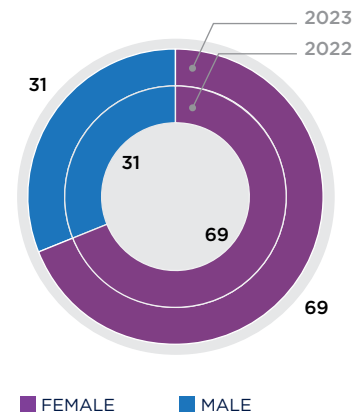
### Our people profile

	2023	2022
Total permanent staff members <sup>1</sup>	29	30
Percentage of permanent staff members (%)	83	98.6
Percentage of contract and casual staff members (%)	17	6.3
Average age (years)	40	38
Percentage of people belonging to a trade union (%)	0	0
Percentage of people covered by collective bargaining agreements (%)	0	0

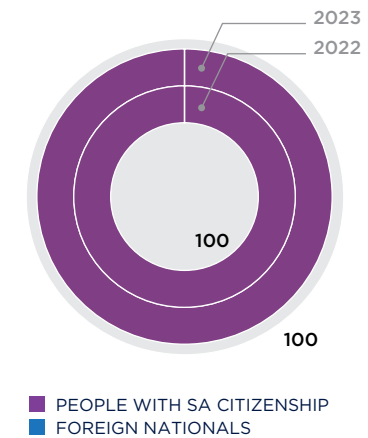
<sup>1</sup> Excludes outsourced people in JH

### Workforce composition

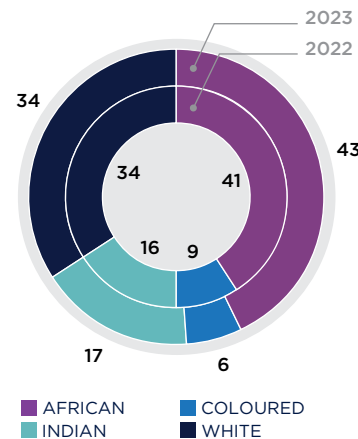
Gender diversity (%)



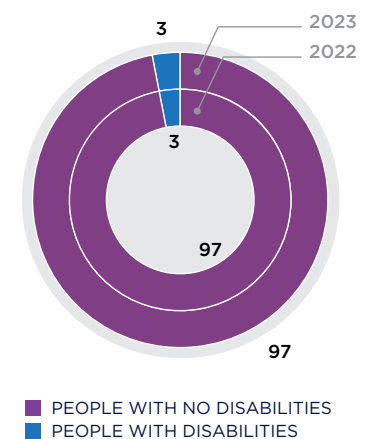
Graph 3 (%)



Racial diversity (%)



Graph 4 (%)



INSPIRING PASSIONATE PEOPLE - OUR PEOPLE STRATEGY CONTINUED

**Employment equity profile**

OCCUPATIONAL LEVEL	Male				Female				Foreign		NUMBER			% % BLACK	
	A	C	I	W	A	C	I	W	M	F	TOTAL	BLACK	FEMALE	BLACK/	FEMALE/
												NUMBER	NUMBER	TOTAL	TOTAL
Top management		1		1	1			1			4	2	1	50%	25%
Senior management	1			3	2	1	4	2			13	8	7	62%	54%
Middle management					1		1	3			5	2	2	40%	40%
Junior management	1				5		1				7	7	6	100%	86%
Semi-skilled												0	0		
Total permanent	2	1	0	4	9	1	6	6			29	19	16	66%	55%
Non-permanent	2			2	2						6	4	2	67%	33%
Total	4	1	0	6	11	1	6	6			35	23	18	66%	51%

**HUMAN CAPITAL TURNOVER**

Our human capital policies are designed to balance the retention and attraction of high-calibre individuals, ensuring the preservation and acquisition of critical skills to support the achievement of our purpose and strategic goals.

Creating an environment where our people are inspired to grow their careers is a key focus, promoting both individual development and business sustainability for L2D. While we value the insights of our existing talent, we also recognise the importance of recruiting new talent to bring in fresh perspectives.

Human capital turnover	2023	2022	2021
New appointments	9	7	3
Internal placements	2	3	1
Resignations	5	7	6
Retirements	0	1	1
End of contract	1	3	1
Dismissals	—	—	—
Death	—	—	—
Total permanent human capital turnover (%)	15.38%	9.8%	9.7%



## INSPIRING PASSIONATE PEOPLE – OUR PEOPLE STRATEGY CONTINUED

## TALENT ACQUISITION

Our talent selection and recruitment practices are meticulously crafted to attract high-calibre individuals essential for achieving performance excellence and seamlessly integrating into our corporate culture. In making well-informed decisions related to remuneration, we consider factors such as recruitment, talent management, performance management and individual development.

Leveraging our recruitment insights, we assess market premiums and identify scarce skill resources which allow us to determine whether a higher benchmark and pay position are warranted. Additionally, we remain committed to meeting equity targets and cultivating diversity within our specialised team. This comprehensive approach ensures that our recruitment and remuneration practices contribute to building a skilled, diverse and high-performing workforce aligned with our organisational objectives.

## TALENT MANAGEMENT AND DEVELOPMENT

Our strategic talent management processes are designed to align and target initiatives that enable individual development and progression. These processes draw on the outcomes of the performance management process and identify the capabilities and skills required for successful advancement in roles, as identified in our recruitment initiatives.

Furthermore, we foster a culture of continuous learning through various forums and experiences. This approach creates a work environment that encourages individual ownership of learning and development, empowering our people to progress in their careers and enhance their earnings potential. By combining performance insights, recruitment strategies and a commitment to ongoing learning, we ensure a holistic and effective approach to talent management.

## PERFORMANCE MANAGEMENT

Our aim is to inspire optimal performance from our people by fostering a fair, safe and engaging work environment, ensuring they are motivated, empowered and equipped with the necessary skills to help achieve our strategic goals. We understand the crucial link between people's performance, corporate culture and working conditions. Our people philosophy is instrumental in aligning individual performance outcomes with the execution of our overall business strategy.

To support our people's growth, we provide fair, performance-related remuneration, comprehensive skills training, education and career development opportunities. We are committed to creating an inclusive work environment. Competitive remuneration packages consisting of guaranteed and variable pay are structured according to skills and functions. Benefits, rewards, incentives and recognition for their valuable performance contribute to a committed and motivated staff.

Regular evaluations against individual KPIs are conducted, following accepted norms, to identify potential and create opportunities for mutually agreed career paths and succession planning. Our disciplinary codes guide management when ethical incidents occur, ensuring thorough investigations and corrective actions in cases of unethical behaviour.

## SUCCESSION PLANNING

L2D's aim is to be future-fit, and our succession philosophy is designed to align the workforce with short- and long-term objectives. Emphasising talent attraction, acquisition and career development, this approach mitigates succession risk and plays a crucial role in achieving business goals. Our talent-management processes actively focus on building succession with a dedicated effort to develop rising stars and top talent.

## INSPIRING PASSIONATE PEOPLE – OUR PEOPLE STRATEGY CONTINUED

**Learning and development**

	2023	2022
Total number of our people attending online learning courses and/or coaching programmes	35	32
Training programmes (including fixed-term staff members and learnerships)	35	32
Training spend (R)	R1 331 844	R817 941
Average training spend per person	R42 963	R25 560
Our people engaged in tailored individual development plan discussions	100%	100%

At L2D, our business sustainability relies on a qualified and skilled workforce. We actively promote a culture of continuous learning and development, encouraging our people to take ownership of their professional growth. Collaborating closely with our team, we curate unique learning experiences and opportunities to enhance critical capabilities across the organisation, ultimately driving business success.

Our learning and development strategy is geared towards improving our skills base, contributing to succession planning and supporting our employment equity and sustainability initiatives. Closing skills gaps is a key focus and we provide training, mentorship and leadership coaching to address specific needs, instil confidence and navigate the challenges of managing in an evolving environment.

We identify learning and development requirements during performance conversations where KPIs are set and individual development plans are established. These plans are reviewed formally over the performance period and in regular one-on-one conversations, ensuring alignment with personal and organisational objectives.

L2D actively participates in industry bodies and associations with representation in leading committees and boards such as the Green Building Council of South Africa, South African Property Owners Association (SAPOA), the South African Council for Shopping Centres and the SA REIT Association. We encourage our people to engage with these associations, attend workshops and contribute to knowledge-sharing initiatives, fostering a culture of continuous improvement and expertise in our organisation.

**Bursary spend**

Our business needs determine our bursary spend. L2D spent R2 167 361.00 on bursary support (2022: R1 839 938.00).

Category	2023	2022
African males	R1 180 356	952 411
African females	R658 591	810 645
Indian males	—	10 271
Indian females	—	46 850
Coloured males	R146 399	11 061
Coloured females	R182 015	8 691
White males	—	—
White females	—	—
Total	2 167 361	1 839 938

**Internship programme**

L2D's internship programme serves as a vital initiative to nurture talent for our business and address the broader shortage of experienced property professionals in the sector. In 2023, we enrolled two interns in our programme, providing them with valuable industry exposure and opportunities to engage with first-in-the-market initiatives. This commitment to fostering emerging talent reflects our dedication to building a skilled and dynamic workforce for the future.

## INSPIRING PASSIONATE PEOPLE – OUR PEOPLE STRATEGY CONTINUED



## HEALTH, SAFETY AND WELLNESS

At L2D, our commitment to the SDG 3 goal aligns with our strategic pillar, Safe Spaces. This pillar underlines our dedication to promoting the health, safety and wellbeing of all individuals who utilise our spaces.

Good health and wellbeing are crucial components of sustainable development and strive to ensure healthy lives and promote overall wellbeing. Addressing challenges such as economic and social inequalities, urbanisation, climate threats, infectious diseases and emerging health issues are pivotal for global health priorities.

### Our people surveys

We are committed to assessing and improving our ethical practices in alignment with our organisational values. To achieve this, we actively seek input from our employees to understand their perspectives on L2D's ethical conduct. In collaboration with the Gordon Institute of Business Science (GIBS), we participated in their Ethics Barometer survey which resulted in excellent overall outcomes with minimal instances of ethical misconduct at L2D. To further enhance the efforts of effectively executing the remedial actions, we partnered with a diversity, equity and inclusion consultancy, and continue on the journey of continuous progress.

We appreciate all feedback and, subsequent to the survey, our human capital team conducted smaller focus groups to engage with employees, share feedback, prioritise solutions and identify opportunities.

### Our wellness programme

One of our top priorities is the mental wellbeing of our staff and we aim to empower them in reducing anxiety through transparent and timely information-sharing, increased communication and an evolving wellness programme. Our wellness initiative, named ICAS, provides emotional and financial coaching and health and education services through face-to-face and telephonic counselling, legal consultations and financial coaching.

This programme assists our staff in finding a balance between their personal and professional lives, covering topics such as career counselling, personal development, organisational issues, mental health, physical fitness, financial fitness and chronic illness. As a company, the wellbeing of our people is of utmost importance and through our assets, we take responsibility for the safety and security of the thousands of people who use our shopping centres.

Through our Safe Spaces strategic initiatives, we advocate for better care for those facing mental health challenges. Partnering with Panda, a free-to-download app offering mental health information and expert help, we make mental health resources accessible across all our assets.

# SUPPORTING OUR COMMUNITIES



**Governance** Accountability for this strategy lies with the L2D leadership, led by the Marketing and Communications Executive and Head of ESG, with oversight from the Board.

## INVESTING IN OUR COMMUNITIES

L2D is dedicated to making a positive impact in the communities where we operate. Our community engagement strategy ensures that our social investments have a meaningful impact. By actively supporting sustainable and inclusive economic growth, we generate mutual value for L2D and key stakeholders, particularly our tenants and employees.

Our CSI strategy is responsive to community needs and we address these needs by implementing solutions that provide long-term benefits. These initiatives enhance community relationships and deliver measurable socio-economic advantages. We concentrate on key strategic areas for social investment, including environmental awareness, skills development, social development and youth development, which we believe are vital for creating a lasting positive impact on our communities.

Our CSI strategy establishes and implements sustainable solutions that involve:

- Creating socio-economic value for the communities surrounding our shopping centres.
- Educating communities about our efforts to minimise environmental impact and inspiring them to adopt similar interventions and behaviours.
- Improving skills and training capacity in our communities.
- Offering community needs-based interventions.
- Supporting enterprise development and promoting micro-businesses.
- Achieving sustained impact through partnerships and collaboration.

## Progress made

L2D’s socio-economic support activities remained centred around education, recognising it as a highly impactful investment for enhancing the lives and livelihoods of South Africans. Our social initiatives received a total investment of R1 062 512 (2022: R2.3 million), sourced from contributions by L2D’s head office and portfolio. During the year we supported the following NGOs:

### Midlands Mall

<b>CANSA Shavathon</b>	<b>Court space</b>	<ul style="list-style-type: none"> <li>• The CANSA Shavathon stands out as a prominent event on the CANSA calendar by uniting families, friends and colleagues in solidarity with cancer survivors. Acknowledging that hair loss is a common consequence of cancer treatment, participants express their support by contributing a fee to undergo hair shaving or spraying.</li> </ul>
<b>Pietermaritzburg Children’s Home</b>	<b>Donation, goods and time</b>	<ul style="list-style-type: none"> <li>• On Mandela Day, Midlands Mall brought joy to numerous remarkable children from the Pietermaritzburg Children’s Home. The mall’s management team visited the children’s home and dedicated an afternoon to engaging with the young children.</li> <li>• In addition to donating a television, soccer balls, volleyballs and basketballs, the mall also made a cash donation of R5 000 to support the organisation’s operational costs.</li> </ul>
<b>Early Childhood Development</b>	<b>Play gym donation</b>	<ul style="list-style-type: none"> <li>• In celebration of Midlands Mall’s 20th birthday, the mall team marked the occasion with a significant gesture. They handed over a play gym to the Rainbow Kids Early Childhood Development (ECD) centre that supports toddlers.</li> <li>• Recognising the importance of play in fostering creativity, social skills and cognitive growth among young children, the play gym serves as a valuable resource for the development of these essential skills.</li> <li>• The Midlands Mall team also made an additional donation of groceries valued at R5 000 to support the ECD centre. This initiative aimed to contribute to the wellbeing and development of the children in the community.</li> </ul>



SUPPORTING OUR COMMUNITIES CONTINUED

**Sandton City and Nelson Mandela Square initiatives**

<b>SPCA</b>	<b>Festive gift-wrapping (sponsored court space)</b>	<ul style="list-style-type: none"> <li>Each year, Sandton City provides the SPCA with the opportunity to run gift-wrapping stations to raise funds for the organisation. The mall supplies infrastructure and wrapping materials, while volunteers from SPCA assist. Gift-wrapping is free, but customers are encouraged to donate.</li> </ul>
<b>Rays of Hope</b>	<b>Stationery drop</b>	<ul style="list-style-type: none"> <li>Managed by Santa 4 Hire, 10% of the annual Photos with Santa activation is donated to a project supported by Sandton City. A total of R54 700 was donated to the Rays of Hope stationery drop.</li> </ul>
<b>Rays of Hope</b>	<b>Create Tomorrow – School Uniform Drive</b>	<ul style="list-style-type: none"> <li>Sandton City launched a drive for school uniforms and stationery for the Alexandra community through Rays of Hope. A total of 400 stationery packs were handed to the Rays of Hope Rose-Act Saturday School programme.</li> </ul>
<b>Rays of Hope</b>	<b>School stationery packs donated</b>	<ul style="list-style-type: none"> <li>Sandton City contributed to the community by handing 400 stationery packs to The Rays of Hope Rose-Act Saturday School programme. This initiative focuses on teaching English and maths to over 400 young learners in Alexandra township. The beneficiaries of this support range from Grade 4 to Grade 11. This contribution is part of Sandton City's commitment to uplift the community and support educational initiatives.</li> </ul>
<b>Akanani Early Childhood Development Centre and Rays of Hope</b>	<b>Mandela Day Celebrations</b>	<ul style="list-style-type: none"> <li>On Mandela Day, Sandton City demonstrated its commitment to community upliftment by enhancing the Akanani Early Childhood Development Centre and supporting Rays of Hope.</li> <li>The efforts included creating a vibrant library and refurbishing the exterior and reception areas. Additionally, Dis-Chem contributed 100 dignity packs aimed at benefitting teenage mothers, providing essential items for maternal and child care. This initiative reflects Sandton City's dedication to making a positive impact on the community and supporting those in need.</li> </ul>
<b>Shoe Shine project</b>	<b>Sponsored court space</b>	<ul style="list-style-type: none"> <li>The Shoe Shine Project at Sandton City involves providing court space for the operator to run her shoe-shining business. The complimentary value of the court space offered for this initiative is R40 000 monthly. This arrangement reflects the centre's support for local businesses and services within its premises.</li> </ul>
<b>The Hot Care Project</b>	<b>Hot 1027's Teddython donation</b>	<ul style="list-style-type: none"> <li>Sandton City contributed R25 000 and Nelson Mandela Square donated R15 000 to Hot 1027's Teddython as part of the Hot Care project, which aims to make a meaningful difference in people's lives. This donation reflects Sandton City's commitment to supporting initiatives that positively impact the community and contribute to the wellbeing of individuals.</li> </ul>

## SUPPORTING OUR COMMUNITIES CONTINUED

**Eastgate Mall initiatives**

<b>Thungo Art Gallery</b>	<b>Sponsored court space</b>	<ul style="list-style-type: none"> <li>Discounted court space offered to Thungo Art Gallery.</li> </ul>
<b>Woodrock Animal Shelter</b>	<b>Sponsored court space</b>	<ul style="list-style-type: none"> <li>Free court space for Woodrock Animal Shelter from November 2022 to February 2023.</li> </ul>
<b>SANBS</b>	<b>Sponsored court space</b>	<ul style="list-style-type: none"> <li>SANBS awareness drive with discounted court space.</li> </ul>
<b>CANSA organisation</b>	<b>Sponsored court space</b>	<ul style="list-style-type: none"> <li>The Shavathon provided customers with the opportunity to shave, spray and donate in support of cancer patients. Participants could also donate their shaved hair to Tymless Hair and Wigs for the creation of wigs for cancer patients. Eastgate contributed to the CANSA organisation by providing free court space, aiming to raise awareness of this annual initiative and to support the fight against cancer.</li> </ul>
<b>67 Blankets Nelson Mandela Day</b>	<b>Sponsored court space</b>	<ul style="list-style-type: none"> <li>Eastgate Shopping Centre collaborated with the 67 Blankets for Nelson Mandela Day to create a centrepiece in the middle of the Strelitzia Court. This installation showcased homemade blankets of art, symbolising a meaningful contribution to the 67 Blankets for Nelson Mandela Day initiative.</li> <li>Eastgate's early public relations coverage set it apart from other South African companies competing for attention around Madiba Day. This initiative not only enhanced Eastgate's public visibility but also strengthened its bond with the local community through a charitable and artistic endeavour.</li> </ul>
<b>Santa Shoe Box Project</b>	<b>Sponsored court space</b>	<ul style="list-style-type: none"> <li>The spirit of giving during the festive season started in October when Eastgate Shopping Centre became the focal point for the Santa Shoe Box Project drop-and-go.</li> <li>Customers were able to collect and drop off decorated boxes filled with essential items and treats for underprivileged children aged two to 18 across South Africa.</li> <li>In total, Eastgate collected 126 boxes for the Santa Shoe Box Project, contributing to the joy and wellbeing of these children during the holiday season.</li> </ul>
<b>Bedfordview/Germiston SPCA with Educare</b>	<b>Sponsored court space for gift-wrapping services</b>	<ul style="list-style-type: none"> <li>Continuing its dedication to community upliftment, Eastgate Shopping Centre collaborated with Educare to present customers with gift-wrapping services. Eastgate played a pivotal role in arranging a stand for Educare to provide these services with all the proceeds generated earmarked for the support of the Bedfordview/Germiston SPCA.</li> <li>This initiative not only provided customers with a meaningful service, but also played a significant role in contributing to the welfare of animals through the donations directed to the SPCA.</li> </ul>

SUPPORTING OUR COMMUNITIES CONTINUED

**Liberty Promenade Mall**

<b>Feeding schemes in Mitchells Plain</b>	<b>Our Kids’ Festive Kitchen</b>	<ul style="list-style-type: none"> <li>• During the festive season, the Promenade mall organised “Our Kids’ Festive Kitchen” to provide an enjoyable and interactive experience for children.</li> <li>• The event enabled young chefs to engage in fun and delicious activities. Tickets for this delightful experience were priced at R20 per person. The total proceeds from ticket sales amounted to R20 000 which was subsequently donated to two local feeding schemes in Mitchells Plain.</li> <li>• This initiative not only created an entertaining environment for kids, but also contributed to supporting local communities through charitable donations.</li> </ul>
<b>Shumeez Scott Foundation and the Tafelsig CAN Feeding Scheme</b>	<b>Kids’ Winter Carnival</b>	<ul style="list-style-type: none"> <li>• During the school holidays, the Promenade mall organised the “Kids’ Winter Carnival” which attracted the participation of more than 1 931 children.</li> <li>• The event generated income from various proceeds amounting to a total value of R20 000 which the mall donated to two local organisations – the Shumeez Scott Foundation and the Tafelsig CAN Feeding Scheme.</li> <li>• This initiative not only provided a festive and enjoyable experience for kids but also contributed to supporting charitable causes in the community.</li> </ul>
<b>Mandela Day</b>	<b>Share More Meals Made With Love Mandela Day</b>	<ul style="list-style-type: none"> <li>• In collaboration with Premier Foods, Promenade mall hosted the “Share More Meals Made With Love Mandela Day” campaign. This initiative aimed to address the issue of food insecurity within the community.</li> <li>• The campaign successfully collected enough food items to create a substantial impact, resulting in the preparation of 19 729 meals. These meals were distributed to 15 local organisations in the Mitchells Plain community and contributed significantly to alleviating hunger in the area.</li> <li>• The budget allocated for this impactful campaign was R50 000. This demonstrates the mall’s commitment to addressing social issues and making a positive impact on the lives of those in need.</li> </ul>
<b>Next Generation Musical Showcase</b>	<b>Sponsored court space</b>	<ul style="list-style-type: none"> <li>• The Promenade mall takes pride in hosting the Next Generation Musical Showcase for the past 12 years. This annual campaign serves as a platform for learners from local schools to showcase their musical and acting talents.</li> <li>• The impact of this campaign is tangible with winning schools receiving cash prizes that are reinvested to enhance the education journey of the learners.</li> <li>• The showcase not only provides a stage for young talents but also generates media buzz and positive publicity, resonating well with the audience. This long-standing initiative reflects the mall’s commitment to supporting education and fostering the development of young talents in the community.</li> </ul>

## SUPPORTING OUR COMMUNITIES CONTINUED

**Future focus**

At L2D, we recognise the significance of youth and are committed to creating environments and opportunities that promote their growth. In 2023, our CSI strategy placed a stronger emphasis on education and uplifting the youth.

**RESPECTING HUMAN RIGHTS**

Our code of ethics delineates our stance on human rights and underscores our commitment to integrating sustainability into our daily activities. We show respect for the human rights of individuals in communities by adhering to legislation and cultural values, promoting the wellbeing, safety and environmental preservation of communities near our operations, and actively seeking ways to identify and address community interests.

Furthermore, we uphold human rights through our engagement with suppliers. This involves requesting our suppliers to comply with our policies and guidelines related to social responsibility, labour standards and human rights. We are also committed to reporting any human rights violations identified in our value chain.

**SUPPORTING SUSTAINABLE  
TRANSFORMATION**

We recognise that transformation is essential for our long-term sustainability and value creation. Committed to fostering meaningful social change in South Africa's unique socio-economic landscape, our goal is to generate lasting, widespread benefits for the country. Our holistic approach to transformation is deeply embedded in, and integrated into, our operations and addresses workforce diversification and the development of our supplier network across the stakeholder value chain.

To ensure effective and sustainable transformation within our business, we have implemented various measures including:

- Facilitating social equality and cohesion.
- Investing in enterprise and supplier development.
- Promoting broad-based and inclusive economic growth.
- Effectively managing talent within our organisation.
- Addressing historical inequalities.
- Engaging additional B-BBEE suppliers.



# BEST-PRACTICE HEALTH, SAFETY AND SECURITY

## THE HEALTH AND WELLBEING OF OUR STAKEHOLDERS

Our unwavering commitment to providing a safe and healthy environment underscores our dedication to protecting individuals from potential hazards associated with our business activities.

Adhering to the Occupational Health and Safety Act 85 of 1993, we not only meet but exceed the stipulated requirements, actively working to mitigate risks and prevent health and safety incidents. Through ongoing initiatives, we ensure the safety and security of our centres by incorporating touchless parking and payment solutions, kerbside pick-ups and click-and-collect facilities.

## OUR SAFETY AND SECURITY STRATEGY

L2D is committed to implementing a robust mall strategy that prioritises the highest standards of safety and security for both tenants and customers in the mall environments. The Safe Spaces strategy focuses on creating secure spaces for all stakeholders by ensuring strict compliance with Occupational Health and Safety (OHS) regulations and implementing the necessary security and risk mitigation measures. Safe Spaces serves as the foundational framework for all other L2D strategy building blocks.

To achieve this, the Safe Spaces team collaborates with industry experts, analysing the objectives of various building blocks and ensuring alignment with industry best practices. The primary focus remains on addressing OHS and implementing security enhancements across the portfolio.

Given the changing nature of security threats, including social unrest threats and an increase in armed robberies at malls, L2D has adapted its physical guarding and security strategy. Tactical guarding has been instituted across all malls to act as a deterrent to criminals and technological advancements are being implemented to support the overall security strategy.

During the year, our overall OHS compliance score decreased from 89.6% in 2022 to 77.51% this year. The decline is as a result of additional items being added to the compliance dashboard towards the end of the year. However, a common finding across the malls remains low tenant compliance, which is an ongoing focus area for the OHS team.

L2D has received affirmation from the Safe Asset Group, a global certification and advisory company, as the first responsible owner in Africa to achieve the international SHORE certifications for all our malls for three consecutive years. In 2023, all malls in the portfolio underwent the annual SHORE assessment and attained gold ratings, except for Sandton City, Nelson Mandela Square and Eastgate, which achieved Platinum statuses, indicating that they are performing at a "world-class standard".

The SHORE certification evaluates risk, security, operational resilience and a duty of care towards tenants and customers. Among approximately 500 shopping centres in the Safe Asset Group's database, only eight shopping centres achieved Platinum status including Sandton City, Nelson Mandela Square and Eastgate. Assessed for the third time in 2023, Midlands Mall, Liberty Promenade Mall and Botshabelo Mall also scored above 80%.

## Tenant compliance

We mandate compliance with health and safety regulations for all our tenants. Each property is assigned an OHS officer responsible for engaging with tenants to ensure the necessary documentation is in order and is compliant. In cases of non-compliance, we provide assistance to facilitate compliance.

## Future focus

The focus for the year ahead will include:

- Enhancing our surveillance capabilities.
- Strengthening existing security systems.
- Collaborating closely with all service providers to adapt standard operating procedures, incorporating new approaches to address ever-changing threats and risks effectively.



**Governance** Responsibility for safety and security lies with the Safe Spaces Committee under the leadership of the L2D Chief Operations Officer who reports to L2D's Exco.

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# SUPPLEMENTARY INFORMATION



# APPENDICES

## DEFINITIONS AND ABBREVIATIONS

AI	Artificial intelligence	LGL	Liberty Group Limited
ARC	Audit and Risk Committee	LHL	Liberty Holdings Limited
B-BBEE	Broad-Based Black Economic Empowerment	LPP	Liberty Property Portfolio
ARC	Audit and Risk Committee	MOI	Memorandum of Incorporation
B-BBEE	Broad-Based Black Economic Empowerment	NPI	Net property income
CE	Chief Executive	NEF	National Empowerment Fund
Companies Act	The Companies Act, No 71 of 2008	NHFC	National Housing Finance Corporation
CSA	Corporate Services Agreement	PACE	Passion, Accountability, Care, Excellence
DIPS	Distributable income per share	RCSA	Risk and control self-assessment
ECL	Expected credit loss	REMCO	Remuneration and Nominations Committee
ESG	Environmental, social and governance	REIT	Real estate investment trust
FD	Financial Director	RF	REIT Fund
GBCSA	Green Building Council of South Africa	SACSC	South African Council for Shopping Centres
GHG	Total greenhouse gas	SAPOA	South African Property Owners Association
GLA	Gross lettable area	SET	Social, Ethics and Transformation Committee
IAM	Asset Management and Insurance business unit of the Standard Bank Group.	SBG	Standard Bank Group
IFRS	International Financial Reporting Standards	SDGs	United Nations Sustainable Development Goals
IT	Information technology	SHORE	SAFE Hospitality, Offices, Retail and Exhibitions
IR	Integrated report	TCFD	Task Force on Climate-related Financial Disclosures
JHIR	JHI Retail Property Proprietary Limited	WEF	World Economic Forum
KPI	Key performance indicator		
King IV™	King IV Report on Corporate Governance for South Africa, 2016		

## ADDITIONAL REPORTING

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

# CORPORATE INFORMATION

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