



two°degrees

2021

**ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE
REPORT**

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SIX CAPITALS



FINANCIAL



HUMAN



SOCIAL AND
RELATIONSHIP



MANUFACTURED



INTELLECTUAL



NATURAL

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EXPERIENCE



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EXPERIENCE



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ABOUT OUR REPORT



ABOUT OUR REPORT

This environmental, social and governance (ESG) report is a detailed account of the Group’s performance for the year in terms of ESG elements.

Our investment in ESG is supported by the premise that companies that properly integrate ESG criteria into the fabric of their business processes and practices will see a positive impact. We believe that this will enhance our ability to create shared value in the long term and that our commitment to ESG will allow investors to make investment decisions based on their investment values.

IMPACT, our ESG value proposition, is our commitment to quality, business growth and sustainability. Through IMPACT, our investment in ESG elements has enabled L2D to create shared value for the long-term, contributing to relative out-performance in critical areas of ESG. This affirms, necessitates and emphasises the need to consider ESG-related risks in our investment process as a mainstream investment strategy.

Alongside our 2021 integrated report, this ESG report is intended to provide a holistic picture of our impact on value in the short, medium and long term. While our integrated report is aimed primarily at providers of financial capital, this report is intended for a broader audience.

We take direction from the Global Reporting Initiative (GRI) Sustainability Reporting Standards and other reporting frameworks and best practices. As the ESG landscape continues to evolve, we will constantly assess our approach and refine our reporting over time.

Our report covers the period 1 January 2021 to 31 December 2021. Any material occurrences after this date and up until the approval date of this report are included. Assurance of information contained in this report is provided by external and internal providers, as indicated in the table below.

INTEGRATED REPORTING SUITE

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

ABOUT L2D

SANDTON CITY

The centre achieved a Six-star Green-Star rating for Existing Building Performance (EBP) and Gold status in the Safe Asset Group audit

6 STAR
GREEN-STAR RATING



ABOUT L2D

To ensure the quality of our assets, we relentlessly pursue operational excellence and seek to stay abreast of retail property trends, including the advancement of our digital transformation aspirations to cater to customers' ever-changing needs.

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

OUR ESG REPORTING BOUNDARY

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

Transactions with related parties are at arm's length and are market-related.

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

OUR PURPOSE

to continue to create experiential spaces to benefit generations

OUR VALUES

Passion, Accountability, Care, Excellence (PACE)

OUR VISION

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

MATERIAL MATTERS

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

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

We map our material matters to the relevant capitals and respond by aligning these matters with our strategic value drivers, as set out in the table below. Throughout the report, our material matters are referenced to enable the reader to make an informed appraisal of our efforts to prevent value erosion while seeking to create and preserve value over time.

UNPACKING OUR MATERIALITY PROCESS



Analyse

We consider stakeholder feedback, as well as risks and property trends in South Africa, the sustainability of the economic and natural environments and the socioeconomic impact of material matters on all our stakeholders.



Identify

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



Prioritise

Identified matters are prioritised regarding their impact on the business and importance to stakeholders.



Integrate

Material matters are integrated into strategic thinking to inform the direction of the business to ensure resilient value creation.



Oversight starts at our Social, Ethics and Transformation Committee. The Audit and Risk Committee then reviews the proposed issues before being debated and prioritised at Board level and integrated into our strategic response.



Customer experience



Financial outcome



Tenant experience



The good we do









Human experience



Capital and risk management

MATERIAL MATTERS

CONTINUED

		STRATEGIC VALUE DRIVERS						
CAPITALS	MATERIAL MATTER	RESPONSIBLE GOVERNANCE COMMITTEE	CUSTOMER EXPERIENCE	TENANT EXPERIENCE	HUMAN EXPERIENCE	CAPITAL AND RISK MANAGEMENT	FINANCIAL OUTCOME	THE GOOD WE DO
 FINANCIAL CAPITAL	The impact of the COVID-19 pandemic.	Audit and Risk Committee	X	X	X	X	X	X
	Depressed distribution growth outlook.	Audit and Risk Committee				X	X	
	The impact of utility costs and rates increases on rentals.	Audit and Risk Committee		X			X	
	Impact of travel restrictions on the hospitality assets.	Audit and Risk Committee		X			X	
	Availability and cost of capital and future liquidity requirements.	Audit and Risk Committee				X	X	
 MANUFACTURED CAPITAL	Exposure to asset losses due to terrorism or social unrest.	Audit and Risk Committee	X	X			X	
	The ongoing provision of safe and secure environments.	Social, Ethics and Transformation Committee	X	X	X			
	The impact of joint asset ownership.	Board				X	X	
 HUMAN CAPITAL	The retention and wellbeing of our people.	Social, Ethics and Transformation Committee			X			X
 SOCIAL AND RELATIONSHIP CAPITAL	Tenant sustainability and the ability to collect rentals due.	Audit and Risk Committee		X			X	
	Growth strategy tested as a result of current asset mix and the economic environment.	Board					X	
	The critical dependency on service providers to manage the property portfolio.	Audit and Risk Committee	X	X		X	X	
	Changing consumer behaviours and the impact on customers and our malls.	Social, Ethics and Transformation Committee	X	X			X	
 INTELLECTUAL CAPITAL	Implementation risks relating to the application of our digital strategy.	Social, Ethics and Transformation Committee	X	X			X	
 NATURAL CAPITAL	ESG and climate change considerations.	Social, Ethics and Transformation Committee				X	X	X

HOW WE INTEGRATE ESG: A VIEW FROM OUR LEADERSHIP

LEADERSHIP STATEMENT

Our stakeholders trust us to operate and grow our business in a responsible manner. It is therefore of utmost importance that we incorporate all environmental, social and governance pillars in ensuring that we achieve this.

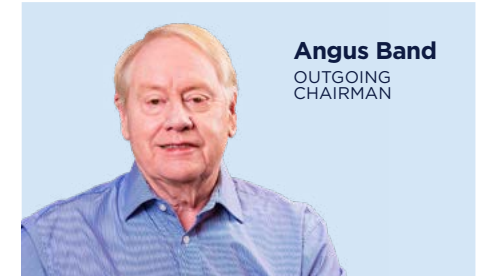
We continue to operate in a volatile and complex environment that requires a dedicated focus on creating long-term value for all stakeholders. From a governance and overall management perspective, bold, ethical and courageous leadership is necessary to achieve this along with our ability to identify the material matters that represent the issues that have the most impact on our ability to create value.

What has certainly kept us inspired and motivated is our Vision of being the leading South African, precinct focused retail centered REIT and our Purpose of continuing to create experiential spaces to benefit generations. Responsible business remains at the heart of what we do.

With environmental risks remaining at the forefront of global risks, we remain committed to continue our efforts across our environmental pillar, which are underpinned by our Good Spaces strategic building block, to ensure that we achieve our Net-Zero readiness across waste, water and carbon. The Sustainable Development Goals (SDGs) represent a universal agreement on the economic, social and environmental priorities to be met by 2030.

They offer a powerful lens through which to identify opportunities for business innovation and growth. From an environmental perspective, we have aligned our delivery to five Sustainable Development Goals (SDGs) which are discussed in more detail further in the report. The SDGs are a mechanism through which we assess and deliver on our Good Spaces initiatives.

Ensuring that our ESG commitments remain in line with our business strategy, our Social Ethics and Transformation Committee oversees all our sustainable development governance bodies. This enables the L2D leadership to deliver and continuously align to set strategic objectives, while complying with the relevant regulations.



Angus Band
OUTGOING CHAIRMAN



Nick Criticos
INCOMING CHAIRMAN



Amelia Beattie
CHIEF EXECUTIVE

OUR PURPOSE-DRIVEN APPROACH TO ESG

MIDLANDS MALL

The centre achieved a Five-star Green-Star rating for Existing Building Performance and Gold status in the Safe Asset Group audit

5 STAR
GREEN-STAR RATING



IMPACT – HONING OUR COMPETITIVE ADVANTAGE

Our commitment to ESG underpins and enables our financial and operational performance while safeguarding our portfolio’s relevance. Our focus on achieving our ESG objectives reduces our exposure to commercial risk and asset obsolescence by ensuring that our assets are future-ready. Furthermore, our IMPACT approach enables us to retain a sharp focus on the long-term sustainability of L2D while enhancing our distinctiveness and competitive edge.

Implementing our ESG strategy starts with a consideration of our end goal. For L2D, this encompasses managing all resources in ways that maximise value for all stakeholders, whilst demonstrating care for the environment. Key considerations include ethical parameters and values, positive environmental and social impacts, how ESG factors play a crucial role in broader financial performance, and compliance with regulations and legal requirements. Our IMPACT value proposition allows us to communicate our progress regarding relevant ESG factors under one umbrella, supporting efficient reporting. The most prominent and overarching indicator of our IMPACT journey is our 2030 Net-Zero Commitment.

OUR BUSINESS BENEFITS TO ESG INTEGRATION

We believe that the accelerating macro-economic trends, including climate change, the changing socio demographics and digital landscape, are driving us towards a future that will look significantly different to today.

Understanding the need of adapting to changing environmental and socioeconomic conditions, we believe we are better positioned to identify strategic opportunities and meet competitive challenges.

Our efforts to; improve our labour conditions, give back to our communities, promote diversity and inclusion within our teams, and take a stand on environmentally sustainable policies has strengthened our brand.

Our incorporation of ESG practices into our business strategy contributes to our balance sheet strength, with liquidity remaining well within bank covenants.

We are able to continue to mitigate any ESG related risks while creating additional long-term value.

In the post-COVID-19 world, our focus on ESG performance will continue to be vital to our success.

WHERE OUR OPPORTUNITIES LIE:

Ensuring continuous linkage between ESG and company strategy.

A continues development and improvement in ESG performance through measurement and tracking against our impact.

Our continued focus on our governance practices and the ethical management of our business to mitigate risks.

Placing a continued focus on our transformation agenda to contribute towards transforming the real estate sector and the broader economy by creating an empowering culture that enables sustainable outcomes and meaningful opportunities for all South Africans.

ALIGNING WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The United Nations has developed 17 internationally recognised SDGs to be achieved by 2030 to end all forms of poverty, fight inequalities and tackle climate change while ensuring that no one is left behind.

L2D aims to create robust assets that can benefit generations, allowing for agile and adaptable environments that align with our sustainability goals. We reviewed and ranked each SDG relative to our ability to support and drive their targets in our vision and overarching sustainability strategy. Through this process, we have aligned our business objectives with five SDGs that speak to our key impact areas and fit the current profile of our business.

SDGs RANKED BY IMPACT OF L2D ACTIVITIES



The five SDGs that are the most relevant to us and to which we are already making a meaningful contribution are:

6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
Ensure availability and sustainable management of water and sanitation for all.	Ensure access to affordable, reliable, sustainable and modern energy for all.	Make cities and human settlements inclusive, safe, resilient and sustainable.	Ensure sustainable consumption and production patterns.	Take urgent action to combat climate change and its impacts.
3% reduction in water use across the portfolio.	2% of our portfolio's energy baseload met from renewable/clean-energy sources.	B-BBEE Level 2 status awarded.	Significant improvement in waste-diversion rate from 40% to 75% by weight in 2021.	Our entire retail portfolio has received Green Star ratings from the Green Building Council of South Africa (GBCSA).
Smart-metering systems rolled out across the portfolio.	L2D is currently generating 2 966MWh of energy from the solar structures at Eastgate Shopping Centre and Midlands Mall.	R3.7 million was spent on socioeconomic development initiatives across the portfolio.	2 393 tonnes of waste recycled, including 314 tonnes of organic waste.	A task team has been established in conjunction with the Liberty Group, relating to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

OUR ENVIRONMENTAL IMPACT

NELSON MANDELA SQUARE

The centre achieved a Five-star Green-Star rating for Existing Building Performance and Gold status in the Safe Asset Group audit

5 STAR
GREEN-STAR RATING



ENVIRONMENTAL IMPACT OVERVIEW

We create value primarily through direct and indirect ownership of immovable property.

Responsible business is at the heart of our purpose to champion sustainable environments to benefit future generations. Through Good Spaces, our strategic building block, we remain focused on implementing our bold commitments to minimise our impact on the environment by driving operational efficiencies and pursuing innovative initiatives that support the long-term sustainability of the business. These initiatives support our commitment to our Net-Zero 2030 targets – driving our sustainability targets of being Net-Zero Waste ready by 2022 to attain Net-Zero Waste certification in 2023, achieving Net-Zero Water by 2025 and Net-Zero Energy by 2030.

The scope of our environmental pillar incorporates our business operations, our stakeholders and value chain and the communities in which we operate.

OUR ENVIRONMENTAL IMPACT STRATEGY

We recognise that there are inherent risks to be considered in pursuing our environmental commitments.

We make decisions by understanding holistic risks and opportunities over the short, medium, and long term. For example, utility bills are a significant expense that increases above inflation annually. We counteract this increase by implementing solutions to drive efficiency – which could require a substantial upfront investment. In turn, a better operational performance due to good sustainability practices may result in a lower cost of capital and a more readily available and diverse pool of capital.

Good Spaces is our environmental building block supporting our strategy, taking short-, medium- and long-term horizons into account and helping L2D adopt environmental best practices in the management of our business.

The Good Spaces strategy seeks to define and prioritise the key environmental sustainability issues facing our business, develop an understanding of the drivers of the current impact on the environment,



and unpack the mitigating factors to the implications of our business impact. We understand that environmental sustainability is a shared responsibility and have therefore partnered with our tenants, shoppers and service providers in our mall environments, as well as our people, to achieve our Net-Zero targets. The Good Spaces building strategy serves as an essential execution framework to address environmental sustainability challenges.











Good Spaces

With oversight at Board level, Good Spaces is a focused and targeted investment and operational strategy that enables the management of our environmental impact while enhancing the value and resilience of our assets.

ENVIRONMENTAL IMPACT OVERVIEW

CONTINUED

OUR KEY PERFORMANCE INDICATORS

Focus area	Related SDG	Targets	2021 progress	
Water	 	Reduction of water consumption by 5% in 2022	0.5%	0.5% WATER REDUCTION due to the decline in potable water use in our buildings, as well as other water-saving initiatives
Energy	 	A minimum of 3% and a target of 5% of the L2D portfolio's energy base-load will be met from renewable/clean-energy sources by December 2022	2%	2% OF OUR PORTFOLIO'S ENERGY BASELOAD is met from renewable/clean-energy sources
Waste	 	<p>Achieve Net-Zero Waste readiness by 2022</p> <p>Achieve accreditation in 2023 after 12 months of data is compiled and verified</p> <p>Implement differential billing by April 2022</p> <p>Identify potential waste-diversion alternatives</p> <p>Implement commercially viable recycling solutions</p>	<p>35%</p> <p>to</p> <p>75%</p>	<p>Significant improvement in waste-diversion rate from 35% to 75% by weight in 2021</p> <p>Identified waste types and quantities</p> <p>Appointment of a Zero Waste partner</p> <p>Alignment on opportunities to minimise waste costs and increase value</p>
Green Buildings and EPC certification	 	Energy Performance Certificates to be displayed by the end of 2022.	97%	OF ALL L2D OWNED AND CONTROLLED PROPERTIES AS A PERCENTAGE OF THE TOTAL PORTFOLIO, excluding Melrose Arch and hotels, are green-certified

UNDERSTANDING CLIMATE-CHANGE RISK

The L2D portfolio is well-established with low risks related to natural disasters.

We recognise the growing demand for decision-useful, climate-related financial information by investors, and believe that monitoring, measuring and integrating climate risk could help the business better measure and manage the transition and physical risks of climate change. As a result, a task team has been established in conjunction with the Liberty Group, relating to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

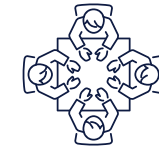
OUR NET-ZERO JOURNEY

Our focused approach to environmental sustainability involves our commitment to a Net-Zero 2030 target.

We embarked on our Net-Zero journey in 2018 to proactively mitigate our negative impacts on the natural environment. Waste, water and energy policies were developed through an iterative consultation and review process and signed into effect towards the end of 2018. The policies set out our targets and metrics and the principal mechanisms for implementation, providing a concise framework that is essential in achieving the overall goals of our Net-Zero journey.

In addition, ongoing work to set Science-Based Targets (SBTs) is underway and on track for completion by the end of 2022. The SBTs will highlight the year-on-year consumption reductions for the landlord and tenants. We are actively monitoring our progress towards the Net-Zero 2025 and 2030 goals for water and electricity, respectively.

Since introducing these principles to our internal and external stakeholders, we have made substantive headway in improving environmental performance in the critical areas of energy and water efficiency.



Achieving our Net-Zero targets is the responsibility of L2D leadership with Board oversight, with strategies implemented by the Head of Good Spaces and Head of Facilities Management.



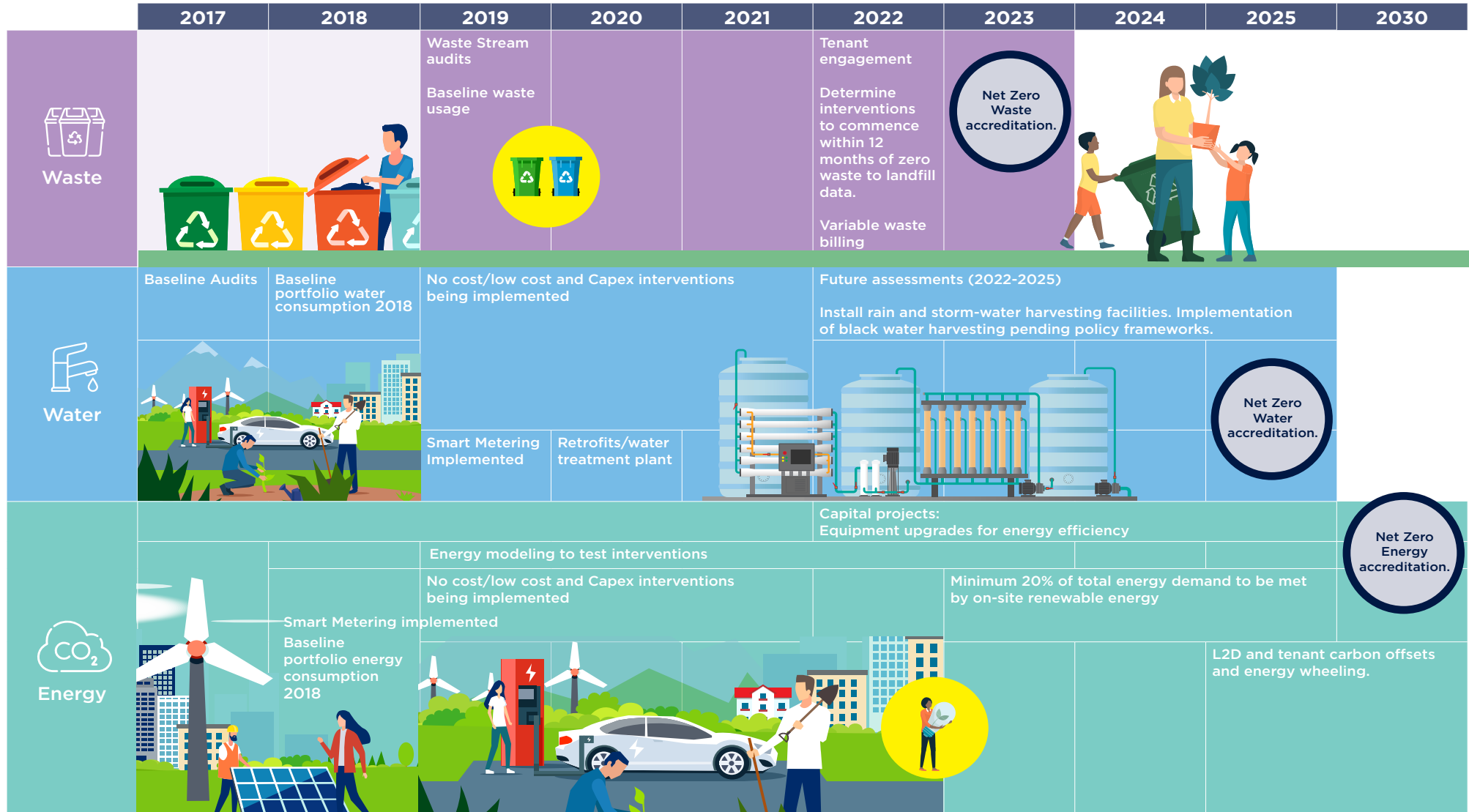
Feedback on policy implementation per centre is included in bi-monthly Executive Committee reports and forms part of each Board report to facilitate operational and capital-expenditure decisions.



UNDERSTANDING CLIMATE-CHANGE RISK

CONTINUED

NET ZERO ROAD MAP



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

UNDERSTANDING CLIMATE-CHANGE RISK

CONTINUED

NET ZERO WASTE TO LANDFILL ROAD MAP



UNDERSTANDING CLIMATE-CHANGE RISK

CONTINUED

OUR PROGRESS

2021	2025	2030
Net-Zero Waste ready during 2022 to attain certification in 2023	Net-Zero Water ready by 2025	Net-Zero Carbon ready by 2030
<p>L2D’s portfolio recycled 2 393 tonnes, including 314 tonnes of organic waste through composting facilities. This is achieved through innovative technologies implemented at our properties, including waste composters, recycling hubs and recycling units.</p> <p>L2D has implemented a Plastic-free Policy across our portfolio to combat plastic pollution.</p> <p>L2D is also the first landlord member of the SA Plastics pact.</p> <p>Readiness in Net-Zero Waste by 2022.</p> <p>Significant improvement recorded in waste-diversion rate – from 35% to 75% at the end of 2021.</p>	<p>L2D has saved 12 million litres of water in the last year across the portfolio, equating to 2% of the total portfolio consumption. This has been achieved through, among others, the implementation of rainwater harvesting systems and dual plumbing, condensation water harvesting and advanced low-flow toilets and through continued water-resilience planning.</p> <p>Additional water-efficiency initiatives are continuously investigated.</p>	<p>Smart-metering systems were rolled out across the portfolio, and comprehensive energy audits were conducted. Our total installed solar PV capacity amounts to 2MW.</p> <p>The upgrade of equipment such as lifts, escalators, lighting, air-conditioning systems and other technical equipment across the portfolio to more energy-efficient options will continue.</p> <p>Detailed investigations on HVAC equipment are underway to match the existing equipment lifespan with replacement equipment timing, with an opportunity to reduce energy consumption.</p> <p>Ongoing investigations to identify opportunities in renewable-energy wheeling are underway. L2D is currently generating 2 966MWh of energy from the solar structures at Eastgate Shopping Centre and Midlands Mall.</p>

Monitoring, metering and benchmarking

Meaningful progress is dependent on knowing where we started and how well we are doing. All properties owned and managed by L2D are benchmarked monthly relative to a 2018 baseline. Energy, water and waste performance is reported monthly.

As anticipated, 2021 activity increased against 2020 (by 3%), as COVID-19 lockdown restrictions severely impacted the demand and consumption of water and energy in 2020, more so than in 2021 as regular trading resumed. Due to the extraordinary impact, we established new baseline and reduction targets for both water and energy in anticipation of the spike in consumption in 2021. This has, however, caused a deviation in the downward consumption trend of water and energy.

ENERGY

The property industry is a significant contributors to carbon emissions and energy consumption, and South Africa is a disproportionate contributor in this regard due to our reliance on coal-derived electricity.

On this basis, we are committed to investing responsibly in all portfolio resources to support a sustainable environment. This will be achieved through energy sources that accelerate the usage of clean and reliable energy solutions, contributing to fulfilling our purpose of creating experiential spaces to benefit generations.

OUR ENERGY-USE STRATEGY

L2D aims to achieve Net-Zero Carbon by 2030 to decarbonise our built environment, inspiring others to take similar action.

Our business model promotes circularity, whole-life-cycle thinking, and ultimately shifting away from fossil fuels. We aim to reduce energy consumption and eliminate energy-related emissions from existing buildings.

We continue to investigate the feasibility of renewable and alternative energy on a complete life cycle cost basis and add to the current investment in these projects where suitable returns and payback periods are realised.

PROGRESS MADE

L2D has implemented portfolio-wide energy-management improvements.

The installation of a 1MW solar project at Promenade in 2021 was approved, with expected completion in July 2022. This will add to the completed solar installations in the portfolio at Midlands and Eastgate.

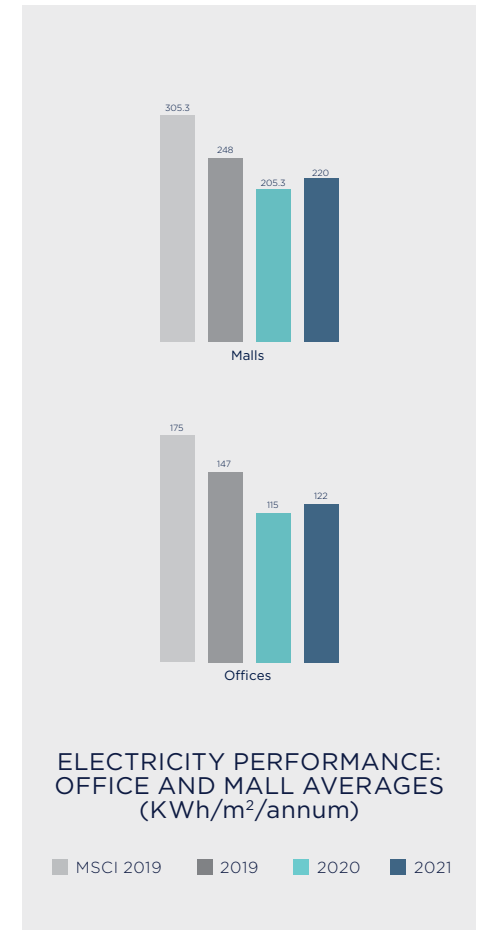
After the announcement by government to increase the ability for power users to generate up to 100MW of power without having to attain a NERSA licence, further projects within the portfolio are being considered.

L2D has started investigating alternate energy sources in addition to solar, such as energy ‘wheeling’* from offsite solar and wind farms, where we could enter into long-term agreements with third parties.

We continue to replace light fittings in all our malls with more energy-efficient options.

As we promote the adoption of environmental principles throughout operations, we continue to work with tenants to improve efficiencies and the establishment and execution of green leases for both new deals and renewals of leases with existing tenants.

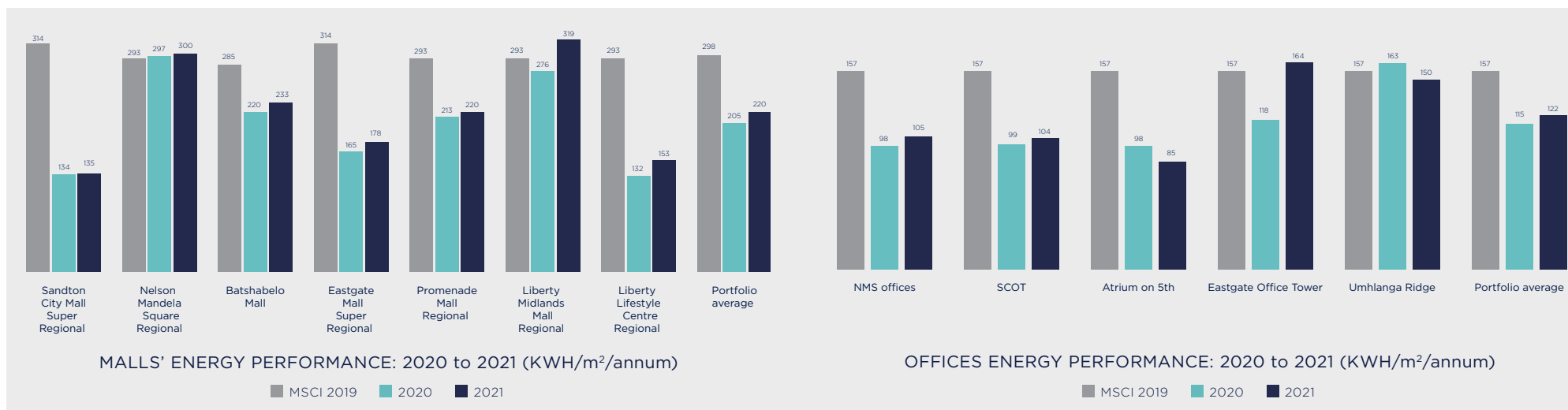
* *Wheeling is the action of transporting energy from a “clean” energy supplier to a remotely located end user using an existing distribution or transmission system. This results in the acquisition of “clean” energy from a source.*



Our energy-use strategy is the responsibility of L2D asset management under the leadership of the Chief Operations Officer, with oversight from the Executive Management and the Board.

ENERGY

CONTINUED



Behavioural change

Over 70% of the energy used in L2D malls is consumed in tenant spaces. We are currently considering measures to facilitate tenant awareness and behaviour change, including:

- Providing increased transparency to tenants on their consumption data, over and above monthly billing.
- Giving tenants access to their electricity consumption via online platforms.
- Providing tenants with advice on relevant energy-efficient technologies.
- Investigating financial incentives to allow for the rapid upgrade of tenant lights.
- Introducing green leases governing energy-efficient practices.

Energy consumption and reduction

In line with L2D property operations requirements and all relevant legislation and by-laws, L2D is committed to complying with all energy-management laws, regulations and codes of practice in existing operations, upgrades and new developments.

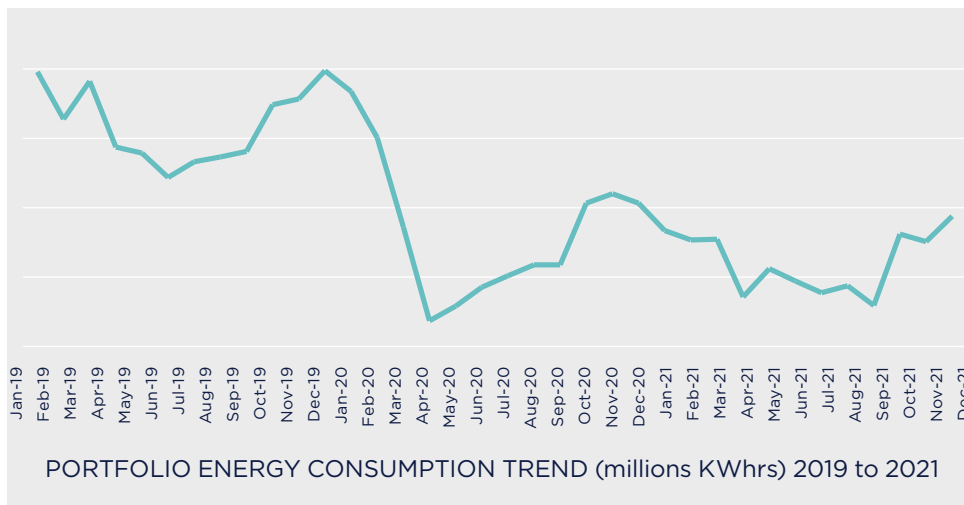
Total energy consumption

	Unit	2021	2020
Total electricity purchased (grid) ¹	MWh	141 540	137 212
Total electricity generated (solar PV) ²	MWh	2 966	1 385
Total electricity generated (Diesel) ³	MWh	534	179
Total	MWh	145 040	138 896

¹ Increased activity at the malls due to eased lockdown restrictions, combined with tenants trading optimally, has increased energy consumption portfolio-wide.
² During 2021, alternate energy was generated from solar power produced at Liberty Midlands Mall and Eastgate's 1MW systems.
³ Electricity produced by the diesel generators was estimated based on diesel consumption. This increased due to load shedding and cable theft.

ENERGY

CONTINUED



GRID ELECTRICITY CONSUMPTION INTENSITY

On average, the energy-use intensity in our buildings during 2021 has increased from 2020 to 2021, mainly due to increased activities in the buildings compared to the same period in the previous year.

Grid electricity consumption

	Unit	2021	2020
Grid electricity consumed per square metre (KWh/m ² /annum) in malls ¹	KWh/m ² /annum	220	205
Change in grid electricity consumed from previous year	%	4	(20)
Grid electricity consumed per square metre (KWh/m ² /annum) in offices	KWh/m ² /annum	124	120
Change in grid electricity consumed from previous year	%	3	5
Total spend on grid electricity	ZAR	251 290 661	258 756 633
Change in grid electricity spend from previous year	%	(2.9)	(8.6)

¹ Increased activity at the retail centres due to eased lockdown restrictions has resulted in an increase in energy usage.

RENEWABLE-ENERGY PRODUCTION

L2D intends that by December 2022, a minimum of 3% of the L2D portfolio's energy baseload will be met from renewable/clean-energy sources. This will be achieved by onsite solar energy production.

Renewable-energy production

	Unit	2021	2020
Total solar PV capacity installed	MWh	2	2
Solar energy produced	MWh	2 966	1 385
Annual savings in electricity spending as a result of solar PV installations	ZAR	4 530 783	1 266 000
Investment made into renewable-energy initiatives	ZAR	2 245 572	11 252 693

Portfolio energy consumption has been trending downwards compared to the 2018 baseline. This is driven by energy efficiency interventions such as improved HVAC operations to reduce demand and ongoing energy-efficient lighting installations.

The significant reduction in 2020 was mainly driven by COVID-19 restrictions and reduced activities in the buildings.

Continuous energy performance assessment and disclosure

We continually assess and benchmark the energy performance of each of the properties owned by L2D. This allows L2D and the property management company to understand the portfolio's operational performance relative to similar buildings and when compared across the portfolio.

To monitor usage and enhance our property managers' capabilities, we installed smart energy metering at Sandton City, Nelson Mandela Square, Liberty Promenade, Liberty Midlands Mall and Eastgate Shopping Centre. This metering system takes readings at half-hourly intervals and is subject to regular data-integrity verification and annual third-party data assurance.

ENERGY

CONTINUED

Eastgate solar trees for renewable energy

In 2021, L2D installed three solar trees on the Eastgate Shopping Centre rooftop piazza. The units contribute to minimising the centre’s impact on the natural environment and add a new architectural element. The trees are self-reliant, using solar energy to light up at night, becoming a feature for the piazza area while raising awareness regarding renewable-energy sources.



Greenhouse gas emissions

	Emissions tCO ₂ e		
	2019	2020	2021
Scope 1			
Stationary Combustion	662	300	936
Product Use: Refrigerant Gases (Kyoto Protocol)	1 160	1 345	751
Total	1 822	1 645	1 687
Scope 2			
Purchased Electricity	51 054	37 623	41 100
Total	51 054	37 623	41 100
Scope 3			
Downstream Leased Assets: Purchased Electricity	158 304	109 962	112 187

- 1 Direct emissions produced by the use of refrigerant gases (Kyoto Protocol) and diesel (stationary combustion).
- 2 Emissions from total purchased electricity (tCO₂e) are reported according to the Greenhouse Gas (GHG) Inventory. Rebasings of 2019 data and the installation of additional common-area meters to provide more accuracy and greater reporting insights.
- 3 Downstream leased assets, fuel and energy-related activities and waste generated in operations. Century City Office building was sold during the year and was included until July 2020. Due to loadshedding, the fluctuation in stationery combustion was due to the increased use of diesel generators in 2021.
- 4 Due to loadshedding, the fluctuation in stationery combustion was due to the increased use of diesel generators in 2021.

CARBON FOOTPRINT

Our annual carbon footprint is reported against the Greenhouse Gas (GHG) Protocol. GHG emissions are categorised into three scopes by the protocol. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling. Finally, Scope 3 includes all other indirect emissions in L2D’s value chain.

Our 2020 results were primarily influenced by COVID-19 and the associated national lockdown, with the demand for electricity and water drastically reduced due to trading restrictions. Our 2021 carbon footprint therefore increased under more normal operating conditions.

WATER

South Africa is a water-scarce country yet water plays a critical role in the economic growth and development of the country. The current withdrawal of freshwater from natural sources can lead to devastating consequences for the environment. We therefore aim, through water-saving initiatives, to proactively respond to the inherent risks that are posed by changes in the water supply.

Our interventions include reducing potable water use in buildings that decreases the total amount withdrawn. These strategies protect the natural water cycle and save water resources for future generations. Furthermore, reductions in water consumption decrease building operating costs and bring about other economic benefits, especially for tenants.

In line with our Net-Zero Water and Carbon strategies, the major sites' HVAC systems have been identified as considerable contributors to energy and water consumption, impacting our carbon numbers. These systems account for between 30% to 50% of building energy usage and approximately 20% of the portfolio's water. Therefore, tackling these will directly contribute to our Net-Zero progress.

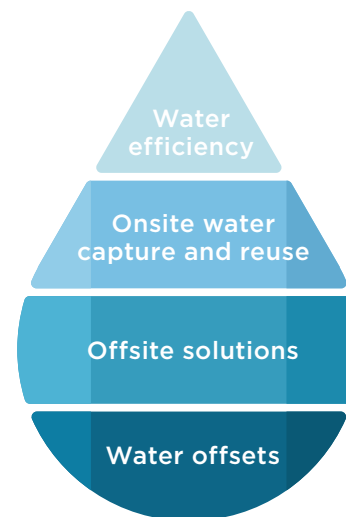
The target is to transition the HVAC systems throughout the portfolio from water-cooled to air-cooled systems. This will eliminate large-site water requirements and improve the plant's overall energy efficiency. This, coupled with the futureproofing of this system for pandemic scenarios, will directly ensure a more robust asset in the long run. This programme will be phased over three to four years. Design and procurement will be completed by the end of the first quarter of 2022. The main plant replacement is targeted for the end of 2022 with a component of the air-handling units. The balance of the air-handling units will be upgraded from 2023 to 2025.

OUR WATER-USE STRATEGY

L2D aims to achieve a Net-Zero Water status under Scope 1 and 2 by 2025. This will be achieved through the investigation and implementation, where feasible, of the continuous reduction of water usage and reuse in the portfolio.

L2D investigates rainwater harvesting and water-treatment opportunities and promotes water efficiency, where financially viable, thus reducing the risk associated with a limited water supply and climate-change impacts.

Preferred pathways followed by L2D to achieve Net-Zero Water



PROGRESS MADE

A detailed investigation into the HVAC systems within the portfolio has been completed, and opportunities have been identified. This will reduce water usage and result in a gradual transition to an air-cooled system, including the modernisation of the airside infrastructure to reduce energy usage. This solution will be rolled out within our capex programme in the next three to five years.

Rainwater harvesting opportunities and blackwater treatment facilities are being considered at all properties. These will be rolled out between 2022 and 2025. Health and safety will be a priority, and we will strictly adhere to the guidelines to reduce all possible risks.

We continue to install water-saving devices such as aerators, water pressure control and timed taps.



L2D's water strategy is the responsibility of L2D asset management under the leadership of the Chief Executive, with oversight from leadership and the Board.

WATER

CONTINUED

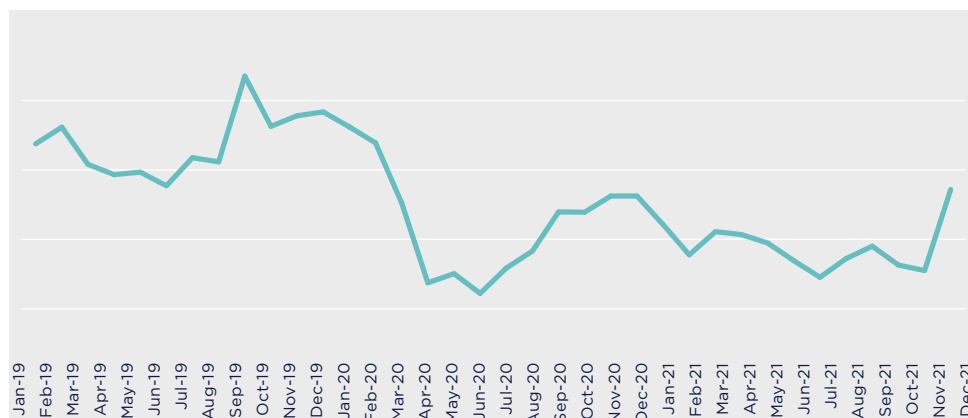
WATER CONSUMPTION AND REDUCTION

L2D has saved 12 million litres of water in the last year across the portfolio.

Midlands Mall’s rainwater harvesting

A total of 19 000 kilolitres of rainwater have been collected since the rainwater harvesting programme’s inception in May 2019. The system has yielded a cost-saving of over R400 000.

We are reviewing the feasibility of greywater-system opportunities for Botshabelo Mall, Sandton City and Eastgate Shopping Centre. Furthermore, investigations are underway to implement onsite wastewater treatment solutions at our retail centres to recover high-quality greywater, replacing potable water used for flushing common-area toilets.



PORTFOLIO WATER CONSUMPTION TREND (kℓ) 2019 to 2021

Portfolio water consumption trend

Total portfolio water consumption has been trending downwards compared to the 2018 baseline. This is driven by water-efficiency interventions, including flow-rate aerator installations in common areas and toilets and the identification and repair of water leaks.

The significant reduction in 2020 was mainly driven by the COVID-19 restrictions and reduced activities in the buildings.

Total water consumption

	Unit	2021	2020
Total water consumption	kℓ	575 778	578 907
Percentage municipal water	%	97.9	99.4
Total rainwater harvested	kℓ	12 298	3 762
Rainwater harvested as a percentage of total water consumption	%	2.1	0.6

Water intensity

	Unit	2021	2020
Average water consumed per square metre	kℓ/m ² /annum	0.9	0.8 ¹
Change in water use from previous year	%	4.3	(28.7)
Total spend on water	Rand	40 533 357	31 317 130 ²
Change in water spend from previous year	%	29.4	(10.8)

1 Increased activity at the retail centres resulted in an increase in water consumption.

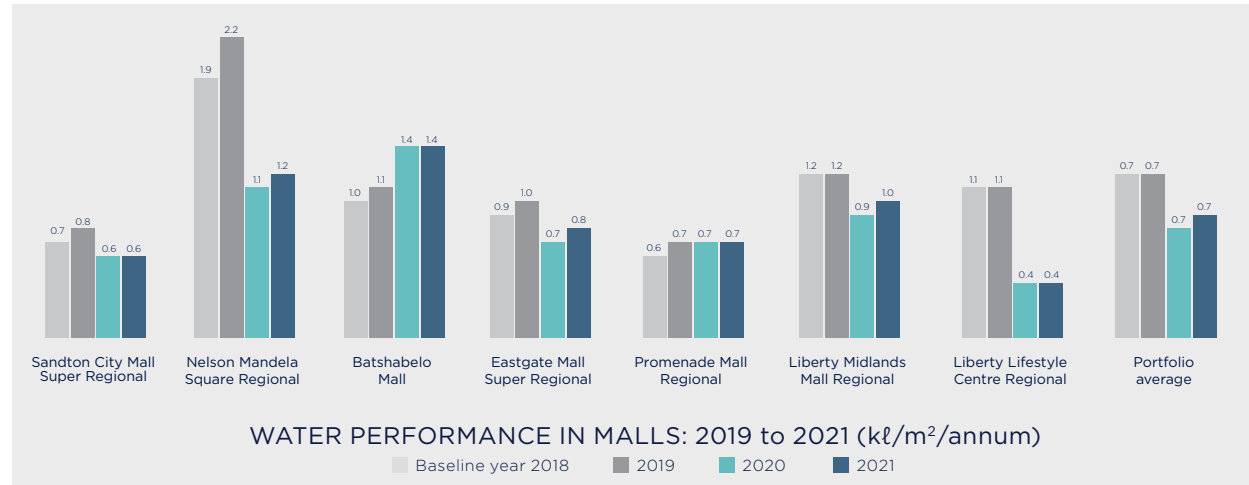
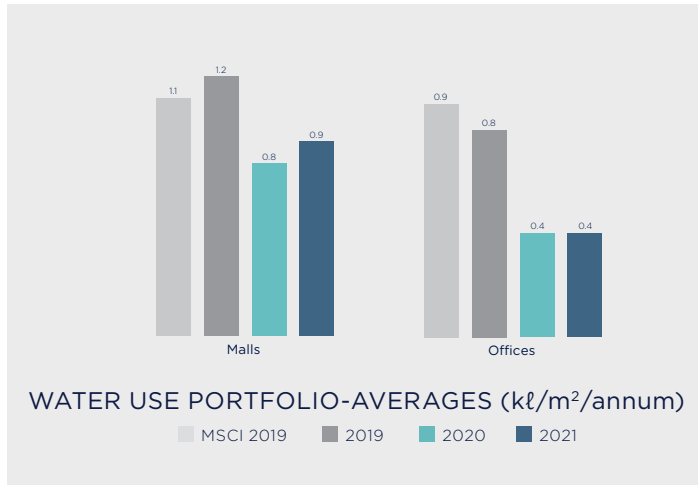
2 Increased activity at the retail centres resulted in increased water consumption and cost.

Water discharge

	Unit	2021	2020
Total wastewater discharged	kℓ	574 572	570 603 ¹
Percentage of wastewater sent to municipal sewers	%	100	100
Percentage of wastewater discharge reduction	%	0.7	(27.5)

WATER

CONTINUED



1 Increased activity at the retail centres resulted in an increased wastewater discharge.

CONTINUOUS WATER PERFORMANCE ASSESSMENT AND DISCLOSURE

Smart water meters have been installed throughout the portfolio at all retail and office facilities to support a comprehensive water metering system (implemented at half-hourly intervals), which is regularly audited and verified.

In addition, the energy, water and waste performance of all properties are reported through an online analytics platform. Such information is disclosed internally and annually via the ESG reporting process.

Water performance in offices: 2019–2021 (kl/m²/annum)

	Baseline year 2018	2019	2020	2021
Nelson Mandela Square offices	0.4	0.2	0.1	0.2
Sandton Office Tower	0.4	0.7	0.5	0.4
Atrium on 5th	0.2	0.3	0.3	0.4
Eastgate Office Tower	1.1	0.9	0.2	0.2
Umhlanga Ridge	1.0	1.9	0.9	1.0
Portfolio average	0.6	0.8	0.4	0.4

EASTGATE AQUAPONICS

In 2020, L2D supported the installation of a 300m² rooftop aquaponics farm at Eastgate Shopping Centre, which provided an organic food source using 90% less water than a traditional garden, with water and nutrients recycled in a closed-loop fashion that conserves water.

Various factors as a result of the external environment led to the closure of the farm, including:

- Most significantly, the impact of COVID-19 lockdown restrictions.
- The location of the farm is in isolation from facilities and amenities.
- The farm’s size limited the quantity and type of produce that could be grown.

WASTE

The pandemic has provided a new opportunity to reset our environmental future, presenting ways to rebuild and renew. Therefore, it is imperative that as government and the private sector focus on rebuilding, opportunities to accelerate the transition to a cleaner economy are also considered.

OUR WASTE-REDUCTION APPROACH

Our goals are aligned with the UN SDGs and South Africa’s National Development Plan (NDP): Vision 2030, which is our country’s specific response to integrating the SDGs into our overall socioeconomic development plans.

OUR JOURNEY TO NET-ZERO WASTE

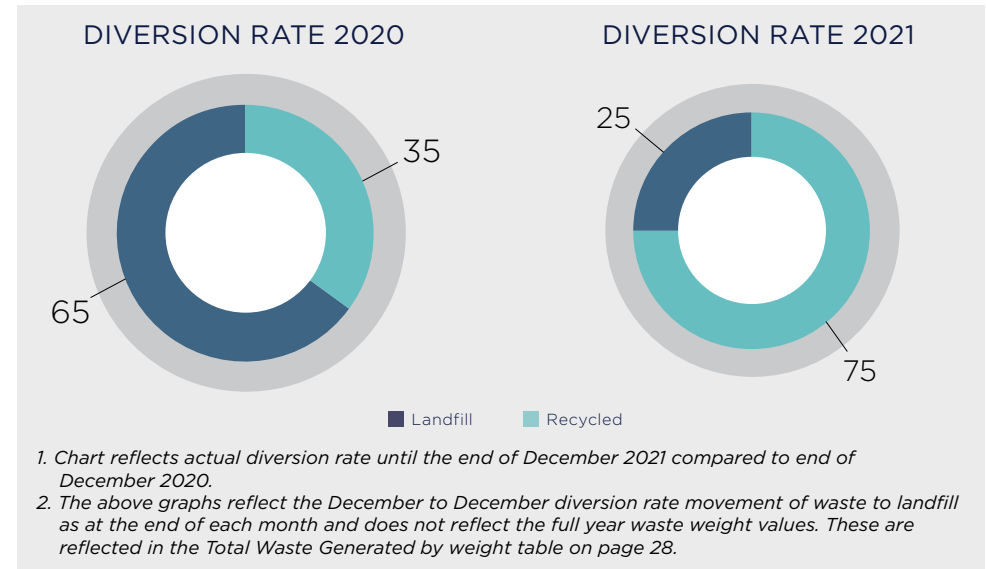
We appointed a new waste service provider in August 2021, aligned with our Net-Zero Waste commitment. We are pleased to report that we nearly doubled waste-diversion rates in 2021. The newly appointed service provider has made significant progress in waste-management practices, increasing diversion from landfill rates from approximately 35% as of end December 2020 to 75% by December 2021.

While this is excellent progress in a short period, L2D is progressing to commence with Net-Zero Waste accreditation once plans are in place to address all waste sources that have not been able to be recycled or composted to date.

During 2021, 2 393 tonnes of waste were recycled, including 314 tonnes of organic waste. This is achieved through innovative technologies implemented at our properties, including waste composters, recycling hubs and recycling units.

Once optimal levels of recycling, composting, and waste diversion from landfill are achieved per site, alternative waste treatment processes will be used on residual waste. This includes creating a circular economy for waste through the potential use of initiatives such as waste-to-concrete and waste-to-energy.

We have made substantial investments in ensuring that our world-class waste-management sites have been optimised



to treat organic waste onsite and ensure that recycling is maximised and waste is minimised.

The next phase of the plan is to target an improvement from our tenants through an education programme. This will improve the diversion ratio to between 80 and 85%. In addition, L2D has appointed the GBCSA to assist in a tenant audit on conversion to eliminate the use of single-use problematic plastics from their business.

L2D is in the process of appointing an independent verification entity to audit our Net-Zero Waste journey as a vital component of the Net-Zero Waste certification.

Our waste strategy is set by L2D under the leadership of the Chief Operating Officer and implemented by the Head of Good Spaces.

WASTE

CONTINUED

Reverse vending machines (RVMs)

RVMs are an innovative solution for collecting waste at the source and a way for shoppers to tangibly contribute towards recycling and diversion from landfill while creating public awareness of and providing incentives for waste-management practices. Sandton City installed five RVMs in 2019 for shoppers to drop off recyclables and earn rewards. Since installation, 13 tonnes of waste have been recycled through the RVMs and almost 11 tonnes in this past year alone. That is the equivalent of nearly 11 Nissan Micras and speaks to the convenient recycling solution the RVMs offer shoppers.

The RVMs enable packaging-focused identification through barcodes and shape recognition. The technology can provide quantified packaging statistics through cross-referencing to a packaging database. These remote management platforms provide the foundation for unassisted user interaction and are a clean, efficient method of allowing the public to deposit packaging waste.

Increased waste diversion at Eastgate Shopping Centre

As a tangible expression of our commitment towards environmental wellness, we established a corporate objective to achieve Zero Waste to Landfill across our entire property portfolio. In accordance with our commitment, we are pleased to present the results achieved at Eastgate Shopping Centre as a case study, detailing the journey taken, together with critical interventions made and the outcomes achieved thus far.

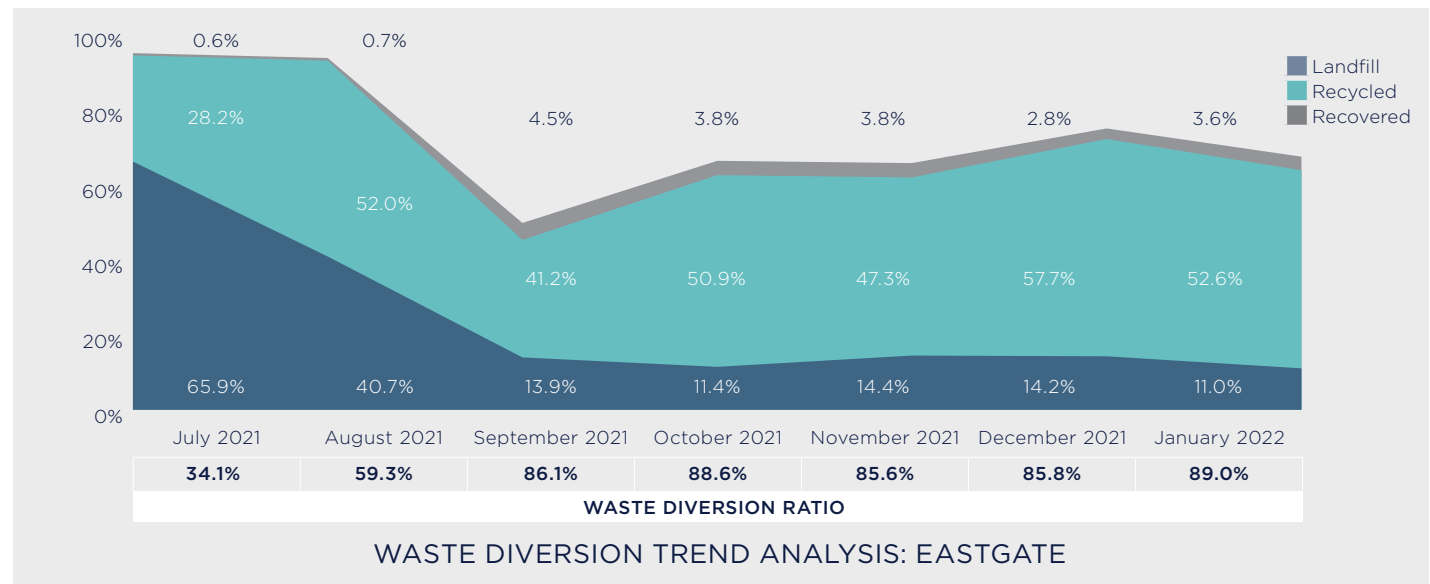
Background

The Eastgate Shopping Centre is a major regional shopping centre within the Johannesburg area with a gross-lettable area (GLA) of 143 646 m², which, as of July 2021, had achieved an average waste-diversion rate of 34.1%.

L2D completely revised the historical scope of work to provide onsite waste-management services at the shopping centre and established a new key deliverable as the development and implementation of a Zero Waste to Landfill strategy, which was in alignment with our corporate objectives.

Following this revision to the scope of work, WastePlan was selected as the new service provider through a tender process for the provision of waste-management services in accordance with our Zero Waste goal and commenced service on 1 August 2021.

The accompanying graph illustrates the progress in the waste-diversion rate achieved from the previous historical average of 34.1% as of July 2021 to a current diversion rate of 89% as of January 2022.



WASTE

CONTINUED

Therefore, looking at year-on-year comparatives, waste diversion at Eastgate has increased from 34% in 2020 to 86% in 2021.

The following key interventions have together contributed to the current level of success:

- Clearly defined contractual performance targets.
- Close and frequent interaction between L2D as the employer, WastePlan as a service provider and our tenants as waste generators.
- Identification and tracking of waste from source generators.
- Focus on the reduction of contamination at source through training programmes.
- Accurate measurement of all waste and recyclables generated.
- Optimisation of recycling efficiencies.
- Provision of equipment for both onsite and offsite composting of relevant, suitable materials.
- Finding markets for products that were historically non-recyclable.

Based on the optimisation of processes in accordance with the conventional waste hierarchy that has now been achieved, we are currently engaging with our service provider in the next phase of our strategy, which is focused on the beneficiation and repurposing of the residual waste and the attainment of our Zero Waste to Landfill goal.



Total waste generated by weight

	Unit	2021	2020
Total waste generated	tonnes	5 298	5 2121
Percentage of recycled/composted	%	55.0	46.8
Percentage of landfill disposal	%	45.0	53.2

This is a reflection of the average waste streams for the full year.

Non-hazardous solid waste composition

	2021 tonnes	2020 tonnes
Paper ¹	1 526	1 392
Plastic ²	240	186
Glass ³	267	196
Metal ⁴	26	22
Organic waste ⁵	314	170
Tetra Pak ⁶	12	7
Mixed waste ⁷	1 706	1 203

1 Total paper output comprises 80% paper cardboard, which is diverted to recycling.

2 Plastics include PET, HDPE, Polyprop and plastic film, which are diverted to recycling facilities.

3 Glass waste is diverted to recycling.

4 Beverage and food can waste is diverted to recycling.

5 Food, contaminated cardboard and other organics make up the bulk of the organic waste generated across the portfolio.

6 Beverage cartons are diverted for recycling.

7 Mixed waste comprises recyclables that require further sorting before disposal.

Organic waste diversion

	Unit	2021	2020
Total compost generated¹	tonnes	314	139
Total landfill space avoided	m ³	356	394
Total carbon emission avoided	tonnes	596	292

1 Total compost generated by the In-Vessel-Composters installed onsite at Eastgate and Sandton City and offsite diversion of the organic waste from Promenade to Zero to Landfill.

GREEN BUILDINGS

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

We are a founding member of the Green Building Council of South Africa (GBCSA) and the organisation’s values to inspire a built environment in which people and the planet thrive resonate with L2D. The GBCSA has developed rating tools that recognise and reward environmental leadership and provide a valued symbol of sustainability achievement. The rating systems and tools create a common language and standard of measurement for green buildings, promoting integrated, whole-building design during their operations.

L2D’s Asset Management Executive, Brian Unsted, was appointed Chairman of the GBCSA in January 2022.

OUR PROGRESS

OUR ENTIRE RETAIL PORTFOLIO HAS RECEIVED GREEN STAR RATINGS

IN THE RETAIL PORTFOLIO, WE HOLD SIX GREEN STAR SA CERTIFICATIONS IN TOTAL AND A SIX-STAR RATING FOR SANDTON CITY, ALL UNDER THE EXISTING BUILDINGS PERFORMANCE CERTIFICATION

Green-Star-rated buildings

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

BIODIVERSITY

Understanding that protected areas are not concentrated in sites known for their biodiversity, valiant efforts need to be made to turn the tide. Equally important is the need to foster awareness of the interconnections between people and the natural world to ensure a more balanced coexistence.

L2D's landscape management plans, which apply to all properties in the portfolio, aim to adopt best landscape management practices to protect the environment and public health, conserve natural resources, reduce impacts of invasive species on the natural environment, and improve biodiversity endemic plant species protection. Plants are regularly checked for signs of disease, infestations, and other conditions that may lead to plant death or deterioration, invasive species are managed, and indigenous species are planted and nurtured.

L2D's pest-management plan is designed to minimise the impact of site management practices on local ecosystems and reduce their exposure to potentially harmful contaminants. Integrated methods that use monitoring and non-toxic preventative measures are used to proactively manage pest issues where possible, and least-toxic pest-control options are employed when necessary.

A policy is currently being drafted, which will be implemented across the portfolio. Going into 2022, we will be continuing with initiatives that contribute to this fundamental component of environmental sustainability. These include linking corporate social investment (CSI) and marketing initiatives such as the handing out of Spekboom at the malls as a Valentine's Day gift. We will, however, source a more significant contributor to our biodiversity plans.

We aim to promote more sustainable practices in the design and renovation of our buildings in terms of insulation, energy performance, the installation of green roofs, an increase in habitats that welcome fauna and flora, among other environmentally sustainable initiatives, which will, in turn, improve the valuation of our properties.

We believe we will see the benefit of our biodiversity initiatives in the following areas:

- Development (building on greenfields, urban sprawl etc.).
- Less invasive alien species in landscaping.
- Reduced water use in landscaping.
- Refuse collection/waste recycling.
- Water and drainage systems.
- Procurement policies.
- Stormwater management.
- Cleaning practices.
- Biophilia in the design of spaces.
- Connection to nature.
- Hydroponics/urban food gardens.
- Tenant/supplier impact.

THE ENVIRONMENTAL IMPACT OF OUR SUPPLIERS

To encourage, support and facilitate the purchase and use of products, materials and services that minimise the harmful effects on the environment from their production, transportation, use and disposal, a sustainable procurement and purchasing policy has been put in place across L2D and its property management agent to govern the purchase of ongoing consumables, durable goods and other materials.

L2D would like to reduce waste generated through daily operations and recognises that such reduction begins with the materials that enter our facilities. Accordingly, L2D endeavours to minimise packaging material on items packaged and delivered to various operations.

L2D will start recording and tracking procurement purchases according to green procurement ratings in 2022 and give preference to products and services that do not contain any harmful ingredients or use environmentally unsound or hazardous materials.

OUR SOCIAL IMPACT HOW WE HAVE DONE

LIBERTY PROMENADE SHOPPING CENTRE

The centre achieved a Five-star Green-Star rating for Existing Building Performance and Gold status in the Safe Asset Group audit

5 STAR
GREEN STAR BUILDING RATING



SOCIAL IMPACT OVERVIEW

Supporting sustainable and inclusive economic growth within the communities in which we operate is imperative for our business. We are committed to actively serving, investing in, and supporting our communities while recognising the more significant stewardship role that our organisation must play.

OUR SOCIAL IMPACT STRATEGY

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



With oversight at Board level, our social impact strategy is the responsibility of L2D leadership.

OUR KEY PERFORMANCE INDICATORS

Focus area	Related SDG	Targets
Human capital development		100% of our people received structured learning
Health and safety	 	Zero recordable work-related injuries and zero work-related illnesses (other than those that were COVID-19 related) or health conditions
Diversity and inclusion	 	B-BBEE Level 2 status awarded Established Diversity Policy in place Recognition by the Standard Bank Top Woman adjudication as one of South Africa's Top Gender Empowered Companies
Community		All malls SAFE certified 30% of procurement spend on black-women-owned businesses

SOCIAL IMPACT OVERVIEW

CONTINUED

SUPPORTING OUR STAKEHOLDERS THROUGH COVID-19

The health, safety and wellbeing of **our people** remains a top priority, and a **flexible way of working model** has been successfully adopted to support the achievement of our strategic objectives. Our people have returned to the office for a minimum of three days a week, depending on operational and other requirements of their role and business area. As a small and agile environment, we continue to monitor and make the necessary enhancements.

An **independent risk assessment** was concluded with Webber Wentzel as to the necessity for L2D to adopt a Mandatory Vaccination Policy. A vaccination protocol was effected on 1 February 2022, which requires all employees, service providers, and visitors to the L2D office to produce a valid vaccination certificate or a weekly negative antigen test before entry. These measures will remain in place for the foreseeable future. The requirement to sanitise, the wearing of face masks and physical distancing measures will continue to form part of our COVID-19 safety measures.

The safety and security of **our customers** depends on safe and secure environments. Continued initiatives include touchless parking and payment solutions, extensive precautionary safety communication campaigns, kerb-side pick-ups, and click-and-collect facilities.

Rent-relief discussions are 99% concluded, with only cinemas and quick-service restaurants outstanding. L2D granted further relief of R17.7 million to assist tenants most impacted by continued COVID-19 restrictions.

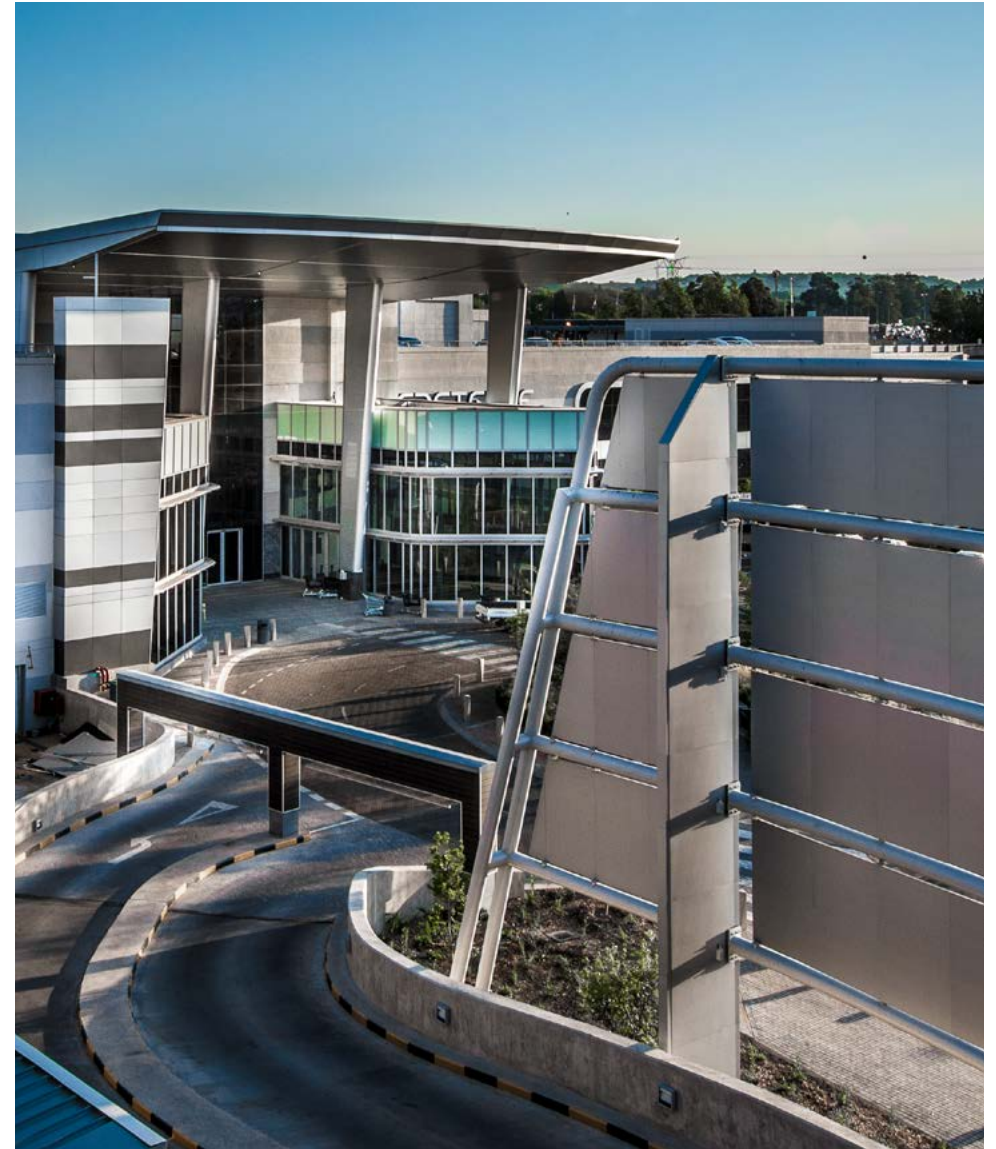
Insight into the COVID-19 **vaccination tenant policy** was obtained across the malls to ensure safety for customers and tenants.

Retailer roadshows took place to foster long-term relationships.

All our malls were awarded COVID-compliant ratings by the Safe Asset Group, indicating a continued duty of care towards customers.

All **service providers and suppliers** continue to be paid in full within 30 days of being invoiced, wherever possible.

Compliance targets were surpassed for enterprise, supplier and socioeconomic development.

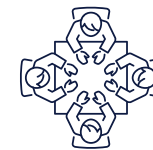


STAKEHOLDER MANAGEMENT



Stakeholder engagement is a critical, continuous process that helps assess the business's risks and determine the material matters that inform our strategy.

Various engagement methods take place at all levels of the business, and by addressing the outcomes of these engagements, we enhance our ability to create sustainable value for our stakeholders. With this in mind, we actively seek to engage our stakeholders across all available channels while ensuring that our communications remain accurate, transparent, timely and appropriate to their varying needs. In 2021, a year that challenged every aspect of our lives and our business, we intensified our unwavering focus on the long-term wellbeing of all our stakeholders.



The Board and executive leadership remain cognisant of our stakeholders' legitimate interests and expectations in their decision-making processes.

STAKEHOLDER MANAGEMENT

CONTINUED

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

STAKEHOLDER	METHODS OF ENGAGEMENT	RELATIONSHIP	OUTCOMES OF ENGAGEMENT	VALUE CREATION
Providers of financial capital				
<p>Investors, debt funders, analysts and potential investors are a vital source of capital and crucial to the long-term sustainability of our business. The feedback we receive from our engagement with these stakeholders informs our management and reporting practices.</p>	<ul style="list-style-type: none"> Engagement throughout the year focuses on financial and operational performance, as well as the strategic outlook. The engagements are subject to the bi-annual closed period, where the level of information disclosed is limited to the Company's ability to share certain information, given regulatory requirements. Engagements are conducted on a one-on-one basis and in presentations. L2D's leadership regularly engages with representatives from our lenders and enjoys a good relationship with debt providers. 	Good	<ul style="list-style-type: none"> L2D has continued its regular, transparent and proactive engagement with its shareholder base. In addition to the mandatory interim and annual results announcements, leadership remains available for communication with shareholders. In addition, bi-annual operational updates are provided. Our investor relations team, as well as the Chief Executive and Financial Director, have regular engagements with analysts, which included virtual meetings to discuss sector and industry trends. 	<p>34.10 cents per share Full-year distribution</p> <p>Total R435.4 million Distributed in 2021</p>
Our people				
<p>We rely on our people to execute our strategy – they are the heart of the business.</p>	<ul style="list-style-type: none"> Engagement surveys, including the #WeAreListening survey (which achieved an 87% response rate), are conducted. The Chief Executive sends Friday voice notes. Regular engagements took place through one-on-one and team conversations, regular performance-review conversations and workshops. Annual strategy engagement and alignment sessions were held. A quarterly people forum was held, with conversations covering talent management, learning and development, transformation, our people plan, and trends. 	Good	<ul style="list-style-type: none"> We remained close to our people during the transition to a flexible-work environment and the subsequent normalisation of this way of working. Resource allocations and job architecture into 2022 were reviewed in line with BEE targets while refining and improving our operating model. Ongoing talent management and succession planning took place. Two African male interns were appointed. 	<p>R77.8 million Incurred employee costs (2020: 69.8 million)</p> <p>Progress made towards meeting our employment equity target</p> <p>34 People expanded learning in the year, of whom 65% are black</p> <p>Intern conversion to permanent placement</p> <p>R700 000 spent on external bursaries Achieved level 2 BEE rating</p>

STAKEHOLDER MANAGEMENT

CONTINUED

STAKEHOLDER	METHODS OF ENGAGEMENT	RELATIONSHIP	OUTCOMES OF ENGAGEMENT	VALUE CREATION
Tenants				
<p>We understand the importance of pre-empting and satisfying tenant needs to remain their landlord of choice.</p>	<ul style="list-style-type: none"> We regularly evaluate the administration management function between our property manager, JHIR, and our tenants to ensure that our tenants are effectively serviced. Tenants were engaged throughout the year regarding our COVID-19 pandemic response and as part of the rental-relief negotiations. L2D holds monthly owners' meetings for each asset, where asset managers report the performance of each asset. Quarterly operations meetings are held with JHIR. In these meetings, JHIR reports on their key performance indicators used to evaluate their performance. Regular tenant engagement continued throughout the year. Monthly owners' meetings took place. A bespoke digital tenant-engagement platform was piloted at Eastgate Shopping Centre. 	<p>Good, with room for improvement</p>	<ul style="list-style-type: none"> By 31 December 2021, 99% of rent-relief agreements pertaining to 2020 had been concluded. In 2021, we granted further relief of R17 million to assist tenants most impacted by COVID-19 restrictions. The fairness and transparency of our approach has motivated tenants to settle arrears and strengthened our partnership with them. As a result, rental collections improved to 102.4%, based on full amounts due and before rental-relief adjustments. 	<p>24.5% Annual turnover growth (2020: -22%)</p> <p>3.2% Retail vacancy (2020: 4.7%)</p> <p>Enhanced safety</p>

STAKEHOLDER MANAGEMENT

CONTINUED

STAKEHOLDER	METHODS OF ENGAGEMENT	RELATIONSHIP	OUTCOMES OF ENGAGEMENT	VALUE CREATION
Customers				
<p>Shoppers are our most important customers, directly impacting the performance and quality of the tenants that rent space within our portfolio. Therefore, customer satisfaction is essential to ensure a sustainable rental income stream.</p>	<ul style="list-style-type: none"> We engage with customers through market research, including focus groups, tenant engagements, social media feedback, newsletters, mystery shopper and information-kiosk personnel. The data is collated at L2D and resides in the property manager’s ledgers. The spend is related to our procurement targets as part of our Transformation strategy. We recognised the value of technology, focusing on using digital transformation to benefit the end-customer. Each strategic building block was successfully executed as per the agreed 2021 strategy to rebuild the business. 	Good	<ul style="list-style-type: none"> L2D continues to receive daily Market IQ updates, consolidating all news related to L2D and our assets. This serves as a valuable reputation-management tool. We monitor and respond to social media engagements with our customers, as well as any centre-specific media queries that are first reviewed by L2D. An e-voucher card payment solution will be launched in Sandton as part of our Black Friday Campaign. Progress is being made to futureproof our malls, achieved through our strategic building blocks. 	<p>R40 million Invested in improving our centres (2020: R81 million)</p> <p>New tenant offerings</p> <p>Curated experiences</p> <p>Enhanced safety</p>
Suppliers and service providers				
<p>We depend on a few key suppliers. These include utility providers such as Eskom and local municipalities. JHIR is our property manager, contracted to assist in managing the operations at our various properties. The interaction between this supplier and customers is significant and underpins the importance of having transparent communication channels.</p>	<ul style="list-style-type: none"> Our property managers hold weekly meetings with operational service providers (including cleaning and security) and monthly meetings with technical service providers. Meetings also take place as and when required. 	Good	<ul style="list-style-type: none"> Service providers are appointed in line with L2D’s Procurement Policy. Our property manager, JHIR, monitors the standard of performance, and issues are addressed at the monthly owners’ meetings, which L2D’s asset managers attend. JHIR is responsible for implementing the policy for procurement activities regarding the portfolio. All service providers and suppliers are paid in full and within 30 days of being invoiced where possible, in line with the Business Leadership of South Africa’s #Payin30 campaign. 	<p>R622 million Paid to suppliers and service providers (2020: R648 million)</p>

STAKEHOLDER MANAGEMENT

CONTINUED

STAKEHOLDER	METHODS OF ENGAGEMENT	RELATIONSHIP	OUTCOMES OF ENGAGEMENT	VALUE CREATION
Communities				
<p>We strive to be a responsible corporate citizen and aim to engage and support the communities in which we operate in a responsible, sustainable, constructive and empowering manner.</p>	<ul style="list-style-type: none"> We continue to focus on maintaining effective relationships with members of communities. Measurable corporate citizenship programmes are developed and implemented across our property portfolio. 	Good	<ul style="list-style-type: none"> We have fully complied with all relevant South African laws and regulatory requirements, including tax, occupational health and safety, employment equity and skills development. We have made great efforts to combat fraud and corruption. As a result, no fraud cases have been reported against L2D. 	<p>We have invested</p> <p>R3.4 million</p> <p>in social initiatives (2020: R1.6 million) with a significant focus on education.</p>
Industry bodies				
<p>Industry bodies represent the industry in conversations with other stakeholders and advocate for its benefit.</p>	<ul style="list-style-type: none"> L2D actively engages with the Property Industry Group – a collective of major representative bodies for real estate in SA – as part of the industry’s continued COVID-19 rental-relief negotiations. L2D is represented, through its people, as a member across various industry bodies while leading several committees including; the Green Building Council of South Africa, the South African Property Owners Association, the South African Council of Shopping Centres, as well as the SA REIT Association. 	Good	<ul style="list-style-type: none"> L2D’s good standing within the industry is indicated by the regular appointment of our people to decision-making structures within industry bodies. In 2021, six senior employees were appointed to various sub-committees of the SA REIT Association, including our Chief Executive on the Exco and Chair of the Research Committee, our Financial Director on the Accounting and JSE Committee, our Chief Risk Officer as Treasurer, our Marketing and Communications Executive on the Marketing Committee, our Head of Legal and Information Officer on the Legal and Competition Commission committee and our Analysis and Investor Relations Executive on the Investor Committee. Our Asset Management Executive was appointed as Chairman of the GBCSA. Our Chief Executive serves as a founding member of the Wits University Industry Advisory Board of the School of Construction Economics and Management. 	

STAKEHOLDER MANAGEMENT

CONTINUED

CASE STUDY

Green Building Council of South Africa (GBCSA) welcomes L2D's Brian Unsted as the new Chairman of the Board

L2D Asset Management Executive and Head of Good Spaces, Brian Unsted, was appointed as the new Chairman of the GBCSA.



Brian Unsted
ASSET MANAGEMENT EXECUTIVE
AND HEAD OF GOOD SPACES

I am thrilled to be entrusted with guiding the GBCSA at this time when sustainability matters are gaining traction in South Africa and at a global level. Lots of good work has been done, and much more great work still needs to be done to make a meaningful difference. Climate-change imperatives are becoming more urgent. I look forward to broadening the reach of the GBCSA to new sectors of the economy and enticing other organisations that can make a significant difference in the built environment to become part of our journey over the next two years," said Brian.

Brian has 28 years' experience in the South African property industry. His background includes roles as Senior Financial Manager in property development at Liberty Properties, Financial Manager at Investec Properties for Growthpoint and Head of Finance at Liberty Properties, bringing expert knowledge in financial and management accounting, asset management and the property industry as a whole.

"In his role as vice-chair, over the past 18 months, Brian has already made a substantial contribution to the GBCSA. He has an unparalleled passion for the green building agenda, and I look forward to the GBCSA making great strides with him at the helm," said GBCSA CEO, Lisa Reynolds.

INSPIRING PASSIONATE PEOPLE – OUR PEOPLE STRATEGY

We put our people at the heart of everything we do. The core focus of our People Strategy is on encouraging inspired, passionate and empowered people through our people practices. These align individual performance outcomes to the overall business strategy, and reward and recognise performance.

OUR PEOPLE PROFILE

Our talent management practices and guidelines ensure that we have the people with the experience, skill, and capabilities at all levels to execute our strategy.

TOTAL PERMANENT EMPLOYEES ¹	PERCENTAGE AIC	PERCENTAGE FEMALE	AVERAGE AGE	TURNOVER
29	66.7%	66.7%	40	9.68%

¹ Excludes outsourced employees in JHIR.

Workforce composition

	2021 (%)	2020 (%)
Female	66.7	70.6
Male	33.2	29.4
African	36.4	32.4
Coloured	9.1	8.8
Indian	21.2	23.5
White	33.3	35.3
Employees with SA citizenship	100	100
Foreign nationals	-	2.9
Employees with disabilities	3	2.7



INSPIRING PASSIONATE PEOPLE – OUR PEOPLE STRATEGY

CONTINUED

OCCUPATIONAL LEVEL	MALE				FEMALE				FOREIGN		TOTAL	NUMBER BLACK	NUMBER BLACK FEMALE	% BLACK	% COMPLIANCE TARGET	% BLACK FEMALE	% COMPLIANCE TARGET
	A ¹	C ¹	I ¹	W ¹	A ¹	C ¹	I ¹	W ¹	MALE	FEMALE							
Top management	-	1						1			2	1	-	50	50	-	25
Senior management	1			5		1	3	2			12	5	4	42	60	33	30
Middle management					1		3	3			7	4	4	57	75	57	38
Junior management	1				6	1					8	1	7	100	88	88	44
Semi-skilled														-	-	-	1
Total	2	1	-	5	7	2	6	6			29	11	15	62	-	52	-
Non-permanent	3						1				4	4	1	100	-	25	-
Total	5	1	-	5	7	2	7	6			33	15	16	67	-	48	-

¹ African, Coloured, Indian, White

A flexible way of work

Following the lifting of Lockdown Level 4 restrictions and the momentum created with broader access to vaccinations, L2D is settling into a flexible working model with a return to the office. We monitor the situation regularly and continue to explore ways to build our model in response to the constant changes in the environment and business.

#WeAreListening people engagement survey

The L2D #WeAreListening Survey was conducted to obtain insights on employee sentiments based on:

- Their working environment and impressions of organisational culture.
- Their experience of remote work.

This feedback shared was welcomed by L2D leadership, and smaller focus groups were facilitated to share the feedback with the rest of the team and prioritise solutions. Leadership committed to focusing on three areas in the year ahead:

- Being clear upfront.
- Having real conversations.
- Providing consistent leadership.

These areas are addressed in the L2D Strategy Execution and Communication Approach.

From a remote-working perspective, the survey results were predominantly positive.

Learning and development

40 PEOPLE ATTENDED **ONLINE LEARNING COURSES AND/OR COACHING PROGRAMMES**

R800 972 SPENT ON LEARNING AND DEVELOPMENT (2020: **R999 529**).

100% OF OUR PEOPLE ENGAGED IN TAILORED INDIVIDUAL DEVELOPMENT PLAN DISCUSSIONS THROUGHOUT THE YEAR.

To build and grow our critical capabilities across the business and provide the necessary level of challenge, we encourage individuals to take ownership of their learning and development and collaborate with them to curate learning experiences. As part of our talent-management processes, there is a drive to build our succession and therefore a focus on development that supports those identified as rising stars and top talent.

We identify our people's learning and development requirements during ongoing performance conversations in which key performance indicators (KPIs) are set and individual development plans are put in place. These are then reviewed formally over the performance period and in regular one-on-one conversations.

INSPIRING PASSIONATE PEOPLE – OUR PEOPLE STRATEGY

CONTINUED

We encourage our people to pursue further formal educational qualifications and to attend industry-related conferences and webinars, training courses, seminars and workshops to improve their knowledge and skills and enhance their competence and capabilities. In-house seminars are facilitated by subject-matter experts, business specialists and leadership who share their experience and industry expertise with the team.

Individual leadership coaching is provided where leaders need support to address gaps in leadership skills and capabilities and to help them gain confidence in managing in an evolving environment. Individual and group coaching has also been extended to navigate working in a changing environment.

We are represented as members of leading committees on several industry-body boards, including the Green Building Council Board and South African Property Association (SAPOA); on the board and regional committees of the South African Council for Shopping Centres; and on the SA REIT Association exco and committees.

During the year, 33 of our people benefitted from training programmes (including fixed-term employees and learnerships) (2020: 39). As a result, the average spend per employee was R24 272 (2020: R25 628).

2021 bursary spend

Category	Spend
African males	R360 217
African females	R272 449
Indian males	R12 971
Indian females	R10 000
Coloured males	R42 000
Coloured females	R35 000
Total	R732 638

Training

	2021	2020
Total number of male employees who benefitted from training programmes	10	12
African	3	4
Coloured	1	1
Indian	1	1
White	5	6
Total number of female employees who benefitted from training programmes	23	27
African	9	11
Coloured	2	2
Indian	6	7
White	6	7
Total number of employees who benefitted from training programmes	33	39

Leadership development

We are particularly proud of the uptake in women's growth and learning initiatives at L2D. Five women in senior leadership committed to the Women's Property Network Board Masterclass series, which L2D also sponsors. Three women attended the Woman as Leader Programme at the University of Cape Town, and four attended the Strategic Leadership for Women Programme at the Gordon Institute of Business Science.

Succession planning

Our succession philosophy is about preparing L2D to be future fit, understanding the key capabilities that enable strategy both now and for the future, and gearing the workforce to meet short and long-term objectives. L2D's approach focuses on the strategic management of talent attraction, acquisition, and development with career opportunities for all.

Our succession plan is aligned with our intention to implement our transformation strategy, grow talent internally, create an exceptional people experience and consider the retention of critical people and skills. It mitigates our succession risk and is instrumental in achieving our strategy and business objectives.

Given that we are a small organisation with a flat structure, we must keep abreast of human capital potential outside of the organisation.

Diversity and inclusion

We are committed to encouraging diversity through all levels of our organisation, including leadership. We support the principles reflected in the Employment Equity Act and are committed to creating a diverse and equitable workplace.

In 2021, diversity specialists, Mandate Molefe, conducted a series of workshops, focus groups and follow-up sessions to explore the topics of inclusion and unconscious bias.


Our Inclusivity, Diversity and Employment Equity (IDEE) forum meets quarterly, and we completed an Inclusivity and Diversity workshop with L2D's leadership team and people in 2021.

We view discrimination as a severe transgression and have a zero-tolerance approach to such matters. We have various policies prioritising our people's rights and a sexual harassment policy that prohibits such behaviour as a form of discrimination. Our Human Experience is the lens through which we view the improvement of our Employment Equity Standards and Guidelines, procedures and practices and the overall employee experience.

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

SUPPORTING OUR COMMUNITIES

L2D is committed to supporting sustainable and inclusive growth in the property sector and positively impacting the communities in which we operate.



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.

COMMUNITY SUPPORT STRATEGY

L2D aims to enhance and build a superior business model that considers all its stakeholders through a shared purpose and values. We aim to facilitate socioeconomic empowerment within our communities wherever practical or possible. We have an active community engagement strategy to ensure that our social investment impact is meaningful.

PROGRESS MADE

R3.4 million was spent on socioeconomic development initiatives across the portfolio.

The primary L2D campaigns this year included:

- Ruitegang Foundation.
- Mitchells Plain schools.
- Shumeez Scott Foundation, which supports those living with Down Syndrome.
- The Next Generation musical showcase, which showcases talented youngsters from Mitchells Plain schools.

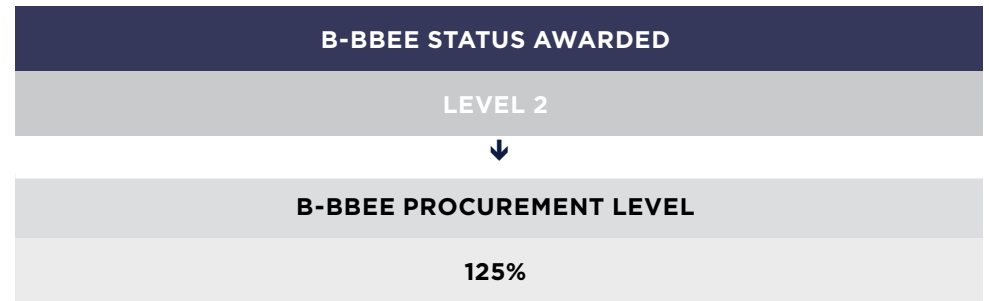
The focus on spend in the malls was on education (54%), youth development (24%), and communities (17%), which is in line with our strategy.

- Eastgate donated R300 000 to Gift of the Givers.
- Sandton donated R700 000 to Rays of Hope (generated through parking income).

SUPPORTING SUSTAINABLE TRANSFORMATION

We remain firm believers in the need to transform South Africa’s unique socioeconomic environment, actively promoting this within our long-term sustainable-growth action plan. Accordingly, we have implemented several steps to ensure effective, sustainable transformation within the business.

This includes using additional B-BBEE suppliers, investment in enterprise and supplier development and effective talent management of our people.



The score obtained above comprises the following elements:

ELEMENT	SCORE	WEIGHTING
Ownership	22.93	29
Management control	6.52	11
Employment equity	10.30	16
Skills development	11.15	22
Enterprise and supplier development	36.67	43
Socioeconomic development	2	2
Economic development	N/A	5
Total	89.57	128
Total adjusted for property sector (including bonus)	96.13	132

A change in the B-BBEE codes is expected to come into effect in 2022, which will change our scoring in various elements.

SUPPORTING OUR COMMUNITIES

CONTINUED

We continue to engage in annual initiatives through our commitment to transformation, including R700 000 allocated to bursaries for African males and females enrolled in property-related degrees and R260 000 committed to enterprise development.

Supplier development

L2D paid R250 000 towards Afrophilia, a 100% black-female-owned entity that provides photography services and which has been graduated to a supplier of L2D. By so doing, L2D aims to address the critical challenge of exempted micro-enterprises and qualifying small enterprises that struggle to take their businesses from survivalist or micro-level to a level of sustainability and profitability.

Akandi Office Furniture, a 100% black-female-youth-owned office-solutions company that received a contract to furnish our new headquarters in 2020 became a supplier to L2D in 2021. We have also supported Akandi in establishing a showroom for their office furniture.

R520 000 was committed to supplier-development initiatives to drive genuine economic participation.

Investing in our communities

L2D's socioeconomic support activities in 2021 continued to focus on education, as it is the most impactful investment possible to improve the lives and livelihoods of South Africans. We were pleased to support the Youth in Property Association (YIPA) once again after their empowerment activities were paused in 2020 due to COVID-19.

L2D donated R240 267 to YIPA in 2021 towards initiatives focused on youth participation in the property industry through employment, entrepreneurship and education.

FUTURE FOCUS

As L2D, we understand the importance of the youth and are determined to create spaces and opportunities that foster growth for them. The 2022 L2D CSI strategy will have a greater focus on education and uplifting the youth in this regard.



BEST-PRACTICE SAFETY AND SECURITY

OUR SAFETY AND SECURITY STRATEGY

L2D aims to drive a clearly defined mall strategy that ensures the mall environments hold the highest standard of safety and security for tenants and customers. The **Safe Spaces** strategy is to provide secure spaces for all our stakeholders, by ensuring compliance with all Occupational Health and Safety (OHS) regulations, as well as implementing any necessary security and risk mitigation measures.

L2D's building blocks are all underpinned by **Safe Spaces**. After analysing the objectives of the other L2D strategy building blocks, the Safe Spaces team collaborates with various experts in the industry, to ensure we comply with the industry best practices. Our primary focus remains to address OHS as well as security enhancements across the portfolio.

Over the years, the nature of security at malls has changed significantly. The social unrest of July 2021 and the spike in armed robberies at malls lead to L2D revising its physical guarding and security strategy. We have instituted tactical guarding at all malls, which is seen as a deterrent for criminals. Furthermore, we are enhancing all technology to support our security strategy.

PROGRESS MADE

During the year, our overall OHS compliance score improved from 86.7% in 2020 to 88.8% in 2021. However, a common finding across the malls is low tenant compliance, a key focus area for the OHS team going forward.

L2D has been affirmed by 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. All malls in the portfolio underwent the annual SHORE assessment and achieved Gold ratings for 2021.

The SHORE certification, includes risk, security, operational resilience, and a duty of care towards tenants and customers.

The Safe Asset Group assessed all our malls during the year. Sandton City, Nelson Mandela Square and Eastgate Shopping Centre improved significantly from 2020 to 2021. Assessed for the first time in 2021, Midlands Mall, Liberty Promenade Mall and Botshabelo Mall also scored above 80%.

In 2021, we experienced specific threats, including the EFF's boycott of Clicks and the civil unrest that shook the country in July. However, we ensured our properties and people were kept safe in all instances.

Social unrest

The unrest in July forced us to reconsider security across our malls. As a result, a gap analysis was conducted per mall, and for every finding, a mitigating plan has been devised and is in the process of implementation.

Before the unrest, we maintained tactical guarding only at Sandton City/ Nelson Mandela Square and Eastgate. Post these events, all our malls have a tactical-guarding presence.

Capital investments have been identified and earmarked for 2022 to improve our surveillance and intelligence-gathering capabilities, address any gaps in surveillance, and improve passive security measures, such as the ability to lock down assets after hours or during high-risk events.

Training

All onsite OHS staff meet with the national OHS manager for necessary guidance and training.

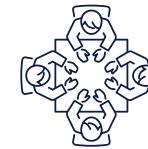
Tenant compliance

All our tenants must be compliant with health and safety regulations. Each property has an OHS officer. The OHS officer engages with all tenants to ensure that all the requisite documentation is in order and compliant. Where tenants are non-compliant, we offer our assistance to get them to compliance.

FUTURE FOCUS

The focus for the year ahead will include:

- Improvement of our surveillance capabilities.
- Improvement of our passive security systems.
- Rollout of our new National Security Contract, with improved operational requirements and a proactive approach to threat response.



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 and Board.

IMPACT THROUGH GOOD GOVERNANCE AND ETHICAL LEADERSHIP

EASTGATE SHOPPING CENTRE

The centre achieved a five-star Green-Star rating for Existing Building Performance and gold status with the Safe Asset Group Audit

5 STAR
GREEN-STAR RATING



OUR BOARD OF DIRECTORS



ANGUS BAND (69)
Non-executive Chairman
Outgoing Chairman



NICK CRITICOS (63)
Non-executive director
Incoming Chairman



LYNETTE NTULI (39)
Independent non-executive director



PETER NELSON (67)
Independent non-executive director



DR PULENG MAKHOALIBE (42)
Independent non-executive director



BARBARA MAKHUBEDU (47)
Lead independent non-executive director



DAVID MUNRO (51)
Non-executive director



CRAIG EWIN (61)
Independent non-executive director



AMELIA BEATTIE (51)
Chief Executive



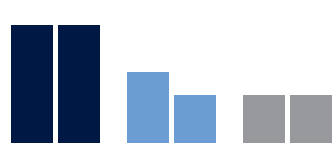
JOSÉ SNYDERS (43)
Financial Director

Our Board comprises individuals who possess the skills and experience to help fulfil our vision and purpose and achieve our strategic objectives in order to deliver sustainable value for our stakeholders. We have a unitary Board structure consisting of 10 directors as at the end of 2021.

The directors are drawn from diverse backgrounds and bring a wide range of experience, insight and professional skills to the Board.

SKILLS AND EXPERIENCE

	2021	2020
Leadership	10/10	9/9
Property	8/10	7/9
IT innovation and governance	8/10	7/9
Compliance and governance	8/10	8/9
Accounting and auditing	7/10	7/9
Finance, funding and capital markets	7/10	7/9
Risk and opportunity	8/10	7/9
Strategic planning	10/10	9/9
Climate change and sustainability	8/10	7/9
Human capital	10/10	9/9
Remuneration	7/10	7/9



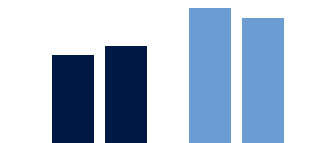
INDEPENDENCE (%)

	2021	2020
Independent non-executive	5	5
Non-executive	3	2
Executive	2	2



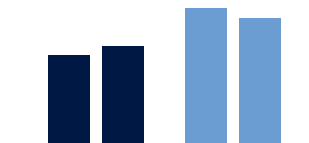
COMPOSITION (%)

	2021	2020
Non-executive	30	22
Executive	20	22
Independent non-executive	50	56



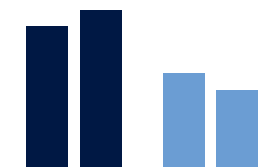
GENDER DIVERSITY (%)

	2021	2020
Female	40	44
Male	60	56



RACIAL DIVERSITY (%)

	2021	2020
Black	40	44
White	60	56



AGE DIVERSITY (%)

	2021	2020
<60	60	67
>60	40	33

OUR BOARD OF DIRECTORS

CONTINUED

ANGUS BAND (69)

Non-executive Chairman

South African

Outgoing Chairman/retired 1 March 2022

Appointed to previous manager Board: July 2017

Appointed to L2D Board: July 2018

Nominations Committee Chairman

Remunerations Committee

Social, Ethics and Transformation Committee

AMELIA BEATTIE (51)

Chief Executive

South African

Appointed to previous manager Board: June 2016

Appointed to L2D Board: July 2018

Social, Ethics and Transformation Committee

JOSÉ SNYDERS (43)

Financial Director

South African

Appointed to previous manager Board: March 2017

Appointed to L2D Board: July 2018

BARBARA MAKHUBEDU (47)

Lead independent non-executive director

South African

Appointed to L2D Board: October 2020

Audit and Risk Committee

Remuneration and Nominations Committee

Related Party Committee

LYNETTE NTULI (39)

Independent non-executive director

South African

Appointed to previous manager Board: July 2017

Social, Ethics and Transformation Committee

Remuneration and Nominations Committee

DR PULENG MAKHOALIBE (42)

Independent non-executive director

Lesotho National

Appointed to L2D Board: October 2020

Social, Ethics and Transformation Committee

PETER NELSON (67)

Independent non-executive director

South African

Appointed to L2D Board: May 2020

Audit and Risk Committee (Chairman)

Related Party Committee (Chairman)

Remunerations and Nominations Committee

CRAIG EWIN (61)

Independent non-executive director

South African

Appointed to Board: January 2021

Audit and Risk Committee

Remuneration Committee (Chairman)

Nominations Committee

DAVID MUNRO (51)

Non-executive director

South African

Appointed to L2D Board: July 2019

Nominations Committee

NICK CRITICOS (63)

Non-executive director

British

Incoming Chairman/appointed 1 March 2022

Appointed to L2D Board: June 2021

Appointed to the Committees 1 March 2022

Nominations Committee (Chairman)

Remunerations Committee

Social, Ethics and Transformation Committee

GOVERNANCE IMPACT OVERVIEW



- Succession planning addressed by the appointment of two new directors.
- Committee compositions reviewed.
- Safeguarded L2D's culture of ethical leadership.

HOW CORPORATE GOVERNANCE CREATES VALUE

At the heart of any successful business is the practice of good corporate governance. Within the Company's ethical environment, effective corporate governance practices create and preserve value for all stakeholders. The Board believes that good corporate governance:

- Ensures corporate success and business growth.
- Instils and maintains confidence, as a result of which the Company can raise capital and debt funding at a lower cost, efficiently and effectively.
- Positively impacts the share price.
- Incentivises executives and employees to achieve objectives that are in the interests of the shareholders and the Company.
- Minimises wastage, corruption, risk and mismanagement.
- Ensures that the Company is managed in the best interests of all.
- Enhances the Company's understanding of risks.
- Balances return opportunities with the cost of risk.
- Enables the allocation of capital and resources to activities that create and preserve value while preventing value erosion.
- Enables the allocation of responsibility and accountability.
- Builds legitimacy through ethical leadership.
- Protects the L2D brand through responsible behaviour.
- Enables the adoption of an inclusive approach to business.
- Sets the tone for how business is conducted.

COMMITMENT TO GOOD GOVERNANCE AND THE PRINCIPLES OF KING IV™

The Board is L2D's corporate governance custodian, leading the Company to embed an ethical culture and ensure effective control, solid performance and legitimacy.

While it is essential for the Company to achieve its objectives and drive improvement, it is also crucial to maintain a sound legal and ethical standing in the eyes of shareholders, regulators and the wider community. Furthermore, practicing good governance helps to build a positive reputation and underpins a healthy Company culture.

L2D is committed to the principles of King IV™, and the Board is ultimately responsible for ensuring the integrated and holistic implementation of these principles.

The Board is satisfied with its level of compliance with the King IV™ governance principles. The Board is also satisfied that the Company complies with all the corporate governance requirements applicable to listed entities as set out in paragraph 3.84 of the JSE Listings Requirements.

In the best interests of L2D and its stakeholders, the Company is determined to uphold the Board's application of the King Code of Governance Principles. The updated King IV™ application register, which sets out how L2D has applied the principles of King IV™, is available on the Company's website.

L2D has joined the Integrated Reporting Committee of South Africa as a member in order to stay abreast of international best practices in reporting.

GOVERNANCE IMPACT OVERVIEW

CONTINUED

CORPORATE GOVERNANCE THEMES IN 2021

During the year under review, the Board took the following approach to ultimately drive sustainable value for stakeholders:

- Safeguarding L2D's culture of ethical leadership to maintain high levels of compliance and standards.
- Acting with empathy and care and supporting tenants during the COVID-19 crisis.
- Driving a focused ESG strategy.
- Balancing the needs and priorities of investors, tenants, service providers and employees on an equitable and fair basis.
- Driving innovation initiatives to keep L2D ahead of competitors and improve its offering in the market.
- Linking the material matters to the strategic value drivers and six capitals to ensure alignment of efforts and focus.

ETHICAL CULTURE

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

All decisions are made by the Company's leadership with due consideration to the code. To maintain the highest levels of integrity, honesty and transparency, the Company's employees are all required to familiarise themselves with, and adhere to, the code. In addition, employees are required to comply with the various policies that support the code.

Furthermore, underpinning the code are the Company's values, which are integrated into the performance management process and shape the way L2D behaves and conducts business.

The Company has a zero-tolerance policy on any issues relating to unethical conduct. Therefore, the Company does not, at any level, condone or tolerate any form of fraud, corruption, unlawfulness or other conduct that is irregular.

Ethics office

The ethics office comprises the Chief Executive, who is the ethics champion, and the compliance officer, who is the ethics officer. During the year under review, the ethics office met three times to discuss ethics in the workplace and there were no concerns raised.

In 2021, all employees attended online anti-money-laundering, anti-bribery and corruption and fraud-awareness training.

Whistleblowing

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

The Company's property manager (JHIR) provides incident reports regarding the L2D portfolio, which are then tabled for discussion at the Executive Committee (Exco). Any serious matters are escalated to the Audit and Risk Committee for investigation and action, as required.

There were no whistleblowing reports for L2D in 2021.

Conflicts of interest

Members of the Board are required to timeously disclose any interests that conflict or might conflict with those of the Company. Any relevant matters are then managed appropriately. To avoid conflicts of interest and ensure compliance with section 75 of the Companies Act, Board members must disclose, in writing, their interest in material contracts involving L2D. Board members must also recuse themselves from deliberation or decision-making processes relating to any matter in which they may have a vested financial interest.

The Company's employees are required to make the appropriate disclosure of potential conflicts of interests in terms of the general conflicts of interest policy at least twice a year. Gifts received by employees must be disclosed in terms of the gift policy and recorded in a gift register. In 2021, 13 employees received gifts with a total value of R12 389.

GOVERNANCE IMPACT OVERVIEW

CONTINUED

Dealing in securities

An information and share-dealing policy governs how employees, directors, insiders and other affected persons deal in L2D securities or disseminate price-sensitive information. During a prohibited period, a director, Company Secretary or prescribed officer may not deal in L2D shares and must always obtain written clearance to trade from the Chairman, in consultation with the Company Secretary. Similarly, employees may not deal in L2D shares without first obtaining written approval from the Chief Executive.

While associates of directors may deal in L2D securities at any time, they must notify the director immediately after their dealings. Investment managers may not deal unless express consent in writing has been obtained from the directors. A closed period commences a month prior to the end of a reporting period. In L2D's case, this period begins on 1 June and 1 December each year. Directors' dealings are disclosed in accordance with the JSE Listings Requirements.

Directors' interests in shares are disclosed in the remuneration report on 118 of the Integrated Report.

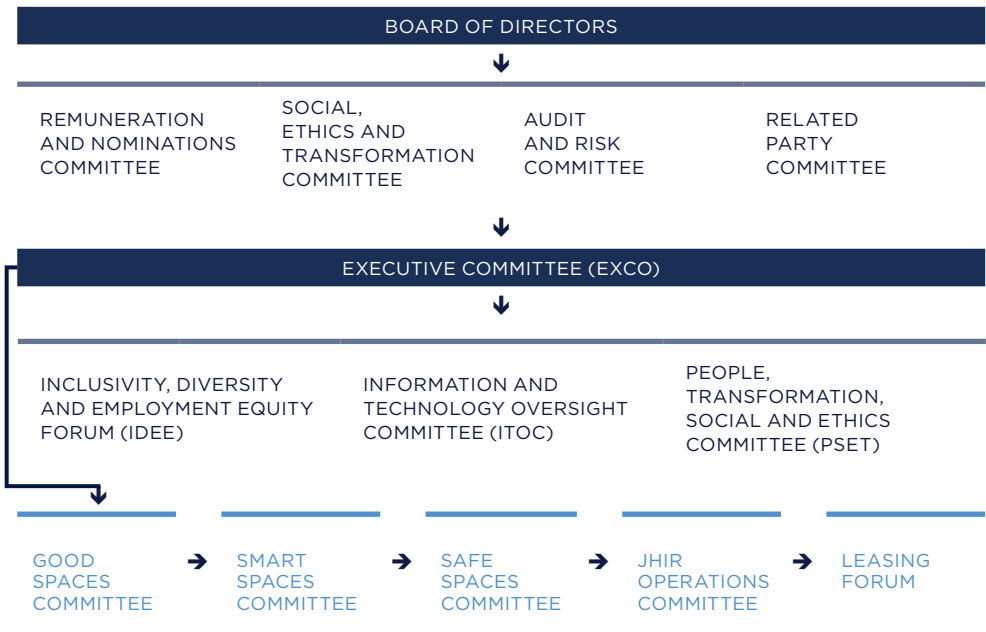
Effective control

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

Guiding the Board is a charter that sets out the rules for its composition, the frequency of its meetings, and the roles and responsibilities of the directors and the Board as a whole. The Board reviews its charter annually. An annual work plan has been established to ensure that meeting agendas cover all the Board's duties and responsibilities. While enabling the Board to retain effective control, the Company's governance structures provide for delegation of authority to several committees.

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

Each of the Board committees are appropriately constituted, in accordance with all legislative requirements and in line with a clearly documented mandate that sets out their scope, responsibilities, powers and authority. Their mandates are reviewed annually and annual work plans are prepared to ensure the committees cover all their duties and responsibilities during the year. The Related Party Committee only meets as and when required.



GOVERNANCE IMPACT OVERVIEW

CONTINUED

The Exco comprises the Chief Executive, Financial Director, Chief Operations Officer, Human Capital Executive, Marketing and Communications Executive, Chief Information Officer, Chief Risk Officer (Finance Executive) and Head of Analysis and Investor Relations.

Driving the execution of the Company's four building blocks are three sub-committees, namely:

- Good Spaces Committee, responsible for sustainability.
- Smart Spaces Committee, responsible for increased use of, and integrating, technology to enhance customers' and tenants' experiences.
- Safe Spaces Committee, which deals with health, safety and security in the environments that L2D operates in.
- The Interactive Spaces building block aims to create successful experiential offerings, activations and events to benefit our customers.

The Company has a delegation of authority framework (DoA), which sets out matters reserved for the Board and those delegated to committees, the executive directors and other roles in the business. The DoA applies to L2D and its subsidiaries and is reviewed annually. The DoA was reviewed in November 2021 and the Board is satisfied that it contributes to role clarity and an effective arrangement by which authority and responsibilities are exercised.

GOVERNANCE STRUCTURES AND DELEGATION

Board composition

The nature of the Board ensures it can add value in its decision-making to all L2D stakeholders. The Board is an efficient team of 10 members comprising three non-executive directors, five independent non-executive directors (deemed independent in terms of the requirements set out in King IV™) and two executive directors (the Chief Executive and the Financial Director). The members have the necessary qualifications, knowledge and experience. There is a clear balance of power and authority at Board level to ensure that no one director has unfettered powers of decision-making. Two new directors were appointed during the year, and one retired.

Chief Executive

Amelia Beattie was appointed as full-time Chief Executive of the Manager of L2D with effect from 1 December 2016 and as the Chief Executive of Liberty Two Degrees Limited on 10 July 2018. She has a permanent contract with a three-month notice period that does not provide for balloon payments on termination. She is a member of the Liberty Holdings executive committee and does not have any other significant directorships on any governing bodies that place pressure on the execution of her duties.

Diversity

L2D understands that the diversity of the Board and the Company is key to the ongoing success of the business. To this end, the Board has adopted a diversity policy that provides targets for the promotion of diversity. We have met these targets as at the end of 2021, with at least 40% of Board members being black and at least 40% female. Of these, 30% are black females.

The Board has experience across various industries and sectors, with many years of experience in the management of property investment companies.

For further information, refer to [43](#) of this report.

Strategy, performance and reporting

It is the Board's responsibility to approve the Company's overall strategy, oversee its implementation, and monitor L2D's performance against approved budgets, targets and KPIs. The Board continuously revisits and refines the Company's strategy to ensure it remains relevant.

Exco refreshed the strategy and presented it to the Board in June 2021. At the strategy session, L2D's vision, purpose and values were reaffirmed. The strategic and operational challenges and alternatives were unpacked together with the initiatives to enhance distribution growth. The Board agreed that the short-to medium-term focus should be on

preserving value, improving operational performance and leveraging growth within the portfolio.

The Board is assisted by the Audit and Risk Committee to ensure that the Company's reports – including the AFS, integrated and ESG reports, presentations, circulars and SENS announcements – are transparent, accurate and comply with legal requirements in order to meet the legitimate and reasonable information needs of its material stakeholders.

Information and technology governance

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

Although the IT function has been partially outsourced, the Company understands the importance of IT governance within the control environment of L2D. The service providers are STANLIB and Liberty IT, which have provided letters of assurance confirming that their IT environments have been aligned with good industry practice as presented in the COBIT 5 Governance Framework and IT Infrastructure Library guidelines.

GOVERNANCE IMPACT OVERVIEW

CONTINUED

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

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

L2D believes in making sure that the physical environment lives alongside the digital environment. We use improved, technology-driven insights to give us the confidence to make real-time data-driven decisions. We are running a pilot with global proptech company, Mallcomm, for a digital management system solution to help create a bespoke digital tenant-engagement platform for our retail property portfolio.

The Information and Technology Oversight Committee is responsible for IT governance and the rollout of technology envisaged in the Smart Spaces programme. The Information and Technology Oversight Committee has two lines of reporting, namely to the Audit and Risk Committee and the Exco.

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



GOOD GOVERNANCE

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

The evaluations were conducted by an independent provider of governance and strategy consulting services in December 2021 in accordance with best practices set out in the King IV™ Code of Corporate Governance. It covered the evaluation of the Board as a whole, the committees, the Chairman and director peer evaluations.

The Nominations Committee considered the report, and the consultant presented the report to the Board in February 2022.

In general, the performance of the Board, Chairman and committees was excellent. Key observations regarding areas to be considered for improvement were shared with the Board. These will be considered during 2022.

The results of the individual peer-to-peer evaluations were shared with the Chairman who met with each director to discuss the outcomes and areas of improvement required. The lead independent director discussed the outcomes of the Chairman's evaluation with him.

The results confirmed that the Board is mature and on the right track.

LEGITIMACY

The Board understands that good corporate citizenship is a measure of the Company's social responsibility and its adherence to legal, environmental, ethical and other responsibilities to its stakeholders. In today's world, corporate citizenship is becoming increasingly important to investors, customers, employees and society as a whole.

To this end, the Board recognises its rights, obligations and responsibilities towards society, stakeholders and the environment. The Social, Ethics and Environmental Committee assists the Board in evaluating and monitoring measures and targets agreed with the leadership in all areas.

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

The Company has a strong licence to win by constantly defining and creating spaces that benefit its various stakeholders.

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

TABLE OF ABBREVIATIONS

AGM	Annual general meeting
ARC	Audit and Risk Committee
CISCA	Collective Investment Schemes Control Act
CSI	Corporate social investment
DoA	Delegation of authority
GBCSA	Green Building Council of South Africa
GLA	Gross-lettable area
GRI	Global Reporting Initiative
IDEE	Inclusivity, Diversity and Employment Equity
IT	Information technology
JSE	Johannesburg Stock Exchange
KPI	Key performance indicators
MOI	Memorandum of Incorporation
NDP	National Development Plan
POPIA	Protection of Personal Information Act
REIT	Real estate investment trust
RVM	Reverse vending machines
SAPOA	South African Property Association
SBT	Science-Based Targets
SET	Social, Ethics and Transformation Committee
SDG	Sustainable Development Goals
TCFD	Task Force on Climate-Related Financial Disclosures
YIPA	Youth in Property Association
2DP	2 Degrees Properties Proprietary Limited, a wholly-owned subsidiary of Liberty Two Degrees Limited