LIBERTY

two°degrees

2021 INTEGRATED REPORT

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REPORT NAVIGATION

SIX CAPITALS

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- Natural

STRATEGIC VALUE DRIVERS

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- Human experience
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ABOUT OUR REPORT

EASTGATE

ONE OF SOUTH AFRICA'S LARGEST AND MOST ESTABLISHED SHOPPING CENTRES

222 million

ANNUAL FOOTCOUNT

ABOUT OUR REPORT

We are pleased to present our integrated report for the year ended 31 December 2021. It aims to provide quality information to providers of financial capital to enable informed capital allocation decisions while also supplying relevant information to our broader stakeholders.

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

MATERIALITY

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

FRAMEWORKS

In preparing this report, the following frameworks were used:

- Companies Act No. 71 of 2008.
- Johannesburg Stock Exchange Limited (JSE) Listings Requirements.
- International Integrated Reporting <IR> Framework (2021).
- International Financial Reporting Standards (IFRS).
- King IV™ Report on Corporate Governance for South Africa 2016 (King IV™).

SCOPE AND BOUNDARY

Our integrated report is published annually and presents L2D's performance and activities for the financial year ended 31 December 2021. In addition, any material events up to the Board approval date of 26 April 2022 are included. L2D is a South African company, and all of its operations are conducted in South Africa. The preparation of L2D's Annual Financial Statements (AFS) for the year ended 31 December 2021 was supervised by José Snyders CA(SA) in his capacity as Financial Director. PricewaterhouseCoopers Inc audited the AFS in accordance with the Companies Act and are available free of charge on request or on L2D's website.

ABOUT OUR REPORT CONTINUED

Our integrated reporting boundary

Our financial reporting boundary

(Defined by control and significant influence)

- Property assets
- Subsidiaries over which L2D has control
- Investments

Stakeholders

- Providers of financial capital
- Customers
- Suppliers and service providers
- Regulators
- Tenants
- Our people
- Industry bodies
- Communities

Our vision, purpose and values

Refer to page 10

Governance

Refer to page 18

Our material matters

Refer to page 6

Strategy and business model

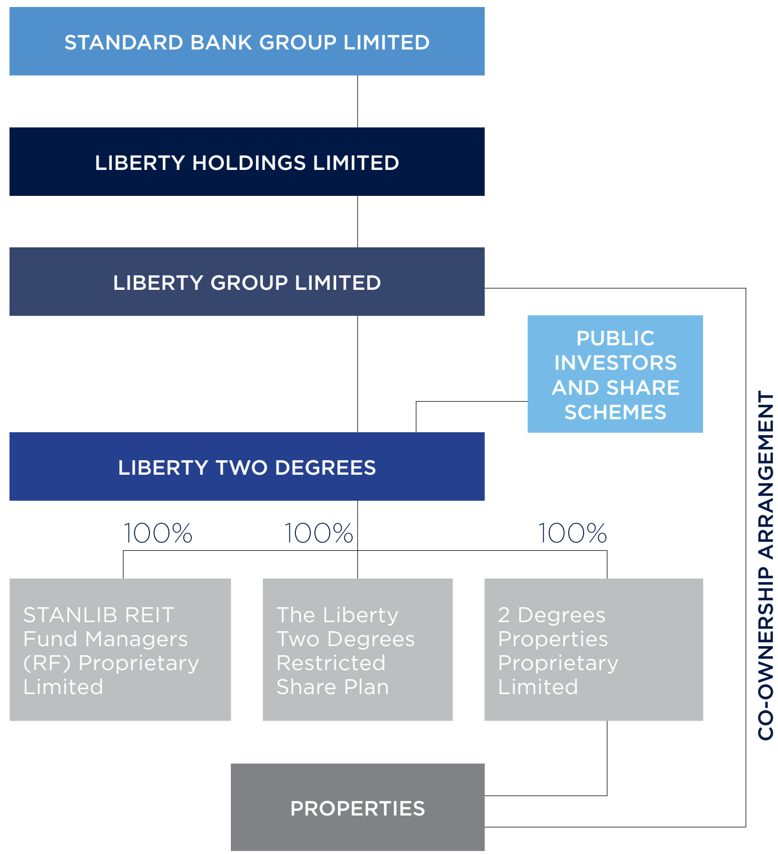
Refer to pages 41 and 53

GROUP STRUCTURE AND RELATED PARTIES

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

LGL is the controlling shareholder in L2D. LGL is a subsidiary of Liberty Holdings Limited (LHL), which is wholly owned by Standard Bank Group Limited (SBG). LHL, together with LGL, own 60.49% in L2D. As of 31 December 2021, R1.25 billion is owed to SBG for term debt raised on commercial loan terms typical for a portfolio of this nature. LGL provides several support services to L2D, namely Human Resources, Information Technology, Internal Audit and Tax compliance. L2D has a small development team to oversee maintenance and refurbishment of the asset portfolio. The team is employed by 2DP and charges development fees to the external third-party co-owners, being LGL and Pareto Limited (Pareto).

Pareto is a South African property investment company that invests in prime retail properties, including wholly-owned and co-owned assets alongside like-minded investors. Pareto currently owns 25% of the Sandton Complex, the hotels and the Sandton Convention Centre. L2D has outsourced the property management function for all properties (other than Melrose Arch) to JHI Retail Property Proprietary Limited (JHIR). Amdec manages Melrose Arch. L2D appreciates the importance of the relationships with its service providers and has entered service level agreements with the property managers to assist in administrative matters, including rental collection. Transactions with related parties are at arms-length and are market-related.



ABOUT OUR REPORT CONTINUED

FORWARD-LOOKING STATEMENTS

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

ENSURING THE INTEGRITY OF OUR REPORT

Our 2021 integrated report was prepared from management and Board discussions and documentation such as Board and management papers, as well as external research, where required. A cross-functional team produced the integrated report content, with oversight from management, reporting into the sub-committees (Audit and Risk Committee and Social, Ethics and Transformation Committee), who kept the Board informed of the report's progress.

Ensuring the integrity of the information provided in this report is of the utmost importance to L2D. Our combined assurance model is aligned with the roles and responsibilities as articulated in the three-lines-of-defence risk-governance model. Members of management and the Board are involved in the various approval processes, which are also supported by the oversight provided by independent assurance providers.

Integrated report	• Assurance was provided on our **Broad-Based Black Economic Empowerment** (B-BBEE) by BDO South Africa Services (Pty) Ltd. • **Information technology (IT)** governance information is assured by internal audit, JHI Retail and Liberty Group IT.
AFS	• PricewaterhouseCoopers Inc. (PwC) provided assurance on our AFS.
Environmental information	• PwC assured the carbon emission of the Liberty portfolio on a 100% ownership basis. Please refer to L2D's ESG report for further detail.

The Board provides final approval and sign-off. As final owners and reviewers, the Board accepts ultimate responsibility for the integrity and completeness of the integrated reporting suite.

BOARD APPROVAL

We, as the Board, believe that this report is presented in accordance with the International Integrated Reporting <IR> Framework (2021) and presents a fair and balanced view of L2D's performance and outlook. It addresses all material matters influencing the Group's value creation, preservation and erosion in the short, medium, and long term. With this in mind, L2D's use of and effect on the six capitals is presented, considering how the availability of these capitals, along with the constrained nature of the operating context, have influenced L2D's business model and strategic direction. Furthermore, we believe this report demonstrates how the business seeks to fulfil its purpose and, in this way, creates sustainable value for all its stakeholders. Accordingly, the Board approved this report and its release on 29 April 2022.

Angus Band retired as Chairman and Nick Criticos was appointed as Chairman effective 1 March 2022. L2D would like to thank Angus Band for his leadership, contribution, wisdom and stewardship over the years.

Angus Band *Non-executive Chairman (Outgoing)*	**Nick Criticos** *Non-executive Chairman (Incoming)*	**Lynette Ntuli** *Independent non-executive director*	**Peter Nelson** *Independent non-executive director*	**Dr Puleng Makhoalibe** *Independent non-executive director*
Barbara Makhubedu *Lead independent non-executive director*	**David Munro** *Non-executive director*	**Craig Ewin** *Independent non-executive director*	**Amelia Beattie** *Chief Executive (CE)*	**José Snyders** *Financial Director (FD)*

We invite all users of this report to visit www.liberty2degrees.co.za for more information on L2D. Feedback or further requests for information can be directed to the investor relations team investors@liberty2degrees.co.za, to our Investor Relations Executive, Sumenthree Moodley, Sumenthree.moodley@liberty2degrees.co.za, or our company secretary, Ben Swanepoel, ben.swanepoel@liberty2degrees.co.za

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 according to 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 and Ethics Committee. The Audit and Risk Committee then review the proposed issues before being debated and prioritised at Board level and integrated into our strategic response.

MATERIAL MATTERS CONTINUED

CAPITALS	MATERIAL MATTER	RESPONSIBLE GOVERNANCE COMMITTEE	STRATEGIC VALUE DRIVERS: 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 and Ethics Committee	X	X	X			
	The impact of joint asset ownership.	Board				X	X	
HUMAN CAPITAL	The retention and wellbeing of our people.	Social and Ethics 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 and Ethics Committee	X	X			X	
INTELLECTUAL CAPITAL	Implementation risks relating to the application of our digital strategy.	Social and Ethics Committee	X	X			X	
NATURAL CAPITAL	ESG and climate change considerations.	Social and Ethics Committee				X	X	X

ABOUT L2D

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

DELIVERING VALUE IN A CHALLENGING CONTEXT

Defining value for L2D

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

Consequently, value creation for L2D means delivering a world-class CUSTOMER EXPERIENCE and a positive TENANT EXPERIENCE, together with a leading HUMAN EXPERIENCE, while ensuring proactive, responsive CAPITAL AND RISK MANAGEMENT. This is how we create positive FINANCIAL OUTCOMES. All these definitions of value collectively culminate in THE GOOD WE DO – the enduring, broader value we generate for all our stakeholders.

STRATEGIC VALUE DRIVERS

Customer experience	+	Tenant experience	+	Human experience	+	Capital and risk management	=	Financial outcome
All of our malls were awarded COVID-compliant ratings by the Safe Asset Group.		Rent-relief discussions are 99% concluded, with only cinemas and quick-service restaurants outstanding.		100% of our people received training.		Strong balance sheet.		Retail portfolio recovery underpins 5.47% increase in full-year distribution to 34.10 cents per share with loan-to-value remaining healthy at 23.87%.
All of our malls received the SAFE Hospitality, Offices, Retail, and Exhibitions (SHORE) certification.		L2D granted further relief of R7.7 million to assist tenants most affected by continued COVID-19 restrictions.		B-BBEE level 2 status awarded.		L2D remains well capitalised with a Group loan-to-value (LTV) ratio of <24% (2020: 20.5%).		Net property income contribution from the retail portfolio improved by 27% compared to 2020
The easing of restrictions and momentum in vaccinations drove footcount 22.6% higher during the second half of the year ending with a strong festive period.		Launched the Iconic Spaces app pilot to enhance tenant engagement.		30% of procurement spend to black-women-owned businesses.		R70 million in share buybacks.		
Annual turnover across the retail portfolio was 24.5% higher than last year.		Occupancy across the L2D portfolio remained stable. We ended the year at 93.7% occupancy in the overall portfolio with a 96.8% retail occupancy.		R3.7 million spent on socioeconomic development initiatives across the portfolio.				
				Recognition by the Standard Bank Top Woman adjudication as qualifying as one of South Africa's Top Gender Empowered Companies.				

The good we do

3% reduction in water use across portfolio.

2% of our portfolio's energy baseload met from renewable/clean-energy sources.

2 393 tonnes of waste recycled, including 314 tonnes of organic waste.

40% to 75% 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).

WHO WE ARE

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

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

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

OUR PURPOSE

to continue to create experiential spaces to benefit generations

OUR VALUES

passion, accountability, care, excellence

OUR VISION

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

WHO WE ARE CONTINUED

INVESTMENT CASE

Focused investment strategy

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

Quality iconic property portfolio

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

Strong balance sheet and financial strength

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

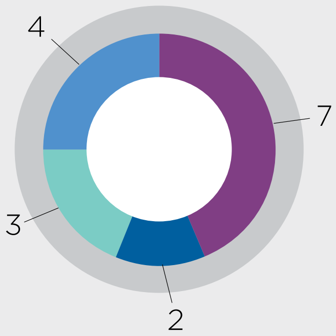
Future-focused insight

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

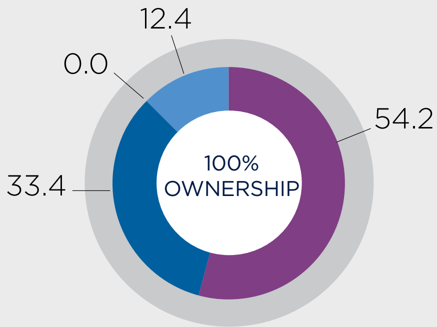
OUR PROPERTY PORTFOLIO

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

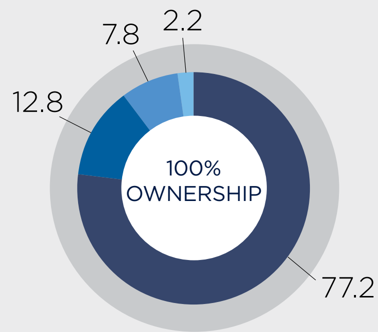
NUMBER OF ASSETS



GLA PER SECTOR (%)



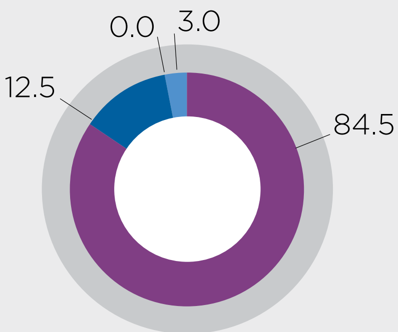
GLA PER PROVINCE (%)

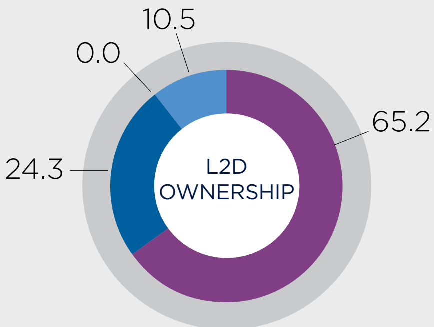


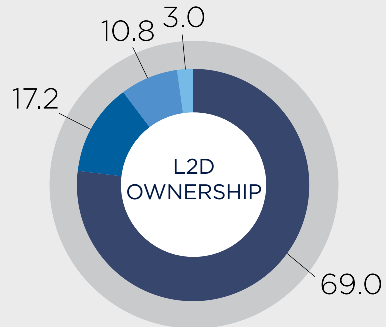
RETAIL
OFFICE
HOTELS
SPECIALISED

GAUTENG
KWAZULU-NATAL
WESTERN CAPE
FREE STATE

GROSS RENTAL INCOME[1] AS PERCENTAGE OF TOTAL PROPERTY PORTFOLIO (%)[2]







[1] *Gross rental income comprises rental income plus recovered property expenses (at L2D ownership).*
[2] *Where assets include multiple sectors, the gross income is proportioned as a % of gross lettable area (GLA).*

OUR PROPERTY PORTFOLIO CONTINUED

RETAIL

Gross rental income as proportion of total property portfolio (%)	84.5%
GLA (m^2) at 100% ownership	512 701
GLA (m^2) at L2D ownership	148 168
Occupancy (%)	96.8%

OFFICE

Gross rental income as proportion of total property portfolio (%)	12.5%
GLA (m^2) at 100% ownership	316 011
GLA (m^2) at L2D ownership	55 212
Occupancy (%)	86.2%

HOTELS

Rooms at 100% ownership	+1 000
Occupancy (%) full capacity	19.6%
Occupancy (%) open for trade	35.8%

SPECIALISED

Gross rental income as proportion of total property portfolio (%)	3.0%
GLA (m^2) at 100% ownership	117 606
GLA (m^2) at L2D ownership	23 833
Occupancy (%)	100%

KEY HIGHLIGHTS FOR TOTAL PROPERTY PORTFOLIO

L2D'S PROPERTY PORTFOLIO VALUE	
R8.4 BILLION	(2020: R8.5 billion)
NET ASSET VALUE PER SHARE	
R7.56	(2020: R7.71)
TOTAL GLA L2D PERCENTAGE	
227 213m^2	(2020: 227 213 m^2)
PORTFOLIO OCCUPANCY	
93.7%	(2020: 93.3%)
TENANT RETENTION	
92.5%	(2020: 84.2%)

OUR PROPERTY PORTFOLIO CONTINUED

L2D HAS INVESTMENTS IN THE FOLLOWING ASSETS

L2D's property portfolio was valued at R8.4 billion at 31 December 2021.

This is marginally down by 0.8% from the December 2020 valuation.

Values are based on independent property valuations as of 31 December 2021.

The economic decline of Eastgate's catchment area over recent years resulted in pressure on rentals and a downward adjustment of 11.7% to its valuation.

	Ownership		GLA 100% (m^2)	GLA L2D% (m^2)	Property value 100%	Sectors	Property value L2D %
Gauteng	25%	Sandton City Complex	195 941	48 937	R12 454 200 000	Retail Office	R3 110 501 835
	33%	Eastgate Complex	143 344	47 735	R6 337 000 000	Retail Office	R2 110 265 359
	8%	Melrose Arch precinct	198 879	16 557	R6 143 900 000	Retail Office Specialised	R480 801 001
	33%	Nelson Mandela Square	38 595	12 852	R1 267 300 000	Retail Office	R422 019 771
	17%	Standard Bank Centre	92 789	15 450	R920 700 000	Office	R153 299 772
	25%	Sandton Garden Court	n/a	n/a	R468 350 000	Hotel	R116 972 871
	25%	Sandton Sun and InterContinental Towers	n/a	n/a	R688 750 000	Hotel	R172 018 928
	25%	Sandton Convention Centre	57 910	14 463	R199 260 000	Specialised	R49 766 231
	25%	Sandton Virgin Active	3 406	851	R47 700 000	Specialised	R11 913 325
KwaZulu-Natal	33%	Liberty Midlands Mall	78 249	26 058	R2 518 750 000	Retail	R838 761 381
	33%	John Ross Eco-Junction Estate – Tangawizi	7 060	2 351	R61 100 000	Specialised	R20 346 728
	23%	John Ross Eco-Junction Estate – Melomed	13 809	3 219	R559 000 000	Specialised	R130 305 639
	33%	John Ross Eco-Junction Estate – development land	n/a	n/a	R83 130 000	Specialised	R27 682 872
	33%	Liberty Centre Head Office and Umhlanga Ridge Office Park	22 201	7 393	R233 800 000	Office	R77 857 037
Western Cape	33%	Liberty Promenade Shopping Centre	73 392	24 440	R1 610 000 000	Retail	R583 961 075
Free State	33%	Botshabelo Mall	20 743	6 908	R280 100 000	Retail	R112 301 289

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.

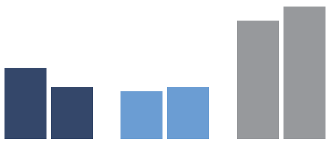
The directors are drawn from diverse backgrounds and bring a wide range of experience, insight and professional skills to the Board.

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

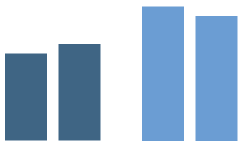
INDEPENDENCE (%)

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



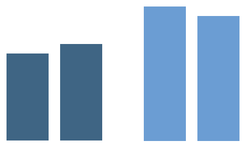
COMPOSITION (%)

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



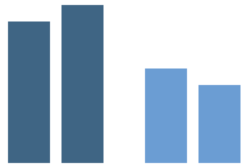
GENDER DIVERSITY (%)

	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

Angus brought extensive and diverse experience to the Board. He has worked across several sectors, including manufacturing, telecommunications, fast-moving consumer goods, construction and financial services. Career highlights include Commercial Director at PGBison Limited; Chief Financial Officer of Telkom Limited; director at Vodacom; Financial Director, CEO and non-executive Chairman at Anglovaal Industries Limited (AVI); Non-executive director on the board of the Aveng Group and past lead independent director at Liberty Life.

NICK CRITICOS (63)

Non-executive director

British

Incoming Chairman/
appointed 1 March 2022

Appointed to L2D Board: June 2021

Nick is an actuary by profession and has wide-ranging financial services and property experience in South Africa and Europe. Before joining Liberty as an independent non-executive director in 2019, Nick held roles including Chief Executive of BMO Real Estate Partners, Head of Retail and Investment Trusts at F&C Asset Management PLC, and Managing Director of the Unit Trust Company and an Executive Director of Royal & Sun Alliance Life Holding Company. He was previously a board member of the Investment Management Association, the UK's asset management trade body, and is currently a non-executive director of Sesame Bank Hall Group (a subsidiary of AVIVA) and chairman of its Audit Committee, a director of Liberty Holdings Limited, Liberty Group Limited and STANLIB Limited, and serves on the Group Risk Committee, Group Actuarial Committee and Group Remuneration Committee.

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

Barbara is a Chartered Accountant with over 20 years of finance, audit, treasury, tax and controlling experience in acquisitions and divestments projects. Her career spans the accounting and auditing profession, financial services industry and the energy sector. She was the Chief Financial Officer of Shell Downstream South Africa until 31 March 2022 and served on the Board and committees of various entities in the Shell Group. She has strong technical skills in accounting, tax, treasury, controlling, governance, risk and assurance.

LYNETTE NTULI (39)

Independent non-executive director

South African

Appointed to previous manager Board: July 2017

Appointed to L2D Board: July 2018

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

Lynette is the CEO of Innate Investment Solutions. She previously held senior leadership positions within the commercial, development and investor spheres of the property, trade, and investment sectors. Sitting on various executive committees and working groups, Lynette brings valuable experience gained over more than 10 years in the industry. In 2018, she served as a board member of First National Bank Advisory, Maris Stella School and Lynette is a Choiseul 100 Africa Laureate.

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

Peter has wide-ranging Chairman, CEO and CFO experience in manufacturing, mining, telecommunications, healthcare, leisure, property, packaging, motor industry and finance in listed and private entities in South Africa, the United Kingdom, Zimbabwe and Nigeria. He has extensive management, strategy, corporate finance, mergers and acquisitions, debt restructuring and capital raising experience locally and internationally with multiple successful transactions accomplished. Peter served on the boards and committees of major companies across various sectors in listed, unlisted, group and private equity environments, including chairman of PPC Limited.

OUR BOARD OF DIRECTORS CONTINUED

DR PULENG MAKHOALIBE (42)

Independent non-executive director

Lesotho National

Appointed to L2D Board: October 2020

Social, Ethics and Transformation Committee

Puleng has a passion for creativity, design thinking and innovation. She has 20 years of experience working in the private sector, government, and higher educational institutions. She is the CEO and co-founder of Alchemy Inspiration. Her experience includes Head of Innovation, Creativity and Entrepreneurship at Henley Business School and head of Humanities at the University of Cape Town. Puleng has worked globally in the innovation space over the last two decades and has been recognised as a global leader in that space. Puleng is also a passionate speaker, panelist, author, facilitator and an innovation and design thinking consultant.

DAVID MUNRO (51)

Non-executive director

South African

Appointed to L2D Board: July 2019

Nominations Committee

David joined the Standard Bank Group in 1996. In 2003, he was appointed Deputy Chief Executive, CIB South Africa and in 2006 was appointed to Chief Executive, CIB South Africa. In 2011, he was appointed Chief Executive CIB, which he held until 30 May 2017 when he was appointed Chief Executive of Liberty Holdings Limited. He held this position until 1 March 2022 and now serves as a non-executive director.

CRAIG EWIN (61)

Independent non-executive director

South African

Appointed to L2D Board: January 2021

Audit and Risk Committee Remuneration Committee (Chairman) and Nominations Committee

Craig is a Chartered Accountant and has thirty years' experience in the property industry, including acquisition, financing and management of properties for various investors. His previous roles included Managing Director of Marriott Property Services, Chief Executive Officer of SA Corporate Real Estate and director of Oryx Properties Limited in Namibia. He is a director of First World Hybrid Real Estate plc, a Regulated Fund which invests in UK commercial property and a director of Sequel Property Investments in South Africa that is responsible for the procurement and management of the fund's properties

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

Amelia has over 22 years' experience in the property sector, initially established at Old Mutual Property in various positions before exiting her role as the Chief Operating Officer. She joined STANLIB in 2012 to establish the STANLIB Direct Property Investment business, including property asset management and property development management. Amelia is a member of the industry advisory board to the Wits school of construction economics and management and serves on the SA REIT Association's executive committee, and chairs their research committee. She previously served as president of the SAPOA from 2014 to 2015. She is also a past chairman of Women's Property Network and served as a trustee for the education trusts of WPN and SAPOA until 2018.

Amelia has held the role of Chief Executive of Liberty Two Degrees since its listing in December 2016.

JOSÉ SNYDERS (43)

Financial Director

South African

Appointed to previous manager Board: March 2017

Appointed to L2D Board: July 2018

José was previously a dealmaker in the real estate investment banking division of Rand Merchant Bank. He is responsible for financial risk management, investment analysis and the capital structure of the REIT, as well as financial planning and balance sheet management. In addition, he has significant experience in initiating and implementing transactions in the property sector.

GOVERNANCE OVERVIEW

HOW CORPORATE GOVERNANCE CREATES VALUE

Within the Company's ethical environment, effective corporate governance practices create and preserve value for all stakeholders while guarding against value erosion. L2D's governance structures and processes create value for all its stakeholders by:

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

At the heart of any successful business is the practice of good corporate governance. The Board believes that good corporate governance:

- Ensures corporate success and business growth.
- Instils and maintains investors' confidence, as a result of which the Company can raise capital 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.
- Supports the brand.
- Ensures that the Company is managed in the best interests of all.

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, practising good governance helps 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 all 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 joined, as a member, the Integrated Reporting Committee of South Africa to stay abreast of international best practices in reporting.

GOVERNANCE 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.

Corporate citizenship

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 Transformation Committee assists the Board in evaluating and monitoring measures and targets agreed with management in all areas.

Ethical leadership and 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.

The Company's leadership makes all decisions 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 how 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 any instances of fraud, corruption, misconduct, illegal activities, or unethical behaviour without fear of reprisal or victimisation.

The Company has a whistleblowing policy in place that provides protection for whistle-blowers for disclosures made without malice and in good faith.

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 matters of a serious nature are escalated to the Audit and Risk Committee for investigation and action, as required.

There were no whistleblowing reports for L2D in 2021. However, two matters relating to procurement by its service provider are being investigated. These are not regarded as being material.

Conflicts of interest

Members of the Board are required to timeously disclose any interests that conflict or could potentially 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.

GOVERNANCE OVERVIEW CONTINUED

The Company's employees must make the appropriate disclosure of potential conflicts of interest 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.

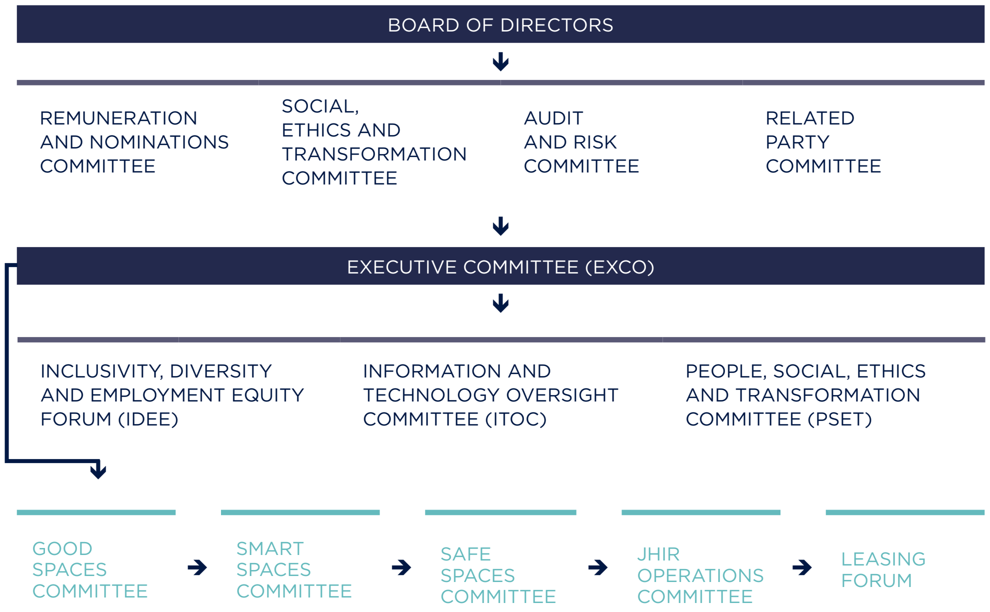
Dealing in securities

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 is not permitted to 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 has been obtained from the directors in writing. A closed period commences a month before the end of a reporting period. In L2D's case, this period commences 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 page 118 of the integrated report.

Governance structures and delegation



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 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.

The Board committees have been appropriately constituted according to 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.

The Exco comprises the Chief Executive, Financial Director, Chief Operations Officer, Human Capital Executive, Marketing and Communications Executive, Chief Information Officer, Chief Risk Officer and 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, responsible for sustainability, Smart Spaces, which is responsible for increased use of and integrating technology to enhance customers' and

GOVERNANCE OVERVIEW CONTINUED

tenants' experiences and Safe Spaces, 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.

Board composition

The nature of the Board ensures that 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 directors were appointed during the year, and one retired.

Leadership roles and functions

The Chairman of the Board, Angus Band, is a non-executive director by virtue of his long-standing association with Liberty Group Limited and Liberty Holdings Limited. Angus Band retired on 1 March 2022, and Nick Criticos was appointed in his place. Nick Criticos is an independent non-executive director of Liberty Holdings Limited and is therefore not regarded as independent. Barbara Makhubedu serves as lead independent director. The roles and responsibilities of the Chairman and the Chief Executive are separated and clearly defined.
The Chairman's responsibility is to provide overall leadership to the Board and ensure that the directors can perform effectively. The Chief Executive is responsible for the daily management of L2D's operations and chairs the Exco.

The Board is kept informed of all developments within the Group, primarily through the executive directors. The role of the independent non-executive directors is to protect the interests of shareholders, especially those of minority shareholders. Independent non-executive directors also ensure that all decisions made by the Board have been subjected to the appropriate oversight, challenge and scrutiny.

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 L2D 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. She does not have any other significant directorships on any governing bodies that place pressure on the execution of her duties. L2D's Board is committed to ensuring sufficient succession conversations are in place in the case of the resignation of the Chief Executive.

Diversity

L2D understands that the diversity of the Board and the Company, in general, is key to the business's ongoing success. To this end, the Board has adopted a diversity policy that provides targets for promoting diversity. These targets have been met as of 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 16 of this report.

Board and committee changes

The Board

Craig Ewin was appointed to the Board on 1 January 2021 as an independent non-executive director. Wolf Cesman retired as an independent non-executive director on 7 May 2021, and Barbara Makhubedu was appointed as lead independent non-executive director in his place. Nick Criticos joined the Board as a non-executive director on 14 June 2021.

Subsequent to the reporting period, Angus Band retired, and Nick Criticos was appointed as Chairman of the Board on 1 March 2022. Nick Criticos will serve on the committees that Angus Band served on, namely:

- Member of the Social, Ethics and Transformation Committee.
- Chairman of the Nominations Committee.
- Member of the Remuneration Committee.

Audit and Risk Committee

Craig Ewin was appointed to the committee on 19 February 2021.

Social, Ethics and Transformation Committee

Post-year-end, Angus Band retired and Nick Criticos was appointed as a member in his place.

GOVERNANCE OVERVIEW CONTINUED

Remuneration and Nominations Committee

Barbara Makhubedu was appointed to the joint committee on 7 May 2021.

David Munro was appointed to the Nominations Committee on 7 May 2021.

Craig Ewin was appointed as Chairman of the Remuneration Committee and member of the Nominations Committee on 7 May 2021.

Post-year-end, Angus Band retired and Nick Criticos was appointed as a chairman of Nomco and member of Remco in his place.

Related Party Committee

Craig Ewin was appointed as the third member on 7 May 2021.

Independence

The Board carries out an evaluation of the independence of its directors in line with the King IV™ requirements. The Nominations Committee undertook an internal evaluation of the independence of the non-executive directors on a substance-over-form basis, and the outcome was shared with the Board on 24 February 2021. With the exception of Angus Band, David Munro and Nick Criticos, all non-executive directors were confirmed to be independent.

Independence of the Board is further assured by the following:

- The majority of the Board members are non-executive directors, of whom most are independent.
- A lead independent director has been appointed.
- The remuneration of non-executive directors is not linked to the performance of the Group.
- Non-executive directors do not receive share awards or options from the Company.
- Individual directors may take independent professional advice at the Company's expense.
- All conflicts of interest are declared.

Appointment and re-election of directors

Appointments to the Board are made formally and transparently with due deliberation by the Nominations Committee and the Board, and after engagement with the controlling shareholder.

The Company undertakes various procedures for new appointments, including background and reference checks. Board members also need to be willing to devote a relevant portion of their time to L2D.

The shareholders approve appointments of new directors at the first annual general meeting (AGM) following their appointment. In terms of the Company's Memorandum of Incorporation (MOI), at least one-third of the non-executive directors are subject to retirement by rotation and re-election at each AGM. The composition of the Board and the various Board-appointed committees are reviewed when directors change or on an annual basis. Consideration is given to, among other criteria: skills, knowledge, qualifications, diversity, experience and balance of power.

All non-executive directors have appointment letters.

Succession planning

The Board is satisfied that the depth of skills and experience among current directors meets succession requirements. Every year, the Remuneration and Nominations Committee considers succession planning for executive directors and other senior executives.

The Company is satisfied that the Board's composition reflects the appropriate mix of skills, knowledge, qualifications, diversity, experience and independence.

Company Secretary

The Board is cognisant of the duties of the Company Secretary and the vital role he plays in ensuring that Board procedures and relevant regulations are fully adhered to. The Company Secretary is not a director, and the directors have unlimited access to his advice and services. The Company Secretary acts as secretary for the Company's Board committees and is responsible for the flow of information to the Board and its sub-committees. He ensures that L2D complies with section 88 of the Companies Act and actively assists the Board in its governance initiatives.

Ben Swanepoel has more than 12 years' experience as Company Secretary in the listed property environment. He has been registered with the Chartered Governance Institute of Southern Africa since 2002. The Board is satisfied that the Company Secretary is sufficiently skilled and experienced to perform in his role effectively.

GOVERNANCE OVERVIEW CONTINUED

Significant matters discussed during the year by the Board and its sub-committees

- Review of the Company's strategy and the implementation thereof.
- Portfolio and business performance against budget, forecasts and benchmarks.
- Approval of the business plan and budgets.
- Review of the expected credit-loss provisions relating to tenant arrears.
- Review of liquidity, solvency and capital-adequacy requirements.
- Approval of the going-concern assumptions.
- Approval of the interim and final results and distributions payable to shareholders.
- Approval of the annual financial statements.
- Approval of the integrated and ESG reports.
- Approval of SENS and press announcements.
- Resumption of the share buy-back programme.
- Impact of COVID-19 on team and adoption of a hybrid working model.
- Implementation of the mandate for rental-relief packages and the accounting treatment thereof.
- Approval of trading statements.
- Approval of debt funding.
- Approval of the property valuations.
- Evaluation of changing risk landscape resulting in a new risk register.
- Transformation and B-BBEE Scorecard targets.
- Digital transformation initiatives.
- Protection of Personal Information Act (POPIA) compliance.
- Sandton City municipal valuation and rates dispute.
- Approval of the sale of a non-core asset.
- Compliance with the Collective Investment Schemes Control Act (CISCA), the Companies Act, JSE Listings Requirements and other legislation, regulations, codes and standards.
- Director appointments.
- Appointment of an Information Officer.
- Appointment of a new JSE Sponsor.
- Comprehensive independent remuneration benchmarking exercise for all employees and non-executive directors.
- Approval of the executive directors' remuneration.
- Review of the Chief Executive's and Company Secretary's performances.
- Reviewed the outcomes of the Board and committee evaluations and the actions taken to address issues of concern raised.
- Review of the Board charter and committee mandates.
- Discussion of the updates received from the chairs of the committees.

GOVERNANCE OVERVIEW CONTINUED

Information and technology governance

By operating in a modern environment, 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.

The Chief Information Officer is the accountable executive for IT governance and the digital strategy. He provides updates to Exco and 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.

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 for all properties other than Melrose Arch to JHIR. They use technology to manage some of the processes 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 primary property manager, JHIR, and the Audit and Risk Committee monitors these risks regularly.

We believe in making sure that the physical environment lives alongside the digital environment and using the improved insights to make real-time data-driven decisions. We are running a pilot with a global proptech company, Mallcomm, for a digital management system to assist in creating 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 reporting lines, namely the Audit and Risk Committee and Exco.

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

BOARD PERFORMANCE

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, the vision, purpose and values were reaffirmed. The strategic and operational challenges and alternatives were unpacked together with all 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 driving growth within the portfolio.

The Audit and Risk Committee assist the Board to ensure that the Company's reports – including the annual financial statements, integrated annual report, presentations, circulars and SENS announcements – are transparent, accurate and comply with legal requirements to meet the legitimate and reasonable information needs of its material stakeholders.

Induction and training

It is a requirement for all directors to continually develop their skills and understanding of the operational environment. Directors are also required to stay informed and understand the material matters that impact the Company to ensure that they are equipped to perform their duties to the best of their ability.

Both directors appointed in 2021 went through the Company's induction programme. This involved one-on-one meetings with the Chairman of the Board, chairmen of the relevant committees, the Chief Executive, the Financial Director, the Chief Operating Officer and Company Secretary, as well as all members of Exco. The aim of the induction programme is for new directors to develop an understanding of the nature of the Company, how it operates, its people and its central relationships. The programme serves to ensure that the director gains an understanding of their role and responsibilities as a director as well as the framework and industry within which the Company operates. The induction also covers the Board and committees, the composition thereof, and all the relevant processes to enable the director to optimally function as quickly as possible. Pertinent governance documentation, including minutes of prior meetings, are made available to new directors.

During the year under review, presentations and training sessions were held to ensure that directors stayed abreast of the regulatory changes, legislative requirements and industry trends. These included JSE regulatory developments applicable to REITs, executive versus non-executive director duties and responsibilities, and integrated reporting and thinking.

GOVERNANCE OVERVIEW CONTINUED

Performance evaluations

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 were excellent. Key observations regarding areas to be considered for possible 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 outcome and areas of improvement required. The lead independent director discussed the outcome of the Chairman's evaluation with him.

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

Legitimacy

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

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 credible and trusted brands and leaders in their respective markets.

Attendance at Board meetings

The Board is responsible for the Company's governance function.
To effectively execute its fiduciary role, the Board has committed to meet a minimum of four times a year. It may call additional ad hoc Board meetings should the need arise to address any matters relating to operational, financial, governance or any other key business issues.

During the year under review, scheduled quarterly meetings were held. For the details of attendance at Board and committee meetings during the year, refer to the following table.

Board and committee meeting attendance

Committees	Board	ARC	SET	Remco	Nomco
Chairs	Angus Band	Peter Nelson	Lynette Ntuli	Craig Ewin	Angus Band
Number of meetings	4	4	3	2	4
Angus Band Outgoing non-executive Chairman	4/4	4/4*	3/3	2/2	4/4
Wolf Cesman^^ Lead independent non-executive director	2/2	2/2	2/2	1/1	2/2
Lynette Ntuli Independent non-executive director	4/4	n/a	3/3	1/2	2/4
David Munro Non-executive director	4/4	n/a	n/a	2/2*	2/2& 2/2*
Peter Nelson Independent non-executive director	4/4	4/4	n/a	2/2	4/4
Barbara Makhubedu Lead Independent non-executive director	4/4	4/4	n/a	1/1&	2/2&
Puleng Makhoalibe Independent non-executive director	4/4	n/a	3/3	n/a	n/a
Craig Ewin^ Independent non-executive director	4/4	3/3	n/a	1/1&	2/2&
Nick Criticos# Non-executive director	2/2	2/2*	1/1*	1/1*	1/1*
Amelia Beattie Chief Executive	4/4	4/4*	3/3	2/2*	4/4*
José Snyders Financial Director	4/4	4/4*	3/3*	n/a	n/a
Ben Swanepoel Company Secretary and Compliance Officer	4/4	4/4	3/3	2/4	4/4

** By invitation. ^^ Retired 7 May 2021. ^ Appointed 1 January 2021.*
 # Appointed 14 June 2021. & Appointed as member 7 May 2021.

The internal auditors and external auditors attended all ARC meetings by invitation.

The skills and experience of the members are set out on pages 16 and 17.

GOVERNANCE OVERVIEW CONTINUED

Board committees

The Company has several standing committees, created to assist the Board with executing its responsibilities. While certain functions are delegated to the committees, the Board retains ultimate responsibility for all committees' activities. Each committee has an agreed-upon mandate approved by the Board.

The committee mandates were reviewed in November 2021 and set out the following for each constituted committee:

- The composition of the committee.
- The committee's overall role, duties and responsibilities.
- The responsibility delegated by the Board to the committee.
- The scope of authority that is set out for each committee.
- The committee's access to resources and information.
- The meeting procedures to be followed.
- The arrangements for evaluating the committee's performance.

For the year under review, all committees were satisfied that they fulfilled their responsibilities in accordance with their mandates.

OPERATIONS OF EACH COMMITTEE

Audit and Risk Committee (ARC)

Peter Nelson (Chairman)

The ARC has statutory duties in terms of section 94(7) of the Companies Act. It has an independent role and is accountable to both the Board and the Company's stakeholders. The committee is responsible for the following functions, processes, controls and assurances:

- Financial reporting.
- Risk management.
- External audit.
- Compliance.
- Internal audit and controls.
- Combined assurance.
- Oversight of integrated reporting.
- IT governance.

Committee membership

Collectively, the committee members are equipped with the appropriate financial and related qualifications, skills, financial expertise and experience to discharge their responsibilities.

MEMBER	APPOINTED	RETIRED
Peter Nelson (Chairman)	26 May 2020	
Wolf Cesman		7 May 2021
Barbara Makhubedu	21 October 2020	
Craig Ewin	19 February 2021	

Committee invitees

- Amelia Beattie (Chief Executive).
- José Snyders (Financial Director).
- Gareth Rees (Finance Executive and Chief Risk Officer).
- Ben Swanepoel (Company Secretary and Compliance Officer).
- External auditors.
- Internal Auditors.
- Chairman of Liberty's Audit Committee and the Financial Director*
- Chairman of the Board.
- Liberty Group Tax.

* *The results of L2D are consolidated into Liberty's, hence their attendance.*

THE ARC'S FOCUS AREAS FOR 2022

- Review the Company's risk appetite and tolerance levels.
- Review the risk management policy.
- The residual impact of COVID-19 on the business.

GOVERNANCE OVERVIEW CONTINUED

OVERVIEW

The ARC's role is to provide independent oversight of the effectiveness and quality of the Company's financial and internal controls, assurance functions and services. The ARC's responsibility is to ensure the integrity of L2D's published financial and non-financial information and implement an effective risk management policy and risk management.

The ARC is satisfied that:

- The governance processes, risk management and system of internal controls are adequate and effective based on the reports received from the external and internal auditors for the 2021 year.
- The financial controls in place are suitable and form a sound basis for the preparation and reporting of reliable financial information.
- It has fulfilled its mandate, including its statutory duties, and the Company has complied with the JSE Listings Requirements, Companies Act, REIT tax provisions and other regulatory requirements.

Matters discussed by the ARC

The committee's focuses on financial reporting during the year under review, in addition to its other duties and responsibilities, included the following:

- Review of financial performance and forecasts as impacted by COVID-19.
- Review of cash-flow and liquidity.
- Review of the terms of debt facilities and recommendations to the Board.
- Review of solvency and liquidity, capital-adequacy and going-concern-assumption requirements.
- Progress on the rental-relief negotiations.
- Consideration and review of external auditors' report.
- Tenant arrears and the expected credit-loss provision.
- Review and deliberation of property valuations given the uncertainty in the market and recommendation thereof for Board approval.
- Recommendation of results, distribution, SENS announcements, trading statements and annual financial statements.
- Key areas of accounting judgements affecting the annual financial statements.
- Review of the effectiveness of the risk management system embedded in the business.
- Approval of the updated risk report and risk register.
- Review of the combined assurance assessment report.
- Approval of an internal materiality (red-flag) level of R29.4 million.
- Review of the compliance dashboards.
- Review of taxation matters.
- Review of internal audit reports.
- Consideration of the legal report and litigation risks facing L2D, including the Sandton City municipal valuation dispute.
- Review of the updated King IV™ register.
- Monitoring compliance with loan covenants and interest-rate-hedging policy.
- Approval of the portfolio and Company insurance cover.
- Review and acceptance of letters of assurance provided by Liberty and STANLIB in respect of IT governance.
- Review and acceptance of the comprehensive letter of assurance provided by JHIR in respect of the outsourced property management function.
- Approval of the external and internal audit plans.
- Review of the external auditor suitability assessments.
- Review of the effectiveness of the internal audit function.
- Evaluation of the independence, performance and conduct of the external auditors. Satisfied itself with the quality of the external auditors. Confirmations required in terms of sections 3.84(g) and 22.15(h) of the JSE Listings Requirements were obtained.
- Recommendation that PricewaterhouseCoopers Inc. be re-appointed at the AGM.
- Re-appointment of independent investment-property valuers.
- Review of the material matters for inclusion in the integrated report.
- Confirmation of the suitability and competence of the finance director and finance function.
- Compliance with CISCA, JSE Listings Requirements, Companies Act, POPIA and other applicable legislation, codes, regulations and standards were monitored.

GOVERNANCE OVERVIEW CONTINUED

Social, Ethics and Transformation Committee (SET)

Lynette Ntuli (Chairman)

The SET continuously monitors L2D's activities pertaining to legislation and legal requirements and social, transformation, environmental and economic development. In addition, the committee ensures that L2D acts ethically to protect the Company's reputation and actively engages with various stakeholders while acting in a manner that befits a good corporate citizen.

Committee membership

MEMBER	APPOINTED	RETIRED
Lynette Ntuli (Chairman)	26 July 2017	
Angus Band	26 July 2017	
Wolf Cesman		7 May 2021
Amelia Beattie	1 November 2018	
Puleng Makhoalibe	21 October 2020	

Committee invitees

- José Snyders (Financial Director).
- Jonathan Sinden (Chief Operating Officer).
- Ben Swanepoel (Company Secretary).
- Steph Goodwin (Human Capital Executive).
- Heloise Mgcina (Marketing and Communications Executive).
- Other subject specialists.

THE SET COMMITTEE'S FOCUS AREAS FOR 2022

- Net-Zero Waste ready by the end of the year.
- Implement initiatives to reduce water and energy consumption by 5%.
- Development of a biodiversity strategy.
- Evaluate the implementation of the piloted Mallcomm digital management system application across the portfolio.

GOVERNANCE OVERVIEW CONTINUED

OVERVIEW

The SET has a mandate to guide and monitor the Company's transformation, social, economic, environmental, ethics, consumer engagement and management activities in accordance with the relevant legislation, codes and other legal requirements.

The SET is satisfied that it was fully compliant with its mandate during the year under review.

Matters discussed by the SET

People

- Review of the employee experience framework.
- Evolution of work and the adoption of a flexible hybrid working model.
- People strategy for 2022.
- Talent development within the Company.
- Vaccination status of employees and guidelines for working from the office.

Transformation

- The implementation of the transformation strategy.
- B-BBEE targets and the attainment thereof.
- Employment equity and diversity.
- Socioeconomic development initiatives, sponsorships and spend.

Good Spaces

- Green Star certification for the retail properties.
- Implementation of Net-Zero Waste strategy and diversion from landfill.
- Update on Net-Zero targets.
- Review of the Company's material matters as set out in the integrated report.
- Sustainability initiatives, including rain harvesting, solar PV and HVAC modernisation.

Safe Spaces

- COVID-19 certifications for the retail portfolio.
- Compliance with the OHS Act and regulations.
- Improving security following the July 2021 riots.
- Creating safe environments and international accreditations.

Smart Spaces

- Implementation of a smart camera artificial intelligence solution in the retail portfolio that will lead to improved safety, security and operational efficiencies.
- Launch of a digital gift card solution at Sandton City.
- Piloting the Mallcomm digital management system platform at Eastgate.

Interactive Spaces

- Initiatives to create successful experiential spaces, activations and events for customers.

Stakeholder management

- Review of investor relations engagements and outcomes.
- Feedback from the retailer roadshow.
- Review of the report on stakeholder engagements during 2021.

Marketing and communications

- Launch of "IMPACT" as an ESG value proposition.
- Approval of the marketing and communication strategy for 2022.
- Review of marketing campaigns.

Good corporate citizenship

- The Company's compliance with the constitution, laws, rules, regulations, codes and policies.
- Ethical conduct in the workplace.
- Combating fraud and corruption.

GOVERNANCE OVERVIEW CONTINUED

Remuneration and Nominations Committee

Craig Ewin, Chairman Remuneration and
Angus Band, Chairman Nominations

The Remuneration and Nominations Committee continues to monitor the Company's remuneration policies and their implementation. The committee also oversees the preparation of the remuneration report in the integrated report. The committee remains focused on nominating adequately experienced and skilled directors to serve on the Board.

MEMBER	APPOINTED	RETIRED
Wolf Cesman *(Chairman of Remco)*		7 May 2021
Craig Ewin *(Chairman of Remco)*	7 May 2021	
Angus Band *(Chairman of Nomco)*	26 July 2017	
Lynette Ntuli	26 July 2017	
Peter Nelson	26 May 2020	
David Munro *(Nomco only)*	7 May 2021	
Barbara Makhubedu	7 May 2021	

Committee invitees

- Amelia Beattie (Chief Executive).
- Ben Swanepoel (Company Secretary).

THE REMUNERATION AND NOMINATIONS COMMITTEE FOCUS AREAS FOR 2022

- Further implementation of remuneration benchmarking and recommendations based on overall affordability.
- Succession planning for specific executive roles.

OVERVIEW

Remuneration Committee

The role of the Remuneration Committee (Remco) is to assist the Board in discharging its duties in terms of governing remuneration and developing and implementing a remuneration philosophy to publish in the Company's remuneration report. Remco also ensures that the Company has competitive reward strategies and programmes to attract and retain high-performing employees to achieve the Company's strategic objectives. The committee seeks to safeguard stakeholder interests by ensuring that remuneration structures do not drive excessive risk-taking.

Refer to the remuneration and implementation reports, which appears on pages 91 and 104 of the integrated report.

Nominations Committee

The role of the Nominations Committee is to assist the Board by ensuring that its composition has the appropriate balance of skills, knowledge, diversity and independence to discharge its duties effectively.

The Remuneration and Nominations Committee is satisfied that it complied fully with its mandated requirements.

Matters discussed by the Remuneration Committee:

- Approval of incentive percentages and annual increases, bonuses (STIs) and share awards (LTIPs).
- Approval of vesting and forfeiture of share awards.
- Approval of financial and non-financial business KPIs.
- Review of remuneration benchmarking report for all employees and non-executive directors and recommendations to the Board in this regard.
- Recommendation of non-executive directors' fees.
- Review of the Chief Executive's and Financial Director's remuneration packages.
- Impact of Companies Act Amendment Bill on the committee should the bill be adopted in its current form.
- Likely vesting of performance awards going forward.
- Annual review of the Company Secretary.
- Review of the remuneration and implementation report.

Matters discussed by the Nominations Committee:

- Nomination of new Board members.
- Confirmation of directors' independence.
- Committee composition in terms of size, diversity and the necessary skills required.
- Board performance evaluations.
- Chairman and director succession.
- Vaccination status of employees.

Related Party Committee

The role of the Related Party Committee is to review not-business-as-usual transactions between L2D and Liberty Group Limited to ensure that the rights of minority shareholders are protected.

MEMBER	APPOINTED
Peter Nelson (Chairman)	26 May 2020
Barbara Makhubedu	21 October 2020
Craig Ewin	7 May 2021

The committee did not meet in 2021.

OUR BUSINESS MODEL

The primary source of revenue for L2D is rental income received from its property portfolio. This income, combined with other non-rental income, is distributed to shareholders after deducting operating costs, interest paid and corporate expenses. Income is typically distributed to the shareholders biannually. As defined in King IV™, the six capitals help to illustrate our business model in terms of our inputs, business activities, outputs and outcomes, as depicted in the table below.

OUR INPUTS

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

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

Human capital
Our people's knowledge, skill, attitude, and innovation enable us to achieve our purpose and vision.

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

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

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

OUR ACTIVITIES

DIRECT ACTIVITIES → Creating experiential spaces to benefit generations L2D direct activities → OUTSOURCED ACTIVITIES

Investing and developing, enhancing, managing, disposing and capital reinvestment

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

INVESTING AND DEVELOPING ↓
ENHANCING ↓
MANAGING ↓
DISPOSING ↓
CAPITAL REINVESTMENT ↓

Support services

Through a corporate services agreement, Liberty provides support services to L2D such as IT, payroll administration, tax advice and internal audit services.

Property management

We outsource the property management function for all properties owned by L2D (other than Melrose Arch) to JHIR. Amdec manages Melrose Arch.

L2D appreciates the importance of the relationships with its service providers and has entered service level agreements with the property managers to assist in administrative matters, including rental collection.

OUR OUTPUTS

Our product

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

GLA of

946 318m²

(2020: 946 318m²)

Emissions

Total greenhouse gas **(GHG) emissions increased by**

8 368 tCO_2e

(2020: reduced by 40 641 tCO_2e)

↓

Our outcomes

See 55 to 60

OUR BUSINESS MODEL CONTINUED

FINANCIAL CAPITAL OVERVIEW

INPUTS AS AT DECEMBER 2021

- R6.6 billion in equity from institutional and non-institutional investors (2020: R6.9 billion).
- R2.0 billion in debt financing (2020: R1.7 billion).

AVAILABILITY, QUALITY AND AFFORDABILITY OF INPUTS

We are operating in a capital-constrained environment, characterised by heightened risk aversion and a growing cost of capital. We therefore focus on strategic debt financing and liquidity planning.

SHORT-TERM OUTCOMES

Although we see encouraging signs of recovery in turnover across the portfolio, the uncertainty in the macro environment coupled with the continued strain on the office and hospitality sectors, as well as negative rental reversions, have resulted in a deferred return to pre-COVID net-income levels. However, amidst this uncertainty, L2D remains well capitalised with a low LTV. Key outcomes include:

- Refinanced R500 million of term debt (2020: zero).
- Paid R151.2 million in interest (2020: R149.3 million).
- Distributed R435.4 million in dividends (2020: R282.7 million)

MEDIUM- TO LONG-TERM OUTCOMES

Our approach to property investment is focused on achieving sustainable total returns. By ensuring we manage costs and maintain sufficient liquidity and headroom in our LTV ratio, we support our ability to fund the expansion of our distributable income-earning asset base. As property investments follow a longer business cycle, L2D's shareholders should stand to benefit from a stable and predictable income stream.

See the FD's review from 61 for more information on our financial capital outcomes.

OPPORTUNITIES TO ENHANCE OUTCOMES

- Manage gearing risk and interest rate exposure through hedging policy, acceptable gearing levels and maturity profile.
- Explore alternative forms of debt funding.
- Recycle non-core assets.

TRADE-OFFS

Preserving value during COVID-19 by balancing tenant sustainability with cash flow

While our rental-relief and assistance packages had a negative impact on our financial capital and therefore negatively impacted our distribution, the support provided to our tenants during this challenging time contributed to safeguarding the sustainability of our business by keeping the mall vacancies low and deepening relationships. Despite the challenges presented, we paid a full-year distribution of 34.10 cents per share (2020: 32.33 cents per share).

OUR BUSINESS MODEL CONTINUED

MANUFACTURED CAPITAL OVERVIEW

INPUTS AS AT DECEMBER 2021

- Total investment property value of R8.4 billion (2020: R8.5 billion).
- R50.4 million in development and refurbishment of properties already owned (2020: R81 million).

AVAILABILITY, QUALITY AND AFFORDABILITY OF INPUTS

Retail is at the forefront of dynamic consumer trends, and we seek to create a portfolio of high-quality assets that will meet consumer needs into the future. However, the high level of competition for these assets means acquisitions must be carefully assessed to understand their place in our long-term ambition to create experiential spaces that benefit generations.

SHORT-TERM OUTCOMES

The portfolio continues to see a demand for space. The retail portfolio occupancy level is pleasing and remains ahead of MSCI benchmarks. However, within a challenging context, we experienced negative rental reversions across the portfolio. We are focused on securing the best possible deals, with the long-term sustainability of our portfolio and tenants in mind.

- 110 new deals and 181 renewals concluded across the portfolio.
- Negative rental reversions at 25.9% (2020: negative reversions of 30.6%).
- Portfolio occupancy level 93.7% (2020: 93.3%).
- 92.5% tenant retention (2020: 84.2%).

MEDIUM- TO LONG-TERM OUTCOMES

Through continuous investments in managing and acquiring quality assets, we futureproof our buildings, creating innovative and unique spaces that attract tenants, customers and visitors, securing sustainable rental income.

See our property portfolio section from 76 for more information on our manufactured capital outcomes.

OPPORTUNITIES TO ENHANCE OUTCOMES

- Low LTV ratio provides the capacity for future acquisitions and developments.
- Identify innovative non-GLA opportunities.
- Focus on growth in rental renewals.
- Lower vacancies.

TRADE-OFFS

Balancing short-term performance expectations and long-term value creation

The quality of our assets (manufactured capital) remains paramount. Therefore, one of the key considerations in managing our operational risks is futureproofing our assets to ensure growth over time horizons. While our short-term focus has been on providing immediate support to our tenants and on carefully managing costs (short-term financial capital focus), sustainable growth requires significant capital commitments (medium- to long-term financial capital focus) to execute asset master plans (intellectual capital) and introduce new elements in answer to the changing use of real estate.

OUR BUSINESS MODEL CONTINUED

HUMAN CAPITAL OVERVIEW

INPUTS AS AT DECEMBER 2021

- 28 permanent employees (2020: 34 permanent employees).
- R800 972 spent on learning and development (2020: R999 529).
- 33 of our people benefitted from training programmes (including fixed-term employees and learnerships). (2020: 39).
- Fair and competitive remuneration.

AVAILABILITY, QUALITY AND AFFORDABILITY OF INPUTS

A shortage of experienced property skills results in significant competition for talent.

SHORT-TERM OUTCOMES

Having a people plan aligned with our overall purpose and strategy remained a focus over the year. The health and wellbeing of our people remained a top priority, and a flexible-work model was successfully adopted.

- Staff turnover of 9.68% (2020: 3%).
- One learnership participant (2020: Four).

MEDIUM- TO LONG-TERM OUTCOMES

In a highly competitive environment, our people's ability to innovate to meet changing consumer demands will continue to set us apart and enable sustainable value creation.

OPPORTUNITIES TO ENHANCE OUTCOMES

- Participation by all our people in our long-term incentive plan.
- Continued focus on transformation agenda.
- People development and succession planning.

TRADE-OFFS

Balancing the positive and negative impacts of the flexible workplace

COVID-19 has drastically changed the working world. To evolve our approach, we sought to balance the pros and cons of in-office and work-from-home models to safeguard our people's holistic wellbeing while enhancing productivity and value generation for the business. Following the lifting of lockdown restrictions and the momentum created with broader access to vaccinations, L2D adopted a flexible way of working. Instituting a new model has, of course, presented challenges. However, we believe the benefits will outweigh the difficulties once the model is bedded down. We therefore monitor the situation weekly and explore ways to build our flexible model in response to the constant changes in the environment and business.

OUR BUSINESS MODEL CONTINUED

NATURAL CAPITAL OVERVIEW

INPUTS AS AT DECEMBER 2021

- R2.6 million invested in achieving Net-Zero targets (2020: R33 million), down significantly due to extensive planning undertaken in 2021 for execution in the 2022 financial year.
- 575 778 kℓ of water used (2020: 578 907 kℓ).
- 145 040 MWh of electricity used (2020: 138 896 MWh).

AVAILABILITY, QUALITY AND AFFORDABILITY OF INPUTS

South Africa is a water-scarce country, yet our buildings need water to accommodate our tenants. Likewise, the electricity crisis in South Africa, coupled with the rising cost of both water and electricity, continue to enhance the financial viability of green technology to augment our buildings' efficiency.

SHORT-TERM OUTCOMES

- Total installed solar PV capacity amounts to 2 MW (2020: 2 MW).
- Significant improvement in waste diversion rate from 40% to 75% by weight in 2021.
- 3% water reduction due to the decline in potable water use in our buildings, as well as other water-saving initiatives.
- Increased grid electricity consumption by 4%.
- 2% of our portfolio's energy baseload is met from renewable/clean-energy sources.
- Our entire retail portfolio has received Green Star ratings.

MEDIUM- TO LONG-TERM OUTCOMES

We see green buildings as an opportunity to use our resources more efficiently and address climate change while creating healthier and more productive environments for people and communities. Our bold green ambitions therefore enhance our competitive advantage.

OPPORTUNITIES TO ENHANCE OUTCOMES

- Pursue additional renewable sources of energy.
- Further reduce energy and water usage – smart metering systems have been rolled out across the portfolio to help establish accurate baselines, and through real-time metering, we can detect leaks and minimise the potential of potable water wastage.
- Set annual targets for the reduction of carbon emissions.
- Net-Zero Water and Energy strategies are being developed.

TRADE-OFFS

Balancing our bold environmental ambitions with financial performance

Natural capital is critical to the day-to-day functioning of our business and forms part of our strategic thinking. We therefore remain focused on implementing our bold commitments to Net-Zero. However, the Group recognises that there are inherent risks to be considered in pursuing our environmental obligations, which often involve costly investments. We make these decisions by understanding the holistic risks and opportunities over the short, medium and long term. For example, utility and rates bills are significant expense items that are increasing annually. We counteract these increases by investing in green technology that enhances our operational efficiencies. In turn, 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.

OUR BUSINESS MODEL CONTINUED

SOCIAL AND RELATIONSHIP CAPITAL OVERVIEW

INPUTS AS AT DECEMBER 2021

- Stakeholder engagement.
- Contribution to community development.
- Commitment to positive transformation.
- New tenants.

AVAILABILITY, QUALITY AND AFFORDABILITY OF INPUTS

The low trust environment within South Africa was further impacted by social unrest.

SHORT-TERM OUTCOMES

- Good stakeholder relationships.
- Continuous and sustainable community development projects.
- Improved transformation and B-BBEE rating, employment equity and gender diversity.

MEDIUM- TO LONG-TERM OUTCOMES

Our focus on sustainable transformation within our business and the societies in which we operate contributes to a more stable operating environment.

See stakeholder management discussion from 46 for more information.

OPPORTUNITIES TO ENHANCE OUTCOMES

- Improve B-BBEE score.
- Enterprise development.
- Greater collaboration with surrounding building owners as part of precinct management strategy.

TRADE-OFFS

Balancing social investments with financial returns

High levels of inequality, increasing living costs, and growing unemployment enhance social risk in the country, as evidenced by the civil unrest experienced in regions of South Africa during July 2021. This, in turn, impacts business and consumer confidence. L2D is committed to supporting sustainable and inclusive growth in the property sector and positively impacting the communities in which we operate. We aim to facilitate socioeconomic empowerment within our communities and have an active community engagement strategy to ensure meaningful social investment impact. We recognise, however, that this is a long-term investment, not a short-term solution that reflects positively on the bottom line. Instead, we see our efforts as investments in social cohesion to support sustainable business and guard against value erosion.

OUR STRATEGIC BUSINESS CONTEXT

MELROSE ARCH

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

JOINT LEADERSHIP REVIEW

We remain committed to the highest standards of corporate governance, recognising that sound corporate governance practices are critical to preserve and grow long-term value while reducing the risk of value erosion.

With this in mind, we wish to take this opportunity to extend a special note of appreciation to Angus Band for his role in pursuing these aims over the years. Angus was appointed to the Board and as Chairman of L2D in July 2017 and retired with effect from 1 March 2022. We thank him for his contribution, wisdom and stewardship over the years. The depth of insight and leadership he has brought to the Board have made a profound impact, particularly through the pandemic-impacted period.

Nick Criticos was appointed as Chairman of the Board with effect from 1 March 2022. He is an independent non-executive director on the board of LHL, the majority shareholder of L2D, and was appointed as a non-executive director of L2D on 14 June 2021. Nick is an actuary with over 25 years of experience in international real estate, asset management and insurance.

With the ongoing pandemic, unfolding geopolitical conflict, humanitarian realities and the climate crisis – we find ourselves in precarious times. The pandemic has resulted in the tragic loss of life and caused widespread economic and social disruption. It has, however, also served to focus global thinking on our role, as individuals and organisations, in forging a more sustainable operating environment in the years ahead.

OPERATING IN PRECARIOUS TIMES

The headwinds faced by the South African economy endured in 2021, with weak growth and staggering unemployment levels. COVID-19 restrictions continued to significantly impact businesses, resulting in increased failures and the ongoing necessity to support tenants in affected categories. However, we were pleased to note positive signs of recovery in the last quarter of 2021 as COVID-19 restrictions eased and vaccinations gained momentum, with consumer confidence and retail trade improving.

While restrictions are now being lifted, we are profoundly aware that there is no return to normal – particularly when considering how the pandemic has accelerated change. Accordingly, the retail sector has had to continually reassess its ability to address customer needs and keep up with the evolving nature of their demands. Workplace practices have also been reshaped with a focus on flexibility and safety, yet with a requirement for ongoing collaboration. These challenges, combined with other issues such as the tremendous rise in administered costs, load shedding, and social instability – as evidenced by the unrest experienced in July 2021 – have only heightened the need for a clear, forward-thinking strategic direction to enable agility and adaptability amidst the uncertainty.

REBUILDING FOR GROWTH

Within this volatile context, our purpose of creating experiential spaces to benefit generations remains our north star, setting our primary reason for existence at the intersection between societal needs and where we as a business can uniquely add value. Our vision of being a South African, precinct-focused, retail-centred REIT remains unchanged. We are driven to execute our strategic intent to exceed customers' and tenants' needs, gleaning insights to understand customer behaviour to empower tenants and strengthen our business. Likewise, we seek to empower our people to deliver with confidence and pursue innovative means of meeting our customers' and tenants' needs while enhancing our positive impact on the communities in which we operate. We aim to deliver this value as we rebuild our business for sustainable growth.

JOINT LEADERSHIP REVIEW CONTINUED

Delivering financial and operational excellence amid continued uncertainty

L2D has an intentionally conservative capital structure and sufficient balance sheet capacity. Indeed, our balance sheet has remained one of our most valuable assets during this time – enabling L2D's ability to support our tenants through the volatility. Our LTV remained healthy at 23.9% (2020: 20.5%), while our conservative gearing provides a buffer against the effects of the current economic climate. Net property income (NPI), excluding the accounting impact of lease straight lining, improved by 19%, benefitting from lower rental discounts, effective cost containment, and decreased credit loss provisions.

Owing to our quality portfolio of iconic assets, we continued to experience strong demand. Occupancy stabilised at 93.7% (2020: 93.3%), with future pre-lets marginally improving occupancy to 93.8%. Despite the turbulent year, the portfolio achieved annual turnover growth of 24.5% compared with 2020 and only 3.2% below 2019, with annual footcount growth of 26.0% compared with 2020, down 12.0% from 2019. Collections continued to improve, achieving an average of 108.3% for the year. Reversionary pressure persisted in certain categories. Going forward, we believe that the improvement in the trading environment will support the reversal in the reversionary trend.

We recognise, however, that recovery across the portfolio remains uneven. While retail has shown a promising upturn, sectors such as hospitality, food services and offices continue to bear the brunt of restrictions, work-from-home practices and weak economic activity. For the retail portfolio, the trading levels for many categories met or exceeded 2019 pre-COVID levels – particularly in the last quarter of the year, which ended with a robust festive period performance. Interestingly, our analysis of footcount data indicates a shift in shopping patterns, with consumers spending more money over fewer visits to our malls with longer dwell times, translating into higher turnover.

Sandton City, which outpaced 2020 and 2019 annual turnover by 31.3% and 4.3%, respectively, has generated our highest-ever annual turnover of approximately R7.4 billion. Luxury brands, technology and grocery categories continued to show an exceptionally strong recovery. Serving a different catchment area, Eastgate's recovery has been slower, placing pressure on achievable rentals. Various focused initiatives are in place to drive turnover and dwell time at Eastgate. We are also working with management at Melrose Arch to find solutions to our high office vacancies.

Pleasingly, our retail and office occupancy rates remained ahead of the third and fourth quarter MSCI benchmarks. COVID-19 impacts on our hospitality assets, however, remained significant, resulting in NPI for this sector decreasing by R17 million (178%).

With our overall operational and financial metrics showing continued improvement in 2021, our Board declared a distribution of 34.1 cents per share for the full-year.

Placing people at the centre of the recovery

We continued to work closely with our stakeholders during this period. Supporting our tenants who have experienced the most significant operational and economic challenges remained a critical focus, particularly those in the food services, entertainment, and travel categories. Maintaining high occupancy in our malls means that tenants have been able to keep their businesses going and keep people employed – through this, our shareholders and all stakeholders have also contributed to the rebuilding of South Africa through our collective efforts.

The health, safety and wellbeing of our stakeholders is at the heart of our COVID-19 response. In line with this objective, L2D was affirmed by SAFE Shopping Centres, a global certification and advisory company, as the first responsible owner in Africa to achieve international certification following a COVID-19 assessment, taking the extra steps to ensure a duty of care for tenants and shoppers.

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.

L2D is dedicated to positively transforming the property sector. We contribute to programmes that make a difference and support small black-owned businesses through entrepreneurship and business skills development. Our aim is to continue to support gender diversity, inclusiveness and transformation within L2D and the industry. We were proud to be recognised by the Standard Bank Top Women Adjudication as one of South Africa's Top Gender Empowered Companies in the Real Estate and Construction Sector. Furthermore, as testament to our commitment to broad-based transformation, we maintained a level 2 B-BBEE rating for 2021.

Other notable recognitions include the 44 Footprint Marketing Awards received from the South African Council of Shopping Centres for excellence in shopping centre marketing, innovation and creativity, and the #CreateTomorrow portfolio campaign, which won the prestigious Spectrum Award for our contribution to social upliftment.

JOINT LEADERSHIP REVIEW CONTINUED

Delivering our bold ambitions

Our shopping malls are ecosystems that provide trading and experiential environments for some of the world's most iconic brands. We understand the importance of partnering with our stakeholders to accelerate our positive impact on the natural environment. Therefore, we remain bold in driving our Net-Zero Commitments, reducing our carbon emissions, water use and waste generation as we move towards achieving our 2030 target. Our commitment to Net-Zero Waste remained a priority, although our ambition to achieve this milestone by 2021 was adjusted. We are working towards a Net-Zero Waste readiness by the end of 2022 and full certification in 2023. Other efforts to minimise our impact on the environment and drive operational efficiencies during 2021 included achieving Green Star ratings on our entire portfolio of assets, including a six-star rating on Sandton City; as well as a 37% energy saving in kw/h and 42% water saving in kilolitres from January 2018 to December 2021.

Futureproofing our assets

Even before the COVID-19 pandemic, we were rethinking our physical in-store propositions and strategising ways to stay ahead of the curve to meet customers' emerging needs.

Our digital transformation progressed with the pilot launch of our Iconic Spaces app (powered by Mallcomm digital management system) at Eastgate, intended to meaningfully enhance the quality of our engagements with tenants and provide insights from customer-related analytics. We also launched a digital gift voucher solution at Sandton City in November 2021.

OUTLOOK

If the last year has taught us anything, it is that challenge and uncertainty are the new normal. We recognise that performance in the coming year will be determined by the shape of economic recovery from COVID-19. However, we will continue to stringently manage the aspects within our control. As our tenants and customers shift into a post-pandemic mode, we will continue to align our properties with their evolving needs. We have a focused operational strategy grounded in robust property fundamentals and remain committed to executing our business sustainably and with ever-increasing adaptability.

We are focused on the key actions that drive distribution growth and sustainability, ensuring that we remain purposeful in how we deliver this through:

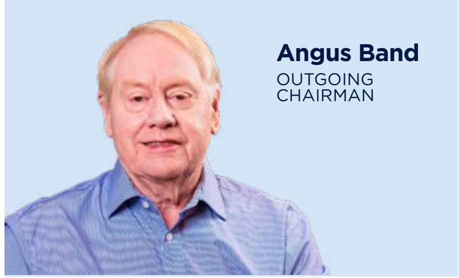
- Building on the improving market conditions and momentum gained in turnover and footcount recovery.
- Firmly executing on our strategic priorities.
- Driving stronger leasing performance and lower reversions in 2022 as operations improve.
- Turning around non-performing assets and de-risking the portfolio.
- Embedding ESG principles across our business.

COVID-19 and its impacts helped us reset and refine our business in every way. Our attention is on optimising every asset for the best possible sustainable income and capital growth in the future, but it will take some time. We are moving forward – considering all our actions against our purpose to ensure we are delivering performance and addressing ESG needs to deliver distribution, not at all costs, but with purpose-driven intent.

APPRECIATION

A crisis like the COVID-19 pandemic tests the culture and resilience of any business, and it has been heartening to see how well our people have responded. The L2D leadership and team and our property management teams have, once again, gone above and beyond in meeting our tenants' and customers' needs. We would like to express our sincere gratitude to all the Board members for their insight, guidance and direction during this uncertain time. To our shareholders and business partners, thank you for continuing to partner with us in delivering value to our stakeholders.

Amelia Beattie
CHIEF EXECUTIVE



Angus Band
OUTGOING CHAIRMAN

Nick Criticos
INCOMING CHAIRMAN

OPERATING CONTEXT

MACRO TRENDS INFLUENCING OUR BUSINESS

Macroeconomic uncertainty

UNPACKING THE CONTEXT	OUR RESPONSE	RELATED MATERIAL MATTERS	LINKS TO STRATEGY	IMPACTED CAPITALS
COVID-19 has contributed to already constrained macroeconomic conditions, heightening growth challenges, fiscal deficits, debt and social vulnerabilities. In the property sector, negative reversion rates continued to be experienced across the sector due to the ongoing impact of COVID-19, along with operating in a challenging economic environment. Reversionary rates refer to the percentage difference between a tenant's gross rental at expiry and the achieved gross rental upon renewal.	Having moved from the crisis management approach necessary in 2020 when the pandemic struck to a rebuilding-for-growth focus, we have emphasised initiatives that continue to futureproof our assets and business. Our strategic value drivers, supported by our building blocks, remain key business enablers and the basis of all our experiential initiatives within our spaces. In addition, we continued to engage with our tenants to find solutions to minimise the negative impacts of lockdown restrictions on their operations.	• The impact of the COVID-19 pandemic. • Depressed distribution growth outlook. • The impact of utility cost and rates increases on rentals. • Impact of travel restrictions on the hospitality assets. • Availability and cost of capital and future liquidity requirements. • Exposure to asset losses due to terrorism or social unrest. • The ongoing provision of safe and secure environments.	• Customer experience. • Tenant experience. • Human experience. • Capital and risk management. • Financial outcome. • The good we do.	

OPERATING CONTEXT CONTINUED

MACRO TRENDS INFLUENCING OUR BUSINESS CONTINUED

Climate risk

UNPACKING THE CONTEXT	OUR RESPONSE	RELATED MATERIAL MATTERS	LINKS TO STRATEGY	IMPACTED CAPITALS
As a long-term asset class with fixed asset locations, the property sector is particularly vulnerable to climate change risk. This includes acute physical threats like floods and wildfires, longer-term chronic risk such as rising sea levels, and more immediate transitional risk as investors seek portfolios that actively mitigate climate risk. Likewise, our customers are increasingly interested in our efforts to fight climate change. They want to be informed regarding our positive contributions, as well as any negative impacts we might have on our natural environment.	With the challenges highlighted at COP26 in mind, we continue to drive our Net-Zero target through our Good Spaces building block. As a result, we are well-positioned to deliver on our Net-Zero Waste, with verification to be completed in 2023. We are pleased with the strides made towards achieving this milestone, recognising that this will provide credibility to our broader Net-Zero Commitments as we continue to differentiate L2D as a responsible brand in the market.	• ESG and climate change considerations. • The impact of utility cost and rates increases on rentals. • Availability and cost of capital and future liquidity requirements.	• Capital and risk management. • Financial outcome. • The good we do.	

Social inclusion

UNPACKING THE CONTEXT	OUR RESPONSE	RELATED MATERIAL MATTERS	LINKS TO STRATEGY	IMPACTED CAPITALS
While the muted growth in South Africa remains the core headwind for the real estate sector, we cannot ignore other related hurdles such as social instability. The pandemic has only exacerbated existing societal challenges, increasing inequalities and social tension, as evidenced by the unrest experienced in Gauteng and KwaZulu-Natal in July 2021.	We recognise that an unstable socioeconomic environment is not conducive to sustainable business. Therefore, through our social initiatives, such as our #CreateTomorrow marketing campaign to redefine our retail spaces, we demonstrate our commitment to positioning the business for the expected step change towards rebuilding for growth for all. Furthermore, the provision of rental-relief packages supports business sustainability within our communities.	• The impact of the COVID-19 pandemic. • Tenant sustainability and the ability to collect rentals due. • Exposure to asset losses due to terrorism or social unrest. • The ongoing provision of safe and secure environments. • ESG and climate change considerations.	• Customer experience. • Tenant experience. • Human experience. • The good we do.	

OPERATING CONTEXT CONTINUED

MACRO TRENDS INFLUENCING OUR BUSINESS CONTINUED

Role of technology

UNPACKING THE CONTEXT	OUR RESPONSE	RELATED MATERIAL MATTERS	LINKS TO STRATEGY	IMPACTED CAPITALS
COVID-19 has significantly accelerated the pace of technological change and trends such as online shopping and remote working. Within this context, real estate has become an increasingly consumer-focused endeavour, with technology playing a more significant role in improving tenant, customer, and human experiences. Data collection and analysis is at the heart of this process. Data can demonstrate how space is used, helping us refine offerings and tenant mix while providing insights into improving efficiencies.	We seek to integrate the physical with the digital within our assets. Strategic data usage remains a focus within our Interactive Spaces building block to create successful experiential offerings, activations and events to benefit our customers. As part of our Smart Spaces strategy, we have sought to use technology to enable real-time, data-driven decision-making that enhances the experiences of our customers and tenants.	• Implementation risks relating to the application of our digital strategy.	• Customer experience. • Tenant experience. • Human experience. • Financial outcome	

OPERATING CONTEXT CONTINUED

SECTOR CONTEXT

Retail

UNPACKING THE CONTEXT	OUR RESPONSE	RELATED MATERIAL MATTERS	LINKS TO STRATEGY	IMPACTED CAPITALS
The retail property sector has come a long way off its COVID troughs, as evidenced in the recovery of several operational and financial metrics, which have begun to settle at reasonable levels. Global retail sentiment is also starting to bounce back amid economic re-openings and vaccination rollouts. However, the environment remains cautious given the uncertainty regarding the pandemic and its impact going forward. Online retail continues to grow within a COVID context. The merging of the online and physical store experience remains critical to retail's survival, both in and beyond the current crisis, as does a focus on experiential offerings to attract customers to physical stores.	Tenant engagement continued throughout the year, seeking to balance the need to support vulnerable tenants with the need to protect the sustainability of our business. While the physical retail space is unlikely to be replaced, the trend towards online retail necessitates strategic thinking. We remain focused on creating exceptional experiences for our customers, and we consistently challenge ourselves in providing online and in-mall experiences to create a seamless customer journey. Our promise of a positive customer experience and superior offering drives delivery across our various touchpoints.	• The impact of the COVID-19 pandemic. • The impact of utility cost and rates increases on rentals. • Exposure to asset losses due to terrorism or social unrest. • The ongoing provision of safe and secure environments. • The impact of joint asset ownership. • Tenant sustainability and the ability to collect rentals due. • Changing consumer behaviours and the impact on customers and our malls. • The critical dependency on service providers to manage the property portfolio.	• Customer experience. • Tenant experience. • Human experience. • Capital and risk management. • Financial outcome. • The good we do.	

Office

UNPACKING THE CONTEXT	OUR RESPONSE	RELATED MATERIAL MATTERS	LINKS TO STRATEGY	IMPACTED CAPITALS
The physical distancing requirements of COVID-19, coupled with economic pressures and oversupply, continue to exacerbate challenges in the office market. In addition, the trend towards remote working remains, with flexible-work hours and variable in-office days becoming more of a norm.	We continue to engage with our tenants to find creative ways to meet social distancing requirements while optimising the use of space in the current context. All our properties accommodate COVID-19-friendly design features, and we continue to proactively engage with our tenants to better understand and meet their future property needs.	• The impact of the COVID-19 pandemic. • The impact of utility cost and rates increases on rentals. • The ongoing provision of safe and secure environments. • The impact of joint asset ownership. • Tenant sustainability and the ability to collect rentals due. • The critical dependency on service providers to manage the property portfolio.	• Customer experience. • Tenant experience. • Human experience. • Capital and risk management. • Financial outcome. • The good we do.	

OPERATING CONTEXT CONTINUED

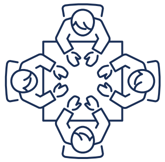
SECTOR CONTEXT CONTINUED

Hospitality

UNPACKING THE CONTEXT	OUR RESPONSE	RELATED MATERIAL MATTERS	LINKS TO STRATEGY	IMPACTED CAPITALS
The hospitality sector continues to be severely impacted due to the restrictions placed on travel and entertainment. Although the restrictions have been lifted where possible, travel for leisure may take some time to rebound while business travel has recovered more quickly.	We continue to monitor the evolving context to make the best decisions in the interest of all our stakeholders. The Sandton Southern Sun hotel remains open, while the Sandton Convention Centre was closed for most of the year. This continues to negatively impact the rental income derived from these operations.	• The impact of the COVID-19 pandemic. • Impact of travel restrictions on the hospitality assets. • The impact of utility cost and rates increases on rentals. • The ongoing provision of safe and secure environments. • The impact of joint asset ownership. • Tenant sustainability and the ability to collect rentals due. • The critical dependency on service providers to manage the property portfolio.	• Customer experience. • Tenant experience. • Human experience. • Capital and risk management. • Financial outcome. • The good we do.	

MANAGING OUR SOCIAL AND RELATIONSHIP CAPITAL THROUGH MEANINGFUL ENGAGEMENT

Stakeholder engagement is a critical, continuous process that helps assess the risks facing the business and determine the material matters that inform our strategy. Various methods of engagement 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, timeous and appropriate to their varying needs.



In their decision-making processes, the Board and Exco remain cognisant of our stakeholders' legitimate interests and expectations.

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

PROVIDERS OF FINANCIAL CAPITAL

STAKEHOLDER	METHODS OF ENGAGEMENT	RELATIONSHIP	OUTCOMES OF ENGAGEMENT	VALUE CREATION
Investors, debt funders and potential investors are a vital source of capital and a crucial element for the long-term sustainability of our business. The feedback we receive from our engagement with these stakeholders informs our management and reporting practices.	• 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. • Our leadership regularly engages with representatives from our lenders and enjoys a good relationship with debt providers.	Good	• L2D 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 CE and FD, have regular engagements with analysts, which included virtual meetings to discuss sector and industry trends.	34.10 cps **Full-year distribution** TOTAL R435.4 million **Distributed in 2021**

MANAGING OUR SOCIAL AND RELATIONSHIP CAPITAL THROUGH MEANINGFUL ENGAGEMENT CONTINUED

OUR PEOPLE

STAKEHOLDER	METHODS OF ENGAGEMENT	RELATIONSHIP	OUTCOMES OF ENGAGEMENT	VALUE CREATION
We rely on our people to execute our strategy – they are the heart of the business.	• Engagement surveys, including the #WeAreListening survey (which achieved an 87% response rate). • Chief Executive Friday voice notes. • Regular engagements, both one-on-one and team conversations, regular performance review conversations and workshops. • Annual strategy engagement and alignment sessions. • Quarterly people forum, allowing for thinking time and conversations covering talent management, learning and development, transformation, our people plan and trends.	Good	• 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 black male interns were appointed.	**R77.8 million** **Incurred people costs** (2020: R69.8 million) • Progress made towards meeting employment equity target. • Intern conversion to permanent placement. • R785 000 spent on external bursaries. • Achieved Level 2 BEE rating.

MANAGING OUR SOCIAL AND RELATIONSHIP CAPITAL THROUGH MEANINGFUL ENGAGEMENT CONTINUED

TENANTS

STAKEHOLDER	METHODS OF ENGAGEMENT	RELATIONSHIP	OUTCOMES OF ENGAGEMENT	VALUE CREATION
We understand the importance of pre-empting and satisfying tenant needs to remain their landlord of choice.	• A structured tenant roadshow was held during the year to ensure that we formally engaged with our top tenants. • A rental-relief committee was created. • 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. • We held quarterly operations meetings with JHIR. In these meetings, JHIR reports on their key performance indicators, which are used to evaluate their performance. • Informal tenant engagement continued throughout the year. • Monthly owners' meetings. • A bespoke digital tenant-engagement platform was piloted at Eastgate Shopping Centre.	Good, with room for improvement	• In 2021, we granted further relief of R7.7 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. Rental collections improved to 102.4%, based on full amounts due and before rental-relief adjustments.	24.5% **Annual turnover growth** (2020: -22%) 3.2% **Retail vacancy** (2020: 4.7%) **Enhanced safety**

MANAGING OUR SOCIAL AND RELATIONSHIP CAPITAL THROUGH MEANINGFUL ENGAGEMENT CONTINUED

CUSTOMERS

STAKEHOLDER	METHODS OF ENGAGEMENT	RELATIONSHIP	OUTCOMES OF ENGAGEMENT	VALUE CREATION
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.	• We engage with customers through market research, including focus groups, tenant engagements, social media feedback, newsletters, mystery shopper and information kiosk personnel. • We recognised the value of technology, placing a keen focused on using digital transformation to benefit the end-customer. • Successful execution of each strategic building block as per the agreed 2021 strategy to rebuild the business. • We launched of our Iconic Spaces App (powered by Mallcomm digital management system) at Eastgate as a pilot initiative to enhance the quality of our engagements with tenants and to provide insights from customer-related analytics.	Good	• L2D continues to receive daily Market IQ updates, consolidating all news related to L2D and our assets. This serves as a valuable tool in reputation management. • 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. • E-voucher card payment solution launched in Sandton as part of our Black Friday Campaign.	**R50.4 million** **Invested in improving our centres** (2020: R81 million) • New tenant offerings • Curated experiences • Enhanced safety

MANAGING OUR SOCIAL AND RELATIONSHIP CAPITAL THROUGH MEANINGFUL ENGAGEMENT CONTINUED

SUPPLIERS AND SERVICE PROVIDERS

STAKEHOLDER	METHODS OF ENGAGEMENT	RELATIONSHIP	OUTCOMES OF ENGAGEMENT	VALUE CREATION
We depend on a few key suppliers. These include utility providers, such as Eskom and local municipalities. JHIR is our property manager, contracted to help manage the operations at our various properties. The interaction between this supplier and customers is significant and underpins the importance of having transparent communication channels.	• 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	• Service providers are appointed in line with L2D's Procurement Policy. The standard of performance is monitored by our property manager, JHIR, and issues are addressed at the monthly owners' meetings, which L2D's asset managers attend. JHIR implements the policy for procurement activities regarding the portfolio. • We paid all service providers and suppliers in full and within 30 days of being invoiced, where possible, in line with the Business Leadership of South Africa's #Payin30 campaign.	**R622 million** **Paid to suppliers and service providers** (2020: R648 million)

MANAGING OUR SOCIAL AND RELATIONSHIP CAPITAL THROUGH MEANINGFUL ENGAGEMENT CONTINUED

COMMUNITIES

STAKEHOLDER	METHODS OF ENGAGEMENT	RELATIONSHIP	OUTCOMES OF ENGAGEMENT	VALUE CREATION
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.	• 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	• 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 significant efforts to combat fraud and corruption. As a result, no fraud cases have been reported against L2D.	We have invested **R3.4 million** **In social initiatives** (2020: R1.6 million) **Focusing significantly on education**

MANAGING OUR SOCIAL AND RELATIONSHIP CAPITAL THROUGH MEANINGFUL ENGAGEMENT CONTINUED

INDUSTRY BODIES

STAKEHOLDER	METHODS OF ENGAGEMENT	RELATIONSHIP	OUTCOMES OF ENGAGEMENT
Industry bodies represent the industry in conversations with other stakeholders and advocate for its benefit.	• L2D is an active member of the various industry groups, and its people have broad representation on the various committees.	Good	• L2D's 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 CE on the Exco and Chair of the Research Committee and Finance as Treasurer. • We also have representation on the South African Property Owners Association (SAPOA) committees where our Finance Executive is a member of the Audit and Risk Committee and Head of Legal chairs the Legal committee. • Our asset management executive was appointed as chairman of the GBCSA. • Our CE serves as a founding member of the Wits University Industry Advisory Board of the School of Construction Economics and Management.

DELIVERING PURPOSE THROUGH STRATEGY

WHERE WE WANT TO GO

Our purpose

To create experiential spaces to benefit generations.

Our vision

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

HOW WE'LL GET THERE

STRATEGIC PILLAR ONE: **FUTUREPROOFING OUR ASSETS**

Smart spaces

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

Good spaces

We understand the importance of partnering with our stakeholders to accelerate our positive impact on our natural environment.

Interactive spaces

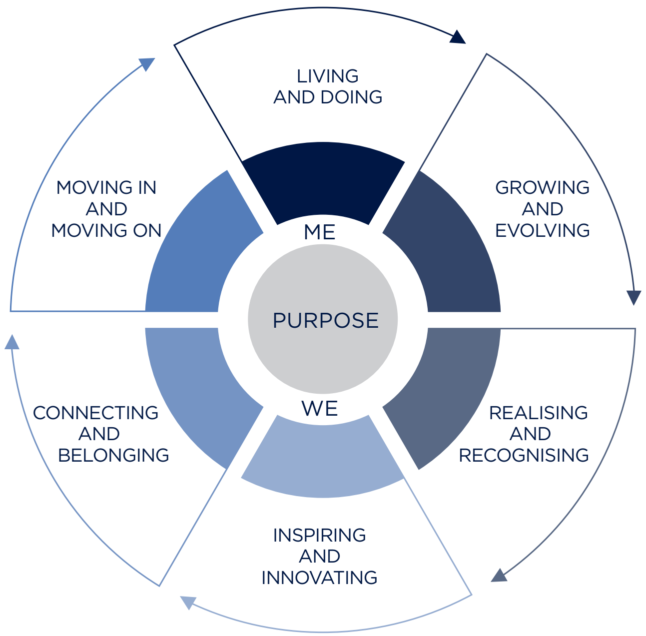
Is an opportunity for an interchange of ideas and experiences. The emphasis is on interaction, fast-paced excitement, experience and stimulus.

Safe spaces

Underpins all our efforts in our other building blocks and considers the wellbeing of those who use our spaces at all times.

STRATEGIC PILLAR TWO: **PASSIONATE PEOPLE**

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



STRATEGIC PILLAR THREE: **GROWTH ACROSS ALL HORIZONS**

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

Short term

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

Medium term

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

Long term

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

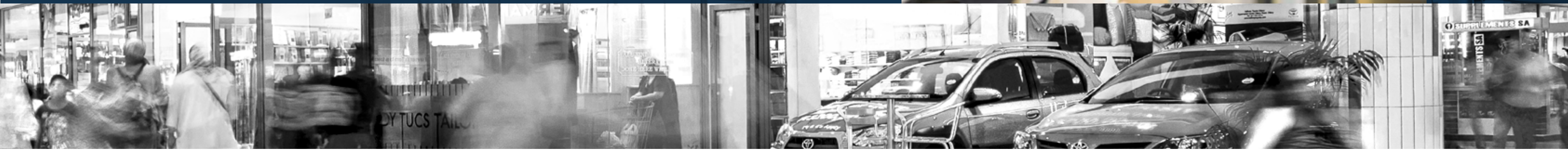
OUR PROGRESS AND PERFORMANCE

LIBERTY PROMENADE SHOPPING CENTRE

THE CENTRE ACHIEVED A FIVE-STAR GREEN STAR RATING FOR EXISTING BUILDING PERFORMANCE AND GOLD STATUS WITH THE SAFE ASSET GROUP AUDIT. PROMENADE ALSO EARNED 15 SACSC FOOTPRINT AWARDS.

12.7 million

ANNUAL FOOTCOUNT



PERFORMANCE AGAINST OUR STRATEGY

Our strategic value drivers provide an effective means to set strategic goals, monitor progress and measure our performance through metrics against industry benchmarks and peers.

CUSTOMER EXPERIENCE

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

KPI – WHY THIS KPI IS IMPORTANT

UNPACKING OUR PROGRESS

Turnover growth

Historically, trading density growth and turnover growth have been used as customer experience measures. However, when comparing the real impact for 2020 – 2021, we believe turnover growth is better than trading density growth as it indicates actual customer spending. In contrast, the relevance and comparability of density is diminished given the periods of closure or restricted trade for certain tenants.

Quarterly turnover as a % of 2019 comparative period

%	2021	2020
Q1	**90**	94
Q2	**95**	46
Q3	**94**	79
Q4	**105**	91

PERFORMANCE OVERVIEW

- Operationally, the retail portfolio continues to recover well, with a strong correlation between the easing of lockdown restrictions and footcount and turnover levels.
- While footcount has not recovered to pre-pandemic levels, the portfolio has seen sound turnover growth, indicative of fewer visits but an increase in spend per visit (particularly at Sandton City, given the demand for luxury brands).
- In 2021, Sandton City generated its highest-ever annual turnover of c. R7.4 billion and achieved positive year-on-year annualised trading density growth of 20.2%. This has been driven mainly by the luxury brands, grocery and technology categories. The food service category continues to struggle across the portfolio and remains under pressure.
- The retail portfolio turnover is 24.5% above 2020 and only 3.1% below 2019.
- Footcount was up from 2020 levels. However, July was impacted by the stricter lockdown measures implemented at the end of June 2021, as well as the social unrest that resulted in the precautionary closure of Midlands Mall and reduced trading hours at our other malls to ensure the safety of tenants and customers.
- Our malls were recognised and received 44 awards by the South African Council for Shopping Centres (SACSC) for excellence in shopping centre marketing, innovation and creativity, as well as economic success within the South African property industry. This recognition includes the coveted Spectrum Award for our #CreateTomorrow campaign.

RELATED MATERIAL MATTERS

- The impact of the COVID-19 pandemic.
- The ongoing provision of safe and secure environments.
- Changing consumer behaviours and the impact on customers and our malls.
- Implementation risks relating to the application of our digital strategy.

CAPITALS IMPACTED

OUTLOOK

We remain mindful that improved turnover and footcount, while signalling an increased consumer demand off the 2020 lows, do not directly translate into a commensurate increase in rental income. Sustained higher growth vs pre-COVID levels is required for this to impact rental negotiations in the future. Ensuring the safety and wellbeing of our customers remains a top priority going forward. Likewise, remaining close to the customer is vital to ensure we stay ahead of consumer trends. We are running a pilot with global proptech company Mallcomm for a potential digital management system solution to assist us in creating a bespoke digital tenant-engagement platform for our retail property portfolio. We look forward to how this initiative will add to the attractiveness of our assets and further our engagement with tenants through the use of a digital platform.

LINK TO REMUNERATION

See 106 for our CE's and 108 for FD's non-financial performance conditions for short-term incentives linked to Customer experience

PERFORMANCE AGAINST OUR STRATEGY CONTINUED

TENANT EXPERIENCE

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

KPI

WHY THIS KPI IS IMPORTANT

UNPACKING OUR PROGRESS

Occupancy

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

Retail and occupancy trends

	L2D retail occupancy	MSCI SA retail occupancy	L2D office occupancy	MSCI SA office occupancy
March 2019	97.9%	95.9%	92.1%	89.0%
June 2019	97.6%	95.6%	90.2%	88.7%
September 2019	98.2%	95.6%	90.2%	89.0%
December 2019	97.7%	96.2%	89.8%	89.0%
March 2020	97.4%	95.8%	90.7%	88.4%
June 2020	96.5%	94.9%	89.9%	87.7%
September 2020	95.5%	94.1%	85.8%	87.3%
December 2020	95.3%	93.9%	87.6%	86.7%
January 2021	95.2%	93.6%	86.9%	85.8%
February 2021	94.9%	93.3%	86.6%	85.8%
March 2021	95.0%	93.1%	86.7%	85.8%
April 2021	95.3%	93.0%	86.4%	85.0%
May 2021	95.8%	93.3%	86.3%	85.0%
June 2021	96.7%	93.1%	86.6%	85.0%
July 2021	96.8%	93.2%	86.3%	84.6%
August 2021	96.8%	93.6%	86.5%	84.6%
September 2021	97.1%	93.6%	86.2%	84.6%
October 2021	97.1%	93.9%	86.1%	84.0%
November 2021	97.0%	94.2%	86.5%	84.0%
December 2021	96.8%	94.4%	86.2%	84.0%

PERFORMANCE OVERVIEW

- The portfolio occupancy level has improved to 93.7% (2020: 93.3%).
- Retail occupancies remain high at 96.8% (2020: 95.3%) ahead of MSCI benchmarks.
- The office sector remains under pressure with an occupancy of 86.2% (2020: 87.6%). The marginal decrease is driven by additional vacancies at the Melrose Arch Offices and Sandton City Office Tower.
- Rental-relief negotiations still being closed out primarily pertain to the restaurant and fast-food categories that remain challenged. 99% of negotiations with tenants have been concluded.

RELATED MATERIAL MATTERS

- The impact of the COVID-19 pandemic.
- The impact of utility cost and rates increases on rentals.
- Impact of travel restrictions on the hospitality assets.
- The ongoing provision of safe and secure environments.
- The impact of joint asset ownership.
- Tenant sustainability and the ability to collect rentals due.
- The critical dependency on service providers to manage the property portfolio.
- Implementation risks relating to the application of our digital strategy.

CAPITALS IMPACTED

OUTLOOK

L2D continues to work with the tenant categories most impacted by the pandemic in order to assist in their recovery. Although we expect recovery to be a progressive endeavour, we see encouraging prospects emerging as the vaccine rollout gains momentum.

We understand, however, that this will take time and that there is a long road to full recovery ahead.

LINK TO REMUNERATION

Financial performance conditions for short-term incentives are linked to tenant occupation and trading density growth measured against MSCI benchmarks – see 56.

See 106 for our CE's and 108 for our FD's non-financial performance conditions for short-term incentives linked to Tenant experience

PERFORMANCE AGAINST OUR STRATEGY CONTINUED

HUMAN EXPERIENCE

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

KPI

WHY THIS KPI IS IMPORTANT

UNPACKING OUR PROGRESS

People transformation

Our people play a fundamental role in the delivery of our strategy and the ongoing growth of the business. Therefore, attracting and retaining diverse talent is critical to the continued sustainability of our business.

People transformation as submitted to the department of labour

Occupational level	Male A	Male C	Male I	Male W	Female A	Female C	Female I	Female W	Foreign M	Foreign F	**Total**	Number black	Number black female	% Black/total	% Black female/total
Top management		1						1			**2**	1		50%	0%
Senior management	1			5		1	3	1			**11**	5	4	45%	36%
Middle management					1		3	3			**7**	4	4	57%	57%
Junior management	1				6	1					**8**	8	7	100%	88%
Semi-skilled														0%	0%
Total	2	1	0	5	7	2	6	5			**28**	**18**	**15**	**64%**	**54%**
Non-permanent	3						1	1			5	4	1	80%	20%
Total	5	1	0	5	7	2	7	6			**33**	**15**	**16**	**67%**	**48%**

PERFORMANCE OVERVIEW

- R800 972 was spent on learning and development (2020: R999 529).
- R732 638 bursary support/investment in property industry skills and learning (2020: R750 000).
- All our people benefitted from online learning and courses.
- 33 of our people benefitted from training programmes (including fixed-term employees and learnerships) (2020: 39).
- Five women in senior leadership committed to the Women's Property Network Board Masterclass series, which L2D is also sponsoring. 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.
- Recognition by the Standard Bank Top Woman adjudication as one of South Africa's Top Gender Empowered Companies.
- Africa.com included our CE, Amelia Beattie, as part of the Definitive List of Women CEOs. The list is a unique, data-driven research effort that highlights the women who lead big business in Africa.
- Moved to a flexible working model.
- Heightened focus on people wellbeing, engagement and support.

MATERIAL MATTERS

- The impact of the COVID-19 pandemic.
- The retention and wellbeing of our people.

CAPITALS IMPACTED

OUTLOOK

We continue to monitor the implementation of our flexible working model weekly to learn and adapt from our successes and challenges. Protecting the health and wellbeing of our people will remain a top priority. With this in mind, guidance is currently being sought in determining our position concerning vaccination status, and our people are being encouraged to share their status to support planning. An interim vaccination protocol was effected on 1 February 2022, requiring all employees, service providers, and visitors to the L2D office to produce a valid vaccination certificate or a weekly negative antigen test before entry.

LINK TO REMUNERATION

See 106 for our CE's and 108 for our FD's non-financial performance conditions for short-term incentives linked to Human experience

PERFORMANCE AGAINST OUR STRATEGY CONTINUED

CAPITAL AND RISK MANAGEMENT

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

KPI — WHY THIS KPI IS IMPORTANT

UNPACKING OUR PROGRESS

Loan-to-value (LTV) and hedge ratio

Effective capital and risk management are necessary to protect the balance sheet and ensure that the correct growth opportunities are pursued.

LTV versus hedge ratio

	L2D	Hyprop	Vukile	Attacq
LTV average	23.9%	37.2%	42.8%	43.3%
Hedge ratio	75.8%	79.0%	72.9%	73.8%
L2D approved hedge ratio	75%	–	–	–
SA REIT LTV average	35%	35%	35%	35%

PERFORMANCE OVERVIEW

- We remain well capitalised with sufficient liquidity and an LTV of 23.9% (2020: 20.5%).
- Our interest cover ratio is healthy at 3.1x (2020: 3.9x).
- We successfully hedged our debt to 75.8% (2020: 82.06%) and managed our cost of debt to 7.85% (2020: 7.89%).
- Our risk management remains strong, and we believe that the necessary management actions are in place to mitigate and manage our risks sufficiently.

RELATED MATERIAL MATTERS

- The impact of the COVID-19 pandemic.
- Availability and cost of capital and future liquidity requirements.
- Exposure to asset losses due to terrorism or social unrest.

CAPITALS IMPACTED

OUTLOOK

Within a context of prevailing uncertainty, we will continue to support our balance sheet strength through decisions in line with our strategy and conservative risk management. In addition, we will continue to stay close to our stakeholders in aligning the business objectives to their needs.

LINK TO REMUNERATION

Financial performance conditions for short-term incentives are linked to capital management (maintaining interest rate and debt exposure within Board-approved limits) – see 105

PERFORMANCE AGAINST OUR STRATEGY CONTINUED

FINANCIAL OUTCOME

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

KPI	UNPACKING OUR PROGRESS	PERFORMANCE OVERVIEW	RELATED MATERIAL MATTERS	OUTLOOK
WHY THIS KPI IS IMPORTANT	**Distribution per share and net property income (NPI) growth** Distribution per share is important as it represents the cash return to an investor. While the listed property sector has historically focused on distribution growth as a measure of success, the pandemic has highlighted other measures such as solvency and liquidity and methods to preserve and strengthen balance sheets as critical to ongoing sustainability. **34.10 cents** **per share** **Distributed** **R435.4 million** **in dividends** (2020: R282.7 million) **COVID-19 impact on hospitality assets remained significant, resulting in NPI down** **R17 million (178%)**	• Supported by the strength of our balance sheet, we are distributing 100% of our distributable earnings with a final distribution of 34.10 cents per share, 5.5% up on 2020. • This represents a dividend yield of 7.2% on our closing price of R4.75 per share at 31 December 2021.	• The impact of the COVID-19 pandemic. • Depressed distribution growth outlook. • Tenant sustainability and the ability to collect rentals due. **CAPITALS IMPACTED**	Although we see encouraging signs of recovery in turnover across the portfolio, the uncertainty in the macro environment, coupled with the continued strain on the office and hospitality sectors and negative rental reversions, will result in a deferred return to pre-COVID net-income levels. The crisis has, however, allowed us to reaffirm our precinct-focused, retail-centred strategy as well as accelerate the work that has already been done in merging online retail with our physical environments and using technology to improve our operations, which we believe will continue to contribute to our resilience and competitive advantage going forward. 2022 performance remains uncertain, and as a result, we will not be providing any distribution guidance to the market at this stage.

LINK TO REMUNERATION

Financial performance conditions for short-term incentives are linked to distribution growth and NPI growth – see 105

Financial performance conditions for long-term incentives are linked to distribution growth – see 105

PERFORMANCE AGAINST OUR STRATEGY CONTINUED

THE GOOD WE DO

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

KPI: WHY THIS KPI IS IMPORTANT

UNPACKING OUR PROGRESS

Water and electricity performance

L2D tracks water and electricity usage to monitor this strategic value driver as a means of quantifying our efforts while seeking to deliver our Net-Zero 2030 aspirations. Utility consumption charges are also a key area of expense growth that exceeds inflation in our portfolio.

Electricity performance – portfolio averages

KWh/sqm/annum

	2021	2020	MSCI 2019
Mall electricity	220	205.33	305.29
Office electricity	124	120.07	175

Water performance – portfolio averages

KWh/sqm/annum

	2021	2020	MSCI 2019
Mall electricity	0.86	0.82	1.1
Office electricity	0.43	0.38	0.9

PERFORMANCE OVERVIEW

- Increased grid electricity consumption by 4%.
- Total installed solar PV capacity amounts to 2 MW (2020: 2 MW).
- 2 393 tonnes of waste recycled, including 314 tonnes of organic waste through composting facilities at Sandton City and Eastgate.
- 12 million litres of potable water saved across the portfolio during the year, equating to 2% of the total portfolio consumption, achieved partially through initiatives such as rainwater harvesting systems, condensation water harvesting and low-flow toilets.

RELATED MATERIAL MATTERS

- Related material matters
- ESG and climate change considerations.
- Availability and cost of capital and future liquidity requirements.

CAPITALS IMPACTED

OUTLOOK

ESG remains key in underpinning our strategy. We remain committed to our Net-Zero 2030 targets, and specifically the finalisation of the Net-Zero Waste target, with verification to be achieved in 2023.

LINK TO REMUNERATION

See 99 for both our CE's and FD's non-financial performance conditions for short-term incentives linked to

MANAGING OUR FINANCIAL CAPITAL FINANCIAL DIRECTOR'S REVIEW

2021 remained a challenging year. As COVID-19 restrictions eased and economic activity increased, our retail trade started showing encouraging signs of improvement – most notably during the last quarter of the year. Across the board, our financial and operational metrics in the overall portfolio showed improvement compared to the prior year.

Within the different portfolio income streams, we have seen encouraging growth in the retail sector despite continued reversionary pressure. However, the hospitality and office sectors remained in difficulty with muted recovery in the hotel occupancies and continued negative reversions on office leases. Within the property cost base, controllable costs remain well contained. Unfortunately, increases in utility costs and municipal rates remain well ahead of inflation and current income growth.

ENABLING FUTURE GROWTH THROUGH PRUDENT FINANCIAL MANAGEMENT

The decrease in gross income in 2021 compared to 2020 can be attributed to the sale of the Century City office (c. R9 million), the decrease in revenue from the hospitality assets (c. R19.5 million) and lower gross income collected in the retail portfolio (c. R13.2 million). Our NPI improved by 19% compared to 2020. This improvement can largely be attributed to less tenant support provided in 2021 compared to the prior year and improved credit loss provisions. We provided R112 million in tenant support in 2020 compared to R17 million in 2021. The lower level of discounts and credit provision added c. R175 million to the NPI improvement.

Performance across the portfolio varied significantly due to COVID-19 restrictions still in force for specific sectors. For example, the hospitality sector, which was affected by the lack of business travel and conferences, remained under severe pressure, thus constraining income from those properties. While it positions us for upside as occupancies recover in line with the opening of business and travel sectors, our outlook for the sector remains cautious. The hospitality sector's contribution to NPI reduced by c. R65 million from 2019 and R17 million from 2020. We have restructured some of the cost base in these assets, which will benefit the portfolio going forward.

Within the properties' cost base, we saw an increase of R46 million, with municipal costs contributing R33 million. This increase can be attributed to greater utilisation of services and higher than inflationary tariff increases for rates, water and electricity. We achieved satisfactory cost containment in our controllable cost base in renewing our security and cleaning contracts. However, these benefits were offset by the requirement for increased security during the period of unrest and by the additional cleaning required to observe COVID-19 protocols. We anticipate that the contractual savings will benefit the business going forward.

In 2021, efforts to reduce head office costs included a review of the cost base and a hiring freeze. We collected lower asset management fees on the back of lower valuations for the unlisted Liberty Property Portfolio. Additionally, we realised a saving of R8.3 million regarding staff shares forfeited, and net interest expense increased marginally by 0.8%, with lower average debt costs offset by higher debt levels.

We have a healthy LTV at just under 24% and an interest cover ratio in excess of three times, which remains well within our banking covenants. This balance sheet strength and conservatism are critical strengths within the uncertain context. As we continue to evaluate opportunities, our balance sheet capacity will serve as an enabler for the right opportunity when it arises. In the interim, we continue with our strategy of selling the stand-alone offices. We are in the process of selling the Standard Bank offices in the Johannesburg central business district,

R700 000

ALLOCATED TO BURSARIES FOR AFRICAN MALES AND FEMALES ENROLLED IN PROPERTY-RELATED DEGREES

30%

OF PROCUREMENT SPEND TO BLACK FEMALE-OWNED EXEMPT MICRO ENTERPRISES AND QUALIFYING SMALL ENTITIES

R260 000

COMMITTED TO ENTERPRISE DEVELOPMENT

Level 2

B-BBEE STATUS AWARDED

MANAGING OUR FINANCIAL CAPITAL – FINANCIAL DIRECTOR'S REVIEW CONTINUED

and our share of this asset has been moved to the current assets section of the balance sheet. We expect the transfer in the second to third quarter of 2022. We bought back R70 million worth of L2D shares during the year, and we will continue to do so in pragmatic tranches.

The investment properties have had a valuation adjustment of R108 million, most notably impacted by Eastgate. We believe that the valuations have now bottomed out, and if the improved trend in trading continues, we hope to start seeing an uplift in valuations going forward. We have c. R850 million of term debt expiring in October 2022, the refinancing hereof will extend the average duration of our term debt and hedged interest rate profile.

ENSURING EFFICIENCY AMIDST THE UNCERTAINTY

The valuation appeal regarding Sandton City has been broadly publicised. We are currently involved in a legal process with the City of Johannesburg and therefore will not share sensitive detail; however, we can state that this difference relates to the 2018 valuation roll and that we are paying rates on an objected value that is 46% higher than the previous municipal valuation. We believe it is in the interest of our business's sustainability that we pursue the valuation objection and hope for the matter to be resolved soon.

Facing uncertainty, our leasing strategy focused on retaining tenants where we believed the business has good prospects and fits within our desired tenant mix. Furthermore, we examined the sustainability of rentals for specific categories and rebased certain of these. As a result, we achieved a retention rate of 92.5% of tenant leases expiring in 2021, of which 16.2% are still under negotiation. We have already begun negotiating leases due for renewal in 2022, with a good indication that major leases will be renewed. We have had negative reversionary pressure for the last three years in certain categories, with an acceleration in the previous two years with the advent of the pandemic.

Demand for retail space in the L2D portfolio remained strong. We concluded 291 leases during the year, equating to 147 507m^2 or 15.6% of total portfolio GLA (2020: 148 725m^2 or 15.7%). It is important to note that the Convention Centre equates to 57 000m^2 of this space. The reversions experienced in the office and retail sectors must be considered in the context of these being 5.1% and 1.6%, respectively, of our total portfolio space.

Going forward, the improvement in the trading environment will support the reversal in the reversionary trend. It is encouraging to see new deals achieve a weighted average lease escalation of 6.8%, and renewals were concluded with a weighted average lease escalation of 6.3%. These outcomes are positive in a period of volatility, and we remain cognisant that we may be entering a further period of uncertainty, with rising tensions in Europe and the potential spillover of rising interest rates, energy costs and inflation having a direct impact on consumer spending, which is at the heart of our business.

DISTRIBUTION

The Board approved a full-year distribution of 34.10 cents per share (2020: 32.33 cents per share), electing to pay-out 100% of our distributable earnings.

SHARE BUY-BACKS

During the year, a total of 15 360 551 shares in the issuer were acquired by 2DP. None of these shares have been cancelled and the average price for the shares acquired was R4.57.

OPERATIONAL FOCUS

Property remains a long-term investment, and L2D is no different – it will take some time for the operational recovery to translate into distributable income. We have quality fundamentals in place, with strong assets, sufficient liquidity and headroom in our LTV ratio. Moreover, we are taking the necessary measures to proactively address all challenges and contain costs while strategically positioning the business for sustainable value creation. Our commitment to investing in our portfolio of quality assets underpins our financial and operational performance by ensuring our offerings remain relevant. Prudent investment into our portfolio will therefore remain a priority.

APPRECIATION

I want to express my sincere gratitude to the individuals and teams who have continued to give their best during this prolonged period of volatility. Your everyday efforts have made these results possible.

José Snyders
FINANCIAL DIRECTOR

MANAGING OUR RISKS AND OPPORTUNITIES

RISK MANAGEMENT

The critical role of risk management

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

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

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

ROLES OF THE BOARD AND EXCO

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

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

OUR INTEGRATED RISK-MANAGEMENT SYSTEM

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

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

To manage and report on risk, management maintains a detailed risk register. The register sets out our key risks and an assessment of each risk, as well as the controls and mitigating actions that are being implemented. The leadership identifies risk within the risk management framework, and reports on identified material risks at the L2D Exco. Identified risks are reported in the functional area to which they relate and are summarised in the quarterly risk report prepared by the Chief Risk Officer for the L2D Audit and Risk Committee.

Management implements the risk management system and the control environment that stems from it to keep our residual risks at acceptable levels. The system is evaluated continuously to ensure relevance and effectiveness in mitigating our operational risks. Mitigation measures, controls and actions are in place to manage our risks.

All identified risks are assigned to executive risk owners responsible for monitoring and ensuring that each risk is effectively addressed. All changes within the risk environment are recorded in the combined assurance model, which is discussed on pages 74 and 75 of this report.

Based on the results of the work performed, having identified and reported risk exposures and control weaknesses, and taking into account the management actions to deal with these exposures, the Audit and Risk Committee (ARC) confirms that the governance, risk management and internal control systems functioned adequately and effectively for the year ended 31 December 2021.

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

RISK MANAGEMENT REPORTING STRUCTURE

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

RISK MANAGEMENT POLICY

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

MANAGEMENT	CHIEF RISK OFFICER	EXECUTIVE COMMITTEE (EXCO)
AUDIT AND RISK COMMITTEE (ARC)		
BOARD		

RISK TOLERANCE

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

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

TOP AND EMERGING RISKS

The top risks are defined as elevated, material risks expected to potentially materialise within a relatively short time frame and that are currently on the minds of Board of directors and executives.

One top risk relates to corporate failures which would have a resultant negative impact on the property portfolio. The L2D executive continues to manage this risk closely with a strong focus on collecting and monitoring the arrears position across the property portfolio. Both the portfolio arrears position and the ECL provision have improved significantly as at 31 December 2021, and although tenant default risk remains a red risk (high risk) it is no longer included in the top 10 risks.

Other L2D-specific top risks relate to the recent insurrection and military attacks in Mozambique and the potential for the conflict to spill over into South Africa, as well as the heightened risk of IT issues as a result of the work-from-home trend and increased reliance on technology. Both of these risks are included in the L2D risk register and monitored accordingly.

Emerging risks are trends or conditions that could significantly impact L2D's financial strength, competitive position or reputation in the long term. These involve a high degree of uncertainty in terms of timeframe and/or severity, and generally present opportunities as well as risks. Climate change has been identified as an emerging risk directly impacting L2D, and the resulting management actions are directed around executing on our Net-Zero strategies as well as enhancing our ESG framework and related ESG reporting.

The *Global Risks Report 2022, 17th Edition,* as published by the World Economic Forum, was considered along with other sources and supplemented by discussion at executive meetings in order to consider and rank the top risks. The risk of erosion of social cohesion, as a result of disparities that have been amplified by the impact and divergent country responses to COVID-19, was identified as a top short-term threat in South African and has resulted in political risk being ranked eighth in the top 10 risks. The growing digital dependency, which has intensified in response to COVID-19 and brought about the remote working trend, has increased the risk of cyber threats which is now ranked at number nine.

We are exposed to pervasive risks in the South African property industry. While the risks have increased and new risks have been identified, Management is satisfied that measures, controls and actions are in place to manage all identified and elevated risks to acceptable levels.

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

The top material risks that faced L2D in 2021 are set out in the table below.

2021 rating		Inherent risk rating	Residual risk rating	2020 rating	Strategic value drivers	Capitals impacted
1	Rental income sustainability	H	H	2	• Tenant experience. • Capital and risk management. • Financial outcome.	

Key risk and probable effects

- Changing demand for physical shops due to increased online shopping and the trend for smaller-format stores.
- This leads to an unexpected reduction of rental income due to negative rental reversions with major tenants (especially national tenants) as they look to reduce costs.

Strategic responses/mitigating actions

- A rigorous tenant-approval process.
- Review of tenant trading densities and overall cost of occupancy to guide rental affordability and rental-level negotiations.
- Monitoring of foot count statistics.
- Focus tenant retention strategy and early engagement to renew leases.
- Rental-relief packages approved by the Board.
- Continuous engagement with tenants.
- Development of digital technologies and new ways of doing business.
- Reduction of operational cost during lockdown periods and through energy and water cost-savings initiatives.
- To meet consumer demand and maintain foot traffic and turnover in our malls, landlords are continuing to have to change their tenant mix and pay tenant installation costs to attract tenants.

Material matters

- The impact of the COVID-19 pandemic.
- Impact of travel restrictions on the hospitality assets.
- Tenant sustainability and the ability to collect rentals due.
- The impact of utility cost and rates increases on rentals.
- Growth strategy tested as a result of current asset mix and the economic environment.
- Changing consumer behaviours and the impact on customers and our malls.

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

2021 rating		Inherent risk rating	Residual risk rating	2020 rating	Strategic value drivers	Capitals impacted
2	Economic outlook	H	H	n/a	• Customer experience. • Tenant experience. • Human experience. • Capital and risk management. • Financial outcome.	

Key risk and probable effects

- Unexpected adverse changes in the macroeconomic environment could limit the ability of L2D to grow and meet investor expectations on sustainable growth in distribution and asset valuations.

Strategic responses/mitigating actions

- The Board is responsible for and has oversight of the growth strategy and related budgets.
- Approved asset master plans are in place to strategically guide the growth path for all property assets.
- A strong focus on property fundamentals across the business.

Material matters

- The impact of the COVID-19 pandemic.
- Depressed distribution growth outlook.
- Availability and cost of capital and future liquidity requirements.
- Tenant sustainability and the ability to collect rentals due.
- Growth strategy tested as a result of current asset mix and the economic environment.

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

2021 rating		Inherent risk rating	Residual risk rating	2020 rating	Strategic value drivers	Capitals impacted
3	Increase in threats due to terrorism/extremism and social unrest	H	H	n/a	• Capital and risk management. • Financial outcome.	

Key risk and probable effects

- The risk of interrupted activity and the consequential loss of tenants and reduced rental income as a result of violence, looting and security threats.
- Potential exposure to asset losses due to terrorism, extremism or riots and the risk of not being sufficiently insured to cover losses.

Strategic responses/mitigating actions

- L2D's strategy continues to focus on a more tactical guarding approach.
- Towards the end of 2021 the security contract was re-tendered and L2D have appointed All Night and Day as its security provider.
- Key improvements from All Night and Day include pre-procured terrorist and riot response teams to facilitate rapid resource deployment during a crisis as well as 20% additional staffing complement mobilisation within hours of notification.
- A new medical response tender was also conducted with Medi Response being appointed.
- The security control room contract with be tendered in Q1 2022.

Material matters

- Exposure to asset losses due to terrorism or social unrest.
- The ongoing provision of safe and secure environments.

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

2021 rating		Inherent risk rating	Residual risk rating	2020 rating	Strategic value drivers	Capitals impacted
4	Municipal charges	H	H	n/a	• Tenant experience. • Capital and risk management. • Financial outcome.	

Key risk and probable effects	Strategic responses/mitigating actions	Material matters
• Risk in relation to unsustainable municipal charges and the continuous increase in utility costs and the impact on profitability and tenant absorption of these costs.	• Target 2022 reduction of 5% of energy and water usage. • The 1 MW solar PV installation at Eastgate was completed in Q1 2021 and is performing in line with expectations. • Promenade's 1 MW solar PV project is underway and the target date for commissioning is mid-2022. • A target has been set to transition the HVAC system throughout the portfolio from a water-cooled system to an air-cooled system in order to eliminate large site water requirements and improve the overall energy efficiency of the plant. • Rainwater harvesting opportunities and blackwater treatment facilities are being investigated at all of our properties.	• The impact of utility cost and rates increases on rentals. • Tenant sustainability and the ability to collect rentals due.

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

2021 rating		Inherent risk rating	Residual risk rating	2020 rating	Strategic value drivers	Capitals impacted
5	Third-party	H	M	7	• Capital and risk management. • Financial outcome.	

Key risk and probable effects

- Key dependency risk on service providers to manage L2D assets.

Strategic responses/mitigating actions

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

Material matters

- The critical dependency on service providers to manage the property portfolio.

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

2021 rating		Inherent risk rating	Residual risk rating	2020 rating	Strategic value drivers	Capitals impacted
6	Changing consumer behaviours	H	H	n/a	• Customer experience. • Tenant experience. • Capital and risk management. • Financial outcome. • The good we do.	

Key risk and probable effects

- Loss of relevance to customers as other business hubs emerge, due to the intense change in customers' behaviour to significantly reduce consumption at major shopping malls or retailers.
- This translates to fewer sales, lower rentals and ultimately lower asset values.

Strategic responses/mitigating actions

- Successful launch of a digital gift voucher solution at Sandton City Mall in November 2021.
- Launch of the pilot of the Iconic Spaces App (powered by Mallcomm) at Eastgate Mall in January 2022. The app seeks to significantly enhance our engagements with tenants and has been enthusiastically welcomed by tenants.
- The use of AI-powered smart cameras at our malls for customer footfall analytics, mall security monitoring and general mall operations.

Material matters

- The impact of the COVID-19 pandemic
- Changing consumer behaviours and the impact on customers and our malls.

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

2021 rating		Inherent risk rating	Residual risk rating	2020 rating	Strategic value drivers	Capitals impacted
7	Net-Zero strategies	H	M	n/a	• Capital and risk management. • Financial outcome. • The good we do.	

Key risk and probable effects

- The risk to L2D's ability to achieve its strategy arising from the management of the Group's environmental, social and governance risks.
- The management of the direct and indirect impacts of the Group's business activities on the environment and society in which we operate.

Strategic responses/mitigating actions

- Net-Zero Waste ready target is the end of 2022.
- Diversion from landfill rate has increased from approximately 40% (by weight) to 75% by December 2021.
- Net-Zero Water target is 2025.
- Net-Zero Energy target is 2030.
- Further detail on our Net-Zero achievements in 2021 is included in L2D's ESG report.

Material matters

- ESG and climate change considerations.

2021 rating		Inherent risk rating	Residual risk rating	2020 rating	Strategic value drivers	Capitals impacted
8	Political	H	H	n/a	• Tenant experience • Capital and risk management. • Financial outcome.	

Key risk and probable effects

- Changes in the political landscape or relevant government policies may create difficulties or uncertainties in the operating environment of L2D and its tenants.

Strategic responses/mitigating actions

- L2D will continue to ensure its status as a good corporate citizen that contributes positively to the development of South Africa.
- Through our involvement in industry bodies and associations (SAPOA, SA REIT Association and others) we will advocate on behalf of the industry and proactively engage with government e.g., as part of the Property Industry Group that was formed during the COVID-19 pandemic in order to provide guidelines on rental relief for tenants.

Material matters

- Growth strategy tested as a result of current asset mix and the economic environment.

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

2021 rating		Inherent risk rating	Residual risk rating	2020 rating	Strategic value drivers	Capitals impacted
9	Cyber threats	H	M	n/a	• Tenant experience. • Capital and risk management. • Financial outcome.	

Key risk and probable effects

- L2D may not be sufficiently prepared to prevent, detect and respond to the ever-changing cyber threats which may cause business interruption and unauthorised access to confidential information.

Strategic responses/mitigating actions

- Consequent to its Corporate Services Agreement (CSA) with Liberty, cyber threat risk mitigation controls for L2D computer assets are provided under the IT Services components of the CSA.
- The L2D network infrastructure is supported by Liberty and the office systems used sit on the Liberty IT environment.
- There are a number of specific security tools deployed by Liberty to mitigate against cyber threat risks and these include, amongst others:
  - A 24/7 security operations centre at Liberty with deployed capabilities to monitor, alert and report appropriate security alerts triggered by the various systems in place.
  - A network-based machine learning information security solution.
  - Leading practice Firewall and User Identification and Access Controls.
- We have also deployed Microsoft E5 licences on all L2D laptops, which provides:
  - Capabilities that protect the organisation against sophisticated attacks such as phishing and zero-day malware.
  - A unified endpoint security platform for preventative protection, post-breach detection, automated investigation, and response.
  - Insider-risk management capabilities.
  - Information protection and governance capabilities.
- We conduct regular Cyber Security training for all L2D staff to alert them of cyber-related threats and how to protect themselves against them.

Material matters

- Implementation risks relating to the application of our digital strategy.
- The ongoing provision of safe and secure environments.

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

2021 rating		Inherent risk rating	Residual risk rating	2020 rating	Strategic value drivers	Capitals impacted
10	Impact of joint asset ownership	H	H	n/a	• Tenant experience. • Capital and risk management. • Financial outcome.	

Key risk and probable effects	Strategic responses/mitigating actions	Material matters
• The impact of differing co-owner's strategy.	• The Board deals with this risk in the relationship with the majority shareholder. • Executive management continuously consider options that also meet the requirements of the majority shareholder.	• The impact of joint asset ownership.

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

COMPLIANCE WITH LAWS, REGULATIONS, RULES AND STANDARDS

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

The Board has considered and reviewed L2D's compliance with the Companies Act and is comfortable that it complies with the applicable provisions of the Act concerning its incorporation and that it operates in conformity with its memorandum of incorporation.

The Chief Compliance Officer monitors and reports on the risks of non-compliance with statutory and regulatory requirements. During the year under review, no fines were levied for non-compliance with statutory and regulatory requirements, and there were no censures. In addition, we were not party to any legal action for uncompetitive behaviour. Furthermore, no requests for information were received or denied in terms of the Promotion of Access to Information Act.

In their audit report for the year ended 31 December 2021, the external auditors confirmed that they did not become aware of any material instances of non-compliance with the relevant laws and regulations. The ARC believes that the systems for monitoring compliance with laws and regulations are effective.

ASSURANCES AND INTERNAL CONTROLS

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

The external auditors confirmed in their audit report for the year ended 31 December 2021 that they did not identify significant control deficiencies in their audit, nor any risk of material misstatement of the financial statements due to fraud, and that no reportable irregularity has taken place or is taking place. They also did not detect any instances of inappropriate revenue recognition or management override of controls.

The internal auditors' audit conclusion was that, based on the internal audit work performed in 2021, no weaknesses were identified and that the governance processes, risk management and system of internal controls are adequate and effective.

OUR COMBINED ASSURANCE MODEL

Combined assurance means adopting a coordinated approach to attaining assurance on risk management.

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

Our combined assurance model aligns with the roles and responsibilities articulated in the three-lines-of-defence risk-governance model. Regular communication occurs between management, the Chief Risk Officer and governance structures, and independent assurance providers, including internal and external audit.

The Board receives assurance on the management of key risks regularly through the assurance functions discussed above. Depending on the provider, assurance is received monthly, quarterly or annually, which collectively results in efficient and effective combined assurance. The ARC believes that the combined assurance approach is appropriate to address all the Company's significant risks.

RISK AND CONTROL SELF-ASSESSMENT

The table below represents the summary of risk and control self-assessment (RCSA) for L2D, taking into account the adequacy and effectiveness of the controls to manage risks, based on the combined assurance assessment as at 31 December 2021.

Company	Inherent risk	Control assessment as per RCSA			Current residual risk rating	Internal audit
		Control adequacy	Control effectiveness	Overall control assessment		Overall residual rating
Liberty Two Degrees (L2D)	**High**	Adequate and effective	Adequate and effective	Adequate and effective	**Medium**	**Medium**

MANAGING OUR RISKS AND OPPORTUNITIES CONTINUED

	FIRST LINE →	SECOND LINE →	THIRD LINE →
Assurance providers	• CE • FD • Asset managers • Employees	• CRO • Committees, especially FROC, Manco and ARC	• Internal audit • External audit • JSE review • Insurance • Independent property valuations
Controls	• Risk management framework • Tone at the top • Code of conduct • Risk appetite and tolerance • Management of risk • Compliant and risk-aware operating practices • Performance management	• Clear and well communicated risk policies • Effective controls and monitoring systems	Independent assurance and oversight of the effectiveness of risk management

Risk management objectives for 2022

- Ensure robust business continuity plans are in place.
- Review the risk management plan.
- Review our risk management framework.
- Regularly monitor and update the risk register.
- A focus on mitigating the top and emerging risks that could have a significant impact on the business.

MANAGING OUR MANUFACTURED CAPITAL

2021
946 318m²
2020
946 318m²
TOTAL GLA
100%

2021
227 213m²
2020
227 213m²
TOTAL GLA
L2D%

2021
R902.3 million
2020
R945.4 million
RENTAL AND RELATED INCOME

2021
R8.4 billion
2020
R8.5 billion
PROPERTY VALUE
L2D%

2021
93.7%
2020
93.3%
OCCUPANCY

2021
42 593 R/m²
2020
37 617 R/m²
ANNUALISED TRADING DENSITY[1, 3]

2021
43 783 R/m²
2020
38 695 R/m²
ANNUALISED TRADING DENSITY[2, 3]

2021
250 R/m²
2020
272 R/m²
WEIGHTED AVERAGE GROSS RENTAL

WEIGHTED AVERAGE GROSS RENTAL
2021
308 R/m²
2020
322 R/m²
RETAIL

WEIGHTED AVERAGE GROSS RENTAL
2021
87 R/m²
2020
96 R/m²
OFFICE

WEIGHTED AVERAGE GROSS RENTAL
2021
59 R/m²
2020
167 R/m²
SPECIALISED

2021
33.3%
2020
33.3%
UNDIVIDED SHARE OF LPP

2021
6.0%
2020
6.2%
NET INITIAL YIELD[4]

[1] *Based on a 12-month rolling period (full portfolio).*
[2] *Based on a 12-month rolling period (excluding Melrose Arch).*
[3] *2020 restated.*
[4] *Net initial yield is based on annualised net rental/property value. Please refer to the Consolidated AFS for the year ended 31 December 2021 page 90 for a detailed calculation.*

MANAGING OUR MANUFACTURED CAPITAL CONTINUED

SECTORAL PROFILE

Our portfolio comprises high-quality, high-value properties in the retail, office and specialised sectors. Our portfolio is retail-focused, with retail generating the majority of our gross rental income, followed by office space and the specialised sector, including hotels, a hospital, an automotive showroom and a gym.

We evaluate the different sectors to which our rental income is exposed to on the following pages. The GLA referenced in the following sections is split according to their respective sectors for all multi-sector assets unless otherwise stated.

Retail	2021	2020
Gross rental income[1] as a percentage of total property portfolio (%)	84.5	79.1
GLA 100% (m^2)	512 701	512 701
GLA L2D% (m^2)	148 168	148 168
Occupancy (%)	96.8	95.3

[1] *Gross rental income comprises rental income plus property expenses (at L2D ownership).*

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

Office	2021	2020
Gross rental income[1] as a percentage of total property portfolio (%)	12.5	12.4
GLA 100% (m^2)	316 011	316 011
GLA L2D% (m^2)	55 212	55 212
Occupancy (%)	86.2	87.6

[1] *Gross rental income comprises rental income plus property expenses (at L2D ownership).*

The office component of the portfolio comprises offices attached to retail property within a mixed-use precinct and stand-alone offices. Our mixed-use precinct offices include Sandton City, Nelson Mandela Square, Eastgate and Melrose Arch. For the most part, these spaces are rented out to multiple tenants. The Standard Bank Centre is currently being held for sale.

Specialised	2021	2020
Gross rental income[1] as a percentage of total property portfolio (%)	3.0	6.2
GLA 100% (m^2)	117 606	117 606
GLA L2D% (m^2)	23 833	23 833
Occupancy (%)	100	100

[1] *Gross rental income comprises rental income plus property expenses (at L2D ownership).*

The specialised element of the portfolio comprises prime rental space made up of the Sandton Convention Centre, Virgin Active Sandton, Melrose Arch specialised tenants, Melomed Hospital and an automotive showroom located in Richards Bay.

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

Hotels	2021	2020
Gross rental income[1] as a percentage of total property portfolio (%)	–	2.3
Rooms	1 001	1 001
Occupancy percentage of full capacity (%)	19.6	19.4
Occupancy percentage open for trade (%)	35.8	46.7

[1] *Gross rental income comprises rental income plus property expenses (at L2D ownership).*

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

MANAGING OUR MANUFACTURED CAPITAL CONTINUED

OUR GEOGRAPHICAL SPLIT OF THE PORTFOLIO BY GLA

From a geographical point of view, our portfolio is dominant in Gauteng, which accounts for 77.2% of our lettable space, followed by KwaZulu-Natal at 12.8%. This split reflects our strategy to target the Gauteng area as the hub of South Africa and the home to the prestigious Sandton node (also known as Africa's richest square mile).

Office

The overall office occupancy rate was 86.2% (2020: 87.6%). Taking pre-lets into account, this improves to 86.4%.

While the office sector remains under pressure, occupancies appear to have stabilised in the last quarter and remain above the fourth quarter MSCI office benchmark of 84.0%. However, despite this stabilisation, the office rental market will likely remain competitive due to industry oversupply and remote working.

Retail

The overall retail occupancy rate was 96.8% (2020: 95.3%). Taking pre-lets into account, this improves to 97.0%.

The retail portfolio has maintained a consistent occupancy throughout the year and remains ahead of the fourth quarter MSCI retail benchmark of 94.4%. In addition, it is encouraging that despite the turbulent year, the portfolio's super-regionals, Sandton City (98.3%) and Eastgate (94.6%), have a combined occupancy of 96.6% and remain ahead of the fourth quarter MSCI super-regional benchmark of 93.5%.

% Gross lettable areas	GLA (m^2) at 100% ownership	GLA (m^2) at L2D ownership
Gauteng	77.2	69.0
Kwazulu-Natal	12.8	17.2
Western Cape	7.8	10.8
Free State	2.2	3.0

TRADING PERFORMANCE

Turnover growth recovered well across the retail portfolio, surpassing 2019 levels from September into the fourth quarter, resulting in annual turnover 24.5% higher than last year and only 3.1% below 2019, pre-COVID levels.

Our super-regional malls were down 21.8% in 2020 compared to 2019; however, they bounced back in 2021 by 25.6% against 2020.

Annual turnover at Sandton City outpaced 2020 and 2019 turnover by 31.3% and 4.3%, respectively, generating its highest-ever annual turnover of c. R7.4 billion. Midlands Mall also achieved strong turnover growth of 27.6% and 4.9% vs 2020 and 2019. This turnover performance is a testament to the strength of the retail segment.

Despite the Omicron variant, turnover in the fourth quarter of 2021 saw a strong recovery, up 15.8% on the fourth quarter of 2020 and 5.1% on the fourth quarter of 2019.

Sandton City and Midlands Mall recorded the most significant increases in fourth quarter turnover in Rand terms, surpassing the fourth quarter in 2020 and 2019. While Eastgate's recovery has been muted, various focused initiatives are in place to drive up turnover and dwell time at the centre.

In terms of the retail categories, apparel and department stores contributed a combined 49% to the portfolio's turnover. These categories were the hardest hit in 2020, driving the overall negative turnover performance of the portfolio. In 2021, apparel recovered to just below 2019 levels. However, the effects of the July civil unrest strained department store recovery, as distribution warehouses were severely affected.

Health, beauty, grooming, wellness, and accessories were also significantly affected in 2020 but improved in performance in 2021, with an annual turnover of 9% and 1.8% behind 2019, respectively.

Food services were severely impacted by restricted trading hours and the ban of on-site consumption of alcohol for most of 2020 and parts of 2021. Our tenants have managed to recover 43.4% from 2020, about half of the loss they suffered from the lockdowns in 2020, and they continue to show improved performance month-on-month.

On the other hand, in line with international markets, luxury brands continue to perform well above pre-COVID standards, achieving an annual turnover of 8.1% year-on-year growth in 2020 and an outstanding 56.1% in 2021, highlighting the category's continued resilience against the COVID-19 trading environment. We are mindful that ultra-luxury will pare down once travel is back in full swing, but affordable luxury is well-positioned to pick up some additional growth.

MANAGING OUR MANUFACTURED CAPITAL CONTINUED

Technology and grocery supermarkets are ahead of 2019, with trading densities up 33.5% and 3%, respectively.

The portfolio delivered stable annual trading density growth of 13.2% for December 2021, albeit off a low base. The impact of the hard lockdown in the second quarter of 2020 still falls within the denominator of the calculation, and therefore we should see a downward correction in growth from April 2021 once the hard lockdown no longer forms part of the base year.

Our super-regional centres have returned to pre-COVID-19 densities, trading at a monthly average of R3 950/m^2, just behind 2019's monthly average of R4 030/m^2. Sandton City's improved turnover has also translated into a higher average monthly trading density of R4 990/m^2 ahead of R4 930/m^2 for 2019.

Footcount has followed a similar trend to turnover, however, recovery has been slightly slower.

The annual portfolio footcount has recovered to 88% of 2019 levels. This equates to 59.7 million visitors frequenting L2D malls over the year. As the festive season approached, we saw an improvement in the number of mall visitors, with 6.5 million visitors frequenting the malls in December (96.2% of 2019 comparative levels), resulting in an 8.5% increase from November 2021.

The portfolio has seen a significant return to 2019 levels with the footcount in the fourth quarter of 2021, giving us confidence that customers are returning to our malls seeking human connection and in-store experiences.

For further information and metrics on our individual properties, please refer to pages 83 to 90 of this report.

LEASE EXPIRY PROFILE

We maintain a balanced lease expiry profile across the portfolio by continuously evaluating our tenant mix and engaging with current and prospective tenants regularly. For details on how we engage with our key stakeholders, please see pages 46 to 52 of this report. The existing lease profile is tabled below and provides an analysis of when the leases will expire.

Period	GLA (m^2)	%[1]	Contractual monthly rental[2] (R)	%
Monthly and expired	63 863	7.6	22 027 113	10.2
2022	137 990	16.4	56 974 320	26.5
2023	105 716	12.6	34 564 246	16.1
2024	204 159	24.3	44 931 946	20.9
2025	53 663	6.4	17 481 720	8.1
2026+	202 798	26.4	39 186 421	18.2

[1] *The percentage lease expiry is calculated based on total GLA, including vacancies.*
[2] *GLA and contractual gross monthly rental at 100% ownership.*

Convention Centre is under a management agreement and therefore excluded from the expiry profile.

MANAGING OUR MANUFACTURED CAPITAL CONTINUED

LEASING

Demand for retail space in the L2D portfolio remains strong. We concluded 291 leases (renewals and new deals) in the year, equating to 147 507m² or 15.6% of total portfolio GLA (December 2020: 148 725m² or 15.7%). Our leasing strategy focused on attracting and retaining quality tenants. It is important to note that the Convention Centre equates to 57 910m² of this space.

New leases

We concluded 110 new deals in 2021, amounting to over 26 000 square metres, or 2.3% of our portfolio GLA. Our latest deals included new offerings in South Africa and new flagship offerings.

The ARC brand store is a first in South Africa, while Adidas and Al Capone are opening new flagship offerings at Sandton City. We are expanding Dior and Chanel cosmetics and continue discussions with new and existing international offerings for our malls.

The expansion of luxury and affordable luxury throughout our portfolio remains a differentiator; Levisons opened its doors at Midlands Mall, Armani Exchange opened at both Sandton and Eastgate and Alexander McQueen was secured during the year to open early 2022.

L2D has led the way in luxury with the opening of the Diamond Walk, which is the aggregation of luxury and ultra-luxury brands. At Sandton City, we have also created an affordable Luxury Run. The intention is to continue expanding into other shopping malls on the back of the solid turnover growth experienced in 2021.

Many shops upgraded their offerings in Sandton to ensure they keep up to speed with the competition and make their offerings more experiential, with more tenant upgrades planned for 2022.

Innovative and experiential offerings opened across the portfolio, including Luxity and Tang at Nelson Mandela Square, Neyborly (a collaboration of online brands) at Sandton and Le Creuset at Eastgate. The Show Room and VIP services at Sandton are currently occupied by Mercedes, who have access to a five-million-strong database.

The portfolio has introduced new and expanded technology offerings based on the growth in this category. iStore at Midlands Mall opened with a more extensive offering, while an expanded Samsung and new Huawei store opened at Sandton.

We continue to provide a diverse range in our tenant mix where customers seek broader value offerings. For example, Jet and Pep Home opened at Botshabelo and Value Co at Eastgate.

Expiries and tenant retention

17.4% (164 928m² or 358 leases) of the portfolio GLA was due to expire within 2021. This comprised 8.4% (80 650m² or 296 leases) retail, 2.8% (26 368m² or 61 leases) office and 6.1% (57 910m² or one lease) specialised. At the end of December, 12.8% (120 677m² or 181 leases) of the total portfolio had been renewed on a like-for-like basis. Of the remaining 4.6%, 0.5% renewed into new premises, and 2.8% ended the year still under negotiation with intentions to renew. 16.1% of the portfolio GLA was thus retained during the year, resulting in a retention rate of 92.5% of the 2021 expiries.

We have had negative reversionary pressure for the last three years in certain categories, with an acceleration in the previous two years with the advent of the pandemic. Going forward, we have started seeing improvement in the trading environment, which will support the reversal in the reversionary trend.

We concluded renewals with a weighted average lease escalation of 6.2%. It is also encouraging to see new deals achieve a weighted average lease escalation of 6.8%, which is favourable in the current environment.

MANAGING OUR MANUFACTURED CAPITAL CONTINUED

HOSPITALITY PERFORMANCE

The lack of business travel and conferences has impacted our hospitality portfolio. The sector remained under severe pressure, constraining income from our assets. While it positions us for an upside as occupancies recover in line with the opening of business and travel sectors, our outlook for the sector remains guarded.

The Sandton Sun achieved an annual average occupancy of 47.2% for 2021. In the second half of the year, the hotel showed signs of recovery, with occupancies of 72.3% achieved for November. However, occupancy slipped to 46.7% for December following the travel restrictions imposed on South Africa. Garden Court reopened at the beginning of October, achieving an average occupancy of 29% for the quarter.

Interest in the Sandton Convention Centre began to increase again in the last quarter. However, December was slower than expected, with a few events postponed following stricter COVID-19 restrictions. 64 events were held throughout 2021, with 19 events hosted in November.

The InterContinental remained closed for 2021 and will only reopen when demand warrants it.

Hotels[1] statistics		12 months based on full capacity 2021	12 months 2020	Change%	12 months open for trade[2] 2021	12 months 2020	Change %
Garden Court Sandton							
Number of rooms		**444**	444	–	**444**	444	–
Occupancy	%	**10**	14	(4)	**19**	61	(42)
Average room rate	Rand	**708**	1 052	(33)	**708**	1 052	(33)
RevPar	Rand	**68**	148	(54)	**135**	643	(79)
InterContinental Towers Sandton							
Number of rooms		**231**	231	–	**231**	231	–
Occupancy	%	**0**	14	(14)	**0**	59	(59)
Average room rate	Rand	**–**	1 868	(100)	**–**	1 868	(100)
RevPar	Rand	**–**	256	(100)	**–**	1 101	(100)
Sandton Sun							
Number of rooms		**326**	326	–	**326**	326	–
Occupancy	%	**47**	31	16	**47**	39	9
Average room rate	Rand	**1 357**	1 448	(6)	**1 357**	1 448	(6)
RevPar	Rand	**639**	444	44	**641**	558	15

[1] *Figures applied above based on a 12-month average.*
[2] *Open for trade is based on restrictions imposed by the lockdown regulations.*

MANAGING OUR MANUFACTURED CAPITAL CONTINUED

AVERAGE NET RENTAL

The average net rental (R/m^2) per asset as calculated below equals the total rent divided by the total leased GLA. Total rent is the sum of basic rent and turnover rent. Total leased GLA is the total building GLA less vacancies over the 12-month period.

Asset	Average net rental/m^2
Nelson Mandela Square – Retail	**451**
Nelson Mandela Square – Office	**108**
Eastgate – Retail	**332**
Eastgate – Office	**116**
Sandton City Shopping Centre	**483**
Sandton City – Offices	**123**
Liberty Promenade, Mitchell's Plein	**172**
Liberty Lifestyle Centre	**161**
Liberty Midlands Mall	**222**
Botshabelo	**149**
Melrose – Retail	**221**
Melrose – Office	**211**
Melrose – Specialised	**130**
Tangawizi John Ross	**75**
Melomed	**227**
Standard Bank Centre	**87**
Regional Head Office Umhlanga Ridge	**161**
Umhlanga Office Block	**55**
Total retail	**320**
Total office	**139**
Total specialised	**159**
Total portfolio	**258**

PROPERTY PORTFOLIO OVERVIEW

The evolving retail landscape provides opportunities to adapt and grow as we rethink the physical in-store propositions and ways to keep malls relevant in the new normal.

The turnover and footcount recovery indicate that customers still seek out a brick-and-mortar shopping experience and that, within a super-regional context, retail shopping in physical locations is still very much alive. Our super-regional malls have the ability to create demand as they offer the blended retail experience where customers can shop, dine, and find entertainment within one centre.

The customer shopping and purchasing journeys are evolving. Customers are more informed, more digitally adept and are therefore more deliberate in the shopping experiences that they engage in.

We continue to support the shift toward retailers providing enhanced customer experiences and more innovative spaces as customer trends emphasise the need for personalised, engaging retail experiences.

The use of data to create personalisation for customers is vital. We continue to improve our data warehouse by advancing our technology within our malls.

FEATURED PROPERTIES

Sandton City Complex

Sandton City remains an iconic retail centre in South Africa, with 2021's annual turnover exceeding both 2020 and 2019 levels. In 2021, Sandton City generated its highest-ever annual turnover of c. R7.4 billion and achieved positive year-on-year annualised trading density growth of 20.2%. Demand for retail space remains high, with occupancy at 98.3% at the end of December 2021.

Sandton City continues to attract key international brands such as Alexander McQueen, the first ARC store to open in South Africa, and new flagship offerings Adidas and Al Capone. The centre's luxury offering continues to perform exceptionally well, with positive turnover growth outperforming prior years. Coupled with initiatives to sustain and increase the precinct's performance, management aims to unlock further income-producing opportunities in non-traditional retail spaces.

With low vacancies, continued high demand for space, and significant cost-saving reductions employed during the year, the centre is well-positioned to perform in the year ahead. 2022's focus lies in implementing sustainability projects and becoming Net-Zero Waste ready by the end of the year. In 2021, the Sandton City Precinct further improved its SHORE rating.

OWNERSHIP	LOCATION
25%	Gauteng

SECTOR

Retail and Office

PROPERTY VALUE 100%	PROPERTY VALUE L2D
R12.4 billion	R3.1 billion

AVERAGE NET RENTAL INCLUDING OFFICES

R483/m²

GLA 100%	GLA L2D%
195 941m²	48 937m²

MALL TRADING DENSITY

R59 898m²

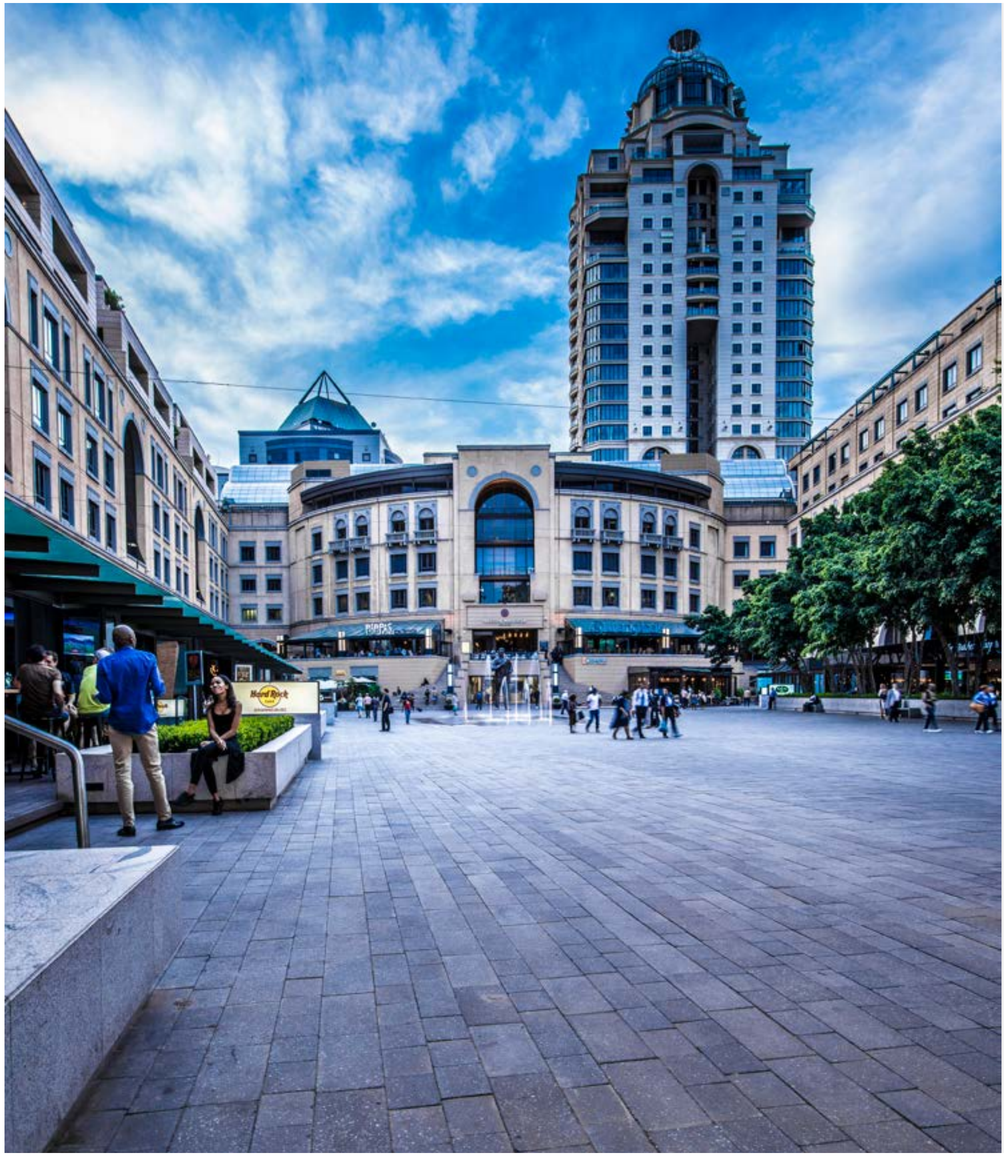
RETAIL OCCUPANCY	OFFICE OCCUPANCY
92.6 %	67.3%

NUMBER OF TENANTS	ANNUAL FOOTCOUNT
399	16.9 million

MAJOR RETAIL TENANTS BY GLA

Checkers Hyper, Woolworths, Edgars, Dis-Chem, H&M, Truworths

FEATURED PROPERTIES CONTINUED



Nelson Mandela Square

One of the most well-known open public spaces in the country, Nelson Mandela Square features a six-metre statue of the iconic statesman, one of Africa's most photographed attractions.

In 2021, Nelson Mandela Square attained a five-star Green Star rating for Existing Building Performance through the GBCSA. The centre improved footfall, spend, and NPI compared to 2020 with new offerings introduced during the year. Tang, a luxury Asian-Fusion restaurant opened, as well as The Raj, resulting in zero restaurant vacancies in the square.

A selection of fine restaurants forms a significant component of lettable space at Nelson Mandela Square. The addition of new Halaal offerings to the upper level has enhanced the appeal of the popular restaurant destination.

Notable achievements in the year include the reopening of the Marco Polo gaming lounge, the opening of local retail offerings being Luxity and Artyli, and the hosting of the only Moët and Chandon Christmas tree in South Africa over the festive season.

OWNERSHIP	LOCATION
33%	Gauteng

SECTOR
Retail and Office

PROPERTY VALUE 100%	PROPERTY VALUE L2D
R1.3 billion	R422 million

AVERAGE NET RENTAL INCLUDING OFFICES	
R451m^2	R108m^2

GLA 100%
38 595m^2

MALL TRADING DENSITY
R52 583m^2

RETAIL OCCUPANCY	OFFICE OCCUPANCY
88.5%	69.9%

NUMBER OF TENANTS	ANNUAL FOOTCOUNT
94	8.4 million

MAJOR RETAIL TENANTS BY GLA
Marco Polo Lounge, Hard Rock Café, The Butcher Shop and Grill, Trumps

FEATURED PROPERTIES CONTINUED

Liberty Midlands Mall

In 2021, Midlands Mall and Lifestyle Centre cemented its advantage as the only regional shopping centre in Pietermaritzburg, KZN and outperformed pre-pandemic turnover. Annualised turnover growth for Midlands Mall at December 2021 was 4.8% vs 2019 and 27.4% vs 2020. At December 2021, Lifestyle Centre achieved annualised turnover growth of 32.9% and 42.8% in comparison with 2019 and 2020, respectively.

Midlands Mall achieved a five-star Green Star rating for Existing Building Performance through the GBCSA.

During July's social unrest, the mall stood strong and did not sustain any damage with new customers entering the mall as surrounding malls were damaged. Footfall for December 2021 was up 39% compared to December 2020, with annualised trading density growth up 17.9%. Tenants secured in 2021 include the iStore, Waltons, Levisons, and Clothing Junction.

OWNERSHIP	LOCATION
33%	KwaZulu-Natal

SECTOR

Retail

PROPERTY VALUE 100%	PROPERTY VALUE L2D
R2.5 billion	R839 million

AVERAGE NET RENTAL

MALL	LIFESTYLE CENTRE
R222m^2	R161m^2

GLA 100%	GLA L2D%
78 249m^2	26 058m^2

TRADING DENSITY

MALL	LIFESTYLE CENTRE
R39 069m^2	R23 877m^2

MALL OCCUPANCY	LIFESTYLE OCCUPANCY
97.9%	96.3%

NUMBER OF TENANTS

MALL	LIFESTYLE CENTRE
8.3 million	30

ANNUAL FOOTCOUNT

MALL	LIFESTYLE CENTRE
5.6 million	1.6 million

MAJOR RETAIL TENANTS BY GLA

Game, Pick n Pay, Woolworths, Checkers, Dis-Chem

FEATURED PROPERTIES CONTINUED

LIBERTY PROMENADE SHOPPING CENTRE

Celebrating 18 years, Liberty Promenade Shopping Centre experienced positive trading density growth for December, just 5.2% shy of the same period in 2019. The regional shopping centre situated in the Western Cape maintained strong occupancies with 99.5% achieved in 2021. Turnover for the period grew by 15% from 2020.

The centre achieved a five-star Green Star rating for Existing Building Performance and gold status with the Safe Asset Group Audit. Promenade also earned 15 SACSC Footprint awards.

OWNERSHIP 33%	LOCATION Western Cape	TRADING DENSITY R37 492/m²
SECTOR Retail		RETAIL OCCUPANCY 99.5%
PROPERTY VALUE 100% R1.75 billion	PROPERTY VALUE L2D% R584 billion	ANNUAL FOOTCOUNT 12.7 million
TRADING DENSITY R37 492/m²	NUMBER OF TENANTS 166	
GLA 100% 73 392/m²	GLA L2D% 24 440/m²	MAJOR RETAIL TENANTS BY GLA Pick n Pay, Game, Woolworths, Edgars

BOTSHABELO MALL

Located in the Free State, Botshabelo Mall continues to experience positive year-on-year trading density with the growth of 21.3% vs 2019 and 10.5% vs 2020.

The mall traded well throughout the year with minimal interruptions in trade despite July's social unrest. At the end of December 2021, occupancies were at 97.3%, increasing 3.2% from December 2020. Strong leasing activity in 2021 strengthened the centre's performance with the expansion of Ackermans and Elegant Square, as well as Jet and Pep Home being secured as tenants during the year. This provides an encouraging outlook toward 2022 performance. Botshabelo achieved a four-star Green Star rating for Existing Building Performance through the GBCSA.

OWNERSHIP 33%	LOCATION Free State	TRADING DENSITY R37 492/m²
SECTOR Retail		OCCUPANCY 97.3%
PROPERTY VALUE 100% R337 million	PROPERTY VALUE L2D% R112 million	NUMBER OF TENANTS 62
TRADING DENSITY R40 359/m²	GLA 100% 20 743/m²	GLA L2D% 6 908/m²

MAJOR RETAIL TENANTS BY GLA

Shoprite, Pick n Pay, Cashbuild, Truworths

FEATURED PROPERTIES CONTINUED

Eastgate Shopping Centre

Eastgate remains an iconic super-regional centre in Gauteng, South Africa. Though recovery toward pre-pandemic performance remains muted, Eastgate continues to introduce innovative, experiential spaces and initiatives to improve operational efficiency throughout the mall. In 2021, Eastgate achieved a five-star Green Star rating for Existing Building Performance. The super-regional centre also won 15 South African Council of Shopping Centre Footprint Awards, including the Spectrum Award.

Eastgate improved centre occupancy from 93% in December 2020 to 94.6% at December 2021. Over 4 300m^2 of new tenancies were achieved with a diverse offering. New tenants secured in 2021 include Armani Exchange, Value Co, Grays Woman, Le Creuset, Hydraulics, and Levisons.

The centre continues to innovate with the opening of Gauteng's longest covered racing track and the launch of the tenant communication app, Mallcomm, as well as geolocation research and targeted shopper marketing.

OWNERSHIP	LOCATION
33%	Gauteng

SECTOR

Retail and Office

PROPERTY VALUE 100%	PROPERTY VALUE L2D
R6.3 billion	R2.1 billion

AVERAGE NET RENTAL INCLUDING OFFICE

R317/m^2

GLA 100%	GLA L2D%
143 344m^2	47 735m^2

TRADING DENSITY MALL

R33 543m^2

RETAIL OCCUPANCY	OFFICE OCCUPANCY
94.6%	91.6%

NUMBER OF TENANTS

222

ANNUAL FOOTCOUNT

13.2 million

MAJOR RETAIL TENANTS BY GLA

Woolworths, Edgars, Checkers Hyper, Game, Mega Mica

FEATURED PROPERTIES CONTINUED

JOHN ROSS ECO-JUNCTION ESTATE

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

OWNERSHIP	LOCATION	TRADING DENSITY
33%	KwaZulu-Natal	R37 492/m²
OWNERSHIP - MELOMED	SECTOR	
23%	Specialised	
PROPERTY VALUE 100%	PROPERTY VALUE L2D%	
R703 million	R178 million	
PROPERTY VALUE MELOMED HOSPITAL 100%/L2D%	PROPERTY VALUE TANAGWIZI MOTORS 100%/L2D%	PROPERTY VALUE REMAINING ESTATE 100%/L2D%
R559/R130 million	R61/R20 million	R83/R28 million

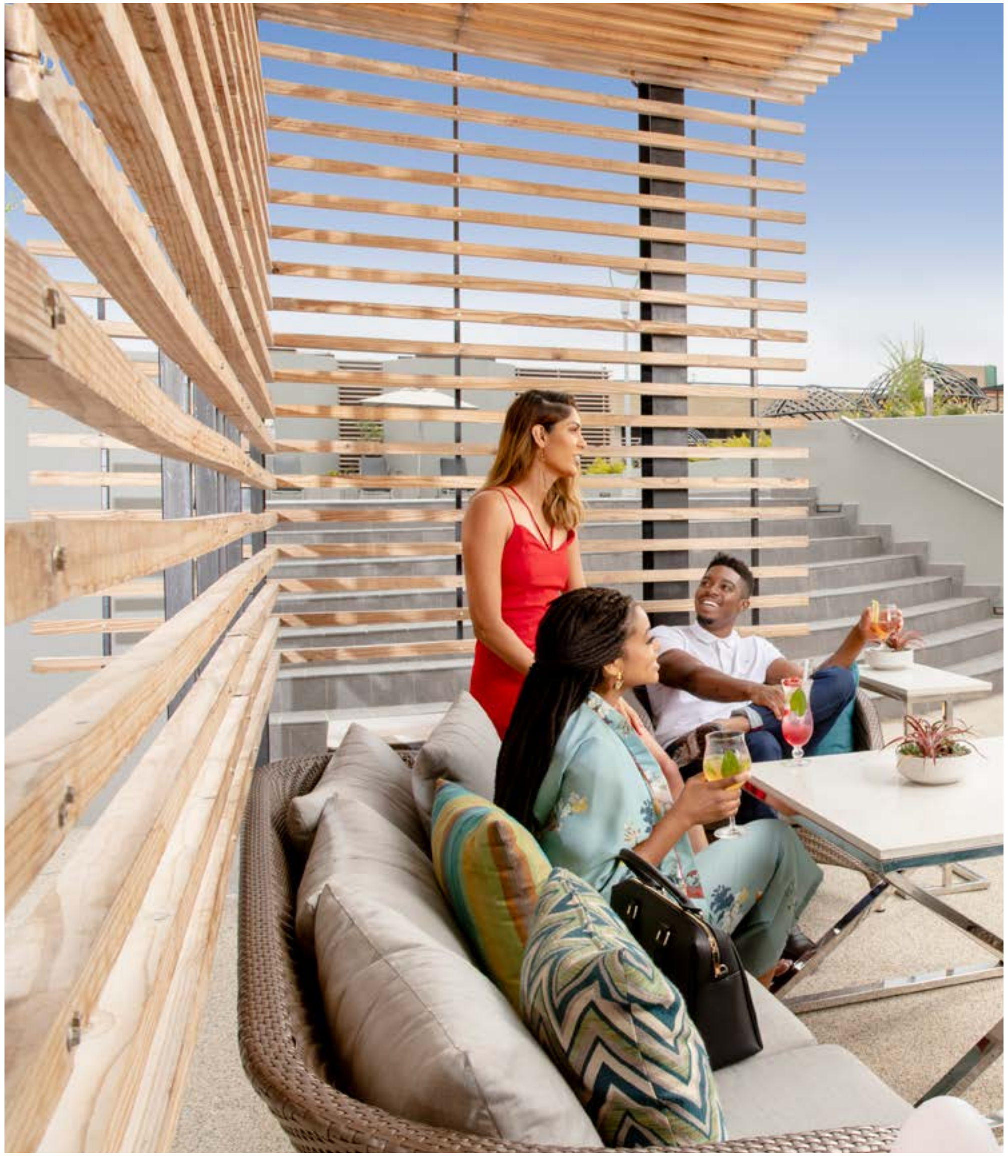
STANDARD BANK CENTRE

The Standard Bank Centre has been classified as a non-current asset held for sale and is reflected at net selling price, following the signing of a binding offer to purchase.

OWNERSHIP	LOCATION	TRADING DENSITY
17%	Gauteng	R37 492/m²
SECTOR		OCCUPANCY
Office		97.3%
PROPERTY VALUE 100%	PROPERTY VALUE L2D	NUMBER OF TENANTS
R920 million	R153 million	1
OFFICE AVERAGE NET RENTAL	GLA 100%	GLA L2D%
R87/m²	92 789m²	15 450m²

MAJOR RETAIL TENANTS BY GLA
Standard Bank

FEATURED PROPERTIES CONTINUED



Sandton specialised

The hospitality portfolio consists of Sandton Sun hotel, InterContinental Towers, Garden Court Sandton, Convention Centre and Sandton City Virgin Active. These assets get business mainly from the aircrew, corporate, government, leisure and sports segments. Bar the impact of the Omicron variant and its restriction on tourism and business travel, 2021 saw improved occupancy in the sector, though the hotel and Convention Centre remain under pressure.

Sandton Sun's average occupancy rate for the 12 months to December 2021 was 47.1%, up 16.5% from 2020. Garden Court reopened in 2021, experiencing 9.6% average occupancy over the 12-month period.

Sandton InterContinental Towers remained closed in 2021, with the Convention Centre open on an ad hoc basis. Throughout 2021, the Convention Centre hosted 64 events, with 19 events taking place in November 2021.

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

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

OWNERSHIP

GARDEN COURT CENTRE	CONVENTION CENTRE	VIRGIN ACTIVE
25%	25%	25%

SECTOR	LOCATION
Specialised	Gauteng

PROPERTY VALUE 100%	PROPERTY VALUE L2D
R1.4 billion	R350.7 million

PROPERTY VALUE

GARDEN COURT CENTRE 100%
R468.4 million

GARDEN COURT CENTRE L2D%
R117 million

CONVENTION CENTRE 100%
R199.3 million

CONVENTION CENTRE L2D%
R49.8 million

VIRGIN ACTIVE 100%
R47.7 million

VIRGIN ACTIVE L2D%
R11.9 million

SANDTON SUN AND INTERCONTINENTAL TOWERS 100%
R688.8 million

FEATURED PROPERTIES CONTINUED

MELROSE ARCH

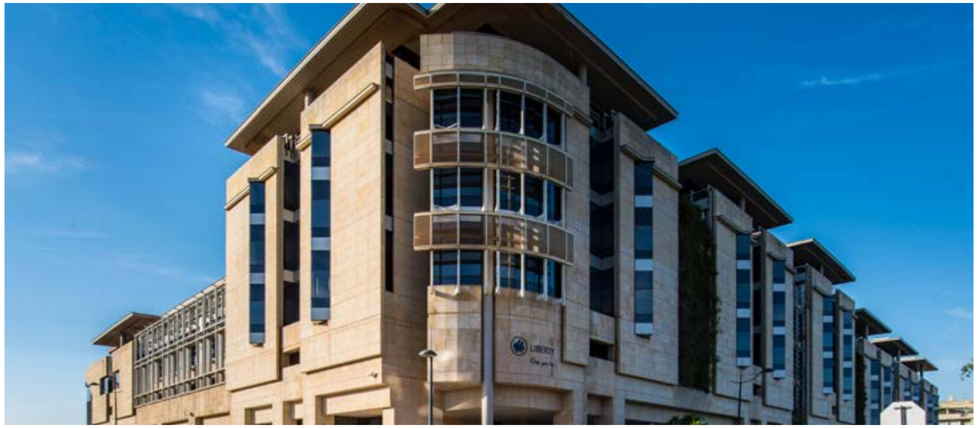
Conveniently located between the Corlett Drive and Athol Oaklands M1 highway ramps, Melrose Arch is a mixed-use precinct with retail, office, hotel, residential and showroom components.

Melrose Arch attracts a variety of visitors and epitomises the themes of live, work and play. In 2021, Melrose Arch achieved a 23.5% increase in turnover compared to 2020. The precinct secured 3 031m^2 in new tenants with major tenancies such as Istanbul Kebab and JRL Autotraders taking occupancy during the year. At December 2021, Melrose Arch occupancies concerning its retail offering improved to 96.5%, exceeding December 2019 by 2.2%.

OWNERSHIP	LOCATION	TRADING DENSITY
8%	Gauteng	R21 930/m^2
SECTOR		OCCUPANCY
Retail, Office & Specialised		97.3%
PROPERTY VALUE 100%	RETAIL OCCUPANCY	OFFICE OCCUPANCY
R6.1 billion	96.5%	83.7%
AVERAGE NET RENTAL	GLA 100%	GLA L2D%
OFFICE R116/m^2 RETAIL R221/m^2	198 879m^2	16 557m^2

MAJOR RETAIL TENANTS BY GLA

Woolworths, @Home, Istanbul Kebab, Arch Cycle, Clicks,



LIBERTY CENTRE HEAD OFFICE AND UMHLANGA RIDGE OFFICE PARK

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

OWNERSHIP	LOCATION	NUMBER OF TENANTS LIBERTY CENTRE
33%	Office	4
OCCUPANCY	SECTOR	UMHLANGA RIDGE
87%	Specialised	6
PROPERTY VALUE 100%	GLA COMBINED 100%	GLA COMBINED L2D%
R233.8 million	22 201m^2	7 393m^2
PROPERTY VALUE LIBERTY CENTRE HEAD OFFICE 100% (COMBINED)	LIBERTY CENTRE HEAD OFFICE L2D% (COMBINED)	UMHLANGA RIDGE OFFICE PARK 100%
R214.6 million	R106 million	R92 million
	AVERAGE NET RENTAL LIBERTY CENTRE	AVERAGE NET RENTAL UMHLANGA RIDGE
	R55/m^2	R161/m^2

VALUE-ENHANCING REMUNERATION PRACTICES

On behalf of the Remuneration Committee (Remco), I am pleased to present the L2D Remuneration Report for the year ended 31 December 2021.

The Remco embraces and is guided by the governance principles recommended by King IV™ in its deliberations and decision-making processes. This report embodies those principles and the required compliance reporting standards in accordance with the Companies Act. The report covers our pursuit of fair, responsible and transparent remuneration during the 2021 financial year to fulfil our commitment to stakeholders by ensuring our Remuneration Policy aligns with best practice and that decisions on remuneration subscribe to good governance. This report is presented in three parts:

Craig Ewin
Remco Chairman

1 BACKGROUND STATEMENT

Covers how we managed our remuneration during 2021 and provides context on the remuneration practices within L2D. We further illustrate our commitment to good corporate governance and how we address areas of focus and shareholder feedback.

2 REMUNERATION POLICY

Explains how we structure and deliver our total remuneration offering to support the attraction and retention of high-calibre people and how the various components of total remuneration are designed to drive a growth and performance culture.

3 IMPLEMENTATION REPORT

Demonstrates how the Remuneration Policy is implemented, focusing on our executive directors' and non-executive directors' remuneration for the 2021 year.

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

PART 1: BACKGROUND STATEMENT

REMUNERATION IN 2021

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

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

The outcome of the remuneration process aligns with performance and seeks to fairly reward the people of L2D for the results delivered in 2021.

The performance is self-evident, with the weighted Company financial performance result against Board-approved targets, resulting in an overall 117% achievement for the 2021 financial year compared to 30% in 2020 and 94% in 2019.

CRAIG EWIN (61)
Independent non-executive director

LYNETTE NTULI (39)
Independent non-executive director

ANGUS BAND (69)
Non-executive Chairman

PETER NELSON (67)
Independent non-executive director

BARBARA MAKHUBEDU (47)
Lead independent non-executive director

Meetings and attendance

Attended: 1/1	Attended: 1/2	Attended: 2/2	Attended: 2/2	Attended: 1/1

COMMITTEE AT A GLANCE

Remuneration committee composition

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

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

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

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

GOVERNANCE AND CONTROLS

The CE attended meetings by invitation but was excluded from any deliberations pertaining to her remuneration. The Human Capital Executive is invited to attend meetings for certain agenda items that require her input.

The committee received external independent advice and market information from the independent Old Mutual Remchannel and Reward Partners (Pty) Ltd during 2021. The committee is satisfied that the input from these sources is reliable, accurate, independent and objective.

SHAREHOLDER ENGAGEMENT

The 2021 Remuneration Policy and Implementation Report will be presented for separate non-binding votes at the annual general meeting (AGM) on 25 May 2022. These resolutions are set out in the 2022 Notice of the AGM. The previous voting results on remuneration-related matters are set out below:

	2020	2019
On non-binding advisory vote on our Remuneration Policy	**91.84%**	99.14%
On non-binding advisory vote on our Implementation Report	**91.84%**	98.64%

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

FOCUS AREAS FOR 2022

The Remco is of the view that no substantial changes will be required for 2022 but will be focusing on the following areas:

FOCUS AREA	POLICY OBJECTIVE CONSIDERATIONS
Ensuring competitive levels of total remuneration	• Benchmarking against peers and alignment with the REIT sector. • Benchmarking of non-executive directors' fees and adjustments where necessary.
Ensuring fair and responsible remuneration	• Assessing Remuneration Policy objectives and measuring them against King IV principles and governance legislature. • Assessing the current incentive scheme operation.

STATEMENT ON THE REMUNERATION POLICY AND REMUNERATION REPORT

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

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

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

Craig Ewin
Remco Chairman

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

PART 2: REMUNERATION POLICY

REMUNERATION IN CONTEXT

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

REMUNERATION PRINCIPLES	LINK TO STRATEGY AND STAKEHOLDER COMMITMENTS
Through our total remuneration employee value proposition, we seek to attract and retain high-calibre people that drive our aspirations and enable L2D to achieve its purpose.	Our commitment to our stakeholders is to ensure that we recruit the right people with the necessary skills, expertise and values to effectively execute our business strategy and allow us to continue to create great spaces for enhanced community retail experiences. We ensure that our remuneration is competitively benchmarked and that our packages are optimally structured to attract and retain competent individuals.
Drive a performance culture underpinned by our values of ownership and accountability to create a clear and direct link between the achievement of Company results and individual reward. This allows us to identify and reward top performance efforts and individuals who show potential for growth within the L2D business.	Our commitment to our stakeholders is to ensure every individual at L2D takes ownership of their role and is held accountable for their performance efforts. This enables L2D to create a highly effective operational working environment in which each employee strives to do everything to the best of their ability. This means that our assets are optimised and that we can meet our annual and long-term strategic objectives consistently to ensure sustainable business growth and value creation for shareholders who invest in our business.
Ensure that remuneration is managed fairly and responsibly by adopting an integrated Human Capital approach, where remuneration links to our performance and talent management, as well as diversity and equality commitments.	Our commitment to our people is to ensure that our remuneration practices align with best practice and are managed within strict governance principles as set out by King IV. We are committed to ensuring that equity is achieved through well-designed pay structures and that performance excellence is recognised. We strive to manage an integrated total remuneration offering, which links to the overall Human Capital and business strategy that affords our employees the opportunity to develop their capabilities and be treated fairly.

In its efforts to realise the key purpose of remuneration instruments at L2D, the Remco responsibly accounts for fair and responsible remuneration. It considers the retention of high-calibre people to ensure that a reasonable and defensible balance can be achieved between attraction and retention and ensuring that remuneration is fair, aligned with policy and shareholder interests, and serves to support the achievement of the Company's strategy, vision and business model.

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

REMUNERATION GOVERNANCE

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

CHIEF EXECUTIVE (Supported by the FD and Human Capital Executive)	Role: Responsible for implementing the Remuneration Policy and recommending remuneration proposals based on the L2D business strategy, business cycle movements and strategic and financial key performance areas. These proposals would normally be incentive and salary recommendations based on performance outcomes and enhancements aligned with market trends and remuneration management streamlined processes.
↓	
REMCO	Role: Responsible for reviewing the Remuneration Policy in line with King IV recommendations, ensuring it remains compliant with legislation. The committee recommends changes to the Board regarding enhancements and governance issues. It ensures that recommendations provided to the Board represent sound judgement and good governance. The committee ensures that remuneration paid to executives and management is fair and responsible, remaining cognisant of attraction and retention strategies. Engages shareholders on the Remuneration Policy and Implementation Report.
↓	
BOARD OF DIRECTORS	Role: Ensures that recommendations by the Remco adhere to good governance practice, align with the strategic direction of L2D and meet shareholder expectations in terms of value creation and distribution growth. Approve executive remuneration and recommend non-executive directors' remuneration to shareholders for approval.
↓	
SHAREHOLDERS	Role: Cast their non-binding vote on the Remuneration Policy and Implementation Report, specifically focusing on the link between L2D performance and executive and non-executive remuneration, as well as reasonable restrictive conditions geared to avoid excessive risk consequences. Shareholders are also responsible for voting for appropriate and qualified Board members to manage their business interests.

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

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

POLICY OBJECTIVES	GUIDING PRINCIPLES
To align recognition, reward and remuneration with the achievement of both the short-term operational goals and the long-term strategic objectives set in support of sustainable value creation.	• Remuneration practices should encourage behaviour consistent with L2D's vision, purpose and values. • Remuneration policies and practices that are aligned with the overall commercial business strategy, business objectives and values of the company. • Guaranteed and variable pay is appropriately structured according to seniority and roles. • A strong correlation exists between performance and total remuneration, allowing for upside opportunities for our target performance. • Individual rewards are determined according to both business and individual performance. • Remuneration policies and practices that encourage and reward both the positive performance and behaviour of all staff. • Performance metrics that are fair, sustainable and challenging and apply to all aspects of the business.
Remuneration structures are designed to attract, motivate and retain talent at all staff levels, as part of the overall talent management strategy.	• Remuneration strategy and philosophy that is informed by the Company risk framework and appetite, Human Capital strategy, stakeholder dialogue and comparative industry practices. • Enables the Company to attract and retain highly talented, capable and experienced people who can add value across the whole business. • Affordability to the business is an important consideration in the design of remuneration structures to ensure an efficient approach to remuneration. • Remuneration focus is on total remuneration that includes guaranteed cost-to-company, short-term incentives and long-term share awards. It is referenced to 'like-for-like' market remuneration levels and adjusted for relative experience and responsibility levels.
To ensure that our Remuneration Policy is fair, responsible, equitable and aligns with good corporate governance principles and practices.	• Promotes responsible corporate citizenship and an ethical culture. • Adherence to the principles of good corporate governance and regulatory frameworks. • Equal pay for work of equal value i.e., employees performing similar job requirements at the same or similar level of performance in the organisation receive the same or similar levels of remuneration (horizontal fairness). • Vertical fairness principles i.e. difference in total remuneration between different job levels can be explained and justified on a consistent basis. • Remaining cognisant of earning differentials within L2D, we have set the minimum salary and bonus level upon achieving L2D target objectives at R250 000 and R30 000 respectively, to incrementally minimise the earnings differential. • That non-executive director's fees are fair, reasonable and transparent. • That the executive directors and executive management's remuneration is fair and responsible in the context of the overall company remuneration.

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

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

GUARANTEED REMUNERATION

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

Basic salary, which is benchmarked to the market and adjusted annually on 1 April.

Remaining competitive

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

+

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

Pay progression

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

+

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

Ensuring equity and fairness

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

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

VARIABLE REMUNERATION: SHORT-TERM INCENTIVES

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

Strategic link

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

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

Design

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

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

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

Malus, clawback and forfeiture may be applied to the short-term incentive at the Remco's discretion should a trigger event occur.

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

We provide an overview of the short-term incentive scheme:

SENIOR MANAGEMENT INCENTIVE SCHEME

ELIGIBILITY

Executive directors | Senior management

HOW IT WORKS

Incentive pay-outs are conditional on two sets of performance measures and targets:

Group financial targets + **Individual non-financial targets**

of which the following weightings make up the on-target incentive (% of guaranteed remuneration)

Group financial targets		Individual non-financial targets
90%	Chief Executive	30%
70%	Financial Director	30%
60%	Senior Executives	25%
40%	Executives	20%
25%	Managers	20%

Which are measured against performance metrics and targets

Performance metric:
Distribution growth
Net property income
Capital and risk management
Operational performance

Performance hurdles:
Gate: 80%
Target: 100%
Stretch: 145%

Performance metric:
As per individual scorecard

Performance hurdles:
Based on individual performance rating

Performance achievement is linearly scaled.
The financial scale is capped per individual at 145%.

SPECIALIST INCENTIVE SCHEME

Technical specialists

Incentive pay-outs are conditional on two sets of performance measures and targets:

Group financial targets + **Individual non-financial targets**

of which the following weightings make up the on-target incentive (% of guaranteed remuneration)

Group financial targets		Individual non-financial targets
10%	Senior professional specialists	35%
5%	Professional specialists	25%
5%	Seasoned technical specialists	20%
5%	Technical specialists	15%
5%	Specialists	10%

Group financial and individual non-financial target achievement

Incentive awards are based on measurable financial targets as well as the achievement of team and individual KPIs.

Management discretion is applied in determining the final bonus awards based on performance against the team and/or individual KPIs.

GENERAL STAFF INCENTIVE SCHEME

All general staff

The scheme is entirely discretionary. It serves to reward operational staff based on individual and Company performance.

This scheme includes awards of between 0% to 15% of annual guaranteed remuneration.

Employees must be in service on the date that the payment is made to be eligible for the payment.

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

BONUS CALCULATION						
Guaranteed remuneration[1]	x	Financial target achievement	+	Non-financial achievement	=	Annual bonus

DEFERRAL[2]

Cash bonus amounts that exceed the below thresholds, as determined by Remco, are subject to the mandatory deferral into the Restricted share plan – deferred share plan.

- A minimum of R30 000 is applicable for bonus awards in excess of R500 000.
- 20% of the bonus award greater than R500 000 is deferred.
- 30% of the bonus award greater than R2 000 000 is deferred.
- 40% of the bonus award greater than R5 500 000 is deferred.

Deferred into restricted shares, with vesting instalments at 18, 30 and 42 months with no financial performance conditions.

Awards may be reduced or forfeited in full or in part if, in the Remco's judgement, there has been misconduct or materially adverse misstatement of financial results.

1. *Guaranteed remuneration for the purposes of annual short-term incentive calculations is the December salary multiplied by 12. It is not based on annual guaranteed remuneration.*
2. *The deferral description reflected has been restated as per current policy to provide a direct explanation of the short-term incentive deferral. There have been no changes made on the deferral policy, and deferred awards have been correctly applied for the 2020 and 2021 reporting years.*

VARIABLE REMUNERATION: LONG-TERM INCENTIVES

Strategic link

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

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

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

Design

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

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

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

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

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

RESTRICTED SHARE PLAN

Participation and award

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

Performance conditions

The performance conditions for the 2021 award are detailed under long-term incentives in Part 3 of the report.

Maximum face value of award

The quantum of the award at the individual level is guided by:

- Publicly disclosed remuneration information and total remuneration benchmarks.
- Affordability and the annual allowable number of long-term incentives available.
- The role, performance and future retention of an employee are considered in the award decision.

VESTING OF AWARD

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

Award value as % of guaranteed pay ÷ The share price on date of award = Number of shares awarded x Performance achievement against target = Vested shares

One third at anniversary of year three

One third at anniversary of year four

One third at anniversary of year five

Rules and rights

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

Proposed changes

No changes were made to the long-term incentive during 2021, and no changes are envisaged for 2022.

Company and individual limits

The maximum number of shares that participants may acquire in terms of the L2D long-term incentive scheme is 5% of the Company's issued share capital. The individual maximum number of shares that can be acquired by any one participant is limited to 0.5% of the issued share capital of the Company. Given the expectation that the individual limit may be cumulatively reached in future through the vesting and subsequent acquirement of shares, the Company will be seeking approval to increase the individual limit of 0.5% at the next annual general meeting to be held in May 2022.

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

OUR INTEGRATED APPROACH

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

Talent acquisition

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

Talent management and development

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

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

Performance management

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

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

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

Fair and responsible remuneration

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

The committee determined that for the 2018 and 2019 LTIP awards, the achievement against performance conditions warranted a full forfeiture of the second and first tranches, respectively, despite the policy stipulating that below 50% achievement may result in vesting subject to the committee's discretion.

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

Service contracts and payments

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

Non-executive director remuneration

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

The Chairman of the Board is paid a composite fee, which includes serving on and attending committee meetings. Different fee levels are paid for the various sub-committees to reflect the complexity, risk and amount of preparation required.

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

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

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

The Remco reviews non-executive directors' fees and undertakes a benchmarking exercise every second year. These recommendations are made to the Board, which in turn proposes fees for approval by shareholders at the AGM.

Advisory vote on Remuneration Policy

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

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

PART 3: IMPLEMENTATION REPORT

The Implementation Report provides a breakdown of executive director and non-executive director remuneration for 2021. The remuneration paid to executive directors aligns with the Company's Remuneration Policy, incentive scheme rules and JSE Listings Requirements. The delivery of remuneration complies with King IV™ principles, the provisions under the Companies Act and related legislation on disclosing prescribed officer remuneration.

GUARANTEED REMUNERATION

Executive director guaranteed remuneration comprises basic salary and core benefits, including medical aid, retirement contributions and insurances such as group life cover and disability cover.

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

Executive director	Increase applied to FY 2021	Increase applied to FY 2020
A Beattie	**3.00%**	6.98%
JR Snyders	**3.00%**	6.67%

Increases awarded to executive directors in 2021 were aligned with inflation.

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

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

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

VARIABLE REMUNERATION

Short-term incentives

Short-term incentive awards are conditional upon meeting set performance objectives and targets as approved by the Board. The objectives and targets are composed of Company financial and individual non-financial strategic objectives. Individual accountability is also linked to the assessment of the executive director's performance during the performance measurement cycle. The performance conditions for the financial year ended 31 December 2021 are provided below:

Company financial performance conditions for short-term incentives for FY 2021

L2D financial scorecard	Performance condition link to strategy	Weight	Threshold 80% achievement	Target 100% achievement	Stretch 145% achievement	Achieved in 2021	Result in 2021
Distribution growth for 2020	Deliver distribution growth for stakeholders	30%	25.36 cps (-20%)	32.33 cps	Remco discretion (120% is set at 38.04 cps)	34.10 cps	32%
NPI growth[1]	Deliver NPI growth	30%	12.24% (-20%)	Deliver NPI growth of 15.3%	Remco discretion (120% is set at 18.3% (+10%))	36.3%	36%
Risk management	No significant audit findings, ensuring effective risk management	10%		No significant audit findings		No significant audit items	10%
Capital management	Maintain interest rate and debt exposure within Board-approved limits	10%		Interest rate and debt exposure maintained within Board-approved limits		7.85% LTV 23.87% within Board-approved limits	10%
Operational performance[2]	Optimised tenant occupation and trading density growth measured against MSCI benchmark	20%	60% benchmark achievement	100% benchmark achievement	145% benchmark achievement	L2D vacancy and performance exceeds benchmark by more than 45%	29%
		100%		100%			117%

1. *NPI is a REIT-specific performance measurement that measures the growth rate of income by deducting property maintenance costs, rates and taxes and operating expenses from the gross revenue earned from properties within our portfolio.*
2. *MSCI South Africa Quarterly Trading Density Index measures the trading performance of directly held shopping centres across South Africa.*

Individual non-financial performance conditions are aligned with the Company's strategic objectives set by the Board and tailored to executive directors' expected delivery to ensure optimal Company performance and sustainable growth for stakeholders. The individual performance conditions for short-term incentive participation by executive directors for the financial year ended 31 December 2021 is provided for each executive director.

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Executive director strategic non-financial performance conditions for short-term incentives for FY 2021

Chief Executive non-financial performance conditions

STRATEGIC VALUE DRIVERS	MATERIAL MATTERS	KEY PERFORMANCE INDICATORS	WEIGHTING	ACHIEVED
Tenant experience (Tx)	The impact of COVID-19 and rental relief on tenant viability	Creation of a sustainable rental base whereby tenants' success or failures can be identified earlier and the correct intervention/mitigation measures can be implemented.	10%	8%
		Undertake retailer roadshow to the top 10 tenants once a year to create long-term relationships to enable a shared-value platform.	5%	5%
		Develop the capability to collate relevant data onto the data platform and prepare relevant dashboards that can be used to draw insights for use in enhancing the experiences of our tenants and that could potentially be shared with tenants for their beneficial use.	10%	9%
Customer experience (Cx)	Digital strategy and risks relating to the application of digital technology	Optimise the gift card purchasing and usage process for our customers.	10%	10%
		Deploy an information-rich platform (app) through which customers' convenience and experiences can be improved.	10%	9%
		Successful execution of each strategic building block as per the agreed 2021 strategy to rebuild the business.	5%	5%
Human experience (Hx)	High voluntary employee turnover of key personnel and COVID-19's impact on our people and extended teams	Opportunity to review our resource allocations into 2022 in line with BEE targets while refining and improving our operating model.	10%	9%
		Learning and development.	5%	5%
		Effective, flexible hybrid model in place, where commitment to two days in the week has been made.	10%	10%

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Executive director strategic non-financial performance conditions for short-term incentives for FY 2021 continued

Chief Executive non-financial performance conditions

STRATEGIC VALUE DRIVERS	MATERIAL MATTERS	KEY PERFORMANCE INDICATORS	WEIGHTING	ACHIEVED
The good we do in our spaces (Sx)	Drive Net-Zero 2030 target by implementing Net-Zero Waste in 2021, Net-Zero Water by 2025 and Net-Zero Energy by 2030	Challenges experienced within the current environment impacted our goal of Net-Zero Waste Readiness by the end of 2021. We are working towards a Net-Zero Waste rating by year-end 2022 with the newly appointed service provider. Green Star ratings were obtained on our entire portfolio of assets, including a six-star rating on Sandton City. Waste to landfill has improved from 34.8% in July 2021 to nearly 80% at the end of October 2021. Gap analysis of HVAC completed, including converting the water-cooled HVAC to air-cooled, which will significantly reduce our water consumption, especially at Sandton. These items have been included in the 2022 Capex. 37% energy saving in kw/h and 42% water saving in kl from January 2018 to December 2021.	10%	10%
	Ensure all environments have safety and security of the highest standards; continue to secure SAFE rating	All malls in the portfolio received their SAFE Assessment rating of Gold in 2021. All our malls have received COVID-19 compliant certifications 2021. Appointment of a security service provider has been completed. The AI-powered smart cameras Maxi solution (Smart Footfall and Security Monitoring) was deployed in April 2021 throughout the portfolio.	10%	10%
	ESG Reporting	Better alignment with investor preferences to achieve future benchmarking against financial and industry indices and ratings to be achieved through the ESG report.	5%	5%
			100%	95%

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Executive director strategic non-financial performance conditions for short-term incentives for FY 2021 continued

Finance director non-financial performance conditions

STRATEGIC VALUE DRIVERS	MATERIAL MATTERS	KEY PERFORMANCE INDICATORS	WEIGHTING	ACHIEVED
Tenant experience (Tx)	Tenant exposure and long-term, sustainable relationships	Creation of a sustainable rental base whereby tenants' success or failures can be identified earlier and the correct intervention/mitigation measures can be implemented.	35%	30%
Customer experience (Cx)	Digital strategy and risks relating to the application of digital technology	Optimise the gift card purchasing and usage process for our customers.	10%	10%
		Successful execution of each strategic building block as per the agreed 2021 strategy to rebuild the business.	5%	5%
Human experience (Hx)	High voluntary employee turnover of key personnel and COVID-19's impact on our people and extended teams	Opportunity to review our resource allocations into 2022 in line with BEE targets while refining and improving our operating model.	10%	8%
		Learning and development.	5%	5%
		Effective, flexible hybrid model in place, where commitment to two days in the week has been made.	10%	10%
The good we do in our spaces (Sx)	Drive Net-Zero 2030 target by implementing Net-Zero Waste in 2021, Net-Zero water by 2025 and Net-Zero Energy by 2030	Challenges experienced within the current environment impacted our goal of Net-Zero Waste Readiness by the end of 2021. We are working towards a Net-Zero Waste rating by year-end 2022 with the newly appointed service provider.	10%	8%
		Green Star ratings were obtained on our entire portfolio of assets, including a six-star rating on Sandton City.		
		Waste to landfill has improved from 34.8% in July 2021 to nearly 80% at the end of October 2021.		
		Gap analysis of HVAC completed, including converting the water-cooled HVAC to air-cooled, which will significantly reduce our water consumption, especially at Sandton. These items have been included in the 2022 Capex.		
		37% energy saving in kw/h and 42% water saving in kl from January 2018 to December 2021.		
	ESG Reporting	Better alignment with investor preferences to achieve future benchmarking against financial and industry indices and ratings to be achieved through the ESG report.	15%	14%
			100%	90%

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

The 2021 financial year remained challenging as the business moved through the recovery process due to COVID-19. Despite a good performance for the 2021 financial year, the macroeconomic influences on our business remain a consideration to the committee in its deliberations on sustaining performance achievement expectations. The Remco deliberated incentivising sustained performance under the current conditions accounting for shareholder and employee alignment. It was decided by the committee that the status quo will be upheld and that no modification of performance conditions should be considered due to the COVID-19 pandemic aftermath. The retention risk of key individuals is considered on an ongoing basis.

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

Executive director short-term incentive awards for the financial year ended 31 December 2021

Executive director	A) Guaranteed remuneration[1]	B) On-target financial weight	C) Performance outcome	D) On-target individual weight	E) Performance outcome	F) Short-term incentive award	Cash portion	Deferral into RSP	Award as % of guaranteed remuneration
STI BONUS CALCULATION: A x ((B x C) + (D x E)) = F									
A Beattie	3 708 000	90%	117%	30%	95%	4 961 304	3 772 913	1 188 391	133.8%/120%
JR Snyders	3 090 000	70%	117%	30%	90%	3 365 000	2 655 507	709 503	108.9%/100%

[1] *The annual short-term incentive is based on the annualised December salary and not the aggregate of the annual salary.*

LONG-TERM INCENTIVE

Long-term incentive awards are awarded annually to key individuals who directly impact the achievement of Company results. Long-term incentives are granted under the restricted share plan, and the vesting of awards is conditional upon meeting forward-looking performance conditions measured over a three-year performance period and are specifically designed to drive long-term sustainable shareholder value.

The performance conditions attached to the restricted share plan awards as provided in the table below apply to the normal long-term incentive scheme (RSP) awarded annually in March.

Performance conditions for long-term incentives (RSP) awarded for FY 2021

Performance condition vesting criteria	Performance condition link to strategy	Weight	On-target measure
Distribution growth	**Achieve a distribution growth exceeding inflation for the lifetime of the tranche.**	**60%**	**Absolute measure of CPI**
Total return against MSCI benchmark[1]	**Total return of our assets that meets or exceeds the MSCI benchmark index, measured over a three-year rolling basis to the vesting date.**	**25%**	**Relative measure – meet or exceed the MSCI benchmark index**
Strategic component	**Remuneration determined criteria specific to focus areas as determined by the Board.**	**15%**	**At the Remco's discretion**
		100%	

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

The performance conditions attached to the long-term incentive awards for 2021, awarded on 1 March 2021, under the restricted share plan will remain the same as applicable to the performance conditions of the 2020 restricted share plan award.

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Long-term incentive awards to executive directors for the FY2021

Executive directors	Award and grant date	Number of shares under restricted share plan[1]	Market face value[2]	Award value as a percentage of guaranteed remuneration
A Beattie	LTIP Award – 1 March 2021	836 820	4 000 000	108%
JR Snyders	LTIP Award – 1 March 2021	543 933	2 600 000	84%

[1] *Restricted share plan awards (LTIP) were made at the discretion of the Remco and granted on 1 March 2021.*
[2] *The market face value is determined by the grant share price per share of the LTIP RSP award of R5.79 at the date of award (1 March 2021).*

Long-term incentive awards made under the restricted share plan are measured over a three-year performance measurement period with vesting aligned with the provisions of the share scheme rules as detailed under the Remuneration Policy. The vesting/accrual for share awards made during the financial year ended 2017, 2018 and 2019 is provided below:

Vesting of share awards under the restricted share plan in the financial year ended 31 December 2021

Executive directors	Date of award	LTIP award	Number of shares awarded	Number of vesting /accruing shares	Vesting date	Value of vested/accrued shares[1 2 3 4 5]
A Beattie	6 December 2016	LTIP 2017[6]	421 053	421 053	1-Mar-20	757 895
					1-Mar-21	670 878
					1-Mar-22	589 747
	1 March 2018	LTIP 2018[8,9]	500 000	–	1-Mar-21	Forfeited
					1-Mar-22	Forfeited
					1-Mar-23	Not yet vested
	1 March 2019	LTIP 2019[9]	638 298	–	1-Mar-22	Forfeited
					1-Mar-23	Not yet vested
					1-Mar-24	Not yet vested
Total				421 053		2 018 520

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Vesting of share awards under the restricted share plan in the financial year ended 31 December 2021 continued

Executive directors	Date of award	LTIP award	Number of shares awarded	Number of vesting /accruing shares	Vesting date	Value of vested/accrued shares[1 2 3 4 5]
JR Snyders	1 March 2017	LTIP 2017	122 549	122 549	1-Mar-20	220 585
					1-Mar-21	195 258
					1-Mar-22	171 566
	1 September 2017	LTIP 2017[7]	244 443	81 481	1-Sep-20	347 109
					1-Sep-21	370 739
					1-Sep-22	Not yet vested
	1 March 2018	LTIP 2018[8 9]	375 000	–	1-Mar-21	Forfeited
					1-Mar-22	Forfeited
					1-Mar-23	Not yet vested
	1 March 2019	LTIP 2019[9]	425 532	–	1-Mar-22	Forfeited
					1-Mar-23	Not yet vested
					1-Mar-24	Not yet vested
Total				204 030		1 305 257

1 *The exercise price at the vesting date for the first tranche of the 2017 restricted share plan award (LTIP 2017) is R5.40 per share on 1 March 2020 and R4.26 per share on 1 September 2020.*
2 *The exercise price at the vesting date for the second tranche of the 2017 restricted share plan award (LTIP 2017) is R4.78 per share on 1 March 2021 and R4.55 per share on 1 September 2021.*
3 *The exercise price at the accrual date of the third tranche of the 2017 restricted share plan award (LTIP 2017) is R4.20 per share on 1 March 2022.*
4 *The first tranche shares under the 2018 restricted share plan award (LTIP 2018) would have accrued at R4.78 per share at the date of accrual on 1 March 2021. No shares under the 2018 LTIP were settled in 2020, and these will be forfeited in full due to not meeting the performance conditions.*
5 *The second tranche shares under the 2018 restricted share plan award (LTIP 2018) would have accrued at R4.20 per share at the date of accrual on 1 March 2022. No shares under the 2018 LTIP were settled in 2021, and these will be forfeited in full due to not meeting the performance conditions.*
6 *The 2017 LTIP award for A Beattie was awarded as restricted shares under STANLIB during her tenure there and purchased by L2D. The 2017 LTIP award does not have performance conditions attached but is forfeited on terminating service.*
7 *JR Snyders was awarded sign-on shares for his appointment as FD under the LTIP restricted share plan in September 2017. The second tranche vesting share price on 1 September 2021 was R4.55 per share.*
8 *The number of shares forfeited on 1 March 2021 for the 2018 LTIP for A Beattie and JR Snyders were 166 665 and 124 987, respectively.*
9 *The number of shares forfeited on 1 March 2022 for the 2018 LTIP and 2019 LTIP for A Beattie and JR Snyders were 379 394 and 266 816, respectively.*

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

TOTAL SINGLE-FIGURE REMUNERATION DISCLOSURE

The total single-figure remuneration for both the executive directors, A Beattie and JR Snyders, for the financial year ended on 31 December 2021, is disclosed below:

	A Beattie		JR Snyders	
	2021	2020	**2021**	2020
Guaranteed remuneration[1]	**3 698 291**	3 600 000	**3 078 963**	3 000 000
Cash portion of package	**3 170 331**	3 091 329	**2 629 442**	2 576 811
Benefits[2]	**527 961**	508 671	**449 521**	423 189
Retirement contributions	**407 765**	395 031	**335 153**	315 248
Other benefits	**120 196**	113 640	**114 368**	107 942
Annual short-term incentive[3]	**4 961 304**	1 836 000	**3 365 010**	1 500 000
Bonus cash award	**3 772 913**	1 568 800	**2 655 507**	1 300 000
Deferred shares (restricted share plan)	**1 188 391**	267 200	**709 503**	200 000
Long-term incentives	**3 074 178**	1 988 640	**2 090 348**	1 315 359
Restricted share plan[4 5 6 7]	**1 190 460**	1 166 391	**860 336**	732 901
Distribution[8 9]	**1 883 718**	822 249	**1 230 011**	582 458
Total remuneration	**11 733 773**	7 424 640	**8 534 321**	5 815 359

1 *Guaranteed remuneration is the aggregate of the annual cash portion (basic salary) and the annualised value of the sum of benefits.*
2 *Benefits are reported as the annualised sum of retirement and medical aid contributions.*
3 *The annual short-term incentive is the aggregate of a bonus cash award and deferral into restricted shares.*
4 *The values reflected under the restricted share plan is the aggregate of vested LTIP awards and vested deferred shares (DRS) during 2021.*
5 *The value of the 2017 LTIP second tranche, which would have vested on 1 May 2021, vested at R4.78 per share and is reflected in the 2021 single-figure remuneration. The 2018 LTIP first tranche did not vest, and the shares were forfeited.*
6 *The value of the DRS reported under the restricted share plan is the combination of the third, second and first tranche vesting of deferred shares for 2018, 2019 and 2020, respectively.*
7 *The 2018, 2019 and 2020 DRS vested on 1 September 2021 at R4.55 per share and is reflected in the 2021 single-figure remuneration.*
8 *Distributions in respect of 2020 were paid on 23 March 2020 at 31.12 cents per share.*
9 *Distributions in respect of 2021 were paid on 30 August 2021 at 15.79 cents per share (interim) and on 22 March 2021 at 18.31 cents per share.*

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

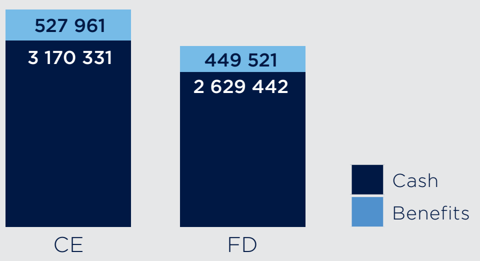
REMUNERATION SCENARIOS FOR 2021

To illustrate the total remuneration package composition and the proportion of guaranteed remuneration to variable remuneration aligned with our total remuneration structure and policy, we provide remuneration scenarios at various performance achievement levels related to the short- and long-term incentive scheme for the CE and FD. Note that the below are scenarios only and not reflective of the totals provided under the single-figure remuneration tables.

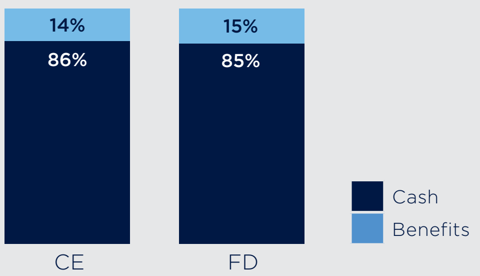
Minimum reward scenario

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

Rand value



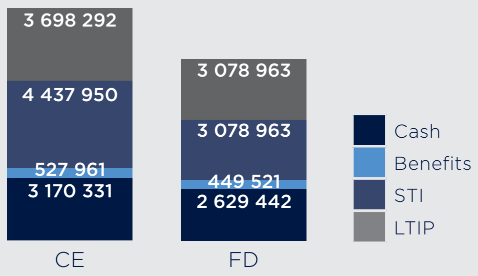
Percentage



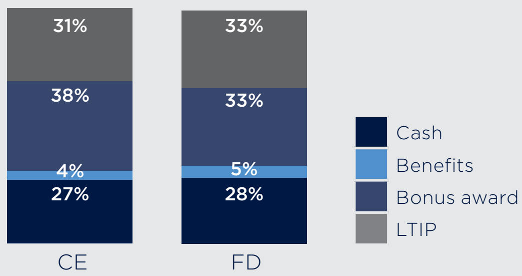
On-target reward scenario

This scenario assumes that all short-term incentive KPIs have been achieved and the award vests fully. The long-term incentives are awarded at the Remco's discretion and assumes all performance conditions have been achieved with an LTI award multiple of one times guaranteed remuneration.

Rand value



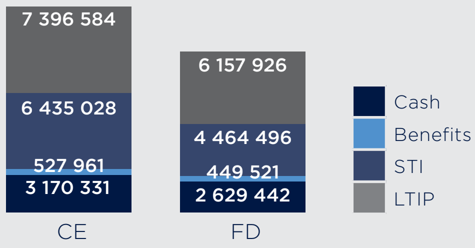
Percentage



Maximum award scenario

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

Rand value



VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

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

A schedule of the unvested awards and cash flows of long-term incentive awards of the executive directors as required by King IV is set out below. Note that the table reflects the unvested and settled awards in the 2021 financial year.

Table of unvested awards and cash flows for the 2021 Financial Year

Incentive scheme	Award date	Vesting date	Granted	Grant share price	Value on grant date	Forfeited	Settled/ accrued	Closing	Cash value on Settlement/ of Accrual	Closing fair value[8]
A Beattie										
Restricted share plan (LTIP)[1 2 3]										
2017 LTIP Tranche 1	6-Dec-16	1-Mar-20	140 351	R9.50	1 333 335	–	140 351	–	757 895	–
2017 LTIP Tranche 2	6-Dec-16	1-Mar-21	140 351	R9.50	1 333 335	–	140 351	–	670 878	–
2017 LTIP Tranche 3	6-Dec-16	1-Mar-22	140 351	R9.50	1 333 335	–	140 351	–	589 474	–
2018 LTIP Tranche 1	1-Mar-18	1-Mar-21	166 650	R8.00	1 333 200	166 650	–	–	–	–
2018 LTIP Tranche 2	1-Mar-18	1-Mar-22	166 650	R8.00	1 333 200	166 650	–	–	–	–
2018 LTIP Tranche 3	1-Mar-18	1-Mar-23	166 700	R8.00	1 333 600	–	–	166 700	–	444 089
2019 LTIP Tranche 1	1-Mar-19	1-Mar-22	212 744	R7.05	1 499 845	212 744	–	-	–	–
2019 LTIP Tranche 2	1-Mar-19	1-Mar-23	212 744	R7.05	1 499 845	–	–	212 744	–	566 750
2019 LTIP Tranche 3	1-Mar-19	1-Mar-24	212 810	R7.05	1 500 311	–	–	212 810	–	566 926
2020 LTIP Tranche 1	1-Mar-20	1-Mar-23	287 823	R5.79	1 666 495	–	–	287 823	–	766 760
2020 LTIP Tranche 2	1-Mar-20	1-Mar-24	287 823	R5.79	1 666 495	–	–	287 823	–	766 760
2020 LTIP Tranche 3	1-Mar-20	1-Mar-25	287 912	R5.79	1 667 010	–	–	287 912	–	766 998
2020 LTIP Tranche 1	19-Nov-20	19-Nov-23	260 869	R4.60	1 199 997	–	–	260 869	–	694 955
2020 LTIP Tranche 2	19-Nov-20	19-Nov-24	260 869	R4.60	1 199 997	–	–	260 869	–	694 955
2020 LTIP Tranche 3	19-Nov-20	19-Nov-25	260 871	R4.60	1 200 007	–	–	260 871	–	694 960
2021 LTIP Tranche 1	1-Mar-21	1-Mar-24	278 940	R4.78	1 333 333	–	–	278 940	–	743 096
2021 LTIP Tranche 2	1-Mar-21	1-Mar-25	278 940	R4.78	1 333 333	–	–	278 940	–	743 096
2021 LTIP Tranche 3	1-Mar-21	1-Mar-26	278 940	R4.78	1 333 333	–	–	278 940	–	743 096
Total			4 042 338		25 100 006	546 044	421 053	3 075 241	2 018 247	8 192 442

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Table of unvested awards and cash flows for the 2021 Financial Year continued

Incentive scheme	Award date	Vesting date	Granted	Grant share price	Value on grant date	Forfeited	Settled/ accrued	Closing	Cash value on Settlement/ of Accrual	Closing fair value[8]
Restricted share plan (DRS – deferred shares from STI)[4 5 6 7]										
2018 DRS Tranche 1	1-Mar-18	1-Sep-19	15 625	R8.00	125 000	–	15 625	–	109 375	–
2018 DRS Tranche 2	1-Mar-18	1-Sep-20	15 623	R8.00	124 984	–	15 623	–	66 554	–
2018 DRS Tranche 3	1-Mar-18	1-Sep-21	15 629	R8.00	125 032	–	15 629	–	71 112	–
2019 DRS Tranche 1	1-Mar-19	1-Sep-20	47 621	R7.05	335 728	–	47 621	–	202 865	–
2019 DRS Tranche 2	1-Mar-19	1-Sep-21	47 621	R7.05	335 728	–	47 621	–	216 676	–
2019 DRS Tranche 3	1-Mar-19	1-Sep-22	47 638	R7.05	335 848	–	–	47 638	–	211 513
2020 DRS Tranche 1	1-Mar-20	1-Sep-21	50 944	R5.79	294 966	–	50 944	–	231 795	–
2020 DRS Tranche 2	1-Mar-20	1-Sep-22	50 944	R5.79	294 966	–	–	50 944	–	226 191
2020 DRS Tranche 3	1-Mar-20	1-Sep-23	50 962	R5.79	295 070	–	–	50 962	–	226 271
2021 DRS Tranche 1	1-Mar-21	1-Sep-22	18 633	R4.78	89 067	–	–	18 633	–	82 732
2021 DRS Tranche 2	1-Mar-21	1-Sep-23	18 633	R4.78	89 067	–	–	18 633	–	82 732
2021 DRS Tranche 3	1-Mar-21	1-Sep-24	18 633	R4.78	89 067	–	–	18 633	–	82 732
Total			398 507		2 534 524	–	193 063	205 444	898 377	912 171

1 *The 2017 LTIP achieved a vesting of 100%, with the first tranche vesting at R5.40 per share and the second tranche vesting at R4.78 per share.*
2 *The 2018 LTIP achieved a vesting of 0%, and all shares were forfeited as determined at the Remco's discretion.*
3 *The estimated vesting for the 2019, 2020 and 2021 LTIP is determined at a fair value achievement of 60% of the Board-approved performance conditions. This estimation is in line with remuneration best practice.*
4 *The estimated vesting for 2019, 2020 and 2021 DSR is based on an achievement of 100%. The award carries no performance conditions and is based on retrospective performance outcomes from the STI.*
5 *The 2018 DSR share deferral first tranche vested at R7.00 per share, the second tranche vested at R4.26 per share and the third tranche vested at R4.55 per share.*
6 *The 2019 DSR share deferral first tranche vested at R4.26 per share and the second tranche vested at R4.55 per share.*
7 *The 2020 DSR share deferral first tranche vested at R4.55 per share.*
8 *The 90-day volume-weighted average price used in determining the fair value of unvested awards at 31 December 2021 is R4.44 per share.*

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Table of unvested awards and cash flows for the 2021 Financial Year continued

Incentive scheme	Award date	Vesting date	Granted	Grant share price	Value on grant date	Forfeited	Settled/ accrued	Closing	Cash value on Settlement/ of Accrual	Closing fair value[8]
JR Snyders										
Restricted share plan (LTIP)[1 2 3 9]										
2017 LTIP Tranche 1	1-Mar-17	1-Mar-20	40 849	R10.20	416 660	–	40 849	–	220 585	–
2017 LTIP Tranche 2	1-Mar-17	1-Mar-21	40 849	R10.20	416 660	–	40 849	–	195 258	–
2017 LTIP Tranche 3	1-Mar-17	1-Mar-22	40 851	R10.20	416 680	–	40 851	–	171 574	–
2017 LTIP Tranche 1	1-Sep-17	1-Sep-20	81 481	R9.00	733 329	–	81 481	–	347 109	–
2017 LTIP Tranche 2	1-Sep-17	1-Sep-21	81 481	R9.00	733 329	–	81 481	–	370 739	–
2017 LTIP Tranche 3	1-Sep-17	1-Sep-22	81 481	R9.00	733 329	–	–	81 481	–	217 065
2018 LTIP Tranche 1	1-Mar-18	1-Mar-21	124 987	R8.00	999 896	124 987	–	–	–	–
2018 LTIP Tranche 2	1-Mar-18	1-Mar-22	124 987	R8.00	999 896	124 987	–	–	–	–
2018 LTIP Tranche 3	1-Mar-18	1-Mar-23	125 026	R8.00	1 000 208	–	–	125 026	–	555 115
2019 LTIP Tranche 1	1-Mar-19	1-Mar-22	141 829	R7.05	999 894	141 829	–	–	–	–
2019 LTIP Tranche 2	1-Mar-19	1-Mar-23	141 829	R7.05	999 894	–	–	141 829	–	377 832
2019 LTIP Tranche 3	1-Mar-19	1-Mar-24	141 874	R7.05	1 000 212	–	–	141 874	–	377 952
2020 LTIP Tranche 1	1-Mar-20	1-Mar-23	187 085	R5.79	1 083 222	–	–	187 085	–	498 394
2020 LTIP Tranche 2	1-Mar-20	1-Mar-24	187 085	R5.79	1 083 222	–	–	187 085	–	498 394
2020 LTIP Tranche 3	1-Mar-20	1-Mar-25	187 143	R5.79	1 083 558	–	–	187 143	–	498 549
2020 LTIP Tranche 1	19-Nov-20	19-Nov-23	173 912	R4.60	799 995	–	–	173 912	–	463 302
2020 LTIP Tranche 2	19-Nov-20	19-Nov-24	173 912	R4.60	799 995	–	–	173 912	–	463 302
2020 LTIP Tranche 3	19-Nov-20	19-Nov-25	173 915	R4.60	800 009	–	–	173 915	–	463 310
2021 LTIP Tranche 1	1-Mar-21	1-Mar-24	181 311	R4.78	866 667	–	–	181 311	–	483 013
2021 LTIP Tranche 2	1-Mar-21	1-Mar-25	181 311	R4.78	866 667	–	–	181 311	–	483 013
2021 LTIP Tranche 3	1-Mar-21	1-Mar-26	181 311	R4.78	866 667	–	–	181 311	–	483 013
Total			2 794 509		17 699 989	391 803	285 511	2 117 195	1 305 265	5 862 254

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Table of unvested awards and cash flows for the 2021 Financial Year continued

Incentive scheme	Award date	Vesting date	Granted	Grant share price	Value on grant date	Forfeited	Settled/ accrued	Closing	Cash value on Settlement/ of Accrual	Closing fair value[8]
Restricted share plan (Deferral)[4 5 6 7]										
2018 DRS Tranche 1	1-Mar-18	1-Sep-19	10 416	R8.00	83 328	–	10 416	–	44 372	–
2018 DRS Tranche 2	1-Mar-18	1-Sep-20	10 415	R8.00	83 320	–	10 415	–	47 388	–
2018 DRS Tranche 3	1-Mar-18	1-Sep-21	10 420	R8.00	83 360	–	10 420	–	47 411	–
2019 DRS Tranche 1	1-Mar-19	1-Sep-20	28 366	R7.05	199 980	–	28 366	–	129 065	–
2019 DRS Tranche 2	1-Mar-19	1-Sep-21	28 366	R7.05	199 980	–	28 366	–	129 065	–
2019 DRS Tranche 3	1-Mar-19	1-Sep-22	28 375	R7.05	200 044	–	–	28 375	–	125 985
2020 DRS Tranche 1	1-Mar-20	1-Sep-21	25 904	R5.79	149 984	–	25 904	–	117 863	–
2020 DRS Tranche 2	1-Mar-20	1-Sep-22	25 904	R5.79	149 984	–	–	25 904	–	115 014
2020 DRS Tranche 3	1-Mar-20	1-Sep-23	25 912	R5.79	150 030	–	–	25 912	–	115 049
2021 DRS Tranche 1	1-Mar-21	1-Sep-22	13 947	R4.78	66 667	–	–	13 947	–	61 925
2021 DRS Tranche 2	1-Mar-21	1-Sep-23	13 947	R4.78	66 667	–	–	13 947	–	61 925
2021 DRS Tranche 3	1-Mar-21	1-Sep-24	13 947	R4.78	66 667	–	–	13 947	–	61 925
Total			**194 078**		**1 300 011**	**–**	**113 887**	**80 191**	**515 165**	**356 048**

[1] *The 2017 LTIP achieved a vesting of 100%, with the first tranche vesting at R5.40 per share and the second tranche vesting at R4.78 per share.*
[2] *The 2018 LTIP achieved a vesting of 0%, and all shares were forfeited as determined at the Remco's discretion.*
[3] *The estimated vesting for the 2017, 2018, 2019, 2020 and 2021 LTIP is determined at a fair value achievement of 60% of the Board-approved performance conditions. This estimation is in line with remuneration best practice.*
[4] *The estimated vesting for 2019, 2020 and 2021 DSR is based on an achievement of 100%. The award carries no performance conditions and is based on retrospective performance outcomes from the STI.*
[5] *The 2018 DSR share deferral first tranche vested at R7.00 per share, the second tranche vested at R4.26 per share and the third tranche vested at R4.55 per share.*
[6] *The 2019 DSR share deferral first tranche vested at R4.26 per share and the second tranche vested at R4.55 per share.*
[7] *The 2020 DSR share deferral first tranche vested at R4.55 per share.*
[8] *The 90-day volume-weighted average price used in determining the fair value of unvested awards at 31 December 2021 is R4.44 per share.*
[9] *JR Snyders was awarded sign-on shares for his appointment as FD under the LTIP in September 2017. The 2017 LTIP achieved a vesting of 100%, with the first tranche vesting on 1 September 2020 at R4.26 per share and the second tranche vesting on 1 September 2021 at R4.55 per share.*

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Interest of directors in L2D shares

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

	2021		2020		
Executive director	**Direct**	**Indirect**	Direct	Indirect	Share plan
A Beattie	**279 668**	**3 594 987**	140 351	1 419 000	LTIP[1]
	–	**205 444**	44 460	206 779	DRS[2]
	2 323	**–**	2 376	–	LREP[3]
Total	**281 991**	**3 800 431**	187 187	1 625 779	
JR Snyders	**157 178**	**2 343 382**	40 849	1 126 675	LTIP
	–	**203 515**	10 415	105 942	DRS
	–	**–**	–	–	LREP
Total	**157 178**	**2 546 897**	51 264	1 232 617	

[1] *LTIP – Refers to conditional restricted shares held under the restricted share plan long-term incentive scheme that are currently inflight and not yet vested.*
[2] *DRS – Refers to shares held under the restricted share plan due to mandatory deferral of a portion of the annual short-term incentive into restricted shares. Unlike the shares awarded as part of the long-term incentive scheme where vesting is conditional upon meeting performance criteria, these shares serve as a retention mechanism and vest in tranches based on remaining in service.*
[3] *LREP – Refers to policyholders in the fund that invests in L2D.*

Subsequent to the 2021 financial year-end, but before the date of issue of this report, the following dealings in shares were announced on SENS on 3 March 2022:

A Beattie

- 166 650 shares, being 100% of the second tranche of performance-based shares awarded on 1 March 2018, were forfeited on 1 March 2022.
- 212 744 shares, being 100% of the first tranche of performance-based shares awarded on 1 March 2019, were forfeited on 1 March 2022.
- 140 351 shares vested and were transferred to her personal holdings after personal settlement of taxation.
- 1 309 524 performance-based shares were awarded, and 282 950 shares were awarded in respect of a portion of the short-term incentives that were deferred.

JR Snyders

- 124 987 shares, being 100% of the second tranche of performance-based shares awarded on 1 March 2018, were forfeited on 1 March 2022.
- 141 829 shares, being 100% of the first tranche of performance-based shares awarded on 1 March 2019, were forfeited on 1 March 2022.
- 40 849 shares vested, and 22 754 shares were transferred to his personal holdings after taxation settlement.
- 714 286 performance-based shares were awarded, and 168 929 shares were awarded in respect of a portion of the short-term incentives that were deferred.

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

TERMINATION PAYMENTS

There was no termination of service payments for executive directors in the 2021 financial year.

NON-EXECUTIVE DIRECTOR FEES

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

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

Non-executive directors remuneration is determined by an industry benchmark to similar types of companies. The Remco proposed an adjustment to non-executive director fees for the 2021 financial year as it was evident that L2D non-executive director fees lag the market for certain designations based on a benchmark conducted against industry peers. Proposed fees for non-executives for the 2022 financial year are based on an industry aligned adjustment. The fees proposed for 2022 and adopted for 2021 by shareholders are provided below:

Non-executive director fees for the financial year ended 31 December 2021

	Proposed fees 2022 excluding VAT	**2021 excluding VAT**	2020 excluding VAT
Board			
Chairman	898 640	**862 000**	837 000
Lead Independent director	349 240	**335 000**	325 000
Member	241 860	**232 000**	225 000
Sub-committees			
Audit and Risk Chair	260 700	**237 000**	230 000
Audit and Risk member	136 400	**124 000**	120 000
Social, Ethics and Transformation Chair	119 890	**115 000**	112 000
Social, Ethics and Transformation member	75 060	**72 000**	70 000
Remuneration and Nomination Chair	129 270	**124 000**	120 000
Remuneration and Nomination member	80 270	**77 000**	75 000
Other committee meetings	21 000	**21 000**	21 000

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

VALUE-ENHANCING REMUNERATION PRACTICES CONTINUED

Total remuneration paid to non-executive directors for the financial year ended 31 December 2021

Director	Directors of L2D[5]	Other Liberty group[4]	Total remuneration
A Band[1]	991 300	–	991 300
L Ntuli	432 167	–	432 167
P Nelson	588 000	–	588 000
W Cesman[2]	467 290	–	467 290
B Makhubedu	507 523	–	507 523
P Mahhoalibe	373 750	–	373 750
C Ewin	462 055	–	462 055
N Criticos[3]	165 205		165 205
D Munro[4]	–	49 391 000	18 312 000
	3 987 290	49 391 000	22 134 084

[1] Angus Band retired from the LHL Board on 13 May 2020.
[2] Wolf Cesman retired on 7 May 2021. He was an international member and was remunerated a fee of GBP24 000 for 2021. His remuneration was converted from GBP to ZAR at the exchange rate of ZAR1 = GBP19.4701.
[3] Nick Criticos was appointed to the Board on 14 June 2021.
[4] David Munro is the CE of LHL.
[5] Other Liberty group is defined as LHL and their subsidiaries, excluding L2D Group.

Note: L2D is not VAT registered, and non-executive directors remuneration, as reflected above, are reported as fees received inclusive of VAT to show the actual cost of non-executive directors services.

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

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

[1] Angus Band retired from the LHL Board on 13 May 2020, and his fee includes fees from LHL.
[2] Wolf Cesman is an international member and was remunerated a fee of GBP47 050 and a travel reimbursement of GBP650 for 2020. His remuneration was converted from GBP to ZAR as follows: Fees up to July: GBP24 175 x 21.63829 = ZAR523 106 and Fees up to December: GBP23 525 x 20.86849 = ZAR490 931.
[3] Zaida Adams resigned from the Board on 13 August 2020.
[4] Peter Nelson was appointed to the Board on 26 May 2020.
[5] Barbara Makhubedu was appointed to the Board on 21 October 2020.
[6] Puleng Makhoalibe was appointed to the Board on 21 October 2020.
[7] David Munro is the CE of LHL and the fees reflected is his total remuneration for the 2020 year.
[8] Other Liberty Group is defined as LHL and their subsidiaries, excluding L2D Group.

DEVIATION FROM POLICY

There were no deviations from the Remuneration Policy. The Remco is satisfied that all remuneration practice and application aligns with the Remuneration Policy.

ADVISORY VOTE ON IMPLEMENTATION REPORT

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

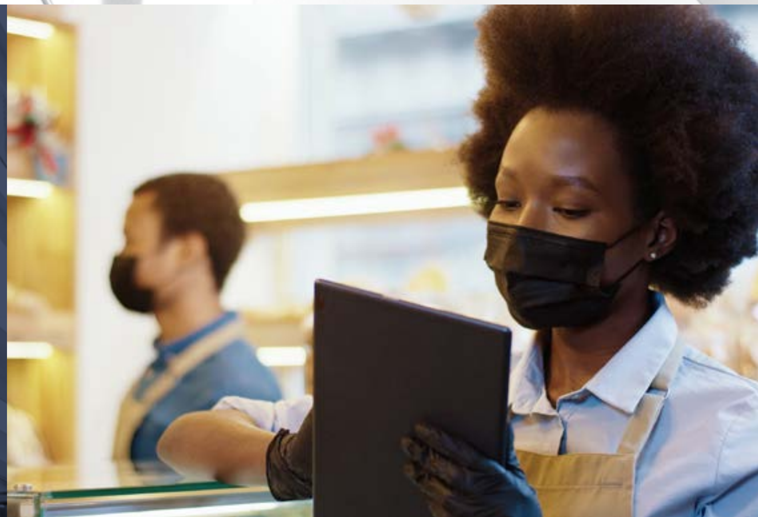
SUPPLEMENTARY INFORMATION

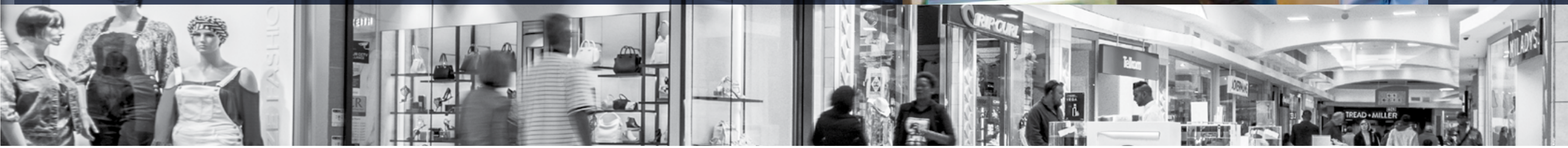
MIDLANDS MALL

IN 2021, MIDLANDS MALL AND LIFESTYLE CENTRE CEMENTED ITS ADVANTAGE AS THE ONLY REGIONAL SHOPPING CENTRE IN PIETERMARITZBURG, KZN AND OUTPERFORMED PRE-PANDEMIC TURNOVER.

8.3 million

ANNUAL FOOTCOUNT





APPENDICES

DEFINITIONS AND ABBREVIATIONS

AFS	Annual financial statements
AGM	Annual general meeting
AI	Artificial intelligence
ARC	Audit and Risk Committee
CE	Chief Executive
CSA	Corporate Services Agreement
DoA	Delegation of authority
ECL	Expected credit loss
ESG	Environmental, social and governance
FD	Financial Director
GBCSA	Green Building Council of South Africa
GLA	Gross lettable area
IFRS	International Financial Reporting Standards
IT	Information technology
JSE	Johannesburg Stock Exchange
KPI	Key performance indicator
LGL	Liberty Group Limited
LHL	Liberty Holdings Limited
LPP	Liberty Property Portfolio
LTV	Loan-to-value
NPI	Net property income
RCSA	Risk and control self-assessment
REIT	Real estate investment trust
RF	REIT Fund
SACSC	South African Council for Shopping Centres
SAPOA	South African Property Owners Association
SBG	Standard Bank Group
SHORE	SAFE Hospitality, Offices, Retail, and Exhibitions

ADDITIONAL REPORTING

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

For more information on assurance, refer to the Risk Management Report commencing on 64.

CORPORATE INFORMATION

Date of registration

10 July 2018

Liberty Two Degrees Limited

JSE code: L2D
ISIN: ZAE000260576
(Approved as a REIT by the JSE)
(Liberty Two Degrees or L2D)
A public company (Registration number 2018/388906/06) duly incorporated in accordance with the laws of South Africa and listed on the JSE.

Company secretary

Ben Swanepoel
Liberty Two Degrees
3rd Floor, West Office Block
Nelson Mandela Square
Corner of Maude and 5th Street
Sandton
2196

Registered office

3rd Floor, West Office Block
Nelson Mandela Square
Corner of Maude and 5th Street
Sandton
2196
(Postnet Suite 202, Private Bag X9, Benmore, 2010)

Contact information

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Auditors

PricewaterhouseCoopers Inc.
Waterfall City
4 Lisbon Lane
Jukskei View
Midrand 2090
(Private Bag X36, Sunninghill, 2157)

Sponsor

Sponsor: 31 December 2021
Standard Bank of South Africa Ltd
(Registration number 1962/000738/06)
30 Baker Street
Rosebank, 2196
(PO Box 61344, Marshalltown, 2017)
Tel: +27 11 721 6125

Sponsor: effective 1 January 2022
Merchantec Capital
(Registration number 2008/027362/07)
13th Floor, Illovo Point, 68 Melville Road
Illovo, 2196
(PO Box 41480, Craighall, 2024)
Tel: +27 11 325 6363