LIBERTY two°degrees

INTEGRATED REPORT

2022

SUSTAINABLE SPACES Creating smart, good, interactive and safe spaces

SUSTAINABLE SPACES

Creating smart, good, interactive and safe spaces

2022 TABLE OF CONTENTS

YEAR IN REVIEW

FINANCIAL CAPITAL

R7.51
NAV PER SHARE
(2021: R7.56 per share)

24.4%
LTV
(2021: 23.9%)

80%
INTEREST RATE HEDGE LEVEL
(2021: 76%)

9.2%
AVERAGE COST OF DEBT
(2021: 7.9%)

R2.0 billion
DEBT
(2021: R2.0.billion)

MANUFACTURED CAPITAL

R8.2 billion
PORTFOLIO WORTH
(2021: R8.3 billion)

344
LEASES WERE CONCLUDED DURING THE YEAR TOTALLING 84 443M2 OF GLA

15 **Properties**
(2021: 16 properties)

FIRST STANDALONE H&M HOME STORE OPENED IN SOUTH AFRICA

211 764m²
L2D GROSS LETABLE AREA
(2021: 227 213m² including the Standard Building)

LEASES SIGNED WITH TOP BRANDS INCLUDING, YOKICO, SEAFOLLY, XIAOMI AND UNDER ARMOUR, PLUS MANY MORE

HUMAN CAPITAL

55%
AND 60% FEMALE REPRESENTATION ON BOARD AND EXECUTIVE COMMITTEE ("EXCO"), RESPECTIVELY

90.2%
PEOPLE RETENTION, COMPARED TO OUR TARGET RETENTION RATE OF 95%

OUR RECENT SUCCESSION PLANNING PROGRESS AFFIRMS OUR POSITION AS A TRANSFORMED AND INCLUSIVE LEADER IN THE REIT SECTOR IN SOUTH AFRICA

INTELLECTUAL CAPITAL

PORTFOLIO TENANT RETENTION RATE OF 84.8% (EXCL. MELROSE ARCH (93.7%)
(2021: 92.5% (excl. Melrose Arch (94.3%))

Strong leasing resulting in 132 new deals and 212 renewals concluded across the portfolio

Over 80 years of property experience among the Exco team

NATURAL CAPITAL

TOTAL ENERGY CONSUMPTION WAS UP YEAR-ON-YEAR. **2.3%**
due to operations returning to normal, yet consumption measures 12.7% down compared to the 2019 baseline

SOLAR
INSTALLATION OF 1MW[AC] COMPLETED AT PROMENADE MALL

Reduced water consumption by 2.3% in 2022

SOCIAL AND RELATIONSHIP CAPITAL

R501 761
CSI SPENT ON VARIOUS SOCIAL INITIATIVES FOR L2D

R838 462
SPENT ON ENTERPRISE DEVELOPMENT

SANDTON CITY OFFERED HIGH SCHOOL STUDENTS A SPACE TO STUDY FOR EXAMS

GOVERNANCE CAPITAL

NONHLANHLA MAYISELA, ITUMELENG DLAMINI AND PHILISIWE MTHETHWA WERE APPOINTED TO THE BOARD

JOSÉ SNYDERS WAS PROMOTED TO CHIEF COMMERCIAL OFFICER

BARBARA MAKHUBEDU STEPPED DOWN AS LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR ON 23 FEBRUARY 2023 AND WAS APPOINTED AS CHIEF FINANCIAL OFFICER FROM 1 MARCH 2023

PETER NELSON WAS APPOINTED AS LEAD INDEPENDENT NON-EXECUTIVE DIRECTOR

KEY FOCUS AREAS IN 2022

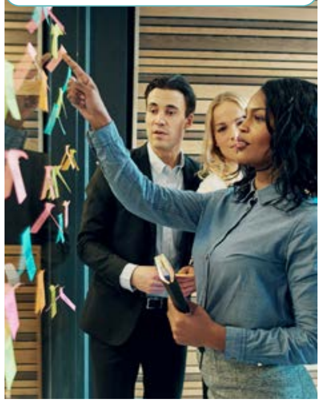
To ensure long-term sustainability we focused on:

DRIVING NET PROPERTY INCOME (“NPI”) GROWTH

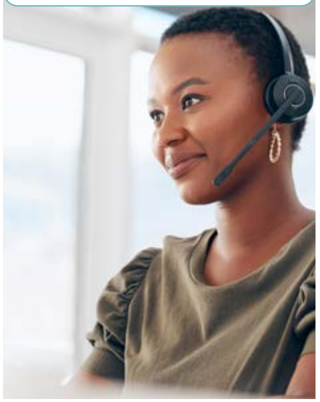
MAINTAINING A STRONG BALANCE SHEET

DRIVING LEASING PERFORMANCE

PROMOTING BUSINESS MODEL ADAPTABILITY AND SCALABILITY



PRIORITISING PEOPLE RETENTION AND WELL-BEING



USING OUR NET-ZERO STRATEGY TO GUIDE OUR FOCUS ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

For more information about our focus areas and material matters, please read pages 24 to 30.

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ABOUT OUR REPORT

SANDTON CITY

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

IN THIS SECTION

ABOUT OUR REPORTING SUITE

We are pleased to present our reporting suite for the year ended 31 December 2022. Our reporting suite provides us with an opportunity to share our achievements, progress and future as we continue to create experiential spaces to benefit generations.

We are committed to transparent reporting to our broad range of stakeholders. Our reporting suite is also supplemented by various online publications, stakeholder communications and additional information and is available at **www.liberty2degrees.co.za.**

Description	Frameworks, standards or codes	Assurance provider
 **Integrated report ("IR")** Our IR is the primary report to our stakeholders. It is structured to show the relationship between the interdependent elements involved in our value creation story. This report offers a holistic assessment of the Group's approach to value creation. The report considers the issues that are material to our commercial viability and legitimacy to enable us to deliver on our purpose in the short-, medium- and long-term. Where applicable, information in this report was extracted from other reports, including the ESG report that forms part of the IR.	• The Companies Act, No 71 of 2008 (Companies Act) • JSE Limited Listings Requirements • International Integrated Reporting Framework (Integrated Reporting Framework) • International Financial Reporting Standards ("IFRS") • King Report on Corporate Governance™ for South Africa, 2016 ("King IV")[1]	• Assurance was provided on our Broad-Based Black Economic Empowerment by BDO South Africa Services (Pty) Ltd. • Information technology ("IT") governance information is assured by internal audit, JHI Retail and Liberty Group IT.
 **Environmental, social and governance ("ESG") report** Our ESG report is a detailed account of L2D's holistic performance for the year, covering environmental, social and governance elements. This report provides detail on L2D's ESG impacts and how these contribute to the Group's long-term sustainability and ability to achieve its purpose.	• King Report on Corporate GovernanceTM for South Africa, 2016 ("King IV") • GRI standards • Task Force on Climate-related Financial Disclosures ("TCFD") • The voluntary JSE Sustainability Disclosure Guidance published in June 2022	• PwC assured the carbon emission of the Liberty portfolio on a 100% ownership basis. • Refer to LHL's ESG report for assurance from PwC. • Please refer to L2D's ESG report for further detail.
 **Annual financial statements ("AFS")** The AFS provides a comprehensive report on L2D's financial performance for the year.	• International Financial Reporting Standards ("IFRS")	• PricewaterhouseCoopers Inc. ("PwC").
Notice of annual general meeting ("AGM") The notice of the annual general meeting provides supporting information for shareholders to participate in the AGM.	• King Report on Corporate Governance™ for South Africa, 2016 ("King IV") • The Companies Act, No 71 of 2008, as amended (Companies Act)	• Merchantec Capital.

[1] Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

ABOUT THIS INTEGRATED REPORT

SCOPE AND BOUNDARY

The primary aim of this IR is to offer quality information to our providers of financial capital to enable them to make informed capital allocation decisions. This report demonstrates our commitment to ethical leadership, corporate citizenship, integrated thinking and legitimate stakeholder interaction.

This report also unpacks relevant information about our value creation and preservation priorities, strategy, performance and outlook for our broader stakeholders, including our tenants, our people, suppliers, customers, service providers and communities, thereby enabling stakeholders to assess our ability to create sustained value in the short-, medium- and long-term.

Our IR is published annually and presents L2D's performance and activities for the financial year ended 31 December 2022. In addition, any material events up to the Board approval date of 28 April 2023 are included.

Our integrated reporting boundary covers the risks, opportunities and value outcomes arising from our:

Financial reporting boundary	Defined by control and significant influence: • Investments • Property assets • Subsidiaries over which L2D has control
Stakeholder engagement	Stakeholders are defined as: • Providers of financial capital • Our people • Customers • Tenants • Suppliers and service providers • Communities • Industry bodies
Vision, purpose and values	Refer to page 10
Governance	Refer to pages 108 to 122
Material matters	Refer to pages 24 to 30
Strategy and business model	Refer to pages 40 and 51

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 Board and management are of the view that matters published in this report offer a balanced mix of information, allowing readers to assess our performance and prospects.

The material matters set out on pages 24 to 30 align with our strategic value drivers and priorities, which are the focus of our business activities.

GROUP STRUCTURE AND RELATED PARTIES

L2D is a South African company and all its operations are conducted in South Africa.

The operating entity, 2 Degrees Properties Propriety Limited ("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.

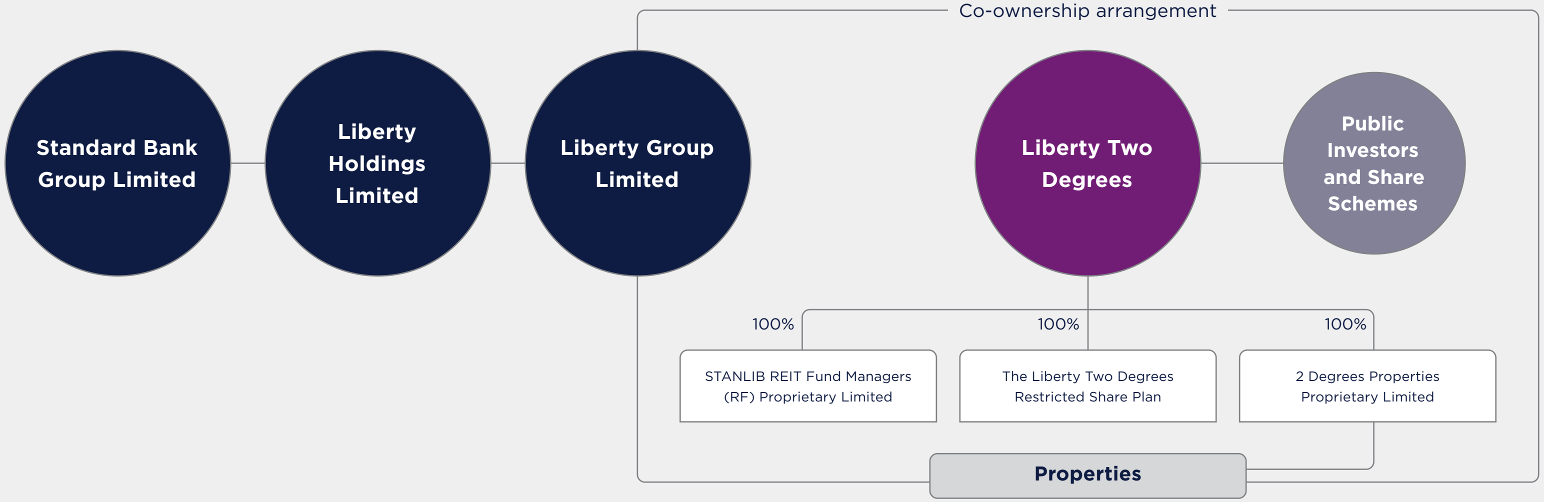
LGL is the controlling shareholder in L2D. LGL is a subsidiary of Liberty Holdings Limited ("LHL"), which is wholly owned by Standard Bank Group Limited ("SBG"). LHL, together with LGL, own 58.5% of L2D. LGL provides several support services to L2D, namely Human Resources, Information Technology, Internal Audit and Tax compliance.

As of 31 December 2022, R975 million is owed to SBG for term debt raised on commercial loan terms typical for a portfolio of this nature.

L2D has a development team to oversee the maintenance and refurbishment of the asset portfolio. The team is employed by 2DP and charges development fees to external third-party co-owners, LGL and Pareto Limited (Pareto).

Pareto, owned by the Public Investment Corporation, is a 25% co-owner of the Sandton Complex, hotels and Sandton Convention Centre.

L2D has outsourced the property management function for all properties (other than Melrose Arch) to JHI Retail Property Proprietary Limited ("JHIR"), a joint venture between JHI and the Liberty Group. 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.



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. Should the underlying assumptions prove incorrect, actual results may differ from those anticipated and could adversely affect our business and financial performance.

Words such as believe, anticipate, intend, seek, will, plan, could, may, endeavour, project and similar expressions are intended to identify such forward-looking statements but are not the exclusive means of identifying such statements.

By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of L2D or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward-looking statements apply only as of the date on which they are made and L2D assumes no responsibility to update forward-looking statements in this report except as required by law.

INTEGRITY OF THIS REPORT

A cross-functional team produced the IR content, with oversight from management and the L2D executive committee, 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.

The preparation of L2D's AFS[1] for the year ended 31 December 2022 was supervised by José Snyders CA (SA) in his capacity as Financial Director. PricewaterhouseCoopers Inc audited the AFS in accordance with the Companies Act, a copy of which is available free of charge on request or can be downloaded from our L2D website **(www.liberty2degrees.co.za).**

BOARD APPROVAL

We, as the Board, believe that this report is presented in accordance with the International Integrated Reporting 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. 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 28 April 2023.

Nick Criticos	**Amelia Beattie**	**Peter Nelson[2]**	**Craig Ewin**	**Lynette Ntuli**	**Nonhlanhla Mayisela**	**Itumeleng Tumi Dlamini**	**Philisiwe Mthethwa**	**David Munro**	**José Snyders[3]**	**Barbara Makhubedu[4]**
Non-executive Chairman	Chief Executive ("CE") and executive director	Lead independent non-executive director	Independent non-executive director	Independent non-executive director	Independent non-executive director	Independent non-executive director	Independent non-executive director	Non-executive director	Chief Commercial Officer ("CCO") and executive director	Chief Financial Officer ("CFO") and executive director

1 The preparation of L2D's AFS for the year ending 31 December 2023 will be supervised by Barbara Makhubedu who was appointed as Chief Financial Officer from 1 March 2023.
2 Peter Nelson was appointed as lead independent non-executive director on 23 February 2023.
3 José Snyders was promoted to Chief Commercial Officer and remained as executive director from 1 March 2023.
4 Barbara Makhubedu stepped down as lead independent non-executive director on 23 February 2023 and was appointed as Chief Financial Officer and executive director on 1 March 2023.

FEEDBACK

Your feedback on the contents and presentation of this report is welcome and will assist us in improving the quality and relevance of future reports. 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:

Investor Relations Team
investors@liberty2degrees.co.za

Investor Relations Executive
Sumenthree Moodley
(sumenthree.moodley@liberty2degrees.co.za)

Company Secretary
Ben Swanepoel
(ben.swanepoel@liberty2degrees.co.za).

REPORT NAVIGATION

Six capitals

The following icons are used to illustrate our six capitals:

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

Strategic value drivers

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

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

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

This governance icon illustrates the Board and Exco's oversight.

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ABOUT L2D

EASTGATE COMPLEX

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

IN THIS SECTION

WHO WE ARE

L2D is a South African precinct-focused, retail-centred REIT. To create sustainable value for our stakeholders, we continuously improve the quality of our assets, *by introducing innovative and unique experiences that attract tenants, customers and visitors to our spaces.*

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

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

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

OUR VISION

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

OUR PURPOSE

to continue to create experiential spaces to benefit generations

OUR VALUES

passion
accountability
care
excellence
(PACE)

WHAT WE DO

Our business activities ensure we secure long-term leases with quality tenants to generate cash flow that we use to provide sustained value creation for all our stakeholders.

INVESTING AND DEVELOPING

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

ENHANCING

We redevelop our properties to enhance their value.

MANAGING

We provide well-maintained buildings and excellent customer service.

DISPOSING

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

CAPITAL RE-INVESTMENT

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

OUR INVESTMENT CASE

WHAT DIFFERENTIATES US

PURPOSE AND VALUES-DRIVEN

Our purpose and values drive our business activities, including how we approach risks and opportunities and how we engage with stakeholders.

Our stakeholder engagement (page 52) and risks and opportunities (page 63)

FUTURE-FOCUSED INVESTMENT STRATEGY

Property is a long-term asset class. Our investments aim to deliver sustained and reliable income and capital growth.

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.

Our ESG and asset management activities help us attract and retain quality tenants to secure rental growth and improve cash flow and promote long-term business sustainability.

Our strategy (page 42)

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 physical 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 supports our capability to take advantage of this developing market trend.

Creating Smart Spaces (page 40)

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 standalone offices, which are non-core and will only be disposed of when the right circumstances prevail.

Our manufactured capital (page 81)

STRONG BALANCE SHEET AND FINANCIAL STRENGTH

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

Our financial capital (page 78)

DIVERSITY, EQUITY AND INCLUSION

We prioritise delivering transformation, diversity, equity and inclusion.

We are a proud B-BBEE Level 1 contributor[1] and our Chief Executive's *"One woman at a time"* challenge prioritises gender equity, which affirms our position as a transformed, diverse and inclusive leader in the REIT sector in South Africa.

[1] B-BBEE Level 1 certified as at 28 March 2023.

Our CE's report (page 34)

OUR BUSINESS MODEL

Our business model illustrates how we preserve and create value in the context of our operating environment.

We recognise the interconnectivity between the capital inputs we use and how they inform our decision-making and our strategic choices. We adapt to changes in the availability, quality and affordability of our inputs, to remain a successful and sustainable business.

The primary source of revenue for L2D is rental income received from our 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™, our 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

Our capital inputs include the resources and relationships which we rely on to create value.

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 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

We actively manage our business activities and measure their impacts to ensure we maximise value creation and preservation and minimise the value-eroding aspects of our business model.

Direct activities

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

We understand how important it is to continuously enhance our portfolio's quality and value proposition. Therefore, our business model is centred on ensuring our properties are exceptionally well-run, unique and relevant to their surrounding communities.

This focus helps us attract tenants and customers to our malls 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

To continue to create experiential spaces to benefit generations

- Investing and developing
- Enhancing
- Managing
- Disposing
- Capital reinvestment

Outsourced activities

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 853 529m² (2021: 946 318m²).

Emissions

Total greenhouse gas ("GHG") emissions increased by 7 751 tCO_2e (based on the emission factor of 0.94 CO_2e/MWh (2021: increased by 12 308 tCO_2e) largely as a result of higher diesel consumption due to extended periods of loadshedding.

L2D has, however, implemented portfolio-wide energy-management improvements to mitigate these impacts. We view our investment in solar power as a cost-effective, efficient and environment-friendly way to generate our own electricity. To date, we have invested R15 608 619 in solar PV installations and have increased our solar PV generation capacity to 3 000 kWp (2021: 2 000 kWp).

OUR CAPITAL OUTCOMES

FINANCIAL CAPITAL OVERVIEW

Inputs as at 31 December 2022

- R6.6 billion in equity from institutional and non-institutional investors (2021: R6.6 billion)
- R2.0 billion in debt financing (2021: R2.0 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, double-digit increases in administered municipal and utility costs, the increased periods of loadshedding, coupled with the continued strain on the office and hospitality sectors, as well as negative rental reversions have resulted in the marginal increase of 2.4% in total comprehensive income in 2022.

However, amidst this uncertainty, L2D remains well capitalised with a low LTV.

Key outcomes include:

- Refinanced R850 million of term debt (2021: R500 million)
- Paid R167 million in interest (2021: R151.2 million)
- Distribution paid of R317.5 million[1] in dividends (2021: R435.4 million[2])

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 CFO's review from page 78 for more information on our financial capital outcomes.

Opportunities to enhance outcomes

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

Trade-offs

Balancing tenant sustainability with cash flow. It was vital for us to provide pandemic support to our tenants to safeguard our sustainability by keeping vacancies low and deepening tenant relationships.

Our COVID-19 rental relief and assistance packages still negatively impact our income generation, despite experiencing a steady improvement in reversion rates, currently at -10.4%. We remain optimistic that these will balance out and turn positive in 2023.

Despite our reversion rates, we paid a full-year distribution of 36.47 cps (2021: 34.10 cps).

[1] R166 335 974.46 (paid in March 2022, based on FY21 year end); R158 795 894.78 (paid in September 2022, based on FY22 interim): less R7 619 874.36 (inter-company dividends on L2D shares owned by 2DP).

[2] R293 699 729.88 (paid in March 2021, based on FY20 year end; R143 443 202.44 (paid in September 2021, based on FY21 interim); less R1 722 030.40 (inter-company dividend on L2D shares owned by 2DP).

MANUFACTURED CAPITAL OVERVIEW

Inputs as at 31 December 2022

- Total investment property value of R8.2 billion (2021: R8.4 billion, including the Standard Bank Building)
- R27 million in development and refurbishment of properties already owned (2021: R27 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 in 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 continue to create experiential spaces to 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.

- 344 leases were concluded during the year (132 new deals and 212 renewals), totalling 84 443m^2 of GLA
- We have seen a steady improvement in reversion rates, currently at -10.4% and remain hopeful that these will balance out and turn positive in 2023
- Portfolio occupancy level 93.5% (2021: 93.7%)
- 84.8% tenant retention (2021: 92.5%)

Medium- to long-term outcomes

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

See our property portfolio section from page 20 for more information on our manufactured capital outcomes.

6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 11 SUSTAINABLE CITIES AND COMMUNITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

Opportunities to enhance outcomes

- Focus on growth in rental renewals
- Identify innovative non-GLA opportunities
- Low LTV ratio provides the capacity for future acquisitions and developments
- 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 the future-proofing our assets to ensure growth over the long-term.

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.

INTELLECTUAL CAPITAL OVERVIEW

Inputs as at 31 December 2022

- Ethical culture
- IMPACT, our ESG value proposition
- Integrated strategy
- Our organisational, knowledge-based intangible assets and ethos
- Robust governance structures
- Thought leadership
- Promoting a culture of innovation and exploration

Availability, quality and affordability of inputs

- **The ever-evolving operating context**
- **The need to innovate and remain agile**
- **The goal is to future-proof our portfolio**

Short-term outcomes

- The appointment of our people to decision-making structures within industry bodies
- In November 2022, our people participated in the GIBS Ethics Barometer survey. The overall results were excellent, with no observance of ethical misconduct

Medium- to long-term outcomes

To stay relevant and competitive, we continue to drive the future-proofing of our assets. To do this, we continue to look ahead and make it our business to understand the various digital trends and forces that will shape our business into the future.

Opportunities to enhance outcomes

- To embrace digital transformation to create smart and connected spaces that enhance the tenant and customer experience

Trade-offs

Our goal is to remain future-fit through our digital transformation investments, which focuses on how we collect, use and store data to ensure real-time insight to help us make meaningful decisions. We view the costs involved as an investment versus an expense.

HUMAN CAPITAL OVERVIEW

Inputs as at 31 December 2022

- Fair and competitive remuneration.
- R817 941 spent on learning and development (2021: R800 972).
- 32 of our people benefitted from training programmes (including fixed-term and learnerships) (2021: 33).
- 29 permanent people (2021: 28 permanent people).

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.

- Staff turnover of 9.8% (2021: 9.7%)
- One learnership participant (2021: One)
- A flexible-work model was successfully adopted

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

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

Trade-offs

L2D has embraced the benefit of retaining a hybrid working model and has chosen to offer our people the option to work from home one day per week, as a tool to assist in maintaining their balance.

We have chosen to balance the pros and cons of in-office and work-from-home working models to safeguard our people's holistic wellbeing while enhancing productivity and value generation for the business. We monitor the situation regularly and explore ways to build our flexible model in response to the constant changes in the environment and business.

NATURAL CAPITAL OVERVIEW

Inputs as at 31 December 2022

- R28.4 million invested in achieving Net-Zero targets (2021: R2.6 million).
- 561 598 kl of water used (2021: 575 778 kl).
- 149 576 MWh of electricity used (2021: 145 040 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 continues to enhance the financial viability of green technology to augment our buildings' efficiency.

Short-term outcomes

- Total installed solar PV capacity amounts to 3 MW (2021: 2 MW)
- Reduced our reliance on Eskom's power grid, down 2.7% year-on-year and offsetting 3 741 tonnes from our carbon footprint this year
- Significant improvement in waste diversion rate from 75% to 82% by weight in 2022
- 3% water reduction due to the decline in potable water use in our buildings, as well as other water-saving initiatives
- We received a six-star rating (a Green Star Interiors V1 certification) for our L2D offices – recognising our commitment to the greening of our assets and our adoption of environmentally efficient initiatives

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

- Net-Zero Water and Energy strategies adopted
- Set annual targets for the reduction of carbon emissions
- Solar PV installations at Eastgate Mall, Midlands Mall and Promenade Mall produced 3 980 MWh; with a 14 MW[AC] solar PV installation investment planned in the pipeline by 2024

Trade-offs

We needed to balance our bold environmental ambitions to prioritise financial performance and cash flow.

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 commitment to achieving Net-Zero. However, we recognise 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.

SOCIAL AND RELATIONSHIP CAPITAL OVERVIEW

Inputs as at 31 December 2022

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

Availability, quality and affordability of inputs

The low trust environment within South Africa has been further impacted by socio-political changes and challenges like the social unrest experienced in July 2021.

See the stakeholder management discussion from page 52 for more information.

Short-term outcomes

- Continuous and sustainable community development projects
- Good stakeholder relationships
- 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.

Opportunities to enhance outcomes

- 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 increase social risk in the country. 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 socio-economic 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.

KEY TOTAL PROPERTY PORTFOLIO HIGHLIGHTS

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

L2D'S PROPERTY PORTFOLIO VALUE

R8.2billion (2021: R8.3 billion)

NET ASSET VALUE PER SHARE

R7.51 (2021: R7.56)

TOTAL GLA L2D PERCENTAGE

211 764m² (2021: 227 213 m²)

PORTFOLIO OCCUPANCY

93.5% (2021: 93.7%)

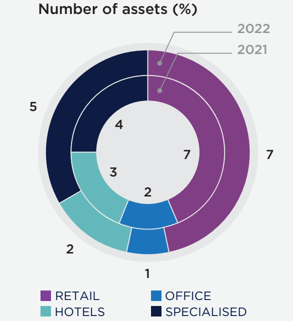
TENANT RETENTION

84.8% (2021: 92.5%)

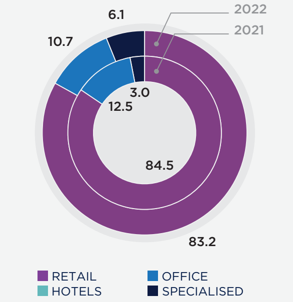
NUMBER OF ASSETS

15 (2021: 16)

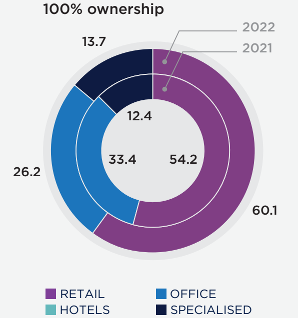
Number of assets (%)



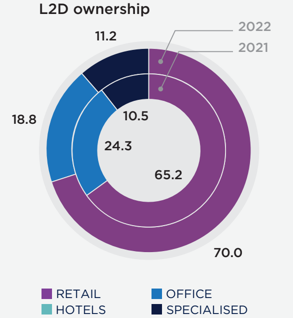
Gross rental income[1] as a percentage of total property portfolio (%)[2]



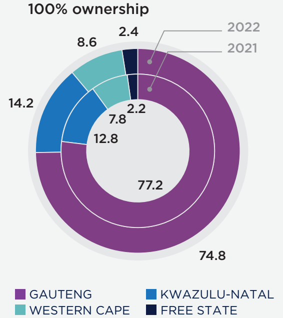
GLA per sector (%)
100% ownership



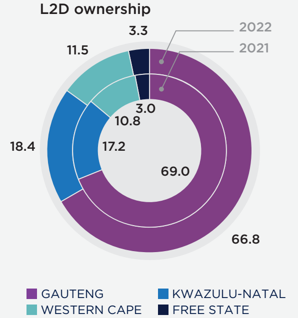
GLA per sector (%)
L2D ownership



GLA per province (%)
100% ownership



GLA per province (%)
L2D ownership



[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").

Retail

- GLA (m²) at 100% ownership 512 701 (2021: 512 701)
- GLA (m²) at L2D ownership 148 168 (2021: 148 168)
- Gross rental income as a proportion of total property portfolio (%) 83.2% (2021: 84.5%)
- Occupancy (%) 97.9% (2021: 96.8%)

Office

- GLA (m²) at 100% ownership 223 222 (2021: 316 011).
- GLA (m²) at L2D ownership 39 762 (2021: 55 212).
- Gross rental income as a proportion of total property portfolio (%) 10.7% (2021: 12.5%).
- Occupancy (%) 80.0% (2021: 86.2%).

Hotels

- Occupancy (%) full capacity 51.4% (2021: 19.6%).
- Occupancy (%) open for trade 59.3% (2021: 35.8%).
- Rooms at 100% ownership 1 001 (2021: 1 001).

Specialised

- GLA (m²) at 100% ownership 117 606 (2021: 117 606).
- GLA (m²) at L2D ownership 23 833 (2021: 23 833).
- Gross rental income as proportion of total property portfolio (%) 6.1% (2021: 3.0%).
- Occupancy (%) 100% (2021: 100%).

L2D HAS INVESTMENTS IN THE FOLLOWING ASSETS

L2D's property portfolio was valued at R8.2 billion at 31 December 2022.

This is marginally down by 0.39% (on a like-for-like basis). This slight reduction is largely due to adjustments to metrics, most notably the discount rate assumption. Values are based on independent property valuations as of 31 December 2022.

		Ownership	GLA 100% (m²)	GLA L2D% (m²)	Property value 100%	Sectors	Property value L2D %
Gauteng	25%	Sandton City Complex	195 941	48 937	R12 089 827 850	Retail Office	R3 019 497 977
	33%	Eastgate Complex	143 344	47 735	R6 354 633 750	Retail Office	R2 116 137 521
	8%	Melrose Arch precinct	198 879	16 557	R5 508 600 000	Retail Office Specialised	R431 084 555
	33%	Nelson Mandela Square	38 595	12 852	R1 252 800 000	Retail Office	R417 191 170
	25%	Sandton Garden Court	n/a	n/a	R590 600 000	Hotel	R147 505 451
	25%	Sandton Sun and Sandton Towers	n/a	n/a	R856 000 000	Hotel	R213 790 494
	25%	Sandton Convention Centre	57 910	14 463	R193 100 000	Specialised	R48 227 739
	25%	Sandton Virgin Active	3 406	851	R51 600 000	Specialised	R12 887 371
KwaZulu-Natal	33%	Liberty Midlands Mall	78 249	26 058	R2 528 600 000	Retail	R842 041 500
	33%	John Ross Eco-Junction Estate – Tangawizi	7 060	2 351	R58 500 000	Specialised	R19 480 910
	23%	John Ross Eco-Junction Estate – Melomed	13 809	3 219	R558 700 000	Specialised	R130 235 708
	33%	John Ross Eco-Junction Estate – development land	n/a	n/a	R83 200 000	Specialised	R27 706 182
	33%	Liberty Centre Head Office and Umhlanga Ridge Office Park	22 201	7 393	R234 100 000	Office	R77 956 939
Western Cape	33%	Liberty Promenade Shopping Centre	73 392	24 440	R1 822 900 000	Retail	R607 038 460
Free State	33%	Botshabelo Mall	20 743	6 908	R368 700 000	Retail	R122 779 681

3

MATERIALITY

LIBERTY PROMENADE

LIBERTY PROMENADE HAS GARNERED SEVEN FOOTPRINT MARKETING AWARDS, INCLUDING A GOLD AWARD FOR THE NEXT GENERATION MUSICAL SHOWCASE.

IN THIS SECTION

MATERIALITY DETERMINATION PROCESS

We assessed material matters that have or could materially impact our ability to create and preserve value in the short-, medium- and long-term.

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 socio-economic impact of material matters on 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.

Integrate

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

Prioritise

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

Oversight

Changes to our external environment, key risks and opportunities and trends were reviewed by our executive management team during a working session in October 2022. A material matters report was then supplied to our Social, Ethics and Transformation and Audit and Risk Committees for review and debate and then prioritised at Board level and integrated into our strategic response. These material matters also help guide our Board to assess the material information to be included in our integrated and ESG reports.

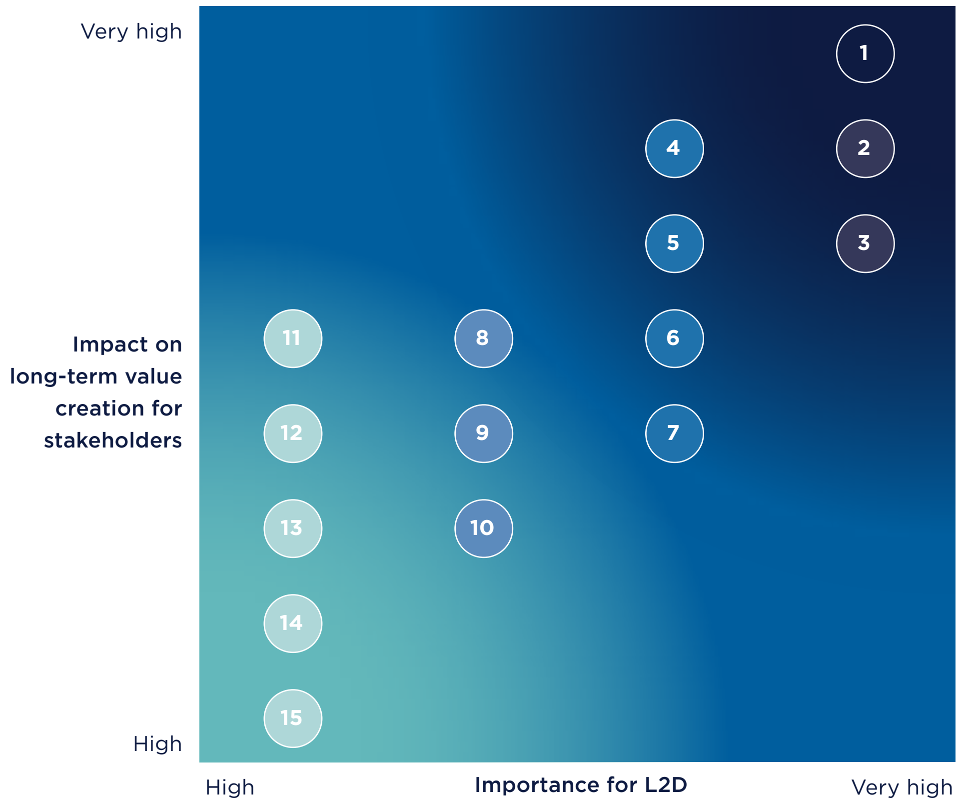
During the working session, the following time frames for purposes of the IR were agreed upon:

- **Short term:** Less than one year
- **Medium term:** One to three years
- **Long term:** Three to 10 years

OUR MATERIAL MATTERS

L2D takes an integrated approach to identify matters that could influence our ability to create value in the short-, medium- and long-term. These matters inform our strategy to manage the risks and maximise the opportunities that present themselves.

1. Subdued distribution growth outlook
2. Tenant operating sustainability and the ability to collect rentals due
3. Value creation potential is challenged as a result of the current asset mix and the uncertain economic and political environment
4. The ongoing provision of safe, secure and experiential spaces in the context of changing consumer behaviours
5. Exposure to asset losses due to terrorism or social unrest
6. Operating and financial impact of service delivery failures, utility costs and property rates increases as a result of the unsuccessful valuation appeal for Sandton City
7. Impact of loadshedding
8. The impact of the high inflationary environment and outlook
9. Cost of capital and liquidity in a high-interest rate environment
10. The critical dependency on third-party service providers to manage the property portfolio
11. ESG and climate change impact
12. The retention and well-being of our people
13. Strategy for digital migration and its implementation risk
14. The impact of joint asset ownership inclusive of asset concentration risk
15. The ongoing impact of the COVID-19 pandemic



OUR MATERIAL MATTERS CONTINUED

The table below sets out the sanctioned material matters and their descriptions, as well as the anticipated time frame of each impact. Material matters were mapped to our relevant capitals and we responded by aligning these matters with our strategic value drivers and assessing which stakeholders are impacted.

The impact of each material matter and our response is further unpacked below and in our ESG report; this enables the reader to make an informed appraisal of L2D's efforts to prevent value erosion while seeking to create and preserve value over time.

	MATERIAL MATTERS	OVERVIEW	IMPACT ON L2D	OUR KEY FOCUS AREAS	RESPONSIBLE GOVERNANCE COMMITTEE	STRATEGIC VALUE DRIVERS	TIME FRAME	CAPITALS	STAKEHOLDERS IMPACTED
1	Subdued distribution growth outlook	• The discount between shareholder's equity ("NAV") and market capitalisation may negatively impact our share price. • Our balance sheet conservatism remains a key enabler in navigating a challenging operating environment. • Reinforced by our strong balance sheet, we were pleased to report a 100% distribution pay out ratio.	• 100% distribution pay-out, with an increase of 6.95% that was negatively impacted by the unsuccessful valuation rates appeal. • Investors reducing their exposure to L2D or exiting altogether.	• Ensure that the correct inputs are used to arrive at appropriate market valuations for our assets. • Improve relationships with investors and debt providers. • Maintain a strong balance sheet.	• Audit and Risk Committee.	• Capital and risk management. • Financial outcome.	• Short-, medium- and long-term.	• Financial capital. • Intellectual capital.	• Providers of financial capital.
2	Tenant operating sustainability and the ability to collect rentals due	• To meet consumer demand and maintain foot traffic and turnover in malls, landlords are changing their tenant mix and may contribute to tenant installation costs to attract quality tenants. • Trading and economic pressures have increased the competition for quality tenants. • Weakened property fundamentals result in continued pressure on vacancies, higher reversions, low rental growth and low retention rates. • The severe impact of unsustainable municipal cost increases on tenant sustainability • Impact of loadshedding on the trading and business environment.	• Ability to collect rental income. • Continued pressure on vacancy levels. • Net property income impacted. • Increase in bad debts. • Higher rental reversions. • Increased focus on income generation and diversification.	• Continued focus on property fundamentals. • Engage and collaborate proactively with tenants. • Explore opportunities to differentiate our existing offering, such as increasing our experiential offering. • Focus on income generation and diversification. • Focus on tenant retention strategy. • Lower vacancies. • Maintain our rigorous tenant-approval process. • Manage variable costs. • Monitor footcount statistics. • Optimise tenant mix. • Review tenant trading densities and overall cost of occupancy to guide rental affordability and rental-level negotiations.	• Audit and Risk Committee.	• Customer experience. • Tenant experience. • Financial outcome.	• Short- to medium-term.	• Social and relationship capital. • Financial Capital.	• Providers of financial capital. • Our people. • Tenants. • Customers.

OUR MATERIAL MATTERS CONTINUED

	MATERIAL MATTERS	OVERVIEW	IMPACT ON L2D	OUR KEY FOCUS AREAS	RESPONSIBLE GOVERNANCE COMMITTEE	STRATEGIC VALUE DRIVERS	TIME FRAME	CAPITALS	STAKEHOLDERS IMPACTED
3	Value creation potential is challenged as a result of the current asset mix and the uncertain economic and political environment	• Changes in the political landscape or to relevant government policies may create difficulties or uncertainties in the operating environment for L2D and its tenants. • Dampened business and consumer confidence due to slow economic recovery remain exacerbated by policy and political uncertainty. • Low GDP growth and high levels of unemployment directly impact the property sector. When the economy contracts, the property sector struggles, because economic uncertainty impacts the demand for space. • Interactions with government and regulators are handled by industry groups, such as the A REIT Association and SA Property Owners Association.	• Unexpected adverse changes in the macroeconomic environment could limit L2D's ability to grow and meet investor expectations of sustainable growth in distributions and asset valuations. • Political and economic instability negatively impacts L2D's property portfolio and reduces the appeal for investors and tenants (both local and international). • Changes to consumers' disposable income could impact trading densities. • The increased cost of occupancy could lower tenant demand for space. • Unsustainable municipal increases threatening business sustainability.	• Conservative treasury management. • Contain costs to strategically position L2D for further growth. • Efficiently manage and maintain our portfolio to create and preserve value for our stakeholders. • Focus on property fundamentals across the business. • Have approved asset master plans in place to strategically guide our growth path for all property assets. • Maintain good relationships with the SA REIT Association and SA Property Owners Association and ensure our voice and say in the matters which are discussed with the government and regulators related to our industry. L2D does have staff representation on these industry bodies. • Seek new ways to diversify revenue streams. • Set annual KPIs to measure and monitor key investor performance metrics.	• Board.	• Customer experience. • Tenant experience. • Human experience. • Capital and risk management. • Financial outcome.	• Short- and medium-term.	• Financial Capital. • Manufactured Capital. • Social and Relationship Capital.	• Providers of financial capital. • Tenants. • Customers. • Industry bodies.
4	The ongoing provision of safe, secure and experiential spaces in the context of changing consumer behaviours	• Heightened risk of physical security and customer safety and well-being due to an increase in store robberies, meter taxi and e-hailing violence. • The impact of crime and illegal operations on our business operations. • The socio-political and COVID-19 uncertainty has increased the need to strengthen our health and safety protocols to protect our stakeholders and assets. • Changing demand for physical shops due to increased online shopping and the trend for smaller format stores. • Changing consumer habits requires landlords to optimise their tenant mix and keep up to date with technological changes. • To meet consumer demand and maintain foot traffic and turnover in the malls, landlords are continuing to have to introduce new tenant offerings and pay tenant installation costs to attract tenants. • National strikes and shutdowns called by political parties and unions threaten the trading environment.	• Potential harm to our stakeholders. • Potential loss of tenants. • The risk of interrupted trading activity leading to a decrease in footcount. • Fewer sales, lower rentals and ultimately lower asset values. • Impacted vacancy levels. • Income instability. • Increased competition for tenants. • Increased tenant installation costs to attract tenants. • Negative rental reversions with major tenants (especially national tenants) as they look to reduce costs. • Online shopping impacts trading densities. • Reduced rental income.	• Create safe and sustainable spaces. • Ensure a medical response team is on call when required. • Ensure and maintain our gold status with the Safe Asset Group. • Well-trained security officers and standard operating procedures. • Attract aspirational brands and concept stores. • Enhance the experiences of our customers and tenants. • Increase shopper dwell time. • Optimise tenant mix. • Pay tenant installation costs to attract tenants. • Promote business model adaptability. • Retain high-quality tenants. • Understand changing consumer needs. • As and when opportunities avail themselves to meaningfully participate in the e-commerce space, we will pursue them.	• Social, Ethics and Transformation Committee.	• Tenant experience. • Human experience.	• Short- to medium-term.	• Manufactured capital. • Social and relationship capital.	• Our people. • Tenants. • Customers. • Suppliers and service providers.

OUR MATERIAL MATTERS CONTINUED

	MATERIAL MATTERS	OVERVIEW	IMPACT ON L2D	OUR KEY FOCUS AREAS	RESPONSIBLE GOVERNANCE COMMITTEE	STRATEGIC VALUE DRIVERS	TIME FRAME	CAPITALS	STAKEHOLDERS IMPACTED
5	Exposure to asset losses due to terrorism or social unrest	• The uncertainty of the geopolitical and socio-economic environment impacts how we manage and maintain our portfolio, which directly affects our ability to create and preserve value for our stakeholders. • The civil unrest in July 2021, highlighted the vulnerability of South African property assets to civil unrest because of growing social inequality and unemployment. • Continued threats of social unrest, strikes and national shutdowns poses a threat to assets and customers.	• Dampened business and consumer confidence. • Potential exposure to asset losses due to terrorism/ extremism or riots and the risk of not being sufficiently insured to cover losses. • Potential loss of tenants. • Reduced rental income as a result of violence, looting and security threats. • The risk of interrupted trading activity.	• Enhance the resilience of our assets in the communities where we operate. • Implement a focused and tactical guarding approach, which includes 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. • Improve our relationship and increase engagement with community members. • Maintain our status as being a *"good corporate citizen"* by contributing positively to our surrounding communities. • Maintain adequate insurance cover.	• Audit and Risk Committee. • Social, Ethics and Transformation Committee.	• Customer experience • Tenant experience • Financial outcome • The good we do	• Short- to medium-term.	• Manufactured capital • Social and relationship capital	• Our people • Tenants • Customers • Suppliers and service providers
6	Operating and financial impact of service delivery failures, utility costs and property rates increases as a result of the unsuccessful valuation appeal for Sandton City	• Further deterioration of public infrastructure, poor municipal administration and service delivery failures impede growth by raising operating costs and delaying property transfers. • Inflation rate increases cannot be matched by rental escalations and increases in operating costs and utility recoveries from tenants (which will lead to losses). • Unsustainable municipal charges and the continuous increase in utility costs.	• Continued double-digit increases in municipal and utility costs increase the cost of occupancy and remain a catalyst for downside pressure on the portfolio's performance. • Impact on service, delivery and customer safety. • Tenant relationships are impacted due to the absorption of higher occupancy costs. • In terms of the unsuccessful Valuation Appeal Board outcome for Sandton City, we have made the appropriate adjustments to both provide for the arrear rates and interest due to the City of Johannesburg, as well as to raise a receivable for our best estimate of the amount recoverable from tenants.	• Efficiently reduce and manage variable costs. • Engage and collaborate proactively with tenants. • Ensure leasing policies are in place to consider the impact of inflation escalation rates. • Reduce operational expenses through our Net-Zero energy and water cost-saving initiatives.	• Audit and Risk Committee. • Social, Ethics and Transformation Committee.	• Tenant experience • Financial outcome • The good we do	• Short- to medium-term.	• Financial capital • Manufactured capital	• Our people • Tenants • Customers
7	Impact of loadshedding	• The heightened increase in loadshedding and subsequent reliance on an uninterrupted power supply. • Increased loadshedding impedes growth by raising operating costs.	• Increased periods of loadshedding impacts tenant service delivery and heightens the reliance on generators to ensure an uninterrupted power supply. • Power outages. • Increased diesel costs.	• Install backup power supplies, in the form of generators at our malls to ensure continuous power supply, as far as possible. • Add additional solar PV solutions.	• Audit and Risk Committee. • Social, Ethics and Transformation Committee.	• Customer experience; • Tenant experience; • Capital and risk management; • Financial outcome	• Short- to medium-term.	• Financial capital • Manufactured capital	• Our people • Tenants • Customers • Providers of financial capital

OUR MATERIAL MATTERS CONTINUED

	MATERIAL MATTERS	OVERVIEW	IMPACT ON L2D	OUR KEY FOCUS AREAS	RESPONSIBLE GOVERNANCE COMMITTEE	STRATEGIC VALUE DRIVERS	TIME FRAME	CAPITALS	STAKEHOLDERS IMPACTED
8	The impact of the high inflationary environment and outlook	• Rising inflation has eroded disposable income, dampened consumer demand, lowered business confidence and increased investor uncertainty.	• Changes to consumers' disposable income could impact trading densities. • Finance costs may increase as a result of increased interest rates. • Increased occupancy costs. • Increases in operating costs and utility recoveries from tenants may lead to financial losses. • Rental escalations and increases cannot match the inflation rate.	• Contain costs to strategically position L2D for further growth. • Efficiently manage and maintain our portfolio to create and preserve value for our stakeholders. • Seek new ways to diversify revenue streams.	• Audit and Risk Committee.	• Customer experience. • Tenant experience. • Capital and risk management. • Financial outcome.	• Short- to medium-term.	• Financial capital. • Manufactured capital.	• Tenants. • Customers. • Providers of financial capital.
9	Cost of capital and liquidity in a high interest rate environment	• High levels of government debt and the negative outlook pose a risk to debt stabilisation. • Unexpected adverse changes in financial markets may substantially reduce market liquidity and create market disruption, affecting the availability of sources of financing and the execution of L2D's capital management strategies.	• As at 31 December 2022, our average cost of debt was 9.23% with total unutilised revolving credit facilities available of R231 million. • Finance costs may increase as a result of an increase in interest rates.	• Ensure a 12-month cash flow forecast is prepared and monitored monthly to ensure sufficient liquidity. • Ensure the majority of our interest rate exposure is hedged in terms of the hedging policy. • Increase funding diversification. • Maintain a healthy interest cover ratio. • Maintain conservative treasury management. • Maintain low gearing and keep LTV levels low at sustainable levels. • Maintain sufficient liquidity to meet our operational needs and remain within our banking covenants.	• Audit and Risk Committee.	• Capital and risk management. • Financial outcome.	• Short- to medium-term.	• Financial capital.	• Providers of financial capital.
10	The critical dependency on third-party service providers to manage the property portfolio	• We view our service providers as valued partners, as they frequently interface directly with our stakeholders (tenants and customers). • We ask our service providers to demonstrate an applied commitment to good governance, ethical conduct and long-term sustainability. • We require full cooperation and buy-in from our service providers and expect full compliance with our conduct standards.	• Business continuity risk. • Key dependency risk on third-party service providers to manage L2D assets, such as JHIR and others. • Relationship management risk. • Service delivery risk.	• Conduct turnover audits. • Develop sophisticated policies, procedures and codes of conduct to manage relationships with our suppliers effectively. • Enforce service-level agreements. • Enforce structured approvals framework and delegation to property manager roles. • Engage and collaborate proactively with stakeholders. • Ensure approved business plans. • Ensure budgeted and market rentals for all spaces. • Maintain fraud reporting lines.	• Audit and Risk Committee.	• Customer experience. • Tenant experience. • Capital and risk management. • Financial outcome.	• Short- and medium-term.	• Manufactured capital. • Intellectual capital. • Social and relationship capital.	• Our people. • Tenants. • Customers. • Suppliers and service providers.

OUR MATERIAL MATTERS CONTINUED

	MATERIAL MATTERS	OVERVIEW	IMPACT ON L2D	OUR KEY FOCUS AREAS	RESPONSIBLE GOVERNANCE COMMITTEE	STRATEGIC VALUE DRIVERS	TIME FRAME	CAPITALS	STAKEHOLDERS IMPACTED
11	ESG and climate change impact	• L2D is cognisant of the growing demand for ESG factors to be incorporated into our investment decision-making. This is because ESG factors can impact financial performance and corporate value. • The management of the direct and indirect impacts of our business activities on the environment and society in which we operate.	• A deeper understanding of ESG to support our sustainability journey as we strive to increase the good we do. • Improved electricity and water consumption. • Reduced carbon footprint. • Reduced waste footprint.	• A Net-Zero strategy in place helps guide our focus on ESG. • Improve the green characteristics of our portfolio. • Improve our diversion from landfill rate. • Increased solar investment enables L2D to immediately deliver on its green initiatives. • Pursue rainwater harvesting opportunities. • Reduce our carbon footprint. • Target of 5% reduction in energy and water usage.	• Social, Ethics and Transformation Committee.	• Capital and risk management. • Financial outcome. • The good we do.	• Short- and medium-term.	• Natural capital.	• Providers of financial capital. • Our people. • Tenants. • Customers.
12	The retention and well-being of our people	• L2D's talent and organisation development strategy may not be able to retain key people, or sufficiently contribute to talent diversity; thereby affecting our ability to maintain a high-performing workforce. • The risk of continuity and the retention of key staff, with competitors competing for similar talent in the same industry.	• Retention of critical skills. • The loss of core competencies by the company could lead to several objectives being achieved later than planned. • Employment equity and transformation efforts may be impacted.	• Ensure regular employee engagement and conduct staff surveys to test morale and obtain feedback. • Offer competitive remuneration, which in turn translates into committed people. • Prioritise our people's well-being by creating a fair, safe and engaging work environment for our people. • Succession planning to ensure a pipeline of top talent. • Use training to improve our skills base, contribute to succession planning and support wellness, employment equity and sustainability initiatives. • We encourage our people to pursue educational qualifications and training courses to improve their skills and capabilities. When relevant to our business and industry, L2D grants tertiary funding and study leave.	• Social, Ethics and Transformation Committee.	• Human experience. • The good we do.	• Short- to medium-term.	• Human capital. • The good we do.	• Our people. • Tenants. • Customers.

OUR MATERIAL MATTERS CONTINUED

	MATERIAL MATTERS	OVERVIEW	IMPACT ON L2D	OUR KEY FOCUS AREAS	RESPONSIBLE GOVERNANCE COMMITTEE	STRATEGIC VALUE DRIVERS	TIME FRAME	CAPITALS	STAKEHOLDERS IMPACTED
13	Strategy for digital migration and its implementation risk.	• 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. • IT system failures may cause downtime in business operations and adversely affect operational efficiency and integrity. • Competing with global markets and local competitors from an experience and services perspective and not having the technology to appropriately support this.	• Cyber threats. • Increased competition.	• Conduct regular cyber security training for all L2D people to alert them to cyber-related threats and how to protect themselves. • Deploy several specific security tools to mitigate cyber threat risks. • Develop digital technologies and new ways of doing business. • Enhance information protection and governance capabilities. • Leverage technology and multi-channel strategies. • Proactively monitor IT infrastructure. • Scan the environment for suitable IT solutions that could accelerate the execution of our business strategy.	• Audit and Risk Committee.	• Customer experience. • Tenant experience. • Financial outcome.	• Short-, medium- and long-term.	• Human capital • Intellectual capital.	• Providers of financial capital. • Our people. • Tenants. • Customers. • Suppliers and service providers. • Industry bodies.
14	The impact of joint asset ownership inclusive of asset concentration risk.	• The impact of differing co-owner's needs on L2D's ability to retain ownership and the right to manage the assets.	• Differing co-owner's needs may impact strategic direction and operations. • Relationship risks.	• Executive management continuously considers options that meet the requirements of the majority shareholder. • We continually assess and regularly discuss matters at Board level, with representation from both sets of owners.	• Board and Related Party Committee.	• Capital and risk management. • Financial outcome.	• Short-, medium- and long-term.	• Manufactured capital. • Human capital. • Intellectual capital.	• Providers of financial capital. • Our people.
15	The ongoing impact of the COVID-19 pandemic.	• Income and capital values were negatively impacted by the COVID-19 pandemic.	• Negative reversions have an adverse impact on earnings. • Rental discounts impact income generation. • Rentals renewals remain under pressure.	• Drive leasing performance. • Lower rental reversions	• Audit and Risk Committee.	• Tenant experience. • Capital and risk management. • Financial outcome.	• Short-term.	• Financial capital. • Manufactured capital.	• Providers of financial capital. • Tenants.

4

OUR STRATEGIC BUSINESS CONTEXT

MELROSE ARCH PRECINCT

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

IN THIS SECTION

CHAIRMAN'S REVIEW

Nick Criticos

CHAIRMAN

OPERATING ENVIRONMENT

The 2022 financial year has been challenging with several domestic and global matters to navigate, including rising inflation and interest rates and South Africa's loadshedding crisis now reaching unprecedented levels, resulting in severe economic consequences. The rapid fuel, energy and food price increases exacerbated by the war in Ukraine and the depreciating ZAR have eroded disposable income, dampened consumer demand, lowered business confidence and increased investor uncertainty.

The National State of Disaster was lifted in April 2022, thereby ending COVID-19 lockdown restrictions; despite this, the sector is still recovering from its aftershocks. We expect it will take some time for the sector to fully recover to pre-pandemic levels. L2D is still feeling some of these impacts, with lingering high reversion rates, especially in the office sector. Despite these challenges, our portfolio of iconic assets has proven its defensiveness and resilience.

Approach to governance, ethics and stakeholder engagement

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

The Board, its subcommittees and the executive team work together to ensure value creation and preservation for key stakeholders. By walking our talk, we set an example of doing business responsibly, through our support of transparency, ethical leadership, honesty and good corporate citizenship. This alignment also supports agile decision-making and maintains the equal division of labour.

Our stakeholders trust us to drive business success. The Board remains committed to engaging meaningfully with key stakeholders, to understand their concerns and ensure they are adequately addressed. We use all engagement channels as opportunities to explain the current operating environment and discuss our material matters.

Board focus areas and performance

The Board focused its energies on navigating the current operating environment, overseeing our leasing strategy (regarding lease negotiations and taking a firmer line on reversions) and achieving our transformation targets through the appointment of three outstanding black, female, independent non-executive directors – Nonhlanhla Mayisela, Itumeleng Dlamini and Philisiwe Mthethwa. We look forward to the new skills and experience they will add to the Board and welcome their support to deliver L2D's strategic goals.

Post year-end, our Financial Director, José Snyders, was promoted to Chief Commercial Officer from 1 March 2023. Barbara Makhubedu replaces him as Chief Financial Officer from 1 March 2023. Peter Nelson replaced Barbara as lead independent non-executive director from 23 February 2023. We welcome these Board changes and wish José, Barbara and Peter all the best in their new roles.

The Board is now comprised of 55% female and 45% male directors and 55% black and 45% white directors, with black female directors now comprising 45% of the Board. These appointments ensure the Board achieves its transformation goals while maintaining the correct size and requisite skills to function optimally. Overall, the Board's performance was satisfactory and it created value and achieved its mandate.

For more detail on governance, please refer to pages 102 to 122.

Integrating sustainability

In recognition of the significant stewardship role we must play, we have embedded ESG practices into every aspect of our operations. Our intentions and commitments in this regard are supported by our IMPACT strategy which outlines our priorities, risks, opportunities, targets and action plans.

We continue our efforts to achieve our Net-Zero vision across waste, water and carbon (underpinned by our GOOD SPACES strategic pillar). We green our physical assets; understand the social impact of our portfolio and services on our communities, customers, tenants and our people; we also continually seek out ways to strengthen our governance frameworks and transparently engage with key stakeholders.

For more details about our ESG initiatives, please refer to our separate ESG report.

Outlook

Our focus remains on preserving value, improving operational performance and driving growth within the portfolio in a difficult macro environment.

We expect the challenging operating conditions will persist due to high inflation, rising interest rates, increasing energy costs, escalating municipal rates, persistent unemployment, as well as the reversions currently in force.

By prioritising agility and adaptability, we remain focused on delivering distribution and capital growth for our shareholders while driving our net-zero strategy.

In appreciation

I would like to thank my fellow Board members for their insight and contributions during my first year as Chairman.

I extend a special note of appreciation to my predecessor, Angus Band for his insight and leadership during his tenure on the Board. Angus played a pivotal role in listing L2D and shaping the current governance framework.

Puleng Makhoalibe resigned as a non-executive director in 2022. I wish to thank her for her contributions and guidance during her time with L2D.

I would like to commend our executive team for their leadership during this challenging time, which served to strengthen our relationships with stakeholders when they were most critical. I commend and I thank them for their work ethic, long hours, considerable efforts, dedication and unwavering Board support.

From a Board perspective, we are blessed to have Amelia Beattie leading L2D. We appreciate Amelia's ability to combine her deep understanding of property fundamentals and the sector, with her compassion and understanding of human needs and expectations. She inspires and challenges our people, which is a critical skill to ensure L2D remains relevant in this constantly evolving environment.

To L2D's tenants, thank you for your business and support. To our customers, thank you for your patronage. To our funders and shareholders, thank you for partnering with us.

Nick Criticos
Chairman

28 April 2023

CHIEF EXECUTIVE'S REVIEW

Amelia Beattie

CHIEF EXECUTIVE

Leading L2D remains an enormous privilege and driving the operational performance back to pre-COVID levels is a proud outcome from our hard work as a team in 2022.

FUTURE-PROOFING OUR BUSINESS

Integrated thinking acknowledges the interconnectivity and interdependence of social, environmental and economic systems and recognises that decisions in one area can have ripple effects across all aspects of our business. We embrace this approach at L2D as it enables us to create long-term value and resilience while also contributing to a more sustainable and equitable world.

While market conditions continue to be challenging, we remain focused on enhancing the tenant and customer experience to promote retention, protect occupancy levels and grow income.

We are committed to future-proofing our business by living our purpose daily – continuing to create experiential spaces that evolve with the changing consumer demands and transforming technology advancements.
By proactively adapting to this evolution, we meet current and future needs and ultimately create sustainable spaces that offer unique customer experiences and ensure long-term relevance.

DELIVERING OPERATIONAL AND FINANCIAL EXCELLENCE

We are pleased with both our financial and operational performance, which has shown encouraging improvement across all key performance indicators, with most KPIs meeting targets.

Our operational double-digit growth compared to 2019 levels proves that super-regional malls are alive and well – customers are visiting our malls, staying and spending.

Operational performance

Footcount growth in our portfolio is 24.9% ahead of 2021 and 9.9% compared to 2019 levels – driven by our unrivalled experiential initiatives and the creativity of our marketing and leasing teams. Our annual trading density improved by 17.8% year-on-year and 16.6% ahead of 2019. For the first time in L2D's history, we are thrilled to report that our trading density at Sandton City has achieved R6 268/m^2 per month.

Occupancy levels are at 93.5% from 93.7% in 2021, this marginal decrease is due to the sale of the Standard Bank building, which was fully let. Our retail occupancy improved to 97.9% from 96.8% in 2021, with a notable recovery in our average hotel occupancies to 51.4% from 19.6% of full capacity.

We work hard to offer customers an optimal and enhanced tenant mix and are excited to have opened South Africa's first standalone H&M Home store during the year. We have also signed new leases with other top brands including, Yokico, Seafolly, Xiaomi and Under Armour, plus many more. 344 leases were concluded during the year (102 new deals and 212 renewals), totalling 84 443m² of GLA, translating to R30.4 million in lease value, at a weighted average escalation of 6.6% and a Weighted Average Lease Expiry ("WALE") of 3.2 years. We have seen a steady improvement in reversion rates, currently at -10.4% (2021: -25.9%) and remain hopeful that these will balance out and turn positive towards the end of 2023.

Financial performance

While top-line turnover growth was up 21.9% year-on-year and 18.3% higher than 2019 levels, our operational challenges (including high energy costs, increased diesel use due to loadshedding and diesel shortages, plus the above-inflation increases in municipal rates) have eroded some of the bottom-line gains. It will take some time for top-line growth to flow through to bottom-line gains.

During the year, R850 million of term debt expired and was successfully refinanced for a further five years. Our strong balance sheet remains well capitalised with a low LTV of 24.4%, with 80.3% of interest rate exposure hedged.

The transfer of the Standard Bank sale was registered on 15 September 2022, with proceeds received and used to reduce debt.

Our portfolio was valued at R8.2 billion (2021: R8.4 billion, including the Standard Bank Building). This contributed towards a marginal 1.4% decrease in NAV to R6.53 billion from R6.64 billion in the prior year. Our retail assets decreased by 1.3%, while our office valuations increased by 0.1% and hospitality assets improved by 25%.

With our overall operational and financial metrics showing significant improvement in 2022, our Board declared a distribution of 36.47 cents per share for the full year.

Embedding ESG factors into our operations

L2D subscribes to the United Nations Sustainable Development Goals ("SDGs"), which means we not only consider our social and environmental impacts but also actively serve, invest in and support social and environmental initiatives.

IMPACT, our ESG value proposition, is our commitment to quality, business growth and sustainability. Through IMPACT, we can create shared value and contribute to critical areas of ESG; this emphasises the need to incorporate ESG-related risks in our investment process as a mainstream investment strategy. We also use IMPACT to solve some of the issues highlighted by the SDGs, to improve performance and seek opportunities to build business resilience.

IMPACT drives our commitment to achieve our Net-Zero vision (of reducing our carbon emissions, improving our water and energy efficiency and reducing our waste generation), as well as driving our transformation, gender equality and succession planning goals.

To date, our Net-Zero journey has progressed well. We achieved our Net-Zero Waste readiness goal this year by diverting 82% of all total waste from landfills. We expect to receive our Net-Zero Waste accreditation in 2023. We expect to meet our Net-Zero Water reduction target by reducing consumption by 5% in 2023.

Our investment into solar PV (as part of our Net-Zero Energy vision and strategy) has enabled us to reduce our reliance on Eskom's power grid, down 2.8% and offsetting 3 741 tonnes from our carbon footprint this year. Solar PV installations of 1 MW[AC] each at Eastgate Mall, Midlands Mall and Promenade Mall produced 9 057 MWhr since inception (3 980 MWhr in 2022); with a 14M[AC] solar PV installation investment planned in the pipeline by 2024.

We received a six-star rating (a Green Star Interiors V1 certification) for our L2D offices – recognising our commitment to the greening of our assets and our adoption of environmentally efficient initiatives.

L2D is dedicated to positively transforming the property sector from a race and gender perspective. We all know that anything of consequence that can effect real change takes monumental effort, we thus recognise that bold action is required from the sector to transform, uplift, promote, support and champion gender and racial equity in the workplace.

We are proud of our progress in promoting diversity and inclusion, resulting in our improved B-BBEE Level 1 contributor certification score that we received on 28 March 2023. I challenged our industry to the *"one woman at a time"* challenge in 2022, where we asked other REITs to prioritise gender diversity and inclusiveness in their businesses as well. L2D walks our talk and applies these principles through our enterprise development, procurement, supply value chain and hiring policies. The recent appointment of Yongie Ntene (our Chief People and Culture Officer), the appointment of Barbara Makhubedu as our Chief Financial Officer from 1 March 2023 and the appointment of Nonhlanhla Mayisela, Itumeleng Dlamini and Philisiwe Mthethwa as independent non-executive directors affirms our position as a transformed and inclusive leader in the REIT sector in South Africa.

In conclusion

We remain committed to future-proofing our portfolio to ensure we drive value and continue on a positive recovery path. The current operational headwinds have reinforced the need to integrate our IMPACT strategy and proceed with all ESG, leasing and marketing initiatives. By executing this strategy, we believe L2D will successfully navigate all current and future challenges, thereby creating sustainable spaces that benefit all our stakeholders for generations.

With sincere gratitude

"No leader can be all-knowing and all-seeing all the time. To lead, a person must depend on the hearts and minds, eyes and ears of others and be capable of dealing with complexity in an intellectually and emotionally intelligent manner." – Reuel Khoza

In 2022, we dealt with varying complexities while striving to reposition the business and excel in a full post-pandemic operating environment. This challenging journey could not have been navigated without the hearts, minds, eyes and ears of all L2D people.

I express my sincere gratitude to the Chairman for partnering with me on the journey of leading L2D and for providing wisdom and support and for challenging me to always ensure we do our best. Equally, I would like to thank Board members for their support and for challenging us to ensure the best outcome for all stakeholders is achieved, but most importantly for caring that we do so with humanity.

My pride and appreciation for the passion, commitment and love for our business, our executive team and the people of L2D knows no bounds – it is only through weaving all that together in one direction, in a unique integrated way that we can deliver good performance during these extraordinary times.

I also wish to thank our tenants, funders, shareholders and all business partners for their continued support during 2022.

Onwards and upwards to 2023.

Amelia Beattie
Chief Executive

28 April 2023

5

HOW WE CREATE VALUE

NELSON MANDELA SQUARE

NELSON MANDELA SQUARE ACHIEVED DOUBLE-DIGIT GROWTH FOLLOWING THE RETURN OF CUSTOMERS TO THE SQUARE

IN THIS SECTION

DELIVERING VALUE IN AN EVER-CHANGING ENVIRONMENT

DEFINING VALUE FOR L2D

Value is inherently tied to our purpose, to continue to create experiential spaces to benefit generations, We aim to achieve this by producing lasting impressions tied to an enduring legacy of positive impact – the good we do.

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.

OUR STRATEGIC INTENT

Our strategic intent is encapsulated in our future-fit intention – to dream in colours that do not exist yet.

This intention captures our desires and intent to imagine a business of the future to ensure L2D remains future-fit. We will achieve this through the creation of exceptional customer and tenant experiences, harnessing and growing our skills, unlocking asset value and integrating sustainability into operations.

This intention will drive our strategic intent and operational outcomes in 2023.

Our value creation process

Our value creation process is informed by our material matters, socio-political events and economic challenges. We use our purpose and values to help us navigate this ever-changing operational context.

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 customers, tenants and broader stakeholders. We aim to position our portfolio for sustainable operations and future growth.

Integrated thinking and embedding ESG

L2D embraces integrated strategic thinking principles; this means we have embedded ESG into our strategic decisions and operations. We also actively manage the relationship between our capital inputs, trade-offs and the inherent value created, preserved or eroded by these strategic choices. By better understanding these relationships, we can deliver sustained value while ensuring transparency and accountability for our actions.

IMPACT, our ESG value proposition helps us integrate ESG-related risks and opportunities into our investment strategy, thereby helping us to contribute critical ESG deliverables to meet our chosen SDGs. This approach improves, promotes resilience and enables the creation of sustainable spaces that resonate with stakeholders.

For more information, please read our separate ESG report.

STRATEGIC VALUE DRIVERS

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

CUSTOMER EXPERIENCE	Footcount growth (excl. Botshabelo) in our portfolio is 24.9% ahead of 2021 and up by 9.9% compared to 2019 levels.	Our malls received the SAFE Hospitality, Offices, Retail and Exhibitions (SHORE) certification.	Our malls were awarded COVID-compliant ratings by the Safe Asset Group.	Opened South Africa's first standalone H&M Home store.	Notable recovery in our average hotel occupancies to 51.4% from 19.6% in 2021.	Sandton City precinct received a platinum rating from SHORE and 12 Footprint Marketing Awards, including gold awards from Toyland.
TENANT EXPERIENCE	Our annual trading density improved by 17.8% year-on-year and 16.6% ahead of 2019.	Trading density at Sandton City achieved ATD R75 433/m².	344 leases were concluded during the year (132 new deals and 212 renewals), totalling 84 443m² of GLA, translating to R30.4 million in lease value.	Occupancy levels are at 93.5% from 93.7% in 2021, this marginal decrease is due to the sale of the Standard Bank building which was fully let.	Our retail occupancy improved to 97.9% from 96.8% in 2021.	Steady improvement in reversion rates from -25.9% in 2021 to -10.4% in 2022.
HUMAN EXPERIENCE	All our people attended online learning courses and/or coaching programmes during the year.	B-BBEE Level 1 status awarded on 28 March 2023. The Board is now comprised of 55% female and 45% male directors and 55% black and 45% white directors, with black female directors now comprising 45% of the Board.	22% of procurement spend to black women-owned businesses.	R838 462 spent on enterprise development.	"*One woman at a time*" challenge prioritises gender diversity and inclusiveness.	Recognition by the Standard Bank Top Woman adjudication as qualifying as one of South Africa's Top Gender Empowered Companies.
CAPITAL AND RISK MANAGEMENT	Our strong balance sheet remains well capitalised with a low LTV of 24.4%, with 80.3% of interest rate exposure hedged.	ICR (actual – 2.95x vs 1.90x covenant); LTV (actual – 24.4% vs 40% covenant). Debt and hedge duration has increased to 3.42 and 3.25 years respectively.	Our risk and compliance oversight functions monitor our risk management practices, ensuring compliance with framework and associated policies.	Portfolio weighted average lease expiry ("GLA") 2.9 years, improvement from 2.6 years in 2021.	Term debt of R1.84 billion with R231 million unutilised revolving credit facilities as at 31 December 2022.	R850 million of term debt expired and was successfully refinanced for a further five years.
FINANCIAL OUTCOME	We declared a distribution of 36.47 cents per share for the full year.	Net property income contribution from the retail portfolio improved by 12.4% compared to 2021.	Tenant turnover growth was up 21.9% year-on-year and 18.3% higher than 2019 levels.	Our annual trading density improved by 17.8% year-on-year and 16.6% ahead of 2019.	Turnover in Q4 up 21.0% on Q4 2019.	Increased intensity of loadshedding, cost of diesel and double-digit increases in municipal rates continue to negatively impact the portfolio's performance.
THE GOOD WE DO	We achieved our Net-Zero Waste readiness goal this year by diverting 82% of all total waste from landfills.	We reduced our reliance on Eskom's power grid, down 2.8% and offsetting 3 741 tonnes from our carbon footprint this year.	2.8% of our portfolio's energy baseload met from renewable/clean-energy sources.	3% reduction in water use across the portfolio compared to 2021.	We received a six-star rating (a Green Star Interiors V1 certification) for our L2D offices.	R1.9 million (R1.6 million spent and R300 000 donated in kind) was spent on socio-economic development initiatives across the 100% portfolio.

DELIVERING PURPOSE THROUGH STRATEGY

WHERE WE WANT TO GO

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

Our vision

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

Our purpose

To continue to create experiential spaces to benefit generations.

Value-driven

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

HOW WE'LL GET THERE

Strategic pillar one

Future-proofing our assets

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

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

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

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

SAFE SPACES
Underpins all our efforts in our other building blocks and considers the wellbeing of those who always use our spaces.

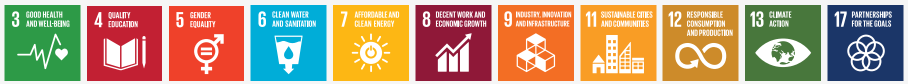
Strategic pillar two

Passionate people

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

GROWTH ACROSS ALL HORIZONS

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

Short term **Less than one year**	Our short-term focus is do more within the confines of our current activities through better alignment to our KPIs, specifically our leasing and property management activities. We remain focused on preserving value, improving operational performance through enhanced leasing skills and increasing the availability of accurate data to drive growth within the portfolio. By prioritising agility and adaptability, we believe that L2D will successfully navigate current challenges. This is dependent on no further significant negative changes in the intensity of loadshedding, cost of diesel or municipal rates valuations of the portfolio.
Medium term **One to three years**	Our medium-term focus is to direct capital allocation to yield accretive Net-Zero initiatives that offer positive internal rates of return ("IRRs") to offset the increasing operating costs (utility expenses and administrative, insurance and labour costs). By investing in new property management systems, we can improve access to insightful information to improve the commerciality of our decision making and enhance our administrative efficiency. These initiatives will improve property valuations over time. All capital allocation will have the appropriate governance oversight.
Long term **Three to 10 years**	We aim to create a robust portfolio and to create experiential spaces to benefit generations. To do this, we intend to recycle capital through the extraction of bulk value caught up in the master planning of our assets; the implementation of this is, however, dependent on the economic environment. By offering tenants and customers agile and adaptable environments, we can align our strategic intent to meet the SDG. These goals challenge us to think beyond the conventional timeframes, providing a sense of future direction that drives us forward in achieving our higher purpose. We have aligned ourselves with 11 SDGs that fit the profile of our business, as well as setting 2030 Net-Zero ambitions. 

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.

KPI: CUSTOMER EXPERIENCE

The public, especially in and around our shopping centres, comprises the shoppers who support our tenants. 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.

As L2D our value is inherently tied to our purpose, to continue to create experiential spaces to benefit generations. Our intent is to produce lasting impressions, tied to an enduring legacy of positive impact and long-term loyalty. Experiences create memories, unlock emotions and lead to long-term happiness and advocacy.

Our goal is to be regarded as the retail destination of choice. 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.

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 from 2021 to 2022, we believe turnover growth is better than trading density growth as it indicates actual customer spending.

While turnover growth was up 21.9% year-on-year and 18.3% higher than 2019 levels, our operational challenges (including high energy costs, increased diesel use due to loadshedding and diesel shortages, plus the above-inflation increases in municipal rates) have eroded some of these bottom-line gains. It will take some time for growth to flow through to bottom-line gains.

Quarterly turnover as a % of the comparative period

	2022 %	2021 %
Quarter 1	**25.4**	(3.3)
Quarter 2	**24.7**	107.3
Quarter 3	**26.3**	20.2
Quarter 4	**14.6**	16.5

Why this KPI is important

Performance overview	• Our double-digit growth compared to 2019 levels proves that super-regional malls are alive and well – customers are visiting our malls, staying and spending. • Footcount growth in our portfolio[1] is 24.9% ahead of 2021 and 9.9% compared to 2019 levels – driven by our unrivalled experiential initiatives and the creativity of our marketing and leasing teams. • We work hard to offer customers an optimal and enhanced tenant mix and are excited to have opened South Africa's first standalone H&M Home store during the year. • Our malls were recognised and received 29 awards by the South African Council for Shopping Centres ("SACSC") for excellence in shopping centre marketing, innovation and creativity, as well as an economic success within the South African property industry.
Related material matters	• Value creation potential is challenged as a result of the current asset mix and the uncertain economic and political environment. • The ongoing provision of safe, secure and experiential spaces in the context of changing consumer behaviours. • Exposure to asset losses due to terrorism or social unrest. • The impact of the high inflationary environment and outlook. • Strategy for digital migration and its implementation risk. • The ongoing impact of the COVID-19 pandemic.
Outlook	Remaining close to the customer is vital to ensure we stay ahead of consumer trends. The goal is to enhance the overall customer experience across our portfolio, three principles have been identified, to: • **Delight customers through the extraordinary** by offering impactful events and activations that promote dwell time and trading density. • **Deliver unique and complementary offerings.** • **Enhance customer service, convenience and efficiency.**
Capitals impacted	
Link to remuneration	See pages for our non-financial performance conditions for short-term incentives linked to customer experience.

[1] Footcount growth in our portfolio (excludes Botshabelo Mall).

KPI: TENANT EXPERIENCE

Tenants are the lifeblood of our business.

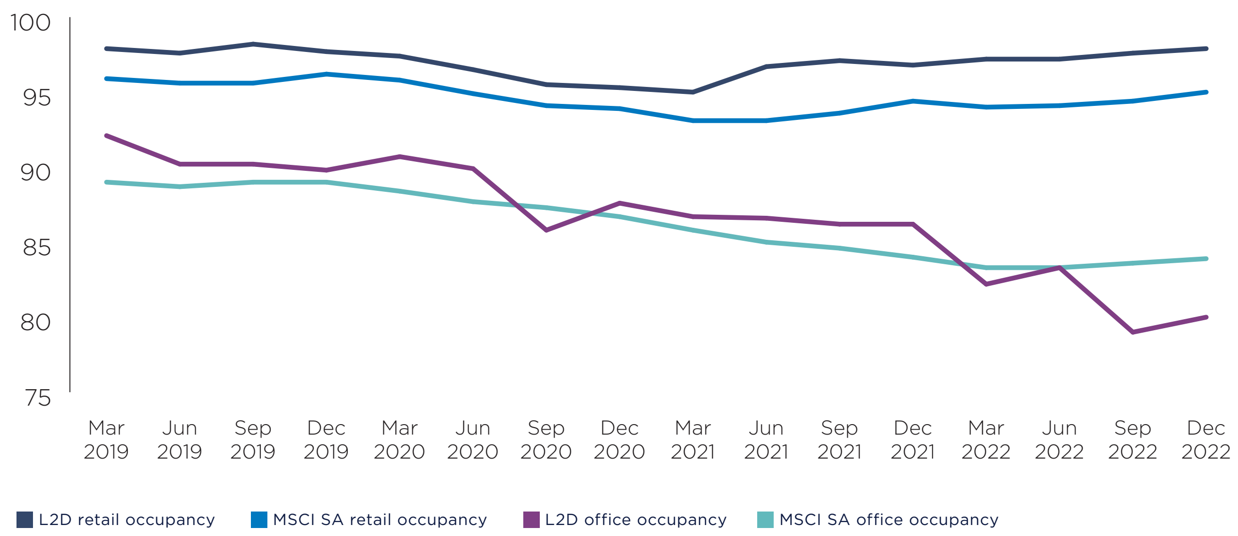
Our goal is to be seen as the provider of sustainable and relevant spaces. We understand the importance of pre-empting and satisfying their needs to remain their landlord of choice. Through regular engagement, we can reposition our portfolio to meet their dynamic needs despite the ever-evolving operating context.

Why this KPI is important

Unpacking our progress

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.

Retail and occupancy trends



PERFORMANCE AGAINST OUR STRATEGY CONTINUED

Why this KPI is important CONTINUED

Performance overview	• 344 leases were concluded during the year (132 new deals and 212 renewals), totalling 84 443m² of GLA, translating to R30.4 million in lease value, at a weighted average escalation of 6.6% and a WALE of 3.2 years with regards to renewals. • We have signed new leases with top brands including H&M Home store, Yokico, Seafolly, Xiaomi and Under Armour plus many more. • Occupancy levels are at 93.5% from 93.7% in 2021, this decrease is due to the sale of the Standard Bank building which was fully let. • Our retail occupancy improved to 97.9% from 96.8% in 2021. • We saw a notable recovery in our average hotel occupancies to 59.3% from 35.8%. • We have seen a steady improvement in reversion rates, currently at -10.4% and remain hopeful that these will balance out and turn positive in 2023.
Related material matters	• Tenant operating sustainability and the ability to collect rentals due. • Value creation potential is challenged as a result of the current asset mix and the uncertain economic and political environment. • The ongoing provision of safe, secure and experiential spaces in the context of changing consumer behaviours. • Exposure to asset losses due to terrorism or social unrest. • Operating and financial impact of service delivery failures, utility costs including continued loadshedding and property rates increases as a result of the unsuccessful valuation appeal for Sandton City. • Impact of loadshedding. • The impact of the high inflationary environment and outlook. • The critical dependency on third-party service providers to manage the property portfolio. • Strategy for digital migration and its implementation risk. • The impact of joint asset ownership inclusive of asset concentration risk. • The ongoing impact of the COVID-19 pandemic.
Outlook	• The goal is to drive rental growth to create a sustainable rental income stream by ensuring the correct comprehensive cost of occupation ("CCO") ratio is applied while we keep the tenant mix fresh and attractive.
Capitals impacted	
Link to remuneration	Financial performance conditions for short-term incentives are linked to tenant occupation and trading density growth measured against MSCI benchmarks – see page . See page for our non-financial performance conditions for short-term incentives linked to tenant experience.

KPI: HUMAN EXPERIENCE

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.

Our strategic pillar relating to passionate people is underpinned by offering 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.

We support the principles reflected in the Employment Equity Act and have adopted a diversity and inclusion policy to ensure we promote diversity in our business and influence the REIT sector. We use our strategic value driver, **human experience**, as a lens through which we improve our Employment Equity Standards and Guidelines, procedures and practices, thereby enhancing the overall human experience.

Our goal is to inspire the best performance from our people by creating a fair, safe and engaging work environment and by ensuring our people remain motivated, empowered and equipped with the necessary skills and expertise to help us achieve our strategic goals.

For more information, please read our Human Capital summary on page 99 and our separate ESG report.

Why this KPI is important

Unpacking our progress

Diversity and inclusion

We are proud of the progress made to date. We improved our B-BBEE certification score to a Level 1 contributor from a Level 2 in 2021. Our CE launched the *"One woman at a time"* challenge, where we prioritise gender diversity and inclusiveness in our businesses and hope to inspire the REIT sector to follow our example. We use our enterprise development, procurement, supply value chain and hiring policies to drive this agenda.

Workforce composition	2022	2021
Female (%)	69	67
Male (%)	31	33
African (%)	41	37
Coloured (%)	9	9
Indian (%)	16	21
White (%)	34	33
Staff members with SA citizenship (%)	100	100
Foreign nationals (%)	0	0
Staff members with disabilities (%)	3	3

PERFORMANCE AGAINST OUR STRATEGY CONTINUED

Why this KPI is important CONTINUED

Performance overview	• Heightened focus on our people's wellbeing, engagement and support. • R85.6[1] million incurred people costs (2021: R77.8 million). • 32 people (2021: 33) benefitted from training programmes (including fixed-term and learnerships). • R817 941 was spent on learning and development (2021: R800 972). • R803 083 bursary support/investment in property industry skills and learning (2021: R732 638). • R1 839 929 was spent on external bursaries (2021: R785 000). • Two interns were appointed (2021: two interns). • Recognition by the Standard Bank Top Woman adjudication as one of South Africa's Top Gender Empowered Companies. • Resource allocations and job architecture reviewed in line with B-BBEE targets. • We achieved a Level 1 B-BBEE rating (2021: level 2). • We are a signatory to the United Nations Women's Empowerment Principles.
Related material matters	• The retention and well-being of our people.
Outlook	L2D has embraced the benefit of retaining a hybrid working model and has chosen to offer our people the option to work from home one day per week, as a tool to assist in maintaining their balance. • **Inspiring talent** by investing in talent processes, providing meaningful work and recognition and encouraging a high-performance culture. • **Instilling a sense of belonging and ownership** – through developing our unique culture and focussing on wellbeing. • **Empowering our people and teams** requires embedding trust, responsibility and flexibility. We intend to promote excellence, wellness, agility and autonomy; this involves enhancing capabilities and skills, promoting candidates internally and ensuring development plans are in place for all our people. We work hard to create an inclusive and ethical working environment. We intend to maintain this to ensure we are considered the best employer in our industry.
Capitals impacted	R
Link to remuneration	See page 137 for our non-financial performance conditions for short-term incentives linked to **human experience**.

(1) This increase in people costs was largely driven by an increase in headcount and annual salary increases.

KPI: 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 in delivering superior value to our stakeholders.

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.

	L2D	Hyprop	Vukile	Attacq
LTV average	24.4%	36.4%	43.0%	37.2%
Hedge ratio	80.3%	71.2%	87.0%	83.0%
L2D-approved hedge ratio	75%			

Performance overview

- Our interest cover ratio is healthy at 2.95x (2021: 3.1x).
- Our risk management remains strong and we believe that the necessary management actions are in place to mitigate and manage our risks sufficiently.
- We remain well capitalised with sufficient liquidity and an LTV of 24.4% (2021: 23.9%).
- We successfully hedged our debt to 80.3% (2021: 75.8%) and managed our cost of debt to 9.23% (2021: 7.85%). The increase in our cost of debt was driven by a combination of recent rate hikes by the SARB and new refinanced debt at higher interest rates.

Related material matters

- Subdued distribution growth outlook.
- Value creation potential is challenged as a result of the current asset mix and the uncertain economic and political environment.
- Exposure to asset losses due to terrorism or social unrest.
- Operating and financial impact of service delivery failures, utility costs and property rates increases as a result of the unsuccessful valuation appeal for Sandton City.
- Impact of loadshedding.
- The impact of the high inflationary environment and outlook.
- Cost of capital and liquidity in a high-interest rate environment.
- The ongoing impact of the COVID-19 pandemic.

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.

Capitals impacted

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 page [illegible].

PERFORMANCE AGAINST OUR STRATEGY CONTINUED

KPI: 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.

Why this KPI is important

Unpacking our progress	**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. • 36.47 cps full-year distribution (2021: 34.10 cps). • Distribution paid of R317.5 million in dividends (2021: R435.4 million).
Performance overview	• Supported by the strength of our balance sheet, we are distributing 100% of our distributable earnings with a final distribution of 36.47 cps per share, 6.95% up on 2021. • This represents a dividend yield of 7.89% on our closing price of R4.70 per share at 31 December 2022.
Related material matters	• Subdued distribution growth outlook. • Tenant operating sustainability and the ability to collect rentals due. • Value creation potential is challenged as a result of the current asset mix and the uncertain economic and political environment. • Operating and financial impact of service delivery failures, utility costs and property rates increases as a result of the unsuccessful valuation appeal for Sandton City. • Impact of loadshedding. • The impact of the high inflationary environment and outlook. • Cost of capital and liquidity in a high-interest rate environment. • The ongoing impact of the COVID-19 pandemic.
Outlook	South Africa's economic prospects for 2023 will remain challenged by several headwinds; namely high levels of inflation, rising interest rates, continued social inequality compounded by high levels of unemployment, which compresses disposable income thereby negatively impacting consumer spend in our malls. In addition, Eskom's inability to provide a consistent and adequate supply of electricity further compounds the country's weak economic outlook and limited growth prospects. Notwithstanding this challenging macroeconomic environment, we remain steadfast in executing initiatives in support of our strategic value drivers. Our world-class large retail assets have repeatedly shown great resilience over the past few years, remaining in high demand among our tenants and shoppers. Our strategy drives cost containment and to extract value from efficiencies and considered capital allocation; this includes further investment in renewable energy, modernising our HVAC system and utilising rainwater harvesting to defray continued utility cost increase. Improving our muted office performance and driving a hospitality sector recovery remains our focus. Overall, we believe our portfolio rental generation and our cost of occupancy have re-based to more sustainable levels and we anticipate positive growth in lease negotiations going forward.
Capitals impacted	
Link to remuneration	Financial performance conditions for short-term incentives are linked to distribution growth and NPI growth – see page [illegible]. Financial performance conditions for long-term incentives are linked to distribution growth – see page [illegible].

KPI: THE GOOD WE DO

We believe that creating shared value for all our stakeholders, will make a real impact in the communities in which we operate and facilitate long-term sustainability while enhancing our competitiveness. We are committed to positively impacting the communities in which we operate. Our community engagement strategy ensures our social investment impact is meaningful.

Why this KPI is important

Unpacking our progress

Through Good Spaces, our environmental building block, we remain focused on implementing our commitments to minimise our impact on the environment by driving operational efficiencies and pursuing innovative initiatives that support our commitment to our Net-Zero 2030 targets.

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/M²/ANNUM		
	2022	2021	MSCI 2021
Mall electricity	**175**	174	259.9
Office electricity	**157**	113	140.8

Water performance – portfolio averages

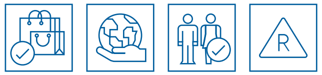
	KWH/M²/ANNUM		
	2022	2021	MSCI 2021
Mall water	**0.68**	0.86	1.0
Office water	**0.60**	0.43	0.6

Supporting our communities

We are committed to actively serving, investing in and supporting our communities while recognising the more significant stewardship role that our organisation must play. Our socio-economic support activities continued to focus on education, as it is the most impactful investment possible to improve the lives and livelihoods of South Africans.

As a response to the need for a safe space for students battling loadshedding, L2D and Sandton City responded with an interim solution, by offering a 500m² space in Sandton City's Atrium. The area offered electricity, WiFi and security during any loadshedding schedule. High school students were invited to use this space to study for their end-of-year exams, free of charge.

Why this KPI is important CONTINUED

Performance overview	**Water, waste and electricity performance** • We achieved our Net-Zero Waste readiness goal this year by diverting 82% of all total waste from landfills. • We reduced our reliance on Eskom's power grid, down 2.8% and offsetting 3 741 tonnes from our carbon footprint this year. We produced 34.2% more solar power compared to 2021 and 354.6% more compared to 2019. • 2.8% of our portfolio's energy baseload met from renewable/clean-energy sources. • 3.0% reduction in water use across portfolio compared to last year. This is down 37% from our 2019 levels. **Supporting our communities** • R2.0 million (R1.6 million spent and R300 000 donated in kind) was spent on socio-economic development initiatives across the portfolio (2021: R3.4 million).
Related material matters	• Availability and cost of capital and future liquidity requirements. • ESG and climate change considerations.
Outlook	• We continue to drive our Net-Zero waste readiness. Net-Zero waste by the end of 2023. Towards Net-Zero water by 2025, we have embarked on further water harvesting projects that are earmarked for completion in 2024 and 2025. Nearly 9MW[AC] of solar projects are already under construction and are anticipated to be completed at the end of 2023 and middle of 2024. A further 4.5MW[AC] solar projects are in the planning stage as well. Wheeling opportunities are also progressing with a target to bring them online by 2025.
Capitals impacted	
Link to remuneration	See page 50 for our non-financial performance conditions for short-term incentives linked to **the good we do**.

STAKEHOLDER MANAGEMENT

ENGAGING TO BUILD VALUE

We view stakeholder engagement as a critical and continuous process that helps determine our material matters, which then provides essential inputs into our strategic decision-making.

We value our stakeholder relationships and align our efforts to build long-term partnerships with them. We group our stakeholders in terms of their level of influence and our social impact. By striving to understand and address their legitimate needs and then applying all relevant inputs to our decision-making, we can create meaningful value and improve stakeholder confidence over the short-, medium- and long-term.

Various engagement methods take place at all levels of the business and by addressing the outcomes of these engagements, we can drive business success. We remain committed to ensuring every interaction is transparent, accurate, timeous, inclusive, appropriate and constructive. Our goal is to provide stakeholders with all the relevant information they need to accurately assess our performance and prospects because we understand that our reputation hinges on our relationship with our stakeholders.

The following tables set out our key stakeholder groups, how we engage with them and the outcomes from these interactions. The relationship rating represents our internal analysis of the quality of our relationships, while also considering their influence on L2D and our impact on them.

ANALYSIS OF L2D'S STAKEHOLDERS

We continue to improve our understanding of our stakeholders' needs, ensuring their impact on us and our impact on them create sustained value.

	LOW	MEDIUM	HIGH
Stakeholders' influence on L2D	• Industry bodies.	• Communities. • Suppliers and service providers.	• Providers of financial capital. • Our people. • Customers. • Tenants.
L2D's impact on stakeholders	• Industry bodies. • Communities.	• Customers. • Providers of financial capital.	• Our people. • Tenants. • Suppliers and service providers.

PROVIDERS OF FINANCIAL CAPITAL

Stakeholder	Investors, debt funders, analysts and potential investors are a vital source of capital and crucial to the long-term sustainability of our business.	
Quality of relationship	Good.	
Our engagement goal	• To be considered a source of sustained growth.	
Why we engage	• For capital raising purposes. • To attract new investment. • To grow trust in our organisation. • To inform our management and reporting practices.	• To keep major investors appraised of market conditions and strategic objectives. • To maintain existing investments. • To strengthen our access to capital and suitable funding. • To understand funders' and investors' requirements and meet value expectations.
Methods of engagement	Our engagement focuses on financial and operational performance, as well as our strategic outlook. All engagements are subject to the biannual closed period, where the level of information disclosed is limited to our ability to share certain information, given regulatory requirements. In addition to the mandatory interim and annual results announcements, leadership remains available for communication with shareholders. Biannual operational updates are also provided. Our investor relations team, as well as the CE and Financial Director, have regular engagements with analysts, which include one-on-one and virtual meetings to discuss sector and industry trends. We also ensure regular engagement with representatives from our lenders and enjoy a good relationship with debt providers. **Our engagement channels include:** • One-on-one meetings. • Our AGM. • Our integrated reporting suite. • Presentations to the market.	• SENS-news updates. • The L2D website. • Via mainstream media press releases, articles and interviews.
What matters to stakeholders	• Balance sheet strength. • Business solvency and sustainability. • Business transformation. • Debt covenants. • Liquidity and LTV levels.	• Management's skill and competence. • Market confidence and share price performance. • Property valuations. • Succession planning. • Sustainable NAV and distributions.
Value created	• 6.47 cents per share full-year distribution (2021: 34.10 cents per share). • Distribution paid of R317.5 million in dividends (2021: R435.4 million).	• Distributable earnings per share up 6.95% (2021: 5.5%).
Our focus areas	• Build trust and gain support to drive business success. • Communicate strategy transparently. • Focus on property fundamentals across the business. • Improve relationships with investors and debt providers. • Maintain a healthy interest cover ratio. Set annual KPIs to measure and monitor key investor performance metrics. • Maintain a strong balance sheet.	• Maintain conservative treasury management. • Maintain low gearing and keep LTV levels at sustainable levels. • Maintain sufficient liquidity to meet our operational needs and remain within our banking covenants. • Provide a return on capital investment. • Seek new ways to diversify revenue streams. • Set annual KPIs to measure and monitor key investor performance metrics.

PROVIDERS OF FINANCIAL CAPITAL CONTINUED

Capitals impacted		
Strategic value drivers	• Capital and risk management.	• Financial outcome.
Material matters	• Value creation potential is challenged as a result of the current asset mix and the uncertain economic and political environment. • Subdued distribution growth outlook.	• The impact of the high inflationary environment and outlook. • The ongoing impact of the COVID-19 pandemic.

OUR PEOPLE

Stakeholder	We rely on our people to execute our strategy – they are the heart of our business.	
Quality of relationship	Excellent.	
Our engagement goal	To be regarded as an employer of choice, where we care for our people.	
Why we engage	• To maintain a connected, motivated and engaged workforce.	• To grow our brand and deliver a high-quality service to tenants and consumers.
Methods of engagement	**Our engagement channels include:** • Annual strategy engagement and alignment sessions. • Communications from the Chief Executive, including newsletters, emails, texts, LinkedIn posts and videos. • Engagement surveys, including the #WeAreListening survey (which achieved an 83% response rate in 2022), are conducted. • One-on-one interactions between our people and line managers. • Our integrated reporting suite. • Our People's Forum is held quarterly, with conversations covering talent management, learning and development, transformation, our people plan and trends.	• Performance reviews and exit interviews. • Regular engagements through one-on-one and team conversations, regular performance-review conversations and workshops. • Rewards and recognition programme. • SENS-News updates. • The L2D website, the group intranet and electronic newsletters.

OUR PEOPLE CONTINUED

What matters to stakeholders	• Access to mentorship and coaching programmes. • Career development opportunities. • Employee health and wellness. • Hybrid working feasibility.	• Job security. • Market-related remuneration. • Transformation levels.
Value created	• 31 people expanded learning in the year, of whom 66% are black (2021: 33 people, of whom 65% are black). • A transition to a flexible work (hybrid) environment and the subsequent normalisation of this way of working. • Achieved Level 1 B-BBEE rating (2021: level 2). • Ongoing talent management and succession planning. • Progress made towards meeting employment equity targets. • R1 839 938 spent on external bursaries (2021: R785 000).	• R85.6 million incurred people costs (2021: R77.8 million) • Refining and improving our operating model. • Resource allocations and job architecture reviewed in line with B-BBEE targets. • Two interns were appointed (2021: two African male interns). • José Snyders was promoted to Chief Commercial Officer from 1 March 2023. • Barbara Makhubedu was appointed as Chief Financial Officer from 1 March 2023. • Appointment of Yongie Ntene as our Chief People and Culture Officer.
Our focus areas	• Ensure regular engagement with our people and conduct surveys to evaluate staff morale and obtain feedback. • Encourage our people to pursue educational qualifications and training courses to improve their skills and capabilities. • Offer competitive remuneration, which in turn translates into commitment. • Prioritise well-being by creating a fair, safe and engaging work environment.	• Succession planning to ensure a pipeline of top talent. • Use training to improve our skills base, contribute to succession planning and support wellness, employment equity and sustainability initiatives. • Improve our people's awareness about environmental protection through various workshops and training.
Capitals impacted		
Strategic value drivers	• Customer experience. • Human experience.	• Tenant experience. • The good we do.
Material matters	• The critical dependency on third-party service providers to manage the property portfolio. • The ongoing impact of the COVID-19 pandemic.	• The retention and well-being of our people.

TENANTS

Stakeholder	We understand the importance of pre-empting and satisfying tenant needs to remain their landlord of choice.	
Quality of relationship	Good and improved.	
Our engagement goal	To be seen as the provider of sustainable and relevant spaces.	
Why we engage	• Attract and retain quality tenants. • Encourage lease renewals.	• Improve the offerings in our spaces to remain relevant. • Tenant sustainability.
Methods of engagement	**Our engagement channels include:** • Centre management information desks. • Health and safety-related communications, including practice drills. • Lease renewals and negotiations. • Monthly owners' meetings for each asset, where asset managers report the performance of each asset. • One-on-one meetings. • On-site team meetings. • Operational issues are communicated via email and WhatsApp Groups. • Our integrated reporting suite. • Our whistleblowers hotline.	• Presentations to the market. • Quarterly operations meetings are held with JHIR. In these meetings, JHIR reports on their Key Performance Indicators ("KPIs") used to evaluate their performance. • Regular tenant engagement, including site visits. • SENS-News updates. • Social media, brochures and leaflets. • The L2D website. • We regularly evaluate the administration management function between our property manager, JHIR and our tenants to ensure our tenants are effectively serviced. • Written, electronic and verbal communication.
What matters to stakeholders	• Comprehensive cost of occupation. • Cost-effective space. • Health and safety protocols. • Loadshedding.	• Lease terms. • Municipal and utility cost increases. • Property management. • Service delivery.
Value created	• 2.1% retail vacancy (2021: 3.2%). • 21.9% annual turnover growth (2021: 24.5%).	• Enhanced safety. • Rental collections improved to 106.6% (2021: 102.4%).
Our focus areas	• Continued focus on property fundamentals. • Create safe and sustainable spaces. • Engage and collaborate proactively with tenants. • Enhance Net-Zero energy and water cost-saving initiatives. • Install backup power supplies. • Improve tenant retention. • Increase experiential offering.	• Maintain tenant-approval process. • Manage variable costs. • Monitor footcount statistics. • Optimise tenant mix. • Reduce and manage variable costs. • Review tenant trading densities.

TENANTS CONTINUED

Capitals impacted		
Strategic value drivers	• Customer experience. • Tenant experience. • Human experience.	• Capital and risk management. • Financial outcome.
Material matters	• Tenant operating sustainability and the ability to collect rentals due. • Value creation potential is challenged as a result of the current asset mix and the uncertain economic and political environment. • The ongoing provision of safe, secure and experiential spaces in the context of changing consumer behaviours. • Exposure to asset losses due to terrorism or social unrest.	• Operating and financial impact of service delivery failures, utility costs and property rates increases as a result of the unsuccessful valuation appeal for Sandton City. • Impact of loadshedding. • The impact of the high inflationary environment and outlook. • Cost of capital and liquidity in a high-interest rate environment. • The critical dependency on third-party service providers to manage the property portfolio.

CUSTOMERS

Stakeholder	The public, especially in and around our shopping centres, comprises the shoppers who support our tenants. 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.	
Quality of relationship	Excellent.	
Our engagement goal	To be regarded as the retail destination of choice.	
Methods of engagement	**Our engagement channels include:** • Engage with local media and monitor social media platforms. • Proactive management of customer complaints and enquiries. • Shopping centre marketing, events and promotions. • Customer engagements, social media feedback, newsletters, L2D website and centre information-kiosk personnel.	• Conduct market research, such as focus groups and mystery shoppers. • 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.
Why we engage	• Clean modern facilities. • Health and safety protocols. • Safe and convenient retail centres. • Security.	• Tenant mix. • Tenant sustainability. • Relationship management to maintain our brand reputation.

CUSTOMERS CONTINUED

What matters to stakeholders	• Address complaints timeously. • Convenient parking and suitable facilities. • Correct tenant mix. • Environmental impact of our buildings.	• Events, entertainment and experience offerings. • Health, safety and hygiene. • Service delivery.
Value created	• An e-voucher card payment solution was launched for Sandton City. • Curated experiences. • Enhanced safety.	• New tenant offerings. • R66.9 million invested to improve/redevelop our centres (2021: R40 million).
Our focus areas	• Addresses consumer needs. • Attract aspirational brands and concept stores. • Create sustainable spaces that meet consumers' needs. • Enhance the experiences of our customers and tenants. • Focus on customer experience to attract shoppers. • Focus on using digital transformation to benefit the end customer.	• Focused property and asset management. • Follow retail trends. • Increase shopper dwell time. • Optimise tenant mix. • Retain high-quality tenants. • Understand changing consumer needs.
Capitals impacted		
Strategic value drivers	• Customer experience. • Tenant experience.	• Human experience.
Material matters	• The ongoing provision of safe, secure and experiential spaces in the context of changing consumer behaviours. • Exposure to asset losses due to terrorism or social unrest.	• The impact of the high inflationary environment and outlook. • The ongoing impact of the COVID-19 pandemic.

SUPPLIERS AND SERVICE PROVIDERS

Stakeholder	We depend on a few key suppliers. These include utility providers such as Eskom and local municipalities. JHIR is our property manager, contracted to assist in managing the operations at our various properties. The interaction between this supplier and customers is significant and underpins the importance of having transparent communication channels. Service providers are appointed in line with L2D's Procurement Policy. Our property manager, JHIR, monitors the standard of performance and issues are addressed at the monthly owners' meetings, which L2D's asset managers attend. JHIR is responsible for implementing the policy for procurement activities regarding the portfolio.	
Quality of relationship	Good.	
Our engagement goal	To be regarded as a preferred business partner.	
Methods of engagement	**Our engagement channels include:** • Mainstream media. • Meetings. • Our property managers have regular interaction with the operational (e.g. cleaning and security) and technical (e.g. lifts, air-conditioning, electrical) service providers to ensure we provide seamless operations (running our mall environments and maintaining the premium standards). Formal meetings are held on a weekly basis with both operational and technical teams.	• Site visits. • Supplier code of conduct. • Written, electronic and verbal communications.
Why we engage	• Our suppliers interface directly with our stakeholders (tenants and customers). It is imperative they conduct themselves in a manner that is consistent with our company values.	• The promotion of good relationships with suppliers equals quality service on good terms.
What matters to stakeholders	• Conflicts of interest. • Contract management. • Enterprise and supplier development. • Information supply and response times. • Invoice payments.	• Opportunities for small enterprises. • Project delays. • Repeat business from L2D. • Service interruption. • Supplier performance management. • Tender process and criteria.
Value created	• R546.9 million paid to suppliers and service providers (2021: R622 million).	• All service providers and suppliers are paid in full and within 30 days of being invoiced where possible, in line with the Business Leadership of South Africa's #Payin30 campaign.
Our focus areas	• Develop sophisticated policies, procedures and codes of conduct to manage relationships with our suppliers effectively. • Enforce structured approvals framework and delegation to property manager roles.	• Promotion of good relationships with our suppliers equals quality service on good terms. • Timely payments.

SUPPLIERS AND SERVICE PROVIDERS CONTINUED

Capitals impacted	
Strategic value drivers	• Customer experience • Tenant experience • Human experience • Financial outcome
Material matters	• The critical dependency on third-party service providers to manage the property portfolio. • ESG and climate change impact. • The ongoing impact of the COVID-19 pandemic.

COMMUNITIES

Stakeholder	We are committed to contributing to meaningful social change by developing sustainable relationships within the communities that surround our properties. 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.
Quality of relationship	Good.
Our engagement goal	Considered a responsible community participant and responsible corporate citizen.
Methods of engagement	**Our engagement channels include:** • Collaboration with non-governmental organisations ("NGOs"). • Community meetings and forums. • Direct engagement about community concerns. • Mainstream media. • Measurable corporate citizenship programmes developed and implemented. • We continue to focus on maintaining effective relationships with members of communities. • Written, electronic and verbal communications.
Why we engage	• By creating mutually beneficial partnerships with our communities, we ensure our own sustainability and endeavour to meet our communities' needs.
What matters to stakeholders	• Business building opportunities for local enterprises. • Employment for unemployed youth and other community members.
Value created	• We have invested R2.3 million[1] in socio-economic development initiatives from L2D head office and portfolio contributions, with significant focus on education (2021: R3.7 million).

[1] Due to our restructuring of CSI spend, our YIPA spend was reallocated to Economic Social Development ("ESD") spend allocations instead.

COMMUNITIES CONTINUED

Our focus areas	• Actively serve, invest in and support our communities. • Combat fraud and corruption. As a result, no fraud cases have been reported against L2D. • Comply with all relevant South African laws and regulatory requirements, including tax, occupational health and safety, employment equity and skills development.	• Enhance the resilience of our assets in the communities where we operate. • Maintain our status as being a "good corporate citizen" by contributing positively to our surrounding communities. • Support sustainable and inclusive economic growth within our communities, which is beneficial to our business too.
Capitals impacted		
Strategic value drivers	• Human experience.	• The good we do.
Material matters	• The ongoing provision of safe, secure and experiential spaces in the context of changing consumer behaviours. • Exposure to asset losses due to terrorism or social unrest.	• ESG and climate change impact.

INDUSTRY BODIES

Stakeholder	Industry bodies represent the industry in conversations with other stakeholders and advocate for its benefit. L2D is represented, through its people, as a member across various industry bodies while leading several committees including the Green Building Council of South Africa, the South African Property Owners Association, the South African Council of Shopping Centres, as well as the SA REIT Association. L2D's good standing within the industry is indicated by the regular appointment of our people to decision-making structures within industry bodies.	
Quality of relationship	Excellent.	
Our engagement goal	To be regarded as a good corporate citizen and an active contributor in the property sector.	
Methods of engagement	**Our engagement channels include:** • Actively engaging with the Property Industry Group – a collective of major representative bodies for real estate in South Africa. • Active participation in industry body collaborations. • Speakers at conferences.	• L2D's website. • Mainstream media. • Meetings. • Written, electronic and verbal communication.
Why we engage	• To ensure compliance with all laws and regulations.	• To manage risk.

INDUSTRY BODIES CONTINUED

What matters to stakeholders	• Adherence to regulations.	• Compliance.
Value created	• In 2022, six senior staff members were appointed to various sub-committees of the SA REIT Association, including our Chief Executive on the Exco and Chair of the Research Committee, our Chief Financial Officer on the Accounting and JSE Committee, our Chief Risk Officer as Treasurer, our Marketing and Communications Executive on the Marketing Committee, our Head of Legal and Information Officer on the Legal and Competition Commission committee and our Analysis and Investor Relations Executive on the Investor Committee. • Our Asset Management Executive was appointed as Chairman of the GBCSA.	• Our Head of Legal and Information Officer is the chair of SAPOA Legal committee, with our Asset Manager and General Manager for Eastgate Shopping Centre being a member of the Research Committee. • L2D is a member of the Women's Property Network ("WPN"), with our Asset Manager and General Manager for Eastgate Shopping Centre a member being the Gauteng Regional Committee. • L2D is a member of the SACSC. • Our Chief Executive serves as a founding member of the Wits University Industry Advisory Board of the School of Construction Economics and Management.
Our focus areas	• Compliant, transparent and regular communication. • Maintain good relationships with the SA REIT Association and SA Property Owners Association and ensure our voice and say in the matters which are discussed with the government and regulators related to our industry. L2D does have representation in these industry bodies.	
Capitals impacted		
Strategic value drivers	• Capital and risk management.	• Financial outcome.
Material matters	• ESG and climate change impact.	• The ongoing impact of the COVID-19 pandemic.

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:

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

ROLES OF THE BOARD AND EXCO

The Board is ultimately responsible for the governance of risk. Identifying, evaluating and managing risk is an ongoing process and the Board and management are regularly updated. All of our 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 risks 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 page 76 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 confirms that the governance, risk management and internal control systems functioned adequately and effectively for the year ended 31 December 2022.

RISK MANAGEMENT REPORTING STRUCTURE

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

RISK MANAGEMENT POLICY

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

RISK TOLERANCE

Our level of risk tolerance is the maximum amount of risk we are prepared to take as a business in pursuit of our aim to create sustainable value and growth. Our strategic plans are informed by the trade-off between risk and reward. The level of L2D's overall residual risk exposure is deemed to be medium, with sufficient management actions and initiatives planned.

TOP AND EMERGING RISKS

Top risks

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

A Liberty Group top risk relates to the risk of corporate and SOE failures, particularly of key entities such as Eskom, which would have a resultant negative impact on the Property Portfolio. Exco continues to manage this risk closely with a strong focus on collecting and monitoring the arrears position across the property portfolio as well as ensuring that investment is made in alternative power supplies, such as solar power plants, to reduce the reliance on utility providers like Eskom.

A L2D-specific top risk relates to the weakening political economy in South Africa and the potential exposure to asset losses in the Liberty Property Portfolio as a result of unrest. This risk is being managed through improved security protocols at the malls as well as ensuring that adequate insurance cover is in place.

Emerging risks

Emerging risks are trends or conditions that could significantly impact L2D's financial strength, competitive position or reputation in the long-term (three or more years). These involve a high degree of uncertainty (i.e. timeframe and severity) and generally present opportunities as well as risks.

Climate change has been identified as an emerging risk directly impacting L2D and is supported by the fact that climate- and nature-related risks lead the top 10 global risks that may have the most severe impact over the next 10 years, as per the Global Risks Report 2023 (18th Edition) published by the World Economic Forum ("WEF"). The resulting management actions are directed around executing on our Net-Zero strategies, as well as enhancing our ESG framework and related ESG reporting.

Management is satisfied that measures, controls and actions are in place to manage all identified and elevated risks to acceptable levels. The top material risks that faced L2D in 2022 are set out in the table below:

Economic outlook

Stakeholder	Strategic and business risk
2022 rating	**1**
2021 rating	**2**
Inherent risk rating	**H**
Residual risk rating	**H**

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	• Annual KPIs are set to measure and monitor key investor performance metrics. These are reported to the Board in the quarterly Board meetings and closely monitored by the CE and Exco team • A strong focus on property fundamentals across the business • Approved asset master plans are in place to strategically guide the growth path for all property assets • The Board is responsible for and has oversight of the growth strategy and related budgets
Material matters	• Subdued distribution growth outlook • Tenant operating sustainability and the ability to collect rentals due • Value creation potential is challenged as a result of the current asset mix and the uncertain economic and political environment • Operating and financial impact of service delivery failures, utility costs and property rates increases as a result of the unsuccessful valuation appeal for Sandton City • Impact of loadshedding • The impact of the high inflationary environment and outlook • Cost of capital and liquidity in a high-interest rate environment • The ongoing impact of the COVID-19 pandemic
Strategic value drivers	• Customer experience • Tenant experience • Human experience • Capital and risk management. • Financial outcome
Capitals impacted	

Rising inflation

Key risk and probable effects	• Risk that the inflation rate continues to rise and cannot be matched by rental escalations and increases in operating cost and utility recoveries from tenants.
Strategic responses/ mitigating actions	• Leasing policies are in place to consider the impact of below-inflation escalation rates and mitigate these through shorter lease terms and higher starting rentals.
Material matters	• Tenant operating sustainability and the ability to collect rentals due. • Value creation potential is challenged as a result of the current asset mix and the uncertain economic and political environment. • The impact of the high inflationary environment and outlook.
Strategic value drivers	• Capital and risk management. • Financial outcome.
Capitals impacted	

Stakeholder	Market risk
2022 rating	**2**
2021 rating	**N/A**
Inherent risk rating	**H**
Residual risk rating	**H**

Rental income sustainability

Risk taxonomy	Market risk
2022 rating	**3**
2021 rating	**1**
Inherent risk rating	**H**
Residual risk rating	**H**

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. To meet consumer demand and maintain foot traffic and turnover in our malls, landlords are continuously having to change their tenant mix and pay tenant installation costs to attract tenants.
Strategic responses/ mitigating actions	• A rigorous tenant-approval process. • Continuous engagement with tenants. • Development of digital technologies and new ways of doing business. • Focus tenant retention strategy and early engagement to renew leases. • Monitoring of footcount statistics. • Review of tenant trading densities and overall cost of occupancy to guide rental affordability and rental-level negotiations. • 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 continuously having to change their tenant mix and pay tenant installation costs to attract tenants.
Material matters	• Tenant operating sustainability and the ability to collect rentals due. • Value creation potential is challenged as a result of the current asset mix and the uncertain economic and political environment. • Operating and financial impact of service delivery failures, utility costs and property rates increases as a result of the unsuccessful valuation appeal for Sandton City. • Impact of loadshedding. • The impact of the high inflationary environment and outlook. • The ongoing impact of the COVID-19 pandemic.
Strategic value drivers	• Tenant experience. • Capital and risk management. • Financial outcome
Capitals impacted	

Political

Risk taxonomy	Strategic and business risk
2022 rating	**4**
2021 rating	**8**
Inherent risk rating	**H**
Residual risk rating	**H**

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. • The majority of government interactions, with regard to the property and REIT industries, are handled by the industry groups, with the main industry groups being the SA REIT Association and SA Property Owners Association ("SAPOA"). L2D is well represented on both industry bodies and ensures that it has a voice and say in the matters which are discussed with the government that relate to the industry. • 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 the government.
Material matters	• Value creation potential is challenged as a result of the current asset mix and the uncertain economic and political environment.
Strategic value drivers	• Capital and risk management. • Financial outcome. • Tenant experience.
Capitals impacted	

Increase in security risks

Risk taxonomy	Operational risk
2022 rating	**5**
2021 rating	**3**
Inherent risk rating	**H**
Residual risk rating	**H**

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. This could also lead to 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	• Security protocols and responses are in place at all of our malls to deal with the threat of unrest. Adequate insurance cover is in place to mitigate against potential asset losses.
Material matters	• The ongoing provision of safe, secure and experiential spaces in the context of changing consumer behaviours. • Exposure to asset losses due to terrorism or social unrest.
Strategic value drivers	• Customer experience. • Tenant experience. • Human experience. • Capital and risk management.
Capitals impacted	

Power outages

Risk taxonomy	Operational risk
2022 rating	**6**
2021 rating	**N/A**
Inherent risk rating	**H**
Residual risk rating	**H**

Key risk and probable effects	• The heightened increase in loadshedding and uncertainty around the ability to secure the supply of power. The subsequent reliance on uninterrupted power supply and the impact on service, delivery and customer safety.
Strategic responses/ mitigating actions	• Back-up power supplies, in the form of generators, are in use at our malls to ensure continuous power supply, as far as possible. L2D continues to invest in solar PV projects at our malls to reduce our reliance on the national grid for electricity. Nearly 9MW[AC] of solar projects are already under construction and are anticipated to be completed at the end of 2023 and middle of 2024. In addition, wheeling opportunities are also progressing well with a target to bring them online by 2025. • We have invested in multiple Solar PV energy initiatives, which is both commercially viable as a new source of income for L2D and enables us to be less dependent on Eskom's power grid. • L2D is currently generating 3 996 MWh[AC] of energy from the solar structures at Eastgate Shopping Centre, Promenade Mall and Midlands Mall (2021: 2 966 MWh).
Material matters	• Tenant operating sustainability and the ability to collect rentals due. • Operating and financial impact of service delivery failures, utility costs and property rates increases as a result of the unsuccessful valuation appeal for Sandton City. • Impact of loadshedding.
Strategic value drivers	• Customer experience. • Tenant experience. • Human experience. • Capital and risk management. • Financial outcome.
Capitals impacted	

Municipal charges for rates and utilities

Risk taxonomy	Operational risk
2022 rating	**7**
2021 rating	**4**
Inherent risk rating	**H**
Residual risk rating	**H**

Key risk and probable effects	• 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. The reliance on municipalities to deliver services and the negative impact on the relationship with municipalities when services are not delivered.
Strategic responses/ mitigating actions	• Utility costs are managed by considering and investing in alternative supplies e.g. solar PV panels to ensure continuity of supply and better manage costs.
Material matters	• Tenant operating sustainability and the ability to collect rentals due. • Operating and financial impact of service delivery failures, utility costs and property rates increases as a result of the unsuccessful valuation appeal for Sandton City. • Impact of loadshedding.
Strategic value drivers	• Tenant experience. • Capital and risk management. • Financial outcome.
Capitals impacted	

Third-party service providers

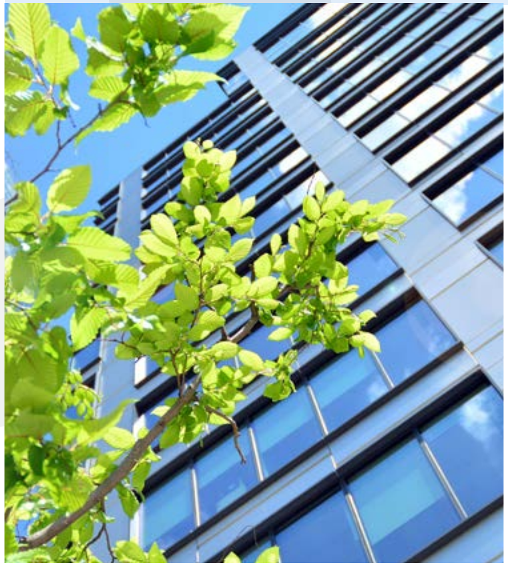
Risk taxonomy	Operational risk
2022 rating	8
2021 rating	5
Inherent risk rating	H
Residual risk rating	M

Key risk and probable effects	• Key dependency risk on service providers to manage L2D assets (JHIR and others).
Strategic responses/ mitigating actions	• The performance of service providers is managed in terms of agreed SLAs. • Approved business plans are in place. • ARC oversight of controls testing and assessment. • Fraud reporting line. • Internal audit function at property managers and L2D internal audit. • Performance reporting to monthly JHIR Operations Committee, Exco and Board. • 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. • Property manager's policies and procedures. • Quarterly reporting on property manager's KPIs. • Structured approvals framework and delegation to property manager roles.
Material matters	• The critical dependency on service providers to manage the property portfolio.
Strategic value drivers	• Capital and risk management. • Financial outcome.
Capitals impacted	

Net-Zero strategies

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. This includes the management of the direct and indirect impacts of the group's business activities on the environment and society in which we operate. The risk relating to the implementation of ESG reporting requirements.
Strategic responses/ mitigating actions	• L2D has a Net-Zero strategy in place which guides its focus on ESG. This is also reported on annually and in detail in the separate ESG report.
Material matters	• ESG and climate change impact.
Strategic value drivers	• Capital and risk management. • Financial outcome. • The good we do.
Capitals impacted	

Risk taxonomy	ESG and climate change
2022 rating	**9**
2021 rating	**7**
Inherent risk rating	**M**
Residual risk rating	**M**

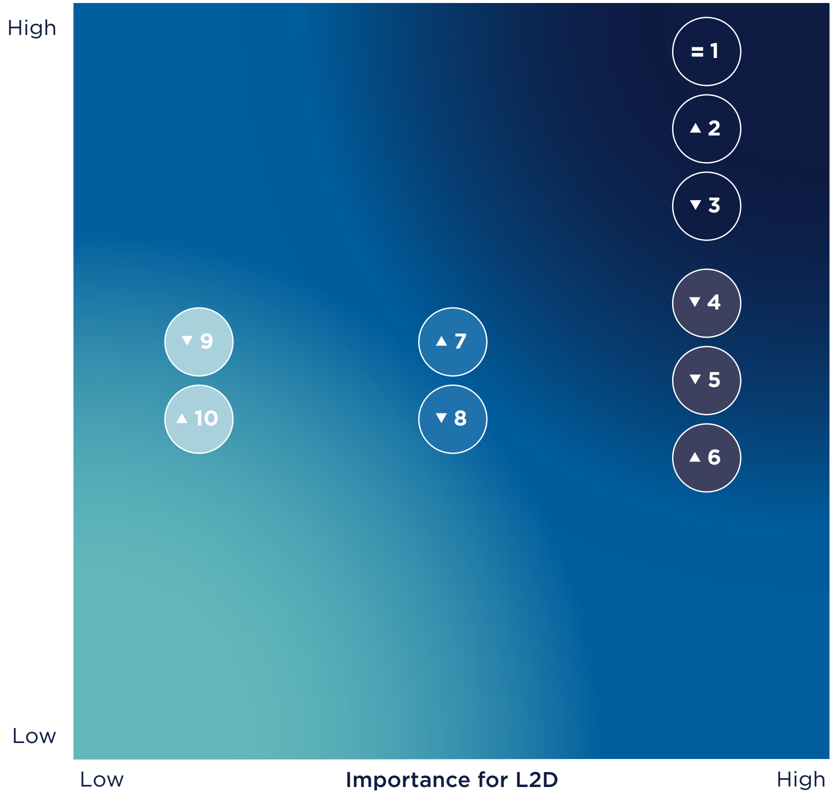


Talent retention

Key risk and probable effects	• L2D talent and organisation development strategy may not be able to retain key staff or sufficiently contribute to talent diversity affecting the ability to maintain a high performing workforce.
Strategic responses/ mitigating actions	• A succession plan is in place to ensure a pipeline of top talent. • Regular staff engagements and surveys are held to test staff morale and obtain feedback.
Material matters	• The retention and well-being of our people.
Strategic value drivers	• Human experience.
Capitals impacted	

Risk taxonomy	Operational risk
2022 rating	**10**
2021 rating	**N/A**
Inherent risk rating	**H**
Residual risk rating	**M**

The residual risks facing L2D are reflected on the heat map below:



1 = Economic outlook
2 ▲ Rising inflation
3 ▼ Rental income sustainability
4 ▼ Political
5 ▼ Increase in security risks
6 ▲ Power outages
7 ▲ Municipal charges for rates and utilities
8 ▼ Third-party service providers
9 ▼ Net-Zero strategies
10 ▲ Talent retention

▲ ▼ = Indicates the change in risk rating of residual risks from the prior reporting period.

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 2022, 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 2022 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 2022, 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 of the Company's significant risks.

	First line	Second line	Third line	Risk management objectives for 2022
Assurance providers	• CE • CCO • CFO • Asset managers • Our people	• CRO • Committees, especially Exco	• Internal audit • External audit • SET Committee review • Independent property valuers • Board • ARC	• A focus on mitigating the top and emerging risks that could have a significant impact on the business • Ensure robust business continuity plans are in place • Regularly monitor and update the risk register • Review our risk management framework • Review the risk management plan
Controls	• Code of conduct • Compliant and risk-aware operating practices • Management of risk • Performance management • Risk tolerance • Risk management framework • Tone at the top	• Clear and well-communicated risk policies • Effective controls and monitoring systems	• Independent assurance and oversight of the effectiveness of risk management	

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 2022.

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

6

OUR PERFORMANCE

LIBERTY MIDLANDS MALL

LIBERTY MIDLANDS MALL RECEIVED TWO FOOTPRINT MARKETING AWARDS, INCLUDING A SILVER AWARD FOR THE A-Z OF SHOPPING

IN THIS SECTION

MANAGING OUR FINANCIAL CAPITAL

CHIEF FINANCIAL OFFICER'S REVIEW

Key outcomes

- Continuous improvement in portfolio annual trading density growth at 17.8% year-on-year.
- Debt R2.0 billion (2021: R2.0 billion).
- Distributable earnings per share up 6.95% (2021: 5.5%).
- Interest cover ratio 2.95x (2021: 3.1x).
- Interest rate hedge level 80.3% (2021: 75.8%).
- L2D maintains a strong balance sheet and remains well-capitalised.
- Low LTV of 24.4% (2021: 23.9%).
- NAV per share R7.51 (2021: R7.56).
- Portfolio value R8.2 billion (2021: R8.4 billion, including the Standard Bank Building).
- Property disposals of R153.3 million (2021: R0 million).
- Rental income up 4.4% (2021: -7.73%).

OUR OPERATING ENVIRONMENT

We sustained our post-pandemic recovery despite the challenging operating environment (specifically relating to sluggish economic growth, Eskom's energy crisis, escalating municipal rates, high inflation and the COVID-related in-force reversions which continue to put pressure on our portfolio).

Our commitment to future-proofing our business has helped us drive value and sustain our positive recovery. We are encouraged that our financial and operational metrics have improved year-on-year and continue to show improvement in all key indicators.

DELIVERING VALUE TO SHAREHOLDERS

Our rental income growth increased by 9.56% to R988.6 million (2021: to R902.3 million), due to the quality and resilience of our portfolio, low vacancies and high occupation levels. Net property income amounted to R572.8 million (2021: R516 million).

The portfolio continued to see improved annual trading density growth of 17.8% ahead of 2021 and 16.6% ahead of 2019. The top five retail categories with the most improved trading density performance in 2022 compared to 2019 include luxury brands (148.3%), technology (49.1%), luggage and leatherware (54.7%), health/beauty/grooming/wellness (10.3%) and food speciality/bottle stores (8.3%).

Unfortunately, the continued double-digit increases in municipal and utility costs, coupled with increased periods of loadshedding and the weak consumer environment facing an increasing inflationary burden, remain a catalyst for downside pressure on our portfolio's performance. Within the properties' cost base, we saw an increase of R8.6 million, with municipal costs contributing R34 million. This increase can be attributed to greater utilisation of services and higher than inflationary tariff increases for rates, water and electricity. Property expenses increased by 12.5% year-on-year to R435.8 million (2021: R387.2 million).

We achieved satisfactory cost containment in our controllable cost base in renewing our security and cleaning contracts. A total of R66.9 million (2021: R40.2 million) was invested in refurbishments and capital expenditure during the year. Further capital expenditure of R436 million is planned over the next 12 months, R308.1 million of which will be used to enhance our portfolio and benefit the business going forward.

Our strong balance sheet remains well capitalised with a low LTV of 24.4% (2021: 23.9%) and an interest cover ratio of 2.95 times, which remains well within our banking covenants. Our balance sheet strength and prudent financial management are critical strengths within the challenging operating 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 our non-core assets and have successfully sold the Standard Bank offices in the Johannesburg central business district for R153.3 million in September 2022.

Our portfolio was valued at R8.2 billion (2021: R8.4 billion, including the Standard Bank building). This contributed towards a marginal 1.7% decrease in NAV to R6.53 billion from R6.64 billion in the prior year.

Key valuation inputs year-on-year

Year ended 31 December 2022

Sector	% of total portfolio by value	Value (Rm)	Year-on-year (% change)
Retail*	91.8%	7 555.8	-1.3%
Office**	0.9%	77.9	-66.3%
Hotels	4.4%	361.3	25.0%
Specialised	2.9%	238.5	-0.6%
Total portfolio	100.0%	8 233.6	-2.2%

* Sandton City Complex, Nelson Mandela Square Complex and Melrose Arch Complex have been classified as Retail.
** Office sector only comprises of Liberty Centre Head Office (Umhlanga Ridge) and Umhlanga Ridge Office Block.

The investment properties have had a downward valuation adjustment of R106.5 million (2021: R108 million), largely due to an adjustment to assumptions most noticeable on the discount rate assumptions.

Subsequent to year end, notification was received that L2D's appeal to the Valuations Appeal Board ("VAB"), in respect of the latest municipal valuation for Sandton City, was unsuccessful. While we are still reviewing the details of this decision and considering what further steps are required, we have made the appropriate adjustments to both provide for the arrear rates and interest due to the City of Johannesburg based on the VAB outcome. The net impact thereof on the financial year ended 31 December 2022 equates to approximately 2 cents in distribution per share.

We have c.R500 million of term debt expiring in October 2023 and the refinancing thereof will extend the average duration of our term debt.

The portfolio occupancy levels remain high at 93.5%, with future pre-lets improving to 93.9%. The occupancy rate in the retail portfolio has improved to 97.9% in 2022 (2021: 96.8%); including pre-lets, the retail occupancy is at 98.3% and remains well ahead of the Q3 2022 MSCI retail benchmark of 94.4%. Our office portfolio continues to face pressure with occupancy levels at 80.0% (2021: 86.2%). This decline was due to the sale of the fully let Standard Bank building. Our hotels continued to see recovery in occupancy levels ahead of the COVID-19 impact with occupancy levels at 58% (2021: 36.7%).

Demand for retail space in the L2D portfolio remains strong. Our tenant retention rate was 80.1% (2021: 92.5%). We remain focused on offering excellent service to promote tenant retention and protect occupancy levels.

We experienced negative reversionary pressure for the last four years in certain categories, with an acceleration in the previous three years due to the COVID-19 pandemic. The portfolio reversion at 31 December 2022 significantly improved to -10.4%, with reversions in the retail sector at -9.7% and office reversions tracking at -23.6% with a focus on retention. Going forward, the improvement in the trading environment will support the reversal in the reversionary trend.

L2D has low vacancies of 6.5% (2021: 6.3%). During the year, we concluded a total of 344 leases (84 443m^2) in the period including 132 new deals (39 677m^2) and 212 (44 766m^2) renewals, which translates to R30.4 million in value, at a weighted average escalation of 6.6% and a WALE of 3.2 years (2021: 2.9 years). It is encouraging to see major leases signed with H&M Home store, Yokico, Seafolly, Xiaomi and Under Armour plus many more during the year. 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 interest rates, energy costs and inflation having a direct impact on consumer spending.

SHARE BUY-BACKS

During the year, a total of 5 770 152 shares in the issuer were acquired by 2 Degrees Properties Proprietary Limited. None of these shares have been cancelled and the average price for the shares acquired was R4.28.

DISTRIBUTION

The Board approved a full-year distribution of 36.47 cents per share (2021: 34.10 cents per share), electing to pay out 100% of our distributable earnings.

OPERATIONAL FOCUS

Our focus remains on driving positive outcomes to counter and address the challenges presented by the operating environment through the various initiatives in place, to ensure we continue to track the positive momentum in our business performance for the long-term.

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.

We strive to make all our disclosures accurate and we continue to strategically position the company for sustainable value creation.

APPRECIATION

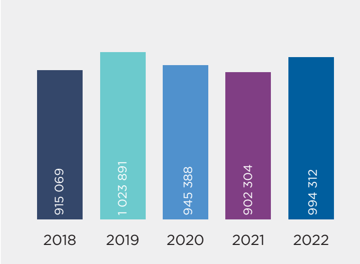
We wish to express our sincere gratitude to the individuals and teams for their grit and professionalism during these challenging trading conditions. Your everyday efforts have created immense value and ensured our long-term sustainability.

José Snyders
Financial Director ("FD") until 28 February 2023; Chief Commercial Officer ("CCO") from 1 March 2023.

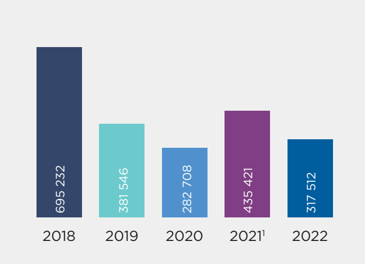
Barbara Makhubedu
Lead Independent Director ("LID") until 28 February 2023; Chief Financial Officer ("CFO") from 1 March 2023.

FIVE-YEAR REVIEW

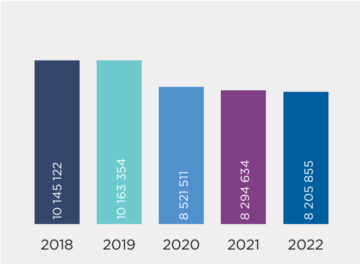
Revenue (R'000)



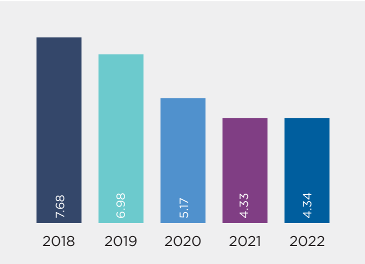
Dividends paid (R'000)



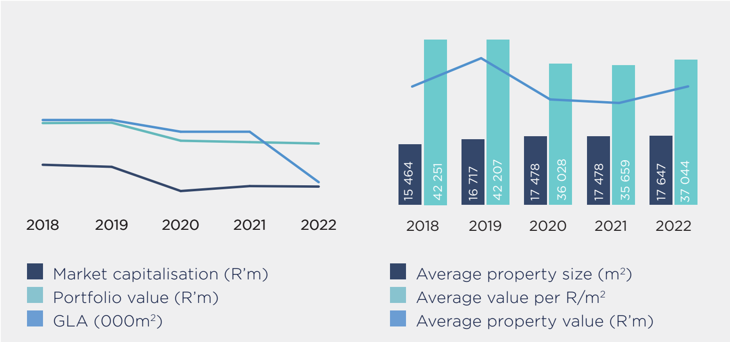
Non-current assets (R'000)



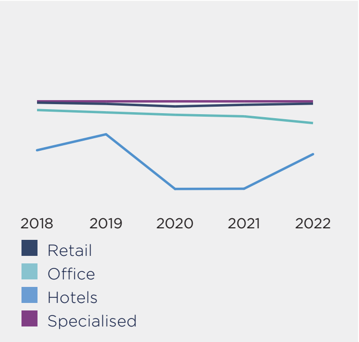
Share price history



Five-year growth trend



Five-year occupancy trend (%)



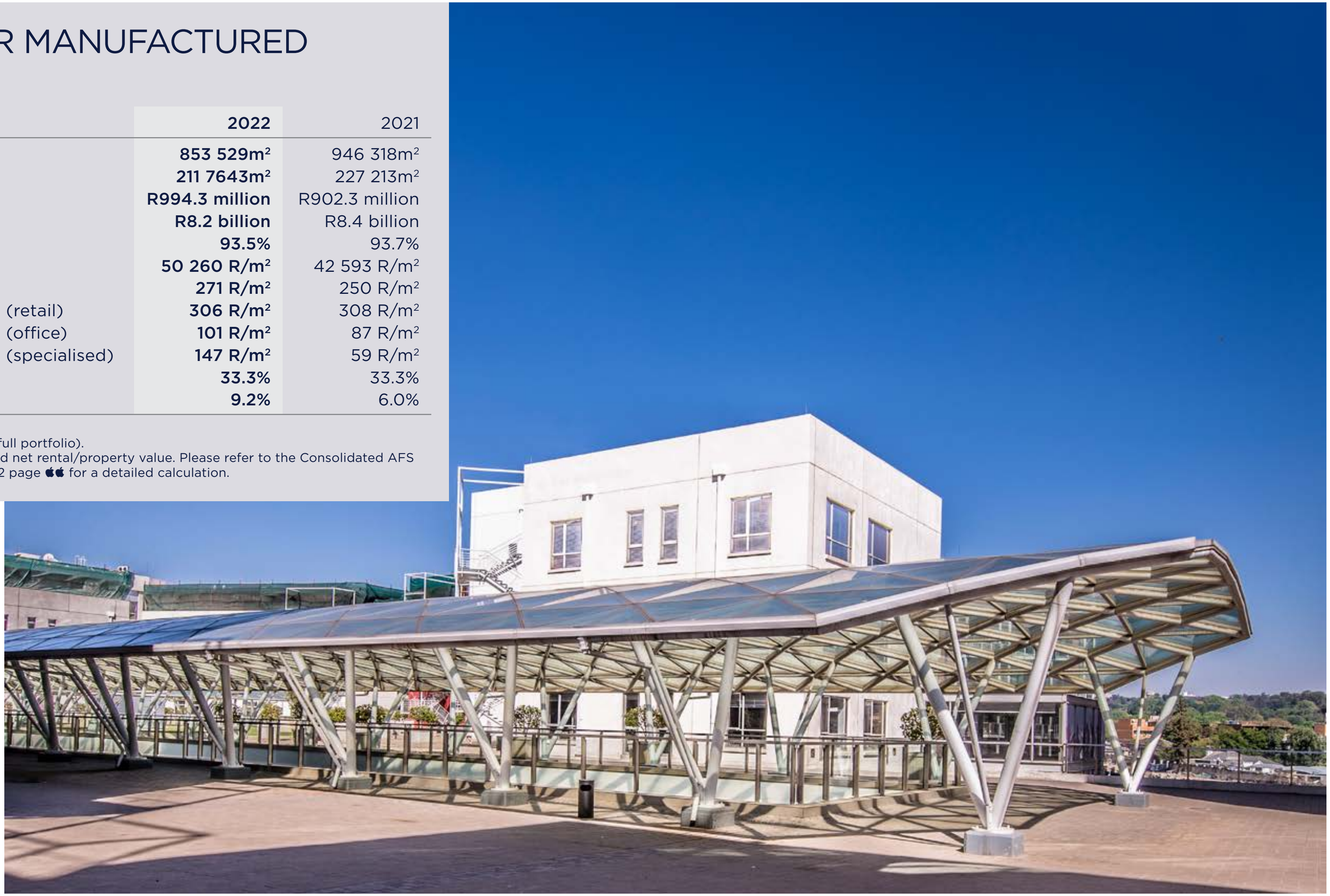
[1] The dividend paid in 2021 includes a single dividend of R293 699 729.88 which relates to the 2020 financial year.

MANAGING OUR MANUFACTURED CAPITAL

MANAGING OUR MANUFACTURED CAPITAL

	2022	2021
Total GLA 100%	**853 529m²**	946 318m²
Total GLA L2D%	**211 7643m²**	227 213m²
Rental and related income	**R994.3 million**	R902.3 million
Property value L2D%	**R8.2 billion**	R8.4 billion
Occupancy	**93.5%**	93.7%
Annualised trading density[1]	**50 260 R/m²**	42 593 R/m²
Weighted average gross rental	**271 R/m²**	250 R/m²
Weighted average gross rental (retail)	**306 R/m²**	308 R/m²
Weighted average gross rental (office)	**101 R/m²**	87 R/m²
Weighted average gross rental (specialised)	**147 R/m²**	59 R/m²
Undivided share of LPP	**33.3%**	33.3%
Net initial yield[2]	**9.2%**	6.0%

1. Based on a 12-month rolling period (full portfolio).
2. Net initial yield is based on annualised net rental/property value. Please refer to the Consolidated AFS for the year ended 31 December 2022 page for a detailed calculation.



SECTORAL PROFILE

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

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

Retail

	2022	2021
Gross rental income[1] as a percentage of total property portfolio (%)	83.2	84.5
GLA 100% (m^2)	512 701	512 701
GLA L2D% (m^2)	148 168	148 168
Occupancy (%)	97.9	96.8

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

	2022	2021
Gross rental income[1] as a percentage of total property portfolio (%)	10.7	12.5
GLA 100% (m^2)	223 222	316 011
GLA L2D% (m^2)	39 762	55 212
Occupancy (%)	80.0	86.2

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 transfer of the Standard Bank sale was registered on 15 September 2022, with proceeds received and used to reduce debt and expand our solar PV initiatives.

Specialised

	2022	2021
Gross rental income[1] as a percentage of total property portfolio (%)	6.1	3.0
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

	2022	2021
Gross rental income[1] as a percentage of total property portfolio (%)	–	–
Rooms	1 001	1 001
Occupancy percentage of full capacity (%)	51.4	19.6
Occupancy percentage open for trade (%)	59.3	35.8

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.

OUR GEOGRAPHICAL SPLIT OF THE PORTFOLIO BY GLA

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

Office

The overall office occupancy rate was 80.0% (2021: 86.2%). Taking pre-lets into account, this improves to 80.5%.

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

Retail

The overall retail occupancy rate was 97.9% (2021: 96.8%). Taking pre-lets into account, this improves to 98.3%. The retail portfolio has maintained a consistent occupancy throughout the year and remains ahead of the third quarter MSCI retail benchmark of 94.4%. In addition, it is encouraging that the portfolio's super-regionals, Sandton City (99.1%) and Eastgate (96.0%) have a combined occupancy of 97.6% and remain ahead of the third quarter MSCI super-regional benchmark of 94.1%.

% Gross lettable areas	GLA (m^2) at 100% ownership	GLA (m^2) at L2D ownership
Gauteng	638 076	141 395
KwaZulu-Natal	121 319	39 020
Western Cape	73 392	24 440
Free State	20 743	6 908

TRADING PERFORMANCE

While turnover growth was up 21.9% year-on-year and 18.3% higher than 2019 levels, our operational challenges (including high energy costs, increased diesel use due to loadshedding and diesel shortages, plus the above-inflation increases in municipal rates) have eroded some of these bottom-line gains. It will take some time for growth to flow through to bottom-line gains. All our retail centres have surpassed the 2019 turnover levels. This turnover performance is a testament to the strength of our retail segment.

Annual turnover at Sandton City outpaced 2021 and 2019 turnover by 34.0% and 27.7%, respectively, generating its highest-ever annual turnover of c. R9.4 billion (2021: R7.4 billion). Sandton and Eastgate recorded the most significant increases in fourth quarter turnover in Rand terms, resulting in our super regional annual trading density reaching R57 773/m^2 in December 2022, 25.8% ahead of the Clur super regional benchmark of R45 933/m^2.

Midlands Mall, including Lifestyle Centre also achieved strong turnover growth of 15.3% year-on-year (vs 2019: 26.4%), however, the opening of two neighbourhood malls within a 10km radius in the fourth quarter of 2022 did have an impact on the turnover. The quarterly turnover year-on-year growth of –2.2% is off a high base after the civil unrest in 2021. Midlands Mall captured the customer base after multiple neighbouring centres were damaged and forced to close at the time. The fourth quarter turnover remains ahead of Q4 2019.

The top five categories in terms of their contribution to the portfolio turnover include apparel, department stores, luxury brands, food service and grocery/supermarket. These five categories represent 70.6% of the total turnover and 61.1% of the total retail GLA. Luxury remains one of our best-performing categories within the portfolio and still plays a large part in differentiating the L2D portfolio and more specifically Sandton from our competitors. What has also emerged is that the luxury brand does not drive the performance of the portfolio but rather supports it, recording annual trading density growth of 30.4% year-on-year (vs 2019: 148.3%).

Food Service, one of the hardest hit industries during the pandemic, has now surpassed pre-COVID levels, trading 15.5% higher per square meter than pre-COVID. Both fast foods (14.7%) and restaurants (15.0%) are ahead of 2019 levels with fast foods seeing the greater improvement in trading density, as customer preference shifts to a more convenient food offering. This being said, the costs involved in availing food services on home delivery platforms places further pressure on the tenant's profit margins and affordability.

Entertainment/family centres, another category heavily impacted by the pandemic and largely made up of cinemas, have seen good recovery with Ster-Kinekor exiting business rescue. The cinemas are trading 21.8% ahead of 2019 densities, with the overall category surpassing 2019 levels by 2.6%.

There are only a few categories still trading below pre-COVID levels, including department stores which accounts for 19.8% of the total turnover. Over the past few years, there has been a shift in the demand for department stores. As part of the leasing initiatives, we have engaged our tenants on right-sizing their boxes to extract maximum value from the space.

We continued to see a rise in footcount with over 74 million customers visiting our malls in 2022. In the fourth quarter of 2022 the footcount growth started to normalise post the pandemic, with travel once again being a popular December experience. Retail has continued with demand for home deliveries with Black Friday and Christmas shopping seeing increased online spend. This, however, only makes up between 3% to 5% of the total retail spend in South Africa, indicating that customers continue to seek the blend between the convenience of online and the experience of in-person shopping.

The footcount across all quarters of 2022 has surpassed prior year levels and maintained levels ahead of the 2019 quarterly average. Our super regional centres, along with Nelson Mandela Square have achieved double-digit growth compared to 2021 across all four quarters. It has been encouraging to witness the return of customers to Nelson Mandela Square, taking photos with the iconic Nelson Mandela statue, enjoying the art sculptures on the Square and frequenting the restaurants once again.

Looking at the good turnover numbers achieved throughout 2022, particularly in the December period, it is clear that customers are leading the way back and driving our outlook for 2023. Customers still desire the personal interaction that brick and mortar offers and it's important that we continue to elevate our physical spaces to create that euphoric experience for customers when they visit our assets and spend their disposable income.

For further information and metrics on our individual properties, please refer to page 21 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 ●● to ●● 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	75 340	9.6	12 138 842	5.8
2023	129 901	16.6	15 287 759	7.2
2024	117 603	15.0	44 259 950	21.0
2025	96 682	12.3	44 647 764	21.2
2026	92 540	11.8	29 790 702	14.1
2027+	197 213	28.2	66 593 442	30.7

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

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

LEASING

Demand for retail space in the L2D portfolio remains strong. We concluded 344 leases, including 132 new deals (39 677m^2) and 212 (44 766m^2) renewals, equating to 84 443m^2 or 9.9% of total portfolio GLA (2021: 147 507m^2 or 15.6%), translating to R30.4 million in lease value, at a weighted average escalation of 6.6% and a WALE of 3.2 years.

New leases

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

79 new retail deals were concluded in 2022, equating to over 14 000m². 76 are trading and three opening in the first half of 2023. These new deals include luxury tenants, Versace in a larger footprint store and Balmain at Sandton. Eastgate is introducing a new entertainment offering, Nitro Park. The new deals in 2022 were largely made up of tenants in the apparel category filling 5 883m² of retail space, followed by food service (1 897m²), homeware/furniture (1 490m²) and technology (1 042m²).

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

Expiries and tenant retention

16.5% (141 004m² or 355 leases) of the portfolio GLA was due to expire within 2022. This comprised 9.0% (77 202m² or 284 leases) retail and 7.5% (63 802m² or 71 leases) office.

At the end of December, 5.2% (44 766m² or 212 leases) of the total portfolio had been renewed on a like-for-like basis. Of the remaining 11.3%, 4.9% renewed into new premises and 3.9% ended the year still under negotiation with intentions to renew, including Woolworths Sandton which is close to finalisation. 14.0% of the portfolio GLA was thus retained during the year, resulting in a retention rate of 84.8% of the 2022 expiries. The decline is attributed to a few large office leases at Melrose Arch and at NMS Offices that weren't renewed. If we exclude Melrose Arch, the retention rate in the balance of the portfolio improves to 93.7%.

Rental reversions have been under pressure since 2019 with COVID-19 exacerbating this downward trend. Leasing initiatives over the last four years have resulted in rentals reset downwards to more sustainable levels. However, we are encouraged by the year-on-year improvement in the reversion rate trend to -10.4% over 2022, driven by our retail portfolio achieving 9.7% and to a lesser degree office at 25.5%.

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

We concluded renewals with a weighted average lease escalation of 6.6%. It is also encouraging to see new deals achieve a weighted average lease escalation of 6.6%, which is favourable in the current environment.

HOSPITALITY PERFORMANCE

L2D's hospitality assets posted a good recovery over 2022, buoyed by the removal of the last of travel and gathering restrictions. Sandton Sun performed well throughout 2022 exceeding occupancies achieved in 2019, resulting in an average occupancy of 74.8% compared to 66.8% in 2019. Increased demand led to higher occupancies and improved efficiencies in operations, resulting in an average revenue per available room or RevPar of over R1 300 for 2022 above the RevPar level for 2019.

The Sandton Towers resumed trade in August and ended the year with improved occupancies, with the main contributors being the ANC electoral conference and German Embassy event at Sandton Convention Centre. The average occupancy for the five months traded was 36.5% (2019: 68.1%).

The Garden Court ended the year exceeding 2019 levels in December. The full year occupancy average was 52.9% compared to 72.7% in 2019 and 19.1% in 2021.

The Sandton Convention Centre is steadily gaining traction with a total of 195 events hosted in 2022 compared to 313 events in 2019 and 63 events in 2021. There were no events in 2020 as it was closed. We are seeing a return of major expos with their 2023 dates secured.

Hotels[1] statistics		12 months based on full capacity 2022	12 months 2021	Change %	12 months open for trade[2] 2022	12 months 2021	Change %
Garden Court Sandton							
Number of rooms		444	444	00	444	444	00
Occupancy	%	53	10	430	53	19	179
Average room rate	Rand	921	708	30.1	921	708	30.1
RevPar	Rand	487	68	616	487	135	261
InterContinental Towers Sandton							
Number of rooms		231	231	00	–	231	00
Occupancy	%	15	–	00	36	–	00
Average room rate	Rand	2 140	–	00	2 140	–	00
RevPar	Rand	327	–	00	781	–	00
Sandton Sun							
Number of rooms		326	326	00	326	326	00
Occupancy	%	75	47	00	75	47	60
Average room rate	Rand	1 855	1 357	37	1 855	1 357	37
RevPar	Rand	1 388	639	00	1 388	641	117

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

AVERAGE NET RENTAL[1]

The average net rental (R/m²) 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/m²
Nelson Mandela Square – Retail	422
Nelson Mandela Square – Office	99
Eastgate – Retail	311
Eastgate – Office	104
Sandton City Shopping Centre	453
Sandton City – Offices	109
Liberty Promenade, Mitchells Plain	180
Liberty Lifestyle Centre	179
Liberty Midlands Mall	230
Botshabelo	157
Melrose – Retail	253
Melrose – Office	181
Melrose – Specialised	126
Tangawizi John Ross	81
Melomed	287
Regional Head Office Umhlanga Ridge	154
Umhlanga Office Block	177
Total retail	**303**
Total office	**134**
Total specialised	**182**
Total portfolio	**271**

1. The average net rental is the sum of L2D's share of basic rent and turnover rent divided by L2D's share of average let GLA over the 12-month period divided by 12 months.

PROPERTY PORTFOLIO OVERVIEW

One of the most topical debates in the retail space to emerge from of the COVID-19 epidemic, is the relevance of brick-and-mortar retail and its ability to be sustainable in a post-pandemic era – particularly in relation to the super regional shopping centres. Following two years of retailer closures, reduced operating hours and disrupted foot traffic, we are pleased to have customers return to our physical shopping environments. Month-on-month we saw a steady increase in footcount and turnover levels across all our retail assets, outperforming the 2019 numbers.

It would, however, be remiss not to recognise the predicament that we and our tenants find ourselves in, where this positive trend is being diluted by increasing costs relating to the power crisis, above inflationary municipal charges and reversion pressures.

Trading gained momentum as the year progressed, with turnover in Q4 up 14.6% on Q4 2021 and 21.0% ahead of 2019. The December trading period was exceptional, with Sandton City generating R1.25 billion in turnover.

FEATURED PROPERTIES

SANDTON CITY COMPLEX

The Sandton Complex consists of Atrium on 5th offices, Sandton City Office Tower and the iconic Sandton City, and remains a prominent retail centre located in the Gauteng province of South Africa.

Sandton City generated its highest-ever annual turnover of R9.4 billion (2021: R7.4 billion) with annual turnover growth of 28% (vs 2019: 34%) resulting in an annualised trading density of R75 433/m² for December 2022.

Furthermore, footcount has also shown a positive trend with year-on-year growth increasing by 31.7% (vs 2019: 7.5%). Sandton City remains fully operational during loadshedding which has provided a form of relief for our customers. The apparel category remains the largest contributor to the centres turnover with the luxury category supporting the centre's continued outperformance. The management is actively seeking opportunities and initiatives to unlock additional income streams.

Sandton City continues to attract key international brands such as South Africa's first standalone H&M Home store. 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.

In 2022, Sandton City precinct received a Platinum rating from SHORE and 12 Footprint marketing awards, including gold awards for Toyland.

L2D PROPERTY VALUE

R3.0 billion

(2021: R3.1 billion)

ANNUAL FOOTCOUNT

22.3 million

(2021: 16.9 million)

SANDTON CITY

Ownership	25%
Location	Gauteng
Sector	Retail and Office
Property value 100%	R12.1 billion
Property value L2D	R3.0 billion
Average net rental (Retail)	R453/m²
Average net rental (Offices)	R109/m²
GLA 100%	195 941m²
GLA L2D%	48 937m²
Mall trading density	R75 433m²
Occupancy (Retail)	99.1%
Occupancy (Office)	73.0%
Number of tenants	400
Annual footcount	22.3 million
Major retail tenants by GLA	Checkers Hyper, Woolworths, Edgars, Dis-Chem, H&M, Truworths

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.

The hospitality sector has seen recovery, however, international corporate trade remains lower than expected.

Sandton Sun's average occupancy rate for the 12 months to December 2022 was 74.8% ahead of 2019 occupancy of 66.8%. Garden Court traded for a full 12 months in 2022, however, average occupancy for the year remained below 2019 levels at 52.9%. The Sandton Convention Centre continued to see improved numbers with a total of 195 events held in 2022. This remains below the 2019 levels, however, has seen a return of major expos with their 2023 dates secured.

Sandton Towers reopened in August 2022 and traded at an average occupancy of 36.5% for the last five months of the year. This takes the combined hotels average occupancy for 2022 to 59.3% compared to 35.8% in 2021.

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.

L2D PROPERTY VALUE

R423 million

(2021: R350.7 million)

Ownership (Garden Court Centre)	25%
Ownership (Convention Centre)	25%
Ownership (Virgin Active)	25%
Location	Gauteng
Sector	Specialised
Property value 100%	R1.7 billion
Property value L2D	R422 million
Property value (Sandton Sun and Sandton Towers 100%)	R856 million
Property value (Sandton Sun and Sandton Towers L2D%)	R214 million
Property value (Garden Court Centre 100%)	R591 million
Property value (Garden Court Centre L2D%)	R148 million
Property value (Convention Centre 100%)	R193 million
Property value (Convention Centre L2D%)	R48 million
Property value (Virgin Active 100%)	R52 million
Property value (Virgin Active L2D%)	R13 million

NELSON MANDELA SQUARE

Nelson Mandela Square, located in Sandton, Gauteng, is widely recognised as one of the most renowned open public spaces in the country. The Square has experienced an impressive year-on-year annual turnover growth of 45% (vs 2019: 1%), with footcount levels returning to pre-COVID levels and year-on-year growth improving by 58% (vs 2019: 32%). This positive trend can be attributed to the introduction of new offerings, such as Just Teddy, Calistos and Chilli Girl amongst many others. It is pleasing to observe customers returning to the Square, taking photographs with the iconic Nelson Mandela statue, admiring the art sculptures and visiting the restaurants once again.

In 2022, Nelson Mandela square received a Platinum rating from the Safe Asset Group Audit which is the highest level of recognition for these type awards.

L2D PROPERTY VALUE

R417 million

(2021: R422 million)

ANNUAL FOOTCOUNT

13.2 million

(2021: 8.4 million)

NELSON MANDELA SQUARE

Ownership	33%
Location	Gauteng
Sector	Retail and Office
Property value 100%	R1.3 billion
Property value L2D	R417 million
Average net rental (Retail)	R422/m²
Average net rental (Office)	R99/m²
GLA 100%	38 595m²
GLA L2D%	12 852m²
Mall trading density	R65 898m²
Occupancy (Retail)	95.3%
Occupancy (Office)	80.5%
Number of tenants	94
Annual footcount	13.2 million
Major retail tenants by GLA	Marco Polo Lounge, Hard Rock Café, The Butcher Shop and Grill, Trumps

FEATURED PROPERTIES CONTINUED

EASTGATE SHOPPING CENTRE

Eastgate, a super-regional centre, is located in Gauteng, South Africa. The introduction of innovative, experiential spaces and initiatives has facilitated a year-on-year turnover growth of 16% (vs 2019: 2%), leading to an annualised trading density of R38 285/m² in December 2022. Over the past two to three years Eastgate embarked on a tenant repositioning strategy aligning the tenant mix closer to the market it serves. The value offering included the opening of Pep and Pep Home, Hifi Corporation and Power Fashion. With the return of Mugg & Bean to the centre and the launch of the South Africa's first Mr Price Baby in 2022, the performance is expected to follow a similar trend going forward and drive more consumers to Eastgate.

Furthermore, the super-regional centre earned eight SACSC Footprint Awards, including a silver award for L2D Iconic Spaces and Come Together campaigns attained gold status with the Safe Asset Group Audit. The accolades earned by Eastgate bear witness to its unyielding dedication towards providing exceptional retail experiences to its patrons while prioritising safety for its patrons.

EASTGATE

Ownership	33%
Location	Gauteng
Sector	Retail and Office
Property value 100%	R6.4 billion
Property value L2D	R2.1 billion
Average net rental including office	R297/m²
GLA 100%	143 344m²
GLA L2D%	47 735m²
Trading density	R38 285m²
Occupancy (Retail)	96.0%
Occupancy (Office)	96.1%
Number of tenants	224
Annual footcount	16.3 million
Major retail tenants by GLA	Woolworths, Edgars, Checkers Hyper, Game, Mega Mica

L2D PROPERTY VALUE

R2.1 billion

(2021: R2.1 billion)

ANNUAL FOOTCOUNT

16.3 million

(2021: 13.2 million)

LIBERTY MIDLANDS MALL

Midlands Mall and Lifestyle Centre, situated in the Midlands region of KwaZulu-Natal, has demonstrated remarkable resilience despite the opening of two neighbourhood malls within a 10km radius in the last quarter of 2022.

The turnover levels at Midlands Mall and Lifestyle Centre remained robust, with annual turnover growth of 14% and 21%, (vs 2019: 22% and 61%, respectively) resulting in an annualised trading density growth of R42 403/m^2 and R28 274/m^2 for December 2022.

The annual footcount has also shown a marked improvement of 38% year-on-year (vs 2019: 23%).

The opening of McDonalds in December at Lifestyle Centre is a positive contribution to the tenant mix and will further drive footcount to the Mall.

In addition to this impressive performance, Midlands Mall attained a Gold rating from the Safe Asset Group Audit. Liberty Midlands Mall received two Footprint marketing awards, including a silver award for the A–Z of Shopping.

L2D PROPERTY VALUE

R842 million

(2021: R839 million)

ANNUAL FOOTCOUNT

11.5 million

(2021: 8.3 million)

Ownership	33%
Location	KwaZulu-Natal
Sector	Retail
Property value 100%	R2.5 billion
Property value L2D	R842 million
Average net rental (Mall)	R230/m^2
Average net rental (Lifestyle Centre)	R179/m^2
GLA 100%	78 249m^2
GLA L2D%	26 058m^2
Trading density (Mall)	R42 403m^2
Trading density (Lifestyle Centre)	R28 274m^2
Occupancy (Mall)	99.2%
Occupancy (Lifestyle Centre)	99.8%
Number of tenants (Mall)	149
Number of tenants (Lifestyle Centre)	32
Annual footcount (Mall and Lifestyle Centre)	11.5 million
Major retail tenants by GLA	Game, Pick n Pay, Woolworths, Checkers, Dis-Chem

LIBERTY PROMENADE SHOPPING CENTRE

Promenade Shopping Centre is situated in Mitchells Plain, within the Western Cape region. The centre has exhibited an annual turnover growth of 11% and has returned to 2019 levels, resulting in an annualised trading density of R39 775/m² for December 2022. The annual footcount was down 12% year-on-year% (vs 2019: -15%). The footcounting technology has changed over the comparative periods therefore the growth is not like-for-like. The centre remains busy on the floor with the launch of the food district and loyalty programme as well as The Festive Kitchen attracting and retaining customers.

Liberty Promenade has garnered seven Footprint marketing awards, including a gold award for the Next Generation Musical Showcase, which is a noteworthy achievement. The centre has also attained gold status with the Safe Asset Group Audit.

L2D PROPERTY VALUE

R607 million

(2021: R584 million)

ANNUAL FOOTCOUNT

11.2 million

(2021: 12.7 million)

LIBERTY PROMENADE

Ownership	33%
Location	Western Cape
Sector	Retail
Property value 100%	R1.8 billion
Property value L2D	R607 million
Average net rental	R180/m²
GLA 100%	73 392/m²
GLA L2D%	24 440/m²
Trading density	R39 775/m²
Occupancy	98.8%
Number of tenants	163
Annual footcount	11.2 million
Major retail tenants by GLA	Pick n Pay, Game, Woolworths, Edgars

BOTSHABELO MALL

Botshabelo Mall, located in the Free State region, has sustained a positive year-on-year turnover growth of 9% (vs 2019: 32%), resulting in an annualised trading density of R20 156/m² in December 2022. The centre's performance was bolstered by robust leasing activity in 2022, which led to the expansion of Ackermans and Elegant Square, along with the opening of Jet and Pep Home tenants during the year. This bodes well for the centre's outlook and performance in 2023.

Botshabelo Mall was awarded a four-star Green Star rating for Existing Building Performance by the GBCSA, which is a testament to our commitment to sustainable building practices within the L2D property portfolio. The centre has also attained gold status with the Safe Asset Group Audit.

BOTSHABELO MALL

L2D PROPERTY VALUE

R123 million

(2021: R112 million)

OCCUPANCY

2022: 98.9%

(2021: 97.3%)

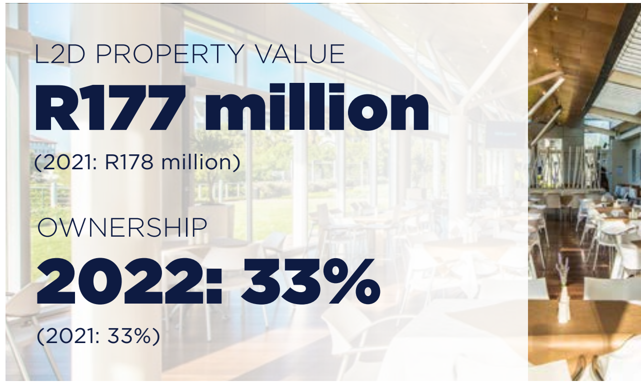
Ownership	33%
Location	Free State
Sector	Retail
Property value 100%	R369 million
Property value L2D	R123 million
Average net rental	R157/m²
GLA 100%	20 743/m²
GLA L2D%	6 908/m²
Trading density	R40 870/m²
Occupancy	98.9%
Number of tenants	62
Major retail tenants by GLA	Shoprite, Pick n Pay, Cashbuild, Truworths

FEATURED PROPERTIES CONTINUED

JOHN ROSS ECO-JUNCTION ESTATE

The John Ross Eco-Junction Estate, situated in Richards Bay, encompasses a diversified range of entities, including Melomed Hospital, Tangawizi Motors and the remaining estate. The inauguration of the 200-bed Melomed Hospital in January 2018 marked our initial venture into private hospital development. The property serves as a composite commercial and industrial development, designed to cater to the healthcare requirements of the local community and the adjoining regions, while also offering ease of access, robust security measures and a well-developed infrastructure.

Ownership	**33%**
Ownership – Melomed	**23%**
Location	**KwaZulu-Natal**
Sector	**Specialised**
Property value 100%	**R700 million**
Property value L2D	**R177 million**
Property Value Melomed Hospital 100%/L2D%	**R559/R130 million**
Property Value Tanagwizi Motors 100%/L2D%	**R59/R19 million**
Property Value Remaining Estate 100%/L2D%	**R83/R28 million**



L2D PROPERTY VALUE

R177 million

(2021: R178 million)

OWNERSHIP

2022: 33%

(2021: 33%)

MELROSE ARCH

Melrose Arch, a mixed-use precinct featuring retail, office, hotel, residential and showroom components, is situated in the Gauteng Province, conveniently located between the Corlett Drive and Athol Oaklands M1 highway ramps. The precinct's live, work and play themes attract a diverse range of visitors. In 2022, Melrose Arch achieved a noteworthy 42% increase in turnover compared to 2021 (vs 2019: 9%), resulting in an annualised trading density of R33 329/m². The precinct's robust leasing activity resulted in securing new tenants such as Le Creuset, Clenergy and Yoghurtland, and amongst others.

Ownership	**8%**
Location	**Gauteng**
Sector	**Retail, Office and Specialised**
Property value 100%	**R5.5 billion**
Property value L2D%	**R431 million**
Average net rental (Retail)	**R253/m²**
Average net rental (Office)	**R181/m²**
Average net rental (Specialised)	**R126/m²**
GLA 100%	**198 879m²**
GLA L2D%	**16 557m²**
Trading density	**R33 329/m²**
Occupancy (Retail)	**96.6%**
Occupancy (Office)	**79.4%**
Major retail tenants by GLA	**Woolworths, @Home, Istanbul Kebab, Arch Cycle, Clicks**

L2D PROPERTY VALUE

R431 million

(2021: R481 million)

OWNERSHIP

2022: 8%

(2021: 8%)

FEATURED PROPERTIES CONTINUED

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 Liberty Life Regional Head Office and Regus.

L2D PROPERTY VALUE

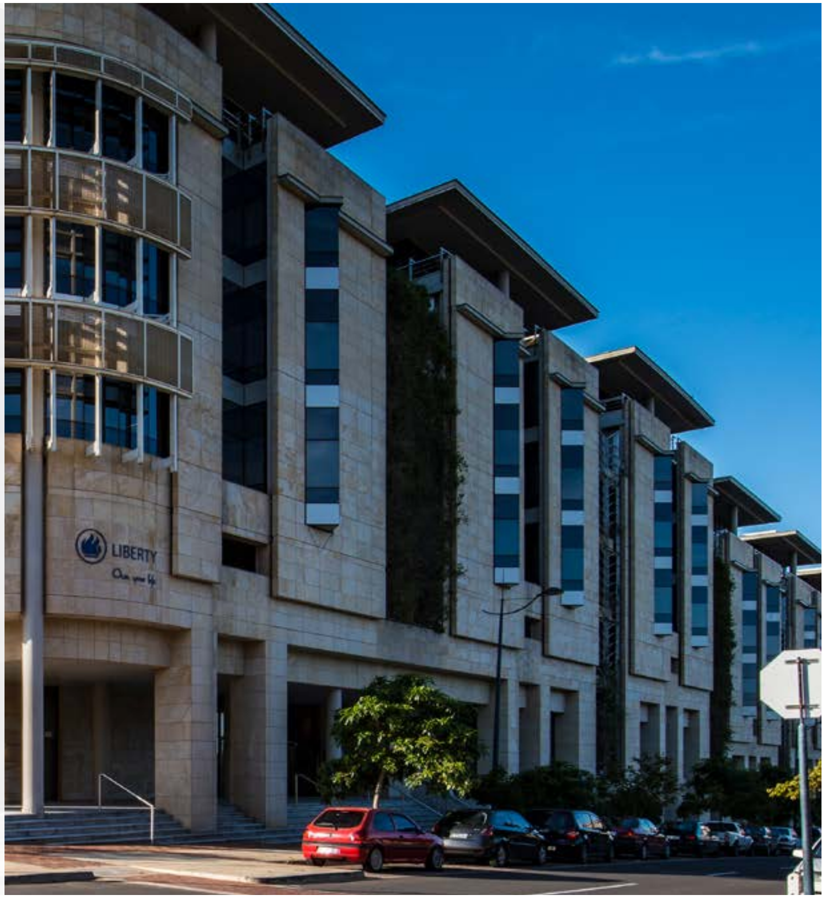
R78 million

(2021: 77.8 million)

OCCUPANCY

2022: 92.3%

(2021: 87%)



Ownership	33%
Location	KwaZulu-Natal
Sector	Office and Specialised
Property value 100%	R234 million
Property value L2D%	R78 million
Average net rental	R163/m²
GLA 100%	22 201m²
GLA L2D%	7 393m²
Occupancy	92.3%
Number of tenants	11

ESG AND SUSTAINABILITY

We have chosen to play a significant stewardship role by embedding ESG factors into our strategy and operations – understanding that long-term value creation goes hand-in-hand with safeguarding the environment, upholding human rights and investing in the welfare of our people, tenants, customers and communities.

We believe that creating shared value for all our stakeholders, will make a real impact in the communities in which we operate and facilitate long-term sustainability while enhancing our competitiveness.

Our commitment to ESG underpins and enables our financial and operational performance while safeguarding our portfolio's relevance. By achieving our ESG objectives, we can reduce our exposure to commercial risk and asset obsolescence: this ensures our assets are future-ready.

Our IMPACT value proposition allows us to communicate our progress regarding relevant ESG factors under one umbrella, supporting efficient reporting. The most prominent and overarching indicator of our IMPACT journey is our 2030 Net-Zero Commitment. In our post-COVID-19 world, our focus on ESG performance continues to be vital to our success. We are proud of the progress made to date, yet always endeavour to do more. We also use IMPACT to solve some of the issues highlighted by the SDGs, to improve performance and seek opportunities to build business resilience.

Read our ESG report for a detailed review of our approach to ESG and sustainability.

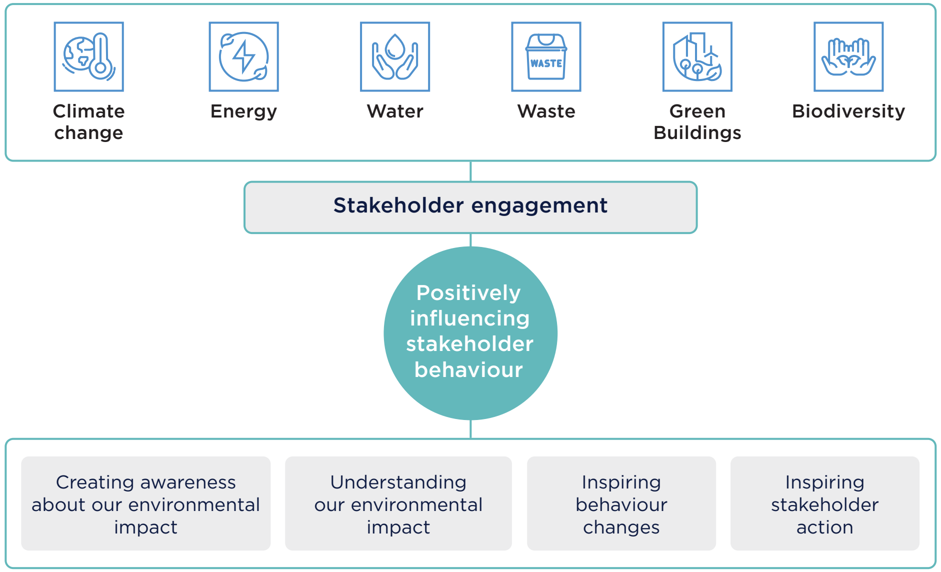
NATURAL CAPITAL SUMMARY

Through Good Spaces, our environmental building block, we remain focused on implementing our commitments to minimise our impact on the environment by driving operational efficiencies and pursuing innovative initiatives that support our commitment to our Net-Zero 2030 targets.

We understand that environmental sustainability is a shared responsibility; we have, thus, partnered with our tenants, shoppers, service providers and our people to achieve our Net-Zero targets. We also conduct awareness campaigns with tenants to ensure we positively influence their behaviour, which further assists us as we reduce our consumption of scarce resources.

Our Net-Zero 2030 sustainability targets include being Net-Zero Waste ready by 2023 and attaining our Net-Zero Waste certification in 2023; achieving Net-Zero Water by 2025 and achieving Net-Zero Energy by 2030.

Our key environmental focus areas include climate change, energy, water, waste, green buildings and biodiversity. In each of these focus areas, we aim to understand our impact, create awareness and influence the right behaviours among our key stakeholders, especially our suppliers, our people, customers and tenant base.



		Key outcomes
Climate change	We remain committed to minimising our impact on the environment and climate change through responsible environmental stewardship. We aim to improve our understanding of climate change by defining how it impacts our business and how our business contributes to climate change. Building climate resilience has become a business imperative to safeguard our assets against catastrophic events. We believe that assessing our climate change risks and opportunities ensures our capital investments remain able to create value. Our climate-related risk management processes consider the full life cycle of our properties when assessing our environmental impacts. We, thus, ensure that from initial purchase to final disposal, our management approach supports our environmental goals. We believe that climate-related issues can affect our performance and impact our strategy, financial planning and performance.	• We align our environmental disclosure in accordance with the recommendations set out by the Task Force on Climate-Related Financial Disclosures ("TCFD").
Our Net-Zero journey	Our focused approach to environmental sustainability involves our commitment to becoming a net energy contributor by our 2030 target. This means that we are exploring ways to grow our renewable energy initiatives, pursue green bonds and seek out green property exposure.	• Readiness achieved in Net-Zero Waste by 2023.

NATURAL CAPITAL SUMMARY CONTINUED

		Key outcomes
Energy	We aim to achieve Net-Zero Carbon by 2030. Our goal is to decarbonise our built environment and inspire our peers and others to take similar action. We continued progress towards Net-Zero Energy by 2030 with a 3MW[AC] installed at Eastgate, Midlands Mall and Promenade. 14MW[AC] is in the pipeline and will be installed across the portfolio by 2024. We are also exploring the opportunity of energy wheeling, which is progressing well. Solar power is a cost-effective, efficient and environment-friendly way to generate our own electricity. To date, we have invested R15.6 million in solar PV installations and have increased our solar PV generation capacity to 3 000 kWp (2021: 2 000 kWp). We continue to work with tenants to improve efficiencies and the establishment and execution of green leases for both new deals and renewals of leases with existing tenants.	• Total energy consumption 149 576 MWh (2021: 141 540 MWh). • Total electricity generated (solar PV) 3 980 MWh (2021: 2 966 MWh). • We reduced our carbon emissions by 3 741 tCO_2e, which is equivalent to eliminating the typical emissions of 608 passenger cars.
Water	We aim to achieve a Net-Zero Water status under Scope 1 and 2 by 2025. This will be achieved through the continuous reduction of water usage and reuse in the portfolio. Our water strategy focuses on two key deliverables: 1. The security and safety of supply. 2. The optimisation of our consumption. Our water consumption is determined mainly by the behaviour of our tenants and visitors to our shopping centres. We engage with these stakeholders through various mechanisms, including Green Star SA certifications to encourage responsible water use. To ensure we manage our water resources effectively, we improved measures to account for all our water sources and manage water use efficiency in terms of our smart management approach based on key measurements, which enables early leak detection and regular maintenance of equipment. We are investigating rainwater harvesting and water-treatment opportunities to promote water efficiency, where financially viable, thus reducing the risk associated with a limited water supply and climate change impacts.	• We reduced our water use by 3.0% (2021: 2.1%). • We saved 12 million litres of water in the past year. • Our entire portfolio received leak detection systems. • All of our properties' restrooms had sensors installed.
Waste	We implemented innovative waste management technologies at our properties, including waste composters, recycling hubs and recycling units. We have made substantial investments in ensuring that our world-class waste management sites are optimised to treat organic waste onsite to ensure recycling is maximised and waste is minimised. The next phase of our plan is to target an improvement from our tenants through an education and engagement programme. This should improve the diversion ratio to between 80% and 85%. Once optimal levels of recycling, composting and waste diversion from landfill are achieved per site, alternative waste treatment processes will be used on residual waste. This includes creating a circular economy for waste through the potential use of initiatives such as waste-to-concrete and waste-to-energy.	• 6 148 tonnes of waste was recycled (2021: 2 393 tonnes), including 1 380 tonnes of organic waste (2021: 314 tonnes). • Readiness achieved in Net-Zero Waste by 2023.
Green buildings	We see green buildings as an opportunity to use our resources more efficiently and address climate change while creating healthier and more productive environments for tenants, shoppers and communities. We are a founding member of the Green Building Council of South Africa ("GBCSA"). The GBCSA's goal is to inspire a built environment in which people and the planet thrive – these goals resonate with L2D.	• Our entire retail portfolio has received green star ratings. • We achieved a six-Star, Green Star Interiors V1 certification for our L2D offices in 2022.

Read our ESG report for a more detailed review of our approach to our natural capital.

HUMAN CAPITAL SUMMARY

INSPIRING PASSIONATE PEOPLE

Our people are the heart and soul of L2D. Our people philosophy is to put our people at the heart of everything we do and encourage inspired, passionate and empowered people who maintain balanced lives. Through their contributions, we can differentiate our business, grow our brand and deliver high-quality service.

		Key outcomes
Our people strategy	Empowering our workforce is an important aspect of nurturing a high-performance culture. We believe that ethical conduct and teamwork are critical to achieving and driving our corporate culture. We understand that our success is linked to the skills we attract. Our talent management practices and guidelines ensure we have the right people with the experience, skill and capabilities at all levels to execute our strategy. Our goal is to inspire the best performance from our people by creating a fair, safe and engaging work environment and by ensuring our people remain motivated, empowered and equipped with the necessary skills and expertise to help us achieve our strategic goals. We ask our people to immerse themselves in our culture of humanity, which in turn helps us achieve our strategic goals that create value for our tenants, customers, communities and other key stakeholders.	• 94% permanent staff members (2021: 85%). • 9.76% permanent employee turnover (2021: 9.68%).
Diversity and inclusion	We are committed to creating meaningful transformation through various programmes related to employment equity, diversity, inclusion and development. We support the principles reflected in the Employment Equity Act and have adopted a diversity and inclusion policy to ensure we promote diversity in our business and influence the REIT sector. We improved our B-BBEE certification score to a Level 1 contributor from a Level 2 in 2021. Our "One woman at a time" challenge prioritises gender diversity and inclusiveness in our businesses. We use our enterprise development, procurement, supply value chain and hiring policies to drive this agenda.	• 53% black (African, Coloured, Indian) female staff members (2021: 49%). • 12.5% black (African, Coloured, Indian) male staff members (2021: 18.9%). • B-BBEE certification score to a Level 1 contributor (2021: Level 2).
Succession planning	The goal is to be future fit. Our succession philosophy gears the workforce to meet our short- and long-term objectives. As part of our talent-management processes, there is a drive to build our succession and therefore a focus on development that supports those identified as rising stars and top talent.	• José Snyders was promoted to Chief Commercial Officer from 1 March 2023. • Barbara Makhubedu was appointed as Chief Financial Officer from 1 March 2023. • Appointment of Yongie Ntene (our Chief People and Culture Officer).
Learning and development	Our business sustainability depends on having an appropriately qualified and skilled workforce. We, thus, encourage our people to take ownership of their learning and development and frequently collaborate with them to curate unique learning experiences and opportunities. Our end goal is to have a high-calibre team and enhance critical capabilities across the business to drive business success. We hope to close skills gaps by offering training and mentorship. Individual leadership coaching is provided where leaders need support to address gaps in leadership skills and capabilities and to help them gain confidence in managing in an evolving environment. Individual and group coaching has also been extended to navigate working in a changing environment.	• R817 941 total training investment (2021: R800 872). • R25 561 average training spend per person (2021: R24 272).
Health, safety and wellness	The wellbeing of our people is of utmost importance to us and through our assets, we are responsible for the safety and security of the thousands of people that make use of our shopping centres. Through our SAFE Spaces strategic initiatives, we aim to advocate for better care for people suffering from mental health challenges. We also partnered with Panda (a free-to-download digital app that is designed to put mental health information, community support and expert help in the palm of the user's hand) to bridge the gap by making mental health resources freely accessible within all our assets.	• Our wellness programme supports and empowers our people by offering health and education services. • Our people are supported via face-to-face counselling, telephonic counselling and legal consultation. • Achieved gold rating in the annual SHORE assessment in 2022.

Read our ESG report for a more detailed review of our approach to our human capital.

INTELLECTUAL CAPITAL SUMMARY

Intellectual capital helps differentiate L2D, create value and support sustainability. We differentiate ourselves by focusing on and promoting innovative thinking, agility and active change management.

We rely on our human capital to implement our intellectual capital (our company knowledge, strategies, capabilities, internal processes and digital systems) to manage our portfolio, build stakeholder relationships, retain tenants and drive innovative strategies and systems to effectively manage create value for our stakeholders. Our intellectual capital is integral to the achievement of our long-term goals.

Digital transformation	The goal is to future-proof our portfolio – by embracing digital transformation we can create smart and connected spaces that will enhance the tenant and customer experience and achieve operational excellence.
Promoting a culture of innovation	Promoting a culture of innovation and exploration by optimising the human experience through skills development, mentorship and diversity.
Group strategy and integrated thinking	Our group strategy considers the adaptability of our business model, while considering our material risks and opportunities and their impact on our investment decisions and our commitment to embed ESG into our operations.
Industry body participation	L2D's good standing within the industry is indicated by the regular appointment of our people to decision-making structures within industry bodies.
Leasing	L2D believes in making sure that the physical environment lives alongside the digital environment. We use improved, technology-driven insights to give us the confidence to make real-time data-driven decisions. Our goal is to positively transform and improve the tenant experience. We engage with tenants to better understand their needs and improve the tenant experience, which is enhanced by offering good service delivery and efficient cost management. We are running a pilot with a global proptech company, Mallcomm, for a digital management system solution to help create a bespoke digital tenant-engagement platform for our retail property portfolio.
Governance and compliance	Intellectual capital is driven by our values and approach to ensuring good governance and effective stakeholder engagement supports our overall value-creation process.

SOCIAL AND RELATIONSHIP CAPITAL SUMMARY

		Key outcomes
Investing in our communities	We are committed to positively impacting the communities in which we operate. Our community engagement strategy ensures our social investment impact is meaningful. By actively supporting sustainable and inclusive economic growth within our communities, we create mutually beneficial value for L2D and key stakeholders, especially our tenants and our people. We focus on key strategic areas for social investment, namely environmental awareness, skills development, social development and youth development which we believe are crucial for long-term positive impact on our communities. We also understand the importance of the youth and are determined to create spaces and opportunities that foster growth for them.	• R2.3 million contributed to community engagement through CSI initiatives (2021: R3.4 million). • R501 761 CSI spent on various social initiatives. • R838 462 spent on enterprise development.
Respecting human rights	Our code of ethics outlines our approach to human rights and supports our intention to make sustainability an integral part of our day-to-day operations.	• No human rights violations were reported within our value chain in 2022.
Supporting sustainable transformation	We understand that transformation is integral to our long-term sustainability and value creation. We are committed to contributing to meaningful social change that will transform South Africa's unique socio-economic environment. Our transformation approach spans across our stakeholder value chain, considering workforce diversification and supplier network development. By focusing on our transformation strategy, we will continue to contribute to the growth and transformation of the property sector. We have, thus, implemented several steps to ensure effective, sustainable transformation within our business.	• Level 1 B-BBEE contributor status (2021: Level 2).

Read our ESG report for a more detailed review of our approach to our social and relationship capital.

7

GOVERNANCE

L2D HEAD OFFICE

OUR BEAUTIFUL SIX-STAR, GREEN STAR CERTIFIED BUILDING IN SANDTON, GAUTENG

IN THIS SECTION

GOVERNANCE HIGHLIGHTS

Succession planning

Succession planning was addressed with the appointment of Nonhlanhla Mayisela, Itumeleng Dlamini and Philisiwe Mthethwa as independent non-executive directors.

José Snyders was promoted to Chief Commercial Officer from 1 March 2023.

Barbara Makhubedu stepped down as lead independent non-executive director on 23 February 2023 and was appointed as Chief Financial Officer from 1 March 2023.

Leadership and development focused sessions resulted in effective execution of succession planning with the appointment of two African females to our Exco (our CFO and our as Chief People and Culture Officer).

Culture of ethical leadership

Safeguarded L2D's culture of ethical leadership.

Committee compositions

Committee compositions reviewed.

Corporate governance themes

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

- Balancing the needs and priorities of investors, tenants, service providers and our people on an equitable and fair basis.
- Driving a focused ESG strategy.
- 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.
- Safeguarding L2D's culture of ethical leadership to maintain high levels of compliance and standards.

OUR BOARD OF DIRECTORS

Our Board comprises individuals who possess the skills and experience to help fulfil our vision and purpose and achieve our strategic objectives to deliver sustainable value for our stakeholders.

We have a unitary Board structure consisting of 11 directors as at the end of 2022. The directors are drawn from diverse backgrounds and bring a wide range of experience, insight, and professional skills to the Board.

Nick Criticos (64)
Non-executive Chairman
British

Appointed to L2D Board: June 2021
Appointed as Chairman: March 2022
(1.5 years of service)

Nomination Committee (Chairman), Remuneration Committee, Social, Ethics and Transformation Committee.

BBusSc (UCT), FIA, AMP (Harvard).

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 and 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 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.

Amelia Beattie* (52)
Chief Executive
South African

Appointed to previous manager Board: June 2016
Appointed to L2D Board: July 2018
(6.5 years of service)

Social, Ethics and Transformation Committee.

BCom, Fellow of the Royal Institute of Chartered Surveyors.

Amelia has over 23 years of 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 the 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.

Peter Nelson (68)
Lead independent non-executive director from 24 February 2023
South African

Appointed to L2D Board: May 2020
(2.5 years of service)

Audit and Risk Committee (Chairman), Related Party Committee (Chairman), Remunerations and Nominations Committee. Appointed as Lead Independent Director on 23 February 2023.

BCom in Accounting, Post graduate Diploma in Accounting, CA(SA).

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 as chairman of PPC Limited.

OUR BOARD OF DIRECTORS CONTINUED

Craig Ewin (62)
Independent non-executive director
South African

Appointed to L2D Board: January 2021
(2 years of service)

Audit and Risk Committee, Remuneration Committee (Chairman) and Nominations Committee, Related Party Committee.

BCom, CA(SA).

Craig is a Chartered Accountant and has 30 years of 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 FIM Holdings Limited in the Isle of Man, the parent company of the Fund Manager and Property Manager of First World Hybrid Real Estate.

Lynette Ntuli (40)
Independent non-executive director
South African

Appointed to previous manager Board: July 2017
Appointed to L2D Board: July 2018
(5.5 years of service)

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

Lynette stepped down from the Remuneration and Nominations Committees on 23 February 2023.

BCom in Financial Accounting (Wits and Unisa), CSCM (Tuks), Business Leadership Fellowship Programme (Northwestern University, Chicago).

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 and Maris Stella School. Lynette is a Choiseul 100 Africa Laureate.

Nonhlanhla Mayisela (40)
Independent non-executive director
South African

Appointed to L2D Board: November 2022
(1 month of service)
Nonhlanhla was appointed to the Social, Ethics and Transformation Committee on 23 February 2023.

BCom Accounting and Postgraduate Diploma in Management (Wits).

Nonhlanhla is the co-owner and Executive Director of Ukukhula Real Estate, a majority black women-owned commercial real estate asset management company. She has over 20 years' experience in the property industry.

Nonhlanhla has been at the forefront of driving gender diversity through her extensive involvement in the Women's Property Network. She is also the co-founder and director of African Women in Property, a non-executive director of Afrit Group and an investment committee member of Summit Africa Social Infrastructure Fund.

Itumeleng (Tumi) Dlamini (49)
Independent non-executive director
South African

Appointed to L2D Board: November 2022
(1 months of service)

Itumeleng was appointed to the Social, Ethics and Transformation and Related Party Committees on 23 February 2023.

BSocSc, LLB (UCT), Masters in Public Administration (Harvard).

Tumi is an advisor to the African Peer Review Mechanism, an organ of the African Union where she focuses on policy reforms on Corporate Governance in Africa and is the founding Executive Director of the African Network on Corporate Governance of SOEs.

Her prior positions include being Executive Director of Master Builders South Africa, and Head of Internal Relations of the 2010 FIFA World Cup Organising Committee South Africa.

She is an admitted Attorney of the High Court of South Africa and a former partner at an international law firm.

OUR BOARD OF DIRECTORS CONTINUED

Philisiwe Mthethwa (58)
Independent non-executive director
South African
Appointed to L2D Board: November 2022 (1 month of service)
Philisiwe was appointed to the Audit and Risk Committee on 23 February 2023.
BA Economics, MBA Corporate Finance (University of Sheffield).

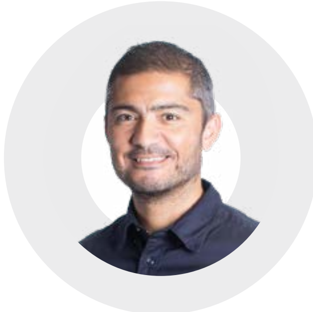
Philisiwe is the CEO of the National Empowerment Fund ("NEF"). She is also a non-executive director of the National Housing Finance Corporation ("NHFC") and a board member of the Industrial Development Corporation ("IDC").

Prior to joining the NEF, she worked in London for Banque Nationale de Paris as a Planning Analyst and later was responsible for risk management control at the South African Reserve Bank before working in the Treasury division at Standard Corporate and Merchant Bank. As a former economic diplomat, she was responsible for trade and investment promotion among eight European countries.

Philisiwe was knighted by former French President, Mr Nicolas Sarkozy, through appointment as a Chevalier de la Legion d'Honneur (Knight of the National Order of Merit).

David Munro (52)
Non-executive director
South African
Appointed to L2D Board: July 2019 (3.5 years of service)
Nominations Committee.
David stepped down from the Nominations Committee on 23 February 2023.
BCom, PGDip Accounting (UCT), CA(SA), AMP (Harvard).

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 of 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 when the Standard Bank Group ("SBG") acquired the minority shareholding in Liberty and Liberty delisted. David will be leaving the SBG at the end of March 2023, but is remaining a director of L2D.



José Snyders* (44)
Chief Commercial Officer (from 1 March 2023)
Financial director (up to 28 February 2023)
South African
Appointed to previous manager Board: March 2017
Appointed to L2D Board: July 2018 (6 years of service)
José was promoted to Chief Commercial Officer on 1 March 2023.
CA(SA).

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.

Barbara Makhubedu* (48)
Chief Financial Officer (CFO) (from 1 March 2023)
Lead Independent Director (up to 23 February 2023)
South African
Appointed to L2D Board: October 2020 (2 years of service)
Audit and Risk Committee, Remuneration and Nominations Committee, Related Party Committee.
Barbara stepped down as Lead Independent Director, and from all committees on 23 February 2023 and was appointed as Chief Financial Officer on 1 March 2023.
CA(SA) Postgraduate Diploma Taxation.

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.

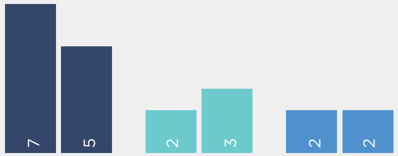
* Prescribed officer
# Resigned 23 February 2023

OUR BOARD OF DIRECTORS CONTINUED

Skills and experience

	2022	2021
Leadership	**11/11**	10/10
Property	**8/11**	8/10
IT innovation and governance	**5/11**	8/10
Compliance and governance	**9/11**	8/10
Accounting and auditing	**9/11**	7/10
Finance, funding and capital markets	**10/11**	7/10
Risk and opportunity	**10/11**	8/10
Strategic planning	**11/11**	10/10
Climate change and sustainability	**9/11**	8/10
Human capital	**11/11**	10/10
Remuneration	**9/11**	7/10

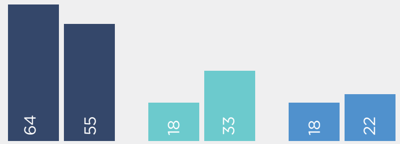
Independence* (%)



	2022	2021
Independent non-executive	**7**	5
Non-executive	**2**	3
Executive	**2**	2

* Subsequent to the year-end, the number of executives became three, and the number of independent non-executives reduced to six.

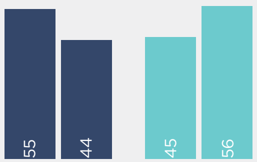
Composition# (%)



	2022	2021
Independent non-executive	**64**	55
Non-executive	**18**	33
Executive	**18**	22

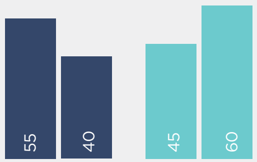
* Subsequent to the year-end, the percentage of executives became 27%, and the percentage of independent non-executives reduced to 55%.

Gender diversity (%)



	2022	2021
Female	**55**	44
Male	**45**	56

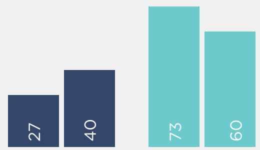
Racial diversity (%)



	2022	2021
Black	**55**	40
White	**45**	60

* Subsequent to the year-end, the number of executives became three, and the number of independent non-executives reduced to six.

Age diversity (%)



	2022	2021
<60	**27**	40
>60	**73**	60

* Subsequent to the year-end, the percentage of executives became 27%, and the percentage of independent non-executives reduced to 55%.

GOVERNANCE OVERVIEW

HOW CORPORATE GOVERNANCE CREATES VALUE

At the heart of any successful business is the practice of good corporate governance. Within the Company's ethical environment, effective corporate governance practices create and preserve value for all stakeholders while guarding against value erosion. L2D's governance structures and processes create value for all its stakeholders by:

- Adopting an inclusive approach to business.
- Allocating capital and resources to activities that create value.
- Allocating responsibility and accountability.
- Balancing return opportunities with the cost of risk.
- Building legitimacy through ethical leadership.
- Enhancing the Company's understanding of risk and opportunities.
- Ensuring corporate success and business growth.
- Ensuring the Company is managed in the best interests of all.
- Incentivising executives and our people to achieve objectives that are in the interests of the shareholders and the Company.
- Instilling and maintaining confidence, as a result of which the Company can raise capital and debt funding at a lower cost, efficiently and effectively.
- Minimising wastage, fraud, risk and mismanagement.
- Positively impacting the share price.
- Protecting the L2D brand through responsible behaviour.
- 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.
- Incentivises executives and our people to achieve objectives that are in the interests of the shareholders and the Company.
- Instils and maintains investors' confidence, as a result of which the Company can raise capital at a lower cost, efficiently and effectively.
- Minimises wastage, corruption, risk and mismanagement.
- Positively impacts the share price.
- Supports the brand.

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

While it is essential for the Company to achieve its objectives and drive improvement, it is also crucial to maintain a sound legal and ethical standing in the eyes of shareholders, regulators, and the wider community. Furthermore, 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.

COMMITMENT TO GOOD GOVERNANCE AND THE PRINCIPLES OF KING IV™ CONTINUED

L2D is a member of the Integrated Reporting Committee of South Africa to stay abreast of international best practices in reporting.

LEGITIMACY

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

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

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

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

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

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 our people 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 people are all required to familiarise themselves with and adhere to the code. In addition, our people 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. During the year a new anti-bribery and corruption policy was adopted.

In 2022, all our people attended online anti-money-laundering, anti-bribery-and corruption and fraud-awareness training.

In November 2022, our people participated in the GIBS Ethics Barometer survey. The overall results were excellent with no observance of ethical misconduct. There are high levels of perceived performance in areas of regulatory compliance, treatment of shareholders and in engaging with broader society. There were lower scores compared to previous survey (2019) for some less significant issues that will be addressed.

Whistleblowing

Vuvuzela Hotline is the independent fraud and ethics hotline service provider to L2D and the Liberty Group. Directors, our people, 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 protects whistleblowers for disclosures made without malice and in good faith.

The Company's property manager (JHIR) provides incident reports regarding the L2D portfolio. Any matters of concern or of a serious nature are escalated to the Audit and Risk Committee for discussion, investigation and action as required.

There were no whistleblowing reports for L2D in 2022. Two new incidents were reported via JHIR's hotline. While not material, one incident led to the dismissal of the JHIR and the service provider employee. JHIR also reported two other incidents relating to the fraudulent change of banking details. L2D or the portfolio, did not suffer any loss in this regard. The investigations into two other prior year procurement irregularities were completed. These are not regarded as material.

Vuvuzela Fraud Hotline:

Phone: 0800 63 67 25 | SMS: 30916
Email: Fraud@thehotline.co.za
Website: www.thehotline.co.za
Mobi: www.thehotlineapp.co.za

ETHICAL LEADERSHIP AND CULTURE CONTINUED

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.

The Company's people 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 our people must be disclosed in terms of the gift policy and recorded in a gift register.

In 2022, 13 staff members received gifts with a total value of R27 248 (2021: 13 staff members received gifts worth R12 389).

Dealing in securities

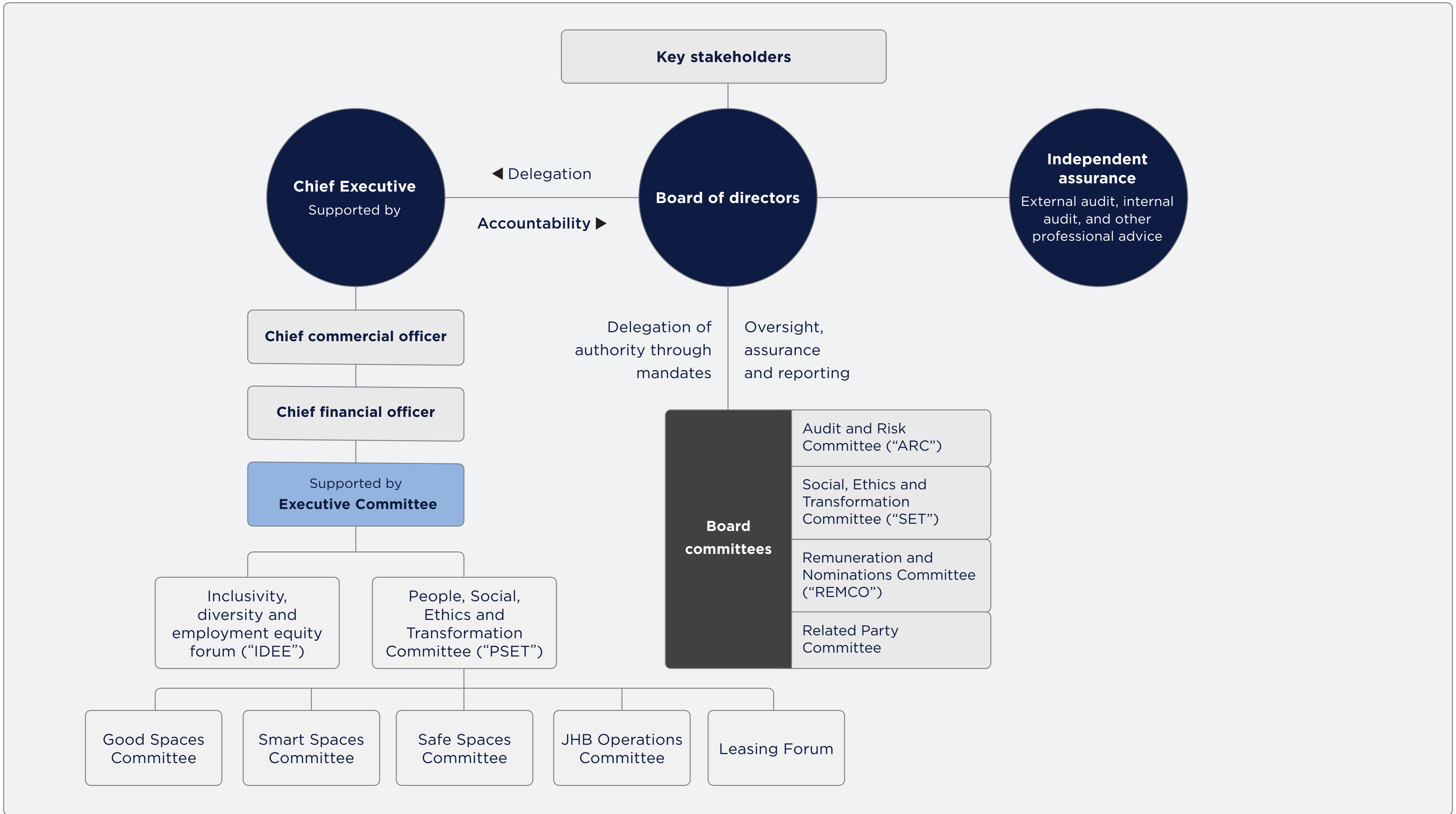
An information and share-dealing policy governs how our people, directors, insiders, and other affected persons deal in L2D securities or disseminate price-sensitive information. During a prohibited period, a director, Company Secretary, prescribed officer or director of a major subsidiary is not permitted to deal in L2D shares and must always obtain written clearance to trade from the Chairman, in consultation with the Company Secretary. Similarly, our people 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 152 of the IR.

GOVERNANCE STRUCTURES AND DELEGATION

ETHICAL LEADERSHIP AND CULTURE CONTINUED



EFFECTIVE CONTROL

The Board is tasked with directing, managing and controlling L2D's activities. The Board must execute these roles while maintaining transparency, accountability and 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 of the Board's duties and responsibilities. While enabling the Board to retain effective control, the Company's governance structures provide for the 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.

In 2022, the Executive Committee ("Exco") comprised the Chief Executive, Financial Director, Chief Operations Officer, Human Capital Executive, Marketing and Communications Executive, Chief Risk Officer, Chief Risk Officer and Finance Executive and Head of Investor Relations.

From 1 March 2023, the Exco comprises of the Chief Executive, Chief Commercial Officer, Chief Financial Officer, Chief Operations Officer and Chief People and Culture Officer.

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

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

The Company has a delegation of authority framework ("DoA"), which sets out matters reserved for the Board and those delegated to committees, the executive directors and other roles in the business. The DoA applies to L2D and its subsidiaries and is reviewed annually. JHIR has a DoA for the portfolio that sets out their sub-delegated authority for various roles. 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 at year end was an efficient team of 11 members comprising two non-executive directors, seven independent non-executive directors (deemed independent in terms of the requirements set out in King IV™) and two executive directors (the Chief Executive and Financial Director).

Subsequent to the reporting period, the Board composition changed to two non-executive, six independent non-executive and three executive directors (Chief Executive, Chief Commercial Officer and Chief Financial Officer).

The members have the necessary qualifications, knowledge and experience. There is a clear balance of power and authority at the Board level to ensure that no one director has unfettered powers of decision-making.

Three directors were appointed during the year, and one resigned.

Leadership roles and functions

The Chairman of the Board, Nick Criticos is an independent non-executive director of Liberty Holdings Limited and is therefore not regarded as independent. Barbara Makhubedu served as lead independent director until 23 February 2023 when Peter Nelson was appointed in her place.

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.

BOARD COMPOSITION CONTINUED

The Board is kept informed of all developments within the Group at the Board meetings and four virtual update meeting scheduled in between these meetings. The Chief Executive and Chairman are in regular contact.

The role of 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 fulltime 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 appointments ensure the Board achieves its transformation goals while maintaining the correct size and requisite skills to function optimally. While we have met our transformation goals and exceeded our targets, we hope to inspire the industry and corporate South Africa to rather move towards a 50% target and away from the current 30% target.

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 page 107 of this report.

Board and committee changes

The Board	• Angus Band retired as Chairman and non-executive director on 1 March 2022. • Nick Criticos, a current non-executive director, was appointed as Chairman on 1 March 2022. • Puleng Makhoalibe resigned on 11 August 2022. • Nonhlanhla Mayisela, Itumeleng Dlamini and Philisiwe Mthethwa were appointed as independent non-executive directors on 24 November 2022.
Audit and Risk Committee ("ARC")	• Barbara Makhubedu stepped down on 23 February 2023. • Philisiwe Mthethwa was appointed on 23 February 2023.
Social, Ethics and Transformation Committee ("SET")	• Nick Criticos was appointed as a member on 1 March 2022. • Puleng Makhoalibe resigned on 11 August 2022. • Philisiwe Mthethwa and Tumi Dlamini were appointed on 23 February 2023.
Remuneration ("REMCO") and Nominations ("Nomco") Committee	• Nick Criticos was appointed as a chairman of Nomco and a member of Remco on 1 March 2022. • Barbara Makhubedu and Lynette Ntuli stepped down on 23 February 2023. • David Munro stepped down from Nomco on 23 February 2023 (he is not a member of Remco).
Related Party Committee	• Barbara Makhubedu stepped down on 23 February 2023. • Tumi Dlamini was appointed on 23 February 2023.

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 23 February 2023. With the exception of David Munro and Nick Criticos, all non-executive directors were confirmed to be independent. As from 1 March 2023, Barbara Makhubedu will no longer be independent as she has joined the executive team.

GOVERNANCE STRUCTURES AND DELEGATION CONTINUED

BOARD COMPOSITION CONTINUED

Independence of the Board is further assured by the following:

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

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 the appointment 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 three new independent non-executive directors appointed in November 2022 have further strengthened succession.

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 it 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 13 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.

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

- Approval of debt funding.
- Approval of SENS and press announcements.
- Approval of strategic initiatives.
- Approval of the annual financial statements.
- Approval of the business plan and budgets.
- Approval of the executive directors' remuneration.
- Approval of the going-concern assumptions.
- Approval of the integrated and ESG reports.
- Approval of the interim and final results and distributions payable to shareholders.
- Approval of the property valuations.
- Approval of the updated strategy.
- Closing the distribution gap to pre-COVID levels.
- Compliance with the Collective Investment Schemes Control Act ("CISCA"), the Companies Act, JSE Listings Requirements and other legislation, regulations, codes and standards.
- Digital transformation initiatives.
- Director appointments.
- Discussion of the updates received from the chairs of the committees.
- Ongoing Sandton City municipal valuation and rates dispute.

BOARD COMPOSITION CONTINUED

- Portfolio and business performance against budget, forecasts and benchmarks.
- Protection of Personal Information Act ("POPIA") compliance.
- Review of liquidity, solvency, and capital-adequacy requirements.
- Review of the risk report and register.
- Review of the Board charter and committee mandates.
- Review of the Chief Executive's, financial director's and Company Secretary's performances.
- Review of the Company's strategy and the implementation thereof.
- Review of the expected credit-loss provisions relating to tenant arrears.
- Reviewed the outcomes of the Nomco workshop held to determine the actions to be taken to address issues of concern raised from the board and committee evaluations.
- Transformation and B-BBEE Scorecard targets.

Information and technology governance

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

Although the IT function has been partially outsourced, the Company understands the importance of IT governance within the control environment of L2D. The service provider, Liberty IT has provided a letter of assurance confirming that the IT environment has 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 to service providers who use technology to manage some of the processes that we depend on for decision-making.

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

The Information and Technology Oversight Committee was responsible for IT governance and the rollout of technology envisaged in the Smart Spaces programme. At the end of the year, and following the resignation of the Chief Information Officer, the responsibilities of this committee were transferred to the Exco, and is taken care of by the Chief Financial Officer.

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 September 2022.

At this strategy session, Management and Board discussed the areas that require improvement in the medium- and long-term. The strategic options and alternatives were considered.

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

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.

All three directors appointed in 2022 went through the Company's induction programme. This involved one-on-one meetings with the Chairman of the Board, the Chief Executive, Chief Financial Officer, 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 his/her 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 a site visit to Eastgate Shopping Centre, retail trends, valuations and

GOVERNANCE STRUCTURES AND DELEGATION CONTINUED

BOARD COMPOSITION CONTINUED

the accelerated change of sustainability and climate-related reporting. In addition, articles of interest are uploaded on the Diligent Board platform for reading.

Board 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. In terms of the Board charter formal evaluations must be conducted at least every two years.

The last Board evaluations were conducted in December 2021 by an independent consulting services provider, that specialises in governance and strategy, in accordance with best practices set out in the King IV™. Nomco held an evaluations workshop in April 2022, and rated the performance of the Board, Chairman and committees as excellent. Matters requiring attention were identified as director development and induction, succession planning, strategic planning and committee effectiveness, an action plan was developed and implemented in 2022.

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 is 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 an 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
Current chairs	Nick Criticos	Peter Nelson	Lynette Ntuli	Craig Ewin	Nick Criticos
Number of meetings	4	5	3	2	2
Nick Criticos# *Non-executive Chairman*	4/4	5/5*	3/3	2/2	2/2
Angus Band^^ *Outgoing non-executive Chairman*	1/1	1/1*	1/1	1/2	1/2
Barbara Makhubedu *Lead independent non-executive director^^AA^^*	4/4	5/5	n/a	2/2	2/2
Lynette Ntuli$ *Independent non-executive director*	2/4	n/a	2/3	1/2	1/2
David Munro *Non-executive director*	4/4	2/5*	n/a	2/2	2/2
Peter Nelson *Independent non-executive director*	4/4	5/5	1/3*	2/2	2/2
Puleng Makhoalibe^ *Independent non-executive director*	3/3	n/a	2/2	n/a	n/a
Craig Ewin *Independent non-executive director*	4/4	5/5	1/3*	2/2	2/2
Amelia Beattie *Chief Executive*	4/4	4/5*	3/3	2/2*	2/2*
José Snyders *Finance Director*	4/4	5/5*	3/3*	n/a	n/a
Ben Swanepoel *Company Secretary and Compliance Officer*	4/4	5/5	3/3	2/2	2/2

* By invitation.
^^ Retired 1 March 2022.
# Appointed as Chairman on 1 March 2022.
$ Leave of absence covered February 2022 meetings.
^ Resigned 11 August 2022.
AA Resigned on 23 February 2023.

BOARD PERFORMANCE CONTINUED

The three independent non-executive directors that were appointed on 24 November 2022 did not attend meetings in the year.

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

The skills and experience of members is set out on pages 112 to 117.

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 2022 and set out the following for each constituted committee:

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

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:

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

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	RESIGNED
Peter Nelson *(Chairman)*	26 May 2020	
Barbara Makhubedu	21 October 2020	23 February 2023
Craig Ewin	19 February 2021	
Philisiwe Mthethwa	23 February 2023	

AUDIT AND RISK COMMITTEE ("ARC") CONTINUED

Committee invitees

- Amelia Beattie (Chief Executive)
- José Snyders (Chief Commercial Officer)[1]
- 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 Chief Financial Officer*
- Chairman of the Board
- Liberty Group Tax

[1] José Snyders was promoted to Chief Commercial Officer from 1 March 2023. Barbara Makhubedu was appointed as the Chief Financial Officer from 1 March 2023.
* The results of L2D are consolidated into Liberty's, hence their attendance.

The ARC's focus areas for 2023

- Impact of loadshedding and the cost of diesel on the portfolio.

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:

- 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.
- The financial controls in place are suitable and form a sound basis for the preparation and reporting of reliable financial information.
- 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 2022 year.

Matters discussed by the ARC

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

- Appointed Broll to do all property valuations.
- Appointment of new audit engagement partner for 2023.
- Approval of the external and internal audit plans.
- Approval of the portfolio and Company insurance cover.
- Approval of the updated risk report and risk register.
- Compliance with CISCA, JSE Listings Requirements, Companies Act, POPIA and other applicable legislation, codes, regulations and standards were monitored.
- Confirmation of the suitability and competence of the finance director and finance function.
- Consideration of the legal report and litigation risks facing L2D, including the Sandton City municipal valuation dispute.
- 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.
- Key areas of accounting judgements affecting the annual financial statements.
- Monitoring compliance with loan covenants and interest-rate-hedging policy.
- Progress on the rental-relief negotiations.
- Consideration and review of external auditors' report.
- Recommendation of results, distribution, SENS announcements, trading statements and annual financial statements.
- Recommendation that PricewaterhouseCoopers Inc. be re-appointed at the AGM.
- Review and acceptance of letters of assurance provided by Liberty 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.
- Review and deliberation of property valuations and recommendation thereof for Board approval.
- Review of cash flow and liquidity.
- Review of financial performance and forecasts.
- Review of internal audit reports.

OPERATIONS OF EACH COMMITTEE CONTINUED

AUDIT AND RISK COMMITTEE ("ARC") CONTINUED

- Review of solvency and liquidity, capital adequacy and going-concern assumption requirements.
- Review of taxation matters.
- Review of the combined assurance assessment report.
- Review of the compliance dashboards.
- Review of the effectiveness of the internal audit function.
- Review of the effectiveness of the risk management system embedded in the business.
- Review of the external auditor suitability assessments.
- Review of the material matters for inclusion in the integrated report.
- Review of the terms of debt facilities and recommendations to the Board.
- Suitability of the Chief Financial Officer and finance function.
- Tenant arrears and the expected credit-loss provision.
- Review and renewal of insurance contracts.
- Ensured that the Group has, with consideration to all entities included in the consolidated IFRS financial statements, established appropriate financial reporting procedures and that those procedures are operating to ensure that it has access to all financial information of the Group, to allow the Group to effectively prepare and report on the financial statements.

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE ("SET")

Lynette Ntuli (Chairman)

The SET has the 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.

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/RESIGNED
Lynette Ntuli *(Chairman)*	26 July 2017	
Amelia Beattie	1 November 2018	
Angus Band	26 July 2017	1 March 2022
Nick Criticos	1 March 2022	
Puleng Makhoalibe	21 October 2020	11 August 2022
Nonhlanhla Mayisela	23 February 2023	
Tumi Dlamini	23 February 2023	

OPERATIONS OF EACH COMMITTEE CONTINUED

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE ("SET") CONTINUED

Committee invitees

- José Snyders (Chief Commercial Officer)
- Jonathan Sinden (Chief Operating Officer)
- Ben Swanepoel (Company Secretary)
- Yongie Ntene (Chief People and Culture Officer)
- Heloise Mgcina (Marketing and Communications Executive)
- Other subject specialists

The SET Committee's focus areas for 2023

- Development of a biodiversity strategy
- Implement initiatives to continue to reduce water and energy consumption
- Net-Zero Waste accreditation
- Enhancing leadership capability and succession planning

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	• People strategy for 2023. • Review of the our people experience framework. • Talent development within the Company. • Recruitments and succession planning. • Flexible ways of working guidelines update to include return to the office four days a week.
Transformation	• B-BBEE targets and the attainment thereof. • Employment equity and diversity. • Socio-economic development initiatives, sponsorships and spend. • Progress made on the transformation strategy.
Good Spaces	• Implementation of Net-Zero Waste strategy and diversion from landfill. • Review of the Company's material matters as set out in the integrated report. • Sustainability initiatives, including rain harvesting, solar PV and HVAC modernisation. • Update on Net-Zero targets.
Safe Spaces	• Compliance with the OHS Act and regulations. • 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. • Extended the piloting of 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. • Review of the report on stakeholder engagements during 2022.
Marketing and communications	• Approval of the marketing and communication strategy for 2023. • Building brand credibility in the institutional investor market. • Review effectiveness of marketing campaigns and activations.
Good corporate citizenship	• Combating fraud and corruption. • Ethical conduct in the workplace. • The Company's compliance with the constitution, laws, rules, regulations, codes and policies.

OPERATIONS OF EACH COMMITTEE CONTINUED

REMUNERATION AND NOMINATIONS COMMITTEE

Craig Ewin, Chairman of Remuneration and Nick Criticos, Chairman of 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/RESIGNED
Craig Ewin *(Chairman of Remco)*	7 May 2021	
Lynette Ntuli	26 July 2017	23 February 2023
Peter Nelson	26 May 2020	
David Munro *(Nomco only)*	7 May 2021	23 February 2023
Barbara Makhubedu	7 May 2021	23 February 2023
Nick Criticos *(Chairman of Nomco)*	1 March 2022	
Angus Band *(Chairman of Nomco)*	26 July 2017	1 March 2022

Committee invitees

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

The Remuneration and Nominations Committee focus areas for 2023

- Review of non-executive director fees in line with peer benchmarking
- Review of committee compositions

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 people 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 appear on pages 130 to 154 of this 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:

- Annual review of the Chief Executive and Company Secretary.
- Approval of financial and non-financial business KPIs for 2022.
- Approval of incentive percentages and annual increases, bonuses ("STIs") and share awards ("LTIPs").
- Approval of vesting and forfeiture of share awards.

OPERATIONS OF EACH COMMITTEE CONTINUED

REMUNERATION AND NOMINATIONS COMMITTEE CONTINUED

- Approval of maximum STI participation percentages for new and promoted staff members
- Recommendation of non-executive directors' fees
- Review of the Chief Executive's and Financial Director's remuneration packages
- Review of the remuneration and implementation report

Matters discussed by the Nominations Committee

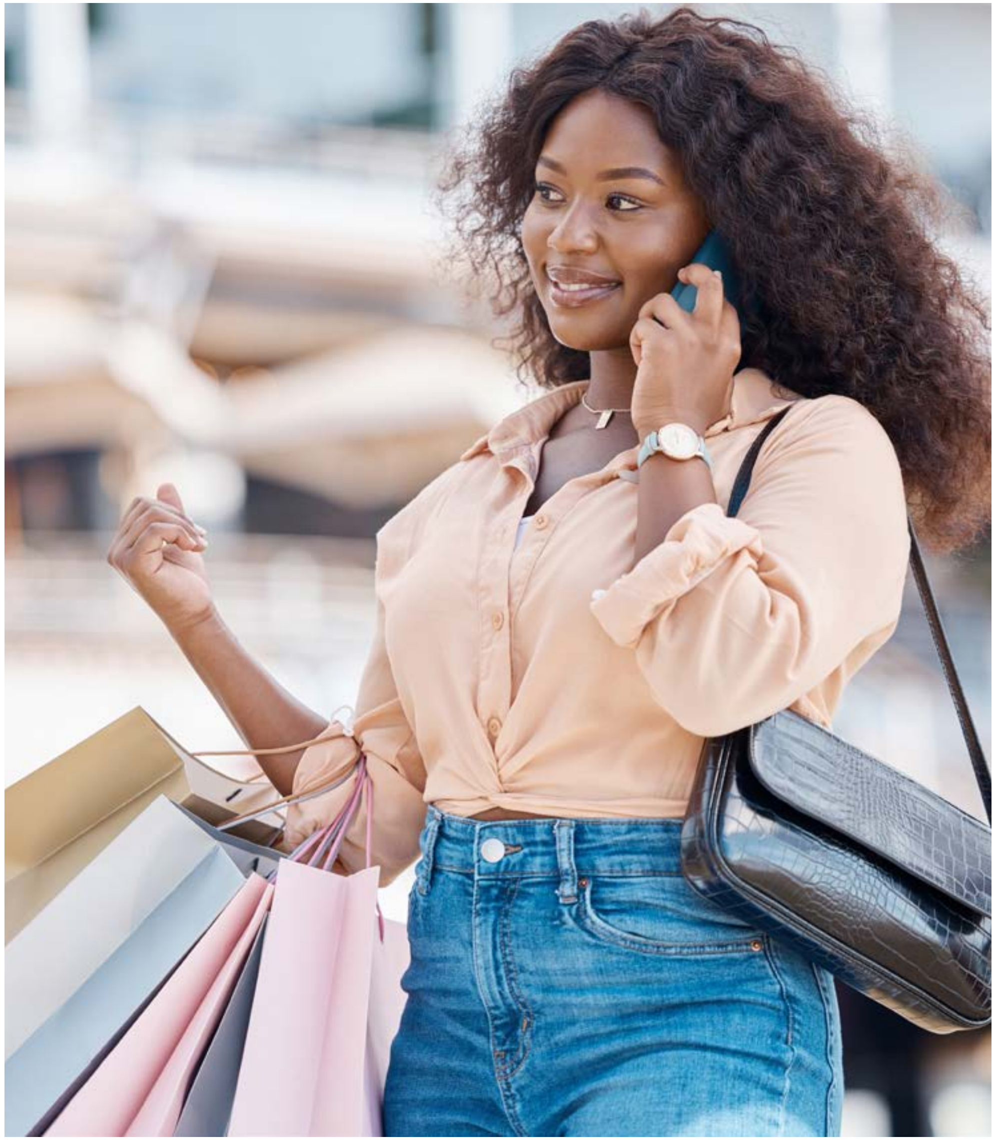
- Developed and implemented an action plan to address concerns from the Board evaluation. Committee composition in terms of size, diversity and the necessary skills required.
- Confirmation of directors' independence.
- Nomination of new Board members.

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	RETIRED
Peter Nelson *(Chairman)*	26 May 2020	
Barbara Makhubedu	21 October 2020	23 February 2023
Craig Ewin	7 May 2021	
Tumi Dlamini	23 February 2023	

The committee did not meet in 2022.



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REMUNERATION REVIEW

BOTSHABELO

BOTSHABELO MALL IS A GREEN STAR RATED MALL LOCATED IN THE FREE STATE

IN THIS SECTION

VALUE-ENHANCING REMUNERATION PRACTICES

Our vision is to be the leading South African precinct-focused, retail-centred REIT by driving our purpose to continue to create experiential spaces to benefit generations. To achieve this, we must employ skilled and passionate people who believe in our purpose. Thus, remuneration becomes a critical tool to attract and retain high-quality people who help us execute our strategy to create value for stakeholders.

REMUNERATION HIGHLIGHTS

- R22 842 601 in STI bonuses awarded to our people in respect of FY2022.
- R8 027 601 in short-term incentive ("STI") bonuses awarded in respect of FY2022 to the two executive directors with an overall STI score of 96.78%.
- 5% increase in non-executive director fees is proposed for FY2023.
- The third tranche of the 2018 and second tranche of the 2019 LTIP awards was forfeited in full, i.e. the performance vesting outcomes were 0%. 15% of the first tranche of the 2020 LTIP awards were vested on 1 March 2023.
- R1 882 116 in LTI vested for the two executive directors in FY2022.
- Gender and transformation targets met.
- Growth in distributable income per share ("DIPS") at 6.95%.
- No malus and clawback trigger events arose in FY2022.

LETTER FROM THE CHAIR OF THE REMUNERATION COMMITTEE ("REMCO") TO SHAREHOLDERS

On behalf of the Remco, I am pleased to present the L2D Remuneration Report for FY2022.

We believe that fair and market-related remuneration helps drive and retain high-calibre people. The Remco has designed our Remuneration Policy to encourage the execution of group strategy, which in turn creates and preserves value for our stakeholders. We use our strategic value drivers to guide our people and help them achieve and (at times) exceed their KPIs.

This report covers our intent to offer our people fair, responsible, and transparent remuneration as a means to fulfil our value creation commitments. We achieve this by ensuring our Remuneration Policy aligns with best practices, and that all remuneration decisions subscribe to good governance.

Remco's decision-making processes are guided by the governance principles recommended by King IV™ and ensures that this report includes the required compliance reporting standards in accordance with the Companies Act.

This report is presented in three parts, namely:

1 Background statement	Covers how we managed our remuneration in 2022 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 2022 year.

PART 1: BACKGROUND STATEMENT

The Remco remains committed to ensuring remuneration at L2D has a substantial impact on retaining and attracting critical skills, which enables us to drive sustainable value creation.

Remuneration in 2022

We view our remuneration practices as a critical link in our value chain – ensuring alignment between our strategic goals, stakeholder interests and the actions of our people. These practices are designed to attract and retain critical skills, reward our people and motivate them to deliver on our strategic value drivers.

We not only offer fair remuneration; our human capital policies ensure professional development and career advancement opportunities, along with our commitment to integrate diversity and inclusion into our human capital policies.

We acknowledge our responsibility to our people and their families, and to our communities, shareholders and funders; this understanding drives our remuneration philosophy, principles and practices. As a result, we use our Remuneration Policy as a multi-purpose mechanism to ensure we pay our people competitively, and reward consistent and excellent performance, while ensuring remuneration practices are managed fairly, responsibly and equitably.

The outcome of our remuneration process aligns with performance and seeks to fairly reward our people for the results they helped deliver in 2022. Our performance is self-evident, with the weighted financial performance result against Board-approved targets, resulting in an overall 96.78% achievement for the 2022 financial year compared to 117% in 2021, and 30% in 2020.

The Remco committee composition

Craig Ewin

Independent non-executive director

Lynette Ntuli

Independent non-executive director

Nick Criticos

Non-executive director

Peter Nelson

Independent non-executive director

Appointed as lead independent non-executive director on 23 February 2023

Barbara Makhubedu

Lead independent non-executive director

Stepped down on 23 February 2023 and was appointed as Chief Financial Officer on 1 March 2023

PART 1: BACKGROUND STATEMENT CONTINUED

The Remco is governed by its terms of reference, which are reviewed annually, and approved by the Board. In line with the recommendations of King IV™, all members of the Remco are non-executive directors with the majority being independent non-executive directors. The chairman and members of the committee were elected by the Board, and 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 our people.

As chairman, I report to the Board following each Remco meeting, and attend the AGM to respond to questions from shareholders on the Remco's areas of responsibility.

Remuneration committee meeting attendance

The Remco meets twice a year. Meetings are scheduled in line with L2D's financial reporting cycle. The committee schedules additional *ad hoc* meetings as needed, and its attendance record is set out in the below table:

Members and Invitees	MEETING ATTENDANCE	APPOINTED	RESIGNED
Craig Ewin#	2/2	7 May 2021	
Lynette Ntuli	1/2$	19 July 2018	23 February 2023
Nick Criticos	2/2	1 March 2022	
Peter Nelson	2/2	26 May 2020	
Barbara Makhubedu	2/2	7 May 2021	23 February 2023
David Munro	2/2*		
Amelia Beattie	2/2*		
Ben Swanepoel *(Company Secretary and Compliance Officer)*	2/2*		
Steph Goodwin/ Yongie Ntene *(Human Capital Executive)*	2/2*		

* By invitation
\# Chairman
$ Leave of absence

Invitees to Remco meetings have no vote and are not present when issues affecting their own remuneration are discussed.

The CE attends Remco meetings by invitation but is always 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.

Activities of the Remco

The Remco operates independently from executive management. It provides oversight and makes decisions regarding remuneration-related matters within its mandate. The committee makes recommendations to Board for its consideration and final approval.

The Remco activities were geared towards monitoring the achievement of L2D's strategic value drivers and responding to the effects the current operating environment has on the business.

PART 1: BACKGROUND STATEMENT CONTINUED

Remuneration element	Key activities
Remuneration governance	• Assessed whether our remuneration policy and strategy remain fit for purpose. • Considered remuneration best practices, industry trends, risk appetite and role benchmarking. • Ensured all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued. • Ensured remuneration practices are compliant with all applicable laws and regulatory codes. • Enabled stakeholders to make an objective and informed assessment of our governance processes and reward practices. • Reviewed and approved the 2022 Remuneration Report. • Reviewed the Chief Executive's ("CE") and Financial Director's ("FD") performance (defined in Part 3 of this report) against L2D's strategic objectives and targets. • Reviewed the performance of the Company Secretary. • Reviewed the remuneration structures to ensure they are performance-based, linked to strategic and business objectives, and support long-term sustainable growth. • Reviewed annual incentive schemes and ensured they are administered in terms of the relevant plan rules.
Total guaranteed package, including benefits	• Reviewed and approved the annual overall increase percentage and changes to incentive participation for our people. • Reviewed and approved total guaranteed remuneration for executives.
Short-term incentives ("STI")	• Reviewed STI methodology. • Approved employee, management and executive bonus outcomes. • R22 842 601 million STI was awarded to all our people, based on the achievement of 96.78% STI score.
Long-term incentives ("LTI")	• Approved minor changes to the trust deed that govern the LTI scheme rules. • Appointed Nick Criticos as Trustee. • Reviewed and approved proposed awards to executives and employees under the LTI scheme. • Reviewed and oversaw the implementation of the LTI scheme.
Vesting conditions for the incentive scheme	• Reviewed the vesting conditions for executives and our people. • Agreed that no discretion be applied and approved the forfeiture of the third tranche of the 2018 and second tranche of the 2019 awards being 1 397 412 shares in total. • Approved the vesting of 15% of first tranche of the 2020 awards being the strategic component. Remco considered the factors in making the decision: o Super regionals and regional centres were hardest hit during the COVID-19 pandemic and took longer to return to full trading. o Extraordinary customer experiences continue to be implemented through the strategic building blocks throughout the centres that are contributing to trading recovery. o All assets received platinum or gold status SHORE accreditations throughout the period keeping customers and people safe. o Transformation initiatives continued to improve during the period.
Non-executive directors	• Reviewed and recommended non-executive fee increases for approval at the May 2023 AGM.
Equitable remuneration	• During the year, the Remco conducted a rigorous examination of remuneration at various employee levels, including remuneration differentials based on gender and race, to ensure that they are aligned to the principle of equal pay for work of equal value and, if not, to identify and address any unjustifiable remuneration disparities.
ESG disclosures	• Given our current objective of integrating ESG and increasing long-term sustainability, the Remco has linked and implemented material ESG metrics to remuneration.

Read our strategy section in the IR on pages 40 to 51.

Remuneration advisors

The committee received external independent advice and market information from the independent Old Mutual Remchannel and Reward Partners Proprietary Limited in November 2021, and ongoing market information during the year. The committee is satisfied that the input from these sources is reliable, accurate, independent and objective.

Shareholder engagement

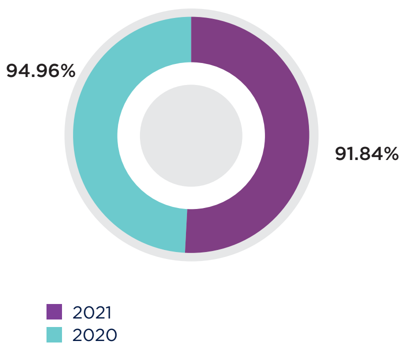
We understand that ongoing, transparent engagement enables us to sustain value for all of our stakeholders; this includes discussions about the Remuneration Policy with institutional investors to ensure L2D delivers maximum value to all stakeholders.

During the year, the Chairman met Differential Capital and Sesfikile Capital to answer questions on remuneration practices at L2D.

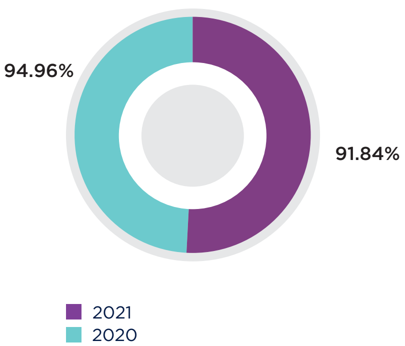
Shareholders' endorsement of the Remuneration Policy and Implementation Report

The shareholders endorsed both the remuneration policy and the Implementation Report at the Annual General Meeting ("AGM") held on 25 May 2022.

On non-binding advisory vote on our Remuneration Policy



On non-binding advisory vote on our Implementation Report



The 2022 Remuneration Policy and Implementation Report will be presented for separate non-binding votes at the AGM on 24 May 2023. These resolutions are set out in the Notice of the AGM.

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 us. The manner and timing of such engagement will be provided, if necessary.

Focus areas for 2023

Remco is of the view that no substantial changes will be required for 2023, 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.
Entrench ESG integration	• By embedding ESG factors into our strategy and operations (by linking ESG objectives to KPI targets), we can create long-term value creation for stakeholders – by safeguarding the environment, upholding human rights, and investing in the welfare of our people, tenants, customers and communities.

Statement on the Remuneration Policy and Remuneration Report

The Remco is satisfied that the Remuneration Policy supports the principles provided under King IV™ and provides sufficient forward-looking information for shareholders to pass a special resolution in terms of section 66(9) of the Companies Act. The committee believes that the Remuneration Policy has achieved its objectives.

It is further satisfied that its decision-making process is fair, responsible, and objective and that the committee considered stakeholder feedback, and has applied their minds practically and reasonably with regard to remuneration-related decisions recommended to the Board.

Conclusion

The Remco is satisfied that the Remuneration Policy achieved its stated objectives and mandate for FY2022. It rigorously debated each decision and at all times acted in the best interests of L2D.

We trust this Remuneration Report elicits a positive outlook from our shareholders and stakeholders. The Remco looks forward to furthering engagement with stakeholders and to receiving shareholder support on the resolutions for both the Remuneration Policy and quality Implementation Report at the AGM on 24 May 2023.

Craig Ewin
Remco Chairman

PART 2: REMUNERATION POLICY

PURPOSE OF OUR REMUNERATION POLICY

The purpose of our Remuneration Policy is to govern all components of remuneration within our shareholder-approved remuneration framework. This policy sets out our approach to remuneration and helps promote the achievement of our strategic agenda.

In our 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 our strategy, vision and business model.

REMUNERATION IN CONTEXT

Remuneration is not a standalone management process, but is also integrated into other management processes. The strategic principles included in the Remuneration Policy are aligned with our broader human capital strategy, which supports the overall Business Value Creation strategy.

To reinforce a culture of excellence, the targeted remuneration mix offered to our people is weighted towards variable pay ("STIs" and "LTIs") that is linked to the achievement of predetermined performance criteria. The performance criteria are selected and aligned to L2D's strategic value drivers, and the targets are set at levels that encourage high performance, but avoid excessive risk-taking behaviour. Financial rewards are also complemented by non-financial rewards such as career development and training opportunities.

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 our values:

Remuneration principles	Link to strategy and stakeholder commitments	Strategic value drivers
We seek to attract and retain high-calibre people who will enable us to achieve our 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. Our total remuneration employee value proposition is one mechanism to attract and retain critical skills. We ensure that our remuneration is competitively benchmarked and that our packages are optimally structured to attract and retain competent individuals.	CUSTOMER EXPERIENCE TENANT EXPERIENCE HUMAN EXPERIENCE
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 enables us to identify and reward top performance efforts and individuals who show potential for growth within our business.**	We empower every employee to take ownership of their role and be held accountable for their own performance efforts; this ensures we create a highly effective operational working environment and achieve stakeholder value creation expectations. We want our people to perform to the best of their ability.	HUMAN EXPERIENCE FINANCIAL OUTCOME

PART 2: REMUNERATION POLICY CONTINUED

REMUNERATION IN CONTEXT CONTINUED

Remuneration principles	Link to strategy and stakeholder commitments	Strategic value drivers
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 practices and are managed within strict governance principles set out by King IV™. We are committed to ensuring that equity is achieved through well-designed pay structures that reward and recognise performance excellence. We strive to manage an integrated total remuneration offering, which links to the overall human capital and business strategy that affords our people the opportunity to develop their capabilities and be treated fairly.	HUMAN EXPERIENCE

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 CFO and Chief People and Culture Officer)*	**Role:** The CE is responsible for implementing the Remuneration Policy and recommending remuneration proposals based on our 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:** The Remco is responsible for reviewing the Remuneration Policy in line with King IV™ recommendations, and 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:** The Board ensures that recommendations from the Remco adhere to good governance practices, align with our strategic direction, and meet our shareholder expectations in terms of value creation and distribution growth. The Board approves executive remuneration and recommends non-executive directors' remuneration to shareholders for approval.
Shareholders	**Role:** Shareholders cast their non-binding vote on the Remuneration Policy and Implementation Report, specifically focusing on the link between our 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.

PART 2: REMUNERATION POLICY CONTINUED

REMUNERATION GOVERNANCE 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 our long-term strategic objectives to ensure sustainable value creation and preservation.	• A strong correlation exists between performance and total remuneration, allowing for upside opportunities for our target performance. • Guaranteed and variable pay is appropriately structured according to seniority and roles. • Individual rewards are determined according to both business and individual performance. • Performance metrics that are fair, sustainable and challenging and apply to all aspects of the business. • Remuneration policies and practices are aligned with the overall commercial business strategy, business objectives and our values. • Remuneration policies and practices encourage and reward both the positive performance and behaviour of all our people. • Remuneration practices encourage behaviour consistent with our vision, purpose and values.
Remuneration structures are designed to attract, motivate and retain high-calibre people, as part of our overall talent management strategy.	• Affordability to the business is an important consideration in the design of remuneration structures to ensure an efficient approach to remuneration. • Enables us to attract and retain highly talented, capable and experienced people who can add value across the whole business. • 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. • Remuneration strategy and philosophy are informed by our risk framework and appetite, our human capital strategy, active stakeholder engagement and comparative industry practices.
To ensure our Remuneration Policy is fair, responsible, and aligns with good corporate governance principles and practices.	• Adherence to the principles of good corporate governance and regulatory frameworks. • Promotes responsible corporate citizenship and ethical culture. • 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. • Vertical fairness principles ie. differences in total remuneration between different job levels can be explained and justified on a consistent basis.

OUR INTEGRATED APPROACH

We ensure that our human capital and remuneration strategies support our business strategy, vision and purpose through an integrated approach to people management.

We believe that fair and responsible remuneration is based on the premise of a living wage and improving the lives of our people through remuneration and other career development and advancement initiatives. 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 acquisition

Our talent selection and recruitment practices are designed to attract high-calibre individuals necessary to deliver performance excellence and fit well into our corporate culture. We further ensure that informed decision-making is possible concerning remuneration in relation to recruitment, talent management, performance management and individual development.

PART 2: REMUNERATION POLICY CONTINUED

OUR INTEGRATED APPROACH CONTINUED

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 processes strive to align and target initiatives to 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 in their careers and earning potential.

Performance management

Our goal is to inspire the best performance from our people by creating a fair, safe, and engaging work environment. We recognise that employee performance is linked to corporate culture and working conditions. We use our people philosophy to harness individual employee performance outcomes to execute on our overall business strategy.

Our performance excellence culture is supported by our performance management policy. This policy requires each employee 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 the line of sight over the direct impact thereof.

Performance contracts identify and clarify deliverables and KPIs against which performance is measured throughout the year. All our people are evaluated in terms of their performance against their individual KPIs. Performance reviews are conducted in terms of accepted norms to identify employee potential and create opportunities for mutually agreed career paths and succession planning. Informal continuous assessment and formal reviews of individual performance occur regularly to ensure that feedback and conversation recognise and encourage success, identify any development needs, and determine corrective action where necessary.

We use our disciplinary codes to guide management when ethical incidents occur. In cases where unethical behaviour is discovered, we thoroughly investigate the event and institute corrective actions.

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

The L2D reward philosophy allows for differentiation where it is fair, rational and explainable. We pay for performance, therefore, our remuneration must be externally competitive and internally equitable, and assessed on the principle of equal pay for work of equal value. This also helps us ensure we identify and address any unjustifiable remuneration disparities.

We also continue to monitor the pay gap between high and low-paid staff members and apply salary increases to narrow this gap acknowledging that this is a medium- to long-term process and implemented a minimum cost to company of R300 000 for people employed in the asset management business of 2DP.

The Remco determined that for the 2018 and 2019 LTIP awards vesting on 1 March 2023, the achievement against performance conditions warranted a full forfeiture of the third and second tranches, respectively, despite the policy stipulating that below 50% achievement may result in vesting subject to the committee's discretion. The Remco approved a vesting of 15% to the first tranche of the 2020 awards, based on only the strategic component of vesting criteria being met. The other two vesting criteria of distribution growth to exceed CPI per annum (60%), and total return against MSCI benchmark for regional and super regional centres (25%) were not met. The balance of the tranche was forfeited.

PART 2: REMUNERATION POLICY CONTINUED

OUR INTEGRATED APPROACH CONTINUED

Service contracts and payments

Notice periods do not exceed three months, nor do employment contracts 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 L2D'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 Corporate, Fortress, Resilient and Investec Property Fund. This benchmarking took place in 2021, and an inflationary adjustments were applied in 2022 in line with overall increases awarded.

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

Our 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.

OUR TOTAL REMUNERATION MODEL

Remuneration is delivered through our 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 staff members 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.

OUR TOTAL REMUNERATION MODE CONTINUED

Total compensation paid to our people

Remaining cognisant of earning differentials within L2D, we have set the minimum salary and bonus level upon achieving L2D target objectives at R300 000 and R30 000 respectively, to incrementally minimise the earnings differential.

	2022	2021
Total compensation paid (R000)	40 122	34 831
Average annual payment per employee (R000)	1 254	1 290
Ratio of net profit after tax per employee to average compensation per employee	6.1[1]: 1	7.0: 1
Ratio of payments to our people relative to dividends paid to shareholders	0.1: 1	0.1: 1

[1] Reduction from 2021 driven by an increase in headcount from 27 to 32.

Equitable remuneration

We support the principle of equal pay for work of equal value, and balance the need for equity and the strategic requirement to motivate and retain high-calibre individuals.

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, and specific skills and experience that demand a market premium and tenure.

As a values-driven organisation, we aim to deliver on South Africa's transformation agenda and fulfil our legal and moral obligations as a good corporate citizen. Our human capital practices assist our people (at all levels) to actively contribute to the transformation of L2D, as we strive to become more reflective of the population at large.

We focus on creating a fair and inclusive working environment where our people have a fair opportunity to flourish and contribute their best.

While equal pay is a critical focus area for the Board, we also ensure our human capital practices focus on cultivating an inclusive corporate culture where our people feel genuinely heard, valued and respected. We recognise employee skills, talent and ability to influence our value-creation journey. Our career development and mentorship programmes also help our people access equal opportunities to advance and improve their potential to earn more.

Read more about our people practices on pages ¢¢ to ¢¢.

We are committed to encouraging diversity and inclusion through all levels of our organisation, by supporting the principles reflected in the Employment Equity Act, we are proud of our commitment to creating and contributing towards a diverse and equitable workplace, marketplace and community.

Gender transformation

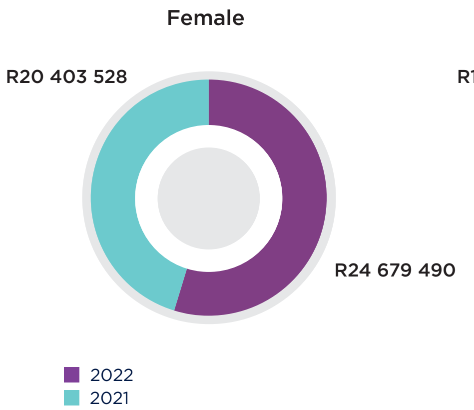
Remco recognises the importance of gender transformation because, when women are empowered economically, they invest in their families and communities, spurring economic growth and creating more stable societies. Women's economic empowerment is essential in promoting equality between women and men and a precondition for sustainable development and economic growth in South Africa.

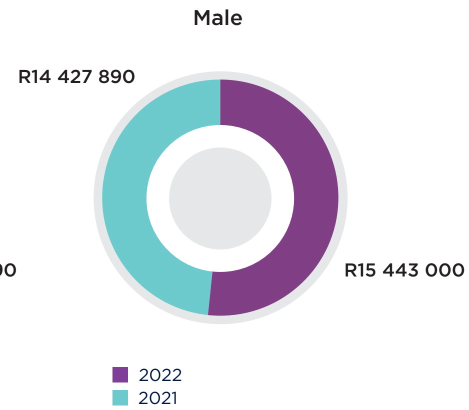
L2D recognises that succession planning and career development is critical to retain and develop female talent. As part of our commitment to ensure gender transformation, Remco reviewed gender remuneration policies and practices to enable L2D to achieve equitable remuneration parity.

Our CE is driving gender equity in the property sector and has asked other industry leaders for bold and courageous leadership – at their Board, executive and business levels. She has appealed to fellow property leaders in the industry, to be part of the *"one woman at a time"* challenge, where the sector should focus on uplifting, promoting, supporting and championing one woman at a time. She believes this will contribute immensely to a step change in the right direction for the industry.

PART 2: REMUNERATION POLICY CONTINUED

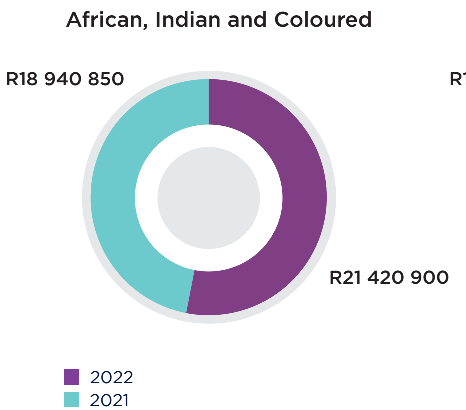
OUR TOTAL REMUNERATION MODE CONTINUED

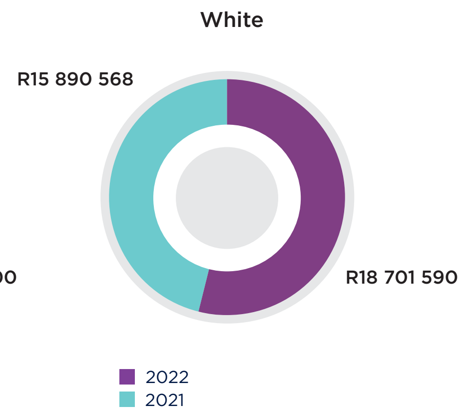




Racial transformation

As part of our commitment to ensure racial transformation, the Remco reviewed racial remuneration policies and practices. Remco recognises the importance of accelerating racial transformation across the business, in particular focusing on transforming our senior management and executive team.





VARIABLE REMUNERATION: SHORT-TERM INCENTIVES

We have 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 our strategic value drivers, and individual performance evaluation outcomes; this ensures 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 our 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. These performance conditions are weighted between financial 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 over R500 000 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.

PART 2: REMUNERATION POLICY CONTINUED

VARIABLE REMUNERATION: SHORT-TERM INCENTIVES 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)

100%	Chief Executive	30%
70%	Financial Director and Chief Operating Officer	30%
50%	Specialist Executive	35%
40%	Divisional Executives	20%
25%	Senior Managers	20%
15%	New Managers	15%

Which are measured against performance metrics and targets.

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

Performance metric: As per individual scorecard

Performance metric: Based on the individual performance rating

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

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

Eligibility

Technical specialists

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)

10%	Professionals	35%
5%	Experienced technical specialists	25%
5%	Technical specialists	20%
5%	Newly qualified technical specialists	15%

- 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.

VARIABLE REMUNERATION: SHORT-TERM INCENTIVES CONTINUED

General employee incentive scheme

Eligibility	All general staff members
How it works	Our people must be in service on the date that the payment is made to be eligible for the payment. The scheme is entirely discretionary. It serves to reward operational staff based on individual and L2D's performance. This scheme includes for discretionary awards, with a minimum of R30 000 based on level of work.

Bonus calculation

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

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 installments 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.

There have been no changes made to the deferral policy, and deferred awards have been correctly applied for the 2021 and 2022 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 an 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 installments 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 L2D. 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.

RESTRICTED SHARE PLAN

Participation and award

- Awards are discretionary as recommended by the Remco and considered by the Board for approval.
- 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.
- Awards are usually aimed at our people fulfilling key and critical roles.

Performance conditions

The performance conditions for the 2022 award are detailed under long-term incentives in Part 3 of this report.

Maximum face value of award

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

- Affordability and the annual allowable number of long-term incentives available.
- Publicly disclosed remuneration information and total remuneration benchmarks.
- 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 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.
- Applicable dividends are paid to participants as and when paid by L2D.
- No re-testing of performance conditions is permitted.
- No voting rights are attached to the shares held in the trust.
- Share awards are based on the closing share price of the last trading day prior to the awards being made and accepted.
- Shares cannot be issued by L2D but must be acquired in the market.
- 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.

Changes

The trust deed was amended by way of an addendum to:

- Allow for L2D to be non-vesting beneficiaries of the trust.
- Allow for the funding of the trust to be in the form of irrevocable contributions from L2D.
- Increase the individual maximum number of shares that can be acquired by any one participant to 9 084 430 shares , ie. from 0.5% to 1% of the issued share capital of L2D as at 31 December 2021.

These minor amendments were approved by the JSE and shareholders. No changes are envisaged for 2023.

Company and individual limits

The maximum number of shares that participants may acquire in terms of the L2D long-term incentive scheme is 45 422 150, being 5% of the L2D's issued share capital as at 31 December 2021. The individual maximum number of shares that can be acquired by any one participant is limited to 9 084 430 shares, being 1% of the issued share capital of L2D as at 31 December 2021.

PART 3: IMPLEMENTATION REPORT

The Implementation Report provides a breakdown of executive director and non-executive director remuneration for 2022. The remuneration paid to executive directors aligns with our 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 by benchmarking the current guaranteed remuneration of executive directors against peers within the real estate industry and companies of a similar size and risk profile.

Guaranteed remuneration is benchmarked against the 50th percentile to remain competitive for retention purposes.

Increases are effective 1 April each year. Increases awarded to executive directors in 2022 were below 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:

- Affordability and the prevailing context.
- Headline inflation, both current and forecasted.
- Individual performance achievement results as well as L2D performance achievements against strategic value drivers.
- Position against market remuneration levels.
- Salary market movements within the peer group, general market and gap to peers.

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 L2D 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 2022 are provided below:

PART 3: IMPLEMENTATION REPORT CONTINUED

Company performance conditions for short-term incentives for FY2022

KPI		Weighting (%)	Gate (80%)	90%	Target (100%)	120%	145%	Final 2022 ACTUALS	Final 2022 weighted Score
Distribution (cents per share)		**35%**	34.1	35	36	40	RemCo discretion	• 36.47c (actual)	**35.83%**
Total return		**5%**	80% of benchmark achieved	90% of benchmark achieved	Meets or exceeds benchmark data	120% of benchmark achieve	145% of benchmark achieved	• 7.5% (actual) • 0.6% (SAPY Index Full Year 2022)	**7.25%**
Valuations	**Absolute (L2D + LPP)**	**5%**	Flat	Growth of 50% of CPI on 2021	Growth of 80% of CPI on 2021	CPI growth on 2021	RemCo discretion	• -0.01%[1]	**0.00%**
	Closing the discount to NAV gap relative to SAPY (closing share price to have discretion of RemCo either for VWAP or corporate action impacts)	**5%**	Gap @ beginning of year 0.3	Differential of 0.25	Differential of 0.2	Differential of 0.1	Gap closed	• 39.0% (L2D discount to NAV)	**0.00%**
NPI* **(Absolute R-value)**		**15%**	L2D NPI R555m (Absolute number based on 34,1c distribution)	L2D NPI R563.2m (Absolute number based on 35c distribution)	L2D NPI R572.5m (Absolute number based on 36c distribution)	L2D NPI R608.6m (Absolute number based on 40c distribution)	RemCo discretion	• R568 619 249	**14.37%**
Collections | Full Portfolio		**10%**	80% of benchmark achieved	90% of benchmark achieved	Meets or exceeds benchmark data	120% of benchmark achieved	145% of benchmark achieved	• 106.6% (actual) • 95% (target)	**11.22%**
Trading Density Growth		**15%**	80% of benchmark achieved	90% of benchmark achieved	Meets or exceeds benchmark data	120% of benchmark achieved	145% of benchmark achieved	• 19.9% (L2D IPD Q3 2022) • 16.1% (MSCI Q3 2022)	**17.87%**
Vacancies/retail and office		**10%**	80% of benchmark achieved	90% of benchmark achieved	Meets or exceeds benchmark data	120% of benchmark achieved	145% of benchmark achieved	Weighted retail vacancy: • 1.7% (L2D December 2022) • 5.4% (MSCI September 2022) Weighted office vacancy: • 19.1% (L2D December 2022) • 16.1% (MSCI December 2022)	**10.23%**
		100%							**96.78%**

KPI achieved – grey colour
KPI not achieved – the teal colour

* NPI means L2D's share of the gross income of the properties in the portfolio after deducting property maintenance costs, rates and taxes and operating expenses from the gross revenue earned from properties within our portfolio.

1 Excludes capitalised expenditure.

PART 3: IMPLEMENTATION REPORT CONTINUED

BDO have verified the accuracy of the financial KPI calculations.

Individual non-financial performance conditions are aligned with our strategic objectives and are 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 2022 is provided for each executive director. Refer to table below.

The macroeconomic influences on our business remain a consideration to the Remco 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 2022

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	3 865 590	100%	96.78%	30%	98%	4 877 601	3 714 311	1 163 290	126.2%/130%
JR Snyders	3 222 000	70%	96.48%	30%	100%	3 150 000	2 505 000	645 000	97.8%/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 L2D's 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 FY2022:

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 2022, awarded on 1 March 2022, under the restricted share plan will remain the same as applicable to the performance conditions of the 2021 restricted share plan award.

Long-term incentive awards to executive directors for the FY2022

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 2022	1 390 524	5 500 000	108%
JR Snyders	LTIP Award – 1 March 2022	714 286	3 000 000	84%

[1] Restricted share plan awards (LTIP) were made at the discretion of the Remco and granted on 1 March 2022.
[2] The market face value is determined by the grant share price per share of the LTIP RSP award of R4.20 at the date of award (1 March 2022).

PART 3: IMPLEMENTATION REPORT CONTINUED

LONG-TERM INCENTIVE CONTINUED

Long-term incentive awards made under the restricted share plan are measured over a three-year performance measurement period with vesting aligned with the provisions of the share scheme rules as detailed under the Remuneration Policy. The vesting/accrual for share awards made during the financial years ended 2017, 2018, 2019 and 2020 are provided below:

Vesting of share awards under the restricted share plan in the financial year ended 31 December 2022

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 March 20	757 895
					1 March 21	670 878
					1 March 22	589 747
	1 March 2018	LTIP 2018[8,9]	500 000	–	1 March 21	Forfeited
					1 March 22	Forfeited
					1 March 23	Forfeited
	1 March 2019	LTIP 2019[9]	638 298	–	1 March 22	Forfeited
					1 March 23	Forfeited
					1 March 24	Not yet vested
	1 March 2020	LTIP 2020[10]	863 558	43 173	1 March 23	185 644
					1 March 24	Not yet vested
					1 March 25	Not yet vested
Total				**464 226**		**2 204 164**

PART 3: IMPLEMENTATION REPORT CONTINUED

LONG-TERM INCENTIVE 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	40 849	1-Mar-20	220 585
				40 849	1-Mar-21	195 258
				40 851	1-Mar-22	171 566
	1 September 2017	LTIP 2017[7]	244 443	81 481	1-Sep-20	347 109
				81 481	1-Sep-21	370 739
				81 481	1-Sep-22	342 224
	1 March 2018					
		LTIP 2018[8,9]	375 000	–		
						Forfeited
					1-Mar-22	Forfeited
					1-Mar-23	Forfeited
	1 March 2019	LTIP 2019[9]	425 532	–	1-Mar-22	Forfeited
					1-Mar-23	Forfeited
					1-Mar-24	Not yet vested
	1 March 2020	LTIP 2020[10]	561 313	28 063	1-Mar-23	120 671
					1-Mar-24	Not yet vested
					1-Mar-25	Not yet vested
Total				**395 055**		**1 768 152**

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 and R4.20 per share on 1 September 2022.
4 The first, second and third tranche shares under the 2018 restricted share plan award (LTIP 2018) would have accrued at R4.78, R4.20 and R4.30 per share respectively on the vesting dates. All these shares were forfeited in full due to not meeting the performance conditions.
5 The first and second tranche shares under the 2019 restricted share plan award (LTIP 2019) would have accrued at R4.20 and R4.30 per share respectively on the vesting dates. These two tranches were 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 did not have performance conditions attached.
7 JR Snyders was awarded sign-on shares for his appointment as FD under the LTIP restricted share plan in September 2017. The third and final tranche vesting share price on 1 September 2022 was R4.20 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.
10 The number of shares forfeited on 1 March 2023 for the 2018 LTIP, 2019 LTIP and 2020 LTIP (85%) for A Beattie and JR Snyders were 624 094 and 425 877, respectively.

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 2022, is disclosed below:

	A BEATTIE		JR SNYDERS	
	2022	2021	**2022**	2021
Guaranteed remuneration[1]	**3 844 226**	3 698 291	**3 200 978**	3 078 963
Cash portion of package	**3 334 154**	3 170 331	**2 729 900**	2 629 442
Benefits[2]	**510 072**	527 961	**471 078**	449 521
Retirement contributions	**428 589**	407 765	**356 882**	335 153
Other benefits	**81 483**	120 196	**114 196**	114 368
Annual short-term incentive[3]	**4 877 601**	4 961 304	**3 150 000**	3 365 010
Bonus cash award	**3 714 311**	3 772 913	**2 505 000**	2 655 507
Deferred shares (Restricted share plan)	**1 163 290**	1 188 391	**645 000**	709 503
Long-term incentives	**2 825 882**	3 074 178	**1 917 862**	2 090 348
Restricted share plan[4 5 6]	**1 081 777**	1 190 460	**800 339**	860 336
Distributions[7 8]	**1 744 105**	1 883 718	**1 117 523**	1 230 011
Total remuneration	**11 547 709**	11 733 773	**8 268 840**	8 534 321

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 2022.
5 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 2019, 2020 and 2021, respectively.
6 The 2019, 2020 and 2021 DRS vested on 1 September 2022 at R4.20 per share and is reflected in the 2022 single-figure remuneration.
7 Distributions in respect of 2021 were paid on 22 March 2021 at 18.31 cents per share and on 30 August 2021 at 15.79 cents per share (interim).
8 Distributions in respect of 2022 were paid on 22 March 2022 at 18.31 cents per share and on 5 September 2022 (interim) at 17.48 cents per share.

PART 3: IMPLEMENTATION REPORT CONTINUED

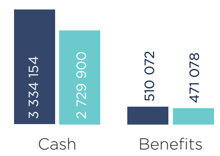
REMUNERATION SCENARIOS FOR 2022

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

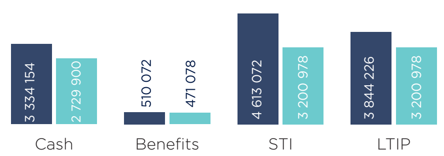
This scenario assumes that no short-term incentive KPIs have been met, resulting in no STI being paid. It further assumes that no awards are made under the long-term incentive scheme.



	Cash %	Benefits %
CE	**87**	13
FD	**85**	15

On-target reward scenario

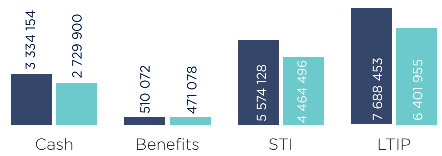
This scenario assumes that all short-term incentive KPIs have been achieved and the award vests fully. The long-term incentives are awarded at the Remco's discretion and assumes all performance conditions have been achieved with an LTI award multiple of one-time guaranteed remuneration.



	Cash %	Benefits %	STI	LTIP
CE	**27**	4	38%	31%
FD	**28**	5	33%	33%

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.



	Cash %	Benefits %	STI	LTIP
CE	**19**	3	33	45
FD	**19**	3	32	46

REMUNERATION SCENARIOS FOR 2022 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 FY2022. Table of unvested awards and cash flows for FY2022.

Table of unvested awards and cash flows for FY2022

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[9]
A Beattie										
Restricted share plan (LTIP)[1 2 3 4]										
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	–		–	
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	–		–	
2019 LTIP Tranche [3]	1-Mar-19	1-Mar-24	212 810	R7.05	1 500 311	–	–	212 810	–	582 248
2020 LTIP Tranche [1]	1-Mar-20	1-Mar-23	287 823	R5.79	1 666 495	244 650	43 173		185 644	
2020 LTIP Tranche [2]	1-Mar-20	1-Mar-24	287 823	R5.79	1 666 495	–	–	287 823	–	787 484
2020 LTIP Tranche [3]	1-Mar-20	1-Mar-25	287 912	R5.79	1 667 010	–	–	287 912	–	787 727
2020 LTIP Tranche [1]	19-Nov-20	19-Nov-23	260 869	R4.60	1 199 997	–	–	260 869	–	713 738
2020 LTIP Tranche [2]	19-Nov-20	19-Nov-24	260 869	R4.60	1 199 997	–	–	260 869	–	713 738
2020 LTIP Tranche [3]	19-Nov-20	19-Nov-25	260 871	R4.60	1 200 007	–	–	260 871	–	713 743
2021 LTIP Tranche [1]	1-Mar-21	1-Mar-24	278 940	R4.78	1 333 333	–	–	278 940	–	763 180
2021 LTIP Tranche [2]	1-Mar-21	1-Mar-25	278 940	R4.78	1 333 333	–	–	278 940	–	763 180
2021 LTIP Tranche [3]	1-Mar-21	1-Mar-26	278 940	R4.78	1 333 333	–	–	278 940	–	763 180
2022 LTIP Tranche [1]	1-Mar-22	1-Mar-25	436 508	R4.20	1 833 334	–	–	436 508	–	1 194 286
2022 LTIP Tranche [2]	1-Mar-22	1-Mar-26	436 508	R4.20	1 833 334	–	–	436 508	–	1 194 286
2022 LTIP Tranche [3]	1-Mar-22	1-Mar-27	436 508	R4.20	1 833 334	–	–	436 508	–	1 194 286
Total			**5 351 862**		**30 600 008**	**1 170 138**	**464 266**	**3 717 498**	**2 203 891**	**10 171 071**

PART 3: IMPLEMENTATION REPORT CONTINUED

REMUNERATION SCENARIOS FOR 2022 CONTINUED

Table of unvested awards and cash flows for FY2022

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		200 080	
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		213 965	
2020 DRS Tranche [3]	1-Mar-20	1-Sep-23	50 962	R5.79	295 070	–	–	50 962	–	232 387
2021 DRS Tranche [1]	1-Mar-21	1-Sep-22	18 633	R4.78	89 067	–	18 633		78 259	
2021 DRS Tranche [2]	1-Mar-21	1-Sep-23	18 633	R4.78	89 067	–	–	18 633	–	84 966
2021 DRS Tranche [3]	1-Mar-21	1-Sep-24	18 633	R4.78	89 067	–	–	18 633	–	84 966
2022 DRS Tranche [1]	1-Mar-22	1-Sep-23	94 316	R4.20	396 127	–	–	94 316	–	430 081
2022 DRS Tranche [2]	1-Mar-22	1-Sep-24	94 316	R4.20	396 127	–	–	94 316	–	430 081
2022 DRS Tranche [3]	1-Mar-22	1-Sep-25	94 318	R4.20	396 136	–	–	94 318	–	430 081
Total			**681 454**		**3 722 913**	**–**	**310 278**	**371 176**	**1 390 681**	**1 692 562**

1 The 2017 LTIP achieved a vesting of 100%, with the first tranche vesting at R5.40 per share, the second tranche vesting at R4.78 per share and final tranche vesting at R4.20 per share.
2. The 2018 and 2019 LTIP achieved a vesting of 0%, and all shares were forfeited as determined at the Remco's discretion.
3 The first tranche of the 2020 LTIP achieved a vesting of 15%, and the remaining 85% was forfeited.
4 The estimated vesting for the remaining 2020, 2021 and 2022 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.
5 The estimated vesting for 2019, 2020 and 2021 DRS is based on an achievement of 100%. The award carries no performance conditions and is based on retrospective performance outcomes from the STI.
6 The 2019 DRS share deferral first tranche vested at R4.26 per share, the second tranche vested at R4.55 per share and the third tranche vested at R4.20 per share.
7 The 2020 DRS share deferral first tranche vested at R4.55 per share and the second tranche vested at R4.20 per share.
8 The 2021 DRS share deferral first tranche vested at R4.20 per share.
9 The 90-day volume-weighted average price used in determining the fair value of unvested awards at 31 December 2022 is R4.56 per share.

PART 3: IMPLEMENTATION REPORT CONTINUED

REMUNERATION SCENARIOS FOR 2022 CONTINUED

Table of unvested awards and cash flows for FY2022

Incentive scheme	Award date	Vesting date	Granted	Grant share price	Value on grant date	Forfeited	Settled/ Accrued	Closing	Cash value on Settlement/ 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	–	222 932
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	–		–	
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	–		–	
2019 LTIP Tranche [3]	1-Mar-19	1-Mar-24	141 874	R7.05	1 000 212	–	–	141 874	–	338 167
2020 LTIP Tranche [1]	1-Mar-20	1-Mar-23	187 085	R5.79	1 083 222	159 022	28 063		120 671	
2020 LTIP Tranche [2]	1-Mar-20	1-Mar-24	187 085	R5.79	1 083 222	–	–	187 085	–	511 865
2020 LTIP Tranche [3]	1-Mar-20	1-Mar-25	187 143	R5.79	1 083 558	–	–	187 143	–	512 023
2020 LTIP Tranche [1]	19-Nov-20	19-Nov-23	173 912	R4.60	799 995	–	–	173 912	–	475 823
2020 LTIP Tranche [2]	19-Nov-20	19-Nov-24	173 912	R4.60	799 995	–	–	173 912	–	475 823
2020 LTIP Tranche [3]	19-Nov-20	19-Nov-25	173 915	R4.60	800 009	–	–	173 915	–	475 831
2021 LTIP Tranche [1]	1-Mar-21	1-Mar-24	181 311	R4.78	866 667	–	–	181 311	–	496 067
2021 LTIP Tranche [2]	1-Mar-21	1-Mar-25	181 311	R4.78	866 667	–	–	181 311	–	496 067
2021 LTIP Tranche [3]	1-Mar-21	1-Mar-26	181 311	R4.78	866 667	–	–	181 311	–	496 067
2022 LTIP Tranche [1]	1-Mar-22	1-Mar-25	238 095	R4.20	999 999	–	–	238 095	–	651 428
2022 LTIP Tranche [2]	1-Mar-22	1-Mar-26	238 095	R4.20	999 999	–	–	238 095	–	651 428
2022 LTIP Tranche [3]	1-Mar-22	1-Mar-27	238 096	R4.20	1 000 002	–	–	238 096	–	651 431
Total			**3 508 795**		**20 699 989**	**817 680**	**313 574**	**2 377 541**	**1 425 936**	**6 454 952**

PART 3: IMPLEMENTATION REPORT CONTINUED

REMUNERATION SCENARIOS FOR 2022 CONTINUED

Incentive scheme	Award date	Vesting date	Granted	Grant share price	Value on grant date	Settled/ Accrued	Closing	Cash value on Settlement/ 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	–	119 175	–
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	–	108 797–	–
2020 DRS Tranche[3]	1-Mar-20	1-Sep-23	25 912	R5.79	150 030	–	25 912	–	115 308
2021 DRS Tranche[1]	1-Mar-21	1-Sep-22	13 947	R4.78	66 667	13 947	–	58 577	–
2021 DRS Tranche[2]	1-Mar-21	1-Sep-23	13 947	R4.78	66 667	–	13 947	–	62 064
2021 DRS Tranche[3]	1-Mar-21	1-Sep-24	13 947	R4.78	66 667	–	13 947	–	62 064
2022 DRS Tranche[1]	1-Mar-22	1-Sep-23	56 309	R4.20	236 498	–	56 309	–	250 575
2022 DRS Tranche[2]	1-Mar-22	1-Sep-24	56 309	R4.20	236 498	–	56 309	–	250 575
2022 DRS Tranche[3]	1-Mar-22	1-Sep-25	56 311	R4.20	236 506	–	56 311	–	250 584
Total			**404 848**		**2 209 513**	**182 113**	**22 735**	**801 713**	**991 170**

1 The 2017 LTIP achieved a vesting of 100%, with the first tranche vesting at R5.40 per share, the second tranche vesting at R4.78 per share and third tranche at R4.20 per share.
2 The 2018 and 2019 LTIP achieved a vesting of 0%, and all shares were forfeited as determined at the Remco's discretion.
3 The first tranche of the 2020 LTIP achieved a vesting of 15%, and the remaining 85% was forfeited.
4 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.
5 The estimated vesting for 2020, 2021 and 2022 DRS is based on an achievement of 100%. The award carries no performance conditions and is based on retrospective performance outcomes from the STI.
6 The 2019 DRS share deferral first tranche vested at R4.26 per share, the second tranche vested at R4.55 per share and third tranche at R4.20 per share.
7 The 2020 DRS share deferral first tranche vested at R4.55 per share and the second tranche at R4.20 per share.
8 The 2021 DRS share deferral first tranche vested at R4.20 per share.
9 The 90-day volume-weighted average price used in determining the fair value of unvested awards at 31 December 2021 is R4.56 per share.
10 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 and final tranche on 1 September 2022 at R4.20 per share.

PART 3: IMPLEMENTATION REPORT 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:

	2022		2021		2022
Executive director	**Direct**	**Indirect**	**Direct**	**Indirect**	
A Beattie	**537 234**	**4 384 766**	279 668	3 594 987	**LTIP[1]**
	–	**371 181**	–	205 444	**DRS[2]**
	2 212	**–**	2 323	–	**LREP[3]**
Total	**539 446**	**4 755 947**	281 991	3 800 431	
JR Snyders	**260 572**	**2 750 001**	157 178	2 343 382	**LTIP**
	–	**222 736**	–	203 515	**DRS**
	–	**–**	–	–	**LREP**
Total	**260 572**	**2 972 737**	157 178	2 546 897	

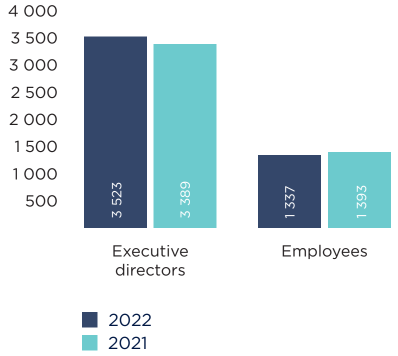
[1] LTIP – Refers to conditional restricted shares held under the restricted share plan long-term incentive scheme that are currently inflight and not yet vested.
[2] DRS – Refers to shares held under the restricted share plan due to the mandatory deferral of a portion of the annual short-term incentive 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 2022 financial year-end, but before the date of issue of this report, the following dealings in shares were announced on SENS on 3 March 2023:

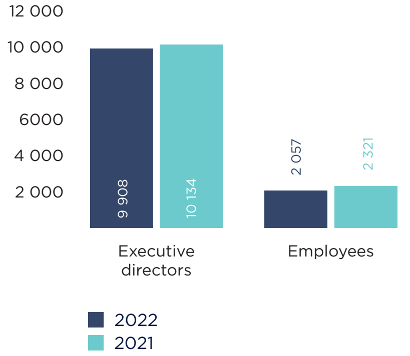
A Beattie	• 166 700 shares, being 100% of the third and final tranche of performance-based shares awarded on 1 March 2018, were forfeited on 1 March 2023. • 212 744 shares, being 100% of the second tranche of performance-based shares awarded on 1 March 2019, were forfeited on 1 March 2023. • 244 650 shares, being 85% of the first tranche of performance-based shares awarded on 1 March 2020, were forfeited on 1 March 2023. • 43 173 shares being the 15% balance of the shares awarded on 1 March 2020 vested and were transferred to her personal holdings. • 1 395 349 performance-based shares were awarded, and 270 533 shares were awarded in respect of a portion of the short-term incentives that were deferred.
JR Snyders	• 125 026 shares, being 100% of the third and final tranche of performance-based shares awarded on 1 March 2018, were forfeited on 1 March 2023. • 141 829 shares, being 100% of the second tranche of performance-based shares awarded on 1 March 2019, were forfeited on 1 March 2023. • 159 022 shares, being 85% of the first tranche of performance-based shares awarded on 1 March 2020, were forfeited on 1 March 2023. • 28 063 shares, being the 15% balance of the of the shares awarded on 1 March 2020 vested, were transferred to his personal holdings. • 813 953 performance-based shares were awarded, and 150 000 shares were awarded in respect of a portion of the short-term incentives that were deferred.
B Makhubedu	• 1 162 791 performance shares were awarded.

AVERAGE COMPENSATION PAID TO EXECUTIVE DIRECTORS RELATIVE TO AVERAGE COMPENSATION PAID TO OUR PEOPLE

Average compensation paid to executive directors relative to average compensation paid to our people, excluding LTI and STI.



Average executive directors' compensation relative to average employee compensation – including LTI and STI.



TERMINATION PAYMENTS

There were no termination of service payments for executive directors in the 2022 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 an 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. Other Board members are remunerated based on their appointment and the committees they chair and serve on.

Non-executive directors' remuneration is determined by an industry benchmark to similar types of companies. A 5% increase in fees for non-executives are proposed for the 2023 financial year. The fees proposed for 2023 and approved for 2022 by shareholders are provided below:

Non-executive director fees for the financial year ended 31 December 2022

	Proposed fees 2023 excluding VAT	2022 excluding VAT	2021 excluding VAT
Board			
Chairman	943 600	898 640	862 000
Lead independent director	366 700	349 240	335 000
Member	253 900	241 860	232 000
Sub-committees			
Audit and Risk Chair	273 700	260 700	237 000
Audit and Risk member	143 200	136 400	124 000
Social, Ethics and Transformation Chair	125 900	118 890	115 000
Social, Ethics and Transformation member	78 800	75 060	72 000
Remuneration and Nomination Chair	135 700	129 270	124 000
Remuneration and Nomination member	84 300	80 270	77 000
Other committee meetings	21 000	21 000	21 000

PART 3: IMPLEMENTATION REPORT CONTINUED

NON-EXECUTIVE DIRECTOR FEES CONTINUED

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

Total remuneration paid to non-executive directors for the financial year ended 31 December 2022

Director	Directors of L2D	Other Liberty group	Total remuneration
A Band[1]	172 239	–	**172 239**
L Ntuli	361 923	–	**361 922**
P Nelson	624 830	–	**624 830**
B Makhubedu	607 910	–	**607 9103**
P Mahhoalibe[2]	266 127	–	**266 127**
C Ewin	528 530	–	**528 530**
N Criticos	907 553		**907 553**
D Munro[3]	–	29 014 000	**29 014 000**
N Mayisela[4]	25 180		**25 180**
I Dlamini[4]	25 180		**25 180**
P Mthethwa[4]	25 180		**25 180**
Total	**3 544 652**	**29 014 000**	**32 558 652**

[1] Angus Band retired on 1 March 2022.
[2] P Makhoalibe resigned on 11 August 2022.
[3] David Munro was the CE of LHL 10 March 2022 and joined the Standard Bank Group thereafter.
[4] Appointed on 24 November 2022.
[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 2021

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

[1] 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.
[2] Nick Criticos was appointed to the Board on 14 June 2021.
[3] David Munro was the CE of LHL.
[4] 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.

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. We commit to engage with our shareholders and address any part or parts of our Remuneration Policy in the event we receive votes against our policy by 25% or more of the votes exercise.

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SUPPLEMENTARY INFORMATION

ATRIUM ON 5TH

THE AWARD-WINNING BUILDING, WITH ITS FOUR STAR GREEN STAR RATING, HAS SUSTAINABLE AND ENERGY EFFICIENT INITIATIVES AT ITS CORE

IN THIS SECTION

APPENDICES

DEFINITIONS AND ABBREVIATIONS

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

ADDITIONAL REPORTING

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

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 85, Private Bag X9976, Sandton City, 2196)
Contact information	Telephone: +27 11 358 9145 Email: investors@liberty2degrees.co.za www.liberty2degrees.co.za (PostNet Suite 85, Private Bag X9976, Sandton City, 2196
Auditors **PricewaterhouseCoopers Inc.**	Waterfall City, 4 Lisbon Lane, Jukskei View, Midrand, 2090 Private Bag X36, Sunninghill, 2157
Sponsor	**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