



INDUSTRIAL | RETAIL | OFFICE | RESIDENTIAL | REST OF AFRICA



2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ABOUT THIS REPORT

The Environmental, Social and Governance (“ESG”) report (“the report”, “the ESG report”) forms part of the annual suite of reports for SA Corporate Real Estate Limited (“SAC” or “the Group”) and covers the year ended 31 December 2021. The ESG report is aimed at all stakeholders that have an interest in the activities of SAC, with emphasis on investors, employees, debt providers, communities and tenants. The ESG report is intended to be read in conjunction with the 2021 Integrated Annual Report (“IAR”).

20 Kyalami Road, Pinetown


SCOPE OF THE ESG REPORT

The report covers all wholly-owned property investment subsidiaries, the SAC management company (“Manco”), two co-owned properties, as well as the investment in four joint ventures (“JV”), being 50% in three property companies in Zambia and 90% in The Falls Lifestyle Estate. The property management in respect of the Zambian JVs has been outsourced to our Zambian partners and The Falls Lifestyle Estate is managed in-house by Afhco Property Management.


In terms of our carbon footprint reporting, a total of 167 properties are included in the assessment, which is done on the equity share approach. The operational boundaries include scope 1 direct emissions (mobile combustion, stationary combustion and refrigerant gases), scope 2 indirect emissions (SAC and Afhco common areas electricity consumption) and scope 3 indirect emissions (tenants electricity and water consumption). Non-Kyoto gases have been calculated and are reported separately.

BASIS OF PREPARATION


Our Sustainable Development Goals (“SDGs”)




Good health and well-being




Quality education



Gender equality



Affordable and clean energy







Peace, justice and strong institutions

The report has drawn on the six capitals identified by the International Integrated Reporting Council as a basis of an organisation’s value creation, as well as aspects of the Sustainability Reporting Guidelines developed by the Global Reporting Initiative, the United Nations (“UN”) Global Compact, and recommendations of the King Report on Corporate Governance (“King IV™”). These criteria have been used for guidance only, with the reporting predominantly focusing on issues that are specifically material to the Group’s stakeholders. The Group has also considered the 17 SDGs set out in the UN Department of Economic and Social Affairs’ SDG Report and identified five areas of business or society where the Group can make the most significant impact.

ASSURANCE

The Board of directors (“Board”) of SAC identifies the material matters that need to be addressed in the IAR as well as the ESG report, to provide a balanced view of all matters that are salient to the ability of the Group to continue adding value to its stakeholders. The content of both the IAR and the ESG report is selected and prepared by management, with oversight and input from the Board and its respective Committees. The ESG report was reviewed by the Social, Ethics and Environmental Committee (“SEEC”), recommended to, and approved by the Board.

Under the concept of combined assurance, as recommended within King IV, certain elements within the IAR and ESG report have been assured for internal and/or external reporting purposes and independently verified, by the following entities:

Key Activities	Company
External auditor for the consolidated AFS	 PricewaterhouseCoopers Inc. (“PwC”)
B-BBEE level verification	 Platinum Verifications
Carbon footprint assessment	 Terra Firma Solutions
Traditional Portfolio property management	 Broll Property Management (“Broll”)





ETHICAL CODE OF CONDUCT

The Board is the custodian of the Group’s ethical leadership and corporate governance. A Code of Ethics and a Code of Conduct are in place which requires all directors and employees to apply moral standards in all business dealings. These codes set out the expected foundational behaviours internally and externally, which include standards of good, proper and fair conduct in support of the Group’s values.

MATERIAL MATTERS

SAC’s material matters are closely aligned with its strategic direction, its integrated sustainability commitments and the identified requirements of all its stakeholders. As these inform and shape SAC’s strategic direction, they are identified and endorsed by the Group’s Board and management team via ongoing input from all the Group’s stakeholders, including employees, investors and shareholders, as well as analysts, regulators and the media.

We consider issues to be material if they reflect on the six capitals in a manner that could substantially impact and influence the decisions of stakeholders in assessing the Group’s ability to create value in the short, medium and long term. As such, we have identified the following as our key material issues:

-  **Macro-economic conditions** affect our vacancies, reversions and property values, among others. [IAR page 16](#)
-  **Value extraction within our portfolio** is key to generating sustained shareholder returns. [IAR page 6](#)
-  Talented and engaged people reflecting **gender equity and social diversity** without whom we cannot operate. [IAR page 29](#)
-  **Sustainable development** is essential to our role as a responsible corporate citizen. [IAR page 28 as well as this ESG Report](#)

FORWARD-LOOKING STATEMENTS

The ESG report contains certain forward-looking statements. By their very nature, such statements cannot be considered guarantees of future performance and outcomes as they are dependent on events and circumstances, the predictability of which is uncertain and not necessarily within the Group’s control.

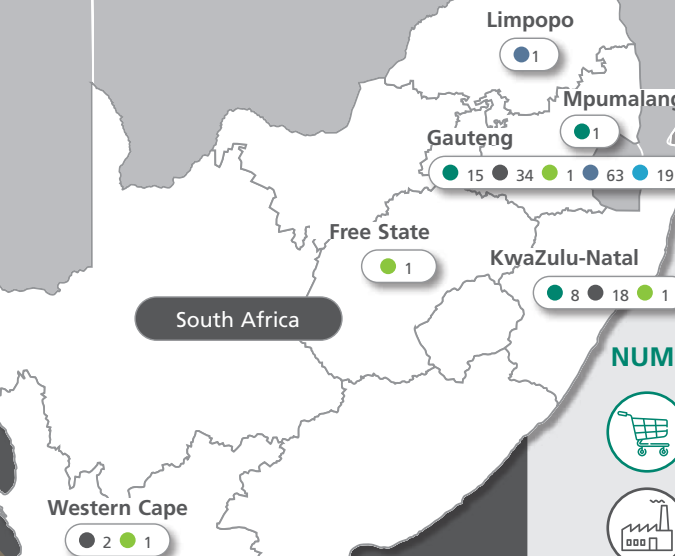
SAC AT A GLANCE

SAC is a JSE-listed Real Estate Investment Trust ("REIT") and, together with all its subsidiaries, owns a diversified portfolio of quality industrial, retail, commercial and residential buildings located primarily in the major metropolitan areas of South Africa with a secondary node in Zambia.

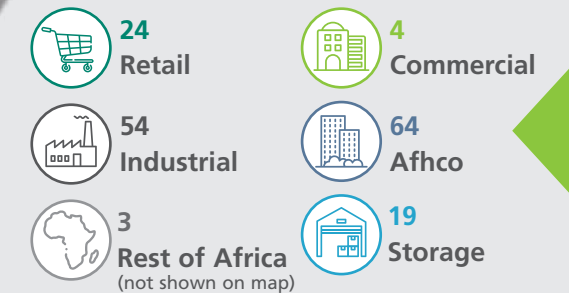
SAC is one of the oldest established property companies in the South African market.

REIT STATUS SINCE 2015

THE LOCATION OF OUR PROPERTIES

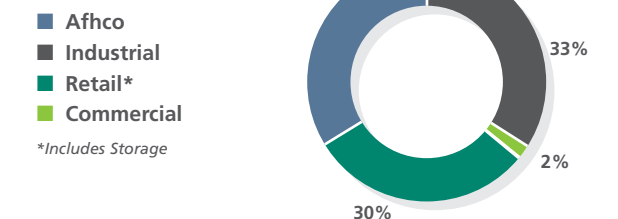


NUMBER OF PROPERTIES

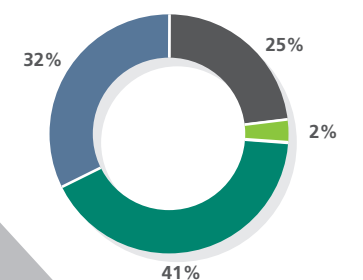


The Falls Lifestyle Estate, Roodepoort

RENTAL AREA (m²)



REVENUE (R'000)



OUR VALUES

- Integrity
- Innovation
- Accountability
- Respect

OUR VISION

Our vision is to produce sustainable distribution growth and long-term capital appreciation for investors, through investment in a well-diversified and balanced property portfolio. We will remain cognisant of our role as a responsible corporate citizen and aim to achieve our vision in a manner that benefits all our stakeholders.

PURSuing THE HIGHEST STANDARDS OF ETHICAL BEHAVIOUR AND ACCOUNTABILITY

Assets under management
R16.2bn

165 properties
Valued at R15.0bn (excluding three
Zambian properties and one South
African property, The Falls Lifestyle
Estate, held in JVs)

Gross lettable area
("GLA") (m²)
1.4m

OUR PROPERTY PORTFOLIO

A defensive retail portfolio focused on convenience

A quality residential rental portfolio (Afhco)

A quality industrial portfolio comprising primarily logistics

Divestment from offices

FINANCIAL SUSTAINABILITY



• R1.8bn divestment in total:

- R853.6m transferred
- R713.8m unconditional
- R251.0m conditional
- R92.2m failed (subsequently contracted again: 102 Essenwood R32m and Long Street Precinct R45m included in above)
- **Capital management:**
 - R60m AFD facility settled in April 2021
 - R350m term facility settled in July 2021, R200m term facility settled in December 2021
 - USD10m Cross-currency interest rate swap derivatives ("CCIRS") settled in May 2021
 - R500m refinanced for 4.2 years in September 2021
 - All 2022 expiries (R2.4bn) extended to 2023
 - Net debt Loan-to-value ("LTV") (excluding guarantees and derivatives) was 37.4% at 31 December 2021
 - Permanent increase in LTV covenant to 50% approved by Lenders in October 2021

CONVENIENCE ORIENTATED RETAIL PORTFOLIO



• Musgrave Centre:

- Dis-Chem trading from July 2021
- Food Lover's Market trading from November 2021
- Clicks commenced trading at the Bluff Towers in September 2021 and Davenport Clicks will be trading from Q3-2022
- Specialist food commence trading at Morning Glen in H1-2022.
- Woolworths and Clicks secured to commence trading at 51 Pritchard Street in Q3-2022
- Build it commenced trading at Umlazi Mega City in March 2022
- OBC lease concluded to trade at North Park Mall in H1-2022
- Dis-Chem to commence trading at Springfield Value Centre in Q3-2022
- New accesses and improved Kelvin Drive access at Morning Glen were completed in November 2021 and new parkade to open H1-2022

QUALITY INDUSTRIAL PORTFOLIO



- Vacancy maintained below 1.0%

DIVESTING FROM COMMERCIAL



- Four properties sold and transferred, and sale of 102 Essenwood concluded
- Storage repurposing at two offices initiated
- Improved leasing at GreenPark Corner

QUALITY RESIDENTIAL RENTAL PORTFOLIO



- Strategy to increase the suburban portfolio will be achieved by partial divestment of non-precinct inner city properties to be implemented in Q2 and Q3 of 2022, dependent on rates clearance certificates being obtained

VALUE PRESERVATION



In 2021, the Group preserved value by:

- Expanding its convenience retail offering
- Improving security and amenities in the residential portfolio
- Renewing blue-chip tenancy in the industrial portfolio
- Ensuring compliance with health and safety regulations, B-BBEE and governance requirements and reporting standards

PREVENTING VALUE EROSION



In 2021, the Group prevented value erosion by:

- Deleveraging the debt funding of the Group without raising equity
- Divesting from industrial properties with poor logistics characteristics
- Replacing residential tenants in arrears with new tenants meeting vetting criteria
- Minimising exposure to the office sector challenged by high vacancy and the Work from home ("WFH") phenomenon
- Introducing self-storage into otherwise unlettable space at retail properties
- Implementing a workplace vaccination program to protect the health and wellbeing of employees
- Implementing fast-track restoration of properties damaged in the July civil unrest
- Undertaking preventative and corrective maintenance to the value of R125m on the Group's properties
- Providing rent relief of R10.8m to assist tenants particularly hard hit by the pandemic
- Applying a payout policy appropriate to ensure the preservation of the Group's capital base

ENABLERS TO STRENGTHEN OPERATIONS

Key executive appointments | In-house strategic retail leasing capability | Operational optimisation | Execution discipline

FINANCIAL CAPITAL



Assets under management of **R16.2bn** (2020: R17.1bn)

Total net property income ("NPI") of **R1.1bn** (2020: R1.1bn)

Like-for-like portfolio NPI of **R1.1bn** (2020: R1.0bn)

Traditional property retention rate of **85.5%** (2020: 66.5%)

Traditional portfolio vacancy of **3.3%** by GLA (2020: 3.5%)

Net debt LTV reduced to **37.4%** (2020: 38.6%)

Lender LTV covenant increased to **50%**

MANUFACTURED CAPITAL



R292m spent on improvements to investment property

Disposals pipeline contracted and still to transfer, and divestments transferred since 1 January 2021 **R1.8bn**

Property portfolio refined

Industrial portfolio >**74%** logistics; leasehold properties reduced to 1

Divestment from 9 non-precinct inner city properties

4 office properties sold and transferred and 1 contracted for sale

HUMAN CAPITAL



91% of employees are from previously disadvantaged groups, of whom **90%** are female

67% of directors are from previously disadvantaged groups and **33%** of directors are female

88% of employees trained were from previously disadvantaged groups

INTELLECTUAL CAPITAL



Increased digitisation in residential retail business

StorageWorx website redeveloped with access to **16** storage locations, **7** days a week

SOCIAL AND RELATIONSHIP CAPITAL



858 scholars at CityKidz

9 252 affordable housing residential units

1 848 student accommodation beds available

Residential loyalty programme adapted to offer early payment discount

NATURAL CAPITAL



Generated renewable energy of **14 852 MWh**, a saving of **R22m** and **15 744 tonnes** of CO₂e ("tCO₂e")

Electricity consumption tCO₂e per m² of GLA has decreased **25%** against 2016 baseline

1 992 m³ of waste, representing **1 992 266 kilograms** recycled

FACING OUR CHALLENGES

Covid-19 pandemic


- Financial stability
- Rental relief to affected tenants
- Maintained tenant covenant

July civil unrest

- Effective crisis management
- Damaged properties substantially restored

A message from the Chairman of the SEEC, Ms EM Hendricks.

The SEEC is a Committee of the SAC Board established to provide integrated strategic direction on social, ethics and environmental matters for the Group. The Committee acts as the statutory social and ethics Committee for SAC and its South African subsidiaries, as contemplated in the Companies Act 71 of 2008 ("the Act") read with Regulation 43 of the Companies Regulations, 2011 ("Regulation 43").



The primary objective of the SEEC is to assist the Board to ensure that SAC and the Group, through effective policies, can achieve its strategic objectives, whilst remaining a socially responsible corporate citizen and creating a sustainable business with regard to the Group's social and environmental impact.

The Group believes that, for its business to truly prosper, it needs to balance performance across economic, human capital, environmental, social, health and safety, transformation and ethical spheres, as well as corporate responsibility considerations, all on a holistic basis. In this regard, the SEEC monitors and oversees the Group's approach to broader sustainability to ensure that all these dimensions are addressed throughout its business operations.

In executing its mandate, the SEEC covers all aspects related to the Group's:

- Social and economic development
- Empowerment and transformation
- Corporate citizenship
- Labour and employment
- Environment, health and public safety
- Organisational ethics
- Stakeholder relations
- Regulatory, statutory and legislative compliance

 More information on the SEEC's composition and mandate is set out on page 12.

Ms EM Hendricks
Chairman of the SEEC



The Group undertook a materiality analysis in 2021 across all 17 SDGs set out in the UN Department of Economic and Social Affairs' SDG Report, to identify the areas of business or society where the Group can make the most significant impact.

Five primary SDGs have been identified based on their relevance to the Group's business. Work is underway to develop the Group's approach and prioritise its resources and commitments concerning these SDGs.

The Group's primary SDGs are as follows:

UN SDG Goals	Description	SAC Group's actual and envisaged progress
	GOOD HEALTH AND WELL-BEING	<ul style="list-style-type: none">Employee well-being programme implementedEmployee vaccination initiatives executedRobust Covid-19 response, both internally and externallyPublic space upgrades by Afhco at Albert Street Park and End Street Park, with new facilities planned for 2022 at Davies StreetAfhco's participation in the Johannesburg Inner City Partnership ("JICP") Urban Agriculture Initiative
	QUALITY EDUCATION	<ul style="list-style-type: none">CityKidz bursaries/initiatives, as well as envisaged CityTeenz High SchoolResidential tenant bursary opportunities offeredEmployee bursaries and study support provided
	GENDER EQUALITY	<ul style="list-style-type: none">Gender equality promoted in succession planning for management, employees and at Board-levelBoard approved gender diversity targets for non-executive directorsRobust remuneration policy to ensure fair and equitable remuneration
	AFFORDABLE AND CLEAN ENERGY	<ul style="list-style-type: none">Renewable energy, solar power installations, waste and water initiativesPerformance measured and independently assured
	PEACE, JUSTICE AND STRONG INSTITUTIONS	<ul style="list-style-type: none">A recent update to the Group's whistleblowing hotline and planned awareness campaignReview and update of Group's Code of Conduct and Code of EthicsDevelopment of anti-bribery and anti-corruption ("ABAC") training and inclusion of ABAC provisions in supplier contracts and tenant due diligence processesA strong framework for the management and administration of the Group's governance processesRobust compliance- and reporting risk management processes



SAC’s approach to corporate governance supports the implementation of the principles and recommended practices of King IV and the JSE Listings Requirements. SAC recognises that governance is a fundamental part of the Group’s broader environmental, social and governance (ESG) framework that contributes to ensuring its sustainability, value creation and long-term performance.

The Company periodically reviews the corporate governance practices, ensuring that it acts in the best interest of the stakeholders, applies the best industry practices and complies with all applicable laws.

2021 CORPORATE GOVERNANCE REVIEW

The Board commissioned a corporate governance review in 2021 aimed at assessing the quality and effectiveness of the Company’s governance structures and practices, as well as highlighting areas of good performance and those that require refinement.

The report concluded that the Company has an engaged and functional Board and overall effective governance structures.

The report recommended :

- refinement of Committee roles and optimisation of meeting management,
- enhanced focus on Board composition, skills evaluation, and succession.

The recommendations have since been addressed through the appropriate governance structures as detailed in this report.

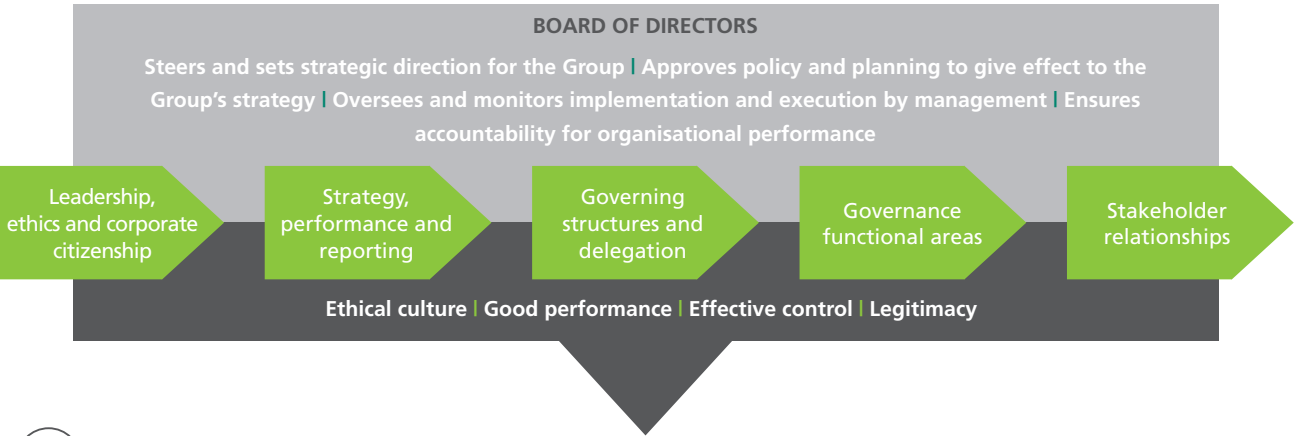
STRONG OVERSIGHT

16 scheduled and special Board meetings - 100% attendance

The Board, with the support of its Committees, annually assesses SAC’s compliance with the King IV principles, and the Group continually strives to attain best-in-class governance practices proportional to its structure and operations.

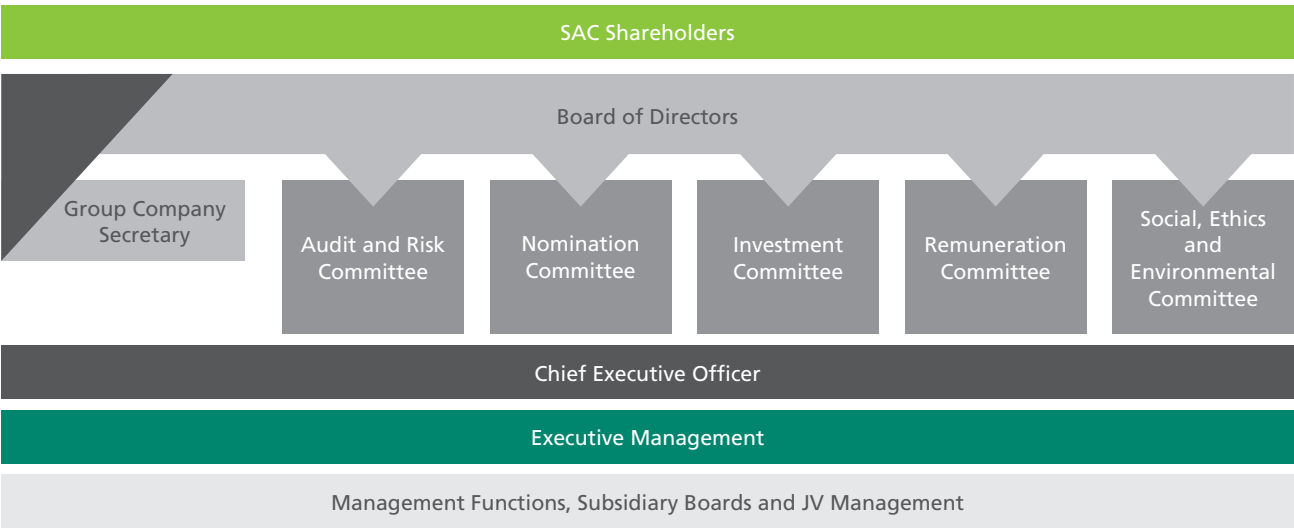
The Board is satisfied that the Group complies with all the corporate governance requirements applicable to listed entities, as set out in paragraph 3.84 of the JSE Listings Requirements and in line with King IV’s “apply and explain” approach to the extent to which SAC applies the King IV principles.

KING IV APPLICATION



The Group’s King IV disclosure is available on the website.

OUR GOVERNANCE FRAMEWORK



ORGANISATIONAL ETHICS AND CORPORATE CITIZENSHIP

The Board governs the Group’s ethics in a manner that supports the establishment of an ethical culture. The SEEC is tasked with monitoring organisational ethics.

Refer to the SEEC Committee’s mandate and activities on page 12.

The Group’s current Code of Ethics and Code of Conduct has undergone an extensive review to ensure its relevance and effectiveness in creating awareness and the promotion of key behaviours and expected conduct. In 2022, the revised Code of Conduct, a single document incorporating both key behaviours and ethical standards, will be finalised and implemented throughout the Group. The document will also support a more focused approach to creating and promoting foundational behaviours internally and externally, on the premise that ethics form an integral part of behaviour and conduct.

The Group’s Code of Ethics and Code of Conduct is available on the website.

During the year under review, SAC appointed WhistleBlowers (Pty) Ltd (WhistleBlowers) as the Group’s new whistleblowing hotline provider. Whistleblowing reports received are tabled at the Audit and Risk Committee (“ARC”) for discussion and are investigated and actioned by the Board, as required.

For the year under review, no new whistleblowing reports were received from Deloitte (previous hotline provider) or WhistleBlowers.

Through its various Committees, and in particular the SEEC and ARC, the Board oversees and monitors how SAC’s operations and activities affect its good corporate citizenship status. The Board, through its Committees and SAC’s management structures, proactively considers any critical concerns raised by stakeholders.

For the year under review, there were no concerns raised through

grievance mechanisms and other processes or channels relating to SAC’s conduct in its operations and its business relationships.

RESPONSIBILITIES OF THE BOARD AND DELEGATION FRAMEWORK

The Board is guided by a charter that has been aligned with the principles of good governance as set out in King IV. The charter sets out rules for the Board’s composition, frequency of meetings, the roles and responsibilities of the Board (including those of individual directors), the establishment of Committees, policies and procedures to be adopted, Directors’ fees and Board evaluation. The principles of good governance make allowance for the specific responsibilities to be discharged by Board members collectively, while always acting in the best interests of the Group.

The Board charter further defines the roles of the Chairman and CEO, specifically providing that these roles are separate, so that no individual has unfettered powers of decision-making. The Group’s approvals framework sets out matters reserved for the Board and those delegated to its Committees and management. The approvals framework applies to the Group, including all subsidiaries and JVs in which the Group has an interest.

The Board is satisfied that the delegation of authority framework contributes to role clarity and effective arrangements by which authority and responsibilities are exercised. The framework is reviewed annually for accuracy and relevance.

The Board reviews its charter annually and has established an annual work plan to ensure that all its duties and responsibilities are covered by the agendas of the meetings planned for the year.

The Board confirms that the Company is in compliance with the provisions of the Companies Act and has been operating in conformity with its MOI during the past financial year.

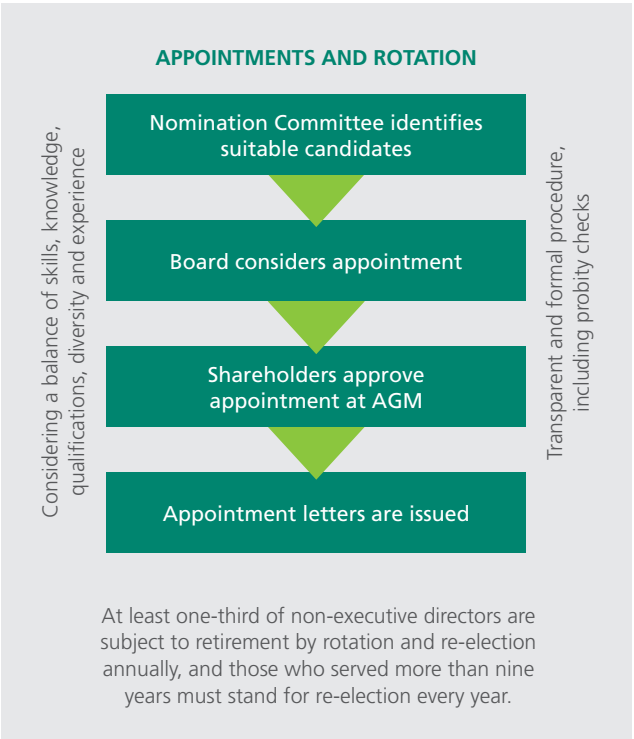
The Board charter is available on the Group’s website.

CONFLICT OF INTEREST

Directors are required to make specific and general declarations of any personal financial interest that poses a real or perceived conflict of interest through an opportunity at each scheduled Board meeting, during an annual formal disclosure process, and at any other time if necessary. Where a conflict of interest may exist, the matter is dealt with as prescribed by section 75 of the Companies Act, 71 of 2008. Directors further receive regular guidance on the management of conflict of interest as part of their normal director development and training.

INDEPENDENCE OF THE DIRECTORS

All non-executive directors are subject to an independence review by the Board, with the assistance of the Nomination Committee. The Board considers, against the King IV indicators of independence, on a substance-over-form basis, whether a non-executive director is independent in character and judgement and whether there are any relationships or circumstances which are likely to affect, or could appear to affect a director's independence. Based on the findings of this evaluation, **the Board concluded that all non-executive directors serving the Board are independent.**



SUCCESSION PLANNING

The Board considers its current composition to be suited to the business of the Group. The Nomination Committee considers non-executive director succession each year. Overall, the Board is confident that it has the right level of knowledge, experience and skill to ensure objective and effective governance and the depth of skill among current directors to meet succession requirements. When Board members retire, the

opportunity is utilised to rejuvenate the Board, based on skills profiling and any gaps identified from Board assessments.

The Board's Remuneration Committee ensures that succession planning is in place for executive directors and senior management. **In this regard, for the year under review, the Committee proactively engaged and made appropriate recommendations to the Board on succession planning for SAC's Chief Executive Officer and Chief Financial Officer, as well as other critical executive and senior management appointments, including the role of the Chief Operating Officer.**

DIRECTOR DEVELOPMENT AND TRAINING

Newly appointed directors are apprised of the Group's business and their duties and responsibilities as directors through a structured induction programme which includes induction materials and sessions, site visits and meetings with management to ensure their appreciation for, and understanding of, the Group's governance and business.

To further develop and maintain an effective Board, **directors receive ongoing training** and are briefed on, among others matters, information relevant to the business undertakings of the Group, sector-specific matters, legal developments, sustainable development and changes in the risk and general business environment, as well as their duties and responsibilities. Where necessary, individual directors may request to receive specific training on topical matters to ensure that they can effectively contribute to the Board's work.

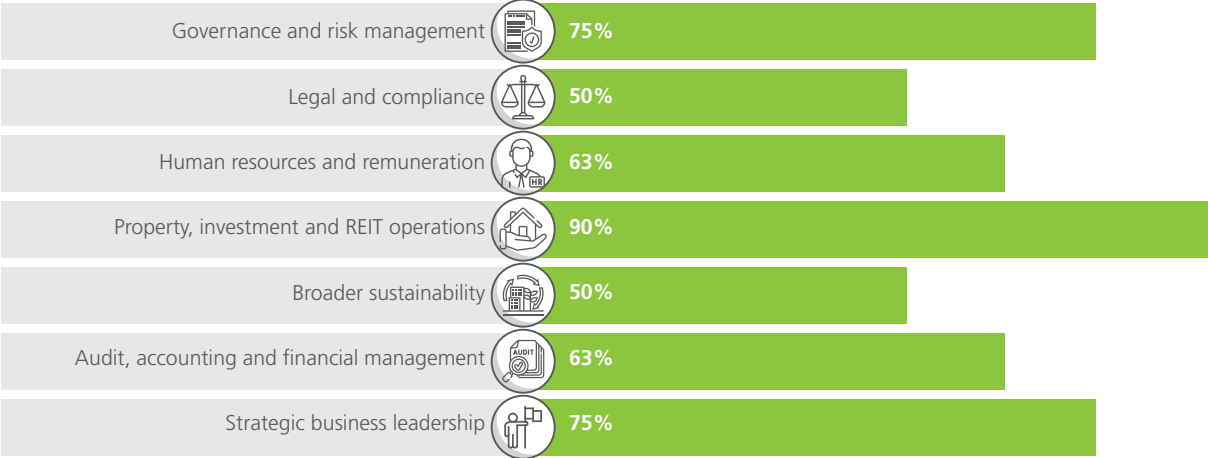
BOARD EVALUATION AND SKILLS ASSESSMENT

A formal performance evaluation of the Board, Committees, individual directors and the Group Company Secretary is conducted at least every two years, and in every alternate year, an opportunity is provided for reflection and discussion by the Board of its performance and that of its Committees, the Chairman, individual directors and the Group Company Secretary.

For the period under review a formal, externally facilitated, Board evaluation process was undertaken based on the requirements of King IV. The process assessed the performance and effectiveness of SAC's Board, its Committees, the executive and non-executive directors individually, the Chairman, and the Group Company Secretary. In addition, a skills assessment was performed to assist the Board in determining the skills which are currently available within its structures, as well as any additional skills that would be beneficial going forward.

The evaluation concluded that the Board is performing well, with an overall average score of 3.61 out of 4.00. This score indicates that the Board is confident in its overall performance and contributions to SAC, with certain areas being identified for improvement. In this regard, the Chairman of the Board is responsible for determining any actions required to enhance the effectiveness of the Board, and the Board is satisfied that the evaluation process is improving its performance and effectiveness.

Board areas of expertise, primary skills and experience:




DIVERSITY

Having due regard for the benefits of diversity in the widest sense, **the Board has adopted a broad diversity policy and voluntary targets aimed at the promotion of diversity and inclusiveness** at the Board level.

To this end, a voluntary target of at least 40% female representation on the Board was agreed upon, and the target has been met with the appointment of Ms SS Mafoyane in February 2021. However, the resignation of Ms AM Basson during December 2021, brought the percentage down to 33%. In 2022, a non-executive director vacancy on the Board will be filled by a female incumbent once a suitably skilled and experienced candidate has been identified. Of the total Board, 63% of directors are from previously disadvantaged groups, with three of these directors being women.

The Board's diversity policy and targets are reviewed annually and adjusted as appropriate.

 **The Board's diversity policy is available on the Group's website.**

TRANSFORMATION AND B-BBEE

The Group's continued commitment to transformation and making a difference at grassroots level in South Africa is reflected in the B-BBEE contributor Level 3 achieved in the year-end 2020 B-BBEE measurement period. This improved rating was achieved through increased contributions in Skills Development and Enterprise and Supplier Development during 2020.

In 2021, SAC contributed a further R1.6 million worth of bursaries to 650 scholars at CityKidz Pre- and Primary School, an Afhco initiative, to settle outstanding school fees for the year and a contribution toward costs for books and stationery for 2022. SAC and Afhco value the ongoing relationship with CityKidz and its goal to improve educational facilities for Johannesburg inner city children, being beneficial to many of its tenants in the same inner city residential properties.


Further, Enterprise Development contributions were made to qualifying tenants impacted by the ongoing effects of the Covid-19 pandemic as well as the July 2021 social unrest. SAC also launched The Seed Project, being a concept Small and medium-sized enterprises ("SME") tenant incubation programme run as a competition, with the purpose to support and develop the winning small business with the best retail concept for the year.

The year-end 2021 verification process is currently in progress, and it is expected that SAC's B-BBEE contributor Level 3 will be maintained. The Group's strategic objectives in terms of transformation remain relevant and are continuously enhanced with particular efforts in respect of employment equity, skills development, supplier development, and enterprise development.

DIRECTORS' DEALING IN SECURITIES

The Group's policy on disclosure of dealings in SAC Securities governs directors' dealings in SAC shares. **All directors and the Group Company Secretary must receive written clearance from the Chairman before trading SAC shares.** Directors must notify the Group Company Secretary of any dealings in the Company's shares, and this information is then disclosed on SENS in the prescribed format and within the timeframes provided for in the JSE Listings Requirements.


The Group operates a strict closed period policy in line with the JSE Listings Requirements. In this regard, directors and other affected persons are prohibited from dealing in SAC shares during a closed period, as defined in the policy, nor during any period in which there exists any matter which constitutes unpublished price-sensitive information.

 **The policy on disclosure of dealings in SAC Securities is available on the Group's website.**

DISCLOSURE CONTROLS

The Group has recently reviewed its disclosure controls and procedures, as part of its **updated stakeholder engagement policy**. In this regard, in SAC's context, disclosure controls and procedures are designed to:

- ensure that information required to be disclosed in terms of all legal and regulatory requirements to which SAC is subject to, are recorded, processed, summarised and reported within the periods specified in terms of those rules or regulations relevant to SAC;
- ensure that price-sensitive information is identified and disclosed adequately and timely to all investors;
- that unpublished price-sensitive information is kept confidential until it is disclosed (for a limited period and subject to certain requirements); and
- ensure that information disclosed is not misleading in any way.

 **For more information on the Group's stakeholder policy and disclosure controls, refer to the Group's website and the Stakeholder Engagement section page 28.**

ACCESS TO INFORMATION AND PROFESSIONAL ADVICE

SAC directors have unrestricted access to all Group information, records, documents and property. Information is distributed promptly before Board meetings to enable directors to prepare and apply their minds adequately.

The Board recognises that there may be occasions where one or more directors deem it necessary to seek independent, professional advice. In this regard, the Board’s charter provides that **any director is empowered to consult independent experts when necessary** and within his/her duties as a director of SAC. All requests for independent, professional advice should be directed in writing to the Chairman and/or the Group Company Secretary. Costs incurred as a result of the independent advice will be borne by SAC, subject to approval by the Chairman.

GROUP COMPANY SECRETARY

All the directors have access to the advice and services of the Group Company Secretary, who acts as a channel between the Board and the Group and is not a director of the Group.

The Board is cognisant of the duties of the Group Company Secretary who is empowered to properly fulfil those duties. Adv Jacqui Grové is the Company Secretary. In addition to her statutory duties, she fulfils several functions in line with the Board charter and the Group’s governance framework, including:


- provision of guidance to the Board and individual directors on how their responsibilities should be properly discharged in the best interests of the Group;
- provision of guidance to the Board on the duties of the directors, matters of law, ethics and good governance;
- and the administration and management of Board- and shareholder communications and meetings.


The Board assessed and was satisfied that the Group Company Secretary is competent and has the requisite qualifications and experience to effectively execute her duties. The Group Company Secretary maintains an arm’s length relationship with the Board and the directors, taking into account that the Group Company Secretary is not a director of the Company and is not related to any of the directors.

INFORMATION AND COMMUNICATION TECHNOLOGY GOVERNANCE

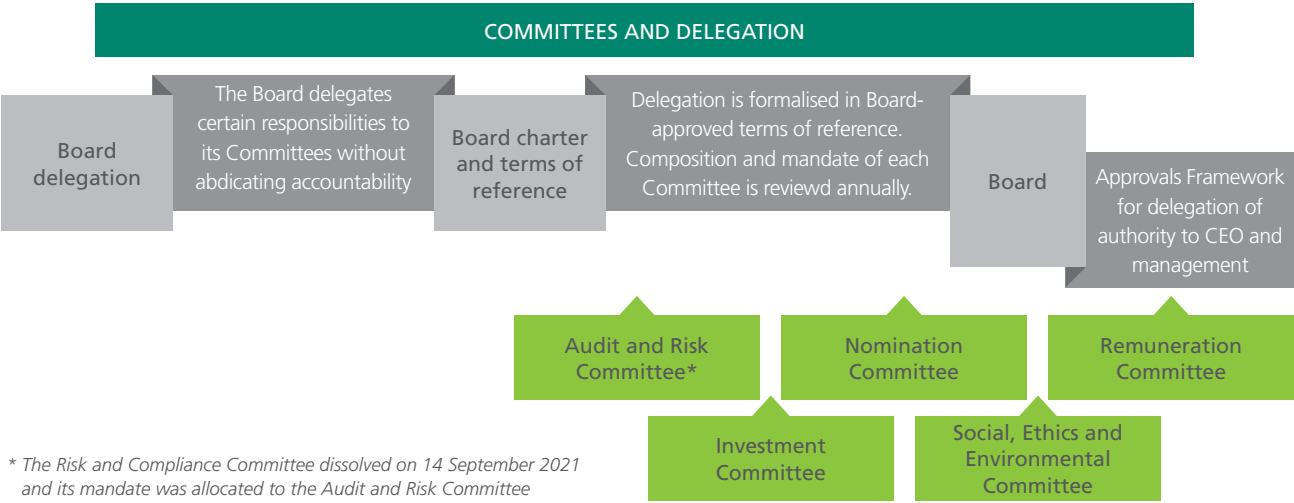
SAC’s information and communication technology (ICT) policies and procedures cover, inter alia, the use and safeguarding of the Group’s information and systems, the use of social media, business continuity and disaster recovery plans, and the regular updating and improvement of technology.

The Audit and Risk Committee is responsible for oversight of ICT risk, as integrated into the Group’s risk management processes, and monitoring ICT governance. **An ICT Steering Committee, under the chairmanship of the CEO, is responsible for carrying out the information and communication technology-related responsibilities** assigned to it in terms of an IT Steering Committee charter. This includes, inter alia, motivating and monitoring IT project budgets, the IT governance framework, integrating a strategic IT planning process in line with the business strategy development process and identifying and exploiting opportunities for IT to improve the Group’s performance and sustainability.

 **The Group’s ICT Steering Committee terms of reference is available on the Group’s website.**

 **Refer to the business continuity discussion in the Risk Report of the IAR on page 88.**

BOARD COMMITTEES



* The Risk and Compliance Committee dissolved on 14 September 2021 and its mandate was allocated to the Audit and Risk Committee

The Board may appoint ad hoc committees from time to time to deal with specific matters that fall outside the scope of the existing Committees.

The Board is satisfied that its Committees fulfilled their respective mandates in compliance with each of their terms of reference, as approved by the Board.

AUDIT AND RISK COMMITTEE %		INVESTMENT COMMITTEE		NOMINATION COMMITTEE		REMUNERATION COMMITTEE		SOCIAL, ETHICS AND ENVIRONMENTAL COMMITTEE	
Chairman									
N Ford-Hoon(Fok) * RJ Biesman-Simons [§]		GJ Heron		MA Moloto		OR Mosetlhi [#] N Ford-Hoon(Fok) [^]		EM Hendricks	
Members									
SS Mafoyane ^{&} GJ Heron ^{&} A van Heerden ⁺		RJ Biesman-Simons TR Mackey MA Moloto OR Mosetlhi N Ford-Hoon(Fok) ⁻		EM Hendricks OR Mosetlhi A van Heerden ⁺		RJ Biesman-Simons GJ Heron MA Moloto		AM Basson ^{>} OR Mosetlhi SS Mafoyane ^{<}	
Number of Meetings and Attendance									
10	100%	7	100%	6	100%	6	96%	3	100%
Primary Mandate									
<p>The Audit and Risk Committee is constituted as a statutory Committee of SAC (and the Group) in respect of its statutory duties in terms of section 94(7) of the Companies Act, 71 of 2008 (the Act) and as a Committee of the Board of in respect monitoring and overseeing the Group’s risk-, information technology and compliance governance, and such other duties assigned to it by the Board.</p> <p>- Ensures the continued independence of the independent auditor.</p> <p>- Oversees the external audit process, and the scope and effectiveness of SAC and the Group’s external audit function.</p> <p>- Ensures the quality and integrity of SAC’s integrated reporting, incorporating the financial statements, including the consolidated Group financial statements, and external reports and disclosures in respect of its financial results.</p>		<p>The Investment Committee provides integrated strategic direction on group-wide acquisitions, disposals and capital expenditure, and makes appropriate recommendations to the Board regarding SAC and the Group’s investment, divestment and capital expenditure strategy.</p> <p>- Monitors and oversees the approval (or recommendation, as appropriate), of acquisitions, disposals and capital expenditure in line with Board approved policy and Group strategy.</p> <p>- Evaluates targeted yields through post-acquisition and redevelopment reviews.</p> <p>- Provides input into SAC and the Group’s annual budget, including capital expenditure budgets.</p> <p>- Reviews property portfolio performance against targets.</p> <p>- Reviews outsourced property managers’ performance against agreed KPIs.</p>		<p>The Nomination Committee provides integrated support and guidance to the Board in the execution of its broader governance responsibilities.</p> <p>- Considers the extent to which the general corporate governance mechanisms and framework of SAC are appropriate (proportional and relevant), and effective, in view of developments within SAC and the Group.</p> <p>- Recommends the appointment and re-appointment of non-executive directors to the Board and recommends the re-election directors and Audit and Risk Committee members for approval by shareholders.</p> <p>- Reviews the independence of non-executive directors, taking into account all applicable corporate governance requirements, and makes appropriate recommendations to the Board.</p> <p>- Reviews the Board structure, size and composition, taking into consideration the Board’s succession plans, and makes recommendations to the Board concerning any adjustments that are deemed necessary in support of the promotion of broader demographic diversity and diversity in respect of the relevant skills, experience, business, and academic backgrounds of Board members.</p>		<p>The Remuneration Committee provides integrated strategic direction on group-wide remuneration matters and makes appropriate recommendations to the Board that articulates the Group’s direction on fair, responsible and transparent remuneration practices.</p> <p>- Oversees the development and regular review of a Group-wide remuneration policy that articulates and gives effect to the Board’s direction on fair, responsible and transparent remuneration and that achieves agreed objectives.</p> <p>- Reviews the appropriateness and relevance of the remuneration policy and oversees that the implementation and execution of the remuneration policy achieve the objectives thereof.</p> <p>- Oversees the review and recommendation to the Board of the remuneration report, to be included in the integrated annual report.</p> <p>- Ensures that the remuneration policy and implementation report are put to a non-binding advisory vote at the general meeting of shareholders every year.</p> <p>- Monitors the overall cost of remuneration structures within the Group, including approving the cost of annual general salary increases, benefits, short-term incentive payments made and the value of long-term incentive awards granted.</p>		<p>Social, Ethics and Environmental Committee provides integrated strategic direction on Group-wide social, ethics, and environmental matters, including acting as the statutory social and ethics Committee for Company and its South African subsidiaries, as contemplated in the Companies Act 71 of 2008 (the Companies Act) read with Regulation 43 of the Companies Regulations, 2011 (Regulation 43).</p> <p>- Assists the Board to ensure that SAC and the Group, through effective policy, can achieve its strategic objectives whilst remaining a socially responsible corporate citizen and creating a sustainable business, having regard to the Group’s social and environmental impact</p>	

AUDIT AND RISK COMMITTEE %	INVESTMENT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE	SOCIAL, ETHICS AND ENVIRONMENTAL COMMITTEE
Primary Mandate				
<ul style="list-style-type: none"> - Applies an appropriate and relevant combined assurance model to ensure a coordinated approach to all assurance activities. - Reviews the expertise, resources and experience of the finance function, and the appropriateness of the expertise and experience of the CFO. - Oversees the effectiveness of the Group's internal controls and internal audit function. - Ensures that the Group implements and maintains an effective enterprise-wide risk management framework, complies with laws, regulations and relevant best practice codes, and that information technology is governed in support of the Group's strategy and direction, and to further specifically oversee the management of financial and other risks that affect the integrity of external reports and disclosures issued by the Group and to oversee compliance with legal and regulatory requirements to the extent that it might have an impact on financial statements. 	<ul style="list-style-type: none"> - Approves major leases, lease renewals, and development leasing. - Approves the appointment of the Group's property valuers. - Reviews SENS announcements and Circulars, to the extent relevant, relating to transactions requiring disclosure and/or shareholder approval in terms of the JSE Listings Requirements, - Recommends revisions of the Group's Valuation Policy to the Board for approval. - Supports the Audit and Risk Committee and the Board in ensuring effective risk management oversight, specifically concerning material risks within its scope. 	<ul style="list-style-type: none"> - Identifies and nominates candidates for approval by the Board to fill Board and Committee vacancies. - Considers succession plans for the Chairman of the Board, the Lead Independent Director and the Chairman of the Audit and Risk Committee. - Reviews the number, structure, composition, expertise of Board Committees and makes recommendations to the Board. - Reviews and recommends the annual Governance Report to the Board (as part of the Integrated Annual Report) - Assists the Chairman and the Board in evaluating the performance of the Board, its Committees, individual directors and the Group Company Secretary. - Ensures the establishment of an annual programme for the continuous professional development of directors. - Ensure that a formal and adequate induction process is followed with the appointment of new directors. - Considers any other matter regarding the effective governance of the Group. - Supports the Audit and Risk Committee and the Board in ensuring effective risk management oversight, specifically concerning material risks within its scope. 	<ul style="list-style-type: none"> - Ensures that the mix of fixed and variable pay, in cash, shares and other elements, meets the SAC and Group's needs and strategic objectives. - Ensures that succession planning is in place for executive directors and senior management. - Reviews remuneration practices and employment conditions across the Group when reviewing and setting the remuneration policy for employees, especially when determining annual salary increases, incentive and retention initiatives. - Determines the total individual remuneration package of each executive director and other designated senior executives including bonuses, share incentive schemes and other share options. - Considers remuneration structure for non-executive directors, recommending same for approval by the Board and shareholders at the next annual general meeting. - Considers the evaluation of the performance of the executive directors, both as directors and executives in determining remuneration. - Reviews incentive and retention schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules. - Supports the Audit and Risk Committee and the Board in ensuring effective risk management oversight, specifically concerning material risks within its scope. 	<ul style="list-style-type: none"> - Monitors and oversees the Group's activities relating <ul style="list-style-type: none"> - <i>social and economic development;</i> - <i>good corporate citizenship;</i> - <i>the environment, health and public safety;</i> - <i>consumer relationships;</i> - <i>labour and employment;</i> - <i>and</i> - <i>organisational ethics.</i> - Oversees the Group's activities relating to records of sponsorship, donations and charitable giving. - Supports the Audit and Risk Committee and the Board in ensuring effective risk management oversight, specifically concerning material risks within its scope.
2021 Highlights				
<ul style="list-style-type: none"> - Recommended the re-appointment of the External Auditor - Reviewed the External Auditor's independence, terms of engagement, and approved the external audit fees - Determined and approved the nature and extent of allowable non-audit services 	<ul style="list-style-type: none"> - Monitored the Group's disposal progress - Evaluated targeted yields through post-acquisition reviews 	<ul style="list-style-type: none"> - Recommended the election and re-election of directors retiring by rotation - Recommended the election of Audit and Risk Committee members 	<ul style="list-style-type: none"> - Reviewed the appropriateness and relevance of the remuneration policy and oversaw the implementation and execution thereof 	<ul style="list-style-type: none"> - Considered, monitored and oversaw the Group's economic, workplace, social- ad natural environmental impact

AUDIT AND RISK COMMITTEE %	INVESTMENT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE	SOCIAL, ETHICS AND ENVIRONMENTAL COMMITTEE
2021 Highlights				
<ul style="list-style-type: none"> - Reviewed the adequacy, effectiveness and quality of the internal and external audit processes - Assessed the adequacy of the expertise and resources of the Internal Audit function - Met separately with internal and external auditors without management present - Monitored compliance with applicable legislation and regulation. - Considered and applied the JSE's feedback on proactive monitoring of financial statements - Reviewed the effectiveness of the Group's system of internal financial control and ensured that the Combined Assurance Framework was applied to provide a coordinated approach to all assurance activities - Reviewed the integrity of the interim results, Group annual financial statements and integrated annual report, including the public announcements of the Group's financial results - Recommended the Group and Company annual financial statements to the Board for approval - Oversaw the management of financial and other risks that affect the integrity of external reports issued by the Group - Reviewed the Group's insurance cover - Reviewed the expertise, resources and experience of the CFO and the finance function 	<ul style="list-style-type: none"> - Reviewed Broll's performance against agreed KPIs - Approved material transactions and leases within the Committee's mandate - Quarterly reviewed the Group's property portfolio performance 	<ul style="list-style-type: none"> - Reviewed independence of non-executive directors - Reviewed the Board and Board Committees' structure, size and composition, taking into consideration the Board's succession plans - Assisted the Chairman and the Board in evaluating the performance of the Board, its committees, individual directors and the Group Company Secretary 	<ul style="list-style-type: none"> - Oversaw the review and approval of the Group's remuneration report, and recommended the report to the Board - Recommended the appointment of the CFO, and considered succession planning for executive directors and other senior management - Considered the evaluation of the performance of the executive directors, and reviewed the accuracy and relevance of performance measures that govern the vesting of incentives - Reviewed remuneration practices and employment conditions across the Group - Recommended the non-executive directors' fees to the Board for recommendation to the AGM - Recommended the percentage annual salary increase to the Board 	<ul style="list-style-type: none"> - Oversaw the Group's ethics and supported the review and updating of the Group's Code of Conduct and Code of Ethics and redevelopment thereof into a single Code of Conduct - Approved the Group's primary SDGs - Recommended the Group's revised Stakeholder Engagement Policy and disclosure controls - Considered and measured the Group's in-progress and planned initiatives to reduce the environmental impact of its business and operations on the natural environment - Recommended the ESG Report

2022 Focus	AUDIT AND RISK COMMITTEE %	INVESTMENT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE	SOCIAL, ETHICS AND ENVIRONMENTAL COMMITTEE
	- Continued focus on further embedding enterprise risk management and combined assurance considerations	- Monitor the ongoing execution of the Group's investment strategy	- Consider the Board and Board Committees' structure, size and composition, taking into consideration the Board's succession plans, and making appropriate recommendations to the Board	- Consider the CEO's succession	- Consider the impact of the proposed amendment to the Companies Act, regarding Social and Ethics Committees
	- Maintain focus on continuous auditing from an internal audit perspective	- Monitor Broll's performance against agreed KPIs	- Recommending the notice of annual general meeting (AGM), including a recommendation on directors retiring by rotation and those recommended for election to the Audit and Risk Committee by the AGM	- Review and recommend the Remuneration Report to the Board	- Monitor the implementation and further development of the Group's primary SDGs
	- Overseeing the further automation of financial processes	- Consider new and future material transactions and leases within the Committee's mandate		- Recommend the non-executive directors' fees to the AGM	- Review and recommend the ESG Report to the Board
	- Review the Group's integrated annual report suit for the financial year ended 31 December 2021 and assess its consistency with appropriate reporting standards, the JSE Listings Requirements and King IV				- Oversee the finalisation of the Group's revised Code of Conduct
	- Continue to focus on enhanced information on communication technology management within the Group				

% Risk and Compliance Committee was dissolved effective 14 September 2021 and its mandate was assigned to ARC

* Appointed as Chairman effective 1 June 2021

\$ Resigned as Committee member and Committee Chairman effective 31 May 2021

Appointed Committee Chairman effective 1 June 2021

^ Resigned as Committee member and Committee Chairman effective 31 May 2021


& Elected to ARC at the Annual General Meeting 31 May 2021

+ Resigned from the Board (and Committees) effective 23 August 2021

~ Appointed as member effective 1 June 2021

The Group believes that, for its business to truly prosper, it needs to balance performance across economic, human capital, environmental, social, health and safety, transformation, and ethical spheres, as well as corporate responsibility considerations, all on a holistic basis.”


Ms EM Hendricks
Chairman of the SEEC



SOCIAL AND RELATIONSHIP CAPITAL

Our relationships with suppliers, tenants, property and asset managers, communities and other networks form the core of our social and relationship capital.

SAC is committed to maintaining strong relationships with the key stakeholder groups that have an integral and lasting impact on the long-term growth and prosperity of the Group. The Group is acutely aware of its role in helping to alleviate inequality and hardship in society and **is involved in a variety of social projects, with a special focus on promoting education.**





Curro Jewel City – Tshegofatso Makhafola
“We have realised that a lot of the accolades at our school are awarded to learners coming from CityKidz. They carry and express themselves in a way that alludes to a strong foundation. The degree of excellence even extends beyond academics and our staff have identified some amazing soft skills that speak to our school values”.

In 2021, learners from CityKidz received the following accolades at Curro Jewel City:

- Awards for diligence, most presentable, most dedicated and brightest learner;
- Grade 8 Scientist of the year;
- Grade 8 top achiever in Humanities;
- Grade 8 top achiever in Afrikaans;
- Grade 9 Scientist of the year;
- Top awards in Economic and Management Sciences; and
- Four learners were included in the student leadership body.

CityKidz Pre-and Primary School, a non-profit company, was started in 2008 as a social initiative by Afhco. Afhco's vision was to raise the standard of education in the inner city. The school provides quality care and education from Grades RR to 7 and is Umalusi registered (the Umalusi Council sets and monitors standards for general and further education and training in South Africa following the National Qualifications Framework Act).

Afhco offers new tenants a 10% discount on school fees at CityKidz. The company also pays the registration fee for new learners and the administration fee for learners whose parents are tenants.

In addition, SAC donated bursaries of R1.6 million to CityKidz in 2021, with 650 school children benefitting. The bursaries were used to settle outstanding debt and to cover some of the 2021 school fees.

CityKidz students come from different areas and even countries, which creates great cultural diversity at the school.

The performance of the school is moderated and assessed by the Department of Education. The foundation laid by the school is of a very high standard. This is evidenced by a letter the school Principal received in 2021 from the Head of the Curro Jewel City, a neighbouring high school.

Foundation, intermediate and senior phase teachers from another neighbouring school, accompanied by their Principal, also visited CityKidz in 2021 to learn about the tools that the teachers at the school used to facilitate effective teaching and learning and the school's administrative processes.

The school has achieved an excellent pass rate in 2021. Children who have to repeat grades are usually in the lower grades and often new learners.



Support our schools is an ongoing initiative by SAC Retail Portfolio to give back to the community and assist with the improvement of schools. 2021 was the fourth consecutive year where the centres contributed to the education facilities within their communities.

The following donations were made:

Retail centre	Value and purpose	Beneficiary
Hayfields Mall	R15 000 - school fees	Eastwood Secondary School
Springfield Value Centre	R15 000 - school fees	St Theresa Primary School
Bluff Towers	R20 000 - school fees	Collingwood Primary School
Davenport Square	R10 000 - school fees	Carrington Heights Primary School
Pine Walk Shopping Centre	R15 000 - municipal bill	Vezamafa Primary School
Musgrave Centre	R8 070 - PPE supplies	Clayton Primary School
Inland retail portfolio	R67 000 - school fees	Hulwazi School

AFHCO INITIATIVES IN 2021

Mandela Day

Afhco supported the MES Children's Home for Mandela Day in 2021 and donated R20 000 worth of groceries.



Bursary opportunity

Afhco launched an annual bursary opportunity in 2019. In 2020 and 2021, the bursary was awarded to Dineo Rampou, and we are very proud of her for completing her studies.

Afhco awarded an additional bursary in 2021 and we wish Angela Tsita all the best with her studies.

Promoting businesses

Afhco invited self-employed tenants residing in their buildings to promote their services and/or products to the Company's tenant base as a means to assist with generating more income.

Mental health webinar

In May 2021, Afhco hosted a mental health virtual seminar where work-life balance was discussed. The seminar was aimed at employees and tenants, but other interested parties were also invited to join.



To view, please click on https://www.youtube.com/watch?v=toRj_OTRd4&t

Movers Mentorship Program



Afhco launched this programme in 2021 intending to encourage mentorship amongst young people through promoting educational, social, financial and mental well-being

support. The Company partnered with several other companies to promote impactful engagement and contribute to building future leaders. This was done through the following activities:

- an event on 16 June 2021 with the title *Education emancipation for future leaders*
- a podcast series called *Movers bridging the gap* in August 2021 focussing on socio-economic issues such as community and domestic violence, drug and alcohol abuse and cultural and gender inequalities. To listen to the podcast, please visit <https://soundcloud.com/user-405075612>
- a follow-up podcast series, part 2 of *Movers bridging the gap* in which stress management was discussed, and
- for our students living in the student accommodation at Mpumelelo, Nukerk and Rissik, we hosted an event that promoted financial and health wellbeing

Urban Agriculture Initiative

The Urban Agriculture Initiative ("UAI") is a non-profit social enterprise established by the JICP for the development of urban agriculture in the City of Johannesburg. Afhco is a founding member of the UAI and was involved in conceptualising the idea of developing hydroponic farms (a method of growing plants without soil, by using mineral nutrient solutions in an aqueous solvent) and assisting with the execution. The company currently only has one building in which a rooftop farm is situated. They employ a full-time farmer and three seasonal workers for harvesting every seven weeks. No rental is charged to the farmer and the company fully subsidises the water and electricity use. The farmer currently sells his produce to Glamour Veg Packers (Pty) Ltd who then packages for Food Lovers Market and other retailers.



Winter drive



Afhco runs an annual winter drive during which they appeal to their tenants and staff to donate clothes, blankets and non-perishable food. This is donated to the Salvation Army for their children and adults.

RETAIL CENTRE SOCIAL INITIATIVES

SAC encourages and assists with a variety of social and community events at our retail shopping centres. These activities are focused on community upliftment and relief and include raising funds for charities, healthcare and education. The civil unrest and vandalism, unfortunately, resulted in limited initiatives in 2021.


Studio and food parcels

Umlazi Mega City offered Intokozo FM, a local radio station, a studio at a 75% discounted rate. The centre also facilitated a donation of food parcels to the service providers in the centre, in conjunction with the Imbumba Foundation.

CANSA Shades of Pink Fun Run/Walk and National Shavathon

Davenport Square in Durban was, for the fifth consecutive year, the organiser of the Cancer Association of South Africa ("CANSA") Shades of Pink Fun Run which aims to raise funds and awareness for breast cancer. The event was hosted virtually and R21 000 was raised for the cause.

SAC hosted the annual CANSA Shavathon where customers are encouraged to shave or spray their hair in the shopping centres and donate to CANSA – R15 000 was raised.



NATURAL CAPITAL

SAC has implemented proactive efforts to reduce its environmental footprint and utilisation of natural resources. Under the oversight of the SEEC, SAC aims to measure and minimise the impact of its operations on the environment, as well as that of its property portfolios in all geographical areas in which it operates, including beyond South Africa's borders, where sustainability legislation may be less stringent.



Some of the environmental projects SAC implemented this year include:

SOLAR PHOTOVOLTAIC (“PV”) ELECTRICITY GENERATION

Solar PV was installed at 17 retail assets and one industrial asset. A detailed assessment of solar opportunities was done in the Afhco portfolio and six opportunities were identified, split between the inner city and suburban portfolios. During the Covid-19 pandemic, CAPEX had to be carefully moderated, resulting in fewer new solar implementations, with plans in place to recommence these in 2022.


SAVING WATER

SAC is actively focussing on saving water. There are currently no targets set for water saving in the Group, but the following efforts were undertaken in 2021 to reduce water consumption:

- Aerators with a flow rate of about 3.5 litres per minute were added to faucets in SAC buildings for maximum water saving.
- All leaky faucets were repaired.
- Bulk water meters have been put in place at 20 retail assets to improve water data collection and better manage this resource.
- Tenants were advised to check water readings when closing the premises and re-opening to identify any after-hour or abnormal consumption.
- Investigations are underway to install boreholes at East Point and Coachman's Crossing.

WASTE REDUCTION EFFORTS

As part of SAC's commitment to minimise retail waste, several initiatives have been implemented at centres to reduce waste and recycle waste where feasible. Tenants were also advised to sort and recycle the waste on their properties and to choose biodegradable or refillable packaging as an alternative to single-use plastics. These efforts have led to 1 992m³ of waste being recycled, totalling 1 992 266 kg.



IN 2021, SAC GENERATED

14 852 MWh of renewable energy, resulting in an electricity cost saving of R22 million

AND SAVED

15 744 tonnes of CO₂e.

CARBON FOOTPRINT

SAC's carbon footprint is calculated annually based on the equity share approach, which means that the Company accounts for its greenhouse gas emissions from operations according to its share of equity in the operations.

In 2021, 167 properties formed part of the annual carbon footprint assessment done by an external company, Terra Firma Solutions (Pty) Ltd. The assessment comprised 104 SAC properties (including 22 disposals) and 63 Afhco properties (including two disposals).

The operational boundaries include Scope 1 direct emissions (mobile combustion, stationary combustion and refrigerant gases), Scope 2 indirect emissions (SAC and Afhco common areas electricity consumption) and Scope 3 indirect emissions (tenants electricity consumption and water)

CARBON FOOTPRINT RESULTS

The total greenhouse gas emissions for SAC have been:
(Non Kyoto Gases were calculated at 489 tonnes of CO₂e).

166 675 tCO₂e

FOR THE PERIOD 2021 FOLLOWING THE GREENHOUSE GAS PROTOCOL

SCOPE 1

0.18%

613 tCO₂e

Emissions associated with electricity sold to tenants were the highest contributor to the carbon footprint at 144 066 tCO₂e (86% of emissions).

SCOPE 2

12%

20 383 tCO₂e

Electricity consumed by SAC and Afhco in vacancies and common areas follow at 20 383 tCO₂e (12% of emissions).

SCOPE 3

87%

145 679 tCO₂e

Scope 1 emissions include emissions associated with fuel combustion in owned vehicles, diesel generators, refrigerants and LPG gas combustion. Scope 2 emissions are emissions associated with purchased electricity in common areas and accounts for vacancies. Scope 3 emissions are emissions associated with water consumption and electricity sold to tenants

In 2021, SAC generated

14 852 MWh

of renewable energy, resulting in an electricity cost saving of

R22 million

and saved 15 744 tonnes of CO₂e.

SCOPE 3 ELECTRICITY

144 066 tCO₂e

TENANTS ELECTRICITY CONSUMPTION

78% ● SAC (tenant) [111 802 tCO₂e]

22% ● Afhco (tenant) [32 264 tCO₂e]

SCOPE 3 WATER

1 613 tCO₂e

TOTAL WATER CONSUMPTION

40% ● SAC [642 tCO₂e]

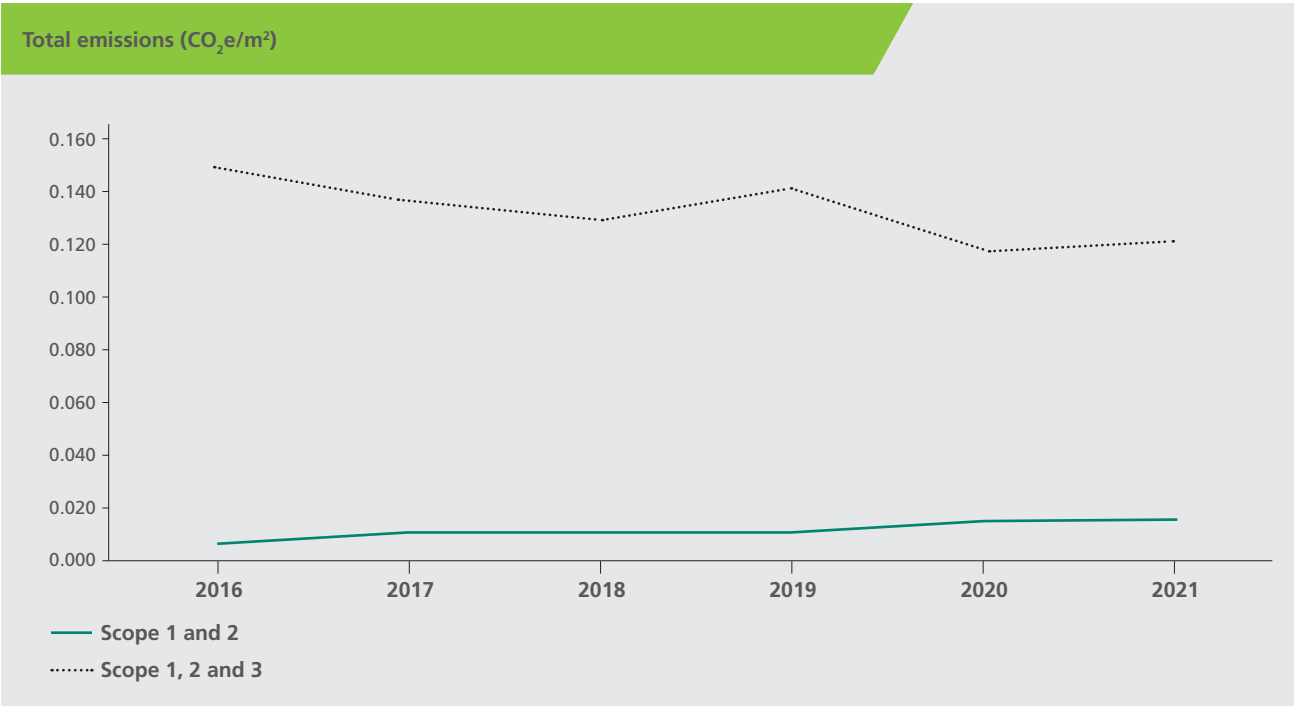
60% ● Afhco [971 tCO₂e]

Combined GLA of SAC and Afhco have decreased by 5% from 2016 to 2021 while Scope 2 and Scope 3 electricity emissions have **decreased by 31%**, resulting in emissions intensity **decreasing by 27%** over the same period.

Total emissions

Total emissions (SAC and Afhco)

Electricity emissions (tCO2e)	2016	2017	2018	2019	2020	2021	% change
Scope 1 and 2	8 082	14 125	18 363	15 397	22 171	20 996	(5)%
Scope 1, 2 and 3	220 057	218 027	220 564	214 640	179 189	166 675	(7)%
Scope 2 and 3 electricity	218 643	216 692	219 177	213 019	177 351	164 448	(7)%



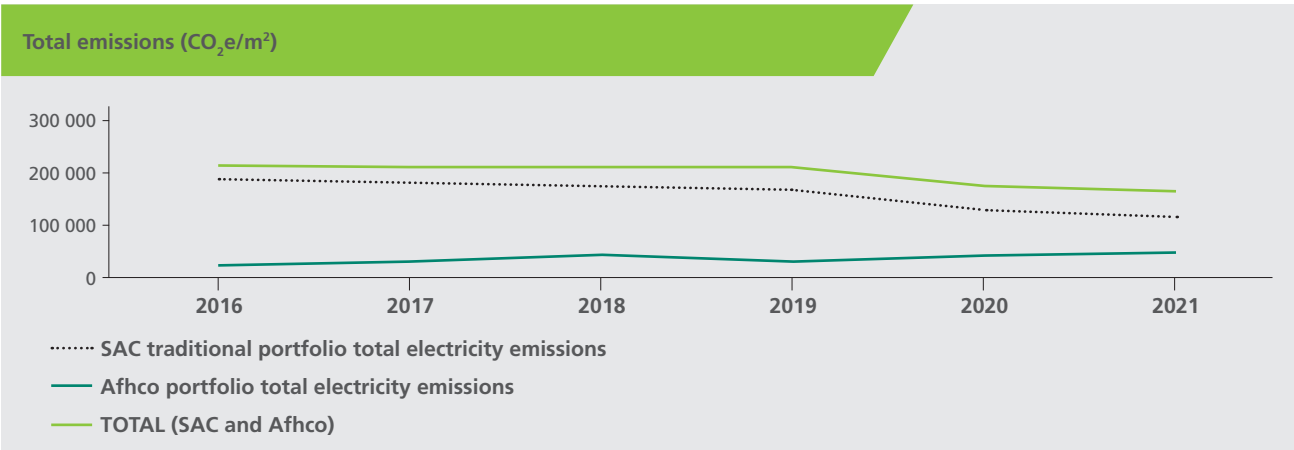
Tracking against baseline

SAC tracks the emissions intensity of Scope 2 and Scope 3 electricity emissions per m² (GLA) against the 2016 baseline.

Emissions changes

Emissions from electricity for SAC's traditional portfolio has decreased by 12% in 2021 compared to 2020. Emissions associated with Afhco's portfolio have increased by 7%. The combined portfolio for SAC and Afhco decreased by 7%.

Combined GLA of SAC and Afhco have decreased by 5% from 2016 to 2021 while Scope 2 and Scope 3 electricity emissions have **decreased by 31%**, resulting in emissions intensity **decreasing by 27%** over the same period.



SAC Scope 2 and 3 electricity emissions have decreased by 12% compared to 2020. Had there been no savings from solar PV, Scope 2 and Scope 3 emissions would have increased by 2%.

The increase in Afhco's emissions in 2021 could be attributed to increased electricity consumption for central heating in common and residential areas.

Benchmarking per sector

Benchmarking per sector includes intensity benchmarking for each sector (Retail, Industrial, Office and Afhco), where tCO₂e includes Scope 2 and Scope 3 electricity emissions and m² is GLA for each sector.

tCO ₂ e/m ²						
Sector	2017	2018	2019	2020	2021	% change
Retail	0.24	0.25	0.31	0.2	0.22	13%
Industrial	0.09	0.09	0.1	0.08	0.06	-19%
Office	0.13	0.12	0.14	0.1	0.08	-21%
Afhco	0.11	0.09	0.09	0.1	0.12	18%

Like-for-like kWh per sector

This comparison excludes disposals and acquisitions in FY 2020 and FY 2021. Additionally, only properties where data was available (no extrapolations) in 2020 and 2021 were included in the like-for-like comparison.

Sector	2020 (kWh)	2021 (kWh)	% change
Industrial	29 469 790	24 707 736	(16%)
Office	2 790 386	2 437 356	(13%)
Retail	73 478 728	73 518 152	0%
Afhco	38 748 591	40 507 232	5%
TOTAL	144 487 496	141 487 475	(2%)

Key performance indicators

Some of our key performance indicators are listed below – note that the 2021 numbers are much lower than in 2020, mainly due to the civil unrest in KwaZulu Natal in 2021:

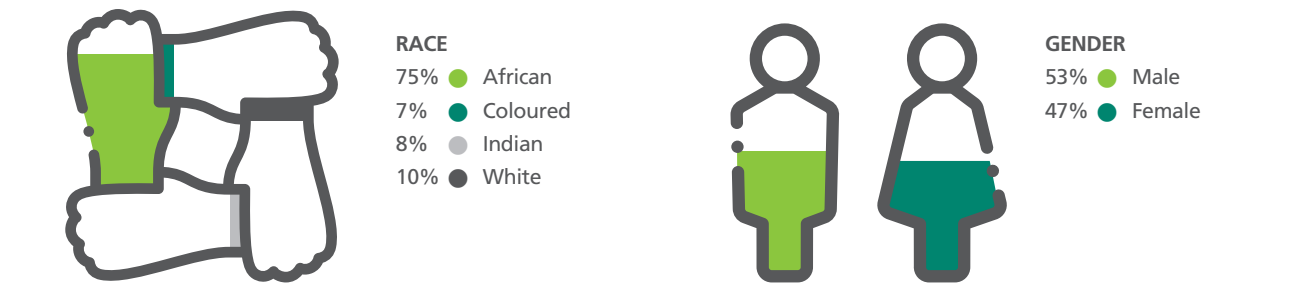
Description	2021	2020	% change
Annual savings in costs due to Umlazi Mega City borehole	R36 756	R 219 639	(83.3)
Annual savings on water charges at Umlazi Mega City	R36 756	R1 883 062	(98.0)
Annual saving on sewerage charges at Umlazi Mega City	R739 072	R1 847 681	(60.0)
Scope 3 emissions:			
– electricity sold (tCO ₂ e)	143 790	155 426	(7.5)
– water (tCO ₂ e)	1 592	1 592	0.0
Energy optimisation and savings initiative savings:			
– Power factor correction	R141 993	R141 993	0.0
– Water meter installations	R23 000	R 0	100.0
– Tariff adjustments	R1 123 355	R1 123 355	0.0
– Energy-efficient lighting	R42 300	R0	100.0
Waste recycled at the 17 centres in our portfolio:			
– By volume (m³)	1 992	2 554	(22.0)
– By weight (kg)	1 992 266	2 554 187	(22.0)
Solar PV electricity:			
– Renewable energy generated (MWh)	14 910	25 840	(42.3)
– Electricity cost saving	R21 957 668	R20 021 867	(8.8)
– Tonnes of CO ₂ saved (tCO ₂ e)	15 805	18 227	(13.3)
Water used (kl)*	1 779 992	1 763 468	(17.0)
Group's recycling efforts equated to:			
– Water saved (litres) *	48 535 260	54 534 000	(11.0)
– Energy saved (KWh)	14 910 000	25 839 723	(42.3)

* Figures are different to what was reported previously due to a different approach to account for water consumption (previously only included SAC, now also includes Afhco).



HUMAN CAPITAL

The Group's employees are regarded as a key resource for the organisation. Their knowledge and skills, as well as their commitment and motivation, are essential to meeting our strategic objectives and maintaining relationships with stakeholders and suppliers. SAC enables leadership development and encourages employee growth and engagement through training, recognition and rewards.



SAC's employees are employed by the Manco, and Afhco's employees through various entities within the Afhco Group. SAC has a remuneration policy and incentive scheme, aligned to shareholder interest, measured against a business scorecard.

 Refer to the Remuneration Report in the IAR on page 98.

Further enhancements have been made to the ICT infrastructure to ensure that we maintain Afhco as a fully integrated business.

Some of our key human capital performance indicators:

Description	2021	2020	% change
Number of employees	213	201	6.0
Number of employees with disabilities	8	6	3.3
Average age of employees	40	39	N/A
Average tenure of employees	4.3	4.2	2.4
Total employee turnover %	18%	19%	(5.3)
Number of employees trained during the year	96	55	74.5
Number of employee training interventions	26	8	225.0
Black employees as a % of employees trained	88%	96%	(8.3)
Total spent on training during the year ¹	R3 135 892	R266 980	1 074.6
Total remuneration	R87 757 981 ²	R65 363 137 ²	75.0
Black employees as a % of number of employees	88%	92%	(4.3)

¹ SAC introduced an employees' real estate learnership in September 2021 amounting to R1.9m for the 2021 year.

² Includes executive directors

DEVELOPMENT AND TRAINING

The skills development plan and training requirements for employees is based on needs identified in performance reviews and additional skills and qualifications required due to changes in legislation and best practice for the property sector. Employees are encouraged to join industry bodies and attend conferences to remain up to date with the latest trends and prospective industry changes that could be beneficial to or impact the Group in any way. Opportunities for further development of employees as part of succession planning are also considered.

EMPLOYEE BENEFITS

- Membership of a defined contribution pension fund for Manco employees or provident fund for Afhco employees
- Four months’ maternity leave (paid in ranges from 80% to 40%)
- Annual leave ranging from 15 to 22 working days, depending on role and level
- 10 days paid study leave for approved qualifications
- Free parking
- Employees who stay in a SAC or Afhco building, qualify for a 10% discount on the monthly rental and do not pay a deposit, parking fee or admin fee
- 50% school fees subsidy at CityKidz

- Employee reward system
- Employee Health and Wellbeing Programme
- Reimbursing a proportion of the connectivity of work from home (“WFH”) costs

NON-DISCRIMINATION

SAC subscribes to a policy of zero tolerance for discrimination in any shape or form, be it in terms of race, gender, ethnic or social origin, sexual orientation, religion, age, disability, political persuasion, conscience belief, culture or language. Appropriate disciplinary action is taken against employees found guilty thereof. No incidents of discrimination were reported during the year.

HEALTH AND SAFETY

SAC strives to create a safe and healthy working environment at its offices, all its properties and at construction projects. Significant health and safety incidents are reported to the SEEC. In the 2021 reporting period, there were no serious injuries.

PROPERTY MANAGER PERFORMANCE

Broll, SAC’s outsourced property manager’s performance, is monitored and measured according to agreed and transparent KPIs, detailed in the table below.

PERFORMANCE AGAINST KPI AS AT DECEMBER 2021

	Notes	Target 2021	*Maximum points 2021	*Points achieved 2021	Target 2020	Maximum points 2020	Points achieved 2020
Vacancies	1	2.50%	20	12.5	6.30%	20	16.3
Unsigned leases	2	5.00%	10	5	3.8	10	5
Arrears management			25			25	
Arrears level	3	6.60%	10	10	9.40%	10	10
Collections	4	98%	15	15	90.60%	15	–
Net property income (like for like portfolio)	5	R760 936	20	–	R744 149	20	–
Procurement	6	23	10	10	29.3	10	10
Expense to income ratio	7	42.60%	9	3	36.2	9	–
Green strategy			6	5.7		6	6

* The performance of Broll has been negatively impacted by the effect of the Covid-19 pandemic. Points achieved are therefore Covid-19 adjusted
Targets are Covid-19 adjusted
1. % of GLA; weighted per sector
2. % of total leases.
3. % of rolling twelve months’ income.
4. % of monthly billing.
5. R’000.
6. Broll B-BBEE Procurement Policy.
7. % of expense to income.



INTELLECTUAL CAPITAL

SAC’s intellectual capital comprises our brands, knowledge, systems, procedures and protocols. We strive to grow SAC as a property investment brand for prospective investors and for Afhco to become the residential property brand of choice.

Our systems and processes have been designed and implemented to provide maximum efficiency and support to achieving our strategic objectives. An example of this is our StorageWorx website, which accesses our 16 storage locations and provides instant storage locator, pricing and booking facilities.

As consumer trends have changed, our marketing efforts across our portfolio have been broadened to make extensive use of social media to promote our properties through Facebook, Instagram and YouTube, where appropriate.

Increased digitisation has been achieved in the residential rental business. A real-time facility monitoring management system has been introduced. Artificial Intelligence enabled CCTV cameras have been installed in the End Street precinct and this is being rolled out to other precincts. Progress continues to be made in enhancing Afhco’s online leasing capability.



MANUFACTURED CAPITAL

Our quality property portfolio forms the basis of our manufactured capital.



For more information on our portfolio, please refer to the IAR on page 60 for the Property Review.



FINANCIAL CAPITAL

Access to funding is intrinsic to SAC’s ability to create value, so debt and equity forms the basis of our financial capital.



Please refer to the CFO’s Review in the IAR on page 50 for a comprehensive discussion of our efforts in this regard.



SAC has identified and maintains active engagement with a broad range of stakeholders that have a direct or indirect impact on our business, our reputation, and our ability to create sustainable value for our stakeholders. The Group recognises that the quality of our stakeholder relationships impacts the success of our business and appreciates the importance of maintaining a sustainable balance with the interests of our stakeholders.

SAC maintains a formalised stakeholder engagement policy and disclosure control procedures which are aimed at identifying and prioritising all individuals, entities and groups who may impact or be impacted by the Group's investments, operations and activities. **Engaging with our stakeholders forms a critical part of our business strategy and value system, and SAC invests in understanding its stakeholders' views and needs and ensuring that transparent, balanced, and timely information is accessible to all.**

These communication and disclosure processes are documented in a Board-approved stakeholder engagement policy. This policy sets a method of engagement with stakeholders who impact and influence the Group's long-term resilience, guides the building and the maintaining of an open relationship between the Group and its stakeholders, develops and promotes a good understanding of stakeholders' needs, interests, and expectations, offers guidelines on how the Group should be engaging with its stakeholders, and reinforces the Group's commitment to all its stakeholders.

The Group's commitment to inclusive stakeholder engagement is based on the principles of:

- *Relevance:* Focusing on those issues of material concern to its stakeholders and the Group and identifying how best to address them for mutual benefit.
- *Completeness:* Understanding the views, needs, performance expectations and perceptions associated with these material issues while also taking cognisance of prevailing local and global trends.
- *Responsiveness:* Engaging with stakeholders on these issues and giving relevant, timely and meaningful feedback.




The Board's Committees, and in particular the SEEC, and to the extent relevant the Audit and Risk- and Nomination Committees, assist the Board in carrying out this responsibility by considering and discussing specific stakeholder issues and disclosure matters at its meetings.





Mpumelelo, End Street Precinct, Doornfontein

Our stakeholders	Quality of relationship	Engagement methods	Stakeholder priorities
 INVESTMENT COMMUNITY In the past year: External investor perception survey to measure investor, analyst and media perceptions of the Company Refer to page 37 for more information on the survey.	The Group provides timeous, relevant and comprehensive information to investors, analysts and the media audience The relationship is mutually beneficial with robust and healthy engagement	<ul style="list-style-type: none"> Perception survey Half-year and year-end results presentations One-on-one meetings with major shareholders and analysts Trading updates, SENS announcements and press releases Annual General Meeting Investor roadshows Pre-close webinars Corporate website Integrated Annual Reporting suite 	<ul style="list-style-type: none"> Acceptable and sustainable growth in distributions Appropriate return on investment Sound corporate governance, compliance and risk management Consistent financial performance Good corporate citizenship Fair and transparent executive remuneration and incentives Capital preservation Sustainability matters
 PROPERTY MANAGERS In the past year: Frequent engagement with property managers remained critical, to ensure appropriate safety protocols in and around the properties	The Group endeavours to maintain strong relationships with Broll with well-defined expectations and regular interaction to ensure acceptable performance and ongoing effective relationships.	<ul style="list-style-type: none"> Monthly meetings between Broll, executives and asset managers Communication of the Group's strategy Developing business plans, budgets and forecasts to NPI level Quarterly review by the Investment Committee of Broll's performance against KPIs Annual reporting to the Investment Committee on Broll's performance against KPIs 	<ul style="list-style-type: none"> Performance of property managers Security of contractual arrangements Clear service level agreement with well-defined KPIs Clarity around longer-term strategy Compliance with laws and regulations
 TENANTS In the past year: The safety of tenants was our key priority and multiple means were utilised to communicate and manage safety protocols	Engagements with tenants are aimed at gaining an understanding of their challenges, and the Group's opportunities so that mutually beneficial outcomes may be achieved	<ul style="list-style-type: none"> Meetings with centre managers and on-site employees Strategic relations with national retailers Partnering with tenants Property manager meetings On-site marketing consultants at retail centres Tenant visits Walk-in Centre, email, WhatsApp, telephone, chatbot, notices, letters, for residential tenants 	<ul style="list-style-type: none"> Loyalty and retention of tenants Reasonability of cost of occupancy Quality of property Tenant safety and security Location of property Tenant mix improvements Client service excellence Increasing foot traffic Increased competition Environmental pressure as far as it impacts the tenant cost Accurate measuring of water and electricity A favourable B-BBEE rating Administrative accuracy

Our response	Risks	Opportunities	Contribution to value creation
<ul style="list-style-type: none"> We aim to achieve sustainable, quality returns, which deliver both profit and cash to our shareholders Robust engagement keeps us abreast of shareholder needs and preferences 	<ul style="list-style-type: none"> Reputational damage Increased cost of capital Slowing or even negative distribution growth Safeguarding against liquidity risks 	<ul style="list-style-type: none"> A strengthened investment case A share price valuation that reflects an appropriate value for the Group Introducing new convenience, defensive retailer brands and concepts 	<ul style="list-style-type: none"> Shareholders provide capital to facilitate growth in the business Analysts provide market intelligence on opportunities and peer comparisons
<ul style="list-style-type: none"> We maintain strong relationships with well-defined expectations and regular interaction to ensure acceptable performance and ongoing healthy relationships 	<ul style="list-style-type: none"> Maintaining the safety of customers and tenants Increased vacancies Reputational damage Properties that are not well-managed or well-maintained 	<ul style="list-style-type: none"> Well-managed and well-maintained properties attract tenants and improve retention 	<ul style="list-style-type: none"> Drive effective and efficient operations through improved property fundamentals Ensure the maintenance of the properties is well planned and executed Ensure the safety of the tenants, customers and employees
<ul style="list-style-type: none"> Stringent implementation of Covid-19 protocols to ensure a safe environment We continuously strive to accommodate tenant requirements, within acceptable parameters Improving the level of security to inner city residential and retail tenants Tenant relief to support tenant resilience Improving security and amenities in the residential portfolio: Afhco's Johannesburg portfolio to be concentrated in mixed-use precincts in which it can ensure accessibility, good infrastructure, quality residential and retail product, a secure environment and lifestyle amenities, and a broad range of amenities to enhance the Afhco offer to tenants including free Wi-Fi, gymnasiums, braai and other relaxation facilities, as well as laundries and transport services at various buildings for our tenants' use and enjoyment 	<ul style="list-style-type: none"> Tenant concerns may damage our reputation Tenant safety and exposure to the Covid-19 virus The inability of tenants to afford the cost of occupation Lack of tenant retention 	<ul style="list-style-type: none"> Early warning system to protect against reputational damage Resolving tenant complaints quickly and effectively leads to increased tenant loyalty High retention reduces costs of sourcing new tenants Supporting tenants in challenging times improves retention as well as SAC's reputation as a landlord Referrals from tenants 	<ul style="list-style-type: none"> The Group aims to build and maintain a strong quality tenant base, and to enhance tenancing and administrative processes to optimise the customer services experience for our tenants. The renting of available space enables SAC to grow its business

Our stakeholders	Quality of relationship	Engagement methods	Stakeholder priorities		Our response	Risks	Opportunities	Contribution to value creation
 COMMUNITIES In the past year: The needs of our communities have increased markedly since the start of the pandemic	The Group strives to be a responsible corporate citizen and recognises that its activities affect the broader community and impact the social and natural environment within which it operates. The relationship is mutually beneficial	<ul style="list-style-type: none"> · Retail centre social initiatives · Inner city community upliftment initiatives · Urban agriculture initiatives · Facilitating broad-based community participation through other corporate social investment ("CSI") initiatives 	<ul style="list-style-type: none"> · Environmental impact · Job creation · Safety, security and cleanliness · Responsible corporate citizenship 		<ul style="list-style-type: none"> · We partner with our communities and strive to play our part for the success and well-being of the communities in which we operate · SAC has this year, as part of our social investment, invested in funding skills development for disabled, previously disadvantaged people · Bursaries to support CityKidz' parents with outstanding school debt and 2021 fees · Student bursaries from Afhco 	<ul style="list-style-type: none"> · A breakdown in relationships in a community could harm our reputation and increase vacancies · A deterioration in the environment surrounding our properties will ultimately impact their value 	<ul style="list-style-type: none"> · Strong community relationships will support mutually beneficial outcomes for community developments, as well as increased footfall in our malls and higher value for our residential properties 	<ul style="list-style-type: none"> · Encourages community support for the business · A better understanding of the needs of the community aligns the business to communities' needs · Positive impact on the communities · Financial relief improves tenant and community viability
 EMPLOYEES In the past year: Employees had to be assisted with the right tools to WFH where possible and alternative electronic engagement tools were sourced	Employees are a key resource, and their knowledge, skills and commitment are essential to meeting the Group's strategic objectives. The relationship is strong with mutual trust and understanding	<ul style="list-style-type: none"> · Employee meetings · Performance review, including 360-degree evaluations of executive directors, and career planning discussions · Online platforms · Virtual meetings 	<ul style="list-style-type: none"> · Job security · Fair remuneration and incentives · Conducive work environment · Group values · Financial sustainability, including Group performance · Training and career development opportunities · Safety concerns during the Covid-19 pandemic 		<ul style="list-style-type: none"> · We invest in skills development to ensure that our people are equipped to provide excellent service · We strive to remunerate our employees well and provide an appealing employee proposition to attract high calibre employees · Hybrid model of working 	<ul style="list-style-type: none"> · Negative perceptions from employees might cause disruption of operations and unproductive behaviour · Lack of employee retention leads to disruptions and increased costs 	<ul style="list-style-type: none"> · Ensuring a committed and engaged workforce will lead to a satisfied tenant base and profitable growth · Providing employees with access to a wellness programme 	<ul style="list-style-type: none"> · Highly skilled and engaged employees who are adequately remunerated incentivised, and motivated to execute our strategic objectives · Employee retention
 DEBT PROVIDERS In the past year: Engagement with lenders to negotiate a less onerous LTV covenant	Engagements with lenders are regular and aimed at proactively maintaining covenant compliance. The relationship is of good-quality and value-adding	<ul style="list-style-type: none"> · Regular virtual meetings to provide feedback and to maintain long-standing professional relationships · Mechanisms for proactive management of, and compliance with, lender covenants · Proactive engagements for relaxation of covenants · Regular reporting on covenant adherence, requirements and risk tolerances and thresholds 	<ul style="list-style-type: none"> · Competent treasury function · Ability to service debt · Appropriate LTV and other covenant ratios · Adhering to covenants 		<ul style="list-style-type: none"> · We keep our lenders informed through regular reporting and engagement and manage the organisation within the required parameters to reduce the risk for ourselves and lenders alike · Extensive engagement with funders to proactively manage compliance with lender covenants during Covid-19 · Monthly reviews are circulated to the Audit and Risk Committee to ensure that all risk tolerances and thresholds are in place. 	<ul style="list-style-type: none"> · Lack of capital · Reputational damage · Onerous LTV · Breaching covenants 	<ul style="list-style-type: none"> · Identifying opportunities for improved disclosure and value-add · Launching additional funding instruments to broaden the base of potential lenders · Securing additional facilities and/or less onerous funding terms to ensure liquidity 	<ul style="list-style-type: none"> · Provision of funding to facilitate business objectives

Our stakeholders	Quality of relationship	Engagement methods	Stakeholder priorities		Our response	Risks	Opportunities	Contribution to value creation
 REGULATORS, INDUSTRY AND BUSINESS ORGANISATIONS In the past year: The SA REIT Association actively engaged with the JSE to improve SA REITs' predicament in terms of minimum distributions given liquidity constraints during the pandemic	The Group maintains open, honest and transparent relationships and ensures compliance with all legal and regulatory requirements. The Group supports and enables the efforts of industry bodies to promote and protect the Group and the sector's interests. The relationship is mutually beneficial	<ul style="list-style-type: none"> Attendance and participation with the SA REIT Association and related property industry forums Regular engagements with the JSE through SAC's Sponsor Communication on matters affecting the property industry and sharing of experiences as well as joint lobbying on matters of mutual interest 	<ul style="list-style-type: none"> Sector-specific issues Introduction of new legislation 		<ul style="list-style-type: none"> We keep abreast of JSE Listings Requirements and changes in regulations 	<ul style="list-style-type: none"> Non-compliance with industry regulations Non-compliance with JSE REIT requirements 	<ul style="list-style-type: none"> Co-operation with peers may lead to outcomes that benefit all parties 	<ul style="list-style-type: none"> Guidance on matters affecting the property industry and sharing of experiences Savings through lessons learnt Joint lobbying on matters of mutual interest
 LOCAL AND NATIONAL GOVERNMENT In the past year: Continued engagement with National Treasury and SARS regarding the REIT status and tax compliance, through the SA REIT Association Engagement with municipalities to ensure fair municipal valuations and related charges	The Group endeavours to build relationships and a shared understanding of its business and its contribution to regions and local communities where it operates with local and national government departments and agencies. SAC's belief in strong and ethical leadership and collaboration for sustainable development assists with the relationship with government	<ul style="list-style-type: none"> Regular meetings and consultations B-BBEE scorecard Employment equity reports Participation in the Johannesburg Property Owners and Managers Association's interactions with the City of Johannesburg Reporting on the Group's B-BBEE performance and transformation agenda 	<ul style="list-style-type: none"> Compliance with legal and regulatory requirements Service delivery Contribution to economic development Urban regeneration By-law enforcement Elimination of illegal dumping Fight against poverty and unemployment Transformation Collection of billings Maintenance of public open space and infrastructure B-BBEE 		<ul style="list-style-type: none"> We are committed to ethical business and governance practices and are willing to collaborate to improve service delivery for tenants 	<ul style="list-style-type: none"> Non-compliance or deterioration in relationship with regulators may jeopardise SAC's licence to operate Non-payment of utilities may lead to interrupted service delivery 	<ul style="list-style-type: none"> Our established track record assists us to obtain access to, and co-operation from, the relevant authorities 	<ul style="list-style-type: none"> Partnering to encourage good service delivery for our tenants and community elevation Providing regulatory frameworks which are transparent and fair to all parties Enforcing local and national laws and regulations to ensure compliance



East Point Shopping Centre, Boksburg

INVESTOR PERCEPTION SURVEY

SAC initiated an external investor perception survey in 2021 to measure investor, analyst and media perceptions of the Company. The primary purpose of this survey was to set a benchmark for investor perceptions and track it over time.

The survey comprised two modalities – a qualitative research component comprising telephone interviews, and a quantitative survey measuring perceptions around pre-determined statements. Participants included the top 15 investors in SAC, sell-side analysts covering the listed property sector, influential property journalists, and institutional investors active in the real estate sector but not currently invested in the Company.

Key findings and outcomes:

1 Performance

	PARTICIPANTS AGREE	
Management delivered on commitments	69%	Operationally, respondents mostly commented that SAC is doing well in current market circumstances. 25% said that SAC’s performance was not up to standard and were concerned about city residential, Zambia and office. From a portfolio quality point of view, most respondents were positive on the quality and focus of the industrial portfolio, as well as the shift in retail exposure to convenience retail.
Results in line with expectations	75%	

2 Disclosure

Segmental disclosure is appropriate for investors	63%	Disclosure was seen as good and on par with peers. 25% of respondents believed that it can be improved on with some mentioning that in the past, the disclosure was excellent in providing data in the form of tables and graphics on portfolio sectors, movements, etc. This has now been reformatted into writing which makes the market feel that SAC is disclosing less information than in the past. This has been addressed in this integrated report.
Group disclosure is good	69%	

3 Management

Management communicates consistently on strategy and targets	70%	Respondents were overall strongly positive about the executive management. There were positive comments on the bolstering of the team which improved turn-around time on market queries. Management is seen as adaptable. Numerous participants raised a concern around the executive management being in separate regions, with a recommendation that they be located in one location.
Management has necessary competence and ability	60%	

4 Communication

SAC website is a useful source of information	60%	The overarching theme for communication is that it can be improved. There was a strong demand for physical site visits once regulations allow. There were suggestions to increase communication outside of results, around new developments, redevelopments or conversions, and as major capex spend for anchor tenants is undertaken/approved.
Communication on Group strategy and performance is clear	70%	

5 Strategy

Clearly defined acquisition/disposal strategy	67%	The strategy is generally seen as straightforward, although some respondents argued that it is not clear. There were inconsistencies in respondents’ articulation of SAC’s strategy, especially around “Rest of Africa”.
Clearly defined business strategy	67%	

SAC is committed to use this feedback to improve communication and disclosure.

	Unit of measure	2021	2020
Governance			
Board members	Number	9	10
Board members who are deemed non-executive	Number	7	8
Board members who are deemed executive	Number	2	2
Board members who are deemed independent	Number	7	8
Board members who are deemed Historically Disadvantaged South Africans (HDSA)	Number	6	6
Board members who are women	Number	4	3
Average length of executive director service	Years	10	9.5
Average length of non-executive director service	Years	4.6	4.6
Average length of director (full Board) service	Years	5.4	5.2
Average age of directors	Years	52	53.9
Overall Board and Committee meeting attendance	%	99.4	100
Auditor remuneration: % of non-audit fees	%	11.9	5.2
Length of current auditor's service	Years	2	1
Independence of Board Chairman	Y/N	Yes	Yes
Publicly available policy on Board conflicts of interest & politically exposed persons (PEPs)	Y/N	Yes	Yes
Disclosure on any/all Board member conflicts of interest	Y/N	Yes	Yes
Public disclosure on any/all Board members deemed a PEP		n/a	n/a
Publicly available human rights policy	Y/N	Yes (approved in 2022)	under development
Shareholder's vote (binding) on executive remuneration	Y/N	Partial	Partial
Shareholder's vote (binding) on sustainability-related resolutions	Y/N	n/a	n/a
Public disclose of voting record on sustainability-related resolutions	Y/N	n/a	n/a
Human capital			
Total permanent employees	Number	213	201
Total temporary employees	Number	14	10
Total contractors	Number	47	36
Total employees (including contractors)	Number	274	252
Employees who are deemed HDSA (South Africa only)	%	88.0	93.0
Employees who are women	%	48.0	44.0
Permanent employees	%	77.7	82.0
Employees who belong to a trade union	%	7.8	6.0
Total employee terminations	Number	45	36
Employee turnover rate	%	18.0	19.0
Total employees trained	Number	96	55
Value of employee training spend	ZAR	3 135 892	266 980
Health and Safety			
Total number of fatalities	Number	0	1
Total number of lost-time injuries (LTIs)	Number	0	0
Total number of medical treatment cases (MTCs)	Number	0	1
Total number of first aid cases (FACs)	Number	1	7
Properties owned			
Properties			
Afhco	Number	64	66
Commercial	Number	4	8
Industrial	Number	54	69
Retail and Storage	Number	43	43
Rest of Africa	Number	3	3
Total number of properties owned	Number	168	189

	Unit of measure	2021	2020
Square meters - under SAC direct control			
Afhco	m ²	415 790	373 495
Commercial	m ²	30 298	37 890
Industrial	m ²	450 207	537 463
Retail and Storage	m ²	355 932	414 229
Rest of Africa	m ²	61 520	30 320
Total square meters of properties owned - under SAC direct control (rental area)	m²	1 313 747	1 393 397
Square meters - not under SAC direct control			
Retail and Storage	m ²	37 978	17 801
Rest of Africa	m ²	30 739	30 320
Total square meters of properties owned – not under SAC direct control (rental area)	m²	68 717	48 121
Environmental			
Energy (SAC)			
Total grid electricity consumption (excluding self-generation)	MWh	157 438	123 958
Total petrol consumption	litres	4 255	2 203
Total diesel consumption	litres	24 821	5 338
Total volume of electricity self-generated	MWh	14 852	15 115
Carbon Footprint (SAC and Afhco)			
Scope 1	tCO ₂ e	613	247
Scope 2	tCO ₂ e	20 383	21 925
Scope3	tCO ₂ e	148 115	157 018
Total Carbon Emissions	tCO ₂ e	169 111	179 189
Carbon Efficiency (Total emissions)	tCO ₂ e/m ²	0.121	0.1180
Water (SAC)*			
Total water consumption *	m ³	1 779 992	1 763 468
Water Efficiency *	m ³ /m ²	1.28	1.16
Waste			
Total volume of waste recycled	Kgs	1 992 266	2 554 187
Percentage of waste recycled	%	55	70
Corporate Social Investment/Socio-Economic Development ("CSI/SED") Expenditures			
CSI/SED spend on education	ZAR	182 962	129 888
CSI/SED spend on health, including HIV/AIDS	ZAR	85 560	99 740
CSI/SED spend on arts, sports and culture	ZAR	211 176	394 276
Enterprise and Supplier Development			
Enterprise development spend	ZAR	923 107	926 773
Supplier development spend	ZAR	1 242 321	2 104 230
Skills Development			
School fees bursaries	ZAR	1 594 344	2 312 105
Procurement			
Value of total discretionary procurement spend	ZAR	1 675 464 007	1 048 377 976
HDSA procurement spend	ZAR	325 548 386	206 649 707
Preferential procurement spend rate**	%	19.6	19.7

* Figures are different to what was reported previously due to a different approach to account for water consumption (previously only included SAC, now also includes Afhco).

** 2021 number as per draft scorecard

Afhco/Afhco Group

Afhco Holdings (Pty) Ltd and its subsidiaries acquired by SAC on 1 July 2014.

ARC

Audit and Risk Committee

B-BBEE

Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended by Act No. 46 of 2013. (BEE Black economic empowerment).

Broll

Broll Property Group (Pty) Ltd, SAC’s property manager for its Traditional Portfolio.

GLA

Gross lettable area.

Gross property expenses

The sum of property administration fees and property expenses.

H1

First half of the financial year.

H2

Second half of the financial year.

JV

Joint venture in 50% of three Zambian property companies and 90% of the property company holding in The Lifestyle Estate.

Manco

SAC Real Estate Fund Managers (Pty) Ltd.

Net property income (NPI)

Rental income and recoveries less expense attributable to investment properties.

Non-profit organisation (NPO)

A legal entity organised and operated for public or social benefit.

Property portfolio

Properties identified in the property portfolio on pages 118 to 121 of the AFS. The properties are held by the subsidiaries of the Group. The property portfolio comprises:

- Investment property at valuation
- Property under development
- Properties classified as held for disposal

Property Sector charter (PSC)

A transformation charter, published in the Government Gazette in June 2012 in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act, No. 53 of 2003 was replaced by the Amended Property Sector Code, published on 7 June 2017.

RAC

Risk and Compliance Committee.

REIT

Real Estate Investment Trust is an investment vehicle that invests in, and derives income from, real estate properties. Profits are taxed in the hands of investors.

Sustainable Development Goal (SDG)

Goals set by the United Nations General Assembly in 2015 to achieve a better and more sustainable future for all.

SEEC

Social, Ethics and Environmental Committee.

SAC Real Estate Limited

Incorporated in the Republic of South Africa
Registration number: 2015/015578/06
Share Code: SAC ISIN Code: ZAE000203238
Approved as a REIT by the JSE

REGISTERED OFFICE

South Wing, First Floor
Block A, The Forum
North Bank Lane
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Postnet Suite 1051
Private Bag X2
Century City 7446
Tel: +27 21 529 8410
Fax: +27 21 529 8450
E-mail: info@sacorp.co.za
Website: www.sacorporatefund.co.za

AFHCO HOLDINGS (PTY) LTD

Afhco Corner
1st Floor
64 Siemert Road
New Doornfontein 2094
Tel: +27 11 224 2400
E-mail: info@afhco.co.za
Website: www.afhco.co.za

PROPERTY MANAGER

Broll Property Group (Pty) Ltd
61 Katherine Street
Sandown Ext. 54
Sandton 2196
PO Box 1455
Saxonwold 2132
Tel: +27 11 441 4000
Fax: +27 11 441 4203
E-mail: info@broll.co.za

AUDITORS

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4 Lisbon Lane, Waterfall City
Jukskei view, 2090
Private Bag X36
Sunninghill, 2157
Tel: +27 (0) 11 797 4000
Fax: +27 (0) 11 797 5800

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank
2196
PO Box 61051
Marshalltown
2107
Tel: +27 11 370 5000
Fax: +27 11 688 5218

SPONSORS

Nedbank Corporate and Investment Banking, a division of Nedbank Limited
3rd Floor, Corporate Place
Nedbank Sandton
135 Rivonia Road
Sandown
2196
PO Box 1144
Johannesburg
2000

BANKERS

First National Bank, a division of FirstRand Bank Limited
Global Transactional Services – Cape Town
24th Floor Portside
5 Buitengracht Street
Cape Town
8001
PO Box 367
Cape Town
8000 Tel: +27 87 736 5538

GROUP COMPANY SECRETARY

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Century City 7446

DIRECTORS

MA Moloto (Chairman)
OR Mosetlhi (Lead Independent Director)
TR Mackey (Chief Executive Officer)*
SY Moodley (Chief Financial Officer)*
RJ Biesman-Simons
N Ford-Hoon(Fok)
EM Hendricks
GJ Heron
SS Mafoyane

* Executive



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