SA CORPORATE
REAL ESTATE

INDUSTRIAL | RETAIL | OFFICE | RESIDENTIAL | REST OF AFRICA

2021

INTEGRATED ANNUAL REPORT

HOW TO NAVIGATE OUR INTEGRATED ANNUAL REPORT

This icon signifies related information elsewhere in this report

This icon signifies related information available on our website at **www.sacorporatefund.co.za**

OUR CAPITALS

FINANCIAL CAPITAL
Debt and equity capital. Access to funding is intrinsic to the Group's ability to create value.

MANUFACTURED CAPITAL
Our properties and investments.

INTELLECTUAL CAPITAL
Our brand, knowledge, systems, procedures and protocols. We aim to grow the Afhco brand to become the residential property brand of choice.

HUMAN CAPITAL
The competencies, capabilities and experience of our Board, employees and management team.

SOCIAL AND RELATIONSHIP CAPITAL
Our relationships with suppliers, tenants, property and asset managers and communities.

NATURAL CAPITAL
The natural resources of land, water and energy that we utilise in pursuit of our vision.

OUR STRATEGIC OBJECTIVES

- Convenience retail
- Human capital development
- Divesting from commercial
- Operational optimisation
- Quality industrial portfolio
- Financial sustainability
- Quality residential portfolio
- Execution discipline

OTHER SOURCES OF INFORMATION AVAILABLE ON OUR WEBSITE

This report should be read in conjunction with the following reports in order to get a comprehensive view of SA Corporate's performance and its prospects over the past financial year:

- SENS announcements;
- Annual Financial Statements ("AFS");
- Notice of Annual General Meeting ("AGM");
- Environmental, Social and Governance ("ESG") Report; and
- King IV™ compliance register.

Mpumelelo, End Street Precinct, Doornfontein

SAC'S PRIMARY UNITED NATIONS ("UN") SUSTAINABLE DEVELOPMENT GOALS ("SDGs") (PAGE 7)

- Good health and well-being
- Affordable and clean energy
- Quality education
- Peace, justice and strong institutions
- Gender equality

ABOUT THIS REPORT

REPORT BOUNDARY AND SCOPE

SA Corporate Real Estate Limited ("the Company" or "SAC") and its subsidiaries ("the Group") is pleased to present its Integrated Annual Report ("IAR") which has been prepared for the benefit of all stakeholders. The aim is to provide a succinct overview of the Group's performance for the year ended 31 December 2021.

The role of integrated reporting is recognised as being fundamental in demonstrating the Group's ability to account for its commitment to creating and sustaining value across all sustainable components, ultimately for the benefit of its stakeholders.

The report covers all wholly-owned property investment subsidiaries, SA Corporate Fund Managers (Pty) Ltd, being 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.

There has been no change in the scope and boundary of this report relative to the 2020 report, other than through changes in our property portfolio.

REPORTING BOUNDARIES

Integrated reporting boundary

Objectives and strategies of the Group	Financial information on all wholly owned, co-owned and JV operations (aligned with our financial statements)	Risks and opportunities identified within the Group	Stakeholder priorities, and social and environmental priorities for the Group
page 40	page 50	page 90	page 19

The following restatements were reported in the 2021 AFS:

Reclassification of loan to JV
In the prior year, the investment in the JV Afhco JCO Holdings (Pty) Ltd included an amount that should have been recognised as a loan to JV and disclosed separately on the summary consolidated statement of financial position. This has no impact on the summary consolidated statement of cash flows as financing and investing activity cash flows were correctly accounted for.

Dividends
Prior year dividends received from listed investments were reclassified from cash generated from operations to cash inflows from investing activities.

Refer to note 18 of the AFS for further detail.

REPORTING FRAMEWORKS

Where practical, the report is aligned with best practice and principles of King IV™, the Integrated Reporting Framework (<IR>) of the International Integrated Reporting Council ("IIRC"), International Financial Reporting Standards ("IFRS"), JSE Limited ("the JSE") Listings Requirements and the Companies Act, No. 71 of 2008 ("the Companies Act"), as amended. The Group has recently aligned itself with a number of the UN's SDG. For ESG reporting, disclosure has been structured according to these SDGs as well as the six capitals defined within the IIRC.

SAC confirms that it has adopted distribution per share as a measure for trading statement purposes.

CODE OF CONDUCT AND CODE OF ETHICS

The Group's Board of directors ("the Board") is the custodian of the Group's ethical leadership and corporate governance. A Code of Ethics and a Code of Conduct is 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 includes standards of good, proper and fair conduct in support of the Group's values.

MATERIAL ISSUES

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 via ongoing input from all the Group's stakeholders, including employees, investors and shareholders, as well as analysts, regulators and the media and are endorsed by the Board and management team.

We consider issues to be material if they reflect on the six capitals as detailed on page 28, 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 affecting our vacancies, reversions and property values, among others.

page 16

Value extraction within our portfolio is key to generating sustained shareholder returns.

page 6

Talented and engaged people reflecting **gender equity and social diversity** without whom we cannot operate.

page 29 ESG Report

Sustainable development is essential to our role as a responsible corporate citizen.

page 28 ESG Report

ASSURANCE

The Board identifies the material matters that need to be addressed in the IAR to provide a balanced view of all matters that are salient to the ability of the Group to continue to add value to its stakeholders. The content of the IAR is selected and prepared by management, with oversight and input from the Board. The IAR is reviewed by the Audit and Risk Committee and recommended to the Board for approval. Certain information included in the IAR has been extracted from and independently verified by the following independent entities:

Key Activities	Company
External auditor for the consolidated AFS	PricewaterhouseCoopers Inc. ("PwC")
Internal auditors on the control environment	BDO Advisory Services ("BDO")
B-BBEE level verification	Platinum Verifications
Property portfolio valuation	Quadrant Properties (Pty) Ltd
Carbon footprint assessment	Terra Firma Solutions
Valuation of swap derivatives	Absa Bank Limited
Traditional portfolio property management	Broll Property Management ("Broll")

INTEGRATED ANNUAL REPORT PROCESS AND APPROVAL

SAC's Board acknowledges its responsibility to ensure the integrity of the IAR. The Board believes that the 2021 IAR is presented in accordance with the <IR> Framework, addresses all material matters and offers a balanced view of the performance of the Group and the impact on its stakeholders.

The Board has, therefore, approved this IAR for publication.

FORWARD-LOOKING STATEMENTS

The IAR 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.

01 BUSINESS OVERVIEW

37 Yaldwyn Road, Jet Park

SAC AT A GLANCE

The Falls Lifestyle Estate, Roodepoort

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

24 Retail

4 Commercial

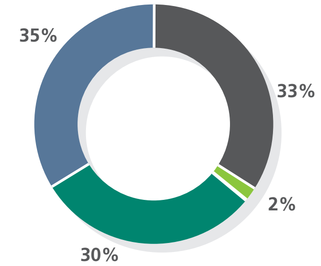
54 Industrial

64 Afhco

3 Rest of Africa (not shown on map)

19 Storage

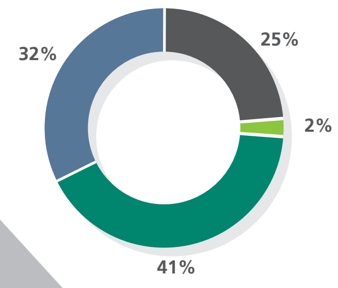
RENTAL AREA (m²)



- Afhco
- Industrial
- Retail*
- Commercial

*Includes Storage

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

POSITIONING FOR A BETTER FUTURE

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

OUTCOMES IN 2021

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

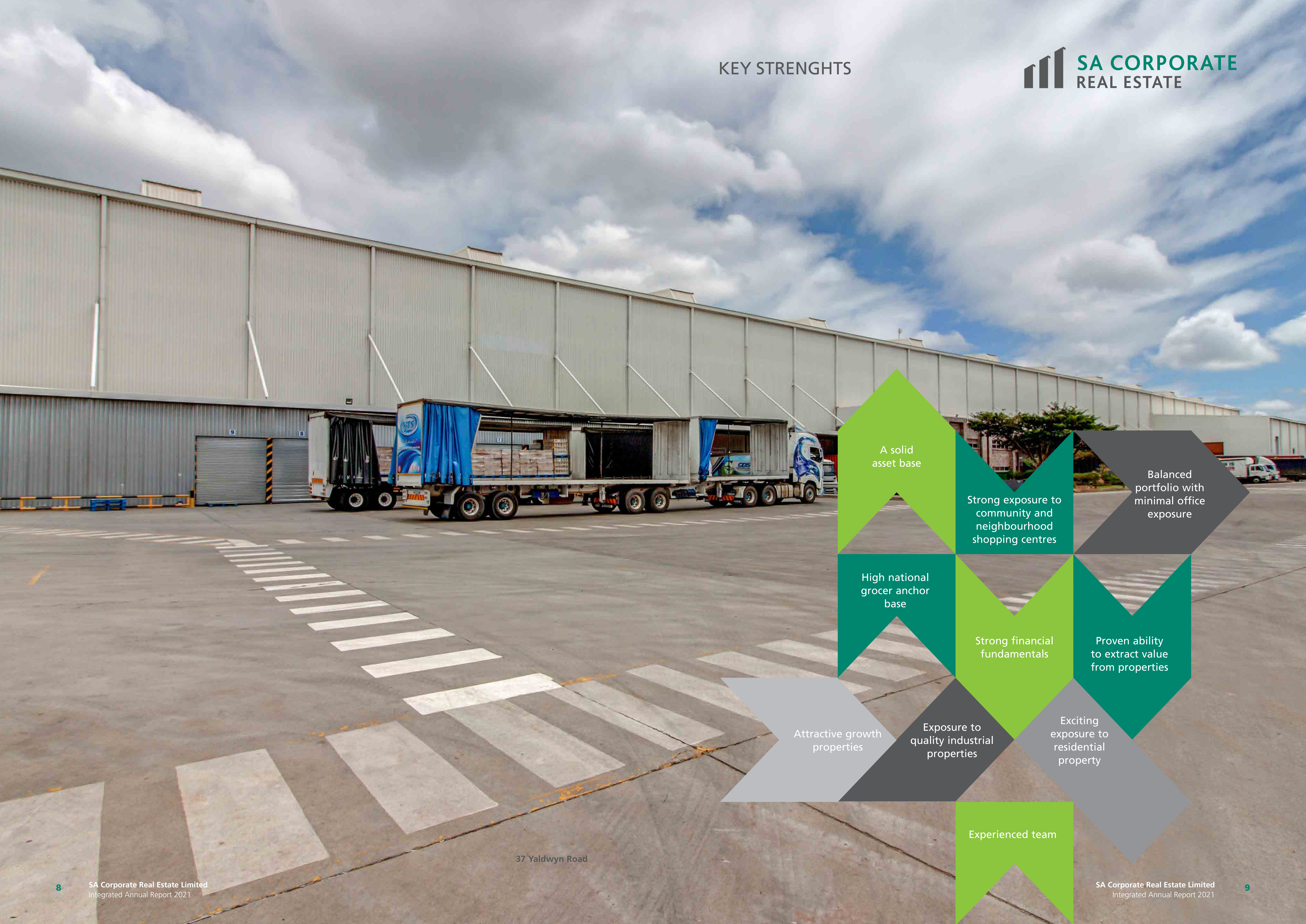
Generated renewable energy of **14 852 MWh**, a saving of **R22m** and **15 744 tonnes** of CO_2e ("tCO_2e")

Electricity consumption tCO_2e 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	**July civil unrest**
• Financial stability	• Effective crisis management
• Rental relief to affected tenants	• Damaged properties substantially restored
• Maintained tenant covenant	



37 Yaldwyn Road

KEY STRENGHTS

- A solid asset base
- Strong exposure to community and neighbourhood shopping centres
- Balanced portfolio with minimal office exposure
- High national grocer anchor base
- Strong financial fundamentals
- Proven ability to extract value from properties
- Attractive growth properties
- Exposure to quality industrial properties
- Exciting exposure to residential property
- Experienced team

OUR BUSINESS MODEL

OUR INPUTS

FINANCIAL CAPITAL
Equity
Equity of R10.1bn (2020: R10.1bn)

MANUFACTURED CAPITAL
Our properties and investments
165 properties, valued at R15.0bn

INTELLECTUAL CAPITAL
Our brand, knowledge, systems, procedures, and protocols
Efficient systems and processes

HUMAN CAPITAL
Our employees' competencies, capabilities and experience
Leadership development and training expenditure of R3.1m

SOCIAL AND RELATIONSHIP CAPITAL
Our communities, suppliers, tenants and other networks
Good relationships with our stakeholders
Social impact initiatives are above B-BBEE benchmark of 1%

NATURAL CAPITAL
Natural resources
Solar installations generating 14 852 MWh of renewable energy in 2021
Waste reduction initiatives implemented at 20 centres

RESPECT
INTEGRITY
INNOVATION
ACCOUNTABILITY

OUR BUSINESS ACTIVITIES

ENGAGE WITH OUR STAKEHOLDERS
Page 19

OUR VALUES AND GOVERNANCE STRUCTURES
Page 4 and 82

- Identify attractive prospects
- Acquire properties at accretive yields
- Dispose of non-core and low-quality assets at yields below our cost of funding
- Optimal capital structure
- Develop existing assets
- Efficient management of our portfolio

MANAGEMENT AND INNOVATION
Refer CEO's review on page 40

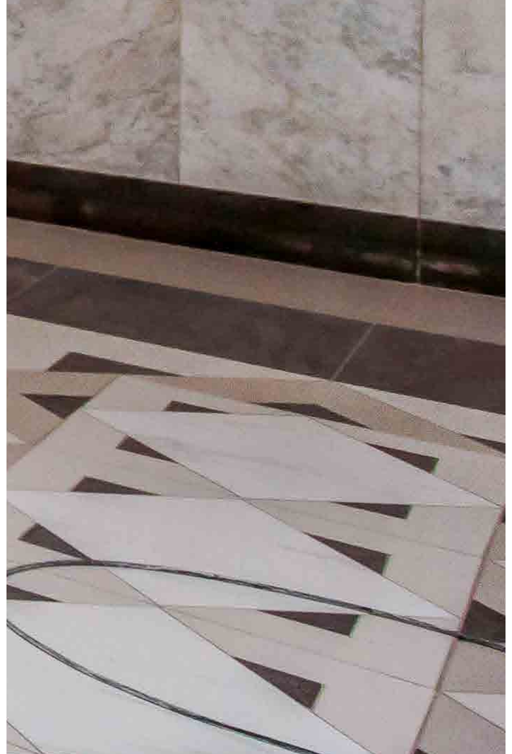
OUR OUTPUTS

A portfolio which is managed and developed to enhance value and sustainable returns. An empowering, diverse culture in which team members can thrive.

OUR OUTCOMES

For more information on our outcomes, please refer to Outcomes in 2021, page 7)

Jeppe Post Office, Johannesburg



OUR STRATEGIC OBJECTIVES

Refer to page 40 for more information

To achieve our vision of sustainable distribution growth and long-term capital appreciation we aim to:

- Focus on convenience retail
- Consolidate a quality industrial portfolio focused on logistics
- Divest from remaining commercial properties
- Maintain a quality residential rental portfolio

OUR KEY RISKS

Refer to page 90 for more information

- Investment returns: non-sustainable distribution growth
- Unavailability of capital
- Increased vacancies, negative reversions and arrears
- Inadequate human capital and loss of key skills
- Inadequate promotion of organisational culture
- Financial reporting risks: inaccurate reporting, forecasting and ineffective controls
- Group's inability to implement appropriate responses to environmental risk
- Risks associated with the protracted impact of Covid-19

HOW WE MANAGE OUR BUSINESS

PRIMARILY REGULATED BY

JSE

Ensure compliance with JSE Listings Requirements and the recommended practices of King IV

Provide market for trading of shares

All relevant South African legislation

Including, but not limited to, the Companies Act and the Income Tax Act of South Africa

MANAGED BY

Board and Committees (provide oversight)

Refer to the Board of Directors and Governance and Compliance on pages 32 and 82

Asset management

The Executive provides strategic management of the Group's assets

Property management

Broll and Afhco Property Management manage the Group's South African portfolio and our JV partner manages the Zambian portfolio

A MEMBER OF

SA REIT Association

Promotes SA REITs as an investment proposition, while addressing issues and meeting challenges within the sector

SA CORPORATE REAL ESTATE

Wholly owned property investment subsidiaries	• Board • Executive Management	Two co-owned properties: • Umlazi Mega City • 50 Griffiths Mxenge Highway	JVs in Zambia (50%) and The Falls Lifestyle Estate (90%)

Celtis Ridge Shopping Centre, Centurion

OUR INVESTMENT PHILOSOPHY

SAC is focused on achieving long-term sustainable distribution growth by ensuring its portfolio comprises defensive assets that generate robust NPI. To achieve this, the Group embraces active asset management and uses acquisitions, developments, disposals, and the recycling of capital to achieve its objectives.

SAC has and will continue to consider both development and investment partnerships where it can achieve a balance between risk and reward within the framework of its determined risk appetite and tolerance levels.

FUNDING PARAMETERS

The Group can make use of gross debt and corporate guarantees up to a maximum of 50% LTV as per its lenders' covenant requirements approved in October 2021. The long-term strategy of the Board is to maintain the net borrowing limit between 33% and 38% of the underlying assets of the Group. The challenges brought about by the Covid-19 pandemic necessitated more prudent interim measures to be implemented, in the form of engagement with lenders, the result of which was a relaxation of covenants. The recovery in operational performance and the partial settlement of debt from divestment proceeds has meant that debt metrics are robust.

For more information refer to the CFO's Review on page 50.

Cambridge Crossing, Sandton

OUR DIFFERENTIATORS

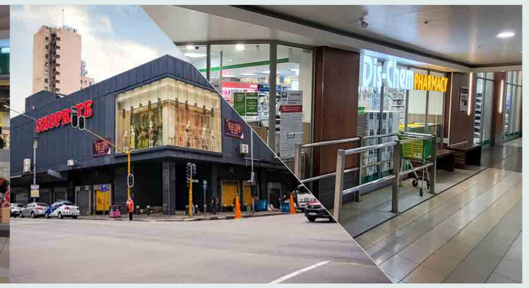
FOCUS ON CONVENIENCE RETAIL

A particular strength of SAC's retail portfolio is the attractiveness of our convenience shopping which comprises 42% retailers of essential goods and services. Our success in attracting national supermarket chains is demonstrated by the quantum of the grocer occupancy, which is more than 26% of retail GLA. This is complemented by food services such as butchers, food speciality stores and liquor stores comprising a further 9% of total GLA. The grocer offering and food services are selected with a view to satisfy the unique demand in the catchment area and is complemented with a strong wellness and pharmaceutical tenancy as well. These offerings have been well received by our customers and will be increased further during 2022.

Musgrave Centre, Musgrave

Bluff Towers, Durban

Musgrave Centre, Musgrave



51 Pritchard Street, Johannesburg

GROWTH OF ATHLEISURE

East Point Shopping Centre

The demand for casual wear and sports wear have soared during the Covid-19 pandemic, with more people working from home and a renewed focus on fitness and health. Athleisure, a hybrid of workout clothes and loungewear, has become a defining trend. The Adidas brand expanded their store in East Point Shopping Centre by 225m², with the new, expanded store relaunched at the end of January 2022. Furthermore, we are seeing high demand for athleisure brands. In particular, the Adidas and Nike stores will be expanding by 200m² and 300m² respectively in the rebuilt Springfield Value Centre, which will open for trade on 1 September 2022.

ATTRACTIVE RESIDENTIAL PORTFOLIO

Afhco's portfolio of 9 252 residential units will be further enhanced by a transaction to divest from non-precinct inner city residential properties in favour of suburban estates and inner city properties in precincts where Afhco can ensure accessibility, security and lifestyle amenities.

ENHANCED RESIDENTIAL AMENITY OFFERINGS

With increasing competition, lifestyle enhancing amenities have become a key differentiator to attract residential tenants. Our broad range of amenities to enhance the Afhco offer to tenants include 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. Even more exciting enhancements are planned for 2022.

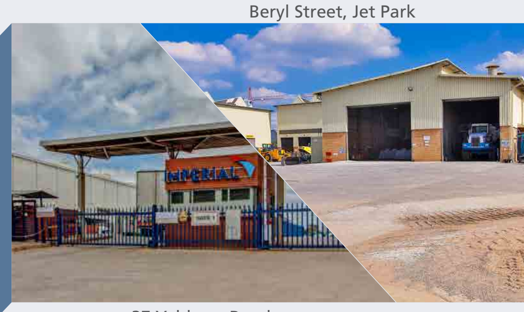
Panama House, Johannesburg

Platinum Place, New Doornfontein

Mpumelelo Centre, End Street Precinct, Doornfontein

FOCUS ON QUALITY LOGISTICS ASSETS

Beryl Street, Jet Park



37 Yaldwyn Road, Jet Park

57 Sarel Baard Crescent, Centurion

37 Yaldwyn Road, Jet Park

The acceleration in e-commerce during the Covid-19 pandemic has created unprecedented demand for high quality, modern logistics properties. The quality of the industrial portfolio has been refined by exiting poorer quality assets that do not meet the investment criteria, culminating in an industrial portfolio that comprises 74% logistics facilities.

MINIMAL EXPOSURE TO OVERSUPPLIED OFFICE SECTOR

SAC has nominal exposure to the rapidly declining office sector with offices contributing only 2% (by value and GLA) of the total portfolio as at 31 December 2021. Commercial exposure will be further reduced by divestment and repurposing of offices.

OPERATING CONTEXT

STRATEGIC OBJECTIVES

- Convenience retail
- Human capital development
- Quality industrial portfolio
- Divesting from commercial
- Financial sustainability
- Operational optimisation
- Quality residential portfolio
- Execution discipline

The 2021 financial year experienced very similar characteristics to the trends that have emerged during the initial months of the Covid-19 pandemic in 2020, albeit those conditions continued to improve as the periods of lockdown and restrictions became fewer and less severe. These trends were as follows:

	Covid-19 relief discounts	Civil unrest	Preference for convenience	Changes in office space requirements	E-commerce	Residential demand
KEY TRENDS	Tenants in sectors specifically affected by Covid-19 restrictions, such as food services, gyms, cinemas and bottle stores required financial assistance to survive.	This culminated in civil unrest and looting in KwaZulu Natal and Gauteng and caused damage to SAC property estimated at R364 million.	Solidifying consumers' preferences for convenience and shopping for essentials close to home - shopping mall visits stabilised at around 80% of pre-Covid-19 visits.	A structural metamorphosis in the office space, including office workers' terms of employment changing to include hybrid office environments with hot desks and WFH arrangements, continue to point to growing empty office space.	Accelerating e-commerce has generated explosive demand for modern, last mile logistics facilities, and continued low vacancies.	Low interest rates provided strong impetus for the sale of apartments to first-time homebuyers. Affordable accommodation meeting the needs of the less affluent in challenging economic times.
	Financial sustainability	**Execution discipline**	**Convenience retail**	**Divesting from commercial**	**Quality industrial portfolio**	**Quality residential portfolio**
OUR STRATEGIC RESPONSE	**R10.8** million of relief was granted during the 2021 financial year. This is expected to reduce to less than R5 million in the coming financial year.	Springfield Value Centre to be completed by September 2022. All other damaged properties have been repaired and restored. **R168** million received from SASRIA. All loss of income for the financial year was recovered.	Essential convenience shopping comprises **42%** of the retail portfolio. Smaller urban living spaces are also generating increased demand for self-storage close to home, particularly at convenience shopping centres.	Offices **2.1%** of the portfolio.	Logistics **74.1%** of the industrial portfolio.	Rebalancing of portfolio well on track.

In addition to these longer-term trends, the current operating environment is fraught with low economic growth and negative reversions as property owners choose to protect their tenant base and exchange growth for tenure.

ESG matters are increasing in importance and, combined with frequent interruptions in electricity supply, provide impetus for renewable energy applications and green buildings.

SAC continues to take cognisance of these evolving patterns, as well as several other emerging and influential trends in setting its strategic direction.

Morning Glen Shopping Centre, Sandton

SOME OF THE TRADE-OFFS WE MADE IN 2021

To achieve our vision of sustainable distribution growth and long-term capital appreciation, the Board and management at SAC are constantly required to review the use and allocation of the available resources to ensure maximum effectiveness. Below are a few of the primary trade-offs that we have made amongst capitals this year:

- **Maintaining a quality portfolio – we constantly have to assess the quality of our property assets, recycling from those that do not meet our investment criteria to those that will better contribute to sustainable distribution growth.**
- **Divesting from properties to ensure financial sustainability albeit with initial dilution to distributable income in favour of an investment in a property portfolio resilient over the long-term.**
- **Continued occupancy versus positive rental reversions – it remains cheaper and often less risky to retain a performing tenant, rather than to maximise income. With multiple tenant failures and oversupply, managing vacancies and retaining tenants has been a priority, which often came at the cost of negative rental reversions.**
- **Financial sustainability versus environmental sustainability - implementing water- and electricity saving strategies may impact the company's short-term liquidity position but provide long-term benefits in terms of reduced environmental impact and lower occupancy costs for tenants.**
- **Additional investment to repurpose office space to reduce vacancy - despite a decision to exit the commercial portfolio, oversupply in the office sector makes it imperative to find innovative and alternative uses for vacant office space while we are in the process of exiting, which often can only be achieved through additional investment.**
- **Offering incentives to attract new residential tenants – it is the nature of managing a residential portfolio that attracting new tenants requires discounting after which the inherent friction of relocating allows for a gradual increase of rentals.**

Refer to the CEO's Review on page 40 for our strategic response to these trends.

East Point Shopping Centre, Boksburg

STAKEHOLDER ENGAGEMENT

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.

The primary stakeholder engagements during 2021 and their outcomes are provided on the following pages.

STAKEHOLDER ENGAGEMENT CONTINUED

Our stakeholders	Quality of relationship	Engagement methods	Stakeholder priorities	Our response	Risks	Opportunities	Contribution to value creation
INVESTMENT COMMUNITY **In the past year:** External investor perception survey to measure investor, analyst and media perceptions of the Company Refer to page 26 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	· 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	· 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	· 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	· Reputational damage · Increased cost of capital · Slowing or even negative distribution growth · Safeguarding against liquidity risks	· A strengthened investment case · A share price valuation that reflects an appropriate value for the Group · Introducing new convenience, defensive retailer brands and concepts	· Shareholders provide capital to facilitate growth in the business · Analysts provide market intelligence on opportunities and peer comparisons
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.	· 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	· 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	· We maintain strong relationships with well-defined expectations and regular interaction to ensure acceptable performance and ongoing healthy relationships	· Maintaining the safety of customers and tenants · Increased vacancies · Reputational damage · Properties that are not well-managed or well-maintained	· Well-managed and well-maintained properties attract tenants and improve retention	· 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
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	· 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	· 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	· 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	· 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	· 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	· The Group aims to build and maintain a strong quality tenant base, and to enhance tenanting and administrative processes to optimise the customer services experience for our tenants. · The renting of available space enables SAC to grow its business

STAKEHOLDER ENGAGEMENT CONTINUED

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	· Retail centre social initiatives · Inner city community upliftment initiatives · Urban agriculture initiatives · Facilitating broad-based community participation through other corporate social investment ("CSI") initiatives	· Environmental impact · Job creation · Safety, security and cleanliness · Responsible corporate citizenship	· 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	· 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	· 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	· 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	· Employee meetings · Performance review, including 360-degree evaluations of executive directors, and career planning discussions · Online platforms · Virtual meetings	· 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	· 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	· Negative perceptions from employees might cause disruption of operations and unproductive behaviour · Lack of employee retention leads to disruptions and increased costs	· Ensuring a committed and engaged workforce will lead to a satisfied tenant base and profitable growth · Providing employees with access to a wellness programme	· 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	· 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	· Competent treasury function · Ability to service debt · Appropriate LTV and other covenant ratios · Adhering to covenants	· 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.	· Lack of capital · Reputational damage · Onerous LTV · Breaching covenants	· 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	· Provision of funding to facilitate business objectives

STAKEHOLDER ENGAGEMENT CONTINUED

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	· 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	· Sector-specific issues · Introduction of new legislation	· We keep abreast of JSE Listings Requirements and changes in regulations	· Non-compliance with industry regulations · Non-compliance with JSE REIT requirements	· Co-operation with peers may lead to outcomes that benefit all parties	· 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	· 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	· 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	· We are committed to ethical business and governance practices and are willing to collaborate to improve service delivery for tenants	· 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	· Our established track record assists us to obtain access to, and co-operation from, the relevant authorities	· 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

STAKEHOLDER ENGAGEMENT CONTINUED

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:

	PARTICIPANTS AGREE	
1 Performance		
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.

East Point Shopping Centre, Boksburg

NURTURING OUR CAPITALS

"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."

Ms EM Hendricks

Chairman of the SEEC

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.

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.

SAC donated bursaries of **R1.6 million** to CityKidz in 2021, with over **650** school children benefitting.

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.

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.

858 students (2020: 816)
98.7% pass rate

SUPPORT OUR SCHOOLS
Education grows communities

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.

Over
R160 000
was donated to schools

Other educational activities in 2021

- Two students benefitted from Afhco's **annual bursary opportunity**
- Afhco launched a **Movers Mentorship Programme** to encourage mentorship amongst young people through promoting educational, social, financial and mental well-being support. There was an event held on 16 June 2021 and a podcast series was developed.
- In May, Afhco hosted a mental health virtual seminar for employees, tenants and other interested parties.

Retail centre activities in 2021

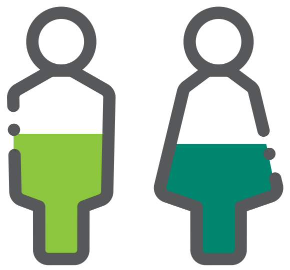
The social unrest and vandalism in the country unfortunately limited these activities, but various events were held to raise funds for the Cancer Association of South Africa ("CANSA") and **R36 000** was raised.

For more information on our capitals, refer to page 17 in the ESG Report

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.

RACE
75% African
7% Coloured
8% Indian
10% White



GENDER
53% Male
47% Female

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 page 106 of the Remuneration Report for the 2021 performance.

Some of our key human capital performance indicators are:

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

NURTURING OUR CAPITALS CONTINUED

INTELLECTUAL CAPITAL

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.

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 on page 50 for a comprehensive discussion of our efforts in this regard.

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.

CARBON FOOTPRINT

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

CARBON FOOTPRINT RESULTS

The total greenhouse gas emissions for SAC have been:

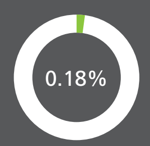
(Non Kyoto Gases were calculated at 489 tonnes of CO_2e).

166 675

tCO_2e

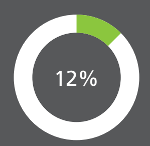
FOR THE PERIOD 2021 FOLLOWING THE GREENHOUSE GAS PROTOCOL

SCOPE 1



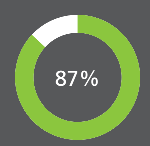
613 tCO_2e

SCOPE 2



20 383 tCO_2e

SCOPE 3



145 679 tCO_2e

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

Electricity consumed by SAC and Afhco in vacancies and common areas follow at 20 383 tCO_2e (12% of emissions).

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 CO_2e.

SCOPE 3 ELECTRICITY

TENANTS ELECTRICITY CONSUMPTION

78% SAC (tenant) [111 802 tCO_2e]

22% Afhco (tenant) [32 264 tCO_2e]

SCOPE 3 WATER

TOTAL WATER CONSUMPTION

40% SAC [642 tCO_2e]

60% Afhco [971 tCO_2e]

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.

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. This led to 1 992m³ of waste being recycled.

MANUFACTURED CAPITAL

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

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

East Point Shopping Centre, Boksburg

BOARD OF DIRECTORS

BOARD STRUCTURE

INDEPENDENT NON-EXECUTIVE DIRECTORS

MABOTHA ARTHUR MOLOTO (54)
BA (Hons); Postgrad Eco Principles; MSc in Finance and Financial Law

South African
Appointed: 7 July 2014

Chairman of the Board

ORATILE REFILOE MOSETLHI (43)
LLB

South African
Appointed: 17 July 2019

Lead Independent Director

ROBERT JOHN BIESMAN-SIMONS (67)
BCom; CTA; CA(SA)

South African
Appointed: 19 August 2010

Independent non-executive director

NAIDENE FORD-HOON(FOK) (54)
BCom; CTA; CA(SA)

South African
Appointed: 17 July 2019

Independent non-executive director

GREGORY JAMES HERON (56)
BCom; DipAcc; CA(SA)

South African
Appointed: 17 July 2019

Independent non-executive director

EMILY MAURISTENE HENDRICKS (49)
Dip in Teaching; LLB; LLM ; CISL (High impact leadership)

South African
Appointed: 2 April 2014

Independent non-executive director

SEAPEI SHELE MAFOYANE (44)
B.Sc in Microbiology and Genetics; MBA

South African
Appointed: 11 February 2021

Independent non-executive director

A Audit and Risk Committee
N Nomination Committee
SEE Social, Ethics and Environmental Committee
R Remuneration Committee
I Investment Committee
C Chairman

EXECUTIVE DIRECTORS

TERENCE RORY MACKEY (60)
BSc Eng; Postgrad Dip Eng; Pr Eng; Pr CPM

South African
Appointed: 1 August 2012

Chief Executive Officer

SAMESHAN YANASEGRAN MOODLEY (44)
BCom; DipAcc; CA(SA)

South African
Appointed: 1 March 2022

Chief Financial Officer

More information about the Board members is available on page 82 and on the website.

Northpark Mall,
Pretoria North

02 LEADERSHIP REVIEWS

Northgate Heights,
Randburg

CHAIRMAN'S STATEMENT

The state of the South African economy, with record-high unemployment, continuing impacts from Covid-19 restrictions and a further setback from the unrest in KwaZulu-Natal and Gauteng is well publicised. The commensurate and severe impact on the property sector has also received extensive media attention. While it has no doubt been another year of challenge, the good news is that we are starting to see a return to normality and an improvement in key drivers of the property sector. Vacancies have dropped off, and demand has picked up in certain areas.

ARTHUR MOLOTO
Chairman: SAC

INTRODUCTION

Consumers are becoming more comfortable in the physical retail setting again. Increased footfall is evident in the Group's larger format shopping centres, although the dominant preference remains for our primary retail focus, that of convenience shopping. Rapidly escalating e-commerce continues to spur demand for modern logistics properties, again validating our strategy to pursue this sector of the property market. The office sector remains most affected by the events from the past two years, supporting our intent to divest from it.

The safety of our employees continues to be of primary concern, which prompted the Group to provide employees and their immediate family members with an opportunity to receive the first and second doses of the Covid-19 vaccine at our premises. We have been pleased with their response and take-up. Participation in this initiative was encouraged by management through regular communication, in line with wider business practice.

The looting, arson and destruction during the July unrests caused significant damage to several of SAC's properties, estimated at R364 million. I congratulate our management team, as well as the surrounding communities, for the way they have managed to limit the impact of the civil unrest. The Group continues with the necessary repairs and rebuilding as well as the pursuit of insurance claims with SASRIA.

GROUP STRATEGY

As a Board, we are comfortable that the Group's strategy remains appropriate and is moving forward at pace. The strategy is built on a cogent base of maturing themes, including the growing preference for convenience shopping, accelerating e-commerce which is driving demand for high-spec logistics properties, continuing urbanisation, together with a desire for mobility from particularly younger generations, increasing the need for affordable, quality residential rental accommodation.

We are particularly proud of the Company's ability to have executed multiple disposals to the value of R853.6 million this year, at a time when the sector needed to demonstrate that it had the financial strength to transverse the Covid-19 pandemic. As noteworthy, is that the disposals were done at levels close to internal valuations, highlighting the accuracy of our valuations. The returned capital not only allowed for a reduction in gearing but also increased the quality of the remaining portfolio. Furthermore, the Group has the requisite resources to invest in its property portfolio to generate sustainable distribution growth for its investors.

A further highlight has been the significant and defining transaction by Afhco to dispose of a portfolio of inner city properties. This transaction provides significant impetus for efforts to improve the quality of the portfolio and rebalance it towards a more equal split between inner city and suburban residential properties.

SUSTAINABLE DEVELOPMENT

There has been a global shift in environmental and social consciousness in recent years, with an increasing preference from consumers to only transact with responsible companies and purchase products that are ethically sourced. Investors also display a growing understanding that ESG issues ultimately, and often directly, affect the long-term performance of the companies they invest in. Our value system and long term objectives are fully aligned with the achievement of these ideals. We are proud to note that SAC was recognised as the greatest improver in the 2021 Integrated Reporting and Assurance Service's (IRAS) ESG Data Transparency in SA Report and being placed third overall in the sector in terms of its ESG disclosures.

As part of an ongoing governance review exercise, key policies such as the Information and Share Dealing and Stakeholder Engagement policies were reviewed during the year, to ensure clear guidelines for disclosure attuned to stakeholder expectations and in compliance with the regulatory requirements. We take regular and effective dialogue with our stakeholders seriously and commissioned an independent perception survey in 2021 to measure investor, analyst and media perceptions of the Company. The outcome has generally been positive, and the constructive feedback has given us food for thought.

Refer to the Stakeholder Engagement section on page 26 for more information about the survey.

TRANSFORMATION AND SOCIAL RESPONSIBILITY

We are pleased to report that the Group has improved its B-BBEE contributor status from Level 4 to Level 3, with marked improvements in respect of ownership, skills development, preferential procurement, as well as enterprise and supplier development elements. This progress strengthens our resolve to continue to implement relevant strategies to appropriately transform SAC across all dimensions.

The Group undertook a materiality analysis across the 17 SDGs as set out in the UN Department of Economic and Social Affairs' SDG Report 2021. Five primary SDGs have been identified based on their relevance to the Group's business and work is underway to develop the Group's approach and prioritise its resources and commitments towards these SDGs.

Refer to page 7 in the ESG Report for more information about the Group's primary SDGs.

The Covid-19 pandemic and the civil unrest have again highlighted the critical role that responsible business can play in society and SAC remains strongly committed to doing its part. The Audit and Risk Committee this year approved the allocation of prescribed unclaimed distributions to socio-economic and enterprise and development initiatives to the value of R186 089. This will be utilised to further strengthen our social outreach programmes. In 2021, the Group spent R1.7 million on a variety of social projects, with a special focus on promoting education. Tough times require out-of-the-box thinking and Afhco rose to the challenge during the Covid-19 pandemic when they invited self-employed tenants residing in their buildings to promote their services and/or products to Afhco's tenant base as a means to support their income.

CASE STUDY

CityKidz is a social initiative started in 2008 by Afhco which offers inner city children a chance to learn, play and grow in a safe and secure environment. Afhco offers new tenants a 10% discount on school fees at CityKidz and pays the registration and administration fees for learners whose parents are tenants.

SAC also supports this initiative at a Group level and donates bursaries to the school every year. In 2021, R1.6 million was donated, with over 650 school children benefitting. In addition, the Company has in recent years been responsible for the expansion of the school grounds, building additional classrooms and a staff room and, in 2021, awarding CityKidz a loan write-off to the value of R1.5 million.

There are more than 880 students enrolled in the school this year, ranging from Grade RR to Gr 7. CityKidz also offers an aftercare service with over 130 registered learners. With CityKidz proving to be such a resounding success and making such a notable difference in the lives of the surrounding communities, Afhco is investigating the possibility of opening a CityKidz high school in the future.

A proud pass rate of **98.7%**

REDUCING OUR ENVIRONMENTAL FOOTPRINT

It remains high on our agenda to decrease our environmental impact, thereby reducing costs for our tenants and ourselves, while also being kinder to the planet. We have installed solar PV at multiple buildings, with further installations identified and being considered for the next year. Bulk water meters and Power Factor Correction systems have been fitted widely and recycling of waste takes place at all retail assets.

For more on our social responsibility and environmental initiatives, please refer to page 17 in the ESG Report available at www.sacorporatefund.co.za/.

CHAIRMAN'S STATEMENT CONTINUED

GOVERNANCE ISSUES

Governance Review

The Board regularly benchmarks its governance structures and practices against best practice and again commissioned an independent review in 2021. The report concluded that the Company has an engaged and functional board and overall effective governance structures. Minor recommendations for refinement have since been addressed through the appropriate governance structures.

More detail is provided in the ESG Report available at www.sacorporatefund.co.za/.

Changes to the executive team and Board

Andre van Heerden resigned as a non-executive director of the Company in August 2021. The Board thanks Mr van Heerden for his invaluable contribution over the years.

SAC's CFO, Antoinette Basson resigned at the end of the financial year, and I would like to express my appreciation for her long and dedicated service to the Group. We thank James Barker who assisted as interim CFO for the period 1 January 2022 to 28 February 2022. Sam Moodley was appointed as CFO and executive director from 1 March 2022. We welcome Sam and look forward to his invaluable contribution. Otis Tshabalala resigned as the COO of the Company in October to take up the reigns at Rebosis as its CEO. We are in the process of identifying COO candidates and will make the necessary announcements in due course.

Notwithstanding this change in the guard, we note the calibre of people that SAC attracts, which has allowed both of these executives to step into strategic roles within the industry. The Board has confidence in our leadership compliment and will, with the assistance of the Nomination Committee, be active in ensuring that any vacant positions at management and Board level are filled with similarly talented and experienced people.

SHAREHOLDERS' VOTE RELATED TO THE REMUNERATION POLICY

After a significant amount of work and extensive engagement with shareholders to appropriately align our remuneration policies, we are particularly pleased to note that both our remuneration policy and the implementation thereof, received shareholders' blessing at the previous annual general meeting with a 93% approval rate. We are committed to ensuring that our remuneration practices add sustainable value to both our employees and shareholders.

DISTRIBUTIONS

SAC has recommenced the payment of an interim and final distribution this year. For prudence, the Board has adopted a pay-out ratio of 90% of distributable income, with the retained portion applied towards strengthening the balance sheet and appropriately maintaining our properties, which should ultimately drive sustainable distributions over the long term.

Investors are referred to the CFO's Review on page 50 for details of the revised distribution policy.

OUTLOOK

Although the outlook for the South African property sector remains subdued and inextricably linked to the pace of economic recovery, the actions taken to improve the defensiveness of its portfolio will allow SAC to navigate the challenges and exploit new opportunities. Retail trade is gradually recovering, our already small exposure to offices has reduced further, residential vacancies are lower and industrial demand is on the increase.

The quality of our portfolio has improved significantly in the current year and our strategy is showing growing evidence of being well-executed and delivering the expected results in terms of its ability to create long-term value for all stakeholders. It is now up to us to take advantage of the traction achieved to return the Group to sustainable distribution growth.

APPRECIATION

As SAC closes the 2021 year, we are confident that we do so in a considerably stronger position than at the beginning of the year. This was only possible through the hard work and dedication of our employees and management team and the strong guidance and support of our Board, and I thank each of you for that. I also extend my appreciation to our tenants, suppliers, and other stakeholders for their backing and continued interest in the Group.

Hayfields Mall, Pietermaritzburg

CEO'S REVIEW

After the devastating impact of the Covid-19 pandemic on the property sector, pleasing improvements in trading were noted during 2021, as restrictions reduced and life with Covid-19 became the new normal. Operating conditions improved modestly, and the initiatives implemented by SAC at the start of the pandemic to manage the fallout continued to fortify and support the resilience of the business, even amid the damage caused by the civil unrest during the year.

RORY MACKEY
Chief Executive Officer

INTRODUCTION

SAC increased distributable income for the 12-months to 31 December 2021 by 6.4% to R639.5 million and, despite extensive disposals, managed to achieve a modest increase in total property revenue to R2.1 billion. NPI increased by 6.5% to R1.1 billion and 9.9% on a like-for-like basis, a clear indication of the underlying resilience in the portfolio.

Key operational drivers were improved. Traditional portfolio vacancies were reduced to 3.3% of GLA (2020: 3.5%). Collections for the year increased to 98.7% (2020: 91.5%) and improved noticeably to 104.8% in the last quarter of 2021. We granted total relief to tenants of R10.8 million (2020: R87.4 million), mainly to the restaurants and food services segment, followed by gyms, cinemas, bottle stores and hair and beauty. A strong focus on collections reduced arrears to 7.0% of revenue in 2021, from 10.6% in 2020.

SAC's strategic disposals have considerably strengthened the Group's financial position, enabling an increase in the distribution payout ratio from 75% to 90%, and culminating in a pleasing 27.7% increase in distribution for the year to 22.89 cents per share.

At year-end, the Group's portfolio comprised 165 properties, with 1 355 665m² of lettable area, valued at R15.0 billion, a 50% JV interest in three Zambian entities with properties valued at R1.1 billion, a 90% JV interest in The Falls Lifestyle Estate with property valued at R177.3 million and listed investments valued at R162.9 million.

While total assets under management decreased by circa R1 billion to R16.2 billion, this is principally due to disposals of R1.8 billion, of which R854 million had transferred in 2021. Valuations remained almost flat for the 2021 year, and the like-for-like portfolio decreased by a marginal 1.1%. In contrast to the rest of the portfolio, the small office portfolio suffered a decline in value of more than 30%, evidencing the beleaguered state of this sector which SAC has substantially divested from.

IMPACT OF THE CIVIL UNREST

Four of the Group's shopping centres in KwaZulu-Natal sustained significant damage during the civil unrest in July 2021, whilst limited damage was caused to several industrial and inner city properties. The total estimated loss of income and cost to restore all properties damaged in the civil unrest is R364.4 million, which is fully covered by the Group's SASRIA insurance. SAC has received R168.0 million in respect of claims to date and the total loss of income until March 2022, incurred as a consequence of damages caused during the unrest, has been received.

By December 2021, all properties save for Springfield Value Centre had been repaired and restored. Springfield Value Centre requires a significant rebuild targeted for completion by September 2022. Fortuitously, the reconstruction presents an opportunity to improve the tenant mix, tenant covenant and average lease expiry of the shopping centre. In particular, new long-term leases have been concluded with nationals including Dis-Chem, McDonald's, Boardriders, Nike, Adidas, Puma, Cotton On and Studio 88.

STRATEGIC UPDATE

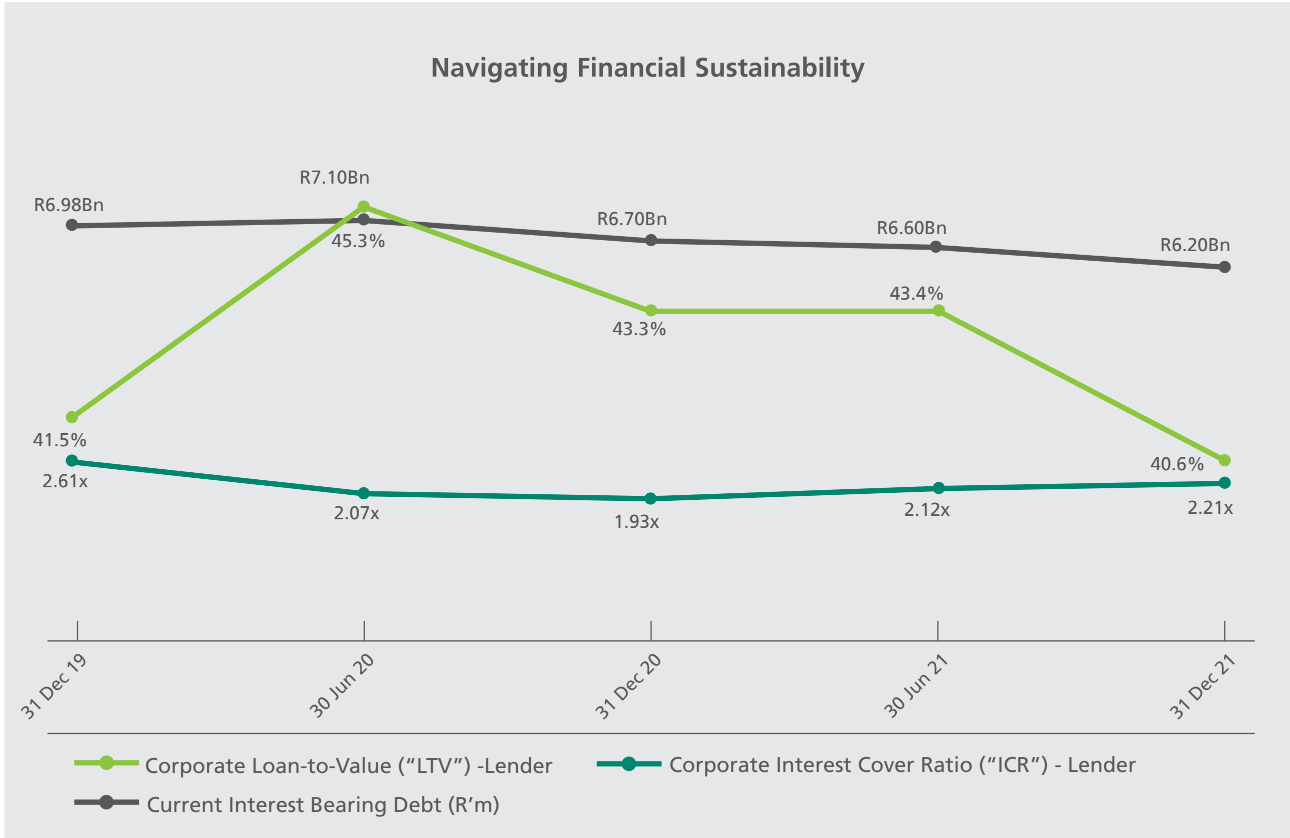
SAC is committed to offering an attractive investment proposition that produces sustainable distribution growth and long-term capital appreciation for investors. We aim to achieve this through investment in a well-diversified, defensive property portfolio comprising convenience retail, quality logistics and residential property while maintaining an optimal capital structure.

These initiatives have placed SAC in a considerably stronger position at the end of the 2021 financial year, compared to the prior year. The retail portfolio has recovered, substantially shedding rental relief that had to be offered in the prior year. Retail trading densities showed resilience throughout the year, increasing by an average of 4.6% over the prior year. The industrial portfolio continued to be robust with almost no vacancy and Afhco's residential portfolio was showing positive growth, evidencing the portfolio stability achieved by attracting new tenancy that had contributed to a substantial reduction in vacancy. Consequently, despite the challenges presented by the operating environment, our vision is back on track.

Active divestment in recent times from the remaining office properties and other lesser-quality portfolio investments has proven vital in support of successfully navigating the pandemic, as has efforts to improve tenancy and tenant covenants

IMPROVING FINANCIAL STABILITY

The Group's response to the sudden and considerable challenge to financial sustainability was both quick and well-considered. The proceeds from the active divestment programme reduced net debt LTV to 37.4% at year-end, all 2022 debt expiries have been extended to 2023, and the Group's lenders have approved the permanent increase of SAC's LTV covenant to 50%. Whilst there is no specific intention to deploy the additional gearing headroom, it offers asset management optionality and, as importantly, demonstrates lender confidence in the property portfolio's robustness and ability to continue to generate sustainable cash flows.



CEO'S REVIEW CONTINUED

REFINING THE QUALITY OF THE PORTFOLIO

With financial stability as a key priority, the divestment programme was also a deliberate process directed at refining the quality of the property portfolio to better align with our long-term investment strategy. In this regard, we have strategically divested from smaller and poorer quality industrial properties to focus on logistics real estate and sold leasehold properties to mitigate the diminishing of these over time. The proportion of suburban properties were amplified in the residential portfolio through a partial divestment of non-precinct inner city properties.

Divesting from offices

We remain pessimistic about the office sector given high vacancies, excess stock and the acceleration of the (at least partial) work from home phenomenon. Only four office properties remain in the portfolio. Of these properties, one has been sold but is yet to transfer, and two allow for partial conversion to storage and the work to accomplish this is proceeding. The remaining office property, GreenPark Corner, has a unique location on the boundary of the Sandton financial district and the Morningside luxury high rise residential node, complemented by small "addressable" floor plates, and its competitiveness is to be further enhanced with the introduction of various amenities that will make it particularly attractive as a modern hybrid workplace.

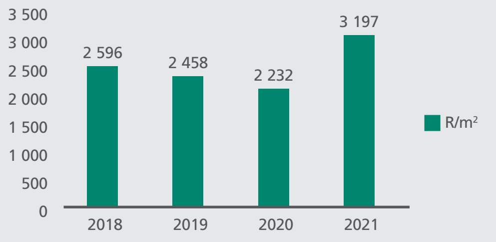
Upweighting convenience-orientated retail

Pleasing traction has been achieved with interventions to increase the convenience-oriented focus of the Group's retail portfolio, through the improvement in tenant mix, as well as selected redevelopment of properties. Key pharmaceutical and food retailers have been secured at Musgrave Centre, The Bluff Towers, 51 Pritchard Street, North Park Mall, Cullinan Jewel, Springfield Value Centre, Umlazi Mega City, Davenport and Morning Glen. Improvements to access were also completed at Morning Glen.

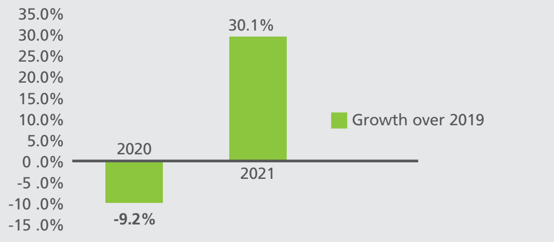
Please refer to the Property Review on page 60 for more detail

Restoration of Musgrave Centre with the introduction of Food Lover's Market and Dis-Chem

December Trading Density - Musgrave Centre



December Trading Density Growth over 2019



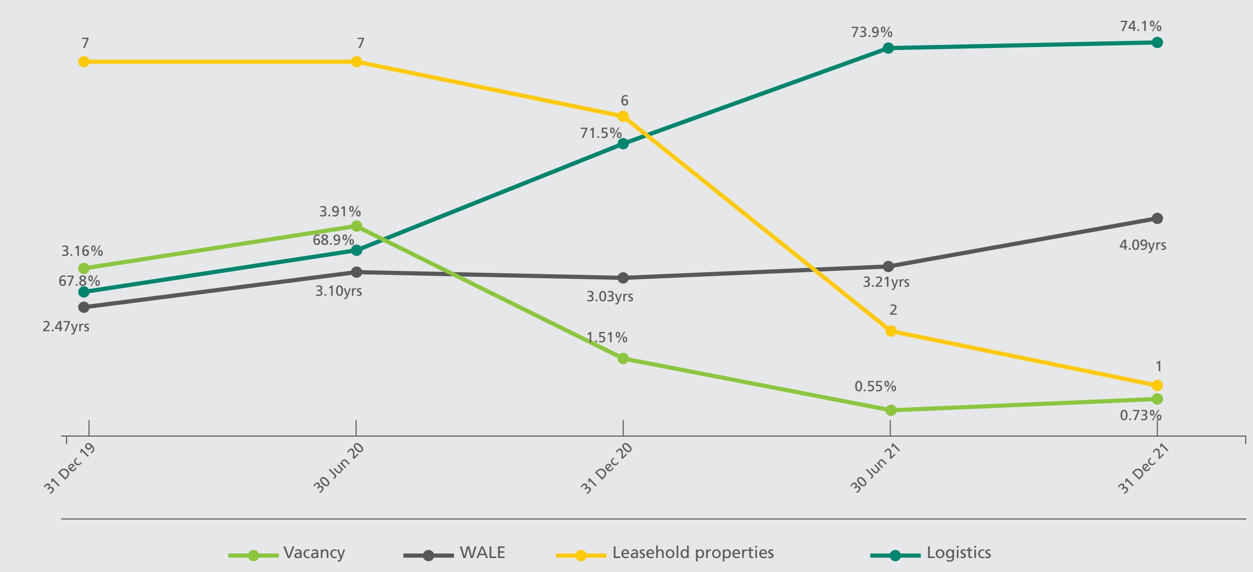
DIS-CHEM OPENED 1 JULY 2021

FLM OPENED 25 NOVEMBER 2021

QUALITY INDUSTRIAL PORTFOLIO

The ongoing refinement of the industrial portfolio through disposals has resulted in the portfolio now comprising 54 properties, 74% logistics focused, with 86% having a GLA above 4 000m².

Quality Improvement to Industrial Portfolio



QUALITY RESIDENTIAL PORTFOLIO

> Afhco 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

Afhco has been navigating unique challenges during the pandemic with a record-high unemployment rate which manifested in high residential vacancies, as well as a reduction in cross-border trade and supply chain challenges that affected inner city retail tenants. Emphasis has been placed on the reduction of vacancies coupled with the reinstatement of a stable residential tenant base. Aggressive marketing had reduced vacancies to 6.6% by November, and whilst the normal festive season spike was experienced, Afhco is confident that returning to targeted vacancies of circa 5% is within reach in 2022. Inner city retail occupancy levels have remained high given the attractiveness in these locations, and national grocers have continued to report trading densities equal to, or better than, pre-pandemic levels, demonstrating the high number of residents in inner city apartments supporting these retailers.

DISPOSALS

The active asset management intervention of divesting from properties not meeting the long-term investment strategy of the Group has continued at pace during 2021. These were, however, implemented with a keen eye on value preservation, with disposals recognised in the current period at a weighted average exit yield of 9.6% and a negligible discount of 0.4% to the last valuation. The contracted disposals are at a weighted average exit yield of 8.8% and a premium of 2.2% to the last valuation, again evidencing the Group's conservative valuation practices.

> R1.8 billion of divestment of lower quality properties in two years in an environment of extreme business illiquidity

A number of residential apartments were sold into the retail market at a weighted average exit yield of 8.7% and a premium of 8.9% to the last valuation.

Two retail shopping centres were disposed of during the year, one being the Group's only retail exposure in the Western Cape and the other centre in an undesirable node. A further four commercial buildings were sold in the 2021 financial year, as well as 12 industrial buildings not meeting the investment criteria of superior logistics facilities. In the Afhco portfolio, one retail property and 96 residential units were sold.

A further R964.8 million disposals were contracted, R4.7 million of which transferred after year-end. Of the latter, most importantly is the sale of nine non-precinct inner city primarily residential

CEO'S REVIEW CONTINUED

properties allowing greater focus by management on the remaining portfolio of inner city properties in precincts where Afhco can ensure a quality product. Minor amendments to this transaction were announced post-year-end. All conditions precedent to the disposal have been fulfilled and the transfer of the sale assets will occur following completion of all standard administrative tasks including obtaining rates clearance certificates from the relevant local authority. The investment in precinct inner city properties is complemented with that in suburban estates and represents a prime residential property portfolio.

A comprehensive list of the disposals is available in the CFO's Review on page 50

SEGMENTAL PERFORMANCE

RETAIL (43.4% OF SOUTH AFRICAN PORTFOLIO)

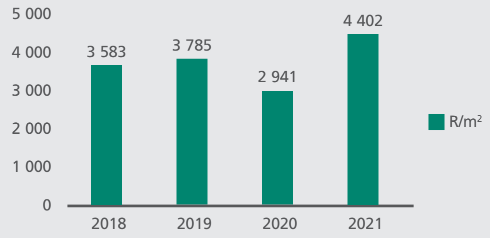
SAC's convenience-orientated retail portfolio continued to prove its mettle, outperforming other sectors throughout the pandemic, despite being most affected by the civil unrest in KwaZulu-Natal. Like-for-like NPI recovered by 21.5%, relative to the -18.8% in the prior year. NPI was bolstered by trading density growth of 4.6% (2020:3.2%), significantly lower rent relief at R11.7 million (2020: R59.0 million), and improved collections of 98.9% (2020:90.7%). Supermarkets, pharmacies, pet stores and athleisure, in particular, performed strongly.

Vacancy rates were stable at 4.6% through close co-operation with tenants, culminating in negative rental reversions on expiring leases of -8.0% (2020: -7.0%). Our emphasis on defensive food and pharmaceutical offers accelerated notably this year, now comprising some 38% of the retail portfolio.

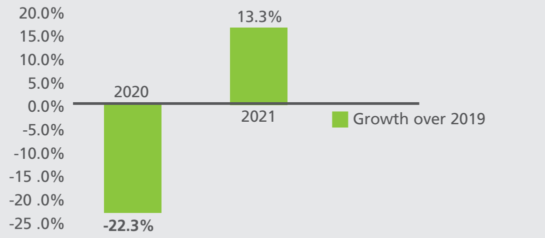
Please refer to the Property Review on page 60 for more detail

Resilient performance of Bluff Towers, leveraging of community support

December Trading Density - The Bluff Centre



December Trading Density Growth over 2019



CLICKS OPENED 1 SEPTEMBER 2021

Cambridge Crossing, Sandton

CEO'S REVIEW CONTINUED

SEGMENTAL PERFORMANCE

INDUSTRIAL (23.5% OF SOUTH AFRICAN PORTFOLIO)

The industrial portfolio has demonstrated resilience during the pandemic, albeit that like-for-like NPI growth was only 1.4% in 2021, and good progress was made with the disposal of lesser quality properties. The logistics component of the portfolio increased to 74.1% (2020:71.5%).

Vacancies declined from a low of 1.5% to 0.7%. SAC successfully concluded long term leases with Bell Equipment, Twinsaver, Grindrod and Hyundai. The negative rental reversion improved from -12.7% in 2020, to -7.0%, with the latter agreed mainly in the interest of securing two five-year tenors on properties at the corner of Staal and Stephenson roads, in Pretoria West, and a motor showroom in Goodwood, Cape Town. This extended the WALE from 3.0 to 4.1 years.

Arrears in the industrial portfolio pleasingly decreased from 7.3% to 2.8% with collections exceeding 100%. Additional rent relief during 2021 remained low at circa R1 million.

COMMERCIAL (2.1% OF SOUTH AFRICAN PORTFOLIO)

The commercial portfolio suffered a 36.6% decline in like-for-like NPI against a background of the extremely poor trading conditions facing the office market, as detailed earlier. Arrears increased from 21.2% to 21.7%, while collections on the remaining properties deteriorated to 89.2%. Vacancies were at 18.9%. A negative reversion of -20.5% was largely caused by the lease renewals of Vodacom at Nobel Street and Medscheme at 102 Essenwood Road, which had the benefit of increasing the WALE from 1.1 to 3.1 years.

SAC has been steadily reducing its exposure to the commercial sector as discussed earlier.

AFHCO (31.0% OF SOUTH AFRICAN PORTFOLIO)

The Afhco target market was exceptionally hard-hit by the pandemic. Encouragingly, the market did recover during the year and the portfolio performance improved through focused efforts to reduce vacancies and increase collections. Afhco's like-for-like NPI increased by 7.4%. Residential vacancy almost halved to 8.5%, albeit through notable discounting, and collections improved to 98.1%. Rental relief required decreased from R21.9 million to R1.6 million.

While smaller retailers in the inner city continued to be hard hit by constrained consumers and less cross border trade, Afhco's retail portfolio has been surprisingly resilient. This is mainly attributable to strong demand and robust trading from national retailers which kept vacancies low at 5.8% and negative rental reversions more modest at -4.1%, relative to -10.7% in the prior year.

In the inner city portfolio, the most important events on the agenda are the transfer of the properties in the Johannesburg inner city expected to take place between March and November of 2022, the residential conversion of North Park Mall's previous office tower into mixed-use social housing and units for the first-time buyer market, and Phase 2 of The Falls Lifestyle Estate which should be completed in the second half of 2022.

The portfolio is now sufficiently rebased to ensure more predictable occupancy and income levels in the coming year.

Calderwood Lifestyle Estate, Benoni

Acacia Office Park, Lusaka

SEGMENTAL PERFORMANCE

ZAMBIA

SAC has a 50% participation in a property JV in Zambia which consists of three properties, East Park Mall, Acacia Office Park and Jacaranda Mall, valued at R1.1billion (2020: R880 million). NPI of the Zambian JV properties declined by 9.8% in US dollar terms (-18.8% in Rand) in an economy that has had to face the challenges of both the pandemic and the sovereign debt default. While the debt burden continues to present a challenge, economic growth is expected to accelerate, given the increase in copper prices, and improved sentiment towards the new Government's ability to facilitate economic recovery.

A 100% retention of tenants was maintained across all East Park Mall and Acacia Office Park, but decreased to 36% at Jacaranda Mall, due to re-tenanting associated with introducing Shoprite as the grocer anchor. This portfolio exhibits resilient tenor, with most of the leases at a minimum of five years.

Renewal reversions were negative at Jacaranda Mall but well maintained and negligible at East Park Mall and Acacia Office Park. Pleasingly, vacancies were halved at East Park Mall and steady at Jacaranda Mall during the year. FNB relinquishing a notable portion of their premises this year resulted in a vacancy rate of 14.81% at Acacia Office Park.

Collections improved from 72.3% to 99.6% in 2021.

DISTRIBUTION

Our financial position has been considerably strengthened by the substantial disposal pipeline executed during this challenging time, as well as confirmation through these disposals at or close to valuations, of the robustness of SAC's valuations. This has placed SAC in a position to make a distribution without having to withhold capital to bolster our reserves. However, SAC is particularly mindful of the need to have a balanced and well-considered approach to a payout ratio that ensures that it is in a position to consistently make distributions on a sustainable basis. It is this that has informed the withholding of 10% of distributable income, being capital expenditure that was defensive and recurring, and which would not generate additional income nor enhance the value of property assets.

CEO'S REVIEW CONTINUED

LOOKING AHEAD

Whilst there is clear evidence that South Africa's return to normality is in sight with a reduced risk outlook for the pandemic, times will no doubt continue to be uncertain, and we will maintain our vigilance against emerging trends. The trading environment for the Retail, Industrial and Afhco portfolios is anticipated to be positive in 2022. The remaining Office portfolio is expected to continue to face headwinds, and fortunately represents a small component of the total SAC portfolio.

The **Retail portfolio** is well-positioned given that 81.1% of rental revenue with contracted annual escalations of 6.9% on average will not expire in 2022. We are pleased with the recent strong trading across the portfolio and above inflation trading density growth, however, remain cognisant that retailers are still weathering the recent economic distress and the high levels of indebtedness of their customers. This suggests that negative renewal reversions will persist in the Retail portfolio for expiring leases for a while. Our proactive negotiations on renewals have thus far secured the renewal of 60% of retail leases due for expiry in 2022, in a highly competitive market, and the in-house retail leasing team's tireless efforts are expected to reduce vacancy by as much as 1.0% during 2022. Rental relief is anticipated to reduce to a third of what was provided in 2021. Operational expenses are however forecast to increase by greater than inflation, due to high increases in local authority rates, taxes, and utility charges.

The **Industrial portfolio** has average contractual escalations of 6.7% secured on 87.5% of non-expiring revenue. While we anticipate vacancy to remain low to negligible, downtime of circa 25 000m^2 is expected over two to three months to allow for re-tenanting. Cost control is an area of major emphasis and operational expenses are expected to increase at less than inflation. Some 7.0% of the portfolio leases (excluding properties held for sale) expire in the first half of 2022, and 38% of these have already been renewed at a reversion of -8.1%. Rental renewals for a further 47% have been agreed and lease documentation is being finalised. Overall, management expects an 87% renewal of all lease expiries across the industrial portfolio, albeit at negative reversions.

In the remaining four **Office properties**, 77.5% of rental revenue is non-expiring with average contracted escalations of 7.4%. Expiring leases are expected to be renewed at double-digit negative percent reversions. A constant vacancy is anticipated during 2022, but with downtime of circa 3 000m^2 over four to five months to allow re-tenanting.

Afhco's residential portfolio will continue to reinstate a stable tenant base by focusing on re-lets and reducing vacancy through innovative leasing efforts. We are expecting to renew more than half of expiring leases at increased renewal rentals, while the remainder will require discounting to be re-let, which should lead to a reduction in vacancies over and above that achieved in 2021.

Close to 85% of leases in the **Afhco retail portfolio** remain in force, with contractual annual escalations of 7.1%. Of the 15.4% expiring leases in 2022, we expect to secure negative single-digit percent renewal reversions. Occupancy levels in the Afhco retail portfolio are expected to remain strong throughout 2022, with occasional increases due to re-tenanting.

These trends overall translate into an anticipated like-for-like NPI growth of the Group's South African portfolios of close to the prevailing inflation rate in the 2022 financial year. The proceeds of our significant disposal pipeline will be retained for optionality and flexibility and in the interests of longer-term sustainable distributable income growth. This, together with the high level of uncertainty that persists in the local and international economies and the conflict between Russia and Ukraine, suggests that it would be imprudent to provide guidance in respect of distribution in 2022.

APPRECIATION

I wish to commend our management teams for their exceptional leadership and the significant progress made under very tough operating conditions. We also thank our employees for their willingness to adapt and meet the challenges of this eventful year. We are grateful to our Chairman and Board for their insight and guidance, and to our shareholders for their ongoing support.

Our tenants are assured of our ongoing commitment to supporting them on the road to recovery.

We look forward to continuing to deliver for you in 2022.

Stuttafords House, Johannesburg

CFO'S REVIEW

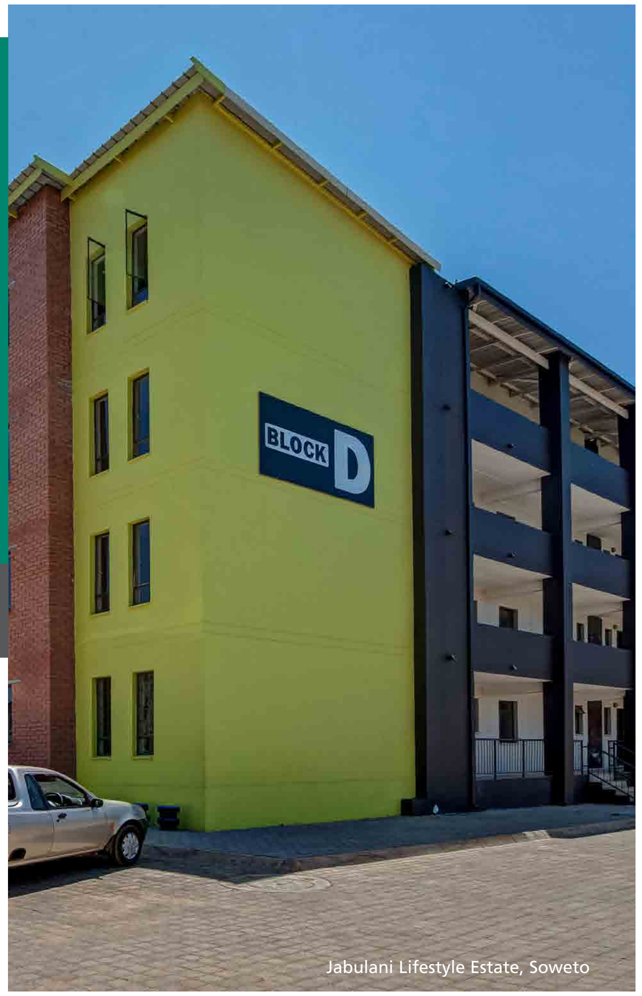
SAM MOODLEY CA(SA)
Chief Financial Officer

FINANCIAL FEATURES

- Distributable income ⬆ 6.4% R639.5m or 25.43 cents per share (2020: R601.1m or 23.90 cents per share)
- Annual distribution ⬆ 27.7% to 22.89 cents per share# at 90% payout ratio (2020: 17.93 cents per share at 75% payout ratio)
- Total net property income of R1.1bn (2020: R1.1bn)
- Total like-for-like net property income ⬆ 9.9% to R1.1bn (2020: R1.0bn)
- Effective fixed debt of 77.8% with a weighted average tenor of swaps of 2.1 years, extended to 2.8 years post year-end
- Loan to value ("LTV") ratio of 37.4%* (2020: 38.6%*)
- Weighted average cost of funding of 5.5% (2020: 5.3%) exclusive of swaps and 8.1% (2020: 7.8%) inclusive
- Weighted average maturity of debt of 2.0 years
- Assets under management of R16.2bn (2020: R17.1bn)
- Disposal pipeline contracted and still to transfer and divestments transferred since 1 January 2021 of R1.8bn

 # Includes distribution of 10.27 cents per share paid in respect of H1 2021

** Net debt LTV excluding derivatives, which if included would be 38.5% (2020: 41.2%)*



Jabulani Lifestyle Estate, Soweto

INTRODUCTION

This Financial Review represents a condensed view of SAC's annual financial results for 2021. This Review should, therefore, be read in conjunction with the full Group annual financial statements available on the SAC website in which PricewaterhouseCoopers Inc, the Group's Auditors, expressed an unmodified audit opinion.

The accounting policies applied in the preparation of the financial statements are consistent with those applied in the prior year, except for where the Group has adopted the revised Standards and Interpretations issued that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2021. The Group has adopted all revised standards, and the adoption of these Standards and Interpretations has not resulted in any adjustment to the amounts previously reported for the year ended 31 December 2020.

In respect of restatements, the Group applied a correction to an amount that was included in the investment in the JV Afhco JCO Holdings (Pty) Ltd, which should have been recognised as a loan to JV and disclosed separately on the consolidated statement of financial position.

Refer to Note 18 of the AFS for further detail.

SA REIT FUNDS FROM OPERATIONS

Funds from operations, as defined by the SA REIT Association ("SA REIT FFO"), generated for the year were R639.5 million (2020: R601.1 million). Total SA REIT FFO per share for the year amounted to 25.70 cents per share, up 6.7% relative to 24.09 cents per share in 2020.

DISTRIBUTABLE INCOME

The full year 2021 distributable income amounted to R639.5 million, representing an increase of 6.4% compared to 2020.

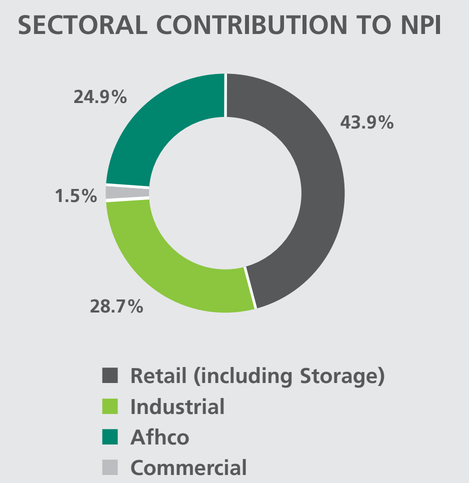
Total property revenue generated amounted to R2 121.5 million (2020: R2 062.2 million) with the like-for-like portfolio (excluding disposals, developments and acquisitions during 2020 and 2021) amounting to R1 915.0 million (2020: R1 351.9 million).

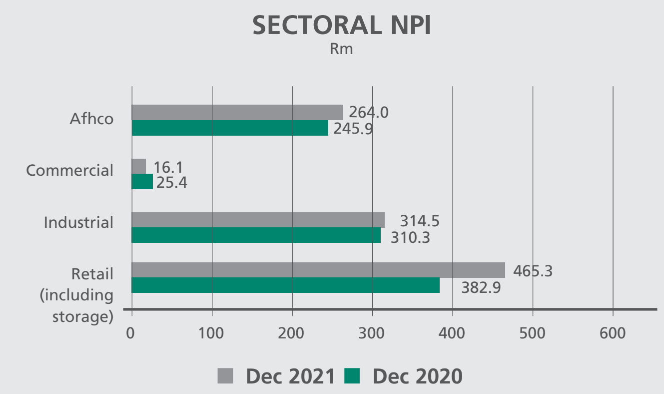
The like-for-like NPI increased by 9.9% or R95.5 million, with the increase largely driven by:

- Lower rental relief and deferments of R68.2 million and increased municipal recoveries of R17 million, due mainly to the industrial solar recovery as well as renegotiation on a new lease which included an improved rates recovery.
- An improvement in collections resulting in expected credit loss ("ECL") reducing by R35.9 million.

This pleasing improvement was partially offset by higher maintenance costs, after maintenance was limited to essential costs in the prior year, as well as increased head office costs in terms of the management of Afhco. Like-for-like property expenses decreased by 1.9%.

LIKE-FOR-LIKE NPI PER SECTOR





Total property expenses decreased by 3.7% to R956.5 million (2020: R993.7 million). A reduction in NPI from investing activities, largely due to disposals, decreased the overall NPI by R25 million, culminating in a NPI increase of 6.5% or R69.6 million. After the impact of gearing, the distributable income per share was 25.43 cents per share, relative to 23.90 cents per share in 2020, an increase of 6.4%.

SAC declared a total distribution of 22.89 cents per share at a 90% payout ratio. This represents an increase of 27.7% relative to the 17.93 cents per share at a 75% payout ratio paid in the prior year. The total distribution comprised an interim distribution of 10.27 cents per share and a final distribution of 12.62 cents per share.

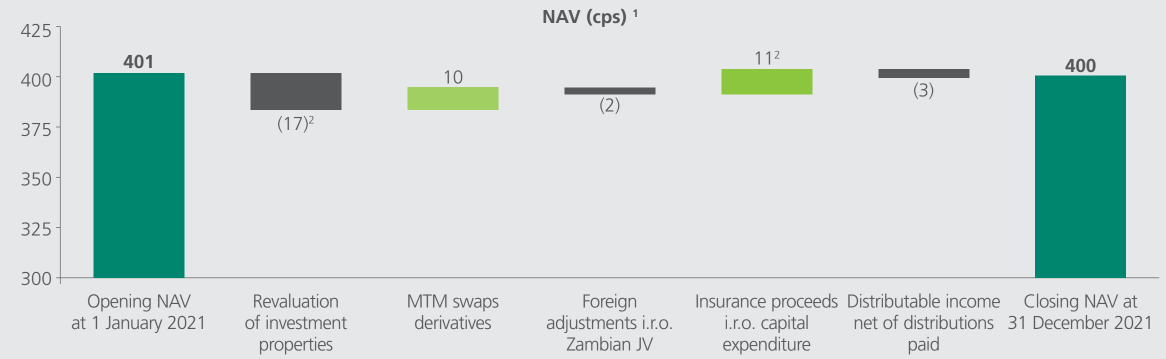
The level of distribution was determined after considering the distribution requirements pertaining to a REIT in terms of the JSE Listings Requirements, while retaining from distributable income defensive and recurring capital expenditure which will not generate additional income nor enhance the value of property assets and minimising tax leakage associated with distributable income retention.

Refer to the CEO's Review for more detail on the distribution strategy.

CFO'S REVIEW CONTINUED

NET ASSET VALUE ("NAV")

The NAV per share as per the Statement of Financial Position reduced marginally to 400 cents per share after including adjustments in respect of the revaluation of investment property, fair value of swap derivatives, the investment in the Zambian JV and insurance receivable that has been raised for restoration costs of buildings affected during the civil unrest in July 2021, not yet reimbursed by the insurer in the 2021 financial year.



[1] Based on IFRS and shares in issue

[2] Included in the revaluation of investment properties is an impairment of 10 cps in respect of the estimated outstanding reinstatement cost to properties damaged during the July 2021 civil unrest which has been provided for as a receivable in insurance proceeds.

The SA REIT defined NAV is calculated as NAV per the Statement of Financial position, less goodwill and intangible assets, deferred taxation and any final dividend declared, not paid in respect of the reporting period. The SA REIT NAV per share was 388 cents per share as at 31 December 2021 (2020: 383 cents per share).

JULY 2021 CIVIL UNREST RESTORATION

As discussed in the CEO Review, SAC submitted a claim to SASRIA of R364.4 million, to cover the damages and consequential loss of income. To date, R168.0 million has been received from SASRIA, which includes all loss of income incurred due to the events.

Refer to the CEO's Review for more detail

GreenPark Corner, Sandton

COLLECTIONS AND RENTAL RELIEF

Collections as a percentage of rental raised for the year to 31 December 2021 were 98.7% (2020: 91.5%). Following Government's announcement on 30 September 2021 to move the country to Adjusted Alert Level 1 from Adjusted Alert Level 2, collections improved noticeably to 104.8% in Q4 2021 as compared to 96.1% in Q3 2021.

Tabulated below are the collections achieved in the SA portfolio by quarter for 2021 and the Covid-19 alert levels in those quarters:

	Covid-19 Alert level	Retail including Storage %	Indus-trial %	Commer-cial %	Afhco Retail %	Resi-dential %	Student accom-modation %	SA Total %
Quarter 1 2021 collections								
Collections in the quarter	Adj 3 &	90.4	90.1	85.5	91.5	91.9	3.8	89.0
Relief to tenants (% of billings)	adj 1	1.6	(1.0)	0.9	0.4	0.2	–	0.6
Write-offs		1.6	–	0.9	0.4	0.2	–	0.8
Deferments repaid		–	(1.0)	–	–	–	–	(0.2)
Under negotiation/Arrears/Prior period collections		8.0	10.9	13.6	8.1	7.9	96.2	10.4
Contractual billings		100.0	100.0	100.0	100.0	100.0	100.0	100.0
Quarter 2 2021 collections								
Collections in the quarter	Adj 1 &	104.2	117.2	96.4	100.5	100.2	88.6	105.4
Relief to tenants (% of billings)	adj 3	1.0	(0.5)	–	0.1	0.5	–	0.4
Write-offs		1.0	0.7	–	0.1	0.5	–	0.7
Deferments repaid		–	(1.2)	–	–	–	–	(0.3)
Under negotiation/Arrears/Prior period collections		(5.2)	(16.7)	3.6	(0.6)	(0.7)	11.4	(5.8)
Contractual billings		100.0	100.0	100.0	100.0	100.0	100.0	100.0
Quarter 3 2021 collections								
Collections in the quarter	Adj 3 &	94.6	96.0	81.2	97.1	98.3	110.7	96.1
Relief to tenants (% of billings)	adj 2	0.6	(0.4)	0.3	0.2	0.1	–	0.2
Write-offs		0.6	–	0.3	0.2	0.1	–	0.3
Deferments repaid		–	(0.4)	–	–	–	–	(0.1)
Under negotiation/Arrears/Prior period collections		4.8	4.4	18.5	2.7	1.6	(10.7)	3.7
Contractual billings		100.0	100.0	100.0	100.0	100.0	100.0	100.0
Quarter 4 2021 collections								
Collections in the quarter	Adj 2 &	107.4	102.2	93.3	98.2	104.2	119.7	104.8
Relief to tenants (% of billings)	adj 1	1.4	(0.1)	–	1.1	–	–	0.7
Write-offs		1.4	–	–	1.1	–	–	0.7
Deferments repaid		–	(0.1)	–	–	–	–	–
Under negotiation/Arrears/Prior period collections		(8.8)	(2.1)	6.7	0.7	(4.2)	(19.7)	(5.5)
Contractual billings		100.0	100.0	100.0	100.0	100.0	100.0	100.0

Total relief (net of industrial deferment concessions repaid) of R10.8 million was granted to tenants, a significant improvement on R87.4 million of relief required in 2020. A strong focus on arrears management also culminated in a decrease in arrears to 7.0% of revenue in 2021 (2020: 10.6%).

CFO'S REVIEW CONTINUED

FINANCE COSTS

Net finance costs, excluding the impact of IFRS 16, decreased by 1.6% to R466.6 million. However, taking into account finance costs capitalised to investment properties of R15.4 million (a R27.4 million reduction compared to the prior year due to the reduced development pipeline), net finance costs including capitalised interest amounted to R482.0 million (2020: R517.1 million), a reduction of 6.8%. This is mainly due to the reduction in net borrowings at 31 December 2021 to R6 189.7 million (2020: R6 677.2 million), offset by a marginal increase in the cost of debt to 8.1% (2020: 7.8%).

PROPERTY VALUATIONS

The Group's independently valued property portfolio, excluding the three Zambian properties, decreased by R985 million or 6.2% to R15.0 billion, mainly due to divestments of R844.8 million. The like-for-like portfolio held for the full 12 months to December 2021 reduced by R134.5 million (1.1%) from December 2020.

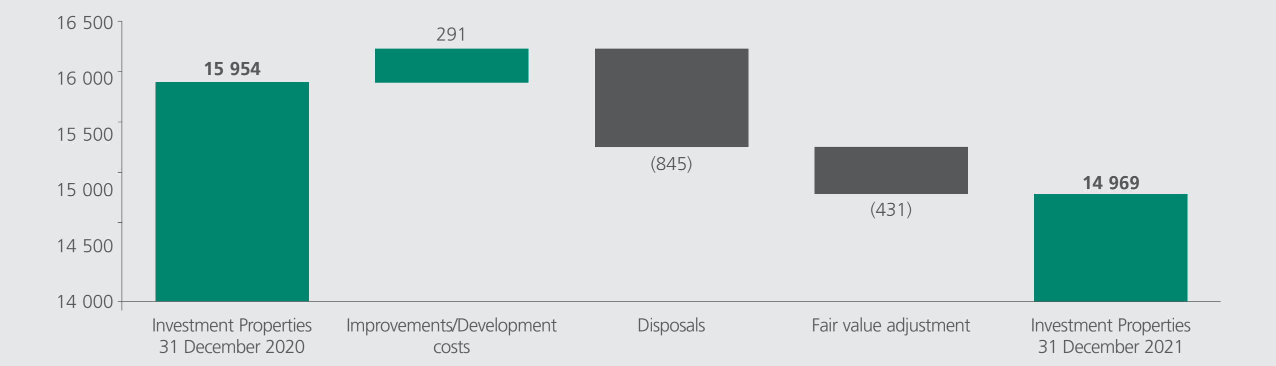
Valuations remained almost flat for the 2021 year. The 1.3% decline in the first half was recovered with a 1.3% increase in the second half.

The best performer was the Industrial portfolio which showed a 2.3% growth for the year. The strong recovery in the second half can be ascribed to an improvement in the quality of the portfolio with the sale of smaller non-core properties and the securing of lease renewals providing an improvement in the term of contracted rentals. The small office portfolio suffered a substantial decline in value in excess of 30% in the 2021 year evidencing the beleaguered state of this sector, which SAC has substantially divested from. The Retail portfolio remained almost flat, albeit the marginal growth in the first half being set-off by a decline in the second. This was expected with trading levels having recovered and in some cases to above those in 2019 which are anticipated to increase rentals into the future.

Afhco's valuation was slightly above flat for the year, with an improvement in the second half. A contributor to this was the tightening in capitalisation rates in the inner city to be aligned to the capitalisation rates achieved in the sale of these assets in recent transactions concluded. Other contributors were the renewal of the lease of the Tubatse Village houses in Steelpoort and the refinement of the portfolio.

Whilst the Zambian properties showed almost an 8% decline in value in USD, this translated to being just above flat due to the depreciation of the ZAR from December 2020 to December 2021.

INVESTMENT PROPERTIES ANALYSIS



DEVELOPMENTS AND OPERATIONAL CAPITAL EXPENDITURE

Of the R291 million spent on improvements to investment properties, R220 million was in respect of development capex and R71 million in respect of operational capex.

DISPOSALS

Divestments of R845 million were transferred during the year. These disposals comprised 12 industrial properties, 4 commercial properties, 2 retail properties, 1 inner city retail property, bulk storage land and 96 residential units in buildings which do not meet the long-term investment strategy of the Group's residential property business.

These properties were sold at a discount of 0.4% to the last valuation and a weighted average exit yield of 9.6%.

Transferred disposals:

Property	Transfer date *	Gross selling price (Rm)	Region	Sector
Cnr Old Pretoria and Alexandra Roads, Midrand	Jan 21	8.9	Gauteng	Commercial
Stanop House, New Doornfontein	Feb 21	14.5	Gauteng	Afhco Retail
121 Malacca Road, Red Hill	Mar 21	23.5	KwaZulu-Natal	Industrial
30/34 Hillclimb, Pinetown	Mar 21	43.0	KwaZulu-Natal	Industrial
Cnr Isotope and Bridge Street, Bellville	Apr 21	30.0	Western Cape	Industrial
Maydon Wharf properties, Durban	Apr 21	142.9	KwaZulu-Natal	Industrial
6/8 Mahogany Road, Pinetown	Apr 21	58.0	KwaZulu-Natal	Industrial
Stondell Investments, 684 Pretoria Main Road, Wynberg	May 21	4.0	Gauteng	Industrial
Kempton Corner, Kempton Park	May 21	108.3	Gauteng	Retail
144 Kuschke Street, Meadowdale, Germiston	May 21	10.7	Gauteng	Industrial
Erf 84/85/86 Shakas Head, Durban	Jun 21	50.8	KwaZulu-Natal	Industrial
264 Aberdare Drive, Phoenix	Jun 21	23.0	KwaZulu-Natal	Industrial
Stellenbosch Square, Stellenbosch	Jul 21	115.0	Western Cape	Retail
16 Friesland Street, Rembrandt Park, Longmeadow	Jul 21	13.0	Gauteng	Industrial
10 Industrial Avenue, Kraaifontein	Aug 21	57.0	Western Cape	Industrial
3 The Terrace, Westway, Westville	Sep 21	13.7	KwaZulu-Natal	Commercial
121 Intersite Avenue, Umgeni Business Park, Durban	Oct 21	26.0	KwaZulu-Natal	Industrial
12 Sookhai, Derby Downs Office Park, Westville	Dec 21	16.0	KwaZulu-Natal	Commercial
21 Fricker Road, Illovo	Dec 21	24.5	Gauteng	Commercial
Erf 8383, Milnerton	Dec 21	15.0	Western Cape	Storage Land
Residential apartments	Jan 21 - Dec 21	55.8	Gauteng	Residential
Total		**853.6**		

* Receipt of proceeds.

Contracted and unconditional disposals:

Property	Expected transfer date	Gross selling price (Rm)	Region	Sector
Maxwell Hall, Johannesburg CBD	May 22	50.0	Gauteng	Residential
102 Essenwood Road, Durban	May 22	32.0	KwaZulu-Natal	Commercial
Wood Ibis Investments, Maydon Wharf, Durban	May 22	69.1	KwaZulu-Natal	Industrial
Nine Johannesburg inner city properties [1]	Apr 22 - Nov 22	546.3	Gauteng	Residential
Residential apartments [2]	Jan 22 - May 22	16.4	Gauteng	Residential
Total		**713.8**		

[1] Includes R16.3 million in respect of sales commission and transaction costs and a contribution by SAC of R13.4 million in respect of repairs required to be undertaken to the sale assets which are of capital nature and which are to be set-off against the total purchase consideration. The Group is to guarantee that the sale assets generate a NPI of R54.0 million for each of the 3 years from the disposal date and any annual shortfall will be payable to the purchaser. Afhco's property management entity will manage the sale assets during this 3-year period.

[2] R4.7 million transferred subsequent to 31 December 2021.

Contracted and conditional disposals:

Property	Expected transfer date	Gross selling price (Rm)	Region	Sector
147 - 149 Old Main Road, Pinetown	May 22	68.0	KwaZulu-Natal	Industrial
1 Baltex Road, Isipingo	Apr 22	136.5	KwaZulu-Natal	Industrial
Hotel at Cullinan Jewel Shopping Centre, Pretoria	Jun 22	2.7	Gauteng	Retail
Residential apartments	Feb 22 - May 22	43.8	Gauteng	Residential
Total		**251.0**		

CFO'S REVIEW CONTINUED

FAIR VALUE ADJUSTMENT

Included in the fair value adjustment, is an impairment in respect of the estimated outstanding reinstatement cost to properties damaged during the July 2021 civil unrest of R252 million, of which R200 million has been provided for as a receivable in insurance proceeds. In addition, R52 million has been received in cash, but is still to be spent.

VALUATION ASSUMPTIONS

Capitalisation and discount rates used in the property valuations have been reviewed and revised by our independent valuers. The weighted average cap and discount rates have shown a marginal movement since December 2020, with a capitalisation rate of 9.4% (2020: 9.6%) and a discount rate of 14.7% (2020: 14.8%) respectively. The capitalisation rates used in SAC's December 2021 valuations, are on average 0.41 bps wider than the sector average for the relevant retail property types, 0.42 bps narrower in industrial and 1.11 bps wider in respect of offices, compared with that reported by SAPOA in November 2021.

Greater detail relating to the assumptions used in the valuations can be found in note 5 of the AFS which is available on the company's website.

BORROWINGS

The Group's funding strategy is to fund investments from a diverse set of lenders with a common security pool, held via a security Special Purpose Vehicle ("SPV"). This creates pricing tension while ensuring lender investment exposure is of equal quality.

SAC reduced net debt by close to **R530 million** during 2021

At year-end, R6.8 billion of debt facilities were available to the Group. Drawn debt amounted to R6.2 billion (2020: R6.7 billion), R185 million of which was drawn down on revolving credit facilities. The weighted average cost of debt exclusive of fixes was 5.5%, and 8.0% inclusive, while the weighted average debt margin was 1.9%. Total debt drawn decreased by R487.5 million. This decrease is attributable to the settlements of the R550 million Investec facility in June and September 2021, the Agence Française de Développement ("AFD") loan in April 2021, and the settlement of the interest rate cross-currency swap derivatives in May 2021. The USD loan increased by R33.5 million due to the depreciation of the USD/ZAR exchange rate from 14.70 at 31 December 2020 to 15.96 at 31 December 2021.

Loans amounting to R400 million maturing in December 2021 were refinanced at a weighted average margin of 1.9% and tenor of 4.7 years respectively. All fixed-term facilities maturing in 2022 amounting to R2 114 million have been extended to 2023, eliminating short-term debt at 31 December 2021 other than accrued interest. This, and other short-term refinancing, results in an improvement in the weighted average tenor of the debt to 2.0 years, which, without refinancing, would have amounted to 1.8 years.

Cash on hand **R726 million** including undrawn facilities **R615 million**

DEBT METRICS

LTV	ICR (NET INTEREST)	DEBT MATURITY PROFILE	SWAP MATURITY PROFILE
37.4% (2020: 38.6%)	2.4x (2020: 2.3x)	2023: 56% 2024: 25% 2025: 16% 2026: 3%	2022: 13% 2023: 28% 2024: 43% 2025: 9% 2026: 7%

The net debt LTV decreased from 38.6% at December 2020 to 37.4% as at December 2021, following the settlement of debt. This excludes the fair value of interest rate swap derivatives of R167.9 million (2020: R425.9 million) and cross-currency interest rate swap derivatives of R46.5 million (2020: R61.2 million). The net ICR increased to 2.4 times (2020: 2.3 times) due to the combination of higher net income and reduced interest.

SWAP PROFILE

HEDGE %	SWAP MARGIN	AVERAGE TENOR	WAR INCLUDING SWAPS
77.3% (2020: 73.1%)	2.5% (2020: 2.5%)	2.1 years (2020: 3.0 years)	8.0% (2020: 7.7%)

The weighted average cost of debt excluding and including interest rate swaps was 5.5% and 8.0% (2020: 5.2% and 7.7%) respectively, with a 24bps increase in the JIBAR base rate since 31 December 2020. The weighted average swap margin including cross-currency interest rate swaps was stable at 2.5% (2020: 2.5%) and the weighted average debt margin was 1.9% (2020: 1.8%). Some 77.3% of total debt drawn was fixed through interest rate swaps in respect of the variable debt. The annualised amortised transaction costs imputed into the effective interest rate is 0.1%, resulting in an all-in weighted average cost of debt of 8.1%. Post year end, the swap tenors were extended to 2.8 years. The swap and debt maturity profiles will continue to be proactively addressed in the current year, with the view to further extending tenors.

Jabulani Mews, Soweto

CFO'S REVIEW CONTINUED

The debt profile as at 31 December 2021 is detailed below:

	Maturity date	Value (Rm)	Interest rate%
Fixed [1]	2023/01/07	300	7.88%
Term revolving [1,2]	2023/01/07	–	7.93%
Fixed [1]	2023/01/07	629	8.16%
Term revolving [1,3]	2023/01/30	185	7.80%
Fixed [1]	2023/03/11	1 000	8.54%
Fixed	2023/05/07	637	8.01%
Fixed	2023/05/07	513	8.33%
Term revolving [4]	2023/12/09	–	8.43%
Term revolving [4]	2023/12/11	–	8.47%
Fixed	2024/05/07	585	8.11%
Fixed	2024/05/07	564	8.39%
Term revolving [4]	2024/09/08	–	8.27%
Fixed [5]	2024/11/05	430	4.96%
Fixed	2025/05/07	308	8.28%
Fixed	2025/05/07	300	8.50%
Fixed	2025/09/10	200	8.28%
Fixed	2025/12/09	150	8.63%
Fixed	2025/12/11	150	8.81%
Fixed	2026/09/08	200	8.52%
Total interest-bearing borrowings		6 151	8.05%
Cross-currency swap	2023/01/26	(120)	8.34%
Cross-currency swap	2023/01/26	159	4.36%
Total borrowings at the weighted average interest rate		6 190	7.95%

1 Maturity date extended from 2022 to 2023.
2 R300m revolving credit facility undrawn.
3 R200m revolving credit facility.
4 Three R100m revolving credit facilities undrawn.
5 US dollar denominated loan.

KEY LENDER COVENANTS

Description	Covenant requirements as at 31 December 2021	Audited year ended 31 December 2021	Covenant requirements as at 31 December 2020	Audited year ended 31 December 2020
LTV	50%	40.6%	50%[1]	43.3%
ICR [2]	2.0x	2.2x	1.75x	1.9x

1 Covenant relaxed from 30 June 2020 to 30 December 2021 by lenders.
2 This is gross ICR.

In full compliance with all lender covenants applicable during the year.

The key corporate lender LTV covenant improved from 43.3% in December 2020 to 40.6% in December 2021, a reduction of 2.7%. The Group's lenders have approved the permanent increase of SAC's corporate LTV covenant from 45% to 50%.

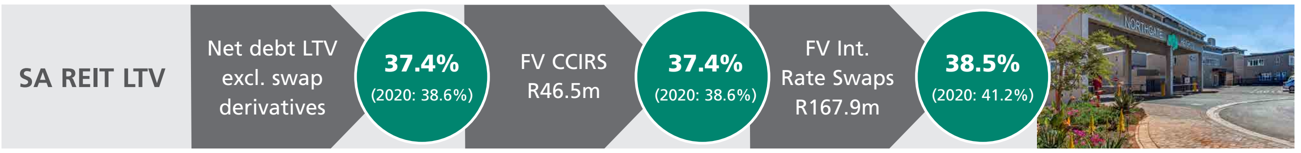
Further details regarding the Group's compliance with lender covenants has been included per note 17 of the AFS.

The Zambian JV refinanced a Mauritian USD 13.6 million facility with a Zambian Kwacha in-country loan in August 2021. In addition to extinguishing the foreign exchange risk associated with this USD debt, it also released the SAC guarantee currently provided in respect of this USD facility as the in-country Kwacha debt does not have any recourse to SAC. This contributes to the improvement of the Group's lender LTV covenant at 31 December 2021, which includes guarantees.

Cash on hand, including committed undrawn facilities and excluding tenant deposits at 31 December 2021, amounted to R726.3 million (December 2020: R757.3 million).

SA REIT LOAN TO VALUE AND NET INTEREST COVER

To improve comparability across the sector the REIT Association has introduced a basis for the determination of LTV as part of its best practice recommendations.



The LTV flow depicts the LTV build up to the best practice recommendations commencing with the LTV based on net debt being gross borrowings net of cash and cash equivalents. Only unrestricted cash has been included in cash and cash equivalents. The net debt LTV on this basis, decreased to 37.4% as at December 2021. This excludes the fair value of cross currency interest rate swap derivatives of R46.5 million and interest rate swap derivatives of R167.9 million. The inclusion of cross currency interest rate swap derivatives increases the LTV to 37.4% and the further inclusion of interest rate swap derivatives increases the LTV to 38.5%, which is 2.7% lower than that at December 2020 and 0.4% below the average for the REIT sector reporting the SA REIT LTVs of 38.9%.

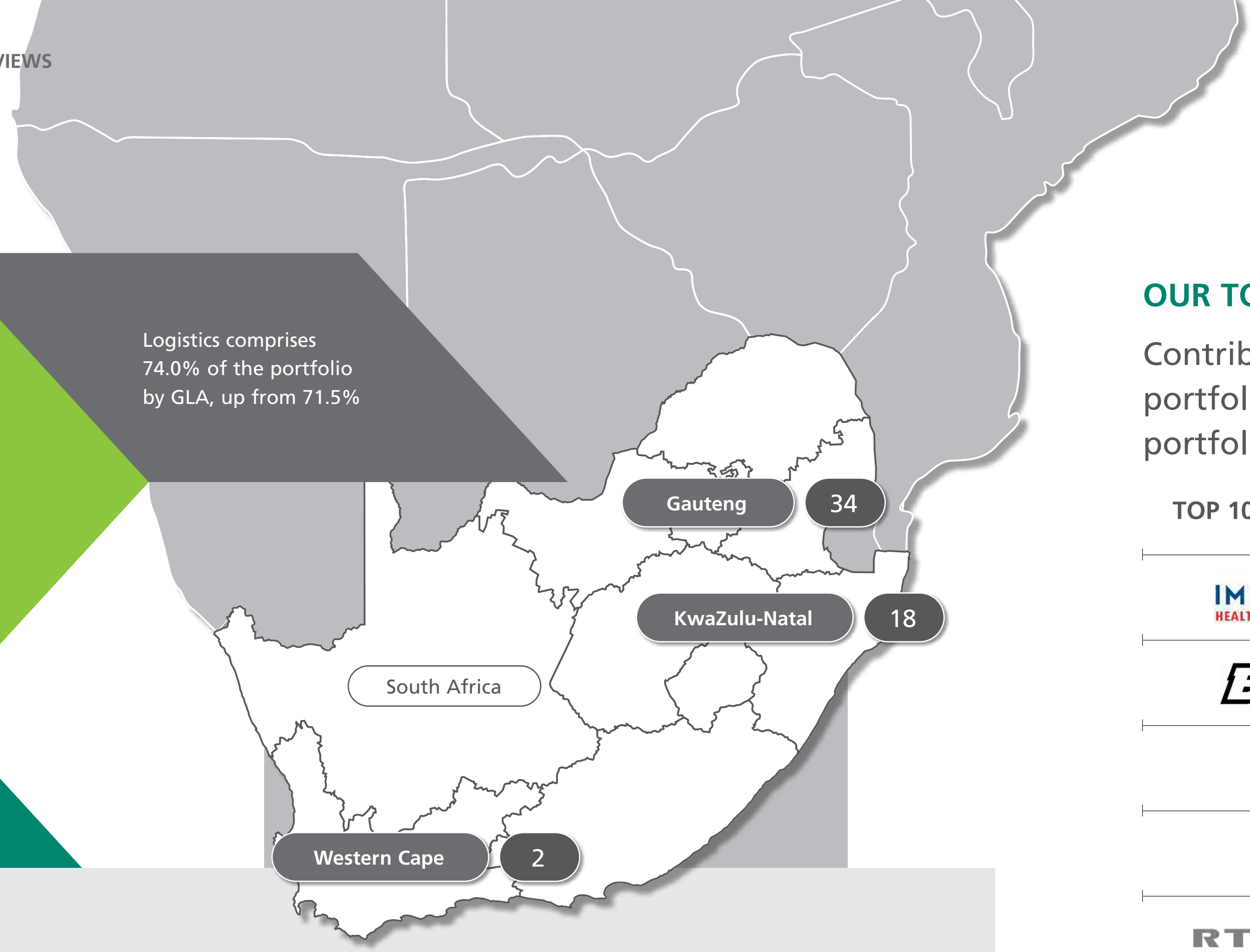
The lender interest cover ratio of 2.18 times (2020:1.93 times) has improved by 0.25 times compared to December 2020, due to increased income of R30.6 million and a reduction in gross finance costs of R50.8 million.

APPRECIATION

Since I joined on 1 March 2022, I have immersed myself in the business, and this has given me a thorough understanding of the effort it took for my team to get the financial results and financial statements over the line amid the changing of the guard. My thanks go to every one of them for their ongoing commitment. Thank you to James Barker for his willingness and able assistance as interim CFO from 1 January to 28 February 2022. I also extend my appreciation to the Board, for their trust in appointing me and their ongoing guidance and support.

La Vie Nouvelle, Johannesburg

PROPERTY REVIEW



INDUSTRIAL PORTFOLIO

23.5%
of South African portfolio

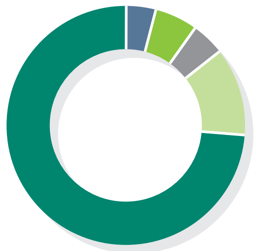
Total GLA 450 207m²
and 35.3% of South African portfolio GLA

Logistics comprises 74.0% of the portfolio by GLA, up from 71.5%

STRATEGY

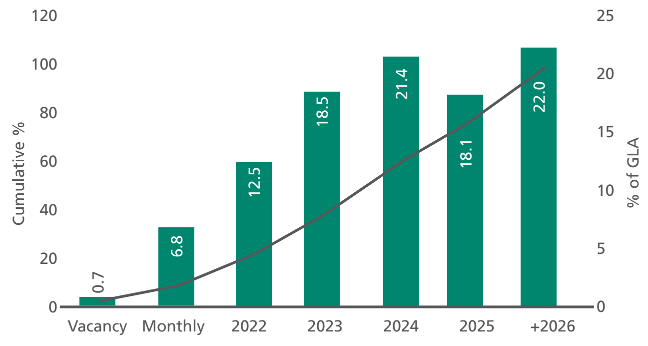
Divest from lower quality properties and strengthen the remaining tenant covenant. The refinement of our industrial portfolio will be dominated by logistics facilities with strong tenant covenant.

% BY MSCI TYPE BY VALUE



- Industrial Parks 4%
- Manufacturing/production 7%
- Other 5%
- High-tech/ specialised industrial 10%
- Warehousing/distribution 74%

LEASE EXPIRIES



PERFORMANCE SYNOPSIS

Revenue: R522.2m, down 8.1%

NPI: R329.0m, down 10.4%

Key features in 2021:

- Vacancies maintained below 1%
- Strong progress with disposal of lesser quality properties

R3.5bn Portfolio value	54 Properties
Vacancies by GLA 0.7%	Weighted average discount rate 14.8%
Weighted average capitalisation rate 9.4%	Weighted average contractual escalation 6.7%

OUR TOP 10 PROPERTIES

Contribute **53.2%** of the industrial portfolio and **16.5%** of the total portfolio

TOP 10 TENANTS BY RENTAL CONTRIBUTION

Tenant	%
Imperial Health Sciences	15.14%
Bell	7.85%
Tiger Brands	6.47%
Tiger Brands	4.93%
RTT Distribution	4.62%
Grindrod	3.32%
SGX Logistics	3.23%
ANCHOR LOGISTICS	3.19%
AutoZone	2.60%
Twinsaver	2.37%

Cost to revenue ratio 28.8%	Tenant retention rate 93.9%
Arrears 2.8%	Rental reversions (7.0)%
WALE 4.1 years	Rental income (12.5)%
Property expenses (9.2)%	Recovery of property expenses 1.2%

OUR TOP 5 PROPERTIES BY VALUE

58 Sarel Baard Crescent (18.2%)

The Gateway Industrial Park is located in Centurion, Pretoria and hosts Imperial Health Sciences.

Value R642m

Size 42 144m²

6.0% of traditional portfolio

Beryl Street (9.2%)

The property is situated in Jet Park, Johannesburg and hosts Bell Equipment SA.

Value R326m

Size 27 681m²

3.1% of traditional portfolio

37 Yaldwyn Road (7.7%)

The property is situated in Jet Park, Johannesburg and hosts Tiger Consumer Brands Ltd.

Value R271m

Size 39 738m²

2.5% of traditional portfolio

112 Yaldwyn Road (5.9%)

The property is situated in Jet Park, Johannesburg and hosts Tiger Consumer Brands Ltd.

Value R208m

Size 30 299m²

1.9% of traditional portfolio

Tygerberg Business Park (4.8%)

The property is situated in Parow, Cape Town and hosts RTT.

Value R168m

Size 17 408m²

1.9% of traditional portfolio

PROPERTY REVIEW CONTINUED

OVERVIEW OF THE INDUSTRIAL PROPERTY MARKET

Industrial property continues to perform better than other commercial property types, with increased investment into e-commerce capabilities and the need to optimise supply chains spurring demand for modern logistics and distribution warehouses. This sector is most affected by the disrupted power supply and escalating utility costs, but the overall performance has been better than expected. Industrial vacancies have dropped off and demand is improving. A weak economic backdrop, the increased use by tenants of industry experts in negotiations, as well as rebasing of long-term leases to market levels, continue to dampen rental growth, despite the low vacancies and increased demand. The sector continues to present a positive stable outlook.

INDUSTRIAL PORTFOLIO PERFORMANCE

The industrial portfolio continued to be resilient with like-for-like NPI growth of 1.4%, with negative reversions required to retain tenants and re-tenanting risk remaining high. A negative 7% renewal reversion rate for the year was driven by two five-year lease renewals at Corner Staal and Stephenson roads, being the 28 500 square meter facility in Pretoria West and at Corner Giel Basson and Nathan Mallach Road, being the 5 900 square meter motor showroom in Goodwood, Cape Town.

Vacancy in the industrial portfolio remains almost non-existent. SAC has successfully concluded long-term leases during 2021 with blue-chip tenants, including Bell Equipment, Twinsaver, Grindrod and Hyundai. The remaining vacancy relates to partial vacancies at 5 Westgate Place in Westmead, KwaZulu-Natal and 18 Covora Street in Jetpark, Gauteng. The industrial WALE at December 2021 was 4.1 years. Tenant retention was 94% as renewal reversions were balanced against retention. Relationships with tenants are a core strength in this portfolio and much focus is placed on frequent engagement with tenants to understand their challenges and provide excellent support at an operational and strategic tenant level.

SAC's industrial vacancy of 0.7% compares favourably with a sector-wide vacancy of 5.9%

Three properties in the industrial sector were marginally affected by social unrest.

Collections have recovered. Arrears were reduced to R8.4 million, and mostly comprised of legal matters and Acknowledgement of Debt agreements concluded with tenants, which are being honoured monthly.

While capital expenditure was managed carefully in the past year, we continued to engage in proactive asset management in the industrial portfolio. To remain relevant, there is a constant focus on lowering the cost of occupation for tenants, especially in terms of energy efficiency, as well as the growing cost of asset compliance. Solar installations in 2020/21 generated attractive cost savings at 57 Sarel Baard Crescent and further solar projects are planned for 2022. Fire pumps and tanks have also been installed at several properties to reduce tenants' fire insurance premiums.

ACQUISITIONS, DISPOSALS AND REDEVELOPMENTS

There have been no acquisitions or developments in this portfolio during 2021. Our efforts to improve the quality of the portfolio through divestment from industrial properties of lesser quality and poor tenant covenants, received a further boost this year with disposals of 15 properties for R755 million. SAC has largely disposed of all properties identified as not meeting its strategic investment criteria, with the proceeds predominantly applied towards reducing debt and funding capital expenditure. The aim is to now shift the focus towards modernising our logistics properties to compete with new developments.

Logistics properties now represent 74.1% of the industrial portfolio

20 Kyalami Road, Pinetown

Disposals:

TRANSFERRED	
Description	**Sales price (Rm)**
121 Malacca Road, Red Hill	23.5
30 / 34 Hillclimb, Pinetown	43.0
Cnr Isotope and Bridge Street, Bellville	30.0
Maydon Wharf properties, Durban	142.9
6/8 Mahogany Road, Pinetown	58.0
Stondell Investments, 684 Pretoria Main Road, Wynberg	4.0
144 Kuschke Street, Meadowdale, Germiston	10.7
Erf 84/85/86 Shakas Head, Durban	50.8
264 Aberdare Drive, Phoenix	23.0
16 Friesland Street, Rembrandt Park, Longmeadow	13.0
10 Industrial Avenue, Kraaifontein	57.0
121 Intersite Avenue, Umgeni Business Park, Durban	26.0
Total	**481.9**
CONTRACTED AND CONDITIONAL	
Description	**Sales price (Rm)**
147 - 149 Old Main Rd, Pinetown	68.0
1 Baltex Road, Isipingo	136.5
Total	**204.5**

CONTRACTED AND UNCONDITIONAL	
Description	**Sales price (Rm)**
Wood Ibis Investments, Maydon Wharf, Durban	69.1
Total	**69.1**
GRAND TOTAL	**755.5**

LOOKING AHEAD

We expect next year to be equally challenging, especially with anticipated increases in utilities and the fuel price. Persistently challenging economic conditions are expected to maintain downward pressure on renewal rentals. While no major leases are expiring in 2022, SAC will continue to balance stability and tenure against negative reversions.

We will continue to recycle capital from a few remaining industrial properties that do not meet our investment criteria and focus on providing superior logistics space to tenants with covenant strength.

Beryl Street, Jet Park

PROPERTY REVIEW

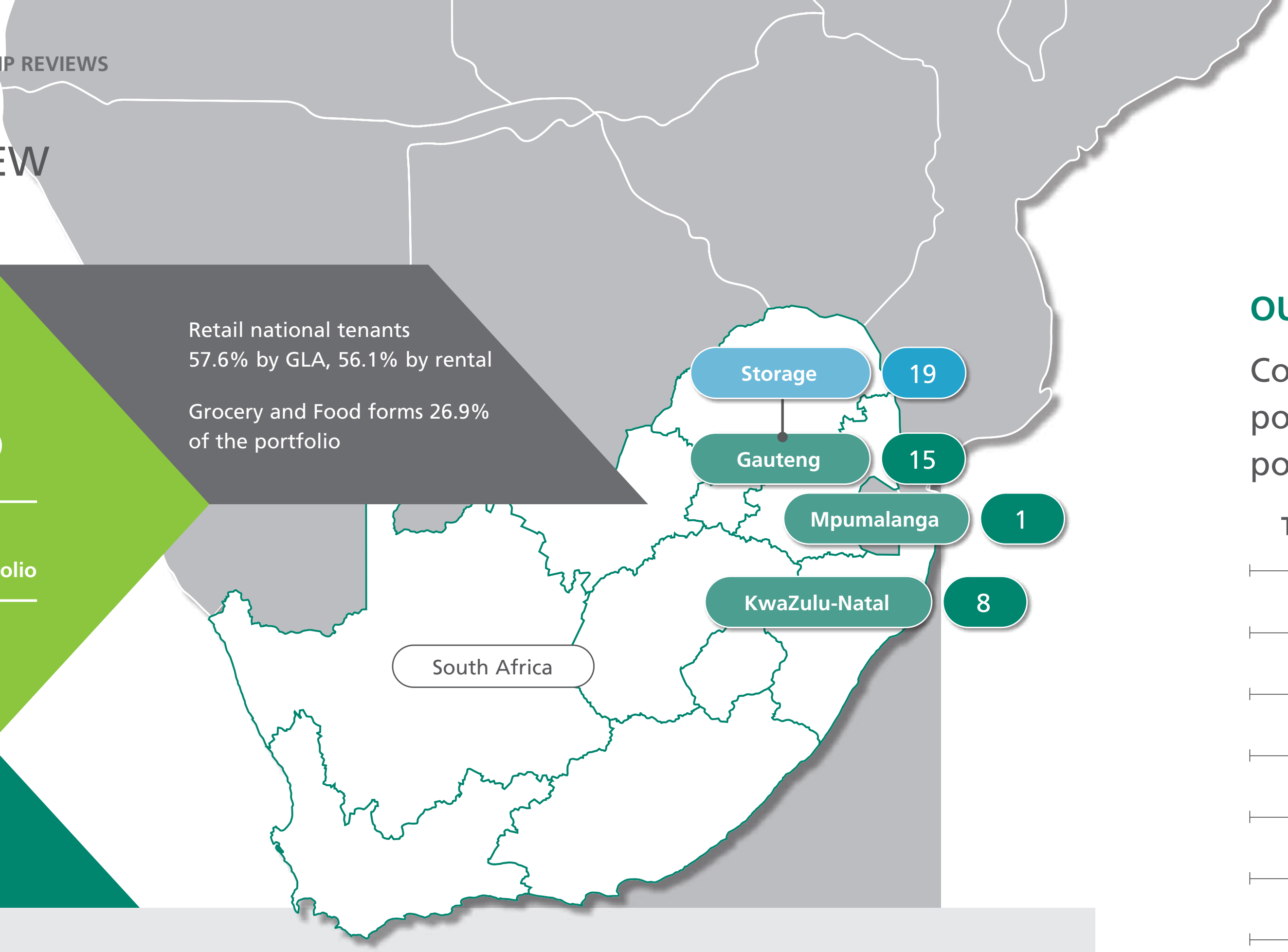
RETAIL PORTFOLIO including STORAGE

43.4% of South African portfolio

Total GLA 379 715m² and 29.8% of South African portfolio GLA

Retail national tenants 57.6% by GLA, 56.1% by rental

Grocery and Food forms 26.9% of the portfolio

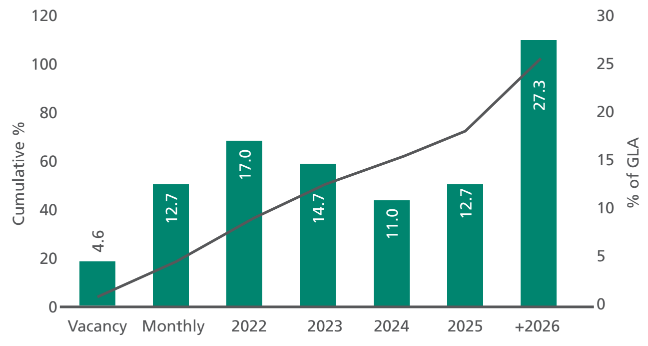


STRATEGY

Our retail portfolio focuses on convenience orientated shopping centres, with a tenant mix that emphasises defensive categories, and particularly: groceries, food services, pharmaceutical offering, health and beauty products, household equipment and consumables.

% BY MSCI TYPE BY VALUE

LEASE EXPIRIES



PERFORMANCE SYNOPSIS

Revenue: R864.9m, no change from 2020

NPI: R509.3m, up 19.0%

Key features in 2021:

- Resilience of convenience and neighbourhood shopping centres
- Strong progress with tenant mix shift towards food and pharmaceutical
- Vacancies maintained/improved through close co-operation with tenants

Defensive categories comprise 33% of the portfolio by GLA and 25% by rental income

R6.5bn Portfolio value	43 Properties (including Storage)
Vacancies by GLA 4.6%	Weighted average discount rate 14.7%
Weighted average capitalisation rate 9.1%	Weighted average contractual escalation 6.9%

OUR TOP 15 PROPERTIES

Contribute **35.5%** of the retail portfolio and **21.5%** of the total portfolio

TOP 15 TENANTS BY RENTAL CONTRIBUTION

Tenant	Rental contribution
Pick n Pay	9.20%
SPAR	3.60%
Woolworths	2.80%
Shoprite	2.70%
Pepkor Holdings Limited	2.70%
Clicks	2.40%
mr price	2.20%
Retailability	2.10%
Nedbank	1.30%
Massmart	1.20%
absa	1.10%
Food Lover's Market	1.10%
Gym Company	1.10%
Viva Gym	1.00%
Dis-Chem Pharmacies	1.00%

Tenant retention rate 75.9%	Rental reversions (8.0)%
Collections 98.9%	Trading density growth 4.6%
WALE 3.6 years	Rental income Flat
Property expenses (4.9)%	Recovery of property expenses 2.7%

OUR TOP 5 PROPERTIES BY VALUE

Musgrave Centre (14.7%)

The centre is situated in Berea, Durban and is surrounded by office towers, residential apartments and strip malls on the main arterials.

Value R992m

Size 40 060m²

9.3% of portfolio

East Point Shopping Centre (13.7%)

The centre is situated in Boksburg and offers a variety retail mix of over 65 tenants.

Value 927m

Size 44 462m²

8.7% of portfolio

Umlazi Mega City (8.1%)

The centre is situated in Umlazi, Durban and has over 130 stores to choose from.

Value R547.9m

Size 49 309m²

5.1% of portfolio

Bluff Towers (7.8%)

The centre is situated in Bluff, Durban and has a variety of retail outlets and restaurants

Value R503.5m

Size 23 654m²

4.7% of portfolio

Springfield Value Centre* (4.8%)

The centre is situated in Springfield, Durban and comprises a wide variety of value athleisure and other clothing outlets.

Value R324.3m

Size 19 956m²

3.0% of portfolio

* This property was damaged in the civil unrest in July 2021 and the valuation stated is impaired by the cost of restoration covered by insurance. The picture is of the property prior to it being damaged and the property is in the process of restoration.

PROPERTY REVIEW CONTINUED

OVERVIEW OF THE RETAIL PROPERTY MARKET

The retail market overall has recovered well in 2021. Convenience orientated retail centres continued to be well-supported and have outperformed most other sectors throughout the pandemic. Community and neighbourhood centres have proved to be more robust formats, with trading densities growing in many instances and rent to sales ratios remaining close to historical levels.

Convenience-orientated retail centres comprise 42% of SAC's retail portfolio by GLA and 46% by rental income

SAC maintains a widely diversified portfolio (top 15 tenants represent 35.5% of total rental income), with a strong contingent of national and listed tenants (56.1%).

The defensive nature of SAC's retail portfolio lies in its focus on community and neighbourhood centres in urban areas that are dominant in their catchment areas, concentrating on convenience orientated offers with a particular emphasis on grocer and pharmaceutical retailers. Food retailers demonstrated the most resilient trading densities of all merchandise categories in the current year.

Average food trading density at our shopping centres for 12 months rolling at December 2021 is R3 183/m^2

East Point, which forms part of that Super Regional node with East Rand Mall, was slow in the first half of the year, with higher vacancies. Focused leasing interventions culminated in the introduction of Dealz, DMF and Grays and also expansions to Adidas and the Crazy Store. Trading has improved, gaining traction with Black Friday and a good Christmas season. Dis-Chem is in the process of moving its entrance, which will increase foot traffic to that area of the centre.

The retail portfolio was most affected by the civil unrest in KwaZulu-Natal, with four of the retail shopping centres damaged. Three of the centres are now fully operational and Springfield Value Centre will fully reopen in September 2022. Other than Umlazi Mega City where the major anchor, Spar, was down until November 2021 and all the centres in the area were damaged, causing customers to migrate to other areas, the damaged buildings have performed well. No damage occurred to buildings in the inland area.

RETAIL PORTFOLIO PERFORMANCE

The retail portfolio has bounced back strongly with an increase in like-for-like NPI of greater than 21.0%. This is substantially due to less rental relief required - approximately R12 million of rental relief was granted in 2021, relative to c.R60 million in 2020. Food services, gyms, cinemas and bottle stores represented 88% of this amount. We anticipate the assistance to reduce to less than R5 million in 2022.

Turnovers improved across the board, and particularly in the convenience space, with supermarkets, pharmacies, pet stores and athleisure performing strongly. Trading densities have continued to show resilience throughout the year. Consequently, arrears have come down, allowing for the reduction in the provision for ECL. Gyms, a few sports shops and dinner trade continued to be quieter through the Covid-19 period. Expenses were affected by punitive increases in municipal rates at North Park Mall and Eastpoint, which is being challenged.

SAC achieved trading density growth of 4.6% with a stable rent to turnover ratio.

Vacancies reduced to 4.6%. Continued leasing efforts in the retail portfolio are expected to yield positive results – especially at Eastpoint and Umlazi Megacity. Negative reversions of 8.0% improved in the second half of the year across the portfolio. Banks' strategies of downsizing the branch networks have negatively impacted both vacancies and reversions and we continue to work with banking tenants to minimise the impact.

SAC has rolled out storage facilities in un-tenanted floor space in areas that are difficult to rent out, to generate income, increase our differentiation and provide consumers with a further reason to visit our shopping centres. The storage facilities have been positively received, with an average occupancy level of c. 85%. Some of the planned investments in storage had to be deferred during the Covid-19 period and will be revisited in the coming year.

ACQUISITIONS, DISPOSALS AND REDEVELOPMENTS

There were no acquisitions in the Retail portfolio in 2021. SAC sold its 50% share in Stellenbosch Square, Kempton Corner and the Hotel at the Cullinan Jewel Shopping Centre (still conditional) for a total of R226.0 million during the year.

Our emphasis on defensive retail in the form of key grocery and pharmaceutical offerings kicked up a gear this year:

Defensive food and pharmaceutical offerings now comprise around 38% of the portfolio

- Dis-Chem commenced trading at Musgrave Centre in July 2021
- Clicks commenced trading at the Bluff Towers in August 2021
- Food Lovers Market commenced trading at Musgrave Centre in November 2021
- A pharmacy was introduced at Cullinan Jewel Shopping centre in December 2021
- OBC, one of South Africa's fastest-growing food retail brands in the low to mid-market sector, to commence trading at North Park Mall in H1-2022 as an anchor tenant
- Clicks to commence trading at Davenport Square Shopping Centre in Q3-2022
- Dis-Chem to commence trading at Springfield Value Centre in Q3-2022
- Specialist Food to commence trading at Morning Glen in H1-2022
- Woolworths and Clicks to commence trading at 51 Pritchard Street in Q3-2022

In addition to these upgrades, we also improved convenience at Umlazi Mega City with a new Build It due to commence trading in March 2022. At the Bluff Towers, Clicks, Pep Stores and two smaller tenants were introduced in the space that Edgars vacated. Recent capital investment in Musgrave proved highly successful with turnovers exceeding those of 2018 and 2019. Access at Morning Glen was upgraded with a new slipway onto the upper-level parking, which has substantially improved customer traffic, and we introduced a child-friendly dining area. We were successful at letting 400m^2 of office space at Cullinan Jewel Shopping centre which has been vacant for a long time, and strengthened the tenant covenant at the centre with additional convenience offerings, improving both footfall and turnover.

Improvements and upgrades to Montana Crossing's accesses are scheduled to commence in 2022. We also put storage into a difficult-to-let space in Montana, previously occupied by an independent gym that closed its doors during Covid-19.

Disposals:

TRANSFERRED	
Description	Sales price (Rm)
Kempton Corner, Kempton Park	108.3
Stellenbosch Square, Stellenbosch (50%)	115.0
Total	**223.3**
CONTRACTED AND CONDITIONAL	
Description	Sales price (Rm)
Hotel at Cullinan Jewel Shopping Centre, Pretoria	2.7
Total	**2.7**
GRAND TOTAL	**226.0**

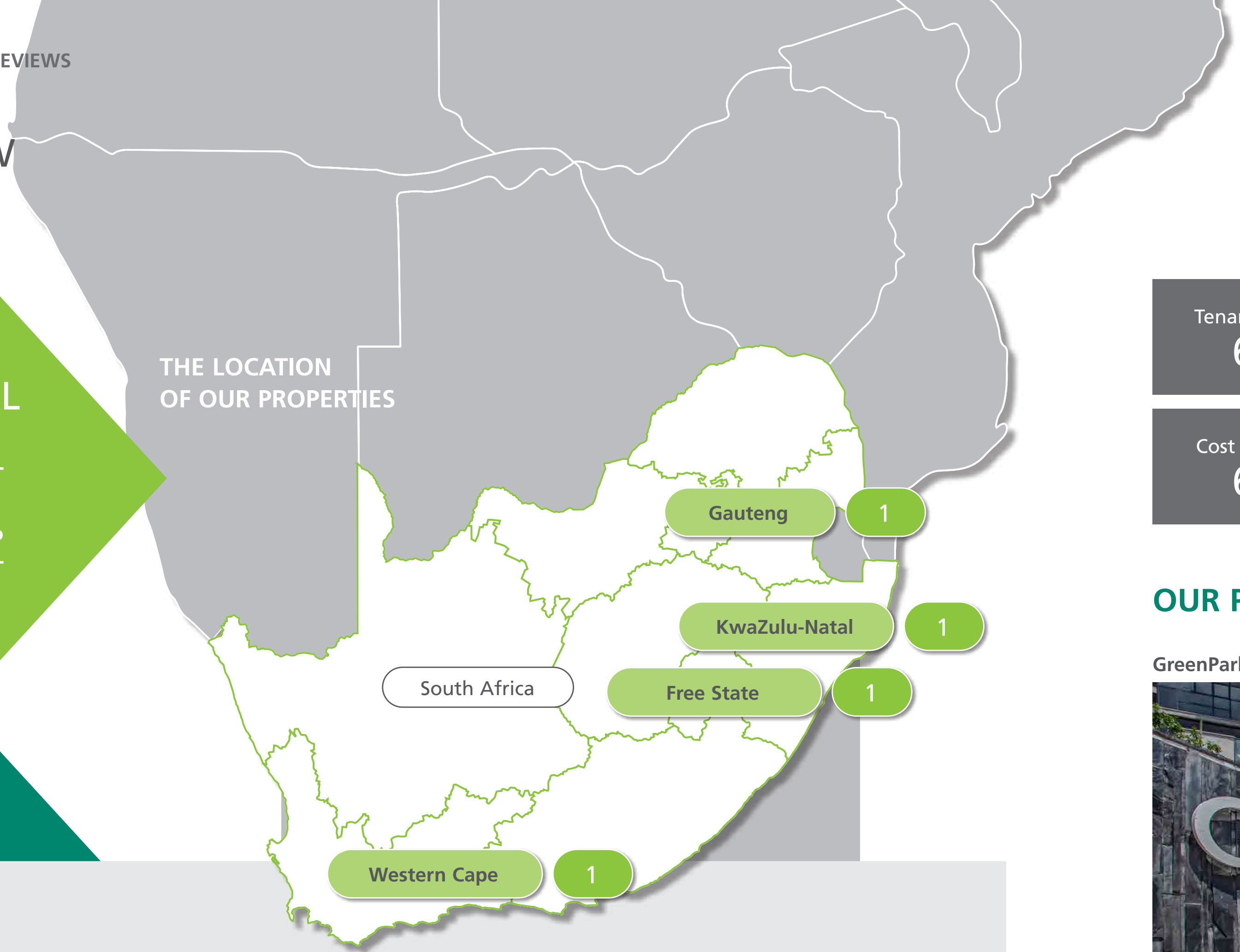
LOOKING AHEAD

We will continue our drive of improving the convenience side. The choice of tenants remains pivotal in smaller centres and provides a compelling means of differentiation. SAC will continue to focus on quality tenants that provide a relevant and attractive offering in terms of daily essentials and a tenant mix that is uniquely tailored to match the demand of each centre. We continue to take cognisance of the acceleration in online shopping and are factoring this into the choice of segment and tenant mix for our portfolio. We anticipate that quality retail centres will continue to play a critical role in a comprehensive omnichannel strategy.

Trading conditions started to recover as restrictions were eased, there are fewer negative reversions and rightsizing expected and vacancies have improved. Arrears management is under control. These factors contribute to a positive outlook for 2022.

Musgrave Centre, Musgrave

PROPERTY REVIEW



COMMERCIAL PORTFOLIO

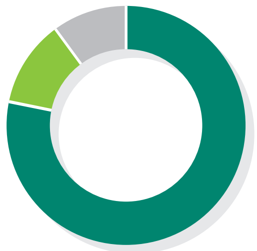
2.1%
of South African portfolio

Total GLA 30 298m² and 2.4% of South African portfolio GLA

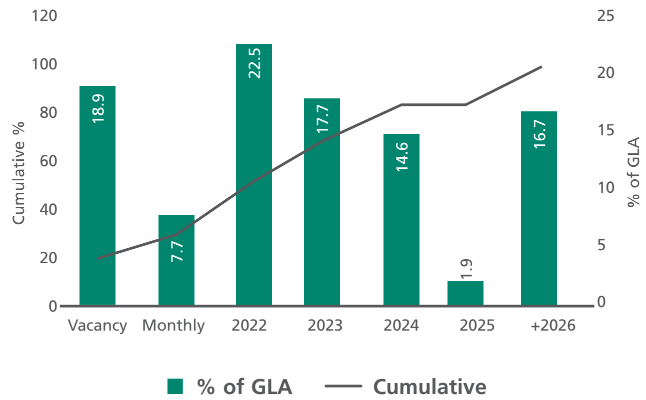
STRATEGY

Ensure the retention of tenants and improve the occupancy of our remaining commercial office properties, to be well-positioned to fully divest from this property class, as and when this is opportune.

% BY MSCI TYPE BY VALUE



LEASE EXPIRIES



PERFORMANCE SYNOPSIS

Revenue: R59.1m, down 7.2%
NPI: R20.9m, down 32.9%
Key features in 2021:

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

R0.3bn Portfolio value	4 Properties
Vacancies by GLA 18.9%	Weighted average discount rate 15.6%
Weighted average capitalisation rate 10.1%	Weighted average contractual escalation 7.3 %

Tenant retention rate 68.7%	Rental reversions (20.5)%	WALE 3.1 years	Rental income (15.2)%
Cost to revenue ratio 66.1%	Collections 89.2%	Property expenses 6.5%	Recovery of property expenses (2.6)%

OUR PROPERTIES BY VALUE

GreenPark Corner (71.1%)

This stylish 20 storey office tower is situated in Sandton, Johannesburg and offers the complete solution for commercial office space.

Value R220m **Size** 15 660m² **1.5%** of portfolio

Nobel Street Office Park (12.1%)

The office park is located in Bloemfontein and hosts Vodacom, Phillip Morris and Regus.

Value R37.5m **Size** 6 713m² **0.3%** of portfolio

102 Essenwood Road (10.3%)

The property is located in Durban and hosts Medscheme, Broll Property Group, Flex Space and TIA.

Value R32m **Size** 4 670m² **0.2%** of portfolio

31 Allen Drive (6.5%)

The property is situated in Bellville, Cape Town and hosts IX Engineers.

Value R20m **Size** 3 255m² **0.1%** of portfolio

PROPERTY REVIEW CONTINUED

OVERVIEW OF THE COMMERCIAL PROPERTY MARKET

The past year has been one of the toughest trading environments seen in decades in the office market. Industry-wide office vacancy was 10% at year-end. The market remains both significantly oversupplied and increasingly negatively impacted by the work-from-home trend and demand for more flexible and hybrid models occupying reduced office space. These trends point to a commercial property market that remains in a downward trend with a rising level of empty office space and strong competition to fill vacancies. Steep concessions are required to attract tenants. Conversion of office assets to alternative uses such as residential is expected to continue and potentially accelerate. Moderate office space development continues.

SAC has been steadily reducing its exposure to the commercial sector with only a small office portfolio remaining. We anticipate having only one standalone property in the near term, being GreenPark Corner, with all other office properties either having been sold or repurposed.

COMMERCIAL PORTFOLIO PERFORMANCE

Negative reversions required to retain tenants culminated in a full-year like-for-like NPI reduction of negative 36.6%. The negative renewal reversion of 20.5% was largely caused by the lease renewals of Vodacom at Nobel Street and Medscheme at 102 Essenwood Road.

Office vacancy was successfully reduced through storage leases being signed at 31 Allen Drive and Nobel Street and continued positive leasing efforts at Greenpark Corner culminating in 2 948 square meters being leased to nine new tenants. Aggressive competitor activity remains challenging with substantial and sometimes sub-economical incentives to attract new tenants, ranging from tenant installation allowances, rent-free periods of up to one year, to notable rental discounts.

The full-year retention rate was 68.7%, mainly due to the downsizing of Vodacom at Nobel Street, the liquidation of Flexible Work Space at 102 Essenwood Road and the downsizing of Monocle Solutions at GreenPark Corner. The WALE at December 2021 was 3.1 years.

We have experienced improved collections with remaining arrears mainly related to tenants that are still being impacted by social distancing and a lack of large events.

ACQUISITIONS, DISPOSALS AND REDEVELOPMENTS

We successfully divested from four properties last year, a particular highlight in a very challenging space, with banks unwilling to fund commercial transactions. At year-end, four properties remained, and one of these is contracted for sale. Two of the remaining properties in the portfolio have plans to convert to storage space, with leases already signed and occupancy anticipated by mid-year.

The remaining property, GreenPark Corner, continues to be severely challenged with vacancies of some 16.6% at year-end. In addition to efforts to aggressively re-tenant space at discounted rentals, we continue to explore alternatives to address the vacancy. GreenPark Corner's unique location on a boundary of the Sandton financial district and the Morningside luxury high rise node, complemented by small, addressable floor plates, is showing increasing potential as a new-age office property, and we are involved with various initiatives to achieve this.

Disposals:

TRANSFERRED	
Description	Sales price (Rm)
Cnr Old Pretoria and Alexandra Roads, Midrand	8.9
3 The Terrace, Westway, Westville	13.7
12 Sookhai, Derby Downs Office Park, Westville	16.0
21 Fricker Road, Illovo	24.5
Total	**63.1**
CONTRACTED AND UNCONDITIONAL	
Description	Sales price (Rm)
102 Essenwood Road, Durban	32.0
Total	**32.0**
GRAND TOTAL	**95.1**

LOOKING AHEAD

It will take time for new office models to fully unfold and mature. The pressure in the commercial sector is therefore unlikely to decrease over the short term. GreenPark Corner is both the biggest contributor to the performance of our office portfolio and in the heart of the oversupply of office space in the Sandton area. Every effort is being made to reduce the vacancies on the property.

SAC remains committed to mitigating the substantial downward pressure on office rentals by further reducing our exposure in this sector.

GreenPark Corner, Sandton

PROPERTY REVIEW

AFHCO PORTFOLIO

31.0%
of South African portfolio value

Total GLA 415 790m²
and 32.6% of South
African portfolio GLA

Residential units per GLA make up 83.2% of portfolio and retail units 16.8%

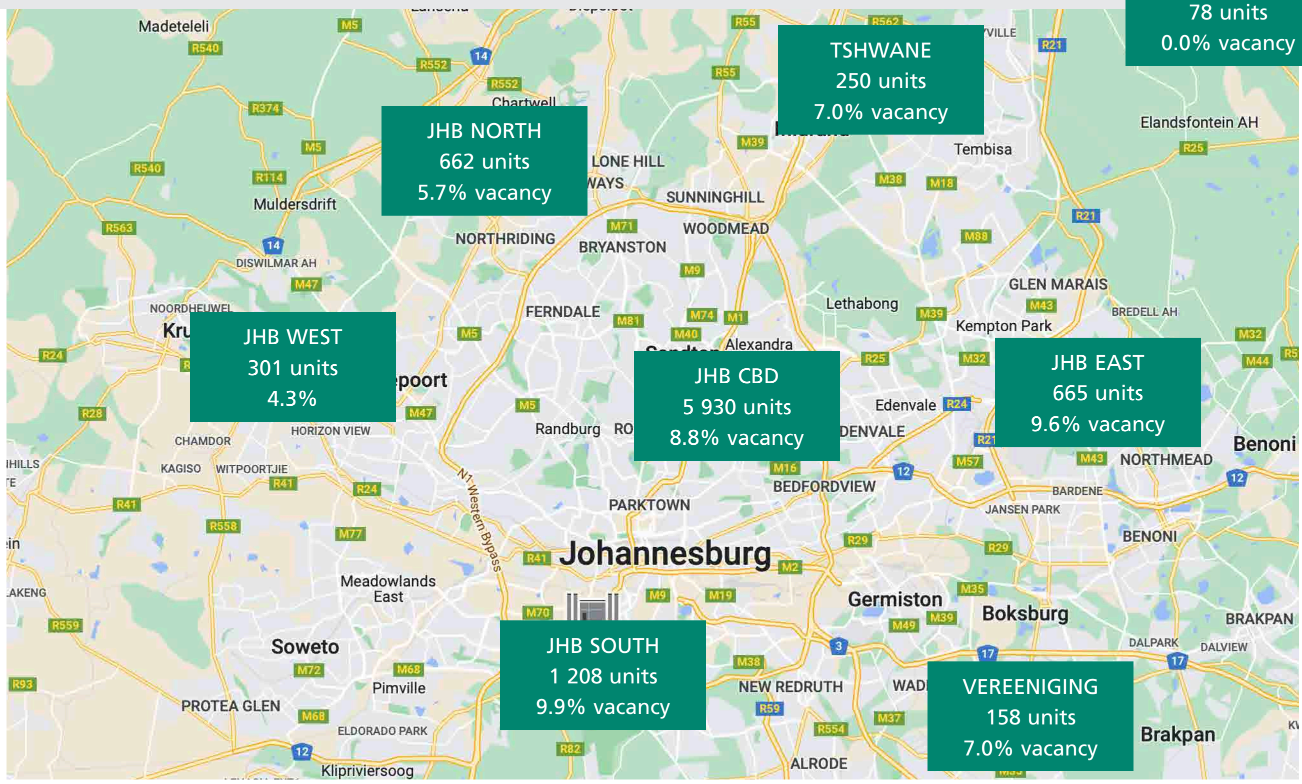
STRATEGY

Re-establish a highly credit-worthy tenant base, sustained by a portfolio concentrated in sought after suburban areas and inner city mixed use precincts in close vicinity to transport nodes offering quality, security and amenities at competitive pricing. The divestment of properties not aligned to the Group's long-term strategy will leverage off current low interest rates and the subsidy to first-time home buyers.

PERFORMANCE SYNOPSIS

Revenue: R675.2m, up 3.8%
NPI: R294.0m, up 6.1%
Key features in 2021:

- Partial divestment of non-precinct inner city properties well-advanced
- Strong reduction in residential vacancies aided by rebased rentals
- Closure of borders and lockdown restrictions weighed on inner city retail tenants
- Student accommodation continued to attract lively demand
- Suburban portfolios proven to be resilient
- Strong competition remains in the CBD



R4.6bn Portfolio value	Rental reversions (4.1)%	Residential vacancy in units 8.5%	Weighted average capitalisation rate 9.8%
64 Properties	Cost to revenue ratio 56.9%	Development bulk 53 958 m²	Weighted average contractual escalation 7.1%

UNIT TYPES

Type	Average monthly rental	Number of units	Average size	% of total
Room	R1 430	49	11m²	0.5%
Studio	R2 134	1 163	16m²	12.6%
Bachelor	R2 947	2 340	24m²	25.3%
Bachelor Loft 1	R3 293	41	28m²	0.4%
1 Bedroom	R3 733	2 004	35m²	21.6%
1 Bedroom Loft	R4 049	180	40m²	2.0%
1.5 Bedroom	R5 222	31	74m²	0.3%
2 Bedroom	R4 818	3 124	52m²	33.8%
2 Bedroom Loft	R7 020	14	82m²	0.2%
3 Bedroom	R9 187	306	86m²	3.3%
Grand Total	R3 882	9 252	38m²	100.00%

OUR TOP 5 PROPERTIES BY VALUE

Jeppe Post Office (7.7%)

The property is situated in Johannesburg central and comprises 486 apartments and retail anchored by Boxer.

Value R352m

Size 34 853m²

South Hills (7.0%)

The property is situated in South Hills and comprises 740 apartments.

Value R320m

Size 31 820m²

120 End Street (6.6%)

The property is situated in Doornfontein and comprises 925 apartments and retail anchored by Shoprite.

Value R299m

Size 34 287m²

Mpumelelo (6.1%)

The property is situated in Doornfontein and comprises 984 student beds and retail.

Value R276m

Size 13 412m²

Calderwood (3.7%)

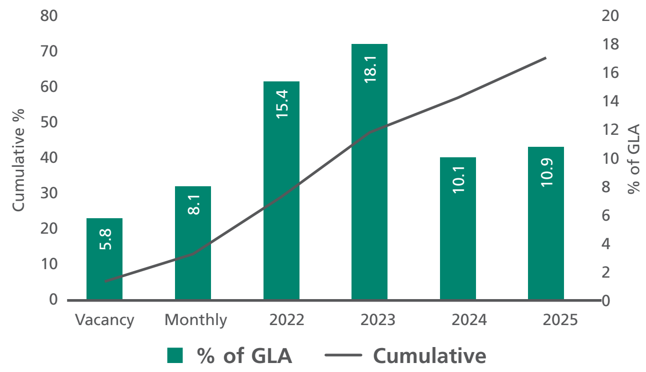
The property is situated in Benoni and comprises 369 apartments.

Value R167m

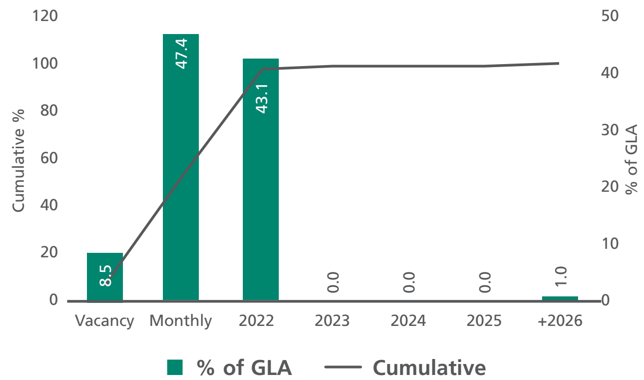
Size 20 032m²

% BY MSCI TYPE BY VALUE

LEASE EXPIRIES - RETAIL



LEASE EXPIRIES - RESIDENTIAL



PROPERTY REVIEW CONTINUED

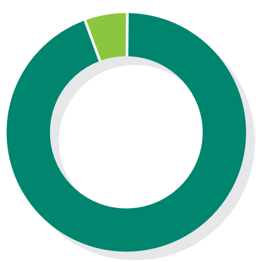
OVERVIEW OF THE RESIDENTIAL PROPERTY MARKET

The residential property market came under extreme pressure during the pandemic, with little to no economic growth and a record-high unemployment rate fuelling higher vacancy rates. Tenant affordability similarly continued to put downward pressure on rentals and consequently escalations, as landlords balanced higher occupancy levels against lower rental income.

The residential market remains extremely price-sensitive, with the total cost of occupation growing above inflation on the back of ongoing municipal increases, leading to further pressures on tenants and landlords alike. Rent increases are therefore likely to remain depressed over the short term, but increasing with inflation over the medium and longer term.

RENT REVENUE PER CATEGORY

NUMBER OF UNITS PER CATEGORY



While affordability remains a key constraint, the demand for good quality, "entry-level" accommodation in urban areas in South Africa remains high. A key challenge, however, remains the reduced pool of quality tenants to choose from, in the face of an ailing economy, rising inflation, and an increased number of adverse credit listings amongst consumers.

Pleasingly, the market did recover significantly during the year as evidenced by reduced vacancies and improved collections.

> Tenant payment behaviour has been improving for most of 2021, culminating in lower arrears and improved vacancy profiles

The hard lockdown early in the pandemic, resulted in a sharp decline in interest rates, creating an increased demand for property ownership in Afhco's target market, thereby further reducing the pool of tenants seeking rental accommodation. Afhco, however, took advantage of these unusual circumstances and participated in this opportunity by making selected poorer quality properties available at attractive price points in the first time home-buyer FLISP subsidy market.

Demand for student accommodation has remained stable. Few students are set up to study from home. South Africa's young population and the increasing demand for education and quality student accommodation make this a long-term growth area that has seen new entrants entering the market, as well as ongoing development activity.

RESIDENTIAL PORTFOLIO PERFORMANCE

> The Afhco portfolio at the end of 2021 comprised 9 252 residential units, 1 848 student beds and 69 805m² of retail space

Residential property comprises 83.2% of the Afhco portfolio by GLA, of which approximately two-thirds are inner city properties, with the remainder in suburban areas.

A significant reduction in vacancies from 15.4% to 8.5% was achieved, albeit that demanding trading conditions required more substantial discounting than in the past, to attract new tenancy. A range of incentives was deployed, which in aggregate represents on average a discount of 9.0% to the rentals of existing tenants.

> Afhco's 7.4% growth in like-for-like net property income evidences the portfolio's defensive nature and stability

Through these strategies, Afhco was successful in largely rebasing the tenant base, moving out delinquent tenants and replacing them with better-paying tenants. This is well-reflected in improved collections and consequently lower provisions for the year. In reducing vacancies, we foresee being able to increase rentals on anniversaries due to the greater proportion of discounted rentals in the base. It is expected that this strategy will ensure a more robust tenant base, positioning Afhco for stronger growth next year. It should be emphasised that, given the short-term nature of residential leases and the movement pattern of tenants, particularly in the inner city, adjusting rentals to meet market conditions is more easily achieved than traditional portfolios where the lease term is longer.

INNER CITY

Strong supply makes the inner city sector a particularly competitive market and finding good clients is challenging. Differentiation and attractive features become significant competitive advantages, as does appropriate pricing in the face of tenants' affordability constraints. Our inner city portfolio remains attractive with free, uncapped Wi-Fi and a range of amenities, including braai areas, playgrounds, indoor as well as outdoor gyms and additional security through state-of-the-art CCTV cameras at certain buildings. Afhco has previously undertaken projects to beautify and pedestrianise selected precincts and has recently received approval from the municipality for the pedestrianisation of Davies Street, which will commence in 2022.

Service delivery and crime in the inner city remain a challenge, which Afhco addresses through cleaning and security support in the precincts within which it operates. Loadshedding creates particular problems for high rise buildings where electricity outages not only affect the electricity supply, but also the water supply and related services. Afhco has rolled out generators in selected residential buildings to power essential services such as water pumps, emergency lighting, access control, and some lifts. Its plans to extend these to most residential buildings were, however, scuppered in the past year by the need to conserve cash during the pandemic. Additional capital has been provisioned for this purpose in the coming year.

SUBURBAN

The suburban portfolio has proven to be more resilient than the inner city, with less rental relief and discounting required. In the lower LSM categories, distress patterns mirrored that of the inner city and manifested in increasing arrears and vacancies.

Afhco believes that free access to fibre is a notable differentiator in suburban rentals, and fibre infrastructure has effectively been rolled out to the majority of suburban properties where we have control. Where body corporates are involved, discussions have been initiated with the body corporates to implement fibre access, with many having already been rolled out.

An exciting landscaping project is planned for South Hills to make the environment more inviting by introducing trees and plants, thereby improving the general appearance and "feel" of the property. A public space upgrade is also being planned at South Hills where we intend to install an astro turf soccer field complete with floodlights and perimeter fencing.

STUDENT ACCOMMODATION

The student portfolio has fared well in 2021. Students continue to prefer to return to campuses and residences, particularly those students from rural areas whose home environment is not conducive to studying remotely.

Competition in student accommodation has been increasing in the Johannesburg inner city, with several new entrants in the market and more properties being developed, both factors notably increasing supply. Attractive amenities, such as study rooms, games rooms and gyms are essential to attracting students in a competitive environment. In line with this, Afhco proceeded with an R2 million upgrade to its Nukerk student accommodation, developing a brand new indoor gym, a recreational area and outdoor facilities.

OVERVIEW OF THE AFHCO RETAIL/COMMERCIAL PROPERTY MARKET

Retail/commercial property comprises 16.8% of the Afhco portfolio by GLA.

> Retail vacancies in this portfolio have remained below 6%

Afhco's retail portfolio has been surprisingly resilient despite Covid-19 lockdowns, the July civil unrest, and border closures. There is active demand from national retailers for retail space in the inner city and trading densities and retail turnovers of these national retailers have been robust.

Smaller retailers in the inner city areas continued to be challenged by reduced cross-border trade and lower consumer spending, requiring some assistance in the form of rental concessions or rental deferments. Cross-border trade has been targeted by corrupt officials, crime and security issues in addition to Covid-19, making the inner city a less attractive destination for cross-border shoppers than before. Collections from certain smaller traders have been challenging. We continue to explore ways to find the right mix of tenants that can leverage off the high-density residential population, relying less on cross border traders, and increasing exposure to larger nationals.

Renewal reversions were -4.1%, with the greatest decrease being from retailers leasing smaller over-let premises. When these are excluded, the renewal reversion is 5.0%.

ACQUISITIONS, DISPOSALS AND DEVELOPMENTS

In the inner city residential rental portfolio, Afhco prefers to focus on properties in areas where it can ensure accessibility, security and lifestyle amenities. In pursuing this strategy, Afhco has sold and transferred one property and entered into a further two sale agreements for 10 properties in the Johannesburg inner city totalling R596.3 million, which transfers are expected to take place between May and November of 2022. We have furthermore continued with the sale of the lesser quality sectional title units, with 96 transferring in the year at an average exit yield of 8.7%.

> Afhco is progressing its strategy of rebalancing its portfolio through the disposal of a portfolio of inner city properties and the acquisition of further suburban apartments

PROPERTY REVIEW CONTINUED

Afhco acquired a further 10% of The Falls Lifestyle Estate JV, increasing its interest to 90%. Phase two of the development will be completed between April and October 2022. The first 190 of 280 units will come on stream in the second quarter. Phase one has been incredibly popular and has the lowest vacancies in the suburban portfolio. Occupancy at 31 December 2021 was 97%.

The residential conversion above North Park Mall is nearing completion and being developed as a unique mixed-use property comprising 133 apartments available for social housing, and 123 being sold to first-time home buyers, targeting the FLISP market in particular. The residential apartments will be serviced by the retail mall on the ground floor with OBC being introduced as the anchor grocer in the third quarter and the mall already tenanted by Clicks, several bank branches with ATMs, value apparel, fast food and more. Social housing is severely underprovided for and Afhco has obtained accreditation from the Social Housing Regulatory Authority for the development to access capital grants under the social housing programme.

South Hills Lifestyle Estate, Johannesburg

Disposals:

TRANSFERRED	
Description	**Sales price (Rm)**
Stanop House, New Doornfontein	14.5
Residential apartments	55.8
Total	**70.3**
CONTRACTED AND UNCONDITIONAL DISPOSALS	
Description	**Sales price (Rm)**
Residential apartments	16.4
Maxwell Hall, Johannesburg CBD	50.0
Nine Johannesburg inner city properties	546.3
Total	**612.7**
CONTRACTED AND CONDITIONAL DISPOSALS	
Description	**Sales price (Rm)**
Residential apartments	43.8
Total	**43.8**

LOOKING AHEAD

Afhco anticipates a more stable year on the residential portfolio, with sufficiently rebased rentals and more predictable occupancy levels expected. We do, however, foresee a relatively challenging year ahead for the retail portfolio, with cross border trading not yet back at pre-Covid-19 levels and disposable income particularly constrained.

Our strategy of rebalancing the residential portfolio through the disposal of inner city properties and the acquisition of further quality suburban properties is progressing, and further new opportunities will be investigated to achieve a more even split between inner city and suburban properties. We expect to apply some of the proceeds of the inner city transactions towards acquiring additional suburban residential properties, with a specific focus on higher LSM suburban categories.

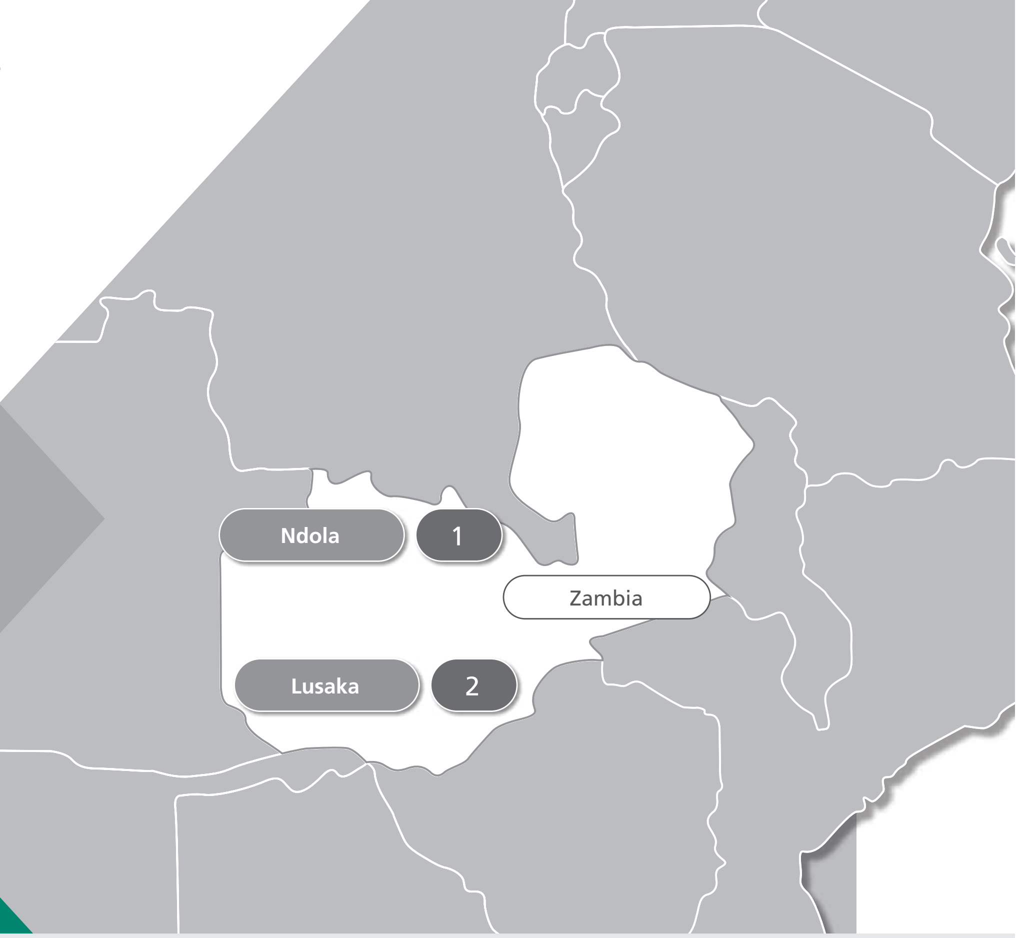
Afhco has a significant portfolio in a defensive sector with a proven track record and managerial expertise to return sustainable growth in the future. We are optimistic about the new year.

Mpumelelo, End Street Precinct, Doornfontein

PROPERTY REVIEW

REST OF ARICA PORTFOLIO

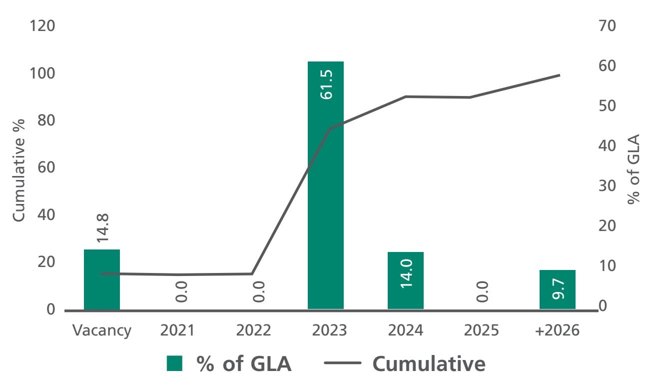
50%
investment in JV
Net asset value
R1.1bn



STRATEGY

Differentiate ourselves through a lifestyle offering aimed at attracting more foot count by introducing outside sports and entertainment areas that complement the current mall offering.

LEASE EXPIRIES: COMMERCIAL



PERFORMANCE SYNOPSIS

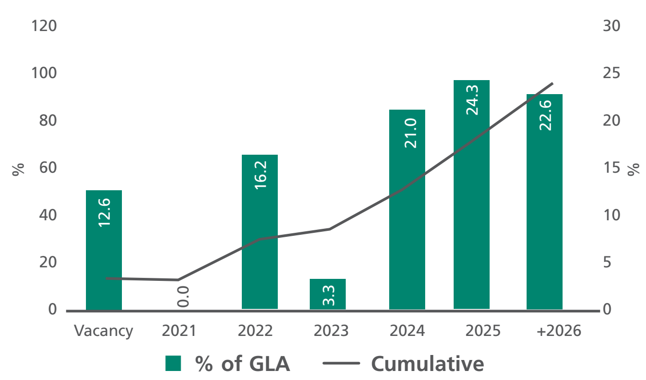
Revenue: R149.1m, down 20.6%

NPI: R104.2m, down 18.8%

Key features in 2021:

- Challenging economic environment, compounded by Covid-19 pandemic and sovereign debt default
- East Park Mall continues to dominate the Lusaka retail sector, buoyed by consumers' aspirational shopping proclivity

LEASE EXPIRIES: RETAIL



% BY MSCI TYPE BY VALUE

- Small regional shopping centres 73%
- Commercial 18%
- Community shopping centres 9%

R1.1bn Portfolio value	3 Properties	Total GLA 61 521m²	Rental reversions - retail (2.2)%
Weighted average contractual escalation - commercial 2.0%	Weighted average contractual escalation - retail 2.9%	Vacancies by GLA - retail 12.6%	Vacancies by GLA - commercial 14.8%

OUR PROPERTIES

East Park Mall

East Park Mall is conveniently located within Lusaka's new CBD area, making it the perfect destination for business lunches, last-minute gifting, weekly grocery shopping, after-work cocktails and much more.

Value	Size	% of portfolio	Vacancy	Rental escalation (USD)	Retention rate of expiring leases	Rental reversion (USD)
$73.6m *	34 103m²	55%	9.4%	3.0%	100%	0.1%

Acacia Office Park

Acacia Park is conveniently located in the center of Lusaka's burgeoning new CBD. It benefits from excellent access to Kenneth Kaunda Airport and internationally recognised Protea and Radisson Blu Hotels.

Value	Size	% of portfolio	Vacancy	Rental escalation (USD)	Retention rate of expiring leases	Rental reversion (USD)
$24.3m *	12 554m²	21%	14.8%	2.0%	100%	0.0%

Jacaranda Mall

Situated at the entrance to Ndola, Jacaranda Mall is one of Ndola's primary convenience retail offerings. With its diverse range of stores, restaurants and businesses, it attracts shoppers from all over the city and further afield.

Value	Size	% of portfolio	Vacancy	Rental escalation (USD)	Retention rate of expiring leases	Rental reversion (USD)
$13.0m *	14 864m²	24%	19.8%	2.6%	36%	(8.2)%

*100% of value

PROPERTY REVIEW CONTINUED

OVERVIEW OF THE ZAMBIAN MARKET

Sentiment towards Zambia has been improving since the election of the new pro-market government. The government's agreement to a 1.4 billion US dollar three-year extended credit facility with the IMF in December 2021 triggered a notable appreciation of the Kwacha. It is anticipated that economic growth will accelerate, largely on the back of a rise in the demand and prices for copper, as well as the international demand for green industries - the electric vehicle sector which relies on copper - Zambia's main export. The debt burden continues to present a significant challenge. Zambia expects that their agreement with the IMF to restructure their complete debt should be finalised in the short term.

Retail trading remains challenging, due to the Covid-19 pandemic, economic pressure, and inflation. Strong competition has led to a compression in rental prices per square meter. Smaller retail neighbourhood centres are on the increase.

PORTFOLIO PERFORMANCE

The year began with relatively high vacancies, which were halved at East Park Mall and substantially reduced at Jacaranda Mall during the year, with the latter benefiting from the introduction of Shoprite. A further reduction in vacancies is anticipated at these two shopping centres in the new year, however reducing the vacancy at Acacia Office Park remains challenging.

Other than the replacement of the grocer anchor, all other tenants with expiring leases were retained due in part to Covid-19 relief strategy interventions. Renewal reversions were negative at Jacaranda Mall, but well maintained at less than 1% at East Park Mall and Acacia Office Park.

East Park Mall continues to be one of the most aspirational malls in Lusaka and has effectively competed for its share of diminished retail spending during the year. Vacancy reduced as a result of 1 900m^2 of the ex-Edgars space let to a plastics retailer, as well as 700m^2 of the additional ex-Edgars space having been divided up and let to smaller shops.

The development of Phase 5 and Phase 6 of the Mall was completed during the year and more than 95% has been tenanted. Besides having national tenants as anchors, the area boasts a gym and an action sports arena for soccer and basketball, a music hall and a new food emporium also serve to enhance the lifestyle offering, increase footfall and linger time.

The pandemic continued to impact the office market in Zambia, as evidenced by FNB relinquishing 1 300m^2 due to employees opting to work from home, resulting in a vacancy rate of 14.8% at Acacia Office Park.

At the Jacaranda Mall in Ndola, vacancy was reduced, due to 1 667m^2 of space let to a motor retailer. Shoprite replaced Pick n Pay as the anchor tenant during the year. Renewal reversions were a negative 8.2%, due mainly to the negative reversion on the Pep lease by -25.0%, coupled with the conversion of some USD rentals to ZMW ("Kwacha") rentals.

LOOKING AHEAD

We anticipate a better year for our Africa operations in 2022. While economic activity remains weak, a moderate recovery with improved trading at our malls is anticipated in the next period. Our focus will be on reducing vacancies at Acacia and Jacaranda Mall. We look forward to a full year of trading at phases 5 and 6 of the East Park Mall.

57 Sarel Baard Crescent, Centurion

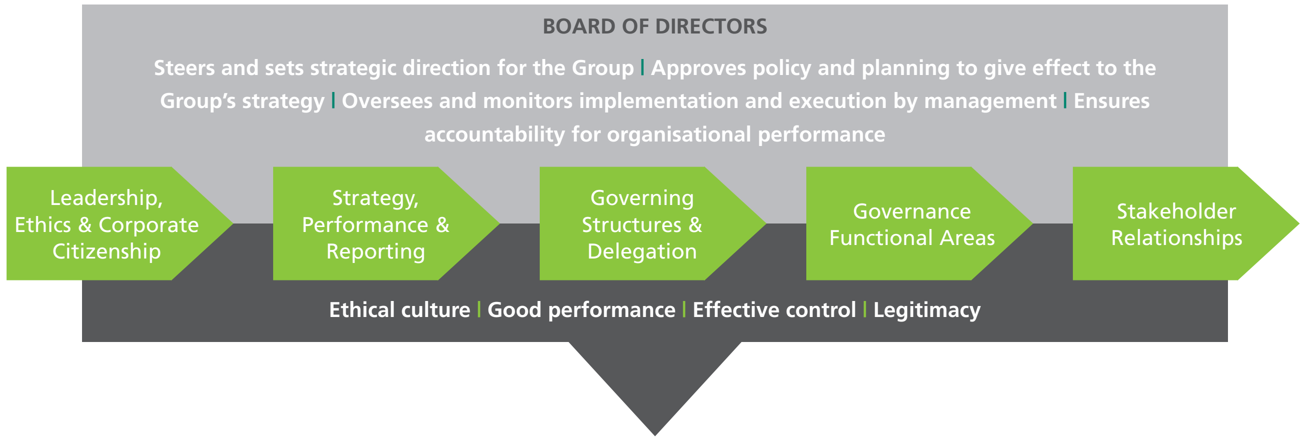
03 CORPORATE GOVERNANCE

Umlazi Mega City, Umlazi

GOVERNANCE AND COMPLIANCE

SAC's approach to corporate governance supports the implementation of the principles and recommended practices of King IV and the JSE Listings Requirements. The Group strives to attain best-in-class governance practices.

King IV application diagram



The Board is satisfied that the Group complies with the governance requirements in the JSE Listings Requirements and King IV.

ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

Code of Conduct and Code of Ethics

- Code of Ethics and Code of Conduct reviewed and revised Code of Conduct to be implemented in 2022
- New whistleblowing hotline provider appointed (no whistleblowing complaints received for the year)

Values

Integrated into Group's performance management process

Shapes behaviour and business conduct

CONFLICTS OF INTEREST

Closely monitored

- Board members make full and timely disclosures of business and financial interests.
- Actual, perceived or potential conflicts are dealt with in accordance with the provisions of the Companies Act.

The Group's Code of Conduct and Code of Ethics are available on the website.

BOARD RESPONSIBILITIES

Board Charter

- Aligned to King IV
- Sets out rules for Board and Committee compositions, roles and responsibilities, establishment of Committees, fees, performance appraisals and policies
- Provides for a balance of power and authority at Board level to ensure that no one director has unfettered powers of decision making

Governance principles

- Allow for specific responsibilities by Board members collectively, while acting in Group's best interest
- Approvals framework sets out matters reserved for Board, Committees and management
- Approvals framework applies to all subsidiaries and JVs

STRONG OVERSIGHT

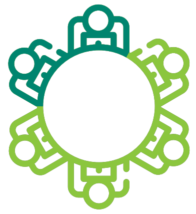
16 scheduled and special Board meetings - 100% attendance

The Board is satisfied with the delegation of authority framework for role clarity and effective arrangements and confirms that the Company complied with the Companies Act and conformed with its Memorandum of Incorporation ("MOI") during the past financial year.

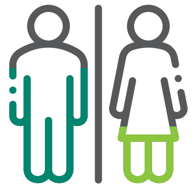
The Board Charter is available on the website.

A DIVERSE BOARD

Non-executive and executive directors

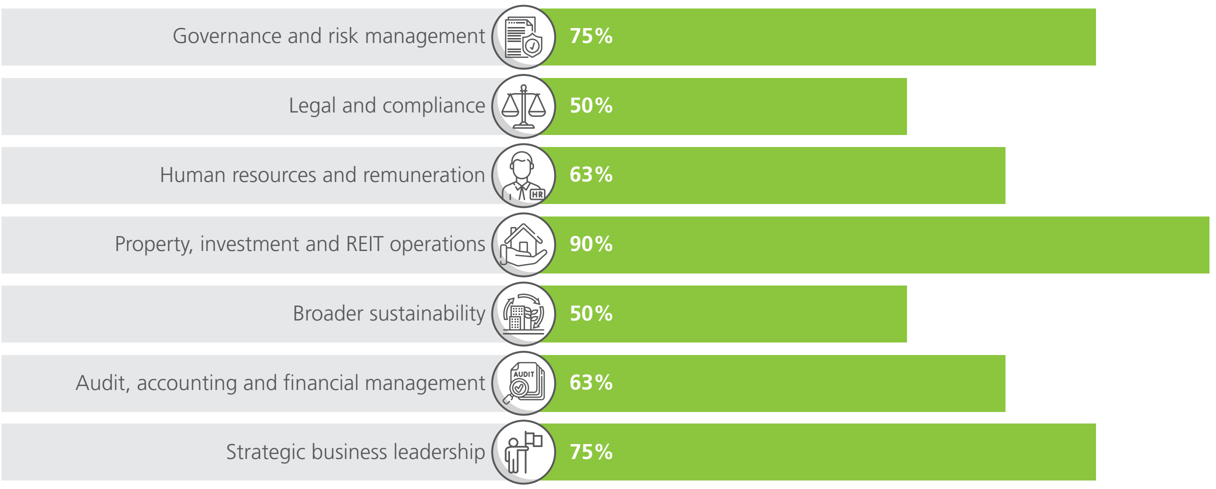


Race
- Black - 67%
- White - 33%

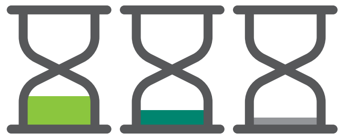


Gender
- Female - 33%
- Male - 67%

Areas of expertise, primary skills and experience



Non-executive directors only



Tenure
- 0-5 years - 57%
- 6-10 years - 29%
- >10 years - 14%

Age
- 40-50 years - 43%
- 51-60 years - 43%
- 61-70 years - 14%

Broad representation achieved

- Board policies and targets promote broader diversity and inclusiveness
- Targeted 40% female representation met*
- Policies and targets reviewed annually
- 67% of directors from previously disadvantaged groups including 3 women
- Qualification and experience considerations

* as at 31 December 2021

The Board is satisfied that its composition reflects an appropriate mix of skills, knowledge, qualifications, diversity, experience and independence.

More information about the Board members is available on page 32 and on the website.

TRANSFORMATION

B-BBEE

- Property industry's B-BBEE Property Sector Charter adopted
- Committed to transformation
- Promoting vibrant and growing property sector
- Improved B-BBEE contributor status from Level 4 to Level 3

For a full corporate governance report, refer to page 8 in the ESG Report.

GOVERNANCE AND COMPLIANCE CONTINUED

MANAGEMENT OF GOVERNANCE PROCESSES

APPOINTMENTS AND ROTATION

Considering a balance of skills, knowledge, qualifications, diversity and experience

Nomination Committee identifies suitable candidates

Board considers appointment

Shareholders approve appointment at AGM

Appointment letters are issued

Transparent and formal procedure, including probity checks

At least one-third of non-executive directors are subject to retirement by rotation and re-election annually, and those who served more than nine years must stand for re-election every year.

DEVELOPMENT OF DIRECTORS

New directors receive induction on the Group's governance and business

Ongoing training on business undertakings, legal developments, changes in risk, amongst others

PERFORMANCE

A formal evaluation of the Board, individual directors, Committees, the Chairman and the Company Secretary is undertaken every two years.

Outcomes of evaluations are considered, and improvement plans are developed

Externally facilitated Board evaluation was undertaken in 2021 and Board is performing well – scored 3.6 out of 4

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 periodically as a standing agenda item. 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 skills assessments. **In 2021, the Remuneration Committee proactively engaged and made appropriate recommendations for succession planning for the CEO, CFO and other critical executive positions.**

DISCLOSURE CONTROLS

The Group has recently reviewed its disclosure controls and procedures, as part of its updated stakeholder 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;
- ensure 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 so 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.

BOARD COMMITTEES

COMMITTEES AND DELEGATION

Board delegation

The Board delegates certain responsibilities to its Committees without abdicating accountability

Board charter and terms of reference

Delegation is formalised in Board-approved terms of reference. Composition and mandate of each Committee is reviewed annually.

Board

Approvals Framework for delegation of authority to CEO and management

Audit and Risk Committee*

Nomination Committee

Remuneration Committee

Investment Committee

Social, Ethics and Environmental Committee

* 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 additional 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		A M Basson[>] OR Mosetlhi SS Mafoyane[<]	
Number of Meetings and Attendance									
10	**100%**	**7**	**100%**	**6**	**100%**	**6**	**96%**	**3**	**100%**

GOVERNANCE AND COMPLIANCE CONTINUED

AUDIT AND RISK COMMITTEE %	INVESTMENT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE	SOCIAL, ETHICS AND ENVIRONMENTAL COMMITTEE
		2021 Highlights		
- 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 - 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 the external and internal 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	- Monitored the Group's disposal progress - Evaluated targeted yields through post-acquisition reviews - Reviewed Broll's performance against agreed KPIs - Approved material transactions and leases within the Committee's mandate - Reviewed the Group's property portfolio performance quarterly	- Recommended the election and re-election of directors retiring by rotation - Recommended the election of Audit and Risk Committee members - 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	- Reviewed the appropriateness and relevance of the remuneration policy and oversaw the implementation and execution thereof - 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	- Considered, monitored and oversaw the Group's economic, workplace, social- and natural environmental impact - 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

AUDIT AND RISK COMMITTEE %	INVESTMENT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE	SOCIAL, ETHICS AND ENVIRONMENTAL COMMITTEE
		2021 Highlights		
- 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				
		2022 Focus		
- Continued focus on further embedding enterprise risk management and combined assurance considerations - Maintain focus on continuous auditing from an internal audit perspective - Overseeing the further automation of financial processes - 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 - Continue to focus on enhanced information on communication technology management within the Group	- Monitor the ongoing execution of the Group's investment strategy - Monitor Broll's performance against agreed KPIs - Consider new and future material transactions and leases within the Committee's mandate	- 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 - 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	- Consider the CEO's succession - Review and recommend the Remuneration Report to the Board - Recommend the non-executive directors' fees to the AGM	- Consider the impact of the proposed amendment to the Companies Act, regarding Social and Ethics Committees - Monitor the implementation and further development of the Group's primary SDGs - Review and recommend the ESG Report to the Board - Oversee the finalisation of the Group's revised Code of Conduct

For a full corporate governance report, refer to page 28 in the ESG Report.

The full terms of reference of all the Committees are available on the Group's website.

RISK MANAGEMENT AND KEY RISK FACTORS

OVERVIEW

Through the Board's approved Enterprise Risk Management ("ERM") process, management identifies key risks facing the Group and ensures that the necessary internal controls are implemented and maintained. The main purpose of our ERM is to adequately position the Group to understand and respond to the potential risks that could materially impact the execution of its strategic objectives and operations and to ensure timely response to appropriate opportunities.

The Audit and Risk Committee ("ARC") assists the Board in carrying out this function with input from the Board's other Committees:

ARC	The Committee's risk oversight mandate aims to ensure that the Group implements and maintains an effective ERM 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.
Board Committees	Each Board Committees' mandate in respect of risk management provides that such Committee should support the ARC and the Board in ensuring effective risk management oversight, specifically in relation to material risks and opportunities within its scope. Each Committee gives effect to this responsibility through: - ensuring the effective monitoring of the risk allocated to the Committee; - considering and reviewing management's feedback and/or assurance provider reports on the design and operating effectiveness of existing key risk responses (with focus on major or significant deficiencies); - considering management updates on action plans identified to remediate any key responses with significant or major deficiencies; - considering management's feedback on key developments that have a potential material impact on the allocated risks, as well as the appropriateness of existing key responses or any new/additional key responses required; and - providing feedback through the Committees' Chairmen to the ARC and the Board on any material risk related matters, specifically the key responses with major or significant deficiencies, key developments with a material impact, any new/additional key responses required or any potential breach of approved risk appetite and tolerance levels (as relevant and appropriate).

OUR ENTERPRISE RISK MANAGEMENT (ERM) PROCESS

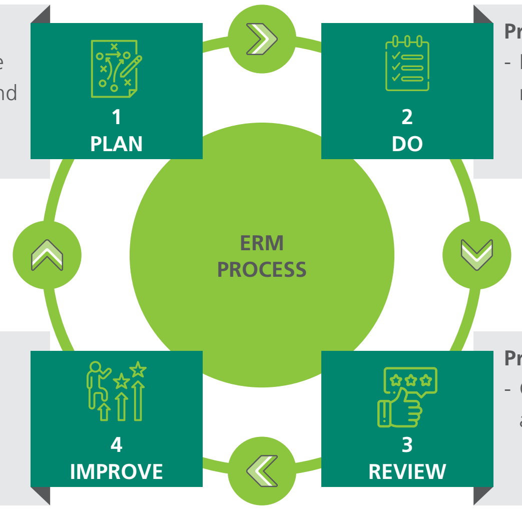
The Group's ERM processes are in place to ensure risks are identified, analysed, evaluated, treated and monitored consistently. To this end, the ERM process aims to align strategy, funding, process, people, technology and business intelligence to evaluate and manage business opportunities, uncertainties and threats in a structured, disciplined manner, ensuring that risk and funding implications are considered when making strategic and operational decisions.

ERM Objectives

Seize business opportunities	Ensure distribution growth	Protect against unforeseen losses

Enhanced Value Creation

THE GROUP'S ERM PROCESS AT A GLANCE:



	Process:	Output:
1 PLAN	- Identify risks - Understand the risk	- Determine risk profile - Define response and controls - Prioritise top risks
2 DO	- Manage and monitor risks	- Effective management of risks
3 REVIEW	- Govern and assure	- Assurance on effectiveness of ERM
4 IMPROVE	- Analyse and determine improvement	- Act on improvement plans

2021 INTERNAL AUDIT RISK MANAGEMENT REVIEW

SAC's Internal Auditors, BDO, performed a detailed review of the risk management process in terms of alignment with the ISO 31000 Risk Management Guidelines 2018 and compliance with King IV. BDO assessed whether controls identified in the scope were operating effectively to ensure alignment to ISO 31000 Risk Management Guidelines 2018 and compliance with King IV.

BDO concluded, based upon the work they performed, and the results obtained, that SAC's risk management processes were aligned to ISO 31000 Risk Management Guidelines 2018 with room for improvement over risk awareness and training. BDO further concluded, based upon the work performed and the results obtained, that risk management processes were compliant with King IV. SAC is in the process of developing and implementing further awareness and training on ERM.

THE GROUP'S RISK APPETITE THRESHOLDS AND RISK TOLERANCE LIMITS

The Group has adopted conservative to receptive risk appetite levels and risk tolerance limits which are assessed and approved on an annual basis, with appropriate opportunity for interim reviews and adjustments as may be necessary. These risk appetite levels and risk tolerance limits reflect an appropriate balance between risk and opportunity, with specific consideration to guide financial management, investment policy and maximise shareholder value.

Risk tolerance limits are set to provide an early warning as to when exposures are close to exceeding risk appetite, and where tolerance was (or could be) exceeded, appropriate steps are taken to ensure acceptable outcomes in the preservation of the Group's strategy. The Board receives a monthly report on the Group's performance in respect of approved risk appetite levels and risk tolerance limits.

GROUP TOP RISKS

In 2021, the Group undertook an in-depth review of the top risks per the risk register aimed at ensuring relevance, proportionality and accuracy. The revised register was reviewed in detail at a dedicated Board Risk workshop held in November. In addition, emerging risks, and the extent to which identified risks were becoming more pervasive, were also considered.

The Board, with the assistance of the ARC and other Board Committees, have identified and considered the top risks that could impact the ability of the Group to achieve its strategic objectives. Management is responsible for ensuring that these risks are appropriately managed, on an ongoing basis, within the Group's Board-approved risk appetite levels and risk tolerance limits.

The Group's top risks are assessed based on materiality which considers both quantitative and qualitative likelihood and impacts criteria, thereby ensuring a complete assessment across multiple factors.

RISK MANAGEMENT AND KEY RISK FACTORS CONTINUED

OUR STRATEGIC OBJECTIVES

Convenience retail	Human capital development	Quality industrial portfolio	Financial sustainability
Divesting from commercial	Operational optimisation	Quality residential portfolio	Execution discipline

OUR CAPITALS

FINANCIAL CAPITAL
Debt and equity capital. Access to funding is intrinsic to the Group's ability to create value.

MANUFACTURED CAPITAL
Our properties and investments.

INTELLECTUAL CAPITAL
Our brand, knowledge, systems, procedures and protocols. We aim to grow the Afhco brand to become the residential property brand of choice.

HUMAN CAPITAL
The competencies, capabilities and experience of our Board, employees and management team.

SOCIAL AND RELATIONSHIP CAPITAL
Our relationships with suppliers, tenants, property and asset managers and communities.

NATURAL CAPITAL
The natural resources of land, water and energy that we utilise in pursuit of our vision.

The Group's top risks have been identified as follows:

Risk category	Description	Key responses and control highlights	Related strategic objectives	Capitals applied/ impacted
Strategic financial risks *(Investment Performance Risk)*	**Risk** Non-sustainable or inadequate distributable income growth (in comparison to the listed property sector) **Opportunity** - Further corporate action to improve portfolio quality and long-term performance. - Repurposing properties to exploit opportunities associated with changing trends in property usage and location value resulting from advancements in e-commerce and WFH, nodal shift, and changes in demographics - Divestment of Residential properties not aligned to the Group's long-term strategy leveraging off current low-interest rates and the subsidy to first time home buyers	- Monthly dashboard reports to the Board - Maintaining an optimal capital structure - Board approved strategy including investment strategy - Board and Investment Committee has oversight of investment strategy execution - Refining of portfolios to ensure defensive income including divestment from non-performing assets - Property transactions/developments are approved by the executive directors, the Investment Committee or the Board, as appropriate in terms of the Board-approved Group Approvals Framework - Post-acquisition and development reviews by Investment Committee - Board-approved risk appetite limits and tolerance levels - transactions to achieve returns above WACC - Detailed due diligence, viability and feasibility studies to inform investment decisions. - Frequent portfolio performance reviews, post-acquisition reviews and detailed business plans - Benchmarking against relevant indices - Investor roadshows and communication with investors and analysts		

Risk category	Description	Key responses and control highlights	Related strategic objectives	Capitals applied/ impacted
Strategic financial risks *(Capital, funding and liquidity risk)*	**Risk** Unavailability of capital, increased cost of capital, increase in interest rates, insufficient access to funding and inadequate liquidity **Opportunity** - Recycled capital from disposing of assets will be used to reduce debt, thereby improving our gearing or could be redeployed into better quality assets - Explore further opportunities in respect of debt and interest swaps in the low-interest-rate environment - Accessing Green Capital Funding	- Divestment to improve the capital structure (lower gearing/improve ICR) - Discounting/re-basing Afhco rentals and proactive engagement with tenants – manage liquidity - Negative rental reversions in favour of tenant retention - Distribution payout ratios reviewed - Applications for covenant waiver/relaxations, or amendments thereto where required - Short-term debt extension - Maintaining relationships and communication with investors and lenders - Manage and monitor lender covenant requirements to approved risk appetite and tolerance levels - Debt funding policy and framework, including hedging - Manage and monitor the working capital cycle to improve liquidity		
Property market risks	**Risk** Reduced NPI as a result of increased vacancies, negative reversions and arrears, and the consequential impact on valuations **Opportunity** - Seize the opportunity to redevelop ageing properties into modern green buildings at market-related yields (i.e Springfield rebuild) - Divestment of Commercial space notarially tied to Retail for residential use - Invest in newly developed properties	- Monthly dashboard reports to the Board and quarterly performance reporting to Investment Committee and ARC - Review of tenant trading densities and cost of occupation - Effective arrears management, debt collection and litigation processes, preceded by relief to tenants through payment plans - Stringent tenant approval process and well-formulated lease agreement repository - Mitigation of lease renewals (i.e. expired leases continue on a month-to-month basis) - Tenant retention ratio and average occupation duration is monitored to support informed decision-making coupled with reporting on reasons for tenant vacations - Utilisation on letting agents and in-house leasing capacity - Initiatives and projects for improved property fundamentals - Leasing approved in terms of Board-approved Approvals Framework - Broll –SLA and KPIs – performance management and Broll's Internal Audit ("IA") function. Quarterly reporting on Broll's KPIs - Approved and implemented a Group-wide business continuity and disaster recovery plan (which includes Broll's disaster recovery plan) - Budgeted and market rentals for all space with proactive management of expiry profiles and early renewals - BDO conducts an audit on Broll and reports to the ARC - Group and Broll's whistle-blowing hotlines		

RISK MANAGEMENT AND KEY RISK FACTORS CONTINUED

Risk category	Description	Key responses and control highlights	Related strategic objectives	Capitals applied/ impacted
Property market risks	**Risk** Dependency on Eskom electricity and municipal water supply with associated increases in rates and utility costs and poor/inconsistent service delivery by local authorities and poor municipal infrastructure **Opportunity** - Alternative sources for water and electricity offer the opportunity to decrease reliance on local Eskom supply and Water Boards - cost-effective and alternative sources of energy and water will also reduce the cost for tenants - Explore rainwater harvesting - Exploring mobile generation capability	- Effective energy consumption measuring - Improved expense management and benchmarking - Leases structured for expense recovery - Implement energy savings strategy - Property expense monitoring against benchmarks - Monitor cost recovery ratios - Solar PV installations - Electricity smart meter installations - Monitor municipal valuations, as well as utility costs and rates increases - Key tenant/facility standby power - Property expenses are a fixed percentage of gross revenue for Zambian JV		
Property market risks *(Covid-19 Related Risks)*	**Risk** Risks associated with the impact of the Covid-19 pandemic on the Group's people, business, operations and stakeholders including extended pandemic impacts on the macro-and microenvironment within which the Group operates. Specifically: - Increase in tenant failures, increase in business rescues and liquidations, and high unemployment rates due to social and economic impacts of Covid-19 - Disruption in traditional office-bound work environments - More complex nature of managing property manager KPIs in a Covid-19 environment **Opportunity** Repurposing properties to exploit opportunities associated with changing trends in property usage and location value resulting from advancements in e-commerce and WFH, nodal shift, and changes in demographics	- Financial austerity measures and proactive measures to protect Group's financial position - Implement Disaster Recovery and Business Interruption Plans - Insurance cover for business interruption losses - Broll SLA and KPIs performance management and Broll's internal audit function. Quarterly reporting on Broll's KPIs - Robust internal and external Covid-19 responses		

Risk category	Description	Key responses and control highlights	Related strategic objectives	Capitals applied/ impacted
People risks	**Risk** Inability to attract and retain the skills required for current and future business needs and promote and maintain an organisational environment in support of a high-performing and productive workforce **Opportunity** - Optimised incentive schemes - Exploring appropriate and practical hybrid WFH/Office models	- Formal Remuneration Policy implemented. - Long- and short-term incentive schemes implemented linked to Group and individual performance (Business and personal scorecards in place) - Performance management where necessary – personal development plans for staff - Structured training and development opportunities - Executives – permanent employees with a 3-month notice period - Executive and senior management succession planning - Benchmarking of non-executive and executive directors' remuneration every three years and personnel on an annual basis - Board composition review and succession planning by Nomination Committee - Appropriately mandated Remuneration Committee to monitor and provide oversight of remuneration policy and practices - ICAS employee wellness programme - WFH arrangements during Covid-19 pandemic lockdowns		
People risks	**Risk** Risks associated with the inadequate promotion and maintenance of organisational culture and ethics; failure to ensure diversity and transformation objectives are met; inability to adequately manage organisational change; and failure to ensure good labour practices and relations	- Code of Conduct and Code of Ethics - Whistle-blowing Hotline - Annual B-BBEE verification was conducted and disclosed - ESG Report – covering disclosures on people matters - Employment Equity plan and reporting - Labour practices and employee agreements in terms of the Basic Conditions of Employment Act - Bi-annual SEEC meetings (oversight) – specifically including reports on economic development, labour and employment and organisational ethics matters. SEEC appropriately mandated to provide oversight in terms of Regulation 43 - Board diversity targets including race and gender - Remuneration Policy to support fair remuneration practices - A suite of Group policies regulating expectations in terms of conduct - Board charter and annual King IV application declaration (ethical leadership)		

RISK MANAGEMENT AND KEY RISK FACTORS CONTINUED

Risk category	Description	Key responses and control highlights	Related strategic objectives	Capitals applied/ impacted
Reporting risks	**Risk** Risks that affect the validity, accuracy, completeness of financial and other reporting, as well as inability to effectively and timeously implement financial automation resulting in the extended application of manual processes with consequent delays in meeting reporting deadlines. **Opportunity** Increased automation of financial reporting	- Quarterly internal financial controls reviews by Internal Audit - Established and formalised (documented) systems, policies and standard operating procedures and processes - Automation of financial reporting - Monthly reporting dashboard to Board and ARC - Broll's bi-annual (half year-end/year-end) assurance letter - Skilled and experienced staff. Recently increased capacity supported by ongoing staff skills enhancement, competence development and training - Formal internal- and external auditors engagements - Whistle-blowing Hotline - ARC – reviews JSE proactive monitoring papers		
Compliance risks	**Risk** Inadequate compliance with, or adherence to, legislative, regulatory, best-practice codes and/or corporate governance requirements resulting in reputational damage, and/ or financial loss and/or loss of license to operate. **Opportunity** Further optimisation of Governance calendar to ensure cost- and time effective discharge of governance activities	- Quarterly Compliance Reporting to the ARC - Annual: compliance & REIT declarations –JSE, King IV application register, IAR suite and AGM - Policies on Disclosure Control and Dealings in SAC securities - Appropriately mandated Board Committees (ARC, SEEC, REM and NC) monitor and oversee compliance with applicable legislative and regulatory requirements within their mandate - Established internal resources and procedures for compliance monitoring and reporting - Formal governance framework in terms of JSE and Companies Act requirements - Effective communication channels with JSE Sponsor, legal counsel and assurance advisors; - Combined assurance framework including internal and external audit assurance - Whistleblowing Hotline - Board-approved Approvals Framework - Appropriate Directors and Officers ("D&O") insurance cover - Skilled and resourced Secretariat and Compliance function with governance, compliance, legal risk management expertise - External governance reviews are conducted periodically		
Stakeholder risks	**Risk** Risks associated with the Group being a credible stakeholder partner with a good corporate reputation; managing stakeholder relationships across a broad spectrum of key stakeholders; upholding human rights; and delivering on stakeholder commitments. **Opportunity** Utilisation of investor relations technology platform in support of effective communication (per stakeholder group)	- Bi-annual SEEC meetings (oversight) – specifically including reports on social and economic development; good corporate citizenship; the environment, health and public safety. SEEC is appropriately mandated to provide oversight in terms of Regulation 43. - Stakeholder Engagement Policy - Various structured stakeholder engagements in terms of JSE Listings Requirements and otherwise - AGMs, result presentations, investor roadshows, SENS announcements - ESG reporting annually (as part of IAR suite) - Structured corporate social investment ("CSI") initiatives (social-and natural environment) - 2021 Integrated Reporting and Assurance Services (IRAS) ESG Data Transparency in SA Report – SAC ranking and accolade		

Risk category	Description	Key responses and control highlights	Related strategic objectives	Capitals applied/ impacted
Sustainability risks	**Risk** Risks associated with the Group's ability to develop and implement appropriate responses to environmental risk (carbon footprint, electricity, waste and water) and its ability to meet new and future policy and regulatory requirements. **Opportunity** - Investing in green technology - Engaging with tenants to ensure they reduce their impacts (i.e consider offering incentives, participation in energy, waste and water initiatives with commensurate favourable lease conditions/terms)	- Bi-annual SEEC meetings (oversight) – specifically including reports on natural environment impact. SEEC appropriately mandated to provide oversight in terms of Regulation 43. - ESG reporting annually (as part of IAR suite) - Structured CSI initiatives (natural environment) - Green strategy targets - 2021 Integrated Reporting and Assurance Services (IRAS) ESG Data Transparency in SA Report –SAC ranking and accolade		

South Hills Lifestyle Estate, Johannesburg

RISK MANAGEMENT AND KEY RISK FACTORS CONTINUED

MONITORING EMERGING RISKS

The Group recognises effective identification and monitoring of, and response to, emerging risks as a critical component to the Group's value creation and value preservation efforts.

Emerging risks are particularly important in the Group's strategic planning process and through effective processes, the Group identifies imminent shifts in critical assumptions and develops or modifies strategies to mitigate negative outcomes and capitalise on appropriate opportunities that these risks present.

In support of the Group's ongoing development of effective risk management, the Group's ERM in respect of emerging risks will be proportionally aligned to an awaited new standard providing guidance on the management of emerging risks. The primary objective of this alignment would be to enhance the Group's resilience to deal with new and emerging macro-environmental challenges in support of a robust ERM process.

In the meantime, the Group's ERM is well-positioned for periodic strategic- and operational risk identification and review to consider new and emerging strategic risks and to consider shifts in known risks through mechanisms such as management and Committee meetings, environmental scanning, process reviews and the like.

COMPLIANCE WITH LAWS, REGULATIONS, RULES AND STANDARDS

SAC complies with the provisions of the Companies Act, as amended, specifically relating to its incorporation and that it is operating in conformity with its MOI.

During the year under review, no significant fines were levied for non-compliance with statutory and regulatory requirements and there were no regularity censures. No fines were levied for non-compliance with any environmental laws and regulations. SAC was not party to any legal action for uncompetitive behaviour, and no requests were received or denied for information in terms of the Promotion of Access to Information Act.

The risk of non-compliance with statutory and regulatory requirements forms part of the Group's identified risks and is assessed and responded to on an ongoing basis. In this regard, the ARC:

- monitors and oversees the Group's processes for compliance with laws, regulations and best practice codes relevant to the Group;
- will oversee the recommendation of a policy that articulates and gives effect to the Group's direction on compliance and identifies its compliance landscape to the Board for approval;
- monitors managements' implementation and execution of effective compliance management;
- receives and considers reports on compliance matters, including on matters of material litigation and the Group's whistle-blower hotline activity; and
- periodically reviews the effectiveness of the systems for monitoring compliance with laws and regulations to ensure adequacy.

SAC has adopted a risk management policy in line with section 13.46(h) of the JSE Listings Requirements. The policy is in accordance with industry practice and specifically prohibits SAC from entering into any derivative transactions that are not in the normal course of SAC's business. The ARC confirms that it has monitored compliance with the policy during the year under review and also that the Company has, in all material respects, complied with the policy.

ASSURANCE AND INTERNAL CONTROLS

The Group's Internal Auditor, BDO, confirmed that based upon the quarterly Internal Financial Control Reviews performed for the 2021 financial year period, they could conclude, based on their scope of work and controls tested, that the system of internal financial controls in operation at SAC is adequate and operating as intended.

Regarding the overall effectiveness of SAC's governance, risk management and control processes, BDO further confirmed that, based upon the internal audit work performed for the months May 2021 to February 2022 for the 2021 financial period, as per their approved internal audit plan and the audits undertaken above, they could conclude, based on their scope of work and controls tested, that the system of internal controls in operation at SAC is adequate and operating as intended.

The ARC confirmed that nothing had come to its attention to indicate a material breakdown in the functioning of the financial reporting controls, procedures or systems during the year ended 31 December 2021.

COMBINED ASSURANCE

The ARC has the overall responsibility to ensure the Group's combined assurance model is effective, and specifically, that the Group applies an appropriate, proportionate and relevant combined assurance model to ensure a co-ordinated approach to all assurance activities.

The Group's combined assurance model is based on three levels of defence, as detailed below:

COMBINED ASSURANCE
Provides assurance on the effectiveness of ERM processes and underlying controls

1st line
Functions that own and manage risks

- Responsible for implementing corrective actions to address process and control deficiencies.
- Responsible for maintaining effective internal controls and for executing risk and control procedures on a day-to-day basis.
- Identify, assess, control, and mitigate risks, guiding the development and implementation of internal policies and procedures and ensuring that activities are consistent with the Group's goals and objectives.
- Design and implement detailed procedures that serve as controls and supervise execution of those procedures by employees.
- Serves as the first line of defence because controls are designed into systems and processes under their guidance of operational management.
- Adequate managerial and supervisory controls are in place to ensure compliance and to highlight control breakdown, inadequate processes, and unexpected events.

2nd line
Functions that provide oversight

Typical Group functions in this second line of defence include Executive Management, the Audit and Risk Committee, the Board and its other Committees:

- a risk management function (i.e. via Executive Management and ARC) that facilitates and monitors the implementation of effective risk management practices by operational management and assists risk owners in defining the target risk exposure and reporting adequate risk-related information throughout the Group;
- compliance function to monitor various specific risks such as non-compliance with applicable laws and regulations; and
- a controllership function that monitors financial risks and financial reporting issues
- An appropriately qualified and experienced property valuer is appointed to provide an independent valuation of the investment properties held by the Group at the half year- and year-end.

3rd line
Functions that provide independent assurance

- The Group's internal auditors and external auditors provide the Board and Executive Management with comprehensive assurance based on the highest level of independence and objectivity within the Group.
- Internal Audit provides assurance on the effectiveness of governance, risk management, and internal controls, including the manner in which the first and second lines of defence achieve risk management and control objectives.
- External Audit have issued an unqualified audit report on the AFS.

BUSINESS CONTINUITY PLAN

Following the progress made in 2020, a fit-for-purpose Business Continuity Plan (BCP) was developed for finalisation and implemented during 2021. The BCP is subject to periodic simulation exercises to ensure ongoing refinement and enhancement and will be reviewed by the Group's internal auditors, BDO, as part of the Group's internal audit plan for 2022.

REMUNERATION REPORT

THE REMUNERATION COMMITTEE ("THE COMMITTEE") HAS THE PLEASURE OF SUBMITTING ITS REPORT FOR THE YEAR ENDED 31 DECEMBER 2021.

BACKGROUND STATEMENT

SAC believes that fair and responsible executive remuneration that is closely aligned with the interests of stakeholders, as well as being equitable in relation to overall employee remuneration, is a vital component of sustainable value creation. SAC's remuneration policy has been developed and approved with these objectives in mind. SAC maintains disciplined adherence to the remuneration policy which sets clear targets and benchmarks for performance. The annual remuneration outcomes are comprehensively and transparently disclosed, and we invite robust engagement with shareholders to ensure the alignment of our practices with shareholders' interests.

OUTCOME OF THE MOST RECENT SHAREHOLDERS' VOTE ON THE REMUNERATION POLICY AND ITS IMPLEMENTATION

SAC's remuneration practices were supported by shareholders by means of a non-binding advisory vote at the last AGM held on 31 May 2021 on the following basis:	
Endorsement of the remuneration policy	93.3%
Endorsement of the implementation report	93.3%

SAC is particularly pleased with the outcome of the remuneration vote from its most recent AGM. After broad engagement and significant effort to enhance its remuneration practices and disclosure in the prior year, the most recent vote indicated a significant improvement in shareholder endorsement relative to the prior year.

The Committee remains committed to remuneration reporting that is comprehensive, balanced and transparent, and to adequately aligning compensation with performance and shareholder value creation.

INTERNAL AND EXTERNAL FACTORS THAT INFLUENCE REMUNERATION

The South African economy continues to be characterised by muted growth, constrained household consumption, high levels of unemployment, social unrest and the continuing impact of the Covid-19 pandemic, creating a challenging environment in which to achieve the performance objectives set for our staff and executives. These developments have also been considered in setting the performance objectives for 2022. Despite high unemployment, certain skills are scarce in the South African economy which often needs to be borne in mind when deliberating total remuneration and retention of employees. Transformation and equal opportunities remain key considerations in all employment and advancement decisions.

More information on the operating environment is available in the CEO's Review on page 40.

THE REMUNERATION COMMITTEE

The Committee assists the Board in setting the Company's remuneration policy and the directors' remuneration. The Committee consists of four independent non-executive directors, Adv OR Mosetlhi (Chairman), Messrs MA Moloto, RJ Biesman-Simons and GJ Heron. All four members have a wealth of operational and remuneration experience. Ms N Ford-Hoon(Fok) resigned as the Chairman and member on 31 May 2021 and Adv OR Mosetlhi was appointed as the Chairman and a member of the Committee on 1 June 2021.

The Committee operates according to formal terms of reference and within the ambit of the Company's remuneration policy that is delegated to it by the Board and represents the scope of its responsibilities. The Committee met six times during the reporting year and confirms that it has discharged its functions and complied with its terms of reference for the year ended 31 December 2021.

Further details are provided in the Corporate Governance section of this report on pages 85 to 87.

KEY ACTIVITIES AND DECISIONS OF THE REMUNERATION COMMITTEE

Remuneration governance	• Reviewed the shareholder satisfaction survey • Considered whether the outcomes of the remuneration policy achieved the set objectives • Considered whether the current mix of variable and fixed pay and the various pay elements continue to meet the Company's objectives • Recommended the appointment of the CFO • Ensured alignment between executive remuneration and shareholders' returns • Formulated and initiated development plans to facilitate succession • Considered and approved the 2021 remuneration report • Ensured that the remuneration policy and implementation report was put to a non-binding advisory vote at the AGM
Benchmarking of remuneration practices and levels	• Considered the appropriateness of the comparative group and reviewed the benchmarking outcomes
Remuneration increases	• Considered the overall cost of remuneration within the Company and approved an annual increase for staff • Assessed business and executive management performance for 2021 and approved annual increases for executive directors • Approved the 2022 business and executive management performance scorecards • Considered any risks to the retention of key staff members
Short-term incentives ("STIs")	• Approved the 2021 STIs
Long-term incentives ("LTIs")	• Approved the issuance of the 2021 LTIs that will vest in 2024
Vesting of existing incentives	• Considered the performance against vesting requirements of LTIs and approved the percentage vesting of the LTIs issued in 2018
Non-executive director remuneration	• Considered non-executive director remuneration relative to benchmarks and recommended non-executive director fee increases for 2022

REMUNERATION POLICY

The remuneration policy referred to hereunder is in respect of SAC employees employed by Manco and is also applicable to the Managing Director and Finance Manager of Afhco Property Management (Pty) Ltd. The remuneration of all employees, including those employed by Afhco, is reviewed periodically to ensure that the salaries and benefits remain market-related. The Committee utilises independent and objective remuneration consultants to facilitate this review as well as to review the remuneration policy.

Refer to the remuneration policy on our website at
https://www.sacorporatefund.co.za/index.php/about-us/corporate-governance#moi-charters-policies-and-checklists

The Committee approved the following in respect of remuneration for 2021:

- Salary increases of up to 4.5%.
- STIs were paid in respect of the 2020 financial year in accordance with the incentive threshold achieved.
- LTIs were issued in accordance with the rules of the plan.

REMUNERATION REPORT CONTINUED

IN CONCLUSION

The Committee is satisfied that it has successfully responded to shareholder remuneration expectations in the current financial year.

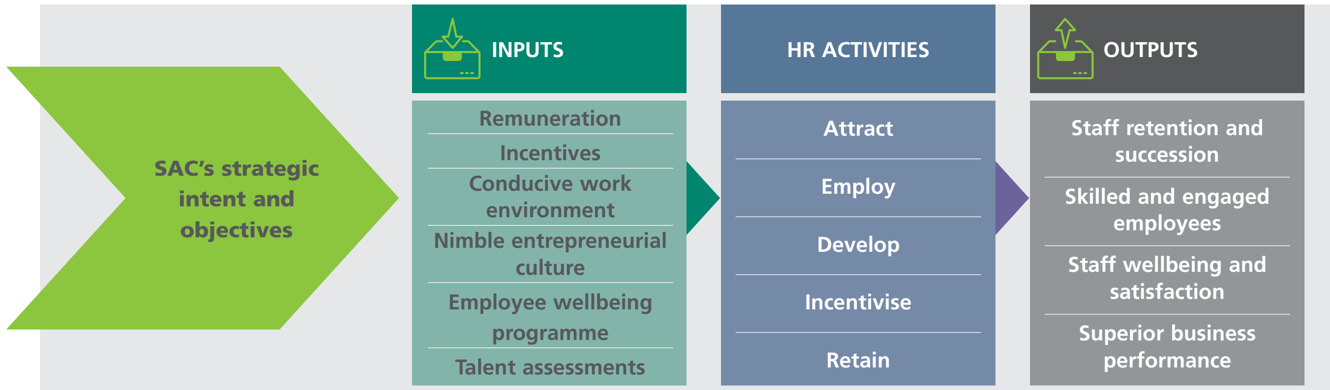
The Company's remuneration policy and implementation report will be presented to shareholders at the next AGM for a non-binding advisory vote. Should 25% or more of shareholders vote against one or both of the non-binding resolutions, SAC undertakes to engage with the dissenting shareholder(s) to ascertain their concerns. Details of these engagements and steps taken to address reasonable concerns will be disclosed in the next Remuneration Report.

The Committee is satisfied that the objectives of the remuneration policy were achieved in the current year. We will nevertheless continue to review and streamline our policy and practices to ensure fair and competitive remuneration that allows SAC to attract and retain the right calibre of human capital to achieve our objectives.

Adv OR Mosetlhi
Chairman

OVERVIEW OF REMUNERATION POLICY AND PHILOSOPHY

The remuneration policy outlines steps to achieve SAC's remuneration objectives.



REMUNERATION CONSIDERATIONS

SAC is committed to transparent and easy to understand policies that emphasise superior individual and team performance and drive sustainable long-term growth in distributions, aligned with the strategy of the business.

Accordingly, the aim is to position total guaranteed packages initially towards the median of "the market" and ultimately at the median, with superior/stretch performance by employees enabling total remuneration to exceed the median level.

Remuneration of executives and senior managers is based on four core principles, namely:

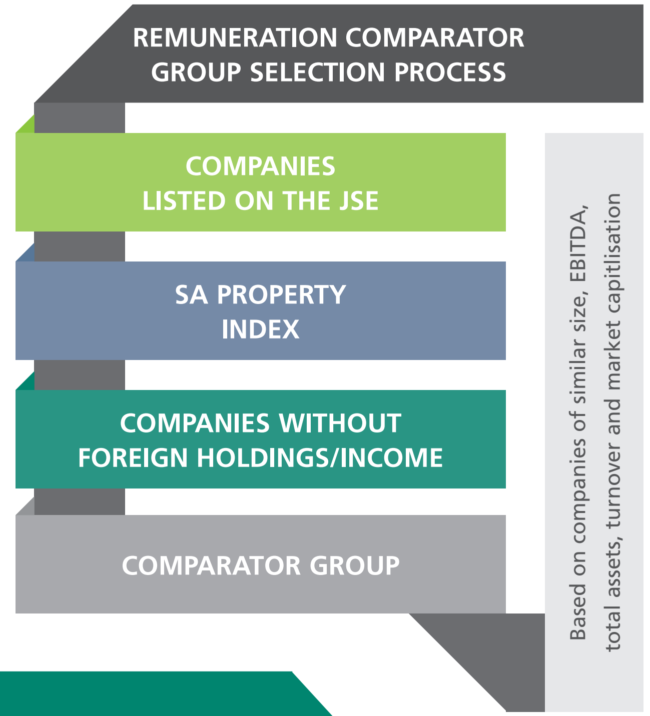
FAIR AND RESPONSIBLE REMUNERATION

All aspects of remuneration are defined and implemented to realise the principle of fair and responsible remuneration across the Group. Employees are graded according to skills, experience and seniority and appropriate remuneration is determined and benchmarked against market-related criteria. The Committee continuously assesses internal pay levels to ensure alignment with the principle of equal pay for equal work, as well as the reasonableness of differentiated remuneration by pay-grade. Any unjustifiable remuneration disparities are addressed.

EXECUTIVE REMUNERATION BENCHMARKS

Remuneration is benchmarked by independent remuneration consultants every three years. A benchmarking exercise was conducted in 2020, with the next benchmarking exercise due in 2023.

The most relevant comparator group to benchmark against is the SA Listed Property Index ("SAPY"). Companies with material foreign holdings/income are excluded from the comparator group. Within the remaining index, companies are sized according to EBITDA, total assets, turnover and market capitalisation. From this, a group of companies is selected that are similar in size to SAC. For the current 3-year cycle, SAC utilised 21st Century's benchmarking report, which included 33 property companies.



REMUNERATION REPORT CONTINUED

COMPONENTS OF REMUNERATION

The Company follows a Total Cost to Company approach to structure remuneration for all employees, comprising a guaranteed remuneration component to facilitate financial well-being, together with variable components to promote superior performance.

Types of remuneration components implemented

The table below summarises the elements of executive and senior management's remuneration which have been applied since the first approval of the remuneration policy in May 2014.

Elements of remuneration		Purpose	Description
FIXED	Total guaranteed pay ("TGP")	Ensures that employees are compensated at market-related values that form the basis of the Group's ability to attract and retain skills and experience	TGP represents the base salary and all benefits, including, *inter alia*, medical aid, pension contributions, life and disability benefits cover.
VARIABLE	STI Plan	Creates a performance culture that rewards employees for achieving strong annual results against predetermined targets	All staff are eligible to receive an annual STI paid in cash, which is based on the achievement of predetermined key performance areas ("KPAs"). Business scorecard components utilised to determine the STI: • Financial measures 75% • Non-financial measures 25% • To qualify for STIs the business must achieve a minimum score of 50% and in addition, each participant must also achieve a minimum score of 50%

The basis used to determine the STI is depicted below:

Annual TGP	Target incentive per role	Business performance			Personal performance			Total STI
		Performance	Score	Multiplier	Performance	Score	Multiplier	
Employee's TGP	CEO - 75%	Stretch	5/5	150%	Stretch	5/5	150%	Annual TGP x Target Incentive % x Business Multiplier x Personal Multiplier = Total STI
	CFO - 50%	On-target	3/5	100%	On-target	3/5	100%	
	COO - 50%	Threshold	2.5/5	50%	Threshold	2.5/5	50%	

*Business Multiplier % x Personal Multiplier % is capped at a maximum of 200%

The basis used to determine the LTIs is depicted below:

Elements of remuneration	Purpose	Description
Long-term Incentive Plan	Aligns participants with the interests of shareholders to drive long-term sustained performance and retain key staff	SAC's LTIs are provided in the form of a Forfeitable Share Plan (FSP). Under the FSP, participants will annually receive an award of shares that are subject to forfeiture and disposal restrictions until the vesting date. An overview of the FSP is provided below.

LONG-TERM INCENTIVE PLAN

FORFEITABLE SHARE PLAN (FSP)

Participants	Executives and selected senior management
Purpose and operation	The FSP aligns participants closely with shareholders' interests through the award of two (previously three) types of instruments: **Performance Shares**, the vesting of which are subject to predetermined performance metrics ("Performance Conditions") and continued employment ("Employment Condition"), and which are intended to be used primarily as an incentive to participants to deliver the Group's business strategy over the long term through the selection of appropriate and stretch Performance Conditions **Retention Shares**, the vesting of which are subject to the Employment Condition, and which are aimed at retention in specific ad hoc circumstances where it is in SAC's and shareholders' strategic and financial interests that a specific individual is retained
On-target award levels	In the case of the CEO, the annual on-target LTI level is between 100% and 125% of TGP (as determined by the Committee) and 75% of TGP for the CFO and COO
Performance measures for the vesting of shares	• The Performance Conditions for the vesting of FSP shares ("FSPs") were amended in 2020 • The results of the conditions for vesting of the FSPs awarded in 2018, which vested on 14 June 2021, are discussed on page 108 of the implementation report • For the FSPs awarded in 2021, the vesting conditions are:

Key Performance Measure	Measure	Weight	Performance levels: Threshold 30% vesting	Target 60% vesting	Stretch 100% vesting	Vesting date
Financial (90% weighting)	Absolute Total Return (TR)[1]	30%	Risk free Rate[4] plus 3%	Risk free Rate[4] plus 4%	Risk free rate[4] plus 5%	18 June 2024
	Relative Total Return FTSE/JSE SA REIT Index[3] (percentile)	30%	40th percentile (FSPs awarded in 2021 will be at the 50th percentile)	60th percentile	75th percentile	18 June 2024
	Relative Total Shareholder Return (TSR)[2] FTSE/JSE SA REIT Index[3] (percentile)	30%	40th percentile (FSPs awarded in 2021 will be at the 50th percentile)	60th percentile	75th percentile	18 June 2024
Non-financial (10% weighting)	Average Personal Score over 3-year vesting period	10%	3	3.5	4	18 June 2024
Total		**100%**				

1 TR= ((closing tangible net asset value per share (TNAVPS) – opening TNAVPS) + DPS for the period/opening TNAVPS
2 TSR = ((closing 90-day VWAP – opening 90-day VWAP) + DPS for the period) / opening 90-day VWAP
3 The FTSE/JSE SA REIT Index will be adjusted to exclude property entities with a majority of foreign holdings and investments
4 The risk-free rate = annual average 10-year bond yield

Performance period	The Performance Conditions are measured over three years, commensurate with the financial years of the Group.
Group and individual limits	The overall limit for the FSPs is 3% of the issued shares. The maximum number of shares that may be allocated to an individual may not exceed 0.50% of the number of issued shares.

REMUNERATION REPORT CONTINUED

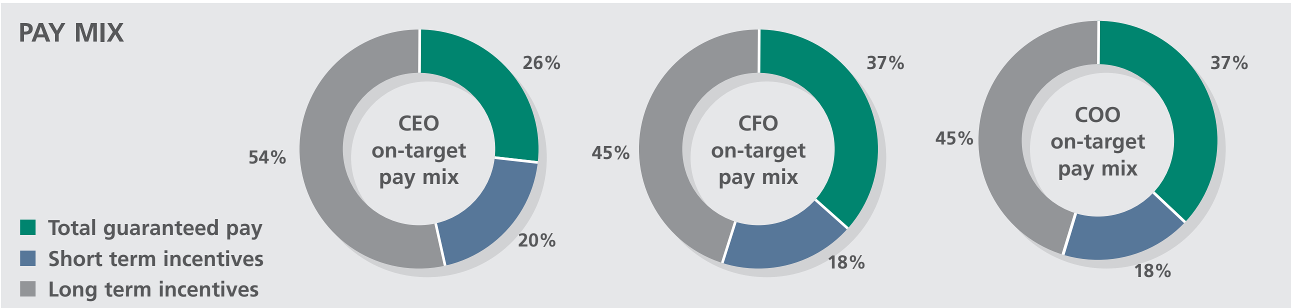
CO-INVESTMENT PLAN (CIPs)

On 23 April 2020, a decision was taken to discontinue all CIPs. CIPs awarded to Mr TR Mackey have vested. Ms AM Basson was the last beneficiary and with her resignation CIPs are no longer part of the LTIs.

A full version of the rules of the FSP is available in the remuneration policy on the Group's website.

SENIOR EXECUTIVE REMUNERATION SCENARIOS

Remuneration should be delivered in the form of an appropriate pay mix between fixed and variable pay, both short and long term, taking into consideration the Group's risk appetite. The lower fixed pay portion and higher variable pay portion of the on-target pay mix for the CEO, CFO and COO reward for performance is in line with good practice and local and global trends in remuneration.



Based on the formulas and caps of the respective elements of remuneration, the potential pay mix of senior executives and prescribed officers under a threshold, on-target and stretch conditions, are depicted on page 103.

EXECUTIVE EMPLOYMENT CONTRACTS

In general, the executives have permanent contracts with a three-month notice period that do not provide for balloon payments on termination. Executive contracts do not contain any restraint of trade clauses applicable on termination.

MINIMUM SHAREHOLDING REQUIREMENTS ("MSR") BY SENIOR EXECUTIVES

SAC believes that senior executives should be encouraged to build up a shareholding in the Group, to align the interests of senior executives to that of the shareholders. Accordingly, a minimum shareholding condition has been implemented by the Group at levels that are appropriate for each senior executive. The senior executives are required to build up a personal shareholding in the Company over five years from vested FSPs to the extent that this can be achieved from the holding of at least 50% of post-tax vested FSP awards.

TARGETED MINIMUM SHAREHOLDINGS	
CEO – 200% of TGP	CFO – 150% of TGP
COO - 150% of TGP	

The target will be measured at the end of the 2024 financial year for the incumbents and at the first financial year-end following five years after the appointment for senior executives appointed in the future.

MALUS AND CLAWBACK

All variable awards from the 2021 financial year will be subject to the Group Malus and Clawback policy.

APPLICATION

All employees receiving incentives will be subject to the malus provisions and all executive directors, prescribed officers and senior management will be subject to the clawback provisions contained in the remuneration policy.

MALUS

On or before the vesting date of a variable remuneration award, the Committee may in its judgement reduce the quantum of an award in whole or in part after an actual risk event occurs.

Trigger events

The Committee may exercise its discretion to determine that an award is subject to reduction or forfeiture (in whole or part) as a result of events such as:

- Financial statements having been materially restated;
- A material downturn in financial performance;
- Inaccurate or misleading information used / misrepresentation
- Reputational harm caused / misconduct / material error;
- A material failure of risk management / negligence, incompetence or poor performance.

CLAWBACK

The Committee may apply clawback and take steps to recover all, or part of awards that have vested in a participant as a consequence of a trigger event which, in the judgement of the Committee, arose during the clawback period. The clawback period will run for three years from the vesting date of the awards.

Trigger events

The Committee will consider applying clawback in the following circumstances:

- Misstatement resulting in an adjustment to the Company or Group's audited accounts;
- Events that have led to the censure by a regulatory authority or caused reputational damage;
- Gross misconduct;
- Award was based on erroneous, inaccurate or misleading information.

More information on the Company's Malus and Clawback policy is available in the remuneration policy.

REMUNERATION POLICY IMPLEMENTATION REPORT

EMPLOYEE REMUNERATION

Total compensation paid to employees

(R'000)	2021	2020
Total compensation paid	87 758	65 363
Number of employees	213	201

Short-term incentives paid to employees

(R'000)	2021	2020
Total bonuses paid	9 050	–#
Average bonus per employee	46	–#

While incentive thresholds were met, to ensure that management's interests were aligned with those of the shareholders, the Board elected not to pay STIs during a period significantly impacted by the Covid-19 pandemic.

REMUNERATION REPORT CONTINUED

DIRECTORS' REMUNERATION

SENIOR EXECUTIVES' REMUNERATION PAID - 2021

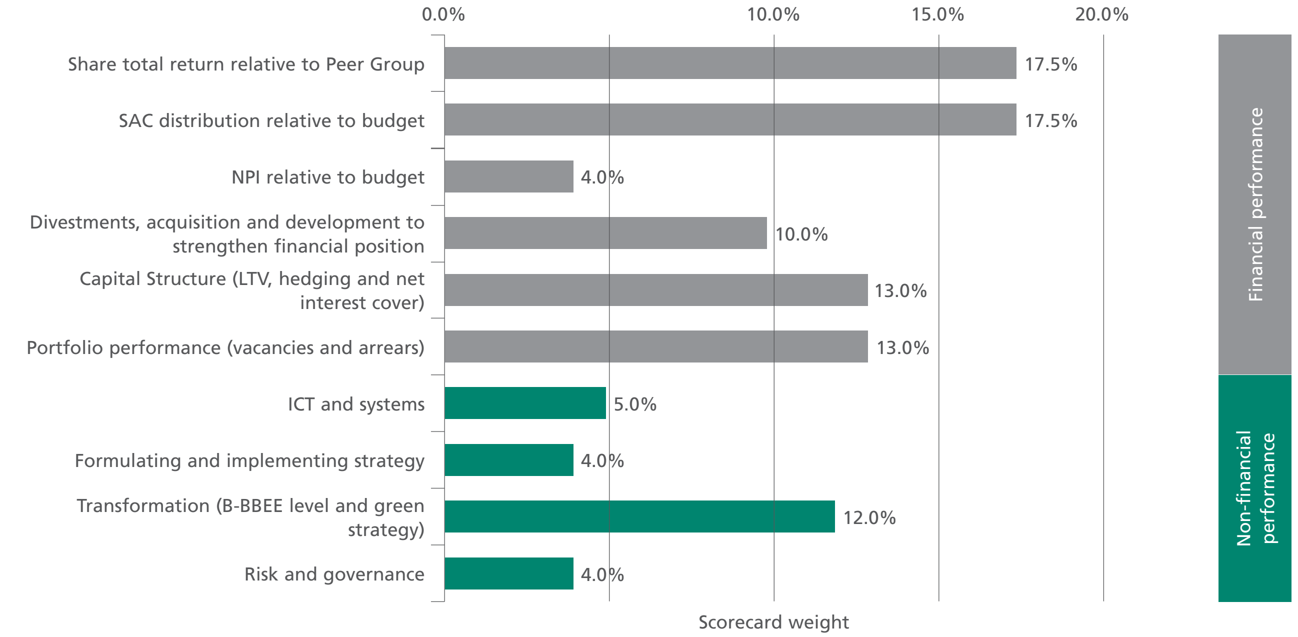
R'000	CEO	CFO [1]	COO [2]
Total Guaranteed Pay (TGP)	3 169	2 364	2 890
Short-term incentive (STI)	1 882	936	329
Long-term incentive LTI (FSP)	751	435	–
Long-term incentive LTI (CIPS)	–	95	–
Other (leave encashment)	61	428	313
Total	**5 863**	**4 258**	**3 532**

[1] Resigned 31 December 2021

[2] Resigned 30 November 2021

SHORT-TERM INCENTIVE PERFORMANCE MEASURES IN 2021

Business modifier - Company financial performance



Personal modifier - individual performance is measured based on individual scorecards

Please refer to page 109 for the CEO and CFO scorecards.

SHORT-TERM INCENTIVE 2021 AWARDS *(in respect of 2020 financial results)*

	TGP (R'000)	Personal modifier (%)	Business modifier (%)	STI (R'000)
CEO	3 169	93	88	1 882
CFO	2 364	93	88	936
COO [1]	2 890	88	88	329
TOTAL	**8 423**			**3 147**

[1] Appointed 21 September 2020

LONG-TERM INCENTIVE 2021 AWARDS

	% of annual TGP allocation per participant	Number of shares for target performance [1]	Number of shares for stretch performance [1]
CEO	125%	1 815 770	3 026 283
CFO	75%	812 469	1 354 115
TOTAL		**2 628 239**	**4 380 398**

[1] Allocated using the 30-day VWAP share price on the grant date

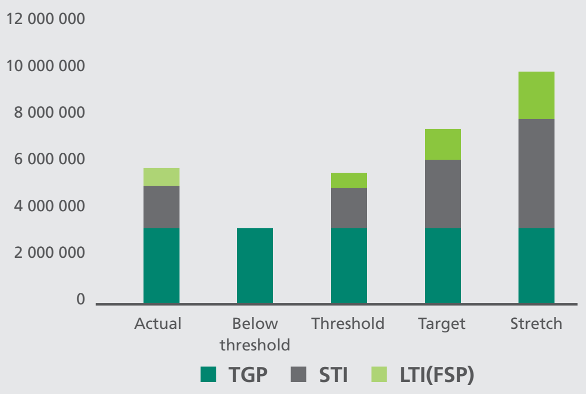
LONG-TERM INCENTIVE VESTING PERFORMANCE MEASURES – FSP AWARDED IN 2018 AND VESTED IN 2021

	Growth in distribution (%)	Share price growth relative to the SAPY Index (%)	Personal modifier (%) 3-year average	LTI Vesting %	LTI vested (R'000)
	Weighting	Weighting	Weighting		
CEO	50	30	20	36	751
CFO	50	30	20	36	435

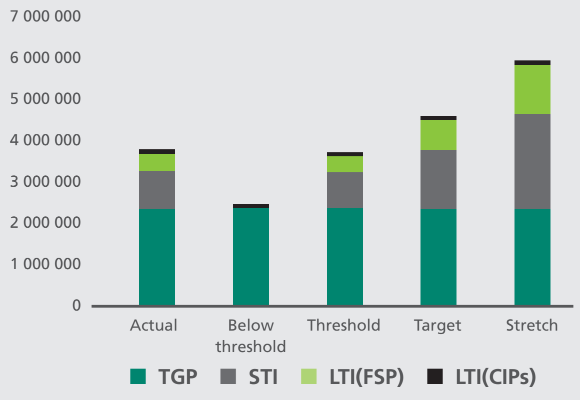
REMUNERATION REPORT CONTINUED

ACTUAL REMUNERATION RELATIVE TO TARGETS

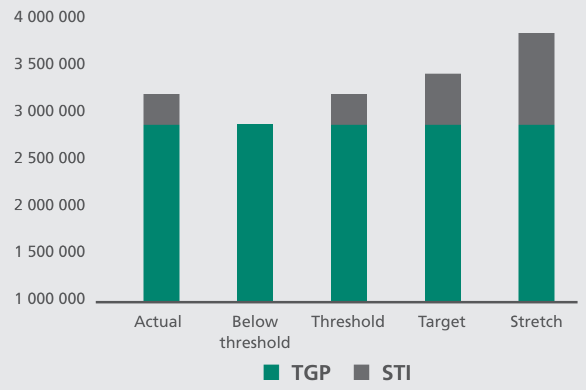
CEO 2021 REMUNERATION SCENARIOS (R)



CFO 2021 REMUNERATION SCENARIOS (R)



COO 2021 REMUNERATION SCENARIOS (R)



DIRECTORS' REMUNERATION

SENIOR EXECUTIVES

PERSONAL PERFORMANCE SCORECARD

CEO

KPI	Weighting	Threshold	Target	Maximum	Actual Performance
Financial Measures 60%					
SAC Total return against Peer Group	15.0%	Median in Peer Group[1]	63rd percentile	75th percentile	63%
Distribution comparison to approved budget (cps)	11.0%	2% lower than budget	Budgeted Distribution	2% higher than budget	> 2% below budget
Growth in NAV (cps)	4.0%	Median in Peer Group	63rd percentile	75th percentile	Median in peer group
NPI relative to budget	4.0%	< = 2% below budget	Equal budget	> = 2% above budget	5% below budget
Divestments	4.0%	R250 million cash flow by December 2021	As per budget and cash flow by December 2021	R250 million or more in addition to budgeted cash flow by December 2021	>R250 million in excess of budgeted cash flow
Quantum of accretion achieved on acquisitions and developments	4.0%	No dilution below budget	No dilution >= budget	>= 1% accretive	>2% accretion on 2021 completed developments
Gearing (LTV) vs Optimal and ICR	4.0%	Greater than 37% and all bank LTV covenants met	Equal to 37%	Less than 37%	37.4%
Equity or debt raised	2.0%	Debt maturing or equity raised at increased rates relative to the market	Debt maturing or equity raised at market related rates	Debt maturing or equity raised at improved rates relative to the market	Refinanced R500m (December 2021 maturity date) at improved rates as well as extended R2.4bn 2022 facilities to 2023 at same margins (which are considered favourable rates relative to market)
Vacancy by GLA - SAC Traditional portfolio	5.0%	Equal to Peer Group	12.5% lower than Peer Group	25% lower than Peer Group	62% lower than peer group
Vacancy by units & GLA - Afhco portfolio (annual average unit vacancy for the year)	2.0%	Vacancy % equal to previous year	12.5% lower than previous year	25% lower than previous year	13% lower than previous year
Against Arrears as a % of 12 months Income (SAC Traditional Portfolio)	4.0%	Arrears % equal to previous year	12.5% lower than previous year	25% lower than previous year	31% lower than previous year
Against Arrears as a % of 12 months Income (Afhco Portfolio)	1.0%	Arrears % equal to previous year	12.5% lower than previous year	25% lower than previous year	31% lower than previous year
Non-financial measures 15%					
Additional distribution from growth strategy	9.0%	Strategy implementation which will achieve budgeted distribution growth in future years	1% additional distribution growth from strategy implementation	2% additional distribution growth from strategy implementation	2.3% additional distribution growth from strategy implementation - Convenience retail and quality residential portfolio
SAC B-BBEE Level	4.0%	N/A	Level 4	Level 3	Level 3
Roll-out & implement the energy saving project plan	2.0%	Savings 10% less than target	Targeted Savings achieved	Savings 10% greater than target	0.6% above target
Leadership 25%					
Leadership and soft skills development (5 point scale) - Team Review	12.5%	360 degree feedback score = 1	360 degree feedback score = 3	360 degree feedback score = 5	360 degree feedback score = 4
Leadership and soft skills development (5 point scale) - Board Review	12.5%	360 degree feedback score = 1	360 degree feedback score = 3	360 degree feedback score = 5	360 degree feedback score = 4.3
Total	**100.0%**				

[1] Peer Group as defined per the glossary of terms on page 123

As a result of the outcome of the scorecard, the overall personal multiplier for STI awards for 2021 was 1.09.

REMUNERATION REPORT CONTINUED

DIRECTORS' REMUNERATION

SENIOR EXECUTIVES

PERSONAL PERFORMANCE SCORECARD
CFO

KPI	Weighting	Threshold	Target	Maximum	Actual Performance
Financial Measures 53%					
SAC Total return against Peer Group	7.5%	Median in Peer Group	63rd percentile	75th percentile	63%
Distribution comparison to approved budget (cps)	7.5%	2% lower than budget	Budgeted Distribution	2% higher than budget	> 2% below budget
Comparison to standing portfolio growth	5.0%	< = 2% below budget	Equal budget	> = 2% above budget	5% below budget
Divestments	1.0%	R250 million cash flow by December 2021	As per budget and cash flow by December 2021	R250 million or more in addition to budgeted cash flow by December 2021	>R250 million in excess of budgeted cash flow
Quantum of accretion achieved on acquisitions and developments	1.0%	No dilution below budget	No dilution >= budget	>= 1% accretive	>2% accretion on 2021 completed developments
Budgeting, forecasting, financial modelling and capital structure plan	10.0%	Capital requirements met efficiently and market guidance within 3% accuracy	Capital requirements met efficiently and market guidance within 2% accuracy	Capital requirements met efficiently and guidance within 1% accuracy	Capital requirements met but no guidance given to market
Gearing (LTV) vs Optimal	5.0%	Greater than 37% and all bank LTV covenants met	Equal to 37%	Less than 37%	37.4%
Hedging Level compared to Policy	5.0%	Below 70% and above 60%	70%	>70% @ best pricing	77.8%
Hedging Tenor	5.0%	Greater than or equal to 2 years	Equal to 3 years @ best pricing	Greater than 3 years @ best pricing	2.1 years
Net Interest Cover	3.0%	2 times cover and all bank ICR covenants met	3 times cover	> 3 times cover	2.4 times cover
Equity or debt raised	3.0%	Debt maturing or equity raised at increased rates relative to the market	Debt maturing or equity raised at market related rates	Debt maturing or equity raised at improved rates relative to the market	Refinanced R500 million (December 2021 maturity date) at improved rates, as well as extended R2.4bn 2022 facilities to 2023 at same margins (which are considered favourable rates relative to market)
Non financial measures 13%					
SAC B-BBEE Level	3.0%	N/A	Level 4	Level 3	Level 3
Roll-out and implement the energy savings project plan	2.0%	Savings 10% less than target	Targeted Savings achieved	Savings 10% greater than target	0.6% above target
Business Continuity Processes and Plans	2.0%	Plan Implemented May 2021	Plan Implemented and successfully tested by April 2021	Plan Implemented and successfully tested by March 2021	Plan Implemented and successfully tested by April 2021
Automation of Forecasting Model	2.0%	Plan partially implemented	Plan Implemented by Q3 2021	Plan Implemented by Q2 2021	Not achieved
Additional distribution from growth strategy	4.0%	Strategy implementation which will achieve budgeted distribution growth in future years	1% additional distribution growth from strategy implementation	2% additional distribution growth from strategy implementation	2.3% additional distribution growth from strategy implementation - Convenience retail and quality residential portfolio

DIRECTORS' REMUNERATION

SENIOR EXECUTIVES

PERSONAL PERFORMANCE SCORECARD
CFO continued

KPI	Weighting	Threshold	Target	Maximum	Actual Performance
Risk and Governance 20%					
Audit, Accounting and Tax Compliance Review	5.0%	No material audit qualification	Insignificant audit findings and risk mitigation in place	No material audit findings issued and risk mitigation in place	No material audit findings and risk mitigation in place and no non-compliance matters in the JSE regulatory compliance report
Supervise half year and final results, AFS and IAR (ManCo and Fund) - External Reporting	5.0%	Late and/or incorrect	On time and correct	High Quality	On time and correct
Supervise half year and final results and annual report (ManCo and Fund) - Internal Reporting	3.0%	Late and/or incorrect	On time and correct	High Quality	On time and correct
Ability and readiness of new acquisitions	2.5%	No understanding and inability to consolidate	Structure understood and Consolidated	Structure understood and Consolidated and Embedded	Additional 10% acquired in Afhco JCO Holdings (Pty) Ltd, in respect of The Falls, successfully integrated
Monitor Debt Covenant Compliance	2.0%	Non Compliance	100% Compliance	Less burdensome covenants	100% compliance / Relaxation of covenants negotiated in time / Covenants which were relaxed - Original covenant not breached from June 2021 / Negotiated permanent reduction of Corporate LTV from 45% to 50%
Compliance of statutory investments and legislative requirements	2.5%	Minor non compliance	Substantially compliant	100% compliant	100% compliant
Leadership 14%					
Leadership and soft skills development (5 point scale) - Team Review	7.0%	360 degree feedback score = 1	360 degree feedback score = 3	360 degree feedback score = 5	360 degree feedback score = 4
Leadership and soft skills development (5 point scale) - Board Review	7.0%	360 degree feedback score = 1	360 degree feedback score = 3	360 degree feedback score = 5	360 degree feedback score = 3.8
Total	**100.0%**				

[1] Peer Group as defined per the glossary of terms on page 123

As a result of the outcome of the scorecard, the overall personal multiplier for STI awards for 2021 was 1.01.

REMUNERATION REPORT CONTINUED

SENIOR EXECUTIVES' COMPENSATION RATIO

	2021	2020
Weighted average TGP paid to executive directors relative to average TGP paid to employees	9.6	10.5

SHARE-BASED PAYMENTS

The table below depicts the movements in share-based payments, in respect of the number of shares granted, vested and forfeited in the respective share schemes during the year.

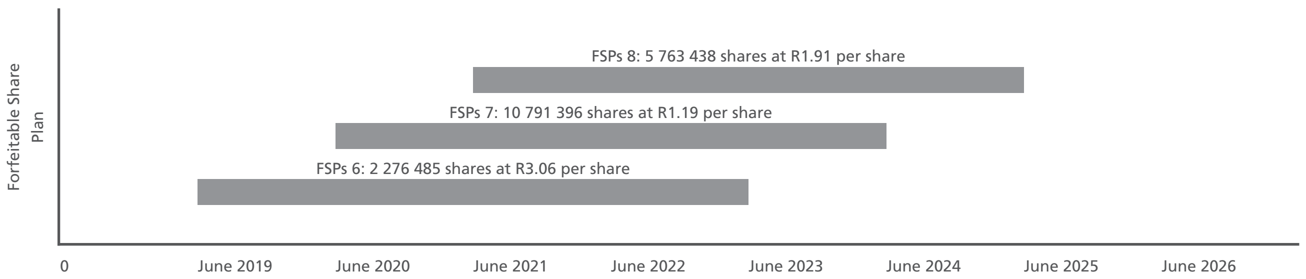
	FSPs	CIPs
Movements in shares during the year		
2021		
Balance at beginning of the year	**19 434 422**	**347 832**
Granted during the year	**9 355 050**	**–**
Forfeited during the year	(9 266 320)	(303 567)
Vested during the year	(691 833)	(44 265)
Balance at end of year	**18 831 319**	**–**

VALUATION OF OUTSTANDING GRANTED SHARES AT 31 DECEMBER 2021

	Shares	Valuation price per share R	Fair value [1] R'000	Year-end valuation based on time elapsed R'000
Revaluation of shares 2021				
FSPs	18 813 319	1.57	14 409	6 662
Total	**18 813 319**		**14 409**	**6 662**
Revaluation of shares 2020				
FSPs	19 434 422	1.47	28 610	6 722
CIPs	347 832	2.86	995	555
Total	**19 782 254**		**29 605**	**7 277**

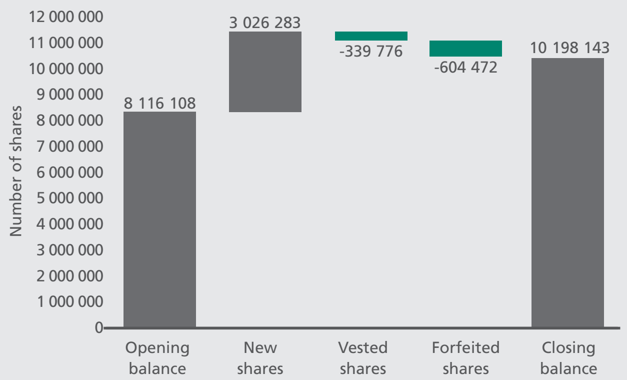
[1] The fair value is based on the probability of vesting

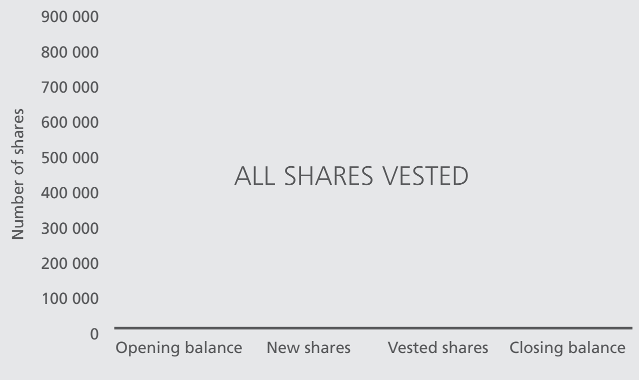
OUTSTANDING SHARE GRANTS AS AT 31 DECEMBER 2021



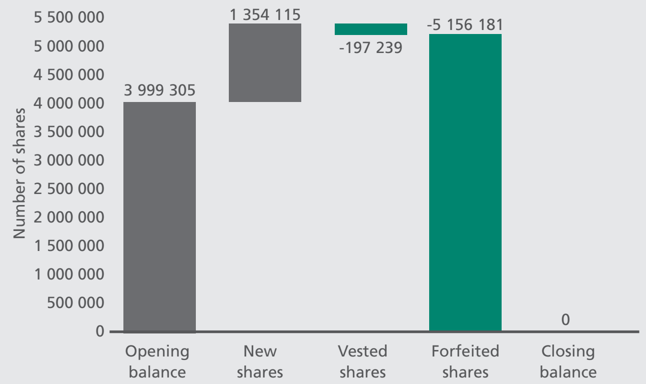
SENIOR EXECUTIVES' SHARE GRANTS

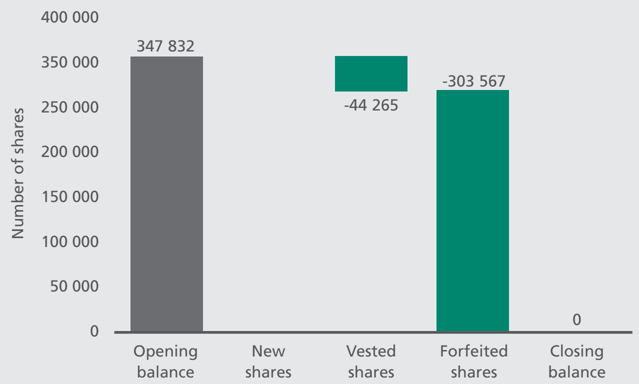
TR MACKEY





AM BASSON*





* Resigned on 31 December 2021

REMUNERATION REPORT CONTINUED

BUSINESS SCORECARD FOR THE 2021 YEAR

The business scorecards setting out the targeted KPIs and the Group's performance against these targets are set out below:

KPI	Weighting	Threshold	Target	Maximum	Actual Performance
Financial measures 75%					
SAC Total return against Peer Group	17.5%	Median in Peer Group	63rd percentile	75th percentile	63%
Distribution comparison to approved budget (cps)	17.5%	2% lower than budget	Budgeted Distribution	2% higher than budget	> 2% lower than budget
NPI relative to budget	4.0%	< = 2% below budget	Equal budget	> = 2% above budget	> 2% lower than budget
Divestments	5.0%	R250 million cash flow by December 2021	As per budget and cash flow by December 2021	R250 million or more in addition to budgeted cash flow by December 2021	>R250 million in excess of budgeted cash flow
Quantum of accretion achieved on acquisitions and developments	5.0%	No dilution below budget	No dilution >= budget	>= 1% accretive	>2% accretion on 2021 completed developments
Gearing (LTV) vs Optimal (Net Debt LTV excl guarantees and MTM)	4.0%	Greater than 37% and all bank LTV covenants met	Equal to 37%	Less than 37%	37.4%
Hedging Level compared to Policy	3.0%	Below 70% and above 60%	70%	>70% @ best pricing	77.8%
Net Interest Cover	3.0%	2 times cover and all bank ICR covenants met	3 times cover	> 3 times cover	>2 times cover and all bank ICR covenants met
Hedging Tenor	3.0%	Greater than or equal to 2 years	Equal to 3 years @ best pricing	Greater than 3 years @ best pricing	Greater than or equal to 2 years
Vacancies by GLA - SAC Traditional portfolio	6.0%	Equal to Peer Group	12.5% lower than Peer Group	25% lower than Peer Group	>25% lower than Peer Group
Vacancies by units & GLA - Afhco portfolio (annual average unit vacancy for the year)	2.0%	Vacancy % equal to previous year	12.5% lower than previous year	25% lower than previous year	>13% lower than previous year
Against Arrears as a % of 12 months Income (SAC Traditional Portfolio)	4.0%	Arrears % equal to previous year	12.5% lower than previous year	25% lower than previous year	>25% lower than previous year
Against Arrears as a % of 12 months Income (Afhco Portfolio)	1.0%	Arrears % equal to previous year	12.5% lower than previous year	25% lower than previous year	>25% lower than previous year
Non-financial measures 25%					
Business Continuity Processes and Plans	2.5%	Plan Implemented May 2021	Plan Implemented and successfully tested by April 2021	Plan Implemented and successfully tested by March 2021	Plan Implemented and successfully tested by April 2021
Automation of Forecasting Model	2.5%	Plan partially implemented	Plan Implemented by Q3 2021	Plan Implemented by Q2 2021	Not achieved
Additional distribution from growth strategy	4.0%	Strategy implementation which will achieve budgeted distribution growth in future years	1% additional distribution growth from strategy implementation	2% additional distribution growth from strategy implementation	>2% additional distribution growth from strategy implementation
SAC B-BBEE Level	10.0%	N/A	Level 4	Level 3	Level 3
Roll-out and implement the energy savings project plan approved by SEEC	2.0%	Savings 10% less than target	Targeted Savings achieved	Savings 10% greater than target	0.6% above target
Audit and Compliance Review	4.0%	No material audit qualification	Insignificant audit findings and risk mitigation in place	No material audit findings issued and risk mitigation in place	No material audit findings issued and risk mitigation in place
Total	**100.0%**				

BUSINESS SCORECARD FOR THE 2022 YEAR

KPI	Weighting	Threshold	Target	Maximum
Financial measures 75%				
SAC Total return against Peer Group	20.0%	Median in Peer Group	63rd percentile	75th percentile
Distribution comparison to approved budget (cps)	15.0%	2% lower than budget	Budgeted Distribution	2% higher than budget
NPI relative to budget	4.0%	< = 2% below budget	Equal budget	> = 2% above budget
Divestments fulfilling the investment strategy	7.5%	Execute all contracted divestments excluding First Mile more than 2% below book value at contract date	Execute all contracted divestments including First Mile within 2% above or below book value at contract date	Execute all contracted divestments plus further strategic portfolio refinement in excess of 2% above contracted book value
Quantum of accretion achieved on acquisitions and developments	2.5%	No dilution below budget	No dilution >= budget	>= 1% accretive
Gearing (LTV) vs Optimal (Net Debt LTV excl. guarantees and MTM)	4.0%	Greater than 37% and all bank LTV covenants met	Equal to 37%	Less than 37%
Hedging Level compared to Policy	3.0%	Below 70% and above 65%	70%	>70% @ best pricing
Net Interest Cover	3.0%	2 times cover and all bank ICR covenants met	3 times cover	> 3 times cover
Hedging Tenor	3.0%	Greater than or equal to 2 years	Equal to 3 years @ best pricing	Greater than 3 years @ best pricing
Vacancies by GLA - SAC Traditional portfolio	6.0%	Equal to Peer Group	12.5% lower than Peer Group	25% lower than Peer Group
Vacancies by units & GLA - Afhco portfolio (annual average unit vacancy for the year)	2.0%	Vacancy % equal to previous year	12.5% lower than previous year	25% lower than previous year
Against Arrears as a % of 12 months Income (SAC Traditional Portfolio)	4.0%	Arrears % equal to previous year	12.5% lower than previous year	25% lower than previous year
Against Arrears as a % of 12 months Income (Afhco Portfolio)	1.0%	Arrears % equal to previous year	12.5% lower than previous year	25% lower than previous year
Non financial measures 25%				
Improvement of Budgeting and Forecasting systems and automation of Forecasting Model	5.0%	Plan Implemented by Q4 2022	Plan Implemented by Q3 2022	Plan Implemented by Q2 2022
Additional distribution from growth strategy	10.0%	Strategy implementation which will achieve budgeted distribution growth in future years	1% additional distribution growth from strategy implementation	2% additional distribution growth from strategy implementation
SAC B-BBEE Level	4.0%	N/A	Level 3	Level 2
Roll-out and implement the energy savings project plan approved by SEEC	2.0%	Savings 10% less than target	Targeted Savings achieved	Savings 10% greater than target
Audit and Compliance Review	4.0%	No material audit qualification	No material audit findings issued and risk mitigation in place	Insignificant audit findings and risk mitigation in place
Total	**100.0%**			

REMUNERATION REPORT CONTINUED

NON-EXECUTIVE DIRECTORS' FEES

Non-executive directors' fees comprise a combination of an annual retainer fee, in recognition of their ongoing fiduciary duties and responsibilities, and an attendance fee per meeting. Directors who serve on Committees are paid attendance fees at approved rates. In addition, for unscheduled meetings, directors are paid at a rate of R3 000 per hour, which payment is capped at one-third of their respective annual fees.

	2021 Actual	2020 Actual
Non-executive Directors:		
RJ Biesman-Simons	**603**	858
N Ford-Hoon(Fok)	**664**	713
EM Hendricks	**470**	522
GJ Heron	**606**	563
MA Moloto	**847**	842
OR Mosetlhi	**644**	556
SS Mafoyane [1]	**413**	–
A van Heerden [2]	**434**	738
Total	**4 681**	5 285

[1] Appointed 11 February 2021
[2] Resigned 23 August 2021

PROPOSED NON-EXECUTIVE DIRECTORS' FEES FOR 2022

The proposed non-executive directors' (NEDs) fees for 2022 comprise a 6% (six percent) increase in fees for Board Committee members and increases in fees for the Chairman and Board members that are aligned to Company's peers and take into account the non-adjustment of fees since 2019. However overall, the NEDs fees proposed for 2022 represents a decrease compared to the NEDs fees approved at the Company's annual general meeting held in 2021. This decrease is mainly attributable to a reduction in the number of NEDs, and a restructuring of the Board's Committees resulting in a reduced number of committees.

	Annual Retainer Fee 2022	Fee per meeting 2022
Board		
Chairman[1]	562 000	–
LID[2]	174 250	29 866
Members	141 565	29 866
Audit and Risk Committee[#]		
Chairman	85 478	28 493
Members	49 889	16 629
Investment Committee		
Chairman	85 606	14 268
Members	57 049	9 508
Nomination Committee		
Chairman	35 510	17 755
Members	20 363	10 181
Risk and Compliance Committee[#]		
Chairman	–	–
Members	–	–
Remuneration Committee		
Chairman	42 813	21 407
Members	19 546	9 773
Social, Ethics and Environmental Committee		
Chairman	35 775	11 925
Members	28 461	9 487
Conference and strategy sessions flat fee (Each of a 2-day Board Strategy session; 1-day Board Risk Workshop)	–	10 600
Ad hoc (special/unscheduled) meetings per hour (capped at one-third of the specific meeting fee and an annual cap equal to one-third of the total annual fees for that Committee or the Board, as the case may be)	–	3 200

[1] The overall annual fee paid to the Chairman of the Board has historically been much lower than the peer group and the sector. The introduction of an annual fee, and removal of a fee per meeting, aims to align the Chairman's remuneration with peer group practices, and to support remuneration on a basis reflective of the role and responsibility of the Chairman, which extends beyond the preparation for and attendance at meetings.

[2] Similarly, the introduction of a fee for the LID is aligned to peer group practices, and to support remuneration on a basis reflective of the role and responsibility of the LID, which extends beyond the preparation for and attendance at meetings.

[#] The Risk and Compliance Committee was dissolved by the Board on 14 September 2021, and its mandate has been assigned to the Audit Committee, now known as the Audit and Risk Committee.

* The proposed fees exclude value added tax ("VAT"). VAT is paid to directors, in addition to their approved directors' fees, if they are registered vendors and provide SA Corporate with tax invoices for the output tax.

Stuttafords House, Johannesburg

04 SHAREHOLDER INFORMATION

East Point Shopping Centre, Boksburg

ANALYSIS OF ORDINARY SHAREHOLDERS

as at 31 December 2021

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder spread				
1 – 1 000	2 442	41.42%	426 515	0.02%
1 001 – 10 000	1 313	22.27%	6 020 448	0.24%
10 001 – 100 000	1 466	24.87%	51 306 174	2.04%
100 001 – 1 000 000	435	7.38%	151 073 748	6.01%
Over 1 000 000	239	4.05%	2 305 905 210	91.70%
Total	**5 895**	**100.00%**	**2 514 732 095**	**100.00%**

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Distribution of shareholders				
Assurance companies	34	0.58%	96 298 671	3.83%
Close corporations	41	0.70%	5 472 032	0.22%
Collective investment schemes	266	4.51%	1 226 799 617	48.78%
Custodians	20	0.34%	6 434 293	0.26%
Foundations and charitable funds	51	0.87%	20 883 176	0.83%
Hedge funds	1	0.02%	18 384 254	0.73%
Insurance companies	5	0.08%	12 670 358	0.50%
Investment partnerships	19	0.32%	2 112 607	0.08%
Managed funds	18	0.31%	7 431 461	0.30%
Medical aid funds	15	0.259%	24 207 948	0.96%
Organs of state	6	0.10%	497 508 720	19.78%
Private companies	103	1.75%	23 113 952	0.92%
Public companies	6	0.10%	20 023 563	0.80%
Public entities	2	0.03%	1 260 406	0.05%
Retail shareholders	4 672	79.25%	64 629 252	2.57%
Retirement benefit funds	215	3.65%	372 258 454	14.80%
Scrip lending	9	0.15%	26 395 269	1.05%
Share schemes	1	0.02%	27 303 147	1.09%
Stockbrokers and nominees	17	0.29%	18 626 683	0.74%
Trusts	390	6.62%	41 257 054	1.64%
Unclaimed scrip	2	0.03%	117 056	0.00%
Total shareholders	**5 895**	**100.00%**	**2 514 732 095**	**100.00%**

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-public shareholders				
Directors and Associates of the Company				
Direct holding	4	0.07%	4 004 039	0.16%
Indirect holding	2	0.03%	9 749 550	0.39%
Share Schemes				
SAC Real Estate Fund Managers	1	0.02%	27 303 147	1.09%
Holders holding more than 10%				
Government Employees Pension Fund	1	0.02%	402 982 856	16.02%
Total non-public shareholders	**8**	**0.14%**	**444 039 592**	**17.66%**

	Number of shares	% of issued capital
Fund Managers with a holding greater than 3% of the issued shares		
Public Investment Corporation	449 859 900	17.89%
M & G Investments	380 565 371	15.13%
Old Mutual Investment Group	199 647 606	7.94%
Ninety One	198 161 842	7.88%
Catalyst Fund Managers	168 286 875	6.69%
Meago Asset Management	144 666 397	5.75%
Sesfikile Caital	114 215 811	4.54%
Vanguard Investment Management	97 631 302	3.88%
Allan Gray	81 848 261	3.25%
Total	**1 834 883 365**	**72.97%**
Beneficial shareholders with a holding greater than 3% of the issued shares		
Government Employees Pension Fund	450 631 676	17.92%
Old Mutual Group	322 230 640	12.81%
M & G Investments	19 651 968	5.95%
Ninety One	142 918 872	5.68%
Eskom Pension & Provident Fund	129 905 826	5.17%
Vanguard Investment Management	97 631 302	3.88%
MMI	83 263 212	3.31%
Sanlam Group	81 525 643	3.24%
Total	**1 457 759 139**	**57.97%**

SHARE PRICE PERFORMANCE

Opening Price 4 January 2021	**R1.72**
Closing Price 31 December 2021	**R2.35**
Closing High for period	**R2.36**
Closing low for period	**R1.58**
Number of shares in issue	**2 514 732 095**
Volume traded during period	**1 011 286 815**
Ratio of volume traded to shares issued (%)	**40.21**
Rand value traded during the period	**R2 060 124 504**
Price/earnings ratio as at 31 December 2021 (times)	**6.12**
Earnings yield as at 31 December 2021 (%)	**16.34**
Dividend yield as at 31 December 2021 (%)	**12.00**
Market capitalisation at 31 December 2021	**R5 909 620 423**

GLOSSARY

Afhco/Afhco Group	Afhco Holdings (Pty) Ltd and its subsidiaries acquired by SAC on 1 July 2014.
Antecedent distribution	When shares are issued part way through a distribution period, those shares are entitled to the full distribution on the payment date. In order not to dilute existing shareholders' distributions, new shares issued during a period are therefore required to contribute a pro-rata amount towards the upcoming distribution, which they effectively receive back on payment of the distribution.
B-BBEE	Broad-Based Black Economic Empowerment Act, No. 53 of 2003, as amended by Act No. 46 of 2013. (BEE Black economic empowerment).
Bps	Basis points expressed as a hundredth of a percentage.
Broll	Broll Property Group (Pty) Ltd, SAC's property manager for its Traditional Portfolio.
CAGR	Compound annual growth rate.
Capital return	Movement in the share price expressed as a percentage of the opening share price.
Capitalisation ("cap") rates	The interest rate or yield at which the annual net income from an investment is capitalised to ascertain its capital value at a given date.
CISP	Collective Investment Scheme in Property.
Closed period	A closed period is defined in the JSE Listings Requirements as: • the date from the financial year-end up to the date of the earliest publication of the preliminary report abridged report or provisional report; • the date from the expiration of the first six-month period of a financial year up to the date of publication of the interim results; • the date from the expiration of the second six-month period of the financial year up to the date of publication of the second interim results, in cases where the financial period covers more than 12 months; and • any period when an issuer, or any listed major subsidiary thereof, or any of their listed securities, are either dealing with or executing actions, which in terms of the JSE Listings Requirements are price sensitive.
Corporate REIT	A Real Estate Investment Trust ("REIT") is a company with shares listed on the JSE, and in the case of conversion means the company that acquired the assets and liabilities of the CISP.
cps	Cents per share.
Discount rates	A rate of return used to convert a monetary sum, payable or receivable in the future, into a present value.
Distributable earnings	Net income that arises from the core business of the Group, i.e. net rental income after expenses, including net interest expenses, but excluding all items of a capital nature.
Distribution	The distributable income of the Group as distributed to shareholders. The Company does not pay any taxes on its distributions and shareholders receive pre-tax rentals, interest and dividends on a conduit principle. Distributions are paid six-monthly in April and October for the periods ending 31 December and 30 June respectively.
Exit yield	Income for the following 12 months divided by the sale price, expressed as a percentage.
GDP	Gross Domestic Product is the total value of goods and services produced over a specific period.
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.
IFRS	International Financial Reporting Standards.

Income (distribution) yield	Distributions for the previous 12 months divided by the opening share price for the year, expressed as a percentage.
Initial (forward) yield	Expected income for the following 12 months divided by a current value/price, expressed as a percentage.
Interest cover	Interest cover is calculated as the number of times that distributable earnings, before net interest and taxation, covers interest paid.
Internalisation	The economic internalisation of the Manco of the Fund resulted in Manco taking over the asset management function from Old Mutual Property.
JV	Joint venture in 50% of three Zambian property companies and 90% of the property company holding in The Lifestyle Estate.
Like-for-like portfolio	Properties in the portfolio that have been held for the full current year and the comparable 12 months in the prior year. Acquisitions, developments and disposals in either the current or prior year are excluded from the like-for-like portfolio.
LTV	Loan to value. Loan value expressed as a percentage of direct and indirect property investments (excluding straight-line rental adjustment).
Manco	SAC Real Estate Fund Managers (Pty) Ltd.
MSCI	An international investment research firm that provides as one of its products the listed SA property index, formerly known as the Investment Property Databank ("IPD"), used for benchmarking fundamental property performance.
Net asset value ("NAV")	The NAV of the Group, expressed in cents per share, is the net assets of the Company divided by the shares in issue at the end of the year.
Net cost to income ratio	Net property expense (property expense net of recovery) divided by revenue (excluding recoveries).
Net property expenses	Gross property expenses less recovery of property expenses.
Net property income ("NPI")	Rental income and recoveries less expense attributable to investment properties.
Non-controlling interest (NCI)	NCI is the portion of equity in a subsidiary not attributable to SAC, which has a controlling interest and consolidates the subsidiaries' financial results with its own.
Peer Group	The Peer Group comprises the following REITs: Arrowhead Properties, Vukile Property Fund, Emira Property Fund, Investec Property Fund, Fortress Reit
Premium/(discount) to net asset value	The difference between the price at which the shares are trading and the NAV, divided by the NAV. A discount means that the shares are trading at a price below the asset value and a premium that they are trading above the asset value.
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.
Remco	Remuneration Committee.
Reversion	The increase/decrease in future rental negotiated in terms of rental contract renewals.

GLOSSARY CONTINUED

SAPY/J253	JSE SA Property Index.
SEEC	Social, Ethics and Environmental Committee.
Straight-line rental adjustment	An accounting adjustment required in terms of IFRS to smooth fixed escalated rental income for the lease/debt. For example, if a lease is subject to an 8% annual escalation clause of five years, the cumulative accrued rental income over the five years is divided by five years to determine the annual straight-line amount. Distributable earnings are calculated by excluding the straight-line adjustment. Distributable earnings are calculated using the accrued rentals as opposed to a smoothed rental.
Tenant retention (renewal) rate %	The retention rate is calculated as the total square metres renewed expressed as a percentage of the total square metres expired during the same period.
Total returns	Total returns are calculated as the income yield plus the capital return, assuming that the distributions are reinvested into shares.
Vacancy as percentage of lettable space	Unoccupied space (excluding unoccupied space in development buildings) in square metres divided by total lettable space.
Vacancy as percentage of total income	Lost rental from unoccupied space (excluding unoccupied space in development buildings) divided by total rentals.
WACC	Weighted average cost of capital
WAR	Weighted average rate
WALE	Weighted average lease expiry.

ADMINISTRATION

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Incorporated in the Republic of South Africa
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Share Code: SAC ISIN Code: ZAE000203238
Approved as a REIT by the JSE

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EM Hendricks
GJ Heron
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* Executive

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