

SA CORPORATE
REAL ESTATE

INDUSTRIAL | RETAIL | RESIDENTIAL | REST OF AFRICA



2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ABOUT THIS REPORT

The Environmental, Social and Governance (“ESG”) report (“the report”, “ESG report”) forms part of the annual suite of reports for SA Corporate Real Estate Limited (“SAC” or “the Group”) and covers the year ended 31 December 2022. The ESG report is aimed at all stakeholders that have an interest in the activities of the Group, with an emphasis on investors, employees, debt providers, communities and tenants. The ESG report is intended to be read in conjunction with the 2022 Integrated Annual Report (“IAR”).

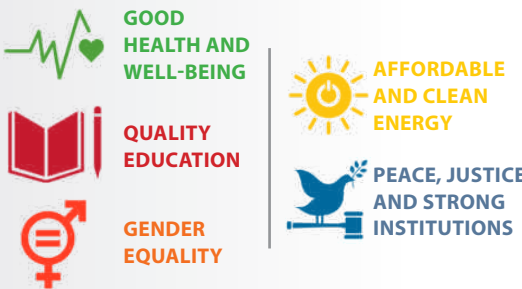
SCOPE OF THE ESG REPORT

The report covers all wholly-owned property investment subsidiaries, the SA Corporate Real Estate Fund Managers (Pty) Ltd, being the SAC Management Company (“Manco”), two co-owned properties, as well as the investment in three joint ventures (“JV” or “JVs”) in Zambia. The property management in respect of the Zambian JVs has been outsourced to our Zambian partners.

In terms of our carbon footprint reporting, a total of 147 properties are included in the assessment, which is done on the equity share approach. The operational boundaries include scope 1 direct emissions (mobile combustion, stationary combustion and refrigerant gases), scope 2 indirect emissions (SAC and Afhco common area electricity consumption) and scope 3 indirect emissions (tenants’ electricity and water consumption). Non-Kyoto gases have been calculated and are reported separately.

BASIS OF PREPARATION

Our Sustainable Development Goals (“SDGs”)



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

ASSURANCE

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

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

Key Activities	Company
External auditor for the Group Annual Financial Statements (“AFS”)	PricewaterhouseCoopers Inc. (“PwC”)
B-BBEE level verification	AQRate (Pty) Ltd
Carbon footprint assessment	Terra Firma Solutions
Traditional Portfolio property management	Broll Property Management (“Broll”)

ETHICAL CODE OF CONDUCT

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

MATERIAL MATTERS

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

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

- Macro-economic conditions** affect our vacancies, reversions and property values, among others. **IAR, page 16**
- Value extraction within our portfolio** is key to generating sustained shareholder returns. **IAR, pages 6 and 7**
- Talented and engaged people reflecting **gender equity and social diversity**, without whom we cannot operate. **IAR, page 27**
- Sustainable development** is essential to our role as a responsible corporate citizen. **IAR page 26 as well as this ESG Report**

FORWARD-LOOKING STATEMENTS

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

SA CORPORATE AT A GLANCE

SAC is a JSE-listed Real Estate Investment Trust (“REIT”) and, together with all its subsidiaries, owns a diversified portfolio of quality industrial, retail 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.

OUR VISION

Our vision is to produce sustainable distribution growth and long-term capital appreciation for investors, through investment in a well-diversified, defensive 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.

OUR VALUES

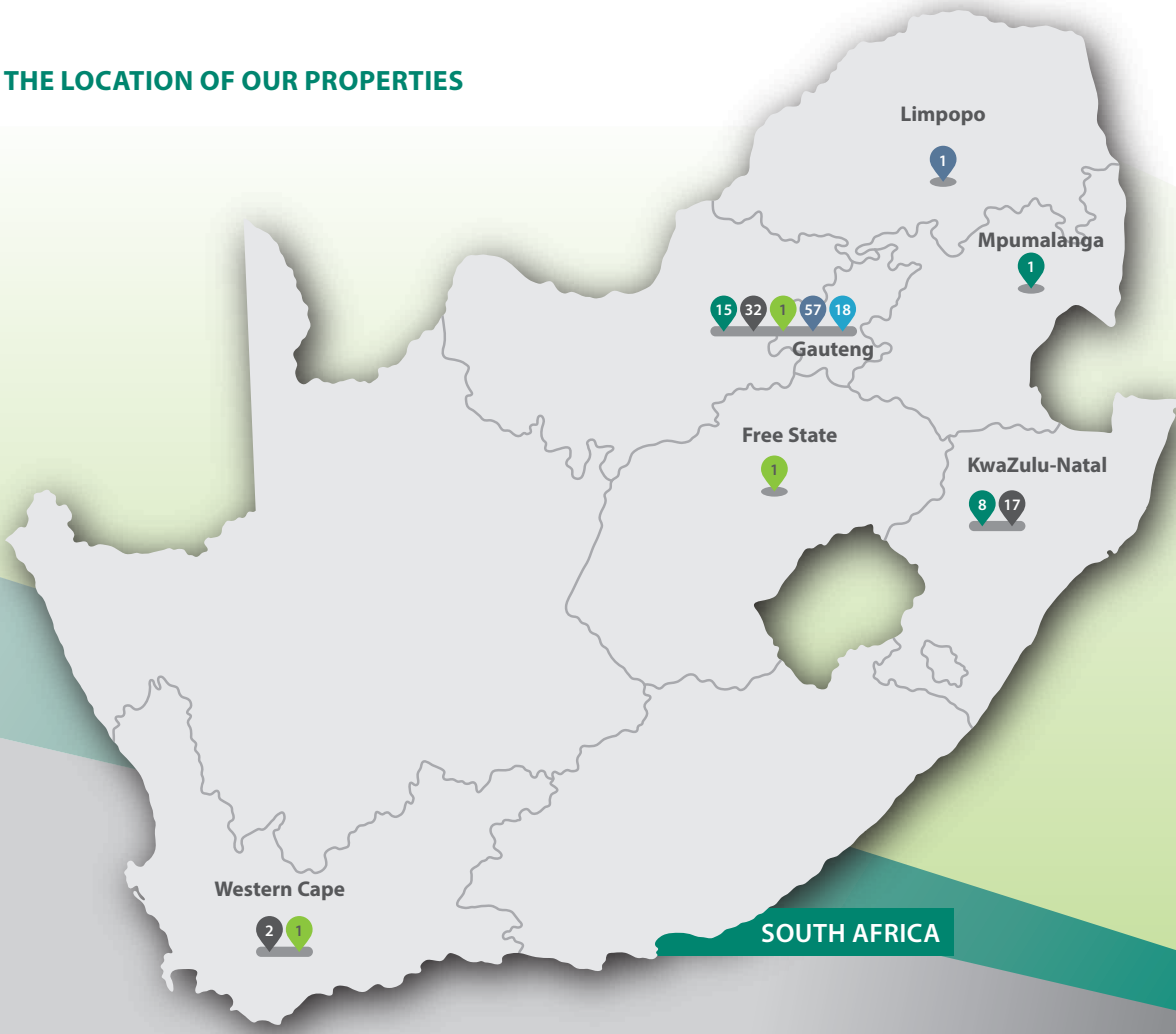
Integrity | Innovation | Accountability | Respect

REIT STATUS

Since 2015

PURSUING THE HIGHEST STANDARDS OF ETHICAL BEHAVIOUR AND ACCOUNTABILITY

THE LOCATION OF OUR PROPERTIES



NUMBER OF PROPERTIES



OUR PROPERTY PORTFOLIO

PORTFOLIO ATTRIBUTES

- A defensive retail portfolio specialising in convenience (which includes storage facilities)
- A ‘best-in-class’ residential rental portfolio (Afhco)
- A quality industrial portfolio primarily comprising logistics
- A minor office portfolio which is being divested from
- A JV in primarily retail properties in Zambia

Assets under management

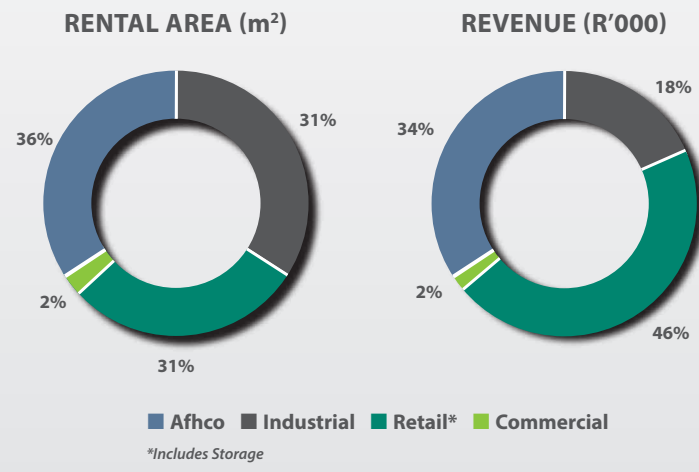
R16.6 billion

157 properties

Valued at R15.2 billion (excluding three Zambian properties which are held in JVs)

Gross lettable area (“GLA”) (m²)

1.4 million

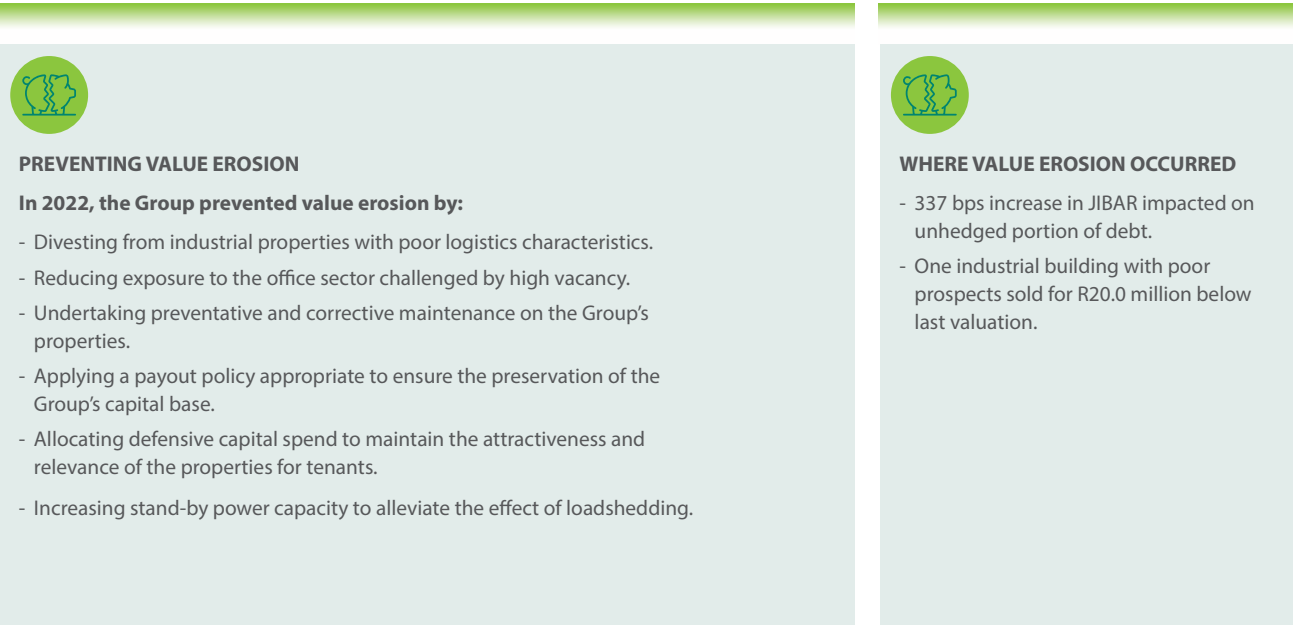
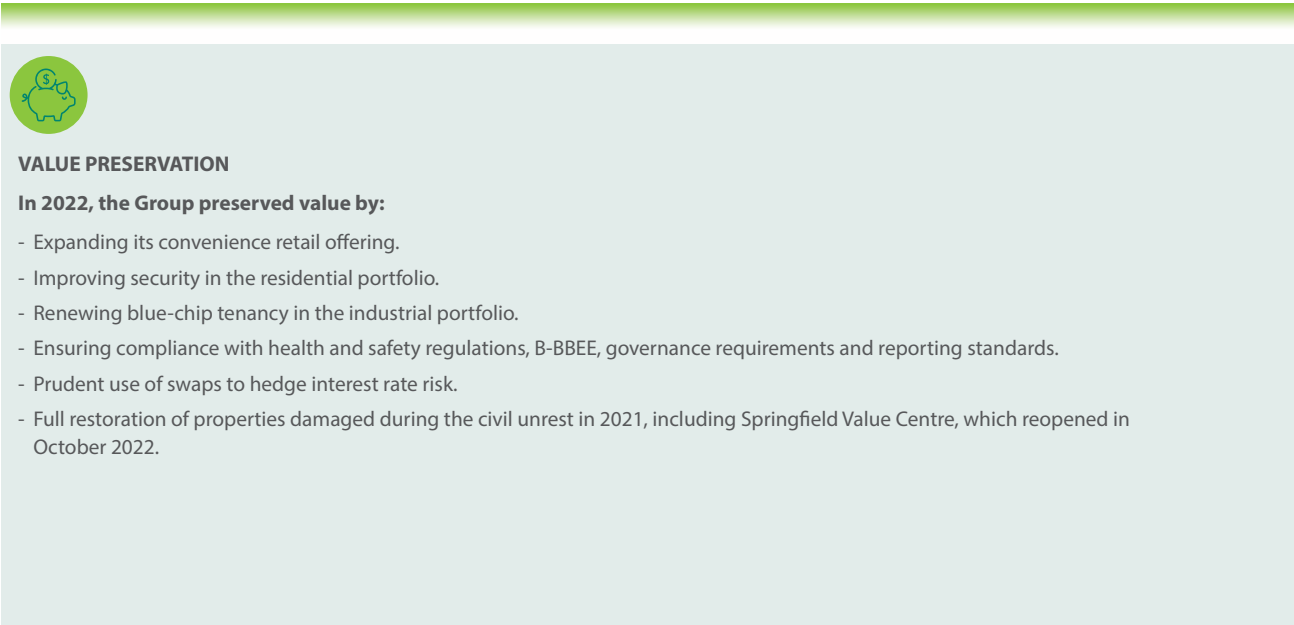


POSITIONING FOR A BETTER FUTURE

OUR OUTCOMES IN 2022



HOW WE PRESERVED VALUE IN 2022



OUR APPROACH TO SUSTAINABILITY

Dear stakeholder,

The Social, Ethics and Environmental Committee (SEEC) has been appointed by the Board to provide integrated strategic direction and oversight for Group-wide social, ethics, and environmental matters. The SEEC further ensures the establishment of an ethical culture within the Group. The work of the SEEC is undertaken within a framework that covers the pillars of economic development and workplace practices, as well as all social and environmental initiatives.



Ms EM Hendricks
Chairman of the SEEC

The Group believes that, for its business to truly prosper, it needs to balance its performance on a holistic basis. The SEEC monitors and oversees the Group's ESG approach to ensure that all these dimensions are proportionately addressed throughout its business operations. The Group is cognisant and concurs with the increasing importance that investors, tenants, consumers and society attach to appropriate management of these ESG matters by the business. The SEEC is proud to approve and present the 2022 ESG report.

While the Group has made pleasing advancements across a range of ESG matters this year, four momentous developments deserve special mention. In this reporting period, the Group approved two key ESG initiatives to pursue on a broad-based and KPI-led basis, those being renewable energy and social upliftment. Based on these undertakings, the Group further successfully concluded its first sustainability-linked funding agreement. Finally, but not least, we are delighted to announce the Level 1 B-BBEE rating that SAC achieved for this reporting period. This provides clear evidence of the road we have travelled in maturing our ESG intent, as well as the commitments we are willing to contractually bind ourselves to, in respect of further ESG initiatives.



More information on the SEEC's composition and mandate is set out on pages 14 to 17.

OUR APPROACH TO SUSTAINABILITY *CONTINUED*

• **RENEWABLE ENERGY**

The Group continues to explore, consider and implement initiatives to reduce processes that has an adverse impact on the environment. These initiatives are also aligned with our efforts to improve the availability and security of energy resources that are critical for tenants' ability to trade, as well as mitigate against soaring energy costs for our tenants. To date, SAC has installed 11.21 Megawatt peak of renewable energy across the portfolio. Renewable energy as a percentage of total energy consumed in 2022 was 7.7% (2021: 8.9%).

• **SOCIAL UPLIFTMENT INITIATIVE**

We are specifically targeting the improvement of the quality of life of residents in the precincts and estates where Afhco operates. Afhco has identified three precincts that it intends to overhaul to upgrade park facilities, roadside paving, communal living areas and the like, at a total spend of R30 million over three years. These precincts are the South Hills Lifestyle Estate, as well as the Davies Street and Jeppe Street Post Office precincts in the inner city of Johannesburg.

Our plans and the progress we have made during 2022 are well-described in this report, as well as the 2022 Integrated Annual Report

• **SUSTAINABILITY-LINKED DEBT FUNDING**

Lenders are increasingly embracing the importance and relevance of ESG targets and initiatives with "green bonds" and "sustainability-linked notes" becoming a common feature in funding arrangements. SAC has chosen to become an early adopter of sustainability-linked financing initiatives by integrating an element of green funding into the refinancing of debt set to expire during 2023, and these funding agreements were concluded in September 2022.

More detail is available in the Chief Financial Officer's review in the 2022 Integrated Annual report

LEVEL 1 B-BBEE RATING

The Group is exceptionally pleased with SAC's enhanced B-BBEE contributor status which was awarded post year-end for the 2022 verification period. SAC achieved this step change from its Level 3 contributor status in 2021, due to a concerted focus on improving its scores across all elements and particularly in terms of management control, skills development and enterprise and supplier development.

In addition to the above mentioned developments, highlights of our progress in other dimensions include:

- Supplier development initiatives, such as rent-free office space and the provision of project management services.
- Diversity at a management level was improved through the appointment of two Black females at Board and executive levels.
- A monthly "Speak-up" series for employees was launched to create awareness and support for a "speak-up culture" and the Group maintains an external operated whistleblowing hotline. The Group has also adopted a revised Whistleblowing Policy.
- SAC's current Code of Conduct and Code of Ethics were revised into a single Code of Conduct for which the framework has been designed and approved. The new Code of Conduct, once finalised, will comprise six ethical principles guiding values-based decision-making and conduct, which underpin key behaviours that the Group regards as the foundation of acceptable and expected conduct towards all stakeholders.
- The adoption of a Human Rights Policy Statement in terms of which the Group commits to uphold the human rights of its employees and stakeholders in line with the Constitution of the Republic of South Africa and international conventions on Human Rights, to which South Africa is a signatory, in so far as they apply to the Group, and where the Group can advance their objectives.
- CityKidz school fee bursaries have benefitted 220 girls and 182 boys to date.
- The enrolment in the Learnership Programmes of six unemployed disabled Black people and three employed Black people created vital skills training and employment opportunities.
- The Group's revised Stakeholder Engagement Policy was implemented at the beginning of the year. No critical concerns were raised by stakeholders relating to SAC's conduct in its operations and its business relationships.
- The relationship and collaboration with a key stakeholder, the Johannesburg City Council, received focused attention and has resulted in a more balanced public/private partnership with the council. Further engagement and relationship-building will continue.

The 2022 ESG Report is a supplement to the 2022 SAC Integrated Annual Report and serves to expand the discussion on how we create and preserve value.

Ms EM Hendricks
Chairman of the SEEC

OUR SUSTAINABLE DEVELOPMENT GOALS

The Group conducted a materiality analysis in 2021 across all 17 SDGs outlined in the SDG Report from the UN Department of Economic and Social Affairs to determine the sectors of business or society where the Group may have the biggest impact.

Based on its relevance to the Group's operations and stakeholder requirements, five priority SDGs have been selected and the Group continues to develop strategies and priorities to optimally apply its resources towards achieving these SDGs.

The Group's primary SDGs are as follows:








UN SDG Goals	SAC Group's actual and envisaged progress
 GOOD HEALTH AND WELL-BEING	<ul style="list-style-type: none">Employee well-being programme implementedEmployee Covid-19 vaccination initiatives executed successfullyPublic space upgrades by Afhco at Albert Street Park and End Street Park as well as improvements at South Hills Lifestyle EstateAfhco's participation in the Johannesburg Inner City Partnership Urban Agriculture Initiative
 QUALITY EDUCATION	<ul style="list-style-type: none">CityKidz bursaries/initiatives, as well as envisaged CityTeenz High SchoolResidential tenant bursary opportunities offeredEmployee bursaries and study support providedAfhco Movers Mentorship Programme
 GENDER EQUALITY	<ul style="list-style-type: none">Gender equality promoted in succession planning for management, employees and at Board-levelBoard-approved gender diversity targets for non-executive directorsRobust remuneration policy to ensure fair and equitable remuneration
 AFFORDABLE AND CLEAN ENERGY	<ul style="list-style-type: none">Renewable energy, solar power installations, waste and water harvestingPerformance measured and independently assuredSustainability-linked debt funding implemented
 PEACE, JUSTICE AND STRONG INSTITUTIONS	<ul style="list-style-type: none">A whistleblowing hotline is in place, with monthly awareness communication to staff Whistleblowing matters are reported to Audit and Risk Committee ("ARC") and SEEC at scheduled meetingsA Group Code of Conduct and Code of EthicsDevelopment of anti-bribery and anti-corruption ("ABAC") training and inclusion of ABAC provisions in supplier contracts and tenant due diligence processesA strong framework for the management and administration of the Group's governance processesRobust compliance- and reporting risk management processes



Photo by Scott Webb: <https://www.pexels.com/photo/solar-panels-on-roof-137602/>

GOVERNANCE AND COMPLIANCE

SAC's governance and compliance framework lends itself to the application of King IV's guiding principles and suggested procedures as well as the JSE Listings Requirements. SAC is aware that the Group's ESG framework, as a whole, plays a crucial role in guaranteeing its sustainability, value creation and long-term success.

SAC periodically evaluates its corporate governance procedures and compliance frameworks ensure that it is acting in the best interest of its stakeholders and abiding by all applicable laws.

CORPORATE GOVERNANCE REVIEW


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

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

The report recommended :

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

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



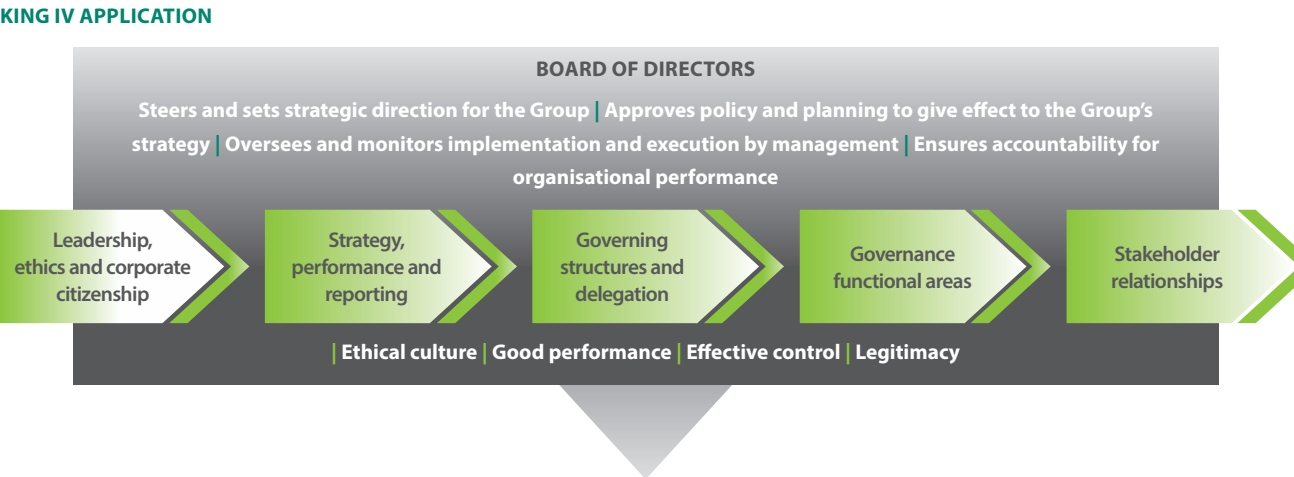
STRONG OVERSIGHT

9 scheduled and special Board meetings - 100% attendance

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

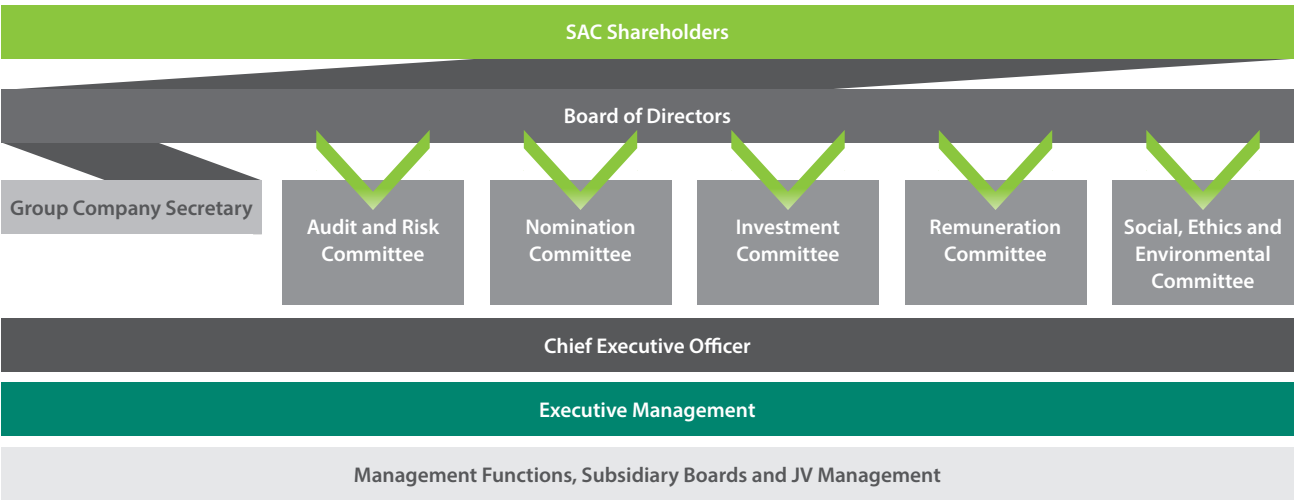


The Board is satisfied that the Group complies with all the corporate governance requirements applicable to listed entities, as set out in paragraph 3.84 of the JSE Listings Requirements and in line with King IV's "apply and explain" approach to the extent relevant to the Group.



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


OUR GOVERNANCE FRAMEWORK



ORGANISATIONAL ETHICS AND CORPORATE CITIZENSHIP

The Board governs the Group's ethics in a way that supports the development of an ethical culture. The SEEC is responsible for keeping an eye on organisational ethics.

The company launched the "Speak-up" initiative in 2022 which endeavoured to create awareness and support for a "speak-up" culture within the Group. This series aimed to demonstrate the value that the Group attaches to the views of its employees and encouraged staff to bring knowledge of wrongdoing to its attention. The initiative also aimed to contribute a direct benefit to operations by encouraging employees to contribute to performance improvements.

 Refer to the SEEC Committee's mandate and activities on pages 14 to 17.

SAC's current Code of Conduct and Code of Ethics were revised into a single Code of Conduct for which the framework has been designed and approved. The new Code of Conduct, once finalised, will comprise six ethical principles, guiding values-based decision-making and conduct.

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

Whistleblowing reports, as received from WhistleBlowers (Pty) Ltd, are tabled at the SEEC and the ARC for discussion and are actioned by the Board, as required.

For the year under review, seven new whistleblowing reports were received from WhistleBlowers – six were consumer complaints and the other was related to concern in respect of a service provider's recruitment policies and procedures. All these matters were resolved to satisfaction.

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

For the year under review, there were no concerns raised through grievance mechanisms and other processes or channels relating to SAC's conduct in its operations and its business relationships.

RESPONSIBILITIES OF THE BOARD AND DELEGATION FRAMEWORK

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

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

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

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

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

 The Board Charter is available on the Group's website.

CONFLICT OF INTEREST

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

STATUTORY AND REGULATORY COMPLIANCE

In 2022, a detailed review of the Group's statutory and regulatory compliance landscape was undertaken to ensure the proportionality, relevance and accuracy thereof. Consideration was given to the completeness of the statutory and regulatory landscape, the structure and presentation of the compliance register and related monitoring, as well as the format of reporting on material compliance matters through the Group's governance structures.

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 believes that all non-executive directors serving on the Board are independent.

SUCCESSION PLANNING

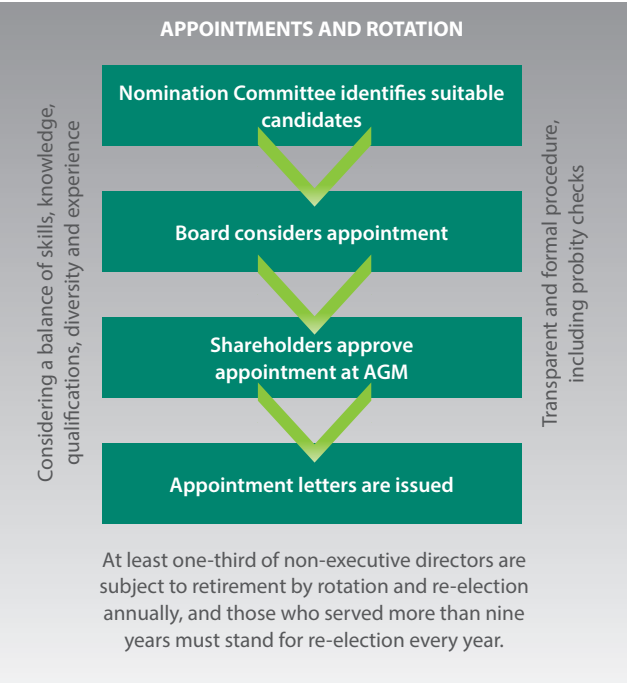
The Board considers its current composition to be suited to the business of the Group. The Nomination Committee considers non-executive director succession each year. Overall, the Board is confident that it has the right level of knowledge, experience and skill to ensure objective and effective oversight and governance, as well as the depth of skill among current directors to meet succession requirements. When Board members retire, the opportunity is utilised to rejuvenate the Board, based on skills profiling and any gaps identified from Board assessments.

The Board's Remuneration Committee ensures that succession planning is in place for executive directors and senior management. In this regard, for the year under review, the Committee proactively engaged and made appropriate recommendations to the Board on succession planning for SAC's Chief Executive Officer and the appointment of a Chief Operating Officer. The employment contract of the CEO was renegotiated such that his retirement was postponed to 31 December 2023.

DIRECTOR DEVELOPMENT AND TRAINING

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

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



BOARD EVALUATION AND SKILLS ASSESSMENT

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

At the beginning of 2022, a formal, externally-facilitated, Board evaluation process was undertaken based on the requirements of King IV. The process assessed the performance and effectiveness of SAC's Board, its Committees, the executive and non-executive directors individually, the Chairman, and the Group Company Secretary. In addition, a skills assessment was performed to assist the Board in determining the skills which are currently available within its structures as well as any additional skills that would be beneficial going forward.

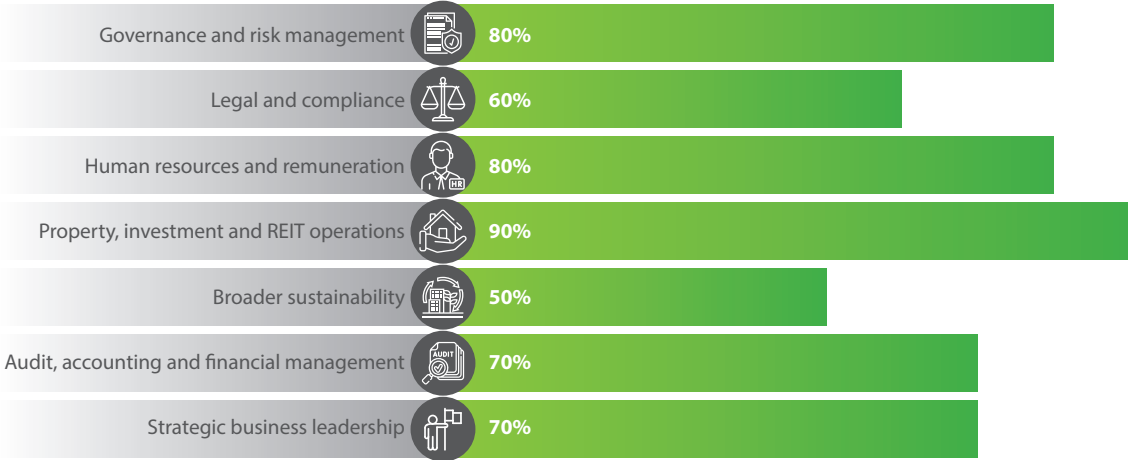
The evaluation concluded that the Board is performing well, with an overall average score of 3.61 out of 4.00. This score indicates that the Board is confident in its overall performance and contributions to SAC, with certain areas being identified for improvement. In this regard, the Chairman of the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

Following the conclusion of the evaluation, the Board adopted policies and procedures to further improve on its overall robust performance and effectiveness.

In 2023, the Board undertook an internally facilitated evaluation as an opportunity for reflection and discussion by the Board of its performance and that of its Committees, the Chairman and the Group Company Secretary. The Board was satisfied with the performance and effectiveness, and the areas identified for improvement or enhancement will be addressed throughout the year.

GOVERNANCE AND COMPLIANCE CONTINUED

Board areas of expertise, primary skills and experience:



DIVERSITY

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

To this end, a voluntary target of at least 40% female presentation on the Board was agreed upon, and the target was exceeded with the recent appointment of Ms GZN Khumalo as an independent non-executive director, and Ms NNN Radebe as Chief Operating Officer, balancing gender diversity on the Board to 50/50 male and female. As of February 2023, 80% of the Board members are from previously disadvantaged groups, with five (50%) of these directors being women.

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

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

TRANSFORMATION AND B-BBEE

In evidence of its ongoing commitment to transformation and B-BBEE, **the Group is particularly pleased at having achieved a Level 1 B-BBEE contributor status for its 2022 verification (2021: Level 3 B-BBEE contributor status).** The exceptional improvement in contributor level was due to the Group's successful execution of well-defined strategic objectives and its overall commitment to tangible improvements across the measured elements and specifically: Management Control, Skills Development and Enterprise and Supplier Development.

In 2022, SAC contributed R1.7 million worth of bursaries to 623 scholars at CityKidz Pre- and Primary School, an Afhco initiative to make quality education accessible to tenants and low income households. The bursaries contributed to the settlement of outstanding school fees, special award bursaries for deserving children recognising achievement in academics and diligence and a contribution toward costs for books and stationery for 2023. SAC and Afhco value the ongoing relationship with CityKidz and its goal to improve educational facilities for Johannesburg inner city children, being beneficial to many of its tenants in the same inner city residential properties.

ENTERPRISE DEVELOPMENT

The long-term strategy, in respect of enterprise development, would consist of rent-free occupation for start-up businesses and other forms of support to grow their businesses.



UMLAZI
MEGA CITY

For the second year in a row, Umlazi Mega City ran The Seed Project where local start-up retailers can apply for the opportunity to win free retail space for a year. In 2022, the winner, Balloon Express, was provided with a 3m x 3m kiosk at Umlazi Mega City. This tenant was also awarded a Start-Up Business Consultant Package offered by the DUT, as well as a Gagasi FM radio advertisement package.

The Enterprise Development Seed Project included, in addition to the above, rent-free occupation for Balloon Express for the period January to December 2022.



MASHUMI ART
PROJECT

Mashumi Art Project was given the opportunity to showcase and retail local art at Morning Glen Mall. They traded from a store within the mall from April to December 2022. This initiative enabled previously disadvantaged artists to showcase and sell their works.

The total value of the two Seed Projects was R839 064 for the 2022 financial year.

GOVERNANCE AND COMPLIANCE CONTINUED

The following supplier development initiatives were implemented in the reporting period:

- Rent-free office space in GreenPark Corner;
- Provided project and development management services to Transcendence Developments which enabled this supplier to create three additional jobs in 2022;
- Nebia was promoted from the Company's Enterprise Development Programme to a supplier of the Company for the supply of solar installations and the provision of project management services; and
- Urban Watch Patrol provided security services to SAC properties.

DIRECTORS DEALING IN SECURITIES

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

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

The Policy on Disclosure of Dealings in SAC Securities is available on the Group's website.

DISCLOSURE CONTROLS

The Group regularly reviews its disclosure controls and procedures, as part of its **Stakeholder Engagement Policy**. In this regard, in SAC's context, disclosure controls and procedures are designed to:

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

For more information on the Group's Stakeholder Engagement Policy and Disclosure Controls, refer to the Group's website and the Stakeholder Engagement section on page 30.

ACCESS TO INFORMATION AND PROFESSIONAL ADVICE

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

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

GROUP COMPANY SECRETARY

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

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

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

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

INFORMATION AND COMMUNICATION TECHNOLOGY ("ICT") GOVERNANCE

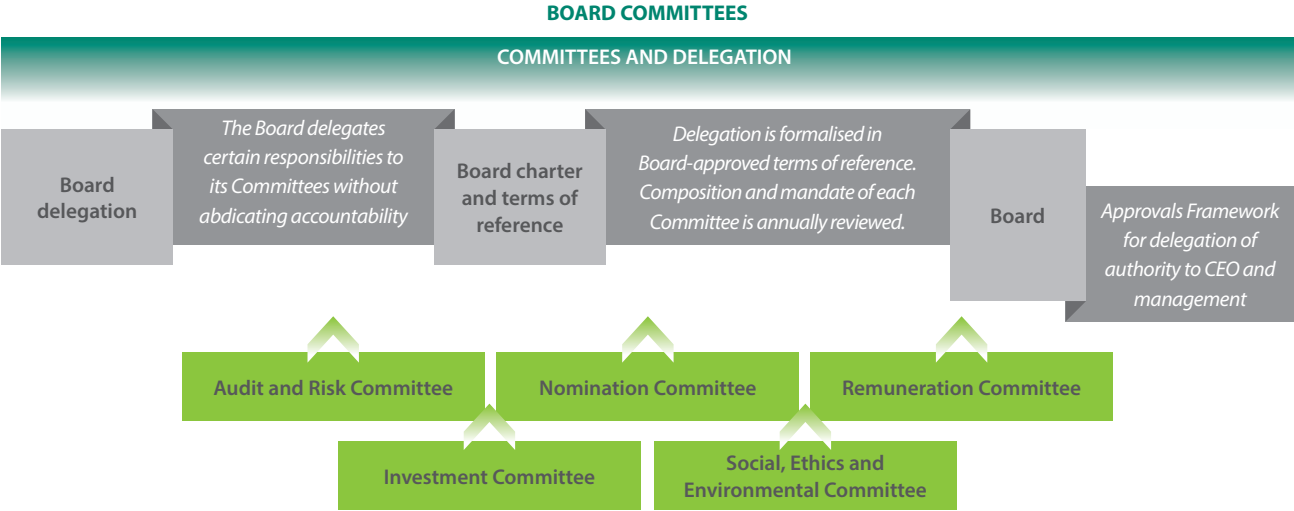
SAC's ICT policies and procedures cover, inter alia, the use and safeguarding of the Group's information and systems, the use of social media, business continuity and disaster recovery plans, and the regular updating and improvement of technology.

The ARC is responsible for oversight of ICT risk, as integrated into the Group's risk management processes, and monitoring ICT governance. **An ICT Steering Committee, under the chairmanship of the CEO, is responsible for carrying out the ICT-related responsibilities** assigned to it in terms of a Board-approved terms of reference. This includes, inter alia, motivating and monitoring ICT project budgets and progress, recommending policy and standards that articulate and give effect to the Group's direction on ICT, accounting for the implementation and execution of effective ICT management, and ensuring the implementation of reasonable independence on the effectiveness of ICT management within the Group.

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

Refer to the business continuity discussion in the Risk Report of the Integrated Annual Report on page 82.

GOVERNANCE AND COMPLIANCE CONTINUED



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

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

AUDIT AND RISK COMMITTEE		INVESTMENT COMMITTEE		NOMINATION COMMITTEE		REMUNERATION COMMITTEE		SOCIAL, ETHICS AND ENVIRONMENTAL COMMITTEE	
Chairman									
N Ford-Hoon(Fok)		GJ Heron		MA Moloto		OR Mosetlhi		EM Hendricks	
Members									
GZN Khumalo* GJ Heron SS Mafoyane		RJ Biesman-Simons # TR Mackey ^ MA Moloto OR Mosetlhi N Ford-Hoon(Fok)		EM Hendricks OR Mosetlhi		RJ Biesman-Simons # GJ Heron ^ MA Moloto GZN Khumalo *		OR Mosetlhi SS Mafoyane SY Moodley ^	
Number of Meetings and Attendance									
9	100%	6	100%	3	100%	5	96%	3	100%
Primary Mandate									
The ARC is constituted as a statutory Committee of SAC (and the Group) in respect of its statutory duties in terms of section 94(7) of the Companies Act, and as a Committee of the Board of in respect monitoring and overseeing the Group's risk-, information technology and compliance governance, and such other duties assigned to it by the Board. Ensures the continued independence of the independent auditor.		The Investment Committee provides integrated strategic direction on group-wide acquisitions, disposals and capital expenditure, and makes appropriate recommendations to the Board regarding the Group's investment, divestment and capital expenditure strategy. - Monitors and oversees the approval (or recommendation, as appropriate), of acquisitions, disposals and capital expenditure in line with Board approved policy and Group strategy.		The Nomination Committee provides integrated support and guidance to the Board in the execution of its broader governance responsibilities. - Considers the extent to which the general corporate governance mechanisms and framework of SAC are appropriate (proportional and relevant), and effective, in view of developments within the Group. - Recommends the appointment and re-appointment of non-executive directors to the Board and recommends the re-election of directors and ARC members for approval by shareholders.		The Remuneration Committee provides integrated strategic direction on group-wide remuneration matters and makes appropriate recommendations to the Board that articulates the Group's direction on fair, responsible and transparent remuneration practices. - Oversees the development and regular review of a Group-wide remuneration policy that articulates and gives effect to the Board's direction on fair, responsible and transparent remuneration and that achieves agreed objectives.		The SEEC provides integrated strategic direction on Group-wide social, ethics, and environmental matters, including acting as the statutory social and ethics Committee for the Company and its South African subsidiaries, as contemplated in the Companies Act read with Regulation 43 of the Companies Act Regulations, 2011 (Regulation 43).	


GOVERNANCE AND COMPLIANCE CONTINUED

AUDIT AND RISK COMMITTEE	INVESTMENT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE	SOCIAL, ETHICS AND ENVIRONMENTAL COMMITTEE
Primary Mandate				
<ul style="list-style-type: none">- Oversees the external audit process, and the scope and effectiveness of the Group's external audit function.- Ensures the quality and integrity of SAC's integrated reporting, incorporating the financial statements, including the Group consolidated financial statements, external reports, SENS announcements and disclosures in respect of its financial results.- Applies an appropriate and relevant combined assurance model to ensure a coordinated approach to all assurance activities.- Reviews the expertise, resources and experience of the finance function, and the appropriateness of the expertise and experience of the CFO.- Oversees the effectiveness of the Group's internal controls and internal audit function.- Ensures that the Group implements and maintains an effective enterprise-wide risk management framework, complies with laws, regulations and relevant best practice codes, and that information technology is employed 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 the financial results.	<ul style="list-style-type: none">- Evaluates targeted yields through post-acquisition and redevelopment reviews.- Provides input into SAC and the Group's annual budget, including capital expenditure budgets.- Reviews property portfolio performance against targets.- Reviews outsourced property managers' performance against agreed KPIs.- Approves major leases, lease renewals, and development leasing.- Approves the appointment of the Group's property valuers.- Reviews SENS announcements and Circulars, to the extent relevant, relating to transactions requiring disclosure and/or shareholder approval in terms of the JSE Listings Requirements,- Recommends revisions of the Group's Valuation Policy to the Board for approval.- Supports the ARC and the Board in ensuring effective risk management oversight, specifically concerning material risks within its scope.	<ul style="list-style-type: none">- Reviews the independence of non-executive directors, taking into account all applicable corporate governance requirements, and makes appropriate recommendations to the Board.- Reviews the Board structure, size and composition, taking into consideration the Board's succession plans, and makes recommendations to the Board concerning any adjustments that are deemed necessary in support of the promotion of broader demographic diversity and diversity in respect of the relevant skills, experience, business, and academic backgrounds of Board members.- Identifies and nominates candidates for approval by the Board to fill Board and Committee vacancies.- Considers succession plans for the Chairman of the Board, the Lead Independent Director and the Chairman of the ARC.- Reviews the number, structure, composition, and expertise of Board Committees and makes recommendations to the Board.- Reviews and recommends the annual Governance Report to the Board (as part of the Integrated Annual Report)- Assists the Chairman and the Board in evaluating the performance of the Board, its Committees, individual directors and the Group Company Secretary.- Ensures the establishment of an annual programme for the continuous professional development of directors.- Ensure that a formal and adequate induction process is followed with the appointment of new directors.	<ul style="list-style-type: none">- Reviews the appropriateness and relevance of the remuneration policy and oversees that the implementation and execution of the remuneration policy achieve the objectives thereof.- Oversees the review and recommendation to the Board of the remuneration report, to be included in the integrated annual report.- Ensures that the remuneration policy and implementation report are put to a non-binding advisory vote at the general meeting of shareholders every year.- Monitors the overall cost of remuneration structures within the Group, including approving the cost of annual general salary increases, benefits, short-term incentive payments made and the value of long-term incentive awards granted.- Ensures that the mix of fixed and variable pay, in cash, shares and other elements, meets the Group's needs and strategic objectives.- Ensures that succession planning is in place for executive directors and senior management.- Reviews remuneration practices and employment conditions across the Group when reviewing and setting the remuneration policy for employees, especially when determining annual salary increases, incentive and retention initiatives.- Determines the total individual remuneration package of each executive director and other designated senior executives including bonuses, share incentive schemes and other share options.- Considers remuneration structure for non-executive directors, recommending same for approval by the Board and shareholders at the next annual general meeting ("AGM").	<ul style="list-style-type: none">- Assists the Board to ensure that SAC and the Group, through effective policy, can achieve its strategic objectives whilst remaining a socially responsible corporate citizen and creating a sustainable business, having regard to the Group's social and environmental impact- Monitors and oversees the Group's activities relating<ul style="list-style-type: none">- social and economic development;- good corporate citizenship;- the environment, health and public safety;- consumer relationships;- labour and employment; and- organisational ethics.- Oversees the Group's activities relating to records of sponsorship, donations and charitable giving.- Supports the ARC and the Board in ensuring effective risk management oversight, specifically concerning material risks within its scope.

GOVERNANCE AND COMPLIANCE CONTINUED

AUDIT AND RISK COMMITTEE	INVESTMENT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE	SOCIAL, ETHICS AND ENVIRONMENTAL COMMITTEE
Primary Mandate				
		<ul style="list-style-type: none"> - Considers any other matter regarding the effective governance of the Group. - Supports the ARC and the Board in ensuring effective risk management oversight, specifically concerning material risks within its scope. 	<ul style="list-style-type: none"> - Considers the evaluation of the performance of the executive directors, both as directors and executives in determining remuneration. - Reviews incentive and retention schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules. - Supports the ARC and the Board in ensuring effective risk management oversight, specifically concerning material risks within its scope. 	
2022 Highlights				
<ul style="list-style-type: none"> - Recommended the re-appointment of the External Auditor - Reviewed the External Auditor's independence, terms of engagement, and approved the external audit fees - Determined and approved the nature and extent of allowable non-audit services - 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 	<ul style="list-style-type: none"> - Monitored the Group's disposal progress - Evaluated targeted yields through post- acquisition reviews - Reviewed Broll's performance against agreed KPIs - Approved material transactions, recommended corporate action and approved leases within the Committee's mandate - Reviewed the Group's property portfolio performance on a quarterly basis 	<ul style="list-style-type: none"> - Recommended the election and re- election of directors retiring by rotation - Recommended the election of ARC 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 	<ul style="list-style-type: none"> - 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 COO, and considered succession planning for senior management and executive directors, and specifically the postponement of the retirement of the CEO - 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 for employees to the Board 	<ul style="list-style-type: none"> - Considered, monitored and oversaw the Group's economic, workplace, social- and natural environmental impact - Monitored the Group's B-BBEE verification process and the action plans and initiatives to improve the Group's recognition level - Oversaw the Group's progress with the implementation and further development of its primary SDGs - Recommended the Group's 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 - Approved the Group's Human Rights Policy Statement - Recommended the ESG Report to the Board

GOVERNANCE AND COMPLIANCE CONTINUED

AUDIT AND RISK COMMITTEE	INVESTMENT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE	SOCIAL, ETHICS AND ENVIRONMENTAL COMMITTEE
2022 Highlights				
<ul style="list-style-type: none"> - Reviewed the integrity of the interim results, Group annual financial statements and the IAR, including the public announcements of the Group's financial results - Recommended the Group- and Company annual financial statements and the IAR to the Board for approval - Oversaw the management of financial and other risks that affect the integrity of external reports issued by the Group - Reviewed the Group's insurance cover - Reviewed the expertise, resources and experience of the CFO and the finance function 				
<div>  Refer to the report of the ARC on page 9 of the Group's Annual Financial Statements </div>				
2023 Focus				
<ul style="list-style-type: none"> - Continued focus on further embedding enterprise risk management and combined assurance considerations - Maintaining focus on continuous auditing from an internal audit perspective - The Committee's composition, skill set and succession plan - Overseeing the further automation of financial processes - Overseeing financial and taxation implications arising from corporate actions 	<ul style="list-style-type: none"> - Monitor the ongoing execution of the Group's investment strategy, and specifically recent corporate action - Monitor Broll's performance against agreed KPIs - Consider new and future material transactions and leases within the Committee's mandate 	<ul style="list-style-type: none"> - 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 AGM, including a recommendation on directors retiring by rotation and those recommended for election to the ARC by the AGM 	<ul style="list-style-type: none"> - Consider succession planning in respect of the executive directors and senior management - Review and recommend the Remuneration Report to the Board - Recommend the non-executive directors' fees to the AGM 	<ul style="list-style-type: none"> - 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 - Oversee the maintenance of the Group's Level 1 B-BBEE contributor status

* Appointed to the ARC and Remuneration Committee effective 1 February 2023

Retired from the Investment Committee and RC upon retirement from the Board on 6 June 2022

^ Executive Director

\$ Resigned from the Remuneration Committee effective 2 December 2022



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

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.”

Ms EM Hendriks
Chairman of the SEEC

SOCIAL AND RELATIONSHIP CAPITAL

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

SAC is committed to maintaining strong relationships with the key stakeholders 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, with a focus on maths, science and computer studies. The school provides quality care and education for Grades RR to 7.

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



In addition, SAC granted bursaries of R1.6 million to CityKidz in 2022, with over 620 school children benefitting. The bursaries were used to settle outstanding school fees and for special award bursaries to children who excelled in academics and diligence.

In 2022, after what felt like years of online teaching, brought on by the Covid-19 pandemic, the school experienced its first year of uninterrupted, in-person teaching. Teachers were able to see old



872
LEARNERS
REGISTERED
FOR 2023

learners and meet new ones, and contact teaching inside (and outside) the classroom had never been more appreciated.

The school was also able to host a plethora of events which usually serve as fundraisers as well as teambuilding, educational and growth opportunities. These included a new parents tea, entrepreneurs day where Grade 7 learners got the opportunity to sell products and services at the school, civvies day, a sports day at Wits and grade trips to the Pretoria Zoo, Happy Island Water Park, the Lion and Safari Park, Sterkfontein Caves, Croc-City and Emerald Resort, to name a few.

In addition, learners and their families were offered an opportunity to 'pay it forward' by taking part in a fundraising mission for the Smile Foundation. This was in the form of half-price tickets to Gold Reef City and many CityKidz families took part - lots of fun was had in the process.

NURTURING OUR CAPITALS CONTINUED

One of the learners, Luca King, was placed 3rd overall in the Gauteng National Science Olympiad. The competition was tough, but Luca persevered and showed us that hard work and determination pays off. Well done Luca!

All funds went directly to the Smile Foundation and a substantial amount was raised.

CityKidz staff and learners were fortunate enough to have interactive smartboards installed in their classrooms. Teachers were tasked with educating and informing each other of various ways to use them, as well as tips and tricks to ensure optimal use. This way, teachers gained useful knowledge and lessons became more interactive and dynamic.

Although 2022 had many highlights for the school, there were some lowlights. Many parents and families were still feeling the effects of Covid-19 through the loss of family members and several lost their homes and jobs. This resulted in quite a decrease in the number of registrations for 2022. In addition, learners had to adjust to being back in a classroom, while some never had contact teaching since the start of their school career. This was a challenge for most staff and learners to navigate.

Learner numbers have, however, increased remarkably in the new year and the school has welcomed many new learners across the grades. New administrative, maintenance and teaching staff also joined the team and the CityKidz family keeps growing.

Our learner numbers for the different grades are as follows:

- Grade RR: 40, with 20 per class
- Grade R: 70, with an average of 23 per class
- Grade 1: 124, with a maximum of 30 per class
- Grade 2: 107, with an average of 27 per class
- Grade 3: 114, with an average of 28 per class
- Grade 4: 121, with an average of 30 per class
- Grade 5: 105, with an average of 26 per class
- Grade 6: 103, with an average of 26 per class
- Grade 7: 88, with an average of 29 per class

LEARNERS ARE NOT THE ONLY ONES LEARNING AT THIS SCHOOL!



Support our Schools is an initiative launched by the SAC Retail Portfolio in 2018 to give back to the community and assist with the improvement of schools.

The centres made the following donations in 2022 toward education facilities within their communities:

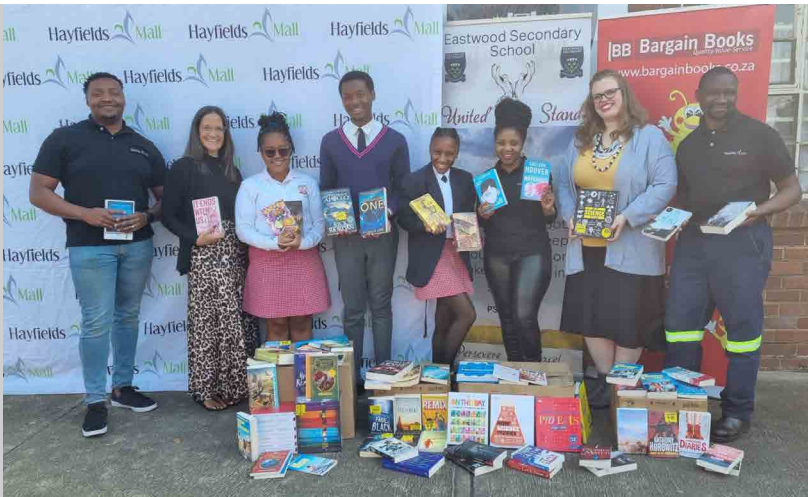
BLUFF TOWERS

Bluff Towers have adopted Collingwood Primary School and each year the centre provides assistance to cater for the school's needs. The school is undergoing a rebuild as it was totally destroyed by the heavy storms in 2019 and currently the classrooms are made of steel containers that are rusted and get extremely hot in summer and very cold in winter. This year Bluff Towers donated seven outdoor benches to the school, as well as toothbrushes sponsored by Clicks, paintbrushes sponsored by China Hyper and paint to re-paint the kids' play gym.



NURTURING OUR CAPITALS *CONTINUED*

HAYFIELDS MALL
Hayfields Mall adopted Eastwood Secondary School for the second consecutive year. The school was identified due to its many infrastructure and resource challenges. Hayfields Mall donated books to the value of R18 000 and Bargain Books SA topped that up with more books and a bookshelf to the value of R9 500





PINE WALK CENTRE
Pine Walk Centre adopted Vezamafa Primary School and supplied school shoes for every student at the school - a total of 184 pairs of shoes.

MUSGRAVE CENTRE
The centre adopted Clayton Primary School in Overport and increased the security at the school through the installation of new access control at the building entrance and barbwire for the premises.

RETAIL CENTRE SOCIAL INITIATIVES
SAC encourages and assists with a variety of social and community events at our retail shopping centres. These activities are focused on community upliftment and relief and include raising funds for charities, healthcare and education.

UMLAZI ART CULTURE AND TOURISM ORGANISATION (UMLACTO)
The UMLACTO amphitheatre at Umlazi Mega City, a previously unused facility, is now available to this NGO to host events for local artists.

MANDELA DAY
Sandwich donation
On Mandela Day, 18 July 2022, the Musgrave Centre partnered with Woolworths Musgrave and hosted a sandwich-making session. All sandwiches were donated to St Theresa's Children's Home and The Cheshire Home for the Disabled.



Save a girl child



Not being able to afford sanitary pads results in learners missing school every month and, in certain instances, leads to some dropping out of school altogether. This year we have chosen to address this particular problem within our schools as we feel there is not enough awareness of the situation and the impact that it has on the education of young women within our country. The campaign officially launched on Mandela Day with drop-off points at Cambridge Crossing, Montana Crossing, Midway Mews, Cullinan Jewel and East Point Shopping Centre. The shopping centres collect a combined total of over 6 500 sanitary pads, which were donated to Chipa-Tabane Comprehensive High School.

NURTURING OUR CAPITALS *CONTINUED*

FLOOD RELIEF



After the devastating floods that hit KwaZulu-Natal in April 2022, Umlazi Mega City assisted Masibambaneni, Life Beyond Disability and Isolempilo with 280 hampers made up of food and personal hygiene items, valued at R50 000. Masibambaneni is looking after 45 kids living with disabilities, Life Beyond Disability assists over 50 households with kids living with disabilities and Isolempilo takes care of families with members affected by social ills.

Bluff Towers donated bottled water through various organisations in the area as certain areas had no access to water.

CANSA SHADES OF PINK FUN RUN



The Cansa Shades of Pink has become synonymous with Davenport Square and our community. In its fifth year, the event generated over R20 000 for The Cancer Association of South Africa. More importantly, it

created the necessary awareness required for the early detection and treatment of breast cancer.

GOLF DAY SPONSORSHIP
East Point Shopping Centre sponsored a hole and booked a four ball at the annual Jacaranda FM, Good Morning Angels Golf Day. The centre's total contribution towards the fundraiser was R40 000.



STREET LIT
Street Lit is a project of the Dennis Hurley Centre, an NGO caring for the city's poor and marginalised. The goal of Street Lit is to enable homeless and formerly homeless individuals to earn a living by selling donated second-hand books at various locations. Davenport Square and Bluff Towers both launched this ongoing initiative in November 2022.


AFHCO INITIATIVES IN 2022

WINTER DRIVE



Afhco's annual winter drive took place between May and July 2022 with donations obtained from tenants and employees. Donations of clothes, blankets and non-perishable foods were donated to The Salvation Army.

MANDELA DAY



As part of Mandela Day celebrations on 18 July 2022, Afhco offered community services to Chris Hani Baragwanath Academic Hospital by gardening and cleaning around the hospital and its surroundings and donating groceries.

BURSARY OPPORTUNITY
Afhco launched an annual bursary opportunity in 2019. In 2020 and 2021, the bursary was awarded to Dineo Rampou who studied a Bachelor of Business Administration in Logistics and Supply Chain. Afhco's relationship with Dineo continued after her studies and she was appointed as a Procurement Administrator in the company's suburban

NURTURING OUR CAPITALS *CONTINUED*

portfolio with effect from 1 June 2022 and was offered accommodation in an Afhco inner city apartment.

Afhco awarded its 2022 bursary to Nyakallo Modoena who was studying for a Bachelors Degree in Life and Environmental Sciences at the University of Johannesburg and staying in Afhco’s Hayani building in Doornfontein.

EARLY PAYMENT PROGRAMME



Afhco launched this programme during the Covid-19 pandemic as a motivation to tenants to pay their rent timeously. If they settled their account on or by the first of every month, they were given a 5% discount. If they did this consecutively for six months, they were given an additional 5% discount.

MOVERS MENTORSHIP PROGRAMME



Afhco launched this programme in 2021 intending to encourage mentorship amongst young people through promoting educational, social, financial and mental well-being support. Afhco partnered with several other companies to promote impactful engagement and contribute to building future leaders.

The 2022 Movers Mentorship Programme was launched on 27 April with the “Movers Making Moves” focus being on financial wellbeing. The event theme was C.R.E.A.M (Cash Rules Everything Around Me). The event was hosted at Living @ Mpumelelo and students from all three student buildings were invited, where they received their Afhco branded Student Living Mastercard Rewards Card for earning rewards during their stay.

UJFM was Afhco’s media partner for the event, from which Afhco gained exposure on various UJFM platforms, including pre-and post-event interviews. Discovery financial advisers were on hand to offer introductory advice to students, as well as to forge relationships to assist students in their financial journey, and to create a lasting impact in their lives.



The next event in this programme, held in July 2022, focused on social well-being by addressing a notion about Building Future Leaders, by asking “How do you create a future leader now?” and “What values does one need to possess in becoming leaders in their own spaces?” The company once again partnered with UJFM and the event was hosted on the radio station and Afhco social platforms.

25TH BIRTHDAY CELEBRATION

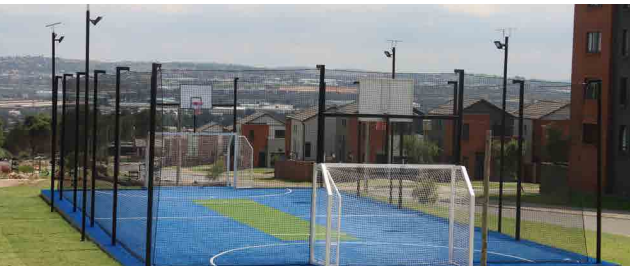


As part of Afhco’s birthday celebration, the company ran a competition over a period of five months, during which tenants who paid their rent on time qualified to be entered in a draw. The reward was R1 000 for five tenants each month and R250 for 20 tenants. Thabiso, pictured on the left, won the grand prize of R25 000.

IMPROVEMENTS AT SOUTH HILLS LIFESTYLE ESTATE



During 2022, South Hills Lifestyle Estate benefitted from enhanced amenities with the complete upgrade of the courtyards servicing the apartments as well as the sports fields. The upgrade of the courtyards servicing the residential apartment blocks was seen as necessary to give tenants, including their family members and visitors, a sense of pride in their surroundings and to uplift their general well-being and state of mind. The courtyards were converted into usable spaces, complete with seating, greenery, children’s amenities, and lighting, and the tiling to the ground floor walkway was also undertaken to create a “continuation” into the courtyards. The existing grass sports fields were upgraded into three multi-purpose synthetic sports fields, offering soccer, basketball and cricket.



NURTURING OUR CAPITALS *CONTINUED*



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

SOLAR PHOTOVOLTAIC (“PV”) ELECTRICITY GENERATION

Solar PV was installed at 17 retail assets and six industrial properties. Investigations are underway to implement 1 510 kWp of solar PV at a further four industrial sites.



IN 2022, SAC GENERATED

12 847 MWh of renewable energy,

AND SAVED

R21 million and 12 982 tonnes of CO₂e

THE FOLLOWING INITIATIVES WERE IMPLEMENTED TO REDUCE THE GROUPS’ ENERGY CONSUMPTION:

- Common area and parking lighting at the retail properties were being routinely replaced with energy-efficient and LED globes;
- Energy-efficient lighting was encouraged when new tenants were designing their premises;
- Power Factor Correction systems have been installed at four retail assets;
- A new energy-efficient HVAC system has been installed at Musgrave Centre which reduces the power consumption by 492 000 KWHR per annum for this unit. This will result in a saving of c. R2.2 million in power consumption at the asset; and
- An energy-efficient HVAC system was installed at Springfield Value Centre as part of the rebuild.

Renewable energy as a percentage of total energy consumption

The table below breaks down renewable energy consumption as a percentage of total energy consumption per sector. The retail sector was the highest producer and consumer of renewable energy, with 12.35% coming from rooftop solar PV.

	Unit	SAC and Afhco	SAC	SAC Total Portfolio	SAC Retail Portfolio	SAC Industrial Portfolio	SAC Commercial Portfolio
Solar-generated kWh	MWh	12 847	–	12 847	11 049	1 798	–
Total kWh consumed (grid and solar)	MWh	166 888	36 710	130 179	89 441	38 084	2 653
% RE as % of total energy	%	7.70	–	9.87	12.35	4.72	–

SAVING WATER

SAC is actively focusing on saving water. There are currently no targets set for water saving in the Group, but the following efforts were undertaken in 2022 to reduce water consumption:

- Borehole water was being utilised at Umlazi Mega City and investigations are underway to install boreholes at East Point and Coachman’s Crossing;
- Bulk water meters have been put in place at 20 retail properties;
- Flow restrictors were installed on taps in the bathrooms at the retail centres;
- Waterless urinals were installed in bathrooms that undergo refurbishments;
- Indigenous plants were planted in gardens which require less frequent watering; and
- Information letters were routinely sent to all tenants regarding energy and water-saving initiatives which could be implemented on tenants’ premises.

NURTURING OUR CAPITALS CONTINUED

WASTE REDUCTION EFFORTS

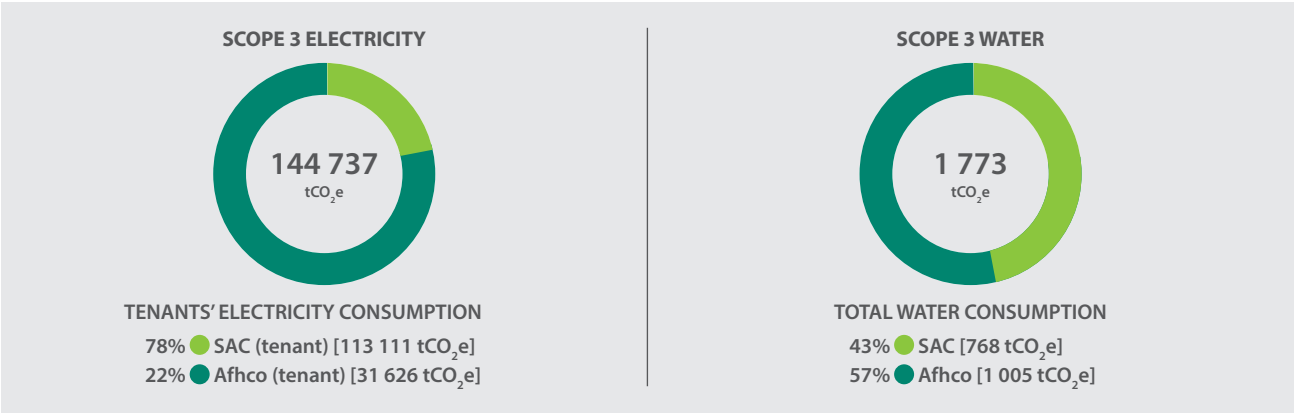
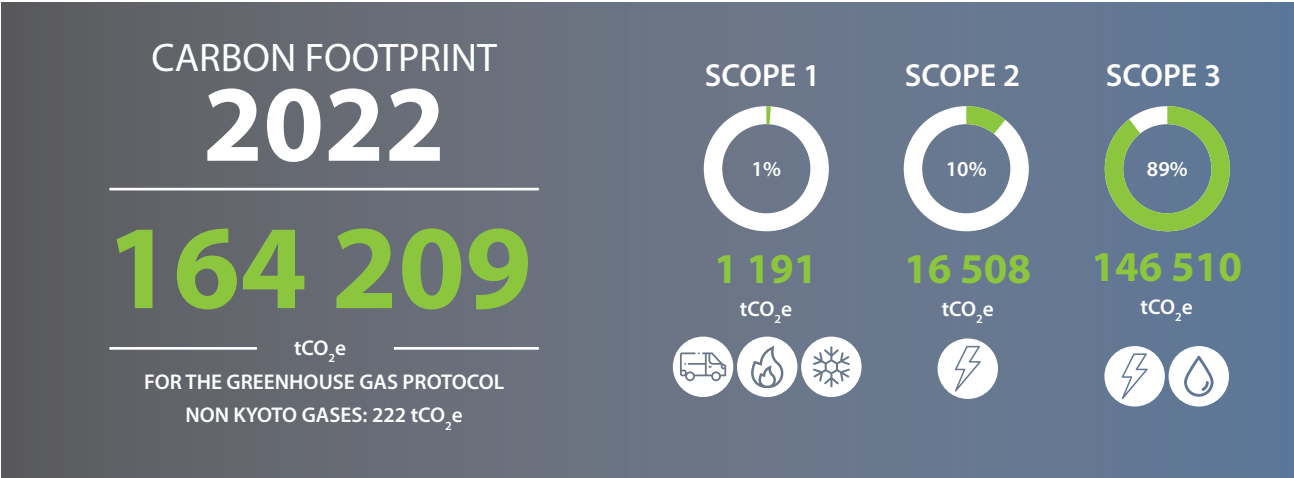
As part of SAC’s commitment to minimise retail waste, recycling of waste takes place at all retail properties. These efforts have led to 1 340m³ of waste being recycled, totalling 1 340 tonnes.

CARBON FOOTPRINT

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

In 2022, 147 (2021: 167) properties formed part of the annual carbon footprint assessment done by an external company, Terra Firma Solutions (Pty) Ltd. The assessment comprised 83 SAC properties (including four disposals) and 64 Afhco properties (including five disposals).

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

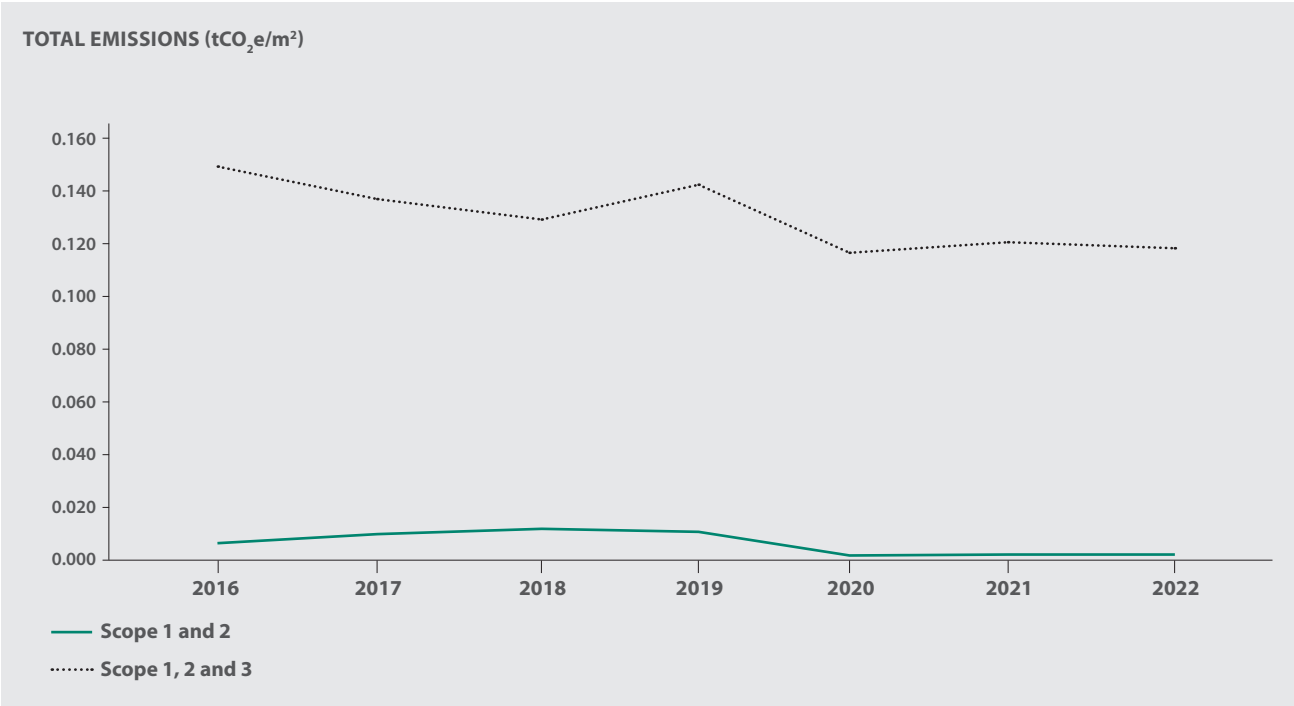


TOTAL EMISSIONS

Total emissions (SAC and Afhco)

Electricity emissions (tCO2e)	2016	2017	2018	2019	2020	2021	2022	% change
Scope 1 and 2	8 082	14 125	18 363	15 397	22 171	20 996	17 699	(16)%
Scope 1, 2 and 3	220 057	218 027	220 564	214 640	179 189	166 675	164 209	(1)%
Scope 2 and 3 electricity	218 643	216 692	219 177	213 019	177 351	164 448	161 245	(2)%

NURTURING OUR CAPITALS CONTINUED



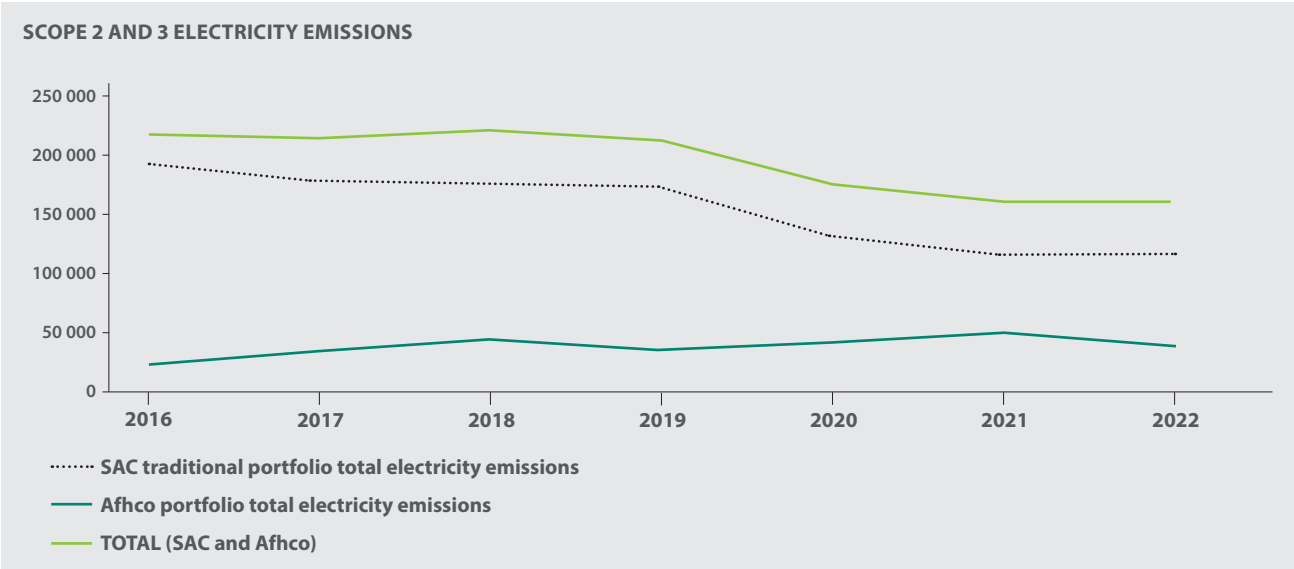
TRACKING AGAINST BASELINE

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

EMISSIONS CHANGES

Emissions from electricity for SAC’s traditional portfolio have increased by 2% in 2022 compared to 2021. Emissions associated with Afhco’s portfolio have decreased by 12%. The emissions for the combined portfolio of SAC and Afhco have decreased by 2%.

The combined GLA of SAC and Afhco have decreased by 10% from 2016 to 2022 while Scope 2 and Scope 3 electricity emissions have decreased by 26%, resulting in the emissions intensity decreasing by 18% over the same period.



SAC’s Scope 2 and 3 electricity emissions have decreased by 2% compared to 2021. Emissions savings from solar PV have decreased by 18% compared to 2021. The reduction in solar PV savings is due to the disposal of two properties with rooftop solar PV: Shoprite Kempton and Stellenbosch Square, as well as the reduction from Springfield Value Centre which was demolished after the July 2021 civil unrest. These properties generated a combined 1 656 970 kWh in 2021 and had an emissions saving of 1 756 tCO₂e.

NURTURING OUR CAPITALS *CONTINUED*

REDUCTION IN PORTFOLIO EMISSIONS

Reduction in emissions per portfolio (Retail, Industrial, Office and Afhco), where tCO₂e includes Scope 2 and Scope 3 electricity emissions and m² is GLA for each portfolio over a six year period.

tCO ₂ e/m ²							
Sector	2017	2018	2019	2020	2021	2022	% change
Retail	0.24	0.25	0.31	0.20	0.22	0.21	(4)
Industrial	0.09	0.09	0.10	0.08	0.06	0.08	35
Office	0.13	0.12	0.14	0.10	0.08	0.07	(10)
Afhco	0.11	0.09	0.09	0.10	0.12	0.08	(34)

LIKE-FOR-LIKE KWH PER SECTOR

This comparison includes properties which were neither disposed of nor acquired in FY 2021 and FY 2022. Additionally, only properties where data was available (no extrapolations) in 2021 and 2022 were included in the like-for-like comparison.

Sector	2020 (kWh)	2021 (kWh)	2022 (kWh)	% change
Industrial	29 469 790	24 707 736	26 628 487	8
Office	2 790 386	2 437 356	1 787 594	(27)
Retail	73 478 728	73 518 152	65 242 298	(11)
Afhco	38 748 591	35 886 725	32 508 082	(9)
TOTAL	144 487 495	136 549 969	126 166 461	(8)

Key performance indicators

Some of our key performance indicators are listed below :

Description	2022	2021	% change
Annual savings in costs due to Umlazi Mega City borehole	R122 834	R36 756	234
Annual savings on sewerage charges at Umlazi Mega City	R1 525 848	R739 072	106
Scope 3 emissions:			
- electricity sold (tCO ₂ e)	144 737	144 066	0
- water (tCO ₂ e)	1 773	1 613	10
Energy optimisation and savings initiative savings:			
- power factor correction	R141 993	R141 993	0
- water meter installations	R25 530	R23 000	11
- tariff adjustments	R1 123 355	R1 123 355	0
- energy-efficient lighting	R49 068	R42 300	16
Waste:			
- by volume (m ³)	1 340	1 992	(33)
- by weight (kg)	1 340 196*	1 992 266	(33)
Solar PV electricity:			
- renewable energy generated (MWh)	12 847	14 852	(13)
- electricity cost saving	R20 918 618	R21 827 088	(4)
- tonnes of CO ₂ saved (tCO ₂ e)	12 982	15 744	(18)
Water used (kl)*	1 916 739	1 779 992	8
Group's recycling efforts equated to:			
- water saved (litres)	35 198 380	48 535 260	(27)
- energy saved (KWh)	12 847 000	14 852 000	(14)

* Reduction due to tenants being more environmentally wise and doing their own recycling.

NURTURING OUR CAPITALS *CONTINUED*



SAC's employees are employed by the SA Corporate Real Estate (RF) (Pty) Ltd ("Manco") and Afhco's employees through various entities within the Afhco Group. SAC has a remuneration policy and incentive scheme, aligned to shareholder interest measured against a business scorecard.

Refer to the Remuneration Report in the Integrated Annual Report on page 83.

Some of our key human capital performance indicators are listed below:

Description	2022	2021	% change
Number of employees	230	213	8
Number of employees with disabilities	8	8	0
Average age of employees (years)	39.4	40	(2)
Average tenure of employees (years)	4.8	4.3	12
Total employee turnover %	19%	18%	6
Number of employees trained during the year	55	96	(43)
Number of employee training interventions	36	26	38
Black employees as a % of employees trained	78%	88%	(11)
Total spent on training during the year ¹	R5 378 741	R3 135 892	72
Total remuneration ²	R96 575 438	R87 757 981	10
Black employees as a % of number of employees	90%	88%	2

¹ Employees participated in a real estate learnership, valued at R1.9 million in 2021 and R4.8 million in 2022
² Includes executive directors

HERITAGE DAY CELEBRATION



On 23 September 2022, Afhco employees recognised and embraced their cultural diversity by dressing up to showcase their heritage. The best-dressed employees were treated to a scrumptious lunch on the day.

AFHCO BRAND AMBASSADORS



The company believes that recognition and rewards are important motivators for improved performance. Afhco celebrated their brand ambassadors (employees who made significant contributions toward the success of their respective departments) with an all-expenses paid boat cruise at the Vaal Dam on Saturday, 27 August 2022.

NURTURING OUR CAPITALS CONTINUED

DEVELOPMENT AND TRAINING

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

SAC introduced a real estate learnership programme in September 2021. In 2022, six unemployed and disabled Black people enrolled in this programme and three employed Black people as well.

EMPLOYEE BENEFITS

- Membership of a defined contribution pension fund for Manco employees or provident fund for Afhco employees
- Four months’ maternity leave (paid in ranges from 40% to 80%)
- Annual leave ranges from 15 to 22 working days, depending on role and level
- 10 days paid study leave for approved qualifications at an accredited institution
- Free parking
- Employees who stay in a SAC or Afhco building, qualify for a 10% discount on the monthly rental and do not pay a deposit, parking fee nor admin fees
- 50% school fees subsidy at CityKidz
- Employee reward system

PROPERTY MANAGER PERFORMANCE

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

PERFORMANCE AGAINST KPIs AS AT DECEMBER 2022

	Notes	Target 2022	Actual 2022	Target 2021	Actual 2021
Vacancies	1	3.7%	2.3%	2.5%	3.3%
Unsigned leases	2	5.0%	9.9%	5.0%	7.0%
Arrears management					
Arrears level	3	4.3%	4.7%	6.6%	5.8%
Collections	4	98.0%	99.6%	98.0%	100.5%
Net property income	5	728,583	751,616	760,936	748,792
Procurement	6	26.0	25.0	23.0	25.7
Expense to income ratio	7	45.3%	47.9%	42.6%	45.4%
Green strategy		Fully implemented	Exceptional performance	Fully implemented	Exceptional performance

1. % of GLA, standing portfolio
2. % of total leases
3. % of rolling 12 months’ income
4. % of monthly billing
5. R’000
6. Broll 8-BBEE procurement points
7. % of expense to income

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

NON-DISCRIMINATION

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

A South African Department of Labour’s new Code of Good Practice on the Prevention and Elimination of Harassment (“the Code”), came into effect earlier this year. The Code, issued in terms of the Employment Equity Act (EEA), replaces the previous Code of Good Practice on Handling Sexual Harassment cases in the workplace and has been introduced to, among others, ensure that South Africa complies with international obligations while addressing the “prevention, elimination and management of all forms of harassment in the workplace. SAC has adopted the Code in its workplace.

HEALTH AND SAFETY

SAC strives to create a safe and healthy working environment at its offices, all its properties and at construction projects. Significant health and safety incidents are reported to the SEEC. In the 2022 reporting period there were no serious injuries.

NURTURING OUR CAPITALS CONTINUED



INTELLECTUAL CAPITAL

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

Our systems and processes have been designed and implemented to provide maximum efficiency and support to achieving our strategic objectives. An example of this is our StorageWorx website, which accesses our 15 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 digitalisation 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 various precincts, with further projects planned. Progress continues to be made in enhancing Afhco’s online leasing capability. Enhancements have also been made to the ICT infrastructure to ensure that we maintain Afhco as a fully integrated business.



MANUFACTURED CAPITAL

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



For more information on our portfolios, please refer to the Integrated Annual Report on page 46 for the property portfolio discussion.



FINANCIAL CAPITAL

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



Please refer to the Chief Financial Officer’s Review in the Integrated Annual Report on page 40 for a comprehensive discussion of our efforts in this regard.



STAKEHOLDER ENGAGEMENT

SAC has identified and continues to maintain 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 our stakeholders.

SAC maintains a formalised Stakeholder Engagement Policy, which includes disclosure control procedures and is 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.**

The Board-approved Stakeholder Engagement 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, in particular the SEEC, and to the extent relevant, the ARC, the Remuneration Committee and the Nomination Committee, assist the Board in carrying out this responsibility by considering and discussing specific stakeholder issues and disclosure matters at their meetings.






STAKEHOLDER ENGAGEMENT CONTINUED

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

STAKEHOLDER ENGAGEMENT CONTINUED

Our response	Risks	Opportunities	Contribution to value creation
<ul style="list-style-type: none"> • We aim to achieve sustainable, quality returns, which deliver both profit and cash to our shareholders • Robust engagement keeps us abreast of shareholder needs and preferences 	<ul style="list-style-type: none"> • Reputational damage • Increased cost of capital • Slowing or even negative distribution growth • Safeguarding against liquidity risks 	<ul style="list-style-type: none"> • A strengthened investment case • A share price valuation that reflects an appropriate value for the Group • Introducing new convenience, defensive retailer brands and concepts 	<ul style="list-style-type: none"> • Shareholders provide capital to facilitate growth in the business • Analysts provide market intelligence on opportunities and peer comparisons
<ul style="list-style-type: none"> • We maintain strong relationships with well-defined expectations and regular interaction to ensure acceptable performance and ongoing healthy relationships 	<ul style="list-style-type: none"> • The safety of customers and tenants • Increased vacancies • Reputational damage • Properties that are not well-managed or well-maintained 	<ul style="list-style-type: none"> • Well-managed and well-maintained properties attract tenants and improve retention 	<ul style="list-style-type: none"> • Drive effective and efficient operations through improved property fundamentals • Ensure the maintenance of the properties is well-planned and executed • Ensure the safety of the tenants, customers and employees
<ul style="list-style-type: none"> • We continuously strive to accommodate tenant requirements, within acceptable parameters • Installing solar panels as well as energy-efficient lighting and promoting energy-saving initiatives with tenants • 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, as well as a broad range of amenities, such as 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, to enhance the Afhco offer to tenants • Installing generators in residential high-rise buildings to ensure ongoing operation of key building infrastructure during loadshedding 	<ul style="list-style-type: none"> • Tenant concerns may damage our reputation • Tenant safety and security • The inability of tenants to afford the cost of occupation • Lack of tenant retention 	<ul style="list-style-type: none"> • Early warning system to protect against reputational damage • Resolving tenant complaints quickly and effectively leads to increased tenant loyalty • High retention reduces the costs of sourcing new tenants • Supporting tenants in challenging times improves retention as well as SAC's reputation as a landlord • Referrals from tenants • Providing affordable rental accommodation 	<ul style="list-style-type: none"> • The Group aims to build and maintain a strong quality tenant base, and to enhance tenancing and administrative processes to optimise the customer services experience for our tenants • The renting of available space enables SAC to grow its business



STAKEHOLDER ENGAGEMENT CONTINUED

Our stakeholders	Quality of relationship	Engagement methods	Stakeholder priorities
 COMMUNITIES In the past year: Focus on community upliftment	The Group strives to be a responsible corporate citizen and recognises that its activities affect the broader community and impact the social- and natural environment within which it operates. The relationship is mutually beneficial.	<ul style="list-style-type: none"> • Retail centre social initiatives • Inner city community upliftment initiatives • Urban agriculture initiatives • Facilitating broad-based community participation through other CSI initiatives • Enterprise Development support in the form of The Seed Project 	<ul style="list-style-type: none"> • Environmental impact • Job creation • Safety, security and cleanliness • Responsible corporate citizenship
 EMPLOYEES In the past year: Adjusting to returning to the office and hybrid working conditions and confirming ethical conduct with awareness initiatives	Employees are a key resource, and their knowledge, skills and commitment are essential to meeting the Group's strategic objectives. The relationship is strong with mutual trust and understanding.	<ul style="list-style-type: none"> • Employee meetings • Performance reviews, including 360-degree evaluations of executive directors, and career planning discussions • Online platforms • Virtual meetings • Participation in results presentations 	<ul style="list-style-type: none"> • Job security • Fair remuneration and incentives • Conducive work environment • Group values • Financial sustainability, including Group performance • Training and career development opportunities
 DEBT PROVIDERS In the past year: Engagement with lenders to negotiate a less onerous LTV covenant and the refinancing of facilities	Engagements with lenders are regular and aimed at proactively maintaining covenant compliance. The relationship is quality and value-adding.	<ul style="list-style-type: none"> • Regular meetings to provide feedback and 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 • Predefined sustainability performance targets and KPIs on sustainability-linked funding • Refinancing engagement on "Green-Financing" initiatives 	<ul style="list-style-type: none"> • Competent treasury function • Ability to service debt • Appropriate LTV and other covenant ratios • Adhering to covenants

STAKEHOLDER ENGAGEMENT CONTINUED

Our response	Risks	Opportunities	Contribution to value creation
<ul style="list-style-type: none"> • We partner with our communities and strive to play our part in 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's parents with outstanding school debt and 2022 fees • Student bursaries from Afhco • Afhco contributes towards several Improvement Districts (CIDs) to ensure a cleaner and safer environment 	<ul style="list-style-type: none"> • A breakdown in relationships in a community could harm our reputation and increase vacancies • A deterioration in the environment surrounding our properties will ultimately impact their value 	<ul style="list-style-type: none"> • Strong community relationships will support mutually beneficial outcomes for community developments, as well as increased footfall in our malls and higher value for our residential properties 	<ul style="list-style-type: none"> • Encourages community support for the business • A better understanding of the needs of the community aligns the business with the community's needs • Positive impact on the communities
<ul style="list-style-type: none"> • We invest in skills development to ensure that our employees are equipped to provide excellent service • We strive to remunerate our employees well and provide an appealing employee value proposition to attract high-calibre employees • A hybrid model of working • Engagement on the proposed new Code of Conduct • Creating appropriate channels for concerns and grievances • Awareness initiatives on the "Speak-up" campaign • Offering financial support to employees for studies • Providing employees with access to a wellness programme • Providing employees with growth opportunities through internal promotions 	<ul style="list-style-type: none"> • Negative perceptions from employees might cause disruption of operations and unproductive behaviour • Lack of employee retention leads to disruptions and increased costs 	<ul style="list-style-type: none"> • Ensuring a committed and engaged workforce will lead to a satisfied tenant base and profitable growth 	<ul style="list-style-type: none"> • Highly skilled and engaged employees who are adequately remunerated, incentivised and motivated to execute our strategic objectives • Employee retention
<ul style="list-style-type: none"> • We keep our lenders informed through regular reporting and engagement and manage the organisation within the required parameters to reduce the risk for ourselves and lenders alike • Regular engagement with funders to proactively manage compliance with lender covenants • Monthly reviews are circulated to the Audit and Risk Committee to ensure that all risk tolerances and thresholds are monitored 	<ul style="list-style-type: none"> • Lack of capital • Reputational damage • Onerous financial covenants • Breaching covenants 	<ul style="list-style-type: none"> • Identifying opportunities for improved disclosure and value-add • Launching additional funding instruments to broaden the base of potential lenders • Securing additional facilities and/or less onerous funding terms to ensure liquidity 	<ul style="list-style-type: none"> • Provision of funding to facilitate business objectives

STAKEHOLDER ENGAGEMENT CONTINUED

Our stakeholders	Quality of relationship	Engagement methods	Stakeholder priorities
 REGULATORS, INDUSTRY AND BUSINESS ORGANISATIONS In the past year: Actively engaged with various industry and business organisations to improve the sustainability of the South African property industry. Concluded as the first REIT, a social housing development in partnership with the Social Housing Regulatory Authority ("SHRA").	The Group maintains open, honest and transparent relationships and ensures compliance with all legal and regulatory requirements. The Group supports and enables the efforts of industry bodies to promote and protect the Group and the sector's interests. The relationship is mutually beneficial.	<ul style="list-style-type: none"> Attendance and participation with the SA REIT Association and related property industry forums Regular engagements with the JSE through SAC's sponsor Communication on matters affecting the property industry and sharing of experiences, as well as joint lobbying on matters of mutual interest 	<ul style="list-style-type: none"> Sector-specific issues Introduction of new legislation
 LOCAL AND NATIONAL GOVERNMENT In the past year: Continued engagement with municipalities in respect of integrated urban development and traffic management. Engagement with authorities in contributing to community upliftment projects and renewable energy generation.	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 the government.	<ul style="list-style-type: none"> Regular meetings and consultations Employment equity reports Participation in the Johannesburg Property Owners and Managers Association's interactions with the City of Johannesburg B-BBEE scorecard and reporting on the Group's B-BBEE performance and transformation agenda Collaboration with the Johannesburg City Council and establishing a more balanced public-private partnership 	<ul style="list-style-type: none"> Compliance with legal and regulatory requirements Service delivery Contribution to economic development Urban regeneration By-law enforcement Elimination of illegal dumping Fight against poverty and unemployment Transformation Collection of billings Maintenance of public open space and infrastructure B-BBEE

STAKEHOLDER ENGAGEMENT CONTINUED

Our response	Risks	Opportunities	Contribution to value creation
<ul style="list-style-type: none"> We keep abreast of JSE Listings Requirements and changes in regulations 	<ul style="list-style-type: none"> Non-compliance with industry regulations Non-compliance with JSE: REIT requirements 	<ul style="list-style-type: none"> Co-operation with peers may lead to outcomes that benefit all parties 	<ul style="list-style-type: none"> Guidance on matters affecting the property industry and sharing of experiences Financial savings Joint lobbying on matters of mutual interest
<ul style="list-style-type: none"> We are committed to ethical business and governance practices and are willing to collaborate to maximise service delivery for tenants 	<ul style="list-style-type: none"> Non-compliance or deterioration in relationship with regulators may jeopardise SAC's licence to operate Non-payment of utilities may lead to interrupted service delivery 	<ul style="list-style-type: none"> Our established track record assists us to obtain access to, and cooperation from, the relevant authorities 	<ul style="list-style-type: none"> Partnering to encourage good service delivery for our tenants and community upliftment Providing regulatory frameworks which are transparent and fair to all parties Enforcing local and national laws and regulations to ensure compliance

ESG DATA TABLES

Governance	Unit of measure	2022	2021	2020
Board members	Number	8	9	10
Board members who are deemed non-executive	Number	6	7	8
Board members who are deemed executive	Number	2	2	2
Board members who are deemed independent	Number	6	7	8
Board members who are deemed Historically Disadvantaged South Africans (HDSA)	Number	6	6	6
Board members who are women	Number	3	4	3
Average length of executive director service	Years	5.5	10	9.5
Average length of non-executive director service	Years	5.5	4.6	4.6
Average length of director (full Board) service	Years	5.6	5.4	5.2
Average age of directors	Years	53	52	53.9
Overall Board and Committee meeting attendance	%	100	99.4	100
Auditor remuneration: % of non-audit fees	%	6.3	11.9	5.2
Length of current auditor's service	Years	3	2	1
Independence of Board Chairman	Y/N	Yes	Yes	Yes
Publicly available policy on Board conflicts of interest & politically exposed persons (PEPs)	Y/N	Yes	Yes	Yes
Disclosure of any/all Board member conflicts of interest	Y/N	Yes	Yes	Yes
Public disclosure on any/all Board members deemed a PEP	Y/N	n/a	n/a	n/a
Publicly available human rights policy	Y/N	Yes	Yes (Approved in 2022)	under development
Shareholder's vote (binding) on executive remuneration	Y/N	Partial	Partial	Partial
Shareholder's vote (binding) on sustainability-related resolutions	Y/N	n/a	n/a	n/a
Public disclose of voting record on sustainability-related resolutions	Y/N	n/a	n/a	n/a
Human capital				
Total permanent employees	Number	230	213	201
Total temporary employees	Number	12	14	10
Total contractors	Number	43	47	36
Total employees (including contractors)	Number	286	274	252
Employees who are deemed HDSA (South Africa only)	%	96.0	88.0	93.0
Employees who are women	%	47.0	48.0	44.0
Permanent employees	%	91.0	77.7	82.0
Employees who belong to a trade union	%	13.0	7.8	6.0
Total employee terminations	Number	47	45	36
Employee turnover rate	%	19.0	18.0	19.0
Total employees trained	Number	58	96	55
Value of employee training spend	ZAR	5 378 741	3 135 892	266 980
Health and Safety				
Total number of fatalities	Number	0	0	1
Total number of lost-time injuries (LTIs)	Number	2	0	0
Total number of medical treatment cases (MTCs)	Number	0	0	1
Total number of first aid cases (FACs)	Number	2	1	7
Properties owned				
Properties				
Afhco	Number	58	64	66
Commercial	Number	3	4	8
Industrial	Number	51	54	69
Retail and Storage	Number	42	43	43
Rest of Africa	Number	3	3	3
Total number of properties owned	Number	157	168	189

ESG DATA TABLES

	Unit of measure	2022	2021	2020
Square metres - under SAC direct control				
Afhco	m²	489 570	415 790	449 948
Commercial	m²	25 591	30 298	37 890
Industrial	m²	424 173	450 207	537 463
Retail and Storage	m²	411 332	378 115	393 700
Rest of Africa	m²	47 395	30 739	30 321
Total square metres of properties owned - under SAC direct control (rental area)	m²	1 398 061	1 305 149	1 499 332
Square metres - not under SAC direct control				
Retail and Storage	m²	13 384	13 406	18 971
Rest of Africa	m²	47 395	30 739	30 321
Total square metres of properties owned – not under SAC direct control (rental area)	m²	60 779	44 145	49 292
Environmental				
Energy (SAC and Afhco)				
Total grid electricity consumption (excluding self-generation)	MWh	155 043	157 438	123 958
Total petrol consumption	litres	4 890	4 255	2 203
Total diesel consumption	litres	213 889	24 821	5 338
Total volume of electricity self-generated	MWh	14 987	14 852	15 115
Carbon Footprint (SAC and Afhco)				
Scope 1	tCO ₂ e	1 191	613	247
Scope 2	tCO ₂ e	16 508	20 383	21 925
Scope3	tCO ₂ e	146 510	145 679	157 018
Total Carbon Emissions	tCO ₂ e	164 209	166 675	179 189
Carbon Efficiency (Total emissions)	tCO ₂ e/m²	0.119	0.121	0.1180
Water (SAC and Afhco)				
Total water consumption +	m³	1 916 739	1 779 992	1 763 468
Water Efficiency +	m³/m²	1.39	1.28	1.16
Waste				
Total volume of waste recycled	Kgs	1 340 196	1 992 266	2 554 187
Percentage of waste recycled	%	37 [®]	55	70
Corporate Social Investment/Socio-Economic Development ("SI/SED") Expenditures				
CSI/SED spend on education	ZAR	40 091	182 962	129 888
CSI/SED spend on health, including HIV/AIDS	ZAR	92 492	85 560	99 740
CSI/SED spend on arts, sports and culture	ZAR	665 733	211 176	394 276
Enterprise Development				
Enterprise Development spend	ZAR	1 088 564	923 107	926 773
Supplier Development spend	ZAR	1 703 390	1 242 321	2 104 230
Skills Development				
School fees bursaries *	ZAR	1 725 534	1 594 344	2 312 105
Other bursaries and learnerships for non-employees **	ZAR	460 770		
Procurement				
Value of total discretionary procurement spend	ZAR	1 278 556 364	1 675 464 007	1 048 377 976
HDSA procurement spend	ZAR	465 500 718	325 548 386	206 649 707
Preferential procurement spend rate #	%	36.0	19.6	19.7

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

* CityKidz bursary agreement and bursaries for the children of Afhco staff and Afhco tenants are included

** Afhco special bursaries and special learnerships for non-employees

® Tenants have started taking responsibility for their own recycling, so only non-recyclable waste gets sent to SAC for disposal

GLOSSARY

Afhco/Afhco Group

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

ARC

Audit and Risk Committee

B-BBEE

Broad-Based Black Economic Empowerment

Broll

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

GLA

Gross lettable area

Gross property expenses

The sum of property administration fees and property expenses

H1

The first half of the financial year

H2

The second half of the financial year

JV

Joint venture in 50% of three Zambian property companies

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

SA Corporate Real Estate Fund Managers (RF) (Pty) Ltd

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 property income (“NPI”)

Rental income and recoveries less expense attributable to investment properties

Non-profit organisation (“NPO”)

A legal entity organised and operated for public or social benefit

Peer Group

J253 SA Property Index adjusted to exclude entities with foreign holdings and include entities of similar portfolio.

The Peer Group comprises of SAPY index as a base. This is then adjusted to only include REITs of a similar size and that operate similar property portfolios, but with insignificant exposure to foreign operations.

Property Portfolio

Properties identified in the property portfolio on pages 114 to 117 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.

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

Sustainable Development Goal (“SDG”)

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

SEEC

Social, Ethics and Environmental Committee

ADMINISTRATION

SA Corporate Real Estate Limited

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

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MA Moloto (Chairman)
OR Mosetlhi (Lead Independent Director)
TR Mackey (Chief Executive Officer)*
SY Moodley (Chief Financial Officer)*
NNN Radebe (Chief Operating Officer)*#
N Ford-Hoon (Fok)
EM Hendricks
GJ Heron
SS Mafoyane
GZN Khumalo[‡]
* Executive
‡ Appointed 1 February 2023

INTEGRATED ANNUAL REPORT COMPILATION

Compilation of the SAC Integrated Report - Investorsense
Design and typesetting of the SAC Integrated Report - Idea Exchange

