SA CORPORATE
REAL ESTATE

INDUSTRIAL | RETAIL | RESIDENTIAL | REST OF AFRICA

2022
INTEGRATED ANNUAL REPORT

HOW TO NAVIGATE OUR INTEGRATED ANNUAL REPORT

This icon signifies related information elsewhere in this report

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

Other icons are used to identify the strategic objectives and capitals, as applicable.

OTHER SOURCES OF INFORMATION AVAILABLE ON OUR WEBSITE

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

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

ABOUT THIS REPORT

REPORT BOUNDARY AND SCOPE

SA Corporate Real Estate Limited ("the Company" or "SAC") and its subsidiaries ("the Group") is pleased to present its Integrated Annual Report ("IAR") which has been prepared for the benefit of all stakeholders. The aim is to provide a succinct overview of the Group's performance for the year ended 31 December 2022.

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

The report covers all wholly-owned property investment subsidiaries, 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.

There has been no change in the scope and boundary of this report relative to the 2021 report, other than through changes in our property portfolio.

FORWARD-LOOKING STATEMENTS

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

CONTENTS

REPORTING FRAMEWORKS

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

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

CODE OF CONDUCT AND CODE OF ETHICS

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

MATERIAL ISSUES

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

We consider issues to be material if they reflect on the six capitals as detailed on pages 26-29, in a manner that could substantially impact and influence the decisions of stakeholders in assessing the Group's ability to create value in the short, medium and long term. As such, we have identified the following as our key material issues:

Macro-economic conditions affecting our vacancies, reversions and property values, among others.

page 16

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

pages 6 and 7

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

page 27   ESG Report

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

page 26   ESG Report

ASSURANCE

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

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

INTEGRATED ANNUAL REPORT PROCESS AND APPROVAL

The Board acknowledges its responsibility to ensure the integrity of the IAR. The Board believes that the 2022 IAR is presented in accordance with the <IR> Framework, addresses all material matters and offers a balanced view of the performance of the Group and the impact on its stakeholders.

The Board has accordingly approved this IAR for publication.

01 BUSINESS OVERVIEW

Springfield Value Centre - Springfield

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

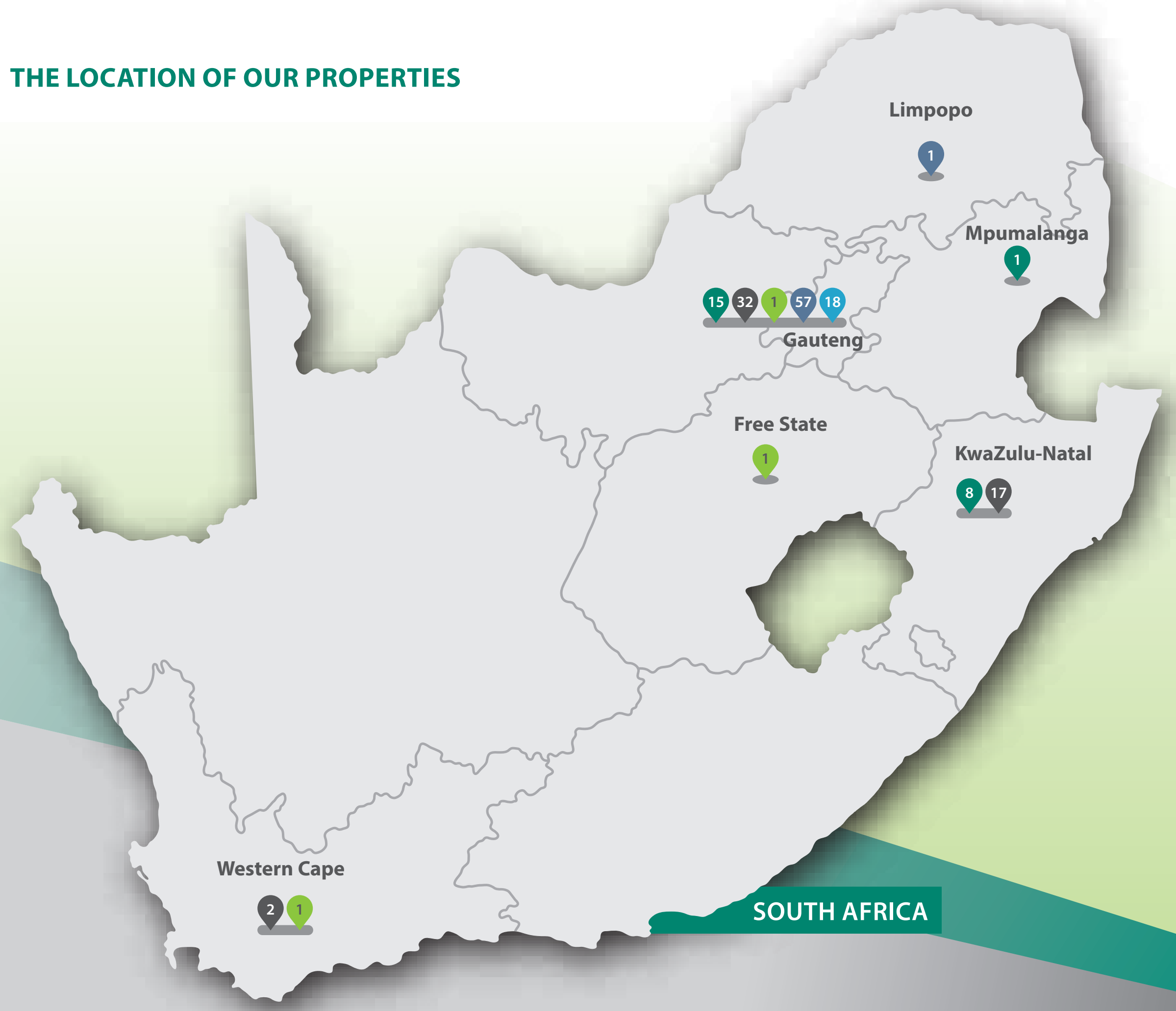
Integrity | Innovation | Accountability | Respect

REIT STATUS

Since 2015

PURSUING THE HIGHEST STANDARDS OF ETHICAL BEHAVIOUR AND ACCOUNTABILITY

THE LOCATION OF OUR PROPERTIES



NUMBER OF PROPERTIES

- **24** Retail
- **51** Industrial
- **58** Afhco
- **18** Storage
- **3** Commercial/ Office
- **3** Rest of Africa (not shown on map)

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**

LEVEL 1 B-BBEE CONTRIBUTOR

Assets under management

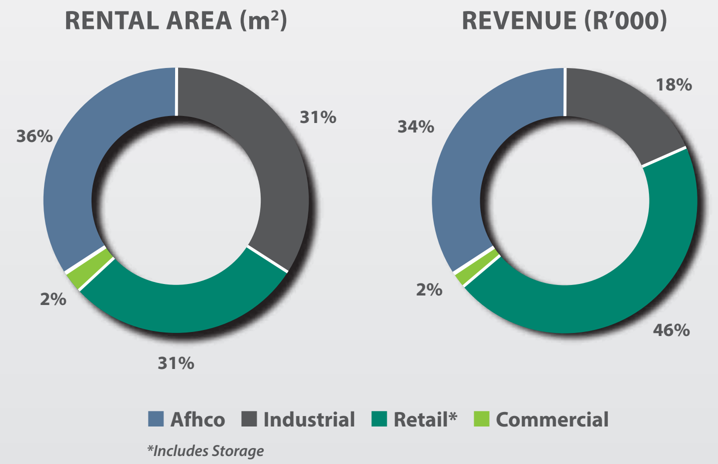
R16.6 billion

157 properties

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

Gross lettable area ("GLA") (m^2)

1.4 million




Bluff Shopping Centre - Durban

POSITIONING FOR A **BETTER FUTURE**

OUR OUTCOMES IN **2022**

FINANCIAL CAPITAL

Assets under management of **R16.6 billion** (2021: R16.2 billion)

Total net property income ("NPI") of **R1.2 billion** (2021: R1.1 billion)

Like-for-like portfolio NPI of **R1.1 billion** (2021: R1.0 billion)

Traditional* portfolio retention rate of **82.6%** (2021: 85.5%)

Traditional* portfolio vacancy of **2.3%** by GLA (2021: 3.3%)

Loan-to-value ("LTV") ratio of **38.1%**# (2021: 37.4%)

**Retail, Office and Industrial*
 # Net debt LTV excluding derivatives

MANUFACTURED CAPITAL

R809 million spent on improvements to investment property

Disposals pipeline contracted and still to transfer, and divestments transferred since 1 January 2022 of **R1.4 billion**

Property portfolio refined:

- Industrial Portfolio **>80%** logistics; leasehold properties reduced to **1**
- Divestment from **9** non-precinct inner city properties
- **1** office property sold and transferred, and **1** contracted for sale (transferred after year-end)

HUMAN CAPITAL

96% of employees are from previously disadvantaged groups, of whom **44%** are female

80% of directors are from previously disadvantaged groups, and **50%** of directors are female

78% of employees trained are from previously disadvantaged groups

INTELLECTUAL CAPITAL

Increased digitalisation in residential portfolio

StorageWorx website redeveloped with access to **15** storage locations, 7 days a week

Transaction to acquire Indluplace announced

SOCIAL AND RELATIONSHIP CAPITAL

Level 1 B-BBEE achieved, up from Level 3 in 2021

872 scholars at CityKidz

R1.6 million bursaries to 623 scholars at CityKidz

8 373 affordable housing residential units

1 833 student accommodation beds available

NATURAL CAPITAL

Generated renewable energy of **12 847 MWh**, a saving of **R21** million and **12 982 tonnes** of CO_2e ("tCO_2e")

Electricity consumption tCO_2e per m^2 of GLA has decreased **22%** against 2016 baseline

1 340m³ of waste, representing **1 340 tonnes,** recycled

ENABLERS TO **STRENGTHEN** OPERATIONS

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

HOW WE PRESERVED VALUE IN **2022**

VALUE PRESERVATION

In 2022, the Group preserved value by:

- Expanding its convenience retail offering.
- Improving security in the residential portfolio.
- Renewing blue-chip tenancy in the industrial portfolio.
- Ensuring compliance with health and safety regulations, B-BBEE, governance requirements and reporting standards.
- Prudent use of swaps to hedge interest rate risk.
- Full restoration of properties damaged during the civil unrest in 2021, including Springfield Value Centre, which reopened in October 2022.

PREVENTING VALUE EROSION

In 2022, the Group prevented value erosion by:

- Divesting from industrial properties with poor logistics characteristics.
- Reducing exposure to the office sector challenged by high vacancy.
- Undertaking preventative and corrective maintenance on the Group's properties.
- Applying a payout policy appropriate to ensure the preservation of the Group's capital base.
- Allocating defensive capital spend to maintain the attractiveness and relevance of the properties for tenants.
- Increasing stand-by power capacity to alleviate the effect of loadshedding.

WHERE VALUE EROSION OCCURRED

- 337 bps increase in JIBAR impacted on unhedged portion of debt.
- One industrial building with poor prospects sold for R20.0 million below last valuation.

OUR KEY STRENGTHS

A solid asset base

Strong exposure to community and neighbourhood shopping centres

Balanced portfolio with minimal office exposure

High national grocer anchor base

Strong financial fundamentals

Proven ability to extract value from properties

Attractive growth properties

Exposure to quality industrial properties

A 'best-in-class' residential portfolio

Experienced team

Beryl Street - Jet Park

OUR **DIFFERENTIATORS**

FOCUS ON CONVENIENCE RETAIL

Convenience shopping, which includes retailers of basic goods and services, is a particular strength of SAC's retail portfolio. Grocery stores, pet stores, pharmacies, general dealers, butcheries, liquor stores and hardware stores, comprise 59.2% of the retail portfolio.

This offering is complemented by a variety of clothing and athleisure offerings.

Davenport Square's improved convenience focus

Coachman's Crossing upgrade introducing Woolworths Food

ENHANCED AMENITY AND LIFESTYLE ATTRACTIONS

Free Wi-Fi, gyms, braai and other relaxation areas, as well as laundry and transportation services are just a few of the many amenities we offer to enhance the services that Afhco provides to inner city residential tenants.

Significant upgrades have also been completed on lifestyle elements in certain properties within the suburban residential portfolio, with the upgrade of courtyards, installation of synthetic turf sport fields with lighting, and children's amenities, to mention a few.

We have further introduced popular lifestyle attractions at our shopping centres. An example of this are the six padel tennis courts, a golf simulator restaurant and bar, a family restaurant with extensive children's play areas, a street soccer facility and a skatepark recently introduced at Morning Glen Mall and available from May 2022.

Morning Glen Mall sports and lifestyle component

MINIMAL EXPOSURE TO OVERSUPPLIED OFFICE SECTOR

Less than 2% (by value and GLA) of the total portfolio is made up of offices, which means that SAC has minimal exposure to this sector. Vacancies in the remaining buildings are kept to a minimum, with only 8.6% vacant space in the standalone office segment.

ATTRACTIVE RESIDENTIAL PORTFOLIO

Most Afhco buildings now supply electricity to lifts, water pumps, common area lighting, access control, Wi-Fi, and other key building infrastructure during loadshedding or other power outages. The ability to provide tenants with as much uninterrupted energy supply as possible has contributed to the low vacancies.

The inner city portfolio also has a range of amenities and additional security through state-of-the-art CCTV cameras at certain buildings. Furthermore, Afhco has also undertaken projects to beautify and pedestrianise selected precincts, with the latest project being the imminent pedestrianisation of Davies Street. Amenities to be introduced in 2023 include an indoor gym at Jeppe Post Office.

FOCUS ON QUALITY LOGISTICS ASSETS

Modern, large logistics properties continue to be in short supply in the country and currently comprise 80% of SAC's industrial portfolio. Tenant retention requires that management consider additional endeavours to provide value-add amenities to secure renewals. One such endeavour is the installation of solar PV - an additional 1 882kWp has been procured in 2022, with a further pipeline of 1 625kWp solar PV being designed for installation in 2023.

GROWTH OF ATHLEISURE

Athleisure, a hybrid of workout clothes and loungewear, has become a defining trend. We are seeing high demand for athleisure brands in our Springfield Value Centre and East Point Shopping Centre.

OUR **BUSINESS** MODEL

OUR **INPUTS**

FINANCIAL CAPITAL
Equity
Equity of R10.4 billion (2021: R10.1 billion)

MANUFACTURED CAPITAL
Our properties and investments
157 properties, valued at R15.2 billion

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

HUMAN CAPITAL
Our employees' competencies, capabilities and experience
Leadership development and training expenditure of R5.4 million

SOCIAL AND RELATIONSHIP CAPITAL
Our communities, suppliers, tenants and other networks
Good relationships with our stakeholders
Social impact initiatives are above the mininum B-BBEE benchmarks

NATURAL CAPITAL
Natural resources
Solar installations generating 1 846 MWh of renewable energy in 2022
Waste reduction initiatives led to the recycling of 1 340 tonnes of waste

RESPECT
INTEGRITY
INNOVATION
ACCOUNTABILITY

OUR VALUES AND GOVERNANCE STRUCTURES
Page 68

OUR BUSINESS **ACTIVITIES**

ENGAGE WITH OUR **STAKEHOLDERS**
Page 19

Identify attractive prospects

Optimal capital structure

Acquire properties at accretive yields

Develop existing assets

Dispose of non-core and low-quality assets at yields below our cost of funding

Efficient management of our portfolio

MANAGEMENT AND INNOVATION
Refer to the Chief Executive Officer's Review on page 36

OUR STRATEGIC **OBJECTIVES**
Refer to page 36 for more information

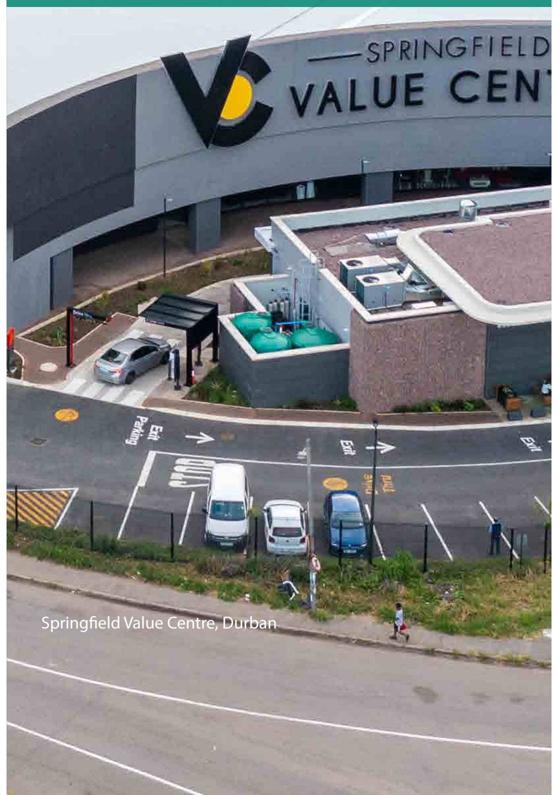
OUR KEY **RISKS**
Refer to page 76 for more information

OUR **OUTPUTS**

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

OUR **OUTCOMES**

For more information on our outcomes, please refer to Outcomes in 2022, page 6)



Springfield Value Centre, Durban

HOW WE **MANAGE** OUR BUSINESS

PRIMARILY REGULATED BY	MANAGED BY	A MEMBER OF
JSE	**Board and Committees (provide oversight)**	**SA REIT Association**
Ensure compliance with JSE Listings Requirements and the recommended practices of King IV Provide market for trading of shares	Refer to the Board of Directors and Governance and Compliance on pages 30 and 68	Promotes SA REITs as an investment proposition, while addressing issues and meeting challenges within the sector
All relevant South African legislation	**Asset management**	
Including, but not limited to, the Companies Act and the Income Tax Act of South Africa	The Executives provide strategic management of the Group's assets	
	Property management	
	Broll and Afhco Property Management manage the Group's South African portfolio, and our JV partner manages the Zambian portfolio	

SA CORPORATE REAL ESTATE

- Wholly owned property investment subsidiaries

- Board
- Executive Management

- Two co-owned properties:
  - Umlazi Mega City
  - 50 Griffiths Mxenge Highway

- JV in Zambia (50%)

Northgate Heights, Randburg

OUR INVESTMENT **PHILOSOPHY**

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

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

FUNDING **PARAMETERS**

The Group can make use of gross debt and corporate guarantees up to a maximum of 50% Loan-to-value ("LTV") as per its lenders' covenant requirements. The long-term strategy of the Board is to maintain a net debt LTV range of between 33% and 38% (excluding derivatives) of the underlying assets of the Group over the long term. The recovery in operational performance, partial settlement of debt from divestment proceeds and prudent increase in borrowing has maintained debt metrics at robust levels of 38.1% net debt LTV and 39.9% lender LTV, which is down 70bps, and a 2.2 times lender gross interest cover ratio, both well within the lenders' covenant requirements of 50% LTV and 2.0 times cover.

For more information refer to the Chief Financial Officer's Review on page 40.

Nukerk Student Accommodation, Johannesburg

OPERATING **CONTEXT**

STRATEGIC OBJECTIVES

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

The trends experienced in 2022 were as follows:

	Lifestyle and value-add amenities	Loadshedding drives demand for energy solutions	Preference for convenience	Changes in office space requirements	E-commerce	Residential demand
TREND	Increased demand for properties to include lifestyle enhancing amenities that integrate work, live, play	Increased demand for stable energy supply and to lower the cost of occupation through alternative energy offerings	Shopping behaviour has shifted towards a preference for convenient community and neighbourhood centres for daily needs. The performance of this sector has proven more resilient as a result	Excess supply and reduced demand for office space has caused increased vacant space This has necessitated the change to a hybrid and shared space model	Increased investment into e-commerce capabilities creates increasing demand for modern logistics and distribution warehouses	High interest rates have increased the preference for rental over purchase Affordable accommodation meeting the needs of the less affluent in challenging economic times
OUR RESPONSE	'Best-in-class' residential portfolio Convenience retail	'Best-in-class' residential portfolio Convenience retail	Convenience retail	Divesting from commercial	Quality industrial portfolio	'Best-in-class' residential portfolio
	Significant capital expenditure to add amenities improved the attractiveness of our properties and reduced vacancies as a result	All SAC retail centres and high rise residential were equipped with generators. Significant solar installations have been implemented and further opportunities are being explored	Essential convenience shopping comprises **59%** of the retail portfolio, including multiple food and pharma brands in our retail centres	Offices **2%** of the portfolio	Logistics **80%** of the industrial portfolio	Rebalancing and expansion of the portfolio through acquisition is well on track

Refer to the Chief Executive Officer's Review on page 36 for our strategic response to these trends.

SOME OF THE **TRADE-OFFS** WE MADE IN 2022

The Board and management at SAC are continually required to examine the utilisation and allocation of the available resources to target optimal efficacy, in the pursuit of realising our aim of sustainable distribution growth and long-term capital appreciation.

Here are some of the main compromises we have made this year when it comes to capitals:

- Maintaining a quality portfolio – we constantly have to assess the quality of our property assets, recycling from those that do not meet our investment criteria to those that will better contribute to sustainable distribution growth.
- Continued occupancy versus positive rental reversions – it remains cheaper and often less risky to retain a performing tenant, rather than to maximise income. Managing vacancies and retaining tenants is a key driver of sustainable growth, and depending on market conditions may come at the cost of negative rental reversions.
- Financial sustainability versus environmental sustainability - implementing water- and electricity-saving strategies may impact the company's short-term liquidity position but provide long-term benefits in terms of reduced environmental impact, lower occupancy costs and consistent energy supply for tenants.
- Additional investment to repurpose office space to reduce vacancy – despite a decision to exit the commercial portfolio, oversupply in the office sector makes it imperative to find innovative and alternative uses for vacant office space while we are in the process of exiting, which often can only be achieved through additional investment.
- Cost of interest rate swaps versus the need for protecting the income statement – the length and intensity of interest rate cycles often are unknown factors that carry the risk of volatility in interest expenses. Interest rate swaps protect against this volatility but come at a cost.
- Investment in tenant installation strengthens tenant mix and tenant retention, but requires capital investment.

112 Yaldwyn Road - Jet Park

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 of 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 GROUPS

The primary stakeholder engagements during 2022 and their outcomes are provided on the following pages.

STAKEHOLDER **ENGAGEMENT** *continued*

Our stakeholders	Quality of relationship	Engagement methods	Stakeholder priorities	Our response	Risks	Opportunities	Contribution to value creation
INVESTMENT COMMUNITY **In the past year:** The Group maintains active and regular engagment	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.	· 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	· 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	· We aim to achieve sustainable, quality returns, which deliver both profit and cash to our shareholders · Robust engagement keeps us abreast of shareholder needs and preferences	· Reputational damage · Increased cost of capital · Slowing or even negative distribution growth · Safeguarding against liquidity risks	· A strengthened investment case · A share price valuation that reflects an appropriate value for the Group · Introducing new convenience, defensive retailer brands and concepts	· Shareholders provide capital to facilitate growth in the business · Analysts provide market intelligence on opportunities and peer comparisons
PROPERTY MANAGERS **In the past year:** Frequent engagement with property managers remained critical to ensure appropriate safety protocols in and around the properties	The Group endeavours to maintain strong relationships with Broll with well-defined expectations and regular interaction to ensure acceptable performance and ongoing effective relationships.	· Monthly meetings between Broll, executives and asset managers · Communication of the Group's strategy · Developing business plans, budgets and forecasts to NPI level · Quarterly review by, and annual reporting to, the Investment Committee of Broll's performance against Key Performance Indicators ("KPIs")	· 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	· We maintain strong relationships with well-defined expectations and regular interaction to ensure acceptable performance and ongoing healthy relationships	· The safety of customers and tenants · Increased vacancies · Reputational damage · Properties that are not well-managed or well-maintained	· Well-managed and well-maintained properties attract tenants and improve retention	· Drive effective and efficient operations through improved property fundamentals · Ensure the maintenance of the properties is well-planned and executed · Ensure the safety of the tenants, customers and employees
TENANTS **In the past year:** 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.	· 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	· 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	· 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	· Tenant concerns may damage our reputation · Tenant safety and security · The inability of tenants to afford the cost of occupation · Lack of tenant retention	· Early warning system to protect against reputational damage · Resolving tenant complaints quickly and effectively leads to increased tenant loyalty · High retention reduces 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 accomodation	· The Group aims to build and maintain a strong quality tenant base, and to enhance tenanting and administrative processes to optimise the customer services experience for our tenants · The renting of available space enables SAC to grow its business

STAKEHOLDER **ENGAGEMENT** *continued*

Our stakeholders	Quality of relationship	Engagement methods	Stakeholder priorities	Our response	Risks	Opportunities	Contribution to value creation
COMMUNITIES **In the past year:** 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.	· 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	· Environmental impact · Job creation · Safety, security and cleanliness · Responsible corporate citizenship	· 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	· A breakdown in relationships in a community could harm our reputation and increase vacancies · A deterioration in the environment surrounding our properties will ultimately impact their value	· Strong community relationships will support mutually beneficial outcomes for community developments, as well as increased footfall in our malls and higher value for our residential properties	· Encourages community support for the business · A better understanding of the needs of the community aligns the business with the community's needs · Positive impact on the communities
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.	· Employee meetings · Performance reviews, including 360-degree evaluations of executive directors, and career planning discussions · Online platforms · Virtual meetings · Participation in results presentations	· Job security · Fair remuneration and incentives · Conducive work environment · Group values · Financial sustainability, including Group performance · Training and career development opportunities	· 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	· Negative perceptions from employees might cause disruption of operations and unproductive behaviour · Lack of employee retention leads to disruptions and increased costs	· Ensuring a committed and engaged workforce will lead to a satisfied tenant base and profitable growth	· Highly skilled and engaged employees who are adequately remunerated, incentivised and motivated to execute our strategic objectives · Employee retention
DEBT PROVIDERS **In the past year:** Engagement with lenders to negotiate a less onerous LTV covenant and the refinancing of facilities	Engagements with lenders are regular and aimed at proactively maintaining covenant compliance. The relationship is good and value-adding.	· 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	· Competent treasury function · Ability to service debt · Appropriate LTV and other covenant ratios · Adhering to covenants	· We keep our lenders informed through regular reporting and engagement and manage the organisation within the required parameters to reduce the risk for ourselves and lenders alike · Regular engagement with funders to proactively manage ongoing compliance with lender covenants · Monthly reviews are circulated to the Audit and Risk Committee to ensure that all risk tolerances and thresholds are monitored	· Lack of capital · Reputational damage · Onerous financial covenants · Breaching covenants	· Identifying opportunities for improved disclosure and value-add · Launching additional funding instruments to broaden the base of potential lenders · Securing additional facilities and/or less onerous funding terms to ensure liquidity	· Provision of funding to facilitate business objectives

STAKEHOLDER **ENGAGEMENT** *continued*

Our stakeholders	Quality of relationship	Engagement methods	Stakeholder priorities	Our response	Risks	Opportunities	Contribution to value creation
REGULATORS, INDUSTRY AND BUSINESS ORGANISATIONS **In the past year:** 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.	· Attendance and participation with the SA REIT Association and related property industry forums · Regular engagements with the JSE through SAC's sponsor · Communication on matters affecting the property industry and sharing of experiences, as well as joint lobbying on matters of mutual interest	· Sector-specific issues · Introduction of new legislation	· We keep abreast of JSE Listings Requirements and changes in regulations	· Non-compliance with industry regulations · Non-compliance with JSE: REIT requirements	· Co-operation with peers may lead to outcomes that benefit all parties	· Guidance on matters affecting the property industry and sharing of experiences · Financial savings · Joint lobbying on matters of mutual interest
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.	· 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	· Compliance with legal and regulatory requirements · Service delivery · Contribution to economic development · Urban regeneration · By-law enforcement · Elimination of illegal dumping · Fight against poverty and unemployment · Transformation · Collection of billings · Maintenance of public open space and infrastructure · B-BBEE	· We are committed to ethical business and governance practices and are willing to collaborate to maximise service delivery for tenants	· Non-compliance or deterioration in relationship with regulators may jeopardise SAC's licence to operate · Non-payment of utilities may lead to interrupted service delivery	· Our established track record assists us to obtain access to, and cooperation from, the relevant authorities	· 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

"The Group has made pleasing advancements across a range of ESG matters this year and there are four momentous developments that deserve special mention. In the 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, we are delighted to acknowledge the level 1 B-BBEE rating that SAC achieved post-year-end. This provides clear evidence of the road we have already 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."

Ms EM Hendricks
Chairman of the SEEC

SOCIAL AND RELATIONSHIP CAPITAL

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

CityKidz Pre-and Primary School, a non-profit company, was started in 2008 as a social initiative by Afhco. Afhco's vision was to raise the standard of education in the inner city, with a focus on maths, science and computer studies. The school provides quality care and education for Grades RR to 7.

SAC granted **bursaries of R1.6 million** to CityKidz in 2022. Afhco offers new tenants a 10% discount on school fees. The company also pays the registration fee for new learners as well as the administration fee for learners whose parents are tenants.

Learner numbers have increased remarkably in 2023 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.

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!

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.

872
LEARNERS REGISTERED FOR 2023

SUPPORT OUR SCHOOLS
Education grows communities

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. In 2022, several donations were made to schools including outdoor benches, paint, paint brushes, a book shelf with books, school shoes and PPE items, among others.

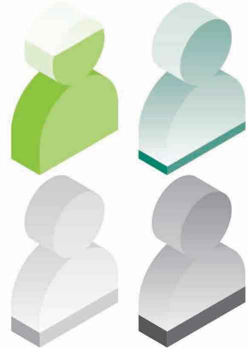
Other educational activities in 2022
Afhco launched an annual bursary opportunity in 2019. In 2020 and 2021, the bursary was awarded to Dineo Rampou who studied a Bachelor of Business Administration in Logistics and Supply Chain and she was appointed as a Procurement Administrator in the company in 2022. Bursaries were also awarded to two more students in 2022.

Afhco's Movers Mentorship Programme also continued in 2022 to encourage young people through promoting educational, social, financial and mental well-being support.

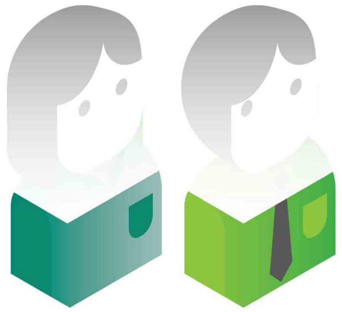
Retail centre social initiatives
SAC encourages and assists with a variety of social and community events at our retail shopping centres. These activities are focused on community upliftment and relief and include raising funds for charities, healthcare and education.

HUMAN CAPITAL

The Group's employees are regarded as a key resource for the organisation. Their knowledge and skills, as well as their commitment and motivation, are essential to meeting our strategic objectives and maintaining relationships with stakeholders.



RACE
76% African
5% Coloured
9% Indian
10% White



GENDER
53% Male
47% Female

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

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.

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.

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 on page 40 for a comprehensive discussion of our efforts in this regard.

NATURAL CAPITAL

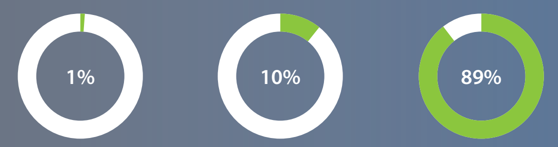
SAC has implemented proactive efforts to reduce its environmental footprint and utilisation of natural resources. Under the oversight of the SEEC, SAC aims to measure and minimise the impact of its operations on the environment, as well as that of its property portfolios in all geographical areas in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

CARBON FOOTPRINT

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

CARBON FOOTPRINT
2022

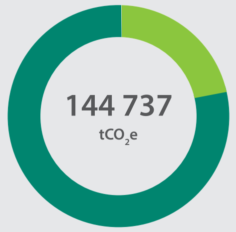
164 209
tCO_2e
FOR THE GREENHOUSE GAS PROTOCOL
NON KYOTO GASES: 222 tCO_2e



SCOPE 1	SCOPE 2	SCOPE 3
1 191 tCO_2e	16 508 tCO_2e	146 510 tCO_2e

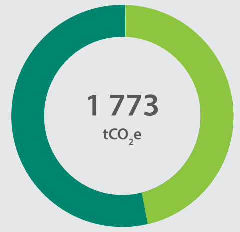
In 2022, SAC generated **12 847 MWh** of renewable energy, resulting in a saving of **R21 million** and **12 982 tonnes** of CO_2e.

SCOPE 3 ELECTRICITY



TENANTS' ELECTRICITY CONSUMPTION
78% SAC (tenant) [113 111 tCO_2e]
22% Afhco (tenant) [31 626 tCO_2e]

SCOPE 3 WATER



TOTAL WATER CONSUMPTION
43% SAC [768 tCO_2e]
57% Afhco [1 005 tCO_2e]

SAVING WATER

SAC is actively focusing on saving water. There are currently no targets set for water saving in the Group, but several efforts were undertaken in 2022 to reduce water consumption which included the use of borehole water, installation of bulk water meters, flow restrictors and waterless urinals as well as the planting of indigenous plants in gardens.

WASTE REDUCTION EFFORTS

As part of SAC's commitment to minimise retail waste, several initiatives have been implemented at centres to reduce waste and recycle waste where feasible. This led to 1 340m³ of waste being recycled.

MANUFACTURED CAPITAL

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

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

East Point Shopping Centre, Boksburg

BOARD OF **DIRECTORS**

BOARD STRUCTURE

INDEPENDENT NON-EXECUTIVE DIRECTORS

I N R

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

South African
Appointed: 7 July 2014

Chairman of the Board

I N SEE R

ORATILE REFILOE MOSETLHI (44)
LLB

South African
Appointed: 17 July 2019

Lead Independent Director

N SEE

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

South African
Appointed: 2 April 2014

Independent non-executive director

A SEE

SEAPEI SHELE MAFOYANE (45)
B.Sc in Microbiology and Genetics; MBA

South African
Appointed: 11 February 2021

Independent non-executive director

I A

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

South African
Appointed: 17 July 2019

Independent non-executive director

BOARD OF **DIRECTORS** *continued*

I A

GREGORY JAMES HERON (57)
BCom; DipAcc; CA(SA)

South African
Appointed: 17 July 2019

Independent non-executive director

I INVESTMENT COMMITTEE
N NOMINATION COMMITTEE
R REMUNERATION COMMITTEE
A AUDIT AND RISK COMMITTEE
SEE SOCIAL, ETHICS AND ENVIRONMENTAL COMMITTEE
CHAIRMAN

EXECUTIVE DIRECTORS

I

TERENCE RORY MACKEY (61)
BSc Eng; Postgrad Dip Eng; Pr Eng; Pr CPM

South African
Appointed: 1 August 2012

Chief Executive Officer

SEE

SAMESHAN YANASEGRAN MOODLEY (45)
BCom; DipAcc; CA(SA)

South African
Appointed: 1 March 2022

Chief Financial Officer

More information about the Board members is available on the Company's website at www.sacorporatefund.co.za

BOARD OF **DIRECTORS** *continued*

CHANGES IN DIRECTORATE*

**(during 2022 and as at the date of this report)*

RETIREMENT OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR

I
R

ROBERT JOHN BIESMAN-SIMONS (68)

BCom; CTA; CA(SA)

South African
Appointed: 19 August 2010

Independent non-executive director

Retired 6 June 2022

NEW APPOINTMENTS

NOMFUNDO NOMKOSI NOMZAMO RADEBE (46)

BCom, Postgrad Dip Acc, Cert. PD, CPP, CA(SA)

South African
Appointed 1 February 2023

Chief Operating Officer

A
R

GLORIA ZANDILE NINGI KHUMALO (48)

NDip Acc, CTA, CA(SA)

South African
Appointed 1 February 2023

Independent Non-Executive Director

03

LEADERSHIP REVIEWS

Hayfields Mall, Pietermaritzburg

CHAIRMAN'S STATEMENT

ARTHUR MOLOTO
Chairman: SAC

We are proud to present a solid set of results for the 2022 financial year. Despite weak economic fundamentals and the severely detrimental effects that chronic loadshedding had on trading and the cost of doing business, SAC managed to generate annual distributable income growth of 5.5%. The Company also managed to significantly lower vacancies and made great strides towards restructuring the property portfolio.

Demand for good quality industrial space remained robust during the period, retail continued to recover post the pandemic, while high office vacancies persisted. The residential sector continued to demonstrate its resilient and defensive nature across economic cycles.

PRUDENT RISK MANAGEMENT

SAC has in recent years installed solar panels and uninterrupted power supply at most of its shopping centres and high-rise residential properties, as well as some industrial sites. This was regarded by the Board as a longer-term sustainability imperative, with the overarching objective to reduce SA Corporate's environmental impact and the cost of occupancy for tenants. In the past two years, however, this initiative has played a critical role in mitigating the risk of power outages for our tenants. It has also presented an opportunity to reduce the cost of funding, which we took full advantage of in the current year by securing R1.5 billion of sustainability-linked funding. We are investigating further opportunities to increase our solar installations, which may include an electricity wheeling project on available land in the Midrand area.

The rate of increase in municipal rates in recent years is of particular concern for property companies, as it erodes the distribution base. We monitor municipal property valuations closely and do everything in our power to increase cost efficiencies to mitigate this risk.

Concentration risk is equally high on the agenda for investors, be it regional, sectoral or tenant-related. SA Corporate's diversified portfolio and tenant mix, as well as its strong tenant covenants, give comfort that our base is not concentrated.

GROUP STRATEGY

The Company has followed a consistent, multi-pronged strategy in recent years which is well-described in this IAR. The Board is confident that the strategy remains relevant and we are encouraged by the progress within each of its pillars. We congratulate management's transactional execution, which has allowed for the disposal of c.R1.4 billion of non-core properties during 2022 close to the latest valuations. This is particularly remarkable in a market with declining transactional activity. The disposal proceeds have been utilised to reduce gearing and elevate the quality of the remaining assets.

SAC can finally turn its focus towards growth again, and the Board spent substantial time this year considering growth-related transactions. In the Zambian portfolio, the new phases of the East Park Mall are fully operational and close to fully let. In conjunction with our Zambian JV partner, we have developed a dominant shopping centre in Lusaka with impressive performance. The JV this year also acquired a majority interest in the Lusaka Stock Exchange-listed Real Estate Investment Zambia Plc ("REIZ") to strengthen our retail nodal dominance in the region. It also presents attractive further opportunities for value-unlock which we are exploring.

Post-year-end, SA Corporate announced a cash offer to acquire Indluplace Properties Limited ("Indluplace") through a scheme of arrangement. The transaction will be a springboard from which to expand SAC's quality residential rental portfolio. Once implemented, SAC will have one of the largest listed residential property portfolios in South Africa, valued at R7.9 billion. Apart from the scale opportunities, the transaction may attract a direct investment by socially responsible impact investors into the portfolio.

GOVERNANCE AND TRANSFORMATION

Immensely proud of SAC's Level 1 B-BBEE contributor status

SAC strengthened the management bench this year, with the recruitment of a new chief financial officer, Sam Moodley, and chief operating officer, Nomzamo Radebe. The retirement of Rory Mackey has also been postponed to 31 December 2023. We are comfortable with the management succession plans in place for the organisation.

Much was done in 2022 to implement the recommendations from a formal Board evaluation conducted in 2021. One such recommendation was to do a skills assessment of the Board and focus on filling any gaps identified when we next recruited directors. As such, the new Board appointments this year took into consideration a range of diversity as well as skills requirements. We welcome Sam and Nomzamo as new executive directors and Ningi Khumalo as an independent non-executive director. We now have a relatively young Board, with productive and diverse skills, equal gender representation and comprising 80% from historically disadvantaged South African groups. Our focus on transformation is therefore reflected within the leadership team as well as the Board. It would be amiss not to record our sincere gratitude to John Biesman-Simons for his significant contribution to the Board over the years. John retired from the Board in June 2022.

SAC has a robust Stakeholder Engagement Policy and disclosure framework which is rigorously applied. We are particularly pleased to report that both our remuneration policy and the implementation thereof, were approved by shareholders at the previous AGM with a 93% approval rate. We are committed to ensuring that our remuneration practices generate long-term benefit for both our employees and shareholders.

We are delighted with SAC's enhanced B-BBEE score, which improved from a Level 3 B-BBEE certification in 2021 to a Level 1 in 2022, due to a concerted effort to achieve tangible improvements across the measured elements and specifically: management control, skills development and enterprise and supplier development.

OUTLOOK

Geopolitics have created an uncertain environment globally, while low economic growth, high unemployment, continuous loadshedding and political campaigning ahead of next year's general elections are bound to impact business and consumer confidence domestically. The disposal of non-core properties has positioned the portfolio for long-term growth with a markedly positive impact on the valuations of the remaining portfolio, and a strengthened balance sheet. The cost of this strategic shift is a short-term reduction in distributable income from the properties sold. Ongoing loadshedding also presents a tangible risk to SAC's distributions in the following year. Strategic oversight will receive increased emphasis at the Board level in the coming year, as the Company navigates these challenges and advances its growth initiatives.

APPRECIATION

We spent considerable time over the past two years strengthening our balance sheet, repositioning the portfolio and improving the quality of existing assets. As we move forward, our focus is shifting towards growing the business for the long term. My sincere thanks go to my fellow Board members for their leadership and guidance over the past year. Our management team and employees have again proven their ability to overcome all obstacles and produce pleasing results and we thank them for their tireless dedication. We appreciate the continued backing and support of our tenants, suppliers, and other stakeholders without whom we won't have a business. We look forward to the successful conclusion of the proposed Indluplace transaction and advancing the good momentum generated this year.

Mpumelelo, End Street Precinct, Doornfontein

CHIEF EXECUTIVE OFFICER'S REVIEW

RORY MACKEY
Chief Executive Officer

In 2022, SAC has continued to lay the foundation for robust and sustainable distribution growth through the ongoing pursuit of strategic actions to improve the quality of its property portfolio, tenant mix and covenants.

SAC's results for the year ending 31 December 2022 evidence the defensive positioning of the Group's property portfolio, while navigating challenging economic and operational conditions. We are pleased to report robust annual growth in distributable income of 5.5%, supported by a strong financial position which continues to sustain a payout ratio of 90%, culminating in a 24.15 cents per share distribution declared for the year.

A concentrated focus by our leasing teams to lower vacancies during the past year has been successful in reducing vacancies in the traditional portfolio to 2.3% and 2.9% in Afhco's residential portfolio. This, together with active management of the portfolio resulted in strong like-for-like NPI growth of 6.7%, for the 12 months.

Portfolio valuations have increased by almost 1.0% for the 12 months to December 2022 on a clean growth basis. The Industrial portfolio continued to be the best performer of the South African portfolio with a 4.1% clean growth for the 12 months to December 2022. A substantial contributor to the clean growth has been the improvement in portfolio quality that has been achieved by divesting from inferior properties, evidenced by an 8.2% increase in value per square metre in this portfolio. Despite the strong operational performances of the Afhco and retail portfolios, this has not yet translated into an improvement in their respective valuations, due to cost of capital pressures. We remain confident that the valuations in both these portfolios should increase once the cost of capital strains abate.

Our disposal pipeline since 1 January 2022 totals R1.4 billion, at a weighted average exit yield of 8.9% and a 1.3% discount to the last valuation. Contracted disposals are at a weighted average exit yield of 8.6% and at a premium of 1.3% to the last valuation. Residential apartments, excluding the nine Johannesburg inner city properties, were sold into the retail market at a weighted average exit yield of 8.3% and at a premium of 10.7% to the last valuation. This is an indication of the value unlock that can be achieved from the sale of apartments to the retail market, particularly when this is subsidised by the Government's grant to first-time homeowners.

The proceeds from this divestment pipeline have strengthened the Group's financial position and offer the Group considerable flexibility in the deployment of capital. This has enabled SAC to advance its residential strategy as discussed below. This is to be complemented by an initiative to raise capital from impact investors.

STRATEGY UPDATE

FINANCIAL SUSTAINABILITY MILESTONES IN 2022

- R1.4 billion of divestments
- Excluding one exception, the disposal pipeline was sold at pricing equal to, or above last valuation
- Lender LTV down 70bps to 39.9%*
- Net finance cost up by 2.1% despite a steep rise in the base rate
- Capital management:
  - *Weighted average tenor of debt has increased to three years*
  - *Successfully concluded the refinancing of R3.8 billion in borrowings*
  - *R1.5 billion inaugural sustainability-linked loans agreed*
  - *LTV and net interest cover ratios well within covenants*

**LTV including derivatives and guarantees, and excluding cash.*

SAC continues to deliver on its strategy of providing investors with a portfolio comprising three defensive sectors: convenience oriented retail shopping centres, logistics, and quality residential rental properties in inner city precincts and suburban estates. The Group's divestment from offices is such that it now has insignificant exposure to this challenged property class. One sold property was transferred after year-end with only two properties remaining, comprising 1.9% of the South African portfolio.

CONVENIENCE RETAIL

OUR RETAIL END GOAL
A niche portfolio, specialising in convenience oriented shopping centres and generating sustainable, above inflation distribution growth

Our strategic intent with the retail portfolio is well on track. Our focus on the convenience factor of consumer staples, grocers, pharmaceutical and wellness has culminated in these categories now comprising 59.2% of the retail portfolio, up from 41.7% a year ago. National tenants, with an emphasis on national grocers, have increased from 57.6% to 63.3%.

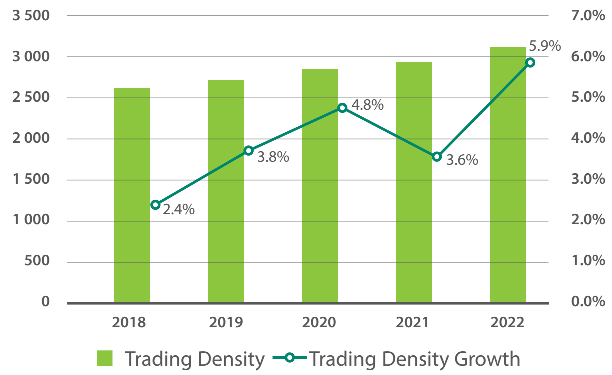
HIGHLIGHTS	DECEMBER 21	DECEMBER 22
VACANCY	4.6%	3.2%
NATIONAL TENANCY	57.6%	63.3%
CONVENIENCE	41.7%	59.2%

In addition to this focus, we have also in recent years identified and attended to the growing demand for amenities to differentiate the properties, increasing their attractiveness to tenants and supporting the generation of sustainable income growth.

For more information on the amenities introduced in our different portfolios, refer to Our differentiators on page 10

The progress made in repositioning this portfolio is further evidenced in lower vacancies, a weighted average lease expiry of retail leases which has increased from 3.6 to 4.1 years, trading density growth of 5.9%, and like-for-like net property income growth of 6.7% from this portfolio in 2022. **Looking back over the last 5 years, trading density at SA Corporate's properties has increased by 19.4%, compared to that for the applicable MSCI benchmark of 12.2%.** A significant contributor to this outperformance has been the concerted effort by management to continuously improve the tenant mix to suit the demand in the particular catchment areas.

YEAR-ON-YEAR MONTHLY RETAIL TRADING DENSITY GROWTH



QUALITY LOGISTICS

THE AIM FOR LOGISTICS
A quality, low vacancy, logistics portfolio offering cost effective rentals with predictable cash flows

In respect of the Industrial portfolio, our focus is on quality logistics, offering cost-effective rentals to our tenants who are exposed to an ever-increasing cost base, particularly in the current inflationary environment. The resilience of the industrial portfolio is underlined by the negligible vacancy of 0.2% as the Group sought to establish a firm foundation for future growth by divestment from non-core properties and retaining a predominantly logistics-based industrial portfolio. To support this foundation, it was necessary in the current period to continue to incur rental renewal reversions to mitigate the risk of losing tenancy to new developments. This has caused the industrial portfolio's like-for-like net property income growth in 2022 to lag at 2.4%. We expect that high construction costs will reduce the attraction for new developments going forward. This will contribute to improved net property income growth in the future, which will assist to achieve our aim for this portfolio.

HIGHLIGHTS	DECEMBER 21	DECEMBER 22
LOGISTICS %	74.1%	80.4%
RENTAL REVERSIONS	(7.0%)	(3.1%)
WEIGHTED AVERAGE LEASE EXPIRY	4.1 years	4.1 years

8.2% increase in value per square metre in this portfolio

Progress towards our long-term objective was evident in the increased proportion of logistics in the portfolio, a reduction in negative rental reversions required to retain and attract tenants and a stable weighted average lease expiry of 4.1 years.

Although historically the industrial portfolio has delivered commendable results for the Group, management is cognisant of the fact that the assets are beginning to age. With a plethora of new industrial facilities coming online, tenant retention requires that management consider additional endeavours to provide value-add amenities to secure renewals. One such endeavour is the installation of solar PV, which also happens to dovetail with the KPIs of the sustainability-linked note that forms part of the Group's debt refinance during 2022.

BEST-IN-CLASS **RESIDENTIAL** RENTAL PORTFOLIO

Most noteworthy in this year was the impressive recovery and outperformance of the Afhco portfolio that delivered double-digit like-for-like NPI growth of 13.1%, and vacancies which reduced from 8.5% to 2.9%. This performance evidences the success of the business's focus on a quality portfolio in inner city precincts and suburban estates.

RESIDENTIAL'S NORTH STAR

A best-in-class portfolio of scale in inner city precincts and suburban estates with a diversified investor base

SOME OF OUR MILESTONES

- Inner city residential vacancies at decade-low levels
- Extensive amenities add to the quality and attraction for tenants
- Back-up generators and/or UPS's as well as Wi-Fi installed in most high-rise residential buildings
- Indluplace offer announced

The next step in our residential strategy is to utilise Afhco's track record of more than 25 years to create a portfolio with economies of scale that supports a diversified investor base. It currently involves two initiatives. The first is the establishment of an unlisted residential fund and the second is our potential acquisition of Indluplace. These two initiatives are not only strategic in creating a South African residential rental portfolio of scale but also tactical in taking advantage of current market conditions.

The unlisted residential fund is to raise capital from impact investors mandated to make socially responsible investments which is well aligned to affordable residential rental property. In current market conditions, this capital is more available than that in the South African listed sector and is prepared to pay a premium to meet its socially responsible investment mandate. We are targeting that the investment by direct impact investors will over time equal that of SAC's listed investors, enabling the scaling up of the portfolio with well-priced capital. We envisage SAC continuing to control the unlisted residential fund, affording both SAC's listed investors and new direct impact investors the tax efficiency of a REIT.

Insofar as the potential Indluplace transaction is concerned, this enables SAC to exploit a position when it has successfully executed a programme of divestment of non-core assets, realising full value during a period of global economic stimulus, to now deploy certain of these proceeds in an accretive acquisition aligned to its residential property strategy. In the current South African environment, it is tactically attractive to acquire listed property trading at a substantial discount to NAV compared with direct property. We are confident that the Afhco management team's sector-specific competence will enhance portfolio performance together with being able to realise cost savings attributable to the discontinuation of Indluplace's listing. We anticipate that the Indluplace portfolio will require considerable refinement, which SAC has demonstrated it can successfully undertake. It will be appreciated that it is not easy for smaller listed REITs to consider reducing their portfolio size through disposing of poorer quality assets, whereas SAC intends to execute decisively in this regard.

Despite these significant transactions, we anticipate that the listed SAC investor exposure to residential property in our South African portfolio will approximate roughly a third into the future.

ZAMBIA PORTFOLIO

Distributable income from the Zambian joint venture increased by 44.2% over the prior year. Strong USD rental escalations and reduced vacancies provide welcome evidence that Zambia is establishing itself on the road to economic recovery. The East Park Mall comprises 71.0% of the Zambian portfolio value. SAC contributed USD11.9 million in 2022 and at the beginning of 2023 to the development equity for the 32 637 square metre phases 5, 6 and 7 of East Park Mall, bringing the total shopping centre's GLA to 67 311 square metres. This represents an investment at an initial after-tax property yield of 9.1%.

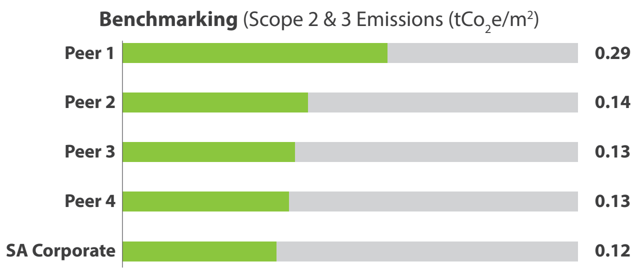
Together with the Group's partner, a 59.9% interest was acquired in the Lusaka Stock Exchange listed REIZ at a 68.5% discount to its net asset value. SAC's proportional investment in REIZ is USD3.5 million and is funded by debt with recourse only to the Zambian JV company. The latter transaction was strategic, as, in addition to strengthening the retail nodal dominance of the Zambian JV, the transaction opens the opportunity to realise a value-unlock by establishing Zambia's first REIT with tax efficiencies, enabling investment appreciation and liquidity.

ESG PERFORMANCE

The Group is committed to reducing its impact on the environment and its scope 2 and 3 emissions, being those relevant to property companies, are below our peers. Out of our 25 retail properties, 17 are installed with almost 10MW of solar PV with a further 560KW being installed on the last remaining shopping centre on which it is practical to install solar. Already over 12.0% of the total electricity consumed by our retail portfolio is generated by solar PV.

The opportunity to increase the extent of solar in the retail portfolio is limited whilst there is still opportunity in our industrial portfolio. Currently, 3,2MW is installed and a further 1,6MW is to be completed by year-end. Almost 5.0% of the total electricity consumed by our Industrial portfolio is already generated by solar PV.

ENVIRONMENTAL IMPACT



LOOKING **AHEAD**

The defensive nature of SAC's property portfolio provides the foundation for sustainable growth in NPI despite a particularly challenging economic environment in South Africa. However, while navigating these challenges, there will be swings in distribution growth in the near term.

The retail portfolio's NPI is underpinned by 84.0% of contracted rental revenue in 2023 at an average escalation of 6.7%. Expiring leases in the year are anticipated to be renewed at marginally increased rentals and vacancies are forecast to reduce further. We note however that excessive hikes of local authority charges and the costs of mitigating loadshedding may increase expenses by up to 200 bps above inflation in 2023.

In the industrial portfolio, vacancies are forecast to remain negligible. Non-expiring leases comprised 86.0% of the portfolio and have an average rental escalation of 6.4%. We anticipate that marginal negative reversions will be incurred in retaining quality tenants. Downtime of approximately 3 months is also anticipated to relet c. 8 000m² of space that becomes vacant.

The vacancies in the Afhco residential portfolio are expected to be maintained below 3.0% for much of the 2023 year, with the high-interest rate environment being conducive to a rental residential market. This is expected to enable rental increases on renewals of between 4.0% and 6.0%.

Like-for-like NPI growth is estimated to increase between 4.5% and 5.0% in 2023. However, assuming loadshedding will be at similar levels to those experienced of late, there will be an additional cost of between R10 million and R20 million which may reduce the like-for-like NPI growth to between 3.0% and 4.0%. The steep increase in interest rates, as well as the dilutionary impact of disposals, is expected to reduce distributable income for 2023 and result in negative growth of a high single-digit per cent for the 2023 year. As the 2022 base year first half's distributable income was almost R50.0 million higher than in the 2022 second half, the 2023 first half distributable income growth is forecast to be negative double-digit per cent but close to flat in the second half.

The aforementioned guidance makes no allowance for the accretive effect of the potential acquisition of Indluplace through a scheme of arrangement announced via SENS on 14 March 2023, which is estimated will be 6.6% accretive to SAC's distributable income growth for the initial 12-month period from the effective date of the transaction.

APPRECIATION

Our management teams and employees have excelled this year, generating exceptional operational performance under very tough operating conditions. We salute them for their hard work. We also extend our gratitude to the Chairman and Board for their willingness to set SAC on a new growth path and to our shareholders for going on this journey with us.

Our tenants are assured of our ongoing commitment to providing them with affordable, quality products for our mutual benefit.

We look forward to continuing to deliver value for you in 2023.

Beryl Street, Jet Park

CHIEF FINANCIAL OFFICER'S REVIEW

FINANCIAL **FEATURES**

- **Assets under management of R16.6 billion** (2021: R16.2 billion)
- **Revenue of R2.0 billion** (2021: R2.1 billion)
- **Total net property income of R1.2 billion** (2021: R1.1 billion)
- **Total like-for-like net property income of R1.1 billion** (2021: R1.0 billion)
- **Operating profit of R1.0 billion** (2021: R617.5 million)
- **Distributable income of R674.8 million or 26.83 cps** (2021: R639.5 million or 25.43 cps)
- **Basic earnings per share of 32.58 cps** (2021: 24.69 cps)
- **Headline earnings per share of 30.65* cps** (2021: 48.44 cps)
- **Annual distribution per share of 24.15 cps# at a 90% payout ratio**
- **Net asset value per share of 410 cps** (2021: 400 cps)
- **Disposal pipeline contracted and still to transfer and divestments transferred since 1 January 2022 of R1.4 billion**
- **LTV ratio of 38.1%**** (2021: 37.4%**)
- **Weighted average cost of funding of 8.8%** (2021: 5.5%), **exclusive of swaps and 9.0%** (2021: 8.1%) **inclusive of swaps and amortised transaction costs**
- **Weighted average tenor of debt of 3.0 years**
- **Effective fixed debt of 71.5% with a weighted average tenor of swaps of 2.0 years**

** Calculated on weighted average number of shares in issue*
*** Net debt LTV excluding derivatives, which if included would be 37.8% (2021: 38.5%)*
 # Includes distribution of 12.97 cps paid in respect of H1 2022

SAM MOODLEY CA(SA)
Chief Financial Officer

INTRODUCTION

This Financial Review represents a condensed view of SAC's annual financial results for 2022. This review should, therefore, be read in conjunction with the full Group annual financial statements available on the SAC website on which PricewaterhouseCoopers Inc, the Group's Auditors, expressed an unmodified audit opinion.

The accounting policies applied in the preparation of the Group annual financial statements, from which the summary consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the 31 December 2021 Group annual financial statements.

In the current year, the Group has adopted all of the revised Standards and Interpretations issued that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2022. The adoption of these Standards and Interpretations has not resulted in any adjustment to the amounts previously reported for the year ended 31 December 2021.

SA REIT FUNDS FROM OPERATIONS

Funds from operations, as defined by the SA REIT Association ("SA REIT FFO"), generated for the year was R674.8 million (2021: R639.5 million). Total SA REIT FFO per share for the year amounted to 27.07 cps, up 5.3% (2021: 25.70 cps).

DISTRIBUTABLE INCOME

The 2022 full-year distributable income amounted to R674.8 million, representing an increase of 5.5% compared to 2021.

Total property revenue amounted to R2.0 billion (2021: R2.1 billion) with the like-for-like portfolio, excluding disposals, developments and acquisitions during 2021 and 2022, amounting to R2.0 billion (2021: R1.9 billion).

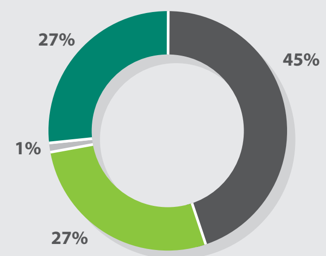
The like-for-like portfolio NPI increased by 6.7% (R69.9 million), compared to the previous year, with the increase largely driven by:

- a reduction in vacancies which has contributed to an improved rental as well as recoveries;
- a reduced expected credit loss charge, due to a reduction in arrears; and
- improvements in NPI were partially offset by increased municipal and other expenses.

Total NPI increased by 2.5% (R28.2 million) from the comparative period, impacted as expected by NPI lost from the substantial divestments in the current and prior year.

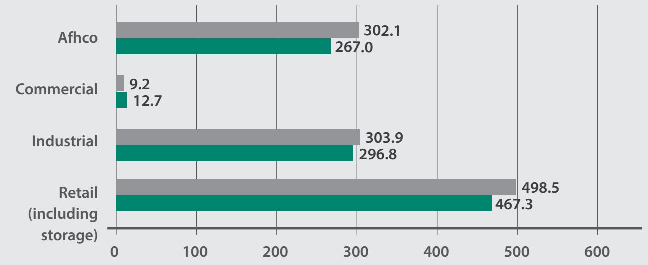
LIKE-FOR-LIKE NPI PER SECTOR

SECTORAL CONTRIBUTION TO NPI



SECTORAL NPI

R'million



Income from investments has increased by R21.4 million. This is largely driven by a strong performance from the Zambian JV which added R17.1 million and an increase in dividends from listed shares.

Total property expenses increased marginally to R960.6 million (2021: R956.5 million). Like-for-like property expenses increased by 4.0%.

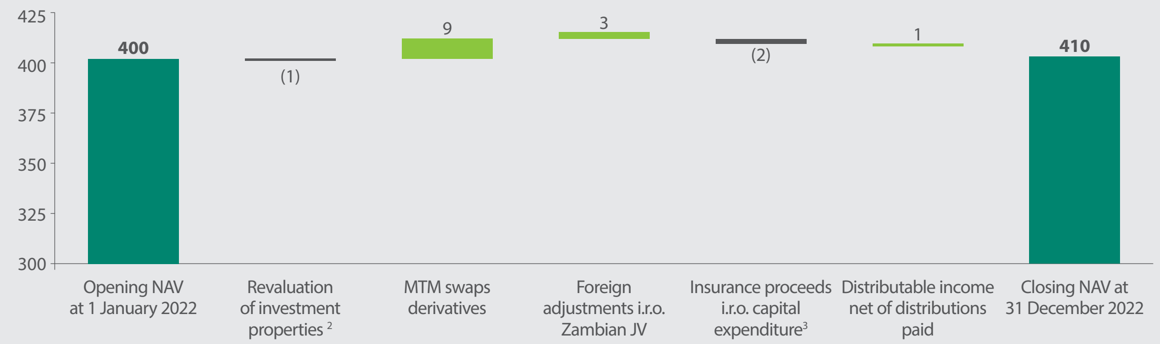
After the impact of gearing, the distributable income per share was 26.83 cents per share, relative to 25.43 cents per share in 2021, an increase of 5.5%. SAC declared a total distribution 24.15 cents per share at a 90.0% payout ratio. This represents a 5.5% increase relative to the 22.89 cents per share at an equivalent payout ratio in the prior year. The total distribution comprised an interim distribution of 12.97 cents and a final distribution of 11.18 cps.

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

NET ASSET VALUE ("NAV")

The NAV per share as per the Statement of Financial Position increased by 10 cents to 410 cents, after including adjustments in respect of the revaluation of investment property, fair value of swap derivatives, the investment in the Zambian JV and an adjustment to the insurance receivable that had been raised in the prior year for restoration costs of buildings affected during the civil unrest in July 2021, and not yet reimbursed by the insurer in the 2022 financial year. The adjustment to the insurance receivable was due to greater estimation certainty as the projects approach completion.

NAV (cps[1])



[1] Based on IFRS and shares in issue
[2] Included in the revaluation of investment properties is an impairment of -1 cps in respect of the estimated outstanding reinstatement cost to properties damaged during the July 2021 civil unrest which has been provided for as a receivable in insurance proceeds
[3] Decrease due to a downward revision of the total estimated reinstatement costs related to property damaged during the July 2021 civil unrest

The SA REIT defined NAV is calculated as NAV per the Summary Consolidated Statement of Financial Position, less goodwill and intangible assets, deferred taxation and any final dividend declared, not paid in respect of the reporting period. The SA REIT NAV per share was 399 cps as at 31 December 2022 (2021: 388 cps).

COLLECTIONS

Collections as a percentage of rental raised for the year to 31 December 2022 improved to 99.2% (2021: 98.7%). This can be seen in the reduction of arrears from R147.1 million at 31 December 2021 to R117.2 million at 31 December 2022 which, as a percentage of rolling income, equates to a reduction from 7.0% to 5.5%.

FINANCE COSTS

The Group's net finance costs increased by 2.1% to R476.6 million (2021: R466.6 million). Excluding the capitalisation of finance costs to investment properties of R5.6 million (2021: R15.4 million), net finance costs for the period amounted to R482.2 million (2021: R482.0 million). Lower average borrowings and higher interest received compared to the prior year, contributed to the flat net finance costs before the capitalisation of interest. This is despite a steep rise in the base rate which resulted in the cost of debt increasing to 9.0% (2021: 8.1%).

PROPERTY VALUATIONS

The Group's independently valued property portfolio, excluding properties held in the Zambian JV, increased by R190.0 million to R15.2 billion for the year. The like-for-like portfolio held for the full 12 months to December 2022 increased by R358.0 million. This excludes the IFRS reallocation of owner-occupied property to property, plant and equipment.

On a clean growth basis, valuations have increased by almost 1.0% for the 12 months to December 2022. Whilst the 1.0% increase is below inflation, the increase evidences a robust portfolio in the face of an increasing cost of capital cycle.

The industrial portfolio continued to be the best performer of the South African portfolio with a 4.1% clean growth increase for the 12 months to December 2022. A substantial contributor to the increase in clean growth has been the improvement in portfolio quality that has been achieved by divesting from inferior properties, evidenced by an 8.2% increase in value per square metre in the industrial portfolio.

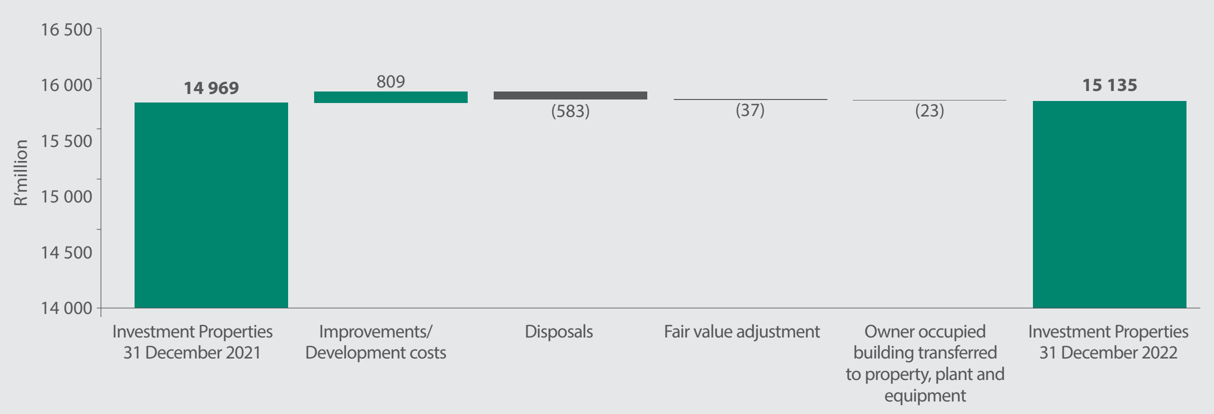
The retail portfolio has shown a marginal increase of 0.8% clean growth as past negative reversions have impacted future cash flows.

Despite the Afhco portfolio's impressive performance in the last year, valuations declined by 1.7%, driven by long-term valuation assumptions which have been impacted by increased inflationary pressures on the target market. Nevertheless, Afhco's valuations can be expected to increase in the future as a consequence of the robust base that now exists.

On a clean growth basis, the Zambian portfolio has seen a marginal decrease in USD value of 1.9% over the prior year. However, due to the depreciation of the ZAR of 6.9% against the USD the ZAR value has increased by 2.7%.

The discount and capitalisation rates applied in the valuations are described in detail in note 5 of the Group Annual Financial Statements.

INVESTMENT PROPERTIES ANALYSIS



DISPOSALS

The current disposal pipeline of R1.4 billion is recognised at a weighted average exit yield of 8.9% and was sold at a 1.3% discount to its last valuation. However, included in this was an industrial building in Denver which, due to poor lease renewal prospects, was sold at R20.0 million below its last valuation. If this latter property is excluded, the disposal pipeline was sold at pricing equal to its last valuation. Contracted disposals are at a weighted average exit yield of 8.6% and at a premium of 1.3% to the last valuation. Residential apartments, excluding the nine Johannesburg inner city properties, were sold into the retail market at a weighted average exit yield of 8.3% and at a premium of 10.7% to the last valuation.

Transferred disposals:

Property	Transfer date *	Gross selling price (Rm)	Region	Sector
147 / 149 Old Main Road, Pinetown	May 22	68.0	KwaZulu-Natal	Industrial
Maxwell Hall, Johannesburg	May 22	50.0	Gauteng	Residential
102 Essenwood Road, Durban	Jul 22	32.0	KwaZulu-Natal	Commercial
Four Johannesburg Inner City Properties	Sep 22	280.6	Gauteng	Residential
111 Mimets Road, Denver	Oct 22	71.0	Gauteng	Industrial
2 Webb Road, Jet Park	Nov 22	12.4	Gauteng	Industrial
Residential apartments	Jan 22 - Dec 22	42.9	Gauteng	Residential
Total		**556.9**		

* *Receipt of proceeds.*

Contracted and unconditional disposals:

Property	Expected transfer date	Gross selling price (Rm)	Region	Sector
Safari Investments - Listed shares [1]	Jan 23	112.0		Listed investments
31 Allen Drive, Belville [1]	Jan 23	20.0	Western Cape	Commercial
Five Johannesburg Inner City Properties [2]	Feb 23 - Jun 23	265.7	Gauteng	Residential
Celtis Ridge Shopping Centre, Centurion	Mar 23	143.0	Gauteng	Retail
Cnr Bismuth & Graniet Streets, Jet Park	Mar 23	9.0	Gauteng	Industrial
Wood Ibis Investments, Maydon Wharf, Durban	Mar 23	69.1	KwaZulu-Natal	Industrial
1 Baltex Road, Isipingo	Apr 23	136.5	Gauteng	Industrial
Residential apartments [3]	Jan 23 - May 23	53.5	Gauteng	Residential
Total		**808.8**		

1 *Transferred subsequent to year end.*
2 *R38.0 million has transferred subsequent to year end.*
3 *R1.8 million has transferred subsequent to year end.*

Contracted and conditional disposals:

Property	Expected transfer date	Gross selling price (Rm)	Region	Sector
Residential apartments	Mar 23 - Jun 23	20.7	Gauteng	Residential
Hotel at Cullinan Jewel Shopping Centre, Pretoria	Jun 23	2.7	Gauteng	Retail
Portion of 11 Wankel Street, Jet Park	Sep 23	30.0	Gauteng	Industrial
Multi Glass, Johannesburg	Dec 23	3.6	Gauteng	Afhco Retail
Total		**57.0**		

BORROWINGS

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

The Group's balance sheet remains robust. Total debt drawn amounted to R6 455.5 million, an increase of R265.8 million from 31 December 2021. This was largely due to the consolidation of R207.0 million loan for The Falls Rental Company, which was accounted for as a JV in the prior year and is now consolidated in the Group debt following the buyout of the JV partner.

At year-end, R7.1 billion of debt facilities were available to the Group, a slight increase from the R6.8 billion at the prior year-end and primarily due to the consolidation of The Falls Rental Company's debt. Unutilised facilities at year-end were R597.1 million, marginally down from the prior year of R615 million.

The average debt tenor improved to three years, due to the R3.8 billion of refinancing concluded in 2022, across three, four and five year terms. As part of the refinance, the Group arranged sustainability-linked loans of R1.5 billion, with sustainability performance targets (SPTs) linked to the roll out of solar PV and investment in residential amenities for social upliftment. SPTs met will result in a decrease of between 3 basis points ("bps") to 9 bps over the funding term, if however, SPTs are not met, the margin adjustments would amount to an increase of between 2 bps to 7 bps.

CHIEF FINANCIAL OFFICER'S REVIEW *continued*

The net debt LTV at 38.1%, is 70 bps higher than the prior year, due to the increase in debt discussed above. The net interest cover ratio improved marginally to 2.42 (2021: 2.37) times. The group does not have any debt maturing in 2023, as all expiries were extended to beyond 2024 during the 2022 financial year.

Inaugural issue of **R1.5 billion** of sustainability-linked loans

The weighted average cost of debt (excluding swaps) was 8.8%, notably higher than the 5.5% in the prior year, and primarily due to the 3.38% increase in JIBAR since December 2021. The weighted average cost of debt including swaps and amortised transaction costs was 9.0%, with the weighted average swap margin reducing to 0.1% with the increases in JIBAR. The percentage of total debt covered by interest rate swaps was c.71.5%. Post-year-end, an additional swap of R400 million was executed, increasing the fixed hedge proportion to approximately 75%. The average swap tenor of two years has remained in line with the prior year.

The debt profile as at 31 December 2022 is detailed below:

	Maturity date	Value (Rm)	Interest rate%
Fixed	2024/03/01	107	9.47%
Fixed	2024/03/01	100	9.47%
Fixed	2024/05/07	585	8.65%
Fixed	2024/05/07	564	9.43%
Term revolving [1]	2024/09/08	–	9.31%
Fixed [2]	2024/11/05	460	4.96%
Fixed	2025/05/07	308	8.83%
Fixed	2025/05/07	300	9.54%
Term revolving [3]	2025/09/09	2	9.24%
Fixed [4]	2025/09/09	200	9.29%
Term revolving [4&5]	2025/09/09	329	9.29%
Fixed	2025/09/10	200	8.83%
Fixed	2025/12/09	150	9.18%
Fixed	2025/12/11	150	9.90%
Fixed	2026/09/08	200	9.56%
Fixed	2026/09/09	913	9.36%
Fixed	2026/09/09	519	9.36%
Term revolving [6]	2027/09/09	–	9.46%
Fixed [4]	2027/09/09	320	9.52%
Fixed	2027/09/09	298	9.46%
Fixed [4]	2027/09/09	700	9.52%
Total interest-bearing borrowings [7]		6 405	8.99%
Cross-currency swap [2&8]	2023/01/26	171	4.36%
Cross-currency swap [8]	2023/01/26	(120)	8.83%
Total borrowings at the weighted average interest rate		6 456	8.87%

[1] *R100.0 million revolving credit facility undrawn.*
[2] *USD denominated loan.*
[3] *R200.0 million revolving credit facility.*
[4] *Sustainability linked loans, with sustainability performance targets ("SPT's").*
[5] *R329.0 million revolving credit facility.*
[6] *R300.0 million revolving credit facility undrawn.*
[7] *Excluding capitalised transaction costs.*
[8] *The swap was settled at maturity.*

KEY LENDER COVENANTS

Description	Covenant requirements as at 31 December 2022	Audited year ended 31 December 2022	Covenant requirements as at 31 December 2021	Audited year ended 31 December 2021
LTV	50%	39.9%	50.0%	40.6%
ICR [1]	2.0x	2.2x	2.0x	2.2x

[1] This is gross ICR.

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

The lender LTV for the year has reduced by 70 bps to 39.9%. The Group's lenders approved the permanent increase of SAC's corporate LTV covenant to 50% in 2021.

Cash on hand, including committed undrawn facilities, excluding tenant deposits as at 31 December 2022, amounted to R677.3 million (2021: R726.3 million).

SA REIT LTV AND NET INTEREST COVER

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

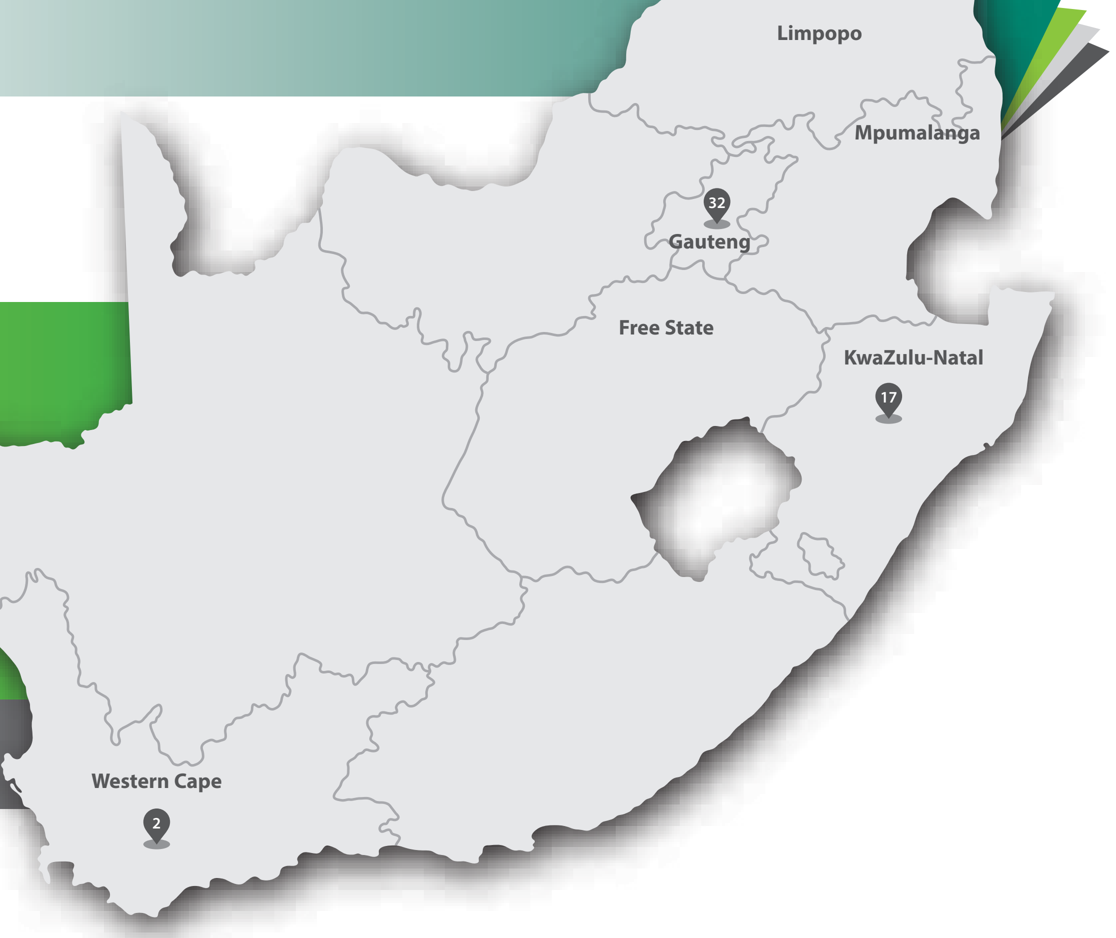
SA REIT LTV
Net debt LTV excl. swap derivatives
38.1% (2021: 37.4%)
FV CCIRS (Liability) R50.9 million (less R50.6 million notional value)
38.1% (2021: 37.4%)
FV Int. Rate Swaps (Asset) R60.2 million
37.8% (2021: 38.5%)

The loan-to-value flow depicts the LTV build-up to the best practice recommendations commencing with the LTV based on net debt being gross borrowings net of cash and cash equivalents. Only unrestricted cash has been included in cash and cash equivalents. The net debt LTV on this basis, is 38.1% as at December 2022. The fair value of cross-currency interest rate swap derivatives in relation to its notional value has a low impact on the LTV, keeping the number at 38.1%. The inclusion of the fair value of interest rate swap derivatives decreases the LTV to 37.8%, which is 0.7% lower than that at December 2021 and 0.2% above the average for the REIT sector reporting of SA REIT LTVs of 37.6%.

The lender interest cover ratio of 2.25 times (2021:2.18 times) has improved due to the increase in the distributable income for the year.

Montana Crossing - Montana

PROPERTY **REVIEW**



INDUSTRIAL PORTFOLIO

23%
of South African portfolio value

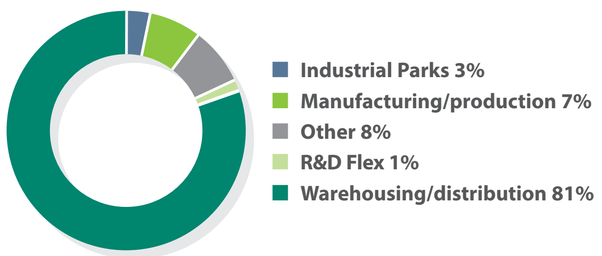
Total GLA 424 173m² and 31.4% of South African portfolio GLA

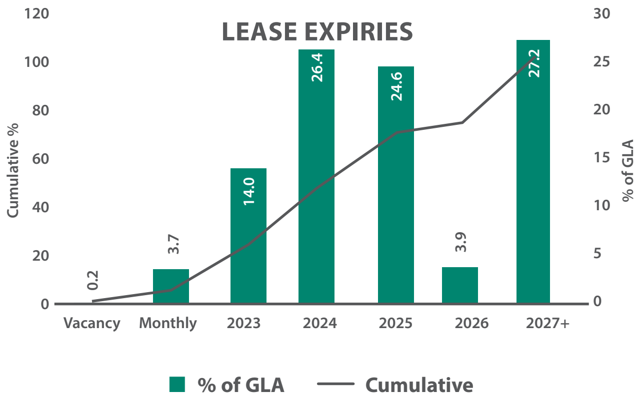
Logistics comprises 80% of the portfolio by GLA, up from 74%

STRATEGY

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

% BY MSCI TYPE BY VALUE





PERFORMANCE **SYNOPSIS**

Revenue: R447 million, down 3.3%

NPI: R314 million, down 4.7%

Key features in 2022:

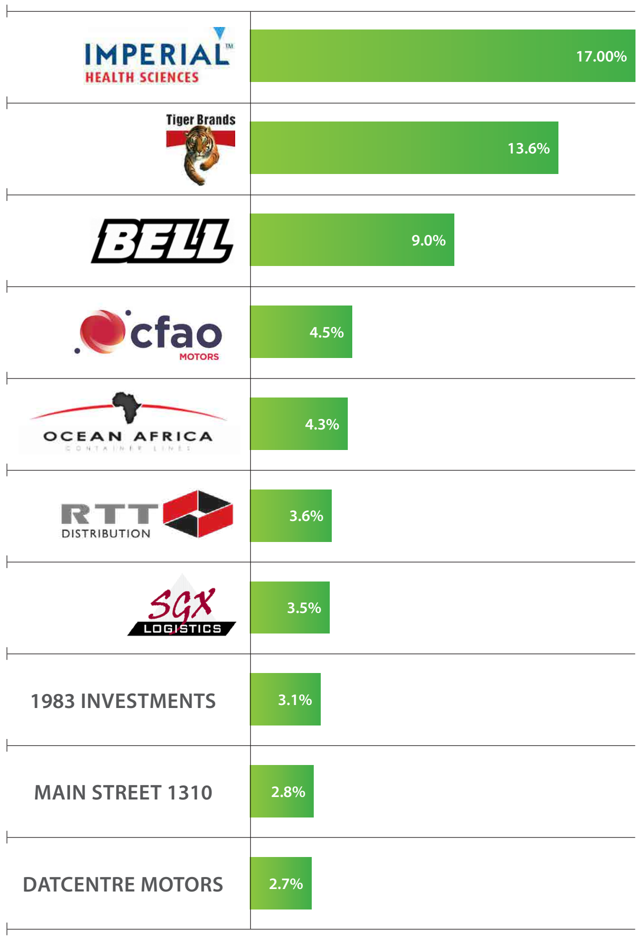
- 4% clean growth in the portfolio valuation and 8.2% in the value/m²
- Three properties sold and transferred
- Negligible vacancy rate of 0.2%

R3.5 billion Portfolio value	51 Properties
Vacancies by GLA 0.2%	Weighted average discount rate 14.9%
Weighted average capitalisation rate 9.4%	Weighted average contractual escalation 6.4%

OUR TOP 10 PROPERTIES

Comprise **63%** of the industrial portfolio and **15%** of the total portfolio

TOP 10 TENANTS BY RENTAL CONTRIBUTION



Cost to revenue ratio 29.8%	Tenant retention rate 83.2%
Arrears 3.8%	Rental reversions (3.1)%
WALE 4.1 years	Rental income (6.7)%
Property expenses (0.1)%	Recovery of property expenses 8.3%

OUR TOP 5 PROPERTIES BY VALUE

58 Sarel Baard Crescent

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

Value R680 million
Size 42 144m²
9.9%* of traditional portfolio

Beryl Street

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

Value R339 million
Size 27 681m²
6.5%* of traditional portfolio

37 Yaldwyn Road

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

Value R285 million
Size 39 738m²
9.4%* of traditional portfolio

112 Yaldwyn Road

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

Value R214 million
Size 30 299m²
7.1%* of traditional portfolio

Tygerberg Business Park

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

Value R163 million
Size 17 408m²
4.1%* of traditional portfolio

* By GLA

PROPERTY **REVIEW** *continued*

OVERVIEW OF THE INDUSTRIAL PROPERTY MARKET

Industrial property continues to outperform other commercial property sectors. Increased investment into e-commerce capabilities and the need to optimise supply chains have been spurring demand for modern logistics and distribution warehouses and boosting development over recent years. Modern, large logistics properties continue to be in short supply and land and construction is becoming increasingly expensive, culminating in a vacancy rate that hovers around c. 1%. Strong online retail sales growth and a rebound in retail trading density, have also accelerated growth in nominal rentals in logistics and are continuing to improve negative rental reversions.

INDUSTRIAL PORTFOLIO PERFORMANCE

The quality of the industrial property portfolio has been refined in recent years through the divestment of non-core properties. In the current year, this included the disposal of a warehouse in a high-crime node and a non-core low-sales volume filling station in the Jet Park area. The portfolio composition is strongly weighted towards the high-performing logistics sector (80%), with low exposure to the weak manufacturing sector.

> Logistics properties now represent **80%** of the industrial portfolio

This quality is borne out by the resilience in this portfolio, with like-for-like NPI growth of 2.4%. Strong rental growth from long-term leases at 57 Sarel Baard, 112 Yaldwyn, Cnr Staal and Stephenson, 27 Jetpark, Erf Bardene and Beryl Street were partially countered by negative rental reversions to retain clients at 1 Baltex, 33 Ontdekkers and 141 Hertz, as well as downtime at 32 Yaldwyn. Relationships with tenants are a core strength in this portfolio and tenants are frequently engaged to understand their challenges and provide excellent support at an operational and strategic tenant level. This is a strong contributor to the tenant retention ratio of over 90% and the industrial WALE at December 2022 of 4.1 years.

> SAC's industrial vacancy of **0.2%** compares favourably with a sector-wide vacancy of 4.4% (MSCI)

Vacancies have remained negligible at 0.2%, with the remaining 757m² vacancy being office space in an otherwise fully-let industrial property in Westmead. Re-tenanting risk however remains high, which has a dampening effect on reversions.

ACQUISITIONS, DISPOSALS AND REDEVELOPMENTS

There have been no acquisitions or redevelopments in this portfolio during 2022. The Group has largely disposed of those industrial properties that were identified as not meeting the criteria of a quality industrial portfolio in line with the Group's investment strategy. The few remaining properties that do not meet these criteria are in various stages of divestment.

The focus is now shifting towards readying our logistics properties to compete with new developments. With multiple new industrial facilities coming online, tenant retention requires that management provide value-add amenities to secure renewals and remain relevant. Tenants' highest priority at the current time is for a stable energy supply and for lowering the cost of occupation. SAC has responded to this trend by procuring 1 882 kWp solar PV rooftop installations across four sites in the current year and designing a further 1 625 kWp solar PV for installation in 2023. The Company is also planning a 3 400 kWp solar PV installation on available land in the Midrand area, to be utilised for electricity wheeling. Fire pumps and tanks are installed at several properties to reduce tenants' fire insurance premiums.

PROPERTIES SOLD AND TRANSFER DATES

- **MAR 21**: 30/40 Hillclimb Rd, Pinetown; 121 Malacca Rd, Red Hill
- **APR 21**: Cnr Isotope and Bridges St, Belville; Blue Heron Investments, Durban; Dune Lark Investments, Durban; Grey Heron Investments, Durban; Rock Kestel Investments, Durban; 6/8 Mahogany Rd, Pinetown
- **MAY 21**: Stondell Investments, Wynberg; 144 Kuschke St, Meadowdale
- **JUN 21**: Erf 4-85-86 Shakas Head, Durban; 264 Aberdare Dr, Phoenix
- **JUL 21**: 16 Friesland St, Longmeadow
- **AUG 21**: 10 Industrial Ave, Kraaifontein
- **OCT 21**: 121 Intersite Ave, Durban
- **MAY 22**: 147/149 Old Main Rd, Pinetown
- **OCT 22**: 111 Mimets Rd, Denver
- **NOV 22**: 2 Webb Rd, Jet Park

SOLD

18 non-strategic Industrial properties sold in **21** months

Disposals in 2022:

TRANSFERRED	
Description	**Sales price (R'million)**
147-149 Old Main Road, Pinetown	68.0
111 Mimets Road, Denver	71.0
2 Webb Road, Jet Park	12.4
Total	**151.4**

CONTRACTED AND CONDITIONAL	
Description	**Sales price (R'million)**
Portion of 11 Wankel Street, Jet Park	30.0
Total	**30.0**

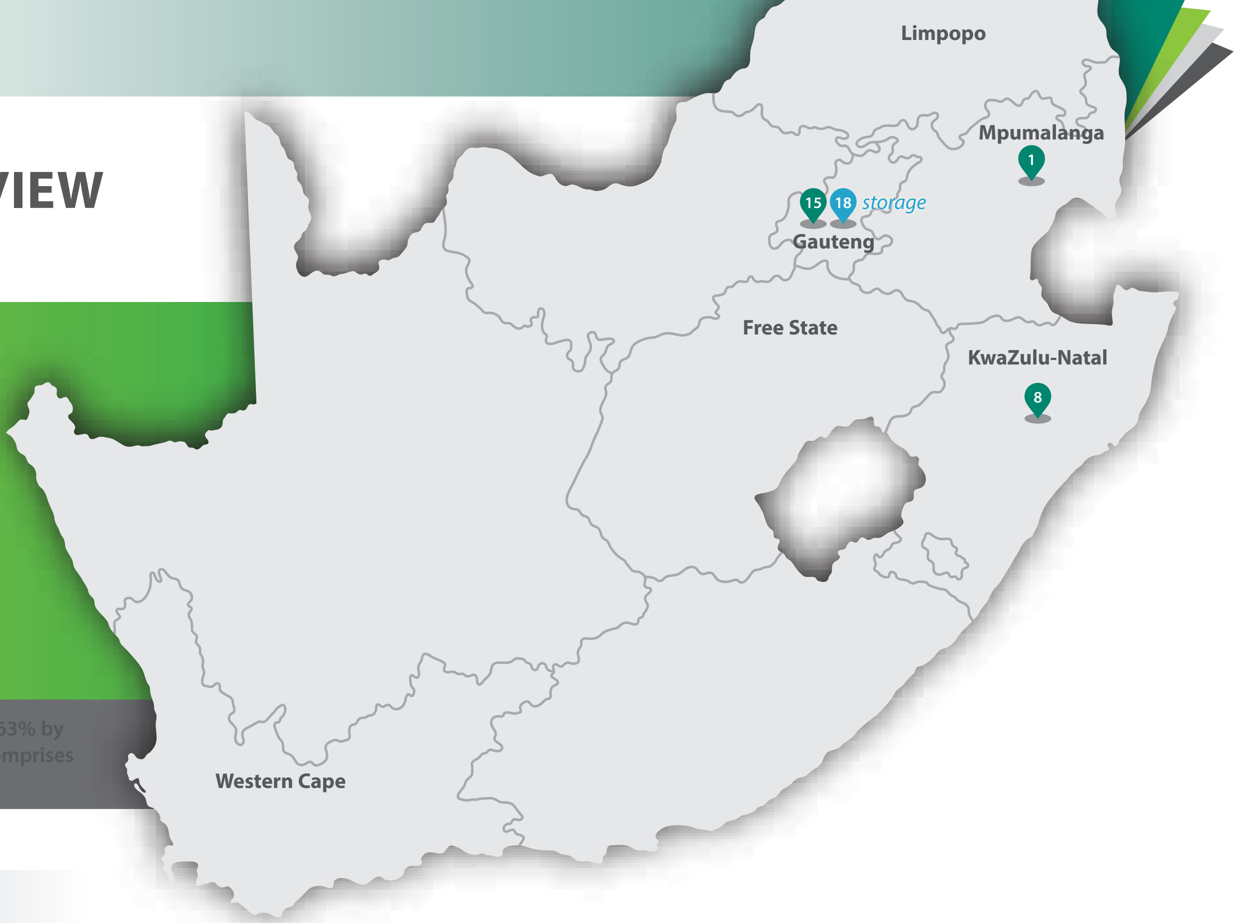
CONTRACTED AND UNCONDITIONAL	
Description	**Sales price (R'million)**
Wood Ibis Investments, Maydon Wharf, Durban	69.1
1 Baltex Road, Isipingo	136.5
Cnr Bismuth and Graniet Streets, Jet Park	9.0
Total	**214.6**
GRAND TOTAL	**396.0**

LOOKING AHEAD

We expect another resilient performance from this portfolio next year, despite the weak economic outlook and loadshedding challenges that are expected to maintain downward pressure on renewal rentals. Large facilities comprise c.80% of income and these facilities have strong tenant covenants which will support continued good performance. With few leases expiring in 2023, SAC will continue to balance stability and tenure against negative reversions.

Beryl Street, Jet Park

PROPERTY **REVIEW**



RETAIL PORTFOLIO
including STORAGE

45.1%
of South African portfolio value

Total GLA 385 635m² and 30.5% of South African portfolio GLA

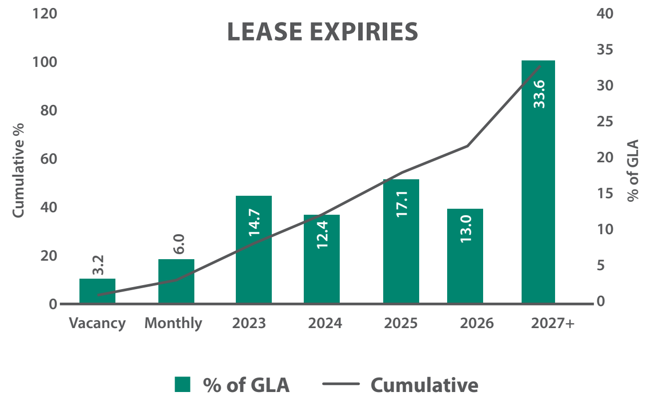
Retail national tenants 63% by GLA, 63% by rental. Grocery and Food category comprises 31% of the portfolio

STRATEGY

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

% BY MSCI TYPE BY VALUE

LEASE EXPIRIES



PERFORMANCE **SYNOPSIS**

Revenue: R951 million, up 6.0%

NPI: R522 million, up 4.3%

Key features in 2022:

- Resilience of convenience and neighbourhood shopping centres
- Robust year-on-year trading density growth of 5.9%
- Vacancies improved through close co-operation with tenants

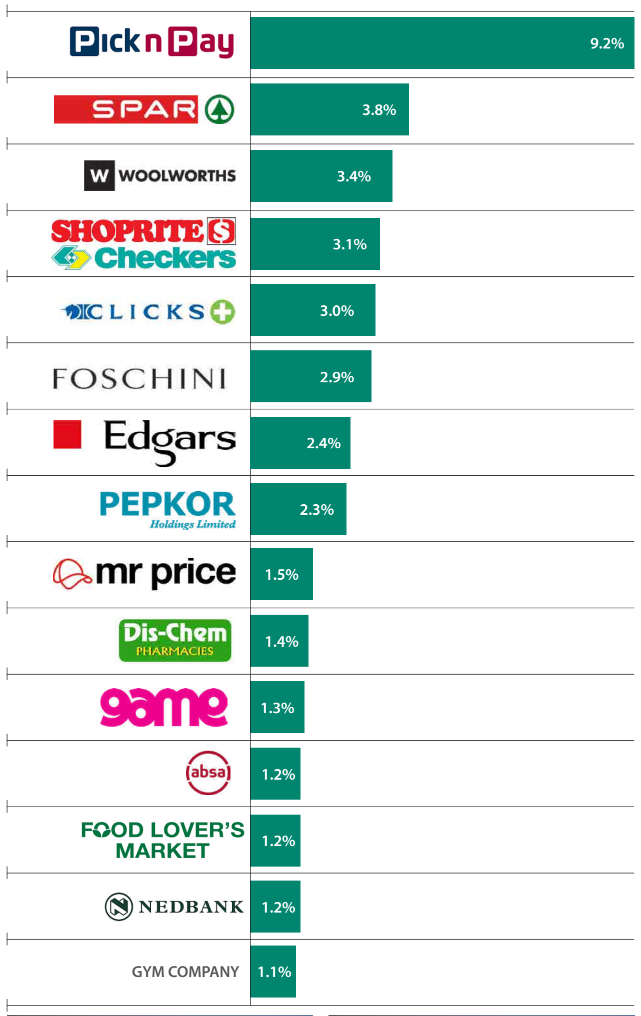
Defensive convenience categories comprise 59% of the portfolio by GLA and 57% by rental income

R6.9 billion Portfolio value	**42** Properties *(including Storage)*
Vacancies by GLA **3.2%**	Weighted average discount rate **14.8%**
Weighted average capitalisation rate **9.4%**	Weighted average contractual escalation **6.5%**

OUR TOP 15 PROPERTIES

Comprise 86.0% of the retail portfolio and 35.7% of the total portfolio

TOP 15 TENANTS BY RENTAL CONTRIBUTION



Tenant retention rate **84.2%**	Rental reversions **0.2%**
Collections **99.2%**	Trading density growth **5.9%**
WALE **4.1** years	Rental income **5.6%**
Property expenses **8.2%**	Recovery of property expenses **6.8%**

OUR TOP 5 PROPERTIES BY VALUE

Musgrave Centre

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

Value R980 million

Size 39 939m²

14.3%* of portfolio

East Point Shopping Centre

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

Value R923 million

Size 44 462m²

13.4%* of portfolio

Umlazi Mega City

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

Value R588.4 million

Size 49 220m²

8.6%* of portfolio

Springfield Value Centre

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

Value R586 million

Size 20 223m²

8.5%* of portfolio

Bluff Towers

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

Value R525 million

Size 24 008m²

7.6%* of portfolio

* By GLA

OVERVIEW OF THE RETAIL PROPERTY MARKET

The latest Consumer Confidence Index for Q4 2022 shows that consumer confidence has rebounded back to pre-Covid levels. Notwithstanding, it still signifies depressed consumer sentiment in an environment of high inflation, increasing interest rates and frequent loadshedding.

The domestic retail sector continued to recover in 2022, with pleasing improvements in sector-wide trading density, generating an 11.5% (MSCI) year-on-year increase, above pre-Covid levels. Super Regional centres recovered after losing the most ground during the pandemic, while smaller community and neighbourhood centres remained resilient. National vacancy rates have continued to improve. Space vacated by business closures, such as bank branches and cinemas, has seen a take-up by national retailers that have been aggressively expanding. The improvement in trading while rentals have remained relatively flat, has resulted in retailers' cost of occupancy below its pre-pandemic level, suggesting improved scope to increase rentals going forward.

Other trends in the retail sector include increased capital expenditure for the reinvigoration of centres to remain relevant, as well as the installation of solar and backup generators to decrease the effects of loadshedding on trading.

Convenience oriented retail centres comprise **59.2%** of SAC's portfolio by GLA and **56.6%** by rental income

The defensive nature of SAC's retail portfolio lies in its focus on community and neighbourhood centres in urban areas that are dominant in their catchment areas, concentrating on convenience oriented offers with a particular emphasis on grocer, pharmaceutical, athleisure and general convenience retailers. SAC maintains a widely diversified tenant base (top 15 tenants represent 37.7% of total rental income), with a strong contingent of national and listed tenants which were increased from 57.6% to 63.3% year-on-year.

RETAIL PORTFOLIO PERFORMANCE

The retail portfolio has continued to improve strongly with an increase in like-for-like NPI of 6.7%. The convenience sector remained resilient despite ongoing loadshedding challenges. Trading density increased by some 5.9%. Vacancies were reduced from 4.6% to 3.2%, tenant retention remained high at 84.2% and rental revisions were positive, all of which served to strengthen cash flow. Whilst this is partly due to generally improving trading conditions for retailers, a significant contributor has been the concerted effort by management to continuously improve the tenant mix to suit the demand in particular catchment areas. The Company strengthened its internal retail leasing team during the year which has bolstered efforts to improve tenant covenant with an emphasis on retailers offering consumer staples. The tenant mix improved with an increased proportion of national tenants by GLA and rental income and increased the convenience elements. In new leases this year, more than 75% were concluded with national tenants, while convenience retail comprised c.70% of the offering. The portfolio is becoming increasingly attractive to tenants and our relationship with national retailers has strengthened notably. The lease expiry profile has lengthened with c.64% of leases expiring from 2025 onwards.

Expenses, especially municipal expenses, are increasing at higher levels than lease escalations, highlighting the need for cost efficiency. While all SAC's retail centres have generators, the cost of diesel to power the generators during loadshedding is a cause for concern and further solar opportunities are being explored.

ACQUISITIONS, DISPOSALS AND REDEVELOPMENTS

There were no acquisitions in the retail portfolio in 2022 and only one property was contracted for sale in an over-traded node at a 2.1% premium to the last valuation.

The Company continues to refine the quality of its retail portfolio through the redevelopment of centres to keep them new and relevant, attract national tenancy, improve accessibility, and entice shoppers to visit.

- Woolworths and Clicks commenced trading on the lower level of 51 Pritchard Street in mid-2022, and together with Shoprite and upper-level Edgars, completes the transformation of the city block into Johannesburg inner city's most vibrant new urban shopping centre.
- The reinvigoration of **Musgrave Centre**, the largest asset in the Group's retail portfolio, and the dominant community shopping centre in Durban's Berea area is proving particularly successful. After the renewal of the Pick n Pay lease and the introduction of Food Lover's Market and Dis-Chem, China Hyper took up 1 500m^2 of what was previously office space, with excellent traction. In addition, a redevelopment of the previous cinema level will introduce five new retail stores which will include a Checkers Supermarket, Checkers Liquor store, Checkers Pet store and two additional line stores, all serving to increase the centre's attraction. Vacant office space of 6 224m^2 above the retail floors at Musgrave Centre is being considered for conversion into residential apartments for sale. JV developer partner proposals are currently being evaluated.
- The **Springfield Value Centre** was damaged in the civil unrest in 2021 and reopened in October 2022. It is pleasing to note that turnovers and trading densities have been substantially higher than before. A solar system with battery backup is being introduced, allowing for uninterrupted trading during loadshedding.
- The **Comaro Crossing** tenant base has been upgraded, with c. 800m^2 leased to West Pack Lifestyle to compliment the existing Food Lovers Market, Meat World and successful Viva Gym.
- **Northpark Mall** was under redevelopment which consisted of converting the upper floors to residential units and adding an OBC Grocer anchor which opened in September 2022.
- At **Montana Crossing**, improved access will be created and phase one of the development will include an aesthetic upgrade to the centre as well as a refurbishment and size expansion of Pick n Pay and Clicks.
- **Coachman's Crossing** in Bryanston is exceptionally well-located opposite St Stithians' school, and will also undergo an aesthetic upgrade, including Woolworths Food as one of the tenants in the refurbished space.

Disposals:

CONTRACTED AND UNCONDITIONAL	
Description	**Sales price (R'million)**
Celtis Ridge Shopping Centre, Centurion	143.0
CONTRACTED AND CONDITIONAL	
Description	**Sales price (R'million)**
Hotel at Cullinan Jewel Shopping Centre, Pretoria	2.7
GRAND TOTAL	**145.7**

THE UPGRADE OF MORNING GLEN MALL LEAVES SHOPPERS SPOILT FOR CHOICE

Morning Glen Mall's redevelopment will be completed and fully trading by mid-2023. The property is receiving an aesthetic upgrade, improved access to the building and a new parking deck. A strong lifestyle theme is being introduced with a family orientated restaurant, sports bar, skatepark, a street soccer facility and potentially a climbing wall at a later stage. Six new padel tennis courts opened in September 2022 and have had a very positive impact. This north west wing of the mall has been repositioned to take advantage of spectacular views over Johannesburg, with a large deck and lifestyle-themed restaurants. The family orientated restaurant will have a play area of about 600 – 700m^2. Since no similar facilities exist in the surrounding area, this should be a notable attraction and differentiator from competition centres. Scenic lifts lead to the restaurant as well as a new mall entrance.

The sports bar will have a strong golf theme with the latest online technology in this realm. Projectors will allow shoppers to play golf with their clubs for a full 3D experience. A popular Crossfit gym is opening next door to the sports bar. The downstairs area will offer an upmarket niche food market that creates a link from the padel and sporting facilities into the mall and through the centre. The available space in the redevelopment is filling up rapidly.

LOOKING AHEAD

The outlook is positive for 2023, although the recovery in the retail sector may be muted in the short term as consumers are under pressure financially. The impact of loadshedding and the cost of diesel on tenants could put a strain on tenants' ability to pay rentals and will be monitored carefully. Such an environment continues to favour rural and township centres with a greater focus on essential goods and which are less exposed to the threat of online penetration.

The major redevelopments may present some short-term downside in the first half of the year, due to the impact on trading. However, we expect good upside and momentum towards the end of the year.

East Point Shopping Centre, Boksburg

PROPERTY **REVIEW**

COMMERCIAL PORTFOLIO

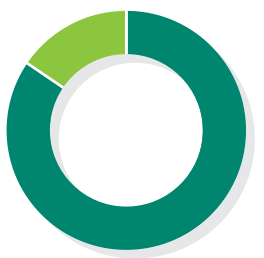
1.9%
of South African portfolio value

Total GLA 25 591m² and 1.9% of South African portfolio GLA

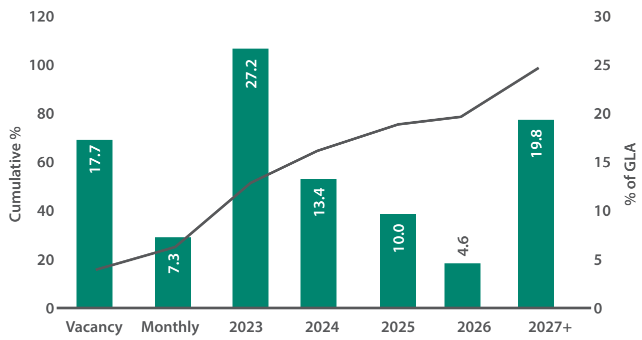
STRATEGY

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

% BY MSCI TYPE BY VALUE



LEASE EXPIRIES



PERFORMANCE **SYNOPSIS**

Revenue: R40 million, down 34.5%

NPI: R10 million, down 52.7%

Key features in 2022:

- Two properties sold and transferred
- Transfer of 31 Allen Drive in Western Cape concluded after year-end
- Conversion of 6 223m² from office to residential is under investigation

R0.3 billion Portfolio value	**3** Properties
Vacancies by GLA **17.7%**	Weighted average discount rate **15.5%**
Weighted average capitalisation rate **10.0%**	Weighted average contractual escalation **6.9%**

Tenant retention rate **56.0%**	Rental reversions **(26.0)%**	WALE **4.8** years	Rental income **(39.4)%**
Cost to revenue ratio **75.5%**	Collections **118.2%**	Property expenses **(25.2)%**	Recovery of property expenses **(26.7)%**

OUR PROPERTIES BY VALUE

GreenPark Corner

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

Value R222.5 million
Size 15 623m²
61.0%* of portfolio

Nobel Street Office Park

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

Value R44.5 million
Size 6 713m²
26.2%* of portfolio

31 Allen Drive

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

Value R20.0 million
Size 3 255m²
12.7%* of portfolio

* By GLA

PROPERTY **REVIEW** *continued*

GreenPark Corner, Sandton

OVERVIEW OF THE COMMERCIAL PROPERTY MARKET

The tough trading environment in commercial property has persisted with muted demand mirrored by low levels of business confidence and national vacancies above 16%. In an environment where supply outstrips demand with strong competition to fill vacancies, property owners have been forced to compete with flexible models, steep concessions and offers of uninterrupted utility supplies to remain relevant and attractive to tenants. More tenants are asking for serviced and/or furnished offerings. The oversupply of office properties is also encouraging the conversion of vacant offices into affordable residential units. The construction of new offices remained severely dampened in 2022.

SAC has been steadily reducing its exposure to the commercial sector with only a small office portfolio remaining. Fundamentals, while still poor, are however improving slightly.

COMMERCIAL PORTFOLIO PERFORMANCE

The full-year like-for-like NPI was reduced by 27.8%, driven by Vodacom's reduction in space at Nobel Street and the Tshedza filming crew vacating at GreenPark Corner. While negative reversions continue to be necessitated in the distressed office market, we are seeing more inquiries, specifically in the smaller spaces. SAC has been successful in decreasing the vacancy at GreenPark Corner, resulting in a stand-alone office vacancy of 8.6%.

Every effort is being made to further reduce the vacancies on the property. Aggressive competitor activity remains challenging with substantial and sometimes sub-economic incentives to attract new tenants, ranging from tenant installation allowances, paying of moving costs and rent-free periods, to notable rental discounts.

ACQUISITIONS, DISPOSALS AND REDEVELOPMENTS

In a difficult market, we successfully divested from 102 Essenwood Road in KwaZulu-Natal post the interims and 31 Allen Drive, post the year-end. Only GreenPark Corner in Sandton and Nobel Street in Bloemfontein remain in the portfolio, reducing the Group's exposure to commercial property to less than 2% of the total portfolio value. Both remaining properties require a degree of income enhancement to attract buyers and this will be the key focus for 2023.

At Nobel Street, 1 340m^2 of vacancies were leased in Q4, with a further 1 069m^2 under negotiation. 20.8% of GLA is being repurposed for storage. At GreenPark Corner, 1 352m^2 GLA was renewed and 1 672m^2 vacant space was let during the year. Additional amenities have been added in the form of a gym and clubhouse which will be free to tenants. We have a health and wellness centre with a variety of health specialists and a bar to have lunch, drinks and entertain clients. A new generator was installed and we are exploring solar, but the footprint of this building is unconducive.

A list of the disposals to date is provided below:

TRANSFERRED	
Description	**Sales price (R'million)**
102 Essenwood Road, Durban	32.0
31 Allen Drive, Bellville	20.0
TOTAL	**52.0**

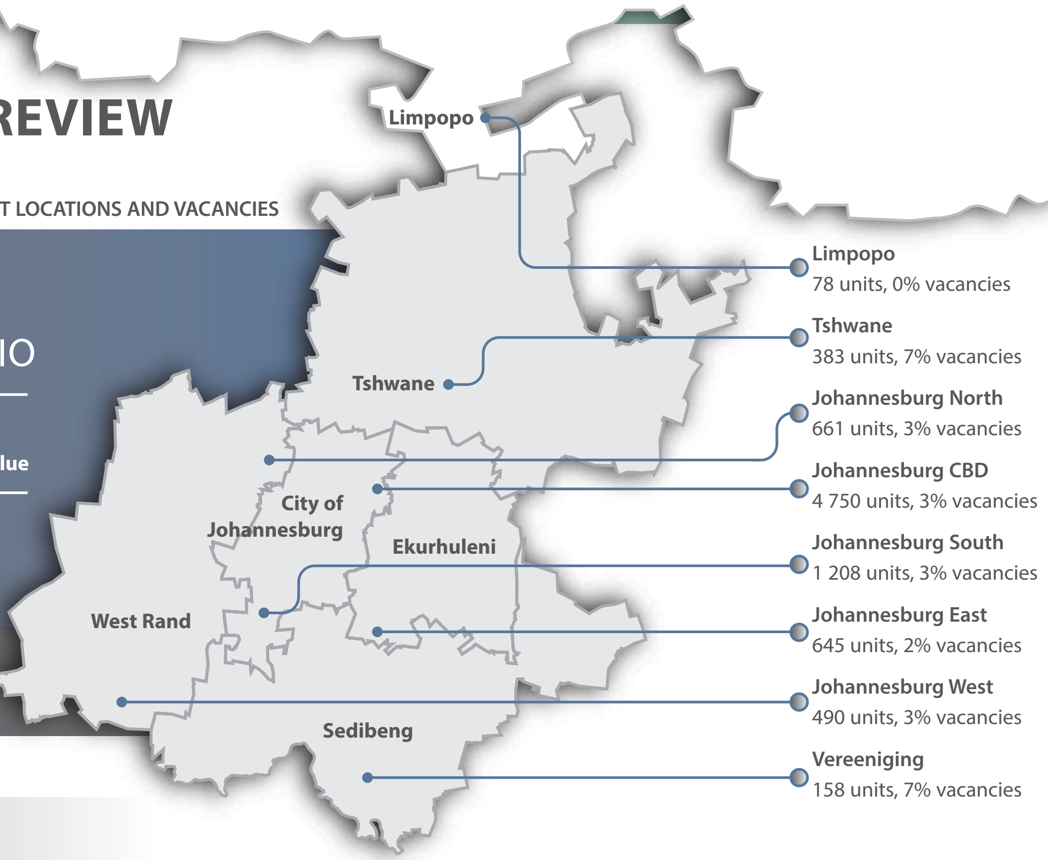
LOOKING AHEAD

The pressure in the commercial sector is unlikely to decrease over the short term and it requires landlords to think out of the box to attract and maintain tenants. An increased range of amenities such as restaurants, childcare facilities and laundromats are required, as well as office space that is risk-free and flexible.

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

PROPERTY **REVIEW**

UNIT LOCATIONS AND VACANCIES



AFHCO PORTFOLIO

29.9%
of South African portfolio value

Total GLA 435 612m²
and 36.2% of South African portfolio GLA

Residential units per GLA make up 85% of portfolio and retail shops 15%

STRATEGY

Optimisation of the residential portfolio to ensure a high quality portfolio, sustained by a portfolio concentrated in sought-after suburban areas and inner city mixed-use precincts in close vicinity to transport nodes offering quality, security and amenities at competitive pricing. This will be achieved through the divestment of properties not aligned to the Group's long-term strategy and enhancing existing properties through upgrades and lifestyle amenities.

PERFORMANCE **SYNOPSIS**

Revenue: R697 million, up 2.2%

NPI: R327 million, up 11.3%

Key features in 2022:

- Residential vacancies reduced to decade long low of 2.9%
- Strong collections performance at 100%
- Divestment of nine non-precinct inner city properties
- Disposal of 91 apartments in poorer quality buildings
- Retail vacancies remained low at 5.5%

R4.5 billion Portfolio value	Rental reversions **(4.6)%**	Residential vacancy in units **2.9%**	Weighted average capitalisation rate **9.9%**
58 Properties	Cost to revenue ratio **44.6%**	Development bulk **5 187m²**	Weighted average contractual escalation **6.9%**

UNIT TYPES

Type	Average monthly rental	Number of units	Average size	% of total
Room	R 1 768	14 units	13m²	0.2%
Studio	R 2 082	1 194 units	16m²	14.3%
Bachelor	R 3 103	1 600 units	25m²	19.1%
1 Bedroom	R 3 766	1 946 units	35m²	23.2%
2 Bedroom	R 4 950	3 194 units	52m²	38.1%
3 Bedroom	R 9 376	425 units	104m²	5.1%
Grand Total		**8 373 units**		**100%**

OUR TOP 5 PROPERTIES BY VALUE

Jeppe Post Office

The property is situated in Johannesburg central and comprises 486 apartments and retail anchored by Boxer.
Value R320 million
Size 34 853m²
7.9%* of portfolio

120 End Street

The property is situated in Doornfontein and comprises 925 apartments and retail anchored by Shoprite.
Value R297 million
Size 34 287m²
7.8%* of portfolio

South Hills

The property is situated in South Hills and comprises 740 apartments.
Value R293 million
Size 31 820m²
7.2%* of portfolio

Mpumelelo

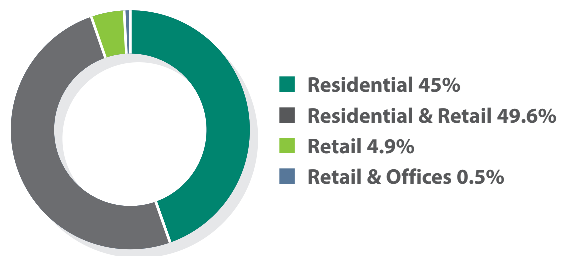
The property is situated in Doornfontein and comprises 984 student beds and retail.
Value R280 million
Size 13 412m²
3.1%* of portfolio

The Falls Lifestyle Estate

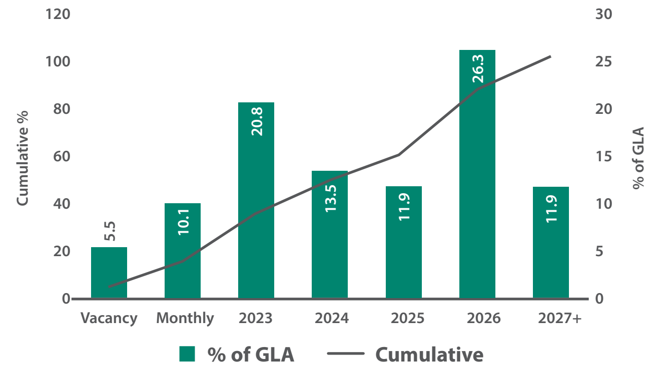
The property is situated in Wilgeheuwel and comprises 200 apartments.
Value R176 million
Size 15 329m²
3.5%* of portfolio

* By GLA

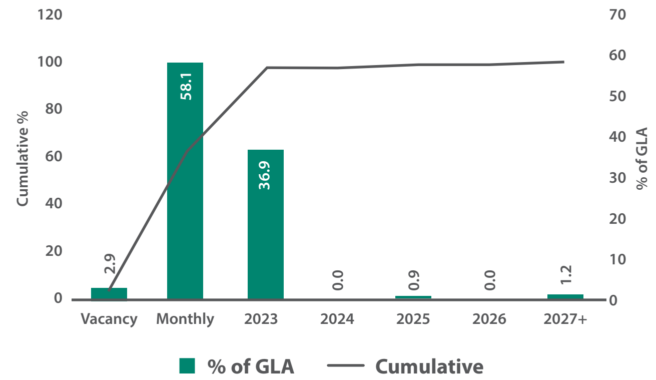
% BY MSCI TYPE BY VALUE



LEASE EXPIRIES - RETAIL



LEASE EXPIRIES - RESIDENTIAL



PROPERTY **REVIEW** *continued*

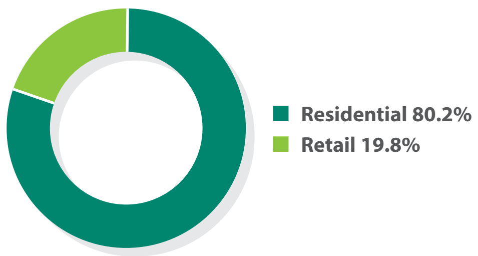
OVERVIEW OF THE RESIDENTIAL PROPERTY MARKET

Residential portfolios reported a pleasing rebound in the past year as they recovered from the pressure during the pandemic, with vacancy rates improving across the board. The demand for good quality, "entry-level" accommodation in urban areas in South Africa remains high. While tenant affordability has remained constrained due to low economic growth and rising inflation, collections exhibited a pleasing recovery to pre-Covid-levels.

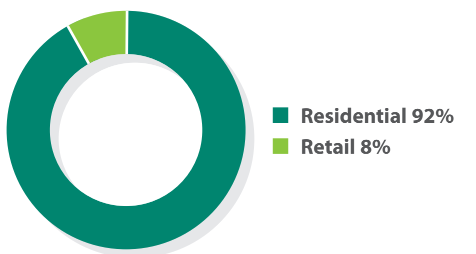
> Afhco's 13.1% growth in like-for-like net property income evidences the portfolio's defensive nature and stability

Vacancies in the residential portfolio improved from 8.5% to 2.9%, a 65% reduction compared to the prior year. Rental increases showed a steady improvement and average occupancy improved from 19 to 21 months. This is largely due to increased efforts by management to refine the quality of the portfolio by reinstating a robust tenant base. Collections returned to pre-Covid levels with 100% collected for 2022.

RENT REVENUE PER CATEGORY



NUMBER OF UNITS PER CATEGORY



A rising interest rate cycle is increasing the cost of mortgages and increasing the demand for rentals in preference to property ownership.

Continued municipal service delivery failure, municipal cost escalations above inflation, diesel costs associated with persistently high stages of loadshedding, security challenges and attacks on foreign national retail tenants are the most material issues to deal with in this market sector over the medium term.

To counter the loadshedding, Afhco introduced backup generators and/or UPS's in the majority of its high-rise residential buildings, to provide uninterrupted building infrastructure services as well as Wi-Fi. While inner city buildings are generally not conducive to solar installations, two solar installations will be undertaken in 2023 at Afhco Corner, and Newgate.

Demand for student accommodation has remained stable. South Africa's young population and the increasing demand for education and quality student accommodation make this a long-term growth area that has seen new entrants entering the market, as well as ongoing development activity. Amenities and quality of accommodation remain the key differentiators to effectively compete in this sector.

> The Afhco portfolio at the end of 2022 comprised 8 373 residential units, 1 833 student beds and 65 118m^2 of retail space

Total accommodation units have decreased with the disposal of 94 sectional apartments (9 inner city units and 85 suburban units), the sale of Maxwell Hall (115 units), and five properties to Firstmile (totalling 1 116 units), with a further three properties (totalling 549 units) to transfer in 2023. This was partially offset by the acquisition of 190 units at The Falls 2 Lifestyle Estate, as well as 133 units developed at North Park. The suburban portfolio, therefore, grew by 238 units, whereas the inner city portfolio, once the Firstmile transaction is complete, would have compressed by approximately 1 782 units.

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

RESIDENTIAL PORTFOLIO **PERFORMANCE**

Residential property comprises 85% of the Afhco portfolio by GLA, of which approximately 42% (2021: 60%) are inner city properties, with the remainder in suburban areas. As a percentage of units, however, the inner city still makes up 55% of the total residential portfolio.

Afhco has successfully rebased its residential tenant base through a combination of discounting and promotional activity, mainly focused on inner city buildings. Pleasingly, for new tenants that came in at the rebased rental, escalations of between 4% and 6%.

Work-from-home ("WFH") has been a central theme in this sector since the pandemic started, and offering the infrastructure to enable WFH, as well as value-adding amenities, have been critical attributes in attracting new tenants.

INNER **CITY**

The inner city residential portfolio has recovered exceptionally well since Covid-19, with vacancies reducing to levels last seen more than a decade ago. The inner city remains in a poor state, with basic service delivery and infrastructure challenges. In response to these challenges and to differentiate our offering, the inner city portfolio offers free, uncapped Wi-Fi and a range of amenities, including braai areas, playgrounds, indoor as well as outdoor gyms and additional security through state-of-the-art CCTV cameras at certain buildings. Afhco has also undertaken projects to beautify and pedestrianise selected precincts, with the latest project being the imminent pedestrianisation of Davies Street. Amenities to be introduced in 2023 include an indoor gym at Jeppe Post Office.

Service delivery and crime in the inner city remain a challenge, which Afhco addresses through cleaning and security support in the precincts within which it operates.

Most Afhco buildings now supply electricity to lifts, water pumps, common area lighting, access control, Wi-Fi, and other key building infrastructure during loadshedding or other power outages. The ability to provide tenants with as much uninterrupted energy supply as possible has contributed to the low vacancies. However, the volume and cost of diesel to supply these generators provide a further reason why ownership of high-rise inner city units are less attractive than suburban properties.

Afhco's strategy to increase the weighting of the suburban portfolio will be achieved by selective divestment of non-precinct inner city properties, already partially undertaken as part of the Firstmile transaction noted above. The sale of poorer quality units targeting the Finance Linked Individual Subsidy Programme ("FLISP") market will also continue, albeit possibly at a more subdued rate due to the high-interest rate environment. The residential conversion of North Park Mall into mixed-use social housing units for the first-time buyer market was completed in the third quarter of 2022 and tenanting of the 133 SHRA units and the sale of the remaining 123 units is underway. The first tranche of transfers is expected to occur in Q2 and to continue for the remainder of the year.

SUBURBAN

The suburban residential portfolio performed well overall, with strong recovery at properties that experienced persistently high vacancies before, during, and post Covid-19, most notably South Hills Lifestyle Estate and Calderwood Lifestyle Estate. The vacancy reduction at South Hills was on the back of significant upgrades to the courtyards and sports fields, which improved the overall look and feel of the estate, and significantly improved the lifestyle element for residents. Trees, plants, lighting and children's amenities have been introduced and three multi-purpose synthetic sports fields offering soccer, basketball, and cricket have been installed with fencing around the fields and solar lighting for use in the evening. The roll out of fibre to the home at Calderwood, together with certain limited amenity improvements to the estate, resulted in a significant improvement to occupancy levels. Afhco remains of the belief that free access to fibre is a notable differentiator in suburban rentals, and accordingly, fibre infrastructure has been rolled out to most suburban properties.

The Falls Lifestyle Estate, Afhco's flagship urban property in Wilgeheuwel, was further bolstered by the completion of 190 units in The Falls 2 Lifestyle Estate, directly opposite The Falls. The Falls 2 will comprise 280 units when completed, with the remaining 90 units expected to be completed towards the end of 2023. Letting of the 190 units is substantially complete. These developments talk to our strategic intent to build a quality residential portfolio.

STUDENT ACCOMMODATION

The student portfolio again performed well with average vacancies for the year of c. 3% and robust collections.

PROPERTY **REVIEW** *continued*

Student accommodation has evolved from dormitory-style accommodation, into self-contained apartments with study rooms, games rooms, gyms, social areas, and most crucially, backup facilities. Generators in our student buildings ensure that they can continue studying uninterruptedly with good access to their Wi-Fi.

Student accommodation is perceived as an attractive segment and competition has been increasing steadily, with pockets of oversupply. While increased competition may impact negatively in 2023, we are confident that our offering remains desirable.

OVERVIEW OF THE AFHCO RETAIL/COMMERCIAL PROPERTY MARKET

Retail/commercial property comprises 15% of the Afhco portfolio by GLA.

> Retail vacancies in this portfolio have remained below 6%

The demand for high-quality retail space in well-located busy nodes remains intact and is expected to continue. Retail has however not yet returned to pre-Covid levels. Cross-border trade has become less attractive due to the pandemic, as well as attacks on foreign nationals and crime in the inner city. This has been partially compensated for by the high and increasing population density in the inner city, which fortunately ensures robust trading densities for the national grocers resulting in active demand from these retailers for retail space. To support smaller traders, the lease renewal of premises measuring 60m² on average with an average rental of R494.00/m² were renewed at a negative reversion of 19.20%. The remainder of the portfolio was renewed at a positive 3.5%. While further negative reversions are expected during 2023, the level of these reversions has been decreasing and there is optimism that trading conditions for smaller traders will improve.

ACQUISITIONS, DISPOSALS AND DEVELOPMENTS

In the inner city residential rental portfolio, Afhco prefers to focus on properties in areas where it can ensure accessibility, security and lifestyle amenities. In pursuing this strategy, the first tranche of the sale of nine Johannesburg inner city properties through the sale of shares of the property-owning entities totalling R280.6 million was completed in September 2022, and a further R38.0 million was concluded in February 2023. The balance of the disposal proceeds are expected to be received in quarter two of 2023. Maxwell Hall, also located in the inner city was also disposed of during the year at a value of R50.0 million, bringing total disposals in the inner city to approximately R600 million. In addition, we continued to dispose of sectional title apartments at Lethabong, Komati and Indlovu in Friendship Town, as well as units at 50 Stiemens and Bridgeport in Braamfontein, Reef Acres in Springs, Rosewood in Randfontein, and North Park Mall in Pretoria North. A total of 94 units were transferred in 2022 at a disposal value of c. R42.9 million and at an exit yield of 8.3%. A further 10 units at a disposal value of R4.2 million have transferred in 2023 and 196 units have been contracted at a value of R74.9 million and are expected to transfer during the year.

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

The Group has completed the conversion of mostly vacant office space at North Park Mall into 256 apartments, 133 of which will be held as social housing rental stock for which a SHRA capital grant of R36.2 million was received, with the balance of apartments being sold into the retail market promoted by the FLISP sale mechanism wherever applicable. The remaining 90 units at The Falls 2 Lifestyle Estate are expected to be completed in Q4 of 2023.

In addition, the Company announced a proposed transaction to acquire the entire issued ordinary share capital of Indluplace. The Indluplace property portfolio consists of 9 189 residential units across 124 buildings, and 15 549m² of retail space, collectively valued at R3.3 billion. The proposed transaction, if implemented, will enhance the Company's exposure to the residential sector, as the Company views the Indluplace portfolio as complementary to its own quality residential rental portfolio.

No further acquisitions are planned at this stage.

Disposals:

TRANSFERRED	
Description	**Sales price (R'million)**
Maxwell Hall, Johannesburg	50.0
Five Johannesburg Inner City Properties	318.6
Residential apartments	44.7
Total	**413.3**
CONTRACTED AND UNCONDITIONAL DISPOSALS	
Description	**Sales price (R'million)**
Four Johannesburg Inner City Properties	227.7
Residential apartments	51.7
Total	**279.4**
CONTRACTED AND CONDITIONAL DISPOSALS	
Description	**Sales price (R'million)**
Multi Glass, Johannesburg	3.6
Residential apartments	20.7
Total	**24.3**
GRAND TOTAL	**717.0**

LOOKING AHEAD

Afhco anticipates a strong year in the residential portfolio with continued robust occupancy levels. Whilst the economic outlook is not expected to improve in the short term and consumers will continue to remain under financial pressure due to rising municipal costs, high-interest rates and inflation, the higher interest rate environment should favour the rental market as consumers opt to rent property instead of buying to avoid long-term debt and to maintain a flexible lifestyle.

Coupled with the above, we believe that the demand for residential accommodation in the greater Johannesburg area will remain high on the back of rapid urbanisation, which accelerated further after the Covid pandemic as opportunities in smaller towns and rural areas declined, and municipal service failures in these areas became more apparent. The inner city of Johannesburg benefits from the many "migrants" that look to establish a base centrally. Coupled with this, the continued densification of the inner city bodes well for the retail environment as "local trade" begins to replace "cross-border trade" that has not recovered to pre-pandemic levels. National grocer trading densities remain robust at between R3 000 and R5 000/m².

The residential tenant base has largely been reset in the past two years, and rent should start to grow in the future. Negative reversions in the retail portfolio have gradually been declining, boding well for trade in 2023.

We are pleased with the progress in the current year in rebalancing the residential portfolio and the proposed Indluplace transaction, if implemented, will result in achieving a more even split between inner-city and suburban properties. Afhco remains a leading residential player with a proven track record in affordable as well as more affluent residential rentals, social housing, student accommodation, and valuable retail exposure. Its significant and diversified portfolio in a defensive sector and managerial expertise provide a strong platform for sustainable growth in the future.

Calderwood – Benoni

PROPERTY **REVIEW**

REST OF ARICA PORTFOLIO

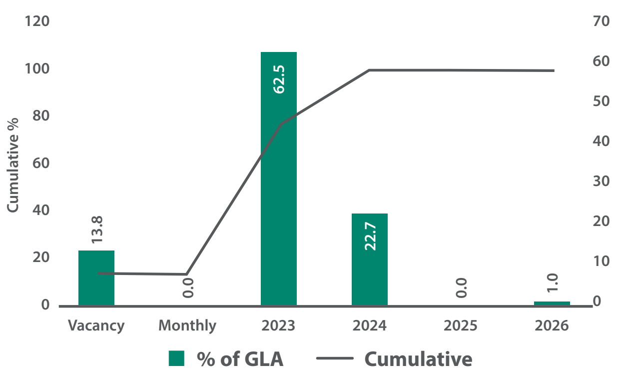
50%
investment in JV

Net asset value R1.2 billion

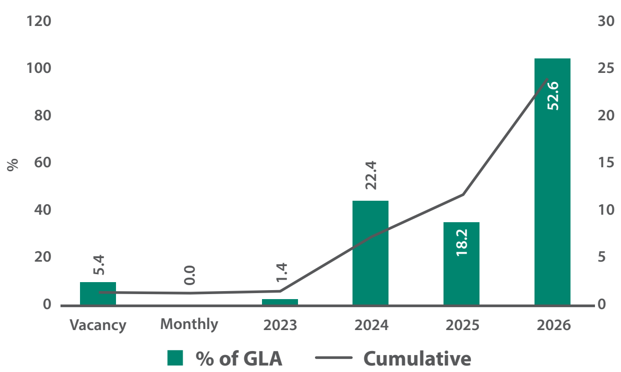
STRATEGY

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

LEASE EXPIRIES: COMMERCIAL



LEASE EXPIRIES: RETAIL



PERFORMANCE **SYNOPSIS**

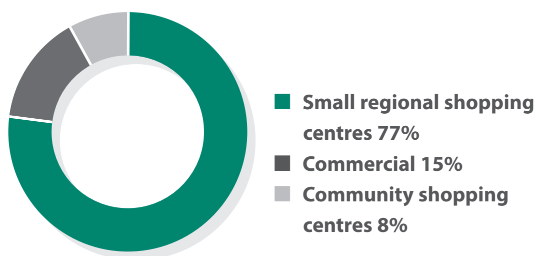
Revenue: USD16.9 million, up 67.5%

NPI: USD11.3 million, up 63.7%

Key features in 2022:

- Payment of USD5.0 million on 8 February 2022 and USD6.9 million to be made in respect of Development Equity for phases 5, 6 and 7 at East Park Mall (32,367m²) at an initial after-tax property yield of 9.1%
- Acquired 59.9% of REIZ funded by JV subsidiary debt on 9 December 2022 – 50% cost (SAC portion) USD3.5 million

% BY MSCI TYPE BY VALUE



R1.4 billion Portfolio value	3 Properties	Total GLA 94 790m² * * 100% of GLA	Rental reversions - retail Flat
Weighted average contractual escalation - commercial 4.2%	Weighted average contractual escalation - retail 3.4%	Vacancies by GLA - retail 5.4%	Vacancies by GLA - commercial 13.8%

OUR PROPERTIES

East Park Mall

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

Value	Size	% of portfolio	Vacancy	Rental escalation (USD)	Retention rate of expiring leases	Rental reversion (USD)
$122.7 million*	67 311m²	71%	2.3%	3.2%	100%	Flat

Acacia Office Park

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

Value	Size	% of portfolio	Vacancy	Rental escalation (USD)	Retention rate of expiring leases	Rental reversion (USD)
$23.7 million*	12 554m²	13.3%	13.8%	4.2%	No expiries	No expiries

Jacaranda Mall

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

Value	Size	% of portfolio	Vacancy	Rental escalation (USD)	Retention rate of expiring leases	Rental reversion (USD)
$12.5 million*	14 926m²	15.7%	19.1%	4.2%	65%	Flat

*100% of value

PROPERTY **REVIEW** *continued*

OVERVIEW OF THE ZAMBIAN MARKET

Economic activity in Zambia has remained positive since the election of the new pro-market government. The economy is highly reliant on mining resources and agriculture and copper prices have increased from USD3.78 (June 2022) per pound to USD4.15 per pound. Copper represents 70% of Zambia's foreign revenue. After a sharp appreciation in the post-election period, the Kwacha exchange rate has remained relatively stable, due to favourable market sentiment and copper earnings. GDP is projected to grow by 3.8% over 2022–24, buoyed by an improved macroeconomic environment; a positive copper price outlook, a stable mining policy; improved electricity supply; and increased international demand for green industries, as the electric vehicle sector relies on copper.

The general economy and retail, specifically, remained constrained, largely due to average agriculture results as well as inflationary pressure. This negatively affected spending at retail centres and required large rental discounts to retain tenants. Competition has also increased with several small retail neighbourhood centres having come onstream in Lusaka over the past 3 years.

PORTFOLIO **PERFORMANCE**

SA Corporate's retail centres serve an upper demographic market in Zambia, where shoppers have fair discretionary spend, indicating reasonable forward support and acceptable trading densities for retailers in the medium term.

Retail vacancies reduced to 5.4% from 12.6% at December 2021. The vacancy reduction in the flagship property, East Park Mall, to 2.3% was largely due to 850m^2 of space being let to a multi-national clothing retailer and a restaurant. Payment of USD5.0 million was made on 8 February 2022 and an additional USD6.9 million is to be made shortly in respect of the development equity for phases 5, 6 and 7. This represents a 32 367m^2 extension to East Park Mall, bringing the shopping centre to a total GLA of 67 311m^2.

Some 1 469m^2 of space expired during the year, with 100% of expiries retained at a marginally positive renewal reversion and a lease period of 4 years and 11 months.

Phases 5 and 6 are now 98.5% occupied with only 180 m^2 of lettable GLA available and the occupied sections trading very well. Besides having national tenants as anchors, the lifestyle offering boasts a gym and a game centre with tenpin bowling, an action sports arena for soccer and basketball, a music hall and a new food emporium with al fresco dining and an outside events venue, all of which has increased both footfall and linger time.

The pandemic continued to impact the office market in Zambia. Acacia Office Park vacancies have started to reduce, with 1 000m^2 of space let to Bank ABC. There were no lease expiries in the current period. Together with the Group's partner, a 59.9% interest was acquired in the Lusaka Stock Exchange listed REIZ at a 68.5% discount to net asset value. SAC's proportional investment in REIZ is USD3.5 million, funded by debt with recourse only to the Zambian JV company. The largest asset in their portfolio is the Arcade Shopping Centre which is adjacent to Acacia Office Park. SAC is potentially looking at a bigger play for Acacia, by combining it with the Arcade Shopping Centre and creating a precinct that will flow into closeby East Park Mall.

At the Jacaranda Mall in Ndola, vacancy remains high at 19.1%. The Ndola area is challenging, given its reliance on mining and the price of copper. Some 1 695m^2 expired in the current year, of which 80% pertains to Cashbuild who have exited the Copperbelt region. Cashbuild's vacancy was replaced with an agricultural service offering. Renewals were flat as the existing tenant lease was renewed at the same rate. Management is in negotiations to secure tenancy by leveraging off its new Shoprite anchor which replaced Pick n Pay as the anchor tenant during the year.

LOOKING **AHEAD**

We anticipate a better year for our Africa operations in 2023, with much more economic and political stability and a variety of reforms being planned.

Rentals remain under pressure in USD terms. While high USD-denominated rentals currently underpin the returns from the SAC retail centres, the economy is sensitive to exchange rate fluctuation which influences the price of goods on the shelves. Competition is also increasing. Dollar-based rental with CPI-indexed growth may be difficult to sustain in the future. Adjustments have been made in consideration of this issue by decreasing the growth outlook in revenue projections.

The focus for 2023 will be to continue to strengthen the tenant mix and improve the rental growth rates at East Park Mall and reduce vacancies at Jacaranda Mall while considering strategies for Acacia Office Park.

04

CORPORATE GOVERNANCE

Cambridge Crossing, Sandton

GOVERNANCE AND COMPLIANCE

SAC's governance and compliance framework lends itself to the application of the principles and recommended practices of King IV and the JSE Listings Requirements. The Group strives to attain best-in-class governance practices.

King IV application diagram

BOARD OF DIRECTORS

Steers and sets strategic direction for the Group | Approves policy and planning to give effect to the Group's strategy | Oversees and monitors implementation and execution by management | Ensures accountability for organisational performance

Leadership, ethics and corporate citizenship → Strategy, performance and reporting → Governing structures and delegation → Governance functional areas → Stakeholder relationships

| Ethical culture | Good performance | Effective control | Legitimacy

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

ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

Code of Conduct and Code of Ethics

- A revised Code of Conduct was implemented in 2022 and a new "Speak-up" initiative promotes bringing wrongdoing to management's attention
- Whistleblowing reports, issued by an external hotline provider, are tabled at the ARC and SEEC for discussion, investigation and then actioned by the Board, as required

Values

Values are integrated into the Group's performance management process and shape behaviour and business conduct

CONFLICTS OF INTEREST

Closely monitored

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

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

BOARD RESPONSIBILITIES

Board Charter

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

Governance principles

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

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

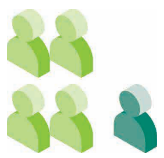
The Board charter is available on the website.

STRONG OVERSIGHT

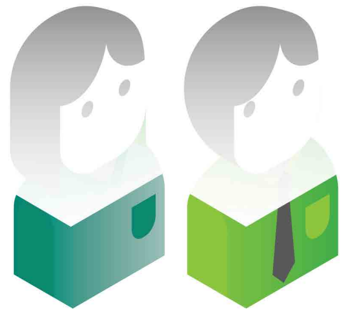
9 scheduled and special Board meetings – 100% attendance

A DIVERSE BOARD

Non-executive and executive directors



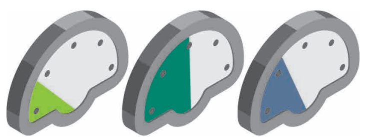
Race
- White - 20%
- Black - 80%



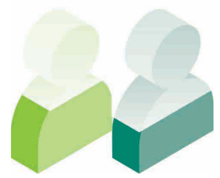
Gender
- 50% Male
- 50% Female

Areas of expertise, primary skills and experience

Area	%
Governance and risk management	80%
Legal and compliance	60%
Human resources and remuneration	80%
Property, investment and REIT operations	90%
Broader sustainability	50%
Audit, accounting and financial management	70%
Strategic business leadership	70%



Tenure
- 0-2 years - 20%
- 3-7 years - 50%
- >8 years - 30%



Age
- 40-50 years - 60%
- 51-65 years - 40%

Broad representation achieved

- Board diversity policy targets and promotes broader diversity and inclusiveness
- Targeted 40% female representation exceeded with the appointment of a female non-executive director and a female Chief Operating Officer
- Policies and targets reviewed annually
- 80% of directors are from previously disadvantaged groups, including five women

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

More information about the Board members is available on page 30 and on the website.

TRANSFORMATION

B-BBEE

- The Group is particularly pleased to have been awarded a Level 1 B-BBEE contributor status for the 2022 verification period
- Property industry's B-BBEE Property Sector Code applied
- Committed to transformation
- Promoting a vibrant and growing property sector

For a full corporate governance report, please refer to the ESG Report, pages 9 to 17.

MANAGEMENT OF GOVERNANCE PROCESSES

APPOINTMENTS AND ROTATION

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

Nomination Committee identifies suitable candidates

Board considers appointment

Shareholders approve appointment at AGM

Appointment letters are issued

Transparent and formal procedure, including probity checks

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

DEVELOPMENT OF DIRECTORS

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

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

PERFORMANCE

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

Outcomes of evaluations are considered, and improvement plans are developed

Externally facilitated Board evaluation was undertaken in 2021 and found the Board to be performing well – scored 3.6 out of 4

INDEPENDENCE OF THE DIRECTORS

All non-executive directors are subject to an independence review by the Board, with the assistance of the Nomination Committee. The Board considers, against the King IV indicators of independence, on a substance-over-form basis, whether a non-executive director is independent in character and judgement, and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, a director's independence. Based on the findings of this evaluation, the Board 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 periodically as a standing agenda item. Overall, the Board is confident that it has the right level of knowledge, experience and skill to ensure objective and effective 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 skills 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 the CEO and the appointment of a COO. The employment contract of the CEO was renegotiated such that his retirement has been postponed to 31 December 2023.

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 subject to, are recorded, processed, summarised and reported within the periods specified in terms of those rules or regulations relevant to SAC;
- ensure that price-sensitive information is identified and disclosed adequately and timely to all investors;
- ensure that unpublished price-sensitive information is kept confidential (for a limited period and subject to certain requirements) until it is disclosed; and
- ensure that information so 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, page 19.

ACCESS TO INFORMATION AND PROFESSIONAL ADVICE

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

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

BOARD COMMITTEES

COMMITTEES AND DELEGATION

Board delegation

The Board delegates certain responsibilities to its Committees without abdicating accountability

Board charter and terms of reference

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

Board

Approvals Framework for delegation of authority to CEO and management

Audit and Risk Committee

Nomination Committee

Remuneration Committee

Investment Committee

Social, Ethics and Environmental Committee

The 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%

AUDIT AND RISK COMMITTEE	INVESTMENT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE	SOCIAL, ETHICS AND ENVIRONMENTAL COMMITTEE
2022 Highlights				
- Recommended the re-appointment of the External Auditor - Reviewed the External Auditor's independence, terms of engagement, and approved the external audit fees - Determined and approved the nature and extent of allowable non-audit services - Reviewed the adequacy, effectiveness and quality of the internal- and external audit processes - Assessed the adequacy of the expertise and resources of the Internal Audit function - Met separately with the external- and internal auditors without management present - Monitored compliance with applicable legislation and regulation - Considered and applied the JSE's feedback on proactive monitoring of financial statements - Reviewed the effectiveness of the Group's system of internal financial control and ensured that the Combined Assurance Framework was applied to provide a coordinated approach to all assurance activities - Reviewed the integrity of the interim results, Group annual financial statements and 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	- 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	- 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	- 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	- 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 for approval

AUDIT AND RISK COMMITTEE	INVESTMENT COMMITTEE	NOMINATION COMMITTEE	REMUNERATION COMMITTEE	SOCIAL, ETHICS AND ENVIRONMENTAL COMMITTEE
2022 Highlights				
- Oversaw the management of financial and other risks that affect the integrity of external reports issued by the Group - Reviewed the Group's insurance cover - Reviewed the expertise, resources and experience of the CFO and the finance function **Refer to the Report of the ARC on page 9 of the Group's Annual Financial Statements.**				
2023 Focus				
- 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	- 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	- 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	- 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	- 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 Remuneration Committee upon retirement from the Board on 6 June 2022
^ Executive Director
$ Resigned from the Remuneration Committee effective 2 December 2022

For a full corporate governance report, please refer to pages 9 to 17 in the ESG Report.

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

RISK MANAGEMENT AND KEY RISK FACTORS

OVERVIEW

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

The ARC assists the Board in carrying out this function with input from the Board's other Committees:

ARC	Board Committees
The Committee's risk oversight mandate aims to ensure that the Group implements and maintains an effective ERM framework, complies with laws, regulations and relevant best practice codes, and that information technology is governed in support of the Group's strategy and direction. The Committee further oversees the management of financial and other risks that affect the integrity of external reports and disclosures issued by the Group and monitors compliance with legal and regulatory requirements to the extent that it may have an impact on the financial statements and reporting of the Group.	The Board Committees' mandates in respect of risk management provides that each Committee supports the ARC and the Board in ensuring effective risk management oversight, specifically in relation to material risks and opportunities within their scope. Each Committee gives effect to this responsibility through: - ensuring the effective monitoring of risk allocated to the Committee; - considering and reviewing management's feedback and/or assurance provider reports on the design and operating effectiveness of existing key risk responses (with focus on major or significant deficiencies); - considering management updates on action plans identified to remediate any key responses with significant or major deficiencies; - considering management's feedback on key developments that have a potential material impact on the allocated risks, as well as the appropriateness of existing key responses or any new/additional key responses required; and - providing feedback through the Committee's Chairman to the ARC and the Board on any material risk-related matters, specifically the key responses with major or significant deficiencies, key developments with a material impact, any new/additional key responses required or any potential breach of approved risk appetite and tolerance levels (as relevant and appropriate).

OUR ERM PROCESS

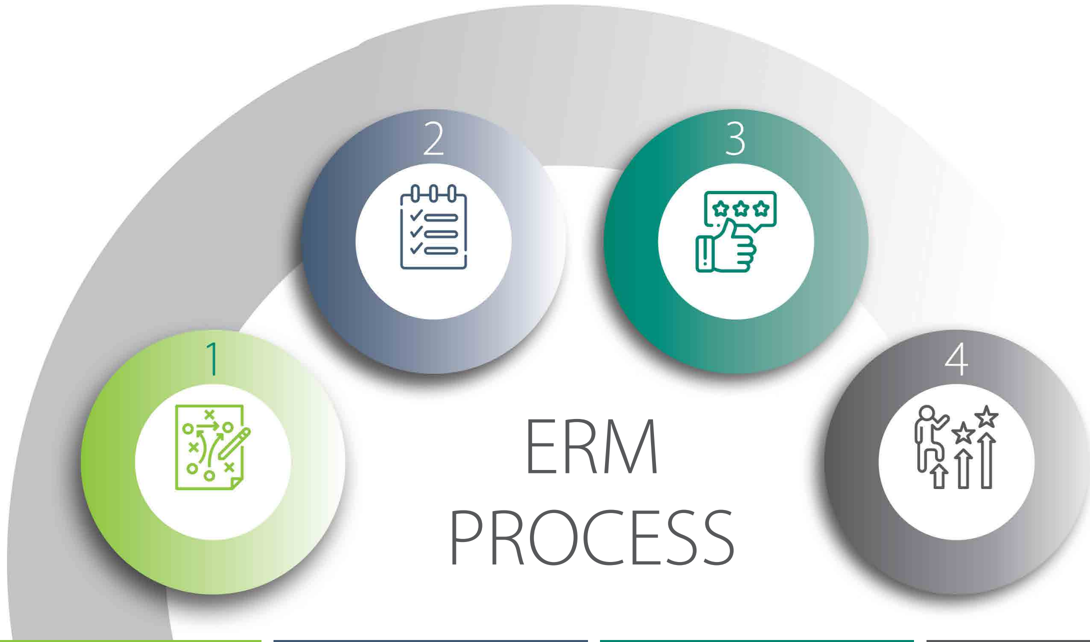
The Group's ERM processes are in place to ensure risks are identified, analysed, evaluated, treated and monitored consistently. To this end, the ERM process aims to align strategy, funding, process, people, technology and business intelligence to evaluate and manage business opportunities, uncertainties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

ERM Objectives

Seize business opportunities	Ensure distribution growth	Protect against unforeseen losses

Enhanced Value Creation

THE GROUP'S ERM PROCESS AT A GLANCE:



1	2	3	4
PROCESS - *Identify risks* - *Understand the risk* **OUTPUT** - *Determine risk profile* - *Define response and controls* - *Prioritise top risks*	**PROCESS** - *Manage and monitor risks* **OUTPUT** - *Effective management of risks*	**PROCESS** - *Govern and assure* **OUTPUT** - *Assurance on effectiveness of ERM*	**PROCESS** - *Analyse and determine improvement* **OUTPUT** - *Act on improvement plans*

THE GROUP'S **RISK APPETITE** THRESHOLDS AND RISK TOLERANCE LIMITS

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

The Board receives a monthly report on the Group's performance in respect of approved risk appetite levels and risk tolerance limits.

GROUP **TOP RISKS**

The Group annually undertakes an in-depth review of the top risks per the risk register, aimed at ensuring relevance, proportionality and accuracy. This review is done at the Board level, at a dedicated Board Risk workshop held in November each year. In addition, emerging risks, and the extent to which identified risks become more pervasive, are also considered.

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

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

RISK MANAGEMENT AND KEY RISK FACTORS *continued*

OUR STRATEGIC OBJECTIVES

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

OUR CAPITALS

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

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

MANUFACTURED CAPITAL
Our properties and investments.

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

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

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

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

Risk category	Description	Key responses and control highlights	Related strategic objectives	Capitals applied/ impacted
Strategic financial risks *(Investment Performance Risk)*	**Risk** Non-sustainable or inadequate distributable income growth (in comparison to the listed property sector) **Opportunity** - Further corporate action to improve portfolio quality and long-term performance - Repurposing properties to exploit strategic opportunities - Divestment from properties not aligned with the Group's long-term strategy	- Monthly dashboard reports to the Board - Maintaining an optimal capital structure - Board-approved strategy, including investment strategy - Board and Investment Committee has oversight of investment strategy execution and associated corporate action - Refining of portfolios to ensure defensive income including divestment from non-performing assets - Property transactions/developments are approved by the executive directors, the Investment Committee or the Board, as appropriate in terms of the Board-approved Group Approvals Framework - Post-acquisition and development reviews by Investment Committee - Board-approved risk appetite limits and tolerance levels - Detailed due diligence, viability and feasibility studies to inform investment decisions - Frequent portfolio performance reviews, post-acquisition reviews and detailed business plans - Benchmarking against relevant indices - Investor roadshows and communication with investors and analysts		
Strategic financial risks *(Capital, funding and liquidity risk)*	**Risk** Unavailability of capital, increased cost of capital, increase in interest rates, increased cost of hedging, insufficient access to funding and inadequate liquidity **Opportunity** - Strategic redeployment of capital from disposals - Explore appropriate opportunities for debt and interest rate swaps - Further accessing Green Capital Funding opportunities - Explore alternative hedge instruments to improve the cost of hedging	- Divestment to improve the capital structure (lower gearing/improve ICR) - Negative rental reversions in favour of tenant retention - Distribution payout ratios reviewed and are presently at 90% - Applications for covenant waiver/relaxations, or amendments thereto where required - Short-term debt extension - Maintaining relationships and communication with investors and lenders - Manage and monitor lender covenant requirements to the approved risk appetite and tolerance levels - Debt funding policy and framework, including hedging - Maintaining a fixed hedge position of 70% - Manage and monitor the working capital cycle to improve liquidity		
Property market risks	**Risk** Reduced NPI as a result of increased vacancies, negative reversions and arrears, and the consequential impact on valuations **Opportunity** - Seize the opportunity to redevelop ageing properties into modern green buildings at market-related yields - Invest in newly developed properties in good nodes and dispose of those in poor nodes - Further enhancement of retail offerings, and introduction of additional residential amenities	- Monthly dashboard reports to the Board and quarterly performance reporting to Investment Committee and ARC - Review of tenant trading densities and cost of occupation - Effective arrears management, debt collection and litigation processes preceded by relief to tenants through payment plans - Stringent tenant approval process and well-formulated lease agreement repository - Mitigation of lease renewals (i.e. expired leases continue on a month-to-month basis) - Tenant retention ratio and average occupation duration are monitored to support informed decision-making coupled with reporting on reasons for tenant vacations - The utilisation of letting agents and in-house leasing capacity - Initiatives and projects for improved property fundamentals - Leasing approved in terms of Board-approved Approvals Framework - Broll's SLA's and KPIs, including aspects of performance management, internal audit and quarterly reporting on KPIs - Approved and implemented a Group-wide business continuity and disaster recovery plan (which includes Broll's disaster recovery plan)		

RISK MANAGEMENT AND KEY RISK FACTORS *continued*

Risk category	Description	Key responses and control highlights	Related strategic objectives	Capitals applied/ impacted
Property market risks	**Risk** Dependency on Eskom electricity and municipal water supply with associated increases in rates and utility costs and poor/inconsistent service delivery by local authorities and poor municipal infrastructure maintenance as well as damage to, and/or loss of, properties due to social unrest and building hijackings. **Opportunity** - Alternative sources for water and electricity offer the opportunity to decrease reliance on local Eskom supply and Water Boards - cost-effective and alternative sources of energy and water will also reduce the cost for tenants - Explore rainwater harvesting - Exploring mobile generation capability - Introduction of electricity wheeling	- Effective energy consumption measuring - Improved expense management and benchmarking - Leases structured for expense recovery - Implement energy savings strategy - Property expense monitoring against benchmarks - Monitor cost recovery ratios - Solar PV installations - Electricity smart meter installations - Monitor municipal valuations, as well as utility costs and rates increases - Key tenant/facility standby power - Property expenses are a fixed percentage of gross revenue for Zambian JV		
People risks	**Risk** Inability to attract and retain the skills required for current and future business needs and promote and maintain an organisational environment in support of a high-performing and productive workforce **Opportunity** - Optimised incentive schemes - Implementation of a holistic HR Management System	- Formal Remuneration Policy implemented - Long- and short-term incentive schemes implemented - linked to Group and individual performance (Business and personal scorecards in place) - Performance management where necessary - personal development plans for staff - Structured training and development opportunities - Executives - permanent employees with a three-month notice period - Executive and senior management succession planning - Benchmarking of non-executive and executive directors' remuneration every three years and personnel on an annual basis - Board composition review and succession planning by Nomination Committee - Appropriately mandated Remuneration Committee to monitor and provide oversight of remuneration policy and practices - ICAS employee wellness programme - Hybrid work arrangements reflective of a balance between organisational and employees needs post a Covid-WFH regime		

Risk category	Description	Key responses and control highlights	Related strategic objectives	Capitals applied/ impacted
People risks	**Risk** Risks associated with the inadequate promotion and maintenance of organisational culture and ethics; failure to ensure diversity and transformation objectives are met; inability to adequately manage organisational change; and failure to ensure good labour practices and relations	- Code of Conduct and Code of Ethics - An externally operated Whistle-blowing Hotline is in place - Annual B-BBEE verification was conducted and disclosed - ESG Report – covering disclosures on people matters - Employment Equity plan and reporting - Labour practices and employee agreements in terms of the Basic Conditions of Employment Act - Bi-annual SEEC meetings (oversight) – specifically including reports on economic development, labour and employment and organisational ethics matters. SEEC is appropriately mandated to provide oversight in terms of Regulation 43 - Board diversity targets including race and gender - Remuneration Policy to support fair remuneration practices - A suite of Group policies regulating expectations in terms of conduct - Board charter and annual King IV application declaration (ethical leadership)		
Reporting risks	**Risk** Risks that affect the validity, accuracy, and completeness of financial and other reporting, as well as the inability to effectively and timeously implement financial automation resulting in the extended application of manual processes with consequent delays in meeting reporting deadlines **Opportunity** Further enhanced automation of financial reporting	- Quarterly internal financial control reviews by Internal Audit, with improvements leading to reviews being done bi-annually in future - Established and formalised (documented) systems, policies and standard operating procedures and processes - Ongoing automation of financial reporting - Monthly reporting dashboard to Board and ARC - Broll's bi-annual (half-year-end/year-end) assurance letter - Skilled and experienced staff. Recently increased capacity with ongoing staff skills enhancement, competence development and training - Formal internal and external auditors' engagements - Whistle-blowing Hotline - ARC – reviews JSE proactive monitoring papers		

RISK MANAGEMENT AND KEY RISK FACTORS *continued*

Risk category	Description	Key responses and control highlights	Related strategic objectives	Capitals applied/ impacted
Compliance risks	**Risk** Inadequate compliance with, or adherence to, legislative, regulatory, best-practice codes and/or corporate governance requirements resulting in reputational damage, and/or financial loss and/or loss of license to operate **Opportunity** - Ongoing optimisation of the Corporate Calendar to ensure cost- and time-effective discharge of governance activities - Expansion of internal awareness and training on material governance and compliance matters	- Quarterly Compliance Reporting to the ARC - Annual: compliance and REIT declarations – JSE, King IV application register, IAR suite and AGM - Policies on Disclosure Control and Dealings in SAC securities - Appropriately mandated Board Committees (ARC, SEEC, REM and NC) monitor and oversee compliance with applicable legislative and regulatory requirements within their mandate - Established internal resources and procedures for compliance monitoring and reporting - Formal governance framework in terms of JSE and Companies Act requirements - Effective communication channels with JSE Sponsor, legal counsel and assurance advisors - Combined assurance framework, including internal and external audit assurance - Whistleblowing Hotline - Board-approved Approvals Framework - Appropriate Directors and Officers ("D&O") insurance cover - Skilled and resourced Secretariat and Compliance function with governance, compliance and legal risk management expertise - External governance reviews are conducted periodically		
Stakeholder risks	**Risk** Risks associated with the Group being a credible stakeholder partner with a good corporate reputation; managing stakeholder relationships across a broad spectrum of key stakeholders; upholding human rights; and delivering on stakeholder commitments. **Opportunity** The utilisation of investor relations technology platform in support of effective communication (per stakeholder group)	- Bi-annual SEEC meetings (oversight) – specifically including reports on social and economic development; good corporate citizenship; the environment, health and public safety. SEEC is appropriately mandated to provide oversight in terms of Regulation 43 - Board-approved Stakeholder Engagement Policy and Disclosure Controls - Various structured stakeholder engagements in terms of JSE Listings Requirements and otherwise - AGMs, result presentations, investor roadshows, SENS announcements - ESG reporting annually (as part of the IAR suite) - Structured CSI initiatives (social and natural environment)		
Sustainability risks	**Risk** Risks associated with the Group's ability to develop and implement appropriate responses to environmental risks (carbon footprint, electricity, waste and water) and its ability to meet new and future policy and regulatory requirements **Opportunity** - Investing in green technology - Engaging with tenants to ensure they reduce their impacts (i.e. consider offering incentives, and participation in energy, waste and water initiatives with commensurate favourable lease conditions/terms)	- Bi-annual SEEC meetings (oversight) – specifically including reports on natural environment impact. SEEC is appropriately mandated to provide oversight in terms of Regulation 43. - ESG reporting annually (as part of the IAR suite) - Structured CSI initiatives (natural environment) - Green strategy targets		

MONITORING EMERGING RISKS

The Group recognises effective identification and monitoring of, and response to, emerging risks as a critical component of the Group's value creation and value preservation efforts. In this regard, emerging risks are particularly important in the Group's strategic planning process and through effective processes, the Group identifies imminent shifts in critical assumptions and develops or modifies strategies to mitigate negative outcomes and capitalise on appropriate opportunities that these risks present.

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

COMPLIANCE WITH LAWS, REGULATIONS, RULES AND STANDARDS

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

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

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

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

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

ASSURANCE AND INTERNAL CONTROLS

The Group's Internal Auditor, BDO, confirmed that based upon the quarterly Internal Financial Control Reviews performed for the 2022 financial year period, they could conclude, based on their scope of work and controls tested, that the system of internal financial controls in operation at SAC is adequate and operating as intended.

Regarding the overall effectiveness of SAC's corporate governance, risk management and control processes, BDO further confirmed that, based upon the internal audit work performed from May 2022 to February 2023 for the 2022 financial period, as per their approved internal audit plan and the audits undertaken above, they could conclude, based on their scope of work and controls tested, that the system of internal controls in operation at SAC is adequate and operating as intended.

The ARC confirmed that nothing had come to its attention to indicate a material breakdown in the functioning of the financial reporting controls, procedures or systems during the year ended 31 December 2022.

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RISK MANAGEMENT AND KEY RISK FACTORS *continued*

COMBINED ASSURANCE

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

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

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

1st line
Functions that own and manage risks

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

2nd line
Functions that provide oversight

Typical Group functions in this second line of defence include executive management, the ARC, the Board and its other Committees:

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

3rd line
Functions that provide independent assurance

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

BUSINESS CONTINUITY PLAN

BDO undertook a review of the Group's Business Continuity Plan ("BCP"), including disaster recovery, and concluded that business continuity management has been implemented and that the testing conducted on the recovery of critical business systems for the Group was successful, giving comfort that the entire business would recover when faced with any eventuality.

REMUNERATION REPORT

THE REMUNERATION COMMITTEE ("THE COMMITTEE") HAS THE PLEASURE OF SUBMITTING ITS REPORT FOR THE YEAR ENDED 31 DECEMBER 2022.

BACKGROUND STATEMENT

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

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

SAC's remuneration practices were supported by shareholders through a non-binding advisory vote at the last AGM held on 6 June 2022 on the following basis:	
Endorsement of the remuneration policy	94.4%
Endorsement of the implementation report	98.4%

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

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

INTERNAL AND EXTERNAL FACTORS THAT INFLUENCE REMUNERATION

The South African economy continues to be characterised by muted growth, constrained household consumption, high levels of unemployment and ongoing loadshedding, creating a challenging environment in which to achieve the performance objectives set for our staff and executives. These developments have also been considered in setting the performance objectives for 2023. Despite high unemployment, certain skills are scarce in the South African economy which often needs to be borne in mind when deliberating total remuneration and retention of employees. Transformation and equal opportunities remain key considerations in all employment and advancement decisions.

More information on the operating environment is available in the Chief Executive Officer's Review on page 36.

THE REMUNERATION COMMITTEE

The Committee assists the Board in setting the Company's remuneration policy and the directors' remuneration. The Committee consists of three independent non-executive directors, Adv OR Mosetlhi (Chairman), Mr MA Moloto and Ms GZN Khumalo. All three members have a wealth of operational and remuneration experience. Mr RJ Biesman-Simons retired from the Board and the Remuneration Committee at the AGM held on 6 June 2022 and Mr GJ Heron resigned from the Remuneration Committee effective 2 December 2022.

The Committee operates according to formal terms of reference and within the ambit of the Company's remuneration policy that is delegated to it by the Board and represents the scope of its responsibilities. The Committee met five times during the reporting year and confirms that it has discharged its functions and complied with its terms of reference for the year ended 31 December 2022.

Further details are provided in the Corporate Governance section of this report on pages 71 to 73.

KEY ACTIVITIES AND DECISIONS OF THE **REMUNERATION COMMITTEE**

Remuneration governance	• Reviewed the shareholder satisfaction survey • Considered whether the outcomes of the remuneration policy achieved the set objectives • Considered whether the current mix of variable and fixed pay and the various pay elements continue to meet the Company's objectives • Recommended the appointment of the COO • Renegotiated the CEO's employment contract to reflect retirement on 31 December 2023 • Ensured alignment between executive remuneration and shareholders' returns • Formulated and initiated development plans to facilitate succession • Considered and approved the 2022 remuneration report • Ensured that the remuneration policy and implementation report was put to a non-binding advisory vote at the AGM
Benchmarking of remuneration practices and levels	• Considered the appropriateness of the comparative group and reviewed the benchmarking outcomes
Remuneration increases	• Considered the overall cost of remuneration within the Company and approved an annual increase for staff • Assessed business and executive management performance for 2022 and approved annual increases for executive directors • Approved the 2023 business and executive management performance scorecards • Considered any risks to the retention of key staff members
Short-term incentives ("STIs")	• Approved the 2022 STIs in respect of the 2021 financial year
Long-term incentives ("LTIs")	• Approved the award of the 2022 LTIs that will vest in 2025
Vesting of existing incentives	• Considered the performance against vesting requirements of LTIs and approved the percentage vesting of the LTIs issued in 2019 • Approved the proportionate vesting of the CEO's forfeitable performance shares from 2020 and 2021 issuance
Non-executive director remuneration	• Considered non-executive director remuneration relative to benchmarks and recommended non-executive director fee increases for 2023

REMUNERATION **POLICY**

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

No amendments were made to the remuneration policy in the current year

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

The Committee approved the following in respect of remuneration for 2022:

- Salary increases of up to 6%.
- STIs were paid in respect of the 2021 financial year in accordance with the incentive threshold achieved.
- LTIs were issued in accordance with the rules of the plan.

IN **CONCLUSION**

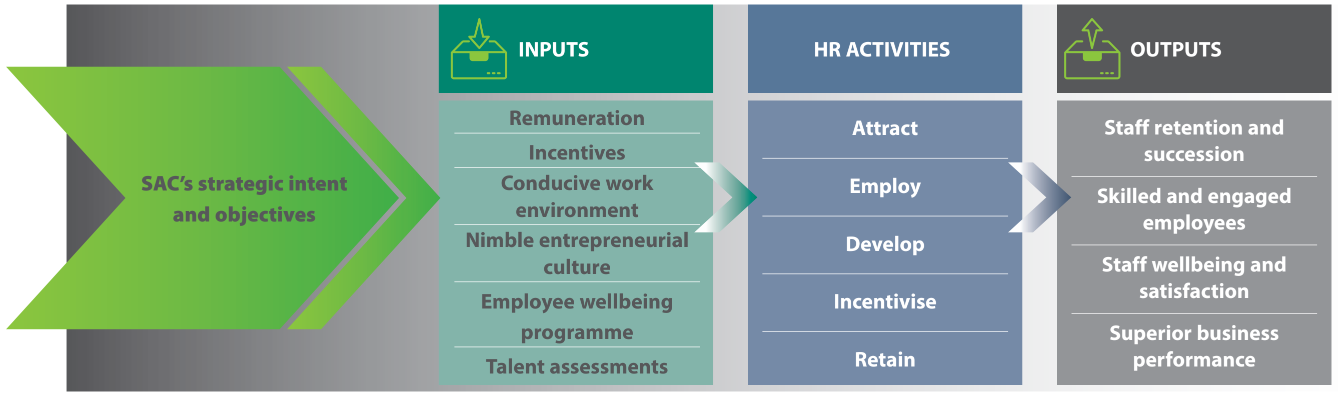
The Committee is satisfied that it has successfully responded to shareholder remuneration expectations for the year under review.

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

The Committee is satisfied that the objectives of the remuneration policy were achieved in the current year, without material deviation. We will nevertheless continue to review and streamline our policy and practices to ensure fair and competitive remuneration that allows SAC to attract and retain the right calibre of human capital to achieve our objectives.

Adv OR Mosetlhi
Chairman of the Remuneration Committee

OVERVIEW OF REMUNERATION POLICY AND PHILOSOPHY



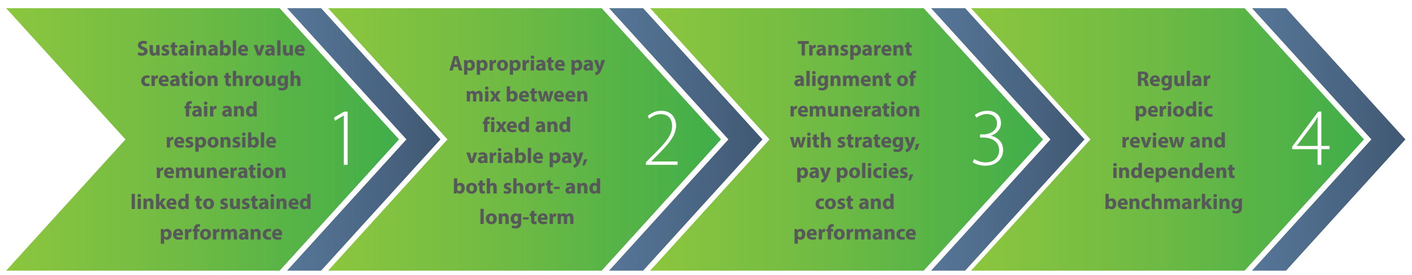
The remuneration policy outlines steps to achieve SAC's remuneration objectives.

REMUNERATION CONSIDERATIONS

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

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

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



FAIR AND RESPONSIBLE REMUNERATION

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

EXECUTIVE REMUNERATION BENCHMARKS

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

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

The Committee is satisfied that the remuneration consultants used by the Company are independent and objective.

REMUNERATION COMPARATOR GROUP SELECTION PROCESS

COMPANIES LISTED ON THE JSE

SA PROPERTY INDEX

COMPANIES WITHOUT FOREIGN HOLDINGS/INCOME

COMPARATOR GROUP

Based on companies of similar size, EBITDA, total assets, turnover and market capitlisation

Town Square Shopping Centre, Weltevredenpark

COMPONENTS OF REMUNERATION

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

TYPES OF REMUNERATION COMPONENTS IMPLEMENTED

TOTAL COST TO COMPANY

Includes guaranteed and variable remuneration

Total guaranteed pay: Base salary; Benefits

Variable pay: Short-term Incentive Plan; Long-term Incentive Plan

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

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

The basis used to determine the STI is depicted below:

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

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

The basis used to determine the LTIs is depicted below:

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

LONG-TERM INCENTIVE PLAN

FORFEITABLE SHARE PLAN (FSP)

Participants	Executives and selected senior management
Purpose and operation	The FSP aligns participants closely with shareholders' interests through the award of two (previously three) types of instruments: **Performance Shares**, the vesting of which are subject to predetermined performance metrics ("Performance Conditions") and continued employment ("Employment Condition"), and which are intended to be used primarily as an incentive to participants to deliver the Group's business strategy over the long term through the selection of appropriate and stretch Performance Conditions **Retention Shares**, the vesting of which are subject to the Employment Condition, and which are aimed at retention in specific ad hoc circumstances where it is in SAC's and shareholders' strategic and financial interests that a specific individual is retained
On-target award levels	In the case of the CEO, the annual on-target LTI level is between 100% and 125% of TGP (as determined by the Committee) and 75% of TGP for the CFO and COO
Performance measures for the vesting of shares	• The Performance Conditions for the vesting of FSP shares ("FSPs") were amended in 2020 • The results of the conditions for vesting of the FSPs awarded in 2019, which vested on 17 June 2022, are discussed on pages 88 and 91 of the implementation report • For the FSPs awarded in 2022, the vesting conditions are:

			Performance levels			Vesting date
Key Performance Measure	**Measure**	**Weight**	**Threshold 30% vesting**	**Target 60% vesting**	**Stretch 100% vesting**	
Financial (90% weighting)	Absolute Total Return (TR)[1]	30%	Risk free Rate[4] plus 3%	Risk free Rate[4] plus 4%	Risk free rate[4] plus 5%	18 June 2025
	Relative Total Return FTSE/JSE SA REIT Index[3] (percentile)	30%	50th percentile	60th percentile	75th percentile	18 June 2025
	Relative Total Shareholder Return (TSR)[2] FTSE/JSE SA REIT Index[3] (percentile)	30%	50th percentile	60th percentile	75th percentile	18 June 2025
Non-financial (10% weighting)	Average Personal Score over 3-year vesting period	10%	3	3.5	4	18 June 2025
Total		**100%**				

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

Performance period	The Performance Conditions are measured over three years, commensurate with the financial years of the Group.
Group and individual limits	The overall limit for the FSPs is 3% of the issued shares. The maximum number of shares that may be allocated and unvested to an individual may not exceed 0.5% of the number of issued shares.

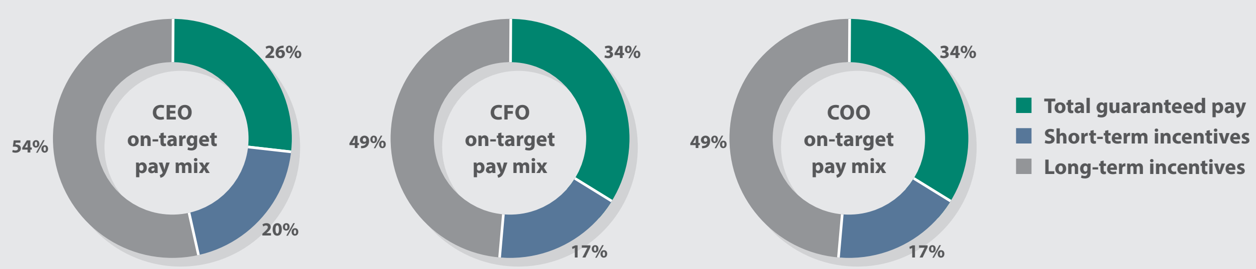
No retention shares were awarded in the reporting period.

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

SENIOR EXECUTIVE REMUNERATION SCENARIOS

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

PAY MIX



Based on the formulas and caps of the respective elements of remuneration, the potential pay mix of senior executives and prescribed officers under a threshold, on-target and stretch conditions, are depicted on page 91.

EXECUTIVE EMPLOYMENT CONTRACTS

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

MINIMUM SHAREHOLDING REQUIREMENTS ("MSR") BY SENIOR EXECUTIVES

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

TARGETED MINIMUM SHAREHOLDINGS

CEO – 200% of TGP | CFO – 150% of TGP
COO - 150% of TGP

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

MALUS AND CLAWBACK

All variable awards as from the 2020 financial year will be subject to the Group Malus and Clawback policy.

APPLICATION

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

MALUS	CLAWBACK
On or before the vesting date of a variable remuneration award, the Committee may in its judgement reduce the quantum of an award in whole or in part after an actual risk event occurs.	Committee may apply clawback and take steps to recover all, or part of awards that have vested as a consequence of a trigger event during the clawback period - period runs for three years from the vesting date
TRIGGER EVENTS	**TRIGGER EVENTS**
Material failure of risk management / negligence, poor performance	Award was based on erroneous, inaccurate or misleading information
Reputational harm caused / misconduct / material error	Gross misconduct
Inaccurate/misleading information used / misinterpretation	Events led to censure by regulatory authority or reputational damage
Material downturn in financial performance	Misstatement resulting in adjusted audited accounts
Financial statements materially restated	

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

BASIS FOR SETTING OF FEES FOR NON-EXECUTIVE DIRECTORS

In terms of section 66(9) of the Companies Act, the Company annually tables reasonable market-related fees or remuneration payable to its non-executive directors for their services as directors, for shareholder approval. The fees proposed for 2023/2024 represent a six percent increase compared to the fees approved by shareholders at the previous Company AGM on 6 June 2022.

REMUNERATION POLICY IMPLEMENTATION REPORT

EMPLOYEE REMUNERATION

Total compensation paid to employees

	2022	2021
Total compensation paid (R'000)	**96 575**	87 758
Number of employees	**230**	213

Short-term incentives paid to employees

(R'000)	2022	2021
Total bonuses paid	**10 945**	9 050
Average bonus per employee	**57**	46

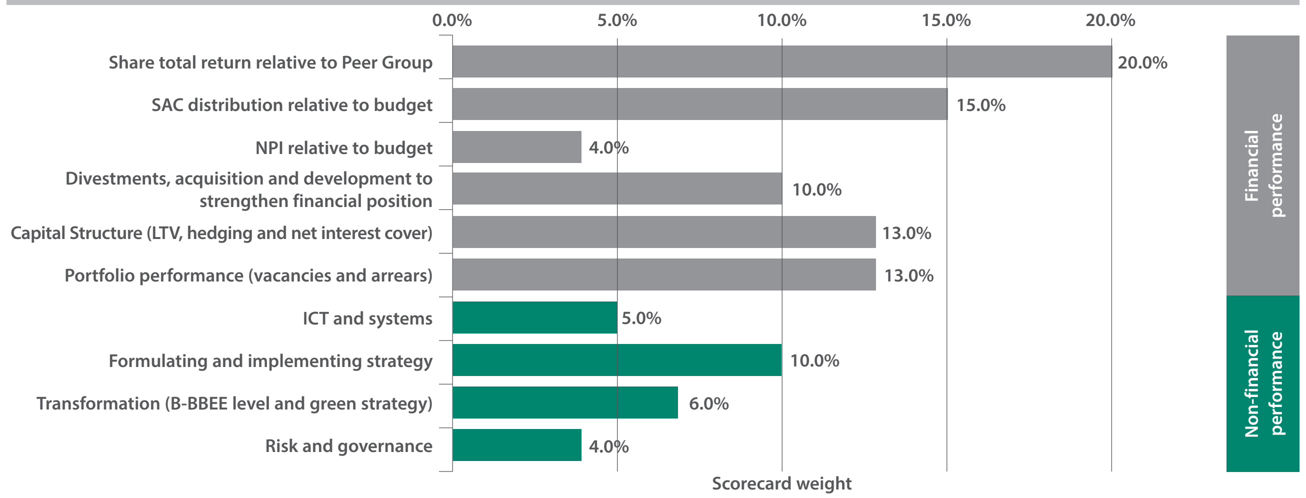
DIRECTORS' REMUNERATION

SENIOR EXECUTIVES REMUNERATION PAID - 2022

R'000	CEO	CFO
TGP	3 337	2 342
STI	2 579	670
LTI (FSP)	8 291	–
Other (leave encashment)	74	–
Total	**14 281**	**3 012**

SHORT-TERM INCENTIVE PERFORMANCE MEASURES IN 2022

Business modifier - Company financial performance



Personal modifier - individual performance is measured based on individual scorecards

Please refer to pages 92 to 94 for the CEO and CFO scorecards.

SHORT-TERM INCENTIVE 2022 AWARDS *(in respect of 2021 financial results)*

	TGP[1] (R'000)	Target incentive (%)	Personal modifier (%)	Business modifier (%)	STI (R'000)
CEO	3 240	75.00	107.50	98.75	2 579
CFO[2]	2 715	50.00	100.00	98.75	670
TOTAL	**5 955**				**3 249**

[1] TGP used in STI calculation is before July 2022 salary increases
[2] Appointed 1 March 2022 and STI proportioned at 50%

LONG-TERM INCENTIVE 2022 AWARDS

	% of annual TGP allocation per participant	Number of shares for target performance [1]	Number of shares for stretch performance [1]
CEO	125%	1 945 459	3 242 432
CFO	75%	1 085 782	1 628 673
TOTAL		**3 031 241**	**4 871 105**

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

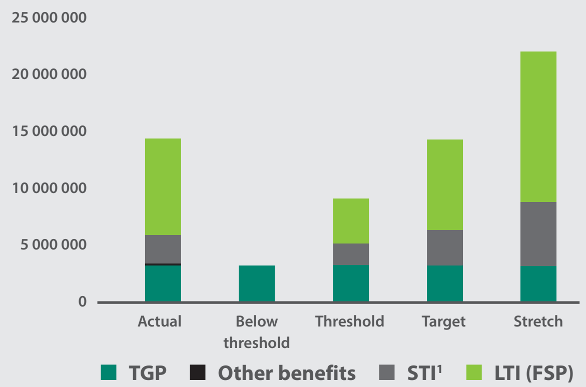
LONG-TERM INCENTIVE VESTING PERFORMANCE MEASURES – FSP AWARDED IN 2019 AND VESTED IN 2022[1]

	Growth in distribution (%)	Share price growth relative to the SAPY Index (%)	Personal modifier (%) 3-year average	LTI Vesting %	LTI vested (R'000)
	Weighting	Weighting	Weighting		
CEO[2]	50	30	20	58	8 291

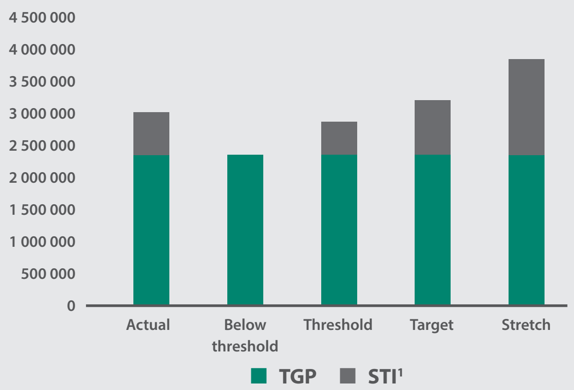
[1] 2019 FSP award is subject to a 3 year measurement period ended 31 December 2021
[2] Included in CEO's LTI vested is two-third vesting of 2020 FSP awards and one-third of 2021 FSP award

ACTUAL REMUNERATION RELATIVE TO TARGETS

CEO 2022 REMUNERATION SCENARIOS (R)



CFO 2022 REMUNERATION SCENARIOS (R)



[1] In respect of 2021 financial performance

REMUNERATION REPORT *continued*

DIRECTORS' REMUNERATION

ACTUAL REMUNERATION RELATIVE TO TARGETS

PERSONAL PERFORMANCE SCORECARD

CEO

KPI	Weighting	Threshold	Target	Maximum	Actual Performance
Financial Measures 65%					
SAC total return against Peer Group	17.5%	Median in Peer Group	63rd percentile	75th percentile	63rd percentile
Distribution comparison to approved budget (cps)	13.5%	2% lower than budget	Budgeted distribution	2% higher than budget	6.8% above budget
Growth in NAV (cps)	4.0%	Median in Peer Group	63rd percentile	75th percentile	Median in peer group
NPI relative to budget	4.0%	< = 2% below budget	Equal budget	> = 2% above budget	6.2% above budget
Divestments fulfilling the investment strategy	4.0%	Execute all contracted divestments excluding First Mile more than 2% below book value at contract date	Execute all contracted divestments including First Mile within 2% above or below book value at contract date	Execute all contracted divestments plus further strategic portfolio refinement in excess of 2% above contracted book value	Contracted disposal pipeline 1.3% below book value
Quantum of accretion achieved on acquisitions and developments	4.0%	No dilution below budget	No dilution>= budget	>= 1% accretion	Flat
Gearing (LTV) vs Optimal (Net Debt LTV excl. guarantees and MTM)	4.0%	Greater than 37% and all bank LTV covenants met	Equal to 37%	Less than 37%	38.1%
Equity or debt raised	2.0%	Debt maturing and/or equity raised at increased rates relative to the market	Debt maturing and/or equity raised at market related rates	Debt maturing and/or equity raised at improved rates relative to the market	63rd percentile of peer group
Vacancies by GLA - SAC Traditional portfolio	5.0%	Equal to Peer Group	12.5% lower than Peer Group	25% lower than Peer Group	67.5% lower than Peer Group
Vacancies by units & GLA - Afhco portfolio (annual average unit vacancy for the year)	2.0%	Vacancy % equal to previous year	12.5% lower than previous year	25% lower than previous year	50.6% lower than previous year
Against arrears as a % of 12 months income (SAC Traditional portfolio)	4.0%	Arrears % equal to previous year	12.5% lower than previous year	25% lower than previous year	16.3% lower than previous year
Against arrears as a % of 12 months income (Afhco portfolio)	1.0%	Arrears % equal to previous year	12.5% lower than previous year	25% lower than previous year	29.8% lower than previous year
Non-financial measures 15%					
Additional distribution from growth strategy	9.0%	Strategy implementation which will achieve budgeted distribution growth in future years	1% additional distribution growth from strategy implementation	2% additional distribution growth from strategy implementation	3.7% additional distribution growth added from strategy implementation
SAC B-BBEE Level	4.0%	N/A	Level 3	Level 2	Level 1
Roll-out & implement the energy saving project plan	2.0%	Savings 10% less than target	Targeted savings achieved	Savings 10% greater than target	4.8% greater than targeted savings
Leadership 20%					
Leadership and soft skills development (5 point scale) - Team Review	10.0%	360 degree feedback score = 1	360 degree feedback score = 3	360 degree feedback score = 5	360 degree feedback score = 4.0
Leadership and soft skills development (5 point scale) - Board Review	10.0%	360 degree feedback score = 1	360 degree feedback score = 3	360 degree feedback score = 5	360 degree feedback score = 4.3
Total	**100.0%**				

Peer Group as defined per the glossary of terms on page 105

As a result of the outcome of the scorecard, the overall personal multiplier for STI awards for 2022 was 1.23

DIRECTORS' REMUNERATION *continued*

SENIOR EXECUTIVES

PERSONAL PERFORMANCE SCORECARD

CFO

KPI	Weighting	Threshold	Target	Maximum	Actual Performance
Financial Measures 60%					
SAC total return against Peer Group	15.0%	Median in Peer Group	63rd percentile	75th percentile	63rd percentile
Distribution comparison to approved budget (cps)	12.0%	2% lower than budget	Budgeted distribution	2% higher than budget	6.8% above budget
NPI relative to budget	5.0%	< = 2% below budget	Equal budget	> = 2% above budget	6.2% above budget
Divestments fulfilling the investment strategy	1.0%	Execute all contracted divestments excluding First Mile more than 2% below book value at contract date	Execute all contracted divestments including First Mile within 2% above or below book value at contract date	Execute all contracted divestments plus further strategic portfolio refinement in excess of 2% above contracted book value	Contracted disposal pipeline 1.3% below book value
Quantum of accretion achieved on acquisitions and developments	1.0%	No dilution below budget	No dilution>= budget	>= 1% accretion	Flat
Budgeting, forecasting, financial modelling and capital structure plan	5.0%	Capital requirements met efficiently and market guidance within 3% accuracy	Capital requirements met efficiently and market guidance within 2% accuracy	Capital requirements met efficiently and guidance within 1% accuracy	Capital requirements efficiently met and 4.8% improvement from Guidance
Gearing (LTV) vs Optimal (net debt LTV excl. guarantees and MTM)	5.0%	Greater than 37% and all bank LTV covenants met	Equal to 37%	Less than 37%	38.1%
Hedging level compared to Policy	5.0%	Below 70% and above 65%	70%	>70% @ best pricing	71.5%
Hedging tenor	5.0%	Greater than or equal to 2 years	Equal to 3 years @ best pricing	Greater than 3 years @ best pricing	Hedge tenor maintained at 2 years due to interest rate cycle
Net interest cover	3.0%	2 times cover and all bank ICR covenants met	3 times cover	> 3 times cover	2.42 times
Equity or Debt raised	3.0%	Debt maturing at market related rates	Debt maturing at market related rates and no material debt maturing within 12 months of the year end	Debt maturing at improved rates relative to the market and no material debt maturing within 12 months of the year end	63rd percentile of Peer Group and no material debt maturing in 2023
Non financial measures 13%					
SAC B-BBEE Level	3.0%	N/A	Level 3	Level 2	Level 1
Roll-out & implement the energy saving project plan	2.0%	Savings 10% less than target	Targeted savings achieved	Savings 10% greater than target	4.8% greater than targeted savings
Automation of financial systems	4.0%	Plan implemented by Q4 2022	Plan implemented by Q3 2022	Plan implemented by Q2 2022	Implementation not complete
Additional distribution from growth strategy	4.0%	Strategy implementation which will achieve budgeted distribution growth in future years	1% additional distribution growth from strategy implementation	2% additional distribution growth from strategy implementation	3.7% additional distribution growth added from strategy implementation

REMUNERATION REPORT *continued*

DIRECTORS' REMUNERATION *continued*

SENIOR EXECUTIVES

PERSONAL PERFORMANCE SCORECARD

CFO continued

KPI	Weighting	Threshold	Target	Maximum	Actual Performance
Risk and Governance 17%					
Audit, accounting and tax compliance review	5.0%	No material audit qualification	No material audit findings issued and risk mitigation in place	Insignificant audit findings and risk mitigation in place	No material audit findings issued and risk mitigation in place
Supervise half year and final results, AFS and IAR (Manco and Fund) - external reporting	5.0%	Late and/or incorrect	On time and correct	High quality	On time and correct
Supervise half year and final results and annual report (Manco and Fund) - internal reporting	3.0%	Late and/or incorrect	On time and correct	High quality	On time and correct
Monitor debt covenant compliance	2.0%	Non compliance	100% compliance	Less burdensome covenants	100% compliant with lender covenants and covenants comfortably met with the Corporate LTV 70bps lower than previous year and 110bps below the covenant requirement. Corporate ICR 0.07 times higher than previous year and 0.25 times higher than requirement.
Compliance of statutory investments and legislative requirements	2.0%	Minor non compliance	Substantially compliant	100% compliant	100% compliant
Leadership 10%					
Leadership and soft skills development (5 point scale) - Team Review	5.0%	360 degree feedback score = 1	360 degree feedback score = 3	360 degree feedback score = 5	360 degree feedback score = 3.9
Leadership and soft skills development (5 point scale) - Board Review	5.0%	360 degree feedback score = 1	360 degree feedback score = 3	360 degree feedback score = 5	360 degree feedback score = 4.0
Total	**100.0%**				

Peer Group as defined per the glossary of terms on page 105

As a result of the outcome of the scorecard, the overall personal multiplier for STI awards for 2022 was 1.08

SENIOR EXECUTIVES' COMPENSATION RATIO (%)

	2022	2021
Weighted average TGP paid to executive directors relative to average TGP paid to employees	5.9%	9.6%

SHARE-BASED PAYMENTS

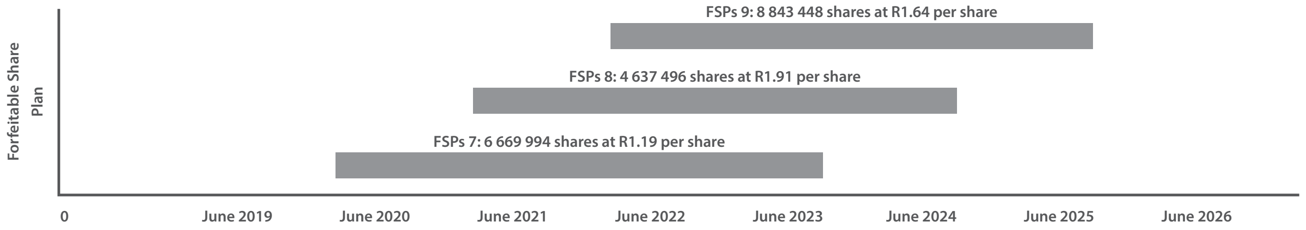
The table below depicts the movements in share-based payments, in respect of the number of shares granted, vested and forfeited in the respective share schemes during the year.

	FSPs
Movements in shares during the year	
Balance at beginning of the year	18 831 319
Granted during the year	9 038 745
Forfeited during the year	(3 353 463)
Vested during the year	(4 365 663)
Balance at end of the year	**20 150 938**

VALUATION OF OUTSTANDING GRANTED SHARES AT 31 DECEMBER 2022

	Shares	Valuation price per share R	Fair value R'000	Year-end valuation based on time elapsed R'000
Revaluation of shares 2022				
FSPs	20 150 938	2.17	23 219	11 678
Revaluation of shares 2021				
FSPs	18 831 319	1.57	14 409	6 662

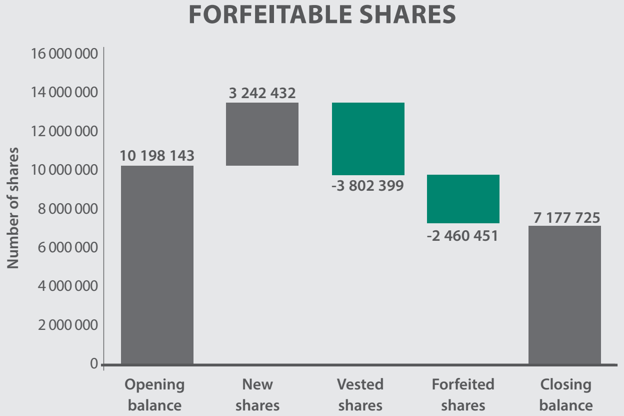
OUTSTANDING SHARE GRANTS AS AT 31 DECEMBER 2022



REMUNERATION REPORT *continued*

SENIOR EXECUTIVES' SHARE GRANTS

TR MACKEY



SY MOODLEY

La Vie Nouvelle, Johannesburg

BUSINESS SCORECARD FOR THE 2022 YEAR

The business scorecards are aimed at promoting the achievement of the Company's strategic objectives and the targeted KPIs and the Group's performance against these targets are set out below:

KPI	Weighting	Threshold	Target	Maximum	Actual Performance
Financial Measures 75%					
SAC total return against Peer Group	20.0%	Median in Peer Group	63rd percentile	75th percentile	63rd percentile
Distribution comparison to approved budget (cps)	15.0%	2% lower than budget	Budgeted distribution	2% higher than budget	6.8% above budget
NPI relative to budget	4.0%	< = 2% below budget	Equal budget	> = 2% above budget	6.2% above budget
Divestments fulfilling the investment strategy	7.5%	Execute all contracted divestments excluding First Mile more than 2% below book value at contract date	Execute all contracted divestments including First Mile within 2% above or below book value at contract date	Execute all contracted divestments plus further strategic portfolio refinement in excess of 2% above contracted book value	Contracted disposal pipeline 1.3% below book value
Quantum of accretion achieved on acquisitions and developments	2.5%	No dilution below budget	No dilution>= budget	>= 1% accretion	Flat
Gearing (LTV) vs Optimal (net debt LTV excl. guarantees and MTM)	4.0%	Greater than 37% and all bank LTV covenants met	Equal to 37%	Less than 37%	38.1%
Hedging level compared to Policy	3.0%	Below 70% and above 65%	70%	>70% @ best pricing	71.5%
Net interest cover	3.0%	2 times cover and all bank ICR covenants met	3 times cover	> 3 times cover	2.42 times
Hedging tenor	3.0%	Greater than or equal to 2 years	Equal to 3 years @ best pricing	Greater than 3 years @ best pricing	Hedge tenor maintained at 2 years due to interest rate cycle
Vacancies by GLA - SAC Traditional portfolio	6.0%	Equal to Peer Group	12.5% lower than Peer Group	25% lower than Peer Group	67.5% lower than Peer Group
Vacancies by units & GLA - Afhco portfolio (annual average unit vacancy for the year)	2.0%	Vacancy % equal to previous year	12.5% lower than previous year	25% lower than previous year	50.6% lower than previous year
Against arrears as a % of 12 months Income (SAC Traditional Portfolio)	4.0%	Arrears % equal to previous year	12.5% lower than previous year	25% lower than previous year	16.3% lower than previous year
Against arrears as a % of 12 months Income (Afhco Portfolio)	1.0%	Arrears % equal to previous year	12.5% lower than previous year	25% lower than previous year	29.8% lower than previous year
Non-financial measures 25%					
Improvement of budgeting and forecasting systems and automation of Forecasting Model	5.0%	Plan implemented by Q4 2022	Plan implemented by Q3 2022	Plan implemented by Q2 2022	Implementation not complete
Additional distribution from growth strategy	10.0%	Strategy implementation which will achieve budgeted distribution growth in future years	1% additional distribution growth from strategy implementation	2% additional distribution growth from strategy implementation	3.7% additional distribution growth added from strategy implementation
SAC B-BBEE Level	4.0%	N/A	Level 3	Level 2	Level 1
Roll-out and implement the energy saving project plan approved by SEEC	2.0%	Savings 10% less than target	Targeted savings achieved	Savings 10% greater than target	4.8% greater than targeted savings
Audit and compliance review	4.0%	No material audit qualification	No material audit findings issued and risk mitigation in place	Insignificant audit findings and risk mitigation in place	No material audit findings issued and risk mitigation in place
Total	**100.0%**				

Peer Group as defined per the glossary of terms on page 105

As a result of the outcome of the scorecard, the overall business multiplier for STI awards for 2022 was 1.15

BUSINESS SCORECARD FOR THE 2023 YEAR

KPI	Weighting	Source	Threshold	Target	Maximum
Financial measures 75%					
SAC Total return against Peer Group	20.0%	Peer review	Median in Peer Group	63rd percentile	75th percentile
Distribution comparison to approved budget (cps)	15.0%	SAC published reports	2% lower than budget	Budgeted distribution	2% higher than budget
NPI relative to budget	4.0%	Property Budgets	< = 2% below budget	Equal budget	> = 2% above budget
Divestments fulfilling the investment strategy	7.5%	SAC published reports	Execute all contracted divestments excluding First Mile more than 2% below book value at contract date	Execute all contracted divestments including First Mile within 2% above or below book value at contract date	Execute all contracted divestments plus further strategic portfolio refinement in excess of 2% above contracted book value
Quantum of accretion achieved on acquisitions and developments	2.5%	Budget/target	No dilutionbelow budget	No dilution>= budget	>= 1% accretion
Gearing (LTV) vs Optimal (net debt LTV excl. guarantees and MTM)	4.0%	SAC published reports	Greater than 37% and all bank LTV covenants met	Equal to 37%	Less than 37%
Hedging level compared to Policy	3.0%	SAC published reports	below 70% and above 65%	70%	>70% @ best pricing
Net Interest Cover	3.0%	SAC published reports	2 times cover and all bank ICR covenants met	3 times cover	> 3 times cover
Hedging tenor	3.0%	SAC published reports/ swap curve (pricing)	Greater than or equal to 2 years	Equal to 3 years @ best pricing	Greater than 3 years @ best pricing
Vacancies by GLA - SAC Traditional portfolio	6.0%	SAC published reports (Year End)	Equal to Peer Group	12.5% lower than Peer Group	25% lower than Peer Group
Vacancies by units & GLA - Afhco portfolio (annual average unit vacancy for the year)	2.0%	SAC published reports	10% higher previous year	<5% lower previous year to 5% higher	10% lower than previous year
Against arrears as a % of 12 months Income (SAC Traditional Portfolio)	4.0%	SAC published reports	Arrears % equal to previous year	12.5% lower than previous year	25% lower than previous year
Against arrears as a % of 12 months Income (Afhco Portfolio)	1.0%	SAC published reports	Arrears % equal to previous year	12.5% lower than previous year	25% lower than previous year
Non financial measures 25%					
Improvement of HR process and the automation of financial consolidation and close	5.0%	Implementation plan	Plan implemented by Q4 2023	Plan implemented by Q3 2023	Plan implemented by Q2 2023
Additional distribution from growth strategy	10.0%	Distribution growth from contracted transactions	Strategy implementation which will achieve budgeted distribution growth in future years	1% additional distribution growth from strategy implementation	2% additional distribution growth from strategy implementation
SAC B-BBEE Level	4.0%	Rating	N/A	Level 2	Level 1
Roll-out & implement the energy saving project plan approved by SEEC	2.0%	Energy savings report	Savings 10% less than target	Targeted savings achieved	Savings 10% greater than target
Audit and compliance review	4.0%	Audit Report & Regulatory compliance report	No material audit qualification	No material audit findings issued and risk mitigation in place	Insignificant audit findings and risk mitigation in place
Total	**100.0%**				

NON-EXECUTIVE DIRECTORS' FEES

Non-executive directors' fees comprise a combination of an annual retainer fee, in recognition of their ongoing fiduciary duties and responsibilities, and an attendance fee per meeting. Directors who serve on Committees are paid attendance fees at approved rates. In addition, for unscheduled meetings, directors are paid at a rate of R3 200 per hour, which payment is capped at one-third of their respective annual fees.

	2022 Actual R'000	2021 Actual R'000
Non-executive Directors:		
RJ Biesman-Simons[2]	169	603
N Ford-Hoon (Fok)	606	664
EM Hendricks	365	470
GJ Heron	558	606
MA Moloto	787	847
OR Mosetlhi	589	644
SS Mafoyane	422	413
A van Heerden[1]	–	434
Total	**3 496**	**4 681**

[1] Resigned 23 August 2021

[2] Retired at the AGM in June 2022

Celtis Ridge Shopping Centre, Centurion

REMUNERATION REPORT *continued*

PROPOSED NON-EXECUTIVE DIRECTORS' FEES FOR 2023

At the Company's AGM, scheduled for 5 June 2023, the Company will seek authority from its shareholders to pay reasonable market-related fees or remuneration to its non-executive directors for their services as directors in accordance with section 66(9) of the Act. The fees proposed represent a six percent increase compared to the fees approved at the previous AGM.

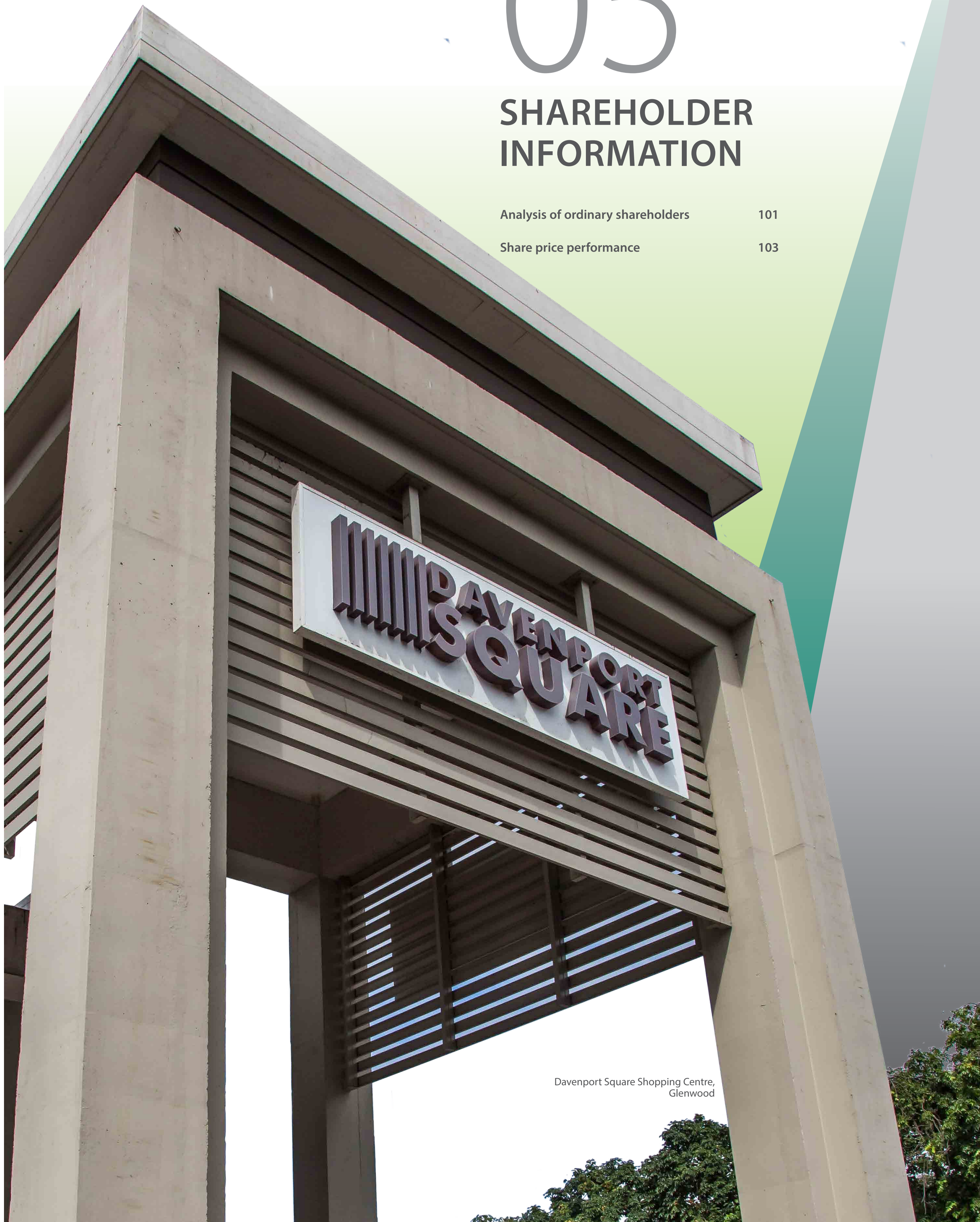
	Annual Retainer Fee* 2023 R	Fee* per meeting 2023 R	Annual Retainer Fee* 2022 R	Fee* per meeting 2022 R
Board				
Chairman[1]	595 720	–	562 000	–
Lead Independent Director	184 705	31 658	174 250	29 866
Members	150 059	31 658	141 565	29 866
Audit and Risk Committee				
Chairman	90 607	30 203	85 478	28 493
Members	52 882	17 627	49 889	16 629
Investment Committee				
Chairman	90 742	15 124	85 606	14 268
Members	60 472	10 078	57 049	9 508
Nomination Committee				
Chairman	37 641	18 820	35 510	17 755
Members	21 585	10 792	20 363	10 181
Remuneration Committee				
Chairman	45 382	22 691	42 813	21 407
Members	20 719	10 359	19 546	9 773
Social, Ethics and Environmental Committee				
Chairman	37 922	12 641	35 775	11 925
Members	30 169	10 056	28 461	9 487
Conference and strategy sessions flat fee (Each of a 2-day Board Strategy session; 1-day Board Risk Workshop)	–	11 200	–	10 600
Ad hoc (special/unscheduled) meetings per hour, calculated per 15 min thereof (capped at one-third of the specific meeting fee and an annual cap equal to one-third of the total annual fees for that Committee or the Board, as the case may be)	–	3 400	–	3 200

[1] The Chairman of the Board does not receive a fee per meeting for Board meetings.

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

05

SHAREHOLDER INFORMATION



Davenport Square Shopping Centre, Glenwood

ANALYSIS OF ORDINARY SHAREHOLDERS

as at 31 December 2022

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder spread				
1 – 1 000	2 907	47.30%	432 049	0.02%
1 001 – 10 000	1 266	20.60%	5 867 212	0.23%
10 001 – 100 000	1 324	21.54%	47 455 283	1.89%
100 001 – 1 000 000	408	6.64%	143 178 137	5.69%
Over 1 000 000	241	3.92%	2 317 799 414	92.17%
Total	**6 146**	**100.00%**	**2 514 732 095**	**100.00%**

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Distribution of shareholders				
Assurance Companies	28	0.46%	82 409 831	3.28%
Close Corporations	41	0.67%	6 055 026	0.24%
Collective Investment Schemes	279	4.54%	1 162 072 134	46.21%
Custodians	16	0.26%	4 049 724	0.16%
Foundations & Charitable Funds	51	0.83%	20 506 729	0.82%
Hedge Funds	3	0.05%	26 163 358	1.04%
Insurance Companies	4	0.07%	11 142 594	0.44%
Investment Partnerships	14	0.23%	952 720	0.04%
Managed Funds	16	0.26%	5 100 759	0.20%
Medical Aid Funds	16	0.26%	27 170 564	1.08%
Organs of State	6	0.10%	517 644 102	20.58%
Private Companies	103	1.68%	24 003 717	0.95%
Public Companies	3	0.05%	19 339 428	0.77%
Public Entities	2	0.03%	763 882	0.03%
Retail Shareholders	5 000	81.35%	64 548 605	2.57%
Retirement Benefit Funds	180	2.93%	422 742 091	16.81%
Scrip Lending	10	0.16%	35 765 955	1.42%
Share Schemes	1	0.02%	22 937 486	0.91%
Sovereign Funds	2	0.03%	2 525 984	0.10%
Stockbrokers & Nominees	17	0.28%	20 326 810	0.81%
Trusts	352	5.73%	38 393 540	1.53%
Unclaimed Scrip	2	0.03%	117 056	0.00%
Total	**6 146**	**100.00%**	**2 514 732 095**	**100.00%**

*Pursuant to the provisions of Section 56 of the Companies Act, 2008, disclosures from foreign nominee companies have been included in this analysis.

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-public shareholders	**8**	**0.14%**	**465 575 639**	**18.51%**
Directors and Associates of the Company				
Direct holding	3	0.05%	5 247 255	0.21%
Indirect holding	3	0.05%	19 947 693	0.79%
Share Schemes				
SAC Real Estate Fund Managers	1	0.02%	22 937 486	0.91%
Holders holding more than 10%				
Government Employees Pension Fund	1	0.02%	417 443 205	16.60%
Public Shareholders	6 138	**99.86%**	**2 049 156 456**	81.49%
Total	6 146	**100.00%**	**2 514 732 095**	100.00%

	Number of shares	% of issued capital
Fund Managers with a holding greater than 3% of the issued shares		
Public Investment Corporation	464 320 249	18.46%
M & G Investments	329 946 578	13.12%
Ninety One	215 062 815	8.55%
Old Mutual Investment Group	176 199 919	7.01%
Sesfikile Capital	174 269 177	6.93%
Meago Asset Management	157 792 914	6.27%
Vanguard Investment Management	101 914 660	4.05%
Total	**1 619 506 312**	**64.39%**
Beneficial shareholders with a holding greater than 3% of the issued shares		
Government Employees Pension Fund	470 767 058	18.72%
Old Mutual Group	286 767 310	11.40%
Ninety One	165 990 916	6.60%
M & G Investments	139 841 929	5.56%
Eskom Pension & Provident Fund	120 665 464	4.80%
Vanguard Investment Management	101 914 660	4.05%
Total	**1 285 947 337**	**51.13%**

SHARE PRICE PERFORMANCE

Opening Price 3 January 2022	**R2.27**
Closing Price 30 December 2022	**R2.40**
Closing High for period	**R2.64**
Closing Low for period	**R1.82**
Number of shares in issue	**2 514 732 095**
Volume traded during period	**760 081 469**
Ratio of volume traded to shares issued (%)	**30.23%**
Rand value traded during the period	**R1 727 558 117**
Price/earnings ratio as at 30 December 2022	**5.69**
Earnings yield as at 30 December 2022	**17.57**
Dividend yield as at 30 December 2022	**10.66**
Market capitalisation at 30 December 2022	**R6 035 357 028**

GLOSSARY

Afhco/Afhco Group	Afhco Holdings (Pty) Ltd and its subsidiaries acquired by SAC on 1 July 2014.
Antecedent distribution	When shares are issued part-way through a distribution period, those shares are entitled to the full distribution on the payment date. In order not to dilute existing shareholders' distributions, new shares issued during a period are therefore required to contribute a pro-rata amount towards the upcoming distribution, which they effectively receive back on payment of the distribution.
B-BBEE	Broad-Based Black Economic Empowerment.
Bps	Basis points expressed as a hundredth of a percentage.
Broll	Broll Property Group (Pty) Ltd, SAC's property manager for its Traditional Portfolio.
CAGR	Compound annual growth rate.
Capital return	Movement in the share price expressed as a percentage of the opening share price.
Capitalisation ("cap") rates	The interest rate or yield at which the annual net income from an investment is capitalised to ascertain its capital value at a given date.
CISP	Collective Investment Scheme in Property.
Closed period	A closed period is defined in the JSE Listings Requirements as: • the date from the financial year-end up to the date of the earliest publication of the preliminary report abridged report or provisional report; • the date from the expiration of the first six-month period of a financial year up to the date of publication of the interim results; • the date from the expiration of the second six-month period of the financial year up to the date of publication of the second interim results, in cases where the financial period covers more than 12 months; and • any period when an issuer, or any listed major subsidiary thereof, or any of their listed securities, are either dealing with or executing actions, which in terms of the JSE Listings Requirements are price sensitive.
Corporate REIT	A Real Estate Investment Trust ("REIT") is a company with shares listed on the JSE, and in the case of conversion means the company that acquired the assets and liabilities of the CISP.
cps	Cents per share.
Discount rates	A rate of return used to convert a monetary sum, payable or receivable in the future, into a present value.
Distributable earnings	Net income that arises from the core business of the Group, i.e. net rental income after expenses, including net interest expenses, but excluding all items of a capital nature.
Distribution	The distributable income of the Group as distributed to shareholders. The Company does not pay any taxes on its distributions and shareholders receive pre-tax rentals, interest and dividends on a conduit principle. Distributions are paid six-monthly in April and October for the periods ending 31 December and 30 June respectively.
Exit yield	Income for the following 12 months divided by the sale price, expressed as a percentage.
GDP	Gross Domestic Product is the total value of goods and services produced over a specific period.
GLA	Gross lettable area.
Gross property expenses	The sum of property administration fees and property expenses.
H1	First half of the financial year.
H2	Second half of the financial year.
IFRS	International Financial Reporting Standards.
Income (distribution) yield	Distributions for the previous 12 months divided by the opening share price for the year, expressed as a percentage.
Initial (forward) yield	Expected income for the following 12 months divided by a current value/price, expressed as a percentage.

Interest cover	Interest cover is calculated as the number of times that distributable earnings, before net interest and taxation, cover interest paid.
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.
MSCI	An international investment research firm that provides as one of its products the listed SA property index, formerly known as the Investment Property Databank ("IPD"), used for benchmarking fundamental property performance.
Net asset value ("NAV")	The NAV of the Group, expressed in cents per share, is the net assets of the Company divided by the shares in issue at the end of the year.
Net cost to income ratio	Net property expense (property expense net of recovery) divided by revenue (excluding recoveries).
Net property expenses	Gross property expenses less recovery of property expenses.
Net property income ("NPI")	Rental income and recoveries less expense attributable to investment properties.
Non-controlling interest (NCI)	NCI is the portion of equity in a subsidiary not attributable to SAC, which has a controlling interest and consolidates the subsidiaries' financial results with its own.
Peer Group	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.
Premium/(discount) to net asset value	The difference between the price at which the shares are trading and the NAV, divided by the NAV. A discount means that the shares are trading at a price below the asset value and a premium that they are trading above the asset value.
Property portfolio	Properties identified in the property portfolio on pages 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.
Reversion	The increase/decrease in future rental is negotiated in terms of rental contract renewals.
SAPY/J253	JSE SA Property Index.
SEEC	Social, Ethics and Environmental Committee.
Straight-line rental adjustment	An accounting adjustment required in terms of IFRS to smooth fixed escalated rental income for the lease/debt. For example, if a lease is subject to an 8% annual escalation clause of five years, the cumulative accrued rental income over the five years is divided by five years to determine the annual straight-line amount. Distributable earnings are calculated by excluding the straight-line adjustment. Distributable earnings are calculated using the accrued rentals as opposed to a smoothed rental.
Tenant retention (renewal) rate %	The retention rate is calculated as the total square metres renewed expressed as a percentage of the total square metres expired during the same period.

GLOSSARY *continued*

Total returns	Total returns are calculated as the income yield plus the capital return, assuming that the distributions are reinvested into shares.
Vacancy as percentage of lettable space	Unoccupied space (excluding unoccupied space in development buildings) in square metres divided by total lettable space.
Vacancy as percentage of total income	Lost rental from unoccupied space (excluding unoccupied space in development buildings) divided by total rentals.
WACC	Weighted average cost of capital.
WALE	Weighted average lease expiry.
WAR	Weighted average rate.

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

REGISTERED OFFICE
GreenPark Corner, 16th Floor
Corner Lower Road and West Road South
Morningside, 2196
Suite 95
Private Bag X9976
Sandton City 2146
Tel: +27 10 020 2530
E-mail: info@sacorp.co.za
Website: www.sacorporatefund.co.za

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

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

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

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

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

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

GROUP COMPANY SECRETARY
Adv J Grové
Tel: 010 020 2530
Email: jgrove@sacorp.co.za
GreenPark Corner, 16th Floor
Corner Lower Road and West Road South
Morningside, 2196

DIRECTORS
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

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

SA CORPORATE REAL ESTATE 2022 INTEGRATED ANNUAL REPORT

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