

# Putprop

## Integrated Annual Report

for the year ended 30 June

# 2021





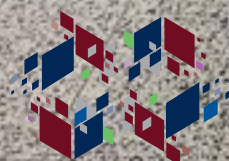
Eagle Canyon



Harbour View



Modern Park



Putprop





Sevenside  
Value Mart



Langdon  
MS



Bank  
City

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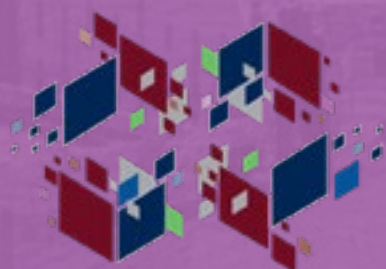


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## Glossary

“All Share”	The JSE All Share Index
“Annual Financial Statements”	Group and Company Annual Financial Statements
“B-BBEE”	Broad-based black economic empowerment
“Companies Act”	Companies Act, No. 71 of 2008, as amended
“EXCO”	Executive Committee
“GLA”	Gross lettable area
“IASB”	International Accounting Standards Board
“IFRS”	International Financial Reporting Standards
“IT”	Information Technology
“IC”	Investment Committee
“JSE”	JSE Limited
“JSE Listings Requirements”	Listings Requirements of the JSE Limited
“King IV”	King Report on Corporate Governance for South Africa 2016™, Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.
“KPI”	Key performance indicator
“Rode”	Rode’s Report on the South African Property Market
“SAPOA”	South African Property Owners Association
“SAICA”	South African Institute of Chartered Accountants
“the Board”	The Board of Directors of Putprop Limited
“ZAR”	South African Rand
“AR”	Audit and Risk Committee
“RNHR”	Remuneration Nomination and Human Resources Committee
“SE”	Social and Ethics Committee



Putprop



www.putprop.co.za

Corridor Hill, Mpumalanga





# About this Report - Our Approach to Integrated Reporting

## SCOPE AND BOUNDARY

Our integrated report aims to give all of our stakeholder's insight into the business model, performance, governance framework, strategies, risks, and opportunities that were utilised by the Group in its operations, during the year ended 30 June 2021.

In addition, where leasable, insights into future plans for creating sustainable value and growth, for our shareholders will be presented.

Our objective in reporting, is to provide stakeholders with a balanced view of our activities, to describe and explain management's decision-making processes as well as judgements made in these processes. This report should assist all our stakeholders to assess Putprop's ability to create and sustain value. The Group believes that by following this approach it is able to provide all stakeholders with information that is relevant to their investment decisions and interactions with the Group.

Our approach is to report on the significant issues arising within the business along with material matters identified through engagement with our stakeholders. This report covers all of the Group's business activities, sustainability and financial performance of its subsidiaries from 1 July 2020 to 30 June 2021, as well as those entities over whose operating policies and practices Putprop exercises some control or influence. In addition, material post reporting date events are disclosed for the sake of completeness.

Putprop continues to assess its reporting standards on an annual basis and where necessary, will continue to make additional disclosures in areas that may improve its reporting standards.

## CORE BUSINESS ACTIVITY

Putprop's business comprises a single business activity, that of a Listed Property Fund. The Group owns and manages a portfolio of commercial, retail and industrial properties, with a fairly balanced spread over each of these segments. Management's approach to the operational control of these assets is that of in-house micromanagement for those assets situated in the Gauteng Province and the appointment of asset managers for those properties in other provinces.

## FINANCIAL AND SUSTAINABILITY OBJECTIVES

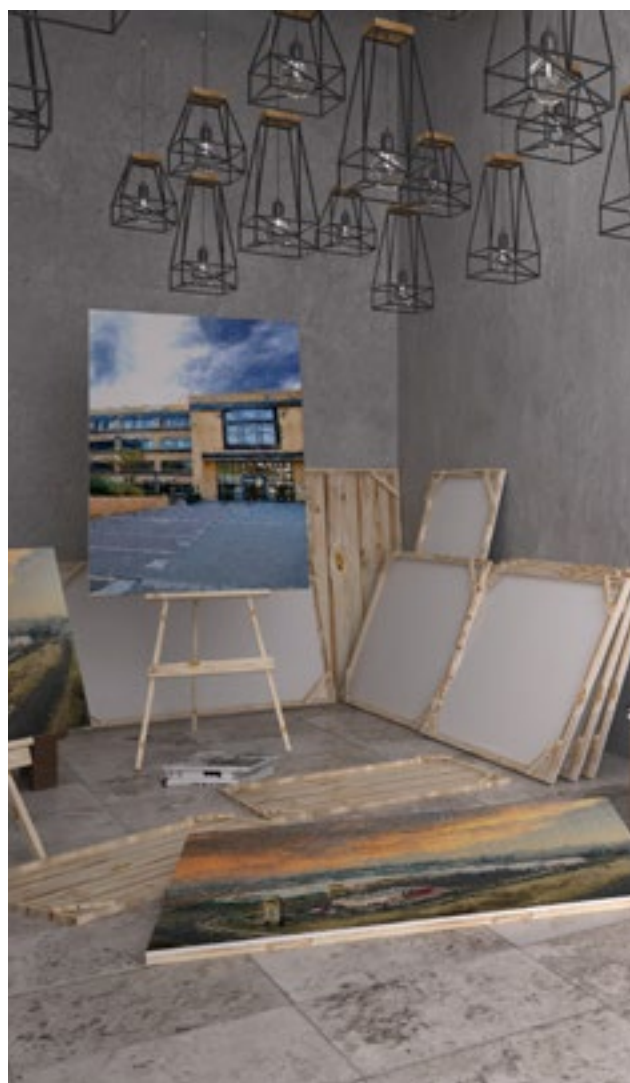
Putprop's primary objective is to build a quality portfolio of properties with strong contractual cash flows resulting in long-term sustainability and capital appreciation. We aim to actively build relationships with our tenants, suppliers and providers of capital. We also seek an active involvement with the communities in our areas of operation.

## KEY STAKEHOLDERS

Our Group is accountable to all its stakeholders. This report aims to provide the various categories of stakeholders with essential, practical and user-friendly information. The following are our key stakeholders:




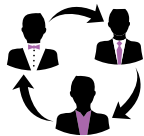
- shareholders and debt funders (financial);
- tenants, service providers and other business partners (commercial);
- employees;
- community; and
- environmental.

The Group also recognises as stakeholders, apart from the stakeholders already identified, the Government and the Group's own employees.



## About this Report -Our Approach to Integrated Reporting<sup>(Continued)</sup>

### STAKEHOLDER INTERACTIONS

Stakeholder	Engagement with stakeholder	Stakeholder contribution	Stakeholder expectation
<b>Shareholders and debt funders</b> 	<ul style="list-style-type: none"> <li>• Presentations including bi-annual result presentations</li> <li>• Investor conference calls</li> <li>• Site visits</li> <li>• JSE SENS announcements</li> <li>• Media announcements</li> <li>• Website</li> <li>• One-on-one meetings</li> </ul>	The provision of financial capital to grow the business.	Providing growing distributions on an annual basis with the objective of delivering sustainable, quality earnings. Providing investors with a secure investment underpinned by high quality physical property assets. The timeous payment of interest and capital underpinned by a strong balance sheet and credit metrics that are well within covenants.
<b>Tenants, service providers and other business partners</b> 	<ul style="list-style-type: none"> <li>• Personal interaction and meetings</li> <li>• Information events</li> <li>• Operational notices</li> <li>• Print communication</li> <li>• Social media</li> </ul>	Rental income from letting space. Sustainability of Putprop.	Providing the highest level of service to tenants which will enable them to thrive, grow and sustain their businesses.  Transparent and honest interactions with service providers with timeous payments for services received.
<b>Employees</b> 	<ul style="list-style-type: none"> <li>• Electronic communication</li> <li>• Site visits for a better understanding of the Group's operations</li> <li>• Presentations</li> <li>• Induction, training and development days</li> </ul>	<p>Employees form the foundation of our business and provide the performance required to grow the business with retention of high worth employees a priority</p> <p>The ethos of the Group is maintained through solid communication.</p>	<p>Rewarding the skills of employees by appropriate salary and remuneration schemes.</p> <p>Our strategy is to attract, retain, and grow talent.</p>
<b>Communities and environment</b> 	<ul style="list-style-type: none"> <li>• Corporate Social Investment initiatives in general</li> <li>• Corporate Social Investment initiatives at our properties</li> <li>• Environmental initiatives</li> </ul>	An understanding of social, economic and environmental impacts on the communities in which we operate.	<p>Sponsorship and donations.</p> <p>Communities initiatives and projects.</p> <p>Environmental upgrades of properties.</p>



## ASSURANCE AND COMPARABILITY

This integrated report has not been independently assured. The Group however reviews all internal and external assurances already in place and coordinates this process with existing risk management procedures. Preparation of this integrated report was done in accordance with best practice, applying the principles of King IV, The Companies Act, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, International Financial Reporting Standards ("IFRS"), the Listings Requirements of the JSE as well as the Company's Memorandum of Incorporation. For additional recent announcements, visit [www.putprop.co.za](http://www.putprop.co.za).

The information in this integrated report has been prepared using methods consistent with prior years and contains comparable information.

The Group's external auditors are obliged to examine the annual financial statements and have reported their opinion in this report.

The external audit report required from Mazars, can be found on pages 108 to 113.

## APPROVAL OF THE INTEGRATED REPORT

It is the Board's responsibility to ensure the integrity of this integrated report.

The Board has applied its mind to the integrated report for the financial year ended 30 June 2021 and confirms that in its opinion the report addresses and discloses all of the known material issues and fairly represents the integrated performance of the Group as at the reporting date.

The Board approved the release of the June 2021 integrated report on 22 September 2021.



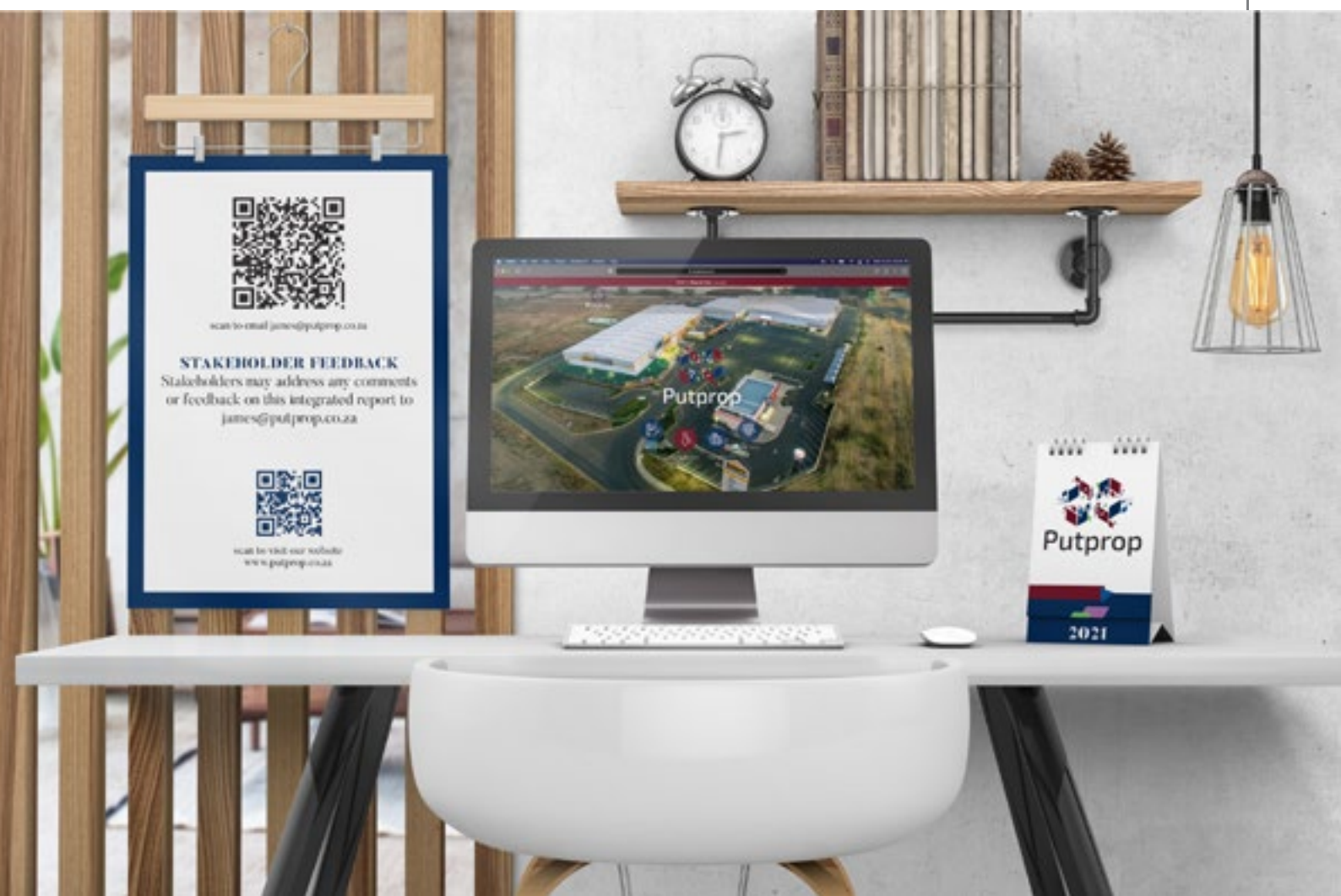
Bruno C Carleo

22 September 2021



James E Smith

22 September 2021



## Vision & Values

In the pursuit of the Group's strategy and objectives, our CORE values determine our every action.

**Honesty, integrity and transparency drive our every operation.**

**We are client focused**

All stakeholders are seen as equal and valued assets.  
Our vision for our stakeholders is to deliver consistent short and long-term returns, long-term value with stability and low risk.

**We take responsibility and ownership for all of our actions.**

**We are a people driven organisation reflected in our performance and results.**

**Responsible corporate citizenship in respect of our social and environmental challenges.**

## Who we Are

Putprop is a property investment company listed on the main board of the JSE Limited under the real estate sector, in July 1988 (JSE code: PPR) (Registration number: 1988/001085/06)

We have a portfolio of 16 properties situated mainly in Gauteng Province, and covering the retail, commercial, residential and industrial sectors.

By Investing in industrial, commercial and retail properties, we derive income from short to long-term contractual rentals.

Putprop's primary objective is to build a quality portfolio with strong contractual cash flows resulting in long-term sustainability and capital appreciation for all stakeholders.

Growth will come from strategic investments, focused on industrial, retail and commercial opportunities where yields are enhancing in the medium and long-term.

In addition, "Greenfield" development opportunities are undertaken with suitable Joint Venture partners in order to increase portfolio values and unlock future value for shareholders.



# Our Strategies and Business Model



**Continue to Broaden our geographic exposure into all of the provinces**



**Focus aggressively on the Group's vacancy profile and manage the lease expiry profile of the portfolio**



**Optimise our profit before tax and growth in shareholder distributions**



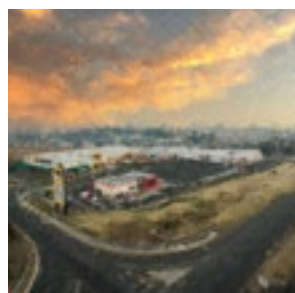
**Broaden our contractual tenant base so as to minimise risk of overdependence on a limited number of tenants**



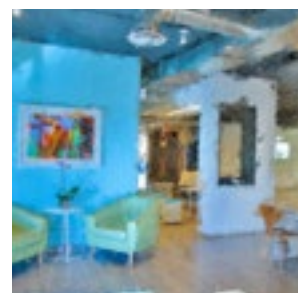
**Achieve and maintain balanced exposures to the industrial, retail and commercial segments of the property sector**



**Maintain a strong statement of financial position with limited application and exposure to gearing to the extent that such gearing enhances returns**



**Contract with financially sound tenants on a long lease basis in order to ensure sustainable income streams**



**Preserve and enhance our properties with a structured on-going maintenance and upgrading programme**

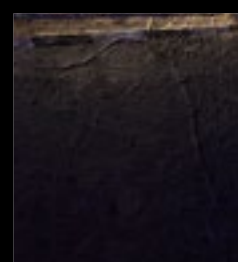
# Financial Highlights

**Dividend distribution of 15 cents** per share, reflecting **growth of 7.1%** up on the previous period.

Net Asset value of **1 452 cents** per share

Annual escalation on contractual rental income **maintained at 7.67%** in difficult rental market

Market value per m<sup>2</sup> of property portfolio **up 42% to R10 583 per m<sup>2</sup>**



# Operational Highlights

**Acquisition of Summit Place**, precinct, adding **R527.8 million** to Group property portfolio.

Commencement of **construction of Mamelodi Square**, a joint arrangement with McCormick Property Development Company, to develop a **16 000m<sup>2</sup>+** community retail-centre.

**Retention of 94.1%** of tenants whose lease expired during the review period.

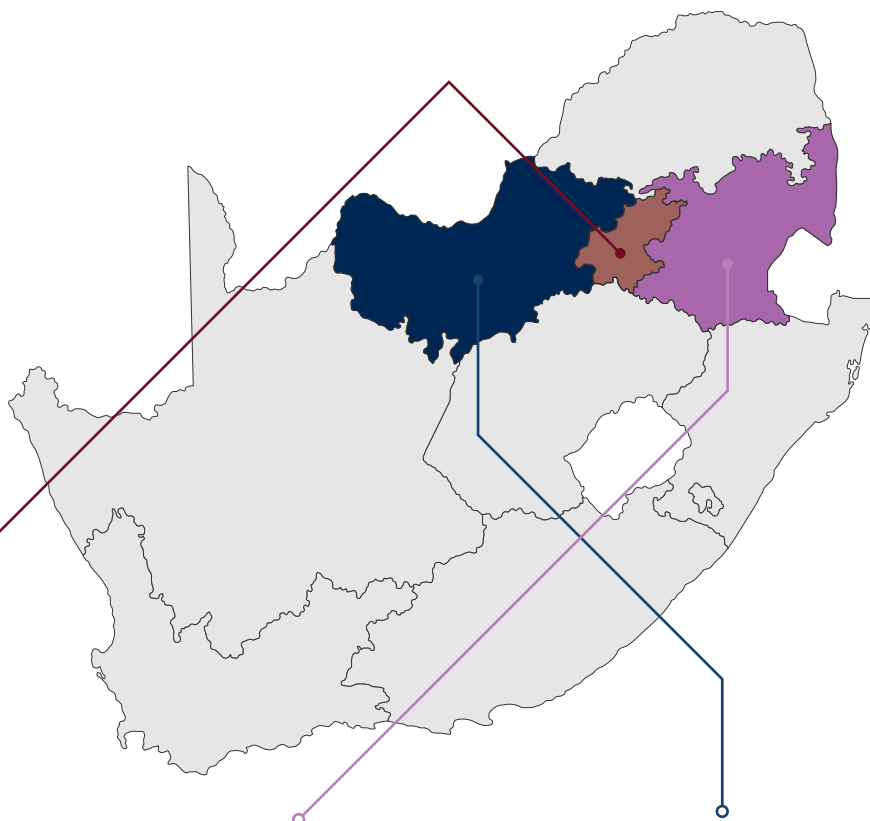
**Future minimum lease rentals** greater than 2 years increased by **26% to R155 million**.



# Footprint



Online Property Listings



## Gauteng



Summit Place



Parktown Towers



Eagle Canyon



Lea Glen 1



Grand Central



Montana Park



Dubigeon



Putcoton



Nancefield



Soshunguwe



Dobsonville



Menlyn Villas

## Mpumalanga



Secunda Value Mart



Corridor Hill

## North West



Bank City

### Portfolio

Properties

**16**

Tenants

**34**

Total GLA

**99 848m<sup>2</sup>**

Total Asset Value

**R1 056 million**

## Under Construction



Mamelodi

**Mamelodi Square,  
Mamelodi, Gauteng**

**GLA: 16 422m<sup>2</sup>**

**Development Cost: R231.9 million**

**Expected Nett Profit: R26.1 million p.a**

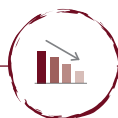
**Economic Interest: 50%**

# Strategic Goals Set for 2021

## Critical performance factor



Optimise short-term and long-term returns for shareholders.



Continue to reduce over-dependence of contractual rental inflow on one single tenant to a level of 30% or less.



Optimise the asset quality of our portfolio by continually reviewing and disposing of non-performing and low grade properties.



Grow the asset value of the portfolio in the medium-term to over 1 billion South African Rands.



Improve our tenant focus with interactions with this group of stakeholders on a regular basis.



Consolidation and rationalisation of existing property portfolio investments with the purpose of adding value to these assets where possible. Increase in economic interests to be added to, when opportunities arise and where managements' parameters are met.



# What We Achieved in 2021

## Delivery on identified strategy

We continue to provide long-term sustainability in the current challenging market.  
Dividend pay-out maintained.  
Strategy delivered.



Income from single tenant of 34% of total contractual rentals.  
Strategy not delivered but on course to deliver in 2022 with inclusion of Summit Place.



Three non-core properties were identified and actively marketed during current financial period. The continued effects of the Covid-19 pandemic has made sale of these assets at acceptable prices to management more challenging in the current volatile property market.  
Disposal of one property realised.  
Strategy not delivered, but focus to dispose remains.



The Group portfolio with the inclusion of Summit Place (Pilot Peridot) from 1 June 2021 is now valued at R1.03 billion.  
Strategy delivered.



Frequent and ongoing contact held with all tenants during the year in an effort to understand the effects of Covid-19 on their combined sustainability. Identification of assistance with a strategy of maintaining sustainability and profitability of tenant base. We continue in our efforts to maintain a strong tenant network. Early interactions to try to identify risks.  
Strategy delivered.



Existing investments in associated companies reviewed for further expansion opportunities. Pilot Peridot consolidated into Group's results. All assets reviewed in portfolio to ensure strategy fit still relevant and balanced.  
Acquisition of 22 Impala Road (new head office of the Group), together with a tenant structure. Possible target properties and "Fire sales" may become prevalent due to economic and social effect of Covid-19. This may provide buying opportunities in 2022. Sectoral spread considered satisfactory for year.  
Strategy delivered.



# Strategic Goals Set for 2021

## Critical performance factor



Loan to value mandate increased from 35% to 42% in order to accommodate Pilot Peridot as a subsidiary of the Group.



The possibility of increasing the Groups shareholding in Pilot Peridot (Summit Place) to 100%



To explore opportunities for acquiring investment holdings in other listed REIT's on the Johannesburg Stock Exchange.



To Maintain vacancies below a target level of 6% of our gross lettable area.



Examine all areas of operational efficiencies.



Lease expiry profile that reflects a minimum of 66% future contractual rental income flows greater than three years.



The construction of the Mamelodi Retail centre to commence in July 2021.  
The Dobsonville retail centre construction date was postponed until early 2022.



Specific targeting of rural food retailers for acquisition.



# What We Achieved in 2021

## Delivery on identified strategy

Gearing during the year was maintained below our mandated level of 42% of total assets.

Strategy delivered.



Discussions are at present in progress with shareholders in respect of potential acquisition of minority interest.

Strategy in progress.



The current Covid-19 pandemic and its effect on the listed property market has resulted in this strategy being suspended.

Strategy not delivered.



Vacancies decreased substantially in this period to 2.3% (2020: 16.3%).

Strategy delivered.



Detailed review of corporate and property operations in period. Improvements and cost savings achieved. Strategy delivered.



Future contractual rental streams greater than two years of 80%. Strategy delivered.



Mamelodi Square construction commenced in July 2021 after a considerable delay due to the Covid-19 pandemic. Estimated opening date is October 2022.

Strategy delivered.



No suitable food retailers identified in the current period. Strategy not delivered.

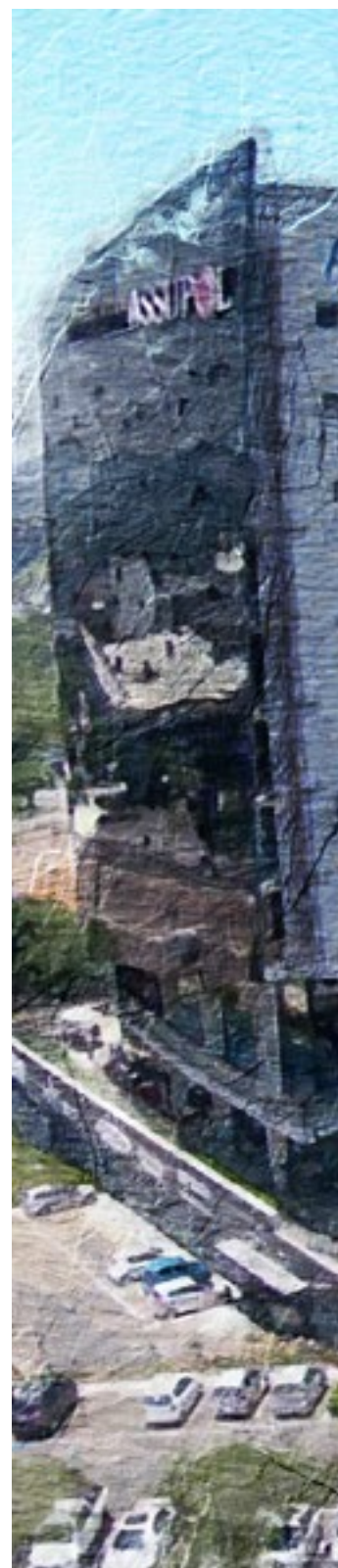


# Our 10-year Financial Performance Review

	2021 R'000	2020 R'000	2019 R'000	2018 R'000	2017 R'000
<b>SUMMARISED INCOME STATEMENT</b>					
Property revenue and recoveries	73 075	73 890	76 091	72 971	73 865
Property expenses	(26 184)	(19 856)	(19 636)	(19 966)	(20 074)
<b>Net profit from property operations</b>	<b>46 891</b>	54 035	56 455	53 005	53 791
Corporate expenses	(12 144)	(11 566)	(11 328)	(8 852)	(7 187)
Investment and other income	11 365	2 016	5 356	4 312	3 788
Associates' share of profits/(losses)	16 063	(7 433)	18 217	(18 657)	3 049
Gain on Bargain purchase	–	–	–	–	–
Expected credit losses	396	298	(1 900)	–	–
<b>Operating profit before Finance costs</b>	<b>62 571</b>	37 350	66 800	29 808	53 441
Finance costs	(11 303)	(12 623)	(15 105)	(15 135)	(9 448)
<b>Profit before capital items</b>	<b>51 268</b>	24 727	51 695	14 673	43 993
Fair value adjustments	(28 761)	(14 688)	(14 587)	1 319	9 104
Profit/(loss) on sale of capital assets and impairment transactions	–	–	–	–	–
<b>Net profit before tax</b>	<b>22 507</b>	10 039	37 108	15 992	53 097
Dividend distribution per share (cents)	15.0	14.0	13.0	13.0	13.0
Headline earnings per share (cents)	71.74	48.23	71.64	59.5	55.9
<b>SUMMARISED STATEMENT OF FINANCIAL POSITION</b>					
Investment property	986 893	512 626	495 640	573 865	571 941
Net investment property held for sale	30 156	20 310	41 267	–	–
Investment in associates	66 254	202 230	209 131	162 428	151 643
Other non-current assets	40 013	22 364	23 480	18 398	9 435
Current assets	53 765	17 415	15 626	11 545	33 900
<b>Total assets</b>	<b>1 177 081</b>	774 946	785 144	766 236	766 919
<b>EQUITY AND LIABILITIES</b>					
Shareholders' equity	597 109	583 377	587 188	563 168	562 020
Non-controlling interest	18 590	–	–	–	–
Non-current liabilities	520 233	170 706	182 079	190 627	189 145
Current liabilities	41 150	20 862	15 877	12 441	15 754
<b>Total equity and liabilities</b>	<b>1 177 081</b>	774 946	785 144	766 236	766 919

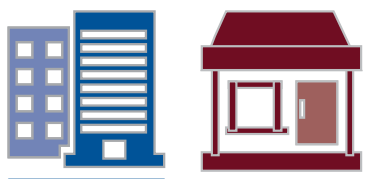
\* Includes special dividend of 89.5 cents

	2016 R'000	2015 R'000	2014 R'000	2013 R'000	2012 R'000
	65 755 (17 617)	54 136 (14 958)	51 668 (13 280)	47 835 (12 393)	47 643 (14 664)
	48 138 (10 185)	39 178 (5 848)	38 388 (5 300)	35 442 (4 830)	32 979 (4 479)
	8 754 (5 942)	2 629 13 167	2 063 19 371	1 475 1 597	1 793 1 156
	— —	10 918 —	— —	— —	— —
	40 765 (6 820)	60 044 (889)	54 522 —	33 684 —	31 449 —
	33 945 11 284 (4 850)	59 155 17 391 800	54 522 32 697 282	33 684 32 269 763	31 449 11 600 3 638
	40 379	77 346	87 501	66 716	46 687
	106.54*	26.0	36.0	36.0	33.0
	69.4	85.1	86.3	86.8	74.1
	454 071 —	434 634 —	309 564 —	276 855 —	244 312 —
	102 076 4 588	114 473 2 990	66 068 4 307	50 728 4 382	48 369 2 405
	176 884	111 881	55 225	33 712	24 545
	737 619	663 978	435 164	365 677	319 631
	528 520 —	545 043 26 780	392 519 —	331 374 —	291 639 —
	124 495 84 604	73 682 18 473	34 279 8 366	27 661 6 642	21 065 6 927
	737 619	663 978	435 164	365 677	319 631





## 6 Key Properties



Property

**Summit Place**

Sector

**Mixed Use**

Location

**Centurion**



### Property Synopsis

Value:

**R527.8 million**

Major tenant:

**Assupol, BDO,  
SIZWE**

Activities:

**Retail and Commercial**

Occupancy:

**100%**

Rentable area m <sup>2</sup>	Rental 30 June 2021 (R'000)	Average gross rentals R/m <sup>2</sup>	Valuation R/m <sup>2</sup>	Vacancy m <sup>2</sup>
<b>30 423</b>	<b>3 030*</b>	<b>199.2</b>	<b>17 818</b>	<b>0</b>
	* 1 month			







## 6 Key Properties (Continued)



Property

**Secunda Value Centre**

Sector

**Retail**

Location

**Mpumalanga**



### Property Synopsis

Value:

**R126.5 million**

Major tenant:

**Builders Warehouse  
Burger King  
Eskort Meat**

Activities:

**Retail centre**

Occupancy:

**94.8 %**

Rentable area m<sup>2</sup>

**9 631**

Rental 30 June 2021  
(R'000)

**11 217**

Average gross rentals  
R/m<sup>2</sup>

**110.2**

Valuation R/m<sup>2</sup>

**14 907**

Vacancy m<sup>2</sup>

**517**





## 6 Key Properties (Continued)



Property

**Parktown Towers**

Sector

**Commercial**

Location

**Johannesburg**



### Property Synopsis

Value:

**R71.8 million**

Major tenant:

**Cavi Holdings, Frontier Company**

Activities:

**Distributor of high end cosmetics,  
beauty products, sporting and travel  
accessories**

Occupancy:

**75%**

Rentable area m<sup>2</sup>

**4 666**

Rental 30 June 2021  
(R'000)

**9 596**

Average gross rentals  
R/m<sup>2</sup>

**171.4**

Valuation R/m<sup>2</sup>

**15 387**

Vacancy m<sup>2</sup>

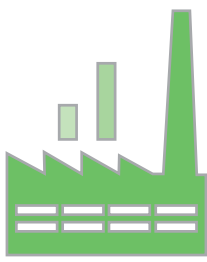
**1 166**







## 6 Key Properties (Continued)



Property

**Putcoton**

Sector

**Industrial**

Location

**West Rand**



### Property Synopsis

Value:

**R56.31 million**

Major tenant:

**Larimar Group  
Triple Net Tenant**

Activities:

**Mass transport facility and  
workshop operation**

Occupancy:

**100%**

Rentable area m<sup>2</sup>

**9 559**

Rental 30 June 2021  
(R'000)

**12 927**

Average gross rentals  
R/m<sup>2</sup>

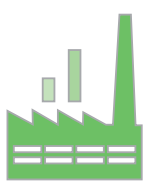
**112.7**

Valuation R/m<sup>2</sup>

**5 891**

Vacancy m<sup>2</sup>

**0**







## 6 Key Properties (Continued)



Property

**Corridor Hill**

Sector

**Retail**

Location

**Mpumalanga**



### Property Synopsis

Value:

**R46.31 million**

Major tenant:

**Bidvest Volkswagen  
dealership, Bidvest Car Rental**

Activities:

**Retail car dealership**

Occupancy:

**90.5 %**

Rentable area m<sup>2</sup>

**5 835**

Rental 30 June 2021  
(R'000)

**4 891**

Average gross rentals  
R/m<sup>2</sup>

**69.7**

Valuation R/m<sup>2</sup>

**7 936**

Vacancy m<sup>2</sup>

**555**





## 6 Key Properties (Continued)



Property

**Eagle Canyon**

Sector

**Retail**

Location

**Roodepoort**



### Property Synopsis

Value:

**R40.9 million**

Major tenant:

**Super Group  
Triple Net Tenant**

Activities:

**Isuzu Dealership Truck and Car**

Occupancy:

**100%**

Rentable area m <sup>2</sup>	Rental 30 June 2021 (R'000)	Average gross rentals R/m <sup>2</sup>	Valuation R/m <sup>2</sup>	Vacancy m <sup>2</sup>
<b>2 423</b>	<b>3 333</b>	<b>115.2</b>	<b>16 879</b>	<b>0</b>







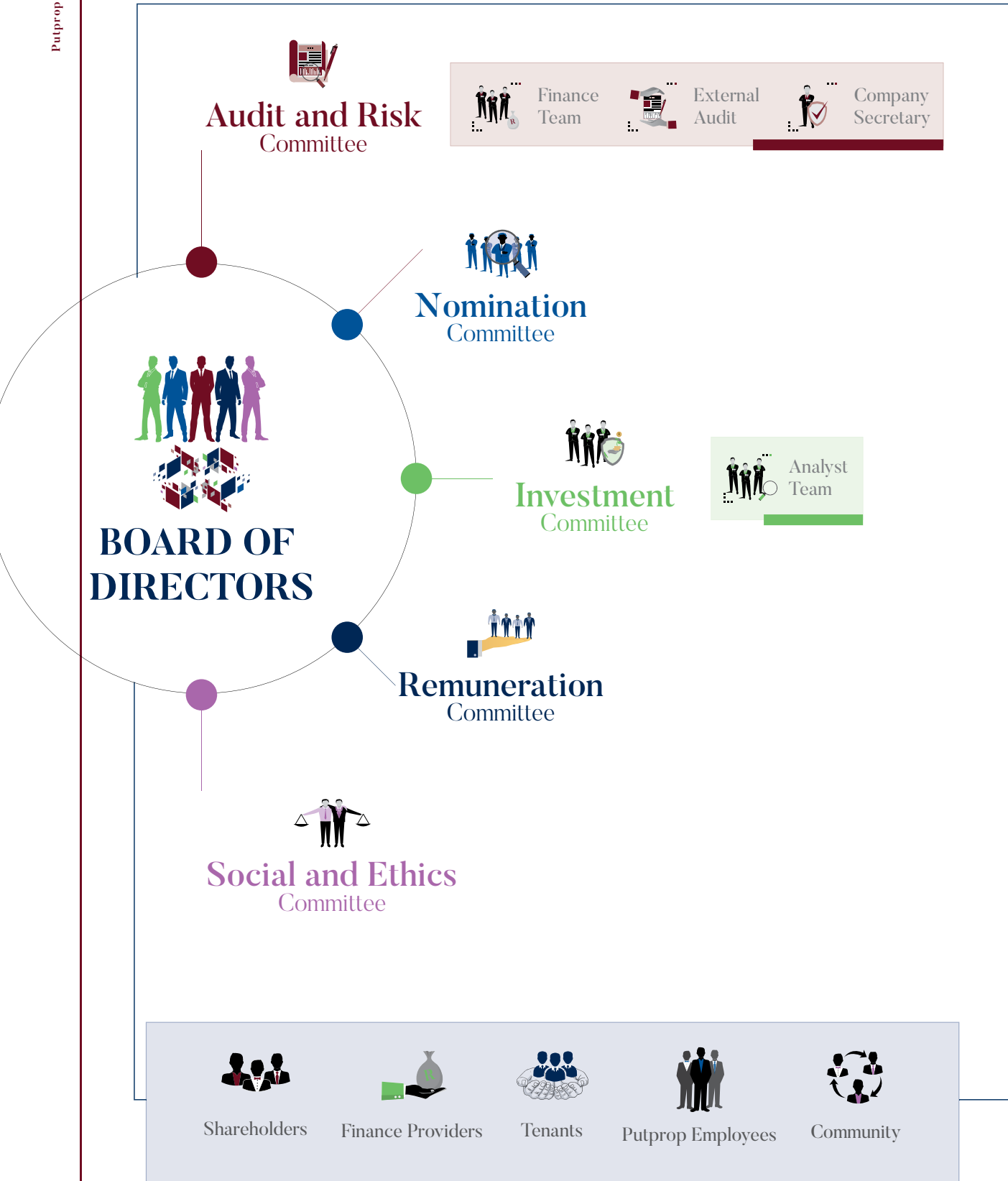
# Corporate Governance

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# Governance Framework









## Board of Directors



### **BRUNO CARLEO (65)**

#### *CHIEF EXECUTIVE OFFICER*

Date of appointment: 11 March 1997

Bruno has held numerous senior managerial positions in the transport and property industries gaining varied experience for over 30 years before bringing operational expertise to Putprop Limited. He joined the Board in 1992 and also holds directorships in several unlisted companies.

### **JAMES SMITH (68)**

#### *FINANCIAL DIRECTOR*

Date of appointment: 17 June 2009

James holds a B.Sc., B. Acc degrees as well as marketing diplomas. He was appointed an executive director in 2009. He joined Messina Limited in 1988 gaining 11 years broad financial experience in the automotive industry, culminating in being appointed Group Financial Director of Messina Heavy Vehicles. James chairs boards of several other Group companies and associates. He contributes over 30 years operational and management experience in the retail and property sectors. He also holds directorships in several unlisted companies.



### **ANNA CARLEO-NOVELLO (60)**

#### *EXECUTIVE DIRECTOR*

Date of appointment: 1 July 2018

Anna has executive managerial experience in both property, administration and development, as well as over 25 years' experience in retail markets. She has held numerous board positions in both listed and non-listed companies.





## **DANIELE TORRICELLI (57)**

**CHAIR, INDEPENDENT, NON-EXECUTIVE DIRECTOR**

Date of appointment: 3 December 2015

Daniele holds a Bachelor of Science (Mechanical Engineering) as well as an MBA from Wits Business School and is a member of the Exco team of one of the largest clay brick manufacturers in Africa. He brings extensive strategic and tactical skills to the Board as well as broad general business experience.

## **HAYDEN THOMPSON HARTLEY (48)**

**INDEPENDENT, NON-EXECUTIVE DIRECTOR**

Date of appointment: 17 February 2016

Hayden holds a Bachelor of Commerce Honours degree in Finance and Economics, with 15 years' experience in the property, construction and development sectors. He has also been involved in numerous projects for a leading South African gold mining company in his capacity as construction and project manager, and is currently involved in additional projects from a developmental perspective.



## **GERRIT VAN HEERDEN (67)**

**INDEPENDENT, NON-EXECUTIVE DIRECTOR**

Date of appointment: 1 July 2018

Gerrit holds a B.Sc.Eng. (Civil Engineering) degree from the University of Pretoria and has over 40 years of engineering experience. Gerrit has extensive exposure to township and development schemes with particular reference to municipal services designs, implementation thereof and project and contract management. Gerrit joined GVM Incorporated, a private engineering firm in 1993 as a director, where after he became the Managing Director and owner in 2005, a position which he holds to date.

## **RENE STYBER (50)**

**INDEPENDENT, NON-EXECUTIVE DIRECTOR**

Date of appointment: 1 July 2018

René is a sales professional with 30 years of management experience across a variety of fields including, *inter alia*, product management, residential and commercial property sales and company management. René has successfully managed her own commercial property business since its inception in 2010 and most recently, is a director of Rosh Pinah Properties Proprietary Limited, where she manages a team of brokers as well as day-to-day operations.





## The Team



### ANDREA LEHMAN

*"If people are doubting how far you can go, go so far that you can't hear them anymore."*

Financial Manager

Associate General Accountant (SA); B.Com Accountancy (Hons)

After completing her internship at a leading Audit company, Andrea worked as a financial manager in various commercial entities, gathering vital experience in managing and controlling the overall financial functions of these entities.

### NATASHA PETRIDES

*"Success is not final; failure is not fatal. It is the courage to continue that counts"*

Attorney of the High Court; B. Com (Law), LLB

Natasha, who has a B. Com (Law), LLB, started her career as a practicing attorney. In private practice, Natasha acted for clients across many sectors, assisting them with complex financing, corporate and compliance matters. Natasha joined Putprop as company secretary, on behalf of Acorim Proprietary Limited, in February 2017. She is experienced in corporate law, corporate governance and company secretarial practice.



### MARIE CASEY

*"To be old and wise you must first be young and stupid"*

Financial Accountant

Marie has held the position of assistant accountant and accountant with Putprop and its associated companies for over 43 years. She brings a wealth of expertise and practical operational knowledge to the accounts department as well as other administrative areas within the Group.



### JESSICA EEKHOUT

*"Mind set is what separates the best from the rest"*

Financial Accountant

Bachelor of Business Science, majored in Accounting & Economics

After completing her double major at Monash South Africa, Jessica went on to work at an international logistics company as a financial graduate, before starting in her current position at Putprop.



### COMFORT NGWENYA

*"Pray. Set Goals. Work hard. Succeed. Thank God and stay humble"*

Administrative Assistant

Comfort has worked for Putprop for eight years and is responsible for the day to day administrative duties of the head office.

# Corporate Governance Review

## PHILOSOPHY

The Board of directors of Putprop ("the Board") endorses the code of corporate practices and conduct as set out in the King IV report. The Board is of the opinion that the Group has applied the principles incorporated in the King IV Report. In addition, the Group complies with JSE Listings Requirements of JSE Limited ("JSE"), and other regulatory frameworks. The principles contained in the King IV Report have been reviewed and considered in a manner that reflects the stature, market position and size of the Group.

The Board has had submissions from independent consultants in respect of all measures of good corporate governance to ensure that all directors are fully conversant with best practice and current trends.

Corporate governance incorporates the adoption and monitoring of sound and effective systems of internal control, the assessment and management of business risks and the definition and implementation of appropriate business procedures. Responsibilities are fixed, directed and controlled for the purpose of administering and safeguarding shareholders' interests and Group assets.

Corporate governance within Putprop is managed and monitored by the Board. The Board deems corporate governance a priority and is committed to applying the principles, structures, policies and practices necessary to ensure that good corporate governance is practiced, and for this accepts full responsibility. These principles include integrity, transparency, accountability and relevant and meaningful reporting to all stakeholders.





# Corporate Governance Review (Continued)

## THE BOARD

### STRUCTURE, COMPOSITION AND ROTATION STRUCTURE POLICY

The Board is collectively responsible to all shareholders for the sustainability, long-term success and strategic direction of the Group. The Board exercises its control through a governance framework providing for detailed reporting to the Board by management and board committees, as well as established and regularly reviewed systems of internal controls.

As at the date of this report Putprop has a unitary board comprised of seven directors, of whom four are independent non-executive and three are executive. The independent non-executive directors collectively contribute an extensive range of financial, corporate governance and business experience to the decision-making processes of the Board.

The Board believes that the number, calibre and wide-ranging business experience in strategic, financial, commercial and property activities of the independent non-executive directors are such that their views carry significant weight in the Board's decision-making processes and allows them to exercise independent judgement in board decisions and deliberations.

In line with the Board approved Race and Gender Diversity Policies, should a vacancy on the Board arise, or should there be a requirement for an additional Board appointment, preference will be given to appropriate candidates who meet the skills, expertise, experience and background required to fill such position.

There is a clear distinction between the running of the Board and the executive responsibility for the running of the Group's day-to-day business. The Board believes that this division of responsibilities ensures that a balance of power and authority amongst directors exists, such that no one director has unfettered powers of decision making.

Non-executive directors receive no benefits from Putprop other than their directors' fees.

All non-executive directors are considered to be independent. This level of independence for all non-executive directors is reviewed every two years by an independent external party. This review was performed during the current review – refer to the Board Evaluation on page 42.

## Appointments

Appointments to the Board are made using a formal and transparent process from submissions received from the Nomination Committee. All candidates are reviewed in detail by the Board against objective criteria such as experience, qualifications and industry knowledge. Final appointments must be unanimously approved by the Board. Once appointed, the Nomination Committee ensures that all new directors are adequately informed with respect to Putprop's business policies, ethical standards, meeting dates and procedures. This is achieved through the provision of information and by formal induction.

In addition, new directors are introduced to courses run by the JSE Limited and the Institute of Directors at the Group's expense. New developments, including those relating to the Companies Act, corporate governance and other relevant legislation are communicated at Board meetings.

## Changes to the Board

There were no changes to the Board during this review period.

Abbreviated curricula vitae in respect of the directors appear on pages 36 to 37 of this report.

## Board Chair

The Board is chaired by an independent non-executive director and, in accordance with King IV and the JSE Listings Requirements, the roles of Chair and CEO are separate and distinct to facilitate the smooth and efficient functioning of the Board. A formal delegation of authority framework ensures that there is a clear division of responsibilities between the Chair, the CEO and those of the Board as a whole.

## Rotation and compulsory retirement age

In accordance with the Group's MOI, non-executive directors have no fixed terms of appointment but one third are subject to retirement by rotation at each Annual General Meeting and, if eligible, thereafter are re-elected by shareholders. Mr G Van Heerden and Ms R Styber retire for the current period and offer themselves for reappointment at the Annual General Meeting of shareholders. In addition to this, the appointment of any new directors by the Board during the year are required to be confirmed at the following Annual General Meeting.

The Group does not have a compulsory retirement age for executive and non-executive directors. However, upon reaching the age of 70, both executive and non-executive directors require Board approval for their nomination to be submitted at the annual general meeting for final approval and appointment. Such appointment is reviewed annually by shareholders.



# Corporate Governance Review (Continued)

## RESPONSIBILITIES

The Board operates under an approved charter which regulates the way business is conducted. Primary responsibilities include discussing and reviewing the strategic direction of the Group, monitoring investment decisions, considering significant financial matters and reviewing performance. In addition, specific attention is given to ensuring that a comprehensive system of policies and procedures is operative and compliant with corporate governance principles. This is reviewed regularly. The Board remains responsible to its shareholders in the exercise of its duties.

Non-executive directors contribute an independent view to matters under consideration and add to the breadth and depth of the experience of the Board. All directors have the appropriate knowledge and experience necessary to perform their duties and are actively involved in the Group's affairs.

## BOARD CHARTER

The Board has a formal written charter which encompasses legislative requirements, King IV recommendations and the principles of best practice. The Board further acknowledges that it is responsible for the main functions in the charter as set out below:

- Providing strategic direction and leadership by assessing and authorising budgets, plans and strategies submitted by senior management;
- Determining, implementing and monitoring policy procedures, practices and systems to ensure the integrity of risk management and internal controls to protect Putprop's assets and good name;
- Monitoring the operational performance of the business against predetermined budgets, financial and non-financial indicators;
- Monitoring the performance of management at both operational and executive level;
- Establishing relationships with its shareholders, staff and other relevant stakeholders which are open, transparent, and honest using accepted principles of good communication;
- Appointing the CEO and delegating authority levels of authority for all executives;
- Ensuring compliance with codes of best business practice, corporate governance regulations and all relevant laws;
- Balancing the interests of all stakeholders of the Group;
- Ensuring that succession plans for the executive directors and senior management are maintained;
- Approving and reviewing Group policies; and to
- Establish, maintain and set terms of reference for all Board committees.

## INFORMATION REQUIREMENTS AND PROFESSIONAL ADVICE

In order to make informed decisions, it is essential that directors have sufficient information relating to matters under discussion. The Board continuously assesses the information requirements of directors to enable them to perform their duties and fulfil their obligations and responsibilities.

The directors are entitled to seek independent professional advice at the Group's expense concerning Group affairs. All Board members have unrestricted access to the services of the Company Secretary as well as unrestricted access to the Group's records, property portfolio information and all other relevant documentation. Non-executive directors have access to management at any time.

# Corporate Governance Review (Continued)

## BOARD EVALUATION

The Board assesses its performance and that of its individual directors, as well as their independence, on an ongoing annual basis. During the period under review a formal assessment was conducted by Acorim Proprietary Limited ("Acorim"), Secretarial and Governance services, with the cooperation of the Group's Company Secretary of the performance and effectiveness, as well as the performance and effectiveness of the various committees, the Board itself and the individual directors.

Matters considered in this assessment included:

- Composition and performance of the Board as an entity;
- Board dynamics and role of the Chair;
- Whether individual members are effective in holding their views and resisting pressure from others;
- Quality and value of directors' contribution in respect of knowledge, strategy and risk management;
- Communication and interpersonal relationships;
- Performance and contributions in relation to problem solving; and
- Performance of directors against objectives and performance targets set.

No major concerns were identified by Acorim in respect of the functioning of the Board or any of its committees during the assessment. Individual directors both executive and non-executive were found to be adequate for the functionality of their position.

Acorim identified several matters which merit a more formal treatment which the Board will evaluate and discuss formally at Board level. None of the directors raised major concerns in respect of the functioning of the Board or any of its committees.

## INDEPENDENCE OF THE DIRECTORS





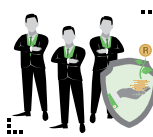
The Board's independence from the Group's executive is ensured by:

- Separation of the roles of the Chair and CEO;
- The Board, as well as all Board appointed committees, being dominated by a majority of independent non-executive directors;
- An external independent annual evaluation of the independence of non-executive directors; and
- Independent professional advice concerning all affairs of the Group being available to all directors at the Group's expense.














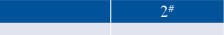

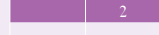
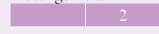
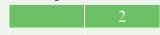
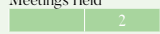






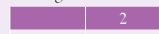
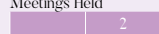
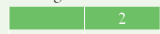





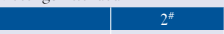


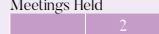
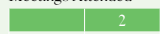

## MEETINGS HELD DURING THE YEAR ENDED 30 JUNE 2021

Member	Board	Audit and Risk Committee	Remuneration Nomination and Human Resources Committee	Social and Ethics Committee	Investment Committee
					
Chair	D Torricelli	H Hartley	H Hartley (Remuneration and Human Resources) D Torricelli (Nomination)	D Torricelli	H Hartley

## Non-Executive Directors

D Torricelli	Meetings Attended  7 Meetings Held  7	Meetings Attended  3 <sup>a</sup> Meetings Held  5	Meetings Attended  1 Meetings Held  2	Meetings Attended  2 Meetings Held  2	Meetings Attended  2 Meetings Held  2
H Hartley	Meetings Attended  7 Meetings Held  7	Meetings Attended  5 Meetings Held  5	Meetings Attended  2 Meetings Held  2	Meetings Attended  1 Meetings Held  2	Meetings Attended  2 Meetings Held  2
R Styber	Meetings Attended  7 Meetings Held  7	Meetings Attended  5 Meetings Held  5	Meetings Attended  2 Meetings Held  2	Meetings Attended  2 Meetings Held  2	Meetings Attended  2 Meetings Held  2
G Van Heerden	Meetings Attended  7 Meetings Held  7	Meetings Attended  5 Meetings Held  5	Meetings Attended  2 Meetings Held  2	Meetings Attended  2 Meetings Held  2	Meetings Attended  2 Meetings Held  2

# Corporate Governance Review (Continued)

Member	Board	Audit and Risk Committee	Remuneration Nomination and Human Resources Committee	Social and Ethics Committee	Investment Committee
					
<b>Executive Directors</b>					
<i>B C Carleo</i>	Meetings Attended  7 Meetings Held  7	Meetings Attended  5 <sup>#*</sup> Meetings Held  5	Meetings Attended  2 <sup>#</sup> Meetings Held  2	Meetings Attended  2 Meetings Held  2	Meetings Attended  2 Meetings Held  2
<i>J E Smith</i>	Meetings Attended  7 Meetings Held  7	Meetings Attended  5 <sup>#*</sup> Meetings Held  5	Meetings Attended  2 <sup>#</sup> Meetings Held  2	Meetings Attended  2 Meetings Held  2	Meetings Attended  2 Meetings Held  2
<i>A Carleo-Novello</i>	Meetings Attended  7 Meetings Held  7	Meetings Attended  5 <sup>#*</sup> Meetings Held  5	Meetings Attended  2 <sup>#</sup> Meetings Held  2	Meetings Attended  2 Meetings Held  2	Meetings Attended  2 Meetings Held  2

\* absent with prior apology

# by invitation

Board meetings are held at least quarterly, with additional meetings called where circumstances necessitate. During the year under review seven Board meetings were held, including a special strategy meeting, the attendance at which is set out above. Effective chairmanship is exercised and a formal agenda, raising issues that require attention, is dispatched timeously to every director. Sustainable development, risk, financial and legal matters are routinely included in the Board papers. This ensures that proceedings are conducted efficiently and all appropriate matters addressed. Meetings are not dominated by one person or group of persons; rather the interests of all stakeholders remain at the core of all decisions.

## COMPANY SECRETARY

The Company Secretary is responsible for the duties set out in Section 88 of the Companies Act. Acorim Proprietary Limited ("Acorim"), represented by Natasha Petrides, is the appointed Company Secretary. Acorim advises both listed and non-listed clients in accordance with the Companies Act, JSE Listings Requirements and King IV recommendations.

The Board is satisfied that Acorim has the required knowledge, skills and discipline to perform the functions and duties of the Company Secretary. The Board has concluded that Acorim maintains an arm's length relationship with the Group and its Board. It is not a director of the Company, nor does it have any other interests or relations that may affect independence. In making this assessment the Board considered the independence of Acorim's directors, shareholders and employees as well as Acorim's collective qualifications and track record.

## DIRECTORS' DECLARATIONS AND MANAGEMENT OF CONFLICTS OF INTEREST

When directors become aware that they have a direct or indirect interest in an existing or proposed transaction with the Group they notify the Chair of the Board accordingly.

All directors have an obligation to update any changes in these interests before, or at, each Board meeting.

Any potential professional conflict of interests' such as a directorship in another company which is tabled for discussion, is disclosed by the director concerned and noted in the minutes. They are then required to reclude themselves from any discussions and decisions on matters in which they have identified a conflict of interest. This process was adhered to for the year under review.



## ACTIVITIES 2021

During the review year, the Board performed the following key activities, including consideration and approval of:

...

The audited annual financial statements, interim unaudited financial statements, annual report commentary, Group portfolio property valuations, as at 31 December 2020 and 30 June 2021 and the interim and final shareholder distributions for the year ended 30 June 2021;

...

The review of the Group's approach to financial gearing, with approval given to the executive directors, to increase the loan to value ratio from 35% to a maximum of 42% ;

...

The 2021 Group Risk Management Policy document;

...

2021 Vision and Strategy document of the Group;

...

Covid-19 Risk and Strategy action document in respect of deferment rentals, discount relief, deposit utilisation and authority levels granted to apply Covid relief to the Group's executive and preserve contractual income and sustainability of the Groups tenant base;

...

The Group's Code of Ethics Charter, the Diversity Policy and the Information and Communication Policy for 2021;

...

Update of the dividend cover policy document, allowing for a maximum dividend cover of 5.5;

...

The Group as a going concern status for the 12 months ended June 2022;

...

The commencement of construction of Mamelodi Square, Retail Centre as all requirements had been met;

...

The delay in the development of the Dobsonville property into a Community Retail shopping centre to a date to be determined.

...

The budget for the social upliftment and responsibility programmes for the year ended 30 June 2022.

# Risk Management

## RISK MANAGEMENT

The Group has a formal policy document setting out its approach to and control of risk management.

The Board, through its executives and the AR, together with the systems of internal control, identifies and manages significant Group risks on an on-going basis. This enables it to discharge its responsibilities for ensuring that the wide range of risks associated with its operations are effectively managed in support of the creation and preservation of all stakeholders' value. Putprop, through the AR, monitors the Group's risk management policy.









## Risk matrix

The risk management framework for this reporting period which has been presented to the AR and monitored during the year ended 30 June 2021 is detailed below.

RISK	Level	BUSINESS IMPACT	CORRECTIONAL STRATEGY
Over dependence on a single tenant– loss or failure to renew	Medium 	Substantial operational losses in Group's industrial sector with significant loss of income	Continuation of diversification into properties with diverse tenants. Staggering of lease expiry profile
Covid-19 economic and social effects	High 	Operational losses and impact on Groups Cash flows	Formal Risk management document with prescribed procedures to manage such events week to week management of our tenant base
High exposure to critical mass tenants with high vulnerability in current Covid-19 environment	High 	High risk of default due to National Government imposed regulations with subsequent high rental losses	Formal Risk management document with procedures to manage such events and specific authority levels set for relief to tenant base
Possibility of rental reversions of existing tenant base in order to maintain sustainability of tenant	High 	Substantial loss of contract rental income	Formal Risk management document with procedures to manage such events and specific authority levels set for relief to tenant base
Investment property valuations adversely effected by volatility in current market conditions due to Covid-19	High 	Danger to balance sheet loan covenants	Tenant mix and local trading conditions monitored and assessed on a regular basis











**RISKS MATRIX**  
(Continued)

<b>RISK</b>	<b>Level</b>	<b>BUSINESS IMPACT</b>	<b>CORRECTIONAL STRATEGY</b>
<i>Inability to retain and develop the management team</i>	Medium 	<i>Dividend distributions impacted operational losses and system failures</i>	<i>Implementation of attractive remuneration structures</i>
<i>Increasing compliance requirements with various Legislative acts</i>	Low 	<i>Possible failure of compliance and effects thereof</i>	<i>Internal control policies continuously renewed and updated, regular communication with industry experts</i>
<i>Ability of tenants to absorb the increasing cost of occupancy from Municipal utilities and related costs</i>	Medium 	<i>Increase in defaults, non-recoveries of all operating costs, lower yields</i>	<i>Monitoring of existing tenant's operations with assistance given to tenants who are considered beneficial to the Group</i>
<i>Economic climate challenges resulting in increased probability of business failures and loss of income</i>	High 	<i>Impact on growth and distribution</i>	<i>Close monitoring of existing tenant's operations with assistance given to tenants who are considered beneficial to the Group</i>
<i>Significant volume of leases expiring in a specific period</i>	Low 	<i>Impact on growth and distribution</i>	<i>Lease expiries monitored with negotiations with tenants held in advance of expiry and early re-lets attempted</i>
<i>Inability to maintain dividend distribution growth</i>	Medium 	<i>Loss of confidence in the market</i>	<i>Active management of portfolio and operation efficiencies</i>
<i>Political risk and labour unrest</i>	Medium 	<i>Damage to properties</i>	<i>SASRIA insurance in areas the Group operates</i>
<i>Inconsistent supply of critical services (water, electricity) and a deterioration in local authorities' service delivery</i>	Medium 	<i>Tenant loss of income and retention. Limit on growth</i>	<i>Installation of generators and water tanks for large tenants</i>

# Risk Management (Continued)

## RISKS MATRIX (Continued)

RISK	Level	BUSINESS IMPACT	CORRECTIONAL STRATEGY
Physical deterioration of properties, large percentage of property portfolio assets old, with resultant high future maintenance	Medium 	Difficulty to grow quality portfolio	Property managers perform regular property asset evaluations with rolling maintenance program
Interest rate risk	Low 	Upwards movement resulting in difficulty in accessing capital markets	Active strategy to maintain low gearing levels, funding diversification
Vacancy risk	Medium 	High vacancy levels impacting on rental income	Ensure asking rentals are market related, with flexibility on rental levels if necessary. Strong relationship with brokers, leasing incentives
Prevailing Economic conditions	Medium 	Current economic growth of +/-1.0% impacts consumer spending patterns	National tenant ratio to be high to negate risk
Liquidity	Low 	Insufficient liquidity at operational levels	Regular cash forecasts and loan maturity managed
Property Operational risks	Low 	Loss of earnings due to poor processes and controls	Monthly risk management processes in place, regular reviews of portfolio
IT failures or hacking confidential information	Low 	Daily operational failures, loss on critical data	Daily backups on site and in the cloud. Adequate fire walls in place
Fraud and Errors	Low 	Fraudulent actions by employees or executives	Internal controls reviewed regularly. Micromanagement by senior executives

Having regard for the size and life stage of the Group a dedicated internal audit function is not considered appropriate at this time. The Committee believes that no additional risk results from this omission. In addition, the Committee and Board are confident that the current IT procedures that are in place are appropriate.



# Risk Management (Continued)

## IT MANAGEMENT

As at 30 June 2021 the Group does not have its own dedicated IT infrastructure. However, the AR ensures that security policies, daily off-site backups and suitable firewalls are in place. Putprop is not considered IT critical but IT remains of high importance. Eris, Sage Pastel as well as the Bidvest IT Group maintain electronic records on behalf of the Group which include financial, rent rolls and other documents.

All accounting records and critical documents are now backed up daily a cloud-based security system

During this period all accounting records operating systems have been migrated to a cloud-based system thus eliminating hardware failure and redundancies.

## EXTERNAL AUDIT

The independence of the external auditors is recognised and annually reviewed by the AR. The external auditors are invited to attend all AR meetings and have unrestricted access to the Chair of the AR, as well as to the Chair of the Board.

## STAKEHOLDER COMMUNICATIONS

The Group subscribes to the principles of objective, honest, transparent, timeous, relevant and understandable communication of both financial and non-financial matters. Communication to the public, shareholders and other stakeholders embodies the principles of balanced reporting and substance over form.

The Board acknowledges its duty to present a balanced and understandable assessment of the Group's position in reporting to all of its stakeholders.

## CODES OF ETHICS AND CONDUCT

Putprop has formal codes of ethics and conduct that have been adopted by the Board as well as the SE and communicated to all staff. These codes are consistent with the highest principles of integrity, honesty, ethical behaviour and compliance with all laws and regulations. These codes require all directors, officers and staff to adhere to their standards and are reviewed by the SE on an annual basis.

The Board is not aware of any transgressions of the codes of ethics or conduct for the 2021 financial year. No Issues of non-compliance or prosecutions have been actioned against the Group.

## LIABILITY INSURANCE

Liability insurance providing cover for all members of the Board, both executive and non-executive directors as well as prescribed officers, are in place to cover potential legal action against them by third parties.



# KING IV APPLICATION

From 1 October 2017, all JSE listed companies were required to issue annual reports and circulars that apply the provisions of King IV. Putprop has accordingly benchmarked our governance practices against these principles. The below register sets out Putprop's compliance with King IV.

KING IV PRINCIPLE	APPLICATION OF PRINCIPLE
<b>1 Leadership</b> <b>The governing body should lead ethically and effectively.</b>	<p>The Board has approved a code of conduct and ensures that its own and management's conduct set the example for how Putprop's values are enshrined in all of its activities. Measures are in place to ensure that all Board members have sufficient working knowledge of the Group, its industry, and all key laws, rules, regulations, codes and standards.</p> <p>The Board further operates under an approved Charter, which regulates the way business is conducted in line with the principles of sound corporate governance. The Charter details the powers of the Board and provides that the Board has ultimate accountability and responsibility for the Group's performance and affairs.</p>
<b>2 Organisational Ethics</b> <b>The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.</b>	<p>The Board has assumed responsibility for the ethics of the Group by having established a code of ethics that it ensures is clearly articulated and implemented throughout the Group. The code of ethics is reviewed annually and updated where necessary to ensure that it remains relevant to the Group's activities.</p> <p>The Board ensures that compliance with the code of ethics is integrated into the strategy and operations of the Group. The Group's ethics are contained in its vision, strategies, operations, its decisions and conduct as well as the way it treats its internal and external stakeholders.</p> <p>A whistle blowing hot line has also been established which is independently managed by the Chair of the Board.</p>
<b>3 Responsible corporate citizenship</b> <b>The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.</b>	<p>The SE manages the Group's corporate citizenship responsibilities on behalf of the Board through continuous oversight over the Group's activities in respect of public health, safety, the environment, social responsibility and stakeholder engagement.</p> <p>The Board ensures that the company is a responsible corporate citizen, by complying with all legislation and regulations applicable to it and allowing for time at meetings to discuss issues relating to the workplace, the economy, society and the environment.</p>
<b>4 Strategy and performance</b> <b>The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.</b>	<p>The Board informs and approves strategy and ensures that the strategy is aligned with the purpose and objectives of the Group, the value drivers of its business and the legitimate interests and expectations of its stakeholders.</p> <p>An overview of the Group's short, medium and long-term goals, as well as an assessment of the Group's performance in comparison thereto, is contained on pages 14 and 16 of this report.</p>



KING IV PRINCIPLE	APPLICATION OF PRINCIPLE
<p><b>5 Reporting</b> The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.</p>	<p>Putprop has controls to enable it to verify and safeguard the integrity and reliability of its integrated report.</p> <p>The Board is responsible for overseeing the integrity and completeness of the integrated report and has applied its collective mind to the preparation and presentation of the report. The Board is further responsible for ensuring that the Group's reporting framework complies with the provisions of the Companies Act and the JSE Listings Requirements.</p> <p>The Board ensures that the integrated report sets out the positive and negative effects of the Group's operations on the environment and society— as well as any plans to improve the positive effects and remove or reduce the negative effects in the financial year ahead.</p> <p>The integrated report discloses details of how the board has satisfied itself that risk assessments, responses and interventions are effective.</p>
<p><b>6 Primary role and responsibilities</b> The governing body should serve as the focal point and custodian of corporate governance in the organisation.</p>	<p>The Board Charter provides that the Board's role is to act as the focal point for, and custodian of corporate governance in the Group by arranging its relationship with management, the shareholders and other stakeholders of the Company along sound corporate governance principles.</p> <p>The Board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period.</p> <p>The Board's activities in this regard are more fully set out on page 45 of this report.</p>
<p><b>7 Composition</b> The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.</p>	<p>The Board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence for it to discharge its roles and responsibilities objectively and effectively.</p> <p>The Board is comprised of a majority of non-executive members, all of whom are independent, and has a set target in terms of race and gender representation through its approved Race and Gender Diversity Policies.</p> <p>The Board chair is an independent non-executive director and is separate from the Chief Executive Officer (CEO).</p> <p>A schedule of other professional positions held by Board members is reviewed prior to all meetings.</p> <p>Periodic rotation of directors is provided for in Putprop's Memorandum of Incorporation (MOI).</p> <p>Further to the above the Board Charter encapsulates that a formal induction programme is established for new directors and that inexperienced directors are developed through mentorship and training programmes.</p>
<p><b>8 Committees</b> The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.</p>	<p>While the Board remains accountable and responsible for the performance and affairs of the Group, Board committees assist the Board in discharging its duties and responsibilities. These committees do not however, in any way, mitigate or discharge the Board of its duties and responsibilities.</p> <p>Board committees observe the same rules of conduct and procedures as the Board, unless the Board determines otherwise. The Board has constituted the following Committees: AR, SE and RNHR. Each committee has a formally determined and Board approved charter, containing clearly agreed upon reporting procedures and a written scope of authority, which is reviewed annually and approved by the Board.</p> <p>The Board ensures that suitable candidates, who have suitable qualifications, from within its structures are appointed to the above committees, so as to achieve their respective objectives.</p>

# KING IV APPLICATION (Continued)

KING IV PRINCIPLE	APPLICATION OF PRINCIPLE
<p><b>9 Evaluations of the performance</b> The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.</p>	<p>The Board determines its own role, functions, duties and performance criteria as well as that for directors and board committees. An annual effectiveness self-evaluation is undertaken in respect of the board and its sub-committees and for the year under review, the board satisfied itself that it and its sub-committees operated effectively.</p> <p>In addition, the Chair also ensures that the Board operates effectively by regularly engaging with the non-executive directors on their performance and other matters that may need to be raised with Exco. Any pertinent matters of concern are conveyed by the Chair to the CEO and filtered down to Exco.</p> <p>The Board is satisfied that the evaluation process is improving its performance and effectiveness.</p>
<p><b>10 Appointment and delegation to management</b> The governing body should ensure that the appointment of, and delegation to management contribute to role clarity and the effective exercise of authority and responsibilities.</p>	<p>The CEO is responsible for executing the Group's strategy and periodically reports to the Board in this regard.</p> <p>The Board is satisfied that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised.</p> <p>The company secretary is empowered and authorised to provide corporate governance services to the Board and management. The Board is of the view that this arrangement is sufficient.</p>
<p><b>11 Risk governance</b> The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.</p>	<p>The AR assists the Board in respect of the governance of the Group's risk tolerance and risk appetite. The implementation and execution of risk management has been delegated to the Executive, however, the Board exercises continuous oversight in this regard.</p> <p>The Board's responsibility for risk governance is expressed in its Charter as well as the Board approved Risk Management Policy.</p> <p>The Board, through the AR, ensures that appropriate risk management programmes are in place and monitors their implementation against key risk indicators.</p> <p>Each year the Board evaluates the Group's risks against current realities and resets risk tolerances as and when necessary.</p> <p>An overview of the arrangements for governing and managing risk is included in the AR report contained on pages 46 to 49 of this report.</p>
<p><b>12 Technology and information governance</b> The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.</p>	<p>The AR assists the Board in respect of technology and information governance. The implementation and execution of the technology and information framework has been delegated to the Executive, however, the Board exercises continuous oversight in this regard.</p> <p>Management regularly demonstrates to the Board that Putprop has adequate business resilience arrangements in place for disaster recovery.</p>
<p><b>13 Compliance governance</b> The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.</p>	<p>The Board ensures compliance with all relevant South African legislation, including REIT, King IV and JSE Listings Requirements. Compliance with laws, rules, regulations and relevant codes is integral to the Group's risk management process and key to ensuring that it achieves its strategy. The AR is responsible for ensuring that an appropriate compliance framework is in place and that non-compliance is reported. The SE has also been mandated to monitor the effectiveness of compliance management.</p>

KING IV PRINCIPLE	APPLICATION OF PRINCIPLE
<b>14 Remuneration governance</b> The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term.	<p>The Board, assisted by the RNHR, oversees the establishment of a remuneration policy that will promote the achievement of strategic objectives at all levels in the Group and encourage individual performance. The Board reviews the outcomes of the implementation of the remuneration policy on an annual basis.</p> <p>Non-binding advisory votes in respect of the Group's remuneration policy and remuneration implementation reports are placed before shareholders at the Annual General Meeting of the company. In the event that either of these are voted against by 25% or more of the voting rights exercised at the Annual General Meeting, the Board engages with dissenting shareholders to address legitimate and reasonable objections and concerns.</p>
<b>15 Assurance</b> The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	<p>The Board is responsible for the management of the Group's systems in respect of internal control and risk management and evaluates the adequacy and effectiveness of these processes. Internal controls are established not only in respect of financial matters, but also operational, compliance and sustainability issues. The Board, through the board committees and external assurance providers, operates within the confines of the JSE Listings Requirements, the Companies Act, King IV and the integrated reporting framework to determine the approach and direction of external reporting.</p> <p>The AR ensures the efficiency and profitability of operations, the reliability of information, and adherence to rules and regulations.</p> <p>The independent external auditor is responsible for reporting on whether the Annual Financial Statements are fairly presented in compliance with IFRS and the Companies Act.</p> <p>The SE is responsible for providing assurance in respect of Putprop's B-BBEE certification, health and safety issues, whistle-blowing, corporate social investment and other sustainability issues.</p> <p>The Board and its committees rely on management's knowledge and expertise of the various areas requiring assurance in order to scrutinise and validate the results of all external reports.</p>
<b>16 Stakeholders</b> In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	<p>Stakeholders have been identified as one of the Group's four key strategic pillars, therefore the Board has adopted a stakeholder-inclusive approach which carefully considers legitimate and reasonable stakeholder risks and concerns when reviewing and refining strategy.</p> <p>The CEO and the Chief Financial Officer (CFO) continuously engage with key financial audiences, particularly investors and analysts. Each stakeholder is communicated with through various channels such as SENS announcements, circulars and periodic reports, and feedback is encouraged in writing, telephonically or via the website.</p>



# BOARD COMMITTEES

## Delegation of authority

To assist the Board in discharging its collective responsibilities, certain Board functions have been delegated to the Audit and Risk Committee, Remuneration, Nomination and Human Resources Committee, Social and Ethics Committee and the Investment Committee. The granting of such authority to Board Committees does not release the Board of its responsibility for the discharge of its duties to the Group's shareholders.

Each committee acts within the ambit of clearly defined terms of reference as determined by the Board and the appropriate approved charter. These approved charters are subject to change as and when so required by the Board to accommodate the changing needs of the Group.

These Board Committees meet independently and provide detailed feedback to the Board via their chairpersons. The committees can make recommendations to the Board. All committee meetings are minuted and directors may raise questions arising from these minutes. The various chairpersons have confirmed that the terms of reference have been materially complied with.

The activities of all the Committees are reviewed by the members via an annual self-assessment exercise. This review is carried out by the Company Secretary. The Board is provided with regular reports by the Committee on Putprop's financial results, accounting policies, internal controls, financial reporting practices and identification of exposure to any significant risk.



## AUDIT AND RISK COMMITTEE

### Members:



H Hartley (Chair),

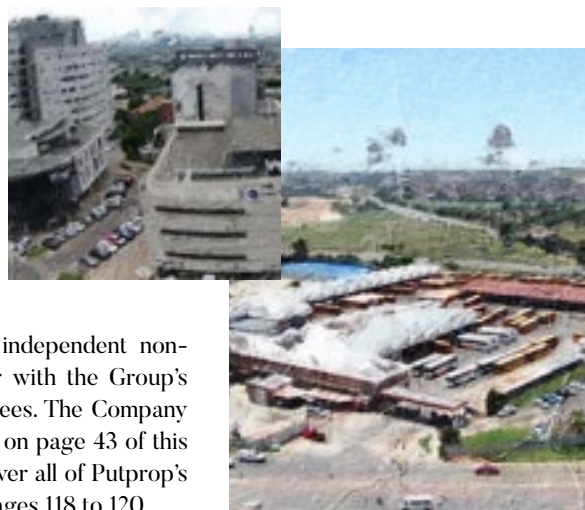


R Styber,



G Van Heerden

During the year under review the committee comprised of two independent non-executive directors. The committee met five times during the year with the Group's executive directors as well as the external auditors, present as invitees. The Company Secretary attends as secretary to this committee. The table included on page 43 of this report references attendance. The AR performs its review function over all of Putprop's and subsidiary operations and its report in this regard is set out on pages 118 to 120.



### OUR APPROACH

The Audit and Risk Committee Charter provides clear terms of reference to the AR. The AR identifies and continuously evaluates exposure to significant risks and reviews the appropriateness and adequacy of the systems of internal finance and operational controls. In addition, the AR reviews accounting policies and financial information issued to the public and provides for effective communication between directors and external auditors.

The AR's charter also prescribes that sessions may be held with the external auditors with no management present, to ensure that matters are considered without undue influence. The external auditors have unlimited access to the committee's chair.

The objective of the AR is to assist the Board in discharging its duties including but not limited to:

- the safeguarding of assets;
- the operation of adequate systems and control processes;
- the preparation of accurate financial reports and statements, complying with all relevant corporate disclosure requirements and accounting standards;
- review and submission to the Board of the portfolio valuation carried out by the executive directors in December as well as review and submission of the external valuation of the portfolio performed in June;
- approving the terms of engagement and remuneration of the external auditors;
- reviewing current and planned developments in accounting and auditing standards;
- overseeing the development and annual review of, a formal policy and strategy for the management of risks associated with the Group's operations;
- monitoring the implementation of this formal policy by means of risk management systems;
- identifying and analysing risks faced by the Group and assessing the impact, if any, on the Group's continued operations;
- assessing the risks associated with Covid-19 and what impact these will have on the Group's operations with the formulation of a Risk and Strategy document in respect of Deferment rentals, discount relief and deposit utilisation authority levels granted to the Groups executive;
- A detailed Covid-19 risk and strategy document in order to protect Group contractual income, and, where possible, ensure the sustainability of key tenants.
- making recommendations to the Board concerning risk tolerance levels and expressing formal opinions as to the process and effectiveness of risk management;
- the review and comment on the JSE Proactive Monitoring report;
- assessing and reviewing the going concern status, capital adequacy, and solvency and liquidity of the Group;
- setting appropriate risk limits and controls and monitoring such risks and adherence to limits;
- reviewing the appropriateness of the expertise and experience of the Financial Director and the finance function; and
- request from the external auditors for information for the assessment of the suitability for their continued appointment as auditors and designated individual partner for the current year. An assessment as to their independence as auditors is also undertaken.

Committee members have unlimited access to all information, documents and explanations required in the discharge of their duties. This authority has been extended to the external auditors. The committee sets principles for recommending the use of external auditors for non-audit services, to ensure that such services do not substantively undermine their independence as external auditors.

The committee has the cooperation of all directors, management and staff.

## AUDIT AND RISK COMMITTEE (Continued)

### Internal control

The Board is responsible for oversight over the Group's systems of internal control and to keep its effectiveness under review. The Board supported by the AR reviews the Group's risk profile annually. Responsibility for the adequacy, extent and operation of these systems is delegated to the executive directors. To fulfil this responsibility, accounting records and appropriate systems of internal control are developed and maintained.

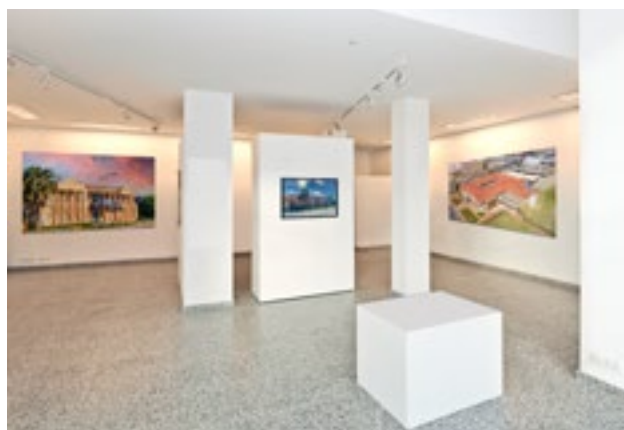
The director's report states that the Group's internal controls and systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements, to safeguard, verify and maintain accountability for its assets and to detect and minimise fraud, potential liability, loss and material misstatement, while complying with applicable laws and regulations. The Board regularly receives reports from specialist financial and property advisors setting out key financial performance indicators. Monitoring of these key indicators allows the Board to consider relevant control issues.

The directors have satisfied themselves that the systems and procedures of internal controls are implemented, maintained and monitored for the year ended 30 June 2021. No indications exist that these systems of internal control were not appropriate. Furthermore, no material loss, exposure or misstatement arising from a material breakdown in the functioning of the systems has been reported to the directors in respect of the year under review.

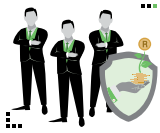
### GOING CONCERN

The AR has reviewed a documented assessment, including key assumptions prepared by Management, of the going concern status of the Group. The Board's statement on the going concern status of the Group, is supported by the AR.

The AR report is set out on pages 118 to 120.







## INVESTMENT COMMITTEE

### Members:



H Hartley (Chair),



J E Smith,



B C Carleo,



A Carleo-Novello,



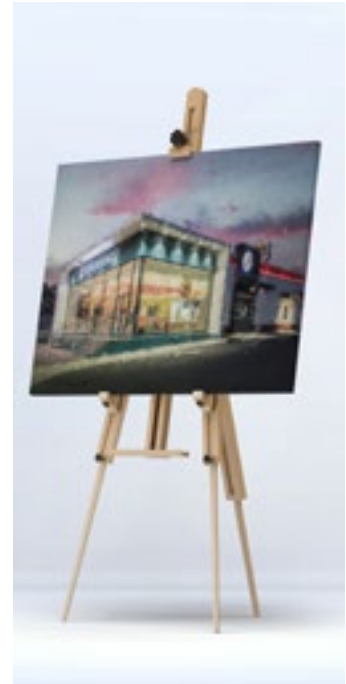
G Van Heerden,



R Styber,



D Torricelli.



The Investment Committee is appointed by the Board and ensures that the Board's mandate in respect of property investments are reviewed and adhered to.

The Investment Committee ("IC") is comprised of three executive directors and four non-executive directors.

All property acquisitions, disposals and capital expenditure proposed by the Group's executive are considered by the IC. The IC can approve such acquisitions, disposals and capital expenditure up to pre-set limits, without further Board approval. However, all acquisitions, disposals and capital expenditure are forwarded to the Board for formal ratification.

The committee met twice in this review period. All members were present.

The IC's duties and responsibilities are governed by a charter, which is reviewed annually by the Board.

The main responsibilities of the IC are:

- considering the viability of capital projects, acquisitions and disposals of property in line with the Group's strategy objectives and defined parameters;
- considering the financial viability of refurbishments, upgrades, extensions and improvements to existing properties in the portfolio;
- authorising transactions and recommending development proposals to the Board for ratification; and
- reviewing and approving the sales mandate of properties to be sold, if any.

A full due diligence is undertaken and reviewed by the committee before any property is considered for acquisition.

The duties and responsibilities of the committee do not reduce the individual and collective responsibilities of the Board in respect of the carrying out of its individual and collective fiduciary duties and legal obligations.



## REMUNERATION, NOMINATION AND HUMAN RESOURCES COMMITTEE

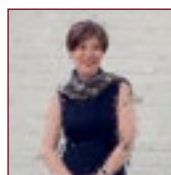
Members:



**D Torricelli**  
(Chair: Nomination),



**H Hartley,**  
(Chair: Remuneration and  
Human Resources),



**R Styber**



**G Van Heerden**

During the year under review the RNHR comprised of four independent non-executive directors. The CEO and the CFO attend meetings by invitation but are not present when discussions pertaining to their remuneration and performance are discussed. The committee met twice in the current year.

The RNHR meets to discuss matters concerning director's remuneration, the determination of general staff salary increases, bonus payments, appointment of directors and senior management, and any other relevant issues. The terms of the Committee's mandate include the following:

- developing the Group's remuneration policy;
- ensuring that the remuneration policy is applied consistently throughout the Group;
- recommending bonuses and annual percentage salary increases for staff and executives to the Board;
- ensuring that Putprop remunerates its directors and executives fairly and responsibly;
- ensuring that the disclosure of remuneration is accurate, complete and transparent; and
- developing performance measurement policies.

For more information pertaining to the RNHR's activities refer to the committee's report on pages 61 to 63.

The Group has combined the functions of the Nomination Committee and Remuneration Committee into a single entity. The Nomination Committee is chaired by the Chair of the Board when required to deliberate. The Nomination Committee meets as and when required to consider and interview candidates considered for appointment to the Board.







## SOCIAL AND ETHICS COMMITTEE

### Members:



D Torricelli (Chair),



H Hartley,



R Styber,



G Van Heerden,



J E Smith,



B C Carleo



A L Carleo-Novello.

The SE is constituted as a committee of the Board of Putprop, in terms of Section 72(4) of the Companies Act read with regulation 43 of the Companies Regulations, 2011.

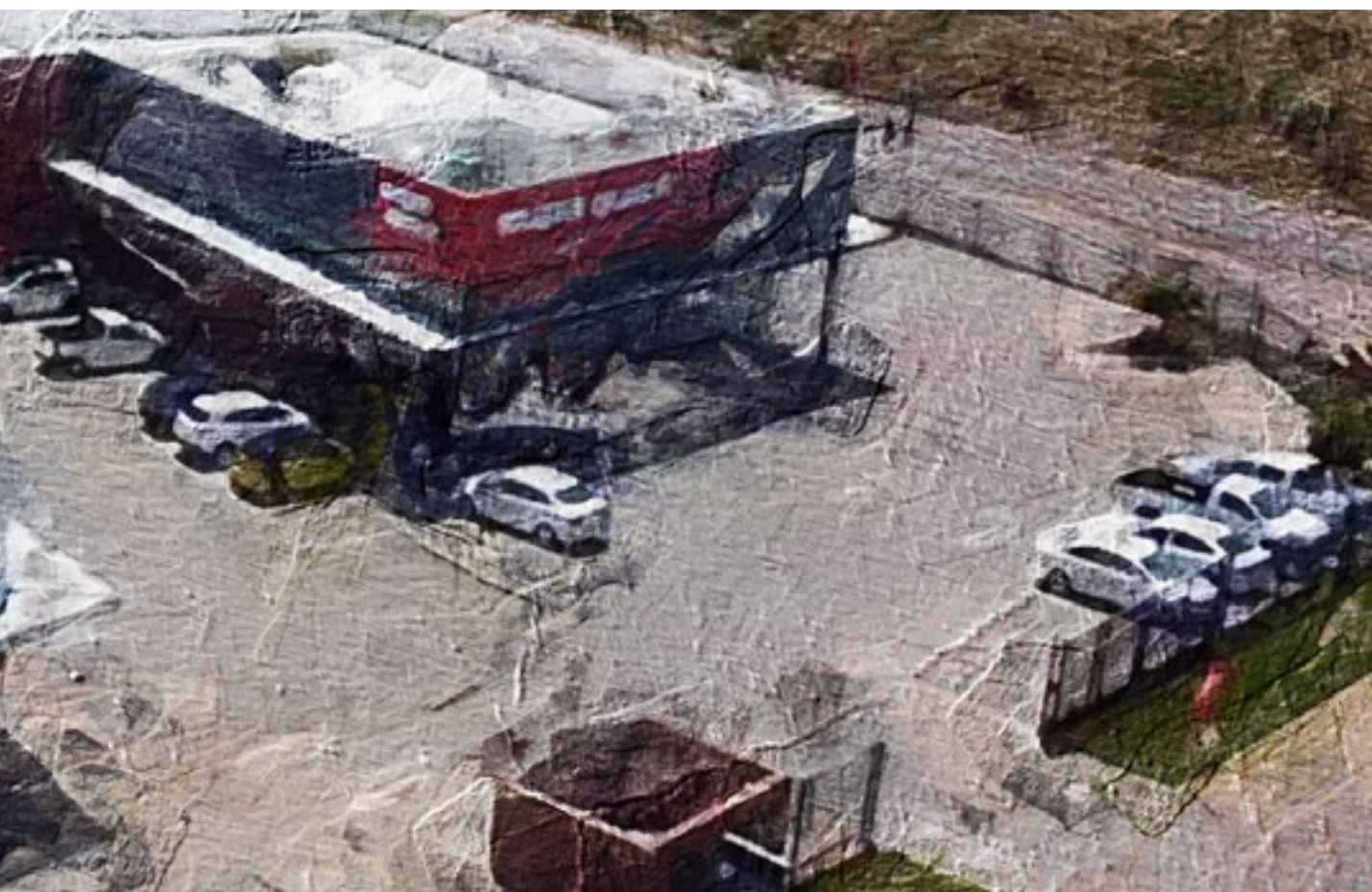
In King IV it is recommended that the Chair of the Board should not be the Chair of the Social and Ethics committee, however the entire Board sits on this committee and decision-making is done by the Board as a whole.

The SE meets twice a year to discuss, monitor and oversee the Group activities in respect of the core values and social responsibility code adopted by the Board.

The main responsibilities of the SE are:

- promoting ethical and transparent business conduct;
- reviewing the Group's compliance with current codes of best practice and the International Labour Organisation's protocols on working conditions;
- evaluating issues and requests for corporate social investment;
- ensuring the Group promotes a positive corporate image, equality and non- discrimination in its interactions with all stakeholders; and
- actively pursuing energy efficient initiatives within its scope of operations.

The SE report is set out on pages 65 to 67.









# Remuneration, Nomination and Human Resources Committee Report





# Remuneration, Nomination and Human Resources Committee Report



## OVERVIEW, TERMS OF REFERENCE AND RESPONSIBILITIES

The main objectives and terms of reference of the Remuneration, Nomination and Human Resources Committee ("RNHR Committee") are:

- Attract and retain talent at every level of the organisation;
- Motivate and synergise such talent with the core principles and objectives of the Group;
- Establish a clear differentiation between executive and all staff with regard to performance;
- Recognition of high performance, standard performance and under performance in respect of all job specifications and remunerate and reward accordingly;
- Follow an active approach to drive a high-performance culture;
- Adhere to legislative and regulatory requirements relating to remuneration policies in South Africa. All standards, taxes and statutory deductions are applied or deducted as required;
- Under performance will not be rewarded and where possible corrective measures will be employed to conform to the standard;
- Competitive and complaint remuneration packages and rates of pay must be enforced to be able to attract and retain staff; and
- Remuneration policies and the process of determining pay levels and packages to be transparent and open.

## MEMBERSHIP AND MEETING ATTENDANCE

All members of the RNHR Committee are non-executive directors, following King IV recommendations. However, the CEO and CFO attend the meetings by invitation, as non-voting attendees.

Members	Period served
<b>D Torricelli</b> (Chairman, Nomination)	Appointed 1 March 2016
<b>R Styber</b>	Appointed 1 July 2018
<b>H Hartley</b> (Chairman, Remuneration and Human Resources)	Appointed 1 March 2016
<b>G Van Heerden</b>	Appointed 1 July 2018

The *curricula vitae* of the members are set out on pages 36 to 37. The Committee held three meetings during the period. All meetings were scheduled in advance. Meeting attendance is set out on pages 43 to 44.

The Committee believes that remuneration is a key instrument to attracting and retaining competent and skilful individuals in order to become more efficient and ultimately increase returns for all our stakeholders.



## YEAR UNDER REVIEW

### Remuneration committee

The RNHR is responsible for assisting the Board to ensure that Putprop's remuneration philosophy is applied consistently throughout the Group, that Putprop remunerates its non-executive and executive directors fairly and responsibly and to ensure that the disclosure of such remuneration is accurate, complete and transparent. The RNHR is satisfied that it fulfilled its mandate during the reporting period. The RNHR will continue to ensure that the remuneration policy is aligned with furthering Putprop's strategic objectives.

Shareholders will be asked to pass resolutions at the AGM approving the non-executive directors' fees as well as separate non-binding advisory votes on the remuneration policy and remuneration implementation report.

### Background to the remuneration policy

Putprop's remuneration policy is informed by the need to attract, retain and incentivise high-quality staff in order to grow the business and create sustainable value for its stakeholders. In setting remuneration, the Board considers various internal and external factors including market benchmarks, the shortage of skills in the market and the social responsibility to reduce income inequality.

While external remuneration consultants have not been used, the Board has referred to reports from top auditing firms as guidance.

In line with the King IV recommendations, the remuneration policy has been updated to provide for shareholder engagement should more than 25% of shareholders vote against the policy and/or the implementation report at the upcoming AGM. In this event shareholders will be called upon to explain their reasons for voting against the policy and/or its implementation and these responses will be discussed by the RNHR and the Board. The Board will then decide on the best way to address the responses and identify where amendments to the policy are required. A report will be provided to shareholders regarding the engagements and actions taken.

### Overview of the remuneration policy

Putprop's remuneration policy is based on the principle that total rewards are set at levels competitive within the relevant market.

Putprop's remuneration structure generally includes a base salary and benefits. The remuneration of Putprop's executives is structured as follows:

**Base salary:** The base salary is set to be competitive when comparing the remuneration for similar positions in companies comparable in terms of size, market sector and business complexity. Base salaries are reviewed annually, considering the performance of the individual, Putprop's performance and any changes in responsibility.

**Employment benefits:** Benefits include medical aid and retirement fund membership.

The executives are bound by fixed-term contracts requiring notice periods of three months. There are no arrangements in respect of any payments upon termination of employment, and Putprop has also not paid any sign-on, retention or restraint payments during the reporting period.

Executives are assessed based on the annual performance of Putprop as well as their individual performance.

Non-executive directors are remunerated for their services as directors and these fees are submitted to shareholders for approval each year. These fees are based on per-meeting attendance.

### Implementation report

The remuneration policy has been implemented as per the above.

The total remuneration paid to non-executive and executive directors can be found on pages 114 to 117 of this integrated annual report.

### Nomination committee

The nomination committee did not meet during the current review period.

The RNHR committee is of the opinion that the current Board has the necessary management, property expertise and financing skill sets to discharge its duties as required under King IV.

The RNHR Committee on a previous instruction from the Board continued to investigate alternative performance related incentive and share schemes as well as other possible options during this review period. No formal recommendation has been approved for forward consideration to the Board.

The Committee would like to extend its appreciation to the management and staff for their assistance during the year under review.



**H Hartley**  
Chair  
Remuneration Committee  
Sandton  
19 August 2021



**D Torricelli**  
Chair  
Nomination Committee  
Sandton  
19 August 2021





# Social and Ethics Committee Report







# Social and Ethics Committee Report

## OVERVIEW

### TERMS OF REFERENCE

The SE committee has adopted a charter setting out its formal terms of reference which has been approved by the Board in the review period. These terms of reference are reviewed on a regular basis.

### MEMBERSHIP, MEETING ATTENDANCE AND EVALUATION

The SE Committee consists of three executives and four independent non-executive directors. At 30 June 2021 the SE Committee comprised the following:

Members	Period served
B C Carleo	4 March 2013 to present
J E Smith	4 March 2013 to present
A L Carleo-Novello	Appointed 1 July 2018
H Hartley	Appointed 1 March 2016
D Torricelli*	Appointed 1 March 2016
G Van Heerden	Appointed 1 July 2018
R Styber	Appointed 1 July 2018

\* Chair

The *curricula vitae* of the members of the SE Committee are set out on pages 36 to 37.

### ROLES AND RESPONSIBILITIES

The SE Committee performs a monitoring and oversight role in respect of issues detailed in the Companies Act 2008, as well as guidelines set out in King IV, and the Charter as adopted by the Board. In King IV it is recommended that the Chair of the Board should not be the Chair of the Social and Ethics committee, however the entire Board sits on this committee and decision-making is done by the Board as a whole. The SE Committee's main mandate and responsibilities are to monitor the Group's activities having regard to any relevant legislation, other legal requirements or existing codes of best practice, including:

- Ensuring that the Group supports, respects and complies with the principles, as set out in the International Labour Organisations and UGCP'S various directives on working conditions, health and public safety;
- Compliance with the Employment Equity Act;
- Accreditation efforts in respect of Broad Based Black Economic Empowerment (B-BBEE);
- Good corporate citizenship;
- Reviewing the Code of Conduct and Code of Ethics for the Group annually;
- Environmental, health and public safety, to include the impact of the Group's activities and of its products and services;
- Consumer relationships, and compliance with consumer protection laws;
- Labour and employment acts;
- Raising matters of concern and importance within its mandate to the attention of the Board; and
- Reporting to the shareholders of the Group at the AGM.

The Committee met twice during the review period identifying the key points of its role and responsibilities as identified above. The charter as approved by the Board was also reviewed.

...

### **CORPORATE CITIZENSHIP**

The Group aims to be a good corporate citizen, both in respect of community and social involvement as well as environmental issues arising out of the operations of the Group. We wish to be active in all the communities in which we operate. Our report on our community and social upliftment efforts appears on page 70 to 73. The Group's impact on the environment and relevant health and safety issues is reported on page 68.

...

### **EMPLOYMENT EQUITY, B-BBEE AND TRANSFORMATION**

Due to the small staffing complement and the present ownership structure, the status of the Group at present is that of a Non-Compliant Contributor. The Board feels, however, that it is essential that progress be made in the Skills Development and Preferential Procurement elements of the Code and that potential management input elements be addressed by means of a formal process in the review periods going forward.

The Board has therefore identified transformation as a critical area requiring further research, discussion and action in the years ahead.

...

### **GLOBAL PROTOCOLS**

The Group supports and applies the principles and guidelines as set out in the United Nations Global Compact Code and the International Labour Organisations various directives on working conditions.

...

### **WORK ENVIRONMENT**

The Group pays particular attention to its workforce. Although very small, at seven employees as at 30 June 2021, this complement is considered the Group's biggest and most important asset. Friendly and positive labour policies form one of our core values statements.

...

### **COVID-19 PROTOCOLS**

As a result of the Covid-19 pandemic, the committee reviewed the Group's protocols as instituted by management both at head office level as well as the tenant base on all of the Group's leased properties to ensure compliance with all regulations as mandated by government.

Where necessary, additional procedures were implemented to fully comply with all regulations as and when promulgated by government.

The Committee is satisfied that all necessary protocols are in place at all properties owned by the Group.

In addition, legal advice was formally taken to determine what are the legal obligations of both lessee and lessor in respect of the Health and Safety Act on the Group's properties. The Committee will assess this report and make recommendations where necessary to the Board.

...

### **SOCIAL INVESTMENT**

A register of sponsorship and humanitarian investments is maintained by the Group. As at 30 June 2021 the total value of the social sponsorship and donations was R2 040 000 (2020: R1 780 000 ). For details of humanitarian investments made for this review period refer to the community report set out on pages 70 to 73 of this report.

...

### **IN CONCLUSION**

The Committee believes that it has discharged all of its duties and obligations as required by the Groups formal terms of reference as contained in its Social and Ethics Charter.



**D Torricelli**  
Board Chair  
Social and Ethics Committee

Sandton  
19 August 2021

# Environmental Sustainability Report

## INTRODUCTION

The Board accepts overall responsibility for the implementation of policies and the advancement of sustainable development within the Group.

Managing and, where possible, reducing the environmental footprint of our properties, as well as monitoring our carbon footprint, are recognised as paramount. In addition, the health and safety of our workforce, as well as considering the safety of our tenants' workforce, are important strategic objectives of Putprop. The implementation and management of this objective will, by necessity, have to occur with the active support and input of our tenant base.



## ENERGY EFFICIENT INITIATIVES

To make informed energy efficient decisions linked to effective implementation, we need to evaluate the most practical and cost-effective means to manage our utilities.

The following initiatives have been implemented where applicable:

- An energy efficient programme that will focus on and monitor energy spend and its efficiency. We have initiated programmes to introduce more efficient light fittings and globes in all future refurbishments undertaken. Consideration is given to the fitting of energy efficient lighting, as well as the implementation of metal halide lamps in lieu of fluorescent lighting. This in many instances results in greater levels of illumination with greater energy efficiency. With the current cost structure of electricity supply in South Africa, this program can have financial benefit for our portfolio as well as our tenants.
- A water conservation and management program. The program will monitor the consumption of water to highlight variations in consumption, enabling early detection of water wastage and system defects. All new refurbishing's carried out are using low flushing mechanisms. New initiatives will be investigated, together with our tenants and local suppliers, to reduce consumption where practical.
- Climate change. In pursuing our financial activities and objectives, we believe we have a responsibility to make a contribution to reducing our carbon footprint and thus slow down climate change.
- A utility audit in respect of water and energy consumption is essential. This necessitates, by implication, that this is an on-going process. As a result, we intend to audit all our properties in the course of the next 12 - 24 months with a view to determine which properties, if any, are in need of remedial action and then to determine the appropriate response.

## OCCUPATIONAL HEALTH AND SAFETY ACT

The Group believes that it must assume responsibility to ensure that all its properties comply with the Occupational Health and Safety Act requirements.

It was noted in the previous annual report that the services of a specialised health and safety consultant would be considered in order to review our properties and ensure they meet the standard of compliance required by the various legislation. The Board considered this proposal during this review period and appointed a consultant to review all our properties. Where necessary, procedures have been implemented where shortfalls have been identified.

### Covid-19 Add on's

The additional protocols as dictated by government and best practice has now been added to this review process and implemented with immediate effect.



# Report to Our Tenants and Service Providers

## OUR TENANTS

Putprop believes that by offering our tenants the best value for rentable money, in a specific environment, and by enhancing their business success, our own business model is improved. Our philosophy is to upgrade our portfolio on a continuous basis, thereby, maximising our premises and providing better facilities to our tenants. The success of our tenant base is vitally linked to our own.

Acquisitions of properties are done after an internal risk assessment of the premises, both at a financial level and in terms of returns, as well as the long-term demand for the property, its age, its accessibility to supply routes and its suitability for tenant needs.

All our properties should provide a solid basis for our tenants to operate from, and to grow their own business. In addition, although sustainability and profitability form the reason for our operations, it is relationships and trust that make up the vehicle to achieve this objective.

## TENANT RETENTION

Our Group operates at present 39.2% of its business activities in the industrial sector, 38.7% in the commercial sector and 21.3% in the retail sector (by GLA). A small residential operation of 0.9% is also present.

Management's emphasis is to retain good tenants wherever possible, even at the expense of lower escalations or rentals per square metre. It is more cost effective to retain rather than replace tenants.

The effects of Covid-19 will make the retention of historically good tenants even more vital. Management has strategies in place which we believe will aid in this strategy.

Putprop makes use of an in-house asset management model for the control and monitoring of its property portfolio. We may utilise sector expertise on certain operational issues, where necessary.

In order to improve our services to tenants we hold regular feedback meetings with them, on a structured, regular basis. This takes the form of site visits, and presents an opportunity to interact directly with them, at an operational level. This allows us to increase efficiencies on both sides and identify areas of frustration or operational issues at an early stage and to proactively react to these.

## SERVICE PROVIDERS

The Group believes in transparent, timely and efficient dealings with all of its service providers. Where possible, use is made of community service operators, in areas where our properties are situated. Long-term relationships are established, allowing for efficient servicing of the operating requirements of our properties.



## Report to The Community - Social Initiatives

After the successful completion of our past projects, the Board again gave approval for a budget of R300 000 for the current year.

Various projects were examined by the Social and Ethics Committee, with an emphasis again on projects involving children and education as well as supporting initiatives where possible in the areas we operate in.

During the year the Social and Ethics Committee (SE) met on two occasions.

Approval was given for the following funding:

### Play Pumps Roundabout Water Solutions'

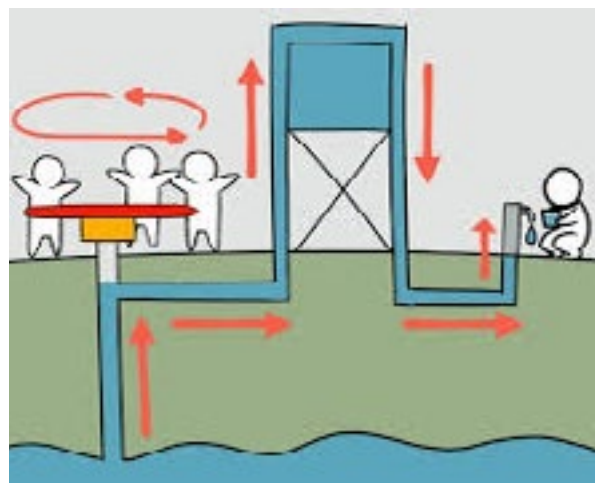
strategy is to provide clean drinking water to rural primary schools to communities where a reliable water source is not available. South Africa is a water scarce country with a very high need for drinkable water in the rural areas. Play pumps, at present, has over 900 installations, country wide.

Roundabout Water Solutions identify either unused or broken boreholes in rural areas, as well as potential borehole sites. These potential sites are ten tested to ensure the water is drinkable. Once the water is determined safe for human consumption a play wheel or old "roundabout" is fitted to the top of the borehole station.

Putprop sponsored the repair and installation of a play wheel for the Louwna Primary School. This school is situated in the North West province. No taps or water deliveries are available at the school. Water at present is collected by the schoolgirls from a nearby river.

Following on from last years' contribution of R135 000 we continued to support this initiative in the current year in respect of maintenance of the pump installed.

**Contribution**  
**R14 000.00**



## Baby Moses Children's Sanctuary

Baby Moses cares for abused, abandoned and orphaned children of all ages in Gauteng and North West Province. Their aim is for children in their care to grow up in family structures and to bring some normalcy into their lives. At present there are 175 children in their care, predominately from rural areas.

Children remain with Baby Moses until such time that their biological parents are rehabilitated (if possible) or they are placed with suitable adoptive/foster families.

A secondary function of the centre is to provide support and care to children in poor families or child headed households, rather than having them removed or placed in foster carer.

**Contribution**

**R100 000.00**

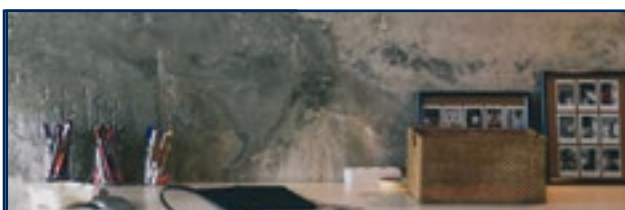


## Get Set Trust

The object of the Get Set Trust is to identify talented youth, with potential, in order to cultivate and harness that potential into excellence and brilliance. The trust torneys Grade 10, 11 and 12 performing candidates who aspire to go to a higher learning institution to obtain a qualification which equips them to pursue a profession, and create a conduit of potential future leaders.

**Contribution**

**R100 000.00**





# Report to The Community - Social Initiatives

(Continued)

## Sea Rescue Institute

Sea Rescue is a charity that saves lives in South African coastal waters. Their volunteers crews put their own lives at risk in order to save the life of a stranger. Boats are launched into the sea even during the worst conditions.

In addition they run child drowning prevention programmes in schools primarily in under privileged communities. The aim is to make children aware of the dangers around water and provide hands on practical experience of how to act in an emergency.

Contribution

**R 10 000.00**



**757**  
Rescue Operations

**949**  
People Rescued

**43**  
Animals Rescued

**500**  
Pink Rescue  
Buoys deployed  
since inception  
in November 2019

**Over  
1 300**  
highly skilled  
unpaid volunteers

No other suitable projects were identified which met the Committees requirements. An underutilisation of previous budgets approved of R280 000 will be carried forward to the 2020/2021 reporting period.



# Business Review

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# Chair's Report



## OVERVIEW

On behalf of the board of directors of the company ("the Board") I am pleased to report to our shareholders and other stakeholders on the 33<sup>rd</sup> annual financial results of the Group for the year ended 30 June 2021.

The year 2021 has continued to be dominated by the effects of the Covid-19 pandemic. Writing this report in June 2020 it was never imagined that Covid-19 would spread its effects on the world and South African economy into the third quarter of 2021.

Words such as Covid-19, lockdown, sanitisers, work from home and social distancing which entered our vocabulary in 2020, remained and were joined by phrases such as First, Second and Third Wave, Pfizer Vaccines and Delta Variant. Working from home, continued to be the modus operandi for a large section of our work force. Masks continued to be a forced fashion accessory, as did the necessity for social distancing.

Latest estimates from the John Hopkins University of Medicine reflects over 228 million confirmed Covid-19 cases world-wide with a global death rate of over 4.6 million. Vaccine doses administrated continue to lag behind, with just over 15 million jabs given in South Africa.

The out look for economic recovery worldwide is at present in a state of flux, with first world economies showing upward trends, while third world are stagnant at best, but in the majority of cases, they continue to deteriorate. The Covid-19 pandemic has also made a huge impact on the political landscape, with unrest and a demand for political change in many third world governments such as Peru, Brazil, Thailand and the Philippines.

The past 12 months have been without any dispute, the most difficult period that the property industry has experienced.

The impact on both World and South African economies has been nothing short of devastating. Unemployment statistics continue to rise in all sections. The degree of uncertainty and reluctance to current investment into the economy as a whole and all segments of the economy is a worrying trend, which will continue as long as the various government enforced lockdowns continue in a stop-go-fashion. Certain sectors such as the alcohol and hospitality sectors have been decimated due to what are seen as unreasonable government actions. We had hoped for a more certain outlook going into 2021, but sadly this has not materialised.

The listed property industry has been one of those sectors materially affected. Industrial property owners have been required to give rental relief in a number of formats from basic deferment of rentals through to 100% rental discounts, in some cases up to six months, in order to retain and ensure the sustainability of their tenant base.

Putprop has had to be active in all of these areas listed above. No relief or support, both from central government as well as municipalities in which we operate was received. Some municipalities have continued to increase rates on properties, well above inflation rates, as has Eskom in the power field. These increases are utilised to fund the ineffective and inefficient structures at present in place, and not to improve efficiencies or ageing infrastructure. This results in pressure being exerted on the ability of listed property funds to maintain yields of their property portfolios.

## THE PROPERTY OPERATING ENVIRONMENT UNDER COVID-19

Due to the exposure of property investment companies to all sectors of the economy—retail, industrial and commercial as well as a wide variety of tenants operating in these segments, the effect has been even more extreme for companies operating in this market.

Tenants, both nationals and line shops, have all suffered losses of income which flows down to what rentals they are able or prepared to pay in order to remain sustainable.

The fragmented lockdown period, extending from March 2020 until the date of this report has resulted already in many tenants not being viable without assistance from various sources. Property owners are often first on any tenants list for assistance.

The uncertainty of when the various lockdown levels implemented by government will be relaxed, lifted or reintroduced, as well as the piecemeal administration of these levels has added to this uncertainty.

The vaccine roll-out has been largely a failure at government level. Fortunately a concerted effort by the private sector seems to be improving this outlook.

There is no past history or template in order to react to the many challenges created by the Covid-19 pandemic.

This past 15 months, have taught us not to be complacent or believe this is a short-term phenomenon.

Both the second and third waves have presented additional operating challenges, where in some cases substantial discounts and lease reversions being granted in order to try to stabilise our tenant base in various properties, and in all sectors. Some tenants have unfortunately failed, but in the main, we have succeeded in retaining our key tenants.

Management has had to change, modify or rethink its response to Covid-19, often on a weekly basis as a result of the various lockdown structures imposed during the past 15 months. Strategies that were sufficient under one lockdown level, often had to be redesigned under a more severe level.

Hand sanitising stations, more emphasis on hygiene in ablution blocks, social distancing measures, temperature controls, were all implemented at our various properties.

Preservation of cash and tenants will be critical for all property investment companies for the immediate future.

## RESULTS

Putprop has delivered steadily over the past three decades in terms of returns, sustainable profitability and distributions. Our approach continues to be one of conservative growth and limiting risk to our stakeholders, with the primary objective of building a quality property portfolio evenly spread over all three operating segments, with strong contractual cash flows and capital appreciation. Our dividend distribution policy, our 33<sup>rd</sup> consecutive pay-out, continues to provide consistency and certainty to our shareholders as well as reward them for the trust and confidence they have given to the Group over the past years. The executive will strive to continue this approach despite the current uncertainties globally and locally.

However, the Group has managed to limit the effect of this pandemic to a large extent, with careful interaction with all of our tenant base both at Group and company level by offering assistance and thus attempting to accommodate their continued sustainability. This resulted in relief being granted in many instances to our tenants combined with cost cutting exercises.

The South African Reserve Bank's cut to the prime rate has also contributed positively to efforts to reduce the impact of Covid-19.

The review period reflects a increase of 67.5% (2020: decrease of 44.1%) on Putprop's profit before taxation, fair value adjustments and finance costs. Headline earnings at 71.7 cents per share (2020: 48.23 cents per share) were 48.7% up. Group net profit before taxation was substantially up at R22.5 million (2020: R10.0 million). This arose from a substantial increase in the valuation of Summit Place included for the first time in the group reporting, as well as improved profits from our associates. A profit of R16.1 million was reported compared to a reported loss of R7.4 million in 2020.

Corporate expenses remained controlled during the review period, with finance costs decreasing due to interest rate cuts. Property expenses were up 31.8% at R26.1 million (2020: R19.8 million) due to the inclusion of Summit Place. It is difficult to compare current results to those results reported for the 2020 period due to the inclusion of Summit Place. Rental income was included for one month only and does not impact significantly. Conversely, the fair value adjustment, made for the revaluation of the portfolio, does impact the results, in conjunction with, the reported figures on the Statement of Financial Position.

The directors have decided to declare a final dividend of 10.75 cents per share payable after 30 June 2021 (30 June 2020: 5.75 cents). The total declared dividend for the year is 15 cents per share (2020: 14 cents).





# Chair's Report (Continued)

## PROPERTY PORTFOLIO AND ACQUISITION OF SUMMIT PLACE

At 30 June 2021, our property portfolio consisted of 16 (2020: 14) properties, situated primarily in the Johannesburg and Pretoria metropolitan areas of Gauteng valued at R1 056 million (2020: R562.1 million). The performance of the investment property portfolio was strong with average annual property yields of over 9% (2020: 9.5%). The portfolio has a total gross lettable area of 99 848m<sup>2</sup> (2020: 68 553m<sup>2</sup>).

During the last quarter of this reporting period the Putprop board agreed to consolidate the equity it held (61.211%) in Pilot Peridot into the Group structure. Previously, this had in the past, been reflected as our associate, over which the Group had significant influence in operations. An additional two directors of Putprop were appointed to the Pilot Peridot board. Putprop now has full control of the board, with four out of seven appointed directors.

This has resulted in 30,423m<sup>2</sup> of a GLA being added to the Group's Gross Lettable Area.

The Group will also continue its strategy to acquire the balance of the minority shareholding.

This acquisition, will add substantially to the Group's rental streams and cash flow holdings. An increase in the mandated loan to asset value (LTV) to 42% was approved by the Board to accommodate this transaction 39.3% (2020:23.8%). Our LTV after acquisition is now 39.3% (2020: 23.8%).

I am also please to report, that the development of Mamelodi Square, a retail shopping centre in Mamelodi, has finally passed all of the required tenant and yield hurdles. Construction has started in late July, with a completion date of October 2022. This is a joint operation with McCormick Development Company (50% holding each).

The Board is of the opinion that these acquisitions will add substantially to the capital growth, future contractual rentals and property yields of the Group.

The Group will, however, continue to actively pursue other potential acquisitions during the coming year.

The long-term objective of diversifying its property portfolio further into commercial and retail properties remains a core policy, as does that of further diversification of its rental stream base in order to reduce risk from a limited number of tenants.

## BOARD EVALUATION

The Board annually evaluates its effectiveness and performance as a collective as well as the performance of its committees and the individual directors. During the period under review a formal evaluation was performed on the Board for the 2021 cycle.

The Board was found to be adequate to its tasks. The Board has identified and will discuss several matters which merit a more formal treatment. None of the directors raised major concerns in respect of the functioning of the Board or any of its committees.

## PROSPECTS

Our strategy continues to be that of enhancing our property portfolio by investing in suitable industrial, retail and commercial properties to improve our income streams.

I believe that our results compare very favourably with the listed property sector and this is reflected in a increase in our dividend payment to shareholders.

Looking ahead, we believe property fundamentals will be under pressure for the foreseeable future. Growth, if any, in gross domestic product is forecast by most economists to be in the region of 2% for the 2022 year. Trading conditions in the year ahead are expected to remain challenging with capital and dividend growth in the property sector of around 3% - 6%.

Going forward it is the Group's intention to continue to uphold its policy of strong tenant retention and focus on cost controls, while maintaining the value of its existing portfolio through aggressive maintenance and renovation policies.





## IN CLOSING

The advent of the Covid-19 pandemic has resulted in the "Zoom" meeting phenomenon. Although these virtual meetings have allowed our board and executive, to continue to manage the Group operations, the loss of personal face-to-face contact in my view is a negative. We hope to be able to reinstate this "in person" attendance both at board, tenant and stakeholder levels in the near future.

Given the current business climate, I wish to express my appreciation to the people who contributed to the Group's success and performance, in particular our tenants for their continued support, as well as all our shareholders and other stakeholders.

Finally, I thank my fellow directors for their contributions, insights, judgments and support, and the executive and staff for their work in delivering operational results that are extremely pleasing, under difficult conditions.

A handwritten signature in black ink, appearing to read 'Daniele Torricelli'.

Daniele Torricelli  
Chairman  
Johannesburg  
22 September 2021



# From The Chief Executive Officer



## BUSINESS AND MARKET OVERVIEW

On behalf of the Board, I am pleased to present Putprop's 33<sup>rd</sup> annual report for the year ended 30 June 2021. The current year has again thrown a substantial "curved ball" at the listed property sector. We continue to face daily challenges brought about by the Covid-19 pandemic in 2021.

The impact of the pandemic's long-term effect on the property sector has resulted in a marked slowdown in the demand for office space as a result of the new "work from home" trend in many businesses with a further knock on effect of a predicted increase in the vacancy profile of this sector. In the retail sector the over saturated retail space has resulted in closures of retail shops on a scale not previously seen. Restaurants, gyms and small line shops will struggle to survive the effects of a lockdown now entering its 15<sup>th</sup> month.

The selective application of the various lockdowns with its unique treatment of certain sectors of the economy such as tobacco and liquor has only accelerated this trend.

## GROUP RESPONSE AND STRATEGY FOR COVID-19

In order to attempt to limit the risk of tenant failures due to the effects of the pandemic and subsequent government restrictions placed on people and the economy to contain this virus, those companies operating in the property sector have had to develop a strategy to resolve this risk.

The strategy approved during 2021 by Putprop's executive continued to be in effect for this financial year. The necessity for relief during 2021 was more substantial and of a longer nature, than in the previous period:







## COVID-19 ACTIONS

- Tenants who are in good standing in terms of their lease contract and who fall into those categories directly impacted by the Covid-19 restrictions will be considered for assistance;
- Where possible, a policy of deferment between 50% to 100% of rentals due will be preferred. Such deferment will be allowed during any period the tenant has been unable to occupy the premises and will be reviewed monthly. Repayment of such deferments granted will be over a six to nine month period and will be interest free;
- Where closure of those tenants' business appears certain, due to major cash constraints brought about solely by the effect of the pandemic and they are unable to sustain their operations, a further policy of rental relief in the form of discount will be considered;
- In cases where specific industries have been severely impacted such as restaurants liquor outlets and gyms, rental relief will be considered on a case by case basis. Extension of the existing lease will also be negotiated;
- Rental deposits held will, in certain cases be expropriated with the tenant's consent for rental liability due;
- All municipal expenses will be settled by the tenant as and when due.

This policy obviously has an effect on contractual rentals, but the Board continues to believe that retention of tenants on a long-term basis is essential with short-term costs acceptable in order to maintain the Group's tenant base.

Rentals going forward, already subject to tenant pressure, to reduce rates and lease periods, will continue into the next reporting period. We have renegotiated certain key lease contracts in order ensure tenant survival and protect our rental stream.

The decision to include Summit Place in our reporting review for 2021, has had a material positive effect on the Group's portfolio. This year saw the portfolio valued at over R1 billion rands for the first time. Due to its inclusion only from 1 June, the effect on profitability was negligible for 2021. Summit Place will have a material effect upwards, in 2022 in respect of reported profitability.

The valuation performed by JLL the external independent valuers saw the effects of Covid-19, influence significantly certain property values. Notable properties affected, were Dubigeon and Parktown Towers where downward adjustments of 11.3% and 34.5% were considered necessary. Overall, like on like, that is without the inclusion of Summit Place, a 5.3% or R28.4 million write down was necessary. With the inclusion of Summit, the portfolio was flat at 0.2% increase.

The large write down of Parktown Towers resulted entirely from the renegotiation of an existing lease to a new lease on less favourable terms to the Group. Sustainability of the tenant was considered critical due to the rental contributions received. The new lease structure should allow this to continue.

The next reporting period is expected to continue to be challenging on all fronts.

Putprop's Executive believe however, that the Group has reacted timeously and aggressively to try to mitigate the effects of Covid-19. Our results, substantially up, on the previous reporting periods reflect this.

Recovery will be slow and painful. Political unrest cannot be discounted and the large increase in unemployment expected will, cause concern in the future.

We will, however, continue as a Group to actively seek out portfolio additions that will meet all the parameters as determined by the Board, which will include limited financing for large acquisitions.

Vacancies in all property segments of the property market continued to deteriorate, a trend severely impacted by the effect of the pandemic. The vacancy rate at year end was 2.3% (2020: 16.3%). This is an achievement we are particularly pleased with in the current volatile vacancy space.

The Group's yields on the various market segments, were commercial at 13.8%, industrial, our main sector at 14.3% and retail at 9.2%.

# From The Chief Executive Officer (Continued)

## PERFORMANCE OVERVIEW

Operations for this review period although challenging for the Group, managed to reflect a substantial improvement on the previous year.

The Group's profit summary for the year was as follows:

	2021 R'000	2020 R'000	% Increase/ (Decrease)
<b>SUMMARY OF PERFORMANCE</b>			
Rental income and recoveries	73 075	73 891	(1.1)
Property operating costs	(26 185)	(19 856)	31.8
Profit from property operations	46 891	54 035	(13.2)
Corporate and administration costs	(12 144)	(11 566)	5.0
Associated companies profits/(losses)	16 063	(7 433)	114.6
Finance costs	(11 303)	(12 623)	(10.4)
Fair value adjustment - investment property*	(28 761)	(14 688)	95.8
Profit for year	22 507	10 039	122.7

<b>SUMMARY OF KPI'S</b>			
Property portfolio	1 056.710	541.121	95.2
Vacancy profile	2 238	11 163	(80.0)
Covid-19 relief	—	678	(100)
Lease renewals	94.1	94.4	(0.3)
Escalation rate combined %	7.2	7.5	(4.0)

\*Like on like, 5.3% down

The Group reflects operating results that are substantially up on our previous reporting period. Rental revenue losses were well controlled during the Covid-19 pandemic with a small downward movement of 1.1% (2020: 2.9% down). Property costs at 31.8% up (2020: down 1.12%) were high with the inclusion of Summit Place contributing solely to this. Operational efficiencies continued to be an area of importance for management.

Headline earnings increased from 48.23 cents per share in 2020, to 71.7 cents per share in the review period a increase of 48.7%.

The net asset value of the Group increased to 1 452 cents per share (30 June 2020 at 1 329 cents).

An interim dividend was declared in March 2021 of 4.25 cents per share (2020: 8.25 cents per share). The Board has approved a final dividend of 10.75 cents per share (2020: 5.75 cents). This brings the total distribution for the year to 15 cents (2020: 14 cents).

Cents per share	Interim	Final	Total
June 2019	6.0	7.0	13
June 2020	8.25	5.75	14
June 2021	4.25	10.75	15

Our full year dividend for June 2021 has increased by 1.0 cents per share or 7.1%. This reflects the results achieved by the Group, despite the effect of the Covid-19 pandemic.

## EXPANSIONS AND REFURBISHMENTS

No major expansions, tenant refurbishment or revamps, were attributed for the year under review (2020: R nil).

Capital expenditure of R0.75 million was approved for this review period, (2020: R2.9 million). No other capital expenditure has been approved by the directors since the date of this report.

## PORTFOLIO OVERVIEW







The geographical spread and sectoral profile of the Group's investment portfolio is reported on pages 93 to 95. The lease expiry profile on page 96 to 97 of this report reflects that 21.8% of the Group's leases expire during the coming year (by GLA) including monthly rentals.

The Group's property portfolio as at 30 June 2021 consisted of 16 properties (2020: 14 properties) with a gross lettable area of 99 848m<sup>2</sup> (2020: 68 553m<sup>2</sup>). Full details of the property portfolio appear on pages 78 to 79 of this report. The entire portfolio was independently valued at 30 June 2021 with a fair value adjustment downwards of R31.7 million (2020: R1.9 million up). National tenants form 26.7% of the tenant base (2020: 27%). Vacancies were 2.3% (2020: 16.3%).

Our leases continue to be weighted towards national, listed and franchise tenants, giving stability and a low risk profile to the portfolio in respect of defaults. Annual escalations of the gross tenant rental income for the following 12-month period are 9.6% retail, 13.7% commercial and 14.3% industrial.

## TOP PROPERTIES

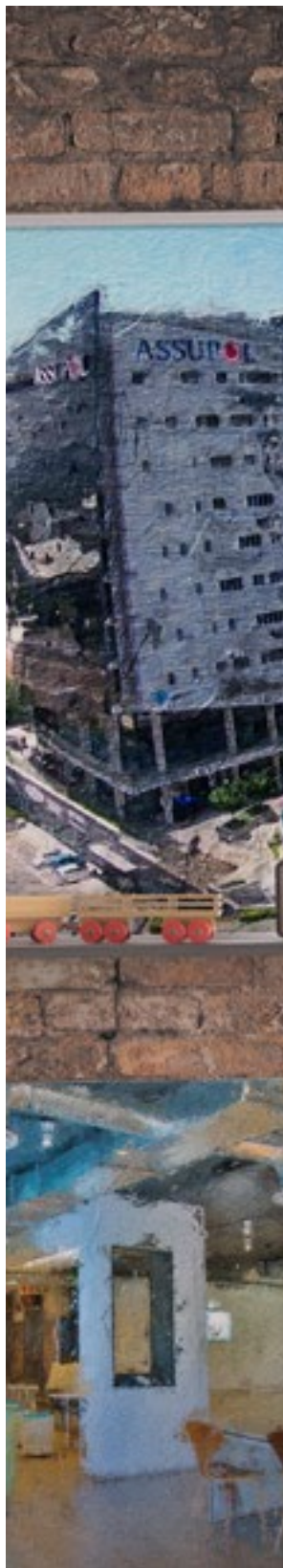
The Group's top investment properties by value and gross rental contributions are:

	Property	Gross lettable area m <sup>2</sup>	Rental contribution %	Value 30 June 2021 R'000
	Summit Place	30 969	4.6% *	527.800
	Secunda Value Centre	9 631	7.1%	126.500
	Parktown Towers	4 666	15.4%	71.800
	Putcoton	9 559	16.9%	56.310
	Corridor Hill	5 835	8.0%	46.310
	Eagle Canyon	2 423	4.5%	40.900

\* Contribution reflected for one month only.



## From The Chief Executive Officer (Continued)



### RETAIL SECTOR REVIEW

The national market in retail sales have slowed down considerably with the Covid-19 knock-on effect on shopping centres, with the national average vacancy rate increasing to 7.8% per year. All retail segments witnessed an increase in vacancy rates, with large malls higher than the small community centres. We have tended to follow this trend.

There were no additions to the retail portfolio for the year (2020: Rnil). Leases that expired during the current year, were not all successfully renegotiated. Rental reversions arising from the effects of Covid-19, have in certain instances been approved in order to maintain the tenant base.

Secunda Value Mart and Corridor Hill again were the main contributors to our retail rentals during the reporting period.

The retail properties make up 16.8% (2020: 30.0%) of the total gross lettable area of the property portfolio and 33.7% (2020: 36.0%) of rental income.

This segment was revalued down by R3.9 million (2020: R 8.9 million down).

Vacancies at year end were 1.1% (2020: 0%)

### COMMERCIAL SECTORAL REVIEW

The national office market remains under pressure with the vacancy rate increasing to 12.8%. Putprop's exposure is limited to three properties. A material rental revision was granted to our Parktown Towers tenant, during this period. Summit Place was included in to the portfolio for this reporting period. This resulted in a substantial movement in rentable GLA upwards of 30.423m<sup>2</sup>, with a value of R527.8 million. We expect a substantial contribution to Group results for the 2022 period.

Vacancies increased slightly in this period from nil in 2020 to 1.2% at the year end.

Our exposure to the commercial segment is 40.2% (in respect of GLA 2020: 10.2%) which has increased substantially with the inclusion of Summit Place. Contractual rental accounts for 21.1% (2020: 22.6%). The sector was revalued down by R37 million as at June 2021 (2020: R4.4 million increase).

### INDUSTRIAL SECTOR REVIEW

The industrial sector continued to be the Group's best performing sector, rental wise, as it has been over the last five years. Contractual rental income increased, rand wise to R28.6 million or 38.8% (2020: R20.6 million and 41.4%) of the Group's total rental income. Our Dubigeon property with a large GLA was tenanted on a monthly basis as at year end. Vacancies decreased to 0% from 16.3% in 2020.

The national vacancy average is around 4–6%.

The industrial portfolio was flat from a valuation view.

The average contractual escalation at June 2020 is 8%. Our industrial properties make up 41% (2020: 59.8%) of our total gross lettable area.

A large number of the industrial properties held by the Group, are category 'C' properties requiring high maintenance costs to preserve these assets in a reasonable condition.

### BORROWINGS

The Group has borrowings of R402.9 million (2020: R136.3 million). Loan to value (LTV) funds stand in at 39.8% (2020: 24.2%) which is below the mandated LTV approved by the Board of 42% (2020: 35%). The increase in borrowings from 24.2% to 39.8% arises from the inclusion of Summit Place in the Group's results.

## FORWARD-LOOKING STATEMENTS

The statements contained in this integrated report may contain certain forward-looking statements relating to the Group that are based on the beliefs of the Group's management as well as assumptions made by and information currently available to the Group's management. These forward-looking statements are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to the Group's business prospects, future developments, trends and conditions in the industry and geographical markets in which the Group operates, its strategies, plans, objectives and goals, as well its ability to control costs.

## THE YEAR AHEAD

Looking ahead, we believe that the next 12 months will continue to present unique challenges for the property sector. Covid-19 will continue to impart its negative influence on all global economies including South Africa, well into 2022. Continued pressure on rentals, lease terms, escalation rates and vacancies will exist for many years. Operations wise, Putprop will experience challenges in retaining tenants in all these areas as will all Listed property entities. Management's efforts will be strongly focused to reduce the effect of these challenges.

The current interest rate cuts continue to reduce some of these effects.

We will continue, with our strategy of diversifying our portfolio, into both the commercial segment as well as new geographic areas, in order to deliver long-term growth for our shareholders.

Finally, I would like to express my thanks and appreciation to the Chair and the Board as well as to all staff for their support and input over the past year.



**Bruno C Carleo**  
Chief Executive Officer

Johannesburg  
1 September 2021



# Investment Portfolio

## OVERALL MARKET REVIEW AND THE EFFECT OF COVID-19 PANDEMIC

Covid-19 continues to cause severe strain on the listed property market, where no property Group has escaped its impact.

The sector at one stage traded 40% down from its early 2020 high. Fortunately, some recovery has begun but property levels are still well below historical highs.

The effect on profitability and portfolio values have been substantial, particularly in the retail and commercial market.

The over supply of office space, particularly in Sandton and Rosebank, was worsened by a pipeline of new developments.

After the pandemic broke, with its devastating impact on lives and livelihoods, as well as an increase in fibre rollout, the office market was further exposed in respect of space needed.

The direct effects of the pandemic in terms of rental relief and discount packages granted to tenants has had a huge impact on all segments of the property market. Rentals have been substantially reduced for the periods March 2020 through to July 2021 and for some tenants still effected by Stage 4 of the lockdown imposed by government, this will continue for a unknown period. Lease renegotiations have become a necessity to ensure the tenant base.

Portfolio values have been written down across the board as a result of these factors.

Both capital and income returns in the property market, are expected to remain under severe pressure with returns forecast of around 5% to 8% for 2022.

Vacancies are likely to remain a major cause for concern.

A protracted period of market turmoil with a sharply increasing vacancy rate seems probable in the short term

Office vacancies at 16.5%, are at an all-time high, and the popularity of the "work from home" scenario has left many questions for this segment. The industrial segment held steady at around 4% with the retail segment at 5.8%.

The headaches of retail property owners should continue to provide challenges, according to the latest Rode's Retail Report. The report highlights the continued decline of trading densities in malls and large centres, amid slow sales growth and oversupply. Only small locally based community centres continue to show growth. Online retail is destined to become far more significant as time progresses. For now, it is the economic weakness and its resultant impact on the consumer that is the main challenge for retailers.

A noticeable continuing trend was the higher operating costs, in particular that of municipal fixed and consumption costs, arising from high Eskom tariffs. Operating costs increased as a result in excess of 37% of gross income over all property sectors (up from the previous period, 35.7%).

This upward trend is expected to continue in 2022.

## PORTFOLIO SUMMARY

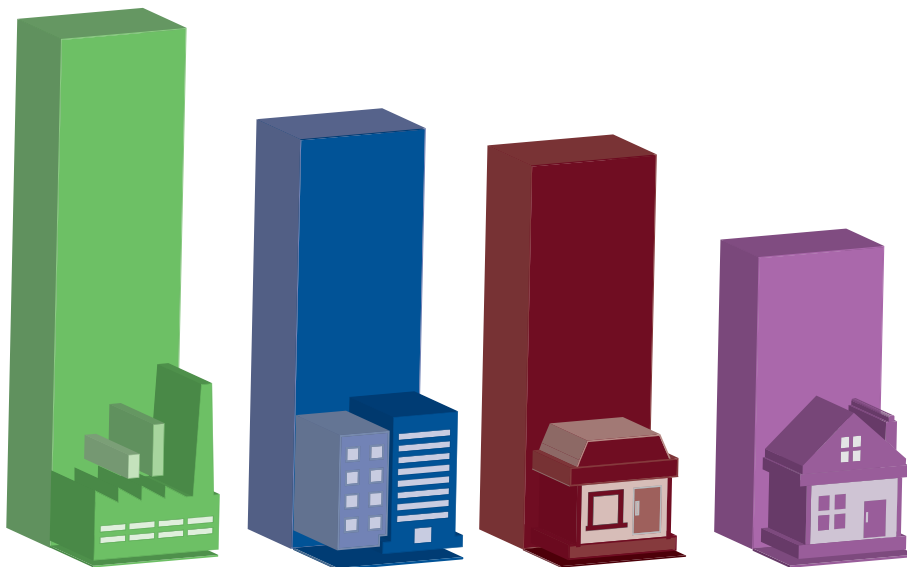
The Putprop property portfolio at 30 June 2021 consisted of 16 properties (2020: 14) and two properties held for resale with a total market value of R1 056.7 million (2020: R562.1 million) and a gross lettable area of 99 848m<sup>2</sup> (2020: 68 553m<sup>2</sup>). The portfolio is valued annually by an independent external valuer. Refer note 17.

The effect of the pandemic was fairly substantial in the Putprop Group (excluding the inclusion of Summit Place) in the current year.

A downward valuation of R28 380 was considered necessary, largely resulting from our Parktown Towers property.

With the inclusion of Summit Place, a small upward valuation of R1.240 million (2020: R1.9 million up) resulted.

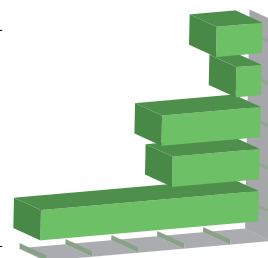
## PORTFOLIO SECTOR KEY





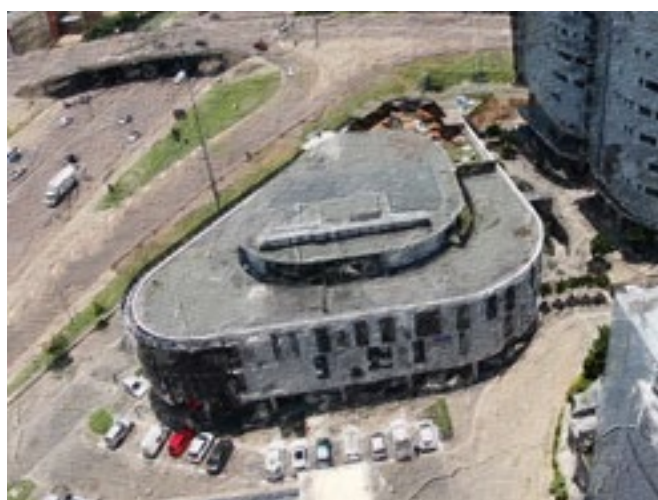
## FINANCIAL PERFORMANCE SUMMARY FOR THE TOTAL PORTFOLIO

	2021 R'000	2020 R'000	Change %
Gross property revenue	73 075	73 890	(1.3)
Property expenses	26 184	19 856	(31.8)
Net property income	46 891	54 035	(13.5)
Property expense ratios (%)	35.9	26.8	33.9
Weighted average rental m <sup>2</sup> (combined)	84.0	61.8	22.2

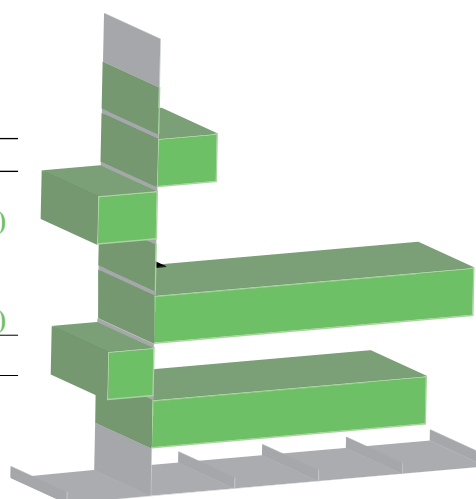


GLA summary	GLA m <sup>2</sup>
Balance at 1 July 2020	68 553
Disposals	—
Acquisitions and extensions*	31 295
Balance at 30 June 2021	99 848

\*Adjusted for acquisition of Summit Place



Vacancy summary	Area m <sup>2</sup>	%
Balance at 30 June 2020	11 163	11.2
Leases expired or terminated early	22 274	22.3
Renewal of expired leases	(21 108)	(21.1)
Vacant property sold during the year	—	—
Tenants vacated	1 757	1.8
New letting of vacant space	(11 848)	(11.9)
Balance at 30 June 2021	2 238	2.3



# Investment Portfolio (Continued)

## TENANTS

National tenants comprise 26.7% of the portfolio tenant profile by rental income (Standard Bank, Liberty, Massmart and Super Group). The average property value was R66 044 million (2020: R 40.01 million). Geographical and sectoral distribution is reflected in the graphs on pages 93 to 95. The portfolio by value reflects a more concentrated weighting in this reporting period, in the commercial sector due to the inclusion of Summit Place. Industrial and retail weightings are reflected at 17.7% and 23.2% respectively with commercial at 58.3%. As a result of the acquisition of Pilot, a small residential component has also been added to the Group of 0.8% (2020: nil). See graph on page 93. At present the portfolio continues to be predominantly situated in Gauteng with one property in the North-West and one in Mpumalanga. Again, should opportunities present themselves for investment in other regions, these would be investigated.



### TOP 6 TENANTS -GROSS MONTHLY RENTALS FOR PERIOD



**Larimar Limited**

**34.1%**

**R22 740 000**



**Cavi Holdings**

**14.4%**

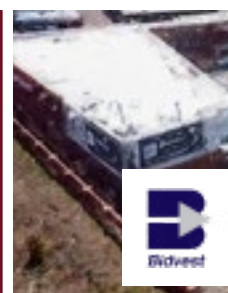
**R9 596 000**



**Builders Warehouse**

**7.9%**

**R5 169 000**



**Bidvest**

**6.4%**

**R4 288 000**



**Super Group**

**5.0%**

**R3 333 000**



**Westpak Lifestyle**

**6.0%**

**R4 042 000**

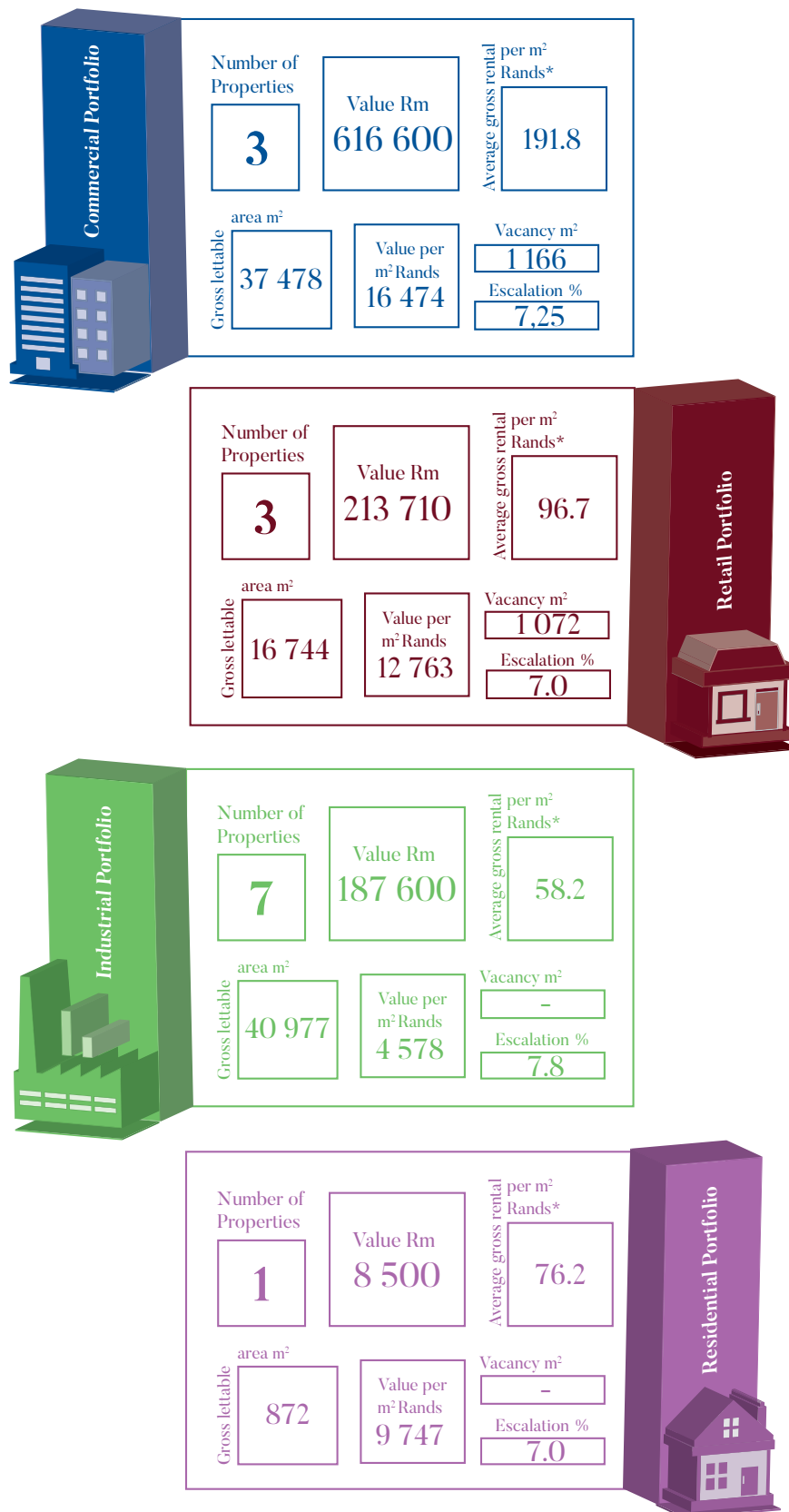
Note: Summit Place has not been included in the top 6 tenants as rental received for one month only.

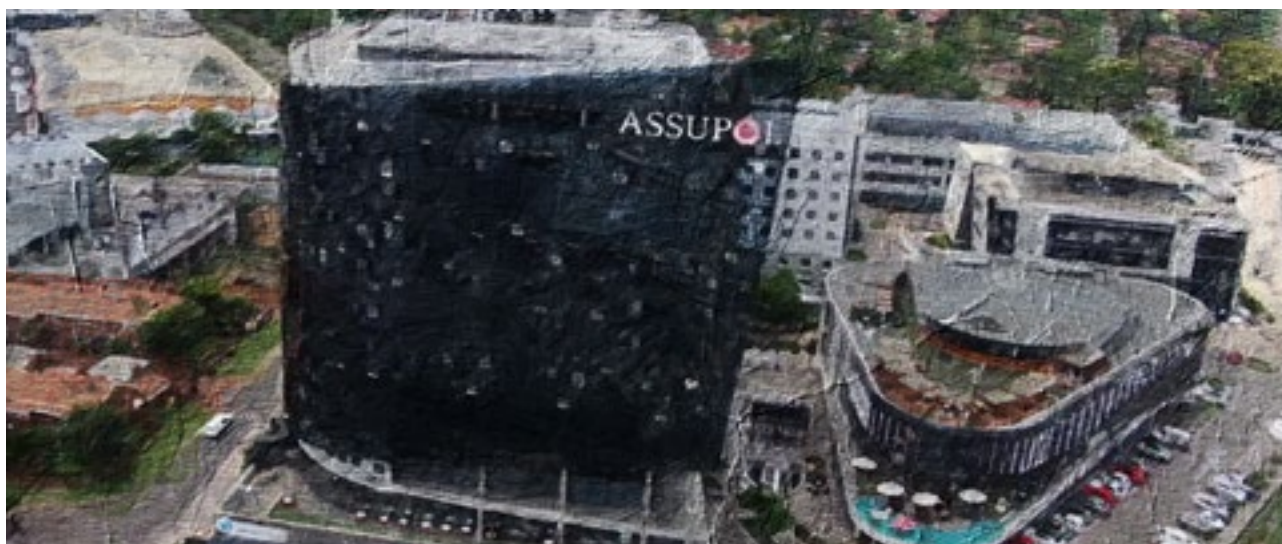
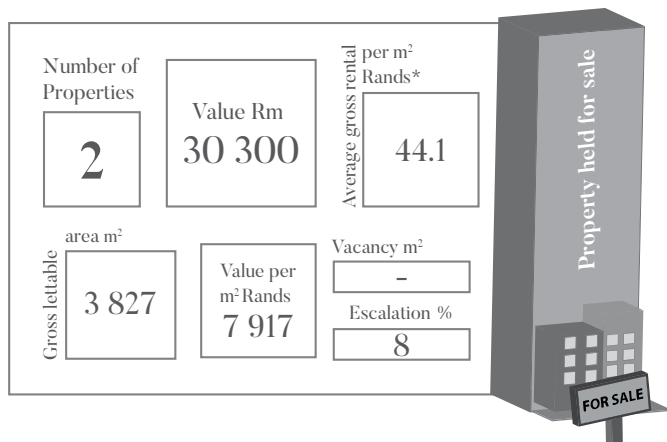




# Investment Portfolio (Continued)

## PROPERTY PORTFOLIO Overview for the year ended 30 June 2020



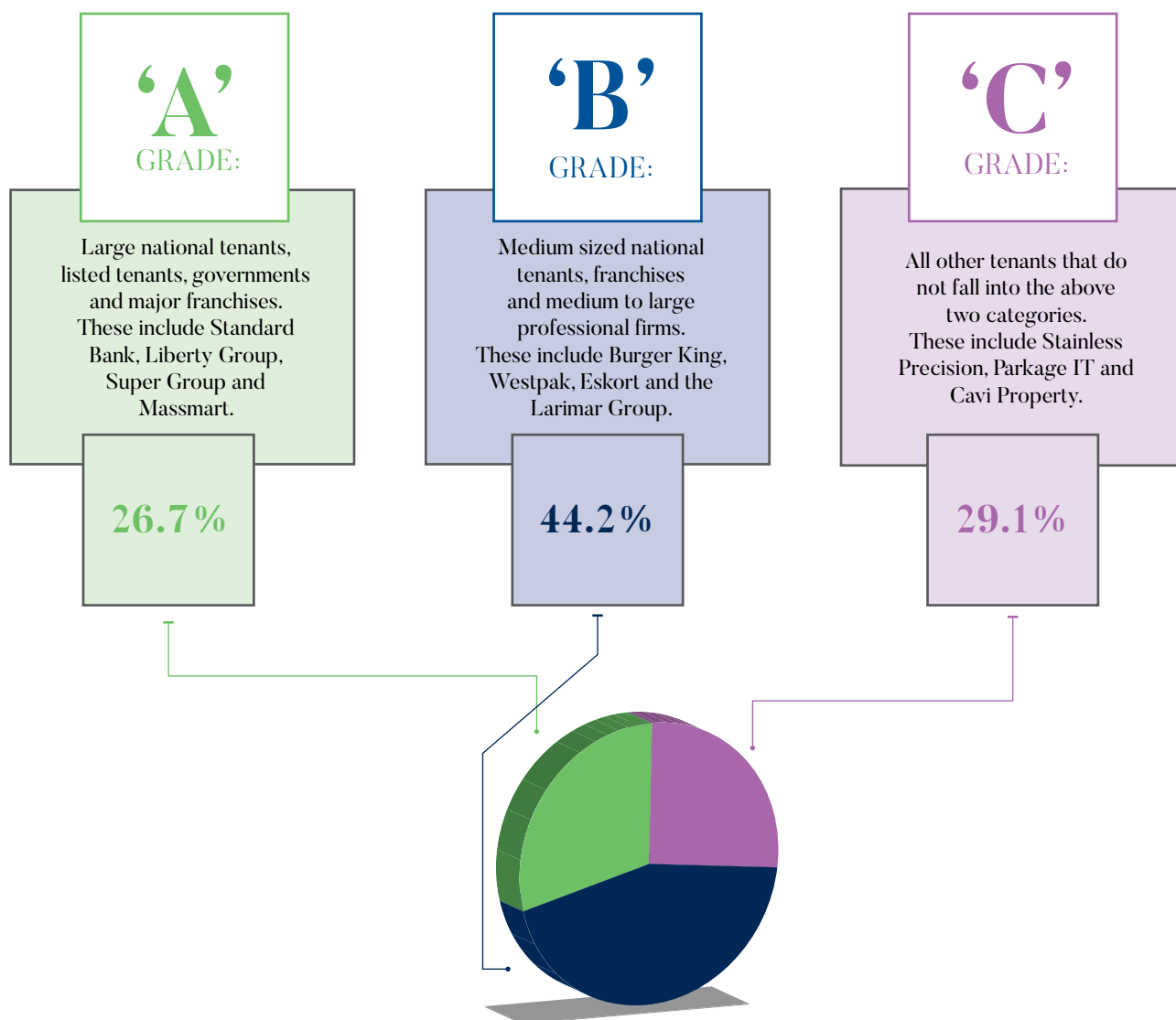


	Number of properties	Gross lettable area m²	Vacancy m²	Vacancy %	Value Rm	Value per m² Rands	Average gross rental per m² Rands*
<b>Commercial portfolio</b>							
Office	3	37 428	1 166	1.2	616 600	16 474	191.8
<b>Total commercial</b>	3	37 428	1 166	1.2	616 600	16 474	191.8
<b>Retail portfolio</b>							
Retail/motor related	3	16 744	1 072	1.1	213 710	12 763	96.7
<b>Total retail</b>	3	16 744	1 072	1.1	213 710	12 763	96.7
<b>Industrial portfolio</b>							
Retail warehousing	1	3 640	—	—	18 800	5 247	41.4
Remanufacturing	1	6 728	—	—	29 300	4 355	85.6
Low grade industrial	2	4 549	—	—	49 180	10 811	90.3
High grade industrial	3	26 060	—	—	90 320	3 463	73.4
<b>Total industrial</b>	7	40 977	—	—	187 600	4 578	58.2
<b>Residential Portfolio</b>							
<b>Total Residential</b>	1	872	—	—	8 500	—	—
<b>Properties held for sale</b>							
Disposals	1	3 827	—	—	18 000	7 917	44.1
Development	1	—	—	—	12 300	—	—
<b>Total held for resale</b>	2	3 827	—	—	30 300	8 503	44.1
<b>Total Putprop</b>	16	99 848	2 238	2.3	1 056 710	10 583	84.0

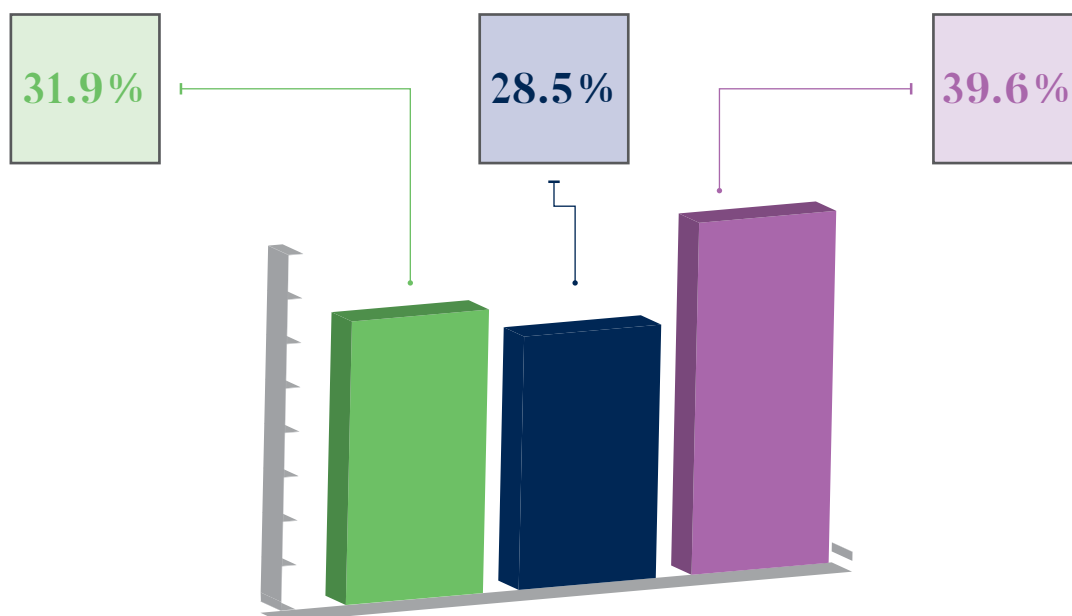
\* Gross rental per square metre is the weighted average actual gross rental.

# Investment Portfolio (Continued)

## TENANT PROFILE BY GRADE AND CONTRACTUAL INCOME

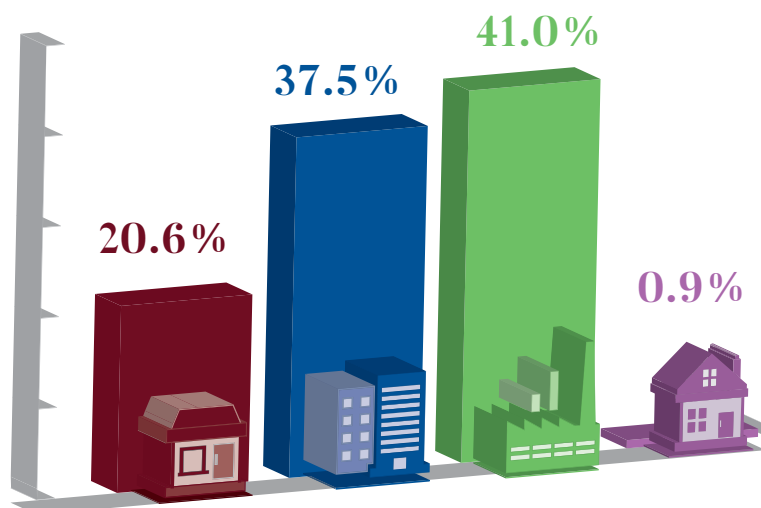


## TENANT PROFILE BY GROSS LETTABLE AREA

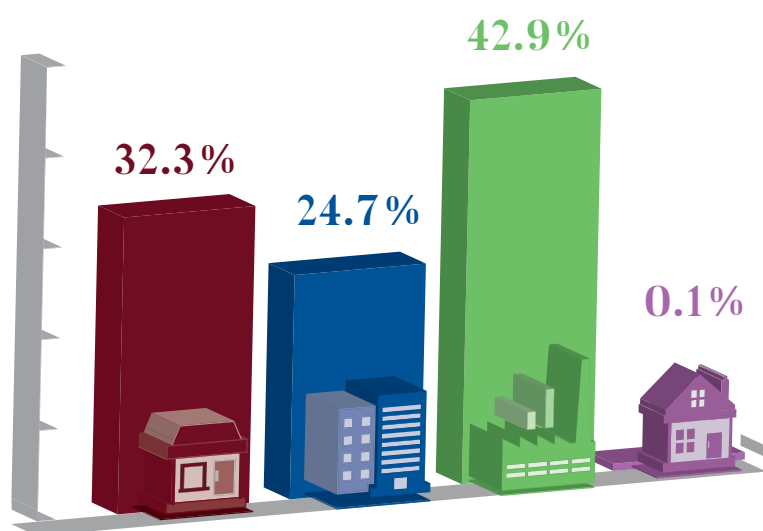




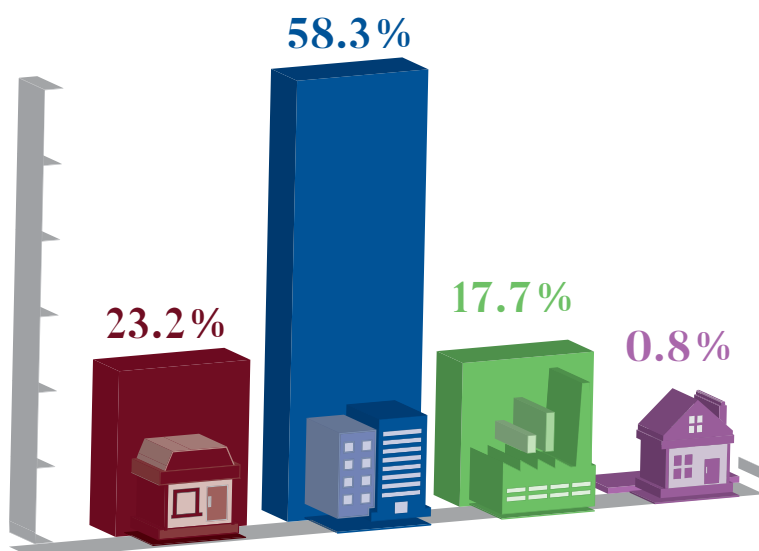
### SECTORAL PROFILE (GROSS LETTABLE AREA) %



### SECTORAL PROFIT BY CONTRACTUAL RENT %



### PORTFOLIO VALUE BY SECTOR (R'000)



# Investment Portfolio (Continued)

## LEASING ACTIVITY

Review period letting report

	Total (m <sup>2</sup> )	Let (m <sup>2</sup> )	Vacant (m <sup>2</sup> )	Let (%)	Vacant (%)
<b>At the beginning of the year - 1 July 2020</b>	68 553	57 390	11 163	83.7	16.3
Expired leases in period	(20 529)	(9 366)	9 366	—	4.2
Disposals and adjustments	—	—	—	—	—
<b>Adjusted totals</b>	48 024	48 024	20 529	83.7	20.5
New Lets /acquisitions/upgrades	51 824*	49 586	(18 291)	14	(18.2)
<b>At the end of the year - 30 June 2021</b>	99 848	97 610	2 238	97.7	2.3

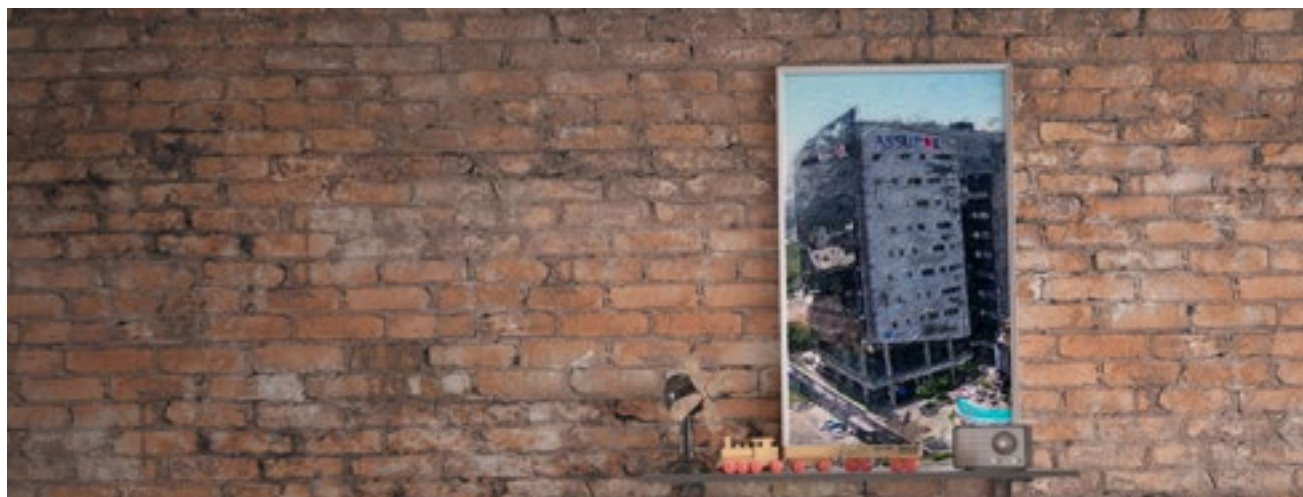
\*Includes Summit Place

## GEOGRAPHICAL PROFILE

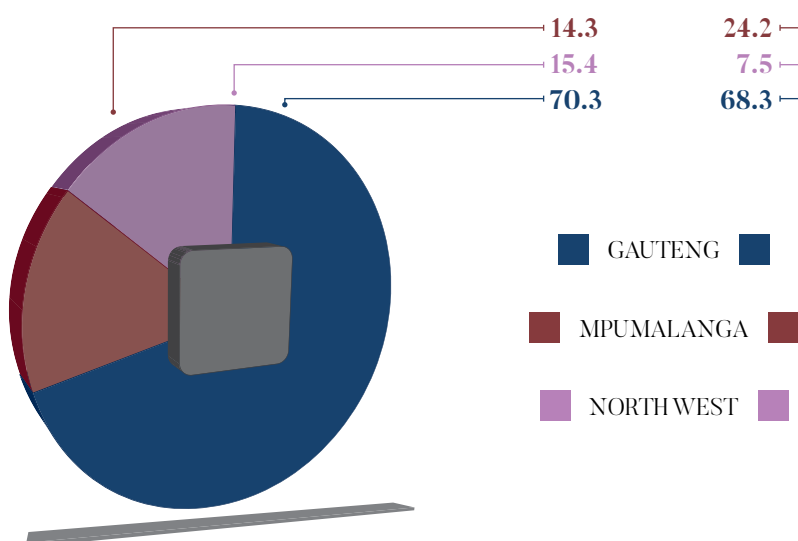
The majority of the Group's properties are situated in Gauteng province, with one property located in the North West and one in the Mpumalanga province. The geographical distribution is detailed below:

Location	GROSS LETTABLE AREA		RENT RECEIVED
	Gross lettable area m <sup>2</sup>	Total portfolio %	Rent received R'000
<b>Gauteng</b>			
Midrand	3 827	3.8	2 026
Johannesburg West	18 710	18.7	19 133
Pretoria	37 899	38	7 281
Johannesburg South	1 585	1.6	2 601
Johannesburg Central	4 666	4.7	9 596
Soweto	3 500	3.5	4 835
<b>Gauteng Total</b>	<b>70 187</b>	<b>70.3</b>	<b>45 472</b>
<b>North West</b>			
Potchestroom	2 339	2.4	3 824
Brits	13 001	13.0	1 191
<b>North West Total</b>	<b>15 340</b>	<b>15.4</b>	<b>5 015</b>
<b>Mpumalanga</b>			
Witbank	5 835	5.8	4 881
Secunda	8 486	38.5	11 217
<b>Mpumalanga Total</b>	<b>14 321</b>	<b>14.3</b>	<b>16 098</b>
<b>Total</b>	<b>99 848</b>	<b>100</b>	<b>66 585</b>

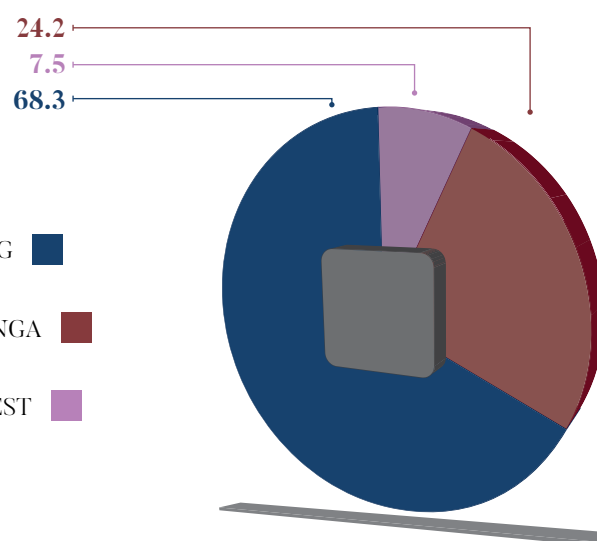




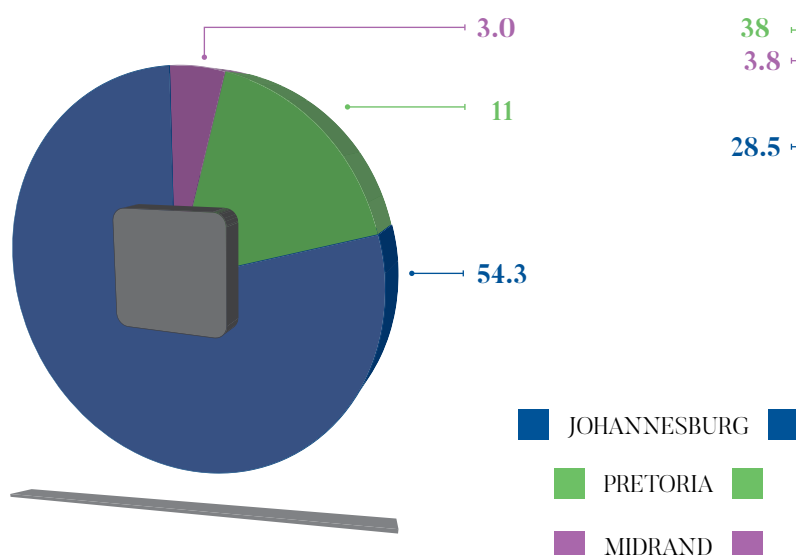
**GEOGRAPHICAL PROFILE  
% OF GLA**



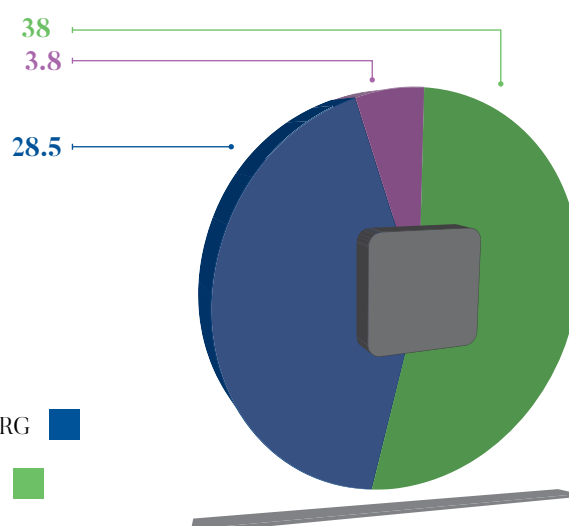
**GEOGRAPHICAL PROFILE  
% OF GROSS INCOME**



**GEOGRAPHICAL PROFILE  
GAUTENG % OF GROSS INCOME**



**GEOGRAPHICAL PROFILE  
GAUTENG % OF GLA**



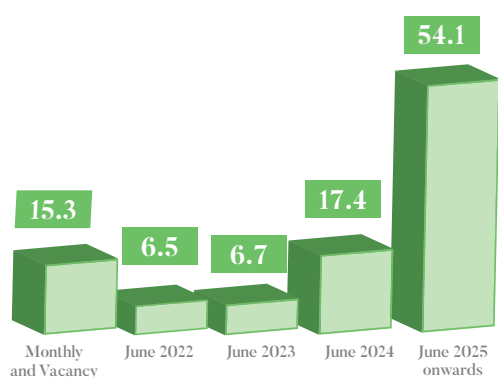


# Investment Portfolio (Continued)

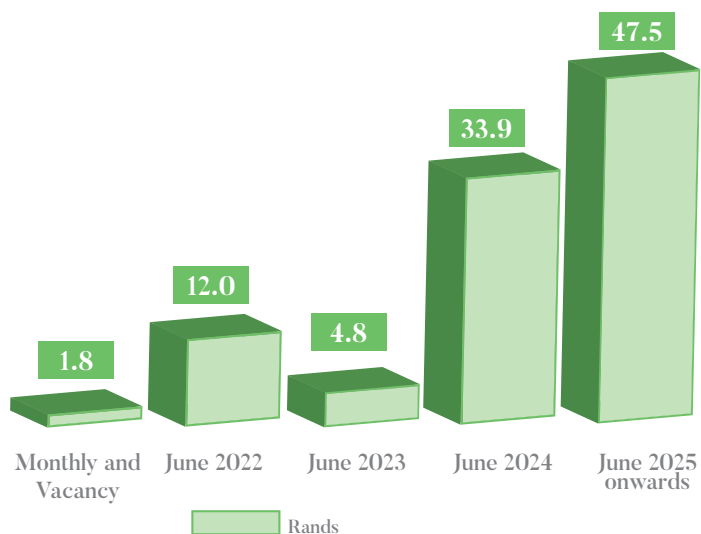
## LEASE EXPIRY PROFILE

Leases expiring for the year ended June 2022 including current monthly rentals comprise 13.7% of the Group's current rental income and those leases expiring in the next reporting period amount to 18.6% of gross lettable area.

**GROUP LEASE EXPIRY - TOTAL  
% BY GLA**

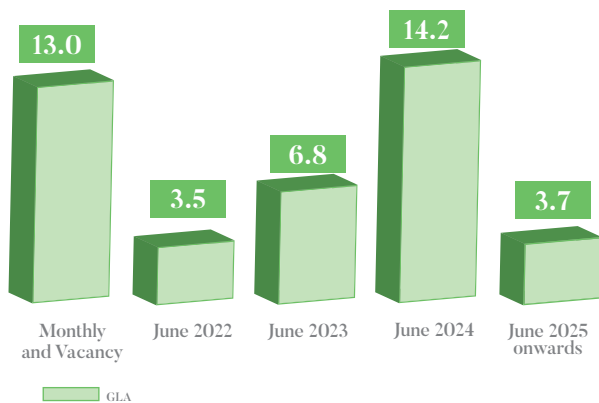


**GROUP LEASE EXPIRY - TOTAL  
% BY REVENUE**

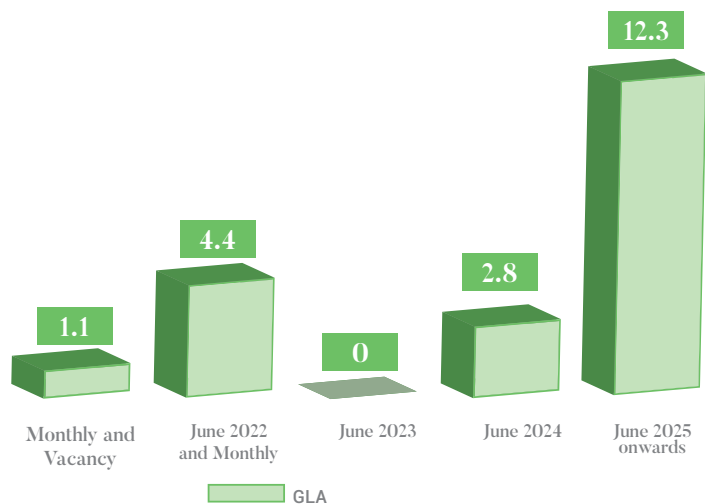




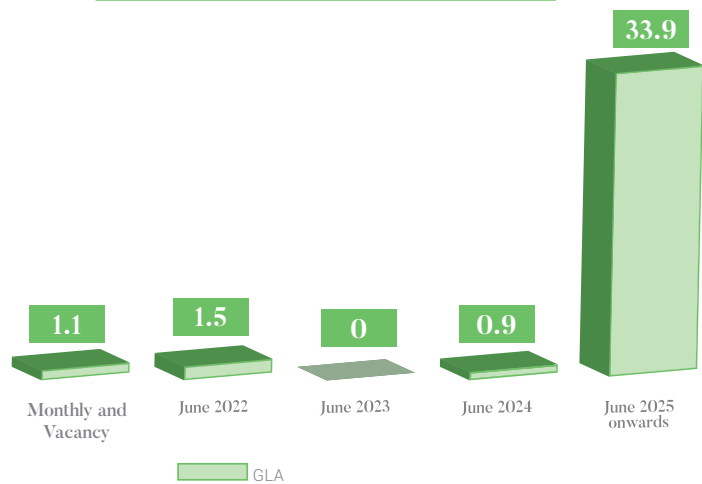
#### GROUP LEASE EXPIRY % BY SECTOR - INDUSTRIAL



#### GROUP LEASE EXPIRY % BY SECTOR - RETAIL



#### GROUP LEASE EXPIRY % BY SECTOR - COMMERCIAL



# Investment Portfolio (Continued)

## LEASE EXPIRY PROFILE – GROSS LETTABLE AREA

Year	%	Cumulative	Lettable area (m <sup>2</sup> )
Monthly Rentals	13.0	13.0	13 001
Vacancies – June 2021	2.3	15.3	2 228
2022	6.5	21.8	6 490
2023	6.7	28.5	6 728
2024	17.8	46.3	17 777
2025 onwards	53.7	100	53 624
<b>Total</b>			<b>99 848</b>

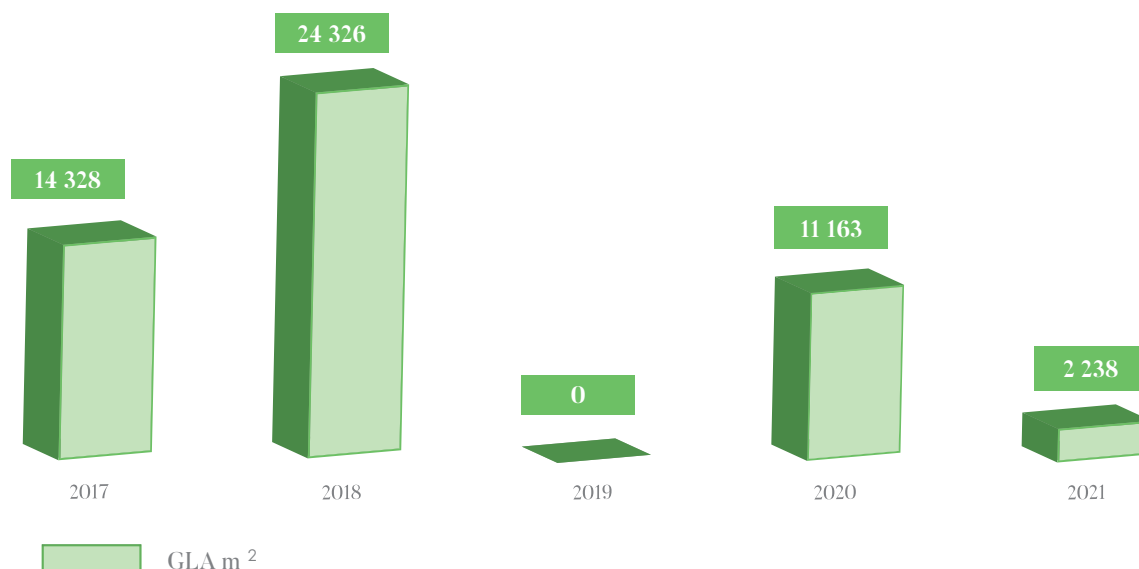
## VACANCIES

At 30 June 2021, the vacancy in the portfolio was 2.3% (2020: 16.3%).

The improvement in the Groups vacancy rate is attributable to one property, Dubigeon, being tenanted on a monthly basis, towards the end of 2021. This property continues to be marketed as a non core property, for disposal.



## VACANCY PROFILE - HISTORICAL HISTORICAL VACANCY PROFILE - GLA M2



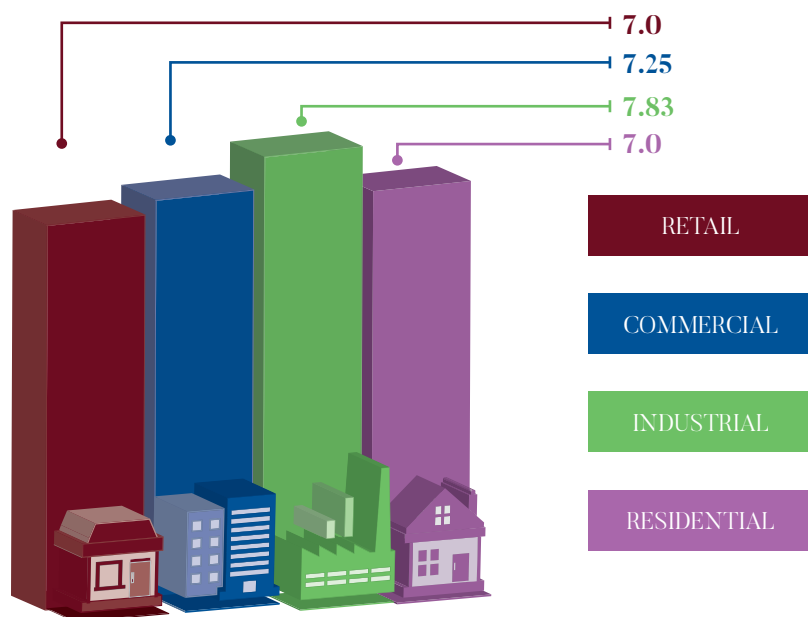
## VACANCY PROFILE BY SECTOR

Sector	Gross lettable area m <sup>2</sup>	Total of gross lettable area %
Retail	1 072	1.1
Industrial	–	–
Commercial	1 166	1.2
Residential	–	–
<b>Total</b>	<b>2 238</b>	<b>2.3</b>





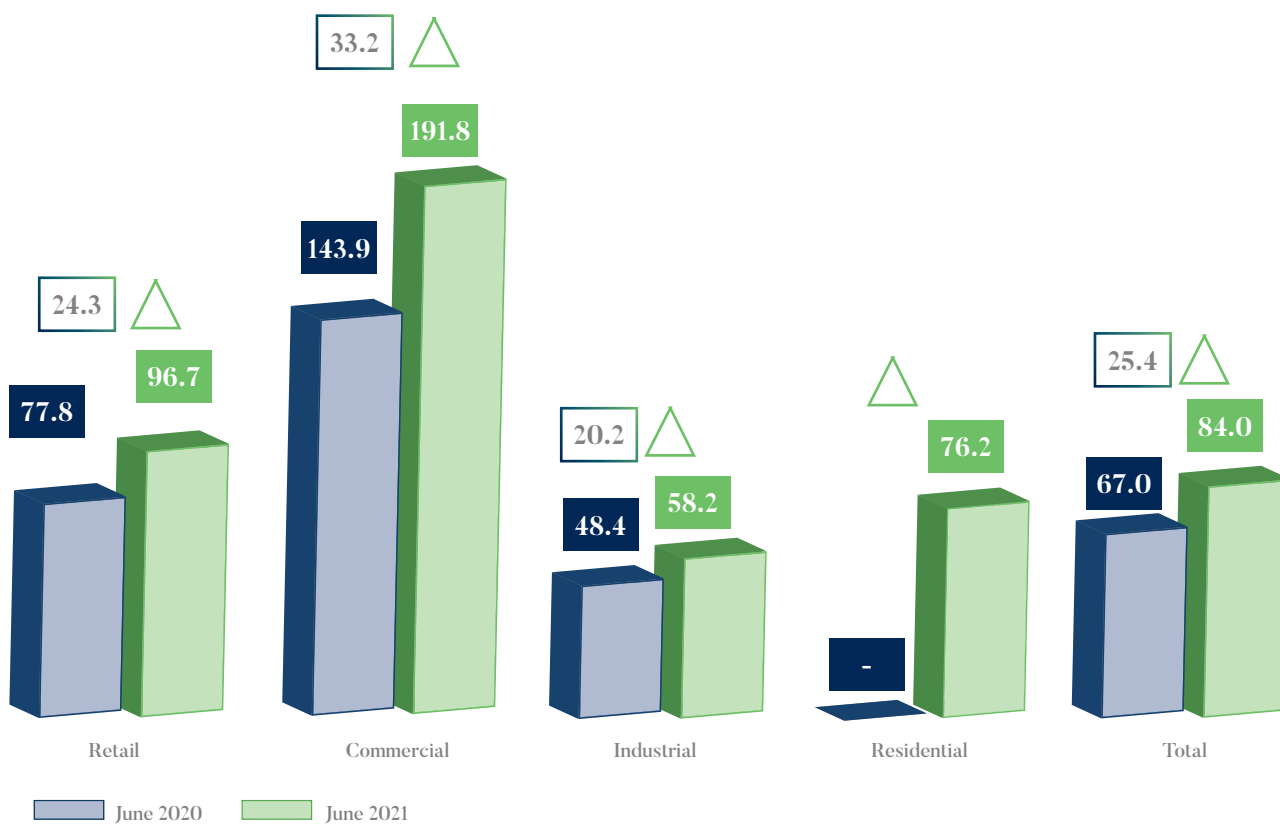
## WEIGHTED AVERAGE RENTAL ESCALATION - BY SECTOR



## WEIGHTED AVERAGE BASE RENTALS R/M

## BASE RENTALS

The weighted average monthly base rental rates per sector, between 30 June 2020 and 30 June 2021, are set out in the graph below. All sectors reflected decreases in weighted average rentals achieved.



## Investment Portfolio (Continued)

### LARGE CONTRACTS CONCLUDED

Tenant	Property	Sector	Contract Value	Lease Duration
Liberty Limited	Bank City	Commercial		36 months
Cavi Holdings	Parktown Towers	Retail		96 months
Eskort	Secunda	Retail		60 months
Package IT	Montona Park	Industrial		60 months
Larimar	Putcoton	Industrial		36 months
Larimar	Soshuguwe	Industrial		36 months
Larimar	Nancefield	Industrial		36 months

This was a renegotiation of a current lease in order to provide assistance to tenant for their continued sustainability.

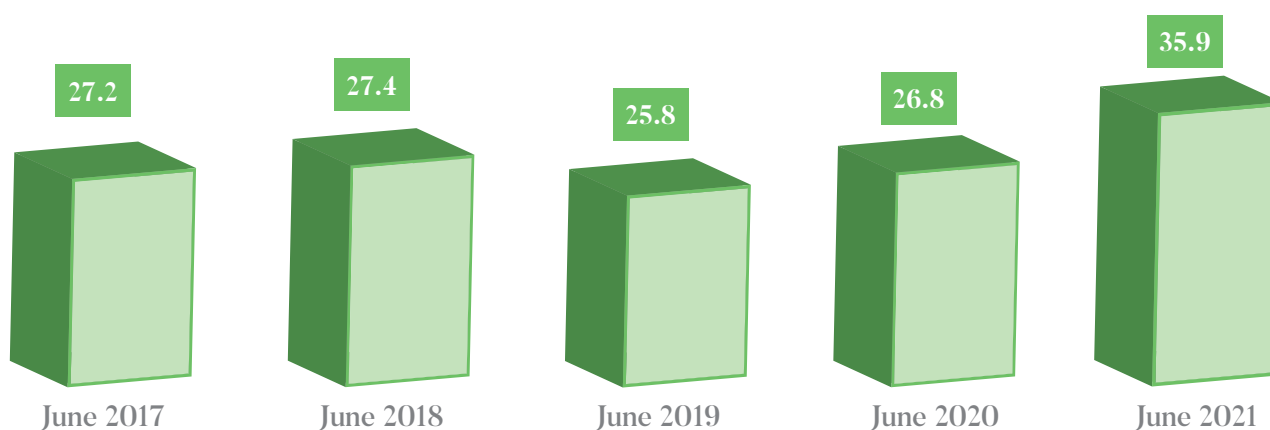
### RENTAL ESCALATION

Average contractual rental of 7.2% is in line with the previous reporting period.

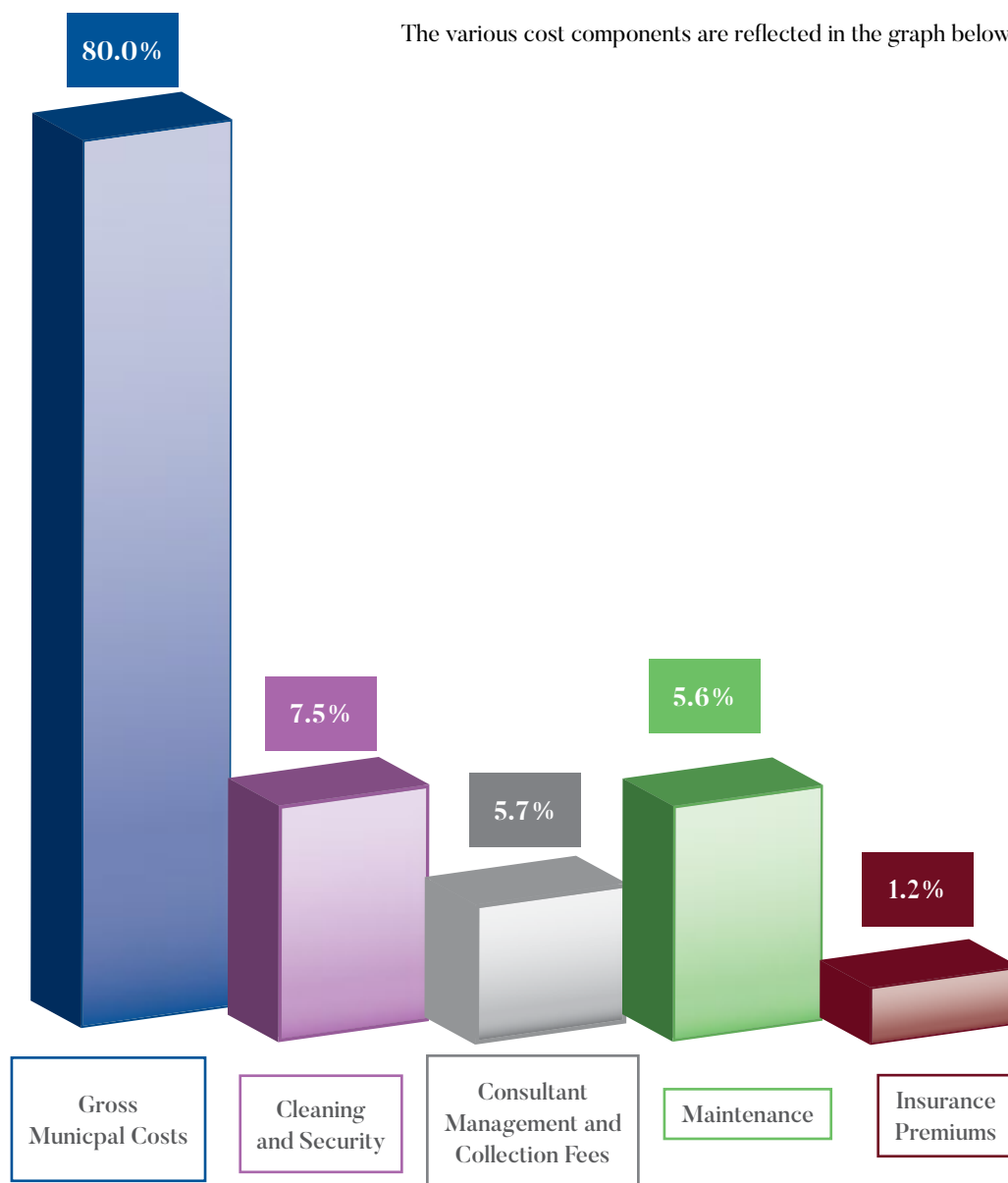


### EXPENSE CATEGORIES AND RATIOS

The Group continuously evaluates methods of containing costs in the portfolio. The recurring costs to property revenue ratios including electricity, rates and taxes increased from June 2020 to June 2021. Operating costs over all property sectors as reported by SAPOA in 2021, varied between 35% to 37% of gross income. The Group's reported figure of 35.9% reflected a large increase resulting from above inflation increases of all municipal costs as well as Covid-19 related expenses. The inclusion of Summit Place in this review period, also had added to this increase. A graphical representation of property costs to revenue is shown below. The present level of cost to revenue ratio is expected to decrease slightly going forward.



The various cost components are reflected in the graph below:



## RENTAL COLLECTIONS

An important part of protecting the Group against the likelihood of tenants defaulting on their lease agreements is our credit vetting process prior to the acceptance of a tenant. We have developed a comprehensive screening process for each applicant, which assesses the tenant according to type (national, government, SMMEs and other), nature of business, main shareholders and other relevant characteristics and in the case of renewals, payment history.

However, the effects of Covid-19 has impacted on these vetting processes, regardless how careful the previous vetting process. National tenants have gone into business rescue with some regularity and there is not a tenant in all sectors who have not been impacted.

As such, it is even more important to closely monitor our arrears book and any changes to tenant payment processes. New processes were developed and implemented during the year. The effect of various lockdown phases made collections deteriorate substantially in some sectors. We measure the effectiveness of our collections process based on the percentage collected by the seventh business day of each month which is in line with the Group's Standard Lease Agreement.

On average, our collection percentages recovered on the seventh business day of the month -our contractual tenant requirement- for the current and previous years are:

Sector	2021		2020	
	Less 7 days %	Greater 7 days %	Less 7 days %	Greater 7 days %
Retail	83.6	16.4	100	–
Industrial	44.8	55.2	19	81
Commercial	100	–	77	23
Residential	100	–	–	–



# Investment Portfolio (Continued)

Properties owned by the Group as at 30 June 2021						
	Region	Town	Effective date of acquisition	Purchase price R'000	Gross lettable area m <sup>2</sup> -	GLA % of portfolio
<b>Commercial</b>						
Summit Place*	Gauteng	Centurion	1-Jun-21	519 300	30 423	30.5
Parktown Towers	Gauteng	Johannesburg	April- 17	93 528	4 666	4.7
Bank City	North West	Potchestroom	Jul-15	21 500	2 339	2.4
<b>Total</b>				634 328	37 428	37.5
<b>Retail</b>						
Eagle Canyon	Gauteng	Roodepoort	Aug-08	23 085	2 423	2.4
Corridor Hill ^	Mpumalanga	Witbank	Jun-16	41 141	5 835	5.8
Secunda Value Mart	Mpumalanga	Secunda	Oct-15	90 998	8 486	8.5
<b>Total</b>				155 224	16 744	16.8
<b>Industrial</b>						
Dubigeon Centre	North West	Brits	Dec-81	3 866	13 001	13.0
Putcoton	Gauteng	Roodepoort	Mar-93	8 913	9 559	9.6
Montana Park	Gauteng	Pretoria	Dec-09	12 700	3 640	3.6
Lea Glen 1	Gauteng	Roodepoort	Dec-93	3 651	6 728	6.7
Putco Dobsonville @	Gauteng	Soweto	Jan- 94	3 595	3 500	3.5
Mamelodi @	Gauteng	Pretoria	Jan- 01	630	—	—
Putco Nancefield	Gauteng	JHB South	Feb- 96	2 075	1 585	1.6
Putco Rosslyn	Gauteng	Pretoria	Nov-92	2 902	2 964	3.0
<b>Total</b>				38 332	40 977	41.0
<b>Residential</b>						
Menlyn Villas	Gauteng	Centurion	1 July 21	8 500	872	0.9
<b>Total</b>				8 500	872	0.9
<b>Properties held for resale</b>						
Grand Central^	Gauteng	Midrand	Aug 08	15 500	3 827	3.8
Mamelodi	Gauteng	Pretoria	Jan 01	630	—	—
<b>Total</b>				16 130	3 827	3.8
<b>Grand total</b>				852 514	99 848	100

@ Properties held for future development

^ Sold after this reporting date

# Contribution reflected for one month only

\* 50% Economic interest



Vacancy %	Vacancy m <sup>2</sup> R'000	Property revenue R'000	% rental portfolio R'000	Weighted average rental m <sup>2</sup> Rands	Property expenditure R'000	Valuation June 2021 R'000	Valuation June 2020 R'000
—	—	3 030 <sup>#</sup>	4.6	199.2	4 466	519 300	—
1.2	1 166	9 596	14.4	171.4	6 223	71 800	109 700
—	—	3 824	5.7	136.2	1 614	25 500	24 600
1.2	1 166	16 450	24.7	191.8	12 303	616 600	134 300
—	—	—	—	—	—	—	—
—	—	3 333	5.0	114.6	474	40 900	40 400
0.6	555	4 881	7.3	69.7	380	46 310	46 950
0.5	517	11 217	16.8	110.2	3 359	126 500	122 479
1.1	1 072	19 431	29.2	96.7	4 213	213 710	209 829
—	—	—	—	—	—	—	—
—	—	1 191	1.8	7.6	1 458	14 900	16 800
—	—	12 927	19.4	112.7	3 024	56 310	56 650
—	—	1 808	2.7	41.4	705	19 100	18 800
—	—	2 873	4.3	35.6	1 263	29 300	29 690
—	—	4 835	7.3	115.1	1 138	19 110	17 400
—	—	—	—	—	2 109	16 780	15 199
—	—	2 601	3.9	136.8	(905)	13 600	13 600
—	—	2 377	3.6	66.8	199	18 500	18 000
—	—	28 612	43.0	58.2	8 991	187 600	186 139
—	—	—	—	—	—	—	—
—	—	66 <sup>#</sup>	0.10	76.2	70	8 500	—
—	—	66	0.10	76.2	70	8 500	—
—	—	—	—	—	—	—	—
—	—	2 026	3.0	44.1	608	18 000	19 553
—	—	—	—	—	—	12 300	12 300
—	—	2 026	3.0	44.1	608	30 300	31 853
2.3	2 238	66 584	100	84.0	26 185	1 056 710	562 121



# Annual Financial Statements

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# Directors' statement of responsibility and approval

for the year ended 30 June 2021

The annual financial statements set out on pages 114 to 165 are the responsibility of the Board of directors. The directors are responsible for selecting and adopting sound accounting practices, for maintaining an adequate and effective system of accounting records for the safeguarding of assets and for the developing and maintaining of a system of internal control. The annual financial statements have been prepared in accordance with International Financial Reporting Standards, the Companies Act, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Listing Requirements of the JSE and include amounts based on judgements and estimates made by management.

The going concern basis has been adopted in preparing the Group's annual financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future, based on forecasts and available cash resources.

The directors have reviewed the Group's cash flow forecasts for the year ending 30 June 2022 and in the light of this review and current financial position are satisfied that the Group has access to adequate resources to continue operational existence for the foreseeable future.

The directors, supported by the Audit and Risk Committees, are satisfied that the Group's annual financial statements, fairly present the state of affairs of the Group and that there was no material breakdown in the system of internal control during the year. The Group's annual financial statements have been audited by its independent external auditors, Mazars, who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of directors and committees of the Board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. It is the responsibility of the auditors to report on the Group's financial statements in conformity with International Standards on Auditing. Mazars' audit report is presented on pages 108 to 113.

The financial statements were approved by the Board on 2 September 2021 and signed on their behalf by:



**J E Smith**  
*Chief Financial Officer*

Johannesburg  
22 September 2021



**BC Carleo**  
*Chief Executive Officer*

## DECLARATION BY GROUP CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) FOR THE YEAR ENDED 30 JUNE 2021

The directors, whose names are stated below, hereby confirm that:

- The consolidated and separate annual financial statements set out on pages 121 to 165, fairly present in all material respects of the financial position, financial performance and cash flows of Putprop Limited in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to Putprop Limited and its consolidated subsidiaries has been provided to effectively prepare the financial statements; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.



**J E Smith**  
*Chief Financial Officer*

Johannesburg  
22 September 2021



**BC Carleo**  
*Chief Executive Officer*

## Certification by the Company Secretary

for the year ended 30 June 2021

The Company Secretary hereby certifies in accordance with section 88(2)(e) of the South African Companies Act, 2008 (Act 71 of 2008), as amended that, to the best of our knowledge, the Group has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns as are required for a listed Group and that all such returns are true, correct and up to date in respect of the financial year reported.



Acorim Proprietary Limited represented by  
**N. Petrides**

Johannesburg  
22 September 2021

## Preparation of Annual Financial Statements

for the year ended 30 June 2021

The annual financial statements contained in this report are also available on the Group's website [www.putprop.co.za](http://www.putprop.co.za) and have been prepared by the Group Financial Manager, Andrea Lehman AGA(SA) under supervision of the Chief Financial Officer, James E. Smith B.Sc, B. Acc, CIEA. The annual financial statements have been audited in compliance with the requirements of the Companies Act.



**James E. Smith**  
*Chief Financial Officer*

22 September 2021



# Independent auditor's report

for the year ended 30 June 2021

*To the Shareholders of Putprop Limited*

Report on the Audit of the Consolidated and Separate Financial Statements

## Opinion

We have audited the consolidated and separate financial statements of Putprop Limited (the group and company) set out on pages 121 to 158, which comprise the consolidated and separate statements of financial position as at 30 June 2021, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Putprop Limited as at 30 June 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the *Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent auditor's report

for the year ended 30 June 2021 (Continued)

Matter	Audit response
<b>Valuation of investment properties (Note 2)</b>	
<p>As per the Group's accounting policy (note 1.4) Investment Property is measured at fair value requiring significant judgement (note 1.2).</p> <p>The investment property valuations take into account property-specific information such as the current tenancy agreements and rental income. Assumptions are made for yields and estimated market rent, which are influenced by prevailing market yields and comparable market transactions, to arrive at the final valuation.</p> <p>The valuation of the Group's investment properties, as detailed in note 2 of the consolidated financial statements with a value of R986,892,845 (2020: R512,626,298) involves significant judgements made by the external valuation experts, particularly those around the selection of valuation models, the inputs to those models, current market conditions and rental levels.</p> <p>The significance of the valuations at year end, estimates and judgements involved and the fact that only a small percentage difference in an individual investment property valuation, when aggregated, could result in a material misstatement, warrants specific audit focus.</p>	<p>The Group's directors make use of an external independent valuator, by definition management's expert, to determine the valuations of investment properties.</p> <p>We performed substantive tests of detail and substantive analytical review procedures to assess whether the fair value of income generating investment properties is reasonable. Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• agreeing the gross value of all revalued investment properties as recorded in the accounting records to the valuation report prepared by management's expert;</li> <li>• assessing the competence, objectivity, capability and integrity of the appointed expert, including verification of the expert's qualifications;</li> <li>• assessing the basis of preparation of the valuations as well as the terms of engagement with management's expert to assess whether these are reasonable and aligned with International Financial Reporting Standards and industry norms;</li> <li>• assessing the key assumptions used in the valuation report, including analysing the accuracy of the rental income and expenses in the calculations compared to the actual results, and comparing discount rates used to available industry data;</li> <li>• debating and robustly challenging the assumptions used by management's expert;</li> <li>• comparing the valuations performed by management's expert against our own valuation calculations;</li> <li>• performing sensitivity analyses on the assumptions applied in the valuation calculations prepared by management's expert; and</li> <li>• assessing the adequacy of disclosures with regard to the investment property portfolio held, in the consolidated financial statements.</li> </ul> <p>Having performed our audit procedures and evaluated the outcomes we are satisfied that the audit evidence supports our opinion.</p>

# Independent auditor's report

for the year ended 30 June 2021 (Continued)

Matter	Audit response
Effect of the COVID-19 pandemic on the group and company and its application of the going concern principle (Notes 27 and 30)	
<p>The COVID-19 pandemic still has a significant effect on the South African economy, due the implementation of the various levels of lockdown by government. The lack of a clear timeline on the lifting of the various lockdown levels causes further socio-economic uncertainty and will negatively impact the business operations of the Group, the company and its tenants in South Africa.</p> <p>The directors' considerations of the impact on the financial statements is disclosed in notes 27 and 30. COVID-19 and the various levels of lockdown directly impacted the rental income collected resulting in the downward fair value adjustments on some of the investment properties.</p> <p>The directors have reviewed the Group cash flow forecast for the period to 30 June 2022 and having regard for the current financial position, the directors are satisfied that the Group has access to adequate resources for the continued operational existence of Putprop Limited for the foreseeable future and accordingly these financial statements have been prepared on a going concern basis.</p> <p>As per notes 27 and 30 to the consolidated and separate financial statements, the directors have concluded that the financial results for the year ended 30 June 2021 include the impact of COVID-19.</p> <p>There were no new rental reduction or deferral agreements which were entered into after year end or any cancellation of contracts after year end which could impact the Group's property portfolio valuation or assessment of going concern.</p>	<p>The Directors performed an assessment of the impact of COVID-19 on the financial statements and the group's ability to continue as a going concern.</p> <p>As part of the audit work performed, we have evaluated the impact COVID-19 has had on the Group's business operations, as well as its ability to continue as a going concern in the foreseeable future.</p> <p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• obtaining the cash flow forecast for 12 months from the date of publication and:</li> <li>• assessing the mathematical accuracy thereof;</li> <li>• making enquiries from management to understand the assumptions used in performing the forecast;</li> <li>• performing a sensitivity analysis on the cash flow forecast obtained from management by adjusting assumptions used by management in the forecast;</li> <li>• substantiating access to available cash reserves to the Group at year end and up to the date of publication through the verification of available facilities;</li> <li>• evaluating the recoverability of receivables by testing receipts after year end;</li> <li>• understanding and evaluating, through enquiry of management, and reviewing the fair value report prepared by management's expert, the changes to assumptions used in the valuation of investment property, to ensure that adjustments were made to account for the additional risks resulting from the effect of COVID-19 pandemic. Refer to the valuation of investment properties KAM for the detailed auditor response; and</li> <li>• evaluating the adequacy and appropriateness of the directors' disclosure of the effect of the COVID-19 pandemic on the group's results;</li> </ul> <p>Having performed our audit procedures and evaluated the outcomes we are satisfied that the audit evidence supports our opinion.</p>



# Independent auditor's report

for the year ended 30 June 2021 (Continued)

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Putprop 2021 Integrated Annual Report 2021", which includes the Certification by the Company Secretary, the Preparation of the Annual Financial Statements, the Directors' Report and the Audit and Risk Committee's Report as required by the Companies Act of South Africa, which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

# Independent auditor's report

for the year ended 30 June 2021 (Continued)

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

# Independent auditor's report

for the year ended 30 June 2021 (Continued)

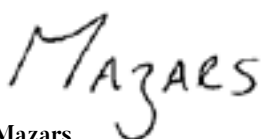
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars has been the auditor of Putprop Limited for 13 years.



**Mazars**

**Partner: Stephan Adlam**

**Registered Auditor**

**22 September 2021**

**Johannesburg**



# Directors' report

for the year ended 30 June 2021

## OVERVIEW

The directors have pleasure in submitting the 33<sup>rd</sup> directors' report which forms part of the annual financial statements for the year ended 30 June 2021.

The Group, incorporated and domiciled in the Republic of South Africa, was listed on the JSE Limited on 4 July 1988. The Group is listed on the JSE under the Real Estate sector. The Group invests in industrial, commercial and retail properties, deriving its income primarily from tenant rentals. The Group's primary objective is to acquire properties with strong contractual cash flows, thus leading to capital appreciation and sustainability with consistent growth in dividend

## SUMMARY OF FINANCIAL PERFORMANCE AND DISTRIBUTIONS

The information presented for the year ended 30 June 2021 has been prepared in accordance with International Financial Reporting Standards ("IFRS"), Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act"), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards, and the Listings Requirements of the JSE Limited. The financial statements have been audited by Mazars, the Group's External Auditors.

The Group's property revenue was flat for the current review period at R73.1 (2020: R 73.8 million). Operating profit increased to R62.5 million (2020: R 37.3 million) respectively. Profit available for distribution to ordinary shareholders increased from R2.9 million to R22.6 million. Headline Earnings per Share increased to 71.7 cents. (2020: 48.23 cents).

The Board has approved a final dividend distribution of 10.75 cents per share for the period ended 30 June 2021 (2020: 5.75 cents). The total dividend distributed for the year ended 30 June 2021 was 15 cents per share (2020: 14 cents).

## DIRECTORATE

Details of the current directors providing full names, ages, qualifications and abridged curricula vitae are set out on pages 36 to 37 of the annual report.

No changes to the Board occurred during the review period:

In terms of the MOI of the Company, one third of all directors have to retire annually by rotation. Mr D Torricelli and Mr H Hartley, retire in terms of this requirement. Both offer themselves for re-election by shareholders at the Group's AGM. Any new directors that have been appointed during the year also have to have such appointment ratified at the next AGM. All retiring directors are eligible for re-election.

It is the policy of the Board that all directors, on reaching the age of 70 years, may continue to serve on the Board, provided that such appointment will be on a yearly basis, and subject to the approval of all members of the Board.

## CAPITAL STRUCTURE

The authorised capital comprises 500 000 000 ordinary shares of no-par value. At 30 June 2021 the issued shares of no-par value amounted to 42 409 181 shares (2020: 43 897 279).

Unissued shares of 457 590 819 (2020: 455 327 721) are held under the control of the directors, subject to the JSE Listings Requirements until the next AGM.

## ULTIMATE HOLDING AND HOLDING COMPANY

Putprop's holding company is Carleo Enterprises Proprietary Limited and its ultimate holding company is Carleo Investments Proprietary Limited.

## GOING CONCERN

Focus has been placed on a potential liquidity risk for the Group as a result of the COVID-19 Pandemic. Management continues to monitor this ongoing and rapidly changing situation. Government responses, which have varied from full level 5 lockdown to a modified level 2, make maintaining this process on a forward basis problematic. Suitable responses to minimise the risk as and when needed are implemented. The responses include deferment of rental income, short-term rent reductions, rental discounts and lease renegotiations.

In implementing these responses, management is assessing the liquidity position and the effect of the imposed lockdown on the tenants on an individual basis, and implementing a suitable response to mitigate this liquidity risk. Please refer to note 16 and 30 of the annual financial statements.

At company level current liabilities exceeds current assets as at 30 June 2021. At Group level current assets exceed current liabilities. The Putprop Group has sufficient cash and facilities to repay debts as they become due in the ordinary course of business. The Company position, is expected to improve during the 2022 review period.

The directors have reviewed the Group's cash flow forecast for the period to 30 June 2021. On the basis of the review and having regard for the current financial position, the directors are satisfied that the Group has access to adequate resources for the continued operational existence of Putprop Limited for the foreseeable future and accordingly these financial statements have been prepared on a going concern basis

# Directors' report

for the year ended 30 June 2021 (Continued)

## EVENTS AFTER THE REPORTING PERIOD

The financial impact of the COVID-19 pandemic after year end have been fully quantified at this stage. Refer to page 82 for the Covid-19 relief. The Group is making steady progress with rental collections under difficult circumstances and debtors are being monitored closely by management. The lockdown is affecting certain industries more than others, but all sectors are seen to be slowly recovering as announced by the Government.

There were no new rental reduction or deferral agreements entered into after year end or any cancellation of contracts due to the effects of the pandemic even with the imposing of different lockdown levels which may impact the valuation of the Group's property portfolio. No further impairments were recognised on the trade receivables subsequent to year-end.

Putprop Limited acquired a new head office building during this period. As at 30 June 2021 a deposit of R5.5 million has been paid. The balance of R9.5 million has been paid to settle the purchase price after 30 June 2021. Grand Central was held for sale at 30 June 2021. The sale consideration of R18 million was received after the date of this report. No other significant events have occurred between the date of this report and its release.

## SPECIAL RESOLUTIONS

The following special resolutions were passed at the annual general meeting held on 7 November 2020:

- Approval of the non-executive directors' remuneration for the financial years ending 30 June 2021;
- General approval for Putprop's and/or its subsidiaries to acquire shares in the Company;
- Approval for the Company to provide financial assistance for the subscription of securities in terms of Section 44 of the Companies Act; and
- Approval for the Company to provide financial assistance in terms of Section 45 of the Companies Act.

## DIRECTORS' SHAREHOLDINGS AND DEALINGS IN SECURITIES

Directors, Executives and Senior Employees are prohibited from dealing in Putprop's securities during certain prescribed restricted periods. A formal securities dealings policy has been developed to ensure directors' and employees' compliance with the JSE Listings Requirements and the insider trading legislation in terms of the Financial Markets Act.

On 30 June 2021, the directors held a total of 4 094 143 (2020: 4 094 143) shares in the Group. There has been no change in these interests between 30 June 2021 and the date of this report.

The paragraph above discloses the quantity of shares and the table below the percentage of shares.

	Direct beneficial		Indirect beneficial	
	2021 %	2020 %	2021 %	2020 %
<b>Non-executive directors</b>				
No shares are held by any of the Group's Non-executive directors	—	—	—	—
<b>Executive directors and prescribed officers</b>				
A L Carleo-Novello	0.05	0.05	3.94	3.94
B C Carleo	0.13	0.12	5.07	5.07

## DIRECTORS' INTERESTS IN CONTRACTS AND CONFLICTS OF INTERESTS

The directors have no interest in material contracts or transactions, other than those directors involved in the operation of the Group as set out in this report. There have been no bankruptcies or voluntary arrangements of these persons.

Directors' declarations are tabled and circulated at every Board meeting. All directors are encouraged to declare any potential conflict of interest and to bring such circumstances to the attention of the Chairman.

The Executive Directors of Putprop have not acted as directors with an executive function of any company at the time or within the 12 months preceding any of the following events taking place: receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangements with its creditors generally or any class of its creditors.

The directors of Putprop have not been the subject of public criticisms by statutory or regulatory authorities (including professional bodies) and have not been disqualified by a court from acting as directors of a company or from acting in the management or conduct of the affairs of any company. There have been no offences involving dishonesty by the directors of Putprop.

## BOARD AND COMMITTEE COMPLIANCE

The attendance registers of directors for each Board and committee meeting for the year ended 30 June 2021 is detailed on pages 43 and 44 of the governance report.

# Directors' report

for the year ended 30 June 2021 (Continued)

## BOARD AND COMMITTEE COMPOSITION

Composition of the board	Date of appointment	Audit and risk committee	Social and ethics committee	Remuneration nomination and human resources committee	Property Investment committee
<b>Independent non-executive directors</b>					
D Torricelli	3 December 2015*	Invitee	Chair	Chair#	Member
H Hartley	17 February 2016	Chair	Member	Chair•	Chair
G Van Heerden	1 July 2018	Member	Member	Member	Member
R Styber	1 July 2018	Member	Member	Member	Member
<b>Executive directors</b>					
B C Carleo	1 August 1997	Invitee	Member	Invitee	Member
J E Smith	17 May 2009	Invitee	Member	Invitee	Member
AL Carleo-Novello	1 July 2018	Invitee	Member	Invitee	Member

\* Appointed Chairman of the Board 4 February 2016

# D Torricelli Chairman of Nomination Committee

• H Hartley Chairman of Remuneration Committee

## EXECUTIVE DIRECTORS' CONTRACTS

The executive directors have fixed-term contracts with the Company. A three-month notice period is required of any executive directors, the CEO and CFO respectively for the termination of services. Details of remuneration and incentive bonuses are set out in the table below.

## PROPERTY PORTFOLIO

Full details of the Group's investment portfolio can be found on pages 86 to 103 of the Integrated report.

## VALUATION OF PROPERTY PORTFOLIO

It is the Group's policy to value the entire investment property portfolio on an annual basis by an independent external valuer, except for property under development for which fair value cannot be considered reliably measurable. The Group's external valuer is JLL South Africa. The external, valuation of the properties at 30 June 2021 resulted in a gross fair value downward adjustment of R33,2 million (2020: R1.9million down). Refer note 17

The directors' valuation of the portfolio at 30 June 2021 is in line with the external valuation.

## LITIGATION STATEMENT

The directors are not aware of any legal or arbitration procedures that are pending or threatening, that may have had, in the previous 12 months, a material effect on the Group's financial position.

## CONTINGENT LIABILITY

There is significant uncertainty on both the timing and amount owing to/receivable from Municipalities with regard to ongoing re-assessment of past consumption and rate charges. This uncertainty is due to the frequent and inconsistent errors made by these Municipalities. At year end the estimated amount of any re-assessment if made is not material and is under the process of objection.



# Directors' report

for the year ended 30 June 2021 (Continued)

## COMPANY AUDITORS

Mazars have acted as the Company and Group auditors for the year ended 30 June 2021 and will continue in terms of section 90 of the Companies Act.

## COMPANY SECRETARY

The Company Secretary for the period under review is Acorim Proprietary Limited represented by N. Petrides whose physical and postal address is: 13th Floor, Illovo Point, 68 Melville Road, Illovo, 2196 and PO Box 41480 Craighall, 2024, respectively.

The Company Secretary is responsible for the duties set out in section 88 of the Companies Act and the Board for ensuring compliance with the JSE Listings Requirements. Director induction and training are part of the Company Secretary's responsibilities. The Company Secretary is responsible to the Board for ensuring the proper administration of Board proceedings, including the preparation and circulation of Board papers, drafting annual work plans, ensuring that feedback is provided to the Board and Board committees and preparing and circulating minutes of Board and committee meetings. They provide practical support and guidance to the Board and directors on governance and regulatory compliance matters.

Company Boards must consider and satisfy themselves annually regarding the competence, qualifications and experience of the Company Secretary. The performance of the Company Secretary, as well as their relationship with the Board, is assessed on an annual basis. The Company Secretary has unfettered access to the Board and maintains an arm's length relationships with the Board and is also not a member of the Board.

The Board has evaluated the Company Secretary and it is satisfied that they are suitably qualified for the role.

Johannesburg

22 September 2021



B C Carleo



J E Smith



A C Carleo-Novello



D Torricelli



H Hartley



R Styber



G van Heerden

# Audit and Risk committee report

for the year ended 30 June 2021

The Audit and Risk Committee ("AR") presents its report in terms of section 94(7)(f) of the Companies Act 2008, as amended and as recommended by King IV for the financial year ended 30 June 2021.

## BACKGROUND AND TERMS OF REFERENCE

The information below constitutes the report as required by section 94 of the Companies Act. The Committee's operation is guided by a detailed Charter that is informed by the Companies Act and is approved by the Board as and when it is amended.

## PURPOSE

The main objectives of the Committee are:

- to assist the Board in discharging its duties relating to safeguarding of assets, the operations of adequate systems, controls and reporting processes and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards;
- to provide a forum for discussing business risk and control issues for developing recommendations for consideration by the Board;
- to oversee the activities of the external audit; and
- to perform duties that are attributed to it by the Companies Act and the JSE Listing Requirements.

## MEMBERSHIP COMPOSITION, MEETING ATTENDANCE AND EVALUATION

During the year under review the AR comprised of four independent non- executive directors. They are:

**H Hartley** (Chairman) - appointed 17 February 2016;

**G Van Heerden** - appointed 25 July 2018; and

**R Styber** -appointed 25 July 2018.

The Chairman of the Board, the CEO, the Group Financial Director, other members of senior management and representatives from the external auditors attend the AR meetings by invitation only. The external auditors have unrestricted access to the Chair and other members of the AR.

Meeting attendance is set out on pages 43 and 44 of the corporate governance review. The committee meets at least four times a year with the group executive management and the external auditors. The company secretary attends all meetings as secretary to this committee.

Brief *curricula vitae* of the members of the AR are set out on pages 36 to 37. The effectiveness of the AR as a whole and its individual members are assessed on an annual basis. The AR held five meetings during the year. All meetings were scheduled in advance.

## APPROPRIATENESS AND EXPERIENCE OF THE FINANCIAL DIRECTOR AND FINANCE FUNCTION REVIEW

The AR reviewed the performance of the Group Financial Director, Mr James E Smith and was satisfied that the expertise and experience of the Financial Director was considered appropriate to meet his responsibilities in that position as required by the JSE. The AR also considered and was satisfied with:

- The expertise and adequacy of resources within the financial function;
- The financial reporting procedures in place and that such are operating efficiently and
- The expertise of the senior financial management staff.

The Audit Committee has confirmed that the company has, with consideration to all entities included in the consolidated Group IFRS financial statements, established appropriate financial reporting procedures and that these procedures are operating to ensure that it has access to all the financial information on Putprop Limited to effectively prepare and report on the financial statements.

In making these assessments the AR obtained feedback from the external auditors. Based on the processes and assurances obtained we believe the Group's accounting policies to be effective.

# Audit and Risk committee report

for the year ended 30 June 2021 (Continued)

## EXTERNAL AUDIT

Mazars is the external auditor of Putprop.

- The external auditors provide an independent assessment of systems of internal financial control and express an independent opinion on the annual financial statements. The external audit function offers reasonable, but not absolute assurance on the accuracy of financial disclosures.
- The AR, in consultation with executive management, agreed to an audit fee for the 2021 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at the time.
- There are formal procedures that govern the process, whereby if the auditor is considered for non-audit services, a specific letter of engagement for such work must be created and subsequently reviewed by the Committee. Non-audit services performed by the external auditor during the year under review were approved and monitored by the AR Committee. The non-audit service carried out was to convert the company's Annual Financial Statements for the year ending 30 June 2020 into Inline Extensible Business Reporting Language (iXBRL). This was required to submit the company's annual return with the Companies and Intellectual Property Commission (CIPC)
- In addition, following the committee's review of the Independent Regulatory Board of Auditors' latest findings report and the latest inspection reports and summary of internal review findings in terms of paragraph 22.15 (h) of the Listings Requirements provided by the auditors the committee satisfied itself that both Mazars and Stephan Adlam are accredited in terms of the Listings Requirements and are independent from the Company.
- Meetings were held with the auditor where management were not present, and no matters of concern were raised. Based on our processes followed nothing has come to the Committee's attention which would lead the Committee to question the external auditor's independence. Based on our satisfaction with the results of the activities outlined above, the Committee has recommended to the Board that Mazars be reappointed as the external auditors for the 2021 financial year, and Stephan Adlam as the designated auditor, subject to JSE approval.

## FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The annual financial statements of the Group and Company have been reviewed for the year ended 30 June 2021. Based on information provided by management the AR is of the view that in all material aspects both the accounting policies and the annual financial statements are appropriate and comply with the provisions of the Companies Act, Act 71 of 2008, as amended, International Financial Reporting Standards (IFRS), interpretations as issued by the International Financial Reporting Interpretations Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Committee, and the JSE Listings Requirements.

Where it was considered appropriate, the AR, made submissions to the Board on matters concerning the Group's and Company's accounting policies, financial control records and reporting.

The AR considered, reviewed and approved for submission to the Board the following:

- the Group's and Company's property valuations both internal, by the directors of the Group in December 2020 and June 2021;
- the valuation performed by an independent external valuer, as at 30 June 2021;
- the full year integrated report to 30 June 2021; and
- the interim results to December 2020.

All of the reports as listed above were recommended for approval to the Board.

The AR has further considered the JSE's most recent report back on proactive monitoring of financial statements, and where necessary to respond to the findings highlighted in the JSE report when preparing the annual financial statements for the year ended 30 June 2021.

The AR confirms that it received no complaints relating to the accounting policies, reporting practices, internal financial controls or the content and auditing of its financial statements during the year under review.

## INTEGRATED ANNUAL REPORT AND ANNUAL FINANCIAL STATEMENTS

At its meeting held on 19 August 2021, the AR considered and recommended the June 2021 integrated annual report and annual financial statements for approval to the Board. The Board has subsequently approved the integrated annual report and the annual financial statements, which will be open for discussion at the forthcoming AGM.



# Audit and Risk committee report

for the year ended 30 June 2021 (Continued)

## RISK MANAGEMENT AND COVID-19 ASSESSMENT

The Covid-19 pandemic currently sweeping across the world and South Africa has been identified by the Committee as a major potential risk to the sustainability of the Group's tenant base. The Covid-19 pandemic requires continuous observation and management as well as the development of unique solutions.

The Committee has therefore identified the additional significant risks associated with Covid-19 and has tested the executive to ensure suitable strategies are in place to monitor and resolve such risks:

- Tenants facing possible business closure may lead to potential increase in tenant defaults of contractual rental agreements;
- Rental discount demands placing severe strain on the Group's operating cash flows, as well as loan covenants currently in place with providers of finance;
- Increase in potential vacancy profiles across the whole portfolio;
- High possibility of rental reversions of existing tenant base in order to try to maintain sustainability of tenant;
- Trade debtors may exceed Group payment parameters with risk of increase of bad debts;
- Group may have to provide short-term funding to certain associates and subsidiaries as a result of lower cash flows due to tenant defaults;
- Possibility of structuring Group debt if the pandemic has a long-term timeline and tenants rental flows are substantially impacted.

After careful review of all of the above concerns and scenarios, the AR Committee was satisfied that the Groups executive have taken all necessary operational steps to address these issues and these risks will be managed going forward.

The AR has reviewed all risk management reports presented by management during the course of the year and conducted specific risk focused meetings at which all major risks facing the Group and Company were identified, considered and approved.

## INTERNAL FINANCIAL CONTROLS

The AR has reviewed the reports of the external auditors detailing their findings arising from the audit and the appropriate response from management. The AR confirms that no material findings in regard to internal financial controls have been brought to its attention during the year under review. In addition, the committee reviewed and ensured adherence to the annual audit plan.

## SOLVENCY AND LIQUIDITY

The AR is satisfied that the Board has performed a solvency and liquidity test on the Group and Company in terms of sections 4 and 46 of the Companies Act 2008 as amended and concluded that the Group and Company will satisfy this test after payment of the final dividend distribution as approved by the Board on 2 September 2021. In addition, the AR noted and confirmed that this test was performed and satisfied for the payment of the interim dividend distribution approved in December 2020.

## GOING CONCERN STATUS

The AR has considered the going concern status of the Group and Company on the basis of reviews of the unaudited interim financial statements and the audited annual financial statements and information provided to the committee by management and have recommended such going concern status to the Board. The Board statement on the going concern status of the Group and Company is noted on page 114 of the directors' report.

## REGULATORY COMPLIANCE

The AR has, to the best of its knowledge, complied with all applicable legal and regulatory responsibilities.

On behalf of the AR Committee



**H Hartley**  
Chairman

Johannesburg  
19 August 2021

# Statements of financial position

as at 30 June 2021

Notes	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>Assets</b>				
<b>Non-current assets</b>				
<b>Net investment property</b>	<b>2</b>	<b>986 893</b>	<b>512 626</b>	<b>366 505</b>
Gross investment property		1 026 410	372 110	418 642
Operating lease asset	3	(39 517)	(5 605)	(17 739)
<b>Other non-current assets</b>				
Operating lease asset	3	39 249	22 117	5 584
Property, plant and equipment	4	764	247	247
Investment in subsidiaries	5	—	23 114	5 942
Loan to subsidiaries	5	—	134 329	9 606
Deferred interest on discounting of the loan to subsidiaries	5	—	9 236	10 629
Investment in associates	6	30 363	143 132	129 236
Loan to associates	6	—	—	23 206
Cumulative redeemable preference shares in associate	6	35 891	35 891	35 891
		<b>1 093 160</b>	<b>737 221</b>	<b>588 180</b>
<b>Net investment property held for sale</b>		<b>30 156</b>	<b>20 310</b>	<b>30 156</b>
Gross investment property	2	30 300	21 000	21 000
Operating lease asset	3	(144)	(690)	(690)
<b>Current assets</b>				
Operating lease asset	3	412	7 067	164
Loan to group companies	5	—	850	—
Trade and other receivables	8	29 030	5 768	4 816
Current taxation receivable	9	—	595	595
Cash and cash equivalents	10	24 323	3 984	6 464
		<b>53 765</b>	<b>17 415</b>	<b>19 326</b>
<b>Total Assets</b>		<b>1 177 081</b>	<b>774 946</b>	<b>637 662</b>
<b>Equity and liabilities</b>				
<b>Equity attributable to owners of the parent</b>				
Stated capital	11	93 490	98 148	93 490
Retained income		503 619	485 230	431 814
Non-controlling interest	12	18 590	—	—
		<b>615 698</b>	<b>583 377</b>	<b>525 304</b>
<b>Non-current liabilities</b>				
Deferred taxation	9	49 286	44 946	27 408
Loan liabilities	13	470 948	125 760	58 102
		<b>520 233</b>	<b>170 706</b>	<b>85 510</b>
<b>Current liabilities</b>				
Loan liabilities	13	24 939	10 492	18 546
Trade and other payables	15	10 293	5 089	2 368
Bank overdraft	10	5 587	5 281	5 281
Current taxation payable	9	331	—	348
		<b>41 150</b>	<b>20 862</b>	<b>26 849</b>
<b>Total Equity and Liabilities</b>		<b>1 177 081</b>	<b>774 946</b>	<b>637 662</b>

# Statements of comprehensive income

for the year ended 30 June 2021

	Notes	Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
Rental income and recoveries	18	73 075	73 890	53 456	58 939
Property operating costs	19	(26 184)	(19 856)	(18 290)	(16 834)
<b>Profit from property operations</b>		<b>46 891</b>	<b>54 035</b>	<b>35 166</b>	<b>42 104</b>
Corporate administration costs	20	(12 144)	(11 566)	(10 596)	(11 069)
Investment and other income	21	11 365	2 016	9 412	1 975
Expected credit losses	22	396	298	352	(767)
Share of associates' profits/(losses)	6	16 063	(7 433)	—	—
<b>Operating profit before finance costs</b>		<b>62 571</b>	<b>37 350</b>	<b>34 334</b>	<b>32 243</b>
Finance costs	23	(11 303)	(12 623)	(4 955)	(6 930)
<b>Profit before fair value adjustments</b>		<b>51 268</b>	<b>24 727</b>	<b>29 379</b>	<b>25 313</b>
Fair value adjustments on investment properties	2	(28 761)	(14 688)	(30 740)	(2 753)
<b>Profit/(loss) before taxation</b>		<b>22 507</b>	<b>10 039</b>	<b>(1 361)</b>	<b>22 560</b>
Taxation	9	(86)	(7 155)	2 104	(6 800)
<b>Profit/(loss) and total comprehensive income for the year</b>		<b>22 421</b>	<b>2 884</b>	<b>744</b>	<b>15 760</b>
<b>Profit/(loss) and total comprehensive income attributable to:</b>					
Owners of the parent		22 714	2 884	744	15 760
Non-controlling interest	12	(294)	—	—	—
<b>Earnings per share</b>					
Basic and diluted earnings per share (cents)	24	52.63	6.57	—	—



# Statements of changes in equity

for the year ended 30 June 2021

Group	Stated capital R'000	Retained income R'000	Total attributable to equity holders of company R'000	Non-controlling interest R'000	Total equity R'000
<b>Balance at 30 June 2019</b>	<b>98 148</b>	<b>488 040</b>	<b>587 188</b>	<b>–</b>	<b>587 188</b>
Profit and total comprehensive income for the year	–	2 884	2 884	–	2 884
Dividends paid - refer to note 14	–	(6 694)	(6 694)	–	(6 694)
<b>Balance at 30 June 2020</b>	<b>98 148</b>	<b>485 230</b>	<b>583 377</b>	<b>–</b>	<b>583 377</b>
Non-controlling interest on acquisition of subsidiary - refer to note 12	–	–	–	18 883	18 883
Share buy-back	(4 658)	–	(4 658)	–	(4 658)
Profit and total comprehensive income for the year	–	22 714	22 714	(294)	22 421
Dividends paid - refer to note 14	–	(4 326)	(4 326)	–	(4 326)
<b>Balance at 30 June 2021</b>	<b>93 490</b>	<b>503 619</b>	<b>597 109</b>	<b>18 590</b>	<b>615 698</b>
<b>Company</b>					
<b>Balance at 30 June 2019</b>	<b>98 148</b>	<b>426 330</b>	<b>524 478</b>	<b>–</b>	<b>524 478</b>
Profit and total comprehensive income for the year	–	15 760	15 760	–	15 760
Dividends paid - refer to note 14	–	(6 694)	(6 696)	–	(6 694)
<b>Balance at 30 June 2020</b>	<b>98 148</b>	<b>435 396</b>	<b>533 543</b>	<b>–</b>	<b>533 543</b>
Share buy-back	(4 658)	–	(4 658)	–	(4 658)
Profit and total comprehensive income for the year	–	744	744	–	744
Dividends paid - refer to note 14	–	(4 326)	(4 326)	–	(4 326)
<b>Balance at 30 June 2021</b>	<b>93 490</b>	<b>431 814</b>	<b>525 304</b>	<b>–</b>	<b>525 304</b>
Notes	11			12	

# Statements of cash flows

for the year ended 30 June 2021

		Group		Company	
	Notes	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>Cash flow from operating activities</b>					
Net cash generated from operations	25	45 140	28 907	30 213	19 520
Finance costs	23	(11 303)	(12 623)	(4 955)	(6 930)
Investment income	21	6 610	2 016	6 550	1 975
Taxation paid	9	(8 685)	(4 870)	(8 685)	(4 870)
Dividends paid	14	(4 326)	(6 694)	(4 326)	(6 694)
<b>Net cash from operating activities</b>		<b>27 436</b>	<b>6 746</b>	<b>18 797</b>	<b>3 001</b>
<b>Cash flow from investing activities</b>					
Additions and improvements to investment properties	2	(7 844)	(7 799)	(6 187)	(7 799)
Loan repayment received from associates	6	—	3 747	—	3 747
Acquisition of furniture, fittings, computer equipment and motor vehicles	4	(431)	(150)	(431)	(150)
<b>Net cash from investment activities</b>		<b>(8 274)</b>	<b>(4 202)</b>	<b>(6 618)</b>	<b>(4 202)</b>
<b>Cash flow from financing activities</b>					
Payments made on share buyback	11	(4 658)	—	(4 658)	—
Payments made on loan liabilities	13	(11 095)	(9 612)	(4 283)	(5 861)
<b>Net cash from financing activities</b>		<b>(15 753)</b>	<b>(9 612)</b>	<b>(8 941)</b>	<b>(5 861)</b>
Total cash at the beginning of the period		(1 297)	5 771	(2 360)	4 702
Total cash received due to change in control - Refer note 12		16 625	—	—	—
Total cash movement for the year		3 409	(7 068)	3 238	(7 062)
<b>Total cash at the end of the period</b>		<b>18 736</b>	<b>(1 297)</b>	<b>877</b>	<b>(2 360)</b>

# Notes to the financial statements

for the year ended 30 June 2021

## 1. ACCOUNTING POLICIES

### 1.1 Basis of preparation

The financial statements have been prepared using a combination of the historical cost and fair value basis of accounting. The accounting policies and methods of computation are consistent with those for the year ended 2020, unless otherwise stated.

#### Prepared in accordance with

International Financial Reporting Standards (IFRS), and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

JSE Listings  
Requirements

Companies Act

Going concern  
principles

#### Functional - and presentation currency

South African Rand

#### Rounding principles

R'000 (Thousand)

These financial statements comprise the financial statements of Putprop Limited, its subsidiary companies and equity accounted associates and joint operations together referred to as the Group.

### 1.2 Significant judgements and estimates

In preparing the financial statements, management are required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement as inherent in the formation of estimates. Judgement in these areas is based on historical experience and reasonable expectations relating to future events. Actual results in the future could differ from these estimates, which may be material to the financial statements. Significant estimates made relate to the determination of fair values of investment properties, joint arrangements, recoverability of financial assets and taxation. Management discusses with the Audit Committee the development, policies and estimates. Information on the critical estimations and uncertainties that may have significant effects on the amounts recorded and recognised in the financial statements are set out in the following notes in these financial statements:

#### Investment Properties

Valuations require judgement in the determination of future cash flows from leases and an approximate capitalisation rate. Revaluations are performed annually. The last valuation was done 30 June 2021 by an independent valuer and included a review of title deed information, town planning conditions, property descriptions and improvements as well as locality. Market conditions and demand, comparable sales ad vacant land values were also taken into consideration.

At the statement of financial position date the fair value of the investment property is adjusted to take into account the effect of the straight-lining of the leases in terms of IAS 40 - Investment Property. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

#### Trade receivables, loans receivables and impairment

Management identifies impairment of trade receivables and loan receivables on an ongoing basis. Impairment adjustments are raised against trade receivables and loan receivables in terms of IFRS 9's expected credit loss (ECL) model. This is achieved by converting a historic ECL into a probability weighted forward-looking ECL which takes into account industry specific economic conditions, validated historical macro-economic data and vetted forecasts and scenarios.

The impact of the Covid-19 pandemic on local markets will continue to impact the business and may result in an increase in future impairment of financial assets. This will potentially affect the ECL associated with trade recoveries and loan receivables.



# Notes to the financial statements

for the year ended 30 June 2021 (Continued)

## 1.2 Significant judgements and estimates (Continued)

### Taxation

Tax liabilities are recognised when it is considered probable that there will be a future outflow of funds to a taxing authority. In such cases, provision is made for the amount that is expected to be settled, where this can be reasonably estimated. This requires the application of judgement to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognised in income in the period in which the change occurs.

### Joint arrangements

Where Putprop has contractually agreed to share control of an arrangement management assesses whether a joint arrangement can be classified as a joint operation or joint venture. This depends on whether the joint arrangement has rights to the assets and obligations for the liabilities, relating to the arrangement. A joint operation has rights to the assets and obligations for the liabilities, while a joint venture will only have rights to the net assets of the arrangement. Joint rights to a building, where the title deed is in both party's names is considered to be a joint operation as Putprop has rights to the building and obligations for related liabilities. Putprop currently has no joint ventures in the Group. Putprop uses judgement to determine whether all contractual leases should be accounted for as operating or financial leases in the joint operations.

### Significant influence over investment in associates

Putprop Limited is deemed to have significant influence over Belle Isle Investments Proprietary Limited as there is a significant influence through board representation although, the shareholding indicate less than 20% (18.175% (2020:18.175%)).

## 1.3 Consolidation

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 30 June 2021.

The results of the subsidiary are included in the consolidated annual financial statements from the effective date that control was acquired to the effective date that control is disposed of or lost.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interest is recognised on a proportionate basis.

## 1.4 Investment properties

Investment property, which is stated at fair value less straight-line lease adjustments, constitutes land and buildings held by the Group for rental producing purposes and to appreciate in capital value. Investment properties under development are measured based on estimates prepared by an independent valuer, where this can be determined. If a property is no longer considered a core property or does not meet the Group's strategic requirements, then a sale of the property will be approved and the property transferred to non-current assets held for sale should all the requirements of IFRS 5 - Non-Current Assets held for sale and discontinued operations be met.

Investment property is measured initially at cost, including transaction costs directly attributable to the acquisition. The carrying amount includes the cost of subsequent expenditure relating to an existing investment property incurred subsequently to add to or to replace a part of a property, if at the time that cost is incurred, it is probable that future economic benefits that are associated with the investment property will flow to the enterprise. Tenant installations are capitalised to the cost of a building. All other subsequent expenditure including the costs of day to day servicing of an investment property is expensed in the period in which it is incurred.

Investment property is maintained upgraded and refurbished as determined by management from time to time, in order to preserve or improve the assets capital value. Maintenance and repair costs which do not add value to the asset or prolong the useful life of the asset is charged against profit and loss in the period incurred.

### Effective date of property transactions

In the event of an investment property being disposed of or acquired, the effective date of the transaction is generally when all suspensive conditions have been met and complied with and the buyer becomes contractually entitled to the income and expenses associated with the property.

### Fair value

The fair value of investment properties reflects market conditions. Fair value is determined on the basis of an annual, independent, external valuation carried out by a registered professional valuer. The directors also value the entire property portfolio bi-annually on the fair market value basis. Fair market value is the open market value, which in the opinion of the directors, is the fair market price at which the property could have been sold unconditionally for a cash consideration in an orderly transaction at the date of valuation. Any differences between the respective valuations would be reported in the notes to the financial statements. Gains or losses arising from changes in the fair values of investment property are recognised in the profit or loss in the year in which they arise.

# Notes to the financial statements

for the year ended 30 June 2021 (Continued)

## 1.4 Investment properties (Continued)

### Derecognition

Investment property is derecognised either when they have been disposed of and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property (the difference between the sale proceeds and the carrying amount) are recognised in profit or loss in the year of retirement or disposal.

## 1.5 Investments in associates

Investments in associates are accounted for in the Group using the equity method. Associates are entities in which the Group has significant influence and which is neither a subsidiary nor a joint arrangement. Under the equity method, the investments are initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the after tax profits or losses of the associates after their acquisition dates. An associate carrying amount includes any long-term loan(s) receivable from the associate for which settlement is neither planned nor likely to occur in the foreseeable future, and forms part of the net investment in entity.

The Company's investments in associates are carried at cost less any impairment. These investments are assessed annually for any impairment indicators.

## 1.6 Joint arrangements

The Group has various undivided shares in investment properties which are being treated as Joint Operations, hence only the Group's percentage share in the property is included in the consolidated results.

When a Group entity undertakes its activities under Joint Operations, the Group as a joint operator recognise in relation to its interest in a Joint Operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue, including its share of revenue arising from the sale of the output arising from the Joint Operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for assets, liabilities, revenue and expenses relating to its interest in a Joint Operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

## 1.7 Investments in subsidiaries

The investment in subsidiary is carried at cost in the Company's financial statements less any accumulated impairment

## 1.8 Non-controlling interest

The non-controlling interest relates to the portion of equity ownership in a subsidiary not attributable to the parent company. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. When the proportion of the equity held by non-controlling interests changes, the group adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The group recognises, directly in equity, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent company.

## 1.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. There are no indications of impairment as at this reporting date.

## 1.10 Share capital

Ordinary shares are classified as equity. Where the Group purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs, is deducted from that equity attributable to equity holders until shares are cancelled or reissued.

# Notes to the financial statements

for the year ended 30 June 2021 (Continued)

## 1.11 Leases

### Group as lessor

The Group currently only has operating leases. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards related to ownership.

Turnover rentals or variable rentals, based on a percentage of any turnover achieved by a tenant, are included in revenue when such amount can be measured in terms of the contractual lease agreement. Contractual rental income is recognised as revenue in profit and loss on a straight-line basis over the term of the lease. Modifications experienced due to Covid-19 payment holidays is accountable for as an adjustment to contractual rental income earned. An adjustment is made to bring into account the current period differences between rental income that the Group is currently entitled to and the rental for the whole term of the lease calculated on a smoothed straight-line basis.

## 1.12 Revenue

Revenue comprises the following streams:

- Operating lease income
- Operating cost recoveries

### Revenue recognition

Types of revenue	Recognition
Operating lease income	Recognised as income on a straight-line basis over the lease term. Considered fixed escalations
Revenue from contracts with customers: Municipal recoveries	Municipal recoveries are recognised over the period for which the services are rendered. The group acts as a principal on its own account when recovering operating costs, such as utilities, from tenants.

### Recoveries

Recoveries income represent the transaction price, i.e. the amount of the consideration which the entity expects to receive for services provided, net of value added tax.

Recoveries are recognise on an accruals basis in line with the service being provided. Accordingly the group maintains its recording of service charge income on a gross basis.

### Performance obligations related to recovery income

a. When the entity typically satisfies its performance obligations	• Services are rendered during the month. Revenue is recognised at over time (the end of each month).
b. The significant payment terms	• Payment from tenants is due on the 1st of each month.
c. Variability of the consideration payable	• Recoveries are typically fixed for cleaning, security and marketing contributions based on contracted expenses for a period . • Utility recoveries are charged as received from municipalities.
d. The nature of the goods or services that the entity has undertaken/ agreed to transfer	• Services rendered include the provision of utilities, cleaning and security.

## 1.13 Investment and other income

Interest is recognised in profit and loss by means of the effective interest method.

Dividend income is recognised once the right to receive is evident.

## 1.14 Property operating costs

Operating expenses as well as service costs for service contracts identified with a specific property are expensed as incurred

## 1.15 Employee benefits

The cost of short-term employee benefits (those expected to be settled wholly before 12 months after the annual reporting period in which employees render the related service) and post-employment benefits (leave payments and pension payments) are recognised in profit and loss in the period in which the related service is provided. Provision for leave pay represents the presents obligation that the Group has as a results of employees' services rendered up to the reporting date and is calculated using salary rates and accrued days leave as at reporting date.



# Notes to the financial statements

for the year ended 30 June 2021 (Continued)

## 1.16 Earnings per share

The Group presents basic earnings per share and headline earnings per share. Basic earnings per share, expressed in cents derives from profit attributable to equity holders divided by the weighted average number of shares in issue for the review period. Headline earnings per share, expressed in cents is derived from headline earnings attributable to equity holders divided by the weighted average number of shares in issue during the review period.

## 1.17 Taxation

### Current taxation

The charge for current tax is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible and any adjustment for tax payable or receivable for previous years. Current income tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/ (recovered from) the taxation authorities. The tax rates and tax laws used to compute the amount are those that are substantively enacted by the reporting date.

### Deferred taxation

A deferred tax liability is the amount of income taxes payable in future periods in respect of taxable temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. A deferred tax liability is recognised for all taxable temporary differences.

## 1.18 Finance costs

Borrowing costs are expensed as and when incurred, as the Group elected not to capitalise borrowing costs to investment properties measured at fair value. There are no other qualifying assets.

## 1.19 Property, plant and equipment

Property, plant and equipment is initially measured at cost and subsequently carried at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on the straight line method to write off cost of the assets to its residual value over the estimated useful life. Depreciation rates currently applicable are as follows:

Item	Useful life
Computer Equipment	3 - 5 years
Furniture and Fittings	6 - 10 years
Motor Vehicles	3 - 5 years
Office Equipment	5 - 7 years

## 1.20 Segmental reporting

The core business of the Group is property rental, which is reported into segments based on the nature and business functions of the tenants for JSE reporting purposes.

Segments are identified on the nature of the property and tenants underlying business. Corporate segments expenses relate to head office expenditure and income.

James Smith (Chief Financial Officer) acts as the Chief Operations Decision Maker for the Group when analysing the segments.

The following segments are listed on page 162: commercial, industrial, retail and residential.

The Group operates in the greater Gauteng area, the North West and Mpumalanga provinces. The individual locations are listed on page 94 of this report.

The measurement policies the Group uses for segment reporting under IFRS 8 - Operating Segments are the same as those used in its financial statements, except corporate administrative expenses and investment and other income are not included in determining at operating profit of the Operating Segments.

## 1.21 Related parties

Related Parties include any shareholder who is able to exert a significant influence as well as any individual or entity who control or have significant influence over the Group, and parties who are controlled or significantly influenced by the Group (including subsidiaries, joint operations and associates). Refer to note 29 where the Group companies have entered into transactions in the ordinary course of business with each other, and/or other institutions/individuals that are also shareholders or key management personnel. All such transactions have been concluded under terms that are consistent with those entered into with third parties.

# Notes to the financial statements

for the year ended 30 June 2021 (Continued)

## 1.22 Financial instruments

### Classification of Financial instruments

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

In order for financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets, or both.

The Group's financial instruments consist mainly of trade and other receivables, cash and cash equivalents, intergroup loans, financial liabilities and trade payables. Additional disclosure has been included under note 6, 8 and 15.

Instrument	IFRS 9 Measurement		
	Initial	Subsequent	Derecognition
Trade and other receivables	At fair value plus any directly attributable transaction costs, if any.	Amortised cost using the effective interest rate method.	When the contractual rights to the cash flows from the financial asset expires.
Cash and cash equivalents			
Intergroup loans			
Financial liabilities	At fair value plus any directly attributable transaction costs if any.	Amortised cost using the effective interest rate method.	When the obligations specified in the contract expire, are discharged or cancelled.
Trade payables			

### Impairment of financial assets under IFRS 9

The Group has financial assets classified and measured at amortised cost that are subject to the expected credit loss model requirements of IFRS 9. While cash at bank and in hand are classified and measured at amortised cost, they are also subject to the impairment requirements but are considered to have low risk and the expected credit loss mitigated through the Group's credit risk management policy. (Refer to Risk Management Note 16).

At each reporting date, the group assesses whether financial assets carried at amortised cost (such as long-term loans granted) have significantly increased in credit risk. The group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group has a write-off policy that writes-off trade receivables when internal and initial legal collection processes have been exhausted and judgement is made that the amount is likely not recoverable.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the group expects to receive).

ECLs associated with loans are assessed on a forward-looking basis using the general model per IFRS 9.

The group has elected to measure loss allowances for trade receivables (including lease receivables) and inter-company loans at an amount equal to lifetime ECLs by making use of the general impairment model. When estimating ECLs, for trade receivables and inter-company loans the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information based on the group's historical experience and includes forward-looking such as cashflow forecasts, significant contracts signed, potential business restricting, net asset value and liquidity.

Exposures within each group were segmented based on common credit risk characteristics. The weighted average loss rate was adjusted to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the group's view of economic conditions over the expected lives of the receivables.

# Notes to the financial statements

for the year ended 30 June 2021 (Continued)

## 1.23 New and revised International Financial Reporting Standards (“IFRS”) issued

The Group has not applied various IFRS and International Financial Reporting Interpretations Committee (IFRIC) interpretations that have been issued and could be expected to be applicable, but which are not yet effective, and does not plan on early adoption.

New and forthcoming accounting standards		
STANDARD	DETAILS OF THE STANDARD OR AMENDMENT	ANTICIPATED IMPACT
<b>IFRS 7 – Financial Instruments Disclosures</b> <b>IFRS – 9 Financial Instruments</b> <b>IAS 39 – Financial Instruments: Recognition and Measurement</b>	<b>Amendment: Interest Rate Benchmark Reform</b> <ul style="list-style-type: none"> <li>- By the end of December 2021, rates such as LIBOR will be retired and replaced with an alternative reference system. Given the scope of the impact of the LIBOR phase-out, affected businesses should be taking steps now to plan for the transition.</li> <li>- It should be noted that the South African Reserve Bank (SARB) also supports this move as there are shortcomings with the JIBAR and as such, will also look to implement a new rate.</li> <li>- In November 2020, the Deputy Governor of the South African Reserve Bank ("SARB") confirmed that JIBAR would cease 'at some future point' and that South Africa would transition to alternative reference rates. Current expectations are that JIBAR may cease in 2024.</li> <li>- The new system will be a variety of alternative risk-free and near-risk-free rates (RFRs), mostly administered by central banks. The proposed replacement for JIBAR will be South African Rand Overnight Index Average (ZARONIA).</li> </ul>	1 January 2021 (Expectations are that the difference in interest costs between JIBAR and ZARONIA will have an impact on the Group, however this is not expected to be material)
<b>IFRS 9 Financial Instruments</b>	<ul style="list-style-type: none"> <li>• Amendment: Fees in the '10 per cent' test for derecognition of financial liabilities</li> <li>- Clarifies which fees must be applied in the application of the '10 per cent' test when assessing whether to derecognise a financial liability. Only include fees paid or received on the other's behalf</li> </ul>	1 January 2022 (The amendment is not expected to have a material impact on the Group as terms will be substantially different from any terms of the Group's original financial liabilities)



# Notes to the financial statements

for the year ended 30 June 2021 (Continued)

New and forthcoming accounting standards		
STANDARD	DETAILS OF THE STANDARD OR AMENDMENT	ANTICIPATED IMPACT
<b>IAS 1 Presentation of Financial Statements</b>	<ul style="list-style-type: none"> <li>The amendments affecting the <b>presentation of liabilities</b>, clarify:               <ul style="list-style-type: none"> <li>Classification to be based on whether the right to defer settlement by at least twelve months exists at the end of the reporting period.</li> <li>Classification is unaffected by expectation of settlement.</li> <li>Settlement refers to transfer of cash equity instruments, other assets or services.</li> <li>That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.</li> </ul> </li> </ul>	1 January 2022 (The amendment is not expected to have a material impact on the Group as none of these classifications will be applicable.)
<b>IAS 16 Property, Plant and Equipment (PPE)</b>	<ul style="list-style-type: none"> <li>Amendment: <b>Proceeds before intended use</b> <ul style="list-style-type: none"> <li>Prohibits the deduction of proceeds from selling items produced while bringing an asset into use from the cost of that asset.</li> <li>The entity must recognise the proceeds from sale, and the cost of producing those items, in profit or loss.</li> </ul> </li> </ul>	1 January 2022 (The amendment is not expected to have a material impact on the Group as the Group do not construct PPE and do not sell PPE before intended use.)
<b>IAS 37 Provisions, Contingent Liabilities and Contingent Assets</b>	<ul style="list-style-type: none"> <li>Amendment: Onerous Contracts - <b>Cost of Fulfilling a Contract</b> <ul style="list-style-type: none"> <li>Specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'.</li> <li>Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant</li> </ul> </li> </ul>	1 January 2022 (The amendment is not expected to have a material impact on the Group as the Group do not enter into any onerous contracts under its normal operations.)

# Notes to the financial statements

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>2. INVESTMENT PROPERTY</b>				
<b>2.1 Net investment property 30 June</b>				
Property acquisitions, capital expenditure and tenant installations	858 989	314 249	248 705	233 422
Cumulative gain from gross fair value adjustment of investment property	167 420	226 872	123 404	185 220
Operating lease assets	(39 517)	(28 495)	(5 605)	(17 739)
<b>Net investment property 30 June</b>	<b>986 893</b>	<b>512 626</b>	<b>366 505</b>	<b>400 903</b>
<b>Movement for the year</b>				
Investment property 1 July	512 626	495 640	400 903	371 981
Capital expenditure and tenant installations	7 844	7 799	6 187	7 799
Transfer to investment property held for sale	(18 000)	—	(18 000)	—
Transfer from investment property held for sale	8 700	20 634	8 700	20 634
Assets acquired through change in control - refer note 12	505 030	—	—	—
Change in gross fair value of investment property	(41 055)	(5 898)	(43 419)	4 623
Change in operating lease assets	11 748	(5 548)	12 134	(4 134)
<b>Net investment property 30 June</b>	<b>986 893</b>	<b>512 626</b>	<b>366 505</b>	<b>400 903</b>

# Notes to the financial statements

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>2.2 Net investment property - held for sale 30 June</b>				
<b>Stated at fair value</b>				
Property acquisitions, capital expenditure and tenant installations	19 097	2 551	19 097	2 551
Cumulative gain from fair value adjustment of investment property	11 203	18 449	11 203	18 449
Operating lease assets	(144)	(690)	(144)	(690)
<b>Net investment property 30 June</b>	<b>30 156</b>	<b>20 310</b>	<b>30 156</b>	<b>20 310</b>
<b>Movement for the year*</b>				
Investment property 1 July	20 310	41 267	20 310	41 267
Transfer from investment property	18 000	—	18 000	—
Transfer to investment property	(8 700)	(20 634)	(8 700)	(20 634)
Operating lease assets	546	(323)	546	(323)
<b>Net investment property 30 June</b>	<b>30 156</b>	<b>20 310</b>	<b>30 156</b>	<b>20 310</b>

\*Movement for the year

An agreement was entered into in 2019 whereby the company sold a 50% undivided share of the Mamelodi and Dobsonville properties to McCormick Development Company. The selling price of the 50% share in the properties was estimated at R12.3 million for Mamelodi and R8.7 million for Dobsonville. Final consideration will be determined by occupational articulate reflecting a final GLA for each retail centre built. As at 30 June 2021 final transfer was still outstanding on the Mamelodi property. The Board of Directors reassessed the sale of Dobsonville and as at 30 June 2021 it did not seem probable that this sale will be concluded within the next 12 months and has therefore been transferred back to investment property.

In November 2020 a sale agreement was entered into with Phumrello Property (Pty) Ltd for the sale of the Grand Central property situated at 220 New Road Midrand, Portion 1 of Erf 71, Extension 21 Township. A sale price of R18 million was achieved.

Refer to page 86 to 103 for the property disclosures in terms of JSE Listing Requirements paragraph 13.18 and 13.19

Investment Property held as security over the loan liabilities in note 13 are as follows:

- Erf 27 and 28, Corridor Hill, Mpumalanga to the value of R48 162 665 (2020: R48 162 665);
- Erf 8839, Secunda, Ext 60, Mpumalanga to the value of R123 658 544 (2020: R123 658 544); and
- Section 1 of 55 Oakhurst, Portion 1 and 2 of Erf 915 Parktown to the value of R75 500 000 (2020: R75 500 000).
- Exclusive use area of Scheme 159, Portion R8 and R9; Scheme 640 Portion R3, R4 and R5; Sectional Title Unit 159, Portion 6 and 8; Sectional Title Unit 83, Portion 1 and 2 and Sectional Title Unit 816, Portion 14 of SS Summit Place to the value of R467 189 977.

Refer to page 86 to 103 for the property disclosures in terms of JSE Listing Requirements paragraph 13.18 and 13.19.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>3. OPERATING LEASE ASSET</b>				
Balance at 1 July	29 184	23 313	18 428	13 971
Income / (loss) recognised during the year	(12 294)	5 871	(12 679)	4 457
Operating lease asset acquired through changes in control - refer to note 12	22 770	—	—	—
<b>Balance at 30 June</b>	<b>39 661</b>	<b>29 184</b>	<b>5 749</b>	<b>18 428</b>
Reflected on the statement of financial position under:				
Non-current assets	39 249	22 117	5 584	11 599
Current assets	412	7 067	164	6 829
	<b>39 661</b>	<b>29 184</b>	<b>5 749</b>	<b>18 428</b>



# Notes to the financial statements

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>4. PROPERTY, PLANT AND EQUIPMENT</b>				
<b>Computer equipment</b>	<b>86</b>	<b>137</b>	<b>86</b>	<b>137</b>
Cost	279	279	279	279
Accumulated depreciation	(193)	(143)	(193)	(143)
<b>Furniture &amp; Fittings</b>	<b>304</b>	<b>16</b>	<b>29</b>	<b>16</b>
Cost	460	88	124	88
Accumulated depreciation	(157)	(72)	(95)	(72)
<b>Office equipment</b>	<b>329</b>	<b>1</b>	<b>329</b>	<b>1</b>
Cost	566	170	566	170
Accumulated depreciation	(236)	(169)	(236)	(169)
<b>Motor Vehicles</b>	<b>45</b>	<b>94</b>	<b>45</b>	<b>94</b>
Cost	147	147	147	147
Accumulated depreciation	(102)	(53)	(102)	(53)
	<b>764</b>	<b>247</b>	<b>490</b>	<b>247</b>
<b>Reconciliation of property, plant and equipment</b>				
<b>Property, plant and equipment at the beginning of the period</b>	<b>247</b>	<b>167</b>	<b>247</b>	<b>167</b>
<b>Additions</b>	<b>431</b>	<b>150</b>	<b>431</b>	<b>150</b>
Computer Equipment	-	150	-	150
Furniture & Fittings	36	-	36	-
Office equipment	395	-	395	-
<b>Assets acquired through changes in control - refer to note 12</b>	<b>274</b>	<b>-</b>	<b>-</b>	<b>-</b>
Furniture & Fittings	274	-	-	-
<b>Depreciation</b>	<b>(189)</b>	<b>(70)</b>	<b>(189)</b>	<b>(70)</b>
Computer Equipment	(51)	(15)	(51)	(15)
Furniture & Fittings	(22)	-	(22)	-
Office equipment	(67)	(6)	(67)	(6)
Motor Vehicles	(49)	(49)	(49)	(49)
	<b>764</b>	<b>247</b>	<b>490</b>	<b>247</b>

# Notes to the financial statements

for the year ended 30 June 2021

## 5. INVESTMENT IN ASSOCIATE, SUBSIDIARIES AND JOINT OPERATION

### 5.1 Investment in subsidiaries

	Nature of business	Issued share capital	% held in issued share capital		Cost of shares held		Amount owing by/(to) subsidiary	
			2021	2020	2021	2020	2021	2020
			%	%	R'000	R'000	R'000	R'000
Secunda Value Centre (Pty) Ltd	Retail Centre		100	100	5 942	5 942	21 043	20 236
Pilot Peridot Investments One (Pty) Ltd - Refer note 12	Mixed use commercial		61,211	—	17 172	—	123 371	—
Baraville (Pty) Ltd*	Dormant		100	100	*	*	*	*
Edenvale Bus Service (Pty) Ltd*	Dormant		100	100	*	*	*	*
Namasota (Pty) Ltd*	Dormant		100	100	*	*	*	*
Putfield (Pty) Ltd*	Dormant		100	100	*	*	*	*

\* Less than R1 000

5.2 Reconciliation of amount owing by/(to) subsidiary	Company			Company	
	2021			2020	
	R'000			R'000	
	Secunda Value Centre (Pty) Ltd	Pilot Peridot Investments One (Pty) Ltd	Total	Secunda Value Centre (Pty) Ltd	Total
Expected credit losses 1 July	(1 065)	—	(1 065)	—	—
Reclassified from investment in associate -refer note 6	—	(1 123)	(1 123)	—	—
Movement	(43)	—	(43)	(1 065)	(1 065)
<b>Expected credit losses 30 June</b>	<b>(1 108)</b>	<b>(1 123)</b>	<b>(2 231)</b>	<b>(1 065)</b>	<b>(1 065)</b>
<b>Gross loan amount owing by/(to)</b>	<b>22 151</b>	<b>124 494</b>	<b>146 646</b>	<b>21 301</b>	<b>21 301</b>
Loan 1	21 301	99 034	120 335	21 301	21 301
Loan 2	850	5 458	6 308	—	—
Loan 3	—	20 002	20 002	—	—
<b>Net amount owing</b>	<b>21 043</b>	<b>123 371</b>	<b>144 415</b>	<b>20 236</b>	<b>20 236</b>

All subsidiaries are incorporated in South Africa and all operations are in South Africa.

Loan 1 of both Secunda Value Centre (Pty) Ltd and Pilot Peridot Investments One (Pty) Ltd are unsecured, interest free and have no fixed terms of repayment. The directors do not expect to call on these loans within the next 12 months.

Loan 2 of Secunda Value Centre (Pty) Ltd is unsecured, interest free and repayable within the next 12 months.

Loan 2 and loan 3 of Pilot Peridot Investments One (Pty) Ltd are unsecured, bear interest at prime plus 2% per annum and have no fixed terms of repayment. The directors do not expect to call on these loans within the next 12 months.

Loan 1, of both Secunda Value Centre (Pty) Ltd and Pilot Peridot Investment One (Pty) Ltd are discounted. The discounting is based on future cash flow forecasts of the Secunda Value Centre (Pty) Ltd and Pilot Peridot Investment One (Pty) Ltd, estimating the cash available for settlement of this loan.

IFRS 9 was considered for all the loans and the investments and an ECL to the amount of R2.2 million (2020: R1.1 million) was recognised on the loans. Refer to note 22.

Refer to note 16 for credit risk management.

# Notes to the financial statements

for the year ended 30 June 2021

## 5.3 Investment in associates

Unlisted associates	% held	Nature	Acquisition date
Belle Isle Investments (Pty) Limited	18.175	Mixed use retail/commercial	June 2006

The associate is incorporated in South Africa and all operations are in South Africa.

Belle Isle has a 28 February year end. The investment is equity accounted. The financial information included in the consolidation based on annual audited figures for the February year end, adjusted for the period which falls outside the Group's financial period, as well as the unaudited management accounts for the four months ended 30 June. The February year end is not aligned with that of the Group as Putprop is unable to control the shareholder or board decisions to change the year end.

There were no material transactions/adjustments since the audited February year end.

For details on the amounts as disclosed in the statement of financial position and the statement of comprehensive income, refer to note 6.

For details on the aggregate financial information of the associates, refer to note 7.

## 5.4 Investment in joint operation

Unlisted joint operation	% held	Nature	Acquisition date
Corridor Hill Properties (Pty) Ltd	50	Retail	May 2015

Corridor Hill Properties (Pty) Ltd is incorporated in South Africa and all operations are in South Africa. The company operates as a property holding entity.

This joint arrangement is classified as a joint operation. As per the co-ownership agreement each party has a 50% contractual share in the underlying asset and liabilities and it is therefore classified as a joint operation.

	Group	
	2021 R'000	2020 R'000
<b>6. INVESTMENT IN ASSOCIATES</b>		
<b>6.1 Investment in associates - combined</b>		
Balance at the beginning of the year	143 132	150 564
Share of profits and (losses) excluding fair value adjustment	1 994	(1 874)
Share of fair value adjustment on investment property	14 069	(5 559)
Reclassified to investment in subsidiary - refer note 12	(128 832)	–
Balance at the end of the year	<b>30 363</b>	<b>143 132</b>
<b>Reconciled as follows:</b>		
Cost and shareholder loans	13 030	129 235
Share of net retained profits since acquisition (excluding fair value)	11 923	(234)
Share of fair value adjustment on investment property	5 410	14 130
Balance at the end of the year	<b>30 363</b>	<b>143 132</b>



# Notes to the financial statements

for the year ended 30 June 2021

		Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>6.2</b>	<b>Investment in associates - individual</b>				
	<b>Belle Isle Investments (Pty) Ltd - 18.175 %</b> <b>(2020: 18.175 %)</b>				
	<b>Centurion Gate retail centre</b>				
	Balance at the beginning of the year	26 664	31 141	13 030	13 030
	Share of fair value adjustment on investment property	—	(6 830)	—	—
	Share of profits/(losses) excluding fair value adjustment	3 699	2 353	—	—
	<b>Balance at the end of the year</b>	<b>30 363</b>	<b>26 664</b>	<b>13 030</b>	<b>13 030</b>
	<b>Pilot Peridot One (Pty) Ltd - 61.211 %</b> <b>(2020: 61.211 %)</b>				
	<b>Summit Place Menlyn mixed use centre</b>				
	Balance at the beginning of the year	116 468	119 423	116 205	116 205
	Share of profits/(losses) excluding fair value adjustment	(1 815)	(4 227)	—	—
	Share of fair value adjustment on investment property	14 069	1 272	—	—
	Reclassified to investment in subsidiary - refer note 5 and 12	(128 722)	—	(116 205)	—
	<b>Balance at the end of the year</b>	<b>—</b>	<b>116 468</b>	<b>—</b>	<b>116 205</b>

		Group		Company	
		2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>6.3</b>	<b>Loan to Pilot Peridot One (Pty) Ltd</b>				
	Interest bearing at the prime bank overdraft rate +3% and repayable on demand with 12 months' notice period	—	24 328	—	24 328
	Allowance for expected credit losses	—	(1 121)	—	(1 121)
	<b>Net loan to associate</b>	<b>—</b>	<b>23 206</b>	<b>—</b>	<b>23 206</b>
	<b>General Approach</b>				
	Opening balance	1 121	1 900	1 121	1 900
	Changes due to credit risk - 12 month ECL basis	2	(778)	2	(778)
	Reclassified to investment in subsidiary - refer note 5	(1 123)	—	(1 123)	—
	<b>Closing Balance</b>	<b>—</b>	<b>1 121</b>	<b>—</b>	<b>1 121</b>

## Credit Risk

For details of assessment of credit risk of loan to associate refer to the financial risk management note 16.

The loan to associate is repayable on demand with a 12-month notice period. A 12-month ECL was used. The reduction in the expected credit loss on the associate loan was the result of the transfer from associate to subsidiary. Refer note 12.

# Notes to the financial statements

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>6. INVESTMENT IN ASSOCIATES</b>				
(Continued)				
<b>6.4 Cumulative, redeemable preference shares in associates</b>				
Opening balance	35 891	35 891	35 891	35 891
<b>Balance at end of year</b>	<b>35 891</b>	<b>35 891</b>	<b>35 891</b>	<b>35 891</b>

The terms of the preference shares are as follows: cumulative at a 7.2% coupon rate, redeemable at the option of Belle Isle Investments (Pty) Ltd with no fixed date of redemption. The rate of return used to discount the investment was the prime bank overdraft rate, at the date of investment.

IFRS 9 was considered and no ECL was recognised as it was considered to be immaterial due to no factors negatively impacting the investment.

## 7. AGGREGATE FINANCIAL INFORMATION: UNLISTED

		Belle Isle
		2021 R'000
<b>7.1 Aggregate investment information 30 June 2021</b>		
<b>Aggregate financial information: unlisted</b>		
Non-current assets		361 212
Current assets		29 518
Non-current liabilities		(140 592)
Current liabilities		(5 504)
Revenue		40 487
Profit/(loss) after taxation		20 352
<b>Total comprehensive income</b>		<b>20 352</b>
Net Asset value		244 634
Share in net asset value		44 462
Goodwill/(Bargain) on acquisition of share investment		3 042
<b>Investment carrying value</b>		<b>30 363</b>
		Belle Isle
		2020 R'000
<b>7.2 Aggregate investment information 30 June 2020</b>		
<b>Aggregate financial information: unlisted</b>		
Non-current assets		359 922
Current assets		20 254
Non-current liabilities		(125 942)
Current liabilities		(4 636)
Revenue		42 167
Profit after taxation		12 946
<b>Total comprehensive income</b>		<b>12 946</b>
Net Asset value		225 257
Share in net asset value		40 941
Goodwill/(Bargain) on acquisition of share investment		3 042
<b>Investment carrying value</b>		<b>26 664</b>

# Notes to the financial statements

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>8. TRADE AND OTHER RECEIVABLES</b>				
<b>Financial assets</b>				
Rental receivables	12 356	5 174	6 245	5 174
Allowance for expected credit losses	(3 728)	(980)	(584)	(980)
<b>Rental receivables (net of impairment)</b>	<b>8 629</b>	<b>4 195</b>	<b>5 662</b>	<b>4 195</b>
Deposits paid*	9 109	1 511	6 133	460
	<b>17 738</b>	<b>5 706</b>	<b>11 795</b>	<b>4 655</b>
<b>Non-Financial assets</b>				
Sundry receivables <sup>#</sup>	7 252	62	52	62
Prepayments	1 686	—	—	—
Municipal deposits	2 353	—	—	—
Value added tax	—	—	—	99
	<b>29 030</b>	<b>5 768</b>	<b>11 847</b>	<b>4 816</b>

\* The Group acquired a new head office building with a R5.5 million deposit paid before 30 June 2021. As at year end, transfer has not yet gone through.

<sup>#</sup> Other sundry receivables include, general receivables and guarantees.

The carrying values of these receivables approximate their fair values, due to their short-term nature. Further information on receivables is set out in note 16.

## Expected credit losses (ECL) allowance included above:

The Group applied the simplified approach for providing for expected credit losses prescribed by IFRS 9, which permits the use of a provision matrix in determining the lifetime expected losses for all trade receivables. Groupings of credit risks in the provision matrix used, includes trade receivables in the retail, industrial, commercial and residential segments.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. The expected loss rates are based on the Group's historical credit losses experienced in 2020 and prior to this period and are reassessed at each reporting date. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers, as well as potential changes in the debtors' risk profiles as a result of the disruptions caused by the Covid-19 outbreak. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors. Refer to note 22 for the detailed ECL allowance.

Deposits paid to suppliers have also been assessed for ECL based on past events and future looking information. No impact has been identified as the deposits are with municipalities and the potential that there would be write-offs is considered minimal.

## Exposure to credit risk

The carrying amount of each class of trade receivables represents the maximum credit exposure. More information about the credit exposure of trade and other receivables is found in note 16.

The maximum exposure to credit risk for trade and other receivables at Group level at the reporting date was R9 million (2020: R6 million).

Trade and other receivables of R3.73 million (2020: R0.98 million) were impaired and provided for.



# Notes to the financial statements

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>9. TAXATION</b>				
<b>9.1 TAXATION RECONCILIATION</b>				
Normal taxation - Current year	8 787	4 649	8 787	4 649
Normal taxation - Prior year	(349)	345	(349)	345
Deferred taxation - Current year	(7 015)	2 161	(9 266)	1 806
Deferred taxation - Prior year adjustment	(1 337)	–	(1 276)	–
	<b>86</b>	<b>7 155</b>	<b>(2 104)</b>	<b>6 800</b>
Reconciliation of the standard tax rate				
Standard taxation rate	28	28	28	28
Non deductible losses/(non-taxable profits) from associates	19.98	20.73	–	–
Non-deductible donations and valuation fees	0.9	2.75	(14.87)	0.63
Non-taxable dividend income	(7.60)	–	125.64	–
Capital gains tax rate less than statutory rate at inclusion of 80%	(33.41)	6.60	(103.58)	(0.02)
Prior year adjustments	(7.49)	3.44	119.40	1.53
Deferred tax asset on loss not recognised	–	9.76	–	–
Net increase/(decrease)	(27.62)	43.27	126.59	2.14
Effective taxation rate	0.38	71.27	154.59	30.14

# Notes to the financial statements

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>9.2 DEFERRED TAXATION</b>				
<b>Deferred liability comprises:</b>				
Assessed loss available for set off against future taxable income	(37 151)	(1 757)	–	–
Section 13 Quinn allowances	40 760	8 156	2 867	2 034
Fair value adjustments	36 965	36 647	24 563	31 818
Operating lease rental income adjustment	11 467	8 252	1 610	5 240
Other temporary differences	(2 755)	(1 114)	(1 632)	(1 103)
<b>Deferred tax liability</b>	<b>49 286</b>	<b>50 184</b>	<b>27 408</b>	<b>37 991</b>
<b>Movement</b>				
Balance at 1 July	50 184	42 785	37 991	36 144
Take on due to change in control.* Refer note 12	12 692	–	–	–
(Increase) / Decrease in assessed loss available for set off against future taxable income	1 461	(60)	–	(58)
Originating and reversing temporary differences on Section 13 Quinn allowance	2 174	1 690	833	428
Fair value adjustments	(13 123)	3 844	(7 255)	(28)
Operating lease rental income adjustment	(3 522)	1 748	(3 632)	1 328
Other temporary differences	(580)	176	(529)	176
<b>Balance at 30 June</b>	<b>49 286</b>	<b>50 184</b>	<b>27 408</b>	<b>37 991</b>
<b>Assessed loss available</b>	<b>132 682</b>	<b>6 275</b>	<b>–</b>	<b>–</b>
<b>9.3 TAXATION PAID</b>				
Amount owing at beginning of year	595	718	595	718
Take on due to change in control.* Refer note 12	(17)	–	–	–
Current taxation	8 438	4 994	8 438	4 994
Amount receivable/(owing) at end of year	(331)	595	(348)	595
	<b>8 685</b>	<b>4 871</b>	<b>8 685</b>	<b>4 871</b>
<b>10. CASH AND CASH EQUIVALENTS</b>				
Cash and cash equivalents consist of:				
<b>Current asset</b>				
Cash on hand and deposits held with banking institutions	24 323	3 984	6 464	2 921
<b>Current liability</b>				
Bank overdraft	(5 587)	(5 281)	(5 587)	(5 281)
	<b>18 736</b>	<b>(1 297)</b>	<b>877</b>	<b>(2 360)</b>

Cash held at banks earns interest at prevailing market rates. The carrying value of these assets approximate fair value due to the short-term nature thereof.

Putprop Limited has an overdraft facility of R25 million. This facility is available to Putprop Limited on an unsecured basis. The Group maintains cash and cash equivalents with various financial institutes with high credit quality.

ECL was considered and due to the amounts held at reputable banking institutions with high credit risk quality, the

# Notes to the financial statements

for the year ended 30 June 2021

expected credit losses will be minimal.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>11. STATED CAPITAL</b>				
<b>Authorised</b>				
500 000 000 shares of no par value				
<b>Issued</b>				
42 409 181 (2020: 43 897 279) shares of no par value	93 490	98 148	93 490	98 148
<b>Reconciliation of stated capital</b>				
Balance at 1 July	98 148	98 148	98 148	98 148
Share buy-back*	(4 658)	—	(4 658)	—
<b>Balance at 30 June</b>	<b>93 490</b>	<b>98 148</b>	<b>93 490</b>	<b>98 148</b>
<b>Reconciliation of number of shares</b>				
Balance at 1 July	43 897 279	43 897 279	43 897 279	43 897 279
Share buy-back*	(1 488 098)	—	(1 488 098)	—
<b>Balance at 30 June</b>	<b>42 409 181</b>	<b>43 897 279</b>	<b>42 409 181</b>	<b>43 897 279</b>

\*As previously announced on SENS, the Group agreed to repurchase 1 488 098 of its shares at an offer price of 313 cents per share (Specific Repurchase). The Specific Repurchase represented 3.39% of Putprop's shares in issue at the time of offer. Approval for the Specific Repurchase was granted by the JSE and formal approval by the Company's shareholders in a general meeting held on 4 December 2020. This repurchase reduced the amount of shares in issue from 43 897 379 (June 2020) to 42 409 181 (June 2021) with effect from 31 December 2020. These shares will be held as treasury shares.

Given the forward yield at which Putprop's shares are currently trading, buying back the Company's shares will be yield accretive and create value for shareholders.

# Notes to the financial statements

for the year ended 30 June 2021

## 12. CHANGE IN CONTROL

Putprop Group held an investment in Pilot Peridot One (Pty) Ltd (PPO). The Group's shareholding amounts to 61.211%. The investment was previously presented as an investment in associate in the Group's financial results. On 31 May 2021 the PPO Memorandum of Incorporation (MOI) was altered. The change resulted in the Group having control over the operations of PPO and the investment was reclassified as an investment in subsidiary.

An entity is deemed to be controlled when:

- 1) An investor has power over the investee – deemed to exist when the investor has existing rights that give it the current ability to direct the relevant activities of the investee;
- 2) The investor has rights or exposure to variable returns from the investee; and
- 3) The investor can use its power to influence those returns.

The change in the MOI, through a special resolution removed, the restrictions on control by a majority shareholding. The changes altered the reserved matters which impacted certain decisions and voting rights relating to the operations of PPO. The main alterations affected the requirements for:

- 1) Defining the ordinary business of PPO.
- 2) Removing limitations and restrictions of decisions made in the ordinary course of business.

These changes caused Putprop to re-evaluate its assessment of control over PPO. The Group determined that it now has control over PPO and the investment was reclassified as an investment in subsidiary and consolidated as of 1 June 2021.

No goodwill or gain on bargain purchase was recognised on the effective date of control as the associate's equity accounting was influenced by the fair value of the underlying property.

See below the Summarised Statement of Financial Position as at 30 June 2021 and 31 May 2021, the Summarised Statement of Profit and Loss and Other Comprehensive Income for the month ending 30 June 2021 as well as the Summarised Statement of Cashflows at 30 June 2021 for PPO.

### Goodwill of PPO:

Fair value of the investment held in PPO at 31 May 2021	29 799
Amount of Non-controlling interest	18 883
	<b>48 682</b>
Net assets stated at fair value of PPO at 31 May 2021	(48 682)
Goodwill	–

	2021 R'000 Pilot Peridot One	2021 R'000 Pilot Peridot One
Effective interest	61.211%	61.211%
	As at 30 June 2021	As at 31 May 2021 (At acquisition)
<b>SUMMARISED STATEMENT OF FINANCIAL POSITION</b>		
<b>Non-current assets</b>	<b>527 852</b>	<b>527 852</b>
Net investment property	505 030	505 030
Gross investment property	527 800	527 800
Operating lease asset	(22 770)	(22 770)
Other non-current assets	22 822	22 770
<b>Current assets</b>	<b>33 904</b>	<b>60 354</b>
Operating lease asset	223	223
Trade and other receivables	20 403	46 650
Expected credit losses	(3 144)	(3 144)
Current taxation receivable	17	–
Cash and cash equivalents	16 405	16 625
<b>Non-current liabilities</b>	<b>507 530</b>	<b>507 825</b>
Deferred taxation	12 692	12 692
Loan liabilities	370 976	370 681
Inter company loans	124 157	124 157
<b>Current liabilities</b>	<b>6 301</b>	<b>31 700</b>
Trade and Other payables	6 301	31 607
Current taxation payable	–	93
<b>Net assets (stated at fair value)</b>	<b>47 925</b>	<b>46 681</b>
<b>Net assets attributable to non-controlling interest</b>	<b>18 590</b>	<b>18 883</b>



# Notes to the financial statements

for the year ended 30 June 2021

## 12. CHANGE IN CONTROL (continued)

### SUMMARISED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	For the month ending 30 June 2021 R'000
Property rental revenue	3 097
Operating cost recoveries	1 540
Property operating costs	(4 536)
Corporate administration costs	(1 064)
Expected credit losses	-
Investment and other income	1 929
Finance costs	(1 723)
Fair value adjustments	-
Taxation	-
Profit and total comprehensive (loss)/income since change of control	(757)
<b>Net (loss)/profit and total comprehensive (loss)/income attributable to non-controlling interest</b>	<b>(294)</b>

### SUMMARISED STATEMENT OF CASH FLOWS AS AT 30 JUNE 2021

#### Cash flow from operating activities

Net cash generated from operations	805
Finance costs	(1 723)
Investment income	1 929
Taxation paid	(109)
<b>Net cash from operating activities</b>	<b>902</b>

#### Cash flow from financing activities

Payments made on loan liabilities	(1 122)
<b>Net cash from financing activities</b>	<b>(1 122)</b>
Total cash at 1 June 2021	16 625
Total cash movement for the month ending 30 June 2021	(202)
<b>Total cash at 30 June 2021</b>	<b>16 405</b>

There has been no movement in cash from investment activities for the period 1 June 2021 to 30 June 2021.

# Notes to the financial statements

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>13. LOAN LIABILITIES</b>				
<b>Other financial liabilities</b>				
<b>Standard Bank Limited</b>	14 384	16 015	14 384	16 015
This loan bears interest at a rate equal to prime. A final balloon settlement is due on 31 December 2021. The loan is secured by investment property as per note 2.				
<b>Nedbank Limited</b>	103 627	113 042	54 769	57 754
These loans bear interest at a rate ranging from 6.00%-10.93% that is linked to JIBAR and the 0 + car prime interest rate. Final payment on these loans range between 2-6 years. All loans are secured by investment property as per note 2.				
<b>Absa Limited</b>	284 962	—	—	—
The loan bears interest at a rate equal to prime. A balloon payment is due in 5 years. The loan is secured by investment property as per note 2.				
	402 973	129 057	69 153	73 769
<b>Loans from group companies</b>				
<b>Corridor Hill Properties (Pty) Ltd</b>	4 195	4 195	4 195	4 195
<b>Secunda Value Centre (Pty) Ltd</b>	—	—	300	300
<b>Ginana (Pty) Ltd</b>	3 000	3 000	3 000	3 000
<b>Pilot Building D Property Investments (Pty) Ltd</b>	9 356	—	—	—
These loans bear interest at a rate ranging from 0%-9% at current rates and is linked to the prime interest rate. These loans are repayable with a 12-month notice period or on demand and all loans are unsecured.				
	16 551	7 195	7 495	7 495
<b>Shareholder loans</b>	76 363	—	—	—
These loans bear interest at a rate ranging from 0%-9% and is linked to the prime interest rate. These loans are repayable with a 12 month notice period or on demand and all these loans are unsecured.				
	76 363	—	—	—
<b>Reconciliation of loan liabilities</b>				
<b>Balance at 1 July</b>	136 252	145 985	81 264	87 249
<b>Repayment of loan liabilities (net of interest)</b>	(11 095)	(9 612)	(4 283)	(5 861)
Interest on loans	10 990	12 563	4 641	6 870
Repayment of loan liabilities	(22 085)	(22 175)	(8 925)	(12 731)
Loan liabilities due to change of control - refer note 12	370 681	—	—	—
Other non-cashflow movements	48	(121)	(333)	(124)
<b>Balance at 30 June</b>	495 886	136 252	76 648	81 264
Non-current	470 948	125 760	58 102	76 544
Current	24 939	10 492	18 546	4 720
	495 886	136 252	76 648	81 264

For further information, refer to note 16. The carrying amounts of interest-bearing loans approximate their fair values as interest is charged at market-related interest rates. The carrying amount of the interest-free loan approximates the fair value as the effect of discounting is insignificant.

# Notes to the financial statements

for the year ended 30 June 2021

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>14. DIVIDENDS DECLARED</b>				
Ordinary				
Dividend 62 – Final 2020: 5.75 cents (2019: 7 cents)	2 524	3 072	2 524	3 072
Dividend 63 – Interim 2021: 4.25 cents (2020: 8.25 cents)	1 802	3 621	1 802	3 621
	<b>4 326</b>	<b>6 693</b>	<b>4 326</b>	<b>6 693</b>
Total cents per share distributed	15.00	15.25	15.00	15.25
Dividend 64 declared after 30 June 2021 of 10.75 cents per share	4 559	2 524	4 559	2 524
<b>15. TRADE AND OTHER PAYABLES</b>				
<b>Financial liabilities</b>				
Accrued expenses and trade payables	5 348	636	57	636
Tenant deposits	3 188	821	882	821
Sundry creditors	274	2 447	274	2 163
	<b>8 810</b>	<b>3 904</b>	<b>1 213</b>	<b>3 619</b>
<b>Non-Financial liabilities</b>				
Audit fee accrual	10	588	–	578
Value added tax	820	101	503	–
Leave pay provision	652	497	652	497
	<b>1 483</b>	<b>1 186</b>	<b>1 155</b>	<b>1 075</b>
	<b>10 293</b>	<b>5 089</b>	<b>2 368</b>	<b>4 694</b>

The carrying value of these payables approximates their fair values due to their short-term maturities being between 30 – 90 days.

# Notes to the financial statements

for the year ended 30 June 2021

## 16. FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of interest-bearing borrowing, deposits with banks, accounts receivable and payable which arise directly from its operations, as well as other investments. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk.

The Board of directors has overall responsibility for the establishment and control of the Group's risk management. The Audit and Risk Committee develops and monitors the Group's risk management policies and reports regularly to the Board of directors on its activities and with any proposals for which action is needed.

The Group's risk management policies in relation to financial instruments are established to identify and analyse all risks faced by the Group. Appropriate risk limits are determined, controls to monitor the adherence to such limits developed and adherence to limits monitored. Risk management policies, systems and procedures are reviewed regularly.

### Capital risk management

The Group's objective, when managing capital, are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The mandated level of gearing is 42% (2020: 35%) and the level of gearing during the year amounted to 39.3% (2020: 23.4%). Company levels were 18.6% (2020: 15.2%). Gearing on both Group and Company levels have increased due to an increase in loan liabilities. Based on the gearing ratio achieved at year end management believes that this objective has been met as they are within mandated levels. The reason for the significant increase in gearing at Group level is due to the change in control of Pilot Peridot One, as at 30 June 2021. Refer note 12.

The capital structure of the group consists of debt, which includes loan liabilities disclosed in note 13 and equity as disclosed in the Statement of Financial Position.

The Group have shown a significant improvement on their dividend coverage. Dividend coverage is conservative at 5.2 (2020: 0.4) which indicates the Group's ability to pay but also invest in the Groups future growth.

There are no externally imposed capital requirements.

### Financial covenants

Putprop Group's financial covenant requirements with its various debt providers are the following:

Putprop Ltd's financial covenants with Nedbank Limited is a Loan-To-Value (LTV) ratio of 35% and an Interest Cover Ratio (ICR) of 2 times.

Corridor Hill Properties (Pty) Ltd's financial covenants with Standard Bank of South Africa is a LTV ratio of 60%, an ICR of 1.5 times and a Debt Service Ratio (DSR) of 1.2 times.

Pilot Peridot Investments One (Pty) Ltd's financial covenants with ABSA Bank Limited is a LTV Ratio of 75%, an ICR of 1.2 times and a DSR of 1.1 times.

	Putprop Limited	Corridor Hill Properties (Pty) Ltd	Pilot Peridot Investments One (Pty) Ltd
LTV	16.2%	31.1%	54.9%
ICR	7.41 times	4.81 times	1.44 times
DSR	—	1.73 times	1.44 times

The financial covenant levels of all the companies within the Putprop Group were substantially within the approved limits at the reporting date.

### Interest rate risk

Cash and cash equivalents, used for normal trading purposes, are held in current accounts at prevailing interest rates, depending on the financial institution. Excess cash and cash equivalents are kept in short-term deposit funds or call accounts at the prevailing market rates available.

The Group has borrowings of R492.9 in the current financial year (2020: R136.3 million). The Company has borrowings of R73.6 (2020: R81.3 million). Group borrowings have increased significantly due to the change in control. Refer note 12.

The Group's exposure to the risk of changes in market rates relates primarily to the Group's cash and cash equivalents and the borrowings with banking institutions. The Group's interest benchmark is linked to the prime lending rate which is determined by the South African Reserve Bank.



# Notes to the financial statements

for the year ended 30 June 2021

## 16. FINANCIAL RISK MANAGEMENT (Continued)

### Interest rate risk table

The table below demonstrates the sensitivity to a reasonable, possible change in interest rates with all other variables held constant on the Group's profit before tax and equity. Due to Covid-19 the likelihood of interest rate changes have been taken into effect below. Due to the incremental change of the prime lending rate of 25 basis points as well as the slightly recovered economy after Covid-19, a sensitivity of 125 basis points level have been used to determine the effect on profits.

	Increase/ decrease in base points	Effect on profit before tax R'000 Group	Effect on profit before tax R'000 Company	Effect on profit after tax and equity R'000 Group	Effect on profit after tax and equity R'000 Company
<b>2021</b>	<b>+125</b>	<b>(2 211)</b>	<b>(590)</b>	<b>(1 592)</b>	<b>(425)</b>
	<b>-125</b>	<b>2 211</b>	<b>590</b>	<b>1 592</b>	<b>425</b>
<b>2020</b>	<b>+150</b>	<b>(1 313)</b>	<b>(733)</b>	<b>(946)</b>	<b>(528)</b>
	<b>-150</b>	<b>1 313</b>	<b>733</b>	<b>946</b>	<b>528</b>

### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation. The Group has a significant concentration of credit risk in the industrial segment. All other concentrations are insignificant as exposure has spread over a large number of counter parties. Groupings of credit risk in the provision matrix used, includes all financial instruments in the retail, industrial, commercial and corporate segments.

Potential areas of credit risk comprise mainly cash and cash equivalents, trade and other receivables and long-term loans granted. In order to minimise any possible risks relating to cash, the Group only uses major reputable banks with high quality credit standing.

While cash and cash equivalents, deposits refundable/payable and recovery receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial at year end.

Where debts are identified as being irrecoverable (in periods subsequent to debtors being impaired), the relevant write-off has to be approved by the Chief Financial Officer. Approved write-offs are processed against the relevant debtors and bad debts provision account. Debts become irrecoverable after all legal processes have been followed with no success.

Trade receivables comprise of a relatively small tenant base, the majority of whom are national tenants. One of the Group's tenants contributes 31.1% (2020: 33.3%) of total rental receivables resulting in a concentration of credit risk. Aside from this tenant there are no other significant concentrations of credit risk within the Group's tenant base. Management has established a credit policy in terms of which each new tenant is analysed individually for credit worthiness before the Group's standard payment terms and conditions are offered which include in the majority of cases, the provision of a deposit of at least one month's rental. When available, the Group's credit review included external ratings. The Group monitors the financial position of its tenants on an ongoing basis. The effect of Covid-19 has led to responses such as payment holidays whereby rentals have been deferred for repayment over a maximum of six months. As at the date of this report, repayments have already started and is being monitored. The expected credit loss (ECL) at year end, taking into account the effects of Covid-19, is immaterial and when assessing trade receivables against the requirements of IFRS 9 for impairment, the identified impairment loss was immaterial at year end.

### Disclosure of receivables past due not impaired

Long-term loans granted consist of loans made to related party entities, the credit risk around these related parties have been assessed by Management based on the related party's ability to discharge its obligation of the settlement of the loan. The assessment included the impact of forward looking information such as projected performance of the relevant sector within the property industry over the next ten years as well as the related party's own financial performance for the current year and its forecasted budget projected over this period, which was then subject to an adjusted industry growth rate and appropriate expected loss rate.

The expected loss rates are based on the payment profiles of the other parties, and historical credit losses experienced within the period. A default was considered to be at the point where either the tenant passes 90 days, or the other party misses a loan repayment. Once an amount moves through the gateway, the recoveries, write-offs and timing are tracked to determine the loss rates.

# Notes to the financial statements

for the year ended 30 June 2021

## 16. FINANCIAL RISK MANAGEMENT (Continued)

### Analysis of impairment provisions:

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>Long-term loans</b>				
Loan to subsidiary	–	–	145 795	21 300
Loan to associate	–	24 328	–	24 328
Less: Impairment provision	–	(1 121)	(2 231)	(2 186)
<b>Long term loans (net of provision)</b>	<b>–</b>	<b>23 206</b>	<b>143 565</b>	<b>43 441</b>
<b>Trade and other receivables</b>				
Rental receivables	12 356	5 174	6 245	5 174
Other receivables	20 357	1 573	6 185	621
Less: Impairment provision	(3 728)	(980)	(584)	(980)
<b>Trade and other receivables (net of provision)</b>	<b>28 985</b>	<b>5 767</b>	<b>11 847</b>	<b>4 815</b>

	Lifetime expected credit losses ('LEL')			Total expected credit losses
Group	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	R'000
Long-term loans				
<b>Balance at 30 June 2019</b>	–	1 900	–	1 900
Current period provision	–	(779)	–	(779)
<b>Balance at 30 June 2020</b>	–	<b>1 121</b>	–	<b>1 121</b>
Current period provision	–	2	–	2
Transfer to subsidiary - Refer note 12	–	(1 123)	–	(1 123)
<b>Balance at 30 June 2021</b>	–	–	–	–

	Lifetime expected credit losses ('LEL')			Total expected credit losses
Company	Stage 1 R'000	Stage 2 R'000	Stage 3 R'000	R'000
Long-term loans				
<b>Balance at 30 June 2019</b>	–	1 900	–	1 900
Current period provision	1 065	(779)	–	286
<b>Balance at 30 June 2020</b>	<b>1 065</b>	<b>1 121</b>	–	<b>2 186</b>
Current period provision	43	2	–	45
<b>Balance at 30 June 2021</b>	<b>1 108</b>	<b>1 123</b>	–	<b>2 231</b>

The financial position of the associate and subsidiary was analysed to identify any liquid assets that could be utilised to repay the loan at year end. Those liquid assets were then netted off against the loan balance at year end to establish a default amount. After looking at the financial performance, industry, and the impact of Covid-19 on these entities, a default rate of 5% for the loans were utilised against the loan balances to obtain the ECL as disclosed. Refer to note 22.

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. All these amounts are undiscounted.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets and projected cash flows from operations.

The Group has minimised its liquidity risk by ensuring that it has adequate banking facilities and reserve borrowing capacity.

# Notes to the financial statements

for the year ended 30 June 2021

## 16. FINANCIAL RISK MANAGEMENT (Continued)

The exposure to liquidity risk at year end is reflected below.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
<b>Less than 1 year</b>	<b>28 162</b>	<b>24 618</b>	<b>20 564</b>	<b>44 496</b>
Trade and other payables	8 810	3 904	1 213	3 619
Bank overdraft	5 587	5 281	5 587	5 281
Loan liabilities	24 939	15 433	18 546	9 511
Financial Guarantees	—	—	6 393	26 085
<b>Between 1 and 2 years</b>	<b>63 829</b>	<b>28 119</b>	<b>64 882</b>	<b>47 870</b>
Loan liabilities	63 829	28 119	53 275	17 167
Financial Guarantees	—	—	11 607	30 703
<b>Between 2 and 5 years</b>	<b>316 574</b>	<b>111 510</b>	<b>281 362</b>	<b>64 834</b>
Loan liabilities	316 574	111 510	—	58 299
Financial Guarantees	—	—	281 362	6 535
<b>Over 5 years</b>	<b>85 719</b>	<b>12 971</b>	<b>—</b>	<b>15 348</b>
Loan liabilities	85 719	12 971	—	12 971
Financial Guarantees	—	—	—	2 377

The carrying amounts of financial assets and liabilities in each category are determined as follows:

### Financial instruments by category

#### Financial assets at amortised cost

#### Assets per Statement

#### of Financial Position

	77 953	69 330	194 715	88 616
Cash and cash equivalents	24 323	3 984	6 464	2 921
Trade and other receivables	17 738	5 706	11 795	4 655
Loans to subsidiary	—	—	140 565	20 236
Loan to associate	—	23 206	—	23 206
Cumulative redeemable preference shares in associate	35 891	35 891	35 891	35 891

#### Financial liabilities at amortised cost

#### Liabilities per Statement of

#### Financial Position

	510 283	146 622	80 447	91 239
Trade and other payables	11 810	3 904	1 213	3 619
Bank overdraft	5 587	5 281	5 587	5 281
Loan liability	492 886	136 251	73 648	81 264

# Notes to the financial statements

for the year ended 30 June 2021

## 17. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

### Investment properties

The external valuation by a sworn independent appraiser and member of the Royal Institute of Chartered Surveyors, JLL Inc. represented by Joshua Askew (IFRICS), was carried out on 100% of the Group's property portfolio in June 2021 and June 2020.

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Open market value	1 056 710	562 121	402 410	439 642
Increase/(Decrease) from prior year valuation - based on the portfolio, net of acquisitions and disposals	(33 211)	1 901	(37 232)	17 422
Increase based on assets acquired through change in control	527 800	—	—	—

The valuations stated are in line with the director's valuations of the same properties. The fair value of commercial, industrial, residential and retail properties are estimated using an income approach which capitalises the estimated market related rental income stream, net of projected operating costs, using a discount rate derived from current market yields. Refer to page 91 for the average gross rental per m<sup>2</sup>.

The estimated rental stream takes into account:

- Market net rental and market net rental growth
- Occupancy rates
- Vacancy periods

The most significant inputs, all of which are unobservable, are:

- Market net rental and market net rental growth
- Capitalisation rates based on equivalent yield rates
- Present value of revisionary income

The estimated fair value increases if the estimated rental increases, vacancy levels decline or if market yields and capitalisation rates decline. In contrary to this, the estimated fair value decreased if the estimated rental decreases, vacancy levels increase or if market yields and capitalisation rates increases.

The fair values of land for development was determined using the comparable sales method. The comparable sales method includes unobservable bulk rates for undeveloped land. Covid-19 impact has seen the core capitalisation rates increase to account for market uncertainty and risk, therefore lowering value across the portfolio.

	2021		2020	
Capitalisation rates	From	To	From	To
Industrial	9.25%	16.00%	8.59%	13.00%
Retail	9.25%	11.00%	7.00%	11.00%
Commercial	7.75%	10.50%	7.50%	11.00%
Residential	7.75%	7.75%	—	—

	Group		Company	
Sensitivity analysis	2021	2020	2021	2020
0.25% increase in capitalisation rates effect on value in R'000	(10 495)	(18 371)	(7 495)	(30 617)
0.25% decrease in capitalisation rates effect on value in R'000	10 305	24 063	7 205	15 835
0.25% increase in capitalisation rates effect on value as a percentage	(2.27)	(3.56%)	(2.23)	(7.76%)
0.25% decrease in capitalisation rates effect on value as a percentage	2.23	4.66%	2.14	4.01%

The analysis has been prepared on the assumption that all other variables remain constant. The range of capitalisation rates applied to the portfolio are between 7.75% and 16.00% respectively and are dependent on the risk profile of each portfolio asset.



# Notes to the financial statements

for the year ended 30 June 2021

## 17. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS (Continued)

	Group		Company	
	2021	2020	2021	2020
	Level 3	Level 3	Level 3	Level 3
	R'000	R'000	R'000	R'000
Assets				
Investment properties	1 056 710	562 121	402 410	439 642

The table above reflects the level within the hierarchy of non-financial assets measured at fair value at 30 June 2021. Refer to note 2.

## 18. PROPERTY RENTAL INCOME AND OPERATING COST RECOVERIES

Contractual income rental	66 548	49 820	52 271	39 570
Recoveries	18 784	15 280	13 865	11 992
Operating lease rental (loss)/income	(12 894)	8 790	(12 679)	7 376
	73 075	73 890	53 456	58 938

Revenue from contracts with customers arises from transactions not associated with financial instruments or investment properties. The Group's only revenue from contracts with customers relates to municipal cost recoveries. The Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the service to the customer. Due to the nature of the Group's business, all revenue from customers is considered to be recognised "over time".

## 19. PROPERTY OPERATING COSTS

Cleaning	290	270	31	30
Insurance	323	367	387	366
Property management and consultant fees	1 485	941	1 333	941
Rates and utilities	20 929	15 905	14 297	13 812
Repairs and maintenance	1 469	1 356	1 193	1 107
Security	1 527	996	1 044	578
Service Contracts	162	21	5	–
	26 184	19 856	18 290	16 834

## 20. CORPORATE ADMINISTRATION COSTS

Audit and secretarial fees	587	1 142	436	935
Bad debts	853	1 084	–	1 084
Commission and installations	756	289	438	20
Employee costs	7 676	6 436	7 676	6 436
Financial reports and IT	366	394	366	394
JSE Limited costs	629	649	629	649
Other general expenses	216	549	(9)	528
Rent paid (short term lease)	836	788	836	788
Social Responsibility projects	224	235	224	235
	12 144	11 566	10 596	11 069

## 21. INVESTMENT AND OTHER INCOME

Investment income	7 692	1 699	7 632	1 657
Management fees received	201	–	204	
Other income	3 472	318	1 576	318
	11 365	2 016	9 412	1 975

# Notes to the financial statements

for the year ended 30 June 2021

## 22. EXPECTED CREDIT LOSSES

### 22.1 Trade, other and loan receivables

Group	Trade and other receivables R'000	Total R'000
Balance at 1 July 2019	500	500
ECL movement	480	480
Balance at 1 July 2020	980	980
ECL movement	(396)	(396)
ECL raised and included in share of associate profit - refer note 12	3 144	3 144
Balance at 30 June 2021	3 728	3 728

No ECL on current year loan receivables on Group level.

Company	Trade and other receivables R'000	Loan receivables		Total R'000
		Subsidiaries R'000	Associates R'000	
Balance at 1 July 2019	500	-	1 900	2 399
Expected credit losses	480	1 065	(778)	767
Balance at 1 July 2020	980	1 065	1 121	3 166
Expected credit losses	(396)	43	2	(352)
ECL balance acquired due to change in control	-	1 123	(1 123)	-
Balance at 30 June 2021	584	2 231	-	2 814

IFRS 9 was considered for both trade and other receivables and loan receivables. Expected credit losses for loan receivables have been calculated at 5% as the Board of Directors strongly believe that loans will be recoverable considering the future cashflows, net asset position and liquidity of the subsidiaries. In the prior period a conservative approach was followed where 20% of all trade and other receivables were calculated for expected losses on both Group and Company level. In the current period each ageing category have been assessed for ECL. Refer to note 16 for credit risk management. Refer to below table for the breakdown of the trade and other receivables.

### 22.2 Trade and other receivables

Group	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
<b>2021</b>						
Expected loss rate	0.00%	43.78%	75.00%	100.00%	100.00%	38.72%
Gross Carrying amount	4 462	2 042	1 152	227	1 743	9 627
Loss provision	-	(894)	(864)	(227)	(1 743)	(3 728)
<b>2020</b>						
Expected loss rate	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Gross Carrying amount	291	461	-	1 959	2 187	4 898
Loss provision	(58)	(92)	-	(392)	(437)	(980)
Company	Current	30 days past due	60 days past due	90 days past due	120 days past due	Total
<b>2021</b>						
Expected loss rate	0.00%	10.00%	25.00%	40.00%	100.00%	11.48%
Gross Carrying amount	2 365	1 508	959	103	152	5 087
Loss provision	-	(151)	(240)	(41)	(152)	(584)
<b>2020</b>						
Expected loss rate	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Gross Carrying amount	291	461	-	1 959	2 187	4 898
Loss provision	(58)	(92)	-	(392)	(437)	(980)

# Notes to the financial statements

for the year ended 30 June 2021

## 23. FINANCE COSTS

	Group		Company	
	2021 R'000	2020 R'000	2021 R'000	2020 R'000
Interest on loans with banks	10 755	12 563	4 641	6 870
Interest on shareholder loans	235	—	—	—
Other interest paid	313	60	313	60
	<b>11 303</b>	<b>12 623</b>	<b>4 955</b>	<b>6 930</b>

	Group		Group	
	2021 R'000	2021 Cents per share	2020 R'000	2020 Cents per share
<b>24. RECONCILIATION OF GROUP NET PROFIT TO HEADLINE EARNINGS</b>				
Earnings per share	22 714	52.63	2 884	6.57
Adjusted for				
Net change in fair value of investment property	28 761	66.64	14 688	33.46
Tax effects of fair value adjustments to property	(6 442)	(14.93)	(3 290)	(7.50)
Equity accounted earnings of associates	(18 131)	(42.01)	8 878	20.22
Tax effect of equity accounting	4 061	9.41	(1 989)	(4.53)
<b>Headline earnings and diluted earnings</b>	<b>30 963</b>	<b>71.74</b>	<b>21 171</b>	<b>48.23</b>

Weighted average number of shares 43 159 345 (2020: 43 897 279)

# Notes to the financial statements

for the year ended 30 June 2021

		Group	Group	Company	Company
		2021	2020	2021	2020
	NOTES	R'000	R'000	R'000	R'000
<b>25. RECONCILIATION OF OPERATING PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS</b>					
Operating profit before tax					
Adjusted for:		22 507	10 039	(1 361)	22 560
Fair value adjustment of investment properties	2	28 761	14 688	30 739	2 753
Non-cash items - equity accounted losses/(profits)	6	(16 063)	7 433	—	—
Operating lease asset	3	12 294	(5 871)	12 679	7 376
Depreciation	4	189	70	189	70
Investment income	21	(7 692)	(2 016)	(7 632)	(1 975)
Finance cost	23	11 303	12 623	4 955	6 930
<b>Cash flow from operating profit before working capital changes</b>		<b>51 297</b>	<b>36 668</b>	<b>39 569</b>	<b>23 729</b>
Movement in working capital		(6 157)	(7 761)	(9 356)	(4 209)
Decrease/(increase) in accounts receivable		(1 270)	(2 889)	(7 031)	(1 160)
(Decrease)/increase in accounts payable		(4 887)	(4 872)	(2 325)	(3 049)
<b>Cash generated from operations</b>		<b>45 140</b>	<b>28 907</b>	<b>30 213</b>	<b>19 520</b>
<b>26. FUTURE MINIMUM LEASE INCOME RECEIVABLE</b>					
Receivable within year 1		77 041	47 182	37 501	36 314
Receivable within 2-5 years		236 511	107 911	85 125	67 917
Receivable after 5 years		65 451	38 020	25 853	18 539
<b>Total balance contractual lease rental</b>		<b>379 003</b>	<b>193 113</b>	<b>148 479</b>	<b>122 770</b>

## 27. SUBSEQUENT EVENTS

The financial impact of the COVID-19 pandemic after year end have been fully quantified at this stage. Refer to page 82 for the Covid-19 relief. The Group is making steady progress with rental collections under difficult circumstances and debtors are being monitored closely by management. The lockdown is affecting certain industries more than others, but all sectors are seen to be slowly recovering as announced by the Government.

There were no new rental reduction or deferral agreements entered into after year end or any cancellation of contracts due to the effects of the pandemic, even with the imposing of different lockdown levels, which may impact the valuation of the Group's property portfolio. No further impairments were recognised on the trade receivables subsequent to year-end.

Putprop Limited acquired a new head office building during this period. As at 30 June 2021 a deposit of R5.5 million has been paid. The balance of R9.5 million has been paid to settle the purchase price after 30 June 2021. Grand Central was held for sale at 30 June 2021. The sale consideration of R18 million was received after the date this report. No other significant events have occurred between the date of this report and its release.



# Notes to the financial statements

for the year ended 30 June 2021

## 28. CONTINGENT LIABILITY

There is significant uncertainty on both the timing and amount owing to/receivable from municipalities with regard to ongoing re-assessments of past consumption and rate charges. This uncertainty is due to the non-consistent charges invoiced by the municipality. At year end the estimated amount of re-assessments are not material and is under the process of objection.

## 29. RELATED PARTY TRANSACTIONS

The following are considered related party transactions and balances, all of which have been conducted at arm's length:

Related Parties Transactions and Balances	2021 R'000	2020
<b>Trade Receivables</b>		
Larimar Limited	5 696	4 687
<b>Lease rentals received</b>		
Larimar Limited	22 740	14 573
<b>Loans payable</b>		
Ginana Proprietary Limited	3 000	3 000
<b>Loan receivable</b>		
Pilot Peridot One Proprietary Limited	—	23 206
<b>Operating lease recoveries</b>		
Larimar Limited	5 378	4 178
<b>Rental expense - Premises</b>		
Stephen Hill Mansions	239	241
<b>Insurance expense</b>		
Carleo Insurance Brokers Proprietary Limited	466	433

### Directors' emoluments

The following emoluments were paid to directors during the year ended 30 June 2021.

	Board and committee fees R'000	Short-term benefits		Medical Aid contribu- tions R'000	Post - employ- ment benefits Pension Contribu- tions R'000	Total 2021 R'000	Total 2020 R'000
	Salary R'000	Bonus Paid R'000					
<b>Executive directors and prescribed officers</b>							
B C Carleo	121	1 304	112	174	42	1 752	1 632
J E Smith	121	1 501	122	174	-	1 918	1 957
AL Carleo-Novello	121	812	67	174	-	1 173	1 080
<b>Total</b>	363	3 617	301	522	42	4 843	4 669
<b>Non-executive directors</b>							
D Torricelli	186	-	-	-	-	186	151
G Van Heerden	169	-	-	-	-	169	147
R Styber	169	-	-	-	-	169	147
H Hartley	206	-	-	-	-	206	188
<b>Total</b>	730	-	-	-	-	730	633
<b>All directors</b>	1 093	3 617	301	522	42	5 573	5 302

# Notes to the financial statements

for the year ended 30 June 2021

## 29. RELATED PARTY TRANSACTIONS (Continued)

Amounts outstanding between related parties are unsecured, bears no interest and have no fixed terms of repayment.

Putprop's holding company is Carleo Enterprises Proprietary Limited and its ultimate holding company is Carleo Investments Proprietary Limited

Larimar Limited is a fellow subsidiary of Carleo Enterprises Proprietary Limited.

Ginana Proprietary Limited, Albani Proprietary Limited, Carleo Insurance Brokers Proprietary Limited and Stephen Hill Mansions is owned by key management personnel.

The key management are the directors and prescribed officers and the details of their remuneration is reflected in the directors' report on page 114.

Loans to associates and subsidiary are also disclosed under notes 5 and 6.

The financial guarantee offered to Standard Bank for the loan to Corridor Hill Properties Proprietary Limited is R12 million (2020: R12 million).

The financial guarantee offered to Nedbank for the loan to Secunda Value Centre Proprietary Limited is R18 million (2020: R18 million).

The financial guarantee offered to Absa Bank for the loan to Pilot Peridot Investments One Proprietary Limited is R284.7 million (2020: R35.7 million).

Guarantees, as mentioned above, would only become active if the relevant entity defaults on the underlying loan payment and if the investment property cannot be recalled by the finance house.

The assessment of ECL's on the above loans has resulted in no financial guarantee liabilities being recognised.

## 30. GOING CONCERN

Focus has been placed on a potential liquidity risk for the Group as a result of the COVID-19 Pandemic. Management continues to monitor this ongoing and rapidly changing situation. Government responses, which have varied from full level 5 lockdown to a modified level 2, make maintaining this process on a forward basis problematic. Suitable responses to minimise the risk as and when needed are implemented. The responses include deferment of rental income, short term rent reductions, rental discounts and lease renegotiations.

In implementing these responses, management is assessing the liquidity position and the effect of the imposed lockdown on the tenants on an individual basis, and implementing a suitable response to mitigate this liquidity risk. Please refer to note 16 and 30 of the annual financial statements.

At company level current liabilities exceeds current assets as at 30 June 2021. At Group level current assets exceed current liabilities. The Putprop Group has sufficient cash and facilities to repay debts as they become due in the ordinary course of business. The Company position, is expected to improve during the 2022 review period.

The directors have reviewed the Group's cash flow forecast for the period to 30 June 2021. On the basis of the review and having regard for the current financial position, the directors are satisfied that the Group has access to adequate resources for the continued operational existence of Putprop Limited for the foreseeable future and accordingly these financial statements have been prepared on a going concern basis





# Annexure







## Annexure A - Segment Report - by Sector

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

	GLA m <sup>2</sup>	Investment Property fair value R'000	Revenue R'000	Operating lease rental income adjustments R'000	Property operating costs R'000	Change in fair values R'000	Net income R'000
<b>2021</b>							
Industrial	40 977	187 600	35 388	(6 567)	(8 121)	(4 461)	22 806
Retail	20 571	213 710	25 850	481	(4 766)	107	15 944
Commercial	37 428	616 600	24 061	(6 208)	(11 895)	(3 700)	(30 275)
Residential	872	8 500	70	—	(70)	—	—
	<b>99 848</b>	<b>1 026 410</b>	<b>85 369</b>	<b>(12 294)</b>	<b>(24 851)</b>	<b>(41 355)</b>	<b>8 476</b>

	GLA m <sup>2</sup>	Investment Property fair value R'000	Revenue R'000	Operating lease rental income adjustments R'000	Property operating costs R'000	Change in fair values R'000	Net income R'000
<b>2020</b>							
Industrial	40 977	198 439	26 421	4 028	(8 514)	3 640	21 548
Retail	20 571	229 382	22 555	2 309	(4 981)	(13 938)	(7 934)
Commercial	7 005	134 300	16 124	2 453	(6 361)	4 400	6 035
	<b>68 553</b>	<b>562 121</b>	<b>65 100</b>	<b>8 790</b>	<b>(19 856)</b>	<b>(5 898)</b>	<b>19 649</b>

One of the Group's tenants, Larimar Limited contributes approximately 34% (2020: 33%) of total revenue received. This revenue falls within the industrial segment.





ELSMORE

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# Dividend announcement

for the year ended 30 June 2021

## DECLARATION OF FINAL DIVIDEND NO 64

The Board is pleased to announce the declaration of a dividend of 10.75 cents per ordinary share in respect of the year ended 30 June 2021 (2020: 5.75 cents), thus bringing the total dividend payable for the year to 15 cents (2020: 14 cents).

### Additional information:

This is a dividend as defined in the Income Tax Act, 1962, and is payable from income reserves. The dividend withholding tax ("DWT") rate is 20%. The net amount payable to shareholders who are not exempt from DWT is 8.600 cents per share, while the gross amount is 10.75 cents per share to those shareholders who are exempt from DWT.

There are 42 409 181 (2020: 43 897 279) ordinary shares in issue; the total dividend amount payable is R4 558 957 (2020: R2 324 093). Putprop's tax reference number is 9100097717, and its company registration number is 1988/001085/06

The salient dates are as follows:

Declaration date	Wednesday, 22 September 2021
Last date to trade to participate	Tuesday, 12 October 2021
Trading commences ex dividend	Wednesday, 13 October 2021
Record date	Friday, 15 October 2021
Date of payment	Monday, 18 October 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 13 October 2021 and Friday, 15 October 2021, both days inclusive.

By order of the Board



**J E Smith**

Chief Financial Officer

Sandton

22 September 2021



# Shareholders analysis

for the year ended 30 June 2021

Register date: 30 June 2021

Issued share capital: 42 409 181

	Number of shareholdings	% of total shareholdings	Number of shares	% of shares in issue
<b>Size of holdings</b>				
1 – 1 000 shares	228	53.40	62 094	0.15
1 001 – 10 000 shares	165	29.57	615 632	1.45
10 001 – 100 000 shares	69	12.37	2 164 920	5.10
100 001 – 1 000 000 shares	23	4.12	7 713 392	18.19
1 000 001 shares and over	3	0.54	31 853 143	75.11
	<b>558</b>	<b>100.00</b>	<b>42 409 181</b>	<b>100.00</b>

## Distribution of shareholders

Private companies	19	3.41	29 422 346	69.38
Trusts	20	3.58	5 319 480	12.54
Individuals	495	88.71	4 546 064	10.72
Collective investment schemes	2	0.36	1 213 555	2.86
Hedge funds	1	0.18	1 121 668	2.65
Close corporations	11	1.97	600 316	1.42
Stockbrokers and nominees	7	1.25	119 622	0.28
Custodians	1	0.18	40 000	0.09
Benefit funds	1	0.18	25 020	0.06
Investment partnerships	1	0.18	1 100	0.00
<b>Total</b>	<b>558</b>	<b>100.00</b>	<b>42 409 181</b>	<b>100.00</b>

## Key Shareholders

Non-public shareholders	5	0.95	28 643 845	67.54
Strategic holdings - Carleo Enterprise (Pty) Ltd	1	0.18	28 139 776	66.35
Treasury holdings	2	0.36	426 663	1.01
Directors' and associates' holdings	2	0.36	77 406	0.18
Public shareholders	553	99.10	13 765 336	32.46
<b>Total</b>	<b>558</b>	<b>100.00</b>	<b>42 409 181</b>	<b>100.00</b>

Beneficial Shareholders Holding >2% of Issued Shares	Number of shares	% of Issued Shares
Carleo Enterprise (Pty) Ltd	28 139 776	66.35
Heynen Family Trust	2 591 699	6.11
<b>Total</b>	<b>30 731 475</b>	<b>72.46 %</b>

Fund Managers Holding >3% of Issued Shares	Number of shares	% of Issued Shares
Oasis Crescent Management Company	1 213 555	2.86
Steyn Capital	1 121 668	2.64
<b>Total</b>	<b>2 942 496</b>	<b>5.50</b>



# Shareholders analysis

for the year ended 30 June 2021





Non-Public Shareholder Type	Account	30 June 2021	%
<b>Strategic Shareholders (&gt;10 %)</b>		<b>28 139 776</b>	<b>66.35</b>
Carleo Enterprises (Pty) Ltd	Carleo Enterprises (Pty) Ltd	28 139 776	66.35
<b>Treasury Holdings</b>		<b>426 663</b>	<b>1.01</b>
Albani Investments (Pty) Ltd	Albani Investments (Pty) Ltd	341 330	0.80
Carleo Enterprises Pty Ltd	Carleo Enterprises Pty Ltd	85 333	0.20
<b>Directors and Associates</b>		<b>77 406</b>	<b>0.18</b>
BC Carleo (Direct)	Mr Bruno Claudio Carleo	54 133	0.13
Carleo Enterprises Pty Ltd	Mrs Anna Lucia Carleo-Novello	23 273	0.05
<b>Non-Public Shareholder Totals</b>		<b>28 643 845</b>	<b>67.54</b>

#### Share Price Performance

Closing price 30 June 2020	R3.50	
Closing price 31 July 2020	R3.45	
Closing price 31 August 2020	R3.48	
Closing price 28 September 2020	R3.00	
Closing price 31 October 2020	R3.45	
Closing price 30 November 2020	R3.42	
Closing price 31 December 2020	R3.45	
Closing price 31 January 2021	R3.45	
Closing price 26 February 2021	R3.01	
Closing price 31 March 2021	R3.50	
Closing price 30 April 2021	R3.06	
Closing price 31 May 2021	R3.20	
Closing price 30 June 2021	R3.15	
Closing High for period	R3.50	
Closing low for period (14 June 2021)	R2.66	
Number of shares in issue	42 409 181	
Number of shareholder accounts	558	
Volume traded during period	1 081 113	(2020: 1 153 605)
Number of trades effected during period	193	
Ratio of volume traded to shares in issue	2.55 %	(2020: 2.63)
Rand value traded during period	R3 314 491	
Price/earnings ratio as at 30 June 2021	6.610	
Dividend yield as at 30 June 2021	2.540	
Earnings yield as at 30 June 2021	15.127	
Market capitalisation at 30 June 2021	R133 588 920	

# Notice of annual general meeting

for the year ended 30 June 2021



## Putprop Limited

Incorporated in the Republic of South Africa

(Registration number 1998/001085/06)

Share code: PPR ISIN: ZAE000072310

("Putprop" or "the Company" or "the Group")

In terms of section 59(1) of the Companies Act, 71 of 2008, as amended, ("the Companies Act") notice is hereby given that the annual general meeting of shareholders of Putprop ("Annual General Meeting") will be held at 11:30 on Thursday, 4 November 2021 at Boardroom 1, 22 Impala Road, Chislehurst, Sandton for the purpose of considering, and, if deemed fit, passing, with or without modification, the resolutions set out hereafter.

### Record date

The board of directors of the Company ("the Board") has determined that, in terms of section 62(3)(a), read together with section 59, of the Companies Act the record date for the purposes of determining which shareholders of the Company are entitled to participate in and vote at the Annual General Meeting is Friday, 29 October 2021. Accordingly, the last day to trade Putprop shares in order to be recorded in the Register to be entitled to vote will be Tuesday, 26 October 2021.

### Action required as follows

Shareholders entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a member of Putprop. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the Annual General Meeting.

Proxy forms must be completed by certificated shareholders or "own name" registered dematerialised shareholders who wishes to be represented at the Annual General Meeting.

Dematerialised shareholders (not with "own-name" registration) must notify their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the Annual General Meeting in order for such CSDP or broker to be able to issue them with the necessary letter of representation to enable them to attend the Annual General Meeting, or, alternatively, should the dematerialised shareholder not wish to attend the Annual General Meeting, they should provide their CSDP or broker with their voting instructions. Forms of proxy should be lodged with the Company's transfer secretaries, Computershare Investor Services Proprietary Limited, located at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa, or posted to the Company's transfer secretaries at Private Bag X9000, Saxonwold, 2132, South Africa to be received by them by no later than 11:30 on Tuesday, 2 November 2021 (or 48 (forty-eight) hours before any adjournments of the Annual General Meeting which date, if necessary, will be notified on SENS) provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the chairperson of the Annual General Meeting prior to the commencement of the Annual General Meeting, at any time before the appointed proxy exercises any shareholder rights at the Annual General Meeting.

Annual General Meeting participants may be required to provide identification to the reasonable satisfaction of the chairperson of the Annual General Meeting. An official identification document issued by the South African Department of Home Affairs, a driver's license or a valid passport will be accepted as sufficient identification.

Shareholders who have any doubt as to the action they must take should consult their accountant, attorney, banker or other professional advisor immediately. On a poll, ordinary shareholders will have one vote in respect of each share held..

### Electronic participation

In terms of section 61(10) of the Companies Act, every shareholders' meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders. Therefore, shareholders or their proxies may participate in a meeting by way of a teleconference call if they wish to do so. In this event:

- written notice to participate via electronic communication must be sent to the Group's company secretary, Acorim Proprietary Limited, at putprop@acorim.co.za, to be received by no later than 11:30 on Tuesday, 2 November 2021;
- a pin number and dial-in details for the conference call will be provided;
- shareholders will be billed separately by their own telephone service providers for the teleconference call to participate in the Annual General Meeting;
- valid identification will be required:

# Notice of annual general meeting

for the year ended 30 June 2021 (Continued)

- if the shareholder is an individual, a certified copy of their identity document and/or passport;
- if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution, specifying the name of the individual that is authorised to represent the relevant entity at the Annual General Meeting by way of teleconference call; and
- a valid email address and/or facsimile number.

## Agenda

### Presentation of annual financial statements

The summarised consolidated financial statements of the Company (as approved by the Board) for the year ended 30 June 2021 have been distributed and accompany this notice of Annual General Meeting ("Notice"), as required, and will be presented to shareholders at the Annual General Meeting together with the reports of the Directors and the Audit and Risk Committee. The letter to shareholders accompanying this Notice contains details of where copies of the integrated annual report and annual financial statements are available.

### Report from the Social and Ethics Committee

In accordance with Regulation 43(5)(c) of the Companies Act, the chairperson of the Social and Ethics Committee or, in his absence, any member of the committee, will present the committee's report to shareholders at the Annual General Meeting.

### Ordinary resolutions

To consider and, if deemed fit, to pass with or without modification all the ordinary resolutions relating to business set out below. More than 50% (fifty percent) of the voting rights exercised on each individual resolution must be exercised in favour of those resolutions.

#### 1. Ordinary Resolution number 1: Re-election of Director

H Hartley retires in accordance with article 25.7 of Putprop's memorandum of incorporation ("MOI"), but being eligible to do so, offers himself for re-election.

"Resolved, as an ordinary resolution, that H. Hartley be and is hereby re-elected as an independent non-executive director of Putprop."

Rationale: Putprop's MOI and, to the extent applicable, the Companies Act requires that one-third of Putprop's non-executive directors rotate at the Annual General Meeting and can be eligible for re-election.

H. Hartley's abbreviated curriculum vitae appears on page 37 of the Integrated Annual Report to which this Notice is attached.

#### 2. Ordinary Resolution number 2: Re-election of Director

D Torricelli retires in accordance with article 25.7 of Putprop's MOI, but being eligible to do so, offers himself for re-election.

"Resolved, as an ordinary resolution, that D Torricelli be and is hereby re-elected as an independent non-executive director of Putprop."

Rationale: Putprop's MOI and, to the extent applicable, the Companies Act requires that one-third of Putprop's non-executive directors rotate at the Annual General Meeting and can be eligible for re-election.

D Torricelli's abbreviated curriculum vitae appears on page 37 of the Integrated Annual Report to which this Notice is attached.

#### 3. Ordinary Resolution number 3: Election of independent non-executive directors to the Audit and Risk Committee

To consider and, if deemed fit, elect the following independent non-executive directors as members of Putprop's Audit and Risk Committee, with effect from the end of this Annual General Meeting. Shareholders elect, by way of a separate vote, each of the following:

# Notice of annual general meeting

for the year ended 30 June 2021 (Continued)

Ordinary resolution number 3.1

“Resolved, as an ordinary resolution and subject to the passing of ordinary resolution number 1, that H. Hartley be and is hereby elected as a member and chairperson of Putprop’s Audit and Risk Committee.”

Ordinary resolution number 3.2

“Resolved, as an ordinary resolution, that G. Van Heerden be and is hereby elected as a member of Putprop’s Audit and Risk Committee.”

Ordinary resolution number 3.3

“Resolved, as an ordinary resolution, that R. Styber be and is hereby elected as a member of Putprop’s Audit and Risk Committee.”

Rationale: In terms of the Companies Act, Putprop as a public company must appoint an audit committee and the members of such audit committee must be appointed, or reappointed as the case may be, at each Annual General Meeting.

Abbreviated curricula vitae in respect of each member of the Audit and Risk Committee appears on page 37 of the Integrated Annual Report to which this Notice is attached.

## 4. Ordinary Resolution number 4: Re-appointment of external auditor

“Resolved, as an ordinary resolution, that Mazars be re-appointed, on the recommendation of the current Audit and Risk Committee, as Putprop’s independent registered auditors with Stephan Adlam being the individual registered auditor who will undertake the audit of the Group for the ensuing financial year and the directors be and are hereby authorised to determine the auditors’ remuneration.”

At Putprop’s Audit and Risk Committee meeting held on 18 August 2021, the committee considered the independence of Mazars and has satisfied itself thereof.

Rationale: In terms of the Companies Act, Putprop, as a public company, must have its financial results audited and such an auditor must be appointed or reappointed each year at the Annual General Meeting.

## 5. Ordinary resolution number 5: Advisory endorsement of remuneration policy and implementation report

Ordinary resolution number 5.1

“Resolved that Putprop’s remuneration policy, as set out on page 62 to 63 of the Integrated Annual Report, be and is hereby endorsed, by way of a non-binding advisory vote.”

Ordinary resolution number 5.2

“Resolved that the remuneration implementation report, as set out on page 62 to 63 of the Integrated Annual Report, be and is hereby endorsed, by way of a non-binding advisory vote.”

Note: Failure to pass these resolutions will not have any legal consequences relating to existing arrangements. However, the Board will take the outcome of the vote into consideration when assessing Putprop’s remuneration policy. However, should either of the resolutions be voted against by 25% or more of the voting rights exercised, the Board undertakes to engage with those opposed to them in order to ascertain the reasons therefore, and to appropriately address legitimate objections and concerns. The manner and timing of such engagement will be communicated in the voting results announcement.

*Rationale: King IV recommends and the Listings Requirements of the JSE Limited (“JSE Listings Requirements”) require companies to table their remuneration policy and implementation report each year to shareholders for separate non-binding advisory votes at the Annual General Meeting.*

## 6. Ordinary resolution number 6: Control of authorised but unissued ordinary shares

“Resolved, as an ordinary resolution, that, subject to the provisions of sections 38 and 41 of the Companies Act, Putprop’s MOI and the JSE Listings Requirements, the authorised but unissued ordinary shares in the capital of Putprop be and are hereby placed under the control and authority of the Board and that the Board be and is hereby authorised and empowered to allot and issue all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit.”



# Notice of annual general meeting

for the year ended 30 June 2021 (Continued)

## 7. Ordinary resolution number 7: Approval to issue ordinary shares, and to sell treasury shares, for cash

“Resolved, as an ordinary resolution, that the directors of the Putprop, and/or any of its subsidiaries from time to time, be and are hereby authorised, by way of a general authority, to –

- allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of Putprop; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of Putprop purchased by any of its subsidiaries,

for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, Putprop’s MOI, the memoranda of incorporate of any of Putprop’s subsidiaries, and the JSE Listings Requirements from time to time.”

- this general authority will be valid until the earlier of Putprop’s next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- the securities which are the subject of the issue for cash must be less than 30% of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to “public shareholders” as defined in the JSE Listings Requirements and not to related parties;
- the securities which are the subject of a general issue for cash may not exceed 15% (fifteen percent) of the number of listed securities, excluding treasury shares, as at the date of this notice, being 6 361 377 securities. Any securities issued under this authorisation during the period of 15 (fifteen) months from the date that this authorisation will be deducted from the aforementioned 6 361 377 listed securities. In the event of a sub-division or a consolidation during the period contemplated above the authority will be adjusted to represent the same allocation ratio;
- in determining the price at which securities may be issued in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the securities;
- an announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the securities over 30 (thirty) business days prior to the date that the issue is agreed in writing between the issuer and the parties subscribing for the securities and in respect of the issue of options and convertible securities the impact on the statement of financial position, net asset value per share, net tangible asset value per share, the statement of comprehensive income, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, or in respect of an issue of shares, an explanation including supporting information (if any), of the intended use of the funds will be published when the Company has issued securities representing, on a cumulative basis within the earlier of the Company’s next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given, 5% (five percent) or more of the number of securities in issue prior to the issue; and
- whenever Putprop wishes to use repurchased shares, held as treasury stock by any of its subsidiaries, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares..

Note: Under the JSE Listings Requirements, ordinary resolution number 7 must be passed by a 75% (seventy-five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the Annual General Meeting.

## 8. Ordinary resolution number 8: Signature of documents

“Resolved that each director of the Company, or the Company Secretary, be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions set out in the Notice.”

### Special resolutions

To consider and, if deemed fit, to pass, with or without modification, all the special resolutions relating to business set out below. At least 75% (seventy-five percent) of the voting rights exercised on each individual resolution must be exercised in favour of those resolutions in order for them to be passed.

# Notice of annual general meeting

for the year ended 30 June 2021 (Continued)

## 9. Special resolution number 1: Non-executive Directors' remuneration

"Resolved that, unless otherwise determined by shareholders in general meeting and to the extent applicable in Section 66(9) of the Companies Act, the annual remuneration payable to the non-executive directors of Putprop for the period 1 March 2022 to 28 February 2023 be and is hereby approved as follows:"

Type of fee (per meeting)	Approved fee per meeting for the period 1 March 2021 to 28 February 2022 R	Proposed fee per meeting for the period 1 March 2022 to 28 February 2023 R
<b>Board</b>		
Chairperson	22 000	24 152
Member	16 000	17 120
<b>Audit and Risk Committee</b>		
Chairperson	15 490	16 574
Member	8 350	8 935
<b>Remuneration and Nomination Committee</b>		
Chairperson	7 750	8 293
Member	5 690	6 088
<b>Social and Ethics Committee</b>		
Chairperson	Nil	Nil
Member	Nil	Nil
<b>Investment Committee</b>		
Chairperson	Nil	Nil
Member	Nil	Nil

*Rationale: In terms of section 66(9) of the Companies Act, a company is required to pre-approve the payment of remuneration to non-executive directors for their services as directors for the ensuing financial year by means of a special resolution passed by shareholders of the Company within the previous two years.*

## 10. Special resolution number 2: General approval to acquire shares

"Resolved that, subject to the Companies Act, Putprop's MOI and the JSE Listings Requirements, the Company, and/or any of its subsidiaries from time to time, be and are hereby authorised to acquire ordinary shares in Putprop."

The JSE Listings Requirements currently provide, *inter alia*, that:

- the acquisition of the ordinary shares must be affected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between Putprop and the counter party;
- this general authority shall only be valid until the earlier of Putprop's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which Putprop's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is affected;
- at any point in time, Putprop may only appoint one agent to affect any acquisition/s on its behalf;
- the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of Putprop's issued ordinary share capital;
- Putprop may only affect the repurchase once a resolution has been passed by the Board confirming that the Board has authorised the repurchase, that Putprop has passed the solvency and liquidity test ("test") and that since the test was done there have been no material changes to the financial position of the Group;
- Putprop or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements; and
- an announcement will be published once Putprop has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter.

# Notice of annual general meeting

for the year ended 30 June 2021 (Continued)

*Rationale: The purpose and effect of this special resolution number 2 is to grant the directors of Putprop and/or its subsidiaries a general authority in terms of its MOI and the JSE Listings Requirements for the acquisition by Putprop and/or its subsidiary companies of shares issued by it on the basis reflected in the special resolution.*

It is the intention of Putprop's directors to use such authority should prevailing circumstances (including tax dispensations and market conditions), in their opinion, warrant it.

## Other disclosure in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosure, which are contained in the Integrated Annual Report to which this Notice is attached:

- major shareholders of the Company – page 167; and
- share capital of the Company – page 143.

## Material change

There have been no material changes in the affairs or financial position of Putprop and its subsidiaries since Putprop's financial year end and the date of this Notice.

## Directors' responsibility statement

The directors, whose names are given on pages 36 to 37 of the Integrated Annual Report to which this notice is attached, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution number 2 and certify that, to the best of their knowledge and belief, there are no facts in relation to this special resolution that have been omitted which would make any statement in relation to this special resolution number 2 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 2 together with this Notice contains all information required by law and the JSE Listings Requirements in relation to it.

## Adequacy of working capital

At the time that the contemplated repurchase is to take place, Putprop's directors will ensure that, after considering the effect of the maximum repurchase and for a period of 12 (twelve) months thereafter:

- Putprop and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of Putprop and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the Company and its subsidiaries;
- the issued share capital and reserves of Putprop and its subsidiaries will be adequate for the purpose of Putprop's ordinary business and that of its subsidiaries; and
- the working capital available to Putprop and its subsidiaries will be sufficient for the Group's requirements.

## 11. Special resolution number 3: Financial assistance for subscription of securities

"Resolved that shareholders of Putprop hereby approve, in terms of section 44 of the Companies Act, of the provision, at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution number 3, of financial assistance by way of a loan, guarantee, security or otherwise by Putprop to any person for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by Putprop or a related or inter-related company, or for the purchase of any securities of Putprop or a related or inter-related company, provided that –

- the Board, from time to time, determines (i) the specific recipient, or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; and (iii) the terms and conditions under which such financial assistance is provided; and
- the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 3 unless the Board meets all those requirements set out in section 44 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance.

*Rationale: The purpose and effect of this special resolution number 3 is to grant the Board the authority to authorise Putprop to provide financial assistance to any person for the purpose of, or in connection with, the subscription for any option or securities issued or to be issued by the Company or a related or inter-related company.*

# Notice of annual general meeting

for the year ended 30 June 2021 (Continued)

## 12. Special resolution number 4: Loans or other financial assistance to directors

“Resolved that the shareholders of the Company hereby approve, in terms of Section 45 of the Companies Act, of the provision, at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution number 4, of any direct or indirect financial assistance by way of a loan, guarantee or other obligation, and securing any debt or obligation to a director or prescribed officer of Putprop, or to a related or inter-related company or corporation, or to a member of any such related or inter-related corporation or to a person related to any such company, corporation, director, prescribed officer or member provided that –

- the Board, from time to time, determines (i) the specific recipient or general category of potential recipients of such financial assistance; (ii) the form, nature and extent of such financial assistance; and (iii) the terms and conditions under which such financial assistance is provided, and
- the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution number 4 unless the Board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance.

*Rationale: The purpose of this special resolution number 4 is to grant the Board the authority to authorise Putprop to provide financial assistance, as contemplated in section 45 of the Companies Act, to a director or prescribed officer of Putprop, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member*

### Other business

To transact such other business as may be transacted at an Annual General Meeting or raised by shareholders with or without advance notice to Putprop.

By order of the Board



**Acorim Proprietary Limited**  
**Company Secretary**

22 September 2021  
Illovo



# Form of proxy



## Putprop Limited

Incorporated in the Republic of South Africa  
(Registration number 1998/001085/06)  
Share code: PPR ISIN: ZAE000072310  
("Putprop" or "the Company" or "the Group")

### For use only by ordinary shareholders who:

- hold ordinary shares in certificated form ("certificated ordinary shareholders"); or
- have dematerialised their ordinary shares ("dematerialised ordinary shareholders") and are registered with "own-name" registration, at the Annual General Meeting of shareholders of the Company to be held at Boardroom 1, 22 Impala Road, Chislehurst, Sandton at 11:30 on Thursday, 4 November 2021 and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with "own-name" registration who wish to attend the Annual General Meeting must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the Annual General Meeting in person or by proxy and vote. If they do not wish to attend the Annual General Meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These ordinary shareholders must not use this form of proxy.

Name of beneficial shareholder \_\_\_\_\_

Name of registered shareholder \_\_\_\_\_

Address \_\_\_\_\_

Telephone work (    ) \_\_\_\_\_

Telephone home (    ) \_\_\_\_\_

Cell: \_\_\_\_\_

### being the holder/custodian of ordinary shares in the Company, hereby appoint (see note):

1. \_\_\_\_\_ or failing him/her

2. \_\_\_\_\_ or failing him/her

3. the Chairperson of the meeting \_\_\_\_\_

as my/our proxy to attend and act for me/us on my/our behalf at the Annual General Meeting of the company convened for purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ("resolutions") and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the Company registered in my/our name/s in accordance with the following instructions:

# Form of proxy (Continued)

	Number of Ordinary Shares		
	For	Against	Abstain
<b>Ordinary resolution number 1</b> Re-election of Director 1. To re-elect Hayden Hartley who, in terms of Article 25.7 of the Company's Memorandum of Incorporation, retires by rotation.			
<b>Ordinary resolution number 2</b> Re-election of Director 2. To re-elect Daniele Torricelli who, in terms of Article 25.7 of the Company's Memorandum of Incorporation, retires by rotation.			
<b>Ordinary resolution number 3</b> 3. Election of independent non-executive directors to the Audit and Risk Committee			
3.1. To appoint Hayden Hartley as a member and chairperson of the Putprop Audit and Risk Committee.			
3.2. To appoint Gerrit Van Heerden as a member of the Putprop Audit and Risk Committee, subject to the passing of ordinary resolution number 2.			
3.3. To appoint Rene Styber as a member of the Putprop Audit and Risk Committee, subject to the passing of ordinary resolution number 1.			
<b>Ordinary resolution number 4</b> 4. Re-appointment of external auditor			
<b>Ordinary resolution number 5</b> 5. Advisory endorsement of remuneration policy and implementation report			
5.1. Endorsement of remuneration policy			
5.2. Endorsement of implementation report			
<b>Ordinary resolution number 6</b> 6. Control of authorised but unissued ordinary shares.			
<b>Ordinary resolution number 7</b> 7. Approval to issue ordinary shares, and to sell treasury shares, for cash.			
<b>Ordinary resolution number 8</b> 8. Signature of documents.			
<b>Special resolution number 1</b> 9. Approval of the non-executive director remuneration.			
<b>Special resolution number 2</b> 10. General approval to acquire shares.			
<b>Special resolution number 3</b> 11. Financial assistance for subscription of securities.			
<b>Special resolution number 4</b> 12. Loans or other financial assistance to directors.			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the Company.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2021

Signature \_\_\_\_\_

Assisted by (if applicable) \_\_\_\_\_

# Notes to the proxy

## 1. Summary of Rights Contained in section 58 of the Companies Act, 2008 (Act 71 of 2008), as amended (“Companies Act”)

In terms of section 58 of the Companies Act:

- a shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders’ meeting on behalf of such shareholder;
  - a proxy may delegate his or her authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
  - irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder’s rights as a shareholder;
  - irrespective of the form of instrument used to appoint a proxy, any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
  - if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the company; and
  - a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company’s memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see point 7).
2. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in “own name”.
  3. Shareholders who have dematerialised their shares through a CSDP or broker without “own name” registration and wish to attend the Annual General Meeting must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the Annual General Meeting in person or by proxy. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. Should the CSDP or broker not have provided the Company with the details of the beneficial shareholding at the specific request by the Company, such shares may be disallowed to vote at the Annual General Meeting.
  4. A shareholder entitled to attend and vote at the Annual General Meeting may insert the name of a proxy or the names of two alternate proxies (none of whom need be a shareholder of the company) of the shareholder’s choice in the space provided, with or without deleting “the Chairperson of the meeting”. The person whose name stands first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow. Should this space be left blank, the proxy will be exercised by the Chairperson of the meeting.
  5. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder’s instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an “X” has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the shareholder’s votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
  6. A vote given in terms of an instrument of proxy shall be valid in relation to the Annual General Meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than 48 (forty eight) hours before the commencement of the Annual General Meeting, or 48 (forty eight) hours before any adjournment thereof.

## Notes to the proxy (Continued)

7. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the Annual General Meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
8. The Chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
9. A shareholder's authorisation to the proxy including the Chairperson of the Annual General Meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the Annual General Meeting.
10. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
11. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company's transfer secretaries or waived by the Chairperson of the Annual General Meeting.
12. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the Company.
13. Where there are joint holders of ordinary shares:
  - any one holder may sign the form of proxy;
  - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the Company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
14. Forms of proxy should be lodged with or mailed to Computershare Investor Services (Proprietary) Limited:
 

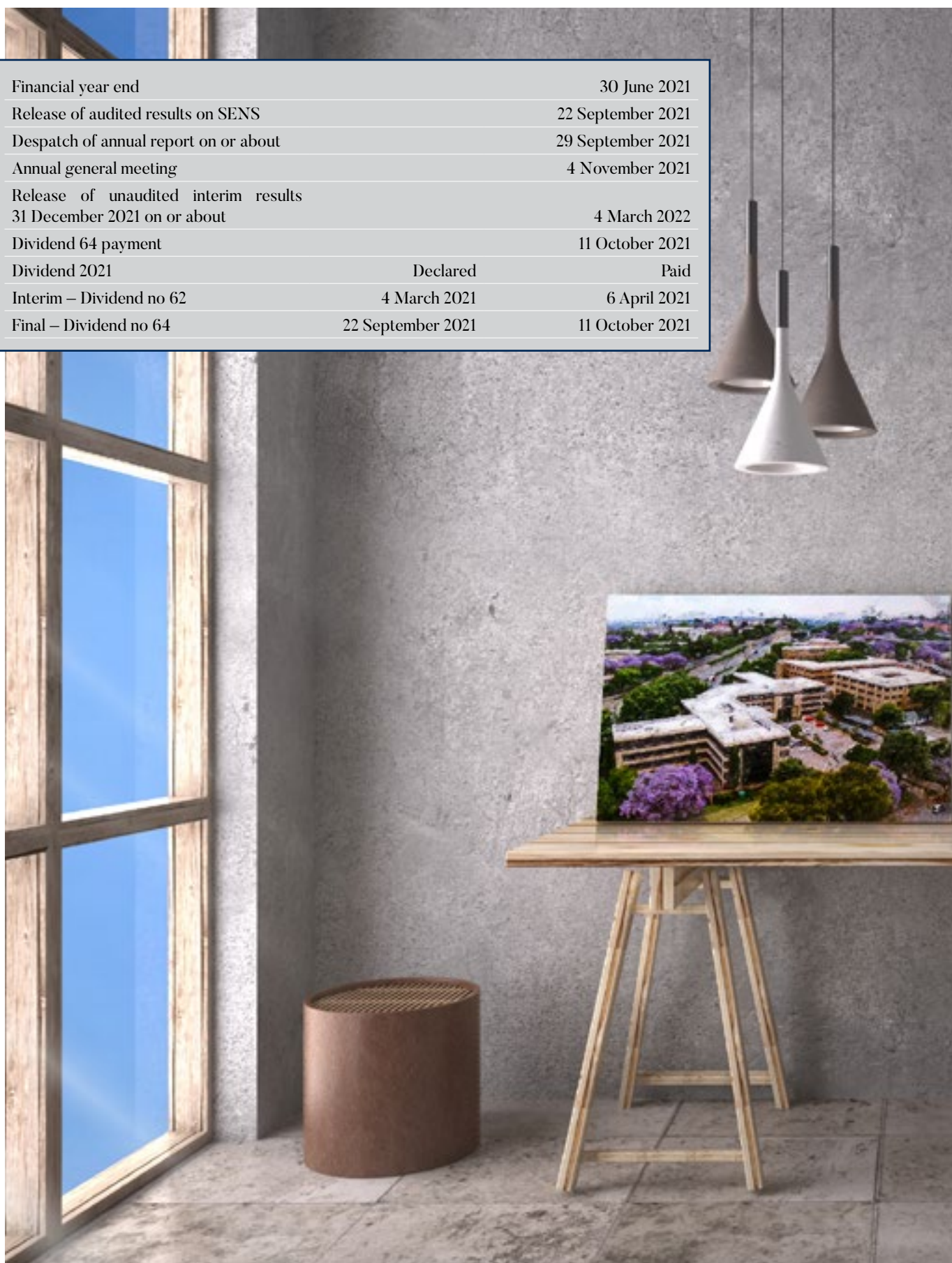
<b>Hand deliveries to:</b> Computershare Investor Services (Proprietary) Limited Rosebank Towers 15 Biermann Avenue Rosebank Johannesburg, 2196	<b>Postal deliveries to:</b> Computershare Investor Services (Proprietary) Limited P.O. Box 61051 Marshalltown 2107
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to be received by no later than 11:00 on Tuesday, 2 November 2021, (or 48 (forty-eight) hours before any adjournment of the Annual General Meeting which date, if necessary, will be notified on SENS) provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the Chairperson of the Annual General Meeting prior to commencement of the Annual General Meeting, at any time before the appointed proxy exercises their shareholder rights at the Annual General Meeting.
15. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.
16. The completion of a form of proxy does not preclude any shareholder from attending the Annual General Meeting.



# Shareholders' Diary

Financial year end	30 June 2021	
Release of audited results on SENS	22 September 2021	
Despatch of annual report on or about	29 September 2021	
Annual general meeting	4 November 2021	
Release of unaudited interim results 31 December 2021 on or about	4 March 2022	
Dividend 64 payment	11 October 2021	
Dividend 2021	Declared	Paid
Interim – Dividend no 62	4 March 2021	6 April 2021
Final – Dividend no 64	22 September 2021	11 October 2021



# Corporate Information

**Company Registration Number:** 1998/001085/06

**Share Code PPR ISIN:** ZAE000072310

## DIRECTORS

**Daniele Torricelli** (c,e,f,g,h,j)

**Hayden Hartley** (b,c,d,e,g,j,i,k)

**Bruno Carleo** (a,g,i)

**James Smith** (a,g,i)

**Anna Carleo-Novello** (a,g,i)

**René Styber** (c,d,e,g,j)

**Gerrit van Heerden** (c,d,e,g,j)

Chairman

Chief Executive Officer

Chief Financial Officer

a. Executive

b. Chairman Audit and Risk Committee

c. Independent non-executive

d. Member of Audit and Risk Committee

e. Member of the Remuneration, Nomination and Human Resources Committee

f. Chairman Social and Ethics Committee

g. Member Social and Ethics Committee

h. Chairman, Nomination Committee

i. Chairman of Remuneration and Human Resources Committee

j. Member Investment Committee

k. Chairman, Investment Committee

## COMPANY SECRETARY

Acorim Proprietary Limited  
13th Floor, Illovo Point  
68 Melville Road  
Illovo  
Sandton  
2196

## TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited  
15 Biermann Avenue  
Rosebank  
Johannesburg  
2196

## AUDITORS

Mazars  
54 Glenhove Road  
Melrose Estate  
Johannesburg  
2196

## LEGAL ADVISORS

Werksmans  
155 5th Street  
Sandown  
P O Box 10015  
Sandton  
2196

## PRINCIPAL BANKERS

Absa Bank Limited  
160 Main Street  
Johannesburg  
2000

## INVESTOR RELATIONS AND REGISTERED OFFICE

James Smith  
91 Protea Road  
Chislehurst  
Sandton  
2196

+27 11 883 8650

[james@putprop.co.za](mailto:james@putprop.co.za)

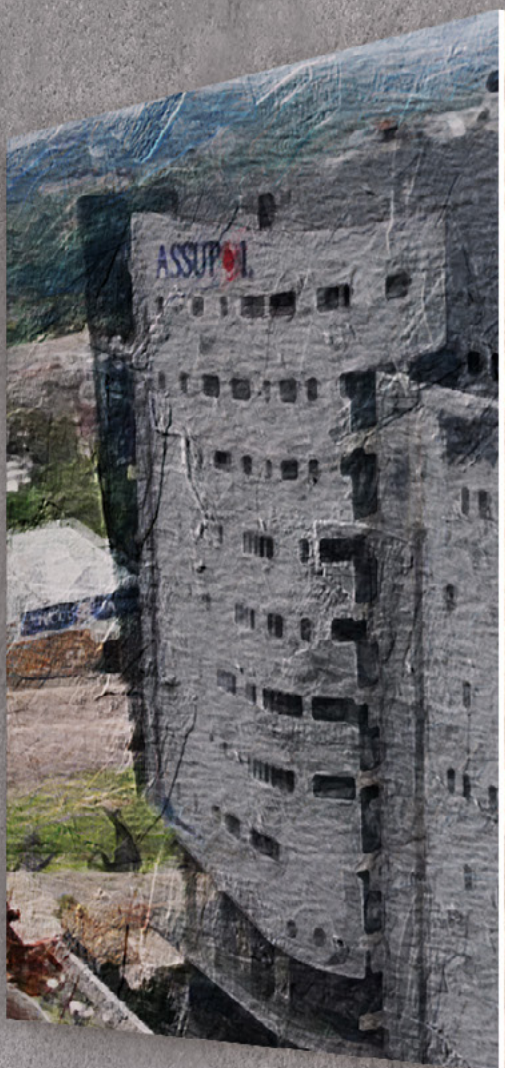
## SPONSOR

Merchantec Capital  
13th Floor, Illovo Point  
68 Melville Road  
Illovo  
Sandton  
2196

## LISTING INFORMATION

Putprop Limited was listed on the JSE Limited on 4 July 1988  
JSE code: PPR  
Sector: Financial – Real Estate





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**Putprop**

**CONTACT US**

+27 11 883 8650

[www.putprop.co.za](http://www.putprop.co.za)

91 PROTEA ROAD  
CHISLEHURSTON  
SANDTON 2196