Putprop

2020

INTEGRATED
ANNUAL
REPORT

Report

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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
"COVID-19"	Pandemic global virus arising in 2020 with devastating effects on economy and social structures.
"EXCO"	Executive Committee
"GLA"	Gross lettable area
"IASB"	International Accounting Standards Board
"IFRS"	International Financial Reporting Standards
"IT"	Information Technology
"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

ABOUT PUTPROP


AMPS

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 take responsibility and ownership for all of our actions.

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 growth in value with stability and low risk.

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

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

Corporate Profile

Putprop is a property investment company listed on the main board of the JSE Limited under the real estate sector.

Listed on 4 July 1988. (JSE code: PPR)

(Registration number: 1988/001085/06)

Invests in industrial, commercial and retail properties, deriving its income from contracted rentals.

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

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 will be considered with suitable Joint Arrangement partners in order to increase portfolio values and unlock future value for shareholders.

Strategic Positioning 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 over-dependence 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 ongoing maintenance and upgrading programme

Highlights

Financial

Gross property revenue

drop restricted to
2.9% year on year in Covid-19 operating environment

Market value per m² of property portfolio of
R8 200 per m²

Net Asset Value of
1329 cents per share

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

Operational

Increase in Dividend distribution of 7.7% to
14 cents per share

32nd consecutive year
of a dividend pay-out to shareholders

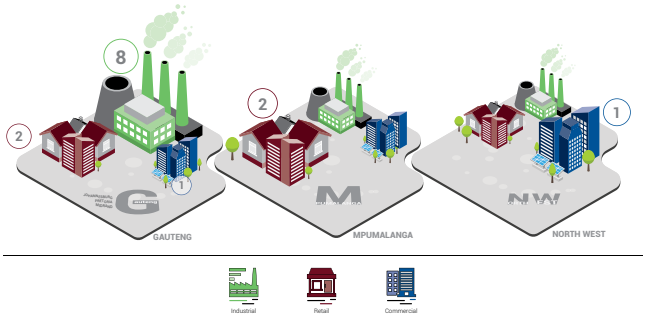
Further reduction in concentration of **contractual rental income from a single tenant** from
35% to 33%

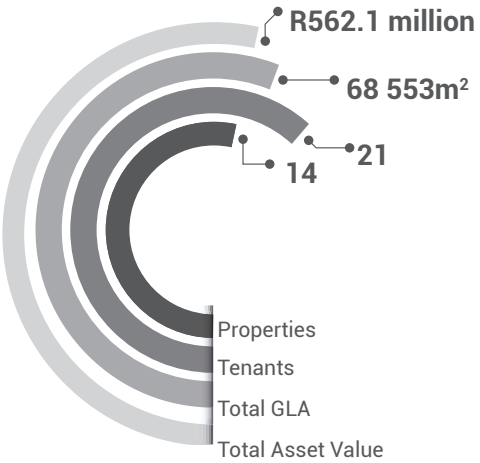
Weighted Average Group lease expiry (WALE) of
3.75 years

Containment of both **property and commercial expenses** in an **extremely challenging environment**

Future minimum contractual lease rentals greater than two years of
R146 million

Footprint





Integrated Reporting - Our Approach

SCOPE AND BOUNDARY

Putprop is pleased to present its tenth integrated report to stakeholders for the financial year ended 30 June 2020.

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 2020.

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 the Group's business activities, sustainability and financial performance of its subsidiaries from 1 July 2019 to 30 June 2020, 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.

Integrated Reporting - Our Approach (Continued)

STAKEHOLDER INTERACTIONS

Stakeholder	Engagement with stakeholder	Stakeholder contribution	Stakeholder expectation
Shareholders and debt funders	• Presentations including bi-annual result presentations • Investor conference calls • Site visits • JSE SENS announcements • Media announcements • Website • One-on-one meetings	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.
Tenants, service providers and other business partners	• Personal interaction and meetings • Information events • Operational notices • Print communication • Social media	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.
Employees	• Electronic communication • Site visits for a better understanding of the Group's operations • Presentations • Induction, training and development days	Employees form the foundation of our business and provide the performance required to grow the business with retention of high worth employees a priority	Rewarding the skills of employees by appropriate salary and remuneration schemes.
Communities and environment	• Corporate Social Investment initiatives in general • Corporate Social Investment initiatives at our properties • Environmental initiatives	An understanding of social, economic and environmental impacts on the communities in which we operate.	Sponsorship and donations. Communities initiatives and projects. Environmental upgrades of properties.

STAKEHOLDER FEEDBACK

Stakeholders may address any comments or feedback on this integrated report to james@putprop.co.za

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.

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.

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 2020 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 2020 integrated report on 2 September 2020.

Bruno C Carleo

2 September 2020

James E Smith

2 September 2020

Strategic Goals Set for 2020

Critical performance factor

- Optimise short-term and long-term returns.
- 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 disposing of non-performing and low grade individual properties.
- Grow the portfolio in the medium-term to over 1 billion South African Rands, asset value.
- Improve our tenant focus with interactions with this group of stakeholders on a regular basis.
- Consolidation and rationalisation of the existing property portfolio with the purpose of adding value to these assets where possible. Active acquisitions to be followed where managements' parameters are met.
- Continue to minimise cost of funding with gearing to be limited to 35% of our total assets.
- Maintain vacancies below a target level of 5% of our gross lettable area.
- Examine all areas of operational efficiencies.
- Lease expiry profile that reflects a minimum of 50% future contractual rental income flows greater than three years.
- Opportunities for increased holdings in associate companies delivering long-term capital growth and contractual rentals put on hold for immediate future.
- The construction of the Mamelodi Retail centre to commence in July 2020.
  The Dobsonville retail centre construction date was postponed until early 2021.
  Both developments subject to final feasibility reports on properties.
- Specific targeting of rural food retailers for acquisition.

What We Achieved in 2020

Delivery on identified strategy

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

Reduction in income from single tenant from 35% to 33% of total contractual rentals.
Strategy not delivered but on course to delivery.

Five non-core assets were previously identified as non-performing or low grade. Two were disposed of in previous financial year. Status of one changed in current year due to tenant placement. Remaining property actively marketed during current financial period. Covid-19 pandemic has made sale of this asset at acceptable prices to management unlikely in the current volatile property market.
Strategy not delivered.

Group portfolio together with associated companies over R900 million.
On course to achieve, although Covid-19 effect may extend this timeline.

Direct contact held with all tenants during the year in an effort to understand the effects of Covid-19 and to identify possible assistance with a strategy of maintaining sustainability of tenant base. We continue in our efforts to maintain a strong tenant network. Early interactions to try to identify risks.
Strategy in progress.

Associated companies reviewed for further expansion opportunities. All assets reviewed in portfolio to ensure strategy fit still relevant and balanced. No additions to portfolio in current period. Possible target properties and "Fire sales" may become prevalent due to economic and social effect of Covid-19. This may provide buying opportunities in 2021. Sectoral spread considered satisfactory for year.
Strategy not delivered.

Gearing during the year was maintained at 25% well below our mandated level of 35% of total assets.
Strategy delivered.

Vacancies increased substantially in this period to 16.3% (2019: 0%). This vacancy arose solely from one industrial property, of 13 000m² GLA. Management was successful in tenanting 1 838m² by year end. This property is also considered a non-core property and is being actively marketed both for tenanting and for sale. Due to Covid-19 the prospect of tenanting this property is not positive, going forward.
Strategy not 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 75.2%.
Strategy delivered.

Strategy followed.

The Mamelodi retail centre commencement date was delayed due to the suspensive condition of a 75% pre-let not being achieved. This arose directly as a result of the Covid-19 pandemic and certain of the head tenants who had previously committed to the development, deferring expansion plans.
The Dobsonville development postponement was confirmed. Strategy not delivered.

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

10-year Financial Performance Review

	2020 R'000	2019 R'000	2018 R'000	2017 R'000	2016 R'000
SUMMARISED INCOME STATEMENT					
Property revenue and recoveries	**73 890**	76 091	72 971	73 865	65 755
Property expenses	**(19 856)**	(19 636)	(19 966)	(20 074)	(17 617)
Net profit from property operations	**54 035**	56 455	53 005	53 791	48 138
Corporate expenses	**(11 566)**	(11 328)	(8 852)	(7 187)	(10 185)
Investment and other income	**2 016**	5 356	4 312	3 788	8 754
Associates' share of profits/(losses)	**(7 433)**	18 217	(18 657)	3 049	(5 942)
Gain on Bargain purchase	**–**	–	–	–	–
Expected credit losses - Group Loans	**298**	(1 900)	–	–	–
Operating profit before Finance costs	**37 350**	66 800	29 808	53 441	40 765
Finance costs	**(12 623)**	(15 105)	(15 135)	(9 448)	(6 820)
Profit before capital items	**24 727**	51 695	14 673	43 993	33 945
Fair value adjustments	**(14 688)**	(14 587)	1 319	9 104	11 284
Profit/(loss) on sale of capital assets and impairment transactions	**–**	–	–	–	(4 850)
Net profit before tax	**10 039**	37 108	15 992	53 097	40 379
Dividend distribution per share (cents)	**14.0**	13.0	13.0	13.0	106.54*
Headline earnings per share (cents)	**48.23**	71.64	59.5	55.9	69.4
SUMMARISED STATEMENT OF FINANCIAL POSITION					
Investment property	**512 626**	495 640	573 865	571 941	454 071
Net investment property held for sale	**20 310**	41 267	–	–	–
Investment in associates	**202 230**	209 131	162 428	151 643	102 076
Other non-current assets	**22 364**	23 480	18 398	9 435	4 588
Current assets	**17 415**	15 626	11 545	33 900	176 884
Total assets	**774 946**	785 144	766 236	766 919	737 619
EQUITY AND LIABILITIES					
Shareholders' equity	**583 377**	587 188	563 168	562 020	528 520
Non-controlling interest	**–**	–	–	–	–
Non-current liabilities	**170 706**	182 079	190 627	189 145	124 495
Current liabilities	**20 862**	15 877	12 441	15 754	84 604
Total equity and liabilities	**774 946**	785 144	766 236	766 919	737 619

* Includes special dividend of 89.5 cents

2015 R'000	2014 R'000	2013 R'000	2012 R'000	2011 R'000
54 136	51 668	47 835	47 643	38 055
(14 958)	(13 280)	(12 393)	(14 664)	(6 849)
39 178	38 388	35 442	32 979	31 206
(5 848)	(5 300)	(4 830)	(4 479)	(3 689)
2 629	2 063	1 475	1 793	1 457
13 167	19 371	1 597	1 156	–
10 918	–	–	–	–
–	–	–	–	–
60 044	54 522	33 684	31 449	28 974
(889)	–	–	–	–
59 155	54 522	33 684	31 449	28 974
17 391	32 697	32 269	11 600	28 035
800	282	763	3 638	–
77 346	87 501	66 716	46 687	57 009
26.0	36.0	36.0	33.0	30.0
85.1	86.3	86.8	74.1	66.2
434 634	309 564	276 855	244 312	237 000
–	–	–	–	–
114 473	66 068	50 728	48 369	10 867
2 990	4 307	4 382	2 405	3 804
111 881	55 225	33 712	24 545	39 548
663 978	435 164	365 677	319 631	291 219
545 043	392 519	331 374	291 639	270 209
26 780	–	–	–	–
73 682	34 279	27 661	21 065	15 385
18 473	8 366	6 642	6 927	5 625
663 978	435 164	365 677	319 631	291 219

6 Key Properties

Property
Parktown Towers

Sector
Commercial

Location
Johannesburg

Rentable area m²
4 666

Rental 30 June 2020 (R'000)
7 688

Average gross rentals R/m²
147.0

Valuation R/m²
23 511

Property Synopsis

Value:
R109.7 million

Major tenant:
Cavi Holdings

Activities:
Distributor of high end cosmetics and beauty products

Occupancy:
100%


CAVIcampus

6 Key Properties (Continued)

Property
Secunda Value Centre

Sector
Retail

Location
Mpumalanga

Rentable area m²
8 492

Rental 30 June 2020 (R'000)
10 249

Average gross rentals R/m²
100.7

Valuation R/m²
14 423

Property Synopsis

Value:
R122.4 million

Major tenant:
Builders Warehouse
Burger King
Sportsman's Warehouse

Activities:
Retail centre

Occupancy:
100%

INDUSTRIAL RETAIL COMMERCIAL

Property
Putcoton

Sector
Industrial

Location
West Rand

Rentable area m²
9 559

Rental 30 June 2020 (R'000)
8 438

Average gross rentals R/m²
73.6

Valuation R/m²
5 926

Property Synopsis

Value:
R56.65 million

Major tenant:
Larimar Group
Triple
Net Tenant

Activities:
Mass transport handling facility and workshop operation

Occupancy:
100%

INDUSTRIAL RETAIL COMMERCIAL

Property
Corridor Hill

Sector
Retail

Location
Mpumalanga

Rentable area m²
5 835

Rental 30 June 2020 (R'000)
3 999

Average gross rentals R/m²
57.1

Valuation R/m²
8 046

Property Synopsis

Value:
R46.95 million

Major tenant:
Bidvest Volkswagen dealership

Activities:
Retail car dealership

Occupancy:
100%

INDUSTRIAL RETAIL COMMERCIAL

Property
Eagle Canyon

Sector
Retail

Location
Roodepoort

Rentable area m²
2 423

Rental 30 June 2020 (R'000)
2 233

Average gross rentals R/m²
76.8

Valuation R/m²
16 673

Property Synopsis

Value:
R40.4 million

Major tenant:
Super Group
Triple
Net Tenant

Activities:
Isuzu Dealership
Truck and Car

Occupancy:
100%

INDUSTRIAL RETAIL COMMERCIAL

Property
Bank City

Sector

Commercial

Location
Potchestroom

Rentable area m²
2 339

Rental 30 June 2020 (R'000)
3 558

Average gross rentals R/m²
126.5

Valuation R/m²
10 517

Property Synopsis

Value:
R24.6 million

Major tenant:
Standard Bank,
Liberty Life, Ukwazi

Nursing

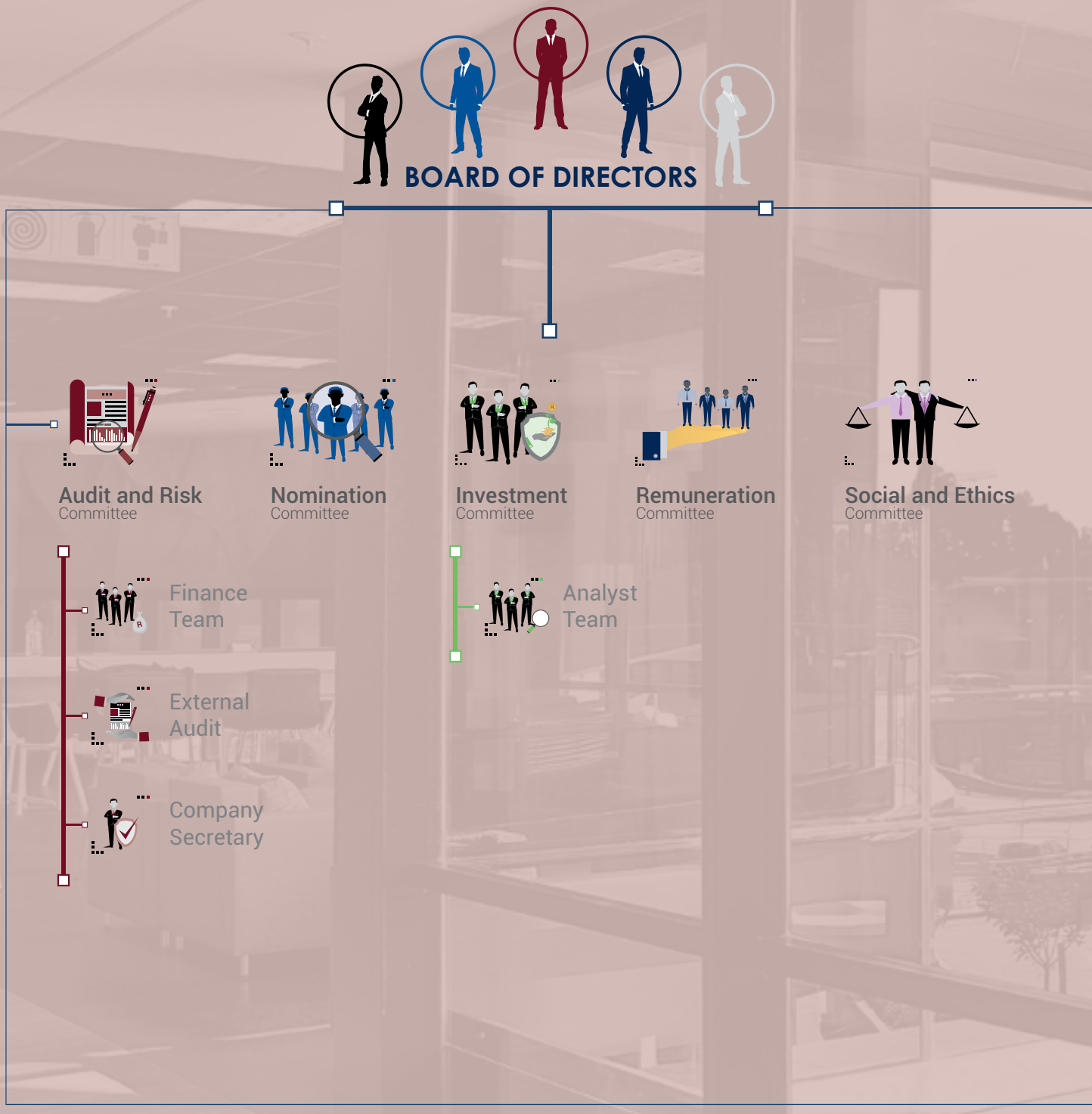
Activities:
Retail and Commercial

Occupancy:
100%

INDUSTRIAL RETAIL COMMERCIAL

CORPORATE GOVERNANCE

Governance Framework



Shareholders

Finance Providers

Tenants

Putprop Employees

Community

Chair's Report

"Covid-19 is a Black Swan event or an event characterised as extremely rare and unpredictable, which has an severe impact on a society or a business was not only the occurrence of the year and decade but possibly for generations to come."

INTRODUCTION

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 32nd annual financial results of the Group for the year ended 30 June 2020.

The second half of 2020 has developed into a momentous year for the world, South Africa, the property industry and Putprop.

New words and phrases such as Covid-19, lockdown, sanitisers, work from home and social distancing have entered and become common in the day to day vocabulary of all South Africans. Masks were something your children wore. Handshakes were replaced by "Elbow Bumps".

Covid-19 is a Black Swan event or an event characterised as extremely rare and unpredictable which has a severe impact on a society or a business, was not only the occurrence of the year and decade but possibly for generations to come

The impact on the world and South African economies is nothing short of catastrophic. Jobless claims and unemployment statistics have sky-rocketed, hotel occupancies, restaurant bookings have shown declines between 30% to 90% at the height of the various government enforced lockdowns.

Latest estimates from the John Hopkins University of Medicine reflects over 25.8 million confirmed Covid-19 cases world-wide with a global death rate of over 858 000. The general outlook remains negative and we believe this will remain until a general-purpose vaccine is made available worldwide.

The South African economy which was in a poor state prior to Covid-19 has now deteriorated even more. The recent IMF loan and the various packages government has made available will possibly assist recovery provided these funds reach their intended targets.

OPERATING ENVIRONMENT UNDER COVID-19

The listed property environment has reflected results which have not been seen since the 2008 banking crisis and has in many instances, exceeded this in its effect.

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 the property market.

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

The lockdown period of late March and April has resulted already in many tenants not being viable without assistance from various sources. Property owners are not exempt and are often first on any tenants list for assistance.

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

South Africa's potential job losses are forecast to be up to 7 million, with a contraction in the economy approaching 16.1% according to latest forecasts.

The volatile markets of the previous year will only worsen for the remainder of 2020 and could extend well into 2021. We expect a slow "L" curve developing into a "U" curve in respect of economic recovery.

In addition, the United Kingdom's exit from the European Union continues to play out, with unknown consequences, and the likelihood of a new political order may be in power in the world's largest economy after November. A final negative is the continuing and worsening trade war between the world's two largest economies, the United States and China with unknown consequences as an outcome. We are in a period of flux and uncertainty globally, with the property sector no exception.

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

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

The sovereign credit downgrade has resulted in unanimity of all the Rating Agency's, with South Africa downgraded to "Junk" status. All of these factors combined with high youth unemployment continue to diminish both business and consumer confidence.

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 32nd 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 his approach despite the current uncertainties globally and locally.

The Group posted excellent results for the six months ended 31 December 2019 and our expectation was to continue this trend for the second half of 2020.

The Covid-19 pandemic which hit South Africa in late March unfortunately has prevented this expectation from being realised.

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 in Group and company, 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 multiple cuts to the prime rate has also contributed positively to efforts to reduce the impact of Covid-19.

The review period reflects a decrease of 44.1% (2019: increase of 124.2%) on Putprop's profit before taxation, fair value adjustments and finance costs. Headline earnings at 48.23 cents per share (2019: 71.64 cents per share) were 32.7% down. Group net profit after taxation was substantially down. This arose from a large loss from our associates as a result of write-downs in their portfolio assets as well as sharp declines in profits reported. Losses of R7.4 million were accounted for compared to reported profits of R18.2 million in 2019.

Property and corporate expenses were controlled during the review period, with finance costs decreasing due to interest rate cuts. If the Group's associated companies are discounted, then results would have been comparable with those of 2019, reflecting a decrease of only 7.8%.

The directors have decided to declare a final dividend of 5.75 cents per share payable after 30 June 2020 (30 June 2019: 7 cents). The total declared dividend for the year is 14 cents per share (2019: 13 cents).

Chair's Report (Continued)

PROPERTY PORTFOLIO AND PROSPECTS

At 30 June 2020, our property portfolio consisted of 14 (2019: 14) properties, situated primarily in the Johannesburg and Pretoria metropolitan areas of Gauteng valued at R562.1 million (2019: R560.2 million). The performance of the investment property portfolio was strong with average annual property yields of over 9.5% (2019: 9%). The portfolio has a total gross lettable area of 68 553m² (2019: 68 377m²).

Valuations in the current market have become stretched, the growth in rentals previously received are now no longer available with large reversions in renewed rentals becoming the norm in order to retain tenants.

No additional investments were made in Pilot Peridot One Proprietary Limited or Belle Isle Investments Proprietary Limited this year (2019: R0.168 million).

The Group as previously reported, has entered into a transaction with McCormick Development Company (Pty) Ltd, to develop two community retail centres on two of our properties situated in Mamelodi and Dobsonville, on a 50:50 joint operations basis. As a result of the Covid-19 pandemic certain suspensive conditions have not been realised and as a result Putprop's Board has postponed the start of both developments until early 2021, where conditions will be re-evaluated. Both developments still firmly form part of the Board's strategy to broaden the Group portfolio.

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

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

The long-term objective of diversifying its property portfolio further into commercial and retail properties remains in place. One of the Group's main strategies, that of further diversification of its rental stream base in order to reduce risk from a limited number of tenants. In this review period the Group reduced its dependence on Larimar Limited from 35% to 33%, a pleasing result.

BOARD CHANGES

There have been no changes in the Group's Board, during the review period.

The Board will continue to place emphasis on corporate governance, sustainability and transparency. Our Board committees continue to be active and effective.

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 2020 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.

The Covid-19 pandemic is likely to put pressure on tenant sustainability and retention. Cash flows are expected to be critical in the next six to nine months.

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 0.1% for the 2021 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

Given the current business climate, I wish to thank 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 management and staff for their work in delivering operational results that are reasonable, under difficult conditions.

Daniele Torricelli
Chairman
Johannesburg
4 September 2020

From The Chief Executive Officer

"The event of the year and decade without doubt, has been the arrival on the world stage of the Covid-19 pandemic. Politically, socially and economically the effects of this pandemic will be felt for many years to come."

BUSINESS AND MARKET OVERVIEW

On behalf of the Board, I am pleased to present Putprop's 32nd annual report for the year ended 30 June 2020.

The event of the year and decade without doubt, has been the arrival on the world stage of the Covid-19 pandemic. Politically, socially and economically the effects of this pandemic will be felt for many years to come.

The impact of the pandemic long term on the property sector will result 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 is likely to experience 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 4th month.

The selective application of this lockdown with its unique treatment of certain sectors of the economy such as tobacco and liquor will only accelerate this trend.

A marked increase in job losses is guaranteed with the risk of large political unrest. The potential unemployed could increase up to 7 million. The current snapshot of food insecurity in South African households or those people with inadequate or severely inadequate access to food is around 13 million or 23.8%.

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

Putprop's executive have developed the following formal strategy to attempt to ensure the sustainability of its tenant base:

- 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 those tenants' business closure appears certain, due to major cash constraints 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 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 as and when due.

This policy obviously has an effect on the results for the current period, but the Board feel 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 will be subject to tenant pressure to reduce current rates and lease periods. We are in fact already receiving requests from our tenant base for reversions to their current rates per m².

The next reporting period is expected to be challenging on all fronts. Our expectations are that the property market will be one of the worst effected due to its exposure to multiple industries.

Covid-19 has given the property industry its greatest challenge ever experienced.

Listed property has the dubious record of being the worst performing asset class for the past three years.

The JSE's All Property Index has fallen by 48.6%. This loss in value occurred largely in the first quarter, after the announcement of the initial hard lockdown.

The sector has since rebounded but has not recovered its initial losses. Income yields and capital yields have plunged between 60% to 70% in the major players in the industry and Putprop has not escaped.

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

Most economists are forecasting a contraction of between 6% to 12% in the South African economy for 2020/2021, with a resultant negative growth.

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

Although no acquisitions were made in this review period, many opportunities were considered by the Investment Committee and forwarded to the Board for consideration. No acquisitions were, however, approved in the current year.

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.

Both our planned Mamelodi and Dobsonville retail developments have been delayed, with construction expected, at the earliest in March next year for Mamelodi and Dobsonville delayed even further out. When completed, substantial value will be added to the Group's retail portfolio with an additional GLA of around 30 000m² to be added to the portfolio. We remain confident that even in the current Covid-19 dominated retail sector, these developments situated in the rural areas will provide excellent yields for our shareholders.

Vacancies in all property segments of the property market continued to deteriorate, a trend which will be severely impacted by the effect of the pandemic. The vacancy rate at year end was 16.3% which arose from a single property (2019: 0%).

The Group's yields on the various market segments in Gauteng, our main geographic area, were commercial at 9.0%, industrial, our main sector at 12.3% and retail at 7.9%.

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:

	2020 R'000	2019 R'000
Gross property revenue	**73 890**	76 091
Associate share of (loss)/profits	**(7 433)**	18 217
Profit before fair value adjustment	**24 727**	51 695
Fair value adjustment	**(14 688)**	(14 587)
Net profit before taxation	**10 039**	37 108
Taxation	**(7 155)**	(3 499)
Profit for the year	**2 884**	33 609

The Group reflects operating results that are substantially down on our previous reporting period. Rental revenue loses were well controlled during the Covid-19 pandemic with a small downward movement of 2.9% (2019: 4.3% up). Maintenance costs on aging assets were controlled in this period, as were our other property costs. Operational efficiencies continued to be an area of importance for management.

Gross property revenue, at R73.9 million (2019: R76.1 million) together with controlled property expenditure gave rise to an operating profit before capital items and taxation of R24.7 million, which is a substantial deterioration on 2019 results of R51.7 million. Finance costs were down at R12.6 million (2019: R15.1 million). Profit before taxation decreased to R10.0 million (2019: R37.1 million).

Headline earnings reduced from 71.64 cents per share in 2019, to 48.23 cents per share in the review period a drop of 32.7%.

This reduction in this review period's results is largely attributable to the performance of our associate companies. Portfolio devaluations and a marked fall off in rental income due to Covid-19 relief given to many of the tenants resulted in a share of losses for the reported period of R7.4 million (2019: R18.2 million profit). We expect these losses to continue for the next four to six months, dependent on the various stages of lockdown imposed by government, and when these are lifted.

The net asset value of the Group was maintained at 1 329 cents per share (30 June 2019 at 1 337).

An interim dividend was declared in March 2020 of 8.25 cents (2019: 6 cents per share) per share. The Board has approved a final dividend of 5.75 cents per share (2019: 7 cents). This brings the total distribution for the year to 14 cents (2019: 13 cents).

EXPANSIONS AND REFURBISHMENTS

No major expansions, tenant refurbishment or revamps, were attributed for the year under review (2019: R nil).

Capital expenditure of R2.9 million was approved for this review period, (2019: Rnil). 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 71 and 72. The lease expiry profile on page 73 to 74 of this report reflects that 43.8% of the Group's leases expire during the coming year (by revenue) including monthly rentals.

The Group's property portfolio as at 30 June 2020 consisted of 14 properties (2019: 14 properties) with a gross lettable area of 68 553m² (2019: 68 377m²). Full details of the property portfolio appear on pages 78 to 79 of this report. The entire portfolio was independently valued at 30 June 2020 with a fair value adjustment up of R1.9 million or 0.3% (2019: R10.2 million down). National tenants form 26.8% of the tenant base (2019: 29%). Vacancies were 16.3% (2019: 0.0%).

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 7.62% retail, 7.34% commercial and 8.0% industrial.

The Board in its annual strategy meeting agreed on a continued program of rationalisation for the 2021 year. However, the long-term objective of diversifying its property portfolio further into commercial and retail properties and also of reducing the risk of its dependence on its major tenant, Larimar Limited remains in place.

During this review period, the Group did not make any acquisitions. Improvements to certain properties were made.

TOP PROPERTIES

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

Property	Gross lettable area m^2	Rental contribution %	Value 30 June 2020 R'000
Secunda Value Mart	8 492	20.5%	**122.0**
Putcoton	9 559	16.9%	**56.6**
Parktown Towers	4 666	15.4%	**109.7**
Corridor Hill	5 835	8.0%	**46.9**
Bank City	2 339	7.1%	**24.6**
Dobsonville	3 500	6.2%	**27.5**
Eagle Canyon	2 423	4.5%	**40.4**

*Dobsonville has been identified as a site to be redeveloped into an approximately 17 000m^2 GLA Community Retail Centre.

RETAIL SECTORAL REVIEW

The retail segment performed as expected taking into account the effect of Covid-19 for four months of the reporting period. There were no vacancies as at 30 June 2020. (2019: Rnil).

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%. All retail segments witnessed an increase in vacancy rates, with small retail centres higher than the other segments. We are fortunate to be contrary to this trend.

There were no additions to the retail portfolio for the year (2019: Rnil). Leases that expired during the current year, have been successfully renegotiated. However rental reversions arising from the effects of Covid-19, have in certain instances been approved in order to maintain sustainability of tenants.

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

The retail properties make up 30.0% (2019: 29.8%) of the total gross lettable area of the property portfolio and 36.0% (2019: 34.8%) of rental income.

This segment was revalued down by R8.9 million (2019: R 0.1 million up).

COMMERCIAL SECTORAL REVIEW

The national office market remains under pressure with the vacancy rate increased to 12.8%. Fortunately, Putprop's exposure is limited to two properties both of which are fully tenanted with long leases in place. Rental reversions are expected on one of these properties in the next reporting period.

Our exposure to the commercial segment is 10.2% in respect of GLA (2019: 10.3%). Contractual rental accounts for 22.6% (2019: 22.0%). The sector was revalued up by R4.4 million as at June 2020 (2019: R5.0 million increase).

INDUSTRIAL SECTORAL 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 decreased slightly, rand wise to R20.6 million or 41.4% (2019: R23.8 million and 43.3%) of the Group's total rental income. Our Dubigeon property with a large GLA was vacant for a substantial portion of this review period. Vacancies increased substantially in this segment to 16.30% from 0.0% in 2019.

The national vacancy average is around 4–6%.

The industrial portfolio was revalued upwards by R6.4 million (2019: R15.3 million down) at 30 June 2020.

The average contractual escalation at June 2020 is 8%. Our industrial properties make up 59.8% (2019: 60%) 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.

From The Chief Executive Officer (Continued)

BORROWINGS

The Group has limited borrowings of R136.3 million (2019: R145.9 million). Loan to value (LTV) funds stand in at 24.2% (2019: 25.9%) which is below the mandated LTV given by the Board of 35% (2019: 35%).

THE YEAR AHEAD

Looking ahead, we believe that the next 12 months will continue to present unique and unseen before challenges for the property sector. Covid-19 will continue to impart its negative influence on all global economies with South Africa possibly being particularly effected. 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 recent interest rate cuts may 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. To our tenants and business partners, your support is also greatly appreciated.

Bruno C Carleo
Chief Executive Officer

Johannesburg
4 September 2020


WEST PACK LIFESTYLE
SPORTSMANS WAREHOUSE
SUPER QUICK
STOP

Board of Directors

BRUNO CARLEO (64)
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 28 years before bringing operational expertise to Putprop. He joined the Board in 1992 and holds directorships in several unlisted companies.

JAMES SMITH (67)
FINANCIAL DIRECTOR

Date of appointment: 17 June 2009

James 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 has held board positions with various organisation and has also been exposed to over 25 years operational and management experience in the retail and property sectors. He also holds directorships in several unlisted companies.

ANNA CARLEO-NOVELLO (59)
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 (56)

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 (47)

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Date of appointment: 17 February 2016

Hayden holds a Bachelor of Commerce Honours degree in Finance and Economics, with twelve 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 (66)

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 (49)

INDEPENDENT, NON-EXECUTIVE DIRECTOR

Date of appointment: 1 July 2018

René is a sales professional with 28 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 Putrprop 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"

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.

Pamela Hauptfleisch

"I can't choose the direction of the wind but I can adjust my sail to reach my destination"

Accountant

Pamela has worked exclusively in the accounting functions of industries as varied as advertising, logistics and hospitality. She has had international exposure in various countries. Pamela brings this knowledge to the operational running of Putprop's accounting department.

Comfort Ngwenya

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

Administrative Assistant

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

Corporate Governance and Risk Management

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.

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.

Leadership	Principle 1: The governing body should lead ethically and effectively.
	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. 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.
Organisational Ethics	Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.
	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. 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. A whistle blowing hot line has also been established which is independently managed by the Chair of the Board.
Responsible corporate citizenship	Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.
	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. 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.

Strategy and performance	Principle 4: 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.
	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. 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 12 and 13 of this report.
Reporting	Principle 5: 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.
	Putprop has controls to enable it to verify and safeguard the integrity and reliability of its integrated report. 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. 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. The integrated report discloses details of how the board has satisfied itself that risk assessments, responses and interventions are effective.
Primary role and responsibilities	Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.
	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. The Board is satisfied that it has fulfilled its responsibilities in accordance with its charter for the reporting period. The Board's activities in this regard are more fully set out on page 51 of this report.
Composition	Principle 7: 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.
	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. 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. The Board chair is an independent non-executive director and is separate from the Chief Executive Officer (CEO). A schedule of other professional positions held by Board members is reviewed prior to all meetings. Periodic rotation of directors is provided for in Putprop's Memorandum of Incorporation (MOI). 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.

Corporate Governance and Risk Management (Continued)

Committees	Principle 8: 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.
	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. 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. 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.
Evaluations of the performance	Principle 9: 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.
	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. 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. The Board is satisfied that the evaluation process is improving its performance and effectiveness.
Appointment and delegation to management	Principle 10: 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.
	The CEO is responsible for executing the Group's strategy and periodically reports to the Board in this regard. The Board is satisfied that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised. 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.
Risk governance	Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.
	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. The Board's responsibility for risk governance is expressed in its Charter as well as the Board approved Risk Management Policy. The Board, through the AR, ensures that appropriate risk management programmes are in place and monitors their implementation against key risk indicators. Each year the Board evaluates the Group's risks against current realities and resets risk tolerances as and when necessary. An overview of the arrangements for governing and managing risk is included in the AR report contained on pages 86 to 87 of this report.

Technology and information governance	Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.
	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. Management regularly demonstrates to the Board that Putprop has adequate business resilience arrangements in place for disaster recovery.
Compliance governance	Principle 13: 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.
	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.
Remuneration governance	Principle 14: 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.
	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. 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.
Assurance	Principle 15: 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.
	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. The AR ensures the efficiency and profitability of operations, the reliability of information, and adherence to rules and regulations. 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. 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. 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.
Stakeholders	Principle 16: 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.
	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. 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.

Corporate Governance and Risk Management (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 paragraph below for more detail.

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 44 to 45 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.

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;
- 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.

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.

Corporate Governance and Risk Management (Continued)

MEETINGS HELD DURING THE YEAR ENDED 30 JUNE 2020

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	7/7	5/5	3/3	2/2	2/2
H Hartley	7/7	5/5	3/3	2/2	2/2
R Styber	7/7	5/5	3/3	2/2	2/2
G Van Heerden	7/7	5/5	3/3	2/2	2/2
Executive Directors					
B C Carleo	7/7	4/5#*	2/3#	1/2*	2/2
J E Smith	7/7	5/5#	3/3#	2/2	2/2
A Carleo-Novello	6/7*	4/5#*	2/3#	2/2	2/2

* absent with prior apology # by invitation • Appointed on 7 August 2019

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 recluse 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 2020

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 2019 and 30 June 2020 and the interim and final shareholder distributions for the year ended 30 June 2020;
- The review of the Group's approach to financial gearing with approval given to the executive to maintain finance of up to 35% of net asset value;
- The 2020 Group Risk Management Policy document;
- 2020 Vision and Strategy document of the Group;
- Covid-19 Risk and Strategy document in respect of Deferment rentals, discount relief and deposit utilisation authority levels granted to the Group's executive;
- The Group's Code of Ethics Charter, the Diversity Policy and the Information and Communication Policy for 2020;
- The update of the dividend cover policy document, allowing for a dividend cover between 3.5 and 4.5;
- The Group as a going concern status for the 12 months ended June 2021;
- The delay in the co-development of the Mamelodi property into a Retail community shopping centre of approximately 14 655m² to March 2021;
- The delay in the co-development of the Dobsonville property into a Retail community shopping centre of approximately 18 000m² to a date to be determined; and
- The budget for the social upliftment and responsibility programmes for the year ended 30 June 2020.

Corporate Governance and Risk Management (Continued)

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 four 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 54 of this report references attendance. The AR performs its review function over all of Putprop's operations and its report in this regard is set out on pages 98 to 100.

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;
- 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 audit firm the information in their assessment of the suitability for appointment of their current or prospective audit firm and designated individual partner both when they are appointed for the first time and thereafter annually for every re-appointment as well as for an applicant issuer prior to listing.

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 co-operation of all directors, management and staff.

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 2020. 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.

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.

Corporate Governance and Risk Management (Continued)

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 2020 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 procedures to manage such events
High exposure to critical mass tenants with high vulnerability in current environment	High	High risk of default 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
High 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
Inability to retain and develop the management team	Medium	Dividend distributions impacted operational losses and system failures	Implementation of attractive remuneration structures
Increasing compliance requirements with various Legislative acts	Low	Possible failure of compliance and effects thereof	Internal control policies continuously renewed and updated, regular communication with industry experts
Ability of tenants to absorb the increasing cost of occupancy from Municipal utilities and related costs	Medium	Increase in defaults, non-recoveries of all operating costs, lower yields	Monitoring of existing tenant's operations with assistance given to tenants who are considered beneficial to the Group
Economic climate challenges resulting in increased probability of business failures and loss of income	High	Impact on growth and distribution	Close monitoring of existing tenant's operations with assistance given to tenants who are considered beneficial to the Group
Significant volume of leases expiring in a specific period	Low	Impact on growth and distribution	Lease expiries monitored with negotiations with tenants held in advance of expiry and early re-lets attempted

RISKS MATRIX (Continued)

RISK	Level	BUSINESS IMPACT	CORRECTIONAL STRATEGY
Inability to maintain dividend distribution growth	Medium	Loss of confidence in the market	Active management of portfolio and operation efficiencies
Political risk and labour unrest	Medium	Damage to properties	SASRIA insurance in areas the Group operates
Inconsistent supply of critical services (water, electricity) and a deterioration in local authorities' service delivery	Medium	Tenant loss of income and retention. Limit on growth	Installation of generators and water tanks for large tenants
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.

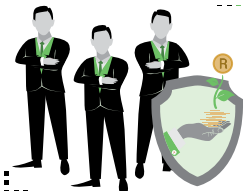
Going concern

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, which is supported by the AR, appears on page 94.

The AR report is set out on pages 98 to 100.

Corporate Governance and Risk Management (Continued)

INVESTMENT COMMITTEE



Members:

H Hartley (Chair), J E Smith, B C Carleo, A Carleo-Novello, G Van Heerden, R Styber and D Torricelli.

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

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 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 Groups 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 and 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 meets twice a 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 62 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

D Torricelli (Chair), H Hartley, R Styber, G Van Heerden, J E Smith, B C Carleo and 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.

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 64 to 65.

IT MANAGEMENT

As at 30 June 2020 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 record 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 2020 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.

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
D Torricelli (Chairman, Nomination)	Appointed 1 March 2016
R Styber	Appointed 1 July 2018
H Hartley (Chairman, Remuneration and Human Resources)	Appointed 1 March 2016
G Van Heerden	Appointed 1 July 2018

The *curricula vitae* of the members are set out on pages 44 to 45. The Committee held three meetings during the period. All meetings were scheduled in advance. Meeting attendance is set out on page 54.

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 page 94 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 2020

D Torricelli
Chair
Nomination Committee
Sandton
19 August 2020

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 2020 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 44 to 45.

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. 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.

SOCIAL AND ETHICS KEY POINTS

- **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 82 to 83. The Group's impact on the environment and relevant health and safety issues is reported on page 81.

- **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 six employees as at 30 June 2020, 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 Committe 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 2020 the total value of the social sponsorship and donations was R1 780 000 (2019: R1 545 000). For details of humanitarian investments made for this review period refer to the community report set out on pages 82 to 83 of this report.

  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 2020

SUSTAINABILITY

Portfolio Review

OVERALL MARKET REVIEW AND THE COVID-19 PANDEMIC EFFECT

Covid-19 has plunged the listed property market into probably the most challenging in its history.

The sector currently trades 40% down on its January opening on a total return basis. Listed property is therefore, once again, as in the two years previously, the worst performing asset class on the JSE.

All those entities listed on the JSE have reflected substantial declines in terms of total returns (income yield and capital returns) ranging between 60% to 70%.

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 through to July and for some tenants still effected by Stage 3 of the lockdown imposed by government, this will continue for a unknown period.

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

Statistics as reported by SAPOA for the South African Property market reflected a major contraction for the 2020 calendar year to date as noted above, up to 70% compared to the 2019 actual of 9.1% down.

Most commentators predict a substantial contraction in the South African economy for the 2020/21period of anything as high as 16%. 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 2021.

Vacancies are 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 14.1%, 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 worsen, according to the latest Rode's Retail Report. The report highlights the continued decline of trading densities amid slow sales growth and oversupply. 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 to 35.7% of gross income over all property sectors (up from the previous period, 34.5%).

This upward trend is expected to continue in 2020.

PORTFOLIO SUMMARY

The Putprop property portfolio at 30 June 2020 consisted of 14 properties (2019: 14) with a total market value of R562.1 million (2019: R560.2 million) and gross lettable area of 68 553m² (2019: 68 377m²). The portfolio is valued annually by an independent external valuer. Refer note 15.

Putprop was extremely fortunate that the valuation adjustments required downwards, was relatively small compared to some of the other listed property groups.

After the external valuation, a small adjustment upwards for the period was necessary. (2020: R1.9 million up, 2019: R10.2 million down). The average annualised property yields per sector are as follows:

Industrial	Commercial	Retail
10.40%	8.37%	7.84%

FINANCIAL PERFORMANCE SUMMARY FOR THE TOTAL PORTFOLIO

	2020 R'000	2019 R'000	Change %
Gross property revenue	**73 890**	76 091	(2.0)
Property expenses	**19 856**	19 636	(1.1)
Net property income	**54 035**	56 455	(4.3)
Property expense ratios (%)	**26.8**	25.8	(3.8)
Weighted average rental m² (combined)	**61.8**	67.0	(9.5)

GLA summary	GLA m²
Balance at 1 July 2019	68 377
Disposals	-
Acquisitions and extensions	176
Balance at 30 June 2020	68 553

Vacancy summary	Area m²	%
Balance at 30 June 2019	–	–
Leases expired or terminated early	**2 423**	3.5
Renewal of expired leases	**(2 423)**	(3.5)
Vacant property sold during the year	**0**	
Tenants vacated	**13 001**	19.0
New letting of vacant space	**(1885)**	(2.7)
Balance at 30 June 2020	**11 163**	16.3

TENANTS

National tenants comprise 38.9% of the portfolio tenant profile by rental income (Standard Bank, Liberty, Massmart and Super Group). The average property value was R40.1 million (2019: R 40.01 million). Geographical and sectoral distribution is reflected in the graphs on pages 70 and 72. The portfolio by value reflects a more balanced outlook amongst sectors in this reporting period, with industrial and retail weightings reflected at 35.30% and 40.8% respectively and commercial at 23.9%. See graph on page 70. 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

	Tenant	%	Revenue R'000
1	Larimar Limited	33.3	14 572
2	Cavi Holdings	15.4	7 688
3	Builders Warehouse	9.3	4 619
4	Bidvest	7.0	3 491
5	Super Group	4.5	2 233
6	Westpak Lifestyle	6.1	3 048

	Number of properties	Gross lettable area m²	Vacancy m²	Vacancy %	Value Rm	Value per m² Rands	Average gross rental per m² Rands*
PROPERTY PORTFOLIO							
Overview for the year ended 30 June 2020							
Commercial portfolio							
Office	2	7 005	–	–	134 300	19 172	133.8
Total commercial	2	7 005	–	–	134 300	19 172	133.8
Retail portfolio							
Retail/motor related	4	20 571	–	–	229 382	11 151	76.9
Total retail	4	20 571	–	–	229 382	11 151	76.9
Industrial portfolio							
Retail warehousing	1	3 640	–	–	18 800	5 164	42.0
Remanufacturing	1	6 728			29 690	4 412	25.5
Low grade industrial	2	4 549	–	–	31 600	6 946	69.2
Development Land	1	–	–	–	27 499	–	-
High grade industrial	3	26 060	11 163	16.3	90 850	3 486	43.7
Total industrial	8	40 977			198 439	4 774	42.0
Total Putprop	14	68 553	11 163	16.3	562 121	8 200	61.8

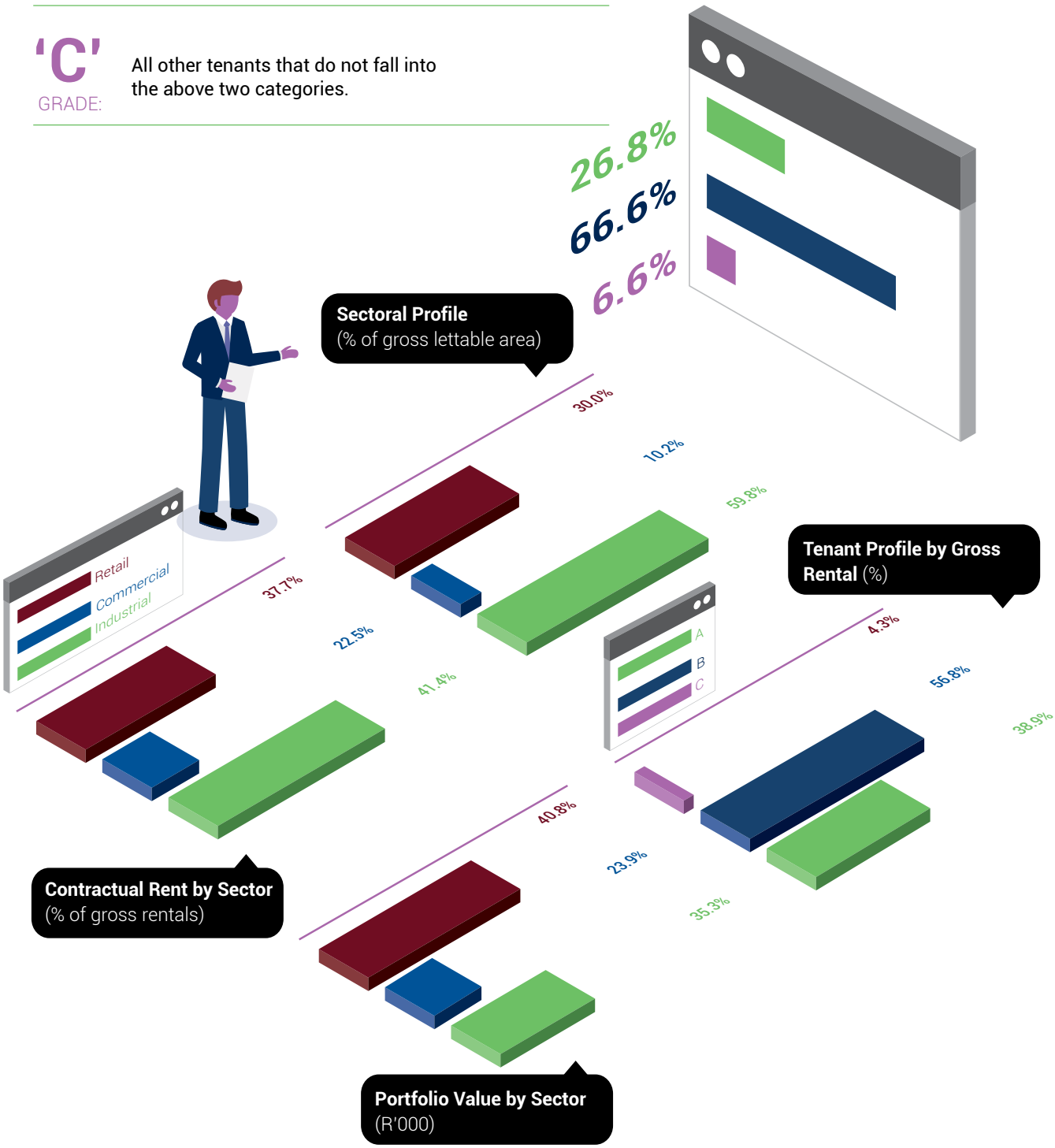
* Gross rental per square metre is the weighted average actual gross rental.

Portfolio Review (Continued)

'A' GRADE: Large national tenants, listed tenants, governments and major franchises. These include Standard Bank, Liberty Group, Super Group and Massmart.

'B' GRADE: Medium sized national tenants, franchises and medium to large professional firms.

'C' GRADE: All other tenants that do not fall into the above two categories.



LEASING ACTIVITY

Review period letting report

	Total (m^2)	Let (m^2)	Vacant (m^2)	Let (%)	Vacant (%)
At the beginning of the year - 1 July 2019	68 377	68 377	0	100	0
New Lets /acquisitions/upgrades	4 261	4 261	(4 261)	6.2	6.2
Disposals and adjustments	-	-	-	-	-
Adjusted totals	72 638	72 638	(4 261)	106.2	6.2
Expired leases in period	15 248	(15 248)	15 248	(22.5)	(22.5)
At the end of the year - 30 June 2020	57 390	57 390	11 163	83.7	(16.3)

The Brits property was partially successfully let towards the end of this review period. Currently the Group continues with its efforts to let or dispose of this property.

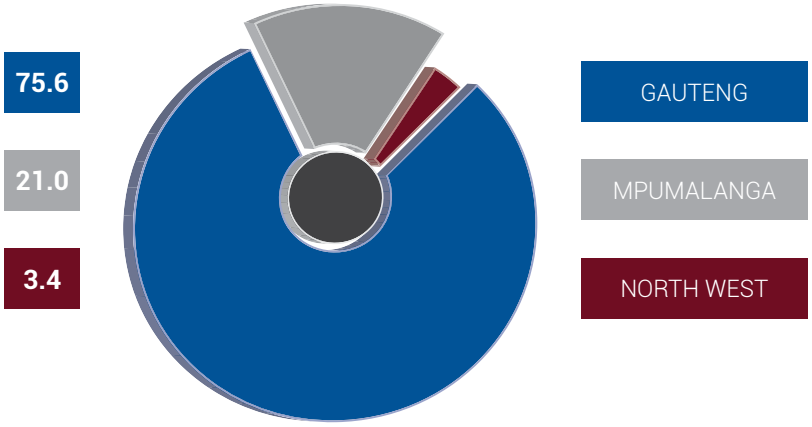
GEOGRAPHICAL PROFILE

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:

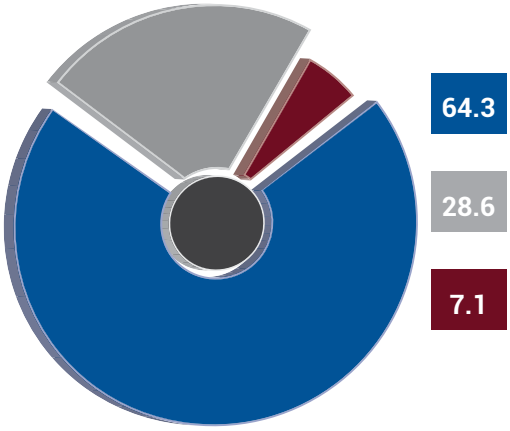
	GROSS LETTABLE AREA		RENT RECEIVED
Location	Gross lettable area m^2	Total portfolio %	Rent received R'000
Gauteng			
Midrand	3 827	5.6	1 478
Brits	13 001	19.0	2 167
Johannesburg West	18 710	27.1	12 732
Pretoria	6 604	9.7	3 264
Johannesburg South	1 585	3.2	1 617
Johannesburg Central	4 666	6.8	7 689
Soweto	3 500	5.1	3 085
Gauteng Total	**51 893**	**75.6**	**32 032**
North West			
Potchestroom	2 339	3.4	3 558
North West Total	**2 339**	**3.4**	**3 558**
Mpumalanga			
Witbank	5 835	8.5	3 999
Secunda	8 486	12.5	11 279
Mpumalanga Total	**14 321**	**21.0**	**15 278**
Total	**68 553**	**100.0**	**50 868**

Portfolio Review (Continued)

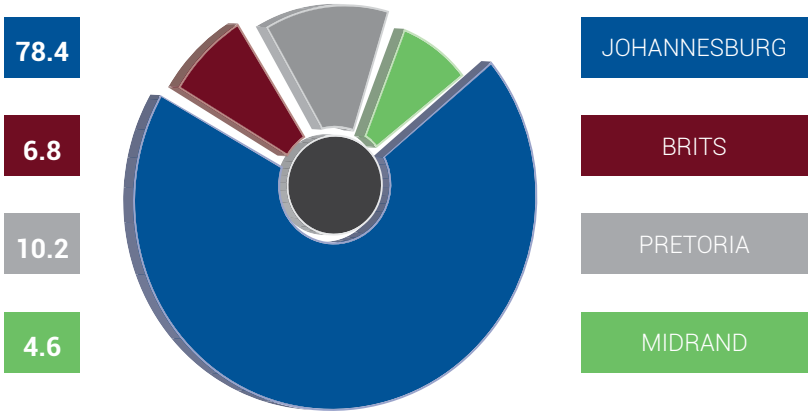
GEOGRAPHICAL PROFILE
% OF GLA



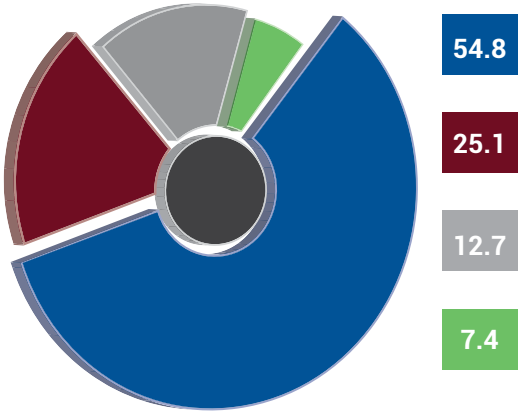
GEOGRAPHICAL PROFILE
% OF GROSS INCOME



GEOGRAPHICAL PROFILE
GAUTENG % OF GROSS INCOME



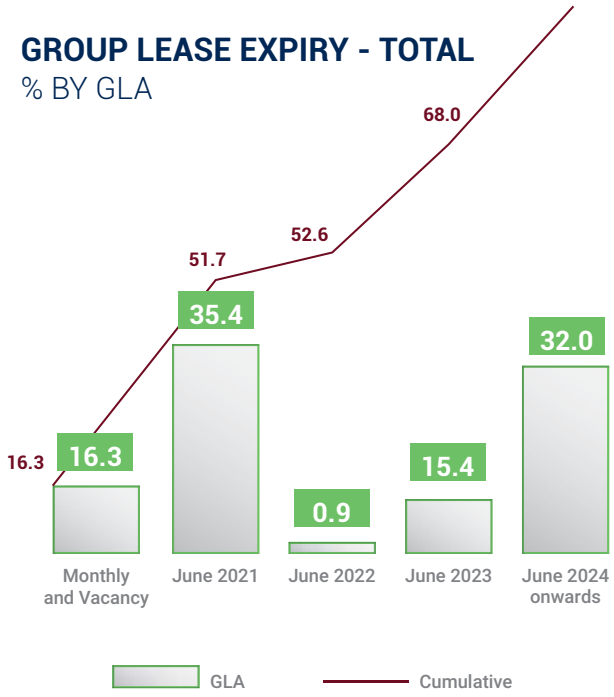
GEOGRAPHICAL PROFILE
GAUTENG % OF GLA



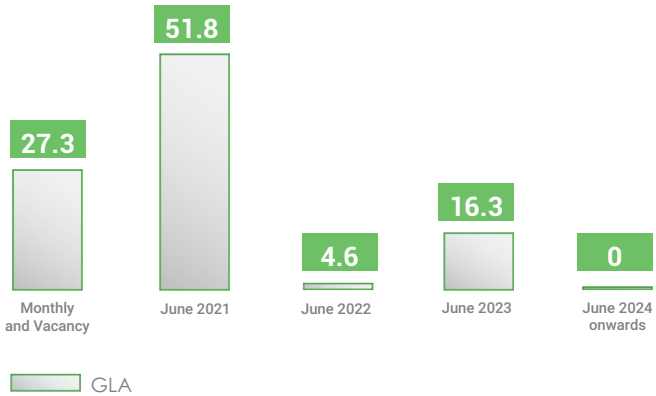
LEASE EXPIRY PROFILE

Leases expiring for the year ended June 2020 including current monthly rentals comprise 43.8% of the Group's current rental income and those leases expiring in the next reporting period amount to 28.9% of gross lettable area.

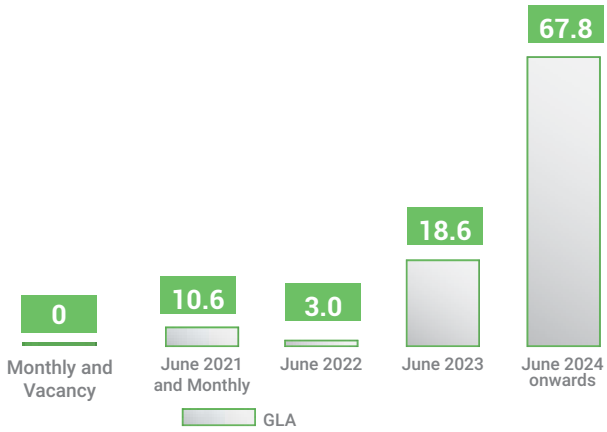
GROUP LEASE EXPIRY - TOTAL
% BY GLA



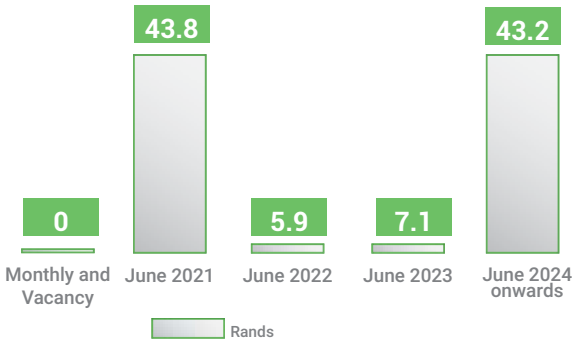
GROUP LEASE EXPIRY
% BY SECTOR - INDUSTRIAL



GROUP LEASE EXPIRY
% BY SECTOR - RETAIL



GROUP LEASE EXPIRY - TOTAL
% BY REVENUE



GROUP LEASE EXPIRY
% BY SECTOR - COMMERCIAL

Portfolio Review (Continued)

LEASE EXPIRY PROFILE – GROSS LETTABLE AREA

Year	%	Cumulative	Lettable area (m^2)
Monthly Rentals	–	–	–
Vacancies - June 2020	16.3	16.3	11 163
2021	35.4	51.7	24 251
2022	0.9	52.6	614
2023	15.4	68.0	10 555
2024 onwards	32.0	100	21 970
Total	100	100	68 553

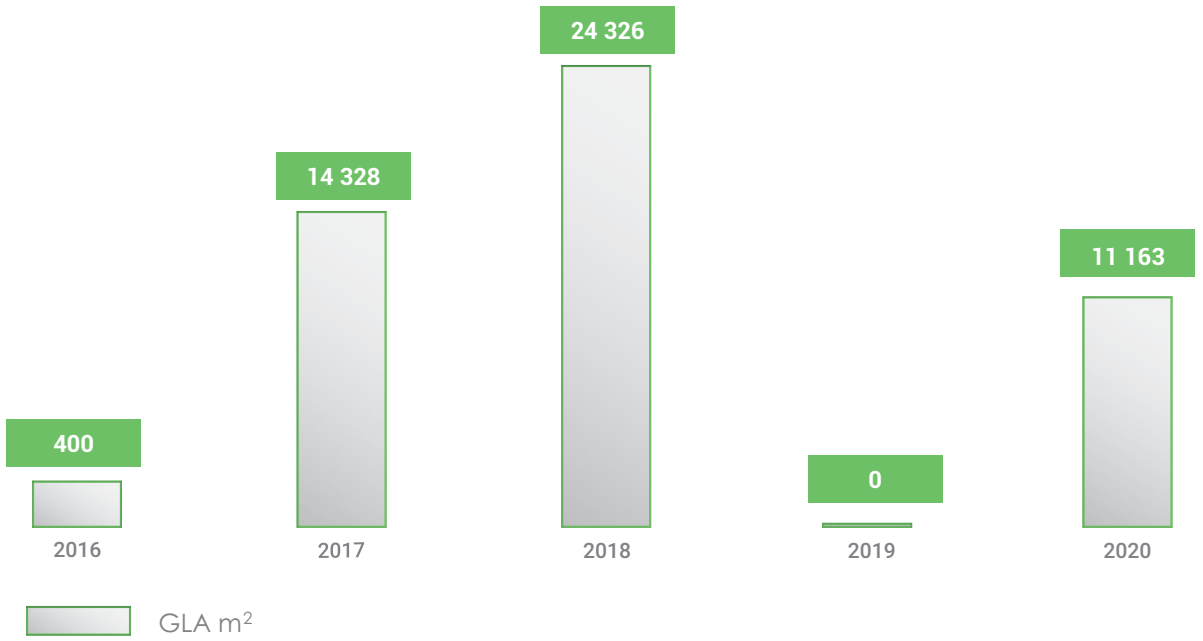
VACANCIES

At 30 June 2020, the vacancy in the portfolio was 16.3% (2019: 0%).

The deterioration in the Groups vacancy rate is attributable to one property, Dubigeon, where only a partial let was achieved in 2020. This property continues to be marked as a non core property, available for disposal.

VACANCY PROFILE - HISTORICAL

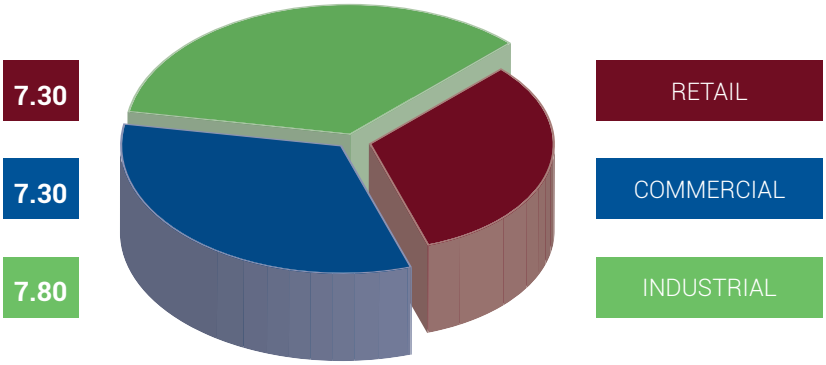
HISTORICAL VACANCY PROFILE - GLA m^2



VACANCY PROFILE BY SECTOR

Sector	Gross lettable area m^2	Total of gross lettable area %
Retail	0	0
Industrial	11 163	16.3
Commercial	0	0
Total	**11 163**	16.3

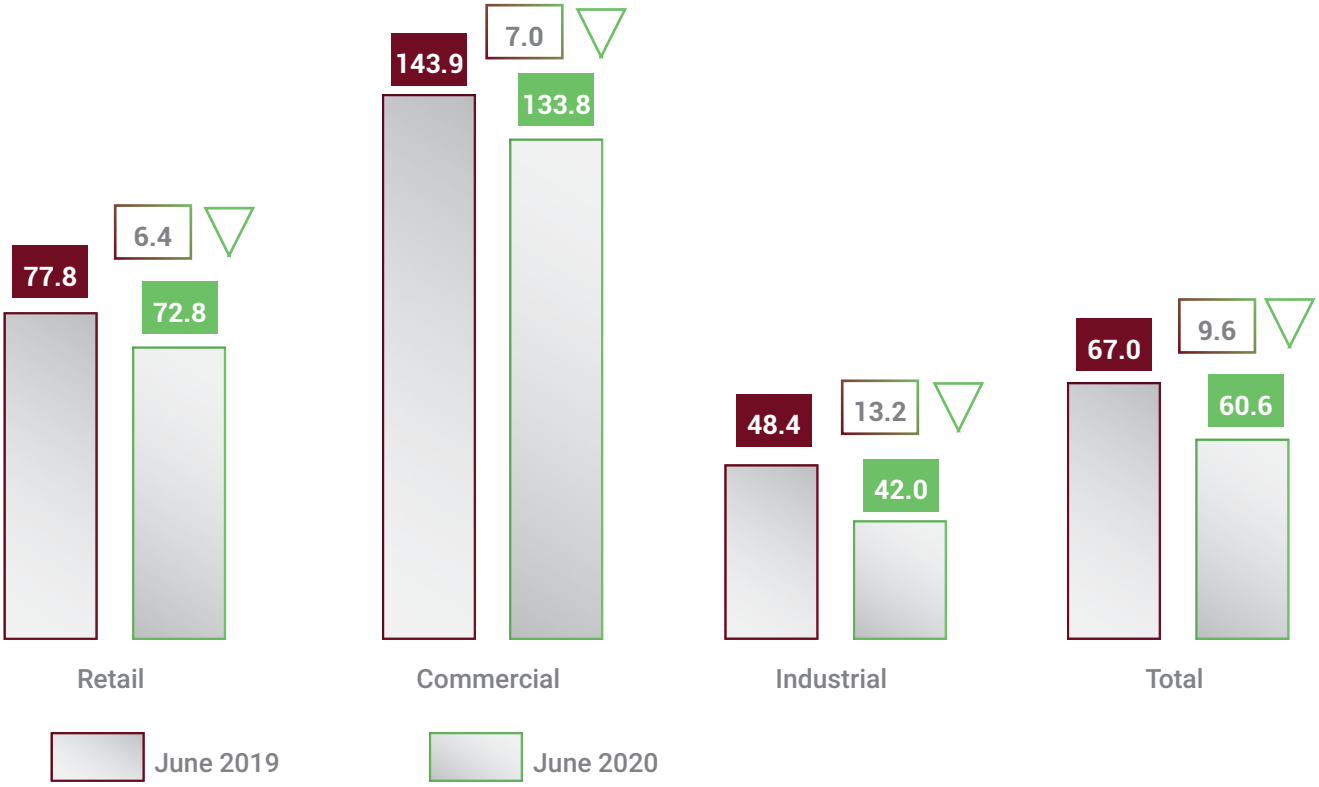
WEIGHTED AVERAGE RENTAL ESCALATION
- by Sector



BASE RENTALS

The weighted average monthly base rental rates per sector, between 30 June 2019 and 30 June 2020, are set out in the graph below. All sectors reflected decreases in weighted average rentals achieved. This is attributable to the extremely challenging environment as a result of the Covid-19 pandemic and various concessions that were granted.

WEIGHTED AVERAGE BASE RENTALS R/M



LARGE CONTRACTS CONCLUDED

Tenant	Property	Sector	Contract Value	Lease Duration
Super Group Limited	Eagle Canyon	Retail		48 months
Amarosa Bus Company	Dubigeon	Industrial		12 months

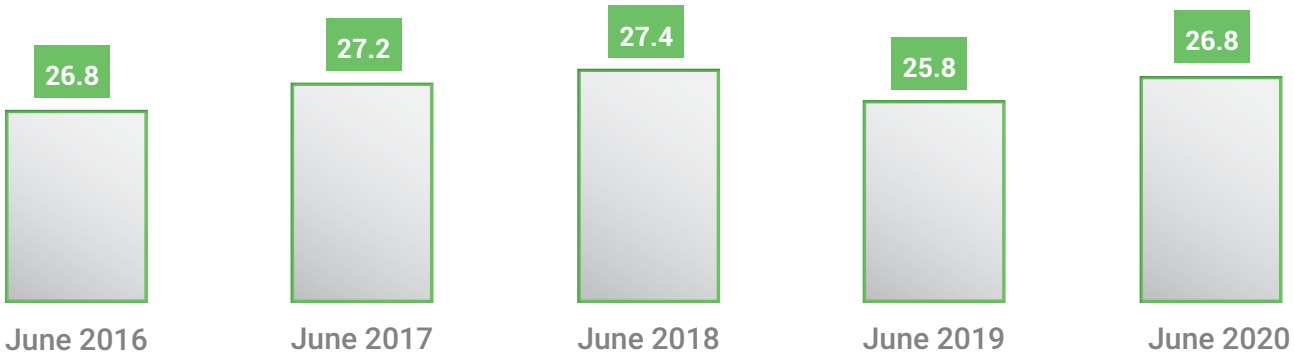
RENTAL ESCALATION

Average contractual rental of 7.5% is in line with the previous reporting period.

Portfolio Review (Continued)

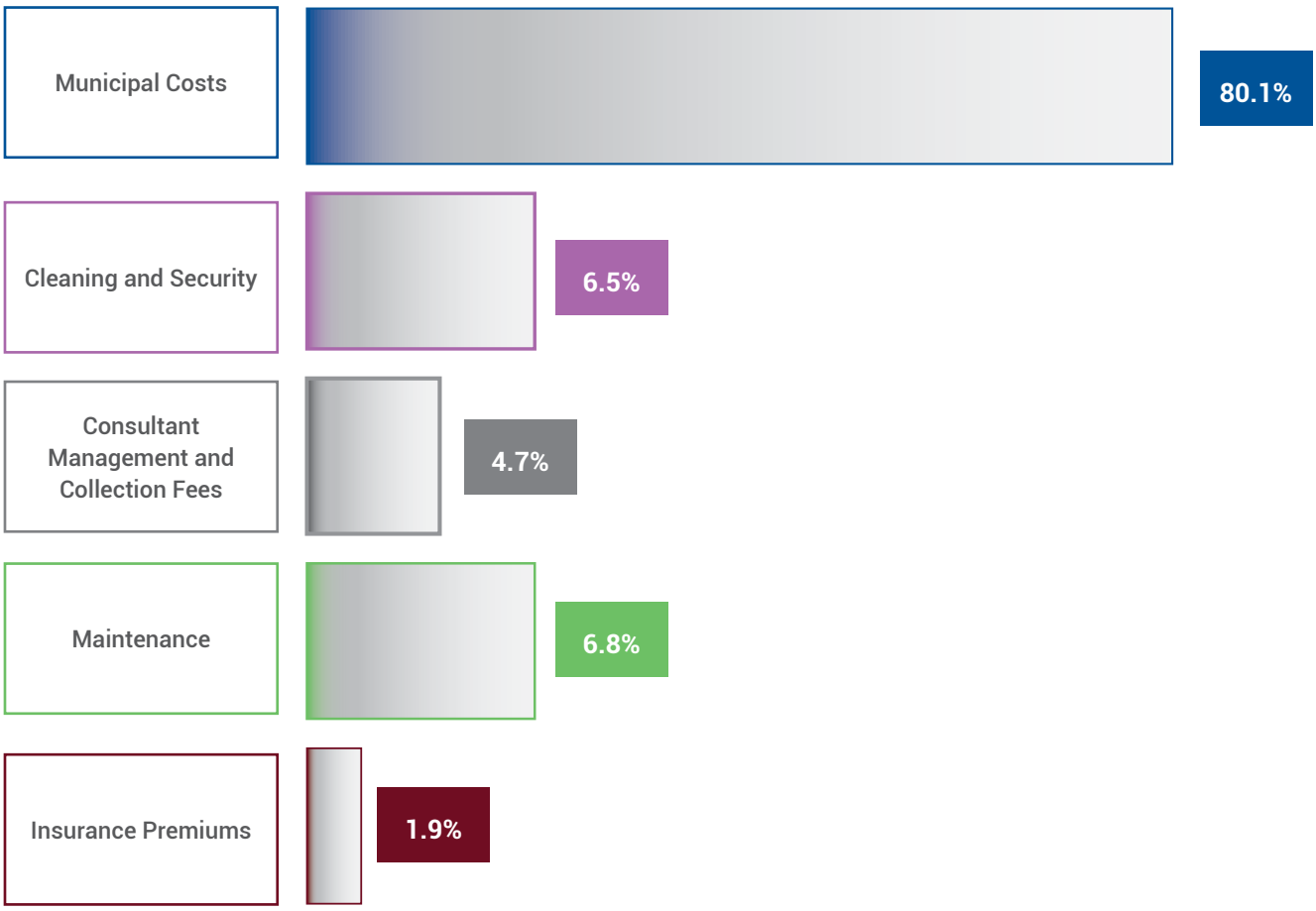
EXPENSE CATEGORIES AND RATIOS

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 2019 to June 2020. Operating costs over all property sectors as reported by SAPOA in 2020, equated to 35.7% of gross income. The Group's reported figure of 26.8% continues to be well below national levels. A graphical representation of property costs to revenue is shown below and reflects an improvement on 2019 levels. The present level of cost to revenue ratio is hoped to be maintained going forward, due to the continued effects of the Covid-19 pandemic on the economy. In addition, maintenance costs are expected to increase as well as larger than inflationary fixed municipal costs increases imposed by the authorities, which are not all fully recoverable from our tenant base.



**Recurring expenses include municipal fixed and consumption costs*

The various cost components are reflected in the graph below:



RENT COLLECTION AND ARREARS

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.

As such, it is important to closely monitor our arrears book and any changes to tenant payment processes. 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.

Although rental collections did not meet our collection, the Group does not consider this an area of concern. Larimar Limited, our major tenant, accounts for approximately 33% of all rental income. This exposure to one tenant has been reduced from the previous reporting period. Payment from this tenant normally occurs between the eighth and the twentieth business day of each month. Larimar Limited as at the date of this report continues to meet its rental obligations.

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:

	2020		2019	
Sector	Less 7 days	Greater 7 days	Less 7 days	Greater 7 days
Retail	**100**	**–**	**96**	**4**
Industrial	**19**	**81**	**31**	**69**
Commercial	**77**	**23**	**100**	**–**

Portfolio Review (Continued)

Properties owned by the Group at June 2020	Region	Town	Effective date of acquisition	Purchase price R'000	Gross lettable area m²-	GLA % of portfolio
Commercial						
Parktown Towers	Gauteng	Johannesburg	April- 17	93 528	4 666	6.8
Bank City	North West	Potchestroom	Jul-15	21 500	2 339	3.4
Total				115 028	7 005	10.2
Retail						
Eagle Canyon	Gauteng	Roodepoort	Aug-08	23 085	2 423	3.5
Grand Central	Gauteng	Midrand	Aug-08	15 500	3 827	5.6
Corridor Hill ˆ	Mpumalanga	Witbank	Jun-16	41 141	5 835	8.5
Secunda Value Mart	Mpumalanga	Secunda	Oct-15	90 998	8 492	12.4
Total				170 724	20 571	30.0
Industrial						
Dubigeon Centre	Gauteng	Brits	Dec-81	3 866	13 001	19.0
Putcoton	Gauteng	Roodepoort	Mar-93	8 913	9 559	14.0
Montana Park	Gauteng	Pretoria	Dec-09	12 700	3 640	5.3
Lea Glen 1	Gauteng	Roodepoort	Dec-93	3 651	6 728	9.8
Putco Dobsonville @	Gauteng	Soweto	Jan- 94	3 595	3 500	5.1
Mamelodi @	Gauteng	Pretoria	Jan- 01	630	–	–
Putco Nancefield	Gauteng	JHB South	Feb- 96	2 075	1 585	2.3
Putco Rosslyn	Gauteng	Pretoria	Nov-92	2 902	2 964	4.3
Total				38 332	40 977	59.8
Grand total				324 084	68 553	100

ˆ 50% undivided share
@ Properties held for future sale and development

Vacancy %	Vacancy m² R'000	Property revenue R'000	% rental portfolio R'000	Weighted average rental m² Rands	Property expenditure R'000	Valuation June 2020 R'000	Valuation June 2019 R'000
-	-						
-	-						
-	-	7 688	15.4	137.3	4 991	**109 700**	103 800
–	–	3 558	7.1	126.5	1 157	**24 600**	26 100
-	-	11 247	22.6	133.8	6 148	**134 300**	129 900
-	-						
–	–	2 233	4.5	76.8	373	**40 400**	35 600
–	–	1 478	3.0	32.2	818	**19 553**	18 320
–	–	3 999	8.0	57.1	347	**46 950**	51 400
–	–	11 279	22.2	110.7	3 261	**122 479**	133 000
		18 990	37.7	76.9	4 800	**229 382**	238 320
11 163	16.3	2 167	4.3	13.9	1 407	**16 800**	20 100
–	–	8 438	16.9	73.6	2 712	**56 650**	55 000
–	–	1 832	3.7	42.0	895	**18 800**	16 400
–	–	2 058	4.1	25.5	108	**29 690**	26 400
–	–	3 084	6.2	73.4	931	**17 400**	17 400
–	–	–	–	–	228	**27 499**	24 600
–	–	1 617	3.2	85.0	659	**13 600**	14 100
–	–	1 432	2.9	40.3	113	**18 000**	18 000
–	–	20 631	41.4	42.0	8 124	**198 439**	192 000
11 163	16.3	50 868	100	61.8	19 073	**562 121**	560 220

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 59.8% of its business activities in the industrial sector, 10.2% in the commercial sector and 30.0% in the retail sector (by GLA).

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.

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.

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. Initially this review will be limited to our older properties where remedial action may be required. 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.

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.

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.

This is in addition to the surplus of the budget approved for the year ended 30 June 2019, which was not all allocated (R215 000 available). Various projects were examined by the Social and Ethics Committee, with an emphasis again on children and 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:

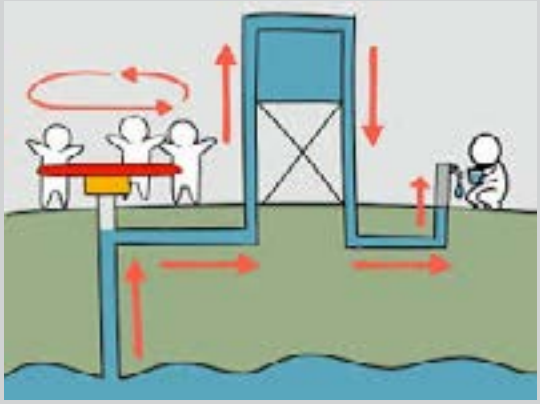
Play Pumps Roundabout Water Solutions strategy is to provide clean drinking water to rural primary schools to communities where a reliable water source is not available. South Africa is a water scarce country with a very high need for drinkable water in the rural areas. Play pumps at present has over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

The project was completed in October 2019 and has been a great success both for the school as well as parts of the community.

Contribution **R135 000.00**



Sexual Assault Clinic

The Sexual Assault Clinic situated on the East Rand of Johannesburg, opened its doors in December 2011.

Christina Rollin, the founder, felt there was a major need to provide counselling services to children who were victims of sexual abuse and were subject to being re traumatised by the formal system of law enforcement and court procedures that were there to assist and protect them. This arose in many instances due to the lack of specialised training of those staff appointed to help the child.

The centre specialises in medico-legal examinations as well as expert witness participation in various courts. Training is also provided to parents, professional, prosecutors and magistrates in abuse cases.

Contribution **R 50 000.00**

Hillbrow Home of Hope for girls

Human trafficking is characterised as the world's fastest growing crime, being highly organised, often by influential people with the support of local authorities. This crime is prevalent in areas that have levels of poverty, unemployment and inequality. Crimes like human trafficking thrive in countries that are volatile such as South Africa.

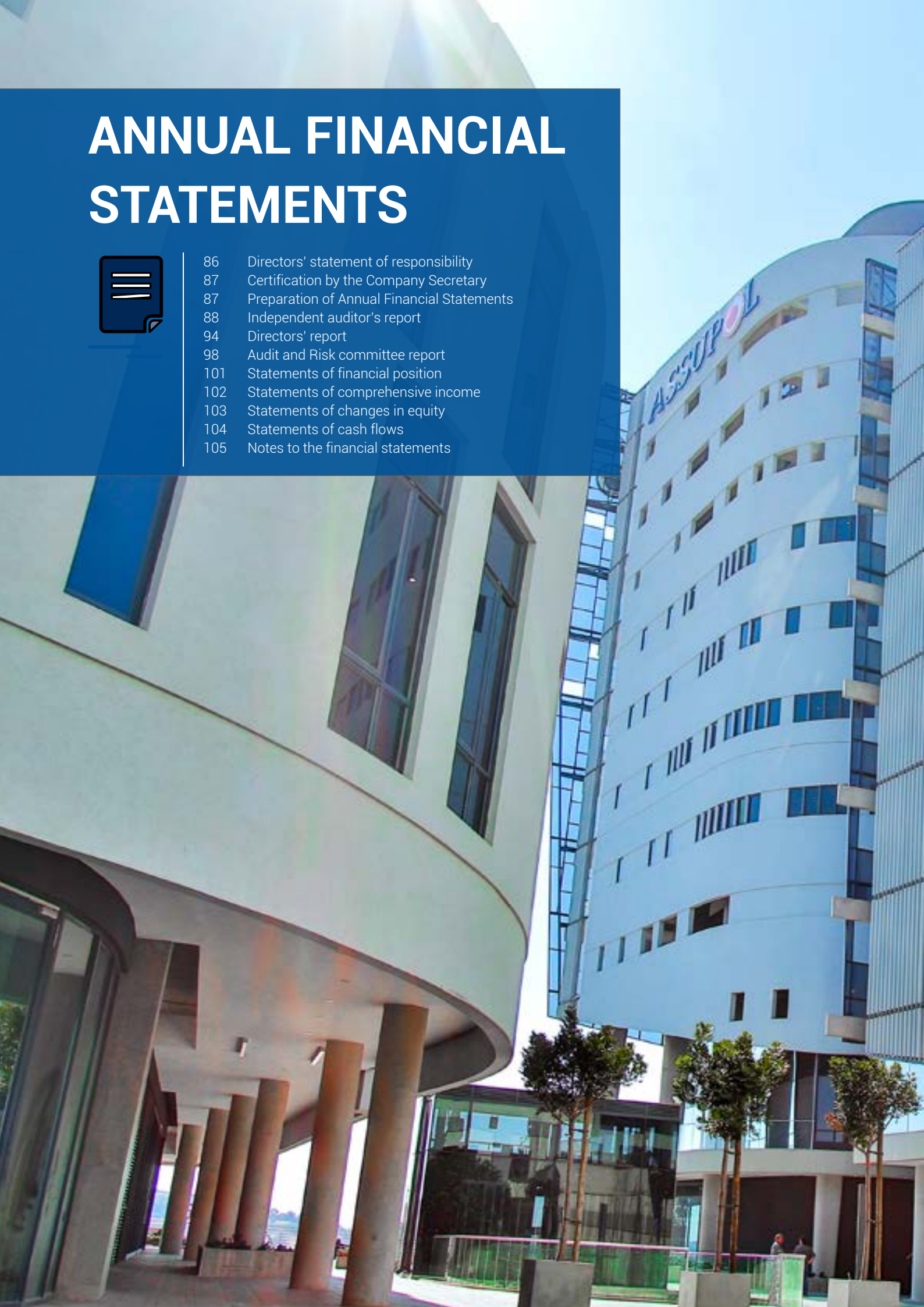
Lack of employment and poor education results in social behaviours such as alcoholism, sexual abuse and violence against women and children.

Hillbrow House of Hope was founded in 2000 by Khanyisile Motsa or Mama Khanyi as she is known to the girls. This was a direct response to the high number of young girls who were being exploited on the streets of Hillbrow and Berea. Young girls who were working as prostitutes, were offered shelter and protection in her own home. From an initial group of five girls, this has expanded to assisting well over 9 000 girls over the past ten years. All the girls undergo an extensive rehabilitation process and are provided with a place of safety as well as educational support. Over 250 graduates are now positive contributors to society. At present 78 girls are in the home, which has expanded to two houses.

Contribution **R 50 000.00**

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.

ANNUAL FINANCIAL STATEMENTS




planet fitness

Directors' statement of responsibility

for the year ended 30 June 2020

The annual financial statements set out on pages 94 to 133 are the responsibility of the 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, interpretations as issued by the International Financial Reporting Interpretations Committee, 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 2021 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 88 to 93.

The financial statements were approved by the Board on 2 September 2020 and are signed on its behalf by:

D Torricelli
Chairman

BC Carleo
Chief Executive Officer

Johannesburg
4 September 2020

Certification by the Company Secretary

for the year ended 30 June 2020

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

Acorim Proprietary Limited represented by
N. Petrides

Johannesburg
4 September 2020

Preparation of Annual Financial Statements

for the year ended 30 June 2020

The annual financial statements contained in this report are also available on the Group's website www.putprop.co.za and have been prepared by 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

4 September 2020

Independent auditor's report

for the year ended 30 June 2020

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 101 to 137, which comprise the consolidated and separate statements of financial position as at 30 June 2020, 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 2020, 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 2020 (Continued)

Matter	Audit response
Valuation of investment properties As per the Group's accounting policy (note 1.5) Investment Property is measured at fair value requiring significant judgement (note 1.3). 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. The valuation of the Group's investment properties, as detailed in note 2 of the consolidated financial statements, 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. 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.	The Group's directors make use of an external independent management expert, to determine the gross fair value of income generating investment properties. 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: • Agreeing the gross value of all revalued investment properties as recorded in the accounting records to the valuation report prepared by management's expert; • Assessing the competence, objectivity, capability and integrity of the appointed expert, including verification of the expert's qualifications; • 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; • 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; • Debating and robustly challenging the assumptions used by management's expert; • Comparing the valuations performed by management's expert against our own valuation calculations; • Performing sensitivity analyses on the assumptions applied in the valuation calculations prepared by management's expert; and • Assessing the adequacy of disclosures with regard to the investment property portfolio held, in the consolidated financial statements Having performed our audit procedures and evaluated the outcomes we are satisfied that the audit evidence supports our opinion.

Independent auditor's report

for the year ended 30 June 2020 (Continued)

Matter	Audit response
Impact of the COVID-19 outbreak on Putprop's consolidated financial statements The South-African economy has been deeply impacted by the COVID-19 pandemic and the resulting nation-wide lockdown which has been in effect since 27 March 2020. After the initial lockdown the government implemented a risk-based lockdown level approach which saw the easing of certain limitations. However, the lack of a clear timeline on the lifting of the various lockdown levels causes further socio-economic uncertainty and will negatively impact on the business operations of the Group, the company and its tenants in South Africa. The directors' considerations of the impact on the financial statements are disclosed in notes 25 and 28. COVID-19 and the related lockdown directly impacted the rental income collected resulting in the downward fair value adjustments on some of the investment properties. Putprop has implemented a COVID-19 Strategy by which they have allowed rental deferment and limited period rental reductions, on a case by case basis, in order to assist tenants and ensure continuation of rental contracts and manage associated liquidity risk. The directors have reviewed the Group's cash flow forecast for the period to 30 June 2021 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 for the foreseeable future and accordingly these financial statements have been prepared on a going concern basis As per notes 25 and 28 to the consolidated financial statements, the directors have concluded that the financial results for the year ended 30 June 2020 include the impact of COVID-19. There were no new rental reduction or deferral agreements which were entered into after year end or any cancelation of contracts after year end which could impact the Group's property portfolio valuation or assessment of going concern.	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. 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. Our audit procedures included but were not limited to the following: • Obtaining the cash flow forecast for 12 months from the date of publication and: - Assessing the mathematical accuracy thereof; - Making enquiries from management to understand the assumptions used in performing the forecast; - Performing a sensitivity analysis on the cash flow forecast obtained from management by adjusting assumptions used by management in the forecast; • 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; • Evaluating the recoverability of receivables by testing receipts after year end; • Through enquiry of management, and reviewing the fair value report prepared by management's expert, understand 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. • Evaluating the adequacy and appropriateness of the directors' disclosure of the effect of the COVID-19 pandemic on the group's results; Having performed our audit procedures and evaluated the outcomes we are satisfied that the audit evidence supports our opinion.

Independent auditor's report

for the year ended 30 June 2020 (Continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Putprop 2020 Integrated Annual Report 2020", which includes the Certification by the Company Secretary, 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 2020 (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 group's and 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's and the 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 consolidated and separate 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 group and /or 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 consolidated and separate 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 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 2020 (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, related safeguards.

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 12 years.

Mazars
Partner: Stephan Adlam
Registered Auditor

4 September 2020

Johannesburg

Directors' report

for the year ended 30 June 2020

OVERVIEW

The directors have pleasure in submitting the 32nd directors' report which forms part of the audited annual financial statements for the year ended 30 June 2020.

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 2020 has been prepared in accordance with International Financial Reporting Standards ("IFRS"), interpretations as issued by the International Financial Reporting Interpretations Committee and the Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act") the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Committee, and the Listings Requirements of the JSE Limited. The financial statements have been audited by Mazars, the Group's external auditors.

The Group reflected an decrease in property revenue in the current review period to R 73.8 million (2019: R 76.1 million). Operating profit decreased to R 37.3 million (2019: R 66.8 million) respectively. Profit available for distribution to ordinary shareholders decreased from R 33.6 million to R 2.8million. Headline Earnings per Share decreased to 48.23 cents. (2019: 71.64 cents).

The Board has approved a final dividend distribution of 5.75 cents per share for the six months ended 30 June 2020 (2019: 7 cents). The total dividend distributed for the year ended 30 June 2020 was 14 cents per share (2019: 13 cents).

DIRECTORATE

Details of the current directors providing full names, ages, qualifications and abridged curricula vitae are set out on pages 44 to 45 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 G Van Heerden and Ms R Styber, 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 2020 the issued shares of no-par value amounted to 43 897 279 shares (2019: 43 897 279).

Unissued shares of 455 327 721(2019: 455 327 721) are held under the control of the directors, subject to the JSE Listings Requirements until the next AGM.

HOLDING GROUP

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

GOING CONCERN

Focus is being placed in a potential liquidity risk for the Group as a result of the COVID-19 Pandemic. Management is continuously monitoring this ongoing and rapidly changing situation and are implementing and modifying suitable responses to minimise the risk as and when needed. The responses include the deferment of rent income over periods up to six months and short term rent reductions.

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 14 and 28 of the annual financial statements.

Current liabilities exceeds current assets of the group as at 30 June 2020. This was the result of net cash outflows during the lockdown period resulting directly from deferment of rental income responses implemented by management. The Putprop Group still has sufficient access to cash and facilities to repay debts as they become due in the ordinary course of business. The position will also improve when as the deferred rental is collected over the agreed periods.

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

EVENTS AFTER THE REPORTING PERIOD

The financial impact of the COVID-19 pandemic after year end cannot be fully quantified at this stage due to uncertainty of the duration of the lockdown regulation and the future effect on the economy as a whole. The Group is making steady progress with rental collections under these 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 with the re-opening of the economy as announced by the Government.

There were no new rental reduction or deferral agreements entered into after year end or any cancelation of contracts due to the effects of the imposed lockdown which may impact the valuation of the Group's property portfolio. No further impairments were reognised on the trade receivables subsequent to year-end.

SPECIAL RESOLUTIONS

The following special resolutions were passed at the annual general meeting held on 8 November 2019:

- Approval of the non-executive directors' remuneration for the financial years ending 30 June 2020;
- 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 2020, the directors held a total of 4 094 143 (2019: 4 094 143) shares in the Group. There has been no change in these interests between 30 June 2020 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	
	2020 %	2019 %	**2020 %**	2019 %
Non-executive directors				
No shares are held by any of the Group's Non-executive directors	**–**	–	**–**	–
Executive directors and prescribed officers				
A L Carleo-Novello	**0.05**	0.05	**3.94**	3.94
B C Carleo	**0.12**	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 2020 is detailed on page 54 of the governance report.

Directors' report

for the year ended 30 June 2020(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
Independent non-executive directors					
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
Executive directors					
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 the executive directors and the CEO respectively for the termination of services. Details of remuneration and incentive bonuses are set out in the table below.

DIRECTORS' REMUNERATION

The following emoluments were paid to directors during the year ended 30 June 2020.

	Short-term benefits				Post - employ-ment benefits		
	Board and committee fees R'000	Salary R'000	Bonus Paid R'000	Medical Aid contribu-tions R'000	Pension Contribu-tions R'000	**Total 2020 R'000**	Total 2019 R'000
Executive directors and prescribed officers							
B C Carleo	100	1147	93	131	161	**1 632**	1 510
J E Smith	100	1588	115	154	–	**1957**	1 623
AL Carleo-Novello	87	788	63	142	–	**1080**	973
Total	**287**	**3523**	**271**	**427**	**161**	**4669**	**4 106**
Non-executive directors							
D Torricelli	151	–	–	–	–	**151**	177
G Van Heerden	147	–	–	–	–	**147**	136
R Styber	147					**147**	123
H Hartley	188	–	–	–	–	**188**	166
Total	**633**	**–**	**–**	**–**	**–**	**633**	**602**
	920	**3 523**	**271**	**427**	**161**	**5302**	**4 708**

Directors' report

for the year ended 30 June 2020 (Continued)

PROPERTY PORTFOLIO

Full details of the Group's investment portfolio can be found on pages 68 to 79 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 2020 resulted in a gross fair value upward adjustment of 0.3% or R1.9 million (2019: R10.2 million down).

In addition, as reported in the interim report, the property portfolio is valued by the directors on a six monthly and annual basis. An interim valuation decrease, of R5.4 million (2019: R 3.2 million decrease) was accepted. This valuation is taken into account in the June 2020 independent external valuation.

The directors' valuation of the portfolio at 30 June 2020 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.

SUBSEQUENT EVENTS

There are no other significant subsequent events arising between this reporting date and its release to shareholders and stakeholders.

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.

COMPANY AUDITORS

Mazars have acted as the Company and Group auditors for the year ended 30 June 2020 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 Board has evaluated the Company Secretary and it is satisfied that they are suitably qualified for the role.

Johannesburg

4 September 2020

Audit and Risk committee report

for the year ended 30 June 2020

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 2020.

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;
D Torricelli - appointed 3 December 2015; resigned: 24 July 2019 and
R Styber -appointed 25 July 2018.

R. Styber and G. van Heerden were appointed to the AR on the 25th July 2018 and verified by the Board on the 8th August 2018.

The Chairman of the Board, the CEO, the 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 page 54 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 44 to 45. The effectiveness of the AR as a whole and its individual members are assessed on an annual basis. The AR held six 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 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 2020 (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 2020 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.
- In addition, and 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 2020 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 2020. 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 Group's and Company's property valuations both internal, by the directors of the Group in December 2019 and June 2020, and those by an independent external valuer, as at 30 June 2020; as well as the full year integrated report to 30 June 2020 and the interim results to December 2019 and recommended for approval, all of the reports as listed above 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 2020.

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 2020 the AR considered and recommended the June 2020 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 2020 (Continued)

RISK MANAGEMENT AND COVID-19 ASSESSMENT

The Covid-19 pandemic currently effecting the world has been identified by the Committee as a Black Swan event. These events are characterized by their extreme rarity, the severe impact they may have on the operations of a business and as an unpredictable event that is beyond what can be expected in a normal situation. This unique event has potentially disastrous consequences. Black Swan events require close continuous observations and unique solutions.

The Committee has therefore identified the additional significant risks associated with Covid-19:

- Tenants facing possible business closure may lead to potential increase in tenant defaults of contractual rental agreements;
- Rental discount demands placing severe strain on Groups operating cash flows;
- 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 2020. 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 2019.

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 94 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 2020

Statements of financial position

as at 30 June 2020

	Notes	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
ASSETS					
Non-current assets					
Net investment property	2	**512 626**	**495 640**	**400 903**	**371 981**
Gross investment property		**541 121**	**518 220**	**418 642**	**385 220**
Straight-line rental income adjustment	3	**(28 495)**	**(22 580)**	**(17 739)**	**(13 239)**
Other non-current assets					
Straight-line rental income asset	3	**22 117**	**23 313**	**11 599**	**13 972**
Furniture, fittings, computer equipment and motor vehicles		**247**	**167**	**247**	**167**
Investment in subsidiary	4	**–**	**–**	**5 942**	**5 942**
Loan to subsidiary	4	**–**	**–**	**9 606**	**12 012**
Deferred interest on discounting of the loan to subsidiary	4	**–**	**–**	**10 629**	**9 289**
Investment in associates	5	**143 132**	**150 564**	**129 236**	**129 236**
Loan to associate	5	**23 206**	**22 676**	**23 206**	**22 676**
Cumulative redeemable preference shares in associate	5	**35 891**	**35 891**	**35 891**	**35 891**
		737 221	**728 251**	**627 259**	**601 166**
Net investment property held for sale	2	**20 310**	**41 267**	**20 310**	**41 267**
Gross investment property		**21 000**	**42 000**	**21 000**	**42 000**
Straight-line rental income adjustment		**(690)**	**(733)**	**(690)**	**(733)**
Current assets					
Straight-line rental income asset	3	**7 067**	**–**	**6 829**	**–**
Trade and other receivables	7	**5 768**	**9 137**	**4 816**	**8 700**
Current taxation receivable	8	**595**	**718**	**595**	**718**
Cash and cash equivalents	9	**3 984**	**5 771**	**2 921**	**4 702**
		17 415	**15 626**	**15 162**	**14 120**
Total assets		**774 946**	**785 144**	**662 733**	**656 553**
Equity and liabilities					
Equity attributable to owners of the parent					
Stated capital	10	**98 148**	**98 148**	**98 148**	**98 148**
Accumulated profit		**485 230**	**489 040**	**435 396**	**426 330**
Total Equity		**583 377**	**587 188**	**533 543**	**524 478**
Non-current liabilities					
Deferred taxation	8	**44 946**	**42 785**	**37 951**	**36 144**
Loan liabilities	11	**125 760**	**139 294**	**76 544**	**84 663**
		170 706	**182 079**	**114 494**	**120 807**
Current liabilities					
Loan liabilities	11	**10 492**	**6 691**	**4 720**	**2 586**
Trade and other payables	13	**5 089**	**9 186**	**4 694**	**8 682**
Bank Overdraft	9	**5 281**	**–**	**5 281**	**–**
		20 862	**15 877**	**14 696**	**11 268**
Total equity and liabilities		**774 946**	**785 144**	**662 733**	**656 553**

Statements of comprehensive income

for the year ended 30 June 2020

	Notes	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Property rental revenue	16	**58 611**	**59 305**	**46 946**	**47 223**
Operating cost recoveries	16	**15 280**	**16 786**	**11 992**	**13 423**
Gross property revenue		**73 890**	**76 091**	**58 939**	**60 646**
Property expenses	17	**(19 856)**	**(19 636)**	**(16 834)**	**(16 434)**
Net profit from property operations		**54 035**	**56 455**	**42 104**	**44 212**
Corporate administration expenses	18	**(11 566)**	**(11 328)**	**(11 069)**	**(11 134)**
Expected credit losses		**298**	**(1 900)**	**(767)**	**(1 900)**
Investment and other income	19	**2 016**	**5 356**	**1 975**	**5 297**
Share of associates' profits/(losses)	5	**(7 433)**	**18 217**	**-**	**–**
Operating profit before finance costs		**37 350**	**66 800**	**32 243**	**36 475**
Finance costs	20	**(12 623)**	**(15 105)**	**(6 930)**	**(8 905)**
Profit before fair value adjustments		**24 727**	**51 695**	**25 313**	**27 570**
Fair value adjustments	2	**(14 688)**	**(14 587)**	**(2 753)**	**(17 417)**
Profit before taxation		**10 039**	**37 108**	**22 560**	**10 153**
Taxation	8	**(7 155)**	**(3 499)**	**(6 800)**	**(1 126)**
Profit and total comprehensive income for the year		**2 884**	**33 609**	**15 760**	**9 027**
Attributable to owners of parent		**2 884**	**33 609**	**15 760**	**9 027**
Earnings per share (cents)	21	**6.57**	**76.26**	**–**	**–**

Statements of changes in equity

for the year ended 30 June 2020

	Notes	Stated capital R'000	Accumulated profit R'000	Total R'000
GROUP				
Balance at 30 June 2018		**101 969**	**461 199**	**563 168**
Profit and total comprehensive income for the year		–	33 609	33 609
Dividends paid	12	–	(5 761)	(5 761)
Share buyback		(3 821)	–	(3 821)
Balance at 30 June 2019		**98 148**	**488 040**	**587 188**
Profit and total comprehensive income for the year		–	2 884	2 884
Dividends paid	12	–	(6 694)	(6 694)
Balance at 30 June 2020		**98 148**	**485 230**	**583 377**
COMPANY				
Balance at 30 June 2018		**101 969**	**423 064**	**525 033**
Profit and total comprehensive income for the year		–	9 027	9 027
Share buyback		(3 821)	–	(3 821)
Dividends paid	12	–	(5 761)	(5 761)
Balance at 30 June 2019		**98 148**	**426 330**	**524 478**
Profit and total comprehensive income for the year		–	15 760	15 760
Dividends paid	12	–	(6 694)	(6 694)
Balance at 30 June 2020		**98 148**	**435 396**	**533 543**
		Reference note 10		

Statements of cash flows

for the year ended 30 June 2020

	Notes	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
Cash flow generated from/(utilised in) operating activities		**6 746**	**16 482**	**3 001**	**11 311**
Net cash generated from operations	22	**28 907**	**39 303**	**19 520**	**27 971**
Finance costs	20	**(12 623)**	**(15 105)**	**(6 930)**	**(8 905)**
Investment income		**2 016**	**4 798**	**1 975**	**4 738**
Taxation paid	8	**(4 870)**	**(6 753)**	**(4 870)**	**(6 754)**
Dividends paid	12	**(6 694)**	**(5 761)**	**(6 694)**	**(5 761)**
Cash flow (utilised in) investing activities		**(4 202)**	**(6 261)**	**(4 202)**	**(6 036)**
Additions and improvements to investment properties	2	**(7 799)**	**(3 129)**	**(7 799)**	**(2 895)**
Proceeds on sale of investment properties	2	**–**	**25 500**	**–**	**25 500**
Additions to investment in associates	5	**–**	**(11 268)**	**–**	**(11 268)**
Loan repayment received from associates	4	**3 747**	**–**	**3 747**	**–**
Loan advanced to associate	5	**–**	**(17 218)**	**–**	**(17 227)**
Acquisition of furniture, fittings, computer equipment and motor vehicles		**(150)**	**(146)**	**(150)**	**(146)**
Cash flow from financing activities		**(9 612)**	**(7 928)**	**(5 861)**	**(3 776)**
Payments made on share buyback		**–**	**(3 821)**	**–**	**(3 821)**
Payments made on loan liabilities	11	**(9 612)**	**(5 597)**	**(5 861)**	**(5 958)**
Proceeds received on loan liabilities	11	**–**	**1 490**	**–**	**6 003**
Net increase/(decrease) in cash and cash equivalents		**(7 068)**	**2 293**	**(7 062)**	**1 477**
Cash and cash equivalents at beginning of year		**5 771**	**3 478**	**4 702**	**3 225**
Cash and cash equivalents at end of year	9	**(1 297)**	**5 771**	**(2 360)**	**4 702**

Notes to the financial statements

for the year ended 30 June 2020

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 2019, except for the first time application of IFRS 16

Prepared in accordance with

International Financial Reporting Standards (IFRS), interpretations as issued by the International Financial Reporting Interpretations 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. Changes in Accounting Policies

1.2.1. IFRS 16

The Group has initially adopted IFRS 16 – Leases from 1 July 2019. IFRS 16 sets out the requirements for recognising and measuring contracts that contains leases. This standard replaces IAS 17 – Leases. The Group has elected not to restate comparatives on initial application as the impact of the adoption is immaterial.

The effect of IFRS 16 on the annual financial statements for the current financial year ending 30 June 2020 is immaterial and no additional disclosures is deemed necessary.

1.3. 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, debtors and collections, taxation and trade receivables. 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 2020 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 and loans receivable

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.

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

1.3. 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

The Group holds an investment in Pilot Peridot amounting to 61.11% (2019: 61.11%) yet accounts for this as an investment in associate and not a subsidiary for the following reasons:

An investor is deemed to have power over an entity if that investor has existing rights that give it the current ability to direct the relevant activities of the investee. Having identified the relevant activities of Pilot Peridot One Proprietary Limited as the acquisition, development and leasing of property, management considered whether Putprop has the ability to direct these matters. Certain aspects of the memorandum of incorporation of Pilot Peridot One Proprietary Limited related to the borrowing of funds and the encumbrance of assets, than may only be discharged once a special resolution at 75% vote is passed and these will have a specific impact on the acquisition and development aspects of the company's purpose. The fact that such decisions are addressed as a reserved matter requiring a special resolution would therefore place the board of the company in a situation where it is legally not allowed to take a decision on these changes without the assent of 75% of the shareholding. The decisions that are taken on the investments to be made by Pilot Peridot One Proprietary Limited, the nature of the funding that will be utilised and the security offered in order to secure such funding are critical aspects to the determination of the returns that each shareholder will earn from their investments in the entity. IFRS 10 requires that where such a limitation is imposed that consideration must be given to the purpose and design of the entity and the rationale behind the high decision threshold which was to allow for greater participation in the decision-making structures of the entity by the minority shareholders, all of which are evident in the manner in which the entity is currently managed and decision-making is undertaken as all the shareholders are represented at a board level despite the MOI not making provision for this.

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% (2019:18 175%)).

1.4 Consolidation

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 30 June 2020.

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.

1.5 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.

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.

1.6 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.

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

1.7 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.

1.8 Investments in Subsidiaries

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

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 Leases

Group as lessor

The Group currently only has operating leases. 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.

1.11 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 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.

1.12 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.

1.13 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 (Executive Director) acts as the Chief Operations Decision Maker for the Group when analysing the segments.

The following segments are listed on page 133 to 134: industrial, retail, commercial and corporate.

The Group operates in the greater Gauteng area, the North West and Mpumalanga provinces. The individual locations are listed on page 71 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.

1.14 Related parties

Related Parties are those 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 27 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.

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) are recognised in profit and loss in the period in which the related service is provided.

1.16 IFRS 9

The group has initially adopted IFRS 9 – Financial Instruments from 1 July 2018. IFRS 9 sets out requirements for recognising and measuring financial assets and financial liabilities. This standard replaces IAS 39 – Financial Instruments: Recognition and Measurement. The group has elected not to restate comparatives on initial application as the impact of adoption is not considered to be material.

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			

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

1.16 **IFRS 9** (Continued)

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 14).

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.

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).

The group has elected to measure loss allowances for trade receivables (including lease receivables) at an amount equal to lifetime ECLs by making use of the simplified impairment model. When estimating ECLs, 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 information using a provision matrix.

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.

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 impairment of these standards and amendments had no significant impact on the reported results or financial position of the group. Additional disclosure has been included under note 5, 7 and 14.

1.17 **IFRS 15**

IFRS 15 established a comprehensive framework for determining and reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. It replaces all existing revenue standards and their related interpretations in IFRS and applies to all contracts with customers except for contracts that are within the scope of other standards on leases, insurance contracts and financial instruments and therefore does not impact the majority of the group's revenue. The standard outlines the principles that must be applied to measure and recognise revenue with the core principle being that revenue should be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for fulfilling its performance obligations to a customer.

The principles in IFRS 15 must be applied using the following five-step model:

i. Identify the contract(s) with a customer.

ii. Identify the performance obligations in the contract.

iii. Determine the transaction price.

iv. Allocate the transaction price to the performance obligations in the contract.

v. Recognise revenue when or as the entity satisfies its performance obligations.

1.17 **IFRS 15** (Continued)

Revenue recognition

Types of revenue	Recognition
Operating lease income	Recognised as income on a straight-line basis over the lease term. Refer to 1.10
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.
Dividends	Recognised when the group's right to receive payment is established.
Interest earned on cash invested with financial institutions	Recognised on an accrual basis using the effective interest method.

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 a point in time (the end of the month in which the service is rendered).
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.

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

1.18 New and revised International Financial Reporting Standards ("IFRS") issued

The Group has not applied various IFRS and 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**
IAS 1 - *Presentation of financial statements and* IAS 8 - *Accounting policies, changes in accounting estimates and errors (amendment):*	On 31 October 2012, the IASB issued 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' and to align the definition used in the Conceptual Framework and standards themselves The amendments are effective for annual reporting periods beginning on or after 1 January 2020.	The amendment is not expected to impact the Group.
IFRS 16 Leases	• Amendment (lessee only): to make it easier to account for Covid-19-related rent concessions e.g. rent holidays and temporary rent reductions. - exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications; - allows lessees to account for such rent concessions as if they were not lease modifications; - applies to Covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021	1 June 2020 (can be applied immediately in financial statements interim or annual - not yet authorise for issue)
IFRS 3 Business Combinations	• Amendments: ***Definition of a Business*** Appendix A, Appendix B and Illustrative Examples: - Clarifies that a minimum requirement for a business includes inputs and a substantive process that together significantly contribute to create outputs. - Narrows the definition of a business and outputs by placing emphasis on goods and services provided to customers and de-emphasising the ability to reduce costs. - Adds an optional concentration test that permits a simplified assessment of whether an asset or a group of similar assets is not a business.	1 January 2020
IFRS 9 Financial Instruments	• Amendment: Fees in the '10 per cent' test for derecognition of financial liabilities - 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	1 January 2022

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

New and forthcoming accounting standards (Continued)		
STANDARD	**DETAILS OF THE STANDARD OR AMENDMENT**	**ANTICIPATED IMPACT**
IAS 1 Presentation of Financial Statements	• The amendments affecting the ***presentation of liabilities***, clarify: - Classification to be based on whether the right to defer settlement by at least twelve months exists at the end of the reporting period. - Classification is unaffected by expectation of settlement. - Settlement refers to transfer of cash equity instruments, other assets or services. - 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.	1 January 2022
IAS 16 Property, Plant and Equipment	• Amendment: ***Proceeds before intended use*** - Prohibits the deduction of proceeds - from selling items produced while - brings an asset into use from the cost - of that asset. The entity must recognise - the proceeds from sale , and the cost of - producing those items , in profit or loss.	1 January 2022 (The amendment is not expected to have a material impact on the group)
IAS 37 Provisions, Contingent Liabilities and Contingent Assets	• Amendment: Onerous Contracts - ***Cost of Fulfilling a Contract*** - Specify that the 'cost of fulfilling' a - contract comprises the 'costs that relate - direct ly to the contract '. 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 direct ly to - fulfilling contracts (an example would - be the allocat ion of the deprec iation - charge for an item of property , plant	1 January 2022 (The amendment is not expected to have a material impact on the group)

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

		Group		Company	
		2020 R'000	2019 R'000	2020 R'000	2019 R'000
2.	**INVESTMENT PROPERTY**				
	Property acquisitions and development costs	294 520	292 667	213 850	211 996
	Capital expenditure and tenant installations	19 729	11 236	19 572	11 078
	Cumulative gain from gross fair value adjustment of investment property	226 872	214 317	185 220	162 145
	Straight-line rental income adjustment - refer note 3	(28 495)	(22 580)	(17 739)	(13 238)
	Net investment property 30 June	512 626	495 640	400 903	371 981
	Movement for the year				
	Investment property 1 July	495 640	529 565	371 981	408 894
	Capital expenditure and tenant installations	7 799	1 740	7 799	1 506
	Transfer from investment property held for sale	20 634	–	20 634	–
	Disposals	–	(25 500)	–	(25 500)
	Change in gross fair value of investment property - refer to note 15	(5 898)	(6 620)	4 623	(10 786)
	Straight-line rental income adjustment - refer note 3	(5 548)	(3 545)	(4 134)	(2 133)
	Net investment property 30 June	512 626	495 640	400 903	371 981
2.1	**Investment Property - held for sale**				
	Stated at fair value*				
	Property acquisitions and development costs	1 857	3 713	1 857	3 713
	Capital expenditure and tenant installations	694	1 389	694	1 389
	Cumulative gain from fair value adjustment of investment property	18 449	36 898	18 449	36 898
	Straight-line rental income adjustment - refer note 3	(690)	(733)	(690)	(733)
	Net investment property 30 June	20 310	41 267	20 310	41 267
	Movement for the year				
	Investment property 1 July	41 267	44 300	41 267	44 300
	Capital expenditure and tenant installations	–	1 389	–	1 389
	Transfer to investment property	(20 634)	–	(20 634)	–
	Change in fair value of investment property	–	(3 689)	–	(3 689)
	Straight-line rental income adjustment - refer note 3	(323)	(733)	(323)	(733)
	Net investment property 30 June	20 310	41 267	20 310	41 267

2. INVESTMENT PROPERTY (Continued)

2.1 *Movement for the year

An agreement was entered into whereby the company will sell 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 agreed on at R12.3 million for Mamelodi and R8.7 million for Dobsonville. These properties are to be developed into retail shopping centres on a joint arrangement basis.

As at the end of the 2019 financial year it was expected that the transactions would be concluded within 12 months of the year end. The transaction is dependent on the fulfilment of certain suspensive conditions which has not yet been finalised, mainly due too the extension of the feasibility study which is required and further delays due to the Covid-19 pandemic. It is however expected that the transaction will be finalised in the coming period and construction is expected to start early in 2021.

In the prior year the transaction was disclosed as a 100% properties held for sale, as the vehicle in which the joint arrangement would be housed was not yet finalised. Subsequent to the 2019 year end, this structure has been finalised in the current year, resulting in the 50% undivided share which the company will hold being reclassified back to investment property as the joint arrangement was finalised as a joint operation and will be accounted for as such.

Investment Property held as security over the loan liabilities in note 11 are as follows:

- Erf 27 and 28, Corridor Hill, Mpumalanga to the value of R48 162 665 (2019: R48 162 665);
- Erf 8839, Secunda, Ext 60, Mpumalanga to the value of R123 658 544 (2019: R123 658 544); and
- Section 1 of 55 Oakhurst, Portion 1 and 2 of Erf 915 Parktown to the value of R75 500 000 (2019: R75 500 000).

Refer to page 68 to 79 for the property disclosures in terms of JSE Listing Requirements paragraph 13.18 and 13.19.

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
3. STRAIGHT-LINE RENTAL ADJUSTMENT				
Balance at 1 July	**23 313**	**19 035**	**13 971**	**11 106**
Current year movement				
Income recognised during the year	**5 871**	**4 278**	**4 457**	**2 865**
Balance at 30 June	**29 184**	**23 313**	**18 428**	**13 971**
Reflected on the statement of financial position under:				
Non-current assets	**22 117**	**22 580**	**11 599**	**13 238**
Current assets	**7 067**	**–**	**6 829**	**–**
	29 184	**23 313**	**18 428**	**13 971**

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

4 INVESTMENT IN ASSOCIATES, SUBSIDIARIES AND JOINT OPERATION

4.1 Investment in subsidiaries

	Nature of business	Issued share capital	% held in issued share capital		Cost of shares held		Amount owing by/(to) subsidiary	
			2020	2019	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Secunda Value Centre (Pty) Ltd	Retail Centre	1 000	**100**	100	**5 942**	5 942	**20 236**	**21 300**
Baraville (Pty) Ltd*	Dormant	2 000	**100**	100	*	*	*	*
Edenvale Bus Service (Pty) Ltd*	Dormant	1 000	**100**	100	*	*	*	*
Namasota (Pty) Ltd*	Dormant	1 000	**100**	100	*	*	*	*
Putfield (Pty) Ltd*	Dormant	1 000	**100**	100	*	*	*	*

* Less than R1 000

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

The loan to Secunda Value Centre (Pty) Ltd is unsecured, interest free and has no fixed terms of repayment. The directors of the company do not expect to call on this loan within the next 12 months.

The loan is discounted at the same interest rate as the loan Putprop Limited has with Nedbank, which is JIBAR +2.97%. The discounting is based on future cash flow forecasts of the subsidiary, Secunda Value Centre (Pty) Ltd, estimating the cash available for settlement of the loan.

IFRS 9 was considered and an ECL to the amount of R1.1 million (2019: Rnil) was recognised.

4.2 Investment in associates

Unlisted associates	% held	Nature	Acquisition date
Belle Isle Investments (Pty) Limited	18.175	Mixed use retail/commercial	June 2006
Pilot Peridot One (Pty) Limited	61.211	Mixed use retail/commercial	April 2012

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

Belle Isle has a 28 February year end. The figures as equity accounted and included in the consolidation are based on annual audited figures for the February year end adjusted, for applicable period as well as the unaudited management accounts for the four months ended as at 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 5.

For details on the aggregate financial information of the associates, refer to note 6.

4.3 Investment in joint operation

Unlisted joint operation	% held	Nature	Acquisition date
Corridor Hill Retail Centre	50	Retail	May 2015

Corridor Hill Retail Centre is incorporated in South Africa and all operations are in South Africa. The company has interests in the property holding industry.

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.

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

5. INVESTMENT IN ASSOCIATES

		Group	
		2020 R'000	2019 R'000
5.1	**Investment in associates - combined**		
	Balance at the beginning of the year	**150 564**	**121 697**
	Additions to investment in associate - cash	**–**	**7**
	Share of profits and (losses) excluding fair value adjustment	**(1 874)**	**(1 723)**
	Loan advances to associates - cash	**–**	**10 643**
	Share of fair value adjustment on investment property	**(5 559)**	**19 940**
	Balance at the end of the year	**143 132**	**150 564**
	Reconciled as follows:		
	Cost	**129 235**	**129 235**
	Share of net retained profits since acquisition	**(234)**	**1 640**
	Share of fair value adjustment on investment property	**14 130**	**19 689**
	Balance at the end of the year	**143 132**	**150 564**

		Group		Company	
		2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
5.2	**Investment in associates - individual**				
	Belle Isle Investments (Pty) Ltd - 18.175% (2019: 18.175%)				
	Centurion Gate retail centre				
	Balance at the beginning of the year	**31 141**	**28 259**	**13 030**	**13 024**
	Share of fair value adjustment on investment property	**(6 830)**	**6**	**–**	**6**
	Share of profits and (losses) excluding fair value adjustment	**2 353**	**2 876**	**–**	**–**
	Balance at the end of the year	**26 664**	**31 141**	**13 030**	**13 030**

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
Pilot Peridot One (Pty) Ltd - 61.211% (2019: 61.211%)				
Summit Place Menlyn mixed use centre				
Balance at the beginning of the year	**119 423**	**93 439**	**116 205**	**105 562**
Share of profits and (losses) excluding fair value adjustment	**(4 227)**	**(4 599)**	**–**	**–**
Loan advances to associates - cash - interest free, repayment is unlikely	**–**	**10 643**	**–**	**10 643**
Share of fair value adjustment on investment property	**(1 272)**	**19 940**	**–**	**–**
Balance at the end of the year	**116 468**	**119 423**	**116 205**	**116 205**

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

		Group		Company	
		2020 R'000	2019 R'000	2020 R'000	2019 R'000
5.	**INVESTMENT IN ASSOCIATES** (Continued)				
5.3	**Loan to Pilot Peridot One (Pty) Ltd**				
	Interest bearing at the prime bank overdraft rate +3% and repayable on demand with 12 months' notice period	24 328	24 575	24 328	24 575
	Allowance for expected credit losses	(1 121)	(1 900)	(1 121)	(1 900)
	Net loan to associate	23 206	22 676	23 206	22 675

	Group		Company	
General Approach	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Opening balance	1 900	–	1 900	–
Changes due to credit risk - 12 month ECL basis	(778)	1 900	(778)	1 900
Closing Balance	1 121	1 900	1 121	1 900

Credit Risk

For details of assessment of credit risk of loan to associate refer to the financial risk management note 14.

The loan to associate is repayable on demand with a 12-month notice period. A 12-month ECL was used and a reduction in the credit risk in the associate's loan resulted in a reduced ECL at year end.

		Group		Company	
		2020 R'000	2019 R'000	2020 R'000	2019 R'000
5.4	**Cumulative, redeemable preference shares in associates**				
	Opening balance	35 891	35 273	35 891	35 273
	Additions	–	618	–	618
	Balance at end of year	35 891	35 891	35 891	35 891

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.

6. AGGREGATE FINANCIAL INFORMATION: UNLISTED

		Belle Isle 2020 R'000	Pilot Peridot 2020 R'000
6.1	**Aggregate investment information 30 June 2020**		
	Aggregate financial information: unlisted		
	Non-current assets	359 922	536 899
	Current assets	20 254	27 659
	Non-current liabilities	(125 942)	(245 163)
	Current liabilities	(4 636)	(297 314)
	Revenue	42 167	55 546
	Profit after taxation	12 946	(7 458)
	Other comprehensive income	–	–
	Total comprehensive income	12 946	(7 458)
	Net Asset value	225 257	22 081
	Share in net asset value	40 941	13 516
	Loan accounted for as financial asset and not part of the carrying amount of associate - see note 5	–	(23 206)
	Goodwill/(Bargain) on acquisition of share investment	3 042	(4 637)
	Investment carrying value	26 664	116 468

6. AGGREGATE FINANCIAL INFORMATION: UNLISTED (Continued)

	Belle Isle 2019 R'000	Pilot Peridot 2019 R'000
6.2 Aggregate investment information 30 June 2019		
Aggregate financial information: unlisted		
Non-current assets	428 737	504 339
Current assets	14 141	20 024
Non-current liabilities	(299 214)	(267 358)
Current liabilities	(9 216)	(17 296)
Revenue	62 016	50 765
Profit (Loss) after taxation	15 858	3 420
Other comprehensive income	–	–
Total comprehensive income	15 858	3 420
Net Asset value	134 448	239 710
Share in net asset value	24 436	146 736
Shareholders loans not yet accounted for in the carrying amount of the associate	(92)	–
Profit not equally attributable throughout the year as the additional shareholding was only effective in May 2018	3 755	–
Loan accounted for as financial asset and not part of the carrying amount of associate - see note 5	–	(22 676)
Goodwill/(Bargain) on acquisition of share investment	3 042	(4 637)
Investment carrying value	31 141	119 423

	Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
7. TRADE AND OTHER RECEIVABLES				
Financial assets				
Rental receivables	5 174	5 793	5 174	5 793
Allowance for expected credit losses	(980)	(500)	(980)	(500)
Rental receivables (net of impairment)	4 195	5 293	4 195	5 293
Deposits paid	1 511	1 108	460	671
Recovery receivables	–	2 708	–	2 708
	5 706	9 109	4 655	8 672
Non-Financial assets				
Sundry receivables	62*	28	62	28
Value added tax	–	–	99	–
	5 768	9 137	4 816	8 700

*Sundry receivables relates to prepaid expenses and insurance claims receivable.

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 14.

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 corporate segments.

Below table is a reconciliation of the expected credit losses.

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
7. TRADE AND OTHER RECEIVABLES (Continued)				
Simplified approach				
Opening loss allowance as at 1 July 2019	**500**	**500**	**500**	**500**
Adoption of IFRS 9	**–**	**270**	**–**	**270**
Increase in loss allowance in profit and loss*	**1 564**	**846**	**1 564**	**846**
Bad debts written off	**(1 084)**	**(1 116)**	**(1 084)**	**(1 116)**
Closing loss allowance at 30 June 2020	**980**	**500**	**980**	**500**

*this relates to industrial tenants (receivables for this segment is deemed to be material)

Deposits paid to suppliers have been assessed for impairment based on past events and future looking information (including possible effects of Covid-19). 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 14.

The maximum exposure to credit risk for trade and other receivables at Group level at the reporting date was R6 million (2019: R9 million).

Trade and other receivables of R0.98 million (2019: R0.5 million) were impaired and provided for.

	Group		Company	
8. TAXATION	2020 R'000	2019 R'000	2020 R'000	2019 R'000
8.1 TAXATION RECONCILIATION				
Normal taxation - Current year	**4 649**	**8 015**	**4 649**	**8 015**
Normal taxation - Prior year	**345**	**(1 069)**	**345**	**(1 069)**
Deferred taxation - Current year	**2 161**	**(3 532)**	**1 806**	**(5 820)**
Deferred taxation - Prior year adjustment	**–**	**85**	**–**	**–**
	7 155	**3 499**	**6 800**	**1 126**
Reconciliation of the standard tax rate				
Standard taxation rate	**28**	**28**	**28**	**28**
Non deductible losses/(non-taxable profits) from associates	**20.73**	**(13.75)**	**–**	**–**
Non-deductible expenses	**2.75**	**0.60**	**0.63**	**2.18**
Non-taxable dividend income	**–**	**(2.86)**	**–**	**(10.45)**
Capital gains tax rate less than statutory rate at inclusion of 80%	**6.60**	**2.20**	**(0.02)**	**9.61**
Prior period adjustment to estimate (current tax)	**3.44**	**–**	**1.53**	**–**
Deferred tax asset on loss not recognised	**9.76**		**–**	
Prior period under(over) provision	**–**	**(4.76)**	**–**	**(18.24)**
Net increase (decrease)	**43.27**	**(18.57)**	**2.14**	**(16.91)**
Effective taxation rate	**71.27**	**9.43**	**30.14**	**11.09**

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
8.2 DEFERRED TAXATION				
Deferred liability comprises:				
Assessed loss available for set off against future taxable income	(1 757)	(1 814)	–	(58)
Section 13 Quinn allowances	8 156	6 466	2 034	1 606
Fair value adjustments	36 647	32 736	31 818	31 845
Straight-line rental income adjustment	8 252	6 504	5 240	3 912
Other temporary differences	(1 114)	(1 106)	(1 103)	(1 161)
Deferred tax liability	50 184	42 785	37 991	36 144
Movement				
Balance at 1 July	42 785	46 232	36 144	41 965
(Increase) Decrease in assessed loss available for set off against future taxable income	(60)	116	(58)	103
Originating and reversing temporary differences on Section 13 Quinn allowance	1 690	1 634	428	418
Fair value adjustments	3 844	(6 323)	(28)	(6 958)
Straight-line rental income adjustment	1 748	1 174	1 328	802
Other temporary differences	176	(48)	176	(186)
Balance at 30 June	50 184	42 785	37 991	36 144
Assessed loss available	6 275	6 478	–	208
8.3 TAXATION PAID				
Amount owing at beginning of year	718	(911)	718	(911)
Current taxation	4 994	6 946	4 994	6 947
Amount owing at end of year	595	718	595	718
	4 871	6 753	4 871	6 754

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
9. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Current asset				
Cash on hand and deposits held with banking institutions	**3 984**	**5 771**	**2 921**	**4 702**
Current liability				
Bank overdraft	**(5 281)**	**–**	**(5 281)**	**–**
	(1 297)	**5 771**	**(2 360)**	**4 702**

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 expected credit losses will be minimal.

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
10. STATED CAPITAL				
Authorised				
500 000 000 shares of no par value				
Issued				
43 897 279 shares of no par value	**98 148**	**98 148**	**98 148**	**98 148**

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
11. LOAN LIABILITIES				
Neotrend Holdings Proprietary Limited	**4 195**	**4 195**	**4 195**	**4 195**
Repayable with a 12-month notice period, unsecured and interest free				
Secunda Value Centre Proprietary Limited	**–**	**–**	**300**	**300**
Repayable with a 12-month notice period, unsecured and interest free				
Standard Bank - 000357307	**16 015**	**17 415**	**16 015**	**17 415**
This loan bears interest at the prime rate and the monthly instalments consist of the varying interest accruing monthly and capital settlement of R233 276, (2019: R208 519). The final balloon settlement of R14.2 million is due on 31 December 2021. The bond is secured by investment property as per note 2.				
Nedbank - 1001738252	**57 754**	**59 339**	**57 754**	**59 339**
The loan is repayable in monthly instalments of R584 064 (2019: R584 064). Interest rate charged is JIBAR plus 2.97%. At 30 June 2020 this rate was 7.522% (2019: 10.086%). A balloon payment of R53.4 million is payable at the end of the term in May 2023. The bond is secured by investment property as per note 2.				
Nedbank - 30150755	**30 718**	**31 807**	**–**	**–**
The loan is repayable in monthly instalments of R413 796 (2019: R390 355). The interest rate is fixed at a rate of 10.93% per annum. There is a balloon payment of R13 million at the end of the term in August 2025. This loan is secured over investment property as per note 2.				
Albani Investments Proprietary Limited	**–**	**3 000**	**–**	**3 000**
This loan was fully repaid during the 12-month period ending 30 June 2020. Loan was unsecured and bore interest at prime bank rate plus 2%.				
Nedbank - 30151232	**2 979**	**3 319**	**–**	**–**
The loan is repayable in monthly instalments of R62 189 (2019: R58 669). The interest rate is fixed at 10.46%, reverting to prime rate after 5 years in 2020. There is no balloon payment on this loan. This loan is secured over investment property as per note 2.				

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
11. LOAN LIABILITIES (Continued)				
Nedbank - 30151238	**21 591**	**23 910**	**–**	**–**
The loan is repayable in monthly instalments of R391 691 (2019: R394 671) and bears interest at prime rate less 1% per annum. There is no balloon payment on this loan. This loan is secured over investment property as per note 2.				
Ginana Proprietary Limited	**3 000**	**3 000**	**3 000**	**3 000**
Repayable with a 12-month notice period, unsecured and bears interest at the prime bank rate plus 2%.				
	136 252	**145 985**	**81 264**	**87 249**
Non-current	**125 760**	**139 294**	**76 544**	**84 663**
Current	**10 492**	**6 691**	**4 720**	**2 586**
	136 252	**145 985**	**81 264**	**87 249**

For further information, refer to note 14. 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.

12. DIVIDENDS DECLARED				
Ordinary				
Dividend 60 – Final 2019: 7 cents (2018: 7 cents)	**3 072**	**3 127**	**3 072**	**3 127**
Dividend 61 – Interim 2020: 8.25 cents (2019: 6 cents)	**3 621**	**2 634**	**3 621**	**2 634**
	6 693	**5 761**	**6 693**	**5 761**
Total cents per share distributed	**15.25**	**13**	**15.25**	**13**
Dividend 62 declared after 30 June 2020 of 5.75 cents per share	**2 524**	**3 072**	**2 524**	**3 072**
(2019: Dividend 60 declared after 30 June 2019: 7 cents per share)				

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
13. TRADE AND OTHER PAYABLES				
Financial liabilities				
Accrued expenses and trade creditors	**636**	**3 417**	**636**	**3 348**
Tenant deposits	**821**	**1 154**	**821**	**1 154**
Sundry creditors	**2 447**	**1 877**	**2 163**	**1 621**
	3 904	**6 448**	**3 619**	**6 123**
Non-Financial liabilities				
Audit fee accrual	**588**	**620**	**578**	**612**
Value added tax	**101**	**771**	**–**	**600**
Leave pay provision	**497**	**745**	**497**	**745**
Income received in advance	**–**	**602**	**–**	**602**
	5 089	**9 186**	**4 694**	**8 682**

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

14. 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 35% (2019: 35%) and the level of gearing during the year amounted to 23.4% (2019: 24.8%). Company levels were 15.2% (2019: 16.6%). Gearing on both Group and Company levels have decreased due to a decrease in loan liabilities. Based on the gearing ratio achieved at year end management believes that this objective has been met.

The capital structure of the group consists of debt, which includes loan liabilities disclosed in note 11 and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

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 R136.3 million in the current financial year (2019: R145.9 million). The Company has borrowings of R81.3 million (2019: R87.2 million).

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.

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. Due to Covid-19 the likelihood of interest rate changes have been taken into effect below.

	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 R'000 Group	Effect on profit after tax R'000 Company
2020	**+150**	**(1 313)**	**(733)**	**(946)**	**(528)**
	-150	**1 313**	**733**	**946**	**528**
2019	**+100**	**(886)**	**(478)**	**(638)**	**(344)**
	-100	**886**	**478**	**638**	**344**

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

14. FINANCIAL RISK MANAGEMENT (Continued)

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 a significant concentration of credit risk in the industrial segment. All other concentrations is insignificant as exposure is 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, 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 33.3% (2019: 35%) 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 Groups 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

Amounts uncollected one day beyond contractual term date are considered "past-due". As at 30 June 2020 trade receivables of R3.97 million (2019: R3.1 million) were 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.

Analysis of impairment provisions:

	Group		Company	
	2020	2019	**2020**	2019
Long-term loans	**R'000**	R'000	**R'000**	R'000
Loan to subsidiary	**–**	**–**	**21 300**	**21 300**
Loan to associate	**24 328**	**24 575**	**24 328**	**24 575**
Less: Impairment provision	**(1 121)**	**(1 900)**	**(2 186)**	**(1 900)**
Long term loans (net of provision)	**23 206**	**22 675**	**43 441**	**43 975**
Trade and other receivables				
Rental receivables	**5 174**	**5 793**	**5 174**	**5 793**
Other receivables	**1 573**	**3 844**	**621**	**3 407**
Less: Impairment provision	**(980)**	**(500)**	**(980)**	**(500)**
Trade and other receivables (net of provision)	**5 767**	**9 137**	**4 815**	**8 700**

14. FINANCIAL RISK MANAGEMENT (Continued)

Group 2020	Stage 1 R'000	Lifetime expected credit losses ('LEL') Stage 2 R'000	Stage 3 R'000	Total expected credit losses R'000
Long-term loans				
Balance at the beginning of the reporting period	–	1 900	–	1 900
Current period provision	–	(779)	–	(779)
Balance at the end of the reporting period	**–**	**1 121**	**–**	**1 121**

Group 2019	Stage 1 R'000	Lifetime expected credit losses ('LEL') Stage 2 R'000	Stage 3 R'000	Total expected credit losses R'000
Long-term loans				
Balance at the beginning of the reporting period	–	–	–	–
Current period provision	–	1 900	–	1 900
Balance at the end of the reporting period	**–**	**1 900**	**–**	**1 900**

Company 2020	Stage 1 R'000	Lifetime expected credit losses ('LEL') Stage 2 R'000	Stage 3 R'000	Total expected credit losses R'000
Long-term loans				
Balance at the beginning of the reporting period	–	1 900	–	1 900
Current period provision	1 065	(779)	–	286
Balance at the end of the reporting period	**1 065**	**1 121**	**–**	**2 186**

Company 2019	Stage 1 R'000	Lifetime expected credit losses ('LEL') Stage 2 R'000	Stage 3 R'000	Total expected credit losses R'000
Long-term loans				
Balance at the beginning of the reporting period	–	–	–	–
Current period provision	–	1 900	–	1 900
Balance at the end of the reporting period	**–**	**1 900**	**–**	**1 900**

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. That 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 associate loan and 10% for the subsidiary loan was utilised against the loan balances to obtain the ECL as disclosed. Refer to note 5.

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 2020 (Continued)

14. FINANCIAL RISK MANAGEMENT (Continued)

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

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Less than 1 year	**24 618**	**27 550**	**44 496**	**39 506**
Trade and other payables	**3 904**	**7 193**	**3 619**	**6 868**
Bank overdraft	**5 281**	**–**	**5 281**	**–**
Loan liabilities	**15 433**	**20 357**	**9 511**	**9 970**
Financial Guarantees	**–**	**–**	**26 085**	**22 668**
Between 1 and 2 years	**28 119**	**31 690**	**47 870**	**52 491**
Loan liabilities	**28 119**	**31 690**	**17 167**	**21 032**
Financial Guarantees	**–**	**–**	**30 703**	**31 459**
Between 2 and 5 years	**111 510**	**114 702**	**64 834**	**81 520**
Loan liabilities	**111 510**	**114 702**	**58 299**	**81 520**
Financial Guarantees	**–**	**–**	**6 535**	**–**
Over 5 years	**12 971**	**30 982**	**15 348**	**–**
Loan liabilities	**12 971**	**30 982**	**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

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Financial assets at amortised cost				
Assets per statement of financial position	**69 330**	**73 477**	**88 616**	**93 241**
Cash and cash equivalents	**3 984**	**5 771**	**2 921**	**4 702**
Trade and other receivables	**5 706**	**9 109**	**4 655**	**8 672**
Loans to subsidiary	**–**	**–**	**20 236**	**21 300**
Loan to associate	**23 206**	**22 676**	**23 206**	**22 676**
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	**146 622**	**153 178**	**91 239**	**94 117**
Trade and other payables	**3 904**	**7 193**	**3 619**	**6 868**
Bank overdraft	**5 281**	**–**	**5 281**	**–**
Loan liability	**136 251**	**145 985**	**81 264**	**87 249**

15. 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 2020 and June 2019.

	Group		Company	
	2020	2019	**2020**	2019
	R'000	R'000	**R'000**	R'000
Open market value	**562 121**	**560 220**	**439 642**	**427 220**
Increase/(Decrease) from prior year valuation - based on the portfolio, net of acquisitions and disposals	**1 901**	**(2 195)**	**17 422**	**(6 658)**

The valuations stated are in line with the director's valuations of the same properties. The fair value of commercial, industrial 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 69 for the average gross rental per m^2.

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.

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

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

	2020		2019	
Capitalisation rates	**From**	**To**	From	To
Industrial	**8.59%**	**13.00%**	**7.01%**	**12.25%**
Retail	**7.00%**	**11.00%**	**9.17%**	**10.37%**
Commercial	**7.50%**	**11.00%**	**9.26%**	**10.44%**

	Group		Company	
Sensitivity analysis	**2020**	2019	**2020**	2019
0.75% increase in capitalisation rates effect on value in R'000	**(18 371)**	**(11 540)**	**(30 617)**	**(8 234)**
0.75% decrease in capitalisation rates effect on value in R'000	**24 063**	**11 607**	**15 835**	**8 153**
0.75% increase in capitalisation rates effect on value as a percentage	**(3.56%)**	**(2.06%)**	**(7.76%)**	**(1.93%)**
0.75% decrease in capitalisation rates effect on value as a percentage	**4.66%**	**2.07%**	**4.01%**	**1.91%**

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 7.00% and 13.00% respectively and are dependent on the risk profile of each portfolio asset.

The following table reflects the level within the hierarchy of non-financial assets measured at fair value at 30 June 2020. Refer to note 2.

	Group		Company	
	2020 Level 3 R'000	2019 Level 3 R'000	**2020 Level 3 R'000**	2019 Level 3 R'000
Assets				
Investment properties	**562 121**	**560 220**	**439 642**	**427 220**

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
16. PROPERTY REVENUE AND OPERATING COST RECOVERIES				
Contractual revenue rental	**49 820**	**54 950**	**39 570**	**44 281**
Revenue from contracts with customers (cost recoveries)	**15 280**	**16 786**	**11 992**	**13 423**
Straight line rental income	**8 790**	**4 355**	**7 376**	**2 942**
	73 890	**76 091**	**58 938**	**60 646**

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".

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
17. PROPERTY EXPENSES				
Municipal costs	**15 905**	**13 682**	**13 812**	**11 691**
Repairs and maintenance	**1 356**	**1 994**	**1 107**	**1 789**
Property management and consultant fees	**941**	**1 414**	**941**	**1 133**
Insurance	**367**	**608**	**366**	**608**
Cleaning and security	**1 287**	**1 938**	**608**	**1 213**
	19 856	**19 636**	**16 834**	**16 434**
Direct operating expenses on properties not generating rental income	**–**	**3 378**	**–**	**3 378**

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
18. CORPORATE ADMINISTRATION EXPENSES				
Audit and secretarial fees	**1 142**	**1 137**	**935**	**850**
Social Responsibility projects	**235**	**50**	**235**	**50**
JSE Limited costs	**649**	**1 131**	**649**	**1 131**
Other general expenses	**3 035**	**3 106**	**2 745**	**3 199**
Employee costs	**6 436**	**5 882**	**6 436**	**5 882**
Depreciation	**70**	**22**	**70**	**22**
	11 566	**11 328**	**11 069**	**11 134**

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
19. INVESTMENT AND OTHER INCOME				
Investment income	**1 699**	**4 798**	**1 657**	**4 738**
Other income	**318**	**558**	**318**	**559**
	2 016	**5 356**	**1 975**	**5 2997**

	Group		Company	
	2020 R'000	2019 R'000	**2020 R'000**	2019 R'000
20. FINANCE COSTS				
Interest on loans with banks	**12 563**	**13 779**	**6 870**	**7 579**
Other interest paid	**60**	**1 326**	**60**	**1 326**
	12 623	**15 105**	**6 930**	**8 905**

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

		Group 2020 R'000	Group 2020 Cents per share	Group 2019 R'000	Group 2019 Cents per share
21.	**RECONCILIATION OF GROUP NET PROFIT TO HEADLINE EARNINGS**				
	Earnings per share	2 884	6.57	33 609	76.26
	Adjusted for				
	Net change in fair value of investment property	14 688	33.46	14 587	33.10
	Tax effects of fair value adjustments to property	(3 290)	(7.50)	(3 267)	(7.41)
	Equity accounted earnings of associates	8 878	20.22	(19 940)	(45.25)
	Tax effect of equity accounting	(1 989)	(4.53)	4 467	10.14
	Capital gain tax effect on disposal of investment property	–	–	2 115	4.80
	Headline earnings and diluted earnings	21 171	48.23	31 570	71.64

Weighted average number of shares 43 897 279 (2019: 44 069 265)

			Group 2020 R'000	Group 2019 R'000	Company 2020 R'000	Company 2019 R'000
22.	**RECONCILIATION OF OPERATING PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS**					
	Operating profit before tax		10 039	37 108	22 560	10 153
	Adjusted for:					
	Fair value adjustment of investment properties	2	14 688	14 587	2 753	17 341
	Non-cash items - equity accounted losses/(profits)	5	7 433	(18 217)	–	–
	Straight-line rental accrual	3	(5 871)	(4 278)	7 376	(2 866)
	Depreciation		70	22	70	22
	Investment income	19	(2 016)	(4 798)	(1 975)	(4 738)
	Finance cost	20	12 623	15 105	6 930	8 905
	Cash flow from operating profit before working capital changes		36 668	39 529	23 729	28 817
	Movement in working capital		(7 761)	(226)	(4 209)	(846)
	Decrease/(increase) in accounts receivable		(2 889)	(2 661)	(1 160)	(3 371)
	(Decrease)/increase in accounts payable		(4 872)	2 435	(3 049)	2 525
	Cash generated from operations		28 907	39 303	19 520	27 971

23. Segment information 30 June 2020	Retail R'000	Commercial R'000	Industrial R'000	Corporate R'000	Total R'000
Segment revenue					
Contractual rental income	17 917	11 247	20 656	–	49 820
Recoveries	4 638	4 877	5 765	–	15 280
Straight-line rental adjustment	2 309	2 453	4 028	–	8 790
Total revenue	24 863	18 577	30 450	–	73 890
Share of associates profits	(4 478)	(2 955)	–	–	(7 433)
Segment result					
Operating profit/(loss)	19 883	12 994	21 936	(11 566)	43 246
Finance costs	(7 093)	(5 471)	–	(60)	(12 623)
Investment and other income received	–	–	–	2016	2016
Fair value adjustments to investment properties	(13 938)	4 400	3 640	–	(5 898)
Straight-line rental adjustment	(2 309)	(2 453)	(4 028)	–	(8 790)
Net profit/(loss) before tax	(7 934)	6 035	21 548	(9 610)	10 039
Other information					
Property assets	229 382	134 300	198 439	–	562 121
Investment in associates	26 664	116 468	–	–	143 132
Loan to associate	–	23 206	–	–	23 206
Cumulative redeemable preference shares in associate	35 891	–	–	–	35 891
Trade and other receivables	(694)	115	4 857	1 491	5 768
Cash and cash equivalents	–	–	–	3 984	3 984
Segment assets	291 243	274 089	203 296	5 475	774 103
Loan liabilities	75 498	60 754	–	–	136 251
Trade and other payables	780	353	(110)	4 067	5 089
Bank overdraft	–	–	–	5 281	5 281
Segment liabilities	76 277	61 107	(110)	9 348	146 621

One of the Groups tenants, Larimar Limited contributes approximately 33.3% (2019: 35%) of the total revenue received. This revenue falls within the industrial segment.

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

23. Segment information	Retail	Commercial	Industrial	Corporate	Total
30 June 2019	**R'000**	**R'000**	**R'000**	**R'000**	**R'000**
Segment revenue					
Contractual rental income	18 992	12 096	23 863	–	54 950
Recoveries	4 677	3 080	9 029	–	16 786
Straight-line rental adjustment	1 554	2 948	(148)	–	4 354
Total revenue	24 086	17 161	34 844	–	76 091
Share of associates profits	2 876	15 341	–	–	18 217
Segment result					
Operating profit/(loss)	20 054	12 717	21 220	(10 765)	43 227
Finance costs	(7 820)	(5 959)	–	(1 326)	(15 105)
Investment and other income received	631	–	–	4 725	5 356
Fair value adjustments to investment properties	106	5 048	(15 387)	–	(10 233)
Straight-line rental adjustment	(1 554)	(2 948)	(148)	–	(4 354)
Net profit/(loss) before tax	14 293	24 198	5 982	(7 366)	37 108
Other information					
Property assets	238 320	129 900	192 000	–	560 220
Investment in associates	31 141	119 423	–	–	150 654
Loan to associate	–	22 676	–	–	22 676
Cumulative redeemable preference shares in associate	35 891	–	–	–	35 891
Trade and other receivables	241	226	2 256	6 414	9 137
Cash and cash equivalents	–	–	–	5 771	5 771
Segment assets	306 916	272 225	192 985	12 133	784 259
Loan liabilities	80 646	65 339	–	–	145 985
Trade and other payables	1 551	–	465	7 170	9 186
Segment liabilities	82 197	65 339	465	7 170	155 171

	Group		Company	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
24. FUTURE MINIMUM LEASE INCOME				
Receivable within one year	**47 182**	**50 816**	**36 314**	**39 658**
Receivable between two and five years	**107 911**	**162 159**	**67 917**	**106 351**
Receivable after five years	**38 020**	**56 460**	**18 539**	**31 464**
Total balance contractual lease rental	**193 113**	**269 435**	**122 770**	**177 473**

25. SUBSEQUENT EVENTS

The financial impact of the COVID-19 pandemic after year end cannot be fully quantified at this stage due to uncertainty of the duration of the lockdown regulation and the future effect on the economy as a whole. The Group is making steady progress with rental collections under these 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 with the re-opening of the economy as announced by the Government.

There were no new rental reduction or deferral agreements entered into after year end or any cancelation of contracts due to the effects of the imposed lockdown which may impact the valuation of the Group's property portfolio. No further impairments were reognised on the trade receivables subsequent to year-end.

26. 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 frequent and consistent errors made by these municipalities. At year end the estimated amount of re-assessments is not material and is under the process of objection.

Notes to the financial statements

for the year ended 30 June 2020 (Continued)

27. 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	2020	2019
Trade Receivables		
Larimar Limited	4 687	740
Lease rentals received		
Larimar Limited	14 573	18 365
Loans payable		
Ginana Proprietary Limited	3 000	3 000
Albani Proprietary Limited	–	3 000
Loan receivable		
Pilot Peridot One Proprietary Limited	23 206	22 676
Operating lease recoveries		
Larimar Limited	4 178	2 632
Rental expense - Premises		
Stephen Hill Mansions	241	241
Insurance expense		
Carleo Insurance Brokers Proprietary Limited	433	601

Directors emoluments	2020	2019
Executive directors		
Bruno Claudio Carleo	1 632	1 510
James Egerton Smith	1 957	1 623
Anna Carleo-Novello	1 080	973
Total	4 669	4 106
Non-executive directors		
Rene Styber	147	123
Daniele Torricelli	151	177
Hayden Thompson Hartley	188	166
Gerrit Van Heerden	147	136
Total	633	602

Amounts outstanding between related parties are unsecured, bears no interest and have no fixed terms of repayment, with the exception of loans payable to Ginana (Pty) Ltd and Albani (Pty) Ltd which bears interest at prime plus 2%, as well as the loan receivable from Pilot Peridot One (Pty) Ltd which bears interest at prime plus 3%.

Larimar Limited is a fellow subsidiary of Carleo Enterprises Proprietary Limited, Putprop's Ultimate Holding Company.

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 94.

Loans to associates and subsidiary are also disclosed under notes 4 and 5.

The guarantee offered to Standard Bank for the loan to Corridor Hill Properties Proprietary Limited is R12 million (2019: R12 million).

The guarantee offered to Nedbank for the loan to Secunda Value Centre Proprietary Limited is R18 million (2019: R18 million).

The guarantee offered to Absa Bank for the loan to Pilot Peridot Investments One Proprietary Limited is R35.7 million (2019: Rnil 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.

28. GOING CONCERN

Focus is being placed in a potential liquidity risk for the Group as a result of the COVID-19 Pandemic. Management is continuously monitoring this ongoing and rapidly changing situation and are implementing and modifying suitable responses to minimise the risk as and when needed. The responses include the deferment of rent income over periods up to six months and short term rent reductions.

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 14.

Current liabilities exceeds current assets of the group as at 30 June 2020. This was the result of net cash outflows during the lockdown period resulting directly from deferment of rental income responses implemented by management. The Putprop Group still has sufficient access to cash and facilities to repay debts as they become due in the ordinary course of business. The position will also improve when as the deferred rental is collected over the agreed periods.

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.

SHAREHOLDERS INFORMATION

Dividend announcement

for the year ended 30 June 2020

DECLARATION OF FINAL DIVIDEND NO 62

The Board is pleased to announce the declaration of a dividend of 5.75 cents per ordinary share in respect of the year ended 30 June 2020 (2019: 7 cents), thus bringing the total dividend payable for the year to 14 cents (2019: 13 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 4.60000 cents per share, while the gross amount is 5.75 cents per share to those shareholders who are exempt from DWT.

There are 43 897 279 (2019: 43 897 279) ordinary shares in issue; the total dividend amount payable is R2 324 093 (2019: R3 127 059). 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, 2 September 2020
Last date to trade to participate	Tuesday, 27 October 2020
Trading commences ex dividend	Wednesday, 28 October 2020
Record date	Friday, 30 October 2020
Date of payment	Monday, 2 November 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 28 October 2020 and Friday, 30 October 2020, both days inclusive.

By order of the Board

J E Smith
Financial Director

Sandton

4 September 2020

Shareholders analysis

for the year ended 30 June 2020

Register date: 30 June 2020

Issued share capital: 43 897 279

	Number of shareholdings	% of total shareholdings	Number of shares	% of shares in issue
Size of holdings				
1 – 1 000 shares	229	43.79	61 149	0.14
1 001 – 10 000 shares	176	33.65	672 197	1.53
10 001 – 100 000 shares	83	15.87	2 713 086	6.18
100 001 – 1 000 000 shares	32	6.12	8 923 403	20.33
1 000 001 shares and over	3	0.57	31 527 444	71.82
	523	**100.00**	**43 897 279**	**100.00**
Distribution of shareholders				
Private companies	24	4.59	29 986 091	68.31
Trusts	37	7.08	6 091 976	13.88
Individuals	436	83.37	4 469 179	10.18
Collective investment schemes	3	0.57	1 757 976	4.00
Hedge funds	1	0.19	1 121 668	2.56
Stockbrokers and nominees	8	1.53	109 229	0.25
Close corporations	10	1.91	231 286	0.53
Benefit funds	2	0.38	88 774	0.20
Custodians	1	0.19	40 000	0.09
Investment partnerships	1	0.19	1 100	0.00
Total	**523**	**100.00**	**43 897 279**	**100.00**
Key Shareholders				
Non-public shareholders	5	0.95	28 643 845	65.25
Directors' and associates' holdings	2	0.38	77 406	0.18
Treasury holdings	2	0.38	426 663	0.97
Strategic holdings - Carleo Enterprise (Pty) Ltd	1	0.19	28 139 776	64.10
Public shareholders	518	99.05	15 253 434	34.75
Total	**523**	**100.00**	**43 897 279**	**100.00**

Beneficial Shareholders Holding >3% of Issued Shares	**Number of shares**	**% of Issued Shares**
Carleo Enterprise (Pty) Ltd	28 139 776	64.10%
Heynen Family Trust	2 266 000	5.16%
Total	**30 405 776**	**72.72%**

Fund Managers Holding >3% of Issued Shares	**Number of shares**	**% of Issued Shares**
Oasis Crescent Management Company	1 311 700	2.99
Allan Gray	1 213 555	2.76
Total	**2 942 496**	**6.70**

Shareholders analysis

for the year ended 30 June 2020

Non-Public Shareholder Type	Account	30 June 2020	%
Strategic Shareholders (>10%)		**28 139 776**	**64.10**
Carleo Enterprises (Pty) Ltd	CARLEO ENTERPRISES (PTY) LTD	28 139 776	64.10
Treasury Holdings		**426 663**	**0.97**
Albani Investments (Pty) Ltd	ALBANI INVESTMENTS (PTY) LTD	341 330	0.78
Carleo Enterprises Pty Ltd	CARLEO ENTERPRISES PTY LTD	85 333	0.19
Directors and Associates		**77 406**	**091**
BC Carleo (Direct)	MR BRUNO CLAUDIO CARLEO	54 133	0.12
Carleo Enterprises Pty Ltd	MRS ANNA LUCIA CARLEO-NOVELLO	23 273	0.05
Non-Public Shareholder Totals		28 643 845	65.99

Share Price Performance		
Closing price 29 June 2018	R4.50	
Closing price 31 July 2018	R4.90	
Closing price 31 August 2018	R4.50	
Closing price 28 September 2018	R4.80	
Closing price 31 October 2018	R4.90	
Closing price 30 November 2018	R4.75	
Closing price 31 December 2018	R4.60	
Closing price 31 January 2019	R4.56	
Closing price 28 February 2019	R4.95	
Closing price 29 March 2019	R5.50	
Closing price 30 April 2019	R5.49	
Closing price 31 May 2019	R5.49	
Closing price 30 June 2019	R5.48	
Closing price 30 June 2020	R3.50	
Number of shares in issue	43 897 279	
Number of shareholder accounts	523	
Volume traded during period	598 300	(2019: 1 153 605)
Number of trades effected during period	119	
Ratio of volume traded to shares in issue	1.36%	(2019: 2.63)
Rand value traded during period	R2 636 669	
Price/earnings ratio as at 30 June 2020	4.19	
Dividend yield as at 30 June 2020	3.486	
Earnings yield as at 30 June 2020	24.051	
Market capitalisation at 30 June 2020	R153 640 477	

Notice of annual general meeting

for the year ended 30 June 2020

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 11:00 on Wednesday, 4 November 2020 at Larimar Limited, Gaetano Auditorium, 32 Milky Way Avenue, Linbro Business Park, Linbro Park, 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, 30 October 2020. Accordingly, the last day to trade Putprop shares in order to be recorded in the Register to be entitled to vote will be Tuesday, 27 October 2020.

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 PO Box 61051, Marshalltown, 2107, South Africa, to be received by them by no later than 11:00 on Monday, 2 November 2020 (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 11:00 on Monday, 2 November 2020;
- 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:
- 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 2020 have been distributed and accompany this 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 her 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**

   R. Styber retires in accordance with article 25.7 of Putprop's memorandum of incorporation ("MOI"), but being eligible to do so, offers herself for re-election.

   "Resolved, as an ordinary resolution, that R Styber 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.

   R. Styber's abbreviated curriculum vitae appears on page 45 of the Integrated Annual Report to which this Notice is attached.

2. **Ordinary Resolution number 2: Re-election of Director**

   G. Van Heerden 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 G. Van Heerden 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.

   G. Van Heerden's abbreviated curriculum vitae appears on page 45 of the Integrated Annual Report to which this notice is attached.

Notice of annual general meeting

for the year ended 30 June 2020 (Continued)

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:

Ordinary resolution number 3.1

"Resolved, as an ordinary resolution, 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, subject to the passing of ordinary resolution number 2."

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, subject to the passing of ordinary resolution number 1."

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 45 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 has undertaken 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 19 August 2020, 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.

Rationale: King IV recommends and the JSE Listings Requirements require companies to table their remuneration policy and implementation report each year to shareholders for separate non-binding advisory vote 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 Listings Requirements of the JSE Limited ("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."

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."
- The JSE Listings Requirements currently provide, *inter alia,* that:
- 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 6 584 591 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 6 584 591 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 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 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 convening the Annual General Meeting at which this resolution is to be considered and approved."

Special resolutions

To consider and, if deemed fit, to pass, with or without modification, all the special resolutions relating to business set out below. More than 75% (seventy-five percent) of the voting rights exercised on each individual resolution must be exercised in favour of those resolutions.

Notice of annual general meeting

for the year ended 30 June 2020 (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 financial year ending 30 June 2020 be and is hereby approved as follows:"

Type of fee (per meeting)	Approved fee per meeting for the year ended 30 June 2020 R	Proposed fee per meeting for the period 1 March 2021 to 28 February 2022
Board		R
Chairperson	19 800	22 000
Member	14 080	16 000
Audit and Risk Committee		
Chairperson	14 080	15 490
Member	7 590	8 350
Remuneration and Nomination Committee		
Chairperson	7 040	7 750
Member	5 170	5 690
Social and Ethics Committee		
Chairperson	Nil	Nil
Member	Nil	Nil
Investment Committee		
Chairperson	Nil	Nil
Member	Nil	Nil

For the period 1 July 2020 to 28 February 2021 Putprop's non-executive directors will continue to be remunerated in accordance with the authority previously granted by shareholders

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.

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 of which this notice is attached:

- major shareholders of the Company – page 141; and
- share capital of the Company – page 122.

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 44 to 45 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 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.

12. Special resolution number 4: Loans or other financial assistance to directors

Notice of annual general meeting

for the year ended 30 June 2020 (Continued)

"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

4 September 2020
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 Larimar Limited, Gaetano Auditorium, 32 Milky Way Avenue, Linbro Business Park, Linbro Park, Sandton at 11:00 on Wednesday, 4 November 2020 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
Ordinary resolution number 1 Re-election of Director 1. To re-elect Rene Styber who, in terms of Article 25.7 of the Company's Memorandum of Incorporation, retires by rotation.			
Ordinary resolution number 2 Re-election of Director 2. To re-elect Gerrit Van Heerden who, in terms of Article 25.7 of the Company's Memorandum of Incorporation, retires by rotation.			
Ordinary resolution number 3 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.			
Ordinary resolution number 4 4. Re-appointment of external auditor			
Ordinary resolution number 5 5. Advisory endorsement of remuneration policy and implementation report			
5.1. Endorsement of remuneration policy			
5.2. Endorsement of implementation report			
Ordinary resolution number 6 6. Control of authorised but unissued ordinary shares.			
Ordinary resolution number 7 7. Approval to issue ordinary shares, and to sell treasury shares, for cash.			
Ordinary resolution number 8 8. Signature of documents.			
Special resolution number 1 9. Approval of the non-executive director remuneration.			
Special resolution number 2 10. General approval to acquire shares.			
Special resolution number 3 11. Financial assistance for subscription of securities.			
Special resolution number 4 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 _____ 2020

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 note 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:

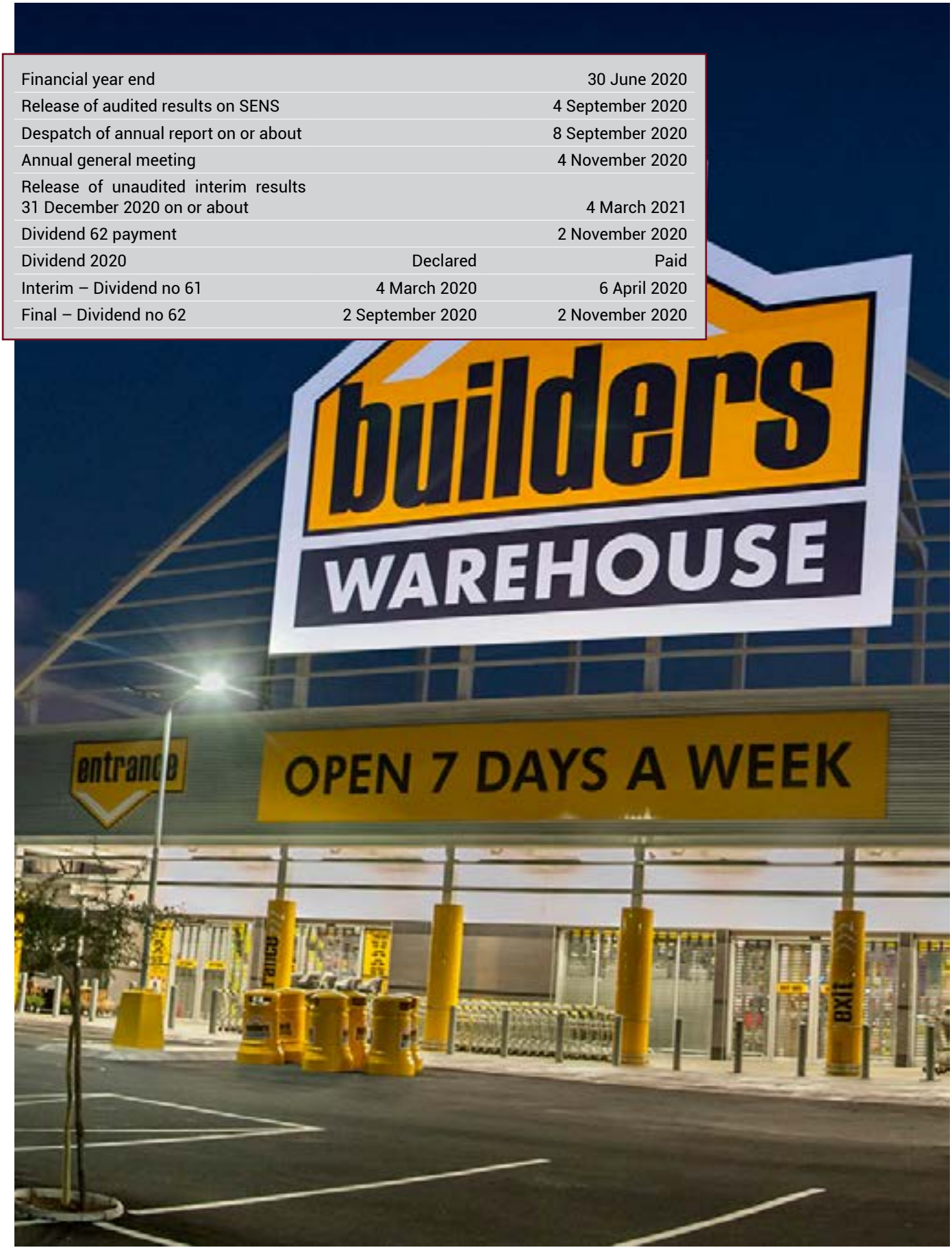
    Hand deliveries to:
    Computershare Investor Services (Proprietary) Limited
    Rosebank Towers
    15 Biermann Avenue
    Rosebank
    Johannesburg,
    2196

    Postal deliveries to:
    Computershare Investor Services (Proprietary) Limited
    P.O. Box 61051
    Marshalltown
    2107

    to be received by no later than 11:00 on Monday, 2 November 2020, (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 2020
Release of audited results on SENS		4 September 2020
Despatch of annual report on or about		8 September 2020
Annual general meeting		4 November 2020
Release of unaudited interim results 31 December 2020 on or about		4 March 2021
Dividend 62 payment		2 November 2020
Dividend 2020	Declared	Paid
Interim – Dividend no 61	4 March 2020	6 April 2020
Final – Dividend no 62	2 September 2020	2 November 2020



Corporate Information

Company Registration Number: 1998/001085/06
Share Code PPR **ISIN:** ZAE000072310

DIRECTORS

Daniele Torricelli (c,e,f,g,h,j)	Chairman	a. Executive
Hayden Hartley (b,c,d,e,g,j,i,k)		b. Chairman Audit and Risk Committee
Bruno Carleo (a,g,j)	Chief Executive Officer	
James Smith (a,g,j)	Chief Financial Officer	c. Independent non-executive
Anna Carleo-Novello (a,g,j)		d. Member of Audit and Risk Committee
René Styber (c,d,e,g,j)		e. Member of the Remuneration, Nomination and Human Resources Committee
Gerrit van Heerden (c,d,e,g,j)		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
Chislehurston
Sandton
2196

+27 11 883 8650

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


LAND ROVER
LAND ROVER
JAGUAR
LAND ROVER
MENLYN


BDO