



INTEGRATED ANNUAL REPORT 2015



PUTPROP Limited



INDUSTRIAL



RETAIL



COMMERCIAL

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Form Of Proxy

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Corporate Information

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Shareholders' Diary

These annual financial statements of Putprop Limited have been audited by Mazars. The financial director Mr James E Smith, BSc, B.Acc, CIEA, was responsible for the preparations of these audited financial statements.

GLOSSARY

“All Share”

The JSE All Share Index

“B-BBEE”

Broad-based black economic empowerment

“Companies Act”

Companies Act, No. 71 of 2008, as amended

“EXCO”

Executive Committee

“GLA”

Gross lettable area

“IASB”

International Accounting Standards Board

“IFRS”

International Financial Reporting Standards

“IT”

Information Technology

“JSE”

JSE Limited

“JSE Listings Requirements”

Listing Requirements of the JSE Limited

“King III”

King Report on Corporate Governance for South Africa 2009

“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”

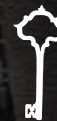
Social and Ethics Committee



**The key to success
is unlocking the door to the unseen
- unknown**



KEY



Wherever the key icon is noted within text it refers to a hyper-link or for more information see a certain section.



Board



Audit and risk committee



Remuneration, nomination, human resources



Social and ethics committee



Investment committee

ABOUT PUTPROP



ABOUT PUTPROP

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INTEGRATED REPORTING INVESTMENT POLICY

STRATEGIC POSITIONING & BUSINESS MODEL

- Broaden geographic exposure into provinces other than Gauteng
- Continue to reduce vacancies and manage the lease expiry profile of the portfolio
- Optimise our profit before tax and growth in shareholder distributions
- Broaden our contractual tenant base so as to minimise risk of overdependence on a limited number of tenants
- Maintain a strong statement of financial position with limited exposure to gearing
- Contract with financially sound tenants on a long lease basis to provide steady income streams
- Preserve and enhance our properties with a structured on-going maintenance and upgrading programme

FOOT PRINT



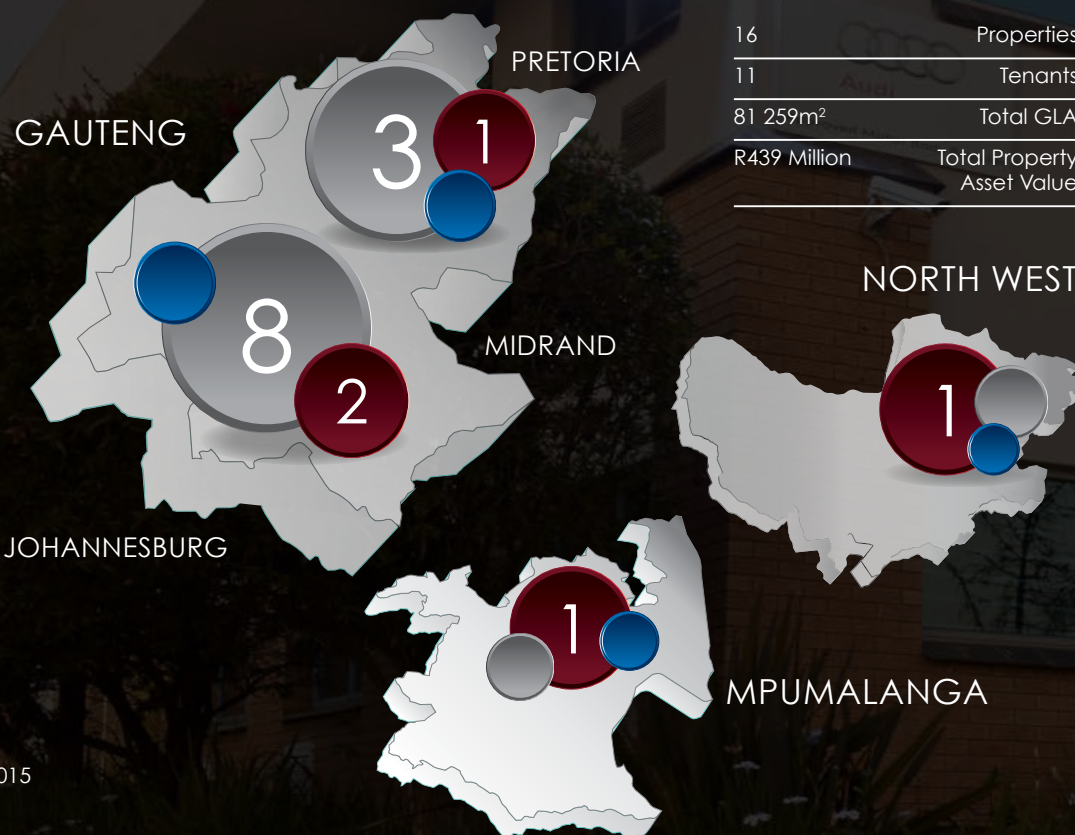
INDUSTRIAL



RETAIL



COMMERCIAL



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
- Responsibility and ownership for our actions
- All stakeholders are seen as a valued asset
- Our people drive our performance and results
- Our vision for our operations is long-term, the acorn developing into the oak tree are synonymous with our actions
- 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.

The Company listed on 4 July 1988. (JSE code: PPR) (Registration number: 1988/001085/06) The Company invests in industrial, commercial and retail properties, deriving its income from contracted rentals.

PRIME OBJECTIVES

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.

GROUP FIVE YEAR REVIEW

	2015 R'000	2014 R'000	2013 R'000	2012 R'000	2011 R'000
SUMMARISED INCOME STATEMENT					
Property revenue and recoveries	55 052	50 510	49 252	51 343	40 015
Straight-line rental income accrual	(916)	1 158	(1 419)	(3 700)	(1 960)
Property expenses	(14 958)	(13 280)	(12 393)	(14 664)	(6 849)
Net profit from property operations	39 178	38 388	35 440	32 979	31 206
Corporate and administrative expenses	(5 848)	(5 300)	(4 830)	(4 479)	(3 689)
Investment and other income	2 629	2 063	1 477	1 793	1 457
Associates' share of profits	13 167	19 371	1 597	1 156	–
Gain on Bargain purchase	10 918	–	–	–	–
Profit before capital items	59 155	54 522	33 684	31 449	28 974
Fair value adjustments	18 191	32 979	33 032	15 238	28 035
Net profit before tax	77 346	87 501	66 716	46 687	57 009
Dividend distribution per share (cents)	26.0	36.0	36.0	33.0	30.0
Headline earnings per share (cents)	85.1	86.3	86.8	74.1	66.1
SUMMARISED STATEMENT OF FINANCIAL POSITION					
Investment property	434 634	309 564	276 855	244 312	237 000
Investment in associates	114 473	66 068	50 728	48 369	3 769
Other non-current assets	2 990	4 307	4 382	2 405	5 685
Current assets	111 891	55 225	33 712	24 545	39 548
Total assets	663 978	435 164	365 677	319 631	286 002
EQUITY AND LIABILITIES					
Shareholders' equity	544 043	392 519	331 374	291 639	264 992
Non-controlling interest	26 780	–	–	–	–
Non-current liabilities	76 223	34 279	27 661	21 065	15 385
Current liabilities	15 932	8 366	6 642	6 927	5 625
Total equity and liabilities	663 978	435 164	319 631	286 002	251 193

2011	2012	2013	2014	2015
SHARE PRICE 30 JUNE (CENTS PER SHARE)				
550	630	650	735	556
DIVIDEND DISTRIBUTION (CENTS PER SHARE)				
30	33	36	36	26
INVESTMENT PROPERTY (MARKET VALUE R PER M ²)				
3 080	3 257	3 752	4 067	4 542
INVESTMENT PROPERTY (MARKET VALUE R'000)				
237	250	281	315	439
VACANCY PROFILE (GLA)*				
2 585	290	290	0	3640
COST TO INCOME RATIO% CORPORATE COSTS				
9.2	8.7	9.8	10.5	10.6
PROPERTY COSTS				
17.1	28.5	25.2	26.3	27.6

* Gross Lettable Area (GLA) is the amount of floor space available to be rented in a property, designed for tenant occupancy and exclusive use, for a defined period.

FINANCIAL STATISTICS

Definitions	2015	2014	2013	2012	2011
Current ratio	1 7.0	6.6	5.1	3.5	7.0
Cash ratio	2 6.5	5.4	4.8	2.1	5.1
Return on operational assets (%)	3 5.9	8.9	9.2	9.8	10.1
Return on equity (%)	4 5.2	6.4	7.6	7.3	7.1
Net asset value per share (cents)	5 1 219	1363	1151	1013	938
Dividend cover	6 3.2	2.4	2.4	2.2	2.2
Market capitalisation (R'000)	7 248 377	211 628	187 154	182 836	158 361

DEFINITIONS

1. Current ratio: current assets divided by current liabilities.
2. Cash ratio: cash and cash equivalents divided by current liabilities.
3. Return on operational assets: profit from operations divided by tangible non-current and current assets excluding capital work in progress.
4. Return on equity: headline earnings divided by ordinary shareholders' interest in capital reserves.
5. Net asset value per share: ordinary shareholder interest in capital and reserves divided by number of share in issue.
6. Dividend cover: headline earnings per share divided by dividend per share.
7. Market capitalisation: number of ordinary shares in issue multiplied by market value of shares at 30 June.

	2015 R'000	2014 R'000	2013 R'000	2012 R'000	2011 R'000
CASH FLOWS					
Cash generated from operations	44 064	26 585	37 228	30 748	28 032
Cash generated from operations per share (cents)	98.6	92.3	129.3	106.8	97.4
Cash and cash equivalents	103 651	45 032	31 785	14 295	28 847
OTHER STATISTICS					
Number of employees	6	7	7	7	7
Revenue per employee (R'000)	9 175	7 215	7 036	7 335	5 716
Dividend paid per employee (R'000)	1 682	1 481	1 481	1 357	1 233
Operating cost per employee (R'000)	3 468	2 654	2 460	2 734	1 505

2011	2012	2013	2014	2015
CASH GENERATED (CENTS PER SHARE)				
97	106	129	92	98
HEADLINE EARNINGS (CENTS PER SHARE)				
66	74	87	86	85
NET ASSET VALUE PER SHARE (CENTS)				
938	1 013	1 151	1 363	1 219



FINANCIAL

HIGHLIGHTS

- Gross property revenue up 9% to R55 million
- Net Asset value of 1 219 cents per share
- Annual escalation on contractual rental income maintained at our 9% in difficult rental market
- Associate contributions to profits of R13.2 million
- Market value per m² of property portfolio up 11.7% to R4 542 per m²

OPERATIONAL

HIGHLIGHTS

- Acquisition of Bank City, a office development in Potchefstroom
- Acquisition of a 51% holding in Secunda Value Mart a retail development in Secunda, with Builders Warehouse as lead tenant
- Divided distribution of 26 cents per share, the 28th consecutive year of a dividend payout to shareholders
- Successful rights issue offer concluded
- Completion of development of Phase 2, Summit Place, Menlyn Pretoria, to add 25 000m² GLA to development

INTEGRATED REPORTING - OUR APPROACH

SCOPE AND BOUNDARY

Putprop is pleased to present its fifth integrated report to stakeholders in accordance with the King Report on Governance for South Africa ("King III").

Our integrated report has been prepared to give all of our stakeholders insight into the business model, performance, governance framework, strategies, risks, and opportunities that exist at Putprop.

Our objective in reporting, is to provide stakeholders with a balanced view of our activities and to describe and explain management's decision making 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 decision making 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 Integrated Annual Report covers the Group's business activities, sustainability and financial activities from 1 July 2014 to 30 June 2015. In addition, material post reporting date events are disclosed for the sake of completeness.

In the areas that exist where Putprop can improve its reporting standards, we as a Group are committed to do so.

CORE BUSINESS ACTIVITY

Putprop's business comprises a single business activity, that of a Listed Property Fund. We own and manage a portfolio of office, retail and industrial properties, with a weighting towards the industrial segment. Management's approach to this asset is that of internal micro management, both to the

core asset and the operational management.

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 see 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. We have identified the following key stakeholder categories:

FINANCIAL STAKEHOLDERS

Our stakeholders – institutional, individual and corporate investors; and
Our providers of capital – commercial and investment banks.

COMMERCIAL STAKEHOLDERS

Our tenants who occupy our available retail, office and industrial properties; and

Services provided by our suppliers; security, cleaning, maintenance, construction and other property related services.

COMMUNITY AND ENVIRONMENTAL STAKEHOLDERS

Our general public, direct neighbours and the surrounding communities; and

We recognise also our impact and interaction with the environment and our obligation to act with responsibility in these areas.

OTHER

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

ASSURANCE AND COMPARABILITY

Preparation of this integrated report was done in accordance with best practice, applying the principles of King III the Companies (Act 71 of 2008 as amended) ("the Companies Act"), International Financial Reporting Standards ("IFRS"), and the Listing Requirements of the JSE Limited ("the JSE")

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. Putprop has not pursued external assurance for its non-financial information contained in this report.



KEY PROPERTIES

Top 10 properties by rental

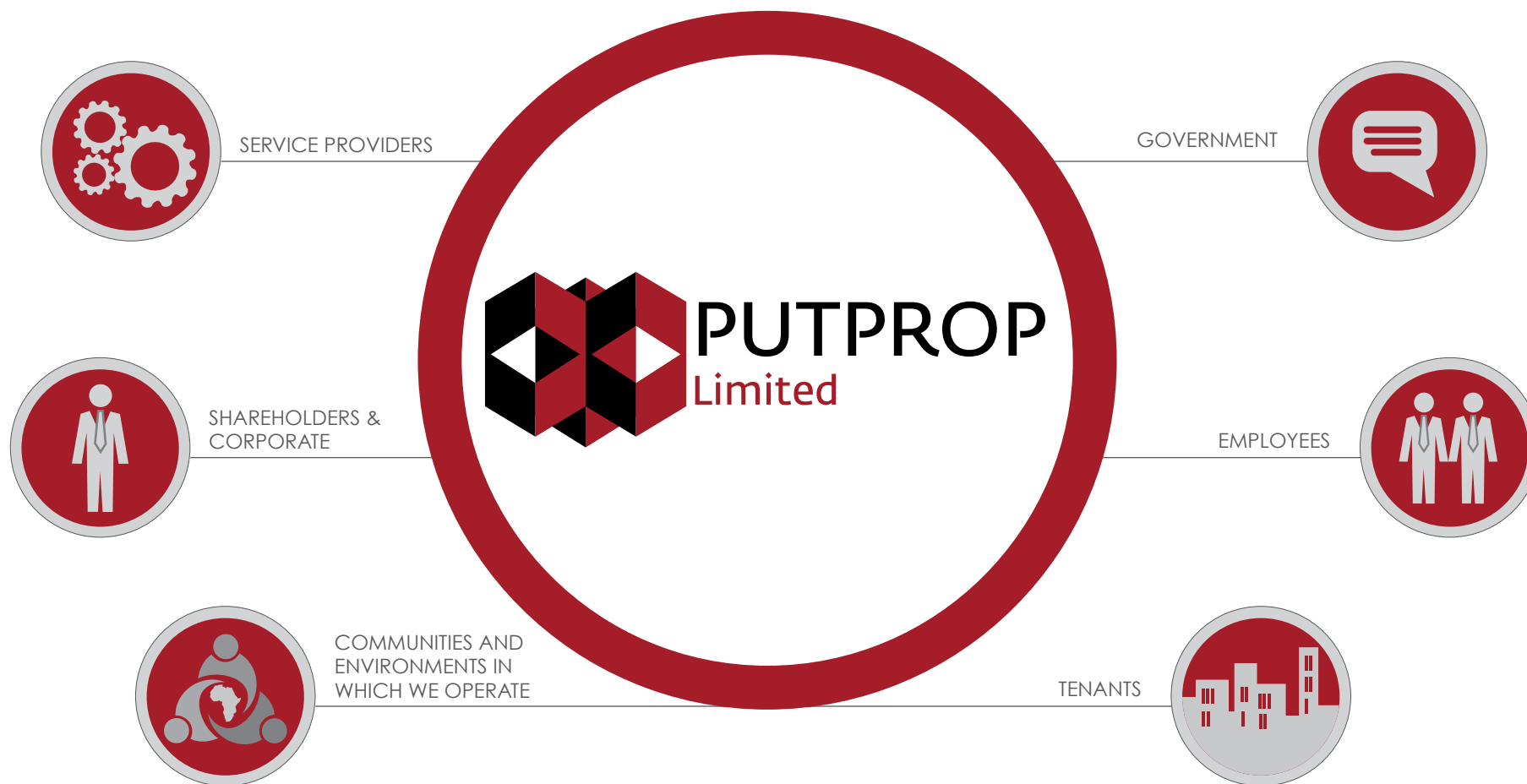


Property	SELBY PARK	PUTCOTON	SOSHANGUWE	DUBIGEON	GRAND CENTRAL
Sector					
Location	Johannesburg	West Rand	Rosslyn	Brits	Midrand
Rentable area M ²	13 909	9 559	2 964	10 545	3 827
Rental 12 months 30 June 2015 (R'000)	8 089	7 413	1 348	5 304	2 525
Average gross rentals Rm ²	44.8	59.8	35.0	37.7	55.0
Valuation R/m ²	3 522	3 985	1 012	2 750	6 663
Property Synopsis	Location: Ignatius Street, Selby, Johannesburg, Gauteng Value: 30 June R49.0 million Major tenant: Larimar Group Triple Net Tenant Activities: Mass transport handling facility and workshop operation Occupancy: 100%	Location: 115 New Canada road, Putcoton Value: 30 June R38.1 million Major tenant: Larimar Group Triple Net Tenant Activities: Mass transport handling facility and workshop operation Occupancy: 100%	Location: 1A Soshanguwe, Rosslyn Value: 30 June R30 million Major tenant: Larimar Group Triple Net Tenant Activities: Mass transport handling facility and workshop operation Occupancy: 100%	Location: Piet Rautenbach Street, Brits, Gauteng Value: 30 June R29 million Major tenant: Larimar Group Triple Net Tenant Activities: One of the largest bus body manufacturing sites in Africa Occupancy: 100%	Location: Erf 71 New Road, Grand Central, Midrand, Gauteng Value: 30 June R25.5 million Major tenant: Cornright Motors Triple Net Tenant Activities: Auto restoration centre Occupancy: 100%



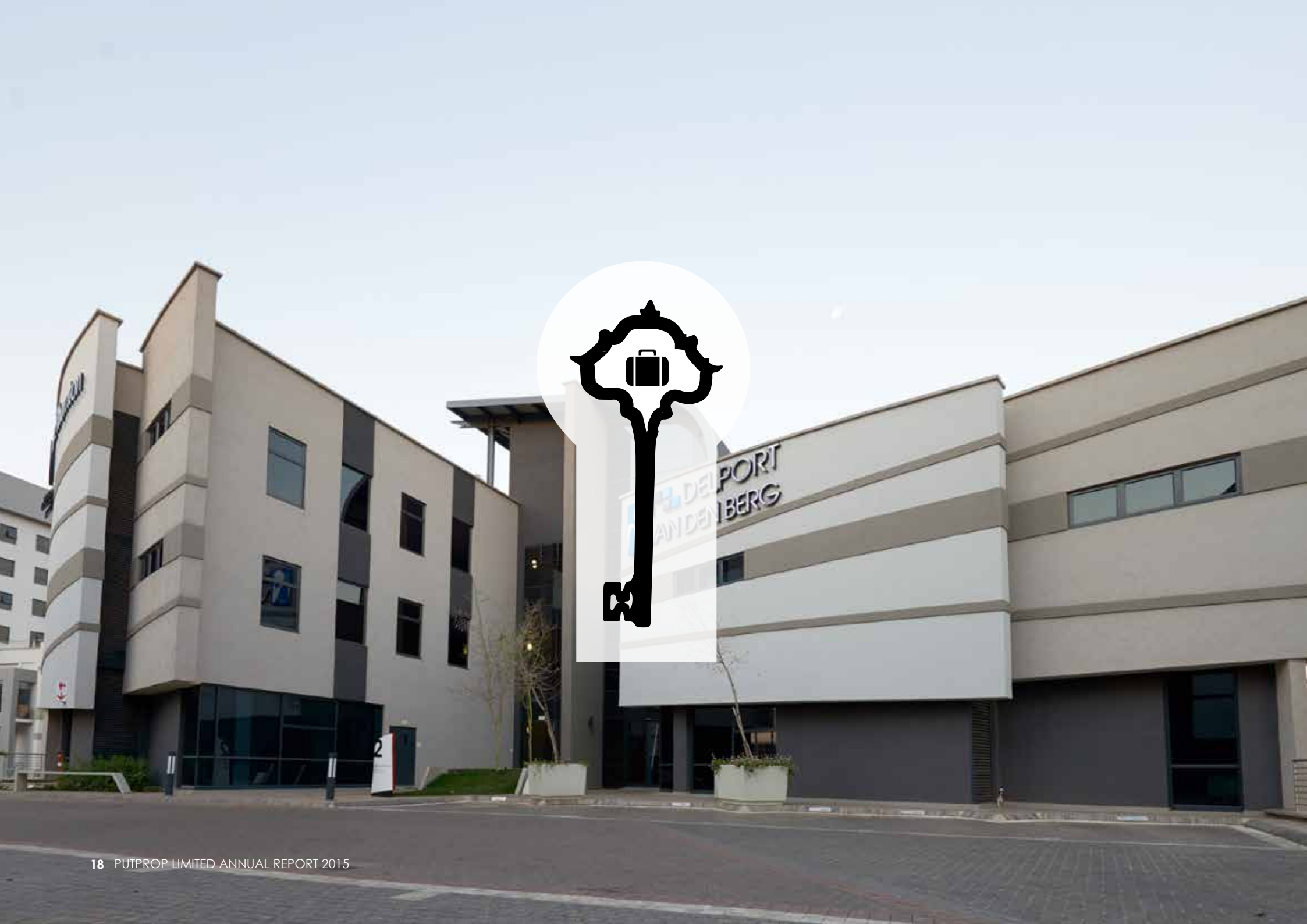
Property	LEA GLEN 1	LEA GLEN 2	DOBSONVILLE	EAGLE CANYON	BANK CITY
Sector					
Location	West Rand	West Rand	Soweto	Honeydew	Potchefstroom
Rentable area M ²	7 200	6 728	3 500	2 241	2 339
Rental 12 months 30 June 2015 (R'000)	2 830	2 965	3 032	2 216	2 550
Average gross rentals Rm ²	32.7	34.0	66.8	82.4	90.6
Valuation R/m ²	3 333	3 418	6 428	10 040	9 192
Property Synopsis	Location: 4 Amanda Ave, Lea Glen, Roodepoort Value: 30 June R24.0 million Major tenant: Larimar Group Triple Net Tenant Activities: Parts Storage facility and warehouse Occupancy: 100%	Location: 3 Minerva Ave Lea Glen, Roodepoort Value: 30 June R23.0 million Major tenant: Larimar Group Triple Net Tenant Activities: Engine re-manufacture facility and rework center Occupancy: 100%	Location: 1 Dobsonville Road, Dobsonville Value: 30 June R23.0 million Major tenant: Larimar Group Triple Net Tenant Activities: Mass transport handling facility and workshop operation Occupancy: 100%	Location: 159 Estates, Blueberry Avenue, Roodepoort, Gauteng Value: 30 June R22.5 million Major tenant: Super Group Limited Triple Net Tenant Activities: General Motors Dealership Occupancy: 100%	Location: Retief and Walter Sisulu Street, Potchefstroom Value: 30 June R21.5 million Major tenant: Standard Bank, Liberty, Ukwazi, Nursing Activities: Retail and Commercial Occupancy: 100%

KEY STAKEHOLDERS





**"Try not to become a man of success, but
rather a man of value"**
- Albert Einstein

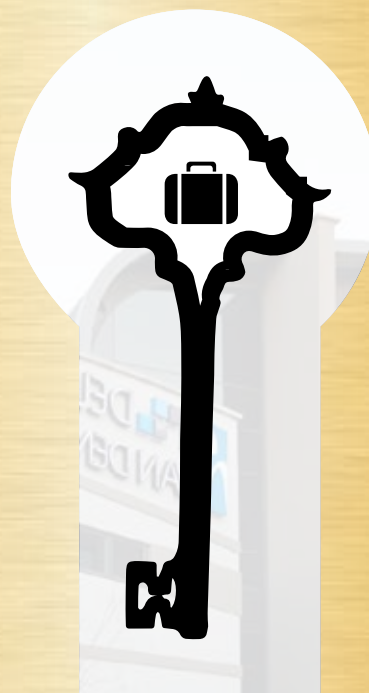


BUSINESS REVIEW & GOVERNANCE



BUSINESS REVIEW & GOVERNANCE

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IDEAS

STATISTICS

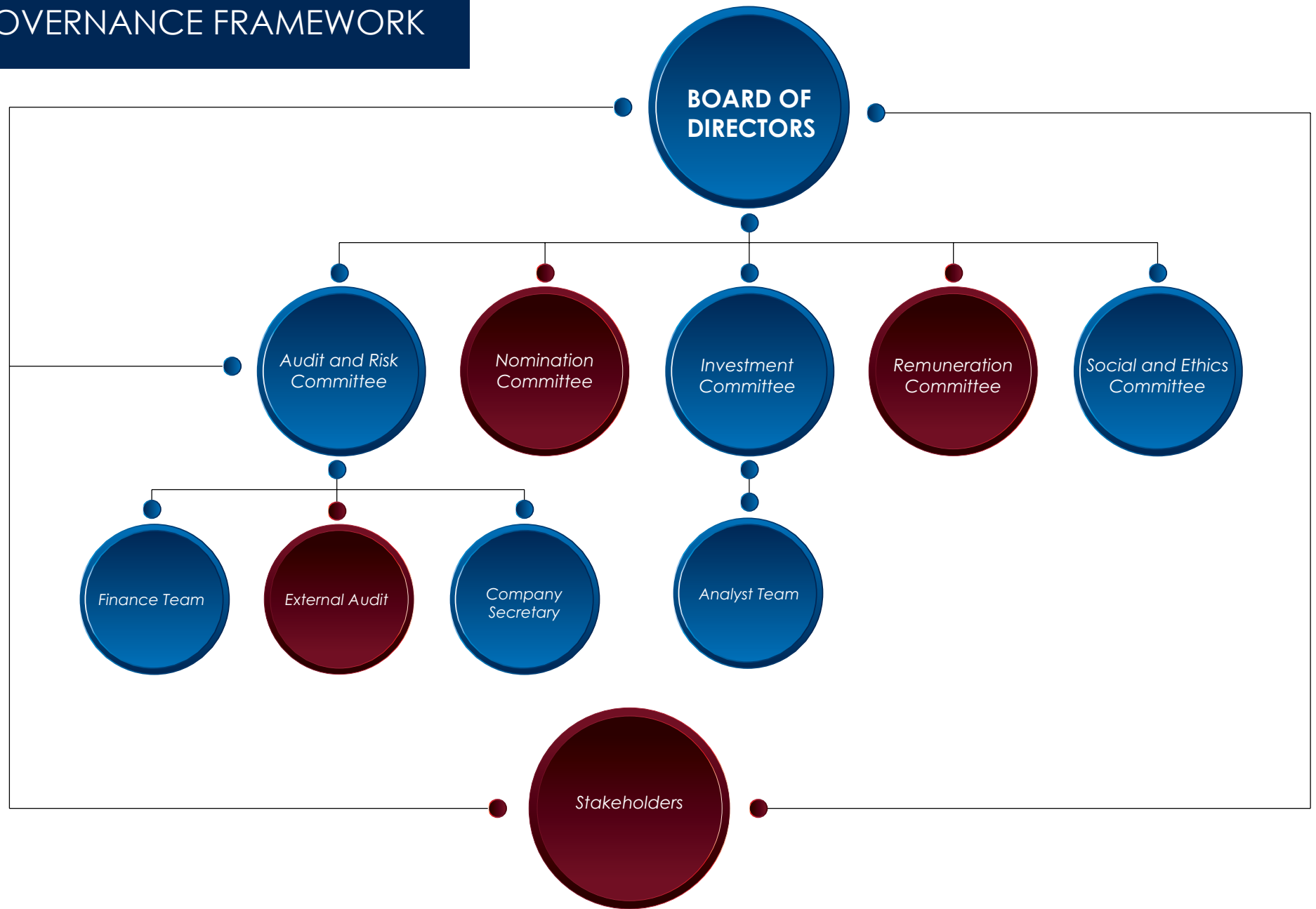
COMMITTEE





“Remember this, the choices you make in life, make you”
- John Wooden

GOVERNANCE FRAMEWORK





“As our history shows, Putprop has delivered steadily over the past decade in terms of returns, profitability and distributions. Our approach has been one of conservative growth with our primary objective of building a quality portfolio with strong contractual cash flows resulting in long-term sustainability and capital appreciation over this period”.

INTRODUCTION

On behalf of the Board of directors I am pleased to report to our shareholders and other stakeholders on the 28th annual results of the Group for the year ended 30 June 2015.

As our history shows, Putprop has delivered steadily over the past decade in terms of returns, profitability and distributions. Our approach has been one of conservative growth with our primary objective of building a quality portfolio with strong contractual cash flows resulting in long-term sustainability and capital appreciation over this period. Our dividend distribution policy, with our 28th consecutive payout, continues to provide consistency and certainty to our shareholder base.

THE SOUTH AFRICAN PROPERTY MARKET

The year again reflected a continuation of the volatile markets of the previous year, with stagnant economic growth in the developed economies and reduced growth in emerging markets. South Africa again struggled to achieve a meaningful growth with a growth of 1.5% to 1.8% forecast for 2015. Eskom's load shedding woes have had an extremely negative effect on business and consumer confidence, as well as overseas investors.

The local property sectors operating environment remains challenging with new market forces and variables evident in the trading year. Static interest rates, bond market weakness with higher yields, as well as downward pressure on the local currency, all played a part in reducing property yields.

Operating conditions remained difficult with rising vacancies, longer collection times and a deterioration of rental escalations on new leases and renewals.

Competition for stable, low risk tenants remains fierce, with resultant downward pressure on both new rentals and renewals.

As a result we are seeing an increasing demand from new tenant sign-ups for short leases of 12 to 24 months, down from a 36 to 60 months of previous periods. Renewals too, are reflecting these shorter commitment periods. In addition, the local office sector remains under severe pressure with record high vacancy rates and low yields. Vacancies in key nodes have progressively affected the asking rentals with decreases reaching levels of up to 14%. Putprop's exposure is marginal at present in this sector.

Industrial property performance continued to be strong both for the sector and Putprop. There is growing pressure on the manufacturing sector resulting from the disruptions caused by Eskom, but, due to the nature of our current tenant base being mainly logistical, there was little effect on the Group.

Retailers continue to experience strong demand in the sector.

With substantial increases both on fixed and consumption (electricity, water and sewerage) charges levied by municipalities and Eskom's announced 25% tariff increase on electricity, the trend of fixed costs not being fully recovered from tenants increased. Profitability experienced downward pressure as a result. The high increase in consumption costs placed increased pressure on the tenant base, with profitability margins squeezed and a higher risk of default.

Putprop was not immune to the effects of these market conditions; we are, however, fortunate to have a stable portfolio of mainly listed national and blue chip tenants, allowing some protection against many of the factors mentioned above.

RIGHTS ISSUE

The Group conducted a successful issue of additional shares by means of a rights issue to existing shareholders during this review period. The capital raised will be utilised to acquire rental producing properties

RESULTS

Although the year under review presented challenges for Putprop, the Group produced results that again showed a strong operating profit before capital adjustments in respect of our property portfolio revaluations.

The review period reflects an decrease of 11.6% on Putprop's profit before taxation with headline earnings flat at 85.1 cents per share (2014: 86.3 cents per share). Group net profit was down by 9.8% to R64.4 million (2014: R71.5 million). This decrease in earnings resulted from a decrease in the Groups share of associated profits, partially offset by a bargain purchase price adjustment

The Group again actively pursued potential acquisitions during the year in terms of its 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. A commercial property, Bank City in Potchefstroom was acquired in July 2014. An investment in Secunda Value Mart a retail centre in Mpumalanga was acquired in October 2014, and an investment in a development in Witbank in May 2015. This is the Group's first foray outside the Gauteng area. The Board continues to insist on stringent parameters being met before an investment is made.

The directors have decided to declare a final dividend of 15 cents per share payable after 30 June 2015 (30 June 2014: 18 cents). The total declared dividend for the year is 26 cents per share (2014: 36 cents).

PROPERTY PORTFOLIO

At 30 June 2015 our property portfolio consisted of 16 (2014: 15) properties, situated primarily in the Johannesburg and Pretoria metropolitan areas of Gauteng valued at R439.4 million (2014: R315.2 million). The performance of the investment property portfolio was strong with average annual property yields of 9%. The portfolio has a total gross lettable area of 81 259m² (2014: 74 993 m²). Centurion Gate, Building 11 was disposed of during the year as it no longer met the Group's investment criteria.



ACTING CHAIRMANS REPORT (CONTINUED)

BOARD CHANGES

Paul Nucci, and Paolo Senatore resigned from the Board as independent non-executive directors during this reporting period.

Andrew Adrian retired as non-executive Chairman of the Board, a position he has held for over 10 years.

I would like to thank Paul, Paolo and Andrew for the dedicated and active service they have given the Group over the past years.

As the Group grows, so does the demand for exceptional standards of corporate governance, resulting in a need for Board members with a high level of property experience as well as financial skills and independent oversight.

Kura Chihota, Mark Gemmill, Nonku Ntshona and Richard Tiefenthaler were appointed as independent Non-executive directors to the Board, effective from 2 March 2015. Richard Tiefenthaler subsequently resigned, effective from 5 August 2015 due to time constraints from his other commitments. The additions will bring to the Group a wealth of diverse experience including legal, financial and property knowledge.

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

BOARD EVALUATION

In May 2015 we again commissioned a specialist Company to evaluate the Board of Directors using a self and peer evaluation method and to benchmark the composition of the Board with two other listed property companies.

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.

PROSPECTS

Our strategy is to enhance our property portfolio by investing in suitable industrial, retail and commercial properties to improve our income streams. To this end, the Group will continue to actively pursue the acquisition of additional investments.

The Group has substantial cash resources (2015: R103.6 million; 2014: R45.0 million). As a result of the rights offer to shareholders successfully concluded in February which, together with the Board's recent decision to make use of limited gearing, will allow the Group to consider property acquisitions of a more substantial nature. As noted elsewhere in this report, Larimar our major tenant will not renew the leases of certain of the properties currently tenanted by them. These available cash resources will be utilised to acquire suitable rental generating properties to combat this loss of rental income and additionally to achieve one of the Groups main strategies that of diversification of its rental stream base from one major tenant.

Looking ahead, we believe property fundamentals will remain relatively stable. Growth in gross domestic product is forecast by most economists to be in the region of 1.2% to 1.7% for the 2016 year. Trading conditions in the year ahead are expected to remain challenging.

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

maintenance and renovation policies. We will strive to establish and build sustainable partnerships and joint ventures with organisations of a similar philosophy.

The Group continues to be in discussions with several parties to investigate the possibility of developing certain of our geographically well-positioned properties into large retail outlets or residential areas, with a view to unlocking greater value for shareholders

Based on management's experience, the property sector will continue to grow and show improvement, however at a lower rate.

IN CLOSING

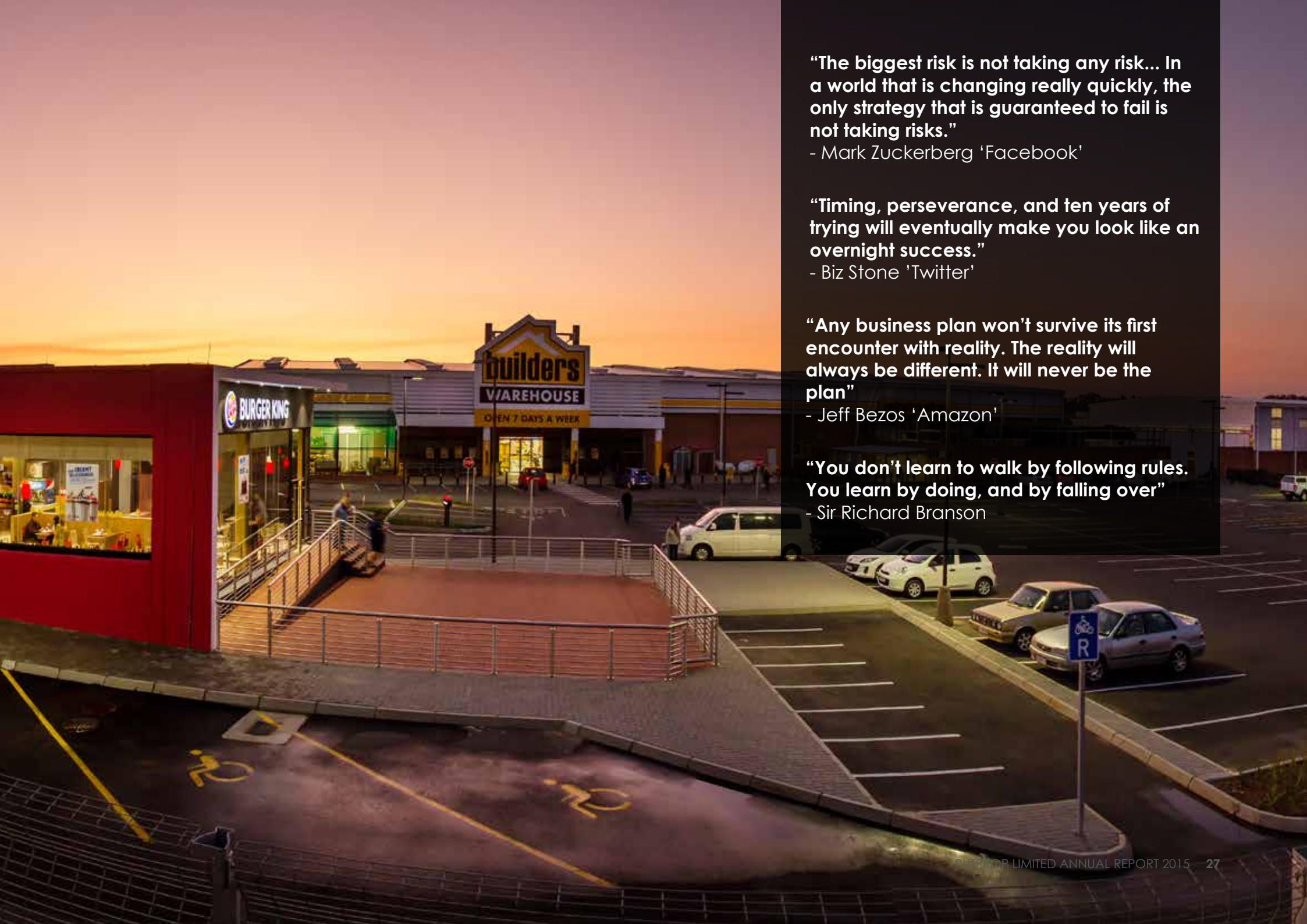
Given the current business climate, I wish to thank the people who contributed to the Group's success and performance, in particular our tenants for their continued support, as well as all our shareholders and other stakeholders.

Finally, I thank my fellow Board members for their contribution and support, and the management and staff for their work in delivering another set of impressive results, under difficult conditions.



Johann Van Zyl
Acting Chairman

Johannesburg
9 September 2014



"The biggest risk is not taking any risk... In a world that is changing really quickly, the only strategy that is guaranteed to fail is not taking risks."

- Mark Zuckerberg 'Facebook'

"Timing, perseverance, and ten years of trying will eventually make you look like an overnight success."

- Biz Stone 'Twitter'

"Any business plan won't survive its first encounter with reality. The reality will always be different. It will never be the plan"

- Jeff Bezos 'Amazon'

"You don't learn to walk by following rules. You learn by doing, and by falling over"

- Sir Richard Branson



“The year under review again reflected vigorous activity in the listed property sector with several substantial new listings coming to market. Returns achieved by the sector were up on previous years, but this increase is unlikely to be sustainable in the 2016 year”.

OVERVIEW

On behalf of the Board, I am pleased to present Putprop's 28TH Annual Report for the year ended 30 June 2015.

Our results continue to reflect a growing company with a limited exposure to gearing, but maintaining a strong cash flow and continuous distributions to our shareholders.

The year under review again reflected vigorous activity in the listed property sector with several substantial new listings coming to market. Returns achieved by the sector were up on previous years, but this increase is unlikely to be sustainable in the 2016 year. Putprop again actively sought out possible acquisitions that would add value to the Group's strategic objective of building a quality portfolio with excellent contractual cash flows. Numerous opportunities were considered by the property committee and forwarded to the Board for consideration. Of these, Bank City, a commercial office block in Potchefstroom was acquired in July 2014 and Secunda Value Mart, a retail development in Secunda with a GLA of 9 520m², to be completed in October 2015. At present, the possible pipeline

of investment acquisitions that meet the Group's stringent requirements is fairly large and opportunities are still under consideration. A more aggressive approach in respect of investment acquisitions is expected in 2016.

The successful capital raising exercise undertaken in this reporting period has added to our ability to consider more substantial acquisitions. These will be income and tenant driven. Our joint venture investigations into retail development opportunities continue to be pursued. Due to planning and rezoning issues we do not expect finality in these possible opportunities until late 2016. We will 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.

Our interest in associate investment opportunities was increased during the current year, with an additional investment being concluded in a development in Witbank. An 80% holding in a 50% undivided share was acquired in a motor retail development, Corridor Hill. We partnered with the Bidvest Group to develop a Volkswagen dealership, with a Bidvest group company as tenant. The

dealership will open in December 2015 and has a 10 year head lease. Our associate shareholding held in Summit Place, a development of over 40 000m² opposite the Menlyn Centre in Pretoria, continues to progress well. Phase 1 is now complete with tenant occupation finalized. Phase 2 is set for completion in late 2015/6. Both phases, we believe, will add substantially to our income stream going forward in the medium to long-term. The development, a mix of commercial and retail space, will have an estimated value of R500 million to R700 million when complete, with major nationals as tenants, as well as a hotel group. This acquisition will also assist the Group in its diversification strategy.

An acquisition of a 51% holding in Secunda Value Mart, situated in Secunda was also finalised in this period. This is a retail center development of 11480m² GLA with Builders Warehouse and Burger King as anchor tenants. Leases of 10 years have been concluded. Occupation is from May 2015 for anchor tenants.

PERFORMANCE OVERVIEW

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

	2015 R'000	2014 R'000
Gross property revenue	55 052	50 510
Operating profit	48 237	54 522
Associate Share of Profits	13 167	19 371
Profit on sale of Investments	800	282
Fair value adjustment	17 391	32 697
Gain on bargain purchase	10 918	–
Net profit before taxation	77 346	87 501
Taxation	(12 874)	(15 991)
Attributable to owners of parent	64 472	71 510

Property revenue and recoveries excluding straight-line rental was up at R55.0 million. The Group continued to monitor and control costs aggressively.

Maintenance, our highest non-recoverable property expense, was again targeted for the current year with our standard policy procedure of planned intervention, as opposed to emergency intervention, continuing. Property costs to income increased marginally from 26.3% to 27.6%. Vacancies continued also to be a main focus point. Vacancies suffered a deterioration during this reporting period to 4.7% of GLA (2014 Nil). However only one property represents this value. Our current level of maintenance and refurbishment expenditure is expected to increase in the next reporting period, as the Group continues its policy of development and refurbishment of existing properties in order to maintain its capital infrastructure and extract additional value from its investment. Administration costs were controlled, with a cost to income ratio of 10.6% compared to 10.5% for the previous year.

Going forward, administration costs are expected to increase at between 8% and 10% levels. The containment of both property and administrative operational costs will again be a specific priority focus for management in the year ahead.

Profit available for distribution to equity holders decreased by 9.4% to R64.8 million (2014: R71.5 million).

This decrease is attributable to the lower associated company profits realised in 2015.

The net asset value of the Group decreased over the reporting period by 10.5% from 1 363 cents per share to 1 219 cents per share as at 30 June 2015.

An interim dividend was declared in October 2014 of 11 cents per share. The Board has approved a final dividend of 15 cents per share (2014: 18 cents). This brings the total distribution for the year to 26 cents (2014: 36 cents).

MARKET OVERVIEW

The South African real estate market maintained a modest growth during the review period. Uncertainty still exists in global and local markets, with consumer confidence on the downturn, resulting in low local demand. Vacancies in the market overall rose to over 7% on average which

makes Putprop's vacancy rate at year end of 4.7% reasonable. The quality of properties offered for sale was again of varying quality and yields. A large number of properties were offered to the market either with high existing vacancy rates or with a lease expiry profile of less than 12 months. It is the Board's policy to acquire investment properties with a minimum of 18 months contracted rental in place, unless the property has exceptional other attributes.

Management continues to look at all opportunities with the objective of acquiring suitable properties should they present themselves. However, the risk of failure to be able to tenant such properties remains high with a resultant high carrying cost. Acquisitions are only considered if future wealth creation could be accurately ascertained.

We will continue to seek income producing, high quality properties, assessing each opportunity on its merits. The funding for these will have a cash component as well as a financing component. Certain opportunities are actively under consideration, and, if successful, an announcement will be made in due course.

PORTFOLIO OVERVIEW

The Group's property portfolio as at 30 June 2015 consisted of 16 properties (2014: 15 properties) with a gross lettable area of 81 259 m² (2014: 74 993 m²). Full details of the property portfolio appear on pages 57 to 62 of this report. The entire portfolio was independently valued at 30 June 2015 with a fair value adjustment upwards of R16.4 million (2014: R33.8 million up). Bank City, a commercial office block situated in Potchefstroom, North West Province, with GLA of 2 339m² was acquired in July 2014. National tenants form 75% of the tenant base. All properties are fully tenanted with the exception of one property in the industrial sector.

EXPANSIONS AND REFURBISHMENTS

The cost of expansions, tenant refurbishments and revamps for the review period amounted to R81,000 (2014: R12,000). No major expansion plan was undertaken for the year under review.

FROM THE CHIEF EXECUTIVE OFFICER (CONTINUED)



Capital expenditure on existing properties to the value of R4.7 million (2014: Nil) has been approved by the directors for the next financial period in respect of additional work shop bays for our Putcoton property. A new lease for 5 years has been negotiated for this expenditure.

TOP PROPERTIES

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

Property	Gross lettable area m ²	Rental contri- bution %	Value 30 June 2015 R'000
Selby Park	13 909	19.0	49 000
Putcoton	9 559	17.4	38 000
Dubigeon	10 545	12.5	29 000
Putco Dobsonville	3 500	7.2	22 500
Lea Glen 2	6 728	7.1	23 000

PORTFOLIO ANALYSIS

The geographical spread and sectoral profile of the Group's investment portfolio are reported in graphical format on pages 58 and 59. The lease expiry profile on page 60 of this report reflects that 75% of the Group's leases expire during the coming year. At present, Lea Glen 3 is tenanted on a monthly basis. In respect of our major tenant, the Laminar Group, management has commenced negotiations for those leases expiring in December 2015. These leases at present account for around 80% of the Groups rental revenue. Laminar has indicated they will not renew four of the properties currently occupied by them. This will result in a loss of rental income of 35% going forward from January 2016. We are fortunate to have large cash reserves which are available to pursue suitable rental producing properties to counter this effect. In addition management has begun the process of aggressively marketing these properties to source new tenants.

The bulk of our leases are with 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 8% retail, 8.5% commercial and 8% industrial.

SECTORAL REVIEW

RETAIL

The retail segment performed well, with no vacancies as at 30 June 2015. The retail portfolio was written up by R4 million (2014: R3.6 million up). No leases expired during the year.

Secunda Value Mart was acquired during this reporting period.

The retail properties make up 13.1% (2014: 7.9%) of the total gross lettable area of the property portfolio.

COMMERCIAL

The Group has limited exposure in the commercial segment at present but has taken a strategic

decision to increase its interest in this segment in the short term. Although the office sector is evidenced by high vacancies and high tenant defaults, we feel that should suitable opportunities present themselves, that meet our entry parameters, investment may be profitable and help grow our capital matrix.

The Group purchased an additional commercial property, Bank City in Potchefstroom, tenanted by one of the major retail banks with a long term lease in place. Our exposure to the commercial segment is 2.9% in respect of GLA (2014: 3.8%).

During the year Centurion Gate building 11 was sold as it no longer met the Group investment criteria. No revaluation of the commercial portfolio was deemed necessary in the current year (2014: No revaluation).

INDUSTRIAL

The industrial sector continued to be the Group's best performing sector, as it has been over the last five years; contractual rental income increased marginally to R45.6 million (2014: R43.5 million). Vacancies were 4.7% for the period (2014: Nil). As noted above future vacancies may increase substantially from January 2016, due to Laminar not renewing all of the properties they currently occupy.

The industrial portfolio was revalued upwards by R12.75 million (2014: R29.9 million up) at 30 June 2015. The average contractual escalation at June is 8%. Our industrial properties make up 84% (2014: 88%) of our total gross lettable area.

FUTURE PROPERTY ACQUISITIONS

Opportunities that are being examined are further investments in the retail and commercial space.

BORROWINGS

The Group has limited borrowings of R39 million (2014: Nil). Loan liabilities relate to our investment in Secunda.

THE YEAR AHEAD

Looking ahead, we believe that the next 12 months will continue to present challenges for the property sector as a whole, with the likelihood of continued pressure on rentals and vacant rental space. From an operating perspective the year ahead for Putprop will be extremely challenging due to the loss of a substantial portion of our rental income. Our main objective, is still to construct a deal pipeline in the year ahead in order to strengthen our property portfolio and to increase our earnings over the short to medium term. We will also continue, however, with our strategy of diversifying our portfolio, into both the commercial and new geographic areas, in order to deliver long-term growth for our shareholders, and to reduce the significant over dependence on a single tenant. Our major focus will be to replace the loss of our major tenant in four of our buildings with suitable tenants producing an acceptable yield to the Group.

Finally, I would like to express my thanks and appreciation to the Chairman and 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
8 September 2014



BOARD OF DIRECTORS



Johann Van Zyl (50)
Acting Chairman
Independent, non-executive
director
CA (SA)



James Smith (62)
Financial Director
BSc, B.Accounting, CIEA



Kura Chihota (43)
Independent non executive
director



Richard Tiefenthaler (49)
Independent non executive
director



Board



Audit and risk
committee



Remuneration, nomination,
human resources



Social and ethics
committee



Investment
committee



Anna Carleo-Novello (54)
Executive director



Mark W. Gemmill (47)
Independent non executive
director



Nonku Ntshona (39)
Independent non executive
director



Bruno Carleo (59)
Chief Executive Officer



BOARD OF DIRECTORS



Johann Van Zyl (50) Acting Chairman
Independent, non-executive director
CA (SA)

Johann was appointed to the Board in October 2013 in order to add more value and experience in the property development sector. Johann is a Chartered Accountant by profession, who currently holds the position of Financial Director at Neo Trend Property Developers Proprietary Limited.

Johann brings to the Company over 19 years' experience in the retail, commercial and industrial property sectors and has been involved in several "cradle to grave" mixed use developments. In addition he has extensive financial management experience in commercial operations. He holds directorships in a number of unlisted companies.

James Smith (62)
Financial Director

BSc, B.Accounting, CIEA

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 over 23 years' board experience and has also gained extensive retail, commercial and property experience with over 13 years operational and management exposure in retail operations. He also holds directorships in several unlisted companies.



Richard Tiefenthalern (49)
Independent,
non-executive director

(resigned, effective 5 August 2015)
Richard, who is a qualified attorney and professional Quantity Surveyor, holds an International MBA (Linz, Austria) and is a member of, *inter alia*, the Law Society of Gauteng, the Association of South African Quantity Surveyors and the South African Institute of Building. Following two years as a property development manager, Richard is currently practising as a senior partner of Tiefenthaler Attorneys and is a member of Tiefenthaler Consulting.



Kura Chihota (43)
Independent, non-executive director

Kura is a property practitioner with over 15 years' experience in the real estate sector. Subsequent to obtaining his BCom degree, Kura also completed a Postgraduate Diploma in Business Management (DeMontfort, United Kingdom), a Real Estate Management Programme (Harvard Business School, United States) and a Property Development Programme (University of Cape Town). He is currently the Managing Director of Leapfrog Commercial Property Group, a commercial consultancy, and sits on the board of a large listed property income fund.

Anna Carleo-Novello (54)

Executive director

Anna has executive managerial experience in both property administration and development, as well as over 12 years' experience in the retail market. Anna joined Putprop 15 years ago gaining exposure to all aspects of the Group. She was appointed to the Board in February 2001. Anna has held numerous board positions in both listed and non-listed companies and continues to sit on 9 boards.



Bruno Carleo (59)

Chief Executive Officer

Bruno has held numerous senior managerial positions in the transport and property industries gaining varied experience over 18 years before bringing a wealth of operational experience to Putprop. He joined the Board in 1992 and holds directorships in several unlisted companies.



Kura Chihota (47)

Independent, non-executive director

Mark has a Masters degree in Business Administration from the University of Cape Town. With over 20 years' experience in the corporate finance and investment banking sectors both locally and abroad, Mark is currently the manager of a niche focussed transaction origination and execution service provider which he founded in 2007.

Nonku Ntshona (39)

Independent, non-executive director

Nonku is a qualified Quantity Surveyor with a post graduate diploma in Property Development and Management and a Masters degree in Building. She is a member on numerous professional bodies such as council member at the South African Property Owners Association (SAPOA) and the South African Council of Quantity Surveyors Profession (SACQSP). Nonku is the founder and Managing Director of Nonku Ntshona & Associates Quantity Surveyors Proprietary Limited.



CORPORATE GOVERNANCE REVIEW

PHILOSOPHY

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

The detailed checklist of these provisions, together with any non-compliance can be found on the company's website, www.putprop.co.za.

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.



APPLICATION OF PRINCIPLES IN KING III CODE

Putprop is aware of and complies with all regulation relative to its operations. The Board aims to apply the best practice recommendations as set out in the King Report, in a manner that reflects the stature, market position and size of the Group.

A detailed list of the Groups applications of King III principles is set out below and can also be viewed on Putprop's website at www.putprop.co.za

1 Not Applied / Will Not Be Applied

2 In Process / Partially applied

3 Full application

	Principle	Level of Application	Comments
1.	Ethical leadership and corporate citizenship		
1.1	The Board should provide effective leadership based on an ethical foundation	3	Ethics form part of the values of the Board and Group
1.2	The Board should ensure that the Group is, and is seen to be, a responsible corporate citizen	3	The Group identifies and contributes to selected corporate social investment initiatives
1.3	The Board should ensure that the Group's ethics are managed effectively	3	The Board meets regularly to review management of the Group. A Social and Ethics Committee is in place which supports the Board in managing the ethics program
2.	Board and Directors		
2.1	The Board should act as the focal point for and custodian of corporate governance	3	Contained in board charter as guiding principle
2.2	The Board should appreciate that strategy, risk, performance and sustainability are inseparable	3	Contained in board charter as guiding principle
2.3	The Board should provide effective leadership based on an ethical foundation	3	Contained in board charter as guiding principle
2.4	The Board should ensure that the Group is and is seen to be a responsible corporate citizen	3	The Group identifies and contributes to selected corporate social investment initiatives
2.5	The Board should ensure that the Group's ethics are managed effectively	3	The Board meets regularly to review management of the Group. Feedback from the Social and Ethics Committee is a standard item on the Board agenda
2.6	The Board should ensure that the Group has an effective and independent audit committee	3	An Audit and Risk Committee is in operation and is chaired by an independent non-executive director
2.7	The Board should be responsible for the governance of risk	3	Contained in board charter as guiding principle. The Board is supported by the Audit and Risk Committee
2.8	The Board should be responsible for information technology (IT) governance	2	IT Risks are managed through the Audit and Risk Committee

CORPORATE GOVERNANCE REVIEW

	Principle	Level of Application	Comments
2.9	The Board should ensure that the Group complies with applicable laws and considers adherence to non-binding rules, codes and standards	3	Contained in board charter as guiding principle and reviewed regularly
2.10	The Board should ensure that there is an effective risk-based internal audit	1	Due to the size of the Group, the Board considers this unnecessary at present. This requirement will be assessed annually.
2.11	The Board should appreciate that stakeholders' perceptions affect the Group's reputation	3	Contained in board charter as guiding principle
2.12	The Board should ensure the integrity of the Group's integrated report	3	The Board and members of the Audit and Risk Committee review the Integrated Annual Report
2.13	The Board should report on the effectiveness of the Group's system of internal controls	3	The internal controls are reviewed by the Audit and Risk Committee who also reports to shareholders via the committee's report which is included in the annual financial statements
2.14	The Board and its directors should act in the best interests of the Group	3	Contained in board charter as guiding principle
2.15	The Board should consider business rescue proceedings or other turnaround mechanisms as soon as the Group is financially distressed as defined in the Act	3	None of the related companies are currently in business rescue
2.16	The Board should elect a chairman of the Board who is an independent non-executive director. The CEO of the Group should not also fulfil the role of chairman of the Board	3	The Board has elected a Chairman. The chairman is independent and is not the CEO
2.17	The Board should appoint the Chief Executive Officer and establish a framework for the delegation of authority	3	The Board has appointed a CEO
2.18	The Board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	3	The Board consists of 7 directors including the 3 executive directors. All the non-executive directors are independent
2.19	Directors should be appointed through a formal process	3	A formal and transparent process is in place for appointing directors. The Remuneration, Nominations and Human Resources Committee assists with the process of identifying and appointing suitable candidates
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	3	Training and development needs were formally assessed by an independent advisor in 2015.
2.21	The Board should be assisted by a competent, suitably qualified and experienced Group Secretary	3	The Board considers the Group Secretary to be suitably qualified and experienced and in a position to advise the Group independently

	Principle	Level of Application	Comments
2.22	The evaluation of the Board, its committees and the individual directors should be performed every year	3	The Board delegates certain functions to the following committees: Audit and Risk Committee, Remuneration, Nominations and Human Resources Committee, and Social and Ethics Committee. An annual evaluation process takes place under the guidance of the Remuneration, Nominations and Human Resources Committee
2.23	The Board should delegate certain functions to well-structured committees without abdicating its own responsibilities	3	The Board has formed standing committees to perform certain functions and ad hoc committees are formed as and when required. The individual committees are listed on 2.22 above
2.24	A governance framework should be agreed between the Group and its subsidiary boards	2	The Group is in the process of reviewing the governance framework of its subsidiary board. Change will be implemented where necessary.
2.25	Companies should remunerate directors and executives fairly and responsibly	3	Directors' remuneration is determined annually based on market related benchmarks by the Remuneration, Nominations and Human Resources Committee
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	3	The Group discloses directors' remuneration in the Integrated Annual Report
2.27	Shareholders should approve the Group's remuneration policy	2	The policy will be finalized at the next Remuneration, Nominations and Human Resources Committee meeting and thereafter tabled at a future shareholders meeting
3.	Audit Committees		
3.1	The Board should ensure that the Group has an effective and independent audit committee	3	The Board has an Audit and Risk Committee in compliance with King III and the Companies Act
3.2	Audit committee members should be suitably skilled and experienced independent, non-executive directors	3	The Committee consists of suitably qualified and experienced independent directors
3.3	The audit committee should be chaired by an independent non-executive director	3	The Committee is chaired by, an independent non-executive director The Chairman of the Board is also a member of the Committee, but does not chair the Committee
3.4	The audit committee should oversee the integrated reporting (integrated reporting, financial, sustainability and summarised information)	3	The Committee and/or members of the Committee reviews the Integrated Annual Report prepared by management
3.5	The audit committee should be responsible for evaluating the significant judgements and reporting decisions affecting the integrated report	3	All significant judgements and reporting decisions are reported to the Committee

CORPORATE GOVERNANCE REVIEW

	Principle	Level of Application	Comments
3.6	The audit committee's review of the financial reports should encompass the annual financial statements, interim reports, preliminary or provisional result announcements, summarised integrated information, any other intended release of price-sensitive financial information, trading statements, circulars and similar documents	3	The Audit and Risk Committee reviews all Integrated Annual Reports, interim results and any provisional results announcements
3.7	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	2	The Committee will look at options to implement a formal assurance model.
3.8	The audit committee should satisfy itself of the expertise, resources and experience of the Group's finance function	3	The Committee performs an annual review of the finance function and performance of the FD through discussion with management
3.9	The audit committee should be responsible for overseeing of internal audit	1	Due to the value and size of the Group there is currently no need for an internal audit function at present.
3.10	The audit committee should be an integral component of the risk management process	3	The Group has separate Audit and Risk Committees
3.11	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	3	The Committee oversees the external audit functions and review the appropriateness and independence of the external auditor annually
3.12	The audit committee should report to the Board and shareholders on how it has discharged its duties	3	The Committee formally reports to the shareholders in the Integrated Annual Report and on a frequent basis to the Board
4.	The governance of risk		
4.1	The Board should be responsible for the governance of risk	3	Contained in board charter as guiding principle and supported by the role and responsibility of the Audit and Risk Committee
4.2	The Board should determine the levels of risk tolerance	3	The Audit and Risk Committee operates within its approved charter, framework and policy which are reviewed on an annual basis by both the Audit and Risk Committee and the Board
4.3	The risk committee or audit committee should assist the Board in carrying out its risk responsibilities	3	The Audit and Risk Committee operates within its approved charter, framework and policy which are reviewed on an annual basis
4.4	The Board should delegate to management the responsibility to design, implement and monitor the risk management plan	3	Management has reviewed the application of the risk framework

	Principle	Level of Application	Comments
4.5	The Board should ensure that risk assessments are performed on a continual basis	2	The Board, with the assistance of the Audit and Risk Committee is in the process of formalising its risk review process
4.6	The Board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	3	The Audit and Risk Committee operates within its approved charter, framework and policy which will be reviewed on an annual basis. The independent internal audit function will provide assurance with respect to the implementation of the methodologies
4.7	The Board should ensure that management considers and implements appropriate risk responses	3	Management reports any material risks and its approach to the Audit and Risk Committee on a regular basis
4.8	The Board should ensure continual risk monitoring by management	3	Management reports any material risks and its approach to the Audit and Risk Committee on a regular basis. The independent internal audit function will provide assurance with respect to the implementation of the monitoring process
4.9	The Board should receive assurance regarding the effectiveness of the risk management process	2	The Board, with the assistance of the Audit and Risk Committee is in the process of formalising its risk review process
4.10	The Board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	3	The Board is comfortable with the existing processes which are in place
5.	The governance of Information Technology (IT)		
5.1	The Board should be responsible for information technology (IT) governance	2	The Board is in the process of finalising its IT governance framework
5.2	IT should be aligned with the performance and sustainability objectives of the Group	2	The Board is in the process of finalising its IT governance framework
5.3	The Board should delegate to management the responsibility for the implementation of an IT governance framework	2	The Board is in the process of finalising its IT governance framework
5.4	The Board should monitor and evaluate significant IT investments and expenditure	3	IT investments and expenses form part of the normal budgeting process, and is therefore approved by the Board
5.5	IT should form an integral part of the Group's risk management	2	The Board is in the process of finalising its IT governance framework
5.6	The Board should ensure that information assets are managed effectively	2	The Board is in the process of finalising its IT governance framework
5.7	A risk committee and audit committee should assist the Board in carrying out its IT responsibilities	2	Once the IT governance framework is finalised, it will be monitored by the Audit and Risk Committee

CORPORATE GOVERNANCE REVIEW

	Principle	Level of Application	Comments
6.	Compliance with laws, codes, rules and standards		
6.1	The Board should ensure that the Group complies with applicable laws and considers adherence to non-binding rules, codes and standards	3	The Board requires management to report on compliance on a regular basis
6.2	The Board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the Group and its business	3	Training is provided to Board members from time to time as required
6.3	Compliance risk should form an integral part of the Group's risk management process	3	The Audit and Risk Committee operates within its approved charter, framework and policy which will be reviewed on an annual basis
6.4	The Board should delegate to management the implementation of an effective compliance framework and processes	3	Management is responsible for compliance processes
7.	Internal audit		
7.1	The Board should ensure that there is an effective risk-based internal audit	1	Due to the nature and size of the Group there is currently no need for an internal audit function at present. This requirement will be reassessed on an annual basis.
7.2	Internal audit should follow a risk-based approach to its plan	1	Due to the nature and size of the Group there is currently no need for an internal audit function at present. This requirement will be reassessed on an annual basis.
7.3	Internal audit should provide a written assessment of the effectiveness of the Group's system of internal control and risk management	1	Due to the nature and size of the Group there is currently no need for an internal audit function at present. This requirement will be reassessed on an annual basis.
7.4	The audit committee should be responsible for overseeing internal audit	1	Due to the nature and size of the Group there is currently no need for an internal audit function at present. This requirement will be reassessed on an annual basis.
7.5	Internal audit should be strategically positioned to achieve its objectives	1	Due to the nature and size of the Group there is currently no need for an internal audit function at present. This requirement will be reassessed on an annual basis.

	Principle	Level of Application	Comments
8.	Governing stakeholder relationships		
8.1	The Board should appreciate that stakeholders' perceptions affect a Group's reputation	3	The Board monitors stakeholder perceptions
8.2	The Board should delegate to management to pro-actively deal with stakeholder relationships	3	Management is responsible for dealing pro actively with stakeholder relationships
8.3	The Board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the Group	3	Stakeholder's interests are considered during decision-making processes
8.4	Companies should ensure the equitable treatment of shareholders	3	The Board considers the equitable treatment of shareholders in decision-making
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	3	Communication to stakeholders is the responsibility of the executive team and Group Secretary and is monitored by the Board
8.6	The Board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	3	All disputes communicated to the Board are resolved effectively and efficiently
9.	Integrated Reporting and disclosure		
9.1	The Board should ensure the integrity of the Group's integrated report	3	The Board ensures the integrity of the Annual Report through the advice and assistance of independent experts
9.2	Sustainability reporting and disclosure should be integrated with the Group's financial reporting	3	The Board subscribes to reporting to stakeholders on the sustainability of the Group and a report is produced on an annual basis.
9.3	Sustainability reporting and disclosure should be independently assured	2	The Board is currently reviewing options in this regard.



"There is only one boss. The customer. And he can fire everybody in the company from the chairman on down, simply by spending his money somewhere else."
 - Sam Walton

CORPORATE GOVERNANCE REVIEW

THE BOARD

Structure, composition and rotation

Structure

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 the governance framework of the Group with detailed reporting to the Board by management and its committees as well as established and regularly reviewed systems of internal controls. Putprop has a unitary board comprised of eight directors, of whom five are independent non-executive and three are executive. *Curricula vitae* for the directors are set out on pages 34 to 35. The Board believes that an appropriate policy is in place to ensure that a balance of power and authority amongst directors exists, so that no one director has unfettered powers of decision making.

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.

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.

Composition

The directors as at 30 June 2015 are:

J Van Zyl	Independent Non executive Chairman (Acting)
B C Carleo	Chief Executive Officer
K Chihota	Independent non-executive Appointed 2 March 2015
M Gemmill	Independent non-executive Appointed 2 March 2015
A L Novello	Executive Director
N Ntshona	Independent non-executive Appointed 2 March 2015
J E Smith	Chief Financial Officer
R Tiefenthaler	Independent non-executive Appointed 2 March 2015 Resigned effective 5 August 2015

Chairman

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

Appointments

Appointments to the Board are made using a formal and transparent process from submissions received from the Nomination Committee. All candidates are examined in detail by the Board as a whole

with relevant detailed *curricula vitae* provided. Once appointed, the Nomination Committee ensures that all new directors are adequately informed on 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 directed to courses run by the JSE Limited and the Institute of Directors at the Group's expense. New developments, including that relating to the Companies Act, corporate governance and other relevant legislation are communicated at Board meetings.

During the current review period Nonku Ntshona, Mark Gemmill, Kura Chihota and Richard Tiefenthaler were appointed to the Board.

Rotation and compulsory retirement age

In accordance with the Group's Memorandum of Incorporation (MOI), directors, both executive and non-executive, have no fixed terms of appointment but one third are subject to retirement by rotation and if eligible, thereafter are re-elected by shareholders annually at the Annual General Meeting. In addition to this, the appointment of new directors by the Board during the year are required to be confirmed at the following AGM. The Group does not have a compulsory retirement age for executive and non-executive directors. However, on reaching an age of 70, both executive and non-executive directors require majority Board approval for their nomination to be submitted to the AGM for final approval and appointment by majority shareholders. Such appointment will be reviewed annually.

Responsibilities

The Board operates under an approved Board Charter which regulates the way business is conducted. Primary responsibilities include discussing and reviewing the strategic direction of the Group and 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 compliance with corporate governance principles 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, with each actively involved in the Group's affairs.

Corporate Charter

The Board has a formal written charter designed to take into account legislative requirements, King III recommendations and 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 Chief Executive Officer 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; and
- Approving and reviewing Group policies.

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 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, information documents and property. 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 year, the Board instructed the Company Secretary to facilitate a self-assessment of the Board as a whole, its various committees, as well as the individual executive and non-executive directors. (As non-executive directors are not involved in the day-to-day operations of the Group certain evaluation mechanisms were not applicable to them.)

Matters considered in the evaluation of the Board and individual members included:

- Composition and performance of the Board as an entity;
- Board dynamics and role of the chairman;
- 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.

Each director completed a detailed evaluation questionnaire.

A report on the analysis and results of this evaluation has been considered by the Board. There was agreement that the Board was operating effectively. Actions were formulated to enhance the effectiveness of the Board and its committees, including individual directors development needs where appropriate. In addition to this annual evaluation the Board conducts assessments of all directors put forward for re-election at the AGM.

CORPORATE GOVERNANCE REVIEW

Independence of the directors

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

- Separation of the roles of the chairman and chief executive officer;
- 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;
- Independent professional advice concerning all affairs of the group being available to all directors at the Group's expense.

Meetings

Member	Board	Audit Committee	Risk Committee	Remuneration and Nomination Committee	Social and Ethics Committee	⁽¹⁾ Investment Committee
Chairman	J Van Zyl	K Chihota	K Chihota	M Gemmill*	N Ntshona	K Chihota
J Van Zyl	9/9	0/4	4/4	2/2	3/3	-
K Chihota#	3/9	0/4	0/4	-	-	-
N Ntshona#	3/9	0/4	0/4	-	2/3	-
M Gemmill#@	3/9	0/4	0/4	0/2	2/3	-
R Tiefenthaler#***	1/9	-	-	-	-	-
A B Adrian*	6/9	3/4	3/4@	-	1/3	-
P Senatore*	7/9	4/4	4/4	1/2	1/3	-
P Nucci**	4/9	1/4	4/4	1/2	1/3	-
Executive Directors						
B C Carleo	9/9	4/4@	4/4@	-	3/3	-
J E Smith	9/9	4/4@	4/4@	-	3/3	-
A L Carleo-Novello	9/9	4/4@	4/4@	-	3/3	-

* Resigned 2 March 2015

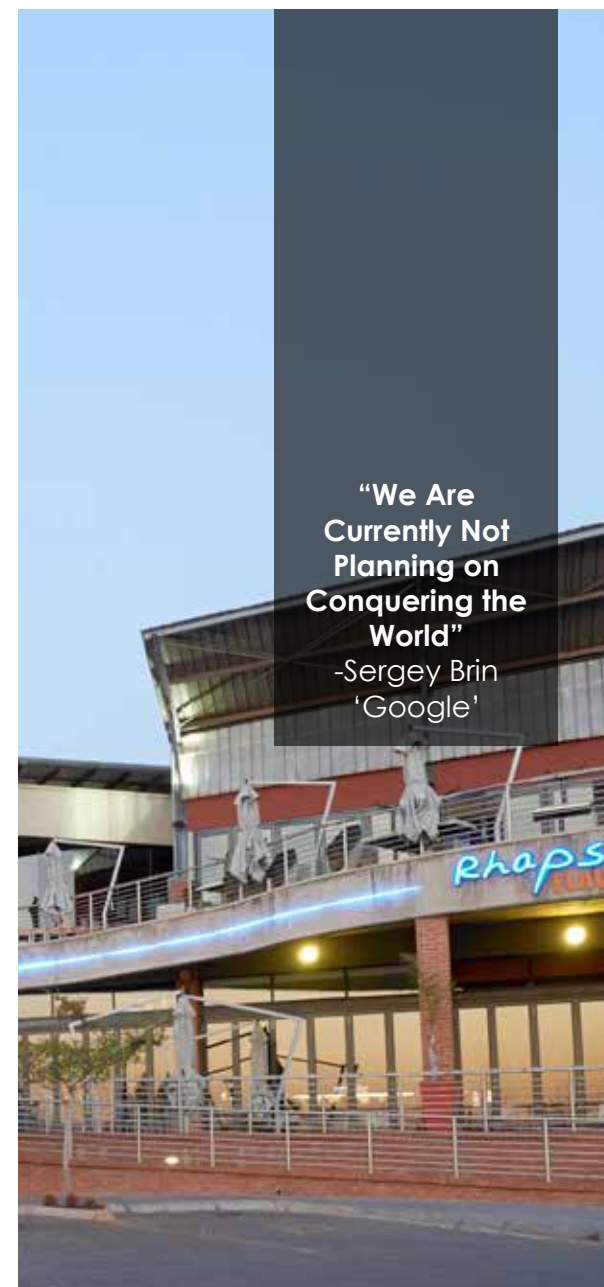
** Resigned 31 December 2014

Appointed 2 March 2015

@ Appointed 9 September 2015 to the Audit and Risk Committees

*** Resigned 5 August 2015

⁽¹⁾ New committee formulated 3 June 2015



Board meetings are held at least quarterly, with additional meetings called where circumstances necessitate. During the year under review nine Board meetings were held, 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, 2008 (Act 71 of 2008), as amended.

Acorim Proprietary Limited ("Acorim"), represented by Nikita Brocco, is the appointed Company Secretary. Acorim advises both listed and non-listed clients in accordance with the Companies Act, JSE Listings Requirements and King III 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 arms-length relationship with the Company 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 Chairman 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 recuse 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.

Key activities 2015

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

- The audited annual financial statements, annual report commentary, Group portfolio property valuations, as at 31 December 2014 and 30 June 2015 and the interim and final shareholder distributions for the year ended 30 June 2015;
- The review of the Group's approach to financial gearing;
- Review of proposed new vision and strategy document of the Group;
- Consideration and approval of the budget for the social upliftment and responsibility programme;
- Acquisition of an 80% investment in a 50% undivided share in a motor retail centre, situated in the Witbank area;
- The acquisition of a 51% shareholding in a new retail development in Secunda, Limpopo Province, with a GLA of over 9 000 m².

BOARD AND COMMITTEE ATTENDANCE

Details of attendance at Board and committee meetings for both executive and non-executive directors for the year ended 30 June 2015 are set out on page 46.

BOARD COMMITTEES

Delegation of authority

To assist the Board in discharging its collective responsibilities certain Board functions have been delegated to the Audit Committee, Risk Committee, Remuneration and Nomination Committee, Social and Ethics Committee and the newly formed 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 committee's 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

CORPORATE GOVERNANCE REVIEW

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 COMMITTEE

Members: K Chihota (Chairman), J van Zyl, N Ntshona, M Gemmill, A Adrian*, P Senatore*, P Nucci*

* Resigned during the review period.

The committee consists of four independent non-executive directors. The committee met four times during the year with the Group's executive directors as well as the external auditors. The Company Secretary attends as secretary to this committee. The table accompanying this report references attendance. The Putprop Audit and Risk Committee performs its review function over all of Putprop's operations. The report by the Audit and Risk Committee is set out on pages 80 to 81.

OUR APPROACH

The Audit and Risk Committee Charters provides clear terms of reference to the Audit and Risk Committees ("AR"). The AR identifies and continuously evaluates exposure to significant risks, 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 charter also prescribes that sessions may be held with no management present, to ensure that matters are considered without undue influence. The external auditors have unlimited access to the

Chairman.

The objective of the Charters of the Audit and Risk Committees 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;
- Approving the terms of engagement of the external auditors;
- Identifying and analysing risks faced by the Group;
- Setting appropriate risk limits and controls and monitoring such risks and adherence to limits; and
- Reviewing the appropriateness of the expertise and experience of the Financial Director.

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 and is satisfied that controls and systems within the Group have been adhered to and, where necessary, improved for the period ended 30 June 2015.

INTERNAL CONTROL

The Board is responsible to oversee the Group's systems of internal control and to keep its effectiveness under review.

The Board, supported by the Audit and Risk Committees, reviews the Group's risk profile annually. Responsibility for the adequacy, extent and operation of these systems is delegated to the executive directors. To fulfill this responsibility, accounting records and appropriate systems of internal control are developed and maintained. The directors' report assesses 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 minimize 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 2015. 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 COMMITTEE

Members: K Chihota (Chairman), J van Zyl, N Ntshona, M Gemmill (appointed 9 September 2015), A Adrian*, P Senatore*, P Nucci*.

* Resigned during the review period.

The Committee comprises four independent non-executive directors. The member of the Audit committee are also members of this Committee. Putprop's Financial Director also assists the Committee in exercising its duties. The Chief Executive Officer and other executives attend by invitation. The Committee met four times during the year.

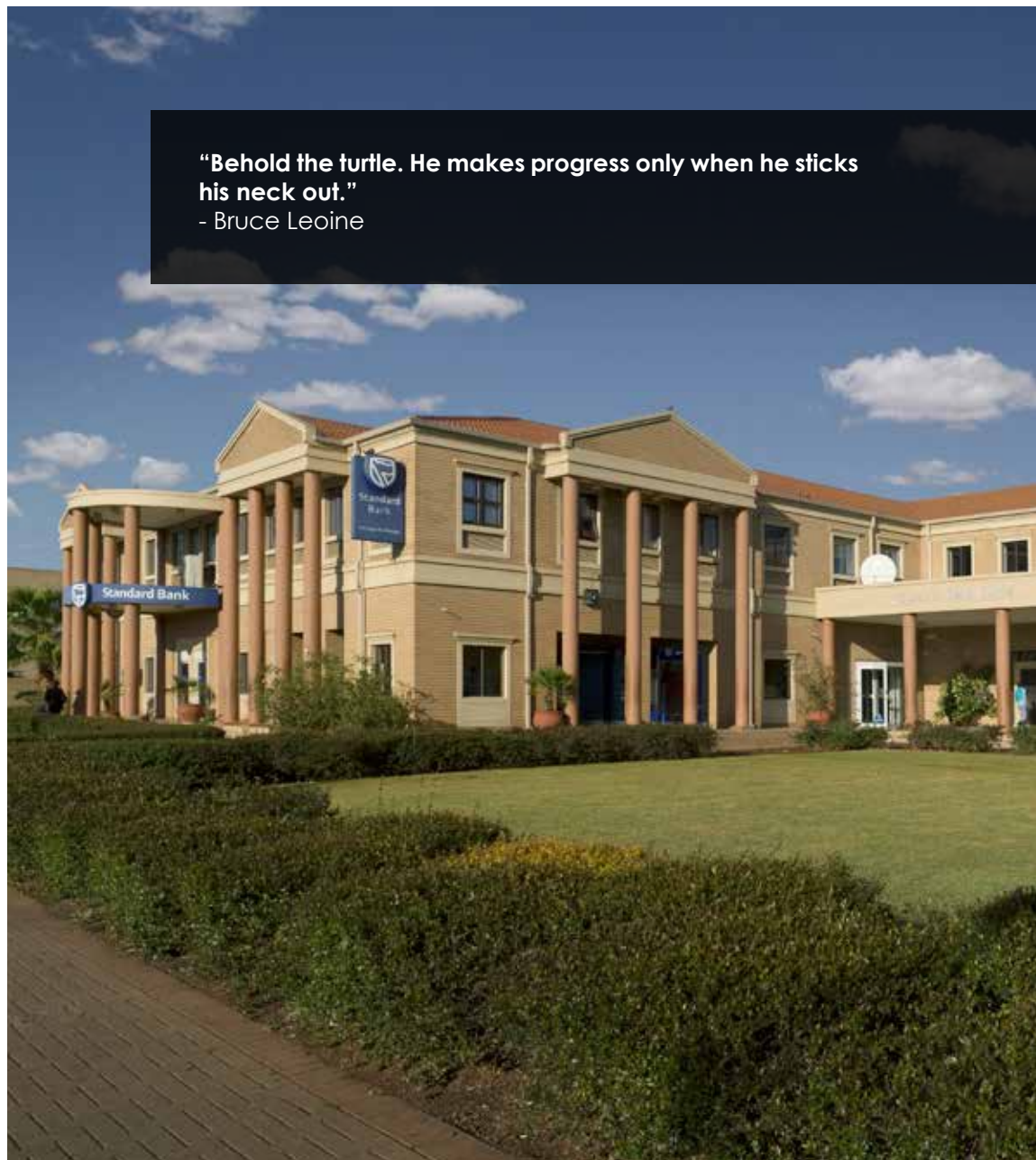
The Group has a formal policy document setting out its approach to and control of risk management.

The Board, through its executives, the Risk Committee, 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 Risk Committee, monitors the Group's risk management policy.

The Committee's responsibilities include:

- 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 the material risks faced by the Group;
- The setting of appropriate risk limits and controls as determined by the Board; and
- The monitoring of these risks and adherences to limits set;
- Making recommendations to the Board concerning risk tolerance levels and expressing formal opinions as to the process and effectiveness of risk management.

"Behold the turtle. He makes progress only when he sticks his neck out."
- Bruce Leoine



CORPORATE GOVERNANCE REVIEW

RISKS MATRIX

The risk management framework for this reporting period which has been presented to the risk committee and monitored during the year ended 30 June 2015 is detailed below.

KEY RISK	BUSINESS IMPACT	CORRECTIONAL STRATEGY
Overdependence on a single tenant– loss or failure to renew	Substantial operational losses in Group's industrial sector with significant loss of income	Diversification into other areas, Staggering of lease expiry profile
Inability to retain and develop the management team	Dividend distributions impacted Operational losses and system failures	Implementation of attractive remuneration structures
Increasing compliance requirements with various Legislative acts	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	Increase in defaults, non-recoveries of all operating costs, lower yields	Monitoring of existing tenants' operations with assistance given to tenants who are considered beneficial to the Group
Economic climate challenges resulting in increased vacancies - and loss of income	Impact on growth and distribution	Close monitoring of existing tenants' cost of re letting operations with assistance given to tenants who are considered beneficial to the Group
Significant volume of leases expiring in a specific period	Impact on growth and distribution	Lease expiries monitored with negotiations with tenants held in advance of expiry and early re lets attempted
Inability to maintain dividend distribution growth	Loss of confidence in the market	Active management of portfolio and operation efficiencies
Political risk and labour unrest	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	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 of assets old with resultant high future maintenance	Difficulty to grow quality portfolio	Property managers perform regular property asset evaluations with rolling maintenance program

Going Concern

The going concern basis has been adopted in preparing these 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.

INVESTMENT COMMITTEE

Members: J E Smith, K Chihota (Chairman), J van Zyl, B C Carleo, N Ntshona

During this review period the Board sanctioned the formation of a new committee, the Investment Committee. Two executive directors and 3 non-executive directors were appointed to the committee.

All property acquisitions, disposals and capital expenditure proposed by the Group's executive are considered by the investment committee ("IC"). The IC will approve such acquisitions, disposals and capital expenditure up to pre-set limits, without further Board approval.

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

The main responsibilities of the committee are:

- Consider the viability of capital projects, acquisitions and disposals of property in line with the Groups strategy objectives and defined parameters;
- Authorise transactions and recommend development proposals to the Board for ratification;

REMUNERATION, NOMINATION AND HUMAN RESOURCES COMMITTEE

Members: J van Zyl (Chairman, Nomination) M Gemmill (Chairman, Remuneration),

The Remuneration, Nomination and Human Resources Committee ("RNHR committee") comprises two independent non-executive directors. The Chief Executive Officer, as well as the Financial Director, 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 Committee meets to discuss matters concerning directors 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:

- Creation of the Group's remuneration policy;
- The recommendation to the Board of bonuses and annual percentage salary increases of staff and executives;
- The recommendation to the Board on the remuneration of non-executive directors; and
- Performance measurement policies.

Refer to the Remuneration, Nomination and Human Resources report on pages 53 to 54. Attendance at the RNHR Committee meetings is set out on page 46.

The Group has combined the functions of the Nomination Committee and Remuneration Committee into a single entity. The Nomination Committee is chaired by the Chairman 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.

During this reporting period the Nomination Committee met on three occasions to consider the appointment of four new independent non-executive appointments. Full details of these appointments are provided in the RNHR report on pages 53 to 54 of the report.

SOCIAL AND ETHICS COMMITTEE

Members:

N. Ntshona (chairperson) J E Smith, B C Carleo, A L Novello, M Gemmill, J Van Zyl

The Social and Ethics Committee ("SE Committee") is constituted as a committee of the Board of Putprop, in terms of Section 72(4) of the Companies Act, Act 71 of 2008 as amended, read with regulation 43 of the Companies Regulations, 2011.

The SE Committee 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.

CORPORATE GOVERNANCE REVIEW

The main responsibilities of the SE Committee are:

- To promote ethical and transparent business conduct;
- Reviewing the Group's compliance with current codes of best practice and the International Labour Organizations 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
- To actively pursue energy efficient initiatives within its scope of operations.

The report by the SE Committee is set out on pages 55 to 56.

EXTERNAL AUDIT

The independence of the external auditors is recognised and annually reviewed by the Audit and Risk Committee. The external auditors are invited to attend all Audit and Risk Committee meetings and have unrestricted access to the chairman of the Audit and Risk Committee, as well as to the Chairman 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 a formal code of ethics that has been adopted by the Board as well as the Social and Ethics Committee and communicated to all staff. The code is consistent with the highest principles of integrity, honesty, ethical behavior and compliance with all laws and regulations. This code requires all directors, officers and staff to adhere to this standard and is reviewed by the Social and Ethics committee on an annual basis.

The Board is not aware of any transgressions of the code of ethics for the 2015 financial year. No Issues of non-compliance or prosecutions have been actioned against the Group.



"The way to get started is to quit talking and begin doing"
- Walt Disney

REMUNERATION, NOMINATION AND HUMAN RESOURCES COMMITTEES REPORT

REMUNERATION, NOMINATION AND HUMAN RESOURCES COMMITTEE

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 organization;
- 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 compliance 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 III recommendations. However, the Chief Executive Officer and Financial Director attend the meetings by invitation, as non-voting attendees.

Members	Period served
J van Zyl (Chairman Nomination)	August 2014 to present
M Gemmill (Chairman Remuneration)	Appointed March 2015
P Senatore	Resigned March 2015
P Nucci	Resigned March 2015
A Adrian	Resigned December 2014

The *curricula vitae* of the members are set out on pages 34 to 35. The Committee held two meetings during the period. All meetings were scheduled in advance. Meeting attendance is set out on page 46.

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

During the year under review, Putprop experienced no movements in the senior executive structure of the Group.

During 2013, the Board instructed the RNHR Committee to identify an external human resource consultant to review job functionality of both the executive and staffing component of the Group, and to assist in creating the Group's remuneration policies and procedures due to demands and trends of a continuously changing business environment. This exercise, carried out over a period of months, redefined the core remuneration principles of the Group, as well as senior executive job functionality.

The Committee feels that this external review is still functional for the current review period due to the small executive and staffing component. Regular external reviews will be instituted by the Committee on a three-year rotational basis, or where the external environment warrants an earlier review. The next review is scheduled in the June 2016 reporting period.

REMUNERATION, NOMINATION AND HUMAN RESOURCES COMMITTEES REPORT

A review of all executive management's remuneration policies as well as the salaries and wage structure of Putprop was considered by the members during the review period and recommendations made as to high performance, standard performance and under performance remunerations.

During this period the RNHR Committee considered the performance of, and evaluated, each individual director, both executive and non-executive. Comprehensive questionnaires were circulated for self-evaluation. Once completed, these were then evaluated, discussed, commented on and a report submitted to the Board for consideration. Actions for improvement were taken, where applicable.

The committee also undertakes governance of non-executive director's remuneration. A market related survey of non-executive remuneration was commissioned in the review period. Results indicated that the Group's remuneration policy for non-executives was below that paid for similar sized organizations. A new fee structure for both non-executive and executive board members as well as committee members was forwarded to the Board for consideration and subsequent approval. The annual retainer fee was eliminated and new fees paid only on attendance. Travel and accommodation expenses continue to be for all directors own account. Hourly fees are paid to non-executives for any ad hoc work required of them.

NOMINATION COMMITTEE

YEAR UNDER REVIEW

During the review year Mr. A Adrian, Mr. P Senatore and Mr. P Nucci resigned from the Board and the Board Committees. Mr. J van Zyl was appointed to the committee in August 2014 and Mr. M Gemmill in March 2015.

As a result of the resignations noted above, the nomination committee met on three occasions to consider new non-executive appointments to the Board. The Board issued a mandate to the committee to add an additional non-executive appointment as well as replacing the three non-executive directors who had resigned.

In addition, the mandate directed that an emphasis should be put on a balance of property expertise together with strong financial management skills.

The committee called for potential candidates to be submitted from various sources. Candidates were interviewed in depth by the committee, the Chairman of the Board and the full executive. A short list of 6 candidates was submitted to the Board. After reflection the Board formally appointed 4 of the submissions made to them.

The RNHR committee is of the opinion that the Board now has substantial additional property expertise as well as strong legal and financing skill sets. In addition the process of BBBEE compliance has been initiated with two of these new appointments. The committee will report back to the Board with a proposal and recommendations in the next reporting period.

The Board accepted this recommendation. 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.

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



M Gemmill
Chairman
Remuneration Committee

Sandton
8 September 2015



J van Zyl
Chairman
Nomination Committee

Sandton
8 September 2015

SOCIAL AND ETHICS COMMITTEE REPORT

OVERVIEW

The Social and Ethics Committee ("SE Committee") is constituted as a committee of the Board of Putprop, in terms of section 72(4) of the Companies Act, Act 71 of 2008 as amended, read with regulation 43 of the Companies Regulations, 2011.

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 executive and three independent non-executive directors. At 30 June 2015 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 Novello	4 March 2013 to present
N Ntshona (Chairperson)	Appointed 2 March 2015
M Gemmill	Appointed 2 March 2015
J Van Zyl	Appointed 23 October 2015
P Nucci	Resigned 31 December 2015
P Senatore	Resigned 2 March 2015
A B Adrian	Resigned 2 March 2015

The curriculum vitae of the members of the SE Committee are set out on pages 34 to 35.

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 III, and the charter as adopted by the Board of directors. 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, relating to:

- Employment Equity Act;

- Broad Based Black Economic Empowerment (B-BBEE);
- Good corporate citizenship;
- 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; and
- Labour and employment.
- 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 annual general meeting.

The Committee met twice during the review period identifying the key points and reviewing the charter approved by the Board. Several general social responsibility areas requiring attention in the year ahead were identified.

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 65. The Group's impact on the environment and relevant health and safety issues is reported on page 65.

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 that it is essential that progress be made in the Skills Development and Preferential Procurement elements of the Code with immediate effect and that ownership and management input elements be addressed by means of a formal process in the next review period.

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

SOCIAL AND ETHICS COMMITTEE REPORT

- **WORK ENVIRONMENT**

The Group pays particular attention to its workforce. Although very small, at seven employees as at 30 June 2015, this complement is considered the Group's biggest and most important asset. Friendly and positive labour policies form one of our core value statements.

- **HUMANITARIAN INVESTMENT**

A register of sponsorship and humanitarian investments is maintained by the Group. As at 30 June 2015 the total value of the social sponsorship and donations was R561 000 (2014: R357 000). For details of humanitarian investments made for this review period refer to the community report set out on page 65 of this report.



N Ntshona

Chairperson

Social and Ethics Committee

Sandton

8 September 2015



PORTFOLIO REVIEW

MARKET REVIEW

Statistics as reported by SAPOA for the South African Property market reflected a contraction for the 2015 calendar year with a 12.9% total return (income and capital) (2014 15.4%). This follows, the trend of the general economy which continues to struggle on several fronts. Most commentators predict a growth range of 1.5 to 1.9% in the general economy for the 2015/2016 period. Income returns across the total sector were flat at 8.7% (2014: 8.6%). Both capital and income returns are expected to decline further as we head deeper into 2015/2016 and this is reflected in the sharp declines in property returns in the first quarter of 2015.

In respect of total returns in the property market, industrial properties again led the way with returns of 14.1% followed by retail properties with a return of 13.3%, Commercial properties lagged at around 12%.

Income-wise, retail properties reflected the largest contraction achieving returns of 7.9% followed by the office sector at 9.5% and industrials up at 9.9%.

On the positive side, vacancies continue the downward trend in the sector as a whole.

Vacancy-wise, industrial properties were lowest at 3.69%, followed by retail at 4.3% and commercial properties at 8.7%. The office space vacancy at over 8.7% was substantially down from 2014 levels of 10.4%. The office sector has however a substantial new development-supply scheduled to come on stream in the next 18 months and the possibility is high that the vacancy factor in this segment will suffer an upward adjustment.

A noticeable trend was the higher operating costs, in particular that of municipal fixed and consumption costs, arising from the high Eskom tariffs introduced. Operating costs increased as a result to around R 42.00per m² from R40.00m²

This upward trend is expected to continue in 2015 due to the electricity and rate hikes introduced by Eskom and the municipal authorities.

Putprop's exposure to the Industrial sector stands in at over 80% which positions the Group in a relatively stable environment going forward.

GROUP PORTFOLIO REVIEW

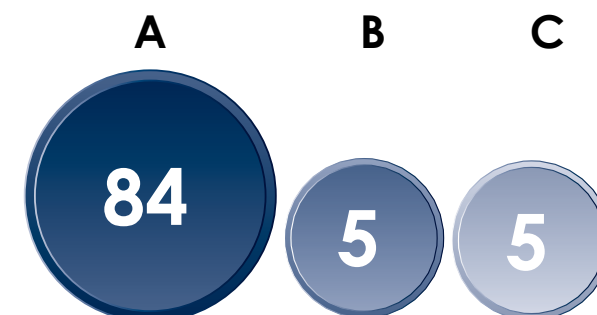
The Putprop property portfolio at 30 June 2015 consisted of 16 properties (2014:15) with a total market value of R439.4 million and gross lettable area of 81 259m² (2014: 77 332m²).

The average annualized property yields per sector are as follows:

Industrial	13.1%	(2014: 12.7%)
Retail	9.8%	(2014: 10.1%)
Commercial	11.8%	(2014: 11.4%)
Combined	12.2%	(2014: 12.3%)

National tenants comprise 84% of the portfolio tenant profile (Larimar, Standard Bank, Liberty). The average property value stood at R27.5 million. Geographical and sectoral distribution is reflected in the graphs on pages 58 and 59. The portfolio is overweight in the industrial area and underweight in the commercial sector. Having regard for the market performance noted above, the Group intends to maintain this trend as risk and returns are considered safer in the industrial segment. This will not preclude investment in suitable office or retail developments should they present themselves. At present the portfolio is situated predominantly 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.

TENANT PROFILE BY GROSS LETTABLE AREA (%)



'A'
GRADE:

large national tenants, listed tenants, governments and major franchises. These include Larimar Limited, Standard Bank, Liberty Group, Supergroup, and Massmart

'B'
GRADE:

national tenants, franchises and medium to large professional firms such as Cornright Motors

'C'
GRADE:

all other tenants that do not fall into the above two categories

PORTFOLIO REVIEW

TENANT PROFILE BY GROSS LETTABLE AREA (%)



SECTORAL PROFILE (% of gross lettable area)



CONTRACTUAL RENT BY SECTOR (% of gross rentals)



PORTFOLIO VALUE BY SECTOR (R'000)



LEASING ACTIVITY

Our major tenant, the Larimar Group leases expire in December 2015. Negotiations started with their management in July 2015. The Group has been notified that Larimar intends to consolidate its operations and reduce certain of its contracted bus routes by not renewing unprofitable routes.

The following properties will not be renewed; Selby, Lea Glen 1, 2 and 3. These properties represent 35.8% of the Group's total income and 31 962m2 of the total GLA. In terms of the remaining properties currently occupied by Larimar, these have been renewed with contractual periods of between 2 to 5 years at favourable rates to the Group.

Although this loss of rental is substantial for the Group a strategy is in place to negate this effect and to lessen the dependence of the bulk of the group's contractual income flowing from one tenant.

As a result of the rights issue undertaken in February 2015, the Group has substantial cash reserves which it intends to utilise for rental producing acquisitions.

Montana Park is currently the only vacant property in the portfolio.

FINANCIAL PERFORMANCE SUMMARY FOR THE TOTAL PORTFOLIO

	2015 R'000	2014 R'000	Change %
Gross property Revenue	55 052	50 510	9.0
Property expenses	(14 958)	(13 280)	12.6
Net property Income	40 094	37 230	7.6
Property expense Ratios (%)	27.6	26.3	4.9

Note: Contribution to revenue from Secunda Value Mart, effective July 2015.

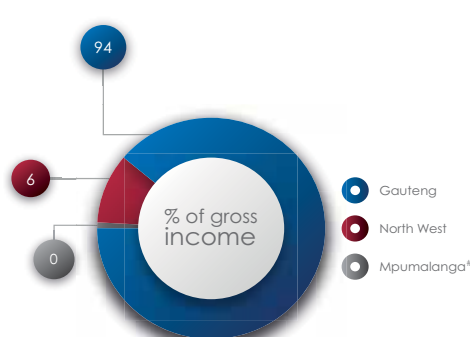
GEOGRAPHICAL PROFILE

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

Location	GROSS LETTABLE AREA		RENT RECEIVED	
	Gross lettable area m ²	Total portfolio %	Rent received R'000	Total portfolio %
Gauteng				
Midrand	3 827	4.9	2525	6.2
Brits	10 545	13.6	5304	12.3
Johannesburg West	29 853	38.6	16794	39.9
Pretoria	10 744	14.8	2617	11.3
Johannesburg Central	13 909	18.0	8087	19.2
Johannesburg South	1 985	2.6	1618	3.9
Soweto	3 500	4.5	3032	7.2
Gauteng Total	74 363	91.4	39977	94
North West				
Potchefstroom	2 339	2.9	2542	6
North West Total	2 339	2.9	2542	6
Mpumalanga				
Secunda	4 557	5.7	–	–
Mpumalanga Total	4 557	5.7	–	–
Total	81 259	100.0	42 519	100.0

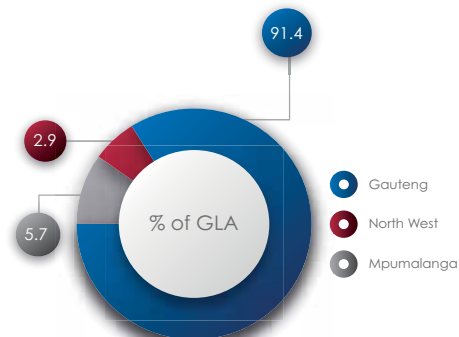


GEOGRAPHICAL PROFILE % OF GROSS INCOME

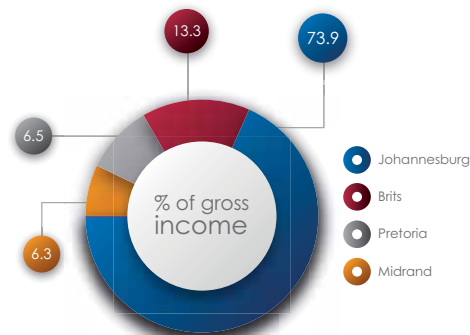


Contribution from July 2015

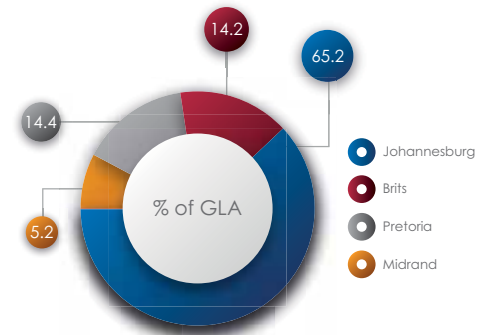
GEOGRAPHICAL PROFILE % OF GLA



GEOGRAPHICAL PROFILE GAUTENG % OF GROSS INCOME



GEOGRAPHICAL PROFILE GAUTENG % OF GLA

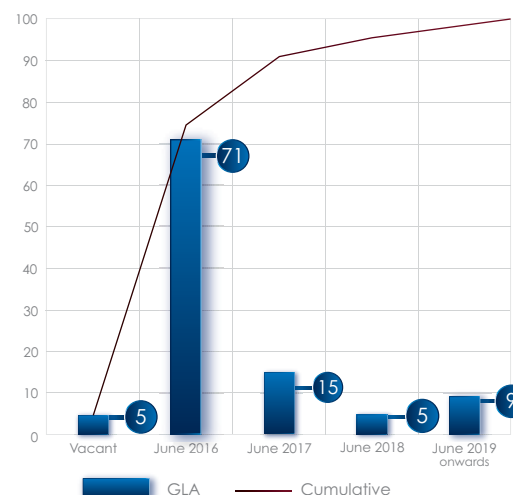


PORTFOLIO REVIEW

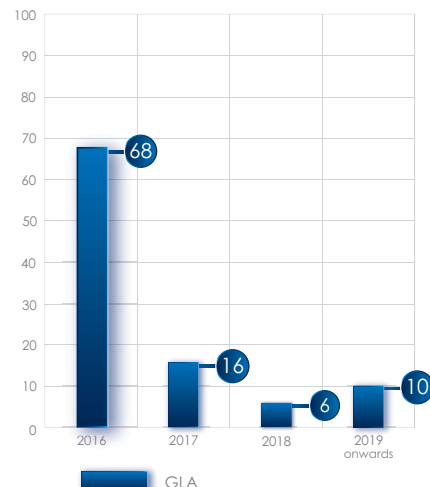
GROUP LEASE EXPIRY PROFILE

Industrial leases expiring for the year ended June 2016 comprise 78% of the Group's current rental income. Commercial leases expiring in 2015 are not significant. No retail leases expire in the following three years.

GROUP LEASE EXPIRY (% OF GLA)



GROUP LEASE EXPIRY PROFILE % BY REVENUE



LEASE EXPIRY PROFILE – GROSS LETTABLE AREA

Year	%	Cumulative	Lettable area (m ²)
Monthly Rentals	5.1	0	4 125
Vacancies	4.5	4.5	3 640
2016	61.7	71.3	50 153
2017	14.6	85.9	11 867
2018	4.7	90.6	3 827
2019 onwards	9.4	100	7 647
Total	100	100	81 259

No new leases were concluded in the period under review.
Montana Park in Pretoria remains vacant as at this reporting date.

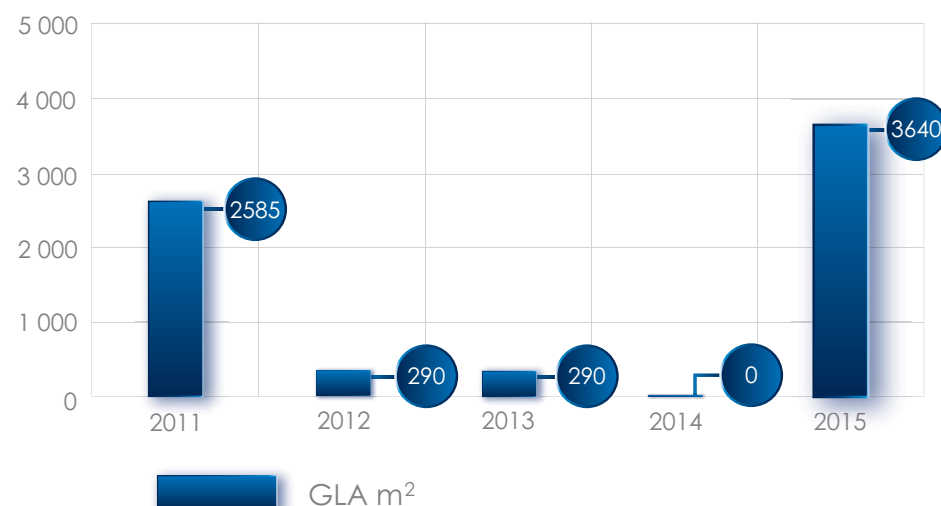
VACANCIES

At 30 June 2015 4.5% of the total portfolio GLA was vacant. This is a deterioration on the vacancy profile in 2014 where there were no vacancies.

However having regard to the current difficult trading environment and that only one property accounts for the vacancy, this is not considered significant. The group continues to initiate various marketing policies to monitor and reduce this vacancy profile

VACANCY PROFILE

HISTORICAL VACANCY PROFILE % OF GLA

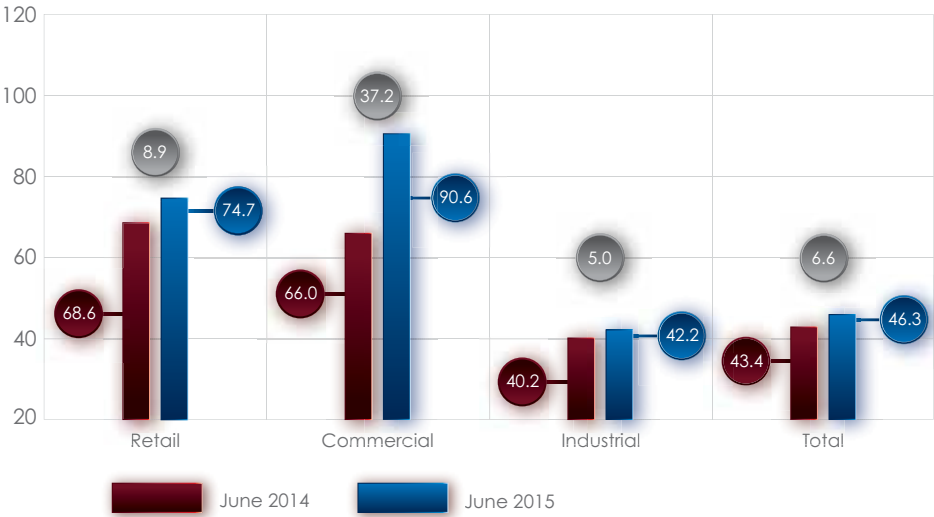


Sector	Gross lettable area m ²	Total of gross lettable area %	Gross rentals %
Retail	0	0	0.0
Industrial	3 640	4.5	0.0
Commercial	0	0	0.0
Total	3 640	4.5	0

BASE RENTALS

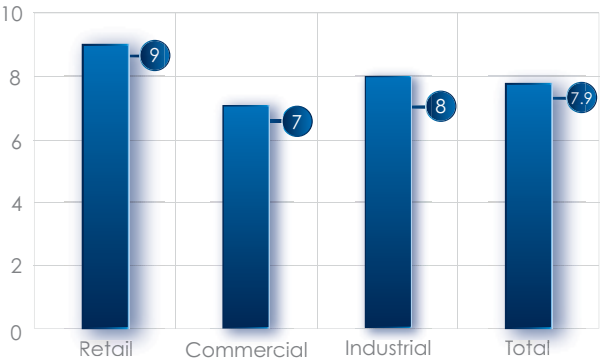
The weighted average monthly base rental rates per sector, between 1 July 2014 and 30 June 2015, are set out in the graph alongside. Industrial and Retail sector increases at 5% and 8.9% respectively were satisfactory. The effect of the acquisition of Bank City and the disposal of a non-core asset in the office sector, saw a substantial increase in the average rental per square meter of 37.2% in this sector. Increases in this sector will be more modest going forward.

WEIGHTED AVERAGE BASE RENTALS R/M



RENTAL ESCALATION

Average contractual rental of 7.9% is slightly down on the previous years of 8.1%. The office sector, currently at 7% continues to lag the other sectors, which is to be expected with the current oversupply of office space.



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 have increased from June 2014 to June 2015. A graphical representation of property costs to revenue is shown below. The present level of cost to revenue ratio may not be sustainable going forward, as maintenance costs are expected to increase as well as excessive consumption costs imposed by the authorities, which are not all fully recoverable from our tenant base.

The various cost components are reflected in the graph on page 62:



“Where there is an open mind there will always be a frontier”
- Charles Kettering

PORTFOLIO REVIEW

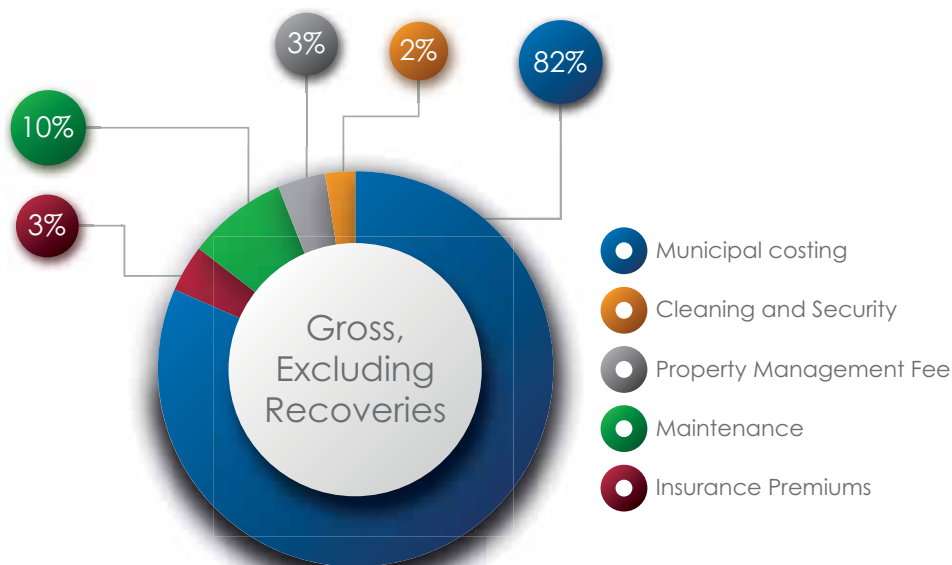
RATIO OF GROSS RECURRING COSTS TO PROPERTY REVENUE - %



*Recurring expenses include municipal fixed and consumption costs

EXPENSE CATEGORIES AND RATIOS

(GROSS, EXCLUDING RECOVERIES)



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 target but actually decreased from June 2014 to June 2015, the Group does not consider this an area of concern. Larimar, our major tenant, accounts for 82% of all rental income. Payment from this tenant normally occurs between the eighth and the fifteenth business day of each month. During this reporting period and as announced on SENS, Larimar the major contributor to rental income was in arrears in respect of rentals and municipal cost due. A payment plan was implemented over a three month period, which was successfully adhered to.

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

Sector	2015		2014	
	Less 7 days	Greater 7 Days	Less 7 days	Greater 7 Days
Retail	47	53	100	-
Industrial	11	89	0	100
Commercial	72	28	18	82
Total	17	83	10	90

LEASING ACTIVITY

No new leases were concluded during this review period. Management will continue to drive efforts to replace monthly tenanted properties with contractual rentals, and to fill vacancies in our portfolio.

REPORT TO OUR COMMERCIAL STAKEHOLDERS

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 maximizing 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 business forms the reason for our operations, it is relationships and trust that make up the vehicle to achieve this objective.

TENANT RETENTION

Our Group operates almost 88% of its business activities in the industrial sector of the market. Experience has shown that this sector is the least volatile compared to our other business segments, namely retail and commercial. A substantial over supply of vacant office space exists in the commercial segment, while retail, with its risk of many tenants, fluctuates with the movement of the general economy.

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.

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

In order to improve our services to tenants, it is our intention to institute more direct contact with them, on a structured, regular basis. This will take the form of more site visits, and present an opportunity to interact directly with them, at an operational level. This, we believe will allow us to increase efficiencies on both sides and identify areas of frustration or operational issues earlier.

SERVICE PROVIDERS

Putprop strives to build long-term relationships with our providers of services and goods. This ensures a more consistent standard of service or goods supplied, and a commitment from the service provider, as repeat business is generated. As well as contracting with large organizations we have recently strived to provide business and maintenance opportunities to smaller locally based business operators especially in the vicinity of Putprop's properties. Many of these are BBBEE suppliers. We will continue to monitor these opportunities provided our tenant satisfaction is not compromised.



SUSTAINABILITY REPORTING

THE ENVIRONMENT IN WHICH WE LIVE

INTRODUCTION

The Board of Putprop 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 recognized as paramount. In addition, the health and safety of our workforce, as well as considering the safety of our tenants' workforce, are important strategic objectives of Putprop. The implementation and management of this objective will by necessity have to occur with the active support and input of our tenant base.

ENERGY EFFICIENT INITIATIVES

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

The following initiatives are planned:

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

OCCUPATIONAL HEALTH AND SAFETY ACT

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

It was noted in the previous annual report that the services of a specialized 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. This review has been delayed and will only be instituted and completed before June 2016.



REPORT TO THE COMMUNITY SOCIAL RESPONSIBILITY AND TRANSFORMATION

The majority of Putprop's properties are located in less affluent areas. Our premises, particularly those operated by our major tenant, Larimar Limited, make a significant difference to the surrounding communities, which depend on these facilities for business, trade, transport or employment.

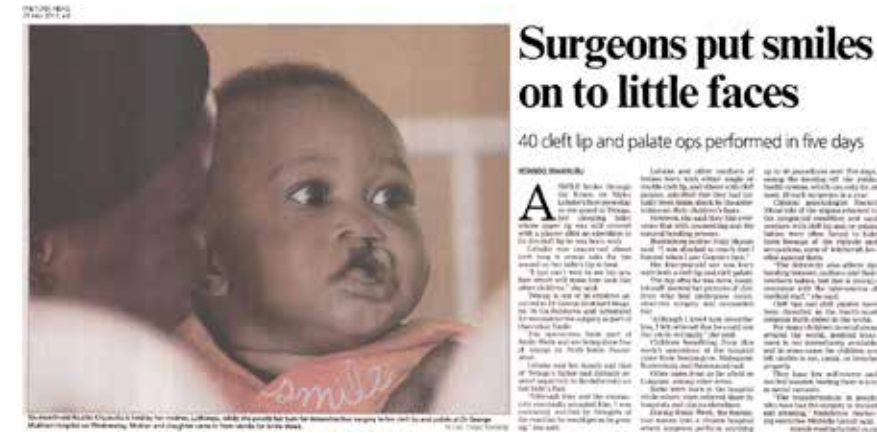
The Group acknowledges that a responsibility rests on our Group in investing in these previously neglected areas in a positive and uplifting manner.

The following main objectives have been identified:

- An obligation to assist in the regeneration of the surrounding neighbourhoods;
- A formal corporate social investment policy, with the allocation of a budget to assist in improving the lives of disadvantaged communities. The key focus will be on underprivileged children with emphasis on food and clothing; and
- To engage with local communities in identifying various charities and community projects deserving of support.



smile
foundation



REPORT TO THE COMMUNITY

SOCIAL RESPONSIBILITY AND TRANSFORMATION

After the successful completion of our projects with the Stop Hunger Now and Smile Foundations, the Board gave approval for an increased budget of R300 000 for the current year. Various projects were examined by the Social and Ethics Committee with a decision being made to support multi beneficiaries during 2015, but again with an emphasis on children.

Two projects were identified and approved by the Board, namely:

- The Smile Foundation, and
- Mama Mimi's Bakery

THE SMILE FOUNDATION

A grant of R20 000 was approved for medical costs to sponsor and assist in corrective surgery for a child with any type of facial abnormality, to receive free corrective Plastic and Reconstructive surgery within South Africa, under the auspices of the Foundation.



MAMA MIMI'S BAKERIES

Mama Mimi's Bakeries is a community based bakery business where suitable members of the community are employed to be trained as bakers and given the opportunity to run their own business and supply the communities in which they live with freshly baked products on a daily bases. Wood burning ovens together with daily premixed products, are included in the business package together with daily support. Distributors supply each baker with product which requires only a predetermined amount of water to produce bread, pizza, buns and other products. The wood burning ovens then allow production of the finalised product.

Bakers sell enough products to earn in excess of R2000 monthly. Putprop supported 12 bakers with wood burning ovens at a cost of R120 000. At present around 254 loaves are baked daily, generating around R70 000 per month in turnover.





ANNUAL FINANCIAL STATEMENTS



ANNUAL FINANCIAL STATEMENTS

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DIRECTORS' STATEMENT OF RESPONSIBILITY

for the year ended 30 June 2015

The annual financial statements set out on pages 82 to 115 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, the Companies Act, the South African Institute of Chartered Accountants Financial Reporting Guidelines 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 ended 30 June 2016 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 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 page 74.

The financial statements were approved by the Board on 9 September 2015 and are signed on its behalf by:



J van Zyl
Acting Chairman

Johannesburg
9 September 2015



BC Carleo
Chief Executive Officer

CERTIFICATION BY THE COMPANY SECRETARY

for the year ended 30 June 2015

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 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.

The logo for Acorim, featuring the word "Acorim" in a stylized, cursive script font.

Acorim Proprietary Limited
represented by

N. Brocco

Johannesburg
9 September 2015

INDEPENDENT AUDITOR'S REPORT

for the year ended 30 June 2015

TO THE SHAREHOLDERS OF PUTPROP LIMITED

We have audited the consolidated and separate annual financial statements of Putprop Limited set out on pages 82 to 117 as well as pages 123 to 124, which comprise the statements of financial position as at 30 June 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The group's directors are responsible for the preparation and fair presentation of these consolidated and separate annual 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 annual financial statements that are free from material misstatements, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated and separate annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and separate annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated and separate annual financial statements 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 entity's internal control. An audit also includes evaluating

the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated and separate annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Putprop Limited at 30 June 2015, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate annual financial statements for the year ended 30 June 2015, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are any material inconsistencies between these reports and the audited consolidated and separate annual financial statements. The reports are the responsibility of the respective preparers. Based on our reading of the reports we have not identified any material inconsistencies between these reports and the audited consolidated and separate annual financial statements. However, we have not audited these reports and accordingly do not express an opinion on them.



Mazars

Registered Auditors
Partner: Shaun Vorster
Registered Auditor
Date: 9 September 2015
Johannesburg

DIRECTORS' REPORT

for the year ended 30 June 2015

OVERVIEW

The directors have pleasure in submitting the 29th directors' report which forms part of the audited annual financial statements for the year ended 30 June 2015.

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 distributions.

SUMMARY OF FINANCIAL PERFORMANCE AND DISTRIBUTIONS

The information presented for the year ended 30 June 2015 has been prepared in accordance with International Financial Reporting Standards ("IFRS") the interpretations thereof, and the Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act") and the Listings Requirements of the JSE Limited. The financial statements have been audited by Mazars Inc., the Group's external auditors.

The Group reflected a small increase in property revenue in the current review period. Lower income from associate investments was reflected due to a decrease in fair value income in the current year. Profit available for distribution decreased from R71.5 million to R64.8 million or 9.4%.

The Group's profit before tax and fair value adjustment for the year ended 30 June 2015 amounted to R59.9 million (2014: R 54.8 million).

The Board has approved a final dividend distribution of 15 cents per share for the 6 months ended 30 June 2015 (2014: 18 cents). This brings the total dividend distributed for the year ended 30 June 2015 to 26 cents per share (2014: 36 cents).

DIRECTORATE

Details of the current directors providing full names, ages, qualifications and abridged curriculum vitae are set out on pages 34 to 35 of the annual report.

Mr P Nucci and Mr A Adrian retired and Mr P Senatore resigned from the Board during this review period.

Mr J van Zyl was appointed as Acting Chairman of the Board. Mr K Chihota, Mr M Gemmill, Ms N Ntshona and Mr R Tiefenthaler were appointed to the Board on 2 March 2015 as Independent non-executive directors. These appointments with the exception of Mr R. Tiefenthaler who resigned on 5 August 2015, will be ratified at the Annual General Meeting to be held in November 2015.

The composition of the Board of directors and its sub-committees are detailed on pages 32 to 33.

In terms of the Memorandum of Incorporation ("MOI") of the Company, one third of all directors have to retire annually by rotation. Mr J Van Zyl and Ms A L Novello, retire in terms of this requirement and offer themselves for re-election by shareholders at the Group's Annual General Meeting. Any new directors that have been appointed during the year also have to have such appointment ratified at the next Annual General Meeting. 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 par value. 44 672 279 ordinary shares of par value have been issued.

The authorised share capital was increased from 50 million shares to 500 million shares during this review period by means of a special resolution in order to cater for future capital raising projects.

In February 2015, the Group announced a capital raising exercise from its shareholders by way of a partially underwritten rights issue to the value of R100 039 703. The purpose of this rights offer was to provide Putprop with additional capital to refocus the group's portfolio with the aim of holding few larger properties thus ensuring a greater predictability in earnings as well as to facilitate a reduction in the company's risk profile by eliminating an excessive dependence of rental income from one major tenant. In terms of this rights offer 15 879 318 new shares at a subscription price of 630 cents per rights offer share for every 100 shares held by existing shareholders was offered as at the close of business on Friday 20 February 2015 to all qualifying shareholders.

11 991 130 Rights offer shares were subscribed for by the shareholders. The balance of rights offer shares not subscribed for were taken up by the underwriter.

DIRECTORS' REPORT

for the year ended 30 June 2015

Funds raised have not as at the date of this report been allocated to specific property acquisitions. Investigations are ongoing to achieve the group's strategy of eliminating dependence of rental income from its major tenant.

Unissued shares of 455 327 721 (2014: 21 207 039) are held under the control of the directors, subject to Section 52(e) of the JSE Listings Requirements until the next Annual General Meeting.

HOLDING GROUP

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

GOING CONCERN

The directors have reviewed the Group's cash flow forecast for the period to 30 June 2015. On the basis of this 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.

SPECIAL RESOLUTIONS

The following special resolutions were passed at the annual general meeting held on 3 November 2014:

- Approval of the non-executive directors' remuneration for the financial years ending 30 June 2015;
- General approval for Putprops 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;
- Approval for the Company to provide financial assistance in terms of Section 45 of the Companies Act.

The following special resolutions were passed at the general meeting held on 28 November 2014:

- Conversion of ordinary shares in the Company's authorised share capital from par value shares to shares of no par value;
- increase of the authorised no par value share capital of the Company to 500 000 000 (five hundred million) ordinary no par value shares;

- Amendments to the Memorandum of Incorporation of the Company to reflect the above mentioned changes;
- Approval to issue the Putprop shares in terms of section 41 (3) 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 2015, the directors held a total of 109 000 (2014: 54 500) shares in the Group. There has been no change in these interests between 30 June 2015 and the date of this report.

	2015 %	Direct beneficial 2014 %	2014 %	Indirect beneficial 2014 %
Non-executive directors				
P Senatore*	0.06	0.06	4.11	3.61
Executive directors				
A L Carleo-Novello	0.05	0.05	3.94	3.48
B C Carleo	0.08	0.08	5.07	4.61

* resigned 2 March 2015

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 Company as set out in this report. There have been no bankruptcies or voluntary arrangements of the above-named persons.

Directors' declarations are tabled and circulated at every Board meeting. All directors are encouraged to assess 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.

DIRECTORS' REPORT

for the year ended 30 June 2015

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 register of directors for each Board and committee meeting for the year ended 30 June 2015 is detailed on page 46 of the governance report.

BOARD COMPOSITION

Mr. A. Adrian and Mr. P. Senatore resigned on 2 March 2015, and Mr. P. Nucci on 31 December 2014.

Composition of the board	Date of appointment	Audit and risk committee	Social, ethics and human resources committee	Remuneration and nomination committee	Property and investment committee
Independent non-executive directors					
J Van Zyl	23 October 2013	Member	Member	Chairman	Member
K Chihota	2 March 2015	Chairman	-	-	Chairman
M Gemmill*	2 March 2015	Member	Member	Chairman	-
N Ntshona	2 March 2015	Member	Chairperson	-	Member
R Tiefenthaler #	2 March 2015	-	-	-	-
Executive directors					
B C Carleo	1 August 1992	Invitee	Member	-	Member
J E Smith	17 May 2009	Invitee	Member	Invitee	Member
A L Carleo-Novello	1 January 2001	Invitee	Member	-	Member

Resigned 5 August 2015

* Appointed 9 September 2015

DIRECTORS' REPORT

for the year ended 30 June 2015

EXECUTIVE DIRECTORS CONTRACTS

The executive directors do not have fixed-term contracts with the Company. A three and six month notice period is required of the executive directors and the Chief Executive Officer 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 2015.

	Board and committee fees R'000	Salary R'000	Bonus Paid R'000	Other allowances R'000	Pension contributions R'000	Total 2015 R'000	Total 2014 R'000
Executive directors							
B C Carleo	58	828	69	32	121	1 108	1 052
A L Carleo-Novello	58	566	48	–	–	672	626
J E Smith	58	931	78	–	–	1 067	1 007
Total	174	2 325	195	32	121	2 847	2 685
Non-executive directors							
K Chihota*	30	–	–	–	–	30	–
N Ntshona*	30	–	–	–	–	30	–
R Tiefenthaler \$*	10	–	–	–	–	10	–
M Gemmill*	30	–	–	–	–	30	–
A B Adrian#	42	–	–	–	–	42	41
P Senatore#	58	–	–	–	–	58	34
P Nucci@	25	–	–	–	–	25	34
J Van Zyl	80	–	–	–	–	80	16
Total	305	–	–	–	–	305	125

* Appointed 2 March 2015

Resigned 2 March 2015

@ Resigned 31 December 2014

\$ Resigned 5 August 2015

DIRECTORS' REPORT

for the year ended 30 June 2015

PROPERTY PORTFOLIO

Full details of the Group's investment portfolio can be found in note 30 of the financial statements.

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. New property additions are not revalued in the year of acquisition. The external valuer, P Parfitt (Dip. Val. MIV(SA)) of Quadrant Properties valuation of the properties at 30 June 2015 resulted in a fair value upward adjustment of R16.475 million (2014: R33.855 million upward).

In addition, as reported in the interim report, the property portfolio is valued by the directors on a six monthly and annual basis (interim valuation increase of R5.78 million (2014: R4.8 million upward). This valuation is taken into account in the June 2015 independent external valuation.

The directors' valuation of the portfolio at 30 June 2015 is in line with the external valuation.

LITIGATION STATEMENT

In terms of paragraph 11.26 of the JSE Listings Requirements the directors whose names appear on page 26 and 27 of this report 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

Approval has been given for the acquisition of a further 5.998 % holding in Summit Place, situated in Menlyn Pretoria at a cost of R12.1 million. This will increase the Groups holding in this investment to 32.732% (2015 June 26.734%)

COMPANY AUDITORS

Mazars Inc. have acted as the Company and Group auditors for the year ended 30 June 2015.

COMPANY SECRETARY

The Company Secretary for the period under review is Acorim Proprietary Limited represented by N. Brocco whose physical and postal address is: 2nd Floor, North Block, Hyde Park Office Tower, Corner 6th Road and Jan Smuts Avenue, Hyde Park 2196 and P.O. 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 Listings Requirements of the JSE Limited. 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, and also whether an arm's length relationship is maintained. 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 and that Acorim maintains an arms-length relationship with the Company and the Board

9 September 2015

AUDIT COMMITTEE REPORT

for the year ended 30 June 2015

The Audit and Risk Committee ("AR Committee") presents its report in terms of section 94(7)(f) of the Companies Act 2008, as amended and as recommended by King III for the financial year ended 30 June 2014.

BACKGROUND AND TERMS OF REFERENCE

The information below constitutes the report as required by section 94 of the Companies Act of South Africa 2008 ("the Act"). The Committee's operation is guided by a detailed charter that is informed by the 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 Act.

MEMBERSHIP COMPOSITION, MEETING ATTENDANCE AND EVALUATION

The Committee consists of four independent non- executive directors. They are:

K Chihota (Chairman)-appointed 2 March 2015 to current;

N.Ntshona - appointed 2 March 2015 to current and

J Van Zyl - appointed 7 July 2014 to current;

M Gemmill - appointed 9 September 2015

During this review period Mr AD Adrian, Mr P Senatore and Mr P Nucci resigned;

The Chief Executive Officer, the Financial Director, other members of senior management and representatives from the external auditors attend the AR Committee meetings by invitation only. The external auditors have unrestricted access to the chairman and other members of the AR Committee.

Meeting attendance is set out on page 46 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.

The curriculum vitae of the members of the AR Committee are set out on pages 34 to 35. The effectiveness of the AR Committee as a whole and its individual members are assessed on an annual basis. The AR Committee held three meetings during the year. All meetings were scheduled in advance.

APPROPRIATENESS AND EXPERIENCE OF THE FINANCIAL DIRECTOR AND FINANCE FUNCTION REVIEW

The AR Committee reviewed the performance of the executive 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 Limited. The committee also considered and was satisfied with:

- The expertise and adequacy of resources within the financial function; and
- The expertise of the senior financial management staff.

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

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 Committee, in consultation with executive management, agreed to a fixed audit fee for the 2015 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at the time. Audit fees are disclosed in note 24 to the financial statements;
- 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; and

AUDIT COMMITTEE REPORT

for the year ended 30 June 2015

- The Committee has satisfied itself that the external auditors and designated auditor are accredited on the JSE list of auditors.
- 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 auditors independence. Based on our satisfaction with the results of the activities outlined above, the Committee has recommended to the Board that Mazars Inc. be reappointed as the external auditors for the 2016 financial year, and Shaun Vorster as the designated auditor.

FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The accounting policies and annual financial statements of the Group and Company have been reviewed for the year ended 30 June 2015. Based on information provided by management the AR Committee 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) and the JSE Listings Requirements.

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

The Committee 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 2014, and those by an independent external valuer, as at 30 June 2015; and recommended for approval, these annual financial statements and Integrated Annual Report, as well as the half year interim results to December 2014.

The AR Committee 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

At its meeting held on 1 September 2015 the Committee considered and recommended the integrated June 2015 annual financial statements for approval to the Board. The Board has subsequently approved the annual financial statements, which will be open for discussion at the forthcoming annual general meeting.

RISK MANAGEMENT

The AR Committee 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 Committee has reviewed the reports of the external auditors detailing their findings arising from the audit and the appropriate response from management. The AR committee confirms that no material findings in regards 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 Committee 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 9 September 2015. In addition the AR committee noted and confirmed that this test was performed for the payment of the interim dividend distribution approved in December 2014.

GOING CONCERN STATUS

The AR Committee 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 AR 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 72 of the directors' report.

REGULATORY COMPLIANCE

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

On behalf of the AR Committee



K Chihota
Chairman
Johannesburg
1 September 2014

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2015

	Notes	Group 2015 R'000	2014 R'000	Company 2015 R'000	2014 R'000
ASSETS					
Non-current assets					
Net investment property	2	434 634	309 564	343 635	309 564
Gross investment property		439 419	315 264	348 420	315 264
Straight-line rental income adjustment		(4 785)	(5 700)	(4 785)	(5 700)
Other non-current assets					
Straight-line rental income asset	3	2 874	4 243	2 874	4 243
Furniture, fittings computer equipment and motor vehicles	4	116	64	116	64
Investment in associates	6	114 473	66 068	79 182	43 945
Investment in subsidiary	7	–	–	–	–
Loan to subsidiary	7	–	–	16 936	–
		552 097	379 939	442 743	357 816
Current assets					
Straight-line rental income asset	3	1 911	1 457	1 911	1 457
Trade and other receivables	8	6 319	8 736	560	8 736
Cash and cash equivalents	9	103 651	45 032	98 225	45 032
		111 881	55 225	100 696	55 225
Total assets		663 978	435 164	543 439	413 041
Equity and liabilities					
Equity attributable to owners of the parent					
Stated capital	10	101 969	4 146	101 969	4 146
Accumulated profit		443 074	388 373	397 203	366 250
		545 043	392 519	499 172	370 396
Non-controlling interest	11	26 780	–	–	–
Total equity		571 823	392 519	499 172	370 396
Non-current liabilities					
Deferred taxation	12	36 914	34 279	36 914	34 279
Loan liabilities	13	36 768	–	–	–
		73 682	34 279	36 914	34 279
Current liabilities					
Loan liabilities	13	2 541	–	–	–
Trade and other payables	14	14 250	6 804	5 671	6 804
Taxation payable	25	1 682	1 562	1 682	1 562
		18 473	8 366	7 353	8 366
Total equity and liabilities		663 978	435 164	543 439	413 041

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2015

		Group		Company	
	Notes	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Contractual rental revenue - investment properties	17	42 519	38 901	42 519	38 901
Operating cost recoveries	17	12 533	11 609	12 533	11 609
Straight-line rental income accrual	3	(916)	1 158	(916)	1 158
Gross property revenue		54 136	51 668	54 136	51 668
Property expenses	18	(14 958)	(13 280)	(14 942)	(13 280)
Net profit from property operations		39 178	38 388	39 194	38 388
Corporate administration expenses	19	(5 848)	(5 300)	(5 848)	(5 300)
Investment and other income	20	2 629	2 063	2 387	2 063
Share of associates' profits	6	13 167	19 371	–	–
Operating profit before finance costs		49 126	54 522	35 733	35 151
Finance costs	21	(889)	–	–	–
Operating profit before capital items		48 237	54 522	35 733	35 151
Profit on sale of associates and investments		800	282	800	282
Gain on bargain purchase	22	10 918	–	–	–
Profit before fair value adjustments		59 955	54 804	36 533	35 433
Fair value adjustments	2	17 391	32 697	17 391	32 697
Gross change in fair value investment property		16 475	33 855	16 475	33 855
Straight-line rental adjustment		916	(1 158)	916	(1 158)
Net profit before taxation		77 346	87 501	53 924	68 130
Taxation	23	(12 874)	(15 991)	(12 874)	(15 991)
Profit for the year		64 472	71 510	41 050	52 139
Attributable to owners of parent		64 798	71 510	41 050	52 139
Attributable to non controlling interest	11	(326)	–	–	–
Other Comprehensive income		–	–	–	–
Total comprehensive income for the year		64 472	71 510	41 050	52 139
Attributable to owners of parent		64 798	71 510	41 050	52 139
Attributable to non controlling interest	11	(326)	–	–	–
Earnings and diluted earnings per share (cents)	27	193.9	248.3	–	–

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2015

		Attributable to owners of the parent				
	Notes	Stated capital R'000	Accumulated profit R'000	Share holders' interest R'000	Non controlling interest R'000	Total R'000
GROUP						
Balance at 1 July 2013		4 146	327 228	331 374	–	331 374
Profit for the year		–	71 510	71 510	–	71 510
Dividends paid	26	–	(10 365)	(10 365)	–	(10 365)
Balance at 30 June 2014		4 146	388 373	392 519	–	392 519
Issue of rights offer shares, net expenses	10	97 823	–	97 823	–	97 823
Non controlling interest recognized in respect of subsidiary	11	–	–	–	27 106	27 106
Profit (Loss) for the year		–	64 798	64 798	(326)	64 472
Dividends paid	26	–	(10 097)	(10 097)	–	(10 097)
Balance at 30 June 2015		101 969	443 074	545 043	26 780	571 823
Note 9						
COMPANY						
Balance at 1 July 2013		4 146	324 476	328 622	–	328 622
Profit for the year		–	52 139	52 139	–	52 139
Dividends paid	26	–	(10 365)	(10 365)	–	(10 365)
Balance at 30 June 2014		4 146	366 250	370 396	–	370 396
Issue of rights offer shares, net expenses	10	97 823	–	97 823	–	97 823
Profit for the year		–	41 050	41 050	–	41 050
Dividends paid	26	–	(10 097)	(10 097)	–	(10 097)
Balance at 30 June 2015		101 969	397 203	499 172	–	499 172

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2015

		Group		Company	
	Notes	2015 R'000	2014 R'000	2015	2014 R'000
Cash flow generated from operating activities		26 477	8 973	23 201	8 973
Net cash generated from operations	28	44 064	26 585	41 030	26 585
Investment income	20	2 629	2 063	2 387	2 063
Taxation paid	25	(10 119)	(9 310)	(10 119)	(9 310)
Dividends paid	26	(10 097)	(10 365)	(10 097)	(10 365)
Cash flow utilised in investing activities		(104 519)	4 274	(67 831)	4 274
Additions and improvement to investment property	2	(68 127)	(12)	(21 580)	(12)
Acquisition of furniture, fittings computer equipment and motor vehicles	4	(81)	(25)	(81)	(25)
Investment in subsidiary company	5	–	–	(16 936)	–
Cash on business combination	22	(6 773)	–	–	–
Proceeds on sale investment property	2	5 700	–	5 700	–
Proceeds on sale of associate		–	5 393	–	5 393
Acquisition of and loans to associates	6	(35 238)	(1 082)	(34 934)	(1 082)
Cash flow from financing activities		136 661	–	97 823	–
Proceeds from issue of share capital	10	97 823	–	97 823	–
Proceeds received on borrowings	13	38 838	–	–	–
Net increase in cash and cash equivalents		58 619	13 247	53 193	13 247
Cash and cash equivalents at beginning of year		45 032	31 785	45 032	31 785
Cash and cash equivalents at end of year	9	103 651	45 032	98 225	45 032

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

1. ACCOUNTING POLICIES

1.1 Statement of compliance

The annual financial statements are prepared in accordance with and comply with International Financial Reporting Standards ("IFRS"), interpretations of those standards, the SAICA Financial Reporting Guides, as issued by the Accounting Practices Committee and the Listings Requirements of the JSE Limited and the Companies Act of South Africa, Act 71 of 2008, as amended.

1.2 Basis of preparation

These financial statements comprise the financial statements of Putprop Limited, its subsidiary companies and equity accounted associates, together referred to as the Group. These statements have been prepared on an historical cost basis, except for measurement at fair value of investment properties and incorporate the principal accounting policies set out below. The financial statements are presented in South African Rands and denominated in thousands (R'000). The accounting policies are consistent with the previous year except as noted below:

Operating costs, in respect of recoveries of expenses incurred in the normal course of business and based on a contractual right to recover such costs, were accounted for in previous reporting periods, by offsetting such recoveries against the incurred expense. From this review period recoveries are now reflected as a separate line item in the statement of comprehensive income. This change was done for ease of benchmark reporting.

Standards and Interpretations effective and adopted in the current year

In the current year, the Group has not adopted any new Standards and Interpretations that are relevant to its operations.

1.3 Significant accounting judgements, estimates and assumptions

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 are 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, estimate of useful life and residual values of tangible assets, allowance for doubtful debts, the calculation of

deferred taxation and estimating the fair value of investment properties held. Management discusses with the Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of such 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:

Accounting Policies- notes 1.4, 1.5, 1.6, 1.7, 1.8, 1.10, 1.11, 1.12, 1.13, 1.16 1.17, 1.18

Investment Property Valuations- note 2 and 16

Investments in Associates- note 5 and 6

Normal Taxation and Deferred Taxation- note 12 and 23

Trade and other receivables - note 8

Investment Properties

The revaluation of investment properties requires judgement in the determination of future cash flows from leases and an approximate revisory capitalisation rate. Note 16 sets out further detail of the fair measurement of investment properties.

Business combinations and Investment properties

Property acquisitions which, in the opinion of the directors, meet the definition of a business, as defined in IFRS 3, are recognised and measured in accordance with that Standard. An acquisition is deemed to be a business if it comprises the acquisition of an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing a return, lower costs or other economic benefits directly to investors. Property acquisitions which do not meet the definition of a business, as defined in IFRS 3, are recognised and measured as the acquisition of an investment property in accordance with IAS 40.

Taxation

Judgement is required in determining the provision required for normal taxation, and in certain instances deferred taxation. The final determination of the taxation liability is dependent on numerous transactions and calculations for which the final tax determination is uncertain during the ordinary course of business. Where the final tax outcome of the period under review differs from the provision originally recorded, such differences either up or down will impact the normal taxation and deferred taxation charge.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

1.3 Significant accounting judgements, estimates and assumptions (continued)

Trade receivables

Management identifies impairment of trade receivables on an ongoing basis. Impairment adjustments are raised against trade receivable when the collectability is considered to be doubtful. In determining when an impairment loss should be recorded in the statements of comprehensive income, the Group will make judgements based on age, customer current financial status, security held and disputes existing. In addition, adjustments and judgement may be influenced by industry specific economic conditions. Management believes that the impairment write-offs is sufficient and that there are no significant trade receivables that are doubtful and have not been written off.

1.4 Consolidation

Basis of consolidation

The consolidated financial statements comprise the financial statements of the group and its subsidiary as at 30 June 2015. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if, and only if, the group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, all rights to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

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.

1.5 Business combinations

The group applies the acquisition method in accounting for business combinations. The consideration transferred by the group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of

assets transferred, liabilities incurred and the equity interests issued by the group.

Acquisition costs directly attributable to the business combination are expensed as incurred.

Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill if applicable, is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquiree and (c) acquisition date fair value of any existing equity interest in the acquiree, over the acquisition date fair values of identifiable net assets.

When the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on bargain purchase) is recognised in profit or loss immediately.

On acquisition, the Group assesses the classification of the acquirees assets and liabilities, and reclassifies them where the classification is not in line with Group methodology.

1.6 Investment property

Investment property, which is stated at fair market value, 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. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

1.6 Investment property (continued)

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.

Fair value

At the reporting date all investment property is measured at fair value adjusted for straight-line lease income adjustment, which 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 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 net profit or loss in the year in which they arise.

The gross carrying amount of the investment properties are adjusted consistently with this valuation upon revaluation.

Fair value measurement on property under development is only applied if the fair value is considered to be reliably measurable. In terms of evaluating whether this fair value of property under development can be determined with accuracy, management considers:

- Stage of completion;
- Development risk of the property;
- Provisions of the development contract;
- Past experience with like projects.

Derecognition

Investment property is derecognised either when they have been disposed of or when the investment is permanently withdrawn from use 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.

1.7 Investments in associates

Group annual financial statements

Investments in associates are accounted for using the equity method. Associates are entities in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. 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 impairment is recognised when there is any objective evidence that the investment in associate is impaired. The use of the equity method is discontinued from the date on which the Company ceases to have significant influence over an associate. The Company's investments in subsidiaries and associates are carried at cost less any impairment. These investments are assessed annually for any impairment indicators.

An associates 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.

Derecognition of interest held in associates:

Gains and losses from derecognition of an investment held in an associate are measured as the difference between the net disposal proceeds and the equity accounted value of the investment in the associate, as at the date significant influence ceases, and such gains or losses are recognised in profit or loss in the year of derecognition.

1.8 Investments in Subsidiaries

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

Basis of Consolidation

Subsidiaries are entities over which the group has control. Control is achieved when the company has one or all of the following:

- has power over the investee;
- has ability to use this power to affect returns from the investee;
- is exposed to, or has rights to variable returns from its involvement with the investee.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

1.8 Investments in Subsidiaries (continued)

The group's annual financial statements include the financial statements of the company and its subsidiaries. The assets, liabilities operating results and cash flows of the subsidiaries are included from the effective date of acquisition.

Intercompany balances and transactions are eliminated in full. The subsidiary applies the same accounting policies as those used by the Group.

1.9 Furniture, fittings, computer equipment and motor vehicles

The cost of an item of furniture, fittings, computer equipment and motor vehicles is recognised as an asset when it is probable that future economic benefits will flow to the Group and the cost can be measured reliably. Furniture, fittings, computer equipment and motor vehicles is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts of such furniture, fittings, computer equipment and motor vehicles when that cost is incurred if the recognition criteria are met. Depreciation is charged so as to write off the cost less residual value of assets over their estimated useful lives, using the straight-line basis.

The principal useful lives used for this purpose are:

Computer equipment	3 years
Furniture and fittings	6 years
Office equipment	5 years
Motor vehicles	2 years

An item of furniture, fittings, computer equipment and motor vehicles is derecognised upon disposal or retirement when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (the difference between the sale disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

1.10 Financial instruments

Initial recognition

Financial instruments are recognised on the statements of financial position as either an asset, liability or equity when the Group becomes a party to the contractual provisions of the instrument. Initial measurement is at fair value which, unless the instrument is classified at fair value through profit and loss, includes transaction costs.

Financial instruments recognised on the statements of financial position include trade and other receivables, cash and cash equivalents, trade and other payables and loan liabilities.

The Group determines the classification of its financial instruments on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end. The subsequent measurement of financial instruments is dealt with below.

Subsequent to initial recognition financial instruments are measured as follows:

Financial assets

The Group's principal financial assets are trade and other receivables, loans receivable and cash and cash equivalents.

Loans and trade and other receivables

Loans and trade and other receivables are classified as loans and receivables. Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement loans and receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Cash and cash equivalents

Cash and cash equivalents are classified as loans and receivables. Cash and cash equivalents comprise cash on hand, demand deposits and other short-term investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value. Subsequent measurement is at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

1.10 Financial instruments (continued)

Financial liabilities

The Group's principal financial liabilities are trade and other payables and loan liabilities. These are classified as other financial liabilities that are subsequently measured at amortised cost using the effective interest rate method.

Trade and other payables and loan liabilities

Trade and other payables and loan liabilities are classified as financial liabilities at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement of borrowings is recognised over the term of the borrowings in accordance with the Groups accounting policy for borrowing costs. The Group elected not to capitalise borrowing costs to investment properties measured at fair value.

Effective interest rates

The effective interest rate is the rate that exactly discounts estimated future cash receipts/ payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial assets/liabilities, or, where appropriate, a shorter period.

1.11 Derecognition of financial instruments

Financial assets

A financial asset is derecognised when the rights to receive cash flows from the asset have expired.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

1.12 Impairment of financial assets

The Group assesses at each reporting date whether any asset or group of financial assets is impaired. Impairment losses on loans and receivables are determined based on specific and objective evidence that assets are impaired and measured as the difference between the carrying amount of assets and the present value of the expected future cash flows using the original effective interest rate.

Objective evidence of impairment includes:

- Abnormal late payments;
- Change in credit ratings; and
- Advice of cash flow difficulties

Impairment losses on trade and other receivables are recognised in an allowance account. If specific receivables are determined not to be recoverable the impairment is expensed. Other impairment losses are recognised in profit and loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit and loss, to the extent that the carrying value of the asset would not exceed its amortised cost had the impairment not been recognised.

1.13 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

1.14 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of the specific asset or assets or the arrangement conveys a right to use the asset. Leases where the risks and benefits of ownership of an asset are not transferred to the lessee are classified as operating leases. A re-assessment is made after inception of the lease only if one of the following applies:

- a) There is a change in contractual terms, other than a renewal or extension of the agreement;
- b) A renewal option is exercised or extension granted, unless the terms of the renewal or extension was initially included in the lease terms;
- c) There is a change in the determination of whether fulfilment is dependent on a specified asset; or
- d) There is a substantial change to the asset. Where re-assessment is made, lease accounting shall commence or cease to commence from the date when the change in circumstances gave rise to the reassessment for scenarios a), c) or d) and at the date of renewal or extension period for b).

Group as lessor

Leases where the Group does not transfer all the risks and benefits of ownership of an asset are classified as operating leases. 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. An adjustment is made to contractual rental income earned to bring to account in the current period the difference 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.

Group as Lessee

Leases where the lessor substantially retains all risk and rewards of ownership are classified as operating leases. Payments on these leases are recognised as an expense on a straight line basis over the lease term. Any associated cost is expensed as incurred.

1.15 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 or substantively enacted by the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

Deferred taxation

A deferred tax liability is the amount of income taxes payable in future periods in respect of taxable temporary differences. A deferred tax asset is the amount of income taxes recoverable in future periods in respect of temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. Deferred income 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, except:

Where the deferred income tax liability arises

- from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. A deferred tax asset is recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:
- where the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

1.15 Taxation (continued)

The carrying amounts of deferred income tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value Added Tax (VAT)

Revenues, expenses assets and liabilities are recognised net of the amount of VAT except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1.16 Revenue recognition

Revenue comprises operating lease income, operating expense recoveries charged to tenants and interest income. Value added taxation is excluded.

Operating lease income

Revenue is recognised to the extent that it is probable that economic benefits

will flow to the Group, and the revenue can be reliably measured. Revenue earned from operating leases and expense recoveries is recognised as income, on a straight-line basis over the lease term in accordance with the lease policy and based on the underlying lease agreements.

Operating expense recoveries

Revenue is recognised to the extent that recoveries of expenses are made from tenants, based on the contractual right to recover the amount. It is measured at the fair value of the consideration received and represents amounts recoverable for rental recoveries in the normal course of business, net of tax.

Investments

Interest is recognised on a time-proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity when it is determined that such income will accrue to the Group.

1.17 Borrowing costs

Borrowing costs are expensed as and when incurred, as there are no qualifying assets in the Group in the current or prior year.

1.17 Capital management

The primary objective of the Group's capital management is to safeguard its ability to continue as a going concern and to provide a return to shareholders. The Group manages its capital structure and makes adjustments to it, in light of changes to economic conditions.

To maintain or adjust the share capital structure the Group may return capital to shareholders, buy back its own shares or issue new shares. The Group's capital consists of share capital and retained earnings, which amount to R545.0 million (2014: R392.5 million). Management believes it has met its capital management objectives for the year under review. There have been no changes in the Group's objectives, policies and processes for managing capital from the prior year.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

1.18 Segmental reporting

An operating segment is a component of an entity that engages in business activities whose operating results are regularly reviewed by the Group's decision makers. These results are utilised to assess the segment's performance and facilitate decisions regarding resource allocation. 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.

The following segments are listed in this report: industrial, retail, commercial and corporate.

The Group operates in the greater Gauteng area, the North West and Mpumalanga provinces. The individual locations are listed in note 30.2.

The measurement policies the Group uses for segment reporting under IFRS 8 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.

1.19 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, and deposits held on call with banking institutions, all of which are available for use by the Group.

1.20 Related parties

A related party in the case of the Group, is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group;
 - or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

- (b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) The entity is controlled or jointly controlled by a person identified in (a); or
- (iv) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel or the entity (or of a parent of the entity).

1.21 Employee benefits

The cost of short term employee benefits (those payable within 12 months of rendering of service) such as paid vacation leave, sick leave, bonuses, and non-monetary benefits such as medical aid are recognised in profit and loss in the period in which the related service is provided.

1.22 Letting commissions

Letting commissions are capitalised and letting commissions amortised over the lease period. The carrying value of letting commissions is included with investment properties.

1.23 Effective date of property transactions

In the event of an investment property being disposed or acquired, the effective date of the transaction is generally treated as the date 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 and not necessarily when the property is transferred.

1.24 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

1.25 New and revised international financial reporting Standards ("IFRS") issued.

New and forthcoming accounting standards		
STANDARD	Details of the Standard or Amendment	Annual periods beginning on or after
IFRS 7 Financial Instruments: Disclosures	Clarification: Offsetting disclosures are not specifically required for all interim periods, when its inclusion would be required in accordance with the general requirements of IAS 34. Assessment: Putprop does not apply any off-setting, as such no effect expected	1 January 2016
IFRS 8 Operating Segments	Disclosure amendments: A brief description of the operating segments that have been aggregated and the economic indicators assessed in determining that the segments share similar economic characteristics. A reconciliation of the reportable segments' assets to the entity's is only required if the segment assets are reported in accordance with paragraph 23. Assessment: Putprop does not aggregate any operating segments, as such there is on effect in the current year	1 July 2014
IFRS 9 Financial Instruments	New standard that replaces IAS 39. The standard incorporates classification and measurement requirements that are driven by cash flow characteristics and the group business model. Financial instruments are classified into one of three classes: amortised cost, fair value through profit or loss and fair value through other comprehensive income. The standard also incorporates a forward looking 'expected loss' impairment Hedge accounting has been substantially modified and is more aligned with risk management activities. Assessment: The effect, if any of this standard is currently being assessed.	1 January 2018
IFRS 13 Fair Value Measurement	Clarification: Entities are still able to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting when the effect of discounting is immaterial. Assessment: The clarification has no effect on the current year as the above mentioned accounting policy was applied currently and in the past.	Immediate effect
IFRS 15 Revenue from contracts with customers	New standard that establishes a single, comprehensive and robust framework for the recognition, measurement and disclosure of revenue. Assessment: The effect, if any of this standard is currently being assessed.	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

New and forthcoming accounting standards		
STANDARD	Details of the Standard or Amendment	Annual periods beginning on or after
IAS 1 Presentation of Financial Statements	Amendment: As part of a major initiative to improve presentation and disclosure in financial reports, designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. Such as the following: - Materiality consideration - Line items in the Statement of Financial Position and Statement of Comprehensive income can be aggregated or disaggregated as relevant. - Examples added to show how notes can be ordered to help understandability and comparability Assessment: The standard will result in additional disclosure when implementation date effective	1 January 2016
IAS 24 Related Party Disclosures	Amendments: The definition of related parties includes the entity, or any member of a group of which it is a part, that provides key management personnel services to the reporting entity or its parent. Details of the individual employee benefits do not need to be disclosed for an entity that provides key management personnel services. The amounts incurred for key management personnel services from an entity must be disclosed. Assessment: Putprop's management personnel consists of the board of directors, whose employee benefits are disclosed in full in the directors report. As such, no effect in the current year.	1 July 2014
IAS 32 Financial Instruments: Presentation	Amendment: Explanation of "currently has a legally enforceable right to set-off"; and requirement to disclose gross amounts subject to set-off rights and the related net credit exposure. Assessment: Putprop does not apply any off-setting as such no effect in the current year	1 January 2014
IAS 34 Interim Financial Reporting	Amendment: Certain disclosures shall be given either in the interim financial statements or incorporated by cross-reference to another statement on the same terms and at the same time which is available to all users. Assessment: The standard will effect disclosure and is currently being assessed	1 January 2016
IAS 36 Impairment of Assets	Amendment: Clarifies the disclosures required for the recoverable amount of impaired assets when the amount is based on fair value less costs of disposal. Assessment: Putprop does not have any impaired assets as such no effect in the current year	1 January 2014
IAS 40 Investment Property	Clarification of scope: When exercising judgement to determine whether an acquisition of a property is the acquisition of an investment property or a business combination. The judgement is exercised within the scope of IFRS 3. Assessment: The purchase of Bank City was assessed within the scope of IFRS3. Please refer to the accounting policy note, 1.3, Business combinations and investment properties	1 July 2014

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

	2015 R'000	Group 2014 R'000	2015 R'000	Company 2014 R'000
2. INVESTMENT PROPERTY				
Stated at fair value				
Property acquisitions and development costs	174 477	66 718	83 478	66 718
Capital expenditure and tenant installations	22 956	22 876	22 956	22 876
Net gain from fair value adjustment of investment property	241 986	225 670	241 986	225 670
Straight-line rental income adjustment	(4 785)	(5 700)	(4 785)	(5 700)
Net investment property 30 June	434 634	309 564	343 635	309 564
2.1 Movement for the year				
Investment property 1 July	309 564	276 855	309 564	276 855
Capital expenditure and tenant installations	80	12	80	12
Acquisitions	68 039	–	21 500	–
Acquisitions business combinations	44 460	–	–	–
Disposals *	(4 900)	–	(4 900)	–
Change in fair value of investment property	16 475	33 855	16 475	33 855
Straight-line rental income adjustment	916	(1 158)	916	(1 158)
Net investment property 30 June	434 634	309 564	343 635	309 564
* Centurion Gate, building 11 forming part of the industrial segment was disposed of as it no longer met the Groups investment criteria.				
3. STRAIGHT LINE RENTAL ADJUSTMENT				
Balance at 1 July	5 700	4 541	5 700	4 541
Current year movement				
Income(Loss) recognised during the year	(916)	1 158	(916)	1 158
Balance at 30 June	4 785	5 700	4 785	5 700
Reflected on the statement of financial position under:				
Non-current assets	2 874	4 243	2 874	4 243
Current assets	1 911	1 457	1 911	1 457
	4 785	5 700	4 785	5 700
4. FURNITURE FITTINGS, COMPUTER EQUIPMENT AND MOTOR VEHICLES				
Cost	419	338	419	338
Accumulated depreciation	(303)	(274)	(303)	(274)
Carrying value	116	64	116	64
Movement for the year				
Net carrying value 1 July Additions	64	75	64	75
Additions	81	25	81	25
Depreciation	(29)	(36)	(29)	(36)
Net carrying value 30 June	116	64	116	64

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

5 INVESTMENT IN ASSOCIATES AND SUBSIDIARIES

5.1 Investment in associates

The Group has the following interest in its associates

Unlisted associates	% held	Nature	Acquisition date
Belle Isle Investments Proprietary Limited	27.5	Mixed use retail/commercial	June 2006
Pilot Peridot One Proprietary Limited	26.734	Mixed use commercial	April 2012
Neotrend Properties Propriety Limited	40	Retail	May 2015

	Nature of business	Issued share capital	% held in issued share capital		Cost of shares held 2015 R'000	Amount owing by/(to) subsidiary	
			2015	2014		2015 R'000	2014 R'000
5.2 Interest in Subsidiaries							
Neo Trend Khala Cose Developers (Pty) Ltd	Retail Centre	1 000	51	—	510	16 936 **	—
Baraville (Pty) Ltd	Dormant	2 000	100	100	100	—	—
Edenvale Bus Service (Pty) Ltd*	Dormant	1 000	100	100	100	*	*
Namasota (Pty) Ltd	Dormant	1 000	100	100	100	—	—
Putfield (Pty) Ltd	Dormant	1 000	100	100	100	—	—

* Less than R1 000

** The principal place of business of NeoTrend Khala Close is the Republic of South Africa. The subsidiary's main activity is that of a retail center. The company is not strategic to the Group. The loan advanced to the subsidiary is unsecured, interest free and has no fixed terms of repayment.

		Group June 2015 R'000	June 2014 R'000
6. INVESTMENT IN ASSOCIATES			
6.1 Investment in associates - COMBINED			
Balance at the beginning of the year		66 068	50 728
Additions		1 537	1 082
Share in retained profit/ (losses) continuing operations		1 705	549
Loan advances made		33 702	—
Disposals		—	(5 114)
Movement in fair value investment property		11 461	18 823
Balance at the end of the year		114 473	66 068
Reconciled as follows:			
Cost		79 182	49 640
Share of net retained profits since acquisition		5 027	2 719
Movement in fair value investment property		30 264	18 823
Disposals		—	(5 114)
Balance at the end of the year		114 473	66 068

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

	2015 R'000	Group 2014 R'000	2015 R'000	Company 2014 R'000
6.2 Investment In Associates - Individual (Continued)				
Belle Isle investments (Pty) Ltd- 27.5% (2014: 27.5%)				
Centurion Gate retail centre				
Balance at the beginning of the year	34 699	20 614	17 863	17 863
Additions	–	–	–	–
Share of retained profits for the year	1 877	1 721	–	–
Change in fair value investment property	1 706	12 364	–	–
Balance at the end of the year	38 282	34 699	17 863	17 863
Pilot Peridot One (Pty) Ltd-26.734 % (2014: 25.77%)				
Summit Place Centurion				
Balance at the beginning of the year	31 369	25 000	26 082	25 000
Additions	1 537	1 082	1 537	1 082
Share of retained profits/(losses) for the year	(172)	(1 172)	–	–
Loan advances made	20 011	–	20 011	–
Change in fair value investment property	9 755	6 459	–	–
Balance at the end of the year	62 500	31 369	47 630	26 082
Breaking Waves investments (Pty) Ltd- (Disposed 2014)				
Mooikloof retail centre, Pretoria				
Balance at beginning of year	–	5 114	–	5 114
Disposals	–	(5 114)	–	(5 114)
Share of retained profits for the year	–	–	–	–
Balance at the end of the year	–	–	–	–
Neo Trend Properties (Pty) Ltd 40% undivided share* (2014: Nil)				
Corridor Hill Retail Centre				
Balance at beginning of the year	–	–	–	–
Additions	#	–	#	–
Loan advance made	13 691	–	13 691	–
Share of retained profits for the year	–	–	–	–
Change in fair value investment property	–	–	–	–
Balance at end of year	13 691	–	13 691	–

*The Group acquired a 80% holding in a 50% undivided share in a motor retail outlet to be developed in the Witbank area. Completion date is scheduled for December 2016 with a 10 year lease agreement.
Cost of investment R400.00 (2014: Nil).

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for the year ended 30 June 2015

7. Aggregate investment information

	Neo Trend Khala Cose 2015 R'000	Belle Isle 2015 R'000	Pilot Peridot 2015 R'000	Neo Trend Properties 2015 R'000	Belle Isle 2014 R'000	Pilot Peridot 2014 R'000
Aggregate financial information: unlisted						
Non-current assets	91 000	199 953	437 630	15 382	190 000	347 873
Current assets	11 182	13 101	9 934	2 561	13 438	18 068
Non-current liabilities	(36 768)	(105 107)	(321 247)	(17 943)	(106 730)	(292 986)
Current liabilities	(11 116)	(473)	(19 140)	–	(1 426)	(2 207)
Revenue	–	18 129	17 351	–	13 271	3 172
Profit (Loss) after taxation	(664)	59 125	59 679	–	51 218	20 509
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	(664)	59 125	59 679	–	51 218	20 509
Net Asset value	–	107 474	107 176	–	95 282	70 746
Share in net asset value	–	29 555	28 653	–	26 203	18 233
Loan to associate	–	9 418	38 917	13 691	5 137	17 000
Goodwill/(Bargain) on acquisition	–	(691)	(5 070)	–	3 359	(3 864)
Investment carrying value	–	38 282	62 500	13 691	34 699	31 369

The associates and subsidiary have a 28 February year end. In reporting associates' share of profits or losses, audited and June management accounts are utilised. There were no material adjustments since the audited year end.

For accuracy of disclosure a reclassification has been done between the cost of acquisitions and the loans. This has resulted in a change to the goodwill (bargain) on acquisition in 2014. The principle place of business of all of the Groups associate investments is the Republic of South Africa. The nature of associates are that of retail and commercial centres. None of the associates activities are considered strategic to the Group

Comparative figures have not been shown for Neo Trend Properties and Neo Trend Khala Cose for June 2014 as at this date all balances were Nil.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
8. TRADE AND OTHER RECEIVABLES				
Financial assets				
Rental receivables	571	3 638	477	3 638
Impairment of receivables	(100)	(100)	(100)	(100)
Deposits held	–	5 022	–	5 022
	471	8 560	377	8 560
Non Financial assets				
Value added tax	5 665	–	–	–
Sundry receivables	183	176	183	176
	6 319	8 736	560	8 736
Potential areas of credit risk comprise mainly rental receivables. Rental receivables consist of a relatively small tenant base, the majority of whom are national tenants. The Group monitors the financial position of its tenants on a regular basis. The carrying value of these receivables approximates their fair values, due to their short-term nature. Further information on receivables is set out in note 12.				
9. CASH AND EQUIVALENTS				
Cash and cash equivalents consist of:				
Cash on hand and deposits held with banking institutions	103 651	45 032	98 225	45 032
	103 651	45 032	98 225	45 032

Included in cash and cash equivalents as at 30 June 2015 is cash received from the rights issue to the value of R97.823 million, which as per the circular is for the purposes of diversifying the current portfolio, subject to the discretion of the board of directors. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
10. STATED CAPITAL				
Authorised 500 000 000 shares of no par value (2014: 50 000 000 shares of par value)				
Issued 44 672 279 shares of no par value (2014: 28 792 961 shares of par value)	101 969	4 146	101 969	4 146
A further 15 879 318 new shares of no par value were issued during February 2015, by means of a rights offer of 55.15 shares for every 100 shares held by existing shareholders. The authorised share capital was increased from 50 million shares to 500 million shares to accommodate the issue of shares.				
Reconciliation of number of shares issued				
Reported at the beginning of the year	28 792 961	28 792 961	28 792 961	28 792 981
Rights issue of shares at 630 cents per share	15 879 318	–	18 879 318	–
Shares at the end of the year	44 672 279	28 792 961	44 672 279	28 792 961
Unissued shares are under the control of the Board 100% of the unauthorised shares of the Group are under the control of the directors. This authority expires at the next annual general meeting of the Group.				
11. NON-CONTROLLING INTEREST				
The non-controlling interest of R26,78 million (2014: Nil) represents 49% of the net asset value of New Trand Khala Cose Developers (Propriety) Limited ("Neotrend") at 30 June 2015.				
The following summarised information for Neo Trend is prepared in accordance with IFRS, adjusted for fair value adjustments on acquisition.				
			2015 R'000	2014 R'000
Non-controlling interest at the beginning of the year			–	–
Non-controlling interest recognized at acquisition			26 762	–
Profit/(loss) attributable to non-controlling interest			(326)	–
Additional advances on minority shareholder loans recognized after acquisition			344	–
Non-controlling interest at end of the year			26 780	–

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
12. DEFERRED TAXATION				
Deferred liability comprises:				
Fair value adjustments	35 617	32 374	35 617	32 374
Straight-line rental income adjustment	1 340	1 512	1 340	1 512
Other temporary differences	(43)	393	(43)	393
Deferred tax liability	36 914	34 279	36 914	34 279
Movement				
Balance at 1 July	34 279	27 661	34 279	27 661
Fair value adjustments	3 243	6 378	3 243	6 378
Straight-line rental income adjustment	(172)	240	(172)	240
Other temporary differences	(436)	–	(436)	–
Balance at 30 June	36 914	34 279	36 914	34 279
13. LOAN LIABILITIES				
Nedbank	39 309	–	–	–
The loan bears interest at the prime bank overdraft less 0.25% (9%). The loan is to be settled in 120 equal monthly installments of R497 943. Minority shareholders, have offered, jointly with the borrower, a limited deed suretyship to the value of R6 million per shareholder, in total R12 million, as security for the loan. Majority shareholder, Putprop Limited, has offered, jointly with the borrower, a limited deed suretyship to the value of R12 million, as security for the loan. The total cash received on the loan amounts to R 38 838 435. The fair value of the loan approximates the carrying value as the loan bears interest at market related interest rates.				
Liquidity within 1 year	R 5 975 314			
Liquidity 1-2 years	R 5 975 314			
Liquidity 2-5 years	R 17 925 943			
Liquidity after 5 years	R 29 876 573			

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

	2015 R'000	Group 2014 R'000	2015 R'000	Company 2014 R'000
14. TRADE AND OTHER PAYABLES				
Financial liabilities				
Accrued expenses and trade creditors	10 408	2 733	1 829	2 733
Unclaimed dividends	666	744	666	744
Sundry creditors	2 215	2 467	2 215	2 467
	13 289	5 944	4 710	5 944
Non Financial liabilities				
Audit fee accrual	443	324	443	324
Value added tax	518	536	518	536
	14 250	6 804	5 671	6 804

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

15. 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.

Interest rate management

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 long-term borrowings of R39,3 million raised in the current financial year (2014: Nil). There are no borrowings in the company (2014: Nil)

The Group's exposure to the risk of changes in market rates relates primarily to the Group's cash and cash equivalents.

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for the year ended 30 June 2015

15. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk table

The table below demonstrates the sensitivity to a reasonable, possible change in interest rates with all other variables held constant on the Group's profit before tax.

	Increase/ decrease in base points	Effect on profit before tax R'000 Group	Effect on profit before tax R'000 Company
2015	+ 100 - 100	606 (606)	716 (716)
2014	+ 100 - 100	339 (339)	339 (339)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, loans to subsidiary and trade debtors. The Group only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all new tenants are analysed for credit worthiness and a provision of at least one month's rental deposit insisted upon with the majority of tenants contracted with.

Potential areas of credit risk comprise mainly rental receivables. Rental receivables comprise a relatively small tenant base, the majority of whom are national tenants. A significant concentration of credit risk exists with one of the Group's tenants who contribute 83% of the rental receivables. There are no other significant concentrations of credit risk. The concentrations are determined based on the type of tenant leasing the property. These concentrations can be viewed on pages 90 and 91. The Group monitors the financial position of its tenants on a regular basis.

The maximum exposure to credit risk at year end is R104.2 million (2014: R53.8 million). There are no receivables neither past due nor impaired.

All of Putprop Limited's trade and other receivables have been reviewed for impairment. Certain trade receivables have been found to be impaired and a provision of R100 000 has been recorded (2014: R100 000). The individually impaired receivables relate to non-national tenants who are experiencing financial difficulties in the present economic climate. The ageing of the provision for bad debts in respect of the impaired receivables is as follows:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

15. FINANCIAL RISK MANAGEMENT (continued)

	2015 R'000	Group 2014 R'000	2015 R'000	Company 2014 R'000
Credit Risk				
Ageing of impairment				
Not more than 30 days	100	–	100	–
More than 30 days but less than 60 days	–	100	–	100
More than 60 days but less than 90 days	–	–	–	–
More than 90 days	–	–	–	–
	100	100	100	100
Movements on the Group allowance for impairment of trade receivables are as follows:				
At 1 July 2015	100	100	100	100
Reversal of prior year provision	(100)	(100)	(100)	(100)
Provision raised current year	100	100	100	100
At 30 June 2015	100	100	100	100
The age analysis of these trade receivables is as follows:				
Not more than 30 days	471	3 262	377	3 262
More than 30 days but less than 60 days	–	276	–	276
More than 60 days but less than 90 days	–	–	–	–
More than 90 days	–	–	–	–
As at 30 June 2015	471	3 538	377	3 538

Disclosure of receivables past due but not impaired

Amounts uncollected one day or more beyond their contractual due date are considered "past date." As at 30 June 2015 trade receivables of R471 000 (2014: R3 538 000) were past due but not impaired for the Group and R377 000 (2014: R3 538 000) for the Company.

Liquidity risk

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

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.

The exposure to liquidity risk at year end is reflected above. Payment will be made within 30 – 90 days.

The Group issued a letter of guarantee for R16,5 million in June 2014. This was utilised for part payment of Bank City. Payment was actioned in July 2014.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

16. FAIR VALUE MEASUREMENT

Fair value measurement of financial instruments.

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into one of three levels, of a fair value hierarchy, namely:

Level 1 - quoted prices in active markets for identical assets or liabilities.

Level 2 - inputs that are observable for the asset or liability, other than those observed in Level 1.

Level 3 - unobservable inputs for the asset or liability.

Financial instruments by category

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

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
Financial assets				
Assets per statement of financial position				
Cash and cash equivalents	103 651	45 032	98 225	45 032
Trade and other receivables	471	8 560	471	8 560
Financial liabilities at amortised cost				
Liabilities per statement of financial position				
Trade and other payables	13 289	5 944	4 710	5 944
Loan liability	39 309	–	–	–

Fair value measurement of non-financial assets. (Investment properties)

The external valuation by a sworn independent appraiser and member of the South African Institute of Valuers, Quadrant Properties represented by P Parfitt Dip.Val. MIV (SA), was carried out on 100% of the Group's property portfolio in June 2015.

The Open market valuation was R348.4 million (2014: R315,2 million) for the company and R439,4 million (2014: R315,2 million) for the Group.

This resulted in an increase of R61,5 million for the Group (2014: R33,85 million) and R16,47 million (2014: R33,85 million) for the Company. This increase is based on the portfolio, net of acquisition and disposals in the current year.

No valuation is done on any property purchased during the year of its acquisition as it is expected that the acquisition price approximates fair value.

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.

The estimated rental stream takes into account current occupancy levels, estimates of future vacancy levels, the current lease agreements and expectations of rentals from future leases over the remaining economic life of properties. The most significant inputs, all of which are unobservable, are the estimated rental value, assumptions regarding vacancy levels, the discount rate and reversionary capitalisation rate. The estimated fair value increases if the estimated rental increases, vacancy levels decline or if market yields and reversionary capitalisation rates decline.

Vacant land is valued on the 'Direct Comparable Basis'.

In addition, a percentage of net annual income on each property valued is deducted as a provision for rental that may not be collected due to tenant failure. Future tenant installation is also taken into consideration. The inputs used in the valuations as at 30 June 2015 were:

Industrial- discount rate applied range between 10% and 16%

Retail- the reversionary capitalisation rate applied was 9.5% to 10%

Sensitivity analysis

The effect on the fair value of the portfolio of a 1% increase in the capitalisation rate would result in an decrease in the fair value of R24.7 million or 7.6%. A decrease of 1% in the capitalisation rate would result in an increase in fair value of the portfolio of R29.3 million or 8.9%. The analysis has been prepared on the assumption that all other variables remain constant. The range of revisionary capitalisation rates applied to the portfolio are between 9.5% and 16% respectively, depending on the risk profile of each portfolio asset.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

16. FAIR VALUE MEASUREMENT (CONTINUED)

Fair value measurement of non- financial assets (investment properties)

The following table reflects the level within the hierarchy of non-financial assets measured at fair value at 30 June 2015.

	2015 Level 3 R'000	Group 2014 Level 3 R'000	2015 Level 3 R'000	Company 2014 Level 3 R'000
Assets				
Investment properties	439 419	315 264	348 420	315 264
	2015 R'000	Group 2014 R'000	2015 R'000	Company 2014 R'000
17. PROPERTY REVENUE AND OPERATING COST RECOVERIES				
Contractual revenue rental	42 519	38 901	42 519	38 901
Operating cost recoveries	12 533	11 609	12 533	11 609
	55 052	50 510	55 052	50 510
Operating cost recoveries represent expenses recoverable from tenants based on the contractual right to recover such amounts.				
Comparative figures				
In previous reporting periods property expenses incurred were accounted for by offsetting recoveries received from tenants against the incurred expense.				
The effect of this change in accounting policy is reflected below:				
Property expenses	–	11 609	–	11 609
Operating cost recoveries	–	(11 609)	–	(11 609)
Refer to note 1.2, Basis of preparation, for further details on the change in accounting policy.				
18. PROPERTY EXPENSES				
Municipal fixed costs	3 417	3 191	3 417	3 191
Municipal consumption costs	9 682	8 542	9 682	8 542
Repairs and maintenance	667	867	706	867
Property management and consultant fees	455	219	400	219
Insurance	524	461	524	461
Security	213	0	213	0
	14 958	13 280	14 942	13 280

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for the year ended 30 June 2015

	2015 R'000	Group 2014 R'000	2015 R'000	Company 2014 R'000
19. CORPORATE ADMINISTRATION EXPENSES				
Administration expenses <i>include</i> :				
Administration costs	466	371	466	371
Depreciation charges	29	36	29	36
Financial reporting	380	356	380	356
Share maintenance costs	336	300	336	300
Social responsibility project	204	192	204	192
Staff costs – short-term (excluding directors' remuneration as per page 69)	827	940	827	940
20. INVESTMENT AND OTHER INCOME				
Interest on bank accounts	2 325	2 063	2 083	2 063
Other income	304	–	304	–
	2 629	2 063	2 387	2 063
21. FINANCE COSTS				
Secured Loans	889	–	–	–
22. BUSINESS COMBINATIONS				
Investment properties	44 460	–		
Cash and cash equivalents	10 163	–		
Loan payable	(7)	–		
Non controlling interest	(26 762)	–		
	27 854	–		
Consideration paid - cash	(16 936)	–		
Gain on bargain purchase	10 918	–		

For the fair value measurement for investment property refer to note 15.

There was no revenue before or after acquisition. The loss since acquisition was R664 000. On 14 October 2014 51% Khala Cose Property Developers Proprietary Limited was acquired. This acquisition was done as part of Putprop's diversification strategy. The acquisition resulted in a bargain purchase being recognised due to the differential between cost and fair value of the underlying property.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
23. TAXATION				
Normal taxation	10 239	9 373	10 239	9 373
Deferred taxation – straight-line rental	(172)	240	(172)	240
Deferred taxation – fair value investment properties	3 243	6 378	3 243	6 378
Other temporary differences	(436)	–	(436)	–
	12 874	15 991	12 874	15 991
Reconciliation of the standard tax rate	%	%	%	%
Standard taxation rate	28	28	28	28
Fair value adjustment	(2.1)	(9.3)	(3.7)	(4.0)
Permanent differences	(9.3)	(0.4)	(0.5)	(0.5)
Net decrease	(11.4)	(9.7)	(4.2)	(4.5)
Effective taxation rate	16.6	18.3	23.8	23.5
24. AUDITORS REMUNERATION				
Current year	450	330	450	330
	450	330	450	330
25. TAXATION PAID				
Amount owing at beginning of year	1 562	1 499	1 562	1 499
Current taxation	10 239	9 373	10 239	9 373
Amount owing at end of year	(1 682)	(1 562)	(1 682)	(1 562)
	10 119	9 310	10 119	9 310
26. DIVIDENDS PAID				
Ordinary				
Dividend 50 – Final 2014: 18 cents (2013: 18 cents)	5 183	5 183	5 183	5 183
Dividend 51 – Interim 2015: 11 cents (2014: 18 cents)	4 914	5 182	4 914	5 183
	10 097	10 365	10 097	10 366
Total cents per share distributed	29	36	29	36
Dividend 52 declared after 30 June 2015 (cents per share)	15	18	15	18

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

	GROUP 2015 R'000	GROUP 2015 Cents	GROUP 2014 R'000	GROUP 2014 Cents
27. RECONCILIATION OF GROUP NET PROFIT TO HEADLINE EARNINGS				
Earnings per share	64 798	193.9	71 510	248.3
Adjusted for:				
Net change in fair value of investment property	(16 475)	(49.3)	(33 855)	(117.6)
Tax effects of fair value adjustments property	3 064	9.2	6 297	21.9
Bargain purchase price adjustment	(10 918)	(32.6)	–	–
Equity accounting earnings of associates	(14 088)	(42.2)	(23 124)	(80.3)
Tax effect of equity accounting	2 627	7.9	4 301	14.9
Profit on disposal associate	–	–	(282)	(1.0)
Profit on disposal investment property	(800)	(2.4)	–	–
Capital gain on disposal investment property	216	0.6	–	–
Headline earnings and diluted earnings per share	28 424	85.1	24 847	86.3
# Weighted average number of shares 33 424 428 (2014: 28 792 961)				
	Group 2015 R'000	2014 R'000	Company 2015 R'000	2014 R'000
28. RECONCILIATION OF OPERATING PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS				
Operating profit before tax	77 346	87 501	53 620	68 130
Adjusted for:				
Fair value adjustment of investment properties	(16 475)	(33 855)	(16 475)	(33 855)
Straight-line rental accrual	916	(1 158)	916	(1 158)
Depreciation	29	37	29	37
Investment income	(2 629)	(2 063)	(2 387)	(2 063)
Profit on disposal of investment property and associate	(800)	(282)	(800)	(282)
Associate companies share of income	(13 167)	(19 371)	–	–
Gain on bargain purchase	(10 918)	–	–	–
Non-cash item – investment property revaluation	(916)	1 158	(916)	1 158
Finance cost - non cash flow	889	–	–	–
Cash flow from operating profit before working capital changes	34 275	31 967	33 987	31 967
Movement in working capital	9 789	(5 382)	7 043	(5 382)
Decrease/(increase) in accounts receivable	2 417	(7 043)	8 176	(7 043)
(Decrease)/increase in accounts payable	7 372	1 661	(1 133)	1 661
Cash generated from operations	44 064	26 585	41 030	26 585

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	Retail	Commercial	Industrial	Corporate	Total
	R'000	R'000	R'000	R'000	R'000
29. SEGMENTAL INFORMATION 30 JUNE 2015					
Segment revenue					
Contractual rental income and recoveries	5 844	3 578	45 630	–	55 052
Straight-line rental adjustment	(51)	(39)	(826)	–	(916)
Total revenue	5 793	3 539	44 804	–	54 136
Share of associates profits	3 584	9 583	–	–	13 167
Segmental result					
Operating profit/(loss)	4 365	2 407	32 406	(5 848)	33 330
Finance costs	–	–	–	(889)	(889)
Investment and other income received	–	–	–	2 629	2 629
Fair value adjustments to investment properties	4 000	–	12 475	–	16 475
Gain on bargain purchase	10 918	–	–	–	10 918
Profit on sale investment property	–	800	–	–	800
Straight line rental adjustment	51	39	826	–	916
Net profit/(loss) before tax	22 918	12 829	45 707	(4 108)	77 346
Other information					
Property assets	48 000	–	278 919	–	326 919
Property assets - additions	91 000	21 500	–	–	112 500
Furniture, fittings and computer equipment and motor vehicles	–	–	–	116	116
Investment in associates	51 972	62 501	–	–	114 473
Vat	5 665	–	–	–	5 665
Trade and other receivables	177	–	200	277	654
Cash and cash equivalents	–	–	–	103 651	103 651
Segment assets	196 814	84 001	279 119	104 044	663 978
Loan liabilities	39 309	–	–	–	39 309
Trade and other payables	8 579	–	1 739	3 932	14 250
Segment liabilities	47 888	–	1 739	3 932	53 559

One of the Group's tenants, Larimar Limited, contributes approximately 82% of the total revenue received. This revenue falls within the industrial segment

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	Retail R'000	Commercial R'000	Industrial R'000	Corporate R'000	Total R'000
29. SEGMENTAL INFORMATION 30 JUNE 2014 (CONTINUED)					
Segment revenue					
Contractual rental income and recoveries	6 188	560	43 762	–	50 510
Straight-line rental adjustment	144	(2)	1 016	–	1 158
Total revenue	6 332	558	44 778	–	51 668
Share of associates profits	14 085	5 286	–	–	19 371
Segmental result					
Operating profit/(loss)	18 486	5 757	33 516	(5 300)	52 459
Investment and other income received	–	–	–	2 063	2 063
Fair value adjustments to investment properties	3 600	355	29 900	–	33 855
Profit on sale associate	282	–	–	–	282
Straight line rental adjustment	(144)	2	(1 016)	–	(1 158)
Net profit/(loss) before tax	22 224	6 114	62 400	(3 237)	87 501
Other information					
Property assets	44 000	4 900	266 364	–	315 264
Furniture, fittings computer equipment and motor vehicles	–	–	–	64	64
Investment in associates	34 699	31 369	–	–	66 068
Trade and other receivables	–	–	3 538	5 198	8 736
Cash and cash equivalents	–	–	–	45 032	45 032
Segment assets	78 699	36 269	269 902	50 294	435 164
Trade and other payables	–	–	2 733	4 071	6 804
Segment liabilities	–	–	2 733	4 071	6 804

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

	Number of properties	Gross lettable area m2	Vacancy m2	Vacancy %	Value Rm	Value per m2 Rands	Average gross rental per m2 Rands*
30. PROPERTY PORTFOLIO							
30.1 Overview for the year ended 30 June 2015							
Commercial portfolio							
Office	1	2 339	–	–	21 500	9 192	90.6
Total commercial	1	2 339	–	–	21 500	9 192	90.6
Retail portfolio							
Retail/motor related	3	10 625	–	–	138 998	13 082	74.7
Total retail	3	10 625	–	–	138 998	13 082	74.7
Industrial portfolio							
Office/warehousing	2	11 325	–	–	37 500	3 311	28.3
Retail warehousing	1	3 640	3 640	4.7	14 014	3 850	0
Remanufacturing	1	6 728	–	–	23 000	3 418	36.7
Low grade industrial	4	12 189	–	–	86 700	7 112	60.9
High grade industrial	3	34 013	–	–	116 081	3 412	52.6
Vacant land	1	400	–	–	1 625	–	14.0
Total industrial	12	68 295	3 640	4.7	278 920	4 084	42.2
Total Putprop	16	81 259	3 640	4.7	439 418	4 542	46.2

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

Vacancy statistics and lease expiry profile for the property portfolio are referred to in pages 57 to 60 of this report. The average annualised property yield by sector can be found on page 57.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

<i>Properties owned by the Group at June 2015</i>	Region	Town	Gross lettable area m ² -	GLA % of portfolio	Weighted average rental m2 Rands	Vacancy %	Purchase price R'000
30.2 Detailed portfolio 30 June 2015							
Commercial							
Bank City	North West	Potchefstroom	2 339	2.9	90.6	–	21 500
Centurion Gate*	Gauteng	Pretoria	–	–	–	–	–
Total			2 339	2.9	90.6	–	21 500
Retail							
Eagle Canyon	Gauteng	Roodepoort	2 241	2.7	82.4	–	14 478
Grand Central Centre	Gauteng	Midrand	3 827	4.7	55.0	–	15 500
Secunda Value Mart#	Mpumalanga	Secunda	4 557	5.7	80.1	–	90 998
Total			10 625	13.1	74.7	–	120 976
Industrial							
Dubigeon Centre	Gauteng	Brits	10 545	12.9	37.7	–	3 866
Putcoton	Gauteng	Roodepoort	9 559	11.8	59.8	–	8 913
Montana Park	Gauteng	Pretoria	3 640	4.5	45.5	4.7	12 700
Selby Park	Gauteng	Jhb Central	13 909	17.1	44.8	–	17 491
Lea Glen 1	Gauteng	Roodepoort	7 200	8.8	30.3	–	3 651
Lea Glen 2	Gauteng	Roodepoort	6 728	8.3	34.0	–	3 565
Lea Glen 3	Gauteng	Roodepoort	4 125	5.1	25.6	–	2 180
Putco Dobsonville	Gauteng	Soweto	3 500	4.3	66.8	–	3 595
Putco Garthdale	Gauteng	Jhb South	400	0.5	13.0	–	150
Putco Mamelodi	Gauteng	Pretoria	4 140	5.1	11.8	–	630
Putco Nancefield	Gauteng	Jhb South	1 585	1.8	75.4	–	2 075
Putco Rosslyn	Gauteng	Pretoria	2 964	3.8	35.0	–	2 902
Total			68 295	84.0	42.2	4.7	61 718
Grand total			81 259	100	46.3	4.7	204 194

Refer to page 57 to 60 of the annual report for a breakdown of the tenant and lease expiry profile.

*Sold May 2015

Property rentals effective from July 2015

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

Effective date of acquisition	Property* revenue R'000	% rental portfolio R'000	Vacancy m2 R'000	Property expenditure R'000	Valuation June 2015 R'000	Valuation June 2014
30.2 Detailed portfolio (continued)						
30 June 2015						
Jul-15	2 550	6	–	452	21 500	–
Apr-12	626	1.5	–	349	–	4 900
	3 176	7.5	–	801	21 500	4 900
			–		–	
Aug-08	2 216	5.2	–	202	22 500	20 700
Aug-08	2 525	5.9	–	340	25 500	23 300
Oct-14	–	–	–	16	90 998	–
	4 741	11.1	–	558	138 998	44 000
Dec-90	5 304	12.5	–	746	29 000	27 000
Mar-93	7 413	17.4	–	2 404	38 081	34 000
Dec-09	0	0	3 640	659#	14 014	17 014
Dec-93	8 089	19	–	2 485	49 000	47 000
Dec-93	2 830	6.7	–	881	24 000	24 000
Dec-93	2 965	7.0	–	1 697	23 000	23 000
Dec-93	1 370	3.2	–	1 198	13 500	12 800
Jan-94	3 033	7.1	–	521	22 500	21 000
Apr-99	67	0.2	–	4	1 625	1 600
Jan-01	633	1.5	–	2 414	20 500	18 700
Feb-96	1 550	3.6	–	413	13 700	12 750
Nov-92	1 348	3.2	–	177	30 000	27 500
	34 602	81.4	3 640	13 599	278 920	266 364
	42 519	100	3 640	14 958	439 418	315 264

*Revenue reflected excludes recoveries from tenant.

These expenses were incurred on a property that does not generate property rentals.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

31. BORROWINGS

The borrowing powers of the Group and its subsidiaries are as determined by the Group's Memorandum of Incorporation. Borrowings of R39.3 million were raised in the current year (2014: Nil).

32. SUBSEQUENT EVENTS

The Board has subsequent to the 30th June 2015, approved the acquisition of a further 5.998 % in Summit Place, Menlyn, Pretoria, for a cost of R12.1 million. This will increase the Groups holding in this investment to 32.732% (June 2015 26.734%)

The Groups major tenant, the Larimar Group, has given formal notice that they will not exercise their option to renew their leases, expiring in December 2015 on four properties they currently occupy. This will result in a potential loss of rental income to the Group of 35% if alternative tenants are not sourced by 1 January 2016.

The Group has received an offer and have accordingly entered into negotiations for the potential sale of a property, which if successfully concluded, may have a material effect on the price of the Company's securities.

33. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exert significant influence over the other party making financial or operational decisions. See also accounting policy 1.20 on page 93.

The following are considered related party transactions, all of which have been conducted at arms length:

	Type of transaction	Amounts received 2015 R'000	Amounts payable 2015 R'000	Amounts received 2014 R'000	Amounts payable 2014 R'000
Larimar Limited	Lease rentals received	34 601	–	31 896	–
Larimar Limited	Operating lease recoveries	11 950	–	10 951	–
Larimar Limited	Trade receivables due	200	–	3 623	–

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

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

The key management are the directors and their emoluments are reflected in the directors' report on page 78

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

Neotrend Property Developers Proprietary Limited is a related party by means of common directorships in both the parent and subsidiary companies. They are the developer for the property in Secunda held in the subsidiary. The development costs for the year with this related party amounted to R46 540 442 (2014: Nil)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2015

	Group		Company	
	2015 R'000	2014 R'000	2015 R'000	2014 R'000
34. COMMITMENTS				
Operating lease commitments				
Payable within one year	28	3	30	13
Payable between one and five years	105	–	50	–
Capital commitments				
Authorised and contracted for	4 781	–	4 781	–
35. FUTURE MINIMUM LEASE INCOME				
Receivable within one year	33 149	38 720	28 770	38 720
Receivable between one and five years	36 186	38 700	16 059	38 700
Receivable after five years	32 752	–	–	–
Total balance contractual lease rental	102 087	77 420	44 829	77 420



SHAREHOLDERS DIARY



SHAREHOLDERS DIARY

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SHAREHOLDERS

INVESTORS

CAPITAL

DIVIDEND ANNOUNCEMENT

for the year ended 30 June 2015

DECLARATION OF FINAL DIVIDEND NO 52

The Board is pleased to announce the declaration of a dividend of 15 cents per ordinary share in respect of the year ended 30 June 2015 (2014: 18 cents), thus bringing the total dividend payable for the year to 26 cents (2014: 36 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 15%. The net amount payable to shareholders who are not exempt from DWT is 12.75 cents per share, while the gross amount is 15 cents per share to those shareholders who are exempt from DWT.

There are 44 672 279 (2014: 28 792 961) ordinary shares in issue; the total dividend amount payable is R 6 700 841 (2014: R5 182 732). Putprop's tax reference number is 9100097717, and its company registration number is 1988/001085/06

The salient dates are as follows:

Declaration date	Monday, 14 September 2015
Last date to trade to participate	Friday, 9 October 2015
Trading commences ex dividend	Monday, 12 October 2015
Record date	Friday, 16 October 2015
Date of payment	Monday, 19 October 2015

Share certificates may not be dematerialised or rematerialised between Monday, 12 October 2015 and Friday, 16 October 2015, both days inclusive.

By order of the Board



J E Smith

Financial Director
Sandton
9 September 2015

SHAREHOLDERS ANALYSIS

for the year ended 30 June 2015

Register date: 30 June 2015
issued share capital: 44 672 279

	Number of shareholdings	% of total shareholdings	Number of shares	% of shares in issue
Size of holdings				
1 – 1 000 shares	228	37.5	83 321	0.18
1 001 – 10 000 shares	222	36.51	838 663	1.88
10 001 – 100 000 shares	120	19.74	4 090 516	9.16
100 001 – 1 000 000 shares	36	5.92	9 739 081	21.80
1 000 001 shares and over	2	0.33	29 920 698	66.98
	608	100.00	44 672 279	100.00
Distribution of shareholders				
Private companies	28	4.6	30 699 232	68.72
Individuals	492	80.92	5 738 265	12.85
Trusts	55	9.05	5 186 171	11.61
Collective investment schemes	3	0.49	2 025 838	4.54
Custodians	4	0.66	359 983	0.81
Hedge funds	1	0.16	310 300	0.69
Benefit funds	4	0.66	162 461	0.36
Stockbrokers and nominees	8	1.32	107 692	0.24
Close corporations	11	1.81	80 554	0.18
Investment partnerships	2	0.33	1 783	0.00
Total	608	100.00	44 672 279	100.00
Shareholder type				
Non-public shareholders	5	0.82	28 623 845	64.08
Directors' and associates' holdings	2		57 406	0.13
Company holdings	2		426 663	0.96
Strategic holdings	1		28 139 776	62.99
Public shareholders	603	99.18	16 048 434	35.92
Total	608	100.00	44 672 279	100.00

SHAREHOLDERS ANALYSIS

for the year ended 30 June 2015

	Number of shareholdings	Total shareholding	% of shares in issue
Beneficial Shareholders with a holding greater than 3% of the shares in issue			
Carleo Enterprises (Pty) Ltd		28 139 776	62.99
Oasis Crescent Management Company		1 965 838	4.40
Total		30 105 614	67.39
Fund managers with a holding greater than 3% of the shares in issue			
Allan Gray		2 292 676	5.13
Oasis Crescent Management Company		1 965 838	4.40
Total		4 258 514	9.53
Total number of shareholders	608		
Total number of shares in issue	44 672 279		
JSE share price performance			
Closing price 30 June 2014	R7.55		
Closing price 30 June 2015	R5.56		
Closing high for the period	R9.00		
Closing low for the period	R5.41		
Number of shares in issue	44 672 279		
Volume traded during period	2 119 220		
Ratio of volume traded to shares in issue (%)	4.74		



"Any business plan won't survive its first encounter with reality. The reality will always be different. It will never be the plan"
- Jeff Bezos

NOTICE OF ANNUAL GENERAL MEETING

for the year ended 30 June 2015

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")

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given that the Annual General Meeting ("Annual General Meeting") of shareholders of Putprop will be held at 11:00 on Tuesday, 3 November 2015 at the registered office of the Company at 91 Protea Road, Chislehurst, Sandton for the purpose of considering, and, if deemed fit, passing, with or without modification, the resolutions set out hereafter.

The board of directors of the Company ("the Board") has determined that, in terms of section 62(3)(a), as read with section 59 of the Companies Act, 2008 (Act 71 of 2008), as amended, 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, 23 October 2015. Accordingly, the last day to trade Putprop shares in order to be recorded in the Register to be entitled to vote will be Friday, 16 October 2015.

1. To receive, consider and adopt the annual financial statements of the Company and the Group for the financial year ended 30 June 2015, including the reports of the auditors, directors and the Audit and Risk Committee.

Note: A copy of the annual financial statements appears on pages 72 to 117 of Integrated Annual Report to which this notice is attached.

2. To confirm the appointment of Mark William Gemmill who was appointed as an independent non-executive director by the board of directors on 24 February 2015.
3. To confirm the appointment of Kurawone Ndakashya Francis Chihota who was appointed as an independent non-executive director by the board of directors on 24 February 2015.
4. To confirm the appointment of Nonkululeko Immaculate Ntshona who was appointed as an independent non-executive director by the board of directors on 24 February 2015.

5. To re-elect James Egerton Smith who, in terms of Article 25.7 of the Company's Memorandum of Incorporation, retires by rotation at this Annual General Meeting but, being eligible to do so, offers himself for re-election.

6. To re-elect Anna Lucia Carleo-Novello who, in terms of Article 25.7 of the Company's Memorandum of Incorporation, retires by rotation at this Annual General Meeting but, being eligible to do so, offers herself for re-election.

An abbreviated curriculum vitae in respect of each director offering themselves for election or re-election appears on page 34 and page 35 of the Integrated Annual Report to which this notice is attached.

7. To appoint Kurawone Ndakashya Francis Chihota as a member and Chairperson of the Putprop Limited Audit and Risk Committee.
8. To appoint Mark William Gemmill as a member of the Putprop Limited Audit and Risk Committee.
9. To appoint Nonkululeko Immaculate Ntshona as a member of the Putprop Limited Audit and Risk Committee.
10. To appoint Johann van Zyl as a member of the Putprop Limited Audit and Risk Committee

An abbreviated curriculum vitae in respect of each member of the Audit and Risk Committee appears on page 34 and page 35 of the Integrated Annual Report to which this notice is attached.

11. To confirm the re-appointment of Mazars Incorporated as independent auditors of the Company with Shaun Vorster being the individual registered auditor who has undertaken the audit of the Company for the ensuing financial year and to authorise the directors to determine the auditors' remuneration.

The minimum percentage of voting rights required for each of the resolutions set out in item number 1 to 11 above to be adopted is more than 50% (fifty percent) of the voting rights exercised on each of the resolutions by shareholders present or represented by proxy at the Annual General Meeting.

As special business, to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

NOTICE OF ANNUAL GENERAL MEETING

for the year ended 30 June 2015

1. SPECIAL RESOLUTION NUMBER 1

Non-executive Directors' remuneration

"Resolved that, in terms of the provisions of sections 66(9) of the Companies Act, 2008 (Act 71 of 2008), as amended, the annual remuneration payable to the non-executive directors of Putprop Limited ("the Company") for their services as directors of the Company for the financial year ending 30 June 2016 be and is hereby approved as follows:

Type of fee (per meeting)	Proposed fee per meeting for the year ended 30 June 2016 R
Board	
Chairperson	15 000
Member	10 000
Audit and Risk Committee	
Chairperson	10 000
Member	5 000
Remuneration and Nomination Committee	
Chairperson	5 000
Member	3 000
Social and Ethics Committee	
Chairperson	Nil
Member	Nil

Explanatory note

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.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

2. ORDINARY RESOLUTION NUMBER 1

Approval of remuneration policy

"Resolved that the remuneration policy of the directors of Putprop Limited ("the Company"), as set out on page 53 to 54 of the Integrated Annual Report to which this notice is attached, be and is hereby approved as a non-binding advisory vote of shareholders of the Company in terms of the King III Report on Corporate Governance."

Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

3. ORDINARY RESOLUTION NUMBER 2

Control of authorised but unissued ordinary shares

"Resolved that the authorised but unissued ordinary shares in the capital of Putprop Limited ("the Company") be and are hereby placed under the control and authority of the directors of the Company ("directors") and that the directors be and are 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, subject to the provisions of sections 38 and 41 of the Companies Act, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the Company and the Listings Requirements of JSE Limited, as amended from time to time. "

Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

NOTICE OF ANNUAL GENERAL MEETING

for the year ended 30 June 2015

4. ORDINARY RESOLUTION NUMBER 3

Approval to issue ordinary shares, and to sell treasury shares, for cash

"Resolved that the directors of Putprop Limited ("the Company") 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 the Company; and/or
- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the Company purchased by subsidiaries of the Company,

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, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the Company and its subsidiaries and the Listings Requirements of JSE Limited ("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 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;
- the securities which are the subject of the issue for cash must be 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 6 700 842 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 6 700 842 listed securities. In the event of a sub-division or a consolidation during the period contemplated above the authority will be adjusted to represent the same allocation ratio;

- in determining the price at which securities may be issued in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such securities measured over the 30 (thirty) business days prior to the date that the price of the issue is agreed in writing between the issuer and the party/ies subscribing for the securities;
- an announcement giving full details, including the number of securities issued, the average discount to the weighted average traded price of the securities over 30 (thirty) business days prior to the date that the issue is agreed in writing between the issuer and the parties subscribing for the securities and in respect of the issue of options and convertible securities, the effects of the issue on the statement of financial position, net asset value per share, net tangible asset value per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share, or in respect of an issue of shares, an explanation including supporting information (if any), of the intended use of the funds will be published when the Company has issued securities representing, on a cumulative basis within the earlier of the Company's next Annual General Meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given, 5% (five percent) or more of the number of securities in issue prior to the issue; and
- whenever the Company wishes to use repurchased shares, held as treasury stock by a subsidiary of the Company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares.

Under the JSE Listings Requirements, ordinary resolution number 3 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.

NOTICE OF ANNUAL GENERAL MEETING for the year ended 30 June 2015

5. SPECIAL RESOLUTION NUMBER 2

General approval to acquire shares

"Resolved, by way of a general approval that Putprop Limited ("the Company") and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the Company in terms of sections 46 and 48 of the Companies Act, 2008 (Act 71 of 2008), as amended, the Memorandum of Incorporation of the Company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE"), as amended from time to time.

The JSE Listings Requirements currently provide, *inter alia*, that:

- the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;
- this general authority shall only be valid until the earlier of the Company'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 the Company'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 effected;
- at any point in time, the Company may only appoint one agent to effect 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 the Company's issued ordinary share capital;
- the Company may only effect the repurchase once a resolution has been passed by the board of directors of the Company ("the Board") confirming that the Board has authorised the repurchase, that the Company 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;

- the Company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- an announcement will be published once the Company 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."

Explanatory note

The purpose of this special resolution number 2 is to obtain an authority for, and to authorise, the Company and the Company's subsidiaries, by way of a general authority, to acquire the Company's issued ordinary shares.

It is the intention of the directors of the Company to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

5.1 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 Annual Report of which this notice is attached:

- major shareholders of the Company – page 124 and 125;
- share capital of the Company – page 101; and

5.2 Material change

There have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year end and the date of this notice.

NOTICE OF ANNUAL GENERAL MEETING

for the year ended 30 June 2015

5.3 Directors' responsibility statement

The directors, whose names are given on page 34 to 35 of the Annual Report of which this notice is attached, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 2 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 2 that have been omitted which would make any statement in relation to 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 special resolution number 2.

5.4 Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors of the Company will ensure that, after considering the effect of the maximum repurchase and for a period of twelve months thereafter:

- the Company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the Company 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 the Company and its subsidiaries will be adequate for the purpose of the ordinary business of the Company and its subsidiaries; and
- the working capital available to the Company and its subsidiaries will be sufficient for the Group's requirements.

6. SPECIAL RESOLUTION NUMBER 3

Financial assistance for subscription of securities

"Resolved that, as a special resolution, in terms of section 44 of the Companies Act, 2008 (Act 71 of 2008), as amended, ("Companies Act"), the shareholders of Putprop Limited ("the Company") hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 3, financial assistance by way of a loan, guarantee, the provision of security or otherwise, as contemplated in section 44 of the Companies Act, 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 the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, provided that –

- (a) the board of directors of the Company ("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; (iii) the terms and conditions under which such financial assistance is provided; and
- (b) 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 of section 44 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance. "

Explanatory note

The purpose of this special resolution number 3 is to grant the Board the authority to authorise the Company 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.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

NOTICE OF ANNUAL GENERAL MEETING for the year ended 30 June 2015

7. SPECIAL RESOLUTION NUMBER 4

Loans or other financial assistance to directors

“Resolved that, as a special resolution, in terms of section 45 of the Companies Act, 2008 (Act 71 of 2008), as amended, (“Companies Act”), the shareholders of Putprop Limited (“the Company”) hereby approve of the Company providing, at any time and from time to time during the period of two years commencing on the date of this special resolution number 4, any direct or indirect financial assistance (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) as contemplated in section 45 of the Companies Act to a director or prescribed officer of the Company, 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 –

- (a) the board of directors of the Company (“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; (iii) the terms and conditions under which such financial assistance is provided, and
- (b) 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. “

Explanatory note

The purpose of this special resolution number 4 is to grant the Board the authority to authorise the Company to provide financial assistance as contemplated in section 45 of the Companies Act to a director or prescribed officer of the Company, 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.

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

Notice given to shareholders of the Company in terms of section 45(5) of the Companies Act of a resolution adopted by the Board authorising the Company to provide such direct or indirect financial assistance in respect of special resolution number 4:

- (a) By the time that this notice of Annual General Meeting is delivered to shareholders of the Company, the Board will have adopted a resolution (“Section 45 Board Resolution”) authorising the Company to provide, at any time and from time to time during the period of two years commencing on the date on which special resolution number 4 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act (which includes lending money, guaranteeing a loan or other obligation, and securing any debt or obligation) to a director or prescribed officer of the Company or of a related or inter-related company, 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 a member;
- (b) the Section 45 Board Resolution will be effective only if and to the extent that special resolution number 4 is adopted by the shareholders of the Company, and the provision of any such direct or indirect financial assistance by the Company, pursuant to such resolution, will always be subject to the Board being satisfied that (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act; and
- (c) in as much as the Section 45 Board Resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of one percent of the Company’s net worth at the date of adoption of such resolution, the Company hereby provides notice of the Section 45 Board Resolution to shareholders of the Company. Such notice will also be provided to any trade union representing any employees of the Company.

NOTICE OF ANNUAL GENERAL MEETING

for the year ended 30 June 2015

8. ORDINARY RESOLUTION NUMBER 4

Signature of documents

"Resolved that each director of Putprop Limited ("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 to be proposed at the Annual General Meeting convened to consider the resolutions which are passed"

Ordinary resolutions to be adopted at this Annual General Meeting require approval from a simple majority, which is more than 50% of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

9. Other business

To transact such other business as may be transacted at the Annual General Meeting of the Company.

Voting and proxies

Special resolutions to be adopted at this Annual General Meeting require approval from at least 75% (seventy five percent) of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting. Ordinary resolutions to be adopted at this Annual General Meeting, unless stated otherwise require approval from a simple majority, which is more than 50% of the votes exercised on such resolutions by shareholders present or represented by proxy at the meeting.

A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend and act in his/her stead. A proxy need not be a member of the Company. For the convenience of registered members of the Company, a form of proxy is attached hereto.

The attached form of proxy is only to be completed by those ordinary shareholders who:

- hold ordinary shares in certificated form; or
- are recorded on the sub-register in "own name" dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without "own name" registration and who 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 meeting in person or by proxy and vote. 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.

Proxy forms should be forwarded to reach the transfer secretaries, Computershare Investor Services (Proprietary) Limited, at least 48 (forty-eight) hours, excluding Saturdays, Sundays and public holidays, before the time of the meeting.

Kindly note that meeting participants, which includes proxies, are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licenses and passports.

By order of the Board



Acorim Proprietary Limited
Company Secretary
9 September 2015
Hyde Park

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 91 Protea Road, Chislehurst, Sandton at 11:00 on Tuesday, 3 November 2015 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

	Number of ordinary shares		
	For	Against	Abstain
1. To receive, consider and adopt the annual financial statements of the company and group for the financial year ended 30 June 2015.			
2. To confirm the appointment of Mark William Gemmill as an independent non-executive director.			
3. To confirm the appointment of Kurawone Ndakashya Francis Chihota as an independent non-executive director			
4. To confirm the appointment of Nonkululeko Immaculate Ntshona as an independent non-executive director			
5. To approve the re-election as director of James Egerton Smith who retires by rotation			
6. To approve the re-election as director Anna Lucia Carleo-Novello who retires by rotation			
7. To approve the appointment of Kurawone Ndakashya Francis Chihota as member and Chairperson of the Audit and Risk Committee			
8. To approve the appointment of Mark William Gemmill as member of the Audit and Risk Committee			
9. To approve the appointment of Nonkululeko Immaculate Ntshona as member of the Audit and Risk Committee			
10. To approve the appointment of Johann van Zyl as member of the Audit and Risk Committee			
11. To confirm the re-appointment of Mazars Incorporated as auditors of the Company together with Shaun Vorster for the ensuing financial year			
12. Special resolution number 1 Approval of the non-executive directors' remuneration			
13. Ordinary resolution number 1 Approval of the remuneration policy			
14. Ordinary resolution number 2 Control of authorised but unissued ordinary shares			
15. Ordinary resolution number 3 Approval to issue ordinary shares, and to sell treasury shares, for cash			
16. Special resolution number 2 General approval to acquire shares			
17. Special resolution number 3 Financial assistance for subscription of securities			
18. Special resolution number 4 Loans or other financial assistance to directors			
19. Ordinary resolution number 4 Signature of documents			

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 _____ 2015

Signature _____

Assisted by (if applicable) _____

Notes to 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.
 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.

FORM OF PROXY

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
Ground Floor
70 Marshall Street
Johannesburg
2001

Postal deliveries to:

Computershare Investor Services
(Proprietary) Limited
P.O. Box 61051
Marshalltown
2107

to be received by no later than 11:00 on Friday 30 October 2015 (or 48 (forty-eight) hours before any adjournment of the Annual General Meeting which date, if necessary, will be notified on SENS).

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.

Summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act:

A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the relevant shareholders' meeting.

A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.

If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

Attention is also drawn to the "Notes to proxy".

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 2015
Release of audited results on SENS	14 September 2015
Despatch of annual report	25 September 2015
Annual general meeting	3 November 2015
Release of unaudited interim results 31 December 2015	19 March 2016
Dividend 52 payment	19 October 2015

Dividend 2014	Declared	Paid
Interim – Dividend no 51	April 2015	May 2015
Final – Dividend no 52	September 2015	October 2015

CORPORATE INFORMATION

DIRECTORS

Johann Van Zyl (c,d,e,g,h,j)	Chairman
Anna Carleo-Novello (a,g)	Executive director
Bruno Carleo (a,g,j)	Chief Executive Officer
James Smith (a,g,j)	Financial Director
Richard Tiefenthalern (c,#)	
Kura Chihota (c,b,e,g,k)	
Mark Gemmill (c,i,d,j)	
Nonku Ntshona (c,b,f,j)	

- a. Executive
- b. Chairman Audit and Risk Committee
- c. Independent non-executive
- d. Member of Audit and Risk Committee
- e. Member of the Remuneration, Nomination and Human Resources Committee
- f. Chairman Social and Ethics Committee
- g. Member Social and Ethics Committee
- h. Chairman, Nomination Committee
- i. Chairman of Remuneration and Human Resources Committee
- j. Member Investment Committee
- k. Chairman, Investment Committee

Resigned 5 August 2015

COMPANY SECRETARY

Acorim Proprietary Limited
Proprietary Limited
2nd Floor, North Block
Hyde Park Office Tower
Corner 6th Road and Jan Smuts Avenue
Hyde Park 2196

TRANSFER SECRETARIES

Computershare Investor Services

70 Marshall Street
Johannesburg 2001

AUDITORS

Mazars Inc.
5 St David's Place
Parktown 2193
P O Box 6697
Johannesburg 2000

PRINCIPAL BANKERS

Absa Bank Limited
160 Main Street
Johannesburg 2000

SPONSORS

Merchantec Capital

2nd Floor, North Block
Hyde Park Office Tower
Corner 6th Road and Jan Smuts Avenue
Hyde Park 2196

LEGAL ADVISORS

Werksmans
155 5th Street
Sandown
P O Box 10015
Sandton 2196

INVESTOR RELATIONS AND REGISTERED OFFICE

James Smith
91 Protea Road
Chislehurst
Sandton 2196
+27 11 883 8650
james@putprop.co.za

LISTING INFORMATION

Putprop Limited was listed on the
JSE Limited on 4 July 1988
JSE code: PPR
Sector: Financial – Real Estate

The annual financial statements for Putprop Limited have been audited by Mazars in accordance with the requirements of the Companies Act of South Africa, 2008 (Section 29 (e) (1)) and are published on 25 September 2015. These statements have been prepared by James E Smith, BSc, BAcc, CIEA, the financial director of the Group.



www.putprop.co.za