

DIRECTORATE AND SECRETARY

DIRECTORS

A B Adrian (Chairman and Independent non-executive)

A Carleo (Chief executive officer)

E M R L Oldham (Managing director)

B C Carleo (Non-executive)

A L Carleo-Novello (Non-executive)
(Appointed 20 September 2006)

P Senatore (Non-executive)

P Nucci (Independent non-executive)

AUDIT COMMITTEE

A B Adrian (Chairman)

E M R L Oldham

P Senatore

B C Carleo

SECRETARY

D Campbell

REGISTERED OFFICE

Carlin House
8, 4th Street, Wynberg, Johannesburg 2090
P O Box 39002, Bramley, Johannesburg 2018

SHARE TRANSFER SECRETARIES

Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street
Marshalltown
P O Box 61051, Johannesburg 2107

AUDITORS

Ernst & Young
Wanderers Office Park
52 Corlett Drive, Illovo
P O Box 2322, Johannesburg 2000

SHAREHOLDERS' DIARY

Financial year-end
Annual General Meeting

30 June
15 November

Reports and financial statements

Interim
Final

Published

March
September

Dividends

Interim
Final

Declared/Paid

March/April
September/October

ANALYSIS OF SHAREHOLDING

for the year ended 30 June 2007

Category of shareholder	Number of shareholders	Shares held (000)	Shares held %
Non-public			
Carleo Enterprises (Proprietary) Limited	1	15 263	53,0
Albani Investments (Proprietary) Limited	1	220	0,7
Carleo Investments (Proprietary) Limited	1	55	0,2
Directors	2	23	0,1
	5	15 561	54,0
Public			
Endowment, Mutual and Pension Funds	4	1 031	3,6
Nominees and Trusts	60	3 547	12,3
Other institutional holdings	39	2 978	10,4
Individuals	468	5 676	19,7
	571	13 232	46,0
Total	576	28 793	100,0
Concentration of shareholding			
1 – 1 000	218	79	0,3
1 001 – 5 000	157	366	1,3
5 001 – 100 000	168	4 246	14,7
100 001 – 1 000 000	32	8 839	30,7
1 000 001 – upwards	1	15 263	53,0
	576	28 793	100,0

Major shareholders

Other than those outlined above, the Company is not aware of any shareholder who was directly or indirectly interested in 5% or more of the issued shares of the Company at year-end.

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. The directors of Putprop deem corporate governance to be vitally important and are unreservedly committed to applying the principles necessary to ensure that good corporate governance is practised. For this they accept full responsibility. These principles include integrity, transparency and accountability of the directors to all stakeholders. In pursuit of these ideals the intention is to exceed "minimum requirements" with due consideration to international trends and codes. Corporate governance within the Putprop group is managed and monitored by a unitary board of directors. The Board is of the opinion that the Group currently complies with the main principles incorporated in the code of corporate practices and conduct as set out in the King II report and the JSE Limited listing requirements, except for the fact that the Company does not have a remuneration committee, as this function is being performed by the main board. Some administrative requirements are performed by Putco Limited for which Putprop pays an administration fee.

BOARD OF DIRECTORS

Its primary responsibilities include discussing and reviewing the strategic direction of Putprop 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 is chaired by an independent non-executive director, and consists of two executive and five non-executive directors. The names and credentials of the directors in office during the year, are detailed on page 1. The Board remains responsible to the 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. The roles of chairman and chief executive are separate with responsibilities divided between them. All directors have the appropriate knowledge and experience necessary to effect their duties with each actively involved in the Group's affairs. Generally, directors have no fixed term of appointment but one third retires by rotation every year and, if available, are considered for reappointment at the annual general meeting. Non-executive directors receive no benefits from Putprop other than their directors' fees. All board members are required to disclose their shareholdings in Putprop, other directorships and any

potential conflict of interest. They are then required to excuse themselves from any discussions and decisions on matters in which they have a conflict of interest.

Board meetings are held at least quarterly, with additional meetings called where circumstances necessitate. Effective chairmanship and a formal agenda, raising issues that require attention, ensure that proceedings are conducted efficiently and all appropriate matters addressed. All relevant information is supplied to directors timeously. Meetings are not dominated by one person or group of persons, rather the interests of all stakeholders remain at the core of all decisions. Members have unlimited access to the group secretary, who acts as an adviser to the board on issues including compliance with new policies and procedures, statutory regulations and best corporate practices. Furthermore, the advice of independent professionals may be obtained by any board member in appropriate circumstances, at the expense of the Company. The name and address of the secretary is on page 1. All new board appointments or changes to the board are approved by the board at properly constituted board meetings at which the independent non-executive chairman presides. Detailed curriculum vitas of the proposed directors are provided to the members of the board for consideration.

Currently the Company only has one board committee, namely the Audit committee. Specific responsibilities have been delegated to the audit committee with defined terms of reference from an approved charter.

AUDIT COMMITTEE

The audit committee identifies and continuously evaluates exposure to significant risks, reviews the appropriateness and adequacy of the systems of internal finance and operational control, reviews accounting policies and financial information issued to the public and provides for effective communication between directors and external auditors. The committee has two independent non-executive members and one executive member and their details are provided on page 1.

The audit committee Charter provides clear terms of reference to the audit committee. In drafting this Charter, full consideration was given to current international trends and developments pertaining to audit committees. 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 audit for non-audit services. The activities of the committee are reviewed by the members via an annual self assessment exercise. Furthermore, the main board is provided with regular reports on the committee's activities.

CORPORATE GOVERNANCE

The committee, which is chaired by Mr A B Adrian, meets at least twice a year. Meetings are attended by invitees including the financial executive, external auditors and company secretary. 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.

ACCOUNTABILITY AND AUDIT

Internal control

The Board of Directors is responsible for the Group's systems of internal control. Responsibility for the adequacy, extent and operation of these systems is delegated to the executive directors. To fulfil this responsibility, accounting records and appropriate systems of internal control are developed and maintained.

The directors report that the Group's internal controls and systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements, to safeguard, verify and maintain accountability for its assets and to detect and minimise fraud, potential liability, loss and material misstatement, while complying with applicable laws and regulations

The directors have satisfied themselves that the systems and procedures of internal controls are implemented, maintained and monitored.

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.

External Audit

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.

RISK MANAGEMENT

The Board through its executives, together with the system of internal control, identifies and manages significant Group risks on an ongoing 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.

PUBLIC AND SHAREHOLDERS

Communication to the public and shareholders embodies the principles of balanced reporting, understandability, openness and substance over form.

CODE OF CONDUCT

Putprop has a formal code of conduct that has been explicitly adopted by the Board of Directors. The code is consistent with the principles of integrity, honesty, ethical behaviour and compliance with all laws and regulations.

EMPLOYMENT EQUITY

In compliance with Section 22 of the Act, below is a summary of Putprop's employment equity report:

Occupation levels	Designated	Non-designated		Total employees
	Male African	Female White	Male White	
Top management		1	1	2
Senior management				
Professionally qualified and experienced specialists and mid-management			1	1
Unskilled and defined decision making	1			1
Total permanent	1	1	2	4
Non-permanent employees		1		1
Grand total	1	1	3	5

OVERVIEW

Revenue decreased by 3%, from R25,4 million to R24,7 million, as compared to the previous year. This is mainly as a result of the sale of some properties in 2005, as previously reported. These sales resulted in an increase in our cash resources and interest received for the year increased from R1,242 million to R1,882 million.

TREATMENT OF RENTAL INCOME

In the past, operating lease income was recognised by companies as they fell due by the lessee. We are required to "straightline" leases over a period of the finite lease agreements, where such lease agreements contain fixed escalation clauses. We commenced this new process last year but two of our properties were incorrectly omitted from last year's calculations. These properties have now been brought into account.

As a result, the rent escalation adjustment increased from R3,469 million to R5,291 million.

OPERATING INCOME AND EXPENSES

The change in operating income from R7,526 million to R6,871 million is the result of the revaluation of our properties.

Operating expenses increased from R2,592 million to R3,334 million, mainly due to an increase in administration fees, property maintenance and director's salaries.

MAINTENANCE

The cost of maintenance of the properties was R1,233 million (2005: R0,983 million), an increase of 25,4%. This is in line with our budgeted maintenance plan.

INSURANCE

Our building insurance premiums increased by 21,7% from R0,212 million to R0,258 million, in line with the adjustment in estimated replacement costs.

NET PROFIT

The net profit before taxation is R28,245 million (2005 Restated: R30,374 million). Net profit after taxation is R20,534 million (2005 Restated: R21,813 million).

EMPLOYMENT EQUITY ACT

We have submitted the required equity reports to the Employment Equity Registry in compliance with Section 21 of the Employment Act 55, of 1998.

VALUATION OF PROPERTIES

A registered valuator conducted a valuation of our properties at year-end. The revaluation increase amounted to R6,871 million and is shown in the income statement.

LONEHILL PROPERTY

As reported in the interim report in March 2006, there was a delay in our rezoning application due to an environmental report that was required by GDACE (Gauteng Department of Agriculture, Conservation and Environment).

We expect that the Town Planning decision will now take place in October 2006. (Refer to "Future Prospects" below as well).

LOANS

The company has no loans.

CAPITAL COMMITMENTS

The company has to-date incurred development costs of R93 000, related to the Lonehill property. These costs are shown under "property held for development" in the balance sheet.

FUTURE PROSPECTS

Our investment in the Studio Park, Lonehill Boulevard business complex is now providing us with a good income stream. The official valuator has also increased the estimated value of the property to R4,472 million (purchased at R3,6 million February 2006).

We own a 17,5% share in a shopping/office complex in Mooikloof, Eastern Tswane. The official opening is expected to take place in March 2007. (Previously expected in December 2006.)

We have purchased a 15% share in a major shopping/office/hotel/apartment complex in Centurion, Tswane. This major development is partly complete.

The above two investments are basically longer-term in nature and the income streams will materialise in 2007/2008. We also anticipate an increase in the value of the underlying investments as well.

We have received an offer to purchase our property situated at Portion 6 of the farm Lonehill, Province of Gauteng, subject to the potential buyer conducting a due diligence investigation and accepting the contents of the report.

Renewal negotiations regarding our rental agreements with Putco Limited will take place shortly.

Our strategy is to continue to look to invest in suitable office/retail/warehousing complexes to improve our income streams.

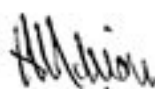
DIVIDEND DECLARATION

The directors have decided to declare a final dividend of R0,20 cents per share.

Including the interim dividend of R0,20 cents per share, the total declared dividend for the year is R0,40 cents (2005: R0,50 cents). The dividend will be paid on or about 30 October 2006, to shareholders registered on the 27 October 2006.

CONCLUSION

I wish to thank my fellow directors and management for their contribution to the year's results.



A B Adrian

Chairman

6 October 2006

GROUP VALUE ADDED STATEMENT

for the year ended 30 June 2006

	2007 R'000	%	2006 R'000	%
Rent received	17 249		22 826	
Materials and services bought	(3 856)		(3 273)	
Interest received	3 332		1 882	
Fair value adjustments of properties and investments	4 575		6 871	
Profit on property disposal	9 328		–	
Total wealth created	30 628	100	28 306	100
Distributed as follows:				
To pay providers	10 078	33	12 957	46
Dividends to shareholders	10 078		12 957	
Interest paid	–		–	
To pay government	9 504	31	9 313	33
Normal tax payable	8 166		7 632	
Secondary tax	1 260		1 620	
RSC, SDL and UIF levies	5		35	
Rates	73		26	
To provide for replacement and expansion	11 046	36	6 036	21
Increase in distributable reserves	11 046		6 036	
Total wealth distributed	30 628	100	28 306	100

DIRECTORS' STATEMENT OF RESPONSIBILITY

for the year ended 30 June 2006

The directors are responsible for the preparation, integrity and fair presentation of the Group and Company annual financial statements of Putprop Limited. The Group and Company annual financial statements, presented on pages 9 to IBC, have been prepared in accordance with International Financial Reporting Standards and include amounts based on judgments and estimates made by management. The directors also prepared the other information included in the financial report and are responsible for both its accuracy and its consistency with the Group and Company financial statements.

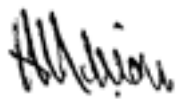
The going-concern basis has been adopted in preparing the Group and Company financial statements. The directors have no reason to believe that the Group or the Company will not be going concerns in the foreseeable future, based on forecasts and available cash resources. The viability of the Group and the Company are supported by the financial statements.

The directors are satisfied that the Group and Company financial statements fairly present the state of affairs of the Group and Company and that there was no material breakdown in the system of internal control during the year.

The Group and Company financial statements have been audited by independent auditors, Ernst & Young, 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 and Company financial statements in conformity with International Standards on Auditing.

Ernst & Young's audit report is presented on page 8.

The financial statements were approved by the board on 20 September 2006.



A B Adrian
Chairman

Johannesburg
6 October 2006



E M R L Oldham
Managing director

STATEMENT BY THE COMPANY SECRETARY

for the year ended 30 June 2006

COMPLIANCE STATEMENT BY THE COMPANY SECRETARY

The Company secretary, D Campbell, certifies that the Company has lodged with the Registrar of Companies all such returns as are required for a listed company in terms of the Companies Act, 1973, as amended, and that all such returns are true, correct and up to date in respect of the financial year reported.



D Campbell CA (Scotland)
Secretary

Johannesburg
6 October 2006

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PUTPROP LIMITED

for the year ended 30 June 2006

We have audited the Company annual financial statements and Group annual financial statements of Putprop Limited set out on page 9 to IBC for the year ended 30 June 2006.

These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. Assessing the accounting principles used and significant estimates made by management. Evaluating the overall financial statements presentation.

We believe that our audit provides a reasonable basis for our opinion.

In our opinion these financial statements fairly present in all material respects the financial position of the Company and the Group at 30 June 2006, and the results of their operations, movement in equity and cash flow information for the year then ended in conformity with International Financial Reporting Standards and in the manner required by the Companies Act of 1973 in South Africa.

Ernst & Young

Registered Accountants and Auditors

Johannesburg
6 October 2006

Your directors have pleasure in submitting their 19th Group report and financial statements for the year ended 30 June 2006.

NATURE OF BUSINESS

Your Company owns industrial and commercial properties, including a property for future residential development.

All subsidiary companies are dormant.

GENERAL REVIEW

A general review of the affairs of the Group is found in the Chairman's statement on page 5.

GROUP RESULTS

The Group annual financial statements reflect the results of the Group's operations during the year under review.

Shareholders and other interested parties are referred to the Group annual financial statements found on pages 9 to IBC.

Details of dividends are disclosed in Note 4.

SHARE CAPITAL

The authorised and issued share capital of the Company remained unchanged during the year under review.

UNISSUED SHARES

Unissued shares of 21 207 039 (2005: 21 207 039) are held under the control of the directors, subject to section 22 of the Companies Act, 1973 and the relevant rules of the JSE Limited, until the next annual general meeting.

HOLDING COMPANY

The Company's holding company is Carleo Enterprises (Proprietary) Limited and its ultimate holding company is Carleo Investments (Proprietary) Limited.

SUBSIDIARY COMPANIES

The names of the subsidiary companies and the information required by paragraphs 69 and 70 of schedule 4 to the Companies Act are detailed on page IBC.

DIRECTORS AND SECRETARY

Details of the current directors and secretary appear on page 1 of the Group annual report.

DIRECTORS' SHAREHOLDING

On 30 June 2006, the directors held a total of 3 270 024 (2005: 3 270 024) shares in the Company. There has been no material change in these interests between 30 June 2006 and the date of this report.

	2006		2005	
	Indirect Beneficial	Direct Beneficial	Indirect	Direct Beneficial
	%	%	%	%
A Carleo	3,41	–	3,41	–
B C Carleo	4,49	0,08	4,49	0,08
E M R L Oldham		*		*
P Senatore		*		*

* Less than 0,01%

TANGIBLE ASSETS

Acquisition

The Studio Park property in Lonehill Boulevard, Johannesburg was acquired for R3,623 million.

Valuation

The investment properties were valued professionally at 30 June 2006 resulting in a net upward valuation of R6,871 million.

POST-BALANCE SHEET EVENTS

There are no significant post-balance sheet events that have a material impact on the financial statements at 30 June 2006.

An offer to purchase our property held for development has been received, subject to a favourable due diligence investigation by the potential buyer.

INCOME STATEMENTS

for the year ended 30 June 2006

	Notes	Group		Company	
		2007 R'000	2006 R'000	2007 R'000	2006 R'000
Rent received	1	17 249	22 826	17 249	22 826
Interest received		3 332	1 882	3 332	1 882
Revenue		20 581	24 708	20 581	24 708
Operating income	3	13 903	6 871	13 903	6 867
Operating expenses	3	3 934	3 334	3 934	3 334
Operating profit	3	30 550	28 245	30 550	28 241
Finance cost		–	–	–	–
Profit before taxation		30 550	28 245	30 550	28 241
Taxation	4	9 426	7 711	9 426	7 711
Profit attributable to equity holders		21 124	20 534	21 124	20 530
Earnings per share (cents)	6	73.4	71.3		
Dividend per share (cents)		35.0	45.0		
– final 2006 (2005)		20.0	25.0		
– interim 2007 (2006)		15.0	20.0		
– final declared		??	20.0		

BALANCE SHEETS

at 30 June 2007

	Notes	Group		Company	
		2007 R'000	2006 R'000	2007 R'000	2006 R'000
ASSETS					
Non-current assets					
Investment properties	7	111 429	92 663	111 429	92 663
Other tangible assets		93	58	93	58
Investment in subsidiaries	8	–	–	69	69
Other investments	9	8 098	13 200	8 098	13 200
		119 620	105 921	119 689	105 990
Current assets					
Work in progress	10	–	13 664	–	13 664
Accounts receivable	11	3 534	11 421	3 534	11 421
Amount due by fellow subsidiary	20	–	–	–	–
Taxation receivable	12	12	1 584	–	1 573
Cash and cash equivalents	13	50 439	20 047	50 439	20 047
		53 985	46 716	53 973	46 705
Total assets		173 605	152 637	173 662	152 695
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	14	4 146	4 146	4 146	4 146
Accumulated profit		151 829	140 783	151 829	140 783
		155 975	144 929	155 975	144 929
Non-current liabilities					
Deferred taxation	15	3 035	4 859	3 035	4 859
		3 035	4 859	3 035	4 859
Current liabilities					
Taxation payable	??	2 353	–	2 353	–
Accounts payable	16	10 980	1 807	11 037	1 865
Amount due to fellow subsidiary	20	1 262	1 042	1 262	1 042
		14 595	2 849	14 652	2 907
Total equity and liabilities		173 605	152 637	173 662	152 695

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2007

	Notes	Stated capital R'000	Non- distributable reserves R'000	Accumulated profit R'000	Total R'000
GROUP					
Balance at 30 June 2004 as previously stated		4 146		128 441	132 587
Rent straightlining adjustments	1			(1 212)	(1 212)
Balance at 30 June 2004 restated		4 146	–	127 229	131 375
Profit attributable to equity holders				21 813	21 813
Dividends paid	5			(15 836)	(15 836)
Balance at 30 June 2005		4 146	–	133 206	137 352
Profit attributable to equity holders				20 534	20 534
Dividends paid	5			(12 957)	(12 957)
Balance at 30 June 2006		4 146	–	140 783	144 929
Profit attributable to equity holders				21 124	21 124
Dividends paid				(10 078)	(10 078)
Balance at 30 June 2007		4 146	–	151 829	155 975
COMPANY					
Balance at 30 June 2004 as previously stated		4 146		128 445	132 591
Rent straightlining adjustments	1			(1 212)	(1 212)
Balance at 30 June 2004 restated		4 146	–	127 233	131 379
Profit attributable to equity holders				21 813	21 813
Dividends paid	5			(15 836)	(15 836)
Balance at 30 June 2005		4 146	–	133 210	137 356
Profit attributable to equity holders				20 530	20 530
Dividends paid	5			(12 957)	(12 957)
Balance at 30 June 2006		4 146	–	140 783	144 929
Profit attributable to equity holders				21 124	21 124
Dividends paid				(10 078)	(10 078)
Balance at 30 June 2007		4 146	–	151 829	155 975

CASH FLOW STATEMENTS

for the year ended 30 June 2007

	Notes	Group		Company	
		2007 R'000	2006 R'000	2007 R'000	2006 R'000
Cash inflow from operating activities		33 196	8 534	33 196	8 468
Cash receipts from customers		48 348	29 778	48 348	29 778
Cash paid to suppliers		(1 081)	(2 005)	(1 081)	(2 070)
Net cash generated from operations	18	47 267	27 773	47 267	27 708
Interest received		3 332	1 882	3 332	1 882
Finance costs		-	-	-	-
Taxation paid	12	(7 325)	(8 164)	(7 325)	(8 165)
Dividends paid	4	(10 078)	(12 957)	(10 078)	(12 957)
Cash (outflow)/inflow from investing activities		(2 804)	(16 956)	(2 804)	(16 890)
Proceeds on disposal of tangible assets		-	-	-	-
Reduction in loan to subsidiary		-	-	-	66
Additions to tangible assets	19	(2 804)	(3 756)	(2 804)	(3 756)
Acquisition of other investments	9	-	(13 200)	-	(13 200)
Net (decrease)/increase in cash and cash equivalents		30 392	(8 422)	30 392	(8 422)
Cash and cash equivalents at beginning of year		20 047	28 469	20 047	28 469
Cash and cash equivalents at end of year	13	50 439	20 047	50 439	20 047

ACCOUNTING POLICIES

for the year ended 30 June 2006

REPORT ON TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Introduction

Up to 30 June 2005, Putprop Ltd prepared financial statements in accordance with South African Statements of Generally Accepted Accounting Practice (SA GAAP). In line with its counterparts, the Group is adopting International Financial Reporting Standards (IFRS) for the year ended 30 June 2006. As the Group publishes comparative information for one year in its financial statements, the date of transition to IFRS is effectively 1 July 2004, which represents the start of the earliest period of comparative information presented.

Basis of preparation

The Group has adopted the requirements of IFRS for the year ended 30 June 2006. The standards applied are those issued by the International Accounting Standards Boards as at 30 June 2006, including the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as applicable to the Group. The financial statements have been prepared on the basis of the Standards that are effective together with expected amendments as at 30 June 2006 which have been applied retrospectively as if those Standards have always been applied, except for any of the transitional exemptions or exceptions which have been applied as described below.

Transitional arrangements

The key principle of IFRS 1 – First Time Adoption of International Financial Reporting Standards is full retrospective application of IFRS. However, in addition to exempting companies from the requirement to restate certain comparatives, this statement provides exemptions from retrospective application in certain instances due to cost and practical considerations. The Group did not apply any exemptions or exceptions available to it.

Impact from the adoption of IFRS

There were no effects on 2005 opening balances or the comparative reporting period as a result of the transition to IFRS.

BASIS OF PREPARATION

The consolidated financial statements of Putprop Limited, as set out on pages 9 to IBC, have been prepared in accordance with IFRS for the first time. A full report on the transition is given above.

The consolidated financial statements have been prepared on an historical cost basis, except for measurement at fair value of investment properties and financial instruments, as described further in the accounting policy notes below.

The consolidated financial statements are presented in Rands and denominated in thousands (R'000).

SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In preparing the financial statements, management are required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

Significant judgements 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 and estimating the fair value of investments held.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Putprop Limited and its subsidiaries, which are defined as entities in which the Group has the ability to exercise control over their financial and operating policies, so as to obtain benefits from their activities. Operating results of subsidiaries acquired during the reporting period are included from the effective date of acquisition. Operating results of subsidiaries disposed of during the reporting period are included to the effective date of disposal. Subsidiaries acquired with the intention of disposal within

a short period of time are not consolidated, but accounted for in terms of IFRS 5 - Non-Current Assets held for sale and Discontinued Operations.

All intra-group transactions, balances and unrealised profits/losses are eliminated on consolidation.

All subsidiary investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

At the date of acquisition of a subsidiary, the cost of the investment is allocated to the fair value of individual identifiable assets, liabilities and contingent liabilities of the subsidiary on the same accounting basis of the Group. Any remaining difference between the purchase price of shares in subsidiaries and net asset value is recognised as goodwill.

After initial recognition, the Company's investments in subsidiaries continue to be held at cost less any impairment in value. Investment in subsidiaries are reviewed annually for impairment.

TANGIBLE ASSETS

1. Investment properties

Rental properties constitute investment properties held by the Group for rental producing purposes. Initially, the investment properties are stated at cost. Thereafter investment properties are valued and stated at fair value on an annual basis. Gains or losses arising from changes in fair values of investment properties are included in the income statement in the period in which they arise.

2. Other tangible assets

Other tangible assets, consisting of furniture and fittings, is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of such plant and equipment when that cost is incurred if the recognition criteria are met. Depreciation is calculated on a straightline basis at 16,7% to write the assets down to residual values at the end of their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

The asset's residual values, useful lives and methods are reviewed, and adjusted if appropriate, at each financial year end.

TANGIBLE ASSET IMPAIRMENT

An assessment is made at each balance sheet date to determine whether there is objective evidence that any assets in the classes of investment properties, furniture and fittings and investments in subsidiaries are impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss recognised for the difference between the recoverable amount and the carrying amount through profit or loss.

WORK IN PROGRESS

Work in progress represents property held for potential resale. It is initially measured at cost and subsequently at the lower of cost and net realisable value. Any write down to net realisable value is charged directly to the income statement in the year incurred.

TAXATION AND DEFERRED TAXATION

The charge for taxation is based on the results for the year as adjusted for items that are non-assessable or disallowable.

Deferred income tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period 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 balance sheet date.

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

- * 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 balance sheet.

Secondary Taxation on Companies (STC) is provided in respect of dividend payments net of dividends received or receivable. STC is recognised as a taxation charge for the year in which the dividend is paid.

REVENUE RECOGNITION

Revenue consist of rentals and interest received, and 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 leases is recognised based on the underlying lease agreements, on a straightline basis.

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.

BORROWING COSTS

Borrowing costs are expensed as and when incurred.

FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet are accounts receivable, cash and cash equivalents and accounts payable. Financial instruments are initially measured at fair value, including transaction costs, when the Group becomes a party to their contractual arrangements. The subsequent measurement of financial instruments is dealt with below.

Where the Group can legally do so and intends to settle on a net or simultaneous basis, related positive and negative values of financial instruments are offset within the balance sheet totals.

1. Accounts receivable

Accounts receivable are recognised and carried at amortised cost using the effective interest rate method. An estimate of doubtful debts is made when collection of the full amount is no longer probable. The allowance raised is the amount needed to reduce the carrying value to the present value of the expected future cash receipts.

2. Cash and cash equivalents

Cash and cash equivalents consist of cash in banks and short-term deposits and are measured at fair value, with changes in fair value included in profit or loss.

3. Accounts payable

Accounts payable are subsequently measured at amortised cost, which is considered to be original invoiced amount less principal payments.

4. Financial asset impairment

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. Impairment losses on trade and other 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 estimated future cash flows discontinued at the financial asset's original effective interest rate. Cash flows pertaining to debtors are not discontinued to present value where the receivables are short term and the impact of such discounting is immaterial.

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 the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal rate.

5. IFRSs and IFRIC Interpretations not yet effective

The Group has not applied the following IFRSs and IFRIC Interpretations that have been issued but are not yet effective:

IFRS 6 Exploration for and Evaluation of Mineral Resources

This standard does not apply to the activities of the Group.

IFRS 7 Financial Instruments: Disclosures

This standard is required for years commencing on or after 1 January 2007. This Standard primarily deals with disclosure and will not have any quantitative effect on the Group.

IFRIC 4 Determining whether an arrangement contains a lease

This interpretation deals with schemes of arrangement and is effective 1 January 2006. Arrangements are currently under review to determine whether they should in fact be accounted for as a lease. To date the effect of this standard is not considered to have a material effect on the Group.

IFRIC 5 Rights to interest arising from decommissioning, restoration and environmental rehabilitation fund

This interpretation is required for years commencing on or after 1 January 2006 but is not expected to be relevant to the activities of the Group.

IFRIC 7 Applying the restatement approach under IAS29 Reporting in Hyperinflationary Economies

This interpretation is required for years commencing on or after 1 March 2006 but is not expected to be relevant to the activities of the Group.

IFRIC 8 Scope of IFRS 2

This interpretation is required for years commencing on or after 1 March 2006. The interpretation applies to BEE and similar schemes involving ownership where equity instruments are issued at less than market value and currently has no effect on the Group.

IFRIC 9 Reassessment of embedded derivatives

This interpretation is required for years commencing on or after 1 June 2006 but is not expected to be relevant to the current activities of the Group.

IFRIC 10 Interim Reporting and Impairment

This interpretation is required for years commencing on or after 1 July 2006 but is not expected to be relevant to the current activities of the Group.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2007

	Group		Company		
	2007 R'000	2006 R'000	2007 R'000	2006 R'000	
1 RENT STRAIGHTLINING ADJUSTMENTS					
Old Putco lease agreement – year to 30 June 2006		(5 291)		(5 291)	
Old Putco lease agreement – prior to 31 December 2006	(3 626)		(3 626)		
– effect at 31 December 2006 of early cessation	(7 632)		(7 632)		
New Putco lease – six months to 30 June 2007	2 620		2 620		
	(8 638)	(5 291)	(8 638)	(5 291)	
2 OPERATING PROFIT					
Operating profit is stated after taking into account, amongst others, the following:					
Income					
Profit on disposal of Property held for future development	9 328	–	9 328	–	
Fair value adjustment of investment properties	9 677	6 871	9 677	6 871	
Impairment write down of subsidiary Carmanzan (Pty) Ltd	–	–	–	(4)	
Impairment write down of Other investments	(5 102)	–	(5 102)	–	
	13 903	6 871	13 903	6 867	
Expenses					
Auditors' remuneration	262	259	262	259	
Current year provision	222	186	222	186	
Prior year underprovision	17	23	17	23	
Other services	23	50	23	50	
Administration fees	426	472	426	472	
Depreciation	17	15	17	15	
			Total	Total	
	Fees	Basic salary	Other benefits	2007	2006
Directors emoluments					
Executive Directors					
A Carleo	14	208	17	239	212
EMRL Oldham	15	244	73	332	225
AL Carleo-Novello	10	–	–	10	–
BC Carleo	14	–	–	14	13
	53	452	90	595	450
Non-executive Directors					
AB Adrian	15	–	–	15	13
P Nucci	15	–	–	15	12
	30	–	–	30	25

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2007

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
3. TAXATION				
South African normal tax – current year	9 991	7 637	9 991	7 637
South African normal tax – prior year	–	(1 001)	–	(1 001)
Deferred – current year	(1 825)	(545)	(1 825)	(545)
Secondary tax	1 260	1 620	1 260	1 620
	9 426	7 711	9 426	7 711
A reconciliation of the standard tax rate charge with the effective tax rate is as follows:				
Standard tax rate	29	29	29	29
Non deductible expense/(exempt income)	(2)	(4)	(2)	(4)
Prior year	–	(4)	–	(4)
Secondary tax	4	6	4	6
Net (decrease)/increase	2	(2)	2	(2)
Effective tax rate	31	27	31	27
4. DIVIDENDS				
Ordinary				
– final 2006 (2005)	5 759	7 198	5 759	7 198
– interim 2007 (2006)	4 319	5 759	4 319	5 759
	10 078	12 957	10 078	12 957
5. EARNINGS PER SHARE (IN CENTS)				
The calculation is based on earnings of R21 124 000 (2006: R20 534 000) and on the weighted average number of 28 793 000 (2006: 28 793 000) shares in issue for the year	73,4	71,3		
No diluted earnings have been calculated as there are no dilutive potential ordinary shares as at 30 June 2007 (2006–no dilutive potential ordinary shares)				
6. HEADLINE EARNINGS PER SHARE (IN CENTS)				
Headline earnings per share have been calculated in terms of Circular 7 of 2002 and exclude profits of a capital nature.	36,8	50,9		
	R'000	R'000		
Reconciliation of headline earnings:				
Net profit for the year	21 124	20 534		
Adjusted for:				
– Operating profit per Note 2 above	(13 903)	(6 871)		
– Taxation effect of Operating profit	3 368	996		
Headline earnings	10 589	14 659		
7. TANGIBLE ASSETS				
Investment properties				
Properties at valuation at beginning of year	92 663	82 042	92 663	82 042
Additions	9 089	3 750	9 089	3 750
Disposals	–	–	–	–
	101 752	85 792	101 752	85 792
Fair value adjustment of investment properties	9 677	6 871	9 677	6 871
Properties at valuation at end of year	111 429	92 663	111 429	92 663

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2007

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
7. TANGIBLE ASSETS (continued)				
Furniture and fittings				
Cost at beginning of year	157	151	157	151
Additions	52	6	52	6
Cost at end of year	209	157	209	157
Accumulated depreciation at beginning of year	99	84	99	84
Depreciation for the year	17	15	17	15
Accumulated depreciation at end of year	116	99	116	99
Net book value	93	58	93	58
Net book value per balance sheet	111 522	92 721	111 522	92 721
Properties were professionally valued by an independent valuer at 30 June 2007, on the open market value basis.				
A register of fixed properties is available for inspection at the registered office of the company.				
8. INVESTMENT IN SUBSIDIARIES				
Shares at cost at beginning of year			73	73
Impairment provision			(4)	(4)
			69	69
Refer to IBC for details of Interest in subsidiaries				
9. OTHER INVESTMENTS				
Breaking Waves Investments (Pty) Ltd	2 363	2 363	2 363	2 363
Impairment provision	(107)	–	(107)	–
Belle Isle Investments (Pty) Ltd	6 300	6 300	6 300	6 300
Loans receivable – Belle Isle	4 537	4 537	4 537	4 537
Impairment provision	(4 995)	–	(4 995)	–
	8 098	13 200	8 098	13 200
The Group owns a 17,5% interest in the issued share capital of Breaking Waves Investments (Pty) Ltd and a 15% interest in the issued share capital of Belle Isle Investments (Pty) Ltd. Both companies are incorporated in the Republic of South Africa. These investments are carried at fair value, based on net asset value according to their February 2007 draft balance sheets. The loans made to Belle Isle Investments are repayable on a pro-rata basis over the period of sale of the development and attract interest determinable at the discretion of their board of directors to which we are entitled to appoint representatives.				
10. WORK IN PROGRESS				
Lonehill property sold this year	–	13 664	–	13 664
	–	13 616	–	13 664
11. ACCOUNTS RECEIVABLE				
Sundry receivables	914	163	914	163
Future rent escalation receivable (refer Note 1)	2 620	11 258	2 620	11 258
	3 534	11 421	3 534	11 421

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2007

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
12. TAXATION PAID				
Amounts (prepaid)/owing at beginning of year	(1 584)	(1 676)	(1 573)	(1 664)
Amounts charged per the income statement – current	9 991	6 636	9 991	6 636
– STC	1 260	1 620	1 260	1 620
Amounts (owing)/prepaid at end of year	(2 342)	1 584	(2 353)	1 573
	7 325	8 164	7 325	8 165
13. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Term deposits	40 000	10 000	40 000	10 000
Cash at banks	10 439	10 047	10 439	10 047
	50 439	20 047	50 439	20 047
Cash held at banks and term deposits earn interest at prevailing market rates. The carrying value of these assets approximates their fair values due to the short term maturities thereof.				
14. STATED CAPITAL				
Authorised				
50 000 000 shares of no par value				
Issued				
28 792 961 shares at no par value	4 146	4 146	4 146	4 146
	4 146	4 146	4 146	4 146
15. DEFERRED TAXATION				
Deferred tax liability comprises:				
Investment properties and other investments – potential CGT	1 868	1 601	1 868	1 601
Future rent escalation receivable	760	3 265	760	3 265
Other	407	(7)	407	(7)
Deferred tax liability	3 035	4 859	3 035	4 859
The movement on the deferred tax balance is as follows:				
Balance at beginning of year	4 859	5 404	4 859	5 404
Income statement charge	(1 824)	(545)	(1 824)	(545)
Balance at end of year	3 035	4 859	3 035	4 859
16. ACCOUNTS PAYABLE				
Accruals	6 414	66	6 414	66
Sundry creditors	4 566	1 741	4 623	1 799
	10 980	1 807	11 037	1 865

The carrying value of these payables approximates their fair values due to their short term maturities.

17. FINANCIAL INSTRUMENTS

The group's principle financial instruments comprise accounts receivable, accounts payable, other investments and cash and cash equivalents, which arise directly from its operations.

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 reviews and agrees policies for managing each of these risks and they are summarised below. The Groups accounting policies in relation to financial instruments are set out on page xx.

Interest rate management

Cash and cash equivalents, used for normal trading purposes, are held in current accounts at prevailing prime interest rate, 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 not used any long-term borrowings for the past financial year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 30 June 2007

17. FINANCIAL INSTRUMENTS (continued)

Credit risk management

The Group trades only with recognised credit worthy related and third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances, acknowledging their concentration with our major customer, are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Cash and cash equivalents are only deposited with major financial institutions of high quality credit standing.

Liquidity risk

The Group has minimised its liquidity risk by ensuring that it has adequate banking facilities and reserve borrowing capacity, as disclosed in note 22.

	Group		Company	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
18. CASH GENERATED FROM OPERATIONS				
Operating profit	30 550	28 245	30 550	28 241
<i>Adjusted for:</i>				
Fair value adjustment of investment properties	(9 677)	(6 871)	(9 677)	(6 871)
Impairment adjustment other investments	5 102		5 102	
Depreciation	17	15	17	15
Impairment of subsidiary				4
Interest received	(3 332)	(1 882)	(3 332)	(1 882)
Decrease/(Increase) in work in progress	13 664	(48)	13 664	(48)
Decrease in accounts receivable	8 107	6 958	8 107	6 829
Increase in accounts payable	2 836	1 356	2 836	1 420
	47 267	27 773	47 267	27 708
19. ADDITIONS TO TANGIBLE ASSETS				
Investment properties	2 752	3 750	2 752	3 750
Furniture and fittings	52	6	52	6
	2 804	3 756	2 804	3 756

20. RELATED PARTY TRANSACTIONS

Details of the Company's directors are disclosed on page 1, emoluments paid to directors in note 2, and directors' shareholdings in the directors' report. The executive directors of the Company constitute the key management of the Group. Details of the holding company are disclosed in the directors' report.

A related party relationship exists with Putco Limited, a fellow subsidiary. All transactions are conducted at arms length.

The value of rentals for the year on a cash basis are	25 376	28 117
Administration fees paid	426	411
The following amounts are (payable)/receivable as at year end:		
Putco Limited	(1 262)	(1 042)
Carmanzan (Pty) Ltd	(100)	66

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

21. SEGMENTAL DISCLOSURE

The directors consider the company to be operating only one business segment, being property dealings under one geographic area being South Africa.

22. BORROWINGS

The borrowing powers of the company and its subsidiaries are as determined by the company's holding company. These have been fixed at not more than 50% of equity.

23. COMMITMENTS AND CONTINGENCIES

NOTICE OF THE ANNUAL GENERAL MEETING

for the year ended 30 June 2007

Notice is hereby given that the 19th Annual General Meeting of the shareholders of Putprop will be held at the registered office of the Company, Carlin House, 8, 4th Street, Wynberg, Johannesburg, at 11:00 on Wednesday, 15 November 2006 for the following purposes:

1. To receive and adopt the annual financial statements for the year ended 30 June 2006, together with the directors' report and to approve the remuneration of the directors as reflected in those statements.
2. To agree the appointment of the directors be dealt with by a single resolution.
3. To elect directors in the place of the directors who retire from office in terms of the Company's Articles of Association. The following directors who were appointed from 30 September 2004 and Mrs A L Carleo-Novello who was appointed on 20 September 2006, retire in terms of the Articles of Association and are available for re-election: Mr P Nucci and Mr P Senatore.
4. To authorise the directors to determine the remuneration of the auditors as reflected in the financial statements and to re-appoint the auditors until the next annual general meeting.
5. To place the ordinary unissued shares under the general control of directors until the next annual general meeting, subject to the requirements of the Companies Act 1973, Act 61, and the listing requirements of the JSE Limited (JSE).

6. ISSUE OF SHARES FOR CASH

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:

"RESOLVED THAT the directors be and are hereby authorised by way of a general authority to issue all or any of the authorised but unissued ordinary shares in the capital of the Company for cash, as and when they in their discretion deem fit subject to suitable situations arising, in terms of the Listings Requirements of the JSE, which currently provide, *inter alia*:

- (i) that this authority shall be valid until the next annual general meeting of the Company, provided that it shall not extend beyond 15 months from the date that this authority is given;
- (ii) that a paid press announcement giving full details, including the impact on net asset value and earnings per share, be published at the time of any issue representing, on a cumulative basis within one financial year, 5% or more of the number of securities in issue prior to the issues;
- (iii) that the number of ordinary shares issued for cash shall not in the aggregate in any one financial year of the Company exceed 15% of the Company's issued ordinary shares. The number of ordinary shares which may be issued for cash shall be based on the number of ordinary shares in issue at the date of the application, less any ordinary shares issued by the Company during the current financial year, provided that any ordinary shares to be issued

for cash pursuant to a rights issue (announced and irrevocable and unwritten) or acquisition (concluded up to the date of application) may be included as though they were ordinary shares in issue at the date of the application;

- (iv) that, in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average trading price determined over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors; and
- (v) that any such issues will only be made to public shareholders as defined by the JSE and not to related parties.

As more than 35% of the Company's issued securities are in the hands of the public as defined by the JSE, the approval of a 75% majority of votes cast by shareholders present or represented by proxy at this meeting is required for this resolution to become effective.

7. REPURCHASE OF SHARES

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"RESOLVED THAT, subject to compliance with the requirements of the JSE, the directors of the Company be and hereby are authorised in their discretion to procure that the Company or subsidiaries acquire by purchase on the JSE ordinary shares issued by the Company provided that:

- (i) the number of ordinary shares acquired in any one financial year shall not exceed 20% of the ordinary shares in issue in any one financial year in which this resolution is passed;
- (ii) this authority shall lapse on the earlier of the date of the next annual general meeting of the Company or 15 months from the date that this resolution is passed;
- (iii) the price paid per ordinary share may not be greater than 10% above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which a purchase is made;
- (iv) the number of the shares purchased by subsidiaries of the Company shall not exceed 10% in the aggregate of the number of issued shares in the Company at all relevant times;
- (v) the repurchase does not take place during a prohibited period, as defined by the JSE;
- (vi) at any point in time, the Company may only appoint one agent to effect any repurchases on the Company's behalf;
- (vii) after such repurchase of shares, the Company still complies with the shareholder spread requirements of the JSE;
- (viii) authorisation thereto is given by its articles of association;

NOTICE OF THE ANNUAL GENERAL MEETING

for the year ended 30 June 2007

- (ix) the repurchase shall be effected through the order books operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party (reported trades are prohibited).

The reason for this special resolution is to authorise the directors, if they deem it appropriate in the interests of the Company, to procure that the Company or subsidiaries of the Company acquire or purchase ordinary shares issued by the Company subject to restrictions contained in the above resolution.

The effect of this special resolution will be to authorise the directors of the Company to procure that the Company or subsidiaries of the Company acquire or purchase shares issued by the Company on the JSE.

Further relevant information relating to:

- (i) Directors' and management (refer Directorate and Secretary on page 1)
- (ii) Major shareholders (refer Analysis of shareholding page 2)
- (iii) Events subsequent to the year end (refer Directors' report page 9)
- (iv) Directors' interests in securities (refer Directors' report page 9)
- (v) Share capital of the Company (refer note 14 to the financial statements)
- (vi) Directors' responsibility statement (refer page 7), and
- (vii) Litigation (none)

may be found in the stated sections of the body of the annual report for the year ended 30 June 2006.

At the present time the directors have no specific intention with regard to the utilisation of this authority which will only be used if the circumstances are appropriate. If the authority is exercised the ordinary shares will be purchased on the JSE.

The directors, after consideration of the effect of a repurchase of up to 20% of the Company's issued ordinary shares, are of the opinion that after such repurchase:

- (i) the Company and its subsidiaries will be able to pay their debts in the ordinary course of business for a period of 12 months from the date on which the authority is given/this resolution is passed;
- (ii) recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements, the assets of the Company and its subsidiaries will exceed the liabilities of the company and its subsidiaries for a period of 12 months from the date on which the authority is given/this resolution is passed;
- (iii) the ordinary capital and reserves of the Company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for a period of 12 months from the date on which the authority is given/this resolution is passed; and

- (iv) the working capital of the Company and its subsidiaries will be adequate for the purposes of the business of the Company and its subsidiaries for a period of 12 months from the date on which the authority is given/this resolution is passed.

The directors undertake that the Company will not enter the market to repurchase securities in terms of this authority until such time as the company's JSE Sponsor, at the Company's request, has furnished the JSE with written confirmation regarding the directors' working capital statement.

To transact such other business as may be transacted at an annual general meeting.

VOTING AND PROXIES

A shareholder of the Company entitled to attend, speak and vote at the Annual General meeting is entitled to appoint a proxy or proxies to attend, speak and on a poll to vote in his/her stead. The proxy need not be a shareholder of the Company. A form of proxy is attached to the enclosed annual report for the convenience of any certificated shareholders and own-name registered dematerialised shareholders who cannot attend the Annual General Meeting, but who wish to be represented thereat. On a poll every shareholder of the Company present in person or represented by proxy shall have one vote for every share held in the Company by the shareholder.

Shareholders who have dematerialised their ordinary shares through a Central Securities Depository Participant (CSDP) or broker, other than own-name registered dematerialised shareholders, and who wish to attend the Annual General Meeting, must request their CSDP or broker to issue them with the necessary authority to attend. Should shareholders who have dematerialised their ordinary shares, other than own-name registered dematerialised shareholders wish to vote by proxy, they must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between the dematerialised shareholders and their CSDP or broker, and in the manner and cut off time stipulated by the CSDP or broker.

Duly completed and signed (by the shareholders, or the CSDP in the case of dematerialised ordinary shares) forms of proxy must be lodged at the Company's transfer secretaries at the address below by no later than 11:00 on Monday, 13 November 2006.

By order of the board



D Campbell

Secretary

Sandton

6 October 2006



FORM OF PROXY FOR THE ANNUAL GENERAL MEETING

PLEASE READ NOTES ON THE REVERSE SIDE

Only for use by certificated and own-name dematerialised shareholders. Shareholders who have dematerialised their shares, who do not have own-name registration and who wish to be represented at the meeting, must instruct their CSDP or broker in terms of the agreement between them.

For use at the Annual General Meeting of shareholders to be held at the registered office of the Company at **Carlin House, 8, 4th Street, Wynberg, Johannesburg at 11h00 on Wednesday, 15 November 2006** (annual general meeting).

I/We (name/s in block letters)

of

Telephone: (Work) (area code)

Telephone: (Home) (area code)

Fax: (area code)

Cell number:

Being the holder(s) of

ordinary shares in the capital of the Company do hereby appoint (see note):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. The Chairperson of the annual general meeting, as my/our proxy to act for me/us at the annual general meeting for purposes of considering and, if deemed fit, passing, with or without modification, the special resolution to be proposed thereat and at each adjournment thereof; and to abstain from voting for and/or against the resolution in respect of the ordinary shares registered in my/our name in accordance with the following instructions:

	Number of ordinary shares		
	For	Against	Abstain
1. Resolution to receive and adopt the annual financial statements for the year ended 30 June 2006 and to approve the remuneration of directors as reflected in those statements			
2. Resolution to re-appoint directors:			
1) A L Carleo-Novello			
2) P Nucci			
3) P Senatore			
3. Resolution to authorise the directors to determine the remuneration of the auditors as reflected in the financial statements and to confirm the re-appointment of Ernst & Young as auditors			
4. Resolution to place the unissued shares under the general control of the directors until the next annual general meeting			
5. Resolution to renew the authority granted to the directors to issue the unissued shares of the Company			
6. Special resolution pertaining to the buy-back of the shares of the Company			
7. To transact such other business as may be transacted at an annual general meeting			

Please indicate with an X in the appropriate spaces provided above how you wish your vote to be cast.

Signed at _____ this _____ day of _____ 2006

Signature _____

A member entitled to attend, speak and vote is entitled to appoint a proxy/ies to attend, speak and, on a poll, vote in his stead, and such proxy need not also be a member of the Company.

Number of shares held:

Transfer secretaries office
Computershare Investor Services 2004 (Pty) Limited
P O Box 61051, Marshalltown, 2107
Facsimile +27 11 370 5390

Putprop Limited
Incorporated in the Republic of South Africa
Registration number: 1988/001085/06
Share code: PPR
ISIN: ZAE000072310
("the Company" or "Putprop")



NOTES TO THE PROXY FORM

1. A signatory/ies to the proxy form may insert the name of an alternative proxy of his choice in the blank spaces provided with or without deleting "the chairman of the meeting", but any such deletion must be initialled by the signatories. Any insertion or deletion not complying with the foregoing will be deemed not to have been effected. The person present at the meeting whose name appears first on the list of names above, shall be the validly appointed proxy for the shareholder at the meeting.
2. A shareholder's instructions to the proxy must be indicated in the appropriate blocks provided. A shareholder or his proxy is not obliged to use all the votes exercisable by the shareholder or by his proxy or to cast all these votes in the same way, but the total of his votes cast and in respect whereof abstention is directed, may not exceed the total of the votes exercisable by the shareholder or his proxy. Failure to comply with the above or to provide voting instructions or the giving of contradicting instructions will be deemed to authorise the proxy to vote or abstain from voting at the meeting as he deems fit in respect of all that shareholder's votes exercisable at the meeting.
3. Any alteration or correction made to the proxy form must be initialled by the signatories.
4. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the Company.
5. When there are joint holders of shares, any one holder may sign the proxy form.
6. A married woman still subject to her husband's marital power must be assisted by him (if applicable).
7. The completion and lodging of this proxy form will not preclude the shareholder who gains this proxy from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
8. Completed proxy forms should be returned to the Company's transfer secretaries, Computershare Limited, 70 Marshall Street, Johannesburg, 2001 (P O Box 61051, Marshalltown, 2107), South Africa by no later than 11h00 on 13 November 2006.
9. The chairperson of the meeting may accept or reject any proxy form which is completed and/or received other than in accordance with these instructions.