THE 23RD ANNUAL REPORT

2010

PUTPROP

PROFILE, OBJECTIVES AND INVESTMENT POLICY

PUTPROP IS A PROPERTY INVESTMENT COMPANY LISTED ON THE MAIN BOARD OF THE JOHANNESBURG STOCK EXCHANGE UNDER THE REAL ESTATE SECTOR. THE COMPANY LISTED ON 4 JULY 1988.

THE COMPANY INVESTS IN INDUSTRIAL, COMMERCIAL AND RETAIL PROPERTIES, DERIVING ITS INCOME FROM CONTRACTED RENTALS.

PUTPROP'S PRIMARY OBJECTIVE IS TO BUILD A QUALITY PORTFOLIO WITH STRONG CONTRACTUAL CASH FLOWS RESULTING IN LONG-TERM SUSTAINABILITY AND CAPITAL APPRECIATION.

GROWTH WILL COME FROM STRATEGIC INVESTMENTS, FOCUSED ON INDUSTRIAL AND COMMERCIAL OPPORTUNITIES WHERE YIELDS ARE ENHANCING IN THE MEDIUM AND LONG-TERM.

OUR STRATEGY TO ACHIEVE THIS WILL FOCUS ON:

- BROADENING OUR 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 ON OVER DEPENDENCE 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.

GROUP OVERVIEW

MANAGEMENT REVIEW

FINANCIAL REVIEW

FINANCIAL

HIGHLIGHTS

PROPERTY REVENUE UP
15.8% TO **R34.4 MILLION**

NET PROFIT BEFORE TAX
INCREASES BY **7.3%** TO
R49.8 MILLION

EARNINGS PER SHARE
UP **7.5 %** TO **131.9 CENTS**

INCREASE IN NET ASSET VALUE
UP **15.5%** TO **820 CENTS**

PROPERTY COSTS TO
INCOME RATIO DECREASES
FROM **10.8 %** TO **7.6%**

CONSOLIDATED HISTORICAL INFORMATION

		2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000
COMPREHENSIVE INCOME						
Property revenue		**35 462**	33 141	28 902	17 249	22 826
Property expenses		**2 605**	3 213	2 958	2 513	1 942
Administration expenses		**2 992**	2 786	2 560	1 421	1 392
Fair value adjustments		**19 504**	17 613	15 631	19 677	6 871
Net profit before tax		**49 784**	46 397	43 332	30 550	28 245
Earnings per share (cents)		**131.9**	122.7	112.8	73.4	71.3
Headline earnings per share (cents)		**73.7**	70.0	66.2	59.8	50.9
Dividend paid per share (cents)		**22.0**	32.0	35.0	35.0	45.0
FINANCIAL POSITION						
Total assets		**251 193**	215 943	187 990	173 605	152 637
Shareholders equity		**236 136**	204 500	178 388	155 975	144 929
CASH FLOWS						
Cash generated from operations		**29 127**	24 683	9 330	47 267	27 773
Cash generated from operations per share (cents)		**101.1**	85.7	32.4	164.2	96.4
Cash and cash equivalents		**8 133**	8 468	37 145	50 439	20 047
Number of employees		**7**	7	6	5	5
PERFORMANCE OF PUTPROP ORDINARY SHARES ON THE JSE LIMITED						
High (cents)		**590**	600	525	615	670
Low (cents)		**420**	370	370	475	510
Volume of shares traded ('000)		**652**	426	1 440	1 266	833
Number of shares in issue ('000)		**28 793**	28 793	28 793	28 793	28 793
Share price 30 June (cents)		**580**	500	375	525	550
FINANCIAL STATISTICS	**Definitions**					
Current ratio	1	**5.3**	5.9	13.1	3.7	16.3
Cash ratio	2	**3.6**	4.7	11.5	3.4	7.0
Return on operational assets (%)	3	**19.8**	13.8	13.8	8.5	15.0
Return on equity (%)	4	**8.9**	9.8	10.6	11.0	10.1
Net asset value per share (cents)	5	**820**	710	619	541	503
Dividend cover	6	**3.3**	2.2	1.9	1.7	1.1
Market capitalisation (R'000)	7	**166 999**	143 966	107 974	151 163	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 and reserves
5. Net asset value per share: ordinary shareholders interest in capital and reserves divided by number of shares 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.

ANNUAL HIGHLIGHTS

FURTHER DIVERSIFICATION
OF PROPERTY PORTFOLIO
WITH THE ACQUISITION OF
MONTANA PARK PROPERTY

IMPLEMENTATION OF COST
SAVING METHODS RESULTING IN
FURTHER REDUCTION IN COSTS
TO PROPERTY INCOME RATIO

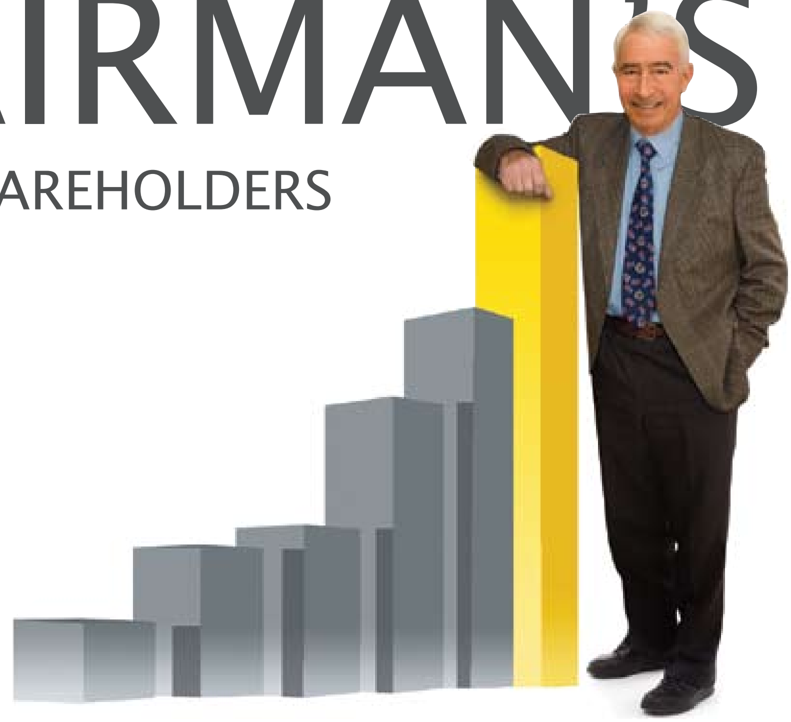
TENANT VACANCIES
CONTAINED IN DIFFICULT
TRADING CONDITIONS
TO 5.2% OF GROSS RENTALS

DIVIDEND PAYOUTS
MAINTAINED FOR THE
23RD CONSECUTIVE YEAR

EAGLE CANYON CAPITAL PROJECT
COMPLETED TIMEOUSLY

CHAIRMAN'S

LETTER TO SHAREHOLDERS



"SOUTH AFRICAN LISTED PROPERTY, ALTHOUGH NOT IMMUNE TO THE GLOBAL MELTDOWN DID PROVE TO BE MORE RESILIENT THAN THEIR OVERSEAS COUNTERPARTS."

INTRODUCTION

On behalf of the board of directors I am pleased to report to our shareholders and other stakeholders on the 23rd annual results of the company for the year ended 30 June 2010.

ECONOMIC OVERVIEW

The global crisis, widely agreed as the worst financial crisis since the 1930s, appears to have been contained, as a result of the massive intervention by governments and central banks. Large cash bail outs and the aggressive cutting of interest rates were some of the tools utilised. South African listed property, although not immune to the global meltdown, did prove to be more resilient than their overseas counterparts.

Signs of slight recovery were evident during the latter half of 2009. I believe that although global markets have been stabilised, there will be a long period of very low growth in all the major sectors of the economy, the property market included. I expect there will be new challenges to be faced by the global economy, evidence of this are the recent events in Greece, Spain and Italy as well as the continued uncertainty on the world's bourses.

Although the year under review was an extremely difficult period for the South African and global economies, I am pleased to report that the company was more than able to rise to the challenge and produce results that again reflected another increase in profit before tax.

MARKET CONDITIONS

The slower global economy has impacted on the South African property market in the form of rising vacancies, longer collection times and a deterioration of rental escalations on new leases and renewals. Prevailing rentals have come under pressure as has demand for rental space in all of the segments in which we operate.

Although Putprop was not immune to the effects of these market conditions, we are fortunate to have a stable portfolio of mainly listed national tenants allowing greater protection against the factors mentioned above. Vacancies increased from approximately 1% in 2009 to 5.2% for the current period. In the next quarter, management will aggressively focus on attempting to reduce this increase. We have been shielded to a large extent from bad debts and tenancy failures due to the group's policy of contracting on all major leases where possible, only with blue chip or national tenants.

RESULTS

Putprop continued to maintain its profit performance of recent years despite the challenges referred to above, with net profit before tax increasing by 7.3% from R46.4 million to R49.8 million. Headline earnings increased to R21.2 million or 73.7 cents per share (2009: 70.0 cents).

The company again actively pursued acquisitions during the year in terms of its long-term objective of diversifying its property portfolio further into industrial and commercial properties and reducing the risk of its dependence on its major tenant, Putco Limited.

The emergence of distressed sellers wishing to reduce their gearing was evident in this period but again the quality of properties offered was low. The company acquired a property in this period tenanted by a national blue chip company.

The acquisition of Montana Park during the year contributed to the company's property revenue which increased from R29.7 million to R34.4 million, an increase of 15.8% when compared to the previous year.

The company has no loans.

The directors have decided to declare a final dividend of 20 cents per share payable after 30 June 2010. As no interim dividend was paid for the six months ended 31 December 2009 the total declared dividend for the year is 20 cents per share (2009: 32 cents).

PROPERTY PORTFOLIO

At 30 June 2010 our property portfolio consisted of 17 (2009:16) properties situated primarily in the Johannesburg and Pretoria metropolitain areas of Gauteng valued at R220.2 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 91 676m^2.

CAPITAL COMMITMENTS

The company has no capital commitments at present.

PROSPECTS

Centurion Gate, a major commercial and retail complex in Centurion in which the company has a substantial interest, has now been completed. Due to the oversupply of commercial and retail space in the Centurion metropole as well as the increased downward pressure on existing tenant rentals, we do not anticipate that this development will contribute to revenue in the next reporting period. Management remains confident that in the medium-term this investment will contribute to the group's income stream.

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

Looking ahead, we believe property fundamentals will remain relatively stable. GDP is forecast by most economies to be in the region of 2 to 3% for the 2010 year. As the property market traditionally lags the general economy by up to 18 months we do not expect to see a substantial improvement in trading conditions before mid-2011. Rental margins will continue to come under pressure in the next 12 months partly due to large increases in electricity and municipal rate costs for tenants with the likelihood of a decrease in recovery of such costs.

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.

The company is in a phase of diversification of its property portfolio. The directors have therefore decided to retain capital for re-investment. Dividend cover is expected to be in the range of three to four in terms of the groups future distributions.

Subject to any major deterioration in trading conditions the group expects to be able to maintain its current growth for the year ahead.

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 wise counsel and support and the management and staff for their work in delivering another set of impressive results.

AB Adrian
Chairman
Johannesburg
17 September 2010

KEY PROPERTY

SELBY PARK

LOCATION: IGNATIUS STREET SELBY JOHANNESBURG GAUTENG GROSS LETTABLE AREA: 14 211M² VALUE: 30 JUNE R32 MILLION MAJOR TENANTS: SINGLE TRIPLE NET TENANT PUTCO LIMITED ACTIVITIES: MASS TRANSPORT HANDLING FACILITY AND WORKSHOP OPERATION AVERAGE GROSS RENTAL: R51.20 P/M² OCCUPANCY: 100%

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR'S REVIEW OF OPERATIONS

"PUTPROP CONTINUED ITS STRATEGY OF DIVERSIFYING ITS PROPERTY PORTFOLIO, FROM THE PREVIOUS FOCUS OF SPECIALISED TRANSPORT RELATED PROPERTIES TO OTHER WEALTH PRODUCING PROPERTY INVESTMENTS."

OVERVIEW

On behalf of the board of directors we are pleased to report that Putprop again produced strong results for the year ended 30 June 2010. Although the group was not immune to the effects of the recession, evident by rising vacancies and longer collection times on outstanding rentals the group was able to produce solid growth.

During the year the company continued its strategy of diversifying its property portfolio, from the previous focus of specialised transport related properties to other wealth producing property investments. The company continues to invest only in the Gauteng regional area in respect of acquisitions. However, diversification into other geographic regional areas will occur if suitable portfolio opportunities present themselves. In addition, the company continued its policy of development and refurbishing of existing properties in order to maintain its capital infrastructure and extract additional value from its investment.

FINANCIAL RESULTS

The group's profit for the year was as follows:

	2010 R'000	2009 R'000
Gross property revenue	35 462	33 141
Operating profit	30 280	28 784
Gain fair value adjustment investment properties	19 504	17 613
Income from investments and other income	415	1 642
Net profit before taxation	49 784	46 397
Taxation	(11 814)	(11 071)
Net profit to equity holders	37 970	35 326

Property revenue excluding straight line rental accruals increased from R29.7 million to R34.4 million, or 15.8%. This increase arose from continued good rental escalations, relatively low vacancy rates during the year, the acquisition of Montana Park in December 2009 and the effect of additional rental income from the completion of the Dubigeon expansion project. If the acquisition of the Montana property made during the financial period is excluded then property revenue increased by 12.8%

The containment of property and administrative operational costs continued to be a priority for the directors.

To this end property costs to income ratio decreased to 7.6% from 10.8% in the previous year, partly due to lower than budgeted expenditure on property maintenance, the group's largest expense item.

This saving was achieved as a result of an aggressive maintenance policy implemented over the last two financial periods on all properties. Administration costs increased by 7.4%, which was pleasing when compared to 2009's increase of 8.8%.

Profit available for distribution to equity holders increased by 7.5% to R37.9 million (2009: R35.3 million).

The net asset value of the group has increased over the reporting period by 15.5% from 710 cents per share to 820 cents per share as at 30 June 2010.

The interim dividend of the company was not declared this year as the board felt that funds could be better utilised to create additional income producing opportunities for shareholders in the form of portfolio acquisitions. To this end, the Montana Park property was acquired in December 2009.

PROPERTY MARKET

Individual rental growth has reflected a substantial slowdown due to poor retail sales reducing demand for warehouse and manufacturing space. In addition, a sharp decrease in building plans passed during the last 12 months indicates a slowdown in construction activity. We have observed a large number of distressed sellers attempting to liquidate surplus property holdings with no tenant in place. Management has actively looked at these opportunities with the objective of acquiring suitable opportunities should they present themselves. However the risk of failure to be able to tenant such properties remains high with the resultant high carrying cost. Such acquisitions would only be considered if future wealth creation could be accurately ascertained.

We are confident that the steady reduction in the prime interest rate over the past 12 months and its stability over the last two quarters should filter through to the general economy in the next six to nine months. The group continues to seek income producing, high quality properties, assessing each opportunity on its merits.

PROPERTY PORTFOLIO

The group's property portfolio as at 30 June 2010 consisted of 17 properties with a gross lettable area of 91 676m^2. Full details of the property portfolio appear on page 50. The portfolio was revalued upward by R19.504 million (2009: R17.613 million) during this reporting period.

EXPANSIONS AND REFURBISHMENTS

The cost of expansions, tenant refurbishments and revamps for the review period amounted to R1.5 million (2009: R6.9 million). The following major expansion project was completed:

Property	Completion date	Capital spend R'000	Yield %
Eagle Canyon	Dec 2009	1 300	9

No major capital expenditure on existing properties has been approved by the directors for the next financial period as at the date of this report.

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

Property	GLA m^2	Rental contri-bution %	Value 30 June 2010 R'000
Selby	14 211	24.6	32 000
Putcoton	12 081	18.5	20 800
Dubigeon	10 545	12.2	36 500
Dobsonville	3 810	5.8	6 448
Lea Glen	6 569	5.6	18 000

PORTFOLIO ANALYSIS

The geographical spread and sectoral profile of the group's investment portfolio are reported in graphical format on pages 12 and 13. The lease expiry profile on page 13 of this report reflects that 4.0% of the company's leases expire during the coming year ensuring a steady rental income stream until June 2011. The lease of one tenant, Putco Limited, expires during 2012. Management has already started negotiations to protect this major income stream of the group.

The bulk of our leases are with national, listed and franchise tenants giving stability and a low risk profile to the portfolio.

Estimated annual escalations of the gross tenant rental income for the following 12 month period are 8% retail, 9% commercial and 9% industrial.

SECTORAL REVIEWS

Retail

The retail segment performed well, with no vacancies as at 30 June and no rental in arrears. The retail portfolio was written up by R3 065 million (2009: R990 thousand). No impairment was necessary for tenant rentals. No leases expired during the reporting period. The retail properties make up 12.7% of the total GLA of the property portfolio.

Commercial

Contractual rental income decreased during the period due to a reclassification of one of the property investments into the industrial segment for June 2010. A net upward valuation of R483 000 was made after writing down the Studio Park property by R685 000. Vacancies were consistent at 0.8%, whilst rental arrears increased from R25 000 to R200 000.

One of the Studio Park office blocks has been disposed of after year end. Market demand continues to be extremely weak in the office sector.

Industrial

The industrial sector continued to be the group's best performing sector, as it has been over the last five years, with contractual rental income increasing by 23.6% to R29.4 million (2009: 23.8 million). Operating profit increased by 14.5% to R27.8 million. Vacancies increased from nil in 2009 to 4.6% as at June 2010.

The expiry of the Lea Glen House lease during the year was solely responsible for the segment's increase in vacancies. Manufacturing output is sharply down and the sourcing of suitable new tenants is proving difficult.

The industrial portfolio was revalued upwards by R15.9 million (2009: R10.4 million) at 30 June 2010. The average contractual escalation at June is 9%. In the year ending 30 June 2010 4% of tenant leases will expire.

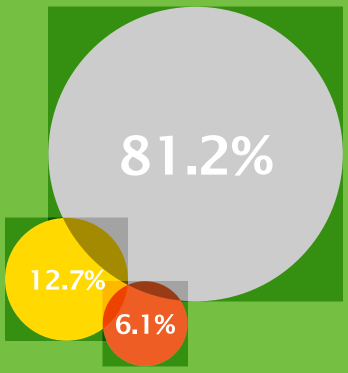
BORROWINGS

The company has no borrowings at present. Borrowings are limited to 100% of the company's equity in terms of the articles of association.

OUTLOOK

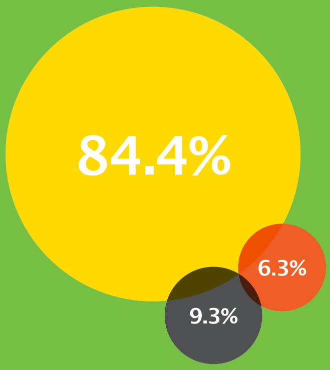
Looking forward, we believe that the next 12 months will continue to present challenges with the likelihood of continued pressure on rentals and vacant rental space. However, Putprop has a strong tenant base which will allow the company to build on its strategy of diversifying its portfolio in order to deliver long term growth for our shareholders.

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR'S REVIEW OF OPERATIONS (CONTINUED)



Sectorial profile (% of GLA)

- Retail
- Commercial
- Industrial



Contractual rent by sector (% of gross rentals)

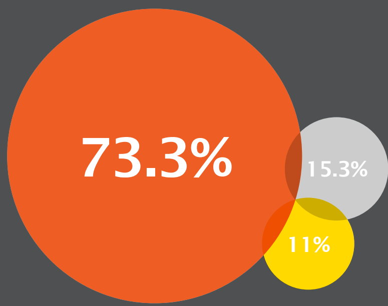
- Retail
- Commercial
- Industrial

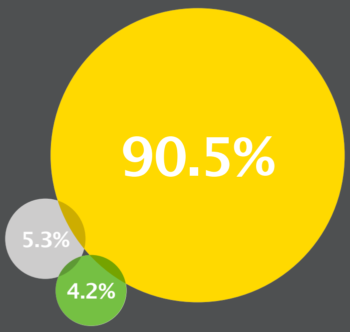
Gross lettable area by sector m²

Sector	Gross lettable area m²	Total of gross lettable area %	Revenue %
Retail	11 661	12.7	9.3
Industrial	74 447	81.2	84.4
Commercial	5 568	6.1	6.3
Total	**91 676**	**100.0**	**100.0**

Vacancy profile

Sector	Gross lettable area m²	Total of gross lettable area %	Gross rentals %
Retail	0	0	0
Industrial	4 226	4.6	0
Commercial	596	0.6	0
Total	**4 822**	**5.2**	**0**





Portfolio value by sector

- Retail
- Commercial
- Industrial

Tenant profile by GLA (%)

- 'A' grade: large national tenants, listed tenants, government and major franchises. These include Putco Limited, Supergroup, Bidvest and Toyota
- 'B' grade: national and listed tenants, franchises and medium to large professional firms, such as Auto Bavaria
- 'C' grade: all other tenants that do not fall into the above two categories

Lease expiry profile – GLA

Year	Lettable area (m^2)	%
Monthly Vacancies	4 822	5.2
2010	–	–
2011	3 640	4.0
2012	75 380	82.3
2013	–	–
2014 and beyond	7 834	8.5
Total	**91 676**	**100.0**

Geographical spread

	GROSS LETTABLE AREA		RENT RECEIVED	
Location	Gross lettable area m^2	Total portfolio %	Rent received R'000	Total portfolio %
Midrand	3 827	4.2	1 769	5.1
Sandton	5 568	6.1	2 232	6.5
Brits	10 545	11.5	4 316	12.5
Roodepoort	41 055	44.7	11 958	34.7
Pretoria	10 833	11.8	3 334	9.7
Johannesburg Central	14 211	15.5	8 732	25.5
Johannesburg South	1 827	2.0	40	0.1
Soweto	3 810	4.2	2 045	5.9
Total	**91 676**	**100.0**	**34 426**	**100.0**

BOARD OF DIRECTORS

Andrew Adrian (71)
Chairman

Non-executive director
BSc (Chemical engineering)

Andrew was appointed as non-executive chairman of Putprop in September 2004. Prior to that he was the managing director of a large listed chemicals company for 17 years. Andrew also acts as trustee and chairman of numerous sporting, social and pension bodies. He sits on the board of several other non-listed companies.

Albino Carleo (82)
Chief executive officer

Albino has been involved in the passenger transport industry for over 50 years and was responsible for creating the largest privately owned bus company in the Southern Hemisphere. In 1985 he was recognised for outstanding achievements in business by the President of the Republic of Italy. He was instrumental in the acquisition of the majority of the company's property portfolio and listed Putprop on the JSE in 1988. Albino has held the chief executive officer's position for 23 years and that of chairman for 17 years, as well as numerous other executive positions in both listed and non-listed companies.

Anna Carleo-Novello (49)
Managing 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 10 years ago gaining exposure to all aspects of the group. She was appointed to the board in February 2001. In 2006, she was appointed as managing director of the group. Anna has held numerous board positions in both listed and non-listed companies and continues to sit on over 14 boards.

Bruno Carleo (55)
Executive director

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 of Putprop in 1992 and holds directorships in several unlisted companies.

Paolo Senatore (45)
Non-executive director
MSc (Mechanical engineering)

Paolo started his career in aeronautical engineering holding senior positions at the CSIR. After joining Rand Merchant Bank, one of South Africa's leading merchant banks, Paulo focused primarily on private client wealth management, holding senior positions in investment banking for many years. He currently holds the position of chief investment officer and head of portfolio management. He brings to the company a wealth of experience in property and portfolio management and sits on the board of several unlisted companies.

Paul Nucci (66)
Non-executive director
BCom

Paul gained operational and management experience working in the industrial and mass transport sectors for over 20 years. Paul established and operates one of the largest privately owned mass transport bus company's in South Africa. He brings to the company varied management and practical operational experience in several industries and sits on the boards of several unlisted companies.

James E Smith (57)
Financial director
BSc, BAccounting, 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 over 13 years with both operational and management exposure in retail operations. He also holds directorships in several unlisted companies.

KEY PROPERTY

DUBIGEON CENTRE

LOCATION: PIET RAUTENBACH STREET BRITS GAUTENG

GROSS LETTABLE AREA: 10 545M^2

VALUE: 30 JUNE R36.5 MILLION

MAJOR TENANT: SINGLE TRIPLE NET TENANT, PUTCO LIMITED

ACTIVITIES: ONE OF THE LARGEST BUS BODY MANUFACTURING SITES IN AFRICA

AVARAGE GROSS RENTAL: R34.10 P/M^2

OCCUPANCY: 100%

CORPORATE GOVERNANCE

"THE BOARD OF DIRECTORS DEEM CORPORATE GOVERNANCE TO BE VITALLY IMPORTANT AND IS COMMITTED TO APPLYING THE PRINCIPLES NECESSARY TO ENSURE GOOD GOVERNANCE IS PRACTICED AND FOR THIS ACCEPTS FULL RESPONSIBILITY."

PHILOSOPHY

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 the Putprop group is managed and monitored by the board of directors ("the board").

The board deems corporate governance to be vitally important and is committed to applying the principles necessary to ensure that good corporate governance is practised, and for this accepts full responsibility. These principles include integrity, transparency, accountability and relevant and meaningful reporting to all stakeholders.

The board is of the opinion that the group has complied, for the whole period, with the principles incorporated in the Code of Corporate Practices and Conduct as set out in the King II report, except where otherwise indicated. In addition, the company complies with the Listings Requirements of JSE Limited, and other regulatory frameworks. The principles contained in the King III report, which became effective on 1 March 2010 have been reviewed and considered and the board will ensure that the principles and the best practice recommendations that are applicable to the group are implemented and applied in the new financial year.

BOARD OF DIRECTORS

Putprop has a unitary board comprised of seven directors, of whom three are independent non-executive and four are executive. Curricula vitae for the directors are set out on pages 14 and 15. 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. King III recommends that the board should comprise a balance of power with a majority of non-executive directors. The majority of non-executive directors should be independent. During the course of the next financial period, the group will strive to achieve this.

The board believes that the number, calibre and wide ranging business experience of the independent non-executive directors are such that their views carry significant weight in the board's decision making processes.

The board is chaired by an independent non-executive director and, in accordance with King II 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.

The board has a formal written charter designed to take into account legislative requirements and King II and III recommendations and best practice.

The main functions of the board covered by the charter are:

- 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 of operational performance including financial and non-financial indicators.
- 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 company.
- Ensuring that a succession plan for the executive directors and senior management are maintained.
- Approving and reviewing company policies.

The board's 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 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. All directors have the appropriate knowledge and experience necessary to affect their duties, with each actively involved in the group's affairs.

In accordance with the company's Articles of Association, non-executive directors 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. Executive directors are appointed for a maximum period of three years at which point they are subject to retirement, and if eligible thereafter, re-elected by shareholders 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 recuse themselves from any discussions and decisions on matters in which they may have a conflict of interest.

MEETINGS

Board meetings are held at least quarterly, with additional meetings called where circumstances necessitate. During the year under review four board meetings were held, the attendance at which is set out on page 28. Effective chairmanship and a formal agenda, raising issues that require attention, are 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. Members of the board have 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.

Appointments to the board are made using a formal and transparent process from submissions received from the nominations committee. All candidates are examined in detail by the board as a whole with relevant detailed curriculum vitae provided. Once appointed the nominations 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 induction.

BOARD COMMITTEES

The board has delegated certain of its responsibilities to board committees. The granting of such authority to board committees does not release the board of its responsibility for the discharge of its duties to the company's shareholders. Board committees report and make recommendations to the board.

Currently the group has two board committees, namely the Audit and Risk Committee and the Remuneration and Nomination Committee. Specific responsibilities have been delegated to these committees with defined terms of reference from the appropriate approved charter.

KEY PROPERTY

GRAND CENTRAL

LOCATION: ERF 71 NEW ROAD GRAND CENTRAL MIDRAND GAUTENG GROSS LETTABLE AREA: 3 827M^2 VALUE: 30 JUNE R17.6 MILLION MAJOR TENANTS: ANDRE DREYER MOTORS, AUTO BRAVARIA PANEL BEATERS ACTIVITIES: AUTO BAVARIA DEALERSHIP, BMW AND MINI FRANCHISE AVERAGE GROSS RENTAL: R38.50 P/M^2 OCCUPANCY: 100%

KEY PROPERTY

EAGLE CANYON

LOCATION: 161 BUSHILL ESTATES BLUEBERRY AVENUE ROODEPOORT GAUTENG

GROSS LETTABLE AREA: 7 834M²

VALUE: 30 JUNE R16.2 MILLION

MAJOR TENANT: SINGLE TRIPLE NET TENANT, SUPER GROUP LIMITED

ACTIVITIES: MAJOR GENERAL MOTORS DEALERSHIP

AVERAGE GROSS RENTAL: R39.80 P/M²

OCCUPANCY: 100%

In terms of King III the chairman of the board should not also chair other board appointed committees. Currently A Adrian is chairman of the board, Audit and Risk Committee and Remuneration and Nomination Committees. The group does not believe that this results in an undue balance of power in any decision-making processes of the committees at this time.

AUDIT AND RISK COMMITTEE

Members: A Adrian (chairman), P Senatore, P Nucci

The committee consists of three independent non-executive directors.

The Putprop Audit and Risk Committee performs its review function over all Putprop operations.

The Audit and Risk Committee charter provides clear terms of reference to the Audit and Risk Committee.

The Audit and Risk 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 meets at least three times a year. Meetings are attended by invitees including the financial director, external auditors and company secretary, the attendance at which is set out on page 28. 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 Audit and Risk Committee 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.
- 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 2010.

The activities of the committee are reviewed by the members via an annual self assessment exercise.

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 significant risk.

REMUNERATION AND NOMINATION COMMITTEE

Members: A Adrian (chairman), P Senatore, P Nucci

The Remuneration Committee meets on an annual basis to discuss matters concerning director's remuneration, salary increases, bonus payments and any other relevant issues. The terms of the committees mandate include the following:

- 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 policy.

Attendance at the Remuneration Committee meetings is set out on page 28.

The Nomination Committee meets as and when required to consider and interview candidates considered for appointment to the board.

The chief executive officer as well as the managing director attend meetings by standing invitation.

INTERNAL CONTROL

The board is responsible for the group's systems of internal control.

The board, supported by the Audit and Risk Committee, reviews the company's risk profile annually. Responsibility for the adequacy, extent and operation of these systems is delegated to the executive directors. To fulfil this responsibility, accounting records and appropriate systems of internal control are developed and maintained. The 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 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 2010. 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 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.

RISK MANAGEMENT

The board through its executives, the Audit and Risk Committee 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. Putprop through the Audit and Risk Committees monitors the group's risk management policy by:

- Identifying and analysing risks faced by the group
- The setting of appropriate risk limits and controls
- The monitoring of these risks and adherences to limits set.

COMMUNICATION

The group subscribes to the principles of objective, honest, transparent, timeous and 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.

CODE OF ETHICS

Putprop has a formal code of ethics that has been adopted by the board. The code is consistent with the highest principles of integrity, honesty, ethical behaviour and compliance with all laws and regulations. All directors and staff are required to adhere to this standard.

GOING CONCERN

The board has considered and recorded the assumptions and facts utilised to conclude that the group will continue as a going concern in the financial year ahead.

KEY PROPERTY

MONTANA PARK

LOCATION: ERF 2570 MONTANA PARK PRETORIA GAUTENG

GROSS LETTABLE AREA: 3 640M²

VALUE: 30 JUNE R13.5 MILLION

MAJOR TENANTS: BIDPAPER A DIVISION OF BIDVEST LIMITED

ACTVITIES: DISTRIBUTION WAREHOUSE FOR PAPER PRODUCTS AND SCHOOL SUPPLIES

AVERAGE GROSS RENTAL: R43.95 P/M²

OCCUPANCY: 100%

FINANCIAL REVIEW

SHAREHOLDERS’ DIARY

DIRECTORS' STATEMENT OF RESPONSIBILITY

for the year ended 30 June 2010

The annual financial statements set out on pages 27 to 52 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 and include amounts based on judgments and estimates made by management.

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 directors, supported by the Audit Committee, 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, Mazars (formerly Mazars Moores Rowland) 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. Mazars (formerly Mazars Moores Rowland) audit report is presented on page 26.

The financial statements were approved by the board on 17 September 2010 and are signed on its behalf by:

AB Adrian
Chairman
Johannesburg
17 September 2010

AL Carleo-Novello
Managing director
Johannesburg
17 September 2010

CERTIFICATION BY THE COMPANY SECRETARY

for the year ended 30 June 2010

The company secretary hereby certifies in accordance with Section 268(g) of the Companies Act that the company has lodged with the Registrar of Companies all such returns as are required for a listed company and that all such returns are true, correct and up to date in respect of the financial year reported.

D Campbell
Secretary
Johannesburg
17 September 2010

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PUTPROP LIMITED

for the year ended 30 June 2010

TO THE MEMBERS OF PUTPROP LIMITED

We have audited the group annual financial statements and annual financial statements of Putprop Limited, which comprise the consolidated and separate statements of financial position as at 30 June 2010, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 27 to 52.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 the directors, as well as evaluating the overall presentation of the 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, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Putprop Limited as at 30 June 2010, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Mazars

Mazars
Registered auditor
Partner: Dion Abrahamson
Registered auditor
2nd Floor
Mazars House
5 St Davids Place
Parktown
2193
17 September 2010

AUDIT COMMITTEE REPORT

BACKGROUND

The information below constitutes the report as required by section 270A of the Corporate Laws Amendment Act 2006 ("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 objective of the committee is:

- 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

The committee consists of three independent non-executive directors. They are:

- AB Adrian (chairman)
- P Senatore
- P Nucci

APPROPRIATENESS AND EXPERIENCE OF THE FINANCIAL DIRECTOR

The Audit and Risk Committee resolved that the expertise and experience of Putprop's executive financial director is considered to be appropriate for the requirements of the group.

EXTERNAL AUDIT

Mazars (formerly Mazars Moores Rowland) is the external auditor of Putprop and its subsidiaries.

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 Audit Committee has fulfilled its responsibilities during the year and has assured itself of the independence of the external auditors as defined by the Act and their suitability for reappointment for the 2011 financial year.

The committee, in consultation with executive management, agreed to a fixed audit fee for the 2010 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 17 to the financial statements.

There are formal procedures that govern the process, whereby if the auditor is considered for non-audit services, then each engagement letter for such work is reviewed by the committee. No non-audit services were performed by the external auditor during the year under review.

Meetings were held with the auditor where management were not present, and no matters of concern were raised.

The committee has nominated, for approval at the annual general meeting, Mazars as the external auditor for the 2011 financial year, and Dion Abrahamson as the designated auditor.

ANNUAL FINANCIAL STATEMENTS

The committee has recommended the financial statements for approval to the board. The board has subsequently approved the financial statements which will be open for discussion at the forthcoming annual general meeting.

AB Adrian
Chairman
Johannesburg
17 September 2010

DIRECTORS' REPORT

OVERVIEW

The directors have pleasure in submitting the 23rd directors' report which forms part of the audited financial statements for the year ended 30 June 2010.

The group, incorporated and domiciled in the Republic of South Africa, was listed on the Johannesburg Stock Exchange on 4 July 1988. The company invests in industrial, commercial and retail properties, deriving its income primarily from tenant rentals. All subsidiary companies are dormant. The group is listed on the JSE Limited under the Real Estate sector.

It is pleasing to announce that the group has again performed well over this review period with profits available for distribution increasing by 7.4% from R35.3 million to R38.0 million despite the severity of the economic downturn.

SUMMARY OF FINANCIAL PERFORMANCE AND DISTRIBUTIONS

The information presented for the year ended 30 June 2010 has been prepared in accordance with International Financial Reporting Standards (IFRS) the interpretations thereof, and the Companies Act of South Africa 1973 (61 of 1973) and the Listings Requirements of the JSE Limited. The audited financial statements have been audited by Mazars (formerly Mazars Moores Rowland).

The group's net profit before tax and fair value adjustment for the year ended 30 June 2010 amounted to R30.3 million (2009: R28.8 million)

The board has approved a dividend distribution of 20 cents per share for the 12 months ended 30 June 2010 (2009: 22 cents). Dividends paid for the 12 months ended 30 June 2010 were 22 cents per share (2009: 32 cents).

Secondary Tax on Companies of R575 859 will be payable on the dividend declared after year end.

CAPITAL STRUCTURE

The authorised capital comprises 50 000 000 shares of no par value. 28 792 961 shares of no par value have been issued. There were no changes to the authorised and issued capital of the company during the year under review.

Unissued shares of 21 207 039 (2009: 21 207 039) are held under the control of the directors, subject to section 22 of the Companies Act, 1973 and the Listing Requirements 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.

DIRECTORS' EMOLUMENTS

The following emoluments were paid to directors during the year ended 30 June 2010.

	Board and committee fees R'000	Salary R'000	Allowances R'000	Pension contri-butions R'000	**Total 2010 R'000**	Total 2009 R'000
Executive directors						
A Carleo	19	–	–	–	**19**	21
BC Carleo	22	390	–	–	**412**	356
AL Carleo-Novello	22	592	–	–	**614**	497
JE Smith	22	360	–	–	**382**	30
Total	85	1 342	–	–	**1 427**	904
Non-executive directors						
AB Adrian	23	–	–	–	**23**	21
P Senatore	21	–	–	–	**21**	21
P Nucci	22	–	–	–	**22**	20
Total	66	–	–	–	**66**	62

DIRECTORS' REPORT (CONTINUED)

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 52.

DIRECTORATE

Details of the current directors providing full names, ages, qualifications and abridged curricula vitae are set out on pages 14 and 15 of the annual report.

The composition of the board of directors and its sub-committees are detailed in the table below.

In terms of the articles of association of the company one third of non-executive directors have to retire annually by rotation. Mr P Senatore retires in terms of this requirement. Executive directors are appointed for a maximum period of three years, at which point they retire. There are no executive directors affected by this requirement for the period under review. 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 will subsequently be eligible for re-election.

Attendance at board and sub- committee meetings

	Scheduled	Attended
Board of directors		
AB Adrian	4	4
P Senatore	4	4
P Nucci	4	3*
A Carleo	4	4
AL Carleo-Novello	4	4
BC Carleo	4	4
JE Smith	4	4
Audit and Risk Committee		
AB Adrian	2	2
P Senatore	2	2
P Nucci	2	2
Remuneration Committee		
AB Adrian	1	1
P Senatore	1	1
P Nucci	1	1

* With accepted apologies

DIRECTORS' SHAREHOLDINGS

On 30 June 2010, the directors held a total of 149 500 (2009: 149 500) shares in the company. There has been no change in these interests between 30 June 2010 and the date of this report.

	Direct beneficial		Indirect beneficial	
	2010	2009	**2010**	2009
	%	%	**%**	%
Non-executive directors				
P Senatore	**0.06**	0.06	**3.61**	3.60
AB Adrian	**0.33**	0.33	**–**	–
Executive directors				
A Carleo	**–**	–	**3.50**	3.49
AL Carleo-Novello	**0.05**	0.05	**3.48**	3.47
BC Carleo	**0.08**	0.08	**4.61**	4.60

PROPERTY PORTFOLIO

Full details of the group's investment portfolio can be found in note 23 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. The external valuer, P Randal-Smith's A.I.V (S.A) C.I.E.A evaluation of the properties at 30 June 2010 resulted in a net upward valuation of R19 504 million (2009: R17 613 million).

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 million (2009: R7 million)).

The directors' valuation of the portfolio at 30 June 2010 is in line with the external valuation.

DIRECTORS' INTEREST

No material contracts in which directors have an interest were entered into during the year.

SUBSEQUENT EVENTS

There are no significant subsequent events that have a material impact on the financial statements at 30 June 2010.

COMPANY SECRETARY

The company secretary is Donald Campbell, whose physical and postal address is 91 Protea Road, Chislehurston, Sandton 2196.

STATEMENTS OF FINANCIAL POSITION

as at 30 June 2010

	Notes	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
ASSETS					
Non-current assets					
Investment properties	2	**220 182**	185 607	**220 182**	185 607
Other non-current assets					
Furniture, fittings and computer equipment	4	**43**	67	**43**	67
Investment in subsidiaries	28	**–**	–	**69**	69
Straight-line rental income asset	3	**8 902**	9 758	**8 902**	9 758
Other investments	5	**10 097**	9 703	**10 097**	9 703
		239 224	205 135	**239 293**	205 204
Current assets					
Straight-line rental income asset	3	**2 720**	828	**2 720**	828
Trade and other receivables	6	**518**	357	**518**	357
Taxation receivable	7	**598**	1 155	**598**	1 155
Cash and cash equivalents	8	**8 133**	8 468	**8 133**	8 468
		11 969	10 808	**11 969**	10 808
Total assets		**251 193**	215 943	**251 262**	216 012
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	9	**4 146**	4 146	**4 146**	4 146
Accumulated profit		**231 990**	200 354	**231 990**	200 354
		236 136	204 500	**236 136**	204 500
Non-current liabilities					
Deferred taxation	10	**12 819**	9 634	**12 819**	9 634
		12 819	9 634	**12 819**	9 634
Current liabilities					
Trade and other payables	11	**2 238**	1 809	**2 238**	1 809
Amount due to subsidiary	29	**–**	–	**69**	69
		2 238	1 809	**2 307**	1 878
Total equity and liabilities		**251 193**	215 943	**251 262**	216 012

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 30 June 2010

	Notes	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
Property revenue	13	**34 426**	29 734	**34 426**	29 734
Straight-line rental income accrual	3	**1 036**	3 407	**1 036**	3 407
Gross property revenue		**35 462**	33 141	**35 462**	33 141
Property expenses	15	**(2 605)**	(3 213)	**(2 605)**	(3 213)
Net profit from property operations		**32 857**	29 928	**32 857**	29 928
Administration expenses	16	**(2 992)**	(2 786)	**(2 992)**	(2 786)
Investment and other income	14	**415**	1 642	**415**	1 642
Operating profit before capital items		**30 280**	28 784	**30 280**	28 784
Capital items					
Fair value adjustments	2	**19 504**	17 613	**19 504**	17 613
Net profit before taxation		**49 784**	46 397	**49 784**	46 397
Taxation	18	**(11 814)**	(11 071)	**(11 814)**	(11 071)
Profit attributable to ordinary shareholders		**37 970**	35 326	**37 970**	35 326
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income attributable to ordinary shareholders		**37 970**	35 326	**37 970**	35 326
Earnings and diluted earnings per share (cents)	20	**131.9**	122.7	**131.9**	122.7

STATEMENTS OF CHANGES IN EQUITY

for the year ended 30 June 2010

	Notes	Share capital R'000	Accumulated profit R'000	Total R'000
GROUP				
Balance at 1 July 2008		4 146	174 242	178 388
Total comprehensive income			35 326	35 326
Dividends paid	19		(9 214)	(9 214)
Balance at 30 June 2009		4 146	200 354	204 500
Total comprehensive income			**37 970**	**37 970**
Dividends paid	19		**(6 334)**	**(6 334)**
Balance at 30 June 2010		**4 146**	**231 990**	**236 136**
COMPANY				
Balance at 1 July 2008		4 146	174 242	178 388
Total comprehensive income			35 326	35 326
Dividends paid	19		(9 214)	(9 214)
Balance at 30 June 2009		4 146	200 354	204 500
Total comprehensive income			**37 970**	**37 970**
Dividends paid	19		**(6 334)**	**(6 334)**
Balance at 30 June 2010		**4 146**	**231 990**	**236 136**

STATEMENTS OF CASH FLOWS

for the year ended 30 June 2010

	Notes	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
Cash flow generated from operating activities		**15 134**	9 246	**15 134**	9 246
Net cash generated from operations	21	**29 127**	24 683	**29 127**	24 683
Investment and other income	14	**415**	1 642	**415**	1 642
Taxation paid	7	**(8 074)**	(7 865)	**(8 074)**	(7 865)
Dividends paid	19	**(6 334)**	(9 214)	**(6 334)**	(9 214)
Cash flow utilised in investing activities		**(15 469)**	(36 602)	**(15 469)**	(36 602)
Improvement to investment properties	2	**(1 494)**	(6 944)	**(1 494)**	(6 944)
Acquisition of furniture fittings and computer equipment	4	**(6)**	(9)	**(6)**	(9)
Acquisition and development of investment properties	2	**(13 577)**	(28 473)	**(13 577)**	(28 473)
Additions to other investments	5	**(392)**	(1 176)	**(392)**	(1 176)
Cash flow utilised in financing activities		**–**	(1 321)	**–**	(1 321)
Reduction in amounts due to fellow subsidiary		**–**	(1 321)	**–**	(1 321)
Net decrease in cash and cash equivalents		**(335)**	(28 677)	**(335)**	(28 677)
Cash and cash equivalents at beginning of year		**8 468**	37 145	**8 468**	37 145
Cash and cash equivalents at end of year	8	**8 133**	8 468	**8 133**	8 468

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2010

1. ACCOUNTING POLICIES

1.1 Statement of compliance

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS), interpretations of those standards, the Listings Requirements of the JSE Limited and the Companies Act of South Africa, 1973 (Act 61 of 1973), as amended.

1.2 Basis of preparation

The consolidated financial statements have been prepared on an historical cost basis, except for measurement at fair value of investment properties and other investments and incorporate the principal accounting policies set out below. These accounting policies have been applied consistently with the previous year. The group has implemented the revised IAS 1, Presentation of financial statements and IFRS 8, Operating segments in the current year. The changes affected by both standards are of a presentation and disclosure nature only.

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

1.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of Putprop Limited and entities controlled by the company (its subsidiaries). Subsidiary companies 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, provided IFRS 5 conditions are met, 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. In company figures in the financial statements 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.

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

1.4 Significant accounting judgements, estimates and assumptions

In preparing the financial statements, management are required to make estimates and assumptions that effect 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 and estimating the fair value of investments held.

1.5 Investment properties

Investment properties which are stated at fair market value constitute land and buildings held by the company to earn rentals and appreciate in capital value.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of subsequent expenditure relating to an existing investment 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. 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.

Fair value

At the balance sheet date all investment property is measured at fair value 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 bi-annually on the fair market value basis. Fair market value is the open market value which in the opinion of the directors, is the fair market price at which the property could have been sold on a willing buyer-willing seller basis for a cash consideration at the date of valuation. Any differences between the respective valuations are reported in the notes to the financial statements. There are no differences for the year under review. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the year in which they arise. Investment properties are 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 are recognised in profit or loss in the year of retirement or disposal.

1.6 Furniture, fittings and computer equipment.

There has been no change in the nature or policy regarding the use of furniture, fittings and computer equipment in the current year. The cost of an item of furniture, fittings and computer equipment is recognised as an asset when it is probable that future economic benefits will flow to the company and the cost can be measured reliably.

Furniture, fittings and computer equipment 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 and equipment 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 useful lives of furniture, fittings and computer equipment is 3 – 6 years. The depreciation charge for each period is recognised in profit or loss.

An item of furniture, fittings and computer equipment 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 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.

1.7 Financial instruments

Initial recognition

Financial instruments are recognised on the statements of financial position when the company 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, investments, amounts due to subsidiary and fellow subsidiary companies and trade and other payables.

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. Where the group holds a currently legally enforceable right to offset and intends to settle on a net basis or realise financial assets and settle liabilities simultaneously, the financial assets and liabilities are offset within the balance sheet totals.

Subsequent to initial recognition financial instruments are measured as follows:

Financial assets
The group's principal financial assets are other investments, trade receivables and cash and cash equivalents.

Other investments
Other investments are classified as available for sale financial assets.

Other investments comprise investments in other entities that do not constitute control or significant influence. These are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit and loss. Other investments are subsequently measured at fair value with the fair value adjustments recorded in other comprehensive income.

Trade and other receivables
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 at fair value through profit and loss.

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. Measurement is at fair value.

Financial liabilities
The group's principal financial liabilities are trade and other payables and loans to subsidiaries.

These are classified as other financial liabilities that are subsequently measured at amortised cost using the effective interest rate.

Fair value
The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.

1.8 Derecognition of financial instruments

Financial assets
A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) 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.

1.9 Impairment of financial assets

The group assesses at each reporting date whether any 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 future cash flows using the original effective interest rate.

Objective evidence of impairment includes:
- abnormal late payments
- change in credit ratings
- 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 does not exceed its amortised cost at the reversal rate.

1.10 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, or when annual impairment testing for an asset is required, 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.

For assets excluding goodwill, 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.

1.11 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. A reassessment 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2010

d) There is a substantial change to the asset. Where reassessment 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. 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 company is currently entitled to and the rental for the whole term of the lease calculated on a smoothed straight-line basis.

Group as lessee

Operating lease payments are recognised as an expense in profit and loss on a straight-line basis over the term of the lease.

1.12 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 deductable 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 balance sheet 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.

The carrying amount of deferred income tax assets is 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 and assets 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 balance sheet.

Secondary Taxation on Companies (STC)

STC is recognised on the declaration date of all dividends and is included in the taxation expense in the profit or loss in the related period.

1.13 Revenue recognition

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

Rental 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 leases is recognised as income, on a straight-line basis over the lease term based on the underlying lease agreements.

Investments and other income

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.

1.14 Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made at the balance sheet date of the amount of the obligation. Where the group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

1.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are expensed as and when incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2010

1.16 Capital management

The primary objective of the group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The group manages its capital structure consisting of capital and reserves and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2010 and 30 June 2009.

1.17 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 individual locations are listed in note 23.

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 arising at operating profit of the operating segments.

1.18 International Financial Reporting Standards issued, not yet effective

The group has not applied various IFRS and IFRIC interpretations that have been issued, but which are not yet effective, and does not plan on early adoption. These are as follows:

Standard or interpretation title-effective date

The group will adopt and implement such reporting standards as and when they become applicable.

IFRS 7 Financial instruments: disclosures – 1 January 2011
IFRS 8 Operating segments – 1 January 2010
IFRS 9 Financial instuments – 1 January 2013
IAS 1 Presentation of financial statements – 1 January 2013
IAS 17 Leases – 1 January 2010
IAS 24 Related party disclosures – 1 January 2011
IAS 34 Interim financial reporting – 1 January 2011

The impact or effect on the group's financial statements in the period of initial application is not expected to be material.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2010

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
2. INVESTMENT PROPERTIES				
Stated at fair value				
Property acquisitions	**73 580**	60 003	**73 580**	60 003
Capital expenditure and tenant installations	**21 443**	19 949	**21 443**	19 949
Net gain from fair value adjustment of investment properties	**125 159**	105 655	**125 159**	105 655
	220 182	185 607	**220 182**	185 607
2.1 Movement for the year				
Investment properties 1 July	**185 607**	132 577	**185 607**	132 577
Capital expenditure and tenant installations	**1 494**	6 944	**1 494**	6 944
Acquisitions	**13 577**	28 473	**13 577**	28 473
Change in fair value of investment properties	**19 504**	17 613	**19 504**	17 613
Disposal of investment properties	**–**	–	**–**	–
Investment properties 30 June	**220 182**	185 607	**220 182**	185 607

Details of investment properties

The external valuations by a sworn independant appraiser and member of the South African Institute of Valuers, P Randal-Smith A.I.V (SA) C.I.E.A was carried out on 100% of the company's property portfolio in June 2010. The open market valuation amounted to R220.2 million.

Valuation assumptions

Due to the specialised nature of the bus depot properties these have been valued utilising the depreciated replacement valuation method of buildings and improvements. Land has been valued at current market value. The remaining properties have been valued utilising an appropriate capitalisation rate to annual net income. The range of capitalisation rates applied to the portfolio is between 9.5% to 12%.

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
3. STRAIGHT-LINE RENTAL INCOME ADJUSTMENT				
Balance at 1 July	**10 586**	7 179	**10 586**	7 179
Income recognised during the year	**1 036**	3 407	**1 036**	3 407
Balance at 30 June	**11 622**	10 586	**11 622**	10 586
Non-current portion	**8 902**	9 758	**8 902**	9 758
Current portion	**2 720**	828	**2 720**	828
	11 622	10 586	**11 622**	10 586

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2010

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
4. FURNITURE, FITTINGS AND COMPUTER EQUIPMENT				
Cost	**249**	252	**249**	252
Accumulated depreciation	**(206)**	(176)	**(206)**	(176)
Disposals	**–**	(9)	**–**	(9)
Carrying value	**43**	67	**43**	67
Movement for the year				
Net carrying value 1 July	**67**	97	**67**	97
Additions	**6**	9	**6**	9
Disposals	**–**	9	**–**	9
Depreciation	**(30)**	(30)	**(30)**	(30)
Net carrying value 30 June	**43**	67	**43**	67
5. OTHER INVESTMENTS				
Breaking Waves Investments (Pty) Ltd	**2 651**	2 363	**2 651**	2 363
Loans receivable – Breaking Waves Investments	**1 111**	1 005	**1 111**	1 005
Impairment provision	**(1 007)**	(1 007)	**(1 007)**	(1 007)
Belle Isle Investments (Pty) Ltd	**6 300**	6 300	**6 300**	6 300
Loans receivable – Belle Isle Investments	**5 137**	5 137	**5 137**	5 137
Impairment provision	**(4 095)**	(4 095)	**(4 075)**	(4 095)
	10 097	9 703	**10 097**	9 703

The group owns a 19.09% (2009: 17.5%) interest in the issued share capital of Breaking Waves Investments (Proprietary) Limited ("Breaking Waves") and a 15% interest in the issued share capital of Belle Isle Investments (Proprietary) Limited ("Belle Isle"). Both companies are incorporated in the Republic of South Africa. These investments are carried at fair value. The loan to Breaking Waves is unsecured, attracts interest at rates to be determined by their directors and has no fixed terms of repayment. 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 directors.

The loans receivable are treated as part of the investment as they are long-term in nature and are indivisible from the initial investment. The investments are tested for impairment as a whole.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2010

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
6. TRADE AND OTHER RECEIVABLES				
Rental receivables	**434**	123	**434**	123
Prepaid expenses	**22**	18	**22**	18
Sundry receivables	**62**	216	**62**	216
	518	357	**518**	357
Potential areas of credit risk comprise mainly of 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.				
7. TAXATION PAID				
Amount prepaid at beginning of year	**(1 155)**	(1 100)	**(1 155)**	(1 100)
Current taxation	**7 998**	6 889	**7 998**	6 889
Secondary tax on companies	**633**	921	**633**	921
Amounts prepaid at end of year	**598**	1 155	**598**	1 155
	8 074	7 865	**8 074**	7 865
8. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Cash at banks	**8 133**	8 468	**8 133**	8 468
	8 133	8 468	**8 133**	8 468
Cash held at banks earn interest at prevailing market rates. The carrying value of these assets are at fair value.				
9. SHARE 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2010

	GROUP 2010 R'000	GROUP 2009 R'000	**COMPANY 2010 R'000**	COMPANY 2009 R'000
10. DEFERRED TAXATION				
Deferred tax liability comprises:				
Fair value adjustments	**9 885**	6 995	**9 885**	6 995
Straight-line rental income adjustment	**3 254**	2 961	**3 254**	2 961
Other temporary differences	**(320)**	(322)	**(320)**	(322)
Deferred tax liability	**12 819**	9 634	**12 819**	9 634
Movement				
Balance at 1 July	**9 634**	6 375	**9 634**	6 375
Fair value adjustments	**2 890**	2 307	**2 890**	2 307
Straight-line rental income adjustment	**295**	952	**295**	952
Balance at 30 June	**12 819**	9 634	**12 819**	9 634
11. TRADE AND OTHER PAYABLES				
Accrued expenses	**634**	283	**634**	283
Impairment allowance	**199**	21	**199**	21
Unclaimed dividends	**656**	634	**656**	634
Sundry creditors	**111**	339	**111**	339
	1 600	1 277	**1 600**	1 277
Audit fee accrual	**210**	202	**210**	202
Value added tax	**428**	330	**428**	330
	2 238	1 809	**2 238**	1 809

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

12. FINANCIAL RISK MANAGEMENT

The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable which arise directly from its operations, as well as loans to and from subsidiaries and 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.

12. FINANCIAL RISK MANAGEMENT (continued)

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.

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

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
2010	**+ 50**	**41**
	– 50	**(41)**
2009	+ 50	42
	– 50	(42)

Credit risk

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 of rental receivables. Rental receivables comprise a relatively small tenant base the majority of whom are national tenants. There are no significant concentrations of credit risk. The concentrations are determined based on the type of tenant leasing the property. These concentrations can be viewed on page 13. The group monitors the financial position of its tenants on a regular basis.

The maximum exposure to credit risk at year end is reflected in note 6.

The credit quality of receivables neither past due nor impaired is considered to be reasonable.

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 R199 600 has been recorded. 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 (CONTINUED)

for the year ended 30 June 2010

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
12. FINANCIAL RISK MANAGEMENT (continued)				
Credit risk (continued)				
Aging of impairment				
Not more than 30 days	–	–	–	–
More than 30 days less than 60 days	–	–	–	–
More than 60 days but less than 90 days	–	–	–	–
More than 90 days	199	21	199	21
	199	21	199	21
Movements on the group allowance for impairment of trade receivables are as follows:				
At 1 July	21	–	21	–
Allowance for receivables impairment	178	21	178	21
Receivables written off	–	–	–	–
At 30 June	199	21	199	21
Disclosure of receivables – past due but not impaired				
Amounts uncollected one day or more beyond their contractual due date are considered "past due".				
As at 30 June 2010 trade receivables of R235 000 (2009: R244 000) were past due but not impaired. The age analysis of these trade receivables is as follows:				
Not more than 30 days	154	43	154	43
More than 30 days less than 60 days	–	50	–	50
More than 60 days but less than 90 days	57	–	57	–
More than 90 days	24	151	24	151
	235	244	235	244

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 in note 11 and payment will be made within 30-60 days.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2010

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
13. REVENUE				
Property revenue	34 426	29 734	34 426	29 734
14. INVESTMENT AND OTHER INCOME				
Interest on bank accounts	398	1 551	398	1 551
Other income	17	91	17	91
	415	1 642	415	1 642
15. PROPERTY EXPENSES				
Municipal fixed costs	288	138	288	138
Municipal consumption costs	34	73	34	73
Repairs and maintenance	1 119	2 084	1 119	2 084
Property management and consultant fees	588	512	588	512
Insurance	398	385	398	385
Bad debts	178	21	178	21
	2 605	3 213	2 605	3 213
16. ADMINISTRATION EXPENSES				
Administration expenses include:				
Administration costs	462	332	462	332
Depreciation charges	30	30	30	30
Loss on disposal of property, plant and equipment	–	9	–	9
Share maintenance costs	211	206	211	206
Staff costs – short-term (excluding directors remuneration)	580	749	580	749
17. AUDITORS REMUNERATION				
Current year	215	201	215	201
	215	201	215	201
18. TAXATION				
Normal taxation	7 998	6 889	7 998	6 889
Secondary taxation	633	923	633	923
Deferred taxation – straight-line rental	295	952	295	952
Deferred taxation – fair value investment properties	2 890	2 307	2 890	2 307
	11 814	11 071	11 814	11 071
Reconciliation of the standard tax rate	%	%	%	%
Standard taxation rate	28	28	28	28
Fair value adjustment	(4.9)	(5.3)	(4.9)	(5.3)
Secondary taxation	1.3	2.0	1.3	2.0
Permanent differences	(0.7)	(0.8)	(0.7)	(0.8)
Net decrease	(4.3)	(4.1)	(4.3)	(4.1)
Effective taxation rate	23.7	23.9	23.7	23.9

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2010

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
19. DIVIDENDS PAID				
Ordinary				
Dividend 41 – final (2009: 22 cents)	**6 334**	6 333	**6 334**	6 333
Interim 2010 (2009: 10 cents)	**–**	2 881	**–**	2 881
	6 334	9 214	**6 334**	9 214
Total cents per share distributed	**20**	32	**20**	32
Dividend 42 declared after 30 June 2010	**20**	22	**20**	22

	GROUP 2010 R'000	GROUP 2010 Cents	GROUP 2009 R'000	GROUP 2009 Cents
20. RECONCILIATION OF GROUP NET PROFIT TO HEADLINE EARNINGS				
Earnings	**37 970**	**131.9**	35 326	122.7
Adjusted for:				
Net change in fair value of investment properties	**(19 504)**	**(67.7)**	(17 613)	(61.2)
Tax effects of fair value adjustments	**2 730**	**9.5**	2 466	8.5
Headline earnings	**21 196**	**73.7**	20 179	70.0

Earnings and headline earnings per share are calculated on a weighted average number of shares in issue of 28 792 961 (2009: 28 792 961)

	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
21. RECONCILIATION OF OPERATING PROFIT BEFORE TAX TO CASH GENERATED FROM OPERATIONS				
Operating profit before tax	**49 784**	46 397	**49 784**	46 397
Adjusted for:				
Fair value adjustment of investment properties	**(19 504)**	(17 613)	**(19 504)**	(17 613)
Straight-line rental accrual	**(1 036)**	(3 407)	**(1 036)**	(3 407)
Depreciation	**30**	30	**30**	30
Investment and other income	**(415)**	(1 642)	**(415)**	(1 642)
Loss on disposal of property, plant and equipment	**–**	7	**–**	7
Cash flow from operating profit before working capital changes	**28 859**	23 772	**28 859**	23 772
Movement in working capital	**268**	911	**268**	911
(Increase)/decrease in accounts receivable	**(161)**	1 008	**(161)**	1 008
Increase/(decrease) in accounts payable	**429**	(97)	**429**	(97)
Cash generated from operations	**29 127**	24 683	**29 127**	24 683

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2010

22. SEGMENTAL INFORMATION

	Retail R'000	Commercial R'000	Industrial R'000	Corporate R'000	Total R'000
30 June 2010					
Segment revenue					
Contractual rental income	3 501	1 523	29 402	–	34 426
Straight-line rental adjustment	566	17	453	–	1 036
Total revenue	4 067	1 540	29 855	–	35 462
Segmental result					
Operating profit/(loss)	3 882	1 167	27 808	(2 992)	29 865
Interest received	–	–	–	415	415
Fair value adjustments to investment properties	3 065	483	15 956	–	19 504
Net profit before tax	6 947	1 650	43 764	(2 577)	49 784
Other information					
Property assets	33 800	24 200	162 182	–	220 182
Trade and other receivables	–	59	362	97	518
Cash and cash equivalents	–	–	–	8 133	8 133
Segment assets	33 800	24 259	162 544	8 230	228 833
Trade and other payables	18	261	209	1 750	2 238
Segment liabilities	18	261	209	1 750	2 238
30 June 2009					
Segment revenue					
Contractual rental income	2 677	3 270	23 787	–	29 734
Straight-line rental adjustment	238	103	3 066	–	3 407
Total revenue	2 915	3 373	26 853	–	33 141
Segmental result					
Operating profit/(loss)	2 627	3 018	24 283	(2 786)	27 142
Interest received	–	–	–	1 642	1 642
Fair value adjustments to investment properties	990	6 193	10 430	–	17 613
Net profit before tax	3 617	9 211	34 713	(1 144)	46 397
Other information					
Property assets	29 487	23 717	132 403	–	185 607
Trade and other receivables	19	103	–	235	357
Cash and cash equivalents	–	–	–	8 468	8 468
Segment assets	29 506	23 820	132 403	8 703	194 432
Trade and other payables	140	115	–	1 554	1 809
Segment liabilities	140	115	–	1 554	1 809

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2010

23. PROPERTY PORTFOLIO

23.1 OVERVIEW FOR THE YEAR ENDED 2010

	Number of properties	GLA m²	Vacancy m²	Vacancy %	Value Rm	Value per m² Rands	Average gross rental per m² Rands
Commercial portfolio							
Low rise office	1	596	596	0.6	4 900	8 221	83.90
Office/warehousing	2	4 972	–	–	19 300	3 881	37.40
Total commercial	3	5 568	596	0.6	24 200	4 346	42.05
Retail portfolio							
Retail warehousing	2	11 661	–	–	33 800	2 898	39.16
Total retail	2	11 661	–	–	33 800	2 898	39.16
Industrial portfolio							
Warehousing	2	14 571	4 226	4.6	25 000	1 715	28.96
Retail warehousing	1	3 640		–	13 577	3 730	27.40
Motor related outlets	1	6 569	–	–	18 000	2 740	25.10
Low grade industrial	4	12 430	–	–	16 005	1 287	26.90
High grade industrial	3	36 837	–	–	89 300	2 424	43.54
Vacant land	1	400	–	–	300	–	8.48
Total industrial	12	74 447	4 226	4.6	162 182	2 178	35.48
Total Putprop	17	91 676	4 822	5.2	220 182	2 402	36.35

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

23.2 DETAILED PORTFOLIO 30 JUNE 2010

	Region	Town	Gross lettable area m²	% of portfolio	Weighted average rental m² Rands	Vacancy m²	Value m² Rands	Value June 2010 R'000	Value June 2009 R'000
COMMERCIAL									
Carlin House	Gauteng	Wynberg	2 470	2.7	28.90	–	2 753	6 800	6 541
Eastgate House	Gauteng	Eastgate	2 502	2.7	45.90	–	4 996	12 500	11 591
Studio Park	Gauteng	Sandton	596	0.7	83.90	596	8 221	4 900	5 585
Total			5 568	6.1	37.53	596	4 346	24 200	23 717
RETAIL									
Eagle Canyon	Gauteng	Honeydew	7 834	8.5	39.80	–	2 068	16 200	13 400
Grand Central Centre	Gauteng	Midrand	3 827	4.2	38.50	–	4 599	17 600	16 088
Total			11 661	12.7	39.41	–	2 899	33 800	29 488

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2010

23.2 **DETAILED PORTFOLIO 30 JUNE 2010 (continued)**

	Region	Town	Gross lettable area m²	% of portfolio	Weighted average rental m² Rands	Vacancy m²	Value m² Rands	Value June 2010 R'000	Value June 2009 R'000
INDUSTRIAL									
Dubigeon Centre	Gauteng	Brits	10 545	11.5	34.10	–	3 461	36 500	32 905
Putcoton	Gauteng		12 081	13.2	45.30	–	1 722	20 800	18 273
Montana Park	Gauteng	Pretoria	3 640	4.0	43.95	–	3 730	13 577	–
Selby Park	Gauteng		14 211	15.5	51.20	–	2 252	32 000	28 391
Lea Glen Distribution	Gauteng		10 345	11.3	28.00	–	1 595	16 500	13 258
Lea Glen Manufacturing	Gauteng		6 569	7.2	25.10	–	2 740	18 000	15 094
Lea Glen House	Gauteng		4 226	4.6	23.90	4 226	2 011	8 500	8 360
Putco Dobsonville	Gauteng		3 810	4.2	26.50	–	1 692	6 448	6 448
Putco Garthdale	Gauteng		400	0.4	8.50	–	750	300	300
Putco Mamelodi	Gauteng		4 229	4.6	26.10	–	794	3 357	3 357
Putco Nancefield	Gauteng		1 427	1.6	26.50	–	1 962	2 800	2 706
Putco Rosslyn	Gauteng		2 964	3.2	26.30	–	1 147	3 400	3 310
Total			74 447	81.2	35.48	4 226	2 178	162 182	132 402
GRAND TOTAL			91 676	100.0	36.35	4 822	2 402	220 182	185 607

Refer to page 13 of the annual report for a breakdown of the tenant and lease expiry profile.

24. BORROWINGS

The borrowing powers of the company and its subsidiaries are as determined by the company's Articles of Association.

These have been fixed at not more than 100% of the equity of the group.

25. SUBSEQUENT EVENTS

There are no significant reportable events that have occurred between 30 June 2010 and the date of this report.

26. 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.

The following are related party transactions:

	Type of transaction	Amounts received **2010**	Amounts payable **2010**	Amounts received 2009	Amounts payable 2009
Putco Limited	Lease rentals received	**27 264**	**–**	24 778	–
Putco Limited	Management fees paid	**–**	**492**	–	504
Carmanzan (Pty) Ltd	Loan account	**–**	**69**	–	69

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

Putco Limited is a fellow subsidiary of Carleo Enterprises (Proprietary) Limited and Carmanzan (Proprietary) Limited a subsidiary of Putprop Limited.

The key management are the directors and their emoluments are reflected in the directors report on page 27.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 30 June 2010

	2010 R'000	2009 R'000
27. COMMITMENTS		
Operating lease commitments		
Payable within one year	**414**	95
Payable between one and five years	**1 254**	–
Maintenance and other property related contracts		
Payable within one year	**552**	477
Payable between one and five years	**–**	–
Capital commitments		
Authorised and contracted for. It is intended that the above capital expenditure will be funded by way of surplus cash.	**–**	1 300

	COMPANY 2010 R'000	COMPANY 2009 R'000
28. INVESTMENT IN SUBSIDIARIES		
Shares at cost at beginning of year	**73**	73
Impairment provision	**(4)**	(4)
	69	69

	Nature of business	Issued share capital	% held in issued share capital 2010	% held in issued share capital 2009	Cost of shares held 2010 (R'000)	Cost of shares held 2009 (R'000)	Amount owing by/(to) subsidiary 2010 (R'000)	Amount owing by/(to) subsidiary 2009 (R'000)
29. INTEREST IN SUBSIDIARIES								
Baraville (Pty) Ltd	Dormant	2 000	**100**	100	**2**	2	**–**	–
Carmanzan (Pty) Ltd	Dormant	1 000	**100**	100	*****	*	**(69)**	(69)
Edenvale Bus Service (Pty) Ltd	Dormant	65 978	**100**	100	**69**	69	**–**	–
Namasota (Pty) Ltd	Dormant	1 000	**100**	100	**1**	1	**–**	–
Putfield (Pty) Ltd	Dormant	1 000	**100**	100	**1**	1	**–**	–
					73	73	**(69)**	(69)

* Less than R1 000

SHAREHOLDERS' ANALYSIS

for the year ended 30 June 2010

Register date: 25 June 2010

Issued share capital: 28 792 961

Category of shareholder	Number of shareholders (000)	%	Shares held ('000)	Shares held %
Concentration of shareholding				
1 – 1 000 shares	235	39.97	89 664	0.31
1 001 – 10 000 shares	217	36.90	825 254	2.87
10 001 – 100 000 shares	104	17.69	3 802 851	13.21
100 001 – 1 000 000 shares	31	5.27	8 318 171	28.89
1 000 001 shares and over	1	0.17	15 757 021	54.72
	588	**100.00**	**28 792 961**	**100**
Banks	1	0.17	63 000	0.22
Close corporations	9	1.53	113 793	0.40
Endowment funds	2	0.34	133 461	0.46
Individuals	469	79.76	5 228 961	18.16
Investment companies	2	0.34	93 838	0.33
Mutual funds	1	0.17	717 976	2.49
Nominees and trusts	68	11.57	4 586 048	15.93
Other corporations	4	0.68	2 570	0.01
Private companies	28	4.76	17 777 303	61.74
Public companies	4	0.68	76 011	0.26
	588	**100.00**	**28 792 961**	**100.00**
Non-public shareholders	7	1.19	16 181 521	56.20
Directors and associates of the company holdings	4	0.68	149 500	0.52
Company holdings	2	0.34	275 000	0.96
Strategic holder (holding 10% or more)	1	0.17	15 757 021	54.72
Public shareholders	581	98.81	12 611 440	43.80
	588	**100.00**	**28 792 961**	**100.00**

Beneficial shareholders holding 3% or more	Number of shares	Shares held %
Carleo Enterprises (Proprietary) Limited	**15 757 021**	**54.72**

SHAREHOLDERS' DIARY

for the year ended 30 June 2010

Financial year end	30 June
Release of audited results on SENS	27 September 2010
Despatch of annual report	30 September 2010
Annual general meeting	3 November 2010
Release of unaudited interim results 31 December 2010	29 March 2011
Dividend 42 payment	25 October 2010

DIVIDEND 2011	Declared	Paid
Interim	April 2011	May 2011
Final	September 2011	October 2011

DIVIDEND ANNOUNCEMENT

for the year ended 30 June 2010

ORDINARY DIVIDEND NO 42

The board of directors has resolved to declare a final dividend of 20 cents per share for the year ended 30 June 2010 to be paid to all ordinary shareholders. The dividend is declared out of current year profits before tax of R49 784 million.

In compliance with the requirements of Strate, the following dates are applicable.

Last date to trade *cum* the dividend	Friday, 15 October 2010
Date trading commences *ex* the dividend	Monday, 18 October 2010
Record date	Friday, 22 October 2010
Date of payment	Monday, 25 October 2010

Certified shareholders may not dematerialise or rematerialise their share certificates between Monday, 18 October 2010 and Friday, 22 October 2010, both dates inclusive.

By order of the board

D Campbell
Secretary
Sandton
17 September 2010

NOTICE OF ANNUAL GENERAL MEETING

for the year ended 30 June 2010

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

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 of shareholders of the company will be held on Wednesday, 3 November 2010 at 11:00 at the registered office of the company, 91 Protea Road, Chislehurston, Sandton, to conduct the following business:

1. To receive, consider and adopt the annual financial statements of the company and the group for the financial year ended 30 June 2010, including the directors' report and the report of the auditors therein.
2. To elect, Mr P Senatore who, in terms of the company's articles of association, retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.
   An abbreviated curriculum vitae in respect of each director offering himself for re-election appears on pages 14 and 15 of the annual report to which this notice is attached.
3. To confirm the re-appointment of Mazars (formerly Mazars Moores Rowland) as independent auditors of the company with Dion Abrahamson, 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.
4. To ratify the executive directors' remuneration for the year ended 30 June 2010 as reflected on page 27 of this annual report.

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

5. **ORDINARY RESOLUTION NUMBER 1**
   Control of authorised but unissued ordinary shares
   "**Resolved** by way of a general authority 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 221 and 222 of the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the company and the Listings Requirements of JSE Limited from time to time."

6. **ORDINARY RESOLUTION NUMBER 2**
   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, 1973 (Act 61 of 1973), as amended, the articles of association of the company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE Listing Requirements") from time to time.

   The JSE Listings Requirements currently provide, *inter alia*, that:
   - 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 number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 15% (fifteen percent) of the number of issued ordinary shares. The number of ordinary shares which may be issued shall be based, *inter alia*, on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/ convertibles) at the date of such application, less any

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

for the year ended 30 June 2010

ordinary shares issued, or to be issued in future arising from options/convertible ordinary shares issued during the current financial year; plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or an acquisition which has had final terms announced;
- 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;
- an announcement giving full details, including the impact on net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, will be published when the company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price on the JSE Limited of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities; and
- whenever the company wishes to use ordinary 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 Limited ("the JSE") Listings Requirements, Ordinary Resolution Number 2 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.

7. ORDINARY RESOLUTION NUMBER 3

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 this resolution which are passed (in the case of ordinary resolutions) or are passed and registered by the Registrar of Companies (in the case of special resolutions)."

8. OTHER BUSINESS

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

VOTING AND PROXIES

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and vote 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 enclosed herewith.

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 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, Computer Share Investor Services (Proprietary) Limited, at least 48 hours, excluding Saturdays, Sundays and South African public holidays, before the time of the meeting.

Forms of proxy may also be obtained on request from the company's registered office.

By order of the board

D Campbell
Secretary
Sandton
17 September 2010

FORM OF PROXY FOR THE ANNUAL GENERAL MEETING

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

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 ordinary shareholders of the company to be held on Wednesday, 3 November 2010 at 11:00 at the registered office of the company, 91 Protea Road, Chislehurston, Sandton.

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. **Such ordinary shareholders must not use this form of proxy.**

I/We ______________________________

(name/s in block letters)

of (address) ______________________________

Telephone (work) ______________ Telephone (home) ______________

being the holder/custodian of [ ] ordinary shares in the capital of 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 act for me/us at the annual general meeting convened for purposes of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions ("resolutions") to be proposed thereat and at each postponement or adjournment thereof and to vote for and/or against the resolutions, and/or to abstain from voting in respect of the ordinary shares in the issued share capital of the company registered in my/our name is in accordance with the following instructions:

		Number of ordinary shares		
		For	**Against**	**Abstain**
1.	To receive, consider and adopt the annual financial statements of the company and the group for the financial year ended 30 June 2010			
2.	To approve the re-election as director of Mr P Senatore who retires by rotation			
3.	To confirm the re-appointment of Mazars (formerly Mazars Moores Rowland) as independent auditors of the company with Dion Abrahamson the individual registered auditor, for the ensuing year			
4.	To ratify the executive directors remuneration for the year ended 30 June 2010			
5.	Ordinary resolution number 1 – control of authorised but unissued ordinary shares			
6.	Ordinary resolution number 2 – approval to issue ordinary shares, and to sell treasury shares, for cash			
7.	Ordinary resolution number 3 – 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 ______________ 2010

Signature ______________________________

Assisted by (where applicable) ______________________________

NOTES TO THE PROXY FORM

1. 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".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the annual general meeting 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.
3. 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 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.
4. 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 shareholder 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.
5. 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 forty eight hours before the commencement of the annual general meeting.
6. 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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.
12. Where there are joint holders of ordinary shares:
    - Any one holder may sign the form of proxy; and
    - 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).
13. 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
    PO Box 61051
    Marshalltown, 2107

    to be received by no later than 11:00 on Monday, 1 November 2010 (or 48 hours before any adjournment of the annual general meeting which date, if necessary, will be notified on SENS).
14. 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.

CORPORATE INFORMATION

PUTPROP LIMITED
Registration Number 1988/001085/06

DIRECTORS

Andrew Adrian (b,c,d,e)	Chairman	a. Executive
Albino Carleo (a)	Chief executive officer	b. Chairman Audit and Risk Committee
Anna Carleo-Novello (a,e)	Managing director	c. Independent non-executive
Bruno Carleo (a,e)	Executive director	d. Member of Audit and Risk Committee
Paul Nucci (c,d,e)		e. Member of the Remuneration Committee
Paolo Senatore (c,d,e)		
James Smith (a)	Financial director	

SECRETARY AND REGISTERED OFFICE
Donald Campbell
91 Protea Road
Chislehurston
Sandton 2196

AUDITORS
Mazars (formerly Mazars Moores Rowland)
5 St David's Place
Parktown 2193

P O Box 6697
Johannesburg 2000

PRINCIPAL BANKERS
Absa Bank Limited
Absa Towers
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

TRANSFER SECRETARIES
Computershare Investor Services (Proprietary) Limited
70 Marshall Street
Johannesburg 2001

LEGAL ADVISORS
Werksmans
155 5th Street
Sandown

P O Box 10015
Sandton 2196

INVESTOR RELATIONS
Bruno Carleo
91 Protea Road
Chislehurston
Sandton 2196

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putpropbc@telkomsa.net

LISTING INFORMATION
Putprop Limited was listed on the JSE Limited on 4 July 1988
JSE code: PPR
Sector: Financials-Real Estate

PUTPROP

Putprop House, 91 Protea Road
Chislehurston, Sandton 2196