

PUTPROP UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2010

2010

PROPERTY REVENUE UP 10.0% TO R17.8 MILLION
 NET PROFIT BEFORE TAX INCREASES TO R19.1 MILLION
 HEADLINE EARNINGS PER SHARE UP 22.8% TO 38.7 CENTS
 NET ASSET VALUE UP 15.4% TO 848.5 CENTS
 INTERIM DIVIDEND OF 15 CENTS PER SHARE DECLARED



UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 31 December 2010

	Un-audited 31 Dec 2010 R'000	Un-audited 31 Dec 2009 R'000	% Change	Audited 30 Jun 2010 R'000
Property revenue	17 792	16 180	10.0	34 426
Straight line rental income accrual	(171)	1 105	(115)	1 036
Gross property revenue	17 621	17 285	1.9	35 462
Property expenses	(752)	(2 244)	(66.5)	(2 605)
Net profit from property operations	16 869	15 041	12.2	32 857
Administration expenses	(1 610)	(1 601)	0.6	(2 992)
Investment and other income	594	347	71.2	415
Operating profit before capital items	15 853	13 787	15.0	30 280
Capital Items				
Gross change in fair value of investment properties	3 273	5 000	(34.5)	19 504
Net profit before taxation	19 126	18 787	1.8	49 784
Taxation	(5 182)	(5 421)	(4.4)	(11 814)
Net profit attributable to equity holders	13 944	13 366	4.3	37 970
Other comprehensive income	-	-	-	-
Total comprehensive income attributable to equity holders	13 944	13 366	4.3	37 970
Shares in issue (weighted average number) (millions)	28 793	28 793		28 793
Earnings and diluted earnings per share (cents)	48.4	46.4	4.3	131.9
Dividends paid per share (cents)	20	22	(9.1)	22
Headline earnings per share (cents)	38.7	31.5	22.8	73.7
Reconciliation of headline earnings				
Net profit for the period	13 944	13 366	4.3	37 970
Adjusted for:				
Fair value and impairment adjustments	(3 273)	(5 000)	(34.5)	(19 504)
Taxation effect of these adjustments	458	700	(34.5)	2 730
Headline earnings	11 129	9 066	22.8	21 196

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 31 December 2010

	Unaudited 31 Dec 2010 R'000	Unaudited 31 Dec 2009 R'000	Audited 30 Jun 2010 R'000
CASH FLOW GENERATED FROM OPERATING ACTIVITIES	7 731	6 711	15 134
Net cash generated from operations	17 855	16 600	29 127
Investment and other income	594	347	415
Taxation paid	(4 960)	(3 902)	(8 074)
Dividends paid	(5 758)	(6 334)	(6 334)
CASH FLOWS UTILISED IN INVESTING ACTIVITIES	1 381	(14 060)	(15 469)
Improvements to investment properties	(234)	(1 254)	(1 494)
Disposal of investment property	2 450	-	-
Acquisitions of investment properties	-	(12 700)	(13 577)
Acquisition of furniture, fittings and computer equipment	(65)	-	(6)
Additions to other investments	(770)	(106)	(392)
CASH FLOW UTILISED IN FINANCING ACTIVITIES	(15 149)	-	-
Amount owing by fellow subsidiary	(15 149)	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6 037)	(7 349)	(335)
Cash and cash equivalents at beginning of period	8 133	8 468	8 468
Cash and cash equivalents at end of period	2 096	1 119	8 133

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2010

	Unaudited 31 Dec 2010 R'000	Unaudited 31 Dec 2009 R'000	Audited 30 Jun 2010 R'000
ASSETS			
Non-current assets	240 972	225 127	239 224
Investment properties at fair value	221 239	204 560	220 182
Other non-current assets			
Furniture, fittings and computer equipment	98	52	43
Straight line rental income asset	8 768	10 706	8 902
Other investments	10 867	9 809	10 097
Current assets	21 155	3 638	11 969
Straight line rental income asset	2 698	987	2 720
Amount owing by fellow subsidiary	15 149	-	-
Trade and other receivables	543	720	518
Taxation receivable	669	812	598
Cash and cash equivalents	2 096	1 119	8 133
Total assets	262 127	228 765	251 193
EQUITY AND LIABILITIES			
Equity and reserves	244 322	211 532	236 136
Non-current liabilities	13 112	10 810	12 819
Current liabilities	4 693	6 423	2 238
Trade and other payables	4 693	6 423	2 238
Total equity and liabilities	262 127	228 765	251 193
RATIOS			
Net asset value per share (cents)	848.5	734.7	820.1

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 31 December 2010

	Stated capital R'000	Accu- mulated profits R'000	Total R'000
At 30 June 2009	4 146	200 354	204 500
Profit attributable to equity holders	-	13 366	13 366
Dividend paid	-	(6 334)	(6 334)
At 31 December 2009	4 146	207 386	211 532
Profit attributable to equity holders	-	24 604	24 604
Dividend paid	-	-	-
At 30 June 2010	4 146	231 990	236 136
Profit attributable to equity holders	-	13 944	13 944
Dividend paid	-	(5 758)	(5 758)
Balance at 31 December 2010	4 146	240 176	244 322

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

Directorate
 A B Adrian*[^] (Chairman),
 A Carleo (Chief Executive Officer),
 A L Carleo-Novello (Managing
 Director), B C Carleo,
 J E Smith (Financial) (British),
 P Senatore*[^], P Nucci*[^]
 *Independent ^Non-executive

Registered Office
 91 Protea Road, Chislehurst,
 Sandton, 2196

Transfer Secretaries
 Computershare Investor
 Services (Proprietary) Limited
 70 Marshall Street,
 Johannesburg
 P O Box 61051, Marshalltown,
 2107

Sponsor

Merchantec
 capital

COMMENTS

BASIS OF PREPARATION

The unaudited interim financial statements for the six months ended 31 December 2010 and comparative information have been prepared in terms of IAS34 (Interim Financial Reporting) and IAS1 (Presentation of Financial Statements); the Listings Requirements of JSE Limited and the relevant sections of the South African Companies Act, 1973 (Act 61 of 1973) as amended.

The accounting policies applied which are based on reasonable judgements and estimates are in accordance with International Financial Reporting Standards (IFRS) and are consistent with those applied in the most recent audited financial statements. These interim results have not been audited or reviewed by the group's auditors.

FINANCIAL RESULTS

The directors are pleased to report that property revenue for the six months ended 31 December 2010 prior to any straight line income adjustments increased by 10.0% to R17.8 million compared to R16.2 million for the six months ended 31 December 2009 ("the comparable period"). The group's rental, inclusive of straight line rental accruals, has increased nominally by 1.9% over the comparable period.

Property expenses decreased by 66.5% due to the deferment of certain large maintenance projects to early 2011. Maintenance and refurbishment costs will increase substantially in the second half of the year. Administration expenses were contained in line with the comparable period. Investment and other income rose by 71.2% due to increased cash reserves and a short-term loan advanced to a fellow subsidiary at favourable interest rates.

The board of directors has declared an interim dividend for the six months ended 31 December 2010 of 15 cents per ordinary share (December 2009: 0 cents per ordinary share). This reflects a dividend cover of 3.2 times which is in line with the groups stated dividend policy of 3 – 4 times as noted in the June 2010 annual financial statements.

PROPERTY PORTFOLIO

At 31 December 2010 the portfolio comprised 17 properties with a gross lettable area of 91 370m². During the period under review the group disposed of its two commercial office holdings in Studio Park Lonehill, due to returns not meeting the group's contractual cash flow criteria over the past two years.

The sectoral spread by gross rentals comprised 85% industrial, 9% retail and 6% commercial. Vacancies increased during the period to 6.9% (2009: 1.1%) of gross lettable area. This arose largely as a result of the non-renewal of the lease at one of our Lea Glen properties. The group has concluded a new lease with a suitable tenant which will come into effect in the second quarter of 2011.

The company continues to transact primarily with 'A' grade tenants. An early settlement was reached with the East Gate House tenant. This will have no effect on the income stream for 2011. The group is currently pursuing new leasing possibilities in respect of this property. Our Carlin House property was sold in December with transfer to be effected in March 2011. The decision to dispose arose due to concerns in respect of the deterioration of the geographic area the property was situated in.

The lease expiry profile reflects that in terms of gross lettable area, 4% of the portfolio expires during the next 12 months, 87% in month 13 to 24, and 9% from 2013 onwards. This provides a stable future income stream for the group.

SEGMENTAL ANALYSIS

The table below summarises by segment the position for the six months ended 31 December 2010.

Segment assets include all operating assets used by a segment and consist of investment properties, receivables and cash. Assets not directly attributable to a particular segment are allocated to the corporate segment. Segment liabilities include all operating liabilities of a segment and consist principally of outstanding accounts.

	Industrial R'000	Retail R'000	Com- mercial R'000	Cor- porate R'000	Total R'000
Group income for the six months ended 31 December 2010					
Property revenue	15 123	1 601	1 068	-	17 792
Straight line rental income accrual	(405)	231	3	-	(171)
Property expenses	(618)	(68)	(66)	-	(752)
Net profit from property operations	14 100	1 764	1 005	-	16 869
Group financial position at 31 December 2010					
Non-current assets					
Investment properties	164 174	34 850	22 215	-	221 239
Other non-current assets	7 452	11 569	614	98	19 733
Current assets					
Straight line rental income asset	2 293	216	189	-	2 698
Trade and other receivables	-	-	170 16	191	16 361
Cash and cash equivalents	-	-	-	2 096	2 096
Non-current liabilities					
	-	-	-	13 112	13 112

	Industrial R'000	Retail R'000	Com- mercial R'000	Cor- porate R'000	Total R'000
Group financial position at 31 December 2010 continued					
Current liabilities					
Trade and other payables	-	-	2 329	2 364	4 693
Group income for the six months ended 31 December 2009					
Property revenue	13 830	1 542	808	-	16 180
Straight line rental income accrual	824	254	27	-	1 105
Property expenses	(1 940)	(83)	(221)	-	(2 244)
Net profit from property operations	12 714	1 713	614	-	15 041
Group financial position at 31 December 2009					
Non-current assets					
Investment properties	155 076	31 849	17 635	-	204 560
Other non-current assets	7 555	4 206	8 754	52	20 567
Current assets					
Straight line rental income asset	746	133	108	-	987
Trade and other receivables	302	-	169	249	720
Cash and cash equivalents	-	-	-	1 119	1 119
Non-current liabilities					
	-	-	-	10 810	10 810
Current liabilities					
Trade and other payables	189	222	-	6 012	6 423

ACQUISITIONS, EXPANSIONS AND REFURBISHMENTS

During the period under review no acquisitions were made. Although the group actively investigated many possible opportunities, no properties met the group's investment guidelines and criteria. No major capital projects are currently under way.

VALUATION OF PROPERTY PORTFOLIO

It is the groups' policy to value the entire investment property portfolio on an annual basis by an independent external valuer. The next valuation will be at 30 June 2011. In addition, the property portfolio is valued by the directors on a six monthly basis. The directors have valued the group's investment portfolio at 31 December 2010 at R221 million, an increase of R3.3 million or 1.5% on the external valuation at 30 June 2010. The effects of any acquisitions made during the year of acquisition are not included in any revaluation.

BORROWINGS AND CAPITAL COMMITMENTS

The company has no significant borrowings as at 31 December 2010 nor has any capital commitments at that date.

DIRECTORATE

There have been no changes in the composition of the board of directors during the current period.

SUBSEQUENT EVENTS

There have been no significant subsequent events between the period 31 December 2010 and the release of this report, 10 March 2011.

PROSPECTS

Trading conditions during the next reporting period are expected to continue to be challenging in the form of rising vacancies, longer collection times, a deterioration of rental escalations and existing rental agreements coming under pressure from tenants to renegotiate terms. As already indicated, maintenance and refurbishment costs will increase substantially for the six months to June 2011.

The board is of the opinion however, that a reasonable growth in earnings will still be achieved in the second half of the year. The group will resume paying both interim and final dividends for the foreseeable future.

ORDINARY INTERIM DIVIDEND NUMBER 43

Notice is hereby given that the board of directors have declared an interim cash dividend ("the dividend") for the six months ended 31 December 2010 of 15 cents per ordinary share (December 2009: 0 cents per ordinary share) reflecting a dividend cover of 3.2 times. The dividend is payable to shareholders recorded in the books of the company at close of business on Friday, 8 April 2011.

The salient dates relating to the dividend are as follows:

Last day to trade shares <i>cum</i> dividend	Friday, 1 April 2011
Shares trade <i>ex</i> dividend	Monday, 4 April 2011
Record date	Friday, 8 April 2011
Payment date	Monday 11 April 2011

Share certificates may not be dematerialised or rematerialised during the period Monday, 4 April 2011 to Friday, 8 April 2011 both days inclusive.

On behalf of the board

10 March 2011

A B Adrian Chairman	A Carleo Chief Executive Officer	A L Carleo-Novello Managing Director
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