PUTPROP
Limited

Unaudited Condensed Interim Financial Results

for the six months ended
31 December 2019
and Dividend Declaration

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")

Contents

WEST PACK LIFESTYLE
WEST PACK
BURGER KING
BRIDGESTONE
Firestone

Financial Highlights

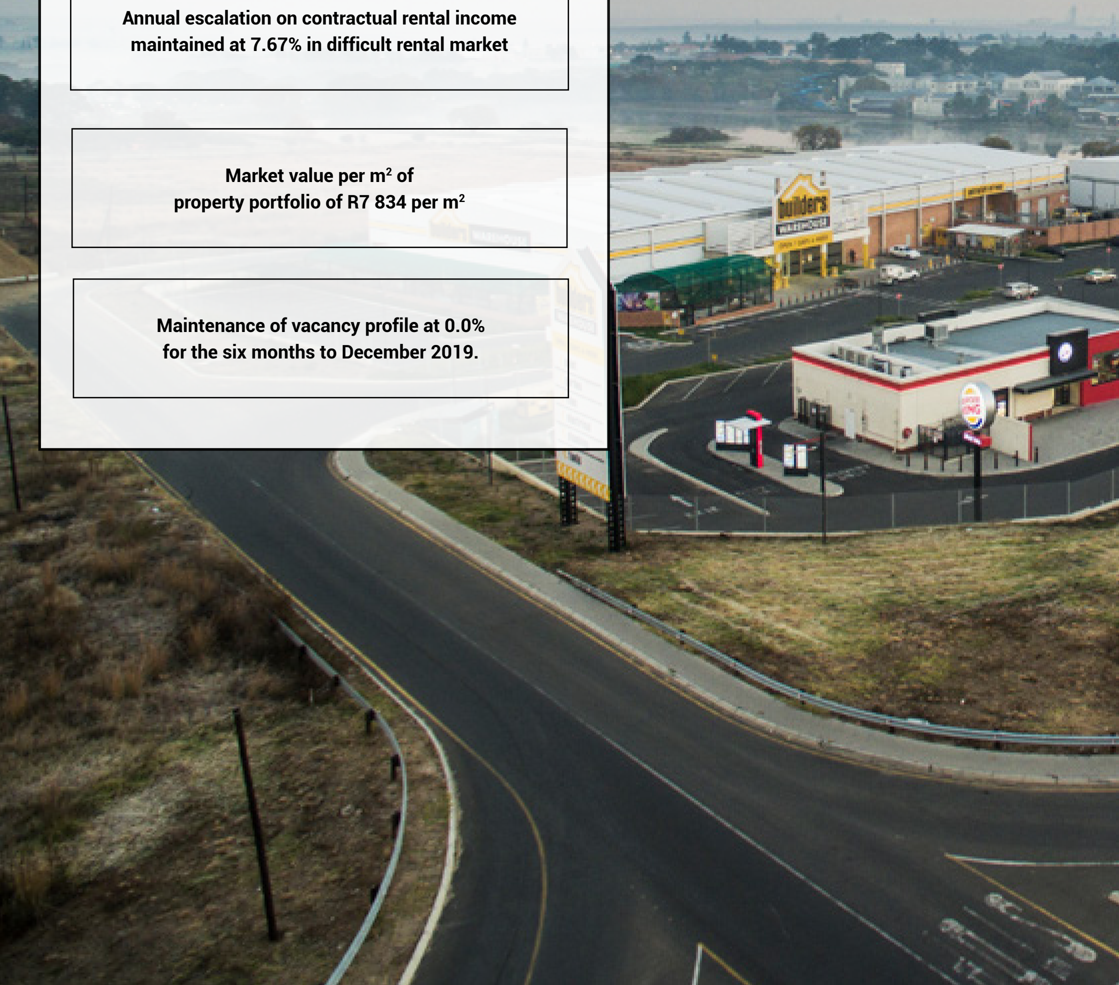
Operating profit up 41.8% to R31.2 million with a large contribution from our associate companies

Net Asset Value of 1 366 cents per share

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

Market value per m^2 of property portfolio of R7 834 per m^2

Maintenance of vacancy profile at 0.0% for the six months to December 2019.



Operational Highlights

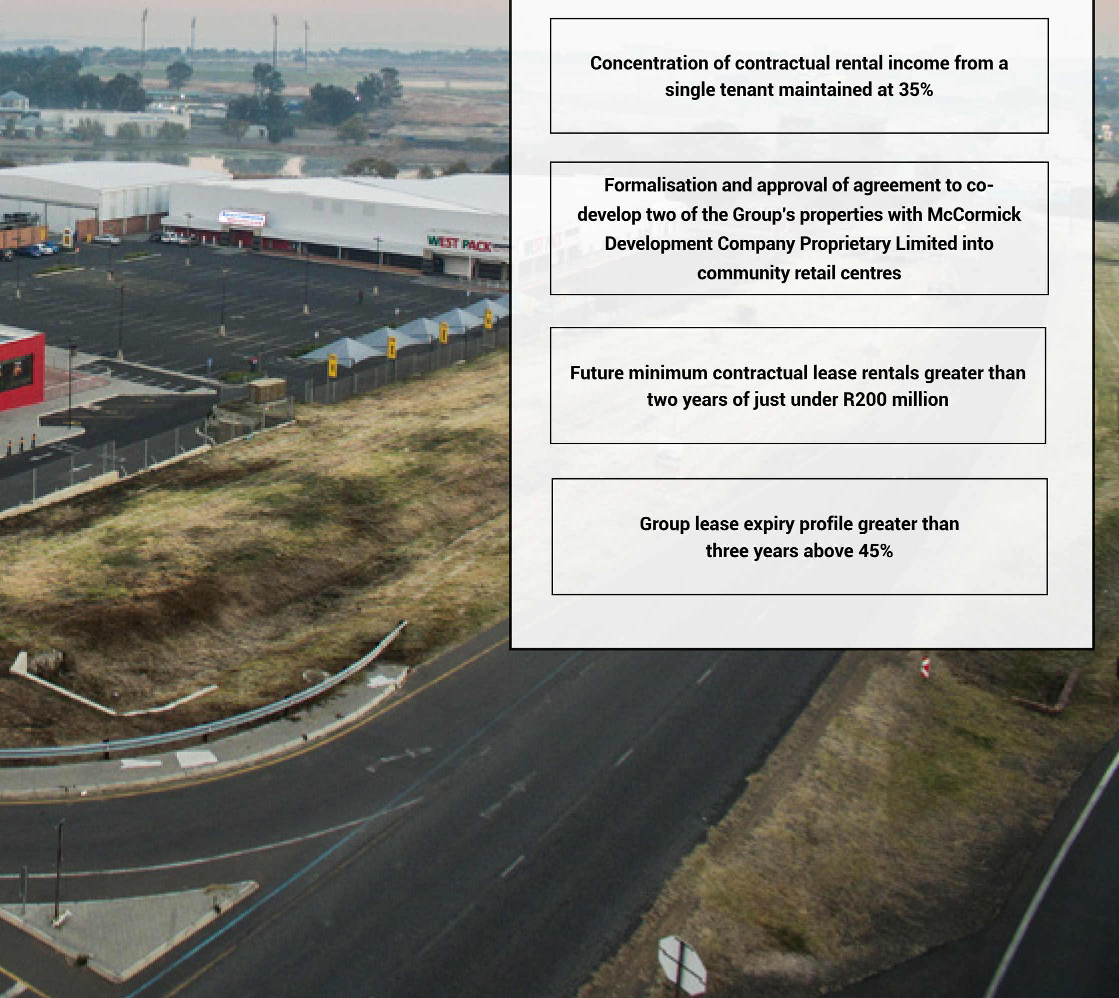
Dividend distribution of 8.25 cents per share, the 31st consecutive year of a dividend pay-out to shareholders

Concentration of contractual rental income from a single tenant maintained at 35%

Formalisation and approval of agreement to co-develop two of the Group's properties with McCormick Development Company Proprietary Limited into community retail centres

Future minimum contractual lease rentals greater than two years of just under R200 million

Group lease expiry profile greater than three years above 45%



Strategic Positioning and Business Model

Preserve and enhance our properties with a structured on-going maintenance and upgrading programme

Achieve and maintain balanced exposures to the industrial, retail and commercial segments of the property sector

Focus aggressively on the Group's vacancy profile and manage the lease expiry profile of the portfolio

Contract with financially sound tenants on a long lease basis in order to ensure sustainable income streams

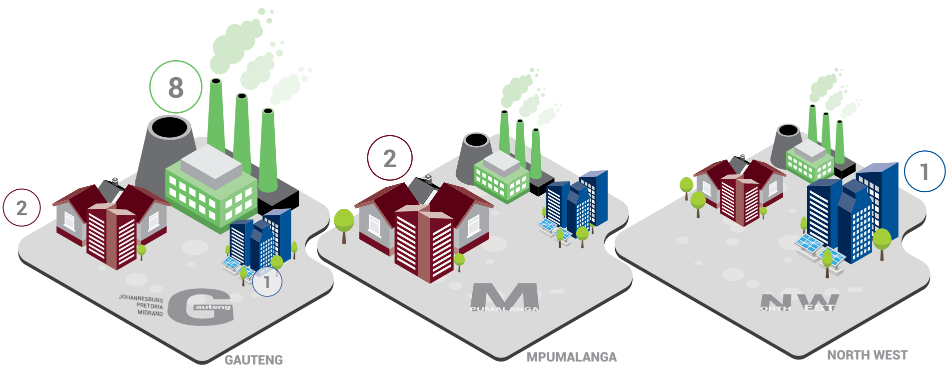
Continue to broaden our contractual tenant base so as to minimise risk of over dependence on a limited number of tenants

Broaden our geographic exposure into all of the provinces.

Maintain a strong statement of financial position with limited application and exposure to gearing, to the extent that such gearing enhances returns

Optimise our profit before tax and growth in shareholder distributions

Unlock value for all shareholders by developing with suitable partners our rural greenfield properties into community focused retail centres.



Properties	14	Total GLA	68 377m²
Tenants	21	Total Asset Value	R560.2 million

Commentary

Overview

Putprop is a property investment company, listed on the Main Board of the JSE Limited ('JSE') under the real estate sector. The Company offers investors an opportunity to participate in the industrial, commercial, and retail sectors of a JSE listed property company.

The property portfolio comprises 14 (June 2019: 14) strategically located properties, situated primarily in the Gauteng geographical area. The total Gross Lettable Area ('GLA') of the invested properties is 68 377m^2 (June 2019 : 68 377m^2) with a value of R518.2 million (June 2019: R518.2 million). Investment property held for resale was R42.0 million (June 2019: R42.0 million)

The board of directors of Putprop ('Board') is pleased to announce the interim results for the six months ended 31 December 2019. These results reflect an 8.4% increase over the period ended 31 December 2018 ('the comparable period') in respect of gross property rental revenue. Property expenses were in line with management's forecast. Maintenance expenditure was contained on all properties in the Groups' portfolio. Maintenance is expected to remain constant in the second half of the financial year.

Increases in corporate expenses were up at R6.2 million (2018: R4.8 million), an increase of 26.2%.

The underlying portfolio continues to perform satisfactorily.

As at 31 December 2019, the property portfolio reflected a nil% vacancy (June 2019: 0.0%). As noted under the 'Subsequent events' paragraph below, the vacancy rate will increase in the next reporting period due to the default of a tenant at our Dubigeon property. Management, has identified this property as a non-core property and continues to market it for disposal.

Development properties

As noted in previous shareholder communications, Putprop successfully concluded agreements with McCormick Property Development Proprietary Limited to develop its Mamelodi and Dobsonville properties. This was formally approved by Shareholders on 22 August 2019. Progress on the final stages of the various legal and municipal processes is close to finalisation, with services expected to be installed late May 2020 and the commencement of construction for the Mamelodi project in early August or September of the same year. The dolomite issues at the Dobsonville property, which were disclosed in the circular distributed to shareholders on 19 July 2019, remain problematic and may delay the start of construction.

Basis of accounting

The unaudited condensed interim financial results for the six months ended 31 December 2019 and the comparative information have been prepared in accordance with and contain the information required by IAS 34 - Interim Financial Reporting and the information required by the Listings Requirements of the JSE Limited and the relevant sections of the South African Companies Act (Act 71 of 2008), as amended.

The accounting policies applied in the preparation of these condensed financial statements, 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 annual financial statements for the year ended 30 June 2019.

These condensed interim financial results have not been audited or reviewed or reported on by the Group's auditors.

These statements have been prepared under the supervision of James E Smith (B.Sc., B. Acc, CIEA), the Financial Director of the Company.

The directors take full responsibility for the preparation of these interim financial statements.

These interim financial statements are available for inspection at Putprop's registered office.

Commentary (Continued)

Financial results

The Group reports that gross property revenue for the six months ended 31 December 2019, including straight-line income adjustments, increased by 8.4% to R38.6 million (December 2018: R35.6 million).

Property expenses were stable over the comparable period. The disposal of two non-core properties with the associated holding costs contributed to this trend.

Net property income reflected an increase of 13.1% from R24.9 million to R28.2 million. Administration expenses increased by 26.2% over the comparable period. This increase arose from the write off of non-recoverable debt as well as an increased spend on various social responsibility projects, as well as inflation linked, operating expenses.

Associated companies reflected a profit of R8.3 million (December 2018: R1.5 million profit).

This increase arose primarily from an increase in the rental stream received from Pilot Peridot and it's mixed use precinct, Summit Place, as a result of previous vacant space being tenanted.

Profit before finance charges increased by 41.8% from R22.0 million in the comparable period to R31.2 million.

Net profit before taxation increased by 111.4% to R18.2 million (December 2018: R8.6 million).

Headline Earnings Per Share (HEPS), increased by 52.4% from 23.91 cents per share to 36.45 cents per share.

The directors' valuation of the Group's property portfolio (including properties held for sale) as at 31 December 2019 was R5.4 million down (December 2018: R3.4 million down) to R560 million. This downward adjustment was considered necessary in order to accommodate certain of the older properties situated in less affluent areas as well as the Board's view that the current weakening property market may not support some of the valuations.

Trade and other receivables were in line with managements forecast and tenant receivables were contained within the Group's credit terms. However, overall debtors management going forward is expected to be challenging as the general economic climate continues to constrict due to both political and economic factors.

Cash reserves were stable for the review period with no necessity to make use of the Group's overdraft facility.

Loan liabilities decreased marginally during the period under review.

The lease expiry profile is reflected in the table below.

Lease Expiry Profile – GLA

	%	Cumulative %	GLA (m^2)
Monthly Rentals (as at 31 December 2019)	19.0	19.0	13 001
Vacancies (as at 31 December 2019)	0.0	19.0	0
Year ending 2020	4.3	23.3	2 964
Year ending 2021	29.1	52.4	19 897
Year ending 2022	3.4	55.8	2 339
Year ending 2023 onwards	44.2	100	30 176
Total	**100**	**100**	**68 377**

Segmental analysis

The 'Segmental Analysis' table included in these condensed interim financial results summarises by segment, the performance for the six months ended 31 December 2019. Segment assets include all operating assets used by a segment and consist of investment properties, receivables and cash. Assets not directly attributable to a segment are allocated to the corporate segment. Segment liabilities include all operating liabilities of a segment and consist principally of outstanding accounts.

Acquisitions, expansions, and refurbishments

No major refurbishments or acquisitions were undertaken in the review period.

Commentary (Continued)

Valuation of property portfolio

It is the Group's policy to value the entire investment property portfolio on a bi-annual basis on the basis of a director's internal valuation as at the December interim reporting period, and an independent external valuer's valuation as at the Group's June year end. The next independent external valuation will be as at 30 June 2020. The directors have valued the Group's investment portfolio as at 31 December 2019 at R560.0 million, a net movement downwards of R5.4 million on the independent external valuation performed as at 30 June 2019. Included in the figure of R560.0 million is Investment Property held for Sale valued at R42.0 million (June 2019: R42.0 million) This director's valuation is based on a review of current market sales and purchase transactions in each property's location as well as reasonable judgements and estimates made by the directors. The effect of any acquisition made during the year is not included in any revaluation. The Board has taken a conservative approach in respect of its six-monthly valuation of the property portfolio as at this reporting date, resulting in a devaluation of R5.4 million (December 2018: R3.4 million decrease). This decrease was considered necessary due to certain non-core and older properties becoming problematic in achieving their reflected realisable value in the current depressed property operating environment. Future additional downward reversions cannot be excluded.

Borrowings and capital commitments

The Company has borrowings as at 31 December 2019 of R139.5 million (June 2019: R146.0 million). There are no capital commitments as at the reporting date (June 2019: Nil). The reported borrowings relate entirely to the acquisition of the Secunda Value Mart, Corridor Hill and Cavi properties.

Changes to the Board

There have been no changes to the Board since the last reporting date.

Subsequent events

The Group's vacancy profile as at 31 December 2019 currently stands at 0.0%. This is expected to increase in March 2020 to approximately 16.0% as a result of the eviction of the tenant at our Dubigeon property. We have however, already let a portion (2 000m^2) of this vacancy (13 000m^2) to an approved tenant. However, the letting of the remaining space is expected to be problematic.

There have been no other significant reportable subsequent events between 31 December 2019 and the date of release of these condensed interim financial results.

Prospects

Trading conditions during the next reporting period are expected to continue to be challenging. The property market both locally and internationally is expected to remain subdued in the second half of the financial year. Our strategies of disposing of non-core and poorly performing portfolio assets, combined with the development, alongside suitable partners, of certain properties situated in densely populated urban areas remain. This process should result in unlocking substantial value for shareholders. In terms of a General Meeting of Shareholders held on the 22 August 2019, approval was given to the Group to proceed with the development of the Mamelodi and Dobsonville properties into community retail centres. The Mamelodi property has been identified as the first of these to be developed. Current projections are for the build process to commence in early August or September 2020, with completion scheduled for October 2021.

Commentary (Continued)

Payment of interim distribution - ordinary interim dividend number 59

Notice is hereby given that the Board has declared an interim gross cash dividend ('the dividend') for the six months ended 31 December 2019 of 8.25 cents per ordinary share (December 2018: 6 cents per ordinary share).

The dividend is payable to shareholders recorded in the register of the Company at close of business on Friday, 3 April 2020.

The current local Dividend Withholding Tax ('DWT') rate is 20%. The gross local dividend amount is 8.25 cents per share for shareholders exempt from paying DWT whilst the net local dividend payable is 6.6 cents per share for shareholders liable to pay DWT. The issued share capital of Putprop is 43 897 279 (2019: 43 897 279) shares.

Putprop's income tax reference number is 9100097717. This dividend is payable from income reserves.

The salient dates relating to the dividend are as follows:

Declaration date	Wednesday, 4 March 2020
Last date to trade share cum dividend	Tuesday, 31 March 2020
Shares trade ex-dividend	Wednesday, 1 April 2020
Record Date	Friday, 3 April 2020
Payment date	Monday, 6 April 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 1 April 2020 and Friday, 3 April 2020, both days inclusive.

On behalf of the Board

BC Carleo
Chief Executive Officer

JE Smith
Chief Financial Officer

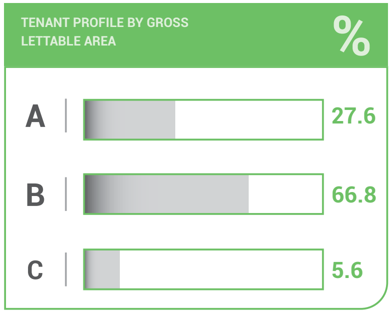
4 March 2020

Portfolio Review

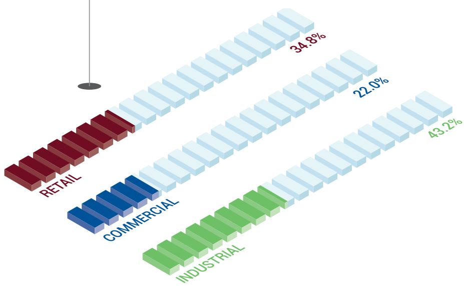
'A' GRADE: Large national tenants, listed tenants, governments and major franchises. These include Standard Bank, Liberty Group, Supergroup and Massmart.

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

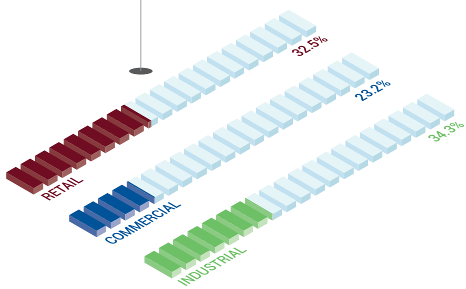
'C' GRADE: All other tenants that do not fall into the above two categories.



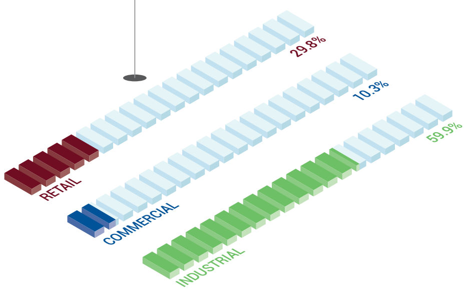
Contractual Rent By Sector
(% of gross rentals)



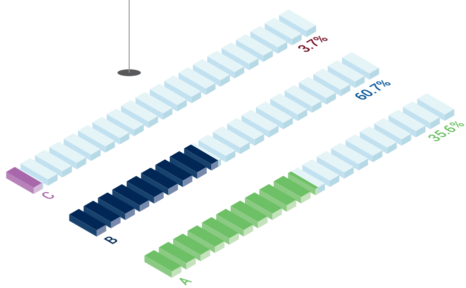
Portfolio Value By Sector*
(R'000)



Sectoral Profile
(% of gross lettable area)



Tenant Profile By Gross Rental (%)



* Includes properties held foe sale

Condensed statement of financial position

	Unaudited 31 Dec 2019 R'000	Audited 30 June 2019 R'000	Unaudited 31 Dec 2018 R'000
ASSETS			
Non-current assets			
Net investment property	**493 687**	495 640	570 262
Gross investment property	**518 192**	518 220	591 878
Straight-line rental income adjustment	**(24 505)**	(22 580)	(21 616)
Other non-current assets			
Straight-line rental income asset	**24 505**	23 313	21 204
Furniture, fittings, computer equipment and motor vehicles	**159**	167	32
Investment in associates	**158 902**	150 564	134 864
Loans to associates	**19 314**	22 676	7 458
Cumulative redeemable preference shares in associate	**35 891**	35 891	35 891
Total non-current assets	**732 458**	**728 251**	**769 711**
Net investment property held for sale	**41 267**	41 267	-
Gross investment property	**42 000**	42 000	-
Straight - Line rental income adjustment	**(733)**	(733)	-
Current assets	**15 171**	**15 626**	**7 702**
Straight-line rental income asset	**-**	-	412
Taxation receivable	**815**	718	1 709
Trade and other receivables	**8 940**	9 137	3 366
Cash and cash equivalents	**5 416**	5 771	2 215
Total assets	**788 896**	**785 144**	**777 413**
EQUITY AND LIABILITIES			
Capital and Reserves			
Stated capital	**98 148**	98 148	98 148
Accumulated profit	**501 863**	489 040	464 066
Total equity	**600 011**	**587 188**	**562 214**
Non-current liabilities	**173 830**	182 079	185 824
Deferred taxation	**41 893**	42 785	46 553
Loan liabilities	**131 937**	139 294	139 271
Current liabilities	**14 596**	**15 877**	**29 375**
Trade and other payables	**7 019**	9 186	8 273
Bank Overdraft	**-**	-	17 599
Loan Liabilities	**7 577**	6 691	3 431
Taxation payable	**-**	-	72
Total equity and liabilities	**788 437**	785 144	777 413

Condensed statement of comprehensive income

	Unaudited six months ended Dec 2019 R'000	Audited year ended June 2019 R'000	Unaudited six months ended Dec 2018 R'000
Property rental revenue	**30 275**	59 305	29 171
Operating cost recoveries	**8 321**	16 786	6 431
Gross property revenue	**38 596**	**76 091**	**35 602**
Property expenses	**(10 381)**	(19 636)	(10 662)
Net profit from property operations	**28 215**	**56 455**	**24 940**
Corporate administration expenses	**(6 149)**	(11 328)	(4 872)
Expected credit losses-Group loans	**-**	(1 900)	-
Investment and other income	**879**	5 356	472
Share of associates' profits/(losses)	**8 337**	18 217	1 516
Operating profit before finance costs	**31 282**	**66 800**	**22 056**
Finance costs	**(6 773)**	(15 105)	(7 480)
Operating profit before capital items	**24 509**	**51 695**	**14 576**
Fair value adjustments	**(6 340)**	(14 587)	(5 980)
Net profit before taxation	**18 169**	**37 108**	**8 596**
Taxation	**(2 273)**	(3 499)	(2 595)
Profit and total comprehensive income for the year	**15 897**	**33 609**	**6 001**
Earnings and diluted earnings per share (cents)	**36.21**	**76.26**	**13.48**

Condensed statement of cash flow

	Unaudited 31 Dec 2019 R'000	Audited 30 June 2019 R'000	Unaudited 31 Dec 2018 R'000
Cash flow generated from operating activities	**7 003**	16 482	9 004
Net cash generated from operations	**19 232**	39 303	22 537
Finance costs	**(6 773)**	(15 105)	(7 480)
Investment income	**879**	4 798	75
Taxation paid	**(3 262)**	(6 753)	(3 001)
Dividends paid	**(3 073)**	(5 761)	(3 127)
Cash flow utilised in investing activities	**(887)**	(6 261)	(16 655)
Additions and improvement to investment property	**(4 387)**	(3 129)	(2 378)
Proceeds on sale of investment	**-**	25 500	-
Additions to investments in associates	**-**	(11 268)	(12 277)
Loans advanced (repaid) on interest bearing loans to associates	**3 500**	(17 218)	(2 000)
Acquisition of furniture, fittings computer equipment and motor vehicles	**-**	(146)	-
Cash flow (utilised)/generated from financing activities	**(6 471)**	**-**	**(11 211)**
Payments made on share buy back	**-**	(3 821)	(3 821)
Payments made on loan liabilities	**(6 471)**	(5 597)	(7 390)
Proceeds received on loan liabilities	**-**	1 490	-
Net (decrease) increase in cash and cash equivalents	**(355)**	**2 293**	**(18 862)**
Cash and cash equivalents at beginning of period	**5 771**	3 478	3 478
Cash and cash equivalents at end of period	**5 416**	**5 771**	(15 384)

Condensed statement of changes in equity

	Stated capital R'000	Accumulated Profit R'000	Shareholders' interest R'000	Total R'000
Balance at 1 July 2018	101 969	461 199	563 168	563 168
Total comprehensive income	-	6 001	6 001	6 001
Share buyback	(3 821)	-	(3 821)	(3 821)
Dividend Paid	-	(3 127)	(3 127)	(3 127)
Balance at 31 December 2018	**98 148**	**464 066**	**562 214**	**562 214**
Balance at 1 July 2019	98 148	489 039	489 039	524 478
Total comprehensive income		33 608	33 608	33 608
Dividends paid		**(5 761)**	**(5 761)**	**(5 761)**
Balance at 1 July 2019	98 148	489 039	489 039	587 187
Total comprehensive income		15 897	15 897	15 897
Dividends		(3 073)	(3 073)	(3 073)
Balance at 31 December 2019	**98 148**	**501 863**	**501 863**	**600 011**

Reconciliation of group net profit to headline earnings

	Unaudited six months ended Dec 2019 R'000	Audited year ended June 2019 R'000	Unaudited six months ended Dec 2018 R'000
Reconciliation of group net profit to headline earnings			
Earnings per share	**15 897**	33 609	6 001
Adjusted for:			
Net change in fair value of investment property	**6 340**	14 587	5 980
Tax effects of fair value adjustments property	**(1 420)**	(3 267)	(1 339)
Equity accounting earnings of associates and joint operations	**(6206)**	(19 940)	-
Tax effect of equity accounting	**1 390**	4 466	-
Capital gain on disposal of investment property	**-**	2 115	-
Headline earnings and diluted earnings	**16 001**	31 570	10 642
Headline earnings per share (cents)	**36.45**	71.64	23.91

Weighted average number of shares in issue 44 508 901 (2018: 44 672 279).

Segmental Analysis

for the six months ended 31 Dec 2019

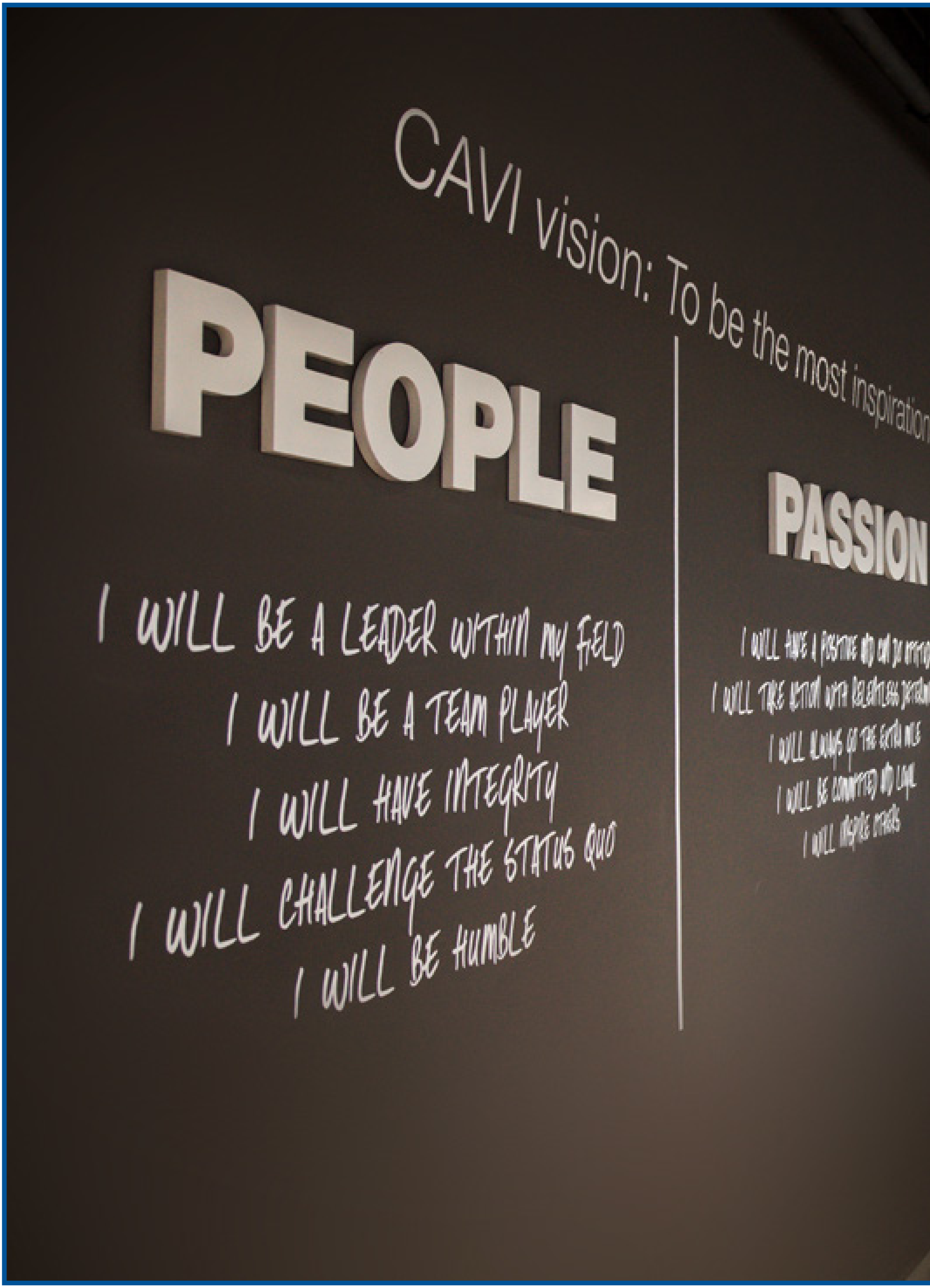
	Industrial R'000	Retail R'000	Commercial R'000	Corporate R'000	Total R'000
Extract from the statement of comprehensive income					
Property revenue and recoveries	16 177	12 335	8 892	-	**37 404**
Straight-line rental income accrual	(485)	559	1 118	-	**1 192**
Property expenses	(4 976)	(4 068)	(1 337)	-	**(10 381)**
Segmental Results	10 716	8 826	8 673	-	**28 215**
Extract from the statement of financial position					
Non-Current assets					
Net Investment properties	134 130	237 761	121 796	-	**493 687**
Net properties held for sale	41 267	-	-	-	**41 267**
Other non-current assets					
Straight-line rental income asset	3 437	12 964	8 104	-	**24 505**
Current assets					
Trade and other receivables	4 009	2 066	767	2 098	**8 940**
Taxation receivable	-	-	-	815	**815**
Cash and cash equivalents	-	-	-	5 416	**5 416**
Non-Current liabilities					
Current Liabilities					
Trade and other payables	1 386	1 929	890	2 814	**7 019**

for the six months ended 31 Dec 2018

	Industrial R'000	Retail R'000	Commercial R'000	Corporate R'000	Total R'000
Extract from the statement of comprehensive income					
Property revenue and recoveries	12 347	12 894	7 780	-	**33 021**
Straight-line rental income accrual	159	1 017	1 405	-	**2 581**
Property expenses	(6 602)	(2 422)	(1 638)	-	**(10 662)**
Segmental Results	5 904	11 489	7 547	-	**24 940**
Extract from the statement of financial position					
Non-Current assets					
Net Investment properties	220 969	222 665	126 628	-	**570 262**
Other non-current assets	-	70 008	108 205	32	**178 245**
Straight-line rental income asset	7 175	11 657	2 372	-	**21 204**
Current assets	-	-	-	-	**-**
Straight-line rental income asset	412	-	-	-	**412**
Trade and other receivables	914	1 483	285	684	**3 366**
Taxation receivable	-	-	-	1 709	**1 709**
Cash and cash equivalents	-	-	-	2 215	**2 215**
Non-Current liabilities	-	126 036	59 788	-	**185 824**
Current Liabilities					
Trade and other payables	3 261	1 785	255	2 972	**8 273**
Bank overdraft	-	-	-	17 599	**17 599**

Corporate information

COMPANY SECRETARY	TRANSFER SECRETARIES
Acorim Proprietary Limited 13th Floor, Illovo Point 68 Melville Road, Illovo, Sandton, 2196	Computershare Investor Services Proprietary Limited Rosebank Towers 15 Biermann Avenue, 2196 Rosebank, Johannesburg, 2196 P O Box 61051, Marshalltown, 2107
AUDITORS	**LEGAL ADVISORS**
Mazars 54 Glenhove Road Melrose Estate 2196 Johannesburg	Werksmans 155 5th Street Sandown P O Box 10015 Sandton 2196
PRINCIPAL BANKERS	**INVESTOR RELATIONS AND REGISTERED OFFICE**
Absa Bank Limited 160 Main Street Johannesburg 2000	James Smith 91 Protea Road Chislehurston Sandton 2196 +27 11 883 8650 james@putprop.co.za
SPONSORS	**LISTING INFORMATION**
Merchantec Capital 13th Floor, Illovo Point 68 Melville Road, Illovo, Sandton, 2196	Putprop Limited was listed on the JSE Limited on 4 July 1988 JSE code: PPR Sector: Financial – Real Estate


CAVI vision: To be the most inspiration
PEOPLE
I WILL BE A LEADER WITHIN MY FIELD
I WILL BE A TEAM PLAYER
I WILL HAVE INTEGRITY
I WILL CHALLENGE THE STATUS QUO
I WILL BE HUMBLE
PASSION
I WILL ALWAYS GO THE EXTRA MILE
I WILL BE COMMITTED AND LOYAL
I WILL INSPIRE OTHERS


PURPOSE
PERFORMANCE
spruce
spruce
spruce


BURGER KING
Builders
WAREHOUSE