PUTPROP

Annual Financial Statements

for the year ended 30 June 2023

Putprop

Bank City

13 PROPERTIES

Located in three provinces

GAUTENG

MPUMALANGA

NORTH WEST

Summit Place

ANNUAL GENERAL MEETING: 08 NOVEMBER 2023

Mamelodi Square

BOARD MEETING: 10 MAY 2023

AUDIT AND RISK MEETING: 5 APRIL 2023

Secunda Value Mart

GO

INTERIM DIVIDEND: 3 APRIL 2023

BOARD MEETING: 8 MARCH 2023

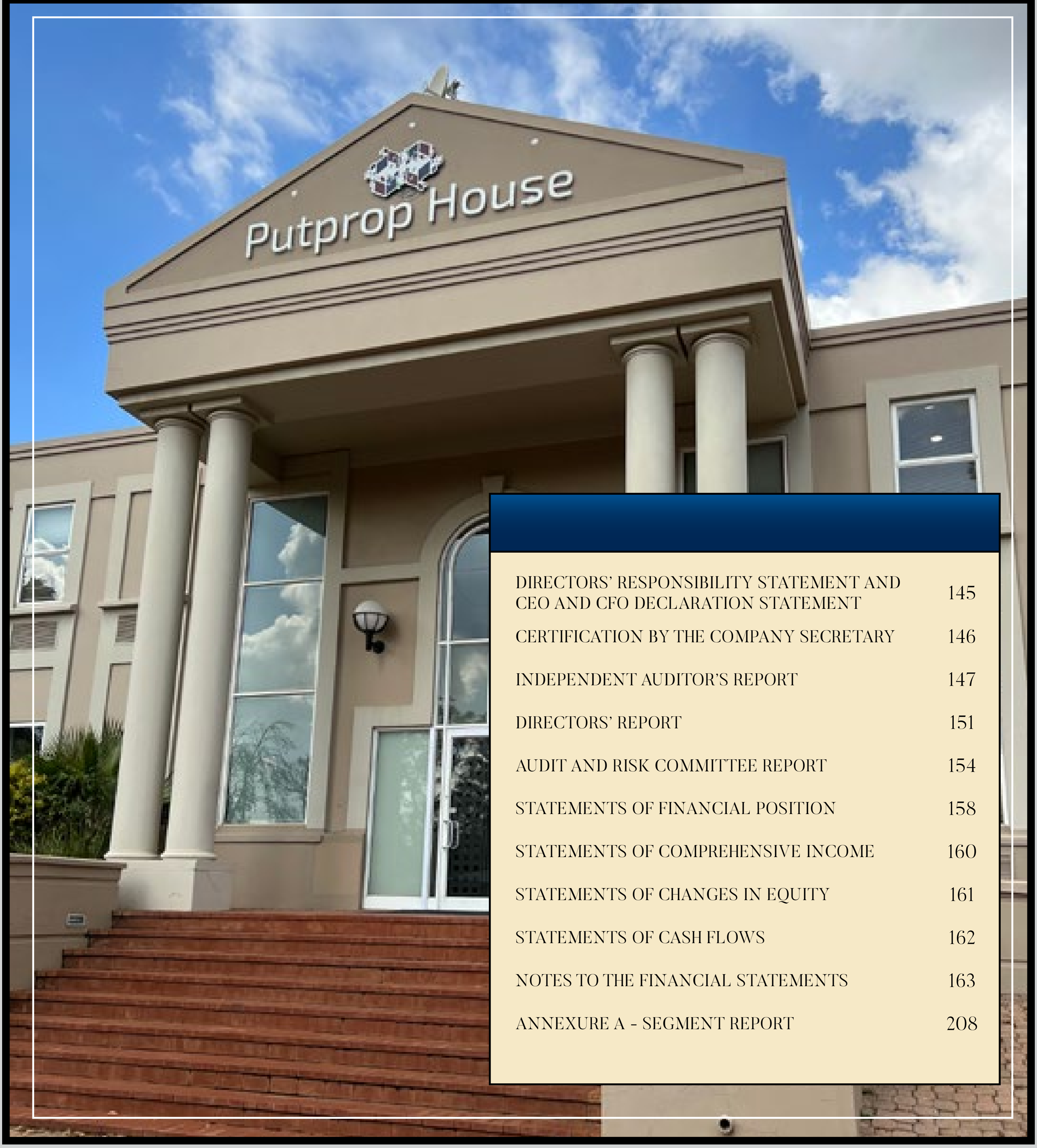
Parktown Towers

STRATEGY MEETING: 15 FEBRUARY 2023

AUDIT AND RISK MEETING: 22 FEBRUARY 2023

Putprop House

ANNUAL FINANCIAL STATEMENTS



DIRECTORS' RESPONSIBILITY STATEMENT AND CEO AND CFO DECLARATION STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

Overview

The audited annual consolidated financial statements set out on pages 158 to 210 are the responsibility of the Board. 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 audited annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, the Companies Act, Financial Reporting Pronouncements, as issued by the Financial Reporting Standards Council, the Listing Requirements of the JSE and include amounts based on judgements and estimates made by management.

Going Concern

The going concern basis has been adopted in preparing the Group's annual financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future, based on forecasts and available cash resources.

The directors have assessed the Group's ability to continue as a going concern and have reviewed the Group's cash flow forecasts for the year ending 30 June 2024. Following this review and the current financial position, the directors are satisfied that the Group has access to adequate resources to continue operational existence for the foreseeable future.

The directors, supported by the AR Committee, are satisfied that the Group's annual financial statements, fairly present the current state of affairs of the Group and that there was no material breakdown in the system of internal control during the year. For further comment and additional disclosures on the Groups going concern status refer to the Directors Report on page 151 of the Annual Financial Statements.

Operating Statement

Each of the directors' whose names are stated below, hereby confirms that:

(a) The audited annual consolidated financial statements set out on pages 158 to 210, fairly present in all material respects of the financial position, financial performance and cash flows of Putprop Limited, in terms of IFRS;

(b) To the best of our knowledge and belief no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) Internal financial controls have been put in place to ensure that material information relating to Putprop Limited, and its Consolidated Subsidiaries has been provided to effectively prepare the financial statements of the Group;

(d) The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls.

(e) Where we are not satisfied, we have disclosed to the AR Committee and the auditors of any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and

(f) We are not aware of any fraud involving directors.

External Auditors

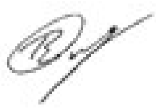
The Group's annual financial statements have been audited by its independent external auditors HLB CMA SA Incorporated (HLB), who were given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board and Committees of the Board. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. It is the responsibility of the auditors to report on the Group's financial statements in conformity with International Standards on Auditing. HLB audit report is presented on pages 147 to150 .

Approval

The financial statements were approved by the Board on 14 September 2023 and signed on their behalf by:

J E Smith
Chief Financial Officer

Johannesburg
14 September 2023



BC Carleo
Chief Executive Officer

Johannesburg
14 September 2023

CERTIFICATION BY THE COMPANY SECRETARY

FOR THE YEAR ENDED 30 JUNE 2023

The Company Secretary hereby certifies in accordance with section 88(2)(e) of the South African Companies Act, 2008 (Act 71 of 2008), as amended that, to the best of our knowledge, the Group has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns as are required for a listed Group and that all such returns are true, correct and up to date in respect of the financial year reported.

Acorim

....

Acorim Proprietary Limited represented by
A. Taylor

Johannesburg

14 September 2023

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023

HLB SOUTH AFRICA INC.
Member of HLB International
10th largest auditing and accounting network in the world
CMA

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Midrand, 1685
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Tel Local: 010 786 0153
E-Mail: info@hlbcma.co.za
www.hlbisouthafrica.co.za

Formed in 1969, HLB International services clients through its member firms in 156 countries, their 40,831 staff including partners in 1,128 offices worldwide

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HLB CMA South Africa Inc., Reg. 1997/013001/21, is a member of HLB International, the global advisory, auditing and accounting network

Independent Auditor's Report

To the Shareholders of Putprop Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Putprop Limited set out on pages 158 to 207, which comprise the consolidated and separate statements of financial position as at 30 June 2023, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Putprop Limited as at 30 June 2023, 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 (IFRS) and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Corporate INTL GLOBAL AWARDS WINNER 2023

CorporateINTL Audit & Assurance Services Firm of the Year 2019 and 2023

IRBA Practice no.: 912476
SAICA Practice no.:30701993

Offices in: Midrand (HQ), Vaal Triangle, West Rand, East Rand, Tshwane, Cape Town

Directors:
Our list of directors is available on request from mbasecretarial@mbainc.co.za

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
The investment property of Putprop Limited and the group is significant. The fair values of the investment property, which contain assumptions and significant inputs, are judgemental. Valuations are performed on an annual basis using either the discounted cash flow or capitalisation of net income methodology by an external valuer which is regarded as "management's expert". As a result of the value of the investment property held at group and company level and due to the subjectivity and judgment associated with fair value determination, this matter is regarded as the most significant one that we had to address from an audit perspective.	Our audit procedures, included the following, amongst other: o Assessment of the control environment surrounding investment property by considering its design and implementation. o The qualifications and independence of the external valuers were inspected and verified to assess their capabilities and competence. o The formal valuation reports were obtained from the valuers and the following procedures performed thereon: 1. The forecasted financial information was evaluated for reasonableness which included comparing forecast figures for 2024 with actuals for 2023. 2. The capitalisation and discount rates used were evaluated for reasonableness. 3. The valuations were recalculated to test the mathematical accuracy thereof. 4. A senior audit team member, with experience in valuations, obtained audit evidence for any significant discrepancies in the calculations or inputs used and concluded that the audit evidence is sufficient. These included a comparison of yields, discount rates and square meter prices for similar properties for reasonability. 5. Audit evidence was obtained to conclude that the investment property disclosures were made in terms of the IFRS.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Putprop Limited Annual Financial Statements for the year ended 30 June 2023", which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and / or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

HLB CMA

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

- Obtain an understanding of internal control relevant to the audit 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 group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and / or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that HLB CMA South Africa Incorporated has been the auditor of Putprop Limited for 1 year.

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified a reportable irregularity within the subsidiary company Pilot Peridot Investments One Proprietary Limited in terms of the Auditing Profession Act. We have reported such matter to the Independent Regulatory Board for Auditors. Pilot Peridot Investments One Proprietary Limited, repaid a small portion of certain minority shareholders' unsecured loans. This was in breach of a subordination clause with the provider of finance on this loan.

J du Toit C A(SA)
Director
Registered Auditor

14 September 2023

CMA Office and Conference Park
No.1 2nd Road
Halfway House Estate
Midrand, 1685

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2023

NATURE OF THE BUSINESS

The directors have pleasure in submitting the 35th directors' report which forms part of the annual financial statements for the year ended 30 June 2023.

Putprop Limited (The Group), incorporated and domiciled in the Republic of South Africa, was listed on the JSE Limited on 4 July 1988. The Group is listed on the JSE under the Real Estate sector, and invests in industrial, commercial, retail and residential properties deriving its income primarily from tenant rentals. The Group has both directly owned property holdings as well as indirectly held property investments.

SUMMARY OF FINANCIAL PERFORMANCE AND DISTRIBUTIONS

The information presented for the year ended 30 June 2023 has been prepared in accordance with International Financial Reporting Standards ("IFRS"), Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act"), the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the Listings Requirements of the JSE Limited. The financial statements have been audited by HLB, the Group's External Auditors.

In summary, rental income was up 15.4% to R128.4 million (2022: R111.3 million).

Operating profit before finance costs was up 10.2% to R81.0 million (2022: R73.5 million). A 52% increase in finance costs during this period was recorded up from R29.1 million in 2022 to R44.2 million. This large increase arose from the finance facility utilised to develop Mamelodi Square of R83 million coming fully on line in this period as was well as Reserve Bank increases to the repo rate.

Profit before fair value adjustments of R33.2 million (2022: R38.2 million)was reported.

The Group had large fair value write downs on its portfolio for the reporting period of R36.1 million (2022: R24.3 million upwards). This was necessary due to the current market conditions in the property sector, an ageing property base and recognition of not fit for purpose assets. As a result of these substantial fair value adjustments and interest costs a reduced profit of 9,245 million was recorded, compared to a profit of R73,6 million in 2022. Headline earnings per share were 93,98 cents per share (2022: 89.3cents)

The Group's financial results are set out in detail on pages 158 to 210 of this report.

The Board has approved a final dividend distribution of 7.00 cents per share for the period ended 30 June 2023 (2022: 6.00 cents). The total dividend distributed for the year ended 30 June 2023 was 11.25 cents per share (2022: 10.25 cents).

DIRECTORATE

Details of the current directors providing full names, ages, qualifications and abridged curricula vitae are set out on pages 114 to 115 of the annual report.

Anna Carleo retired from the Board of Directors after her review period, with effect from 30th November 2023.

In terms of the MOI of the Company, one third of all non-executive directors have to retire annually by rotation. Mr Hayden Hartley and Mr Daniele Torricelli, retire in terms of this requirement. Both offer themselves for re-election by shareholders at the Group's Annual General Meeting. Any new directors that have been appointed during the year also have to have such appointment ratified at the next Annual General Meeting. All retiring directors are eligible for re-election.

It is the policy of the Board that all directors, on reaching the age of 70 years, may continue to serve on the Board, provided that such appointment will be on a yearly basis, and subject to the approval of a majority of the Board.

CAPITAL STRUCTURE

The authorised capital comprises 500 000 000 ordinary shares of no-par value. At 30 June 2023 the issued shares of no-par value amounted to 42 409 181 shares (2022: 42 409 181).

Unissued shares of 457 590 819 (2022: 457 590 819) are held under the control of the directors, subject to the JSE Listings Requirements until the next Annual General Meeting.

ULTIMATE HOLDING AND HOLDING COMPANY

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

GOING CONCERN

Current liabilities exceed current assets on both Group and Company level. The liquidity position at Company and Group level is expected to again improve during the 2024 review period. The Group's assessment of going concern also took into consideration all debt covenants such as loan-to-value and interest cover ratios.

The Nedbank loan for the Parktown Property has a balloon payment of R46.9 million maturing in May 2023. Arrangement has been reached with Nedbank to convert this balloon payment of the loan into long-term debt.

The directors have reviewed the Group's cash flow forecast for the period to 30 June 2024. On the basis of the review and having regard for the current financial position, the directors are satisfied that the Group has access to adequate resources for the continued operational functioning of Putprop Limited for the foreseeable future and accordingly these financial statements have been prepared on a going concern basis.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

DEBT COVENANTS

The Group has evaluated and assessed its ability to meet all its debt covenants as required by providers of finance for the year ended June 2024. We conclude that except for that detailed below the Group will fulfill all its covenants in the next 12 months.

During 2023 the Group through its subsidiary, Pilot Peridot Investments 1 (Pty) Ltd, repaid a small portion of certain minority shareholders unsecured loans. This was in breach of a subordination clause with the provider of finance on this loan. The financier has been informed and systems have been implemented to ensure no further occurrences occur. Further disclosure has been made as o the subordination covenant in note 18 of the Annual Financial Statements.

SPECIAL RESOLUTIONS

The following special resolutions were passed at the Annual General Meeting held on 4 November 2022:

- Approval of the non-executive directors' remuneration for the financial years ending 30 June 2023;
- General approval for Putprop's and/or its subsidiaries to acquire shares in the Company;
- Approval for the Company to provide financial assistance for the subscription of securities in terms of Section 44 of the Companies Act; and
- Approval for the Company to provide financial assistance in terms of Section 45 of the Companies Act.

MANAGEMENT AND ADMINISTRATION

The management of Putprop is responsible for the property asset managed function of the Group.

Putprop has contracted with the following property managers to assist in the day to day property management of the Groups' property portfolio;

Broll Property Group (Pty) Ltd, Emira Property Management, McCormick Property Development (Pty) Ltd ,Vision Property Management, Trafalgar Property Management (Pty) Ltd and Bidvest Property Management (Pty) Ltd.

DIRECTORS' SHAREHOLDINGS

On 30 June 2023, the directors held a total of 4 094 143 (2022: 4 094 143) shares in the Group. There has been no change in these interests between 30 June 2023 and the date of this report.

The paragraph above discloses the quantity of shares and the table below the percentage of shares.

Direct beneficial			Indirect beneficial	
2023 %	2022 %		2023 %	2022 %
		Non-executive directors		
–	–	No shares are held by any of the Group's Non-executive directors	–	–
		Executive directors		
0.05	0.05	A L Carleo-Novello	3.94	3.94
0.13	0.13	B C Carleo	5.07	5.07

DEALINGS IN SECURITIES

Directors, Executives and Senior Employees are prohibited from dealing in Putprop's securities during certain prescribed restricted periods. A formal securities dealings policy has been developed to ensure directors' and employees' compliance with the JSE Listings Requirements and the insider trading legislation in terms of the Financial Markets Act.

DIRECTORS INTERESTS IN CONTRACTS AND CONFLICTS OF INTERESTS

The directors have no interest in material contracts or transactions, other than those directors involved in the operation of the Group as set out in this report. There have been no bankruptcies or voluntary arrangements of these persons.

Directors' declarations are tabled and circulated at every Board meeting. All directors are encouraged to declare any potential conflict of interest and to bring such circumstances to the attention of the Chair.

The Executive Directors of Putprop have not acted as directors with an executive function of any company at the time or within the 12 months preceding any of the following events taking place: receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangements with its creditors generally or any class of its creditors.

The directors of Putprop have not been the subject of public criticisms by statutory or regulatory authorities (including professional bodies) and have not been disqualified by a court from acting as directors of a company or from acting in the management or conduct of the affairs of any company. There have been no offences involving dishonesty by the directors of Putprop.

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

BOARD AND COMMITTEE COMPLIANCE

The attendance registers of directors for each Board and Committee meeting for the year ended 30 June 2023 is detailed on pages 118 and 119 of the governance report.

DIRECTORS' REMUNERATION CONTRACTS

The executive directors do not have fixed-term contracts with the Company. A three-month notice period is required for any executive director, the CEO and CFO respectively for the termination of services. Details of remuneration and incentive bonuses paid to executive and non executive directors are set out in note 36.

LITIGATION STATEMENT

The directors are not aware of any legal or arbitration procedures that are pending or threatening, that may have had, in the previous 12 months, a material effect on the Group's financial position.

CONTINGENT LIABILITY

At the date of this report, no events have been identified that may result in a contingent liability.

COMPANY AUDITORS

HLB CMA South Africa Incorporated have acted as the Company and Group auditors for the year ended 30 June 2023 and will continue in terms of section 90 of the Companies Act.

COMPANY SECRETARY

The Company Secretary for the period under review is Acorim Proprietary Limited represented by A. Taylor whose physical and postal address is: 13th Floor, Illovo Point, 68 Melville Road, Illovo, 2196 and PO Box 41480 Craighall, 2024, respectively.

The Company Secretary is responsible for the duties set out in section 88 of the Companies Act and the Board for ensuring compliance with the JSE Listings Requirements. Director induction and training are part of the Company Secretary's responsibilities. The Company Secretary is responsible to the Board for ensuring the proper administration of Board proceedings, including the preparation and circulation of Board papers, drafting annual work plans, ensuring that feedback is provided to the Board and Board Committees and preparing and circulating minutes of Board and Committee meetings. They provide practical support and guidance to the Board and directors on governance and regulatory compliance matters.

Company Boards must consider and satisfy themselves annually regarding the competence, qualifications and experience of the Company Secretary. The performance of the Company Secretary, as well as their relationship with the Board, is assessed on an annual basis. The Company Secretary has unfettered access to the Board and maintains an arm's length relationship with the Board and is also not a member of the Board.

The Board has evaluated the Company Secretary and it is satisfied that they are suitably qualified for the role.

EVENTS AFTER THE REPORTING PERIOD

Proceeds from the sale of our Nancefield Property previously announced on SENS of 19 September 2022 received on 3 July 2023.

Proceeds will be used to reduce loan liabilities of the group and thus strengthen the balance sheet.

There are no other significant events that have occurred in the period from 30 June 2023, and to date of the publication of this report.

Dividend 68 has been declared at 7.00 cents per share.

Johannesburg
14 September 2023

B C Carleo   J E Smith   A C Carleo-Novello   D Torricelli

H Hartley   R Styber   G van Heerden

AUDIT AND RISK COMMITTEE REPORT

FOR THE YEAR ENDED 30 JUNE 2023

The AR Committee presents its report in terms of section 94(7)(f) of the Companies Act, as amended and as recommended by King IV for the financial year ended 30 June 2023.

TERMS OF REFERENCE AND ROLE OF COMMITTEE

The information below constitutes the report as required by section 94 of the Companies Act. The AR Committee's operation is guided by a detailed Charter that is informed by the Companies Act and is approved by the Board as and when it is amended.

The main objectives of the AR Committee are:

- To assist the Board in discharging its duties relating to safeguarding of assets, the operations of adequate systems, controls and reporting processes and the preparation of accurate reporting and financial statements in compliance with the applicable legal requirements and accounting standards;
- To provide a forum for discussing business risk and control issues for developing recommendations for consideration by the Board;
- To oversee the activities of the external audit; and
- To perform duties that are attributed to it by the Companies Act and the JSE Listing Requirements.

RESPONSIBILITIES

The responsibilities of the committee are to:

- Nominate for appointment as auditor a registered auditor, who is independent of Putprop.
- Determine the fees to be paid to the auditor and the auditor's terms of engagement.
- Ensure that the appointment of the auditor complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors.
- Determine the nature and extent of any non-audit services that the auditor may provide or that the auditor must not provide to Putprop.
- Pre-approve any proposed contract with the auditor for the provision of non-audit services to Putprop.
- Review and approve the interim and final financial results and their press releases and the reviewed statements of financial position and statements of comprehensive income of Putprop with the relevant press releases for recommendation to the Board.
- Evaluate the quality of the financial information produced to ensure the integrity of reporting and to ensure that measures necessary, in the committee's opinion, are introduced to enhance the integrity of such reporting.
- Evaluate and approve the effectiveness and expertise of the Financial Director
- Review Putprop's solvency and liquidity position.
- Review the insurance cover effected by Putprop annually to ascertain its sufficiency, scope and costs.
- Receive and evaluate reports from management on significant breakdowns and/or potential areas in the risk management and assessment process, including the disaster recovery plan.
- Consider the audit plans for the external auditors to ensure completeness of coverage, reduction of duplicate effort and the effective use of audit resources.
- Ensured that a comprehensive combined assurance model was applied to the Group's key risks to ensure a coordinated approach to all assurance activities.
- Consider any significant findings and recommendations of the external auditors as well as the adequacy of corrective actions taken in response to these findings.
- Review the effectiveness of the systems of internal control.

AUDIT AND RISK COMMITTEE REPORT

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

COMMITTEE COMPOSITION AND MEETING ATTENDANCE

During the year under review the AR Committee comprised of three independent non- executive directors all of whom satisfy the requirements to serve as members on an audit committee as referred to by the Companies Act.

The Chair, the CEO, the Group Financial Director, other members of senior management and representatives from the external auditors attend the AR meetings by invitation only. The external auditors have unrestricted access to the Chair and other members of the AR Committee.

Meeting attendance is set out on pages 118 and 119 of the corporate governance review. The AR Committee meets at least four times a year with the group executive management and the external auditors. The Company Secretary attends all meetings as secretary to this Committee.

There were no changes to the AR Committee for the review period.

APPROPRIATENESS AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER AND FINANCE FUNCTION REVIEW

The AR Committee reviewed the performance of the CFO, Mr James E Smith and was satisfied that the expertise and experience of the CFO was considered appropriate to meet his responsibilities in that position as required by the JSE. The AR Committee also considered and was satisfied with:

- The expertise and adequacy of resources within the financial function;
- The financial reporting procedures in place and that such are operating efficiently; and
- The expertise of the senior financial management staff.

The AR Committee has confirmed that the company has, with consideration to all entities included in the consolidated Group IFRS financial statements, established appropriate financial reporting procedures and that these procedures are operating to ensure that it has access to all the financial information on Putprop Limited to effectively prepare and report on the financial statements.

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

CHANGE OF EXTERNAL AUDITOR

- The change in external auditor follows a formal review by the Committee of Putprop's external audit requirements, based on inter alia, costs, capacity and fit.
- After discussions with major shareholders of the Group, the AR Committee recommend to the Board that a change be implemented. The Board approved this recommendation and instructed the AR Committee to finalise the process. The AR Committee gave consideration to various Audit Firms with the necessary capacity and listed companies expertise to perform the Group audit, as well as inputs from the executives. After consideration by the committee, HLB CMA South Africa (Incorporated) was recommended and approved by the Board.
- HLB is the external auditor of Putprop. They were appointed on 12 January 2023.

EXTERNAL AUDIT

- The external auditors provide an independent assessment of systems of internal financial control and express an independent opinion on the annual financial statements. The external audit function offers reasonable, but not absolute assurance on the accuracy of financial disclosures.
- The AR Committee, in consultation with executive management, agreed to an audit fee for the 2023 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at the time.
- There are formal procedures that govern the process, whereby if the auditor is considered for non-audit services, a specific letter of engagement for such work must be created and subsequently reviewed by the AR Committee. No non-audit services were carried out for the year ending 30 June 2023.
- In addition, following the AR Committee's review of the Independent Regulatory Board of Auditors' latest findings report and the latest inspection reports and summary of internal review findings in terms of paragraph 22.15 (h) of the Listings Requirements provided by the auditors the committee satisfied itself that both HLB and Jeandre du Toit are accredited in terms of the Listings Requirements and are independent from the Company.
- Meetings were held with the auditor where management were not present, and no matters of concern were raised. Based on our processes followed nothing has come to the AR Committee's attention which would lead the AR Committee to question the external auditor's independence. Based on our satisfaction with the results of the activities outlined above, the AR Committee has recommended to the Board that HLB be appointed as the external auditors for the 2024 financial year, and Jeandre Du Toit as the designated auditor, subject to shareholder approval.

AUDIT AND RISK COMMITTEE REPORT

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

INDEPENDENCE OF EXTERNAL AUDITORS

- The Committee is required to review the independence of the external auditors HLB, in accordance with the following criteria:
- Representations made by HLB to the Committee
- The criteria specified for independence by the Independent Regulatory Board of Auditors and international regulatory bodies
- The auditor does not receive any remuneration or other benefit from Putprop expect for Putprop's appointed external auditor and approved non-audit services
- The auditor's independence was not prejudiced as result of any previous appointment as auditor
- The Committee is satisfied that the external auditor is independent

FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The annual financial statements of the Group and Company have been reviewed for the year ended 30 June 2023. Based on information provided by management the AR Committee is of the view that in all material aspects both the accounting policies and the annual financial statements are appropriate and comply with the provisions of the Companies Act, Act 71 of 2008, as amended, International Financial Reporting Standards (IFRS), interpretations as issued by the International Financial Reporting Interpretations Committee, Financial Reporting Pronouncements as issued by the Financial Reporting Standards Committee, and the JSE Listings Requirements.

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

The AR Committee considered, reviewed and approved for submission to the Board the following:

- The Group's and Company's property valuations both internal, by the directors of the Group in December 2022 and June 2023;
- The valuation performed by an independent external valuer, as at 30 June 2023;
- The full year integrated report to 30 June 2023; and
- The interim results to December 2022.

All of the reports as listed above were recommended for approval to the Board.

The AR Committee[1] has further considered the JSE's most recent report back on proactive monitoring of financial statements, and where necessary to respond to the findings highlighted in the JSE report when preparing the annual financial statements for the year ended 30 June 2023.

JSE CORRESPONDENCE 2023

During 2023 correspondence was received by the AR Chair from the JSE in respect of the restatement of the Groups June 2022 published results. The JSE was of the opinion that details provided in the notes to the Financial Statements for the year ended June 2022 was not sufficient to indicate whether prior period errors occurred due to the incorrect application of International Financial Reporting Standards (IFRS).

The JSE expressed the view that due to the alleged absence of compelling factors demonstrating that the company and or the Financial Director had exercised the highest standard of care in the preparation of the financial information for the year ended June 2020 which was subsequently restated in June 2022 due to disclosure errors, the Company and or the Financial Director may therefore be in breach of certain provisions of the Listing Requirements

The Group as a result of this query sought independent accounting advice as well as a legal opinion in this matter. In its reply to the JSE the Group demonstrated that the Financial Director had acted diligently, obtained advice from the external auditor which he believed was in their Professional competence, had actively applied his mind, and as a result this was a bona fide calculation error.

In addition, the Company indicated to the JSE that going forward, Putprop had appointed a additional external review agent to ensure compliance and correct interpretation of all IFRS and JSE requirements of future annual financial statements, further strengthening it's controls. The JSE in its final correspondence, dated 14 June 2023, considered the matter resolved.

The AR Committee confirms that it received no complaints relating to the accounting policies, reporting practices, internal financial controls or the content and auditing of its financial statements during the year under review but noted no additional assurance methods adopted.

INTEGRATED ANNUAL REPORT AND ANNUAL FINANCIAL STATEMENTS

At its meeting held on 23 August 2023, the AR Committee considered and recommended the June 2023 integrated annual report and annual financial statements for approval to the Board. The Board has subsequently approved the integrated annual report and the annual financial statements, which will be open for discussion at the forthcoming Annual General Meeting.

AUDIT AND RISK COMMITTEE REPORT

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

OVERSIGHT OF RISK MANAGEMENT

The Committee plays a vital role in the process of risk management and the Chief Financial Officer reports directly to the Committee. All risk identification, measurement and management is addressed through these channels.

A risk management plan, risk register and risk policy were review and approved by the Committee during the reporting period.

INTERNAL FINANCIAL CONTROLS

The AR Committee has reviewed the reports of the external auditors detailing their findings arising from the audit and the appropriate response from management. The AR Committee confirms that no material findings in regard to internal financial controls have been brought to its attention during the year under review. In addition, the AR Committee reviewed and ensured adherence to the annual audit plan.

SOLVENCY AND LIQUIDITY

The AR Committee is satisfied that the Board has performed a solvency and liquidity test on the Group and Company in terms of sections 4 and 46 of the Companies Act as amended and concluded that the Group and Company will satisfy this test after payment of the final dividend distribution as approved by the Board on 7 September 2023. In addition, the AR Committee noted and confirmed that this test was performed and satisfied for the payment of the interim dividend distribution approved in December 2022.

GOING CONCERN STATUS

The AR Committee has considered the going concern status of the Group and Company on the basis of reviews of the unaudited interim financial statements and the audited annual financial statements and information provided to the AR Committee by management and have recommended such going concern status to the Board. The Board statement on the going concern status of the Group and Company is noted on page 154 of the directors' report.

REGULATORY COMPLIANCE

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

IT MANAGEMENT

As at 30 June 2023 the Group does not have its own dedicated IT infrastructure. However, the AR Committee ensures that security policies, daily off-site backups and suitable firewalls are in place. Putprop is not considered IT critical, but IT remains of high importance. Eris, Sage Pastel as well as the Bidvest IT Group maintain electronic records on behalf of the Group which include financial, rent rolls and other documents.

All accounting records and critical documents are now backed up daily a cloud-based security system

During this period all accounting records operating systems have been migrated to a cloud-based system thus eliminating hardware failure and redundancies.

On behalf of the AR Committee

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H Hartley
Committee Chair

Johannesburg
23 August 2023

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2023

GROUP				COMPANY	
2023 R'000	2022 R'000		Note(s)	**2023 R'000**	2022 R'000
		ASSETS			
		Non-Current Assets			
1,058,842	953,332	Investment property (including straight-lining)	3	391,826	280,998
1,095,585	985,375	Investment property (excluding straight-lining)		395,685	284,100
(36,743)	(32,043)	Straight-lining lease income accrual	4	(3,859)	(3,102)
-	82,730	Gross investment property held under development	3	-	82,730
		Other Non-current Assets			
36,743	32,151	Operating lease asset	4	3,859	3,210
1,468	896	Property, plant and equipment	6	1,194	622
-	-	Investment in subsidiaries	7	28,431	28,431
-	-	Loans to subsidiaries	8	182,845	179,103
14,715	14,576	Investment in associates	10	47	47
55,084	52,084	Cumulative redeemable preference shares in associate	11	55,084	52,084
10,069	41,224	Deferred tax	12	-	-
1,176,921	**1,176,993**	**Total Non-current Assets**		**663,286**	**627,225**
		CURRENT ASSETS			
-	-	Loans to group companies	8	-	838
41,165	31,861	Trade and other receivables	13	27,001	14,384
-	461	Current tax receivable		-	139
18,558	19,096	Cash and cash equivalents	14	9,416	7,021
59,723	**51,418**	**Total Current Assets**		**36,417**	**22,382**
-	38,152	Net investment property held for sale		-	38,152
-	38,260	Gross investment property	3	-	38,260
-	(108)	Operating lease asset	4	-	(108)
1,236,644	**1,266,563**	**Total Assets**		**699,703**	**687,759**

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2023

GROUP				COMPANY	
2023 R'000	2022 R'000		Note(s)	**2023 R'000**	2022 R'000
		EQUITY AND LIABILITIES			
		EQUITY			
		Equity Attributable to Equity Holders of Parent			
93,490	93,490	Stated capital	15	93,490	93,490
571,420	564,651	Retained income		451,996	455,543
664,910	658,141			545,486	549,033
19,051	20,922	Non-controlling interest	17	-	-
683,961	**679,063**	**Total Equity**		**545,486**	**549,033**
		LIABILITIES			
		Non-Current Liabilities			
443,747	328,961	Loan liabilities	18	122,326	-
27,163	75,236	Deferred tax	12	10,713	27,020
470,910	**404,197**	**Total Non-current Liabilities**		**133,039**	**27,020**
		CURRENT LIABILITIES			
18,015	44,061	Trade and other payables	19	10,793	38,631
61,195	119,595	Loan liabilities	18	8,199	53,428
1,471	-	Current tax payable		1,094	-
1,092	19,647	Bank overdraft	14	1,092	19,647
81,773	**183,303**	**Total Current Liabilities**		**21,178**	**111,706**
552,684	**587,500**	**Total Liabilities**		**154,217**	**138,726**
1,236,644	**1,266,563**	**Total Equity and Liabilities**		**699,703**	**687,759**

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

GROUP				COMPANY	
2023 R'000	2022 R'000		**Note(s)**	**2023 R'000**	2022 R'000
128,439	111,325	Rental income and recoveries	20	59,550	48,892
(47,384)	(38,112)	Property operating costs	21	(20,873)	(16,431)
81,055	**73,213**	**Gross profit from property operations**		**38,677**	**32,461**
(19,229)	(18,819)	Corporate administration costs	22	(16,003)	(12,896)
11,221	3,360	Interest income	23	12,882	4,400
3,291	1,752	Other income	24	2,366	712
991	601	Expected credit losses	25	502	(26)
139	7,175	Share of associates' profits	10	-	-
77,468	**67,282**	**Operating profit before finance costs**	22	**38,424**	**24,651**
(44,221)	(29,071)	Finance costs	26	(12,493)	(2,605)
33,247	**38,211**	**Profit before fair value adjustments**		**25,931**	**22,046**
(30,173)	24,281	Fair value adjustments		(32,547)	15,411
3,074	**62,492**	**Profit (loss) before taxation**		**(6,616)**	**37,457**
6,171	11,149	Taxation	27	7,416	(7,322)
9,245	**73,641**	**(Loss) profit for the year**		**800**	**30,135**
-	-	Other comprehensive income		-	-
9,245	**73,641**	**Total comprehensive (loss) income for the year**		**800**	**30,135**
		Profit and total comprehensive income (loss) attributable to:			
11,116	64,025	Owners of the parent		800	30,135
(1,871)	9,616	Non-controlling interest		-	-
9,245	**73,641**			**800**	**30,135**
		Earnings per share			
		Per share information			
26.20	150.97	Basic and diluted earnings per share (c)	40	1.89	150.97

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

GROUP	Stated capital R'000	Retained income R'000	Total attributable to equity holders of the Group/ company R'000	Non-controlling interest R'000	Total equity R'000
Balance at 01 July 2021	**93,490**	**500,703**	**594,193**	**18,590**	**612,783**
Profit and total comprehensive income for the year	-	64,025	64,025	9,616	73,641
Dividends	-	(6,361)	(6,361)	-	(6,361)
Acquisition of additional shares (Note 17)	-	6,284	6,284	(7,284)	(1,000)
Balance at 01 July 2022	**93,490**	**564,651**	**658,141**	**20,922**	**679,063**
Profit and total comprehensive income for the year	-	11,116	11,116	(1,871)	9,245
Dividends	-	(4,347)	(4,347)	-	(4,347)
Balance at 30 June 2023	**93,490**	**571,420**	**664,910**	**19,051**	**683,961**
Note(s)	15				

COMPANY	Stated capital R'000	Retained income R'000	Total attributable to equity holders of the Group/ company R'000	Non-controlling interest R'000	Total equity R'000
Balance at 01 July 2021	**93,490**	**431,769**	**525,259**	**-**	**525,259**
Profit and total comprehensive income for the year	-	30,135	30,135	-	30,135
Dividends	-	(6,361)	(6,361)	-	(6,361)
Balance at 01 July 2022	**93,490**	**455,543**	**549,033**	**-**	**549,033**
Profit and total comprehensive income for the year	-	800	800	-	800
Dividends	-	(4,347)	(4,347)	-	(4,347)
Balance at 30 June 2023	**93,490**	**451,996**	**545,486**	**-**	**545,486**
Note(s)	15				

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

GROUP				COMPANY	
2023 R'000	2022 R'000		Note(s)	**2023 R'000**	2022 R'000
		CASH FLOWS FROM OPERATING ACTIVITIES			
33,550	94,958	Cash generated from/(used in) operations	28	(16,093)	52,692
6,985	3,360	Interest income	23	4,582	4,409
(35,342)	(29,071)	Finance costs	26	(4,605)	(2,605)
-	-	Dividends paid	30	-	-
(8,337)	(6,046)	Tax paid	29	(7,658)	(4,627)
(3,144)	**63,201**	**Net cash from operating activities**		**(23,774)**	**49,869**
		CASH FLOWS FROM INVESTING ACTIVITIES			
(768)	(353)	Purchase of property, plant and equipment	6	(768)	(353)
(47,061)	(65,749)	Purchases of investment property	3	(44,209)	(65,204)
21,592	32,864	Proceeds from sales of investment property	3	21,592	32,864
-	-	Advances on loans to group companies	8	-	(21,881)
-	-	Loan repayment received from group companies	8	(500)	12
-	-	Other loans advanced		-	(500)
(26 237)	**(33,238)**	**Net cash from investing activities**		**(23,885)**	**(55,062)**
		CASH FLOWS FROM FINANCING ACTIVITIES			
-	(1,000)	Cash paid due to change in holding		-	(1,000)
-	-	Proceeds from group loans		-	1,493
(27,677)	(47,331)	Repayment of loan liabilities	31	(6,465)	(4,341)
79,421	-	Advances received on loan liabilities	18	79,421	-
(4,347)	(6,361)	Dividends paid	30	(4,347)	(6,361)
47,397	**(54,692)**	**Net cash from financing activities**		**68,609**	**(10,209)**
18,016	**(24,729)**	**Total cash movement for the year**		**20,950**	**(15,402)**
(551)	24,178	Cash and cash equivalents at the beginning of the year		(12,626)	2,776
17,465	**(551)**	**Cash and cash equivalents at the end of the year**	14	**8,324**	**(12,626)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

1.1. Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these consolidated and separate annual financial statements, the JSE Listings Requirements and the Companies Act of South Africa of 2008.

These consolidated and separate annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The consolidated and separate annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the Group and company's functional currency.

These accounting policies are consistent with the previous period.

1.2. Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and reasonable expectations relating to future events. Actual results may differ from these estimates.

Information on the key estimates and uncertainties that have the most significant effect on amounts recognised are set out in the following notes to the financial statement:

- Fair value measurement of investment property - refer to policy note 1.6, note 3 and note 5
- Impairment of financial assets - refer to policy note 1.10, note 8, note 11, note 13, and note 37

1.3. Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all subsidiaries. Subsidiaries are entities which are controlled by the Group.

The Group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated and separate annual financial statements from the effective date of acquisition to the effective date of disposal.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Non-controlling interest is recognised on a proportionate basis.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity. The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Investments in subsidiaries in the separate financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

1.4. Joint arrangements

The Group has various undivided shares in investment properties which have been classified as joint operations, hence only the Group's percentage share in the property is included in the consolidated results.

The Group recognises the following in relation to its interests in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for assets, liabilities, revenue and expenses relating to its interest in a Joint Operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

1.5. Investment in associate

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. It generally accompanies a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method.

Under the equity method, investments in associates are carried in the Statement of Financial Position at cost adjusted for post- acquisition changes in the Group's share of net assets of the associate, less any impairment losses if applicable.

The accounting policy of the associate on measurement of investment properties has been changed to fair value measurement to ensure consistency with the policies adopted by the Group.

Investments in associates in the separate financial statements

In the company's separate financial statements, investments in associates are carried at cost less any accumulated impairment losses. .

1.6. Investment property

Investment property, which is stated at fair value less straight-line lease adjustments, constitutes land and buildings held by the Group for rental producing purposes and to appreciate in capital value. Investment properties under development are measured based on estimates prepared by an independent valuer, where this can be determined. If a property is no longer considered a core property or does not meet the Group's strategic requirements, then a sale of the property will be approved, and the property transferred to non-current assets held for sale.

Investment property is measured initially at cost, including transaction costs directly attributable to the acquisition. The carrying amount includes the cost of subsequent expenditure relating to an existing investment property incurred subsequently to add to or to replace a part of a property, if at the time that cost is incurred, it is probable that future economic benefits that are associated with the investment property will flow to the enterprise. Tenant installations are capitalised to the cost of a building. All other subsequent expenditure including the costs of day-to-day servicing of an investment property is expensed in the period in which it is incurred.

Investment property is maintained, upgraded and refurbished as determined by management from time to time, in order to preserve or improve the capital value of the asset. Maintenance and repair costs which do not add value to the asset or prolong the useful life of the asset are charged against profit and loss in the period in which it is incurred.

Effective date of property transactions

In the event of an investment property being disposed of or acquired, the effective date of the transaction is generally when all suspensive conditions have been met and complied with and the buyer becomes contractually entitled to the income and expenses associated with the property.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

1.6. Investment property (continued)

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment properties 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 consider the 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 unconditionally for a cash consideration in an orderly transaction at the date of valuation.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

Derecognition

Investment property is derecognised when the assets has been disposed of or no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property (the difference between the sale proceeds and the carrying amount) are recognised in profit or loss in the year of retirement or disposal.

1.7. Non-current assets held for sale

Investment property is classified as held for sale when it is highly probable that the property will be sold within one year from the year end. The Group considers the following factors indicative of a highly probable sale:

- Sale agreements that have been concluded that are subject to transfer and unconditional in all other material respects: and
- Options to purchase have been exercised or management has received firm indications that options are going to be exercised.
- An active programme to locate a buyer is initiated,
- The asset is available for immediate sale in its present condition,
- The asset is being actively marketed for sale at a price reasonable in relation to its fair value,
- Actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed or withdrawn.

Investment properties held-for-sale are excluded from the measurement scope of IFRS 5 Non-Current Assets Held-for-Sale and Discontinued Operations and continues to be measured according to the fair value model with gains/losses recognised in the statement of comprehensive income.management is committed to a plan to sell,

1.8. Property, plant and equipment

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Property, plant and equipment is initially measured at cost and subsequently carried at cost less accumulated depreciation and any impairment losses. Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fittings	Straight line	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
Computer equipment	Straight line	3 years
Solar equipment	Straight line	10 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

1.9. Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that a non-financial asset may be impaired. If any such indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

1.10. Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions of the instrument.

Note 37 Financial instruments and risk management presents the financial instruments held by the Group based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Group are presented below:

Financial assets at amortised cost

Classification

Trade and other receivables (note 13), loans to subsidiaries (note 8), cumulative redeemable preference shares (note 11) and cash and cash equivalents (note 14) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these financial assets give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Group's business model is to collect the contractual cash flows on these financial assets.

Recognition and measurement

Financial assets are measured, at initial recognition, at fair value plus transaction costs, if any. A trade receivable without a significant financing component is initially measured at the transaction price.

They are subsequently measured at amortised cost using the effective interest rate method.

The amortised cost is the amount recognised on the financial assets initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

In terms of IFRS 9 an entity is required to recognise an expected credit loss on a financial asset at amortised cost based on unbiased, forward-looking information.

Exposures would be divided into the following three stages:

• Stage 1: 12-month expected credit loss will be recognised on exposures where the credit risk has not significantly increased since origination.

• Stage 2: Lifetime expected credit losses will be recognised for exposures with a significant increase in credit risk since origination.

• Stage 3: Lifetime expected credit losses will be recognised on exposures that meet the definition of default. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the probability weighted estimated future cash flows discounted at the pre-tax discount rate that reflects current market assessments of the time value of money, certain forward-looking information, including estimates of economic growth, the expected value of the assets and forecast of returns, and the risks specific to the asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit characteristics. All impairment losses are recognised separately in expected credit losses in profit or loss.

An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined had no impairment loss initially been recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

1.10 Financial instruments (continued)

Trade receivables

The Group measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. The Group makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and ageing. The expected loss rates are based on the Group's historical credit losses experienced in current and prior year and are reassessed at each reporting date. In considering past default events, consideration is made to the continuous rise of inflation rates, the probability of future rental, payment history and collateral held in the form of deposits and historical legal proceedings. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers, the sectors in which they operate, post year-end collections as well as potential changes in the trade receivable risk profiles. This will result in an adjusted provision matrix for each internal credit grade and then accumulated to calculate the impairment allowance. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors. Details of the provision matrix as at 2023 is presented below:

Days Outstanding	Description	Internal credit grade	Basis for recognising expected credit loss	Provision Matrix 2023	Provision Matrix 2022
120+ Days	120 days past due or there is evidence that the asset is credit impaired	In default. Credit impaired and debtor is handed over.	Lifetime ECL (Stage 3)	100%	100%
90 Days	90 days past due or there is evidence that the asset is credit impaired	In default. Credit impaired and debtor is handed over.	Lifetime ECL (Stage 3)	45%	100%
60 Days	60 days past due or there has been a significant increase in credit risk since initial recognition	Doubtful. Debtor has exceeded their credit term. Increase in credit risk	Lifetime ECL (Stage 2)	10%	15%
30 Days	30 days past due or there has been a significant increase in credit risk since initial recognition	Doubtful. Debtor has exceeded their credit term. Increase in credit risk	Lifetime ECL (Stage 2)	4%	5%
Current	Low risk of default and no amounts are past due	Performing	Lifetime ECL (Stage 1)	1%	0%

Trade receivables is written off to profit and loss when internal and initial legal collection processes have been exhausted and a judgment is made that the amount is likely not recoverable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

1.10 Financial instruments (continued)

Other financial assets

The Group measures the loss allowance on all other financial assets by following the general approach. The loss allowance is measured at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial asset has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial asset. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial asset that are possible within 12 months after the reporting date.

In determining the amount of expected credit losses, the company takes into account any historic default experience, the financial positions of the counterparties as well as the future prospects in the property industry in which the counterparties operate.

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring as at the date of initial recognition. A credit rating is generated by: -

- Calculating historical loss ratios for each trade and lease receivable ageing bucket, and
- Adjusting these historical loss ratios by multiplying the ratio by a forward-looking factor.

The resultant credit rating provides an adjusted loss ratio for each internal credit grade. This is assessed with reference to the credit rating framework outlined as follows:

Credit rating framework for loans and other receivables

For purposes of determining the credit loss allowances, management determines the credit rating grades of each financial asset at the end of the reporting period. These ratings are determined internally by assessing evidence such as past history, existing market conditions and forward-looking estimates of economic growth and forecast of loans and other receivables to determine whether there is no realistic prospect of recovery. The table below sets out the internal credit rating framework which is applied by management when internal ratings are not available.

Internal credit grade	Description	Basis for recognising expected credit loss
Performing	Low risk of default and no amounts are past due	12 month ECL
Doubtful	Either 30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL (Stage 2)
In default	Either 90 days past due or there is evidence that the asset is credit impaired	Lifetime ECL (Stage 3)
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery	Write-off

The assessment Is performed qualitatively by reference to the borrower's cash flow and liquid asset position. The risk that the borrower will default on a demand depends on whether the counterparty has sufficient cash or other liquid assets to repay it's debt within the agreed period. (meaning that the risk of default is very low, possibly close to 0%) or it will not (meaning that the risk of default is very high, possibly close to 100%).

A financial asset is considered to be in default when there is evidence that the borrower is in significant financial difficulty such that it will have insufficient funds to repay it's debt on demand. This is assessed based on the number of factors, including various liquidity and solvency ratios.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria can identify significant increases in credit risk before the amount becomes past due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

1.10 Financial instruments (continued)

Write off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in other income profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.

The assessment of the probability of default and loss given default is based on information as afore-mentioned described. The exposure at default is the gross carrying amount of the financial asset at the reporting date.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and vice versa.

An impairment gain or loss is recognised for all receivables in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in corporate administration expenses in profit or loss as a movement in credit loss allowance.

Credit risk

Details of credit risk related to financial assets are included in the specific notes and the financial instruments and risk management note (note 37).

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount, which is based on their amortised cost.

Financial liabilities at amortised cost

Classification

Trade and other payables (note 19), loan liabilities (note 18) and bank overdrafts 14) are classified as financial liabilities and subsequently measured at amortised cost, except for VAT and amounts received in advance included in trade and other payables, which are not financial liabilities and are measured at cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

1.10 Financial instruments (continued)

Recognition and measurement

Financial liabilities are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 26).

Financial liabilities expose the Group to liquidity risk and interest rate risk. Refer to note 37 for details of risk exposure and management thereof.

Bank overdrafts

Bank overdrafts are repayable on demand and form an integral part of the daily cash management and have therefore been included in cash and cash equivalents. Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

Financial liabilities

The Group derecognises financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.11. Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

1.11. Tax (continued)

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.12. Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

There were no significant judgments and sources of estimation uncertainty in determining whether a contract is or contains a lease.

Group as lessee

The Group has only entered into short-term leases of 12 months or less. The Group recognises these lease payments as an operating expense on a straight-line basis.

Group as lessor

The Group currently only has operating leases. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards related to ownership.

Contractual rental income is recognised as revenue in profit and loss on a straight-line basis over the term of the lease.

Leased investment property is straightlined over the duration of the contract, considering the annual escalation percentage and recognising and operating lease asset.

1.13. Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as 'share capital' in equity. Dividends are recognised as a liability in the period in which they are declared.

1.14. Non–controlling interest

The non-controlling interest relates to the portion of equity ownership in a subsidiary not attributable to the parent company. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. When the proportion of the equity held by non-controlling interests changes, the Group adjusts the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The Group recognises, directly in equity, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent company.

1.15. Employee benefits Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered) are recognised in the period in which the service is rendered and are not discounted.

Accrual for leave pay represents the present obligation that the Group has as a result of employees' services rendered up to the reporting date and is calculated using salary rates and accrued days leave as at reporting date.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

1.16. Revenue

Revenue comprises the following streams:

Types of revenue	Recognition
Operating lease income	Recognised as income on a straight-line basis over the lease term. Considered fixed escalations. There is no variable lease income.
Revenue from contracts with customers: Operating cost (municipal) recoveries	Municipal recoveries are recognised over the period for which the services are rendered. The Group acts as a principal on its own account when recovering operating costs, such as utilities, from tenants. Operating cost recoveries are based on actual consumption and actual expenses incurred.

Recoveries

Recoveries income represent the transaction price, i.e. the amount of the consideration which the entity expects to receive for services provided, net of value added tax.

Recoveries are recognised on an accrual basis in line with the service being provided. Accordingly, the Group maintains its recording of service charge income on a gross basis.

Performance obligations related to recovery income	
a. When the entity typically satisfies its performance obligations	Services are rendered during the month and revenue is recognised over time (the end of each month).
b. The significant payment terms	Payment from tenants is due on the 1st of each month.
c. Variability of the consideration payable	Recoveries are typically fixed for cleaning, security and marketing contributions based on contracted expenses for a period. Utility recoveries are charged as received from municipalities.
d. The nature of the goods or services that the entity has undertaken/ agreed to transfer	Services rendered include the provision of utilities, cleaning and security.

Revenue received in advance is recognized as other payables in trade and other payables.

1.17. Investment income

Income is recognised as interest accrues using the effective interest rate method (that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instruments to the net carrying amount of the financial asset).

Dividend income is recognised when the Group's right to receive payment has been established.

1.18. Property operating costs

Operating expenses, as well as service costs for service contracts identified with a specific property are expensed as incurred.

1.19. Finance costs

Borrowing costs that are directly attributable to the development or acquisition of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

1.20. Segment reporting

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. A segment is a distinguishable component of the Group that is engaged either in providing services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segments are identified per sector as commercial, industrial, retail and residential. Corporate segments expenses relate to head office expenditure and income. The Group secondary is based on geographical location and are determined based on the location of the properties, presented by province.

James Smith (Chief Financial Officer) acts as the Chief Operating Decision Maker for the Group when analysing the segments. The Group operates in the greater Gauteng area, the North West and Mpumalanga provinces.

The measurement policies the Group uses for segment reporting under IFRS 8 - Operating Segments are the same as those used in its financial statements, except corporate administrative expenses and investment and other income are not included in determining operating profit of the Operating Segments.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of Group revenue and expenses that can be allocated on a reasonable basis to a segment. Segmental assets comprise those assets that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Operating segments have been aggregated per sector as similar characteristics are noted for the nature of the products and services being rent and recovery and the type or class of tenant occupying GLA.

1.21. Basic earnings per share and headline earnings per share

The Group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares in issue for any dilutive effects. The presentation of headline earnings is not an IFRS requirement, but is required by the JSE Limited. The calculation of headline earnings is done in accordance with SAICA Circular 1/2023.

2. NEW STANDARDS AND INTERPRETATIONS

2.1. Standards and interpretations effective and adopted in the current year

At the date of approval of these annual financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective. The Group did not adopt any of these new standards and interpretations in the current year that had a material impact.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

2.2. Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 July 2023 or later periods. These standards will be implemented in the applicable year for which they are mandatory.

There is unlikely to be a material impact on the future implementation of any of these standards.

Standard/ Interpretation:	Details of amendments	Effective date: Years beginning on or after	Impact on the financial statements
Initial application of IFRS 17 and IFRS 9 - Comparative information	In December 2021, the International Accounting Standards Board (IASB) issued Initial Application of IFRS 17 and IFRS 9 - Comparative Information (Amendment to IFRS 17). The amendment is a transition option relating to comparative information about financial assets presented on initial application of IFRS 17.	01 January 2023	The amendment is not expected to have a material impact on the Group.
IAS 12 – Deferred Tax: Deferred tax related to assets and liabilities arising from a single transaction	The IASB issued 'Deferred Tax related to Assets and Liabilities arising from a single transaction' that clarifies how companies account for deferred tax on transactions such as leases and decommissioning obligations.	01 January 2023	The amendment is not expected to have a material impact on the Group.
Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.	On 12 February 2021, the IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements.	01 January 2023	The amendment is not expected to have a material impact on the Group.
Definition of accounting estimates: Amendments to IAS 8	In February 2021, the IASB issued the definition of accounting estimates, which amended IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The amendments introduced the definition of accounting estimates and included other amendments to IAS 8 to help entities to distinguish between accounting policies and accounting estimates.	01 January 2023	The amendment is not expected to have a material impact on the Group.
Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within 12 months after the reporting period affect the classification of a liability.	01 January 2024	The amendment is not expected to have a material impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3. INVESTMENT PROPERTY

3.1. Net investment property

GROUP			COMPANY	
2023 R'000	2022 R'000		2023 R'000	2022 R'000
895,013	765,222	Property acquisitions, capital expenditure and tenant installations	313,728	158,035
200,572	220,153	Cumulative gain from gross fair value adjustment	81,957	126,065
1,095,585	**985,375**	**Carrying value**	**395,685**	**284,100**
(36,743)	(32,043)	Operating lease assets (Note 4)	(3,859)	(3,102)
1,058,842	**953,332**	**Net investment property at 30 June**	**391,826**	**280,998**
		Reconciliation of carrying value		
985,375	1,009,630	Investment property at 1 July	284,100	309,020
-	(31,640)	Transfer to investment property held for sale	-	(31,640)
-	(56,636)	Transfer to investment property held under development	-	(56,636)
3,106	65,749	Acquisition and development cost of investment property	254	65,204
-	(14,900)	Disposals	-	(14,900)
126,685	-	Transfer from held under development	126,685	-
(19,581)	13,172	Change in gross fair value	(15,354)	13,052
1,095,585	**985,375**	**Carrying value at 30 June**	**395,685**	**284,100**

3.2. Net investment property - held under development

GROUP			COMPANY	
2023 R'000	2022 R'000		2023 R'000	2022 R'000
		Stated at fair value		
-	73,416	Property acquisitions, capital expenditure and tenant installations	-	73,416
-	9,314	Cumulative gain from fair value adjustment	-	9,314
-	**82,730**	**Net investment property at 30 June**	**-**	**82,730**
		Movement for the year		
82,730	16,780	Investment property held for development at 1 July	82,730	16,780
-	56,636	Transfer from investment property	-	56,636
37,472	-	Capital expenditure and tenant installations	37,472	-
6,483	-	Borrowing cost capitalized	6,483	-
(126,685)	-	Transfer to investment property	(126,685)	-
-	9,314	Changes in gross fair value adjustment	-	9,314
-	**82,730**	**Net investment property at 30 June**	**-**	**82,730**

Capital expenditure is cost incurred to upgrade, or extend the life of the investment property. Tenant installations are upgrades are costs incurred by the Landlord in order to fit out and modify leased space to make it more suitable to the tenants needs. Capitalized borrowing costs related to interest capitalized on the construction of Mamelodi Square at rates linked to prime.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

3.3. Net investment property - held for sale

GROUP			COMPANY	
2023 R'000	**2022 R'000**		**2023 R'000**	**2022 R'000**
		Stated at fair value		
-	27,057	Property acquisitions, capital expenditure and tenant installations	-	27,057
-	11,094	Cumulative gain from fair value adjustment	-	11,094
-	**38,151**	**Net investment property at 30 June**	**-**	**38,151**
		Movement for the year		
38,152	30,156	Investment property held for development at 1 July	38,152	30,156
-	31,640	Transfer from investment property	-	31,640
(10,040)	(5,681)	Changes in gross fair value adjustment	(10,040)	(5,681)
(28,112)	(17,964)	Disposals (net of operating lease asset)	(28,112)	(17,964)
-	**38,151**	**Net investment property at 30 June**	**-**	**38,151**

Movement for the year

An agreement was entered into in 2019 whereby the company sold a 50% undivided share of the Mamelodi property to McCormick Development Company. The selling price of the 50% share in the properties was estimated at R6.6 million for Mamelodi. Final consideration of R 7.6 million was determined by occupational certificate reflecting a final GLA of 16 955m2 for the retail centre built at a price rate of R12,915 per m2. The property was transferred on the 3rd of November 2022.

The Board assessed the property yields on the Nancefield and Soshanguve properties and decided that both the properties will be held for sale as at 30 June 2022. Nancefield field's title transferred on 30 June 2023 for the amount of R7,6 million received on the 3rd of July 2023. Soshanguve was sold on 16 September 2022 for R14 million. Both properties were sold at fair value and no profit/loss on sale of asset accrued.

Investment property held as security

Investment property held as security over the loan liabilities in note 18 are as follows:

- Erf 27 and 28, Corridor Hill, Mpumalanga to the value of R51 200 000 (2022: R48 490 000);
- Erf 8 839, Secunda, Ext 60, Mpumalanga to the value of R128 700 000 (2022: R122 500 000); and
- Section 1 of 55 Oakhurst, Portion 1 and 2 of Erf 915 Parktown to the value of R74 745 523 (2022: R74 900 000).
- Exclusive use area of Scheme 159, Portion R8 and R9; Scheme 640 Portion R3, R4 and R5; Sectional Title Unit 159, Portion 6 and 8; Sectional Title Unit 83, Portion 1 and 2 and Sectional Title Unit 816, Portion 14 of SS Summit Place to the value of R510 000 000 (2022: R521 565 000).
- 50% undivided share in Portion 111 of the Farm Mamelodi 608 (Known as Mamelodi Square), Registration Division J.R. Gauteng to the value of R 83 562 000

Fair value measurement

Refer to note 5 for fair value measurement.

Property disclosures

Refer to page 60 to 81 for the property disclosures in terms of JSE Listing Requirements paragraph 13.18 and 13.19.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

4. OPERATING LEASE ASSET

GROUP			COMPANY	
2023 R'000	2022 R'000		2023 R'000	2022 R'000
		Movement for the year		
32,151	39,659	Balance at 1 July	3,210	1,971
4,592	(7,508)	Income (loss) recognised during the year	649	1,239
36,743	**32,151**	**Balance at 30 June**	**3,859**	**3,210**
		Reflected on the statement of financial position under:		
36,743	32,043	Non-current assets	3,859	3,102
-	108	Non-current assets held for sale	-	108
36,743	**32,151**		**3,859**	**3,210**

Future minimum lease payments have been set out in Note 32.

5. FAIR VALUE INFORMATION

Investment properties

The external valuations were performed by a sworn independent appraiser, Spectrum Valuations and Asset Solutions (Pty) Ltd, represented by Johan Schoeman, registered with the South African Council for the Property Valuers Profession, and carried out on 100% of the Group's property portfolio in June 2023. Spectrum Valuations and Asset Solutions (Pty) Ltd is a member of SAPOA and SACSC with over 12 years of experience within the valuation of South African property market. In the prior year, the external valuations by a sworn independent appraiser and member of the Royal Institute of Chartered Surveyors, JLL Inc. represented by Joshua Askew (IFRICS), was carried out on 100% of the Group's property portfolio in June 2022.

The fair value measurement for investment properties, properties under development and properties held for sale has been categorised as Stage 3 under the fair value hierarchy based on the inputs to the valuation's technique being unobservable.

Movement in unrealized gains and losses of fair value have been recognised in fair value adjustment in profit or loss.

GROUP			COMPANY	
2023 R'000	2022 R'000		2023 R'000	2022 R'000
(30,173)	24,281	Fair value adjustments	(32,547)	15,411

The fair value of the investment property has not been adjusted significantly for the purposes of financial reporting, other than for the lease liabilities and operating lease assets that are recognised separately in the statement of financial position.

The reconciliation of these properties is presented in note 3.

The valuations stated are in line with the director's valuations of the same properties.

The fair values of land for development were determined using the comparable sales method, which involves the use of recent comparable transactions as a basis for the valuation. The comparable sales method includes unobservable bulk rates for undeveloped land. The land has been identified as a Special Development Zone.

Bulk rates for land for development comparables varied from 1.2 to 3.08. Based on the comparables, considering the property's size, and historic data, the valuers applied a market (or bulk) selling rate of R4 100 per m² to the developable land.

The fair value of commercial, industrial, residential and retail properties are estimated using net income capitalisation method of valuation. This method determines the net normalised annual rental income of the property, assuming the property is fully let at market related rentals, and market escalations, with an allowance made for vacancies (where applicable). Market related property operating expenses are deducted, resulting in a net annual income which is then capitalised at a market related rate. The capitalisation rate is determined from the market (i.e. the rate at which similar assets have traded recently). The current occupation of the Group's portfolio is regarded as the "highest and best use" for the property and therefore valued as is.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

5. FAIR VALUE INFORMATION (CONTINUED)

Refer to page 80 to 81 for the average gross rental per m^2. The estimated rental stream takes into account:

- Actual intended use of the property;
- Location and exposure of the property;
- Demand for industrial, commercial, retail and residential space;
- Market net rental and market net rental growth;
- Occupancy rates; and
- Vacancy period.

The capitalisation rate is generally influenced by:

- Rates of return of similar properties;
- Risk;
- Obsolescence;
- Inflation;
- Market rental growth rates;
- Location and exposure of the property;
- Rates of return on other investments; and
- Mortgage rates.

The market net rental per m^2 included in the valuations were as follows:

Market net rental per segment - Rand per m^2	2023	
	From	To
Industrial	26	75
Retail	74	117
Commercial	103	285
Residential	91	91

The capitalisation rates included in the valuations were as follows:

2023		Capitalisation rates per segment	2022	
From	To		From	To
9.75 %	10.90 %	Industrial	9.04 %	20.04 %
9.00 %	9.50 %	Retail	8.76 %	15.45 %
8.50 %	10.50 %	Commercial	5.43 %	10.55 %
7.50 %	7.50 %	Residential	7.87 %	7.87 %

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

5. FAIR VALUE INFORMATION (CONTINUED)

Sensitivity analysis

The estimated fair value increases if the estimated rental increases, vacancy levels decline or if market yields and capitalisation rates decline. In contrary to this, the estimated fair value decreases if the estimated rental decreases, vacancy levels increase or if market yields and capitalisation rates increases.

The most significant inputs, which are unobservable, are the capitalisation rates based on equivalent yield rates and the Market net rental and market net rental growth. The sensitivity analysis has therefore been based on a variance in these inputs. Management view is that a sensitivity variance of 0.25% is appropriate based on experience and current market conditions. The analysis has been prepared on the assumption that all other variables remain constant. The range of market rental rates applied to the portfolio are dependent on the risk profile of each portfolio asset.

GROUP			COMPANY	
2023 R'000	2022 R'000		2023 R'000	2022 R'000
		Sensitivity measurement and effect of change in market net rental per m²		
21,668	-	Effect on fair value amount of a 0.25% increase in market net rental per m²	12,864	-
1.98 %	*- %*	*Effect on fair value as a percentage of a 0.25% increase in market net rental per m²*	*3.25 %*	*- %*
(15,276)	-	*Effect on fair value amount of a 0.25% decrease in market net rental per m²*	(7,718)	-
(1.39) %	*- %*	*Effect on fair value as a percentage of a 0.25% decrease in market net rental per m²*	*(1.95) %*	*- %*
		Sensitivity measurement and effect of change in capitalisation rates		
(51,579)	(48,218)	Effect on fair value amount of a 0.25% increase in capitalisation rates	(9,356)	(9,499)
(4.71) %	*(4.36) %*	*Effect on fair value as a percentage of a 0.25% increase in capitalisation rates*	*(2.36) %*	*(2.34) %*
28,536	51,388	Effect on fair value amount of a 0.25% decrease in capitalisation rates	9,859	9,975
2.60 %	*4.64 %*	*Effect on fair value as a percentage of a 0.25% decrease in capitalisation rates*	*2.49 %*	*2.46 %*
		Sensitivity measurement and effect of change in bulk rates on undeveloped land		
6,212	-	Effect on fair value amount of a 0.25% increase in bulk rates	-	-
25.00 %	-	*Effect on fair value as a percentage of a 0.25% increase in bulk rates*	-	-
(6,212)	-	Effect on fair value amount of a 0.25% decrease in bulk rates	-	-
(25.00) %	-	*Effect on fair value as a percentage of a 0.25% decrease in bulk rates*	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

6. PROPERTY, PLANT AND EQUIPMENT

2023 R'000 Cost	Accumulated depreciation	Carrying value	GROUP	2022 R'000 Cost	Accumulated depreciation	Carrying value
866	(270)	596	Furniture and fittings	814	(204)	610
147	(147)	-	Motor vehicles	147	(147)	-
594	(399)	195	Office equipment	566	(315)	251
314	(286)	28	Computer equipment	279	(244)	35
652	(3)	649	Solar equipment	-	-	-
2,573	**(1,105)**	**1,468**	**Total**	**1,806**	**(910)**	**896**

2023 R'000 Cost	Accumulated depreciation	Carrying value	COMPANY	2022 R'000 Cost	Accumulated depreciation	Carrying value
530	(208)	322	Furniture and fittings	477	(141)	336
147	(147)	-	Motor vehicles	147	(147)	-
594	(399)	195	Office equipment	566	(315)	251
314	(286)	28	Computer equipment	279	(244)	35
652	(3)	649	Solar equipment	-	-	-
2,237	**(1,043)**	**1,194**	**Total**	**1,469**	**(847)**	**622**

Reconciliation of property, plant and equipment - Group - 2023

	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Furniture and fittings	610	53	(67)	596
Office equipment	251	28	(84)	195
Computer equipment	35	35	(42)	28
Solar equipment	-	652	(3)	649
	896	**768**	**(196)**	**1,468**

Reconciliation of property, plant and equipment - Group - 2022

	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Furniture and fittings	304	353	(47)	610
Motor vehicles	45	-	(45)	-
Office equipment	329	-	(78)	251
Computer equipment	86	-	(51)	35
	764	**353**	**(221)**	**896**

Reconciliation of property, plant and equipment - Company - 2023

	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Furniture and fittings	336	53	(67)	322
Office equipment	251	28	(84)	195
Computer equipment	35	35	(42)	28
Solar equipment	-	652	(3)	649
	622	**768**	**(196)**	**1,194**

Reconciliation of property, plant and equipment - Company - 2022

	Opening balance R'000	Additions R'000	Depreciation R'000	Total R'000
Furniture and fittings	30	353	(47)	336
Motor vehicles	45	-	(45)	-
Equipment	329	-	(78)	251
Computer equipment	86	-	(51)	35
	490	**353**	**(221)**	**622**

The carrying amounts of plant and equipment is equal to the fair value of the assets.
There were no plant and equipment pledged as security for the year under review.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

7. INVESTMENTS IN SUBSIDIARIES

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

Name of company	Nature of business	Issued share capital	% Holding and % Voting		Carrying amount in the company		Carrying amount of loan owing by subsidiary (Note 8)	
			2023	2022	2023	2022	2023	2022
HELD BY PUTPROP LTD							-	-
Secunda Value Centre (Pty) Ltd	Retail centre	1,000	100.00	100.00	5,942	5,942	21,031	21,031
Pilot Peridot Investments 1 (Pty) Ltd	Mixed use commercial	100,000	73.24	73.24	18,172	18,172	149,664	144,260
Corridor Hill (Pty) Ltd	Retail centre	400	100.00	100.00	4,317	4,317	12,150	14,650
Baraville (Pty) Ltd	Dormant	2,000	100.00	100.00	-	-	^	^
Edenvale Bus Service (Pty) Ltd	Dormant	1,000	100.00	100.00	-	-	^	^
Namasota (Pty) Ltd	Dormant	1,000	100.00	100.00	-	-	^	^
Putfield (Pty) Ltd	Dormant	1,000	100.00	100.00	-	-	^	^
					28,431	28,431	**182,845**	179,941
HELD BY PILOT PERIDOT INVESTMENTS 1 (PTY) LTD								
Menlyn Villas (Pty) Ltd	Residential	100	100.00	100.00				

^ Less than R1 000

All subsidiaries are incorporated in South Africa and all operations are in South Africa.

Goodwill has been fully impaired.

No subsidiaries have been pledged as security. There are no restrictions to the company in respect of the ability to access assets and liabilities of the subsidiaries.

The investments held in subsidiaries are tested for indicators of impairment annually. Net asset values, forecasted cashflows as well as profitability was considered for the investments and no indicators were present for impairments.

Refer to Note 8 for details on the impairment is loans owing by subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

8. LOANS TO SUBSIDIARIES

Company - 2023	Secunda Value Centre (Pty) Ltd	Pilot Peridot Investments 1 (Pty) Ltd	Corridor Hill Properties (Pty) Ltd	Total
Loan 1	21,301	126,912	12,150	160,363
Loan 2	838	1,368	-	2,206
Loan 3	-	17,103	-	17,103
Loan 4	-	5,404	-	5,404
Gross loan amount	**22,139**	**150,787**	**12,150**	**185,076**
Expected credit loss	(1,108)	(1,123)	-	(2,231)
Carrying value	**21,031**	**149,664**	**12,150**	**182,845**

Company - 2022	Secunda Value Centre (Pty) Ltd	Pilot Peridot Investments 1 (Pty) Ltd	Corridor Hill Properties (Pty) Ltd	Total
Loan 1	21,301	126,912	14,650	162,863
Loan 2	838	1,368	-	2,206
Loan 3	-	17,103	-	17,103
Loan 4	-	2,904	-	2,904
Gross loan amount	**22,139**	**148,287**	**14,650**	**185,076**
Expected credit loss	(1,108)	(1,123)	-	(2,231)
Carrying value	**21,031**	**147,164**	**14,650**	**182,845**
Split between non-current and current portions				
Non-current assets	-	-	182,845	179,103
Current assets	-	-	-	838
	-	**-**	**182,845**	**179,941**

Loan 2 and Loan 3 of Pilot Peridot Investments 1 (Pty) Ltd are unsecured, bear interest at prime plus 2% per annum and have are repayable on demand with a 12 month-notice period. All other loans are unsecured, interest free and are repayable

Loans granted consist of loans made to related party entities. The credit risks around these related parties have been assessed by management based on the related party's ability to discharge its obligation of the settlement of the loan. The credit risk of these transactional loans is low considering, inter alia, that the subsidiaries property value and rental yield are expected to remain at or above current levels. The net asset value of each subsidiary is sufficient to cover the value of its loan and therefore management considers the loans recoverable.

An assessment done based on stage 3: lifetime expected credit losses will be recognised on exposures that meet the definition of default. All available forward-looking information, including estimates of economic growth, the expected value of the investment properties and forecast revenue, profitability liquidity and solvency, were considered, which indicated no risk of default and consequently the loans were not impaired. Based on the assessment no additional expected credit losses were recognised in the current year.

Fair value of group loans receivable

The fair value of group loans receivable approximates their carrying amounts. The effect of discounting the carrying value of non-current, interest-free loans is not considered to be material to the company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

9. JOINT ARRANGEMENTS JOINT OPERATIONS

Company	Nature of business	% Ownership interest 2023	% Ownership interest 2022
Corridor Hill	Retail centre	50	50
Mamelodi Square	Retail centre	50	50
Summit Place	Retail centre	50	50

All joint operations operate in South Africa.

Corridor Hill property is classified as a joint operation. As per the co-ownership agreement between Corridor Hill Properties (Pty) Ltd and Bidvest Properties (Pty) Ltd each party has a 50% contractual share in the underlying asset and liabilities, and it is therefore classified as a joint operation with effective date from May 2015.

Mamelodi Square is classified as a joint operation. As per the co-ownership agreement between Putprop Limited and McCormick Property Development (Pty) Ltd each party has a 50% contractual share in the underlying asset and liabilities, and it is, therefore, classified as a joint operation with effective date from April 2019.

Summit Place is classified as a joint operation in Pilot Peridot Investments 1 (Pty) Ltd, a subsidiary of Putprop Ltd. As per the co-ownership agreement between Pilot Peridot and Emira Property Fund Limited, each party has a 50% contractual share in the underlying asset and liabilities and it is, therefore classified as a joint operation effective from 20 July 2015.

10. INVESTMENT IN ASSOCIATE

Name of company	Nature of business	% Ownership interest		Group carrying amount		Company carrying amount	
		2023	2022	2023	2022	2023	2022
Belle Isle Investments (Pty) Ltd	Mixed use retail/ commercial	18.175	18.175	14,715	14,576	47	47

The associate is incorporated in South Africa and all operations are in South Africa.

The IAS 28 requirements for significant influence were assessed and it was concluded that:

- Voting rights are attached to the ordinary shares in issue. Putprop Group has 18.175% voting rights.
- Putprop has board representation on the board. The CFO of Putprop is also the Chairman of Belle Isle's Board.
- Putprop will be participating in the policy-making process, however, will not control them.

After taking the above into consideration, it was concluded that Putprop does exercise significant influence over Belle Isle Investments.

The investment is equity accounted. Belle Isle has a 28 February year end. The financial information included in the consolidation based on annual audited figures for the February year end, adjusted for the period which falls outside the Group's financial period, as well as the unaudited management accounts for the four months ended 30 June. The February year end is not aligned with that of the Group as Putprop is unable to control the shareholder or Board decisions to change the year end.

The investment in Belle Isle Investments (Pty) Ltd was tested for impairments at reporting date. The net asset vale of the investment is assessed to determine whether there is any indication that it may have suffered an impairment loss. If any such indication exists, the recoverable amount of the investment is estimated in order to determine the extent of the impairment loss. No indicators were present for impairment that cannot be recovered through distributable profits of the relevant associate.

SUMMARISED FINANCIAL INFORMATION
SUMMARISED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2023 R'000	2022 R'000
Revenue	39,156	40,161
Fair value adjustment on investment property	-	35,100
Profit after tax from continuing operations	12,767	39,478
Profit after tax from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	12,767	39,478

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

10. INVESTMENT IN ASSOCIATE (CONTINUED)

SUMMARISED STATEMENT OF FINANCIAL POSITION	2023 R'000	2022 R'000
ASSETS		
Non-current	**441,727**	429,605
Current	**26,883**	26,132
Total assets	**468,610**	455,737
LIABILITIES		
Non-current	**154,173**	141,407
Current	**4,209**	4,867
Total liabilities	**158,382**	146,274
Net asset value	**310,228**	309,463
Less: Cumulative redeemable preference shares	**(229,265)**	(229,265)
Total net assets	**80,963**	80,198

Reconciliation of net assets to equity accounted investments in associates

	2023 R'000	2022 R'000
Interest in associate at percentage ownership	14,715	14,576
Carrying value of investment in associate	**14,715**	**14,576**
Investment at beginning of period	14,576	7,402
Share of profits excluding fair value adjustment	139	795
Share of fair value adjustment on investment property	-	6,379
Investment at end of period	**14,715**	**14,576**

11. CUMULATIVE, REDEEMABLE PREFERENCE SHARES

GROUP			COMPANY	
2023 R'000	**2022 R'000**		**2023 R'000**	**2022 R'000**
55,084	52,084	Preference shares - Belle Isle Investments (Pty) Ltd	55,084	52,084

The terms of the preference shares are cumulative at a 7.2% coupon rate, redeemable at the option of Belle Isle Investments (Pty) Ltd and with no fixed date of redemption. The preference dividend holders do not have any voting rights and does not in substance qualify as ordinary shares.

Credit risk was assessed for any possible impairment. The Group determined that the net asset value of Belle Isle exceeds investment and is sufficient to cover the value of the preference shares. All available forward-looking information, including estimates of economic growth, the expected value of the investment property and the forecasted revenue were considered and indicated no risk of default. Loss allowance is based on stage 1, a 12-month expected credit loss on exposures where the credit risk has not been significantly increased since origination. The value is considered to be recoverable and no loss allowance was recognised based on the forecast performance of the associate and the net asset value of the associate exceeding the value of the preference.

Fair value of cumulative, redeemable preference shares

The fair value of cumulative, redeemable preference shares approximates its carrying amount as the current coupon rate is still considered to be within market related range.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

12. DEFERRED TAX

GROUP 2023 R'000	GROUP 2022 R'000		COMPANY 2023 R'000	COMPANY 2022 R'000
		DEFERRED TAX LIABILITY		
(49,410)	(43,343)	Section 13 Quinn allowances	-	-
(17,599)	(23,212)	Fair value adjustments	(16,869)	(27,188)
(9,777)	(8,681)	Operating lease rental income adjustment	(898)	(867)
(23)	-	Prepaid expenses	(23)	-
(76,809)	**(75,236)**	**Total deferred tax liability**	**(17,790)**	**(28,055)**
		DEFERRED TAX ASSET		
13,391	-	Investment property	6,029	-
975	-	Credit loss allowances	620	-
200	-	Provisions	186	-
782	-	Tenant deposits	243	-
75	2,009	Other temporary differences	-	1,035
15,423	2,009	Deferred tax balance from temporary differences other than unused tax losses	7,078	1,035
44,293	39,215	Tax losses available for set off against future taxable income	-	-
59,716	**41,224**	**Total deferred tax asset**	**7,078**	**1,035**

The deferred tax asset and deferred tax liability relate to income tax in the same jurisdiction and allows for net settlement. Therefore, at company level, they have been offset in the statement of financial position.

GROUP 2023 R'000	GROUP 2022 R'000		COMPANY 2023 R'000	COMPANY 2022 R'000
(27,163)	(75,236)	Deferred tax liability	(10,713)	(27,020)
10,069	41,224	Deferred tax asset	-	-
(17,094)	**34,012**	**Total net deferred tax (liability) asset**	**(10,713)**	**(27,020)**
		Reconciliation of deferred tax asset / (liability)		
(34,012)	(50,398)	At beginning of year	(27,020)	(24,416)
-	1,496	Rate change	-	1,001
5,078	2,759	Increases (decrease) in tax loss available for set off against future taxable income		
		Movement in originating and reversing temporary differences on:	-	-
(6,067)	(6,849)	Section 13 Quinn allowance	-	-
16,515	(5,976)	Fair value adjustments	15,812	(3,989)
(1,096)	2,103	Operating lease rental income adjustment	(31)	(347)
-	-	Investment property	-	-
(36)	(952)	Other temporary differences	(10)	(456)
2,524	23,805	Prior year (under)/over provision	**536**	1,187
(17,094)	**(34,012)**		**(10,713)**	**(27,020)**

Change in tax rate

The corporate tax rate was changed from 28% to 27% and considered substantively enacted on 24 February 2021. The new rate is effective for tax years ending 30 June 2023. The deferred tax balance has been calculated by applying the new rate, taking the expected timing of reversal of deferred tax components into consideration.

In the current year, the Group approached independent tax specialists to draw assist with determining the current Tax base of investment property. The exercise entailed a review of previous tax returns an assessing the amount of building allowances declared. The review revealed that the company had under provided for the deferred tax liability. The Group subsequently revised the Tax Base of each asset and elected to prospectively restate the Deferred tax Liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

13. TRADE AND OTHER RECEIVABLES

Group 2023 R'000	Group 2022 R'000		Company 2023 R'000	Company 2022 R'000
		FINANCIAL INSTRUMENTS:		
6,859	6,876	Rent receivables	1,389	305
11,273	7,080	Rent receivables - related party	11,273	7,080
2,071	2,138	Accrued income	60	-
(2,361)	(3,397)	Loss allowance	(107)	(609)
17,842	12,697	Rent receivables at amortised cost	12,615	6,776
5,689	3,679	Deposits	1,261	689
2,460	-	Loan receivables	-	-
7,600	-	Proceeds on sale of investment property	7,600	-
4,634	-	Other receivables	4,232	31
		NON-FINANCIAL INSTRUMENTS:		
2,472	7,929	VAT	1,029	6,806
-	7,413	Other receivables *	-	-
468	143	Prepayments	264	82
41,165	**31,861**	**Total trade and other receivables**	**27,001**	**14,384**

Financial instrument and non-financial instrument components of trade and other receivables

Group 2023 R'000	Group 2022 R'000		Company 2023 R'000	Company 2022 R'000
38,225	16,376	At amortised cost	25,708	7,496
2,940	15,485	Non-financial instruments	1,293	6,888
41,165	**31,861**		**27,001**	**14,384**

* Other receivables reflected as non-financial instruments mainly include lease commission amortisation and tenant installation amortisation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

Exposure to credit risk

Management has established a credit policy in terms of which each new tenant is analysed individually for credit worthiness before the Group's standard payment terms and conditions are offered which include in most cases, the provision of a deposit of at least one month's rental. The Group monitors the financial position of its tenants on an ongoing basis. Details of the Groups credit risk management practices are included in accounting policy note 1.10.

Management assessed the credit risk for the rent receivables of a related party for which an acknowledgement of debt has been signed. The assessment included considering the economic conditions during the period over which the historical data was collected, current conditions and the Group's view of future economic conditions taking into consideration the pressure facing smaller tenants and the possible increase in probability of default. After this assessment, management concluded the amount to be fully recoverable; and no loss allowance was raised in this regard.

Rent receivables comprise of a relatively small tenant base, the majority of whom are national tenants. One of the Group's tenants accounted for 57.75% (2022: 35.7%) of total rental receivables at year end, resulting in a concentration of credit risk. Of the amounts owing by this tenant, an acknowledgement of debt has been signed for R11.2 million. Aside from this tenant there are no other significant concentrations of credit risk within the Group's tenant base.

The rent receivable from a related party relates to Larimar Properties (Pty) Ltd. An acknowledgement of debt has been signed. The Group considered this as well the regular receipt of payment after year-end, forecasted performance and new contracts entered into by the related party as part of the credit risk assessment. Based on these considerations the credit risk reduced and management considered that no increase in the credit loss allowance was required.

As at 30 June 2023 and 30 June 2022 there were no rent receivables written off that were still subject to enforcement.

Deposits paid to suppliers are mainly deposits with municipalities. These have also been assessed for credit risk based on past events and forward-looking information. No impact has been identified and the potential that there would be credit losses in the foreseeable future is considered low.

Loan receivables of R2,460m related to rent receivable amounts that have been agreed to be converted to a loan and be repaid over 12 months at an interest rate of prime plus 2%. Credit risk has been assessed on these loans considering the current and forecast financial position of the counterparty and the payment history of the loan. No increase in credit loss allowance was required.

The R7,6m receivable for the proceeds from the sale of investment properties was received on 3 July 2023. Refer to note 3 regarding the sale of the Nancefield property.

The credit risk on other receivables is not considered material based on the nature of the receivable and the value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

The loss allowance provision on rent receivables is determined as follows:

2023 R'000 Estimated gross carrying amount at default	2023 R'000 Loss allowance (Lifetime expected credit loss)	GROUP Expected credit loss rate:	2022 R'000 Estimated gross carrying amount at default	2022 R'000 Loss allowance (Lifetime expected credit loss)
2,439	(24)	Current: 1.00% (2022: 0.00%)	3,258	-
1,294	(80)	More than 30 days past due: 4.00% (2022: 5.00%)	1,908	(95)
799	(80)	More than 60 days past due: 10.00% (2022: 15.00%)	1,465	(220)
271	(121)	More than 90 days past due: 45.00% (2022: 100.00%)	99	(99)
2,056	(2,056)	More than 120 days past due: 100.00% (2022: 100.00%)	3,090	(3,090)
6,859	**(2,361)**	**Total**	**9,820**	**(3,504)**

2023 R'000 Estimated gross carrying amount at default	2023 R'000 Loss allowance (Lifetime expected credit loss)	COMPANY Expected credit loss rate:	2022 R'000 Estimated gross carrying amount at default	2022 R'000 Loss allowance (Lifetime expected credit loss)
757	(8)	Current: 1.00% (2022: 0.00%)	2,231	-
213	(3)	More than 30 days past due: 4.00% (2022: 5.00%)	1,574	(79)
256	(15)	More than 60 days past due: 10.00% (2022: 15.00%)	1,291	(193)
149	(67)	More than 90 days past due: 45.00% (2022: 100.00%)	20	(20)
14	(14)	More than 120 days past due: 100.00% (2022: 100.00%)	317	(317)
1,389	**(107)**	**Total**	**5,433**	**(609)**

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for rent receivables:

GROUP			COMPANY	
2023 R'000	**2022 R'000**		**2023 R'000**	**2022 R'000**
(3,549)	(692)	Opening balance	(609)	(584)
-	3,144	Change in control	-	-
3,549	-	Provisions reversed on settled trade receivables	609	584
(2,361)	(2,559)	Provisions raised on new rent receivables	(3,504)	(609)
(2,361)	**(107)**	**Closing balance**	**(3,504)**	**(609)**

In the prior year, the Group acquired additional shares in Pilot Peridot Investments 1 (Pty) Ltd (refer to Note 17). This resulted in an increase in rent receivables being assessed for credit impairment. ECLs and receivables written off have been included in corporate and other expenses in profit and loss to the annual financial statements.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts due to the short term nature thereof.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

14. CASH AND CASH EQUIVALENTS

GROUP 2023 R'000	GROUP 2022 R'000		COMPANY 2023 R'000	COMPANY 2022 R'000
		Cash and cash equivalents consist of:		
18,558	19,096	Cash on hand and deposits held with banking institutions	9,416	7,021
(1,092)	(19,647)	Bank overdraft	(1,092)	(19,647)
17,466	**(551)**		**8,324**	**(12,626)**
18,558	19,096	Current assets	9,416	7,021
(1,092)	(19,647)	Current liabilities	(1,092)	(19,647)
17,466	**(551)**		**8,324**	**(12,626)**

Cash held at banks earns interest at prevailing market rates.

Putprop Limited has an overdraft facility of R25 million. This facility is available to Putprop Limited on an unsecured basis. A significant portion of bank balances are with Absa Group Limited, which has a Moody's credit rating of BB- (2022: Ba2).

Credit risk was considered and no credit loss allowance was considered to be required due to the amounts being held at reputable banking institutions with high credit risk quality.

Fair value of cash and cash equivalents

The carrying value of cash and cash equivalents approximate their fair value due to the short-term nature thereof.

15. SHARE CAPITAL

GROUP 2023 R'000	GROUP 2022 R'000		COMPANY 2023 R'000	COMPANY 2022 R'000
		AUTHORISED		
		500 000 000 shares of no par value		
		Reconciliation of number of shares issued:		
42,409,181	42,409,181	Reported as at 01 July and 30 June	42,409,181	42,409,181
		ISSUED		
93,490	93,490	42 409 181 (2021: 42 409 181) shares of no par value	93,490	93,490

The ordinary shares have 1 vote in respect of each share at any meeting of the shareholders of the holding company, the right to receive a dividend if declared, and the right to participate in the capital surplus on the winding up of the holding company.

16. DIVIDENDS DECLARED

GROUP 2023 R'000	GROUP 2022 R'000		COMPANY 2023 R'000	COMPANY 2022 R'000
		ORDINARY		
2,545	4,559	Dividend 66 (4.25 cents) – Final 2022: 6.00 cents (2021: 10.75 cents)	2,545	4,559
1,802	1,802	Dividend 67 (6 cents) – Interim 2023: 4.25 cents (2022: 4.25 cents)	1,802	1,802
4,347	**6,361**		**4,347**	**6,361**
10.25	15.00	Total cents per share distributed	10.25	15.00

A Final dividend of 7 cents per ordinary share were declared by the Board on 7 September 2023

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

17. NON-CONTROLLING INTEREST

The information is before intercompany eliminations with other companies in the Group.

	2023 R'000 Pilot Peridot One	2022 R'000 Pilot Peridot One
Total non-controlling interest	19,051	20,922
The non-controlling interest of represents 73.24% the net asset value of Pilot Peridot Investments 1 who has a 50% co-ownership agreement with Emira Property Fund in the property Summit Place situated in Menlyn at 30 June 2023.		
During the 2022 financial period, Putprop acquired an additional 12.03% in Pilot Peridot One which increased Putprop's shareholding to 73.24% (2021: 61.21%).		
Effect on equity attributable to Putprop due to the additional shareholding:		
Amount paid for the additional shareholding	-	1 000
Amount adjusted in non-controlling interest	-	(7,284)
Non-controlling interest after the additional shareholding (26.76%)	-	16 203
Non-controlling interest after the additional shareholding (38.79%)	-	(23,487)
Total effect on equity attributable to Putprop	-	(6,284)
The Putprop Group has elected to measure the non-controlling interest at their proportionate share as stated in the accounting policies.		
Effective interest	73.24%	73.24%

Pilot Peridot 1 (Pty) Ltd is incorporated in South Africa. It operates within South Africa and derives income from letting of commercial property.

The following table shows the summarised statement of financial position as at 30 June 2023 and the summarised statement of profit and loss and other comprehensive income for the period ending 30 June 2023:

SUMMARISED STATEMENT OF FINANCIAL POSITION		
Non-current assets	**530 403**	**540 753**
Net investment property	490 510	516 071
Gross investment property	510 000	530 285
Operating lease asset	(19 490)	(14 214)
Other non-current assets	39 893	24 682
Current assets	**14 811**	**22 093**
Operating lease asset	-	-
Trade and other receivables	12 423	15 929
Cash and cash equivalents	2 388	6 164
Non-current liabilities	**469 548**	**478 186**
Deferred taxation	-	(7 194)
Loan liabilities	469 548	485 380
Current liabilities	**8 782**	**6 484**
Trade and Other payables	2 632	2 045
Taxation payable	-	50
Loan liabilities	6 150	4 749
Net assets	**66 885**	**78 179**
Net assets attributable to non-controlling interest	**15 892**	**20 921**
SUMMARISED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME		
Property rental revenue	31 017	29 663
Operating cost recoveries	15 457	12 715
Property expenses	(20 188)	(16 669)
Corporate expenses	(2 126)	(4 753)
Expected credit losses	621	750
Investment and other income	1 399	1 463
Finance costs	(28 364)	(23 252)
Fair value adjustments	(9 141)	10 526
Taxation	2 943	19 820
Profit and total comprehensive income	(8,381)	30 261
Net profit attributable to non-controlling interest	(2 243)	9 616
Net profit and total comprehensive income attributable to non-controlling interest	**(2 243)**	**9 616**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

17. NON-CONTROLLING INTEREST (CONTINUED)

Menlyn Villas (Pty) Ltd is a wholly owned subsidiary of Pilot Peridot and is incorporated in South Africa. Menlyn Villas operates in South Africa and derives income through letting of residential property.

The following table shows the Summarised Statement of Financial Position as at 30 June 2023 and the Summarised Statement of Profit and Loss and Other Comprehensive Income for the period ending 30 June 2023:

The information is before intercompany eliminations with other companies in the Group.

	2023 R'000 Menlyn Villas	**2022 R'000** Menlyn Villas
Effective interest	73.24%	73.24%
Non-current assets		
Net investment property	10 000	8 720
Gross investment property	10 000	8 720
Investment in subsidiary	1	1
Other non-current assets		67
Loans to subsidiary	134	134
Loan to Group Companies	800	
Trade and other receivables	85	116
Taxation receivable	18	
Cash and cash equivalents	21	476
Total assets	**11 058**	**9 514**
Non-current liabilities	-	
Deferred taxation	192	
Loan liabilities	9 848	9 848
Current liabilities	-	
Trade and other payables	85	101
Bank Overdraft	-	
Current tax payable	30	50
Loan liabilities	-	-
Total liabilities	**10 155**	**9 999**
Net assets	**903**	**(485)**
Net assets attributable to non-controlling interest	**215**	**(115)**

SUMMARISED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Property rental revenue	810	706
Operating cost recoveries	134	146
Property expenses	(369)	(479)
Corporate expenses	(95)	(4 660)
Expected credit losses	(40)	(125)
Investment and other income	37	7
Finance costs	-	-
Fair value adjustments	1 280	220
Taxation	(368)	1
Profit and total comprehensive income	1 388	384
Net profit attributable to non-controlling interest	371	91
Net profit and total comprehensive income attributable to non-controlling interest	371	**91**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

18. LOAN LIABILITIES

GROUP			COMPANY	
2023 R'000	**2022 R'000**		**2023 R'000**	**2022 R'000**
		OTHER FINANCIAL LIABILITIES		
		Nedbank Limited - 1001738252		
46,963	50,428	The loan is repayable in monthly instalments of R683 272 (2022: R656 993). Interest rate charged is JIBAR plus 2,97%. A balloon payment is due on 5 July 2024. The bond is secured by investment property as per note 3.	46,963	50,428
		Nedbank Limited - 30150755		
22,574	25,757	The loan is repayable in monthly instalments of R492,942 (2022: R465,039). The interest rate is fixed at a rate of 10.93% per annum. A balloon payment of R13 million is due on 11 August 2025. The bond is secured by investment property as per note 2.	-	-
		Nedbank Limited - 30151232		
1,417	1,939	The loan is repayable in monthly instalments of R54 722.73 (2022: R54 722.73). The interest rate is fixed at a rate of prime less 1%. There is no balloon payment on this loan. This loan is secured over investment property as per note 3.	-	-
		Nedbank Limited - 30151238		
11,406	14,788	The loan is repayable in monthly instalments of R387 917 (2022: R369 281) The interest rate is fixed at a rate of prime less 1%. There is no balloon payment on this loan. This loan is secured by investment property as per note 3.	-	-
		Standard Bank Limited		
13,064	13,900	The loan bears interest at prime rate and the monthly instalments consists of the interest accrued for the month and a capital settlement of R195 244 (2022: R149 795). A final balloon settlement is due on 30 April 2027. The loan is secured by investment property as per note 3.	-	-
		Absa Bank Limited - 7010182196		
282,111	285,000	The loan is repayable in monthly instalments of R2 613 355 (2022: R1 440 426) The interest rate is charged at a rate of prime less 0.85%. A balloon payment of is due on 7 February 2025. The bond is secured by investment property as per note 3.	-	-
		ABSA Bank Limited - 7010199858		
83,562	-	The loan bears interest at prime less 0.75% per annum and is capitalised monthly to the maximum of R3 310 900. The loan is repayable 12 months after first drawdown. The loan is secured by investment property as per note 3.	83,562	-
461,097	**391,812**		**130,525**	**50,428**

During the 2022 financial year, the SARB has indicated its intention to move away from JIBAR and has identified a potential successor in the South African Rand Overnight Index Average Rate (ZARONIA). The new ZARONIA rate was published for observation during 2022 and is expected to be endorsed as a successor rate in 2023.

There has been no transition at reporting date. The Group continues to evaluate the interest rate risk with its bankers. The amendment is not expected to have a material impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

18. LOAN LIABILITIES (CONTINUED)

GROUP 2023 R'000	GROUP 2022 R'000		COMPANY 2023 R'000	COMPANY 2022 R'000
		LOANS FROM RELATED PARTIES		
		Ginana (Pty) Ltd		
-	3,000	The loan was repayable within a 12-month notice period, was unsecured and bore interest at prime rate plus 2%.	-	3,000
		Corridor Hill Properties (Pty) Ltd		
4,195	4,195	This loan is interest free, unsecured and repayable on demand with a 12-month notice period.	-	-
4,195	**7,195**		**-**	**3,000**
		SHAREHOLDER LOANS		
39,650	49,549	These loans bear interest at a rate ranging from 0% to prime interest rate plus 2%. These loans are repayable on demand with a 12-month notice period. Shareholder loans have been subordinated in favor of the loan granted by Absa Bank Limited - 7010182196	-	-
504,942	**448,556**		**130,525**	**53,428**
		SPLIT BETWEEN NON-CURRENT AND CURRENT PORTIONS		
443,747	328,961	Non-current liabilities	122,326	-
61,195	119,595	Current liabilities	8,199	53,428
504,942	**448,556**		**130,525**	**53,428**

Fair value of loan liabilities

The carrying amounts of interest-bearing loans approximate their fair values as interest is charged at market-related interest rates. The carrying amount of the interest-free loans approximate the fair value as the effect of discounting is not significant.

19. TRADE AND OTHER PAYABLES

GROUP 2023 R'000	GROUP 2022 R'000		COMPANY 2023 R'000	COMPANY 2022 R'000
		Financial instruments:		
12,118	40,169	Accrued expenses and trade payables	7,428	36,975
366	-	Sundry payables	-	351
687	542	Leave pay accrual	687	542
155	-	Dividends payable	155	-
4,090	2,984	Tennant deposits	1,790	742
		Non-financial instruments:		
733	-	Amounts received in advance	733	-
232	-	VAT	-	21
18,015	**44,061**		**10,793**	**38,631**

Financial instrument and non-financial instrument components of trade and other payables

GROUP 2023 R'000	GROUP 2022 R'000		COMPANY 2023 R'000	COMPANY 2022 R'000
17,051	43,519	At amortised cost	10,060	38,610
965	542	Non-financial instruments	733	21
18,016	**44,061**		**10,793**	**38,631**

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts due to the short term nature thereof.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

20. PROPERTY RENTAL INCOME AND OPERATING COST RECOVERIES

GROUP			COMPANY	
2023 R'000	**2022 R'000**		**2023 R'000**	**2022 R'000**
		Revenue other than from contracts with customers		
97,364	89,016	Lease rental income as per lease agreement	42,977	34,692
(6,493)	(7,509)	Operating lease rental straight-line adjustment	115	1,239
90,871	**81,507**		**43,092**	**35,931**
		Revenue from contracts with customers		
37,568	29,818	Recoveries	16,458	12,961
128,439	**111,325**		**59,550**	**48,892**

Disaggregation and timing of revenue from contracts with customers

All revenue from contracts with customers is earned over time. The disaggregation is as per the segment report provided in Annexure A.

21. PROPERTY OPERATING COSTS

GROUP			COMPANY	
2023 R'000	**2022 R'000**		**2023 R'000**	**2022 R'000**
4,233	574	Fuel and oils	120	-
973	680	Insurance	363	210
2,452	1,292	Property management and consultant fees	1,573	644
33,844	31,096	Rates and utilities	16,667	14,272
2,608	2,113	Repairs and maintenance	586	595
2,016	1,580	Security	1,032	654
1,258	777	Service contracts	532	56
47,384	**38,112**		**20,873**	**16,431**

22. CORPORATE ADMINISTRATION COSTS

GROUP			COMPANY	
2023 R'000	**2022 R'000**		**2023 R'000**	**2022 R'000**
1,147	1,065	Administration and management fees	-	-
1,789	1,634	Audit and secretarial fees	1,686	1,160
3	473	Bad debts written off	3	52
1,222	950	Commission and installations	182	-
196	221	Depreciation	196	221
8,467	7,772	Employee costs	8,313	7,772
408	508	Financial reports and IT	408	508
460	515	JSE Limited costs	460	515
793	1,303	Legal and professional fees	509	975
4,061	1,811	Other operating expenses	3,594	913
-	1,786	Rental guarantee	-	-
542	542	Short term leases	511	542
141	238	Social Responsibility projects	141	238
19,229	**18,818**		**16,003**	**12,896**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

23. INTEREST INCOME

GROUP			COMPANY	
2023 R'000	2022 R'000		2023 R'000	2022 R'000
		INTEREST INCOME		
		Investments in financial assets:		
3,289	456	Bank and other cash	3,144	41
929	178	Other financial assets	332	126
		Loans to group companies:		
-	-	Subsidiaries	2,403	1,507
7,003	2,726	Associates	7,003	2,726
11,221	**3,360**	**Total interest income**	**12,882**	**4,400**

Interest received from other financial assets included interest charged to trade receivable accounts in arrears.

24. OTHER INCOME

GROUP			COMPANY	
2023 R'000	2022 R'000		2023 R'000	2022 R'000
452	1,226	Management fees received	-	263
1,854	526	Other income	1,381	449
985	-	Profit on disposal of investment property	985	-
3,291	**1,752**		**2,366**	**712**

25. EXPECTED CREDIT LOSSES

GROUP			COMPANY	
2023 R'000	2022 R'000		2023 R'000	2022 R'000
(991)	(601)	Trade and other receivables	(502)	26

26. FINANCE COSTS

GROUP			COMPANY	
2023 R'000	2022 R'000		2023 R'000	2022 R'000
2,892	-	Bank overdraft	2,892	-
40,115	26,042	Bank loans	9,377	2,605
973	3,029	Shareholder loans	-	-
241	-	Other interest paid	224	-
44,221	**29,071**		**12,493**	**2,605**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

27. TAXATION

GROUP			COMPANY	
2023 R'000	**2022 R'000**		**2023 R'000**	**2022 R'000**
		MAJOR COMPONENTS OF THE TAX INCOME		
		Current		
10,379	5,297	Local income tax - current period	8,977	4,625
(104)	(60)	Local income tax - prior period (over) under provision	(86)	93
10,275	**5,237**		**8,891**	**4,718**
		Deferred		
(13,922)	8,535	Originating and reversing temporary differences	(15,771)	4,792
-	(1,260)	Changes in tax rates	-	(1,001)
(2,524)	(23,661)	Arising from prior period adjustments	(536)	(1,187)
(16,446)	**(16,386)**		**(16,307)**	**2,604**
(6,171)	**(11,149)**		**(7,416)**	**7,322**
		RECONCILIATION OF THE TAX EXPENSE		
27,00%	28.00 %	Tax at 27%	27,00%	28.00 %
(61,51)%		Dividends	28,57%	
(99,39)%	0.01 %	Non-taxable portion of FV adj	54,42%	- %
17,47%	(4.74)%	Non-deductible expenses	(8,12)%	- %
(1,73)%	(1.22)%	Non-taxable portion of disposal of investment property	0,80%	(2.04)%
(3,37)%	(0.19)%	Underprovision for current tax in the prior year	1,30%	(0.31)%
(82.11)%	(1.25)%	Underprovision in deferred tax in respect of prior year	8,10%	(0.50)%
(1,22)%	(40.80)%	Tax on profit from associate	0,00%	(2.93)%
4,14%	(2.39)%	Impact of difference in interest income and interest expense on consol pro forma	0,00%	(2.67)%
(200.72)%	**(17.84)%**	**Effective tax rate**	**112,09%**	**19.55 %**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

28. CASH GENERATED FROM (USED IN) OPERATIONS

GROUP 2023 R'000	GROUP 2022 R'000		COMPANY 2023 R'000	COMPANY 2022 R'000
3,074	62,492	(Loss) profit before taxation	(6,616)	37,457
		Adjustments for non-cash items:		
196	221	Depreciation	196	221
(985)	-	Profit on sale of investment property	(985)	-
30,173	(24,281)	Fair value adjustment of investment properties	32,547	(15,411)
(4,592)	7,510	Straightlining adjustment of investment properties	(649)	(1,240)
(139)	(7,175)	Share of profit of equity accounted investments	-	-
(992)	(601)	Expected credit losses	(502)	-
		Adjust for items which are presented separately:		
4,218	(1,674)	Interest received	(5,879)	(1,674)
(7,003)	(1,686)	Dividends received	(7 003)	(2,735)
44,221	29,071	Finance costs	12,493	2,605
		Changes in working capital:		
(8,575)	(2,203)	(Increase) decrease in trade and other receivables	(11,857)	(2,509)
(26,046)	33,284	Increase (decrease) in trade and other payables	(27,838)	35,978
33,550	**94,958**		**(16,093)**	**52,692**

29. TAX PAID

GROUP 2023 R'000	GROUP 2022 R'000		COMPANY 2023 R'000	COMPANY 2022 R'000
461	348	Balance at beginning of the year	139	(230)
(10,276)	(5,237)	Current tax recognised in profit or loss	(8,891)	(4,718)
7	-	Accrual for interest received on overpayment of tax	-	-
1,471	(461)	Balance at end of the year	1,094	(139)
(8,337)	**(5,350)**		**(7,658)**	**(5,087)**

30. DIVIDENDS PAID

GROUP 2023 R'000	GROUP 2022 R'000		COMPANY 2023 R'000	COMPANY 2022 R'000
-	-	Balance at beginning of the year	-	-
(4,347)	(6,361)	Dividends	(4,347)	(6,361)
155	-	Balance at end of the year	155	-
(4,192)	**(6,361)**		**(4,192)**	**(6,361)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

31. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Reconciliation of liabilities arising from financing activities - Group - 2023

	Opening balance	Non-cash flow: interest accrued not paid	Cash flows - advances	Cash flows - repayments	Closing balance
Loan liabilities	448,556	4,141	79,421	(27,176)	504,942
Total liabilities from financing activities	**448,556**	**4,141**	**79,421**	**(27,176)**	**504,942**

Reconciliation of liabilities arising from financing activities - Group - 2022

	Opening balance	Cash flows - repayments	Closing balance
Loan liabilities	495,887	(47,331)	448,556
Total liabilities from financing activities	**495,887**	**(47,331)**	**448,556**

Reconciliation of liabilities arising from financing activities - Company - 2023

	Opening balance	Non-cash flow: interest accrued not paid	Cash flows - advances	Cash flows - repayments	Closing balance
Loan liabilities	53,428	4,141	79,421	(6,465)	130,525
Total liabilities from financing activities	**53,428**	**4,141**	**79,421**	**(6,465)**	**130,525**

Reconciliation of liabilities arising from financing activities - Company - 2022

	Opening balance	Cash flows - repayments	Closing balance
Loan liabilities	57,769	(4,341)	53,428
Total liabilities from financing activities	**57,769**	**(4,341)**	**53,428**

32. FUTURE MINIMUM LEASE INCOME RECEIVABLE

GROUP			COMPANY	
2023 R'000	**2022 R'000**		**2023 R'000**	**2022 R'000**
		MINIMUM LEASE PAYMENTS RECEIVABLE		
80,803	90,993	- First year	20,580	32,082
70,316	80,055	- Second year	13,575	20,580
63,913	72,931	- Third year	8,079	16,190
56,777	71,303	- Fourth year	8,459	16,190
50,208	61,893	- Fifth year	8,881	13,575
130,601	172,576	- Sixth year and onwards	8,513	17,394
452,618	**549,751**	**Total balance contractual lease rental**	**68,087**	**116,011**

33. COMMITMENTS

There were no commitments for capital expenditure on property, plant and equipment or investment property at 30 June 2023.

There were no commitments for service and maintenance contracts at 30 June 2023 as these are contracted by the various property managers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

34. CONTINGENCIES

The Putprop Group has provided the following guarantees of indebtedness:

- In favour of The Standard Bank of South Africa Limited in connection with Corridor Hill Properties (Pty) Ltd to the maximum liability of R9 million.
- In favour of Nedbank Limited in connection with Secunda Value Mart (Pty) Ltd to the maximum liability of R12 million.
- In favour of ABSA Bank Limited in connection with Pilot Peridot One (Pty) Ltd to the maximum liability of R35.7 million.
- In favour of the City of Tshwane Metropolitan Municipality in connection with the Rezoning and consolidation of Erven 39 De Beers to the amount R7.2 million.

These guarantees would only become active if the relevant entity defaults on the underlying loan payment and if the investment property cannot be recalled by the finance house. None of these guarantees (or any other debt funding received by the Group) contain restrictive funding provisions. There is no indication at the date of this report that any of these guarantees are likely to be called upon.

35. RELATED PARTIES

Transactions with related parties have been conducted on an arm's length basis.

Relationships	
Carleo Investments (Pty) Ltd	Ultimate holding company
Carleo Enterprises (Pty) Ltd	Holding company
Larimar Ltd	Fellow subsidiary of Carleo Enterprises (Pty) Ltd
Carleo Insurance Brokers (Pty) Ltd	Company owned by member of key management
Stephen Hill Mansions (Pty) Ltd	Company owned by member of key management
Secunda Value Mart (Pty) Ltd	Company owned by member of key management
Ginana (Pty) Ltd	Company owned by member of key management
GVM Inc.	Company owned by member of key management
Subsidiaries	Refer to note 7
Joint ventures	Refer to note 9
Associates	Refer to note 10
Members of key management	BC Carleo
	JE Smith
	D Torricelli
	R Styber
	HT Hartley
	AL Carleo-Novello
	GH Van Heerden

Related party balances

Loan amounts with related parties

Refer to note 8 for loan amounts owing by subsidiaries and impairment of these loans. Refer to note 18 for loan amounts owing to related parties and shareholders.

Guarantees

Refer to note 34 for guarantees undertaken on behalf of related parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

35. RELATED PARTIES (CONTINUED)

GROUP			COMPANY	
2023 R'000	**2022 R'000**		**2023 R'000**	**2022 R'000**
		AMOUNTS INCLUDED IN TRADE RECEIVABLES OWING BY RELATED PARTIES		
11,891	7,080	Larimar Ltd	11,891	7,080
14	19	Secunda Value Mart (Pty) Ltd	14	19
-	21	Carleo Enterprises (Pty) Ltd	-	21
		There was no credit loss allowance raised on the related party amounts included in trade receivables (refer note 13).		
		AMOUNTS INCLUDED IN TRADE PAYABLES OWING TO RELATED PARTIES		
23	23	Stephen Hill Mansions (Pty) Ltd	23	23
		RELATED PARTY TRANSACTIONS		
		Lease rentals received		
15,400	15,265	Larimar Ltd	-	15,265
		Operating lease recoveries		
5,708	5,178	Larimar Ltd	-	5,178
		Rent expenses for premises		
-	42	Stephen Hill Mansions (Pty) Ltd	-	-
		Insurance expense		
363	489	Carleo Insurance Brokers (Pty) Ltd	-	-
		Insurance recoveries		
162	-	Secunda Value Mart (Pty) Ltd	-	-
		Professional fees		
33	18	GVM Inc.	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

36. DIRECTORS' EMOLUMENTS

EXECUTIVE

2023

DIRECTORS' EMOLUMENTS Services as director or prescribed officer	Board and committee fees	Salary	Bonus	Medical aid contribution	Total
BC Carleo	120	1,505	123	196	1,944
JE Smith	120	1,703	139	196	2,158
AL Carleo-Novello	120	899	73	175	1,267
	360	**4,107**	**335**	**567**	**5,369**

2022

DIRECTORS' EMOLUMENTS Services as director or prescribed officer	Board and committee fees	Salary	Bonus	Medical aid contribution	Total
BC Carleo	131	1,424	117	186	1,858
JE Smith	131	1,601	131	186	2,049
AL Carleo-Novello	114	850	70	186	1,220
	376	**3,875**	**318**	**558**	**5,127**

NON-EXECUTIVE

2023

DIRECTORS' EMOLUMENTS Services as director or prescribed officer	Board and committee fees	Total
DG Torricelli	175	175
HT Hartley	211	211
R Styber	171	171
GH Van Heerden	171	171
	728	**728**

2022

DIRECTORS' EMOLUMENTS Services as director or prescribed officer	Board and committee fees	Total
DG Torricelli	197	197
HT Hartley	225	225
R Styber	185	185
GH Van Heerden	185	185
	792	**792**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Categories of financial instruments

The carrying amounts of financial assets and liabilities in each category are determined as below. The carrying amounts approximate the fair value as stated per the individual notes.

GROUP				COMPANY	
2023 R'000	2022 R'000		**Note(s)**	**2023 R'000**	2022 R'000
		FINANCIAL ASSETS AT AMORTISED COST			
		ASSETS PER STATEMENT OF FINANCIAL POSITION	Note(s)		
-	-	Loans to subsidiaries	8	182,845	179,941
52,084	52,084	Cumulative redeemable preference shares in associate	11	52,084	52,084
35,341	16,376	Trade and other receivables	13	22,824	7,496
18,558	19,096	Cash and cash equivalents	14	9,416	7,021
105,983	**87,556**			**267,169**	**246,542**
		FINANCIAL LIABILITIES AT AMORTISED COST			
		Liabilities per statement of financial position	Note(s)		
504,942	448,556	Loan liabilities	18	130,525	53,428
15,062	44,061	Trade and other payables	19	8,071	38,610
1,092	19,647	Bank overdraft	14	1,092	19,647
521,096	**512,264**			**139,688**	**111,685**

Capital risk management

The Group's objective, when managing capital, are to safeguard the Group's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The mandated level of gearing is 43% (2022: 42%) and the actual level of gearing during the year amounted to 41.6% (2022: 39.8%). Company levels were 33.6% (2022: 17.8%). Gearing on both Group and Company levels have increased due to an increase in loan liabilities. Based on the gearing ratio achieved at year end management believes that this objective has been met as they are within mandated levels.

The capital structure of the Group consists of debt, which includes loan liabilities disclosed in note 18 and equity as disclosed in the Statement of Financial Position.

Financial covenants

Putprop Group's financial covenant requirements with its various debt providers are the following:

Putprop Ltd's financial covenants with Nedbank Limited is a Loan-To-Value (LTV) ratio of 45% and an Interest Cover Ratio (ICR) of at least 1.75 times.

Corridor Hill Properties (Pty) Ltd's financial covenants with Standard Bank of South Africa is a LTV ratio of 50%, an ICR of at least 1.2 times and a Debt Service Ratio (DSR) of at least 1.15 times.

Pilot Peridot Investments 1 (Pty) Ltd's financial covenants with ABSA Bank Limited is a LTV Ratio of 75%, an ICR of at least 1.2 times and a DSR of at least 1.1 times.

Ratios for the current year	Putprop Limited	Corridor Hill Properties (Pty) Ltd	Pilot Peridot Investments 1 (Pty) Ltd
LTV	41.6%	25.5 %	55.3 %
ICR	1.75 times	2.91 times	1.03 times
DSR	1.57 times	3.16 times	1.05 times

The financial covenant levels within the Putprop Group were within the approved limits at the reporting date. Corridor Hill is compliant. Pilot Peridot remains slightly below agreed covenant levels. The rapid rise of interest rate increases during the past 18 months is the sole cause for this slight differential. The Group continues to meet all legal repayment requirements and is confident that once the interest cycle begins to decrease the Group will again be fully compliant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Financial risk management Overview

The Group's financial instruments consist mainly of interest-bearing borrowing, deposits, trade and other receivables and trade and other payables which arise directly from its operations, as well as other investments. The Group policy throughout the year is 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 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 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.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group is exposed to credit risk on trade and other receivables (note 13), loans to subsidiaries (note 8), cumulative redeemable preference shares (note11) and cash and cash equivalents (note 14). Exposure to credit risk is outlined in the individual notes.

The maximum exposure to credit risk is presented in the table below:

2023			GROUP		2022		
Gross carrying amount	Credit loss allowance	Amortised cost		Notes	Gross carrying amount	Credit loss allowance	Amortised cost
55,084	-	55,084	Cumulative redeemable preference shares in associate	11	52,084	-	52,084
43,526	(2,361)	41,165	Trade and other receivables	13	35,258	(3,397)	31,861
18,558	-	18,558	Cash and cash equivalents	14	19,096	-	19,096
117,168	**(2,361)**	**114,807**			**106,438**	**(3,397)**	**103,041**

2023			COMPANY		2022		
Gross carrying amount	Credit loss allowance	Amortised cost / fair value		Notes	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
185,076	(2,231)	182,845	Loans to subsidiaries	8	182,172	(2,231)	179,941
55,084	-	55,084	Cumulative redeemable preference shares in associate	11	52,084	-	52,084
27,108	(107)	27,001	Trade and other receivables	13	14,993	(609)	14,384
9,416	-	9,416	Cash and cash equivalents	14	7,021	-	7,021
276,684	**(2,338)**	**274,346**			**256,270**	**(2,840)**	**253,430**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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 maturity profile of contractual cash flows of financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2023	Notes	Less than 1 year	1 to 2 years	2 to 5 years	Total	Carrying amount
Non-current liabilities						
Loan liabilities	18	-	103,938	426,001	875,603	443,747
Current liabilities						
Trade and other payables	19	15,062	-	-	15,062	17,051
Loan liabilities	18	31,165	-	-	31,165	61,195
Bank overdraft	14	1,092	-	-	1,092	1,092
		47,319	**103,938**	**426,001**	**922,922**	**523,085**

Group - 2022	Notes	Less than 1 year	1 to 2 years	2 to 5 years	Total	Carrying amount
Non-current liabilities						
Loan liabilities	18	-	12,898	324,285	337,183	328,960
Current liabilities						
Trade and other payables	19	44,102	-	-	44,102	44,102
Loan liabilities	18	191,810	-	-	191,810	119,597
Bank overdraft	14	21,415	-	-	21,415	21,415
		257,327	**12,898**	**324,285**	**594,510**	**514,074**

Company - 2023	Notes	Less than 1 year	1 to 2 years	2 to 5 years	Total	Carrying amount
Non-current liabilities						
Loan liabilities	18	-	50,474	108,788	159,536	122,326
Current liabilities						
Trade and other payables	19	17,683	-	-	8,071	10,060
Loan liabilities	18	8,199	-	-	8,199	8,199
Bank overdraft	14	1,092	-	-	1,092	1,092
		26,974	**50,474**	**108,788**	**176,898**	**141,677**

Company - 2022	Notes	Less than 1 year	Total	Carrying amount
Current liabilities				
Trade and other payables	19	38,610	38,610	38,610
Loan liabilities	18	56,705	56,705	53,428
Bank overdraft	14	19,647	19,647	19,647
		114,962	**114,962**	**111,685**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Interest rate risk

Cash and cash equivalents, used for normal trading purposes, are held in current accounts at prevailing interest rates, depending on the financial institution. Excess cash and cash equivalents are kept in short-term deposit funds or call accounts at the prevailing market rates available.

The Group has loan liabilities of R504.9 million in the current financial year (2022: R448.6 million). The company has borrowings of R130.5 million (2022: R53.4 million). Group and company borrowings have increased in the current year due to the additional facility granted for Mamelodi Square.

The exposure to the risk of changes in interest rates relates primarily to cash and cash equivalents and the loan liabilities with banking institutions.

Interest rate profile

The interest rate profile of interest bearing financial instruments at the end of the reporting period was as follows:

Average effective interest rate 2023	Average effective interest rate 2022	Group	Note	Carrying amount 2023	Carrying amount 2022
		VARIABLE RATE INSTRUMENTS: ASSETS			
12.00 %	2.00 %	Cash and cash equivalents	14	18,558	19,096
		LIABILITIES			
8.00 %	6.00 %	Loan liabilities		(496,606)	(444,361)
0.95 %	0.8 %	Bank overdraft	14	(1,092)	(19,647)
				(497,698)	**(464,008)**
		Net variable rate financial instruments		**(479,140)**	**(444,912)**
		Fixed rate instruments:			
		ASSETS			
7.20 %	7.20 %	Cumulative redeemable preference shares in associate	11	52,084	52,084

Average effective interest rate 2023	Average effective interest rate 2022	Company	Note	Carrying amount 2023	Carrying amount 2022
		VARIABLE RATE INSTRUMENTS: ASSETS			
12.26 %	7.38 %	Loans to subsidiaries	8	19,309	19,309
3.00 %	1.00 %	Cash and cash equivalents	14	9,416	7,021
				28,725	**26,330**
		LIABILITIES			
10.00 %	5.00 %	Loan liabilities	18	(126,384)	(53,428)
0.95%	0.8%	Bank overdraft	14	(1,092)	(19,647)
				(127,476)	**(73,075)**
		Net variable rate financial instruments		**(98,751)**	**(46,745)**
		Fixed rate instruments:			
		ASSETS			
7.20 %	7.20 %	Cumulative redeemable preference shares in associate	11	52,084	52,084

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

37. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Interest rate sensitivity analysis

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 and equity. Due to the incremental changes in the prime lending rate a sensitivity of 125 basis points level has been used to determine the effect on profits.

GROUP			COMPANY	
2023 R'000	2022 R'000		2023 R'000	2022 R'000
		IMPACT ON PROFIT BEFORE TAX		
(3,075)	(2,895)	Increase of 125 basis points (125 basis points)	(593)	(395)
3,075	2,895	Decrease of 125 basis points (2022: 125 basis points)	593	395
		IMPACT ON PROFIT BEFORE TAX AND EQUITY:		
(2,214)	(2,084)	Increase of 125 basis points (125 basis points)	(427)	(285)
2,214	2,084	Decrease of 125 basis points (2022: 125 basis points)	427	285

38. GOING CONCERN

Current liabilities exceed current assets on both Group and Company level. The liquidity position at Company and Group level is expected to again improve during the 2024 review period due to substantially improved collections in our main subsidiary, Pilot Peridot Investments 1 (Pty) Ltd.

The Group's assessment of going concern also took into consideration all debt covenants such as loan-to-value and interest cover ratios. These were in line with contractual requirements with the exception of that detailed below under Debt Covenant.

The Nedbank loan for the Parktown Property has a balloon payment of R46.9 million maturing in May 2023. Arrangement has been reached with Nedbank to convert this balloon payment of the loan into long-term debt. Which is normal practice in the property industry. No additional punitive conditions were imposed on this refinancing. Any future large "balloon type "settlement payments will be treated in a similar way.

The sale of G2 which we believe is appears imminent will also substantially reduce the Group's interest burden.

The directors have reviewed the Group's cash flow forecast for the period to 30 June 2024. On the basis of the review and having regard for the current financial position, the directors are satisfied that the Group has access to adequate resources for the continued operational functioning of Putprop Limited for the foreseeable future and accordingly these financial statements have been prepared on a going concern basis.

39. EVENTS AFTER THE REPORTING PERIOD

Proceeds from the sale of our Nancefield Property previously announced on SENS of 19 September 2022 was received on 3 July 2023.

Proceeds will be used to reduce loan liabilities of the Group and thus strengthen the balance sheet.

Dividend 68 has been declared at 7.00 cents per share.

There are no other significant events that have occurred in the period from 30 June 2023, and to date of the publication of this report.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

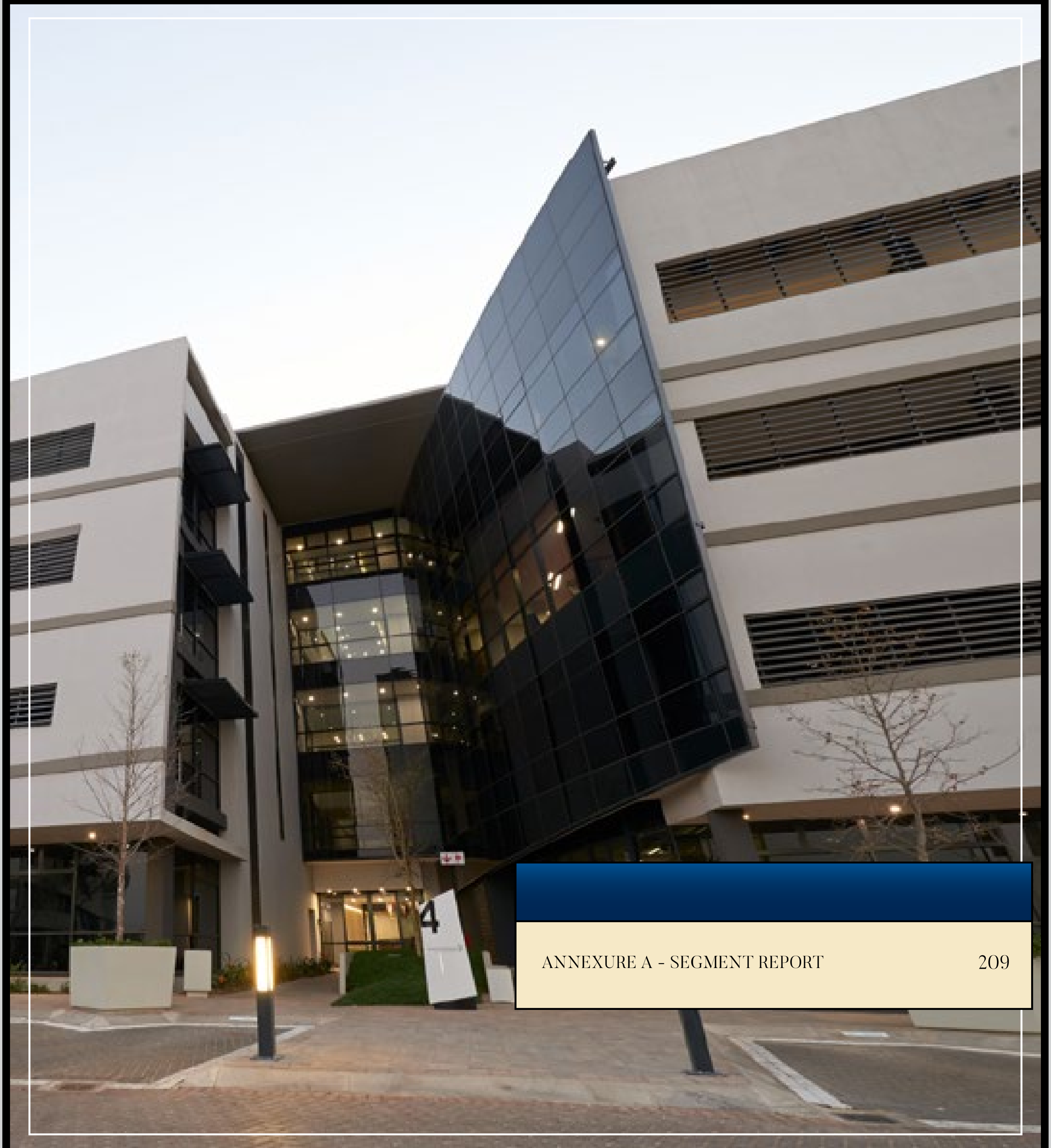
40. EARNINGS PER SHARE

Headline earnings and diluted headline earnings per share

Gross 2023	Net 2023	GROUP	Gross 2022	Net 2022
		Reconciliation between profit attributable to equity holders of the parent and headline earnings		
	11,116	Profit for the year attributable to equity holders of the parent		64,025
		Adjusted for:		
36,666	28,747	Change in fair value of investment property	(24,281)	(18,842)
-	-	Fair value adjustment on investment property of associate	(8,221)	(6,379)
		Deferred tax rate change		(1,502)
	39,863	**Headline earnings**		**26,723**
	26.20	Basic and diluted earnings per share (c)		150.97
	93.98	Headline earnings and diluted headline earnings per share (c)		103.21
	42,409,181	Weighted average number of ordinary shares		42,409,181

Gross 2023	Net 2023	COMPANY	Gross 2022	Net 2022
		Reconciliation between profit attributable to equity holders of the parent and headline earnings		
	800	Profit for the year attributable to equity holders of the parent		30,135
		Adjusted for:		
32,432	25,427	Change in fair value of investment property	(16,650)	(13.054)
-	-	Fair value adjustment on investment property of associate	(9,242)	(7,109)
	26,227	**Headline earnings**		**9,972**
	1.89	Basic and diluted earnings per share (c)		150.97
	61.85	Headline earnings and diluted headline earnings per share (c)		99.98
	42,409,181	Weighted average number of ordinary shares		42,409,181

ANNEXURE



ANNEXURE A - SEGMENT ANALYSIS - BY SECTOR

SEGMENT ANALYSIS

The Group identifies and presents operating segments based on information that is provided to the Group's management and internal reporting structure as determined by the Group's executive committee.

The Group's management reviews the performance of its investment properties on an individual basis and due to the entire portfolio being retail, has taken a decision to aggregate operating segments and disclose such reportable segments on both a geographical and financial basis

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

2023	GLA m²	Revenue R'000	Property operating costs R'000	Corporate admin-istration costs R'000	Investment and other income R'000	Finance costs R'000	Fair value adjust-ments (excl straight-lining) R'000	Other operating income R'000	Profit for the year R'000
Industrial	23 427	26 391	(9 115)	-	-	-	(24 930)	-	(7 654)
Retail	34 627	38 936	(15 601)	-	-	(10 210)	6 211	-	19 335
Commercial	38 675	62 695	(22 299)	-	-	(32,892)	(19 227)	-	(11 763)
Residential	872	943	(369)	-	-	-	1 280	-	1 854
Corporate	-		-	(19 229)	14 512	(1 119)	-	-	7 473
	97 601	**128,439**	**(47 384)**	**(19 229)**	**14 512**	**(44 221)**	**(36 666)**	**-**	**9 245**

There were no transactions between Segments.

Revenue comprise of a relatively small tenant base, the majority of whom are national tenants. One of the Group's tenants accounted for 57.75% (2022:35.7%) of total rental receivables at year end. This falls within the industrial segment.

Other assets comprises of all other financial instruments including: Operating lease asset, property, plant and equipment, Investment in associates, deferred tax assets, trade and other receivables, current tax receivable and cash and cash equivalents.

2023	Investment property at fair value R'000	Other assets R'000	Total assets R'000	Total liabilities R'000
Commercial	620 700	37 070	665 258	(316 140)
Corporate	-	77 527	77 527	(17 889)
Industrial	109 600	-	109 600	-
Residential	10 000	1 053	11 053	(9 950)
Retail	355 285	17 871	373 206	(178,705)
	1 095 585	**133 521**	**1 236 644**	**(522,684)**

ANNEXURE A - SEGMENT ANALYSIS - BY REGION

2023	GLA m²	Investment property at fair value R	Revenue R	Investment and other income R	Property operating expenses R	Fair value adjust-ments (excl straight-lining) R	Profit for the year
Gauteng	95 107	896 785	113 459	14 512	(40 726)	(42 001)	(9 914)
Limpopo	2 494	18 900	3 028	-	(1 537)	(4 900)	3 392
Mpumalanga	0	179 900	11 952		(5 121)	10 235	15 767
	97 601	**1 095 585**	**128 439**	**14 512**	**(47 384)**	**(36 666)**	**9 245**

ANNEXURE A - SEGMENT ANALYSIS - BY SECTOR

(CONTINUED)

2022	GLA m²	Revenue R'000	Property operating costs R'000	Corporate administration costs	Investment and other income	Finance costs	Fair value adjustments R'000	Other operating income	Profit for the year R'000
Commercial	37 428	57 905	(23 247)				11 878		46 536
Corporate	-		-	(18 818)	5 112	(29 071)	-	18 925	(23 852)
Industrial	40 977	28 395	(8 853)	-	-	-	10 672	-	30 214
Residential	872	852	(479)				220		593
Retail	20 571	24 173	(5 533)				1 511		20 151
	99 848	**111 325**	**(38 112)**	**(18 818)**	**5 112**	**(29 071)**	**24 281**	**18 925**	**73 642**

2022	Investment Property fair value R'000	Other assets R'000	Total assets R'000	Total liabilities R'000
Commercial	637 075	-	637 075	338 802
Corporate	-	132 417	132 417	156 828
Industrial	156 130	-	156 130	389
Residential	8 720	-	8 720	102
Retail	637 075	-	637 075	14
	1 439 000	**132 417**	**1 571 417**	**496 135**

ANNEXURE A - SEGMENT ANALYSIS - BY REGION

(CONTINUED)

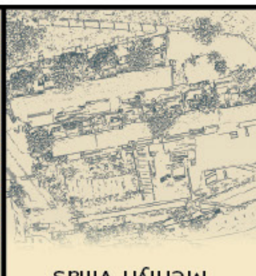
2022	GLA m²	Investment property at fair value R	Revenue R	Investment and other income R	Property operating expenses R	Fair value adjustments R	Profit for the year
Gauteng	83 188	911 575	92 175	5 112	(31 371)	27 801	57 630
Limpopo	2 339	23 800	3 046	-	(1 729)	(1 820)	246
Mpumalanga	**14 321**	**170 990**	**16 104**		**(5 012)**	**(1 700)**	**15 767**
	99 848	**1 106 365**	**111 325**	**5 112**	**(38 112)**	**24 281**	**73 642**

PUTPROP HOUSE
22 Impala Road,
Chislehurston,
Sandton,
Johannesburg,
2196

BOARD MEETING:
07
SEPTEMBER
2023

FINAL DIVIDEND PAID 2022:
31
OCTOBER
2022


Montana Park


Menlyn Villas

BOARD MEETING:
10 AUGUST
2023

AUDIT AND RISK MEETING:
23 AUGUST
2023


Lea Glen 1


Putcoton

AUDIT AND RISK MEETING:
5 JULY
2023


Dobsonville

WWW.PUTPROP.CO.ZA

Corridor Hill


BOARD MEETING:
8 JUNE
2023

RETAIL
COMMERCIAL
INDUSTRIAL
RESIDENTIAL

Eagle Canyon