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QUARTER THREE PERFORMANCE REPORT 2025/26



JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LIMITED

Registration No: 2003/008063/30

In terms of Section 121 of the
Municipal Finance Management Act, 2003 and Section 46 of the Municipal Systems Act,
2000

JOHANNESBURG SOCIAL HOUSING COMPANY (SOC) LIMITED

COMPANY INFORMATION:

Registration number : **2003/008063/30**

Registered Address : **61 Juta Street
Braamfontein**

Postal Address : **61 Juta Street
Braamfontein**

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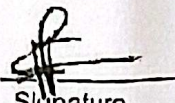
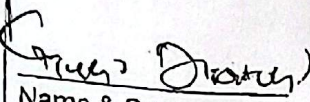
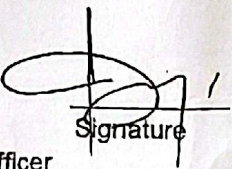

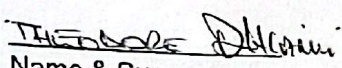
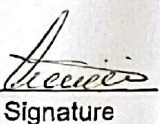
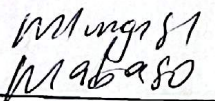

Website : **www.joshco.co.za**

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Bankers : **Standard Bank of SA Limited**

Auditors : **Auditor-General of South Africa**

Approval

<p>Floyd Rikhotso Name & Surname Chief Financial Officer</p>	<p> Signature</p>	<p>Date of Approval: <u>5/05/2026</u></p>
<p> Name & Surname Acting Chief Executive Officer</p>	<p> Signature</p>	<p>Date of Approval: <u>5/05/2026</u></p>
<p>Jason Sobekwa Name & Surname Chairperson of Audit and Risk Committee</p>	<p> Signature</p>	<p>Date of Approval: <u>06 May 2026</u></p>
<p> Name & Surname Chairperson of the Board</p>	<p> Signature</p>	<p>Date of Approval: <u>07 May 2026</u></p>
<p> Name & Surname Member of Mayoral Committee</p>	<p> Signature</p>	<p>Date of Approval: <u>15 May 2026</u></p>

ABBREVIATIONS

ACRONYM	MEANING	ACRONYM	MEANING
AFS	Annual Financial Statement	AG	Auditor General
AGM	Annual General Meeting	ARC	Audit & Risk Committee
BA	Bachelor of Arts	BCom	Bachelor of Commerce
BI	Business Intelligence	BMC	Building Maintenance Company
BSc	Bachelor of Science	CAPEX	Capital Expenditure
CA (SA)	Chartered Accountant (South Africa)	CBD	Central Business District
CCG	Consolidated Capital Grant	CI	Corporate Identity
CoC	Certification of Compliance	CoJ	City of Johannesburg
COSEC	Company Secretary	CRM	Customer Relationship Management
CSI	Corporate Social Investment	DBSA	Development Bank of Southern Africa
DMZ	Demilitarized Zone	EDMS	Electronic Data Management System
EE	Employment Equity	EEA	Employment Equity Act
EIA	Environmental Impact Assessment	EISD	Environment and Infrastructure Services Department
EMT	Executive Management Team	EPWP	Expanded Public Works Programme
ESS	Employee Self Service	FMDC	Fully Managed Data Centre
FY	Financial Year	GBV	Gender-Based Violence
GDS	Growth and Development Strategy 2040	GFIS	Group Forensics and Investigation Services
GHS	Global Household Survey	GLU	Government of Local Unity
ICAS	Independent Counselling and Advisory Services	ICT	Information and Communications Technology
IOD	Injury on Duty	ISP	Internet Service Provider
IT	Information Technology	JBCC	Joint Building Contracts Committee
JOSHCO	Johannesburg Social Housing Company	JPC	Johannesburg Property Company
JRA	Johannesburg Roads Agency	KPA	Key Performance Area
KPI	Key Performance Indicator	LAN	Local Area Network
LLB	Bachelor of Law	LLF	Local Labour Forum
MFMA	Municipal Finance Management Act	MMC	Member of the Mayoral Committee
MOE	Municipal Owned Entity	Mol	Memorandum of Incorporation
MSA	Municipal Systems Act	MTC	Metropolitan Trading Company
MVA	Motor Vehicle Accident	NAT	Network Address Translation
NSFAS	National Student Financial Aid Scheme	OC	Occupation Certificate
OHS	Occupational Health and Safety	OPEX	Operating Expenditure

ACRONYM	MEANING	ACRONYM	MEANING
PMU	Project Management Unit	POPIA	Protection of Personal Information Act
PWD	People with Disability	SALGBC	South African Local Bargaining Council
SCM	Supply Chain Management	SD	Skills Development
SDA	Service Delivery Agreement	SEHRC	Social Ethics & Human Resource Committee
SHRA	Social Housing Regulatory Authority	SLA	Service Level Agreement
SLS	Service Level Standard	SMME	Small, Medium and Micro Enterprise
SOP	Standard Operating Procedure	TBC	To Be Confirmed
TOD	Transit Oriented Development	TP	Third Party
UIFW	Unauthorized, Irregular, Fruitless and Wasteful	UPS	Uninterruptible Power Supply
WIP	Work in Progress		

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LEADERSHIP AND CORPORATE PROFILE



SECTION 1: CHAIRPERSON'S FOREWORD

The third quarter of the 2025/26 financial year reflects a period of moderate operational improvement for the Johannesburg Social Housing Company (JOSHCO), albeit within a persistently constrained financial environment. During this period, the organisation achieved 53% of its predetermined targets, indicating an improvement from the 46.67% performance recorded in the second quarter.

Operationally, JOSHCO continues to demonstrate stability in key areas. Occupancy levels remained strong at 99%, exceeding the target of 98%, while the organisation also made meaningful contributions to job creation through the Expanded Public Works Programme. In addition, progress in governance matters, including the resolution of internal audit findings and implementation of risk mitigation actions, is noted.

Despite these improvements, financial performance remains under pressure. Revenue collection levels continue to fall below target, and ongoing funding constraints, together with a high-cost base, continue to impact on the organization's financial sustainability. The decline in cash and cash equivalents during the quarter further highlights the need for focused intervention to strengthen liquidity.

Management has implemented targeted measures aimed at addressing these challenges and stabilising operations. These include the introduction of DebiCheck mandates, structured payment arrangements, and tenant regularisation initiatives to improve revenue collection. Efforts to diversify income streams are also being pursued to reduce reliance on traditional rental income.

While some of the challenges identified in the previous quarter persist, the continued implementation of corrective actions is expected to support further improvement in both operational performance and revenue sustainability.

JOSHCO remains committed to its strategic objectives and its mandate of delivering sustainable and affordable social housing to the residents of Johannesburg.

Mr. Zithulele Dhlamini
Johannesburg Social Housing Company
Chairperson of the Board

SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to present the quarterly performance report for the Johannesburg Social Housing Company for the 2025/26 financial year. The organization continues to make significant progress in delivering affordable social housing on behalf of the City of Johannesburg.

Operational Highlights

During the third quarter of the 2025/26 financial year, JOSHCO made notable progress in its operational performance, achieving 53% of its predetermined objectives. occupancy levels remained strong, with an overall rate of 99%, exceeding the quarterly target of 98%. In support of the Expanded Public Works Programme (EPWP) and Small, Medium, and Micro Enterprises (SMMEs), the organization created 788 EPWP work opportunities by the end of quarter 3. Additionally, 25 tenant engagement sessions were conducted to enhance stakeholder awareness and understanding of JOSHCO's service offering.

From a governance perspective, JOSHCO successfully resolved 75% of internal audit findings, meeting the quarterly target, and implemented 85% of planned risk mitigation actions. These achievements demonstrate the organisation's continued commitment to sound governance, accountability, and effective risk management.

Despite ongoing challenges, including low rental collection rates and insufficient funding allocations from the City, strategic interventions have been implemented, alongside active stakeholder engagement, to address these constraints.

Financial Performance

The financial performance for the period ended 31 March 2026 resulted in a deficit of R391.54 million against the budget of R311.5 million. The deficit is due to the entity not being able to generate sufficient income to cover its high expenditure base as explained above, and several variable expense line items being over budget. Total revenue is below the budget by R31.9 million (-10%) overall and the significant contributors to revenue earned in the current financial year is rental income making up 42% and operational subsidy of 37% on the total revenue

Cash and Cash equivalents have decreased by R20.2 million from R22.6 million (30 June 2025) to R2.4 million (31 March 2026). Group Treasury swept an amount of R20.2 million into the primary bank account. JOSHCO has written to the city requesting recovery of the amount and awaiting response from Group Treasury.

Future Outlook

Looking ahead, JOSHCO remains committed to strengthening its financial sustainability and improving operational efficiency. To enhance revenue collection, the organisation is implementing targeted strategies, including the introduction of DebiCheck mandates for new accounts, lease renewals, and tenant regularization. In addition, structured payment arrangements and settlement discount incentives are being introduced to encourage tenants to settle long-outstanding debts.

JOSHCO is also exploring alternative revenue streams, such as student accommodation and commercial leasing opportunities, to diversify its income base and reduce reliance on traditional rental income.

Operational efficiency continues to be a key priority. The rollout of prepaid metering is being accelerated to improve utility cost management and promote responsible consumption. Furthermore, the organisation is strengthening security measures through the adoption of cost-effective solutions and the integration of technology. Enhancing stakeholder relations remains central to addressing service delivery challenges and improving tenant satisfaction. JOSHCO continues to actively engage with City of Johannesburg (CoJ) departments to resolve outstanding accounts and improve cash flow management.

In conclusion

Despite the financial challenges experienced during the third quarter, JOSHCO remains steadfast in its mandate to provide affordable social housing and improve the quality of life for the residents of Johannesburg. The implementation of these strategic initiatives is expected to position the organisation for improved financial performance and sustainable growth in the coming quarter.

Mr. Katlego Ditshego
Johannesburg Social Housing Company
Chief Executive Officer (Acting)

SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT

CHIEF FINANCIAL OFFICER'S REPORT

The Office of the Chief Financial Officer is responsible and accountable for 3 functional areas of operation, namely the revenue, supply chain management, and finance divisions. Through the operation of these divisions, we integrate the entity's business. The performance below is based on provisional figures and will be updated once the final figures for March have been processed.

Overall performance

The entity continues to operate under the challenging environment characterized by below budget revenue performance (-10%) and high operating costs (+108%). The +108% overspending excludes taxation of R19.7 million, which was not provided for as the entity has been making losses over the years. This resulted in the entity closing the quarter with the deficit of R391.5 million (inclusive of the R19.7 million above), (Prior year R356 million).

The areas of poor performance on revenue relates to rental income and management fees charged on implementation of special projects. On the expenditure, the main contributors remain similar to the previous year and consistent with the 1st half of the current financial year and these includes finance costs, bad debt impairment, utilities, securities and payroll costs.,

The overall collection of tenant debtors is below target at 68% (Prior year 67%) vs target of 95%. The collection above exclude debtors amounts because of implementation of the special projects for related parties (City's department and entities). See details in chapter 5 of the quarterly report for details.

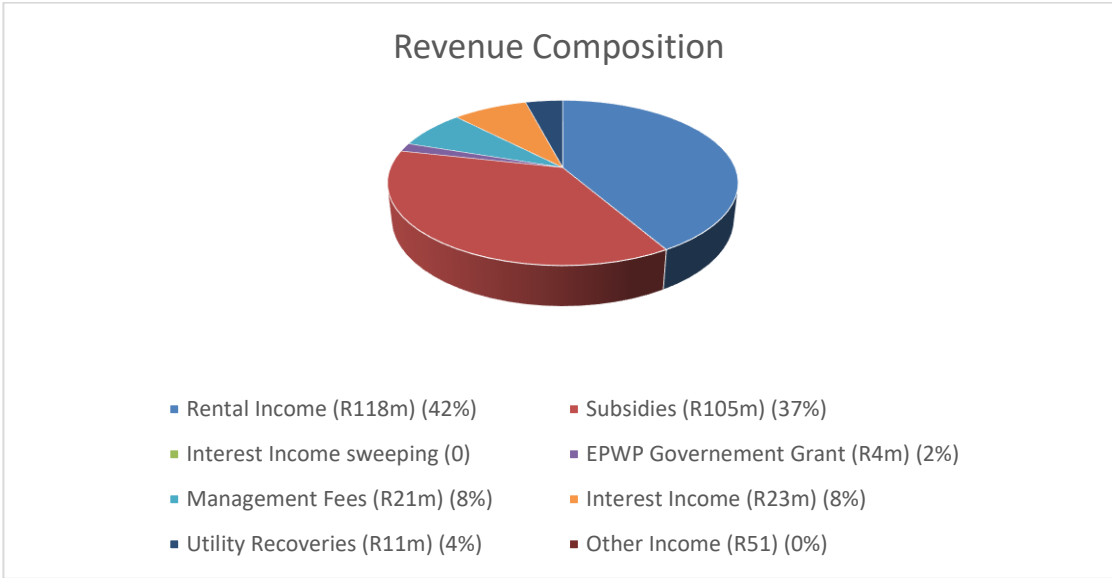
The below target collection is not only impacting on the debt impairment expenditure (ultimately the profitability of the entity) but also indirectly contributing to the growth in the overdraft balance and finance costs incurred on the overdraft balance (details contained in chapter of the quarterly report).

Owing to the above, the entity is closing the quarter with a deficit of R391.5 million (prior year R356.4million) and net liability R2.4 billion (R1.73 billion in the prior year).

Revenue Performance

The significant contributors to revenue earned in the current financial year is rental income making up 42% (prior year R46%) and operational subsidy of 37% (prior year R36%) on the total revenue.

Below is the detailed breakdown of the total revenue earned by the entity as of 31 March 2026:



Total revenue is below the budget by R31.9 million (-10%) (prior year R13.6 million) due to the following reasons:

Highs:

On the positive, some revenue line items performed above budget especially the recoveries on utilities above budget by R8.5 million and R3.3 million relating to interest income.

Utility is recovered on the properties with installed smart meters and interest relates to charges to late payment of accounts by tenants and for the funds held in the trust account.

Lows:

Rental income is underperforming against budget by R10.3 million (-8%). This is mainly due to two properties (City Deep and Orlando Ekhaya, formerly CoJ hostels), which account for a variance of R6.7 million. These properties were transferred to the Department of Human Settlements (City of Johannesburg) but still have an element of Social Housing Tenants.

In addition, commercial space has been vacated due to construction and other factors. Rental income from these properties was included in the Council-approved budget for the 2025/2026 MTREF and Adjustment Budget. Council rejected the downward adjustment of revenue on these properties.

Management fees is below budget by R31.3 million (-59%) due to the following:

- Delayed implementation of special projects for the Department of Human Settlement (City of Johannesburg) due to long overdue amounts.
- Inability to secure budget by Human Settlement during the mid-term budget cycle; and
- Suspension of some work especially Human settlement due to nonpayment of historic debts and expired service level agreements (SLA).

Revenue Collection

JOSHCO manages 26 buildings, split evenly between SHRA-funded and JOSHCO projects for residential rental. Nine (9) of these facilities are also used for commercial tenants with capacity of fifty-two (52) retail spaces. Of the 52 retail spaces, 32 are occupied and 20 are vacant.

While the overall occupancy is approximately 99%, the collection rate for the third quarter is 68%, slightly above collection rate of 67% achieved in the previous year with the target set at 95% (previously 80%).

The 68 % collection is further broken down as follow SHRA projects at 67%, JOSHCO projects at 85%, and retail spaces realized 95%.

Whereas the collection at the end of 2nd quarter was at 72%, there was a drop in the 3rd quarter (January to March 2026) due to the following issues:

- Tenant cancellations of debit mandates, unresolved bank disputes, and breach of contracts have hampered collections.
- A rising number of tenants from various facilities are complaining about the conditions of their facilities and threats of withholding their payment and cancelling existing arrangements.
- Rising unemployment among tenants leads to increased non-payment. (3 months' notice)
- Under-resourced revenue staff face workload pressures, affecting efficiency.

Through various interventions by the department in response to the poor performance, we've seen an upward trajectory on collections as we moved from 66% in January 2026, 63% in February, and to 75% in March 2026.

To address the issues above, the entity is continuing to implement various interventions in the 4th quarter, and these include:

- Intensifying eviction processes through court and tribunal actions, with a dedicated standing committee.
- Door-to -door revenue drives targeted defaulting tenants to be conducted after hours during the week and mornings over the weekend for selected facilities.
- Enforce full recovery of utility costs through prepaid meters and prepaid water charges in partnership with Joburg Water & Power.
- Improve credit evaluation, introduce non-reversible debit-check payments, and expand on-site payment platforms like POS devices.
- Launch occupancy audits and lease renewal campaigns to formalize tenants and maximize revenue.
- Fill vacant commercial spaces and optimize outdoor advertising opportunities.
- Adopt effective debt factoring, prevention, and recovery measures to improve cash flow, reduce deficits, and enhance financial health.

The table below is a summary of the rental billing and collection levels per category for the period ending 31 March 2026.

Q3 Summary of Revenue Collections (2024/25 & 2025/26mFY)

Q3 Summary (31 March 2026)

CATERGORY	TOTAL BILLING	TOTAL COLLECTION	% COLLECTION 2025/26	% COLLECTION 2024/25	SHORTFALL 2025/26
	R'000	R'000			
SHRA Projects (13)	27 533.55	-18 202.65	66%	73%	9 330.90
JOSHCO Projects (13)	8 854.50	-6 412.50	72%	83%	2 441.99
Retail Space (9)	1 348.08	-1 282.03	95%	50%	66.05
OVERALL COLLECTION	37 736.12	-25 897.18	68%	67%	11 838.94

<u>Q3 Summary without City Stock (31 March 2025)</u>			
CATERGORY	TOTAL BILLING	TOTAL COLLECTION	SHORTFALL
	R'000	R'000	
SHRA Projects (13)	26 435.18	-18 711.47	7 723.72
JOSHCO Projects (11)	6 372.12	-5 559.06	813.05
Retail Space (9)	2 128.52	-1 794.57	333.95
OVERALL COLLECTION	34 935.82	-26 065.10	8 870.72

Expenditure Performance

The operating and finance costs are high resulting in overspending on the budget. The entity is implementing various interventions to optimize these running costs to reduce the deficit and the net liability position.

Total expenditure as of 31 March 2026 is R656.6 million (excluding taxation of approximately R19.7 million), representing 108% overspending against the year-to-date budget of R364.9 million (excluding the taxation above).

Below is the breakdown of the total expenditure with year-to-date comparisons:

31 March 2026				vs	31 March 2025			
	Actual	Budget	Variance		Actual	Budget	Variance	
	YTD	YTD			YTD	YTD		
	R'000	R'000			R'000	R'000		
Personnel costs	(194 243)	(182 032)	(12 211)		Personnel costs	(172 777)	(150 893)	(21 884)
Debt impairment	(80 751)	(20 710)	(60 041)		Debt impairment	(69 127)	(19 806)	(49 321)
Depreciation and Amortisation	(4 867)	(1 337)	(3 530)		Depreciation and Amortisation	(3 676)	(1 279)	(2 397)
Finance Costs	(107 051)	(788)	(106 263)		Finance Costs	(94 123)	(754)	(93 369)
Bad debts written off	(3 212)	-	(3 212)		Bad debts written off	(2 300)	-	(2 300)
Repairs and Maintenance	(35 822)	(47 513)	11 691		Repairs and Maintenance	(89 997)	(53 765)	(36 232)
Security	(59 634)	(8 293)	(51 341)		Security	(58 085)	(1 604)	(56 481)
Utilities	(134 279)	(16 172)	(118 107)		Utilities	(102 459)	(24 278)	(78 181)
Administrative	(35 798)	(36 579)	781		Administrative	(40 454)	(32 344)	(8 110)
Total Expenditure	(656 681)	(315 358)	(341 323)		Total Expenditure	(634 684)	(286 559)	(348 125)
Taxation	(19 736)	-	(19 736)		Taxation		-	-

- There is currently savings on repairs and maintenance budget due to the enhancement of controls which includes locking of budget to the respective property portfolios and issuance of orders using the financial reporting system which assists in monitoring and management of the budget. It is to be noted that the introduction of additional controls on repairs and maintenance has delayed the roll out of maintenance in some of the properties as the validation process takes longer than before. There is currently reported R11.6 million (25%) savings to the budget compared to R36.2 million (67% overspending in the previous year).

The expenditure will grow in the last quarter as the entity responds to some of the maintenance complaints lodged by tenants and this will be monitored to ensure there is no overspending on the line item.

- The spending on administrative costs is below budget owing to stricter controls, especially on enforcement of lease with reliance mainly placed on the rental tribunals with ultimately court processes if all else fails. There is a saving of (R781 thousands) 2% in the current year compared to R8.1 million (25%) overspending in the previous year.

Lows:

- The payroll budget is above budget due to underfunding of EPWP budget and overtime incurred by the entity. Despite the overspending in the current year, there are some improvements compared to the previous financial year due to better management of overtime and freezing of some positions. The overspending in the current year is R12.2 million (7%) compared to R21.8 million in the previous year (14 %). The effort to manage the expenditure will continue for the remaining financial into the new year with expected better management of EPWP expenditure in the new year.

- The bad debt impairment expenditure is above budget due to non-payment by the tenants also negatively affecting the growth in the overdraft/negative sweeping balance. The negative sweeping balance has also caused an increase in finance costs. Similar challenge was experienced in the previous financial year. Measures to improve collections for both tenants and special projects are explained elsewhere in the document including chapter 5 of quarter three (3)'s report. Improvement on debt collection will also positively reduce the overdraft and related finance costs. The overspending is R60 million (290%) compared to R49 million (249%) in the previous year.
- Finance cost is above budget due to growing sweeping balance/overdraft (caused by poor collections figures for both tenants and special projects). Various initiatives are currently being employed to manage the exposure both in the short and long term. Measures to improve collections for both tenants and special projects are explained elsewhere in the document including chapter 5 of quarter three (3)'s report. Overspending in the current year is R106 million (13 485%) compared to R93 million (12 383%) in the previous year.
- Security of City-owned property is a mandate of another entity, and therefore, the security JOSHCO incurs to keep tenants and construction sites secured and safe is not budgeted for; the entity has a responsibility to tenants to keep properties safe. Apart from the day-to-day deployment of the private securities onsite, the entity at times responds to evictions and deploy tactical securities as and when required and this also affects the expenditure which is underfunded based on the current spending levels. There are measures to optimize the expenditure in the new year using the insource securities and this should reduce the expenditure costs. Overspending is R51 million (619%) compared to R56 million in the previous year (352%).
- Utilities expenses continue to be significant and require further analysis, as these may be subject to billing errors that need the entity to investigate to adequately address the matters. The entity is currently engaging City Power to roll out smart meters to better manage the utility expenditure and increase recoveries on the properties that are currently not metered.
Overspending is R118 million (738%) compared to R78 million (325%) in the previous year.
- The expenditure is an anomaly caused by late submissions of documents to SARS. With the current financial performance of losses, the entity should not be paying any normal taxation, but this tax was imposed for the failure to submit the documents. A dispute has been lodged with SARS and is currently in progress with recent communication from

SARS requesting further documents which were duly submitted. The matter is being monitored and there are measures in place to prevent recurrence. Outcome if the dispute is expected before year end. The overspending is R19.7 million (100%) compared to R0 (0%) in the previous year.

Profitability

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 31 March 2026 resulted in a deficit of R391.5million (Prior year R356.4 million) against the budget of R311.5 million. The deficit is due to the entity not being able to generate sufficient income to cover its high expenditure base, as explained above, and several variable expense line items being over budget. The reasons and mitigations are addressed in Chapter 5 of Q3's report.

Details	Actual Prior year 31 March 2025 R'000	YTD Actual R'000 - 31 March 2026	YTD Budget R'000	Variance R'000	% of actual against budget
Revenue	279 033	284 870	(316 838)	-31 968	10%
Operating costs (before interest)	-550 001	-549 630	-314 570	-235 060	75%
Interest expense	-94 123	-107 051	-788	-106 263	13485%
Total operating costs	-644 124	-656 681	-315 359	-341 323	108%
Taxation		-19 736			
(Deficit)	-365 090	-391 547			

Below is the summary of the financial performance as at the end of 3rd quarter:

- Finance costs (escalated to the City Manager for interventions –collection) and possible reversal and/or freezing of interest on overdraft
- Utilities – Engagements with City power for utility management (metering of units etc.)
- Repairs & Maintenance ring fenced and constant monitoring and currently yielding results despite delays in maintenance of some of the properties.
- Bad debts (onboarding, stakeholders' engagements, profiling, enforcement and factoring)
- Payroll management of leave and EPWP funding including overtime and freezing of posts
- Overall cost containment implementation
- Price benchmarking and negotiations

- Security reduction
- Referred to Internal audit for investigations including the corrective measures (expenditure plan).

Cash Flow Management

Cash and Cash equivalents have decreased by R20.2 million from R22.6 million (30 June 2025) to R2.4 million (31 March 2026). Group Treasury swept an amount of R20.2 million into the primary bank account. JOSHCO has written to the city requesting recovery of the amount swept awaiting response from Group Treasury.

SHRA Trust Account

The entity has a trust account where SHRA disbursements are received to ensure funds are ring-fenced for spending on SHRA projects. The account was opened after Board approval and is managed by attorneys on our behalf. The balance of the account is disclosed as a sundry receivable in JOSHCO's financial statements. The table below shows the movement in the trust account.

Description	31-March 26 (R'000)	30-Jun-25 (R'000)
Opening balance	25 747	45 411
Interest earned on bank balance	1 159	2 240
Amounts received from SHRA	-	27 851
Payments made to service providers	-	(49 755)
Closing balance	26 906	5 747

The tables below summarize the entity's financial performance for the quarter, with a comparison to the same period in the previous financial year.

RATIOS

Key Performance Area	Actual 31 March 2026	Actual 31 March 2025
Current ratio	0.34:1	0.41:1
Solvency ratio	0.35:1	0.43:1
Salaries to expenditure ratio	29%	27%
Revenue	R284.87 million	R279 .03million

Key Performance Area	Actual 31 March 2026	Actual 31 March 2025
Expenditure (including taxation)	R676.4 million	R634.68 million
(Deficit)	(R391.54 million)	(R356.47million)
Total net liabilities	(R2.42 billion)	(R1.73 billion)
Capital expenditure	129%	60%

CAPEX Expenditure

The approved capex budget for the 2025/26 financial year is R206.6 million (24/25: R270.8 million) funded from external funding sources (EFF). As of 31 March 2026, JOSHCO's verified spending at the end of quarter three is 129% against a cumulative target of 75%. This is reflected in below.

SOURCE	BUDGETS	CLAIMS	%
EFF -350	206 637 000.00	267 275 555.85	129%
TOTAL	206 637 000.00	267 275 555.85	129%

The budget has been overspent as the implementing department was anticipating budget increase during the mid-term budget process, which eventually did not materialize. The development department is currently analyzing this overspending and considering other sources of funding to manage the expenditure. Details are contained in the development report.

Payment of invoices paid within 30 days

In Quarter 3, 100% (809 number of invoices) (Prior year 37% (832 number of invoices) were settled within 30 days and actual for the Q2 was 99% compliance.

JOSHCO continues to monitor the compliance of paying suppliers as per the MFMA regulation.

Audit preparations and status of resolution of findings

We are aiming for an improvement on our prior year audit outcomes through the continuing effort of the clean audit steering committee and guidance from the leadership of the entity.

The key focus of the finance department in the next two quarters will be on the following areas:

- Some of the control deficiencies relating to the commitment disclosure and contract registers.
- Interim AFS for the period ending 31 December 2025 has been completed and submitted to the Internal audit with next set of Interim AFS currently being prepared covering the period ending 31 March 2026 (in line with the City's group interim instructions).
- Clean audit steering committee (focused on unresolved control deficiencies raised by internal audit relating to the commitment and contract registers)
- While the commitment standard operating procedures (SOP) has been developed, other SOPs are being reviewed to enhance internal controls within the entity.
- Capacitation of the Finance structure – currently halted based on the moratorium issued by the City and alternatives are being explored to address the capacity shortfalls.
- Focus on compliance matters with SARS – currently appealing the penalty and interest charged by SARS and additional documents have been submitted to SARS based on the latest correspondence received.
- Implementation of GRAP 104 led by COJ
- SAGE upgrade
- Panels adverts

In conclusion

I extend my gratitude to the MMC for his political leadership, the Board of Directors, the audit committee, the Executive team, and the esteemed staff complement of the entity for their guidance and support. Looking forward to a better 4th quarter.

Mr. Floyd Rikhotso
Chief Financial Officer

SECTION 4: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY

The Johannesburg Social Housing Company (JOSHCO) was established by the City of Johannesburg (CoJ) in November 2003 to provide affordable social housing options and reduce the City's housing backlog. JOSHCO is responsible for managing and providing social and affordable rental housing for households of various income levels, with a particular focus on low-income households. The entity is also responsible for the maintenance, refurbishment, and management of some of the City-owned rental housing stock as well as the provision of municipal services.

JOSHCO is a registered social housing institution and is accredited by the Social Housing Regulatory Authority (SHRA). The entity is required to comply with all relevant legislation including the Municipal Finance Management Act (MFMA), Municipal Systems Act (MSA), and Companies Act. The policies and strategies of JOSHCO reflect the vision of the CoJ as outlined in its long-term plans.

SECTION 5: STRATEGIC OBJECTIVES

JOSHCO's mandate is derived from its Memorandum of Incorporation (Mol) with the City of Johannesburg. Therefore, in remaining true to its purpose for establishment, the JOSHCO's business and operating model is anchored around the following strategic objectives in 2025/26:

- 1) To be a smart and capable entity.
- 2) Develop and manage social housing (regulated) and student accommodation.
- 3) Develop and manage affordable rental housing (non-regulated).
- 4) Implement Special projects on behalf of CoJ Department.

Table 01: Alignment Between Growth and Development Strategy 2040 (GDS). Government of Local Unity (GLU) Objectives. Mayoral Priorities. and JOSHCO’s Strategic Objectives and Outcomes

GDS Outcomes	GDS Outputs	Government of Local Unity (GLU) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
Provide a resilient, livable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy	Sustainable human settlements	Sustainable human settlements	Sustainable Service Delivery	To be a smart and capable entity	Achievement of all Service Level Standards, as per Service Delivery Agreement Well maintained and clean JOSHCO properties Alignment with SHRA’s requirements, as regulator
An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens	Job-intensive economic growth Promotion and support to informal and micro businesses Increased competitiveness of the economy A ‘Smart’ City of Johannesburg, that can deliver quality services to citizens	Job-intensive economic growth Promotion and support to informal and micro businesses Increased competitiveness of the economy	Job Opportunity & Creation	To be a smart and capable entity	Upliftment of communities through provision of financial and non- financial support to local SMMEs on construction projects Skills development and job creation through EPWP programme

GDS Outcomes	GDS Outputs	Government of Local Unity (GLU) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
	in an efficient and reliable manner (cross cutting output)				
Provide a resilient, livable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy	Sustainable human settlements	Sustainable human settlements	Sustainable Service Delivery	Develop & manage social housing and Student Accommodation Develop & manage Affordable rental housing Implement housing development projects for the COJ Provide assigned municipal services (Human Settlements)	Large scale delivery of social housing and affordable housing units across the city Development of student accommodation precinct Preserved and well-maintained buildings that meet acceptable living conditions
A high performing metropolitan government that proactively contributes to and builds a sustainable, socially	A responsive, accountable, efficient and productive	Partnerships, intergovernmental & international relations A responsive, accountable, efficient	Financial Sustainability	To be a smart and capable entity	Working towards a solvent company Improved revenue collection Diversification of revenue stream (outdoor advertising, management fee, other mechanisms)

GDS Outcomes	GDS Outputs	Government of Local Unity (GLU) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
inclusive, locally integrated, and globally competitive Gauteng City Region	metropolitan government Financially sustainable and resilient city	and productive metropolitan government Financially sustainable and resilient city Meaningful citizen participation and empowerment Guaranteed customer and citizen care and service			An Unqualified Audit Opinion Sound reputation in terms of payment of suppliers within 30 days Effective and efficient business processes Improved tenant satisfaction through proactive tenant education and engagement programme Customer satisfaction targets achieved and improved Improved visibility of JOSHCO brand
An inclusive, job-intensive, resilient, competitive and smart economy that harnesses the potential of citizens	A 'Smart' City of Johannesburg, that can deliver quality services to citizens in an efficient and reliable manner (cross cutting output)	Smart City of Johannesburg, that can deliver quality services to citizens in an efficient and reliable manner. A responsive, accountable, efficient and productive metropolitan government	Smart City	To be a smart and capable entity	Social housing projects that are smart and environmentally friendly, through design and the use of alternative building technologies (including alternative energy solutions and rainwater harvesting) Improved application and leasing processes, supported by automation of processes Seamless business continuity supported, through effective backup and disaster recovery systems

GDS Outcomes	GDS Outputs	Government of Local Unity (GLU) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
		Meaningful citizen participation and empowerment Customer satisfaction			

CHAPTER 2

GOVERNANCE

SECTION 1: BOARD OF DIRECTORS

The establishment of the Board of Directors is guided by Clause 6 of the entity's memorandum of incorporation (MOI) which states that the directors shall be appointed in accordance with the City Group Policy as provided for in the City Group Governance Framework or any other policy as determined by the City from time to time.

Furthermore, Section 66 of the Companies Act provides that the business and affairs of a company must be managed by or under the direction of its board, which has the authority to exercise all of the powers and perform any of the functions of the company, except to the extent that this Act or the company's Memorandum of Incorporation provides otherwise.

The shareholder retains the prerogative to appoint the boards of all City entities through a resolution of the Annual General Meeting (AGM). The Board of Directors of JOSHCO is presided over by a Non-Executive Director (Chairperson), Theodore Dhlamini.

Table 2 below lists the eleven Non-Executive Directors, two (2) Executive Directors, and three (3) Independent Audit Committee members.

Table 02: Board Composition as at 31 March 2026

Board Member	Capacity	Race	Gender	Status	Qualification
Mr. Theodore Dhlamini *Re-appointed on 29 October 2025	Non-Executive Director	Black	Male	Active	<ul style="list-style-type: none"> Post Graduate Diploma in Management
Mr. Zamikhaya Wauthus Xalisa *Resigned on 11 August 2025	Non-Executive Director	Black	Male	Resigned	<ul style="list-style-type: none"> Masters in Sustainable Agriculture (MSA) Masters in business administration (MBA)
Mr. Lawrence Mduduzi Ndlovu *Resigned 16 October 2025	Non-Executive Director	Black	Male	Resigned	<ul style="list-style-type: none"> Bachelor of Arts in Philosophy Bachelor of Divinity Master of Theology Being a director 1 –

Board Member	Capacity	Race	Gender	Status	Qualification
					Short Course <ul style="list-style-type: none"> • The Governance of Ethics – Short Course
Adv Ntokozo Mjijako *Re-appointed on 29 October 2025	Non-Executive Director	Black	Male	Active	<ul style="list-style-type: none"> • LLB • PDM-S • MPhil
Ms. Bayiphiwe Simelane *Re-appointed on 29 October 2025	Non-Executive Director	Black	Female	Active	<ul style="list-style-type: none"> • Diploma in Public Relations and Communication
Ms. Thandeka Tshabalala *Re-appointed on 29 October 2025	Non-Executive Director	Black	Female	Active	<ul style="list-style-type: none"> • BCom Accounting • Post Graduate Diploma in Financial Planning
Mr. Musa Shibambu *Reappointed on 29 October 2025	Non-Executive Director	Black	Male	Active	<ul style="list-style-type: none"> • Master of Philosophy in International Business
Ms. Tabisa Poswa *Re-appointed on 29 October 2025	Non-Executive Director	Black	Female	Active	<ul style="list-style-type: none"> • B Juris LLB
Mr. Jason Sobekwa *Re-appointed on 29 October 2025	Non-Executive Director	Black	Male	Active	<ul style="list-style-type: none"> • Bachelor of Accounting • Post Graduate Diploma- Financial Management • Masters in business administration

Board Member	Capacity	Race	Gender	Status	Qualification
					<ul style="list-style-type: none"> Chartered Management Accountant ACMA. (CGMA) CA(SA)
Dr Thulani Alfred Mdadane *Re-appointed on 29 October 2025	Non-Executive Director	Black	Male	Active	<ul style="list-style-type: none"> MBA MSC M.Phil. PHD
Mr. Floyd Rikhotso	Executive Director	Black	Male	(Appointed CFO on 07 July 2025)	<ul style="list-style-type: none"> BCom Accounting BCom Honours Certificate in Municipal Financial Management CA (SA)
Mr. Themba Mathibe	Executive Director	Black	Male	(Appointed as acting CEO 04 December 2025)	<ul style="list-style-type: none"> Degree of Bachelor of Arts Degree of Bachelor of Law Degree of Master of Laws Master of Laws (LLM)
Mr. Katlego Ditshego	Executive Director	Black	Male	(Appointed as acting CEO 01 February 2026)	<ul style="list-style-type: none"> National Diploma: Civil Engineering B-Tech: Civil Engineering M-Eng: Civil Engineering (Transportation) (Intelligent Transport Systems) M-Phil: Engineering Management PhD: Engineering

Board Member	Capacity	Race	Gender	Status	Qualification
					Management
Independent Audit Members					
Mr. Obed Thenga	Independent Audit Committee Member	Black	Male	Active	<ul style="list-style-type: none"> • BCom Honours
Dr Steven Piet Ngobeni	Independent Audit Committee Member	Black	Male	Active	<ul style="list-style-type: none"> • National Diploma (Town/Urban and Regional Planning) • BTech degree (Town/Urban and Regional Planning) • MA (Development Studies) • MSc (Built Environment) • MPA (Public and Development Management) • LLM (International Business) • PhD (Real Estate)
Ms. Thulisile Mfusi	Independent Audit Committee Member	Black	Female	Active	Honours Degree in Accounting Science

1. DUTIES OF THE BOARD AND COMMITTEES

1) BOARD RESPONSIBILITIES

The Board is guided by its approved Board Charter which was last reviewed in April 2022. The charter outlines the roles and responsibilities of the board as informed by the Municipal Systems Act, Companies Act, MOI and King IV report. The responsibilities include, amongst others:

- Acting as the focal point for and custodian of corporate governance by managing its relationship with management, the shareholders and other stakeholders of the company according to sound corporate governance principles.
- Appreciating that strategy, risk, performance and sustainability are inseparable and to give effect to this by:
 - Contributing to and approving the strategy
 - Satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management
 - Identifying key performance and risk areas
 - Ensuring that the strategy will result in sustainable outcomes
 - Considering sustainability as a business opportunity that guides strategy formulation
- Providing effective leadership on an ethical foundation.
- Ensuring that the company is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the company but also the impact that business operations have on the environment and the society within which it operates.
- Ensuring that the company's ethics are managed effectively.
- Acting in the best interests of the company by ensuring that individual directors:
 - Adhere to legal standards of conduct
 - Are permitted to take independent advice in connection with their duties following an agreed procedure.
 - Disclose real or perceived conflicts to the board and deal with them accordingly
- Ensure that the company has an effective and independent Audit Committee
- Take responsibility for the governance of risk
- Take responsibility for information technology (IT) governance

- Ensure that the company complies with applicable laws and considers adherence to non-binding rules and standards
- Ensure that there is an effective risk-based internal audit
- Appreciate that stakeholders' perceptions affect the company's reputation
- Ensure the integrity of the company's Integrated Report (Annual Report).

2) RESPONSIBILITIES OF THE BOARD COMMITTEES

The following committees, each of which is chaired by a Non-Executive Director have been formed by the Board:

- Audit & Risk Committee
- Social, Ethics & Human Resource Committee; and
- Development Committees

2.1 Audit & Risk Committee

The Audit & Risk Committee is a statutory committee which has been formed in line with the Companies Act 71 of 2008 and the Local Government Municipal Finance Management Act 56 of 2003.

The Audit & Risk Committee's composition complies with the Local Government: Municipal Finance Management Act 56 of 2003.

Table 03: The Committee consist of the following members:

Audit & Risk Committee as at 31 March 2026	
Jason Sobekwa	Non-Executive Director (Chairperson)
Obed Thenga	Independent Audit Committee Member
Thulisile Mfusi	Independent Audit Committee Member
Steven Piet Ngobeni	Independent Audit Committee Member

The mandate of the Committee as delegated by the Board of Directors in the Audit & Risk Charter includes:

- Financial reporting and reliability of financial information.
- Business planning and budget implementation.
- Identification of financial, business and operational risk areas of the company to be covered in the scope of internal and external audits.

- Ensuring that the Accounting Officer of the company has put in place appropriate internal control systems.
- Monitoring and reviewing the effectiveness of the Internal Audit function.
- Overseeing the relationship of the company with the Auditor General of South Africa.
- Reviewing the consistency of, and any changes to, the accounting policies of the company both on a year-on-year basis and across the company and the City of Johannesburg.
- Reviewing the company's arrangements for its employees to raise concerns in confidence and confidentiality about possible wrongdoing or improprieties in financial reporting and other matters.
- Monitoring and review of the performance information provided by the company against the approved business plan, the City's Integrated Development Plan and the Growth and Development Strategy and providing the Board of Directors with an authoritative and credible view of the performance of the company.
- Monitoring implementation of the policy and plan for risk management taking place by means of risk management systems and processes.
- Overseeing that the risk management plan is widely disseminated throughout the company and integrated in the day-to-day activities of the company.
- Ensuring that risk management assessments are performed on a continuous basis.
- Ensuring that frameworks and methodologies are implemented to increase the possibility of anticipating unpredictable risks.
- Expressing a formal opinion on the effectiveness of the system and process of risk management; and
- Reviewing reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.

2.2 Social. Ethics & Human Resource Committee

Table 04: The Committee consists of the following members:

Social. Ethics & HR Committee as at 31 March 2026	
*Lawrence Mduduzi Ndlovu *Retired	Non-Executive Director (Chairperson)
Bayiphiwe Simelane	Non-Executive Director
Tabisa Poswa	Non-Executive Director
*Zamikhaya Xalisa *Resigned	Non-Executive Director
Thandeka Tshabalala	Non-Executive Director

**Lawrence Ndlovu Retired on the 16th of October 2025 and*

**Zamikhaya Xalisa Resigned 11 August 2025.*

The mandate of the Committee is set out in its terms of reference and includes the following:

- Review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.
- Overseeing of the setting and administering of remuneration at all levels in the company.
- Overseeing the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance.
- Reviewing the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved.
- Ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued.
- Consideration of the results of the evaluation of the performance of the CEO and other executive directors, both as directors and as executives in determining remuneration.
- Selection of an appropriate comparative source when comparing remuneration levels.
- Advising on the remuneration of non-executive directors.
- Management development and succession plan for executive levels.
- Making recommendations to the Board where necessary or taking approved action within its delegated authority. Social and economic development, including the organisation's standing in terms of the goal and purpose of UN Global Compact principles, recommendations regarding Corruption, Employment Equity Act and Broad-Based Black Economic Empowerment.
- Good corporate citizenship including promotion of equality and contribution to development of communities.
- Environment, health and public safety.
- Consumer relationships.
- Labour and employment.
- To draw matters to the attention of the Board as required, and
- To report to the Shareholder at the AGM on matters within its mandate.

2.3 Development Committee

Table 05: The Committee consists of the following members:

Development Committee as at 31 March 2026	
Ntokozo Mjyako	Non-Executive Director (Chairperson)
Thulani Mdadane	Non-Executive Director
Musa Shibambu	Non-Executive Director
Theodore Zithulele Dhlamini	Non-Executive Director

The mandate of the Committee is set out in its terms of reference and includes the following:

- To approve new developments, report on the detailed investigation stage and to give approval to proceed with the development, i.e. Design and Business Plan development stage.
- To provide recommendations to the Board regarding the approval of new engagements in developments where appropriate.
- To evaluate proposed financing mechanisms where external financing is required; and
- To set benchmarks to be used to evaluate the risk/return relationship on significant projects to be undertaken by the Company.

3) BOARD AND COMMITTEE MEETING ATTENDANCES

- The Board held one (1) Board meeting in Q3 of 2025/26 FY (Ordinary Board Meeting – 27 January 2026).
- The Audit and Risk committee held one (1) ARC Meetings (Ordinary ARC meeting 06 January 2026).
- The Social, Ethics and Human Resource Committee held one (1) Meeting (Ordinary Social, Ethics and Human Resource Meeting – 05 January 2026).
- The Development Committee held one (1) meeting (Ordinary Development Committee Meeting – 23 January 2026).

The table below provides details of the attendance of members at the various meetings.

Table 06: Board Meeting attendances as at 31 March 2026

Board of Directors	Board Meetings		
	Attendance	Absent	Apologies
Number of Meetings	1		
Mr Theodore Dhlamini	0	0	1
Mr Zamikhaya	0	0	0
Mr Lawrence	0	0	0
Mr Ntokozo	1	0	0
Ms Bayiphiwe	1	0	0
Ms Thandeka	1	0	0
Mr Musa	1	0	0
Ms Tabisa Poswa	1	0	0
Mr Jason	1	0	0
Dr Thulani Alfred	0	0	0
Mr Floyd	1	0	0
Themba Mathibe	0	0	1
Mr Katlego	0	0	0

Table 07: Board Committee Meetings attendances as at 31 March 2026

Board of Directors and independent committee members	Audit & Risk			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Number of Meetings	1			1			1		
Mr Theodore Dhlamini	-	-	-	1	0	0	-	-	-
Mr Zamikhaya Wauthus Xalisa	-	-	-	-	-	-	-	-	-
Mr Lawrence Mduduzi Ndlovu	-	-	-	-	-	-	-	-	-
Mr Ntokozo Mjijako	-	-	-	1	0	0	-	-	-
Ms Bayiphiwe Simelane	-	-	-	-	-	-	1	0	0
Ms Thandeka Tshabalala	-	-	-	-	-	-	1	0	0
Ms Tabisa Poswa	-	-	-	-	-	-	1	0	0
Mr Jason Sobekwa	1	0	0	-	-	-	-	-	-
Dr Thulani Alfred Mdadane	-	-	-	-	-	-	-	-	-

Board of Directors and independent committee members	Audit & Risk			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Mr Obed Thenga	1	0	0	-	-	-	-	-	-
Ms Thulisile Mfusi	1	0	0	-	-	-	-	-	-
Dr Piet Ngobeni	1	0	0	-	-	-	-	-	-
Floyd Rikhotso	1	0	0	1	0	0	1	0	0
Themba Mathibe	1	0	0	1	0	0	1	0	0
Katlego Ditshego	0	0	0	0	0	0	0	0	0

4) REMUNERATION OF DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of Directors is guided by the City of Johannesburg Group Policy on the Governance of the Group Advisory Committees, Interim Municipal Entities Boards of Directors, and Independent Audit Committees of 2021 FY. Remuneration reflects figures from the Q3 of the FY 2025/26.

Table 07: Board of Directors Remuneration as at 31 March 2026.

Name	Designation	Remuneration
Mr Theodore Dhlamini	Non-Executive Director	R12 540.00*
Mr Zamikhaya Wauthus	Non-Executive Director	-
Mr Lawrence Mduduzi	Non-Executive Director	-
Mr Ntokozo Mjiyako	Non-Executive Director	R23 080.00
Ms Bayiphiwe Simelane	Non-Executive Director	R20 900.00
Ms Thandeka Tshabalala	Non-Executive Director	-
Mr Musa Shibambu	Non-Executive Director	R20 900.00
Ms Tabisa Poswa	Non-Executive Director	R20 900.00
Mr Jason Sobekwa	Non-Executive Director	R43 890.00
Mr Thulani Alfred Mdadane	Non-Executive Director	-
Total		R142 210.00

*MMC's Quarterly Meeting Included

**GRGC and GAC Meeting included

Table 08: Independent Audit and Risk Committee members' remuneration as of 31 March 2026.

Name	Designation	Remuneration
Mr Obed Thenga	Independent Audit Member	R8 360.00
Mr Steven Piet Ngobeni	Independent Audit Member	R8 360.00
Ms Thulisile Mfusi	Independent Audit Member	R8 360.00
Total		R25 080.00

Table 09: Executive Management remuneration as at 31 March 2026

Name	Designation	Remuneration
Ms Nokwazi Mtshali	EM: Planning & Strategy	R 564 941.52
Mr Melusi Ndima	Chief Operations Officer	R 560 113.83
Mr. Floyd Rikhotso	Chief Financial Officer	R 672 979.77
Mr. Nhlamulo Shikwambana	EM: Corporate Services	R 373 209.44
Mr. Katlego Ditshego	Act. Chief Executive Officer	R 55 030.58
Total		R 2 226 295.14

***Mr. Shikwambana remuneration for February and March 2026**

**Mr. Ditshego acting allowance*

5) COMPANY SECRETARIAL FUNCTION

The Company Secretary has a key role to play in ensuring that Board procedures are followed and regularly reviewed. As per Section 88 of the Companies Act, a company secretary's duties include, but are not restricted to:

- Providing the directors of the company collectively and individually with guidance as to their duties, responsibilities and powers
- Making the directors aware of any law relevant to or affecting the company
- Reporting to the company's board any failure on the part of the company or a director to comply with the Memorandum of Incorporation or rules of the company or this Act
- Ensuring that minutes of all shareholders' meetings, board meetings and the meetings of any committees of the directors, or of the company's audit committee, are properly recorded in accordance with this Act
- Certifying in the company's annual financial statements whether the company has filed required returns and notices in terms of this Act, and whether all such returns and notices appear to be true, correct and up to date

- Ensuring that a copy of the company’s annual financial statements is sent, in accordance with this Act, to every person who is entitled to it.

SECTION 2: HIGH-LEVEL ORGANISATIONAL STRUCTURE

This diagram demonstrates how the core business of JOSHCO feeds into the different divisions/departments within the organisation. JOSHCO’s core business comprises of two departments under Operations, namely: Housing Development responsible for construction and development of projects; and Housing Management responsible for property management, tenancing and community development. The remaining departments are support functions such as finance, legal, planning and strategy and corporate services.

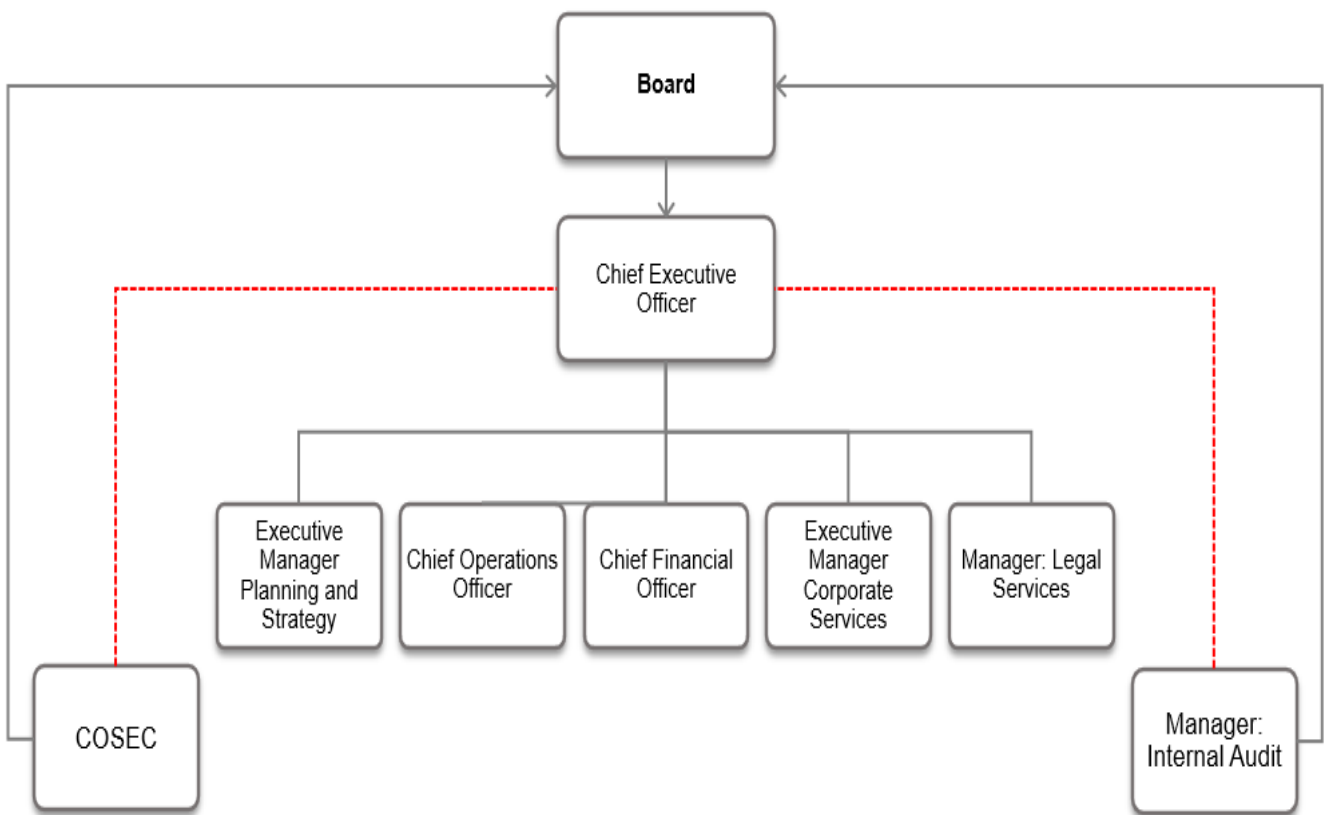


Figure 1: High-level Organisational Structure

SECTION 3: RISK MANAGEMENT

The Johannesburg Social Housing Company (JOSHCO) has established and maintains a system of risk management in accordance with the provisions of the Municipal Finance Management Act, the King IV Report on Corporate Governance, and applicable Risk Management Standards. Oversight over the governance and management of risk within JOSHCO is conducted by the Audit and Risk Committee which is the statutory Sub-Committee of the Board. The Committee meets on a quarterly basis (or as regularly as may be agreed between the Board and the Committee) and operates in accordance with Board approved Terms of Reference.

1) Risk Escalation Methodology

The Group Risk Framework provides guidance on which risks should be escalated to the various governance committees within the entity and the City. Functional departments, serving as process implementers, assess the risks. Heads of departments, acting as process owners, report the risk results to both the Executive Committee and the ARC. The ARC Chairperson escalates the assessment results to the Board of Directors and to the Group Risk Committee at the City for oversight. The ARC's role is to identify business risks that could potentially have a negative impact on both objectives and the company's operations and advise the Board on possible mitigating strategies.

- JOSHCO has a total of seven identified risks in its approved strategic risk register
- In the report, only five risks are highlighted. The report focuses on those risks which are rated as high risks and are considered priority risks requiring urgent management attention.

Table 10: JOSHCO Top 5 Strategic Risks as of 31 March 2026

NO.	RISK DESCRIPTION	Q2 RESIDUAL RISK RATING	Q3 RESIDUAL RISK RATING	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK	PROGRESS – Q3	STATUS (Q3)	RESIDUAL RISKS MOVEMENTS (Q3)
1.	Aging Infrastructure	Very High (20)	Very High (20)	Conduct a multi-year BCA (subject to budget approval) to support prioritising CAPEX on major upgrades that reduce frequent unplanned maintenance	<ul style="list-style-type: none"> The multi-year Building Condition Assessment (BCA), which was planned to be fully completed by 30 March 2026 to support CAPEX prioritisation and reduce unplanned maintenance, has not been finalised The delay is attributable to procurement challenges, specifically non-responsive tender submissions, which necessitated a reissue of the bid The appointment of a service provider is currently underway 	Not Implemented	<ul style="list-style-type: none"> Even with mitigation in progress, the risk remains very High: BCA outcomes are pending Prioritisation of budget for major upgrades has not been done Aging infrastructure continues to pose operational and safety risks until upgrades are executed in accordance with the BCA
2.	Loss of stakeholder confidence	High (15)	High (15)	Monitor and track the implementation of the Stakeholder Engagement Plan on quarterly basis	<ul style="list-style-type: none"> The Stakeholders' Engagement Plan is actively monitored. During the quarter, stakeholder relations activities included 	Implemented	<ul style="list-style-type: none"> The risk remains High, but current mitigation measures are reducing the

NO.	RISK DESCRIPTION	Q2 RESIDUAL RISK RATING	Q3 RESIDUAL RISK RATING	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK	PROGRESS – Q3	STATUS (Q3)	RESIDUAL RISKS MOVEMENTS (Q3)
					tenant education at the Orlando Ekhaya project		likelihood of escalation
				Intervention of Social facilitators where there is an unrest	The intervention of social facilitators is a standing action (on-going) During the quarter, memorandums were received from Union Square and Phoenix. No unrest was reported, and therefore no active intervention was required. (The matters were reviewed and monitored by Stakeholder Relations)	Implemented	
				Ad-hoc stakeholder engagement meetings or round table discussions with the affected stakeholders	During the quarter, three ad-hoc/roundtable stakeholder engagement meetings were held with Tshedzani, Orlando Ekhaya, and Devland to address emerging issues and strengthen communication with affected stakeholders	Implemented	
				Conduct a survey on public perception	These measures are currently being addressed through continuous tenant education programmes and remain ongoing	Not Implemented	
				Proactively notify applicants once a project has been fully tenanted e.g. Issue a communication on all social media platforms	The Marketing & Communication Unit continuously issues posters and videos on all JOSHCO social media platforms to notify applicants once a project has been fully tenanted	Implemented	

NO.	RISK DESCRIPTION	Q2 RESIDUAL RISK RATING	Q3 RESIDUAL RISK RATING	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK	PROGRESS – Q3	STATUS (Q3)	RESIDUAL RISKS MOVEMENTS (Q3)
					<ul style="list-style-type: none"> This is a continuous action plan dependent on leasing processes. During this quarter, no unit allocations were conducted, so no notifications were required 		
				Integration between Housing Management Department and Customer Relations Office	Continuous and ongoing meetings are held between the Housing Management Department and the Customer Relations Office to ensure integration of processes and enhance coordination in service delivery	Implemented	
3.	Inability to deliver capital projects on time	Very high (13)	Very high (13)	Blacklisting of non-performing contractors	<ul style="list-style-type: none"> The process for blacklisting non-performing contractors is an ongoing action. No contractors were blacklisted this quarter, as there were no terminations, but the process remains 	Implemented	The risk remains high, but mitigation measures are largely effective. Continuous monitoring and timely intervention with contractors and statutory bodies are critical to avoid escalation
			Implementation and monitoring of the Stakeholder Engagement Plan upon new developments	Stakeholder Relations supported new developments by attending two site meetings during the quarter: one at Devland and one at Nancefiled, ensuring effective engagement and addressing any stakeholder concerns	Implemented		
			Persuading/Petitioning with statutory bodies	Continuous engagements with statutory bodies are held monthly to review project progress and ensure compliance with regulatory requirements	Implemented		

NO.	RISK DESCRIPTION	Q2 RESIDUAL RISK RATING	Q3 RESIDUAL RISK RATING	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK	PROGRESS – Q3	STATUS (Q3)	RESIDUAL RISKS MOVEMENTS (Q3)
4.	Inability to continue as a going concern	Medium (10)	Medium (10)	Develop and implement an accelerated stakeholder engagement program targeted at problematic projects	The Stakeholder Engagement Plan is continuously monitored and tracked to ensure that engagement activities are implemented effectively, and stakeholder concerns are addressed in a timely manner	Implemented	Overall, the risk remains at Medium, but current controls and processes demonstrate that JOSHCO is actively managing and mitigating the risk. Most operational and financial mitigation measures are effectively implemented, reducing immediate risk to JOSHCO's going concern status.
				Develop a plan to acquire buildings (affordable and student accommodation) from the inner city (Mix-use approach)	JOSHCO issued a tender to identify prospective developers with land or buildings suitable for affordable and social housing developments. The submitted tender documents are currently being assessed	Not Implemented	
				Initiate a request to be granted permission to execute work on behalf of other departments and entities through the City Manager 'office	The implementing agent function is already operational under JOSHCO's approved business plan, allowing execution of works upon approval from the receiving department. The City Manager is involved where procurement or services exceed R20,000,000, in line with the delegation of authority framework	Implemented	
				Utilise funds in the SHRA Trust - Fund	SHRA Trust-Funds are utilised for projects under development, issues of non-compliance are being addressed by the	Implemented	

NO.	RISK DESCRIPTION	Q2 RESIDUAL RISK RATING	Q3 RESIDUAL RISK RATING	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK	PROGRESS – Q3	STATUS (Q3)	RESIDUAL RISKS MOVEMENTS (Q3)
					Development team to unlock funds estimated at R500 million		
				Implementation of the JOSHCO Turnaround Strategy	The JOSHCO Turnaround Strategy is being implemented to improve operational efficiency, strengthen governance, and enhance service delivery across JOSHCO	Implemented	
				Centralise SCM processes for repairs and maintenance	SCM processes for repairs and maintenance have been centralised within the SCM unit. New requisitions are now processed using the yellow paper from the Sage system, improving efficiency, compliance, and tracking of maintenance activities	Implemented	
				Enforcement of Service Level Agreements with departments and entities	Service Level Agreements (SLAs) with departments and entities are being enforced to ensure that obligations are met, deliverables are achieved on time, and accountability is maintained	Implemented	
				Continuous engagements with departments and entities to make payments	JOSHCO conducts recurring engagements with all departments to follow up on long-outstanding debts and obtain payment commitments, aiming to reduce overdraft usage and interest on the sweeping account	Implemented	
				Escalation to Group Finance to intervene with regards to payments by departments and entities	Matters of delayed payments that do not progress are escalated to the Group Chief Financial Officer and the Acting Chief Executive Officer	Implemented	

NO.	RISK DESCRIPTION	Q2 RESIDUAL RISK RATING	Q3 RESIDUAL RISK RATING	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK	PROGRESS – Q3	STATUS (Q3)	RESIDUAL RISKS MOVEMENTS (Q3)
					Particularly for departments with substantial outstanding balances, to ensure timely resolution and protect JOSHCO's financial position		
				Implementation of the comprehensive check list	A comprehensive checklist for SCM processes has been implemented to ensure compliance with procurement requirements, proper documentation	Implemented	
5.	Governance Failures	Medium (9)	Medium (9)	Recruitment and appointment of vacant Executive positions	<ul style="list-style-type: none"> - The recruitment and appointment process for vacant Executive positions commenced earlier in the year. - By the end of September 2025, the positions of Chief Operations Officer (COO) and Chief Financial Officer (CFO) had been successfully filled. - The appointment of the Executive Manager: Corporate Services during the period under review has strengthened leadership within the Corporate Services unit and ensured continuity in strategic and operational oversight. - The position of the Chief Executive Officer and company 	Implemented	<ul style="list-style-type: none"> - Governance Failures remain a medium risk. - Key executive positions (COO, CFO, and Executive Manager: Corporate Services) have been filled, and acting arrangements are in place for the CEO and Company Secretary, ensuring continuity of strategic and operational oversight

NO.	RISK DESCRIPTION	Q2 RESIDUAL RISK RATING	Q3 RESIDUAL RISK RATING	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK	PROGRESS – Q3	STATUS (Q3)	RESIDUAL RISKS MOVEMENTS (Q3)
					secretary remains on acting arrangements		
				Implementation of the Ethics Program	- The Ethics Programme was implemented	Implemented	
				Implementation of the Change Management Plan	<ul style="list-style-type: none"> - The implementation of the Change Management Plan at JOSHCO is not a standalone initiative but is fully integrated into the organization's approved Long-Term Strategy that is currently being implemented. - This ensures that all change-related activities are directly aligned with JOSHCO's strategic priorities and long-term objectives. - In addition, JOSHCO have developed a Change Management Plan which is awaiting approval by EXCO 	Implemented	

2) STRATEGIC RISK RESIDUAL RISK MOVEMENT – ANALYSIS

- **There** were **33** strategic risks action plans due for implementation in the third quarter
- **28** strategic risks action plans were implemented and resulting to 88% implementation of action plans
- **1** Action plan is in progress - Installation of CCTVs to eight projects (installed at Lufhereng and City Deep, Greenfields; remaining five projects pending installation)
- **4 Action** plans were not implemented:
 - Conduction of the Multiyear Building Conditional Assessment (BCA), even though there is a procurement process underway, the process is not yet finalised
 - Prioritisation of the CAPEX budget towards major upgrades, with the aim of reducing frequent unplanned maintenance costs, has not yet been implemented
 - Develop a plan to acquire buildings (affordable and student accommodation) from the inner city (Mix-use approach). Even though there is a process underway, the process is not yet finalised
 - The action plan for conduction of public perception survey has not been implemented as required, as no public perception survey has been conducted. While tenant education programmes are ongoing, they do not fulfil the requirement for a formal public survey to assess public perception, and therefore the action is not yet aligned or implemented

Table 11: Strategic Risks Performance

STRATEGIC RISKS MONITORING	ACTION PLANS	% IMPLEMENTATION
Implemented	28	85%
Not Implemented	4	12%
In-Progress	1	3%
Total	33	100%

3) INFORMATION ON EMERGING/NEW RISKS

JOSHCO has identified Records Management weaknesses as an emerging risk, but it is also recognised as a potential root cause of several other operational and compliance risks. These include audit findings, POPIA non-compliance, inefficiencies in service delivery, loss of institutional memory, and delays in decision-making due to poor document retrieval and control.

JOSHCO will implement the following interventions to address Records Management as an emerging risk and its potential role as a root cause of broader operational and compliance risks:

- Appointment of Records Management Oversight Officer
- Development of a Comprehensive Records Management Policy
- Establishment of a Records Management Framework
- Implementation of a Centralised Records Management System
- Implementation of a Centralised Records Management System

4) BUSINESS CONTINUITY MANAGEMENT

The Business Continuity Committee, chaired by the Executive Manager responsible for Planning and Strategy and supported by the COO, CFO, and key management team, met in 18th March 2026 for its quarterly meeting

During the session, the committee discussed key aspects of business continuity in detail. The committee remains committed to strengthening business resilience through continuous assessment, preparedness, and strategic planning and meets quarterly to review key business continuity matters

5) INSURANCE CLAIMS AGAINST/TO MOE

- As of 31 March 2026, there are 09 active claims
- 4 claims were close
- No new claims were lodged with the insurer during the period

Table 12: Insurance Claims as of 31 March 2026

CLAIM TYPE	ACTIVE (CURRENT)	REJECTED	SETTLED	NEW CLAIM	Claim Amount (R)	Amount paid to JOSHCO in Q3 (R)
Employee Personal Liability (EPL)	-	-	-	-	-	-
Third-Party Liability	7	-	-	-	8,777,848-49	-
Assets	0	-	4	-	-	233,341-18
Group Personal Accident (GPA)	2	-	-	-	25,000-00	-
Total	9	-	4	-	8,802,848-49	233,341-18

SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATIONS

The Board, Committees and Management continued to subscribe to Principle 1 of the King IV Report on Corporate Governance for South Africa 2016. which states “the governing body should lead ethically and effectively”. The governing body should further continue to subscribe to the Prevention and Combating of Corruption Activities Act 12 of 2004 and the Protected Disclosure Act 26 of 2000

The fraud hotline number is 0800 002 587/ email: whistle@joburg.org.za

1) Anti-Fraud, Prevention and Corruption Implementation Plans

JOSHCO has approved 2025/2026 Anti-fraud, Prevention and Corruption Implementation Plan and the table below provides an overview of the progress made on planned activities during quarter three. A total of 10 (100%) of activities were implemented during the second quarter.

Table 13: Activities implemented during third quarter

NO.	DESCRIPTION	STATUS	Q2 PROGRESS
1.	Identify fraud risk areas across departments and update the fraud risk register	Completed	Fraud Risk Assessment was conducted in March 2026.
2.	Monitoring of Fraud Risks action Plans	Completed	Q3 Fraud Risks action plans were monitored
3.	Coordinate training, posters, and workshops across departments.	Completed	Management was workshopped on Fraud Risks
4.	Awareness external/public sessions per month	Completed	Two presentations were made at the tenant education sessions
5.	Internal Fraud and Corruption Survey	Completed	The survey was designed and issued in collaboration with the Marketing and communication unit on the 17 th of March 2026
6.	Promote whistleblowing channels and monitor reported cases	Completed	Promotion of whistleblowing channels and monitoring of reported cases is on-going
7.	Monitoring of recommendations on completed GFIS Investigations	Completed	Quarterly meeting convened on the 16 th of March 2026
8.	Maintain a live register of reported fraud cases with resolution status (GFIS)	Completed	GFIS maintain a live fraud register for JOSHCO
9.	Monthly follow-up meetings with G-FIS on reported cases	Completed	Quarterly meeting convened on the 16 th of March 2026
10.	Presentation of quarterly fraud-related reports to the Audit & Risk Committee and EXCO.	Completed	Quarter reports are presented at EXCO and ARC

2) Fraud and corruption investigations

All reported fraud and corruption allegations are investigated by the City's Group Forensic and Investigation Services (GFIS) unit, with quarterly progress reports submitted to JOSHCO. As of end Q3, JOSHCO has seven (7) cases that are on-going, and 1 case was closed.

JOSHCO has identified five Fraud Risk as follows:

1. Leave fraud
2. Fraudulent allocation of units in projects
3. Information Security (ICT)
4. SCM Fraud
5. HR fraud of units in allocation of units in projects

Below is the summary of the fraud risk residual risk rating movement assessed:

- There were 25 action plans due for implementation in the third quarter.
- A total of 24 action plans were implemented, resulting in a 96% implementation rate for action plans due for reporting in Q3
- Seven actions were not achieved in Q1 and Q2, and they also remained unachieved in Q3

Table 14: Indicate the monitoring results for action plans due in the third quarter:

IMPLEMENTATION STATUS	ACTION PLANS	% IMPLEMENTATION
Implemented	24	96%
Not Implemented	1	4%
In-progress	0	0%
	25	100%

3) Anti-Fraud and Corruption Awareness Campaigns

The Board, Committees, and management continued to subscribe to Principle 1 of the King IV report on Corporate Governance for South Africa 2016, which states “the governing body should lead ethically and effectively”. The governing body should continue to subscribe to the Prevention and Combating of Corruption Activities Act 12 of 2004 and the Protected Disclosure Act 26 of 2000

The Stakeholder Relations Unit, in collaboration with the Risk & Compliance Unit, Housing Management (Leasing and Revenue Unit), Marketing & Communications Department and the

Occupational Health and Safety Unit successfully conducted tenant engagements at Orlando Ekhaya on the 21st of February 2026.

Furthermore, The Risk and Compliance Unit issued an Anti-Fraud and Corruption survey via internal comms on the 17th of March 2026.

SECTION 5: INFORMATION COMMUNICATION GOVERNANCE

The role of the Information and Communications Technology (ICT) Department is to enable effective information management, support decision-making processes, enhance collaboration, promote innovation, and drive digital transformation.

The department develops, maintains, and supports management Information Systems which encompasses the use, management, and application of various technologies to gather, process, transmit, and store information.

ICT facilitates efficient communication, enables access to vast amounts of data, and empowers JOSHCO staff to streamline processes and enhance productivity with a wide range of technologies, including computers, networks, the internet, software applications, mobile devices, and telecommunication systems.

1) Operational Performance

- **Disaster Recovery**

The Disaster Recovery (DR) simulation for the Johannesburg Social Housing Company (JOSHCO) was successfully conducted on 25th March 2026 using the Iron-tree RECOVERIT platform. The objective of the simulation was to validate JOSHCO's ability to recover critical systems, confirm backup integrity, and assess operational readiness in the event of a disaster scenario. All recovery steps were executed as planned, and the overall results affirm a strong and reliable disaster recovery posture.

The ICT department commenced the DR test on 25th March and concluded it on 26th March 2026 with all backup durations recorded and validated. These results indicate a stable and functional backup regime aligned with JOSHCO's continuity requirements. No post recovery remediation or corrective action was required. Therefore, all systems were returned to standby mode. The positive outcome of this exercise demonstrates that JOSHCO's DR environment, operational processes, and staff readiness is aligned with industry best practices and provide adequate resilience against disruptive events.

- **Network Availability**

JOSHCO's network remains stable. The JOSHCO ICT department has implemented a secondary link, which is active. The link was reactivated on 23rd January 2026 and has been tested accordingly on 6th March to ensure continuity of services. There was, however, an outage on the 27th of February but was restored on the same day. Operations were not disrupted due to the primary link being active

- **Patch Management**

To ensure a healthy environment and reduce risks, JOSHCO ICT is using a cloud-based endpoint management solution called Microsoft Intune. This solution simplifies app and device management across the many devices that use the JOSHCO Server and Network Environment, such as mobile devices, laptops, and virtual endpoints.

An update ring was created to ensure updates are pushed to clients as soon as they have been made available after testing, and all JOSHCO devices are running the latest Windows Updates, resulting in a healthy environment with less possibilities of cyber-attacks. All servers have received the monthly patches and up to date.

- **Datacentre Uptime/Downtime**

JOSHCO ICT implemented SOPHOS Email Advanced, an email security product designed to ensure complete protection from cyber-attacks. The services ceased to work on 1st February 2026, however, JOSHCO ICT was initiative-taking and redirected email traffic to pass through Microsoft Defender for Office, which is a tool used to protect against email security threats. With this measure in place, ICT can now guarantee the complete security of the organization and full compliance with the Minimum Information Security Standards.

During Quarter 3, JOSHCO did not encounter any cyber threats due to the hardened security measures currently in place. Information Security is actively monitoring the environment through various tools deployed on the infrastructure. However, there is a need to fill information security vacancies within the ICT department to ensure a continued stable environment.

- **Cybersecurity**

JOSHCO ICT implemented SOPHOS Email Advanced, an email security product designed to ensure complete protection from cyber-attacks. The services ceased to work on 1st February 2026, however, JOSHCO ICT was proactive and redirected email traffic to pass through Microsoft Defender for Office, which is a tool used to protect against email security threats. With this measure in place, ICT can now guarantee the complete security of the organization and full compliance with the Minimum Information Security Standards.

During Quarter 3, JOSHCO did not encounter any cyber threats due to the hardened security measures currently in place. Information Security is actively monitoring the environment through various tools deployed on the infrastructure. However, there is a need to fill information security vacancies within the ICT department to ensure a continued stable environment.

SECTION 6: COMPLIANCE WITH LAWS & REGULATIONS

Compliance Management is a multifaceted discipline that ensures that an organisation complies with industry legislation, regulations and standards, as well as corporate and regulatory policies and requirements. The Risk and Compliance Unit is responsible for ensuring that JOSHCO complies with industry legislation, regulations and standards, as well as corporate and regulatory policies and requirements.

1) Compliance Management Implementation Plan Quarter 3 Activities

JOSHCO has an approved 2025/2026 Compliance Implementation Plan, and table 15 below provides an overview of the progress made on planned activities during quarter three.

Table 15: Q3 Compliance Implementation Plan performance

NO.	Q2 ACTIVITY	Status	Q2 PROGRESS
1.	Monitoring 2025/26 Compliance Risk Assessment Plans	Completed	Monitoring of Compliance Risks action plans was facilitated
2.	Revision and development (for emerging high risks) of Compliance Risk Management Plans for high or non-compliant legislations	Completed	<ul style="list-style-type: none"> - Revision of seven Compliance Risk Management Plans (CRMP) for high or non-compliant legislations was completed - Two CRMPs were developed in the quarter for emerging high-risk legislations
3.	Conduction compliance assessments for legislations as per the Compliance Universe.	Completed	Conduction compliance assessments for legislation as per the Compliance Universe has been completed for 32 legislations

NO.	Q2 ACTIVITY	Status	Q2 PROGRESS
4.	Monitoring of action plan to address instances of non-compliance identified during the compliance assessments	Completed	Monitoring of action plan to address instances of non-compliance has been completed
5.	Submission of UIFW and 30 days payments reports to Group Compliance	Completed	January reports received from Finance Department
6.	Tax Status Review and submission of the Tax Certificate to Group Compliance	Completed	Joshco still tax compliant
7.	Preparation of unit reports to the Executive Manager Business Planning and Strategy	Completed	All unit reports have been prepared and submitted to the Executive Manager: Planning and Strategy
8.	Submission of quarterly Compliance Reports to Group Compliance	Completed	100% Internal Audit findings were resolved
9.	Submission of the Compliance report to Monitoring & Evaluation	Completed	MFMA Circular 68 was monitored - UIFW
10.	Submission of SHRA reporting Tool in accordance with 2025/26 circular	Completed	Q3 SHRA Tool submitted to SHRA
11.	Respond to internal audit request on Risk and Compliance Audit	Completed	The are no current findings for compliance Management
12.	Conduction of compliance assessments on four national treasury circulars	Completed	MFMA Circular 68 was monitored - UIFW
13.	Compliance Awareness via Internal Communication Platforms	Completed	Compliance-related information was communicated internally through the Risk and Compliance channels. No newsletters or communications were issued via the Marketing and Communications unit due to licensing constraints

2) Compliance Universe Assessments

The entity achieved 99.75%, with a minimal variance of 0.25% remaining to reach full compliance

Compliance Performance Overview (Top 10 Legislative Acts):


JOSHCO assessed compliance of 32 legislative Acts; overall, compliance remains strong, with most Acts achieving full compliance except for the following legislations:


- Compliance with the Protection of Personal Information Act, No. 4 of 2013 (POPIA 2013) improved from 86% to 96%, compliance gaps relate to in records Management controls. Corrective actions for implementation by 30 June 2026
- Compliance with the Local Government Municipal Finance Management Act, No. 56 of 2003 (MFMA 2003) remained at 100%, with an exception related to unauthorized debit orders currently under investigation

- The Rental Housing Act remained stagnant in 97% due to unauthorized subletting, despite control measures implemented to address this issue
- Companies Act, No. 71 of 2008 regressed from 100% to 99% due non appointment of the company secretary as required by Section 86(1)
- All other priority Acts maintained full compliance, reflecting effective controls

While overall compliance is strong, targeted actions are required to close identified gaps and sustain full compliance.

Table 16: Instances of Non-Compliance identified in Q3


NO.	ACT NAME	Q1 %	Q2 %	Q3 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
1.	Protection of Personal Information Act, No. 4 of 2013	86%	89%	96%		Only a few departments conduct regular data quality reviews; records may be outdated or incomplete	Implement periodic data quality review procedures across all departments to ensure accuracy, completeness, and currency	<ul style="list-style-type: none"> The implementation of periodic data quality review procedures across all departments is planned as part of the Records Management Policy, Framework and centralised system 	30 June 2026	Not Compliant
						Physical file security is insufficient; while IT security has improved, physical safeguards are still weak	Implement physical security measures (locked storage, controlled access) alongside IT security enhancements; finalize and enforce information security policy	Controlled access and locked storage measures have not yet been implemented, and the Information security policy was approved	30 June 2026	


NO.	ACT NAME	Q1 %	Q2 %	Q3 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
						No standard procedure for handling access, correction, or deletion requests	Establish a documented SOP for handling data subject requests, including access, correction, deletion, and communication protocols	The development of a documented SOP for handling data subject requests, including access, correction, deletion, and communication protocols, has not yet started	30 June 2026	
2.	Local Government Municipal Finance Management Act, No. 56 of 2003 (MFMA)	100%	100%	100%		<ul style="list-style-type: none"> - The Company does not comply with (MFMA) Section 95(d) - JOSHCO incurs unauthorized monthly unauthorized debit orders 	The Fraud case has been referred to Group Forensic Investigation services (GFIS) for investigation	The investigation is currently ongoing with report expected in the beginning of quarter four	On-going	Compliant (with an exception)

NO.	ACT NAME	Q1 %	Q2 %	Q3 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACTION PLANS	PROGRESS TO ADDRESS COMPLIANCE	TO NON-COMPLIANCE	PERIOD	STATUS
3.	MFMA - Municipal Supply Chain Management Regulations	100%	100%	100%	↔	None	N/A	N/A		N/A	Compliant
4.	Rental Housing Act No. 50 of 1999	100%	96%	97%	↔	JOSHCO does not comply with Section 4.A - Does the tenant ensure not sublet a dwelling without the consent of the landowner?	- To prevent unauthorized subletting, the lease agreements should explicitly prohibit tenants from subletting without the landowner's written consent. Tenants must be clearly informed of this rule and the	- Lease agreements prohibit subletting without the landowner's written approval - Tenants have been informed of their obligations and the consequences of non-compliance - Any breaches are addressed according to the lease, and all approvals and tenant		On-going	Not Compliant




NO.	ACT NAME	Q1 %	Q2 %	Q3 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
							<ul style="list-style-type: none"> - consequences of violating it - A formal process should be established for requesting and approving sublets, while periodic inspections and monitoring ensure compliance - Any breaches should be addressed through lease penalties or termination, and all approvals and communications 	<ul style="list-style-type: none"> - communications are properly documented for accountability and legal compliance 		

NO.	ACT NAME	Q1 %	Q2 %	Q3 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACTION PLANS	PROGRESS TO ADDRESS COMPLIANCE	TO NON-COMPLIANCE	PERIOD	STATUS
							should be documented for accountability and legal protection				
5.	Social Housing Act, No.16 of 2008	100%	100%	100%	↔	None	N/A	N/A		N/A	Compliant
6.	Local Government Municipal Systems Act, No. 32 of 2000	100%	100%	100%	↔	None	N/A	N/A		N/A	Compliant
7.	Housing Act, No.107 of 1997	100%	100%	100%	↔	None	N/A	N/A		N/A	Compliant
8.	Companies Act, No. 71 of 2008	100%	100%	99%	↓	JOSHCO is not compliant with Section 86(1) of the Companies Act 71 of 2008, as the entity has not	- The Secretariat position was advertised; however, a COJ-issued moratorium has	New identified non-compliance		30 June 2026	Not Compliant

NO.	ACT NAME	Q1 %	Q2 %	Q3 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACTION PLANS	PROGRESS TO ADDRESS COMPLIANCE	TO NON-COMPLIANCE	PERIOD	STATUS
						appointed a Company Secretary. The statutory requirement mandates that a state-owned company must have a Company Secretary from incorporation, and any vacancy must be filled within 60 business days	<p>frozen all recruitment processes</p> <p>- As a result, no further action can be taken at this stage, and the action plan will only be implemented once the moratorium is lifted</p> <p>- JOSHCO has appointed an acting COSEC in the interim</p>				
9.	Labour Relations Act, No. 66 of 1995	100%	100%	100%		None	- N/A	N/A		N/A	Compliant

NO.	ACT NAME	Q1 %	Q2 %	Q3 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACTION PLANS	PROGRESS ADDRESS COMPLIANCE	TO NON-	PERIOD	STATUS
10.	Basic Conditions of Employment Act, No. 75 of 1997	100%	100%	100%		None	- N/A	- N/A		N/A	Compliant

Legends:

% Compliance Status progressed	
% Compliance Status regressed	
% Compliance remained the same	

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

1) Housing Development and Management

During the quarter under review, the entity made steady progress in advancing the development of social housing. Three major projects are currently under implementation: Booyesen Place, Nancefield Social Housing, and Riverside View Phase 5. Collectively, these developments are expected to deliver 500 new housing units, contributing to the expansion of affordable rental stock and improved access to quality housing opportunities within the City.

2) Occupancy Performance

Occupancy levels remained strong, with the entity achieving an overall occupancy rate of 99%, surpassing the quarterly target of 98%.

3) EPWP Job Creation

As part of JOSHCO's commitment to socio-economic development, a total of 788 work opportunities were created through the Expanded Public Works Programme (EPWP), significantly exceeding the quarterly target of 750.

4) Governance and Internal Controls

The organisation continued to strengthen its internal governance processes during the reporting period. A total of 75% of internal audit findings were resolved, meeting the quarterly target of 75%, while 65% of Auditor-General of South Africa (AGSA) findings were addressed, significantly exceeding the quarterly target of 30%.

5) Tenant Engagement

A total of 25 tenant engagement sessions were conducted by the end of Quarter 3

SECTION 2: SERVICE DELIVERY CHALLENGES AND MITIGATION

There are key challenges that were encountered during the quarter under review. Some of the challenges are persistent, but measures have been put in place to mitigate the challenges as listed on the table 16 below:

Table 16: Challenges and Mitigations

Challenges	Mitigation
Delay in project construction due to contract non-performance	The entity will impose penalties on the affected on the contract
Community unrest which results in stoppage of construction or delays of construction activities.	There is ongoing engagement between JOSHCO, Magandaganda Informal settlement and Department of Human Settlement.
Low rental collection	<p>To address these issues, JOSHCO proposes a multi-faceted strategy focused on strengthening credit control, accelerating legal recoveries, and improving operational efficiency.</p> <p>This includes restructuring the revenue unit into specialised teams, enhancing utility cost recovery through prepaid systems, and implementing targeted revenue drives. Strategic initiatives such as debt factoring, commercial space optimisation, and improved tenant formalization are also prioritized to enhance cash flow and financial sustainability</p>

Challenges	Mitigation
<p>Continued financial losses, largely driven by high provisions for bad debts and elevated operational cost, particularly utilities, finance cost and repairs and maintenance.</p>	<p>The entity's reviewed 5-year strategy to improve the entity's financial sustainability is under implementation as follows:</p> <ul style="list-style-type: none"> • JOSHCO will continue with monitoring the performance considering the challenges of long outstanding debtors balance from the COJ's Human Settlement department. • Student accommodation – Currently under implementation with one project completed and tenanted. Additional student accommodation projects are in progress to raise more cash due to their satisfactory performance in rental collection. • Commercial spaces – maximise commercial spaces available for additional revenue to be generated. As at the end of the quarter, out 52 retail spaces, there is 32 occupied spaces and 20 vacancies (3 emptied by MMC, 5 vacant in Kerk Street, 6 in Booysen's (under construction), 3 vacancies at NBS, 2 vacancies at 16 Wolmarans, and 1 vacancy at Raschers. • New and reviewed Revenue drive plan has been submitted as previous was put on hold due to budgetary issues. • The Debit check challenge is covered in the quarterly report, where we stated the rising number of cancellations of the mandates; reporting it here would be duplication of the same information

SECTION 3: RESPONSE TO STRATEGIC DIRECTION

Table 17: JOSHCO's Response to Strategic Direction

No.	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome in Q3
1.	Sustainable Service Delivery	<ul style="list-style-type: none"> To be a smart and capable entity 	<ul style="list-style-type: none"> Attainment of all SLSs Well maintained and clean JOSHCO properties Continuous engagement with SHRA's to ensure we are compliant to the regulator.
2.	Job opportunity & creation	To be a smart and capable entity	<ul style="list-style-type: none"> Upliftment of communities through SMMEs on construction projects Skills development and job creation through EPWP programme
3.	Sustainable service delivery	<ul style="list-style-type: none"> Develop & manage social housing and student accommodation Develop & manage affordable rental housing Implement housing development projects for the CoJ Provide assigned municipal services 	<ul style="list-style-type: none"> On track to deliver social housing and affordable housing units across the City Development of student accommodation precinct Preserved and well-maintained buildings that meet acceptable living conditions
4.	Financial sustainability	<ul style="list-style-type: none"> To be a smart and capable entity 	<ul style="list-style-type: none"> A solvent company by end of 2024/25 FY Improved revenue collection Diversification of revenue stream (outdoor advertising, management fee, other mechanisms) An unqualified Audit Opinion Effective and efficient business processes Improved tenant satisfaction through proactive tenant

No.	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome in Q3
			education and engagement programme <ul style="list-style-type: none"> • Customer satisfaction targets achieved and improved • Improved visibility of JOSHCO brand
5.	1. A Smart City	<ul style="list-style-type: none"> • To be a smart and capable entity 	<ul style="list-style-type: none"> • Social housing projects that are smart and environmentally friendly. through design and the use of alternative building technologies • (Including alternative energy solutions and rainwater harvesting) • Improved application and leasing processes. supported by automation of processes launched • Seamless business continuity supported. through effective backup and disaster recovery systems

SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS

The relationship of JOSHCO and CoJ as a parent municipality and the sole shareholder of the entity is formalised through various processes and documentation that include the Service Delivery Agreement (SDA) and the Shareholder compact. Section 93B (a) of the Municipal System Act stipulates that “Parent municipalities having sole control. — A parent municipality which has sole control of a municipal entity:

‘Must ensure that annual performance objectives and indicators for the municipal entity are established by agreement with the municipal entity and included in the municipal entity’s multi-year business plan.’ As such, JOSHCO and the City sign a five-year SDA that is reviewed

annually. The agreement outlines the entity's scorecard and seven service level standards that JOSHCO should adhere to when delivering its services to the Johannesburg communities'

JOSHCO reports on performance against seven pre-determined targets for SLs. The entity has achieved all seven of the service standards due in the quarter under review. The agreed service standards with the City cover the following:

- 98% accurate bills for all active customers
- 96% of maintenance request attended to within 14 working days
- Routine building maintenance once per year and as required
- Outcome of enquiry to be sent to application within 5 days
- Outcome of the application communicated within 10 working days
- Acknowledgement and response within 24 hours of complaint being logged and
- Resolution within 5 working days of logged call.

Table 18: Service Level Standard (SLS) Performance as at 31 March 2026

Core Service	Service Level Standard Target	January 2026	February 2026	March 2026	Quarter 3	Variance explanation	Mitigations
1) Billing of customers	98% accurate bills of all active customers	98%	98%	98%	98%	N/A	N/A
2) Attending to request for maintainance	96% of maintenance requests attended within 14 days of the logged call	130/206x100=63%	48/112x100=42,85%	34,39%	46,74%	Target Not Achieved: Service disruptions linked to contract and payment issues (e.g. lifts, utilities).	The Housing Management is currently working with the Office of the ACEO, CFO (SCM) office of the COO to address the R&M backlog through a compreshive approach of reallocating under-performing contractors and buiding internal capacity for repairs and maintainance
3) Routine building maintenance	Once per year and as when required	33%	66,66%	8,3%	88.76%	N/A	N/A
4) Application for rental housing	Outcome of enquiry to be sent to application within 5 days	2 days	1 day	Non performance	2 days	N/A	N/A
5) Application for rental housing	Outcome of the application communicated	4 days	6 days	Non performance	5 days	N/A	N/A

	within 7 working days						
6) Resolution of complaints	Acknowledgement and response within 24 hours of complaint being logged	24 hours	24 hours	24 hours	24 hours	N/A	N/A
7) Resolution of complaints	Resolution of the complaints/ queries within 5 workings days	1 day	1 day	1 day	1 day	N/A	N/A

SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The organisation's 2025/2026 business plan includes nineteen (19) key performance metrics and targets. In quarter 3, eight (8) of the fifteen (15) targets that are due for reporting were achieved. This outcome amounts to a performance for the quarter of 53%.

Table 19: Target Performance

JOSHCO Company Performance					
Performance Status	Assessment	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Target Achieved		7	7	8	N/A
Target Not Achieved		7	8	7	N/A
KPI not due		5	4	4	N/A
% Achievement		50%	46%	53%	N/A
Total No. of KPI's		19	19	19	19

Legend

	Target achieved
	Target not achieved. but there is progress
	Target not achieved and there is a significant risk of non-achievement
	KPI measured at the end of the financial year and / not due for reporting in the quarter

Table 20: Performance Against Predetermined Objectives as at 31 March 2026

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q3 Target	Mid-term Deviation	Q3 Actual	Variance	Reasons for Underachievement and Remedial Action
Financial Stability	1	Current Ratio	Current ratio 1:1	1:1	N/A	0.34:1	- 0.66	<p>Target Not Achieved:</p> <ul style="list-style-type: none"> - The non-performance of this target is due to continued losses being incurred such as utilities (majority is not recovered from tenants due to unmetered units), finance costs (growing overdraft due to non-payments by COJ departments (mainly Human settlement), bad debts (low targets collections from tenants) and security (on the units occupied by tenants) amongst others - It should be noted that properties are capitalized at the City owing to the capital structure of the City <p>Remedial Action:</p> <ul style="list-style-type: none"> - Various initiatives are in place to manage these expenditures. See KPI 4 below
	2	Solvency Ratio	Solvency Ratio 1:1	1:1	N/A	0.35:1	- 0.65	
	3	% Collection in respect of current debtors	95% collection in respect of current debtors	95%	95%	68%	-27%	<p>Target Not Achieved:</p> <ul style="list-style-type: none"> - The primary driver of underperformance includes tenant non-payment, service delivery complaints, weak

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q3 Target	Mid-term Deviation	Q3 Actual	Variance	Reasons for Underachievement and Remedial Action
								<p>enforcement of evictions, and internal capacity constraints within the revenue department</p> <p>Remedial action:</p> <ul style="list-style-type: none"> - Intensify eviction processes - Door-to-door revenue drives targeted defaulting tenants - Tenant profiling leading to Debt factoring - Restructured Revenue Department to include team leaders - Pre-legal & utilities divisions and improve on credit evaluation process to include real-time employment verification process - Planned outsourcing of the management of some of the properties is in progress targeting the poor performing properties

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q3 Target	Mid-term Deviation	Q3 Actual	Variance	Reasons for Underachievement and Remedial Action
	4	% Reduction of Deficit	40%	Not due	N/A	Not due	N/A	<p>Target Not Due:</p> <ul style="list-style-type: none"> - Target is due at 30 June 2026 - The target is broken down into milestone 1st on the 31 December 2025 at 10% and the 2nd is due on the 30 June 2026 at 40% - While there is no target set for Q3, the progress on the target-to-date indicates an increase in the deficit at end of Q3 of 2025/26 compared to same period in the previous year - The cumulative deficit as at 31 March 2026 is R383.4 million compared to R356.4 million in the prior year (8% increase from prior year) <p>Remedial Action:</p> <ul style="list-style-type: none"> - Finance costs (escalated to the City Manager for interventions) - Possible reversal and/or freezing of interest on overdraft - Utilities – Engagements with City power for utility management (metering of units etc.)

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q3 Target	Mid-term Deviation	Q3 Actual	Variance	Reasons for Underachievement and Remedial Action
								<ul style="list-style-type: none"> - Repairs & Maintenance ring fenced and constant monitoring and currently yielding results despite delays in maintenance of some of the properties. - Bad debts (onboarding, stakeholders' engagements, profiling, enforcement and factoring) - Payroll management of leave and EPWP funding including overtime and freezing of posts - Overall cost containment implementation - Price benchmarking and negotiations - Security reduction - Referring to Internal audit for investigations including the corrective measures
	5	% Of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	100%	N/A	100%	0	Target Achieved
	6	Number of SMME's supported	15 SMME's	Not Due	N/A	Not due	N/A	Target not due for reporting, however, 24 SMMEs were supported during the quarter
	7	Percentage expenditure of	100% expenditure of	75%	N/A	129%	+54%	Target Achieved:

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q3 Target	Mid-term Deviation	Q3 Actual	Variance	Reasons for Underachievement and Remedial Action
		approved capital budget	approved capital budget					<ul style="list-style-type: none"> - There was additional budget request made during the mid-term to assist in achieving the units' yield for the year - The requested amounts were not approved resulting in overspending in some of the projects and additional budget is required to achieve the targeted units as set in the business plan
Good Governance	8	Percentage resolution of internal audit findings	100% resolution of Internal Audit findings (cumulative)	75%	N/A	75%	0%	Target Achieved
	9	% Resolution of AGSA findings	100% resolution of AGSA findings	30%	N/A	76%	+46%	Target Achieved
	10	Level of audit opinion	Unqualified audit opinion	Not Due	N/A	Not Due	Target Not due for reporting	
	11	Percentage compliance to Laws and regulation	100% compliance to laws and regulation	100%	N/A	99.75%	-0.25%	Target not Achieved: <ul style="list-style-type: none"> - JOSHCO assessed compliance with 32 legislative Acts, with overall compliance remaining strong and most Acts fully compliant.

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q3 Target	Mid-term Deviation	Q3 Actual	Variance	Reasons for Underachievement and Remedial Action
								<p>- Non-compliance areas included the following:</p> <ul style="list-style-type: none"> ▪ POPIA improved to 96% with outstanding records management issues; MFMA remained at 100% with an isolated exception under investigation; the Rental Housing Act remained at 97% due to unauthorized subletting; and the Companies Act slightly declined to 99% due to the non-appointment of a company secretary <p>Remedial Action:</p> <p>Strengthen internal controls, monitoring, enforce accountability, and fast-track corrective action plans implementation by responsible departments</p>
	12	Percentage Implementation of corrective action against identified risks	100% Implementation of corrective action against the identified risks	100%	N/A	85%	-15%	<p>Target not Achieved:</p> <p>Below 4 action plans were not implemented during the reporting period:</p> <ul style="list-style-type: none"> - Prioritisation of the CAPEX budget towards major upgrades, with the aim of reducing frequent unplanned maintenance costs, has not yet been implemented

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q3 Target	Mid-term Deviation	Q3 Actual	Variance	Reasons for Underachievement and Remedial Action
								<ul style="list-style-type: none"> - Conduction of the Multiyear Building Conditional Assessment (BCA), even though there is a procurement process underway, the process is not yet finalised - Develop a plan to acquire buildings (affordable and student accommodation) from the inner city (Mix-use approach). Even though there is a process underway, the process is not yet finalised - The action plan for conduction of public perception survey has not been implemented as required, as no public perception survey has been conducted. While tenant education programmes are ongoing, they do not fulfil the requirement for a formal public survey to assess public perception, and therefore the action is not yet aligned or implemented <p>Remedial Action:</p> <p>The planning and Strategy department provide independent oversight and monitoring on Risk Management processes and will implement the following action plans:</p>

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q3 Target	Mid-term Deviation	Q3 Actual	Variance	Reasons for Underachievement and Remedial Action
								<ul style="list-style-type: none"> - Monitor and review the CAPEX prioritisation process to ensure alignment with risk exposure and buildings condition (provide advisory recommendations to management; and escalate non-implementation or delays to EXCO) - Track progress of the procurement process against planned timelines; flag delays as a risk to JOSHCO; ensure accountability by engaging SCM and Technical Services; and escalate prolonged delays through governance structures e.g. Audit steering Committee - Monitor the development of the strategy and approval processes; assess alignment with JOSHCO strategic objectives; and report delays or gaps to EXCO and the Audit and Risk Committee. - Monitor utilisation of SHRA trust funds, identify and report risks associated with non-utilisation (e.g. funding clawbacks or inefficiencies); and recommend corrective actions to management

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q3 Target	Mid-term Deviation	Q3 Actual	Variance	Reasons for Underachievement and Remedial Action
Personnel Vacancy Rate	13	% Employee vacancy rate	8% employee vacancy rate	8%	N/A	6.3%	1.7%	Target Achieved
Job Opportunity and Creation	14	Number of jobs created for the unemployed through EPWP programmes	1000 Jobs	750	N/A	788	+38	Target Achieved
Sustainable Service Delivery	15	No. of social housing units completed	500 housing units completed	Not Due	N/A	Not Due	N/A	Not Due for reporting
	16	% Occupancy rate across all JOSHCO rental units	98% occupancy rate	98%	N/A	99%	+1	Target Achieved
	17	% Achievement of service standards	100% Achievement of service standards	100%	N/A	85.71%	-14.29%	<p>Target Not Achieved:</p> <ul style="list-style-type: none"> - Service disruptions linked to contract and payment issues (e.g. lifts, utilities) <p>Remedial Action:</p> <ul style="list-style-type: none"> - The Housing Management is currently working with the Office of the CEO, CFO (SCM) office of the COO to

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q3 Target	Mid-term Deviation	Q3 Actual	Variance	Reasons for Underachievement and Remedial Action
								address the repairs & maintenance backlog through a comprehensive approach of reallocating under-performing contractors and building internal capacity for repairs and maintenance
	18	Number of tenants engagement	4	3	N/A	25	+22	Target Achieved
	19	% of additional revenue accrued from special projects	100%	100%	N/A	18%	-82%	Target Not Achieved: <ul style="list-style-type: none"> - The total budget for the special project is R39.6million and the target for Q3 is R13.3million (representing 100% of the special project revenue) - For the current quarter, the actual revenue from special projects is R2.5 million, equating to 18% of the target - The reason the target was not met is the result of reductions in the budget of the departments that JOSHCO implements projects on their behalf and suspension of some work especially Human settlement due to nonpayment of historic debts and expired SLAs - It was also anticipated that the performance would improve in the 2nd half of the financial provided that the

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q3 Target	Mid-term Deviation	Q3 Actual	Variance	Reasons for Underachievement and Remedial Action
								<p>departments secure additional funding during the mid-term budget processes</p> <ul style="list-style-type: none"> - The year to date of management fee billed on Special Project to date is R10.7 million with a budget of R39.6 million equating to 3.6% - Remedial Action: JOSHCO will continue with monitoring the performance considering the challenges as stated above and continue to implement projects on behalf of departments and entities with positive payment history.

1) HOUSING DEVELOPMENT

1. Contextual Background

Our capital projects are divided into two programs: Inner-City and Greenfields programs. Each program is further structured around two key milestones: Planning and Implementation. The planning phase spans from project inception to the pre-tender stage, while the implementation phase covers the periods from the tender award through the project close out.

Outlined below are the start and completion dates of the various projects, together with their performance status. These timelines align with the signed Development Agreement or JBCC contract governing each project. It is important to note that completion dates may be revised, subject to the outcomes of Extension of Time (EOT) claims submitted by the main contractors to JOSHCO. Where claims are awarded—whether with or without cost—adjustments to completion dates will be made accordingly, based on the specific circumstances of the claim. The adjudication of such EOT claims is undertaken by independent Project Managers, Principal Agents, or Review Consultants, in collaboration with Quantity Surveyors. Their recommendations are then formally submitted to JOSHCO for consideration and approval.

Completed project with Occupation Certificate: The project has been constructed and completed in compliance with the provisions of the National Building Regulations Act 103 of 1977 as amended. These projects are ready for tenancing since they have reached practical completion and obtained Occupation Certificates.

Developed units without services: These are units that have been developed for the intended purpose, but do not have all services. The units completed at this stage are not yet ready for occupation but are Work in Progress (WIP) reflecting Capital Expenditure.

2. SUMMARY OF PERFORMAMCE

JOSHCO has eighteen (17) projects that have been approved in the 2025/26 FY Business Plan. Eleven (11) of these projects are between planning and procurement and seven (6) of the projects were at the implementation stage at the beginning of the financial year.

2.1 PROJECTS UNDER IMPLEMENTATION: INNER CITY

BOOYENS PLACE INNER CITY CONVERSION

Start date	21 January 2025
Completion date	08 May 2026
Area of location	57 Mentz Street, Erf 348 Booyens
No of units to be achieved for the 25/26 FY	40
Contract amount	R 48 968 713.20
Allocated budget 25/26 FY	R 38 000 000.00
Expenditure on the 25/26 FY	R 9 457 987.32
Expenditure to date	R 11 953 122.47
SMMEs	3 appointed on the previous FY.
Overall project progress	35%
Start date	21 January 2025

Project Commentary: The project has experienced delays due to the slow progress on site resulting in the contractor not completing any activities.

Milestones achieved: Underpinning and boundary wall has reached 100% completion. Steel fixing to pile caps at 20% progress, steel fixing for column jacketing @ at 5% progress, Construction of internal brick wall on the 1st floor at 10% progress and plastering to external façade in panels at 50% progress.

Status: The contractor is currently busy with steel fixing to pile caps, steel fixing for column jacketing, and construction of internal brick walls on the 1st floor. plastering to internal façade in panels, roof installation to refuse yard and the installation of aluminium windows on the 1st floor. removal of existing work on the ground floor, plastering to external walls.

2.2 PROJECTS UNDER IMPLEMENTATION: GREENFIELDS

Nance Social Housing Project

Start date	19 May 2025
Completion date	5 February 2026 30 May 2026
Area of location	92 Mofokeng Street, Nancefield, Portion 7 of Erf 1 Klipspruit
No of units on the project	372
No of units to be achieved for the 25/26 FY	243
Contract amount	R83 900 425,46
Allocated budget 25/26 FY	R55 000 000,00
Expenditure on the 25/26 FY	R 31 267 711.34
Expenditure to date	R 40 561 952.33
SMMEs	23 appointed on the previous FYs.
Overall project progress	65%

Project Commentary: Project has been experiencing delays within the 3rd quarter due to non-performance by the contractor which resulted on the contractor being put to terms as per JBCC. Penalties have been affected on the contract. Other delays were from the stoppage the SMMEs due to non-payment by the contractor.

The key risks affecting the project include delays restricted access to the sewer line — all of which have potential cost and schedule implications. The sewer line passes through the Magandaganda Informal Settlement, and JOSHCO will need access to this area to undertake and complete the sewer construction works. In addition, construction activities were suspended for one week due to a community-led site stoppage arising from unresolved housing-related issues between JOSHCO, Magandaganda Informal Settlement and the Department of Human Settlements, however, there has been ongoing engagement between JOSHCO, Magandaganda Informal settlement and Department of Human Settlement.

Milestones achieved: The contractor has achieved 100% progress on the water proofing & damp proofing in L, M,O blocks, 100% progress on the concrete works masonry work in block M,N & O. 85% progress on the electrical works, 90% in block L,M,N&O,S,T,U,V,X,Y,Z, 85% in block P,Q,R S and 70% on the guard house has been achieved, progress achieved on the plumbing works & roofing, ceilings, partitions & flooring progress is still at 30%, 95% progress achieved the glazing walkway, paintwork still at 85% progress.

Status: Contractor currently working on external works, construction of the internal roads and parking spaces as well as electrical works.

DEVLAND SOCIAL HOUSING PROJECT PHASE 3

Start date	24 June 2024
Completion date	30 June 2026
Area of location	3 & 5 East Street, Erven 6671, 8723 & 8724 Devland Ext 33
No of units on the project	171
No of units to be achieved for the 25/26 FY	171
Contract amount	R 99 506 125,17
Allocated budget 25/26 FY	R 10 000 000.00
Expenditure on the 25/26 FY	R 10 986 534.97
Expenditure to date	R 29 005 772.15
SMMEs	5 appointed on the previous FY.
Overall project progress	31%

Project Commentary: The project has not progressed in line with the approved milestones due to the performance of the contractor that has not been satisfactory, however the contractor has since written to JOSHCO requesting a cession to be signed with another contractor who will execute the remaining works. Overall progress remains the same as per Q2.

Although the revised completion date is 30 June 2026, the date is no longer possible since there have been no activities on site since December 2025, due to serious financial constraints from the contractor.

A proposal has been made regarding the adjustment of the unit yield that is projected to be achieved on the current financial year (25/26) due to the challenges encountered on the project progress.

Status: Currently busy finalising engagements with all subcontractors/SMMEs and labourers who were working under ThobileM Construction with a view to commence site works. Tentatively the new contractor has submitted a works programme with new completion date of 30 October 2026.

RIVERSIDE VIEW SOCIAL HOUSING PHASE 4

Start date	20 January 2021
Completion date	30 January 2029
Area of location	37 Lemur Street, Erf 2634 Riverside View Ext 33
No of units on the project	1108
No of units completed	364
No of units to be achieved for the 25/26 FY	64
Contract amount	R 531 840 000
Allocated budget 25/26 FY	R 53 000 000,00
Expenditure on the 25/26	R 103 274 422.72
Expenditure to date	R 421 025 039.55
SMMEs	7 appointed on current FY.

Project Commentary: The project is progressing well; however, there have been weather-related delays due to rain. The project requires about R120 million to achieve 384 units target as per the approved business plan.

Milestones achieved: Erf (2634) with 64 units: entire structure has been completed, and practical completion is expected to be achieved on the 30th of April 2026.

Erf (2869) with 320 units: Block A&B wall plate up to 3rd floor, Block C, D & E 2nd floor slab, Block F&G 2nd floor brickworks at 2nd floor, Block H&I 1st floor slab completed.

Erf (2569) with 188 units: 2nd floor wall plate completed. Erf (4197) with 172 units – foundations have completed for all the blocks

Status: Currently progress is on 4 sites [Erf's: 2869; 2569; 2634; 4197]. Progress percentage on the different sites are as follows, Erf 2869: 50%; Erf 2569: 21%; Erf 2634: 75%; Erf 4197: 8.5%.

Erf 2634: Currently busy with finishes (painting, tiling, plumbing & electricity).

Erf 2869: Busy with the brickwork in all the blocks and roofing in block A&B.

Erf 2569 & Erf 4197: Busy with the superstructure brickwork.

LUFERENG SOCIAL HOUSING PROJECT PHASE 2

Start date	30 April 2025
Completion date	28 January 2028
Area of location	8 Bitou Street, Erf 8627 Lufhereng Extension 7
No of units on the project	552
No of units to be achieved for the 25/26 FY	0
Contract amount	R 384 000 000.00
Allocated budget 25/26 FY	R 10 000 000.00
Expenditure to date	R 12 727 745.92
SMMEs	0
Overall project progress	5%
Start date	30 April 2025

Project commentary: Budget constraints encountered based on the current financial year allocation and the projected milestones on the project which will result on the cost escalations.

The contractor has completed:

- Removal of building rubble, and site clearing and grubbing.
- Civil works, including the installation of water, sewer, and stormwater networks, as well as soil-engineered platforms to address dolomite conditions.
- To complete the remaining civil work, platforming, and to commence with the top-structure construction, an additional budget of approximately R170 million is required.

RANDBURG/SERKIRK SOCILA HOUSING

Start date	08 September 2025
Completion date	08 September 2027
Area of location	22 Selkirk Avenue, Erf 34-50 Blairgowrie
No of units on the project	145
No of units to be achieved for the 25/26 FY	0
Contract amount	R 206 109 488.72
Allocated budget 25/26 FY	R 20 000 000.00
Expenditure to date	R 20 077 632.14
SMMEs	0
Overall project progress	10%
Start date	08 September 2025

Project commentary: The site was handed over to the contractor in September 2025. There were delays encountered regarding the construction drawings which have since been resolved.

Milestones achieved: 8 platforms and the earthworks have been completed.

Status: Currently there are no activities on site, however the contractor is finalizing the contract data and the construction guarantee.

2.3 PROJECTS UNDER PLANNING STAGE

280 SMIT STREET – STUDENT ACCOMMODATION

Description	Amount
Capital budget allocation for 2025/2026	R 500 000
Appointment Value	R 49 363 462.56
Expenditure to date	R 36 941 879.26
Units yield	250

The project is on Stage 4, pending approval of contractor. There are no outstanding town planning statutory approvals. Building Plans are approved. Awaiting budget confirmation prior to the appointment of the contractor.

RIVONIA EDENBURG TURNKEY

Description	Amount
Capital budget allocation for 2025/2026	R 1 000 000
Appointment Value	R 57 548 050.90
Expenditure to Date	R 4 947 360.90
Units yield	234

The professional team was appointed in December 2024 been appointed for the development designs which will be in line with the existing land use rights.

The project is currently on Stage 3 with design options presented to JOSHCO for approval on the 2 March 2026. The development incorporates commercial space which was informed by the market study conducted and completed in September 2025. The professional team will be finalising the detailed designs upon the approval of one design option from JOSHCO. The anticipated date for submission of the Site Development Plan is April 2026, and subsequently the submission of Building Plans, post the approval of SDP.

DENVER EXTENSION 20 (JEPPESTOWN)

Description	Amount
Capital budget allocation for 2025/2026	R 1 000 000
Appointment Value	R 32 501 760
Expenditure to Date	R 23 882 788.30
Units yield	1041

The township establishment application has been approved in March 2026.

The professional team has finalised the scope of work for the commencement of the rehabilitation works of site by end of January 2026, however this has been halted, due to budgetary constraints.

MILPARK SOCIAL HOUSING PROJECT (FRANK BROWN PARK)

Description	Amount
Capital budget allocation for 2025/2026	R 637 000
Appointment Value	R 36 700 000
Expenditure to Date	R 10 579 411.29
Units yield	245

The project is on Stage 3, with the professional team finalising the detailed designs prior to submission at CoJ Development Planning, however the team is currently awaiting JOSHCO's approval on the detailed design. The anticipated time for submission of SDP is subject to the promulgation of the land use rights and registration of the newly created erf.

The turnaround time for the SDP approval is three months post the submission and registration by the City. JOSHCO is anticipating the approval of SDP in the last quarter of the current FY. Once the Site Development Plan (SDP) is approved, the Building Plans will submit for approval.

KELVIN SOCIAL HOUSING PROJECT

Description	Amount
Capital budget allocation for 2025/2026	R 1 000 000
Appointment Value	R 39 892 000
Expenditure to Date	R 24 593 761.90
Units yield	384

A rezoning application was submitted to CoJ Development Planning which attracted over 400 objections from adjoining property owners and the application was referred to the CoJ Municipal Planning Tribunal (MPT) for decision.

The MPT has granted approval for the rezoning application in September 2025, However, an appeal has since been submitted against this decision. JOSHCO's appointed Legal representative

has formally responded to oppose the appeal and are currently awaiting the outcome of the appeal process. The outcome of the appeal is anticipated to be issued no later than end of March 2026. The appeal application is currently with MMC for Economic Development for approval. Constant communication with CoJ Legal department is crucial.

LOMBARDY EAST SOCIAL HOUSING PROJECT

Description	Amount
Capital budget allocation for 2025/2026	R 1 000 000
Appointment Value	R 50 149 348.18
Expenditure to Date	R 27 582 146.96
Units yield	396

The application is on Stage 2. Due to objections received on the rezoning application, the application will be referred to the Municipal Planning Tribunal (MPT) for a decision. City Power has indicated that currently there is no capacity to support the proposed density until 2029, hence no further comments can be issued.

JOSHCO and City Power has had a couple of engagement the power utility and proposal is to be sent to JOSHCO by City Power regarding the provision of capacity. Once an agreement has been reached by both parties, City Power would be able to revise the comments to enable the finalisation of the application.

MARLBORO SOCIAL HOUSING PROJECT

Description	Amount
Capital budget allocation for 2025/2026	R 5 000 000
Appointment Value	R 52 996 554
Expenditure to Date	R 12 136 891.69
Units yield	205

Project is on Stage 3. Details design with recommendations were approved in September 2025. The submission of the Site Development Plan is currently being finalised. Furthermore, the subdivision application has been approved and is in the process of being registered with the Surveyor General's Office which requires a Council Resolution from the City of Johannesburg.

Due to the Deeds Office's request for a Council Resolution to facilitate the registration of the erven, JOSHCO has formally engaged JPC to seek clarity on whether such a resolution is required, or if JPC, in its capacity as custodian of City-owned land, is authorised to sign the application.

MARLVEN SKILLS DEVELOPMENT CENTRE

Description	Amount
Capital budget allocation for 2025/2026	R 500 000
Appointment Value	R 26 359 437.50
Expenditure to Date	R 3 302 428.48
Units yield	92

The Professional team scope of work was initially for skills development centre. However, the scope of work was changed to social housing. The professional team was instructed to amend the proposed skills development centre to Social Housing. A letter for a change of scope was prepared and approved.

The professional team presented a revised scope with multiple options to the JOSHCO. Following JOSHCO's recommendation of a preferred option, the team proceeded with the development of a concept plan based on the agreed direction. Stage 1(inception) was approved in June 2025; the team has completed Stage 2 (Concept and Viability), however, still to present to JOSHCO for consideration.

PARK CHAMBERS PRECINCT

Description	Amount
Capital budget allocation for 2025/2026	R 2 000 000
Appointment Value	R 33 246 000
Expenditure to date	R 14 811 403
Units yield	70

The project is currently on Stage 3. The detailed design was approved, and the Site Development Plan was submitted to CoJ Development Planning November 2025. The anticipated time for the approval of the SDP is April 2026. The Building Plans have been submitted for pre-scrutiny while awaiting the approval of the SDP. Anticipated time for the approval of the Building Plans in end of June 2026.

38 RISSIK STREET (NBS) INNER CITY BUILDING

Description	Amount
Capital budget allocation for 2025/2026	R 1 000 000
Appointment Value	R 21 622 300
Expenditure to date	R 21 486 868.44
Units yield	169

The project is on Stage 3. The Site Development Plan (SDP) was approved November 2025, currently awaiting the approval of the Building Plans. The anticipated time for the approval of the Building Plans is April 2026.

2.4 CASA MIA INNER CITY BUILDING RENEWAL

Project is part of City's Bad Building Initiative & is currently invaded. JOSHCO is currently waiting for the Bad Building strategy evictions to resume for the professional team to finalise the buildings conditional assessment. To date there has been no movement due to the illegal occupation on the property.

2.5 SHRA CCG FUND APPLICATIONS

Applications for the SHRA Consolidated Capital Grant have been submitted for the following developments:

- 50 Durban Street
- Denver Extension 20
- Lufhereng Phase 1- remaining 60 of 407 u nits
- Lufhureng Phase 2-552 units

SHRA has not responded on the status of the above applications due to JOSHCO's noncompliance matters and accreditation status. JOSHCO's SHRA task team is engaging SHRA in trying to resolve the matter. The process is on-going with SHRA to attend all the JOSHCO's compliance status.

2.6 SHRA PROJECTS OCCUPATION CERTIFICATES (OC)

Dobsonville: JOSHCO has submitted the statutory compliance to the Chief Building Inspector to finalise the process of issuing the Occupation Certificate. The CoC for electrical are currently outstanding and the professional team had been requested to share with JOSHCO. The anticipated time for the completion is end of April 2026

3. HOUSING MANAGEMENT

The role of the Housing Management business unit at JOSHCO is to provide end-to-end property management which includes maintenance (planned and reactive), lease management (tenant life cycle management) and ensure maximum revenue management in all its rental stock. Housing Management endeavors to attain the KPIs set out before it and diligently attempts to maintain and/or surpass such on a monthly and quarterly basis.

1) SUMMARY OF PERFORMANCE

JOSHCO manages a portfolio of 26 buildings, with performance in Q3 2025/26 reflecting a decline in overall collection revenue to 68%, compared to 65% in the previous financial year. Performance varies across segments, with JOSHCO-owned projects (85%) and retail spaces (95%) outperforming SHRA-funded projects (67%). Despite a target of 95% collection, revenue has been negatively impacted by operational and socio-economic challenges.

Financially, total billing amounted to approximately R38 million, with collections of R24.5 million, resulting in a shortfall of R13.5 million. The primary drivers of underperformance include tenant non-payment, unemployment, service delivery complaints, weak enforcement of evictions, and internal capacity constraints within the revenue department. Key operational challenges include cancelled debit orders, inefficient manual processes, inadequate staffing, and ineffective communication, all of which contribute to delays in revenue recovery. Additionally, increasing tenant dissatisfaction with property conditions has further affected payment compliance.

To address these issues, JOSHCO proposes a multi-faceted strategy focused on strengthening credit control, accelerating legal recoveries, and improving operational efficiency. This includes restructuring the revenue unit into specialized teams, enhancing utility cost recovery through prepaid systems, and implementing targeted revenue drives. Strategic initiatives such as debt factoring, commercial space optimization, and improved tenant formalization are also prioritized to enhance cash flow and financial sustainability.

The report further outlines a phased Debt Factoring Action Plan, focusing on short-term recovery interventions, mid-term performance optimization, and long-term sustainability through continuous monitoring and revenue enhancement strategies.

Overall, the findings highlight the need for institutional strengthening, process modernization, and proactive revenue management to restore collection performance and ensure long-term financial viability.

2) REPAIRS AND MAINTENANCE

The 3rd quarter of the 2025/2026 financial year started with a slow-paced repairs and maintenance program. The slow pace was attributed to the in-depth analysis of the root cause of the maintenance over expenditure within the Housing Management Department.

3) Overall Unplanned Maintenance Performance for Quarter 3

Table 21: Quarter 3 Repairs and Maintenance

Combined Portfolio SLS Maintenance Summary (Q3 2025/26)								
*General: refers to the category of repairs and maintenance work relating to windows, masonry, steel work, carpentry, door locks.								
Portfolio	Project Name	Unit No.	Plumbing	Electrical	General	Total Jobs	Jobs within 14 days	Percentage
A	AA House	252	21	9	8	38	11	28.95%
A	African Diamond	61	1	0	1	2	0	0.00%
A	Devland	255	7	1	2	10	4	40.00%
A	Europa House	167	23	0	4	27	5	18.52%
A	Hoek Street	265	5	0	0	5	0	0.00%
A	Raschers Building	95	8	0	4	12	2	16.67%
A	Textile	162	7	1	2	10	2	20.00%
B	Bellavista Infill	36	1	0	1	2	2	100.00%
B	Bellavista Citrine C	79	7	2	6	15	15	100.00%
B	Kliptown Square	478	17	0	6	23	23	100.00%
B	Phoenix House	135	5	1	2	8	8	100.00%

B	Turffontein	525	4	2	12	18	18	100.00%
B	Orlando Ekhaya	192	5	1	4	10	10	100.00%
B	Lefhureng	407	7	4	12	18	18	100.00%
C	Dobsonville	502	16	0	7	23	7	30.00%
C	Fleurhof Junction	432	19	2	5	26	7	26.00%
C	Pennyville Communal	452	19	1	4	24	11	45.00%
C	Pennyville Flats	198	6	0	2	8	6	75.00%
C	Tshedzani	432	43	8	7	58	8	14.00%
D	City Deep Greenfield	329	15	1	8	51	17	33.33%
D	Ekhaya Gardens	333	10	14	10	57	20	35.08%
D	Fleurhof Riverside	252	29	3	6	64	26	40.62%
D	Legae	92	11	3	9	42	13	30.95%
D	Riverside View	372	57	7	46	192	60	31.25%
E	106 Claim Street	80	10	3	3	16	5	31.00%
E	Abel Street	255	22	6	13	41	5	12.00%
E	Union Square	351	30	18	16	64	14	22.00%
ALL	OVERALL TOTALS	7 189	405	87	200	864	317	46.31%

4) JOSHCO occupancy rate as at end of 31 March 2026

The table below presents the occupancy performance for March 2026 across residential units and retail shops. Residential occupancy remains strong at approximately 99%, with most projects achieving near-full occupancy.

Table 22: Residential Occupancy Rate

Project Name	Total Units	Number of units occupied	Number of units vacant	Q3 Occupancy %
AA House	254	254	0	100%
African Diamond	61	59	2	96%
Bellavista Infill	36	36	0	100%
Citrine Court	79	77	2	97%
Europa House	167	165	2	99%
Hoek Street	265	263	2	99%
Legae	92	92	0	100%
Orlando Ekhaya Flats	190	188	2	73%
Pennyville Communal	564	559	5	99%
Phoenix House	135	135	0	100%
Rashers' Building	98	98	0	100%
Textile Building	162	162	0	100%
Union Square	341	338	3	99%
City Deep New	329	327	2	99%
Ekhaya Gardens	333	332	1	99%
Devland	255	252	3	98%
Dobsonville	505	501	4	99%
Fleurhof Junction	452	447	5	98%
Fleurhof Riverside	252	250	2	99%
Kliptown Square	478	474	4	99%
Pennyville (Flats)	198	191	16	92%
Roodepoort	432	430	2	99%
Turffontein	525	522	3	99%
Lufhereng	406	399	7	98%
The Ridge	152	150	2	98%
Riverside	363	360	3	99%
106 Claim street	80	78	2	97%
Total	7204	7139	74	99%

5) STAKEHOLDER RELATIONS

5.1 TENANTS ENGAGEMENT

JOSHCO Stakeholder Relations Management is expected to have both the ad-hoc, around table meetings and tenants' education sessions with JOSHCO various stakeholders. For the 3rd quarter of 2025/2026 the following meetings were held:

Table 23: below indicates number of stakeholder engagements held during the quarter under review

NO.	DATE	PROJECT	MEETING	PURPOSE
1.	21 st January 2026	Devland	Adhoc/Round table discussion	The purpose of the meeting was to update the councilor regarding the challenges with the service provider appointed for maintenance.
2.	27 th January 2026	Nancefield	Site meeting	The purpose of the meeting was to share an update on the progress of the project in Nancefield.
3.	04 th February 2026	Tshedzani	Round Table/Adhoc	The purpose of the meeting was to introduce and present the new project to be implemented.
4.	06 th February 2026	Nancefield	Site Meeting	The purpose of the meeting was to share an update on the progress of the project in Nancefield.
5.	Nancefield	Site meeting	The purpose of the meeting was to share an update on the progress of the project in Nancefield.	The purpose of the meeting was to share an update on the progress of the project in Nancefield.
6.	Devland	Site meeting	The purpose of the meeting was to share an update on the progress of the project in Nancefield.	The purpose of the meeting was to share an update on the progress of the project in Nancefield.
7.	13 th February 2026	Orlando Ekhaya	Round Table/Adhoc	The purpose of the meeting was to sensitize the councilor and committee regarding the upcoming tenants' education session.
8.	21 st February 2026	Orlando Ekhaya	Tenants Education	The purpose of the workshop is to take lease holders through the JOSHCO tenants training manual guide

6) EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

The EPWP remains a cornerstone in addressing unemployment and poverty within our communities. Through this programme participants gain both income and transferable skills, thereby increasing their future employability and social inclusion. JOSHCO managed to create 148 short-term contracts through EPWP programme in quarter 3.

Table 24: Jobs created through EPWP programme

EPWP Admin	1
General Workers	0
Total	1

Table 25: EPWP Expenditure as in quarter 3 2025-26FY

January 2026	R2,296,813.46
February 2026	R2,200,500.00
March 2026	-
Total	R4,497,313.46

7) SECURITY

The Security Department's operations for October and November 2025 were focused on sustaining a safe and secure environment across all JOSHCO properties. The two months saw significant expenditure in contract and ad hoc security services, primarily driven by the Department of Human Settlements (DoHS) projects in Marlboro and Madala Hostel. Security challenges continued to arise due to property invasions, vacant unit's post-evictions, and maintenance issues with biometric systems. Despite these pressures, key incidents were effectively managed, evictions were successfully completed, and no fatalities or damage to property were reported.

Table 26: Biometric System Report

Facility	SECURITY SYSTEMS
Bellavista Infill	The biometric system requires maintenance
Citrine Court	The biometric system requires maintenance
City Deep Greenfield	Requires tenant registration.
Devland - Bokamoso	The biometric system requires maintenance and tenant registration
Fleurhof Riverside	The biometric system requires maintenance and tenant registration
Hoek Street	The biometric system requires maintenance and tenant registration
Kliptown Square	Requires tenant registration.
Orlando Ekhaya 2	Requires tenant registration.
Legae	The biometric system requires maintenance and tenant registration
Riverside View, phase 1&2	The biometric system requires maintenance
Riverside view, phase 3	Tenant beneficiaries' registration is required.

CHAPTER 4

HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

This section provides the total employee remuneration costs.

Table 27: Personnel Cost by Occupational Level as at 31 March 2026

Occupational Level	No. of employees	Personnel Expenditure	% of total personnel cost	Average cost per employee
Top Management (ACEO, CFO)	2	R 728 030,35	1,19%	R364 015,18
Executive (COO, EM: Corporate Services & EM: Bus. Planning)	3	R 1 710 659,11	2,80%	R570 219,70
Senior Managers (GM, Financial Man, Programme Managers & Snr Manager: Stakeholder)	5	R 1 867 116,57	3,06%	R373 423,31
Professional Qualified / Middle Management (Portfolio Managers, Accountants)	29	R9 047 966,98	14,82%	R311 998,86
Skilled, Tech & Academically Qual (H- Sup, Billing Clerks, Credit Controllers, Bookkeeper, Maintenance Worker and Admin, Officers, Exec Assistants)	114	R20 530 799,45	33,63%	R180 094,73
Semi-Skilled (Driver, Receptionist, Call Centre Agents)	4	R322 074,27	0,53%	R80 518,57
Unskilled (Office Attendants, Security Officers and Cleaners)	341	R19 920 663,51	32,63%	R58 418,37
EPWP	362	R6 927 175,51	11,35%	R19 135,84
Total	860	R61 054 485,75	100%	R70 993,59

SECTION 2: KEY VACANCIES

This section provides reporting on vacancies that were actioned, either by filling on an acting capacity or by recruiting for. The summary thereof is displayed in Table 29 below:

Eleven (11) acting appointments were instituted

1) ACTING APPOINTMENTS

Table 28: Acting Appointments

No.	Designation	Acting Role	From	Reason	Comment
1.	Chief Director: Programme & Project Planning (National Department of Human Settlements)	Chief Executive Officer	04 February 2026 to 03 May 2026	Acting because the position is vacant	Position to be re-advertised
2.	Chief Executive Officer (JDA)	Chief Executive Officer	03 December 2025 to 31 January 2026	Acting because the position is vacant	Position to be re-advertised
3.	Deputy Director: Finance (City of Joburg)	Finance Manager	10 November 2025 to 09 February 2026	Acting because the incumbent was on suspension	DC process to guide way forward
4.	Senior ICT Manager	Executive Manager: Corporate Services	22 December 2025 to 31 January 2026	Acting because the position was vacant	Position has been filled
5.	Credit Controller	Manager: Office Administration	04 January 2026 to 31 March 2026	Acting because the position is vacant	Rotation will apply
6.	Credit Controller	Social Facilitator	04 January 2026 to 31 March 2026	Acting because the position is vacant	Rotation will apply
7.	Applications Administrator	Manager: Allocations and Tenant Management	04 January 2026 to 13 March 2026	Acting because the incumbent was on suspension	DC process to guide way forward
8.	Credit Controller	Social Facilitator	01 February 2025 to 30 April 2025	Acting because the position is vacant	Rotation applied
9.	Manager: Legal Services	Company Secretary	07 October 2025 to 31 March 2026	Acting because the position is vacant	Position to be advertised

No.	Designation	Acting Role	From	Reason	Comment
10.	Human Resource Officer	Human Resources Manager: Administration & Employee Relations	22 December 2025 to 31 March 2026	Acting because the incumbent is seconded to another entity	Rotation will apply
11.	Property Supervisor	Portfolio Manager	08 December 2025 to 31 January 2026	Acting because the incumbent was on leave.	Went back to substantive position

2) RECRUITMENT IN PROGRESS AS OF 31 MARCH 2026

The recruitment processes of senior and strategic positions (Chief Executive Officer, Executive Manager: Corporate Services, and Company Secretary) were advertised.

Out of those positions, the Executive Manager: Corporate Services position was filled in the quarter.

The Chief Executive Officer and Company Secretary vacancies were not filled due to the clashing diary commitments of panel members; and as such will be re-advertised.

A directive was further received from the City Manager on the 24th of February 2026 stipulating that all recruitment of positions below Executive Management level are to be halted effective from 28th February 2026.

This directive also exempts legally required statutory positions (i.e., Company Secretary).

Table 29 below depicts all recruitment processes initiated in the quarter and the progress status thereof. The long-term strategic intent is to enhance service delivery and performance within the organisation.

Table 29: Recruitment initiated for critical positions

No.	Critical Position	Department	Progress Status
1.	Chief Executive Officer (05 Year Fixed-Term Contract)	JOSHCO	To be re-advertised
2.	Company Secretary (Permanent)	Office of the CEO	To be re-advertised
3.	Executive Manager: Corporate Services (Permanent)	Office of the CEO	Finalised (Incumbent commenced duty on 01 February 2026)
4.	Internal Auditor (Short-Term Contract)	Office of the CEO	On hold due to Moratorium
5.	Monitoring and Evaluation Officer (Short-Term Contract)	Business Planning and Strategy	On hold due to Moratorium
6.	Compliance Officer (Short-Term Contract)	Business Planning and Strategy	On hold due to Moratorium
7.	Risk Specialist (Short-Term Contracts)	Business Planning and Strategy	On hold due to Moratorium

Comment: In response to the City’s budgetary constraints, a Strategic Appointment Panel has been established to oversee and assess the criticality of vacancies across the City. As a result, prior the commencement of any recruitment process, approval is to be sought from the panel.

3) TERMINATIONS

This section refers to all employment contractual terminations within the quarter under review.

Table 30: Terminations

Department and Designation	Reason	End Date
Office of the COO – Cleaner	Retirement	28 February 2026
Total:1		

SECTION 3: EMPLOYMENT EQUITY

This section provides information on how the entity has performed and responded to the requirements of the Employment Equity Act, No. 55 of 1998, for the quarter under review. There was a headcount movement for 5 people at the lower level, which had a minimal impact on the current EE profile.

Due to the changes in legislation regarding Employment Equity as well as the compliance universe, the following is worth noting:

- The South African Economy has been divided into 18 Economic Sectors, and JOSHCO falls within the “Real Estate Activities” Sector.
- JOSHCO is in the process of developing a new five-year Employment Equity plan for the next financial year to comply.
- The disability quota has increased from 2% to 3%, meaning that JOSHCO must employ an average of 15 people with disabilities by the end of the next five years.
- EE awareness posters were circulated to staff members.
- EE representative nominations will be undertaken in the 4th quarter of the financial year. The representatives will be recruited across all organisational levels. This committee will assist with ensuring that fair treatment and inclusivity is upheld in the organisation. They will also assist with informing employees about all EE related initiatives.

Table 30: below reflects the EE profile of the organisation

Employment Equity Profile															
Occupational Level	Male				Female				Foreign Nat. Local				Grand Total	Racial % Profile	Female Gender Representation % Achievement
	A	C	I	W	A	C	I	W	M	F	M	F			
Top Management	1	0	0	0	0	0	0	0	0	0	1	0	1	100%	50%
Senior Management	5	0	0	0	3	0	0	0	0	0	0	0	8	100%	100%
Professionally Qualified / Middle Management	16	0	0	2	9	0	1	0	1	1	23	11	29	87%	34%
Skilled Technically and Academically Qualified	50	3	0	0	57	2	1	1	0	0	53	61	114	99%	56%
Semi-Skilled	1	0	0	0	2	1	0	0	0	0	1	3	4	100%	33%
Unskilled	152	2	0	0	184	3	0	0	0	0	154	187	341	100%	55%
Total	224	5	0	2	255	6	2	1	1	1	229	264	497	99%	53%

6) AGE PROFILE

- 41,6% (the majority) of JOSHCO's staff are aged between 36 and 45.
- 7,5% of the headcount is over 56 years old.
- 84% of these employees (over 56 years) fall within the unskilled category.
- 8% are at the Supervisory level (over 56 years).
- 3% are at Middle Management (over 56 years).

SECTION 4: SKILLS DEVELOPMENT AND TRAINING

This section provides information on skills development and training. The entity is invested in the enhancement of employees' hard/soft skills and succession planning to strengthen our employee development initiatives. This is promoted through short-term learning programs (training sessions), mid-term training programs (short learning courses), and long-term training programs (bursaries).

1) Bursary Update for Quarter 3 (2025/26) Long-term training

A total of 39 applications were received for the 2025/2026 academic year, encompassing both new applicants and continuations. The Bursary Committee meeting convened in February 2026.

- 14 applications for bursaries were approved.
- 24 applications were declined due to budget constraints and misalignment of the Training and Development policy.
- The new approvals focused exclusively on undergraduate students, with no postgraduate applications granted.
- A total of R 515 516.00 was disbursed; this amount excludes the cost of textbooks.
- Recoveries will resume for 25 employees who failed all or part of their studies. This is in line with the Training and Development Policy which allows JOSHCO to recover in the event academic results are not forthcoming.

2) Training interventions for quarter 3 (2025/26)- short-term learning/mid-term training

- Candidates are enrolled in the Municipal Finance Management Act (MFMA) Training with Wits Business School. The programme will run for 8 months.
- 10 Employees are enrolled for a Business Management NQF Level 3 Learnership. This initiative is aimed at employees that do not have Grade 12. Learners will be writing their final assessments at the end of March 2026.

3) WORKPLACE SKILLS PLAN (WSP) AND ANNUAL TRAINING REPORT (ATR)

- Not for reporting period.

SECTION 5: PERFORMANCE MANAGEMENT

This section aims to provide an update on the organisation's status in performance management contracting as per the Performance Management System policy. The signing of scorecards remains unchanged from the previous reporting period.

Table 31: Contracting update

Department	No of Eligible staff	Submitted to date	% Submitted	% Not Yet Submitted
Office of the CEO (CEO, IA, Legal & Cosec)	10	10	100%	0
Office of the COO (COO, Housing Management, Housing Development, Community Development, ICT, Stakeholder Relations)	438	387	88%	12%
Office of the CFO (CFO, SCM & Finance)	14	14	100%	0%
Planning & Strategy (EM, Planning & Performance, Compliance & Risk)	7	7	100%	0%
Corporate Services (EM, HR, Marketing, Health & Safety and Customer Services)	19	19	100%	0%
Total	488	437	90%	10%

SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES

This section aims to illuminate the status of disciplinary hearings, grievances, investigations, appeals, and suspensions. Resources were sourced from City Core to assist with presiding over matters.

Table 32: Precautionary Suspensions

Number of suspensions	Allegations	Date of suspension	Status
Six (6)	Fraud and Corruption	20 th of March 2026	Ongoing, under investigation.
	Fraud and Corruption	20 th of March 2026	Ongoing, under investigation.
	Fraud and Corruption	29 th July 2025	Suspension uplifted. Investigation finalised, to commence with disciplinary hearing.
	Fraud and Corruption	31 st July 2025	Suspension uplifted. Investigation finalised, to commence with a disciplinary hearing.
	Intimidation	31 st July 2025	Suspension uplifted. Investigation finalised, to commence with a disciplinary hearing.
	Financial misconduct	29 th October 2025	Suspension uplifted. Investigation finalised, to commence with a disciplinary hearing.

Table 33: Disciplinary Matters

Number of misconducts	Type of misconduct	Status	Comment
Five (5) misconduct cases	Intimidation and/or assault, harassment, and unauthorized occupation of JDA offices by SAMWU shop stewards at Johannesburg Development Agency.	Ongoing	Disciplinary hearing was scheduled for the 19 th of June 2024, postponed due to a plea agreement proposed by the employee representative. The mandate was shared with the employer representative, awaiting a way forward.
	Contravened clause 1.2.9 of the Disciplinary Procedure and Collective Agreement.	Ongoing	Disciplinary hearing was scheduled for 31 st March 01, 11 and 14 April 2026.
	Contravened clause 5.2.3 (Standard of Conduct) of the Disciplinary Code and Grievance procedure of JOSHCO.	Ongoing	Disciplinary hearing is scheduled for the 16 th and 17 th April 2026.
	Contravened clause 5.2.3 (Standard of Conduct) of the Disciplinary Code and Grievance procedure of JOSHCO.	Ongoing	Disciplinary hearing is scheduled for 16 th and 17 th of April 2026.
	Contravened clause 5.2.3 and 5.2.4 (Standard of Conduct) of the Disciplinary Code and Grievance procedure of JOSHCO.	Ongoing	Disciplinary hearing is scheduled for 20 th of April 2026.

Table 34: GRIEVANCE MATTERS

Number of grievances	Status	Comment
Seven (7) grievances were received.	Three (3) Finalised Four (4) ongoing	None

Table 35: MATTERS AT BARGAINING COUNCIL/ CCMA

- CCMA referral

Number of disputes	Status	Comment
One (1)	One (1) ongoing	Arbitration hearing is scheduled for the 26 th of March 2026.

Table 36: SALGBC referrals

Number of disputes	Status	Comment
Two (2)	One (1) ongoing	Arbitration hearing is scheduled for the 30 th of March 2026.
	One (1) ongoing	Conciliation is scheduled for the 30 th of March 2026.

SECTION 7: LEAVE AND PRODUCTIVITY MANAGEMENT

In line with the approved Leave Management and Regulation of Hours Policy, JOSHCO employees are entitled to 24 days of leave per annum, to be taken at a time convenient to JOSHCO and agreed upon by management. Employees are also provided with 80 sick leave days in a three (3) year cycle. All leave applications are administered through an Employee Self-Service (ESS) system. This system allows employees to observe their leave balance and assists in omitting discrepancies in the SAP system. The table below provides a detailed overall leave taken in the quarter.

Table 37: Leave Taken Analysis

Type of Leave	January	February	March	Total Leave Days Taken	Increase/Decrease from previous quarter	Reason
Annual	1 149	275	203.50	1 627.50	Increase	Holiday season. Includes compulsory leave
Sick	59	73	11	143	Increase	Unforeseen/Unpredictable

Type of Leave	January	February	March	Total Leave Days Taken	Increase/Decrease from previous quarter	Reason
Family Resp. & Paternity Leave	4	17	11	32	Increase	Unpredictable/unforeseen
Maternity Leave	24	0	0	24	Decrease	Unpredictable/unforeseen
Unpaid Sick	0	2	0	2	Decrease	Unpredictable/Unforeseen
AWOL/Unpaid	15	25	22	62	Increase	Unforeseen/absenteeism
Total	1251	392	247.50	1 890.50	-	-

1) LEAVE ENCASHMENT

To efficiently monitor the encashment of leave, a mitigation measure has been applied, which provides employees with 16 compulsory leave days in their annual cycle. Only 8 days in an employee's leave cycle can be encashed. The 8 non-compulsory leave days can only be encashed once the employees have accrued 16 days of compulsory annual leave. Additionally, employees can only encash leave days not more than once in a financial year.

- In the period of January 2026 to March 2026, a total of 20 JOSHCO employees encashed 237 annual leave days, averaging 12 leave days encashed per employee, resulting in a total amount of R 521 513.68
- Additionally, 39 Securities and Cleaners encashed 482 annual leave days during the same period, averaging 12 leave days encashed per employee, which amounted to R 293 921

SECTION 8: EMPLOYEE BENEFITS

1) RETIREMENT FUND

Staff members are affiliated with the E-Joburg Retirement Fund, and contributions are calculated at 7.5% of the member's basic monthly salary, while the employer's contribution is 18% of the basic monthly salary. JOSHCO has a total of **118** permanent employees belonging to the pension fund and **17** Cost to company (CTC/AIP) employees who structured the pension fund with their packages.

2) MEDICAL AID SCHEME

All permanent employees are eligible for a medical aid subsidy. Insourced employees (Security Officers and Cleaners) have the option to either opt in or out of the benefit. The Employer Contribution is 60% up to a maximum of **R 5 791.15**, and the Employee Contribution is 40% depending on the number of dependents. There are currently **four (4)** accredited medical aid schemes, namely: Bonitas, LA Health, Keyhealth and Samwumed.

3) HOUSING SUBSIDY

All permanent employees are eligible for a monthly housing subsidy of **R1 170.23**. Eligibility is on the condition that the employee has a registered bond linked to their name. A total of **28** JOSHCO employees are beneficiaries of the housing allowance as of the end of March 2026. Additionally, a total of **2** Securities and Cleaners are beneficiaries of the housing allowance.

4) LOCOMOTIVE ALLOWANCE

The entity implemented a locomotive allowance in bulk to qualifying employees. Eligibility is on the condition that an employee's daily roles and responsibilities require them to travel. The allowance is calculated based on the employee's basic salary. There are **66** employees who are receiving permanent locomotive allowances. Ad-hoc loco allowance has only been claimed by **4** employees this quarter.

5) WELLNESS PROGRAMME

JOSHCO remains committed to fostering a workforce that is mentally, physically, and socially empowered. Through strategic partnerships and targeted wellness initiatives, the organisation continues to promote the overall well-being of employees and their immediate families. These

initiatives aim to promote early detection of health risks, encourage healthy lifestyles, support financial wellness, and empower employees through knowledge and awareness.

On the 12th of March 2026, JOSHCO hosted a Wellness Event that took a comprehensive approach to employee wellbeing, with a focus on physical health. In partnership with the Department of Health, free health screening services were offered. These screenings included tests for blood pressure, blood sugar, total cholesterol, body mass index (BMI), waist and hip measurements and ratio, pap smears, prostate cancer, as well as HIV testing and counselling. The purpose of these screenings was to identify potential health issues early, enabling timely and effective treatment.

On 20th of March 2026, JOSHCO hosted a health screening services where different specialists conducted free consultations. The consultation focused on audiologist, dietician, optometrist, dentist, podiatrist, physiotherapist, General Practitioner, and orthoptist services. The purpose of these screenings was to identify potential health issues early, enabling timely and effective treatment.

Additionally, Liberty and Old Mutual continue to provide financial consultations to JOSHCO employees every Tuesday and Thursday. This helps employees increase their financial knowledge and ability to manage personal and family finances.

6) IMPACT OF THE WELLNESS PROGRAMME

Regular wellness checks for staff can encourage healthier behaviours within the organisation. These checks motivate employees to make better lifestyle choices, positively impacting their physical, mental, and emotional well-being. They also equip staff with the necessary skills, motivation, tools, and support to replace unhealthy habits with healthier ones. As a result, improved employee behaviour and healthier lifestyles contribute to reduced health risks and a lower likelihood of developing chronic diseases.

SECTION 9: OCCUPATIONAL HEALTH & SAFETY PROGRAMMES

The purpose of this report is to ensure that JOSHCO complies with all the applicable legislation and, where appropriate, institute additional measures to ensure Health and Safety at Head Office and Projects, and to update the Human Resource, Social and Ethics Committee, and Board of Directors on the progress made on Occupational Health & Safety in quarter 1 of the 2025/2026 financial year.

1) JOSHCO INCIDENTS STATISTICS

JOSHCO Fire incidents, Injury on Duty (IOD), First Aid incidents, medical treatment incidents and Total fatality incidents recorded.

Table 38: JOSHCO Fire incidents, Injury on Duty (IOD), First Aid incidents, medical treatment incidents and Near miss incidents recorded.

Total fire incidents	Total IOD's (Injuries on duty)	Total First COID incidents	Total Medical treatment incidents	Near miss incidents
0	1	0	0	0
In Quarter 3, Zero (0) Fire incident was recorded, One (1) IOD, Zero (0) COID incident, Zero (0) Medical treatment incidents, and Zero (0) Near miss incidents have been reported thus far.				

On Friday, 06 February 2026 at approximately 10h30 at Europa House, an employee fell into a drain hole which was not covered and sustained abrasion and contusion of the right knee and leg. The employee was deemed fit to resume with normal duties on 11 February 2026 (**IOD**). Following the Health and Safety assessment it was recommended that all the open drain holes be safely covered to prevent the recurrence of a similar incident. The drain hole was safely secured by Housing Management on 12th February 2026.

2) HEALTH AND SAFETY AWARENESS AND TRAINING RECORDED.

Table 39: Health and Safety Awareness and Training Recorded.

Tenant orientation and training workshops	Health and Safety Training
Orlando Ekhaya – 75 tenants	EPWP members – 43 Safe work procedures – 43 Health and Safety Representative -30 Fire Marshal – 30 First Aiders – 30
Total:75	Total: 176

3) HEALTH AND SAFETY INSPECTIONS

Table 40 : Audit scores (Construction sites).

Construction site	Audit Score
Lufhereng	86%
Ekhaya Garden	Wall erection project is at the handover stage.



Picture 3: Construction site visit (Riverside).

The Health and Safety Unit provides support by monitoring compliance at the construction sites ensuring that the Duties of Client are actioned by the principal contractor in accordance with the Construction Regulation 5 (i).

4) HEALTH AND SAFETY INSPECTIONS

Table 41: Health and Safety Inspections Q3 Findings

Site	Major findings	Status update by the Risk owner (Housing Management)
All the EPWP Members at the JOSHCO Sites	Inadequate PPE supply for all the EPWP members (Poses a major compliance Risk). According to the records, it is observed that majority of PPE was issued in Feb 2025 making a period of over 12 months since the last PPE issuance.	The challenge regarding inadequate supply of PPE is due to budgetary constraints. (Comm Dev Manager to assist with the timelines by 27 Mar 2026)



Picture 4: PPE Inadequacies (Turffontein)

CHAPTER 5

FINANCIAL PERFORMANCE AND EXPOSURE



SECTION 1: THE STATEMENT OF FINANCIAL POSITION

Description	31 March 2026	30 June 2025	Variance	Variance
	R'000	R'000	R'000	%
Assets				
Current Assets				
Inventories	399	484	(85)	-18%
Loans to shareholders	5 958	5 958	-	0%
Receivables from exchange transactions	1 237 327	1 181 624	55 703	5%
Receivables from non-exchange transactions	23	45	(22)	-49%
VAT receivable	4 630	2 497	2 133	85%
Cash and cash equivalents	2 482	22 689	(20 207)	-89%
	1 250 819	1 213 297	37 522	3%
Non-current assets				
Property, plant and equipment	23 937	27 843	(3 906)	-14%
Intangible assets	3 143	3 744	(601)	-16%
Investment in joint venture	21 150	21 700	(550)	-3%
Total Non-current assets	48 230	53 287	(5 057)	-9%
Non-Current Assets	1 250 819	1 213 297	37 522	3%
Current Assets	48 230	53 287	(5 057)	-9%
Total Assets	1 299 049	1 266 584	32 465	3%
Liabilities				
Current Liabilities				
Loans from shareholder	(1 997 830)	(1 728 551)	(269 279)	16%
Borrowings - DBSA	(857)	(2 142)	1 285	-60%
Deferred Income	(20 381)	(21 207)	826	-4%
Payables from exchange transactions	(1 703 690)	(1 546 413)	(157 277)	10%
	(3 722 758)	(3 298 313)	(424 445)	13%
Non-Current Liabilities				
Borrowings - DBSA Loan	(4 710)	(5 144)	434	-8%
Deferred Income	(178)	(178)	-	0%
	(4 888)	(5 322)	434	-8%
Non-Current Liabilities	(4 888)	(5 322)	434	-8%
Current Liabilities	(3 722 758)	(3 298 313)	(424 445)	13%
Current Liabilities	(3 727 646)	(3 303 635)	(424 011)	13%
Assets	1 299 049	1 266 584	32 465	3%
Liabilities	(3 727 646)	(3 303 635)	(424 011)	13%
Net Assets	(2 428 597)	(2 037 051)	(391 546)	19%
Share Capital	0.120	0.120	-	0%
Accumulated deficit	(2 428 597)	(2 037 051)	(391 546)	19%
Total Net Assets	(2 428 597)	(2 037 051)	(391 546)	19%

The movements in the statement of financial position of +/- 10% and/or above R1 million are explained below:

A. Assets

1) Receivables from exchange transactions

Receivables from exchange have a net increase of R 55.7 million (5%) from 30 June 2025. The increase is mainly attributable to utility recoveries of R9.02 million received and additional billing of R63.4 million for special projects (COJ's departments, including Human Settlement with the largest share of the debtors' book).

Delays are still being experienced on collections of intercompany debtors. As part of its collection strategy, JOSHCO is consistently engaging with the City's departments, including escalations to Senior Officials, to fast-track the recovery of these long-overdue amounts and the issue of delayed payment is not unique to JOSHCO as other entities and departments are also impacted.

2) Special projects

JOSHCO charges a management fee of 7% to 10% for all projects implemented on behalf of the COJ's departments and entities. There is a delay in recovering outstanding amounts for work completed by JOSHCO for various reasons, including Service Delivery Agreement (SDA) issues (mandate issues) and validation of work by the departments. This quarter, ongoing interventions have been implemented to recover the outstanding amounts. These interventions include engagements with senior officials from the departments, escalations to the Group CFO, and demand letters issued to the departments.

While these interventions have not yet resulted in actual recoveries, the departments have committed to settling the long-overdue amounts in the foreseeable future, and some have already submitted the invoices to the COJ's payment department after the deliberations held. Should these measures prove ineffective, other measures will be explored, such as termination of work and requesting the City Manager to settle the balances at a group level, among others.

It is to be noted that the delays in settlement of the invoices are negatively affecting JOSHCO's financial performance, as the entity must provide for long-outstanding debtors and incur higher finance costs as JOSHCO settles the invoices for work done on behalf of the departments using the

overdraft facility (Sweeping account). The sweeping balance has increased by R269.2 million to R1.997 billion as of 31 March 2026. The entity is currently developing an SOP to address the special project recovery challenges.

The table below breaks down the movements in amounts owed to JOSHCO by CoJ Core Departments and entities.

The table below breaks down the movements in amounts owed to JOSHCO by CoJ Core Departments and entities

0	OPENING BALANCE	OPEX ADDITIONS	CAPEX ADDITIONS	CASH RECEIPTS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
CAM	174 095		184 491	-212 333	146 253
COMDEV CAPEX	50 040		83	-3740	46 383
COMDEV OPEX	60 447	-3		-11243	49 201
HUMAN SETTLEMENT	819 293	66 994	77 436	-38152	925 571
COJ-COO OFFICE	14 854				14 854
GEF	4 065				4 065
HEALTH	6 542			-1 528,00	5 014
JMPD	50 987		2 210	-5 200	47 997
EMS	31 064				31 064
LECENCING	2 172				2 172
LEGISLATURE	46 823				46 823
SOCIAL DEV	14			-14	0
TRANSPORT	23 903			-11821	12 082
CITY OF JHB/EPWP	4 129	4 797		-8 926	0
COJ - FINANCIAL	6 218	105 016		-111 234	0
JDA	97	593			690
JPC	7 294		13 814	-7 294	13 814
ECONOMIC DEVELOPMENT	835				835
PROVISION FOR DOUBTFUL DEBTS	-191 829				-222 274
TOTALS	1 112 043	177 397	278 034	-411 485	1 124 544

The balance for COJ – Financial represents the subsidy receivable as informed by the approved budget. The amount of R111.2 million that reduces the balance receivable does not represent cash received. The subsidy amount is offset against the entity’s salary bill.

The additions on Opex relate to services provided by JOSHCO on behalf of the departments, such as facilities management services, Cleaning, and Repairs and Maintenance costs. Additions on Capex are for construction and professional fees rendered by JOSHCO. The above table shows that the entity has billed a total of R455.4 million (both Opex and capital expenditures), while receiving a total of R411.4 million (R111.2 million is not actual cash received as explained above). This continues to put further strain on the entity’s financial position, and its impact on other areas of the financial statements is explained further in the report (finance costs and Loan from shareholder, i.e., sweeping account).

3) Tenant Debtors

Tenant debtors comprise amounts owing from the tenants for the JOSHCO portfolio and Human Settlement Stock (the rental stock was transferred on the 31st of July 2025; however, the tenants’ books were retained).

The movements in the balance are summarised in the table below.

Receivables from exchange transactions-Trade Receivables (Net Amount)			
Transferred stock	Opening balance(R'000)	Movement(R'000)	Closing(R'000)
Gross Receivables	250 354	11 280	261 634
Provision for impairment/bad debts	(239 998)	(18 425)	(258 422)
Carrying/Net book value - Transferred stock	10 356	(7 145)	3 211
Gross Receivable	286 798	43 477	330 275
Provision for impairment/bad debts	(269 665)	(35 020)	(304 684)
Carrying/Net book value – JOSHCO’s stock	17 134	8 458	25 591
Total Carrying /Net book value of Tenant debtors	27 490	1 313	28 803

As part of interventions to improve the collection of current and historic tenant debt, the entity has started with the process of tenant profiling internally, and this started in the 3rd quarter of the current financial year, led by the office of the COO, and this includes the outstanding debtors’ book on the transferred COJ’s stock. The movement in the transferred stock is caused by provision made for late payment in line with the provision policy.

4) Receivables from non-exchange transactions

This line item reflects staff debtors where bursaries were given, but the employees did not pass their academic courses. As a result, the employees signed acknowledgment of debt (AOD) forms, which involve monthly salary deductions. The movement results from these monthly deductions of the staff debtors.

5) VAT receivable

This line item represents the difference between VAT output from revenue where VAT was levied and is due to SARS and VAT input from expenditure incurred which is claimed from SARS.

6) Cash and Cash Equivalent

Cash and Cash equivalents have decreased by R20.2 million from R22.6 million (30 June 2025) to R2.4 million (31 March 2025). Group Treasury swept an amount of R20.2 million into the primary bank account. JOSHCO is currently engaging Group Treasury to establish the reason for sweeping this amount.

7) Property, plant and equipment

The movement is because of depreciation of moveable assets in accordance with GRAP standards, which requires that the usage of the assets in their useful lives be accounted for through depreciation in the statement of financial performance. This represents the loss of value of the assets through use.

8) Investment in joint venture

The JOSHCO Madulamoho Joint Venture (JMJV) is an investment between JOSHCO and Madulamoho for social rental housing. JOSHCO holds an ownership interest of 55%. During the quarter, the JMJV declared a total dividend of R1 million, of which R550 thousand was JOSHCO's share. The R550 thousands has been received by JOSHCO and accounted for its share of the dividend in accordance with its accounting policy by reducing the carrying value of its interest in the Joint Venture. The figures disclosed on this note are provisional numbers which will be amended when information is received at the end of the quarter.

B. LIABILITIES

1) Loans from Shareholders

This line item represents the entity's share of COJ's sweeping bank balance, which is a credit balance, and this balance attracts interest costs that significantly affect the entity's financial performance. Loans from shareholders increased by R269.2million (16%) (from R1.7 billion in the previous quarter to over R1.9 billion as of 31 March 2026). JOSHCO implements work on behalf of the departments and entities by appointing service providers and settling invoices from the appointed service providers using the loan to shareholder/sweeping balance.

JOSHCO invoices the departments and entities and adds between 7% and 10% management fees to the invoice received from the appointed service providers. While the relationship between JOSHCO and the entities is governed by the signed service level agreements (SLAs), there has been a challenge over the years to recover the invoiced amounts, resulting in increased loans to shareholders, interest expenses and increased provision for doubtful debt.

Measures to reduce the loan to shareholders are being implemented and these include amongst others financial discipline (spending within the approved budget and expenditure optimization), engagements to recover amounts due from departments and tenant debtors, and possible halting acceptance of further work from departments until historic debts are recovered as this continues to increase pressure on the financial performance and position of the entity through increased interest expense and provision for doubtful debts

The table below breaks down the movement in the sweeping account during the quarter.

Loans from Shareholder/sweeping balance					
	Opening balance	Inflows	Interest on overdraft	Outflows	Closing balance
	R'000	R'000	R'000	R'000	R'000
Sweeping Account	(1 728 551)	388 742	(106 598)	(551 378)	(1 997 785)

The table above indicates that the entity has a net cash outflow movement that far exceeds amounts received in the same period, and the ideal position for the entity is to realize a net cash inflow, which would result in the reduction in the loan to shareholder/sweeping balance and ultimately a reduction in interest expense.

The table below illustrates and breaks down the cash inflows and outflows movements in the loan from shareholders:

PERIOD	Q1	Q2	Q3	Cumulative Total
	Inflows	Inflows	Inflows	
	R'000	R'000	R'000	
INFLOWS				
Dividends	550			550
Collection Rental	23 763	25 614	24 897	76 274
Utility Recoveries	1 713	6 219	3 735	11 667
JOSHCO Capex	-	99 372	112 961	212 333
Receipts from Special Project	10 036	24 335	53 547	87 918
TOTAL INFLOWS	36 062	156 540	219 059	388 742
Description	Outflows	Outflows	Outflows	Cumulative Total
	R'000	R'000	R'000	
OUTFLOWS				
JOSHCO Projects	- 66 155	- 100 800	- 7 031	- 173 986
JOSHCO Operational expenses	- 32 271	- 70 684	- 13 273	- 116 228
Special Projects	- 104 012	- 27 959	- 23 155	- 155 126
Interest on negative balance	- 34 138	- 33 943	- 38 003	- 106 084
TOTAL OUTFLOWS	- 236 576	- 233 386	- 81 462	- 551 424
NET CASH OUTFLOWS FOR THE QUARTER	- 200 514	- 76 846	137 597	- 139 763

2) Borrowings – DBSA

JOSHCO has two loans from the Development Bank of Southern Africa (DBSA) for the City Deep Housing Project and the Roodepoort Social Housing Project. The loan period is for twenty years, bearing interest at a fixed interest rate of 8.5% per annum. The borrowing is repayable in 36 equal six-monthly instalments (March and September) with the last redemption date in March 2029. The movement in the balance resulted from the payment made during the quarter and the interest that has been accounted for in line with the loan's amortization schedule. **Payables from exchange transactions**

An increase in the payables from exchange transactions of R157.2 million is a result of an increase in related payables, such as municipal charges, and insourcing salaries

SECTION 2: STATEMENT OF FINANCIAL PERFORMANCE AND HIGH-LEVEL NOTES

Revenue and expenditure are recorded on an accrual basis. The financial performance for the period ended 31 March 2026 resulted in a deficit of R391.5million.

	Actual	Budget	Variance	Variance %
	YTD	YTD		
	R'000	R'000	R'000	
Rental Income	118 485	128 874	(10 389)	-8%
Subsidies	105 016	105 016	-	0%
Management Fees	21 527	52 842	(31 315)	-59%
Interest Income	23 327	19 985	3 342	17%
Interest Income Sweeping	-	1 366	(1 366)	-100%
Utility Recoveries	11 667	3 124	8 543	273%
Other Income	51	311	(260)	-84%
Government Grant	4 797	5 320	(523)	-10%
Total Revenue	284 870	316 838	(31 968)	-10%
Personnel costs	(194 243)	(182 032)	(12 211)	7%
Board fees	(1 024)	(1 934)	910	-47%
Debt impairment	(80 751)	(20 710)	(60 041)	290%
Depreciation and Amortisation	(4 867)	(1 337)	(3 530)	264%
Finance Costs	(107 051)	(788)	(106 263)	13485%
Bad debts written off	(3 212)	-	(3 212)	
Repairs and Maintenance	(35 822)	(47 513)	11 691	-25%
Security	(59 634)	(8 293)	(51 341)	619%
Utilities	(134 279)	(16 172)	(118 107)	730%
Administrative	(35 798)	(36 579)	781	-2%
Total Expenditure	(656 681)	(315 358)	(341 323)	108%
Operating (Deficit)/Surplus before tax	(371 811)	1 480	(373 291)	-25222%
Taxation	(19 736)	-	-	
Operating (Deficit)/Surplus after tax	(391 547)	1 480	(393 027)	

A. REVENUE

1) Composition of Revenue

The entity's revenue is derived from the streams per Table below.

Composition of Revenue

Description	Actual	Budget	Weighting %
	R'000	R'000	
Rental Income	118 485	128 874	42%
Subsidies	105 016	105 016	37%
Management Fees	21 527	52 842	8%
Interest Income	23 327	19 985	8%
Interest Income Sweeping	-	1 366	0%
Utility Recoveries	11 667	3 124	4%
Other Income	51	311	0%
Government Grant	4 797	5 320	2%
Total Revenue	284 870	316 838	100%

Total revenue is below the budget by R31.9 million. The variances in performance that exceed 10% and/or R1 million are explained below:

2) Rental income

Rental income is underperforming against budget by R10.3 million (-8%). This is mainly due to two properties (City Deep and Orlando Ekhaya, formerly CoJ hostels), which account for a variance of R6.7 million. These properties were transferred to the Department of Human Settlements (City of Johannesburg) but still have an element of Social Housing Tenants.

In addition, commercial space has been vacated due to construction and other factors. Rental income from these properties was included in the Council-approved budget for the 2025/2026 MTREF and Adjustment Budget. Council rejected the downward adjustment of revenue on these properties.

3) Management fees

Management fees are under budget of R31.3 million (-59%) due to delays in the implementation of the Special Project Departments for the Department of Human Settlement (City of Johannesburg). JOSHCO will continue with monitoring the performance, considering the challenges of long outstanding debtor balances from the COJ's Human Settlement department.

4) Interest income

The interest income charged on overdue rental debtors is within budget by a thousand (17%) due to interest charged to defaulting tenants who are experiencing economic challenges. Although interest income reduces the deficit, the historic nature of tenant repayments shows that there is a low likelihood of recovering the interest, as this is emanating from long outstanding tenant debt. As a result, this income is offset by the debt impairment expense as well as bad debts written off for tenant debtors.

5) Utility recoveries

Utility recoveries exceeded budget by R8.5 million in the quarter. This is due to the Utility recovered on units that have prepaid meters installed. This has been adjusted upwards during the mid-term adjustment.

6) Other income

Other income is amounts earned from the sale of tender documents on advertised tenders by JOSHCO. This income is variable in nature and is driven by the level of interest from the market to purchase the tender documents. In the quarter under review, there were fewer tender sales, which resulted in the revenue being below budget by R260 thousand (-84%)

7) Revenue Collection

The report indicates a collection rate that is below target for the period despite the high level of occupancy which averages approximately 99%. The reasons for the below target performance includes rent boycott campaigns from organised tenants' groups demanding ownership, child-headed households, unemployment, and pensioners.

JOSHCO currently focuses on SHRA, own rental stock of residential properties and retail stock as the referral stock portfolio was transferred to Human Settlements department in the 1st quarter. Concentrated credit control processes are being implemented to improve the collection, and the collection target was revised upwards during the mid-term budget process, from 80% to 95%.

JOSHCO's revenue collection target for the 2025/26 financial year is 95% of rental debts, but in January to March 2026, collections dropped due to various issues the entity is facing. The overall collection rate for the third quarter is 68%, slightly below the 67% of the previous year, with SHRA

projects at 66%, JOSHCO projects at 72%, and retail spaces realised 95%. JOSHCO manages 26 buildings, split evenly between SHRA-funded and City-owned projects. Through various interventions by the department in response to the poor performance, we have seen an upward trajectory on collections as we moved from 66% in January 2026, 63% in February, and to 75% in March 2026.

Collections for the Financial Year end 31 March 2026 as shown in the table below.

Q3 Summary of Revenue Collections 2024/25 & 2025/26 FY

Q3 Summary (31 March 2026)

CATERGORY	TOTAL BILLING	TOTAL COLLECTION	% COLLECTION 2025/26	% COLLECTION 2024/25	SHORTFALL 2025/26
	R'000	R'000			
SHRA Projects (13)	27 533.55	-18 202.65	66%	73%	9 330.90
JOSHCO Projects (13)	8 854.50	-6 412.50	72%	83%	2 441.99
Retail Space (9)	1 348.08	-1 282.03	95%	50%	66.05
OVERALL COLLECTION	37 736.12	-25 897.18	68%	67%	11 838.94

Q3 Summary without City Stock (31 March 2025)

CATERGORY	TOTAL BILLING	TOTAL COLLECTION	SHORTFALL
	R'000	R'000	
SHRA Projects (13)	26 435.18	-18 711.47	7723.72
JOSHCO Projects (11)	6 372.12	-5 559.06	813.05
Retail Space (9)	2 128.52	-1 794.57	333.95
OVERALL COLLECTION	34 935.82	-26 065.10	8 870.72

8) LOW REVENUE COLLECTION

- It is acknowledged that the entity's revenue collection performance remains below the City of Johannesburg's prescribed target of 95%. In response, JOSHCO management has adopted an integrated approach to addressing revenue collection challenges and has implemented targeted interventions to encourage tenant compliance and improve financial sustainability.
- These interventions include the intensified execution of outstanding court orders against defaulting tenants, and the finalisation of pending Rental Tribunal matters that adversely affect collections. In addition, the entity is prioritising the implementation of its debt factoring strategy to quantify and recover outstanding balances exceeding R10 million and those in arrears for more than 60 days, with specific focus on identifying indebted City of Johannesburg and government employees.

- In line with the approved utilities recovery strategy, JOSHCO is migrating remaining non-prepaid facilities to prepaid water and electricity metering systems, supported by increased on-site presence and the provision of accessible payment platforms, such as point-of-sale devices, which have proven effective in enhancing collections.
- During the 2024/2025 financial year, JOSHCO introduced non-reversible debit-check payment mechanisms for newly onboarded tenants and strengthened the enforcement of Acknowledgement of Debt agreements for tenants in arrears. Furthermore, the entity will continue to enhance alternative revenue streams through the optimal utilisation of commercial spaces within JOSHCO-managed facilities.

9) Challenges Impacting Revenue Collections

- Tenant cancellations of debit mandates, unresolved bank disputes, and breach of contracts have hampered collections.
- A rising number of tenants from various facilities are complaining about the conditions of their facilities and threats of withholding their payment and cancelling existing arrangements.
- Rising unemployment among tenants leads to increased non-payment. (3 months' notice)
- The dropping rate of evictions for the defaulting tenants handed over and defendant matters from those referred to the courts of law.
- Under-resourced revenue staff (short of 8 personnel) face workload pressures, affecting efficiency.
- Ineffective communication and slow, paper-based processes further hinder timely collections.

10) Strategies for Improvement

- Intensify eviction processes via court and tribunal actions, with a resolute standing committee.
- Door-to-door revenue drives targeted defaulting tenants to be conducted after hours during the week and mornings over the weekend for selected facilities.
- The revenue department needs to be restructured into two teams: credit control (current accounts) and pre-legal recoveries (arrears), with utilities management also separated to improve utility bill recovery.
- Enforce full recovery of utility costs through prepaid meters and prepaid water charges.

- Improve credit evaluation, introduce non-reversible debit-check payments, and expand on-site payment platforms like POS devices.
- Use settlement vouchers (up to 50%) for tenants settling debts and system write-offs for vacant units with outstanding balances.
- Launch occupancy audits and lease renewal campaigns to formalize tenants and maximize revenue.
- Fill vacant commercial spaces and optimize outdoor advertising opportunities.
- Adopt effective debt factoring, prevention, and recovery measures to improve cash flow, reduce deficits, and enhance financial health.
- Implement monthly expenditure monitoring and stricter controls on reactive maintenance.

C. EXPENDITURE

Analysis of major expenses with significant variances (10% and above or over R1 million) between actual and budget:

- **Personnel costs:** The employee cost is R12.2 million (7%) above budget due to increase in overtime costs, the payment of the politically facilitated agreement (PFA) and EPWP costs paid not budgeted for. Going forward, management is developing a structured operating procedure for management of the EPWP program in the entity to ensure that spending is supported by valid funding sources from grants issued at national government in favor of CoJ and subsequently JOSHCO. The PFA budget is incorporated in the adjustment budget as such in its conclusions as the previous year. In addition, the entity intends to motivate the shareholders for an increase in the budget to fund the EPWP staff currently employed by the entity.
- **Board Fees:** Board fees are -47% below budget due to fewer meetings being held in the quarter. The board fees are also variable in nature as they are driven by the need for additional meetings as well as the attendance of members.
- **Debt impairment:** The debt impairment budget represents the rental amounts billed that are not expected to be collected timeously. The debt impairment is above budget by R60.1 million due to low collection levels of historic tenant debt resulting in more tenant debt being impaired as the age of the debt exceeds 60 days or more.
- **Depreciation and Amortization:** Depreciation and amortization is R3.5 million over budget due to the purchase of additional computer equipment and office equipment.

- **Finance costs:** Finance costs exceed the budget by 106.2 million due to interest incurred in a negative Sweeping account arising from delays in receiving payment from projects undertaken on behalf of COJ departments. The sweeping balance is currently at about R1.9 billion.
- **Bad debts written off:** Bad debts written off amounted to R3.2 million. These are irrecoverable amounts from tenants per the conditions of the bad debt write-off policy. The bad debts were not budgeted for as the entity does not anticipate nor plan for writing off debts; instead. The focus of the department and one of its main priorities is to collect all outstanding rental debt. Amounts written off were due to 1) untraceable tenants who have vacated JOSHCO's rental units, and these former tenants have been blacklisted on ITC for the unrecoverable amounts, and 2) Tenants who signed AODs with debt that qualified for interest freezing by also agreeing to a Debi-check or stop order for their monthly repayments.
- **Repairs and Maintenance:** Repairs and maintenance expenditure is significantly below budget by R11.6 million. Due to the integration of internal process to enable centralized procurement and budget monitoring functionality in MDA system for better monitoring of expenditure throughout the financial year. The validation process of invoices has been implemented, and it is expected that the repair and maintenance expenditure will accelerate as officials will have adapted to the new workflow and its applicable controls.
- **Security:** Security services are R51.3 million above budget. The approved budget was only for security costs for the head office. However, JOSHCO continues taking on the burden to secure City-owned buildings as the entity has a responsibility to the tenants to ensure facilities are kept safe. Therefore, the entity will continue to incur security costs across the JOSHCO managed properties to ensure that the entity services its tenants as agreed in the leases. JOSHCO will also engage with the shareholder during the mid-year budgeting process to intervene by allocating budget to the entity for the continued security costs incurred by the entity.
- **Utilities:** The utilities expenditure is R118.1million above budget due to slow pace in rolling out prepaid vending systems. As at the end of the quarter, some properties have prepaid vending systems in place to recover water and electricity costs from tenants. The City of Johannesburg (Revenue Department) issued credit notes for an amount of R5.5 million in the previous quarter this is because of transferred stock and JOSHCO was billed incorrectly after the transfer stock was approved.
- **Administrative costs:** The administrative costs are R781k (-2%) within budget this mainly the reduction of legal fees and consulting fees, The entity is currently utilizing the internal resources to save costs in line with cost containment strategy.

SECTION 3: CASH FLOW STATEMENT

As of 31 March 2026, JOSHCO Cash and Cash equivalents are at R2.4 million. Most of the cash balance is from tenant deposits amounting to R2.4 million, and the remaining balance is the interest earned.

1) SHRA Trust Account:

The entity maintains a trust account where SHRA disbursements are received to ensure funds are segregated for SHRA projects. The account was opened following Board approval and is managed by attorneys on our behalf. The balance of the account is reported as a sundry receivable in JOSHCO AFS. The table below displays the movement in the trust account.

Description	31-March 26 (R'000)	30-Jun-25 (R'000)
Opening balance	25 747	45 411
Interest earned on bank balance	1 159	2 240
Amounts received from SHRA	-	27 851
Payments made to service providers	-	(49 755)
Closing balance	26 906	25 747

SECTION 4: CAPITAL PROJECTS AND EXPENDITURE

The approved capex budget for the 2025/26 financial year is R206.6 million (24/25: R270.8 million) funded from external funding sources (EFF). As of 31 March 2026, JOSHCO's verified spend for the quarter under review is 129% against a cumulative target of 75%. This is reflected in Table 42 below. The detailed budget per project is shown in the below table.

1) CAPEX Spend

SOURCE	BUDGETS	CLAIMS	%
EFF -350	206 637 000.00	267 275 555.85	129%
TOTAL	206 637 000.00	267 275 555.85	129%

The budget has been overspent as the implementing department was anticipating budget increase during the mid-term budget process, which eventually did not materialize. The department is

currently analyzing this overspending and considering other sources of funding to manage the expenditure. Details are contained in the development report.

2) CAPEX Spend per project

Project Name	WBS Element	Budget	Expenditure	Balance
EXISTING STOCK REDEVELOPMENT;UPGRADE AND	65-14008.350.0020	10 000 000.00	23 116 837.37	(13 116 837.37)
30042 - Kelvin	65-14013.350.0020	1 000 000.00	2 221 702.00	(1 221 702.00)
LOMBARDY EAST HOUSING PROJECT New Housin	65-14014.350.0020	1 000 000.00	2 697 744.03	(1 697 744.03)
LUFHERENG SOCIAL HOUSING PROJECT New Ho	65-14015.350.0020	10 000 000.00	1 029 250.00	8 970 750.00
NANCEFIELD STATION HOUSING/KLIPSPRUIT ST	65-14017.350.0020	55 000 000.00	39 639 004.08	15 360 995.92
Selkirk Social Housing project New Housi	65-14022.350.0020	20 000 000.00	20 606 936.25	(606 936.25)
Golden highway Social Housing project Ne	65-15009.350.0010	10 000 000.00	10 986 534.97	(986 534.97)
Casamia Renewal Building Alterations	65-16002.350.0020	1 000 000.00	-	1 000 000.00
Malvern Emergency Housing Project	65-19001.350.0020	500 000.00	-	500 000.00
38 Rissik Street (NBS) Inner City Buildi	65-19002.350.0020	1 000 000.00	-	1 000 000.00
Booyens Place Inner City Building C	65-19003.350.0020	38 000 000.00	9 457 987.32	28 542 012.68
Smit Street Inner City Building Con	65-19007.350.0020	500 000.00	-	500 000.00
Marlboro Social Housing Project Regi	65-19008.350.0010	1 000 000.00	-	1 000 000.00
Tum-Key 1: Region A	65-21002.350.0020	53 000 000.00	144 834 127.16	(91 834 127.16)
Tum-Key 1: Region B	65-21003.350.0020	1 000 000.00	2 122 860.44	(1 122 860.44)
30041 - Park Chambers	65-24000.350.0020	2 000 000.00	5 376 334.72	(3 376 334.72)
Frank Brown/ Milpark Social Housing Deve	65-24001.350.0020	637 000.00	3 902 824.51	(3 265 824.51)
Tum-Key : Region F (Denver Social Housi	65-24002.350.0020	1 000 000.00	1 283 400.00	(283 400.00)
		206 637 000.00	267 275 542.85	(60 638 542.85)

SECTION 5: RATIO ANALYSIS

The following financial ratios are crucial in measuring the financial stability of the entity:

1) KEY RATIO ANALYSIS AS AT 31 MARCH 2026

Key Performance Area	Actual 31 March 2026	Actual 31 March 2025
Current ratio	0.34:1	0.41:1
Solvency ratio	0.35:1	0.43:1
Salaries to expenditure ratio	29%	27%
Revenue	R284.87 million	R279 .03million
Expenditure (including taxation)	R676.4 million	R634.68 million
(Deficit)	(R391.54 million)	(R356.47million)
Total net liabilities	(R2.42 billion)	(R1.73 billion)
Capital expenditure	129%	60%

2) MITIGATION ACTION

Current Ratio and Solvency Ratio

The non-performance of this target is due to continued losses being incurred, largely due to high provision for bad debts caused by poor collection of debtors and high operating costs, mainly utilities, finance costs as a result of payments for special projects where CoJ Departments are not settling amounts owed to JOSHCO, and repairs and maintenance costs from unplanned maintenance on dilapidating buildings.

- The entity's reviewed 5-year strategy to improve the entity's financial sustainability is under implementation as follows
- JOSHCO will continue with monitoring the performance, considering the challenges of long outstanding debtors balance from the COJ's Human Settlement department.
- Student accommodation – Currently under implementation with one project completed and tenanted. Additional student accommodation projects are in progress to raise more cash due to their satisfactory performance in rental collection.
- Commercial spaces – maximise commercial spaces available for additional revenue to be generated. As at the end of the quarter, out 52 retail spaces, there is 32 occupied spaces and 20 vacancies (3 emptied by MMC, 5 vacant in Kerk Street, 6 in Booyesen's (under construction), 3 vacancies at NBS, 2 vacancies at 16 Wolmarans, and 1 vacancy at Raschers.
- The Debit check challenge is covered in the quarterly report, where we stated the rising number of cancellations of the mandates; reporting it here would be duplication of the same information

3) Strategies to reduce expenditure are as follows:

- R107.0 million in finance costs (R106.2 million over budget) incurred on the overdraft balance of over R1.997 billion (and growing). The overdraft is mainly a result of the departments not settling debts to JOSHCO (R1.5 billion owed to JOSHCO) and low rental collection from rental tenants (Over R500 million owed to JOSHCO).
- Debt impairment incurred on long-overdue amounts from tenants and departments. The expenditure is above budget by R60 million, this is despite the collection having improved from 67% in the previous financial year to 68% as of 31 March 2026.

- Security on the rental stock to safe keep the properties and tenants, which resulted in actual expenditure of R59.6 million with overspending of R51.3 million.
- Utilities expenses continue to be significant and require further analysis, as these may be subject to billing errors that need the entity to investigate to adequately address the matters. The expenditure for 9 months was R134.2 million, exceeding the budget by R118.1 million.
- Employee costs amounted to R195.4million, which is R12.2 million (7%) over budget due to salary adjustment for PFA, overtime and EPWP employees where extensions were granted while funding from the grant was not yet confirmed.
- Taxation expense is above the budget by R19.7 million, management has lodged a dispute with SARS regarding this tax liability with resolution expected in the 3rd quarter of the 2025/26 financial year.

For the mid-term, the entity did not request additional funding other than the PFA adjustment and appropriating of additional revenue, in total the OPEX upwards adjustment requested is R12.1 million in total which was approved.

In addition to the above. the following measures are being considered in attempts to manage operational costs

- Investigation of utilities billing to ascertain whether there may be a billing error resulting in high water and sanitation costs. To address the overspending, the entity is in the process of recommending for the introduction of in-house vending through the establishment of a Utilities management division with the appointment of a Utilities Management Specialist and Officer who will further assume responsibility of ensuring the integrity, accuracy and timeliness of utilities recoveries for each of our projects working hand-in-hand with the appointed service providers or City Power rented sub-system for the internal vending system.
- Engagements have been held with the Department of Human Settlements to effectively hand over City referral stock and costs associated with managing those projects that are being incurred by JOSHCO. The stock was transferred during the 1st quarter of 2025/26 financial year on 31st July 2025. The expenditure has reduced on Utilities and repairs and maintenance after the stock was transferred.
- Discounts are negotiated with winning bidders to achieve some savings and reduce the pressure on the budget.

- Where feasible, testing of the market is performed before finalising budget for new tenders to be advertised to ensure that JOSHCO will procure goods and services in the most economical manner possible.

4) Collection in respect of current debtors

JOSHCO management has taken a holistic view of dealing with the challenge of revenue collection and put in place necessary steps that will foster and encourage tenants to settle rental debt through initiatives that will bolster revenue collection and ultimately establish a book value that are sustainable and viable. The portfolio, which brings down our revenue collection, remains the City referral stock. This stock does not meet the criteria for a stock to be held by a social housing company and jeopardizes JOSHCO's already compromised standing accreditation with the regulator, SHRA (Social Housing Regulatory Authority).

In addition, the initiatives to bolster collection levels include the following:

- Monthly monitoring of expenditure against the approved R&M budget – this will ensure that there is little or no over expenditure. (Microsoft in assistance, Power BI Tool)
- Stricter controls over monitoring that reactive maintenance is only done in units where the tenant is paying their rent. This will not be applicable if the nature of the repair is for Occupational, Health, and Safety requirements or the failure to repair impacts the structural integrity of the building.
- Intensified evictions through court orders and through the Rental Tribunal process – a few cases have already been opened, Housing Management by forming a standing committee every month to monitor and follow through the cases with Legal Department and other internal stakeholders.
- Full recovery of utility costs using prepaid meters and standardized water charges across all estates is active and monitored, as well as strong actions to improve rental collection rates across all accommodation types.
- Improved credit evaluation process for new tenant applications, introduced a non-reversible debit-check payment method for all new accounts, lease renewals, and tenants who are signing AOD for payment arrangements, as well as Stop orders for those who can't be on debit check.
- Increased and consistent presence on site to avail easy payment platforms to tenants for rental payments, i.e. POS devices – this was successfully piloted in the last financial year. In

2024/2025 we have implemented a debit-check payment method for all new leases signed and for all AODs that are done with tenants that are behind with rental payment. Debit-check payment method is non-reversible and guarantees rental collection on time.

- Settlement Discount vouchers remain in place (from 5% to 50%) to assist those who are willing to settle their debts in full or to reduce the overdue amount. Part of the Terms and Conditions for qualifying tenants is to sign a non-reversible debit check mandate or Stop Order
- In addition to the vouchers processed, we're also looking at system write-offs for all closed accounts in our books as those tenants have since vacated and the units are occupied by paying tenants. Tenants who vacated and got evicted with balances owed are blacklisted with all Credit Bureaus.
- Filling up of empty commercial spaces – this will ensure that we maximise on the offsetting of costs incurred at our individual buildings where there is an opportunity for outdoor advertising.

SECTION 7 SUPPLY CHAIN MANAGEMENT AND BBB-EE

1) DEVIATIONS ON SCM

There were no approved deviations for the quarter under review.

2) PAYMENTS WITHIN 30 DAYS

The MFMA requires that Municipal entities pay suppliers within 30 days. In the current quarter, which ended 31 March 2026. 100% (previous quarter Q2, the 30-day compliance was at 99%) of valid invoices that were paid within 30 days per Table 43 below. This is due to CoJ Treasury limiting the funds allocated to entities for supplier payments on a weekly basis

Payments within 30 days for Quarter 3

2025-2026- Q3 JOSHCO Payments monitoring report					
Summary of payments					
Month	Total number of invoice received in the period(Additions)	Total number of valid invoices received in the period /Invoices paid within 30 days *100%	Total valid invoice received that are not due	% paid within 30 days	Reporting period
26 December 2025 - 25 March 2026	834	788	309	100%	Q3
25 September 2025 - 25 December 2025	710	440	269	99%	Q2
Total	1 544	1 228	578		

Detailed analysis of 30-day compliance

<u>Total invoices received in the period</u>	834
<u>Invoices paid within 30 days</u>	788
<u>Invoices received in the period but not due</u>	46

3) REPORT ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The tables below discloses the irregular as well as fruitless, and wasteful expenditure as at the end of the quarter.

Recon of Irregular Expenditure	2025/26 (R) 000'	2024/25 (R) 000'
Opening Balance	833 219	422 668
Irregular Expenditure by Quarter		
Quarter 1:		
Quarter 2:		
Quarter 3:	345 174	661
Quarter 4:		854 487
Irregular expenditure written off prior year		(199)
Irregular Expenditure written off		(444 398)
Closing Balance (Unaudited)	1 178 393	833 219

There is potential irregular expenditure on the year-to-date overspend of the budget of over R345.17 million, should the entity's deficit position not reverse by the end of the financial year.

Fruitless and wasteful expenditure

Description	2025 (R'000)	2024 (R'000)
Opening balance as previously reported	637	743
Expenditure relating to the current year	345	322
Expenditure to be recovered	(10)	(307)
Expenditure to be written off		(121)
Closing Balance (Unaudited)	972	637

Fruitless and wasteful expenditure incurred relates to Unauthorised debit orders amounting to R26 488. The entity files objections with the bank monthly, and these are reversed once successful. There is also a potential fruitless expenditure of R19 736 452 relating to additional tax imposed by

SARS for late submission of supporting documents to SARS. The entity has appealed the outcome and awaiting feedback. The amount has not yet been disclosed as fruitless pending the results above.

4) VARIATIONS FROM ORIGINAL APPROVED PURCHASE ORDERS

There are no approved variation orders for the period under review, however the following variations are still awaiting approval.

INCREASE IN CONTRACT PERIOD AND AMOUNT OF THE FOLLOWING CONTRACTS:

Discipline	Details of the contract	Expiry date of contract	Proposed extension date	Reasons for extension
Developer	Riverside View Social Housing Project	31 January 2026	29 January 2029	Project over-runs due to Budget constraints
Professional	Riverside View Social Housing Project	28 April 2026	29 January 2029	Project over-runs due to Budget constraints
Professional	Booyens Place Housing Project	30 January 2026	30 June 2026	Project delays due to the outstanding statutory approvals and revised scope
Professional	Jeppestown (Denver Ext. 20) Social Housing Project	15 December 2025	29 January 2030	Project delays due to the outstanding statutory approvals and budget constraints
Developer	Jeppestown (Denver Ext. 20) Social Housing Project	30 September 2026	20 December 2029	Project delays due to the outstanding statutory approvals and budget constraints
Contractor	Transitional Residential Accommodation	31 December 2025	30 September 2026	Project over-runs due to vandalism and Budget constraints
Professional	Transitional Residential Accommodation	31 December 2025	15 December 2026	Project over-runs due to vandalism and Budget constraints
Contractor	Refurbishment of Student Accommodation	31 December 2025	27 February 2026	Project over-runs due to budget constraints

Reasons to amend the term of the contract:

- a) To ensure a continuity of on-going incomplete delayed services; and
- b) To ensure the required stability and uninterrupted construction services.

5) AWARDS MADE FOR THE YEAR

The table below details all awards made via a public tender (above R750 000) or through our approved panels (above R1 million) for the year ended 30 June 2026. Appointment to a panel has no award amount because the appointment to a panel does not guarantee the awarding of specific goods and services.

Awards for Quarter 2 and Quarter 3

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	MALE/ FEMALE/ YOUTH	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBEE LEVEL
RFQ/CURT/001/2025	THE APPOINTMENT OF A CONTRACTOR FOR RENOVATIONS AT CURTIS COURT	HOUSING MANAGEMENT (SPECIAL PROJECT)	JOSHCO approved panel of Contractors	17 OCTOBER 2025	BLACKCHERRY TRADING ENTERPRISE	MALE	WINNING BIDDERS	R 2 000 000.00	R1 893 444.72	ONE
RFQ/HELEN/001/2025	THE APPOINTMENT OF A CONTRACTOR FOR THE REFURBISHMENT OF HELEN JOSEPH HOSTEL (ALAXENDRA TOWNSHIP)	HOUSING MANAGEMENT (SPECIAL PROJECT)	JOSHCO approved panel of Contractors	17 OCTOBER 2025	AMABUYEZA TRADING AND PROJECT	MALE	WINNING BIDDERS	R4 000 000.00	R2 824 219.87	ONE
RFQ/ICTINFRA/001/2025	THE APPOINTMENT OF A SUITABLE	HOUSING DEVELOPMENT (ICT)	JOSHCO approved panel of Contractors	10 NOVEMBER 2025	PEO INFORMATION TECHNOLOGIES (PTY)LTD	FEMALE YOUTH	WINNING BIDDER	R 9 500 000.00	R8 523 693.53	ONE

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	MALE/ FEMALE/ YOUTH	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBEE LEVEL
	SERVICE PROVIDER FOR THE PROCUREMENT OF INFRASTRUCTURE, WITH MAINTENANCE AND SUPPORT FOR A PERIOD NOT EXCEEDING 36 MONTHS									
RFQ/ICTNET/001/2025	THE APPOINTMENT OF A SUITABLE SERVICE PROVIDER FOR THE UPGRADE, MAINTENANCE, AND SUPPORT OF H3C NETWORK INFRASTRUCTURE FOR A PERIOD NOT EXCEEDING 36 MONTHS	HOUSING DEVELOPMENT (ICT)	JOSHCO approved panel of Contractors	10 NOVEMBER 2025	ONE WAY TECHNOLOGY	FEMALE	WINNING BIDDER	R 6 500 000.00	R5 652 178.07	ONE
RFQ/VAN/001/2025	RENOVATIONS AT VAN BEEK STAFF HOSTEL	HOUSING MANAGEMENT (SPECIAL PROJECT)	JOSHCO approved panel of Contractors	20 NOVEMBER 2025	LEFIKA/KUARA JV	FEMALE YOUTH	WINNING BIDDER	R5 698 574.75	R5 154 564.09	ONE

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	MALE/ FEMALE/ YOUTH	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBEE LEVEL
RFQ/RIVERLEA/001/2025	THE APPOINTMENT OF A CONTRACTOR FOR REFURBISHMENTS OF FACILITIES IN REGION B (RIVERLEA (AALWYN) OLD AGE HOME, MARKET STREET OLD AGE HOME AND OUTENIKWA, HEX & SIR LOWRY FLATS)	HOUSING MANAGEMENT (SPECIAL PROJECT)	JOSHCO approved panel of Contractors	08 DECEMBER 2025	DALAS BUSINESS ENTERPRISES	MALE	WINNING BIDDER	R3 724 510.00	R3 082 336.26	ONE
RFQ/GEF/002/2025	THE APPOINTMENT OF A CONTRACTOR FOR THE ELECTRICAL, SOLAR, AND WASTE MANAGEMENT	HOUSING MANAGEMENT (SPECIAL PROJECT)	JOSHCO approved panel of Contractors	08 DECEMBER 2025	KRIPPA TRADING	MALE	WINNING BIDDER	R 3 900 000.00	R3 889 686.60	ONE

BID NUMBER	PROJECT DESCRIPTION / SCOPE OF WORK	DEPARTMENT/ END USER	MEDIA ADVERTISED	BAC DATE	AWARDED SERVICE PROVIDER	MALE/ FEMA LE/ YOUTH	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBEE LEVEL
	T INFRASTRUCTURE COMPLETION TO ROODEPOORT TSHEDZANI 3 DEVELOPMENT FOR SOCIAL HOUSING REVISED SUSTAINABILITY GUIDELINES									
RFQ/ICTPRINT/001/2025	THE APPOINTMENT OF A SUITABLE SERVICE PROVIDER FOR THE LEASING OF MULTIFUNCTION PRINTERS AND COPIERS FOR A PERIOD NOT EXCEEDING 36 MONTHS	HOUSING DEVELOPMENT(ICT)	Direct invitation sent to Contractors on JOSHCO's ICT panel		DIDO DIGITAL DOCUMENT JV THOMANI TECHNOLOGY SOLUTIONS			R2 000 000.00	R2 568 577.70	

6) ANALYSIS OF EXPENDITURE FOR THE QUARTER

This section provides reporting on the nature of expenditure per category (i.e., CAPEX and OPEX), ownership and B-BBEE levels of contributions. This expenditure includes expenditure made on behalf of other CoJ departments.

Expenditure by sourcing process (Nature)

a) Total Expenditure		
Nature of expenditure	Quarter 3 R'000	% of total expenditure
Capital Expenditure	45 679	45
Operational Expenditure	56 916	55
Total Expenditure	102 595	100

b) Capital Expenditure		
Nature of expenditure	Quarter 3 R'000	% Of Capex expenditure
Professional Consultants	7 141	16
Contractor Payments	38 538	84
Total Expenditure	45 679	100

c) Operational Expenditure		
Nature of expenditure	Quarter 3 R'000	% Spend
Procurement <R750 000	17 112	30
Cleaning and Gardening	0	0
Directors Remuneration-Board and Comm	203	0.4
Operational Expenditure	4 003	7
Security Services	15 925	28
Repairs and Maintenance	19 673	34,6
Total	56 916	100

7) ACHIEVEMENT ON B-BBEE

JOSHCO promotes economic empowerment by spending on previously disadvantaged group

Summary of spend to at least 51% black owned companies.

Period	Total OPEX from procurement activities	OPEX to at least 51% black-owned companies	% Spend for the period
	R'000	R'000	
Quarter 3	56 916	52 192	92 %

Period	Total CAPEX from procurement activities	CAPEX to at least 51% black-owned companies	% Spend for the period
	R'000	R'000	
Quarter 3	45 679	36 042	79%

Table 50: Summary of spend on women-owned companies.

Period	Total OPEX from procurement activities	OPEX to women-owned companies	% Spend for the period
	R'000	R'000	
Quarter 3	56 916	3 671	6%

Period	Total CAPEX from procurement activities	CAPEX to women-owned companies	% Spend for the period
	R'000	R'000	
Quarter 3	45 679	5 912	13%

Table 51: Summary of spend on youth owned companies.

Period	Total OPEX from procurement activities	OPEX to youth-owned companies	% Spend for the period
	R'000	R'000	
Quarter 3	56 916	0	0%
Period	Total CAPEX from procurement activities	CAPEX to youth-owned companies	% Spend for the period
	R'000	R'000	
Quarter 3	45 679	0	0%

SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

Matters reflected in the below table are expected to be finalised before the end of the calendar year. and parties are in the process of exchanging all the necessary court papers.

Matters reflected in the below table are matters carried over from the previous financial year and are expected to be finalised before the end of this financial year. Parties are in the process of exchanging all the necessary court papers.

LITIGATION	STATUS	DATE OF INCEPTION	POSSIBLE LIABILITY
1. Various evictions and recovery of outstanding rental.	Progress: The remaining court orders were executed, and evictions were carried out successfully during the second quarter.	2019	Expenditure to date: R 5 571 322,48 spent on legal fees.
2. Social Housing Movement and 5 others // JOSHCO and 3 others	Progress: The matter was heard on 02 June 2025. The applicant's counsel conceded that prayer 1 and 2 of their notice of motion, (i.e. where the applicants seeks that their leases be converted into instalment sale or lease town) were bad in law and therefore abandoned those prayers. Instead, they raised new arguments for the case. The judge allowed them to amend their case to introduce the new argument citing that the matter concerns constitutional rights, The Applicant has not yet filed their supplementary affidavit JOSHCO have instructed counsel to prepare supplementary heads of arguments, whereafter we will apply for a hearing date.	12/09/2022	Cost estimate for legal fees: R500 000
3. JOSHCO //Quick Prop Systems (Pty) Ltd	Progress: Court ruling was received in July in favour of JOSHCO and the amounts spent is set to be recovered from the service provider. An evaluator has been appointed to quantify the outstanding amounts due to JOSHCO.	12/03/2023	
4. JOSHCO//Illegal occupants of the Casa Mia building	Progress: The matter was heard on 21 November 2023 wherein the court granted an order declaring the building unsafe for occupation and instructed the city (Human settlements) to provide alternative accommodation for the illegal occupants. As part of the bad buildings' strategy, Casamia is earmarked for evacuation which will see the occupiers allocated to temporary emergency accommodation.	20/09/2023	Cost incurred to date: R 500 000 (paid). R 138 435.07. (unpaid)
5. TSSN Carriers (PTY) Limited/JOSHCO Social Housing Company (SOC) Ltd [Ens-Ens.Fid642228	Progress: Outcome of the referral to adjudication was received on 27 May 2024. The adjudicator decided that he did not have jurisdiction to decide on the matter. TSSN thereafter submitted a settlement proposal to JOSHCO, TSSN	26/03/2024	Cost estimate for legal fees; R350 000

	thereafter submitted a settlement proposal to JOSHCO, which JOSHCO rejected. TSSN has applied for Arbitration. Arbitration proceedings. The matter was heard for Arbitration on 15 April 2025. Unfortunately, the arbitrator ruled against JOSHCO finding that the termination of the agreement between JOSHCO and TSSN Carriers was unlawful. TSSN proposed a settlement offer to settle the matter, JOSCHO accepted the offer and is currently waiting for a way forward from TSSN.		
6. JOSHCO/H2Future Energy Pty Ltd	Progress: H2FUTURE energy instituted arbitration proceedings against JOSHCO, claiming loss of profit arising from cancellation of the sale agreement between Thlokomelo and Property Corner. JOSHCO is currently working on evidence to respond to H2FUTURE Energy's statement of claim.	10/2025	Cost estimate for legal fees: R1500 000
7. JOSHCO // GIBB (PTY) ltd	GIBB was appointed by JOSCHO as a professional service provider to render project management engineering, and related consulting services, including the preparation of construction, drawings for the Selkirk Randburg Social Housing Development. GIBB prepared the drawings presently in dispute. Where GIBB alleges that it has rendered the services and needs to be paid in full in the amount of R10 228 862.36. JOSHCO contends that ownership of the drawing's vests in it, in terms of the contract, and ownership is not conditional upon payment of the monies owed to GIBB Progress: Notwithstanding JOSHCO's stronger contractual position and to provide a swift and cost-effective solution. EXCO is to meet with GIBB to explore a possible settlement and way forward.	2025	Cost estimate to be determined after the proposed settlement meeting
8. THUALAUMME Business Development v JOSHCO	Thulaumme business development cc instituted against JOSHCO failure to grant possession of the site in accordance with the provision of the signed JBCC. Thulaumme is claiming for damages and loss amounting to the sum of R3 711 459.88 Progress Attorneys are currently responding to the statement of claim submitted by Thulaumme		Cost estimate for legal fees: R750 000
The below table reflects matters wherein progress has been delayed due to various factors, such as lack of action from the other party, or challenges with locating parties for purposes of serving court papers			
1. JEH Properties //JOSHCO Cancellation of Property Sale Agreement in respect of 195 Commissioner Street	Progress on civil claim: The defendants (seller and conveyancing attorney) have not yet filed their discovery affidavit. JOSHCO's attorneys are to bring an application to compel Discovery. The application to compel discovery has been delayed by the Court's practice directives in respect of enrolment of applications and the handling of the Court files. The legal department engaged attorneys on record and requested an opinion on the possibility of succeeding with claims against former JOSHCO officials who were involved in the transaction.	22/05/2015	Expenditure to date: R38 775.00 spent on legal fees. Costs/claim to be recovered: R 6 500 000 purchase price plus R 487 260.80 transfer costs.

	<p>Based on the opinion received from the attorneys, JOSHCO's merits of success with such claims would be limited as the matter has also been investigated by the Special Investigating Unit, which did not implicate specific individuals from JOSHCO. The SIU confirmed that sellers and conveyancing attorneys had also defrauded other State entities.</p> <p>During JOSHCO's engagements with the SIU, attempts were made internally by the Legal officer to retrieve background information relating to the sale/transaction, but information was limited.</p> <p>Criminal investigation: Upon engagements with the SAPS, JOSHCO's legal department was advised that the docket was submitted to the prosecutor for a decision, and the prosecutor advised that the Investigation Officer proceed with further investigations on the matter.</p>		
<p>1. 2.SKN Consulting // JOSHCO</p> <p>Claim for damages.</p>	<p>Progress: Attorneys have lodged a review application. The respondent has been served with the application, and JOSHCO's attorneys are awaiting the 15-day period for the respondent to file their answering papers.</p>	<p>18/12/2015</p>	<p>Expenditure to date: R 79 940.00 spent on legal fees.</p> <p>Costs/claim to be recovered: R 13 926 340.53 spent on professional fees, R 719 340.00 for damages</p> <p>Projected fees for review application: R249 590.25</p>

Name of department	31-Mar-26	30-Jun-25	Account Status	Comments
City of Johannesburg: Sweeping account	-1 997 830 282.40	-1 728 550 618.12	180 days overdue	The entity is engaging with departments to settle the outstanding debts however the issues with the SDA still persist and there has been no resolution as at the end of this quarter.
City of Johannesburg: Salaries	-260 413 782.51	-264 245 964.17	180 days overdue	The Core Department allocates the cash to lower JOSHCO's salary liabilities rather than paying the operational subsidy directly to JOSHCO.
City of Johannesburg: Municipal Charges	-615 166 989.87	-503 285 435.37	180 days overdue	No settlement has been made in the quarter due to the entity's financial constraints.
City of Johannesburg: GCSS	-332 395 089.14	-268 122 033.02	180 days overdue	No settlement has been made in the quarter due to the entity's financial constraints
City of Johannesburg: Human Settlements	925 571 871.60	802 800 301.73	180 days overdue	DHS has paid JOSHCO an amount of R33.7 million on UISP in this quarter. JOSHCO has a standing weekly meeting to discuss the backlog of this debtor's book. The pace is very slow, it requires an escalation to the Accounting officer and GCFO to intervene.
City of Johannesburg: Treasury	5 958 169.39	5 958 169.39	180 days overdue	The entity had a meeting with Treasury. A commitment has been made to look into the transaction. No resolution as at the end of the quarter.
City of Johannesburg: CAM	123 334 829.82	157 884 081.61	180 days overdue	The entity is engaging with CAM regarding the outstanding balance.
City of Johannesburg: Health Department	5 013 505.19	6 541 968.34	180 days overdue	The entity is continuously engaging the Department of Health regarding the outstanding debt. The Department of Health has paid JOSHCO an amount of R 1.5 million in this quarter.
City of Johannesburg: Development planning GEF Project	4 065 148.55	4 065 148.55	180 days overdue	The entity did engage GEF regarding the outstanding debt of R4 million they mentioned that they are waiting the ratification report to be approved at EAC
City of Johannesburg: JDA	689 508.95	96 800.00	180 days overdue	The entity made this payment in June 2025 on an old ABSA bank account the money bounced back to JDA's account; Finance is engaging them further to clear the debt ,The R592 it is a current invoice
City of Johannesburg: JPC	13 814 529.42	3 347 239.93	90 days overdue	JPC has acknowledge that they owe JOSHCO and they will process the payment ,the R2 187 is the current invoice
City of Johannesburg: Community Development	95 583 950.19	108 619 004.10	180 days overdue	JOSHCO has received payments of R12.1 million in this quarter from ComDev ,The entity will continua with the engagement to settle the outstanding debt.
City of Johannesburg: Legislature	46 823 417.73	46 823 417.73	180 days overdue	JOSHCO met with Legislature last week they have cited that GFIS has not concluded their investigation to validate the work done and they have confirmed that Legislature is happy with all invoices submitted as a results the do sign a confirmation on monthly basis
City of Johannesburg: EMS	31 063 629.24	31 063 629.24	180 days overdue	Public Safety in our last engagement they have highlighted that they are waiting the approval from EAC to approve the ratification report so that they can be able to process our payments, JOSHCO is having a standing meetings with this Department so that they commit in clearing the Debt.JMPD has paid JOSHCO an amount of R2.9 million in this quarter will continue to engage them to settle the balance
City of Johannesburg: Licencing	2 172 105.36	2 172 105.36		
City of Johannesburg: JMPD	47 996 920.75	50 987 193.98		
City of Johannesburg: Office of the COO	14 853 943.35	14 853 943.35	180 days overdue	COO's office they are waiting for ratification report to be approved at EAC, They have signed the confirmation as at 31 March 2026 they are not disputing any invoice submitted by JOSHCO.
City of Johannesburg: DED	834 707.38	834 707.38	180 days overdue	Economic Development they do acknowledge that they owe JOSHCO they will settle their debt .
City of Johannesburg: Transport	12 081 928.61	23 903 012.83	180 days overdue	The entity is having recurring meetings with all Departments to settle the debt , Transport Department is waiting for the EAC approval.
City of Johannesburg-EPWP Grant	23.97	4 128 723.49	180 days overdue	Economic Deveopment has settled their only owes the entity R23k
City of Johannesburg- Financial Accounting	0.00	32 614 629.24	current	
TOTAL	-1 875 947 954.42	-1 467 509 974.43		

CHAPTER 6

INTERNAL AUDIT

SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

For the third quarter of the 2025/2026 financial year, Internal Audit completed all audits planned for the quarter except for the Supply Chain Audit.

The Supply Chain Management (SCM) audit for Quarter 3 of the 2025/26 financial year was not completed within the planned timelines as per the approved Internal Audit Plan due to staff constraints within the Internal Audit Department. These capacity limitations impacted the execution and finalization phases of the audit.

Despite this delay, substantial progress has been made, and the audit is currently at the reporting stage. The Internal Audit team is in the process of finalizing key and critical observations identified during the review, which will be communicated to management and the relevant governance structures upon completion. Efforts are underway to ensure the audit is concluded as soon as possible without compromising the quality and integrity of the findings.

- Housing Maintenance and Portfolio Management Audit
- Occupational Health and Safety Audit
- Performance of Information Q2 Review
- Tender Probity Review x1
- Follow – up on Internal Audit Findings
- Follow – up on External Audit Findings

Below is the approved Internal Audit Plan for the 2025/2026 financial year, and it indicates the progress on the planned audits:

No	Name of Audit	Quarter				Progress
		1	2	3	4	
Finance						
1	Review of the Annual Financial Statements	X				Completed
2	Review of the Interim Financial Statements				X	Not Started
3	Supply Chain Management Audit			X		In-Progress
4	Revenue Management Audit				X	Not Started
5	Tender Probity Review	X	X	X	X	Completed
COO OFFICE						
6	Housing Maintenance and Portfolio Management Audit		X			Completed
7	IT Application Control*		X			Completed
8	Vulnerability Assessment and Penetration Testing*		X			Completed
9	Housing Development Audit	X				Completed

No	Name of Audit	Quarter				Progress
		1	2	3	4	
10	Utility Management Audit	X				Completed
Planning and Strategy						
11	Performance of Information Review	X	X	X	X	Completed
Corporate Services						
12	Occupational Health and Safety Audit			X		Completed
Generic Services						
13	Ad hoc Services		X			Completed
Follow - ups						
14	Follow-up on Internal Audit Findings	X	X	X	X	Completed
15	Follow-up on AG Findings			X	X	Completed
Investigations						
16	UIFW Investigations Expenditure			X	X	Not Started

SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

Below indicates the resolution of Internal Audit findings for quarter 3:

Departments	Total Findings	Total resolved as per Management	Total findings resolved	Total findings not resolved
Finance and SCM	26	26	26	0
Chief Operating Office (COO)	29	29	13	16
Planning & Strategy	9	9	9	0
Corporate Services	1	1	0	1
Legal	3	3	3	0
Total	68	68	51	17
%	100%	100%	75%	25%

SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS

Below indicates the resolution of External Audit findings for quarter 3:

AG Classification	Total Findings	Resolved	Not Resolved	Repeating findings 2023/24
Matters affecting auditor's report	4	2	2	2
Matters that should be addressed to prevent material misstatements in the financial statements or material findings.	6	5	1	2
Admin Matters	7	6	1	2
Total	17	13	4	6
%	100%	76%	24%	

SECTION 4: OVERALL STATE OF INTERNAL CONTROLS (ADEQUACY AND EFFECTIVENESS)

During the third quarter of the 2025/2026 financial year, Internal Audit completed four (4) audits, one

(1) probity review, and two (2) follow-up reviews.

Based on the findings arising from the audits conducted during the quarter, Internal Audit concluded that the organisation's internal controls are **generally adequate in design but ineffective in operation**. While some improvement has been noted across certain departments—particularly in the implementation of audit recommendations and the resolution of audit findings—the overall control environment remains **below a satisfactory level**.

Management is therefore urged to strengthen the continuous monitoring of internal controls. This will assist in improving control effectiveness and ensuring that the organisation's objectives are achieved.