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Q2 QUARTERLY 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**

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Bankers : **Standard Bank of SA Limited**

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

Approval

<p><u>Floyd Rikhotso</u> Name & Surname Chief Financial Officer</p> <p style="text-align: center;"> Signature</p>	<p>Date of Approval: <u>09/01/2026</u></p>
<p><u>Themba Mathibe</u> Name & Surname Acting Chief Executive Officer</p> <p style="text-align: center;"> Signature</p>	<p>Date of Approval: _____</p>
<p><u>Jason Sobekwa</u> Name & Surname Chairperson of Audit and Risk Committee</p> <p style="text-align: center;"> Signature</p>	<p>Date of Approval: <u>28/01/2026</u></p>
<p><u>Theodore Dhlamini</u> Name & Surname Chairperson of the Board</p> <p style="text-align: center;"> Signature</p>	<p>Date of Approval: <u>28/01/2026</u></p>
<p><u>Mmamabalo</u> Name & Surname Member of Mayoral Committee</p> <p style="text-align: center;"> Signature</p>	<p>Date of Approval: _____</p>

ABBREVIATIONS

AFS	Annual Financial Statement	IT	Information Technology
AG	Auditor General	JBCC	Joint Building Contracts Committee
AGM	Annual General Meeting	JOSHCO	Johannesburg Social Housing Company
ARC	Audit & Risk Committee	JPC	Johannesburg Property Company
BA	Bachelor of Arts	JRA	Johannesburg Roads Agency
BCom	Bachelor of Commerce	KPA	Key Performance Area
BI	Business Intelligence	KPI	Key Performance Indicator
BMC	Building Maintenance Company	LAN	Local Area Network
BSc	Bachelor of Science	LLB	Bachelor of Law
CAPEX	Capital Expenditure	LLF	Local Labour Forum
CA (SA)	Chartered Accountant (South Africa)	MFMA	Municipal Finance Management Act
CBD	Central Business District	MMC	Member of the Mayoral Committee
CCG	Consolidated Capital Grant	MOE	Municipal Owned Entity
CI	Corporate Identity	MoI	Memorandum of Incorporation
CoC	Certification of Compliance	MSA	Municipal Systems Act
CoJ	City of Johannesburg	MTC	Metropolitan Trading Company
COSEC	Company Secretary	MVA	Motor Vehicle Accident
CRM	Customer Relationship Management	NAT	Network Address Translation
CSI	Corporate Social Investment	NSFAS	National Student Financial Aid Scheme
DBSA	Development Bank of Southern Africa	OC	Occupation Certificate
DMZ	Demilitarized Zone	OHS	Occupational Health and Safety
EDMS	Electronic Data Management System	OPEX	Operating Expenditure
EE	Employment Equity	PMU	Project Management Unit
EEA	Employment Equity Act	POPIA	Protection of Personal Information Act
EIA	Environmental Impact Assessment	PWD	People with Disability
EISD	Environment and Infrastructure Services Department	SALGBC	South African Local Bargaining Council
EMT	Executive Management Team	SCM	Supply Chain Management
EPWP	Expanded Public Works Programme	SD	Skills Development
ESS	Employee Self Service	SDA	Service Delivery Agreement
FMDC	Fully Managed Data Centre	SEHRC	Social, Ethics & Human Resource Committee
FY	Financial Year	SHRA	Social Housing Regulatory Authority
GBV	Gender-Based Violence	SLA	Service Level Agreement
GDS	Growth and Development Strategy 2040	SLS	Service Level Standard
GFIS	Group Forensics and Investigation Services	SMME	Small, Medium and Micro Enterprise
GHS	Global Household Survey	SOP	Standard Operating Procedure
GLU	Government of Local Unity	TBC	To Be Confirmed
ICAS	Independent Counselling and Advisory Services	TOD	Transit Oriented Development
ICT	Information and Communications Technology	TP	Third Party
IOD	Injury on Duty	UIFW	Unauthorised, Irregular, Fruitless and Wasteful
ISP	Internet Service Provider	UyPS	Uninterruptible Power Supply
		WIP	Work in Progress

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LEADERSHIP AND CORPORATE PROFILE



SECTION 1: CHAIRPERSON'S FOREWORD

The second quarter of the 2025/26 financial year presented significant operational and financial challenges for the Johannesburg Social Housing Company (JOSHCO). During this period, the organisation achieved an overall performance of 46.67% against a target of 85%, reflecting a decline when compared to the first quarter of the financial year.

The underperformance in Quarter 2 can be attributed to a number of key challenges experienced during the period under review. These include continued financial losses driven largely by high provisions for bad debts and elevated operational costs, particularly utilities, finance costs, and repairs and maintenance. In addition, increased interest accumulation arising from ongoing budget deficits placed further pressure on the organisation's financial position.

While some of these challenges remain ongoing, management has implemented measures aimed at mitigating their impact and stabilising operations. Notably, the completion of the stock transfer process is expected to positively influence performance in the third quarter, particularly with regard to revenue generation and collection.

Revenue collection currently stands at 72% against a target of 80%. Focused interventions are underway to improve collection levels, and the Board remains optimistic that, as the challenges outlined above are progressively resolved, there will be a marked improvement in both operational performance and revenue sustainability.

Although Quarter 2 was characterised by considerable constraints, the Board remains confident in management's commitment and corrective actions. We anticipate improved performance in Quarter 3 and continued progress towards achieving JOSHCO's strategic objectives and mandate of delivering sustainable social housing

Mr. Zithulele Dhlamini
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 second quarter of the 2025/26 financial year, JOSHCO has made significant strides in its operational performance. Occupancy levels remained strong, with the entity achieving an overall occupancy rate of 98.75%, surpassing the quarterly target of 98%. In support of the Expanded Public Works Programme (EPWP) and Small, Medium, and Micro Enterprises (SMMEs), we created 787 EPWP work opportunities in the quarter and have effectively engaged in 11 tenant engagement sessions which were conducted to assist our stakeholders on the JOSHCO offering.

In terms of governance, JOSHCO successfully resolved 83% of internal audit findings against a quarterly target of 50% and implemented 92% of risk action plans during the quarter. These achievements reflect our commitment to maintaining high standards of accountability and risk management. Despite challenges such as low rental collection and insufficient allocation of funds by the City, we have implemented strategic measures and engaged with stakeholders to address these issues effectively.

Financial Performance

The financial performance for the period ended 31 December 2025 resulted in a deficit of R263.8 million. Total revenue for the quarter was R231.4 million. Rental income, the largest contributor to our revenue, was 72% over budget due to higher-than-projected tenant allocations.

Our cash flow remains a critical area of focus, with cash and cash equivalents balance standing at R20.2 million. Significant amounts are owed by various CoJ departments, impacting our liquidity. We continue to engage with these departments to resolve outstanding debts and improve our cash flow situation.

Future Outlook

Looking ahead, JOSHCO is dedicated to improving its financial sustainability and operational efficiency. We are implementing strategies to enhance revenue collection, which include the introduction of DebiCheck mandates for new accounts, lease renewals, and regularization. We are also establishing payment arrangements and offering settlement discount vouchers to encourage

tenants to clear their long-outstanding debts. Additionally, we are exploring alternative revenue streams, such as student accommodation and commercial spaces, to diversify our income sources.

Operational efficiency remains a priority, and we are continuing the rollout of prepaid meters to better manage utility costs. Enhancing security measures through cost-effective solutions and technology integration is also a key focus area. Strengthening relationships with tenants and stakeholders is crucial to addressing service delivery challenges and improving tenant satisfaction. We are actively engaging with CoJ departments to resolve outstanding debts and improve our cash flow.

In conclusion, despite the financial challenges experienced in the second quarter, JOSHCO remains committed to its mission of providing affordable social housing and enhancing the quality of life for the residents of Johannesburg. We are confident that the strategic initiatives currently being implemented will position JOSHCO for sustainable growth and success in the upcoming quarters.

Mr. Themba Mathibe
Chief Executive Officer (Acting)

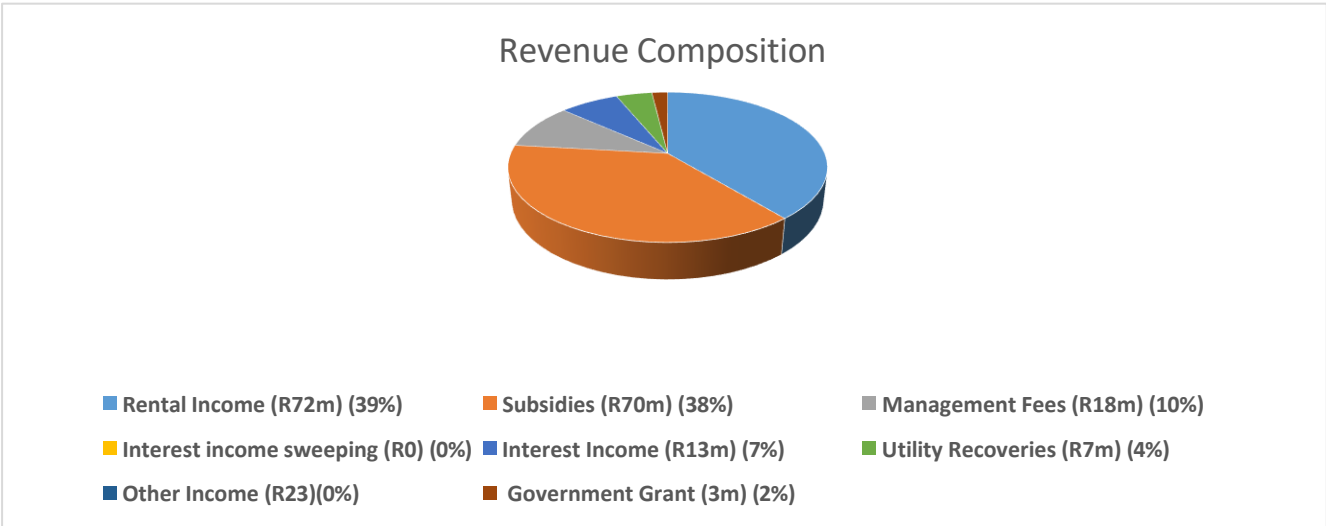
SECTION 3: CHIEF FINANCIAL OFFICER’S REPORT

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 served to integrate the entity’s business.

Revenue Performance

The revenue performance highlights the state of economic challenges that are faced by the community. The report indicates a collection rate that is below target for the period. The reasons for the rental collection being below the target are continued rent boycott campaigns from organised tenants’ groups demanding ownership. child-headed households. unemployment. and pensioners. The city referral stock portfolio was transferred to Human Settlements department in the 1st quarter. JOSHCO is now able to focus on improvement of collection on social housing projects that are in line with rental units that are as per SHRA standards.

Total revenue is below the budget by R27.2 million (-13%) overall and the biggest contributor to revenue earned in the current financial year is rental income and subsidy, making up 39% each of total revenue. Rental income is under budget by R13.8 million (-16%) due to the properties that were transferred to the Department of Human Settlements (City of Johannesburg). These properties were included in the Council-approved budget for 2025/2026 MTREF. Management fees are below budget by R21.2 million (-54%) due to delays on the implementation of Special Project Departments for the Department of Human Settlement (City of Johannesburg). JOSHCO will continue with monitoring performance, considering the challenges of long outstanding debtor balances from the COJ’s Human Settlement department. The interest income charged on overdue rental debtors is within budget by R-121 thousands (-1%) caused by interest charged to defaulting tenants.



Revenue Collection

JOSHCO's revenue collection target for the 2025/26 financial year is **80%** collection of debtors in respect of rentals. The entity's collection levels are in a stable trajectory as collection levelled up with an average of **72%** which is a percentage lower than the previous quarter, where it realised **73%**. The target is being adjusted upwards to 95% to align to best practice and this has been submitted as part of the mid-term budget process.

The underperformance is mainly caused by the rising number of unemployed tenants and campaigns for ownership by the formed organization named Social Housing Movement, which is influencing tenants that they should have taken ownership of SHRA funded facilities and should stop paying rent. JOSHCO owned facilities are performing within the required levels and this is mostly due to the focus shift from the underperforming City referral stock to the facilities owned by JOSHCO and funded by SHRA.

The table below is a summary of the rental collection levels per category for the period ending 31 December 2025.

Q2 Summary of Revenue Collections

CATERGORY	TOTAL BILLING	TOTAL COLLECTION	% COLLECTION	SHORTFALL
	R'000	R'000		
SHRA Projects (13)	27 761.85	-18 643.43	67%	9 118.42
JOSHCO Projects (13)	7 568.39	-6 423.30	85%	1 145.09
Retail Space (9)	1 639.50	-1 547.65	94%	91.86
OVERALL COLLECTION	36 969.74	-26 614.37	72%	10 355.37

Expenditure Performance

The entity is in a position where the expenditure incurred needs analysis to identify optimization to limit the potential deficit and overspending of approved operational budget. The entity's expenditure is mainly in relation to the nature of the business that involves construction and maintenance of social housing and student accommodation.

Total expenditure for the quarter is R429.1 million, which represents a 102% overspending of the year-to-date budget of R212.2 million. Key factors that caused the overspending are as follows.

- Overdraft of sweeping balance because of JOSHCO paying service providers for special projects where departments are not settling with JOSHCO have resulted in significant finance costs incurred amounting to R66.4 million. This expenditure exceeds budget by R65.9 million.
- 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, however the entity has a responsibility to tenants to keep properties safe. Therefore, security costs amounting to R40.7 million exceed budget by R35.1 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 the quarter amounted to R101.7million, which exceeds budget for the quarter by R90.9 million.
- Employee costs amounted to R133.8 million for the quarter, which is R12.1 million (10%) 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.

Profitability

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 31 December 2025 resulted in a deficit of R263.8 million. The deficit is due to the entity not being able to generate sufficient income to cover its fixed expenses and several variable expense line items being over budget. The reasons and mitigations are addressed in Chapter 5.

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 December 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

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 AFS. The table below shows the movement in the trust account.

Description	31-Dec-25 (R'000)	30-Jun-25 (R'000)
Opening balance	25 747	45 411
Interest earned on bank balance	784	2 240
Amounts received from SHRA	-	27 851
Payments made to service providers	-	(49 755)
Closing balance	26 531	25 747

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

Actual Operational Budget

	Actual Prior year 31 Dec 2024 R'000	YTD Actual R'000	YTD Budget R'000	Variance R'000	% of actual against budget
Revenue	179 763	185 025	212 279	(27 254)	87%
Operating costs (before interest)	(332 014)	(362 689)	(211 754)	(150 935)	171%
Interest expense	(63 436)	(66 450)	(525)	(65 925)	126.57%
Total operating costs	(395 450)	(429 139)	(212 279)	(216 860)	202%
Taxation		(19 736)			
(Deficit)	(215 687)	(263 850)			

Key Performance Area	Actual 31 December 2025	Actual 31 December 2024
Current ratio	0.37:1	0.45:1
Solvency ratio	0.38:1	0.47:1
Salaries to expenditure ratio	31%	26%
Revenue	R185.02 million	R179.76 million
Expenditure (including taxation)	R448.87 million	R395.45 million

(Deficit)	(R263.85 million)	(R215.68 million)
Total net liabilities	(R2.30 billion)	(R1.58 billion)
Capital expenditure	80%	50%

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 December 2025, JOSHCO's verified spend for the quarter under review is 81% against a cumulative target of 50

	2025/2026 Annual Budget R'000	Target YTD R' 000	Actual YTD R' 000	Target %	%Actual / Annual budget
Capex for 2025/2026 FY	206 637	166 321	166 321	50%	81%

Audit preparations and status of resolution of findings

We 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:

- Closing the remaining 2 internal audit findings & AGSA findings
- Interim AFS
- Clean audit steering committee (focused on commitment and contract register)
- Capacitation of Finance structure
- Focus on compliance matters with SARS.

In conclusion

I extend my gratitude to the MMC for his political leadership, the Board of Directors, audit committee, Executive team and esteemed staff compliment of the entity for the guidance and support. Looking forward to a better 2nd half of the year.

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 primary and singular mission derives from its Memorandum of Incorporation (Mol) with the City. Therefore, in remaining true to its purpose for establishment, the JOSHCO's business and operating model is anchored around the following strategic objectives:

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 1: 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 in an efficient and reliable manner (cross cutting output)	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
Provide a resilient, livable, sustainable urban environment – underpinned by smart infrastructure	Sustainable human settlements	Sustainable human settlements	Sustainable Service Delivery	Develop & manage social housing and Student Accommodation Develop & manage Affordable rental housing	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

GDS Outcomes	GDS Outputs	Government of Local Unity (GLU) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
supportive of a low carbon economy				Implement housing development projects for the COJ Provide assigned municipal services (Human Settlements)	
A high performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated, and globally competitive Gauteng City Region	A responsive, accountable, efficient and productive metropolitan government Financially sustainable and resilient city	Partnerships, intergovernmental & international relations A responsive, accountable, efficient and productive metropolitan government Financially sustainable and resilient city Meaningful citizen participation and empowerment Guaranteed customer and citizen care and service	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) 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	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
		metropolitan government 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 2: Board Composition as at 31 December 2025.

Board Member	Capacity	Race	Gender	Status	Qualification
Mr. Theodore Dhlamini *Appointed on 31 July 2024	Non-Executive Director	Black	Male	Active	Post Graduate Diploma in Management
Mr. Zamikhaya Wauthus Xalisa *Resigned on 11 August 2025	Non-Executive Director	Black	Male	Resigned	Masters in Sustainable Agriculture (MSA) Masters in Business Administration (MBA)
Mr. Lawrence Mduduzi Ndlovu *Resigned on 16 October 2025	Non-Executive Director	Black	Male	Resigned	Bachelor of Arts in Philosophy Bachelor of Divinity Master of Theology Being a Director 1 – Short Course The Governance of Ethics – Short Course
Adv Ntokozi Mjyako *Appointed on 31 July 2024	Non-Executive Director	Black	Male	Active	LLB PDM-S MPhil
Ms. Bayiphiwe Simelane *Appointed on 31 July 2024	Non-Executive Director	Black	Female	Active	Diploma in Public Relations and Communication
Ms. Thandeka Tshabalala	Non-Executive Director	Black	Female	Active	BCom Accounting Post Graduate Diploma in Financial

*Appointed on 31 July 2024					Planning
Mr. Musa Shibambu *Appointed on 31 July 2024	Non-Executive Director	Black	Male	Active	Master of Philosophy in International Business
Ms. Tabisa Poswa *Appointed on 31 July 2024	Non-Executive Director	Black	Female	Active	B Juris LLB
Mr Jason Sobekwa *Appointed on 31 July 2024	Non-Executive Director	Black	Male	Active	Bachelor of Accounting Post Graduate Diploma- Financial Management Masters in Business Administration Chartered Management Accountant ACMA. (CGMA) CA(SA)
Dr Thulani Alfred Mdadane *Appointed on 31 July 2024	Non-Executive Director	Black	Male	Active	MBA MSC M.Phil. PHD
Mr. Floyd Rikhotso	Executive Director	Black	Male	(Appointed CFO on 07 July 2025)	BCom Accounting BCom Honours Certificate in Municipal Financial Management CA (SA)
Ms. Nokwazi Mtshali	Executive Director	Black	Female	(Appointed as acting CEO on 26 August 2024 – 30 Nov 2025)	Bachelor of Arts Degree in Media and Communication Postgraduate Diploma in Management in the field of Public and Development Sector Monitoring and Evaluation Certificate in Municipal Financial Management
Mr. Themba Mathibe	Executive Director	Black	Male	(Appointed as acting CEO 04 December 2025)	Degree of Bachelor of Arts Degree of Bachelor of Law Degree of Master of Laws Master of Laws (LLM)
Independent Audit Members					
Mr. Obed Thenga	Independent Audit Committee Member	Black	Male	Active	BCom Honours
Dr Steven Piet Ngobeni	Independent Audit Committee Member	Black	Male	Active	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

1.1. DUTIES OF THE BOARD AND COMMITTEES

1.1.1 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 stakeholder's perceptions affect the company's reputation
- Ensure the integrity of the company's Integrated Report (Annual Report).

1.1.2 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 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.

1.1.2.1 Audit & Risk Committee

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

The Committee consist of the following members:

Audit & Risk Committee as at 30 December 2025	
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.

1.1.2.2 Social, Ethics & Human Resource Committee

The Committee consists of the following members: -

Social, Ethics & HR Committee as at 30 December 2025	
*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 plans 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.

1.1.2.3 Development Committee

The Committee consists of the following members:

Development Committee as at 30 December 2025	
1.	Ntokozo Mjiyako Non-Executive Director (Chairperson)
2.	Thulani Mdadane Non-Executive Director
3.	Musa Shibambu Non-Executive Director
4.	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.

1.2. BOARD AND COMMITTEE MEETING ATTENDANCES

1.2.1. BOARD AND COMMITTEE MEETING ATTENDANCES

- The Board held three **(3)** Board meeting in Q1 of 2025/26 FY (Ordinary Board Meeting – 21 October 2025). (Special Board Meeting – 02 December 2025 and 04 December 2025).
- The Audit and Risk committee held two **(2)** ARC Meetings (Ordinary ARC meeting 13 October 2025). (Special ARC Meeting 26 November 2025).
- The Social, Ethics and Human Resource Committee held one **(1)** Meeting (Ordinary Social. Ethics and Human Resource Meeting – 08 October 2025).
- The Development Committee held one **(1)** meeting (Ordinary Development Committee Meeting – 08 October 2025).

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

Table 3: Board Meeting attendances as at 31 December 2025

Board of Directors	Board Meetings		
	Attendance	Absent	Apologies
Number of Meetings	3		
Mr Theodore Dhlamini	3	0	0
Mr Zamikhaya	0	0	0
Mr Lawrence Mduduzi	0	0	0
Mr Ntokozo Mjijako	2	1	1
Ms Bayiphiwe	3	0	0
Ms Thandeka	3	0	0
Mr Musa Shibambu	3	0	0
Ms Tabisa Poswa	3	0	0
Mr Jason Sobekwa	3	0	0
Dr Thulani Alfred	0	0	0
Ms Nokwazi Mtshali	3	0	0
Mr Floyd Rikhotso	3	0	0
Themba Mathibe	0	0	0

Table 4: Board Committee Meetings attendances as at 31 December 2025.

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	2			1			1		
Mr Theodore Dhlamini	-	-	-	1	0	0	-	-	-
Mr Zamikhaya Wauthus Xalisa	-	-	-	-	-	-	-	-	-
Mr Lawrence Mduduzi Ndlovu	-	-	-	-	-	-	1	0	0
Mr Ntokozo Mjyako	-	-	-	1	0	0	-	-	-
Ms Bayiphiwe Simelane	-	-	-	-	-	-	1	0	0
Ms Thandeka Tshabalala	-	-	-	-	-	-	1	0	0
Ms Tabisa Poswa	-	-	-	-	-	-	1	0	0
Mr Jason Sobekwa	2	0	0	-	-	-	-	-	-
Dr Thulani Alfred Mdadane	-	-	-	1	0	0	-	-	-
Mr Obed Thenga	2	0	0	-	-	-	-	-	-
Ms Thulisile Mfusi	2	0	0	-	-	-	-	-	-
Dr Piet Ngobeni	2	0	0	-	-	-	-	-	-
Ms Nokwazi Mtshali	2	0	0	1	0	0	1	0	0
Floyd Rikhotso	2	0	0	1	0	0	1	0	0
Themba Mathibe	0	0	0	0	0	0	0	0	0

1.3 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 Q2 of the FY 2025/26.

Table 5: Board of Directors Remuneration as at 31 December 2025.

Name	Designation	Remuneration
Mr Theodore Dhlamini	Non-Executive Director	R58 520.00
Mr Zamikhaya Wauthus Xalisa	Non-Executive Director	-
Mr Lawrence Mduduzi Ndlovu	Non-Executive Director	R8 360.00
Mr Ntokozo Mjiyako	Non-Executive Director	R35 530.00
Ms Bayiphiwe Simelane	Non-Executive Director	R45 980.00
Ms Thandeka Tshabalala	Non-Executive Director	-
Mr Musa Shibambu	Non-Executive Director	R45 980.00
Ms Tabisa Poswa	Non-Executive Director	R45 980.00
Mr Jason Sobekwa	Non-Executive Director	R58 520.00
Mr Thulani Alfred Mdadane	Non-Executive Director	-
Total		R298 870.00

Table 6: Independent Audit and Risk Committee members' remuneration as of 31 December 2025

Name	Designation	Remuneration
Mr Obed Thenga	Independent Audit Member	R16 720.00
Mr Steven Piet Ngobeni	Independent Audit Member	R16 720.00
Ms Thulisile Mfusi	Independent Audit Member	R16 720.00
Total		R50 160.00

Table 7: Executive Management remuneration as at 31 December 2025.

Name	Designation	Remuneration
Ms Nokwazi Mtshali	EM: Planning & Strategy/ Acting CEO	R 564 825.55
Mr Melusi Ndima	Chief Operations Officer	R 554 825.40
Mr. Floyd Rikhotso	Chief Financial Officer	R 665 790.51
Total		R 1 785 441.46

1.4 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 (a) providing the directors of the company collectively and individually with guidance as to their duties, responsibilities and powers; (b) making the directors aware of any law relevant to or affecting the company; (c) 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; (d) 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; (e) 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; (f) 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.

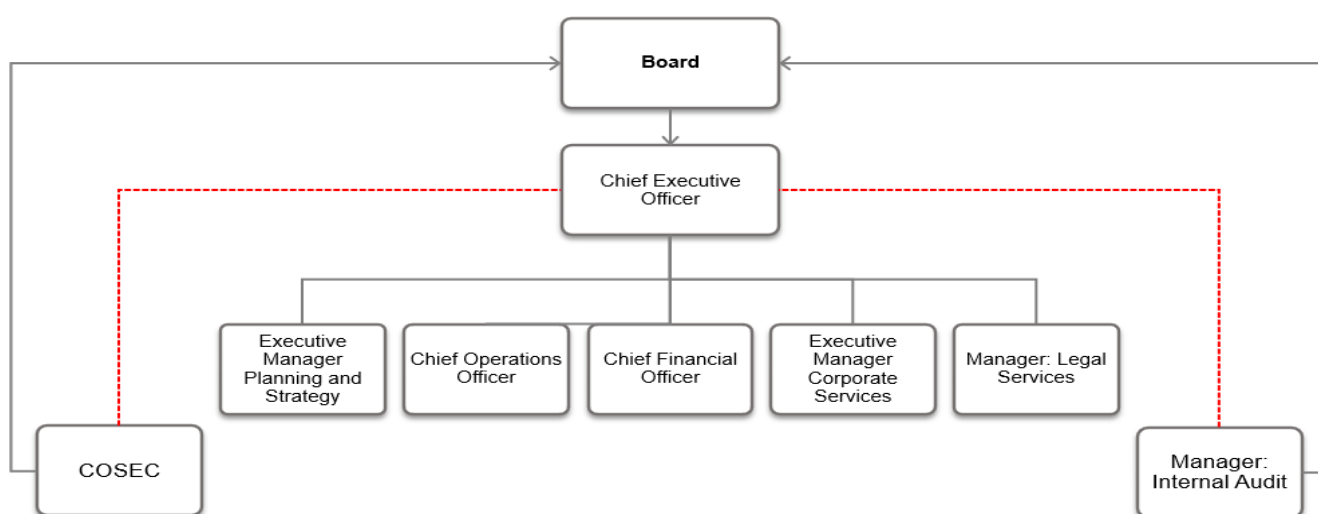


Figure 1: High-level Organisational Structure

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.

3.1. 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.

- Table 08: 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 8: JOSHCO Top 5 Strategic Risks as of 31 December 2025.

NO.	RISK DESCRIPTION	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	RESIDUAL RISK RATING (Q1)	RESIDUAL RISK RATING (Q2)	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	PROGRESS (Q2)	STATUS (Q2)	RESIDUAL RISKS MOVEMENTS (Q2)
1.	Aging Infrastructure	Prioritization of the CAPEX budget to major upgrades to reduce frequent unplanned maintenance costs	Very High (20)	Very High (20)	Prioritization of the CAPEX budget to major upgrades to reduce frequent unplanned maintenance costs	Prioritisation of capital expenditure is informed by the review of the 2022 Building Condition Assessment, focusing on major upgrades that will reduce frequent unplanned maintenance cost	Implemented	The residual risk for Aging Infrastructure remains Very High in Q2. While mitigation measures—such as the review of the 2022 Building Condition Assessment and the drafting of a 3-year remedial plan—are underway, they are not yet fully implemented. The CAPEX upgrades and multi-year building remedial actions are still subject to budget approval and finalization. As a result, the likelihood and potential impact of infrastructure failures have not been significantly reduced, and the risk remains at its previous rating. Mitigation efforts are in progress, and the risk is
		Conduction of the Multiyear Building Conditional Assessment subject to budget approval			Conduction of the Multiyear Building Conditional Assessment subject to budget approval	<ul style="list-style-type: none"> - Building Condition Assessment Report of 2022 was reviewed together with the JOSHCO internal QS with a view to addressing the identified risk - Repairs and maintenance costs from 2022 to date and items attended to were isolated and totaled up and provided to the QS. - The JOSHCO 	In-progress	

NO.	RISK DESCRIPTION	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	RESIDUAL RISK RATING (Q1)	RESIDUAL RISK RATING (Q2)	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	PROGRESS (Q2)	STATUS (Q2)	RESIDUAL RISKS MOVEMENTS (Q2)
						<p>internal QS is working out a reviewed Building condition remedial report to address the risk with proposed budgets based on the information submitted</p> <ul style="list-style-type: none"> - A Draft 3-year plan has been drawn up by the QS and should be finalized in Quarter 3 		expected to decrease once the planned upgrades are executed
2.	Loss of stakeholder confidence	Monitor and track the implementation of the Stakeholder Engagement Plan on quarterly basis	High (15)	High (15)	Monitor and track the implementation of the Stakeholder Engagement Plan on quarterly basis	<ul style="list-style-type: none"> - The Stakeholder Engagement Plan is monitored and tracked continuously, during the quarter under review six tenants' educational trainings were held - The Tenant Training Workshop was designed to guide leaseholders through the JOSHCO Tenants' Training Manual, which served as the foundation for the session. This official document offers comprehensive support and 	Implemented	<ul style="list-style-type: none"> - The residual risk remains High despite full implementation of the Stakeholder Engagement Plan and associated initiatives. While tenant education, social facilitator interventions, surveys, and communication efforts were executed, operational gaps and historical perceptions among stakeholders continue to impact confidence. - The risk reflects ongoing challenges in

NO.	RISK DESCRIPTION	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	RESIDUAL RISK RATING (Q1)	RESIDUAL RISK RATING (Q2)	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	PROGRESS (Q2)	STATUS (Q2)	RESIDUAL RISKS MOVEMENTS (Q2)
						<p>information to tenants throughout the duration of their lease.</p> <ul style="list-style-type: none"> - By engaging with the manual during the workshop, tenants were equipped with essential knowledge and practical skills to make informed decisions regarding their tenancy, communicate effectively with JOSHCO, and maintain a successful, compliant tenancy - These were held at the following projects: <ul style="list-style-type: none"> ✓ Textile and African Diamond ✓ Citrin Court & Bella Vista ✓ Dobsonville 		fully restoring trust, and mitigation efforts are continuous to address stakeholder concerns and improve engagement outcomes
		Intervention of Social Facilitators where there is an unrest			Intervention of Social Facilitators where there is an unrest	<ul style="list-style-type: none"> - During the quarter under review, there were unrests in different JOSHCO projects in relation to service delivery, the Stakeholder Relations Unit had to intervene accordingly - The Stakeholder Relations Unit 	Implemented	

NO.	RISK DESCRIPTION	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	RESIDUAL RISK RATING (Q1)	RESIDUAL RISK RATING (Q2)	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	PROGRESS (Q2)	STATUS (Q2)	RESIDUAL RISKS MOVEMENTS (Q2)
						facilitated the meetings and discussions between JOSHCO and the affected stakeholders		
		Investigate alternative ways to automate responses for rejected applicants			Investigate alternative ways to automate responses for rejected applicants	<ul style="list-style-type: none"> - Applicants now receive outcomes and progress of applications on a weekly basis as part of the leasing department process improvement. - IT is still working on improving the JOSHCO applications app so that it may address and automate all leasing operations 	Implemented	
		Ad-hoc stakeholder engagement meetings or round table discussions with the affected stakeholders			Ad-hoc stakeholder engagement meetings or round table discussions with the affected stakeholders	<ul style="list-style-type: none"> - During the quarter under review, the Stakeholder Relations Unit conducted six round table meetings at the following projects: <p>✓ Pennyville x 2</p>	Implemented	

NO.	RISK DESCRIPTION	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	RESIDUAL RISK RATING (Q1)	RESIDUAL RISK RATING (Q2)	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	PROGRESS (Q2)	STATUS (Q2)	RESIDUAL RISKS MOVEMENTS (Q2)
						<ul style="list-style-type: none"> ✓ Orlando Ekhaya ✓ Devland x 2 ✓ Turffontein ✓ Rashers 		
		Conduct a survey on public perception			Conduct a survey on public perception	<ul style="list-style-type: none"> - Four public surveys were conducted during the quarter under review; these were done at the following projects: <ul style="list-style-type: none"> ✓ Citrin Court & Bellavista ✓ Textile & African Diamond ✓ Dobsonville - The purpose of these surveys is to gather information in relation to challenges faced by tenants and therefore formulate action plans on how to improve 	Implemented	

NO.	RISK DESCRIPTION	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	RESIDUAL RISK RATING (Q1)	RESIDUAL RISK RATING (Q2)	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	PROGRESS (Q2)	STATUS (Q2)	RESIDUAL RISKS MOVEMENTS (Q2)
		Proactively notify applicants once a project has been fully tenanted e.g. Issue communication on all social media platforms			Proactively notify applicants once a project has been fully tenanted e.g., Issue communication on all social media platforms	<p>The Marketing & Communication Unit continuously issue posters and videos on all JOSHCO social media platforms, to notify applicants once a project has been fully tenanted</p> <p>It is a continuous action plan which is dependent on the leasing processes, as and when the applications are open/closed. In this quarter there were no unit allocations conducted</p>	Implemented	
		Integration between Housing Management Department and Customer Relations Office			Integration between Housing Management Department and Customer Relations Office	There are continuous and ongoing meetings held between Housing Management Department and Customer Relations Office to ensure integration of processes	Implemented	

NO.	RISK DESCRIPTION	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	RESIDUAL RISK RATING (Q1)	RESIDUAL RISK RATING (Q2)	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	PROGRESS (Q2)	STATUS (Q2)	RESIDUAL RISKS MOVEMENTS (Q2)
3.	Inability to deliver capital projects on time	Submit request for additional funding during budget adjustment period (Bi-annually)	High (13)	High (13)	Submit request for additional funding during budget adjustment period (Bi-annually)	- The request for additional funding has been prepared and submitted for review and to be part of the current budget adjustment cycle	Implemented	<ul style="list-style-type: none"> - The residual risk remains High despite mitigation efforts such as submitting requests for additional funding, monitoring contractor performance, engaging stakeholders, and petitioning statutory bodies. - Project delivery continues to be constrained by budget limitations, underperforming contractors, and slow statutory approvals, which delay implementation. - Mitigation measures are ongoing, but the risk cannot be lowered until these systemic challenges are addressed
		Blacklisting of non-performing contractors			Blacklisting of non-performing contractors	- No contractors were terminated or blacklisted during the 2nd quarter	Implemented	
		Implementation and monitoring of the Stakeholder Engagement Plan upon new developments			Implementation and monitoring of the Stakeholder Engagement Plan upon new developments	- During the quarter under review, the Stakeholder Relations Unit attended three (3) site progress meetings at Nancefiled, Ekhaya Gardens & Devland	Implemented	
		Persuading/Petitioning with statutory bodies			Persuading/Petitioning with statutory bodies	- Continuous engagements with statutory bodies are held on monthly basis on projects progress	Implemented	
4.	Inability to continue as a going concern	Develop and implement an accelerated stakeholder engagement program targeted at problematic projects	Medium (10)	Medium (10)	Develop and implement an accelerated stakeholder engagement program targeted at	- The Stakeholder Engagement Plan is monitored and tracked continuously	Implemented	Several turnaround strategies and financial recovery actions are being implemented, but the risk remains Medium because:

NO.	RISK DESCRIPTION	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	RESIDUAL RISK RATING (Q1)	RESIDUAL RISK RATING (Q2)	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	PROGRESS (Q2)	STATUS (Q2)	RESIDUAL RISKS MOVEMENTS (Q2)
					problematic projects			<ul style="list-style-type: none"> - The entity still relies heavily on City departments for payments - Cash flow challenges persist due to delayed payments and heavy debt-book - Revenue growth initiatives (PPP, building acquisitions, grants) are still in planning or early stages. - SHRA-funded maintenance is limited
		Develop a plan to acquire buildings (affordable and student accommodation) from the inner city (Mix-use approach)			Develop a plan to acquire buildings (affordable and student accommodation) from the inner city (Mix-use approach)	- JOSHCO went out on tender to get prospective developers with land or buildings appropriate for the development of both affordable and social. The tender documents are being assessed	Implemented	
		Develop a plan and identify Public Private Partnerships (PPPs), other grants and expression of interests.			Develop a plan and identify Public Private Partnerships (PPPs), other grants, and expression of interests.	- A Plan has been developed and JOSHCO has implemented PPPs by partnering with private developers, contractors, and service providers for housing delivery, facilities management, and utilities. It has secured grants from SHRA	Implemented	
		Initiate a request to be granted permission to execute work on behalf of other departments and entities through the City Manager			Initiate a request to be granted permission to execute work on behalf of other departments and	- Due to poor and slow settlement of previous work by the COJ Departments, Management has resolved to recover	Implemented	

NO.	RISK DESCRIPTION	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	RESIDUAL RISK RATING (Q1)	RESIDUAL RISK RATING (Q2)	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	PROGRESS (Q2)	STATUS (Q2)	RESIDUAL RISKS MOVEMENTS (Q2)
		'Office.			entities through the City Manager Office	the long outstanding debt prior to accepting more work from departments until previous debt is settled		
		Utilize the SHRA share allocated for maintenance			Utilize the SHRA share allocated for Maintenance	- Available funds from the SHRA account are continuously utilized for maintenance	Implemented	
		Implementation of the Organizational Turnaround Strategy			Implementation of the Organizational Turnaround Strategy	- The organizational Turnaround strategy is specifically incorporated within the approved long-term strategy. Implementation is currently taking place	Implemented	
		Centralize SCM processes for repairs and maintenance			Centralize SCM processes for repairs and maintenance	- SCM processes have been centralized within the SCM unit for repairs and maintenance - An SOP for the centralization of SCM processes for repairs and maintenance has been developed and approved	Implemented	
		Enforcement of Service Level Agreements with departments and			Enforcement of Service Level Agreements with	- Service Level Agreements with departments and	Implemented	

NO.	RISK DESCRIPTION	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	RESIDUAL RISK RATING (Q1)	RESIDUAL RISK RATING (Q2)	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	PROGRESS (Q2)	STATUS (Q2)	RESIDUAL RISKS MOVEMENTS (Q2)
		entities			departments and Entities	entities are continuously enforced		
		Continuous engagements with departments and entities to make payments			Continuous engagements with departments and entities to make Payments	<ul style="list-style-type: none"> - There are ongoing engagements on a month, the CFO and COO have also initiated an intervention process where they are targeting the departments that owe JOSHCO in descending order (i.e., from highest balance to lowest) - The matter on payments is a COJ EMT Agenda 	Implemented	
		Escalation to Group Finance to intervene with regards to payments by departments and entities			Escalation to Group Finance to intervene with regards to payments by departments and entities	<ul style="list-style-type: none"> - Escalating to Group Finance to intervene with regards to payments by departments and entities is an ongoing process - The matter on payments is a COJ EMT Agenda 	Implemented	
		Implementation of the comprehensive check list			Implementation of the comprehensive check list	<ul style="list-style-type: none"> - The comprehensive check list is continuously 	Implemented	

NO.	RISK DESCRIPTION	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	RESIDUAL RISK RATING (Q1)	RESIDUAL RISK RATING (Q2)	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	PROGRESS (Q2)	STATUS (Q2)	RESIDUAL RISKS MOVEMENTS (Q2)
						implemented		
5.	Governance Failures	Recruitment and appointment of vacant Executive positions	Medium (9)	Medium (9)	Recruitment and appointment of vacant Executive positions	- The recruitment and appointment process for the vacant Executive positions commenced earlier in the year. - By the end of September 2025, the Chief Operations Officer and Chief Financial Officer positions had been successfully filled. - Recruitment for the remaining Executive vacancies is ongoing and continues to follow the approved policies and governance requirements	In-progress	The residual risk remains Medium as governance systems at JOSHCO are improving but not yet fully mature or stable. While key initiatives such as executive recruitment, the Self-Control Assessment Framework, and the Change Management Plan are in progress or implemented, critical executive positions remain vacant or acting, internal controls need strengthening, audit findings remain high, and Ethics Program activities were not executed in Q2 These factors sustain moderate residual exposure
		Development of a Self-Control Assessment Framework			Development of a Self-Control Assessment Framework	- The Self-Control Assessment Framework has been approved. - The implementation plans as of a result of the assessments will be monitored on a quarterly basis with supporting evidence		
		Implementation of Ethics Program			Implementation of Ethics Program	- The Ethics Programme was implemented in		

NO.	RISK DESCRIPTION	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	RESIDUAL RISK RATING (Q1)	RESIDUAL RISK RATING (Q2)	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	PROGRESS (Q2)	STATUS (Q2)	RESIDUAL RISKS MOVEMENTS (Q2)
						<ul style="list-style-type: none"> Quarter 3. Furthermore, an Ethics Ambassadors training session was conducted on 17 December 2025 to capacitate designated ambassadors and support effective implementation and awareness of the programme across the organization 		
		Implementation of the Change Management Plan			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 	Implemented	

NO.	RISK DESCRIPTION	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	RESIDUAL RISK RATING (Q1)	RESIDUAL RISK RATING (Q2)	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK (Q2)	PROGRESS (Q2)	STATUS (Q2)	RESIDUAL RISKS MOVEMENTS (Q2)
						awaiting approval by EXCO		

3.2. STRATEGIC RISK RESIDUAL RISK MOVEMENT – ANALYSIS

Below is the summary of the strategic risks residual risk rating movement assessed:

There were 39 strategic risks action plans due for implementation in the second quarter. A total 32 strategic risks action plans were implemented and resulting to 92% implementation of action plans.

A total of 3 action plans are in progress:

- Conduction of the Multiyear Building Conditional Assessment (subject to budget approval)
- Recruitment and appointment of vacant Executive positions
- Installation of CCTVs at eight projects based on the threat and vulnerability

Table 09: Indicate the monitoring results for action plans due in the second quarter:

STRATEGIC RISKS MONITORING	ACTION PLANS	% IMPLEMENTATION
Implemented	36	92
Not Implemented	0	0%
In-Progress	3	8%
Total	39	100%

3.3. INFORMATION ON EMERGING/NEW RISKS

As part of ongoing risk oversight, the Risk and Compliance Unit has noted one emerging risk that is beginning to surface within JOSHCO. The risk has not yet escalated into full incidents; however, their early identification provides an opportunity for timely intervention and strengthened internal controls.

The Risk and Compliance unit have identified **Insufficient Records Management** as a key strategic risk. Current gaps in records storage, retrieval, retention, and destruction might expose the entity to non-compliance with POPIA and PAIA, internal audit standards, and operational inefficiencies across the Company.

Table 10: Root Causes and action plans

ROOT CAUSE	ACTION	RESPONSIBLE PERSON	DUE DATE
Lack of a comprehensive Records Management Policy and Framework	Develop Records Management Policy and Framework	Acting Corporate Services Manager	30 June 2026
Inadequate records management systems and tools	Assess, implement, or upgrade Electronic Document Management System (EDMS)	Senior Manager ICT	30 June 2026
Insufficient employee awareness and training	Conduct POPIA and PAIA compliance training for all staff	Legal Services Manager	On-going
Poor document control and decentralised filing practices	Implement standard filing and record-keeping structure	Acting Corporate Services Manager	30 June 2026

ROOT CAUSE	ACTION	RESPONSIBLE PERSON	DUE DATE
Lack of a dedicated Records Management function or capacity constraints	Appoint interim Records Management Champion and departmental record owners	Acting Corporate Services Manager	30 June 2026
Inadequate monitoring and compliance checks	Perform quarterly monitoring and compliance checks	Risk & Compliance Unit	On-going
Absence of formalised record retention and disposal schedules	Create and implement record retention and disposal schedules	Acting Corporate Services Manager	30 June 2026
No long-term structure for records management	Propose and establish a dedicated Records Management Unit	Acting Corporate Services Manager	30 June 2026

3.4. 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 December 2025 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.

3.5. INSURANCE CLAIMS AGAINST/TO MOE

- As of 01 October 2025, there were thirteen (13) active claims
- Three (3) claims were closed or rejected
- Two (2) new claims were lodged with the insurer during the period under review

Table 11: Insurance Claims as of December 2025.

CLAIM TYPE	ACTIVE	REJECTED	SETTLED	NEW CLAIM	Claim Amount
Employee Personal Liability (EPL)	0	0	0	0	R 0
Third-Party Liability	6	0	0	1	R 8 777 848.49
Assets	4	0	0	2	R 271 575.46
Group Personal Accident (GPA)	2	1	0	0	R 25 000.00
Total	12	1	0	2	R 9 074 423.95

Continuous monitoring and follow ups on active claims are done to keep track of these claims.

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

4.1. 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 two. A total of 10 (100%) of activities were implemented during the second quarter.

Table 12: Activities implemented during second quarter

NO.	DESCRIPTION	STATUS	Q2 PROGRESS
1.	Conduction and monitoring of Fraud Risks Action Plans	Completed	Fraud risks action plans monitoring was conducted
2.	Review and approval of Anti-Fraud and Corruption Policy	Completed	Anti-Fraud and Corruption Policy was approved
3.	Coordinate training, posters, and workshops across departments	Completed	Fraud management information was shared via internal communication platforms
4.	Awareness external/public sessions per month	Completed	Two presentations were made at the tenant education sessions
5.	Organize a company-wide campaign in line with International Fraud Awareness Week (November)	Completed	Campaign was conducted in the second week of November 2025
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 3rd of December
8.	Maintain a live register of reported fraud cases with resolution status (GFIS)	Completed	Risk and Compliance Unit maintains a live fraud register
9.	Monthly follow-up meetings with GFIS on reported cases	Completed	Quarterly meeting convened on the 3rd of December 2025
10.	Presentation of quarterly fraud-related reports to ARC and EXCO	Completed	Quarterly reports are resented at EXCO and ARC

4.2. 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 today, JOSHCO has 9 cases that are on-going, and 4 cases were closed.

Progress in the Implementation of Fraud Risks Mitigation Actions

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

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

- There were 28 action plans due for implementation in the second quarter
- A total of 26 action plans were implemented, resulting in a 92.9% implementation rate for action plans due for reporting in Q2
- Seven actions were not achieved in Q1, and they also remained unachieved in Q2

Indicate the monitoring results for action plans due in the second quarter:

IMPLEMENTATION STATUS	ACTION PLANS	% IMPLEMENTATION
Implemented	26	92%
Not Implemented	1	4%
In-progress	1	4%
	28	100%

4.3. 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 two (2) tenant engagements at the following Projects: Turffontein and Dobsonville. Furthermore, a fraud awareness campaign was conducted from the 10th to the 14th of November 2025.

SECTION 5: ICT 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.

5.1. Operational Performance.

5.1.1. Disaster Recovery

The Disaster Recovery Test was conducted on the 3rd of October 2025 and was completed successfully. This comprehensive test aimed to assess the efficiency and effectiveness of Johannesburg Social Housing Company Disaster Recovery (DR) procedures.

1. Test performed for Johannesburg Social Housing Company.
2. Tested the below-mentioned VM replica in the DR site on the 03/10/ 2025.
3. Offsite DR Xneelo (Samrand) - Total Restore Time: 4:30 Hours Restore Time from 15:00 to 18:30

Scope Of Work

NO	SCOPE	Comment	Status
1.	Critical Systems and Applications	1 VMs were Identified and tested	☑
2.	Data Backup and Restoration	Data on the DR site matches data in the Production	☑
3.	Assessment of Recovery Time Objectives	Data verification testing conducting	☑
4.	Network	VM in both sites were remotely accessible	☑
5.	Verification of Data Integrity	VM's in both sites are functioning as expected	☑
6.	Infrastructure Components	DR site has sufficient resources	☑
7.	Access and Authentication	Users with Admin rights performed parallel data verification	☑

5.1.2. Network Availability.

The JOSHCO network remains stable. JOSHCO experienced network downtime due a power outage from the service provider on the 20th of November 2025. The call was logged at 09:30, JOSHCO was then routed to the backup link at 12:30, internet connection was restored. A contingency measure is in place in the form of a Secondary Network Link that supplements the MTC Primary Network Link.

5.1.3. 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 JOSCHO 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. In addition, all devices have received the monthly security patches, though not all have been installed, placing compliance at 98% of devices running the latest updates. The ICT team is attending the remaining devices to ensure at least 99% target.

5.1.4. Datacentre Uptime/Downtime

JOSHCO Head Office has not experienced power outages.

5.1.5. Cybersecurity

JOSHCO implemented Sophos Email Advanced, an email security solution designed to provide enhanced protection against cyber-attacks. This implementation has strengthened the organisation's information security posture and supports full compliance with the Minimum Information Security Standards (MISS).

During Quarter 2, JOSHCO did not experience any cyber security incidents, attributable to the hardened security controls currently in place. The Information Security function continues to actively monitor the ICT environment through various security tools deployed across the infrastructure. However, there remains a need to fill critical Information Security vacancies within the ICT Department to ensure the sustainability and stability of the security 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.

6.1. Implementation Plan Quarter 2 Activities.


JOSHCO has an approved 2025/2026 Compliance Implementation Plan, and the **table 13** below provides an overview of the progress made on planned activities during quarter two.

NO.	Q2 ACTIVITY	Status	Q2 PROGRESS
1.	Declaration of Interest 2025/26	Completed	JOSHCO is 95% compliant; remaining DOIs in process
2.	Monitoring 2025/26 Compliance Risk Assessment Plans	Completed	Monitoring of Compliance Risks action plans was facilitated and completed
3.	Conduction compliance assessments for legislation as per the Compliance Universe	Completed	Conduction compliance assessments for legislation as per the Compliance Universe has been completed for 32 legislations
4.	Monitoring of action plan to address instances of non-compliance	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	October and November reports received from Finance Department
6.	Tax Status Review and submission of the Tax Certificate to Group Compliance	Completed	Joshco still tax compliant
7.	SHRA Reporting Tool submission (as per 2025/26 circular)	Completed	Q2 SHRA Tool submitted to SHRA
8.	Respond to Internal Audit requests on Risk and Compliance Audits	Completed	100% Internal Audit findings were resolved
9.	Conduction of compliance assessment on four National Treasury Circulars	Completed	MFMA Circular 68 was monitored - UIFW
10.	Compliance Awareness via Internal Communication Platforms	Completed	Weekly Risk and Compliance awareness sessions were conducted

COMPLIANCE UNIVERSE ASSESSMENTS

- Table below reflects the twenty-eight Acts that were assessed in the second quarter of the 2025/26 Financial Year. The current compliance level for this Quarter stands at 100% against a target of 100%.
- In addition, four Emerging legislations were identified and assessed as follows
 - Compensation for Occupational Injuries and Diseases Act, No. 130 of 1993 (100%)
 - Employment Services Act No. 4 of 2014 (100%)
 - Project and Construction Management Professions Act, No. 48 of 2000 (89%, 11% refers to non-compliance with Not all employees performing **project and construction management roles** at JOSHCO are registered with **South African Council for the Project and Construction Management Professions**)


Table 14: Instances of Non-Compliance identified in Q2.


NO.	ACT NAME	Q1 %	Q2 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACT OWNER	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
1.	Protection of Personal Information Act, No. 4 of 2013	86%	89%		Inconsistent use of consent forms and unclear legal basis across departments	Manager: Legal Services	Standardize consent forms and document lawful bases for all personal information processing across all departments	<ul style="list-style-type: none"> - The task to standardize consent forms and documenting the lawful bases for all personal information processing across all departments has not yet started - No forms have been finalized, and no lawful bases have been documented - Legal is still to engage with the respective departments to clarify requirements and initiate the process 	30 June 2026	Not yet started
					The purpose for data collection is not to be	Manager: Legal Services	Document the purpose for collecting personal information and	<ul style="list-style-type: none"> - The task to document the purpose for collecting 	30 June 2026	

NO.	ACT NAME	Q1 %	Q2 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACT OWNER	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
					documented or communicated to data subjects		ensure communication to data subjects; set up retention timelines of the information	<ul style="list-style-type: none"> - personal information, communicate this to data subjects, and set up retention timelines has not yet started - No communication to data subjects has been issued - Retention timelines for personal information have not yet been set - Legal is still to engage with the respective departments to define collection purposes and establish retention schedules 		Not yet started
					Only a few departments conduct regular data	Manager: Legal Services	Implement periodic data quality review procedures across all departments to	<ul style="list-style-type: none"> - The task to implement periodic data quality review 	30 June 2026	

NO.	ACT NAME	Q1 %	Q2 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACT OWNER	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
					quality reviews; records may be outdated or incomplete		ensure accuracy, completeness, and currency	<p>procedures across all departments to ensure accuracy, completeness, and currency of personal information has not yet started</p> <ul style="list-style-type: none"> - No periodic data quality reviews have been implemented, and no monitoring processes are in place - Legal is still to engage with the respective departments to define the review procedures and responsibilities 		Not yet started
					PAIA/POPIA manual not sufficiently distributed; 2025 version still pending	Manager: Legal Services	Ensured POPIA/PAIA manuals are approved and distributed to all departments, with training on contents	<ul style="list-style-type: none"> - The task of ensuring that the POPIA and PAIA manuals are approved, distributed to all departments, and 	30 June 2026	

NO.	ACT NAME	Q1 %	Q2 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACT OWNER	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
								<p>that training on their contents is conducted has not yet started.</p> <ul style="list-style-type: none"> - No steps have been taken so far, and the manuals still need to be finalized and submitted for approval - Once initiated, the process will involve formal approval, distribution to all departments, and scheduling of training sessions to ensure staff are fully informed of their obligations under POPIA and PAIA 		Not yet started
					Physical file security is insufficient; while IT security has	Manager: Legal Services	Implement physical security measures (locked storage, controlled access) alongside IT	Controlled access and locked storage measures have not yet been implemented, and the	30 June 2026	




NO.	ACT NAME	Q1 %	Q2 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACT OWNER	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
					improved, physical safeguards are still weak		security enhancements; finalize and enforce information security policy	Information Security Policy has been finalized		Not yet started
					No standard procedure for handling access, correction, or deletion requests	Manager: Legal Services	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	100%	99%		The Company does not comply with Section 65(2)(e)(e) of the MFMA which specify that all money owed by the municipality is paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain	Chief Financial Officer	The accounting officer for the purposes of Subsection (1) of MFMA takes all reasonable steps to ensure that Section 65(2) is complied with	<ul style="list-style-type: none"> - JOSHCO continues to submit projections to Treasury - Due to financial constraints at the City, they do not allocate funds on time - JOSHCO is constantly capturing invoices timely to prevent recurring non-compliance 	On-going	In-progress

NO.	ACT NAME	Q1 %	Q2 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACT OWNER	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
					categories of expenditure					
					The Company does not comply with Section 95(d) which specify that the accounting officer of a municipal entity is responsible for managing the financial administration of the entity, and must for this purpose take all reasonable steps to ensure that irregular and fruitless and wasteful expenditure and other losses are prevented	Chief Financial Officer	The accounting officer for the purposes of Subsection (1) of MFMA takes all reasonable steps to ensure that Section 95(d) is complied with	To ensure compliance with Section 95(d) of the MFMA, JOSHCO implements controls to prevent irregular, fruitless, and wasteful expenditure. This includes regular budget monitoring, proper approval of spending, financial reconciliations, risk tracking, compliance checks, oversight by the Board and Audit & Risk Committee, and staff adherence to policies and the Code of Conduct	On-going	In-progress
3.	Rental Housing Act No. 50 of 1999	100%	96%		JOSHCO do not comply with Section 4.A - Does the	Chief Operations Officer	- To prevent unauthorized subletting, the lease	- Lease agreements prohibit subletting without the	On-going	In-progress

NO.	ACT NAME	Q1 %	Q2 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACT OWNER	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
					tenant ensure not to sublet a dwelling without the consent of the landowner?		<ul style="list-style-type: none"> agreements should explicitly prohibit tenants from subletting without the landowner's written consent. Tenants must be clearly informed of this rule and the 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 	<ul style="list-style-type: none"> 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 communications are properly documented for accountability and legal compliance 		

NO.	ACT NAME	Q1 %	Q2 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACT OWNER	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
							all approvals and communications should be documented for accountability and legal protection			

Legends:

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

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

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.

Occupancy Performance

Occupancy levels remained strong, with the entity achieving an overall occupancy rate of 98.75%, surpassing the quarterly target of 98%. This reflects effective tenant management, sustained demand for affordable rental accommodation, and improved vacancy turnaround times.

EPWP Job Creation

As part of JOSHCO's commitment to socio-economic development, a total of 787 work opportunities were created through the Expanded Public Works Programme (EPWP), significantly exceeding the quarterly target of 500. This performance underscores the entity's role in supporting income generation and providing short-term employment to local communities.

Governance and Internal Controls

The organisation continued to strengthen internal governance processes. During the period, 83% of internal audit findings were resolved, outperforming the quarterly target of 50%. This improvement demonstrates JOSHCO's ongoing commitment to enhancing compliance, accountability, and internal control effectiveness.

Tenant Engagement

A total of 11 tenant engagement sessions were conducted during the quarter, aimed at strengthening communication, promoting community participation, and addressing tenant concerns. These engagements form part of the entity's broader strategy to enhance tenant relations and support sustainable community living.

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 below:

- Community unrest which results in stoppage of construction or delays of construction activities.
- Continued financial losses, largely driven by high provisions for bad debts and elevated operational cost, particularly utilities, finance cost and repairs and maintenance.
- Increased interest accumulation arising from persistent budget deficits.
- Limited access to funding, as JOSHCO's conditional accreditation status with SHRA restricts the entity from accessing fully grant funding.

SECTION 3: RESPONSE TO STRATEGIC DIRECTION

Table 15: JOSHCO's Response to Strategic Direction

Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome in Q2
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.
1. Job opportunity & creation	<ul style="list-style-type: none"> • 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
2. 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
3. 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
		<ul style="list-style-type: none"> • 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
4. 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)

Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome in Q2
		<ul style="list-style-type: none"> 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:

- (a) 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 SLSs. 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 16: Service Level Standard (SLS) Performance as at 31 December 2025

Core Service	Service Level Standard Target	October 2025	November 2025	December 2025	Quarter 2	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	17,58%	84,28%	37%	46.28%		

	within 14 days of the logged call						
3. Routine building maintenance	Once per year and as when required		25%	25%	50%	N/A	N/A
4. Application for rental housing	Outcome of enquiry to be sent to application within 5 days	1 day	1 day	1 day	1 day	N/A	N/A
5. Application for rental housing	Outcome of the application communicated within 7 working days	9 days	4 days	Non performance	4 days	N/A	N/A
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	4 days	1 day	Non performance	2 days	N/A	N/A

SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The organisation's 2025/2026 Business Plan includes 19 key performance metrics and targets. Seven (7) of the fifteen (15) targets that were due for reporting during the quarter were achieved. This outcome amounts to a performance for the quarter of **46.67%**.

Performance Targets	Targets
Total Annual Targets	19
Applicable targets in Q2	15
Targets achieved	7
Targets not achieved	8
Not due for reporting	4

	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

Legend.

Table 17: Performance Against Predetermined Objectives as at 31 December 2025.

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q2 Target	Q2 Actual	Variance	Reasons for Underachievement and Remedial Action
Financial Stability	1	Current Ratio	Current ratio 1:1	1:1	0.37:1	-0.63	Target Not Achieved Refer to Chapter 5, section 5.
	2	Solvency Ratio	Solvency Ratio 1:1	1:1	0.38:1	-0.62	
	3	% Collection in respect of current debtors	80% collection in respect of current debtors	80%	72%	-8%	Target Not Achieved. Mitigation: JOSHCO continues to implement ongoing rental collection drives across its properties to improve revenue collection.
	4	% Reduction of Deficit	40%	10%	22% Increased		Target Not Achieved <ul style="list-style-type: none"> - Deficit increased by R48.17 million (R263.85 m(Q2-2025)-R215.68m(Q2-2024) Finance costs (escalated to the City Manager for interventions –collection) and possible reversal and/or freezing of interest on overdraft - Utilities – BMCs, meter installations through off balance sheet and/or SHRA funding - R & M ring fenced and constant monitoring - Bad debts (onboarding, stakeholders engagements, enforcement and factoring) - Payroll management of leave and EPWP funding including overtime - Overall cost containment implementation - Price benchmarking and negotiations - Security reduction - Referred to Internal audit for investigations including the corrective measures

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q2 Target	Q2 Actual	Variance	Reasons for Underachievement and Remedial Action
	5	% Of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	100%	99%	-1	Target not Achieved
	6	Number of SMME's supported	15 SMME's	Not Due	Not Due	N/A	7 SMMEs supported during the period.
	7	Percentage expenditure of approved capital budget	100% expenditure of approved capital budget	50%	81%	+31%	Target Achieved
Good Governance	8	Percentage resolution of internal audit findings	100% resolution of Internal Audit findings (cumulative)	50%	83%	+23%	Target Achieved
	9	% Resolution of AGSA findings	100% resolution of AGSA findings	Not Due	Not Due	N/A	Target Not due for reporting
	10	Level of audit opinion	Unqualified audit opinion	Not Due	Not Due	N/A	
	11	Percentage compliance to Laws and regulation	100% compliance to laws and regulation	100%	100%	0	Target Achieved
	12	Percentage Implementation of corrective action against identified risks	100% Implementation of corrective action against the identified risks	100%	92%	-8%	Target Not Achieved. The non-achievement of 100% on strategic risks (92% implemented, 8% in progress) is mainly due to: <ul style="list-style-type: none"> - CAPEX upgrades and the Multiyear Building Conditional Assessment is in-progress

Key Performance Area	KPI No.	Key Performance Indicator	Annual Target 2025/26	Q2 Target	Q2 Actual	Variance	Reasons for Underachievement and Remedial Action
							- Recruitment of vacant executive positions is ongoing, slowing governance-related mitigation Phased implementation: Some initiatives, like CCTV installation and building remedial plans, are multi-phase and not yet fully executed
Personnel Vacancy Rate	13	% Employee vacancy rate	8% employee vacancy rate	8%	5.2%	2.8%	Target Achieved
Job Opportunity and Creation	14	Number of jobs created for the unemployed through EPWP programmes	1000 Jobs	500	787	+287	Target Achieved
Sustainable Service Delivery	15	No. of social housing units completed	500 housing units completed	Not Due	Not Due	N/A	Works are in progress. No target numbers were set for Quarter 2. Nancefield: 69% to completion. Booyens: 25% to completion. Riverside View Phase 4: 49% to completion.
	16	% Occupancy rate across all JOSHCO rental units	98% occupancy rate	98%	98.75%	+0.75%	Target Achieved
	17	% Achievement of service standards	100% Achievement of service standards	100%	85.71%	-14.29	Target Not Achieved
	18	Number of tenants engagement	4	1	11	+10	Target Achieved
	19	% of additional revenue accrued from special projects	100%	100%	No Performance	%	Target Not Achieved

5.1 HOUSING DEVELOPMENT

5.1.1. 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.

5.1.2 SUMMARY OF PERFORMAMCE

JOSHCO has eighteen (18) projects that have been approved in the 2025/26 FY Business Plan. Eleven (11) of these projects are between planning and procurement and seven (7) of the projects were at the implementation stage at the beginning of the financial year.

5.1.3. PROJECTS UNDER IMPLEMENTATION: INNER CITY

BOOYSENS PLACE INNER CITY CONVERSION

Start date	21 January 2025
Completion date	08 May 2026
Area of location	BooySENS
No of units to be achieved for the 25/26 FY	40
Contract amount	R 38 423 254,28
Allocated budget 25/26 FY	R 38 000 000.00
Expenditure to date	R 10 970 423.78
SMMEs	3 appointed on the previous FY.
Overall project progress	25%

Comments on Project Performance: The property had three tenants occupying the retail shops located on the ground floor of the building, which affected progress on site. Two tenants vacated the premises, while one tenant took JOSHCO to court, and the ruling was in his favor.

For the delays to be mitigated, a section of the building has been identified for the relocation of the remaining tenant, which will be finalized once the underpinning is completed in January 2025 of which progress is at 75%.

Milestones achieved: 80% progress on the removal of existing work, 20% progress on the refurbishment to ground floor, 70% progress on the refuse area, 55% progress on the guard house, construction of the boundary wall progress at 95%.

Status: The contractor is currently busy with micro-pilling, construction of window infills, plastering internal walls, removal of existing work on the ground floor, plastering to external walls.

5.1.4. PROJECTS UNDER IMPLEMENTATION: GREENFIELDS

NANCEFIELD SOCIAL HOUSING PROJECT

Start date	19 May 2025
Completion date	30 May 2026
Area of location	Nancefield, Klispruit, Soweto
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 to date	R34 752 638,79
SMMEs	23 appointed on the previous FYs.
Overall project progress	69%

Comments on Project Performance: Project is progressing well with over 130 persons have been employed in project of which 108 are from the local community. The key risks affecting the project include delays in invoice payments, budget constraints, and 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 the Magandaganda Informal Settlement and the Department of Human Settlements.

Milestones achieved: The contractor has achieved 90% progress on the water proofing & damp proofing in L, M,N,O,P,Q,R & S blocks, 100% progress on the concrete works masonry work in block M,N & O. 85% progress on the electrical works, 95% progress achieved on the plumbing works & roofing, ceilings, partitions & flooring progress at 30%, 95% progress achieved the glazing walkway, paintwork 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	Devland
No of units on the project	171
No of units to be achieved for the 25/26 FY	0
Contract amount	R 99 506 125,17
Allocated budget 25/26 FY	10 000 000.00
Expenditure to date	R 28 701 231

SMMEs	5 appointed on the current FY.
Overall project progress	31%

Comments on Project Performance: The site was handed over on the 18th of June 2024 to the appointed contractor; however, the contractor could not commence with the works due to the change of scope from the proposed multi-purpose hall to residential units. The scope change to residential units was at first rejected by the community, however through the intense engagements that were conducted by JOSHCO the community accepted the change of scope and the commencement of the works were also delayed.

The project has not progressed in line with the approved milestones due the ongoing disputes between the contractor and the professional team, which resulted in a meeting being convened. The meeting resolved on the submission of the detailed report by the contractor and the consultants in January 2026. A proposal has been made regarding the adjustment of the unit yield which is projected to be achieved on the current financial year (25/26) given the challenges encountered on the project progress.

Status: Contractor is busy with concrete works to raft foundations, precast hollow-core slabs, brickwork to walls, window and door frames, steel beams, screed to floor, plastering to walls and painting of walls.

RIVERSIDE VIEW SOCIAL HOUSING (Phase 4)

Start date	20 January 2021
Completion date	31 January 2029
Area of location	Region A, North of City of Johannesburg, Riverside View.
No of units on the project	1108
No of units completed	364
No of units to be achieved for the 25/26 FY	320 units of the 744 under construction.
Contract amount	R678 940 398.88
Allocated budget 25/26 FY	R 53 000 000,00
Expenditure to date	R 390 620 371.11
SMMEs	7 appointed on current FY.
Overall project progress	49%

Comments on Project Performance: The project is progressing well; however, there have been weather-related delays due to rain.

Milestones achieved: Internal Civil services on all the 4 Erf's have been completed. Foundations and slabs: 56 on the erf with 64 units has been completed, erf with 320 units 131 completed and erf with 188 units 35 completed. Wall plate: on the erf with 64 units 48 completed and erf with 320 units 93 completed.

Status: Currently progress is on 4 sites [Erf's: 2869; 2569; 2634; 4197]. Progress percentage on the different sites are as follows, Erf 2869: 27.63%; Erf 2569: 12.29%; Erf 2634: 57.10%; Erf 4197: 6.85%.

On Erf 2569, trenching and steel fixing on three platforms is ongoing, while ground floor brick walling has been completed on seven blocks, with walling on the first floors set to commence. On Erf 2869, to start walling on the first floors and the remaining two blocks on this site have their foundations prepared and are awaiting casting. On Erf 2634, brickwork has reached wall plate level and is awaiting roofing and internal plastering.

LUFHERENG SOCIAL HOUSING PROJECT (Phase 2)

Start date	30 April 2025
Completion date	28 January 2028
Area of location	6 Motswiri Street, 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%

Comments on Project Performance: 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/SELKIRK SOCIAL HOUSING

Start date	08 September 2025
Completion date	08 September 2027
Area of location	Selkirk Avenue, 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 12 718 045.54
SMMEs	0
Overall project progress	10%

Comments on Project Performance: 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: The contractor has established the site and has completed the removal of rubble which has been stockpiled on site.

Status: The contractor has commenced with the bulk earthworks on site.

5.1.5. PROJECTS UNDER PLANNING STAGE

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

Property transfer has been completed in March 2025 with the title deed registered under JOSHCO. The professional team has 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 finalisation. 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 January

2026. The anticipated date for submission of the Site Development Plan is February 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
Unit yield	1041

The project is currently on Stage 2. The Environmental Authorisation was advertised, during which objections were lodged by neighbouring property owner at an intervenor status. Which might have the matter to be referred to the Municipal Planning Tribunal (MPT) for a decision, however JOSHCO is awaiting CoJ Development Planning decision on this matter.

The Environmental Infrastructure and Service Department (EISD) has issued the long-awaited comments in December 2025. CoJ Development Planning is currently awaiting the consolidated Technical Co-Ordinated comments prior to the finalisation of the application.

The professional team has finalised the scope of work for the commencement of the rehabilitation works of site by end of January 2026 which will take a minimum of 6-8 months prior to construction of residential units. JOSHCO has been made a submission for the additional budget on the midterm budget adjustment.

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
Unit yield	245

The project is currently on Stage 3. The professional team is finalising the detailed designs for submission to CoJ Development Planning. The anticipated time for submission of SDP is February 2026. The turnaround time for the SDP approval is three months after submission and registration by

the City. Once the Site Development Plan (SDP) is approved, the Building Plans subsequently be approved. The professional team is currently finalising the opening of Township Register.

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
Unit yield	384

A rezoning application was submitted to CoJ Development Planning at the end of November 2023. And comments from the various Municipal Owned Entities (MOEs) have since been received. The application attracted over 400 objections from adjoining property owners, necessitating referral to the CoJ Municipal Planning Tribunal (MPT) for determination.

The MPT has granted approval for the rezoning application in September 2025, However, an appeal has since been submitted against this decision. Our appointed Legal representative has formally responded to oppose the appeal, and we are currently awaiting the outcome of the appeal process.

LOMBARDY EAST SOCIAL HOUSING PROJECT

Description	Amount
Capital budget allocation for 2025/2026	R1 000 000
Appointment Value	R 50 149 348.18
Expenditure to Date	R 27 582 146.96
Unit 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.

Professional team presented detailed report with City Power highlighting the implementation of alternative energy solutions however the solutions would incur significant costs in October 2024 which is estimated to be above R100million.

There are ongoing discussions between JOSHCO and City Power to explore possible solutions to address the capacity problems however City Power maintained that there is no budget for the next the (2026/27 FY).

JOSHCO is currently awaiting the approvals from JRA of the Traffic Impact Assessment (TIA), Stormwater Management from JRA and Joburg Water for the Outline Scheme Report.

MARLBORO SOCIAL HOUSING PROJECT

Description	Amount
Capital budget allocation for 2024/2025	R5 000 000
Appointment Value	R 52 996 554
Expenditure to Date	R 12 136 891.69
Unit yield	205

Project is on Stage 3. JOSHCO has approved the details designs with recommendations 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 company resolution from the City of Johannesburg. JOSHCO is currently finalising the process of obtaining the Council Resolution for the newly created erven.

MARLVEN SKILLS DEVELOPMENT CENTRE

Description	Amount
Capital budget allocation for 2025/2026	R500 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. 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	R2 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 designs were approved and the Site Development Plan was submitted in November 2025. The anticipated time for the approval of the SDP is February 2026. The Building Plans will be submitted for approval in January 2026 for pre-scrutiny while awaiting the approval of the SDP.

The wayleave applications have been approved enabling the appointed geotechnical team to undertake the required geotechnical investigations on site. Team has commenced with the study to determine the existing ground conditions and the type of foundation currently supporting the building projected to be concluded by January 2026.

280 SMIT STREET – STUDENT ACCOMODATION

Description	Amount
Capital budget allocation for 2025/2026	R500 000
Appointment Value	R 49 363 462.56
Expenditure to date	R 36 941 879.26
Units yield	279

The project is in Stage 4, awaiting appointment of a contractor. All the town planning statutory approvals have been issued including the building plans. The project documentation has been handed over to the Implementation awaiting midterm budget adjustment to appoint the contractor.

33 RISSIK STREET (NBS) INNER CITY BUILDING

Description	Amount
Capital budget allocation for 2025/2026	R1 000 000
Appointment Value	R 21 622 300
Expenditure to date	R 21 486 868.44
Unit yield	69

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

CASA MIA INNER CITY BUILDING RENEWAL

Project is part of City's Bad Building Initiative & currently invaded. JOSHCO is currently waiting for the Bad Building strategy evictions to resume for the professional team to conduct structural integrity report and other studies to ascertain whether the building is structurally sound for refurbishment or whether demolition is required in order to optimise the site land use rights and yield maximum number of units on site.

To date there has been no movement due to the illegal occupation on the property.

5.1.6. 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 partial accreditation status. JOSHCO has engaged SHRA in trying to resolve the matter.

5.1.7. SHRA PROJECTS OCCUPATION CERTIFICATES (OC)

Dobsonville is currently the only SHRA funded project that is tenanted, without Occupation Certificates. However, there are other project with outstanding compliance matters, this program aims at remedying the non-compliance.

Progress:

Dobsonville: There was one property that was encroaching on JOSHCO's development; however demolition was carried out in September 2025, and the construction of the wall has been completed.

JOSHCO is currently compiling the statutory documents in order to enable the Chief Building inspector to issue the Occupation Certificate.

Turffontein: It should be noted that the Occupation Certificate exists, however the current OC refers to one erf because, according to the Chief Building Inspector who issued the OC, the CoJ system is unable to issue two OCs for one development, hence a consolidation application is required by SHRA. CoJ Legal Admin have requested that JOSHCO pays an amount of R 35 000 000,00 for bulk service contributions to finalize the outstanding registration of newly created erven and subsequently the approval of the consolidation application.

The consolidation application is currently pending due to the bulk service contributions payable to CoJ.

5.2. 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.

JOSHCO's revenue collection target for the 2025/26 financial year is 80% collection of debtors in respect of rentals. We have performed 31% behind this target as we collected an overall average of 69% for the Year to date. Collections in respect of SHRA funded Projects were at 73%, for JOSHCO Projects 82%, whilst the Commercial portfolio were at 129% for the quarter ended in June 2024.

5.2.1. REPAIRS AND MAINTENANCE

The first 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.

5.2.2. Overall Unplanned Maintenance Performance for Quarter 2.

PROJECT NAME	UNIT No.	Plumbing	Electrical	General	Total Jobs	Jobs within 14 days	Percentage
AA House	252	9	7	7	23	14	60.87%
African Diamond	61	5	3	5	13	3	23.08%
Devland	255	3	2	8	13	8	61.54%
Europa House	167	10	2	8	20	18	90.00%
Hoek Street	265	1	2	3	6	6	100.00%
Raschers Building	95	2	6	10	18	9	50.00%
Textile	162	4	2	8	14	7	50.00%
TOTAL UNITS	1257	34	24	49	107	65	60.75%
Bellavista Infill	36	1	1	2	4	4	100.00%
Bellavista Citrine C	79	1	0	0	1	1	100.00%
Kliptown Square	478	4	1	3	8	8	100.00%
Phoenix House	135	0	0	1	1	1	100.00%
Turfontein	525	7	2	6	15	15	100.00%
Orlando Ekhaya	192	4	0	4	8	8	100.00%
Lefhureng	407	4	1	5	10	10	100.00%
TOTAL UNITS	1852	21	5	21	47	47	100.00%
Dobsonville	502	43	3	20	66	8	12.12%
Fleurhof Junction	432	29	7	11	47	18	38.29%
Pennyville Coml	452	11	0	2	13	6	46.15%
Pennyville Flats	198	5	0	1	6	2	33.33%
Tshedzani	432	22	5	1	28	4	14.29%
TOTALS	2016	110	15	35	160	38	23.75%
City Deep Greenfield	329	21	4	15	40	9	22.50%

PROJECT NAME	UNIT No.	Plumbing	Electrical	General	Total Jobs	Jobs within 14 days	Percentage
Ekhaya Gardens	333	8	6	19	33	13	34.40%
Fleurhof Riverside	252	12	1	9	22	7	31.81%
Legae	92	4	0	5	9	5	55.56%
Riverside View	372	13	0	9	22	5	22.73%
TOTALS	1378	58	11	57	126	39	30.95%
106 Claim Street	85	5	1	0	6	4	66.67%
Abel Street	255	3	2	0	5	4	80.00%
Union Square	351	8	9	2	19	8	42.00%
TOTALS	691	16	12	2	30	16	53.33%
OVERALL TOTALS	7194	239	67	164	470	205	43.62%

5.2.4. JOSHCO occupancy rate as at end of 31 December 2025

The table below presents the occupancy performance for November 2025 across residential units and retail shops. Residential occupancy remains strong at approximately 98.8%, with most projects achieving near-full occupancy.

Table 18: Residential Occupancy Rate

Project Name	Total Units	Number of units occupied	Number of units vacant	November Occupancy %
AA House	254	253	1	99%
Abel Road (The Ridge)	150	147	3	98%
African Diamond	61	59	2	96%
Bellavista Infill	36	34	2	94%
Citrine Court	79	77	2	97%
City Deep Greenfields	329	326	3	99%
Claim Street	80	62	18	77%
Devland	255	251	4	98%
Dobsonville	505	502	3	99%
Ekhaya Gardens	333	332	1	99%
Europa House	167	165	2	98%
Fleurhof Junction	452	449	3	99%
Fleurhof Riverside	252	249	3	98%
Hoek Street	265	263	2	99%
Kliptown Square	478	475	3	99%
Legae	92	92	0	100%
Lufhereng	406	402	4	99%
Orlando Ekhaya Flats	190	187	3	98%
Pennyville (Flats)	198	191	7	96%
Pennyville Communal	564	556	8	98%
Phoenix House	135	135	0	100%
Raschers' Building	98	98	0	100%
Riverside View	363	359	4	98%
Tshedzani Flats (Roodepoort)	432	430	2	99%
Textile Building	162	161	1	99%
Turffontein	525	522	3	99%
Union Square	341	338	3	99%
	7202	7115	87	99%

Table 19: Commercial Occupancy rate

Project Name	No of Shops.	Number of shops occupied	Number of shops vacant	September Occupancy %
AA House	12	12	0	100%
African Diamond	8	1	7	13%
Phoenix House	3	1	2	33%
Rashers' Building	5	2	3	40%
Textile Building	3	1	2	33%
Union Square	11	9	2	82%
106 Claim street	5	4	1	80%
Booyens Place	28	1	27	4%
16 Wolmarans	6	3	3	50%
NBS	7	1	6	14%
	88	35	53	40%

5.3. STAKEHOLDER RELATIONS

5.3.1 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 2nd quarter of 2025/2026 the following meetings were held:

Table 20 below indicates number of stakeholder engagements held during the quarter under review.

No.	DATE	PLACE	MEETING	PURPOSE
1.	11 th October 2025	Dobsonville Project	Tenants' education	The purpose of the workshop is to take lease holders through the JOSHCO tenants training manual guide
2.	17 th October 2025	JOSHCO Boardroom Meeting with Pennyville	Round table Discussion	The purpose of the meeting was to receive and address grievances from Pennyville tenants regarding payment arrangements and living conditions within the Pennyville development.
3.	18 th October 2025	Citrin Court & Bellavista	Tenants Education	The purpose of the workshop is to take lease holders through the JOSHCO tenants training manual guide
4.	21 st October 2025	Ekhaya Gardens project	Site meeting	Progress update meeting with the contractor

No.	DATE	PLACE	MEETING	PURPOSE
			Housing Development	
5.	21 st of October 2025	Devland Project	Site meeting Housing Development	Progress update meeting with the contractor
6.	07 th November 2025	JOSHCO Security Office Rashers	Round table discussion	The purpose of the meeting was to discuss parking Grievances from Rashers
7.	10 th November 2025	JOSHCO Boardroom Pennyville	Round table Discussion	The purpose of the meeting was to discuss Rental and maintenance grievances from Pennyville
8.	11 th November 2025	Nancefield Project	Site meeting Housing Development	Progress update meeting with the contractor
9.	22 nd November	Textile & African Diamond	Tenants Education	The purpose of the workshop is to take lease holders through the JOSHCO tenants training manual guide
10.	26 th November 2025	JOSHCO Boardroom Orlando Ekhaya	Round table discussion	The Purpose of the meeting was to discuss unit allocation grievance from Orlando Ekhaya tenants and the Councillor
11.	06 th December 2025	Legae Project	Tenants Education	The purpose of the workshop is to take lease holders through the JOSHCO tenants training manual guide.
12.	10 th December 2025	JOSHCO boardroom 5 th Floor- ward 71	Round table discussion	The purpose of this meeting was to discuss subcontractor appointment grievances shared by ward 71 SMME forum (Ekhaya Gardens boundary wall project)
13.	1 st October 2025	Riverside view	Memorandum Response Shared with Riverside tenants	
14.	24 th November 2025	Turffontein Project	Memorandum Response shared with Turffontein tenants	

5.4. 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 has managed to create 148 short-term contracts through EPWP programme in quarter 2.

Table 21: Jobs created through EPWP programme

Month	Total Jobs Created
October 2025	84
November 2025	64
Combined Total	148

Table 22 indicate EPWP Expenditure as in quarter 2 2025-26FY

Oct 2025	Nov 2025	Dec 2025	Q2: 2024/25
R1 771 000,00	R2 358 500,00	R	R4 129 500,00

5.5. SECUTIRY

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.

CHAPTER 4

HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

SECTION 1: EMPLOYEE REMUNERATION (TOTAL COSTS INCLUDING EXECUTIVES)

This section provides the total employee remuneration costs.

Table 23: Personnel Cost by Occupational Level as at 31 December 2025

Occupational Level	No. of employees	(R'000) Personnel Expenditure	% of total personnel cost	(R'000) Average cost per employee
Top Management (CFO,COO)	2	R1,182,019.52	2%	R591,009.76
Executive Managers	1	R544,972.65	1%	R544,972.65
Professional Qualified / Middle Management (Portfolio Managers, Accountants)	35	R12,109,285.43	17,09%	R345,979.58
Skilled, Tech & Academically Qual (H-Sup, Billing Clerks, Credit Controllers, Bookkeeper, Maint Worker and Admin)	117	R25,299,064.09	36%	R216,231.32
Semi-Skilled (Driver, Receptionist, Call Center Agents)	4	R372,069,55	1%	R93,017.39
Unskilled (Office Attendants, Security Officers and Cleaners)	339	R24,505,275.13	35%	R72,286,95
EPWP	368	R6,422 54.86	10%	R18,593.08
Total	866	R70,854, 941.23	100%	R81,818.64

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 24 below:

Sixteen (16) acting appointments were instituted.

Table 24: Acting Appointments

No	Designation	Acting Role	From	Reason	Comment
1.	Chief Executive Officer (JDA)	Chief Executive Officer	03 December 2025 to 03 January 2026	Acting because position is vacant	Position to be re-advertised
2.	Executive Manager: Planning and Strategy	Chief Executive Officer	01 August 2024 to 30 November 2025	Acting because the position is vacant	Rotation applied
3.	Assistant Director: Human Capital (City of Joburg)	Executive Manager: Corporate Services	17 September 2024 to 22 December 2025	Acting because position is vacant (<i>recruitment process underway</i>)	Position has been re-advertised
4.	Deputy Director: Finance (City of Joburg)	Finance Manager	10 November 2025 to 09 February 2026	Acting because incumbent is on suspension	DC process to guide way forward
5.	Senior ICT Manager	Executive Manager: Business Planning and Strategy	18 September 2024 to 30 November 2025	Acting because incumbent was acting in senior position	Went back to substantive position
6.	Senior ICT Manager	Executive Manager: Corporate Services	22 December 2025 to 31 March 2026	Acting because position is vacant (<i>recruitment process underway</i>)	Position has been re-advertised
7.	Project Officer	Manager: Office Administration	23 May 2025 to 30 November 2025	Acting because position is vacant	Rotation applied
8.	Project Manager	Program Manager: Implementation	01 February 2025 to 12 October 2025	Acting because the position was vacant (recruitment finalised)	Went back to substantive position
9.	Senior Manager: Stakeholder Relations	General Manager: Housing Management	15 July 2025 to 09 November 2025	Acting because the position was vacant (recruitment finalised)	Went back to substantive position
10.	Credit Controller	Social Facilitator	01 August 2025 to 31 January 2026	Acting because the position is vacant	Rotation will apply
11.	Credit Controller	Social Facilitator	01 February 2025 to 19	Acting because the position is vacant	Rotation applied

			December 2025		
12.	Officer: Tenant Management and Allocations	Manager: Allocations and Tenant Management	01 August 2025 to 19 December 2025	Acting because the incumbent is on suspension	Rotation applied
13.	Employee Relations Officer	Human Resources Manager: Administration & Employee Relations	01 February 2025 to 19 December 2025	Acting because the incumbent is seconded to another entity	Rotation applied
14.	Manager: Legal Services	Company Secretary	07 October 2025 to 31 December 2025	Acting because the position is vacant	Position to be re-advertised
15.	IT Technician	Senior ICT Manager	09 July 2025 to 30 November 2025	Acting because incumbent was acting in senior position	Went back to substantive position
16.	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
17.	Human Resource Officer	Human Resources Development Specialist	01 August 2025 to 19 December 2025	Acting because the position is vacant	Strategic panel outcome to guide way forward
18.	Business Analyst	Portfolio Manager	01 August 2025 to 31 January 2026	Acting because the incumbent is on suspension	DC process to guide way forward
19.	Property Supervisor	Portfolio Manager	08 December 2025 to 31 January 2026		

Recruitment in Progress as at 31 December 2025

- There were two (2) positions approved by the Strategic Appointment Panel and they have been filled.
- The recruitment process for the Executive Manager: Corporate Services position was advertised and shortlisted; however, due to objections raised by Organised Labour, the position will now be re-advertised.
- Subsequently, the recruitment process for several critical positions within the Operations Department and the Office of the Chief Executive Officer was initiated during the quarter.

- An additional short-term contract positions were advertised, with selected candidates commenced within the reporting period, respectively, to address capacity constraints and fill gaps within the entity.

Table 30 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 25: 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 in January 2026.
2.	Company Secretary (Permanent)	Office of the CEO	To be re-advertised in January 2026.
3.	General Manager: Housing Management (Permanent)	Office of the COO	Finalised (Incumbent commenced duty on 10 November 2025)
4.	Executive Manager: Corporate Services (Permanent)	Office of the CEO	Advert stage
5.	Senior Internal Auditor (Permanent)	Office of the CEO	Finalised (Incumbent commenced duty on 01 December 2025)
6.	Program Manager: Implementation (Permanent)	Office of the COO	Finalised (Incumbent commenced duty on 13 October 2025)
7.	Executive Assistant: Chief Operations Officer (Short-Term Contract)	Office of the COO	Finalised (Incumbent commenced duty on 01 October 2025)
8.	Executive Assistant: Chief Financial Officer (Short-Term Contract)	Office of the CFO	Finalised (Incumbent commenced duty on 01 October 2025)
9.	Monitoring and Evaluation Officer (Short-Term Contract)	Business Planning and Strategy	To be re-advertised
10.	Compliance Officer (Short-Term Contract)	Business Planning and Strategy	Shortlisting Stage
11.	Office Attendant X4 (Short-Term Contract)	Corporate Services	Finalised (Incumbents commenced duty on 01 October 2025)
12.	Administrator (Short-Term Contracts)	Office of the CEO	Finalised (Incumbent commenced duty on 09 October 2025)

13.	Project Manager: Special Projects (05-Year Fixed Term Contract)	Office of the COO	Finalised (Incumbent commenced duty on 13 October 2025)
14.	Administrator (Short-Term Contracts)	Office of the COO	Finalised (Incumbent commenced duty on 01 December 2025)

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 approval from the panel is required before initiating any recruitment process.

TERMINATIONS

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

Table 26: Terminations

Department and Designation	Reason	End Date
Office of the CFO - Bookkeeper	Resignation	29 October 2025
Business Planning and Strategy – Risk Specialist	Resignation	31 October 2025
Office of the COO – Cleaner	Early Retirement	18 December 2025
Total: 3		

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 and JOS.
- 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.

- In the second quarter, a disability awareness initiative was conducted among existing staff to promote inclusivity and understanding and we currently have 3.42% employees with disabilities achieving the sectoral target of 3%.

Table 27: 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	2	0	0	0	0	0	0	0	0	0	2	0	2	100%	50%
Senior Management	0	0	0	0	1	0	0	0	0	0	0	0	1	100%	100%
Professionally Qualified / Middle Management	21	0	0	2	9	0	1	0	1	1	23	11	35	87%	34%
Skilled Technically and Academically Qualified	48	3	0	0	59	2	1	1	0	0	51	63	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%

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 fall within the unskilled category, 8% are at the Supervisory level, and 3% are at Middle Management.

SECTION 4: SKILLS DEVELOPMENT AND TRAINING

Workplace skills training programs play a vital role in boosting employee performance, enhancing operational efficiency, and maintaining a company's competitiveness while ensuring compliance with applicable legislation. These programs enable employees to acquire new skills and sharpen existing ones, resulting in improved productivity and greater confidence

in their roles. As industries continue to evolve, ongoing training ensures that staff remain current with emerging technologies, updated regulations, and industry best practices, thereby minimizing errors and supporting compliance with established standards.

4.1. Bursary Update for Quarter 2 (2025/26)

Applications for 2025 bursary intake were opened on 1st of November 2025 and closed on 30th November 2025. A total of 36 applications were received, encompassing both new applicants and continuations. The Bursary Committee will sit in January 2026, and the priority model will be used for bursary approvals based on the below reasons:

- 1) Previously funded employees who are in continuation of their studies.
- 2) Employees with no formal undergraduate qualifications.
- 3) Postgraduate applicants

4.2 TRAINING INTERVENTIONS FOR QUARTER 2 (2025/26)- Short-term learning/mid-term training.

- A two (2) day Conflict Resolution and Negotiation training was held. A total of 25 delegates attended the training. The training was aimed at equipping managers with practical skills to manage conflict and improve communication skills and developing strategies to reach mutually beneficial outcomes.
- Two (2) Legal Officers attended a six-month course on Construction and Engineering Law this course this will enable the legal officers to review basic legal concepts governing construction and engineering contracts.
- A two (2) day New Employees Induction was also held for a total of 10 new employees that joined JOSHCO in the quarter.
- The entity resolved to invest in high value training interventions with maximum returns. These interventions will resume in January 2026 aligned to the school calendars. This will ensure that the bulk of employees on annual festive season leave are not excluded from upcoming training programmes.

4.3 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.

Individual 2024/25 performance review and appraisal sessions have started. The signing of 2025/26 scorecards has been communicated at a departmental level.

Table 28: 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)	436	387	88%	12%
Office of the CFO (CFO, SCM & Finance Core)	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	486	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.

Precautionary Suspensions

Number of suspensions	Allegations	Date of suspension	Status
Five (5)	Fraud and corruption	22 nd November 2024	Matter finalised: Employee resigned.
	Fraud and Corruption	29 th July 2025	Matter not finalised: Under investigation
	Fraud and Corruption	31 st July 2025	Matter not finalised: under investigation.
	Intimidation	31 st July 2025	Matter not finalised: under investigation.
	Financial misconduct	29 th October 2025	Matter not finalised: Under investigation.

Disciplinary Matters.

Number of misconducts	Type of misconduct	Status	Comment
Seven (7) 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 05, 11, and 12 December 2025.
	Financial misconduct	Finalised	Matter finalised: Employee resigned.

	Absenteeism	Finalised.	Matter finalised: suspension without pay for a period of Ten (10) days.
	Contravened clause 5.2.3 (Standard of Conduct) of the Disciplinary Code and Grievance procedure of Joshco.	Ongoing	Matter not finalised: Awaiting for a new date.
	Contravened clause 5.2.3 (Standard of Conduct) of the Disciplinary Code and Grievance procedure of Joshco.	Ongoing	Matter not finalised: Awaiting for a new date.
	Contravened clause 5.2.3 and 5.2.4 (Standard of Conduct) of the Disciplinary Code and Grievance procedure of Joshco.	Ongoing	Matter not finalised. Awaiting for a new date.

GRIEVANCE MATTERS.

Number of grievances	Status	Comment
Four (4) grievances	Four (4) Finalised	None

MATTERS AT BARGAINING COUNCIL/ CCMA

- CCMA referral

Number of disputes	Status	Comment
One (1)	One (1) ongoing	Conciliation was scheduled for the 5 th of December 2025, unresolved certificate issued.

- SALGBC referrals

Number of disputes	Status	Comment
One (1)	One (1) finalised	Award in favour of the employer.

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.

Human Resources will support all departments by implementing and monitoring a leave planning system to ensure that staff members do not forfeit their annual leave days. The impact hoped for is an improvement in coordination of leave at a departmental level, which is aimed at achieving a seamless process of leave application/ approval, and a reduction in leave balances.

The table below provides a detailed overall leave taken in the quarter.

Table 29: Leave Taken Analysis

Type of Leave	October	November	December	Total Leave Days Taken	Increase/Decrease from previous quarter	Reason
Annual	225	92	235	552	Decrease	Includes compulsory leave
Sick	74	37	1	112	Increase	Change of Season
Family Resp. & Paternity Leave	11	4	0	15	Increase	Unpredictable/unforeseen
Maternity Leave	56	52	38	146	Decrease	Unpredictable/unforeseen
Unpaid Sick	0	0	0	0	Decrease	Unpredictable/Unforeseen
Long Service	0	0	0	0	No change	Periodic/Compulsory to qualifying staff
Study/Exam leave	23	39.5	0	62.5	Increase	Exam season

Type of Leave	October	November	December	Total Leave Days Taken	Increase/Decrease from previous quarter	Reason
Special (Court)	0	0	0	0	No change	Unpredictable/unforeseen
Injury on Duty	0	0	0	0	No change	Unpredictable/unforeseen
AWOL/Unpaid	0	0	0	0	No change	Unforeseen/absenteeism
Total	402	224.5	274	900.5	-	-

7.1. 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.

- In the period of October 2025 to December 2025, a total of **31** JOSHCO employees encashed **343** annual leave days, averaging 11 leave days encashed per employee, resulting in a total amount of **R 815 757.92**
- Additionally, **100** Securities and Cleaners encashed 1088 annual leave days during the same period, averaging 11 leave days encashed per employee, which amounted to **R 663 341.28**

SECTION 8: EMPLOYEE BENEFITS

8.1 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.

8.2. 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 5,514.86, and the Employee Contribution is 40% depending on the number of dependents.

8.3. 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 June 2025. Additionally, a total of 2 Securities and Cleaners are beneficiaries of the housing allowance.

8.4. Locomotive Allowance.

The entity implemented a locomotive allowance in bulk to qualifying employees. Eligibility is based on the fact that an employee's daily roles and responsibilities require them to travel. The allowance is calculated based on the employee's basic salary.

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

On the 22nd of October 2025, JOSHCO facilitated an on-site Pap Smear screening campaign as part of its commitment to women's health. Partnering with healthcare government professionals, the organisation ensured that female employees had access to essential cervical cancer screening services at no cost. The initiative was well-received and contributed significantly to the early detection efforts of cervical cancer within the organisation.

On 30th of October 2025, JOSHCO hosted a Cancer Awareness Walk in recognition of Cancer Awareness Month. The initiative formed part of the organisation's holistic approach to employee wellness and sought to encourage physical activity while raising awareness about the importance of early cancer detection. The Cancer Walk successfully promoted solidarity, physical well-being, and a proactive health-seeking mindset among employees.

On the 5th of November 2025, JOSHCO hosted a Women's Empowerment event for all female

staff and residents. The event celebrated women’s strength, resilience, and leadership through inspiring messages, dynamic performances, and moments of unity that reminded everyone of the power of collective growth. The speakers also addressed issues of bullying and gender-based violence (GBV), outlining the channels available to report and combat these abuses, as well as the measures in place to protect individuals affected by them.

Additionally, FNB 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.

8.5.1. Impact of the Wellness Programme

Regular wellness checks for staff can encourage healthier behaviours within the organization. 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.

9.1 JOSHCO INCIDENTS STATISTICS

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

Table 30: 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
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0	4	1	0	0
<p>➤ In Quarter 2, Zero (0) Fire incident was recorded, four (4) IOD's, one (1) COID incident, zero (0) Medical treatment incidents, and zero (0) Near miss incidents have been reported thus far.</p>				

- On Wednesday, 29 October 2025 at approximately 10h00 at the head office, an employee missed a step when walking down the stairs, accidentally tripped, fell, and sustained laceration to the left and right knee and a pain in the shoulder and right ankle and was deemed fit to resume with normal duties on 05 November 2025 **(IOD)**.
- On Friday, 21 November 2025 at approximately 14h03 at Phoenix project, an employee's skin reacted following getting into contact with cleaning chemical agent. The employee was isolated from working with the chemical for a period of six-month pending review according to the COJ Occupational Health Doctor recommendations. The COJ Dr further recommended that medical screening should be performed as part of Human Resource recruitment process to prevent a risk of noncompliance **(COID)**.
- On Tuesday, 09 December 2025 at approximately 11h30 at Kliptown Square, an employee stepped on a loose brick and tripped when cleaning and sustained a right ankle injury. Employee's possible date for light duty is 17 December 2025 **(IOD)**.
- On Tuesday, 09 December 2025 at approximately 15h15 at the head office, an employee twisted a left ankle while descending the stairs. Employees resumed with light duty on 10 December 2025 and will resume normal duty on 15 December 2025 **(IOD)**.
- On Thursday, 11 December 2025 at approximately 08h20 at Kliptown Square, an employee was picking up papers when she tripped on pavement and fell and sustained a right knee injury. Employee's possible date for light duty is 15 December 2025 **(IOD)**.

9.2. Health and Safety Awareness and Training Recorded.

9.2.1. Table 31: Health and Safety Awareness and Training Recorded.

Tenant orientation and training workshops	Health and Safety Induction
Dobsonville – 141	EPWP members - 83 Process of issuing
Citrine court and Bellavista - 44	New appointees - 10
Textile - 35	
Total:220	Total: 93

- As part of the fire risk mitigating strategy, in quarter 2, **Health and Safety Unit** continues to participate in the tenant orientation programme with the Stakeholder Engagement Unit at Dobsonville, Citrine court, Bellavista, Textile and African Diamond to raise awareness regarding the management of emergency situations and prevention of fire equipment vandalism. A total of 220 occupants were reached.
- In Quarter 2, **Health and Safety Induction** was presented to a total of ninety-three (93) employees as follows: (83) members of EPWP members and (10) new appointees.

Table 32: Emergency Evacuation Drill.

Evacuation drill

- As part of the JOSHCO Business Continuity Planning, in quarter 2, an evacuation drill was conducted to ensure that employee and emergency responders are aware of what to do in the event of an emergency.

The drill was actioned as follows:

- i. Time – All employees evacuated the building – 03 Minutes (Good)
- ii. Effectiveness of process – (Good)
- iii. Swiftness of evacuation – (Good)
- iv. Availability of emergency exits – (Good)
- v. Availability of assembly point – (Good)



Picture 1 & 2: Evacuation Drill.

9.3. HEALTH AND SAFETY INSPECTIONS

Table 33: Audit scores (Construction sites).

Construction site	Audit Score
Lufhereng	92%

Riverside view	96%
Ekhaya garden	84%



Picture 3: Construction site visit (Riverside).

In preparation for the December holidays contractors are currently submitting the shutdown procedures for the safe and secure site closure and re-opening next year.

9.4. HEALTH AND SAFETY INSPECTIONS

9.4.1 Table 34: Health and Safety Inspections Q2 Findings

Site	Major findings	Status update by the Risk owner (Housing Management)
Devland	Fire equipment out of service.	Fire service completed.
Dobsonville	Fire equipment out of service	Fire service is completed.
Pennyville	Fire equipment out of service	Fire service is completed.
Citrine Court	Fire equipment out of service.	Fire service is completed.
Bellavista	Fire equipment is out of service.	Fire service is completed.
Fleurhof Junction	Fire equipment is out of service	Fire Service is completed.
Ekhaya Garden	Fire equipment out of service.	Fire service is completed.
Tshedzani 1	Fire equipment out of service.	Fire Service is currently ongoing.
Tshedzani 2	Fire equipment out of service.	Fire Service is currently ongoing.
Tshedzani 3	Fire equipment out of service.	Fire Service is currently ongoing.
Tshedzani 4	Fire equipment out of service.	Fire Service is currently ongoing.
Legae	Utility pipes leaking and causing mould problems.	Pipes are attended to as and when it happens.
Dikgale hights	Fire equipment out of service.	Service is currently ongoing and to be concluded by 31 December 2025.

Riverside Phase 2	Fire equipment out of service.	Service is currently on going and to be concluded by 31 December 2025.
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CHAPTER 5

FINANCIAL PERFORMANCE AND EXPOSURE



SECTION 1: THE STATEMENT OF FINANCIAL POSITION

Description	31 December 2025	30 June 2025	Variance	Variance
	R'000	R'000	R'000	%
Assets				
Current Assets				
Inventories	533	484	49	10%
Loans to shareholders	5,958	5,958	-	0%
Receivables from exchange transactions	1,357,257	1,181,627	175,630	15%
Receivables from non-exchange transactions	26	45	(19)	-42%
VAT receivable	4,436	2,497	1,939	78%
Cash and cash equivalents	2,447	22,689	(20,242)	-89%
	1,370,657	1,213,300	157,357	13%
Non-current assets				
Property, plant and equipment	25,278	27,843	(2,565)	-9%
Intangible assets	3,141	3,744	(603)	-16%
Investment in joint venture	21,150	21,770	(620)	-3%
Total Non-current assets	49,569	53,357	(3,788)	-7%
Non-Current Assets	1,370,657	1,213,300	157,357	13%
Current Assets	49,569	53,357	(3,788)	-7%
Total Assets	1,420,226	1,266,657	153,569	12%
Liabilities				
Current Liabilities				
Loans from shareholder	(2,081,374)	(1,728,551)	(352,823)	20%
Borrowings - DBSA	(1,499)	(2,142)	643	-30%
Deferred Income	(21,207)	(21,207)		0%
Payables from exchange transactions	(1,611,863)	(1,544,777)	(67,086)	4%
	(3,715,943)	(3,296,677)	(419,266)	13%
Non-Current Liabilities				
Borrowings - DBSA	(5,005)	(5,144)	139	-3%
Deferred Income from non-exchange transactions	(178)	(178)	-	0%
	(5,183)	(5,322)	139	-3%
Non-Current Liabilities	(5,183)	(5,322)	139	-3%
Current Liabilities	(3,715,943)	(3,296,677)	(419,266)	13%
Current Liabilities	(3,721,126)	(3,301,999)	(419,127)	13%
Assets	1,420,226	1,266,657	153,569	12%
Liabilities	(3,721,126)	(3,301,999)	(419,127)	13%
Net Assets	(2,300,900)	(2,035,412)	(265,488)	13%
Share Capital	0.120	0.120	-	0%
Accumulated deficit	(2,300,900)	(2,035,412)	(265,488)	13%
Total Net Assets	(2,300,900)	(2,035,412)	(265,488)	13%

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

1.1. ASSETS

1.1.1 Receivables from exchange transactions

Receivables from exchange has a net increase of R 175.6(15%) million from 30 June 2025. Although there was an improvement of R9.2 million in the collection of utility recoveries and intercompany debtor, such collection was suppressed by an increase of R184 million for special project (COJ's departments including Human settlement with the largest share of the debtors book) and tenant debtors of R0.796, respectively. Delays are still being experienced on collections of intercompany debtors. As part of collection strategy, JOSHCO is consistently engaging City's departments including escalations to Senior Officials to FastTrack the recoveries of these long overdue amounts. Regarding tenant debtors, JOSHCO is using the services of debt collectors as well internal staff to collect the outstanding debt.

Special projects

Joshco charges a management fee of between 7% and 10% for all projects implemented on behalf of the COJ's departments and entities. There is a delay in recovering the outstanding amounts for work completed by Joshco for various reasons, such as Service Delivery Agreement (SDA) issues (mandate issues) and validation of work by the departments. In this quarter, various interventions have been implemented to recover the outstanding amounts. The interventions include engagements with senior officials from the departments, escalations to the Group CFO, and demand letters issued to the departments. While the interventions have not yet resulted in actual recoveries, these 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 become ineffective, other measures will be explored, such as termination of work and requesting the City Manager to settle the balances at a global 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 R352.8 million to R2.0 billion as of 31 December 2025.

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

DEPARTMENT	OPENING BALANCE R'000	OPEX ADDITIONS R'000	CAPEX ADDITIONS R'000	CASH RECEIPTS R'000	CLOSING BALANCE R'000
CAM	174 095		167 928	-99 372	242 651
COMDEV CAPEX	50 040		931		50 971
COMDEV OPEX	60 447	3		-2869	57 575
HUMAN SETTLEMENT	819 293	50 184	71 058	-2865	937 670
COJ-COO OFFICE	14 854				14 854
GEF	4 065				4 065
HEALTH	6 542				6 542
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	3 526		-7 655	0
COJ -FINANCIAL	6 218	70 028		-41 241	35 005
JDA	97				97
JPC	7 294		4 065	-7 293	4 066
ECONOMIC DEVELOPMENT	835				835
PROVISION FOR DOUBTFUL DEBTS	-190 829				-198 328
TOTALS	1 112 043	123 741	246 192	-178 330	1 296 141

*The balance for COJ – Financial represents the subsidy receivable as informed by the approved budget. The amount of R41.2 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 R369.9 million, while receiving a total of R178.3 million (R41.2 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).

Tenant Debtors

Tenant debtors comprise of amounts owing from the tenants for the JOSHCO portfolio and Human Settlement Stock. The resolution for stock transfer to Department of Human settlement was concluded on the 31 July 2025

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

Receivables from exchange transaction -Trade Receivables(Net Amount)			
Tenant Portfolio	Opening balance(R '000)	Movement (R'000)	Closing(R'000)
Transferred Stock portfolio	15 494	- 2 777	12 717
Joshco portfolio	11 996	3 573	15 569
Total	27 490	766	28 286

As part of interventions to improve collection of current and historic tenant debt, the entity has started with the process of tenants profiling internally and have also requested the office of the Group CFO to allocate firms of debtors collectors to assist with long overdue amounts and independent work of profiling and process of debt factoring. The exercise is envisaged to commence in the 3rd quarter of the current financial year and this include the outstanding debtors book on the transferred COJ's stock.

1.1.2 Receivables from non-exchange transactions

This line item represents staff debtors where bursaries were awarded, and the employees were not successful in passing their academic courses. As a result, the employees signed acknowledgement of debt (AOD) forms which involve salary deductions monthly. The movement is resulting from the monthly deductions of those staff debtors.

1.1.3 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.

1.1.4 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 December 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.

1.1.5 Property, plant and equipment

The movement is as a result 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.

1.1.6 Investment in joint venture

The JOSHCO Madulammoho Joint Venture (JMJV) is an investment between JOSHCO and Madulammoho 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. JOSHCO therefore 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.

1.2. LIABILITIES

1.2.1 Loans to 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 R352.8million (20%) (from R1.7 billion in the previous quarter to over R2.0 billion as of 31 December 2025). Joshco implements work on behalf of the departments and entities by appointing service providers and settle invoices from the appointed service providers using the loan to shareholder/sweeping balance. Joshco invoices the departments and entities and adding between 7 and 10% mark up 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 expense and increase 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)	171 377	(66 151)	(458 049)	(2 081 374)

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 reduction in interest expense.

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

Description	Inflows
	R'000
INFLOWS	
Dividends	550
Collection Rental	26 614
Utility Recoveries	7 124
JOSHCO Capex	99 372
Receipts from Special Project	37 717
TOTAL INFLOWS	171 377
Description	Inflows
	R'000
OUTFLOWS	
JOSHCO Projects	-167 928
Special Projects	-223 970
Interest on a negative balance	-66 151
TOTAL OUTFLOWS	-458 049
NET CASH OUTFLOWS FOR THE QUARTER	-233 746

1.2.2 Borrowings – DBSA

JOSHCO has two loans from Development Bank of Southern Africa (DBSA) for City Deep Housing Project and 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.

1.2.3 Payables from exchange transactions

An increase in the payables from exchange transactions of R67.0 million is a result of an increase in related party payables, such as municipal charges, and insourcing salaries

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

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ended 31 December 2025 resulted in a deficit of R263.85 million.

	Actual	Budget	Variance	Variance %
	YTD	YTD		
	R'000	R'000	R'000	
Rental Income	72,109	85,916	(13,807)	-16%
Subsidies	70,011	70,011	-	0%
Management Fees	18,164	39,829	(21,665)	-54%
Interest Income	13,202	13,323	(121)	-1%
Interest income sweeping		911		
Utility Recoveries	7,990	2,082	5,908	284%
Other Income	23	207	(184)	-89%
Government Grant	3,526	-	3,526	
Total Revenue	185,025	212,279	(27,254)	-13%
Personnel costs	(133,896)	(121,701)	(12,195)	10%
Board fees	(861)	(1,289)	428	-33%
Debt impairment	(39,505)	(13,806)	(25,699)	186%
Depreciation and Amortisation	(3,166)	(891)	(2,275)	255%
Finance Costs	(66,450)	(525)	(65,925)	12557%
Bad debts written off	(3,212)	-	(3,212)	
Repairs and Maintenance	(13,691)	(33,329)	19,638	-59%
Security	(40,722)	(5,528)	(35,194)	637%
Utilities	(101,774)	(10,781)	(90,993)	844%
Administrative	(25,862)	(24,429)	(1,433)	6%
Total Expenditure	(429,139)	(212,279)	(216,860)	102%
Operating (Deficit)/Surplus before tax	(244,114)	-	(244,114)	
Taxation	(19,736)	-	-	
Operating (Deficit)/Surplus after tax	(263,850)	-	(263,850)	

2.1. REVENUE

Composition of Revenue

The entity's revenue is derived from the streams per Table 40 below.

Table 40: Composition of Revenue

Description	Actual	Budget	Weighting %
	R'000	R'000	
Rental Income	72 109	85 916	39%
Subsidies	70 011	70 011	38%
Management Fees	18 164	39 829	10%
Interest income sweeping		911	
Interest Income	13 202	13 323	7%
Utility Recoveries	7 990	2 082	4%
Other Income	23	207	0%
Government Grant	3 526	-	2%
Total Revenue	185 025	212 279	100%

Total revenue is above the budget by R526k overall. The variances in performance that exceed 10% and/or R1 million are explained below:

2.1.1 Rental income

Rental income is under budget by R13.8 million (-16%) due to the properties that were transferred to the Department of Human Settlements (City of Johannesburg). These properties were included in the Council-approved budget for 2025/2026 MTREF.

2.1.2 Management fees

Management fees are under budget by R21.2 million (-54%) due to delays of 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.

2.1.3 Interest income

The interest income charged on overdue rental debtors is within budget by thousand (-1%) 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.

2.1.4 Utility recoveries

Utility recoveries exceeded budget by R5.9 million in the quarter. This is due to the Utility recovered on units that have prepaid meters installed. This has been catered for in the mid-term adjustment.

2.1.5 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 R184 thousand (-89%)

2.1.5 Interest income sweeping

The entity has had no income from interest on the sweeping account. This is because the entity’s sweeping bank balance is in overdraft amounting to almost R2.0 billion.

2.2.1 Revenue Collection

JOSHCO’s revenue collection target for the 2025/26 financial year is **80%** collection of debtors in respect of rentals. The entity’s collection levels are in a stable trajectory as collection levelled up with an average of **72%** which is a percentage lower than the previous quarter, where it realised **73%**. The target is being adjusted upwards to 95% to align to best practice and this has been submitted as part of the mid-term budget process. JOSHCO is currently have 26 active buildings under our management 13 of these are SHRA funded projects, 13 are JOSHCO/City-owned.

Collections for the Financial Year ending on 31 December as shown in Table below.

Q2 Summary

CATERGORY	TOTAL BILLING	TOTAL COLLECTION	% COLLECTION	SHORTFALL
	R'000	R'000		

SHRA Projects (13)	27 761.85	-18 643.43	67%	9 118.42
JOSHCO Projects (13)	7 568.39	-6 423.30	85%	1 145.09
Retail Space (9)	1 639.50	-1 547.65	94%	91.86
OVERALL COLLECTION	36 969.74	-26 614.37	72%	10 355.37

Collections in respect of **SHRA** funded Projects is **67%**, **JOSHCO** Projects is **85%**, whilst the **Retail space** is at **94%**.

- Residential facilities underperformance is affected by the rising number of unemployed tenants, and campaigns for ownership promoted by the organisation named Social Housing Movement, which is influencing tenants that they should have taken ownership of SHRA funded facilities after 5 years of rental and should stop paying rent.
- JOSHCO owned facilities are performing within the required levels and this is mostly due to the focus shift from the underperforming City referral stock to the facilities owned by JOSHCO and funded by SHRA.
- In trying to prevent the debt to escalate and to get the tenants to pay whilst the debt is still affordable the company has introduced various settlement discount vouchers for tenants to choose from and Table below shows the list of vouchers processed for the current quarter.
- 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.

Table 3: Settlement Discount Vouchers & Write-offs

Vacated Tenants

Number of tenants vacated	Total value	Total amount W.off
28	2 197 788	2 197 788

50% Settlement Discount

Number of tenants settled	Total value	Total amount W.off
49	793 111	793 111

2.2.2 Revenue Collection by Debt Collection Companies

The debt collection companies to be appointed will proceed with collection of all debt above 60 days. Various settlement discount voucher initiatives will continue to be implemented to encourage tenants to settle long outstanding debt.

The entity has various strategies being implemented to improve collection levels and to encourage tenants to settle their debt while it is still affordable. These strategies are explained further in section 5.1.2 of the report. The entity is 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. Debt profiling and factoring are also in progress as additional strategies to recover the long overdue amounts.

2.2.3 STRATEGIES TO ENHANCE COLLECTIONS

- 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 – several 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 are 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 settle their debts in full or to reduce the overdue amount, part of the Terms and Conditions for qualifying tenants is to sign 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.
- The Leasing Department in collaboration with Revenue Department will embarking on the occupancy audit-revenue drive campaign called 'Take back our project drive' with the aim to regularise and renew invalid lease agreements. This will maximise revenue collection by introducing debit-check payment method as a condition to be legalised as a JOSHCO tenant. This campaign has commenced from the 20th of January 2025.
- 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.
- 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 establishing a book value that are sustainable and viable.

- Effective debt factoring, prevention, and recovery is a critical business objective for JOSHCO.
- It's Strategic and financial benefits are as follows:
 - Cash Flow Relief: Immediate cash inflow supports JOSHCO's liquidity position and reduces dependence on shareholder subsidies or overdraft facilities
 - Improved Audit Outcomes and financial sustainability (including key ratios): Reduction in deficit.
 - Balance Sheet Cleansing: Transfers irrecoverable debts, resulting in a more accurate asset position and improved creditworthiness
 - Administrative Efficiency: Allows Finance and Legal units to focus on prevention, compliance, and revenue optimization rather than enforcement
 - Socioeconomic Harmony: Enables non-intrusive recovery that avoids direct conflict with tenants, protecting JOSHCO's social brand.

1. JOSHCO DEBT FACTORING ACTION PLAN (2026)

THIS DEBT FACTORING ACTION PLAN OUTLINES SHORT-, MID-, AND LONG-TERM ACTIONS TO IMPROVE REVENUE COLLECTION, REDUCE ARREARS, AND STRENGTHEN FINANCIAL SUSTAINABILITY AT JOSHCO.

Short-Term Action Plan (January – March 2026)

Activity	Role Player(s)	Target / Output	Timeframe
Tenant profiling	Housing Supervisors	Comprehensive tenant debt profiles	28 February 2026
Appointment of Retail Tenant Agency	Portfolio Manager	Signed SLA	28 February 2026
Appointment of debt factoring Company	COO	Signed SLA	28 February 2026
Fibre connection partnerships	COO	Signed MOUs	28 February 2026
Outdoor advertising partnerships	GM	Signed agreements	28 February 2026
Commercial evictions	Legal Manager, Security Manager, GM, COO	Recovered commercial units	28 February 2026
Residential debt privatisation (R0–R5m)	Revenue Manager	Debt assigned to private collectors	28 February 2026

Mid-Term Action Plan (April – June 2026)

Activity	Role Player(s)	Target / Output	Timeframe
Residential debt privatisation (>R5m – R100m)	BMC / Debt Collection Company	High-value debt recovery	28 February 2026
Debt collector performance monitoring	Revenue Manager & GM	Monthly recovery reports	April–June 2026
Commercial space audit	Retail Tenant Agency & Portfolio Manager	Audit report	31 May 2026
Commercial space renovation planning	Retail Tenant Agency	Approved renovation plan	By 30 June 2026

Long-Term Action Plan (July 2026 onwards)

Activity	Role Player(s)	Target / Output	Timeframe
Implementation of mid-term strategies	GM & COO	Sustained recovery performance	Ongoing
Monitoring and evaluation	GM, COO & Revenue Manager	Quarterly dashboards	Ongoing
Commercial re-letting post-renovation	Retail Tenant Agency	Increased revenue	By September 2026

2.3. EXPENDITURE

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

- a) **Personnel costs:** The employee cost is R12.1million (10%) over budget due to salary adjustments for PFA, overtime, and EPWP employees where extensions were granted while funding from the grant was not yet confirmed. 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 during the adjustment budget process and will be aligned as such in its conclusion like 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. The outcome of this will be known once the mid-term budget process is concluded during quarter 3 of the financial year.
- b) **Board Fees:** Board fees are -33% 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.
- c) **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 R25.6 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.
- d) **Depreciation and Amortisation:** Depreciation and amortisation is R2.2 million over budget due to the purchase of additional computer equipment and office equipment.
- e) **Finance costs:** Finance costs exceed the budget by R65.9 million due to interest incurred on negative Sweeping account arising from delays in receiving payment from projects undertaken on behalf of COJ departments. The sweeping balance is currently at about R2.0 billion.
- f) **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.

- g) **Repairs and Maintenance:** Repairs and maintenance expenditure is significantly below budget by R19.6 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.
- h) **Security:** Security services are R35.1 million above budget. The approved budget was only for security costs for head office. However, JOSHCO continues taking on 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.
- i) **Utilities:** The utilities expenditure is R90.9million 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) has issued credit notes for an amount of R5.5 million in this quarter this is because of transferred stock and JOSHCO was billed incorrectly after the transfer stock was approved.
- j) **Administrative costs:** The administrative costs are R1.4 million (6%) 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.
- k) **Taxation expense.** Taxation expense is above the budget and JOSHCO is currently in the dispute process with SARS and SARS is still assessing. The tax relates to the 2023/24 financial year.

SECTION 3: CASH FLOW STATEMENT

As of 31 December 2025, JOSHCO Cash and Cash equivalent is at R2.4 million, The majority of the cash balance is from tenant deposit amounting to R2.4million and the remaining balance is the interest earned.

SHRA Trust Account

The entity has a trust account where SHRA disbursements are received to ensure funds are ringfenced 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 AFS. The table below shows the movement in the trust account.

Description	31-Dec-25 (R'000)	30-Jun-25 (R'000)
Opening balance	25 747	45 411
Interest earned on bank balance	784	2 240
Amounts received from SHRA	-	27 851
Payments made to service providers	-	(49 755)
Closing balance	26 531	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 December 2025, JOSHCO's verified spend for the quarter under review is 81% against a cumulative target of 50%. This is reflected in Table 42 below. The detailed budget per project is shown in Table 43.

Table 42: CAPEX Spend

SOURCE	BUDGETS	CLAIMS	%
EFF -350	206 637 000.00	166 321 747.29	80%
TOTAL	206 637 000.00	166 321 747.29	81%

Table 43: CAPEX Spend per project

Project Name	WBS Element	Budget	Expenditur	Balance
EXISTING STOCK REDEVELOPMENT;UPGRADE AND	65-14008.350.0020	10 000 000.00	10 855 052.20	(855 052.20)
30042 - Kelvin	65-14013.350.0020	1 000 000.00	2 221 701.28	(1 221 701.28)
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	28 799 374.34	26 200 625.66
Selkirk Social Housing project New Housi	65-14022.350.0020	20 000 000.00	20 308 936.18	(308 936.18)
Golden highway Social Housing project Ne	65-15009.350.0010	10 000 000.00	10 965 117.09	(965 117.09)
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	8 406 499.70	29 593 500.30
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	68 352 652.80	(15 352 652.80)
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	166 321 747.29	40 315 252.71

SECTION 5: RATIO ANALYSIS

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

Table 44: Key Ratio Analysis as at 31 December 2025

Description	Q2	Target/ Norm	Notes (Implications)
Solvency Ratio	0.38:1	1:1	Variance of 0.62:1
Current ratio	0.37:1	1:1	Variance of 0.63:1
% Reduction of deficit	22%: increase in deficit	-10%	Variance:52% (10%: Q2 target-22%: Q2 increase in deficit)
Gearing	-164%	25%-50%	Ratio is negative due to entity having net liability position
Cost coverage ratio	-33 Months	1-3 months	Ratio is negative due to negative sweeping balance
Employee-related costs to total expenditure	31%	25%-40%	Ratio is within the norm
Total capex against budget	80%	50%	
30 Days payments Compliance	99%	100%	

5.1 MITIGATION ACTION

5.1.1. 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. The new student accommodation is expected to be launched in the 3rd quarter of the current financial year.
 - 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.

Strategies to reduce expenditure are as follows:

- Staff costs: Overtime management by line managers and management intervention in their departments to reduce leave balances by ensuring their subordinates takes mandatory leave. All employees are now on ESS where leave will be automatically forfeited if not taken. Controls around EPWP management to be strengthened through a revised standard operating procedure that will ensure the program is efficiently managed to avoid overspending.
- Utilities – Prepaid meters are being rolled out in projects budget permitting. A flat rate for water is being charged while the water meters are being sourced and installed. As at the end of the quarter, the entity has rolled out meters to 27 of our projects (25 properties with Inzalo & 2 properties with Syntel) and the rest are still under City Power.
- Security – Implementing of cost cutting measures are in place. i.e. lower grade guards and reduction in number of guards where possible.
- Overall, there is a drive to interrogate all major expenditure to ensure optimisation and financial discipline and cost containment measures are being implemented.

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 Department of Human Settlements to effectively hand over City referral stock and also 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 reducing the pressure on the budget.

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

5.1.2 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 establishing 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 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 are 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 settle their debts in full or to reduce the overdue amount, part of the Terms and Conditions for qualifying tenants is to sign 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.
- The Leasing Department in collaboration with Revenue Department will be embarking on the occupancy audit-revenue drive campaign called 'Take back our project drive' with the aim to regularise and renew invalid lease agreements. This will maximise revenue collection by introducing debit-check payment method as a condition to be legalised as a JOSHCO tenant. This campaign has commenced from the 20th of January 2025, The revenue collection has improved after the implementation of debit check as this cannot be reversed by the tenants.
- 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.
- The 2nd student accommodation project had been completed and currently awaiting Occupation Certificate – this is a market of guaranteed income with very little issues as students are more focused on their studies, and we do not get as many problems that we get with our normal tenants.

SECTION 6: SUPPLY CHAIN MANAGEMENT AND BBB-EE

6.1 DEVIATIONS ON SCM

There were no approved deviations for the quarter under review.

6.2 PAYMENTS WITHIN 30 DAYS

The MFMA requires that Municipal entities pay suppliers within 30 days. In the current quarter ended 31 December 2025. 100% (previous quarter Q1, the 30-day compliance was at 76 %) 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.

Table 45: Payments within 30 days for Quarter 2

2025-2026- Q2 JOSHCO Payments monitoring report					
Summary of payments					
Month	Total number of valid supplier invoices paid within 30 days	Total number of invoice received in the period	Total number of invoice received in the period not due	Total valid invoice received that are due	% Paid within 30 days
September +October	93	195	102	93	100
November	156	311	155	156	100
December	192	204	12	192	100
	441	710	269	441	100%

6.3 REPORT ON IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

The tables 46 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	928 231	573 721
Irregular Expenditure by Quarter		
Quarter 1:		
Quarter 2:		
Quarter 3:	0.00	661
Quarter 4:		798 567
Irregular Expenditure written off		(444 718)
Closing Balance (Unaudited)	928 231	928 231

There is potential irregular expenditure on the year-to-date overspend of the budget of over R98 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	758	743
Expenditure relating to the current year	350	322
Expenditure written off	-	(307)
Closing Balance (Unaudited)	1 108	758

Fruitless and wasteful expenditure incurred relates to Unauthorised debit orders amounting to R3 298. The entity files objections with the bank monthly and these are reversed once successful. The fruitless and wasteful expenditure identified in the current year relate to taxation expenditure and associated penalties and interest charged.

6.4 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 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.

6.5 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 awarding of specific goods and services.

Awards for the 2 Quarter

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

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/ICTINFR A/001/2025	THE APPOINTMENT OF A SUITABLE SERVICE PROVIDER FOR THE PROCUREMENT OF INFRASTRUCTURE, WITH MAINTENANCE AND SUPPORT FOR A PERIOD NOT EXCEEDING 36 MONTHS	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
RFQ/ICTNET/ 001/2025	THE APPOINTMENT OF A SUITABLE SERVICE PROVIDER FOR THE UPGRADE, MAINTENANCE, AND SUPPORT OF H3C	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

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
	NETWORK INFRASTRUCTURE FOR A PERIOD NOT EXCEEDING 36 MONTHS									
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
RFQ/SEWER/001/2025	APPOINTMENT OF A CONTRACTOR FOR THE COMPLETION OF THE SEWER LINE TO ACCOMMODATE ERF 2105 SOCIAL HOUSING DEVELOPMENT IN ROODEPOORT ALONG	HOUSING MANAGEMENT (SPECIAL PROJECT)	JOSHCO approved panel of Contractors	08 DECEMBER 2025	MALENYATHI ENTERPRISES	FEMALE	WINNING BIDDER	R2 892 480.00	R2 781 062.14	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
	EXNER STREET & STOKOE STREET									
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,	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/ FEMALE/ YOUTH	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBEE LEVEL
	AND WASTE MANAGEMENT INFRASTRUCTURE COMPLETION TO ROODEPOORT TSHEDZANI 3 DEVELOPMENT FOR SOCIAL HOUSING REVISED SUSTAINABILITY GUIDELINES									

6.6 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 done on behalf of other CoJ departments.

Table 48: Expenditure by sourcing process (Nature)

a) Total Expenditure		
Nature of expenditure	Quarter 2 R'000	% of total expenditure
Capital Expenditure	129 898	75
Operational Expenditure	42 695	25
Total Expenditure	172 593	100

b) Capital Expenditure		
nature of expenditure	Quarter 2 R'000	% Of Capex expenditure
Professional Consultants	22 267	17
Contractor Payments	107 631	83
Total Expenditure	129 898	100

c) Operational Expenditure		
nature of expenditure	Quarter 2 R'000	% Spend
Procurement <R750 000	1 365	3
Cleaning and Gardening	0	0
Directors Remuneration-Board and Comm	355	1
Operational Expenditure	18 373	43
Security Services	22 602	53
Repairs and Maintenance	0	0
Total	42 695	100

6.7 ACHIEVEMENT ON B-BBEE

JOSHCO promotes economic empowerment by spending on previously disadvantaged group as detailed in Tables 49 to 51.

Table 49: 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 2	42 695	38 992	91 %
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Period	Total CAPEX from procurement activities	CAPEX to at least 51% black-owned companies	% Spend for the period
	R'000	R'000	
Quarter 2	129 898	58 289	45%

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 2	42 695	2 599	6%

Period	Total CAPEX from procurement activities	CAPEX to women-owned companies	% Spend for the period
	R'000	R'000	
Quarter 2	129 898	1 243	1%

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 2	42 695	0	0%

Period	Total CAPEX from procurement activities	CAPEX to youth-owned companies	% Spend for the period
	R'000	R'000	
Quarter 2	129 898	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.

Table 52: 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. Applications for demolitions in respect of the Dobsonville Social Housing Project.	Progress: There were two remaining structures that had to be demolished. One of the two structures was demolished on 24 January 2024. The demolition was concluded during the first quarter of 2025/2026 financial year.	30/06/2020	Expenditure to date: R 785 932,29 spent on legal fees. Projected expenditure up to 30 June 2024: R0
2. Various evictions and recovery of outstanding rental.	Progress: There are four remaining court orders to be executed. Sheriff provided evictions dates to execute the evictions. Executions are to be executed at the end of this quarter (Q1 2025/2026 FY).	2019	Expenditure to date: R 5 571 322,48 spent on legal fees. Projected expenditure up to 30 June 2024: R30 000
3. 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, JOSHCO will have an opportunity to respond to the	12/09/2022	Expenditure to date: R382 653,90 Projected expenditure up to 30 June 2024: R70 000

	new argument. Importantly the Court has not granted any interdict or order to restrict JOSHCO from following lawful process to evict any defaulting residents. JOSHCO is to proceed with the eviction processes		
4. 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.	12/03/2023	Expenditure to date: R 419 310.90 Projected expenditure up to 30 June 2024: R0
5. 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) Projected expenditure up to 30 June 2024: R0.
6. 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 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.	26/03/2024	Cost incurred to date: R211 598,70 Projected expenditure for the duration of the matter: R150 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

<p>1. JEH Properties //JOSHCO Cancellation of Property Sale Agreement in respect of 195 Commissioner Street</p>	<p>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.</p> <p>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.</p> <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>22/05/2015</p>	<p>Expenditure to date: R38 775.00 spent on legal fees.</p> <p>Costs/claim to be recovered: R 6 500 000 purchase price plus R 487 260.80 transfer costs.</p> <p>Projected fees up to 30 June 2024: R5 000.00</p>
<p>1. 2.SKN Consulting // JOSHCO 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</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>

	the 15-day period for the respondent to file their answering papers.		Projected fees for review application: R249 590.25
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SECTION 8: STATEMENT ON AMOUNTS OWED BY AND TO GOVERNMENT DEPARTMENTS AND PUBLIC ENTITIES

The amount which JOSHCO owes other departments or entities or that which other departments or government entity owe JOSHCO is shown in Table 53 below.

Table 53: Statement of amounts owed by or to government departments and public entities

Name of department	31-Dec-25	30-Jun-25	Account Status	Comments
City of Johannesburg: Sweeping account	-1 996 234 378.19	-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	-288 191 521.67	-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	-569 379 810.32	-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	-323 450 561.27	-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	937 950 338.39	802 800 301.73	180 days overdue	DHS has paid JOSHCO an amount of R2.8 million in this quarter. Follow up letters and regular engagements with the Head of Department, JOSHCO had a meeting with DHS on the 18th of December 2025 they have committed to provide an update report by the 26th December on how they reduce the existing debt.
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	241 678 091.60	157 884 081.61	180 days overdue	The entity has been engaging with CAM regarding the outstanding balance, JOSHCO received an amount of R99.3 million in this quarter.
City of Johannesburg: Health Department	6 541 968.34	6 541 968.34	180 days overdue	The entity is engaging with departments regularly to settle the outstanding debts. .
City of Johannesburg: Development planning GEF Project	4 065 148.55	4 065 148.55	180 days overdue	The entity has been engaging with the Department to clear the outstanding debt of R4m, The Department has requested JOSHCO to resubmit all the invoices worth R4m so that they can process the payment.
City of Johannesburg: JDA	96 800.00	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
City of Johannesburg: JPC	7 411 805.26	3 347 239.93	90 days overdue	The entity has paid JOSHCO an amount of R 3.9million in this quarter and further engagement to settle the debts are ongoing.
City of Johannesburg: Community Development	108 546 659.88	108 619 004.10	180 days overdue	The entity has paid JOSHCO an amount of R 2.8million in this quarter and further engagement to settle the debts are ongoing.
City of Johannesburg: Legislature	46 823 417.73	46 823 417.73	180 days overdue	The entity is engaging with departments regularly to settle the outstanding debts. .
City of Johannesburg: JMPD	47 996 920.75	50 987 193.98	180 days overdue	Public Safety has made a payment of R5.2m in this quarter, further engagement is ongoing with the Department to settle the debt.
City of Johannesburg: EMS	31 063 629.24	31 063 629.24	180 days overdue	The entity is engaging with the Department on a monthly basis to settle the debt
City of Johannesburg: Office of the COO	14 853 943.35	25 128 765.83	180 days overdue	
City of Johannesburg: DED	834 707.38	834 707.38	90 days overdue	
City of Johannesburg: Transport	12 081 928.61	23 903 012.83	120 days overdue	
City of Johannesburg - EPWP Grant	23.97	4 128 723.49	180 days overdue	Economic Development has made the payment to JOSHCO of R4m in this quarter the balance is R921k
City of Johannesburg- Financial Accounting	35 005 317.48	32 614 629.24	current	This is the current month billing to Group Accounting for Operational Subsidy
City of Johannesburg: Licencing	2 172 105.36	2 172 105.36	180 days overdue	The entity is engaging with the Department on a monthly basis to settle the deb
TOTAL	-1 674 175 296.17	-1 457 235 151.95		

CHAPTER 6

INTERNAL AUDIT

SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

For the second quarter of the 2025/2026 financial year, Internal Audit completed all audits planned for the quarter, except for the Housing Maintenance and Portfolio Management Audit, which was deferred to Quarter 3.

The audit was not executed during the quarter as management indicated that the area under review was not audit-ready. At the time of the planned commencement, key internal controls had not been adequately designed and implemented. Furthermore, critical policies, procedures, and control activities were still in the process of being developed.

In the absence of a stable and operating control environment, Internal Audit determined that conducting an assurance engagement at this stage would not provide meaningful or reliable assurance. Accordingly, the audit has been rescheduled to Quarter 3 of the 2025/2026 financial year, subject to confirmation that the control environment has been sufficiently established and implemented.

The resources initially allocated to this audit were temporarily redeployed to support the Finance Unit during the Auditor-General of South Africa (AGSA) review and to perform more detailed follow-up work on outstanding audit matters.

Refer to **Table 56** for the detailed Internal Audit Plan. The following audits were completed in the second quarter:

- IT Application Control*
- Vulnerability Assessment and Penetration Testing*
- Performance of Information Q1 Review
- Tender Probity Review x1
- Follow – up on Internal Audit Findings
- Quality Assurance Improvement Program (QAIP) Review – External Assessment

Table 56 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		Not Started
4	Revenue Management Audit				X	Not Started
5	Tender Probity Review	X	X	X	X	Completed

No	Name of Audit	Quarter				Progress
		1	2	3	4	
COO OFFICE						
6	Housing Maintenance and Portfolio Management Audit		X			Not Completed
7	IT Application Control*		X			Completed
8	Vulnerability Assessment and Penetration Testing*		X			Completed
9	Housing Development Audit	X				Completed
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		Not Started
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	Not Started
Investigations						
16	UIFW Investigations Expenditure			X	X	Not Started

SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

Table 57 below indicates the resolution of Internal Audit findings for quarter 2:

Departments	Total Findings	Total resolved as per Management	Total findings resolved	Total findings not resolved
Finance and SCM	26	26	24	2
Chief Operating Office (COO)	9	9	7	2
Planning & Strategy	7	7	7	0
Legal	4	4	0	4
Total	46	46	38	8
%	100%	100%	83%	17%

SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS

Table 58 below indicates the resolution of External Audit findings for quarter 2 (2024/25FY):

AG Classification	Total Findings	Resolved	Not Resolved
Matters affecting auditor's report	4	0	4
Matters that should be addressed to prevent material misstatements in the financial statements or material findings.	6	0	6
Admin Matters	7	0	7
Total	17	0	17
%	100%	0%	100%

NB: The AGSA findings are not due for reporting on the scorecard for the second quarter.

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

During the second quarter of the 2025/2026 financial year, Internal Audit completed four (4) audits, one (1) probity review, two (2) follow-up reviews, and the External Quality Assurance Improvement Program (QAIP).

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.