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QUARTER FOUR
April 2026 - June 2026
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:

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Auditors	:	Auditor-General of South Africa

Approval

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ABBREVIATIONS

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

ACRONYM	MEANING	ACRONYM	MEANING
MOE	Municipal Owned Entity	Mol	Memorandum of Incorporation
MSA	Municipal Systems Act	MTC	Metropolitan Trading Company
MVA	Motor Vehicle Accident	NAT	Network Address Translation
NSFAS	National Student Financial Aid Scheme	OC	Occupation Certificate
OHS	Occupational Health and Safety	OPEX	Operating Expenditure
PMU	Project Management Unit	POPIA	Protection of Personal Information Act
PWD	People with Disability	SALGBC	South African Local Bargaining Council
SCM	Supply Chain Management	SD	Skills Development
SDA	Service Delivery Agreement	SEHRC	Social Ethics & Human Resource Committee
SHRA	Social Housing Regulatory Authority	SLA	Service Level Agreement
SLS	Service Level Standard	SMME	Small, Medium and Micro Enterprise
SOP	Standard Operating Procedure	TBC	To Be Confirmed
TOD	Transit Oriented Development	TP	Third Party
UIFW	Unauthorized, Irregular, Fruitless and Wasteful	UPS	Uninterruptible Power Supply
WIP	Work in Progress		

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CHAPTER 1

LEADERSHIP AND CORPORATE PROFILE

SECTION 1: CHAIRPERSON'S FOREWORD

It is my honour to present the Johannesburg Social Housing Company (JOSHCO) Annual Performance Report for the 2025/26 financial year. This report reflects the organisation's performance in delivering on its mandate to develop, manage and maintain quality, sustainable and affordable rental housing for the residents of the City of Johannesburg.

The 2025/26 financial year was characterised by significant financial and operational challenges that affected the organisation's ability to achieve its strategic objectives. Against an annual performance target of 100%, JOSHCO achieved 33% of its Key Performance Indicators (KPIs). The Board acknowledges that this level of performance is below expectation and underscores the need for stronger execution, improved operational efficiency and enhanced accountability across the organisation. The underperformance was primarily driven by financial constraints, procurement delays, project implementation challenges and capacity limitations.

Despite these challenges, JOSHCO recorded several notable achievements during the financial year. The organisation successfully delivered 500 social housing units, comprising 384 units at Riverside View Social Housing Phase 4 and 116 units at the Nancefield Social Housing Project, thereby contributing to the City of Johannesburg's objective of expanding access to quality affordable housing. JOSHCO also maintained a residential occupancy rate of approximately 98%, reflecting the continued demand for its housing portfolio and the organisation's commitment to providing affordable accommodation to qualifying residents.

The Board continued to place strong emphasis on good governance, ethical leadership and effective oversight. During the year, the organisation achieved an overall legislative compliance level of 99.7%, narrowly below the annual target of 100%. In addition, 87.5% of planned strategic risk mitigation actions were implemented, 69% of Internal Audit findings were resolved, and 88% of Auditor-General findings were addressed against annual targets of 100%. While these results demonstrate continued progress in strengthening governance, risk management and assurance processes, they also highlight the importance of fully implementing outstanding corrective actions to improve organisational performance and strengthen the internal control environment.

The Board remains concerned about the organisation's financial sustainability. Although the annual deficit improved from R561.5 million in the previous financial year to R447.6 million, the organisation continued to experience revenue collection challenges, increasing operating costs and liquidity pressures. Revenue collection improved to 72%, but remained well below the organisational target of 95%, while operating expenditure continued to exceed budget. Addressing these challenges remains a

strategic priority for the Board and management as we work towards restoring the financial sustainability of the organisation.

The Board acknowledges the commitment and resilience demonstrated by management and employees throughout a demanding financial year. We are encouraged by the corrective interventions that have been implemented to strengthen financial management, improve revenue collection, enhance operational efficiency and reinforce organisational accountability. The Board will continue to exercise diligent oversight to ensure that these initiatives translate into improved organisational performance during the 2026/27 financial year.

On behalf of the Board of Directors, I extend my sincere appreciation to the Executive Management Team, employees, the Shareholder, the Social Housing Regulatory Authority, our tenants and all stakeholders for their continued support and commitment throughout the year. Together, we remain committed to strengthening JOSHCO's governance, improving financial sustainability and delivering quality, affordable housing that contributes to building inclusive and sustainable communities across the City of Johannesburg

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

SECTION 2: CHIEF EXECUTIVE OFFICER'S REPORT

I am pleased to present the Fourth Quarter Performance Report of the Johannesburg Social Housing Company (JOSHCO) for the 2025/26 financial year. This report provides a consolidated assessment of the organisation's performance over the financial year and reflects our continued commitment to delivering on our mandate of developing, managing and maintaining sustainable, affordable rental housing on behalf of the City of Johannesburg.

The 2025/26 financial year presented significant operational and financial challenges. Despite these constraints, JOSHCO achieved important milestones, including the successful delivery of 500 social housing units, sustained residential occupancy levels, and continued progress in strengthening governance, enterprise risk management and regulatory compliance. Overall, the organisation achieved 33% of its annual Key Performance Indicators (KPIs). This performance was primarily affected by financial constraints, procurement delays, project implementation challenges and capacity limitations, which impacted the achievement of several strategic objectives. Management has identified these challenges and implemented corrective interventions to improve organisational performance during the 2026/27 financial year.

Operational Highlights

JOSHCO continued to expand access to affordable rental housing through the successful delivery of 500 social housing units, comprising 384 units at Riverside View Social Housing Phase 4 and 116 units at the Nancefield Social Housing Project. These developments contribute directly to the City of Johannesburg's human settlements objectives by increasing the availability of quality, affordable accommodation for qualifying residents.

The organisation concluded the financial year with a residential occupancy rate of 98%, meeting the approved target and demonstrating sustained demand for JOSHCO's housing portfolio. Housing Management continued to enhance service delivery through strengthened tenant engagement, improved lease administration and enhanced maintenance interventions. Although repairs and maintenance performance remained below the approved service standard, measurable improvements were achieved during the fourth quarter through revised operating procedures, improved contractor management and strengthened operational oversight. These initiatives provide a sound foundation for continued improvement during the 2026/27 financial year.

JOSHCO also advanced several strategic housing developments, including Booyens Place, Devland Phase 3, Randburg/Selkirk and Lufhereng Phase 2. While progress on some projects was affected by funding constraints, statutory approval processes, contractor performance and community-related

disruptions, management remains committed to strengthening project governance and improving capital project delivery.

Financial Performance

The financial results for the year ended 30 June 2026 reflect the continued financial pressures facing the organisation. JOSHCO recorded a deficit of **R447.6 million**, representing an improvement from the **R561.5 million** deficit reported in the previous financial year. While this demonstrates encouraging progress, the organisation's financial position remains under pressure due to below-budget revenue performance, increasing operating costs and ongoing liquidity constraints.

Revenue remained below budget primarily because of lower-than-anticipated rental income and delays in recovering management fees relating to special projects undertaken on behalf of the City of Johannesburg. Rental income remained the organisation's primary revenue source, contributing 41% of total revenue, while operational subsidies accounted for 39%.

Revenue collection improved to 72% by year-end, compared with 69% in the previous quarter, reflecting the positive impact of strengthened debt collection initiatives and enhanced tenant engagement. Although this represents encouraging progress, performance remained below the organisational target of 95%, making revenue enhancement a strategic priority for the coming financial year.

Operating expenditure continued to exceed budget, driven primarily by finance costs, bad debt impairment, utilities, security services and employee-related costs. Consequently, the organisation concluded the financial year with net liabilities of approximately **R2.48 billion**, reinforcing the need for continued financial discipline, prudent expenditure management and sustainable revenue enhancement initiatives.

Despite these financial challenges, JOSHCO achieved **84% compliance** with the payment of valid supplier invoices within 30 days, demonstrating the organisation's commitment to sound financial governance and responsible supplier management. Management has also implemented strengthened financial controls, cost-containment measures, enhanced revenue collection strategies and improved stakeholder engagement to support long-term financial sustainability.

Governance, Risk Management and Assurance

JOSHCO continued to strengthen governance, enterprise risk management and assurance practices throughout the financial year to support organisational performance, accountability and informed decision-making.

The organisation achieved an overall legislative compliance level of **99.7%**, with only a 0.3% variance remaining to achieve full compliance. This demonstrates JOSHCO's continued commitment to sound governance and regulatory compliance. During the year, management implemented **87.5%** of planned strategic risk mitigation actions, reflecting good progress in addressing the organisation's principal strategic risks.

Internal Audit continued to provide independent assurance over the effectiveness of governance, risk management and internal controls. During the financial year, management resolved **68 of 99 internal audit findings (69%)**, while **15 of 17 Auditor-General findings (88%)** were successfully addressed. Although Internal Audit concluded that the organisation's internal control framework is generally adequate in design, further improvements are required to strengthen operational effectiveness. Management remains committed to implementing all outstanding audit recommendations and continuously strengthening the organisation's control environment.

Future Outlook

As JOSHCO enters the 2026/27 financial year, management remains focused on strengthening financial sustainability, improving operational efficiency and delivering quality social housing that responds to the growing needs of the residents of the City of Johannesburg.

Priority will be placed on improving rental collections, strengthening debt recovery processes, formalising lease agreements, maximising the utilisation of commercial spaces and improving cash flow. Management will continue engaging with the City of Johannesburg to resolve outstanding accounts relating to special projects and secure sustainable funding to support future operations.

The organisation will continue implementing cost-containment measures and operational efficiencies through stronger financial controls, prudent expenditure management, optimisation of security costs, improved payroll management and the accelerated rollout of smart prepaid utility metering to improve utility cost recovery and reduce operating expenditure.

JOSHCO remains committed to expanding its housing portfolio through the delivery of new social housing developments, maintaining and renewing existing housing stock, and implementing strategic capital projects. Building on the successful delivery of 500 social housing units during the 2025/26 financial year, the organisation will continue increasing the supply of quality, well-managed affordable housing across the City of Johannesburg.

Management will also continue strengthening governance, enterprise risk management, audit readiness and stakeholder collaboration to enhance organisational performance, improve accountability and support the long-term sustainability of the organisation

Conclusion

The 2025/26 financial year demonstrated JOSHCO's resilience and commitment to fulfilling its developmental mandate despite a challenging financial and operating environment. The successful delivery of 500 social housing units, achievement of the targeted occupancy rate, continued progress in governance, compliance and enterprise risk management, and improvements in revenue collection reflect the organisation's unwavering commitment to creating sustainable communities and delivering quality affordable housing.

While financial sustainability, revenue collection, infrastructure renewal and strengthening internal controls remain key priorities, management has implemented targeted interventions to address these challenges and position the organisation for improved performance during the 2026/27 financial year.

On behalf of the Executive Management Team, I extend my sincere appreciation to the Board of Directors, the Shareholder, the Social Housing Regulatory Authority, our employees, tenants and all stakeholders for their continued support and commitment throughout the year. Together, we remain committed to strengthening organisational performance, restoring financial sustainability and delivering lasting value to the residents of the City of Johannesburg.

Mr. Katlego Ditshego

Acting Chief Executive Officer

Johannesburg Social Housing Company (JOSHCO)

SECTION 3: CHIEF FINANCIAL OFFICER'S REPORT

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

Overall performance

The entity continues to operate under the challenging environment characterised by below budget revenue performance (-11%) and high operating costs (+94%). This resulted in the entity closing the quarter with a deficit of R447.6 million (Prior year R561.5 million).

The areas of poor performance on revenue relate to rental income and management fees charged on the implementation of special projects.

The overall collection of tenant debtors is below target at 72% (Prior year 70%) vs the target of 95%. The collection above excludes amounts owing by departments and entities (the City's department and entities) for the implementation of the special projects. See details in chapter 5 of this report for details.

The below target collection is not only impacting the debt impairment expenditure (ultimately the profitability of the entity) but also indirectly contributing to the growth in the overdraft balance and finance costs incurred on the overdraft balance (details contained in chapter 5 of this report).

On the expenditure, the main contributors remain similar to the previous year and consistent with what has been reported throughout the current financial year, and these include finance costs, bad debt impairment, utilities, securities, and employee costs.

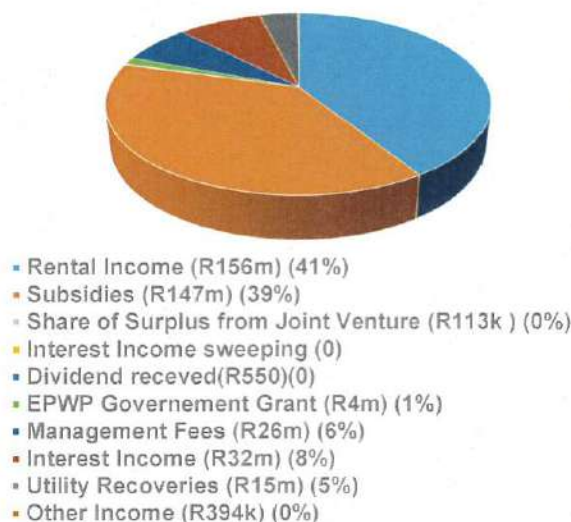
Owing to the above, the entity is closing the year with a deficit of R447.6 million (prior year R561.5million) and net liability of R2.48 billion (R2.03 billion in the prior year).

Revenue Performance

The significant contributors to revenue earned in the current financial year is rental income contributing 41% (prior year R44%) and operational subsidy of 39% (prior year R37%) on the total revenue.

Below is the detailed breakdown of the total revenue earned by the entity as of 30 June 2026:

Revenue Composition



Total revenue is below the budget by R45.2 million (-11%) (prior year R9.6 million) (-2.41%) due to the following reasons:

Highs:

- On the positive, some revenue line items performed above budget, especially the recoveries on utilities above budget by R10.7 million and R5.1 million relating to interest income.
- Utility is recovered on the properties with installed prepaid meters, and interest income relates to charges on late payment of accounts by tenants and for the funds held in the trust account.

Lows:

- Rental income performed below budget by R15.2 million (-9%). This is mainly due to two properties (City Deep and Orlando Ekhaya, formerly CoJ hostels), which account for a variance of R6.7 million. These properties were transferred to the Department of Human Settlements (City of Johannesburg) but still have an element of Social Housing Tenants. This was not adjusted for during the mid-term budget.
- In addition, commercial space accounts for a variance of R2.2 million. Commercial space has vacancies due to construction as well as spaces that are not marketable due to safety for trading. Rental income from these properties was included in the Council-approved budget for the

2025/2026 MTREF and Adjustment Budget. Council rejected the downward adjustment of revenue on these properties.

- Management fees are below budget by R44.07 million (63%) due to the following:
 - Inability to secure budget by Human Settlement during the mid-term budget cycle; and
 - Suspension of some work especially Human settlement due to nonpayment of historic debts and expired service level agreements (SLA).

Revenue Collection

JOSHCO manages 26 buildings, split evenly between SHRA-funded and JOSHCO projects for residential rental. Nine (9) of these facilities are also used for commercial tenants with capacity of fifty-two (52) retail spaces. Of the 52 retail spaces, 32 (62%) are occupied and 20 (38%) are vacant. While the overall occupancy is approximately 99%, the collection rate for the fourth quarter is 72% (prior year 70%) against the target of 95% (prior year 80%).

The 72 % collection is further broken down into SHRA projects at 69%, JOSHCO projects at 77%, and retail spaces realized 107%.

Whereas the collection at the end of 3rd quarter was at 69%, there was an increase in the 4th quarter (April to June 2026) due to the following interventions:

- Reinstated tenant cancellations of debit mandates partially resolved bank disputes, and breach of contracts notices served to the defaulters.
- Attendance to long outstanding maintenance issues at various facilities based on maintenance priority levels and direct after-hours consultations with some of those tenants who previously withheld payments and threatened to cancel existing arrangements.

Despite the interventions above the Entity is still faced with the following challenges amongst others:

- Socio – economic challenges that leads to increased non-payment. (*3 months' notice*), remain a challenge for the entity.
- Under-resourced revenue staff face workload pressures, still affecting efficiency.

The interventions above will be continued into the new financial year with added initiatives:

- Mass eviction processes through court and tribunal actions, with a dedicated standing committee.
- Enforcement of full recovery of utility costs through prepaid meters and prepaid water charges in partnership with Joburg Water & City Power.
- Improve credit evaluation (including affordability assessments), introduce non-reversible debit-check payments, and expand on-site payment platforms like POS devices.
- Launch occupancy audits and lease renewal campaigns to formalize tenants and maximize revenue.
- Fill vacant commercial spaces and optimize outdoor advertising opportunities.
- Referral of overdue accounts to COJ to assist with recoveries including debt factoring where practical.

The table below is a summary of the rental billing and collection levels per category and summarizes the results above:

Revenue % collection for 2026/2025 and 2025/2024 comparative (Q4)

CATERGORY	2025/26	2024/25
	% COLLECTION	% COLLECTION
SHRA Projects (13)	69%	72%
JOSHCO Projects (13)	78%	88%
City Referral Stock	-	35%
Retail Space (9 buildings)	94%	99%
OVERALL COLLECTION	72%	70%

Expenditure Performance

The entity has overspent its operational budget driven by high operating costs and growing finance costs incurred on the overdraft/negative sweeping balance.

The overspending is still concentrated on the following 8 out of 10 major line items:

- Payroll;
- Debt impairment provision;
- Finance costs;
- Securities,
- Depreciation and amortization;
- Bad debts write off;
- Securities; and

- Administration costs.

There are noted budget savings on both repairs and maintenance and board fees.

The savings on repairs and maintenance are a result of the strengthened financial discipline on the maintenance works following compared to the reported overspending in the previous financial years.

The total expenditure as of 30 June 2026 is R830.2 million, representing 94%, overspending against the year-to-date budget of R427.8 million.

Below is the breakdown of the total expenditure compared to the previous financial year:

Highs:

- There is a reported savings on repairs and maintenance budget owing to enhanced financial discipline, which includes locking of budget to the respective property portfolios and issuance of orders using the financial reporting system, which assists in monitoring and management of the budget. It is to be noted that the introduction of additional controls on repairs and maintenance has delayed the rollout of maintenance in some of the properties, as the validation process takes longer than before. The reported savings are R38.9 million (61%) compared to the prior year's overspending of R51 million (71% overspending in the previous year).

Lows (Major expenditures):

- The spending on payroll expenditure is above budget due to acting allowance and overtime incurred by the entity. The overspending in the current year is R7.6 million (3%) compared to R15.5 million in the previous year (7%). Despite the overspending in the current year, there are some improvements compared to the previous financial year due to better management of overtime and freezing of some positions.
- The bad debt impairment expenditure is above budget due to non-payment by the tenants, also negatively affecting the growth in the overdraft/negative sweeping balance. The negative sweeping balance has also caused an increase in finance costs. A similar challenge was experienced in the previous financial year. Measures to improve collections for both tenants and special projects are explained elsewhere in the document, including chapter 5 of this report. While there is a slight improvement in collection from the previous financial year, the collection levels are extensively low compared to the target. The collection rate is 72% (prior year 70%) compared to 95% (prior year 80%) target. The overspending is R67 million (246%) compared to R49 million (249%) in the previous year.
- Finance costs are above budget due to growing sweeping balance/overdraft (caused by poor collections for both tenants and special projects debtors). Various initiatives were employed to

manage the exposure, and these are explained elsewhere in the report including chapter 5 of this report. Overspending in the current year is R122 million (11 633%) compared to R125 million (12 451%) in the previous year.

- Security of City-owned property is a mandate of another JMPD, and therefore, the security JOSHCO incurs to keep tenants and construction sites secured and safe is not budgeted for. Apart from the day-to-day deployment of the private security onsite, the entity at times responds to evictions and deploys tactical security as and when required and this also affects the expenditure which is underfunded. Overspending is R65.5million (593%) compared to R78 million in the previous year (366%).
- Utilities - consistent with the previous year, the entity continues to overspend on utilities expenses and majority of the costs are not recovered from the tenants as there are no prepaid meters installed on some of the units. Overspending is R156.8 million (727%) compared to R112 million (347%) in the previous year.
- The administrative costs is above budget by R12.4million (26%) and prior year R16.6.million (39%) and mainly driven by legal fees on evictions, disciplinary and litigations.

Profitability

Revenue and expenditure are recorded on the accrual basis of accounting. The financial performance for the period ending 30 June 2026 resulted in a deficit of R447.6 million (Prior year R561.5 million) against the budget of R427.8 million.

The deficit is due to the entity not being able to generate sufficient income to cover its high expenditure base, as explained above, and several variable expense line items being over budget. The reasons and mitigations are addressed in Chapter 5 of Q4's report.

Below is the summary of the financial performance as at the end of 4th quarter:

	Actual prior year 30 June 2025 R'000	YTD Actual R'000- 30 June 2026	YTD Budget R'000	Variance R'000	% of actual against budget
Revenue	431 994	382 616	(427 856)	(45 240)	11%
Operating costs (before interest)	(867 431)	(706 918)	(426 792)	(280 126)	66%
Interest expense	(126 142)	(123 316)	(1 051)	(122 265)	11633%
Total operating costs	(993 573)	(830 234)	(427 856)	(402 378)	94%
(Deficit)	(561 579)	(447 618)			

Cash Flow Management

Cash and Cash equivalents have decreased by R20.2 million from R22.6 million (30 June 2025) to R2.6 million (30 June 2026).

SHRA Trust Account

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

Description	30 June 26 (R'000)	30-Jun-25 (R'000)
Opening balance	25 747	45 411
Interest earned on the bank balance	1 560	2 240
Amounts received from SHRA	142 388	27 851
Payments made to service providers	(135 305)	(49 755)
Closing balance	34 390	25 747

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

Financial Health (including ratios):		
Key Performance Area	Actual 30 June 2026	Actual 30 June 2025
Current Ratio	0.32:1	0.37:1
Solvency Ratio	0.33:1	0.38:1
Salaries to expenditure ratio	31%	24%
Revenue	R382.61 million	R431.99 million
Expenditure	(R830.23 million)	(R991.93 million)
(Deficit)	(R447.61 million)	(R561.5 million)
Total net liabilities	(R2.48 billion)	(R2.03 billion)
Capital Expenditure	106%	100%

The poor financial health above is a result of stagnation in revenue, high operating and finance costs and poor collections on tenants and special projects debtors that spans over a period of over 9 years.

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 30 June 2026, JOSHCO's verified spending as at the end of quarter four is 106%(excluding SHRA funded projects) against a cumulative target of 100%. This is reflected in Table 42 below.

The detailed budget per project is shown in Table 43. (In Rands)

The capex budget is at 106% actual R218,8 million against the annual budget R206.6 million.

SOURCE	BUDGETS	CLAIMS	%
EFF -350	206 637 000.00	218 819 307.46	106%
TOTAL	206 637 000.00	218 819 307.46	106%

The source of funding for Capital projects is both COJ and SHRA and the R206.6 million referred to above only relates to COJ's source of funding. Refer to other sections of this report for the detailed breakdown.

SOURCE	BUDGETS	CLAIMS	%
SHRA FUNDING	97 474 503,36	97 474 503,36	100%
TOTAL	97 474 503,36	97 474 503,36	100%

JOSHCO claimed R97million from SHRA funding for construction at Riverside Projects.

Payment of invoices paid within 30 days

In **Quarter 4**, 97% (1284 number of invoices) (Prior year 37% (832 number of invoices) were settled within 30 days. JOSHCO monitored the compliance of paying suppliers as per the MFMA regulation and audit trail of exceptions is maintained.

Audit preparations and status of resolution of findings

- The entity is aiming for an improvement on the audit outcome and through the clean audit steering committee, majority of the audit outcomes were closed with the exception of budget overspending and tenants' audit.

- There were also 2 sets of interim financial statements prepared and reviewed by the Internal audit department as part of the audit readiness; the latest interim covered 9 months period ending March 2026.
- Whereas some issues were noted, these will be addressed during the preparations and review of year end annual financial statements.
- The City has approved of 4 vacancies in finance including the new specialist's positions in SCM and Financial Reporting. The positions will be filled by August 2026.
- The new GRAP 104 will be implemented through centrally by COJ and be results will be shared with the entity for inclusion in the financial reports including the annual financial statements, these results will only be available in August 2026.
- The SAGE upgrade is yet to be implemented despite the previous commitments by the COJ to "go live" on the 1st of July 2026. Escalations through the office of the Accounting Officer is in progress to fast-track the upgrade.

In conclusion

I extend my gratitude to the MMC for his political leadership, the Board of Directors, the audit committee, the Executive team, and the esteemed staff complement of the entity for their guidance and support. Looking forward to wrapping up the year end, preparations of credible sets of annual financial statements and improved audit outcomes.

Mr Floyd Rikhotso

Chief Financial Officer

SECTION 4: CORPORATE PROFILE AND OVERVIEW OF THE ENTITY

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

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

SECTION 5: STRATEGIC OBJECTIVES

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

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

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

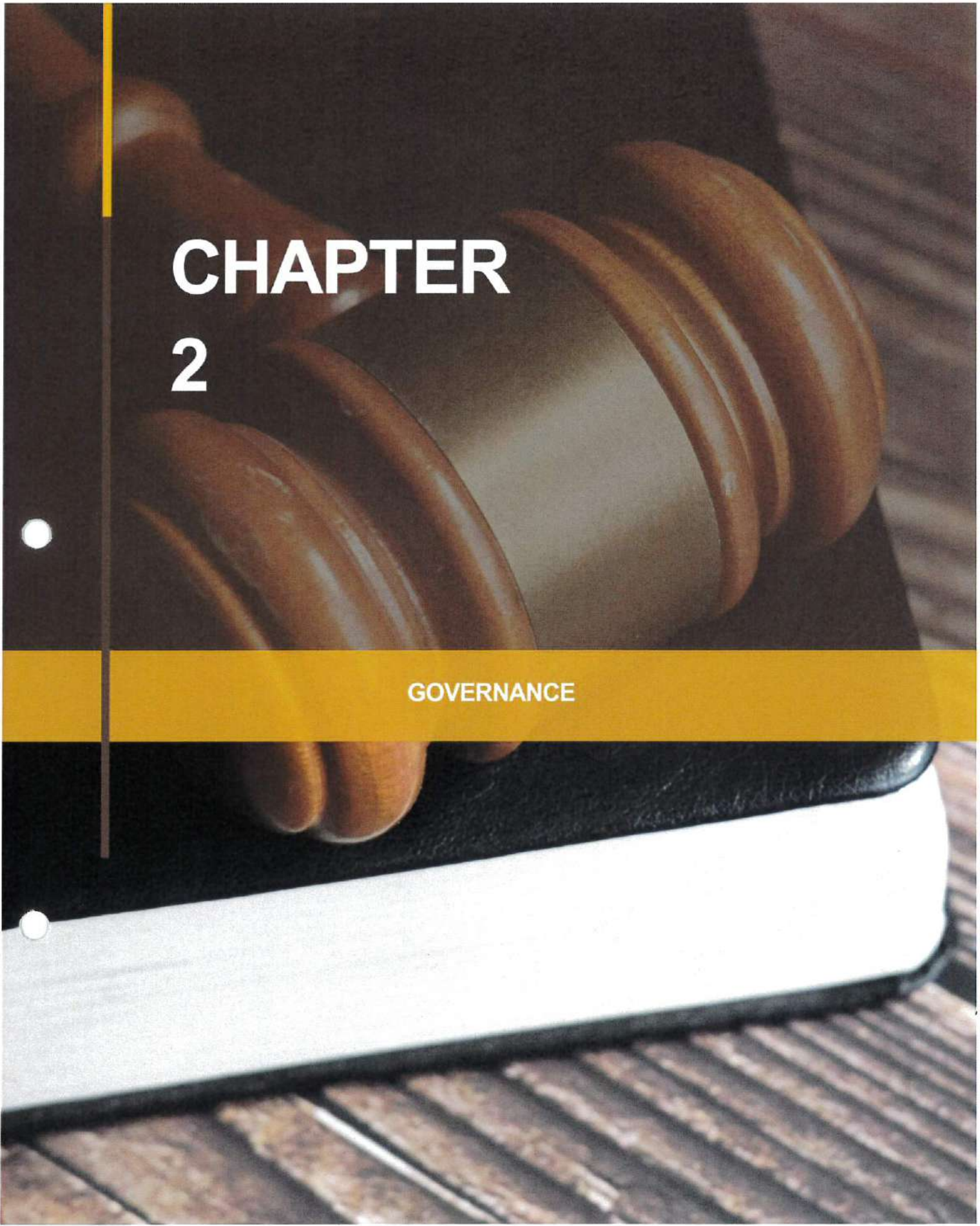
GDS Outcomes	GDS Outputs	Government of Local Unity (GLU) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
Provide a resilient, livable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy	Sustainable human settlements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

GDS Outcomes	GDS Outputs	Government of Local Unity (GLU) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
	A 'Smart' City of Johannesburg, which can deliver quality services to citizens in an efficient and reliable manner (cross cutting output)				
Provide a resilient, livable, sustainable urban environment – underpinned by smart infrastructure supportive of a low carbon economy	Sustainable human settlements	Sustainable human settlements	Sustainable Service Delivery	Develop & manage social housing and Student Accommodation Develop & manage Affordable rental housing Implement housing development projects for the COJ	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
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	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
				Provide assigned municipal services (Human Settlements)	

GDS Outcomes	GDS Outputs	Government of Local Unity (GLU) Objectives	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome
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)	Meaningful citizen participation and empowerment Guaranteed customer and citizen care and service	Smart City	To be a smart and capable entity	Customer satisfaction targets achieved and improved Improved visibility of JOSHCO brand 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
		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 below lists the eleven Non-Executive Directors, two (2) Executive Directors, and three (3) Independent Audit Committee members.

Table 7: Board Composition as at 31 March 2026

Board Member	Capacity	Race	Gender	Status	Qualification
Mr. Theodore Dhlamini *Re-appointed on 29 October 2025	Non-Executive Director	Black	Male	Active	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) - Master's in business administration (MBA)
Mr. Lawrence Mduduzi Ndlovu *Resigned	Non-Executive Director	Black	Male	Resigned	- Bachelor of Arts in Philosophy - Bachelor of Divinity - Master of Theology

Board Member	Capacity	Race	Gender	Status	Qualification
16 October 2025					- Being a director 1 – Short Course - The Governance of Ethics – Short Course
Adv Ntokozo Mjiyako *Re-appointed on 29 October 2025	Non-Executive Director	Black	Male	Active	- LLB - PDM-S - MPhil
Ms. Bayiphiwe Simelane *Re-appointed on 29 October 2025	Non-Executive Director	Black	Female	Active	Diploma in Public Relations and Communication
Ms. Thandeka Tshabalala *Re-appointed on 29 October 2025	Non-Executive Director	Black	Female	Active	- BCom Accounting - Post Graduate Diploma in Financial Planning
Mr. Musa Shibambu *Reappointed on 29 October 2025	Non-Executive Director	Black	Male	Active	Master of Philosophy in International Business
Ms. Tabisa Poswa *Re-appointed	Non-Executive Director	Black	Female	Active	B Juris LLB

Board Member	Capacity	Race	Gender	Status	Qualification
on 29 October 2025					
Mr. Jason Sobekwa *Re-appointed on 29 October 2025	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 *Re-appointed on 29 October 2025	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)
Mr. Katlego Ditshego	Executive Director	Black	Male	(Appointed as acting CEO 01 February 2026)	• National Diploma: Civil Engineering • B-Tech: Civil Engineering • M-Eng: Civil Engineering (Transportation) • (Intelligent

Board Member	Capacity	Race	Gender	Status	Qualification
					Transport Systems) • M-Phil: Engineering Management • PhD: Engineering Management
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. DUTIES OF THE BOARD AND COMMITTEES

1) BOARD RESPONSIBILITIES

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

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

- Ensure that there is an effective risk-based internal audit
- Appreciate that stakeholders' perceptions affect the company's reputation
- Ensure the integrity of the company's Integrated Report (Annual Report).

2) RESPONSIBILITIES OF THE BOARD COMMITTEES

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

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

2.1 Audit & Risk Committee

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

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

Table 8: The Committee consist of the following members:

Audit & Risk Committee as at 30 June 2026	
Jason Sobekwa	Non-Executive Director (Chairperson)
Obed Thenga	Independent Audit Committee Member
Thulisile Mfusi	Independent Audit Committee Member
Steven Piet Ngobeni	Independent Audit Committee Member

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

- Financial reporting and reliability of financial information.
- Business planning and budget implementation.
- Identification of financial, business and operational risk areas of the company to be covered in the scope of internal and external audits.
- Ensuring that the Accounting Officer of the company has put in place appropriate internal control systems.
- Monitoring and reviewing the effectiveness of the Internal Audit function.
- Overseeing the relationship of the company with the Auditor General of South Africa.

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

2.2 Social, Ethics & Human Resource Committee

Table 9: The Committee consists of the following members:

Social, Ethics & HR Committee as at 30 June 2026	
*Lawrence Mduduzi Ndlovu *Retired	Non-Executive Director (Chairperson)
Bayiphiwe Simelane	Non-Executive Director
Tabisa Poswa	Non-Executive Director
*Zamikhaya Xalisa *Resigned	Non-Executive Director
Thandeka Tshabalala	Non-Executive Director

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

**Zamikhaya Xalisa Resigned 11 August 2025.*

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

- Review reporting concerning risk management that is to be included in the integrated report for it being timely, comprehensive and relevant.
- Overseeing of the setting and administering of remuneration at all levels in the company.

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

2.3 Development Committee

Table 10: The Committee consists of the following members:

Development Committee as at 30 June 2026	
Ntokozo Mjiyako	Non-Executive Director (Chairperson)
Thulani Mdadane	Non-Executive Director
Musa Shibambu	Non-Executive Director
Theodore Zithulele Dhlamini	Non-Executive Director

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

- To approve new developments, report on the detailed investigation stage and to give approval to proceed with the development, i.e. Design and Business Plan development stage.
- To provide recommendations to the Board regarding the approval of new engagements in developments where appropriate.

- To evaluate proposed financing mechanisms where external financing is required; and
- To set benchmarks to be used to evaluate the risk/return relationship on significant projects to be undertaken by the Company.

3) BOARD AND COMMITTEE MEETING ATTENDANCES

- The Board held four (4) Board meetings in Q4 of 2025/26 FY (Board Risk Workshop- 28 April 2026, Ordinary Board Meeting – 29 April 2026, Joshco Business Plan- 30 April 2026 and Special Board Meeting 30 June 2026).
- The Audit and Risk committee held two (2) ARC Meetings (Ordinary ARC meeting 24 April 2026 and Special Board Meeting 26 June 2026).
- The Social, Ethics and Human Resource Committee held one (1) Meeting (Ordinary Social. Ethics and Human Resource Meeting – 21 April 2026).
- The Development Committee held one (1) meeting (Ordinary Development Committee Meeting – 21 April 2026)

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

Table 11: Board Meeting attendances as at 30 June 2026.

Board of Directors	Board Meetings		
	Attendance	Absent	Apologies
Number of Meetings	4		
Mr Theodore Dhlamini	4	0	0
Mr Ntokozo Mjiyako	3	1	0
Ms Bayiphiwe	4	0	0
Ms Thandeka	4	0	0
Mr Musa Shibambu	4	0	0
Ms Tabisa Poswa	4	0	0
Mr Jason Sobekwa	4	0	0
Dr Thulani Alfred	0	4	0
Mr Floyd Rikhotso	4	0	0
Mr Katlego Ditshego	4	0	0

Table 12: Board Committee Meetings attendances as at 30 June 2026

Board of Directors and independent committee members	Audit & Risk			Development			Social and Ethics		
	Attendance	Absent	Apologies	Attendance	Absent	Apologies	Attendance	Absent	Apologies
Number of Meetings	2			1			1		
Mr Theodore Dhlamini	-	-	-	1	0	0	-	-	-
Mr Ntokozo Mjiyako	-	-	-	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	-	-	-	0	0	0	-	-	-
Mr Obed Thenga	2	0	0	-	-	-	-	-	-
Ms Thulisile Mfusi	2	0	0	-	-	-	-	-	-
Dr Piet Ngobeni	2	0	0	-	-	-	-	-	-
Floyd Rikhotso	2	0	0	1	0	0	1	0	0
Katlego Ditshego	2	0	0	1	0	0	1	0	0

4) REMUNERATION OF DIRECTORS AND PRESCRIBED OFFICERS

The remuneration of Directors is guided by the City of Johannesburg Group Policy on the Governance of the Group Advisory Committees, Interim Municipal Entities Boards of Directors, and Independent Audit Committees of 2021 FY. Remuneration reflects figures from the Q4 of the FY 2025/26.

Table 13: Board of Directors Remuneration as at 30 June 2026

Name	Designation	Remuneration
Mr Theodore Dhlamini	Non-Executive Director	R87 780.00*
Mr Ntokozo Mjiyako	Non-Executive Director	R48 070.00
Ms Bayiphiwe Simelane	Non-Executive Director	R58 520.00
Ms Thandeka Tshabalala	Non-Executive Director	-
Mr Musa Shibambu	Non-Executive Director	R58 520.00
Ms Tabisa Poswa	Non-Executive Director	R58 520.00
Mr Jason Sobekwa	Non-Executive Director	R92 230.00**
Mr Thulani Alfred Mdadane	Non-Executive Director	-
Total		R403 640.00

*MMC's Quarterly Meeting Included

**GRGC and GAC Meeting included.

Table 14: Independent Audit and Risk Committee members' remuneration as of 30 June 2026

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 15: Executive Management remuneration as at 30 June 2026.

Name	Designation	Remuneration
Ms Nokwazi Mtshali	EM: Planning & Strategy	R 559 876.17
Mr Melusi Ndimma	Chief Operations Officer	R 560 113.83
Mr. Floyd Rikhotso	Chief Financial Officer	R 672 979.77
Mr. Nhlamulo Shikwambana	EM: Corporate Services	R 559 878.08
Mr. Katlego Ditshego	Act. Chief Executive Officer	R 183 265.77
Total		R 2 536 113.62

5) COMPANY SECRETARIAL FUNCTION

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

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

SECTION 2: HIGH-LEVEL ORGANISATIONAL STRUCTURE

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

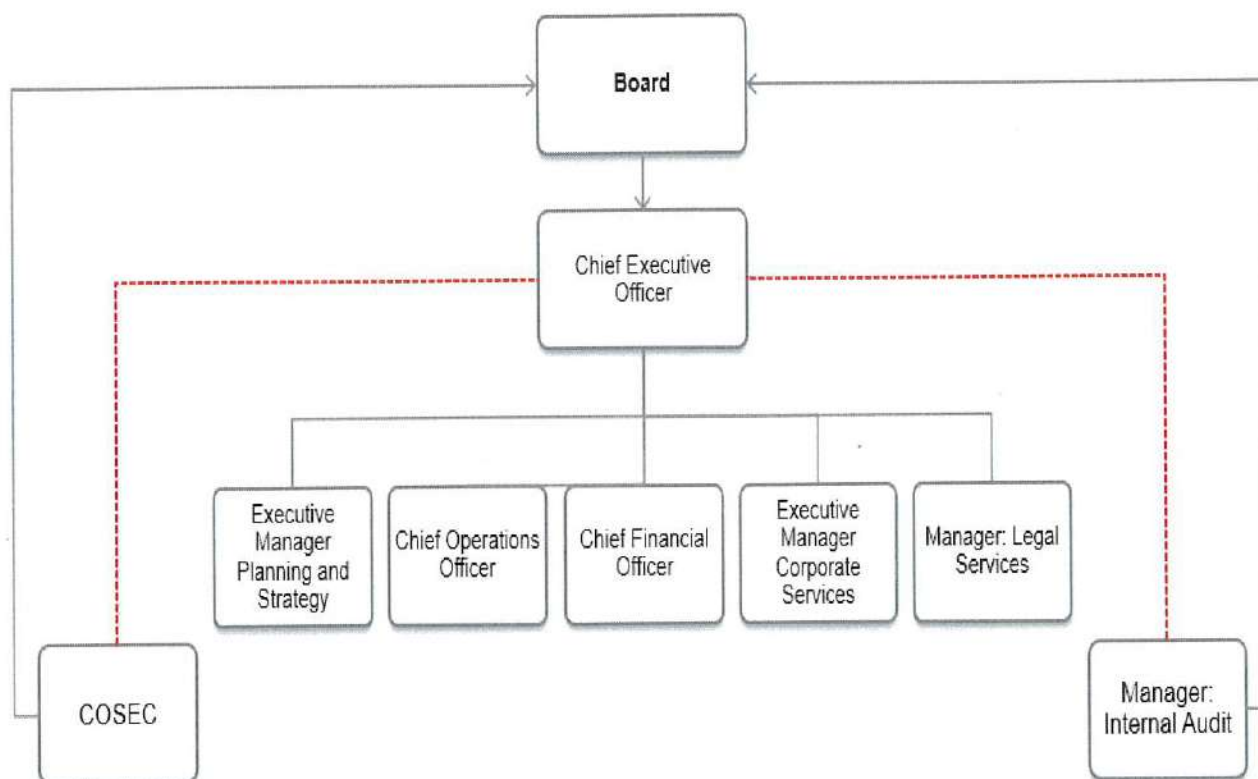


Figure 1: High-level Organisational Structure

SECTION 3: RISK MANAGEMENT

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

1) Risk Escalation Methodology

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

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

Table 16: JOSHCO Top 5 Strategic Risks as of 30 June 2026.

RISK NO.	RISK DESCRIPTION	Q4 RESIDUAL RISK RATING	ACTIONS TO IMPROVE MANAGEMENT OF THE RISK	PROGRESS – Q4	STATUS (Q4)	RESIDUAL RISKS MOVEMENTS (Q4)
1.	Aging Infrastructure	Very High (20)	Conduction of the Multiyear Building Condition Assessment (BCA) subject to budget approval Prioritisation of the Capital Expenditure (CAPEX) budget to major upgrades to reduce frequent unplanned maintenance costs	The Multi-Year BCA tender was re-advertised and received responsive bids, and is currently at probity level for verification and evaluation processes, no appointment was made The prioritisation of the Capital Expenditure (CAPEX) budget towards major upgrades is linked to the Multi-Year BCA exercise, which is currently in progress and will determine the cost of required infrastructure upgrades to support efforts aimed at reducing frequent unplanned maintenance expenditure	Not implemented Not implemented	The Building Condition Assessment (BCA) was not conducted during the 2025/26 financial year. The assessment is planned for the 2026/27 financial year, and updated building condition data is therefore not yet available. Until it is completed and used to guide CAPEX decisions, the organisation remains exposed to significant infrastructure risk Therefore, the very High - risk rating is justified from a governance perspective

2.	Inability to continue as a going concern (19)	High	Develop and implement an accelerated stakeholder engagement program targeted at problematic projects	The Stakeholder Engagement Plan is regularly monitored to ensure that engagement activities are carried out effectively and stakeholder concerns are addressed However, the stakeholder engagements (tenant education) and surveys planned for Q4 were not completed as scheduled	Implemented	The risk remains High due to continued financial sustainability pressures, including reliance on external funding, delayed payments, rising operational costs, and debt impairment, which may impact JOSHCO's ability to meet obligations and deliver its mandate. It was incorrectly rated as Medium in Q3 and has now been corrected to reflect the appropriate inherent risk level of High
			Develop a plan to acquire buildings (affordable and student accommodation) from the inner city (Mix-use approach)	The Office of the COO is currently conducting desktop feasibility studies on City-owned buildings identified in the Khampempe Commission Report. The purpose is to check if the buildings can be acquired and included in JOSHCO's pipeline for student accommodation and affordable/social housing. In addition, JOSHCO has formally requested the Johannesburg Property Company (JPC) to provide the City's property portfolio list. This will help in assessing more buildings in the inner city and near institutions of higher learning for possible mixed-use housing development	Implemented	

			Initiate a request to be granted permission to execute work on behalf of other departments and entities through the City Manager 'office	The implementing agent function is already operational under JOSHCO's approved business plan, allowing execution of works upon approval from the receiving department The City Manager is involved where procurement or services exceed R20,000,000, in line with the delegation of authority framework	Implemented	
			Utilise funds in the SHRA Trust - Fund	SHRA Trust-Funds are utilised for projects under development; issues of non-compliance are being addressed by the Development team JOSHCO has submitted Consolidated Capital Grant (CCG) applications to SHRA amounting to approximately R748.17 million Once approved, these funds will be unlocked to support the implementation social housing developments However, the release of the funding remains dependent on JOSHCO addressing its outstanding SHRA compliance and accreditation requirements	Implemented	

		Implementation of the JOSHCO Turnaround Strategy	The JOSHCO Turnaround Strategy is being implemented to improve operational efficiency, strengthen governance, and enhance service delivery across the entity Management has developed and will implement interventions to address Unauthorised, Irregular, Fruitless and Wasteful (UIFW) expenditure, with specific focus areas including employee costs, debt impairment and revenue, repairs and maintenance, security, finance costs, and utilities	Implemented	
		Centralise SCM processes for repairs and maintenance	SCM processes for repairs and maintenance have been centralised within the SCM unit. New requisitions are now processed using the yellow paper from the Sage system, improving efficiency, compliance, and tracking of maintenance activities	Implemented	
		Enforcement of Service Level Agreements with departments and entities	Service Level Agreements (SLAs) with departments and entities are being enforced to ensure that obligations are met, deliverables are achieved on time, and accountability is maintained	Implemented	

		Continuous engagements with departments and entities to make payments	JOSHCO conducts recurring engagements with all departments to follow up on long-outstanding debts and obtain payment commitments, aiming to reduce overdraft usage and interest on the sweeping account JOSHCO has introduced a revised payment process for Special Projects. Under this process, claims are submitted to the relevant Department for reimbursement before payments are made to service providers. Once the funds have been received, JOSHCO processes the corresponding payments, ensuring that expenditure is aligned with available funding	Implemented	
		Escalation to Group Finance to intervene with regards to payments by departments and entities	Matters of delayed payments that do not progress are escalated to the Group Chief Financial Officer and the Acting Chief Executive Officer Particularly for departments with substantial outstanding balances, to ensure timely resolution and protect JOSHCO's financial position	Implemented	
		Implementation of the comprehensive check list	A detailed checklist for supply chain management processes has been	Implemented	

3.	Loss of stakeholder confidence	High (15)	Monitor and track the implementation of the Stakeholder Engagement Plan on quarterly basis Intervention of Social facilitators where there is an unrest Ad-hoc stakeholder engagement meetings or round table discussions with the affected stakeholders	Implemented and put into practice to enhance adherence to procurement standards and ensure compliance The Stakeholder Engagement Plan has been implemented and monitored by the office of the CEO-stakeholder relations; however, tenant education activities were not conducted as planned The intervention of social facilitators remains a standing, ongoing action. During the reporting quarter, no unrest was reported and therefore no active intervention was required. One tenant feedback meeting was held at The Ridge in Abel Street to discuss service delivery challenges, particularly infrastructure-related issues in the building During the reporting quarter, three (3) ad-hoc/roundtable stakeholder engagement meetings were held with Riverside SMMEs, Lefhureng, and Orlando Ekhaya to discuss service delivery issues, provide feedback on ongoing activities, and improve	Implemented Implemented Implemented	The risk remains High; however, current mitigation measures implemented in Q1 to Q3 were effective in reducing the likelihood of escalation Notwithstanding this progress, tenant education sessions were not conducted in Q4, which may increase the risk of escalation due to reduced tenant awareness of rights, responsibilities, and rental obligations, potentially leading to non-compliance, disputes, and increased arrears
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			communication and relationships with stakeholders	
			Conduct a survey on public perception	A public perception survey was not undertaken during the reporting period
			Proactively notify applicants once a project has been fully tenanted e.g. Issue a communication on all social media platforms	Leasing department issues SMSs to notify applicants and Marketing & Communication Unit continuously issue posters
			Integration between Housing Management Department and Customer Relations Office	There are continuous and ongoing meetings held between Housing Management Department and Customer Relations Office
4.	Inability to deliver capital projects on time	High (13)	Blacklisting of non-performing contractors	The process for blacklisting non-performing contractors is ongoing. During the quarter, no contractors were blacklisted; however, one service provider was terminated due to non-performance.
			Implementation and monitoring of the Stakeholder Engagement Plan upon new developments	Two Public Participation meetings were conducted for the Riverside Phase 4 project to engage and inform stakeholders on project developments. In addition, support was provided through attendance at four site meetings for projects under

			Implementation at Roodepoort Tshedzani and Selkirk, ensuring oversight, coordination, and monitoring of project progress and implementation challenge			which may impact future capital delivery timelines
		Persuading/Petitioning with statutory bodies	Continuous engagements with statutory bodies are held monthly to review project progress and ensure compliance with regulatory requirements	Implemented		
5. Governance Failures	Medium (9)	Recruitment and appointment of vacant Executive positions	The Chief Executive Officer (CEO) and Company Secretary (COSEC) positions have been re-advertised, and the recruitment process is currently ongoing. Both Positions are currently filled though acting arrangements	In-progress	The risk rating remains unchanged as key governance weaknesses persist despite ongoing interventions. While progress has been made in re-	
		Implementation of the Ethics Program	The Ethics Programme has been implemented, but the execution of planned organisational activities has stalled. This has slowed down ethics awareness and the promotion of ethical behaviour across the organisation	Implemented	advertising and filling critical executive positions through acting arrangements, permanent appointments are still in process.	
			Strengthening implementation and improving coordination is required to ensure the programme is fully carried out and sustained		In addition, although the Ethics Programme and Change Management Plan have been implemented, challenges remain in fully	

		Implementation of the Change Management Plan	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	Implemented	embedding and sustaining execution across the organisation. These gaps continue to limit the effectiveness of governance controls, and therefore the overall risk exposure has not materially reduced
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2) STRATEGIC RISK RESIDUAL RISK MOVEMENT – ANALYSIS

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

- Management has implemented 35 out of 40 of the planned risk mitigation actions. This shows good progress in managing the organisation's strategic risks in 2025/26, however, the target of 100% has not been achieved.
- Two actions (5.0%) are still in progress (implemented partially). These relate to the recruitment of permanent Executive positions and the installation of CCTV systems at high-risk projects. These actions are progressing and are expected to be completed once the recruitment, and procurement processes are finalised.
- Three actions (7.5%) have not yet been implemented. These include the Multi-Year Building Condition Assessment (BCA), prioritising the CAPEX budget based on the BCA results, and conducting the public perception survey.

Overall, the implementation of action plans is satisfactory, with 87.5% of planned actions completed; however, the performance is still below the target of 100%.

Table 17: Strategic Risks Performance

Strategic Risks Monitoring	Action Plans	% Implementation
Implemented	35	87,5%
Not Implemented	3	7,5%
In-Progress	2	5,0%
Total	40	100,0%

3) INFORMATION ON EMERGING/NEW RISKS

There is a growing concern regarding the increasing number of gas stove installations across JOSHCO residential properties. While gas appliances provide an alternative energy source and support service delivery objectives, their expanded use exposes JOSHCO to increased safety risks, including fire, explosions, gas leaks, and property damage, as well as higher insurance costs and potential financial losses from claims, repairs, compensation, and legal liabilities.

The growing number of installations may lead insurers to reassess JOSHCO's risk profile, resulting in higher premiums, stricter policy conditions, or reduced coverage. Failure to effectively manage and monitor gas installations could negatively impact tenant safety, financial sustainability, operational efficiency, regulatory compliance, and JOSHCO's reputation, while significant incidents may also raise stakeholder concerns and disrupt housing operations.

Some of the risks that JOSHCO may be exposed to as a result of gas stove installations include the following:

- **Increased Insurance Premiums:** The rising number of gas installations increases JOSHCO's overall risk exposure, which may lead insurers to adjust terms by increasing premiums, imposing stricter conditions, or raising excess payments.
- **Financial Losses and Claims:** Gas-related incidents such as leaks, fires, or explosions may result in significant financial implications, including increased insurance claims, property repair costs, legal expenses, and compensation payments.
- **Health and Safety Risks:** Faulty installations, poor maintenance, or improper use of gas appliances may expose tenants to serious health and safety hazards, including injury, illness, or loss of life.
- **Operational Disruptions:** Gas-related incidents may require emergency interventions, repairs, and temporary relocation of tenants, which can disrupt housing operations and affect service delivery continuity.
- **Reputational Impact:** Serious or repeated incidents involving gas installations may undermine public confidence, damage stakeholder trust, and negatively affect JOSHCO's reputation as a provider of safe and reliable housing.

JOSHCO's mandate to provide safe, affordable, and sustainable social housing is threatened when gas-related risks if they are not effectively managed, as this may lead to increased operational costs, financial losses, safety incidents, and reduced stakeholder confidence. As an intervention, JOSHCO need to consider strengthening the gas installation by putting in restrictions and ensuring compliance with all applicable safety standards and regulations.

4) BUSINESS CONTINUITY MANAGEMENT

The Business Continuity Committee, chaired by the Acting Executive Manager responsible for Planning and Strategy and supported by the CFO and key management team, met on 23 June 2026 for its quarterly meeting

During the session, the committee discussed key aspects of business continuity in detail. Such as BCP Invocation for Q4, Service of the Generator as per service intervals, Status Update on the Health & Safety Awareness Workshops (Drill report) and Report from ICT Department (Data Centre). The committee remains committed to strengthening business resilience through continuous assessment, preparedness, and strategic planning and continues to meet quarterly to oversee business continuity readiness and organisational resilience.

5) INSURANCE CLAIMS AGAINST/TO MOE

- As of June 2026, there are 09 active claims
- No claim was closed in quarter four
- No new claims were lodged with the insurer during the period under review

Table 18: Insurance Claims as of 30 June 2026.

CLAIM TYPE	ACTIVE (CURRENT)	REJECTED	SETTLED	NEW CLAIM	Claim Amount	Amount paid to JOSHCO in Q4
Employee Personal Liability (EPL)	-	-	-	-	-	-
Third-Party Liability	7	-	-	-	R8,777,848-49	-
Assets	-	-	-	-	-	-
Group Personal Accident (GPA)	2	-	-	-	R25,000-00	-
Total	9	-	-	-	R8,802,848-49	-

Third-party liability claims are submitted directly by the affected third party to JOSHCO's insurer, African Dawn Risk Management. JOSHCO supports the claims process by providing the insurer with the required information and documentation, monitors the progress of the claims through regular follow-ups

SECTION 4: ANTI-CORRUPTION AND FRAUD INVESTIGATIONS

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

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

1) Anti-Fraud, Prevention and Corruption Implementation Plans

JOSHCO has an 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 four

Table 19: Activities implemented during fourth quarter.

NO.	DESCRIPTION	STATUS	Q4 PROGRESS
1.	Monitoring of Fraud Risk Action Plans	Completed	Q4 Fraud Risks action plans were monitored
2.	Scam Alert	Completed	The fraud alert was issued on the 18 th of May 2026 via internal Comms.
3.	Promote whistleblowing channels and monitor reported cases	Completed	Promotion of whistleblowing channels and monitoring of reported cases is on-going
4.	Monitoring of recommendations on completed GFIS Investigations	Completed	Quarterly meeting convened on the 26 th of June 2026
5.	Maintain a live register of reported fraud cases with resolution status (GFIS)	Completed	GFIS maintain a live fraud register for JOSHCO
6.	Monthly follow-up meetings with GFIS on reported cases	Completed	Quarterly meeting convened on the 26 th of June 2026
7.	Presentation of quarterly fraud-related reports to the Audit & Risk Committee and EXCO.	Completed	Quarter reports are presented at EXCO and ARC

2) Fraud and corruption investigations

During Quarter 4, four (4) new fraud and corruption cases were reported directly to the City's Group Forensic and Investigation Services (GFIS). The cases relate to recruitment processes and project development activities. As at the end of Quarter 4, a total of eleven (11) cases were under investigation by GFIS. JOSHCO continues to receive quarterly progress reports on all ongoing investigations.

3) Rising Risk of Scam Targeting Potential Tenants

JOSHCO has observed an increasing risk of scams targeting prospective tenants at Riverside. This risk has emerged because of the ongoing development project, which is approaching completion and attracting significant interest from individuals seeking accommodation. Fraudsters are taking advantage of the high demand for units by falsely promising housing opportunities to members of the community.

During May, JOSHCO received several complaints from community members alleging that individuals were offering or guaranteeing access to units in exchange for payment. These scams exploit resulting in potential financial losses for applicants and reputational risks for JOSHCO.

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

4) Anti-Fraud and Corruption Awareness Campaigns.

The Board, Committees, and management continued to subscribe to Principle 1 of the King 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 Stakeholder Relations Unit, in collaboration with the Risk & Compliance Unit, Housing Management Department (Leasing), Marketing & Communications Unit and the Occupational Health and Safety Unit successfully conducted a public engagement meeting at Riverside Square on the 9th of June 2026.

Additionally, on June 12, 2026, the Marketing and Communications Unit and the Risk and Compliance Unit held a Fraud and Corruption Awareness Campaign at Riverside View Phase 4. The campaign was aiming at promoting the hotline and educate potential tenants about any fraudulent activities that could happen during the application process. This was done in an effort to protect local community from

becoming victims of scammers. We also provided assistance to community members with the application process.

SECTION 5: INFORMATION COMMUNICATION GOVERNANCE

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

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

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

5.1. Operational Performance Summary.

5.1.1. Disaster Recovery

The Disaster Recovery (DR) simulation for JOSHCO was successfully conducted on 30th June 2026 using the Iron-tree RECOVERIT platform. The objective of the simulation was to validate JOSHCO's ability to recover critical systems, confirm backup integrity, and assess operational readiness in the event of a disaster scenario. All recovery steps were executed as planned, and the overall results affirm a strong and reliable disaster recovery posture.

JOSHCO ICT successfully completed the failover to the Disaster Recovery (DR) site within 30 minutes of shutting down production. This demonstrates that, in the event of a disaster, the organisation will be able to resume critical operations with minimal downtime and without significant disruption to business services.

5.1.2. Network Availability

JOSHCO's network remains stable. The migration of the H3C core switches and H3C server infrastructure was successfully completed between 30 and 31 May 2026. Following the migration, a temporary service disruption was experienced on 1 June 2026, which affected internet connectivity through access via Wi-Fi as a consequence of an identified AD Campus issue.

Due to the AD campus issue, IP addresses were not being issued out to devices that were connecting to the authentication platform. These issues were promptly addressed and fully resolved on the same

day. During the interruption, users were able to maintain access to company resources through the VPN, ensuring continuity of critical operations.

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 and Microsoft Azure Update Manager. These solutions simplify app and device management across the many devices that use the JOSHCO Server and Network Environment, such as mobile devices, laptops, and virtual machines.

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

All devices have received the monthly security patches, though not all have been installed, placing compliance at **99%** of devices running the latest feature update and 96% on the quality updates. The ICT team is attending the remaining devices to ensure at least 100% target.

- 1 Remaining device has been offline due to the suspension of the user, currently the updates are running chronologically, we anticipate the completion of the patch before 13 July.
- Regarding quality 5 devices are being updated while onsite whereby arrangements with users are being made, 1 device the user has just returned from their suspension updates are running chronologically. We anticipate the completion before the next patch cycle which is 13 July.

5.1.4. Datacentre Uptime/Downtime.

JOSHCO Head Office experienced a 48-hour power outage in the Braamfontein area, due to cable theft. The ICT Department ensured that operations continued with minimal impact, with the installed UPS system and the assistance of the generator, which provided backup power during the outages. Due to the power outage within the area, the batteries were depleted and caused damage to the cells, which ends the life cycle of the batteries.

A UPS battery test was completed on the 160 batteries, most of the batteries' voltage ranged from 7V to 9V, while the standard voltage is 12V. The recommendation is that all the batteries need to be replaced to properly function. A proposal has been sent to Facilities Management to assist in resolving the power management issue. Our target for operation as JOSHCO ICT is to maintain high system availability by implementing strategies that promote continual information technology service improvement.

The downtime recorded during the reporting period was primarily attributed to an unexpected power outage that resulted in several virtual machines (VMs) shutting down unexpectedly. Due to the nature of the incident, some affected virtual machines became corrupted and could not be restarted successfully. As part of the disaster recovery process, these virtual machines were restored from the latest available backups. While this restoration process increased the recorded downtime, it ensured the recovery of critical systems with minimal data loss and restored normal business operations. Monitoring resumed automatically once the virtual machines were successfully restored.

5.1.5. Cybersecurity

JOSHCO ICT implemented Sophos Email Advanced, an email security solution designed to provide comprehensive protection against email-based cyber threats. The service experienced an interruption due to a licensing issue. During this period, JOSHCO ICT proactively redirected all email traffic through Microsoft Defender for Office 365, ensuring continuous protection against email security threats and maintaining compliance with the Minimum Information Security Standards.

Following the reinstatement of the Sophos Email Advanced license on 4 May 2026, the organisation resumed full use of the solution, further strengthening its email security posture while maintaining continuous protection against cyber threats.

During the quarter one (1) phishing incident was recorded, which was successfully contained and remediated without causing significant business disruption. Continuous monitoring, user awareness initiatives are done, safeguarding JOSHCO's information assets and communication systems.

It is recommended that JOSHCO continues enforcing Multi-Factor Authentication (MFA), conducting regular phishing awareness training, and performing periodic reviews of mailbox rules and email security controls to minimise the risk of future phishing incidents and strengthen the organisation's overall cyber security posture.

SECTION 6: COMPLIANCE WITH LAWS & REGULATIONS

The objective of this section is to provide an overview of the key compliance matters within the Johannesburg Social Housing Company (JOSHCO) during Quarter four of the 2025/2026 financial year. The report highlights the status of compliance with relevant laws and regulation in the 2025.26 Compliance Universe, the effectiveness of remedial actions implemented by management, and any emerging compliance issues that may impact the achievement of JOSHCO's strategic and operational objectives.

The report further aims to support oversight by Management, the Audit and Risk Committee (ARC), the Board, and the City of Johannesburg ('COJ) by ensuring that compliance management practices are continuously monitored and aligned with COJ Compliance Management Framework and applicable governance requirements.

1) Compliance Management Implementation Plan Quarter 4 Activities

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

Table 20: Q3 Compliance Implementation Plan performance

NO.	Q4 ACTIVITY	Status	Q4 PROGRESS
1.	Monitoring 2025/26 Compliance Risk Assessment Plans	Completed	Monitoring of Compliance Risks action plans was facilitated
2.	Conduction compliance assessments for legislations as per the Compliance Universe.	Completed	Conduction compliance assessments for legislation as per the Compliance Universe has been completed for 32 legislations
3.	Monitoring of action plan to address instances of non-compliance identified during the compliance assessments	Completed	Monitoring of action plan to address instances of non-compliance has been completed
4.	Submission of UIFW and 30 days payments reports to Group Compliance	Completed	April, May, and June reports were received
5.	Tax Status Review and submission of the Tax Certificate to Group Compliance	Completed	Joshco is still tax compliant the tax certificate was submitted to group Compliance

NO.	Q4 ACTIVITY	Status	Q4 PROGRESS
6.	Preparation of unit reports to the Executive Manager Business Planning and Strategy	Completed	All unit reports have been developed
7.	Submission of quarterly Compliance Reports to Group Compliance	Completed	Quarter four report was submitted to Group Compliance
8.	Submission of the Compliance report to Monitoring & Evaluation (M&E)	Completed	Quarter four report was submitted to M&E
9.	Submission of SHRA reporting Tool in accordance with 2025/26 circular	Completed	Q4 SHRA Tool submitted to SHRA
10.	Respond to Internal Audit requests on Risk and Compliance Audits	Completed	The are no current findings for compliance Management
11.	Conduction of compliance assessment on National Treasury Circulars	Completed	MFMA Circular 68 was monitored – UIFW
12.	Compliance Awareness or Educational Message via Internal Communication Platform	Completed	Compliance-related information was communicated internally through the Risk and Compliance channels as well as via internal communications

2) Compliance Universe Assessments

The entity achieved 99.7%, with a minimal variance of 0.3% remaining to reach full compliance.

Compliance Performance Overview

- **JOSHCO** assessed compliance of 32 legislative Acts; overall, compliance remains strong, with most Acts achieving full compliance across all four quarters. Only few non-compliance instances were identified:
 - Compliance with the Protection of Personal Information Act, No. 4 of 2013 (POPIA 2013) remained at 96%, compliance gaps relate to in records Management controls.
 - MFMA compliance remains at 99.5% (previously reported as 100% due to rounding). The 0.5% non-compliance relates to unauthorised monthly debit orders in contravention of Section 95(d)

of the MFMA. The matter was referred to GFIS for investigation, and the report was expected in Quarter 4, however GFIS indicated that the report will be finalised in Q1 2026/27 FY.

- Non-compliance with the Rental Housing Act, 1999 (Section 4) was identified, primarily due to instances of unauthorized subletting (97%). The matter is being addressed through an ongoing occupancy audit, regularisation of qualifying occupants, issuance of notices to vacate for unlawful occupation, and escalation of non-compliant cases to Legal Services for enforcement action.
- The Entity is non-compliant with Sections 86(1) and 86(4) of the Companies Act, 2008 as the Company has not appointed a Company Secretary as required and did not fill the resulting vacancy within 60 business days of it arising.

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

Table 21: Instances of non-compliance identified in Q4

Legends:

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

NO.	ACT NAME	Q1 %	Q2 %	Q3 %	Q4 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
1.	POPIA 2013	86%	89%	96%	96%		Only a few departments conduct regular data quality reviews; records may be outdated or incomplete	Implement periodic data quality review procedures across all departments to ensure accuracy, completeness, and currency	ICT has commenced the digitisation process under the Digital Records Management initiative; however, it is not yet finalised. This provides initial support to records management improvement but does not fully	30 June 2026	Partially implemented

NO.	ACT NAME	Q1 %	Q2 %	Q3 %	Q4 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
									implement the requirement for periodic data quality review procedures across departments. The formalised review cycles, data validation controls, governance framework, and KPI monitoring mechanisms remain pending		
							Physical file security is insufficient; while IT security has improved, physical safeguards are still weak	Implement physical security measures (locked storage, controlled access) alongside IT security	Progress has been made through ICT-led digitisation; however, this does not yet fully	30 June 2026	Partially implemented

NO.	ACT NAME	Q1 %	Q2 %	Q3 %	Q4 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
								enhancements; finalize and enforce information security policy	address the requirement for physical security measures, controlled access to records, and the finalisation and enforcement of the Information Security Policy. These key controls are still outstanding		
							No standard procedure for handling access, correction, or deletion requests	Establish a documented SOP for handling data subject requests, including access, correction, deletion, and communication protocols	A documented SOP for handling data subject requests (access, correction, deletion, and communication protocols) has not	30 June 2026	Not implemented

NO.	ACT NAME	Q1 %	Q2 %	Q3 %	Q4 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
									yet been confirmed or implemented. This remains an outstanding requirement to ensure full POPIA compliance		
2.	MFMA 2003	100%	100%	100%	99.5%	↕	- The Company does not comply with MFMA 2003-Section 95(d) - JOSHCO incur unauthorized monthly debit orders - JOSHCO did not pay all valid invoices within the prescribed 30-day period, resulting in non-compliance with Section 65(2)(e) of the MFMA. (98% were paid in Q4)	- The Fraud case has been referred to Group Forensic Investigation services (GFIS) for investigation - Work with Group Treasury to ensure that sufficient funds are available for all invoices	- The investigation is currently ongoing - JOSHCO continues to work with Group Treasury to ensure that sufficient funds are available to settle all valid	On-going	Not Compliant

NO.	ACT NAME	Q1 %	Q2 %	Q3 %	Q4 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
								reaching 30 days are paid	invoices within the prescribed 30-day period.		
3.	MFMA - Municipal Supply Chain Management Regulations	100%	100%	100%	100%		None	N/A	N/A	N/A	Compliant
4.	Rental Housing Act No. 50 of 1999	100%	97%	97%	97%		JOSHCO do not comply with Section 4.A - Does the tenant ensure not to sublet a dwelling without the consent of the landowner?	- To prevent unauthorized subletting, the lease agreements should explicitly prohibit tenants from subletting without the landowner's written consent.	- Conducting an occupancy audit across all JOSHCO projects to identify and verify cases of unauthorized subletting. Assessing occupants	On-going	Not Compliant

NO.	ACT NAME	Q1 %	Q2 %	Q3 %	Q4 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
								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	recorded as dependents on lease agreements for possible regularization, subject to compliance with applicable policies and lease requirements. - Issuing notices to vacate to occupants who do not qualify for regularization. - Issuing notices to		

NO.	ACT NAME	Q1 %	Q2 %	Q3 %	Q4 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
								termination, and all approvals and communications should be documented for accountability and legal protection - Referring cases of non-compliance with notices to vacate to Legal Services for enforcement action. - Updating tenant records and occupancy information based on the outcomes of the	vacate to occupants not reflected on the lease agreement.		

NO.	ACT NAME	Q1 %	Q2 %	Q3 %	Q4 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
									occupancy audit		
5.	Social Housing Act, No.16 of 2008	100%	100%	100%	100%		None	N/A	N/A	N/A	Compliant
6.	Local Government Municipal Systems Act, No. 32 of 2000	100%	100%	100%	100%		None	N/A	N/A	N/A	Compliant
7.	Housing Act, No.107 of 1997	100%	100%	100%	100%		None	N/A	N/A	N/A	Compliant
8.	Companies Act, No. 71 of 2008	100%	100%	98%	98%		JOSHCO is non-compliant with Sections 86(1) and 86(4) of the Companies Act, 2008 as the Company has not appointed a Company Secretary as required, and the Board failed to fill the	to ensure full compliance with Sections 86(1) and 86(4) of the Companies Act, 2008	The Secretariat position has been re-advertised, and the recruitment process is currently ongoing. An Acting	30 June 2026	Not Compliant

NO.	ACT NAME	Q1 %	Q2 %	Q3 %	Q4 %	COMPLIANCE MOVEMENTS	NON-COMPLIANCE	ACTION PLANS	PROGRESS TO ADDRESS NON-COMPLIANCE	PERIOD	STATUS
							resulting vacancy within 60 business days of it arising		Company Secretary (CoSec) remains in place in the interim		
9.	Labour Relations Act, No. 66 of 1995	100%	100%	100%			None	N/A	N/A	N/A	Compliant
10.	Basic Conditions of Employment Act, No. 75 of 1997	100%	100%	100%			None	N/A	N/A	N/A	Compliant

CHAPTER 3

SERVICE DELIVERY PERFORMANCE

SECTION 1: HIGHLIGHTS AND ACHIEVEMENTS

a. Housing Development and Management

During the quarter under review, the entity has completed 500 social housing units, achieving its planned target for the reporting financial year.

b. Occupancy Performance

Occupancy levels remained strong, with the entity achieving an overall occupancy rate of 98% against the target of 98%

c. EPWP Job Creation

As part of JOSHCO's commitment to socio-economic development, a total of 788 work opportunities were created through the Expanded Public Works Programme (EPWP), during the financial year. These opportunities contributed to employment creation, skills development, and income generation, while supporting the delivery and maintenance of quality housing and related services.

d. Tenant Engagement

A total of 25 tenant engagement sessions were conducted by the end of Quarter 4 against annual target of 4.

e. Capital Expenditure

The entity achieved 156.37% of its capital expenditure target for the reporting period, demonstrating full implementation of the planned capital projects.

SECTION 2: SERVICE DELIVERY CHALLENGES and Mitigation

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

Table 22: Challenges and Mitigations

Challenges	Mitigation
Delay in project construction due to contract non-performance	The entity will impose penalties on the affected on the contract
Low rental collection	To address these issues, JOSHCO proposes a multi-faceted strategy focused on strengthening credit control, accelerating legal recoveries, and improving operational efficiency. This includes restructuring the revenue unit into specialized teams, enhancing utility cost recovery through prepaid systems, and implementing targeted revenue drives. Strategic initiatives such as debt factoring, commercial space optimization, and improved tenant formalization are also prioritized to enhance cash flow and financial sustainability
Continued financial losses, largely driven by high provisions for bad debts and elevated operational cost, particularly utilities, finance cost and repairs and maintenance.	The entity's reviewed 5-year strategy to improve the entity's financial sustainability is under implementation as follows: JOSHCO will continue with monitoring the performance considering the challenges of long outstanding debtors balance from the COJ's Human Settlement department. Student accommodation – Currently under implementation with one project completed and tenanted. Additional student accommodation projects are in progress to raise more cash due to their satisfactory performance in rental collection. Commercial spaces – maximise commercial spaces available for additional revenue to be generated. As at the end of the quarter, out 52 retail spaces, there is 32 occupied spaces and 20 vacancies (3 emptied by MMC, 5 vacant in Kerk Street, 6 in Booysen's (under construction), 3 vacancies at NBS, 2 vacancies at 16 Wolmarans, and 1 vacancy at Raschers. New and reviewed Revenue drive plan has been submitted as previous was put on hold due to budgetary issues.

Challenges	Mitigation
	The Debit check challenge is covered in the quarterly report, where we stated the rising number of cancellations of the mandates; reporting it here would be duplication of the same information

SECTION 3: RESPONSE TO STRATEGIC DIRECTION

Table 23: JOSHCO's Response to Strategic Direction

No.	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome in Q4
1.	Sustainable Service Delivery	To be a smart and capable entity	Attainment of all SLSS Well maintained and clean JOSHCO properties Continuous engagement with SHRA's to ensure we are compliant to the regulator.
2.	Job opportunity & creation	To be a smart and capable entity	Upliftment of communities through SMMEs on construction projects Skills development and job creation through EPWP programme
3.	Sustainable service delivery	Develop & manage social housing and student accommodation Develop & manage affordable rental housing Implement housing development projects for the CoJ Provide assigned municipal services	On track to deliver social housing and affordable housing units across the City Development of student accommodation precinct Preserved and well-maintained buildings that meet acceptable living conditions
4.	Financial sustainability	To be a smart and capable entity	A solvent company by end of 2024/25 FY Improved revenue collection Diversification of revenue stream (outdoor advertising, management fee, other mechanisms) An unqualified Audit Opinion Effective and efficient business processes Improved tenant satisfaction, through proactive tenant education and engagement programme

No.	Mayoral Priorities	JOSHCO Strategic Objectives	JOSHCO Strategic Outcome in Q4
			Customer satisfaction targets achieved and improved Improved visibility of JOSHCO brand
5.	A 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 launched Seamless business continuity supported, through effective backup and disaster recovery systems

SECTION 4: PERFORMANCE AGAINST SERVICE STANDARDS

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

Must ensure that annual performance objectives and indicators for the municipal entity are established by agreement with the municipal entity and included in the municipal entity's multi-year business plan." As such, JOSHCO and the City sign a five-year SDA that is reviewed annually. The agreement outlines the entity's scorecard and seven service level standards that JOSHCO should adhere to when delivering its services to the Johannesburg communities'

JOSHCO reports on performance against seven pre-determined targets for SLSSs. 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 24: Service Level Standard (SLS) Performance as at 30 June 2026.

Core Service	Service Level Standard Target	April 2026	May 2026	June 2026	Quarter 4	Variance explanation	Mitigations
1) Billing of customers	98% accurate bills of all active customers	99%	99%	98%	98.6%	N/A	N/A
2) Attending to request for maintenance	96% of maintenance requests attended within 14 days of the logged call	54/226 x100= 23.89%	21/140 x100= 15%	11/71 x100= 15.49%	18%	Failure to meet the 14-day SLS is mainly caused by poor turnaround time from service providers, delays in allocating jobs, slow approval of jobs, late site assessments, delayed submission and approval of quotations, outstanding Purchase Orders, and weak coordination between Maintenance, SCM, Portfolio Teams and	To mitigate these challenges, JOSHCO should strengthen service provider performance monitoring, enforce SLA requirements, issue non-performance notices, and reallocate urgent jobs to better-performing contractors. Internally, jobs should be allocated within 24–48 hours, approvals must be

Core Service	Service Level Standard Target	April 2026	May 2026	June 2026	Quarter 4	Variance explanation	Mitigations
						service providers. Other contributing factors include unclear descriptions, incomplete supporting documents, staff shortages, high maintenance volumes, contractor non-performance, delayed payments, system delays, access challenges, poor-quality work requiring rework, and delays involving specialised repairs such as lifts, electrical, plumbing and heat pumps.	escalated where delayed, Purchase Orders and quotations should be tracked weekly, and a live SLS dashboard should be used to identify jobs approaching breach. Weekly coordination meetings between Maintenance, SCM, Portfolio Teams and service providers will assist in unblocking delays, improving accountability, and ensuring that jobs are completed and closed within the required 14-day turnaround time.

Core Service	Service Level Standard Target	April 2026	May 2026	June 2026	Quarter 4	Variance explanation	Mitigations
3) Routine building maintenance	Once per year and as when required	8,3%	8,3%	8,3%	25%	N/A	N/A
4) Application for rental housing	Outcome of enquiry to be sent to application within 5 days	2 days	1 day	1 day	1 day	N/A	N/A
5) Application for rental housing	Outcome of the application communicated within 7 working days	3 days	2 days	3 days	3 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	1 day	1 day	1 day	1 day	N/A	N/A

SECTION 5: PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The organisation's 2025/2026 business plan includes nineteen (19) key performance metrics and targets. In quarter 4, six (6) of the eighteen (18) targets that are due for reporting were achieved. This outcome amounts to a performance for the quarter of **33%**.

Table 25: Overall Performance Summary

JOSHCO Company Performance				
Quarter	KPIs Due	Achieved	Not Achieved	Achievement
Q1	14	7	7	50%
Q2	15	7	8	46%
Q3	15	8	7	53%
Q4	18*	6	12	33%

Legend

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

Table 21: Performance Against Predetermined Objectives as at 30 June 2026

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons Underachievement and Remedial Action
Financial Stability	1	0.41:1	Current Ratio	Current ratio 1:1	0.37:1	0.37:1	0.34:1	0.32:1	0.32:1	-0.68	Target Not Achieved:
	2	0.43:1	Solvency Ratio	Solvency Ratio 1:1	0.39:1	0.38:1	0.35:1	0.33:1	0.33:1	-0.67	The non-performance of this target is due to continued losses being incurred such as utilities (majority not recovered from tenants due to unmetered units), finance costs (growing overdraft due to non-payments by departments (mainly Human settlement), bad debts (below targets collections from tenants) and security (on the units occupied by tenants) amongst others. It also to

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons Underachievement and Remedial Action	for
											be noted that properties are capitalized at the City owing to the capital structure of the City.	
	3	69.25%	% Collection in respect of current debtors	95% collection in respect of current debtors	73%	72%	68%	72%	71.25%	-23.75%	Mitigation actions: Various initiatives are in place to manage these expenditures. See KPI 4 below. Target Not Achieved: Revenue collection improved from 68% to 72% during Quarter 4 but remained below the 95% target. Performance was affected by tenant affordability challenges, ongoing maintenance-	

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											related payment disputes, limited revenue collection capacity, and delayed payments from some City-related accounts. Mitigation Actions: - Intensify legal debt recovery and eviction processes for defaulting tenants. - Conduct targeted revenue collection campaigns and strengthen tenant engagement. - Expand prepaid electricity and water

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											metering to improve utility cost recovery. - Improve credit control, tenant verification, and occupancy audits. - Optimise commercial space utilisation and implement debt recovery initiatives to improve cash flow and revenue collection.
	4	New KPI	% Reduction of Deficit	40%	-	22% Increased	-	The amount decreased by 20.29%, from R561.5 million to R447.6 million.	The amount decreased by 20.29%, from R561.5 million to R447.6 million.	-19.71%	Target Not Achieved: Target not achieved, There is decrease in deficit 2025/26 compared to same period in the previous year. The cumulative deficit as of 30 June 2026 is R434.478 million compared to

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
								R447.6 million.			R559.942 million in the prior year Mitigation Actions: - Finance costs (escalated to the City Manager for interventions – collection) and possible reversal and/or freezing of interest on overdraft - Utilities Engagements with City power for utility management (metering of units etc.) - R & M ring fenced and constant monitoring

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											- and currently yielding results despite delays in maintenance of some of the properties. - Bad debts (onboarding, stakeholders' engagements, profiling, enforcement and factoring) - Payroll management of leave and EPWP funding including overtime and freezing of posts - Overall cost containment implementation - Price benchmarking and negotiations - Security reduction

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											- Referred to Internal audit for investigations including the corrective measures
	5	35%	% Of valid invoices paid within 30 days of invoice receipt	100% of valid invoices paid within 30 days of invoice receipt	77.9%	99%	75%	84 %	83.98%	-16.02%	Target Not Achieved Financial constraint at Treasury in terms of the funds allocation. Mitigation Actions: JOSHCO has signed a revised SLA with Special Projects whereby the Departments must first make the payment before JOSHCO can be able to

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											pay the service provider to avoid an increase in overdraft and finance costs on the sweeping account.
	6	30	Number of SMME's supported	15 SMME's	-	-	-	24	24	+9	Target Achieved
	7	100%	Percentage of expenditure of approved capital budget	100%	32%	81%	129%	156	156%	0	Target Achieved
Good Governance	8	100%	Percentage of resolution of internal audit findings	100%	53%	83%	75%	69%	69%	-31	Target Not Achieved: Utility Management Findings In line with the approved utilities recovery strategy, JOSHCO is migrating remaining non-prepaid

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											facilities to prepaid water and electricity metering systems, to City Power and Joburg Water, supported by increased on-site presence and the provision of accessible payment platforms, such as point-of-sale devices, which have proven effective in enhancing collections. JOSHCO has further proposed an arrangement to hire or rent one of City Power's sub-systems, which they would manage internally while having access to operational reports such as sales, low purchases, and

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											revenue generated. City Power would, in turn, provide the necessary technical support and link to the revenue collections processes. Implementation Date: Quarter one of 2026/27 FY Information Technology Findings: - ICT Applications Controls: The findings are expected to be addressed upon completion of the Sage Cloud migration, which is scheduled to resume on 30 June 2026.

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											Penetration Testing: The findings were re-tested by the appointed service provider and remain unresolved, requiring further remediation by management. POPIA - Personal information not properly secured Management indicated that Entity -wide Records Management controls are still being implemented. The implementation may include outsourcing certain records management

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											functions, with completion anticipated during the 2026/27 financial year.
											Discrepancy in Vacant Unit Reporting (illegal Occupation)
											Management confirmed that an occupancy audit is in progress in line with the approved occupancy plan.
	9	63%	% Resolution of AGSA findings	100% resolution of AGSA findings	-	-	76%	88%	88%	-12%	Target Not Achieved: UIFWe - Reasonable steps not taken to prevent irregular, fruitless and wasteful expenditure.

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											An independent service provider was appointed to investigate incidents of Unauthorised, Irregular, Fruitless and Wasteful Expenditure (UIFWE), and the investigation was concluded during the financial year. The final investigation report was tabled before the Audit and Risk Committee (ARC) and the Board. To further strengthen governance and oversight, management established an internal UIFWE Committee to monitor the implementation of corrective actions, improve the management

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											of UIFWE matters, and minimise the recurrence of non-compliance. In addition, management developed and implemented targeted financial recovery and cost-containment strategies to address the Entity 's key financial pressures. These strategic interventions focused on employee costs, debt impairment, revenue collection, repairs and maintenance, security costs, finance costs, and utilities expenditure. The initiatives were designed to improve operational

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											efficiency, strengthen revenue generation, optimise expenditure, enhance cash flow, and support the Entity 's long-term financial sustainability. Collectively, these interventions provide a stronger foundation for improved financial performance and Entity al resilience in the years ahead. Discrepancy in Vacant Unit Reporting (illegal Occupation) Management confirmed that an occupancy audit is

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											in progress in line with the approved occupancy plan. The final occupancy audit report, including remedial actions for identified discrepancies, is expected to be completed by the end of the 2025/26 financial year.
	10	Unqualified audit opinion	Level of audit opinion	Unqualified audit opinion						Pending AGSA audit outcome.	
	11	99%	Percentage compliance to Laws and regulation	100% compliance to laws and regulation	100%	100%	99.7%	99.7%	99.7%	-0.3%	Target Not Achieved: The following Acts are not at 100% compliance: - POPIA – 96% Compliance - Weak records

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											management controls, limited physical file security, and no formal SOP for data subject requests. - MFMA – 99.5% Compliance non-compliance relates to unauthorised monthly debit orders (Section 95(d)); matter referred to GFIS for investigation. - Rental Housing Act – 97% Compliance Cases of unauthorised subletting identified; occupancy audit and enforcement actions underway.

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											- Companies Act – 98% Compliance - Company Secretary not appointed in terms of Sections 86(1) and 86(4); recruitment in progress with Acting Company Secretary in place. Mitigation Actions: Strengthen compliance through improved records and file security controls and SOP implementation; address MFMA non-compliance by tightening debit order controls and finalising GFIS

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons Underachievement and Remedial Action	for
											actions; enforce Rental Housing Act compliance through occupancy audits and legal action against illegal subletting; and ensure Companies Act compliance by expediting the permanent appointment of a Company Secretary and stabilising governance support.	
	12	95%	Percentage Implementation of corrective action against identified risks	100% Implementation of corrective action against the identified risks	89%	92%	85%	87.5	87.5%	-18%	Target Not Achieved: The following action plans were not implemented 100%: 1. Actions Implemented Not Implemented	

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											- Multi-Year Building Condition Assessment (BCA) - Prioritisation of the CAPEX budget based on BCA results - Public perception survey 2. Actions In Progress - Recruitment and appointment of permanent Executive positions (Chief Executive Officer and Company Secretary) - Installation of CCTV systems at identified high-risk projects

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											Mitigation Actions: - Fast-track completion of the Multi-Year Building Condition Assessment (BCA) to support infrastructure planning and CAPEX prioritisation. - Use BCA results to inform and prioritise the capital expenditure programme. - Ensure the public perception survey is completed in the next reporting cycle to assess stakeholder confidence.

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											- Expedite the recruitment and appointment of permanent Executive positions to strengthen governance capacity. - Fast-track procurement and installation of CCTV systems at high-risk sites to improve security controls. - Strengthen monitoring of all outstanding actions through monthly EXCO reporting. - Improve alignment between risk mitigation plans, budget

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											allocation, and procurement planning.
Personnel Vacancy Rate	13	7.5%	% Employee vacancy rate	8% employee vacancy rate	6.6%	5.2%	6.3%	6.3%	6.3%	1.7%	Target Achieved
Job Opportunity and Creation	14	1076	Number of jobs created for the unemployed through EPWP programmes	1000 Jobs		787	788	788	788	-212	Target Not Achieved
											The entity has reported that budget is limited. Mitigation Actions: To align targets with the budget. Also to adjust during midyear where cases like this occur.
Sustainable Service Delivery	15	556	No. of social housing units completed	500 housing units completed	-	-	-	500	500	0	Target Achieved Total of 384 units achieved from Riverside and 116 from Nancefield.

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
	16	98%	% Occupancy rate across all JOSHCO rental units	98% occupancy rate	98.75%	98.75%	99%	98%	98%	0	Target Achieved
	17	100%	% Achievement of service standards	100% Achievement of service standards	71.42%	85.57%	85.57%	85.71%	85.71%	-14.43%	Target Not Achieved: Service disruptions linked to contract and payment issues (e.g. lifts, utilities) Mitigation Actions: The Housing Management is currently working with the Office of the ACEO, CFO (SCM) office of the COO to address the R&M backlog through a comprehensive approach of reallocating under-performing contractors and building

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											internal capacity for repairs and maintenance
	18	New KPI	Number of tenants engagement	4	14	11	25	26	26	+22	Target Achieved
	19	New KPI	% of additional revenue accrued from special projects	100%	0	No Performance	18%	34%	34%	-66%	Target Not Achieved: The total budget for the special project is R52.9million and the target for Q4 is R13.3million (representing 100% of the special project revenue). For the current quarter, the actual revenue from special project is R4.5 million, equating to 34% of the target. The reason the target was not met is the result of reductions in the

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											budget of the departments that JOSHCO implements projects on their behalf and suspension of some work especially Human settlement due to nonpayment of historic debts and expired SLAs. It was also anticipated that the performance would improve in the 4th quarter provided that the departments secure additional funding during the mid-term budget processes. The year to date of management fee billed on Special Project to date is

Key Performance Area	KPI No.	Baseline	Key Performance Indicator	Annual Target 2025/26 FY	Q1	Q2	Q3	Q4	2025/26 FY Actual (M&E Verified /Unaudited)	Variance	Reasons for Underachievement and Remedial Action
											R15.3 million with a budget of R52.9 million equating to 71% Remedial Action: JOSHCO will continue with monitoring the performance considering the challenges as stated above and continue to implement projects on behalf of departments and entities with positive payment history.

1) HOUSING DEVELOPMENT

1. Contextual Background

Contextual Background on the KPIs:

JOSHCO's capital projects are categorised into two main programmes: the 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 period from tender award through to 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. Completion dates may be revised, depending on the outcome of Extension of Time (EOT) claims submitted by 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: Projects that have 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 as they have reached Practical Completion and obtained Occupation Certificates.

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

2. SUMMARY OF PERFORMANCE

JOSHCO has seventeen (17) projects approved in the 2025/2026 Financial Year Business Plan. Eleven (11) of these projects are in the planning and procurement stage, and six (6) are in the implementation stage

2.1 PROJECTS UNDER IMPLEMENTATION: INNER CITY

TABLE 26: BOOYENS PLACE INNER CITY CONVERSION

Initial Project Start Date (Planning & Implementation)	21 January 2025
Anticipated Completion date	10 December 2026
Area of location	57 Mentz Street, Erf 348 Booyens
Project Yield	40 units
No of units to be achieved for the 25/26 FY	40 units
No of actual units achieved	0
Total Awarded Project Estimate (Planning & Implementation)	Professional Fees: R 9, 509 742.43 Construction: R 48 968 713.20
Historical Expenditure up to 2024/25 (Professional Fees & Construction)	R 10 376 503.99
Approved Project Budget 25/26 FY	R 38 000 000.00
Awarded Construction Amount 2025/26	R 48 968 713.20
Professional Fees 25/26 FY	None
Expenditure as of 30 June 2026 on the 25/26 FY (Professional Fees & Construction)	R 17 483 246,59
SMMEs 2025/26 FY	0
Overall Physical Project Progress	45%

Project commentary: The project has experienced delays due to the following factors:

- Delayed start date was due to retailers that did not consent to being relocated away from the project, which resulted in JOSHCO being taken to court.
- Slow progress on site resulting in the contractor not completing activities timeously.
- Invoices not paid by client within 30 days.
- Lack of financial capacity of the contractor to carry out the project activities, whilst waiting for the client to pay for invoices submitted.

Milestones achieved: Roof construction at 10% progress, Brickwork to internal walls (1st & 2nd floor at progress 75%) , electrical works first fix (1st & 2nd floor at 60%), Plastering to internal walls (1st & 2nd floor at 40%), Plumbing first fix (1st & 2nd floor at 35%), Column jacketing in ground floor at 50%,

Removal of existing work at 85%, Piling at 80%, Construction of guardhouse at 85%, Construction of refuse area at 90% and construction of boundary wall at 50% progress.

Status: The contractor is currently still busy with roof construction, brickwork to internal walls (1st & 2nd floor), Electrical works first fix (1st & 2nd floor), Plastering to internal walls (1st & 2nd floor), Plumbing first fix (1st & 2nd floor), and column jacketing in ground floor.

2.2 PROJECTS UNDER IMPLEMENTATION: GREENFIELDS

TABLE 27: Nance Social Housing Project

Initial Project Start Date (Planning & Implementation)	1 December 2025
Anticipated Completion date	5 February 2026
Area of location	92 Mofokeng Street, Nancefield, Portion 7 of Erf 1 Klipspruit
Project Yield	372 units
No of units to be achieved for the 25/26 FY	243 units
No. of actual units achieved	116
Total Awarded Project Estimate (Planning & Implementation)	Professional Fees: R 9 509 742.43 Construction: R 310 686 553.51
Historical Expenditure up to 2024/25 (Professional Fees & Construction)	R 338 904 494.94
Approved Project Budget 25/26 FY	R 55 000 000.00
Awarded Construction Amount 2025/26	R 83 900 425,46
Professional Fees 25/26 FY	Included on the construction value.
Expenditure as of 30 June 2026 on the 25/26 FY (Professional Fees & Construction)	R 39 639 004,08
SMMEs 2025/26 FY	0
Overall Physical Project Progress	72%

Project commentary: The project has experienced delays due to the following factors:

- Multiple appointment of contractors since the beginning of the project.
- Delays in the starting of the project due to community stopping the project since they were against the rental facility because they were promised RDP houses resulting in the project being suspended for a period of 5 years.
- Slow progress on site resulting in the contractor not completing activities as per the construction program.
- Invoices not paid by client within 30 days.

- Lack of financial capacity of the contractor to carry out the project activities, whilst waiting for the client to pay for invoices submitted.
- Stoppage of SMMs due to non-payment by the contractor
- Contractual penalties have been imposed on the contractor due to failure to complete the project within the agreed contractual timeframe. As the contractual completion date has been reached the contractor is liable for the applicable of penalties in accordance with the contract.
- Due to the contractor being on penalties, this has hindered the payment of the professional team since the fees are incorporated within the contractor's contract.

Milestones achieved:

- Block L to U are leading to closing out blocks, most internal works, finishes and external works on these blocks are complete with only snags and limited number of inverted still requiring attention before final sign-off.
- Block R to S is
- Parking area 1 is at 90% progress.

Status:

- Contractors are currently working on external works, construction of the internal roads and parking spaces as well as electrical works.
- Heat pump commission is underway, 4 out of 6 heat pumps are being commissioned beginning at the heat pump near block L.
- Electrical services have been progressed to Block Z which supports final testing, commissioning and occupation readiness in the completed areas.
- Block T & U- contractor to address the water issue as the water supply is from the one wing.
- Block V – remains without water which is currently being addressed.

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

there has been ongoing engagement between JOSHCO, Magandaganda Informal settlement and Department of Human Settlement.

This need to be addressed urgently through the stakeholder engagement, access arrangement and agreed mitigation plan as this will allow safe and uninterrupted excavation of the sewer line so that wastewater from the completed blocks can be discharged and the site can progress to full-service completion.

TABLE 28: DEVLAND SOCIAL HOUSING PROJECT PHASE 3

Initial Project Start Date (Planning & Implementation)	1 November 2014
Anticipated Completion date	31 October 2026
Area of location	3 & 5 East Street, Erven 6671, 8723 & 8724 Devland Ext 33, Soweto
Project Yield	588 units 333 units under construction
No of units to be achieved for the 25/26 FY	0
Total Awarded Project Estimate (Planning & Implementation)	Professional Fees: R 8 506 118.76 Construction: R 439 915 987.29
Historical Expenditure up to 2024/25 (Professional Fees & Construction)	R 359 896 024.14
Approved Project Budget 25/26 FY	R 10 000 000.00
Awarded Construction Amount 2025/26	R 99 506 125.17
Professional Fees 25/26 FY	Included in the construction amount.
Expenditure as of 30 June 2026 on the 25/26 FY (Professional Fees & Construction)	R 10 986 534.97
SMMEs 2025/26 FY	0
Overall Physical Project Progress	39%

Project Commentary: The project has experienced delays due to the following factors:

- Initial development company got liquidated due to financial constraints.
- Lack of financial capacity of the contractor to carry out the project activities.
- Multiple appointments of service providers to do the projects
- Changing the scope of work.
- NHBRC registration delays.

- Community challenges against the approved scope.
- Slow progress on site resulting in the contractor not completing activities as per the construction program.
- Invoices not paid by client.
- Absence of the PM & QS to assess and certify the payments for the works carried out on site.
- An amount of R 9 250 682 worth of claims which need to be assessed and certified.
- Stoppage of works on site by NHBRC due to compliance.

The works did not progress satisfactorily during the previous quarters. To accelerate completion the contractor appointed a subcontractor to undertake the outstanding works. Subcontractor has demonstrated strong performance and significant progress on site. The current challenge which could affect the subcontractor's ability to sustain the current rate of delivery if not addressed promptly is the delay with the payments & the absence of the PM & QS.

The contractor has written to JOSHCO requesting that the PM& QS be reinstated on the project so that the works carried out in the previous months can be assessed and certified for payment and also submitted the request in a form of a session for the payments to be paid directly to subcontractor (GVK).

Milestones achieved:

- Project has recorded significant progress across multiple blocks and infrastructure works. Structural works have advanced with several blocks achieving completion of masonry, plastering, screeding, brickwork, slab and staircase installation. Numerous blocks are currently advanced at construction stages while others have progressed into internal and external finishing including glazing and painting.
- Infrastructure works have also progressed well with clearing and grubbing, platform preparation, backfilling, layer works, trench excavations, retaining walls and tank area construction substantially completed.
- Electrical installation has advanced through the kiosk cable trenching, cable installation and first-fix electrical works across several blocks.
- Plumbing works have also progressed including the first-fix installations, water pipeline, rerouting, duct gullies and sewer manhole construction.
- Progress per block (Block 63 & 64 @ 50.83%, Block 65 @38.33%, Block 66@ 55%, Block 67@ 2.92%, Block 68@ 8.33% Block 69@ 4.17%, Block 70 @ 14.58%, Block 71 @ 14.17%, Block 72

@ 13.75%, Block 73 & 74 @ 34.79%, Block 76 @ 47.08%, Block 77 @ 27.29%, Block 78 @ 35%, Block 79 @ 26.67, Block 80 @ 18.33%, Block 81 @ 4.17%, Block 82 & 83 @ 27.92%, Block 89 @ 25.21%, Block 92 @ 38.13%, Block 93 @ 37.50% and Block 94 @ 35%

Status: Contractors are currently busy with the foundation earthworks, raft foundations, brickwork, plastering a& screeds, slabs, paintwork, roof trusses, roof sheeting, electrical, plumbing, metalwork & tiling.

Due to the performance on the contract which has clearly indicated that the projected unit yield will not be achieved on the current financial year, resulted on a proposal being made with regards to the adjustment.

TABLE 29: RIVERSIDE VIEW SOCIAL HOUSING PHASE 4

Initial Project Start Date (Planning & Implementation)	20 January 2021
Anticipated Completion date	30 January 2029
Area of location	37 Lemur Street, Erf 2634 & Erf 2569 Riverside View Ext 33, Erf 1143 & Erf 1201 Riverside View Ext 31, Erf 2871 & Erf 2869 Riverside View Ext 34, Erf 4197 Riverside View Ext 35
Project Yield	1108 units 364 units completed to date.
No of units to be achieved for the 25/26 FY	384 units
No of actual units achieved	384 units
Total Awarded Project Estimate (Planning & Implementation)	Professional Fees: R 24 496 496.76 Construction: R 543 568 905.38
Historical Expenditure up to 2024/25 (Professional Fees & Construction)	R 346 541 599.60
Approved Project Budget 25/26 FY	R 53 000 000,00
Awarded Construction Amount 2025/26	R 531 840 000.00
Professional Fees 25/26 FY	714 194.90
Expenditure as of 30 June 2026 on the 25/26 FY (Professional Fees & Construction)	R 172 539 185,73 including SHRA funding
SMMEs 2025/26 FY	24
Overall Physical Project Progress	85%

Project commentary: The project has experienced delays due to the following factors:

- Funding constraints from the entity.

- Invoices not paid by client within 30 days.
- Weather conditions.
- Fatal incidents occurred in May 2026 at ERF 4197 with 172 units which is currently under investigation by Department of Employment and Labor.

Milestones achieved:

- Completed phases: ERF 1143, 1201, and 2871 are 100% complete with 364 units reported on the financial years.
- ERF 2634 is 98.85% complete, with fire compliance achieved on 23 June 2026 and OC expected on 30 June 2026, with the 64 units to be tenanted by July 2026.
- ERF 2869 is 80.74% complete, with practical completion expected by 30 June 2026, except for 2 blocks and outstanding external works (landscaping and fencing).
- Status:
- Progress is currently on 4 sites [Erf's: 2869; 2569; 2634; 4197]:
- Progress percentage on the different sites are as follows, Erf 2869: 80.74%; Erf 2569: 64.35%; Erf 2634: 98,85%; Erf 4197: 52.35%.
- Erf 2634(64 units): Currently busy with snagging and finalizing the OC.
- Erf 2869 (320 Units): busy with Block H&I with the roofing and finishing of the superstructure brickwork. Blocks A -G – Busy with the internal finishes.
- Erf 2569 (188 units) & Erf 4197 (172 units): Busy with the superstructure brickwork and internal finishes.

TABLE 30: LUFERENG SOCIAL HOUSING PROJECT PHASE 2

Initial Project Start Date (Planning & Implementation)	1 June 2023
Anticipated Completion date	22 February 2027
Area of location	8 Bitou Street, Erf 8627 Lufhereng Extension 7

Project Yield	552 units
No of units to be achieved for the 25/26 FY	0
Total Awarded Project Estimate (Planning & Implementation)	Professional Fees: R18 526 500.00 Construction: R 355 776 014.79
Historical Expenditure up to 2024/25 (Professional Fees & Construction)	R 6 170 000.00
Approved Project Budget 25/26 FY	R 10 000 000.00
Awarded Construction Amount 2025/26	R 355 776 014.79
Professional Fees 25/26 FY	1 543 875.00
Expenditure as of 30 June 2026 on the 25/26 FY (Professional Fees & Construction)	R 1 029 250
SMMEs 2025/26 FY	0
Overall Physical Project Progress	8%

Project commentary: The project has experienced delays due to the following factors:

- Funding constraints from the entity.
- Invoices not paid by client within the 30 days.
- Since inception of phase 2 no purchase order has been issued for the project and currently the developer is claiming an amount R 23 133 531.47million for the work done on site which has not been paid to date.

Due to the financial constraints currently impacting the project, LDC adopted had phased implementation approach by dividing the works into distinct work packages aligned with available budget allocations. Work Package 1, allocated for the 2024/2025 financial year, amounted to R17 million, while Work Package 2, allocated for the 2025/2026 financial year, amounted to R18 million. Both work packages have been successfully completed and comprised primarily of civil works and the layering of the development platforms.

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.
- There have been no activities on site for Q4 due to outstanding contractual issues.

TABLE 31: RANDBURG/SERKIRK SOCILA HOUSING

Initial Project Start Date (Planning & Implementation)	April 2016
Anticipated Completion date	September 2027
Area of location	22 Selkirk Avenue, Erf 34-50 Blairgowrie
Project Yield	145 units
No of units to be achieved for the 25/26 FY	0
Total Awarded Project Estimate (Planning & Implementation)	Professional Fees: R 22 000 000 Construction: R206 109 488.72
Historical Expenditure up to 2024/25 (Professional Fees & Construction)	R 103 802 485.95
Approved Project Budget 25/26 FY	R 18 000 000.00
Professional Fees 25/26 FY	R 2 000 000.00
Expenditure as of 30 June 2026 on the 25/26 FY (Professional Fees & Construction)	R 20 606 936.25
SMMEs 2025/26 FY	0
Overall Physical Project Progress	12%

Project commentary: Project experience delays due to the following:

- Issuing complete and approved construction drawings and wayleaves.
- Project does not have approved building plans and wayleaves. The contractor is currently experiencing delays due to existing underground services (water, electricity and data cables) which should be relocated together with the substation.
- Payments delays by the client.
- Suspension of works by the contractor due to delay on the statutory documents which will result on the extension of time with cost on the project.

The site was handed over to the contractor in September 2025. The rubble removal commenced in September and was completed mid-October 2025. The site establishment was concluded in the first week of November 2025.

There were delays due to some statutory documents not being finalised which were submitted by the previous professional team due to an ongoing dispute with JOSHCO regarding outstanding balance

due to professional team for works done, hence some statutory approvals are still in the possession of the previous professional team, however the current PM has been requested to submit the quotation for the outstanding documentation on the project.

Milestones achieved:

- Site establishment and site clearance completed.
- Demolish and removal of existing structures.
- Earthworks and platform levelling completed (8 platforms & parking)
- Piling on the platforms has been completed (465 piles)

Status: There are no current activities on site since the contractor has suspended works.

2.3 PROJECTS UNDER PLANNING STAGE

TABLE 32: 280 SMIT STREET – STUDENT ACCOMMODATION

Initial Project Start Date (Planning)	29 September 2023
Anticipated Completion date	TBC due to budgetary constraints. The project is halted awaiting budget allocation for construction.
Area of location	Portion 1 of Erf 5127 Johannesburg, 280 Smit Street
Project Yield	250 units = 500 beds
Total Awarded Project Estimate (Planning)	Professional Fees: R49 363 462.56
Historical Expenditure up to 2024/25 (Professional Fees)	R51 590 862.83
Approved Project Budget 25/26 FY	R 500 000
Professional Fees 25/26 FY	R 500 000
Expenditure as of 30 June 2026 on the 25/26 FY (Professional Fees)	R 0
Overall Project Progress (Planning)	100%

The project is on Stage 4, pending confirmation of budget availability for the appointment of a contractor. All statutory approval has been obtained since August 2025. Failure to secure adequate

budget for commencement of construction before August 2026 will result in the resubmission of the Building Plans.

TABLE 33: RIVONIA EDENBURG TURNKEY

Initial Project Start Date (Planning)	17 January 2025
Anticipated Completion date	13 January 2028, subject to budget availability
Area of location	RE/166, RE/167 & 1/167 Edenburg, 104, 106 & 108 Twelve Avenue
Project Yield	264 units
Total Awarded Project Estimate (Planning)	Professional Fees: R 57 548 050.90
Historical Expenditure up to 2024/25 (Professional Fees)	R 85 021 282.64 (includes the land acquisition)
Approved Project Budget 25/26 FY	R 1 000 000
Professional Fees 25/26 FY	R 2 1 22 860.44
Expenditure as of 30 June 2026 on the 25/26 FY (Professional Fees)	R 4 947 360.90
Overall Project Progress (Planning)	28%

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

The project is on Stage 3, with design options presented to JOSHCO for approval March 2026. The development incorporates commercial space which was informed by the market study conducted on site. The professional team is finalising the detailed designs for submission of the Site Development Plan and Building Plans, upon the approval of one design option from JOSHCO.

The anticipated date for submission of the Site Development Plan is July 2027, and subsequently the submission of Building Plans, post the approval of SDP.

TABLE 34: DENVER EXTENSION 20 (JEPPESTOWN)

Initial Project Start Date (Planning)	22 June 2021
Revised Completion date	20 January 2029 (EOT) - The projected completion dates are subject to budget allocation
Area of location	Portion 1086 of the Farm Doornfontein 92 IR, Denver Ext 20 Main Reef Road (close to 622 Main Reef Road)

Project Yield	1041 units
Total Awarded Project Estimate (Planning)	Prof Fees (Ditlou): R 32 501 760 Developer (Mikvah) - R 641 280 000
Historical Expenditure up to 2024/25 (Professional Fees)	R 190 044 451.25 (includes the acquisition of the land parcel)
Approved Project Budget 25/26 FY	R 1 000 000
Professional Fees 25/26 FY	R 1 283 400
Expenditure as of 30 June 2026 on the 25/26 FY (Professional Fees)	R 23 882 788.30
Overall Project Progress (Planning)	70%

The township establishment application has been approved in March 2026. The professional team is currently finalising the documentation for submission of the registration of Township Register application and the clearance from the service engineering departments. Once the land use rights have been promulgated, the submission of the Site Development Plans and subsequently submission of Building Plans for approval prior to the commencement of construction.

The professional team had finalised the scope of work for the commencement of the rehabilitation works on site by end of January 2026, however this has since been halted, due to budgetary constraints. In the meantime, the professional team is finalising all the statutory approvals for project's technical and financial viability documents to enable JOSHCO to submit the Consolidated Capital Grant (CCG) application to Social Housing Regulatory (SHRA).

TABLE 35: MILPARK SOCIAL HOUSING PROJECT (FRANK BROWN PARK)

Initial Project Start Date (Planning)	31 May 2024
Revised Completion date	30 May 2027
Area of location	Remainder 55 of the Farm Braamfontein 53-IR, 62 Napier Road
Project Yield	245 units
Total Awarded Project Estimate (Planning)	Professional Fees: R 36 700 000
Historical Expenditure up to 2024/25 (Professional Fees)	R 13 355 406
Approved Project Budget 25/26 FY	R 637 000
Professional Fees 25/26 FY	R 3 902 824.51
Expenditure as of 30 June 2026 on the 25/26 FY (Professional Fees)	R 17 258 230.51

Overall Project Progress (Planning)	49%
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The project is on Stage 3, with the professional team had finalised the detailed designs prior to submission of the Site Development Plan, however the team is currently awaiting JOSHCO's final approval on the detailed design after comments issued by JOSHCO.

Once the Site Development Plan (SDP) is approved, the Fire Rationale Design and subsequently Building Plans will be submitted for approval.

TABLE 36: KELVIN SOCIAL HOUSING PROJECT

Initial Project Start Date (Planning)	08 September 2023
Revised Completion date	15 June 2029, subject to budget availability
Area of location	Erf 54 Kelvin, 42 Mead Way
Project Yield	384 units
Total Awarded Project Estimate (Planning)	Professional Fees: R 39 892 000
Historical Expenditure up to 2024/25 (Professional Fees)	R 22 676 947.93
Approved Project Budget 25/26 FY	R 1 000 000
Professional Fees 25/26 FY	R 1 000 000
Expenditure as of 30 June 2026 on the 25/26 FY (Professional Fees)	R 24 593 761.90
Overall Project Progress (Planning)	65%

A rezoning application was submitted to the City of Johannesburg (CoJ) Development Planning Department and was subsequently referred to the Municipal Planning Tribunal (MPT) for determination following objections received during the public participation process.

The MPT approved the rezoning application in September 2025. Subsequently, an appeal was lodged against the Tribunal's decision. JOSHCO, through its appointed legal representatives, formally opposed the appeal and submitted the necessary legal response in support of the approved application.

In March 2026, the Member of the Mayoral Committee (MMC) for Economic Development dismissed the appeal and upheld the decision of the Municipal Planning Tribunal, thereby confirming the approval of the land use rights in favour of JOSHCO's proposed development.

JOSHCO is currently awaiting the formal approval letter confirming the land use rights, together with the signed Map 3 documents from the City of Johannesburg Legal Administration. Upon finalisation of the land use rights by Legal Administration, the approved rights will be promulgated in the Provincial Gazette. Thereafter, JOSHCO will proceed with the submission of the Site Development Plan (SDP), Building Plans, and all other requisite statutory applications necessary to advance the project to the implementation phase.

TABLE 37: LOMBARDY EAST SOCIAL HOUSING PROJECT

Initial Project Start Date (Planning)	21 September 2023
Revised Completion date	05 September 2028, subject to budget availability
Area of location	Portion 1 of Erf 357 Lombardy East
Project Yield	396 units
Total Awarded Project Estimate (Planning)	Professional Fees: R 50 149 358.18
Historical Expenditure up to 2024/25 (Professional Fees)	R 61 239 823.26
Approved Project Budget 25/26 FY	R 1 000 000
Professional Fees 25/26 FY	R 2 697 744.03
Expenditure as of 30 June 2026 on the 25/26 FY (Professional Fees)	R 2 697 744.03
Expenditure to date	R 27 582 146.96
Overall Project Progress (Planning)	39%

The project is currently at Stage 2. Following objections received during the rezoning application process, the application is required to be referred to the Municipal Planning Tribunal (MPT) for determination.

City Power has advised that the existing electricity network does not have sufficient capacity to accommodate the proposed development until 2029 and, as a result, is unable to issue favourable comments at this stage. JOSHCO has held several engagements with City Power to explore viable solutions, and City Power undertook to submit a proposal outlining potential interventions to provide the required electrical capacity. Once an agreement has been reached between the parties, City Power will be able to revise its comments, thereby enabling the rezoning application to be finalised.

Despite numerous follow-ups by JOSHCO and the Chairperson of the Development Planning Fast Track Committee, no further response has been received from City Power. Consequently, the matter

has been escalated to the Executive Director of Development for intervention. The application therefore remains pending, awaiting City Power's formal comments before it can proceed to the Municipal Planning Tribunal for a decision.

TABLE 38: MARLBORO SOCIAL HOUSING PROJECT

Initial Project Start Date (Planning)	06 October 2023
Anticipated Completion date	27 April 2027
Area of location	Erf 710 Marlboro Garden, 17 Viola Avenue
Project Yield	205 units
Total Awarded Project Estimate (Planning)	Professional Fees: R 52 996 554
Historical Expenditure up to 2024/25 (Professional Fees)	R 12 136 891.69
Approved Project Budget 25/26 FY	R 1 000 000
Professional Fees 25/26 FY	R 0
Expenditure as of 30 June 2026 on the 25/26 FY (Professional Fees)	R 0
Expenditure to date	R 12 136 891.69
Overall Project Progress (Planning)	35%

The project is currently at **Stage 3**, with the Detailed Design Recommendations approved in September 2025. The subdivision application has been approved, and registration of the newly created erven is in progress. Following engagement with the Johannesburg Property Company (JPC), it was confirmed that a Council Resolution was not required, as the property is allocated to JOSHCO under a Permission to Build and Occupy (PTBO) Agreement. Consequently, JPC released the original title deeds, which were received by JOSHCO on 22 June 2026 following submission of the required proof of payment and submitted to the appointed conveyancer to facilitate registration at the Deeds Office.

Simultaneously the applications for municipal service clearance certificates are being processed with City Power, Johannesburg Water, and the Johannesburg Roads Agency (JRA), while the Site Development Plans, Fire Rational Designs and Building Plans are being finalised. These activities are progressing simultaneously to enable the project to advance to the next implementation phase, subject to budget allocation. The project's projected completion date is subject to budget availability; there is no budget allocated to the project for the 2026/27 financial year.

TABLE 39: MARLVEN SKILLS DEVELOPMENT CENTRE

Initial Project Start Date (Planning)	29 September 2023
Anticipated Revised Completion date	TBC
Area of location	Erf 1972 Malvern, 403 Jules Street
Project Yield	92 units
Total Awarded Project Estimate (Planning)	Professional Fees: R 26 359 437.50
Historical Expenditure up to 2024/25 (Professional Fees)	R 3 302 428.48
Approved Project Budget 25/26 FY	R 500 000
Professional Fees 25/26 FY	R 0
Expenditure as of 30 June 2026 on the 25/26 FY (Professional Fees)	R 0
Expenditure to date	R 3 302 428.48
Overall Project Progress (Planning)	30%

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

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

Planning activities on the project were placed on hold following a directive from the then Accounting Officer. This decision arose after the MMC for Human Settlements advised that the MMC for Health had expressed an interest in the site for the development of a public health clinic.

Consequently, JOSHCO was requested to release the property to the Department of Health, subject to the conclusion of an agreement between the two entities regarding the proposed use of the site. In preparation for these discussions, JOSHCO undertook an assessment of all expenditure incurred on the project to date to determine the costs that would need to be recovered should the property be transferred for the intended health facility development.

Planning activities remained suspended pending the outcome of negotiations and the finalisation of an agreement between JOSHCO and the Department of Health regarding the future use of the property.

TABLE 40: PARK CHAMBERS PRECINCT

Initial Project Start Date (Planning)	13 September 2023
Revised Completion date	23 April 2027, subject to budget availability. The project allocation for 2026/2027 FY is R 3 000 000
Area of location	Erven 1862 & 1863 Johannesburg
Project Yield	70 units
Total Awarded Project Estimate (Planning)	Professional Fees: R 33 246 000
Historical Expenditure up to 2024/25 (Professional Fees)	R 14 811 404.03
Approved Project Budget 25/26 FY	R 2 000 000.00
Professional Fees 25/26 FY	R 5 376 334.72
Expenditure as of 31 June 2026 on the 25/26 FY (Professional Fees)	R 5 376 334.72
Expenditure to date	R 14 811 403
Overall Project Progress (Planning)	61%

The project is currently on Stage 3. The detailed designs were approved, and the Site Development Plan was submitted to CoJ Development Planning November 2025. The anticipated time for the approval of the SDP is April 2026.

Following the submission of the Stormwater Management Report to JRA, comments were received requesting additional information. The JRA requested that the stormwater management plans be revised to clearly indicate the stormwater runoff from the courtyard area.

In response, the professional team conducted a site inspection and is currently finalising the revised drawings for resubmission. The updated plans are scheduled for submission before the end of June 2026 to address the Site Development Plan (SDP) comments and facilitate the approval process.

Furthermore, the conditions and amendments identified by the JRA are presently being addressed by the appointed engineer to ensure full compliance with the applicable stormwater management requirements and regulatory standards.

The Building Plans have been submitted for pre-scrutiny while awaiting the approval of the SDP. Anticipated time for the approval of the Building Plans was end of June 2026; however, the date has been revised due to JRA requirements to August 2026.

There is a Material Irregularity (MI) raised by AGSA on the project and all the response and supporting documents were sent to the Office of the City Manager with the remedial actions to ensure there are no future re-occurrence of such MI in the future. JOSHCO is required to report on the project's progress to both the Office of the City Manager (CM) and the Auditor-General of South Africa (AGSA) and continues to provide regular updates to ensure effective governance, accountability, and oversight.

TABLE 41: 38 RISSIK STREET (NBS) INNER CITY BUILDING

Initial Project Start Date (Planning)	28 April 2023
Revised Completion date	14 January 2028 – The projected completion dates are subject to budget availability and the allocation of funding
Area of location	Erf 4708 Johannesburg, 38 Rissik Street
Project Yield	169 units
Total Awarded Project Estimate (Planning)	Professional Fees: R 21 622 300
Historical Expenditure up to 2024/25 (Professional Fees)	R 21 486 868.44
Approved Project Budget 25/26 FY	R 1 000 000
Professional Fees 25/26 FY	R 0
Expenditure as of 30 June 2026 on the 25/26 FY (Professional Fees)	R 0
Expenditure to date	R 21 486 868.44
Overall Project Progress (Planning)	80%

The project is on Stage 3. The Site Development Plan (SDP) have been approved, currently awaiting the approval of the Building Plans. The anticipated time for the approval of the Building Plans is July 2026 due to the outstanding Fire Rational Design.

The approval of the Building Plans is currently pending awaiting the approval of the Fire Rational Design and Fire Plans by the relevant authority. Once these approvals have been obtained, the Building Plan approval process can be finalised.

The Project Manager was appointed in March 2023 to convert an existing office building into residential units. Stages 1 to 3 were completed, with a proposed development of 169 units and commercial space. The scope was later revised to change larger, high-cost loft units into affordable units in line with the SHRA requirements. This required additional re-design works and extended the project timeline.

Additional requirements, including a traffic assessment due to the Site Development Plan submission, asbestos monitoring, and dust monitoring, arose during implementation. These were not anticipated at the time of appointment and required further specialist coordination, impacting the programme. A Section 116 submission has therefore been made to adjust professional fees and allow completion of Stages 4 to 6.

2.4 TABLE 42: CASA MIA INNER CITY BUILDING RENEWAL

Initial Project Start Date (Planning)	July 2021
Anticipated Completion date	TBC – Works suspend
Area of location	Erven 162, 164, 166 & 1349 Berea
Project Yield	TBC
Total Awarded Project Estimate (Planning)	Professional Fees: R 7 205 409,06
Historical Expenditure up to 2024/25 (Professional Fees)	R 2 929 444,44
Approved Project Budget 25/26 FY	R 1 000 000
Professional Fees 25/26 FY	R 0
Expenditure as of 31 June 2026 on the 25/26 FY (Professional Fees)	R 0
Overall Project Progress (Planning)	5%

Project is part of City's Bad Building Initiative & is currently invaded. JOSHCO is currently waiting for the Bad Building strategy evictions to resume for the professional team to finalise the buildings conditional assessment.

To date, no significant progress has been made on the project due to the unlawful occupation of the property as the professional team cannot access the building, which led to a decision to terminate the current professional team until the evacuation is finalised.

In 2024, JOSHCO obtained eviction order following the declaration of the building as unsafe and condemned owing to the significant fire risk it poses; however, several families continue to reside within the premises. In the event of a fire or any related incident resulting in injury or loss of life, JOSHCO and its executives could potentially be exposed to significant legal and reputational liability.

Furthermore, while it may appear inequitable to provide alternative accommodation to individuals who have unlawfully occupied and effectively hijacked the building, the Court Order remains valid and binding.

The City of Johannesburg municipality has been directed by the Court to provide alternative accommodation to the affected occupants, and any failure to comply with this directive may constitute contempt of court. As such, compliance with the Court Order is not discretionary and remains a critical prerequisite to advancing the matter.

Back in 2024, JOSHCO subsequently conducted comprehensive occupancy audits of the building, during which all occupants were assessed in accordance with the prescribed qualification criteria. The necessary vetting and verification processes were undertaken to determine eligibility, and only those individuals who met the requirements for allocation of JOSHCO residential units were approved. More than 50 lease agreements were concluded and finalised with JOSHCO for the qualifying beneficiaries and were relocated to 106 Claim Street.

The remaining occupants were supposed to be accommodated by the City of Johannesburg municipality; however, Department of Human Settlement did not have a place to allocate them hence they remained in Casa Mia.

2.5 SHRA CCG FUND APPLICATIONS

Table 43: Applications for the SHRA Consolidated Capital Grant have been submitted for the following developments:

Project Name	Location	Project Yield	CCG Amount Requested	Status of Application
50 Durban Street Brownfield/Refurbishment	Region F – Inner City	102	R 43 483 416.00	SHRA has not responded on the status of these applications due to JOSHCO's noncompliance matters and accreditation status. JOSHCO's SHRA task team is engaging SHRA in trying to resolve the matter. The process is on-going with SHRA to attend to all the JOSHCO's compliance status.
Denver Extension 20 Greenfield	Region F – Inner City	1041	R443 786 628.00	
Lufhereng Phase 1 Greenfield	Region D - Soweto	60	R 25 578 480. 00	
Lufhereng Phase Greenfield	Region D - Soweto	552	R 235 322 016. 00	

2.6 SHRA PROJECTS OCCUPATION CERTIFICATES (OC)

Dobsonville: JOSHCO has submitted the statutory compliance to the Chief Building Inspector to finalise the process of issuing the Occupation Certificate. All the supporting documents have been submitted to the Regional Office approval. The Chief building Inspector requested JOSHCO to submit A0 size building plans. Housing Development is currently awaiting finance department to make payment. The anticipated time for the completion is end of July 2026, subject to payment of the building plans.

3. HOUSING MANAGEMENT

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

The Q4 collection performance shows an overall improvement despite declines in some categories. Overall collection increased from **70% in Q4 2024/25 to 72% in Q4 2025/26**, reflecting a positive movement of **2 percentage points**. Projects declined slightly from **72% to 69%**, representing a **3 percentage-point decrease**. JOSHCO Projects recorded the largest decline, moving from **88% to 78%**, a decrease of **10 percentage points**. Retail Space also decreased from **99% to 94%**, reflecting a **5 percentage-point decline**. City Referral Stock was not reported in Q4 2025/26; therefore, no movement could be calculated against the prior year performance of **35%**. Overall, while category-level performance declined in SHRA, JOSHCO Projects and Retail Space, the total collection rate improved by **2 percentage points**, indicating a stronger consolidated collection outcome for Q4 2025/26.

1) REPAIRS AND MAINTENANCE

The 4th 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.

Table 44: Quarter 4 Repairs and Maintenance.

Property	Plumbing	Elect.	(General) Carpentry, Tiles, Doors, Windows	Reported Complaints	Within 14 Days	Beyond 14 Days	Achieved %
City Deep Greenfield	2	1	3	6	3	2	50,00%
Ekhaya Gardens	1	1	2	4	4	0	100,00 %
Fleurhof Riverside	10	1	3	14	11	3	78,50%
Legae	1	0	2	3	2	1	66,60%
Riverside View	11	4	2	17	12	5	70,50%
106 Claim Street	4	1	1	6	1	5	17%
Abel Street	4	6	5	15	9	6	60%
Union Square	4	5	4	13	3	10	23%
Bellavista Infill	3	0	5	8	8	0	100%
Bellavista Citrine Court	7	2	5	14	14	0	100%
Kliptown Square	23	1	11	35	35	0	100%
Phoenix House	7	4	10	21	21	0	100%
Turfontein	23	1	35	59	59	0	100%
Orlando Ekhaya Family Unit	7	4	15	26	26	0	100%

Property	Plumbing	Elect.	(General) Carpentry, Tiles, Doors, Windows	Reported Complaints	Within 14 Days	Beyond 14 Days	Achieved %
Lufhereng	32	8	21	61	61	0	100%
Dobsonville	9	1	7	16	1	17	33,3%
Fleurhof Junction	21	2	6	27	4	27	15%
Pennyville Communal	10	1	5	16	3	13	18,5%
Pennyville Flats	4	0	2	6	2	4	33,3%
Rodepoort Tshedzani	8	1	8	17	2	15	12%
AA House	3	1	0	4	1	3	25,00%
African Diamond	1	0	0	1	0	1	0,00%
Devland	11	0	4	15	4	11	26,67%
Europa House	7	0	1	8	2	6	25,00%
Hoek Street	4	2	1	7	3	4	42,86%
Raschers Building	2	1	1	4	1	3	25,00%
Textile Building	6	2	2	10	2	8	20,00%
GRAND TOTAL	225	50	161	433	294	144	67,90%

In Quarter 4, reported complaints reduced significantly to 433, while 294 complaints were resolved within 14 days, improving the overall achievement to 67.90%. This represents a positive movement of 21.59 percentage points in turnaround performance. The improvement is significant because the number of reported complaints was reduced by almost half, yet the number resolved within the 14-day target remained close to the Quarter 3 level. This indicates better operational responsiveness and improved handling of maintenance complaints. However, some properties continue to underperform, especially where achievement remains below 50%. These properties should be prioritized for focused intervention, contractor monitoring, and escalation of unresolved complaints. Overall, Quarter 4 reflects a meaningful improvement in service delivery performance. While the 96% target has not yet been

achieved across the full portfolio, the increase from 46.31% to 67.90% confirms that corrective actions are beginning to produce measurable results

2) Repairs and Maintenance Operational Expenditure as at 30 June 2026.

Overall R&M expenditure increased from R1 632 690,65 in Q1 to R3 075 716,52 in Q2, R6 299 068,63 in Q3 and R7 167 254,93 in Q4. The total annual/YTD budget was R51 132 985,00, with a remaining balance/variance of R28 947 736,28. Portfolio A recorded the highest Q4 expenditure at R3 939 191,18, followed by Portfolio C at R1 386 268,72, Portfolio B at R1 002 550,57, Portfolio D at R719 144,78 and Portfolio E at R120 099,68. This shows increased maintenance activity while remaining within budget.

Table 45: REPAIRS AND MAINTENANCE OPERATIONAL EXPENDITURE FOR Q4 2025/26

Portfolio	Property	Total Units	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual / YTD Budget	Balance / Variance
E	106 Claim Street	80	R29 854,92	R15 589,00	R105 279,00	R9 994,08	R541 440,00	R304 070,12
E	Abel Street	151	R24 784,40	R29 077,00	R187 252,00	R76 675,10	R1 021 968,00	R326 280,43
E	Union Square	351	R69 974,05	R75 945,00	R150 066,00	R33 430,50	R2 375 568,00	R1 723 160,84
E	Portfolio Allocated Monthly Budget	582	R124 613,37	R120 612,00	R442 597,00	R120 099,68	R3 938 976,00	R2 353 511,40
B	Bellavista Infill	36	R3 822,00	R21 943,80	R1 445,00	R15 881,25	R162 432,00	R82 067,00
B	Bellavista Citrine Court	79	R24 387,50	R1 289,00	R36 184,50	R92 422,90	R445 560,00	R32 265,00
B	Kliptown Square	478	R76 194,90	R25 110,20	R96 943,10	R118 980,17	R2 695 920,00	R2 219 507,00
B	Phoenix House	135	R8 591,55	R1 886,20	R103 422,74	R116 474,90	R761 400,00	R249 633,00
B	Turfontein	525	R46 054,00	R62 549,12	R73 547,01	R221 294,75	R2 961 000,00	R395 969,00
B	Orlando Ekhaya Flats / Family Units	190	R22 027,54	R13 451,50	R29 875,26	R277 032,73	R1 077 240,00	R523 665,00

Portfolio	Property	Total Units	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual / YTD Budget	Balance / Variance
B	Lufhereng	407	R70 008,96	R23 328,95	R29 147,75	R160 464,37	R2 289 840,00	R1 373 284,00
B	Portfolio Allocated Quarterly Budget	1 850	R251 086,45	R149 558,77	R370 565,35	R1 002 550,57	R10 393 393,00	R4 876 390,00
C	Dobsonville	502	R193 807,00	R86 176,68	R901 505,71	R724 533,00	R3 397 536,00	R1 346 119,00
C	Roodepoort	452	R138 660,10	R49 287,16	R443 404,04	R0,00	R2 923 776,00	R1 940 089,88
C	Pennyville Flats & Communal	432	R144 076,60	R396 657,49	R710 677,84	R0,00	R8 521 932,00	R7 556 979,49
C	Fleurhof Junction	681	R137 532,87	R148 079,74	R649 746,40	R661 735,72	R3 059 136,00	R1 429 044,69
C	Portfolio Allocated Quarterly Budget	2 067	R614 076,57	R680 201,07	R2 705 333,99	R1 386 268,72	R17 902 380,00	R12 272 233,06
D	City Deep Greenfield	329	R88 813,70	R24 604,58	R76 747,25	R136 545,92	R2 226 672,00	R1 179 820,00
D	Ekhaya Gardens	333	R124 412,57	R453 423,15	R72 427,97	R176 647,17	R2 253 744,00	R899 449,00
D	Fleurhof Riverside	252	R30 873,07	R91 121,80	R311 564,26	R188 322,63	R1 705 536,00	R261 729,00
D	Legae	92	R48 577,25	R54 740,00	R110 417,25	R59 154,53	R622 656,00	R169 138,00
D	Riverside View	372	R98 875,65	R215 017,57	R357 849,47	R158 474,54	R2 517 696,00	R1 302 725,00
D	Portfolio Allocated Monthly Budget	1 378	R391 552,24	R838 907,10	R928 923,91	R719 144,78	R9 326 304,00	R3 812 861,00
A	AA House	252	R50 523,83	R192 641,00	R296 024,45	R537 017,81	R1 815 072,00	R1 278 054,19

Portfolio	Property	Total Units	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual / YTD Budget	Balance / Variance
A	African Diamond	61	R9 983,15	R20 489,00	R20 489,45	R297 447,15	R475 392,00	R177 944,85
A	Devland	255	R33 840,83	R145 467,94	R198 267,86	R446 328,74	R1 749 936,00	R1 303 607,26
A	Europa House	167	R85 904,15	R467 594,26	R747 564,30	R525 280,69	R1 226 256,00	R700 975,31
A	Hoek Street	265	R33 625,67	R175 503,70	R182 099,30	R828 741,45	R1 853 484,00	R1 024 742,55
A	Raschers	95	R32 096,30	R95 829,95	R171 463,43	R870 528,40	R1 313 880,00	R443 351,60
A	Textile Building	162	R5 388,09	R188 912,64	R235 740,49	R433 847,84	R1 137 912,00	R704 064,16
A	Portfolio Total	1 257	R251 362,02	R1 286 437,58	R1 851 648,38	R3 939 191,18	R9 571 932,00	R5 632 740,82
Total	Operational R&M Total	7 134	R1 632 690,65	R3 075 716,52	R6 299 068,63	R7 167 254,93	R51 132 985,00	R28 947 736,28

3) JOSHCO occupancy rate as at end of 30 June 2026

The table below presents the occupancy performance for June 2026 across residential units and retail shops. Residential occupancy remains strong at approximately 98%, with most projects achieving near-full occupancy.

Table 46: Residential Occupancy Rate per portfolio

The submitted overall occupancy rate for residential rental stock is **99,39%** for the quarter under review.

Portfolio	Total Units	Occupied Units	Vacant Units	Occupancy Rate
Portfolio A	1 262	1 255	7	99,45%
Portfolio B	1 659	1 647	12	99,28%
Portfolio C	2 157	2 141	16	99,26%
Portfolio D	1 369	1 364	5	99,63%
Portfolio E	573	570	3	99,48%
Overall, from portfolio tables	7 020	6 977	43	98%

4) STAKEHOLDER RELATIONS

4.1. ADHOC AND AROUND TABLE MEETINGS

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 4th quarter of 2025/2026 the following meetings were held:

Table 47: below indicates number of stakeholder engagements held during the quarter under review

No.	Date	Project	Meeting	Purpose
1	7 April 2026	Selkirk Project	Site Meeting	Track progress on outstanding social issues, including agreed labour rates, labour engagement process, replacements, subcontracting, and general matters.

No.	Date	Project	Meeting	Purpose
2	30 April 2026	Roodepoort Tshedzani	Site Meeting	Share progress update on electrical, solar, and waste management infrastructure.
3	8 May 2026	Roodepoort Tshedzani	Site Meeting	Hand over the site to the contractor for electrical, solar, and waste management infrastructure.
4	21 May 2026	Roodepoort Tshedzani	Site Meeting	Provide an update on project progress for electrical, solar, and waste management infrastructure.
5	25 May 2026	Orlando Ekhaya	Round Table	Discuss issues raised at the project.
6	2 June 2026	Riverside View / Head Office	Round Table	Discuss the proposed security proposal for Riverside View and obtain stakeholder input.
7	6 June 2026	Abel the Ridge	Tenants Engagement	Provide feedback on maintenance issues identified within the project and measures being implemented to address them.
8	7 and 9 June 2026	Riverside View	Public Participation Meeting	Provide the community with an update on the new phase of the Riverside View development and outline the application process for prospective tenants.
9	23 June 2026	Lufhereng	Round Table with Lufhereng Committee	Discuss grievances raised by the tenants committee regarding maintenance, security, and interactions between tenants and JOSHCO staff.

5) EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

The Expanded Public Works Programme continued to support JOSHCO's community development mandate during the 2025/2026 financial year. The programme created temporary work opportunities and supported operational service delivery across JOSHCO properties through general worker and administrative placements.

As in Q4, the programme recorded 332 active participants, comprising 223 general workers and 109 administrative participants. Annual EPWP expenditure amounted to R25 698 697.80, subject to the final validation of reported intake figures by the Monitoring and Evaluation Unit.

Table 48: Jobs created through EPWP programme

Quarter	Number of Participants	Expenditure
Quarter 4	0	R6 342 121.62

Table 49: EPWP Annual Performance and Expenditure.

Performance Indicator	2025/2026 Achievement
Total EPWP Intake	788 Participants*
Active General Workers	223
Active Administrative Participants	109
Total Active Participants	332
Annual EPWP Expenditure	R25 698 697.80

6) SECUTIRY

Table 50: Contract Security Services Provided in Quarter 4

Category	No. of Projects	Total No. of Guards	Total Cost per Month (Incl. VAT)	Total Cost per Q4 (Incl. VAT)
Housing Management Properties	19	156	R4 048 003,28	R12 144 009,84
Housing Development Properties	6	39	R1 012 000,82	R3 036 002,46
CoJ: DoHS Marlboro TRU Projects	2	60	R1 712 616,70	R5 137 850,10

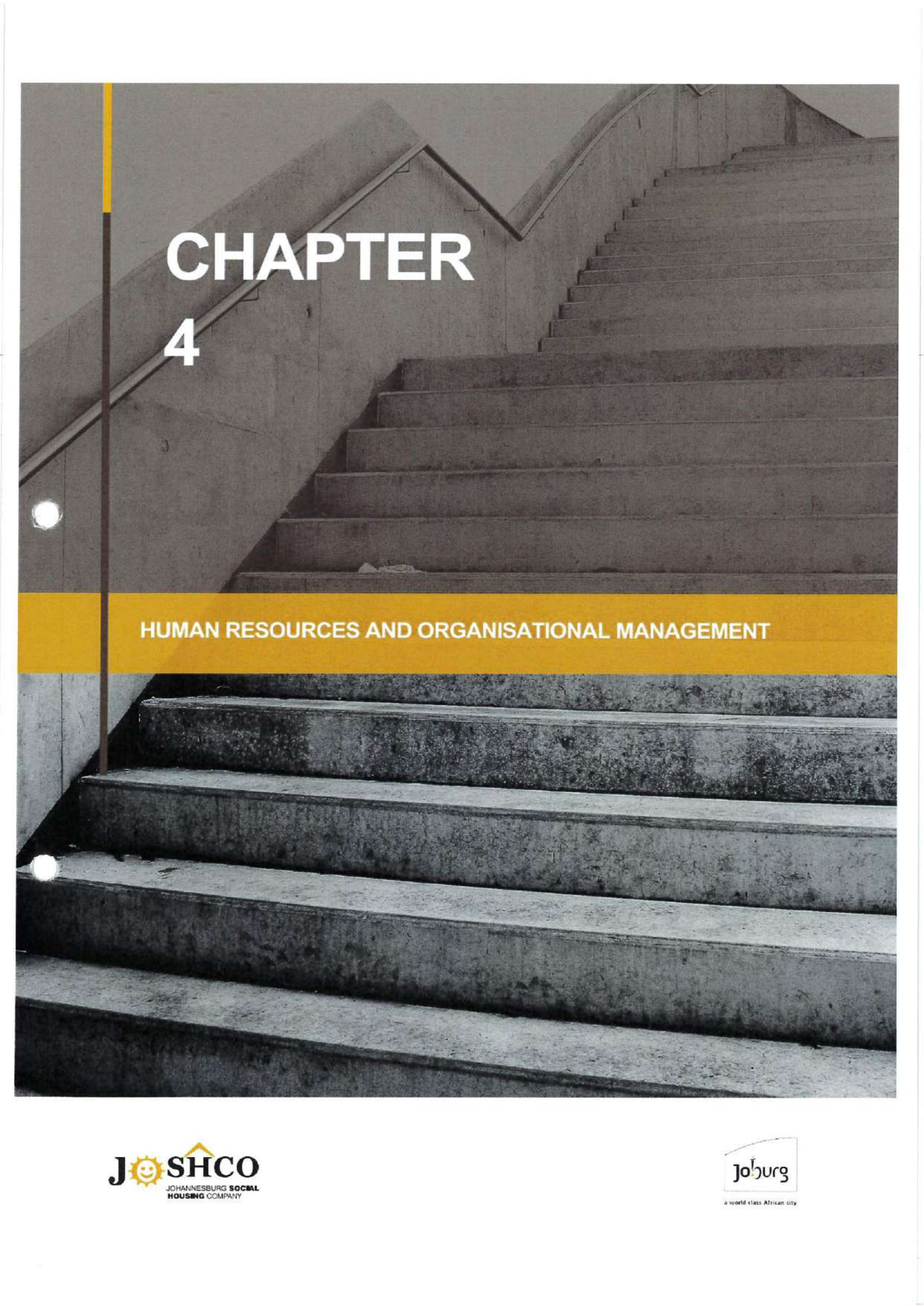
Category	No. of Projects	Total No. of Guards	Total Cost per Month (Incl. VAT)	Total Cost per Q4 (Incl. VAT)
Armed Response Team	N/A	15	R372 307,98	R1 116 923,94
Total Contract	27	270	R7 144 928,78	R21 434 786,34

Table 51: Housing Management Properties Security Systems.

No.	Property Name	Biometric Systems	CCTV Cameras	Gates and Booms
1	Legae	Requires maintenance and tenant registration.	No CCTV cameras.	Gates in good working condition.
2	Bellavista Infill	Requires maintenance.	No CCTV cameras.	Gate is working.
3	Bellavista Citrine Court	Requires maintenance.	No CCTV cameras.	Gate is working.
4	Dakalo Student	Facial recognition in good working condition.	CCTV cameras functioning properly.	All in order.
5	African Diamond	Requires maintenance.	No CCTV cameras.	Magnetic gate not working; most tenants are not loaded on the biometric system.
6	Textile	Requires maintenance, computer support, and tenant registration.	No CCTV cameras.	Vehicle gate motor not working; gate operated manually.
7	Dobsonville Flats	Well-functioning biometric system.	CCTV cameras functioning properly.	Turnstile gate not working properly; entrance gate remote control not working; boom gate entrance not working; back-of-house gate for Pikitup not working.
8	Kliptown Square	Requires tenant registration.	No CCTV cameras.	Both entrance and exit gates are not working.

No.	Property Name	Biometric Systems	CCTV Cameras	Gates and Booms
9	Lufhereng	Well-functioning biometric system.	CCTV cameras functioning properly.	Gates and booms all working.
10	27 Hoek Street	Requires maintenance and tenant registration.	No CCTV cameras.	Gates in good working condition.
11	Riverside View Phase 1, 2 and 3	Requires maintenance at Phase 1 and 2.	No CCTV cameras at Phase 1 and 2; Phase 3 cameras are working.	Phase 1 and 2 gates are not working; Phase 1 and 2 booms damaged due to heavy wind.
12	Ekhaya Gardens	Well-functioning biometric system.	CCTV cameras functioning properly.	Turnstile gate not working; electric fence not working; 90% of cameras not working; boom gate exits not working.
13	The Ridge	Well-functioning biometric system.	CCTV cameras functioning properly.	No issue reported.
14	Turfontein Flats	Well-functioning biometric system.	CCTV cameras functioning properly.	No issue reported.
15	Bokamoso (Devland)	Requires maintenance and tenant registration.	CCTV cameras functioning properly.	Gates are working; booms require repairs.
16	106 Claim Street	No biometric system.	No CCTV cameras.	Gates are working.
17	City Deep Greenfield	Requires tenant registration.	CCTV cameras live but not recording.	Phase 1, 2 and 3 gate motors not working; all booms are working.
18	JOSHCO Office	Construction in progress.	Construction in progress.	Executive parking gate motor not working.
19	Fleurhof Junxion Phase 1, 2, 3 and 4	No biometric system.	No CCTV cameras.	All gate motors are not working; damaged by lightning.

No.	Property Name	Biometric Systems	CCTV Cameras	Gates and Booms
20	Tshedzani Phase 1, 2, 3 and 4	No biometric system.	No CCTV cameras.	Phase 1 exit gate working and entry gate not working; Phase 2 gate motor requires repairs; Phase 3 gate motors require repairs.
21	Fleurhof Riverside	Requires maintenance and tenant registration.	No CCTV cameras.	No issue reported.
22	Union Square	Functioning, but three finger readers are not working.	CCTV cameras functioning properly.	Booms and roller doors require repairs.
23	Raschers	Not reported.	No CCTV cameras.	Magnetic gate removed during lift parts delivery; turnstile not working.
24	Phoenix House	Biometric system and turnstile not working.	No CCTV cameras.	Magnetic gate not working; turnstile not working.
25	Europa	Well-functioning biometric system.	No CCTV cameras.	Gate magnet requires repairs; one turnstile operating button is not working.
26	AA House	Requires maintenance and tenant registration.	No CCTV cameras.	Both gates have electrical problems and require repairs and maintenance.
27	Orlando Ekhaya	Requires tenant registration.	No CCTV cameras.	Gate is working; booms connected to biometric system but require tenant registration.
28	La Rosabel	Not reported.	No CCTV cameras.	Not 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 52: Personnel Cost by Occupational Level as at 30 June 2026.

Occupational Level	No. of employees	Personnel Expenditure	% of total personnel cost	Average cost per employee
Top Management (ACEO, CFO)	2	R856 245,54	1,37%	R 428 122,77
Senior Management	8	R3 557 185,33	5,69%	R444 648,17
Professional Qualified / Middle Management (Portfolio Managers, Accountants)	29	R9 610 723,59	15,36%	R331 404,26
Skilled, Tech & Academically Qual (H-Sup, Billing Clerks, Credit Controllers, Bookkeeper, Maint Worker and Admin, Exec. Assistant)	116	R21 505 561,67	34,38%	R185 392,77
Semi-Skilled (Driver, Receptionist, Call Center Agents)	4	R323 062,31	0,52%	R80 765,58
Unskilled (Office Attendants, Security Officers and Cleaners)	339	R20 178 443,72	32,26%	R59 523,43
EPWP	344	R6 525 664,53	10,43%	R18 969,96
Top Management (ACEO, CFO)	2	R856 245,54	1,37%	R428 122,77
Total	842	R62 556 886,69	100%	R 74 295,59

SECTION 2: KEY VACANCIES

This section provides reporting on vacancies that were involved, either by filling on an acting capacity or by recruiting for. Nine (9) acting appointments were instituted. The summary thereof is displayed in Table 31 below:

Table 53: Acting Appointments.

No.	Designation	Acting Role	From	Reason	Comment
1.	Chief Director: Programme & Project Planning (National Department of Human Settlements)	Chief Executive Officer	04 May 2026 to 03 August 2026	Acting because the position is vacant	Position advertised
2.	Credit Controller	Manager: Office Administration	04 January 2026 to 05 May 2026	Acting because the position is vacant	Rotation applied
3.	Officer: Occupational Health and Safety	Manager: Office Administration	21 May 2026 to 20 August 2026	Acting because the position is vacant	Rotation will apply
4.	Officer: Allocations and Tenant Management	Manager: Allocations and Tenant Management	19 May 2026 to 31 July 2026	Acting because the incumbent is seconded to CoJ	DC process to guide way forward
5.	Credit Controller	Social Facilitator	01 February 2026 to 30 April 2026	Acting because the position is vacant	Went back to substantive position
6.	Credit Controller	Social Facilitator	01 February 2025 to 30 April 2025	Acting because the position is vacant	Went back to substantive position
7.	Manager: Legal Services	Company Secretary	07 October 2025 to 30 June 2026	Acting because the position is vacant	Position to be advertised
8.	Manager: Risk and Compliance	Executive Manager: Business Planning and Strategy	09 April 2026 to 07 July 2026	Acting because the incumbent is on suspension.	Investigation to guide the way forward.

9.	Human Resource Officer	Human Resources Manager: Administration & Employee Relations	22 December 2025 to 30 June 2026	Acting because the incumbent is seconded to another entity	Rotation will apply
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1) RECRUITMENT IN PROGRESS AS OF 30 June 2026

- The recruitment processes of senior and strategic positions (Chief Executive Officer, and Company Secretary) were advertised internally and externally.
- A directive was further received from the Strategic Panel on the 04th of June 2026 with approval to proceed with the recruitment of positions in the table below.
- The recruitment of positions approved by the Strategic Panel will commence in the new Financial Year.

Table 32 below outlines all recruitment processes initiated during the quarter, as well as positions which will be advertised for permanently filling in the new financial year.

Table 54: Recruitment initiated for critical positions

No.	Critical Position	Department	Progress Status
1.	Chief Executive Officer (05 Year Fixed-Term Contract)	JOSHCO	Shortlisting Stage
2.	Company Secretary (Permanent)	Office of the CEO	Shortlisting Stage
3.	Manager: Office Administration (Permanent)	Corporate Services	To be advertised effective 01 July 2026.
4.	Project Manager (Permanent)	Office of the COO	To be advertised effective 01 July 2026.
5.	Internal Auditor X2 (Permanent)	Office of the CEO	To be advertised effective 01 July 2026.
6.	Supply Chain Officer – Special Projects X2 (Permanent)	Finance	To be advertised effective 01 July 2026.

2) TERMINATIONS

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

Table 55: Terminations

Department and Designation	Reason	End Date
Office of the COO – Security Officer	Death	18 April 2026
Office of the COO – Senior Manager: Stakeholder Relations	Contract Expiry	30 June 2026
Office of the COO – Property Supervisor	Retirement	30 June 2026
Finance – Supply Chain Manager	Resignation	30 June 2026
Total:4		

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.

Due to the changes in legislation regarding Employment Equity as well as the compliance universe, it is worth noting that the South African Economy is divided into 18 Economic Sectors, and JOSHCO falls within the “Real Estate Activities” Sector. The entity is also in the process of developing a new five-year Employment Equity plan to comply.

The disability quota has increased from 2% to 3%, meaning JOSHCO must employ an average of 15 people with disabilities by the end of the next five years. As means of promoting EE awareness in the organisation, posters are continually shared with staff.

Table 56: Below reflects the EE profile of the organisation

Employment Equity Profile														
Occupational Level	Male				Female				Foreign Nat	Local				Female Gender Representation % Achievement
	A	I			A	I				M	F			
Top Management	1	0			0					1	0	1	100%	0%
Senior Management	5	0			3					0	0	8	100%	33.3%
Professionally Qualified / Middle Management	17	0			7					19	8	29	88.9%	29.6%
Skilled Technically and Academically Qualified	50	0			57					53	61	114	93.9%	53.5%
Semi-Skilled	1	0			2					1	3	4	75%	75%
Unskilled	152	0			184					154	187	341	98.5%	54.8%

Total	2 2 4	0	2 5 5						2 2 9	2 6 4	4 9 5	9 6 . 8 %	53.8%
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AGE PROFILE

- 41,6% (the majority) of JOSHCO's staff are aged between 36 and 45.
- 7,5% of the headcount is over 56 years old.
- 84% of these employees (over 56 years) fall within the unskilled category.
- 8% are at the Supervisory level (over 56 years).
- 3% are at Middle Management (over 56 years).
- 23.7% of the employees represents youth between the ages of 18 to 35.

SECTION 4: SKILLS DEVELOPMENT AND TRAINING

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

4.1 Bursary Update for Quarter 4 (2025/26) Long-term training

No bursaries were allocated in the quarter.

4.2 Training interventions for quarter 4 (2025/26)- short-term learning/mid-term training

- 2 HR Officers attended the SmartScreen and Biometric Integration training at MIE. This training is required for the vetting and background checks that are essential in recruitment.
- 10 Employees have completed the Business Administration NQF Level 3 Learnership successfully.

4.2. WORKPLACE SKILLS PLAN (WSP) AND ANNUAL TRAINING REPORT (ATR)

- The WSP and ATR were submitted in line with the provisions of the Skills Development Act. The submission is not executed for compliance purposes, but it also enables the entity to qualify for Mandatory Grants which JOSHCO continues to receive.

SECTION 5: PERFORMANCE MANAGEMENT

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

Table 57: Contracting update

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

SECTION 6: DISCIPLINARY MATTERS AND OUTCOMES

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

Table 57: Precautionary Suspensions

Number of suspensions	Allegations	Date of suspension	Status
Two (2)	Misappropriate funds, manipulation of procurement and payment processes, and accepting bribes/kickbacks	20 th of March 2026	Under investigation
	Misappropriate funds, manipulation of procurement and payment processes, and accepting bribes/kickbacks	20 th of March 2026	Under investigation

Table 58: Disciplinary Matters

Number of misconducts	Positions	Type of misconduct	Status	Comment
Eight (8) misconduct cases	General Worker	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.
	Manager: Human Resources and Administration	Contravened clause 1.2.9 of the Disciplinary Procedure and Collective Agreement.	Ongoing	Disciplinary hearing was scheduled 18 and 19 June 2026. Postponed on the 19 owing to the unavailability of the employer's

Number of misconducts	Positions	Type of misconduct	Status	Comment
				witness.
	Manager: Financial Management	Contravened clause 5.2.3 (Standard of Conduct) of the Disciplinary Code and Grievance procedure of JOSHCO.	Ongoing	Disciplinary hearing was scheduled for the 29 th of June 2026. Postponed owing to the unavailability of the employee's witness.
	Financial Accountant	Contravened clause 5.2.3 (Standard of Conduct) of the Disciplinary Code and Grievance procedure of JOSHCO.	Ongoing	Disciplinary hearing was scheduled for the 29 th of June 2026. Postponed owing to the unavailability of the employee's witness.
	Manager: Human Resources and Administration	Contravened clause 5.2.3 and 5.2.4 (Standard of Conduct) of the Disciplinary Code and Grievance procedure of JOSHCO.	Ongoing	Disciplinary hearing was scheduled for the 04 and 05 June 2026. Postponed owing to the unavailability of the employer's witness. The employee requested to engage the CEO on the matter.
	Leasing Manager	Contravened clause 5.2.3 and 5.2.5 (Standard of Conduct) of the Disciplinary Code and Grievance procedure of JOSHCO.	Ongoing	Disciplinary hearing is scheduled for the 23 rd of June 2026.

Number of misconducts	Positions	Type of misconduct	Status	Comment
	Portfolio Manager	Contravened clauses 5.2.3 and 5.2.5 (Standard of Conduct) of the Disciplinary Code and Grievance procedure of JOSHCO. Contravened clause 11.1.1 of the JOSHCO Property Management Policy.	Ongoing	Disciplinary hearing is scheduled for the 2 nd and 3 rd of July 2026.
	Manager: Financial Management	Financial misconduct	Ongoing	Prosecutor appointed, waiting for the chairperson's confirmation.
	Payroll Officer	Intimidation	Ongoing	In the process of appointing the Prosecutor and Chairperson.

Table 59: GRIEVANCE MATTERS

Number of grievances	Positions	Nature of grievance	Status	Comment
Seven (7) grievances	Housing Supervisor	Incorrect appointment date	Finalised	Not substantiated
	Housing Supervisors	Working Conditions and Operational Expectations of Property Supervisors.	Ongoing	Postponed on account of the aggrieved employees. Delays in finalising the grievance due to the absence of the Head of Department.

Number of grievances	Positions	Nature of grievance	Status	Comment
	Portfolio Manager	Violation of JOSHCO code of conduct, defamation of character, abuse of power and unfair labour practice by the GM.	Finalised	Not substantiated
	Housing Development	Unfair Labour Practice	Finalised	Not substantiated
	Project Manager	Bullying and Intimidation	withdrawn	None
	Portfolio Manager	Unfair Labour Practice	Withdrawn	None
	Portfolio Managers	Violation of JOSHCO code of conduct, defamation of character, Abuse of power and unfair labour practice by the GM.	Ongoing	Three PMs withdrew from the grievance. Delays in finalising the grievance due to the absence of the Head of Department.
	Project Manager	Bullying and Intimidation	Ongoing	Postponed due to other commitments of the Chairperson. Delays in finalising the grievance due

Number of grievances	Positions	Nature of grievance	Status	Comment
				to the absence of the Head of Department
	Housing Supervisor	Abuse of Power	Finalised	Employee to be moved from Orlando Ekhaya to the Head Office
	Housing Supervisor	Unsafe living conditions at African Diamond	Finalised	Not substantiated
	Security Supervisor	Unfair treatment	Ongoing	Grievance meeting was scheduled for the 19 th of June 2026. Postponed due to the unavailability of the respondent.
	Human Resources Officer	Intimidation	Ongoing	Grievance meeting is scheduled for the 25 th of June 2026.

Table 60: MATTERS AT BARGAINING COUNCIL/ CCMA

CCMA referral

Number of disputes	Position	Status	Comment
Two (2)	Former EPWPs	One (1) Finalised	Application dismissed.
	Section 73A (money owed)	One (1) Ongoing	Con/arb is scheduled for the 24 th of June 2026.

Table 70: SALGBC referrals

Number of disputes	Position	Status	Comment
Two (2)	Former Acting Executive Manager: Corporate Services	One (1) ongoing	Arbitration hearing was scheduled for the 08 th of June 2026, postponed due to the unavailability of the employer representative.
	Portfolio Manager	One (1) ongoing	Conciliation is scheduled for the 1 st of July 2026.

SECTION 7: LEAVE AND PRODUCTIVITY MANAGEMENT

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

Table 80: Leave Taken Analysis.

Type of Leave	April	May	June	Total Leave Days Taken	Increase/Decrease from previous quarter	Reason
Annual	718	272	326	1316	Decrease	Employees have been utilising their leave days
Sick	96	165	84	345	Increase	Change of season. Unforeseen/unpredictable
Unpaid Sick	0	1	0	1	Decrease	No leave days. Unpredictable/Unforeseen
Family Resp. & Paternity Leave	30	17	9	56	Increase	Unpredictable/unforeseen
Maternity Leave	19	20	42	81	Increase	Unpredictable/unforeseen
Maternity leave unpaid	3	36	70	109	Increase	EPWP casuals Unpredictable/Unforeseen
Exam/Study leave	0	11	6	17	Increase	Exam season
AWOL/Unpaid leave	74	90	112	276	Increase	Absenteeism/Unforeseen

Type of Leave	April	May	June	Total Leave Days Taken	Increase/Decrease from previous quarter	Reason
Long Service leave	6	0	0	6	Increase	Compulsory, valid for 1 year.
Special/Court leave	2	0	0	2	Increase	Unpredictable/unforeseen
Total	948	612	649	2209		

1) LEAVE ENCASHMENT

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

The entity also introduced further measures to monitor expenditure on leave encashment by circulating awareness posters to staff regarding the importance of saving their annual leave days for crucial times. This initiative also focused on informing staff about their potential of cashing out leave days in the event their resign from the organisation, which will offer them monetary benefits eventually.

In the period of April 2026 to June 2026, a total of **9** JOSHCO employees encashed **96** annual leave days, averaging 11 leave days per employee, resulting in a total amount of **R 260 873.77**. This figure declined by **R 260 639.91** from the **R 521 513.68** reported in the previous quarter. Leave encashed during the same quarter in the previous financial year (2024/25) amounted to **R 490 372.88**, which is higher than the leave encashed for the same period in the current financial year.

Additionally, **14** Securities and Cleaners encashed **145** annual leave days during the same period, averaging 10 leave days encashed per employee, which amounted to **R 103 655.44**. This

figure declined by **R 190 266.00** from the **R 293 921.44** reported in the previous quarter. Leave encashed during the same quarter in the previous financial year (2024/25) amounted to **R 116 298.00**, which is slightly higher than the leave encashed for the same period in the current financial year.

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. JOSHCO has a total of **118** permanent employees belonging to the pension fund and **17** Cost to company (CTC/AIP) employees who structured the pension fund with their packages.

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 5 791.15**, and the Employee Contribution is 40% depending on the number of dependents. There are currently **four (4)** accredited medical aid schemes, namely: Bonitas, LA Health, Keyhealth and Samwumed. There are currently **108** employees on the respective medical aid schemes.

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 **31** JOSHCO employees are beneficiaries of the housing allowance as of the end of March 2026. Additionally, a total of **2** Securities and Cleaners are beneficiaries of the housing allowance.

8.4. LOCOMOTIVE ALLOWANCE

The entity implemented a locomotive allowance in bulk to qualifying employees. Eligibility is on the condition that an employee's daily roles and responsibilities require them to travel. The allowance is calculated based on the employee's basic salary. There are **66** employees who are receiving permanent locomotion allowances. Ad-hoc loco allowance has only been claimed by **8** employees this quarter.

Table 81: Permanent Locomotive Allowance Per Department

Department	No. of beneficiaries
Office of the CEO (Legal Services, Internal Audit, Cosec)	07
Office of the CFO (Finance Core, Supply Chain)	04
Office of the COO (Housing Development, Housing Management, Stakeholder Relations, Security, Community Development)	41
Corporate Services (HR, Marketing, Health & Safety, Customer Services, ICT)	11
Business Planning and Strategy (Performance Planning & Reporting, Risk & Compliance)	03
	Total: 66

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

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

Impact of the Wellness Programme

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

SECTION 9: OCCUPATIONAL HEALTH & SAFETY PROGRAMMES

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

9.1. JOSHCO INCIDENTS STATISTICS

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

Table 82: JOSHCO Fire incidents, Injury on Duty (IOD), First Aid incidents, medical treatment incidents and Near miss incidents recorded.

Total fire incidents	Total IOD's (Injuries on duty)	Total First COID incidents	Total Medical treatment incidents	Near miss incidents
0	1	0	0	0
In Quarter 4, Zero (0) Fire incident, One (1) IOD, Zero (0) COID incident, Zero (0) Medical treatment incidents, and Zero (0) Near miss incidents were reported.				

On Thursday, 04 June 2026 at approximately 14h49 at the Union Square, an employee on duty accidentally tripped and fell when walking down the stairs. She sustained an injury on the right ankle, as well as contusion on the left leg and left elbow. The employee was deemed fit to resume with light duty activities on 12 June 2026 (IOD).

9.2. HEALTH AND SAFETY AWARENESS AND TRAINING RECORDED.

During quarter 4, JOSHCO conducted an evacuation drill under its Business Continuity Plan (BCP) to test emergency preparedness and ensure that employees and emergency responders are aware of their roles and responsibilities during an emergency.

Table 44: Health and Safety Awareness and Evacuation Drill.

Evacuation Drill
On 24th June 2026, an evacuation drill was conducted at the Head Office. All 137 employees evacuated the building within 3 minutes. The control centre (REMRAD) response time was 4 minutes. Staff members utilised available emergency exits effectively and swiftly gathered at the assembly point.
 <i>Picture 1 & 2: Evacuation Drill.</i>

9.3. Fire Equipment Service.

Maintaining functional firefighting equipment across all JOSHCO projects is critical for ensuring a safe environment. The Occupational Health and Safety Unit performs regular inspections to monitor the condition and compliance of fire safety equipment. This section outlines the status of equipment servicing and compliance for the quarter under review.

Table 83 : Fire Equipment service.

Portfolio Manager Name	Project Name	Date Last Serviced	Due Date for Next Service	Comment
Neo Matshitse	City Deep	Apr 2025	Apr 2026	Service to be Completed

9.4. HEALTH AND SAFETY INSPECTIONS

Table 84: Health and Safety Inspections Q4 Findings

Site	Major findings	Status update by the Risk owner (Housing Management)
Devland	Inadequate emergency signages needs to be corrected.	Corrected - additional signages were installed.
8 Abel Street	Utility pipes leaking severely and affecting structural integrity.	Corrective action measures are already underway (ETC 31 July 2026).
Lufhereng	Deep excavation area was not safely secured.	Corrected – deep excavation was cordoned and secured.

CHAPTER 5

FINANCIAL PERFORMANCE AND EXPOSURE



SECTION 1: THE STATEMENT OF FINANCIAL POSITION

Table 1: Statement of Financial Position for the year ended 30 June 2026				
Description	30 June 2026	30 June 2025	Variance	Variance
	R'000	R'000	R'000	%
Assets				
Current Assets				
Inventories	520	484	36	7%
Loans to shareholders	5 958	5 958	-	0%
Receivables from exchange transactions	1 171 911	1 181 624	(9 713)	-1%
Receivables from non-exchange transactions	21	45	(24)	-53%
VAT receivable	6 326	2 497	3 829	153%
Cash and cash equivalents	2 605	22 689	(20 084)	-89%
	1 187 341	1 213 297	(25 956)	-2%
Non-current assets				
Property, plant and equipment	23 288	27 843	(4 555)	-16%
Intangible assets	2 841	3 744	(903)	-24%
Investment in joint venture	21 813	21 700	113	1%
Total Non-current assets	47 942	53 287	(5 345)	-10%
Non-Current Assets	1 187 341	1 213 297	(25 956)	-2%
Current Assets	47 942	53 287	(5 345)	-10%
Total Assets	1 235 283	1 266 584	(31 301)	-2%
Liabilities				
Current Liabilities				
Loans from shareholder	(1 964 207)	(1 728 551)	(235 656)	14%
Borrowings - DBSA	(857)	(2 142)	1 285	-60%
Deferred Income	(34 390)	(21 207)	-	62%
Payables from exchange transactions	(1 717 678)	(1 548 560)	(169 118)	11%
	(3 717 132)	(3 300 460)	(416 672)	13%
Non-Current Liabilities				
Borrowings - DBSA	(4 789)	(5 144)	355	-7%
Deferred Income from non-exchange transactions	(178)	(178)	-	0%
	(4 967)	(5 322)	355	-7%
Non-Current Liabilities	(4 967)	(5 322)	355	-7%
Current Liabilities	(3 717 132)	(3 300 460)	(416 672)	13%
Current Liabilities	(3 722 099)	(3 305 782)	(416 317)	13%
Assets	1 235 283	1 266 584	(31 301)	-2%
Liabilities	(3 722 099)	(3 305 782)	(416 317)	13%
Net Assets	(2 486 816)	(2 039 198)	(447 618)	22%
Share Capital	0.120	0.120	-	0%
Accumulated deficit	(2 486 816)	(2 039 198)	(447 618)	22%
Total Net Assets	(2 486 816)	(2 039 198)	(447 618)	22%

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 the exchange decreased by a net R-9.7million (-1%) compared to 30 June 2025. This movement is primarily driven by the receipt of R34.3 million in the current quarter relating to SHRA-funded projects, offset by a billing of R-33.1 million for special projects. These special projects include City of Johannesburg (COJ) departments, with Human Settlements contributing the largest portion of the debtors' book. Tenant receivables also declined by R-4.6 million during the period, mainly due to stock transfers to the Human Settlements department.

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

Special projects

JOSHCO charges a management fee of 7% to 10% for all projects implemented on behalf of the COJ's departments and entities. There is a delay in recovering outstanding amounts for work completed by JOSHCO for various reasons, including Service Delivery Agreement (SDA) issues (mandate issues) and validation of work by the departments. This quarter, ongoing interventions have been implemented to recover the outstanding amounts. These interventions include engagements with senior officials from the departments, escalations to the Group CFO, and demand letters issued to the departments. While these interventions have not yet resulted in actual recoveries, the departments have committed to settling the long-overdue amounts in the foreseeable future, and some have already submitted the invoices to the COJ's payment department after the deliberations held. Should these measures prove ineffective, other measures will be explored, such as termination of work and requesting the City Manager to settle the balances at a group level, among others. It is to be noted that the delays in settlement of the invoices are negatively affecting JOSHCO's financial performance, as the entity must provide for long-outstanding debtors and incur higher finance costs as JOSHCO settles the invoices for work done on behalf of the departments using the overdraft facility (Sweeping account). The sweeping

balance has increased by R235.6 million to R1.964 billion as of 30 June 2026. The entity is currently developing an SOP to address the special project recovery challenges.

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

	OPENING BALANCE	OPEX ADDITIONS	CAPEX ADDITIONS	CASH RECEIPTS	CLOSING BALANCE
	R'000	R'000	R'000	R'000	R'000
CAM	174 095		157 334	-265 550.00	65 879
COMDEV CAPEX	50 040		932	-4 589	46 383
COMDEV OPEX	60 447	1 619		-11 336	50 730
HUMAN SETTLEMENT	819 293	86 254	116 055	-48 814	972 788
COJ-COO OFFICE	14 854				14 854
GEF	4 065		3 373		7 438
HEALTH	6 542			-6259	283
JMPD	50 987		2 210	-5 200	47 997
EMS	31 064	32			31 096
LECENCING	2 172				2 172
LEGISLATURE	46 823				46 823
SOCIAL DEV	14	375		-14	375
TRANSPORT	23 903			-11 821	12 082
CITY OF JHB/EPWP	4 129	4 797		-8 926	0
COJ -FINANCIAL	6 218	147 202		-122 902	30 518
JDA	97	1 286		-97	1 286
JPC	7 294		20 382	-13 862	13 814
ECONOMIC DEVELOPMENT	835				835
PROVISION FOR DOUBTFUL DEBTS	-191 829				-222 174
TOTALS	1 112 043	241 565	300 286	-499 370	1 123 179

*The balance for COJ – Financial represents the subsidy receivable as informed by the approved budget. The amount of R30.5 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 R237.3 million (both Opex and capital expenditures), while receiving a total of R110.9 million (R122.9 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 amounts owing from the tenants for the JOSHCO portfolio and Human Settlement Stock (the rental stock was transferred on the 31st of July 2025; however, the tenants' books were retained).

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

Receivables from exchange transactions-Trade Receivables (Net Amount)			
Gross Receivables	238 075	31 054	269 129
Provision for impairment/bad debts	(228 757)	(37 842)	(266 599)
Carrying/Net book value - Transferred stock	9 318	(6 788)	2 530
Gross Receivable	299 076	51 607	332 512
Provision for impairment/bad debts	(280 904)	(49 675)	(348 751)
Carrying/Net book value – JOSHCO's stock	18 172	-1 932	16 329
Total Carrying /Net book value of Tenant debtors	27 490	-8 720	18 770

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

1.1.2 Receivables from non-exchange transactions

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

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 R2.6 million (30 June 2026). 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 because of depreciation of moveable assets in accordance with GRAP standards, which requires that the usage of the assets in their useful lives be accounted for through depreciation in the statement of financial performance. This represents the loss of value of the assets through use.

1.1.6 Investment in joint venture

The JOSHCO Madulamoho Joint Venture (JMJV) is an investment between JOSHCO and Madulamoho for social rental housing. JOSHCO holds an ownership interest of 55%. During the 1st quarter, the JMJV declared a total dividend of R1 million, of which R550 thousand was JOSHCO's share. The R550 thousands has been received by JOSHCO and accounted for its share of the dividend in accordance with its accounting policy by reducing the carrying value of its interest in the Joint Venture. The figures disclosed on this note are provisional numbers which will be amended when information is received at the end of the quarter.

1.2 LIABILITIES

1.2.1 Loans from Shareholders

This line item represents the entity's sweeping balance held with COJ, which is a credit balance, and this balance attracts interest costs that also contributed to the entity's deficit. Loans from shareholders increased by R235.6million (14%) (from R1.7 billion in the previous quarter to over R1.9 billion as of 30 June 2026). JOSHCO implements work on behalf of the departments and entities by appointing service providers and settling invoices received from the appointed service providers using the loan to shareholder/sweeping balance. JOSHCO invoices the departments and entities and adds between 7% and 10% management fees to the invoice received from the appointed service providers. While the relationship between JOSHCO and the entities is

governed by the signed service level agreements (SLAs), there has been a challenge over the years to recover the invoiced amounts, resulting in increased loans to shareholders, interest expenses and increased provision for doubtful debt. Measures to reduce the loan to shareholders are being implemented and these include amongst others financial discipline (spending within the approved budget and expenditure optimization), engagements to recover amounts due from departments and tenant debtors, and possible halting acceptance of further work from departments until historic debts are recovered as this continues to increase pressure on the financial performance and position of the entity through increased interest expense and provision for doubtful debts.

The table below breaks down the movement in the sweeping account:

Loans from Shareholder/sweeping balance					
	Opening balance R'000	Inflows R'000	Interest on overdraft R'000	Outflows R'000	Closing balance R'000
Sweeping Account	(1 728 551)	510 629	(122 810)	(623 475)	(1 964 207)

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

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

PERIOD	Q1	Q2	Q3	Q4	
Description	Inflows R'000	Inflows R'000	Inflows R'000	Inflows R'000	
INFLOWS					
Dividends	550	0	0	0	550
Collection Rental	23 763	25 614	24 897	27 445	101 719
Utility Recoveries	1 713	6 219	3 735	3 242	14 909
JOSHCO Capex	0	99 372	135 880	36 084	271 336
Receipts from Special Project	10 036	24 335	53 547	14 074	101 992
Taxation Refund	0	0	0	20 123	20 123
TOTAL INFLOWS	36 062	155 540	218 059	100 968	510 629
Description	Outflows R'000	Outflows R'000	Outflows R'000	Outflows R'000	Outflows
OUTFLOWS					
JOSHCO Projects	-66 155	-100 800	-7 031	-18 532	-192 518
JOSHCO Operational expenses	-32 271	-70 684	-13 273	-8 917	-125 145
Special Projects	-104 012	-27 959	-23 155	-27 876	-183 002
Interest on negative balance	-34 138	-33 943	-38 003	-16 726	-122 810
TOTAL OUTFLOWS	-236 576	-233 386	-81 462	-72 051	-623 475
NET CASH OUTFLOWS FOR THE QUARTER	-200 514	-77 846	136 597	28 917	-112 846

1.2.2 Borrowings – DBSA

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

1.2.3 Payables from exchange transaction

An increase in the payables from exchange transactions of R169.1 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 an accrual basis. The financial performance for the period ended 30 June 2026 resulted in a deficit of R447.6 million.

Table 2: Statement of Financial Performance for period ended 30 June 2026				
	Actual	Budget	Variance	Variance %
	YTD	YTD		
	R'000	R'000	R'000	
Rental Income	156 610	171 832	(15 222)	-9%
Subsidies	147 202	147 202	-	0%
Rendering of services	26 379	70 456	(44 077)	-63%
Interest Income	31 662	26 646	5 016	19%
Interest Income Sweeping	-	1 821	(1 821)	-100%
Utility Recoveries	14 909	4 165	10 744	258%
Other Income	394	414	(20)	-5%
Dividends received	550			
Share of surplus from Joint venture	113			
Government Grant	4 797	5 320	(523)	-10%
Total Revenue	382 616	427 856	(45 240)	-11%
Personnel costs	(257 729)	(250 064)	(7 665)	3%
Board fees	(1 363)	(2 579)	1 216	-47%
Debt impairment	(95 478)	(27 613)	(67 865)	246%
Depreciation and Amortisation	(6 444)	(1 783)	(4 661)	261%
Finance Costs	(123 316)	(1 051)	(122 265)	11633%
Bad debts written off	(4 863)	-	(4 863)	
Repairs and Maintenance	(24 724)	(63 694)	38 970	-61%
Security	(76 596)	(11 057)	(65 539)	593%
Utilities	(178 400)	(21 562)	(156 838)	727%
Administrative	(61 321)	(48 453)	(12 868)	27%
Total Expenditure	(830 234)	(427 856)	(402 378)	94%
Operating (Deficit)/Surplus before tax	(447 618)	-	(447 618)	

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	156 610	171 832	41%
Subsidies	147 202	147 202	38%
Management Fees	26 379	70 456	7%
Interest Income	31 662	26 646	8%
Interest Income Sweeping	-	1 821	0%
Dividends received	550		0%
Share of surplus from Joint venture	113		
Utility Recoveries	14 909	4 165	4%
Other Income	394	414	0%
Government Grant	4 797	5 320	1%
Total Revenue	382 616	427 856	100%

Total revenue is R45.2 million below budget. The variances in performance that exceed 10% and/or R1 million are explained below:

2.1.1 Rental income

Rental income is underperforming against budget by R15.2 million (-9%). This is mainly due to two properties (City Deep and Orlando Ekhaya, formerly CoJ hostels), which account for a variance of R6.7 million. These properties were transferred to the Department of Human Settlements (City of Johannesburg) but still include elements of Social Housing Tenants.

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

2.1.2 Management fees

Management fees are under budget of R44.07 million (-63%) due to delays in the implementation of the Special Project Departments for the Department of Human Settlement (City of

Johannesburg). JOSHCO will continue with monitoring the performance, considering the challenges of long outstanding debtor balances from the COJ's Human Settlement department.

2.1.3 Interest income

The interest income charged on overdue rental debtors is above budget by R5.01 million 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 R10.7 million in the quarter. This is due to the Utility recovered on units that have prepaid meters installed. This has been adjusted upwards during the mid-term adjustment.

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 above budget by R20 thousand (-5%)

3. Revenue Collection

The report indicates a collection rate that is below target for the period despite the high level of occupancy which averages approximately 99%. The reasons for the below target performance includes rent boycott campaigns from organised tenants' groups demanding ownership, child-headed households, unemployment and pensioners. JOSHCO currently focuses on SHRA, own rental stock of residential properties and retail stock as the referral stock portfolio was transferred to Human Settlements department in the 1st quarter. Concentrated credit control processes are being implemented to improve the collection, and the collection target was revised upwards during the mid-term budget process, from 80% to 95%.

JOSHCO's revenue collection target for the 2025/26 financial year is 95% of rental debts, The overall collection rate for the third quarter is 68%, slightly below the 67% of the previous year,

with SHRA projects at 66%, JOSHCO projects at 72%, and retail spaces realised 94%. JOSHCO manages 26 buildings, split evenly between SHRA-funded and City-owned projects. Collections for the Financial Year end 30 June 2026 as shown in the table below.

CATEGORY	Q4 2025/26 % COLLECTION	Q4 2024/25 % COLLECTION
SHRA Projects (13)	69%	72%
JOSHCO Projects (13)	78%	88%
City Referral Stock	-	35%
Retail Space (9)	94%	99%
OVERALL COLLECTION	72%	70%

LOW REVENUE COLLECTION

- It is acknowledged that the entity's revenue collection performance remains below the City of Johannesburg's prescribed target of 95%. In response, JOSHCO management has adopted an integrated approach to addressing revenue collection challenges and has implemented targeted interventions to encourage tenant compliance and improve financial sustainability.
- These interventions include the intensified execution of outstanding court orders against defaulting tenants, and the finalisation of pending Rental Tribunal matters that adversely affect collections. In addition, the entity is prioritising the implementation of its debt factoring strategy to quantify and recover outstanding balances exceeding R10 million and those in arrears for more than 60 days, with specific focus on identifying indebted City of Johannesburg and government employees.
- In line with the approved utilities recovery strategy, JOSHCO is migrating remaining non-prepaid facilities to prepaid water and electricity metering systems, supported by increased on-site presence and the provision of accessible payment platforms, such as point-of-sale devices, which have proven effective in enhancing collections.
- During the 2024/2025 financial year, JOSHCO introduced non-reversible debit-check payment mechanisms for newly onboarded tenants and strengthened the enforcement of Acknowledgement of Debt agreements for tenants in arrears. Furthermore, the entity will continue to enhance alternative revenue streams through the optimal utilisation of commercial spaces within JOSHCO-managed facilities.

Challenges Impacting Revenue Collections

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

Strategies for Improvement

- Intensify eviction processes via court and tribunal actions, with a dedicated standing committee.
- Door-to-door revenue drives targeted defaulting tenants to be conducted after hours during the week and mornings over the weekend for selected facilities.
- The revenue department needs to be restructured into two teams: credit control (current accounts) and pre-legal recoveries (arrears), with utilities management also separated to improve utility bill recovery.
- Enforce full recovery of utility costs through prepaid meters and prepaid water charges.
- Improve credit evaluation, introduce non-reversible debit-check payments, and expand on-site payment platforms like POS devices.
- Use settlement vouchers (up to 50%) for tenants settling debts and system write-offs for vacant units with outstanding balances.
- Launch occupancy audits and lease renewal campaigns to formalize tenants and maximize revenue.
- Fill vacant commercial spaces and optimize outdoor advertising opportunities.
- Adopt effective debt factoring, prevention, and recovery measures to improve cash flow, reduce deficits, and enhance financial health.
- Implement monthly expenditure monitoring and stricter controls on reactive maintenance.

4. EXPENDITURE

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

- **Personnel costs:** The employee cost is R7.6 million (3%) above budget due to increase in overtime costs, and acting allowance paid that is not budget for.
- **Board Fees:** Board fees are -47% below budget due to fewer meetings being held in the quarter. The board fees are also variable in nature as they are driven by the need for additional meetings as well as the attendance of members.
- **Debt impairment:** The debt impairment budget represents the rental amounts billed that are not expected to be collected timeously. The debt impairment is above budget by R67.8 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 and Related Party debtors where departments are delaying settling their debts.
- **Depreciation and Amortisation:** Depreciation and amortisation is R4.6 million over budget due to the purchase of additional computer equipment and office equipment.
- **Finance costs:** Finance costs exceed the budget by 122.2 million due to interest incurred in a negative Sweeping account arising from delays in receiving payment from projects undertaken on behalf of COJ departments including the Low level of collection from tenants, Payments made to capital project not claimable as a results, The sweeping balance is currently at about R1.9 billion.
- **Bad debts written off:** Bad debts written off amounted to R4.8 million. These are irrecoverable amounts from tenants per the conditions of the bad debt write-off policy. The bad debts were not budgeted for as the entity does not anticipate nor plan for writing off debts; instead. The focus of the department and one of its main priorities is to collect all outstanding rental debt. Amounts written off were due to 1) untraceable tenants who have vacated JOSHCO's rental units, and these former tenants have been blacklisted on ITC for the unrecoverable amounts, and 2) Tenants who signed AODs with debt that qualified for interest freezing by also agreeing to a Debi-check or stop order for their monthly repayments.
- **Repairs and Maintenance:** Repairs and maintenance expenditure is significantly below budget by R38.9 million. Due to the integration of internal process to enable centralized procurement and budget monitoring functionality in MDA system for better monitoring of expenditure throughout the financial year. The validation process of invoices has been

implemented, and it is expected that the repair and maintenance expenditure will accelerate as officials will have adapted to the new workflow and its applicable controls.

- **Security:** Security services are R65.5 million above budget. The approved budget was only for security costs for the head office. However, JOSHCO continues taking on the burden to secure City-owned buildings as the entity has a responsibility to the tenants to ensure facilities are kept safe. Therefore, the entity will continue to incur security costs across the JOSHCO managed properties to ensure that the entity services its tenants as agreed in the leases.
- **Utilities:** The utilities expenditure is R156.8 million 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.
- **Administrative costs:** The administrative costs is above budget by R12.4million (26%) this mainly an increase of legal fees.

SECTION 3: CASH FLOW STATEMENT

As of 30 June 2026, JOSHCO Cash and Cash equivalents are at R2.6 million. Much of the cash balance is from tenant deposits amounting to R2.4 million, and the remaining balance is the interest earned.

SHRA Trust Account:

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

Description	30 June 26 (R'000)	30-Jun-25 (R'000)
Opening balance	25 747	45 411
Interest earned on the bank balance	1 560	2 240
Amounts received from SHRA	142 388	27 851
Payments made to service providers	(135 305)	(49 755)
Closing balance	34 390	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 30 June 2026, JOSHCO's verified spend for the quarter under review is 106% against a cumulative target of 100%. This is reflected in Table 42 below.

The detailed budget per project is shown in Table 43.

Table 42.1: CAPEX Spend in Rands

SOURCE	BUDGETS	CLAIMS	%
EFF -350	206 637 000.00	218 819 307.46	106%
TOTAL	206 637 000.00	218 819 307.46	106%

JOSHCO is still engaging with SHRA to approve the utilization of funds for Boundary wall under existing line item R18m

Table 42.2: CAPEX Spend on SHRA Funding

SOURCE	BUDGETS	CLAIMS	%
SHRA FUNDING	97 474 503,36	97 474 503,36	100%
TOTAL	97 474 503,36	97 474 503,36	100%

JOSHCO claimed R97million from SHRA funding for construction at Riverside Projects

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

Table 43: CAPEX Spend per project

Project Name	WBS Element	Budget	Expenditure	Balance
EXISTING STOCK REDEVELOPMENT;UPGRADE AND	65-14008.350.0020	10 000 000,00	25 577 175,52	(15 577 175,52)
30042 - Kelvin	65-14013.350.0020	1 000 000,00	2 221 702,00	(1 221 702,00)
LOMBARDY EAST HOUSING PROJECT New Housin	65-14014.350.0020	1 000 000,00	2 697 744,03	(1 697 744,03)
LUFHERENG SOCIAL HOUSING PROJECT New Ho	65-14015.350.0020	10 000 000,00	9 435 701,89	564 298,11
NANCEFIELD STATION HOUSING/KLIPSPRUIT ST	65-14017.350.0020	55 000 000,00	52 269 631,10	2 730 368,90
Selkirk Social Housing project New Housi	65-14022.350.0020	20 000 000,00	31 805 113,54	(11 805 113,54)
Golden highway Social Housing project Ne	65-15009.350.0010	10 000 000,00	10 986 534,97	(986 534,97)
Casamia Renewal Building Alterations	65-16002.350.0020	1 000 000,00	-	1 000 000,00
Malvern Emergency Housing Project	65-19001.350.0020	500 000,00	-	500 000,00
38 Rissik Street (NBS) Inner City Buildi	65-19002.350.0020	1 000 000,00	-	1 000 000,00
Booyens Place Inner City Building C	65-19003.350.0020	38 000 000,00	17 483 246,59	20 516 753,41
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	52 088 639,58	911 360,42
Tum-Key 1: Region B	65-21003.350.0020	1 000 000,00	3 153 046,01	(2 153 046,01)
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	1 821 600,00	(821 600,00)
		206 637 000,00	218 819 294,46	(12 182 294,46)

SECTION 5: RATIO ANALYSIS

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

Table 44: Key Ratio Analysis as of 30 June 2026

Description	Q4	Q3	Target/ Norm	Notes (Implications)
Solvency Ratio	0.33:1	0.38:1	1:1	Variance of 0.67:1
Current ratio	0.32:1	0.37:1	1:1	Variance of 0.68:1
% Reduction of deficit	20.66%: decrease in deficit	9.84%: increase in deficit	-10%	Variance:52% (10%: Q4 target 9.84%: Q4 increase in deficit)
Gearing	-47%	-54%	25%-50%	Ratio is negative due to the entity having a net liability position
Cost coverage ratio	-33 Months	-35.52 Months	1-3 months	Ratio is negative due to the negative sweeping balance
Employee-related costs to total expenditure	31%	29%	25%-40%	Ratio is within the norm
Total capex against budget	106%	129%	75%	
30 Days' payments Compliance	97%	100%	100%	

5.1 MITIGATION ACTION

5.1.1 Current Ratio and Solvency Ratio

Root Cause Analysis of Underperformance

- JOSHCO's liquidity and solvency indicators remain under severe pressure due to persistent operating deficits. These deficits are primarily driven by:
- High debt impairment provisions resulting from low collection rates on historic tenant debt.
- Excessive municipal utility costs and reactive repairs required for aging, deteriorating housing stock.
- Escalating finance costs associated with JOSHCO financing capital projects on behalf of the City of Johannesburg (CoJ) departments, where reimbursement has been delayed.
- The entity's reviewed 5-year strategy to improve the entity's financial sustainability is

under implementation as follows;

- **Student Accommodation Portfolio Expansion:** To leverage the high collection rate of the student market, JOSHCO is actively diversifying its portfolio. One student housing project is fully completed and tenanted. Additional student accommodation projects are currently in the pipeline to boost cash reserves.
- **Commercial Asset Optimization:** Out of JOSHCO's 52 retail/commercial spaces, 32 are occupied and 20 are vacant. To maximize commercial rental income and offset building overheads, management is prioritizing the leasing of the remaining 20 units. A targeted leasing strategy is being developed for the vacant portfolio, which is distributed as follows:
 - Kerk Street: 5 vacant units
 - Booysens (under construction): 6 vacant units
 - NBS: 3 vacant units
 - 16 Wolmarans: 2 vacant units
 - Raschers: 1 vacant unit
 - Vacated by MMC: 3 vacant units

Strategies to reduce expenditure are as follows:

- R123.3 million in finance costs (R122.2 million over budget) incurred on the overdraft balance of over R1.964 billion (and growing). The overdraft is mainly a result of the departments not settling debts to JOSHCO (R1.5 billion owed to JOSHCO) and low rental collection from rental tenants (Over R500 million owed to JOSHCO).
- Debt impairment incurred on long-overdue amounts from tenants and departments. The expenditure is above budget by R67 million, this is despite the collection having improved from 67% in the previous financial year to 72% as of 30 June 2026.
- Security on the rental stock to safe keep the properties and tenants, which resulted in actual expenditure of R76.5 million with overspending of R65.5 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 12 months was R178.4 million, exceeding the budget by R156.8 million.
- Employee costs amounted to R257.7million, which is R7.6 million (3%) over budget due

to overtime costs and acting allowance.

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

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

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 establish a book value that are sustainable and viable. The portfolio, which brings down our revenue collection, remains the city referral stock. This stock does not meet the criteria for a stock to be held by a social housing company and jeopardizes JOSHCO's already compromised standing accreditation with the regulator, SHRA (Social Housing Regulatory Authority).

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

- Monthly monitoring of expenditure against the approved R&M budget – this will ensure that there is little or no over expenditure. (Microsoft in assistance, Power BI Tool)
- Stricter controls over monitoring that reactive maintenance is only done in units where the tenant is paying their rent. This will not be applicable if the nature of the repair is for Occupational, Health, and Safety requirements or the failure to repair impacts the structural integrity of the building.
- Intensified evictions through court orders and through the Rental Tribunal process – a few cases have already been opened, Housing Management by forming a standing committee every month to monitor and follow through the cases with Legal Department and other internal stakeholders.
- Full recovery of utility costs using prepaid meters and standardized water charges across all estates is active and monitored, as well as strong actions to improve rental collection rates across all accommodation types.
- Improved credit evaluation process for new tenant applications, introduced a non-reversible debit-check payment method for all new accounts, lease renewals, and tenants who are signing AOD for payment arrangements, as well as Stop orders for those who can't be on debit check.
- Increased and consistent presence on site to avail easy payment platforms to tenants for rental payments, i.e. POS devices – this was successfully piloted in the last financial year. In 2024/2025 we have implemented a debit-check payment method for all new leases signed and for all AODs that are done with tenants that are behind with rental payment. Debit-check payment method is non-reversible and guarantees rental collection on time.
- Settlement Discount vouchers remain in place (from 5% to 50%) to assist those who are willing to settle their debts in full or to reduce the overdue amount. Part of the Terms and Conditions for qualifying tenants is to sign a non-reversible debit check mandate or Stop Order
- In addition to the vouchers processed, we're also looking at system write-offs for all closed accounts in our books as those tenants have since vacated and the units are occupied by paying tenants. Tenants who are vacated and got evicted with balances owed are blacklisted with all Credit Bureaus.
- Filling up of empty commercial spaces – this will ensure that we maximise on the offsetting of costs incurred at our individual buildings where there is an opportunity for outdoor advertising.

SECTION 6: SUPPLY CHAIN MANAGEMENT AND BBB-EE

6.1 DEVIATIONS ON SCM

Project description	Amount	Reasons for deviation
Reside Summit	R380 000.00	Single organiser of the event
Lifts Repairs	R1 084 650.71	emergency

6.2 PAYMENTS WITHIN 30 DAYS

The MFMA requires that Municipal entities pay suppliers within 30 days. In the current quarter, which ended 30 June 2026, 97% (previous quarter Q3, the 30-day compliance was at 100%) 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 4

2025-2026- Q4 JOSHCO Payments monitoring report							
Summary of payments							
Month	Total number of invoice received in the period (Additions)	Total number of invoice received in the period/ Invoices paid within 30 days	Total number of invoice received in the period not due	Total invoice paid after 30 days and after validation taken place	Total number of invoices due and not paid	% Paid within 30 days	Reporting date
26 February -25 June 2026	3 006	1 284	1 626	50	46	97%	Q4
26 December -25 March 2026	834	788	309			100%	Q3
Total	3 840	2 072	1 935	50	-		

Detailed analysis of 30-day compliance

Total invoices received in the period	3 006
Invoices paid within 30 days	1284
Invoices received in the period but not due	1626
Invoices paid after 30 days	50
Invoices due and not paid	46

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	833 219	422 668
Irregular Expenditure by Quarter		
Quarter 1:		

Quarter 2:		
Quarter 3:		661
Quarter 4:	400 337	854 487
Irregular expenditure written off prior year		(199)
Irregular Expenditure written off		(444 398)
Closing Balance (Unaudited)	1 233 556	833 219

Fruitless and wasteful expenditure

Description	2026 (R'000)	2025 (R'000)
Opening balance as previously reported	637	743
	448	
Expenditure relating to the current year		322
Expenditure to be recovered	(3)	(307)
Expenditure to be written off		(121)
Closing Balance (Unaudited)	1 082	637

Fruitless and wasteful expenditure incurred relates to Unauthorised debit orders amounting to R15 thousand. The entity files objections with the bank monthly, and these are reversed once successful.

6.4 AWARDS MADE FOR THE YEAR

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

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	AMABUYEZ A 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 NETWORK	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
	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/RIVERLEA/001/2025	THE APPOINTMENT OF A CONTRACTOR FOR REFURBISHMENTS OF FACILITIES IN REGION B (RIVERLEA (AALWYN) OLD AGE HOME, MARKET STREET	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

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
	OLD AGE HOME AND OUTENIKWA, HEX & SIR LOWRY FLATS)									
RFQ/GEF/002/2025	THE APPOINTMENT OF A CONTRACTOR FOR THE ELECTRICAL, SOLAR, AND WASTE MANAGEMENT INFRASTRUCTURE COMPLETION TO ROODEPOORT TSHEDZANI 3 DEVELOPMENT FOR SOCIAL HOUSING REVISED SUSTAINABILITY GUIDELINES	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 DESCRIPTI ON / SCOPE OF WORK	DEPARTMEN T / END USER	MEDIA ADVERTI SED	BAC DATE	AWARDED SERVICE PROVIDER	MALE/ FEMA LE/ YOUT H	REASON FOR AWARD	BUDGET/ ESTIMATED VALUE	AWARDED AMOUNT	BBBEE LEVEL
RFQ/ICTPRIN T/001/2025	THE APPOINTME NT OF A SUITABLE SERVICE PROVIDER FOR THE LEASING OF MULTIFUNC TION PRINTERS AND COPIERS FOR A PERIOD NOT EXCEEDING 36 MONTHS	HOUSING DEVELOPME NT(ICT)	Direct invitation sent to Contractor s on JOSHCO' s ICT panel		DIDO DIGITAL DOCUMENT JV THOMANI TECHNOLO GY SOLUTIONS			R2 000 000.00	R2 568 577.70	

6.5 ANALYSIS OF EXPENDITURE FOR THE QUARTER

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

Table 48: Expenditure by sourcing process (Nature)

a) Total Expenditure		
Nature of expenditure	Quarter 4 R'000	% of total expenditure
Capital Expenditure	98 757	72
Operational Expenditure	38 677	28
Total Expenditure	137434	100

b) Capital Expenditure		
Nature of expenditure	Quarter 4 R'000	% Of Capex expenditure
Professional Consultants	10 343	11
Contractor Payments	88 414	89
Total Expenditure	98 757	100

c) Operational Expenditure		
Nature of expenditure	Quarter 4 R'000	% Spend
Procurement <R750 000	1 684	4
Cleaning and Gardening	0	0
Directors Remuneration-Board and Comm	307	1
Operational Expenditure	9 304	24
Security Services	22 158	57
Repairs and Maintenance	5 224	14
Total	38 677	100

6.6 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 spending to at least 51% black owned companies.

Period	Total OPEX from procurement activities R'000	OPEX to at least 51% black-owned companies R'000	% Spend for the period
Quarter 4	38 677	35 472	92 %

Period	Total CAPEX from procurement activities R'000	CAPEX to at least 51% black-owned companies R'000	% Spend for the period
Quarter 4	98 757	27 262	28%

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

Period	Total OPEX from procurement activities R'000	OPEX to women-owned companies R'000	% Spend for the period
Quarter 4	38 677	649	2%

Period	Total CAPEX from procurement activities R'000	CAPEX to women-owned companies R'000	% Spend for the period
Quarter 4	98 757	789	1%

Table 51: Summary of spend on youth owned companies.

Period	Total OPEX from procurement activities R'000	OPEX to youth-owned companies R'000	% Spend for the period
Quarter 4	38 677	0	0%

Period	Total CAPEX from procurement activities R'000	CAPEX to youth-owned companies R'000	% Spend for the period
Quarter 4	98 757	0	0%

SECTION 7: PENDING LITIGATIONS AND POSSIBLE LIABILITIES

Matters reflected in the table below 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 table below 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.

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION	OUTCOME	COST IMPLICATIONS
1.	Various evictions and recovery of outstanding rental.	TP Khoza Attorneys	Eviction proceedings were instituted at the beginning of the Financial year (2025/2026) against top ten (10) priority tenants within the SHM leaders and non-paying tenants identified as problematic. Progress: Five (5) matters are opposed and awaiting allocation of hearing dates, while the remaining five (5) have court orders granted and are pending confirmation of execution dates from the Sheriff, with execution expected in the first quarter of 2026/2027 FYR.	2025	Matters are ongoing.	Expenditure to date: R359 706.92
2.	Social Housing Movement and 5 others // JOSHCO	ENSafrica	Court application lodged by the Social Housing Movement and various tenants against JOSHCO, Social Housing	12/09/2022	The matter is ongoing.	Expenditure incurred to date: R443 445.78

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION	OUTCOME	COST IMPLICATIONS
	and 3 others		Regulatory Authority, CoJ Municipality, and the Department of Human Settlements (Province). The application seeks to compel JOSHCO to convert leases into rent-to-own agreements, and to further prevent JOSHCO from evicting tenants without obtaining "suitable alternative accommodation". Progress: The matter was heard on 02 June 2025. The applicant's counsel conceded that prayer 1 and 2 of their notice of motion, (i.e. where the applicants seeks that their leases be converted into instalment sale or lease town) were bad in law and therefore abandoned those prayers. Instead, they raised new arguments for the case. The judge allowed them to amend their case to introduce the new argument citing that the matter concerns constitutional rights. The matter has been allocated a hearing date for the 3rd of August 2026.			

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION	OUTCOME	COST IMPLICATIONS
3.	JOSHCO //Quick Prop Systems (Pty) Ltd	Mncedisi Ndlovu & Sedumedi Attorneys	Court application instituted by JOSHCO against Quick Prop Systems (Pty) Ltd. Quick Prop Systems (Pty) Ltd was appointed by JOSHCO to develop a property management system, enhancement, and mobile application solution. The application seeks to review and set aside the appointment, based on misrepresentation by Quick Prop Systems (Pty) Ltd in their bid submission for the appointment. Progress: Court ruling was received in the first quarter in favour of Joshco and the amounts spent by JOSHSCO is set to be recovered from the service provider. An evaluator has been appointed to quantify the outstanding amounts due to JOSHCO.	12/03/2023	Finalization stage	Expenditure incurred to date: R 419 310.90

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION	OUTCOME	COST IMPLICATIONS
4.	JOSHCO/III egal occupants of the Casa Mia building	Padi Attorneys	Eviction application lodged on an urgent basis against 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 to provide alternative accommodation for the illegal occupants. JOSHCO engaged the Human Settlements department regarding provision of alternative accommodation and was advised that Casa Mia occupants are to be accommodated at the Transnet building that the City is acquiring through JPC. As part of the bad buildings' strategy, Casamia is earmarked for evacuation which will see the occupiers allocated to temporary emergency accommodation. While awaiting the implementation of the evacuation	20/09/2023	The matter is ongoing	Expenditure incurred to date: R 638 435.07.

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION	OUTCOME	COST IMPLICATIONS
			process, JOSHCO has taken further steps to compel Human Settlements to comply with the court order, as the ongoing delays continue to compromise the safety of the building's occupants.			
5.	TSSN Carriers (PTY) Limited//Joshco Social Housing Company (SOC) Ltd [Ens-Ens.Fid642 228	Madiba Motsai Masitenyane & Githiri Attorneys Inc.	JOSHCO appointed TSSN Carriers (Pty) Ltd in July 2019, for construction of 145 social housing units at Randburg. The contractor never commenced work due to a few outstanding town planning issues, which JOSHCO has been in the process of resolving. In June 2023 JOSHCO terminated the contract, on the basis that there	26/03/2024	Finalization stage	Expenditure incurred to date : R211 598,70

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION	OUTCOME	COST IMPLICATIONS
			had been no work on site for a continuous period of 90 days. The contractor disputed the termination and referred the matter to adjudication. Progress: The matter was heard for Arbitration on 15 April 2025. The arbitrator ruled against JOSHCO finding that the termination of the agreement between JOSHCO and TSSN Carriers was unlawful. TSSN has proposed a finalisation settlement to avert the costly and time-consuming process of quantifying damages. JOSHCO accepted the offer and is awaiting further guidance and a way forward from the legal team.			
6.	JOSHCO//H2Future Energy Pty Ltd	Mncedisi Ndlovu & Sedumedi Attorneys	Progress: H2FUTURE energy instituted arbitration proceedings against JOSHCO, claiming loss of profit arising from cancellation of the sale agreement between Thlokomelo and Property Corner. JOSHCO is	24 March 2026	The matter is ongoing	Expenditure incurred to date: R215 952.75

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION	OUTCOME	COST IMPLICATIONS
			currently working on evidence to respond to H2FUTURE Energy's statement of claim.			
7.	JOSHCO // GIBB (PTY) Ltd		GIBB was appointed by JOSCHO as a professional service provider to render project management engineering , and related consulting services, including the preparation of construction , drawings for the Selkirk Randburg Social Housing Development. GIBB prepared the drawings presently in dispute. Where GIBB alleges that it has rendered the services and needs to be paid in full in the amount of R10 228 862.36. JOSHCO contends that ownership of the drawing's vests in it , in terms of the contract, and ownership is not conditional upon payment of the monies owed to GIBB Progress: A meeting was held between EXCO and GIBB to explore a possible settlement and way forward.			Expenditure incurred to date: R0

	PARTIES AND NATURE OF THE MATTER	ATTORNEYS	STATUS AND PROGRESSION	INCEPTION	OUTCOME	COST IMPLICATIONS
8.	THUALAU MME Business Development v JOSHCO		Thulaumme business development cc instituted against JOSHCO failure to grant possession of the site in accordance with the provision of the signed JBCC. Thulaumme is claiming for damages and loss amounting to the sum of R3 711 459.88 Progress: The matter was heard in arbitration on 18 June 2026. Thulaumme offered a settlement of R2.3m, which was declined by JOSHCO as no work had been undertaken. We are currently awaiting the outcome of the matter .			Legal costs incurred to date:R0 (Matter is not yet invoiced).

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

Name of department	30-Jun-26	30-Jun-25	Account Status	Comments
City of Johannesburg: Sweeping account	-1 964 206 947.01	-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	-291 261 372.24	-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	-660 576 741.87	-503 285 435.37	180 days overdue	No settlement has been made in the quarter due to the entity's financial constraints.
City of Johannesburg: GCSS	-353 198 684.14	-266 122 033.02	180 days overdue	No settlement has been made in the quarter due to the entity's financial constraints.
City of Johannesburg: Human Settlements	972 788 577.10	802 800 301.73	180 days overdue	DHS has paid JOSHCO an amount of R10 million on UISP in this quarter. JOSHCO has a standing weekly meeting to discuss the backlog of this debtor's book. The pace is very slow, it requires an escalation to the Accounting officer and GCFO to intervene.
City of Johannesburg: Treasury	5 958 169.39	5 958 169.39	180 days overdue	The entity had a meeting with Treasury. A commitment has been made to look into the transaction. No resolution as at the end of the quarter.
City of Johannesburg: CAM	65 879 403.13	157 884 081.61	180 days overdue	The entity is engaging with CAM regarding the outstanding balance.
City of Johannesburg: Health Department	282 750.08	6 541 968.34	180 days overdue	The entity is continuously engaging the Department of Health regarding the outstanding debt. The Department of Health has paid JOSHCO an amount of R 4.7 million in this quarter.
City of Johannesburg: Development planning GEF Project	7 438 375.97	4 065 148.55	180 days overdue	The entity did engage GEF regarding the outstanding debt of R4 million they mentioned that they are waiting the rectification report to be approved at EAC.
City of Johannesburg: JDA	1 285 753.26	96 800.00	Current	The entity made this payment in June 2025 on an old ABSA bank account the money bounced back to JDA's account; Finance is engaging them further to clear the debt. The R1 million it is current invoices.
City of Johannesburg: JPC	13 814 529.42	3 347 239.93	90 days overdue	JOSHCO Has received payment of R6.5 million in this quarter from JPC.
City of Johannesburg: Community Development	97 112 033.02	108 619 004.10	180 days overdue	The entity is engaging with COMDEV regarding the outstanding balance.
City of Johannesburg: Legislature	46 823 417.73	46 823 417.73	180 days overdue	JOSHCO met with Legislature last week they have cited that GFS has not concluded their investigation to validate the work done and they have confirmed that Legislature is happy with all invoices submitted as a results the do sign a confirmation on monthly basis.
City of Johannesburg: EMS	31 095 941.16	31 063 629.24	180 days overdue	Public Safety in our last engagement they have highlighted that they are waiting the approval from EAC to approve the ratification report so that they can be able to process our payments, JOSHCO is having a standing meetings with this Department so that they commit in clearing the Debt. JMPD has paid JOSHCO an amount of R2.9 million in this quarter will continue to engage them to settle the balance.
City of Johannesburg: Licencing	2 172 105.36	2 172 105.36		
City of Johannesburg: JMPD	47 996 920.75	50 987 193.98		
City of Johannesburg: Office of the COO	14 853 943.35	14 853 943.35	180 days overdue	COO's office they are waiting for rectification report to be approved at EAC. They have signed the confirmation as at 31 MARCH 2026 they are not disputing any invoice submitted by JOSHCO.
City of Johannesburg: DED	834 707.38	834 707.38	180 days overdue	Economic Development they do acknowledge that they owe JOSHCO they will settle their debt.
City of Johannesburg: SOCIAL DEV	375 189.76	14 148.77	Current	The entity is engaging with Social Dev regarding the outstanding balance.
City of Johannesburg: Transport	12 081 928.61	23 903 012.83	180 days overdue	The entity is having recurring meetings with all Departments to settle the debt, Transport Department is waiting for the EAC approval.
City of Johannesburg-EPWP Grant	23.97	4 128 723.49	180 days overdue	Economic Development has settled their only owes the entity R23k
City of Johannesburg- Financial Accounting	30 517 609.40	32 614 629.24	current	
TOTAL	-1 917 932 366.42	-1 467 495 825.66		

CHAPTER 6

INTERNAL AUDIT

SECTION 1: PROGRESS ON INTERNAL AUDIT PLAN

For the fourth quarter of the 2025/2026 financial year, Internal Audit completed all audits planned for the quarter.

The Supply Chain Management (SCM) audit, which was originally planned for Quarter 3 of the 2025/26 financial year, experienced delays in completion due to staff capacity constraints within the Internal Audit Department. As a result, the audit could not be finalized in Quarter 3 as approved in the Internal Audit Plan.

Subsequently, the audit was completed and progressed through all audit phases, including management engagement, and reporting. The final audit report was issued during Quarter 4 and has therefore been included in the Quarter 4 Internal Audit reporting cycle. Any significant observations and recommendations arising from the audit have been communicated to management for consideration and implementation.

Refer to **Table 66** for the detailed Internal Audit Plan. The following audits were completed in the fourth quarter:

- Supply Chain Management Audit
- Revenue & Debtors' Management Audit
- Performance of Information Q3 Review
- Interim Financial Statements Review
- Tender Probity Review x2
- UIFWe Investigations
- Follow – up on Internal Audit Findings
- Follow – up on External Audit Findings

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

No	Name of Audit	Quarter				Progress
		1	2	3	4	
Finance						
1	Review of the Annual Financial Statements	X				Completed
2	Review of the Interim Financial Statements				X	Completed
3	Supply Chain Management Audit			X		Completed
4	Revenue Management Audit				X	Completed
5	Tender Probity Review	X	X	X	X	Completed
COO OFFICE						
6	Housing Maintenance and Portfolio Management Audit		X			Completed

No	Name of Audit	Quarter				Progress
		1	2	3	4	
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		Completed
Generic Services						
13	Ad hoc Services		X			Completed
Follow - ups						
14	Follow-up on Internal Audit Findings	X	X	X	X	Completed
15	Follow-up on AG Findings			X	X	Completed
Investigations						
16	UIFW Investigations Expenditure			X	X	Completed

SECTION 2: PROGRESS ON RESOLUTION OF INTERNAL AUDIT FINDINGS

Table below 67 indicates the resolution of Internal Audit findings for quarter 4:

Departments	Total Findings	Total resolved as per Management	Total findings resolved	Total findings not resolved
Finance and SCM	26	26	26	0
Chief Operating Office (COO)	29	29	20	9
Planning & Strategy	9	9	9	0
Corporate Services	32	32	10	22
Legal	3	3	3	0
Total	99	99	68	31
%	100%	100%	69%	31%

SECTION 3: PROGRESS ON RESOLUTION OF EXTERNAL AUDIT FINDINGS

Table below 68 indicates the resolution of External Audit findings for quarter 4 (2024/2025 FY):

AG Classification	Total Findings	Resolved	Not Resolved
Matters affecting auditor's report	4	3	1
Matters that should be addressed to prevent material misstatements in the financial statements or material findings.	6	5	1
Admin Matters	7	7	0
Total	17	15	2
%	100%	88%	12%

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

During the third quarter of the 2025/2026 financial year, Internal Audit completed three (3) audits, two (2) probity reviews, and two (2) follow-up reviews.

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

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