

**CITY OF JOBURG PROPERTY COMPANY
(SOC) LIMITED**

Registration No: 2000/017147/07

2012/13 Annual Report

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

CITY OF JOBURG PROPERTY (SOC) LIMITED

COMPANY INFORMATION:

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| Registration number: | 2000/017147/07 |
| Registered address: | 1st Floor Forum II Braampark 33 Hoofd Street Braamfontein |
| Postal address: | PO Box 31565 Braamfontein 2017 |
| Telephone number: | +27 010 219 9000 |
| Fax number: | +27 010 219 9400 |
| Website: | <u>www.jhbproperty.co.za</u> |
| Bankers: | Standard Bank South Africa |
| Auditors: | Auditor-General South Africa |

Vision

"To provide Property Management, Property Development and Property Asset Management services in order to maximise the social, economic and financial benefit to the CoJ as well as support the delivery objectives on a cost competitive basis."

Mission

JPC is the manager of the property assets of the City of Johannesburg, responsible for maximising the social, economic and financial value of the CoJ's total property portfolio and enhancing the efficiency of its use. JPC provides asset management, property management and property development services, as well as interacts with the general public in respect of the property portfolio. JPC supports the achievement of the CoJ's strategic priorities, including economic and social development and the service delivery of the CoJ.

ACRONYMS AND ABBREVIATIONS

| TERM | DETAIL |
|---------------|--|
| ATR | Annual Training Report |
| CBO | Community Based Organisation |
| AFS | Annual Financial Statements |
| CoJ | City of Johannesburg |
| CAPEX | Capital Expenditure |
| FMMUU | Facilities Management and Maintenance Unit |
| DPUM | Department of Planning and Urban Management |
| JMPD | Johannesburg Metro Police Department |
| GDS | Growth and Development Strategy |
| GIS | Geographic Information System |
| GIAMA | The Government Immovable Asset Management Act |
| IDP | Integrated Development Plan |
| JRA | Joburg Roads Agency |
| JPC | City of Joburg Property Company (SOC) Ltd |
| JoshCo | Joburg Social Housing Company |
| MFMA | Municipal Finance Management Act |
| MOE | Municipal Owned Entity |
| NGO | Non Government Organisation |
| LIS | Land Information System |
| OPEX | Operational Expenditure |
| PIMS | Property Information Management System |
| POWA | People Opposing Women Abuse |
| RFP | Request for Proposal |
| SAPOA | South African Property Owners Association |
| SMME | Small Medium Micro Enterprise |
| WSP | Workplace Skills Plan |

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CHAPTER ONE: CORPORATE PROFILE & OVERVIEW



Section 1: Corporate Profile / Overview of the entity

JPC was established in 2000 as a private company, wholly owned by the City of Johannesburg. JPC was converted into a “state owned company” following to the implementation of the Companies Act of South Africa, 2008 (Act No.71 Of 2008). Consequently JPC must comply with the legislative framework and reporting requirements applicable to any company in South Africa. This includes, but is not limited to, the Companies Act. As an independent municipal entity, JPC is also subject to the Municipal Finance Management Act, Act 56 of 2003 (MFMA).

JPC subscribes to high ethical standards and principles of corporate governance and is in the process of ensuring full compliance with King III, published in 2010, and with the provisions of the new Companies Act, which came into effect during the last year. For more details, and an overview of the company governance structure, please see the corporate governance Chapter 2 of this report.

JPC is mandated by its sole shareholder, the (CoJ), to carry out:

- Property Development;
- Property Management;
- Informal trading and Public Transport
- Facilities Management
- Asset Management; and
- All ancillary services related to the above

Section 2: Strategic Objectives

JPC’s primary goal in supporting the 2040 GDS vision and mission is based on recognising and emphasising its role as an economic and social property agency to achieve positive developmental outcomes. These strategic objectives are aligned to the strategies of the Economic Growth, Human and Social Development, Sustainable Services and Governance clusters, as well as various IDP programmes.

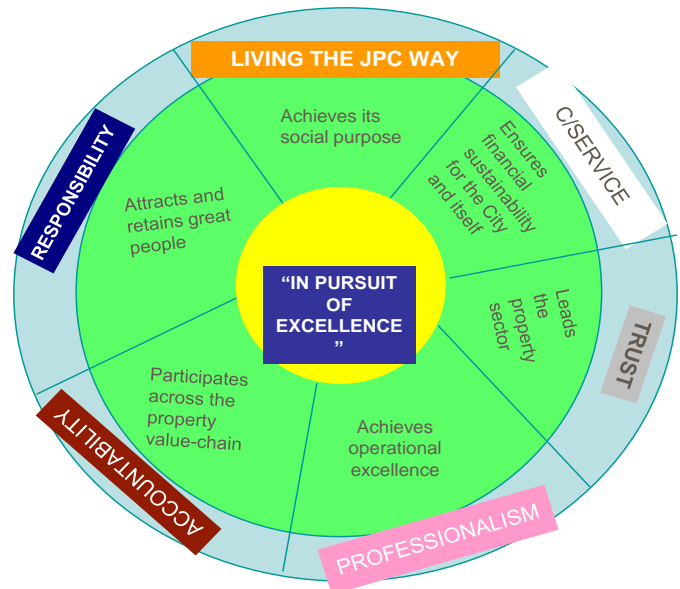
In synchronising the various strategic objectives, JPC identified the following strategic objectives:

- Supporting economic development ;
- Supporting community development and social initiatives;
- Utilising the property portfolio to address social imperatives and priorities;
- Utilising the portfolio as a vehicle for transformation;
- Ensuring efficient, economic, and effective service delivery to clients, customers and stakeholders; and

- Ensuring a professionally managed, sustainable and profitable company.

Section 3: JPC Way

This is a transformation initiative aimed at introducing and embedding a new culture in the organisation. The implementation includes a broad range of Training and Development interventions to encourage and drive corrective behaviour for both management and employees and introducing the team concept to enhance the implementation of the Performance Management Policy. This is depicted by the diagram to the right, which includes the company values.



As part of this new initiative, an annual recognition and rewards ceremony will be held in line with the company's values, to honour and express gratitude to top performing employees and departments, Inter-governmental initiatives and collaboration with other sectors.

Since collaboration with other Municipal Owned Entities (MOEs), city departments, provincial departments, national departments and the private sector is key to delivering quality services, JPC's delivery on its objectives has always depended on co-operation. JPC has also identified private sector partners for the implementation of capital projects which contribute to the economic growth of the City, as per the Economic Development Cluster plans.

The following are some of the CoJ departments and MOEs with whom there are close interdependencies:

- Housing;
- Development Planning and Urban Management;
- City Parks;
- Johannesburg Roads Agency;
- Johannesburg Development Agency; and
- Community Development.

Section 4: FOREWORD BY MEMBER OF THE MAYORAL COMMITTEE



Councillor Ruby Mathang

MMC Economic Development

Few items on the South African agenda have the ability to attract as much controversy as the issue of land – and rightly so. For the past decade, Government has been addressing the issue of land access and ownership with the purpose of redressing inequalities in land tenure, stimulating economic growth and paving the way for the creation of wealth amongst those who did not previously have access to such opportunities.

JPC is a critical economic development and transformation tool for COJ and the importance and impact of all decisions taken can't be emphasised enough. During my short tenure as MMC Economic Development, of critical importance have been the bureaucratic processes, which result in lengthy timelines for each transaction to be finalised. Property is a catalytic tool to enhance social cohesion, proactive absorption of the poor and is the main driver of transformation. Property is about unbundling land (whether in bundles or small portions) in a strategic manner to enable development of the economy.

The current spatial development of Joburg benefits a small portion of the community, mainly the transporters. It is imperative that there is land availed timeously to individuals, entrepreneurs and indeed organised business to drive transformation and each step, however miniscule, has an impact on the lives of the under privileged.

Property properly managed will ensure youth and children are always safe and adequately entertained and taught new skills that are ploughed back into communities and can engender a sense of pride and belonging. It also ensures that the wealth is distributed throughout communities and not just a small portion of society benefitting.

JPC plays an important role in the Integrated Development Plan (IDP) and Growth & Development Strategy (GDS2040) of the City to unlock land and drive development especially in under developed and previously marginalised areas. Shopping malls and all associated goods and services must be

within easy reach of consumers and will lead to less pressure on inflation and a better quality of life for all. JPC has embraced this challenge and started slow but steady steps to ensure as an efficient manager of the property assets of the City of Johannesburg. This approach ensures a focused organisation that will deal holistically with all properties owned and managed by the City.

There has been a need for a robust strategy in respect of the current challenges the City and its MOEs are facing with regard to efficient and effective delivery of property related matters. JPC has delivered a comprehensive corporate strategy to begin to respond to the challenges that have been experienced over years in property related matters. The strategy document incorporates the new broader mandate assigned to JPC by the institutional review processes that brought together FMMUU and MTC into JPC. The mandate is to be a full -spectrum property services company serving CoJ departments and MOE's.

Whilst we are mindful of the complex challenges, it is our total commitment to service delivery and a spirit of determination that has resulted in the improved provision of service and the awarding of numerous awards for the Soweto Theatre.

In conclusion, I wish to recognise the efforts and commitment of JPC's Board and staff. Your efforts have brought us closer to the delivery of a good, reliable and quality service to the communities, ratepayers, residents and businesses in the City of Johannesburg.

Councillor Ruby Mathang
MMC Economic Development

Section 5: CHAIRPERSON'S REVIEW



The purpose of the JPC Board of Director's Report is to provide the shareholder with an assessment of the company's state of affairs, business and results of the 2012/13 financial year. The report goes on to describe how the company was governed and managed to ensure that its resources are applied economically, effectively and efficiently.

A full disclosure of the achievements and highlights of objectives attained by the company is provided in Chapter 3 of the report with a view to providing the shareholder and related stakeholders with the assurance that their interests are being protected by the Board of Directors and Management. Noteworthy in the achievements section of this report is the handover ceremony held in March 2013 for purposes of handing title deeds to the identified beneficiaries. Section 4 of Chapter 3 provides an all-encompassing report pertaining to the company's overall performance and looks at performance against the City Scorecard and IDP.

JPC's overall financial performance is disclosed in the financial performance section of the report (refer to Section 2 of Chapter 3) and the full set of the annual financial statements attached as Annexure A of the report. The 2012/13 financial results show continued efforts by JPC to meet the expectations of the shareholder as reflected in the service delivery objectives.

Internal controls remained a focal area for the Audit and Risk Committee. In support of the efforts of the audit committee, management initiated project clean audit which introduced measures which would be used to ensure that the company obtains a clean audit. Management engaged the internal auditors to review the internal controls with a view to remedy any deficiencies identified by the previous audit. The Operation Clean Audit Register was constituted of 10 Auditor General findings from the previous year Auditor General report and these were all cleared in the current financial year.

The Board is responsible for the company's risk management and the company has a formal risk management process in place which it follows in reviewing its risk registers. The matter is receiving attention with robust and frank engagements having taken place with multiple stakeholders. Emphasis was placed on the risks identified in respect of the integration process. Risk Management is

entrenched in the company's monitoring of performance against the scorecard and this ensures that risks are timeously identified and mitigated.

JPC's operational, social, financial, economic and environmental impact is discussed in detail in the sustainability report.

Continued attention will remain on the internal controls, policy review, and elimination of backlogs, governance, financial discipline and prudence, compliance, transparency, ethics, service delivery excellence and transformation.

The strategic priorities of the shareholder, as always, drive our strategic plans and significant attention is given to ensure that these priorities are implemented in the form of measurable deliverables. Going forward more attention will be placed on outcomes based objectives which ultimately lead to the achievement of the strategy which must be strictly aligned to the COJ priorities and GDS 2040.

JPC focused its attention on improving initiatives with regards to transformation, quality of service, land regularisation, job creation and procurement from BEE compliant suppliers. The company's transformation Committee was established for purposes of ensuring that the COJ's transformation agenda is adequately addressed.

The Board and Management remain committed to continuous improvement in attaining strong financial and operational results, and contributing to the vision of a world-class landlord. We gratefully acknowledge the continuing support of the COJ in assisting the company to achieve its deliverables. The strategic priorities of the COJ drive our tactical plans. Significant attention is paid to ensuring that these priorities are implemented in the form of measurable deliverables aligned to the strategy.

The integration process of JPC, MTC and FFMU is being monitored by the company with a view to ensure harmonisation of the conditions of employment for the employees of the new entity. The corporate strategy review was initiated and various stakeholders were consulted with a view to ensuring that the stakeholder's views inform the strategy and that there is alignment with the COJ's objectives.

In summary, work was performed in line with the strategic objectives and this is evidenced by the fact out of the 21 KPIs that the company had, 17 were met and only 4 were not met. The report on the scorecard details the reasons for failure to meet the 4 objectives and proposes measures for ensuring that these are met going forward.

It has been a privilege for me to have led the company through challenging but rewarding years, as amplified by the results appearing elsewhere in the report. JPC has continued to improve its' operational performance.

It remains for me to thank my fellow Board Members both past and present, Management and the staff of JPC for their tireless and enthusiastic service to the company during the 2012/13 financial year and trust that they will continue in improving the lives of all South Africans through the efficient and effective management of the land and physical assets.

Finally, I wish to thank MMC Ruby Mathang and the Chairpersons of the sub-committees for their diligent and positive contribution in making this an effective Board. The Board and Management are committed to ensuring the highest standards of corporate governance and transparent compliance to legislation while delivering a sustainable and reliable service to improve the quality of living for the citizens of the City of Johannesburg.

On behalf of the JPC Board of Directors, I take pleasure in submitting the JPC Annual Report for the financial year 2012/13.

Mr Andile Mabizela
Chairperson
Board of Directors

Section 6: **MANAGING DIRECTOR'S REVIEW**



The financial year under review proved to be a challenging year for JPC with the integration of FMMU and MTC into JPC. Despite the challenges posed by the institutional review, the team weathered the storms ensured that the entity achieves the objectives set out in the Business Plan.

JPC embarked on the process to develop the JPC 2040 transformation through property corporate strategy to support the Growth and Development Strategy (GDS 2040) of the City and to positively contribute to the achievement of the vision leveraging on City owned properties and using the properties for transformation purposes. It gives me great pleasure to announce that JPC raised the bar and set the trend in the City as the first City owned entity to develop and finalise the widely accepted 2040 corporate strategy after rigorous engagements with the key stakeholders and Board of Directors.

The first ever Joburg Municipal Property Summit held in April 2013 created a platform for engagement with various stakeholders on issues that affect the Property Industry whilst also setting a platform for formulating a strategy in order to improve service delivery as well as improving relations with the stakeholders. Despite the challenges that JPC faced in the current financial year, JPC achieved 17 key performance indicators of the 21 approved indicators as reflected on the Business Plan.

From an operational perspective the reconciliation of the Asset Register between CoJ, LIS, SAP and JPC Asset Register was completed in June 2013. Risk Management received high attention in the current year as there were emerging risks mainly contributed by the integration and the development of the JPC 2040 corporate strategy. In preparation for the audit, management developed a comprehensive audit findings register as part of the “operation clean audit” with bore fruits as the internal control environment for JPC improved significantly. Through this rigorous exercise, management cleared all AG findings that were raised in the 2011/2012 financial year.

The Auditor-General has given an unqualified audit opinion with emphasis of matter for the 2012/13 year on non-compliance with supply chain management regulations. The audit opinion is based on the Auditor-General’s concern regarding material adjustment to the Annual Financial Statement. JPC’s Management, with the Board’s guidance, have undertaken to improve processes and

procedures to address the findings of the Auditor-General to ensure that they are not repeated in the coming years.

Key highlights and achievements:

- Successful integration of FMMUU and MTC;
- 1942 jobs were created against a target of 1585;
- R345 million third party investment on COJ property against a target of R238 million; and
- 156 properties were transferred to targeted beneficiaries through land regularisation programme against a target of 150 properties.

The above are by no means the only highlights of the organisation, throughout this annual report pockets of excellence are mentioned. Suffice to say JPC cannot soar and continue to make a difference towards a resilient, sustainable city where there is social cohesion and poverty alleviation without the continued support and guidance of the Board of Directors.

Over the year ahead, we look forward to working with all our stakeholders in beginning to implement the JPC 2040 Transformation through property strategy which provides a way for CoJ to strategically use its property portfolio to support the GDS 2040 and eventually impacting positively on the Johannesburg economy and society.

Helen Botes
Managing Director

Section 7: CHIEF FINANCIAL OFFICER'S REVIEW



The JPC SOC Ltd in the financial year 2012/2013 faced many challenges. These challenges were mainly due to the institutional review which allowed for MTC and FMMUU to be incorporated into JPC. Notwithstanding the weaknesses and non-performance of these entities, the JPC has seamlessly integrated them into one and has improved both the turnover and internal controls to be in line with the high standards of JPC.

This integration has yielded a turnover of R255 million compared to a budget turnover of R281 million. This is a 90% achievement towards the budgeted income. The main reasons for revenue under recovery resulted from commission earned on the rental collection of which income expected from servitudes and land sales did not materialise due to transactions lodged at deeds could not be finalised before year end. Also income anticipated from facilitating the third party development, did not materialise as projects that were earmarked for development did not commence as the developer could not secure funding.

The overall total operating expenditure yielded a saving of 26% which was mainly attributable to controls put in place to curb spending. Capital expenditure spend for the year under review is 93% against the allocated budget as a result of challenges faced in procuring of goods of which majority could not be finalised by year end.

JPC has a liquidity ratio of 1,85:1 compared to a norm of 2:1, with a positive cash flow of R3 710 927 for the year under review as compared to a positive cash flow of R19 668 635 for the same period in the 2011/2012 financial year. JPC has a debtor's collection period of 192 days as compared to the industry norm of 60 days including Cedar Park.

JPC has a solvency ratio of 32% against the accepted industry norm taking into account all liabilities including intercompany balances. In this financial year, JPC made a surplus of R35 908 289 which was mainly affected by the income earned on projects completed in Diepkloof and Huddle Park.

The projected revenue for the financial year ending 30 June 2014 comes to R400 million, with projected surplus of R30 million. Based on this projected figures, we believe that the company is sustainable in the future with projected positive cash flows.

Imraan Bhamjee
Chief Financial Officer

Section 8: Statement of Responsibility

The Directors are required by the Municipal Finance Management Act (Act 56 of 2003) and Companies Act, 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is the responsibility of the Directors to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended. The External Auditors are engaged to express an independent opinion on the financial statements and were given unrestricted access to all financial records and related data.

The financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board of Directors sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be

relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or deficit.

The Directors have reviewed the company's cash flow forecast for the year to 30 June 2014 and, in the light of this review and the current financial position, they are satisfied that the company has or will have access to adequate resources to continue in operational existence for the foreseeable future. The financial statements are prepared on the basis that the company is a going concern.

Although the Board of Directors are primarily responsible for the financial affairs of the company, they are supported by the company's external auditors.

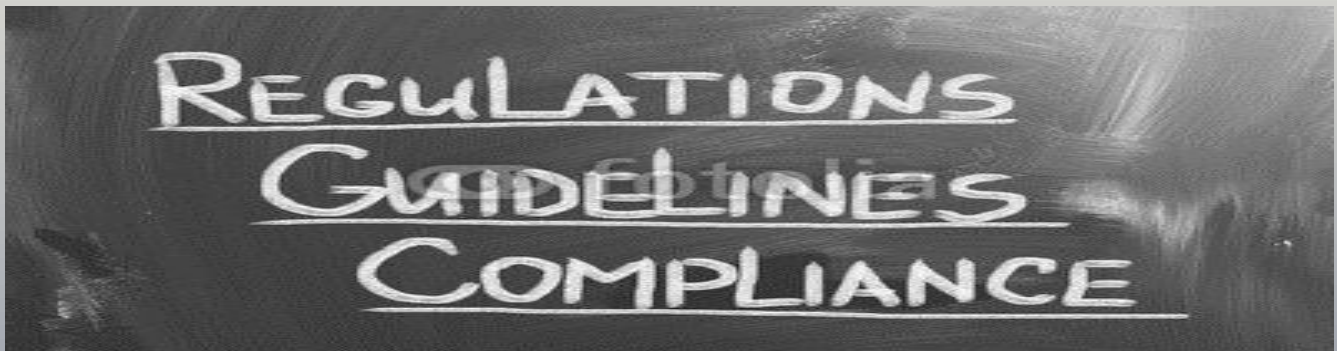
The External Auditors are responsible for independently reviewing and reporting on the company's financial statements.

The financial statements set out on pages 6 to 49, which have been prepared on the going concern basis, were approved by the Board of Directors on 26 November 2013

Helen Botes
Managing Director

Andile Mabizela
Chairperson

CHAPTER TWO: GOVERNANCE



Section 1: Corporate Governance Statement

JPC confirms and acknowledges its responsibility to comply with the Code of Governance Principles ("the Code") as laid out in the King III Report on Corporate Governance for South Africa 2010. The Board of Directors discuss the responsibilities of management in this respect at Board meetings and monitor the company's compliance with the code on an annual basis.

All of the directors bring to the Board a wide range of expertise as well as significant financial, commercial and technical experience and, in the case of the non-executive directors, independent perspectives and judgment. The Board is responsible for setting the direction of the JPC through the establishment of strategic objectives and key policies. It monitors the implementation of strategies and policies through a structured approach to reporting on the basis of agreed performance criteria and defined written delegations to management for the detailed planning and implementation of such objectives and policies.

The Board retains full and effective control over JPC, meeting quarterly with additional ad hoc meetings when necessary, to review strategy and planning, and operational and financial performance. The Board authorises major capital expenditure, stakeholder communication and other material matters reserved for its consideration and decision. The Board also approves the annual budgets for the various operational units.

The Board is responsible for monitoring the activities of executive management within the JPC and ensuring that decisions on material matters are considered by the Board. The Board approves all the terms of reference for the various sub-committees of the Board, including special committees tasked to deal with specific issues.

While the Executive Director is involved with the day-to-day management of the JPC, the non-executive Directors are not, nor are they employees of the JPC. The directors have a responsibility to become acquainted with all of their duties, as well as with the issues pertaining to the operations and business of the JPC. The Board operates in a field which is technically complex and the directors are continually exposed to information which enables them to fulfil their duties. New board members were inducted by JPC on 5 June 2012 and CoJ on 20 July 2012.

CODE OF ETHICS

The CoJ has requested compliance by all the MOEs in adopting a Code of Ethics specific to each entity, which would direct the manner in which employees and directors execute their duties.

The Code of Conduct for Municipal Staff Members as in Schedule 2 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), and the Code of Conduct for Councillors are also

respectively applicable to all employees and directors of the JPC as an MOE of the CoJ. The JPC implemented a Code of Ethics during the 2010/11 financial year, to ensure that the company conducted its business relationship with its clients and customers in an ethical manner and was designated according to national and international accepted standards of ethical behaviour.

The issue of confidentiality and disciplinary measures and processes were addressed in the JPC's employment contractual terms and conditions. All disciplinary processes were in accordance with the company's approved Human Resources Policies. Substantial and procedural fairness were exercised in all cases where offences occurred.

The Social and Ethics Committee convened its first meeting on the 29th of October 2012

CONFLICT OF INTEREST

JPC is committed to upholding good corporate governance in all of its business dealings. JPC has an approved Board Charter regulating how the JPC's business is conducted and is based on the principles of good corporate governance in line with the governance framework adopted by the shareholder.

According to the Board Charter, Board members are required to declare any interest that they might have in the business of the JPC. The Board members are required to sign a "Declaration of Interest" form on an annual basis. They also sign a register in every sitting of the Board or any of its committees.

In the current financial year there were no conflicts of interest declared.

BREACH OF GOVERNANCE PROCEDURE

JPC confirms and acknowledges its responsibility to comply with the Code of Governance Principles ("the Code") as laid out in the King III Report on Corporate Governance for South Africa 2010. For the year under review, the JPC adhered to the Code of Governance Principles as set out in the King III report on Corporate Governance. The Board of Directors discusses the responsibilities of management in this respect, at Board meetings, and monitors the company's compliance with the Code on an annual basis.

The Board of Directors and Management recognise and are committed to the principles of openness, integrity and accountability advocated by the Code. Through this process, shareholders and other stakeholders may derive assurance that the entity is being ethically managed according to prudently determined risk parameters in compliance with generally accepted corporate practices. Part of the

mandate of the Audit and Risk Committee is the monitoring of the entity's compliance with relevant legislation and the Code. The entity endeavours to be fully compliant at all times.

Regulatory issues

The JPC is governed primarily by the Municipal Systems Act (as amended) and Municipal Finance Management Act No 56 of 2003 (MFMA) and its various regulations. The primary objective of the Act is to ensure sound and sustainable management of the Council and its various entities.

JPC is bound by the Companies Act, No 71 of 2008 and the JPC shall ensure compliance with this act.

The company was well managed during the period under review and there was no breach of governance procedures and all legislation was adhered to as fully as possible.

Section 2: Board of Directors

BOARD OF DIRECTORS

JPC's annual general meeting took place on 11 March 2013 where a new board was appointed. The table below indicates the board members as at 30 June 2013.

Helen Botes
(Managing Director) – Executive Director



Bachelor of Banking; Diploma in Treasury Management and Trade Finance Skills, expertise and experience: Treasury and Banking. Money Market Trading. Trading of Financial Instruments. Foreign Exchange. Raising of the 1st City bonds and retail bonds for CoJ. Economic Development. Property Development and Management.

Andile Mabizela
(Chairperson) – Non-Executive Director



A lawyer with an economics background. Andile has worked in financial services (HSBC Corporate Finance and Stanlib Asset Management). He has been also involved in commercial executive roles in logistics' and transport at SAA and Afrilog South Africa where he is a director responsible for new markets. He has served on several parastatals and corporate boards

Dr Dorothy Sekhukhune
Non-Executive Director



Dr Sekhukhune is the head of JPC Remuneration Committee (REMCO), with a Doctoral Curationis (Psychiatry. N) and various leadership certificates in business and education. She is currently a Chairperson of Centre for HIV and Aids Prevention Studies (CHAPS) and an executive director of Noko-Tswako Business Solutions.

Qualifications: Doctorate Cur (Psychiatry); MSc (Psychiatry); BA Cur; Advance Certificate in Health Services Management

Thomas Hickman
Non-Executive Director



Thomas Hickman is a Chartered Accountant (CA(SA)) and an MBA graduate of the University of Stellenbosch. He is the former Managing Director of Pep Manufacturing Pty Ltd and former Managing Director of the Colibri Group of companies. He is an experienced financial and strategic leader with passion for turning struggling entities into successful groups.

Neren Rau
Non-Executive Director



Mr Neren Rau is the CEO of the South African Chamber of Commerce and Industry (SACCI). He is the former head of the Reserve Bank's Financial Safety Net Division in the Financial Stability Department. He also serves as an Independent Member of the Audit Committee of the Johannesburg Tourism Company and was recently appointed to the Consumer Affairs Committee by the Minister of Trade and Industry. Qualifications: B Comm, B Comm Honours and an MCOM (equivalent of an MBA).

Jabu Mabaso
Non-Executive Director



An attorney registered with the Law Society of South Africa. Mr Mabaso is an LL.B graduate from the University of Witwatersrand (Wits) who is currently the Executive Director of DSK Development Advisory Services. He is an experienced executive who has worked in various companies including Shell, ACSA, Mvelaphanda Holdings, Afric Oil and Spoornet. He is a keen debater, music lover and sportsman.

Qualifications: B Proc and LLB. Other directorships: None

Leshego Leighton Itholeng
Non-Executive Director



An attorney registered with the Law Society of South Africa. Letshego is an LL.B graduate from the University of Natal who is currently in the employ of Eskom, is responsible for drafting of NEC contracts, providing assurance on pre tender, contracts and ensuring compliance to procurement procedure and identifying risks and providing mitigation action. Qualifications: B Juris LLB; Admitted Attorney Board Committee: Transactions and Social and Ethics; Skills, expertise and experience: Senior Contracts Advisor and Procurement Specialist. Other directorships: None

Shelley Childs
Non-Executive Director



Ms. SJ Childs has extensive and broad business experience in the private sector. This includes administration, marketing and sales, computer technical and general support development and training, management accounting, costing and project management. She specialises in optimising the human contribution to strategic goals through effective performance management and continues to consult on the broad spectrum of People Management issues and organizational development issues.

Qualifications: BA from the University of Port Elizabeth, majoring in: Industrial and Organisational Psychology and Economics. Other directorships: TransForum Business Development

Professor Alfred Nevhutanda
Non-Executive Director



Mr Nevhutanda is a Professor of Environmental Sciences from the Eco Energy Academy in Azerbaijan. Who has participated in various structures of both public and private sector, including being the current chairperson of the National Lotteries Board, former Convener of Social Transformation Committee of the Limpopo Province ANC; Board member of Institute of Directors (SA) and the International Aviation Services Council of the National Department of Transport (SA).

Qualifications: Professor of Environmental Sciences(Eco Energy Academy in Azerbaijan), Diploma in Management, MBA (MANCOSA), Masters of Music, Doctor of Music (University of Pretoria), Masters in Education, Doctor of Education (UNISA)

Mr. M Moavadi
Non-Executive Director



Mr Moavadi Managing Director at Lotsha Health Services (Pty) Ltd. He is an innovative General Manager with sophisticated sales, marketing, customer service and business administration skills. He has 15 years in the Healthcare sector holding various positions.

Qualifications: Bachelor of Commerce (University of Cape Town) and Leadership Development in Afrox (Wits Business School).

Changes in the composition of the board during the current year:

Mr H Mashele was retired at the AGM held on 11 March 2013. Ms M Mavuso and Ms L Msengana-Ndlela resigned with effect from 11 March 2013 and their resignations were accepted by the shareholder.

Mr Andile Mabizela was re-appointed Chairperson. Ms Shelley Childs, Mr Thomas Hickman, Dr D Sekhukhune, Mr L Itholeng, Prof A Nevuthanda and Mr J Mabaso were reappointed on 11 March 2013. Mr N Rau and Mr M Moavodi were also appointed to the Board at the AGM.

Although not appointed to the Board of Directors, aligned to directives from National Treasury, JPC has 3 independent audit committee members who all serve on the Audit and Risk Committee.

GOVERNANCE STRUCTURES

The Sections below refer to the Governance structures in place.

Board of Directors – composition and information

Preceding the Annual General Meeting of 11 March 2013, the Board consisted of ten (10) Non-Executive Directors (Mr Andile Mabizela (Chairperson), Dr Dorothy Sekhukhune, Mr Harry Mashele, Mr Leighton Itholeng, Ms Shelley Childs, Dr Lindiwe Msengana-Ndlela, Professor A. Nevhutanda, Mr Tom Hickman, Mr Jabu Mabaso and Ms Matsotso Vuso) and one (1) Executive Director (Ms. Helen Botes).

As of 11th March 2013, three (3) Non-Executive Directors Mr Harry Mashele, Ms Matsotso Vuso and Ms Lindiwe Msengana-Ndlela were retired. Two (2) new Non-Executive Directors were appointed (Mr Neren Rau and Mr Mathews Moavodi). Mr Leighton Itholeng resigned from the Board on 31 May 2013 as a Non-Executive Director and the Board currently comprises of nine (9) Directors which is made up of eight (8) Non-Executives (Mr Andile Mabizela (Chairperson), Dr Dorothy Sekhukhune, Ms Shelley Childs, Professor A. Nevhutanda, Mr Tom Hickman, Mr Jabu Mabaso, Mr Neren Rau and Mr Mathews Moavodi) and one (1) Executive Director (Ms. Helen Botes).

The Board retained full control over the company. The Board remained accountable to the CoJ, the sole member and its stakeholders, the citizens of Johannesburg. A Service Delivery Agreement (SDA) concluded in accordance with the provisions of the MSA governs the entity's relationship with the CoJ. The Board provides quarterly, bi-annually and annual reports on its performance and service delivery to the CoJ as prescribed in the SDA, the MFMA and the MSA. The SDA is currently under review and is pending finalisation of the institutional review.

The roles of the Chairperson and Managing Director are separate, with responsibilities divided between them. The Chairperson has no executive functions.

The Board is responsible for setting the direction of the JPC through the establishment of strategic objectives and key policies. It monitors the implementation of strategies and policies through a structured approach to reporting on the basis of agreed performance criteria and defined written delegations to management for the detailed planning and implementation of such objectives and policies.

Members have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters including compliance with Company Rules and Procedures, statutory regulations and best corporate practices. Directors are also entitled to seek independent professional advice concerning the affairs of JPC at JPC's expense, should they believe that such course of action undertaken would be in the best interests of JPC.

The Board of Directors has adopted the Board Charter which encapsulates the CoJ Group Policy on shareholder governance of boards of directors of MOE's this includes matters of ethics, procedure

and the conduct of Board members. The Board and Senior Management ensure material compliance with relevant legislation.

The Board met eight (8) times during the period under review.

| No. | Board | Audit and Risk | REMCO | Transactions | Transformation | Social and Ethics |
|--------------|------------------|------------------|------------------|-----------------|----------------|-------------------|
| 1. | 12 July 2012 | 10 July 2012 | 5 July 2012 | 9 July 2012 | 10 April 2013 | 29 October 2012 |
| 2. | 24 August 2012 | 15 August 2012 | 5 October 2012 | 14 August 2012 | 18 April 2013 | |
| 3. | 12 November 2012 | 8 November 2012 | 15 February 2013 | 30 October 2012 | 20 May 2013 | |
| 4. | 26 November 2012 | 26 November 2012 | 18 April 2013 | 28 March 2013 | 12 June 2013 | |
| 5. | 29 January 2013 | 25 February 2013 | | 28 May 2013 | 25 June 2013 | |
| 6. | 25 February 2013 | 15 April 2013 | | | | |
| 7. | 26 March 2013 | | | | | |
| 8. | 23 April 2013 | | | | | |
| Total | 8 | 6 | 4 | 5 | 5 | 1 |

The Board of Directors has adopted the Board Charter which encapsulates the City of Johannesburg Governance Protocol and includes matters of ethics, procedure and the conduct of committee members. Registers are kept and updated on the disclosure and declaration of interests of directors and senior management. The Board and Senior Management ensure that there is full material compliance to all relevant legislation. The Company Secretary has certified in terms of section 268(d) of the Companies Act that all statutory returns have been submitted to the Registrar of Companies.

Section 3: Board Committees

The following committees have been formed, each of which is chaired by a Non-Executive director.

- Audit and Risk Committee
- Remuneration and Human Resources Committee (REMCO)
- Transactions Committee
- Social and Ethics Committee
- Transformation Committee

Audit and Risk Committee

Preceding the 11 March 2013 Annual General Meeting, the Committee consisted of five (5) members, made up of two Non-Executive Directors (Mr Harry Mashele (Chairperson) and Mr Tom Hickman) and three (3) Independent Audit Committee Members (Ms Tshidi Molala, Mr Vusi Mokwena and Mr Poovandren Moodley).

As of 11 March 2013 Mr Harry Mashele was retired as the Chairperson and Mr Thomas Hickman was appointed in his place. Mr P Moodley was retired as an Independent Audit Committee Member. Ms Tshidi Molala (Independent Audit Committee Member) and Mr Vusi Mokwena (Independent Audit Committee Member) were reappointed as Independent Audit Committee members in their previous capacities. Mr Neren Rau was appointed as a Non-Executive Director and Audit Committee Member and Mr Grant Dunnington were appointed as an Independent Audit Member.

The Audit and Risk Committee now consists of five (5) members, two (2) Non-Executive Directors, (Mr Tom Hickman (Chairperson) as well as Mr Neren Rau) and three (3) Independent Audit Committee Members (Ms Tshidi Molala, Mr Vusi Mokwena and Mr Grant Dunnington).

The role of the Audit and Risk Committee is to assist the Board by performing an objective and independent review of the functioning of the organisation's finance and accounting control mechanisms. The Committee exercises its functions through close liaison and communication with management and the internal and external auditors.

The Committee has been delegated the task of overseeing the quality, integrity and reliability of the company's risk management function. In terms of its mandate, it reviews and assesses the integrity and the quality of risk control systems and ensures that risk policies and strategies are effectively managed. The committee met six (6) times during the year under review.

The Audit and Risk Committee operates in accordance with written terms of reference authorised by the Board, and provides assistance to the Board with regard to:

- Ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- Matters relating to financial accounting, accounting policies, reporting and disclosures;
- Internal and external audit policy;
- Activities, scope, adequacy and effectiveness of the internal audit function and audit plans;
- Review/approval of external audit plans, findings, problems, reports and fees;
- Risk Management;
- Compliance with the Code of Corporate Practices and Conduct; and
- Compliance with the Code of Ethics.

Remuneration and Human Resources Committee (REMCO)

For the period preceding the Annual General Meeting of 11 March 2013 REMCO consisted of four (4) Non-Executive Directors (Dr Dorothy Sekhukhune (Chairperson), Ms Shelley Childs, Professor Alfred Nevhutanda and Mr Tom Hickman). Mr Tom Hickman requested to be removed from REMCO and was replaced by Mr Neren Rau on 23 April 2013.

The Remuneration and Human Resources Committee advises the Board on human resources policies, remuneration and other conditions of employment for senior management.

The Committee met four (4) times during the year under review.

Transactions Committee

The Transactions Committee preceding the 11 March 2013 Annual General Meeting consisted of four (4) Non-Executive Directors (Professor Alfred Nevhutanda (Chairperson), Dr Dorothy Sekhukhune, Mr Leighton Itholeng and Mr Jabu Mabaso). Mr Tom Hickman and Mr Mathews Moavodi were appointed as Transactions Committee Members on 23 April 2013. Mr Leighton Itholeng resigned from the Board on 31 May 2013. The Committee currently comprises of five (5) Non-Executive Directors (Professor Alfred Nevhutanda (Chairperson), Dr Dorothy Sekhukhune, Mr Mathews Moavodi, Mr Jabu Mabaso and Mr Tom Hickman.)

All property transactions are considered by the Transactions Committee which makes recommendations to the Board or the shareholder. The Committee has delegated powers from the Board to deal effectively with certain operational issues relating to the property portfolio of the shareholder and operates within the terms and references approved by the Board.

The Transactions Committee met five (5) times during the year under review.

Social and Ethics Committee

The Social and Ethics Committee is a newly established committee and as at year end consists of four (4) members. Two (2) Non-Executive Directors namely Mr Neren Rau and Ms Shelley Childs as well as two Prescribed Officers namely Ms Kululwa Muthwa (Chief Operations Officer: JPC) and Ms Ellenise Pedro (Executive Manager Human Resources: JPC). Mr Leighton Itholeng (Chairperson) resigned as a Non-Executive Director on 31 May 2013, the Committee has not appointed a replacement for him. Mr Neren Rau was appointed as a Committee Member on 23 April 2013.

The function of the Committee is to monitor the Company's activities, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice. It looks into the social and

economic development, including the Company's standing in terms of the goals and purposes, good corporate citizenship, the environment, health and public safety, consumer relationships, including the Company's advertising, public relations and compliance with consumer protection laws; and labour and employment in terms of section 43(5) of the Companies Act. This Committee was established on 19 April 2012.

The Committee has met once (1 time) during the period under review and has held a training workshop (19-21 June 2013). The training was based on the unit standard: 242916 titled 'Strengthen and implement sustainable public sector ethical practices' to allow the Committee to clarify its mandate and proceedings going forward.

Transformation Committee

The Transformation Committee is a newly established committee, established at the Board Meeting held on 26 March 2013 that and consists of three (3) Non- Executive Directors (Ms. Shelley Childs (Chairperson), Dr. Dorothy Sekhukhune and Mr. Jabu Mabaso). The intention of setting this committee up is to produce a ground breaking intervention in transformative programs led by JPC. At the strategy session held in the month preceding this meeting, it was identified that the task of transforming the property industry will require a lot of work that would span over a few months. It is also to support the Transformation Strategic Framework through monitoring the development of detailed plans that ensures that every department within the Company delivers on transformation. Its lifespan shall lapse at the end of the financial year (2012 / 2013) and shall be reviewed.

Section 4: Directors Remuneration

The table below reflects the remuneration of the Board of Directors during the period under review. Non-executive directors received fees for their contribution to the Board and the Board sub-committees on which they served. The remuneration of the non-executive directors was in line with the provisions set by the CoJ.

| | Name of Director | Meetings Attended | Emoluments | Retainer | Total |
|---|------------------|-------------------|------------|-------------|----------|
| 1 | Mr L Itholeng | 18 | R 79 372 | R 19 840.00 | R 99 212 |
| | | | | | |
| 4 | Dr D Sekhukhune | 23 | R 116 074 | R 19 840.00 | 135 914 |
| | | | | | |

| | Name of Director | Meetings Attended | Emoluments | Retainer | Total |
|-------|----------------------|-------------------|------------|------------|-----------|
| 7 | Mr H Mashele | 14 | R92 260 | R19 840.00 | R 112 100 |
| 8 | Mr A Mabizela | 11 | R109 120 | R39 675 | R 148 975 |
| 9 | Ms L Msengana-Ndlela | 3 | R14 880 | R - | R 14 880 |
| 10 | Ms M Vuso | 5 | R19 840 | R19 840 | R 39 680 |
| 11 | Mr T Hickman | 18 | R89 290 | R19 840 | R 109 130 |
| 12 | Mr J Mabaso | 18 | R82 350 | R19 840 | R 102 190 |
| 13 | Ms S Childs | 18 | R82 352 | R19 840 | R 102 192 |
| 14 | Prof. AN Nevhuthanda | 15 | R76 390 | R19 840 | R 96 230 |
| 15 | Mr N Rau | 2 | R 9920 | R - | R 9920 |
| 16 | Mr M Moavodi | 1 | R 8930 | R - | R 8930 |
| TOTAL | | | R 780 778 | R 198 395 | R 979 173 |
| | | | | | |

Independent Audit Committee members

| | Name of Director | Meetings Attended YTD | Emoluments | Retainer | Total |
|-------|--|-----------------------|------------|------------|------------|
| 1 | Mr V Mokwena (Independent Audit Committee Member) | 6 | R29 760 | R19 840.00 | R49 600.00 |
| 2 | Ms T Molala (Independent Audit Committee Member) | 4 | R19 840 | R19 840.00 | R39 680 |
| 3 | Mr P Moodley | 4 | R19 840 | R19 840 | R39 680 |
| 4 | Mr G Dunnington | 1 | R4 960 | Nil | R4 960 |
| TOTAL | | | R 74 400 | R 59 520 | R 133 920 |

Total Non-Executive Director and Independent Audit Committee Member Remuneration

| | Type | Emoluments | Retainer | Total |
|---|-------------------------------------|------------------|------------------|--------------------|
| 1 | Non-Executive Directors | R 780 778 | R 198 395 | R 979 173 |
| 2 | Independent Audit Committee Members | R 74 400 | R 59 520 | R 133 920 |
| | GRAND TOTAL | R 855 178 | R 257 915 | R 1 113 093 |

EXECUTIVE MANAGEMENT

During the period under review, the following individuals constituted the management team under the leadership of the Managing Director.

Sthembiso Mntungwa
Executive Manager:
Property Development



Bachelor of Commerce; Post Graduate Diploma in Business Management; Property Development Programme (PDP)

New Business Opportunities; Innovative Finance Structuring skills; knowledge of property portfolio of various municipalities and Stakeholder Liaison.

Neo Matlala
Executive Manager:
Asset Management



Post Graduate Diploma in Property Development and Management; Property Intermediate Programme (PIP).

Property and Facilities Management; Strategic Property Operations; Property Finance

Verusha Morgan
Company Secretary



Fanis Sardianos
Executive Manager:
Property Management



Diploma in Administration and Commerce; Local Government Diploma

Finance; Accounting; Property Management

Institute of Municipal Finance Officers; Board of Municipal Accountants

Imraan Bhamjee
Executive Manager:
Finance



BCompt – Honours; Accreditation as Registered Government Auditor (RGA); Advance Certificate in Auditing; Leadership Management; CTA

Financial Management; Auditing; Risk; Process and Control Mapping; Management Consulting; Product Management; Relationship Management

Ellenise Pedro
Executive Manager :
Human Resources

LLB; Certificate in Management; various Certificates obtained, practical legal training with the Law Society; Conveyancing and Admitted Attorney of the High Court of South Africa

Legal Advice; Drafting of Legal Documents; court experience: Civil and Criminal Matters; Negotiation Skills; Customer Care; Policy and Claims Enquiries.

BCOM Business Management; MCOM Labour Relations and Human Resources; BCOM Honours; Leadership Development; Coaching and Mentoring; Project Management; Job Profiling and Career Management



HR strategy; organisational design; Workplace Skills; Employment Equity; Performance Management System; Training and Development; Labour Relations

Kululwa Muthwa
Chief Operations Officer



BProc, LLM, Certificate in Construction Law, Property Development (PDP, Project Management, Fellowship Admission (Arbitrator) with the Association of Arbitrators and Admitted Attorney of the High Court of South Africa.

Drafting legal documents, Negotiations Skills, Property Development, Property Management, Asset Management.

Mzela Mashele
Executive Manager :
Informal Economy and
Public Transport



MSc Development
Planning
Expertise

- Specialist in small and micro business development
- Facilities management
- Informal economy development
- Project management
- Strategy and policy development
- Infrastructure development
- Stakeholder management

Sandile Ndlungwane
Executive Manager:
Stakeholder
& Communications



MSc: Social and Economic Transformation, University of Buckingham, UK, Certificate Programme in Industrial Relations, Marketing and Sales Management Diploma, International Development and Advanced Economics, Diplomatic Relations and Alternative Dispute Resolution, Role of people's Organisation in Community and Nation Building, Para Legal & Conflict Management, African Centre for Constructive Resolution of Disputes (Conflict Management), Independent Mediation Service of South Africa (IMSSA).

Special Advisor to the Ministry: Dept of Basic Education, CEO – African Institute for Social and Economic Transformation, Director Operations, General Manager, Marketing Director, Executive Director, Co-ordinator Peace Desk/Organiser

Bhalchand Gowrie Sunker
Executive Manager:
Facilities Management



Certificate: Labour Relations
And Leadership (WBS)
Chief Executives Certificate
(Local government) (UDW)

Expertise

- Facilities Management
- Facilities Maintenance
- Project Management
- Leadership

**Senior Management Remuneration**

| JOB TITLE | REMUNERATION (CASH) | TRAVEL ALLOWANCE | PERFORMANCE BONUS | OTHER (Company Contribution towards E-Joburg Pension Fund at 15% of pensionable salary) | TOTAL COST TO COMPANY (Exclusive of company contribution to EJoburg) |
|--|----------------------------|-------------------------|--------------------------|--|---|
| Managing Director | R 1 086 138 | R 250 000 | R 14 374 | | R 1 330 512 |
| Chief Operations Officer (COO) | R 913 368 | NIL | R 57 981 | R 146 561 | R 1 117 910 |
| Chief Financial Officer (CFO) | R 900 805 | R 96 000.00 | R 68 914 | R146 623 | R1 212 342 |
| Company Secretary | R 791 974 | NIL | | R127 835 | R919 809 |
| Executive Manager: Property Management | R 927 108 | NIL | R 60 096 | R149 996 | R1 141 200 |
| Executive Manager: Human Resources | R 848 239 | NIL | R 57 304 | R137 356 | R1 042 899 |
| Executive Manager: Property Development | R 978 879 | NIL | R 67 118 | R157 067 | R1 203 064 |
| Executive Manager: Asset Management | R 927 108 | NIL | R 55 757 | R149 912 | R1 132 777 |
| Executive Manager: Strategic Support | R 592 025 | R 85 000 | Nil | R96 423 | R773 448 |
| Executive Manager: Facilities Management | R 406 544 | Nil | R 76 913 | R89 440 | R572 897 |



| Executive Manager: Stakeholders Management | R 844 720 | NIL | NIL | R10 160 | R854 880 |
|--|-----------|--------|-----|---------|----------|
| Executive Manager: Informal Trading and Public Transport | R683 264 | 13 397 | Nil | R8 156 | R704 817 |

Section 5: COMPANY SECRETARY FUNCTION

Members have unlimited access to the Company Secretary, who acts as an advisor to the Board and its committees on matters including compliance with Company Rules and Procedures, statutory regulations and best corporate practices. Directors are also entitled to seek independent professional advice concerning the affairs of JPC, should they believe that course of action would be in the best interests of JPC.

Register of declarations of interest

JPC is committed to upholding good Corporate Governance in all of its business dealings in respect of its shareholder and other stakeholders. JPC has an approved Board Charter regulating how JPC's business is conducted by its Board of Directors. The said Board Charter is based on the principles of Good Corporate Governance and in line with the framework proposed by the Shareholder.

According to the Board Charter, Board members are required to declare any interest that they might have in JPC business. The Board members are required to sign a "Declaration of Interest" form on an annual basis. They also fill in a register in every seating of the Board or any of its sub-committees.

Irregular, fruitless and wasteful expenditure

Refer to page 47 of Annual Financial Statement for the details on irregular expenditure.

Disposal of capital assets

JPC does not have capital assets (immovable) and therefore none were disposed of.

Delegation of authority

The Board approved the Delegations of Authority to the Managing Director.

Internal Audit

The company appointed PriceWaterhouseCoopers as its internal Auditors and are finalizing a tender for internal audit services for the next financial year. The internal audit is currently focusing on past internal and external audit findings to ensure that JPC achieves a clean audit with no repeat findings.

Section 6: JPC Risk Management

On the 7th May 2013 a risk workshop was held where Management undertook a process to review the Strategic Risk Register to incorporate the emerging risks post the integration process. A Board risk workshop was held where the revised strategic risk register was presented with the contributing risk management policy and assessment methodology. The revised risk documents will now be presented to the Audit and Risk Committee for a recommendation to Board and thereafter to Board for approval.

At the end of the financial year JPC acknowledges two key risks mainly the absence of the signed transfer agreement due to the institutional review and funding which has been a recurring risk in recent years.

Section 7: Internal Audit Function

PricewaterhouseCoopers (PWC), the outsourced internal auditors, developed an annual audit plan and conducted audits on a quarterly basis. The internal auditors present reports to the Audit and Risk Committee and to the Auditor-General. The contract for the internal auditors expired at the end of the financial year and the appointment of the new auditors is yet to be finalised.

Section 8: Code of Conduct

The company approved its Code of Conduct ('the Code') in 2010 which has been fully endorsed by the Board and applies to all employees. The Code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism.

In summary the Code requires that at all times, all company personnel act with utmost integrity and objectivity and in compliance with the letter and spirit of both the law and company policies. Failure by employees to act in terms of the Code results in disciplinary action. The Code is discussed with each new employee as part of his or her induction training and all employees confirm that they will comply with the Code upon joining the company. Each employee's contract of employment refers to the Code of Conduct. A copy of the Code is available to interested parties upon request.. Furthermore, any breach of the Code is considered a serious offence and is dealt with accordingly; as a result, this acts as a deterrent. JPC became a member of the Ethics Institute in the current financial year and as a result employees have access to Ethics Direct (a hotline for employees to call if they have

any ethical dilemmas or to discuss any ethical transgressions which they have witnessed and these are anonymously reported) The Board believes in spearheading ethics from the top as it is of the opinion that the fish rots from the top and thus exhibits exemplary behaviour for management and employees to abide by. An ethics pledge has been developed for Directors and Management; this will hold the Board and Management accountable for ensuring that ethical behaviour is entrenched in the company. The Social and Ethics Committee will look at the Ethics Programme and the development of an Ethics Code in the current financial year.

Section 9: SUSTAINABILITY VISION, STRATEGY AND PRINCIPLES

A company's performance is determined not only by its environmental and social activities, but also by its economic achievements. The JPC sustainability vision is in meeting business objectives, continuing to enhance stakeholder value, managing risks and focusing on opportunities posed by economic, social, human and environmental capitals within the company's scope of influence.

The JPC's approach takes into cognisance the core values of the company, and these are consistently applied to all its activities and decision-making. The company endeavours to drive service delivery excellence as well as to instil a sense of responsibility through its operations as well as amongst its staff in the sphere of both economic and social environments. JPC therefore focuses and reduces the risk of anything that will undermine this achievement.

JPC bases its policy development on the strong policy foundation of the City and its mandate on the SDA and City strategies. JPC strives to meet its mandate on service delivery and due to the nature of the legislative requirements to be complied with, the transactions are lengthy which is one of the key challenges currently. Below are some of the challenges of JPC:

- The mandate to maximise both social and economic opportunities;
- Over the years, the JPC has to balance business priorities with meeting the organisation's financial/economic goals as well as its socio-economic objectives;
- Reduction in financial assistance from the shareholder and the urgency of the entity to generate its own revenue;
- The requirement of all entities in the city to contribute to increasing investment, job creation and ultimately contributing to the City achieving its 9% economic growth by 2014;

- The implementation of the mandate and most policies is dependent on financial resource availability; and

SUSTAINABLE COMMITMENTS

The JPC in its initiatives for the 2012/13 financial year responded to each of the Mayoral priorities. The JPC's projects were aimed at achieving the following outcomes for the City and its citizens:

- Realising value (social, financial and economic) for the CoJ;
- Supporting economic development and aligning the CoJ property portfolio with CoJ priorities;
- Increasing effectiveness and efficiencies in respect of municipal and social use properties; and
- Managing risk and return with respect to the property portfolio and property transactions for the CoJ.

Section 10: Corporate Social Responsibility Report

SOCIO-ECONOMIC DEVELOPMENT

The following aspects/programmes were supported in the period under review:

NGO/CBO Support Programme

Several social properties have been identified for renewal and the conclusion of new leases. These properties vary from scout halls to crèches, municipal offices, schools in Soweto and other NGO occupied properties.

Skills Development Programme

To increase the number of beneficiaries reached by the City, the JPC facilitated a skills development programme and 1942 jobs were created in construction on Council-owned property.

TRANSFORMATION AND EMPOWERING EMPLOYEES

JPC's contribution to transformation and in terms of the property charter led to the establishment of a unit to focus on transformation and social-economic projects. It aims to harness the City of Joburg's property portfolio transactions by increasing economic growth and implementing Broad-Based Black Economic Empowerment (BBBEE). This will create jobs and economic opportunities for disadvantaged communities and business sectors.

Transformation in JPC will focus on ensuring that all transactions include social transformation, economic development and investment in communities and their members, particularly among the disadvantaged youth, women and disabled persons.

HIV/AIDS in the workplace

JPC adopted the following core principles as a basis for its HIV/ AIDS Policy:

- Continuously assess the risks posed by HIV/AIDS to the business;
- Limit the number of new infections among employees;
- Ensure employees living with HIV/ AIDS are aware of their rights and that their rights are respected and protected; and
- Provide care and support to employees living with HIV/AIDS.

ENVIRONMENTAL RESPONSIBILITY

The JPC addresses Environmental Programmes and Initiatives in the management of the CoJ's property portfolio and Environmental Impact Assessment (EIA) is compulsory for all projects.

INFORMATION TECHNOLOGY (IT) GOVERNANCE

The King Committee on Corporate Governance has addressed the issue of corporate governance for information technology. In doing so the third report on Governance in South Africa has addressed the pervasive nature of information technology, its importance as part of the business strategy and the significant additional risks it introduces.

JPC assesses its Information Technology Governance arrangements against King III using PwC's proprietary assessment tool by completing the self-assessment and documenting responses.

Section 11: Anticorruption and Fraud

Business Continuity Planning

A business continuity management (BCM) strategy is in existence. A holistic management process to address these risks adequately and a framework to build operational resilience using a phased approach were implemented. Disaster recovery plans were also developed.

A crisis management plan was defined, and investment in network infrastructure and redundancy has continued, with operating companies adopting network architecture design principles coupled with major investments to improve network redundancy. This has significantly enhanced JPC's capability to respond effectively in order to safeguard the

interests of key stakeholders.

Fraud Management and Fraud Hotline

During the 2010/11 financial year JPC implemented a fraud hotline which is still in use. The Audit and Risk Committee of the board will receive quarterly updates on matters reported and their status at a strategic level.

Legal Support and Compliance Programme

The aim of JPC is to be 100% compliant with all relevant legislation and regulations; to develop land/property acquisition, land/property management and utilisation and a land/property disposal policy in line with the Government Wide Immovable Asset Management Act.

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE



Section 1: Highlights and Achievements

Land Regularisation Programme

The Land Regularisation Programme target for 2012/2013 was to transfer 150 properties and we are glad to report that 154 properties were transferred to beneficiaries. A handover ceremony was held in March 2013.

An analysis of the programme has been conducted in order to identify mechanisms to fast track the programme delivery, developing an implementation plan and collaboration with key stakeholders.



Jabulani CBD

Sales for phase 2 have commenced, and construction is depended on number of sales.

The first phase of the rehabilitation of the Wetland Sanctuary has been implemented including the fencing of the ecologically sensitive areas and the removal of alien vegetation and replanting of ecologically suitable fauna.



Design and Construction of a toilet block for traders in Dobsonville

The design and Construction of a toilet block for the traders in Dobsonville completed. The design elements provided included solar panel lighting at night so as to reduce the running costs once operational. Roof structure also included transparent roof sheeting in order to light up the toilet area during the day thereby only needing lighting during the night prompting the solar lighting to be on a daylight switch.



88 MARSHALL STREET

This property was acquired by CoJ on expiry of the long term lease and it needed some serious revamp as the entrance to the building façade and lobby were in a state of dilapidation. The refurbishment of the building was completed in May 2013 and this created a conducive environment for attracting more tenants for the building.



ALEXANDRA MULTI PURPOSE COMMUNITY CENTRE

The project was about the refurbishment of Alexandra Multi-Purpose Centre (“AMPCC”) situated on erven 1253, 1254, 1255, a portion of Erf 1260 and a portion of Erf 1256 Alexandra, Ext 28. The building caters for the community of Alexander in terms service delivery on the following basic services, Community clinic, Home affairs, Social Grant (SSASA), Library, Revenue Services, CoJ Housing and other basic services.

The refurbishment of the building was critical in ensuring that the life cycle of the property is extended for another five to 10 years with a maintenance plan. Refurbishment of Alexandra Multipurpose Community Centre was on the verge of completion at the end of the financial year under review.



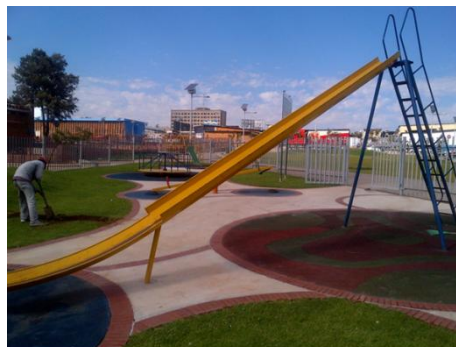
A major obstacle for the industry is sky-rocketing operating costs, which quickly outstrip income growth and push cost ratios. Electricity costs continue to rise, and at a monthly average of R12.8/m² now make up one third of the total operating cost for property owners. Rates and taxes constitute a further 20%. The costs burden is being felt jointly by tenants and owners, however, with around three quarters of total costs falling to the tenant this puts immense pressure on disposal income required to stimulate the economy.

Sector-wise, the picture is worst in the office sector. Plagued by stubborn vacancy rates, which shifted from 12.1% in December 2011 to 15.0% in June 2012, and negligible rental growth at just 0.1%, office properties have also seen the highest growth in operating costs across all sectors.

Six months ago, the IPD's 2011 results showed 10.4% annual return in property investments overall, with a slight uptick in the second half of the year that suggested a possible recovery. At the same time, vacancies increased to 6.9%, rental growth declined to 6.2% and yields weakened by 36 basis points, to 9.6%.

BaraCentral Precinct

The Bara Central Precinct is a 5ha City block in Diepkloof Zone 6, Soweto. The precinct is comprised of a mixture of publically and privately owned land and is located at a strategic development adjacent to largest taxi facility in the country (the Bara Public Transit Facility) and opposite the internationally renowned Chris Hani Baragwaneth Hospital.



It estimated that up to 100 000 people pass through the precinct each day. As a result the precinct offers a wide range of formal and informal retail and the site possesses a unique urban vibrancy and sense of place.

Despite its prime location the precinct has historically suffered from a range of urban management issues including , security, lawlessness, litter, grime, which have resulted in a lack of investor confidence and resulting underdevelopment.

In order to capitalize on the precincts potential, and maximize returns on City owned land in the precinct, the City of Joburg Property Company (JPC) prepared an urban design framework (UDF) for the precinct in December 2007. This framework set out a vision for the redevelopment of the precinct into a vibrant high density mixed use pedestrian orientated development focused around a high quality public environment. The UDF envisaged that new development could be developed in the precinct.

In support of the UDF and foster investor confidence, JPC initiated a R37 Million public environment upgrade funded by National Treasury's Neighborhood Development Grant. The upgrade consisted of the construction of:

- Two new activity streets (Boulevard and Cathedral) with all supporting storm water, Drainage, Water and Sewer Reticulation & Solar Street Lighting)
- A new public square (Nurses Square)
- A new 3500m² public park including artwork, street furniture, landscaping and lighting

Work on the upgrade started in March 2011 and was completed in May 2013.

JPCs interventions have successfully boosted investor confidence in the precinct, resulting in over 50 000m² of new development in the precinct to date with an investment value of over R100 Million.

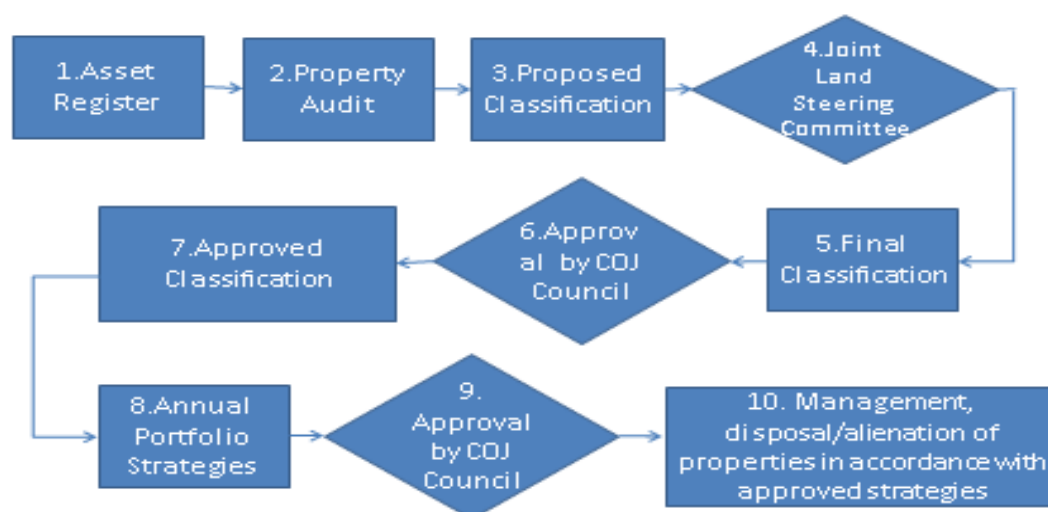
Portfolio Sanitisation Pilot Project

During June 2013 JPC completed the first phase of the Pilot Portfolio Sanitisation Program (PSP). The PSP aims to

- Categories the approximately 50 000 properties in COJ's asset register into defined portfolios, to enable proactive management and development of strategies for each portfolio.
- Obtain bulk approval for the disposal/alienation of properties in accordance with defined strategies in order to expedite the processing of property transaction to meet customer demand.



PORTFOLIO SANITISATION PROGRAM: PROCESS



The pilot PSP was intended to test the viability of the program and establish workable operational processes and relationships. The pilot was implemented by three service providers who were appointed from JPCs panel between January and June 2013.

The pilot project focused on 460 properties located in various wards spread across the city:

By 30 June 2013 the following activities were successfully completed:

- Development of a workable sanitization process and workflow
- Establishment of a standardized property audit report
- Completion of property audits for 466 properties
- Proposed classifications for 466 properties
- Establishment of a streamlined commenting process through the Joint Land Steering Committee.

The proposed classifications for the properties studied in the pilot revealed the following indicative classifications.

| | | |
|-------------|-----|-----|
| Commercial | 54 | 12% |
| Residential | 210 | 45% |
| Municipal | 150 | 32% |
| Social | 12 | 3% |
| Not found | 40 | 9% |

Facilities Management and Maintenance

FMMU was transferred to JPC in terms of the City's institutional review as from 1 November 2012. Five hundred and fifty four (554) employees working at the Metro and at Depots situated across the City were transferred. The mandate to JPC was to create a facility management function that would be responsible for all Council owned buildings and facilities in the long term.

Key FMMU scorecard deliverables achieved in the 2012/13 financial year is summarized below;

Facilities Management commenced with performing a condition assessment of buildings under its control with a view to prioritizing all maintenance required according to critical requirements in terms of safety and preventative maintenance requirements. In this regard it successfully implemented a preventative and incidental maintenance plan for its 13 corporate buildings as well as for 89 public conveniences. Expenditure for maintenance at these buildings was as follows;

- Preventative, Emergency Maintenance, Routine Maintenance; R4 122 743.00
- Special Projects; R1 495 221.00

During this term two new public conveniences were constructed at Dobsonville and at Orange Farm. The facility at Orange Farm is fitted with eco-friendly "enviro-loos", a first in this type of technology for the City that will reduce use of water.

At the Metro Centre the first phase of the Security CCTV system was completed in the Council Chamber Wing and B- Block. The next phase will be the A-Block where after all systems will be synchronized for optimal performance. An assessment of the water leak into the basements of the Metro Centre was also undertaken and further interventions in this regard are being considered. A strategy for future office space requirements and standards for the City was developed and is currently being incorporated in JPC space optimization proposals to Council



Left: The first “eviro loo” constructed by JPC FMMU in Orange Farm.

Benefits: Waterless, no chemicals used, odourless, minimum operating costs, saving sewer plant operations, no environment & health risks to ground water.

PREVENTATIVE MAINTENANCE

During the 2012/2013 financial year R 4 122 743.00 has been spent on the maintenance (Preventative, Emergency and Routine) program for Corporate Buildings. The breakdown of the expenditure is depicted in the table below

| BUILDING | July 2012 – June 2013 | DESCRIPTION OF WORK DONE |
|----------------------|-----------------------|--|
| Metro Centre | R 1 257 425.85 | The fire equipment has been serviced and repaired Service of fountain pumps, central plant room pumps Service roller doors |
| Teljoy House | R 11 539.00 | Servicing of Fire Alarms and Fire Fighting Equipment |
| Newtown | R 15 136.00 | Servicing of blinds and fire equipment |
| ACA Krans | R 10 773.85 | Servicing of Fire equipment |
| Thuso House | R 12 859.00 | No Maintenance planned for July and August 2011 |
| CJ Cronje | R 43 485.47 | Service of roller shutter doors |
| Eureka | R 51 323.36 | Service of roller shutter doors and blinds |
| Roodepoort Civic | R118 936.41 | Water proofing of roof, fire extinguishers |
| Roodepoort City Hall | R 46 269.62 | Roof sealing, generator service, fire extinguishers |
| Proton | R 228 391.33 | Electrical inspection, service pumps, fire extinguishers |
| Meadowlands Civic | R 159 022.50 | Roof repairs |
| Jabulani Civic | R 1 220 619.17 | Cleaning and repairs of blinds has been completed Servicing of Fire equipment Servicing of First aid equipment Servicing of Air Conditioners in progress |
| Dobsonville Civic | R 45 511.00 | Cleaning and repairs of blinds has been completed Servicing of Fire equipment Servicing of First aid equipment Servicing of Air Conditioners in progress |
| Lenasia civic | R 500 546.30 | Sealing of roofs has been completed Cleaning and repairs of blinds has been completed Servicing of Fire equipment Servicing of First aid equipment Servicing of Air Conditioners in progress |

| | | |
|-----------------|--------------|--|
| Ennerdale Civic | R 400 931.14 | Sealing of roofs has been completed Cleaning and repairs of blinds has been completed Servicing of Fire equipment Servicing of First aid equipment Servicing of Air Conditioners in progress |
|-----------------|--------------|--|

SPECIAL PROJECTS

During the 2012/2013 financial year R 1 495 221 has been spent on the maintenance (Preventative, Emergency and Routine) program for Special Projects. The breakdown of the expenditure is depicted in the table below:

| BUILDING | WORK DESCRIPTION | COST | PROGRESS |
|--------------------------|-------------------------------------|------------|----------|
| Jabulani Civic Centre | Painting inside of building | 45 000.00 | 100% |
| Jabulani Civic Centre | Painting outside of building | 82 000.00 | 100% |
| Jabulani Civic Centre | Upgrade carpets | 20 000.00 | 100% |
| Jabulani Civic Centre | Upgrading blinds | 55 000.00 | 100% |
| Jabulani Civic Centre | Upgrading kitchens | 28 000.00 | 100% |
| Dobsonville Civic Centre | Painting of building | 41 000.00 | 100% |
| Dobsonville Civic Centre | Plumbing Upgrade | 20 000.00 | 100% |
| Lenasia Corobrik | Upgrading blinds | 29 000.00 | 100% |
| Lenasia Corobrik | Painting of building | 30 000.00 | 100% |
| Ennerdale Civic Centre | Upgrading blinds | 18 781.50 | 100% |
| Ennerdale Civic Centre | Upgrade water feature | 13 452.00 | 100% |
| Ennerdale Civic Centre | Painting of building | 35 000.00 | 100% |
| Ennerdale Civic Centre | Upgrading of rear entrance doors | 15 000.00 | 100% |
| Ennerdale Civic Centre | Enclosing of Health balcony | 30 000.00 | 100% |
| Newtown | Resurfacing of parking area | 168 000.00 | 100% |
| Newtown | Repainting of Vent Pipes | 20 372.00 | 100% |
| Newtown | Repaintig if carports | 2 386.00 | 100% |
| Metro Centre (Bernine) | Upgrading B-Block lift Lobbies | 21 000.00 | 100% |
| Metro Centre (Bernine) | Upgrading Entrance CCW | 29 000.00 | 100% |
| Metro Centre (Bernine) | Upgrading of Lifts | 60 000.00 | 100% |
| Metro Centre (Bernine) | Upgrade Kitchen Ground Floor | 23 000.00 | 100% |
| Metro Centre (Bernine) | Upgrading offices 5th Floor B-Block | 17 000.00 | 100% |
| Metro Centre (Bernine) | Upgrade Council Chamber | 80 000.00 | 100% |
| Metro Centre | Upgrade A-Lecture Theatre | 30 000.00 | 100% |

| | | | |
|-------------------------|--|-------------|------|
| (Bernine) | | | |
| Roodepoort City Hall | Upgrading of toilets | 53 053.61 | 100% |
| Roodepoort City Hall | Upgrading of gate motors | 3 283.20 | 100% |
| Roodepoort City Hall | Upgrading of electricity | 52 995.48 | 100% |
| Roodepoort City Hall | Upgrading of kitchens | 19 469.03 | 100% |
| Roodepoort City Hall | Cleaning of box gutters and down pipes | 46 330.87 | 100% |
| Roodepoort City Hall | Painting and cleaning of roofs | 48 230.55 | 100% |
| Roodepoort Civic Centre | Upgrading of security doors | 18 668.22 | 100% |
| Roodepoort Civic Centre | Upgrading of gardens | 2 925.00 | 100% |
| Roodepoort Civic Centre | Upgrading of carpets | 29 548.80 | 100% |
| Roodepoort Civic Centre | Obtain COC certificate (one floor) | 101 831.64 | 100% |
| Meadowlands | Upgrading of lights | 5 881.26 | 100% |
| Metro Centre (Fazel) | Servicing of Transformers | 200 012.00 | 100% |
| | TOTAL | R 1 495 221 | |

FMMU AT WORK

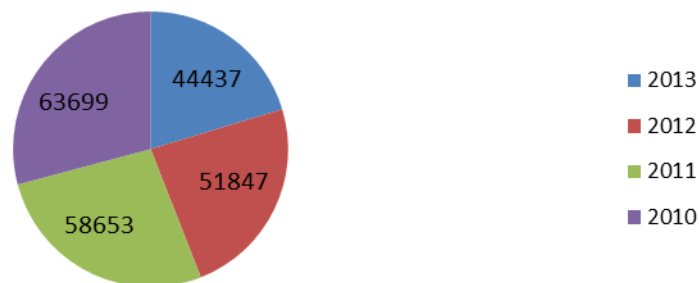


Status of Property Holdings

COJ Land Parcels

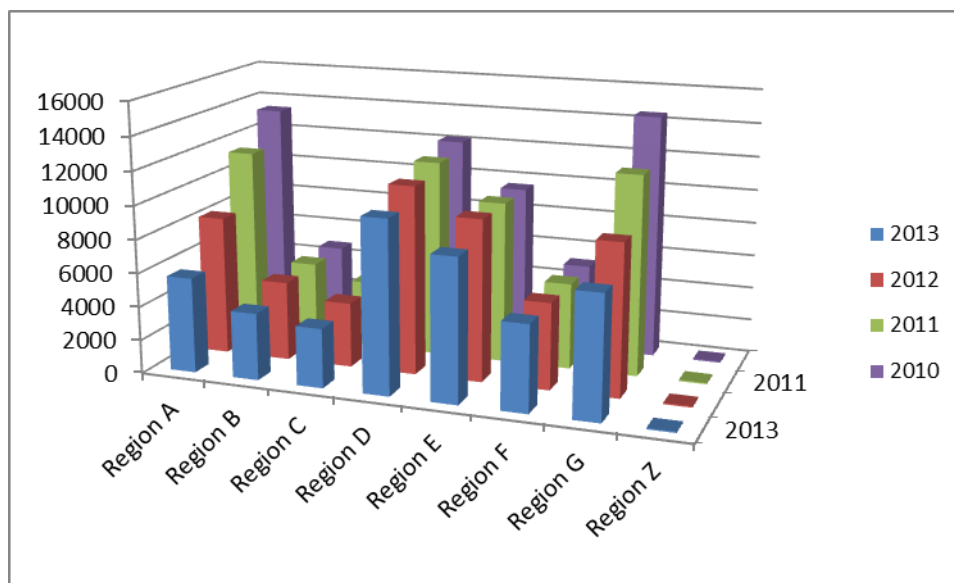
| Region | 2013 | 2012 | 2011 | 2010 |
|-----------------------------------|--------|--------|--------|--------|
| Total Number of Properties | 44 437 | 51 847 | 58 653 | 63 699 |
| Region A | 5 669 | 8 270 | 11 421 | 13 387 |
| Region B | 3 979 | 4 709 | 4 797 | 4 799 |
| Region C | 3 519 | 3 854 | 3 992 | 4 038 |
| Region D | 10 328 | 11 177 | 11 719 | 12 211 |
| Region E | 8 476 | 9 605 | 9 606 | 9 553 |
| Region F | 5 121 | 5 147 | 5 132 | 5 134 |
| Region G | 7 266 | 9 002 | 11 904 | 14 495 |
| Region Z | 79 | 83 | 82 | 82 |

Total Number of Properties



The property portfolio is on a declining trend year-on-year as a result of the properties being transferred to beneficiaries.

COJ Land Parcels per Region

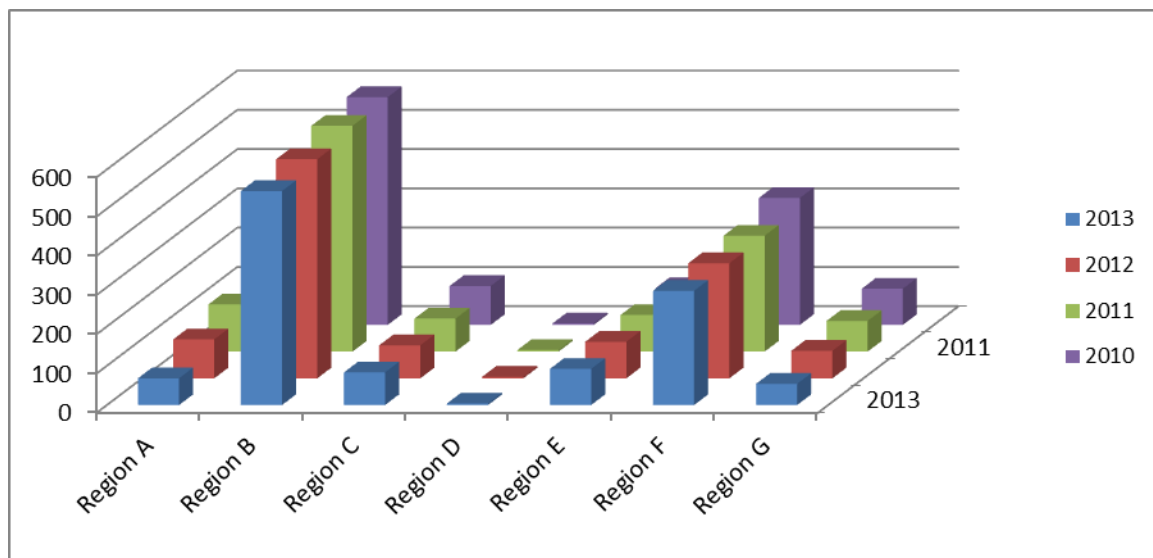


Regions A, G and D shows sharp declining trend year-on-year. This is mainly due to the fact that these regions have informal township on which most residential properties are transferred to beneficiaries.

COJ Number of Improved Properties

| Region | 2013 | 2012 | 2011 | 2010 |
|-----------------------------------|-------|-------|-------|-------|
| Total Number of Properties | 1 137 | 1 201 | 1 249 | 1 486 |
| Region A | 68 | 99 | 120 | 294 |
| Region B | 545 | 558 | 575 | 580 |
| Region C | 83 | 84 | 84 | 99 |
| Region D | 4 | 4 | 4 | 4 |
| Region E | 92 | 93 | 93 | 94 |
| Region F | 291 | 293 | 295 | 323 |
| Region G | 54 | 70 | 78 | 92 |

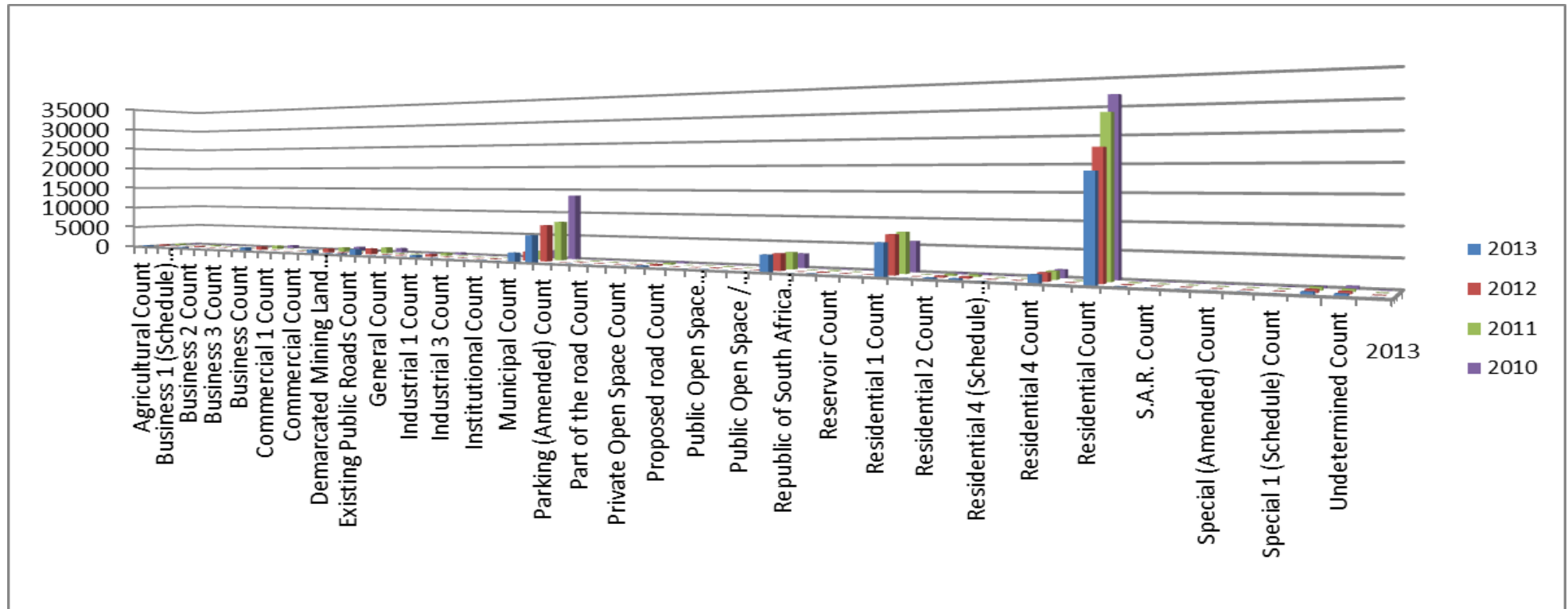
COJ Number of Improved Properties



These movements move in correlation with land parcels. A declining trend is also experienced as some of the land parcels are linked to improvement properties.



COJ Properties Per Zoning



The above graph illustrates that the total property portfolio is most residential properties and a decline is also evident from the above that such properties are continuously transferred to beneficiaries. Other land uses not drastically affected

Section 2: Financial Performance

OPERATIONAL AND CAPITAL EXPENDITURE VARIANCE REPORT – JUNE 2013

1. OPERATING REVENUE

The entity made an initial revenue projections of R281 922 000 which will be realised through commission on rental, land sales, completion of development projects, and other income resulting from facilitation fees earned on developments and also the internal charges recovered. For the year under review, revenue generated is 255 244 073 which equates to 90% achieved against the budget of R 281 922 000.

The main reasons for revenue under recovery resulted from commission earned on the rental collection of which income expected from servitudes and land sales did not materialise due to transactions lodged as deeds office could be finalised before year end. Also income anticipated from facilitating the third party development, did not materialise as projects that were earmarked for development couldn't be commenced as the developer couldn't secure funding.

2. OPERATING EXPENDITURE

The overall total operating expenditure yielded a saving of 26% which was mainly attributable to control put in place to curb spending.

3. CAPITAL EXPENDITURE

Capital expenditure spend for the year under review is 93% against the allocated budget, as result of challenges faced in procuring of goods of which majority couldn't be finalised by year end.

4. FINANCIAL SUSTAINABILITY

4.1 LIQUIDITY RATIO

JPC has liquidity ratio of 1,85:1 as compared to the norm of 2:1, with a positive cash flow of R3 710 927 for the year under review as compared to a positive cash flow of R19 668 635 for the same period in the 2011/12 financial year.

4.2 RATIO OF DEBTORS COLLECTION

JPC has debtors' collection ratio including Cedar Park is 192 days as compared to the industrial norm of 60 days.

4.3 SOLVENCY RATIO

JPC has solvency ratio of 32% against the accepted industry norm of taking into all liabilities including intercompany balances.

4.4 SURPLUS

JPC has made a surplus of R35 908 289 year to date, this was mainly affected by income earned on projects completed in Diepkloof and Huddle Park.

Section 3: Capital Projects

| Project | Total | Exp. | Variance | % |
|--|---------------|---------------|--------------|--------------|
| | Budget | Up to | | |
| | 2012/13 | Month End | Over(-) | Spent |
| | | June 13 | | |
| | R 000 | R 000 | R 000 | % |
| Orlando Ekhaya Waterfront Development Renewal Park ORLANDO EKHAYA D Regional | 8 000 | 8 000 | - | 100 |
| Strategic land purchases, Site Development and Preparation | 9 600 | 9 030 | 570 | 94 |
| Furniture and Fittings | 2 000 | 1 227 | 773 | 61 |
| Additional trading stalls for informal trading in the new taxi and market facility New informal trading | 1 000 | 879 | 121 | 88 |
| Additional trading stores for Ikwehezi railway station renewal informal trading stalls MOFOLO NORTH | 1 000 | - | 1 000 | - |
| Contruction of additional trading stalls in the market at lenasia renewal informal trading stalls | 1 000 | 1 000 | - | 100 |
| Contruction of Stretford informal trading stalls nad facilities at Orange Farm new linear markets | 1 000 | 964 | 36 | 96 |
| Dobsonville informal trading marketupgrading and construction of informal trading facility new | 1 000 | 964 | 36 | 96 |
| Kliptown Market & Taxi Rank (Improving Trading Facilities) Renewal Informal trading Stalls PIMVILLE ZONE 9 D | 1 000 | 964 | 36 | 96 |
| Refurbishment of Alex Multi-purpose Centre | 10 000 | 9 631 | 369 | 96 |
| FMMUU - Public Conveniences New Public toilets JOHANNESBURG F | 900 | 885 | 15 | 98 |
| FMMUU Upgrading of Security Hardware New Plant and Equipment JOHANNESBURG F | 1 000 | 1 062 | (62) | 106 |
| FMMUU Waterproofing of Metro Centre Renewal Building Alterations JOHANNESBURG F | 500 | 26 | 474 | 5 |
| | 38 000 | 34 632 | 3 368 | 1 039 |

Section 4: JPC SCORECARD FINANCIAL YEAR 2012/13

For the financial under review, JPC had the total number of 21 targets planned. Of the 21 targets, 4 of the targets were not achieved during the year under review. This represents 19% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that the integration process necessitated that a comprehensive risk management on supply chain management processes to procure goods and services be performed which delayed the completion of some key deliverables on the scorecard.

Performance monitoring against the scorecard

1 Leveraging on City Owned Assets

Number of beneficiaries benefiting from EPWP Programmes/ Number of jobs created

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--------------------------|--------|------------------------|--------------------|
| Annual target | Actual | Annual Target | Actual |
| 1585 jobs created | 1942 | 800 jobs | 1 118 jobs created |

2 Enterprise & Property skills development to emerging industries

2.1 Develop & Launch the incubator programme for emerging industries

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|---|--|--|--|
| Annual target | Actual | Annual Target | Actual |
| Launch the incubator programme by June 2013. Five (5) companies incubated | A pilot project was implemented in the Potato Sheds development project and a joint venture established between the main contractor WBHO and Fikile Construction | 100% roll out of a property skills programme | Property skills programme completed, 16 youth are participating in the programme |

Target not achieved due to the fact that JPC did not have enough developmental projects undertaken in the current financial year where the companies were supposed to be incubated. Some projects did not commence during the current financial year due to the developer still seeking funding. Going forward, JPC will ensure that enough projects are undertaken on time and as planned.

2.2 Launch & Roll out the property skills programme for emerging industries

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|---|--|--|--|
| Annual target | Actual | Annual Target | Actual |
| Roll out the property skills programme by June 2013 | 153 candidates were trained in the following categories; 34 women, 37 male and 79 in the youth category. | 100% roll out of a property skills programme | Property skills programme completed, 16 youth are participating in the programme |

The target was achieved.

3 Promote Joburg as a sought after property investment destination

Host a Joburg Municipal Property Summit

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--------------------------|---|--|---|
| Annual target | Actual | Annual Target | Actual |
| Municipal Summit Held | Joburg Municipal Property Summit was held 16 and 17 April 2013. | Host the Property Summit in the fourth quarter of 2011/12 financial year | KPI was deferred to the 2012/13 financial year and a scorecard amendment report was tabled at Mayoral Committee |

The target was achieved.

The event took place on 16 and 17 April 2013 and was a success.

- The Summit objectives were identified as follows:
- Proactively create an awareness of JPC;
- Build and enhance relations with stakeholders;
- Mobilise the citizens of the City to participate in the formulation of the JPC2040 corporate strategy.

4 Branding strategic property projects & City's strategic land parcels

4.1 Brand land parcels; strategic buildings and construction sites

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--|--|------------------------|--------|
| Annual target | Actual | Annual Target | Actual |
| Brand 15 land parcels 8 strategic buildings 2 construction sites | 15 land parcels 8 strategic buildings 2 construction sites | N/A | N/A |

The target has been achieved.

5 Council – Owned property management

5.1 Verify Council – Owned property and maintenance of the fixed asset register

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|---|------------------|--|---|
| Annual target | Actual | Annual Target | Actual |
| Verify 7,200 (100%) of properties and maintenance of the fixed asset register | 8,895 properties | 15 000 properties A complete Asset Management Plan | 16 124 physically verified properties. Due to financial constraints, a desk top verification exercise was conducted and a total of approximately 36 000 properties verified. A high level asset management plan has been developed and will be submitted to the Land Steering Committee by 30 June 2013 |

1. Target has been exceeded.

5.2 Conduct highest and best use analysis on COJ properties

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|---|------------------------|--|--|
| Annual target | Actual | Annual Target | Actual |
| Conduct highest and best use analysis on 300 properties | 365 analysis conducted | Identify property for the creation of 80 Industrial and commercial development zone properties | Total of 911 industrial and commercial development zoned properties identified |

Cumulative target has been achieved.

6 Leveraging of City Owned Asset

6.1 Transfer Properties to targeted beneficiaries

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|---|----------------------------|---|--|
| Annual target | Actual | Annual Target | Actual |
| Transfer 150 properties to targeted beneficiaries | Properties Registered: 156 | Transfer of 200 allocated properties Identify 800 verified Council properties for allocation | 305 properties transferred 836 properties identified for allocation |

YTD target was exceeded.

6.2 Conduct Audit of vacant non - residential stands/properties

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|---|--------------------------|------------------------|--------|
| Annual target | Actual | Annual Target | Actual |
| Audit 2160 (30%) of non-residential stands/properties | 2,209 properties audited | | |

Target has been achieved and exceeded.

7 Revenue Maximisation utilising City's property portfolio

7.1 Rand Value of land sales, acquisitions and completion of developments

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--|---------------|------------------------|--------|
| Annual target | Actual | Annual Target | Actual |
| R50 million received of land sales, land acquisitions and completion of developments | R41,7 Million | | |

The target has not been achieved.

8 Leveraging of private sector investment in property projects – investment is realized on construction

8.1 Third party investment on COJ property

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|-------------------------------------|-----------------|--|-------------------------------|
| Annual target | Actual | Annual Target | Actual |
| R238 million Third Party Investment | 345.235 million | Achieving R215 Million investment (construction value) | R285 million investment value |

In addition the total annual target of R238million investment was exceeded by and amount of R107million.

9 Ensure financial sustainability by seeking alternative sources of revenue and maintaining prudential ratios and benchmarks

9.1 Maintain a sound ratio of cost coverage

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--|--------|-------------------------|---------|
| Annual target | Actual | Annual Target | Actual |
| Maintain a sound ratio of not less 1:1 or a favourable ratio | 0.02:1 | Not less than 1:1 ratio | -2.65:1 |

To determine the financial solvency or the ability to pay short term expenses.

The formula used is cash divided by Opex.

The target has not been achieved. JPC will ensure that the debtors collection period is shortened to improve the cash flow situation.

9.2 Maintain a sound Liquidity ratio

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|---------------------------------|--------|---------------------------------------|--------|
| Annual target | Actual | Annual Target | Actual |
| Liquidity ratio should be >1.00 | 5.51:1 | The ratio should be greater than 1.00 | 2.57 |

This is the measurement of current assets and the ability to settle current liabilities

The calculation is current assets divided by current liabilities.

The target has been achieved.

10 Ensure overall effective financial management

10.1 % Spent on the City's capital budget

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--------------------------|--------|------------------------|--------|
| Annual target | Actual | Annual Target | Actual |
| 100% | 93% | 100% spend on Capex | 100% |

For the financial year under review, 93 % of CAPEX was spent. JPC missed the target due to the integration process which delayed the implementation of some of the CAPEX projects. In the new financial year, better planning and resource allocation will be implemented to ensure that the funds are fully utilized.

10.2 % Variance on the operating budget

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|-----------------------------|--------|-----------------------------|-------------------|
| Annual target | Actual | Annual Target | Actual |
| 0% over the budgeted amount | 32.16% | 0% over the budgeted amount | 0.02% over budget |

The target has been achieved, 32% under the budget.

10.3 Attainment of clean audit report

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|---|--|--|---|
| Annual target | Actual | Annual Target | Actual |
| Unqualified audit report at the end of 2012/13 FY | On-going monitoring and submission of regular progress report to COJ | | |
| Tracking of the 11/12 auditor general findings | | Unqualified audit report at the end of 2011/12 | Unqualified audit report with matters of emphasis |

The target has been achieved.

11 Increase in the spending to specific targeted firms owned by specific categories of HDI (BEE, women, disabled, youth, etc.)

11.1 Increase in the spending to specific targeted firms owned by specific categories of HDI (BEE, women, disabled, youth, etc.)

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--------------------------|--------|------------------------|--------|
| Annual target | Actual | Annual Target | Actual |
| 85% | 98% | N/A | N/A |

Target has been achieved.

12 Informal Settlements to sustainable settlements

12.1 Upgrading of facilities by means of installation of boiler gas stoves.

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--------------------------|---------------|------------------------|--------|
| Annual target | Actual | Annual Target | Actual |
| 40 gas stoves | 40 gas stoves | N/A | N/A |

Cumulative target has been achieved.

12.2 Renovation of the accommodation that meets the OHASA regulations and unlocking value of the accommodation to market related rentals

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--------------------------|--------|------------------------|--------|
| Annual target | Actual | Annual Target | Actual |
| 70% | 65% | N/A | N/A |

Target not achieved. This is one of the key Capex projects affected due to the integration. In the new financial year, better planning and resource allocation will ensure that the target is met.

13 Integrated waste management

13.1 Pilot project for the separation of waste from source.

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--------------------------|----------------------|------------------------|--------|
| Annual target | Actual | Annual Target | Actual |
| 30 colour coded bins | 30 colour coded bins | N/A | N/A |

Cumulative target achieved.

14 Shift to low carbon infrastructure

14. Upgrading of facilities by means of installation of pre-paid meters and maintaining plumbing.

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|------------------------------|------------------------------|------------------------|--------|
| Annual target | Actual | Annual Target | Actual |
| 112 prepaid meters installed | 112 prepaid meters installed | N/A | N/A |

Cumulative target achieved

15 Upscale of entrant property owners in CoJ land/property disposals and/or awarding of tenders to emerging property developers

15.1 Identify and prepare 5 properties for release and development to emerging property developers.

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--------------------------|--------|-----------------------------------|--|
| Annual target | Actual | Annual Target | Actual |
| N/A | N/A | Identify and prepare 5 properties | 5 properties identified and prepared for release to new entrant developers |

15.2 Release properties on tender, less than 2ha to new entrants in the property market for housing, commercial, development and social initiatives. (SMMEs)

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--------------------------|--------|---|---|
| Annual target | Actual | Annual Target | Actual |
| N/A | N/A | Release properties on tender, less than 2ha to new entrants in the property market for housing, commercial, development and social initiatives. (SMMEs) | 100 properties identified and packaged for release to new entrants. |

16 Utilisation of the property portfolio to support the Housing Master Plan

16.1 Acquisition of properties to support housing master plan

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--------------------------|--------|---|---|
| Annual target | Actual | Annual Target | Actual |
| N/A | N/A | 17 Properties to be purchased to realise 15 000 housing units | 15 Properties were purchased and 1 agreements have been finalised |

16.2. Deliver affordable housing units (per Banking Charter) via 3rd party development projects

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--------------------------|--------|--------------------------------|-------------------------------------|
| Annual target | Actual | Annual Target | Actual |
| N/A | N/A | 300 Properties to be delivered | 386 units completed and handed over |

17 Ensure financial sustainability by seeking alternative sources of revenue and maintaining prudential ratios and benchmarks

17.1 Implement the company's approved Turnaround Strategy in accordance with the implementation plan.

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--------------------------|--------|--|---------------------|
| Annual target | Actual | Annual Target | Actual |
| N/A | N/A | 50% implementation of the approved turnaround strategy | Target not achieved |

18 Ensure stakeholder awareness on CoJ property portfolio and effective reputation management.

18.1 Implement an integrated corporate communication program

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--------------------------|--------|--|---|
| Annual target | Actual | Annual Target | Actual |
| N/A | N/A | 50% Implementation of communications program | Integrated corporate communications program was developed and approved by the Managing Director; 50% implementation of program. Activities: - 30 land parcels branded. - 5 projects branded. - New offices branded - 11 regional roadshows conducted |

19 Ensure an effective, clear and watertight SDA

19.1 Review and refine the company's SDA in accordance with the City's mandate for JPC

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--------------------------|--------|--|---|
| Annual target | Actual | Annual Target | Actual |
| N/A | N/A | New SDA approved by Board and the City | The SDA will be refined on finalization of the CoJ's institutional re-design. In terms of the institutional review JPC will be responsible for the entire facility management of the COJ portfolio. |

20 Ensure effective human resources management

20.1 Develop and implement an HR strategy for the company

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--------------------------|--------|------------------------------------|-----------------|
| Annual target | Actual | Annual Target | Actual |
| N/A | N/A | 50% implementation of the strategy | 25% implemented |

21 Ensure effective risk management

21.1 Implement the mitigating measures per the strategic risk register

| Current Year - 2012/2013 | | Prior Year - 2011/2012 | |
|--------------------------|--------|-------------------------------------|---|
| Annual target | Actual | Annual Target | Actual |
| N/A | N/A | 100% Implementation of action plans | Strategic risk register review commenced and a Board workshop will be convened in the new financial year to further assess the current top three risks. |

MAJOR ACHIEVEMENTS OF THE CLIENT SERVICING UNIT:

JPC is customer centric entity that seeks innovative ways to continuously improve its processes in order to fulfil its mandate. In the current financial year, a document handling information system (PIMS) went live. The system has allowed the client servicing to scan all documents which led to better document management.

Additionally, the application process for properties was fine tuned to reduce to long turnaround times to better service our clients. The new processes and procedures were implemented in February 2013. The new processes and procedure manual is shared with our clients via all modes of communications and its also handed out at our walk in client servicing front desk. As part to further improve the systems and reduce the turnaround times, JPC introduced Open Days ever Wednesday where property managers assist clients at our offices in attending their queries. This Open Days have been very successful and well attended by the public.

In the current financial year, JPC performed customer satisfaction surveys and the results are as follows:

ANALYSIS OF RESULTS

- Responsiveness: **82.3%** of the respondents rated our responsiveness as excellent;
- Professionalism: **80.6%** of the respondents rated our professionalism as excellent;
- Efficiency: **78.5%** of the respondents rated our efficiency as excellent;
- Overall: **79.0%** of the respondents rated our client servicing as excellent;

Section 5: Assessment of Arrears on municipal taxes and service charges

Assessment of Municipal Taxes and Service Charges to the entity

Not Applicable to JPC

Amounts owed by entity for service charges

Not Applicable to JPC

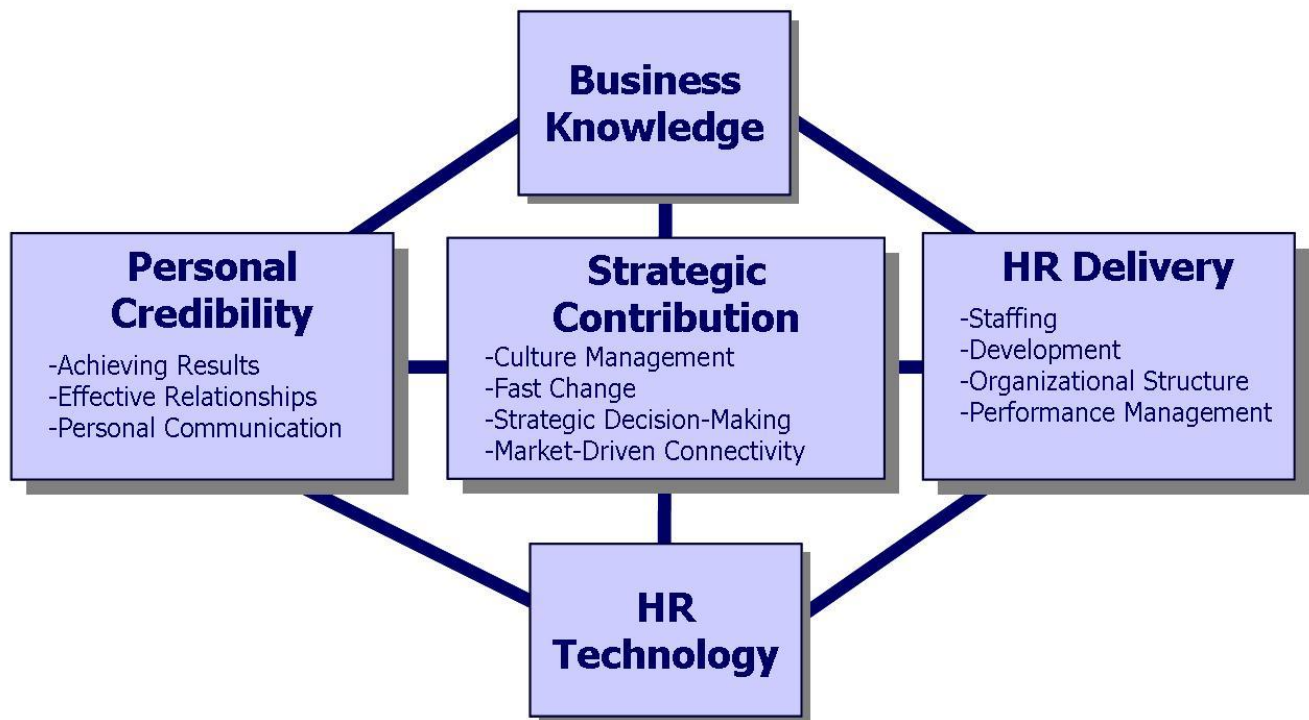
Assessment of Senior Managers Municipal Account

| | | | | | |
|-----------------|----------------------------|-----------------|--------------|---------|------|
| Mr N Matlala | EM: Asset Management | Ekurhuleni | 2101891306 | Current | None |
| Mr S Mntungwa | EM: Property Development | CoJ | 207 170 312 | Current | None |
| Mr F Sardianos | EM: Property portfolio | CoJ | 300 845 880 | Current | None |
| Mr I Bhamjee | EM: Finance | City of Tshwane | 331 177 0476 | Current | None |
| Ms E Pedro | EM: Human Resources | CoJ | N/A | Current | None |
| Mr T Mokataka | Manager: Legal Services | | | | |
| Ms E Pedro | EM: H.R. | CoJ | N/A | | |
| Mr S Ndlungwane | EM: Stakeholder Management | | | | |
| Ms K Muthwa | COO | City of Tshwane | | | |
| Ms V Morgan | Company Secretary | N/A | N/A | N/A | N/A |

Assessment of Board Members Municipal Account

| DIRECTORS NAME | METRO | BALANCE OWING | ARREARS |
|------------------|-----------------|---------------|----------------|
| Mr A Mabizela | COJ | Current | None |
| Mr F Moavodi | COJ | Current | None |
| Mrs H Botes | COJ | Current | None |
| Mr GC Dunnington | COJ | R-65 577.77 | Credit Balance |
| Mr JV Mokoena | COJ | R 20 860.00 | R15 835.56 |
| Dr D Sekhukhune | COJ | Current | None |
| Mr L Itholeng | COJ | | |
| Ms S Childs. | City of Tshwane | N/A | N/A |

CHAPTER FOUR: HUMAN RESOURCES & ORGANISATIONAL MANAGEMENT



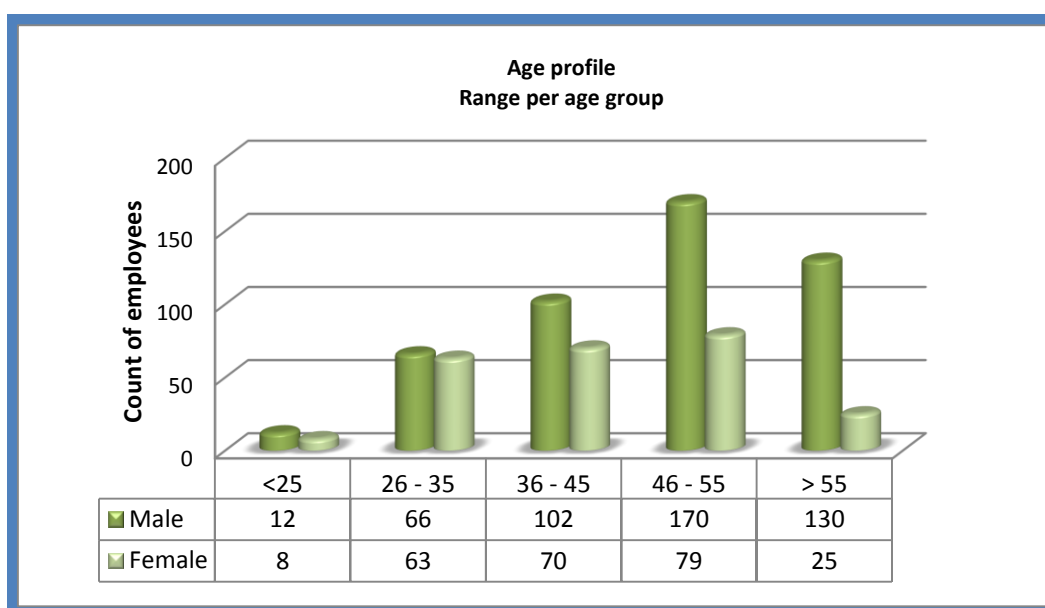
Section 1: Human Resource Management

The integrated JPC organizational structure is currently under review. The table below depicts the functions of the previously approved structures for the three (3) respective entities.

| Function | No. of approved positions on structure | Headcount/Staff complement | Vacancies |
|--|--|----------------------------|------------|
| Office of MD | 12 | 9 | 3 |
| Asset Management | 28 | 14 | 14 |
| Property Management | 38 | 31 | 7 |
| Property Development | 21 | 11 | 10 |
| Chief Operations Office/ Legal | 22 | 16 | 6 |
| Human Resources | 8 | 7 | 1 |
| Finance | 22 | 18 | 4 |
| Stakeholder Management, Transformation and Communication | 27 | 21 | 6 |
| Informal Trading and Public Transport | 92 | 70 | 22 |
| Facilities Management and Maintenance | 773 | 525 | 248 |
| TOTAL | 1043 | 722 | 321 |

The total number of vacancies identified above is not all funded. In light of the organizational review, only critical positions were being filled and for funded vacancies only.

JPC Age Analysis as at 30 June 2013



The age analysis indicated that FMMU, where most of the technical skills reside has an aging staff population which will have to be considered in our overall workforce planning. It however allows JPC through the natural attrition process, a unique opportunity to deliberately decide in aligning the skills required for the 2040 strategy. The talent acquisition strategy and the skills development plans will take into account the impact of the aging workforce on organizational capability.

Human Resources Policies and Conditions of service

In light of the integration and the anticipated standardization of conditions of service across the three business units, all existing human resources policies were extended by REMCO and the JPC Board until the human resources policies are harmonized and finally approved.

An investigation into the similarities and differences between the three sets of existing policies indicated that the Human Resources policies were closely aligned as municipal entities generally used the City's policies as a benchmark in the formulation of their policies. With the advent of the group HR philosophy and the recent development of group Human resources policies and/or frameworks, management and labour agreed that JPC will await the approval of the Group policies at a central level and recommend same to the JPC Board for adoption. In line with the provisions of the Section 197 transfer, all employees will in the interim be subjected to the provisions of the erstwhile policies until the new policies have been approved for JPC.

The entity's overall objective as set out in its employment policy is to ensure that the company's employment practices and remuneration policies motivate and retain talented employees and create an attractive environment for all employees. The employment policy is periodically reviewed to ensure that it remains relevant and practical for the changing needs of current and potential employees. All aspects of the recruitment and selection process are deemed professional, fair, objective, transparent and non-discriminatory, and strive to afford an applicant an equal opportunity to compete for vacant positions, except as provided in this policy with reference to affirmative action and employment equity.

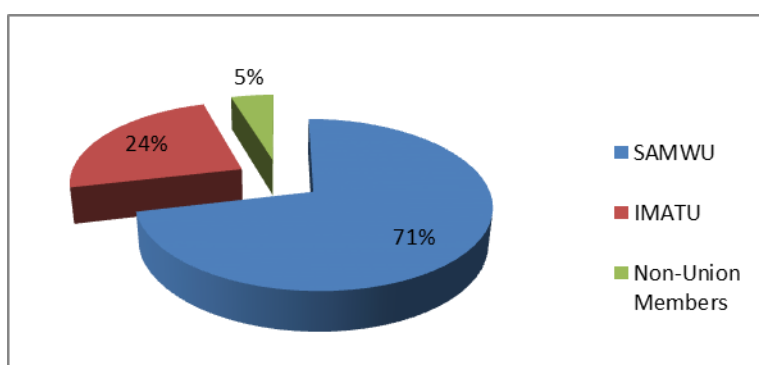
JPC is committed to recruitment strategies that will attract and retain a diverse selection of qualified internal and external applicants. In addition to that the recruitment and selection process shall be holistic and integrated with other human resources management processes, such as training and development and performance management. The recruitment and selection process is implemented and used by the JPC to achieve targets and objectives set in the EE Policy and Plan, as well as ensuring that the JPC 's objectives of diversity of its workforce at all levels are met.

Trade Union Representation

JPC is a highly unionised environment. The two recognised trade unions are South Municipal Workers Union (SAMWU) and Independent Municipal Allied Trade Union (IMATUT). The threshold for recognition of organizational rights is 25%.

UNION REPRESENTATION

| | | |
|-------------------|-----|------|
| SAMWU | 505 | 71% |
| IMATU | 170 | 24% |
| Non-Union Members | 33 | 5% |
| | 708 | 100% |



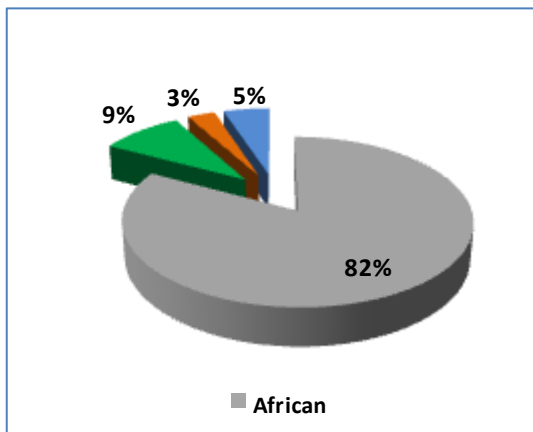
Section 2: Employment Equity

JPC has employment policies that it believes are appropriate to the business and the market in which it trades. Equal employment opportunities are offered to all employees. We firmly endorse the four key areas of employment equity identified by the Employment Equity Act:

- elimination of discrimination in decision-making;
- promotion of employee diversity;
- reduction of barriers to advancement of the disadvantaged; and
- Introduction of measures and procedures for transformation.

JPC Employment Equity profiles

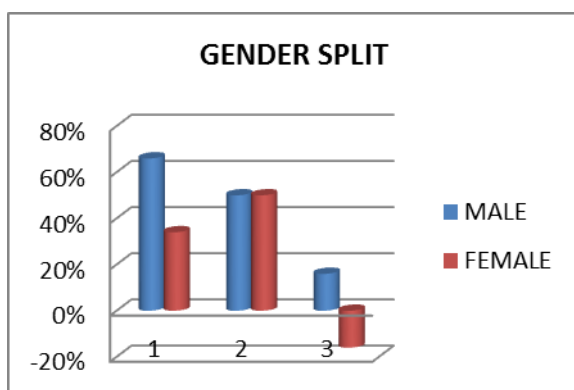
The graph and table below indicate the overall EE demographics of the organisation. The analyses indicate the representation by race, gender and under-representation. The targets are based on the Economically Active Population (EAP).



| Overall Demographics | MALE | | | | FEMALE | | | |
|----------------------|------|----|----|----|--------|----|----|----|
| | A | C | I | W | A | C | I | W |
| ACTUALS | 56% | 4% | 2% | 4% | 26% | 5% | 1% | 2% |
| TARGETS | 39% | 2% | 1% | 8% | 39% | 2% | 1% | 8% |
| GAPS | 17% | 2% | 1% | 4% | 13% | 3% | 0% | 6% |

From the above, the overall JPC EE profile indicates an under-representation of white males and white females. Management is committed to set affirmative action measures in consultation with the Employment Equity Forum to narrow and close these gaps through the Recruitment and Selection process where preference will be given to underrepresented groups at the appropriate occupational levels. A further analysis of the current gaps per occupational level is outlined below. The placement on the new organisational structure will further allow the organisation to address any equity imbalances where required.

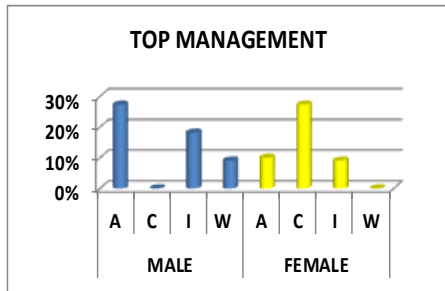
The graph and table below indicate the gender split against the set targets of a 50/50 gender split within the organisation.



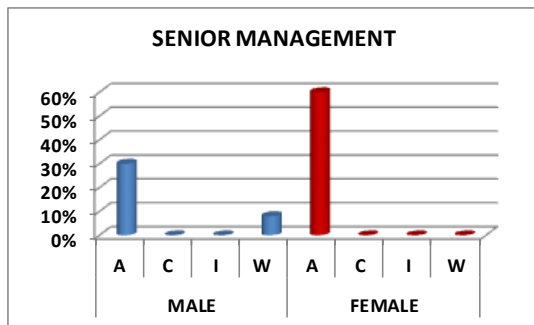
| GENDER SPLIT | MALE | FEMALE |
|--------------|------|--------|
| ACTUAL | 66% | 34% |
| TARGET | 50% | 50% |
| GAPS | 16% | -16% |

In terms of the gap analyses it indicates clearly that females are under-represented. Management is committed to put corrective measures in place to close the gap through the Recruitment and Selection process where preference will be given to females

The graphs and tables below indicate the composition of JPC's Top and Senior Management per occupational level. The analysis indicates that African Males, African Females and White Females are underrepresented at top management level. At senior management level, African males and white females are underrepresented.

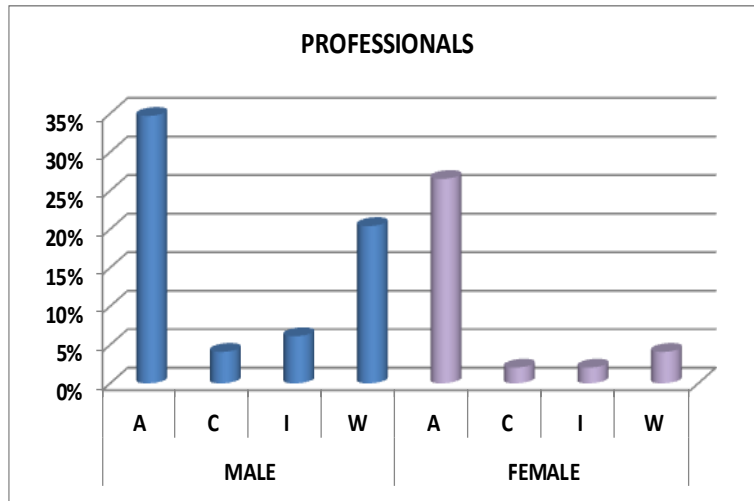


| SENIOR MANAGEMENT | MALES | | | | FEMALES | | | |
|----------------------|-------|----|----|----|---------|----|----|----|
| | A | C | I | W | A | C | I | W |
| ACTUAL % | 30% | 0% | 0% | 8% | 60% | 0% | 0% | 0% |
| TARGET % | 39% | 2% | 1% | 8% | 39% | 2% | 1% | 8% |
| GAP% | 9% | 2% | 1% | 0% | 21% | 2% | 1% | 8% |

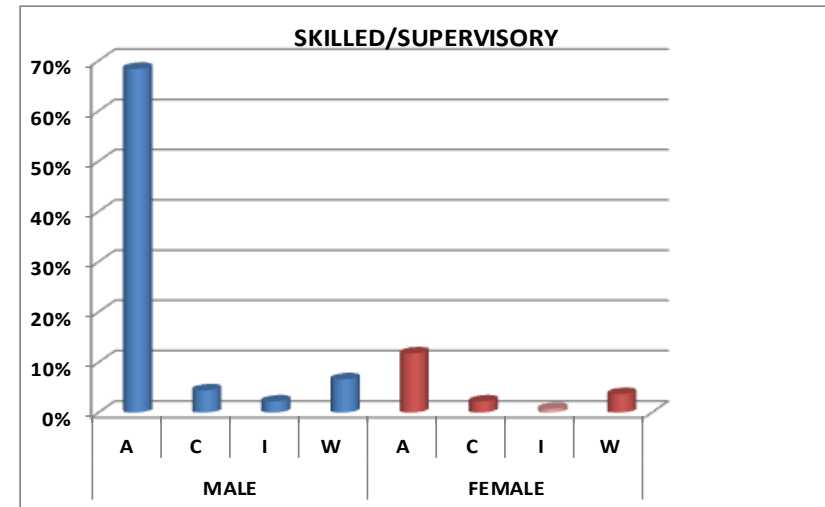


| TOP MANAGEMENT | MALES | | | | FEMALES | | | |
|-------------------|-------|----|-----|----|---------|-----|----|----|
| | A | C | I | W | A | C | I | W |
| ACTUAL % | 27% | 0% | 18% | 9% | 10% | 27% | 9% | 0% |
| TARGET % | 39% | 2% | 1% | 8% | 39% | 2% | 1% | 8% |
| GAP% | 12% | 2% | 17% | 1% | 29% | 25% | 8% | 8% |

The graphs and tables below indicate the composition of JPC's Professionals and the Skilled/Supervisory employees. Within both the professionals and skilled/supervisory category, African females are underrepresented. The gaps further indicate an opportunity to recruit White Females at this level.

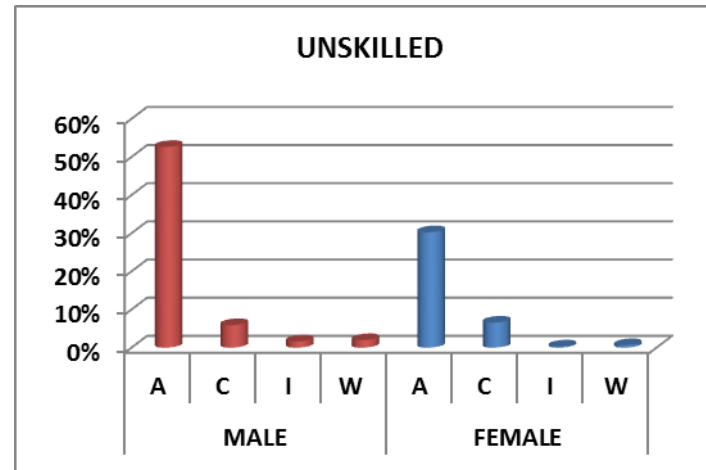
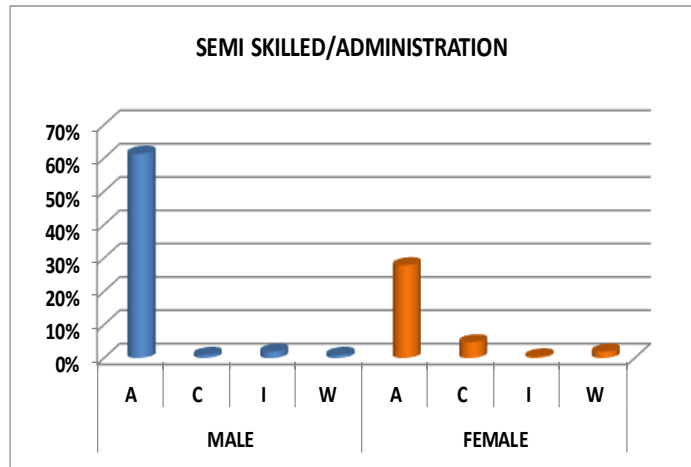


| PROFESSIONALS | MALES | | | | FEMALES | | | |
|---------------|-------|----|----|-----|---------|----|----|----|
| | A | C | I | W | A | C | I | W |
| ACTUAL % | 35% | 4% | 6% | 20% | 27% | 2% | 2% | 4% |
| TARGET % | 39% | 2% | 1% | 8% | 39% | 2% | 1% | 8% |
| GAP% | 4% | 2% | 5% | 12% | 12% | 0% | 1% | 4% |



| SKILLED / SUPERVISORY | MALES | | | | FEMALES | | | |
|-----------------------|-------|----|----|----|---------|----|----|----|
| | A | C | I | W | A | C | I | W |
| ACTUAL % | 68% | 4% | 2% | 7% | 12% | 2% | 1% | 4% |
| TARGET % | 39% | 2% | 1% | 8% | 39% | 2% | 1% | 8% |
| GAP% | 29% | 2% | 1% | 1% | 27% | 0% | 0% | 4% |

The graphs and tables below illustrate the composition of JPC's Semi - Skilled and Unskilled (General workers) employees. African males appear to be overrepresented at the lower levels.



| SEMI SKILLED/ADMIN | MALES | | | | FEMALES | | | |
|--------------------|-------|----|----|----|---------|----|----|----|
| | A | C | I | W | A | C | I | W |
| ACTUAL % | 61% | 1% | 2% | 1% | 28% | 5% | 0% | 2% |
| TARGET % | 39% | 2% | 1% | 8% | 39% | 2% | 1% | 8% |
| GAP% | 22% | 1% | 1% | 7% | 11% | 3% | 1% | 6% |

| UNSKILLED | MALES | | | | FEMALES | | | |
|-----------|-------|----|----|----|---------|----|----|----|
| | A | C | I | W | A | C | I | W |
| ACTUAL % | 53% | 6% | 2% | 2% | 30% | 7% | 0% | 1% |
| TARGET % | 39% | 2% | 1% | 8% | 39% | 2% | 1% | 8% |
| GAP% | 14% | 4% | 1% | 6% | 9% | 9% | 1% | 7% |

JPC's approach to organisational development primarily seeks to build capacity internally and invest in up skilling the workforce at the lower levels in particular to allow for career growth. The EE gap as identified will therefore largely be addressed through strategic internal deployment either through placement or the recruitment and selection processes.

Section 3: Skills Development and Training

The JPC Training and Development policy objective is to ensure that our skills development programmes are in line with the requirements of the Skills Development Act. The 2012/2013 Workplace Plan (WSP) was aligned to our business plan to meet and achieve the business strategic goals. The focus was largely on occupational specific programmes, technical skills, management development and legal training. The aim was to improve the quality of life and prospects of work, and most importantly to improve the employment opportunities of the persons previously disadvantaged and to redress this through training and education. In implementing this process we are contributing to the overall achievement of the National Skills Development Strategy III.

JPC implemented the following programmes including bursaries, seminars and conferences during the period under review:

1. Business Report writing
2. Negotiation skills
3. National Treasury Training
4. Investment in Excellence
5. Customer Care
6. Records Management
7. Introduction to Property and Investment practice
8. Public Sector Supply Chain Management
9. Change Management

For the 2013/14 financial year, training will be geared more towards the development of specific competencies relating to the new JPC strategy. The following sixteen (16) training interventions were identified as the core competencies and key critical developmental needs for the New JPC.

1. Intensive Project Management
2. Facilities Management
3. Property Management
4. Property Asset Management
5. Commercial Property Management
6. Customer Relations Management
7. Report Writing
8. Systems Management

9. Contract Management
10. Corporate Governance
11. National Treasury Training
12. Group Performance Management
13. Change Management
14. Artisan Technical Training
15. Management Accounting and Cost Management
16. Supply Chain Management

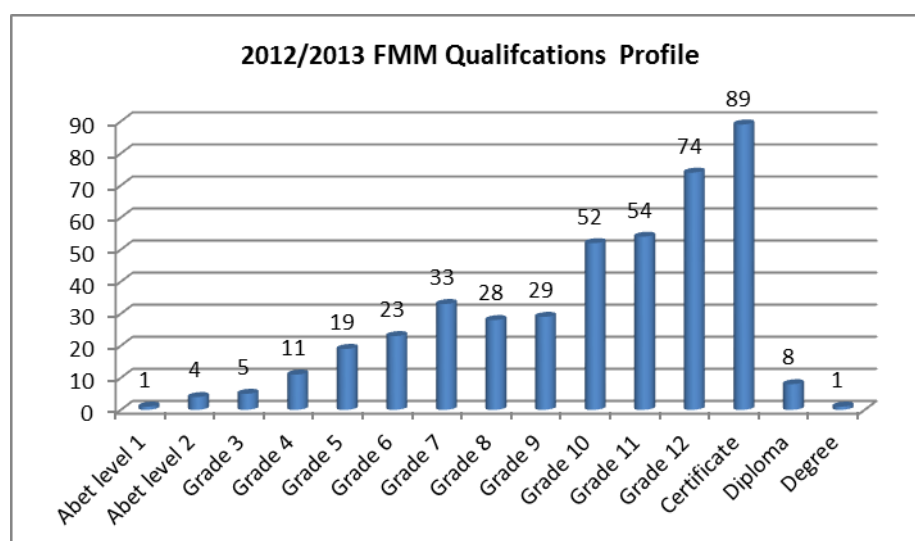
Our people development strategy for 2013/2014 will focus on both training and capacitating human capital internally through up-skilling, re-skilling and redeploying staff through a placement process.

Employee qualifications profile for the three entities as at 30 June 2013.

The following graphs depict the qualification levels for the former Facilities management and Maintenance, JPC and Metro Trading Centre. The qualification inventory was conducted to assess the level of qualifications that the employees have after integration. It shows that there are limited qualifications in the field of property development or related field to suitably drive the strategy. The skills audit will be conducted to develop the 2013/2014 training plan that will address these gaps in line with the JPC new strategy.

Facilities Management and Maintenance

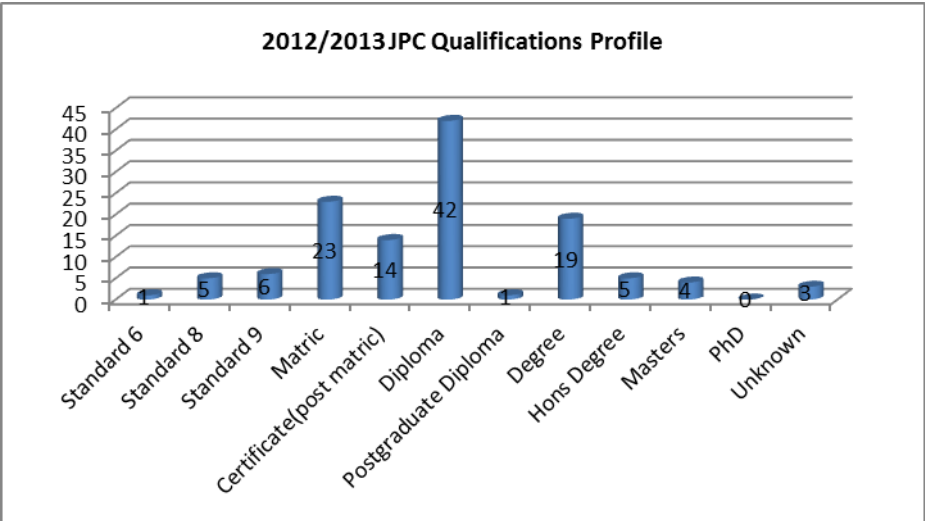
The graph below depicts that the majority of FMMU employees are employed at very low levels of the organisation and the majority of employees do not have a matric qualification.



Joburg Property Company

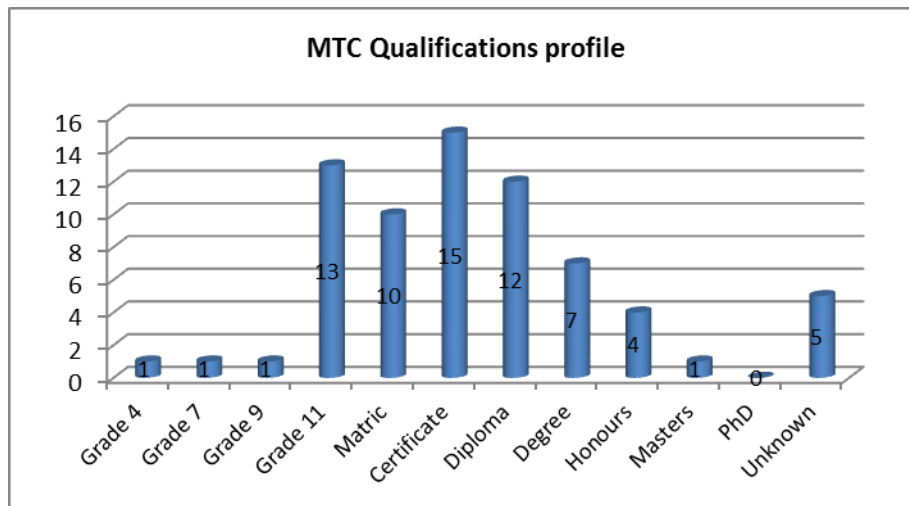
The graph indicates that most of the JPC staff has matric and diplomas as qualification. Career development plans should be developed to include formal studying, coaching and mentoring, on the job training and job enlargements to meet the customer service demands and improve organizational performance.

It is evident that the company needs to engage in a robust and strategic workforce development plan in order to meet the organizational strategic needs. The focus will be on both skills programmes to meet the demands of the new strategy. Formal education and leadership development programmes will also form part of development to ensure that employees are capacitated to take on management and future leadership roles.



Metro Trading Centre

The table below includes the former MTC permanent and temporary employees. MTC staff complement comprised of 50% permanent and 50% temp workforce. Their level of qualifications employees ranges between NQF Level 3 to a Master’s degree. Most employees have a post matric certification.



Section 4: Performance Management

Following the integration of JPC, Facilities Management and Maintenance (FMMU) and Metro Trading Company (MTC) on 1 November 2013, the performance management system had to be reviewed. The three (3) entities previously had different performance management practices and philosophies which had to be re-aligned to the new strategic objectives. A decision was subsequently taken by JPC to adopt the Group Performance Management Policy. In line with the provisions of the group policy, no incentives will be linked to the performance management system in the short to medium term. This will allow the organisation, taking into consideration the organisational context, to facilitate a culture of high performance amongst JPC employees towards the achievement of the City's GDS 2014 strategy.

Human Resources will accordingly focus on creating awareness and training all line managers and employees on the principles of the new Group Performance Management Policy. JPC will ensure that there is a clear linkage between the Growth and Development Strategy (GDS) 2040, Integrated Development Plan (IDP) and Service Delivery Budget Implementation Plan (SDBIP).

It is envisaged that the policy will be fully implemented across all levels in the organisation effective 1 July 2014.

Section 5: Employee Wellness Programme

JPC currently does not have a designated wellness resource, but wellness interventions are arranged to create awareness and promote healthy lifestyles such as

- Health and Wellness Days (Including medical screening)

- Men's Health Clinics
- World AIDS Day (Including Voluntary Counselling and Testing)

When employees face social, emotional, interpersonal or psychological problems, sometimes the traditional health care delivery system is not structured to adequately help with every aspect. It is sometimes difficult to find

a qualified professional and the accessibility and cost prevents employees from getting the assistance that they need. The health and wellbeing of employees is important to the JPC and thus JPC plans to develop a structured wellness programme, in particular a comprehensive employee assistance programme in the forthcoming financial year.

Section 6: Employee Benefits

The Company is a participating employer in various retirement benefit schemes through which the City of Johannesburg Metropolitan Municipality and its associated Utilities, Agencies and Companies (UACs) provide pension benefits for the Group employees:

| PENSION / RETIREMENT AND PROVIDENT FUNDS | JPC | FMMU | TOTAL | | |
|---|------------|-------------|--------------|-----------------------|-----|
| E-JOBURG RETIREMENT FUND | 86 | 341 | 427 | defined contributions | 427 |
| MGPF | 2 | 14 | 16 | defined contributions | 14 |
| Municipal employees pension fund | | 11 | 11 | defined contributions | 2 |
| City of JHB Pension Fund | 1 | 156 | 157 | | 443 |
| Joint Municipal Workers Pension Fund | 0 | 3 | 3 | defined benefits | 157 |
| | 89 | 525 | 614 | defined benefits | 11 |
| | | | | defined benefits | 3 |
| | | | | | 171 |
| | | | | | 614 |

JPC currently administers the following accredited medical schemes with a sixty percent (60%) an employer contribution. A post- retirement medical aid benefit is provided to seven (7) employees. Employee benefits are currently under review with the aim of aligning conditions of service for the three entities.

| MEDICAL AIDS | JPC | FMMU | TOTAL |
|-------------------------------|------------|-------------|--------------|
| LA HEALTH | 1 | 31 | 32 |
| KEY HEALTH | 1 | 16 | 17 |
| BONITAS | 1 | 65 | 66 |
| SAMWU NATIONAL MEDICAL SCHEME | | 114 | 114 |
| HOSMED | | 55 | 55 |
| | 1 | 234 | 235 |



CHAPTER FIVE: FINANCIAL PERFORMANCE



ANNEXURE A: ANNUAL FINANCIAL STATEMENTS

The signed audited annual financial statements for JPC are attached hereto as Annexure A



CHAPTER SIX: AUDITOR-GENERAL AUDIT FINDINGS



Section 1: Auditor-General's Report for the Current Year

The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement must be audited annually by the Auditor-General.

Refer to the Annual Financial Statements set out in Chapter 5 and the timescale for the audit of these accounts and the audit of performance and the production of reports on these matters by the Auditor General as set out in this Chapter.

| | 2009/10 | 2010/11 | 2011/12 | 2012/13 |
|---------------|-------------|-------------|-------------|-------------|
| Audit Opinion | Unqualified | Unqualified | Unqualified | Unqualified |

The external audit is done once a year by the Auditor General. The JPC received an unqualified audit report with emphasis of matter for the 2007/08, 2008/09, 2009/10, 2010/11, 2011/12 and 2012/13 financial years. Matters reported on by the Auditor General in the previous financial year were successfully resolved and cleared.

Section 2: Audit Findings and Remedial Action

During the current financial year, management engaged on the operation clean audit and developed an OPCAR register to address the audit findings raised by Auditor General in the 2010/ 2011 financial year. This bore fruits as all the prior year audit findings and internal control deficiencies were cleared in the current financial year.

The following issues were raised by the Auditor General for the year ended June 2012/13.

Irregular expenditure of R11 133 421 was identified as a result of non-compliance with supply chain regulations as this expenditure did not meet the requirements of regulation 36(1). The irregular expenditure originated from the integration of both FMMUU and MTC and was disclosed by management to the auditors after the audit performed by management prior to preparation of the annual financial statements presented to AG for audit.

Management has noted the findings and will ensure that there is no irregular expenditure in the next financial year.

Furthermore some non-compliance with the supply chain regulations were identified and will be addressed in the review of the supply chain policy.

More attention will be paid to the supplier database on supply chain to ensure that it is complete and accurate following the integration of different databases from ex-MTC and ex-FMMUU. For all ten (10) audit findings raised in the current financial year, management has developed an action plan to ensure that the root causes are addressed and they do not become repeat audit findings.

ANALYSIS OF 2012/13 AUDIT FINDINGS

| | NEW IN 2012/13 | REPEAT FINDING | ACTIONS TO RESOLVE |
|---------------------------------|-------------------|-------------------|--|
| Matters affecting Audit opinion | 1 | 0 | Preparations of Annual Financial Statements Ensure that the AFS are adequately reviewed prior to submission to curb material adjustments after submission. |
| Important Matters | 6 | 0 | Supply chain management The new supplier data base be complete with all required fields being inserted by December 2013. The new supplier data base be reviewed by management and be audited by internal audit for full compliance. Request for quotations will be uploaded onto the website for 7 days JPC will procure system used to verify if suppliers are in the employ of state Performance Information Monitoring of performance targets will be done regularly and mitigating factors for non-achievement will be reported and appropriate action will be taken |
| Administrative Matters | 2 | 0 | Asset register The new asset register be completed and implemented by December 2013 The new asset register be reviewed and audited by internal audit for full compliance The asset disposal forms will be enhanced to eliminate the elements of human error. |

Section 3: Commitment by the Board of Directors

As reflected on pages 4 and 6 of the attached JPC Annual Financial Statements (Attached hereto as **Annexure A**), the Board of Directors and the Audit and Risk Committee is satisfied about the internal control are effective although there is always a room for improvement. Additionally, the Board is

satisfied by the remedial action taken by management in addressing the Auditor General audit findings with the initiative of the OPCAR.

PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2013

BALANCE SCORECARD WITH KEY PERFORMANCE AREAS AND INDICATORS

| JPC Annual Performance Information against the scorecard | | | Prior Year - 2011/2012 | | Current Year - 2012/2013 | |
|--|--|---|--|---|---|--|
| No | KPA Description | KPI Description | Annual Target | Actual | Annual target | Actual |
| 1 | Leveraging on City Owned Assets | 1.1 Number of beneficiaries benefiting from EPWP Programmes/ Number of jobs created | 800 jobs | 1 118 jobs created | 1585 jobs created | 1942 |
| 2 | Enterprise & Property skills development to emerging industries | 2.1 Develop & Launch the incubator programme for emerging industries | 100% roll out of a property skills programme | Property skills programme completed, 16 youth are participating in the programme | Launch the incubator programme by June 2013. Five (5) companies incubated | A pilot project was implemented in the Potato Sheds development project and a joint venture established between the main contractor WBHO and Fikile Construction |
| | | 2.2 Launch & Roll out the property skills programme for emerging industries | 100% roll out of a property skills programme | Property skills programme completed, 16 youth are participating in the programme | Roll out the property skills programme by June 2013 | 153 candidates were trained in the following categories; 34 women, 37 male and 79 in the youth category. |
| 3 | Promote Joburg as a sought after property investment destination | 3.1 Host a Joburg Municipal Property Summit | Host the Property Summit in the fourth quarter of 2011/12 financial year | KPI was deferred to the 2012/13 financial year and a scorecard amendment report was tabled at Mayoral Committee | Municipal Summit Held | Joburg Municipal Property Summit was held 16 and 17 April 2013. |

| JPC Annual Performance Information against the scorecard | | | Prior Year - 2011/2012 | | Current Year - 2012/2013 | |
|--|--|---|--|---|---|--|
| No | KPA Description | KPI Description | Annual Target | Actual | Annual target | Actual |
| 4 | Council – Owned property management | 4.1 Brand land parcels; strategic buildings and construction sites | N/A | N/A | Brand 15 land parcels 8 strategic buildings 2 construction sites | 15 land parcels 8 strategic buildings 2 construction sites |
| 5 | Council – Owned property management | 5.1 Verify Council – Owned property and maintenance of the fixed asset register | 15 000 properties A complete Asset Management Plan | 16 124 physically verified properties. Due to financial constraints, a desk top verification exercise was conducted and a total of approximately 36 000 properties verified ,A high level asset management plan has been developed and will be submitted to the Land Steering Committee by 30 June 2013 | Verify 7,200 (100%) of properties and maintenance of the fixed asset register | 8,895 properties |
| | | 5.2 Conduct highest and best use analysis on COJ properties | Identify property for the creation of 80 Industrial and commercial development zone properties | Total of 911 industrial and commercial development zoned properties identified | Conduct highest and best use analysis on 300 properties | 365 analysis conducted |
| 6 | Leveraging of City Owned Asset | 6.1 Transfer Properties to targeted beneficiaries | Transfer of 200 allocated properties Identify 800 verified Council properties for allocation | 305 properties transferred 836 properties identified for allocation | Transfer 150 properties to targeted beneficiaries | Properties Registered: 156 |
| | | 6.2 Conduct Audit of vacant non - residential stands/properties | N/A | N/A | Audit 2160 (30%) of non-residential stands/properties | 2,209 properties audited |

| JPC Annual Performance Information against the scorecard | | | Prior Year - 2011/2012 | | Current Year - 2012/2013 | |
|--|---|--|--|---|---|--|
| No | KPA Description | KPI Description | Annual Target | Actual | Annual target | Actual |
| 7 | Revenue Maximisation utilising City's property portfolio | 7.1 Rand Value of land sales, acquisitions and completion of developments | N/A | N/A | R50 million received of land sales, land acquisitions and completion of developments | R41,7 Million |
| 8 | Leveraging of private sector investment in property projects – investment is realized on construction | 8.1 Third party investment on COJ property | Achieving R215 Million investment (construction value) | R285 million investment value | R238 million Third Party Investment | 345.235 million |
| 9 | Ensure financial sustainability by seeking alternative sources of revenue and maintaining prudential ratios and benchmarks | 9.1 Maintain a sound ratio of cost coverage | Not less than 1:1 ratio | -2.65:1 | Maintain a sound ratio of not less 1:1 or a favourable ratio | 0.02:1 |
| | | 9.2 Maintain a sound Liquidity ratio | The ratio should be greater than 1.00 | 2.57 | Liquidity ratio should be >1.00 | 5.51:1 |
| 10 | Ensure overall effective financial management | 10.1 % Spent on the City's capital budget | 100% spend on Capex | 100% | 100% | 93% |
| | | 10.2 % Variance on the operating budget | 0% over the budgeted amount | 0.02% over budget | 0% over the budgeted amount | 32.16% under the budget |
| | | 10.3 Attainment of clean audit report | Unqualified audit report at the end of 2011/12 | Unqualified audit report with matters of emphasis | Unqualified audit report at the end of 2012/13 FY Tracking of the 11/12 auditor general findings | On-going monitoring and submission of regular progress report to COJ |
| 11 | Increase in the spending to specific targeted firms owned by specific categories of HDI (BEE, women, disabled, youth, etc.) | 11.1 Increase in the spending to specific targeted firms owned by specific categories of HDI (BEE, women, disabled, youth, etc.) | N/A | N/A | 85% | 98% |

| JPC Annual Performance Information against the scorecard | | | Prior Year - 2011/2012 | | Current Year - 2012/2013 | |
|--|---|---|---|--|------------------------------|------------------------------|
| No | KPA Description | KPI Description | Annual Target | Actual | Annual target | Actual |
| 12 | Informal Settlements to sustainable settlements | 12.1 Upgrading of facilities by means of installation of boiler gas stoves. | N/A | N/A | 40 gas stoves | 40 gas stoves |
| | | 12.2 Renovation of the accommodation that meets the OHASA regulations and unlocking value of the accommodation to market related rentals | N/A | N/A | 70% | 65% |
| 13 | Integrated waste management | 13.1 Pilot project for the separation of waste from source. | N/A | N/A | 30 colour coded bins | 30 colour coded bins |
| 14 | Shift to low carbon infrastructure | 14. Upgrading of facilities by means of installation of pre-paid meters and maintaining plumbing. | N/A | N/A | 112 prepaid meters installed | 112 prepaid meters installed |
| 15 | Upscale of entrant property owners in CoJ land/property disposals and/or awarding of tenders to emerging property developers | Identify and prepare 5 properties for release and development to emerging property developers. | Identify and prepare 5 properties | 5 properties identified and prepared for release to new entrant developers | N/A | N/A |
| | | Release properties on tender, less than 2ha to new entrants in the property market for housing, commercial, development and social initiatives. | Release properties on tender, less than 2ha to new entrants in the property market for housing, commercial, development and social initiatives. | 100 properties identified and packaged for release to new entrants. | N/A | N/A |

| JPC Annual Performance Information against the scorecard | | | Prior Year - 2011/2012 | | Current Year - 2012/2013 | |
|--|---|---|---|--|--------------------------|--------|
| No | KPA Description | KPI Description | Annual Target | Actual | Annual target | Actual |
| | | (SMMEs) | (SMMEs) | | | |
| 16 | 3. Utilisation of the property portfolio to support the Housing Master Plan | Acquisition of properties to support housing master plan | 17 Properties to be purchased to realise 15 000 housing units | 15 Properties were purchased and 1 agreements have been finalised | N/A | N/A |
| | | Deliver affordable housing units (per Banking Charter) via 3 rd party development projects | 300 Properties to be delivered | 386 units completed and handed over | N/A | N/A |
| 17 | Ensure financial sustainability by seeking alternative sources of revenue and maintaining prudential ratios and benchmarks | Implement the company's approved Turnaround Strategy in accordance with the implementation plan. | 50% implementation of the approved turnaround strategy | Target not achieved | N/A | N/A |
| 18 | Ensure stakeholder awareness on CoJ property portfolio and effective reputation management. | Implement an integrated corporate communication program | 50% Implementation of communications program | Integrated corporate communications program was developed and approved by the Managing Director; 50% implementation of program. Activities: - 30 land parcels branded. - 5 projects branded. - New offices branded - 11 regional roadshows conducted | N/A | N/A |

| JPC Annual Performance Information against the scorecard | | | Prior Year - 2011/2012 | | Current Year - 2012/2013 | |
|--|---|---|---|---|--------------------------|--------|
| No | KPA Description | KPI Description | Annual Target | Actual | Annual target | Actual |
| 19 | Ensure an effective, clear and watertight SDA | Review and refine the company's SDA in accordance with the City's mandate for JPC | New SDA approved by Board and the City | The SDA will be refined on finalization of the CoJ's institutional re-design. In terms of the institutional review JPC will be responsible for the entire facility management of the COJ portfolio. | N/A | N/A |
| 20 | Ensure effective human resources management | Develop and implement an HR strategy for the company | 50% implementation of the strategy | 25% implemented | N/A | N/A |
| 21 | Ensure effective risk management | Implement the mitigating measures per the strategic risk register | 100% Implementation of action plans | Strategic risk register review commenced and a Board workshop will be convened in the new financial year to further assess the current top three risks. | N/A | N/A |
| 22 | Implementation of skills development and re-skilling programs that are linked to the needs of the property market. Ensure an effective skills development programme. | Develop best practice standards for the City of Joburg Property Company. | 100% completion of the best practice standards by end of June 2012. | A high level best practice standard document (incorporating asset management policy, asset management plan and best practice procedures) was developed. | N/A | N/A |

Of the total number of 21 targets planned for the year, 4 of the targets were not achieved during the year under review. This represents 19% of total planned targets that were not achieved during the year under review. This was mainly due to the fact that the integration process necessitated that a comprehensive risk management on supply chain management processes to procure goods and services be performed which delayed the completion of some key deliverables on the scorecard.

Legend

N/A – this means either that the KPI was reported in the prior year but was not included in the current financial year or that the KPI was not there in the prior year and it's new KPI for the current financial year.

Authorised by:

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Managing Director: JPC
Helen Botes