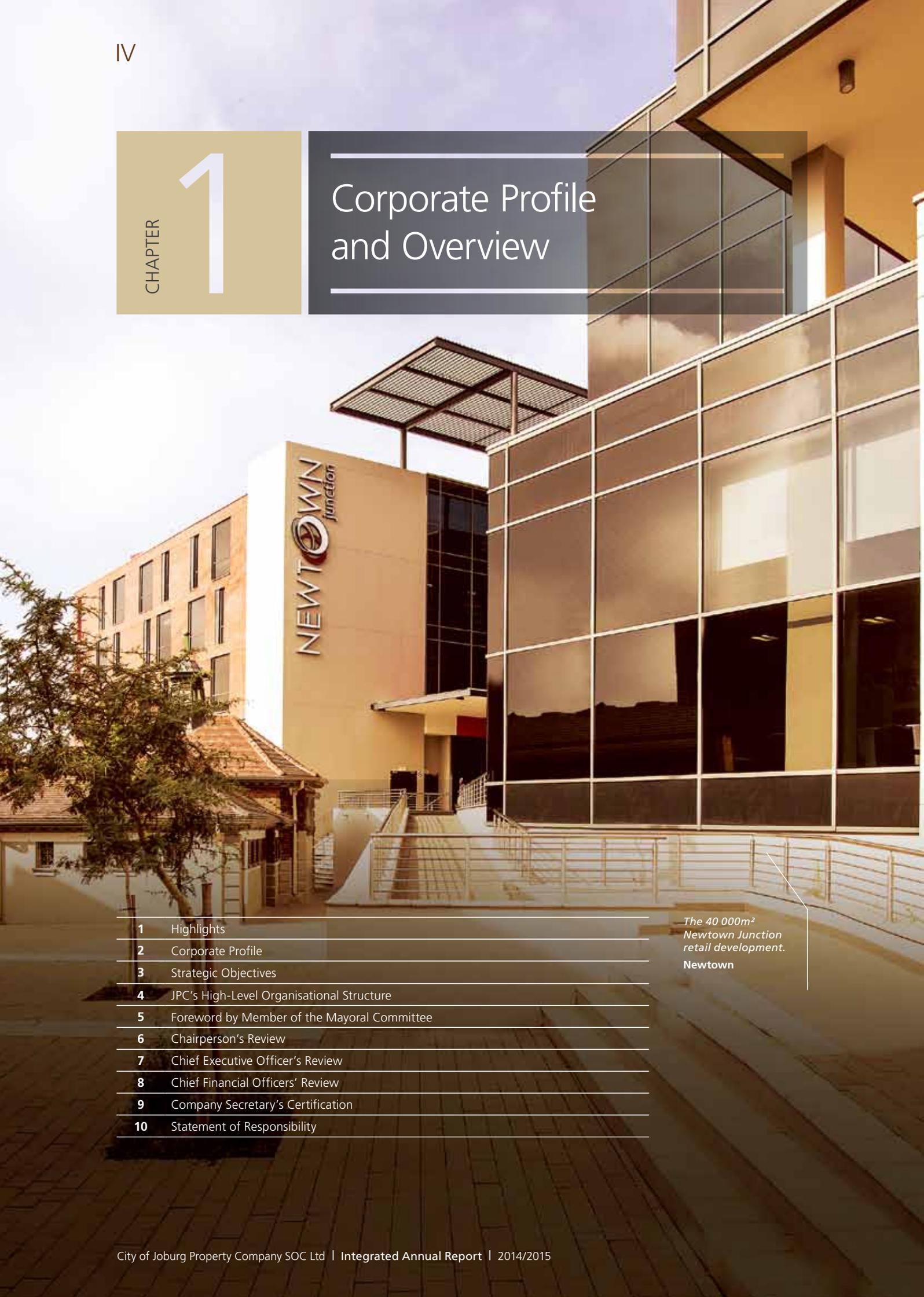


Corporate Profile and Overview



- 1 Highlights
- 2 Corporate Profile
- 3 Strategic Objectives
- 4 JPC's High-Level Organisational Structure
- 5 Foreword by Member of the Mayoral Committee
- 6 Chairperson's Review
- 7 Chief Executive Officer's Review
- 8 Chief Financial Officers' Review
- 9 Company Secretary's Certification
- 10 Statement of Responsibility

*The 40 000m²
Newtown Junction
retail development.
Newtown*

Highlights

JPC achieved 90% against performance scorecard.

Social

- In the financial year (2014/2015) a total of 9 955 jobs were created against a target of 8 000, exceeding the target by 24%. In the previous financial year (2013/2014) a total of 6 429 jobs were created against a target of 2 600, exceeding the target by 40%; and
- 7 159 SMME's supported – exceeding target by 79% and more than double 2013/2014 (3 452).

Operational

- First property transfers took place – 3 065 properties under the land regularisation programme transferred;
- 12 803 properties under the land regularisation programme identified for transfer – up 80% compared to 2013/2014 (2 459);
- 28 properties acquired along the Transit Oriented Development, Corridors of Freedom and for Housing Master Plan – exceeding target by 40% and 4 times more than 2013/2014 (7);
- Creation of structured Informal City Market in the inner city which will be a vibrant hub and tourist attraction, progressing well; and
- Office Space Optimisation programme – Council Chamber site handed over to contractor.

Financial

- R110 million income from leases, servitude sales – exceeding the target by 36.3%;
- R477 million private sector investment secured exceeding the target; and
- R1.68 billion investment leverage on property transaction exceeding the target by 68% and up from R770 million in 2013/2014 and R345 million in 2012/2013, underpinning JPC's sustainability and subsequent future growth and job creation.



JPC provides:



Key drivers underpinning all JPC's activities are:



Corporate Profile

JPC's business

JPC is a dynamic, visionary Company mandated to manage and develop the CoJ's property portfolio. The diverse portfolio covers 50 000 hectares across seven municipal regions.

JPC maximises social and commercial opportunities within CoJ's portfolio to unlock value and support the City's growth and development strategy aimed at making Johannesburg a "World-class African City".

A drive for social transformation is at the core of JPC's strategy and all its operations. Utilising council-owned land assets JPC leverages private sector investment in public infrastructure, promoting innovative solutions to the development challenges of contemporary Johannesburg.



JPC's Flagship Properties

Mofolo North Residential, Soweto — FNB Wesbank Head Office, Fairland — Dale Lace Village, Westcliff — Pan Africa Shopping Centre, Alexandra — Soweto Theatre, Jabulani — Diepkloof Plaza Shopping Centre — Huddle Park Golf and Recreation



Projects Completed in 2014/2015

Joshco Hostel Conversion at Orlando eKhaya — Newtown Junction — The Majestic, Newtown — Bara Central (Blackchain) — Bara Central Retail Development — Melville 27 Boxes — Johannesburg Holocaust and Genocide Centre, Forest town — UJ Soweto Campus at Orlando eKhaya — Jabulani Manor, Soweto — Melrose Crossing Shopping Centre — Orlando Towers at Orlando eKhaya



Properties in progress at year-end

OSO City Hall Precinct (Council Chamber) — Jabulani CBD (Jabulani Brook Residential) — Orlando eKhaya (City Limits) — Newtown Wedge, Newtown — Eldorado Park 4037 — Riversideview Integrated Housing Project, Diepsloot

Strategic Objectives

JPC aligns its strategic objectives to support the vision and mission of the City's GDS 2040. This highlights the Company's role as an economic and social property agency to achieve positive developmental outcomes. JPC's strategy reflects those of the Economic Growth, Human and Social Development, Sustainable Services and Governance Clusters, as well as various Integrated Development Plan (IDP) programmes. In synchronising the various strategic aims, JPC identified the following as 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.

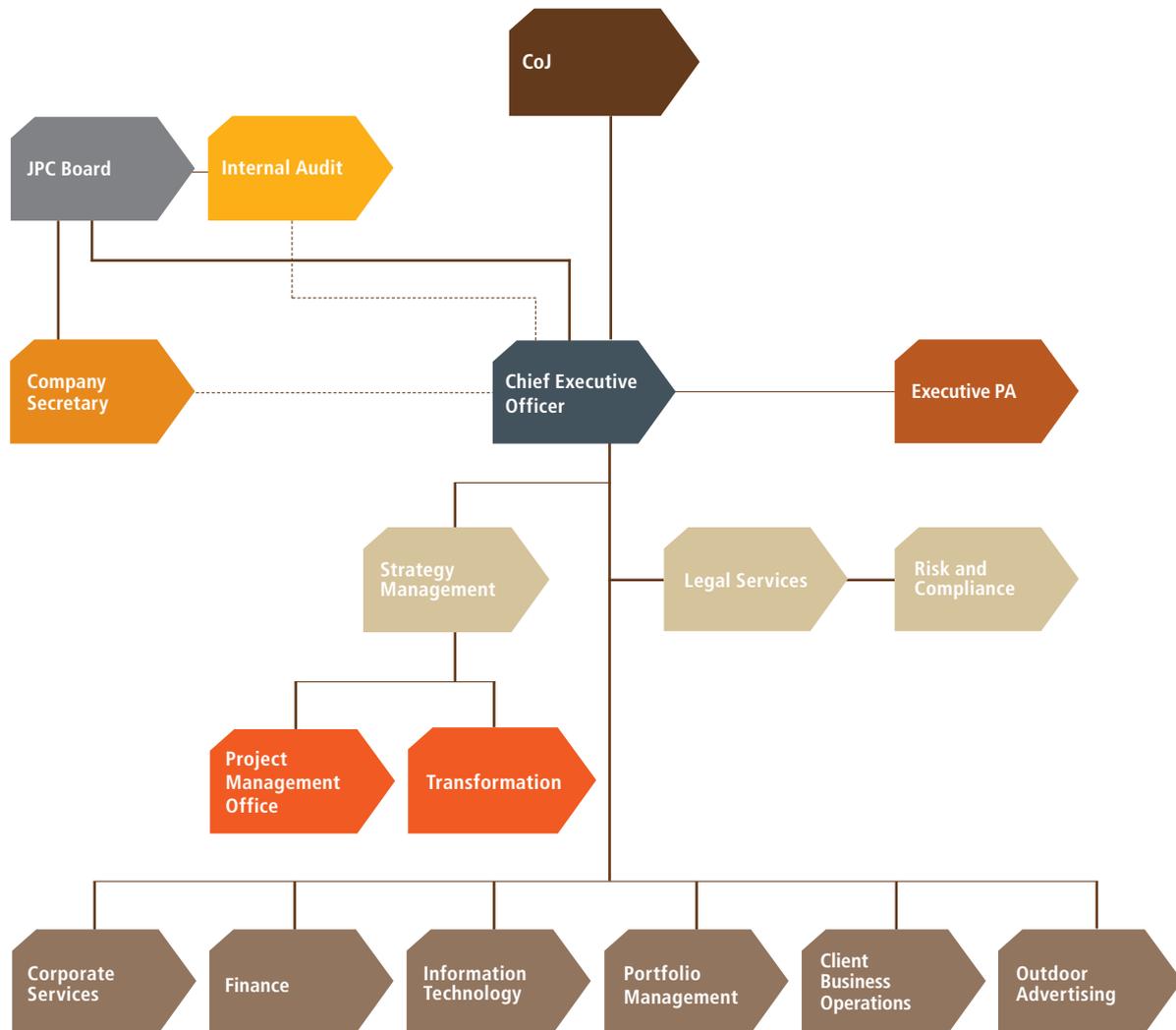
Strategy in action

During the year under review, JPC underwent a corporate restructuring process to better align its strategy to the GDS 2040, positioning the Company for growth and enhancing its ability to exercise its mandate effectively.



*University of
Johannesburg,
Soweto Campus
Upgrade.
Orlando eKhaya
Precinct*

JPC's High-Level Organisational Structure – Effective 1 July 2015





Foreword by Member of the Mayoral Committee

“While 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. This is confirmed by the performance of JPC against the scorecard as well as delivering on key projects like Newtown Junction.”

COUNCILLOR RUBY MATHANG | MMC | Economic Development

JPC is a critical economic development and transformation tool for CoJ, and the importance and impact of all decisions taken cannot be emphasised enough. During this financial year, JPC undertook an institutional review to ensure that there are improved efficiencies in the whole organisation with the key focus on improving on the land release processes. Property is a catalytic tool to enhance social cohesion and the proactive absorption of the poor, and is the main driver of transformation. Property is about unbundling land in a strategic manner to enable the development of the economy.

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

JPC plays an important role in the Integrated Development Plan (IDP) and the Growth and Development Strategy 2040 (GDS 2040) of the City to unlock land and drive development, especially in underdeveloped and previously marginalised areas. Shopping malls and all associated goods and services must be within easy reach of consumers. If this can be accomplished, it will lead to less pressure on inflation and a better quality of life for all. JPC has embraced this challenge and is taking steady steps to ensure that it becomes an efficient manager of the property assets of the CoJ. This approach ensures a focused organisation that will deal holistically with all properties owned by the City and managed by JPC.

While 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. This is confirmed by the performance of JPC against the scorecard as well as delivering on key projects like Newtown Junction.

In conclusion, I wish to recognise the efforts and commitment of JPC’s Board and Employees. Your efforts have brought us closer to the delivery of a good, reliable and quality service to the communities, ratepayers, residents and businesses of the CoJ.

Ruby Mathang
Councillor



Chairperson's Review

"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 African city. We gratefully acknowledge the continuing support of the CoJ in assisting the Company to achieve its deliverables."

ANDILE MABIZELA | Chairperson | Board of Directors

It gives me great pleasure to submit the published JPC Annual Report, which covers the period from 1 July 2014 to 30 June 2015. The year presented both opportunities and challenges. The Company remains resolute and determined to continue on course to deliver against its mandate as contained in the approved Service Delivery Agreement (SDA).

One of the significant occurrences in the year under review was the reappointment of Ms Helen Botes as the Company's Chief Executive Officer. The reappointment is testament to the Board's faith in Ms Botes' leadership of the Company.

The Company underwent rigorous restructuring pursuant to the institutional review process and the parameters followed included, amongst other things, focusing resources and coordinating efforts for the attainment of the Company's strategic objectives. The newly approved structure was designed to support the Corporate Strategy that is aligned to the GDS 2040 as well as refining the internal processes within the core units. These refinements have positioned the Company for efficient delivery against its mandate as well as growth and expansion.

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 African city. We gratefully acknowledge the continuing support of the CoJ in assisting the Company to achieve its deliverables.

In closing, I wish to thank MMC Ruby Mathang, the Chief Executive Officer of the Company, the Board, the Executive Managers and their teams for their continued faith and support. I look forward to the future that awaits the Company as it sets out on a mission to further enhance its effectiveness and developmental value-add in the CoJ.

Andile Mabizela
Chairperson



Chief Executive Officer's Review

"The Office Space Optimisation (OSO) programme has made significant progress in the current financial year. JPC is proud to report that the milestones of the programme are developing gracefully and targets that were set for the year under review were met with the construction of phase one set to begin early in the next financial year."

HELEN BOTES | Chief Executive Officer

It is a pleasure for me to present the JPC results for the year ended 30 June 2015.

During the year under review, JPC underwent an institutional review process which resulted in the establishment of a new corporate structure within JPC that has now been completed. The high level structure has been fully capacitated to drive the JPC Corporate Strategy, which was approved in the prior year, setting a long-term vision of how the City property portfolio will be managed. The ultimate stages of the lower level structure are in progress. Job profiles and job evaluation are being redefined in order to support the new business strategic imperatives. Subsequently, the placement of Employees in the new organisational structure is underway with the main aim that the process is transparent and fair, taking into account the requirements of the various stakeholders within JPC.

The Land Strategy implementation is underway with consultation of user departments of the CoJ properties. The process includes engaging the stakeholders, who are representatives of various CoJ departments and MOEs to gain an in-depth understanding of their service delivery objectives and to obtain their land requirements and future plans which support these objectives.

It is of the utmost importance that a physical verification be completed for proper implementation of the Land Strategy. A total of 29 742 properties have been physically verified and uploaded, which constitutes 100% of the CoJ property portfolio in Region A – G including all the properties situated along the Corridors of Freedom. The closing balance of the portfolio as at 30 June 2015 is R8.365 billion, higher compared to the same period in 2014, which was R7.959 billion.

The Office Space Optimisation (OSO) programme has made significant progress in the current financial year. JPC is proud to report that the milestones of the programme are developing gracefully and targets that were set for the year under review were met, with the construction of phase one set to begin early in the next financial year.

I am pleased to announce that JPC spent an allocated R125 million in CAPEX for the financial year under review which translates into a 100% CAPEX spend on various key projects that were undertaken. Furthermore, JPC achieved 90% of the annual targets as highlighted in the Company scorecard and this is a sign of a performance driven entity that seeks to achieve excellence. JPC will continue to work hard in ensuring that it delivers against the approved scorecard.

I would like to extend a special word of thanks to the Board for their guidance and support as JPC continues the pursuit of excellence. Last but not least, I would like to express my sincere appreciation to our competent and dedicated Management Team and Employees for their commitment and tireless efforts at making JPC the incredible organisation that it is today.

Helen Botes
Chief Executive Officer



Chief Financial Officer's Review

"JPC has a solvency ratio of 1.05:1 against the norm of 1:1 and is factually solvent, whereby the financial statements indicate that there are sufficient assets to cover all liabilities. The risk of financial sustainability and commercial insolvency has increased but the threat is mitigated by the cash resources and facilities provided by the City to JPC to remain operational."

IMRAAN BHAMJEE | Chief Financial Officer

The integration with the Metropolitan Trading Company and Facilities Management and Maintenance has been completed with some teething challenges. The main area, in this regard, is the funding model that supports the integration. This resulted in budgets being allocated that have proven not only to be unattainable but also unable to generate sufficient cash flow to support the operations of JPC. However, there is light at the end of the tunnel as the CoJ and JPC have come to an interim agreement to address the funding and cash flow challenges. The resolution entails a subsidy of R329 million from the 2015/16 financial year that will enable JPC to fund its strategic competencies for the upcoming financial year.

For 2014/15, the entity has yielded revenue of R305 880 637 compared to a budgeted turnover of R514 873 748. This is a 59.4% achievement towards the budgeted income. The main reasons for revenue underrecovery is the result of JPC only being able to recoup actual expenditure incurred by FMM for the services rendered to other MOEs and Departments across the City. Completion commission on CAPEX projects was not funded by the CoJ in 2014/15 and as a result JPC could not achieve R58 941 450 in revenue.

The overall total operating expenditure for the financial year 2014/15 is R386 265 709. This equates to a saving of 8.06% of the allocated budget. This is due to expenditure control measures implemented by Management. Included in expenditure is interest incurred on the sweeping bank account overdraft of R7 005 146.

JPC has a current ratio of 0.93:1 as compared to the norm of 2:1, with a negative cash flow of R114 783 680 for the year under review as compared to a negative cash flow of R207 720 201 for the same period in the 2013/14 financial year. The sweeping account currently reflects as R114 783 680 in overdraft. JPC is currently owed R253 641 660 from intercompany debtors. Collection of outstanding intercompany monies places JPC with a positive cash flow position of R138 857 980. Management has made significant headway in dealing and negotiating with the CoJ to facilitate payment to JPC, subsequent to the financial year-end.

The outlook for 2015/16 remains positive given the resolutions taken by the CoJ to fund JPC and to rectify the cash flow position of the entity. The subsidy model of funding has been provisionally approved by the CoJ for the next three financial years. The subsidy made available to JPC in the coming financial years will be:

- 2015/16 – R329 345 000;
- 2016/17 – R348 867 000; and
- 2017/18 – R373 535 000.

Engagement with the CoJ has commenced on the expenditure that JPC will incur, in line with the subsidy provided, to continue servicing the needs and demands of the various Departments and MOEs. The feedback and engagement has been positive. As Management, we anticipate a much stronger financial performance and position.

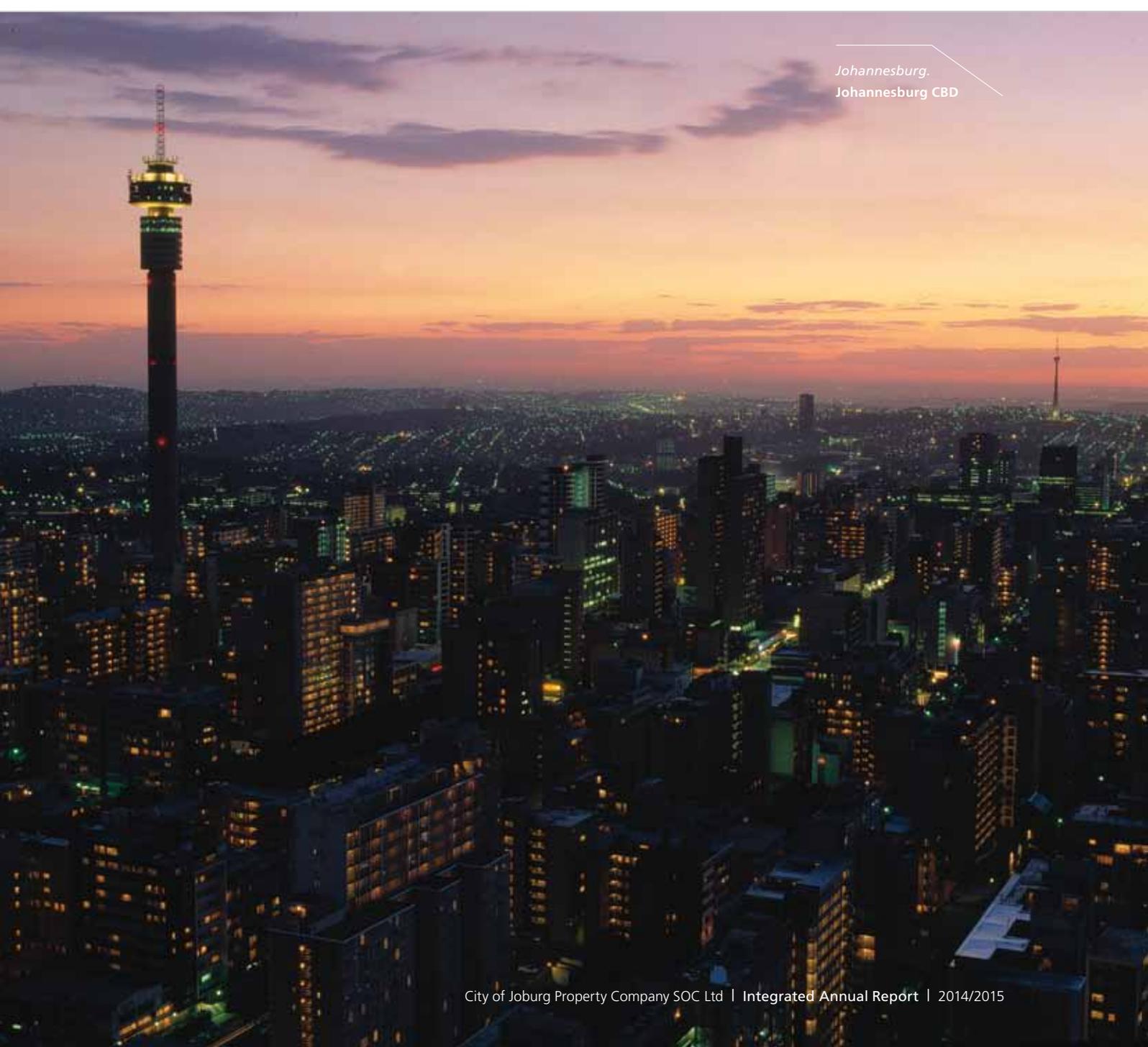
Imraan Bhamjee
Chief Financial Officer

Company Secretary's Certification

In my capacity as Company Secretary, I hereby confirm, in terms of section 88(2)(e) of the Companies Act, No 71 of 2008 of South Africa, that for the year ended 30 June 2015, the Company has lodged with the Companies and Intellectual Property Commission, all such returns as are required in terms of this Act and that all such returns, to the best of my knowledge, are true, correct and up-to-date.



Verusha Morgan
Company Secretary



Johannesburg.
Johannesburg CBD

Statement of Responsibility

The Directors are required by the Municipal Finance Management Act, 2003 (Act No 56 of 2003) and the Companies Act, 2008 (Act No 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 that period. 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 them 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.

Based on the information and explanations given by Management, the Directors are of the opinion 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.

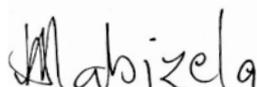
The Directors have reviewed the Company's cash flow forecast for the year ending 30 June 2015 and in light of this review and the current financial position, they are satisfied that the Company has or will have access to adequate resources to continue in operational existence for the foreseeable future. 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, who are responsible for independently reviewing and reporting on the Company's financial statements.

The financial statements, prepared on a going concern basis, have been approved by the Board of Directors in November 2015.



Helen Botes
Chief Executive Officer



Andile Mabizela
Chairperson



A 100% BEE, niche retail development.
Melrose Crossing