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Corporate Profile and Overview

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Highlights

JPC achieved 92% against performance scorecard.

Social

- During the 2015/16 financial year, 4130 SMME's were supported by the JPC.
- In the 2015/2016 financial year, a total of 4 240 jobs opportunities were created.
- JPC's Land Regularisation Programme, together with Mayor Parks Tau, managed to deliver 630 Title deeds in regions C, D, and F.

Operational

- Office Space optimisation –Completion of the Council Chamber Superstructure and interior designs;
- Corridors of Freedom - 21 Properties acquired along the Transit Oriented Development against a target of 26.
- Ablution facilities 100 % planned and completed for repairs and maintenance.

Financial

- Rental income from leases and servitudes sales, servitudes, and acquisition was R131m, exceeding the target by R21m.
- Third party investments in COJ property transaction/ investments in construction was R423m, with the target exceeded by R23m.



JPC provides:



Management Key Drivers Underpinning all JPC's Activities:



Corporate Profile

JPC's business

JPC is a dynamic and 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 the CoJ's portfolio to unlock value and support the City's growth and development strategy aimed at making Johannesburg a "World-class African City".

The drive for social transformation is at the core of JPC's strategy and all of 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.

<p>JPC's Flagship Properties</p>	<p>Office Space Optimisation. New City Development Johannesburg City Wide.</p>
<p>Projects Completed in 2015/2016</p>	<p>City Lodge Hotel development Newtown February 2016. Bara Retail shops March 2016. Kgoro Development Sandton September 2015. Newtown Filling Station upgrade May 2016. The Cambridge, Bryanston.</p>
<p>Properties in progress at year-end</p>	<p>Refurbishment of the Jabulani Amphitheatre. Rissik Street Post Office. OSO Office Space Optimisation.</p>

Strategic Objectives

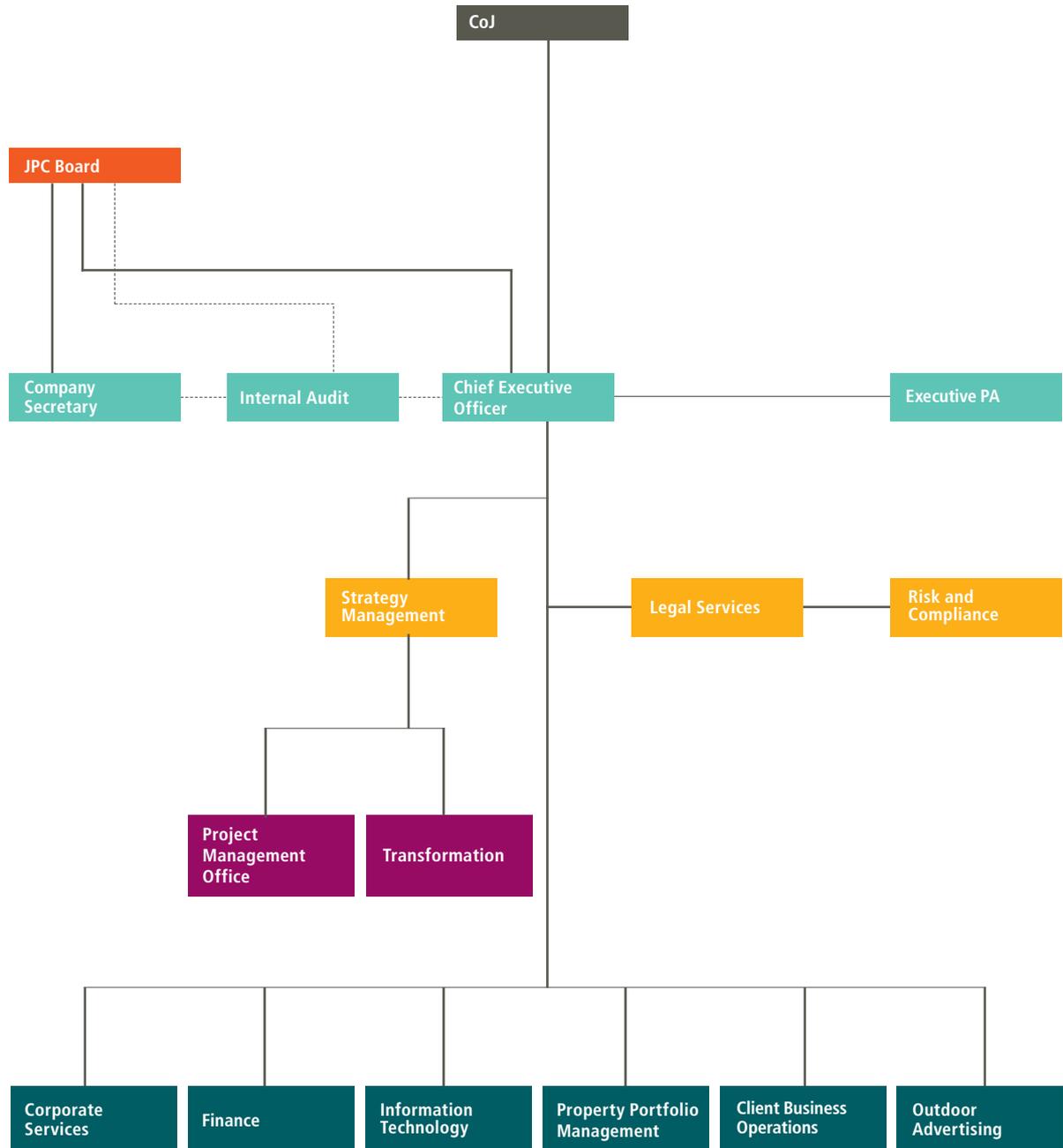
JPC's primary goal in supporting the vision and mission of the 2040 Growth and Development Strategy (GDS) is based on recognising and emphasising its role as an economic and social property agency to achieve positive developmental outcomes. These strategic objectives are aligned with the strategies of 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 objectives, JPC has 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
- Ensuring a professionally managed and sustainable company

Newtown Junction Shopping Mall



JPC's High-Level Organisational Structure



CEO's Office and Direct Reports



Foreword by Member of the Mayoral Committee

“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.”

COUNCILLOR SHARON PEETZ | 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.

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, combined with 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.

Sharon Peetz
Councillor



Chairperson's Review

"One of the notable events in the year under review was the Board's approval of, and the subsequent participation of JPC at the SAPOA 50th Anniversary Conference of 2016, as SAPOA'S Principal Platinum sponsor. This was in line with JPC's objective to increase awareness of its brand and advance its Transformation Strategy."

ANDILE MABIZELA | Chairperson | Board of Directors

It gives me great pleasure to submit the JPC Annual Report (AR), as published. The AR covers the period from 01 July 2015 to 30 June 2016.

The first part of the year saw a concerted effort on the part of Management and the Board in preparatory work. Management and the Board reviewed the approved 2015 Corporate Strategy of the JPC in a workshop designed to ensure alignment with the JPC 2015/16 Business Plan and the Service Delivery Agreement (SDA) concluded between the Company and the shareholder in 2014. This preparation was invigorated by the collective synergy to deliver on the mandate of the Company, as outlined in the Business Plan and SDA.

The second part of the year under review was characterised by the implementation of the plans that the Company put in place in the first quarter. The Board went on an excursion to inspect some of the sites that showcased the work done by JPC as well as the impact thereof on the service delivery imperatives of the entity. One such site the Board visited was the construction site of the Council Chamber. This construction forms part of the Office Space Optimisation Programme led by JPC.

One of the notable events in the year under review was the Board's approval of, and the subsequent participation of JPC at the SAPOA 50th Anniversary Conference of 2016, as SAPOA'S Principal Platinum sponsor. This was in line with JPC's objective to increase awareness of its brand and advance its Transformation Strategy. To this end, JPC will deepen engagements with SAPOA beyond the Conference to build on the dialogues JPC began with SAPOA at the event, on Transformation of the Property Industry in general and specifically, the implementation of the entity's Transformation Strategy. In the year under review, the Board welcomed three new Board members, namely: Mr Lindani Mabuza, Mrs Maggie Mojapelo and Adv Matshidiso Mogale, following their appointment at the AGM the Shareholder held on 15 March 2016.

The year was not without its challenges, most significantly, the reduction of the budget of the entity by the shareholder. This may have, amongst other things, affected the ability of the entity to secure the appropriate human capital to drive delivery of JPC's strategic objectives. However, the Board trusts that Management will together with the shareholder, put in place sound regulatory and any other appropriate measures to cushion JPC against any effects such reduction may have on its deliverables. Both Management and the Board are encouraged year in and year out that JPC is a benefactor of continuous support from the Shareholder, MMC Ruby Mathang, Chief Executive Officer of the Company, the Executive Team and their teams. The year under review was no different; The Board and Management remain steadfast in their commitment to improve operational efficiencies and to achieve the strategic performance targets of the Company.

The Board is satisfied with progress made to date by the entity in pursuing service excellence.

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 with great honour that I present the Annual Report 2015/16 of the performance of the City of Joburg Property Company SOC Ltd (“JPC”). The amount of hard work we have put into the realisation of the Company’s objectives is reflected in this report. The Company continues to register commendable progress in the execution of its mandate. We are building on a firm foundation of the approved corporate strategy of the entity.

I am pleased to announce that JPC has continued to spend the full allocated R132m in CAPEX for the financial year under review on various key projects that were undertaken, compared to the R125m that was fully spent in the prior year that translates into a 100% CAPEX spend. Furthermore, JPC achieved 92% 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.

During the year, JPC created over 4000 job opportunities through execution of various projects and also supported 4347 SMME’s. For the 2016/2017 financial years, a number of Jozi@Work programmes will be delivered that will create a number of job opportunities to the local communities in support of local economic development.

An internal audit was executed, and a further series of internal audits were undertaken for the financial year under review. The outcomes of the internal audit reports reflect that the control environment of JPC has continuously improved. All internal audits for the year under review, and the prior year Auditor General audit findings have been cleared as part of the process that is gearing up for the clean audit.

JPC is embarking on a progressive consultative land strategy programme that will see a detailed comprehensive analysis of every possible piece of land owned by the CoJ, land neighbouring that of the municipality, and land along the corridors and within development nodes. The land strategy is a forward looking strategy and will direct the City of Johannesburg as to when, how, and under what conditions to release, dispose, acquire, and bank land. JPC will be embarking on an in-depth consultative programme with not just government departments, but also with the private sector as well.

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.

Helen Botes
Chief Executive Officer



Chief Financial Officer's Review

“The conclusion of the final quarter of 2015/16 has seen a significant turnaround in the financial performance and financial position of the entity when compared year-on-year to 2014/15. Analysis of revenue and expenditure trends indicated that JPC would likely achieve a breakeven position by 30 June 2016.”

IMRAAN BHAMJEE | Chief Financial Officer

In preparation for the financial year end, an internal audit was utilised to determine the effectiveness of the internal control environment leading up to the external audit by the Auditor General in August 2016. The internal audit concluded on no findings across Finance, Supply Chain, and Human Resources and indicates that the control environment remains effective.

The conclusion of the final quarter of 2015/16 has seen a significant turnaround in the financial performance and financial position of the entity when compared year-on-year to 2014/15. Analysis of revenue and expenditure trends indicated that JPC would likely achieve a breakeven position by 30 June 2016. JPC has since exceeded this prediction and concluded the financial year with a profit before tax of R8.3 million. Profitability has been achieved by meeting 96% of all revenue targets defined in the 2015/16 budget and spending 93.3% of the operating expenditure budget.

The turnaround is most evident in the statement of financial position. Intercompany creditors have reduced from R221 million, in 2014/15, to R73 million in 2015/16, with the intention of settling all intercompany debt by the conclusion of the 2016/17 financial year. The cash position of the entity resides at positive R77.8 million, as a result of a R210 million reduction in intercompany debtors. The cash reserves will be extensively managed and utilised in the settling of intercompany and external creditors, while being cognisant of the cash requirements of the entity to securely fund its strategic and operational requirements.

That being said, the solvency ratio of the entity resides at 1.29:1 against a COJ defined norm of 1:1. This is the highest the solvency of the entity has been since 2012/13. The risks to financial sustainability and commercial insolvency have decreased significantly from the precarious position the entity found itself in at 30 June 2015.

This bodes well for the entity in the financial years going forward as financial sustainability has proven to be a contentious challenge to grapple with in post-integration JPC.

Imraan Bhamjee
Chief Financial Officer

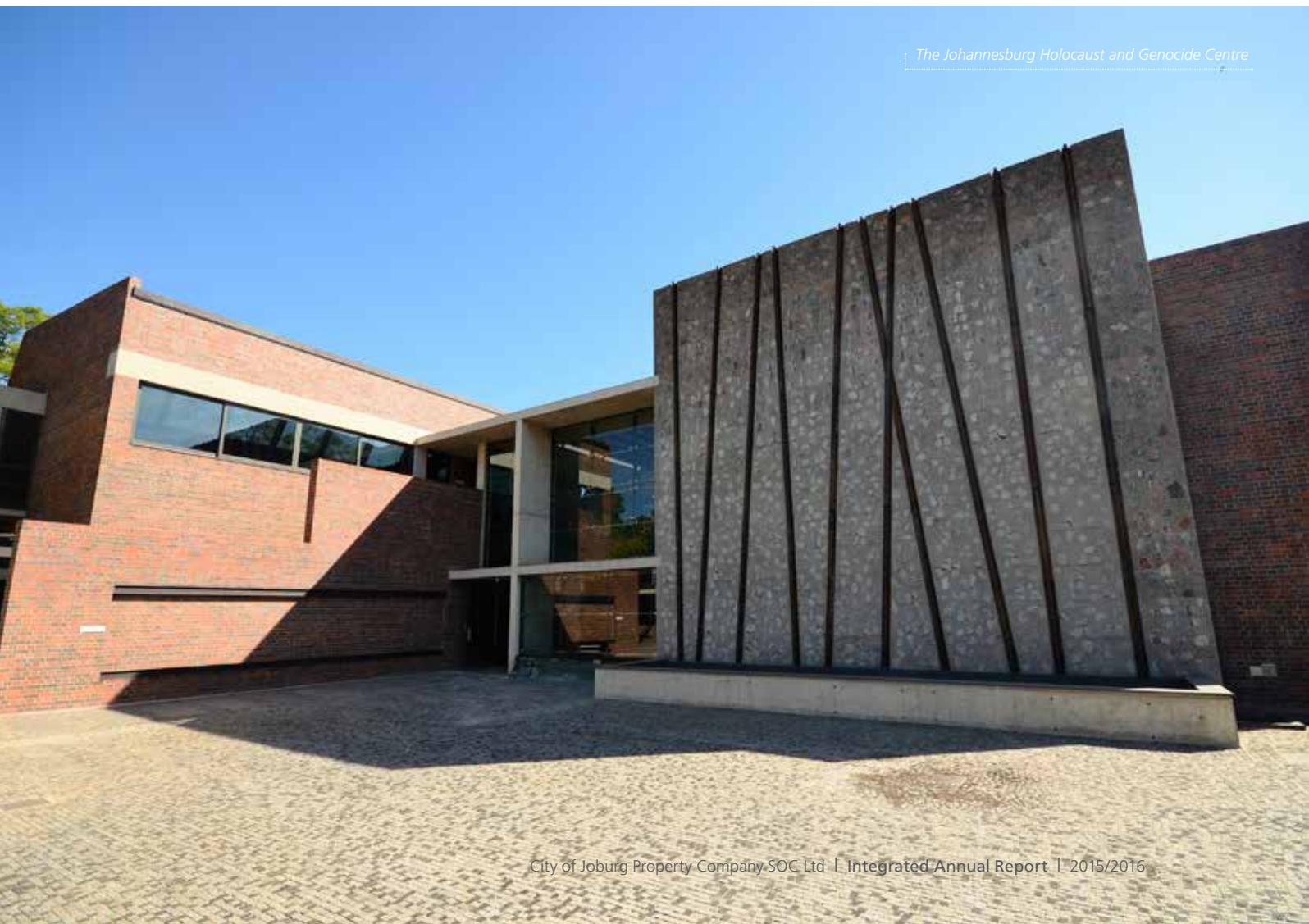
Company Secretary's Certification

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.



Tshepo Mokataka
Acting Company Secretary

The Johannesburg Holocaust and Genocide Centre



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 the 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 2016 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 is 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 August 2016.



Helen Botes
Chief Executive Officer



Andile Mabizela
Chairperson

City Lodge hotel

